



Formet Steel Door Industry and Trade Inc.

Investor Presentation

2018 9M Financial Results



Formet Steel Door Industry and Trade Inc.



Investor Presentation

**2018 Third Quarter Financial Results and
Assessments**

Content

- **Formet Group's Overview**
- **Main Activities and Products**
- **Financial Performance and Results**
- **Summary Financials (2017 9 Months, 2018 9 Months and Percentage Change)**
- **Legal Warning**



FORMET GROUP AT A GLANCE



**20 YEARS
EXPERIENCE
IN THE SECTOR**



**Know-How and Experience
Over 20 Years in Steel and
Metal Industry**



High-Tech Knowledge



**Leading the sector
in R&D investments**



**1500 EMPLOYEES
OVER ALL**



Integrated Factories



**International Certificates
Patent Leader in the Sector**

**60.000
m2**

**60.000 m2
Steel door
production area**

**30.000
m2**

**30.000 m2
Home appliances
production area**

300

**Door
manufacturing
300 employees**

120

**Manufacture of
household appliances
120 employees**

**The Biggest Steel Door
Manufacturer in Turkey**



400 SHOWROOMS

**400 showrooms located at
dealers across Turkey
International branches
in Nigeria, France and Brazil**



**100% DOMESTIC
CAPITAL**

**100% domestic input
usage in production**



**LEADER
EXPORTER**

**Exports more than 80
countries in the door
groups, more than 40
countries in household
appliances**



**CREATIVE
DESIGN**

**Original designs
in door, heater
and cooker group**

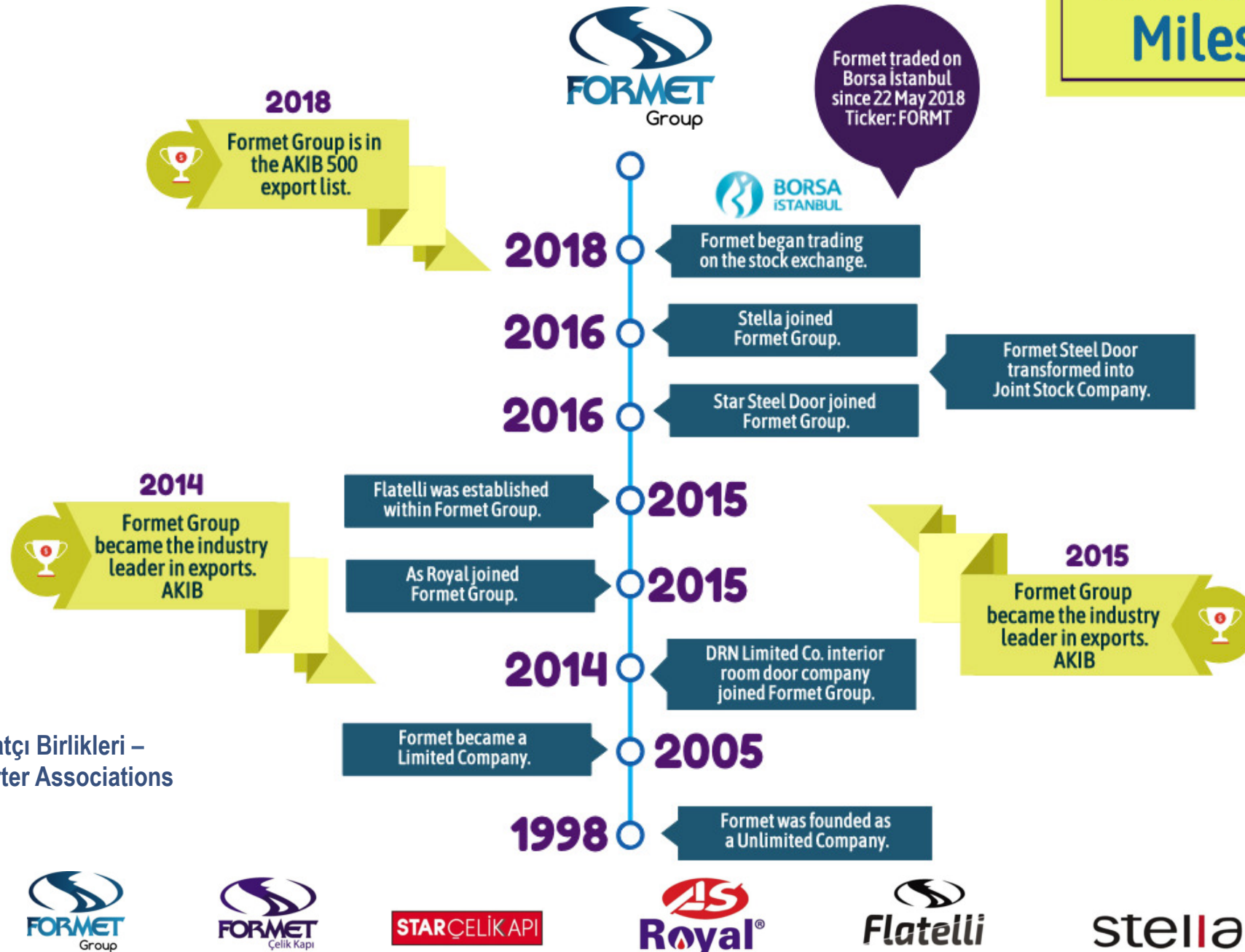


**CUSTOMER
SATISFACTION**

**Local and international
customer focused
solutions**



Formet Group Milestones



AKIB: Akdeniz İhracatçı Birlikleri –
Mediterranean Exporter Associations

Formet Steel Door Industry and Trade Inc. Capital and Shareholder Structure

Shareholder	Share in Capital (TRY)	Ratio in Capital (%)	Voting Right Ratio (%)
MUSTAFA SEZEN	34.937.000	57,77	57,77
OTHERS	25.542.940,5	42,23	42,23
TOTAL	60.479.940,5	100	100

Authorized Capital: TRY 70.000.000 **Issued Capital:** TRY 60.479.940,5

Initial Date of Listing/Trading: 22th May 2018

FORMT Actual Shares Outstanding: TRY 25.542.910,5

Ticker: FORMT Actual Outstanding Shares Ratio (%): 42,23

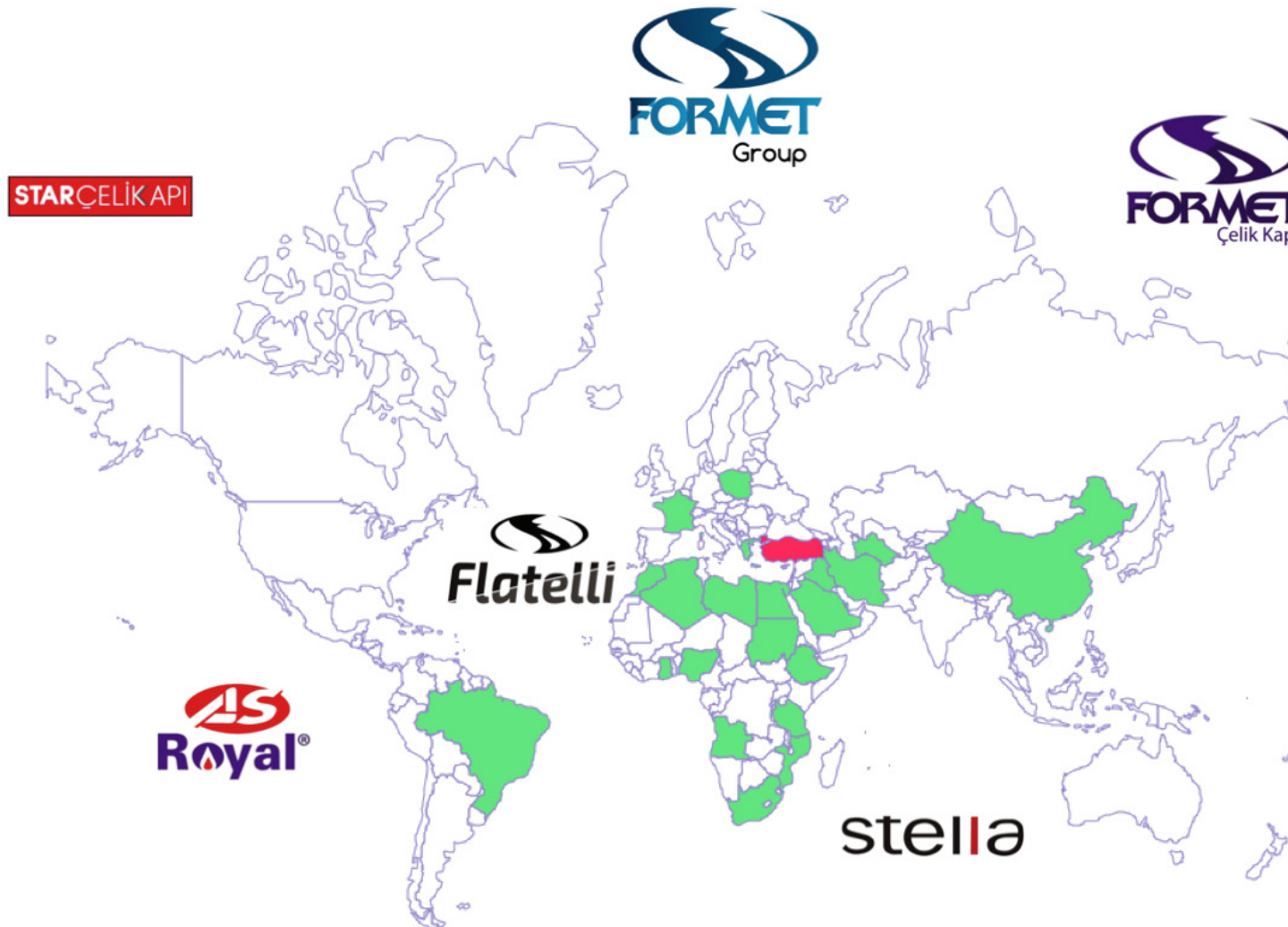
* Formet Steel Door Industry and Trade Inc. as of September 2018, 31 December 2017, 2016, 2015, there are no subsidiaries and associates.

International Fairs attended by Formet Group

Countries where Formet Group participates in trade fairs worldwide

Formet Group participates in 5 international fairs and 2 national fairs with its metal products for every year.

China
France
Brazil
Poland
Greece
Angora
Egypt
Algeria
Nigeria
Ghana
Sudan



Libya
Morocco
Turkmenistan
Mozambique
Tanzania
Ethiopia
Iraq
Iranian
Qatar
South Africa
Saudi Arabia



Formet Group Factories



Formet Group Factories and Showrooms



Formet Group Main Activities

Door Group

- Steel Doors
- Wooden Doors
- Interior Doors
- Fire Exit Doors
- Industrial Doors
- Shaft Covers
- Hospital Doors
- X-Ray Doors



Heaters Group

- Electric Heaters
- Natural Gas Heaters
- Radian Heaters
- Ceramic Heaters



Cooker Group

- Full Size Ovens
- Built-in Hobs and Ovens
- Cooker and Ovens
- Mini & Midi Ovens



Metal Products

- Shoe Cabinets
- Metal Mail Boxes
- Decorative Metal Office Cabinets
- Sideboards
- Multipurpose Metal Cabinets
- Tables - Chairs



Formet Group Products



STARÇELİKAPI



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Formet Group Products

Doors

- Steel Doors
- Fire Exit Doors
- Interior Doors
- Special Doors
- Bullet Proof Doors
- Metal Doors
- Wooden Doors



STARÇELİK KAPI

Formet Group Products

Home and Office Group

- Natural Gas Heaters
- Radiant Gas Heaters
- Electric Heaters
- Full Size Ovens
- Built-in Ovens
- Quarries
- Table Top Cookers
- Mini Ovens
- Cooker Hoods
- Air Curtains



Formet Group Products

Metal Decorative Home Supplies

- Shoe Cabinets
- Multipurpose Metal Cabinets
- Sideboards
- Recycling Bins
- Metal Floor Mats



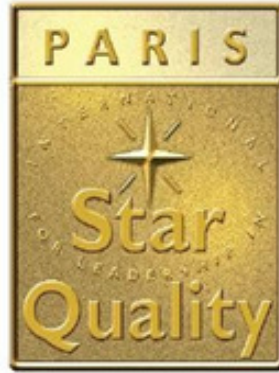


Formet Steel Door Industry and Trade Inc.

International Quality Certificates



Formet Steel Door Industry and Trade Inc. International Awards



PRESS
RELEASE

PARIS July 1st, 2013



BUSINESS
INITIATIVE
DIRECTIONS

IMARPRESS
IMAGEN ARTE
PRESS CENTER



Building better business reputation worldwide

International Star for Leadership in Quality Convention - Paris 2013

Presentation of Awards to companies from 54 countries around the world for achievements in Quality and Excellence.

FORMET ÇELİK KAPI

received the ISLQ International Star for Leadership in Quality in the Gold Category

Recognized for Commitment to Quality, Leadership, Technology and Innovation, FORMET ÇELİK KAPI represents success for Turkey in the business world.

The International Quality ISLQ Award acknowledges the strong commitment to quality and excellence. Mr. Mehmet Ali Kara, International Sales Specialist, received the ISLQ at the Paris Palais des Congrès Convention Hall, from the President of BIDgroup, Jose E. Prieto. FORMET ÇELİK KAPI makes quality a core focus for continuous improvement of management to maintain leadership in its sector and community.



Formet Steel Door Industry and Trade Inc. International Awards and Certificates

- ✓ 2013 Quality Leadership International Star was awarded in Paris.
- ✓ 2015 Eurasia Quality Award.
- ✓ ISO 9001, OHSAS 18001, ISO 14001 and ISO 27001 Certified.
- ✓ CE, CB, IEC, Q-Mark, SASO, RoHS, SONCAP, IFT-Rosenheim Certified.
- ✓ Many brands and patents in the region granted by the Turkish Patent Institute.



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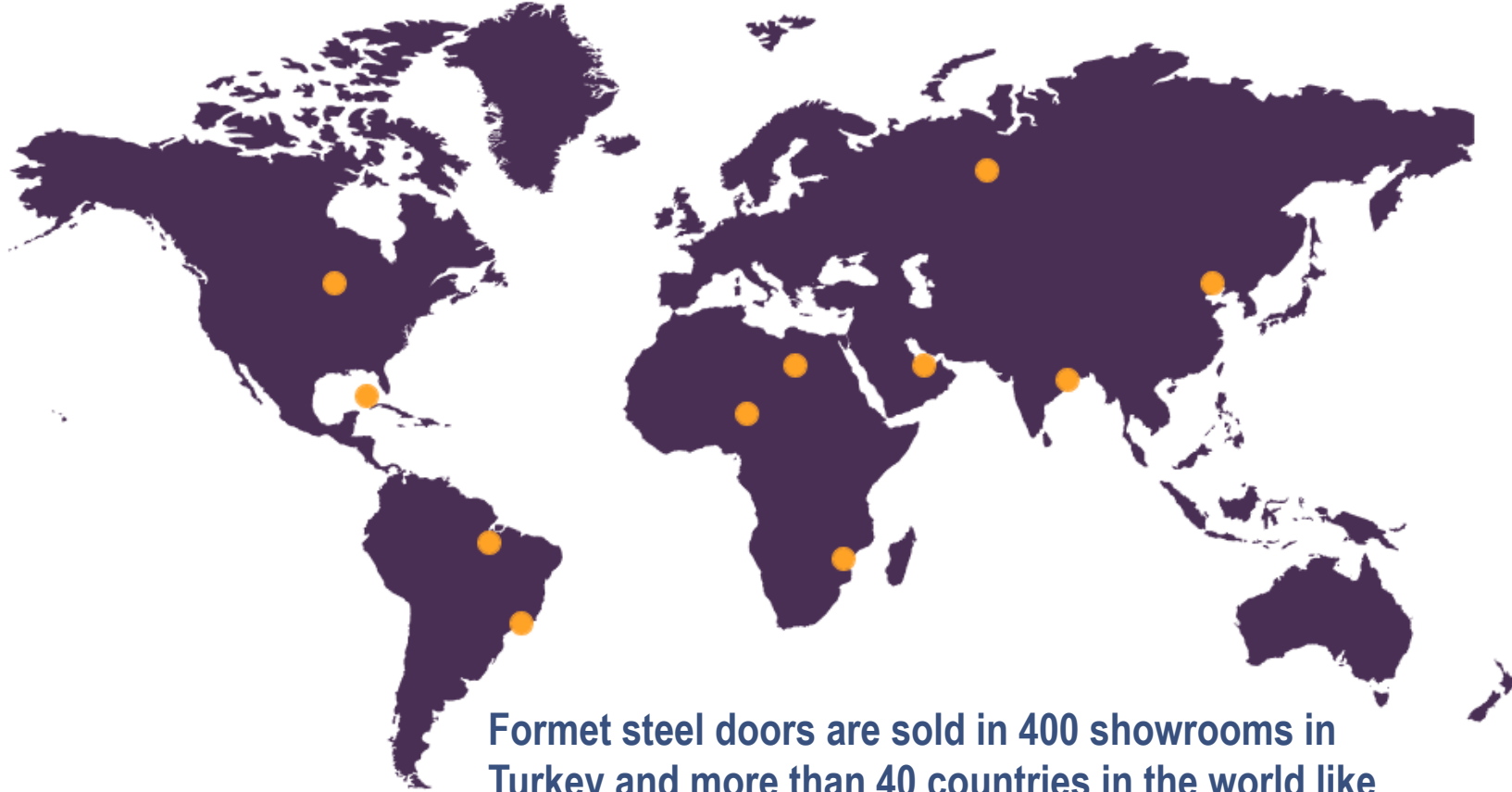
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Key Players in Formet Group



Formet Steel Door Industry and Trade Inc.

Sector Leader in Exports



Formet steel doors are sold in 400 showrooms in Turkey and more than 40 countries in the world like Europe, Asia, Middle East, Africa and USA.

- According to the Mediterranean Exporter Associations, Formet Steel Door is the most exporting company of steel door in Turkey.
- According to the data of Mediterranean Exporter Associations in 2014 and 2015, Formet Group has been the most exporting company in the sector.
- Mediterranean Exporter Associations within the scope of the Top 500 Exporters Company Research, (AKİB 500) Formet Group was among the top 500 companies in 2018.

20% of the turnover of Formet Group comes from exports

The five countries that most export made are

Algeria
Bulgaria
Tunisian
Georgia
France



The products that most export made are

Steel Doors
Heater Groups
Cooker Groups

Export/
Turnover

% 20



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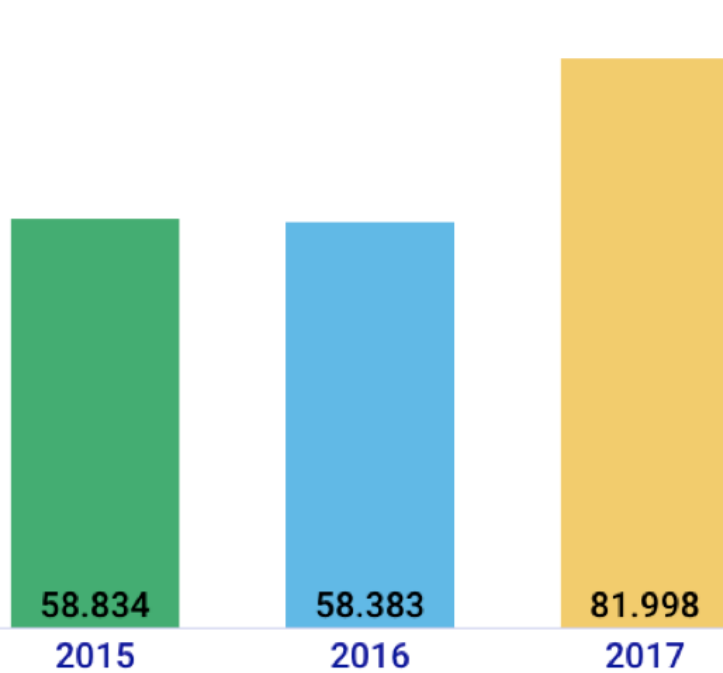
Formet Steel Door Industry and Trade Inc.

Value Added to The Investor

- Production in international quality standards
- Increasing sales and profitability with new products
- Gain momentum in growth with sales volume
- High capacity utilization rate
- Efficiency in production with low cost and 100% domestic input
- Increase in export revenue
- Leading the sector in R&D investments
- Innovation-driven work with patents and utility models
- Loyalty to the principles of corporate governance
- Sustainable dividend policy

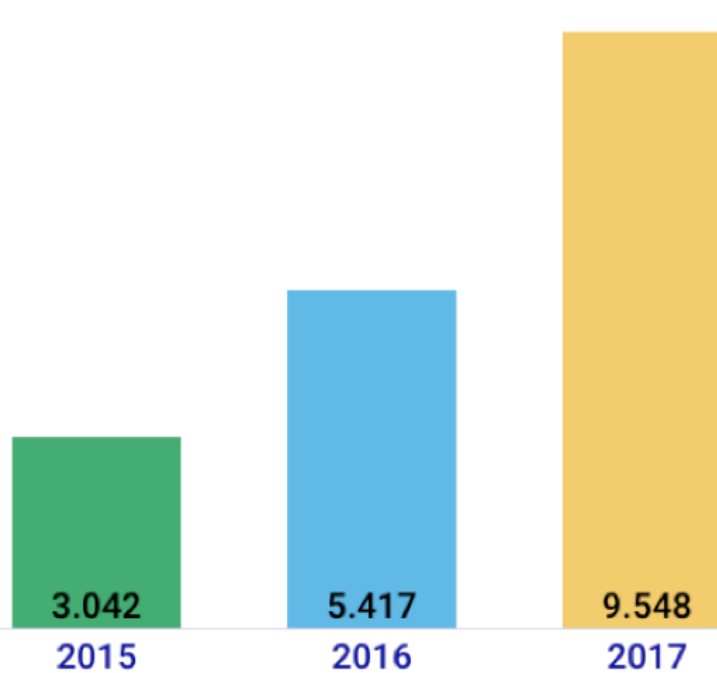
Formet Steel Door Industry and Trade Inc. Financial Performance and Results

Sales (Yearly), Thousand - TRY



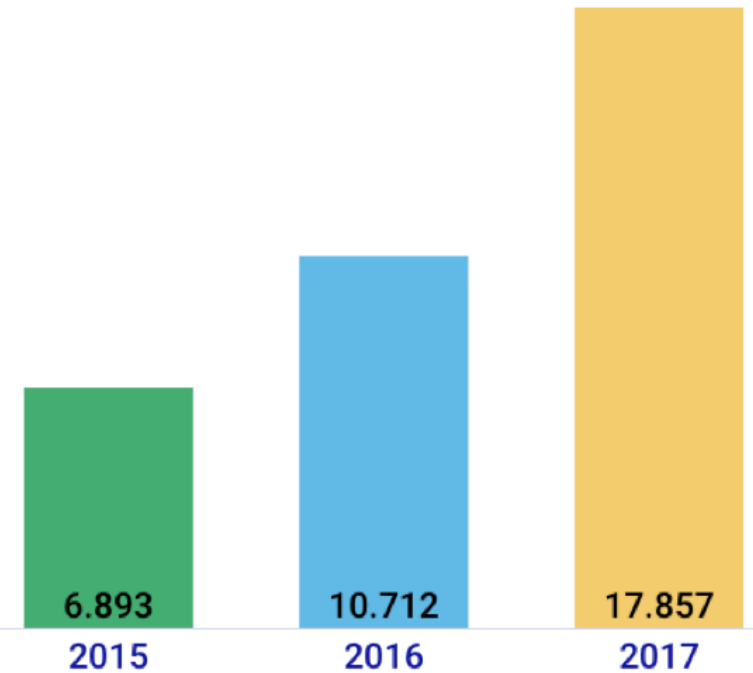
In 2017, annual sales increased by 40% compared to 2016.

Profit (Yearly), Thousand - TRY



In 2017, annual profit increased by 76% compared to 2016 year.

EBITDA (Yearly), Thousand - TRY



In 2017, annual EBITDA increased by 66% compared to 2016.

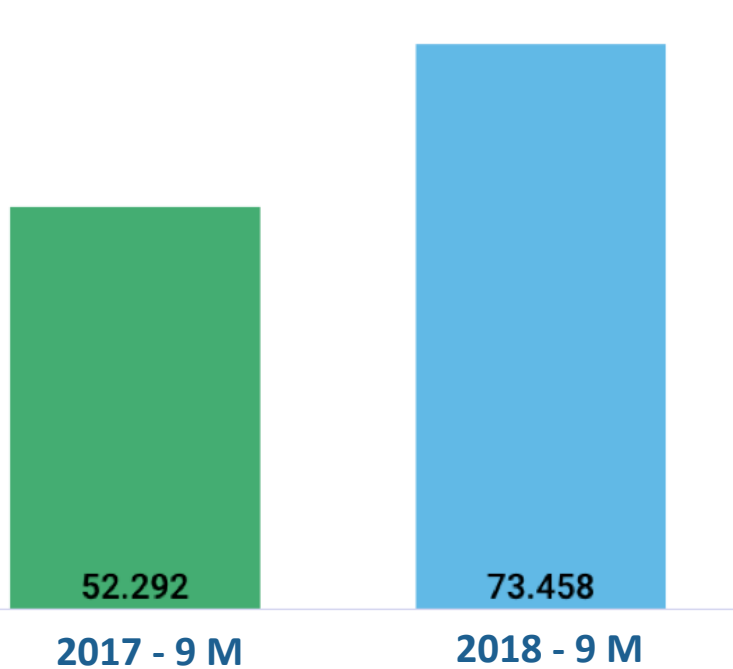
Yoy - TRY

Formet Steel Door Industry and Trade Inc. Financial Performance and Results

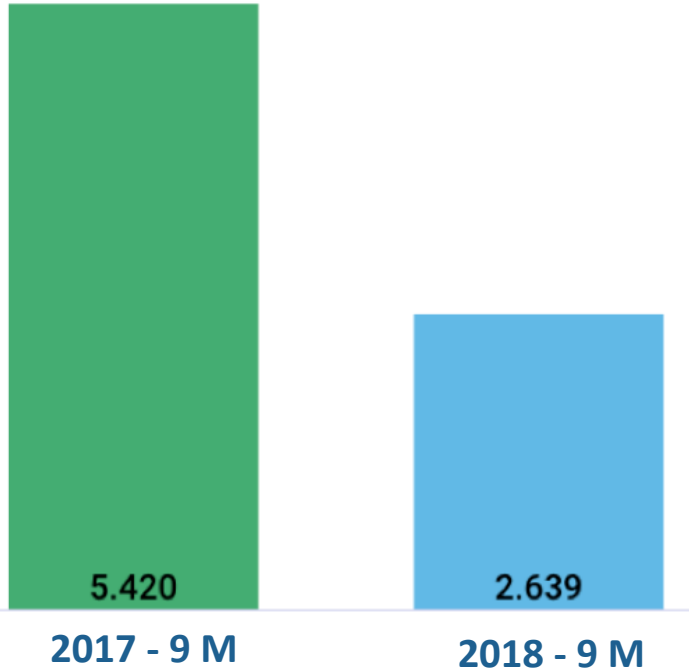
Sales (9 M), Thousand TRY

Net Profit (9 M), Thousand TRY

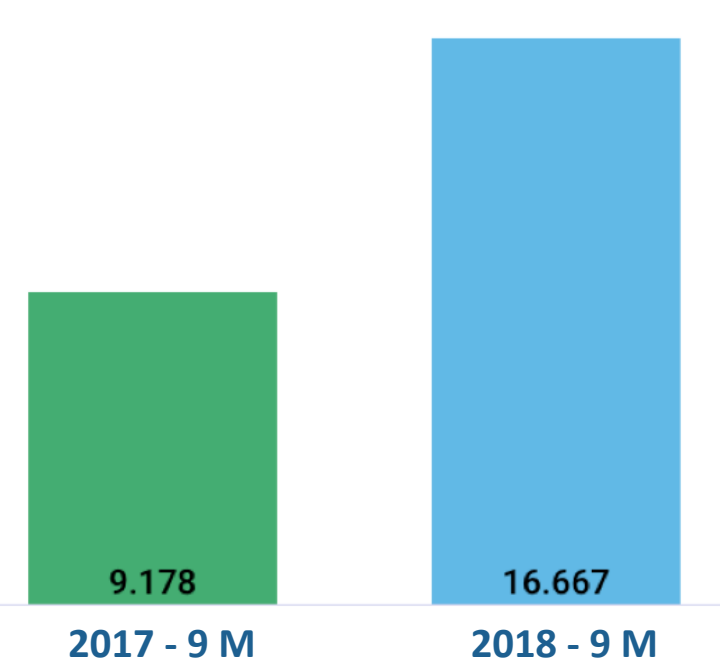
EBITDA (9 M), Thousand TRY



In 9M of 2018, sales increased by 40% compared to 9M of 2017.



In 9M of 2018, Net Profit decreased 48% compared to 9M of 2017.

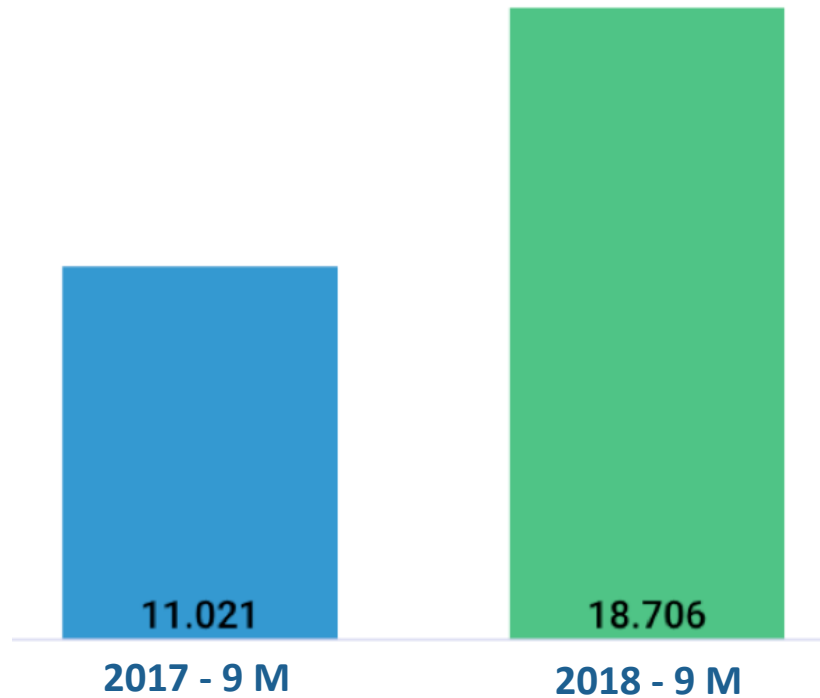


In 9M of 2018, EBITDA increased by 81% compared to 9M of 2017.

According to the results of the recent economic developments in Turkey, Formet Steel Door was able to make a profit despite the high increase in foreign exchange and credit interest rates. However, net income decreased by 48% due to the increase in financing costs.

Formet Steel Door Industry and Trade Inc. Financial Performance and Results

Operating Profit (9 M), Thousand TRY

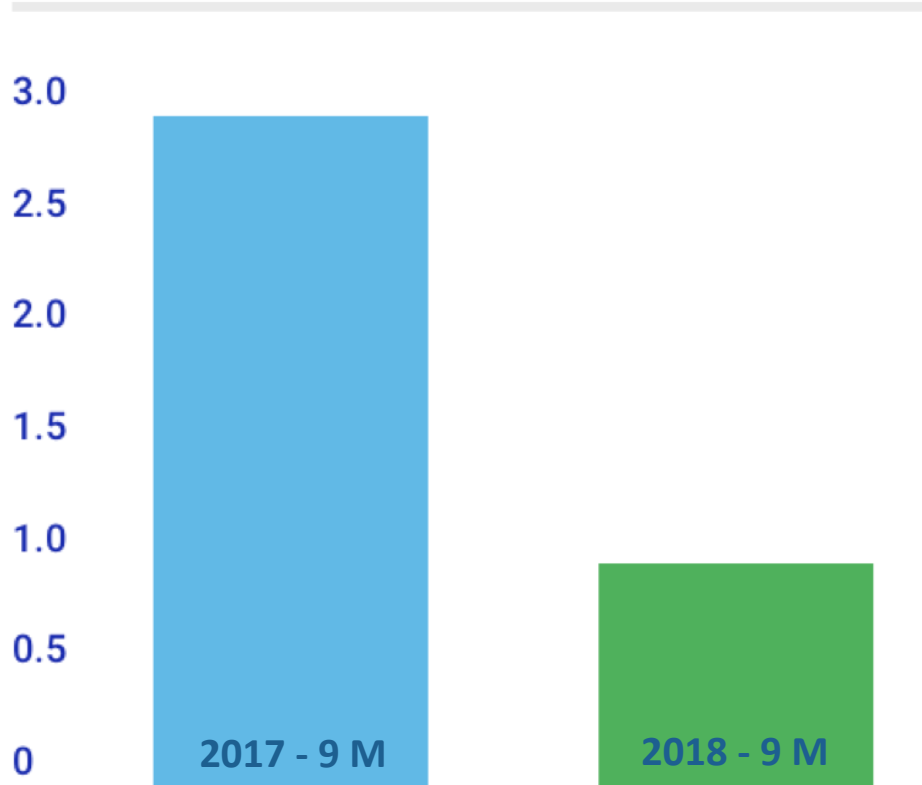


- In the first nine months of 2018, **operating profit** reached 18 million TRY from 11 million TRY, up by 70% year-on-year.

In 9M of 2018, Operating Profit increased by 70% compared to 9 M of 2017.

Formet Steel Door Industry and Trade Inc. Financial Performance and Results

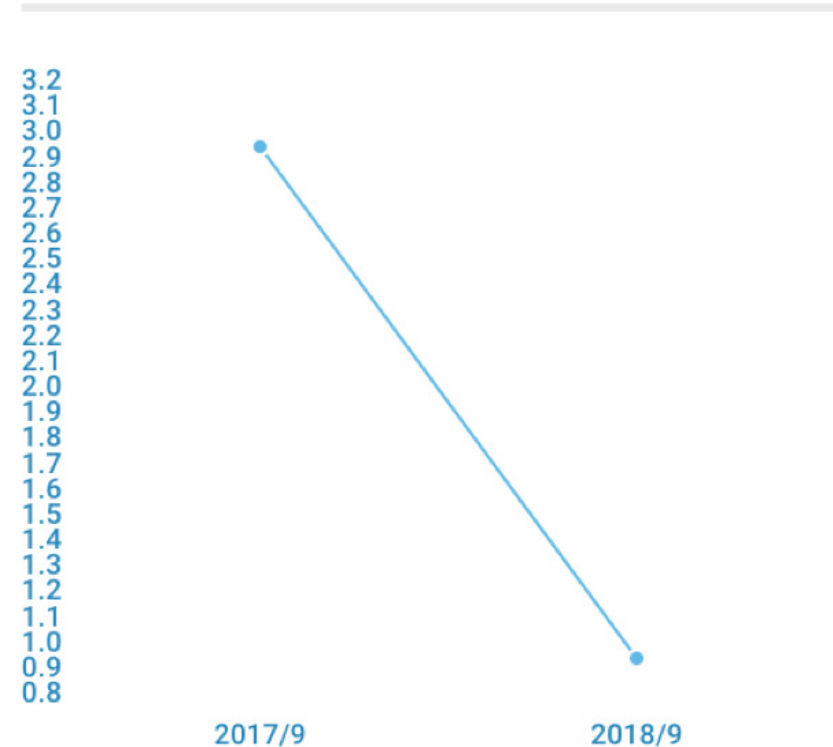
Debt / Equity Ratio (9 M)



In 9 months of 2018, the debt / equity ratio decreased by 37% compared to the same period of the previous year.

- While the debts in the 9 months of 2017 were 3.83 times of the shareholders' equity, this ratio decreased to 1.43 with the capital structure strengthened after the public offering.

Debt / Equity Ratio (9 M) - YoY



2017 - 2018 9M Profitability Rates

	2018 – 9 M	2017 – 9 M	Change - %
Revenues	73.458.763	52.292.341	40
Gross Profit	22.743.736	15.176.278	50
Gross Profit Margin	31	29	6,8
EBITDA	16.667.967	9.178.333	82
EBITDA Margin	22,6	17,55	28
Net Profit	2.789.847	6.437.891	-57
Net Profit Margin	3,79	12	-68

Assessments for 2018 - 9 Month

Export revenues increased by 59% compared to the same month of the previous year and reached TRY 9.912.000 in the first 9 months of 2018.

Recently, especially R&D activities related to table / chair and decorative products were given importance. Metal decorative products, whose R&D studies were completed, attracted interest from the European market.

In the third quarter, the interest and demand on new products in the market, increased the operating profit by 70% to TRY 18.7 million, from TRY 11 million.

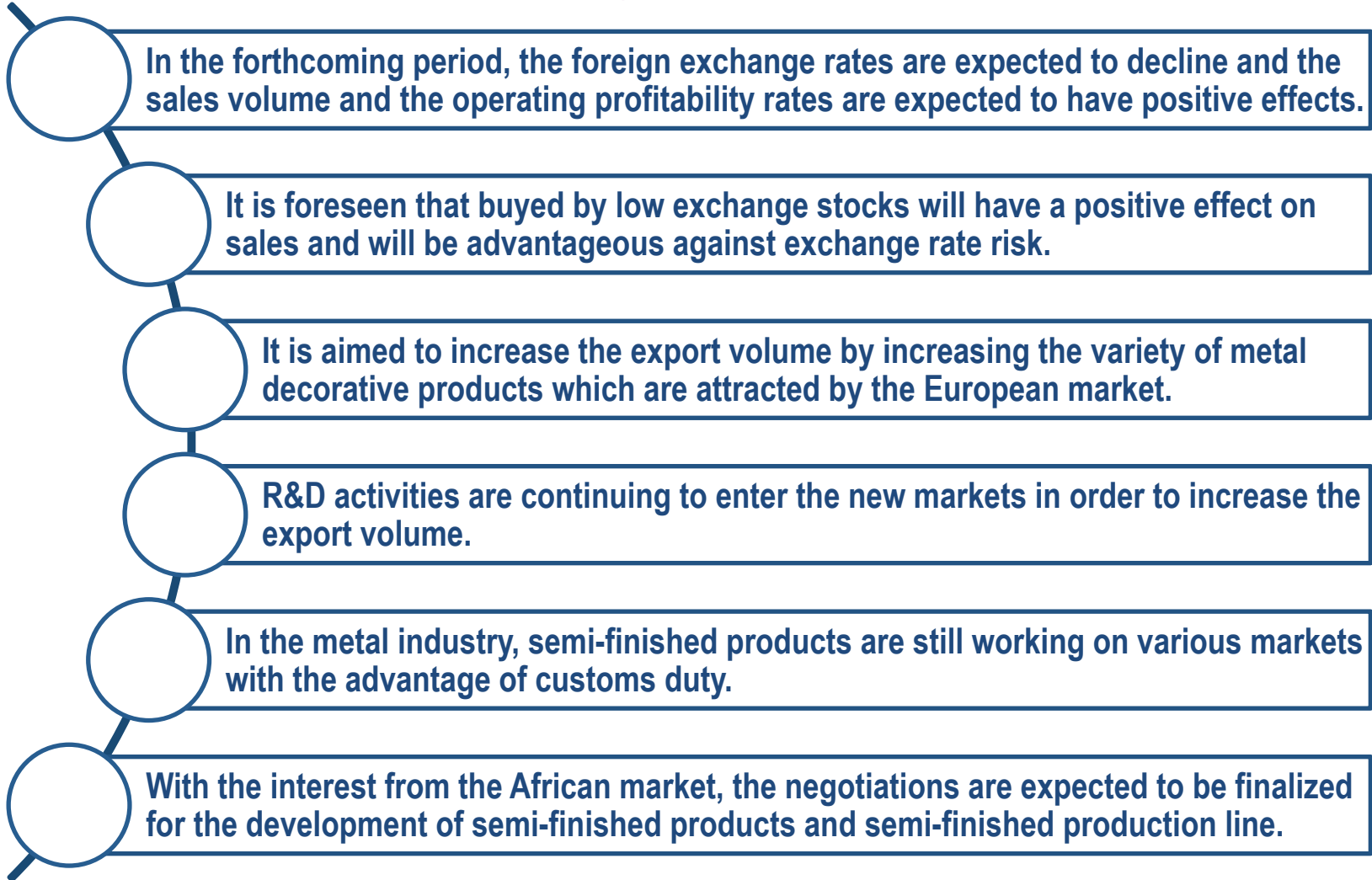
While the operating profitability rate was 21% in 9 months of 2017, this rate rose to 25% in 9 months of 2018.

The increase in exchange rates affected debts.

Export revenues, which are 20% of total turnover in foreign currency, provided natural hedge protection against fluctuations in exchange rates.

The reason for the decrease in net profit is the financing expenses arising from the increase in interest rates.

Forecasting and Expectations



Future Goals



To become one of the ISO 500 companies
in the next 5 years

To double the share of exports in the next 3 years and to
increase the number of export countries

Expanding the range of activities and
expanding the product range

Being one of the ISO 1000 companies in 2019

LEGAL WARNING

- This detailed presentation includes the actual information and analysis of the financial statements and the future and possible statements that also represent the future.
- The information and analyzes in the report are true and the expectations regarding the future vision are realistic and acceptable.
- However, it should be understood and accepted that expectations can be affected and changed by the influence of local and global variables that we cannot control.
- Depending on the variables, we cannot be held liable for any damages due to deviations and differences in expectations.
- The effects of exchange rate risks in the analysis of corporate financials should be evaluated together with the measures taken and financials should be interpreted within this framework. In this report prepared by our institution, dynamic evaluations that we hope will contribute to healthy, realistic interpretation and evaluation of our investment decisions are given. With this presentation and report, we aim to ensure that our Company's ongoing activities and future expectations are properly understood.
- This report cannot be relied on in this document in connection with any contract or investment decision, as it does not constitute an invitation or a proposal for the purchase or undertaking of the shares of the Corporation, or constitutes a part of such an invitation or proposal. The information and opinions contained in this report do not constitute a recommendation or recommendation for Company shares.



**FORMET STEEL DOOR
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