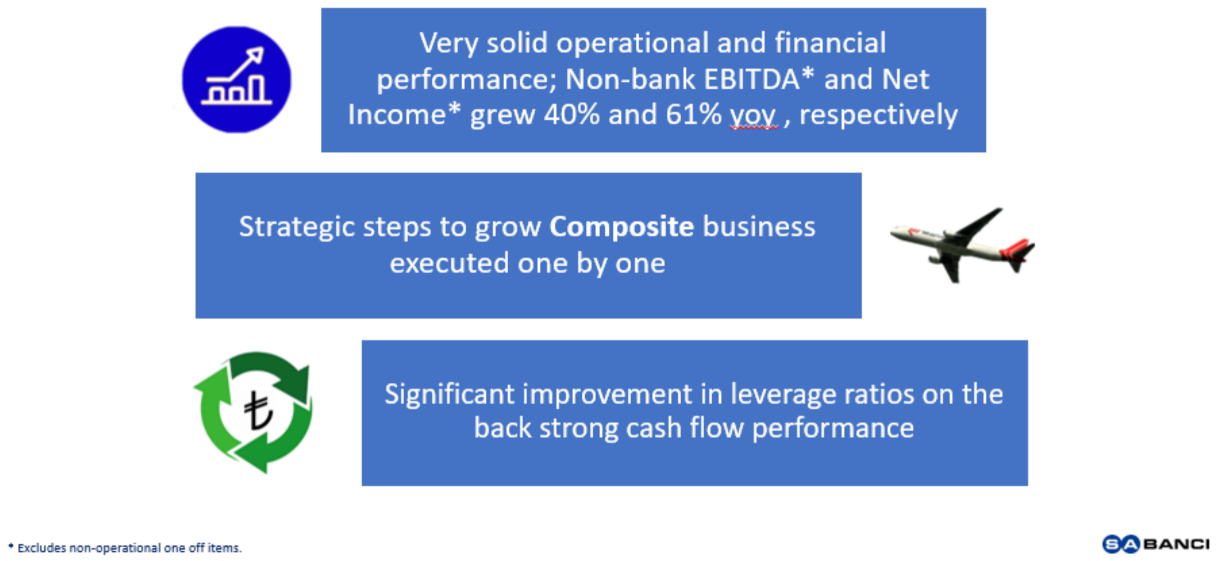
2018 Q4

EARNINGS RELEASE

Key Developments in 2018



- A challenging year has turned into a major success with excellent cash flow, earnings and deleveraging.
- Solid operational and financial performance was displayed during 2018. Nonbank EBITDA grew 40%, while net income increased by 61% y-o-y.
- With Kordsa chosen to be the industrial growth platform on adjacent industries, Sabancı Holding’s strategic plan to grow in Composite business executed one by one throughout the year; 3 new companies in US were acquired for around 100 million USD in composite fabric production and advanced honey comb technology.
- And recently, another composite acquisition in US was announced that will enable upward integration in the supply chain.
- At the beginning of 2018, operational and free cash flow performance were chosen as the main KPI for all of segments. With focus on cash generation, which brings in both the operational profitability and healthy management of the whole supply chain and working capital, the deleveraging has continued throughout 2018.
- Despite the substantial TL depreciation, Net debt to EBITDA level declined significantly, from 3.1 times in 2017 to 2.3 times by the end of 2018.
- In addition to cash generation focus, assets sales, such Carrefoursa’s Shopping Mall, and IPO of Enerjisa Enerji continued with capital increase at Enerjisa Generation helped to achieve this significant improvement in deleveraging.

2018 - Strong Cash Generation Led to Sharp Decline in Leverage Ratio

OPERATIONAL CASH FLOW (MTL)*

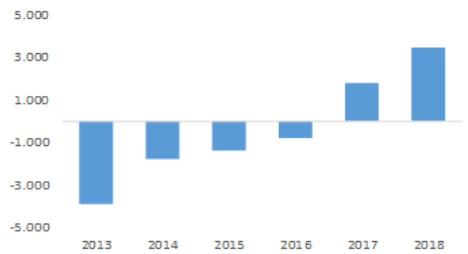
	2017	2018	% Change	4Q 2017	4Q 2018	% Change
Energy	2.980	3.576	20%	1.000	1.336	34%
Cement	446	684	53%	357	343	-4%
Retail	161	159	-1%	215	388	80%
Industry	1.005	1.233	23%	388	578	49%
TOTAL	**4.592**	**5.652**	**23%**	**1.961**	**2.644**	**35%**

FREE CASH FLOW (MTL)*

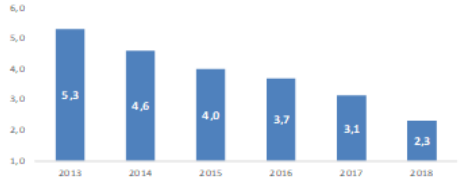
	2017	2018	% Change	4Q 2017	4Q 2018	% Change
Energy	1.551	1.805	16%	685	1.074	57%
Cement	0	424	n.m.	227	195	-14%
Retail	86	976	1035%	86	318	271%
Industry	158	285	80%	162	413	155%
TOTAL	**1.795**	**3.490**	**94%**	**1.160**	**2.000**	**72%**

* Management reporting, excludes insurance, banking, and other segment

Free Cash Flow, Combined for Non Bank**



Combined Net financial Debt to Non-Bank EBITDA**



** Excludes banking, other segment, and net cash position of insurance.
EBITDA excludes one-offs

- Cash generation was the most important KPI of 2018, set at the very beginning of the year, and our targets were achieved.
- Leverage ratio was significantly reduced in 2018, despite significant headwinds, such as weak TL and high interest rates during the year.
- Combined Net Debt to EBITDA for the Non-Bank declined from 3.1 times in 2017 to 2.3 times by the end of 2018.
- Focus on cash generation, healthy management of whole supply chain, including distribution channels and prudent risk management on the receivables side resulted in significant operating cash flow.
- Coupled with the big shopping mall sale of Carrefoursa, and IPO of Enerjisa continued with the capital increase at Enerjisa Generation have been the main drivers of the improvement in deleveraging.
- Focus on cash management will continue during 2019 as well; and operating cash flow is projected to improve further this year.

Outstanding Non-Bank Outperformance

Combined Net Sales

MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
TOTAL*	64.711	86.868	34%	18.556	25.639	38%
BANK	27.352	38.166	40%	7.608	11.263	48%
NON-BANK*	37.359	48.702	30%	10.948	14.376	31%

- Driven by Energy and Industrials
- Pass through of costs
- Higher exports

Combined EBITDA

MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
TOTAL*	14.201	15.403	8%	4.479	4.026	-10%
BANK	8.427	7.338	-13%	2.511	1.357	-46%
NON-BANK*	5.774	8.065	40%	1.968	2.670	36%

- Disciplined cost management
- Supportive regulatory backdrop
- Margin increase in FX linked businesses

Consolidated Net income

MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
TOTAL*	3.615	3.831	6%	1.237	844	-32%
BANK	2.643	2.269	-14%	788	459	-42%
NON-BANK*	973	1.563	61%	449	385	-14%

- Deleveraging continued
- Long FX position hurt Net Income in Q4

*Excludes non-operational one off items. Holding dividend income is excluded

SABANCI

- At nonbank figures, 31% growth in top line; 36% growth in Nonbank EBITDA and 14% decline in net income in Q4 was posted. With these results, full year 2018 topline, EBITDA and Net Income year-over-year growth resulted in 30%, 40% and 61% increase respectively.
- As in previous quarters, Q4 sales growth was driven mostly by B2B segments, such as energy and industrials. FX linked revenue stream in Enerjisa Generation and industrials and inflation linked energy distribution business have driven the growth.
- Strong operational excellence focus and disciplined cost management have ensured margin improvements as well.
- At the bottom line, net income in Q4 declined. Despite strong operating results, non-cash FX losses recorded at the HoldCo level, as a result of TL depreciation, have led to the contraction in fourth quarter.
- In addition to the FX losses, non-cash one off items such as write-offs, at Carrefoursa and Enerjisa Enerji also hurt the reported CMB net income this quarter.
- All in all, the year 2018 was concluded with 61% yoy growth at the bottomline for Non-Bank.

2018 – Upgraded Guidance Met

		2018 Growth Guidance (February 26, 2018)	Revised 2018 Growth Guidance (November 7, 2018)	2018 Growth Realization	Status
SABANCI HOLDING COMBINED NON-BANK *	SALES	15-20%	25-35%	30%	✓
	EBITDA	15-20%	35-45%	40%	✓

Excludes one off items

- Year-end guidance at the end of third quarter was revised and year-end growth expectation for Combined Non-bank Sales was raised to 25 to 35% and Non-bank EBITDA was raised to 35 to 45%. With these results, initial targets of 15 to 20% growth were exceeded with sizeable outperformance.
- From a bottom up perspective, Energy and Industrials segments were the top contributors of growth followed by Insurance.

Net Sales

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
TOTAL*	64.711	86.868	34%	18.556	25.639	38%
BANK	27.352	38.166	40%	7.608	11.263	48%
NON-BANK*	37.359	48.702	30%	10.948	14.376	31%
ENERGY	16.510	23.647	43%	4.957	7.570	53%
CEMENT	3.010	3.419	14%	864	794	-8%
RETAIL	7.952	8.680	9%	2.191	2.276	4%
INSURANCE	3.107	3.983	28%	1.007	1.114	11%
INDUSTRIALS	6.613	8.767	33%	1.874	2.557	36%
OTHER*	168	206	23%	55	64	16%

Excludes non-operational one off items.

* Holding dividend income excluded

- The key drivers of the top line growth in the fourth quarter, were Energy and Industrials, with 53% and 36% growth year-over-year respectively.
- For Energy segment, topline growth was mainly driven by downstream business on the back of regulated sales volume, electricity price increases and inflation linked return on Regulated Asset Base.
- In Industrials, FX denominated tire and tire reinforcement revenues mainly drove the 36% growth in the topline.
- On the other end of the spectrum, cement segment revenues contracted by 8%, due to contraction in domestic cement market in the fourth quarter, bringing down the full year top line growth rate to 14%.

- Retail top line, despite a strong food retail performance, posted 4% revenue growth in the fourth quarter due to weak electronics retail sales, leading to 9% growth for the full year.
- Insurance segment topline posted 11% growth in the fourth quarter, which shows deceleration compared to previous quarters as premium growth in Motor Third Party Liability has decelerated and Motor Own Damage premiums contracted. With that, full year growth in insurance segment has been 28% yoy.

EBITDA

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
TOTAL*	**14.201**	**15.403**	**8%**	**4.479**	**4.026**	**-10%**
BANK	8.427	7.338	-13%	2.511	1.357	-46%
NON-BANK*	**5.774**	**8.065**	**40%**	**1.968**	**2.670**	**36%**
ENERGY	3.468	5.337	54%	1.326	2.109	59%
CEMENT	680	724	6%	207	81	-61%
RETAIL	224	215	-4%	52	79	52%
INSURANCE	324	492	52%	88	131	49%
INDUSTRIALS	1.118	1.355	21%	305	289	-5%
OTHER*	-41	-58	-41%	-10	-20	-100%

*Holding dividend income is excluded
EBITDA excludes non-operational one off items.

- Compared to its peers, energy segment differentiates itself through optimal generation portfolio, operational efficiencies, and prudent financial management. In Q4, the segment has boosted its y-o-y performance strongly with the help of favorable regulatory changes, increased Regulated Asset Base (RAB) as well as efficiency improvements on both energy distribution and generation side. Meanwhile, generation benefitted from improvements at Tufanbeyli, rising electricity prices, feed-in-tariff FX impact, and capacity payment mechanism. With this performance, Energy now accounts for 66% of total non-bank EBITDA in Full Year 2018.
- At the Cement business, significant contraction in domestic demand and increased production costs led the Cement segment EBITDA to record 61% contraction in Q4, bringing down the Full Year growth rate to 6%.
- Industrial segment benefitted from tire reinforcement business' FX linked revenue and ongoing strong operational excellence focus. Also, strong export volumes and margin improvement of the tire business supported the segment's results. However, on the big ticket items like bus business, main focus has been the cash generation and deleveraging not profitability. Destocking in the local market to improve the working capital and therefore the cash generation, led to overall contraction in EBITDA of the segment

during the quarter. Yet, full year EBITDA growth still posted a decent rate of 21%.

- In Insurance segment, strong technical income at non-life boosted the EBITDA.
- Retail segment profitability improved on the back of high LfL revenue growth (particularly in food retail) and restrained operational expenses.

CONSOLIDATED NET INCOME

MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
CONSOLIDATED NET INCOME*	**3.615**	**3.831**	**6%**	**1.237**	**844**	**-32%**
BANK	2.643	2.269	-14%	788	459	-42%
NON-BANK	**973**	**1.563**	**61%**	**449**	**385**	**-14%**
ENERGY	222	576	160%	196	469	139%
CEMENT	151	121	-20%	48	-35	-173%
RETAIL	-110	-184	-67%	-36	-45	-24%
INSURANCE	107	157	47%	29	46	58%
INDUSTRIALS	442	381	-14%	129	52	-60%
OTHER	161	512	217%	83	-102	-222%

*Excludes non-operational one off items.

- Energy segment benefitted from strong operational profitability growth in both Generation and Distribution businesses. On top of this, hedged FX Position, decreased net debt and related interest expenses at the Generation business along with Tufanbeyli tax incentive supported the bottom line of the segment. As a policy, at least 75% of short FX position is hedged and the FX gains and losses are recorded for the unhedged portion. In the Fourth quarter, the hedged FX position was ~95%.
- In Industrials segment, the decreased operational profitability due to the destocking on the automotive side and increased depreciation and financial expenses related to the new capacities (Aksaray plant of Brisa and US Composite acquisition financing of Kordsa) led to the net income contraction.
- Insurance segment bottom-line rose 58% y-o-y, supported by increased financial income due to elevated interest rates.
- High net cash position at the Holding level which was half in hard currencies, led to non-cash FX losses in Q4.

SEGMENT HIGHLIGHTS

Energy

	BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)					
MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
SALES	16.510	23.647	43%	4.957	7.570	53%
EBITDA*	3.468	5.337	54%	1.326	2.109	59%
NET INCOME*	443	1.430	223%	392	1.086	177%
EBITDA* MARGIN	21,0%	22,6%		26,7%	27,9%	

*Excludes non-operational one off items.

- In Q4 both Enerjisa Enerji and Enerjisa Generation showed strong operational performance with 59% growth in EBITDA.
- The high performance in both businesses in Full Year 2018 also led to a superior net income performance excluding the one-off impacts. The Energy segment recorded a combined net income of 1,4 Billion TL during the year, more than tripling the bottomline on a yoy basis.
- In downstream business, Enerjisa Enerji, regulatory changes continued to positively affect the business.
- The improvement at the topline was mainly due to higher sales volume and higher average sales prices on the retail side; improved distribution parameters; and higher inflation on the distribution side.
- In 2018, Enerjisa Enerji's operational earnings increased by 50% yoy, significantly exceeding its target. Looking at the y-o-y improvement on the distribution side, main drivers were 1) the improved regulated WACC (from 11,91% to 13,61%), 2) increased Regulated Asset Base and 3) higher inflation. Moreover the efficiency and quality earnings also contributed to the operational improvement with the increased theft accrual retention rate and the new quality measures taken into account in 2018 for the first time.
- Meanwhile the retail business, has benefited from the alteration of its portfolio. The Company has almost fully converted to regulated portfolio, increasing its regulated sales volume by 53% yoy to 37.1 TWh in 2018 while preserving its margin.
- For 2019, sourcing costs, volume growth and EUAS' volume allocation will be determining factors for retail side, while inflation continues to be one of the most important factor to watch in 2019 for the distribution side.
- In generation business, the major development of the quarter was the significant jump in natural gas prices yoy. On average Natural gas tariffs hiked by 121% yoy in the fourth quarter. This led to a 75% increase in average spot prices while the generation volume of natural gas plants declined by 29% across Turkey.
- Enerjisa benefited from this environment thanks to its optimized portfolio with renewables and lignite plant. Despite lower contribution from the natural gas power plants due to both lower generation volume and lower spark spreads, lignite power plant Tufanbeyli, more than offsetted this negative impact.

- On top of this, the renewable power plants' contribution increased, supported with the USD Feed in Tariff.
- Thermal plants have continued to enjoy the favorable capacity payment mechanism in Q4 as well.
- Starting from 2019, more than 60% of lignite generation sales is linked to USD with the recently introduced floor-cap mechanism in EUAS's power purchasing agreement. With this development Enerjisa Generation became a nearly 100% hard currency income linked business.
- The water inflow in Q1 2019 will be a major factor to watch out for the assets' 2019 performance.
- For the coming quarters, developments in FX volatility, inflation and financing costs will also be watched.

Enerjisa Üretim Santralleri A.Ş.

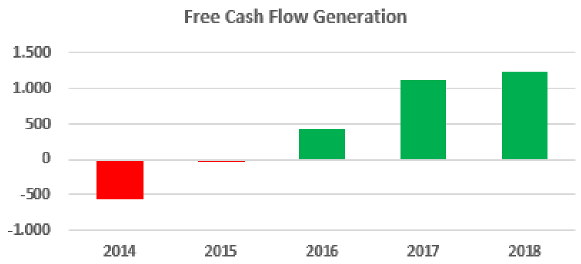
MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
Net sales	4.165	5.301	27%	1.204	1.722	43%
EBITDA*	**911**	**1.413**	**55%**	**282**	**387**	**37%**
EBITDA* margin (%)	**22%**	**27%**	**4,8pp**	**23%**	**22%**	**-1,0pp**
Depreciation	-428	-439	-3%	-110	-111	-1%
Financial Income/(expense)	-1.185	-1.329	-12%	-337	-165	51%
Net income*	**-545**	**39**	**107%**	**-142**	**349**	**346%**

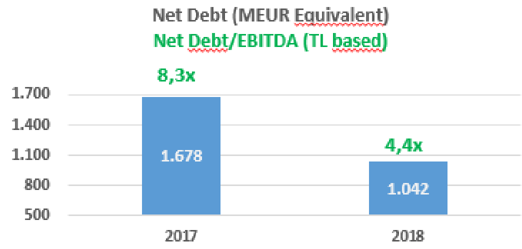
* One off items excluded based on Sabancı Holding one off definition

- Q4 was a remarkable quarter for Generation Business both in terms of operational profitability and net income.
- As the natural gas prices has increased since December 2017, composition of generation by source has changed from natural gas to renewable and lignite, which benefit from incentivized prices and increased market prices. Overall, Generation volume decreased by 15%, however, due to increase in procurements from the market, the overall sales volume declined by only 5%.
- The EBITDA improvement in Q4 was driven by lignite contribution, capacity payments and higher renewable generation. Tufanbeyli benefited from the higher availability, efficiency and the jump in average sales prices. Meanwhile the negative y-o-y impact on natural gas power plants remained at 41 MTL. Q4 was also a successful quarter for the renewable assets due to the depreciation in TL, leading to a 41 MTL positive EBITDA impact. Recall that in Q4 2017 Enerijisa recorded 53 MTL gains from the outages, bringing a high base impact for this quarter.
- EBITDA has increased by 37% in Q4 and Enerjisa Generation has recorded 349 MTL net profit during the quarter thanks to company's active hedging policies and Tufanbeyli's tax incentive impact. The strong results led to a positive bottomline at Enerjisa generation for the first time in its history.

- Generation business is nearly 100% USD linked and economically fully hedged for the current EUR debt in the balance sheet. But from the accounting perspective EUR/USD forward contracts and hedge accounting for the short fx position are used. On average, 75% of the generation company's short FX position is hedged.

Enerjisa Üretim Santralleri A.Ş. – Outstanding Free Cash Flow Generation; Deleveraging on track





- Enerjisa Generation Company has increased its free cash flow continuously, thanks to improvements in its operations and finalization of major projects.
- With the funds generated and capital injected from both shareholders, the Company has reduced its net debt level to 1.0 bn EUR as of December 2018, from 1.7 bn EUR at the beginning of the year. Net Debt to EBITDA declined sharply from 8,3 times to 4,4 times by the end of 2018.
- Overall, despite challenging conditions, deleveraging of generation company is on track.
- Solid results in both energy businesses were observed thanks to strong execution in financing, risk management and operational excellence.

Cement

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
SALES	3.010	3.419	14%	864	794	-8%
EBITDA*	680	724	6%	207	81	-61%
NET INCOME*	313	246	-22%	102	-69	-168%
EBITDA* MARGIN	22,6%	21,2%		23,9%	10,2%	

**Excludes non-operational one off items.*

- Based on Turkish Cement Manufacturers Association data, Turkish domestic cement demand posted 8% decline during first 11 months of the year. However the seemingly moderate contraction in YTD is driven by a strong first half, which saw 6% y-o-y growth. Indeed, in Q3 domestic demand decreased %14 vs last year, and in October and November, domestic demand contracted by 31% vs last year.
- In Q4, cement business domestic volumes declined 45% y-o-y. However, the volume losses were partly compensated with exports. Export volumes grew 41% y-o-y, bringing the total sales volume contraction to 31% during the quarter.

- Despite the weak domestic volumes, revenues only declined by 8% in Q4 as higher y-o-y price levels and FX based pricing for exports supported the topline.
- On the cost side, production costs increased sharply due to higher fuel and electricity prices, and those cost increases were not reflected into cement prices and as a result, margins drastically shrunk.
- Looking forward, potential weakness in domestic demand and inability to reflect cost inflation to product prices appear as the main headwinds for Turkish cement producers. However, with cement plants' sea access, partner's global sales network and export oriented products, such as white cement, we focus will be on exports to compensate any weakness in the domestic market.

Retail

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
SALES	7.952	8.680	9%	2.191	2.276	4%
EBITDA*	224	215	-4%	52	79	52%
NET INCOME*	-220	-354	-61%	-72	-82	-13%
EBITDA* MARGIN	2,8%	2,5%		2,4%	3,5%	

*Excludes non-operational one off items.

- Operating performance of the retail segment has continued to be strong in Q4 and EBITDA for the quarter increased by 52% year over year.
- Food retail operations have been the main driver of the segment's strong performance, with quarterly EBITDA has continued to improve sequentially year to date. New management team was hired and a restructuring programme was implemented at the company during 2018, which has been very promising. Despite the sale of Shopping Malls that has led to increased rent expenses, significant decline in shrinkage rates, double digit LFL sales growth and cost discipline led to significant improvement in the company's EBITDA. The company has also improved its Net Debt level significantly, following the sale of shopping malls. Net debt declined from 1,2bnTL as of end 2017 to 460MTL by the end of Q4.
- Meanwhile, electronics retail operation posted weak results in Q4. As the company sells discretionary consumer products, weak consumer sentiment, high product prices on the back of TL depreciation have taken its toll on the operating results.
- Despite strong operating profitability of the segment, high interest rates and the related financial expenses hurt the bottom lines of companies in the segment.
- Overall, initiatives that have been taken in retail companies are expected to continue supporting profitability over the coming quarters. Fixed cost optimization, working capital management, cash creation and deleveraging will continue to be the major focus area in retail business.

Insurance

MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
	BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)					
SALES	3.107	3.983	28%	1.007	1.114	11%
EBITDA	324	492	52%	88	131	49%
LIFE	121	169	39%	32	33	3%
NON-LIFE	203	323	59%	56	98	76%
NET INCOME	281	414	47%	76	122	60%
LIFE	145	201	39%	39	51	32%
NON-LIFE	137	213	56%	38	71	89%

- At Insurance business, very strong net earnings growth was recorded, with over 30% RoE levels.
- On non-life side, despite very strong growth rates in the previous quarters, growth rate in premium production has decelerated to 10% year-on-year growth in Q4 (vs. 30% in full year).
- As fair market share in Motor-Third-party-Liability (MTPL) was already captured, share in low margin Motor-Own-Damage (MOD) segment was cut.
- During the quarter, combined ratio has peaked to around 108%, as the loss ratio in MOD, increased by the TL depreciation and MTPL side hit by 26% minimum wage increase.
- On the other hand, strategy to grow in MTPL has paid off handsomely during the high interest rate environment. In 4Q, financial income jumped by 129%, thanks to the elevated interest rates and a larger cash generating MTPL portfolio.
- Total Assets under Management (AuM) reached 2,0bn TL by the end of December (up 37% y-o-y). Net profit reached 71m TL in Q4 with 89% increase and resulted in 213m TL in the full year. Lastly, RoE is strong at 34% with 9pp increase vs. 2017FY.
- On the life and pension side, Avivasa continues its pension Assets Under Management (AuM) leadership as of Dec.2018.
- The Pension Assets Under Management-AuM (including auto-enrolment) has grown by 13% and reached 17,3 billion TL as of Dec.18. The growth in AuM has decelerated in second half of the year, mainly due to the exits and low contribution figures because of high interest rate environment.
- In Q4, total technical profit increased by 11% YoY, driven by the pension technical profits.
- The technical profit of life protection segment in Q3, was strong, boosted by TL depreciation, however was reversed in Q4, as the TL appreciated during the quarter.
- 96% YoY jump in investment income in Q4 thanks to high interest rate environment have boosted bottom-line of life and pension business overall.
- As a result, net income increased by 32% YoY and reached 51m TL in Q4. Full year RoE reached 34,3% which is up 4,6pp YoY.
- Overall, with the help of solid increase in net financial income, insurance segment bottom line increased by 60% and reached 122m TL in Q4.

- Despite having a challenging operating environment in second half of the year, the insurance segment has posted strong bottom-line, and highlighted the resilience of its business models.

Industrials

	BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)					
MILLION TL	2017	2018	% Change	Q4 2017	Q4 2018	% Change
SALES	6.613	8.767	33%	1.874	2.557	36%
EBITDA*	1.118	1.355	21%	305	289	-5%
NET INCOME*	631	496	-21%	177	63	-64%
EBITDA* MARGIN	16,9%	15,5%		16,3%	11,3%	
CASH CONVERSION RATIO**	89,9%	91,0%		127,1%	199,7%	

*Excludes non-operational one off items.

**Operating Cash Flow/EBITDA based on IFRS management reporting figures

- Industrials segment have been challenged with market conditions, mostly on the back of weaker demand in local markets.
- Top line grew by 36% in Q4, on the back of export businesses and TL depreciation.
- Kordsa and Brisa were the main drivers of this top line growth, thanks to Kordsa's exposure to the global markets and higher export volumes by Brisa. Also Kordsa's acquisition of composite business in the US by June 2018 supported the topline growth.
- On the EBITDA level, for Kordsa, high topline growth, lower conversion costs, Emerging Market footprint and ongoing strong operational excellence focus had a solid support for Kordsa's operating profits. Brisa also delivered a strong EBITDA growth during the quarter, thanks to rise in export margins on the back of TL depreciation, market share increase in the local market and opex control.
- In the industrial segment, primary focus has been the cash generation and working capital management. Within this context, due to the declining local demand in the automotive segment, cash generation was weighted over profitability and in Q4 inventories were cleaned up to prop up cash position and delever the companies. This led to contraction in EBITDA and margin but from a cash generation point of view, leverage was improved significantly. Internal KPI of cash conversion ratio calculated by the operating cash flow divided by EBITDA shows that OCF has been nearly doubled the EBITDA in the fourth quarter.
- As a result, EBITDA for the segment contracted by 5% y-o-y during the quarter, but had been a decent 21% increase in full year perspective.
- Coming down to the bottom line, net profit dropped 64% in Q4, due not only to the decline in operating profitability of the segment but also increased financial expenses due to Kordsa US Acquisitions and additional depreciation and interest stemmed from end of capitalization for Aksaray Plant compared to last year.

- Kordsa decided to acquire 95.83% of Axiom Materials Acquisition LLC, which is an important next step in Kordsa's growth strategy in advanced composite technologies for aerospace as well as next-generation industrial and transportation applications.

FX Position

CONSOLIDATED NET FX POSITION (excl. Bank)	MILLION EURO Dec 31, 2017	MILLION EURO Dec 31, 2018
ENERGY	-240	-43
INDUSTRIALS	1	16
CEMENT	4	0
RETAIL	0	1
INSURANCE	7	20
HOLDING & OTHER	327	284
TOTAL CONSOLIDATED FX POSITION AFFECTING PL	99	278

Holding Only Cash Position by the end of 2018 → 2.6BTL

- As of the year-end 2018, FX position stands at 278 million EUR long.
- Holding only cash position stands at 2.6 Billion TL. However, in January 2019, Sabancı Holding participated Akbank's capital increase and contributed 1.2 Billion TL of this cash to the bank.

2019 Guidance

		Growth Guidance
SABANCI HOLDING COMBINED NON-BANK *	SALES	10-20%
	EBITDA	10-20%

* Excludes one off items.

** Sabanci Group plans to invest approximately 6 Billion TL in 2019, excluding any strategic M&A opportunities that may arise within the year.

- 30% growth in nonbank revenues and 40% growth in EBITDA was achieved in FY2018 versus FY2017.
- For 2019, 10 to 20% growth in combined non bank top line and EBITDA is envisaged. Sabancı Group plans to invest approximately 6 bn TL this year, excluding any strategic mergers and acquisition opportunities that may arise within the year.
- In 2019, similar to 2018, diverse business portfolio will continue to create a robust platform to deliver strong growth figures and focus will be on cash generation this year as well.

2018 – Sabancı Holding Discount to NAV

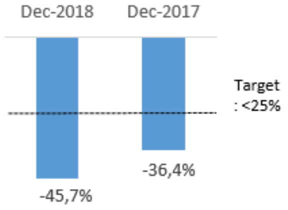
USDmn		Dec-2018			Dec-2017**	
	Direct		Value of		Value of	
Companies	Stakes (%)*	Mcap	Stake	% of NAV	Stake	% of NAV
Akbank	40,8%	5.196	2.117	39,6%	4.253	45,0%
Enerjisa Enerji	40,0%	1.141	456	8,5%		
Aksigorta	36,0%	212	76	1,4%	97	1,0%
Avivasa	40,0%	261	105	2,0%	227	2,4%
Akçansa	39,7%	266	106	2,0%	219	2,3%
Çimsa	54,5%	193	105	2,0%	242	2,6%
Brisa	43,6%	366	160	3,0%	256	2,7%
Kordsa	71,1%	360	256	4,8%	281	3,0%
Yünsa	57,9%	24	14	0,3%	20	0,2%
Carrefoursa	50,6%	461	233	4,4%	524	5,5%
Teknosa	60,3%	62	37	0,7%	90	1,0%
Total Listed			**3.666**	**68,5%**	**6.209**	**65,7%**
Enerjisa Üretim	50,0%	983	492	9,2%	1.473	15,6%
Temsa	48,7%	82	40	0,7%	72	0,8%
Philsa	25,0%	2.027	507	9,5%	974	10,3%
Other			157	2,9%	279	2,9%
Total Non-listed		**3.085**	**1.195**	**22,3%**	**2.797**	**29,6%**
Total		**13.198**	**4.861**	**90,9%**	**9.006**	**95,2%**
Sabancı Holding Net Cash			487	9,1%	450	4,8%
Sabancı Holding NAV			5.348	100,0%	9.456	100,0%
Sabancı Holding Mcap			**2.905**		**6.010**	
Sabancı Holding Discount			**-45,7%**		**-36,4%**	

Source: Bloomberg, Sabanci Holding Finance Department

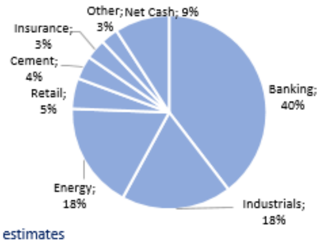
*Enerjisa Generation is valued at Book Value, while Temsa and Philsa valuations are based on Sell-side analyst estimates

** In Dec-17, Direct stake at Çimsa was 49.4%; Enerjisa Enerji and Enerjisa Üretim was a single company before the split and the IPO

NAV* Discount



Breakdown of NAV* (Dec 2018)



APPENDIX-CONSOLIDATED FINANCIALS

Balance Sheet (000 TL)

	31.12.2018	31.12.2017
ASSETS		
Current Assets	**185.300.225**	**163.547.705**
Cash and Cash Equivalents	23.657.667	14.519.064
Financial Assets	9.147.636	8.832.334
- Financial assets measured of fair value through profit or loss	178.817	39.890
- Financial assets measured of fair value through other comprehensive income	5.450.262	4.190.446
- Financial assets measured of amortised cost	3.518.557	4.593.808
- Time Deposits	-	8.190
Trade Receivables	2.010.806	1.881.888
Receivables from Finance Sector Operations	111.440.065	97.520.756
Reserve Deposits with the Central Bank of the Republic of Turkey	26.433.745	33.055.479
Other Receivables	1.784.144	2.464.026
Derivative Financial Instruments	5.147.767	1.812.017
Inventories	2.944.845	2.312.094
Prepaid Expenses	900.603	749.214
Current Tax Assets	16.167	9.093
Other Current Assets	1.802.560	370.559
	185.286.005	**163.526.524**
Assets Classified As Held for Sale	14.220	21.181
Non-current Assets	**186.386.046**	**190.587.046**
Financial Assets	47.654.602	52.944.726
- Financial assets measured of fair value through other comprehensive income	38.909.591	38.655.381
- Financial assets measured of amortised cost	8.745.011	14.289.345
Trade Receivables	126.256	121.678
Receivables From Finance Sector Operations	101.849.702	114.186.246
Other Receivables	3.054.550	998.184
Derivative Financial Instruments	17.540.849	7.698.970
Investments Accounted Through Equity Method	6.756.459	6.439.214
Investment Property	136.930	282.506
Property, Plant and Equipment	6.626.678	5.529.745
Intangible Assets	2.108.876	1.690.195
- Goodwill	849.215	873.097
- Other Intangible Assets	1.259.661	817.098
Prepaid Expenses	20.991	23.098
Deferred Tax Assets	372.640	552.671
Other Non Current Assets	137.513	119.813
Total Assets	**371.686.271**	**354.134.751**

LIABILITIES		
Short Term Liabilities	**255.444.010**	**247.467.413**
Financial Liabilities	9.726.191	13.917.173
Current Portion of Long-Term Financial Liabilities	20.815.668	16.018.279
Trade Payables	3.372.749	2.882.349
Payables from Finance Sector Operations	205.815.346	204.692.399
Payables Related with Employee Benefits	93.671	75.997
Other Payables	6.142.410	5.401.108
Derivative Financial Instruments	5.348.337	2.138.123
Deferred Income	291.868	217.393
Income Taxes Payable	62.396	802.451
Short Term Provisions	1.006.206	651.217
- Short Term Provisions for Employee Benefits	327.351	318.279
- Other Short Term Provisions	678.855	332.938
Other Short Term Liabilities	2.764.894	665.662
	255.439.736	**247.462.151**
Liabilities Classified As Held for Sale	4.274	5.262
Long Term Liabilities	**59.846.465**	**54.669.399**
Financial Liabilities	35.222.289	25.322.315
Payables from Finance Sector Operations	13.818.904	23.664.909
Other Payables	2.372.596	1.541.534
Derivative Financial Instruments	7.583.133	3.375.454
Deferred Income	116.833	143.793
Long Term Provisions	452.305	416.977
- Long Term Provisions for Employee Benefits	448.045	412.364
- Other Long Term Provisions	4.260	4.613
Deferred Tax Liabilities	185.504	149.352
Other Long Term Liabilities	94.901	55.065
EQUITY	**56.395.796**	**51.997.939**
Equity Attributable to the Parent	**29.289.967**	**26.591.788**
Share Capital	2.040.404	2.040.404
Adjustment to Share Capital	3.426.761	3.426.761
Share Premium	22.237	22.237
Treasury Shares (-)	(190.470)	(190.470)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss	(74.784)	(76.380)
- Actuarial Gains/Losses	(74.784)	(76.380)
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss	(370.833)	64.615
- Currency Translation Reserve	1.382.776	724.660
- Gains / Losses on Hedge	(535.681)	(349.708)
- Revaluation Reserve	(1.217.928)	(310.337)
Restricted Reserves	1.050.078	1.032.916
Retained Earnings	19.556.239	16.790.619
Net Income for the Period	3.830.335	3.481.086
Non-controlling Interests	**27.105.829**	**25.406.151**
TOTAL EQUITY AND LIABILITIES	**371.686.271**	**354.134.751**

Income Statement (000 TL)

	31.12.2018	31.12.2017
CONTINUING OPERATIONS		
Sales (net)	16.260.337	13.839.851
Cost of Sales (-)	(12.857.297)	(10.943.850)
Gross Profit From Non-Financial Operations	**3.403.040**	**2.896.001**
Interest, Premium, Commission and Other Income	38.027.550	27.296.414
Interest, Premium, Commission and Other Expense (-)	(24.712.239)	(14.663.543)
Gross Profit From Financial Operations	**13.315.311**	**12.632.871**
GROSS PROFIT	**16.718.351**	**15.528.872**
General Administrative Expenses (-)	(6.695.806)	(5.334.974)
Marketing, Selling and Distribution Expenses (-)	(1.979.695)	(1.745.064)
Research and Development Expenses (-)	(15.086)	(7.853)
Other Income From Operating Activities	1.865.933	1.328.631
Other Expense From Operating Activities (-)	(1.787.733)	(765.417)
Share of Profit of Investments Accounted for using the Equity Method	808.460	576.380
OPERATING PROFIT	**8.914.424**	**9.580.575**
Income From Investing Activities	739.354	110.729
Expense From Investing Activities (-)	(6.663)	(17.653)
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSES)	**9.647.115**	**9.673.651**
Financial Income	226.709	141.096
Financial Expenses (-)	(975.562)	(596.754)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**8.898.262**	**9.217.993**
Tax Income / (Expense) from Continuing Operations		
Current Tax Expense	(1.357.175)	(1.793.988)
Deferred Tax Income / Expense	(298.659)	10.390
NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS	**7.242.428**	**7.434.395**
DISCONTINUED OPERATIONS		
Net Income After Tax From Discontinued Operations	23	3.503
NET INCOME FOR THE PERIOD	**7.242.451**	**7.437.898**
ALLOCATION OF NET INCOME		
- Non-controlling Interests	3.412.116	3.956.812
- Equity Holders of the Parent	3.830.335	3.481.086
Earnings per share - hundreds of ordinary shares (TRY)	1,88	1,71
Earnings per share from continuing operations - hundreds of ordinary shares (TRY)	1,88	1,70

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