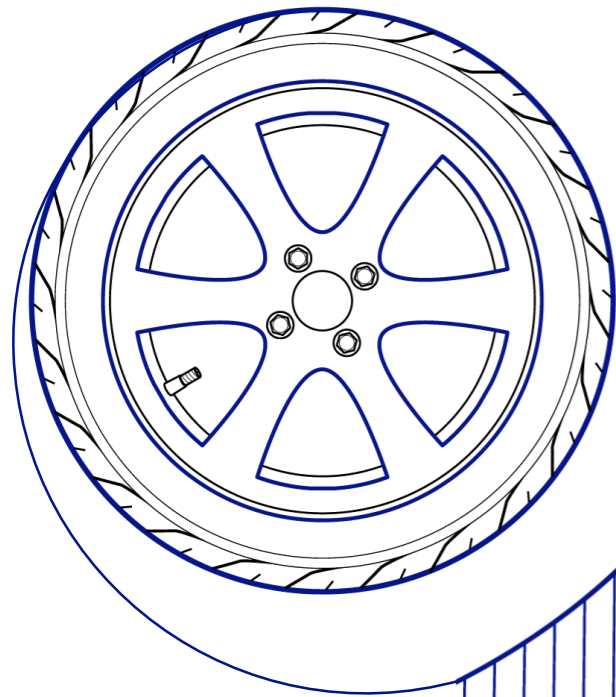


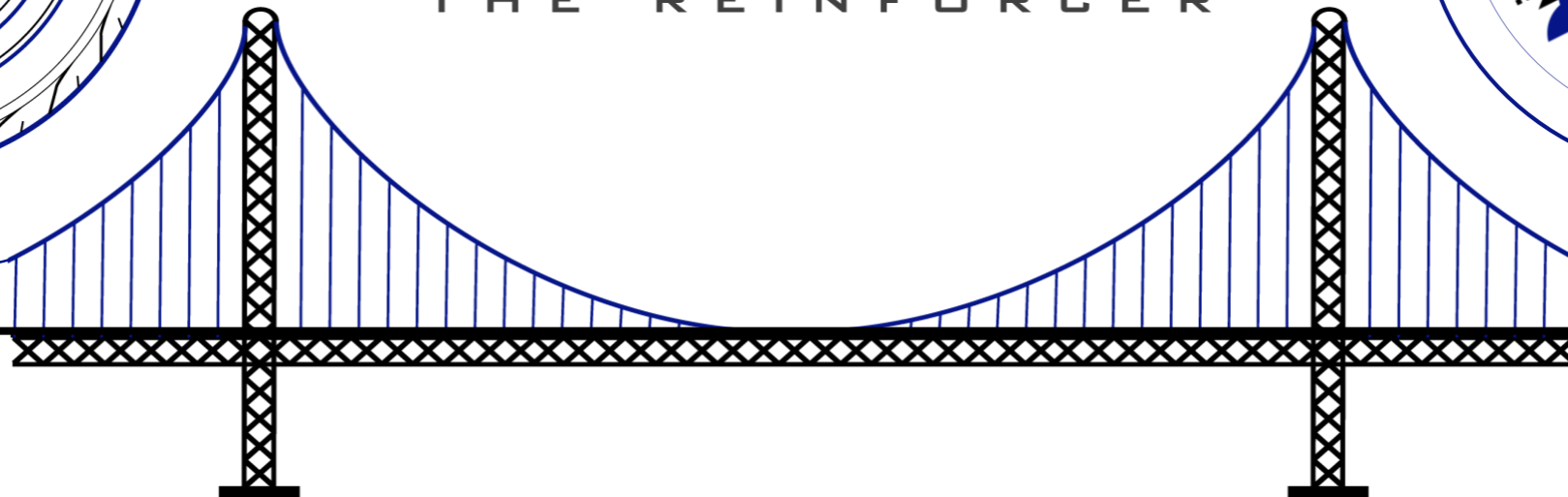
Sabancı Holding Industrials Day

November 29, 2019





THE REINFORCER



Kordsa Investor Presentation

Nov, 2019

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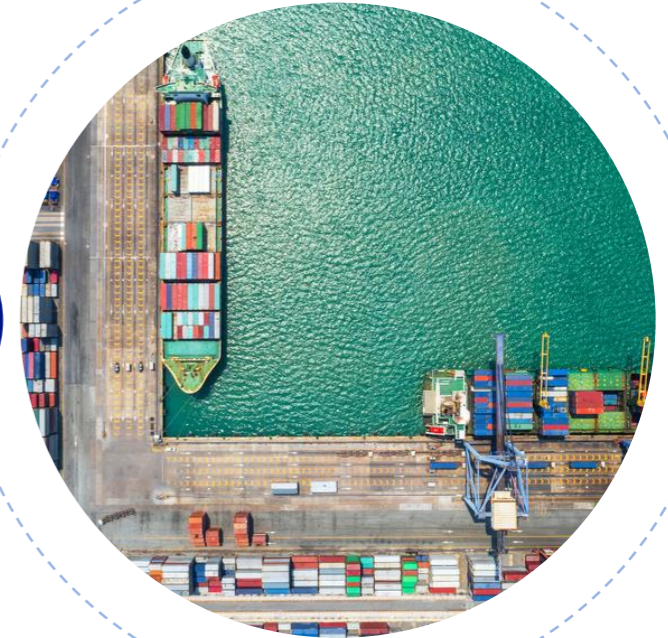
Global Footprint

4 continents
12 facilities

~4,500
employees

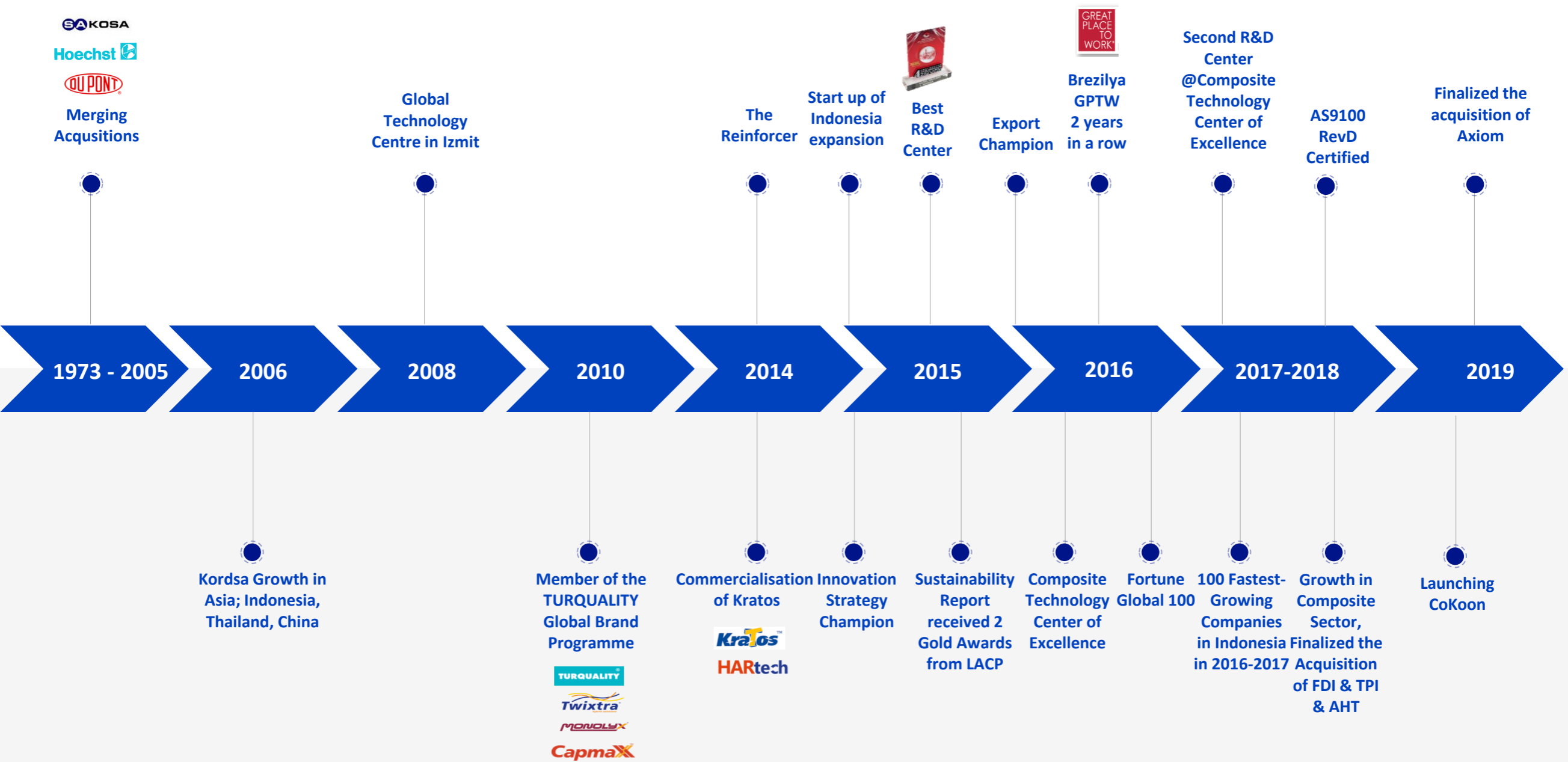
2 R&D
Centers

788 patent applications
188 patents
186 inventions

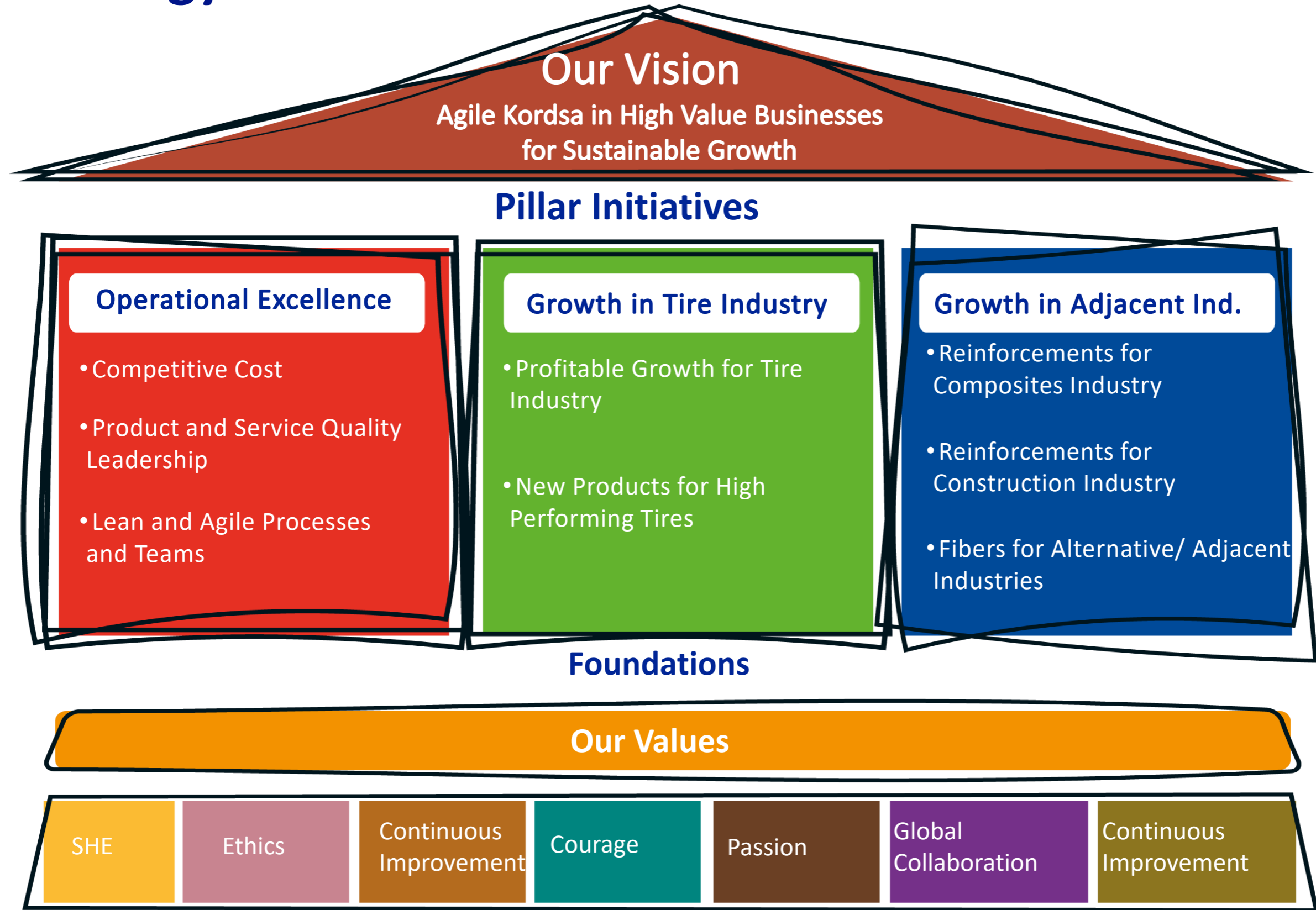


WE REINFORCE LIFE

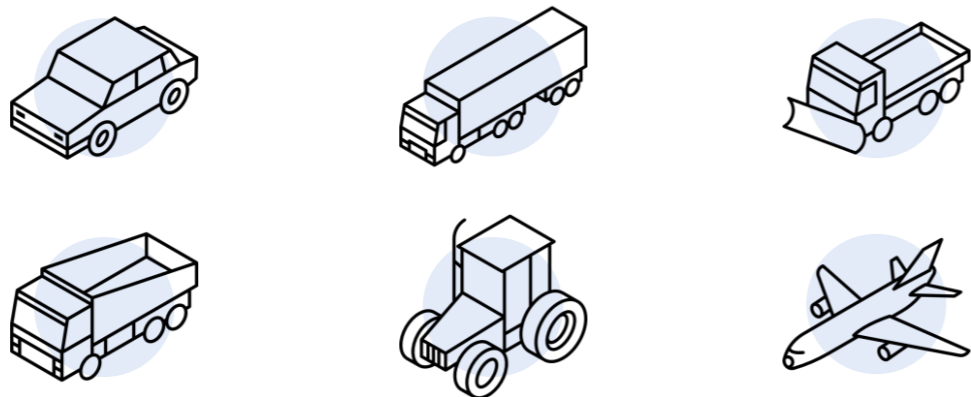
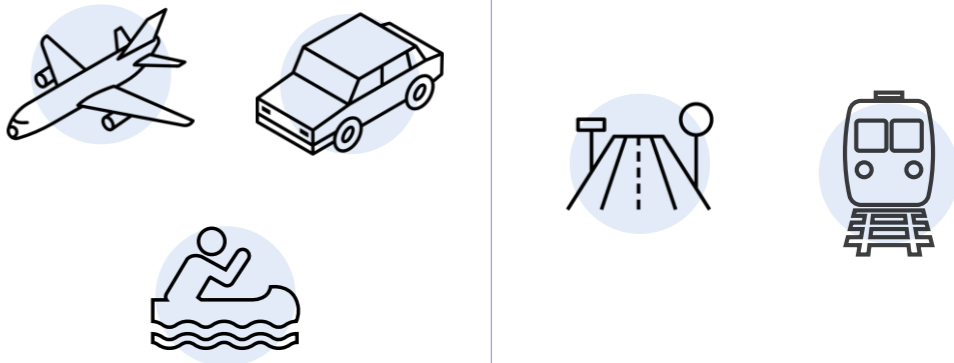


















Milestones



Strategy House



Kordsa in Brief

Description	Tire cord fabrics (“TCF”)	Next generation fabrics	Composite	Construction
	<ul style="list-style-type: none">Nylon and polyester based tire reinforcement fibers and fabrics for radial and bias tiresGlobal #1 by revenue/ #2 by capacity @ NY66 TCFGlobal #2 by revenue / #3 by capacity @PET TCF	<ul style="list-style-type: none">Textile reinforcement materials for green tiresHigh performance MonofilamentsGreen Products with Resorcinol Formaldehyde Free DippingHighly engineered hybrid cords with superior properties	<ul style="list-style-type: none">Carbon fiber, aramid, hybrid fabrics, and pre-pregsProduction technologies for composite materialsHigh value added thermoplastic and thermoset resins	<ul style="list-style-type: none">Macro and micro fibers for concrete reinforcement
End markets				
Selected end-market participants	<div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div></div> <div><div></div><div></div></div> <div><div></div><div></div></div> <div><div></div><div></div></div>			

Must Win Battles

1. Operational Excellence

- a. Continue TPM implementation at every site for zero incident, zero defect, zero downtime
- b. High capacity utilization and/or optimisation at all entities
- c. Local Talent Development for cost and productivity

2. Profitable Growth in Tire Industry

- d. Focus on high value added segments
- e. Investing for smart plant, deployment of Industry 4.0 developments to support growth - future plant concept
- f. Continuous Renewal of Product Portfolio – new product revenue and increase approval base

3. Profitable Growth in Adjacent Industries

- g. Ramp up Composite Reinforcement Business and complete inorganic growth
- h. Ramp up Construction Reinforcement Business - PP line start up and global collaboration/ partnership
- i. Find out Alternative end uses for NY6.6

Focus on tire industry for profitable growth, selectively grow adjacencies



Overview of The Tire Cord Fabric Value Chain

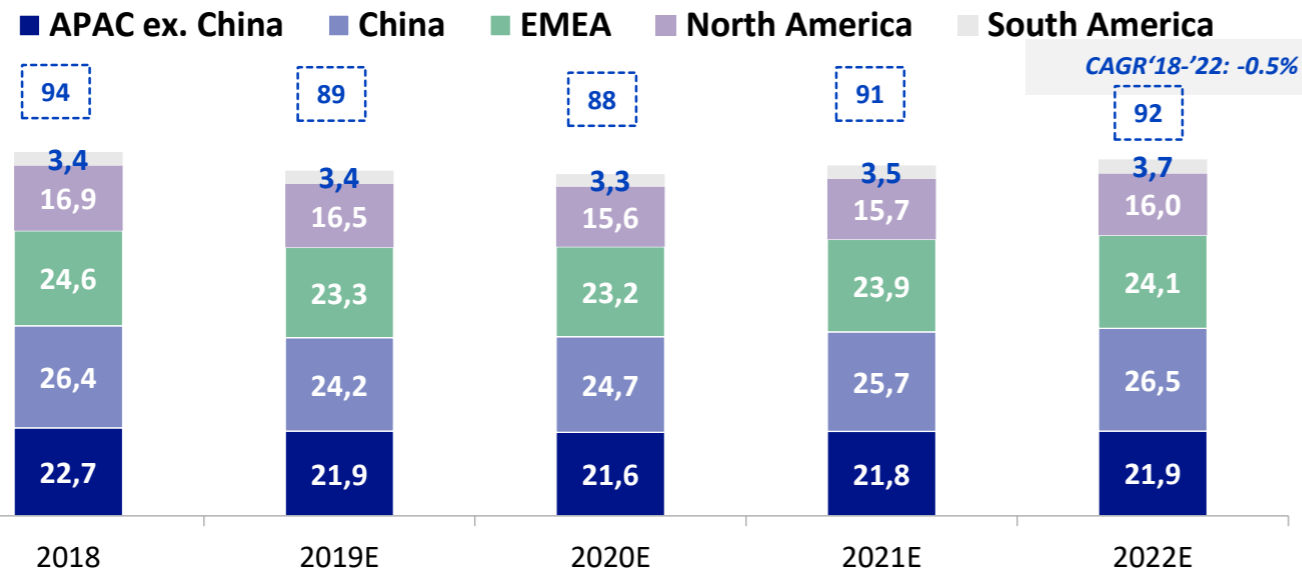


Kordsa fabrics are developed for specific requirements and are custom made

Market Dynamics – Tire Cord Fabric

Global Automotive Market

Global LV Assembly – M Units / Year



North America

Production decrease 2.5% in 2019 (vs 2018)

South America

Production decrease 1.0% in 2019 (vs 2018)

EMEA

Production decrease 5.0% in 2019 (vs 2018)

APAC excl. China

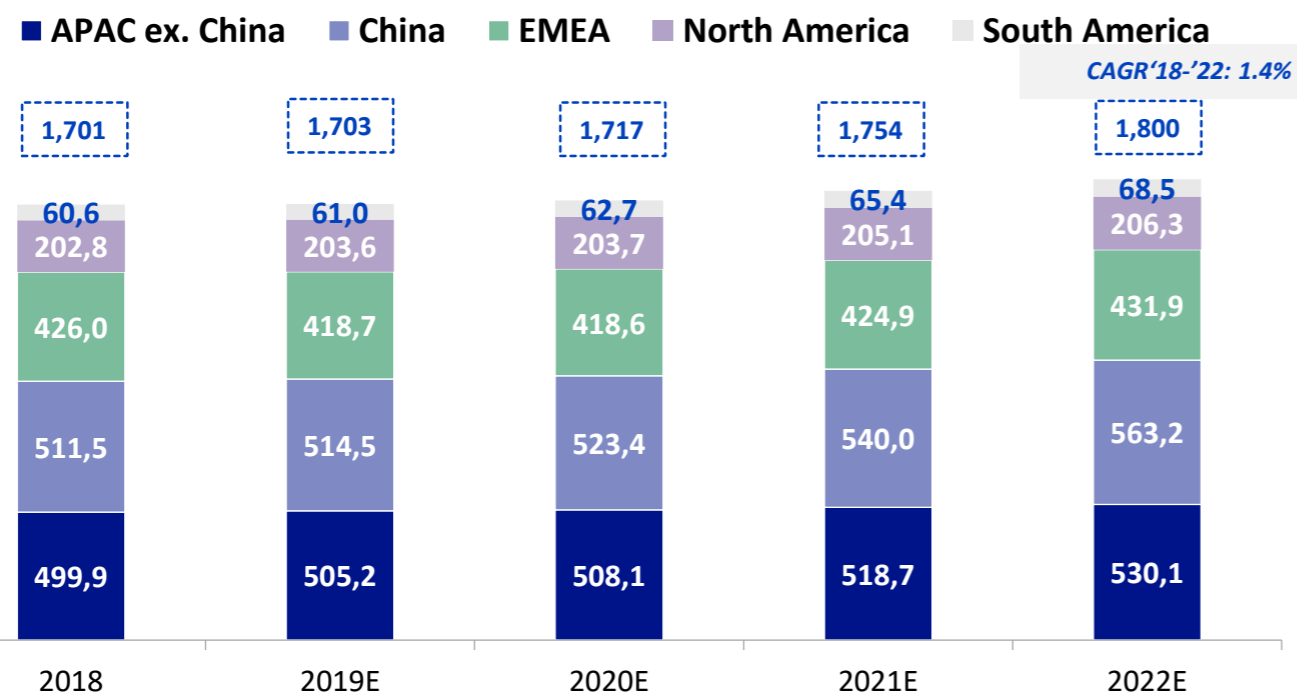
Production decrease 3.6% in 2019 (vs 2018)

China

Production decrease 8.5% in 2019 (vs 2018)

Global Tire Market

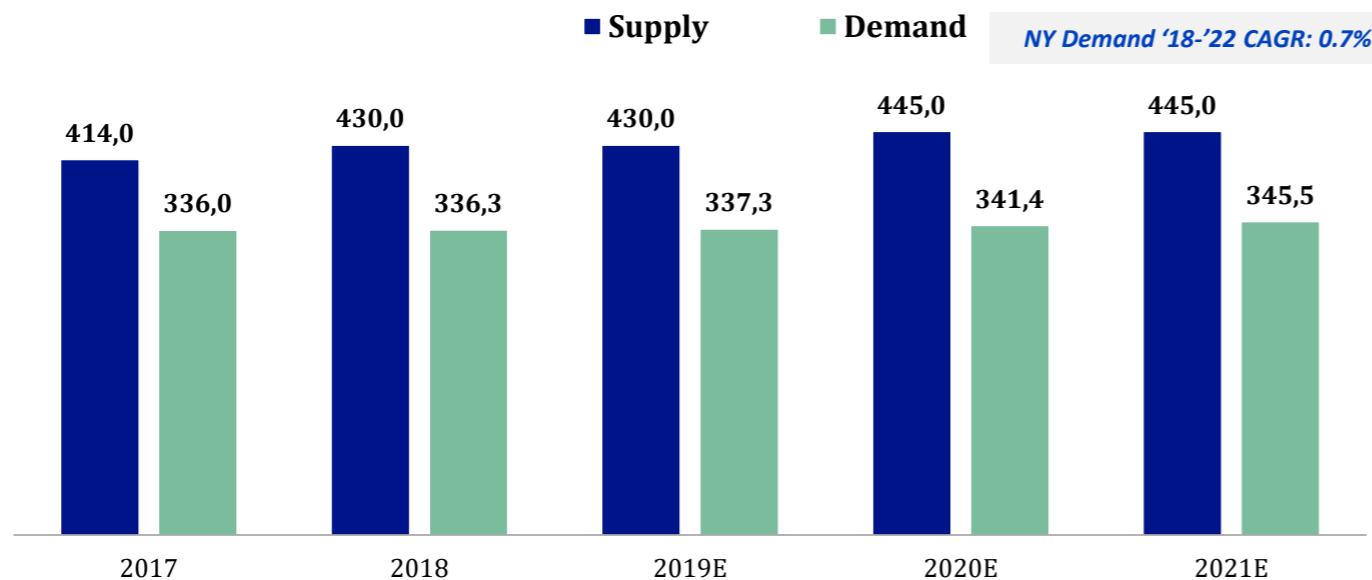
Global LV Tire Production – M Units / Year



- OE: Sales in 2019 were 5% lower than 2018, with declines in all regions
- Replacement: Worldwide replacement tire market to increase about 1%. The ADD (anti-dumping duty) against China is leading to increased investment and exports from other low cost producers, particularly in ASEAN.

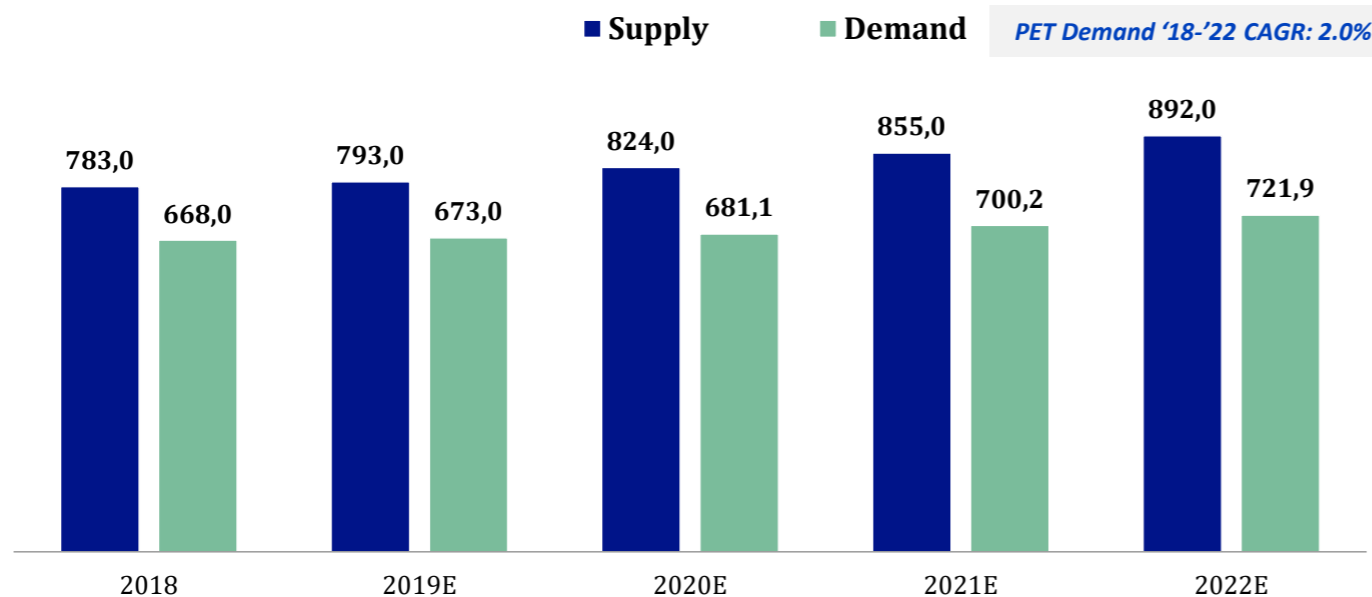
Market Dynamics – Tire Cord Fabric

Tire Reinforcement Market (NY6.6)



Source: Company Estimates

Tire Reinforcement Market (PET)



Source: Company Estimates

Nylon 6.6

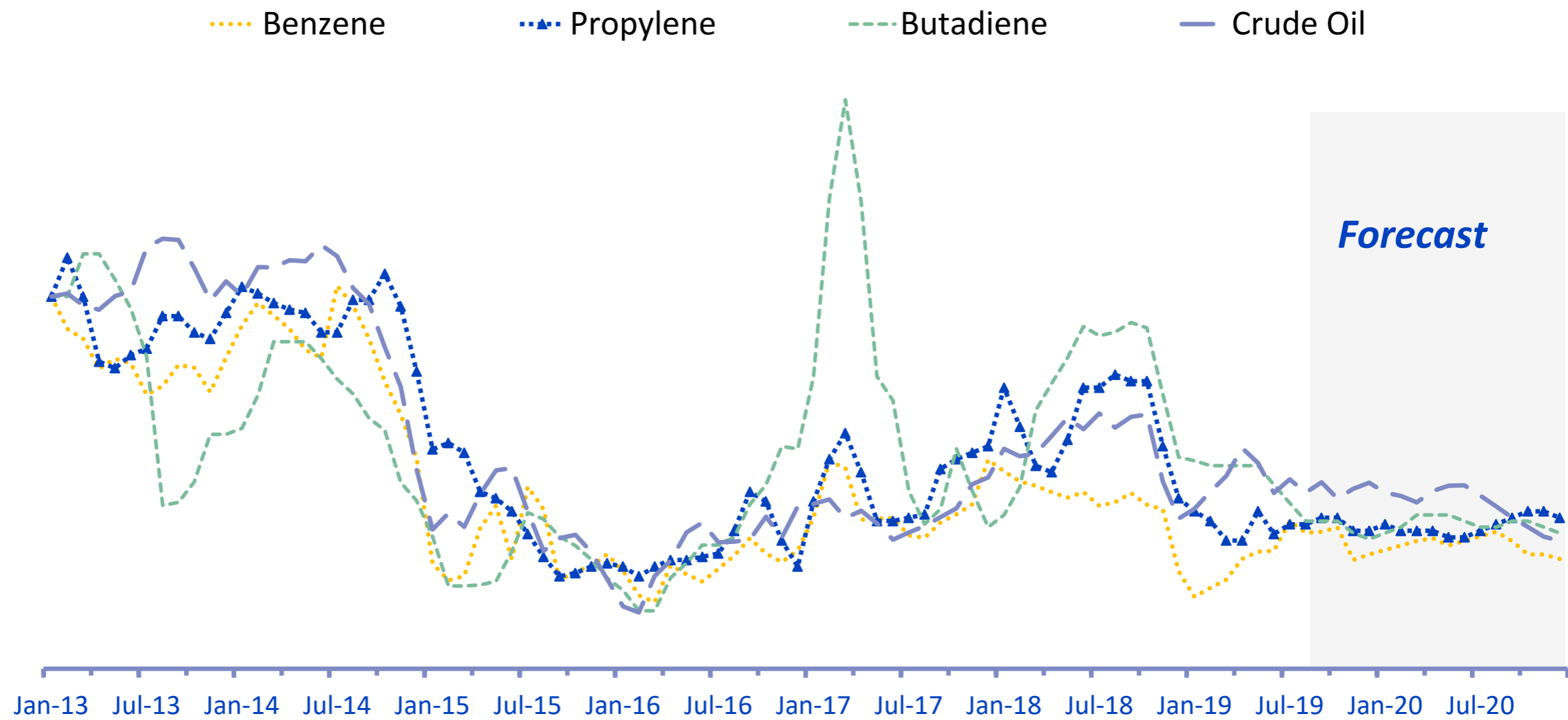
- Utilization rates lower compared to previous years
- Engineering plastics is affected by Automotive markets' slow down
- Switching to NY66
- Market slow-down is reflected to market estimations. NY66 demand increase updated as 0.7%

PET HMLS

- Consolidation by Indorama (acquiring PF Kaiping, Glanzstoff, Durafiber)
- Increasing PET usage in Tire
- Market slow-down is reflected to market estimations. PET demand increase updated as 2.0%

RM Price Drivers – Tire Cord Fabric

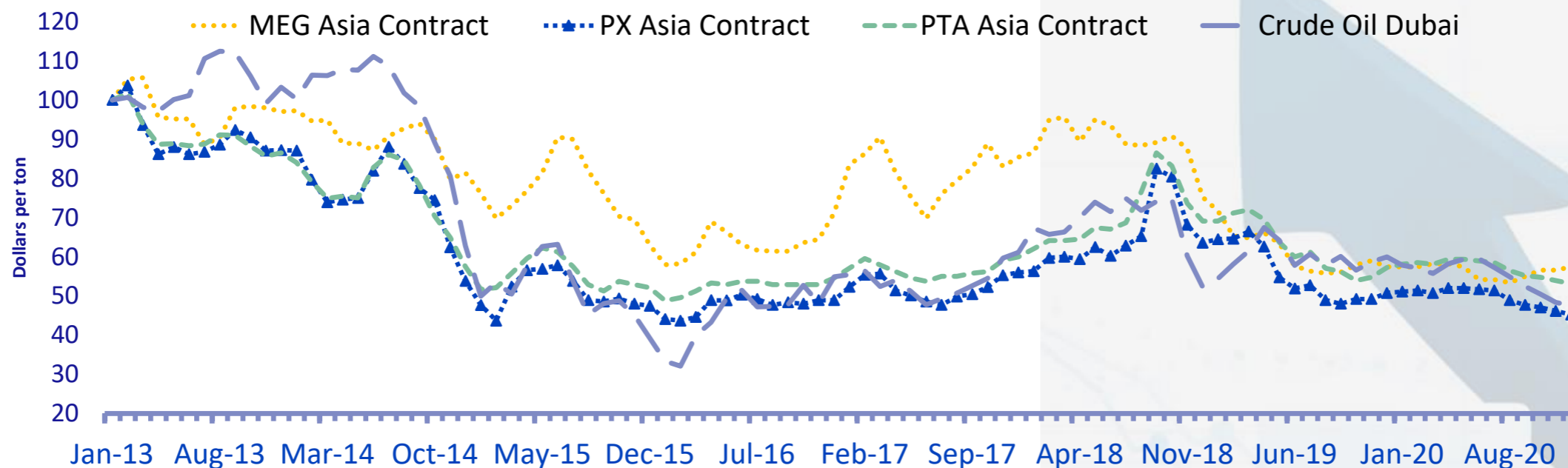
NY Raw Material Trend (Indexed)



Source: Company Estimates

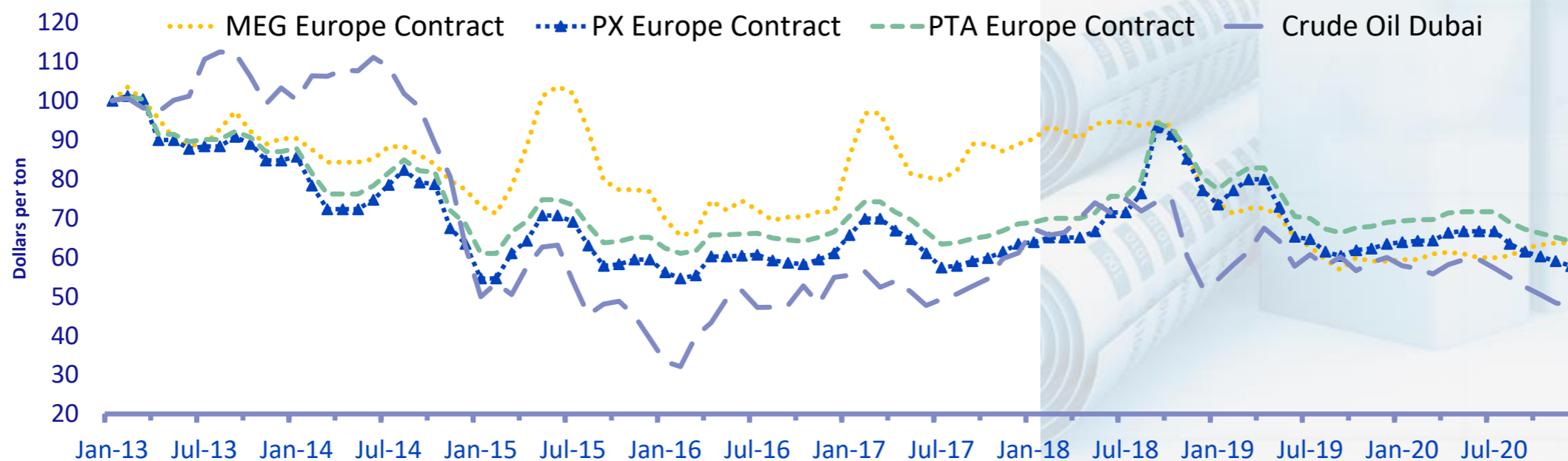
RM Price Drivers – Tire Cord Fabric

PET Feedstock Asia



Source : IHS Markit

PET Feedstock West Europe



Further Growth Opportunities: Composite

Mid-term opportunity: composites reinforcement



Current status

- Composite Technologies Center of Excellence opened in 2016 (~30 MM\$ investment)
- Ongoing development programs & joint projects with aerospace & automotive customers and major universities in both Turkey and Europe.
- Our target markets are Aviation, Automotive, Maritime and also Rail Systems

Buy & Build

- Finalized acquiring Axiom Materials which provides advanced composite materials to the aerospace industry as well as the next generation transportation vehicles in the US in 24th July, 2019
- 280 M\$ acquisition expenditures in the last two years can help us to create 150 M\$ annual sales.
- Potential M&A targets are always under consideration

Overview of The Composites Value Chain



- Composites use in aerospace & automotive is increasing, due to improved material properties and weight savings over conventional materials
- «Lightweighting» is a major theme, driven by emission regulations as well as fuel-efficiency needs

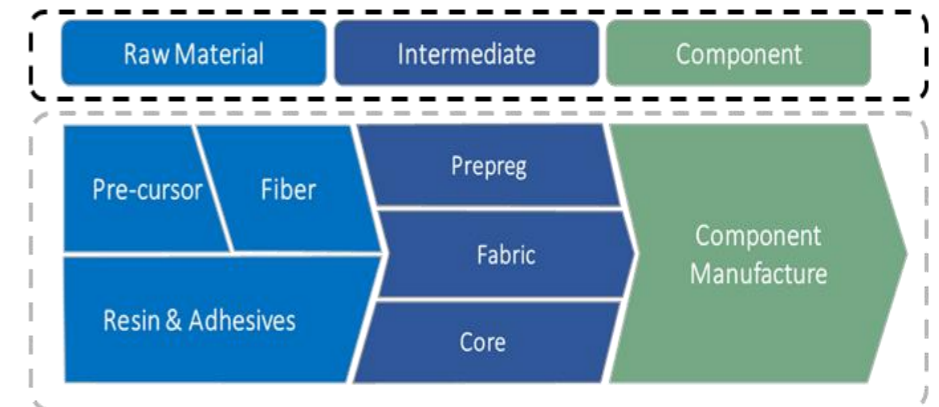
Kordsa fabrics and prepregs offer cutting edge solutions for aerospace & automotive markets

Overview of The Composites Value Chain

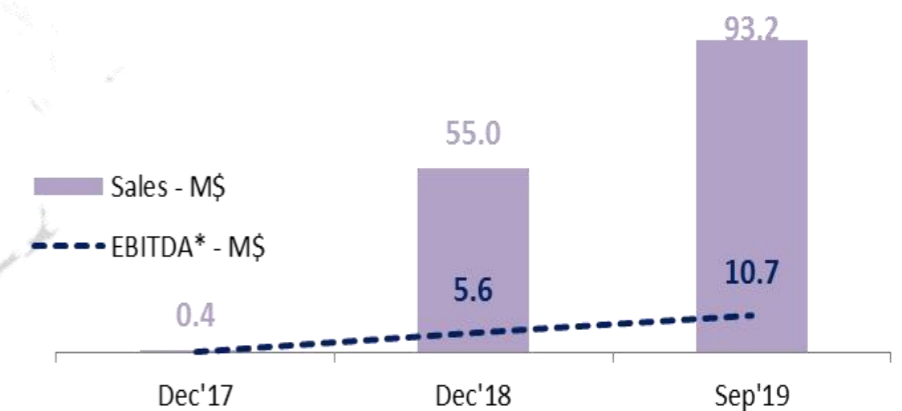
Composite Footprint



Composite Value Chain



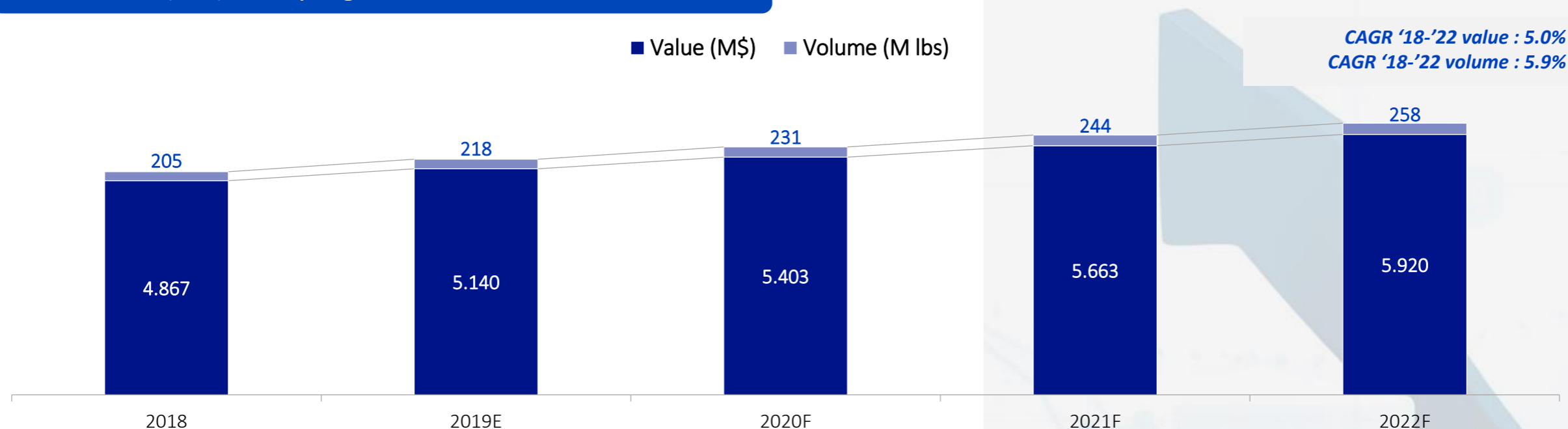
- Composite use in aerospace & automotive is increasing, due to improved material properties and weight savings over conventional materials.
- Total composite investment accounts aprox. 310M USD
- Potential M&A targets are always under consideration.
- Specialization areas:
 - Fabric Development Inc and Textile Products Inc: Fabric Production
 - Axiom Materials Inc.: Prepreg Production
 - Advanced Honeycomb Technologies: Core Production



Market Dynamics – Composite Prepreg

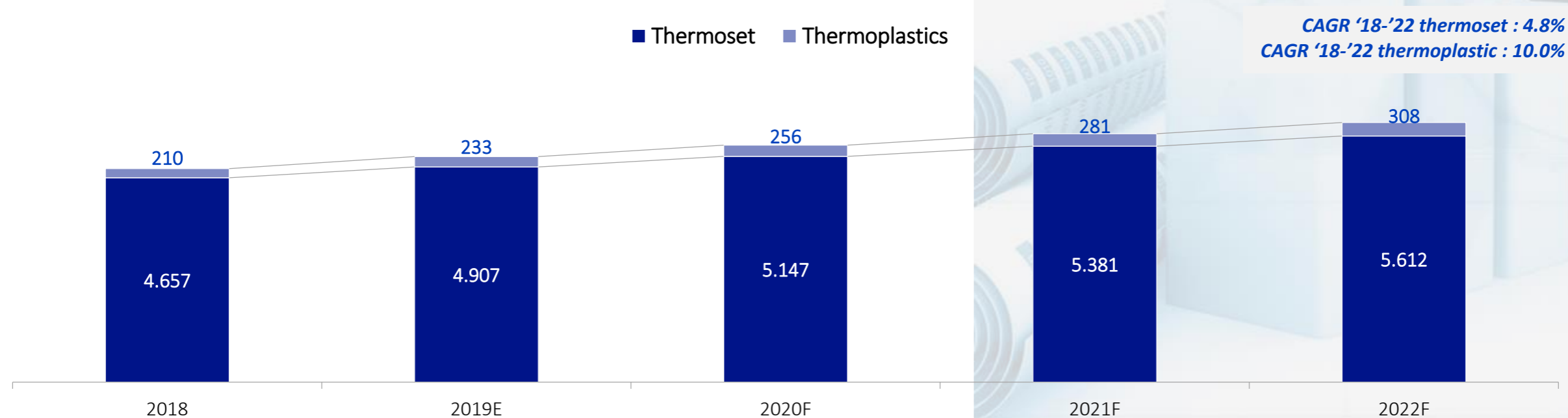
Market Size (\$M) – Prepreg

■ Value (M\$) ■ Volume (M lbs)



Market Size (\$M) – Thermoset and Thermoplastics

■ Thermoset ■ Thermoplastics

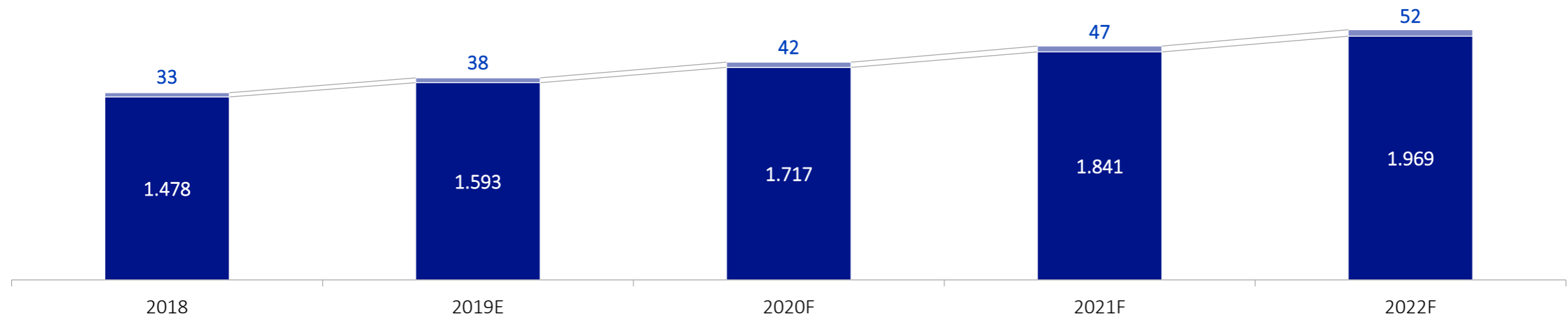


Market Dynamics – Carbon Fabric

Market Size (\$M) – Global Carbon Fiber

■ Value (M\$) ■ Volume (M lbs)

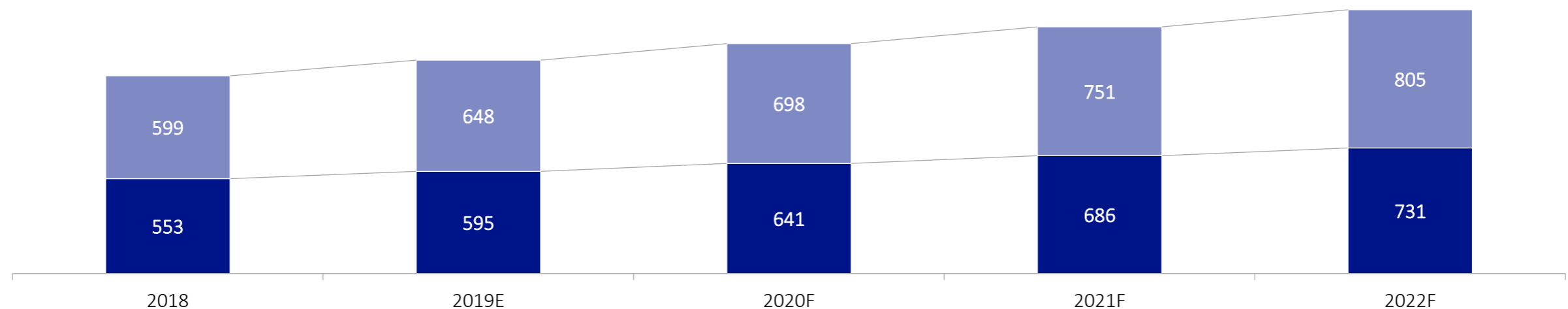
CAGR '18-'22 value : 7.4%
CAGR '18-'22 volume : 11.7%



Market Size (\$M) – North America and Europe Carbon Fiber

■ North America (M\$) ■ Europe (M\$)

CAGR '18-'22 NA : 7.2%
CAGR '18-'22 Europe : 7.6%



Kordsa Investment Highlights

1

Market leadership based on longstanding strategic partner status with all global tire players

2

Global footprint with large presence at growing regions

3

Volume growth supported by favourable OE and replacement tire demand

4

Technology leadership at the cutting edge of reinforcement

5

Growth opportunities from new tire reinforcement products and adjacent construction and composites reinforcement sectors

6

Strong cash generation and dividend payout

7

Experienced management team with proven track record



Kordsa in Brief

Key Financials				
	Million TL		Million USD	
	Sep'18	Sep'19	Sep'18	Sep'19
Sales	2,776	3,871	608	688
Gross Profit	606	760	133	135
Gross Margin (%)	21.8%	19.6%	21.8%	19.6%
EBITDA*	493	583	108	103
EBITDA* Margin	17.8%	15.0%	17.8%	15.0%
OPEX Margin	7.6%	8.5%	7.6%	8.5%
Net Income	290	301	64	53
Effective Tax Rate	18.8%	19.7%	18.8%	19.7%
WC Turnover	2.83	3.48	2.83	3.48
CAPEX	94	118	21	21
Net Debt / EBITDA	2.85	3.07	2.12	3.09
Dept./Amort	99	150	22	27

(a) EBITDA* = Gross Profit – OPEX + Depreciation/Amortization

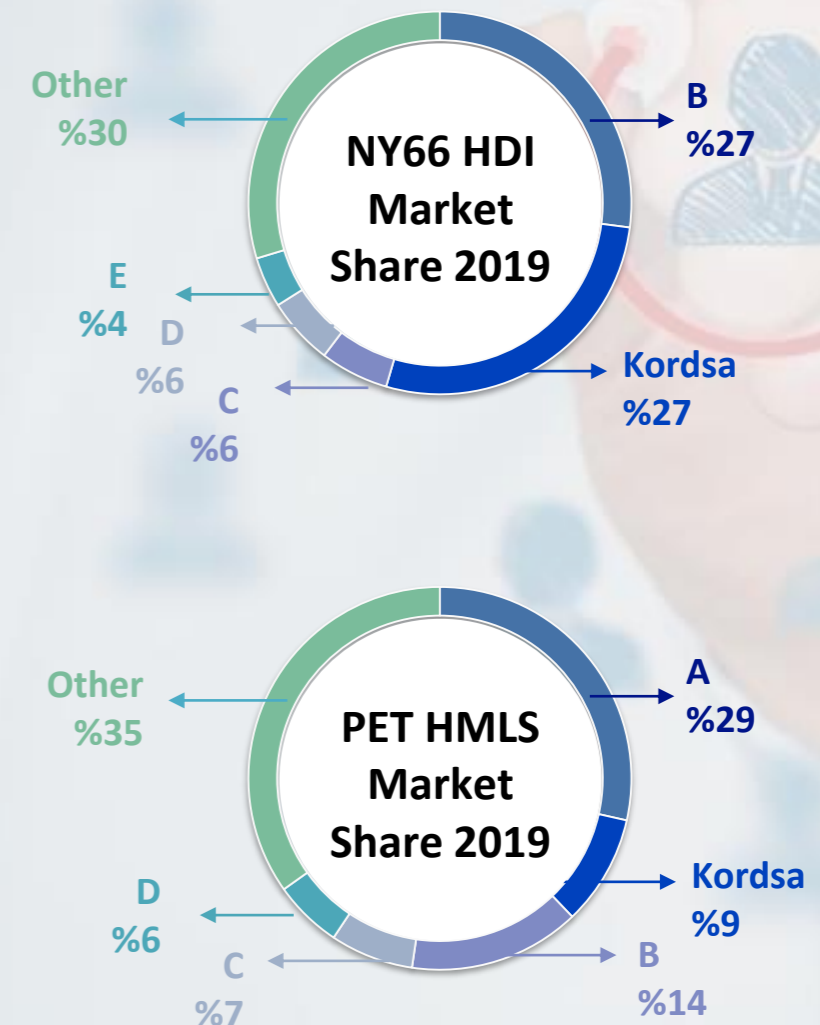
Market Leadership Based on Longstanding Strategic Partner Status with All Global Tire Players

Nature of customer relationship as key barrier to entry

	Length of relationship	Typical length of approval period ^(a)	Co-development projects
Global Tire Player 1	Since 1986	~ 5 years	✓
Global Tire Player 2	Since 1995	~ 5 years	✓
Global Tire Player 3	Since 1973	~ 3 years	✓
Global Tire Player 4	Since 1985	~ 2 years	✓
Global Tire Player 5	Since 1973	~ 3 years	✓
Global Tire Player 6	Since 1987	~ 2 years	✓

(a) For a new supplier

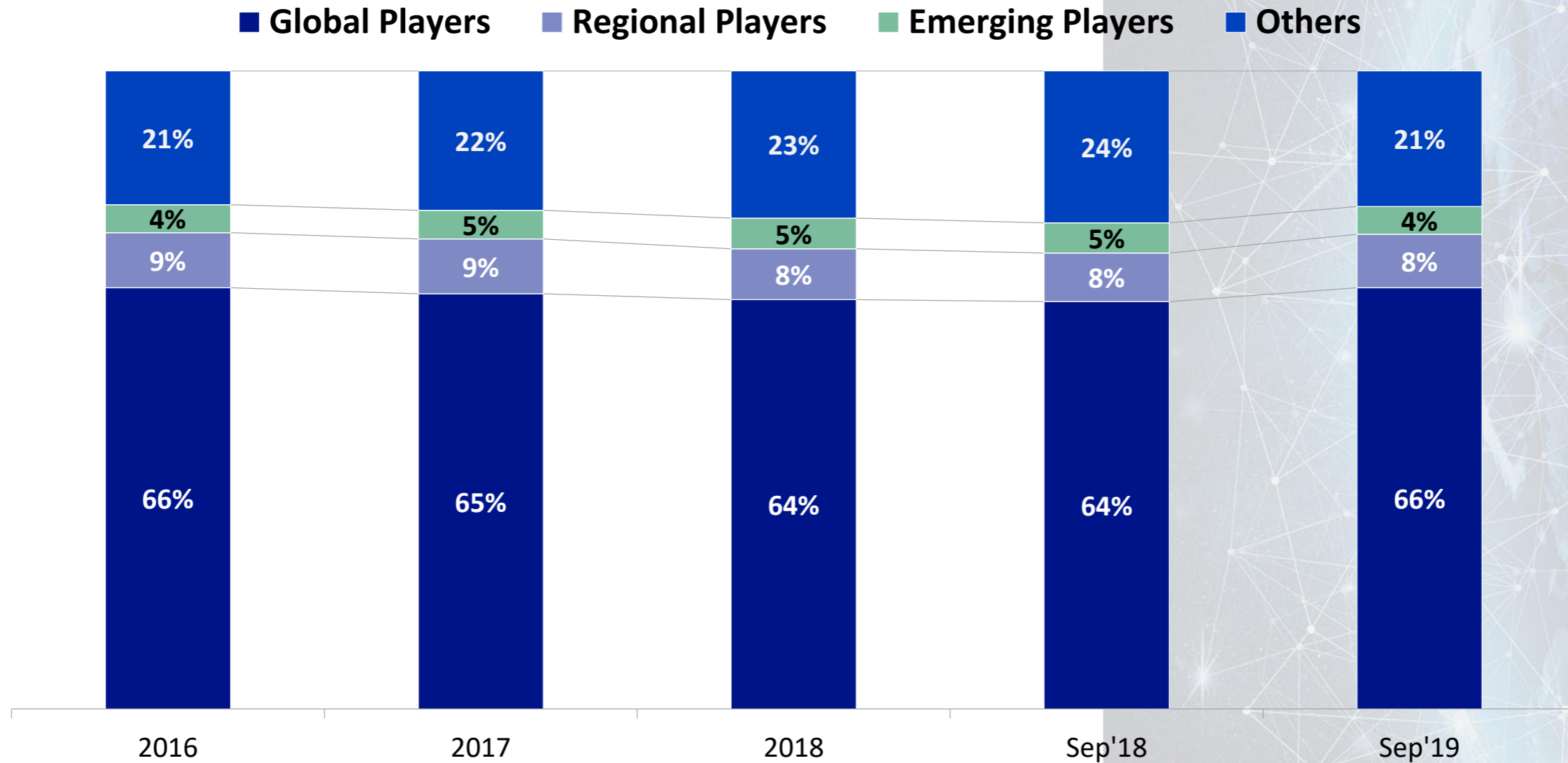
Leading market shares



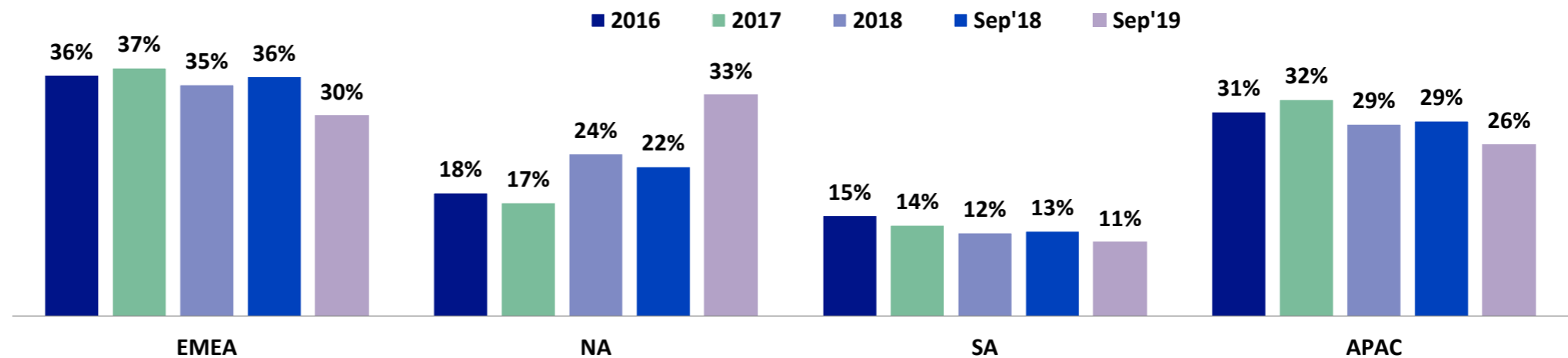
Source: Company Estimate

Strong barriers to entry for new comers

Capitalize on Global Footprint and Entrenched Supplier Status with All Key Tire Manufacturers - Segmental Progress



Global Footprint – Regional Breakdown of Revenues



Regional footprint versus key competitors



Kordsa market position

- #1 NY TCF producer
- #1 PET TCF producer

- #1 NY TCF producer in the US

- The only PET yarn, TCF and SEC producer in LATAM

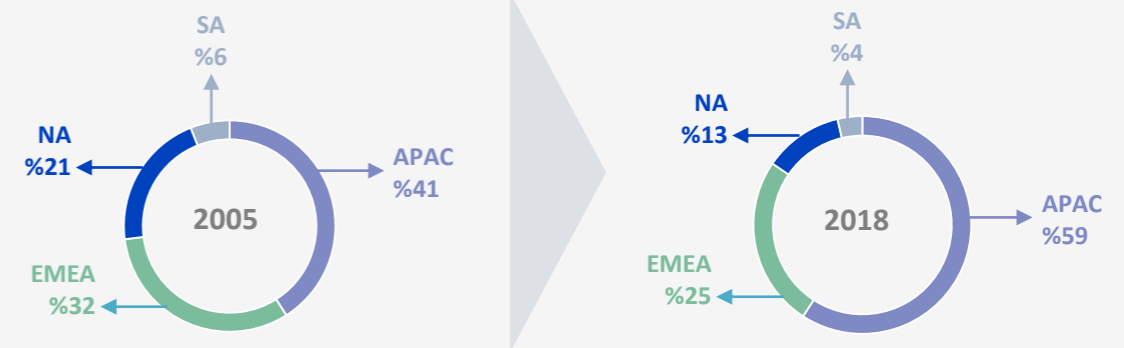
- #2 NY TCF producer
- #2 PET TCF producer

Well – Positioned to Enable Volume Growth

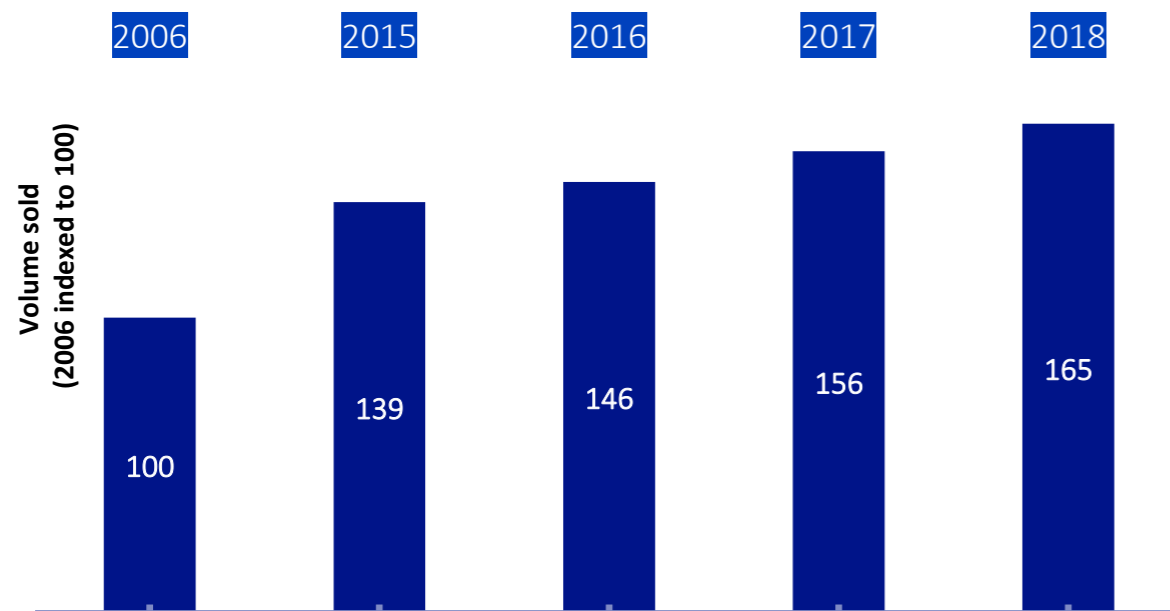
Comments

- Fabric form contributes the highest value add
- Disciplined approach to optimizing footprint
- 2015 investment in Indonesia has increased polyester tire cord fabric capacity by 18 ktms
- Enables regional growth in technology-advantaged PET segment with global and emerging customers
- Further investment in PET HMLS for new generation yarns
 - In TR for 6-6.5 ktms – completed in 1H 2019.
 - In Indo for 6,5 ktms – completed in Jan-2018.

Light Vehicle Tire manufacturing market evolution

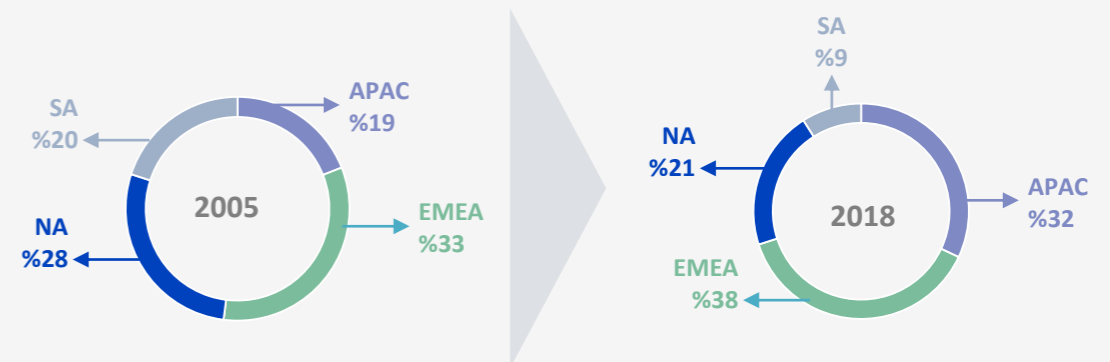


Kordsa volume development(a)



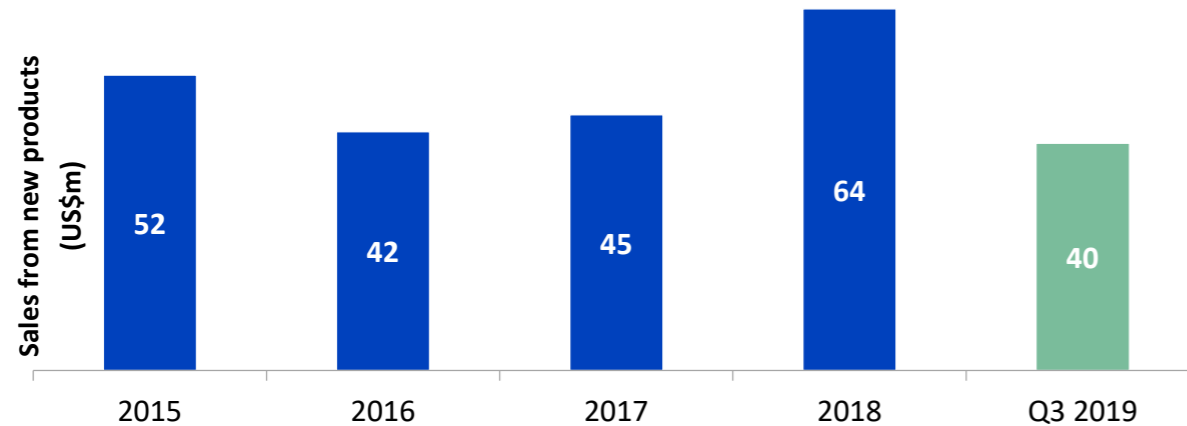
(a) Volume development adjusted for divested volumes

Kordsa regional capacity development



Technology Leadership at The Cutting Edge of Reinforcement

Strong focus on R&D



Selected collaborations(a)



(a) includes both, universities as well as individual academics from the names institutions

Cutting edge new products

Twixtra

- ✓ Rolling resistance improvements through higher modulus for high performance tires

MONOLYX

- ✓ Protection layer for truck & bus tires; reduces tire weight

T802

- ✓ 7% higher tenacity and better fatigue performance for aircraft tires (bias)

4G PET

- ✓ 10% higher dimensional stability for better tire performance (improved labeling)

Leadership in Innovation and Technology



- Participation to World of Concrete Las Vegas Expo 2019, World Tunneling Congress, Naples 2019, Sao Paulo Concrete Show 2019 and Road2Tunnel



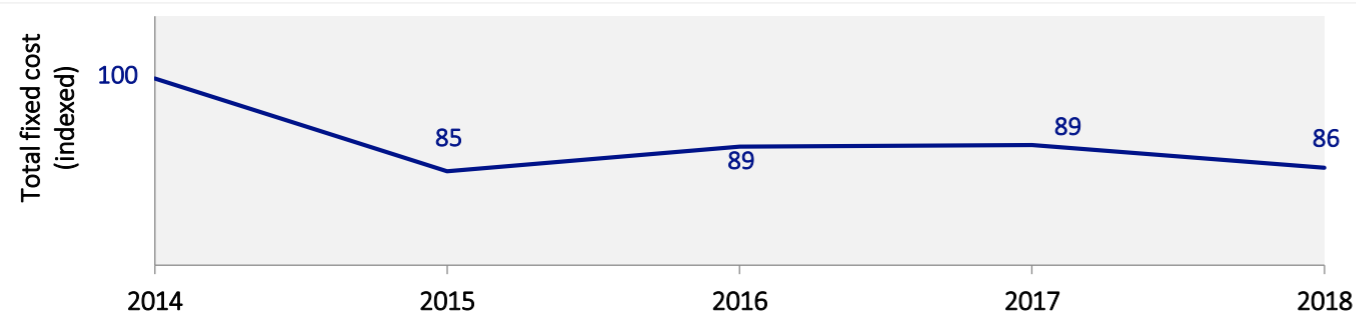
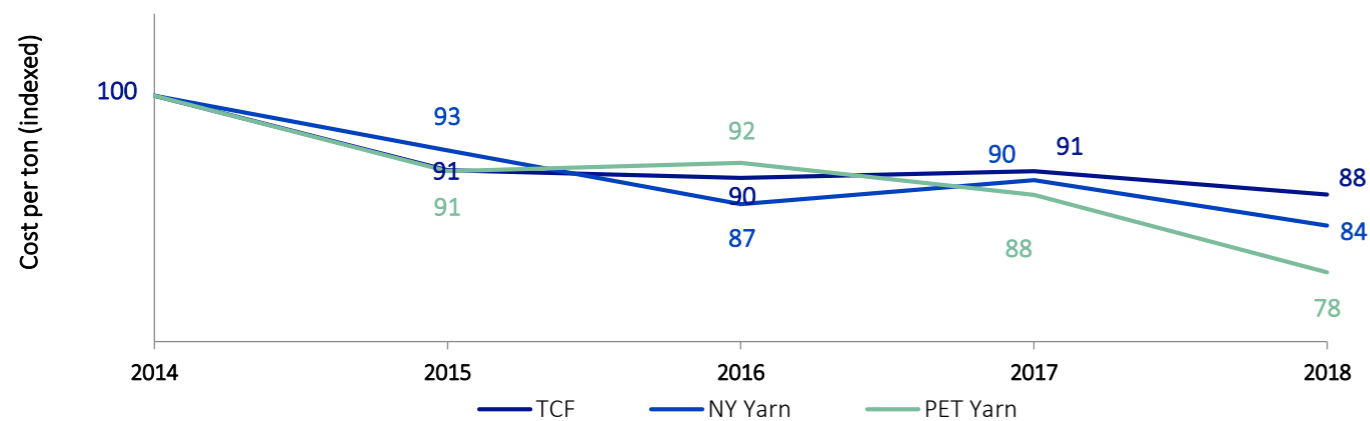
- Kordsa received the “Best Supplier Award” from Pirelli in terms of global presence and service level criteria



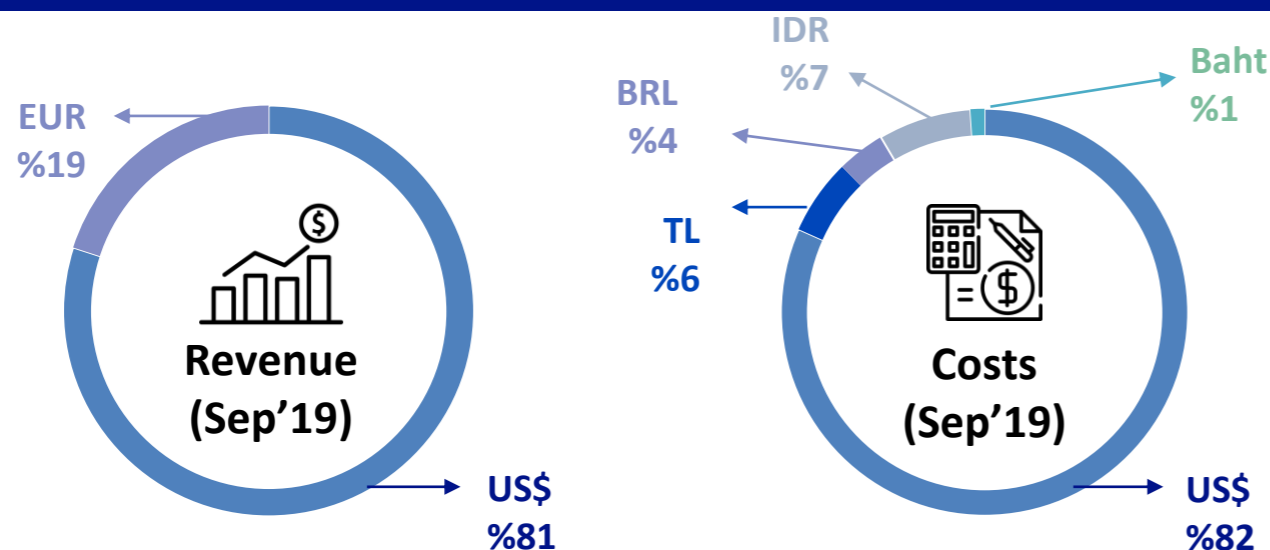
- The third meeting of the EU funded project PolynSPIRE within the Horizon 2020 program was hosted by Istanbul Chemicals and Chemical Products Exporters’ Association (IKMIB) and supported by Kordsa.

Well-Positioned for Strong Cash Generation and Dividends

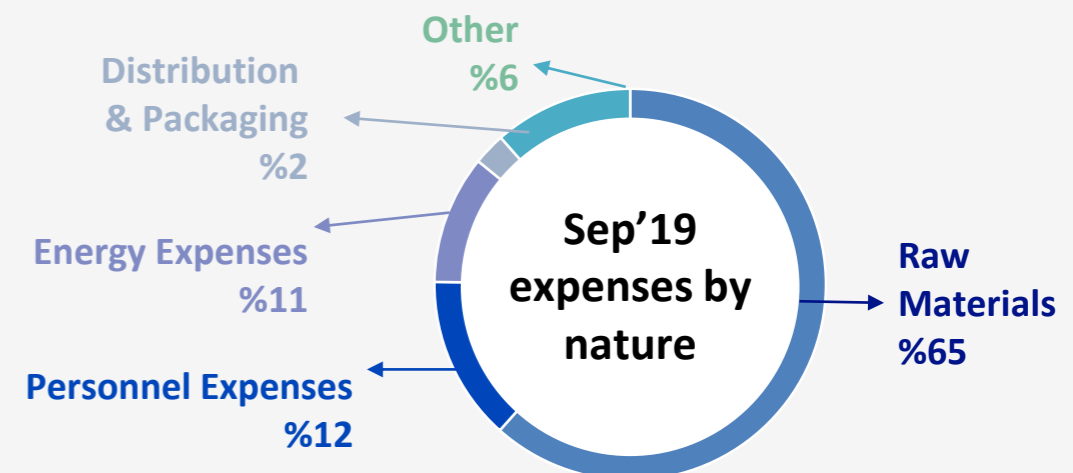
Cost development (US\$)



FX exposure



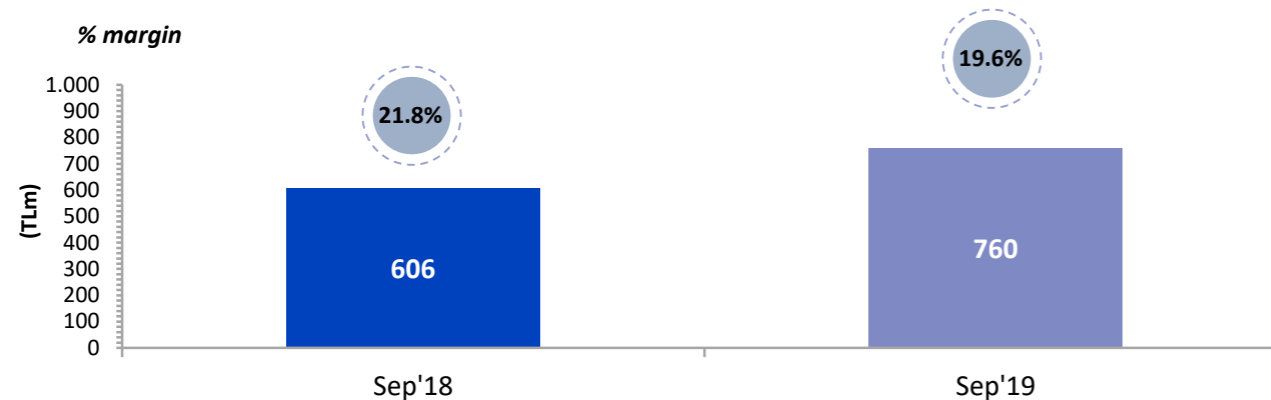
- Demonstrates value-based pricing model
- Ability to pass through raw material price volatility:
(Revenue – raw material costs) tracked as a KPI by sales team
- Conversion costs as a key metric for management KPIs (main components are personnel expenses and energy costs)



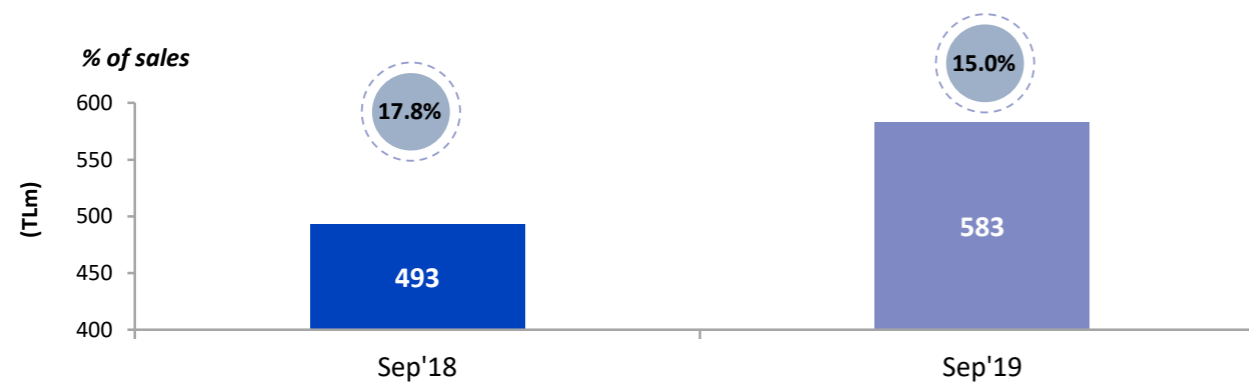
- Hard currency revenues
- FX exposure on costs => EM footprint on local costs + hard currency priced raw materials
- Benefit from US\$ appreciation vs. TL, IDR and BRL

Well-Positioned for Strong Cash Generation and Dividends

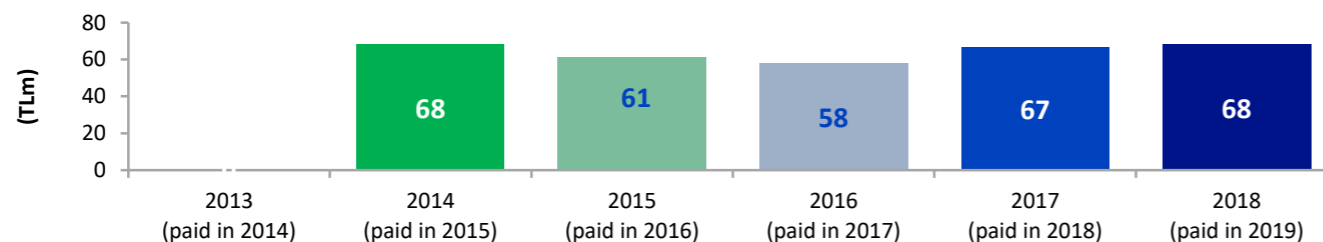
Gross profit



EBITDA*



Dividend distribution



Comments

- Price is a function of
 - Value Proposal of Product including services offered
 - Product type (nylon vs polyester or fabric vs yarn)
 - Raw Material Price Movement (formula based pricing with adjustment on raw material indexes)

- 10 yrs avg EBITDA margin 12,0%
- Target is progressive improvement in EBITDA margins over the medium term
 - Focus on value
 - Improved Total and per kg Fixed Cost
 - Successful selling, general and administrative ("SG&A") cost reduction initiatives across all business units
 - Positive contribution of new products and adjacent businesses

EBITDA* = Gross Profit – OPEX + Depreciation/Amortization

Kordsa's Financial Policy

Our company guidance for financial year 2019 is as follows:

- Revenue : 30%-40% TL basis; 10%-15% USD basis
- EBITDA : 20%-25% TL basis; 2%-5% USD basis
- Composite business segment revenue : 130-135 M\$

EBITDA margins

Kordsa is targeting progressive improvement in EBITDA margins over the medium term

Dividend policy

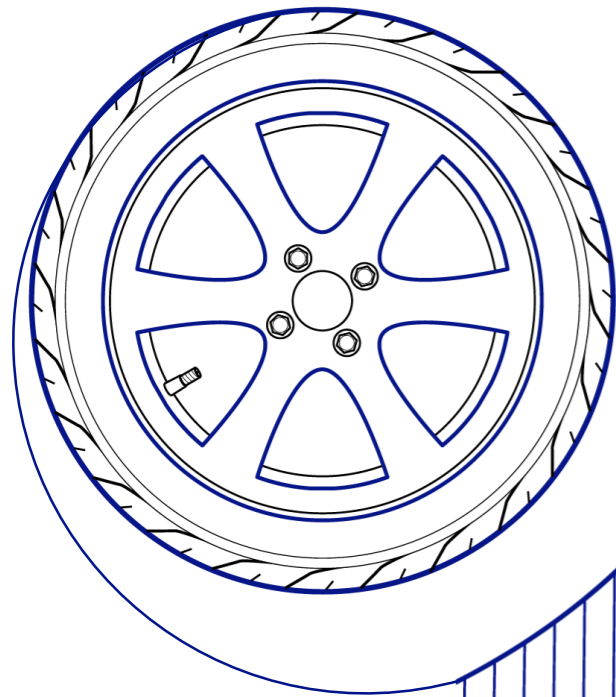
Distribution of all the distributable profits

- which is lower of the Kordsa Turkey local GAAP (VUK) or Kordsa Consolidated TFRS (IFRS) net income
- in the form of cash and/or bonus shares
- subject to general assembly approval

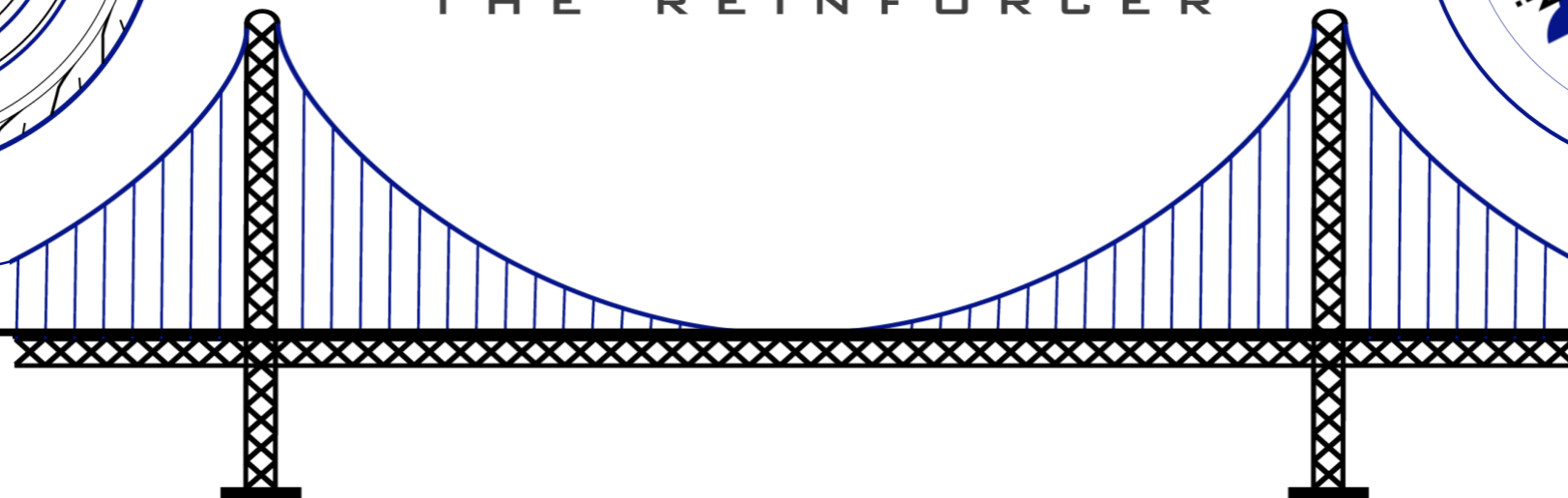
The distribution decision is agreed taking into consideration the sizable fixed asset purchases, acquisitions, covenants of current liabilities and the Company's mid and long term strategies, national and global economic conditions

Reoccurring Creep Capex

USD 23 million

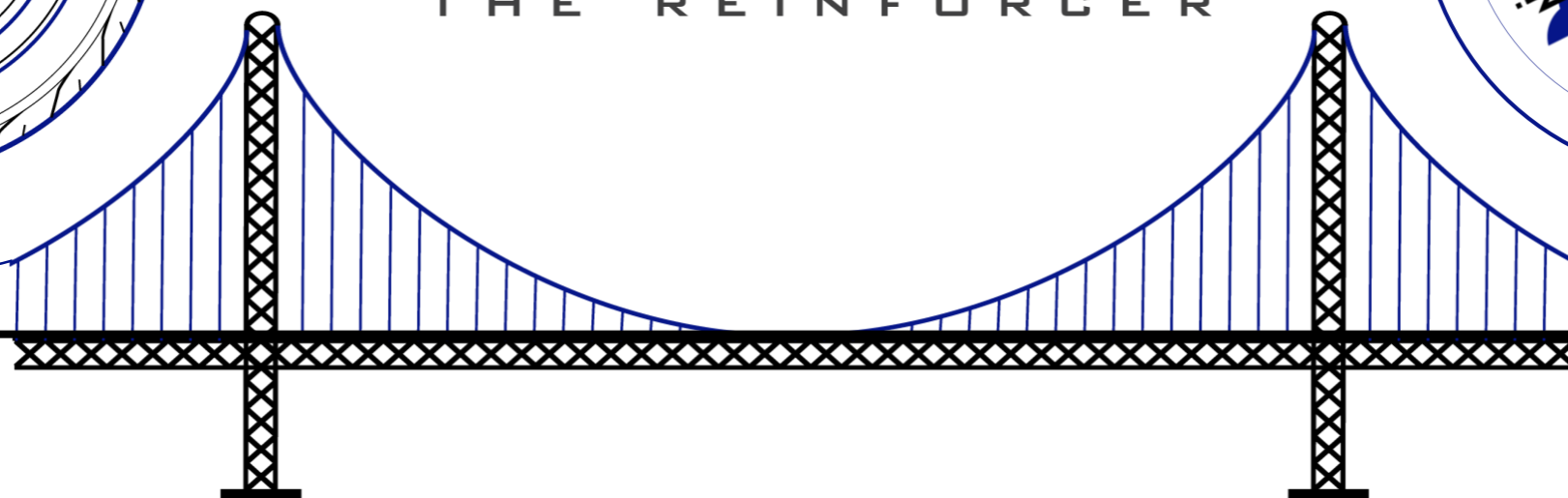
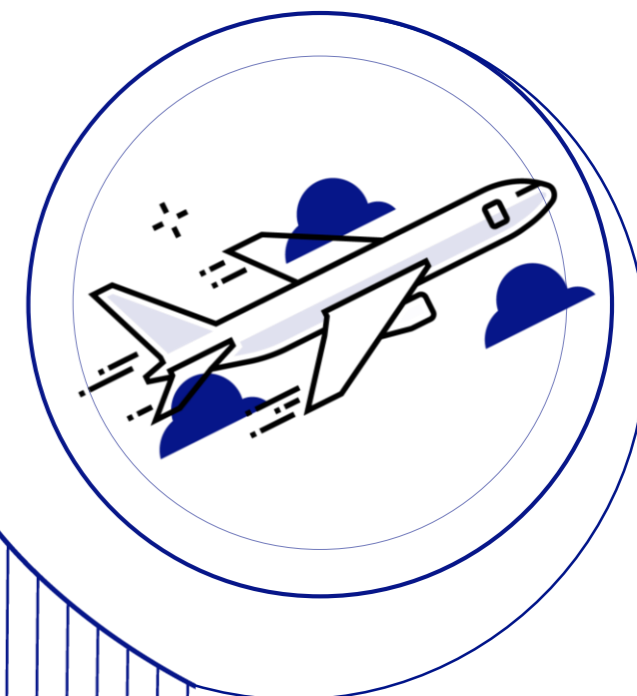
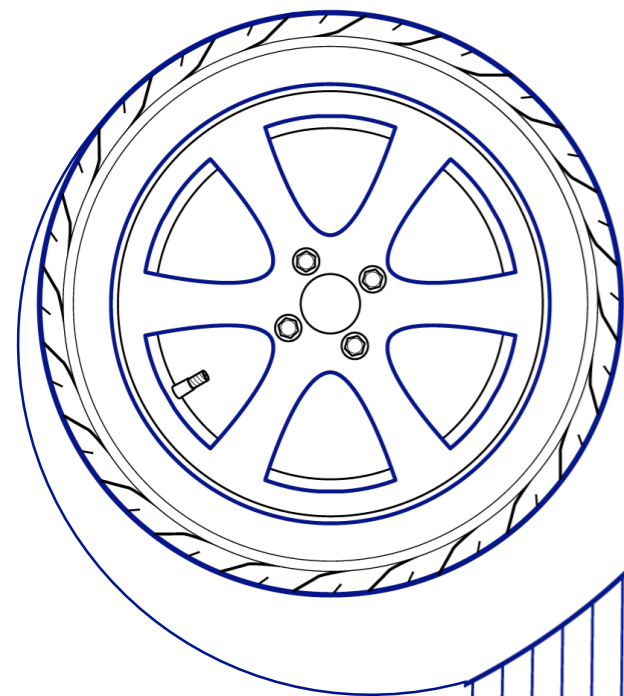


KORDSA
THE REINFORCER



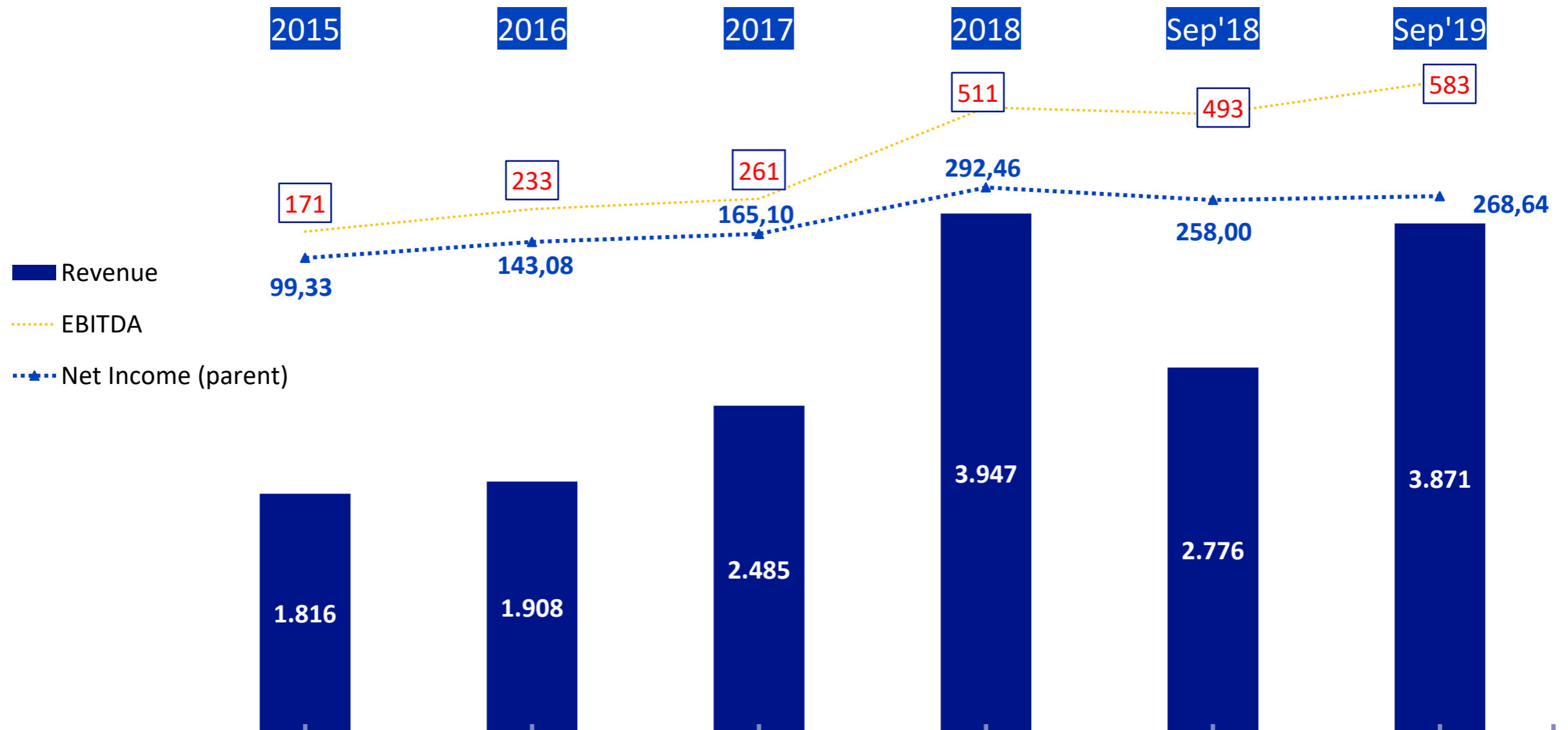
We Reinforce Life

Reinforcing 2 out of every 3 aircraft tires and
1 out of every 3 automobile tires produced in
the world



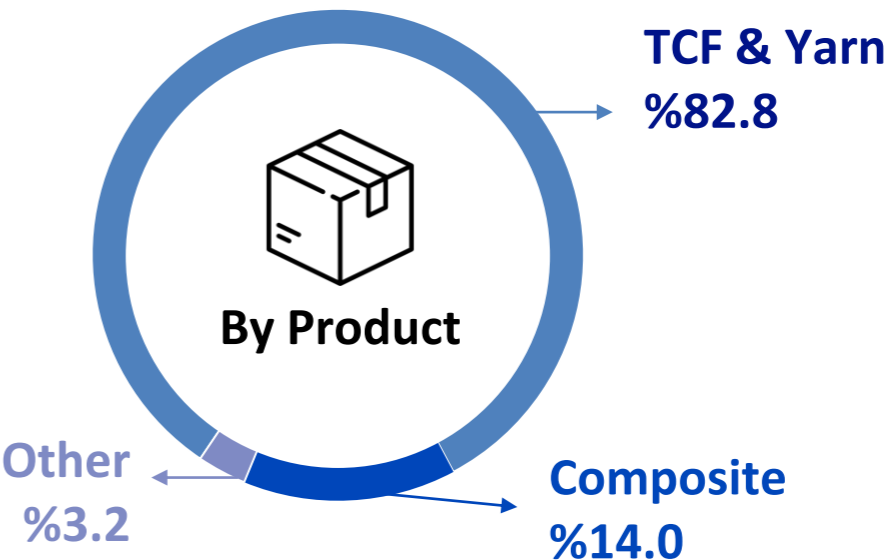
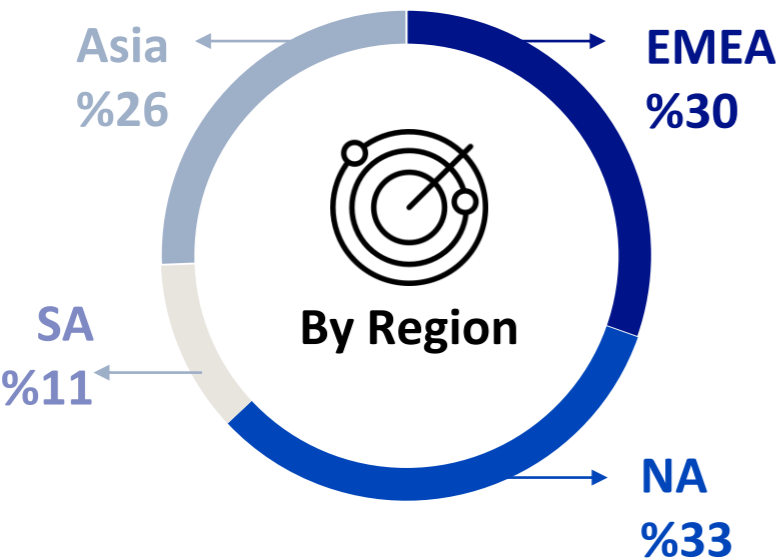
Appendix

2016 – 2019 Financial Trend (MTL)

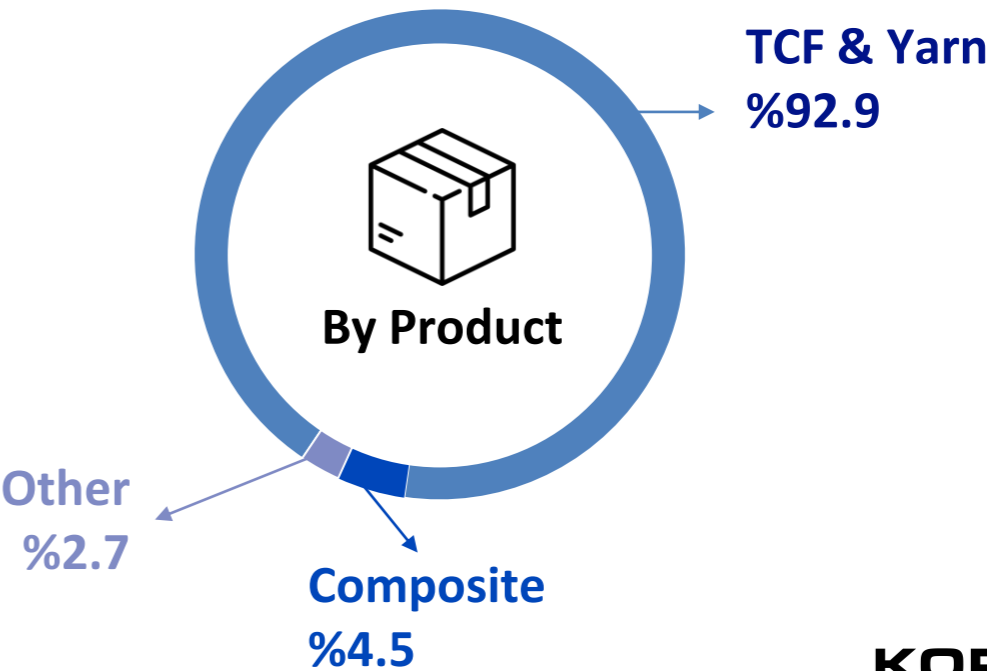
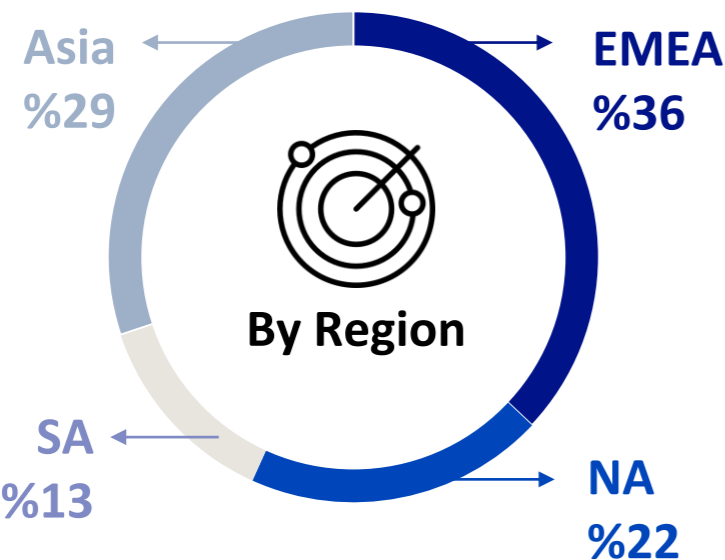


Kordsa in Brief

Sep'19 Revenue Split



Sep'18 Revenue Split

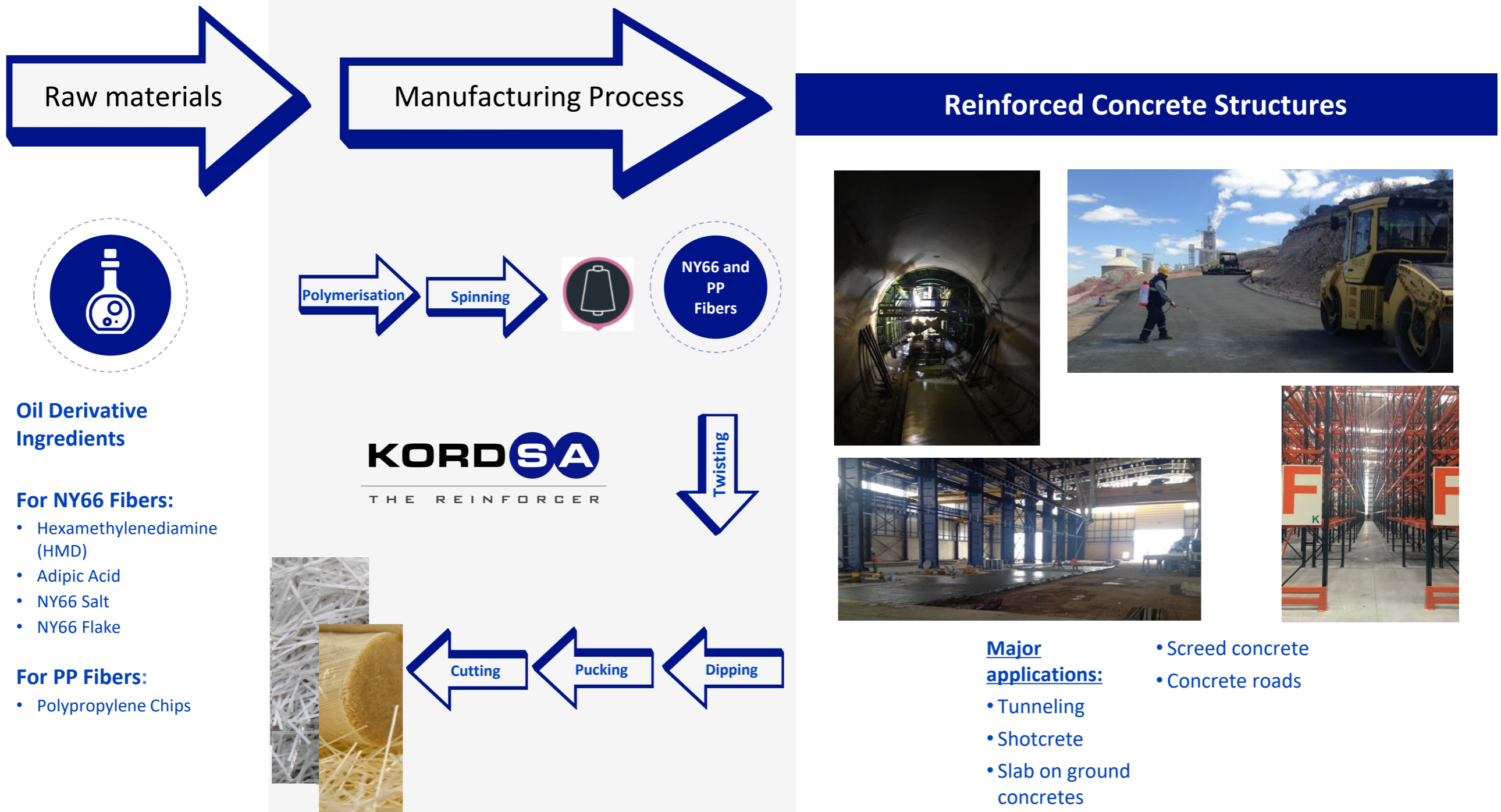


FX Rates

FX Rates as of Sep,19

Monthly Avr	Sep'19	Sep'18	2018 YE
\$/TRY	5.63	4.57	4.81
EUR/\$	1.12	1.19	1.18
\$/BRL	3.89	3.60	3.65
\$/IDR	14,173	14,052	14,237
\$/THB	31.30	32.14	32.31
Month End	Sep'19	Sep'18	2018 YE
\$/TRY	5.66	5.99	5.26
EUR/\$	1.09	1.16	1.15
\$/BRL	4.16	4.00	3.87
\$/IDR	14,174	14,929	14,481
\$/THB	30.59	32.41	32.45

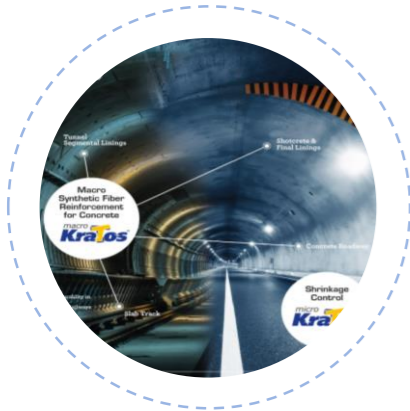
Overview of The Construction Reinforcement Value Chain



Kordsa's Kratos Fiber Reinforcement are applied in Superstructure & Infrastructure Solutions

Growth Opportunities: Construction

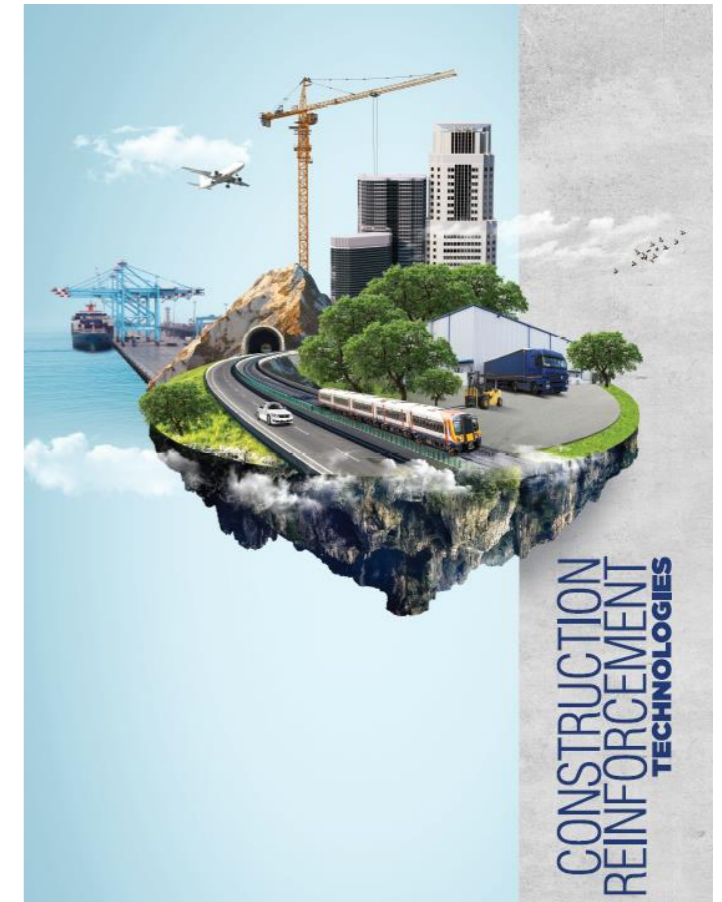
Construction Reinforcement



Samsun 2nd and 3rd Stage Light Railway Track Slab (Non- Conductivity Concrete Reinforcement)
KraTos Macro Reinforcement

3rd Bosphorus Bridge Toll Booths and Electronic Pass Areas (Non-Conductivity Concrete Reinforcement)
KraTos Macro Reinforcement

Asyaport Tekirdağ Port
KraTos Macro Reinforcement



Current Status

- KraTos Macro & Micro Synthetic Fibers are approved and applied in over 50 significant superstructure, industrial and infrastructure reference projects.
- Non-conductivity concrete reinforcement applications with KraTos Synthetic Fiber Reinforcements are approved in significant government-funded infrastructure projects.
- Kordsa İzmit Plant, R&D Concrete Lab technical and test equipment capabilities have increased. Technical Project Report service will be available for infrastructure projects.



July 2018

We have launched our new **Polypropylene Monofilament Fiber Reinforcement** production line.

Let's check **our latest post!**

Discover →





SABANCI INDUSTRIAL DAY 2019

29.11.2019

BRIDGESTONE

SABANCI

BRISA AT A GLANCE



Strong Partnership

Sabancı Holding (44%), Bridgestone (44%)
Free float (10%)



Brands, Products, Smart Services

BRIDGESTONE

LASSA

profleet
flota yönetimi çözümleri

DAYTON

bandag

OTO PRATİK



Manufacturing

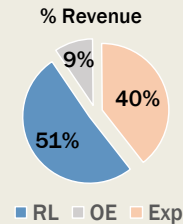
İzmit Plant, Smart Plant in Aksaray



R&D Center



Sales Channels



Digital Solutions

Genba Room, BEC (Business Excellence Center)



Our Talents

2900 employees



Our Local & Global Network

1350 pos locally, 6000 pos globally, 75 countries

TURKEY'S LEADING TIRE MANUFACTURER



İSTANBUL



İZMİT



AKSARAY

2 Plants
2900
Employees



İZMİT

AKSARAY

Covered
Area

361.000 m²

146.000 m²

Production
Capacity

11 M Units

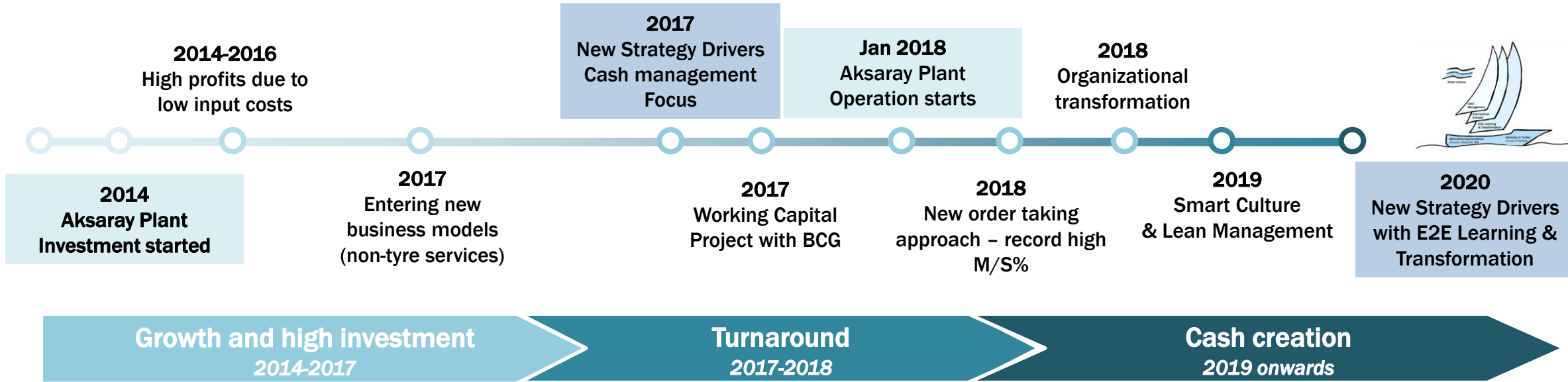
2.5 M Units

1,8 billion \$ investment in 30 years

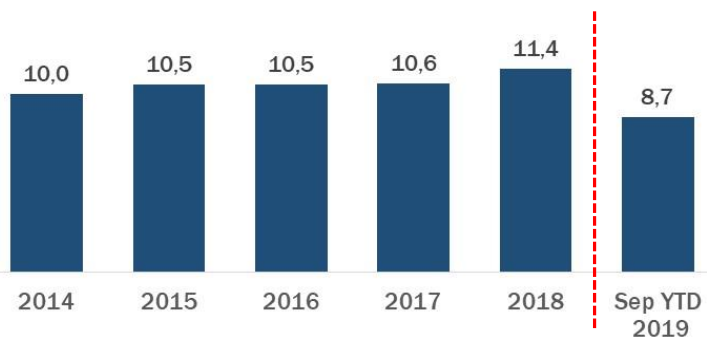
**1 tyre in
every 2,5
seconds**

**Aksaray – State of the art technology in Turkey
300 M USD investment**

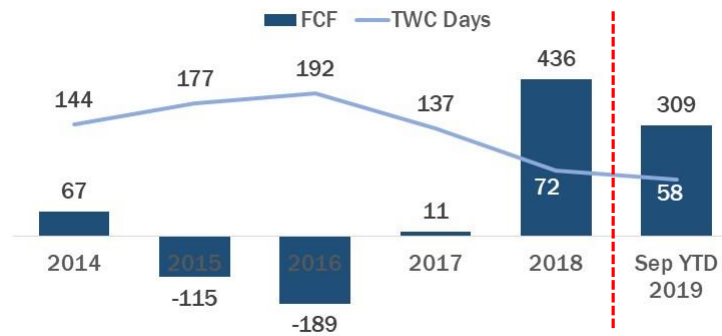
FOCUS SHIFTS, GREAT IMPACT



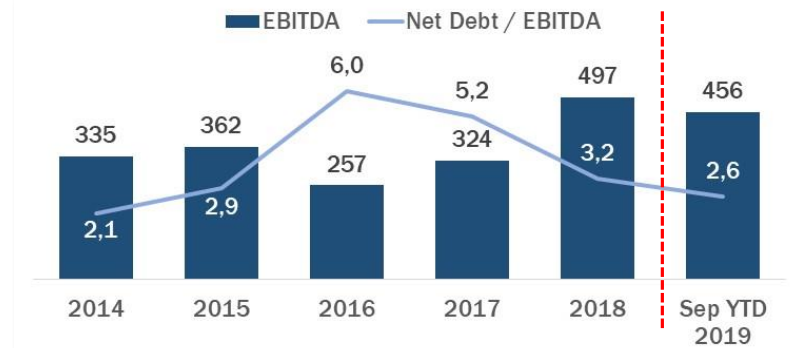
Production (M Units)



FCF (MTL), TWC Days



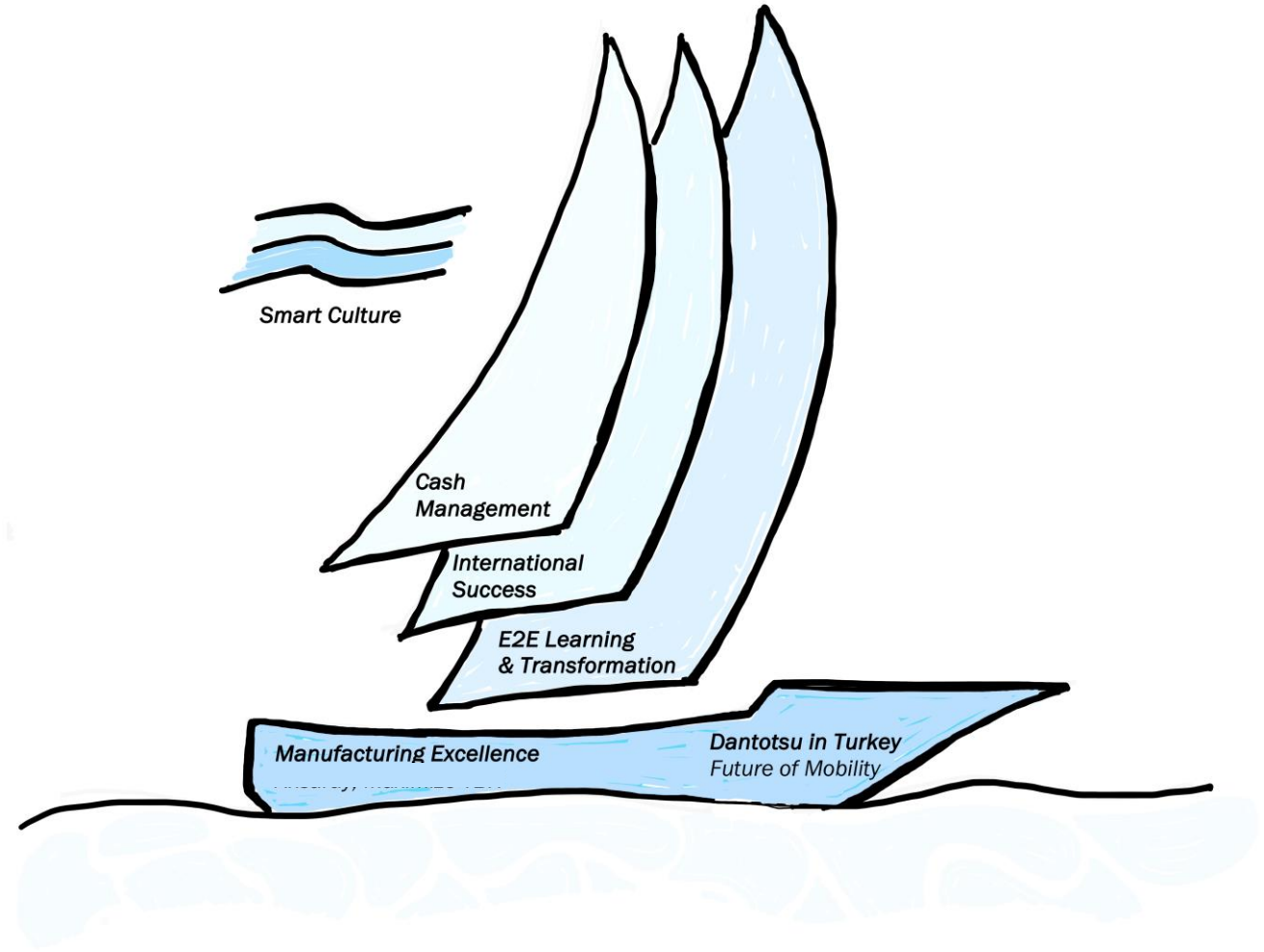
EBITDA (MTL), Net Debt / EBITDA



OUR ESSENCE & STRATEGY

BRISA

**WE DRIVE ON
WITH COURAGE**

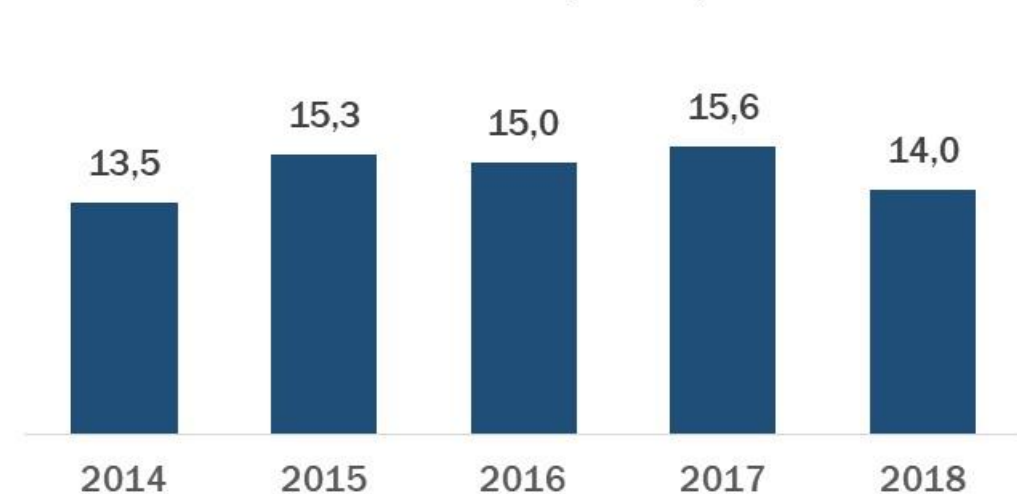


REPLACEMENT CHANNEL– 51% of BRISA REVENUE

Vehicle Pool (M Units)



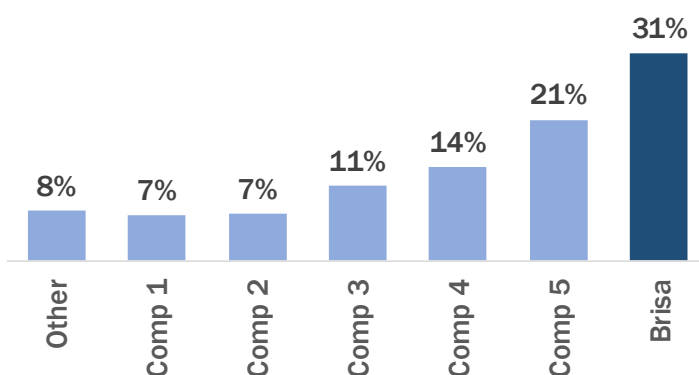
Tire Demand (M Units)



SEP YTD

Market (M Units)	2019	2018	%
Total	11,8	12,3	96%
Consumer	10,4	10,6	98%
Commercial	1,4	1,6	84%
BRISA Sell-Out M/S %	2019	2018	%
Total	31%	29%	2,7%
Consumer	30%	28%	2,5%
Commercial	41%	36%	5,1%

Market Share %



Dan tostu in Turkish Replacement Market

**47% share
in Best & Better
Category**

REPLACEMENT CHANNEL– STRONGEST LOCAL NETWORK

Strongest sales network in Turkey

1350 pos

Fast fit services

Otopratik and Propratik

First online tyre sales platform

Lastik.com.tr

BRIDGESTONE LASSA	540
lastigim <small>BRIDGESTONE LASSA</small>	710
OTO PRATİK	45
ProPratik	8
Speedy lastik Lastik Vs <small>com.tr</small>	~50



BRISA – SOLUTION BUSINESS



B2C

E-charge for
electrical cars

B2B

Passenger Car Fleet
Service Module

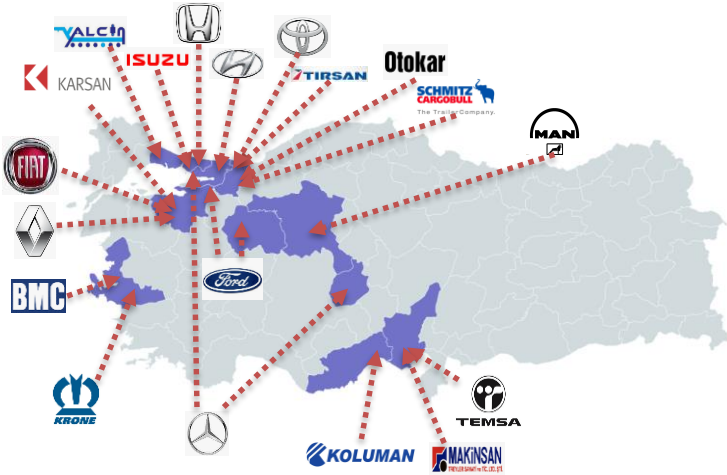
**BRISA - Solution Business
Leader in the industry**

**Measured 3.5 Million tires
until today**

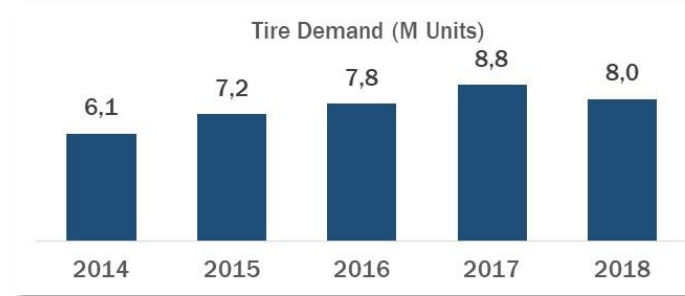
**15.000 fleet customers in
the database**

**100 Profleet Consultants in
the field**

OE CHANNEL– 9% of BRISA REVENUE



Partnerships with Global OEMs



	SEP YTD		
	2019	2018	%
MARKET (M Units)	4,9	5,5	90%
BRISA M/S %	18%	20%	-1,9%

ACCELERATED NEW PRODUCT DEVELOPMENT

Tires for electric cars, first in Turkey

Started export for OE manufacturers

8 new products with latest technical developments

INTERNATIONAL SALES CHANNEL– 40% of BRISA REVENUE

600

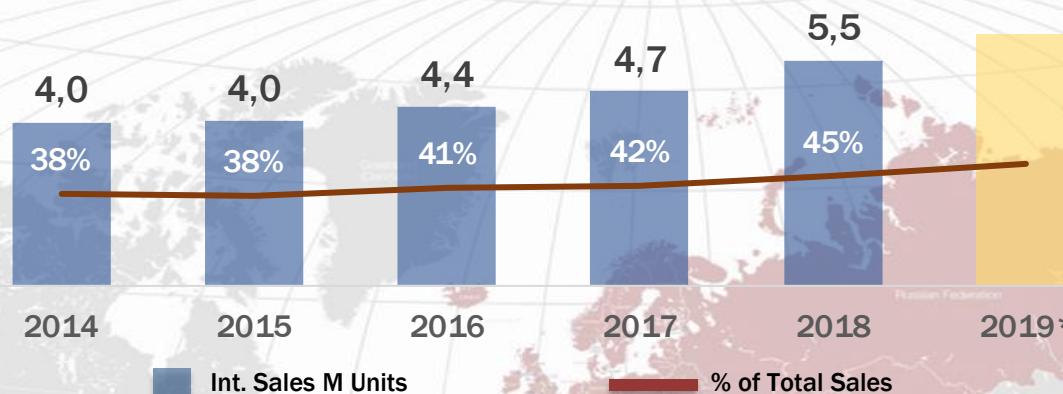
Lassa Branded Stores

6000

POS

75

Countries



\$265 M - \$275 M

Target: 15% - 20% unit and revenue (USD) growth in 2019

Market

Regions Growth

R1 (EU)

● -3%

SEP YTD

R2 (NON-EU)

● 3%

SEP YTD

BRISA SALES (M Units)

TOTAL

2019

4,8

2018

4,1

%

● 117%

R1 (EU)

2,9

2,5

● 115%

R2 (Non- EU)

1,9

1,6

● 120%

Growth

more than the market in Europe, CIS and North Africa

Better performance in tonnage thanks to positive mix improvement, Sep YTD 27% growth

LONG TERM, SUSTAINABLE TECHNOLOGY

R&D Center Certified in April 2017
for OE, Replacement and Export
with Bridgestone Technical Centers

271

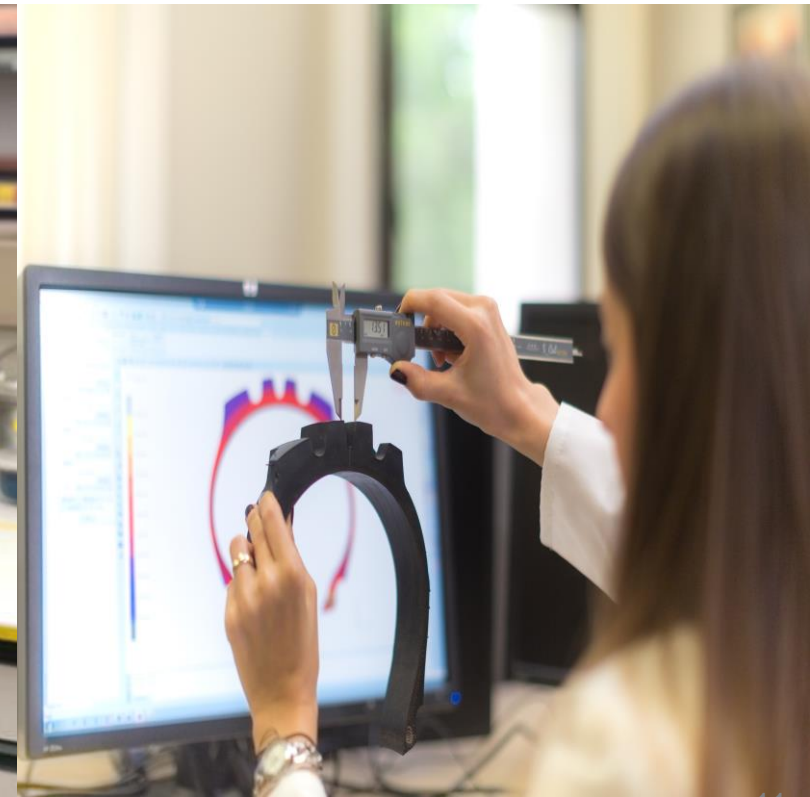
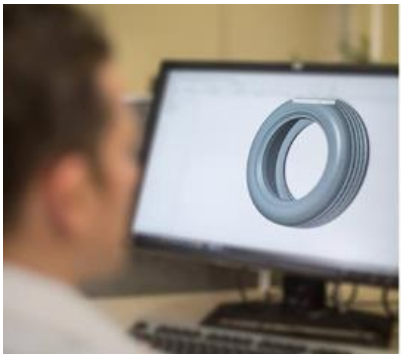
New products for
2019

50

Projects/year

73 Million TL

R&D Investment in
last 3 years



INCOME STATEMENT

	SEP YTD		
(M TL)	2019	2018	%
Sales (K Units)	9.248	9.183	● 101%
Net Sales	2.652	2.237	● 119%
Gross Profit	621	575	● 108%
%	23,4%	25,7%	
OPEX	(311)	(324)	● 96%
%	11,7%	14,5%	
EBITDA	456	372	● 123%
%	17,2%	16,6%	
Operating Profit ¹	310	251	● 124%
%	11,7%	11,2%	
Net Profit	74	75	● 99%

NOTES

2018/9 → 2019/9

EBITDA : + 84 MTL
Depreciation : - 24 MTL

Highlights of Q3

2018/Q3 → 2019/Q3

Revenue growth +23%

Net Profit growth +11%

EBITDA Margin reached to 19.2%

¹ Operating profit does not include other financial income and expense

CASH FLOW AND BALANCE SHEET

(M TL)	30.09.2019	31.12.2018
Total Financial Debt	3.133	2.662
Derivative Assets (-)	916	777
Cash (-)	690	284
Net Financial Debt	1.527	1.601

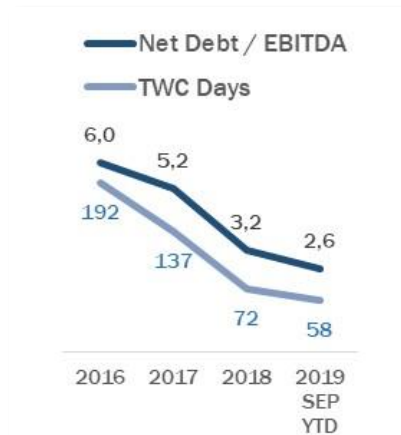
Last 3 Years



Cash Flow (M TL)	30.09.2019	30.09.2018
Oper. Cash Flow	506	538
Investment (-)	(197)	(155)
Free Cash Flow	309	383
Change in Fin. Debt	332	287
Financial Expense	(234)	(201)
Change in Cash	406	469
Change in Net Debt	(75)	(182)



Ratios	30.09.2019	31.12.2018
TWC (MTL)	591	565
TWC (Days)	58	72
Net Debt / EBITDA	2,6	3,2



Balance Sheet

(M TL)	30.09.2019	31.12.2018
Cash	690	284
Receivables	889	759
Inventory	595	572
Other	2.998	2.942
Total Asset	5.172	4.558
Payables	893	766
Total Financial Debt	3.133	2.662
Financial Debt	2.217	1.885
CCS	916	777
Other Liabilities	251	208
Equity	895	921
Liability & Equity	5.172	4.558