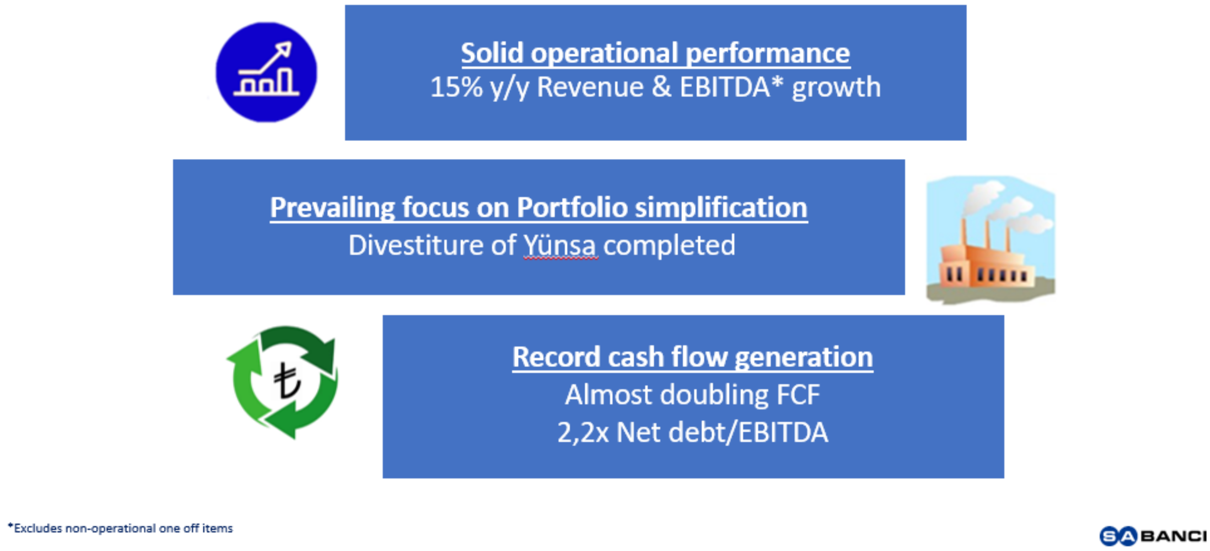
2019 Q4

EARNINGS RELEASE

2019 – FY Highlights



- 2019 was completed with solid operational and financial performance. In line with 2019 year-end guidance, non-bank combined sales and EBITDA grew by 15% y/y.
- Focus on simplified portfolio initiatives continued during the year. The sale of 57,9% stake in Yünsa has been finalized in November. One off gain from this transaction is 19mn TL at consolidated level.
- Record high cash flow generation continued to facilitate the deleveraging trend on the non-bank side. Adjusted for the IFRS16 impact, net debt to EBITDA level declined to 2,2x by the end of 2019 despite the Akbank capital increase.
- Contrary to 4Q 2018, weak TRY had positive impact on FX-denominated cash in 4Q 2019.

2019 – Cash flow generation and deleveraging trend intact

OPERATIONAL CASH FLOW (MTL)*

	Q4 2018	Q4 2019	% Change	2018	2019	% Change
Energy	1.336	2.373	78%	3.576	6.611	85%
Cement	343	233	-32%	685	626	-9%
Retail	388	253	-35%	159	639	302%
Retail - Comparable	388	131	-66%	159	174	10%
Industrials - Comparable**	397	708	78%	1.167	1.781	53%
TOTAL	**2.463**	**3.567**	**45%**	**5.587**	**9.658**	**73%**

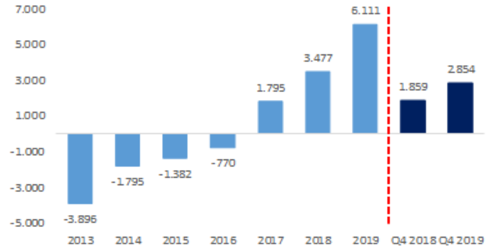
FREE CASH FLOW (MTL)*

	Q4 2018	Q4 2019	% Change	2018	2019	% Change
Energy	1.075	1.870	74%	1.806	4.701	160%
Cement	195	227	16%	424	530	25%
Retail	318	179	-44%	976	448	-54%
Retail - Comparable	318	58	-82%	976	-17	-102%
Industrials - Comparable**	271	578	113%	271	432	59%
TOTAL	**1.859**	**2.854**	**53%**	**3.477**	**6.111**	**76%**

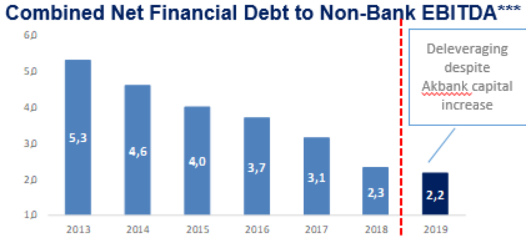
*Excludes Insurance, Banking, Other segment
**Comparable: Excludes divested businesses

Insurance float: 4,3 bn TL in Q4 2019 (3,0 bn TL in Q4 2018)

Free Cash Flow, Combined for Non-Bank*



Combined Net Financial Debt to Non-Bank EBITDA***



*** Excludes Banking and net cash position of Insurance
EBITDA excludes one-offs and IFRS16 impact in retail segment

- Q4 results show that cash flow generation performance is on track. In the quarter, operational cash flow increased 45% y/y to 3,6bn TL and consequently free cash flow registered an impressive 53% y/y growth, reaching 2,9bn TL. With this remarkable cash flow generation in Q4, 73% operational cash flow growth and 76% free cash flow growth was registered in 2019. Energy segment continues to be the main driver of this robust cash generation, followed by industrials with effective working capital management.
- With this free cash flow generation, leverage ratio continued to decline. Even adjusted for the IFRS16 and despite Akbank's capital increase, combined net debt to EBITDA for the non-bank declined to 2,2x by the end of 2019.
- Sabancı Holding's standalone net cash position, remains at 1,7bn TL, which is mainly in hard currencies. Total non-bank combined cash/excluding insurance and Philsa stands at 6,2bn TL while the float at insurance companies totals 4,3bn TL.

2019 - Financial performance snapshot

Combined Net Sales

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
TOTAL*	25.639	24.655	-4%	86.868	97.047	12%
BANK	11.263	9.935	-12%	38.166	41.278	8%
NON-BANK*	14.376	14.719	2%	48.702	55.769	15%
NON-BANK*-Comparable	13.009	14.854	14%	45.896	55.004	20%

Above inflation top-line growth

Combined EBITDA

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
TOTAL*	4.033	3.862	-4%	15.420	16.882	9%
BANK	1.357	1.857	37%	7.338	7.549	3%
NON-BANK*	2.676	2.005	-25%	8.082	9.334	15%
NON-BANK*-Comparable	1.944	2.099	8%	7.068	9.042	28%

Challenges of bank compensated by non-bank

Consolidated Net Income

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
TOTAL*	844	856	1%	3.831	3.759	-2%
BANK	459	541	18%	2.269	2.227	-2%
NON-BANK*	385	315	-18%	1.563	1.533	-2%
NON-BANK*-Comparable	173	394	127%	1.313	1.653	26%

High level of profitability maintained despite challenging environment

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

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- In line with year-end guidance, 2019 was completed with 15% growth in top-line and EBITDA.
- On comparable basis (adjusting IFRS16 for retail, IFRIC12 for energy distribution and divestitures in industrials segment for comparison purposes), non-bank top-line growth has been 20% y/y for 2019, which was well above inflation.
- 28% y/y non-bank comparable EBITDA growth exceeded total combined EBITDA growth.
- Non-bank comparable bottom line growth reached 26% y/y despite the challenging macro environment.

Revenues

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
TOTAL*	25.639	24.655	-4%	86.868	97.047	12%
BANK	11.263	9.935	-12%	38.166	41.278	8%
NON-BANK*	14.376	14.719	2%	48.702	55.769	15%
NON-BANK*-Comparable	13.009	14.854	14%	45.896	55.004	20%
ENERGY	7.570	6.622	-13%	23.647	26.013	10%
ENERGY-Comparable	6.828	6.843	0%	22.663	26.243	16%
CEMENT	794	886	11%	3.419	3.552	4%
RETAIL	2.276	2.999	32%	8.680	10.523	21%
INSURANCE	1.114	1.719	54%	3.983	5.461	37%
INDUSTRIALS	2.557	2.258	-12%	8.767	9.691	11%
INDUSTRIALS-Comparable	1.933	2.172	12%	6.946	8.696	25%
OTHER*	64	235	268%	206	529	157%

*Holding dividend income excluded

- Comparable revenue growth reached 14% y/y in 4Q19 on solid performances of retail and insurance segments followed by industrials and cement.
- In energy segment, topline remained flat on unchanged revenue generation in distribution and generation segments.
- Retail revenues increased by 32% y/y in 4Q19 benefiting from stronger LfL revenue growth driven by the improvement in customer traffic and overall basket size.
- Insurance segment's top-line posted a remarkable 54% y/y growth due to major contribution from new life protection products coupled with price and volume increases at the non-life business.
- In cement segment, unfavorable domestic demand conditions were successfully offset by exports and consequently, topline grew by 11% y/y.
- On the other hand, industrial segment's top-line declined by 12% y/y. Yet, excluding the divested businesses from calculations, top-line growth has become 12% y/y driven by new acquisitions in composite business and increase in tire exports.

EBITDA

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
TOTAL*	**4.033**	**3.862**	**-4%**	**15.420**	**16.882**	**9%**
BANK	1.357	1.857	37%	7.338	7.549	3%
NON-BANK*	**2.676**	**2.005**	**-25%**	**8.082**	**9.334**	**15%**
NON-BANK*-Comparable	**1.944**	**2.099**	**8%**	**7.068**	**9.042**	**28%**
ENERGY	2.109	1.097	-48%	5.337	5.735	7%
ENERGY-Comparable	1.367	1.318	-4%	4.353	5.965	37%
CEMENT	81	123	53%	724	548	-24%
RETAIL	79	259	228%	215	806	276%
RETAIL-Comparable	79	138	75%	215	341	59%
INSURANCE	137	193	41%	510	697	37%
INDUSTRIALS	289	351	21%	1.355	1.596	18%
INDUSTRIALS-Comparable	299	345	15%	1.325	1.539	16%
OTHER*	-20	-17	11%	-58	-48	18%

*Excludes non-operational one off items

- In the fourth quarter, comparable EBITDA growth reached 8% y/y driven by cement, retail, insurance and industrial segments.
- Energy segment, which has accounted for 63% of non-bank EBITDA, pulled down non-bank combined operational profitability due to lower financial income in energy distribution business.
- In cement, higher revenue stream combined with declining petrocoke prices and ongoing focus on operational excellence and OPEX control drove the improvement in the segment's EBITDA.
- Retail segment's operating performance continued to improve with the initiatives taken so far. Therefore, segment's comparable EBITDA has improved 75% y/y owing to strong profitability improvement mainly in electronics retail.
- Improved combined ratio and low claim frequency at non-life business supported the EBITDA growth of the insurance segment.
- In industrial segment, increase in exports' share in Brisa, acquisition of Axiom Materials by Kordsa and effectively managed operating expenses drove segment's EBITDA growth.

Consolidated Net Income

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
CONSOLIDATED NET INCOME*	844	856	1%	3.831	3.759	-2%
BANK	459	541	18%	2.269	2.227	-2%
NON-BANK	385	315	-18%	1.563	1.533	-2%
NON-BANK-Comparable	173	394	127%	1.313	1.653	26%
ENERGY	469	149	-68%	576	992	72%
ENERGY-Comparable	238	218	-8%	269	1.064	295%
CEMENT	-35	2	107%	121	4	-97%
RETAIL	-45	-46	-2%	-184	-276	-50%
RETAIL-Comparable	-45	-36	20%	-184	-233	-27%
INSURANCE	46	62	34%	157	215	37%
INDUSTRIALS	52	87	69%	381	448	18%
INDUSTRIALS-Comparable	71	88	23%	438	453	3%
OTHER	-102	61	160%	512	150	-71%

*Excludes non-operational one off items

- Non-bank comparable bottom-line surged by 127% y/y driven by industrials, insurance and cement.
- Energy segment, which is making up 55% of non-bank consolidated net income, declined by 8% y/y due to realization of whole year tax incentives in the last quarter of 2018.
- Cement segment's net income improved from a loss in 4Q18 on strong operational performance.
- Retail segment has still recorded losses for the quarter but lower compared to last year, thanks to improved operational profitability.
- Insurance segment's net income posted a 34% y/y growth, supported by higher technical profitability and strong financial income mainly due to increased float.
- In industrial segment, comparable net income increased by 23% y/y in Q4 due to positive pass-through impact of EBITDA in Kordsa and higher net FX income in Brisa on strong exports.
- Other segment's net profit recorded a 160% y/y increase due to higher FX income on long FX position at the Holding level.

SEGMENT HIGHLIGHTS

Energy

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
SALES	7.570	6.622	-13%	23.647	26.013	10%
EBITDA*	2.109	1.097	-48%	5.337	5.735	7%
NET INCOME*	1.086	341	-69%	1.430	2.185	53%
NET INCOME-Comparable	507	514	1%	663	2.365	257%
EBITDA* MARGIN	27,9%	16,6%		22,6%	22,0%	

**Excludes non-operational one off items*

- In 2019, energy segment recorded 10% y/y growth in net sales, 7% in EBITDA while net income jumped by 53% y/y.
- On a quarterly basis, energy segment's topline declined by 13%, EBITDA declined by 48% and net income was down by 69% y/y. The quarterly weak performance across the board was mainly due to the negative effect of non-cash fair value change in financial assets of Enerjisa Enerji due to decrease in inflation estimates. Lower inflation estimates led to -221 MTL negative impact in 4Q19 compared to positive 742 MTL impact recorded in 4Q18. Excluding this impact, the segment has showed a strong operational performance and continued its growth path.
- In distribution & retail business, Enerjisa Enerji, continued to benefit from increasing Regulated Asset Base (RAB) and expanded the liberalized market portfolio in Q4.
- In 2019, Enerjisa Enerji's EBITDA decreased by 15% y/y, mainly due to inflation impact on RAB because of the high base in 2018. Excluding this impact EBITDA has increased by 21% y/y.
- Regulated Asset Base increased by 21% y/y in distribution keeping the company's RAB growth on track.
- Meanwhile the retail business, higher liberalized market margin and higher liberalized sales volume contributed positively to EBITDA growth in 2019. Moreover, higher procurement costs on a y/y basis led to an increase in regulated gross profit despite regulated volume contraction, which was mainly due to lower last resort tariff limit, leading to lower regulated volume.
- In generation business, hydro generation was normalized in the fourth quarter. However, Enerjisa Generation managed to record higher EBITDA from all its types of generation assets. Despite the EBITDA improvement, y/y change in 4Q net income was negatively affected from the high base impact of Tufanbeyli tax incentive as most of the tax incentive was recorded in Q418.
- Going forward, the demand growth, performance of hydrology and spot market prices will be important factors to watch out. 2019 is an extraordinary year in terms of hydro generation volume and dispatch contribution.
- Developments in FX volatility and financing costs will also be monitored closely.

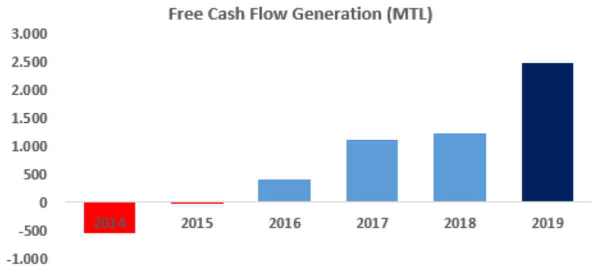
Enerjisa Generation

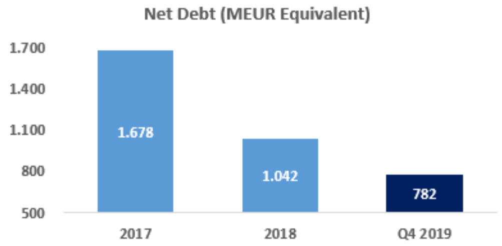
MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
Net sales	1.723	1.735	1%	5.301	6.559	24%
EBITDA*	**387**	**451**	**17%**	**1.413**	**2.404**	**70%**
EBITDA* margin (%)	**22%**	**26%**	**3,5pp**	**27%**	**37%**	**10,0pp**
Depreciation	111	123	11%	439	466	6%
Financial Income/(expense)	-167	-168	0%	-1.329	-658	51%
Net income*	**349**	**118**	**-66%**	**39**	**1.172**	**2905%**

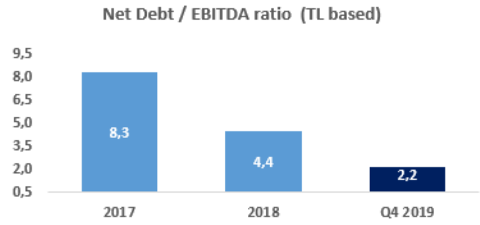
**Excludes non-operational one off items*

- The Company continued to increase its EBITDA in the last quarter with positive y/y contribution from all generation assets despite normalized hydrology in the last quarter.
- In 4Q19 renewable generation volume decreased by 4% y/y, due to the negative impact from wind power plant. However, due to 5% TRY depreciation on average in 4Q19 combined with the Enerjisa Generation's better hedged USD/TRY rates, the renewable portfolio recorded 85MTL higher EBITDA y/y in 4Q19.
- In Tufanbeyli power plant higher y/y EÜAŞ sales prices and volume through higher availability supported EBITDA growth in the last quarter.
- Improvement in spark spreads and Enerjisa's FX hedging activities led to a higher EBITDA contribution on a y/y basis despite 12% decline in natural gas generation volume.
- In last quarter dispatch contribution reduced as a result of lower spread between peak and off-peak prices.
- Enerjisa Generation's EBITDA has increased by 17% y/y to 451 MTL in 4Q19 owing to Company's active hedging policies. However, net income declined by 66% y/y in 4Q19 due to high base impact of Tufanbeyli tax incentive as most which was recognized in 4Q18 (227MTL).
- Generation business is predominantly USD linked and economically almost fully hedged for the current EUR debt in the balance sheet. But from the accounting perspective, EUR/USD forward contracts and hedge accounting are used for the short FX position. In 2019, Enerjisa Generation has started to hedge part of its lignite revenues following the new dollarized lignite PPA mechanism. In fourth quarter, nearly all of the generation company's short FX position was hedged.

Enerjisa Generation – Deleveraging momentum does not lose steam







- Enerjisa Generation Company has been continuously increasing its free cash flow, thanks to improvements in its operations and finalization of major projects.
- With the funds generated, the Company has reduced its net debt to 782mn EUR as of December 2019, from 1,04bn EUR at the beginning of the year. Net debt to EBITDA continued to decline to 2,2 times by the end of 2019 from 4,4 times by end 2018.
- Overall, with the strong cash flow generation, deleveraging pace of the generation company was faster than expected.

Cement

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
SALES	794	886	11%	3.419	3.552	4%
EBITDA*	81	123	53%	724	548	-24%
NET INCOME*	-69	-7	89%	246	-23	-109%
EBITDA* MARGIN	10,2%	13,9%		21,2%	15,4%	

**Excludes non-operational one off items*

- Based on Turkish Cement Manufacturers Association data, Turkish domestic cement demand posted 33% y/y decline in the first 10 months of the year.
- In 4Q, Group companies’ domestic volumes declined by 6% y/y, which brought ytd decline to 33%. But, volume losses were compensated with exports. Group companies’ export volumes grew by 60% y/y, bringing the total sales volume growth to 15% y/y.
- Despite weak domestic volumes, revenues were up by 11% y/y in Q4 with the support of higher domestic prices and exports.

- On the cost side, production costs declined on lower petrocoke prices and ongoing focus on OPEX control. These resulted in a 53% y/y increase in operating profits in Q4.
- Cement businesses' net income increased by 89% y/y in Q4 with a net loss of 7 MTL, compared to 69 MTL net loss one year ago.
- Looking forward, prolonged weakness in domestic demand is the main headwind for Turkish cement producers. However, with Group companies' cement plants' access to ports, partners' global sales network and export-oriented products, such as white and low alkali cement, focus on exports to offset the weakness in the domestic market will continue.

Retail

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
SALES	2.276	2.999	32%	8.680	10.523	21%
EBITDA*	79	259	228%	215	806	276%
EBITDA*-Comparable	79	138	75%	215	341	59%
NET INCOME*	-82	-87	-6%	-354	-516	-46%
NET INCOME*-Comparable	-82	-69	16%	-354	-437	-23%
EBITDA* MARGIN	3,5%	8,6%		2,5%	7,7%	
EBITDA** MARGIN-Comparable	3,5%	4,6%		2,5%	3,2%	

*Excludes non-operational one off items

- Operating performance of the retail segment continued to improve in Q4 with its EBITDA increasing to 259 MTL in 4Q19 from 79 MTL in 4Q18. IFRS16 impact at the EBITDA level amounted to a positive 121 MTL (37 MTL for Teknosa and 84 MTL for Carrefoursa) in 4Q19. When adjusted for IFRS16 impact, segment's EBITDA for the quarter increased 75% y/y and EBITDA margin of the segment improved from 3,5% to 4,6%.
- Top line supported by 20%+ LfL customer traffic and overall basket size, driven by improving LfL revenue growth in both food and electronics retail. Effective cost management measures continued to contribute positively to the operational profitability of the segment.
- At the bottom line, higher financial expenses compared to last year continued to hurt the segment.
- With the management change at Carrefoursa last year, a turnaround program mainly focusing on customer traffic improvement, assortments, store refurbishment, cost optimization and operational excellence still continues.
- A similar transformation program in Teknosa had been deployed with the focus on improvement in both customer experience and traffic along with profitability improvement of the electronic retail business. In 4th quarter, customer traffic and purchases in electronics retail improved following the stabilization of currency along with decline in inflation & interest rates.
- Ongoing restructuring will continue to support efficiency, profitability, and growth in retail segment over the coming quarters. Cost optimization, working capital management, cash creation, and deleveraging will also continue to be the major focus areas for retail business.

Insurance

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
SALES	1.114	1.719	54%	3.983	5.461	37%
EBITDA	137	193	41%	510	697	37%
LIFE	39	60	51%	187	220	18%
NON-LIFE	98	133	36%	323	477	48%
NET INCOME*	122	163	34%	414	569	37%
LIFE	51	69	36%	201	254	27%
NON-LIFE	71	94	33%	213	315	48%

*Excludes non-operational one off items

- In insurance business, strong net earnings, with above 35% RoE levels, was observed.
- Contribution from new life protection products combined with price increases and volume growth were the key growth drivers in the quarter.
- On the non-life side, premium production grew by 40% y/y in Q4, mainly driven by Non-Motor, health and Motor (both MOD and MTPL) products.
- During the quarter, combined ratio dropped to 95% compared to 107% one year ago thanks to the improvement in loss ratio. Improved performance in Motor-Own-Damage, followed by non-motor and MTPL, contributed to Underwriting profitability.
- Float on non-life reached 2.6bn TL compared to 2.0bn TL a year ago, while the average yield was at 19% in 4Q19 vs. 25% in 4Q18. Lower yields, on the one hand, contributed positively to the assets under management (AUM) growth, while resulted in a negative impact on financial income. Yet, financial income in Q4 was still strong similar to previous quarters due to increased float.
- As a result, segment's net income increased by 33% y/y to 94 MTL in Q4 and resulted in a very strong RoE of 45% for the nonlife side.
- On the life and pension segment, Avivasa maintains its leadership in terms of Assets Under Management (AuM) as of December with a market share of 18,8%.
- The Pension Assets Under Management-AuM (including auto-enrolment) has grown by 34% y/y in 4Q19 and reached 23,1bn TL as of year-end.
- In Q4, total protection Gross Written Premium grew 154% y/y in 4Q19, driven by both growth in credit linked and non-credit linked life protection products.
- In Q4, despite the rise in general expenses, net technical profit increased by 53% y/y due to high profitability in life and pension. Moreover, financial income has increased by 21% y/y in the same period thanks to higher FX gains. As a result, net income reached 69 MTL with 36% y/y increase while RoE on the life segment came in at 36% for the 4th quarter.

- Furthermore, float on the life and pension side reached 1,7bn TL compared to 1,0bn TL one year ago, while the TL yield was at 22% compared to 19% one year ago.
- Overall, with the help of solid increase in net financial income, insurance segment bottom line increased by 34% y/y and reached to 163 MTL, proving the resilience of its business models.

Industrials

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2018	Q4 2019	% Change	2018	2019	% Change
SALES	**2.557**	**2.258**	-12%	**8.767**	**9.691**	11%
SALES-Comparable	1.933	2.172	12%	6.946	8.696	25%
EBITDA*	**289**	**351**	**21%**	**1.355**	**1.596**	**18%**
BRİSA	125	153	22%	497	609	22%
KORDSA	130	169	30%	631	765	21%
PHILSA	44	23	-47%	197	165	-16%
OTHER	-10	6	163%	30	57	87%
EBITDA*-Comparable	299	345	15%	1.325	1.539	16%
NET INCOME*	**63**	**133**	**109%**	**496**	**639**	**29%**
BRİSA	21	40	92%	96	114	19%
KORDSA	41	70	72%	327	371	14%
PHILSA	44	23	-47%	197	165	-16%
OTHER	-42	-1	98%	-123	-11	91%
NET INCOME*-Comparable	105	133	26%	619	650	5%
EBITDA* MARGIN	**11,3%**	**15,5%**		**15,5%**	**16,5%**	

- Industrial segments' top line growth in Q4, after adjusting for divestitures, was driven by both Kordsa and Brisa's hard currency income generation and Kordsa's inorganic growth in high value added composite sector along with Brisa's increased domestic sales and exports coupled with higher prices.
- Although global stagnation in tire industry has challenged Kordsa, the Company has increased its EBITDA thanks to favorable raw material costs compared to the same quarter of last year and contribution from composite business, which has generated 25% of Kordsa's EBITDA growth.
- Brisa's production costs increased due to higher energy prices and change in product mix, which resulted in a minor contraction in its gross profit margin however, contribution of top line growth and effectively managed operating expenses led to 22% improvement in its EBITDA.
- With the contribution of Kordsa and Brisa, the EBITDA level of the industrial segment has improved by 21% compared to last year.
- Although Kordsa's net financial debt has increased with the acquisition of Axiom, both Companies have benefitted from y/y decline in interest rates. Brisa's strong cash generation via prudent net working capital management facilitated deleveraging and favorable interest rates helped to improve net debt/EBITDA.

- Coming down to the bottom line, despite the decreasing profit level of Philsa, adjusted net income increased by 26% y/y in Q4, which was mainly driven by Brisa and Kordsa.

FX Position

	MILLION USD	
CONSOLIDATED NET FX POSITION (excl. Bank)	Dec 31, 2018	Dec 31, 2019
ENERGY	-49	1
INDUSTRIALS	19	15
CEMENT	0	8
RETAIL	1	1
INSURANCE	22	8
HOLDING & OTHER	325	276
TOTAL CONSOLIDATED FX POSITION AFFECTING PL	318	308

Holding Only Cash Position by the end of 2019 →1,7BTL

- By the end of fourth quarter; FX position stands at 308 million USD long.
- Holding only cash stands at 1,7 Billion TL.

2019 Guidance – Met

		2019 Growth Guidance (February 25, 2019)	2019 Growth Realization	Status
SABANCI HOLDING COMBINED NON-BANK *	SALES	10-20%	15%	✓
	EBITDA	10-20%	15%	✓

* Excludes one off items

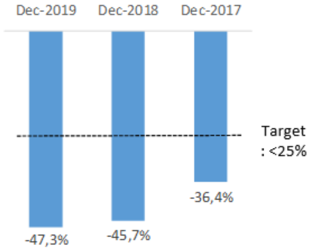
- In 2019 year-end guidance, growth expectation for combined non-bank sales and non-bank EBITDA was set as 10-20%. With full year results, guidance was met as combined non-bank sales and non-bank EBITDA grew by 15% y/y.
- From a bottom up perspective, energy, insurance, and industrials segments were the top contributors of growth.

2019 – Sabancı Holding Discount to NAV

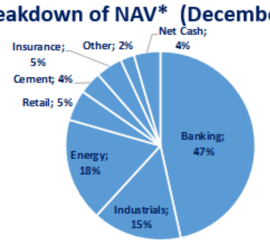
USDmn Companies	Direct Stakes (%)*	Valuation Method	Mcap	Dec-2019 Value of Stake	Dec-2019 % of NAV	Dec-2018 Value of Stake	Dec-2018 % of NAV
Akbank	40,8%	Market value	7.093	2.891	46,5%	2.117	39,6%
Enerjisa Enerji	40,0%	Market value	1.468	587	9,5%	456	8,5%
Aksigorta	36,0%	Market value	313	113	1,8%	76	1,4%
Avivasa	40,0%	Market value	422	169	2,7%	105	2,0%
Akçansa	39,7%	Market value	323	128	2,1%	106	2,0%
Çimsa	54,5%	Market value	206	113	1,8%	105	2,0%
Brisa	43,6%	Market value	488	213	3,4%	160	3,0%
Kordsa	71,1%	Market value	428	304	4,9%	256	4,8%
Yünsa	0,0%	Market value			0,0%	14	0,3%
Carrefoursa	50,6%	Market value	555	281	4,5%	233	4,4%
Teknosa	60,3%	Market value	78	47	0,8%	37	0,7%
Total Listed				**4.845**	**78,0%**	**3.666**	**68,5%**
Enerjisa Üretim	50,0%	1.0 x Book Value	1.023	511	8,2%	492	9,2%
Temsa*		1.0 x Book Value		6	0,1%	40	0,7%
Philsa	25,0%	Analyst Estimates**	1.688	422	6,8%	507	9,5%
Other		1.0 x Book Value		147	2,4%	157	2,9%
Total Non-listed				**1.086**	**17,5%**	**1.195**	**22,3%**
Total				**5.932**	**95,5%**	**4.861**	**90,9%**
Sabancı Holding Net Cash				279	4,5%	487	9,1%
Sabancı Holding NAV				6.211	100,0%	5.348	100,0%
Sabancı Holding Mcap				**3.274**		**2.905**	
Sabancı Holding Discount				**-47,3%**		**-45,7%**	

Source: Bloomberg, Sabanci Holding Finance Department
*Temsa includes Temsa Motorlu Araçlar and Temsa İş Makinaları
**# of Analyst Estimates: 14

NAV* Discount



Breakdown of NAV* (December 2019)



SABANCI

APPENDIX-CONSOLIDATED FINANCIALS

Balance Sheet (000 TL)

	31.12.2019	31.12.2018
ASSETS		
Current Assets	**206.970.925**	**185.300.225**
Cash and Cash Equivalents	22.447.203	23.657.667
Financial Assets	28.210.697	15.789.459
- Financial assets measured of fair value through profit or loss	7.289.522	6.869.025
- Financial assets measured of fair value through other comprehensive income	16.750.747	5.450.262
- Financial assets measured of amortised cost	4.170.428	3.470.172
Trade Receivables	1.625.419	2.010.806
Receivables from Finance Sector Operations	117.257.770	104.749.857
Reserve Deposits with the Central Bank of the Republic of Turkey	26.541.745	26.433.745
Other Receivables	2.101.358	1.519.760
Derivative Financial Instruments	3.137.883	5.147.767
Inventories	3.124.669	2.944.845
Prepaid Expenses	893.037	900.603
Current Tax Assets	4.733	16.167
Other Current Assets	952.864	1.850.945
	206.297.378	**185.021.621**
Assets Classified As Held for Sale	673.547	278.604
Non-current Assets	**199.376.954**	**186.386.046**
Financial Assets	62.169.382	47.654.602
- Financial assets measured of fair value through other comprehensive income	50.773.699	38.909.591
- Financial assets measured of amortised cost	11.395.683	8.745.011
Trade Receivables	17	126.256
Receivables From Finance Sector Operations	100.134.183	101.849.702
Other Receivables	3.025.117	3.054.550
Derivative Financial Instruments	13.490.781	17.540.849
Investments Accounted Through Equity Method	7.335.503	6.756.459
Investment Property	191.035	136.930
Property, Plant and Equipment	7.295.877	6.626.678
Asset Right on Use	1.885.463	-
Intangible Assets	3.348.497	2.108.876
- Goodwill	1.475.337	849.215
- Other Intangible Assets	1.873.160	1.259.661
Prepaid Expenses	21.719	20.991
Deferred Tax Assets	353.154	372.640
Other Non Current Assets	126.226	137.513
Total Assets	**406.347.879**	**371.686.271**

LIABILITIES		
Short Term Liabilities	**278.812.101**	**255.444.010**
Financial Liabilities	10.342.807	9.726.191
Current Portion of Long-Term Financial Liabilities	15.005.313	20.815.668
Lease Liabilities	306.876	-
Trade Payables	3.995.658	3.372.749
Payables from Finance Sector Operations	237.928.489	205.815.346
Payables Related with Employee Benefits	62.430	93.671
Other Payables	6.078.721	6.142.410
Derivative Financial Instruments	1.790.818	5.348.337
Deferred Income	186.978	291.868
Income Taxes Payable	355.895	62.396
Short Term Provisions	900.438	1.006.206
- Short Term Provisions for Employee Benefits	422.063	327.351
- Other Short Term Provisions	478.375	678.855
Other Short Term Liabilities	1.854.561	2.764.894
	278.808.984	**255.439.736**
Liabilities Classified As Held for Sale	3.117	4.274
Long Term Liabilities	**61.058.335**	**59.846.465**
Financial Liabilities	32.736.661	35.222.289
Lease Liabilities	1.677.959	-
Payables from Finance Sector Operations	14.463.018	13.818.904
Other Payables	3.374.173	2.372.596
Derivative Financial Instruments	7.271.155	7.583.133
Deferred Income	83.279	116.833
Long Term Provisions	669.814	452.305
- Long Term Provisions for Employee Benefits	547.820	448.045
- Other Long Term Provisions	121.994	4.260
Income Taxes Payable	5.094	-
Deferred Tax Liabilities	737.000	185.504
Other Long Term Liabilities	40.182	94.901
EQUITY	**66.477.443**	**56.395.796**
Equity Attributable to the Parent	**33.258.317**	**29.289.967**
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	(116.253)	(74.784)
- Actuarial Gains/Losses	(116.253)	(74.784)
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss	531.823	(370.833)
- Currency Translation Reserve	1.688.674	1.382.776
- Gains / Losses on Hedge	(1.213.290)	(535.681)
- Revaluation Reserve	56.439	(1.217.928)
Restricted Reserves	1.173.886	1.050.078
Retained Earnings	22.590.193	19.556.239
Net Income for the Period	3.779.736	3.830.335
Non-controlling Interests	**33.219.126**	**27.105.829**
TOTAL EQUITY AND LIABILITIES	**406.347.879**	**371.686.271**

Income Statement (000 TL)

	01.01-31.12.2019	01.01-31.12.2018
CONTINUING OPERATIONS		
Sales (net)	18.782.988	16.260.337
Cost of Sales (-)	(14.874.681)	(12.857.297)
Gross Profit From Non-Financial Operations	**3.908.307**	**3.403.040**
Interest, Premium, Commission and Other Income	41.083.678	38.027.550
Interest, Premium, Commission and Other Expense (-)	(27.149.264)	(24.712.239)
Gross Profit From Financial Operations	**13.934.414**	**13.315.311**
GROSS PROFIT	**17.842.721**	**16.718.351**
General Administrative Expenses (-)	(7.672.450)	(6.695.806)
Marketing, Selling and Distribution Expenses (-)	(2.190.870)	(1.979.695)
Research and Development Expenses (-)	(19.486)	(15.086)
Other Income From Operating Activities	1.068.496	1.865.933
Other Expense From Operating Activities (-)	(1.057.054)	(1.787.733)
Share of Profit of Investments Accounted for using the Equity Method	1.466.691	808.460
OPERATING PROFIT	**9.438.048**	**8.914.424**
Income From Investing Activities	175.503	739.354
Expense From Investing Activities (-)	(76.544)	(6.663)
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSES)	**9.537.007**	**9.647.115**
Financial Income	68.432	226.709
Financial Expenses (-)	(1.061.097)	(975.562)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**8.544.342**	**8.898.262**
Tax Income / (Expense) from Continuing Operations		
Current Tax Expense	(1.955.731)	(1.357.175)
Deferred Tax Income / Expense	376.509	(298.659)
NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS	**6.965.120**	**7.242.428**
DISCONTINUED OPERATIONS		
Net Income After Tax From Discontinued Operations	(152)	23
NET INCOME FOR THE PERIOD	**6.964.968**	**7.242.451**
ALLOCATION OF NET INCOME		
- Non-controlling Interests	3.185.232	3.412.116
- Equity Holders of the Parent	3.779.736	3.830.335
Earnings per share		
- hundreds of ordinary shares (TRY)	1,85	1,88
Earnings per share from continuing operations		
- hundreds of ordinary shares (TRY)	1,85	1,88

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