



# YÜKSELEN

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YÜKSELEN ÇELİK

## FINANCIAL RESULT BULLETIN

**2022 Q1**

5<sup>th</sup> of May, 2022

## 2022 Q1 – Financial Summary



**Net profits Reached to 3,8 Times (276% Increase)**



**EBITDA Reached to 6,0 Times (499% Increase)**



**Revenue Reached to 4,3 Times (327% Increase)**



**Revenue Based on USD Reached to 2,3 Times**



**Revenue Per Ton Increase 121%**



**Export Reached to 11 Times (%1000 Increase)**

Financial Indicators (TRY Million)	2022/Q1	2021/Q1
<b>Revenue</b>	<b>375,7</b>	<b>88,0</b>
Revenue Change	%327	-
<b>EBITDA</b>	<b>80,8</b>	<b>13,5</b>
EBITDA Change	%499	-
EBITDA Margin	%21,5	%15,3
<b>Gross Profit</b>	<b>92,5</b>	<b>17,1</b>
Gross Profit Change	%441	-
Gross Profit Margin	%24,6	%19,4
<b>Net Profit</b>	<b>51,5</b>	<b>13,7</b>
Net Profit Change	%276	-
Net Profit Margin	%13,7	%15,5

### **1) Net profits Reached to 3,8 Times (276% Increase)**

Our Company's net profits increased by 276% from 13,7 TRY Million in the first quarter of 2021 to 51,5 TRY Million in the first quarter of 2022. So our net profits reached to 3,8 times comparing the same term of previous year.

The most important reasons this increase can be listed as below:

1. Increasing the share of value - added products in the revenue
2. Increasing price of commodity and exchange rates
3. Increased sales revenues due to real tonnage growth
4. Advantages of Our Company against to our competitors' who could not be overcoming the supply chain problems
5. Able to be sold new products at targeted prices after launch
6. Increased export activities

### **2) EBITDA Reached to 6,0 Times (499% Increase)**

EBITDA increasing by %499 in the first quarter of 2022 comparing to the same term of 2021, from 13,5 TRY Million reached to 80,8 TRY Million. EBITDA reached to 6,0 times in the first quarter of 2022 compared to the same term of 2021.

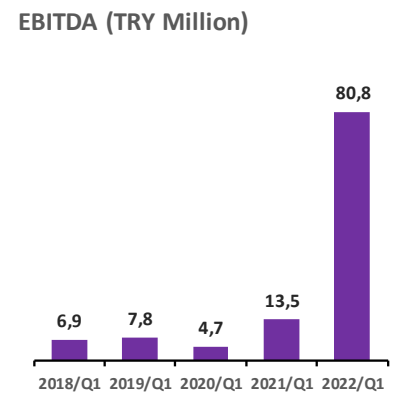
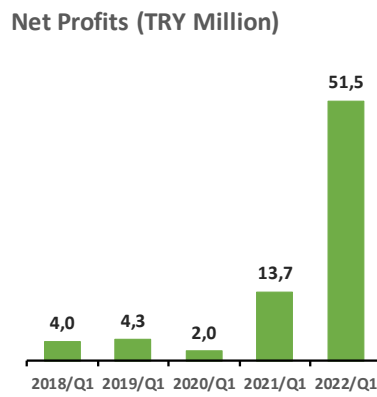
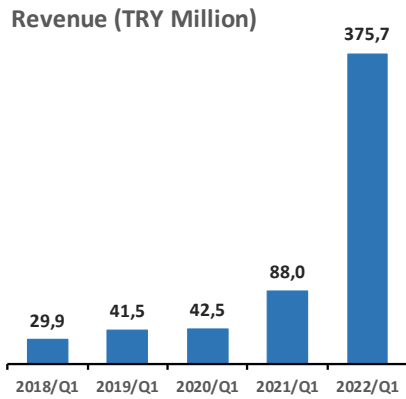
**EBITDA margin was %15,3 in the first quarter of 2021, jumped to %21,5 in the first quarter of 2022.**

### **3) Revenue Reached to 4,3 Times (327% Increase)**

By %327 increased in the first quarter of 2022 compared to the same term of 2021 our revenues risen to 375,7 TRY Million from 88,0 TRY Million. Thus our revenues reached to 4,3 times in the first quarter of 2022 according to the same term of 2021.

**While Our Company's revenues based on USD 11,9 USD Million in the first quarter of 2021, by increased %127, risen to 27,0 USD Million in the first quarter of 2022.**

This increase of revenue in USD currency, mainly depends on real tonnage growth, realized by increase of capacity and completed investments, after public offering. Independent of the commodity prices increase, the significant factor that increase revenue is risen real sales amount.



#### 4) Real Tonnage Growth (93,3% Tonnage Increase)

In 2021, there was a remarkable increase in our Company's sales volume. A similar increase in sales volume continue in 2022.

Our sales amount which was 9.391.560 kg in the first quarter of 2021 has been realized 18.156.528 kg in the first quarter of 2022.

**In the first quarter of 2022, Our Company increased its sales tonnage by %93,3 and our sales tonnage has been reached 1,9 times.**

In addition to this, revenue for per ton was 9.372 TRY/ton in the first quarter of 2021, has been increased by %121 reached to 20.695 TRY/ton in the first quarter of 2022.

#### 5) Export Reached 11 Times (1000% Increase)

In order to accelerate our export activities, which progressed slowly due to the effects of the pandemic in 2020, a new representative office was established in 2021 and the export department was restructured. These developments were included in the financial results bulletins we published in 2021, and the year 2022 was pointed out to increase our Company's export revenues.

Our export revenue, which was 2,5 TRY Million in the first quarter of 2021, increased by 1000% and reached 27,5 TRY Million in the first quarter of 2022.

	2022 (T*)	2021	2020	2019
<b>Export (TRY Million)</b>	<b>min. 52,0</b>	<b>26,0</b>	<b>3,7</b>	<b>0,1</b>
<b>Export Changes</b>	<b>min. %100</b>	<b>%603</b>	<b>%3424</b>	<b>-</b>
<b>Export Share in Revenue</b>	<b>-</b>	<b>%4</b>	<b>%2</b>	<b>%0,1</b>

By the end of 2022, our export revenue is expected to increase by at least 100% compared to 2021.

In addition, on 08.02.2022, the establishment procedures were completed; Rising Steel Inc., which is 100% owned by Yükselen Çelik, is located in the organized industrial area close to the Chicago region in the US state of Illinois. It is anticipated that our subsidiary, titled Rising Steel Inc., will contribute to our export revenues in the last quarter of 2022.

## **6) Dividend Payment (5<sup>th</sup> of July, 2022)**

By the decision of the board of directors dated 14th of March, 2022; issue of gross 21 TRY Million dividend distribution, from the "net distributable profit for the period with donations added" of 2021; has been offered to the shareholders at General Assembly of Year 2021 Meeting, dated 8 of April, 2022 and It has been accepted by the decision of General Assembly.

With this general assembly resolution, decided to distribute dividend with gross 21 TRY Million amount, the right to exercise date is determined as 05.07.2022. It will be paid to the shareholders in cash on 07.07.2022.

## **7) Collection Term Of Trade Receivables & Payable Period For Trade Payables**

While average term of receivables were 119 days in the first quarter of 2021, by changed positive way they realized 93 days in the first quarter of 2022. Thus average collection term of trade receivables got short 26 days. With this payable period for trade payables were 57 days in the first quarter of 2021, got short to 23 days in the first quarter of 2022.

Our Company has a policy on the insurance of commercial receivables within the borders of Turkey from Euler Hermes Sigorta A.Ş., that details as below:

- Insurance policy put in order for 1 year and covers 1st of November 2021 – 31th of October 2022 period.
- The currency of the policy is determined as TL.
- Assurance rate has been determined as 90% for the credit limit requested trade receivables. In addition, the Company has receivables and letters of guarantee within the scope of DSS (Direct Debiting System).
- As of 31.03.2022, Company has 247.841.065 TRY insurance coverage limit for 780 customers within Euler Hermes Sigorta A.Ş. In addition, the Company has a DSS secured limit of 42.881.000 TRY for its 122 customers with 100% bank guarantee, which are allocated to its customers at 10 banks. In addition, there is a letter of guarantee limit of TRY 1.030.000 in total for 5 customers.

**Thanks to our company's successful risk management in collection, no significant doubtful receivables have occurred in the last 6 years.**

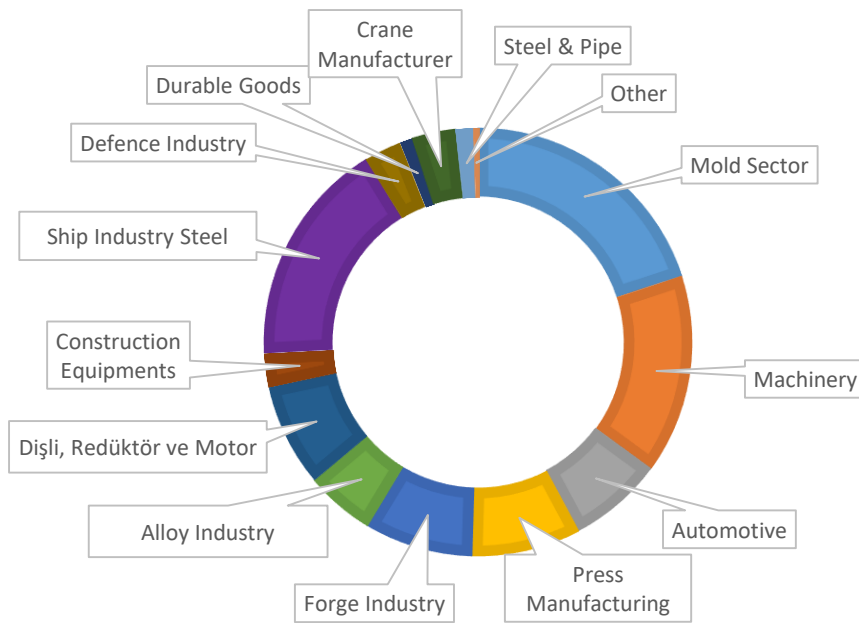
## 8) Controlled Increase in Bank Debt

Due to the fact that Our Company's debt payment periods are shorter than the debt collection period; In order to support the ongoing growth process and the increase in turnover, the need for financing resources has increased and our bank debt has reached 226,1 TRY Million as of 31.03.2022. This amount corresponds to only 27% of our total available bank limits amounting to 843,7 TRY Million. In addition, as of 31.03.2022, Our Company has customer checks amounting to approximately 317,1 TRY Million, which is presented to banks in return for its bank debt of 226,1 TRY Million, which is waiting to be collected as collateral.

Since the short-term bank liabilities of Our Company to be paid in 2022 are below the total amount of customer checks to be collected at banks; will be closed upon payment of the relevant checks; There is no cash flow problem.

## 9) Revenue Distribution on the Basis of Sector & Group of Product

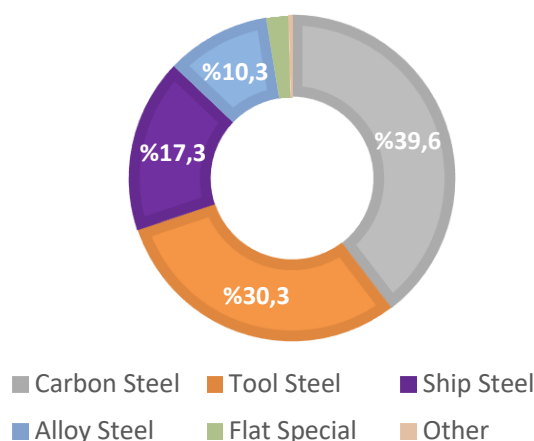
### a) Sector Based Turnover Distribution



Sector	Share in Revenue
Mold Sector	%20,0
Ship Industry Steel	%17,0
Machinery	%15,1
Press Manufacturing	%8,2
Forge Industry	%8,2
Gearbox, Engine and Similar	%7,8
Automotive	%7,2
Alloy Industry	%5,2
Crane Manufacturer	%3,3
Defence Industry	%2,8
Construction Equipments	%2,5
Steel & Pipe	%1,3
Durable Goods	%1,0
Other	%0,4

## b) Product Group Based Turnover Distribution

First Quarter of 2022 Products Based Turnover Distribution



Product Group	Share in Revenue
Carbon Steel	39,6%
Tool Steel	30,3%
Ship Steel	17,3%
Alloy Steel	10,3%
Flat Special	2,1%
Other	0,4%
Grand Total	100,0%

## 10) Evaluation of 2022 / 2nd Quarter Period and After

### a) General Expectations

Except for macro-economic, geopolitical and military risks, pandemic and other unforeseen circumstances; A performance similar to our company's performance in the 1st quarter of 2022 is expected to occur in the remainder of the year. Currently, there is no situation that adversely affects the activities of our Company.

### b) Risks

There may be a decrease in steel consumption in some target sectors due to the rising costs due to the effect of price increases in the commodity and steel market. However, there may be a decrease in the sales volumes of dealers and merchants, as dealers and merchant customers do not want to buy goods for their stocks at high prices. In order to achieve the targeted tonnage for some positions, it may be necessary to organize additional price reductions and campaigns in sales volumes. In the event of such adverse events, our Company's sales revenue and nominal profit may decrease in the relevant period. Company management, in order to prevent these and similar risks; It implements measures such as product and market diversification, customer and sector segmentation, and growth in exports.

