



# 2024 9-Month Operating Results

*November 11, 2024*



# Legal Reminder

---

With the Capital Markets Board Bulletin dated 28/12/2023 and numbered 2023/81, it was announced to the public that issuers and capital market institutions subject to the financial reporting regulations of the Capital Markets Board were decided to implement inflation accounting by applying the provisions of IAS 29, starting from their annual financial reports for the accounting periods ending on or after 31.12.2023.

In this presentation prepared regarding the financial results of the 2024 Q3, inflation accounting was applied in accordance with the provisions of IAS 29 in line with the Capital Markets Board's Decision dated 28/12/2023, and its independently audited financial data were taken as a basis.

In addition to this information, considering the fact that the interim performance of our Company for 2023 was reported using financial data without inflation accounting, the data prepared according to historical costs for selected indicative items used in investor presentations in the past are also included in order to make a sound analysis by investors and analysts. **This additional information includes information that has not been independently audited and has been prepared within the scope of management reporting.**



# 2024 9-Month Highlights

- Domestic demand negatively impacted by tightening policies implemented and the periodic loss of attractiveness of housing investment compared to alternative returns
  - With the expected rate cuts, a more positive 2025 is expected for the construction sector compared to 2024
- Appreciation of TL and anti-dumping action by EU against Turkish manufacturers pressured country's exports
- Continuing investments in line with growth targets
  - Placing an order for investment goods worth appr. EUR 5.5 mln. with the Italian company SITI B&T
  - Signing of an investment agreement with System Ceramics in the amount of EUR 15 million
- Start of production at Kirkuk factory on May 19 of Al-Sadaf company, in which our Company has 49% share in capital

**TL 7,4 billion**

**Net Sales**

**2,5%**

**Gross Margin**

**TL 945 million**

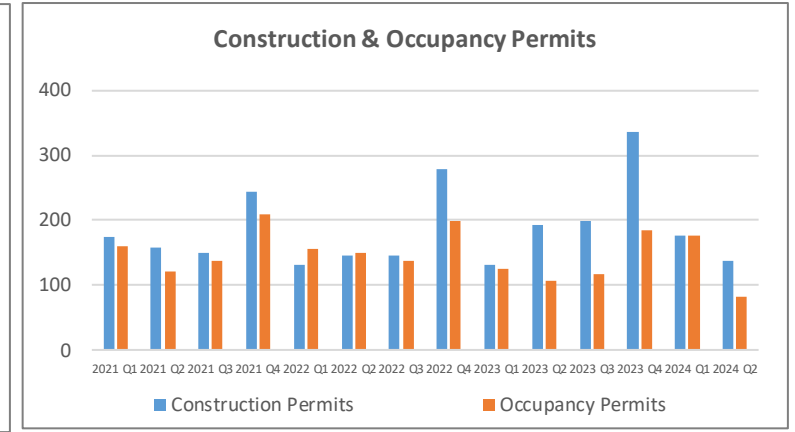
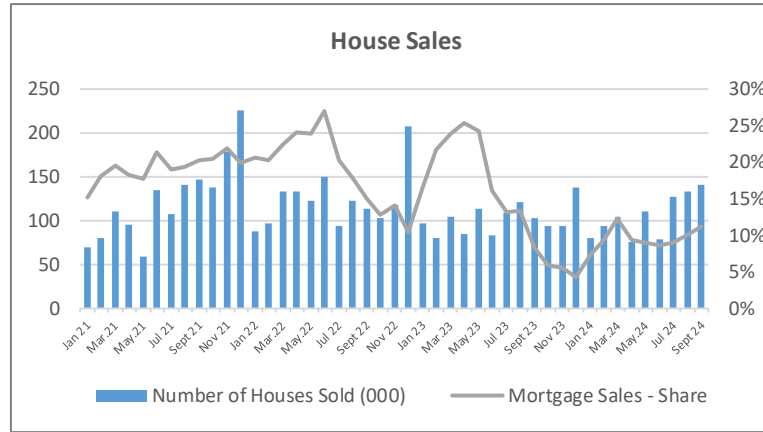
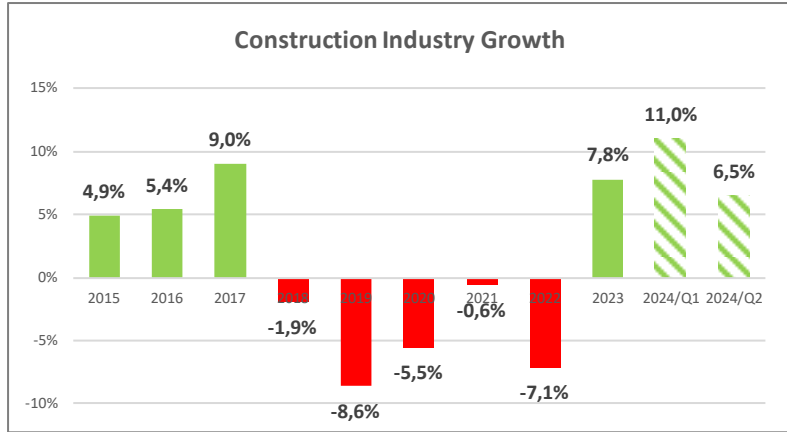
**CAPEX**

**TL 1,6 billion**

**Cash & cash equivalents**



# Turkish Market: Construction Industry - *Current Status*



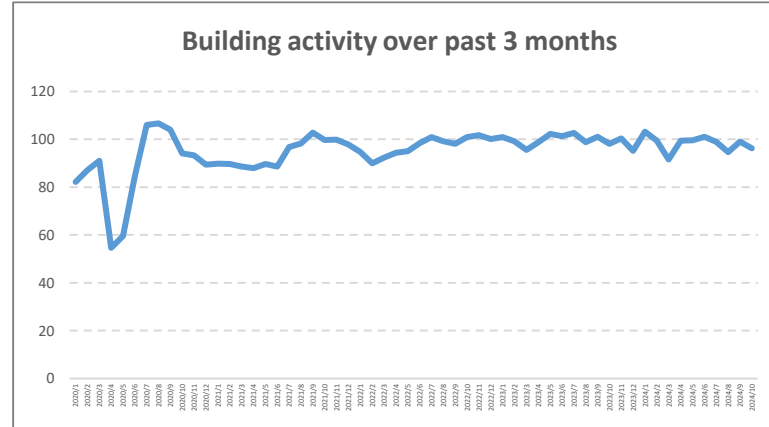
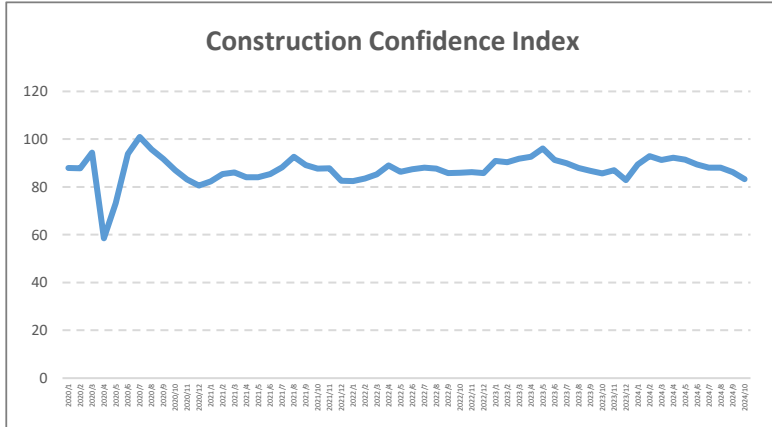
- After 11% growth in the first quarter of 2024 due to the low base effect due to the earthquake in Q1 2023, construction activities in the region and infrastructure investments, a **growth of 6.5%** was also realized in the second quarter.

- **Housing sales**, which fell by 3.7% in the first half of 2024, increased by 5.2% in the 9-month period due to a 20% increase in Q3.
- Due to rising credit costs, mortgage sales decreased by 43%, their share in the total was 9.7%.

- In 2023, **building permits** increased by 23%, while building **occupancy permits**, showing finished houses, decreased by 17%, the lowest level in the last 13 years (535 K).
- In 2024 H1, building permits decreased by 3%, while occupancy permits increased by 10%.



# Turkish Market: Construction Industry - *Current Status*



- The **downward trend in the Construction Confidence Index** continues. The tightening policies implemented in the economy have increased the pressure on the construction sector.

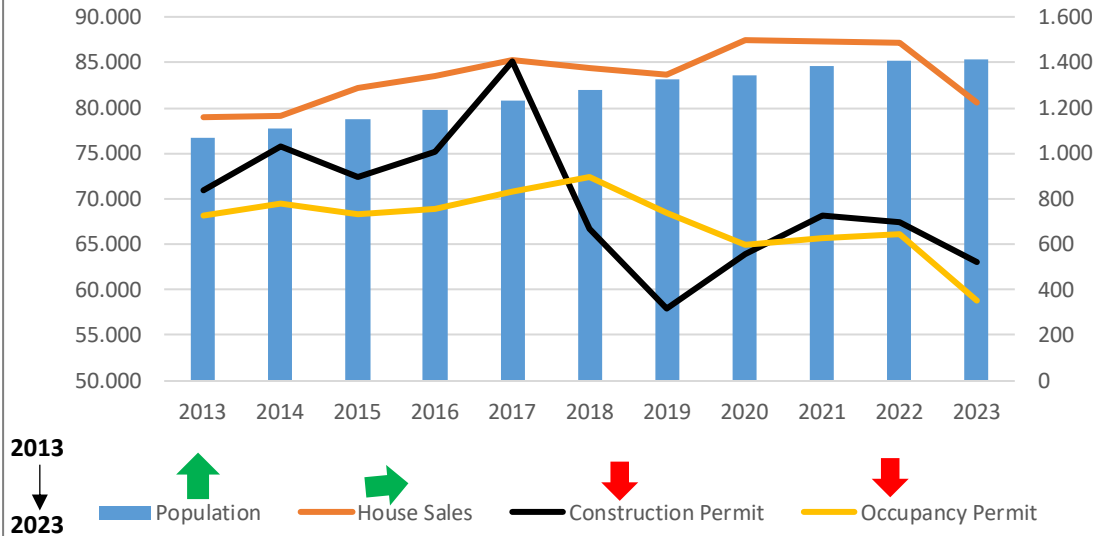
- **New construction starts fell short of expectations** during the high season.
- In addition to seasonality, the level of activity will be determined by economic policies, earthquake zone and urban transformation activities.

- **New business orders received remained generally stagnant** during the summer months, which is normally the high season.
- Economic policy practices and their effects are decisive for new construction orders.



# Turkish Market: Construction Industry - *Potential*

Development of Population and Housing Dynamics



Number of Damaged Buildings in 11 Provinces hit with earthquake	Number of Buildings	Independent units
No damage	860.006	2.387.163
Slightly damaged	431.421	1.615.817
Moderately damaged	40.228	166.132
Heavily damaged	179.786	494.588
Ruined	35.355	96.100
To be destroyed immediately	17.491	60.728
Not detected yet	147.895	296.508
TOTAL	1.712.182	5.117.036

Source: TR Presidency of Strategy and Budget Department, Earthquake Report 2023 March

## DETERMINANTS IN THE CONSTRUCTION INDUSTRY

- **Strong organic demand for housing**  
*(Increasing population, need for new households as a result of marriage/divorce, decreasing number of people per household)*
- **Construction activities in the earthquake zone**  
*(Construction of approximately 810 K independent units in the earthquake zone)*
- **Urban transformation activities**  
*(According to a report in 2020, independent units that needs to undergo urban transformation is 6.7 Mio.)*
- **Recent increase in construction permits**



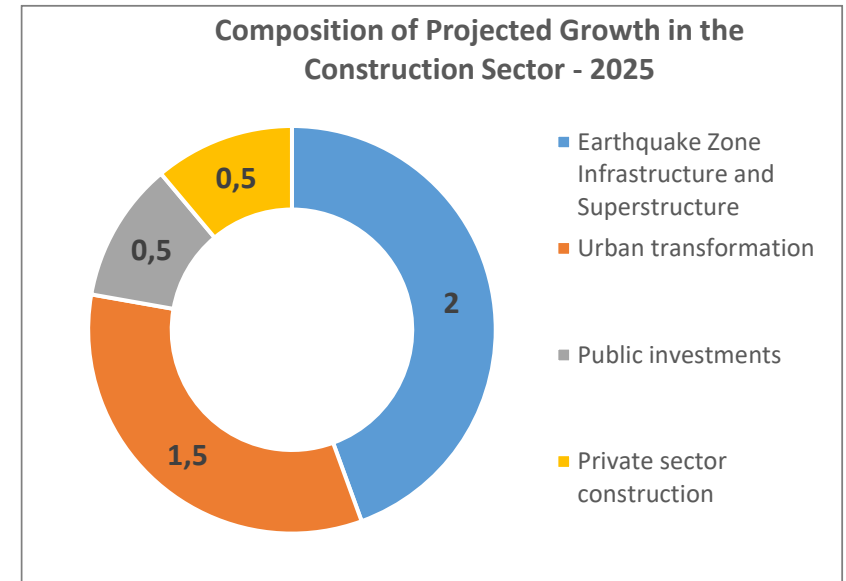
- **Tightening monetary policy (high interest, etc)**
- **High construction costs & wage increases**
- **Limited skilled workforce in the sector**
- **Slowdown in public investment & tax regulations**





# Turkish Market: Predictions for 2025

- In the 2025 budget submitted to the Grand National Assembly of Türkiye, significant resources have been allocated for earthquake zone investments and urban transformation activities. In this context, the 2025 budget will support investments and the construction sector.
- Considering the expected interest rate cuts, possible effects of implemented economic policies and 2025 year budget, the **construction sector will be able to grow by 4-5% in 2025.**
- The biggest contribution to this expected growth is expected to be made by **earthquake zone infrastructure and superstructure investments** and **urban transformation activities.**



Source: İMSAD

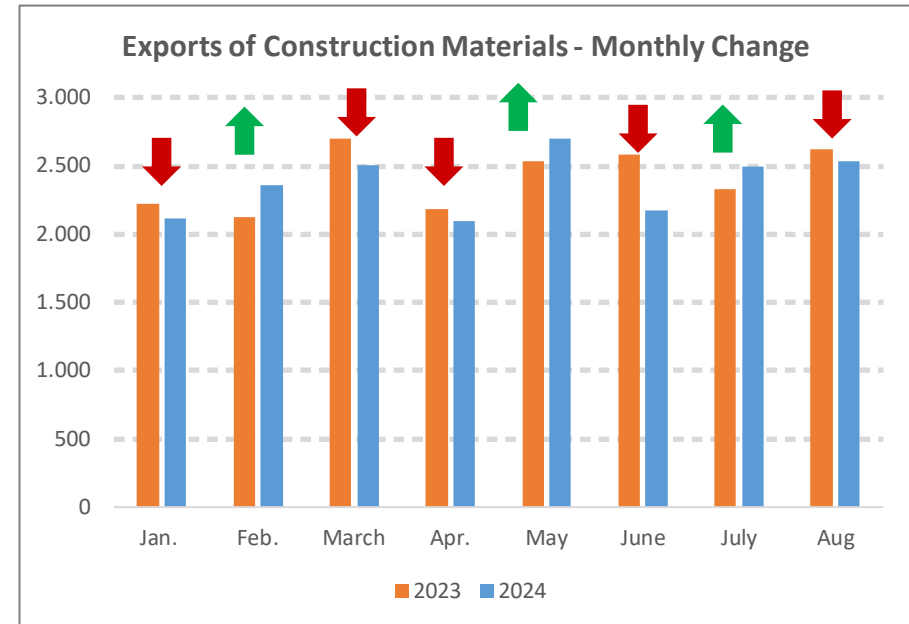




# Export Markets: Construction Materials Industry

- The **contraction in the construction sector in Europe**, which is our main export market as a country, and the **anti-dumping duty imposed by the EU** against Turkish manufacturers continued to put pressure on the country's exports.
- In the first 9 months of 2024, **exports of construction materials decreased by 2%** to USD 18.9 billion.
- Fluctuations in FX and speculations about the aftermath of local elections also negatively affected foreign trade.
- Exports of ceramic coating materials and ceramic sanitary ware products, which are our main product groups, increased by 1% and decreased by 17.4%, respectively.

Exports (USD million)	Jan. – Aug. 2024	Jan. – Aug 2023	Change %
<b>Construction Materials</b>	<b>18.906</b>	<b>19.296</b>	<b>↓ -2,0</b>
- Ceramic Coating Materials	454	450	<b>↑ 1,0</b>
- Ceramic Sanitary Ware	174	210	<b>↓ -17,4</b>



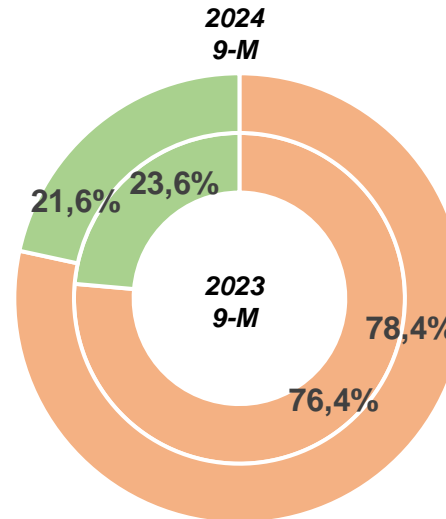
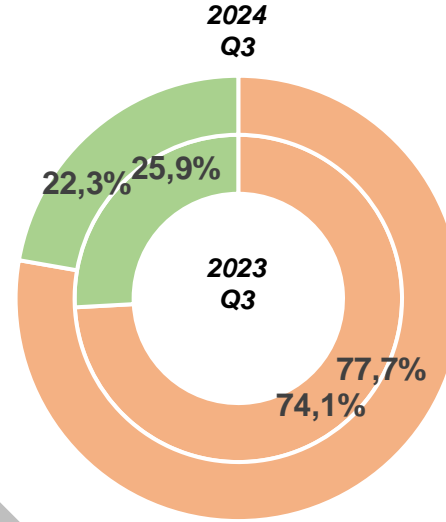
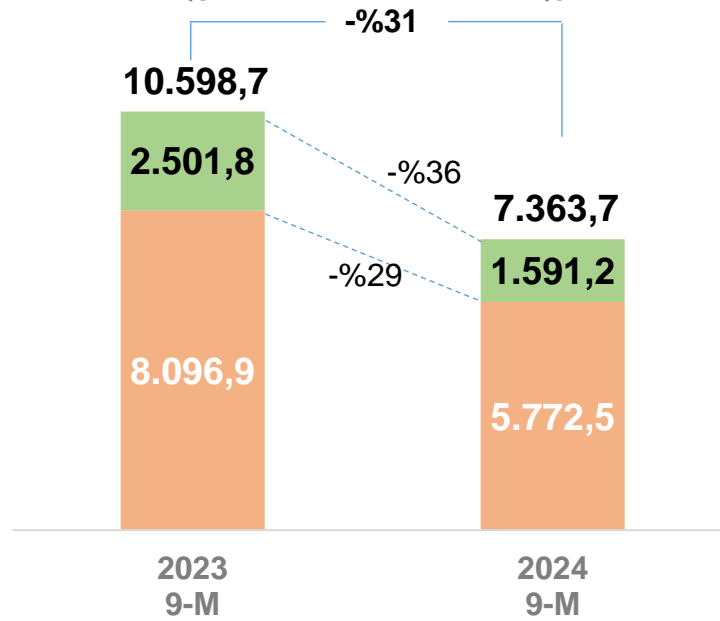
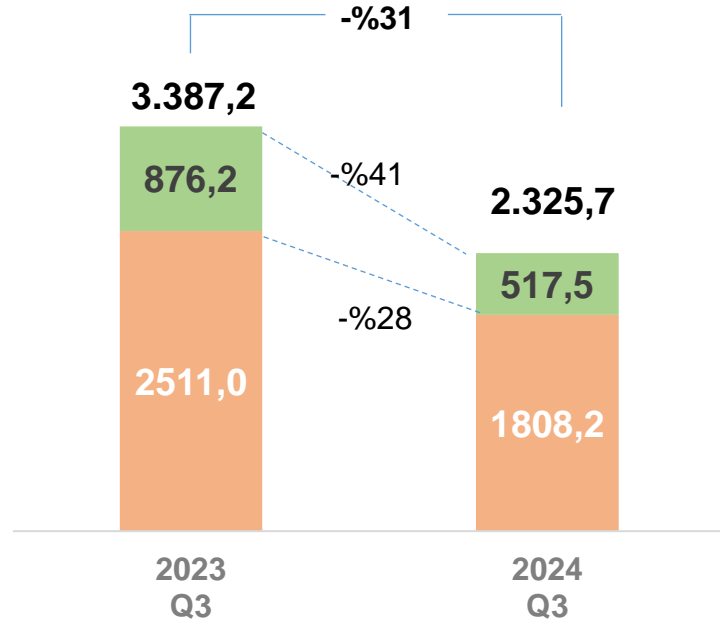
Source: İMSAD





# Sales Growth & Breakdown by Region

TL million



- Due to the exchange rate being below inflation, the anti-dumping duty imposed by the EU on Turkish producers, and the weakness in the construction sector in EU markets, the share of exports in total declined.

- The tightening economic measures implemented (high interests, etc.), high construction costs and the periodic loss of attractiveness of investment in housing compared to alternative returns put pressure on domestic demand.

Türkiye International



# Investments

- A contract has been signed with the Italian company SITI B&T Group for the "Supera Production Line - Ground Glazed Porcelain Production System" to be purchased within the scope of the "Supera Production Line" planned to be established in our production facilities in Çan.
- Following the completion of the delivery of the relevant machinery and equipment, production is expected to start in 2024 Q4.



- With the new investment of EUR 5.54 million, which will be made within the scope of the Slab-Sinterflex investment in the prospectus and will be covered by the fund obtained from the IPO, it is planned to renew and develop our existing old granite line and to produce 120 x 280 cm. and 60 x 120 cm. slabs.



# Investments

- Our company, which is the world's first manufacturer of porcelain slabs with a thickness of 3 mm, has signed a memorandum of understanding with System Ceramics Spa for an investment that will increase the production capacity of 1 x 3 meters and 1.2 x 3.6 meters slabs by 50%.
- With an investment of appr. EUR 15 mln., the first phase of which is expected to be completed by May 1, 2025 and the second phase by 2025-end, it is aimed to increase the capacity of these products from 1.6 mln. m<sup>2</sup> to 2.4 mln. m<sup>2</sup>.
- Production started on May 19, 2024 at the Kirkuk factory of Al-Sadaf Porcelain company, in which we have 49% stake.
- In the facility, which has an annual capacity of 2.5 mln.m<sup>2</sup> matte and glossy porcelain plates, porcelain tiles will be initially produced in 8 series measuring 60 x 120 cm. and 60 x 60 cm..
- Local production in Iraq is expected to make a full-year contribution to net sales of approximately USD 20 mln. in the first stage.



# Financial Statements

*IAS-29 APPLIED*



# P&L Summary\*

\* IAS-29 applied

(TL million)	2024 Q3	2023 Q3	Y-on-Y Change	2024 9-M	2023 9-M	Y-on-Y Change
Net Sales	2.325,7	3.387,2	-31,3%	7.363,7	10.598,7	-30,5%
Gross Profit	-171,5	449,9	0,0%	182,2	1.904,2	-90,4%
Margin	-7,4%	13,3%		2,5%	18,0%	
Operating Profit	-824,3	-118,0		-1.641,8	837,9	
Margin	-35,4%	-3,5%		-22,3%	7,9%	
Profit Before Financing	-833,9	-79,0		-1.668,4	952,9	
Margin	-35,9%	-2,3%		-22,7%	9,0%	
Profit Before Tax	-890,7	289,5		-2.066,4	1.002,7	
Margin	-38,3%	8,5%		-28,1%	9,5%	
Net Profit	-960,3	-50,8		-2.381,7	618,2	
Margin	-41,3%	-1,5%		-32,3%	5,8%	
EBITDA	-627,4	59,8		-1.066,0	1.317,2	
Margin	-27,0%	1,8%		-14,5%	12,4%	



# Balance Sheet\*

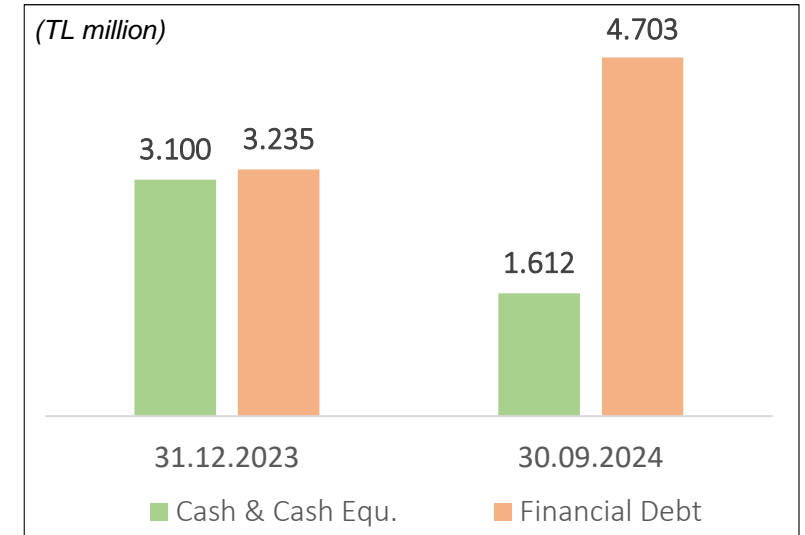
\* IAS-29 applied

(TL million)	30.09.2024	31.12.2023		30.09.2024	31.12.2023
<b>Current Assets</b>	<b>8.121,9</b>	<b>9.611,4</b>	<b>Current Liabilities</b>	<b>6.568,8</b>	<b>4.950,2</b>
Cash & Cash Equivalents	1.612,4	3.099,8	Short Term Borrowings	3.986,8	1.964,7
Trade Receivables	2.120,6	2.333,7	Short Term Portion of LT Borrowing	266,7	470,2
Inventories	3.847,2	3.720,9	Trade Payables	1.890,6	1.843,8
Prepaid Expenses	344,2	195,8	Deferred Incomes	195,5	443,1
Current Tax Assets	45,8	29,3	Provisions	115,5	35,8
Others	151,5	232,0	Others	113,7	192,6
<b>Non-current Assets</b>	<b>7.503,6</b>	<b>7.371,9</b>	<b>Non-current Liabilities</b>	<b>1.027,4</b>	<b>1.474,2</b>
Financial Investments	61,1	70,8	Long-Term Bank Borrowings	373,9	775,1
Tangibles Assets	5.901,5	5.578,0	Long-Term Leasing	75,9	24,7
Intangible Assets	448,0	378,8	Trade Payables	204,7	315,4
Properties for Investment Purpose	317,6	333,0	Provisions	372,8	359,0
Deferred Tax Assets	652,9	931,8	<b>Total Equity</b>	<b>8.029,3</b>	<b>10.558,9</b>
Others	122,5	79,5	Issued Capital & Inflation adj.	8.280,7	8.280,7
<b>TOTAL ASSETS</b>	<b>15.625,5</b>	<b>16.983,3</b>	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>15.625,5</b>	<b>16.983,3</b>



# Cash and Financial Debt Structure

- As of the end of 2024 Q3, the total value of cash and cash equivalents is TL 1.6 billion.
- There are a total of TL 4.7 billion in short- and long-term financial liabilities.
  - TL 89 million is due to operational leasing agreements
  - 90% short-term
  - 29% in FX
  - 86% with fixed interest rates
- As stated in the prospectus, TL 528.3 mln. of the financial debt were closed with 20% of the net TL 2.64 billion fund obtained from the IPO.
- As of the end of the 2024 Q3, the total net financial debt\* is TL 3 billion.



\* Cash and cash equivalents were deducted, and liabilities related to leasing transactions were ignored.



# Annex



# P&L Summary (*IAS-29 not applied*)

<i>(TL million)</i>	2024 Q3	2023 Q3	Y-on-Y Change	2024 9-M	2023 9-M	Y-on-Y Change
Net Sales	2.225,7	2.040,5	9,1%	6.448,7	5.629,1	14,6%
Gross Profit	361,8	492,2	-26,5%	1.329,2	1.470,2	-9,6%
Margin	16,3%	24,1%		20,6%	26,1%	
Operating Profit	-236,9	158,7		-231,1	943,8	
Margin	-10,6%	7,8%		-3,6%	16,8%	
Profit Before Financing	-243,9	161,0		-243,0	1.005,9	
Margin	-11,0%	7,9%		-3,8%	17,9%	
Profit Before Tax	-542,6	47,6		-959,6	448,2	
Margin	-24,4%	2,3%		-14,9%	8,0%	
Net Profit	-482,7	256,3		-672,5	809,8	
Margin	-21,7%	12,6%		-10,4%	14,4%	
EBITDA	-166,7	195,1		-31,3	1.027,8	
Margin	-7,5%	9,6%		-0,5%	18,3%	



# Disclaimer

None of the information contained in this presentation contains investment advice, and any advice contained herein is not based on specific buyers' assessments of investment objectives, financial standing, or particular needs. This presentation does not constitute, in whole or in part, an offer to sell any of the Company's securities or an invitation for another offer or subscription or takeover, or incentive to make an investment. No part of this presentation and the fact that it has been distributed shall form the basis of any contract, commitment, or investment decision and cannot be considered in this regard. This presentation is solely the responsibility of the Company. This presentation is not intended to cover all information about the Company, nor has it been independently verified. The information and opinions given within the scope of this document are provided as of the date of presentation, and changes in the information and opinions contained in the presentation will not be subject to notification. The Company has not made, nor will it make any express or implied representations or commitments regarding the impartiality, sufficiency, accuracy and completeness of the information or opinions contained in this presentation (or whether the entry of any information into this presentation has been neglected), and no such assumptions are made.

The sector and competitive environment data contained in this presentation have been obtained from official or independent sources as far as possible. Independent industry publications, studies, and surveys generally state that the data contained in such sources are obtained from sources considered to be reliable, but that no commitment is made as to the accuracy or completeness of this information. While the Company believes that each publication, study, and survey has been prepared by reliable sources, it has not independently verified the accuracy of such information. In addition, the sector and competitive environment data in this presentation are based on the Company's internal surveys and estimations based on the Company management's knowledge and experience in the sectors in which the Company operates. While the Company believes that these surveys and estimates are appropriate and reliable, the accuracy and completeness of these surveys and estimates and the underlying methodologies and assumptions have not been verified by any independent source, and changes in them will not be subject to notification. Therefore, undue meaning should not be attributed to any data contained in this presentation.

This presentation contains "forward-looking statements." These statements include such terms as "anticipate," "will," "believe," "intend," "guess," "expect," and similar. Except for historical information, all related statements, including but not limited to the Company's financial position, prospects, growth, business strategy, plans, and management's objectives for future operations, are forward-looking statements. These statements include known and unknown risks and other important factors, including but not limited to risks or uncertainties that could cause the Company's actual results, performance, or achievements to differ significantly from the results, performance, or achievements stated or implied in this forward-looking statements. These statements are based on numerous assumptions regarding the Company's current and prospective business strategies and the business environment in which the Company will operate in the future. These forward-looking statements are to be taken into consideration only as of the date of this presentation. The Company warns the recipients of this presentation that the forward-looking statements do not constitute a commitment to the future performance of the Company and that the Company's actual financial position, expectations, growth, business strategy, plans, and management's objectives regarding future operations may differ materially from those stated and disclosed in the forward-looking statements in this presentation. In addition, even if the Company's financial position, prospects, growth, business strategy, plans, and management's objectives for future operations are consistent with the forward-looking statements in the presentation, these results and developments do not constitute an indicator of the results or developments to be achieved in any future period.

Any member of the board of directors, managers, employees or any other person of Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş. or the Company; Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş. cannot be held responsible for any damages that may arise from the use of the content of this presentation.