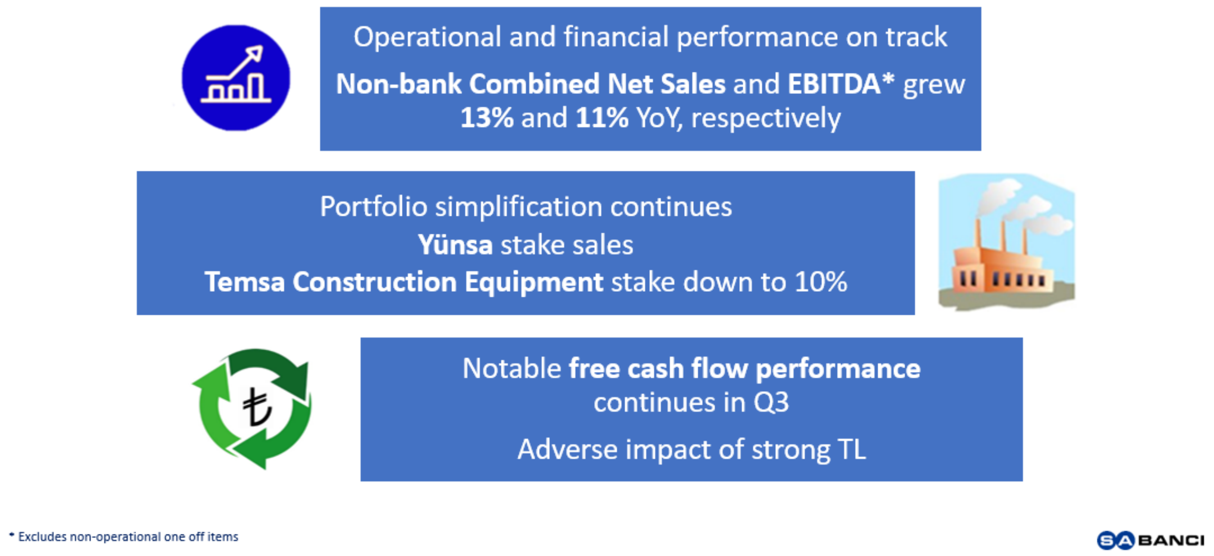
2019 Q3

EARNINGS RELEASE

2019 – Q3 Highlights



- Third quarter of 2019 has been a successful quarter for Sabancı Holding with good operational and financial results. Non-bank combined net sales and EBITDA grew by 13% and 11% YoY, respectively, resulting in 20% growth in net sales and 36% growth in EBITDA in YTD figures. This performance was mainly driven by continued strength in Group's flagship energy segment.
- More focused and simplified portfolio initiatives continued during the third quarter. Holding's 57,9% stake in Yünsa was agreed to be sold and Competition Board approval has been received. Also, the transaction reducing Holding's stake to 10% in Temsa Construction Equipment distribution business has been finalized at the beginning of August. One off net income from this transaction is 27 MTL.
- Strong cash generation continued to facilitate the deleveraging trend on the non-bank side. Adjusted for the IFRS16 impact, net debt to EBITDA level declined to 2,1x by the end of Q3 2019.
- However, the adverse impact of stronger TL is worth mentioning. Since net cash position at Holding level is mostly in hard currencies, contrary to the last year same quarter, appreciation of TL resulted in net 313 MTL negative impact related to FX gain & loss difference on the bottom line compared to last year.

2019 – Deleveraging trend intact

OPERATIONAL CASH FLOW (MTL)*

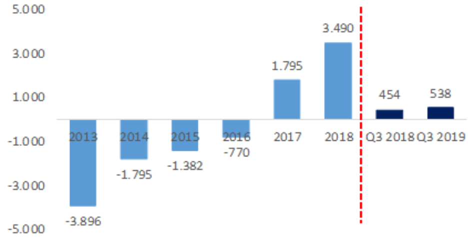
	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
Energy	977	1.355	39%	2.240	4.239	89%
Cement	224	199	-11%	342	319	-7%
Retail	64	126	97%	-229	387	269%
Retail - Adjusted for Comparison**	64	9	-85%	-229	43	119%
Industrials - Excludes Temsa Bus	442	404	-9%	794	1.095	38%
TOTAL	**1.708**	**2.084**	**22%**	**3.147**	**6.040**	**92%**

FREE CASH FLOW (MTL)*

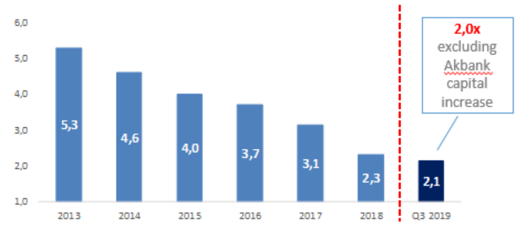
	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
Energy	386	986	155%	731	2.832	287%
Cement	188	186	-1%	229	199	-13%
Retail	34	83	144%	658	269	-59%
Retail - Adjusted for Comparison**	34	-34	-199%	658	-75	-111%
Industrials - Excludes Temsa Bus	-154	-717	-366%	14	-151	n.m.
TOTAL	**454**	**538**	**18%**	**1.632**	**3.149**	**93%**

* Management reporting, excludes Insurance, Banking, Other segment and Temsa Bus
** Adjusted for IFRS16 impact

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 and IFRS16 impact in retail segment

- With regard to cash generation, Q3 results show that cash flow generation performance is on track based on YTD figures. In the third quarter, operational cash flow of 2,1 bn TL and free cash flow of almost 0,6 bn TL was posted. Yet again energy segment has been the main driver of this robust cash generation.
- With this free cash flow generation, leverage ratio continued to decline. Adjusted for the IFRS16 impact, combined net debt to EBITDA for the non-bank declined to 2,1 times by the end of Q3 2019 compared to 2,3 times at the end 2018.
- Sabancı net cash position, standalone at Holding Level, is at 1,5 billion TL mainly in hard currencies. Total non-bank combined cash /excluding Insurance and Philsa / stands at 6,1 billion TL while the float at insurance companies totals 3,9 billion TL.

Financial performance snapshot

Combined Net Sales

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
TOTAL*	22.521	24.411	8%	61.230	72.392	18%
BANK	9.731	9.980	3%	26.903	31.342	17%
NON-BANK*	12.790	14.431	13%	34.327	41.050	20%

Higher energy sales prices and growing RAB at energy distribution

New products and price increases in insurance segment

Combined EBITDA

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
TOTAL*	4.078	4.296	5%	11.388	13.020	14%
BANK	1.905	1.887	-1%	5.981	5.691	-5%
NON-BANK*	2.173	2.409	11%	5.407	7.329	36%

Higher financial income with Regulated Asset Base growth

Consolidated Net Income

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
TOTAL*	1.154	913	-21%	2.987	2.904	-3%
BANK	575	556	-3%	1.810	1.686	-7%
NON-BANK*	579	357	-38%	1.177	1.218	3%
NON-BANK*- Adjusted for comparison**	296	388	31%	730	1.147	57%

Strong contribution from Energy offset by FX gain/loss difference at the Holding

*Excludes non-operational one off items. Holding dividend income is excluded
**Adjusted for Holding FX gain/loss

- On the non-bank side, in Q3, 13% growth in top line and 11% growth in EBITDA was achieved while the bottom line contracted by 38% due to FX gain/loss difference caused by appreciation of TL and long FX position at Holding level.
- Q3 sales growth was mainly driven by higher energy sales prices and growing regulated asset base in energy segment and new products on life and price increases in non-life insurance segment.
- On the combined EBITDA level, the non-bank side grew by 11% YoY, mainly due to higher financial income on growing regulated asset base of energy distribution and YoY higher inflation.
- At the bottom-line, non-bank net income fell by 38% YoY, primarily due to the FX gain/loss difference at the Holding level compared to last year, while the energy segment has been the main positive contributor. After adjusting for the FX gain/loss impact at the Holding level, non-bank net income recorded a 31% growth from 296 MTL to 388 MTL in Q3.

Net Sales

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
TOTAL*	22.521	24.411	8%	61.230	72.392	18%
BANK	9.731	9.980	3%	26.903	31.342	17%
NON-BANK*	12.790	14.431	13%	34.327	41.050	20%
ENERGY	6.165	6.990	13%	16.077	19.390	21%
CEMENT	921	964	5%	2.624	2.667	2%
RETAIL	2.315	2.743	18%	6.404	7.524	17%
INSURANCE	907	1.231	36%	2.869	3.742	30%
INDUSTRIALS	2.440	2.403	-2%	6.210	7.432	20%
INDUSTRIALS-Adjusted for Comparison**	2.156	2.403	11%	5.277	6.849	30%
OTHER*	41	100	142%	142	294	108%

* Holding dividend income excluded

** Adjusted for Temsa businesses

- Energy, retail, and insurance segments were the key drivers of the top line growth in the third quarter.
- In energy segment, 13% topline growth was mostly driven by higher regulated asset base and higher electricity sales prices at the retail company. Separately, higher average sales prices on the back of higher EÜAŞ PPA price and higher spot prices led to improvement at net sales despite lower volume.
- Insurance segment topline posted a remarkable 36% growth, due to major contribution from new life protection products and price increases at the non-life business.
- Retail segment revenues increased by 18% in the third quarter benefiting both from overall basket size and improvement in consumer confidence resulting in positive customer LfL growth.
- In cement segment, unfavorable domestic demand conditions were successfully offset by export revenues and topline grew by 5%.
- On the other hand, industrials segment sales shrank by 2%. This is mainly due to portfolio simplification efforts. When adjusted for comparison (excluding Temsa businesses), industrial segment top line has recorded a 11% growth with the main impact coming from Brisa’s higher export revenues.

EBITDA

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
TOTAL*	**4.078**	**4.296**	**5%**	**11.388**	**13.020**	**14%**
BANK	1.905	1.887	-1%	5.981	5.691	-5%
NON-BANK*	**2.173**	**2.409**	**11%**	**5.407**	**7.329**	**36%**
ENERGY	1.209	1.374	14%	3.228	4.638	44%
CEMENT	235	165	-30%	643	425	-34%
RETAIL	100	222	121%	136	548	303%
RETAIL-Adjusted for Comparison**	100	105	5%	136	203	50%
INSURANCE	160	172	7%	373	504	35%
INDUSTRIALS	481	482	0%	1.065	1.245	17%
INDUSTRIALS-Adjusted for Comparison***	481	482	0%	1.071	1.216	13%
OTHER*	-13	-5	61%	-39	-31	21%

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

**Adjusted for IFRS16 impact

***Adjusted for Temsa businesses

- In the third quarter, energy segment contributed to the operational profitability and accounted for 57% of non-bank EBITDA for the quarter. The mix of contribution tilted from generation to distribution as financial income on increased regulated asset base positively impacted the YoY EBITDA performance.
- In cement, weakness in domestic demand and higher production costs resulted in a 30% YoY contraction in EBITDA, however falling fuel and electricity prices led to slight improvement in the segment's EBITDA compared to previous quarters.
- Retail operating performance continued to improve with the initiatives taken and the improved consumer confidence. Third quarter of 2018 was the starting pitch of the downturn and has been a very high inflation period where the companies benefitted from time lag impact on low cost inventory levels for the initial couple of months. Due to this base impact, EBITDA adjusted for IFRS16 impact, improved 5% with respect to last year. Profitability growth is ought to food retail mostly and we see profitability improvement in electronics retail compared to previous quarters of this year.
- Improved combined ratio and low claim frequency at non-life side supported the EBITDA of the insurance segment.
- In industrials segment, slowdown in tire reinforcement market and competition in Asia has negatively impacted Kordsa's tire business profitability, while composite business partially offset EBITDA contraction. On the other hand, increasing exports' share in Brisa and positive contribution from Philsa brought the YoY EBITDA change of the segment to flat.

CONSOLIDATED NET INCOME

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
CONSOLIDATED NET INCOME*	**1.154**	**913**	**-21%**	**2.987**	**2.904**	**-3%**
BANK	575	556	-3%	1.810	1.686	-7%
NON-BANK	**579**	**357**	**-38%**	**1.177**	**1.218**	**3%**
NON-BANK-Adjusted for comparison****	296	388	31%	730	1.147	57%
ENERGY	-24	208	975%	107	843	689%
CEMENT	64	10	-84%	155	2	-99%
RETAIL	-31	-61	-99%	-139	-230	-66%
RETAIL-Adjusted for comparison**	-31	-51	-66%	-139	-197	-42%
INSURANCE	45	51	13%	111	153	38%
INDUSTRIALS	148	180	22%	329	360	10%
INDUSTRIALS-Adjusted for Comparison***	179	180	1%	378	366	-3%
OTHER	375	-31	-108%	613	89	-85%
OTHER-Adjusted for comparison****	92	0	-100%	166	18	-89%

*Excludes non-operational one off items
**Adjusted for IFRS16 impact
***Adjusted for Temsa businesses
****Adjusted for Holding FX gain/loss

- Energy segment has again been the main contributor to Sabanci Holding's profitability and made up 58% of non-bank consolidated net income. Decreased FX exposure at the generation business thanks to higher hedge ratio was the main driver of strong bottom line improvement at the energy segment.
- Insurance segment net income posted a 13% growth, supported by strong financial income mainly due to increased float.
- In Industrials segment, net income increased by 22% compared to last year due to disposal of Temsa Businesses and contribution from Philsa.
- Cement segment's profitability contracted significantly as a result of increased interest expenses due to higher indebtedness.
- Retail segment also suffered from elevated financial expenses and recorded losses for the quarter.
- Other segment's net profit recorded a 108% decrease due to impact of strong TL on long-FX position at the Holding level.

SEGMENT HIGHLIGHTS

Energy

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
SALES	6.165	6.990	13%	16.077	19.390	21%
EBITDA*	1.209	1.374	14%	3.228	4.638	44%
NET INCOME*	-6	481	n.m	344	1.844	435%
EBITDA* MARGIN	19,6%	19,7%		20,1%	23,9%	

**Excludes non-operational one off items*

- In third quarter, energy segment recorded 13% topline growth, mainly driven by higher regulated asset base and higher electricity sales prices at the retail company. Separately, higher average sales prices on the back of higher EÜAŞ PPA price and higher spot prices led to improvement at net sales despite lower sales volume at the generation business.
- Energy segment showed strong operational performance with 14% growth in combined EBITDA while posting 481 MTL net income compared to 6 MTL net loss last year. The energy segment has a high contribution to the Sabancı Holding bottom-line.
- In distribution & retail business, Enerjisa Enerji, continued to benefit from increasing regulated asset base.
- In Q3 2019, Enerjisa Enerji's EBITDA increased by 18% YoY. At the distribution side, increased regulated asset base (up by 20% YoY) positively affected financial income.
- The retail business has benefited from increased regulated segment revenues mainly due to increased sales prices stemming from YoY rise in procurement costs. Additionally, higher liberalized market margin contributed to EBITDA growth.
- In generation business, after an extraordinary first half, the high water flow and dispatch contribution normalized in third quarter. On top of EBITDA improvement, the Company benefited from lower financial expenses, leading to a surge in bottom line.
- Going forward, the demand growth and spot market prices will be an important factor to watch out. However, 2019 is an extraordinary year in terms of hydro generation volume and dispatch contribution.
- Developments in FX volatility and financing costs will continue to be closely monitored.

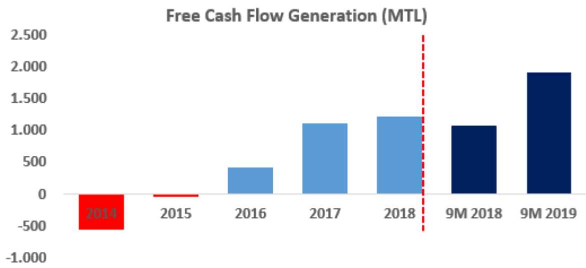
Enerjisa Üretim Santralleri A.Ş.

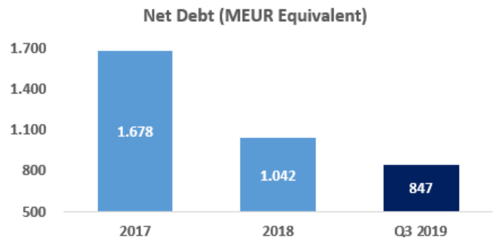
MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
Net sales	1.494	1.751	17%	3.578	4.824	35%
EBITDA*	**399**	**417**	**5%**	**1.026**	**1.953**	**90%**
EBITDA* margin (%)	**27%**	**24%**	**-2,9pp**	**29%**	**40%**	**11,8pp**
Depreciation	111	122	10%	328	343	5%
Financial Income/(expense)	-581	-163	72%	-1.162	-490	58%
Net income*	**-214**	**149**	**n.m.**	**-310**	**1.054**	**n.m.**

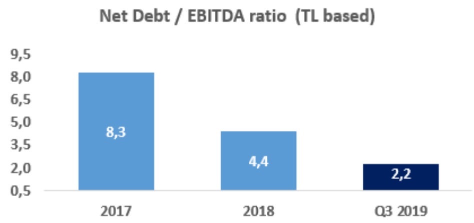
**Excludes non-operational one off items*

- After an extraordinary first half, despite normalized hydrology in the third quarter, the Company continued to increase its EBITDA.
- In Q3 2019, renewable generation volume increased by 3% YoY, due to the positive contribution of wind power plants. Although the average USD/TRY parity was parallel on a YoY basis, Enerjisa Generation benefited from higher USD/TRY hedged rate than actual rates.
- Due to the decline in spark spreads, natural gas generation volume decreased by 13% and led to a lower YoY EBITDA contribution.
- In third quarter, dispatch contribution reduced as a result of lower spread between peak and off-peak prices and the one off grid failure last year. Natural gas plants' dispatch contribution was 27 MTL higher due the transmission line failure in Bandırma region in last year.
- In Tufanbeyli power plant, higher YoY EÜAŞ sales prices and higher volume through higher availability supported EBITDA growth in third quarter.
- All in all, EBITDA has increased by 5% in the third quarter and Enerjisa Generation has recorded 149 MTL net income during the quarter thanks to Company's active hedging policies, decreased leverage, and Tufanbeyli's tax incentive impact. The decline in financial expenses in Q3 is also due to the high FX losses recorded with the significant depreciation in TL, despite having a c.70% hedge last year.
- Generation business is predominantly USD linked and economically almost fully hedged for the current EUR debt in the balance sheet. From accounting perspective, EUR/USD forward contracts and hedge accounting for the short FX position is used. In 2019, Enerjisa Generation has started to hedge part of its lignite revenues following the new dollarized lignite PPA mechanism. In third quarter, nearly all of the Company's short FX position was hedged.

Enerjisa Üretim Santralleri A.Ş. – 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 level to 847 MEUR as of September 2019, from 1.04 bn EUR at the beginning of the year. Net debt to EBITDA continued its declining trend from 4,4 times by end 2018 to 2,2 times by the end of third quarter.
- Overall, with the strong cash flow generation, deleveraging pace of the Generation Company is faster than expected.

Cement

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
SALES	921	964	5%	2.624	2.667	2%
EBITDA*	235	165	-30%	643	425	-34%
NET INCOME*	127	14	-89%	315	-16	-105%
EBITDA* MARGIN	25,5%	17,1%		24,5%	15,9%	

**Excludes non-operational one off items*

- Based on Turkish Cement Manufacturers Association data, Turkish domestic cement demand posted 38% decline during the first 7 months of the year.
- In Q3, Group's cement business domestic volumes declined 37% YoY (and 39% on YTD basis). But, volume losses were compensated with exports. Group's export volumes grew 106% YoY, bringing the total sales volume flat YoY.
- Despite weak domestic volumes, revenues increased by 5% in Q3 with the support of higher YoY domestic price levels and FX based pricing for exports.

- On the cost side, production costs increased substantially YoY due to higher fuel and electricity prices, and those cost increases were not reflected into cement prices, resulting in a significant drop in our margins.
- In line with the increase in their financial debt burden, both companies experienced higher interest rate expenses compared to one year ago. Hence, cement businesses net income decreased by 89% in Q3 with a net profit of 14 MTL, compared to 127 MTL net profit one year ago. However, Q3 was the first quarter of the year in which the segment managed to post net profit rather than net loss. This was due to lower interest rate expenses as both indebtedness and interest rates dropped compared to previous quarters of the year.
- Looking forward, potential weakness in domestic demand is likely to prevail as headwinds for Turkish cement producers are not over yet. However, Group's export oriented products such as white cement and logistics advantage will continue to compensate for the depressed domestic market conditions.

Retail

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
SALES	2.315	2.743	18%	6.404	7.524	17%
EBITDA*	100	222	121%	136	548	303%
EBITDA** - Adjusted for comparison	100	105	5%	136	203	50%
NET INCOME*	-61	-115	-88%	-272	-429	-58%
NET INCOME** - Adjusted for comparison	-61	-96	-57%	-272	-368	-35%
EBITDA* MARGIN	4,3%	8,1%		2,1%	7,3%	
EBITDA** MARGIN - Adjusted for comparison	4,3%	3,8%		2,1%	2,7%	

*Excludes non-operational one off items

**Adjusted for IFRS16 impact

- Operating performance of the retail segment continued to improve in Q3 with the EBITDA of the segment for the quarter increasing from 100 MTL last year to 222 MTL. In Q3, IFRS16 impact at the EBITDA level amounted to a positive 117 MTL; 35 MTL for Teknosa and 82 MTL for Carrefoursa. In Q3 2018, retail segment managed to display relatively higher operating profitability due to elevated levels of inflation reflecting positively on average basket size combined with favorable low cost inventory levels due to the time lag. Therefore, when adjusted for comparison, retail segment EBITDA for the quarter increased 5% compared to last year, while EBITDA margin of the segment slid down from 4,3% to 3,8%.
- Improvement in consumer confidence resulting in higher customer LfL and strong LfL revenue growth both in food and electronics retail, supported the revenue stream of the segment whereas elevated costs and operating expenses exerted downward pressure on the segment's EBITDA.
- 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.

- Initiatives taken and will be taken will continue to support efficiency, profitability, and growth in retail 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.
- At the bottom line, high financial expenses related to inventory purchase and trade payable discounts as well as credit card commissions and higher interest expenses due to higher interest rates compared to last year continued to hurt the segment.

Insurance

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
SALES	907	1.231	36%	2.869	3.742	30%
EBITDA	160	172	7%	373	504	35%
LIFE	67	55	-18%	148	160	9%
NON-LIFE	93	117	25%	225	344	52%
NET INCOME*	119	136	14%	292	405	39%
LIFE	61	61	0%	150	185	24%
NON-LIFE	58	75	29%	142	220	55%

*Excludes non-operational one off items

- At insurance business, strong net earnings was observed with above 35% RoE levels.
- On the non-life side, premium production grew by 27% YoY in Q3, mainly driven by both Non-Motor and Motor (both MOD and MTPL) products. On non-life side, increased prices are driving the growth, despite falling penetration rate.
- During the quarter, combined ratio dropped to 96% compared to 101% one year ago thanks to the improvement in loss ratio. Improved performance in motor segment, Motor-Own-Damage and MTPL, contributed to Underwriting profitability.
- In Q3, financial income is again strong similar to previous quarters, thanks to elevated interest rates and a larger cash generating MTPL portfolio.
- Float on non-life side reached 2,4 bn TL compared to 1,9 bn TL one year ago, while the average yield was at 24% compared to 16% one year ago.
- As a result, net profit reached 75 MTL in Q3 with 29% YoY increase and resulted in a very strong RoE of 45% for the non-life side.
- On the life and pension side, Avivasa maintains its leadership at pension Assets Under Management (AuM) as of September with a market share of 18,8%.

- The Pension Assets Under Management-AuM (including auto-enrolment) has grown by 21% and reached 20,9 bn TL as of September.
- In Q3, total protection Gross Written Premium grew 87% compared to last year same quarter, driven by both growth in credit linked and non-credit linked life protection products.
- In Q3, net technical profit decreased by 23% compared to one year ago due to the 17% rise in general expenses. In contrast to negative performance on net technical income, financial income has increased by 86% thanks to increased float. Negative performance on net technical profit side is netted with positive performance on financial side, net income has been parallel to same period of prior year. RoE on the life side was 35,4% for the quarter.
- Furthermore, float on the life and pension side reached 1,5 bn TL compared to 0,9 bn TL one year ago, while the TL yield was at 17% compared to 22% one year ago.
- Overall, with the help of solid increase in net financial income, insurance segment bottom line increased by 14% and reached to 136 MTL, proving the resilience of its business models.

Industrials

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
SALES	2.440	2.403	-2%	6.210	7.432	20%
SALES-Adjusted for comparison**	2.156	2.403	11%	5.277	6.849	30%
EBITDA*	481	482	0%	1.065	1.245	17%
BRİSA	164	194	18%	372	456	23%
KORDSA	233	183	-21%	500	596	19%
PHILSA	68	103	51%	153	142	-7%
OTHER	15	2	-87%	40	51	26%
EBITDA*-Adjusted for comparison**	481	482	0%	1.071	1.216	13%
NET INCOME*	194	237	23%	433	506	17%
BRİSA	52	58	11%	75	74	-1%
KORDSA	133	82	-38%	286	301	5%
PHILSA	68	103	51%	153	142	-7%
OTHER	-59	-5	92%	-81	-11	87%
NET INCOME*-Adjusted for comparison**	258	237	-8%	533	518	-3%
EBITDA* MARGIN	19,7%	20,1%		17,2%	16,8%	

- Industrial segment has benefited from globally diversified revenue stream and Brisa’s contribution by 30% increase in export tonnages compared to previous year. However, in accordance with portfolio simplification initiatives, the negative impact of 284 MTL from disposal of Temsa Businesses has netted off the top line growth YoY. Adjusted for comparison, the top line grew by 11% YoY.
- Kordsa’s acquisition of Axiom by July 2019 also reinforced the topline growth. In July 2019, Kordsa has successfully completed the acquisition of Axiom

Materials, which is an important step to become the only worldwide-qualified manufacturer of Oxide-Oxide ceramic matrix composites.

- Increased competition with trade wars and stagnation in global markets has negatively impacted tire reinforcement profit levels. Third quarter of 2018 was a favorable period especially for Turkey operation of Kordsa. The favorable raw material inventory procured before the TL hike and FX denominated sales prices boosted the Company's profitability in that quarter. Due to this one-time base impact, the EBITDA recorded a decline YoY.
- On the other hand, Brisa, in addition to topline growth, effectively managed its operating expenses, which led to 18% improvement on its EBITDA. By the contributions of Brisa and Philsa, the EBITDA level for the segment has remained flat compared to last year.
- At the bottom line, net profit increased by 23% in Q3 thanks to increasing profitability of Philsa and disposal of Temsa business.

FX Position

	MILLION USD	
CONSOLIDATED NET FX POSITION (excl. Bank)	Dec 31, 2018	Sept 30, 2019
ENERGY	-49	26
INDUSTRIALS	19	2
CEMENT	0	18
RETAIL	1	2
INSURANCE	22	27
HOLDING & OTHER	325	273
TOTAL CONSOLIDATED FX POSITION AFFECTING PL	318	349

Holding Only Cash Position by the end of Q3 2019 →1.5BTL

- By the end of third quarter; FX position stands at 349 million USD long.
- Holding only cash position stands at 1.5 Billion TL.

2019 Guidance – Maintained

		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.

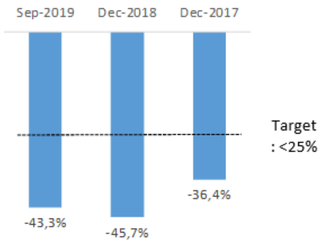
- 9M results indicate 20% growth in top line and 36% growth in non-bank EBITDA, partially above year-end guidance range of 10-20% growth.
- Holding's confidence in business lines remains unchanged as diverse business portfolio constitutes a sustainable platform to deliver powerful results. However, factors that were extraordinarily strong in the first half such as better than expected hydrology have normalized.
- Energy distribution is an inflation-linked business. Financial income recognition in Q4 is generally affected by a reassessment of mid- to long-term inflation expectations. These expectations have been shaped by an increasing inflation environment last year and a decreasing one this year. Accordingly, not only a lower financial income, but also a potentially negative revision in financial asset value is expected.
- Therefore, current conditions prompt to keep year-end guidance unchanged at this point.

2019 – Sabancı Holding Discount to NAV

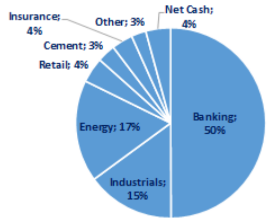
USDmn			Sep-2019		Dec-2018	
Companies	Direct Stakes (%)*	Mcap	Value of Stake	% of NAV	Value of Stake	% of NAV
Akbank	40,8%	7.475	3.046	50,0%	2.117	39,6%
Enerjisa Enerji	40,0%	1.300	520	8,5%	456	8,5%
Aksigorta	36,0%	281	101	1,7%	76	1,4%
Avivasa	40,0%	296	119	1,9%	105	2,0%
Akçansa	39,7%	230	91	1,5%	106	2,0%
Çimsa	54,5%	178	97	1,6%	105	2,0%
Brisa	43,6%	335	146	2,4%	160	3,0%
Kordsa	71,1%	437	311	5,1%	256	4,8%
Yünsa	57,9%	26	15	0,3%	14	0,3%
Carrefoursa	50,6%	454	230	3,8%	233	4,4%
Teknosa	60,3%	55	33	0,5%	37	0,7%
Total Listed			**4.710**	**77,3%**	**3.666**	**68,5%**
Enerjisa Üretim	50,0%	1.070	535	8,8%	492	9,2%
Temsa**			5	0,1%	40	0,7%
Philsa	25,0%	1.743	436	7,1%	507	9,5%
Other			153	2,5%	157	2,9%
Total Non-listed			**1.129**	**18,5%**	**1.195**	**22,3%**
Total			**5.838**	**95,8%**	**4.861**	**90,9%**
Sabancı Holding Net Cash			258	4,2%	487	9,1%
Sabancı Holding NAV			6.096	100,0%	5.348	100,0%
Sabancı Holding Mcap			**3.457**		**2.905**	
Sabancı Holding Discount			**-43,3%**		**-45,7%**	

Source: Bloomberg, Sabanci Holding Finance Department
*Enerjisa Generation and Temsa are valued at Book Value, while Philsa valuation is based on Sell-side analyst estimates
**Temsa includes Temsa Motorlu Araçlar and Temsa İş Makinaları

NAV* Discount



Breakdown of NAV* (September 2019)



APPENDIX-CONSOLIDATED FINANCIALS

Balance Sheet (000 TL)

	30.09.2019	**31.12.2018**
ASSETS		
Current Assets	**206.560.542**	**185.300.225**
Cash and Cash Equivalents	23.503.465	23.657.667
Financial Assets	24.408.911	15.837.844
- Financial assets measured of fair value through profit or loss	6.438.709	6.869.025
- Financial assets measured of fair value through other comprehensive income	14.289.277	5.450.262
- Financial assets measured of amortised cost	3.680.925	3.518.557
- Time deposits	-	-
Trade Receivables	1.662.441	2.010.806
Receivables from Finance Sector Operations	111.560.919	104.749.857
Reserve Deposits with the Central Bank of the Republic of Turkey	32.482.788	26.433.745
Other Receivables	3.248.210	1.784.144
Derivative Financial Instruments	4.409.105	5.147.767
Inventories	3.101.792	2.944.845
Prepaid Expenses	832.467	900.603
Current Tax Assets	1.587	16.167
Other Current Assets	1.342.019	1.802.560
	206.553.704	**185.286.005**
Assets Classified As Held for Sale	6.838	14.220
Non-current Assets	**191.618.645**	**186.386.046**
Financial Assets	59.132.119	47.654.602
- Financial assets measured of fair value through other comprehensive income	48.592.816	38.909.591
- Financial assets measured of amortised cost	10.539.303	8.745.011
Trade Receivables	1.934	126.256
Receivables From Finance Sector Operations	94.272.380	101.849.702
Other Receivables	3.317.254	3.054.550
Derivative Financial Instruments	14.973.907	17.540.849
Investments Accounted Through Equity Method	7.191.842	6.756.459
Investment Property	153.341	136.930
Property, Plant and Equipment	7.156.357	6.626.678
Asset Right on Use	1.919.465	-
Intangible Assets	3.026.620	2.108.876
- Goodwill	1.862.044	849.215
- Other Intangible Assets	1.164.576	1.259.661
Prepaid Expenses	15.797	20.991
Deferred Tax Assets	345.429	372.640
Other Non Current Assets	112.200	137.513
Total Assets	**398.179.187**	**371.686.271**

LIABILITIES		
Short Term Liabilities	**274.251.934**	**255.444.010**
Financial Liabilities	11.011.209	9.726.191
Current Portion of Long-Term Financial Liabilities	14.570.112	20.815.668
Lease Liabilities	245.890	-
Trade Payables	3.718.840	3.372.749
Payables from Finance Sector Operations	230.800.086	205.815.346
Payables Related with Employee Benefits	110.697	93.671
Other Payables	6.847.736	6.142.410
Derivative Financial Instruments	2.678.348	5.348.337
Deferred Income	214.143	291.868
Income Taxes Payable	421.643	62.396
Short Term Provisions	843.812	1.006.206
- Short Term Provisions for Employee Benefits	367.604	327.351
- Other Short Term Provisions	476.208	678.855
Other Short Term Liabilities	2.786.498	2.764.894
	274.249.014	**255.439.736**
Liabilities Classified As Held for Sale	2.920	4.274
Long Term Liabilities	**60.615.939**	**59.846.465**
Financial Liabilities	31.628.611	35.222.289
Lease Liabilities	1.772.384	-
Payables from Finance Sector Operations	14.311.279	13.818.904
Other Payables	3.418.720	2.372.596
Derivative Financial Instruments	8.061.499	7.583.133
Deferred Income	99.747	116.833
Long Term Provisions	509.071	452.305
- Long Term Provisions for Employee Benefits	485.311	448.045
- Other Long Term Provisions	23.760	4.260
Income Taxes Payable	4.454	-
Deferred Tax Liabilities	806.178	185.504
Other Long Term Liabilities	3.996	94.901
EQUITY	**63.311.314**	**56.395.796**
Equity Attributable to the Parent	**31.774.617**	**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	(83.092)	(74.784)
- Actuarial Gains/Losses	(83.092)	(74.784)
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss	(105.589)	(370.833)
- Currency Translation Reserve	1.487.884	1.382.776
- Gains / Losses on Hedge	(1.012.543)	(535.681)
- Revaluation Reserve	(580.930)	(1.217.928)
Restricted Reserves	1.174.568	1.050.078
Retained Earnings	22.590.645	19.556.239
Net Income for the Period	2.899.153	3.830.335
Non-controlling Interests	**31.536.697**	**27.105.829**
TOTAL EQUITY AND LIABILITIES	**398.179.187**	**371.686.271**

Income Statement (000 TL)

	01.01-30.09.2019	01.01-30.09.2018	01.07-30.09.2019	01.07-30.09.2018
CONTINUING OPERATIONS				
Sales (net)	13.795.004	11.755.194	4.693.456	4.410.668
Cost of Sales (-)	(10.873.364)	(9.200.174)	(3.695.053)	(3.413.296)
Gross Profit From Non-Financial Operations	**2.921.640**	**2.555.020**	**998.403**	**997.372**
Interest, Premium, Commission and Other Income	31.196.186	26.797.896	9.925.516	9.696.389
Interest, Premium, Commission and Other Expense (-)	(20.959.527)	(16.164.952)	(6.708.627)	(5.948.928)
Gross Profit From Financial Operations	**10.236.659**	**10.632.944**	**3.216.889**	**3.747.461**
GROSS PROFIT	**13.158.299**	**13.187.964**	**4.215.292**	**4.744.833**
General Administrative Expenses (-)	(5.658.196)	(4.898.831)	(1.916.489)	(1.591.865)
Marketing, Selling and Distribution Expenses (-)	(1.658.905)	(1.461.534)	(550.190)	(512.147)
Research and Development Expenses (-)	(12.305)	(10.066)	(4.875)	(3.081)
Other Income From Operating Activities	935.591	1.567.803	331.274	763.706
Other Expense From Operating Activities (-)	(823.772)	(1.064.350)	(232.028)	(631.712)
Share of Profit of Investments Accounted for using the Equity Method	1.202.130	535.465	396.463	166.245
OPERATING PROFIT	**7.142.842**	**7.856.451**	**2.239.447**	**2.935.979**
Income From Investing Activities	112.153	734.748	75.845	4.040
Expense From Investing Activities (-)	(67.517)	(8.931)	(582)	750
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSES)	**7.187.478**	**8.582.268**	**2.314.710**	**2.940.769**
Financial Income	74.919	138.101	28.170	130.206
Financial Expenses (-)	(796.192)	(792.860)	(209.473)	(465.322)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**6.466.205**	**7.927.509**	**2.133.407**	**2.605.653**
Tax Income / (Expense) from Continuing Operations				
Current Tax Expense	(1.285.192)	(1.326.369)	(721.430)	(477.524)
Deferred Tax Income / Expense	123.771	(264.368)	351.535	(55.399)
NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS	**5.304.784**	**6.336.772**	**1.763.512**	**2.072.730**
DISCONTINUED OPERATIONS				
Net Income After Tax From Discontinued Operations	(84)	129	(24)	102
NET INCOME FOR THE PERIOD	**5.304.700**	**6.336.901**	**1.763.488**	**2.072.832**
ALLOCATION OF NET INCOME				
- Non-controlling Interests	2.405.547	2.935.943	810.537	893.560
- Equity Holders of the Parent	2.899.153	3.400.958	952.951	1.179.272
Earnings per share				
- hundreds of ordinary shares (TRY)	1,42	1,67	0,47	0,58
Earnings per share from continuing operations				
- hundreds of ordinary shares (TRY)	1,42	1,67	0,47	0,58

Disclaimer Statement

The information and opinions contained in this document have been compiled by Hacı Ömer Sabancı Holding A.Ş. ("Holding") from sources believed to be reliable and in good faith, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness or correctness. No undue reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. This document contains forward-looking statements by using such words as "may", "will", "expect", "believe", "plan" and other similar terminology that reflect the Holding management's current views, expectations, assumptions and forecasts with respect to certain future events. As the actual performance of the companies may be affected by risks and uncertainties, all opinions, information and estimates contained in this document constitute the Holding's current judgment and are subject to change, update, amend, supplement or otherwise alter without notice. Although it is believed that the information and analysis are correct and expectations reflected in this document are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially. Holding does not undertake any obligation, and disclaims any duty to update or revise any forward looking statements, whether as a result of new information or future events. Neither this document nor the information contained within can construe any investment advice, invitation or an offer to buy or sell Holding and/or Its group companies' shares. Holding cannot guarantee that the securities described in this document constitute a suitable investment for all investors and nothing shall be taken as an inducement to any person to invest in or otherwise deal with any shares of Holding and its group companies. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. You must not distribute the information in this document to, or cause it to be used by, any person or entity in a place where its distribution or use would be unlawful. Neither Holding, its board of directors, directors, managers, nor any of its employees shall have any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.