

SASA

POLYESTER SAN. A.Ş.

SASA IS AN



ERDEMOĞLU
HOLDİNG

ESTABLISHMENT

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SASA – Executive Summary

1

SASA is a pioneer in the polyester sector with more than 55 years market presence, #1 in Turkey and ranks among the leading global producers for specialty polyester polymers, staple fibers and filament yarns

2

SASA's significant incessant investments serve its vision to "become the largest supplier of high-value added polyester in the region and beyond"

3

SASA has been listed at the BIST since 1996 and is majority owned by anchor shareholder Erdemoğlu Holding while being managed by a highly experienced, long-serving management team

4

SASA's planned investments in capacity addition (+2,200 ktons) to support creating a vertically integrated specialty polyester manufacturer in Turkey serving both high domestic and international demand

5

The Turkish polyester market is expected to outgrow the global market with c. 10% (vs. 3% global market) until 2030 driven by domestic secular growth trends additionally fueled by COVID19

6

Promising Turkish market fundamentals with strong GDP growth and stock market recovery expectations while Lira exchange rate to follow mean reversion in the medium term

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SASA – Mission, Vision and Values



Mission

*SASA has identified the polyester market as its key area of focus for investment. Its strategic target is to be one of the world's largest, fully integrated polyester companies by 2030 and «**to make Turkey the largest polyester producing country**» after China and India*

Vision

*By increasing sales and production capacity as well as developing new products, SASA **aims at creating a strong brand value, protecting its leadership position in Turkey and strengthening it's position as a global player in EMEA region***

Values

*SASA carries on its activities with **highest safety standards by adopting the principle of working in compliance** with global and local ethic values, fulfilling social responsibilities with an environmental consciousness and making customer satisfaction it's first priority*

“Becoming the largest supplier of high-value added polyester in the region and beyond”



Business Description

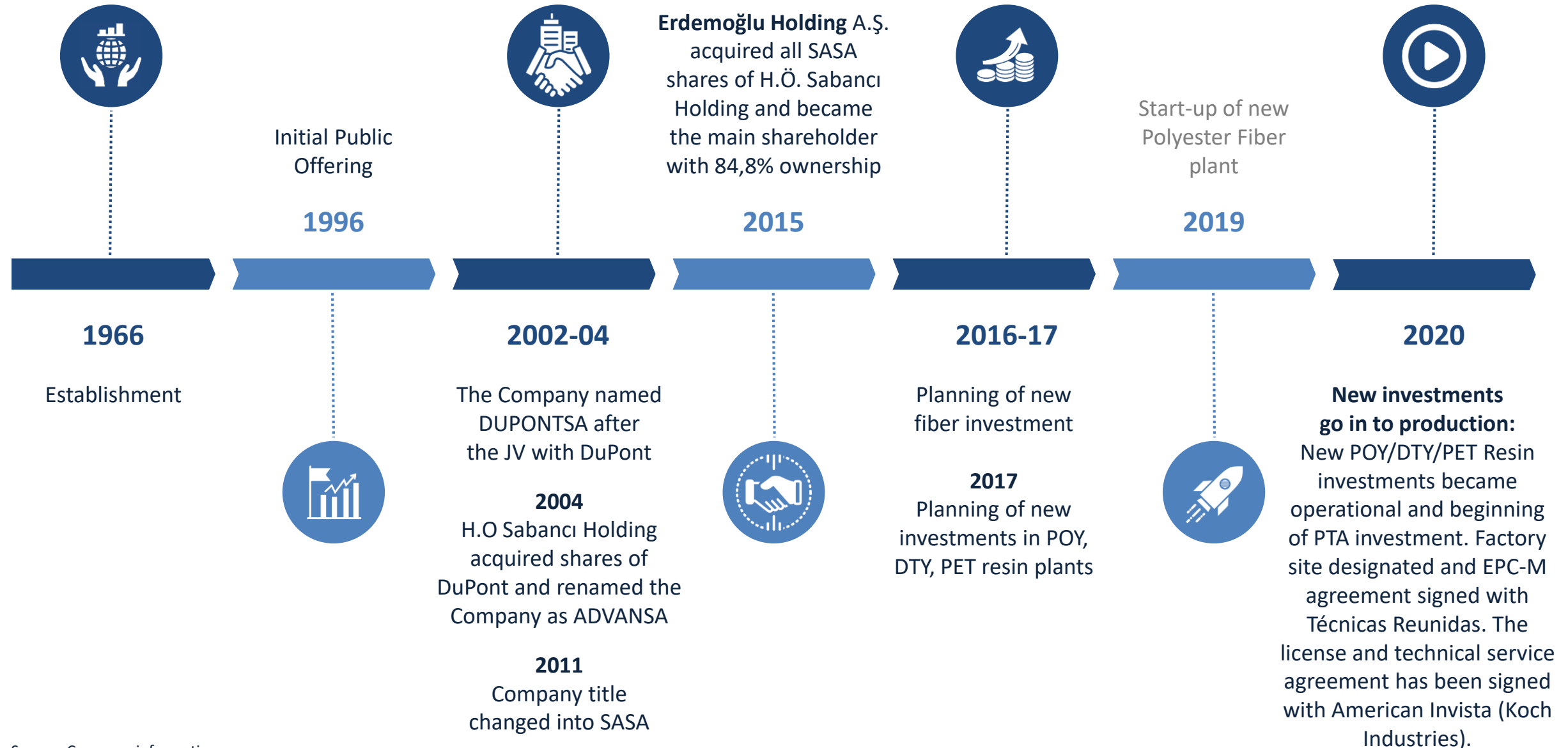
- Leading producer in the world for polyester staple fibers, filament yarns, polyester-based and specialty polymers and intermediates
- Combining and blending a powerful technical inheritance and innovation culture with a high production capacity
- Fully integrated operations from design to production and distribution
- Investment oriented high growth, especially in high value-added product range
- ESG are determining priority in business model

Key Facts

- **Financial profile:** USD 720 m with a 24% EBITDA Margin
- **FTE:** 4,103 employees (5,300+ employees post envisaged investments)
- **Customers/end-markets:** Strong and blue chip customer base and well diverse market penetration
- **Technology:** State-of-art technology investment and manufacturing setup in every production line
- **Transformation:** At the edge of transforming to a global specialty player

With its proven business model and its distinct, winning features, SASA has all the necessary ingredients to deliver up on our vision: "Becoming the largest supplier of high-value added polyester in the region and beyond"

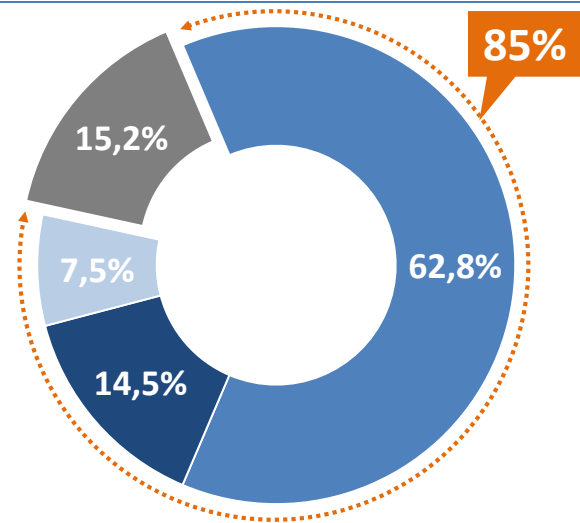
SASA – Key Milestones



Source: Company information

SASA – Shareholder Structure

SASA Shareholder Structure



■ Erdemoğlu Holding ■ Merinos
■ Dinarsu ■ Free Float

Anchor Shareholder Base

Erdemoğlu Holding A.Ş. and subsidiaries (Merinos Halı Sanayi ve Ticaret A.Ş. and Dinarsu İmalat ve Ticaret T.A.Ş.) together own 84.8% of SASA total shares

Source: Company information

Deep dive into Erdemoğlu Holding



- Erdemoğlu Holding, operates in different sectors including machinery carpet, specialty polymers and chemicals, home textile and yarn with 50 years of experience
- Erdemoğlu Holding became the main shareholder of SASA, by acquiring the shares of H.O. Sabancı Holding in 2015

Key Group Indicators:

- USD 2.7 b total asset size
- USD 1.4 b sales
- USD 353 m EBITDA

Carpet

- Among the 5 largest carpet manufacturers of the world with 69.6 million m²
- Exports to 65 countries
- 72 % of revenues is generated from export markets

Brands



Market Share

5%
in Global

30%
in Local

Home Textile

- In the sector since 2007
- Facility in Uşak with 18.000 tons production capacity

Product Range

- | | |
|-----------------|--------------------|
| i. Rugs | v. Towel |
| ii. Duvet sets | vi. Bathrobe sets |
| iii. Sleep sets | vii. Bathroom sets |
| iv. Quilts | |

Market Share

1%
in Global

20%
in Local

Yarn

- In the sector since 1992
- Facility in Gaziantep and Tekirdağ with 102.4 tons production capacity

Brands

- Ak-Al iplik joined the Holding in 2011, operates under Dinarsu
- Production plant in Zonguldak

Market Share

5%
in Global

30%
in Local

SASA – Senior Management

Board of Directors

	Name	Title	Total Experience	With SASA
1	İbrahim ERDEMOĞLU	Chairperson	38 Years	6 Years
2	Ali ERDEMOĞLU	Deputy Chairperson	50 Years	6 Years
3	Mehmet ŞEKER	Board Member	18 Years	4 Years
4	Mehmet ERDEMOĞLU	Board Member	11 Years	6 Years
5	Kadir BAL	Independent Board Member	20 Years	1 Year
6	Hacı Ahmet KULAK	Independent Board Member	25 Years	3 Years
7	Mahmut BİLEN	Independent Board Member	18 Years	5 Years
8	İrfan BAŞKIR	Board Member	28 Years	28 Years
			>208 years	>59 years

Advisors to Board of Directors

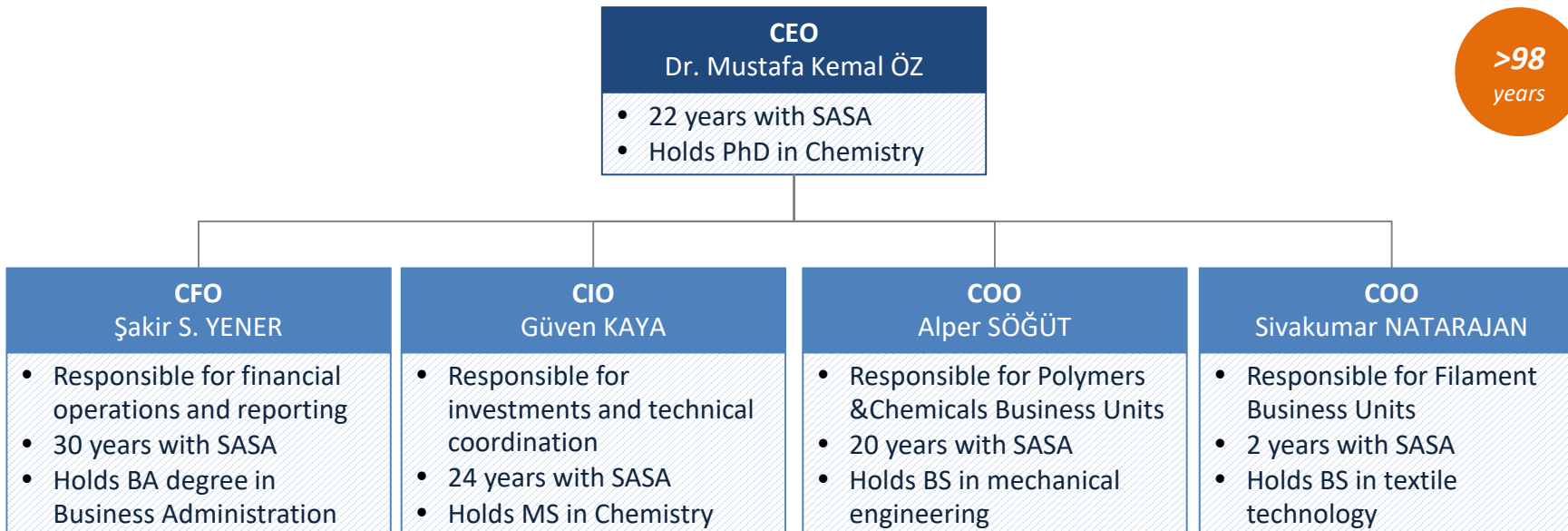
Prof.Dr. İbrahim M. Turhan

- Holds PhD in Economics
- Previously Deputy Governor of CBRT, Chairman and CEO of Borsa Istanbul
- Chairman of Turkish Settlement Bank
- Member of Global Agenda Council , World Economic Forum

Dr. Ersin Acar

- Holds PhD in Chemistry
- Previously researcher of General Electric R&D Center in US, Albany for 5 years
- Owns more than 12 patents

Management Board



Source: Company information

SASA – Product Portfolio and End-markets Served

Key products (FYE 2020)



- Polyethylene Terephthalate
- Dimethyl Terephthalate
- Polybutylene Terephthalate
- Thermoplastic Elastomers
- Dioctyl Terephthalate
- Differentiated Co-Polymers



- Drawn Textured Yarn
- Partially oriented yarn



- Fiberfill
- Nonwoven
- Textile

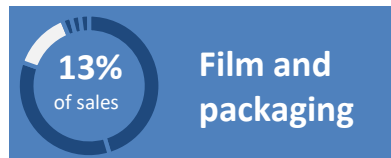
End-markets served (FYE 2020)



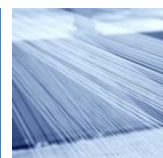
Our fiber products are rendered as pillow, padding into toys, quilt, all kind of coats, furniture padding, bed, decorative toss pillows after the paddings are combed, rendered in bead form or fiber tying



We create value with special solutions and special products for our customers in textile sector providing services for very different and wider sectors



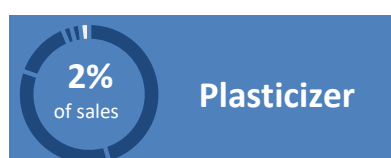
Our film type PET products are used in the production of film and packaging materials which shall or shall not be in contact with food



Our high viscosity polyester polymer products are used in industrial applications requiring higher strength by depending on their final use places



Our polymer, fiber and filament products are used in the production of automotive parts



Our high viscosity polyester polymer products are used in industrial applications requiring higher strength by depending on their final use places

Core offering

***Differentiated
and high
value-add
polyester
solutions for
targeted end-
markets***

SASA – Key Strength Factors



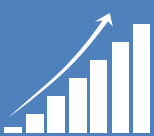
Operating in the industry of ***polyester polymers, staple fibers and filament yarns***, SASA constitutes a major share of **global production capacity with its polymerization capacity of 1,365,000 t/year in 2020** based on both DMT⁽¹⁾ and PTA⁽²⁾ technology



As #1 market leader in Turkey, **SASA provides highly tailored and specialty polyester solutions for demanding, resilient end-markets both domestic and international**. Its plan to become a fully vertical integrated polyester producers will provide SASA with an additional competitive edge vs. peers cementing its leadership position



SASA's R&D Department was formed in 2000 and certified as «R&D Centre» by The Ministry of Industry and Technology in 2018. With 30+ employees headed by a very experienced new advisor and with USD 1.3 m+ budget in 2021, ***SASA plans to add additional patents/IP and expertise to its existing product pipeline***

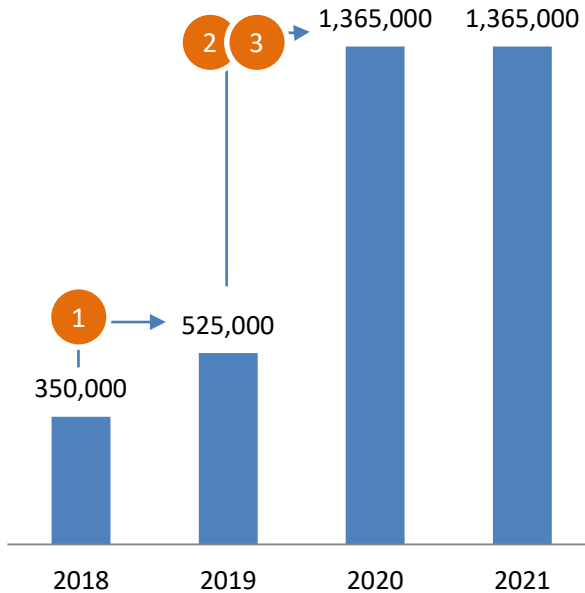


SASA activities in polyester production dates back to 1966. Since its establishment, ***the company has been one of the pioneer corporations in its field, demonstrating rapid growth thanks to the incessant investments***

Source: Company information, Notes: (1) DMT = dimethyl terephthalate, (2) PTA = purified terephthalic acid

SASA – Recent Capital Expenditure

SASA's total capacity (tons p.a.)



Rationale

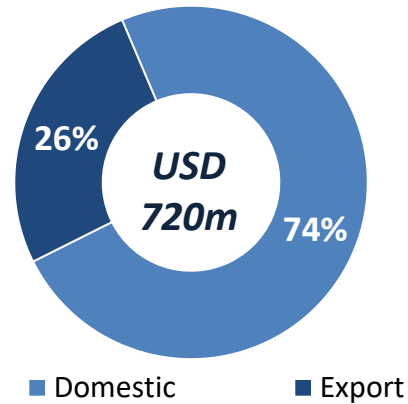
- **Regional strategy of SASA:** Rank among top producer and become production base in MENA region
- **International vision of SASA:** Be the biggest polyester producer after China and India

	1 Fiber Investment	2 POY/TEXTURIZE	3 MTR
Rationale	Commitment of new shareholder to deliver upon SASA's mission		
Investment Amount	EUR 210 M	EUR 315 M	EUR 65 M
Contribution to Capacity	350K tons	350K tons	315K tons
Completion Date	2019 – 2Q	2020 – 2Q	2020 – 3Q
Completion Time	3 years after public disclosure announcements of investments	3 years after public disclosure announcements of investments	3 years after public disclosure announcements of investments
Contribution to Sales	USD 480 M	USD 450 M	USD 250 M
Financing Details	<ul style="list-style-type: none"> • 15% Capital, 85% Debt • ECA Credit - 10 years maturity with 2 years grace period • Other investment loans with 3 to 10 years maturity 	<ul style="list-style-type: none"> • 25% Capital, 75% Debt • 10 years maturity with 2 years grace period • Other investment loans with 3 to 10 years maturity 	<ul style="list-style-type: none"> • 25% Capital, 75% Debt • ECA Credit, 10 years maturity with 2 years grace period • Other investment loans with 3 to 10 years maturity
Breakdown of Loans	EUR 60 M - 2+6 Years – 4.84% - Commercial Loan EUR 60 M - 2+10 Years – 3.16% - ECA EUR 20 M - 2+8.5 Years – 2.85% - ECA EUR 20 M – 10 Years – 4.74% - EXIM Investment Loan EUR 20 M – 5 Years – 5.68% - Investment Loan EUR 30 M Equity	EUR 220 M - 2+10 Years - 2.50% - ECA Loan EUR 35 M - 2+3 Years - 4.95% - EXIM Investment Loan EUR 10 M - 3 to 10 Years - 1.80% - Loans from various financial institution TL 150 M - 3 to 10 Years - 17.50% - Loans from various financial institution EUR 90 M Equity	
Loan Amount Repaid	EUR 58 M (27.6% of total)	EUR 35 M (9.2% of total)	

Source: Company information, KPMG report, Deloitte Audit Report

SASA – Customer Base

SASA Sales Split⁽¹⁾ (2020)



Selected customers



Well diversified and loyal customer base both domestically and internationally reduces concentration risk

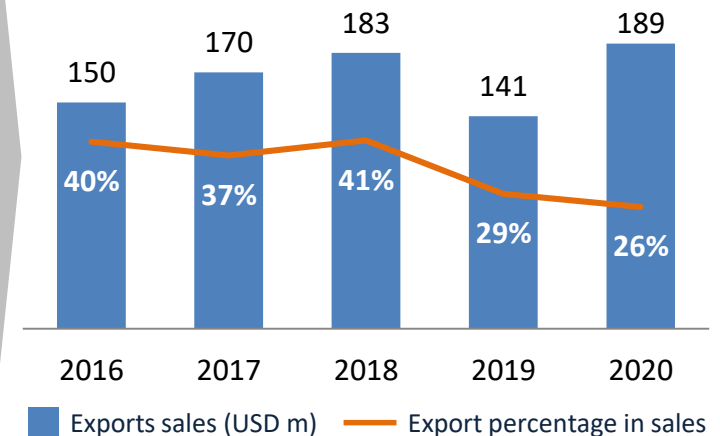
Source: Company information, Notes: (1) including exports and sales subject to export

Domestic	Customer	Weight in Sales	Product
	1	16%	Fiber-Yarn-POY
	2	4%	Fiber
	3	4%	Fiber-POY
	4	4%	Textile Chips
	5	4%	Textile Chips-Yarn-POY
	6	3%	Yarn-POY
	7	3%	Textile Chips
	8	2%	Textile Chips
	9	2%	POY
	10	2%	Yarn, POY
	Sum top 10	44%	

Export	Customer	Country	Weight in Sales	Weight in Export ⁽¹⁾	Product
	1	Germany	3.6%	13.8%	Textile Chips
	2	Germany	1.7%	6.3%	Textile Chips
	3	Germany	1.3%	4.9%	Fiber
	4	Germany	1.0%	3.6%	Textile Chips
	5	Italy	0.6%	2.4%	Fiber
	6	Israel	0.6%	2.3%	Fiber
	7	Finland	0.6%	2.1%	Fiber
	8	Germany	0.6%	2.1%	Textile Chips
	9	Israel	0.5%	1.8%	Fiber
	10	France	0.4%	1.7%	Textile Chips
	Sum top 10		10.9%	41.0%	

- Domestic clients are mostly export oriented producers
- 99% of all sales are priced in hard currency and this gives SASA a solid ground against FX fluctuations
- Geographical distribution of SASA sales ensures company's profitability against any kind of non-systematic risks

Exports sales and export percentage in sales (USD m)



Transparency and Accountability

All financial reports and material event disclosures are announced at Public Disclosure Forum and Website www.sasa.com.tr

Management Board and Committees

Erdemoğlu Holding Internal Audit Unit is responsible for internal audit of SASA. Management Structure is formed by related regulations and ESG policies



Policies and Regulatory Framework

Corporate governance is at the center of the management philosophy of SASA. As a requirement of being a listed company, SASA also fulfils the Capital Markets Board Corporate Governance Principles

Monitoring and Internal Control

Audit Committee, Committee of Early Detection of Risk, Corporate Governance Committee actively operate with the Company’s Management Board



Audit Committee

- Disclose company’s financial reports and oversight efficiency of internal audit and control systems
- Submits suggestions and evaluations to the SASA’s Board of Directors within its capacity



Early Detection of Risk Committee

- Focus on strategic, operational and financial risks which could affect company’s operations
- Committee directly reports to the Board of Directors its findings, risk management actions and suggestions



Corporate Governance Committee

- Make sure that SASA’s operations are based on ethic principals, responsibility for internal or external stakeholders, transparency, and sustainable management
- Makes evaluations and suggestions to the Board of Directors in order to set corporate governance principals for SASA in line with Capital Markets Board of Turkey’s corporate governance principals and international best practices

Source: Company information

SASA – ESG Policies (1/2)

SASA’s initiative

- **Environment management unit consists of 3 engineers and 9 operators**
- **Waste water treatment** facility has 7k tons of water treatment capacity
- **Recycling:** Existing PET recycling facility (current capacity 9k tons p.a. in 2020) to be ramped up to 50k tons by 2025
- **Recycling:** SASA /UIF (Uhde Inventa Fischer) to recycled 20% polyester in PET chips production with 66k tons p.a. by 2023
- Consistent **emission measurements**
- **Greenhouse gas emission⁽¹⁾** is certified by The Ministry of Environment and Urbanization’s laboratories
- **Temporary storage areas for hazardous wastes**
- **Zero Waste Commitment⁽²⁾** certified by The Ministry of Environment and Urbanization

Intern. environmental policies



ISO 14001:2015

ISO 50001:2011



ISO 9001:2015

ISO 27001: 2013



ISO 45001:2018

SASA’s ESG mission

“Our aim is to prevent all injuries, occupational illnesses, major incidents and environmental pollution. We believe in The Goal Of Zero and that it is achievable and sustainable. ESG is a fundamental component of SASA’s long-term business strategy. We consider ESG implications in the full spectrum with the intent to protect associates, neighbours, business assets, natural resources and the environment.”



Notes: (1) Measured by SASA and verified by The Ministry of Environment and Urbanization’s accredited laboratories, (2) Qualified for “Zero Waste Certification” in Mar-2020 with validity upto 2025 and subject to periodic audits



Education projects

- Mehmet Erdemoğlu Foundation has financed 11 different education projects including faculties, dormitories and schools
- The Foundation has provided scholarships for over 18,000 students since 1998
- Total funds spent for education projects amounts to USD 25 M

Health projects

- Two Family Health Centers are built by Foundation in Adiyaman, South Eastern Turkey
- Total funds spent for health projects amounts to USD 1 M

Social projects

- The Foundation also implemented social projects via building social facilities for deprived people, mosques and condolence houses
- 13 different projects were funded by the Foundation
- Total funds spent for social projects amounts to USD 20 M

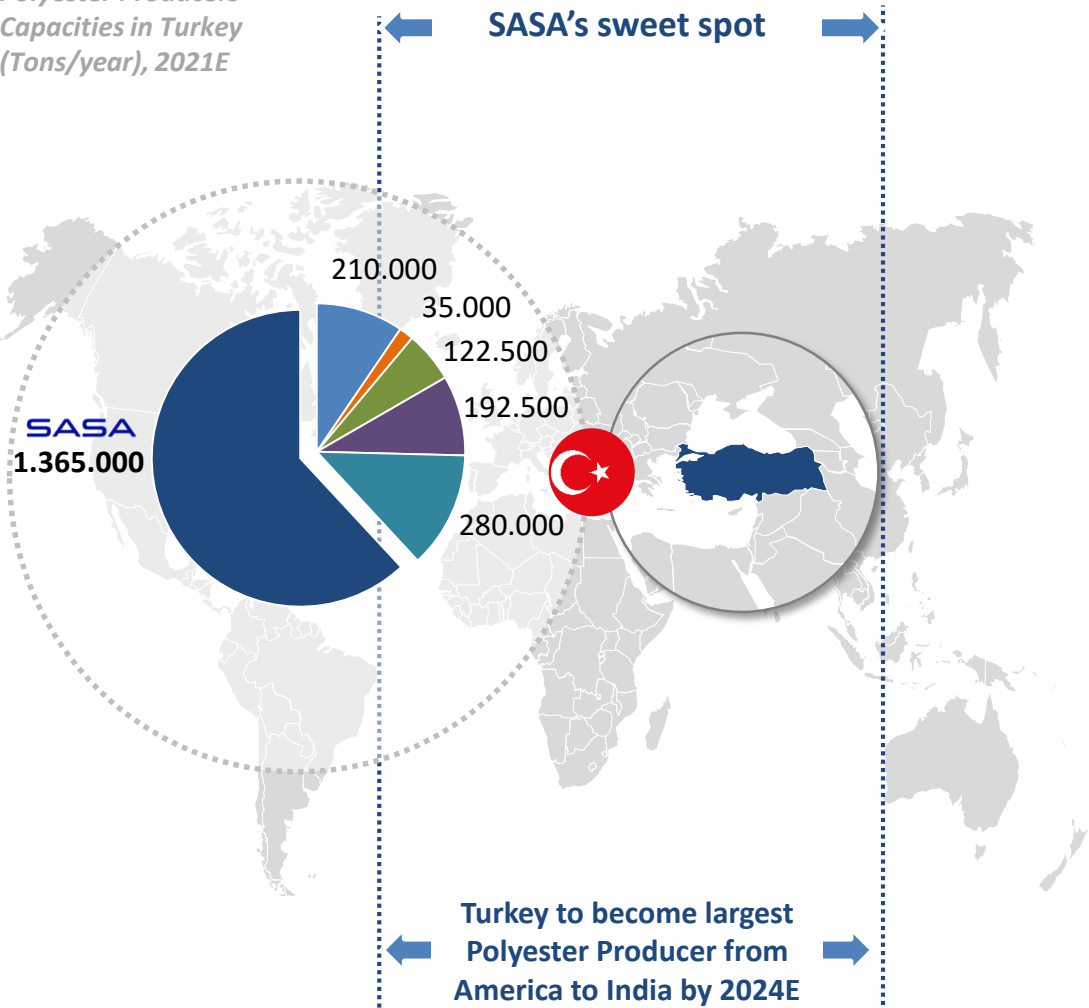
Other projects

- Police stations, foot bridges, parks and museums are amongst other projects funded by Mehmet Erdemoğlu Foundation
- Total funds spent for other projects amounts to USD 20 M

SASA – Recap of Investment Highlights

#1 market positioning with strong fundamentals...

Polyester Producers
Capacities in Turkey
(Tons/year), 2021E



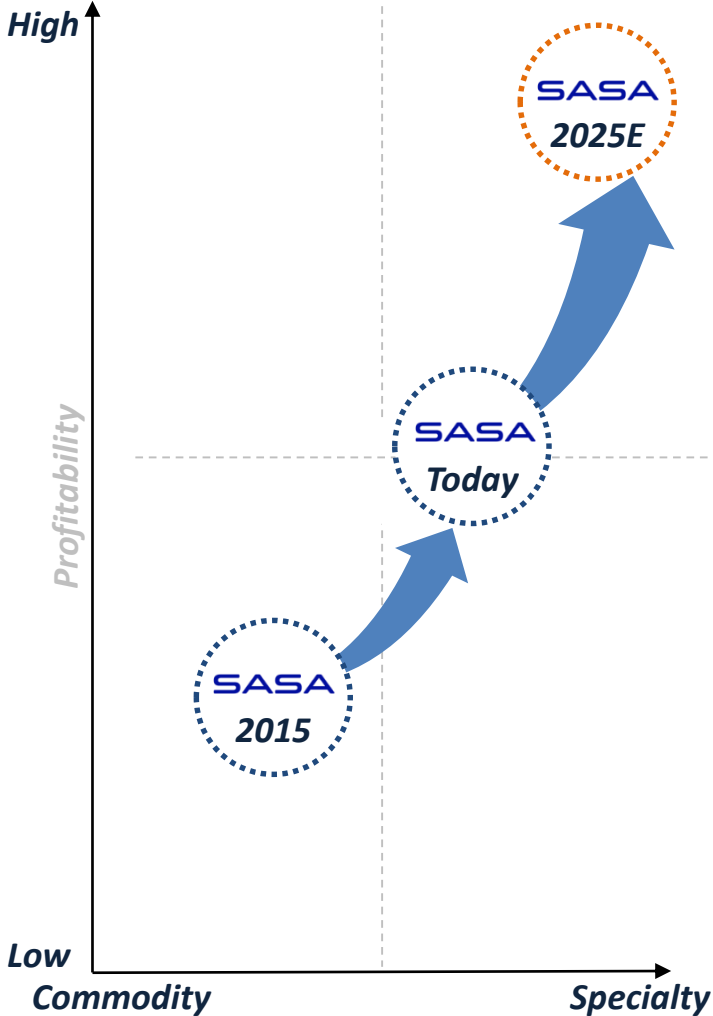
Source: Company information, Wood Mackenzie Aromatics



...combined with specialty portfolio



...to accomplish its vision



“Becoming the largest supplier of high-value added polyester in the region and beyond”

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SASA – Targeted expansion for vertical integration

Upstream

Vertical integration

Downstream

	PTA	MTR	Fiber	POY
Rationale	Vertical integration / feedstock certainty	High-value added downstream products		
Investment Amount	USD 639 m	USD 120 m	USD 330 m	USD 400 m
Contribution to Capacity	New Capacity: 1.500K Ton	Capacity Increase: 330K Ton	Capacity Increase: 367.5K Ton	Capacity increase: 350K Ton
Completion Date	2023 – 1Q	2023 – 4Q	2023 – 4Q	2026
Contribution to Sales & EBITDA	Contribution of Internal PTA usage: 16% raw material cost advantage EBITDA Contribution: USD 250 m (+7% margin)	Sales: USD 400 m EBITDA: USD 110 m % margin: 27.5%	Sales: USD 550 m EBITDA: USD 170 m % margin: 30.9%	Sales: USD 525 m
Financing Details	<ul style="list-style-type: none"> 25% Capital, 75% Debt Machinery and Equipment, USD 270 m with ECA Credits Construction and instalment, USD 210 m Negotiations are proceeding 	<ul style="list-style-type: none"> 25% Capital, 75% Debt Machinery and Equipment, USD 60 m with ECA Credits Construction and instalment, USD 30 m Negotiations are proceeding 	<ul style="list-style-type: none"> 25% Capital, 75% Debt Machinery, Equipment, Construction and instalment, USD 204 m with ECA Credits Negotiations are proceeding 	Project to be initiated 2024
Expenditure Breakdown (USD m)	<p>2021: 199 (Construction), 199 (Machinery & equipment), 0 (Others) 2022: 199 (Construction), 216 (Machinery & equipment), 0 (Others) 2023: 23 (Construction), 0 (Machinery & equipment), 0 (Others) Total 2022: 415</p>	<p>2021: 18 (Construction), 0 (Machinery & equipment), 0 (Others) 2022: 18 (Construction), 66 (Machinery & equipment), 0 (Others) 2023: 18 (Construction), 0 (Machinery & equipment), 0 (Others) Total 2022: 84</p>	<p>2021: 7 (Construction), 0 (Machinery & equipment), 0 (Others) 2022: 7 (Construction), 142 (Machinery & equipment), 0 (Others) 2023: 7 (Construction), 167 (Machinery & equipment), 0 (Others) Total 2022: 149</p>	Project to be initiated 2024

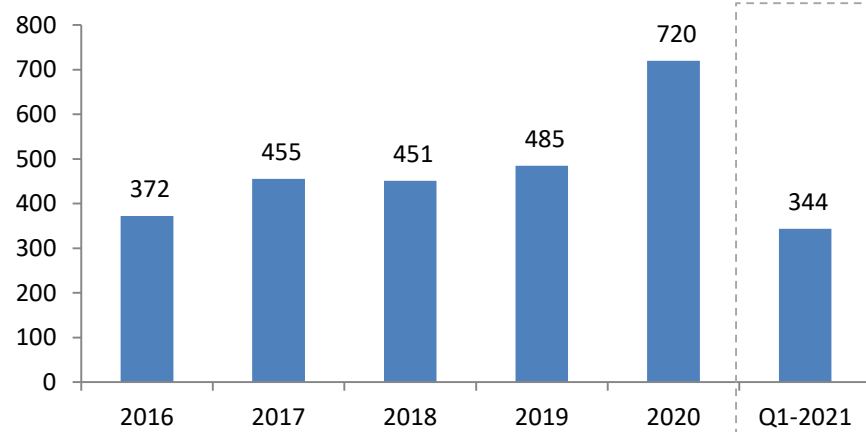
The targeted investments and upstream integration are key to SASA medium term perspectives, both in terms of sales growth and profitability

Source: KPMG report

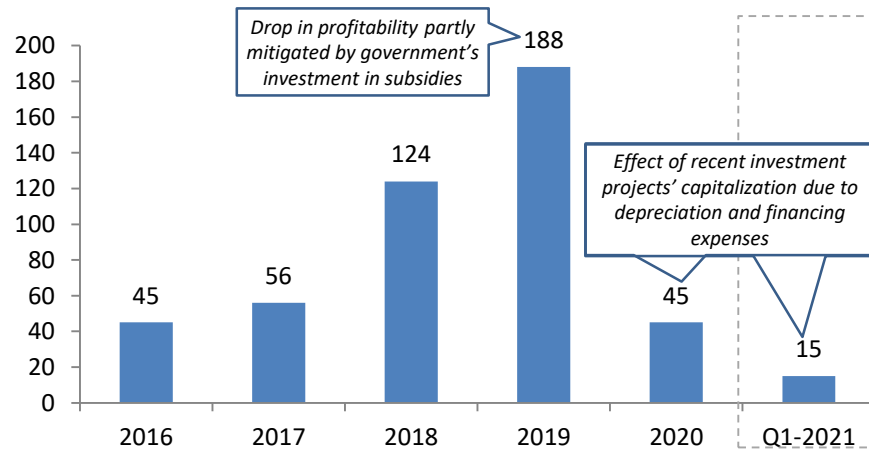
SASA – Financial Performance & Indicators

Historical Financials

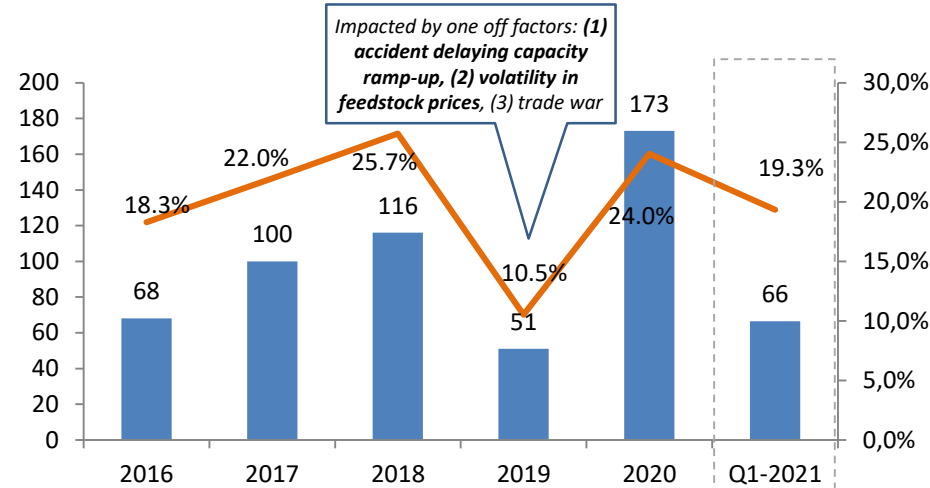
Net Sales (USD m)



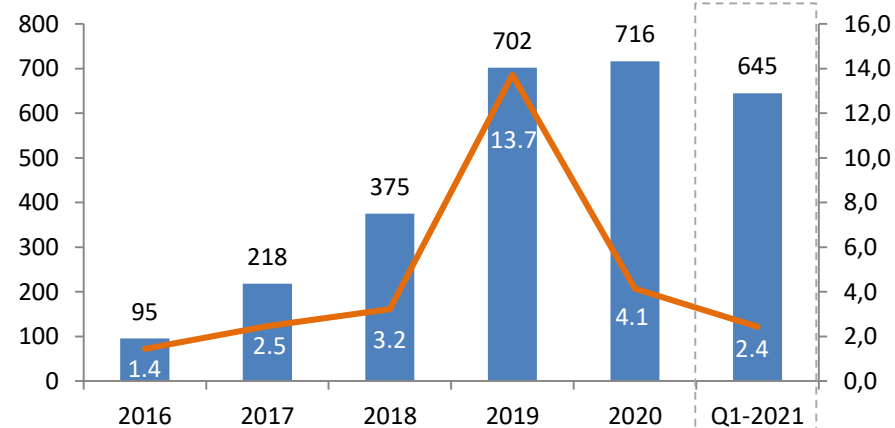
Net Profit (USD m)



EBITDA – EBITDA Margin (%)⁽¹⁾



Net Debt - Net Debt/EBITDA



Potential impact⁽²⁾

Sales

c. +20% p.a.

EBITDA

c. +30% p.a.

EBITDA margin

c. 25% target

EBITDA to net debt

c. ≥ 25%

Source: Company information, Deloitte Audited Reports; Notes: (1) 2020 EBITDA figure includes USD 6.8 million one-off land sale; (2) Post targeted investments, as per p. 20, and continued ramp up of recent investments

PTA Investment – Timeline and Expenditure Breakdown

The new PTA Investment has a forecast;

- Start-up of February 2023
- With approximately USD 639 m investment value and 1,500 kt/year capacity
- Estimated CAPEX pay-off within four years
- Financial contributions: +7ppts increase in EBITDA margin and USD 250m increase in EBITDA mainly due to the reduction in feedstock costs

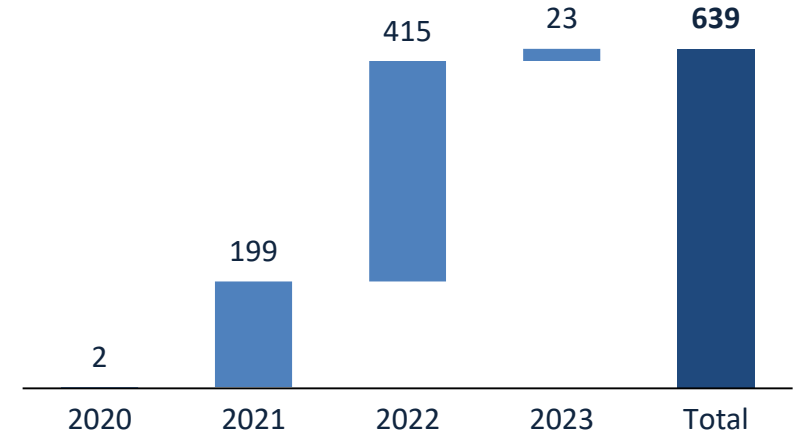
PTA Investment Timeline

Year	2020			2021												2022												2023													
PTA	Month	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3										
PTA Project																																									
Commercial Agreement																																									
Project Design																																									
CED Report																																									
Design and Construction																																									
Electronic and Mechanical Installation																																									
Machinery Delivery																																									
Construction Permissions																																									
Start-up Date																																									

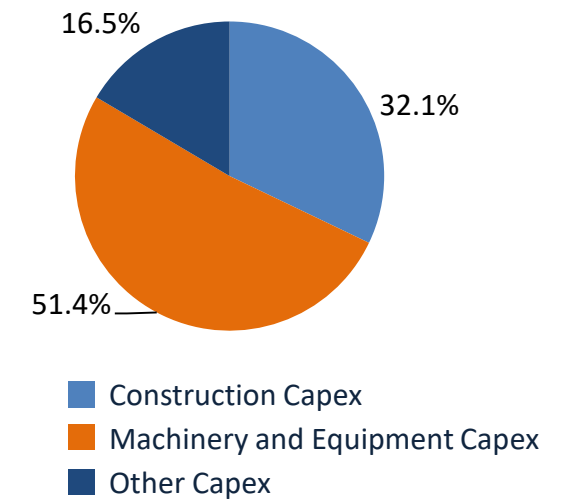
Today

Source: KPMG report

PTA Investment Expenditure Plan (USD m)



Expenditure Breakdown (%)



SASA – Debt Maturity Profile and Covenants

Total Loans & Costs and Currency Breakdown (2021-Q1)

Currency	Principal	Weighted Avr. Interest Rate	Total	% of total	Collateral
USD	57,574	2.47 %	57,686	8%	Unsecured
EUR	451,093	1.91 %	453,506	74%	Secured
TL	1,045,596	18.64 %	1,077,011	18%	Unsecured
Total (in USDk)	712,695		719,523		

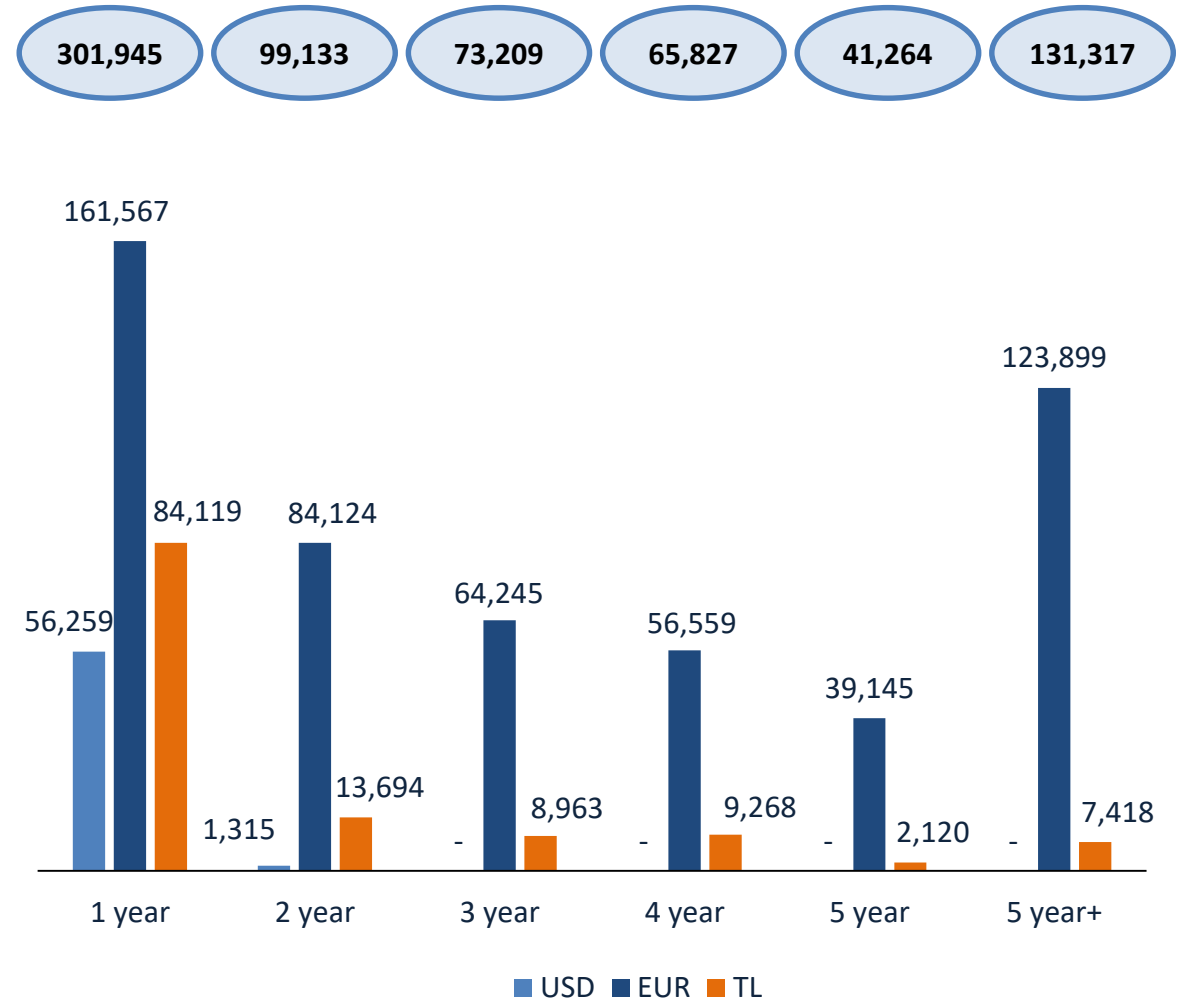
Additional comments

- Loan figures include leasing debt as well (fully secured by machinery/equipment)
- Company's factory land, with USD 68,633 asset value, has been pledged for EUR credit (with 2020-Q1 year-end USD/TL exchange rate)
- There is a pledge over machinery and equipment equivalent to EUR 367 m (with 2020-Q1 year-end EUR/TL exchange rate)

Source: Deloitte Audit Report

Loan's Principals in Years (in USDk)

Total Loans in USDk



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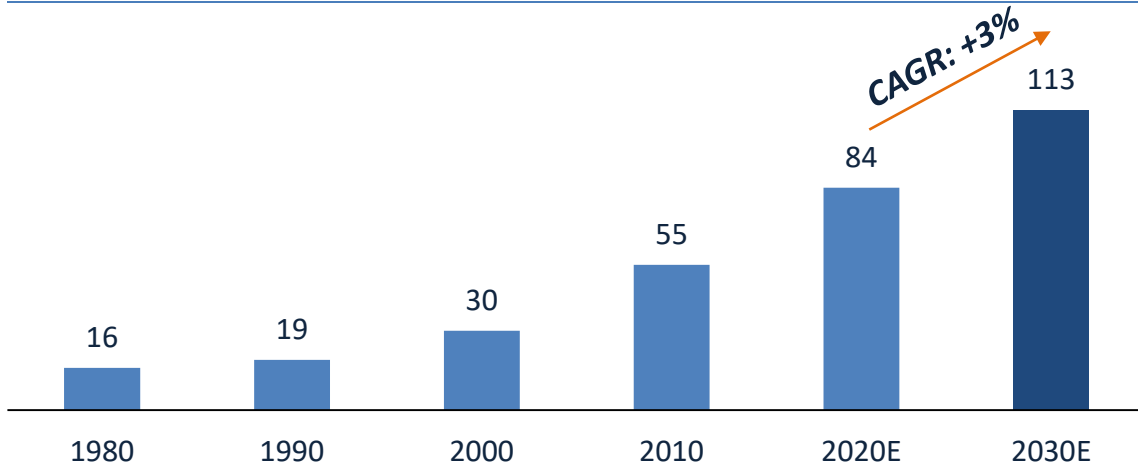
Turkey Macroeconomic Outlook

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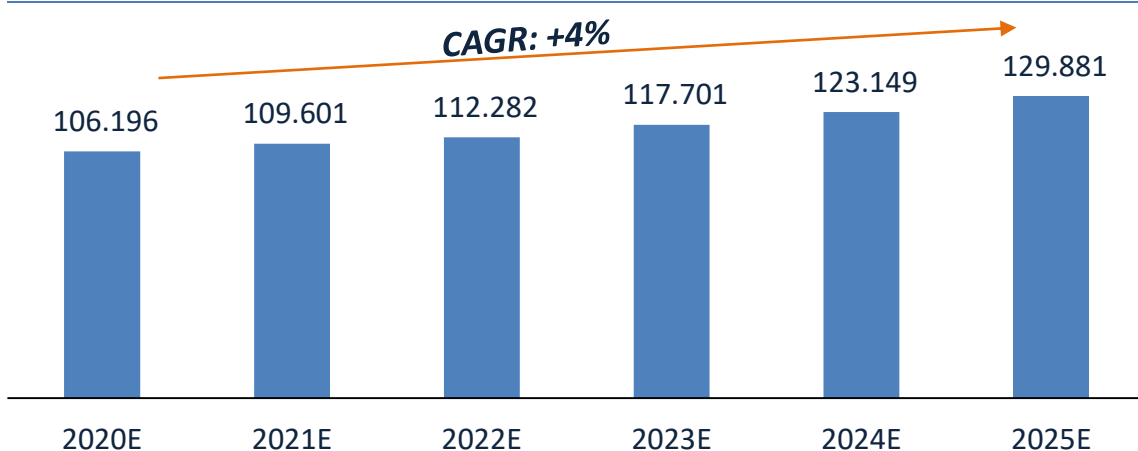
Appendix

Global Polyester Market – Market Dynamics

Global Polyester Market Growth Trend (mtons)



Global Polyester Capacity (ktons)



Source: Company information, Wood Mackenzie Aromatics

Market Drivers/Trends

- Proportion of Asia in global production has increased over recent years
- Due to global dynamics (i.e. lessons-learnt from Covid-19, West-China tension, logistics and geographical proximity factors, among others), EU demand has and will further migrate to Turkey
- Polyester consumption rises mainly due to increasing purchasing power through GDP growth and rising disposable income, growing population as does per capita income, which makes EMs more vibrant markets
- Recent and anticipated market growth in end-use industries particularly in (i) Plastic industry (especially packaging sector) and (ii) Textile and leather industry impacted by post-COVID dynamics
- Higher demand for polyester products in comparison to other textile or plastic materials

Positive market tailwind from globally robust growth expectation combined with changing dynamics post COVID

Global Polyester Market – Key Competitors

Key Global Polyester Players



- Largest polyester producer in North America
- **Sales in 2020:** USD 5.3 bn



- Polyester Chips, POY, FDY, DTY producer
- **Sales in 2020:** USD 5.4 bn



- Petrochemicals, Polyester Chips, POY, FDY, DTY, PSF, PTA producer
- **Sales in 2020:** USD 12.5 bn



- Formed by Hengyi and Rongsheng



- Polyester Chips, POY, DTY, FDY and PTA producer
- **Sales in 2020:** USD 6.6 bn
- Operates in Turkey under «Suneast» brand



- Petrochemicals, Petrol & Gas, Digital Services, Retail and Textiles
- **Sales in FY2021 (Mar 21 YE):** USD 62.9 bn
- The biggest integrated fiber and yarn producer



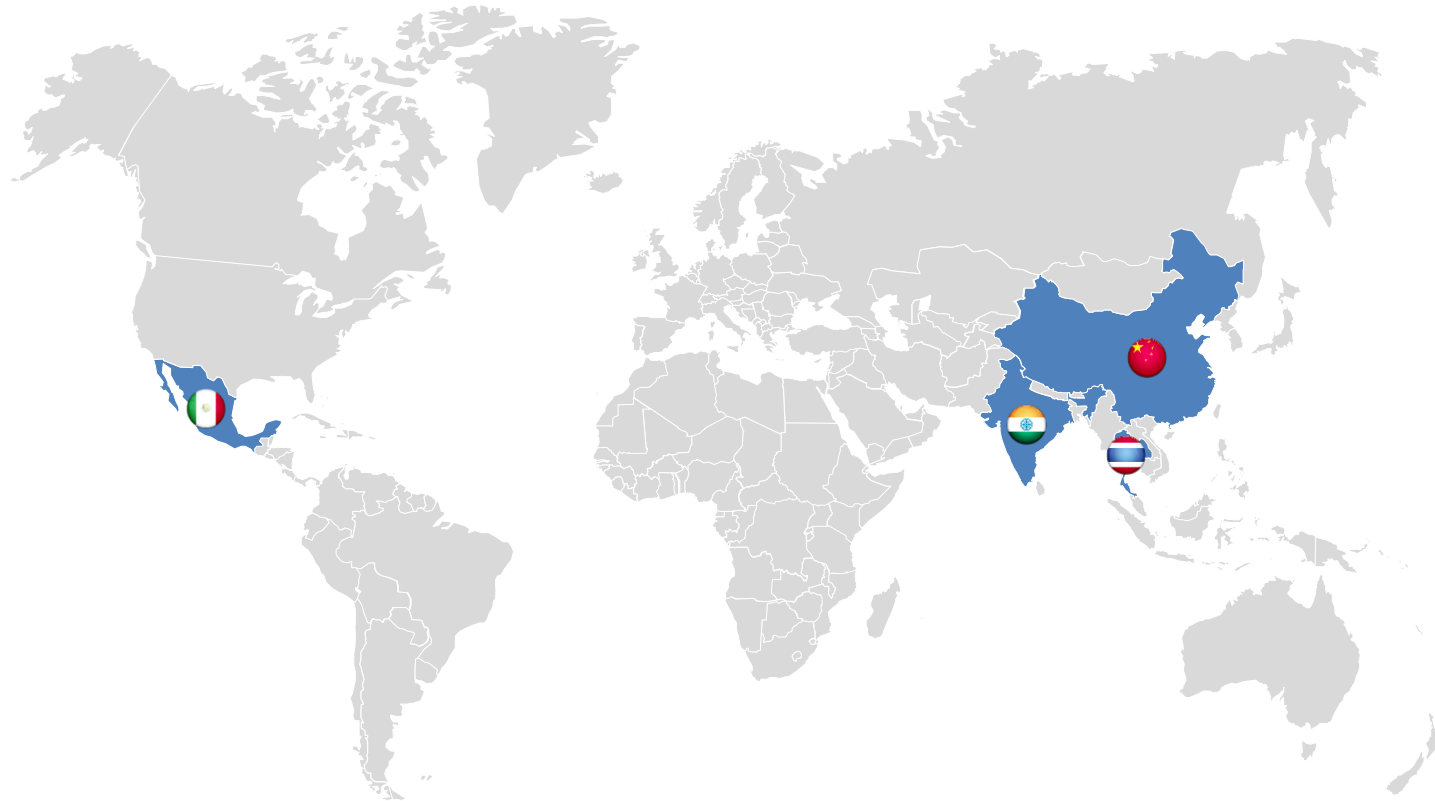
- Petrochemicals, Textile products, Chips, DTY, POY, FDY and other chemicals
- Strong distribution channel within China, Taiwan, South Korea, Malaysia, Thailand, Indonesia, Mexico, Spain and Italy



- Feedstock, PET, Packaging, Fibers and Recycled products
- **Sales in 2020:** USD 10.6 bn
- Production Sites: Africa, Americas, Asia-Pacific and Europe



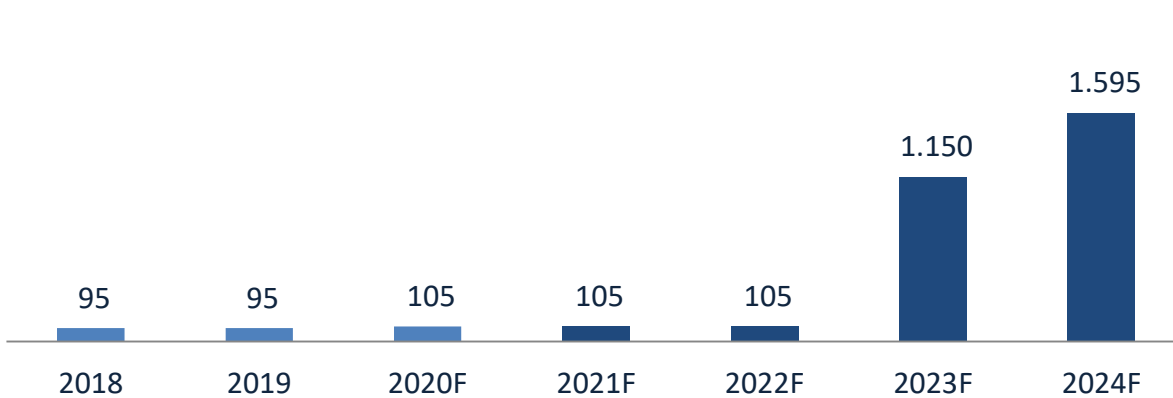
- Pet Chips, Film and Polyester Yarn producer
- **Sales in FY2019 (Mar 19 YE):** USD 0.4 bn
- Production sites: India, UAE, Bahrain, Belgium



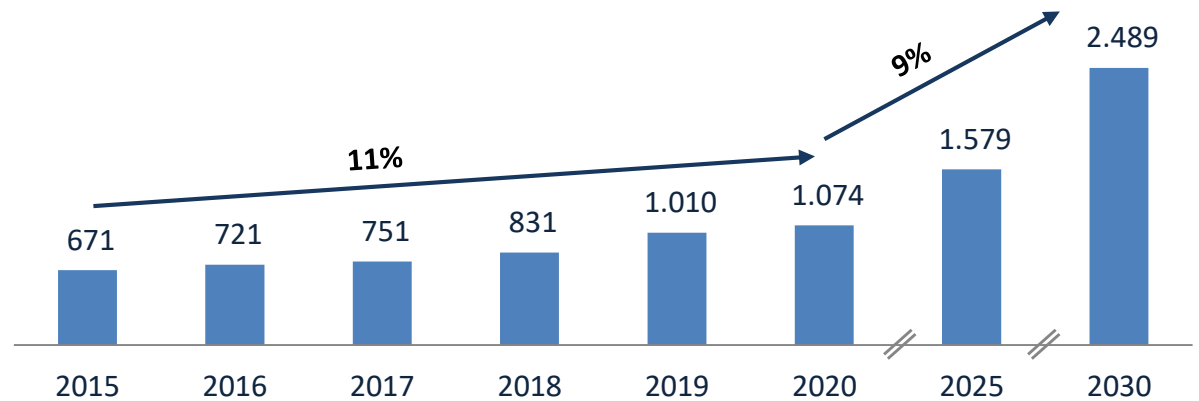
Source: Company information, Wood Mackenzie Aromatics

Turkish Market – Polyester/PTA (1/2)

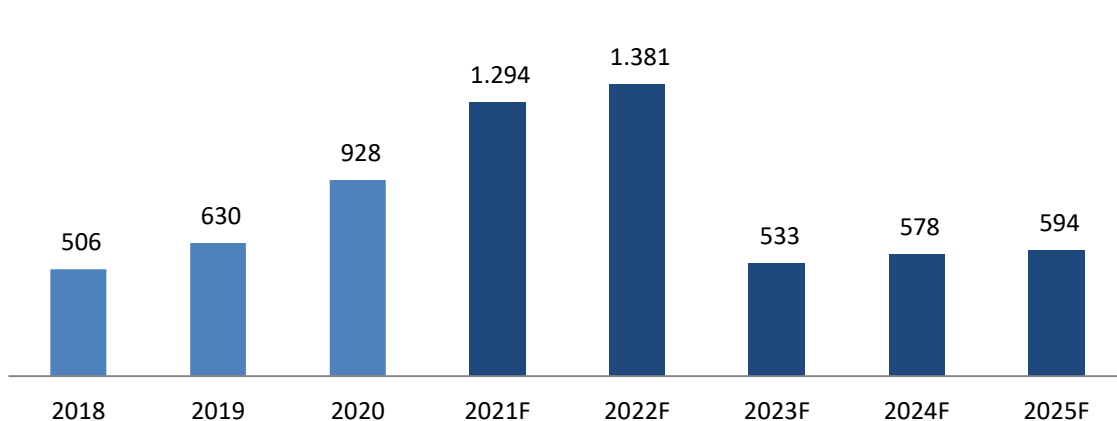
Domestic PTA Capacity (ktons)



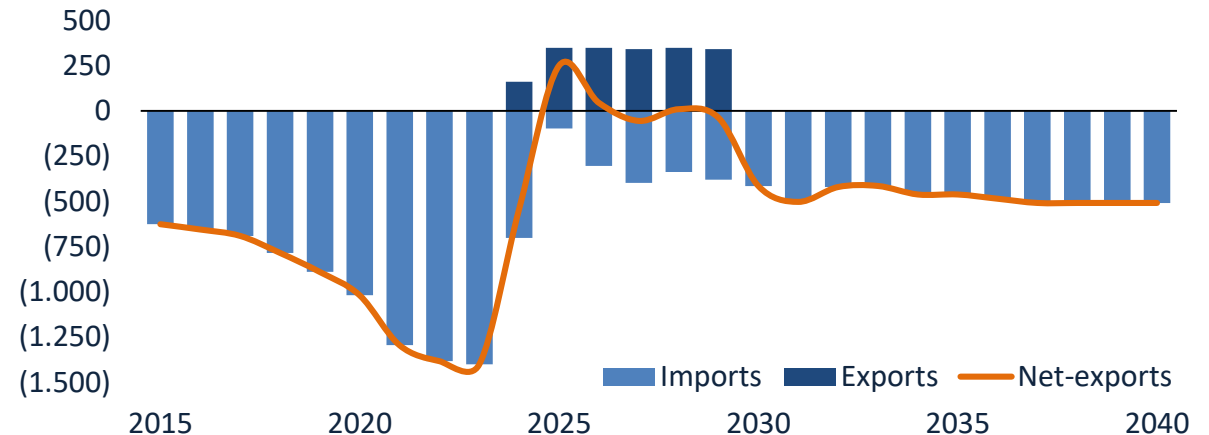
Domestic PTA consumption (ktons)



PTA Imports (ktons)



Turkey PTA Trade (ktons)



➤ The Turkish PTA market is currently the world third largest importer and is expected to remain a net importer of PTA going forward despite the recent expansion of SASA – hence, there is still domestic demand to serve

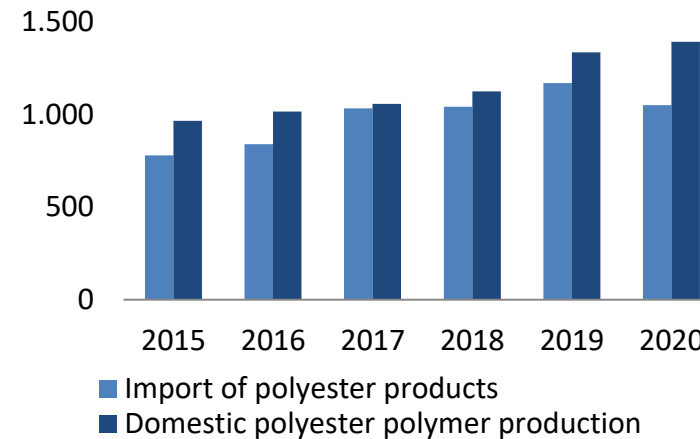
Turkish Market – Polyester/PTA (2/2)

Turkish Polyester Market Import Amounts

Volume (ktons)	2015	2016	2017	2018	2019	2020
Polyester Yarn	441.4	480.7	516.3	504.8	615.5	520.3
Polyester Chips	173.2	207.3	325.1	325.4	341.0	345.9
Polyester Staple Fiber	164.0	152.2	192.0	211.8	214.3	184.4
Total Imports	778.6	840.2	1,033.4	1,042.0	1,170.8	1,050.6

+6.2%

Turkey: Polyester Prod. & Import (kt)

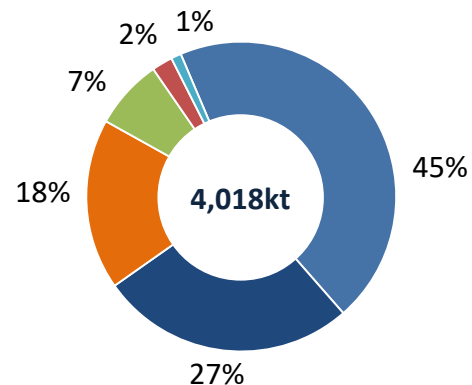


Growing domestic polyester demand mostly covered by increasing import volume provide a significant outlet for Turkish PTA production



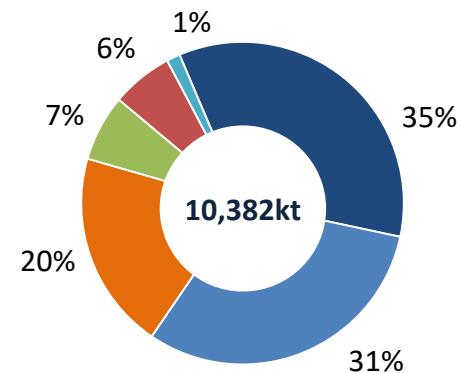
Additionally, EMEA remains an attractive and net importing market to which Turkey is geographically well positioned

Global PSF Imports by Regions (2019)



■ Asia ■ Europe ■ America ■ Middle East ■ Africa ■ Oceania

Global PET Resin Imports by Regions (2019)



■ Europe ■ Asia ■ Americas ■ Middle East ■ Africa ■ Oceania

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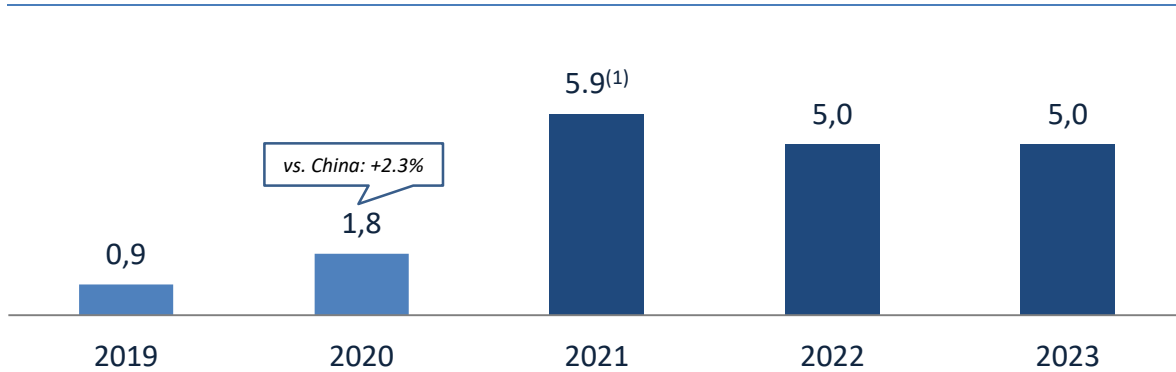
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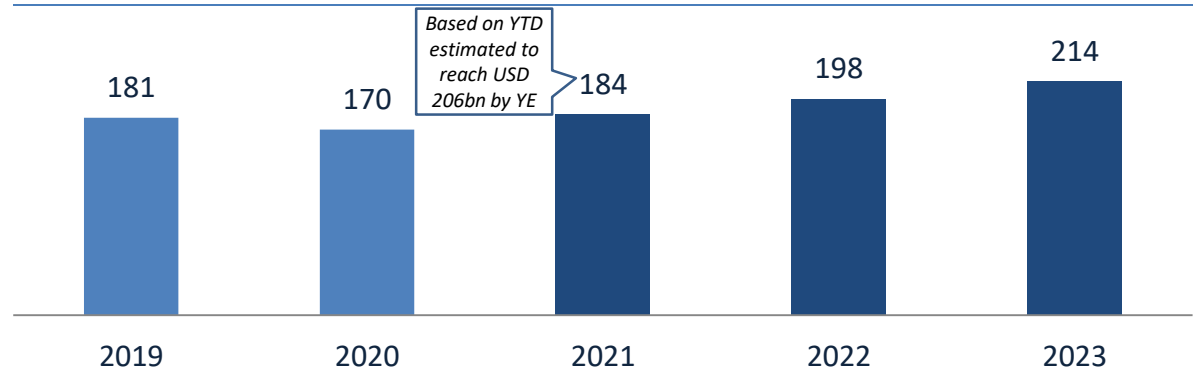
Turkey - Macroeconomic Outlook (1/2)

Turkey: Real GDP Growth Rate (%)



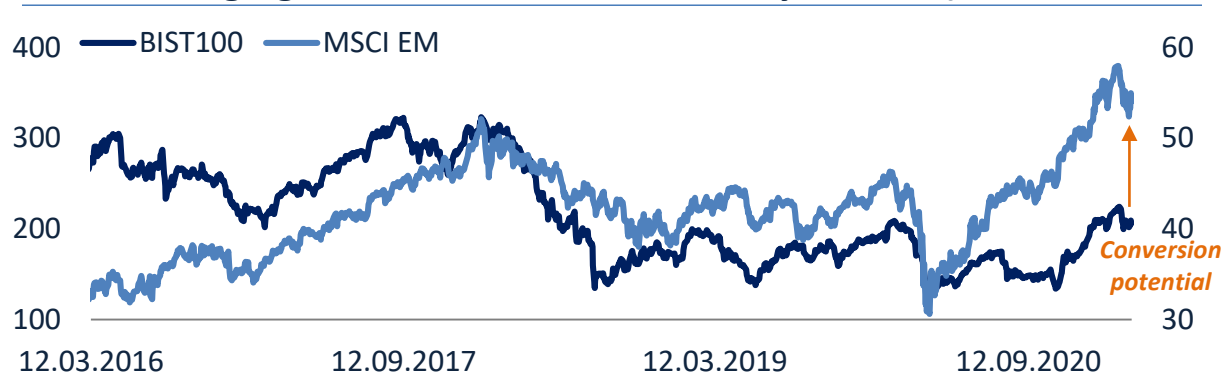
Strong GDP growth recovery post COVID19 shutdowns expected; second highest growth rate after China in 2020

Turkey: Export, USD b, FOB



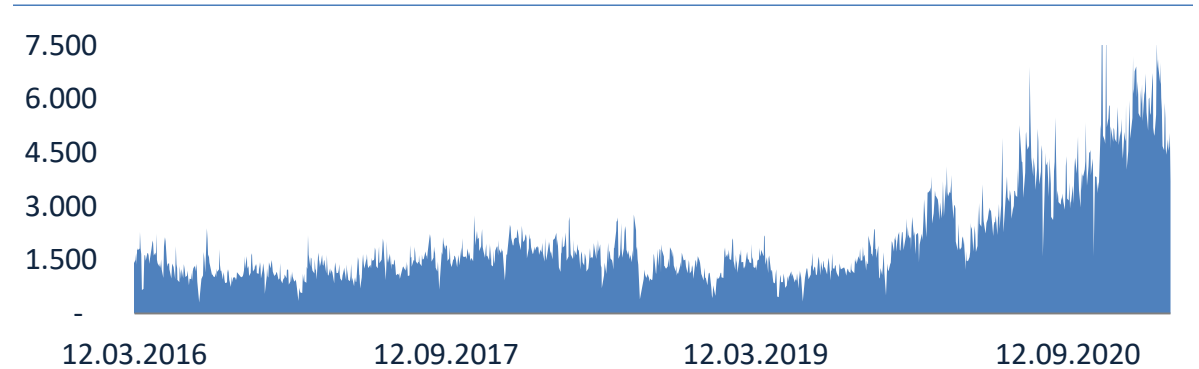
Strong export estimates thanks to Turkey's geographic advantage as well as diversified market access

MSCI Emerging Markets ETF vs. BIST100-5 year, USD)



Strong signs of over performance after having been underweighted for the last 2-years – conversion expected in the medium term

BIST Traded Volume – USD m, Mar 2016 – Mar 2021

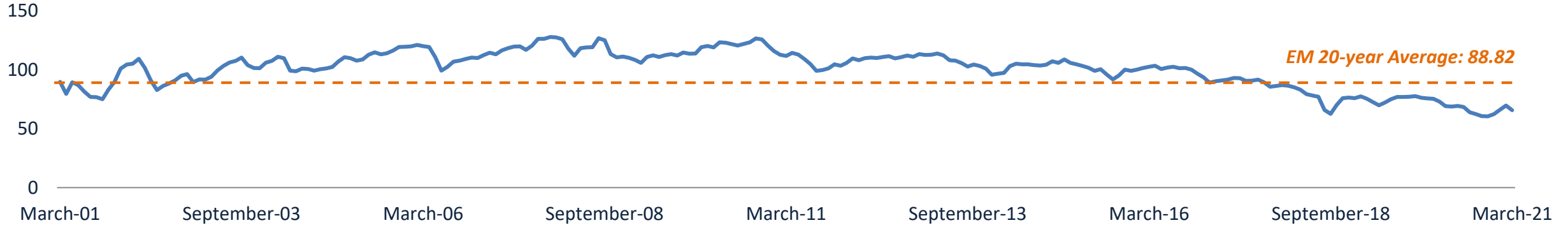


BIST is one of most liquid emerging stock exchange allowing for transaction efficiency and certainty

Source: CBRT, Bloomberg, Government's Medium Term Economic Program (Sep. 2020); Notes: (1) OECD Forecast (Mar. 2021)

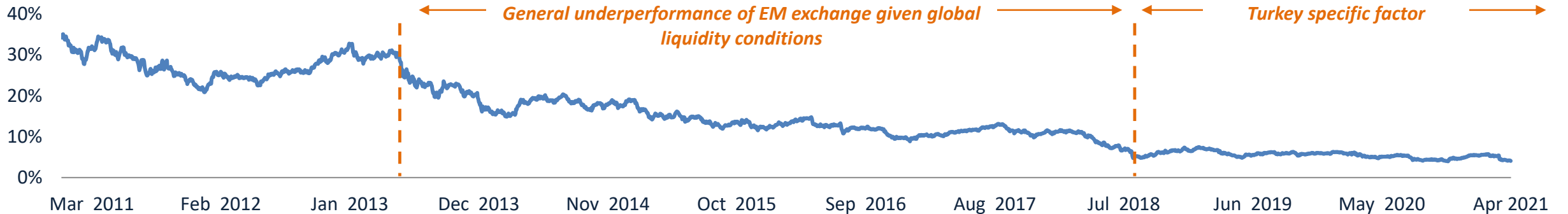
Turkey - Macroeconomic Outlook (2/2)

CPI Based Real Effective Exchange Rate (20 years)



Though short term volatility may seem high, in the medium term Turkish lira assets always follow mean reversion

Comparing BIST100 vs. S&P500 (calculated in USD terms, divided by S&P500 levels)



BIST has suffered from underperformance the global capital markets but is expected to recover to pre-2018 levels in the medium term



THANK YOU

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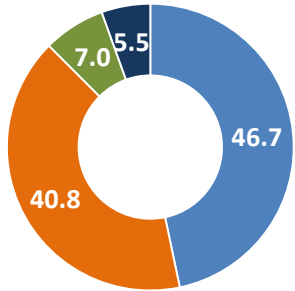
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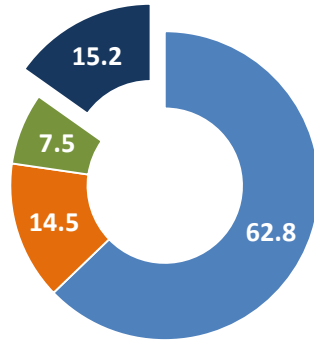
SASA – Corporate Structure Chart

Erdemoğlu Holding



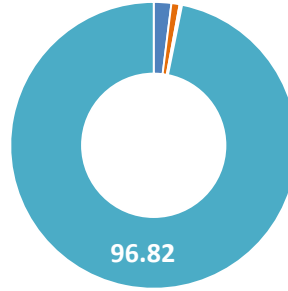
■ İbrahim Erdemoğlu
■ Ali Erdemoğlu
■ Gülsüm Erman
■ Mustafa Erman

Sasa Polyester



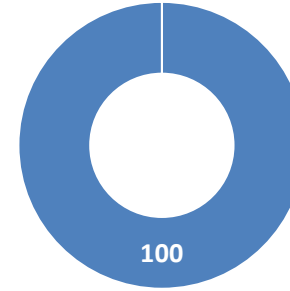
■ Erdemoğlu Holding
■ Merinos
■ Dinarsu
■ Free Float

Merinos Hali



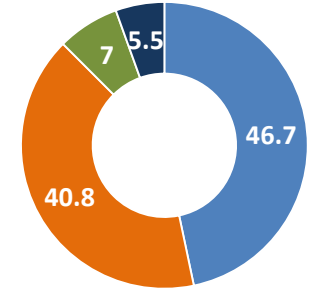
■ İbrahim Erdemoğlu
■ Ali Erdemoğlu
■ Gülsüm Erman
■ Mustafa Erman
■ Erdemoğlu Holding

Dinarsu İmalat



■ Erdemoğlu Holding

Erdemoğlu Foreign Trd.



■ İbrahim Erdemoğlu
■ Ali Erdemoğlu
■ Gülsüm Erman
■ Mustafa Erman

Shareholders	Erdemoğlu Holding		SASA Polyester		Merinos Hali		Dinarsu İmalat		Erdemoğlu Foreign Trd.	
	Capital	Shares %	Capital	Shares %	Capital	Shares %	Capital	Shares %	Capital	Shares %
İbrahim Erdemoğlu	420,300,000.00	46.70			4,181,288.00	1.98			934,000.00	46.70
Ali Erdemoğlu	367,200,000.00	40.80			1,939,395.00	0.92			816,000.00	40.80
Gulsum Erman	63,000,000.00	7.00			328,486.00	0.16			140,000.00	7.00
Mustafa Erman	49,500,000.00	5.50			258,096.00	0.12			110,000.00	5.50
Erdemoğlu Holding			703,402,931.00	62.80	204,142,735.00	96.82	60,000,000.00	100.00		
Merinos Hali			162,399,989.00	14.50						
Dinarsu İmalat			83,999,994.00	7.50						
Free Float			170,197,086.00	15.20						
TOTAL	900,000,000.00	100.00	1,120,000,000.00	100.00	210,850,000.00	100.00	60,000,000.00	100.00	2,000,000.00	100.00

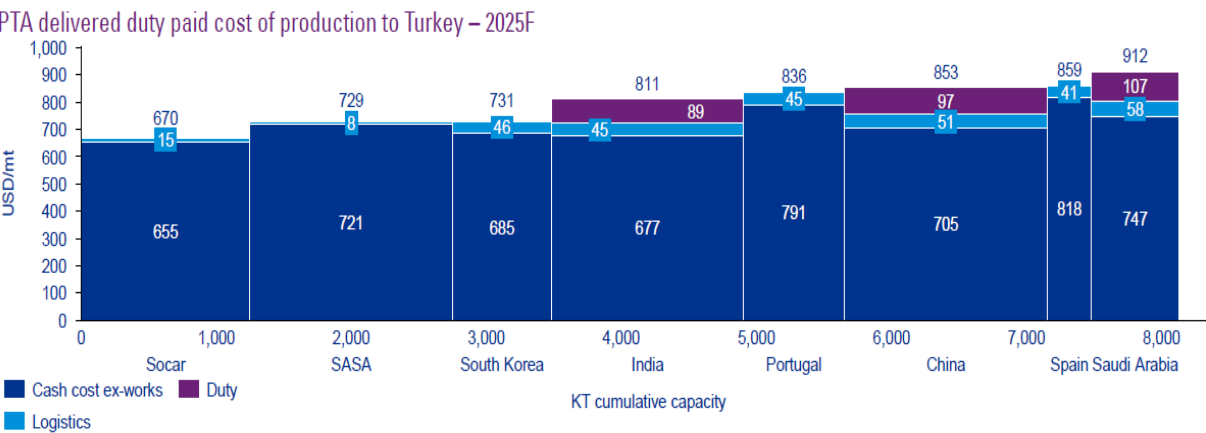
Source: Company information

PTA Investment of SASA

- PTA is the primary feedstock for the production of polyester-based products
- The envisaged PTA investment is to be made as part of developing and expanding SASA's polyester business and support recent investments in PET resin and polyester fiber and filament products
- PTA cost competitiveness between regions largely determined by choice of process technology, plant scale, acquisition cost of feedstock of paraxylene, freight, duties and tariffs
- SASA's PTA project has a cost-advantaged position based upon the deployment of Invista's latest version of its PTA production technology, reducing PX usage on a ton per ton basis relative to older PTA Technologies
- SASA has advantage in being able to consume a large portion of its output into its co-located polyester assets. Furthermore, by 2024, Turkey is to have PTA demand over 1,500 ktons which means SASA's capacity will be absorbed fully in domestic market
- The mid-term strategy for SASA's PTA investment is to use 100% of its PTA output in its integrated polyester assets in Adana. SASA will have access to paraxylene feedstock from Middle East suppliers where paraxylene price assessment is Asian contract price minus freight assessed at USD 40/ton
- And finally SASA operates within Turkey, a largely duty protected market in petrochemical sector
- Government's strong incentive support will be the way for investments such as corporate tax discount, Income tax withholding, Energy consumption incentive, employer's national insurance contribution support, qualified personnel support, interest rate support

Source: KPMG report

Mainly due to time spent in transportation, inventory adjustment and duty costs, SASA will gain a competitive advantage



Potential Markets for PTA

 567 ktons Germany	 287 ktons Spain
 545 ktons Lithuania	 193 ktons Italy
 541 ktons Oman	 172 ktons Egypt

Glossary & disclaimer from data providers

CMBT:	<i>Capital Markets Board of Turkey</i>
CBRT:	<i>Central Bank of the Republic of Turkey</i>
DMT:	<i>Dimethyl terephthalate, a feedstock used for polyester production</i>
DTY:	<i>Drawn Texturized Yarn</i>
EMEA:	<i>Europe, the Middle East and Africa</i>
ESG:	<i>Environmental, Social and Governance</i>
FDY:	<i>Fully Drawn Yarn</i>
PET:	<i>Polyethylene Terephthalate, raw material for film and packaging sectors.</i>
POY:	<i>Partially Oriented Yarn</i>
PSF:	<i>Polyester Staple Fiber</i>
PTA:	<i>Purified Terephthalic Acid, main feedstock for polyester production</i>
PX:	<i>Paraxylene, main feedstock for PTA production</i>

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