

Kordsa

4Q'24 Financial Results

Earnings Release

Feb 28, 2025

Sales revenues of Kordsa, which is a tire, construction and composite reinforcement leader decreased by 2.6% in the last quarter of 2024 compared to the same quarter of the last year and realized as 225 million USD. In the last quarter of 2024;

- Obtained 3% volume growth in the tire reinforcement segment in the market with price competition and industry slow-down,
- Recovery slow-down in the tire reinforcement market and price competition coming from the imbalance of demand - supply,
- Late recovery in the civil aviation industry, especially for the aircrafts with high composite consumption (mainly Boeing 787 Dreamliner Project), seasonal fluctuations for non-aerospace market and slowdown for European automotive market in the last quarter of 2024,

In the last quarter of 2024, Kordsa's Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") was realized as -1 million USD while net loss for the period was 23 million USD.

FINANCIAL DEVELOPMENTS

In the last quarter of 2024, the revenues decreased by 2.6% compared to the same period of 2023, and realized as 225 million USD. In the last quarter of 2024 compared to the same period of 2023;

- In the tire reinforcement segment, in response to the price and volume competition resulting from the lack of supply-demand balance in the market, 3% volume growth was achieved, however, due to price pressure, the segment's turnover was realized as USD 174 million, in line with the same quarter of 2023. (Last quarter of 2023: 173 million USD)
- Composite consumption in wide-body aircraft, including the Boeing 787 Dreamliner Project where composite consumption is high and we are the main carbon fabric supplier, decreased by 11% compared to the same quarter of the previous year to USD 41 million due to the fact that the recovery after Covid-19 has not yet reached the desired level, the seasonality effect in the sectors that will be alternative to the civil aviation segment, and the slowdown in the European automotive sector in the last quarter.
- The construction reinforcement segment, which is growing in export markets, especially in Brazil, achieved a turnover of USD 3.1 million in the last quarter of 2024, above the first three quarters of 2024 and 25% above the same quarter of 2023.

In the last quarter of 2024, EBITDA was realized as -1 million USD due to;

- Price and volume competition in the tire reinforcement segment,
- The pressure on tl costs caused by the currency-inflation mismatch in the EMEA region,
- Negative impact of write off expenses relating to the inventories with high raw material costs coming from mainly Covid-19 periods
 - 7.8 million USD for tire reinforcement segment
 - 6.0 million USD for composite reinforcement segment
- The profitability pressure in the composite industry.

In the last quarter of 2024, main factors affecting net income are summarized below:

- Profitability pressures in operating level for tire and composite segments,
- The provision amounting to 3.1 million USD for the convertible bonds which have high default risks,
- Tax expenses in Indonesia and Thailand operations,

Under these effects, our quarterly loss was 23 million USD.

In the last quarter of 2024, USD 14 million was invested in machinery and product sustainability.

In the last quarter of 2024, with the improvement in working capital, net debt level decreased by 14 million USD quarter-on-quarter, to USD 377 million. On the other hand, with the year-on-year decline in EBITDA level, net debt/EBITDA ratio reached 6.7 at the end of 2024. In the calculation of Adjusted EBITDA, other operating income and expenses, excluding FX gains and losses, are also taken into account.

SUMMARY FINANCIAL RESULTS

	TL Financials (MTL)						
	4Q'23	4Q'24	Δ	1Q'24	2Q'24	3Q'24	4Q'24
Sales	4,733	7,743	63.6%	7,239	7,586	7,865	7,743
Gross Profit	726	574	-20.9%	1,230	1,049	1,088	574
Gross Margin (%)	15.3%	7.4%	-8 pts'	17.0%	13.8%	13.8%	7.4%
OPEX (%)	11.6%	11.9%	0 pts'	11.9%	12.4%	11.9%	11.9%
Operating Profit	262	-463	-277.0%	366	214	286	-463
Operating Profit Margin (%)	5.5%	-6.0%	-12 pts'	5.1%	2.8%	3.6%	-6.0%
Adjusted EBITDA*	379	-37	-109.9%	718	501	600	-37
Adjusted EBITDA* Margin (%)	8.0%	-0.5%	-8 pts'	9.9%	6.6%	7.6%	-0.5%
Net Income	237	-803	-438.9%	98	22	-173	-803
Net Income (%)	5.0%	-10.4%	-15 pts'	1.4%	0.3%	-2.2%	-10.4%

	USD Financials (MUSD)						
	4Q'23	4Q'24	Δ	1Q'24	2Q'24	3Q'24	4Q'24
Sales	231	225	-2.6%	234	235	235	225
Gross Profit	35	17	-52.9%	40	32	33	17
Gross Margin (%)	15.3%	7.4%	-8 pts'	17.0%	13.8%	13.8%	7.4%
OPEX (%)	11.6%	11.9%	0 pts'	11.9%	12.4%	11.9%	11.9%
Operating Profit	13	-13	-205.3%	12	7	9	-13
Operating Profit Margin (%)	5.5%	-6.0%	-12 pts'	5.1%	2.8%	3.6%	-6.0%
Adjusted EBITDA*	18	-1	-105.9%	23	16	18	-1
Adjusted EBITDA* Margin (%)	8.0%	-0.5%	-8 pts'	9.9%	6.6%	7.6%	-0.5%
Net Income	12	-23	-301.6%	3	1	-5	-23
Net Income (%)	5.0%	-10.4%	-15 pts'	1.4%	0.3%	-2.2%	-10.4%

* Adjusted EBITDA includes other income/expenses from operating activities except fx gains/losses

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