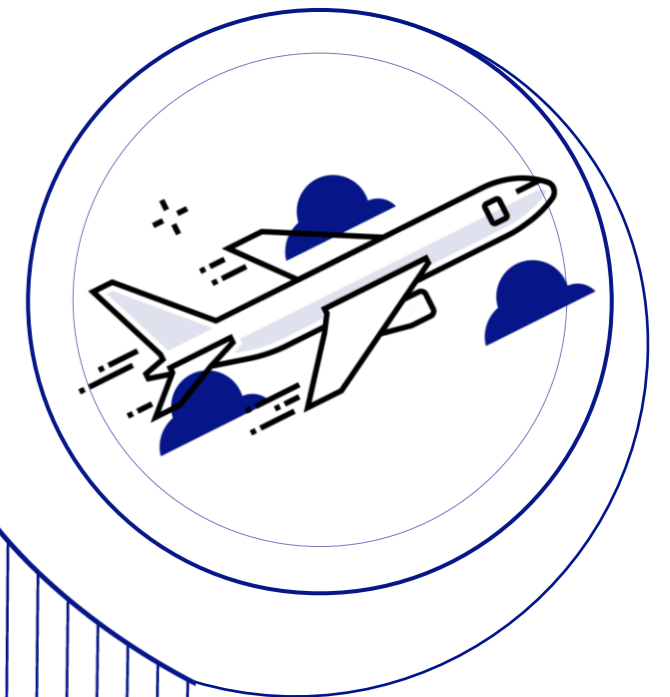


KORDSA

THE REINFORCER



Kordsa Investor Presentation

Aug, 2020

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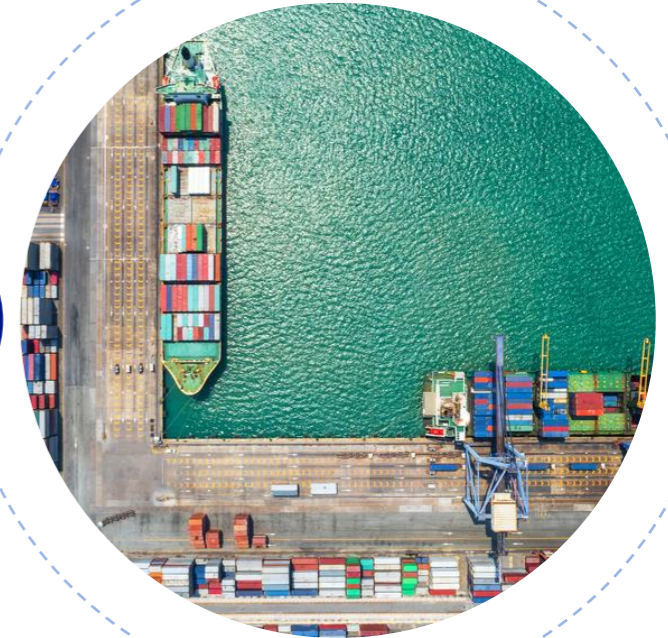
Global Footprint

4 continents
12 facilities

~4,500
employees

2 R&D
Centers

851 patent applications
197 patents



W E R E I N F O R C E L I F E

Global Footprint



Regional footprint versus key competitors

Kordsa market position

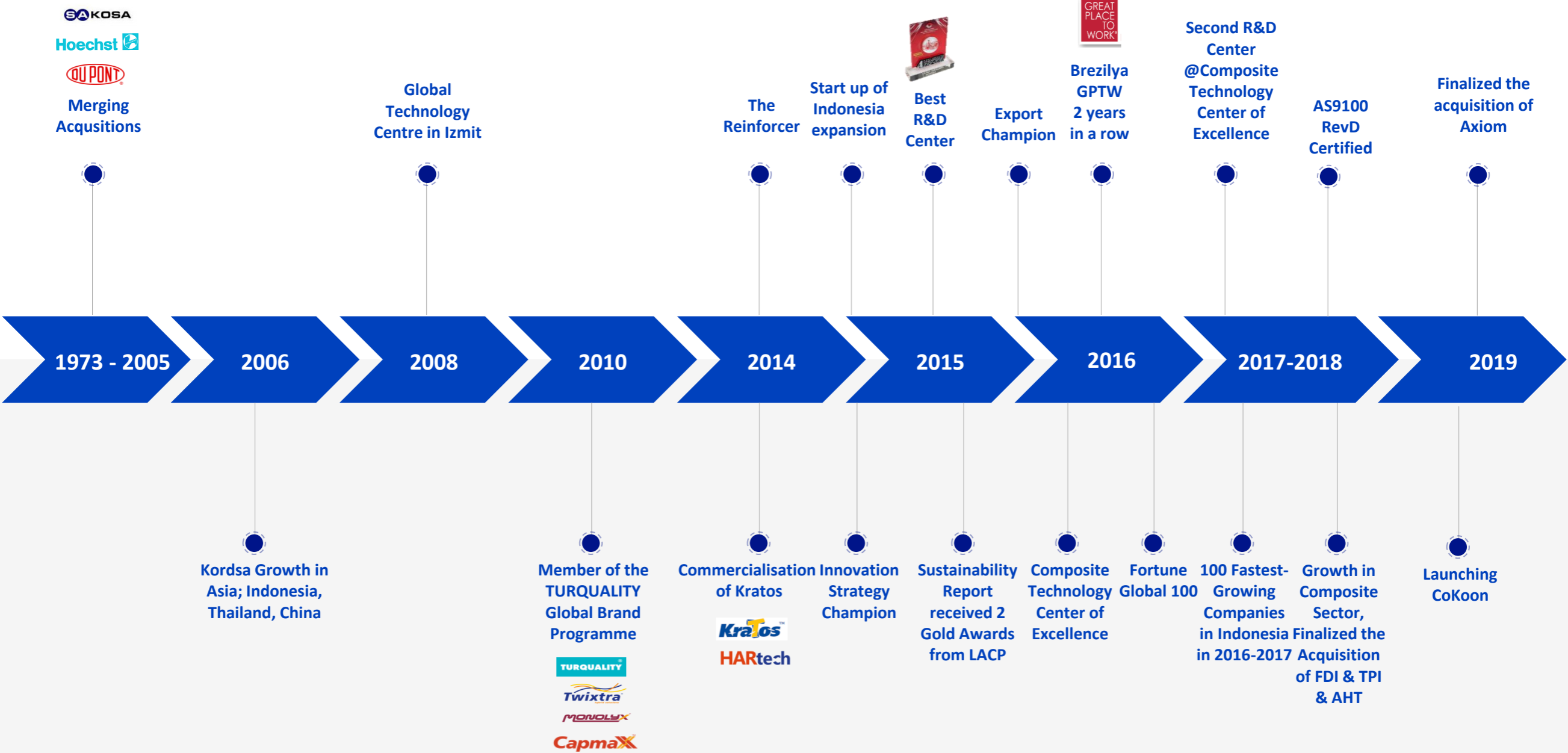
- #1 NY TCF producer
- #1 PET TCF producer

- #1 NY TCF producer in the US

- The only PET yarn, TCF and SEC producer in LATAM

- #2 NY TCF producer
- #2 PET TCF producer

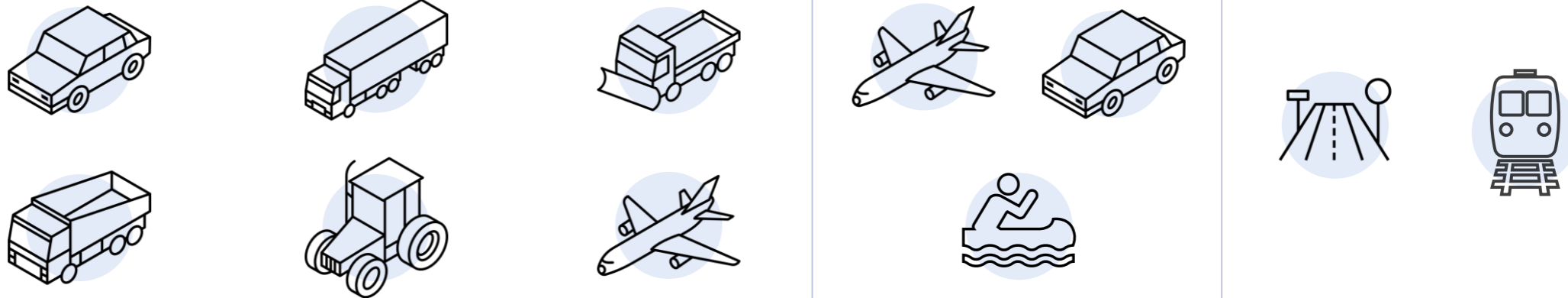
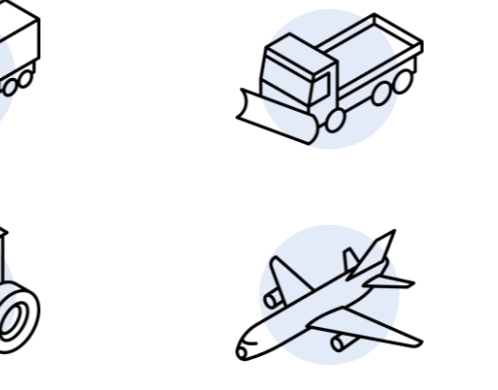
Milestones



Strategy House



Kordsa in Brief

Description	Tire cord fabrics ("TCF")	Next generation fabrics	Composite	Construction
	<ul style="list-style-type: none"> Nylon and polyester based tire reinforcement fibers and fabrics for radial and bias tires Global #1 by revenue/ #2 by capacity @ NY66 TCF Global #2 by revenue / #3 by capacity @PET TCF 	<ul style="list-style-type: none"> Textile reinforcement materials for green tires High performance Monofilaments Green Products with Resorcinol Formaldehyde Free Dipping Highly engineered hybrid cords with superior properties 	<ul style="list-style-type: none"> Carbon fiber, aramid, hybrid fabrics, and pre-pregs Production technologies for composite materials High value added thermoplastic and thermoset resins 	<ul style="list-style-type: none"> Macro and micro fibers for concrete reinforcement
				

Kordsa Investment Highlights

1

Market leadership based on longstanding strategic partner status with all global tire players

2

Global footprint with large presence at growing regions

3

Technology leadership at the cutting edge of reinforcement

4

Growth in composite reinforcement market

5

Growth opportunities from new businesses such as thin film and flexible electronics

6

Strong cash generation and dividend payout

7

Experienced management team with proven track record



Must Win Battles

1. Business Excellence

- a. Operational Excellence : Safe and reliable operations, competitive cost
- b. Digital Transformation: Data analytics and Artificial Intelligence, Robotics and Automations, Cybersecurity
- c. Effective Finance & Risk Management
- d. Commercial Excellence

2. Growth

- a. Growth in Tire Industry: Improve approved product base
- b. Growth in Composite Industry: Realization of growth business plan for composites, increase market penetration speed via acquisitions
- c. Growth in New Industries:

3. Innovation

- a. Innovation in Material Science
- b. Innovation in Tire Technology
- c. Innovation in Composite Technology
- d. Effective Innovation Management



Overview of The Tire Cord Fabric Value Chain

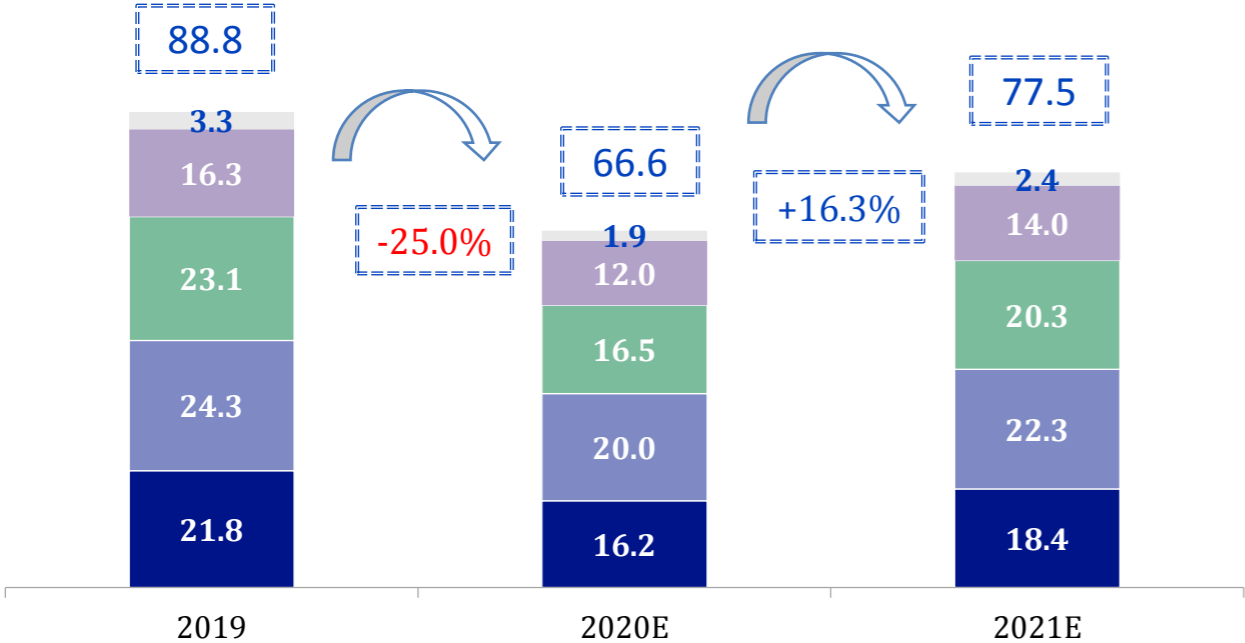


Kordsa fabrics are developed for specific requirements and are custom made

Market Dynamics - Tire

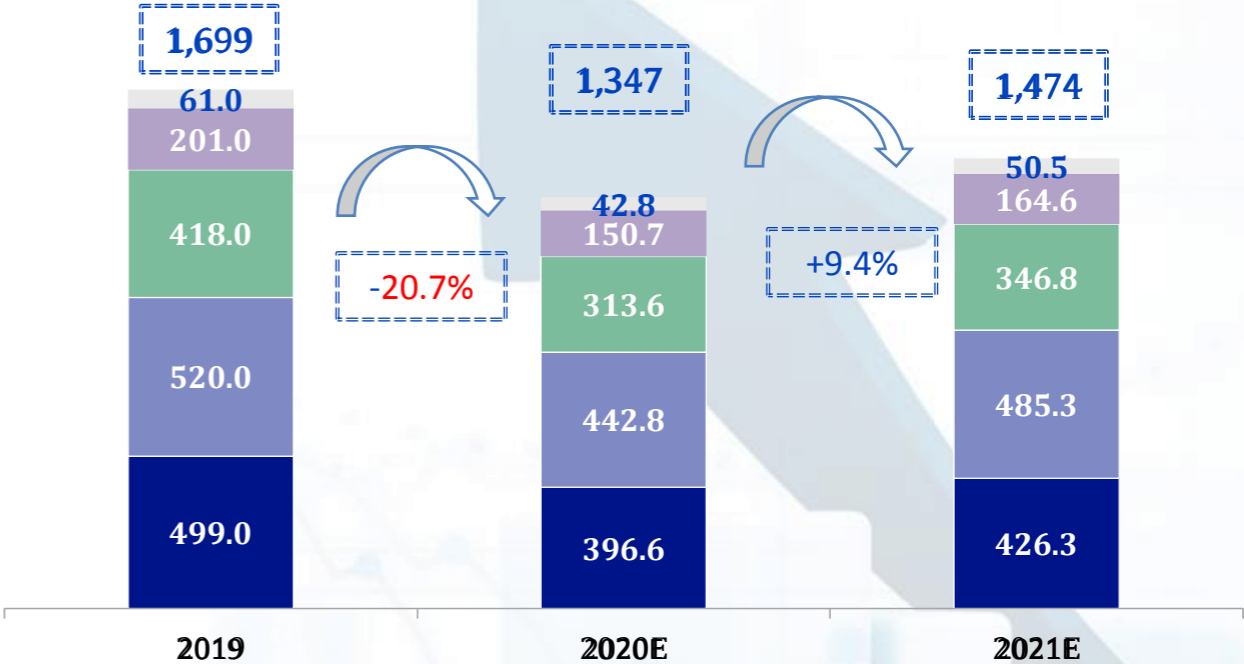
Global Automotive Market (Munits)

■ APAC ex. China ■ China ■ EMEA ■ North America ■ South America



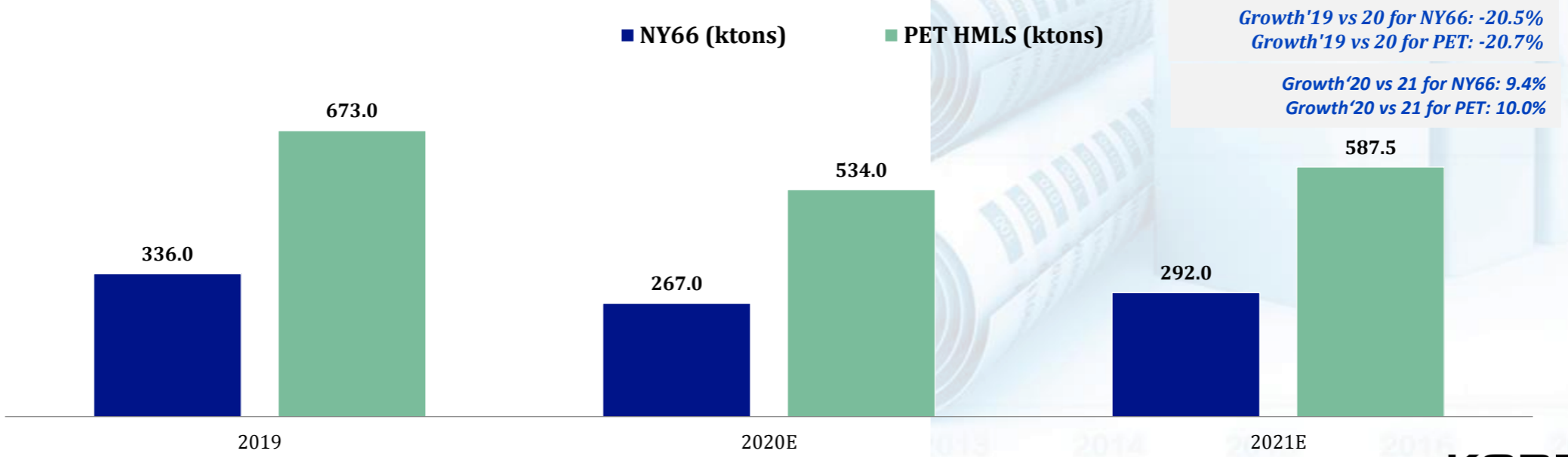
Global Tire Market (Munits)

■ APAC ex. China ■ China ■ EMEA ■ North America ■ South America



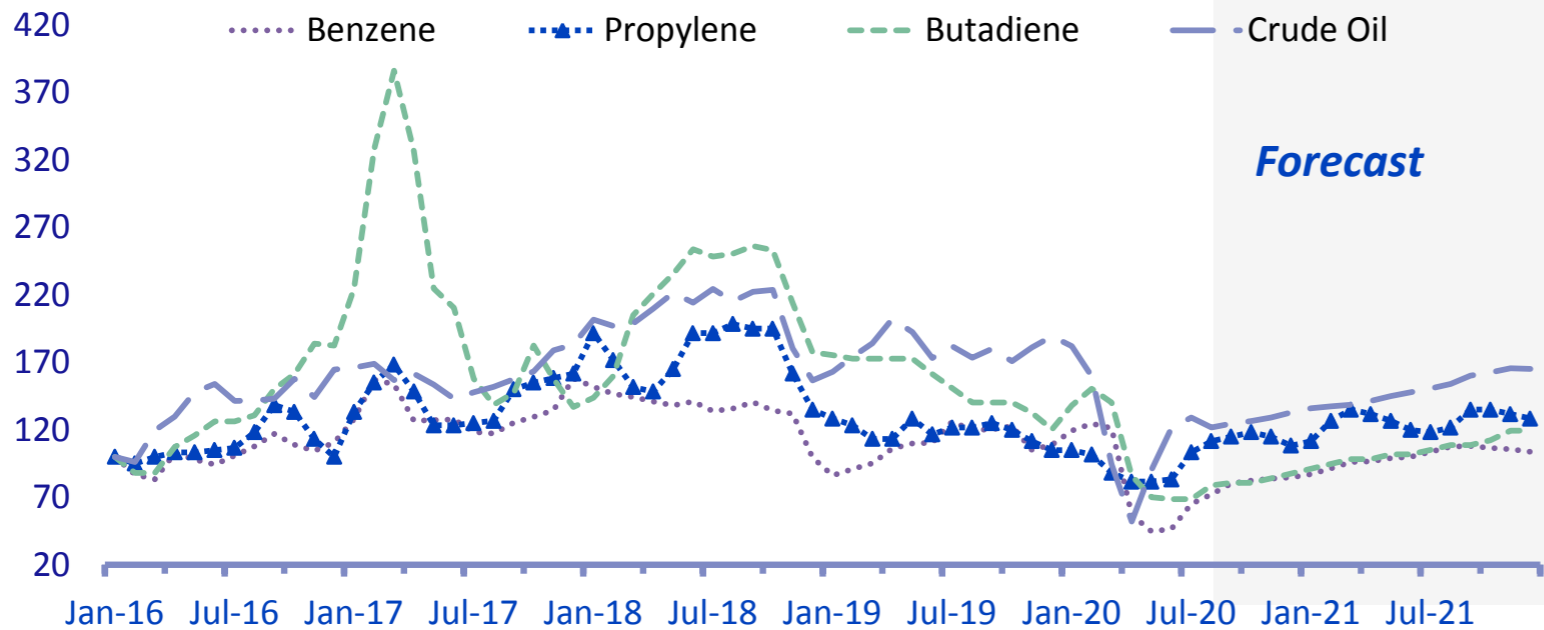
Tire Reinforcement Market (NY6.6-ktons)

Tire Reinforcement Market (PET-ktons)



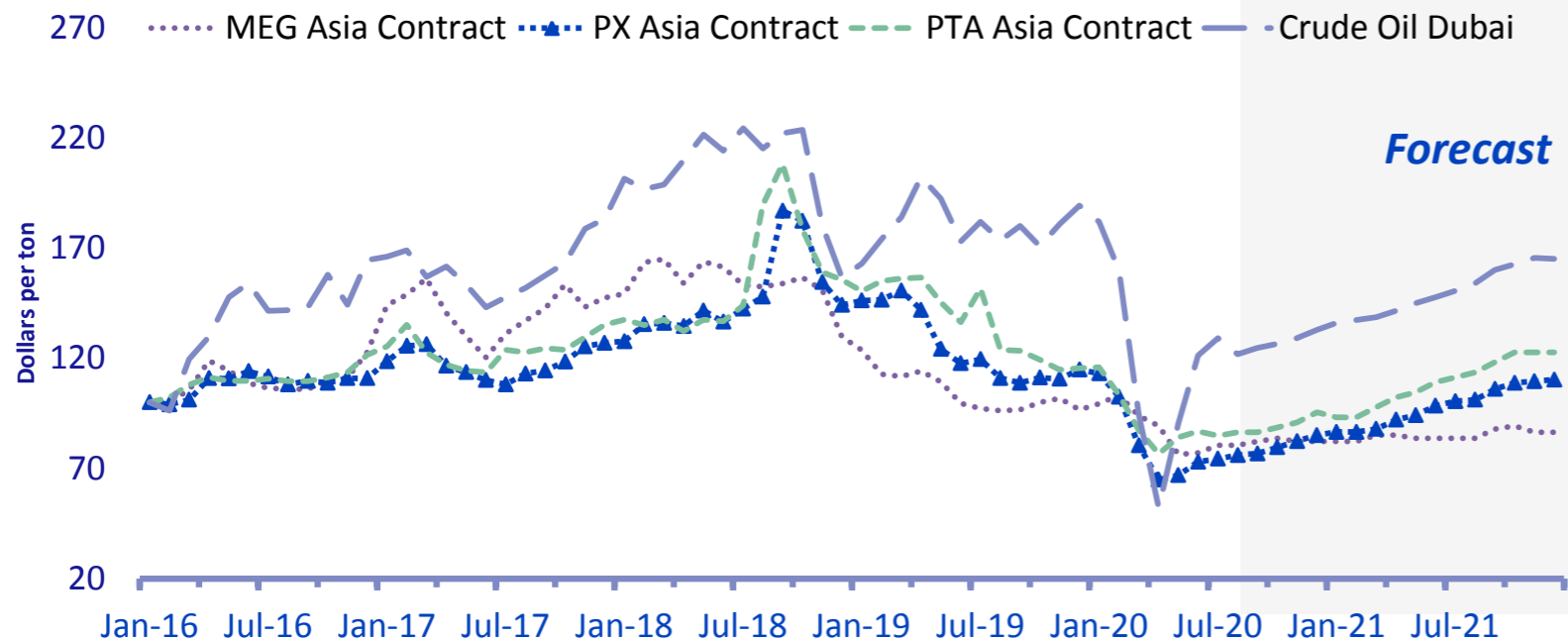
RM Price Drivers - Tire

NY Raw Material Trend (Indexed)



- Butadiene: As global economies re-opened, the first spike of demand increased, butadiene prices although it is not set to hold within upcoming months.
- Propylene: Global PGP prices increase, and volatility in the global market continue to be present.

PET Raw Material Trend (Indexed)



- Based on the market report, polyester raw material prices are expected to decrease within 2020.

Source : IHS

Confidential

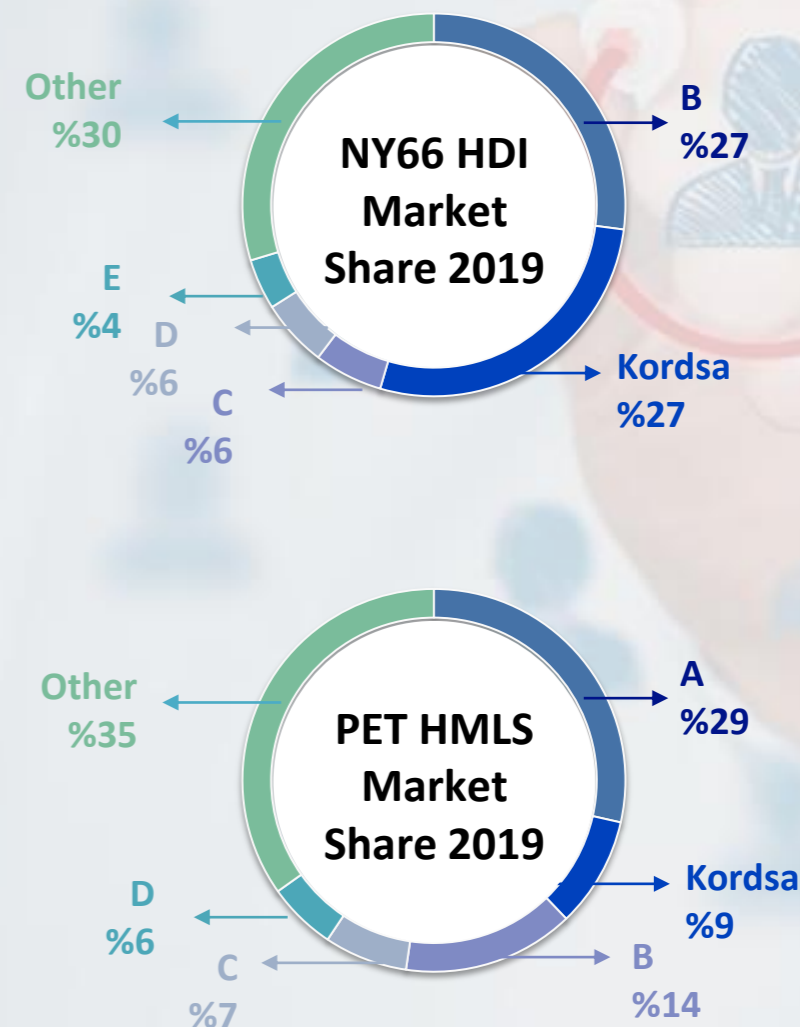
Market Leadership Based on Longstanding Strategic Partner Status with All Global Tire Players

Nature of customer relationship as key barrier to entry

	Length of relationship	Typical length of approval period ^(a)	Co-development projects
Global Tire Player 1	Since 1986	~ 5 years	✓
Global Tire Player 2	Since 1995	~ 5 years	✓
Global Tire Player 3	Since 1973	~ 3 years	✓
Global Tire Player 4	Since 1985	~ 2 years	✓
Global Tire Player 5	Since 1973	~ 3 years	✓
Global Tire Player 6	Since 1987	~ 2 years	✓

(a) For a new supplier

Leading market shares

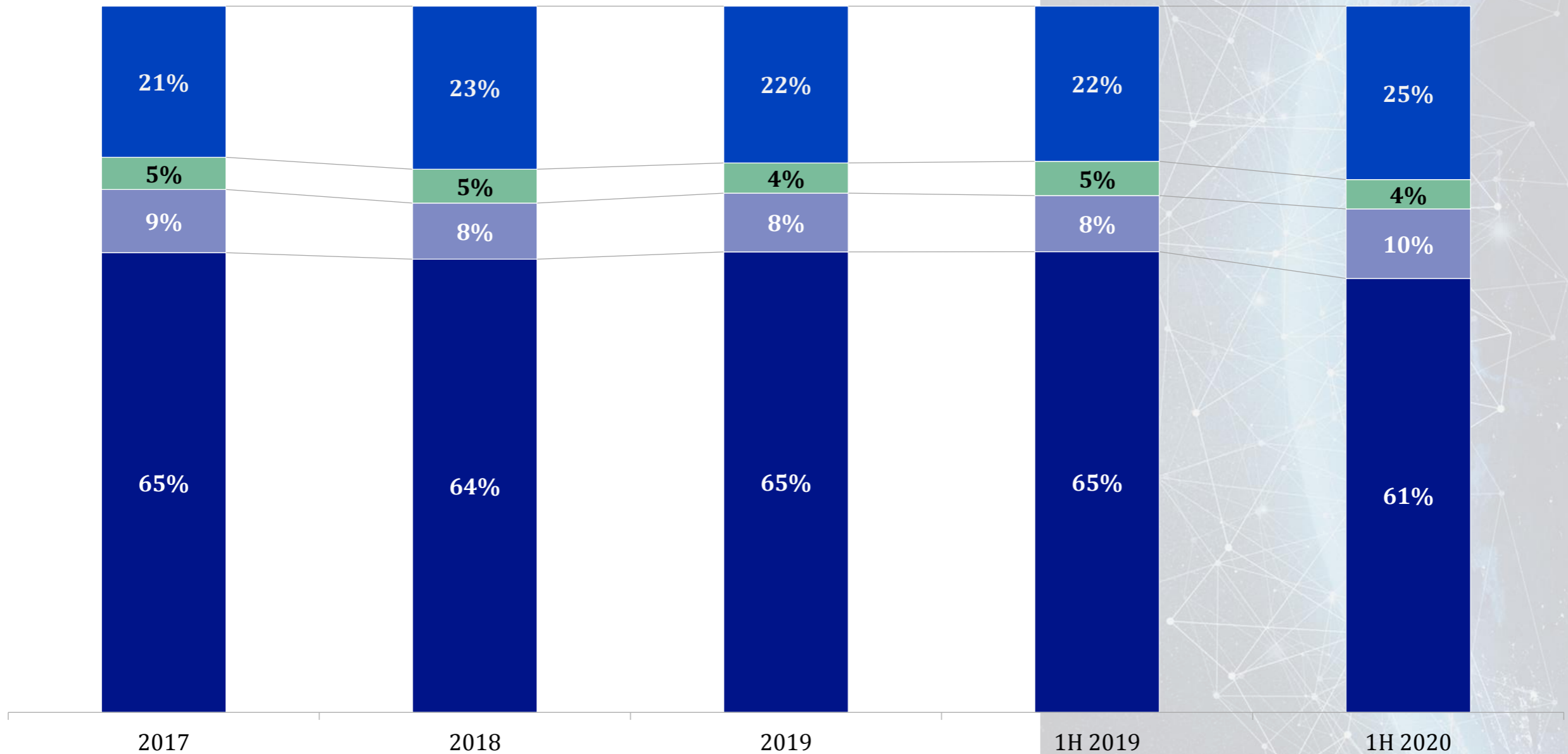


Source: Company Estimate

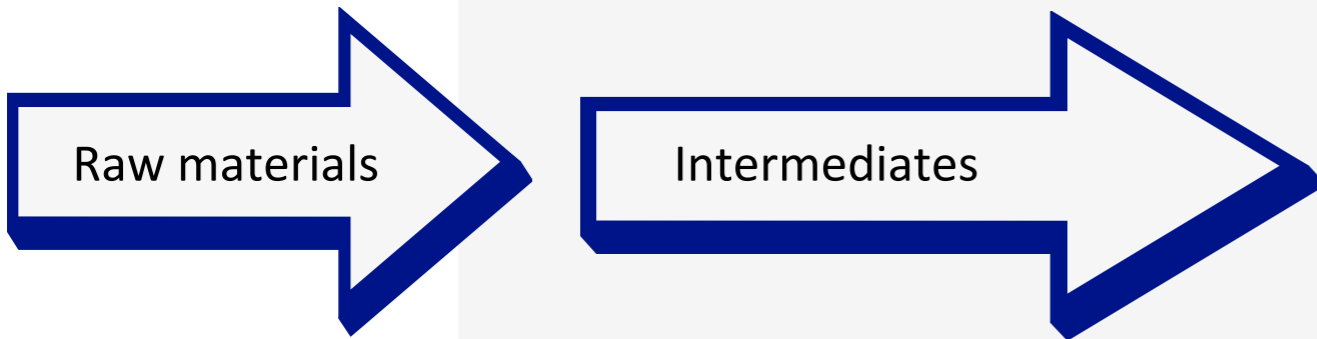
Strong barriers to entry for new comers

Capitalize on Global Footprint and Entrenched Supplier Status with All Key Tire Manufacturers - Segmental Progress

■ Global Players ■ Regional Players ■ Emerging Players ■ Others



Overview of The Composites Value Chain



Composite Parts

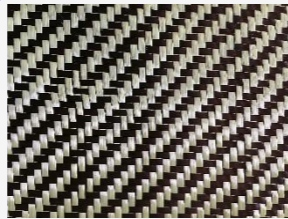
Precursors & Fibers:

- PAN Precursor
- Carbon Fiber
- Aramide
- Glass Fiber
- ...



Resins:

- Phenolic
- Epoxy
- Cyanate ester



- Composites use in aerospace & automotive is increasing, due to improved material properties and weight savings over conventional materials
- «Lightweighting» is a major theme, driven by emission regulations as well as fuel-efficiency needs



Twisting

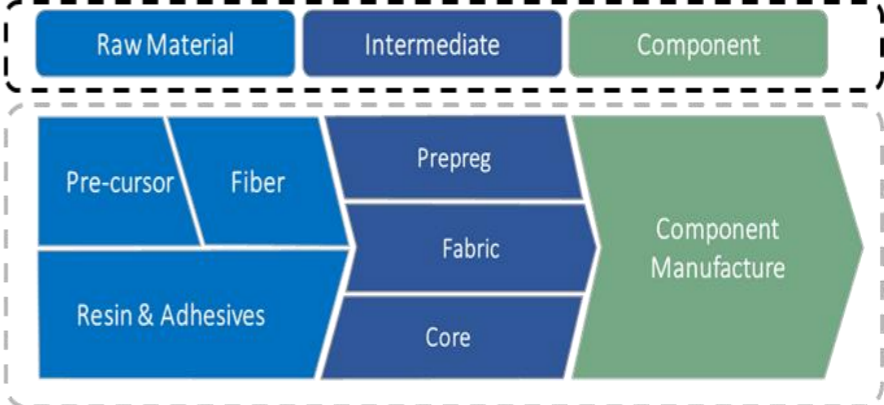
Kordsa fabrics and prepregs offer cutting edge solutions for aerospace & automotive markets

Overview of The Composites Value Chain

Composite Footprint

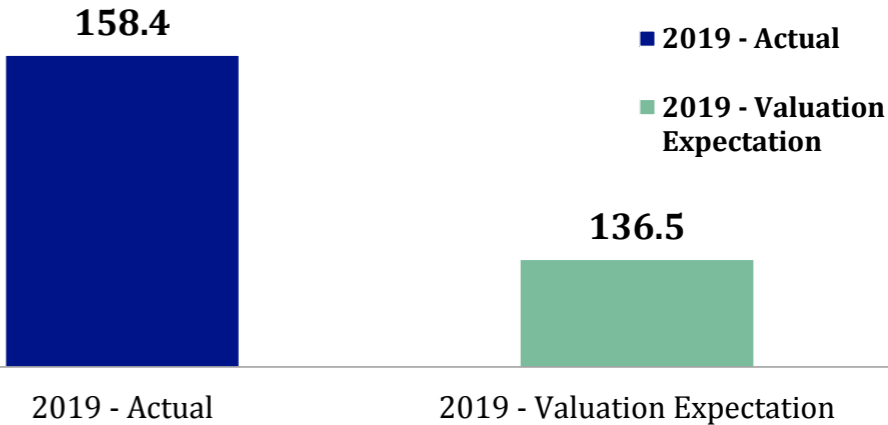


Composite Value Chain



- Composite use in aerospace & automotive is increasing, due to improved material properties and weight savings over conventional materials.
- Total composite investment accounts aprox. 310M USD
- Potential M&A targets are always under consideration.
- Specialization areas:
 - Fabric Development Inc and Textile Products Inc: Fabric Production
 - Axiom Materials Inc.: Prepreg Production
 - Advanced Honeycomb Technologies: Core Production

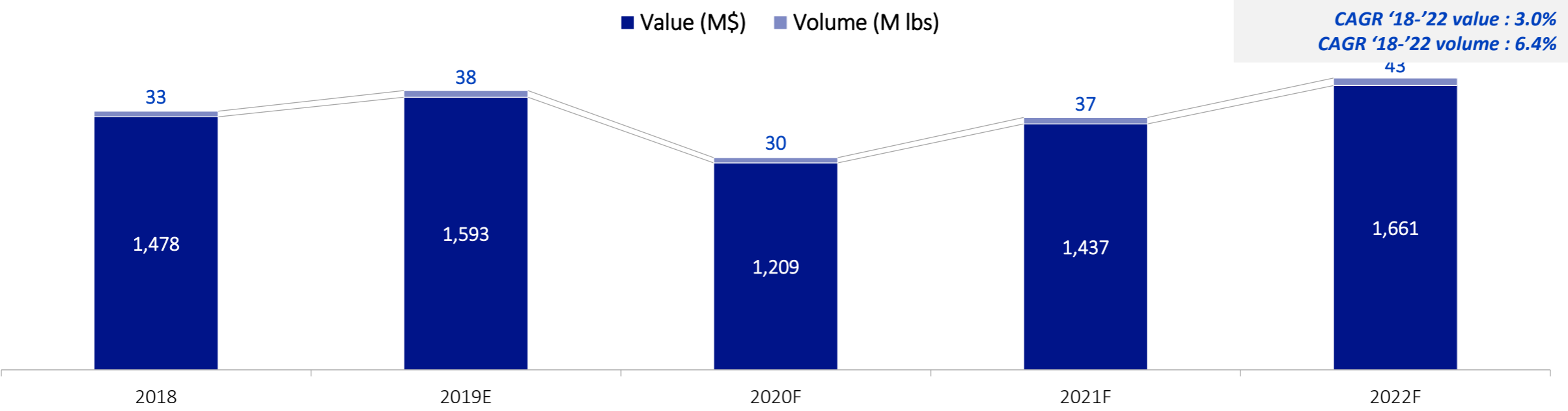
NA Composite Revenues* (M\$)



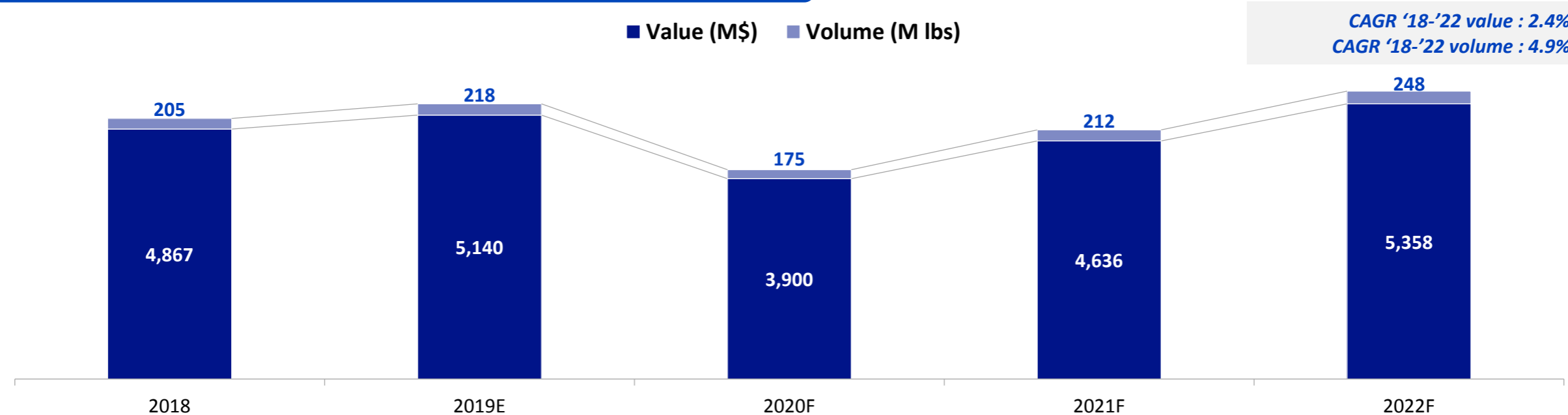
* 2019 Full year performance of entities regardless of joining time to Kordsa

Market Dynamics – Composite

Market Size (\$M) – Global Carbon Fiber

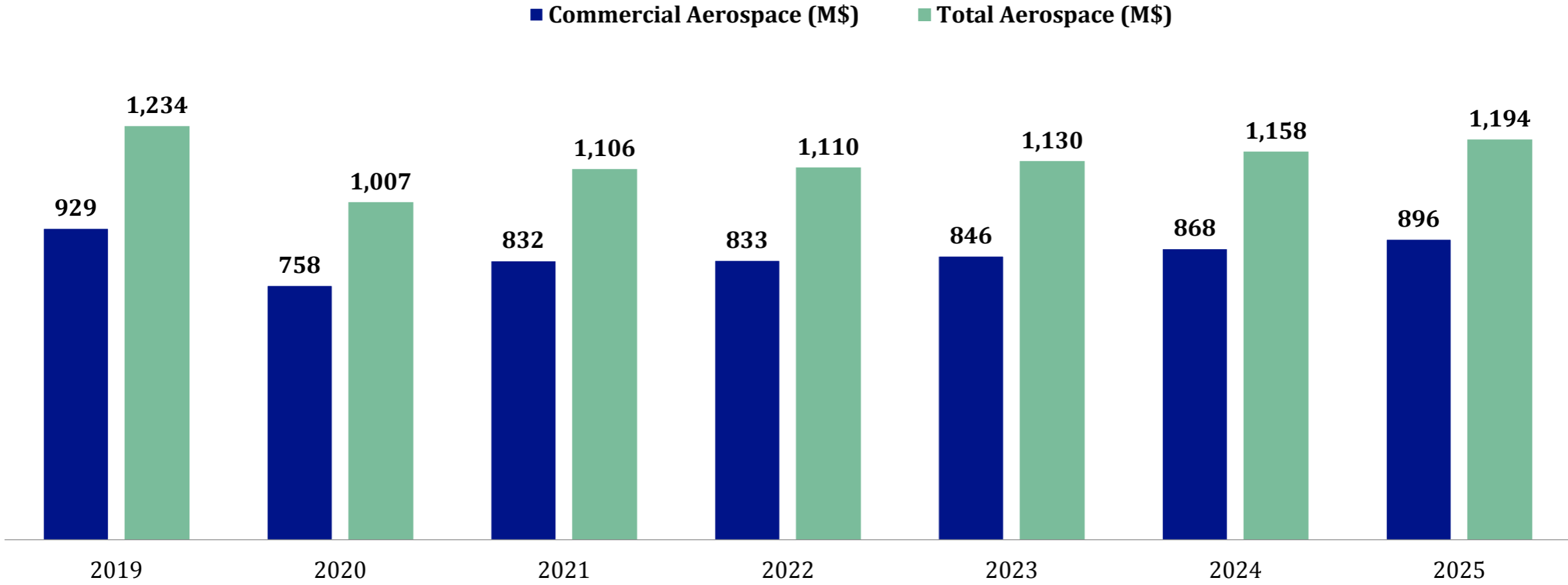


Market Size (\$M) – Prepreg



Market Dynamics – Composite

Market Size (\$M) – Global Aerospace Composite



Overview of The Construction Reinforcement Value Chain



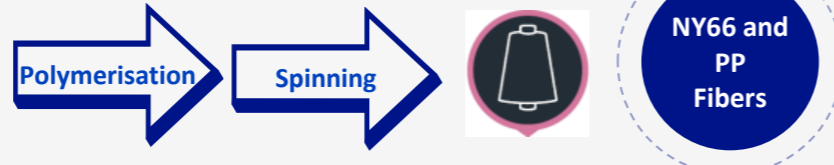
Oil Derivative Ingredients

For NY66 Fibers:

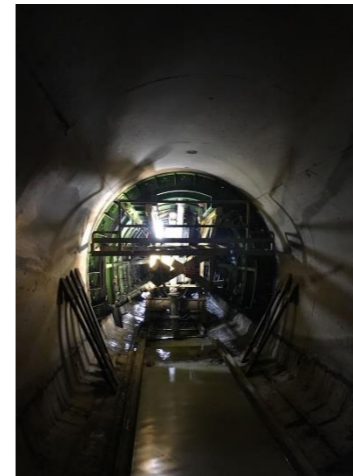
- Hexamethylenediamine (HMD)
- Adipic Acid
- NY66 Salt
- NY66 Flake

For PP Fibers:

- Polypropylene Chips



Reinforced Concrete Structures



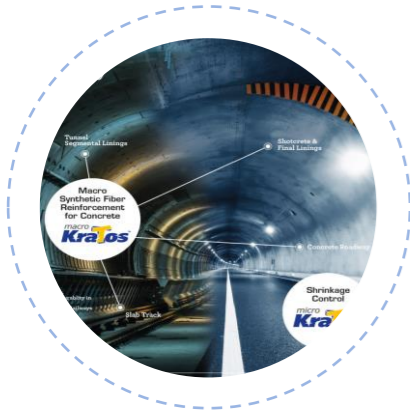
Major applications:

- Tunneling
- Shotcrete
- Slab on ground concretes
- Screed concrete
- Concrete roads

Kordsa's Kratos Fiber Reinforcement are applied in Superstructure & Infrastructure Solutions

Growth Opportunities: Construction

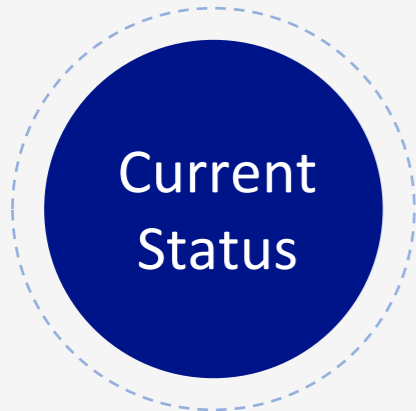
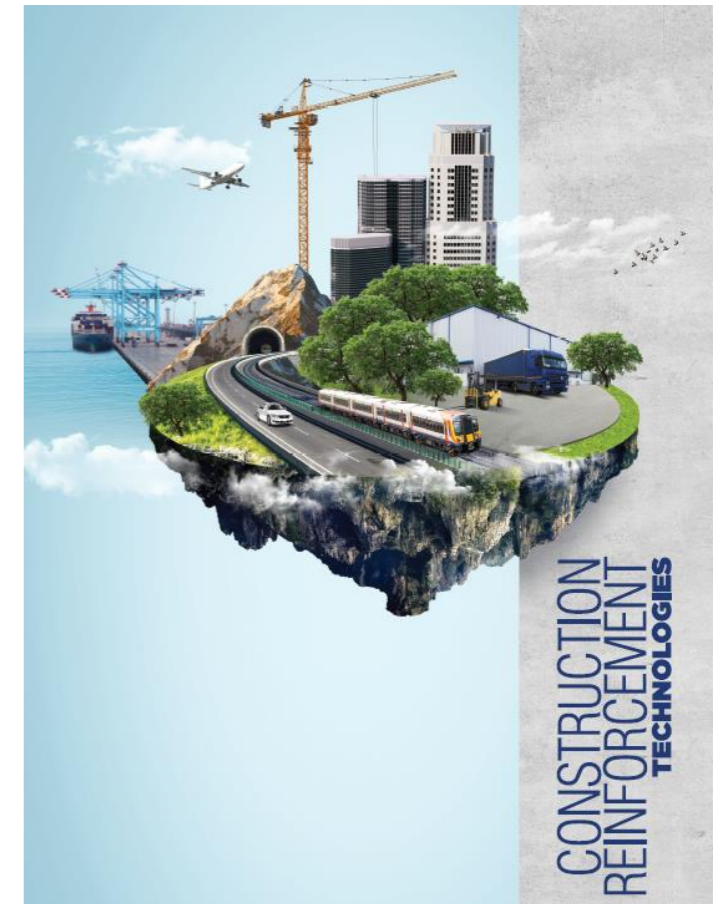
Construction Reinforcement



Samsun 2nd and 3rd Stage Light Railway Track Slab (Non-Conductivity Concrete Reinforcement) KraTos Macro Reinforcement

3rd Bosphorus Bridge Toll Booths and Electronic Pass Areas (Non-Conductivity Concrete Reinforcement) KraTos Macro Reinforcement

Asyaport Tekirdağ Port KraTos Macro Reinforcement



- KraTos Macro & Micro Synthetic Fibers are approved and applied in over 50 significant superstructure, industrial and infrastructure reference projects.
- Non-conductivity concrete reinforcement applications with KraTos Synthetic Fiber Reinforcements are approved in significant government-funded infrastructure projects.
- Kordsa Izmit Plant, R&D Concrete Lab technical and test equipment capabilities have increased. Technical Project Report service will be available for infrastructure projects.



July 2018

We have launched our new **Polypropylene Monofilament Fiber Reinforcement** production line.

Let's check **our latest post!**

Discover →



Update on 1Q 2020 Results

Key Financials

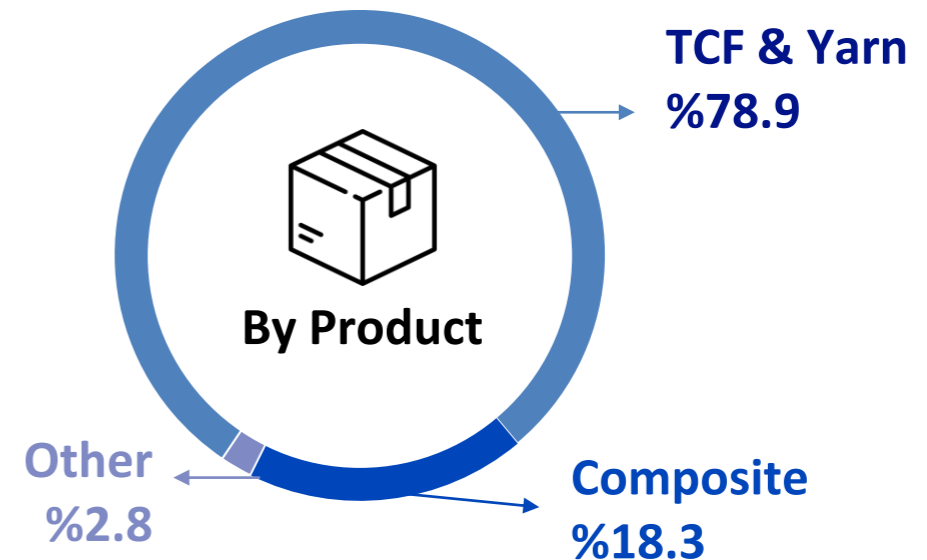
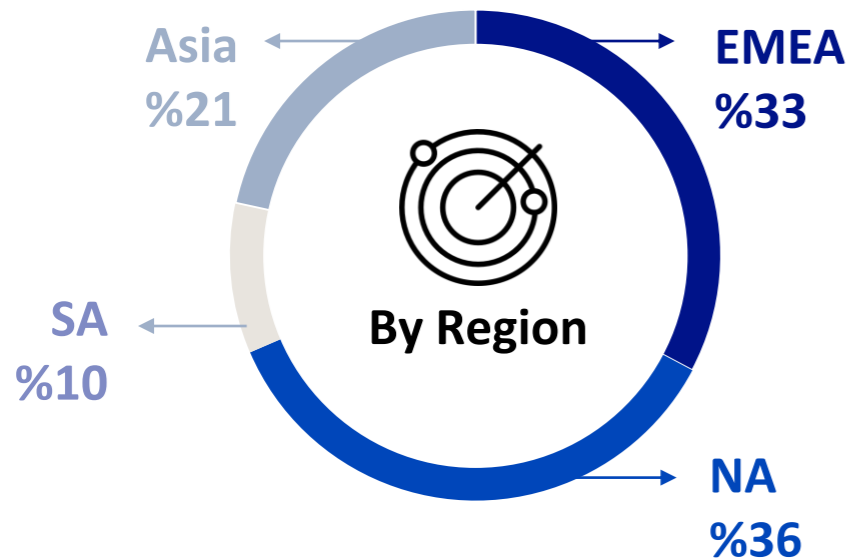
	TL Financials (MTL)			USD Financials (MUSD)		
	1H 2019	1H 2020	Δ	1H 2019	1H 2020	Δ
Sales	2,586	2,007	-22.4%	461	311	-32.6%
Gross Profit	526	362	-31.2%	94	56	-40.2%
Gross Margin (%)	20.3%	18.0%	-2 pts'	20.3%	18.0%	-2 pts'
OPEX (%)	8.1%	11.4%	3 pts'	8.1%	11.4%	3 pts'
Operating Profit	361	191	-47.1%	64	30	-54.0%
Operating Profit Margin (%)	14.0%	9.5%	-4 pts'	14.0%	9.5%	-4 pts'
EBITDA*	407	267	-34.4%	73	41	-43.0%
EBITDA* Margin (%)	15.8%	13.3%	-3 pts'	15.8%	13.3%	-3 pts'
Net Income	219	75	-65.7%	39	12	-70.3%
Effective Tax Rate (%)	21.6%	13.9%	-8 pts'	21.6%	13.9%	-8 pts'
Net Income (%)	8.5%	3.7%	-4 pts'	8.5%	3.7%	-4 pts'
EPS (TL/100 shares)	0.98	0.38	-61.1%	0.18	0.06	-66.2%

* EBITDA Calculation: Gross Margin-OPEX+Dept & Amort

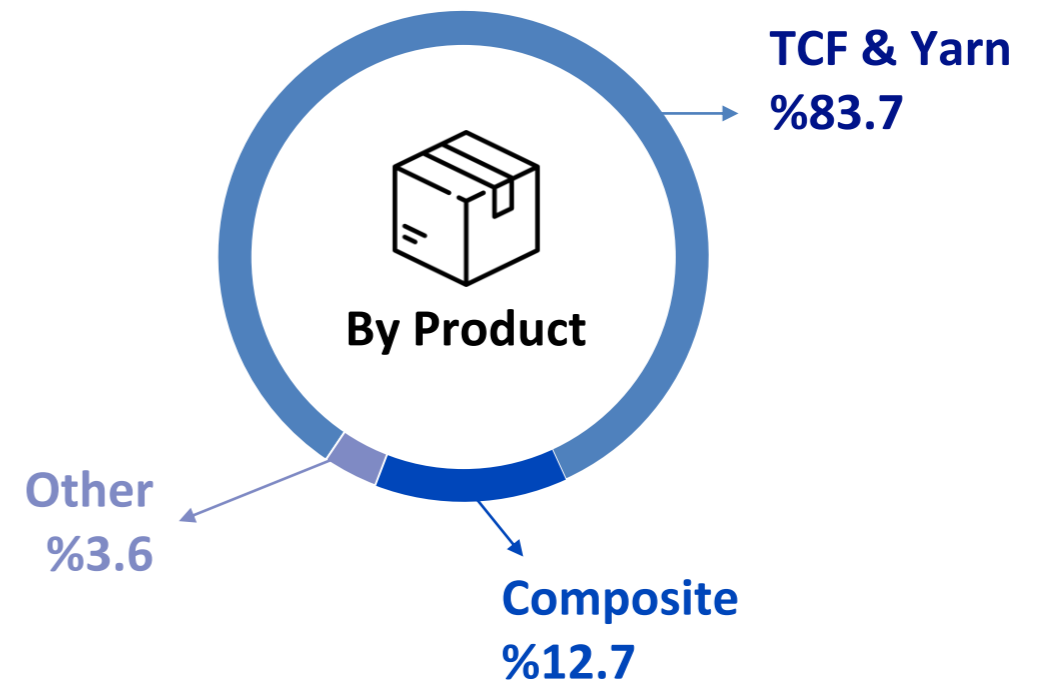
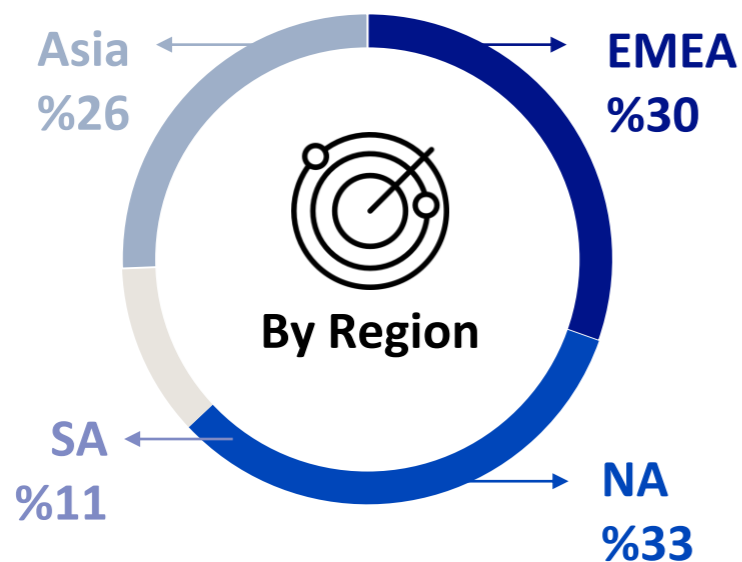
Kordsa continues to perform well based on its value strategy

Segment Reporting

Jun'20 Revenue Split



Jun'19 Revenue Split

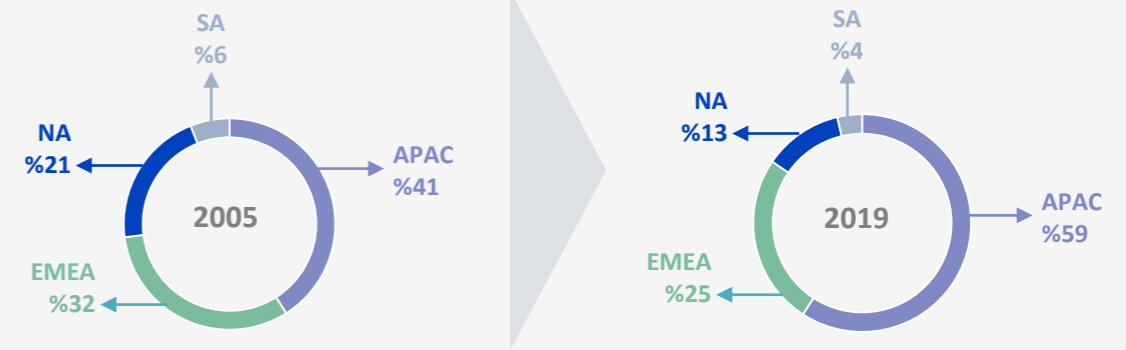


Well – Positioned to Enable Volume Growth

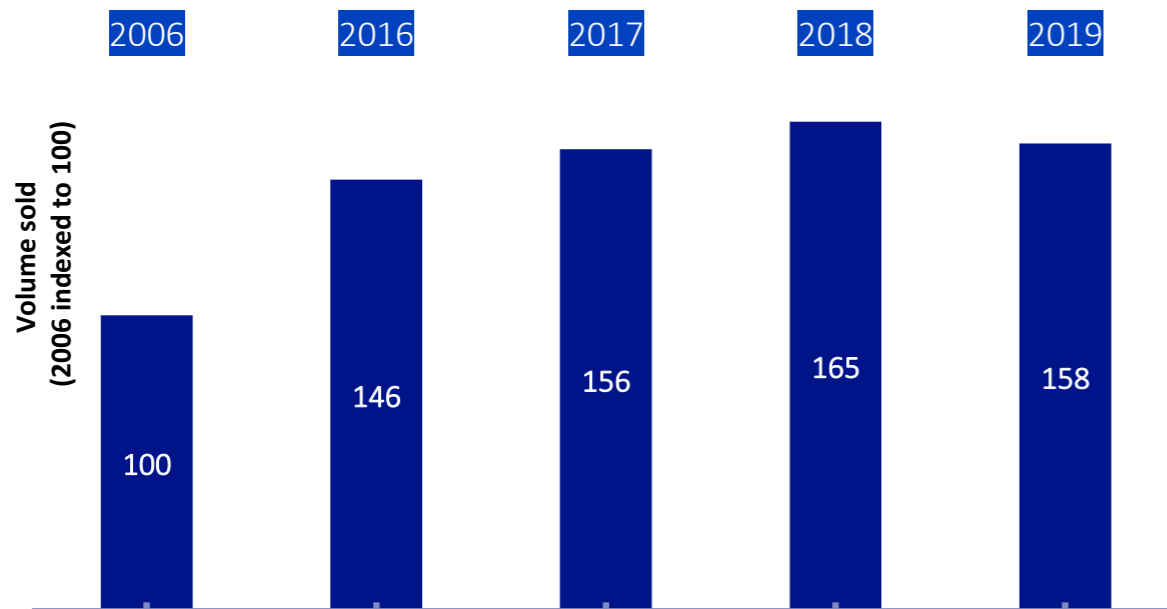
Comments

- Fabric form contributes the highest value add
- Disciplined approach to optimizing footprint
- 2015 investment in Indonesia has increased polyester tire cord fabric capacity by 18 ktors
- Enables regional growth in technology-advantaged PET segment with global and emerging customers
- Further investment in PET HMLS for new generation yarns
 - In TR for 6-6.5 ktors – completed in 1H 2019.
 - In Indo for 6,5 ktors – completed in Jan-2018.

Light Vehicle Tire manufacturing market evolution

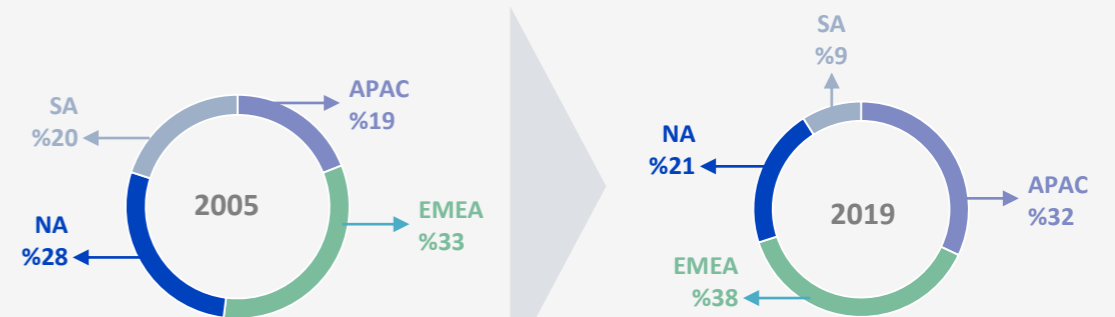


Kordsa volume development(a)



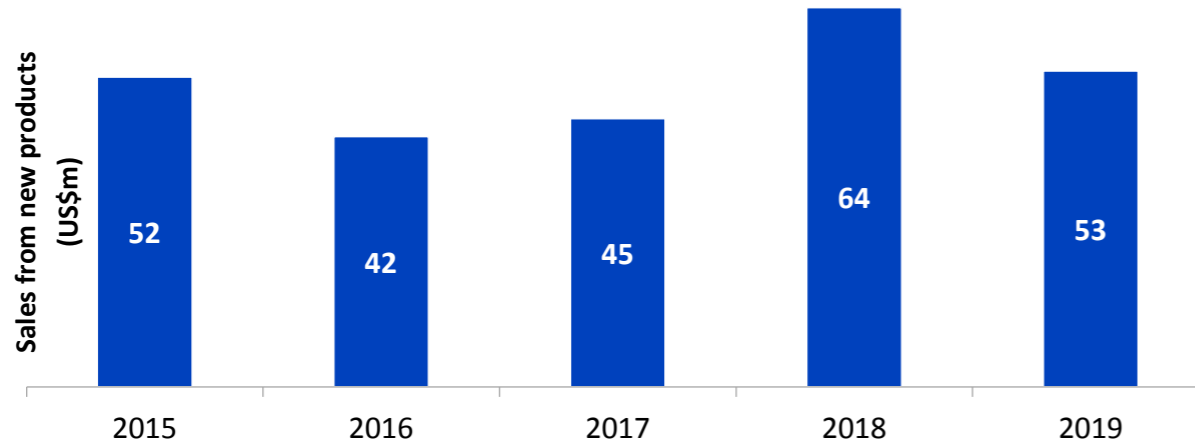
(a) Volume development adjusted for divested volumes

Kordsa regional capacity development



Technology Leadership at The Cutting Edge of Reinforcement

Strong focus on R&D



Selected collaborations(a)



(a) includes both, universities as well as individual academics from the names institutions

Cutting edge new products

Twixtra

✓ Rolling resistance improvements through higher modulus for high performance tires

MONOLYX

✓ Protection layer for truck & bus tires; reduces tire weight

T802

✓ 7% higher tenacity and better fatigue performance for aircraft tires (bias)

4G PET

✓ 10% higher dimensional stability for better tire performance (improved labeling)

Leadership in Innovation and Technology



- The Carbon Disclosure Project has raised Kordsa's score from C- to B in 2019 as a result of the efforts that were carried out to manage risks and opportunities related to climate change.



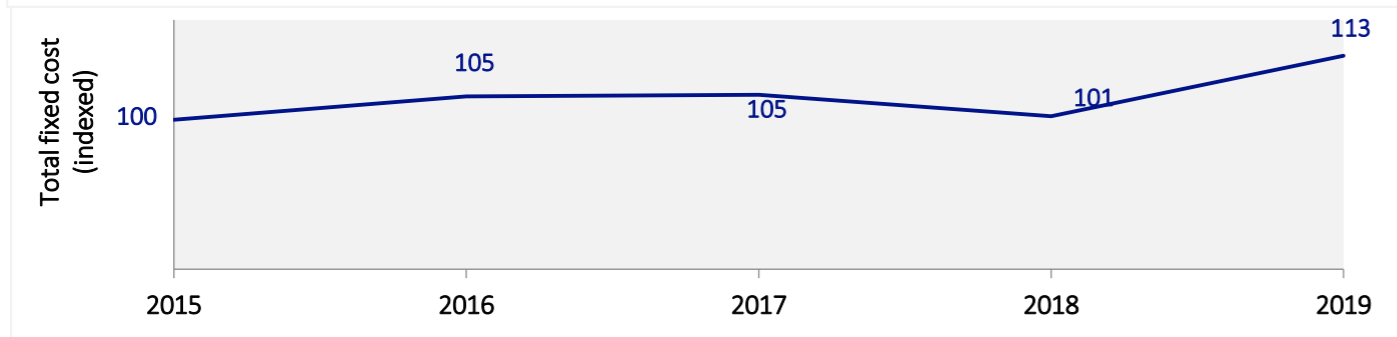
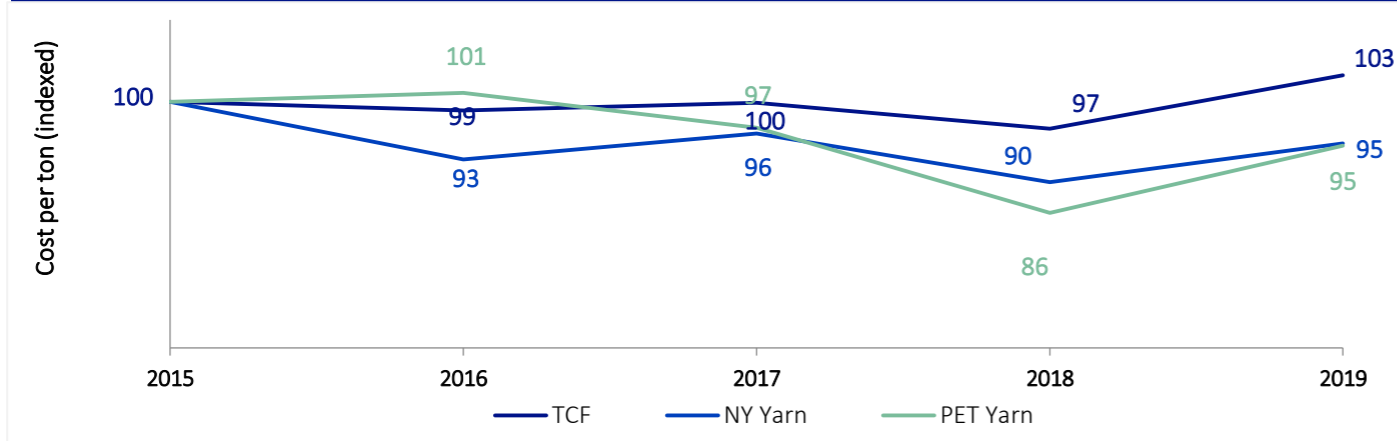
- Kordsa participated in the International Concrete Fair – World of Concrete (WOC) 2020, one of the world's most prestigious fairs in the field of concrete



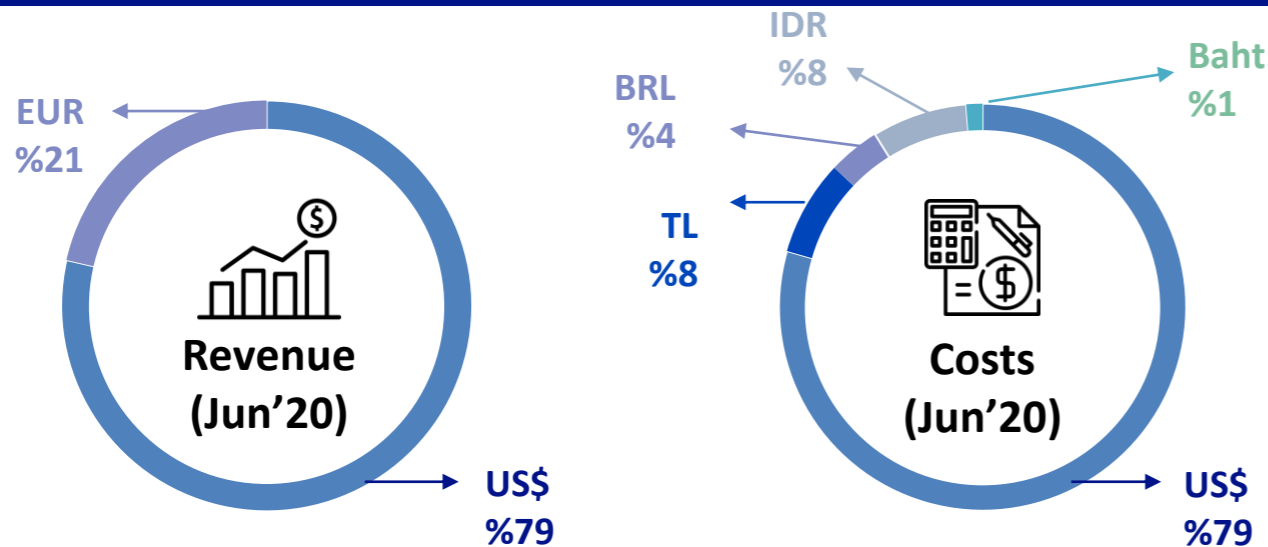
- Kordsa was included as 50th place to 100 most valuable companies in Turkey by Brand Finance as

Well-Positioned for Strong Cash Generation and Dividends

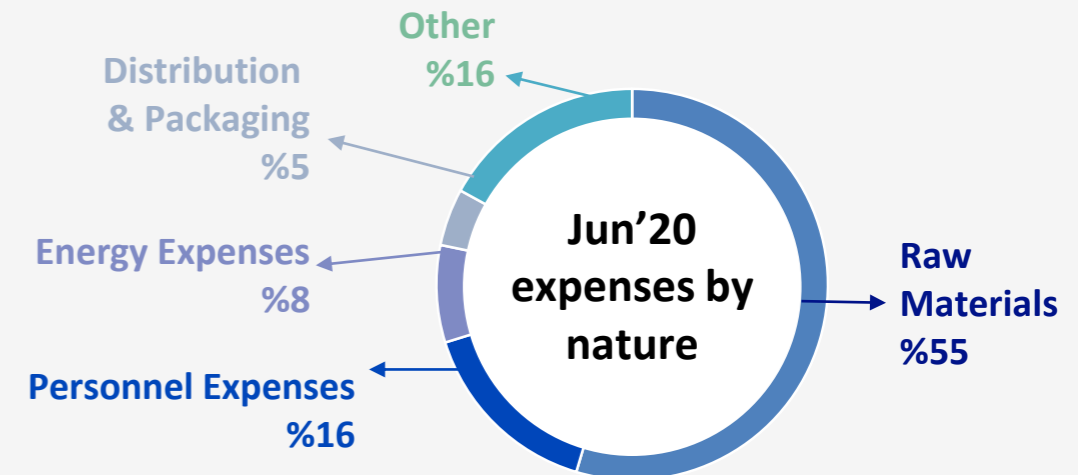
Cost development (US\$)



FX exposure



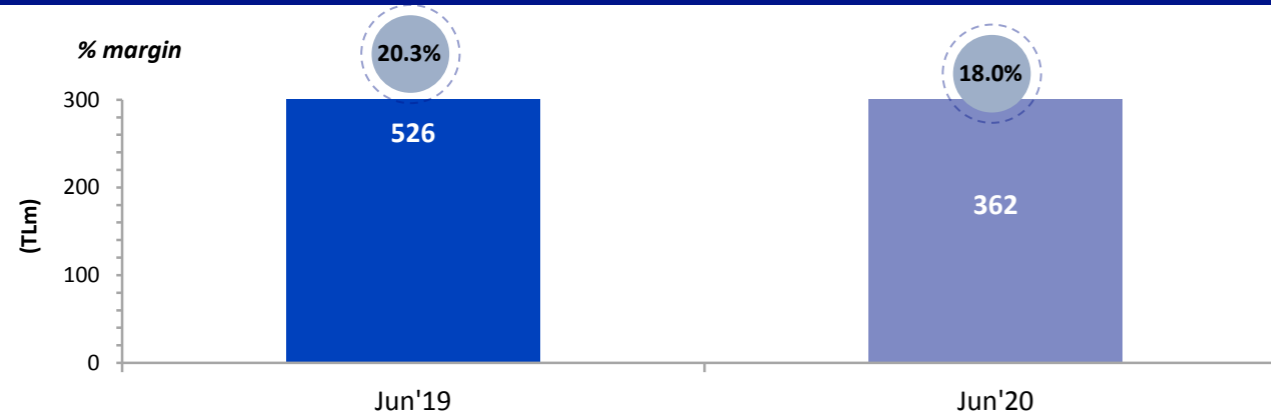
- Demonstrates value-based pricing model
- Ability to pass through raw material price volatility:
(Revenue – raw material costs) tracked as a KPI by sales team
- Conversion costs as a key metric for management KPIs (main components are personnel expenses and energy costs)



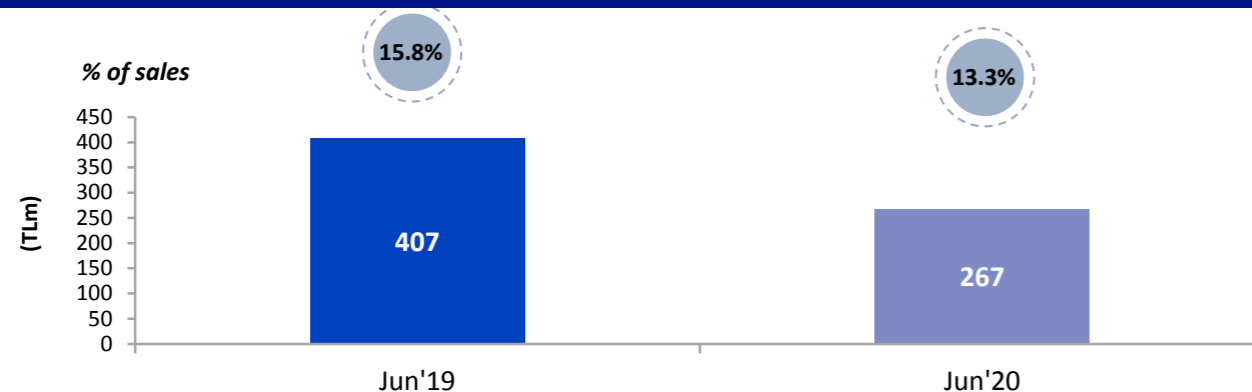
- Hard currency revenues
- FX exposure on costs => EM footprint on local costs + hard currency priced raw materials
- Benefit from US\$ appreciation vs. TL, IDR and BRL

Well-Positioned for Strong Cash Generation and Dividends

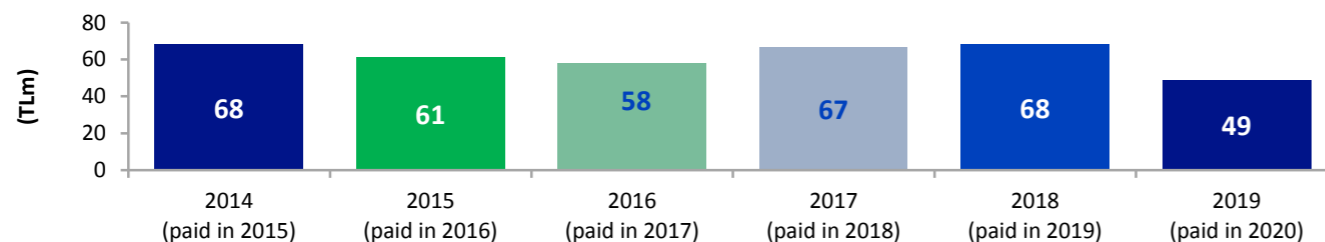
Gross profit



EBITDA*



Dividend distribution



Comments

- **Price is a function of**
 - Value Proposal of Product including services offered
 - Product type (nylon vs polyester or fabric vs yarn)
 - Raw Material Price Movement (formula based pricing with adjustment on raw material indexes)

- **10 yrs avg EBITDA margin 12,0%**
- **Target is progressive improvement in EBITDA margins over the medium term**
 - Focus on value
 - Improved Total and per kg Fixed Cost
 - Successful selling, general and administrative (“SG&A”) cost reduction initiatives across all business units
 - Positive contribution of new products and adjacent businesses

EBITDA* = Gross Profit – OPEX + Depreciation/Amortization

What we have for Sustainability



2018 INSPIRE AWARDS CORPORATE PUBLISHING COMPETITION

Kordsa Teknik Tekstil A.S.
Sercom Consulting

is recognized for developing one of the

Top 100 Corporate Publications

with the development of The Kordsa Sustainability Report 2016 ranking at #21 worldwide among all entries reviewed this year.

Tyson Heyn
Tyson Heyn
Principal

Christine Kennedy
Christine Kennedy
Competition Director



2018 INSPIRE AWARDS CORPORATE PUBLISHING COMPETITION

Kordsa Teknik Tekstil A.S.
Sercom Consulting

is presented with the

Platinum Award

for excellence within its Competition Class on the development of The Kordsa Sustainability Report 2016

Tyson Heyn
Tyson Heyn
Principal

Christine Kennedy
Christine Kennedy
Competition Director



Kordsa's Financial Policy

EBITDA margins

Kordsa is targeting progressive improvement in EBITDA margins over the medium term

Dividend policy

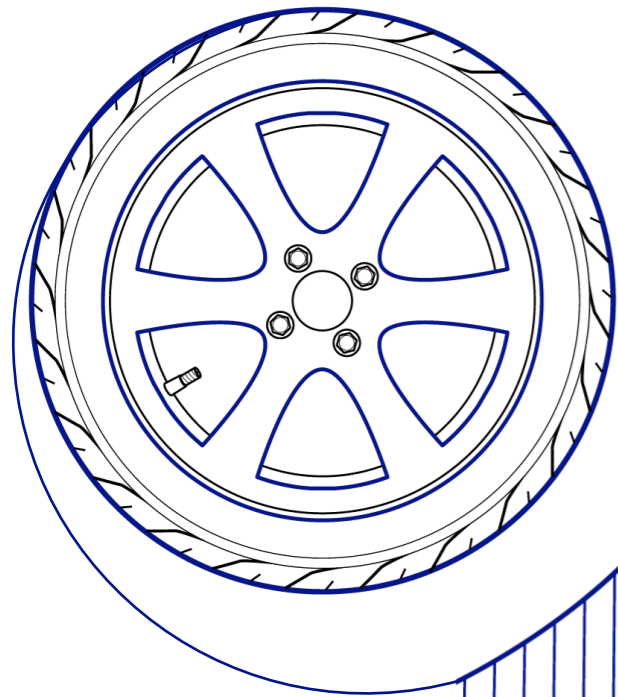
Distribution of all the distributable profits

- which is lower of the Kordsa Turkey local GAAP (VUK) or Kordsa Consolidated TFRS (IFRS) net income
- in the form of cash and/or bonus shares
- subject to general assembly approval

The distribution decision is agreed taking into consideration the sizable fixed asset purchases, acquisitions, covenants of current liabilities and the Company's mid and long term strategies, national and global economic conditions

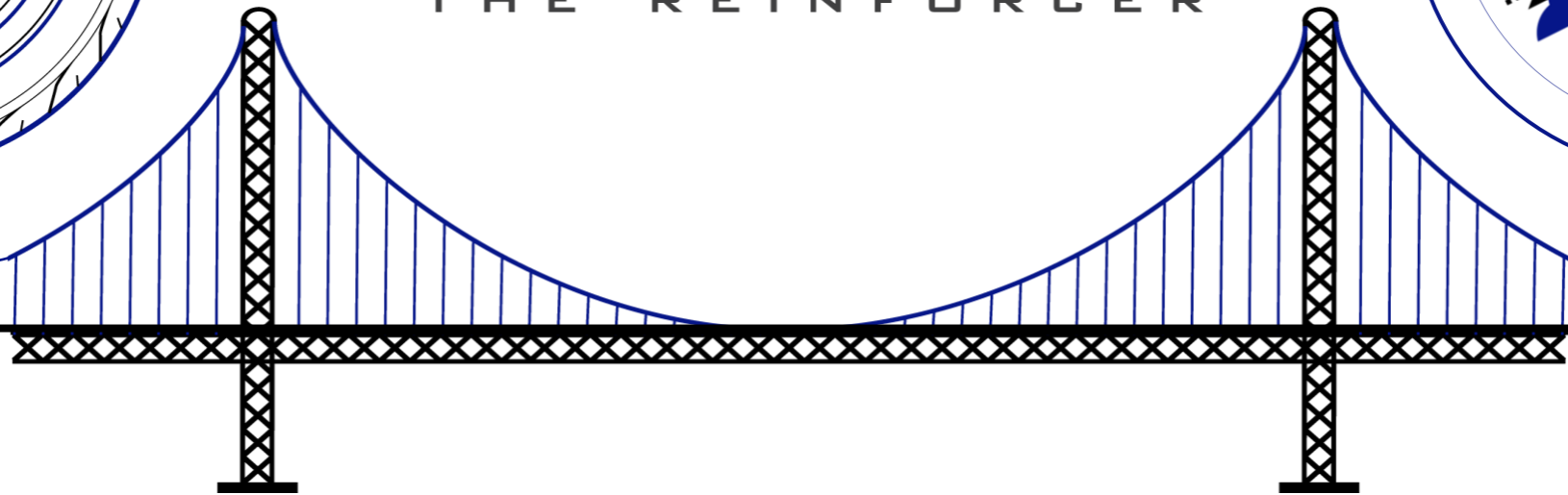
Reoccurring Creep Capex

USD 23 million



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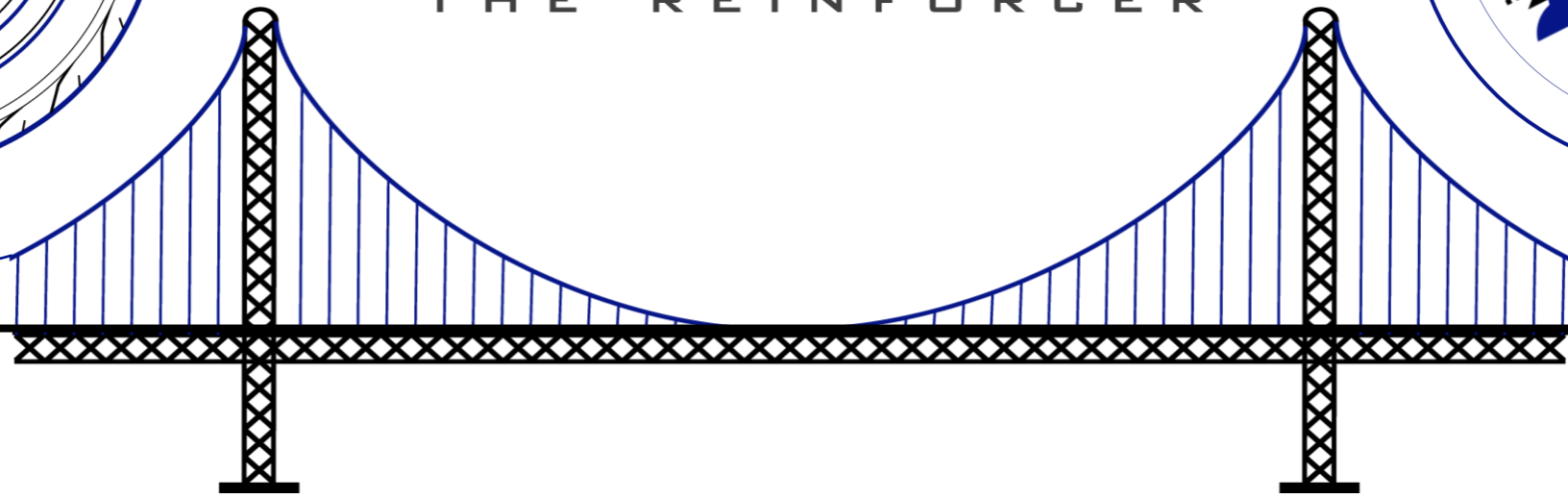
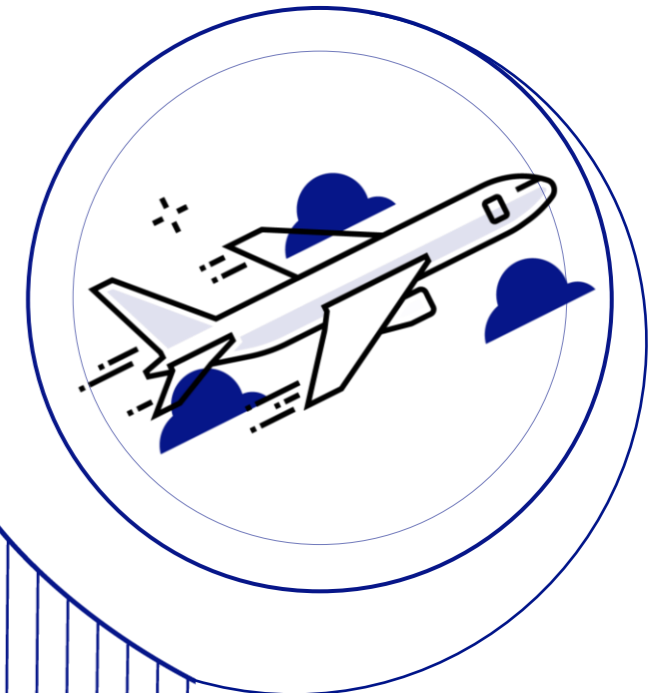
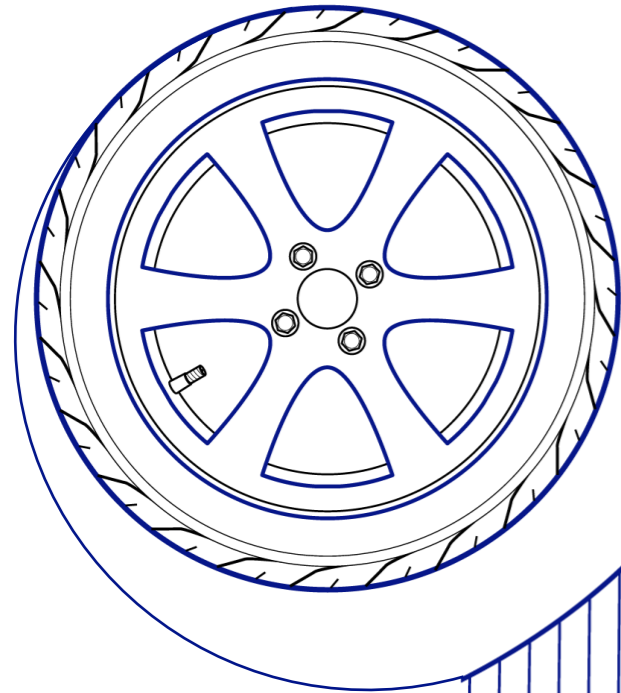


We Reinforce Life

Reinforcing 2 out of every 3 aircraft tires and
1 out of every 3 automobile tires produced in
the world

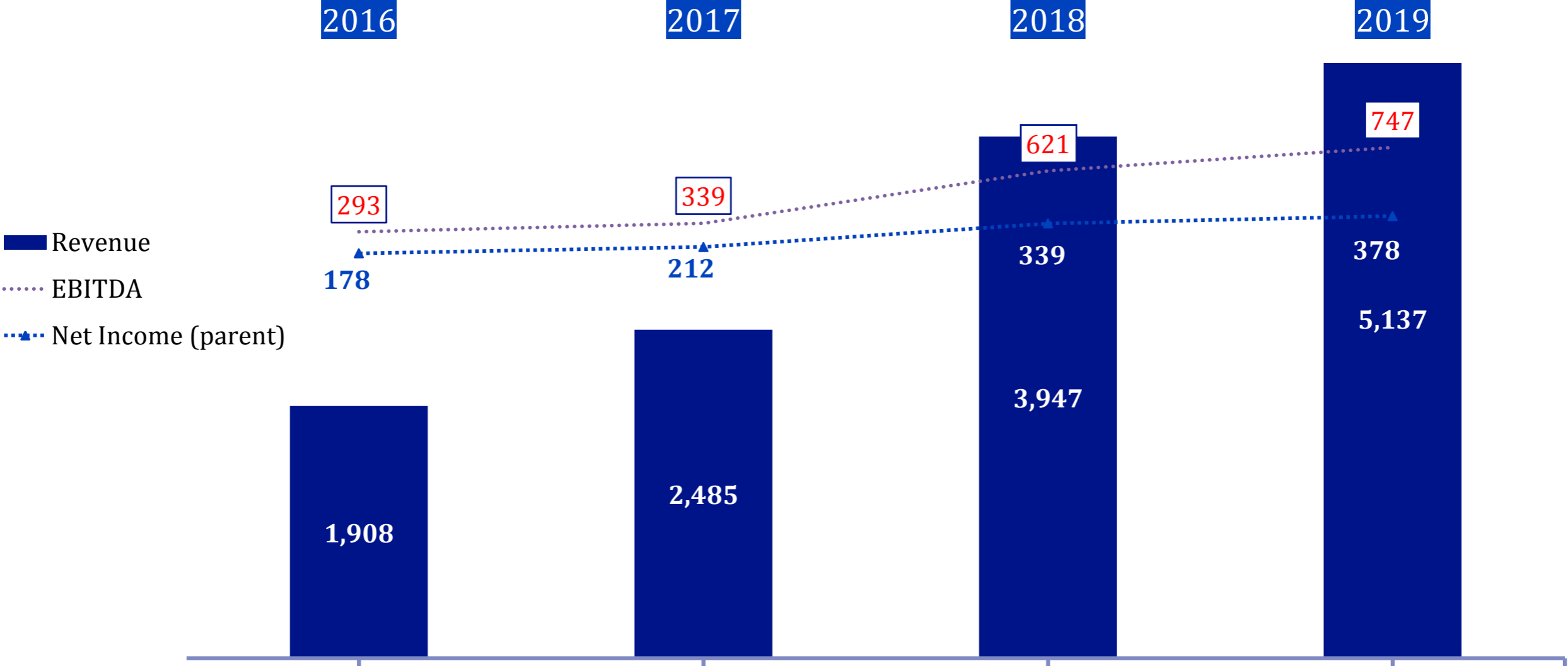
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Appendix

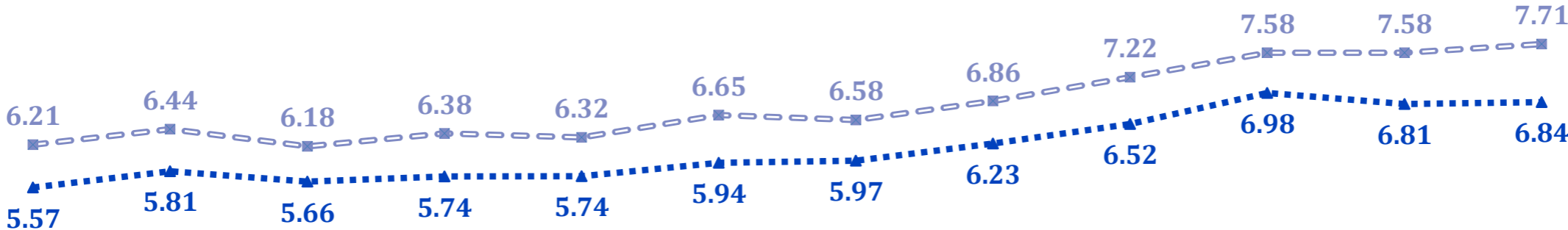
2016 – 2019 Financial Trend (MTL)



1H 2020 Highlights (FX Rates)

Jul'19 Aug'19 Sep'19 Oct'19 Nov'19 Dec'19 Jan'20 Feb'20 Mar'20 Apr'20 May'20 Jun'20

USDTRY (end rate) EURTRY (end rate)



Jul'19 Aug'19 Sep'19 Oct'19 Nov'19 Dec'19 Jan'20 Feb'20 Mar'20 Apr'20 May'20 Jun'20

IndexedUSDBRL (end rate) IndexedUSDTHB (end rate) IndexedUSDIDR (end rate)

