



KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş.
and its SUBSIDIARIES

2022 9 Month Business Results

Investor Presentation

November 2022



Cavidan Karaca

CEO & Deputy
Chairman of the
Board of Directors



2015 Kimpur – CEO and Deputy Chairman of the Board of Directors

2014 Kimteks Kimya Tekstil Ürünleri A.Ş. – Consultant

2002 İnnovis Ticaret ve Danışmanlık A.Ş. – General Manager

2001 Omsan Lojistik A.Ş. – Purchasing Director

1997 Arçelik A.Ş. - Purchasing Manager

1996 Arçelik A.Ş. - Plastic Tool Production Engineer

1992 Erkunt Sanayi A.Ş. - Production and Planning Engineer

Middle East Technical University - Mechanical Engineering



1

Overview

WHY KIMPUR?



OUR VISION

To be one of the world's top 10 players in polyurethane systems with innovative products and extraordinary solutions

- Turkey's first domestic capital polyurethane systems manufacturer that blends "Advanced Technology" systems based on "Smart Business Model" with agile & lean management approach
- Sector leader with strong domestic market position
- Strong growth strategy in export markets
- Leading company in the sector with new product development, application & simulation opportunities in its leading R&D Center



NUMBERS AT A GLANCE:



39

ANNUAL
EXPERIENCE

155 kton

PRODUCTION CAPACITY

- 130 kton Gebze
- 25 kton Latvia

65 kton

DÜZCE INVESTMENT

- 50 kton PU
- 10 kton EVA
- 5 kton PET
Recycle

10.

VISION TO BE ONE
OF THE 10 BIGGEST
GLOBAL PLAYERS
WITH A TOTAL
CAPACITY OF 220
ktons

48

EXPORTS TO
COUNTRY

244

EMPLOYEE
(28 in R&D)

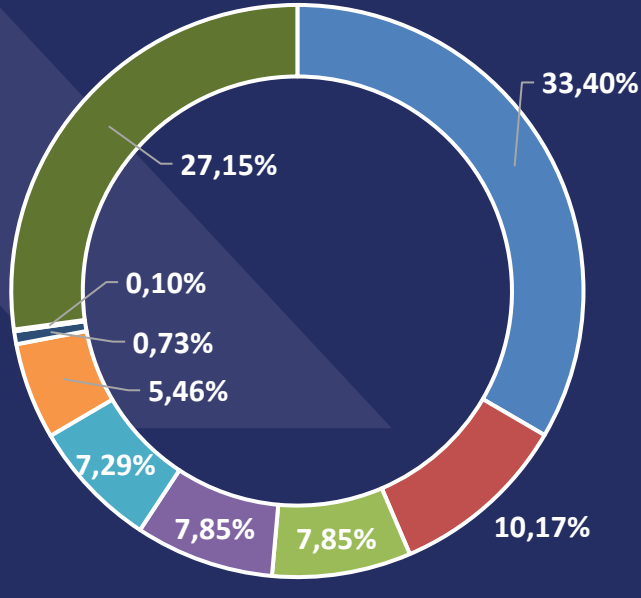
%32

EXPORTS /
TOTAL
TONNAGE

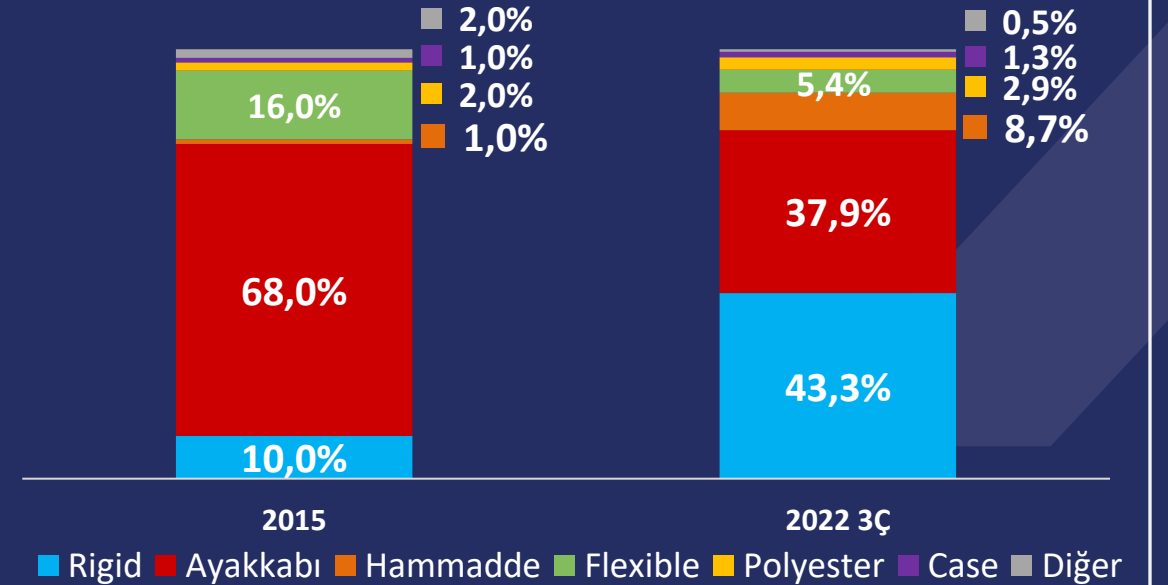
600+

PRODUCT
DIVERSITY

Shareholding Structure After IPO



Product Diversity

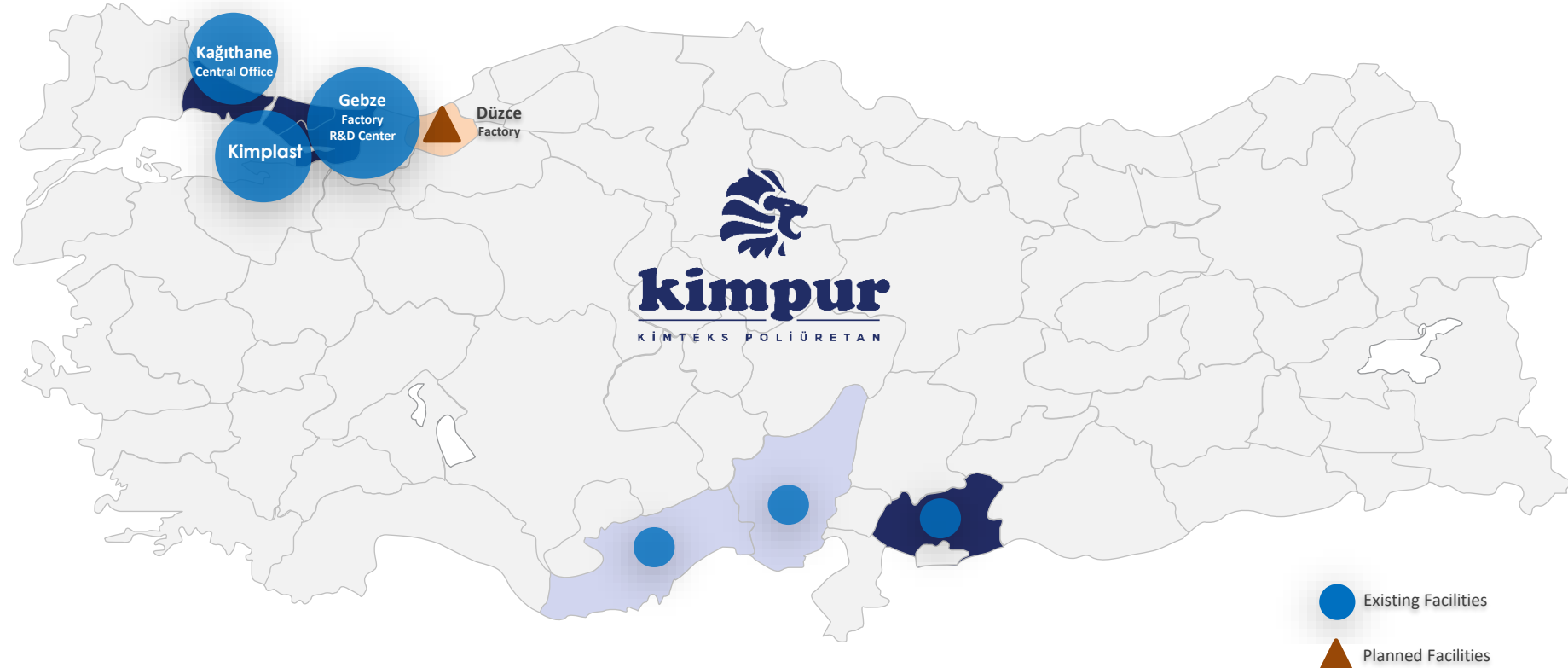




OUR GLOBAL ACTIVITIES



Company	Country	Capital Share (%)	Field of Activity
Kimpur Russia	Russia	%100	Sales, warehousing & distribution service
Kimplast	Turkey	%83	Wholesale of plastics and rubber in primary form
Kimpur Europe	Latvia	%75	25 kton capacity polyurethane production
Kimpur Int. Trading	Malta	%100	Raw material supply & export



KIMPUR IN ALL AREAS OF LIFE



kim FOOT[®]
AYAKKABI SİSTEMLERİ



kim FLEX[®]
ESNEK KÖPÜK SİSTEMLERİ



kim RIGID[®]
SERT KÖPÜK SİTEMLERİ



kim CASE[®]
ÖZEL ÜRÜNLER



kim POL[®]
POLYESTER POLİOLLER



kim RAW[®]
HAMMADDELER



kim PLUS[®]
YARDIMCI MALZEMELER

ROOF INSULATION (Spray Systems)

ROCK WOOL / EPS ADHESIVE

SANDWICH PANEL (PUR/PIR)

VISCO PILLOW
VISCO BED

CAR SEAT (HR Foam Systems)

CEILING TILE (Semi-Rigid)

GARAGE DOOR

STEERING WHEEL
CAR SEAT
CONSOLE
MAT

REACTION INJECTION MOLDING (RIM)

SOUND INSULATION SYSTEM

CABLE HARDWARE

FILTERS

SHOE SYSTEMS



SOLAR PANEL SYSTEM

FRAME (Wood Imitation)

BED HEAD (Wood Imitation)

OFFICE CHAIR

COOLING SYSTEMS

WATER
INSULATION
MOTORCYCLE SEAT

BINDERS

CHAIR LEG (Wood Imitation)

Over
600
Systems

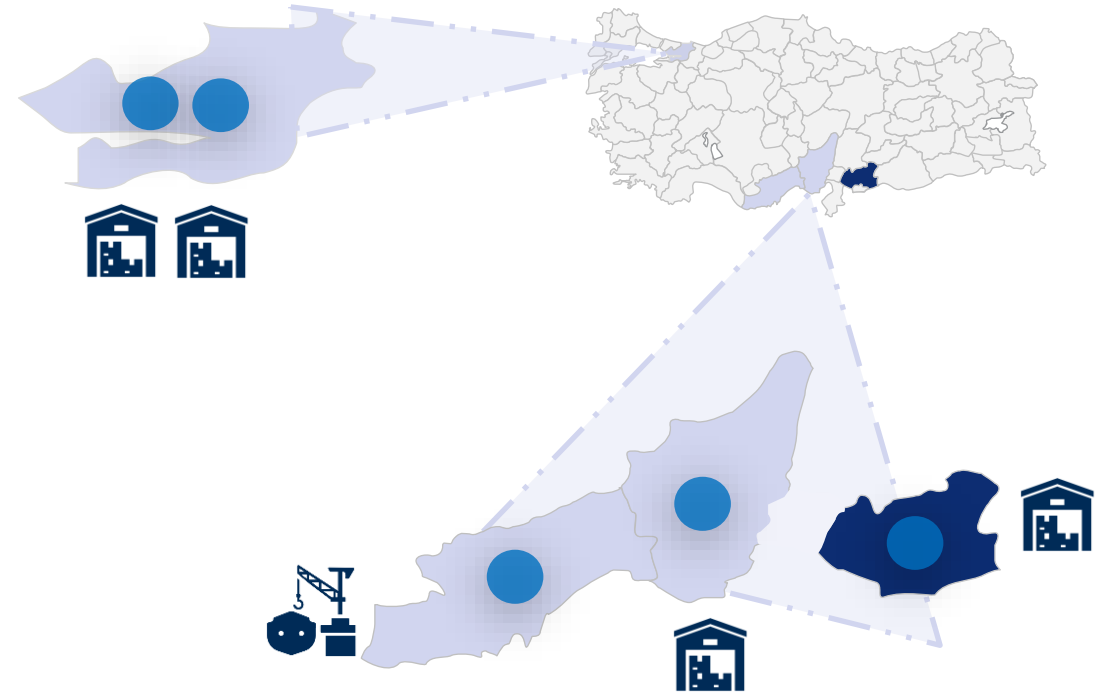
Wide
Product
Range

SUPPLY CHAIN & LOGISTICS MANAGEMENT



- **Turkey's largest acquisition volume in the sector**
- ~90% import rate in production inputs
- European and Far Eastern producers in raw material supply
- Proactive raw material forecasting & cost studies in line with SAP & MRP studies commissioned in 2019
- Efficiency & speed in stock turnover (30 days for raw materials / 15 days for products / 7 days after order delivery time)
- Extensive storage network in port cities in line with increasing production and sales volume
- Efficient supply chain management with a total of **4** storage areas in Gaziantep, both in-house and contracted

Kimpur Logistics Warehousing Network





2

Our Strategic Priorities

PROMINENT INVESTMENT ELEMENTS



Reliable Solution Partnership



R&D Center & Innovative Applications Leading the Industry



Strong Domestic & Export Growth Strategy with Wide



Product Range



Environmental and Social Sustainability



Sustainable Enlargement Policies

Strong Financial Performance

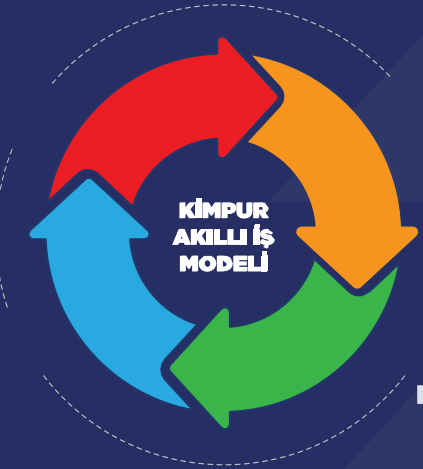




i. Reliable Solution Partnership



RELIABLE SOLUTION PARTNERSHIP



Product Management

- ❖ Brand Awareness
- ❖ Customer Loyalty
- ❖ Sectoral Diversity
- ❖ Wide Product Range
- ❖ High Export Rate
- ❖ After Sales Service and Technical Support
- ❖ Customer Requirements Simulation
- ❖ Quality Assurance Infrastructure
- ❖ Modern Project Management Tools

Human Resources

- ❖ Global and Agile Organizational Structure
- ❖ Expert and Experienced R&D Team
- ❖ Experienced Sales Organization

Supply Chain Management

- ❖ Competitive Product Lead Time
- ❖ Strong Supplier Relations
- ❖ High Sectoral Based Purchase Volumes

Product Design

- ❖ Speed of Product Delivery to Market
- ❖ Customized Production / Solutions
- ❖ Environmentally Friendly Product Range
- ❖ Innovative Solutions
- ❖ Application Development
- ❖ Project Management with FMEA-6 Sigma

Digital Transformation

- ❖ SAP, ERP System Experience
- ❖ Production Site with Advanced Technology
- ❖ Automated Barcode Used in Production and Logistics Processes

Finance Management

- ❖ Strong Capital Structure
- ❖ Ease of Access to Financing Instruments
- ❖ Effective Risk Management
- ❖ High Dividend Yield



ii. R&D Center & Innovative Applications Leading the Industry

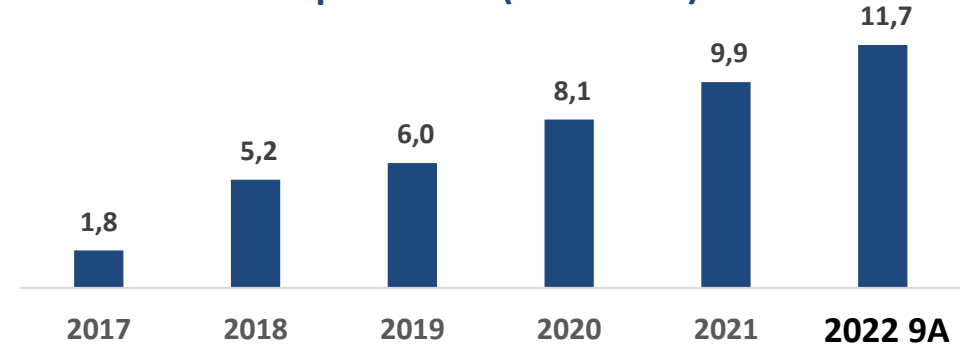


PIONEER IN THE SECTOR WITH ITS R&D CENTER

Kimur Turkey's Polyurethane R&D Power

 Among the **250** companies with the highest R&D expenditures

R&D Expenditure (Million TL)



Ministry of Science, Industry and Technology - 80% Investment Incentive Rate

Product Development

Price/Performance Ratio Improvement

New Products and Applications

28 Employees with an Average Industry Experience of 10 Years

Soles, Slippers, Boots, etc. for Footwear Industry
Development of Raw Materials for Products

kim FOOT

Development of Insulation Raw Materials for White Goods, Building-Construction and Insulation Industries

kim RIGID

Development of Flexible Foam Raw Materials for Automotive and Furniture Industries

kim FLEX

Development of Raw Materials for C.A.S.E Coatings, Adhesives and Elastomers Production

kim CASE



Patents related to polyurethane system and polyurethane rigid foam*



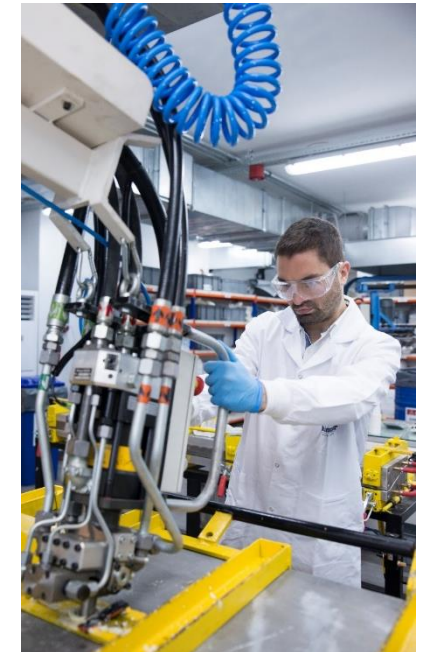
19 Registered Trademark



Teydeb Projects:
7 Completed Project



R&D Projects:
34 Completed
11 Ongoing



*Patents owned by the company:

- Very Low Density Polyester Based Polyurethane System Used in Soft Slipper Production dated 26.02.2018
- Polyurethane Rigid Foam with Reduced Thermal Conduction Coefficient dated 08.03.2018

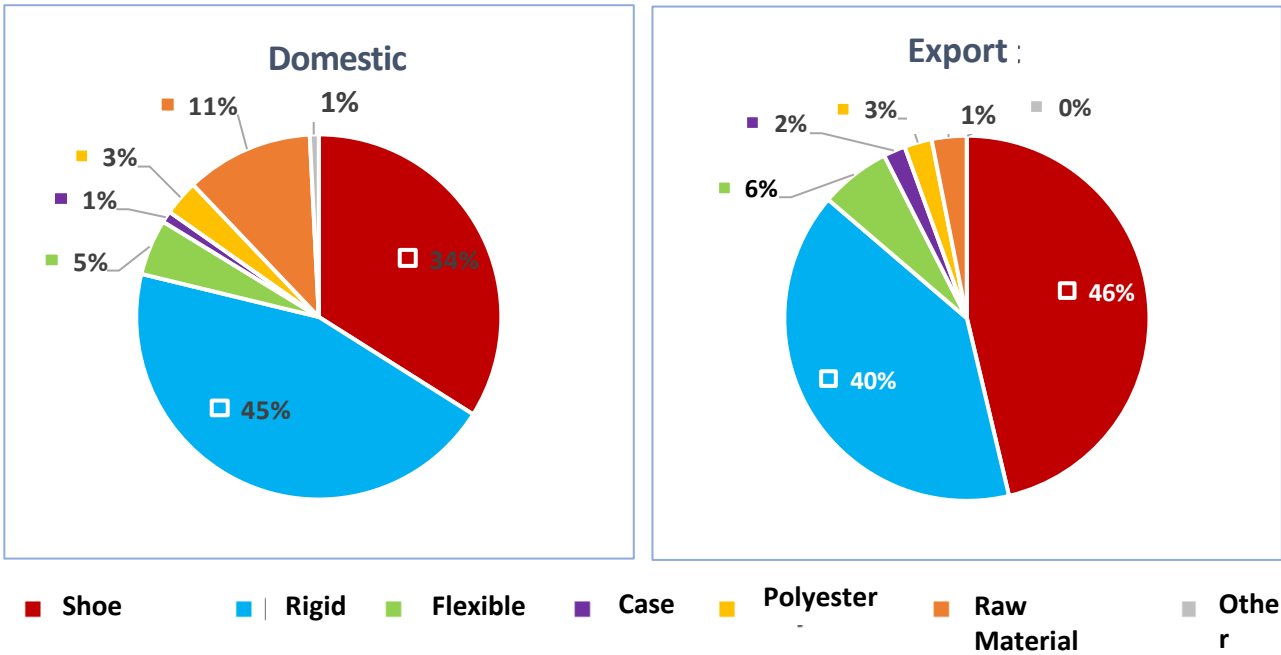


iii. With Wide Product Range
Strong Domestic & Export
Growth Strategy

STRONG POSITIONING IN DIFFERENT SECTORS WITH DIVERSIFIED REVENUES



2023 3Q SALES BREAKDOWN



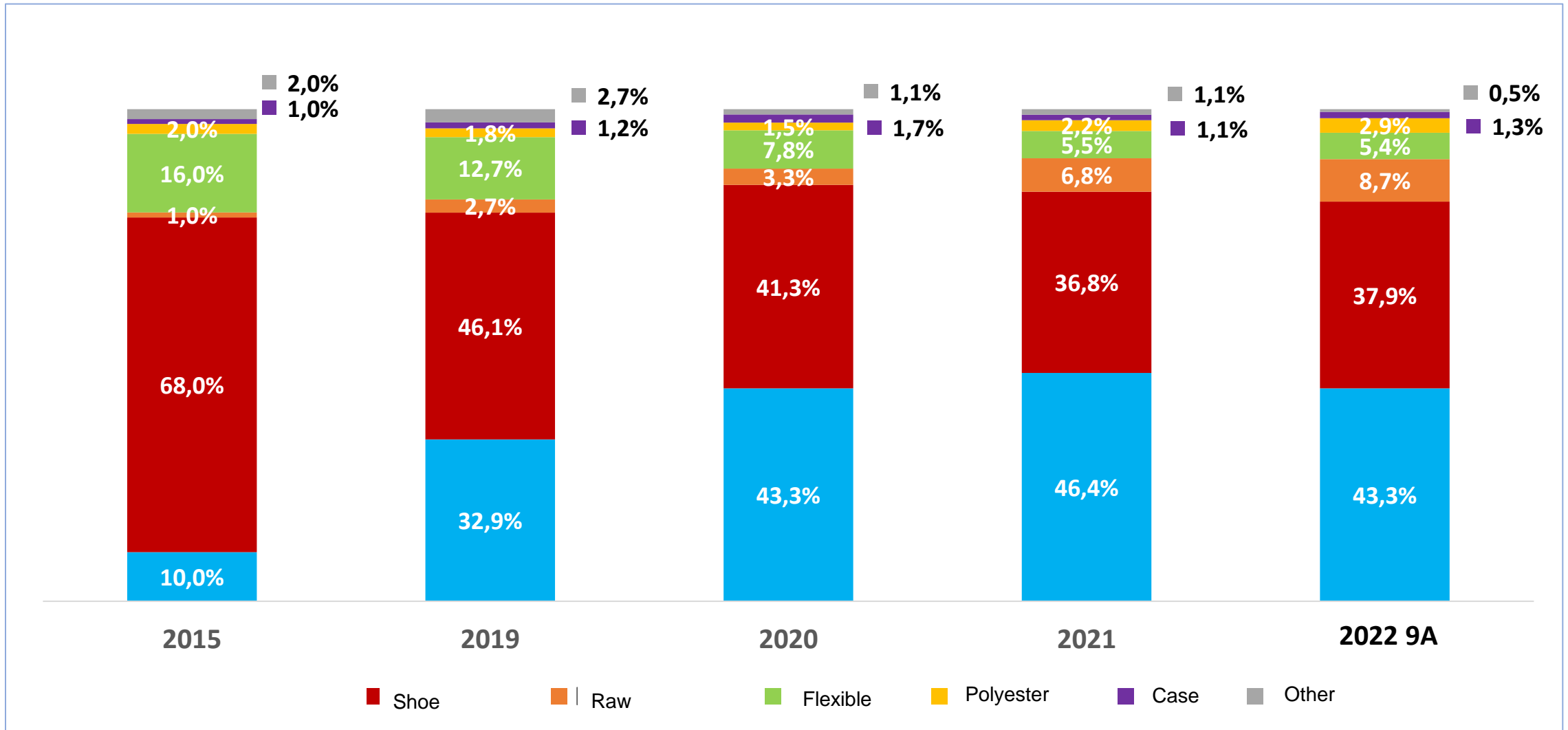
Sales (Thousand Tons)	2019	2020	2021	2022 9A
Domestic	34.4	49.4	64.7	50.8
Shoe	16.7	18.3	20.0	17.3
Rigid	9.9	23.3	33.6	22.8
Flexible	3.1	3.0	3.1	2.5
Case	0.7	1.2	0.9	0.5
Polyester	1.0	0.9	1.5	1.6
Raw Material	1.3	2.0	5.0	5.7
Other	1.6	0.7	0.6	0.4
Export	27.7	23.4	23.4	24.2
Shoe	11.9	11.8	12.5	11.2
Rigid	10.6	8.3	7.6	9.7
Flexible	4.8	2.7	1.8	1.5
Case	0.0	0.0	0.1	0.5
Polyester	0.1	0.2	0.4	0.6
Raw Material	0.3	0.4	1.0	0.8
Other	0.0	0.0	0.0	0.0
General Total	62.1	72.8	88.2	75.0

- Maximum flexibility against volatility, seasonality effects & economic recessions through sectoral diversification
- Maximum protection from export & global trade risks thanks to strong positioning in all main domestic polyurethane sectors

KIMPUR PRODUCT GROUPS



Sales Breakdown of Product Groups by Year, Quantity (%)



*Other: Consists of Eva, TPU, Artificial Leather and Other Merchandise products.

RIGID FOAM SYSTEMS (RIGID)

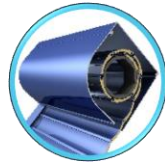
kim RIGID

SERT KÖPÜK SİSTEMLERİ

- **Two-component rigid foam systems for insulation purposes for insulation panel and White Goods sectors**
 - The first component is a physical mixture of polyether polyols, catalyst, surfactant, water and/or blowing agents called Polymix.
 - The second component is Polymeric MDI, sourced from global suppliers and served to customers as a component of the system.



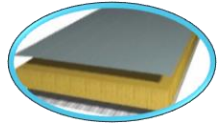
Spray Systems



Roller Shutter Systems



Pipe Insulation Systems



Continuous / Discontinuous Sandwich Panel Systems



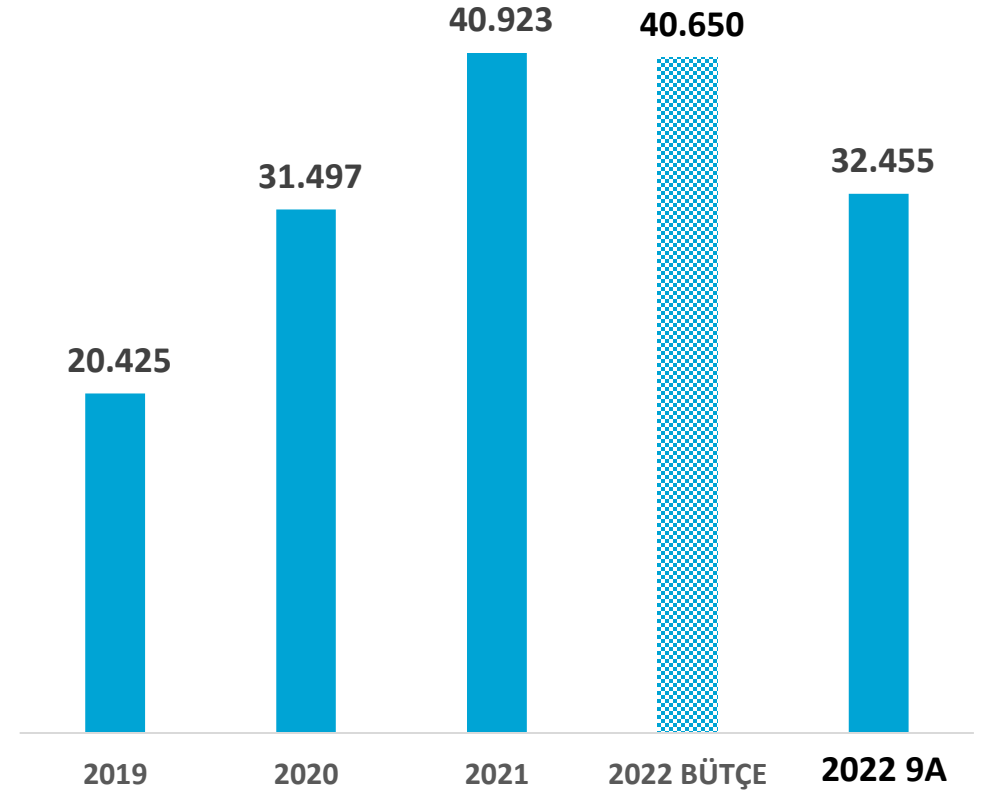
Wood Imitation and Furniture Decorative Systems



Solar Panels and Solar Energy Systems



Rigid Foam Systems Sales Amount (Ton)



SHOE & SLIPPER SYSTEMS

kim FOOT
AYAKKABI SİSTEMLERİ



- Expanded microcellular foams in both ester and ether form for all types of footwear soles, from occupational safety to sports and everyday products
- KIMfoot® are 3-component Polyester systems:
 - First component Polyester Polyol and/or Polyester Polyol blends
 - The second component is a physical mixture of glycols, catalyst, surfactant, performance additives and water called crosslinker.
 - The third component is the pre-polymers formed by the reaction of polyester polyols and MDIs.



Occupational
Safety
Systems



Slipper
Systems

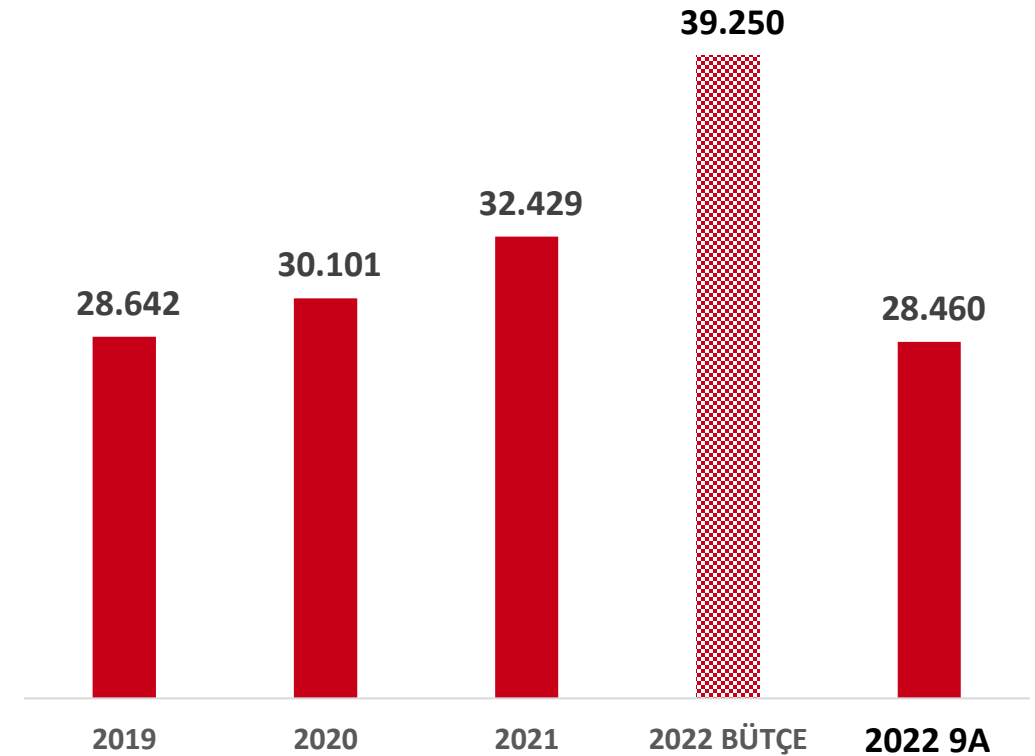


Spring,
Summer and
Winter Base
Systems



Boot Systems

Sales Quantity of Shoe Systems (Ton)





FLEXIBLE FOAM SYSTEMS

kim FLEX

ESNEK KÖPÜK SİSTEMLERİ

- MDI based KIMflex® Flexible Foam Systems produced by Kimpur;
 - HR foam systems,
 - Viscoelastic systems,
 - Integral systems
 - They are classified as filter systems.
- Systems for the production of flexible foam and integrals used in the transportation industry, such as seats, steering wheels, headrests, control panels, etc.
- Systems for the production of integral leather and flexible foams, such as steering wheels, headrests and dashboards used in the furniture industry and the transport industry, components molded with RIM (Reaction Injection Molding) technology.



HR Foams



Filter Systems

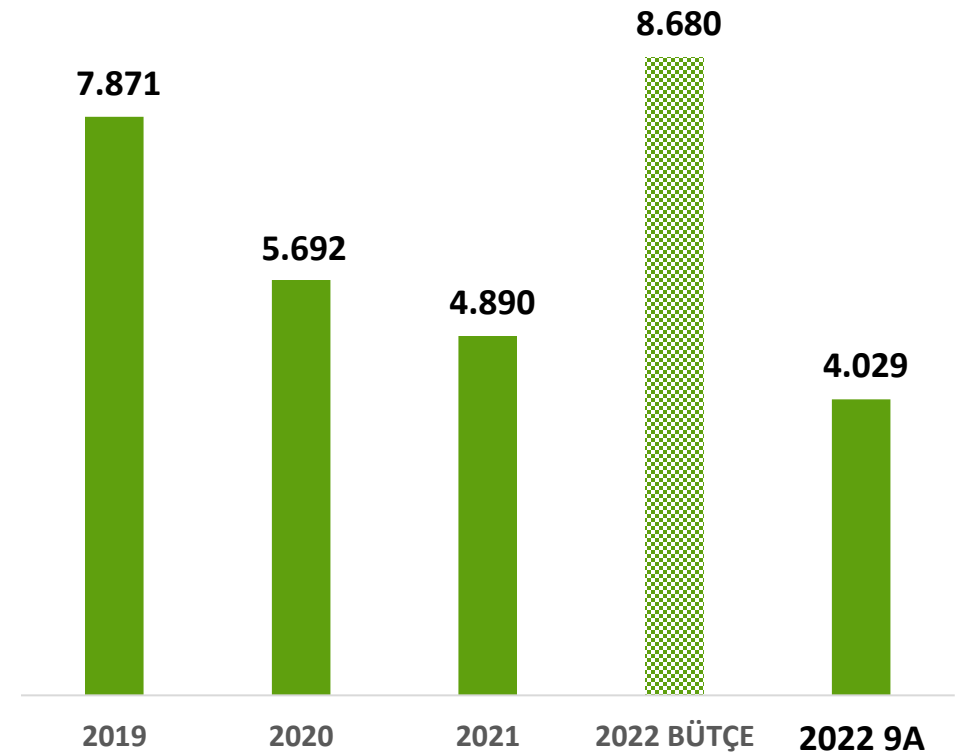


Viscoelastic Systems



Integral systems

Flexible Foam Systems Sales Amount (Ton)



SPECIAL PRODUCTS



kim CASE

ÖZEL ÜRÜNLER

- Polyurethane Systems for elastomeric applications in expanded foams and non-foam structures.
- Reaction Injection Molding (RIM), Micro-cellular Structural Foam RIM, SRIM (Structural RIM Composites) and low density RRIM (Reinforced RIM) systems for the automotive and composites industries.
- Cast Elastomer systems for the automotive, engineering and composites industries.
- One or two component Adhesives and Binders for Re-Rubber Bonding, Re-Foam Bonding, Re-Cork Bonding, Bonding and Lamination.
- Systems for elastomers and molding resins for electronic and electrical insulation.



Reaction
Injection
Molding



Adhesives and
Binders

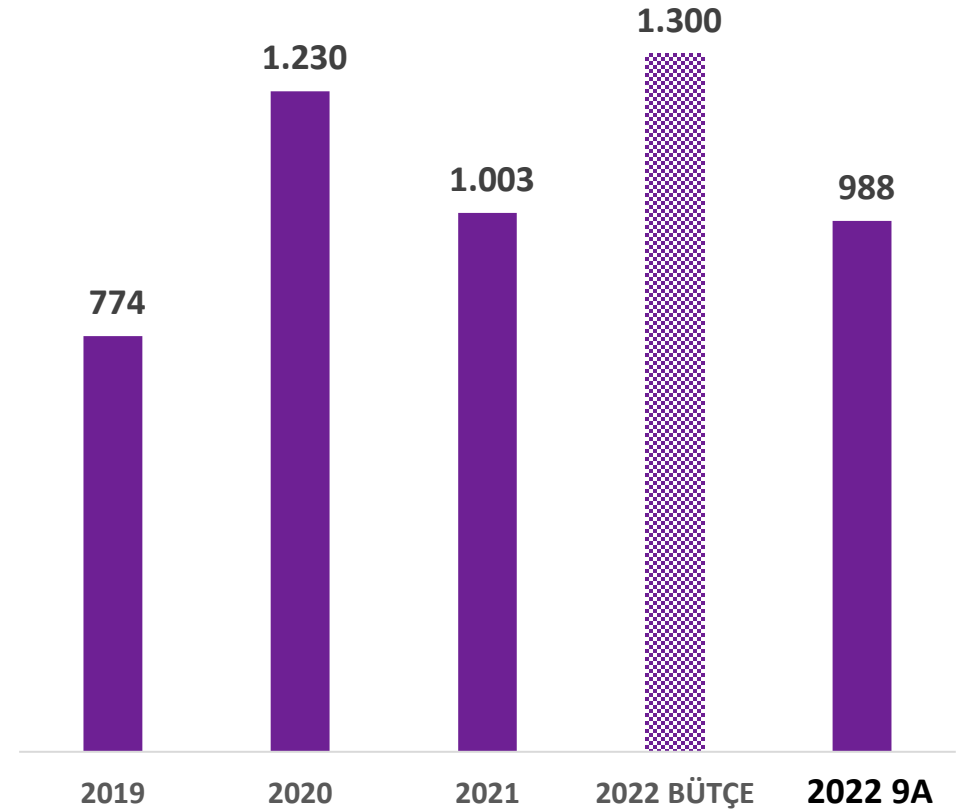


Two Component
Cast Elastomers



Electrical
Insulation
Systems

Special Products Sales Amount (Tons)



POLYESTER POLYOLS

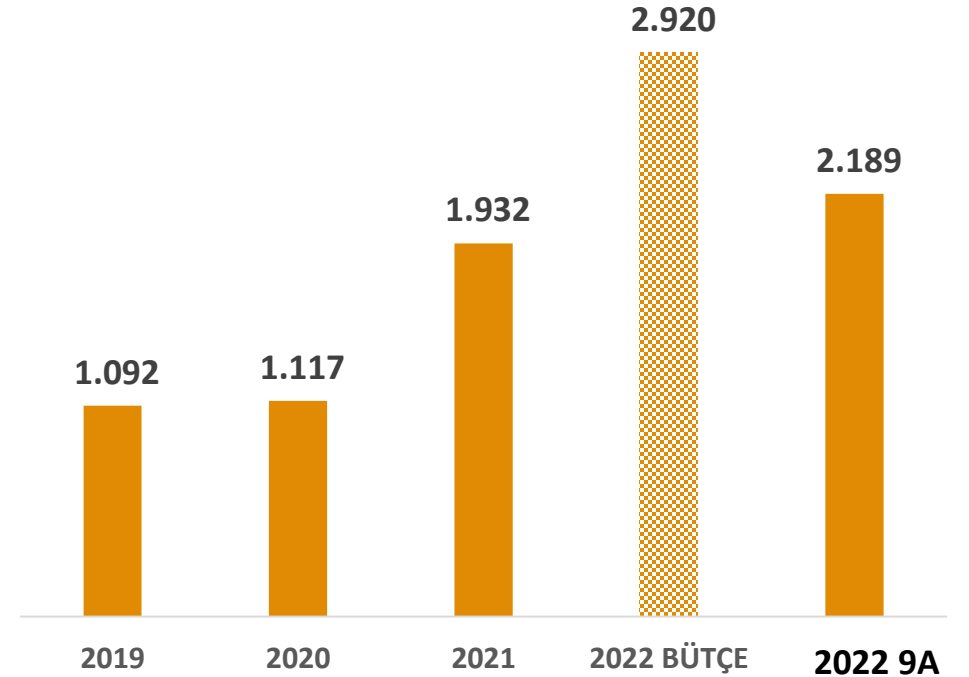


kim POL
POLYESTER POLİOLLER

- It manufactures KIMpol® Polyester Polyols consisting of multifunctional combinations of carboxylic acids and polyhydric alcohols with various functionalities to offer the best solutions to industries such as the footwear industry (system component), paint industry, foam, elastomer and insulation industries (rigid foam applications).
- Kimpur is able to produce tailor-made polyester polyols in line with the specifications demanded by its customers.



Sales Amount of Polyester Polyols (Tonnes)



RAW MATERIALS

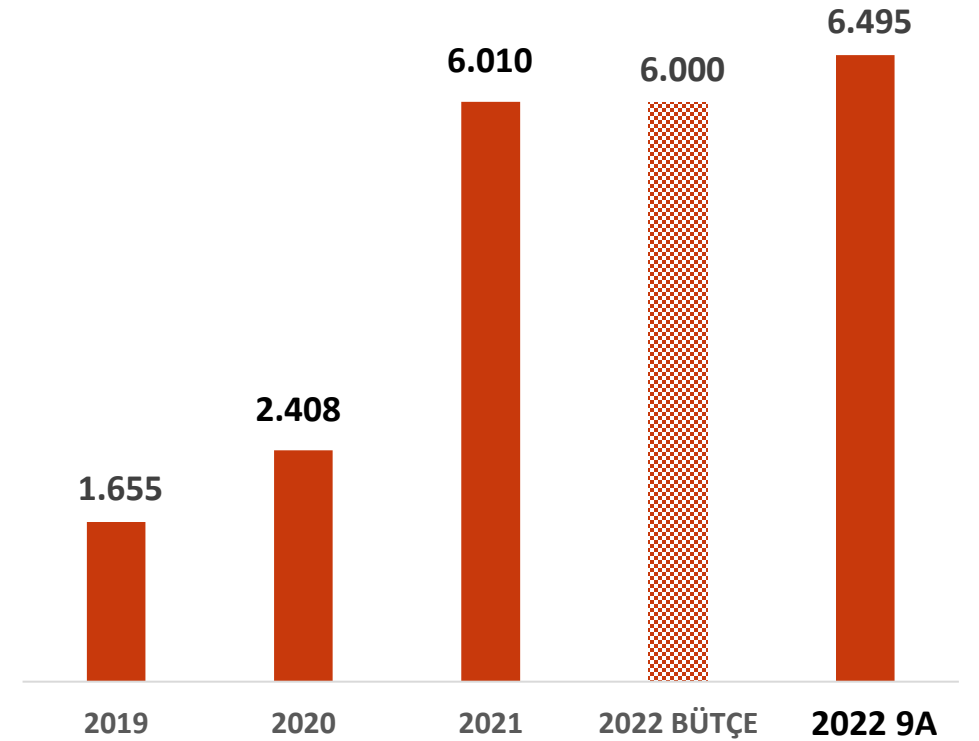


kim RAW[®]
HAMMADELER

- The raw materials supplied by Kimpur are collected under Kimraw[®] product group and used in many different fields such as plasticisers, adhesives, construction chemicals and paints, especially polyurethane systems.



Raw Material Sales Amount (Ton)

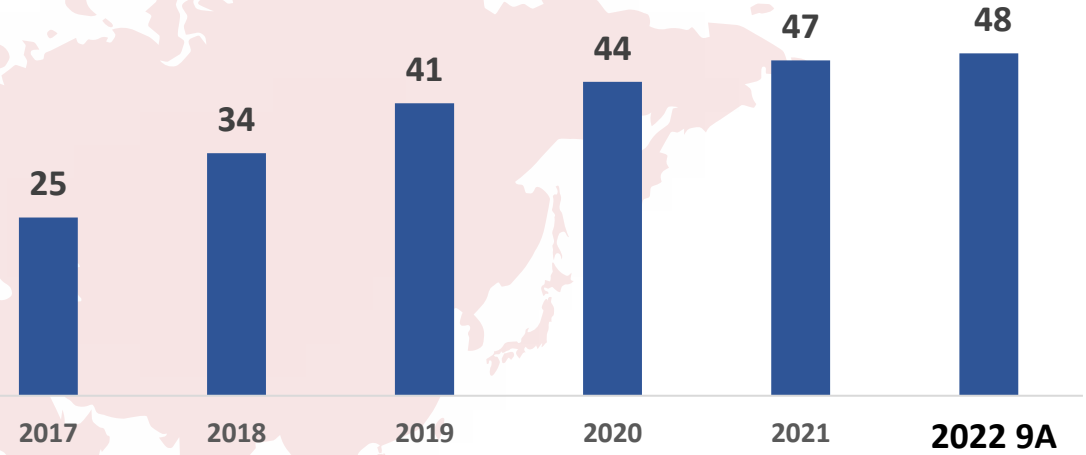


STRONG EXPORT GROWTH STRATEGY



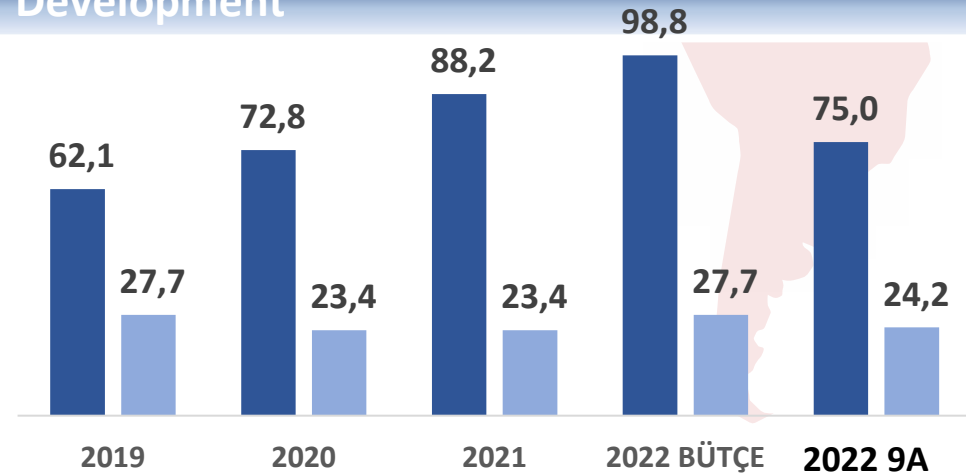
- Sales to more than 45 countries / more than 1,000 current customers with a sales team based in Turkey & abroad
- In the first 9 months of 2022, exports reached TL 1,121 million, up 166% compared to 2021
- Increasing momentum of exports in total sales share (31 December 2021: 26.6% / first 9 months of 2022: 32.3%)

Development in the Number of Export Countries

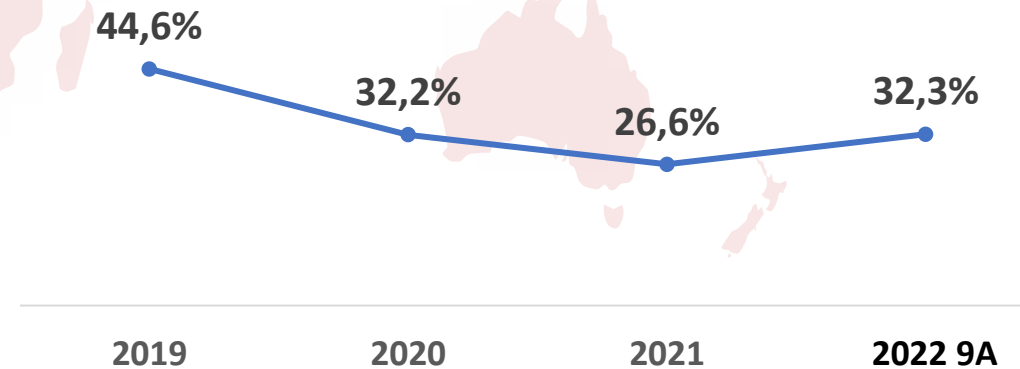


Total Sales & Exports (thousand tons)*

Development



Share of Exports in Total Sales (tons %)



* Registered exports and exports to free zones have been added.



iv. Environmental & Social Sustainability

SUSTAINABLE FUTURE WITH KIMPUR



We Create Values For a Sustainable

At Kimpur, we believe that sustainable growth is not possible without creating environmental and social value. We focus on using our resources with rational approaches that do not harm the environment with this awareness, and we support social development and economic growth that will bring prosperity to societies



- ✓ 2021: Kimpur Sustainability Report
- ✓ 2022: Integrated Report studies
- ✓ April 2023: Introduction to the BIST Sustainability Index

OUR JOURNEY
OF ADDING
VALUE TO OUR
NATURE
Our
Environmental
Approach

OUR JOURNEY
OF ADDING
VALUE
TO OUR LIFE
Our Social
Approach

OUR JOURNEY
OF ADDING
VALUE
TO OUR JOB
Our Economic
Approach

PROJECTS



- ✓ 11.6% in 2020 - 7.1% in 2021 Energy Savings
- ✓ Target of approximately 20% clean energy and 200-250 tons/year carbon emission reduction with the SPP investment in Gebze
- ✓ Business Plastics Initiative (IPG) Commitments
- ✓ Carbon and Water Footprint Measurement
- ✓ Waste Disposal in compliance with Legal Requirements
- ✓ Ultra-low density sneaker sole system and slipper system operation with 20% weight advantage
- ✓ Switching to the use of bio-based raw materials in the production of KIMrigid Sandwich Panel and Refrigerator systems and achieving 3.5% utilization rate
- ✓ System study that provides 2-7% weight advantage in the final product in the refrigerator sector and the use of bio-based raw materials
- ✓ Completion of the 3% energy saving system study with the transition from CP 70 to CP 95 in the refrigerator sector
- ✓ Polyester Polyol synthesis from PET waste (approximately 20% from PET waste and 17% from bio-based raw materials) and its use in slipper production
- ✓ Successful completion of ISO 14001 Environmental Management System audits - Certificate Approval in November

✓ **Number of Reach audit certified products 56**

** : it is based on ISO 14064 and ISO 14046 standards.





SUSTAINABLE EXPANSION / DÜZCE INVESTMENT



March 2022:
Construction Start Date

End of 2022:
Construction Completion Date

Early 2023:
Starting Production



**Production factory investment
on 17.015 m2 land in
Gümüşova OSB**



15 m USD investment size

Kimpur Duzce Factory Investment

- An additional polyurethane system capacity of 50 thousand tonnes will be commissioned with the Kimpur Düzce Plant.
- A PET recycling plant with a capacity of 5 thousand tonnes will be commissioned with the Kimpur Düzce Plant. The waste raw material to be recovered from this plant will be used instead of the 'polyether polyol' used in production, thus reducing imports and enabling sales at the same time.
- The 'eva granule raw material' production capacity with a capacity of 10 thousand tonnes will be commissioned with the Kimpur Düzce Plant. This product is a 'Polyurethane raw material alternative' in footwear and will complete the product range.
- 55% of the energy needed will be provided by the Solar Power Plant investment to be commissioned with the factory.
- The 12,188 m² of land next to the factory building was purchased to be utilized in potential investment projects and to be used in efficiency improvement projects due to its location next to the ongoing investment.
- Investment incentive certificates were obtained.



v. Strong Financial Performance

(2022 9A - Critical Financial Indicators)



Zafer Demirel

CFO



2022 Kimpur – CFO

2018 Anadolu Isuzu – Head of Finance, Reporting & IR

2015 Süttaş - Financial Control & Business Development

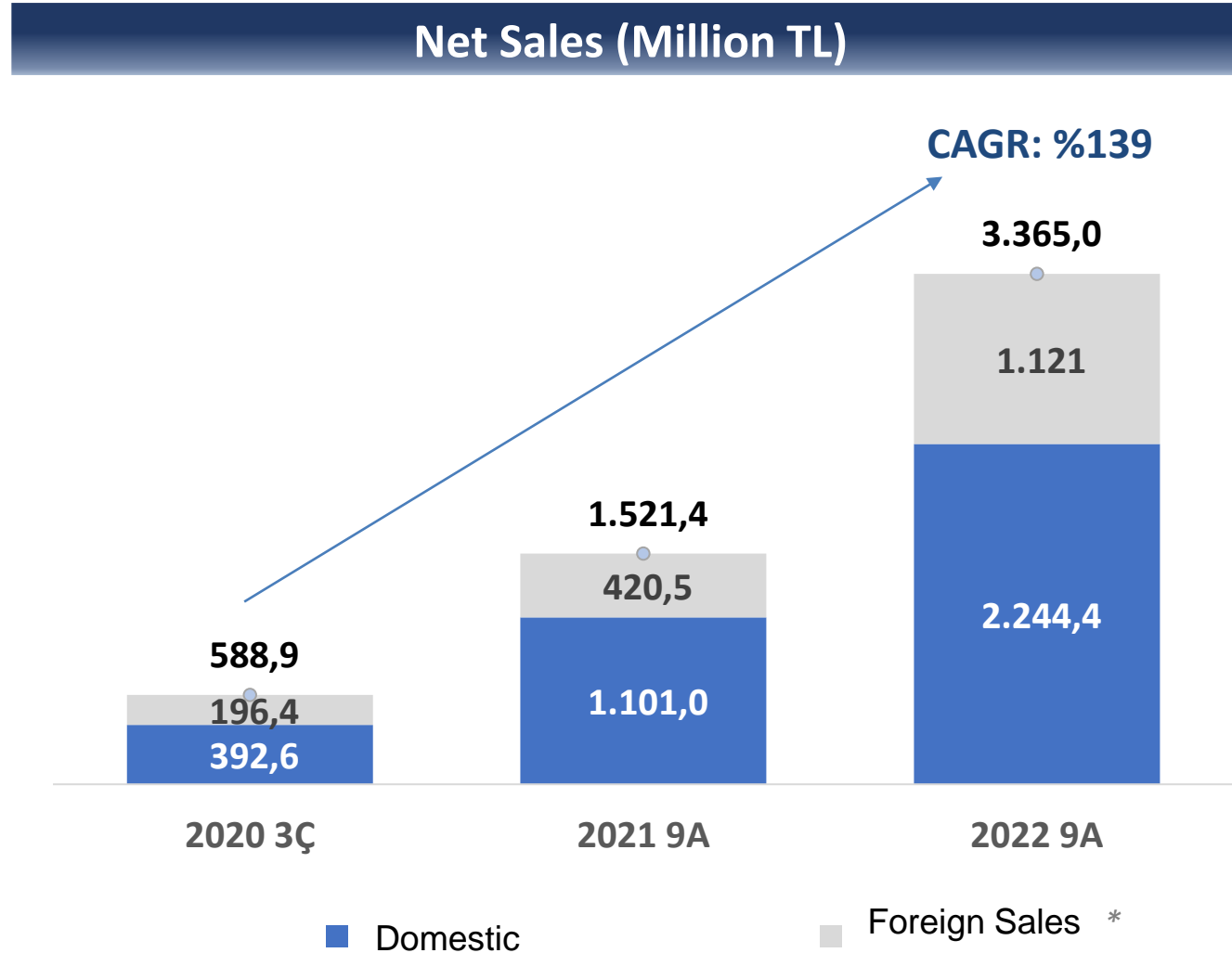
2013 Anadolu Efes - Financial Reporting & Budgeting

2009 Borusan Holding - Financial Control & Reporting

2006 Deloitte – Audit

Middle East Technical University - Economics

2022 9A: INCREASED EXPORTS & STABLE GROWTH

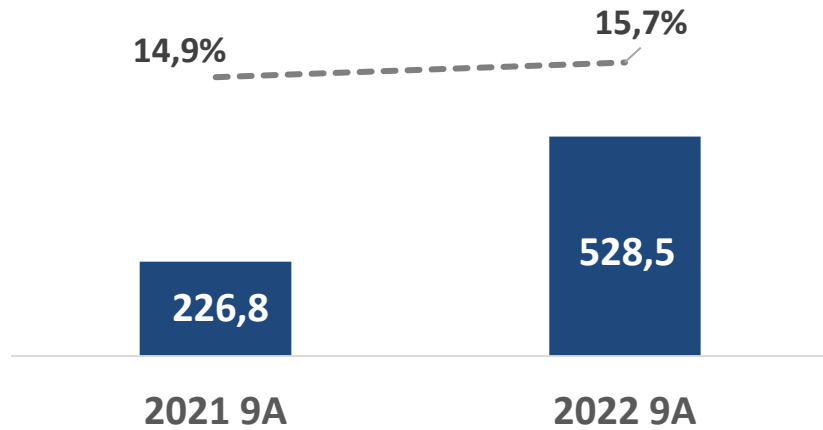


* Registered exports and exports to free zones have been added.

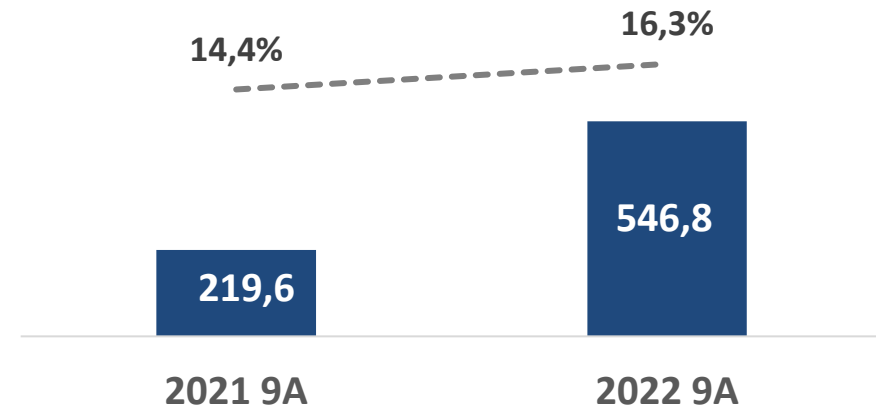
2022 9A: STRONG GROWTH IN PROFITABILITY



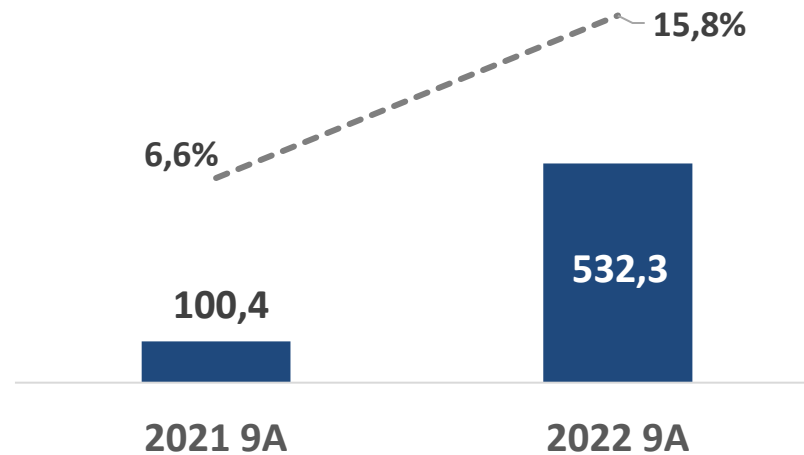
Gross Profit (Million TL)



EBITDA (Million TL)



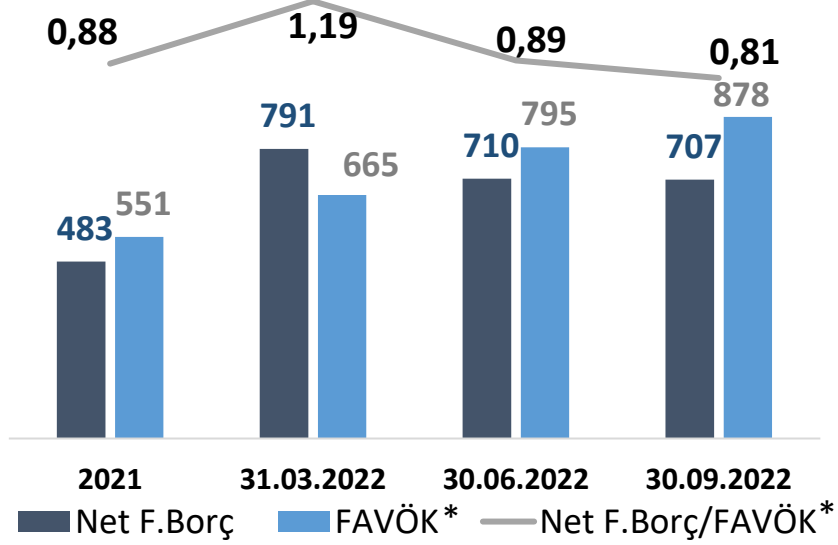
Net Profit (Million TL)



STRICT BALANCE SHEET MANAGEMENT & HEALTHY FINANCIAL INDEBTEDNESS RATIOS

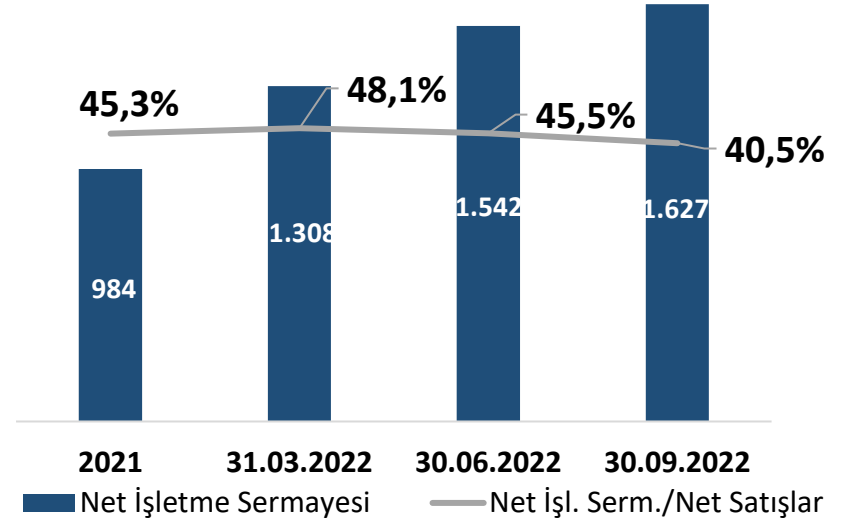


Net Financial Debt (Million TL)



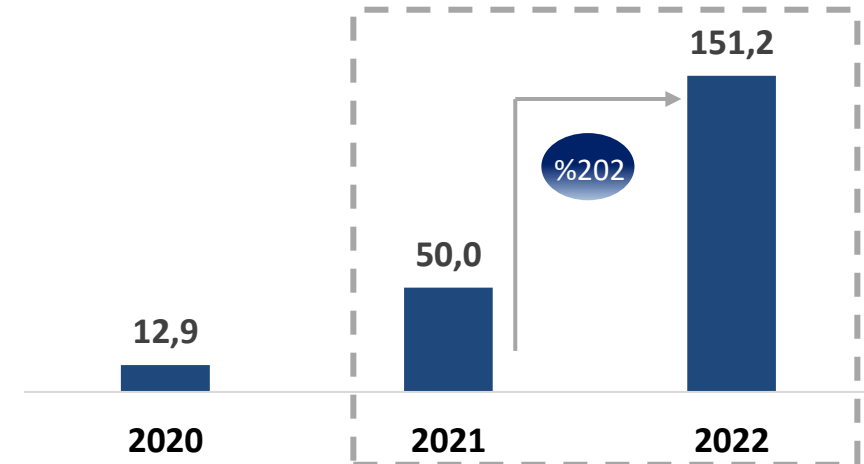
*Last 12 months EBITDA

Net Working Capital (Million TL)



- ❑ Relatively high Q3 average financing costs are expected to decline significantly in Q4
- ❑ 2-year maturity TL Eximbank loans will also extend the maturities of financial debt partners
- ❑ In order to create an alternative source of financing, a bond issuance application with a ceiling of TL 1 billion was made to the CMB

Dividend Development (Million TL)



2022 9A: RECORD PROFITABILITY & STRONG BALANCE SHEET



RATIOS

**3.365 mTL Net Sales, +121%
vs 2021 9A**

- Domestic: +104
- Exports*: +166

**2,244 mTL Domestic Sales, +104
vs 2021 9A**

- Wide customer portfolio in 6 different sectors

**1,121 mTL Exports*, +166
vs 2021 9A**

- Export to 48 countries

**528 mTL Gross Profit, +133
vs 2021 9A**

- Cost efficiency impact from being the polyurethane system house with the highest production capacity (129 kT) in a single plant (RO%: 15.7 vs 14.9)

**547 mTL EBITDA, +149%
vs 2021 9A**

- Cost reduction effect from increased volume, new products, new & nish markets, improved profitability effect from increased export share
- EBITDA%: 16.3 vs '21 9M: 14.4

**532 mTL Net Profit, +430% vs
2021 9A: 100 mTL**

- Higher operational profitability
- Incentives (R&D & Medium and High Technology Investments, 4. Regional Incentives etc.) maximized utilization & significant tax advantages

707 mTL Net Financial Debt

- Net Financial Indebtedness/EBITDA below 1 despite increasing net debt in line with business volume: 0.81 (December 2021: 0.88)

Net Working Capital 1.627 mTL

- Improved Trade Receivables & Inventory turnover with strict balance sheet management
- Decrease in trade payables turnover due to early orders & pre-purchases
- Net Business Capital/Net Sales: 40.5% vs June '22: 45.5 & December

Optimum FX Position

- Optimal FX position management with increasing export volume and proactive hedging policy

* Registered exports and exports to free zones have been added.

2022 3. Quarter Highlights

1.177 billion TL

Net Revenue

%13

Gross Profit

Margin
%15,0

Net Profit

Margin
%40,5

Net Working Capital
/ Sales

0.81

EBITDA / Sales

- Continued strong net revenue growth in Q3
- Weaker gross margin compared to the first two quarters of 2022 due to seasonal and mix impact
- On the other hand, improving, strong balance sheet ratios



Strong Net Revenue growth of +113% vs 3Q21: 551 mTL



2022 Gross profit under 2Q at TRY150m with strong growth of 157% YoY (3Q: TRY58m, 10.6%)



15x YoY growth (Q21 Q3: TRY12m, 2.1%) with Net Profitability of 15% (TRY176m), at strong 2022 Q2 level



Improved cash cycle with tight balance sheet management: 130 days vs 21: 163 days (N.I.S./Net Sales: 40.5% vs 21 Dec: 45.3 / 22 Q1: 48.1 / 22 H1: 45.5)



Strong Net Debt/EBITDA ratio (22 Q3: 0.81 / 22 H1: 0.89 / 21 Dec: 0.88) with decreasing Net Debt level in 2022 despite increasing Working Capital needs

FINANCIAL PRIORITIES



- ✓ Sustainable profitability growth
- ✓ Strict balance sheet & working capital management
- ✓ Positive Free Cash Flow Priority
- ✓ Proactive currency risk management
- ✓ Effective financial debt management
- ✓ Maximum dividend yield



2022 4. Quarterly Expectations / '22 Q4 & '23 Opportunities



2022 4Q Expectations:

- ✓ 2022 annual sales budget sales over 102 thousand tons
- ✓ 2022 4Q higher gross margin
- ✓ Lower financing costs in the last quarter
- ✓ Proactive foreign currency position management

2022 Q4 & 2023 Opportunities:

- ✓ Impact of the European energy crisis
- ✓ Differences in Europe - Far East raw material prices
- ✓ Russian market - opportunities
- ✓ Newly commissioned R&D projects
- ✓ New products to be commissioned





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CFO: Zafer Demirel
zafer.demirel@kimpur.com

IR: Damla Mermeroglu
damla.mermeroglu@kimpur.com
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