

Net profit for 2023 increased by 22% in real terms compared to 2022, reaching 1.19 billion TL...

Türkiye's crude steel production decreased by 4.0% to 33.7 million tons in 2023, and its exports decreased by 40.7% in value to 8.3 billion dollars.

Despite the contraction in the iron and steel industry and the decline in export volume in 2023, Kocaer Steel managed to differentiate itself positively from the sector by increasing its sales volume in 2023. Behind this success lies the Company's strong corporate structure and its growth strategy. There was a 32-day production halt during the investment process of the Aliğa - A2 factory in May, still the total net sales volume increased by 5.3% in 2023 compared to 2022, reaching 561,458 tons. Despite the investment halt in the Aliğa - A2 factory, where some of the high value-added profiles are produced, thanks to effective planning, there was no material decline in the production and sales volume of value-added products, and the weight of high value-added products in the total sales portfolio was maintained.

Sales Volume (tons)	2023	2022
I and H Shape Steel Profiles	56,987	33,717
Value Added Steel Profiles	221,297	224,038
U and C Shape Steel Profiles	87,642	70,532
Structural Steel Profiles	195,532	204,951
Total Sales Volume¹	561,458	533,238
Value Added Products/Total Sales Volume	39.4%	42.0%

Although there was an increase in sales volume, the global decline in steel prices had an impact on the revenue. The company's sales revenue was realized at 15,091 million TL in 2023. Kocaer Steel mainly prefers order-based production and works with minimum product and raw material stock.

Sales Revenues (000 TRY)	2023	2022	Change (%)
Domestic Sales Revenues	4,427,735	4,300,369	3%
Global Sales Revenues	10,537,557	13,294,832	-21%
Other Income	130,377	2,896	a.d.
Sales Returns and Discounts (-)	(4,189)	(9,670)	-57%
Net Satışlar	15,091,481	17,588,427	-14%

The increase in sales volume, effective cost and operational expense management has enabled profit margins to increase significantly in 2023 compared to 2022. In 2023, gross profit margin increased from 17.7% in the previous year to 19.6%. In line with gross profitability, EBITDA margin also increased compared to last year and reached 14.8% vs 11.9% in 2022. The company achieved a total operating profit of 1.80 billion TL in 2023.

On the other hand, despite the increasing funding costs during the year, as a net exporter, the Company reduced its financial expenses by 11% in 2023 compared to 2022, thanks to effective financial management. With the contribution of both the development in sales volume and margins and the decrease in financial expenses, the company managed to increase its total net profit in 2023 by 22% in real terms compared to 2022, from 970 million TL to 1,186 million TL.

¹ Excluding other sales

Total financial debt decreased by 6% in 2023...

Although there were revision investments in the factories during 2023, the Company was able to maintain its low and balanced debt structure. As of the end of 2023, total financial debt amounted to 3,053 million TL, decreasing by 6% compared to last year. Despite the investment expenditures, as a result of effective financial management, the ratio of net financial debt to adjusted EBITDA decreased from 0.81x to 0.76x.

Financial Debt (000 TRY)	31 December 2023	31 December 2022	Change (%)
Short Term Borrowings	1,975,890	2,470,874	-20%
Short Term Portions of Long Term Borrowings	282,572	262,102	8%
Long Term Borrowings	794,770	516,914	54%
Total Borrowings	3,053,233	3,249,890	-6%
Cash and Cash Equivalents ²	1,354,844	1,552,840	-13%
Net Financial Debt³	1,698,389	1,697,050	0%

Summary Consolidated Financial Tables

Summary Consolidated Balance

Sheet (000 TRY)	31 December 2023	31 December 2022	Change (%)
Current Assets	6,161,680	6,514,137	-5%
Fixed Assets	6,041,930	5,374,543	12%
Total Assets	12,203,611	11,888,680	3%
Short Term Liabilities	4,288,996	5,745,462	-25%
Long Term Liabilities	833,260	557,497	49%
Equity	7,081,355	5,585,721	27%
Total Liabilities and Equity	12,203,611	11,888,680	3%

Summary Consolidated P/L

(000 TRY)	2023	2022	Change (%)
Net Sales	15,091,481	17,588,427	-14%
Gross Profit	2,965,228	3,105,193	-5%
Operating Profit	1,804,219	1,751,259	3%
Financial Expenses (net) ⁴	875,352	985,036	-11%
Profit Before Tax	1,362,506	914,403	49%
Net Profit	1,185,518	970,005	22%
Adjusted EBITDA ⁵	2,228,956	2,091,565	7%

² Marked to market financial assets have been included.

³ Calculated as Short Term Financial Debt+Short Term Portions of Long Term Financial Debt+Long Term Financial Debt -Cash and Cash Equivalents

⁴ Including monetary gains (losses)

⁵ Other operating revenues and expenses have been excluded from EBITDA calculation.

Main Ratios (%)	2023	2022
Gross Profit Margin	19,6%	17,7%
Adjusted EBITDA Margin	14,8%	11,9%
Net Profit Margin	7,9%	5,5%
Net Financial Debt/A.EBITDA(x)	0,76	0,81

Results not adjusted for Inflation Accounting (excluding TMS 29 effect) *

(000 TRY)	2023	2022	Change (%)
Net Sales	12,371,953	9,370,953	32%
Adjusted EBITDA	2,147,267	1,582,519	36%
Net Profit	1,254,580	757,924	66%

* Our company's 2023 year-end financial statements were announced on the Public Disclosure Platform on 20.03.2024. In addition to these statements, certain financial information that has not been adjusted for inflation accounting is also included in the investor relations materials to be published in different platforms, especially our website. This information is the responsibility of our Board of Directors and executives responsible for financial reporting. It has been prepared solely to enable our investors to compare current financial information with previously disclosed financial information and to evaluate their expectations/assumptions and has not been subject to independent audit.

