

# Limak Cement

Now, must say new things

# Investor Presentation

SEPTEMBER 2024



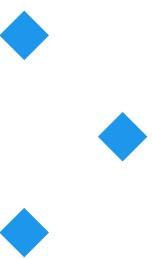
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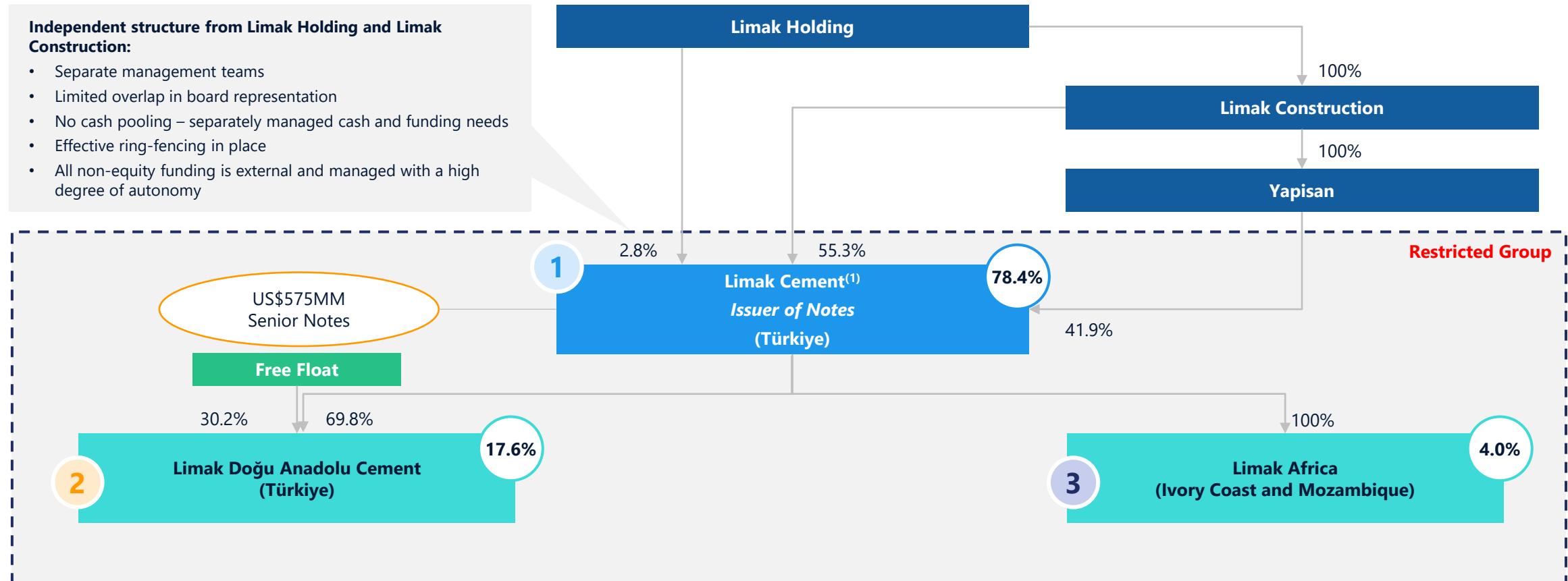
# Company Overview



# Transaction Overview

Uses	Planned US\$MM	Realized US\$MM
Repayment of Existing Finance Facilities in Full	512.4	512.6
Prepayment Fees / Accrued Interest	20.0	17.9
USD Bond-Related Transaction Cost	10.2	10.4
General Corporate Purposes	32.4	34.1
<b>Total Uses</b>	<b>575.0</b>	<b>575.0</b>
<b>Consolidated Cash Balance as of Sep 15th</b>		<b>70.0</b>

# Corporate and Financing Structure



- 1 Limak Cement generates 75%+ of EBITDA in the group<sup>(2)</sup>
- 2 Limak Doğu holds no bank loans; entity free to distribute any dividends
- 3 No debt in Limak Mozambique entity; loan at Ivory Coast entity has been closed with proceeds from the issuance – no dividend hindrance in the future

**Source:** Company information

## Notes:

1. Beyond Limak Do   Anadolu Cement, Limak Africa SA, and Limak Cimentos SA, Limak Cement has 3 other subsidiaries – (1) Limak Cement FZE (100% ownership) – Dubai-based trading unit of Limak Cement, (2) Mu  la Yap   (50% ownership), and (3) Limak Ege Cement (100% ownership)  
 2. As of LTM Jun-24 per management accounts

## Issuer

## Restricted Subsidiaries

X% % of LTM Jun-24 EBITDA  
per management accounts

# Limak Cement at a Glance



**Market-leading cement producer**, operating 11 cement factories and 28 ready-mix concrete plants<sup>(1)</sup>, making it the **second-largest cement manufacturer in Türkiye** in terms of capacity



**Strong global footprint**, operating sites in Türkiye, Ivory Coast and Mozambique and **exporting to 15 countries** across 4 continents



**Proven and resilient business model** underpinned by **close proximity to customers and raw materials**, **strong operational performance**, and **high flexibility** to shift sales between the domestic and export markets **enabling high utilization rates**



Leader in R&D and sustainability in the industry, operating an **internationally accredited R&D Center** focused on **low-carbon and sustainable new-generation cement and concrete** product developments



**ESG leader** with strong commitment to green transition, targeting **net zero by 2050**



**11**  
Cement Factories



**28**  
Ready-mix Concrete Plants<sup>(1)</sup>



**~1,900**  
Employees



**#2**  
In Turkish Cement Sector<sup>(2)</sup>



**10MM**  
Tons of Clinker Production Capacity



**17MM**  
Tons of Cement Production Capacity

## Our History



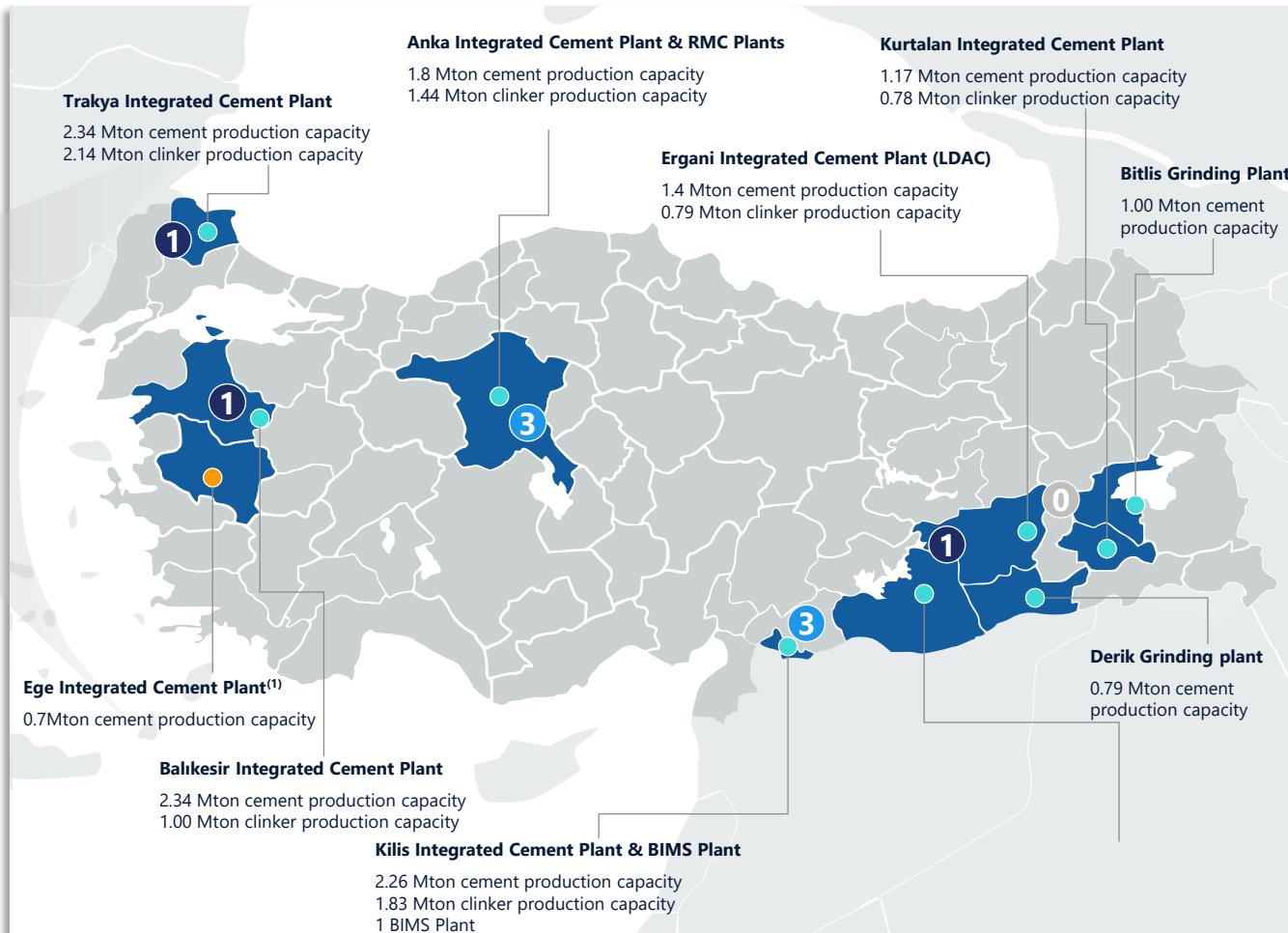
Source: Company information

Notes:

1. Out of 28 ready-mix concrete plants, 14 are owned by Limak Cement and the remaining 14 are franchises

2. Based on capacity

# Strategically-Located Footprint in Türkiye, Complemented by Sites in Ivory Coast & Mozambique



**Source:** Company information

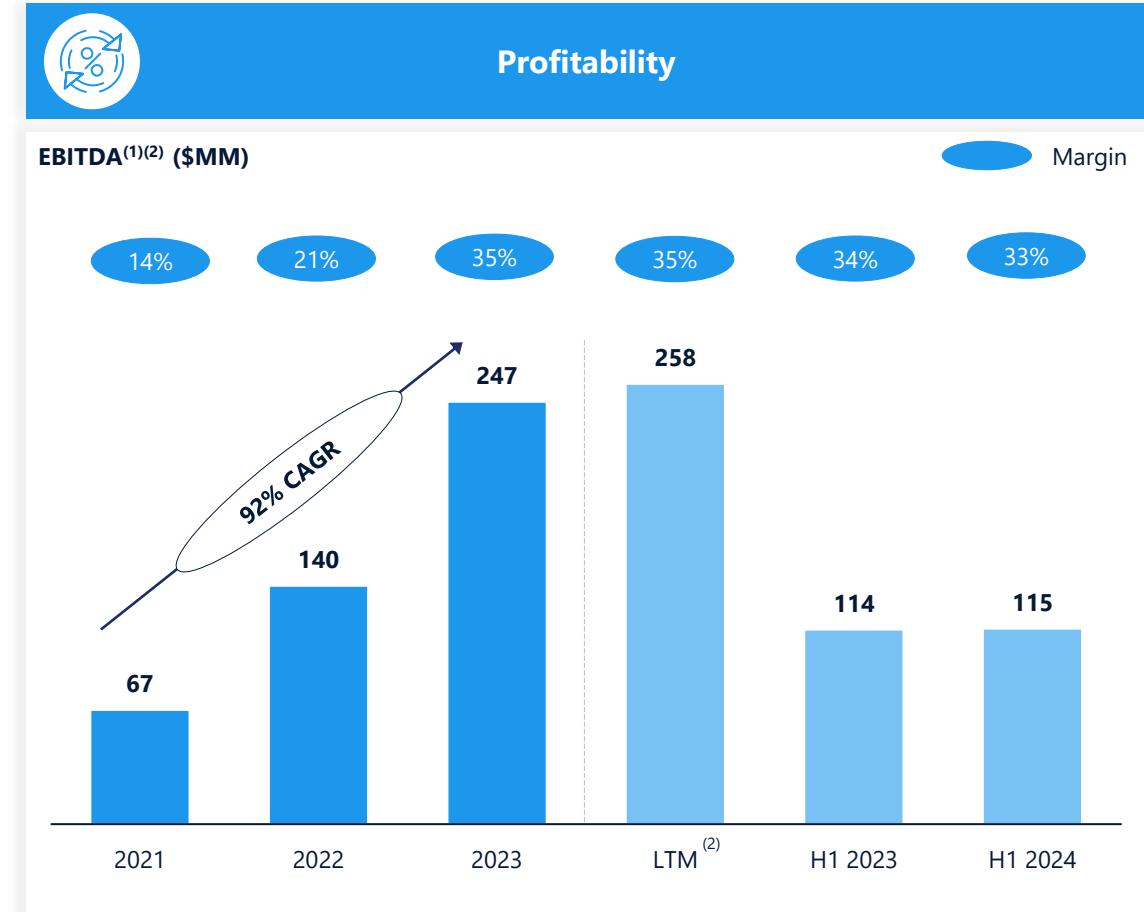
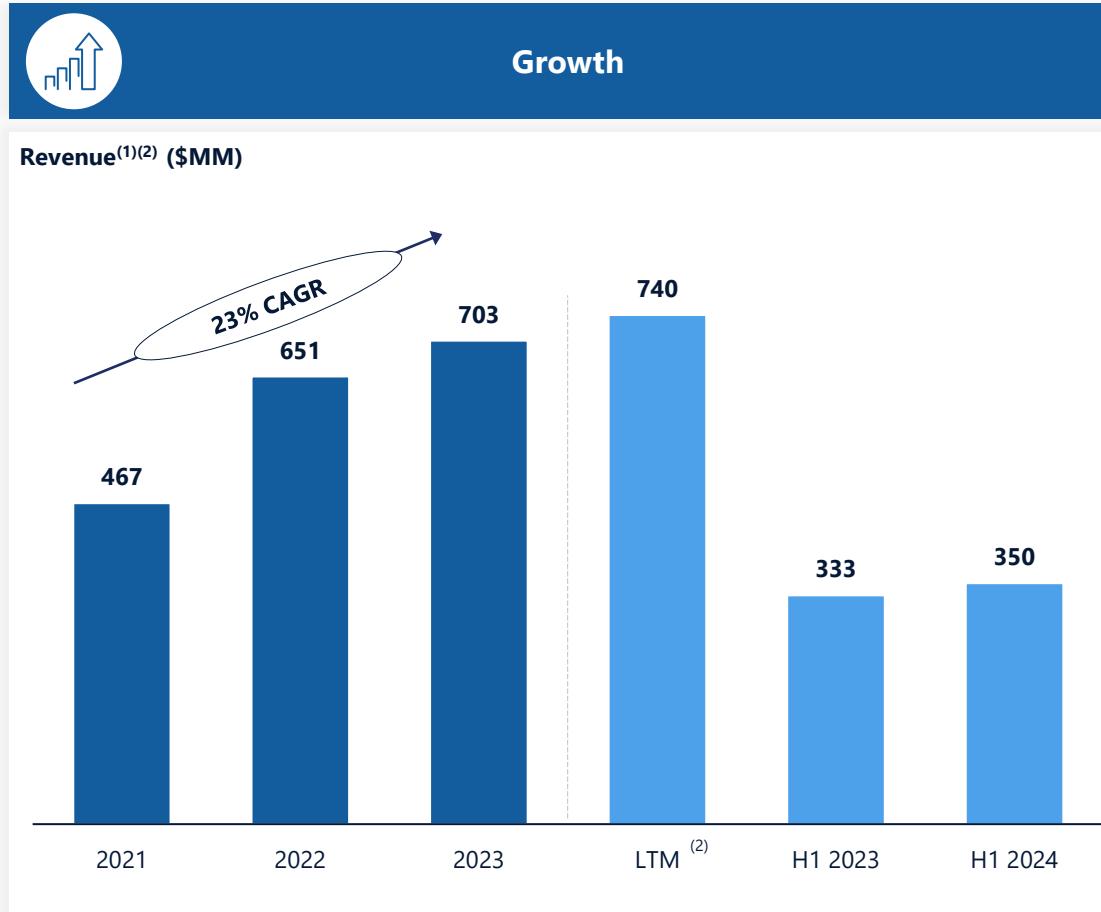
**Notes:**

1. Owned by Limak Cement but leased to and operated by third party

# Outstanding Financial Performance with Clear Value Creation Path Ahead

**Limak Cement**  
Now, must say new things

Consolidated



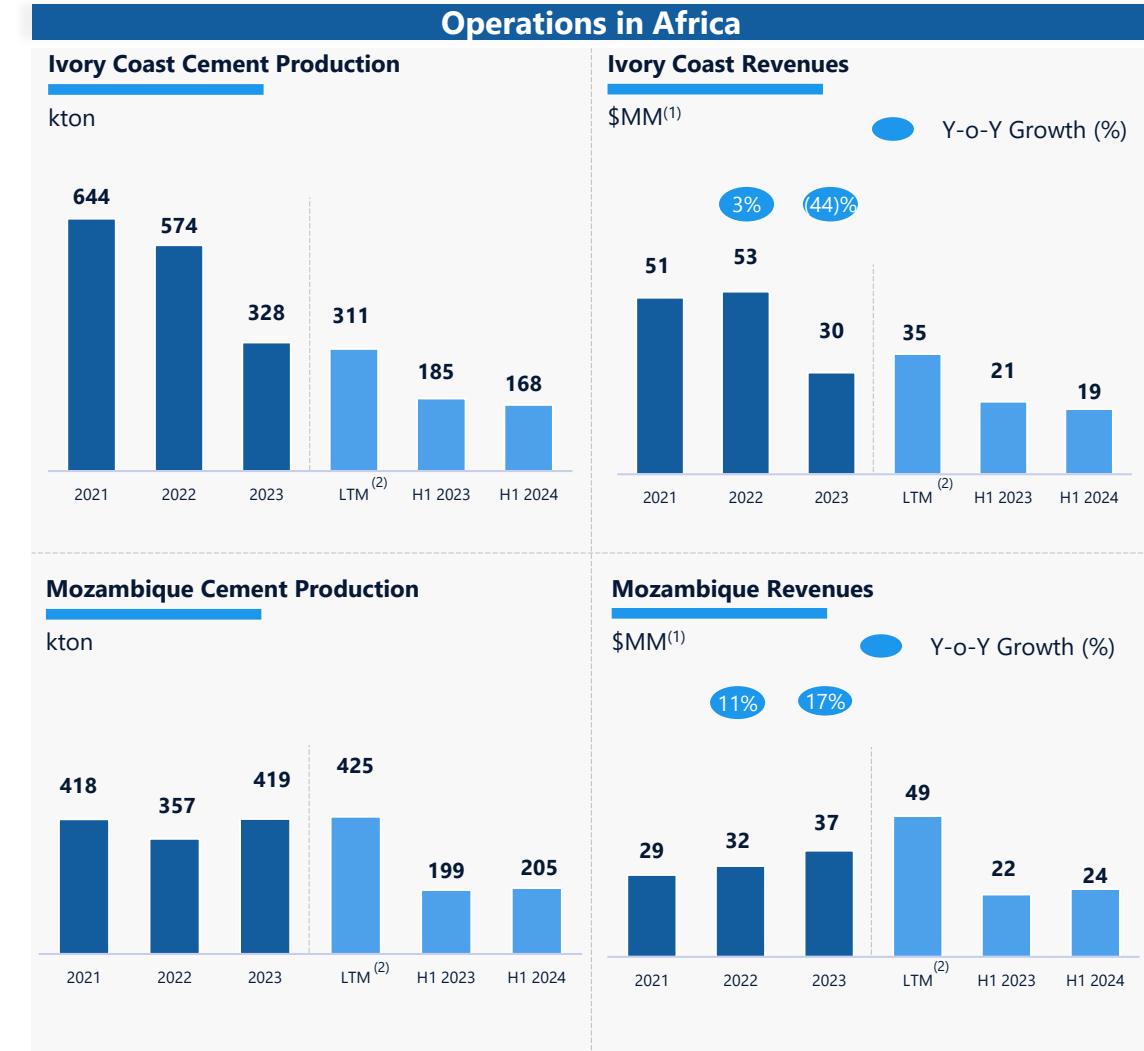
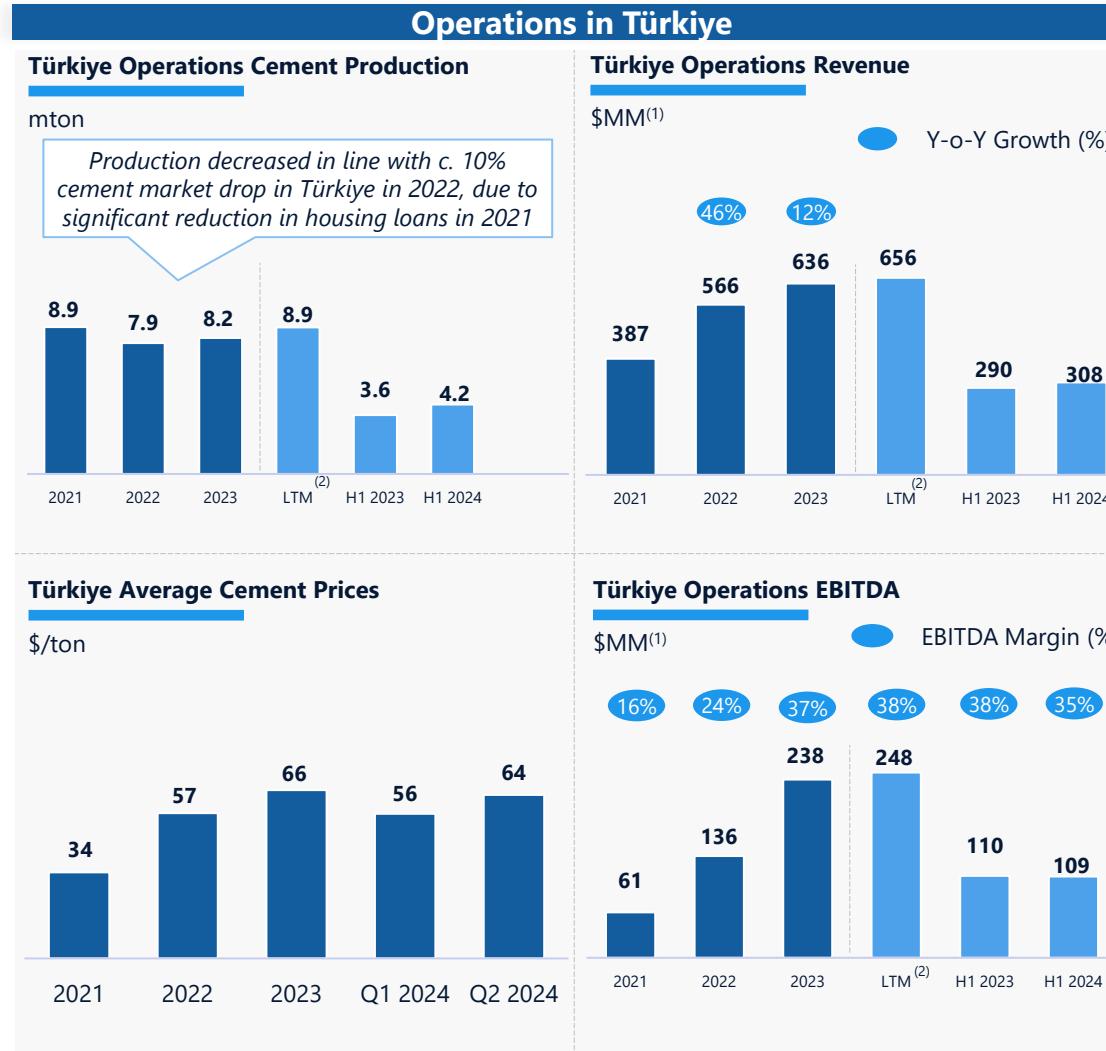
Source: Company information

Notes:

1. FY figures are based on 2023 IFRS accounts converted into USD using Dec-23 Period-end. The rest of the figures are based on management accounts converted into USD using monthly USD rates.
2. LTM as of Jun-24 per management accounts

# Outstanding Financial Performance with Clear Value Creation Path Ahead

**Limak Cement**  
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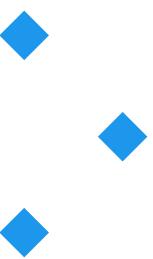
Source: Company information

Notes:

1. FY figures are based on 2023 IFRS accounts converted into USD using Dec-23 Period-end. The rest of the figures are based on management account converted into USD using monthly USD rates.

2. LTM as of Jun-24 per management accounts

# Sustainability



# Latest on our Sustainability pathway

- We have taken concrete steps to commit to our 2050 Net-Zero target through **Science Based Targets Initiative (SBTi)**. We have submitted our targets to the organization, and we are expecting to finalize our validation by the end of Q1 2025.



SCIENCE  
BASED  
TARGETS

COMPANY/FINANCIAL INSTITUTION	TARGETS			ORGANIZATION TYPE
	NEAR TERM	LONG TERM	NET-ZERO	
Limak Çimento San. ve Tic. A.Ş. Turkey, Europe	COMMITTED	-	COMMITTED	Company

- We are collaborating with the world's leading ESG rating institutions. We have initiated correspondence with **Sustainable Fitch** and we expect to obtain our **ESG Score** by the end of Q1 2025.



- We are currently in the process of reporting data to **Carbon Disclosure Project (CDP)** in order to be scored for 2024. We have been scored by this platform since 2022.

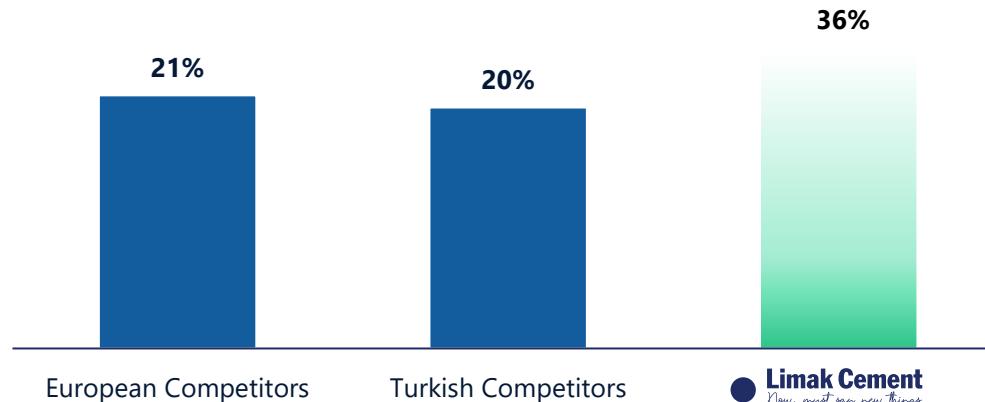


- As Limak Cement, we are also preparing to publish our **Sustainability Report** of 2023 by the end of this year. **Limak Cement Sustainability Report** is planned to be published each year, regularly.

# Strong Commitment to Green Transition

## Strongly Committed to Green Transition...

CO<sub>2</sub> Emissions 2021 – 2030E Reduction Targets (kg CO<sub>2</sub> / t cement)<sup>(1)</sup>



**Source:** Company information, Public information

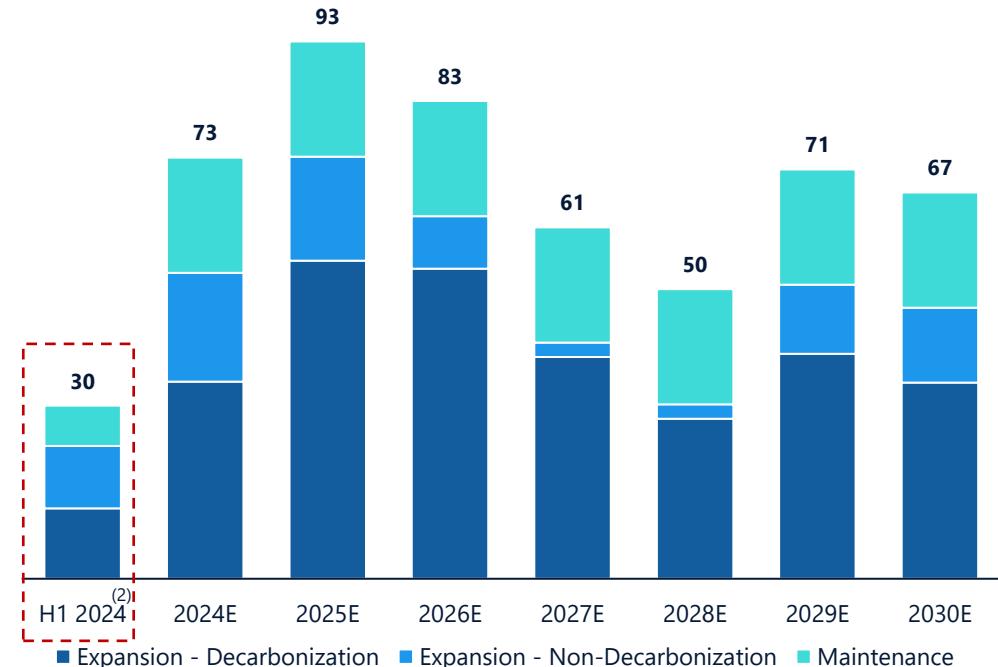
**Notes:**

1. Company information for own metrics

2. It represents the actual expenditures of H1 2024

## ...Driven by an Ambitious Decarbonization Capex Plan

\$MM

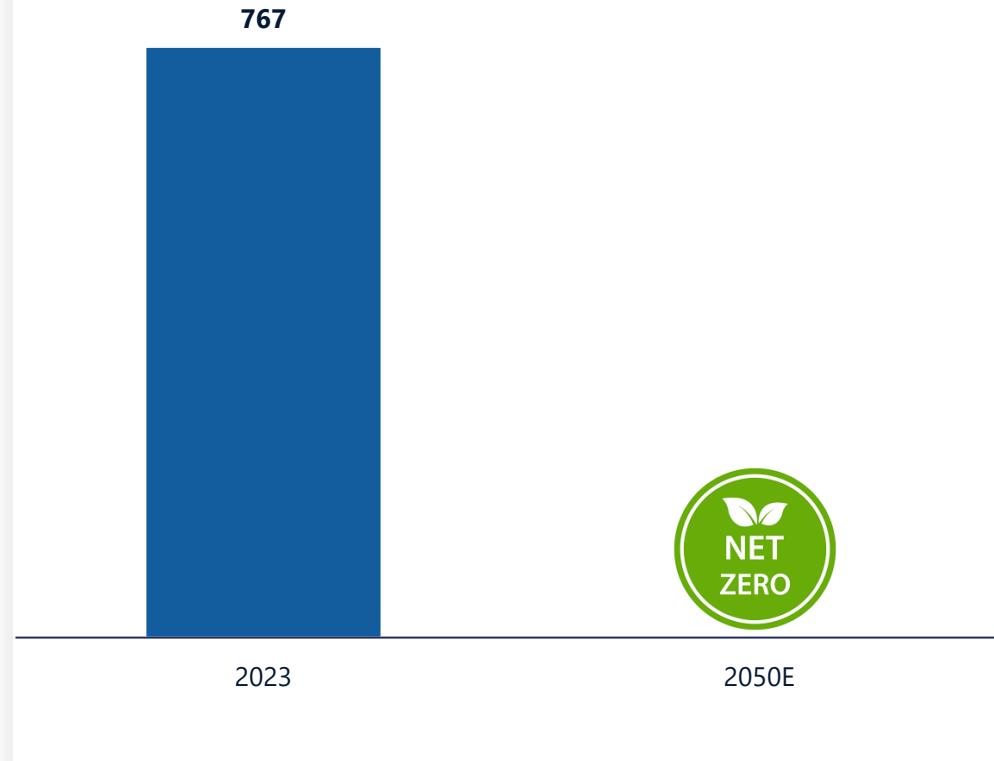


# Becoming an ESG Leader

Clear Path to Lead Decarbonization in Türkiye

## Ambitious Sustainability Targets

Scope 1 & Scope 2 CO<sub>2</sub> Emissions (kg CO<sub>2</sub> / t cement)



## Limak Cement Decarbonization Capex Breakdown

2024E – 2028E



- Renewable Energy
- Maximization of AF Thermal Substitution
- Alternative Fuels with RDF Content
- Clinker Content in Cement
- Energy Efficiency in Thermal Consumption
- AF with Biomass / Sludge Content

## Multiple Awards and Accomplishments

2020

Received zero waste certificate for all its factories in 2020



2019

"Most Environmentally Sensitive Company Award"



2019

"Integrated Plants with the Lowest Electrical Energy Consumption" Award



2023

2050E

4 Limak Cement factories ranked in top 5 in kWh/ton cement category in Türkiye



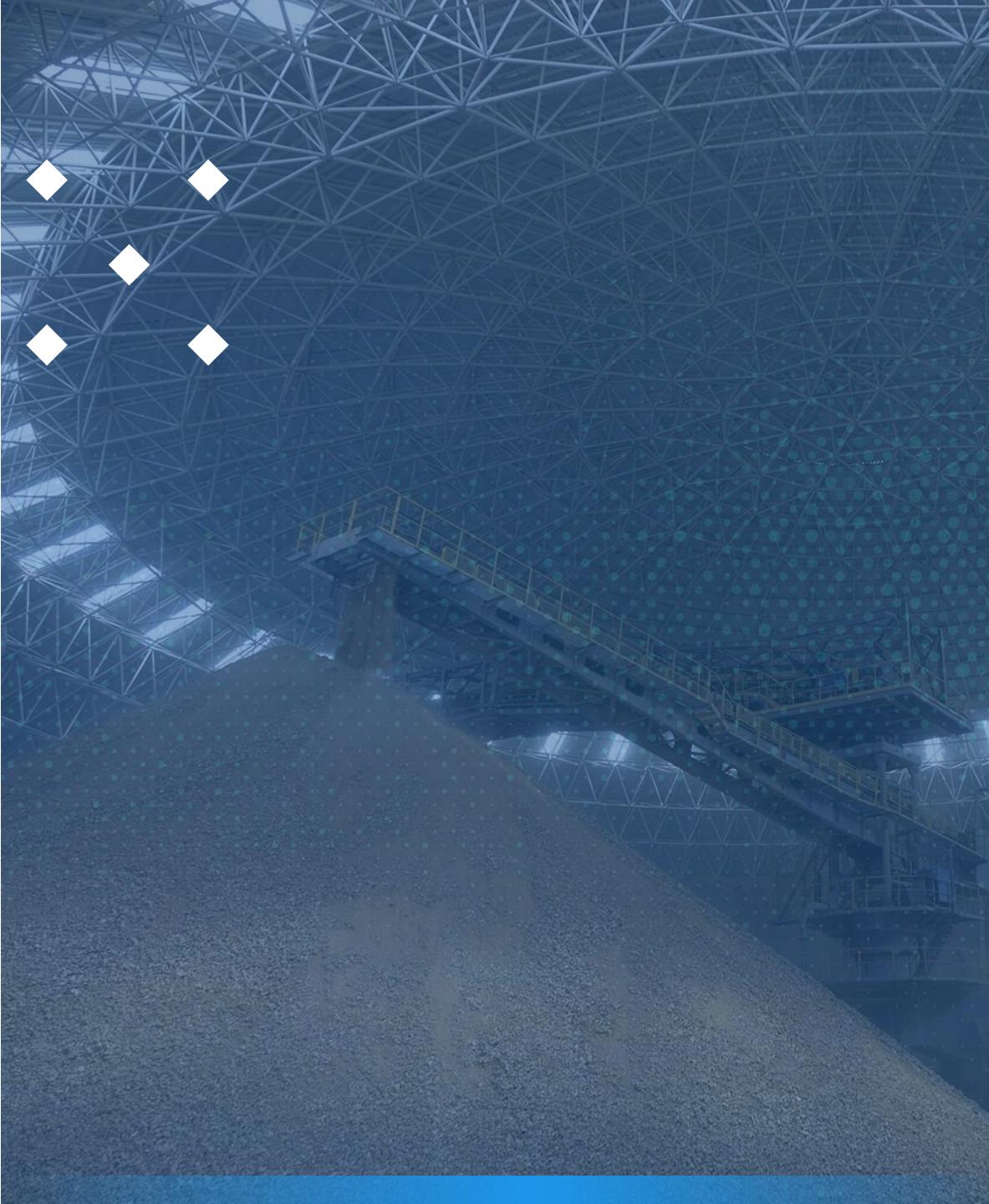
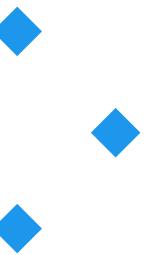
Only cement plant ranking at top of most eco-friendly companies ranking in Ivory Coast



First TURKAK-accredited organization in cement sector for certified for carbon footprint



# Appendix



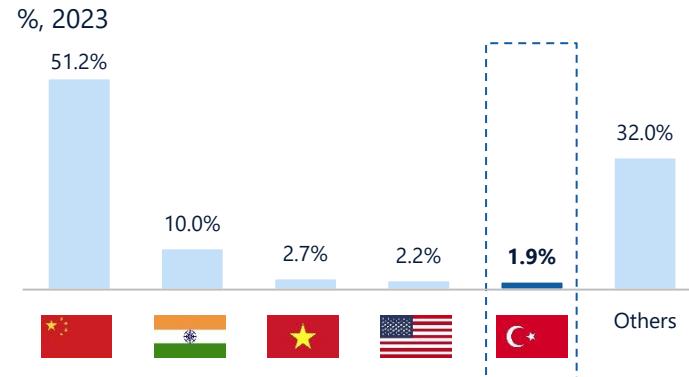
# Key Credit Highlights



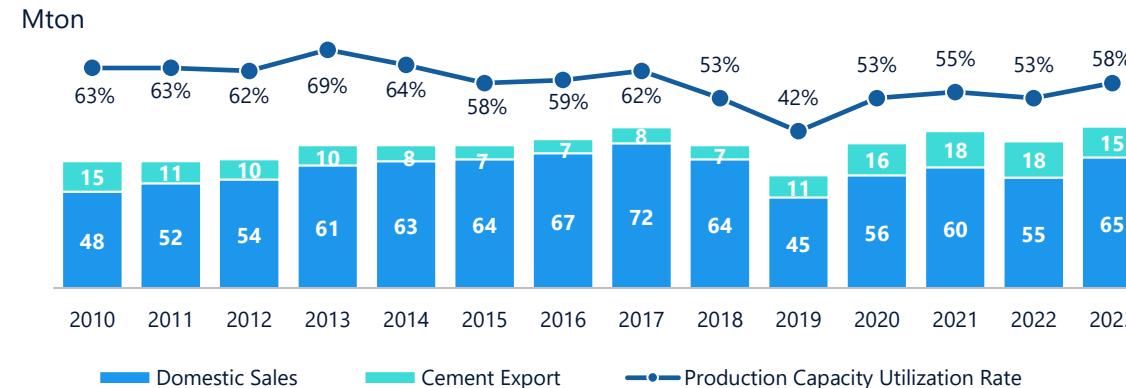
# Türkiye is One of the Largest Cement Producers in the World, with a Market Poised for Growth...

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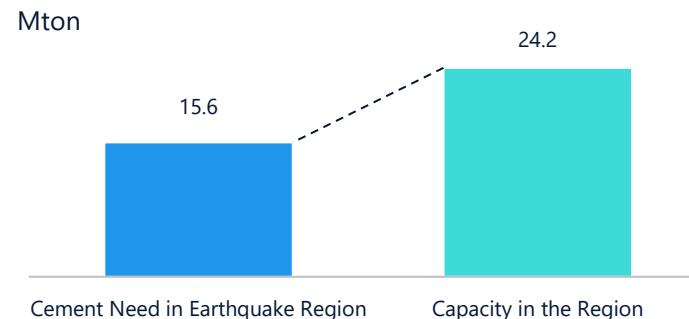
## Top-5 Cement Producer in the World...



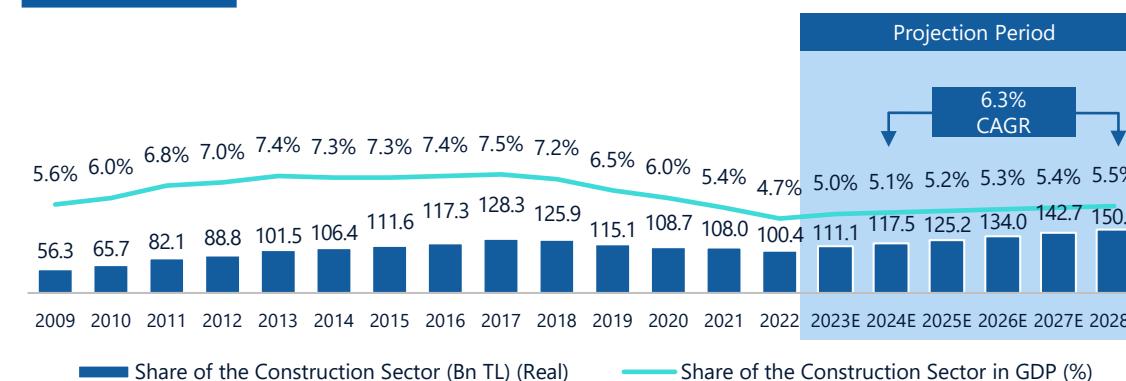
## ...with a Resilient and Export Oriented Market



## Future Demand Driven by Recent Earthquake...



## ... Supported by High Growth of Turkish Construction Market



**#1**  
Largest cement production in Europe

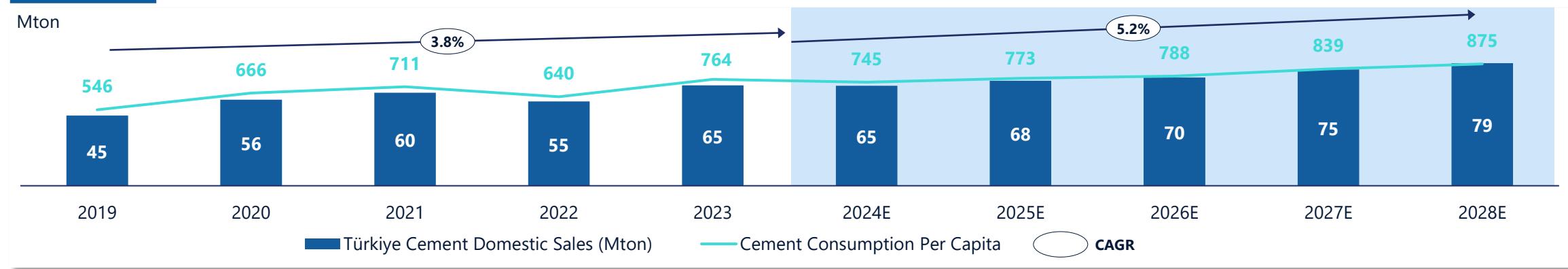
**#5**  
Largest cement production in the World

**#1**  
Largest cement exporter in the World

**#2**  
Largest clinker exporter in the World

# ...as the Impact of the Earthquake is Expected to Drive Demand in the Medium-Term

## Strong Historical Growth in Market with Upwards Trajectory Expected to Accelerate



## Earthquake Reconstruction Activities Key Driver in the Short-Term

- ✓ **650k units subject to reconstruction** following the earthquake according to the Ministry of Environment, Urbanization and Climate Change, equating to a **total cement need in the region of 15.6Mton**
- ✓ **Construction to take place between 2023 and 2026E** due to urgent need, driving domestic demand in this period
- ✓ Incremental demand related to the **residential and social reconstruction activities** to form **~8% of the domestic cement sales volumes** between 2024E and 2026E

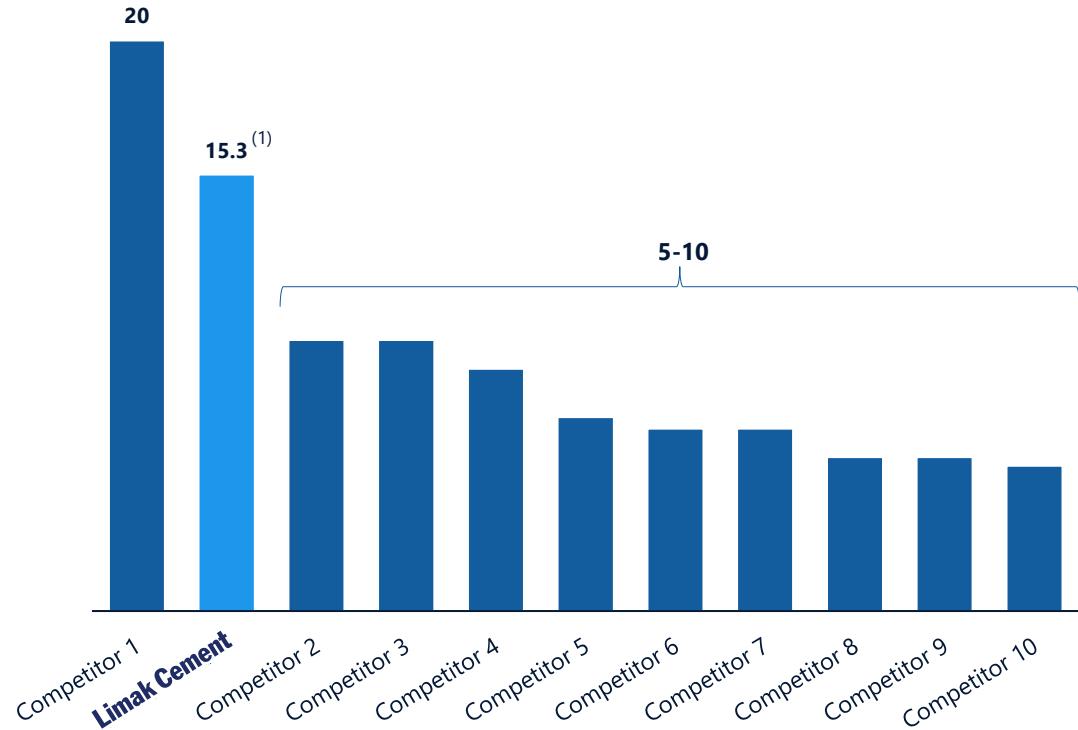
## Acceleration of Urban Regeneration Projects to be the Main Demand Driver in Medium- and Long-Term

- ✓ **High risk of earthquakes** in other Turkish regions and cities have led to **acceleration in urban regeneration projects**
- ✓ As of 2021, **residential building stock in earthquake-prone cities totalled 4.6MM units**, with 48% of the units constructed before 2000, using **outdated engineering standards and low-quality building materials**
- ✓ **Istanbul accounts for 49% of the 4.6MM units**, with 600k houses taken into urban transformation as a priority
- ✓ Sales generated from the urban regeneration projects to **form ~8%, on average, of the annual domestic cement sales volumes** through 2032

# Proven Leadership Position in the Turkish Cement Market

## Second Largest Grey Cement Manufacturer in Türkiye

Installed Capacity in Türkiye, 2023 (Mton)



Source: Company information

Notes:

1. Company information, Türkiye capacity only

- ✓ Türkiye cement market composed of **two major players**, exhibiting a large gap to other players
- ✓ **Limak Cement holds a Top-2 leadership position in a market** with strong barriers to entry
- ✓ **Privileged position to capture growth opportunities** given far-reaching local network and proven history and leadership in the market

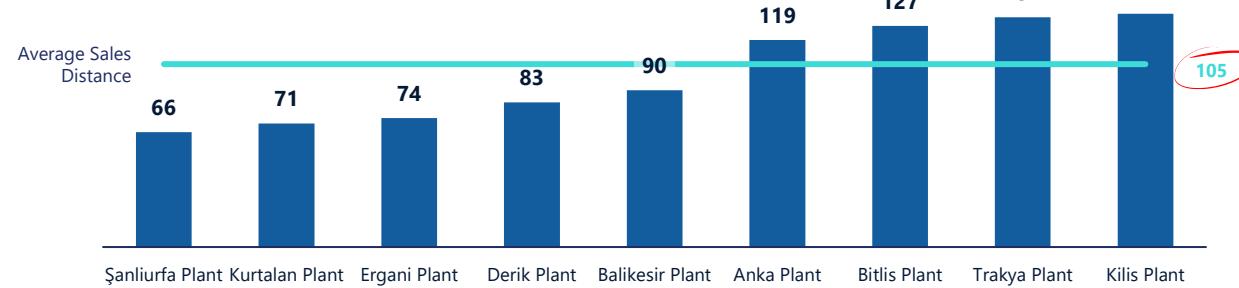
# Unrivalled Network of Strategic Locations and Competitive Cost Structure

Support Robust Organic Growth Profile and Strong Operational Profitability

**Limak Cement**  
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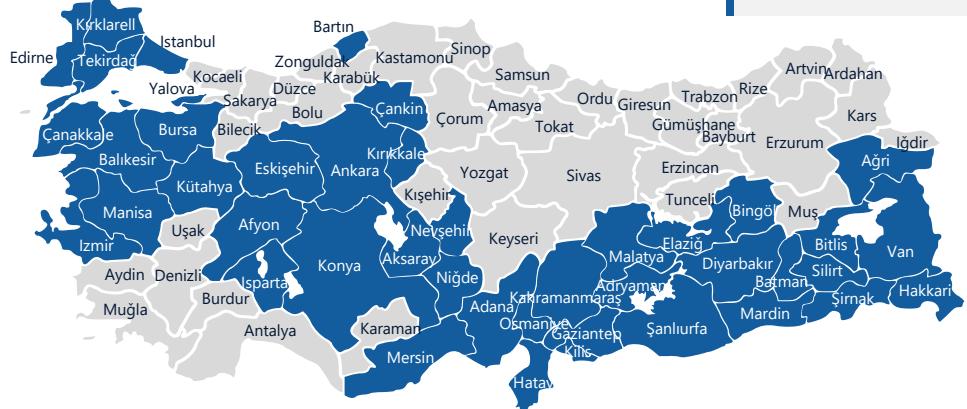
## Strategically Located to Optimally Serve the Customer...<sup>(1)</sup>

Sales Distance in 2023 (km)



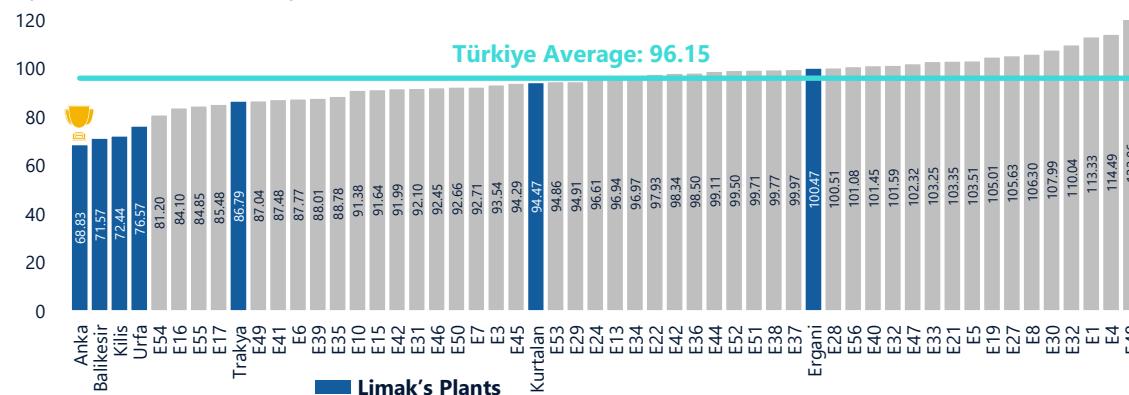
## ...Covering the Majority of Turkish Cities<sup>(1)</sup>

Sales to 43 Cities in 2023



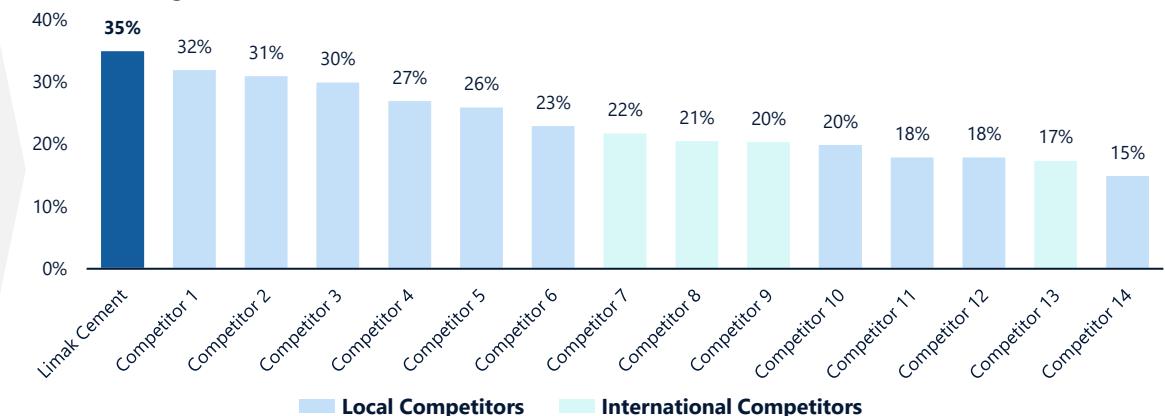
## Market Leading Metrics in Energy Efficiency...<sup>(1)</sup>

Specific Power Consumption (kWh/t)



## ...Support Resilient Cost Structure that Captures a Superior Margin Profile

EBITDA Margin 2023<sup>(1)</sup> (%)



Source: Company information, PwC, Capital IQ, Ministry of Energy and Natural Resources

Notes:

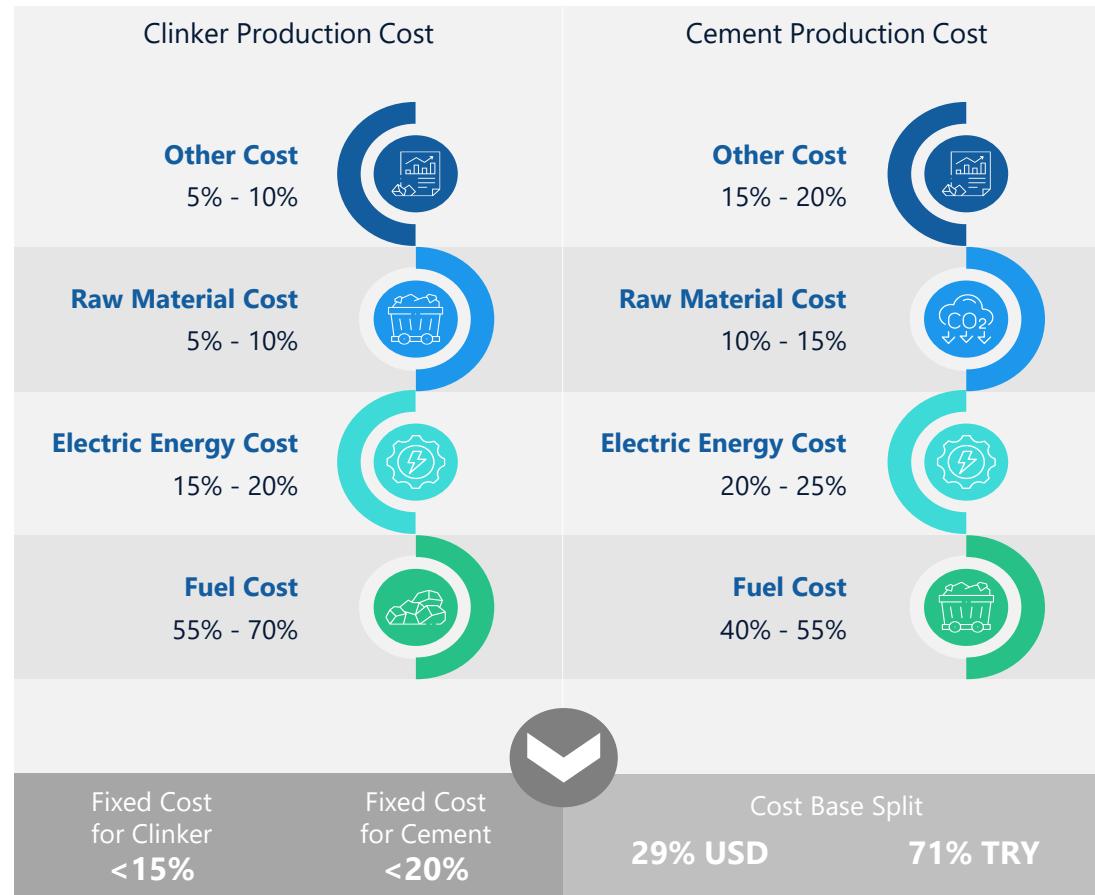
1. Company information

2. Represents Sep-23 LTM figures for local competitors as per PwC report *Cement Sector in the World and Türkiye*; 2023 FY for Limak and international competitors

# Strong Inflation Pass-Through Capabilities Through Pricing

Cement prices linked to USD help mitigate TRY-based revenues

## Zoom-in on Cost Structure<sup>(1)</sup>



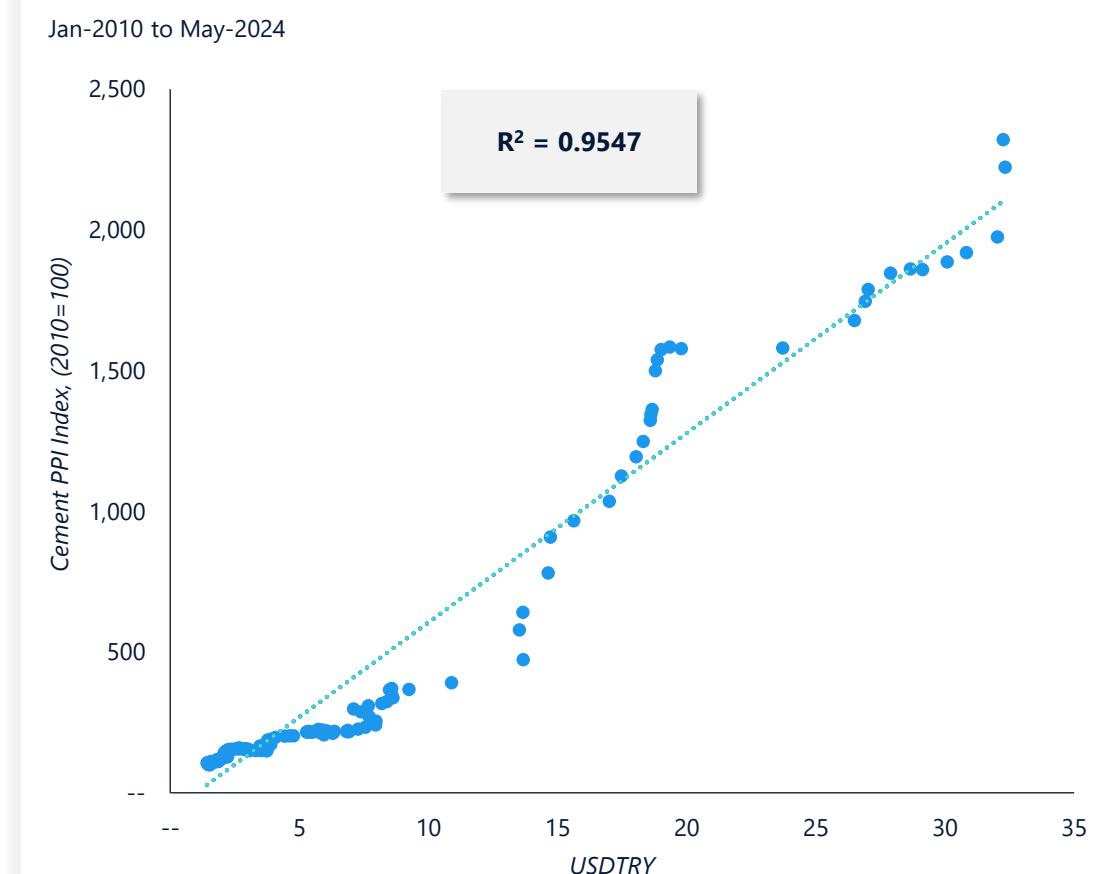
Source: Company information, Turkstat, Capital IQ

Notes:

1. Table from management accounts

2. Cement, Lime and Plaster Producer Price Index is used to reflect the changes in the producers' cost. Data derived from Turkstat Producer Price

## Strong Correlation with US Dollar<sup>(2)</sup>



# Financial Policy

**Financial  
Leverage  
Policy**

**1**

- Maintenance of a Gross Debt / EBITDA ratio below 3.5x

**Liquidity  
Policy**

**2**

- Intent to hold 3% of annual revenue either as cash or keep an equivalent amount of working capital limit from its financial institutions in case of urgent requirements
- Depending on final conditions set forth in the bond documentation, an even higher amount of cash liquidity may be available for the partial redemption of the bond

**Dividend  
Policy**

**3**

- Target to adopt a dividend distribution policy that is compatible with business plan and conditions defined in the Bond Documents
- Subject to the requirements of Turkish law regarding availability of distributable profits and Articles of Association

**Hedging  
Policy**

**4**

- Although there is an indirect hedge between Company's costs vs. cement prices, Company intends to periodically hedge its FX exposure arising from semi-annual interest payments (due to TL denominated revenues vs. hard currency denominated bond) by using derivative products (i.e. forwards or swaps)
- In addition to this, excess monthly cash in TL is to be converted into USD
- Company may also enter in the commodity hedging for the procurement of materials if the market environment is positive

**M&A  
Strategy**

**5**

- Company will make acquisitions as long as the Leverage Policy is maintained after such kind of an acquisition and target company fits to the strategic values of the Company (i.e. ESG principles)
- Given the current market environment and the positioning of the Company, Limak Cement is not currently planning to grow via acquisition in the next 5 years
- New acquisitions will also be subject to bond documentation

**Before the end of 2024, we are envisaging to create a similar governance structure at Limak Cement to the one that has already been formed in our listed subsidiary *Limak Doğu Anadolu Çimento***

## BoD Structure

2 new independent Board Members to be appointed to lead Corporate Governance and Audit Committees

## Corporate Governance Committee

In order to take actions to improve corporate governance practices and oversee the works of investor relations department a Corporate Governance Committee will be formed. Independent Board Member(s) will be a member of this committee. This committee is also expected to oversee the sustainability works and advise on reformatory actions

## Early Detection of Risk Committee

This committee will assist the Board in the supervision of risk and risk management throughout the Company. It will identify and manage the risks that may affect the existence, development and continuity of the Company and it is expected that the independent board member will chair the committee

## Audit Committee

The purpose of Audit Committee will be to oversee functionality and efficiency of the Company's internal control and internal audit system

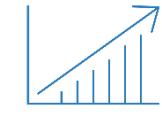
# Our Strategic Priorities



**Protect our leadership position in Türkiye,** benefitting from market tailwinds



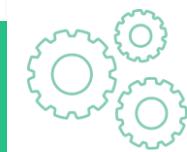
**Enhance competitiveness in core markets** with physical presence by expanding presence in the RMC market through new investments



**Maintain market leading margins** whilst driving continuous improvement in operating efficiencies



**Lead decarbonization in Türkiye** through environmentally friendly investments



**Stay at the forefront of innovation,** utilizing our top-tier R&D facilities across Türkiye