



Kordsa.com



1Q'24 Financial Results

Earnings Release

May 30 2024

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AGENDA

01.

1Q'24 Highlights

02.

Market Dynamics

03.

Key Financials

04.

What's Next

1Q'24 Highlights

TIRE REINFORCEMENT

* ~ 4% shrinkage in volume with fluctuations on regional demand

* Price war from Far-East

REVENUE



234
MUSD
 All Hard-Currency

OPERATING CASH FLOW



175 MTL

148 MTL in 1Q'23

EBITDA



22 M\$

9.5% Margin

NET DEBT



354 M\$
 (+16 M\$)

338 M\$ in YE'23

INVESTMENT



11
MUSD

NET INCOME



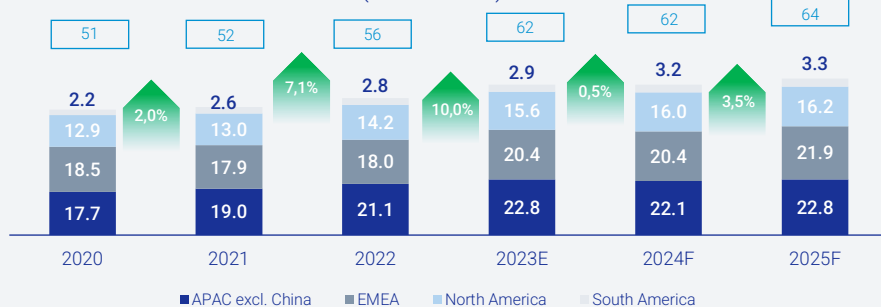
3
MUSD

COMPOSITE REINFORCEMENT

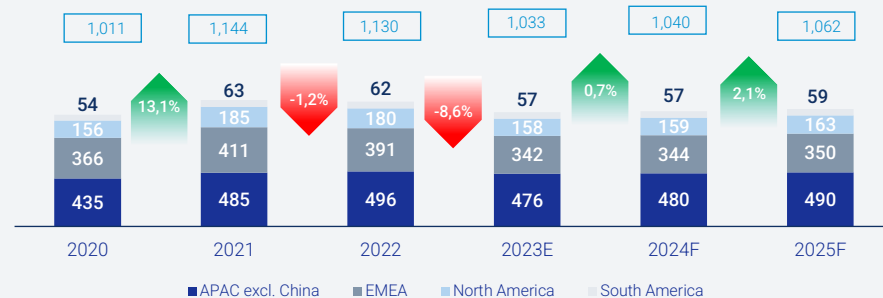
- * Strong performance in Microtex
- * Parallel demand in line with 2023

Tire reinforcement market expected to grow ~1% in 2024

Global Automotive Market excl. China (million units)



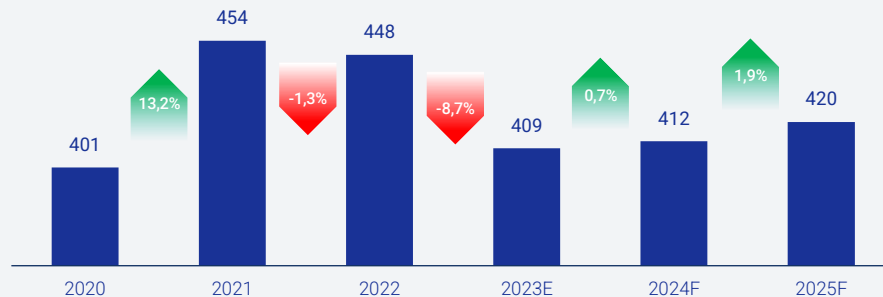
Global Tire Market excl. China (million units)



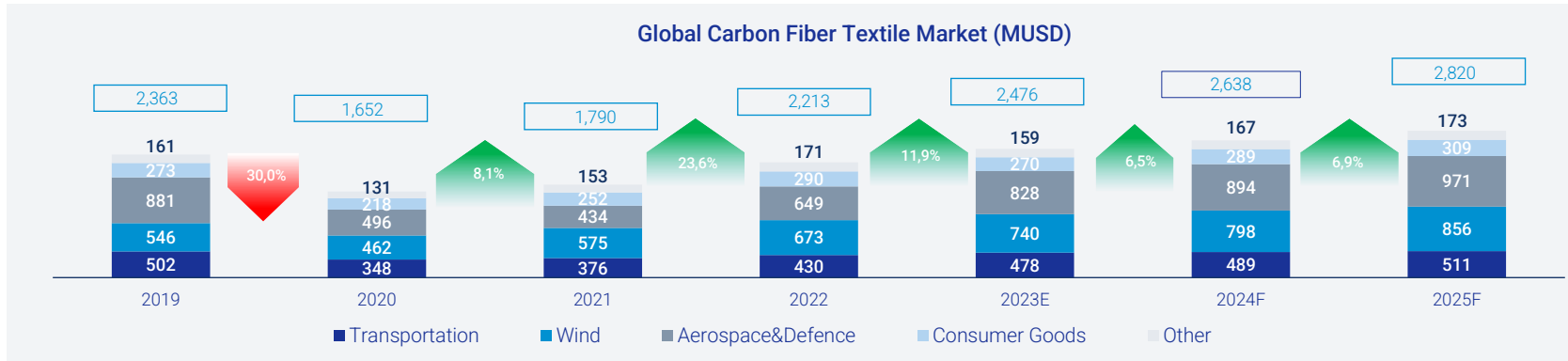
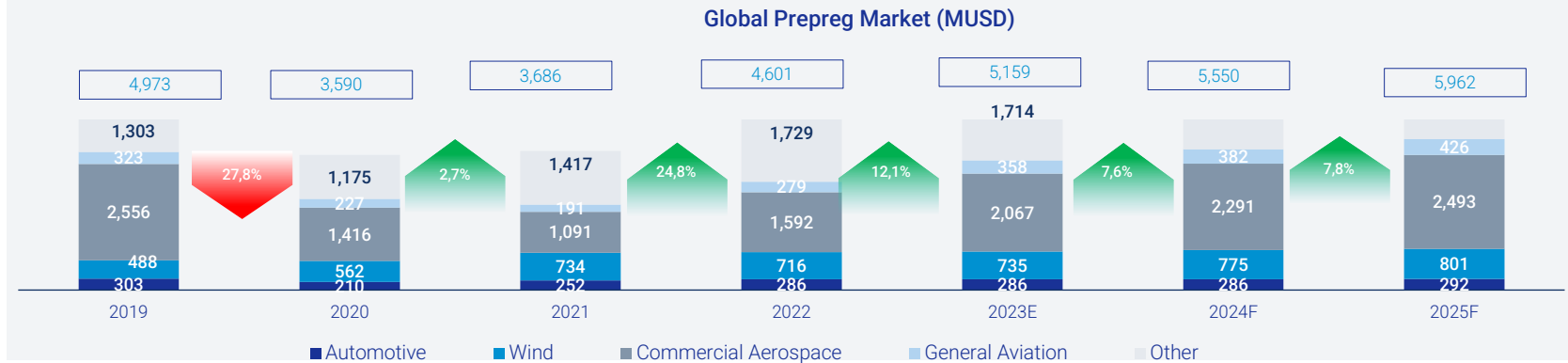
Tire Reinforcement Market excl. China (NY6.6-ktons)



Tire Reinforcement Market excl. China (PET HMLS-ktons)



Positive Outlook for the Composite Market 2024 and Beyond



Improving EBITDA margin 1Q'24 with operational precautions

	Financials (MUSD)						
	1Q'23	1Q'24	Δ	2Q'23	3Q'23	4Q'23	1Q'24
Sales	276	234	-15.2%	255	241	231	234
Gross Profit	41	40	-2.5%	37	37	35	40
Gross Margin (%)	14.8%	17.0%	2 pts'	14.4%	15.2%	15.3%	17.0%
OPEX (%)	10.2%	11.9%	2 pts'	10.8%	10.5%	11.6%	11.9%
Operating Profit	14	12	-16.0%	11	14	13	12
Operating Profit Margin (%)	5.1%	5.1%	0 pts'	4.2%	5.7%	5.5%	5.1%
EBITDA	23	22	-3.1%	19	22	19	22
EBITDA Margin (%)	8.3%	9.5%	1 pts'	7.5%	9.2%	8.2%	9.5%
Net Income	5	3	-33.8%	-2	3	12	3
Net Income (%)	1.7%	1.4%	-1 pts'	-0.8%	1.3%	5.0%	1.4%

Continuing volume and price competition coming from Far-East competitors

Sales Bridge – MUSD

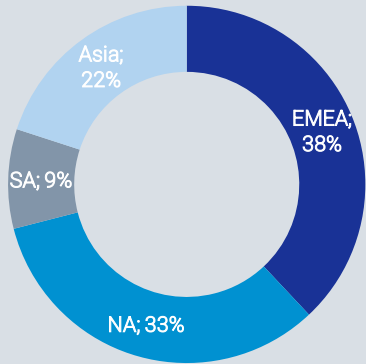


Our aim is to build balanced portfolio between tire and composite reinforcement

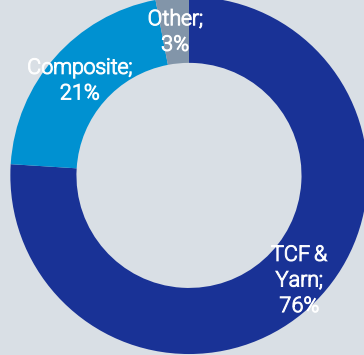
Segment Reporting Results

1Q, 24 Revenue Split

By Region

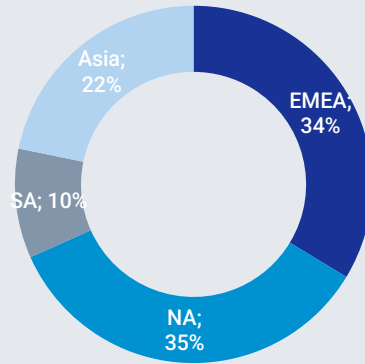


By Product

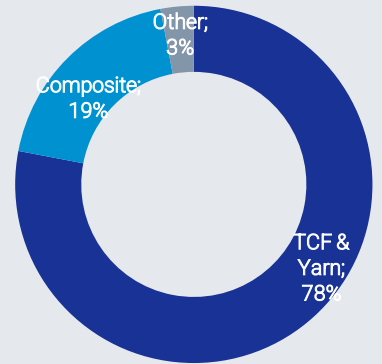


1Q, 23 Revenue Split

By Region

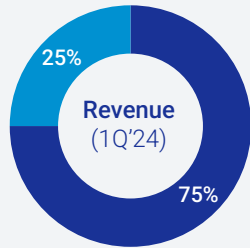


By Product



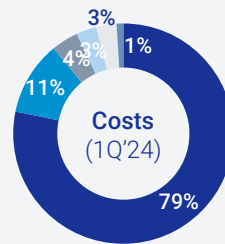
- * Balanced-portfolio based on the regions
- * Price competition especially in EMEA and APAC

Hard Currency Revenue

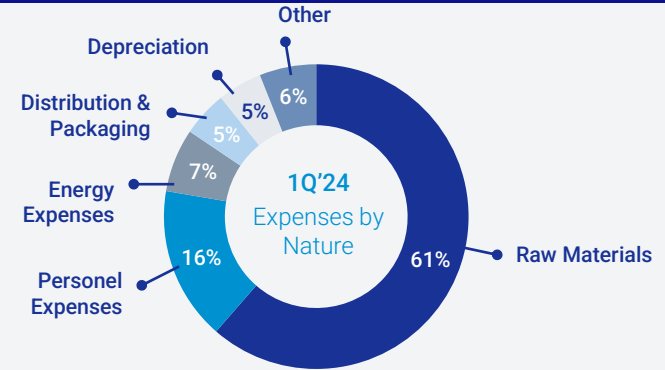


■ US \$ ■ EUR

FX exposure



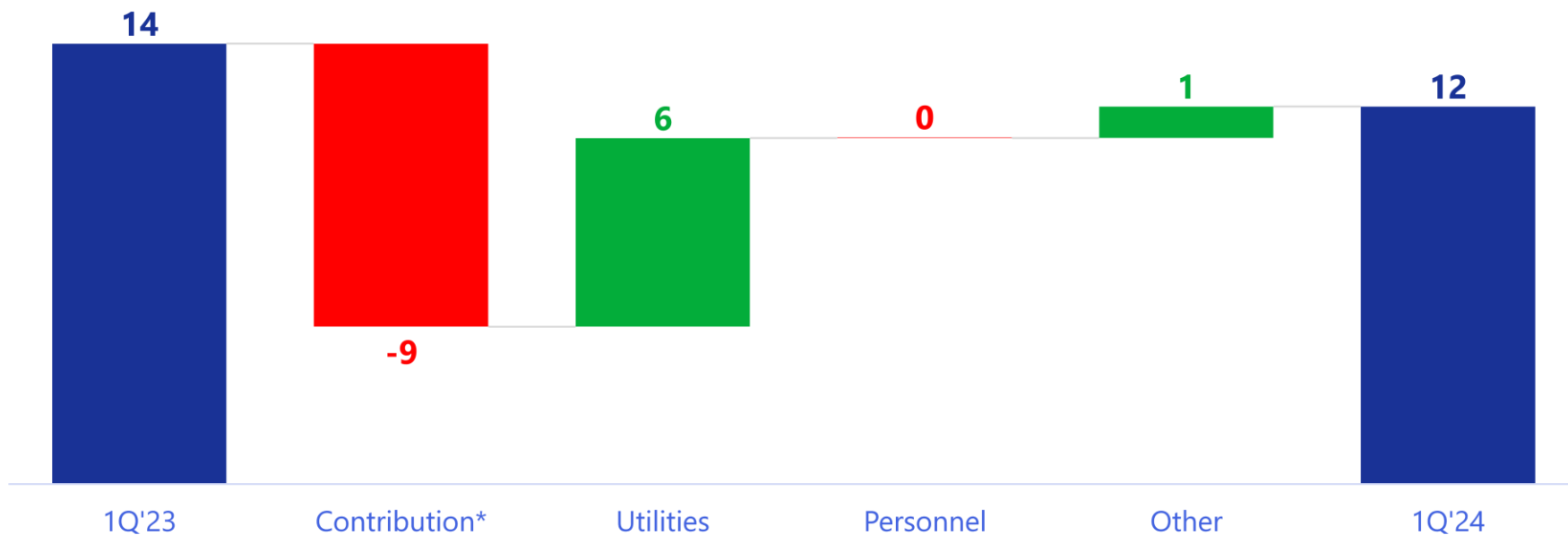
■ US \$ ■ TL ■ EUR
 ■ IDR ■ BRL ■ Baht



- Hard currency revenues
- Ability to pass through raw material price volatility: (Revenue – raw material costs) tracked as a KPI by sales team
- FX exposure on costs -> EM footprint on local costs + hard currency priced raw materials
- Benefit from US\$ appreciation vs. TL, IDR and BRL

Difficulties in profitability margins coming from price competition in tire reinforcement market

EBIT Bridge (MUSD)

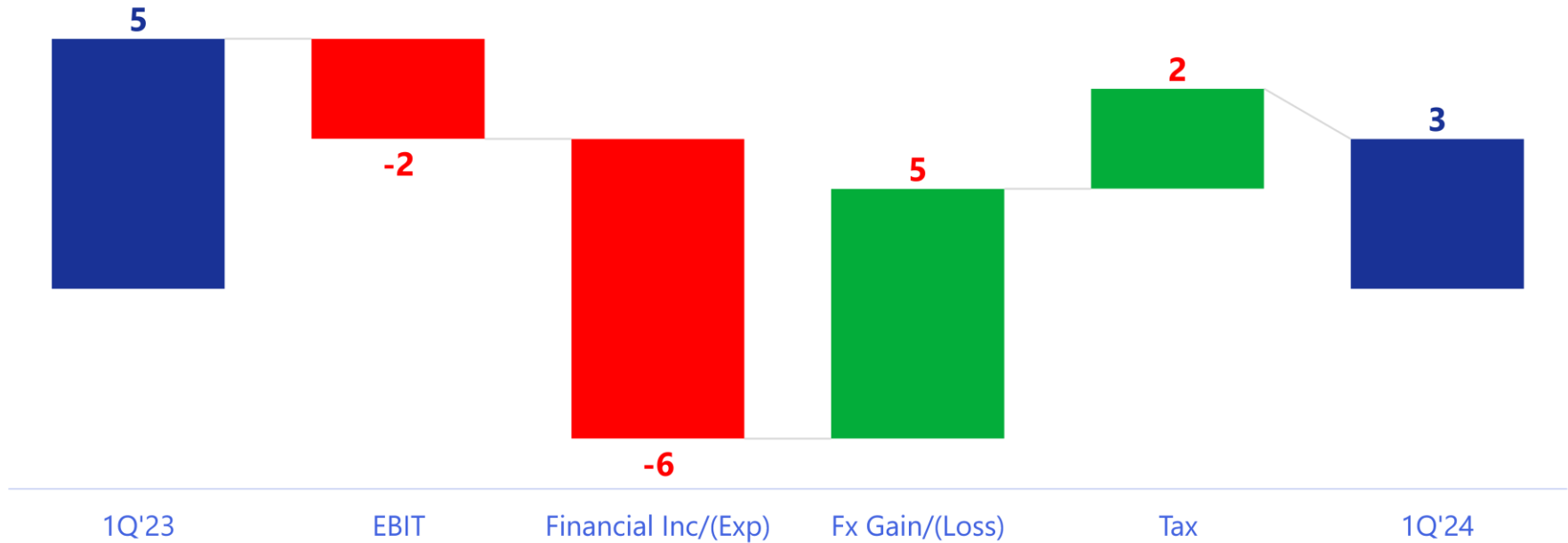


- * Cost pressure from TR inflation
- * Imbalance between USDTRY and inflation
- * Price war – low profitability
- * Savings from energy costs, especially in EMEA

* Sales – Raw Material Cost (including packaging, freight)

Decreasing EBIT level is directly reflected in NI level.

Net Income Bridge (MUSD)

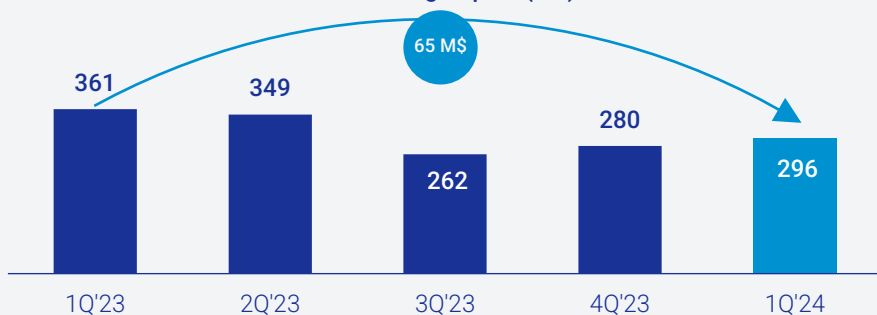


Balance Sheet

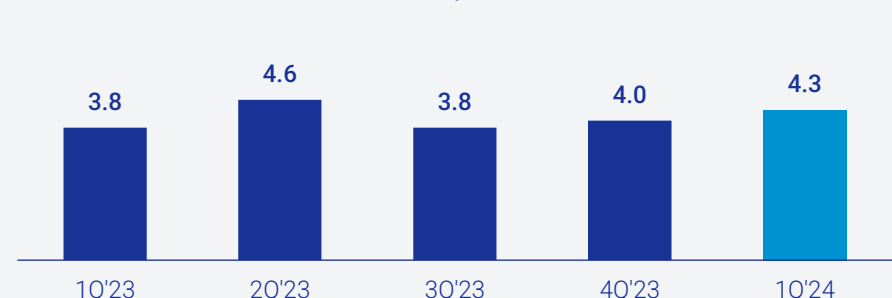
	TL Financials (MTL)			USD Financials (MUSD)		
	Dec'23	Mar'24	Δ	Dec'23	Mar'24	Δ
Cash and Cash Equivalents	1,712	1,818	105	58	56	-2
Account Receivables	4,774	5,654	880	162	175	13
Inventories	6,840	7,991	1,151	232	248	15
Other Current Assets	1,416	1,887	471	48	58	10
PPE & Intangibles	13,922	15,206	1,285	473	471	-2
Investment Property	697	764	67	24	24	0
Goodwill	3,960	4,343	383	135	135	0
Other Non-Current Assets	1,656	1,867	211	56	58	2
Account Payables	3,375	4,104	729	114	127	12
Total Debt	11,651	13,278	1,626	395	411	15
Short Term Debt	7,382	6,591	-791	250	204	-47
Long Term Debt	4,269	6,687	2,417	145	207	62

Focusing on improving working capital and net debt level

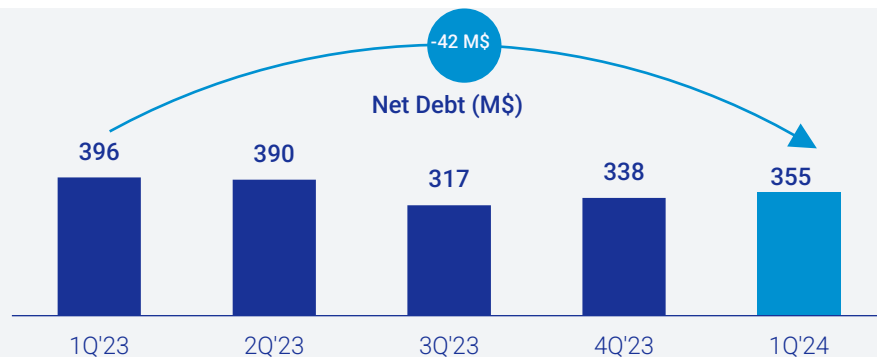
Net Working Capital (M\$)



Net Debt / EBITDA



Net Debt (M\$)



M\$	Amount		Avg. Int. Rates	
	31.12.2023	31.03.2024	%	%
Net Debt	337	355	YE'23	1Q'24
USD-Basis	295	326	8.5%	8.3%
EUR-Basis	39	46	7.3%	6.4%
TRY-Basis	56	37	34.8%	36.8%
Other Currencies	5	2	8.2%	4.4%
Cash & Cash Equi.	-58	-56		

GROWTH PLANS

Polyester Line, Construction (Kratos), Single End Cord (SEC) in Turkey

COST IMPROVEMENT FOCUS

CASH MANAGEMENT & IMPROVING NET DEBT LEVEL

PRODUCT / SECTOR DIVERSIFICATION in COMPOSITE GROWING IN AEROSPACE & NON-AEROSPACE

Thank You



THE REINFORCER