Kalekim

2022 Q3
Operational Results

2022 3. Quarter Highlights

- Sales growth of 169% thanks to consolidation of Kalekim Lyksor, organic growth at international markets, FX change and pricing
  (sales growth of 97%, excluding Lyksor)

- Gross margin at 34%, following volume decrease in domestic market, decreasing inventory gain and consolidation of Kalekim Lyksor
  (GM at 37%, excluding Lyksor)

- EBITDA margin at 20,4% thanks to effective cost management and consolidation of Kalekim Lyksor, which has lower OPEX
  (EBITDA at 20%, *excluding Lyksor)*

- Q-on-Q Improvement in net working capital / net sales ratio

Net Sales: TL 561 million

EBITDA Margin: 20,4%

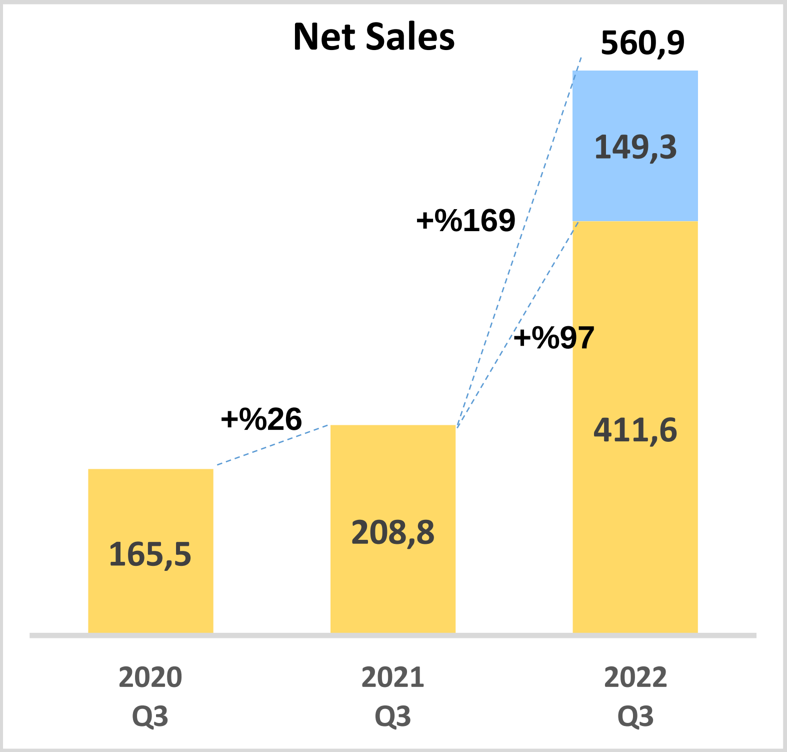
Commercial Working Capital/ Net Sales: 23,6%

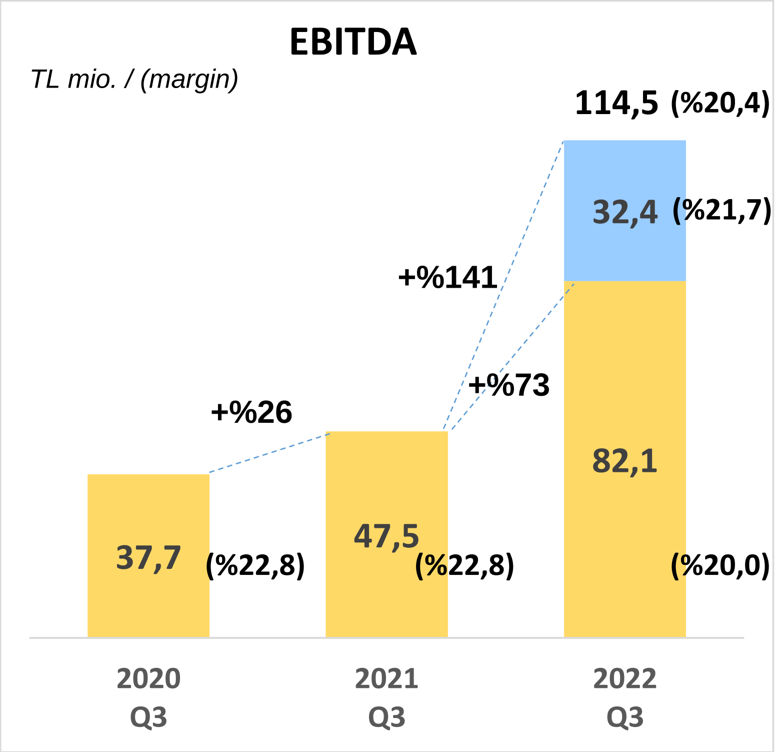
Cash & Cash Eq.*.: TL 360 million

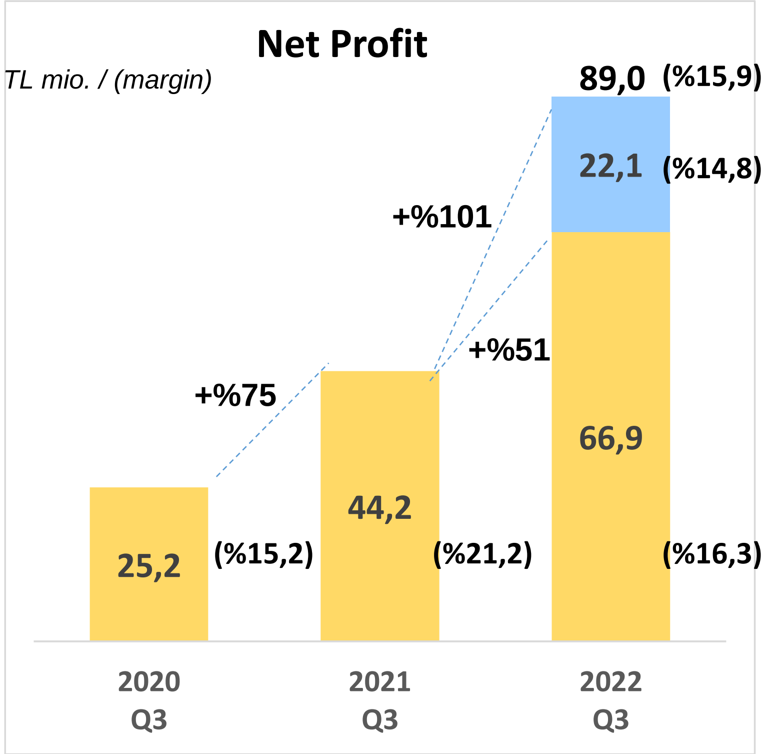
* Financial investments also are included since FX-protected cash deposits are classifed under this item.

Sustainable Profitable Growth

- Kalekim continues profitable growth track - with new investments - in line with its long term targets, despite the periodic contraction in demand conditions.







Impact of Kalekim Lyksor

** If Kalekim Lyksor had been consolidated as of January 1, 2022, its contribution to net sales in the 9-month would have been approximately TL 365.6 million and TL 65,2 million to net profit.*

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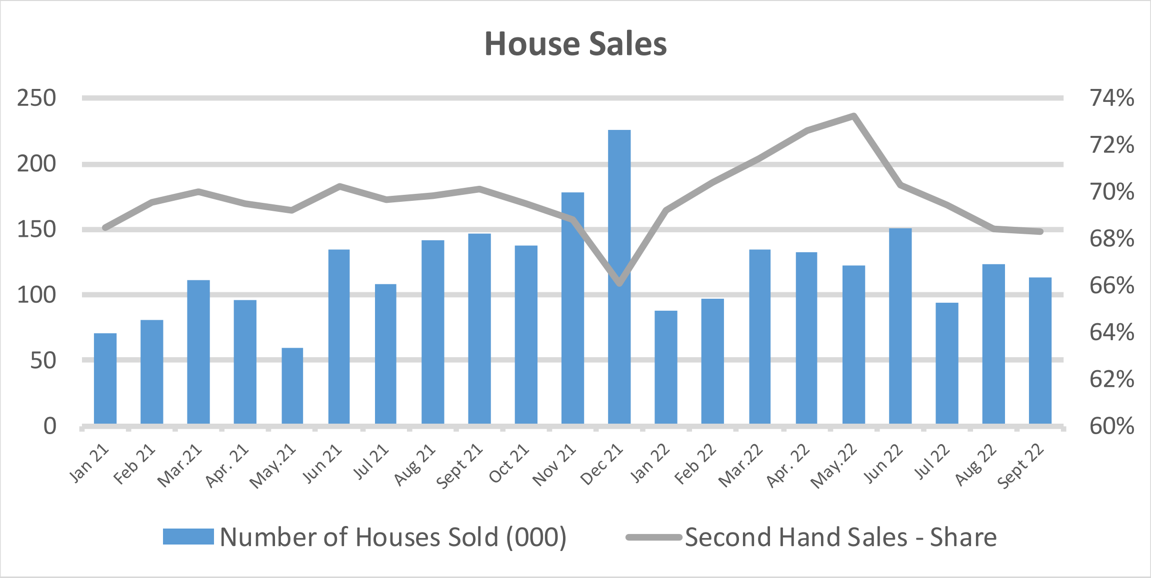
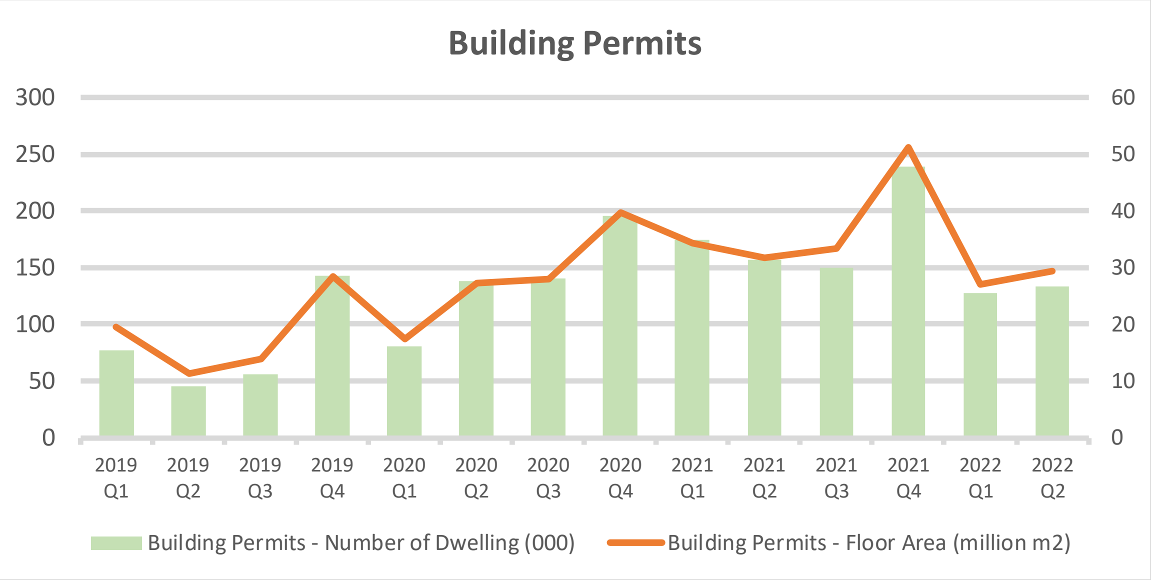
Turkish Market: Construction Industry





- With 17% contraction recorded in Q3 in house sales, the increase in 9-M period slowed down to 11%.
- Second-hand house sales accounted for 69% of total sales.

- After the increase in the Q4 2021, a contraction in construction permits was observed in the first half of 2022.
- The contraction in the first half of 2022 was 21% in the number of dwellings and 15% in floor area.

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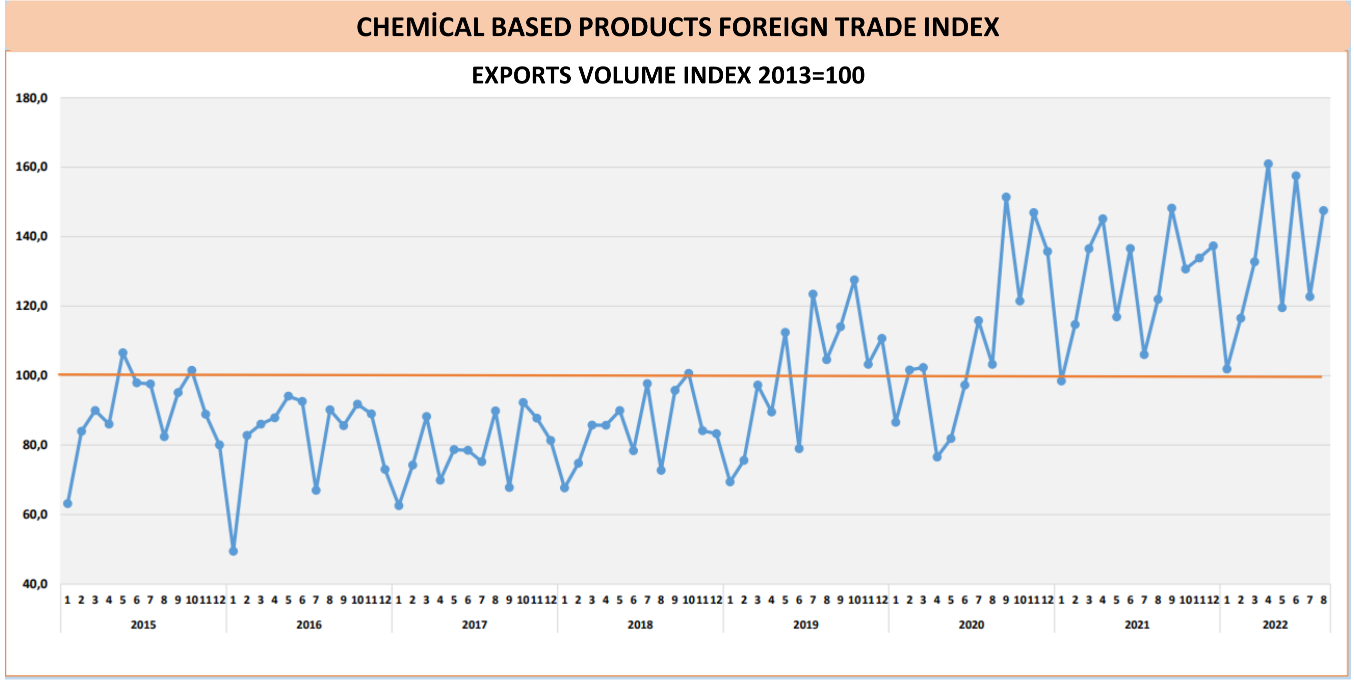
Export Markets: Construction Materials Industry

- In the January-July 2022 period, exports of construction materials increased by 23% compared to the same period of the previous year and reached USD 20.3 billion.
- In the same period, exports of construction chemicals, which increased by 27%, reached USD 455 million, and exports of construction paints & varnishes, which increased by 26%, reached USD 189 million.
- With the effect of tight monetary policies implemented in export markets, a slowdown in construction materials exports is expected in the rest of the year.

Exports - (mio. USD)	Jan-May 2022 (mio. USD)	Jan-May 2022 (mio. USD)
Construction Materials	**20.250**	**16.418**
- Construction chemicals	455,0	357,4
- Const. paints & varnishes	189,2	150,2



Source: İMSAD

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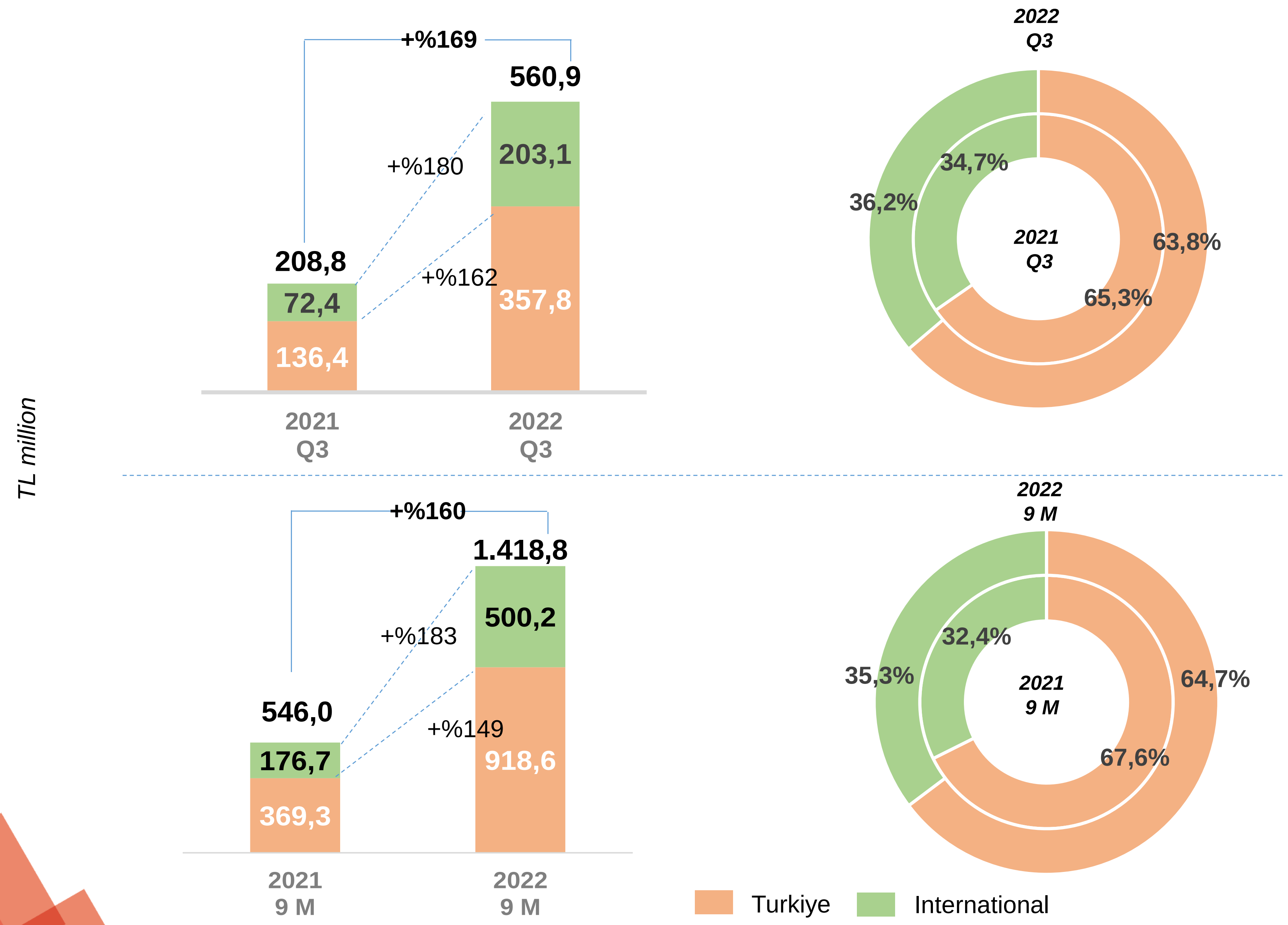
Sales Growth & Breakdown by Region



- Despite the fact that Kalekim Lyksor, which has high domestic sales, has been consolidated starting with Q2, the share of international sales increased in the third quarter and in the 9-M period due to the contraction in the domestic market, exchange rate changes and the ongoing organic growth abroad.

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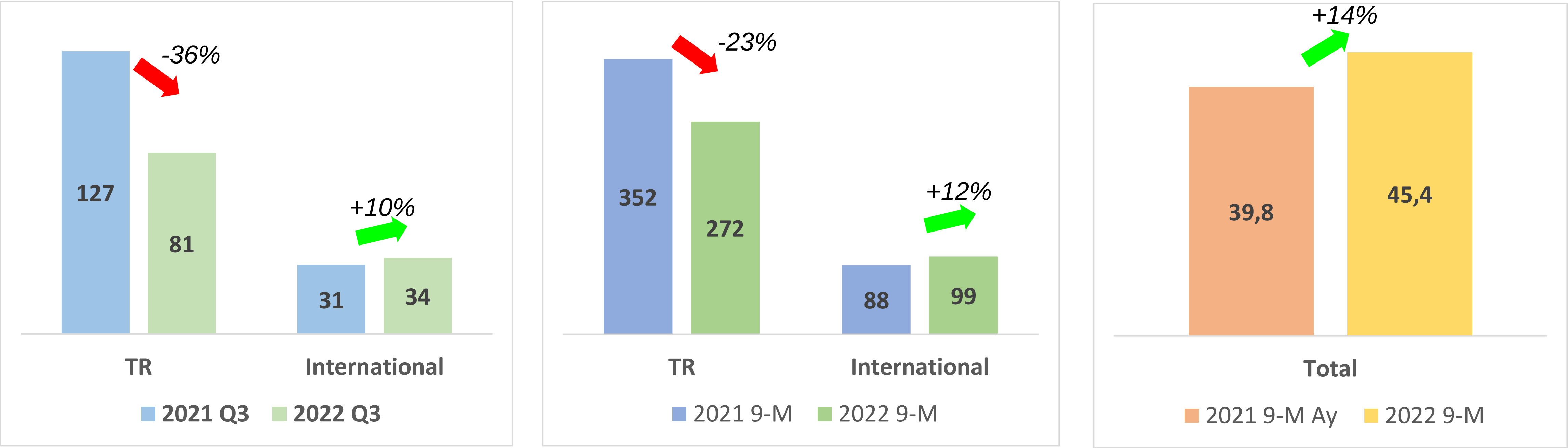
Sales Volume

- The volume contraction in the Turkish market in the first half of the year increased further in the third quarter.
- Although the growth rates on a quarterly basis in international sales slowed down, organic growth was achieved by 10% in the third quarter and 12% in the nine-month period.
- Continuing its domestic and international growth, Kalekim Lyksor's sales volume increased by 14% in 9-M period.

Dry Mortar & Paint/Plaster Sales Volume (000 tonnes)

Concrete & Cement Chemicals Sales Volume (000 tonnes)



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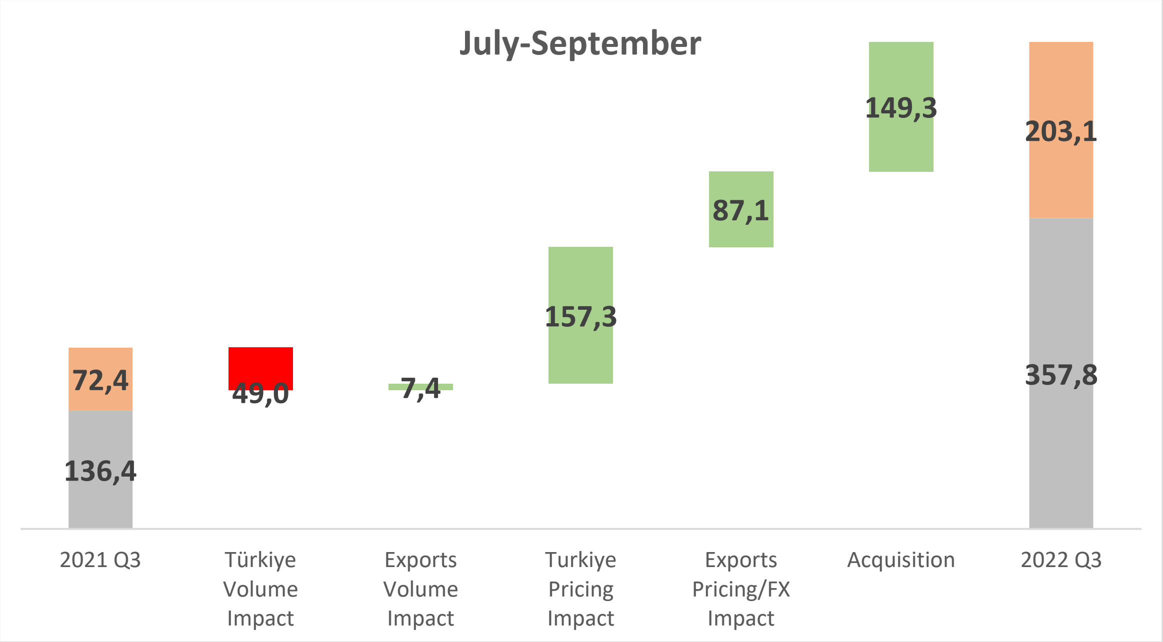
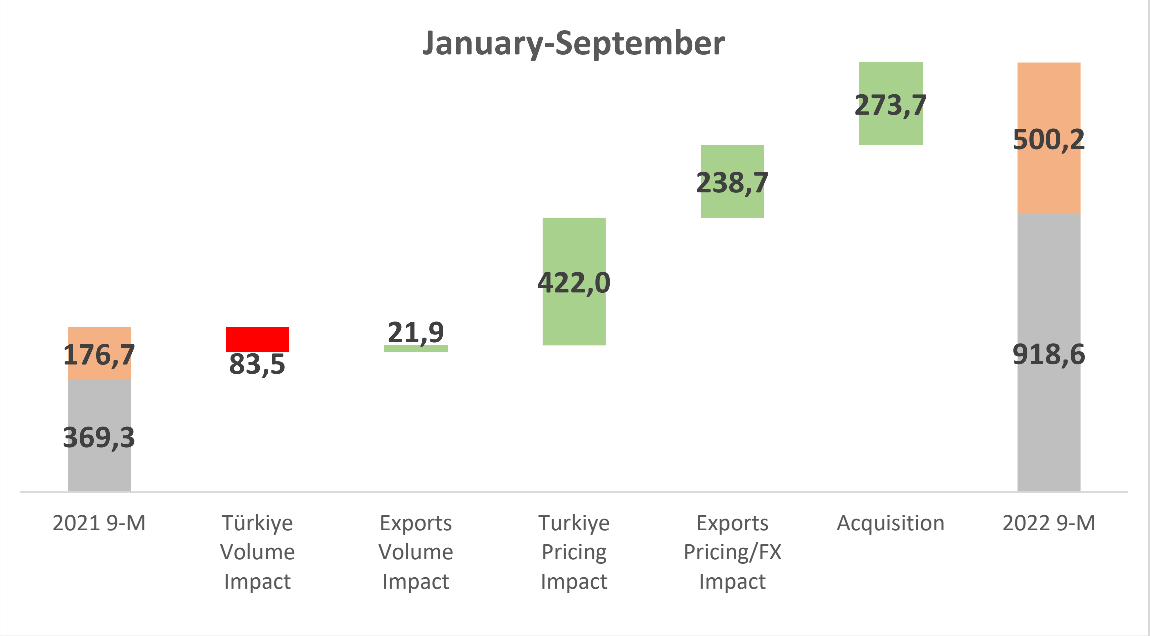
Sales Value

- Though the Turkish market contracted and the growth in exports slowed down, a strong growth was achieved in net sales thanks to the pricing in Turkiye and export markets, the FX impact and the consolidation of Kalekim Lyksor.

Net Sales (mio. TL)

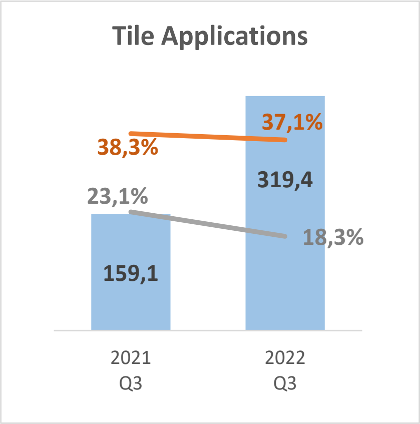


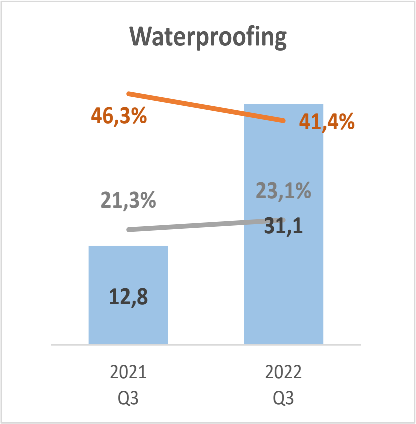


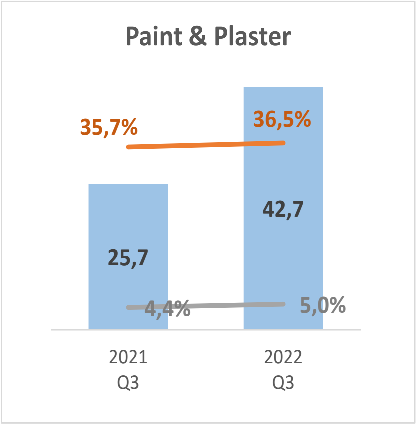
** The turnover gain and loss resulting from the volume impact are calculated over the average prices of the relevant period of 2021.*

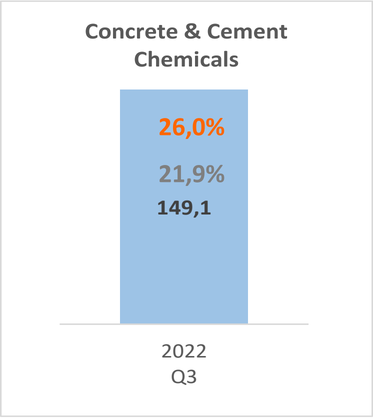
Sales Growth & Profitability by Product Group

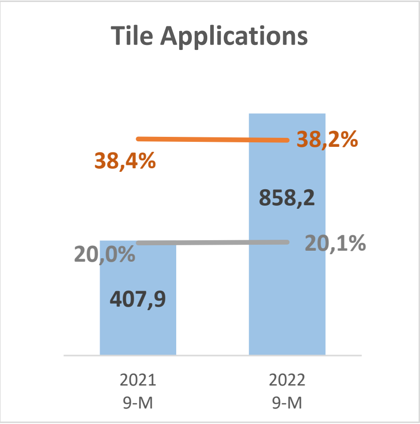
- Due to the volume decrease in the third quarter, there was a decrease in the gross profit margin in tile applications and waterproofing product groups.

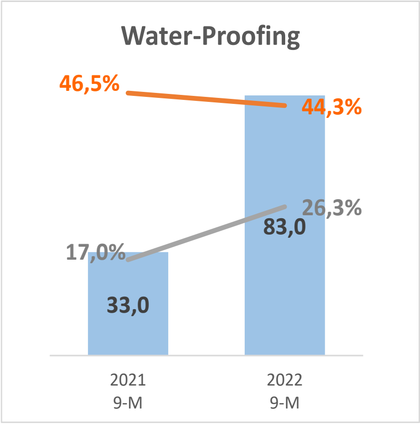


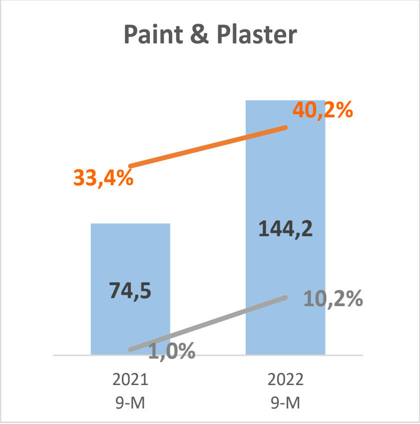


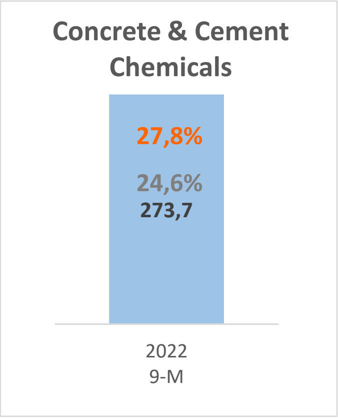




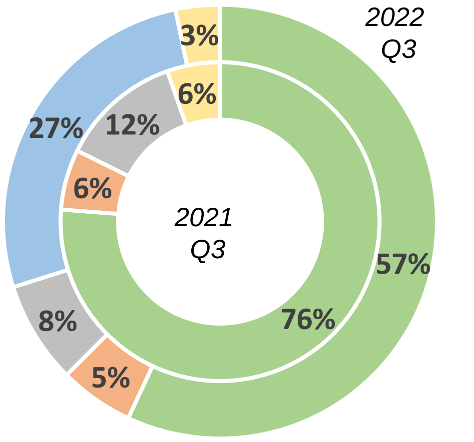




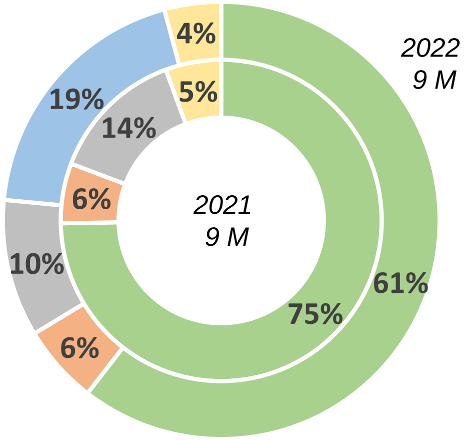




Net Sales (TL million) – After correction of eliminations   Gross Profit Margin   Core Operating Profit Margin



Tile Application   Paint&Plaster
Waterproofing   Concrete, cem. chemicals
Others *



** Including thermal insulation & other various categories*

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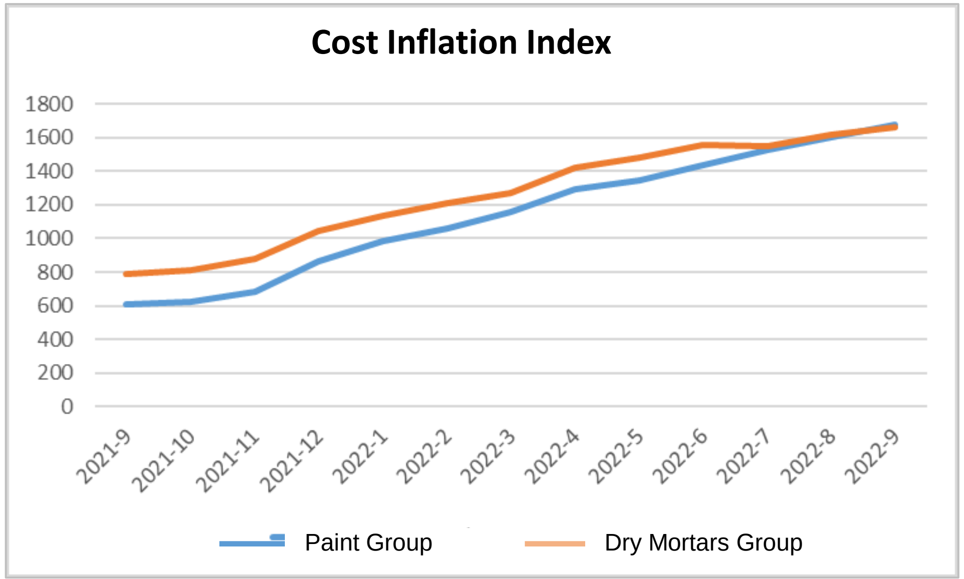
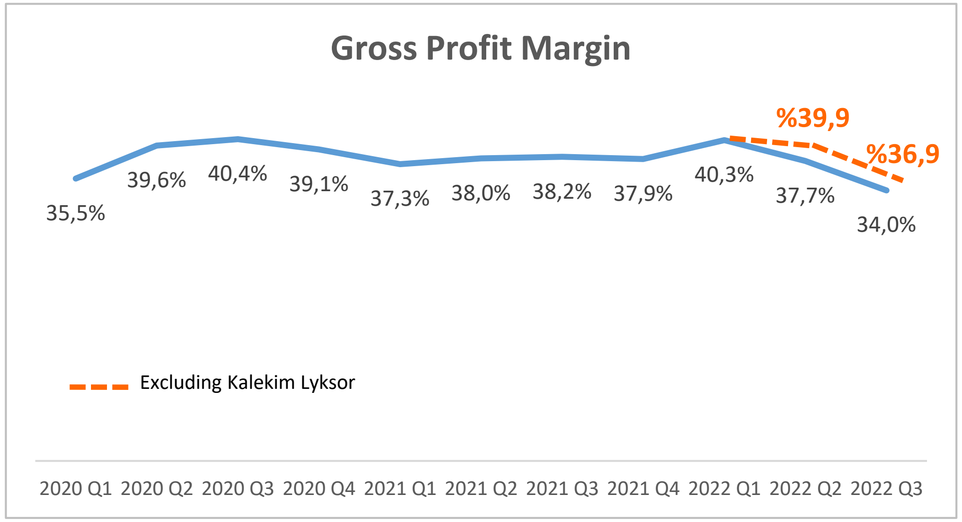
Effective Supply Chain and Cost Management

- In the third quarter of 2022, in the chemical raw material markets, raw material price increases continued with the effect of the Russia-Ukraine war, increases in energy costs and fluctuations in logistics costs.
- By the end of September 2022, costs have increased Y-on-Y in dry mortars group and paint group by 277% and 209%, respectively.
- During the period, there was no disruption in the supply chain, thanks to long-term contracts with suppliers, alternative raw material studies and keeping stocks of raw materials in line with demand.
- Thanks to the actions taken on the cost and pricing side, a gross profit margin (37%) was achieved in line with historical averages in the third quarter of the year - excluding Kalekim Lykor.





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Other Developments

- As a result of the evaluation of the investment to be made in the Company, which is established in **Algeria** to produce and sell dry mortar, paint/plaster, and in which we have 50% participation in the capital, it has been decided to liquidate the Company.
- In order to improve the activities of our company, it was decided to open a branch in Duhok, **Iraq.**
- In **Romania**, the establishment of Kalekim Romania S.A., in which we have 50% stake, has been officially registered.

Financial Statements

P&L Statement

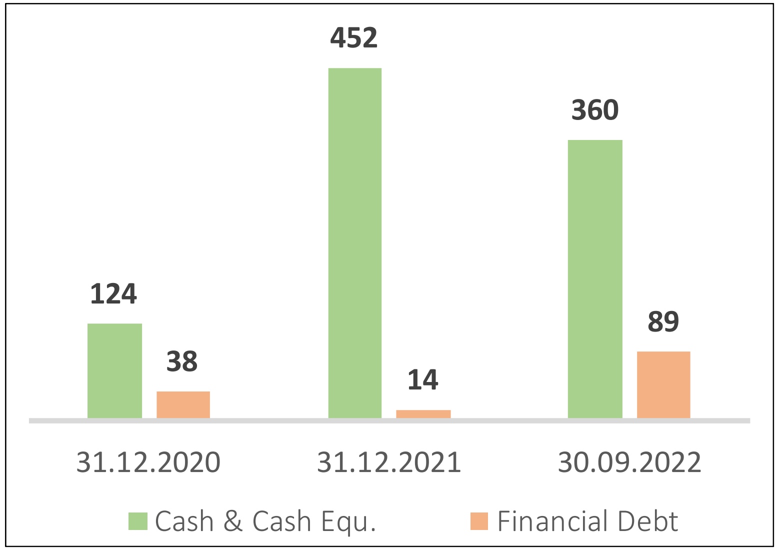
TL million	2022 Q3	2021 Q3	2022 Q2	*Y-on-Y Change*	*Q-on-Q Change*	2022 9-Month	2021 9-Month	*Y-on-Y Change*
Net Sales	560,9	208,8	555,5	*169%*	*1%*	1.418,8	546,0	*160%*
Gross Profit	190,7	79,8	209,3	*139%*	*-9%*	522,0	206,9	*152%*
Margin	*34,0%*	*38,2%*	*37,7%*			*36,8%*	*37,9%*	
Operating Profit	99,0	41,4	114,8	*139%*	*-14%*	276,4	88,6	*212%*
Margin	*17,7%*	*19,8%*	*20,7%*			*19,5%*	*16,2%*	
Profit Before Tax	107,2	52,5	128,7	*104%*	*-17%*	321,2	111,7	*188%*
Margin	*19,1%*	*25,1%*	*23,2%*			*22,6%*	*20,5%*	
Net Profit	89,0	44,2	114,3	*101%*	*-22%*	274,0	95,9	*186%*
Margin	*15,9%*	*21,2%*	*20,6%*			*19,3%*	*17,6%*	
EBITDA	114,5	47,5	124,5	*141%*	*-8%*	308,9	106,6	190%
Margin	*20,4%*	*22,8%*	*22,4%*			*21,8%*	*19,5%*	

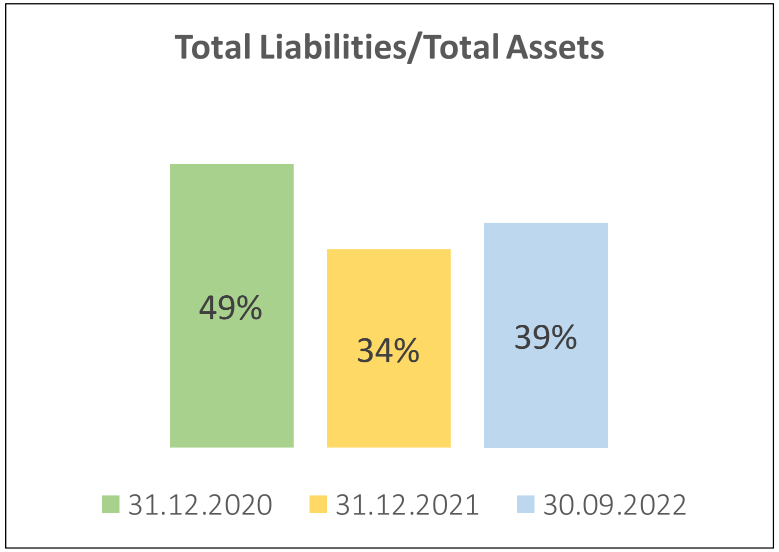
Balance Sheet

TL million	30.09.2022	31.12.2021		30.09.2022	31.12.2021
Current Assets	**1.086,4**	**753,2**	**Current Liabilities**	**522,4**	**316,0**
Cash & Cash Equivalents	239,6	452,3	Short Term Borrowings	63,4	0,0
Financial Investments	120,3	0,0	Short Term Portion of LT Borrowi	4,4	0,0
Trade Receivables	462,4	197,8	Liabilities from leasing	7,2	5,5
Inventories	230,0	75,6	Trade Payables	295,1	236,3
Prepaid Expenses	9,5	8,7	Deferred Incomes	34,3	46,6
Others	24,7	18,8	Provisions	69,0	15,5
			Others	48,9	12,1
Non-current Assets	**357,9**	**230,9**	**Non-current Liabilities**	**42,5**	**23,9**
Tangibles Assets	186,4	140,3	Financial Liabilities	13,6	8,8
Intangible Assets	73,7	14,7	Provisions	28,9	15,1
Properties for Investment Purpose	50,9	51,1	**Total Equity**	**879,4**	**644,3**
Others	46,8	24,8	Paid-in Capital	115,0	115,0
TOTAL ASSETS	**1.444,3**	**984,1**	**TOTAL LIABILITIES & EQUITY**	**1.444,3**	**984,1**

Liquid and Strong Balance Sheet

- At the end of 2022 Q3, cash and cash equivalents, including financial investments, totalled TL 360 million.
- By September 30, around 33% of the total cash of TL 36 million, was held in FX-protected TL deposits and another 22% in USD and EUR deposits.
- Out of TL 89 million financial debt, around TL 70 million stands on Kalekim Lyksor balance for the working capital need of that company.
  - The remaining amount of around TL 19 million is due to short and long term leasing agreements.
  - Based on the annualized EBITDA of Kalekim Lyksor, net debt/EBITDA stands at around 0,3 times.





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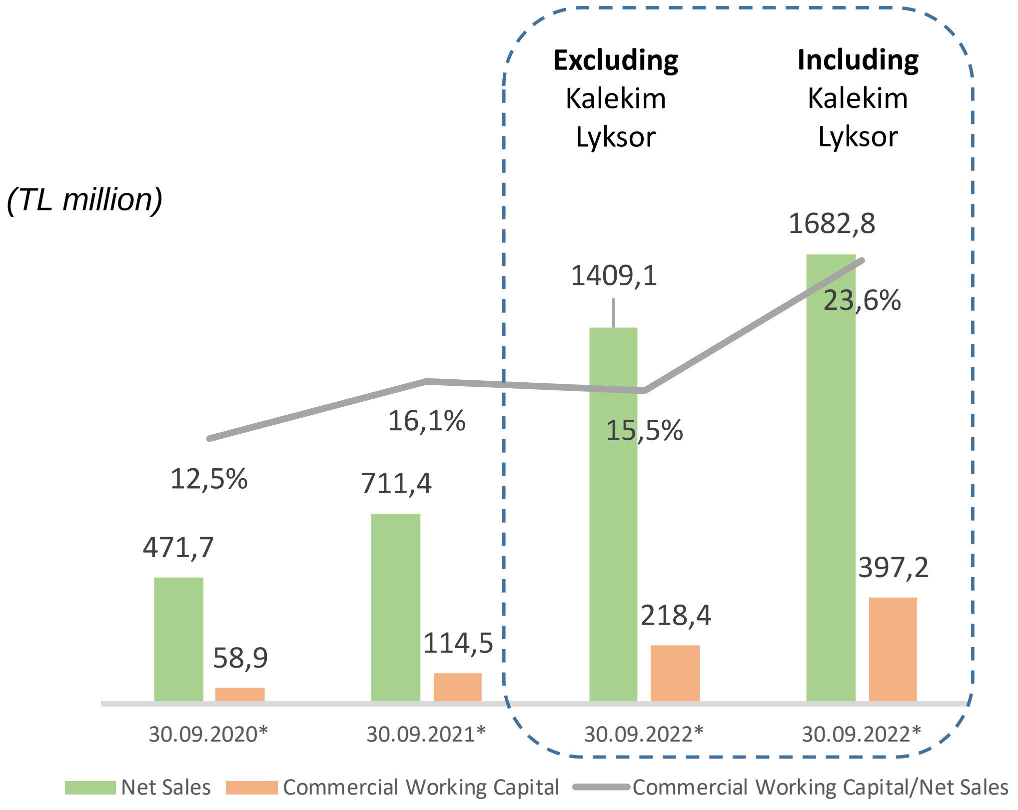
Commercial Working Capital



** Last 12-months sales are considered.*

- The working capital/net sales ratio, which increased with the consolidation of Kalekim Lyksor, as the company had a relatively higher working capital requirement, showed an improvement compared to the previous quarter.
- Excluding Kalekim Lyksor, it is seen that the ratio has started to decline in the third quarter in line with the historical trends.
- Working capital/Net sales is periodically expected to improve further in the last quarter.

Number of Days	Sep 30, 2020	Sep 30, 2021	Sep 30, 2022
Trade Receivables	99	80	63
Inventories	36	41	46
Trade Payables	142	122	80

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2022 Guidance

2022 Guidance

PREVIOUS	**UPDATED**
❑ Net Sales : %130-150	❑ Net Sales : %130-150
- Dry Mortar : Decrease of around 15% *(tonnes based)*	- Dry Mortar : Decrease of around 15% *(tonnes based)*
- Paint & Plaster : Low single-digit volume growth *(tonnes based)*	- **Paint & Plaster : Decrease of around 15%** *(tonnes based)*
❑ EBITDA Margin : Around %20	❑ EBITDA Margin : Around %20
❑ CAPEX : TL 90 -110 mio.	❑ **CAPEX** **: TL 70 -80 mio.**
❑ Net Working Capital/ Net Sales : %10-%15	❑ Net Working Capital/ Net Sales : %10-%15

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