

A close-up photograph of several thick, braided steel cables. The cables are dark grey with red insulation visible between the strands. The text "Everywhere you live in..." is overlaid in white, sans-serif font.

Everywhere you live in...

Investor Presentation, September 2018

# | Leading steel rope & wire producer in Turkey

Founded in	: 1962
Location	: Kartepe,Kocaeli / Turkey
Open Area	: 57.000 m <sup>2</sup>
Covered Area	: 50.000 m <sup>2</sup>
Total Area	: 107.315 m <sup>2</sup>
Production Capacity	: 82.623 Tons / Year
Products	: Steel wire ropes, prestressed : concrete strand, spring wire
Listed in Borsa Istanbul	: 1986 (free-float 22%)
Major Shareholder:	: Doğan Holding (77.65% as of Sep 30, 2018)



- Domestic market leader & strong customer loyalty.
- Experience and know-how as being the first company in the sector with more than 55 years of commitment, since establishment.
- Well known brand worldwide; exports to 42+ countries.
- Specialized in mining, petroleum exploration, fishing, marine, elevator and crane ropes sectors.
- Doğan Group, anchor shareholder, is one of the leading conglomerates in Turkey.
- Commitment for growth: R&D center, established in 2017, will improve efficiency and new product development.
- By being publicly traded company since 1986, committed to develop effective, transparent & accountable corporate governance practices.





**Doğan Holding is the major shareholder of Çelik Halat since 1997**

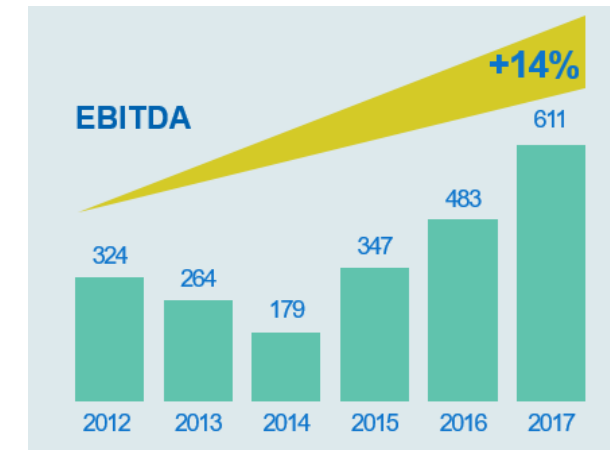
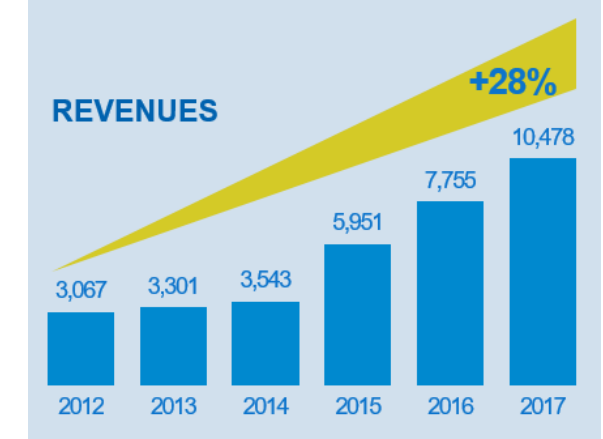
Doğan Group, founded by Aydın Doğan in 1959, is one of the leading groups in Turkey with almost 60 years of experience.

Doğan Şirketler Grubu Holding A.Ş. (“Doğan Holding”), was established in 1980 by Doğan Family.

Doğan Holding companies play a pioneering role in a wide range of sectors, which include the energy, industry, automotive marketing, financial services as well as media and tourism<sup>1</sup>.

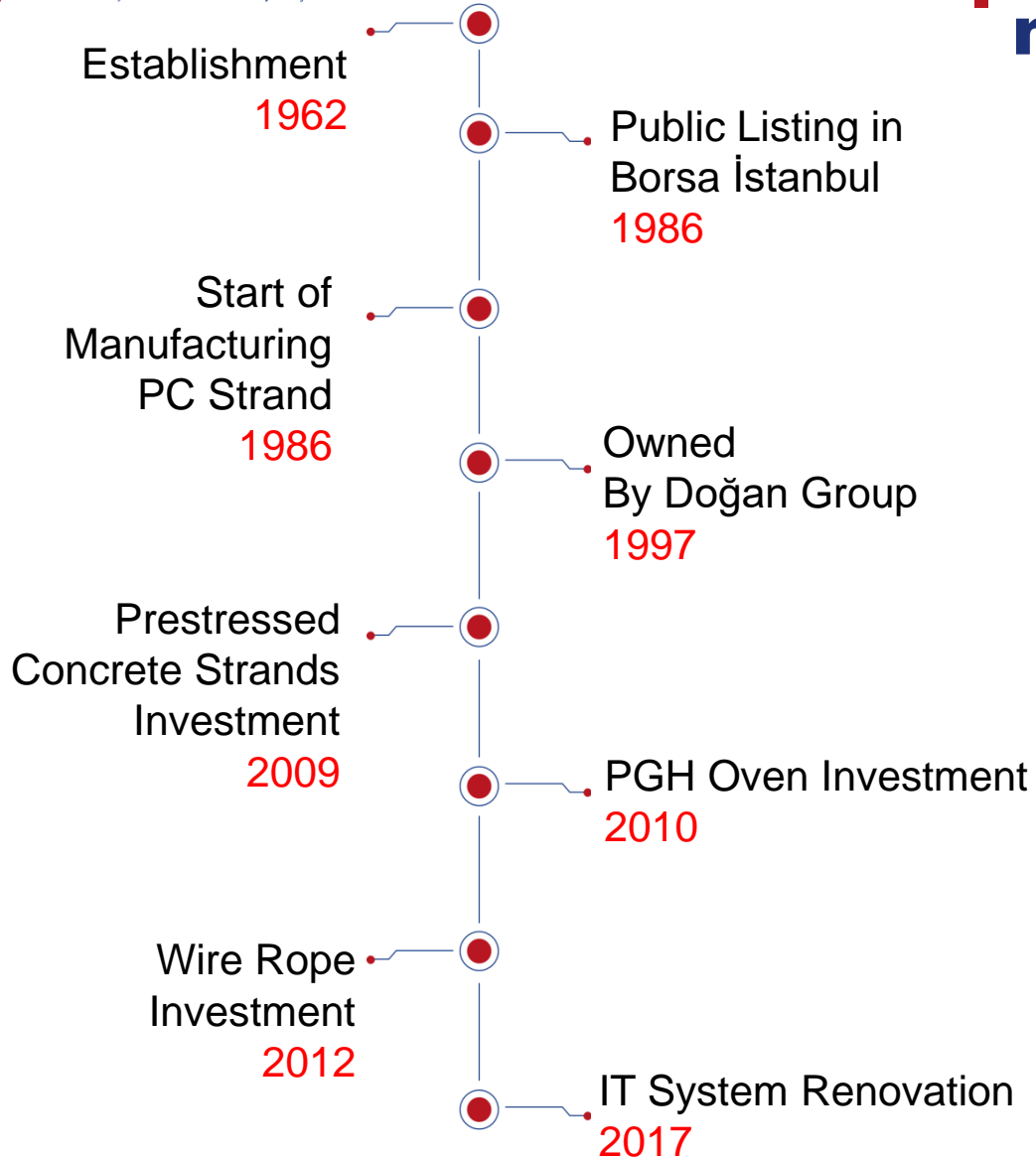
Doğan Holding is registered with the Capital Markets Board and its shares have been quoted on Borsa İstanbul since June 21, 1993. Doğan Holding <DOHOL> is currently BIST 30 & BIST Sustainability Index member.

**Doğan Holding’s Consolidated Revenues & EBITDA (TL mn)**



<sup>1</sup> Doğan Group is also the leading media group in Turkey; fully integrated and 40 years of long-standing position in the sector. But as disclosed; Doğan Holding signed an agreement to sell its all shares in major media assets to Demirören Group on April 6, 2018. The process has completed on May 16, 2018.

**The first company in the sector with  
more than 55 years of experience**





Market leading position & well-known brand



Steel  
Wire Rope



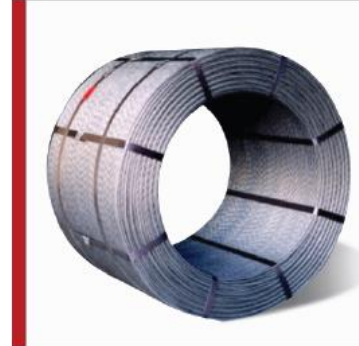
Patented  
Wire



Mechanical  
Spring Wire



Galvanized  
Spring Wire



Prestressed  
Concrete Strand



Wide range of products to suit requirements of mining, petroleum exploration, fishing, marine, lifting, elevator industries and general engineering



**Product Diameter Range:**  
6 - 83 mm

**Surface:**  
Bright or Galvanized

**Core:**  
FC or IWRC



Production according to any international standards such as API (9A License No: 9A-0056), EN, Fed. Spec., BS, JIS.

Regular, Compacted, Swaged, Premium Swaged, Plastic Impregnated



### MECHANICAL SPRING WIRE

Widely used in various industries including automotive and agriculture

Dia. range: 0,35 – 13,00 mm



### GALVANIZED SPRING WIRE

Widely used in white goods and in automotive sectors

Dia. range: 0,35 – 3,80 mm



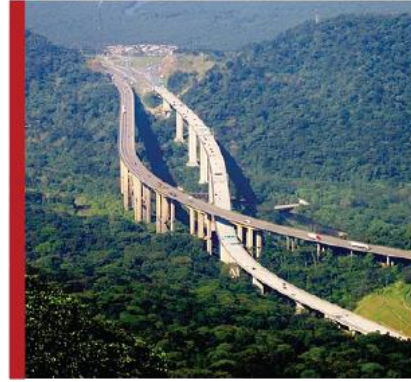
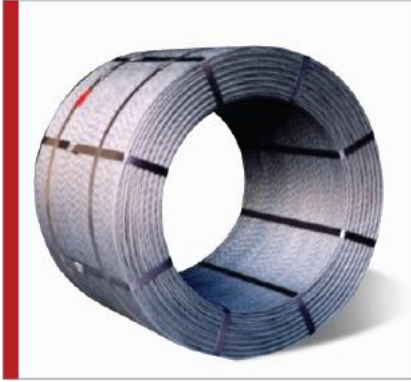
### PATENTED WIRE

Medium and high tensile grades

Patented bright & galvanized wires to be further drawn



# | Prestressed Concrete Strand



- Production according to international standards

**Packing:** In coils around 3300 kg

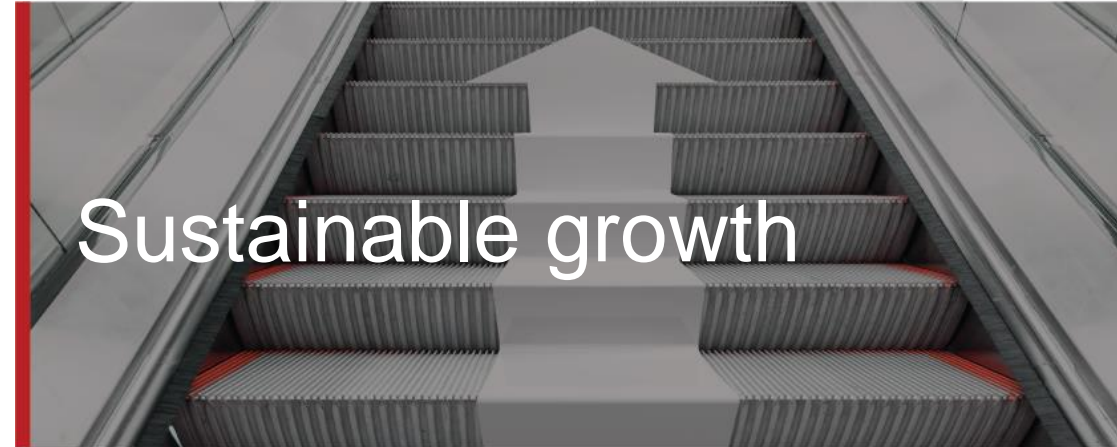
- Prestressed Concrete Strands are mainly used in bridge girders, constructions, anchorages and prefabricated structures.

- R&D center\*, established in 2017, will improve efficiency and new product development.

R&D projects will include:

- Developing a new product class of galvanized wire rope
- Developing wire rope with plastic coated core
- Die design and die engineering
- Producing high tensile compact wire rope

*\*officially accredited as a “R&D Center” on March 26, 2018 by the Ministry of Science, Industry and Technology.*



Investment in wire rope production,  
expected to be operational in 4Q18,  
consists of purchasing of 11 wire rope  
machines from Romania.

This will lead to:

Diversification in wire rope production and  
increasing the share of technological wire:

- Max.18 tons range wire rope
- Non rotating ropes with 24-35 strands
- Pre stretched elevator wire rope

& anticipated to have a positive impact on gross  
margin and EBITDA margin in 2018 & upcoming  
periods.

## | New Investment in Wire Rope



## | Environmental Responsibilities

- Obtained ISO 14001 Environmental Management System Certification
- Weather emission permit was renewed on December 18, 2014, and valid for five years.
- TSE 18001-2014 & TSE 14001-2004 Audits are completed successfully without any inconvenient matter.
- Scrubber of Surface Cleaning was renewed to neutralize acid vapor.
- Received 18001 (OHSAS) Occupational Health and Safety Management Systems





## Certificates

- API ( API 9A License No: 9A-0056- American Petroleum Institute)
- Lloyd's Register
- ISO 9001 / 2015
- ISO 14001 / 2004
- ISO 18001 / 2008

## Memberships

- EWRIS (European Federation of Steel Wire Rope Industries)
- CET (European Wire Manufacturers Committee)
- ESIS (European PC Strand Manufacturers Association)
- TAYSAD (Turkish Automotive Supply Industry Association)
- AWRF (Associated Wire Rope Fabricators)
- IST (Institute of Spring Technology)



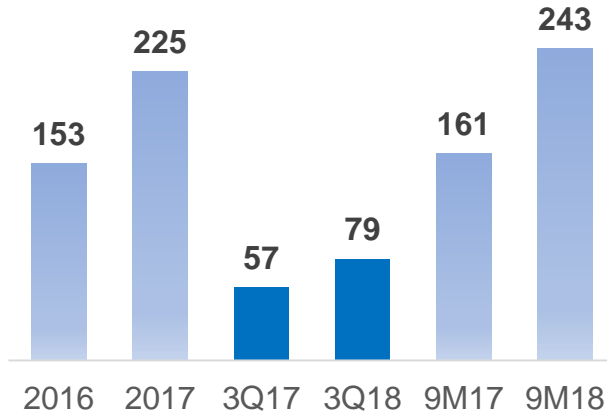
## Certificates and Memberships



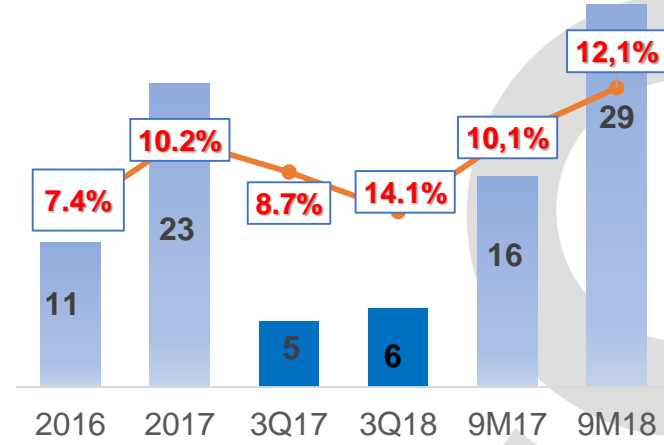


## Financials & Outlook

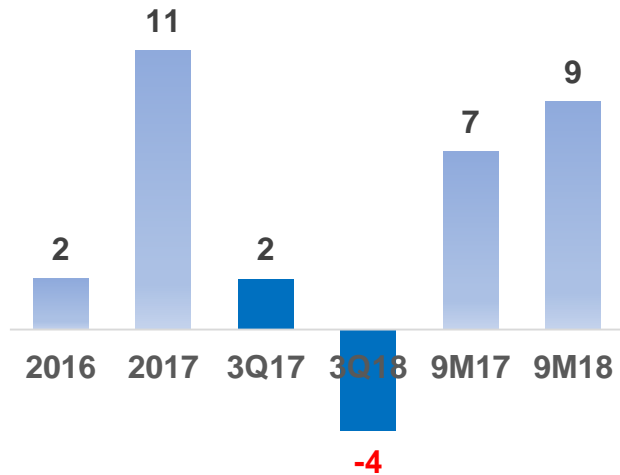
**Revenues (TL mn)**



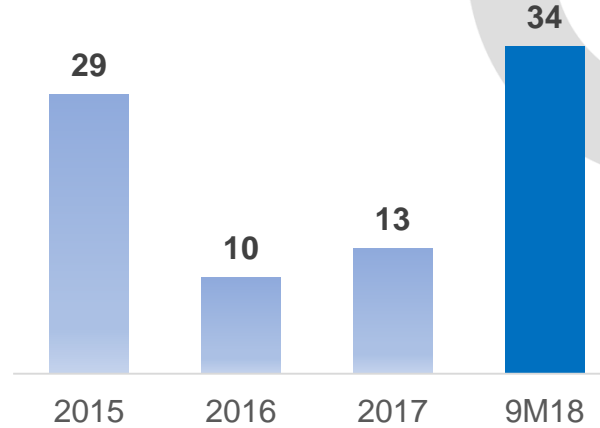
**EBITDA (TL mn) § EBITDA Margin (%)**



**Net Income/(Loss) (TL mn)**

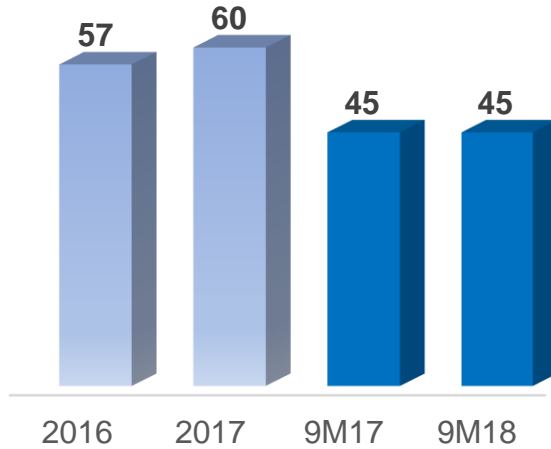


**Net Debt (TL mn)**

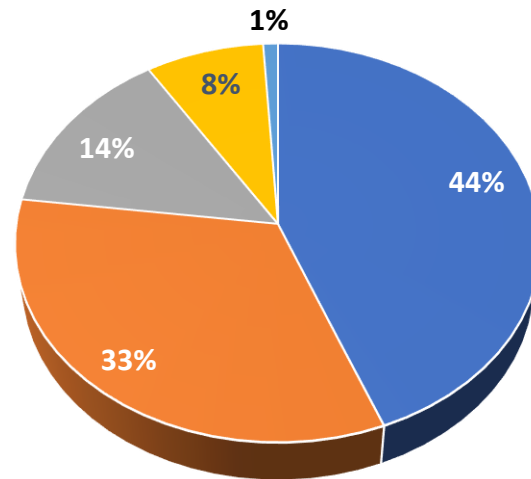


## Exports constitute one-third of revenues

Sales Volume (000 TONS)

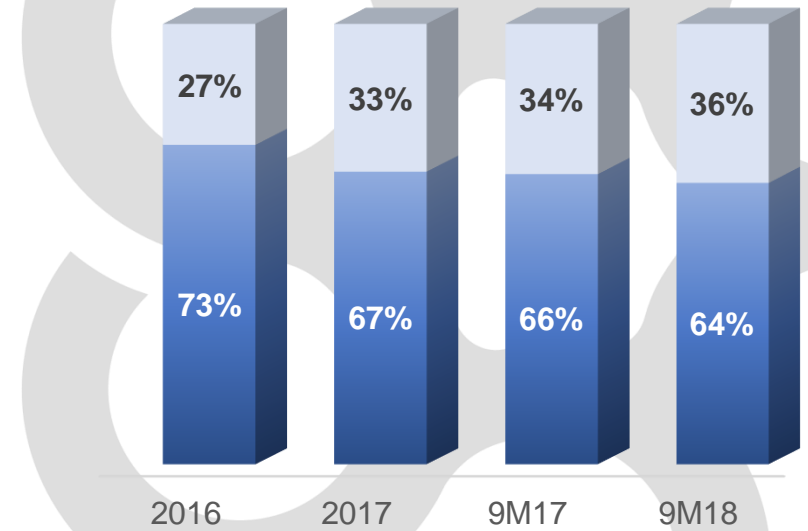


REVENUES BY PRODUCT (9M18)



- Prestressed Concrete Strand
- Steel Wire Rope
- Spring Wire
- Galvanized Spring Wire
- Others

REVENUE BREAKDOWN



\* Breakdown of gross revenues

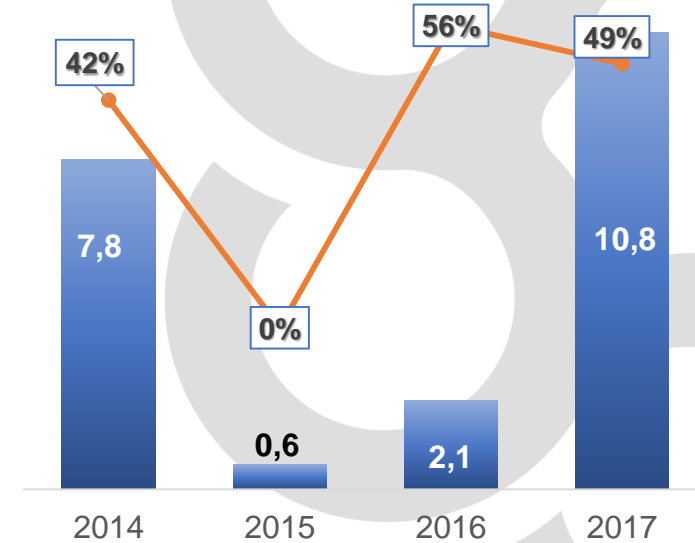
■ Local ■ Exports



# CELHA Stock Info & Dividend History

Market Data	as of Nov 13, 2018
Share price	5.34 TL (0.97 US\$)
MCap	88 mn TL (16 mn US\$)
52 week low/high share price	3.56 TL/ 9.32 TL
Share price perf. (year-to-date in TL)	+43%
BIST100 performance (ytd)	-20%

Net Income (TL mn) & Dividend Pay-out Ratio



\* TL5.3 mn gross cash dividend paid on April 18-20, 2018

## | Market-Leading Position; and well-known brand

- Domestic leader with more than 55 years of experience & strong customer profile
- Globally well-known brand with exports to more than **42 countries**
- Powerful brand that is also used as the generic name.
- Establishment of Celik Halat Netherlands B.V. was completed on Sep 27 which is our %100 subsidiary.

## | Strong Operational Performance

- Top-line and EBITDA growth attained both in 2016 & 2017 and 9m18 yoy.
- Around 85% of revenues based in Euro; support against currency fluctuations
- Ability to reflect raw material price hikes to its prices

## | Further Growth Potential

- New Investment will support revenues & EBITDA
- Ongoing public infra-structure investments and construction sector expected to support demand
- R&D investment will lead to further product developments & efficiency

## | Solid Financial Structure & Cash inflow

- Net debt of only US\$ 5.7 mn as of 30 Sep 2018
- Minimum receivable risk as most of the receivables insured by Euler Hermes
- Minimum working capital need

## | Anchor Shareholder «Doğan Group»

- One of the leading conglomerates in Turkey, operating in energy, industry, automotive marketing, financial services and other various segments

- Focus on maintaining sales volumes in main business lines
- Growth in revenues owing to high value added sales mix, price improvement and currency impact
- Better operational performance expected with the contribution of new investment
- R&D division\*, will help productivity and effectiveness
- Solid financial structure expected to continue
- Establishment of Celik Halat Netherlands B.V.was completed on Sep 27 which is our %100 subsidiary.
- Attended International Wire and Cable Trade fair on April 16-20, 2018 in Düsseldorf,Germany.
- Attended AWRF General Meeting on October 14-17, 2018 in San Antonio,ABD.

*\*officially accredited as a "R&D Center" on March 26, 2018 by the Ministry of Science, Industry and Technology.*

Commitment  
for growth  
and  
sustainable  
value  
creation





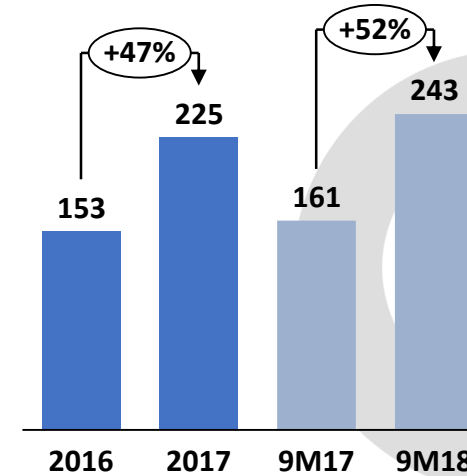
## 9M18 Financial Review



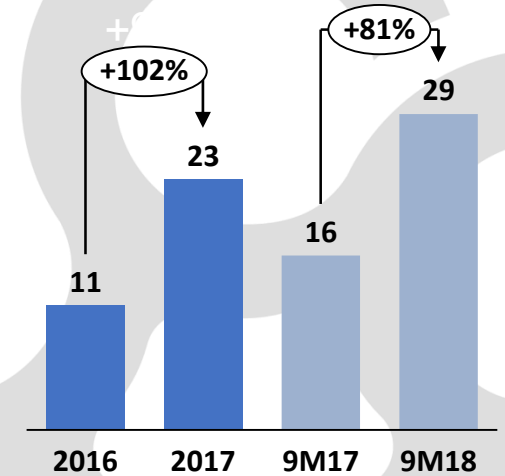
## | 9M18 Results in Brief

- Revenues increased by 52% in 9M18, yoy.
- EBITDA increased by 81% yoy in 9M18 to TL 29 mn; following a strong performance in FY17.
- Net income increased to TL 9.1 mn, vs. 7.3 mn in 9M17, thanks to stronger revenues and profitability.
- Net debt at TL34 mn (US\$5.7 mn) at 9M18-end; vs. TL1.5 mn (US\$0.4 mn) at 9M17.
- TL5.3 mn gross cash dividend paid on April 18, 2018.

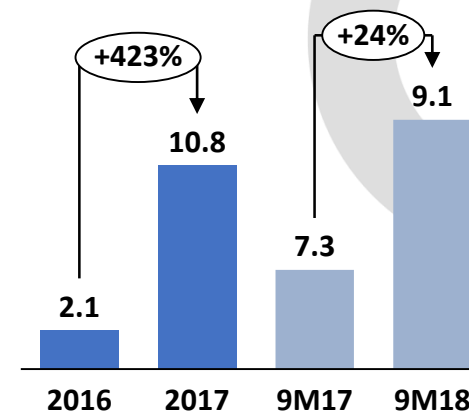
REVENUES (TL MN)



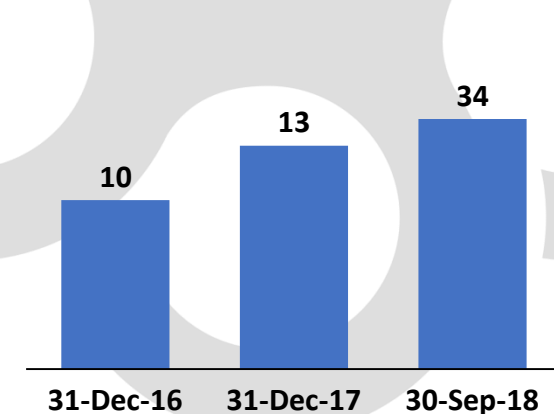
EBITDA (TL MN)



NET INCOME (TL MN)



NET DEBT (TL MN)



Summary Balance Sheet (TL)	Dec 31, 2017	Sep 30, 2018
Current Assets	110.214.023	180.751.236
Non-Current Assets	40.144.194	55.182.055
<b>Total Assets</b>	<b>150.358.217</b>	<b>235.933.291</b>
Current Liabilities	100.942.488	182.479.518
Non-Current Liabilities	6.799.059	6.983.216
Equity	42.616.670	46.470.557
<b>Total Liabilities</b>	<b>150.358.217</b>	<b>235.933.291</b>

Cash & Equivalents	11.225.922	3.678.691
ST Liabilities	24.603.251	38.114.508
LT Liabilities	0	0
<b>Net Debt</b>	<b>13.377.329</b>	<b>34.435.817</b>

Summary Income Statement (TL)	FY16	FY17	Chg YoY	9M17	9M18	Chg YoY
<b>Revenues</b>	<b>152.904.029</b>	<b>225.121.382</b>	<b>47%</b>	<b>160.509.947</b>	<b>243.330.844</b>	<b>52%</b>
Cost of Sales (-)	-131.329.542	-187.106.280	42%	-134.221.701	-187.254.030	40%
<b>Gross Profit</b>	<b>21.574.487</b>	<b>38.015.102</b>	<b>76%</b>	<b>26.288.246</b>	<b>56.076.814</b>	<b>113%</b>
General Administrative Expenses (-)	-7.050.760	-8.663.241	23%	-5.577.246	-9.243.316	66%
Marketing Expenses (-)	-6.526.312	-9.442.786	45%	-6.757.517	-9.513.099	41%
R&D Expense (-)	-	-	-	-	-775.435	
Other Income From Operating Activities	7.735.166	28.552.945	269%	17.900.136	62.359.815	248%
Other Expense From Operating Activities	-9.261.382	-30.894.769	234%	-19.535.437	-74.373.676	281%
<b>Operating Profit / (Loss)</b>	<b>6.471.199</b>	<b>17.567.251</b>	<b>171%</b>	<b>12.318.182</b>	<b>24.531.103</b>	<b>99%</b>
Income / (Expenses) from Investment Activities,net	-	-	-	-	395.390	-
Finance Expense (-)	-3.857.901	-4.165.118	8%	-3.183.971	-13.337.638	319%
<b>Profit / (Loss) Before Taxation</b>	<b>2.613.298</b>	<b>13.402.133</b>	<b>413%</b>	<b>9.134.211</b>	<b>11.588.855</b>	<b>27%</b>
Tax Expense	-554.762	-2.637.063	375%	-1.790.824	-2.454.968	<b>37%</b>
<b>Net Profit / (Loss)</b>	<b>2.058.536</b>	<b>10.765.070</b>	<b>423%</b>	<b>7.343.387</b>	<b>9.133.887</b>	<b>24%</b>
<b>EBITDA</b>	<b>11.387.797</b>	<b>22.958.415</b>	<b>102%</b>	<b>16.173.715</b>	<b>29.332.541</b>	<b>81%</b>
<b>EBITDA Margin</b>	<b>7%</b>	<b>10%</b>	<b>-</b>	<b>10%</b>	<b>12%</b>	<b>-</b>

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forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. The forward-looking statements in this Book speak only as at the date of this Book.

Çelik Halat registered in Turkey maintain its books of account and prepare its statutory financial statements in accordance with the principles and obligations published by the CMB, Turkish Commercial Code, tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance.

US Dollar and/or Euro amounts shown in the presentation have been included solely for the convenience of the reader and are translated from TL as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rates

## | Disclaimer



# Thank You

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