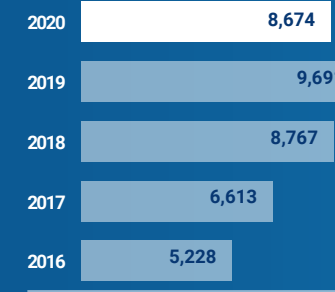


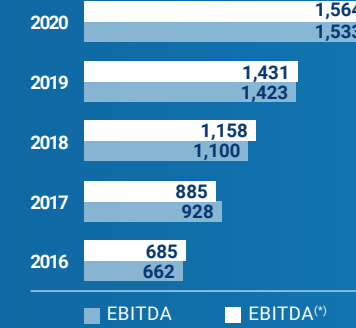
# Industrials

Sabancı Industry Group reinforced its leadership in all markets it operates with its agility and excellence-oriented approach.

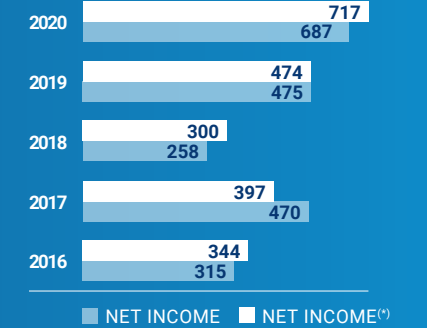
## Combined Net Sales (TL Million)



## Combined EBITDA (TL Million)



## Combined Net Income (TL Million)



Note: Philip Morris is excluded.  
(\*) Excluding one-off income/expenses.

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## DEVELOPMENTS IN 2020



### Significant improvement in profitability through agility

Despite major demand fluctuations in the world and in Turkey due to the pandemic, Sabancı Industry Group Companies managed to improve their profitability in their business lines. This success is a result of successful cost management and agility in supply chain management.

### Holistic solutions in the new mobility

In the evolving world of mobility, the Group continued to provide innovative solutions to the new needs of vehicle and service producers as well as end-users. Kordsa contributed with especially light and powerful advanced technology materials, while Brisa contributed with digital fleet management services as well as Otopratik and Propratik to meeting new needs.

### Turkey and the world leadership in sustainability

As a result of sustainability efforts, Kordsa and Brisa received Gold and A-sustainability ratings within the scope of global assessments of reputable institutions.



Orion capsule



## Industrials

While increasing profitability through effective and agile management in times of high volatility, Industrial Group companies have strengthened their positions in their subsequent markets.

### Brisa

Reinforcing its leading position in the Turkish replacement market, its sales in the Export and Original equipment markets reached 45% of the turnover. Brisa focused on digital transformation in its dealer network and sales management system and tire centric total mobility solutions (Digital Fleet Monitoring Systems, Otopratik and Propratik networks).



### Kordsa

Kordsa reinforced its leading position in tire reinforcement materials sector during the pandemic, thanks to its proximity to global and regional customers. Kordsa focused on developing products and services for sectors beyond aerospace and aviation in the field of advanced technology composites that it incorporated.



Industry Group EBITDA margin  
**18%**

Industry Group overcame the crisis caused by the pandemic by increasing its profitability with data analysis and effective digitalization in the field, cost and supply chain management.

### Temsa Motorlu Araçlar

In 2020, it has reinforced its leadership in the Turkish Pickup market. Significantly increased its share in the passenger cars market and its net sales.

### Temsa Ulaşım Araçları

With the partnership made with Czech-based PPF Group, the owner of Skoda Transportation, Temsa Ulaşım Araçları rejoined the group in the last two months of 2020.

### Priorities in 2020

In 2020, the top priority of Industry Group companies was agility against fluctuations in demand due to the pandemic. The Companies continued investing for the future. The fluctuations in demand in the world and in Turkey were foreseen with the data analysis models developed in the prior years. Significant profit was also made with a specific focus on supply chains and working capital management.

While achieving successful results in 2020, the agile teams formed within the Industry Group ecosystem, analyzed growth opportunities in innovative adjacent business areas and investments continued.

2020 has been a devastating year for our lives due to the pandemic, however it also brought growth opportunities to Sabancı Holding Industry Group, which had already

started its digital transformation and implements innovative processes and material innovations as part of its daily work.

As the number of digital online meetings rose 60 times, significant improvements have been made in terms of time and cost of internal and external communication. Productivity and reliability of business processes were improved with the Robotic Process Automation (RPA) and therefore employees are able to use their time more effectively for innovation and improvement of existing processes. RPA applications and artificial intelligence assistants of Brisa and Kordsa manage more than 200 processes efficiently.

The digital filtration applications put into practice helped more than 8,500 employees and their families protect their health.

In 2020, Industry 4.0 efforts in companies accelerated. Systems that communicate each other during the production processes, monitor and analyze environment and machine conditions with sensors and trigger actions created predictability and cost advantages.

In the field of digitalization and innovation, the successes of the Industry Group were recognized with many awards.

### 2020 AT A GLANCE

- Market share and position**  
Leader with 32% market share Production capacity
- Production areas**  
Izmit: (11 million), Aksaray: (2.5 million) tire production capacity
- Total sales**  
TL 4.1 billion (USD 592 million)  
Export share: 34%
- Distribution network**  
- 1,300 sales points in Turkey  
- More than 6 thousand sales points (600 of which have Lassa signs) in 87 countries.
- R&D investments**  
TL 40 million

### TIRE

With its R&D competency, more than 3,000 employees in Aksaray and Izmit factories that are equipped with Brisa smart technologies and its value added products and services offered to domestic and international markets, Brisa improved the value it offers for its stakeholders. With investments in dealer networks and brands, Brisa once again proved its leadership. 3 new countries were included in the export points while the market share in 13 countries increased.

With these developments, Brisa demonstrated a solid performance in a challenging 2020. Total sales of Brisa reached TL 4,137 million. Despite contractions in international markets, Brisa managed to increase its export volume on TL basis. Generating a strong profit as of the end of the year, Brisa continued its success in cash management. The working capital turnover ratio, which increased from 1.8 to 7 in 2019, reached 14 in 2020. In addition to all these financial successes, Brisa became Turkey's 42<sup>nd</sup> most valuable brand in Brand Finance's "Most Valuable and Powerful Brands of Turkey" survey. According to the survey, Brisa was the most valuable brand of the tire industry.

Besides their financial success, Brisa's efforts for conserving biodiversity at Izmit and Aksaray plants were rated in the Gold category by BSEMIA (Bridgestone Europe, Russia, Middle East, India, and Africa).

### 2020 AT A GLANCE

- Market share and position**  
Leader in the global market with 27% in Nylon 6.6 and 9% in Polyester
- Production areas**  
Tire reinforcement in 7 facilities in Turkey, Brazil, Indonesia, Thailand and USA; composite production in 5 facilities in the USA and Turkey
- Total sales**  
TL 4.5 billion (USD 647 million)  
(Share of foreign exchange based sales 100%; Share of composite sales 15%)
- R&D investments**  
TL 69 million
- Number of patents**  
183

### REINFORCEMENT



Producing 1 out of every 3 passenger car tires produced in the world, Kordsa demonstrated outstanding performance by maintaining its combined EBITDA levels in its global tire reinforcement and composites (to civil aviation) businesses, which experienced contractions of 17% and 44% respectively. Unlike its competitors concentrated in the Asian market, Kordsa is geographically close to its customers and has strong "customer intimacy." Kordsa attracted a strong customer demand and increased its market share in the last quarter following the contraction.

Axiom Materials, one of the USA-based companies of Kordsa received a new license which will make it possible to supply products for power generation applications in the Oxide-Oxide ceramic composite intermediate materials market.

In the field of composites, the expansion and differentiation efforts were accelerated in the consumer sectors beyond aerospace. With the investments in Turkey, Kordsa started to produce and offer new composite products with very high energy absorption capacity in Europe and Turkey.



## Industrials

62 ongoing and 55 completed projects in the field of digitalization returned twice their investment and created value.

The building reinforcement technologies initiative of Kordsa grew 1.8 times in 2020. Kratos branded synthetic fiber reinforcement products provide a total cost advantage to the customer. These products are preferred in infrastructure and superstructure projects due to their energy efficiency, long-term durability and low carbon emission characteristics.

Becoming the market leader in the pick-up sector in 2020 with the Mitsubishi brand, Temsa Motorlu Araçlar improved its net sales and profit compared to the previous year. Regarding Mitsubishi brand's plan to withdraw from European markets in the next 3 years without developing any new models, Temsa Motorlu Araçlar started to develop company transformation plans and after-sales service organization.

### Performance in 2020

In 2020, Brisa recorded a turnover of TL 4.1 billion and generated a net profit of TL 541 million. On the other hand, Kordsa generated a turnover of TL 4.6 billion and a net income of TL 149 million in 2020.

Creating an operational cash flow of TL 819 million, Kordsa reduced its net debt from USD 387 million in 2019 to USD 331 million with the acquisition of composite companies. Brisa, on the other hand, created an operational cash flow of TL 1 billion, reducing its net debt from TL 1.2 billion in the previous year to TL 661 million.

### Digitalization, Technology and Investments

Industrial companies, which are in a cultural transformation to be ready for the new digital age, have proven that



companies that can quickly adapt maintain their operational success in the pandemic period. In the Industry Group, 62 projects associated with digitalization are ongoing, and the outputs of 55 projects that have been actively used since 2015 have yielded twice the return on their investments.

By integrating Microsoft Teams before the pandemic, which is one of its #dijitalisyeri (digital workplace) applications, Brisa was named among Microsoft's global success stories with its efforts. Brisa transformed its success stories into academic case studies within the scope of the BRİKİM project.

The case studies titled "Digital Transformation with Artificial Intelligence," "Empowering Sales Organization with Digital Technologies," "Gaining Competitive Edge with Working Capital" were presented to academicians and students at Markalarfisi.com, a digital case study library.

The "Stay Safe" application, which enables employees to voluntarily record the people they have contacted with location data, was launched by Brisa to ensure that employees can track back whom they have contacted in the event a risk occurs.



Brisa operating profit  
**TL 625** milyon

In 2020, dealer network, sales management system, digital transformation and tire centric total mobility solutions (Otopratik) were the focus areas of Brisa.



Kordsa operating profit  
**TL 434** milyon

Kordsa reinforced its leadership position in the tire reinforcement market by using its "being close" to the customer both geographically and also with customer intimacy.

Brisa introduced an improved version of Filofix roadside assistance service, which is one of the success stories in the Digital Fleet era it has initiated. With Filofix, Brisa offers around-the-clock roadside assistance with one click, regardless of where the customers are.

Every year, about 150 new entrepreneurs and the technology/services they offer are integrated with the business units in Brisa. 30 entrepreneurs were integrated into the system to solve the issues of business units such as Marketing, Mobility, R&D, IT, etc. Collaboration with about 10 of these startups continues in 2021.

Combining its R&D competency with Continental, Kordsa managed to change the formula used to bond textile reinforcement materials with rubber-based compounds for about a century. With innovation in mind, Kordsa continues to work on Cokoon, which is a greener adhesion technology that does not contain Resorcinol and Formaldehyde. More than 70 companies in the industry are interested in this "open source" technology. 24 of these companies signed NDAs to receive information on the study and benefit from the know-how. Two companies besides Kordsa and Continental are in the patent pool.

As part of digital transformation, 17 Kordsa employees including Data Scientists, Data Engineers and Data Translators who participated in Sabancı University's Advanced Data Analytics Program have carried out advanced data analytics projects since 2019. In 2020, Kordsa conducted data analytics studies on energy optimization and waste management in cooperation with SabancıDx and other international consulting companies. As a result of these studies, Kordsa created significant value from data.

### People and Sustainability

For more than 5 years, Brisa and Kordsa have been listed in the BIST Sustainability Index, which includes companies with the highest corporate sustainability performances. Growing with technology investments and creating economic value for their stakeholders, Sabancı Industry Group companies are building a sustainable future by using natural resources responsibly. Reporting to CDP Climate Change and Water Programs since 2016, Kordsa and Brisa were rated A- in climate change and A- and B in the field of water programs respectively. These ratings demonstrate their global leadership in these areas. Being awarded the highest rating "A" by CDP in the

"Supplier Communication Rating" category, Brisa was the only Turkish company to be among global leaders in this field.

Brisa and Kordsa were among the companies that partnered with Ecovadis to ensure the sustainability of the global supply chain. As a result of the evaluation of more than 40 thousand companies in terms of sustainability studies, Kordsa was rated "Gold Company" and Brisa was rated "Silver Company" by Ecovadis. Industry Group companies continue to create value for all their stakeholders and develop environmentally-friendly projects. With success in the systematic assessment where environment, employee rights, ethical and sustainable supply practices are taken as a basis, the Industry Group companies prove that they have sustainability in mind in every step they take.

Brisa's efforts for conserving biodiversity at Izmit and Aksaray plants were rated in the Gold category by BSEMIA (Bridgestone Europe, Russia, Middle East, India, and Africa). Aiming to reduce the damage caused by Hatay fires, Brisa donated 4,000 saplings with the support of OGEM-VAK (Foundation for Supporting Forestry Development and Fighting Forest Fires) on behalf of their dealers. The Brisa team,

Industrials

Brisa and Kordsa’s sustainability management systems and practices are rated by Ecovadis and CDP at “leadership” level.



Our focus on people and society has been crowned with many awards. While the Brazilian factory of Kordsa was selected as “the most amazing place to work,” Brisa’s biodiversity conservation efforts were evaluated in the Gold Category in the Bridgestone EMIA region.

which was established in cooperation with the ROBOTEL Foundation, which offers prostheses to children who cannot use their hand and arm limbs, completed its first training. In 2021, Brisa will continue to print hands with 3D printers to to replace the prosthesis. At Brandonhall Group Excellence Awards, Brisa was deemed worthy of the Gold award in the “Excellence in Sales Performance” category.

In 2020, Kordsa was included in the “most amazing place to work” list in Brazil thanks to high employee satisfaction rates. The list was compiled by São Paulo University Foundation Institute of Administration (FIA) and Universe OnLine (UOL), the largest content, technology, digital payments, media and services company in Brazil as a result of research conducted with 150 thousand employees working in top 100 companies of Brazil.

**2021 Priorities and Strategy**

Industry Group will have a stronger mobility positioning in 2021 while achieving geographical and industrial expansion.

In order to further consolidate its leadership in the Turkish market, Brisa will increase its market share in original equipment and premium tire categories while maintaining its share in the economy segment. With Otopratik and Propratik chains in Turkey, Brisa will continue its journey also as the total mobility solutions leader.

With its geographical proximity and agility advantages, Kordsa aims to increase its market share in nylon and polyester reinforcement materials. Aiming to transform into an advanced materials company, Kordsa will increase its sales in composite technologies to industries other than the aerospace industry.



**Area of activity**

Tire production for passenger vehicles, light commercial vehicles, buses, trucks, agricultural and construction vehicles

**Market position**

Leader: the provider of one out of three tires reaching the final consumer

**Countries of production**

Turkey

**Number of facilities**

2 (Kocaeli and Aksaray)

**Number of produced covered area**

507 thousand m<sup>2</sup>

**Number of exported countries**

87

**Number of employees**

3,122

**R&D investments**

TL 40 million R&D investment, 88 R&D employees, 16 patents, utility models, design registration, software

**Sales network**

1,300 + sales points with Lassa sign domestically, sales in 6 thousand + points in 87 countries including 600 with Lassa sign

**Sabancı Holding share**

43.6%

**Website**

www.brisa.com.tr

According to data as of 31.12.2020.

Expansion of holistic services towards total customer experience will continue with a particular focus on leveraging digital transformation, advanced material technology and sustainability.



**Area of activity**

Tire and construction reinforcement, composite technologies

**Market position**

1 out of 3 automobile tires and 2 out of 3 aircraft tires are reinforced by Kordsa.

**Countries of production**

Turkey, Brazil, Indonesia, Thailand and the USA

**Number of facilities**

12

**Number of produced covered area**

580 thousand m<sup>2</sup>

**Number of exported countries**

38

**Number of employees**

4,497

**Products**

Tire reinforcement products (for passenger, agricultural and industrial vehicles, buses, trucks, aircraft and motorcycles), construction reinforcement products (Kratos macro and micro), composites

**R&D investments**

TL 69 million R&D investments, 183 patents

**Sabancı Holding share**

71.1%

**Website**

www.kordsa.com

According to data as of 31.12.2020.



**Area of activity**

Sales, marketing, service and spare part services of Mitsubishi Motors branded passenger and commercial vehicles

**Countries of activity**

Turkey

**Distribution network**

27 authorized dealers and 52 authorized services

**Website**

www.temsamotorluaraclar.com.tr

According to data as of 31.12.2020.



**Area of activity:**

Bus, midibus, battery and electric bus production

**Countries of activity**

Logistics center in the USA and Germany, activities in around 70 countries

**Number of employees**

1,374

**Website**

www.temsa.com

According to data as of 31.12.2020.