

## Kocaer Steel 1Q 2026 Earnings Webcast Transcript

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Welcome and thank you for joining us today for Kocaer Steel's first quarter 2026 earnings call.

This is Nursel, Group Chief Strategy, Business Development and Capital Markets Officer of Kocaer Steel. Today, I'm joined by our Vice Chair and General Manager Mehmet Cakmur, to take you through the presentation and answer your questions during the Q&A session.

Our presentation on 2026 first-quarter financial results contains the Company's unaudited financial information prepared according to Turkish Financial Reporting Standards by application of IAS 29 inflation accounting.

Please note that our presentation may include forward-looking statements and assumptions based on the current business environment, which are subject to change.

Now, I would like to begin with a brief overview of the major developments that has affected our Company's performance in the first quarter of the year.

Let's start on **slide 2** with some key indicators about the global steel sector.

As you may remember, 2025 was a challenging year for the global steel industry. Main themes of the year were increased protectionist measures, a supply surplus originating from China that strained market balances, and relatively tight monetary policies putting pressure on demand. In the first quarter of this year, global steel production showed some softness with a limited decline of 2.3%, while we continued to observe regional differences. The fact that more than half of the production is carried out by China reveals that competition in the sector remains structurally intense.

Moving on to **slide 3**, you can see that the Turkish steel sector had a relatively strong start to the year.

Turkey maintained its position as the 7<sup>th</sup> largest steel producer in the world and steel production continued its upward trend in the first quarter with 5.3% growth, reaching approximately 9.7 million tons. Similarly, at Kocaer Steel we realized around 7% growth in production volumes in the first quarter.

Softness in global demand as well as the difficulties in transportation was reflected in the volume of Turkey's steel exports, despite continued market diversification capability and competitive resilience of the sector. Accordingly, in the first quarter, Turkey saw a 6.8% drop in steel export volume. Kocaer export volume decreased 18% in the first quarter, because there are no sales to the US this year with the introduction of tariffs since June 2025, compared to sales to the US last year. Also, we would like to note that the shipments were delayed in March this year due to the inability to locate ships caused by the war. Therefore, some of the sales have shifted to the second quarter.

On **slide 4**, you can see sales volumes at Kocaer Steel.

In this challenging and highly competitive global environment, Kocaer Steel seized opportunities, mainly thanks to the flexible production capabilities and broad product portfolio.

Thanks to the strong integration of our operational capabilities with our production processes, we have solidified our position as a preferred solution partner, with our product portfolio that requires high strength and is resistant to challenging and variable climatic conditions. This approach continues to be one of the key elements supporting our value-added export capacity. This performance, achieved during a period of increasing geopolitical uncertainties and trade barriers in global trade, clearly confirms the resilience of our business model.

In sum, in the first quarter, our company saw a 4% y/y decrease in total sales to 144,645 tons. We would like to note that the shipments were delayed in March due to the inability to locate ships caused by the war. Therefore, due to the delays in shipments, some of the sales have shifted to the second quarter.

Moving on to **slide 5**, I would like to remind our sales channels. As you know, we have sales representative offices in the US, Italy, Egypt, Peru, Colombia, and Morocco to support our global distribution network, while the primary international distribution and logistics hubs are structured through Kocaer Steel UK and Kocaer Steel Ireland.

Here, on **slide 6**, we provide the geographic breakdown of our sales in the first quarter of the year. Domestic sales performed strongly in the first quarter, accounting for 34% of total revenue. This growth was driven by our collaboration with Turkey-based project and contracting firms engaged in export activities. We supplied products to these companies for their overseas power transmission projects. As a result, despite a relatively lower share of direct international sales, FX-linked sales continued to represent 90–95% of total revenue.

Our company, which exports to almost 140 countries, has an international sales revenue distribution that is relatively balanced across regions. North Africa continued to account for the largest share, at 44% (*FY2025: 41%*), followed by America with 28% (*FY2025: 26%*). Europe contributed 12% (*FY2025: 15%*), while the UK represented 7% (*FY2025: 5%*). The Middle East holds a smaller share at 6% (*FY2025: 10%*), due to obvious reasons of the war and as I mentioned the delays in shipments, and other regions make up the remaining 3% (*FY2025: 3%*).

As we show on **slide 7**, the share of value-added products made up around 46.6% of the sales volume, accounting for the highest share.

Looking at the financial performance, let's begin with the details of the first quarter financials on **slide 8**. The graphs on this slide show the key highlights of the quarter. We recorded TL 5 billion revenue, TL 715 million EBITDA and TL 119 million net profit (*attributable to the parent*). The decrease in revenue in inflation adjusted TL terms mainly stemmed from the inflation-TL depreciation difference of around 10% (31% inflation vs. 21% TL depreciation y/y), lower pricing and 4% sales volume decline. EBITDA margin was almost stable at 14.1% in the first quarter, despite the absence of sales to the US this year. Net profit was suppressed by deferred tax expense this year (*c.TL 100 million impact y/y*). As you know, while inflation accounting is applied under TFRS, it is not being applied under Statutory tax accounts. Additionally, the difference between inflation and TL depreciation was also effective on almost all income statement items.

Zooming into the EBITDA performance on **slide 9**, you can see the development of quarterly EBITDA margin and EBITDA/ton figures. Note that all figures on this slide are comparable, since they are shown as at the end of March 2026 purchasing power. Accordingly, EBITDA per ton and EBITDA margin was \$111 and 14.1%, respectively, in the first quarter of the year. Meanwhile, we have provided the EBITDA per ton figures that we announced in our 2025 earnings presentation, where the figures are as at the end of the December 2025 purchasing power and hence lower than the figures presented here. All in all, even under challenging market conditions, these results highlight our operational resilience and confirm the robustness of our business model.

Moving on to **slide 10**, I would like to walk you through our solid financial structure. Our net debt position was TL 2.9 billion (*equivalent to \$66 million*) as of the end of March 2026, lower than our trailing (last 12 months) EBITDA of TL 3.3 billion. Accordingly, our net debt to EBITDA ratio was at 0.9x, indicating a low financial leverage. In line with risk management, we also monitor developments in our net working capital very closely. We would like to highlight our previous comment about the delay in shipments at the end of March, due to the inability to locate ships caused by the war. Therefore, inventory levels seem to

temporarily be risen by around \$15 million at the end of March, as some of the sales have shifted to the second quarter, which broadly explains the increase in our net working capital and net financial debt.

On **slide 11**, let's briefly discuss our foreign exchange (FX) position. As at the end of March this year, we had a short FX position of \$27 million, which is narrower than the c.\$59 million figure at the end of 2025. As you know, we also include inventory within our FX position calculations, due to the nature of our business model. Accordingly, adding inventory, we come up with a long FX position of \$71 million as at the end of March 2026, which we feel comfortable. Note that, our net FX position including inventory was \$5 million (-\$101 million excluding inventories) as of the end of March 2025.

Finally, on **slide 12**, you will see a snapshot of our first quarter financial performance, summarizing the developments we mentioned in the previous slides.

Now, I would now like to hand it over to Mehmet Bey to share concluding remarks.

### **Mehmet Cakmur**

As a summary;

The first quarter of 2026 was not an easy period for steel exporters. Uncertainties, rising costs and growing risks were real challenges.

In these circumstances at first quarter of 2026, we maintained our focus on value creation, supported by disciplined balance sheet management.

This morning, we also announced our Board's proposal for the distribution of 2025 profits. Subject to Annual General Shareholders Meeting (AGM) approval, we plan to distribute TL 325 million in gross dividends, equivalent to TL 276 million net, after withholding tax.

At Kocaer Steel, our priority is clear:  
to further strengthen our integrated and agile production structure, while accelerating digitalization and advanced manufacturing to enhance operational excellence.

At the same time, we will continue to pursue sustainable and balanced growth by expanding our presence in global markets.

We do not expect global trade uncertainties to fully disappear in the near term.

We approach the period ahead with cautious confidence, and we are determined to further strengthen Kocaer Steel's position within an evolving global landscape.

I would like to thank our stakeholders for their continued trust and confidence.