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# KordSA Global Executive Leadership Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Industry Experience</th>
<th>Joined KordSA Global in</th>
<th>Previous Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arzu Ergene</td>
<td>CFO and COO, South America</td>
<td>&gt;21 years</td>
<td>1994</td>
<td>Eczacıbaşı Securities, FAO Schwarz, Soyut Import, Lurekip Textile Services</td>
</tr>
<tr>
<td>Ali Çalışkan</td>
<td>COO, Europe, Middle East, Africa</td>
<td>&gt;31 years</td>
<td>1986</td>
<td>Previous experience includes: Eczacıbaşı Securities, FAO Schwarz, Soyut Import, Lurekip Textile Services</td>
</tr>
<tr>
<td>M. Zeki Kanadikirk</td>
<td>COO, Asia Pacific</td>
<td>&gt;27 years</td>
<td>1998</td>
<td>Previous experience includes: Çukurova Import, BiriSA, Lurekip and Textile Services</td>
</tr>
<tr>
<td>İbrahim Özgür Yıldırım</td>
<td>CTO</td>
<td>&gt;21 years</td>
<td>1998</td>
<td>Previous experience includes: Rafine Chemicals, SakoSA</td>
</tr>
<tr>
<td>Nazan Keskin</td>
<td>Chief Human Resources Officer (Acting)</td>
<td>&gt;35 years</td>
<td>2000</td>
<td>Previous experience includes: Milliken, Celanese</td>
</tr>
<tr>
<td>James Del Piano</td>
<td>COO, North America</td>
<td>&gt;28 years</td>
<td>1987</td>
<td>Previous experience includes: SakoSA</td>
</tr>
<tr>
<td>Vahe Hanamirian</td>
<td>Global Accounts and Marketing Director</td>
<td>&gt;27 years</td>
<td>1989</td>
<td>Previous experience includes: Tofaş, Hexagon Consulting, Pera EMEA</td>
</tr>
<tr>
<td>Murat Öğuz Arcan</td>
<td>COO, North America</td>
<td>&gt;27 years</td>
<td>2000</td>
<td>Previous experience includes: Tofaş, Hexagon Consulting, Pera EMEA</td>
</tr>
<tr>
<td>Kadir Toplu</td>
<td>Global Supply Chain Director</td>
<td>&gt;20 years</td>
<td>1996</td>
<td>Previous experience includes: InSA</td>
</tr>
</tbody>
</table>
Overview of KordSA Global

2015 Annual Financials

<table>
<thead>
<tr>
<th></th>
<th>Annual – Dec’15 (TLm)</th>
<th>(USDm)(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,735</td>
<td>638</td>
</tr>
<tr>
<td>EBITDA</td>
<td>242</td>
<td>89</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>14.0%</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

(a) As per Annual Report 2015, Dec; average TL/USD exchange rate of 2.72

2015 Revenue split

By geography
- Asia 30%
- EMEA 39%
- SA 14%
- NA 17%

By segment
- Tire cord fabric 76%
- Adjacents 6%
- Nylon yarn 20%

KordSA Global product portfolio

Tire cord fabrics ("TCF")
- Nylon ("NY") and polyester ("PET") based tire reinforcement fibers and fabrics for radial and bias tires
- World’s leader for Nylon 6,6 & 2nd for PET.

Next generation fabrics
- Textile reinforcement materials for green tires
- High performance monofilaments
- Highly engineered hybrid cords with superior properties
- Fast growing company

Composite Reinforcements
- Carbon fiber, aramid, hybrid fabrics, and prepgreg
- Production technologies for composite materials
- High added value thermoplastic and thermoset resins

Construction Reinforcements
- Macro and micro fibers to reinforce concretes used for tunnels and floor.
- Reinforcement materials against earthquakes

End markets
- Industrial
- Tunnels
- Concrete Roads

Selected end-market participants
- Bridgestone
- Michelin
- Continental
- Goodyear
- Boeing
- Airbus
- Tofas
- Lafarge CimSA
- AkçansA
- Holcim
Overview of the value chain

Manufacturing:
- Raw materials
- Oil Derivative Ingredients
  - For NY66 yarns:
    - Hexamethyl enediamine (HMD)
    - Adipic Acid
    - NY66 Salt
    - NY66 Flake
  - For Polyester HMLS yarns:
    - PET Chip
- Polymerisation → Spinning → Twisting → Weaving → Dipping → Greige Fabric
- NY66 yarn
- PET yarn

Products:
- Tire cord fabric
  - A tire is a highly complex composite with c.40 components working under dynamic conditions
  - NY66 typically used in cap plies; PET typically used in radial plies

KordSA Global fabrics are developed for specific requirements
**KordSA Global is active in attractive segments of the tire cord market**

<table>
<thead>
<tr>
<th>Main use</th>
<th>NY66 tire cord</th>
<th>PET tire cord</th>
<th>Hybrids / other cords</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cap ply in radial tires</td>
<td>Radial tire reinforcement</td>
<td>All tire types</td>
</tr>
</tbody>
</table>

- **Global #1 by revenue and capacity**
- **Global #1 in airplane tires**

<table>
<thead>
<tr>
<th></th>
<th>Global #2 by revenue / #3 by capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leadership position in value-add segments</td>
</tr>
</tbody>
</table>

- **Key competitors**
  - Market and technology leader with key brands **Capmax, Twixtra and Monolyx**

**KordSA Global strategic initiatives**

- **Grow in technologically more advanced tire segments**
- **Maintain competitive global footprint**
- **Increase value-add through maximizing in-house NY yarn use**

- **Capacity expansion in Indonesia**
- **Further investments in technology leadership and production process**
- **Efficient supply chain management and feedstock sourcing**
- **Next generation PET yarns (3-6G)**

- **Introduction of three key brands with significant sales potential**
- **Potential sub-licencing business models**
- **Industry co-operations (e.g. DuPont)**
History of KordSA Global

1973: Dusa Nylon Yarn Plant—DuPont JV
1987: South America investment InterKordSA Sabancı—Hoechst JV
1999: North America acquisition Global JV with DuPont
2000: KordSA International Acquisition of Cobafi Brazil, merger of Sabancı—Hoechst JV
2005: KordSA Growth in Asia; Indonesia, Thailand, China
2006: Member of the TURQUALITY Global Brand Programme
2008: Commercialisation of Kratos
2010: Best performing R&D Center of 2014
2014: Start up of Indonesia expansion
2015: Ground breaking of Composite Technology Excellence Centre

KordSA İzmit tire cord fabric plant
Hoechst JV
DuPont JVs
Global JV with DuPont
Hoechst JVs
Global Technology Centre in İzmit
Hoechst JVs
InovaLig Champion at Innovation Strategy Category
Strategy house

Our Vision
Agile KordSA Global
in High Value Businesses for Sustainable Growth

Pillar Initiatives

Operating Excellence
- Competitive Cost
- Product and Service Quality Leadership
- Lean and Agile Processes and Teams

Growth in Tire Industry
- New Products for High Performing Tires
- Profitable Growth for Tire Industry

Growth in Adjacent Industries
- Reinforcements for Composites Industry
- Reinforcements for Construction Industry
- Fibers for Alternative/Adjacent Industries

Foundations

Our Values
- SHE
- Ethics
- Customer Focused
- Open Minded
- Results Driven
- Global Collaboration
- Continuous Improvement
Must Win Battles

1. **Operating Excellence**
   a. Continuing Cost Reduction Programs
      • Energy, labor and equipment efficiency initiatives
      • Alternative raw material and chemicals source developments and purchasing excellence
   b. Lean Kordsa Global
      • High capacity utilization at large entities
      • Organizational Simplification decreasing SARM and fixed costs

2. **Profitable Growth in Tire Industry**
   a. Focus on high value add segments
   b. Further increase new product sales

3. **Profitable Growth in Adjacent Industries**
   a. Composite Reinforcement Business
   b. Construction Reinforcement Business

Focus on tire industry for profitable growth, selectively grow adjacencies
Market Dynamics

**Global Automotive Market**
Global LV Assembly – M Units / Year

- **2015-2020E CAGR: 4%**

- **2014**: 86
- **2015E**: 88
- **2016**: 93
- **2017E**: 97
- **2018E**: 101
- **2019E**: 105
- **2020E**: 108

Declines in key developing countries, strong growth in Europe and NA

Source: PWC Autofacts

**Global Tire Market**
Global LV Tire Sales – M Units / Year

- **2015-2020E CAGR: 4%**

- **2014**: 1518
- **2015E**: 1537
- **2016E**: 1593
- **2017E**: 1661
- **2018E**: 1735
- **2019E**: 1799
- **2020E**: 1858

US anti-dumping & anti-subsidy duties on Chinese LV tires have global impact. Chinese tire production is declining.

Source: LMC Tyre Forecast

- **Strong 2015 sales in Europe and NA, Russia and Brazil struggles.**
- **Record number of recalls in the industry will continue to be felt into 2016 (and beyond).**
- **Key trends in 2016 and beyond strategic partnerships related to autonomous vehicle technology and new mobility models.**
- **US anti-dumping & anti-subsidy duties on Chinese LV tires, now investigation is due for OTR Tires.**
- **Imports of passenger tires from China off 53.2%.**
- **Replacement tire sales are steady in mature markets, Russia and Brazil are under pressure.**
- **2016 will be a difficult year for China and growth is expected to slow down.**
Market Dynamics

**Tire Reinforcement Market (NY6.6)**

- **Supply** vs **Demand**
- **2015-2020 CAGR**: +2.6%

**Source**: Company Estimates

**Cap-ply grows, Agro & Mining Tires demand is low**

**Nylon 6.6**

- Cap-ply demand grows as LV tire market grows
- Slower growth in China
- Low demand is expected to continue in mining & large agro tires
- Low NY6 prices continue to pressure NY66

**Tire Reinforcement Market (PET HMLS)**

- **Supply** vs **Demand**
- **2015-2020 CAGR**: +4.3%

**Source**: Company Estimates

**Passenger & LV tire driven growth**

**PET HMLS**

- Demand grows parallel to LV production
- Supply surplus in China
- Increasing PET HMLS penetration to Agro tires in USA and EU
KordSA Global highlights

1. Market leadership based on longstanding strategic partner status with all global tire players
2. Global footprint reinforced by recent Asia Pacific capacity additions
3. Volume growth supported by favourable dynamics in tire reinforcement market
4. Technology leadership at the cutting edge of reinforcement
5. Further growth opportunities from new products and transfer of technical know-how to adjacent construction and composites reinforcement sectors
6. Well-positioned for strong cash generation and dividends
7. Experienced management team with proven track record
Market leadership based on longstanding strategic partner status with all global tire players

Nature of customer relationship as key barrier to entry

<table>
<thead>
<tr>
<th>Length of relationship</th>
<th>Typical length of approval period (a)</th>
<th>Co-development projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Tire Player 1</td>
<td>Since 1986</td>
<td>~ 5 years</td>
</tr>
<tr>
<td>Global Tire Player 2</td>
<td>Since 1995</td>
<td>~ 5 years</td>
</tr>
<tr>
<td>Global Tire Player 3</td>
<td>Since 1973</td>
<td>~ 3 years</td>
</tr>
<tr>
<td>Global Tire Player 4</td>
<td>Since 1985</td>
<td>~ 2 years</td>
</tr>
<tr>
<td>Global Tire Player 5</td>
<td>Since 1973</td>
<td>~ 3 years</td>
</tr>
<tr>
<td>Global Tire Player 6</td>
<td>Since 1987</td>
<td>~ 2 years</td>
</tr>
</tbody>
</table>

(a) For a new supplier

Leading market shares

NY66 HDI Market Share 2014

PET HLMS Market Share 2014

Source: Management estimates based on Arthur D. Little strategy report (2014)

Strong barriers to entry for new comers
Capitalize on global footprint and entrenched supplier status with all key tire manufacturers
Global footprint reinforced by recent Asia Pacific capacity additions

EMEA 39% of 2015 Sales

APAC 30% of 2015 Sales

North America 17% of 2015 Sales

South America 14% of 2015 Sales

Regional footprint versus key competitors

- Production facilities of key customers

Kordsa Global market position

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

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

- #1 NY TCF producer in the US
- Only sizeable PET TCF producer and only SEC producer in Latam

Leading operational efficiency globally
Favourable dynamics in tire reinforcement markets

- **Growth of tire reinforcement market** is driven by light vehicle sales growth and size of the car parc.
- **KordSA Global benefits** from its established leadership positions in developed markets to grow with its global accounts and emerging customers.
- **KordSA Global** has invested to capture the faster growth in APAC.
- **Leading positions with the established players**
- Additional market share from emerging players through technology and global presence.
- **"Green tires" focused on enhancing energy efficiency**
- Safety and noise reduction regulation.
- **Demand for KordSA Global content per tire** increases with industry trends:
  - Larger rim sizes – more cord per tire
  - Weight reduction – high-tech fabrics
  - Speed ratings – next generation polyester grades

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**Tire reinforcement market outlook**

<table>
<thead>
<tr>
<th>Year</th>
<th>HMLS</th>
<th>PET</th>
<th>Ny66</th>
<th>Ny6</th>
<th>Rayon</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,396</td>
<td>561</td>
<td>315</td>
<td>470</td>
<td>470</td>
</tr>
<tr>
<td>2020E</td>
<td>1,609</td>
<td>623</td>
<td>356</td>
<td>580</td>
<td>470</td>
</tr>
</tbody>
</table>

**CAGR (%)**

- 2.5%
- 4.3%

KordSA Global Estimate

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**KordSA Global well-positioned to outperform its market**
3. Well-positioned to enable volume growth

Comments
- Disciplined approach to optimizing footprint
- Investment in Indonesia has increased tire cord fabric capacity by 18kT
  - Enables regional growth in technology-advantaged PET segment with global and emerging customers
- Tire cord fabric is the highest part of the value chain for KordSA Global

KordSA Global TCF volume development\(^{(a)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume sold (2006 indexed to 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>133</td>
</tr>
<tr>
<td>2015</td>
<td>139</td>
</tr>
</tbody>
</table>

KordSA Global regional capacity development

- 2005:
  - North America: 6%
  - EMEA: 32%
  - APAC: 41%
  - South America: 21%
- 2015:
  - North America: 13%
  - EMEA: 25%
  - APAC: 58%
  - South America: 4%

Source: LMC (2014)

Light Vehicle Tire manufacturing market evolution

- 2005:
  - APAC: 41%
  - EMEA: 32%
  - NA: 28%
  - SA: 20%
- 2015:
  - APAC: 58%
  - EMEA: 25%
  - NA: 21%
  - SA: 9%

Revenue Split

- 2014:
  - EMEA: 36.1%
  - APAC: 29.6%
  - NA: 17.4%
  - SA: 14.5%
- 2015:
  - EMEA: 38.6%
  - APAC: 28.0%
  - NA: 22.3%
  - SA: 13.7%

Shifting to TCF and APAC

\(^{(a)}\) Volume development adjusted for divested volumes
\(^{(b)}\) Capacity expansion has finalized as of January 2015
4 Technology leadership at the cutting edge of reinforcement

**Strong focus on R&D**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales from new products (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>10</td>
</tr>
<tr>
<td>2013</td>
<td>28</td>
</tr>
<tr>
<td>2014</td>
<td>41</td>
</tr>
<tr>
<td>2015</td>
<td>52</td>
</tr>
<tr>
<td>2018</td>
<td>150</td>
</tr>
</tbody>
</table>

**Cutting edge new products**

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

**Selected collaborations**

- RWTH Aachen University
- Sabanci Universitesi
- Tokyo Institute of Technology
- Princeton University
- TUBITAK

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

**Leadership in Innovation and Technology**

1. Turkey’s InovaLig Champion at Innovation Strategy Category
2. Best performed R&D center award of the year 2014 in all industries.
   3rd time champion in textile industry
3. Among the national top 6 institutions of R&D patent registration in Turkey.

Higher value added per tire with three year average R&D expenditure of appx.TL19m (including capitalized R&D)
Further growth opportunities from new products and transfer of technical know-how to adjacent sectors

Mid-term opportunity: composites reinforcement

Current status

- First carbon fibre weaving machinery installed and in production at Izmit plant
- US$29.7m investment in Composite Technologies Excellence Centre under construction for expected completion in May 2016
- Development programs & joint projects with aerospace & automotive customers and major universities in both Turkey and Europe.
- Detailed study of potential bolt-on M&A targets to accelerate market penetration underway.
Growth opportunities from new products & Applied technical know-how to adjacent sectors

Near-term opportunity: concrete reinforcement

- Production capacity completed
- Concrete lab established
- KraTos is currently marketed to public and private construction projects
- Sales channel build up in cement and chemical industry companies is underway.

Target Companies

- Lafarge
- Grace
- CEMEA
- HeidelbergCement
- CEMEX
- Akçansa
- Holcim
- BASF
- Sika
- Mapei
Well-positioned for strong cash generation and dividends

Gross profit

<table>
<thead>
<tr>
<th>% margin</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14.9</td>
<td>18.2</td>
</tr>
</tbody>
</table>

FX exposure

Revenue (2015)
- EUR 23%
- US$ 77%

Costs (2015)
- IDR 8%
- BRL 4%
- Others 3%
- TL 12%
- Energy 12%
- Personnel 14%
- Other 17%

Comments

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

- 10 yrs Average gross margin in the range of 11-19%

2015 expenses by nature

- 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 (Con’t)

- 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)

- KordSA Global is targeting progressive improvement in EBITDA margins over the medium term
  - Focus on value not volume
  - Successful selling, general and administrative (“SG&A”) cost reduction initiatives across all business units
  - Positive contribution of new products and adjacent businesses

KordSA Global is under the obligation as per Capital Market Board regulations, not to distribute more than the distributable reserves
  - The distributable reserves are made up of previous years distributable reserves plus the lower of the Turkish solo tax books income or the consolidated TFRS net income

(a) After minorities
(b) Net distributable income for the period
Update on the 2015 results

KordSA Global continues to perform well based on its value strategy.

Key financials

<table>
<thead>
<tr>
<th>(in TLm, unless otherwise stated)</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,569</td>
<td>1,735</td>
</tr>
<tr>
<td>Gross profit</td>
<td>234</td>
<td>315</td>
</tr>
<tr>
<td><strong>gross profit margin (%)</strong></td>
<td>14.9</td>
<td>18.2</td>
</tr>
<tr>
<td>EBITDA (b)</td>
<td>179</td>
<td>242</td>
</tr>
<tr>
<td><strong>EBITDA margin (%)</strong></td>
<td>11.4</td>
<td>14.0</td>
</tr>
<tr>
<td>SARM Margin</td>
<td>8.1%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Net income(a)</td>
<td>77</td>
<td>99</td>
</tr>
<tr>
<td><strong>Effective Tax Rate</strong></td>
<td>10.3%</td>
<td>11.5%</td>
</tr>
<tr>
<td>WC Turnover</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>CAPEX (MMTL)</td>
<td>217</td>
<td>105</td>
</tr>
<tr>
<td>Net Debt/EBITDA</td>
<td>3.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Dep &amp; Amort (MMTL)</td>
<td>68</td>
<td>81</td>
</tr>
</tbody>
</table>

- (a) TFRS, after minorities
- (b) EBITDA Calculation: Earnings before interest, foreign currency gains and losses, gains and losses from investments and due date income and expenses as part of other operating income and expenses and depreciation and amortization
# KordSA Global's guidance & financial policy

## Volume growth vs. market
- KordSA Global is targeting volume growth at 1-2% above tire market growth

## EBITDA margins
- KordSA Global 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 solo tax books (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
- KordSA Global does not apply payment of advance dividends
- The 2015 dividend (payable in 2016) will be from the distributable net income generated during 2015

## Revenue Growth
- 10% - 20%

## EBITDA Growth
- 15% - 20%