

Kocaer Çelik increased its net profit by 146% YoY in the first 9 months of 2023...

Kocaer Çelik continued its solid performance in the first 9 months of 2023, outperforming the crude steel industry where production and export volumes have been under a declining trend. Total net sales volume of the Company increased by 8.4% in the first 9 months compared to same period of last year and reached 422,543 tons, despite the 32-day production halt during the investment process of Aliğa- A2 factory in May. In line with these investments, the share of high value-added products in the total portfolio is expected to increase in the remainder of the year.

Sales Volume (ton)	9M 2023	9M 2022
I and H Shape Steel Profiles	38,044	22,211
Value Added Steel Profiles	164,802	163,413
U and C Shape Steel Profiles	65,167	50,224
Structural Steel Profiles	154,530	153,778
Total Sales Volume*	422,543	389,626
Value Added Products/Total Sales Volume	39%	42%

* Excluding other sales

The Company increased its total sales revenues by 32% compared to the same period of last year to 8,881 million TL, despite the contraction in the Turkish steel industry and the global decline in steel prices. The company mainly prefers order-based production and works with minimum product and raw material stock.

Sales Revenues (000 TRY)	9M 2023	9M 2022	Change (%)
Domestic Sales Revenues	2,653,534	1,544,302	72%
Global Sales Revenues	6,164,630	5,201,221	19%
Net Sales Revenues	8,880,650	6,747,358	32%

On the back of quarterly increase in sales volume and effective cost management, the Company managed to maintain the upward trend in gross profit margin during the third quarter of the year. The Company's gross profit margin increased to 23.6% in 3Q 23 from 20.4% in 2Q 23. In parallel with gross profitability, EBITDA margin also increased compared to the previous quarter and reached 17.5%. The company registered a total operating profit of 1.58 billion TL in the first 9 months of 2023.

On the other hand, financial expenses decreased significantly in 9M 2023 compared to the same period of last year and amounted to 520 million TL. With the contribution of both the increase in sales revenues and margins and the sharp decrease in financial expenses, the company managed to increase its total net profit from 454 million TL to 1,116 million TL in the first 9 months of 2023, increasing by 146% y/y.

Sound debt structure was maintained in 3Q 2023

The Company maintained its sound and balanced debt structure during the first 9 months of 2023. Total financial debt amounted to 3,172 million TL as of end of September 30, 2023. Meanwhile effective financial management brought the net financial debt to adjusted EBITDA ratio from 1.28 in 2Q to 0.86 in 3Q, despite the continuous investment expenditures.

Financial Debt (000 TRY)	9M 2023	2022 YE	Change (%)
Short Term Borrowings	2,697,638	1,499,563	80%
Short Term Portions of Long Term Borrowings	74,031	159,068	-53%
Long Term Borrowings	400,323	351,258	14%
Total Borrowings	3,171,993	2,009,889	58%
Cash and Cash Equivalents ¹	1,639,325	947,471	73%
Net Financial Debt²	1,532,667	1,062,419	44%

Summary Consolidated Financial Tables

Summary Consolidated Balance Sheet (000 TRY)	9M 2023	2022 YE	Change (%)
Current Assets	7,034,342	4,243,790	66%
Fixed Assets	3,458,587	3,057,687	13%
Total Assets	10,492,929	7,301,477	44%
Short Term Liabilities	5,690,590	3,551,871	60%
Long Term Liabilities	660,313	462,809	43%
Equity	4,142,026	3,286,798	26%
Total Liabilities and Equity	10,492,929	7,301,477	44%

Summary Consolidated P/L (000 TRY)	9M 2023	9M 2022	Change (%)
Net Sales	8,880,650	6,747,358	32%
Gross Profit	1,821,183	1,565,471	16%
Operating Profit	1,584,787	1,240,467	28%
Financial Expenses (net)	(520,003)	(721,753)	-28%
Profit Before Tax	1,358,323	568,949	139%
Net Profit	1,115,926	453,655	146%
EBITDA	1,672,719	1,296,773	29%
Adjusted EBITDA ³	1,375,060	1,164,208	18%
Main Ratios (%)	3Q 2023	2Q 2023	1Q 2023
Gross Profit Margin	23.6%	20.4%	16.4%
Adjusted EBITDA Margin	17.5%	16.1%	12.0%
Net Profit Margin	9.5%	23.0%	6.7%
Net Financial Debt/A.EBITDA(x) ⁴	0.86	1.28	0.79

¹ Marked to market financial assets have been included.

² Calculated as Short Term Financial Debt+Short Term Portions of Long Term Financial Debt+Long Term Financial Debt -Cash and Cash Equivalents

³ Other operating revenues and expenses have been excluded from EBITDA calculation.

⁴ Calculated with trailing A.EBITDA