

Sabancı Holding

Investor Presentation

June 2020



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Introduction

Sabancı, Executive Leadership



Cenk Alper
Board Member and CEO
 Joined Sabancı Group in 1996
 Appointed as the CEO of Kordsa in 2013
 President of the Industrial SBU between 2017 and 2019
 Appointed as the CEO of Sabancı Holding, August 2019



Barış Oran – CFO
 24 years of US and International Experience
 13 years within Sabancı Group
 CFO of Holding Company since 2016



Tamer Saka – Building Materials
 First joined Sabancı Group in 2004
 Served as the CEO of Kibar Holding between 2014-2018
 President of the Cement Group since 2018



Eyüp Engin – Banking
 Joined Akbank in 1978
 Head of Internal Audit in 2007
 Served on BoD of subsidiaries in 2017-2019
 Elected as Executive Board member in 2019



Kıvanç Zaimler – Energy
 Started his career in 1992, joined Sabancı Group in 2008
 Appointed as the CEO of Enerjisa Enerji in 2016
 President of the Energy Group since 2018



Haluk Dinçer – Financial Services
 24 years within Sabancı Group
 Served as Retail and Insurance Group
 President from 2011 to 2016
 President of the Insurance Group since 2016



Cevdet Alemdar – Industry
 27 years within Sabancı Group
 Kordsa Global's Tech.&Market Development VP, 2010-13
 CEO of Brisa, Bridgestone Sabancı JV Tire Co. since 2017
 President of the Industry Group since 2020



Hakan Timur – Human Capital & Sustainability
 22 years of Human Resources Expertise
 President of the HR Group since 2018

- ✓ 90+ years of creating market leaders in large and growing business areas, evolving through dynamic portfolio management and leveraging our industrial heritage and the experience of our JV partners
- ✓ Strong financial track record of real growth and returns
- ✓ Robust balance sheet, cash generation and distribution

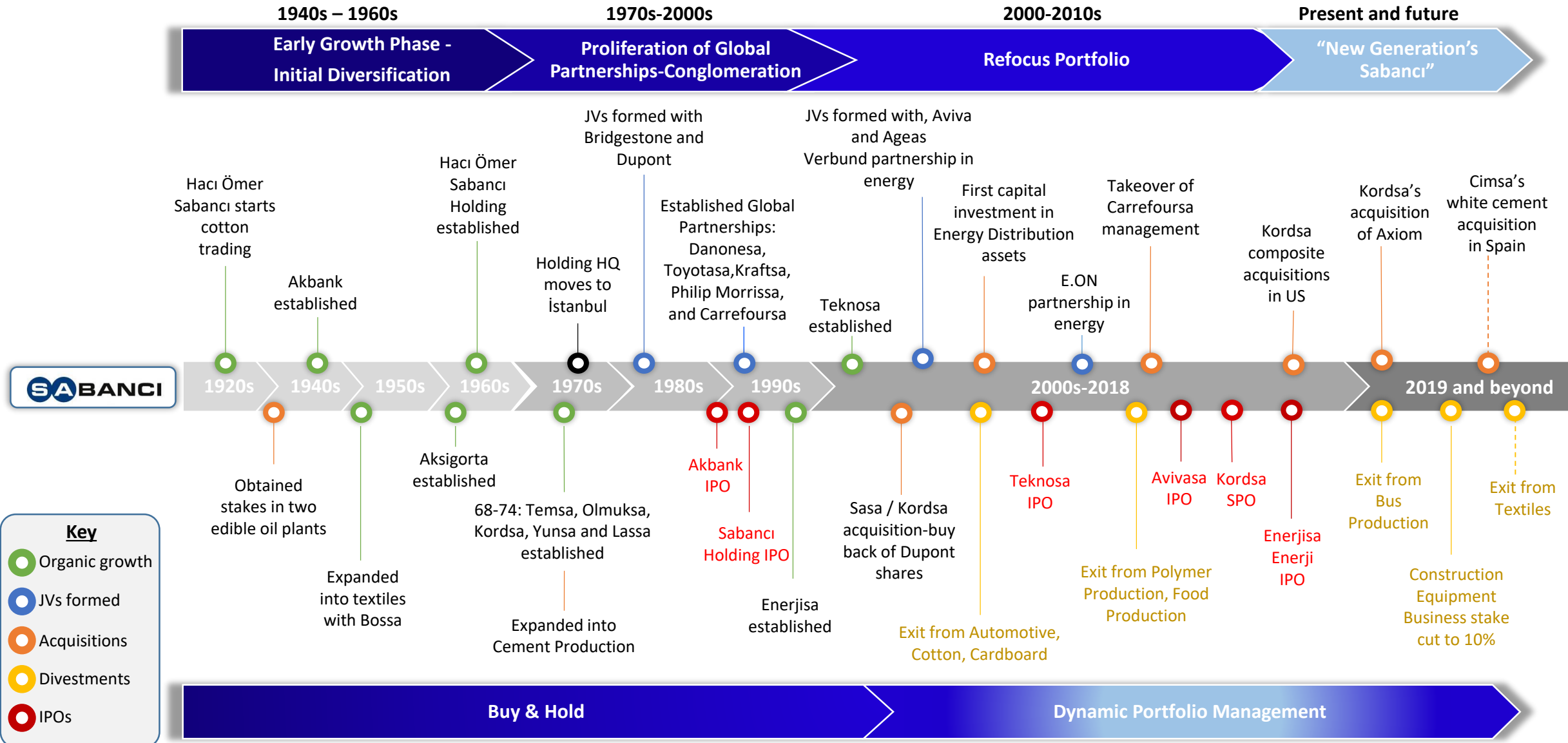
"New Generation's" Sabancı

- ✓ Focusing and growing the core while exploring opportunities in adjacencies and digital
- ✓ Creating Holding value add by leveraging
 - ✓ Performance Culture
 - ✓ Dynamic portfolio management and capital allocation
 - ✓ Eco-system

Committed to delivering value to all of our stakeholders

Introduction

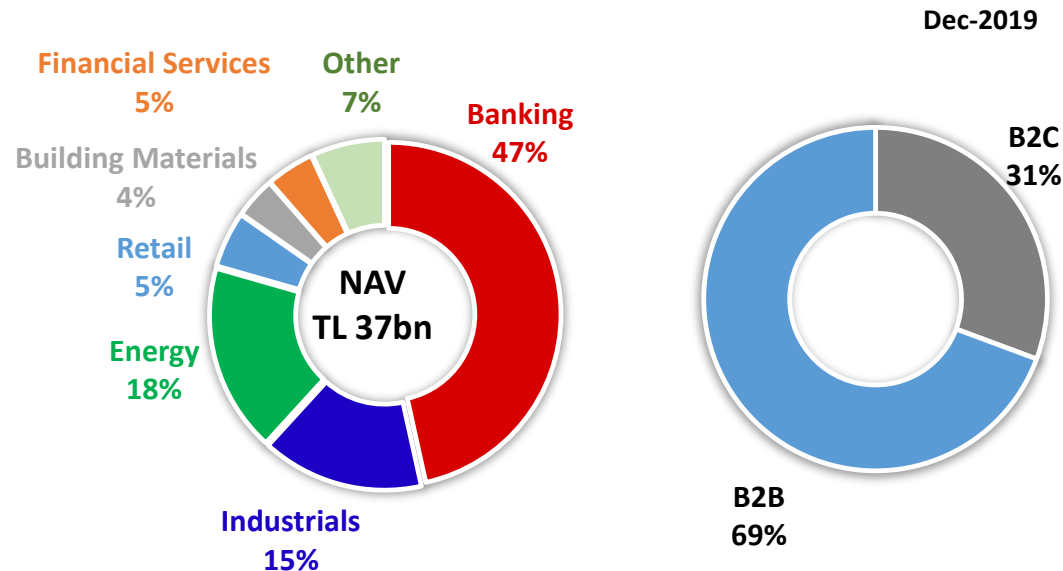
Portfolio in Continuous Evolution



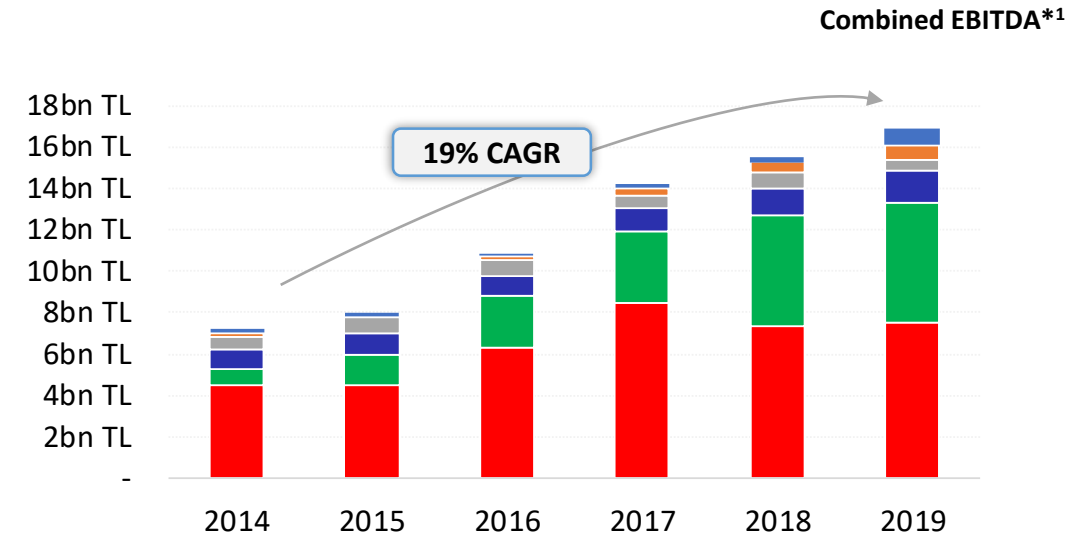
Our companies are market leaders in critical areas within their respective sectors

- **Banking & Financial Services** - The best bank in Turkey in 2019 (Euromoney, Global Finance, World Finance) and World's Best Digital Bank 2019 (Euromoney); Leading player in pension
- **Energy & Utilities**— The industry pioneer in upstream / downstream electricity markets; leadership in rapidly growing segments
- **Industrials (Reinforcement & Cement)** – innovative culture / global leader in international markets / leader in Turkey with strategic positioning in the market

Diversified portfolio



Track record of real growth (above inflation+GDP growth of Turkey)²

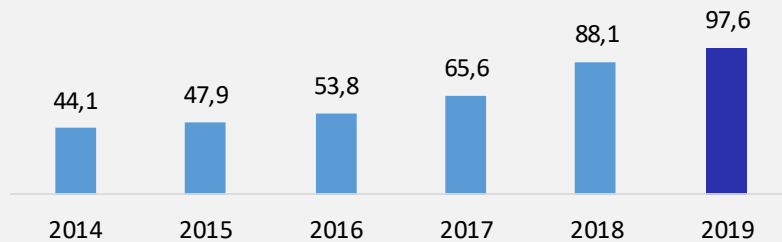
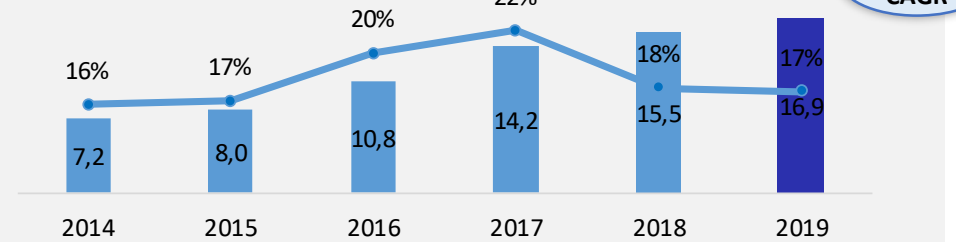


1. Total EBITDA before consolidation adjustments. Excludes one-offs

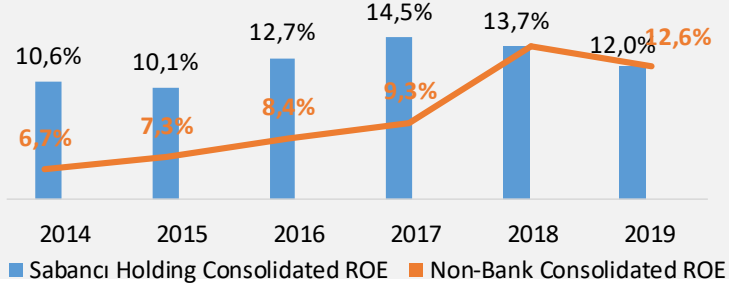
2. 2014-2019 Ave. Inflation: 11%

Sabancı's 2014-2019 financial performance, TL bn

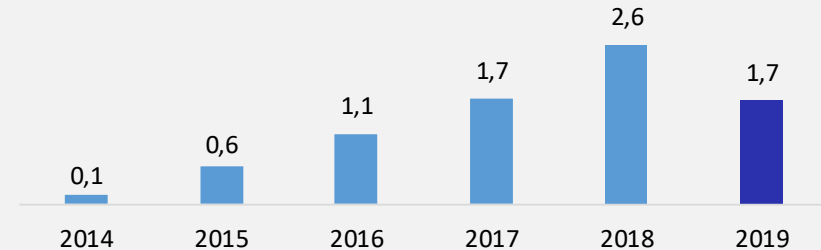
Double digit combined revenue growth

Double digit combined EBITDA¹ growth

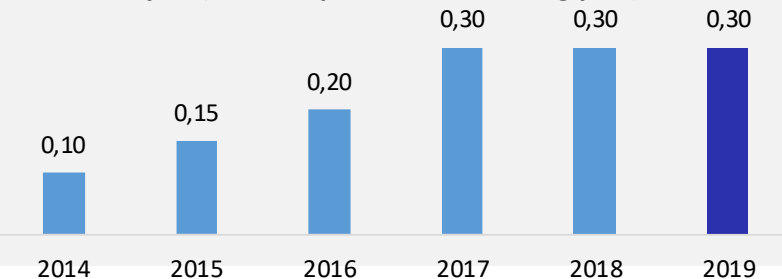
Favourable trend in Consolidated ROE



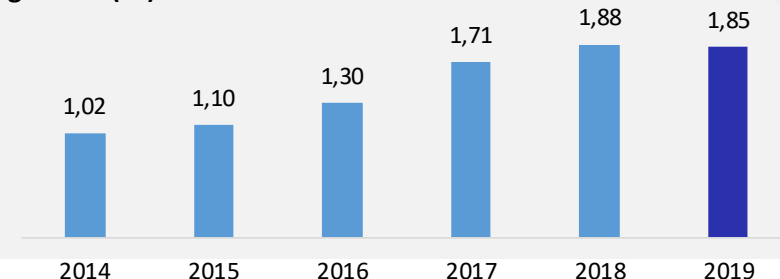
Strong net cash position



Increase in DPS by 3x (TL, to be paid in the following year)



Doubling of EPS (TL)



Track record of high growth (above inflation + GDP growth of Turkey)²

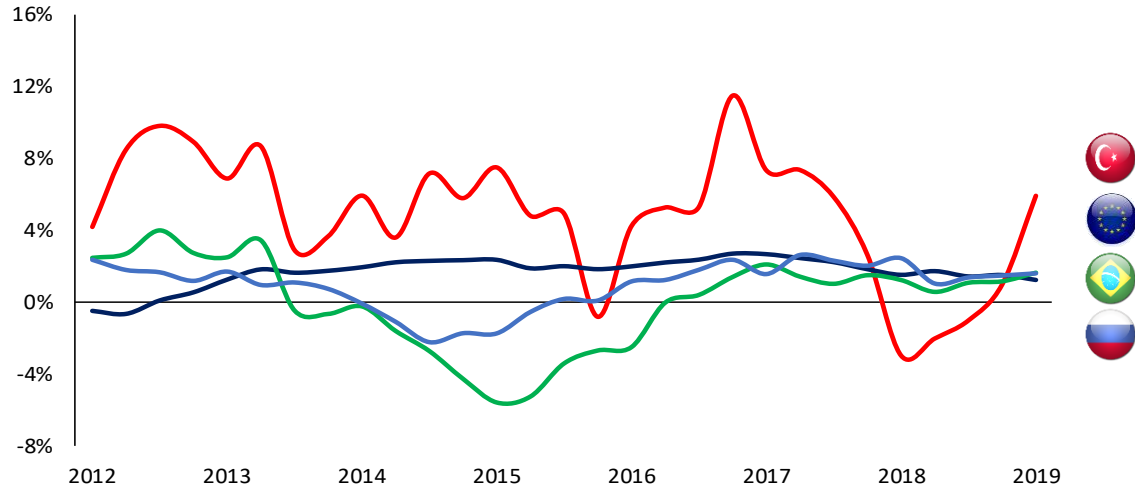
1. Combined EBITDA. Excludes one-offs

2. 2014-2019 Ave. Inflation: 11%

Turkey - an attractive foundation and platform for global growth

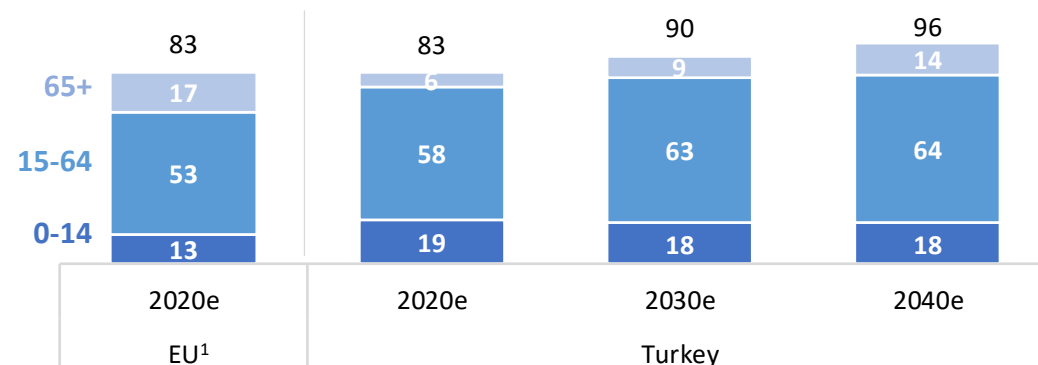
Turkey is one of the world's fastest growing economies

Real GDP growth, y-o-y



High population growth with a young demographic

Turkey's population distribution (millions)



Sabancı, able to efficiently leverage the Turkish opportunity

- One of the highest growth economies in the world with real GDP growth consistently above European and emerging economies
- Large domestic market with a population of 83m which is young, dynamic and well-educated:
 - The largest youth population in Europe (half the population under the age of 31)
 - Qualified and competitive labour force, with higher levels of education compared to other emerging markets
- A strong base for international growth with a geographical location which provides a 'natural bridge' between the East-West and North-South axes, facilitating access to 1.6 billion customers in Europe, Eurasia, the Middle East and North Africa
- Part of the European Customs Union benefiting from Free Trade Agreements with 27 countries to provide competitive products (low cost and high quality)

Global Trends and their implications remain valid post-Covid

Urbanization



Potential Implications for Sabanci

- Need for **upgrade of grid and the infrastructure**

Relevancy of trend post-Covid

- Urbanization trend will prevail

Global polarization & Geographic growth shift



- Enforces need for **geographic diversification**
- Potential to leverage **composites** in aerospace and defense
- **High growth appetite** would require investments into **EMs**

- Geographic diversification for **supply-chain resilience**
- **EM recovery faster** than DMs

Disruptive technology advancements



- Potential to **stand out from competition** through University, Dx capabilities, and potential ecosystem play

- **Technology-dependency** acceleration post-Covid

Sustainability and Climate change concerns



- Increased **importance of composites in new applications and renewable** energy generation assets
- Growing importance of **sustainable manufacturing**

- Efforts will continue to **sustain the environmental wins** of the Covid period

Longer life expectancy



- Increased importance and penetration of health **insurance and life/pension products**

- **Healthcare and health tech** will be among the focal points

New Generation

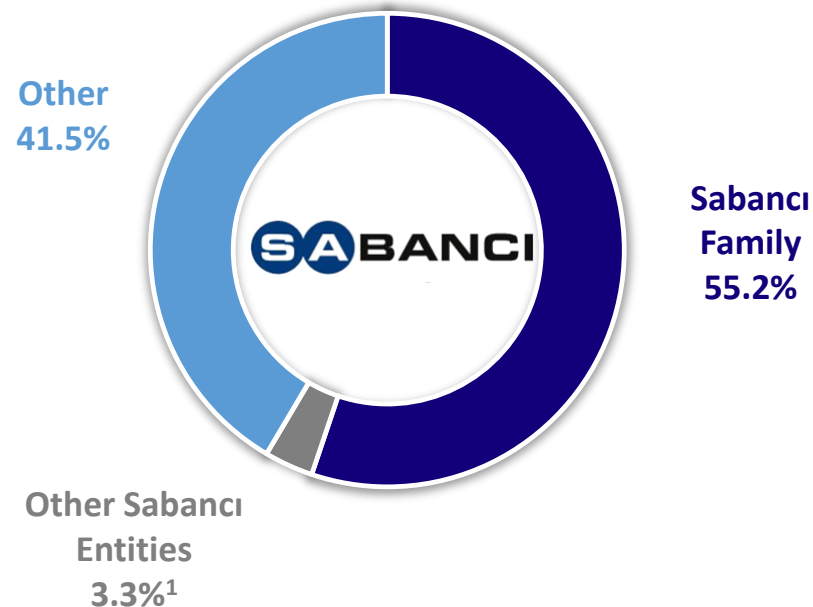
Building “New Generation’s” Sabancı

Sabancı Holding

	Energy and utilities	Industrials	Financial Services	Digital Businesses
Growing the Core	<ul style="list-style-type: none"> Organic Regulated Asset Base (RAB) expansion Opportunistic renewable generation and inorganic RAB expansion 	<ul style="list-style-type: none"> Growth in Composites Global white cement leadership 	<ul style="list-style-type: none"> Continued organic growth 	<ul style="list-style-type: none"> Digital Transformation in Core (Teknosa, Carrefoursa) Cybersecurity Others – through Corporate Venture Capital (CVC)
Adjacencies to Explore	<ul style="list-style-type: none"> Distributed generation Smart grid E-charging and energy efficiency services Storage solutions 	<ul style="list-style-type: none"> Opportunistic brownfield investments Flexible electronics Industrial resins Ready-mix concrete value chain optimization 	<ul style="list-style-type: none"> Fintech Insuretech Digital bank 	
Holding Value Add	<p>Performance Culture</p> <ul style="list-style-type: none"> Challenging performance management system Effective, accountable Company BoDs Incentive structure awarding high performance Operational Excellence 	<p>Dynamic Portfolio Management</p> <ul style="list-style-type: none"> Clear guidelines for Capital Allocation Link between trends and industry cycles with strategy and capital allocation Maximize value through corporate restructurings and divestitures 	<p>Value Creation Through Sabancı Ecosystem</p> <ul style="list-style-type: none"> Granular understanding and prioritization of potential, tangible ecosystem projects Agile, cross-functional teams for implementation Holding governance structure for ecosystem management 	
Enablers	<p>Digital and Data Analytics</p> <p>Talent and Culture</p> <p>Governance, Social Responsibility & Environment</p>			



Shareholder base



Corporate structure and division of responsibilities

- Evolved from a family owned group to a corporation with an effective governance structure, accelerated by our JV partners
- **Sabancı family** is an active majority shareholder focused on LT value creation. Their Board presence provides decades of experience and Turkish market know-how
- **Sabancı Group** has a decentralized management structure
- **Sabancı Holding Corporate Office** is responsible for:
 - Coordination and support of financing, strategy, business development, risk management and human resources functions in accordance with corporate governance principles
 - Determination of the Group's strategies
 - Career development of the Group's senior and mid-level executives
 - Deployment of performance culture across the Group
 - Shareholder value creation through nurturing an ecosystem within the group companies
- **Company level Management and the Board of Directors** hold the main accountability for execution
- **Strategic Business Unit ("SBU") Presidents** are the link between the Sabancı Holding Company and our portfolio companies, as the Chairman of the related company Board of Directors, helping to add value and drive the company forward
- **Sabancı Group is a lean operator with holding costs of <25bps of NAV**

1. Sabancı Foundation, Sabancı University and bought back shares
Note: As of March 26, 2020



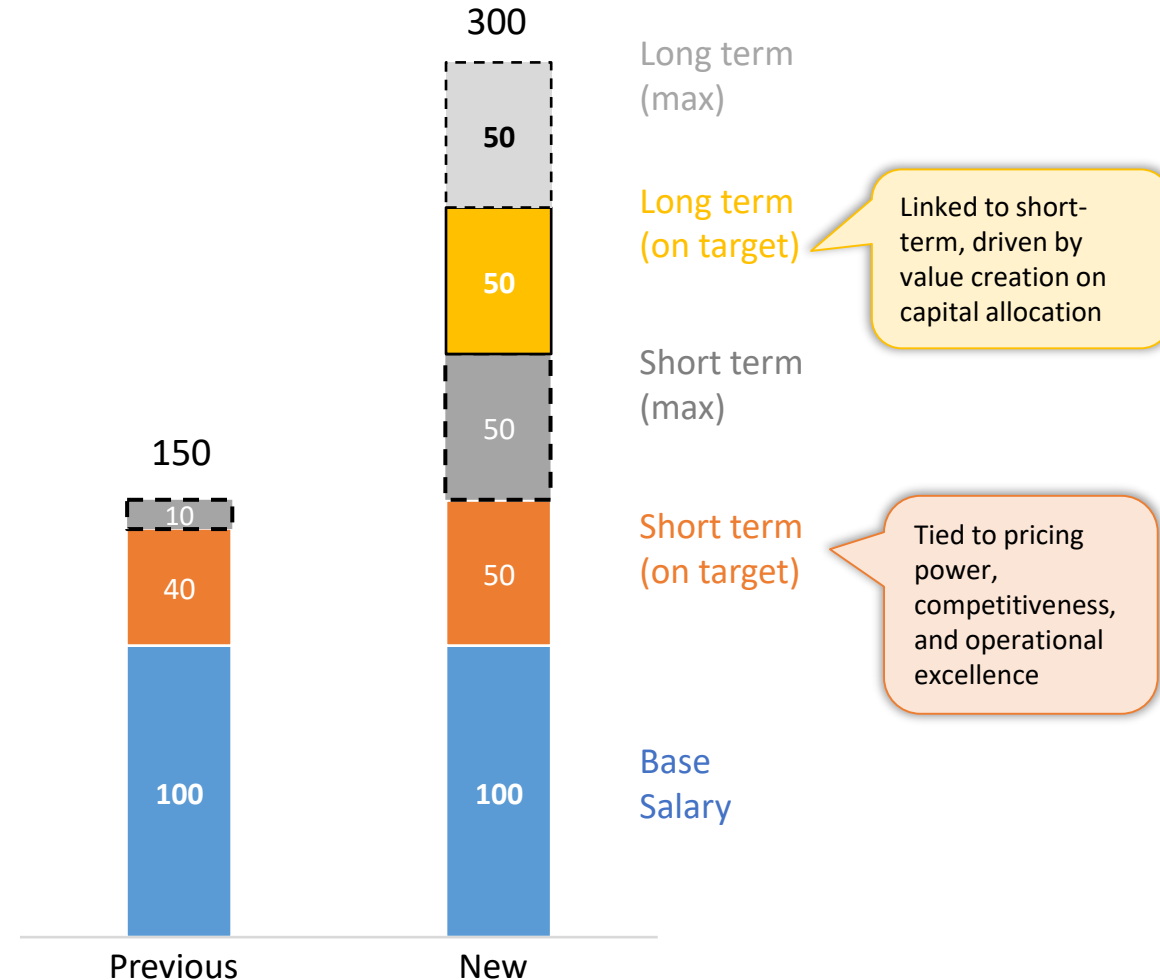
Fostering performance

- Targets to implement ownership and best practice sharing culture
- Set of short term KPIs determined for each year at the end of budget process, the targets set at minimum to outperform last year performance
- Long term incentive targets will be reviewed at the beginning of each year for the next 3-year term

Short term KPIs - 1 year
<ul style="list-style-type: none"> • Revenue • EBITDA • Free Cash Flow • Working Capital
<ul style="list-style-type: none"> • Market Capitalization • Market Share • Employee Engagement

Long term KPIs – 3 years
<ul style="list-style-type: none"> • NAV Discount • Outperforming TSR of peers
<ul style="list-style-type: none"> • Single digit NAV discount by 2021

Previous vs New Total Cash Model



Illustrative for company general manager



Overview

- Revised capital allocation strategy to ensure disciplined use of capital
- Dynamic portfolio management, an important pillar of the capital allocation strategy
 - To redefine portfolio companies
 - To ensure value creation for all shareholders
 - Specific financial and strategic investment criteria
- Revised dividend policy part of wider capital allocation initiatives
 - Ensures shareholders support by policy directly linked to performance of portfolio companies

New policy for capital allocation

Value creation potential	ROIC > WACC +1-3%
Growth potential > Real GDP growth	✓
Emerging / development phase of life cycle	✓
Leverages existing competencies	✓
Sustainable Investment	✓

Growth (~57% of NAV)

- Strategically attractive markets where Sabanci can add value
- Build a sustainable competitive advantage (organically / inorganically)
- Explore adjacencies for growth

Cash generators (~31% of NAV)

- Strong cash and profit generation in relatively stable markets
- Seek to sustain and defend competitive advantage

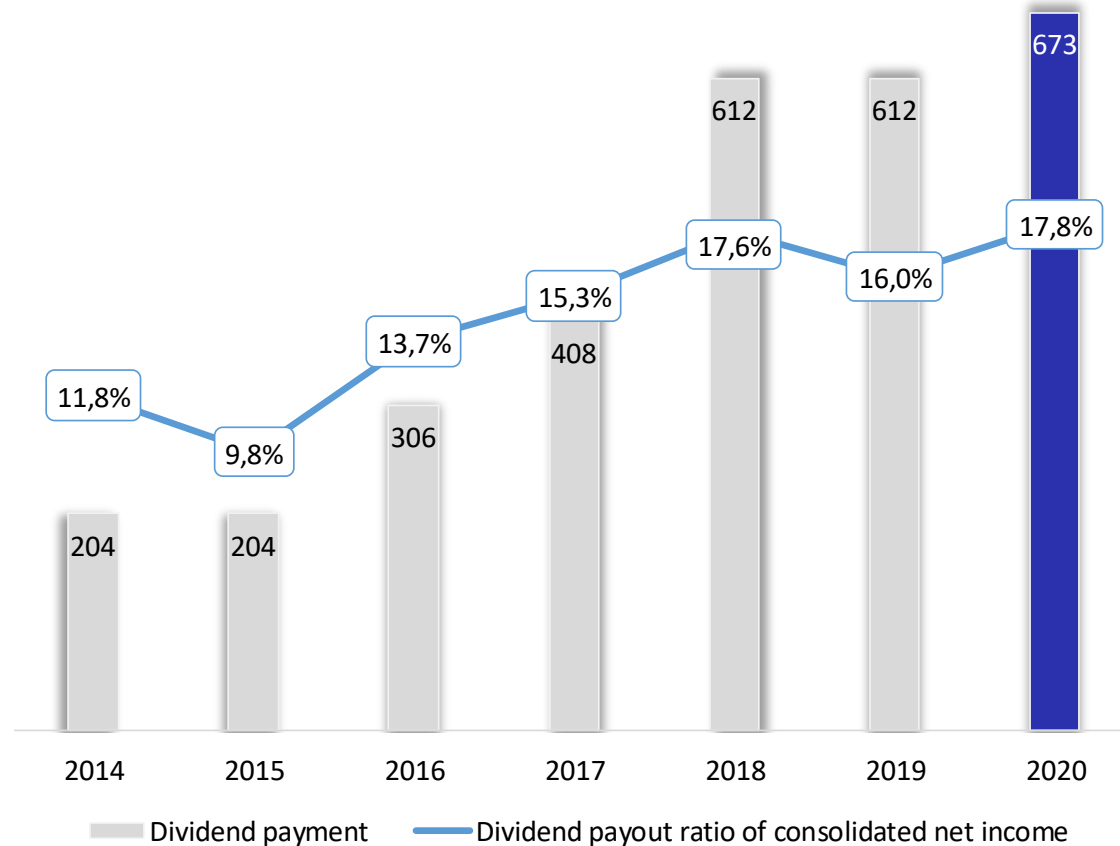
Manage for value (~12% of NAV)

- Increase flexibility for maximizing value by allocating capital selectively and disciplined performance tracking
- **Optimise:** Create value through investment to optimise, increase capacity rather than pure growth investments
- **Turnaround:** Clear turnaround plan in place and fundamentals highlight sustainable positive cash flow
- **Divest:** Business can generate greater value outside of Sabanci Group or are no longer strategic



Dividend policy – overview

	Before	Today
Policy	Based on Distributable Net Income, Tied to Paid-in Capital	Based on Distributable Consolidated IFRS Net Income
Range	0% - 20%	5% - 20%



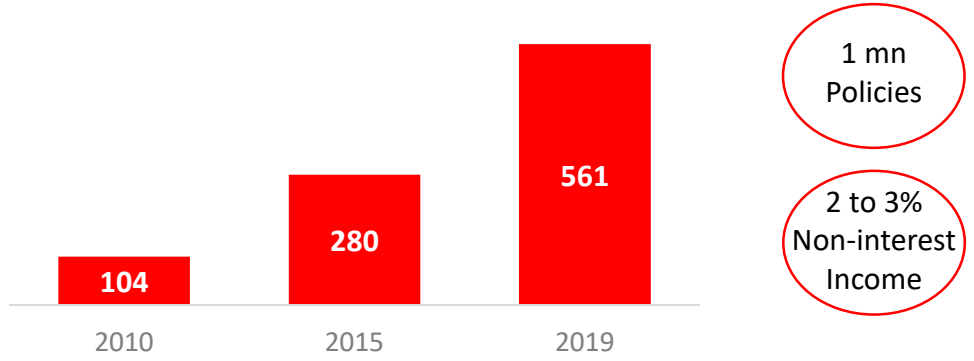
Dividend policy to benefit all shareholders

- Sabancı's revised dividend policy was announced in 2018
- Revision based on strong cash flow and reduced capital needs
- Dividend payment based on 5-20% consolidated IFRS net income
- More closely linked with earnings results
 - No longer constrained by being tied to paid-in-capital
- Part of wider capital allocation initiatives
 - Disciplined approach to use of capital
 - Higher dividend inflows from group companies
 - Ensures shareholders directly benefit from performance at group companies

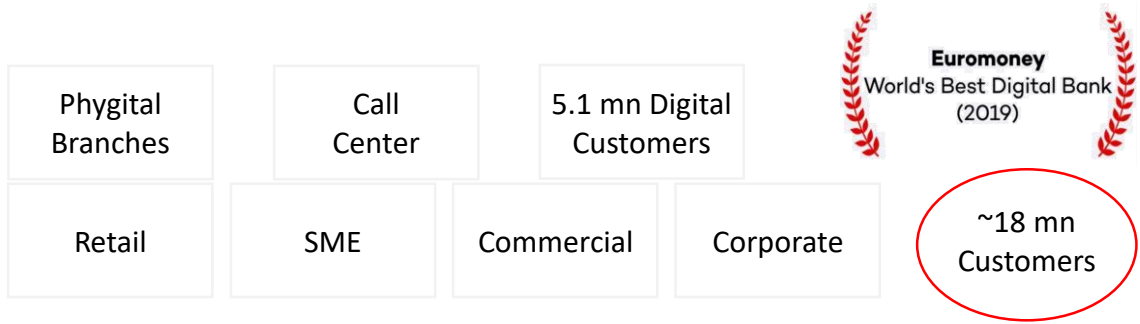
Strong collaboration in Bancassurance

Aksigorta reached a significant premium production level in bancassurance... continue to invest with a joint vision and targets

- Presence in all physical and digital channels
- Effective governance model
- High technology, integrated insurance system
- Segment based, innovative products
- Bank support model for commercial and corporate segments
- Increased focus on analytics and customer experience



Leveraging best-in-class channels of Akbank across all segments



Brisa – Enerjisa Enerji Cooperation

Future of mobility vision: Electrification

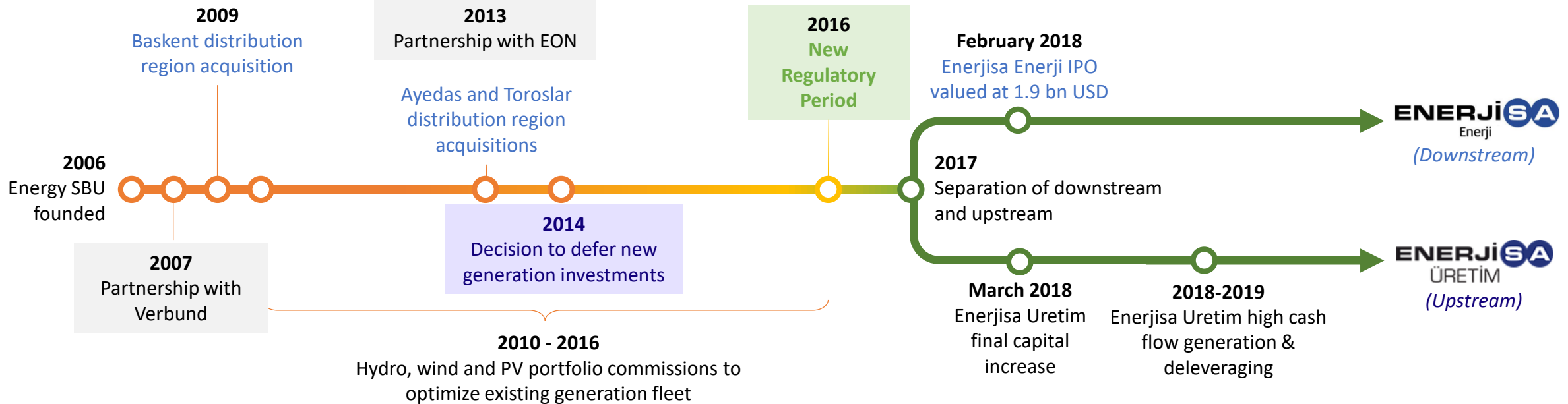
Eşarj Charging Stations in Brisa Network



Fast Growing market:
eV park 3k₂₀₁₉ → 600k₂₀₂₆

- Increased traffic at Brisa sales points (PoS)
- Cross-sell opportunities
- Business enrichment for Brisa dealers
- Faster Penetration of E-şarj (558 PoS opportunity)

Currently 3 PoS's operating,
Scale up plan till December 2020 up to 100 PoS



- Energy identified and selected as a strategic sector by SAHOL
- Initial greenfield investments made in electricity generation capacities followed by downstream grid acquisitions during Turkey's grid privatization
- Macro-economic challenges and significant industry competition emerges

- Market deemed to be structurally challenged
- New upstream project investments deferred
- Investments focused on optimising existing generation fleet
- Operational initiatives and favourable regulatory change returns downstream to outperformance
- 'Downstream' and 'Upstream' businesses created due to differing underlying dynamics

- IPO of Downstream to increase transparency, unlock value and recycle capital – 4.8x oversubscribed
- Proceeds used to accelerate Upstream's deleveraging and healthy balance sheet
- First dividend from Upstream expected by 2021 as a result of the ongoing operational improvements and efficiency in all fleet and increasing free cash flow



Growing the Core

Enerjisa: Turnaround in Energy between 2014 and 2017

2014
Decision to defer generation investment

2017
Separation of downstream and upstream

Operational initiatives

Upstream

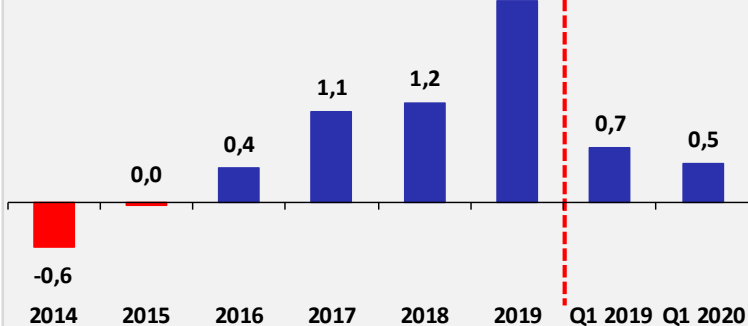
- Capacity target reduced from 7.5 GW to 3.5 GW
- Divesture of incomplete investments
- Availability and output of the fleet improved
- Focus shifted from expansion to deleveraging and FCF generation

Downstream

- Implementation of existing operational excellency to the acquired assets
- Prioritization of grid investments to build up RAB
- Economies of scale on Cost and OpEx

Turnaround achievements

Upstream FCF Generation, TL bn

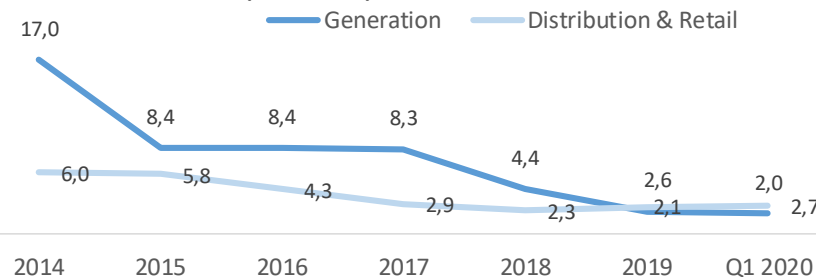


KPI improvements

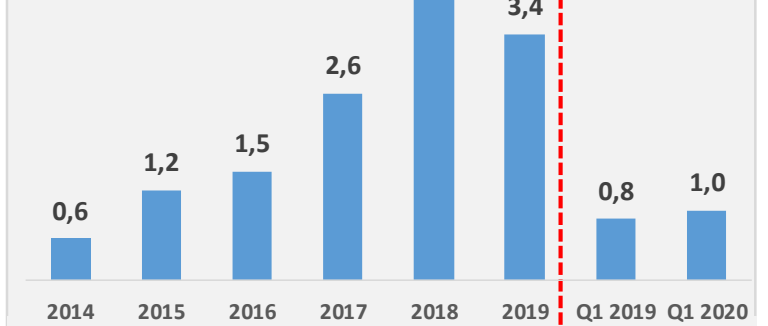
- Tufanbeyli availability improved from 63% to 80% 12 months following commission
- Renewable fleet availability improved from 95% to 96% from 2014 to 2018

- ✓ Creation of two financially sustainable, successful and leading companies
- ✓ Robust financial contribution to Sabanci's results
- ✓ Successful IPO of Downstream business
- ✓ Downstream business providing dividends to shareholders
- ✓ Continued de-leveraging and cash generation within Upstream, dividend payout in 2021

Net Debt / EBITDA Ratio (x EBITDA*)



Downstream EBITDA, TL bn



KPI improvements

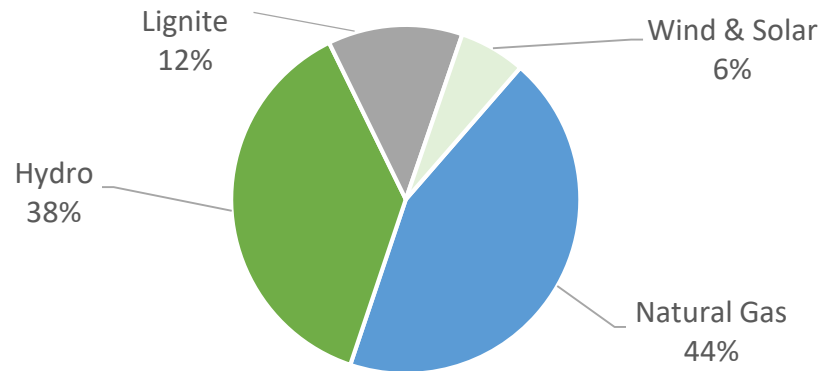
- Strong RAB growth (48% CAGR between 2014-18)
- Theft and loss fell by 1.3%
- Grid collection rates improved by 170bps since privatization

* Excludes non-operational one off items



Well Balanced Generation Portfolio with Strong Renewables

Installed Capacity (3.607 MW)



- Renewable portfolio has **44%** weight in installed capacity.
 - 12 hydroelectric power plants: 1.350 MW
 - 3 wind power plants: 212 MW
 - 2 solar plants: 9 MW
- All generating hard currency revenues thanks to feed-in-tariff (FIT)
- Profitable growth potential in Renewables with FIT regime

Current Growth Pipeline in Renewables

- In May 2019 two wind tenders (YEKA) with 500 MW capacity won by Enerjisa Üretim

Region	# of bidders	Winner	Price
Aydın (250 MW)*	4 bidders	Enerjisa Üretim	45.6 \$/MWh
Çanakkale (250 MW)*	6 bidders	Enerjisa Üretim	36.7 \$/MWh

* Option to build projects, final investment decision to be given in 2021-22 period

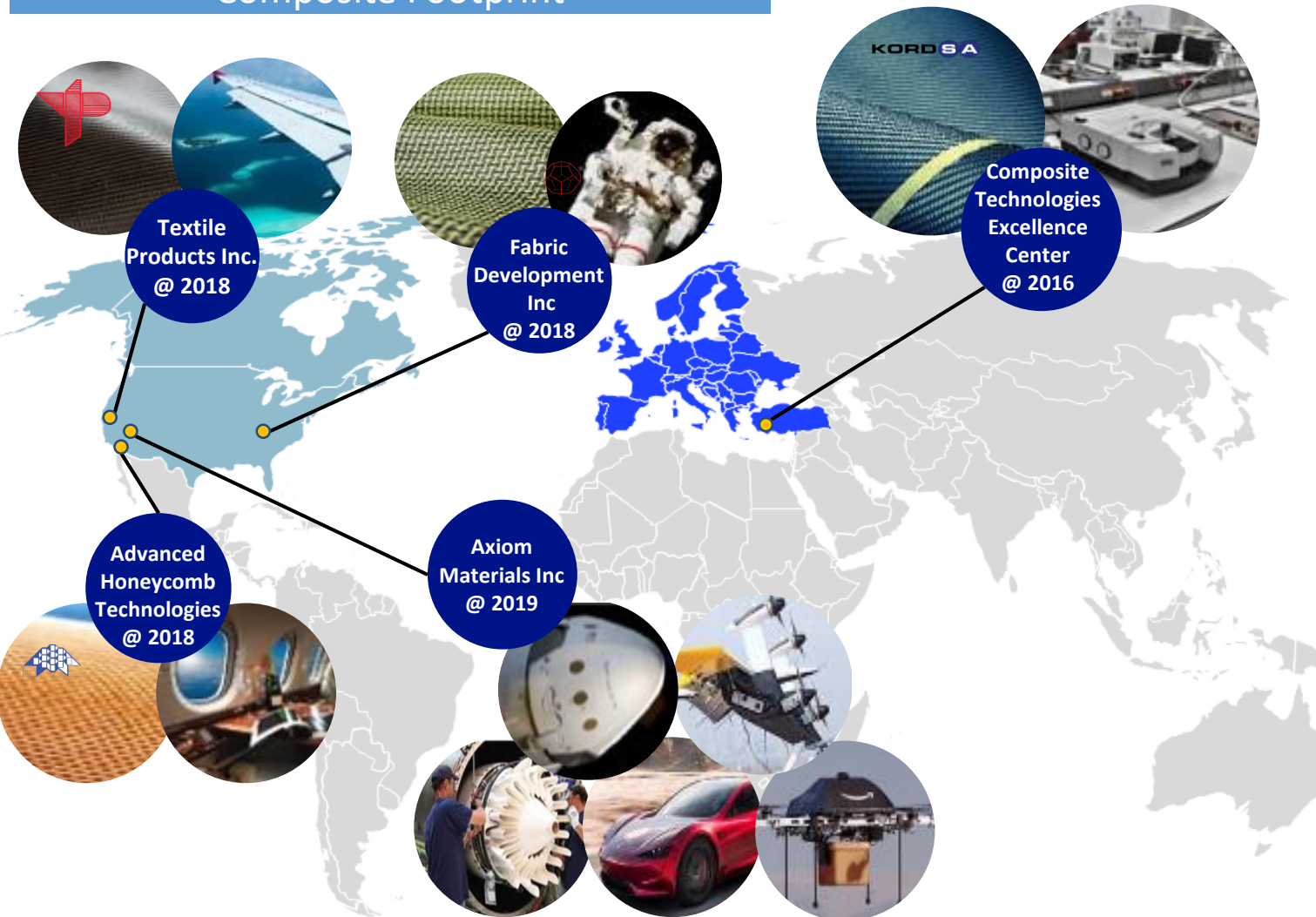
- The weight of renewable portfolio will increase to **50%** while securing additional USD based revenue stream for next 15 years.
- Investment timeline highly inline with the deleveraging of Enerjisa Üretim to support further organic growth
- Project estimated timeline;
 - 2019 – 2020 - Predevelopment Stage
 - 2020 – 2022 - Development Stage
 - 2022 – 2024 - Investment Stage
 - 2024 – 2025 - Commissioning



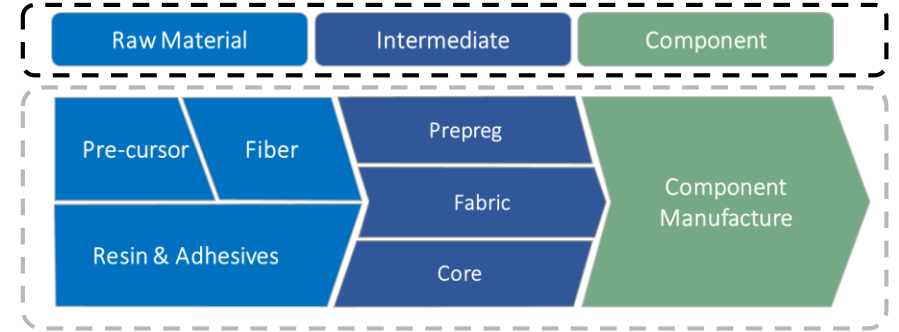
Growing the Core

Kordsa: Growth with Composites

Composite Footprint

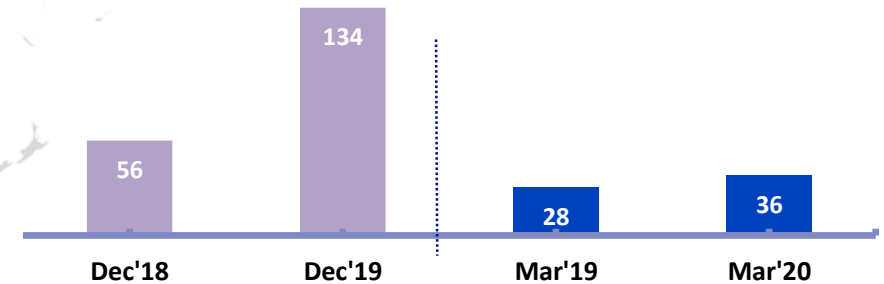


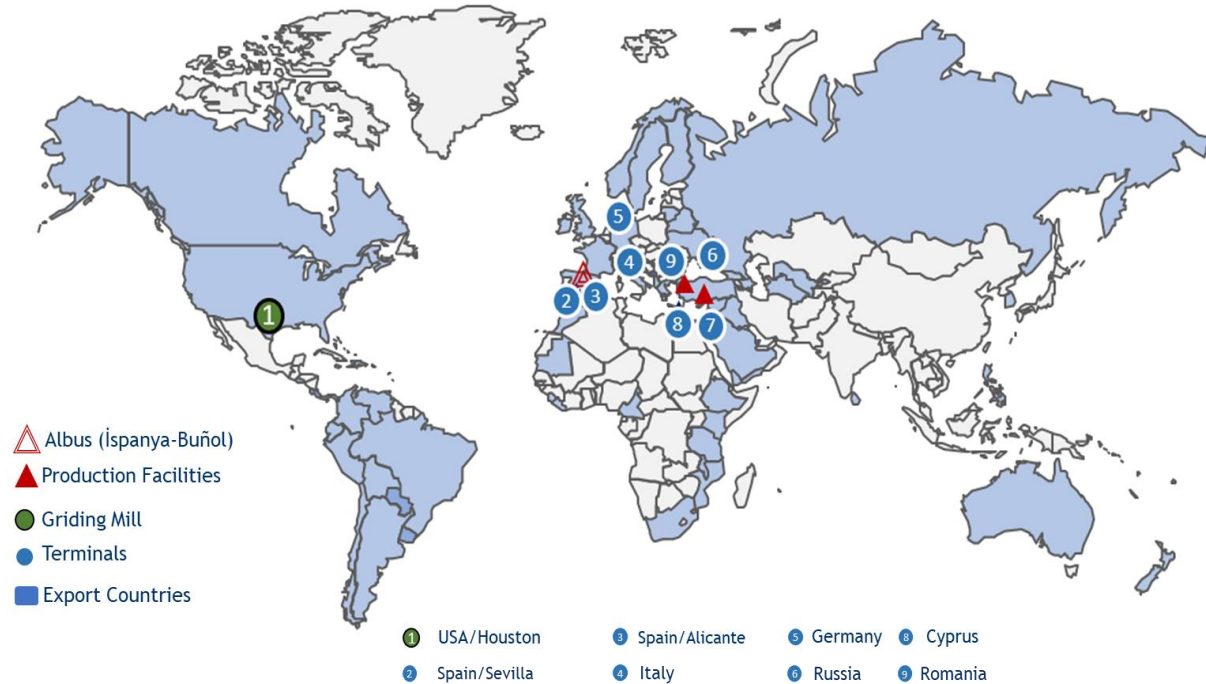
Composite Value Chain



- Composite use in aerospace & automotive is increasing, due to improved material properties and weight savings over conventional materials.
- Total composite investment accounts approx. 310M USD
- Potential M&A targets are always under consideration.
- Specialization areas:
 - Fabric Development Inc and Textile Products Inc: Fabric Production
 - Axiom Materials Inc.: Prepreg Production
 - Advanced Honeycomb Technologies: Core Production

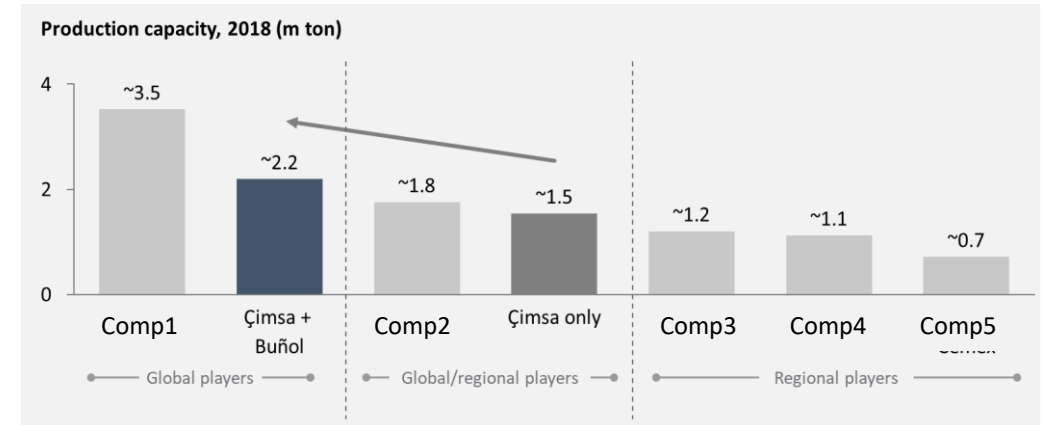
Sales - M\$





- ▶ March 28th, 2019 agreement to acquire Cemex's white cement plant in Spain & global white cement client base (except for Mexico and the US) for \$180m. Currently at competition boards approval.
- ▶ Çimsa to become a global player in terms of capacity as transaction completed
- ▶ Optimization among Mersin, Eskişehir and Buñol plants considering the cost structure, quality, logistics and demand dynamics
- ▶ Currently ¼ of Çimsa capacity is white cement providing ~½ of its EBITDA
- ▶ Çimsa also has low cost base production advantage for exports; Wide spread terminals in Europe and new grinding facility in Houston, TX

Çimsa set to become 2nd largest white cement producer globally



Louisiana State Museum and Sports Hall of Fame
Natchitoches, LA, USA



Museo Internacional del Barroco
Puebla, Mexico

- ▶ White cement not constrained by the economics of transportation
- ▶ A global niche product preferred for durable, energy-efficient and aesthetic architectural projects
- ▶ Global consumption stands around 18 mt, with Asia taking the lead as the largest consumer, followed by Europe and the Middle East
- ▶ White cement is the ideal material for concrete works providing an aesthetic finish whilst maintaining high structural performance.



Insurance market in Turkey has a long way ahead

Total Insurance Gross Written Premiums (GWP) (2018)



- Insurance is closely linked with level of economic development
- Turkey is the 19th largest economy in the world, whereas the ranking in: non-life insurance is #29; life insurance is #51

Low penetration levels signal growth potential

	Penetration ¹
Compulsory motor third party liability insurance (MTPL)	80%
Compulsory earthquake insurance	54%
Motor own damage insurance (MOD)	26%
Health insurance	4%
Pension participants ²	8%

1. Defined as # of insured / # of insurable

2. Defined as # pension participants / total population

Why are we in insurance?

- Sector grows much faster than nominal GDP:

	2014-2019 CAGR
Non-Life Insurance GWP	+20%
Life Insurance GWP	+28%
Pension AUM	+27%

- Structural growth market with high growth areas, for example, the pension system is fully supported and incentivised by the Turkish government
- Strong distribution synergies with Akbank
- High growth and RoE generating business, highly cash generative
- Sabancı has leading market positions in both Pensions and Non-Life, and is growing market share in life



Digitalization by using Next Generation Technologies, RPA, AI, Digital Twin enables to create efficiency and needs driven insurance experience for all our stakeholders including customers, distribution channels and employees.

External Digitalization

Digitize the Core

- End to end segment based customer journey designation onboarded for retail products leveraging analytics and digital.

Digital Products & Services

- Whatsapp channel is utilized as a communication channel.
- Smart applications developed for customers, agencies and sales force management enabling to scale our business.

Agile Way of Working

- Self managed teams are empowered and trained to work with agile principles.
- ~6 agile teams in place running continuous sprints and delivering with a minimum viable product approach.

Internal Digitalization

Robotics Transformation Program

- Using Robotics Process Automation (RPA) technology to automate well defined processes



ADA Program

- ADA, Aksigorta Digital Assistant, first digital assistant with AI in sector
- We embed new human skills to ADA by using next generation technologies. (AI, RPA, Chatbot) step by step.
- Focus on processes touch on customers or agencies/bank with high transaction volume

Digital Mirror

- Creating Digital Twins of insurance processes to improve process productivity and efficiency by solving identified pain points of processes
- Solve these pain points by using new Technologies, lean processes or re-organization.
- Designing digital dashboards enabling real time monitoring of process transaction levels to monitor and proactively take optimization actions.

Provide Aksigorta with virtual workforce to **sustain high growth.**

Best in class GWP/G&A ratio in the market 5% '19YE.

Make **Aksigorta competitive** in the market minimizing operation cost with RPA and AI

Virtual workforce corresponding to ~101FTE is in place.

Respond **rising expectation of our customers and agencies** especially regarding speed, easiness and availability.

Customer NPS Score 43%, +11 bps above the sector

New Bets

Advanced and Predictive Analytics



 **Vision Mission**

- Advanced Analytics will lead to re-innovating of business and drive with insight utilization
- Support the efficiency and growth need of companies and their businesses with Advanced Analytics

 **Value Creation**

Grow and transform the core	Scale up cross-company initiatives	New businesses through integration to ecosystems
Local data	Cross-company data	Internal and external data
34 advanced analytics use-cases have already been identified among selected six Group companies. Companies' data lake projects have been started	Gaining momentum from local data, cross-company advanced analytics use-cases will be implemented to further boost existing business lines	Further enriching our unprecedentedly rich consumer data will pave the way for integration to ecosystems and new data-driven business lines creation

Sizeable additional EBITDA potential without significant CAPEX requirements

 **Prioritized Sector Specific Use Cases**

Insurance <ul style="list-style-type: none"> • Network Optimization • Cross-sell • Up-sell • Behavioural Pricing 	Cement <ul style="list-style-type: none"> • Smart Energy-fuel Optimization • Predictive maintenance Process optimization • Smart Planning 	Industrials <ul style="list-style-type: none"> • Predictive Quality • Demand forecasting Price optimization • Geo Marketing 	Retail <ul style="list-style-type: none"> • Customer Behavioural Segmentation • Cross Sell-Upsell • Customer Acquisitions 	Energy <ul style="list-style-type: none"> • Customer Responsiveness • Customer Segmentation • Commercial Pricing Prediction, Collection
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+15-20% increase in EBITDA in 3 years from solo company and ecosystem measures

 **Organization**

- **Center of Excellence** on advanced analytics set up to lead development of new businesses and data partnerships

 **Talent**

- **Analytics Academy** formed to build necessary capabilities and train required talent, i.e. data scientist, data engineer, business translator, etc.

 **Culture**

- Data-driven decision making, test and learn approach, agile way of working and passionate curiosity will be indigenized



As Digital Multiplier of Sabancı, catalyzing digital transformation journey of companies while creating high tech products stemming from our domains



Digital Campus (Jun-19)

Collaboration for Sabancı Group, Startups, Tech Giants and Sabancı University!

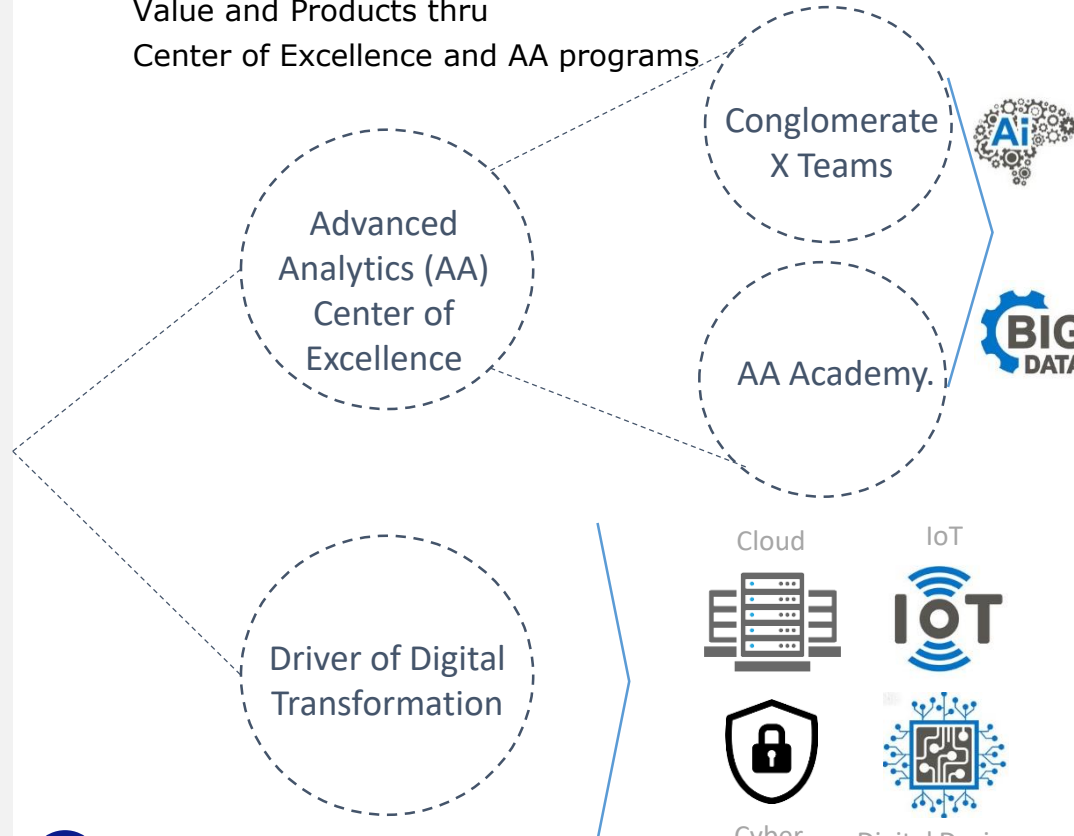
Catalist Startup Program

- Adv. Analytics and AI
- Industrial IoT
- Cyber Security

Catalist Startup Program launched to collaborate with startups. SabancıDx will share the Group's and its know-how with startups and aims to generate synergies

1 Analytics Transformation

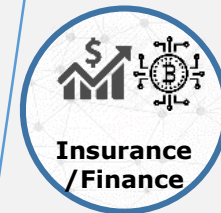
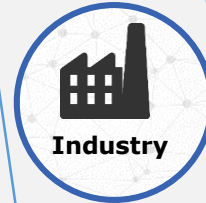
Capitalize Sabancı Holding Data Assets into Value and Products thru Center of Excellence and AA programs.



2 Digital Transformation

Trigger/Enable/Catalyze Digital Transformation thru providing solutions on Cloud, IoT, DDS and Cyber Security

Verticals



Output

Existing SaaS Products

- E-Procurement**
3.2 billion USD volume per year/30.000 suppliers/ 35.000 users
100 companies/1.500 users
- E-Invoicing**
1.700 contracts/50 million e-invoices per year
- HR-WEB**
210 companies/36.500 users/ 87.000 employees
- RPA**
350+ developed processes/ 100+ live processes

Work In Progress

Big Data Lake (Cross-Sale)

AA and Dx Projects

AA and AI Products

CVC Fund: Focus on Growth, Technology and Innovation

- A CVC fund was formed to gain early and economical access to new technological developments/markets/innovations and to create agile and technology-driven growth platforms in line with our Next Generation Sabancı strategy
- To be established as a private fund under Akportföy (asset management subsidiary of Akbank), approvals completed
- Akportföy will act as fund administrator only. Investments scouting, analysis and review will be made by holding's Strategy and Business Development department while final investment decisions will be made by SAHOL Executive Committee



Fund Size and Return Targets

- Total fund size: \$30m
- 12 years fund life
- Return target above SAHOL ROE

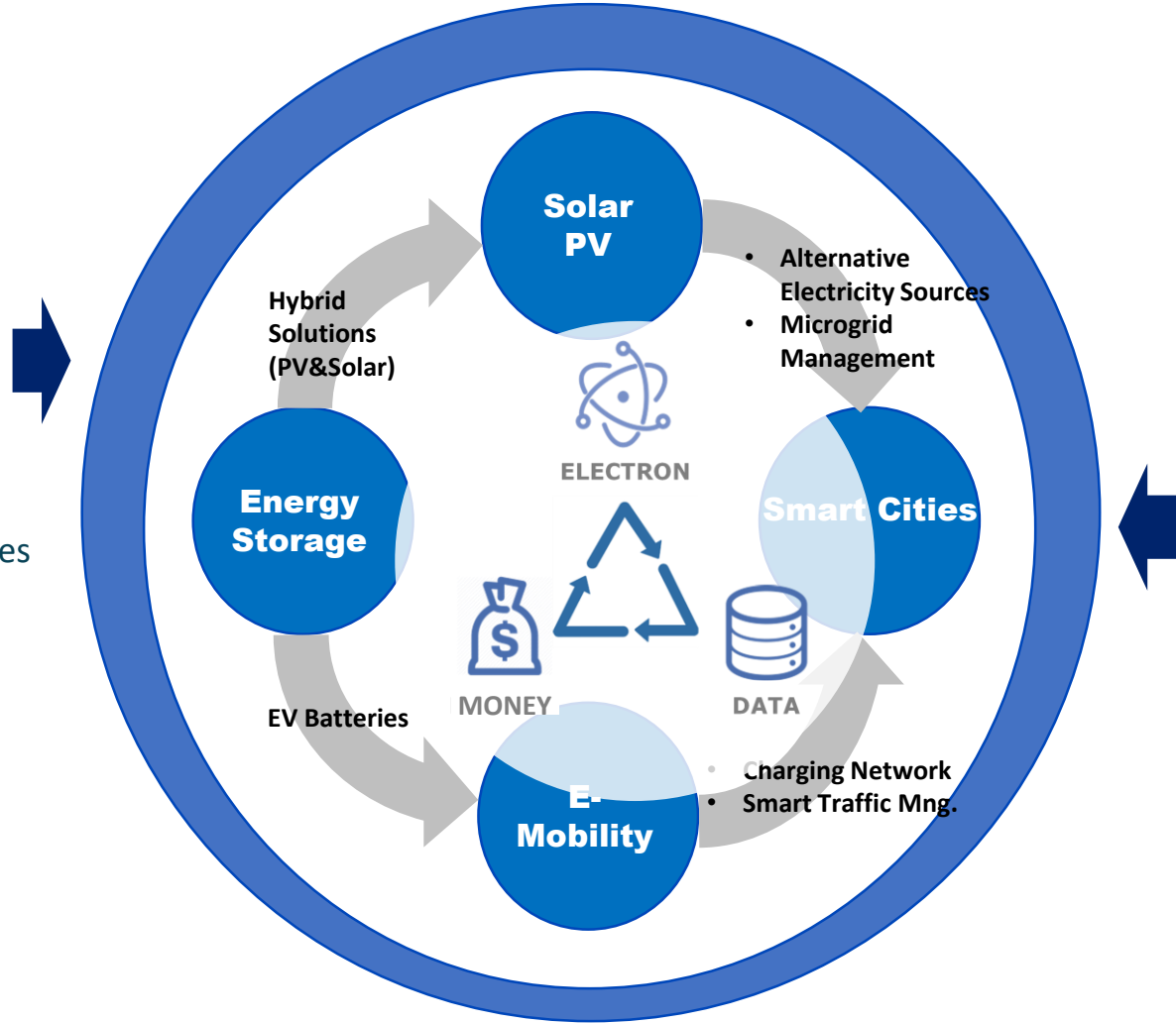
Investment Strategy

- Early stage Start-ups or Scale-up's in need of growth capital
- Primary focus on Industrial and B2B technologies, AI and Big Data utilization
- Investment size between \$0.5-4m
- Own minority stake with strong minority rights and protections



Energy SBU assessed new business areas based on Sabancı Holding investment criteria, global mega trends and industry/market dynamics

- ✓ Global and regional play
- ✓ Strong growth
- ✓ New Technology Focused
- ✓ Non-commoditized
- ✓ Synergies with Existing Businesses



- ✓ Electrification
- ✓ Digitalization
- ✓ Security of Energy Supply
- ✓ Urbanization and Changing Demographics
- ✓ New Business Models
- ✓ Demand for Alternative Energy Sources and Systems



Explore Adjacencies

Flexible Printed Electronics

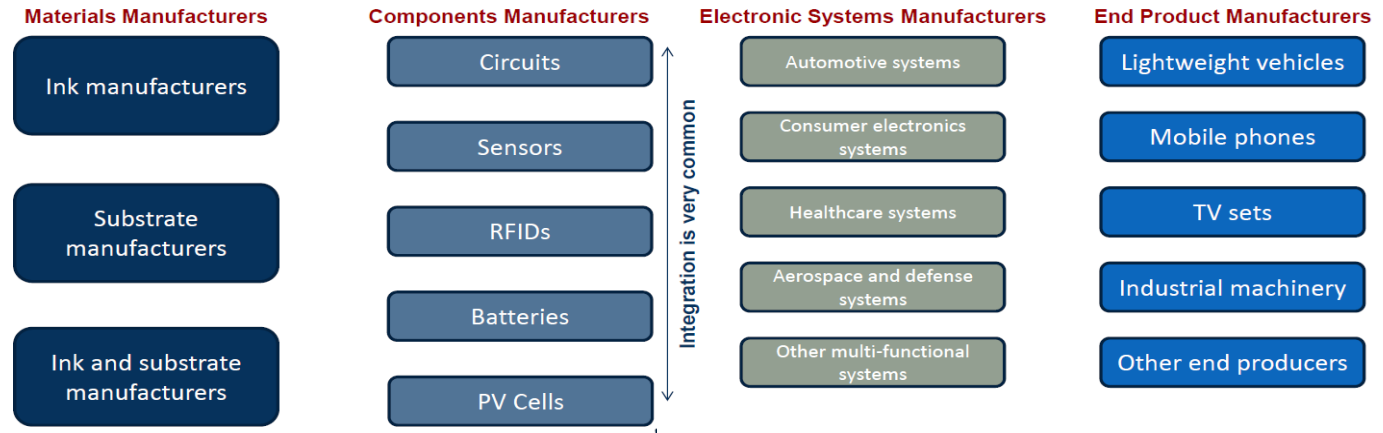
Printed, Flexible and Organic Electronics

\$37.1Bn in 2019



Source: IDTechEx

VALUE CHAIN



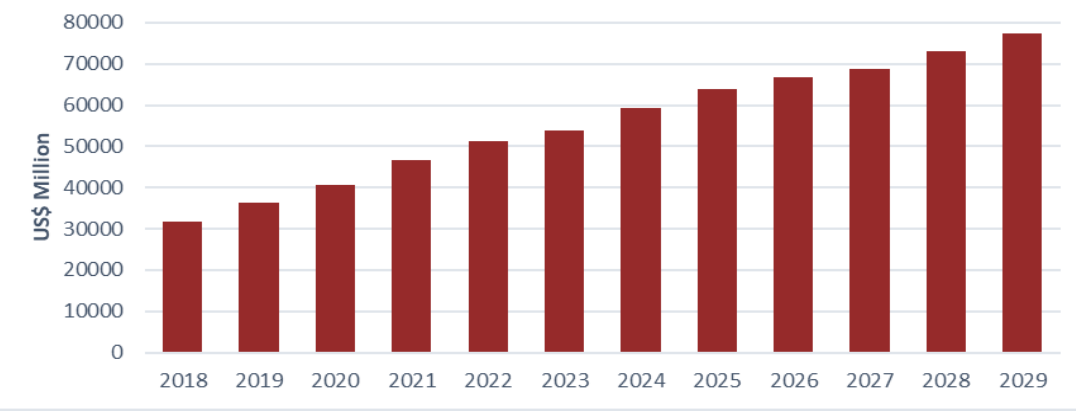
Equipment (equipment, handling, integration, consumables)



Source: IDTechEx

- Flexible and Printed Electronics Technology penetration with benefits in OLED displays, sensors, photovoltaics, electrochromic displays and batteries are increasing
- Potential application areas as a Component Manufacturer are under investigation.
- Detailed market and technical investigation on specific sensors going on.
- Structural Health Monitoring, In mold electronics, Healthcare Sensors are main focus areas
- Collaboration with SABANCI University and Institutes
- Lab scale machines were installed in November 2019

Market Size for Flexible and Printed Electronics Components and Materials 2018-2029



Source: IDTechEx

Focus Areas and Priorities for Sustainability

In All Sectors and Geographies We Operate

Sabancı Holding sustainability approach is structured in 4 focus areas and priority topics

Creating Economic Value

- Economic Performance
- Responsible Investment
- Technology Investments
- Supply Chain Management

Developing Our Human Resources Continuously

- Occupational Health & Safety
- Equal Opportunity at Work
- Employee Satisfaction and Engagement
- Performance and Total Reward Management
- Continuous Learning and Development

Realizing Social Contribution

- Social Development
- Community Engagement

Being Responsible for Environmental

- Energy and Emission Management
- Water Management
- Waste Management

Governance - Creating sustainable value for all our stakeholders

Board of Directors	9 BoD members (3 independent); Highest level strategic decision-making body
	Responsible for definition of corporate objectives, ensuring compliance with corporate governance principles, risk management and control systems
Early Risk Identification & Corporate Governance Committee	Risk and remuneration practices are overseen respectively. Will be assuming some of the Portfolio Management Committee's functions, which was recently eliminated.
Executive Team	Includes CEO, CFO and Group Presidents SBU presidents as the Chairman of Company BoDs are the link between Sabancı Holding and Group Companies to deploy strategy, top initiatives and governance principles

Sabancı Code of Business Ethics (SA-ETHICS)

Based on the values and business principles of the Sabancı Group

Protecting the companies and the personnel, in addition to all laws, regulations and internal company procedures for our employees, it acts as a guidance that leads all decisions and operations

Sustainability Work Group

Established in 2018 to strengthen our perspective on sustainability throughout the entire Group.

President of the Human Resources leads the strategies of the Work Group

UN Women's Empowerment Principles

In accordance with a focus on diversity and equal opportunities, Sabancı Holding attaches special attention to women's participation to work life and gender-based equality. In parallel to this perspective, the Holding supports domestic and international organizations, and applies pioneer practices in this field. Sabancı Holding is the first Turkish company to sign the United Nations Women's Empowerment Principles which is one of the primary initiatives in this area.

- Employment opportunities for +62,000 people
- 31% of our employees and 37% of our managers are female
- First Turkish company to sign the UN Women Empowerment Principles in 2011

- Sabancı Volunteers Program: Employees Engagement opportunity for 'Corporate Citizenship'
- Sabancı Foundation, Sabancı University and Sakıp Sabancı Museum; the 3 pillars of social development at Sabancı Group.



ESG

Social Responsibility

WE LEAVE A MARK IN CITIES
AND HEARTS

More than 120 institutions all over Turkey...

CULTURE & ARTS

WE SUPPORT THE TRANSFORMING POWER OF ART
Hundreds of artists, hundreds of thousands of art lovers...

SOCIAL CHANGE

WE TOUCH THE LIVES OF INDIVIDUALS EVERYWHERE IN TURKEY
Grants for 162 projects in 76 cities, 190 Changemakers...

SCHOLARSHIPS

WE CREATE EQUAL OPPORTUNITIES FOR YOUNG PEOPLE

More than 48 thousand scholarships so far, nearly 1,500 scholarship holders in one year...

AWARDS

WE ENCOURAGE SUCCESS
More than 1,150 awards...

Sabancı Foundation Supports Social Development



Sabancı Foundation continues its activities for women, youth and persons with disabilities for 45 years

EDUCATION



SABANCI
UNIVERSITY



120+
INSTITUTIONS



48.000
SCHOLARSHIPS



1.100+
AWARDS

CULTURE-ARTS



SABANCI INTERNATIONAL
ADANA THEATER FESTIVAL



SABANCI
FOUNDATION SHORT
FILM COMPETITION

NATIONAL YOUTH
PHILHARMONIC
ORCHESTRA



METROPOLIS
ARCHEOLOGICAL
EXCAVATIONS

SOCIAL CHANGE



25 MN TRY GRANTS
TO 162 PROJECTS



190

CHANGEMAKERS



4
INTERNATIONAL
AWARDS



PHILANTHROPY
SEMINARS

“Guided by Love for Humanity”

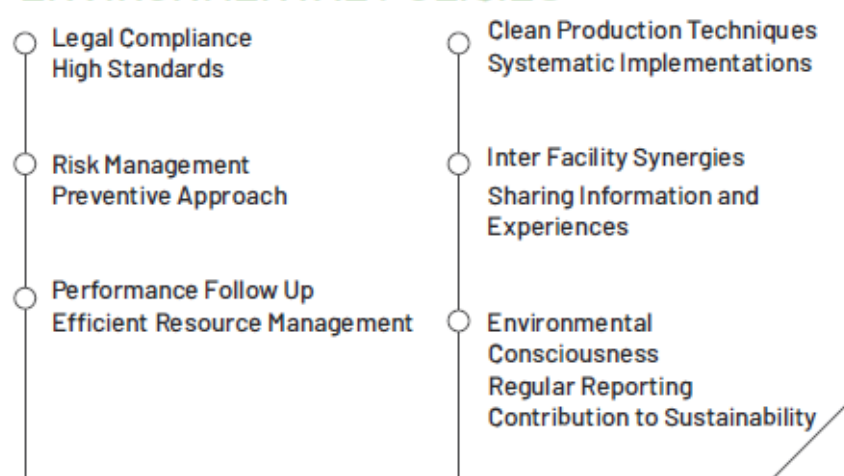
Environmental Responsibility – Principles of our approach



Our environmental consciousness is based on responsible utilization of natural resources and reduction of our impacts on climate change.

Building Materials and Energy segments are the main contributors of carbon emissions. Rising share of alternative fuels usage and improved process efficiency contributed to decrease our emissions.

BASIC PRINCIPLES OF OUR ENVIRONMENTAL POLICIES



Transparency in environmental performance

Carbon Disclosure Project (CDP)

As Sabancı Holding, we participate in Carbon Disclosure Project (CDP), which is run by Sabancı University Corporate Governance Forum. Among our Group companies Akbank, Akçansa, Brisa, Çimsa and Yünsa participates in CDP Turkey. In this way, we transparently disclose our performance regarding climate change and protection of natural resources and use opportunities to further improve our performance.

Environmental Improvements

Sabancı Center

The amount of electric energy saved based on 1994 is 158,836 GJ with a decrease of 25.6%, and the saving in natural gas is 187.656 GJ with a decrease of 45.8% in the same period. This amount corresponds to the prevention of 25,596 Ton CO₂e emissions. In 24 years -since the Center began to operate- our water use decreased by 46% and we saved 660,978 m³ of water.

Environmental Responsibility – Best practices



AKBANK: Climate Friendly Loans

2,408 M\$ financial support to renewable energy projects -> 5,8 Mt CO2 reduction

AKÇANSA: Emission Management and the Responsible Utilization of Resources

7/24 active Continuous Emission Monitoring Systems & first certificate in TR “Responsible Utilization of Resources”

BRİSA: Reduction of Underground Water Consumption

49% reduction in water use compared to 2008, 400 K\$ annual save & first in TR having ISO 14046 certificate

CARREFOURSA: Transport and Route Planning Optimization & Project to Reduce Losses

Transport costs declined by 8% (annual save 4 MTL) & loss in agricultural products declined by 1,8% (annual save 23,6 MTL)

ÇİMSA: Utilization of Alternative Raw Materials and Alternative Fuels

Use of 363 Kt of alternative raw materials in 3-years

ENERJİSA ENERJİ: Energy Efficiency & E-Şarj Sustainable Transportation

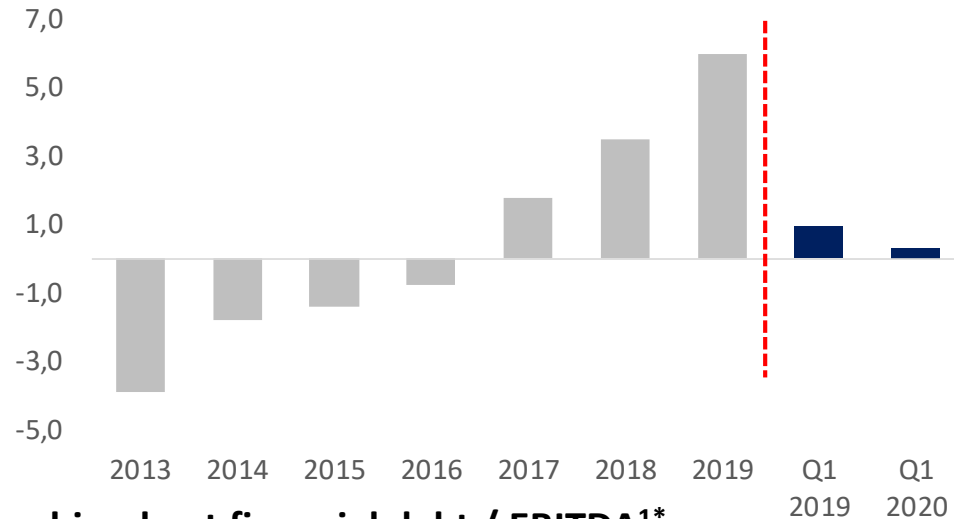
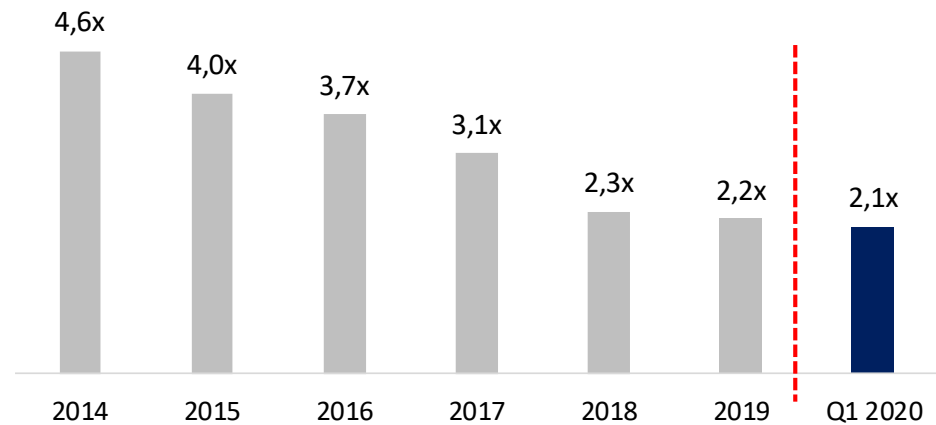
Developing charging stations network management software solutions

KORDSA: Materials Recovery

Turning by-products into value-added ones, 1000 t in 2018 -> \$1,7m saved



Free cash flow, Combined for Non-Bank, TL bn

Combined net financial debt / EBITDA^{1*}

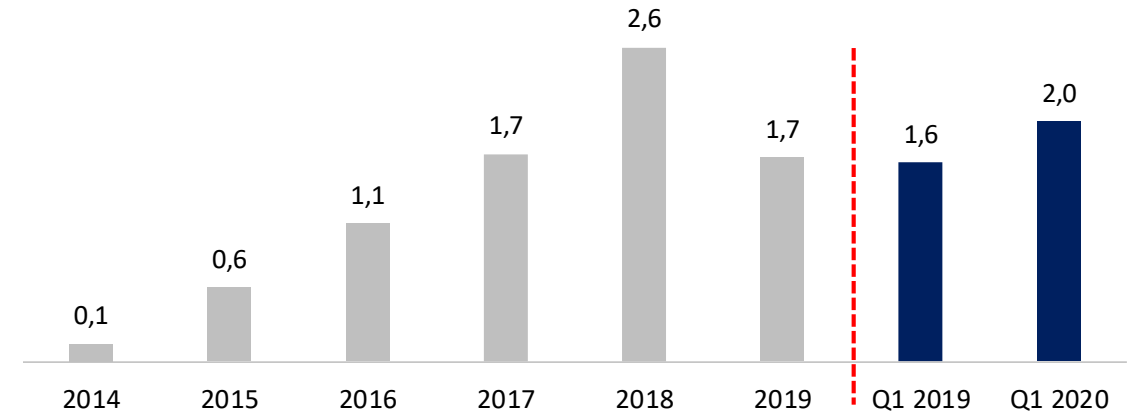
1. Excludes bank and financial services. EBITDA excludes one-offs

* Adjusted for IFRS16 impact

Commentary

- Focus on cash generation led to substantial decline in leverage
- Effective management of balance sheet linked to capital allocation approach
- Lean Holding Company costs (currently <25bps of NAV) in addition to growing dividend stream from investment companies has led to a robust net cash position
- Strong Holding Company net cash position provides firepower and flexibility to take advantage of acquisitions / investments
- Sabancı, standalone at Holding level, has a net cash position of TL 2,0 bn, which is mainly in hard currency. Total non-bank combined cash amount of the Group companies excluding financial services and tobacco business totals at TL 8,2 bn. Funds at financial services' companies totals at TL 3,5 bn (TL 2,6 bn on non-life side and TL 0,9 bn on life and pension side).

Holding Only - net (debt) / cash position over time, TL bn

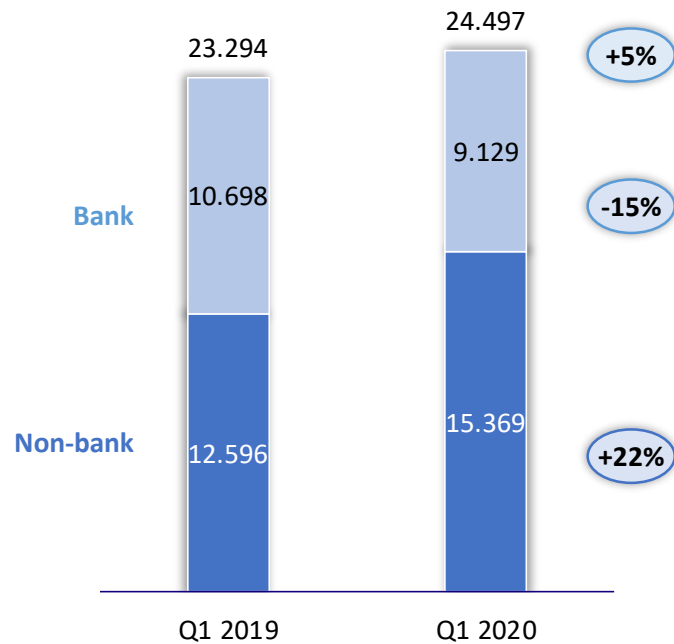


Performance

2020 - Financial performance snapshot

Combined Net Sales²

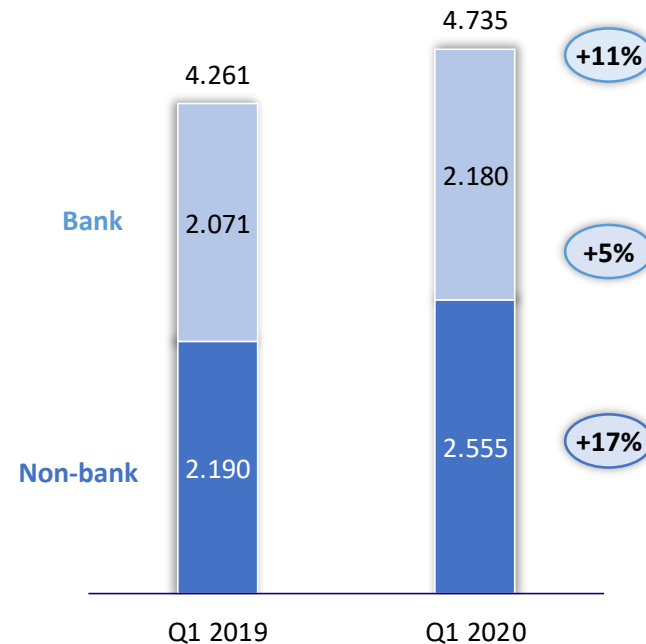
TL mn



Non-bank driven growth

Combined EBITDA¹

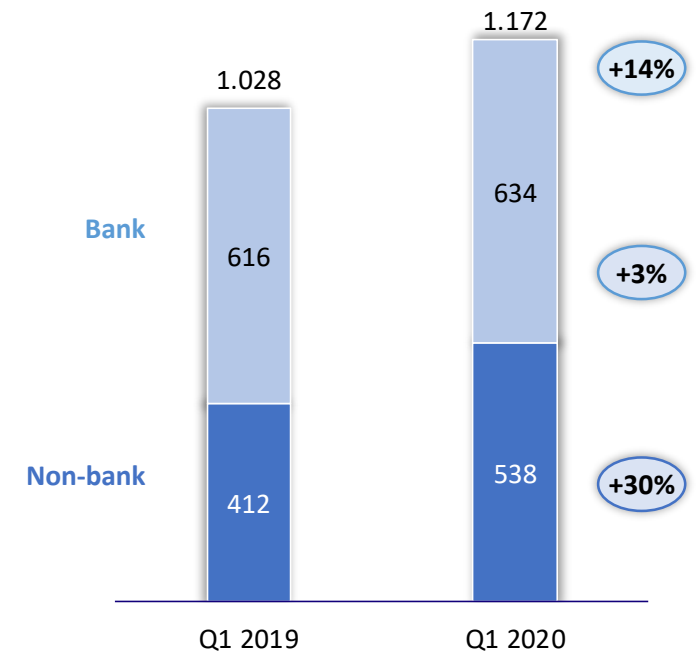
TL mn



Improvement in EBITDA margin

Consolidated Net Income

TL mn



Led by well-managed refinancing

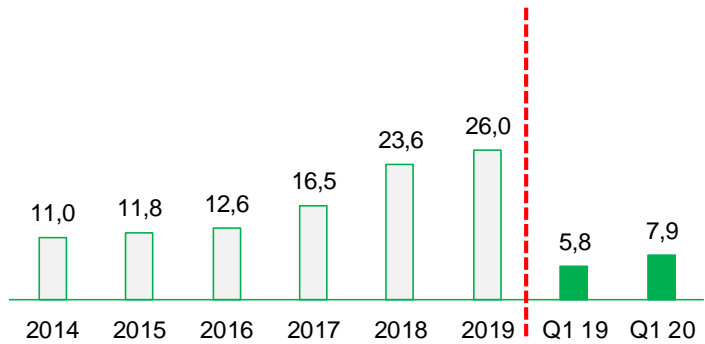
Effective FX management to protect returns from volatile TL movements – 331 million USD Long Consolidated FX Position

1. Total EBITDA before consolidation adjustments. EBITDA and Net Income excludes one-offs.
 2. Holding dividend income is excluded

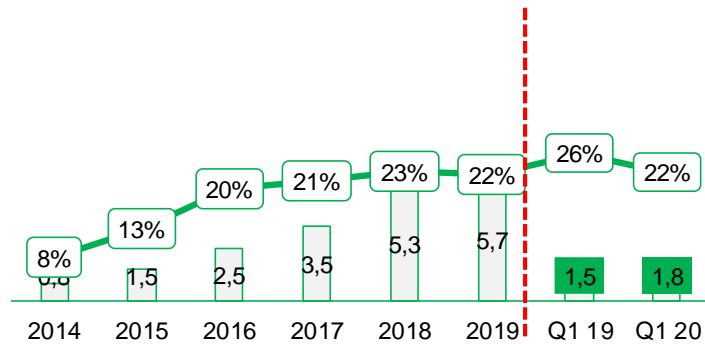
Business unit financial performance, TL bn¹

Energy

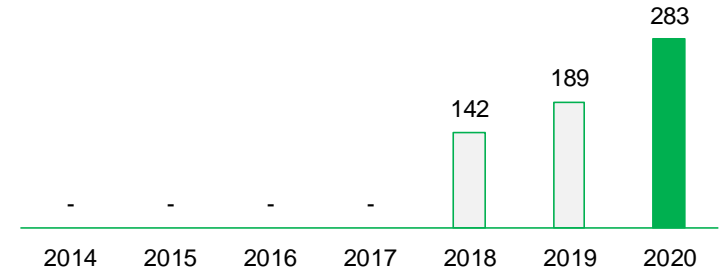
Combined Revenue



Combined EBITDA & EBITDA margin

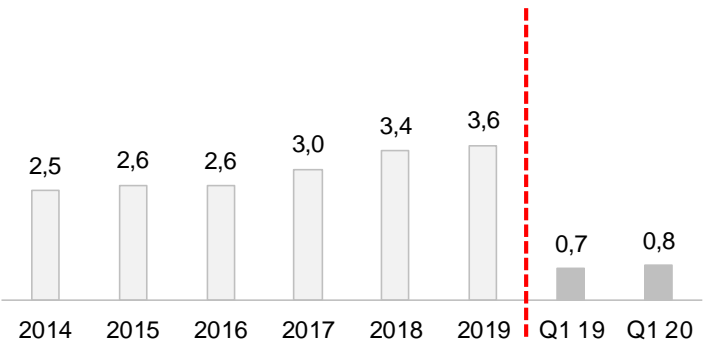


Dividends paid to Sabancı Holding (TL mn)

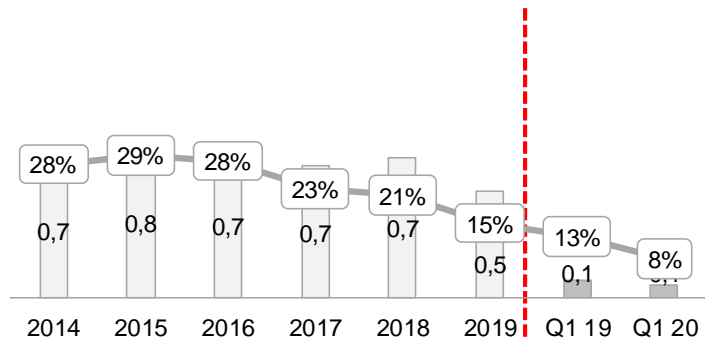


Building Materials

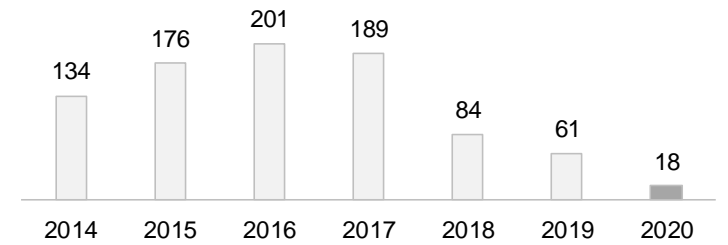
Combined Revenue



Combined EBITDA & EBITDA margin

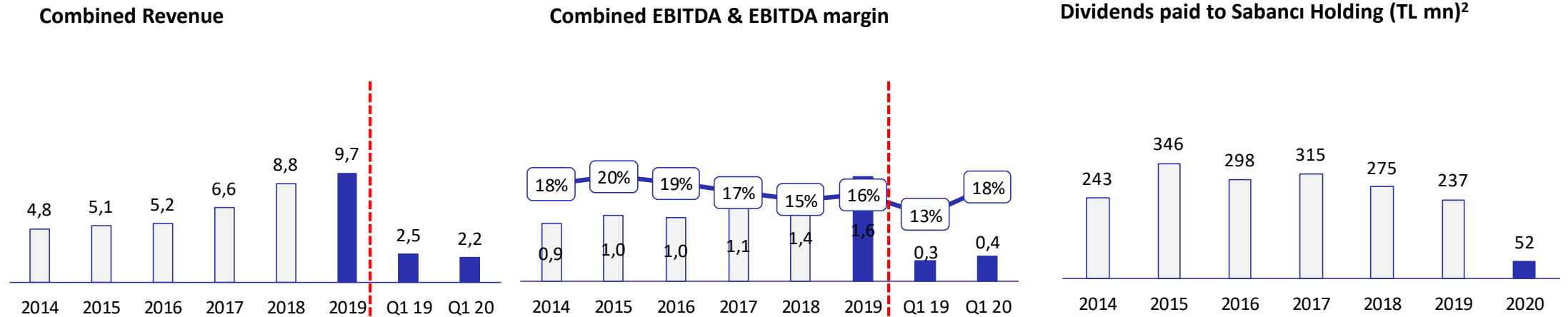


Dividends paid to Sabancı Holding (TL mn)

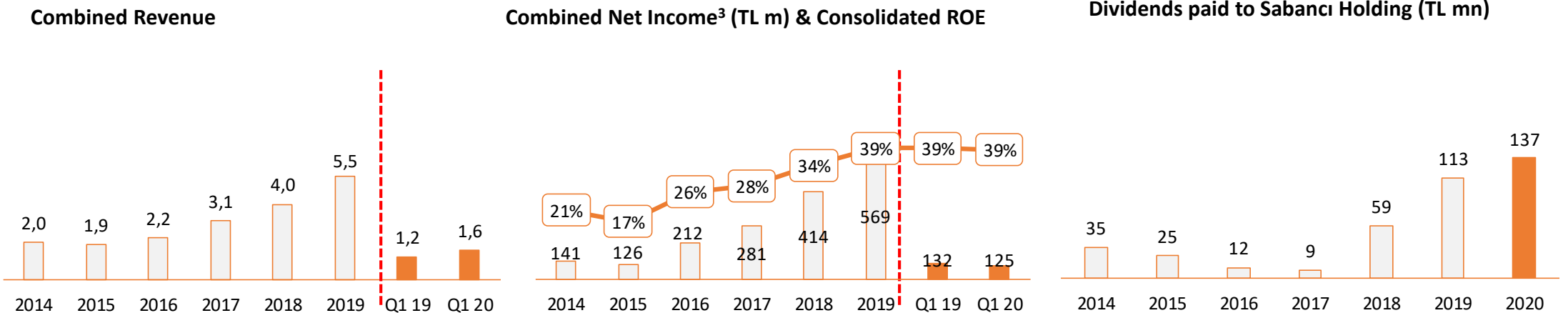


Business unit financial performance, TL bn¹

Industrials



Financial Services



1. Financials shown are before consolidation adjustments. EBITDA excludes one-offs 2. Includes tobacco business'

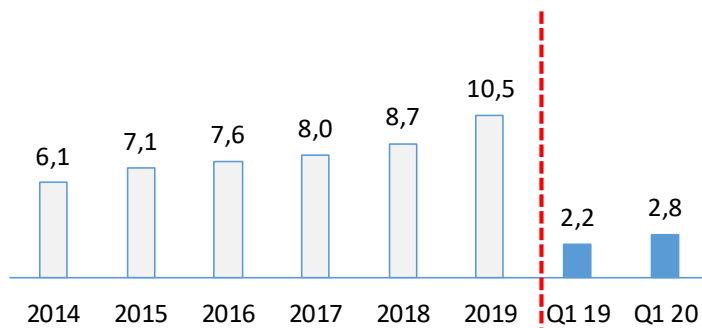
3. Excludes one offs

dividend

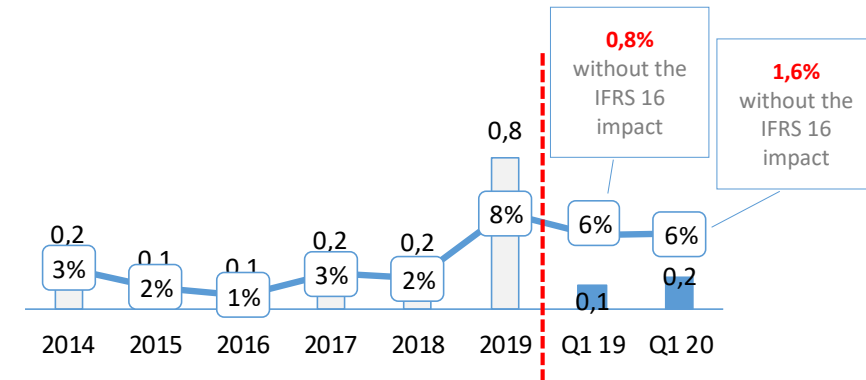
Business unit financial performance, TL bn¹

Retail

Combined Revenue

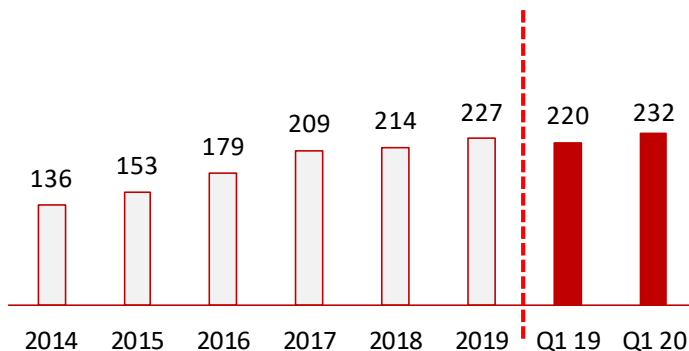


Combined EBITDA & EBITDA margin

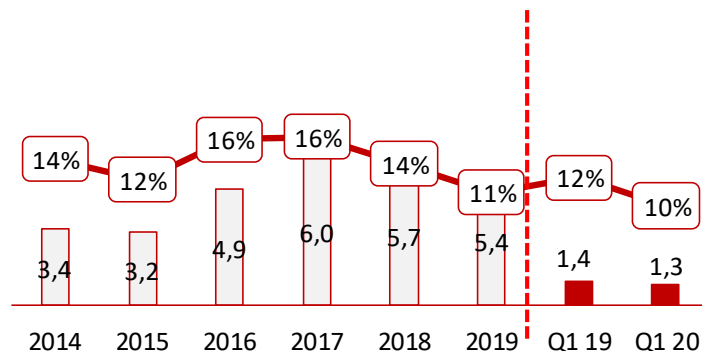


Banking*

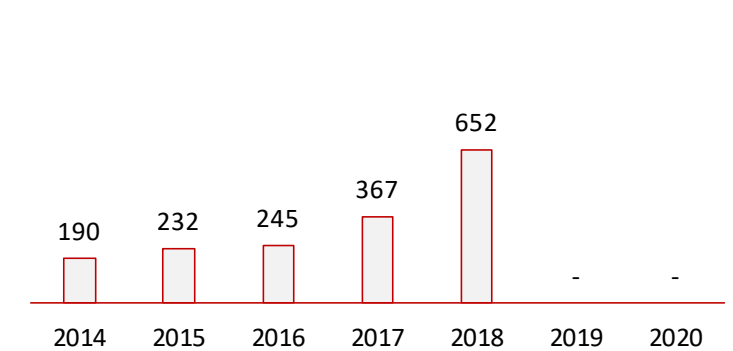
Total Loans



Combined Net Income & ROE



Dividends paid to Sabancı Holding (TL mn)

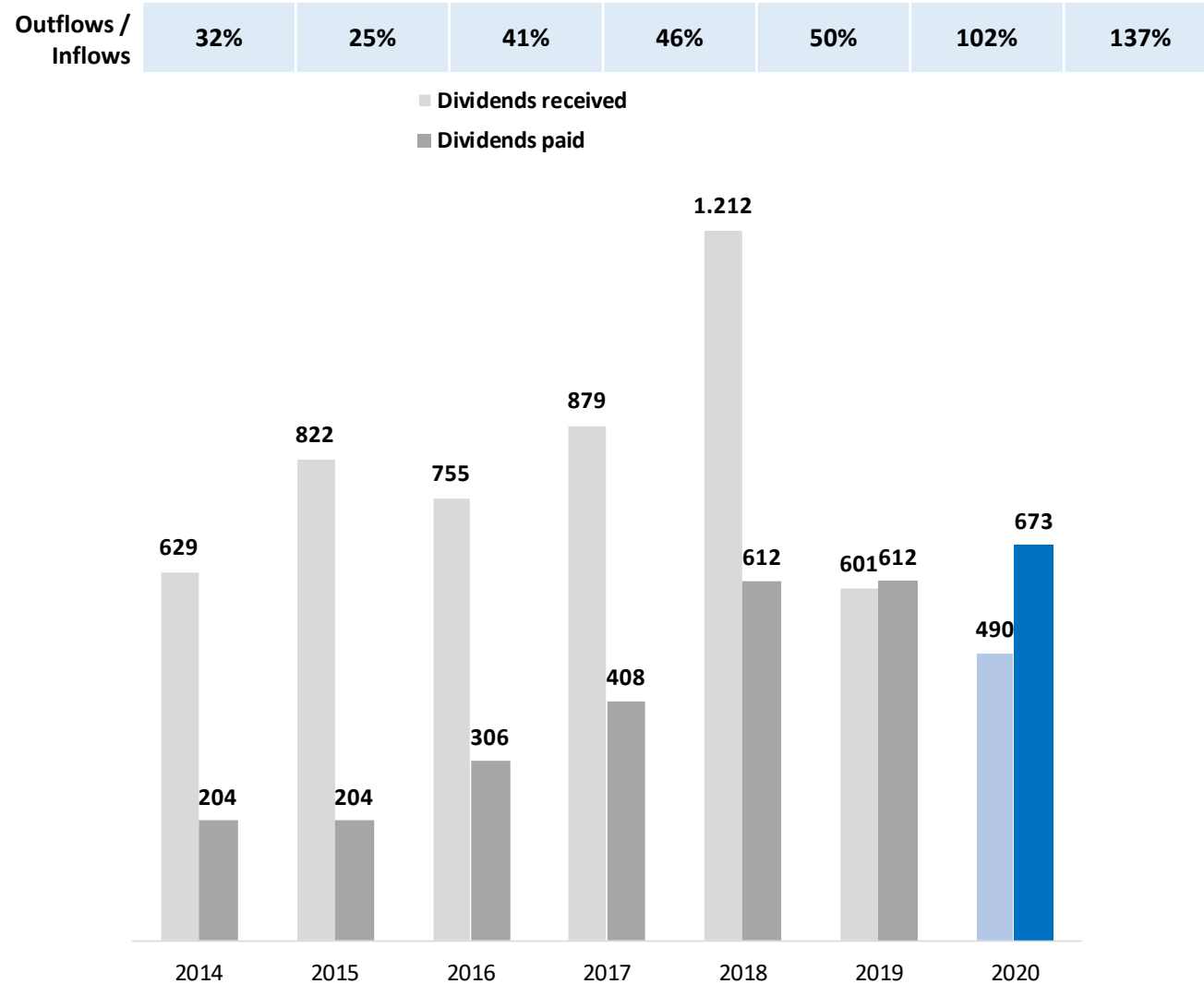


1. Financials shown are before consolidation adjustments. Net Income and EBITDA excludes one-offs

* BRSA figures are used for banking

Sustained dividend payments from portfolio companies

Sabancı Holding dividends paid and received (MTL)*



TL mn	Segment	2014	2015	2016	2017	2018	2019	2020
Akbank	Banking	190	232	245	367	652	-	-
Akçansa	Building Materials	57	90	102	94	51	61	18
Aksigorta	Financial Services	22	9	-	-	40	73	73
Avivasa	Financial Services	13	16	12	9	19	40	64
Brisa	Industrials	52	66	68	-	-	-	12
Carrefoursa	Retail	-	33	-	-	-	-	-
Çimsa	Building Materials	77	86	99	95	33	-	-
Kordsa	Industrials	-	48	43	41	48	48	35
Teknosa	Retail	27	10	-	-	-	-	-
Yünsa	Industrials	8	10	2	-	-	3	-
Enerjisa Enerji	Energy	-	-	-	-	142	189	283
Others	Industrials	7	4	6	-	-	8	5
Philsa	Industrials	176	218	178	274	227	178	
Total dividends received*		629	822	755	879	1,212	601	490
Total dividends paid out		204	204	306	408	612	612	673

* Dividends received as of March 2020

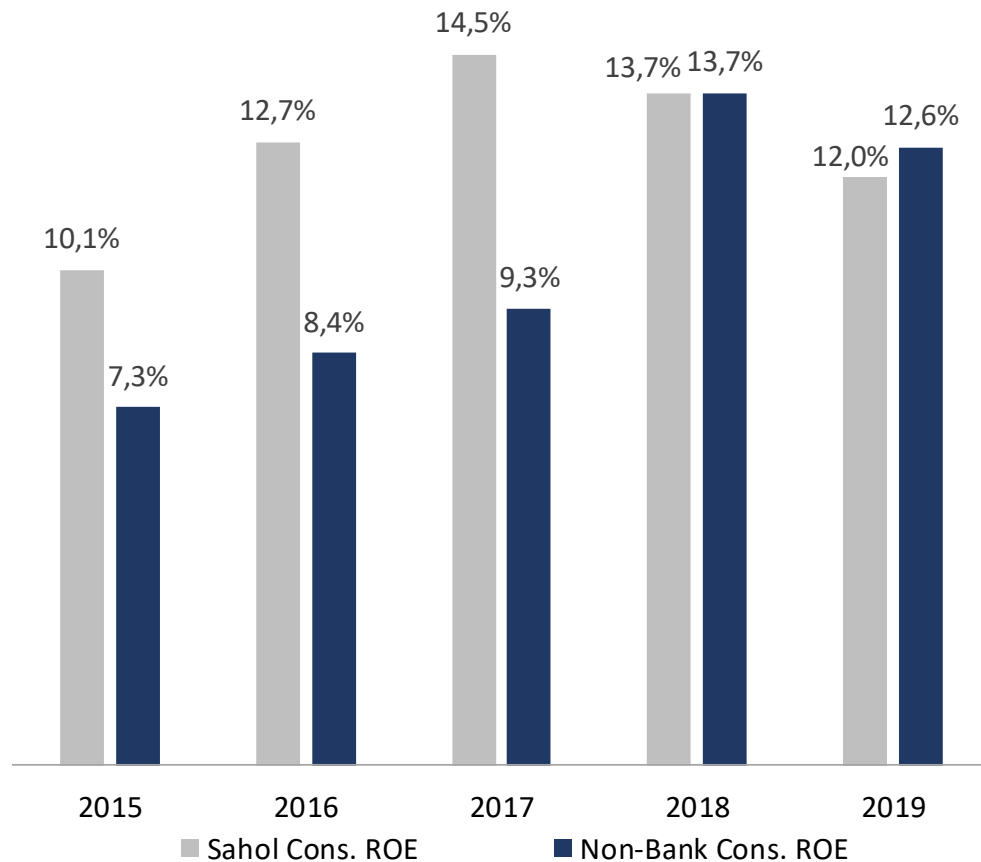
Sabancı Holding

Appendix

Introduction

Improved capital allocation and focus on performance has led to a favorable trend in Return on Equity

Return on Equity

Sabancı Holding consolidated ROE¹

Segment ROE ¹	2015	2016	2017	2018	2019	15-19 Δ ppts	Equity Share ²
Energy	0.4%	3.0%	4.6%	11.4%	18.2%	+17.8%	17.3%
Building Materials	22.8%	21.0%	14.6%	11.4%	0.4%	-22.5%	3.3%
Industrials	25.9%	30.4%	25.4%	18.7%	18.9%	-7.0%	7.5%
Financial Services	17.2%	26.0%	27.8%	33.9%	39.1%	+21.9%	1.8%
Retail	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	0%
Banking	12.1%	16.0%	16.2%	13.6%	10.9%	-1.2%	64.9%
Consolidated ROE	10.1%	12.7%	14.5%	13.7%	12.0%	+1.9%	
Non-Bank ROE	7.3%	8.4%	9.3%	13.7%	12.6%	+5.3%	

1. Excludes one-offs, banking results are BRSA based. Equity share attributable to Other segment = 6.0%

Sabancı Holding Discount to NAV and FX linked revenues

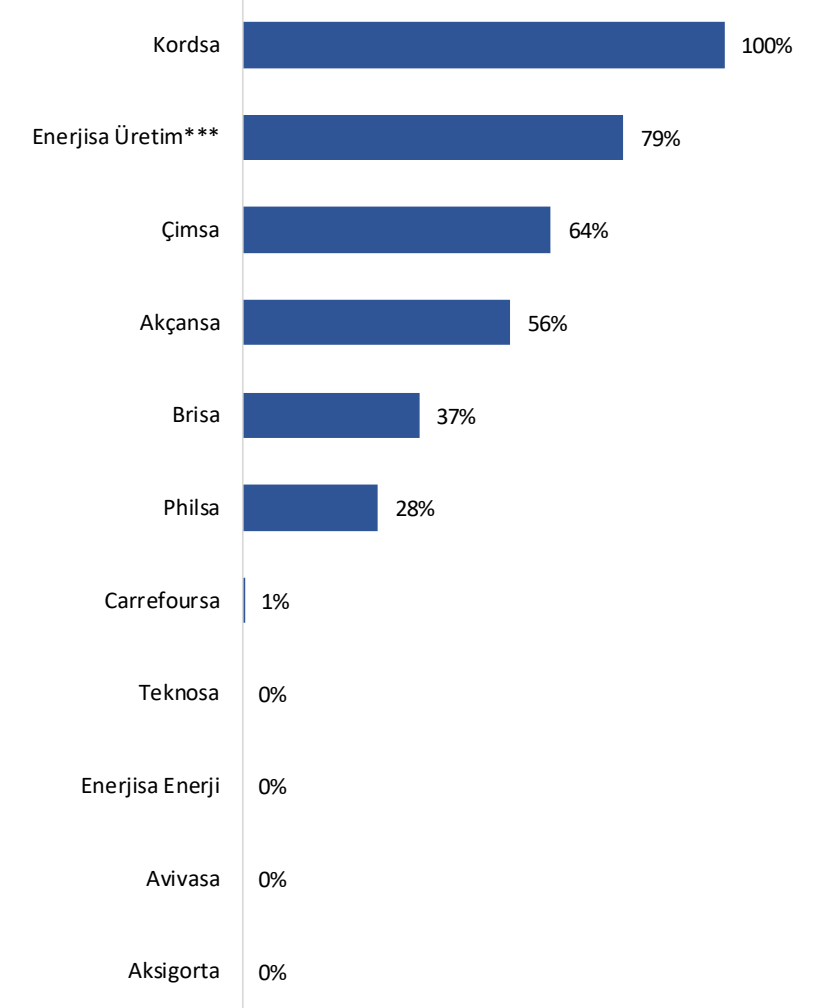
Sabancı Holding Discount to NAV

USDmn Companies	Direct Stakes (%)	Valuation Method	Mar-2020 Value of			Dec-2019 Value of	
			Mcap	Stake	% of NAV	Stake	% of NAV
Akbank	40,8%	Market value	4.428	1.805	38,3%	2.891	46,5%
Enerjisa Enerji	40,0%	Market value	1.218	487	10,4%	587	9,5%
Aksigorta	36,0%	Market value	216	78	1,7%	113	1,8%
Avivasa	40,0%	Market value	364	146	3,1%	169	2,7%
Akçansa	39,7%	Market value	205	81	1,7%	128	2,1%
Çimsa	54,5%	Market value	130	71	1,5%	113	1,8%
Brisa	43,6%	Market value	334	146	3,1%	213	3,4%
Kordsa	71,1%	Market value	281	200	4,2%	304	4,9%
Carrefoursa	50,6%	Market value	682	345	7,3%	281	4,5%
Teknosa	60,3%	Market value	102	61	1,3%	47	0,8%
Total Listed			3.420	72,7%		4.845	78,0%
Enerjisa Üretim	50,0%	1.0 x Book Value	913	456	9,7%	511	8,2%
Philsa	25,0%	Analyst Estimates*	1.508	377	8,0%	422	6,8%
Other		1.0 x Book Value		154	3,3%	153	2,5%
Total Non-listed			987	21,0%		1.086	17,5%
Total			4.407	93,7%		5.932	95,5%
Sabancı Holding Net Cash			299	6,3%		279	4,5%
Sabancı Holding NAV			4.706	100,0%		6.211	100,0%
Sabancı Holding Mcap			2.324			3.274	
Sabancı Holding Discount			-50,6%			-47,3%	

Source: Bloomberg, Sabancı Holding Finance Department

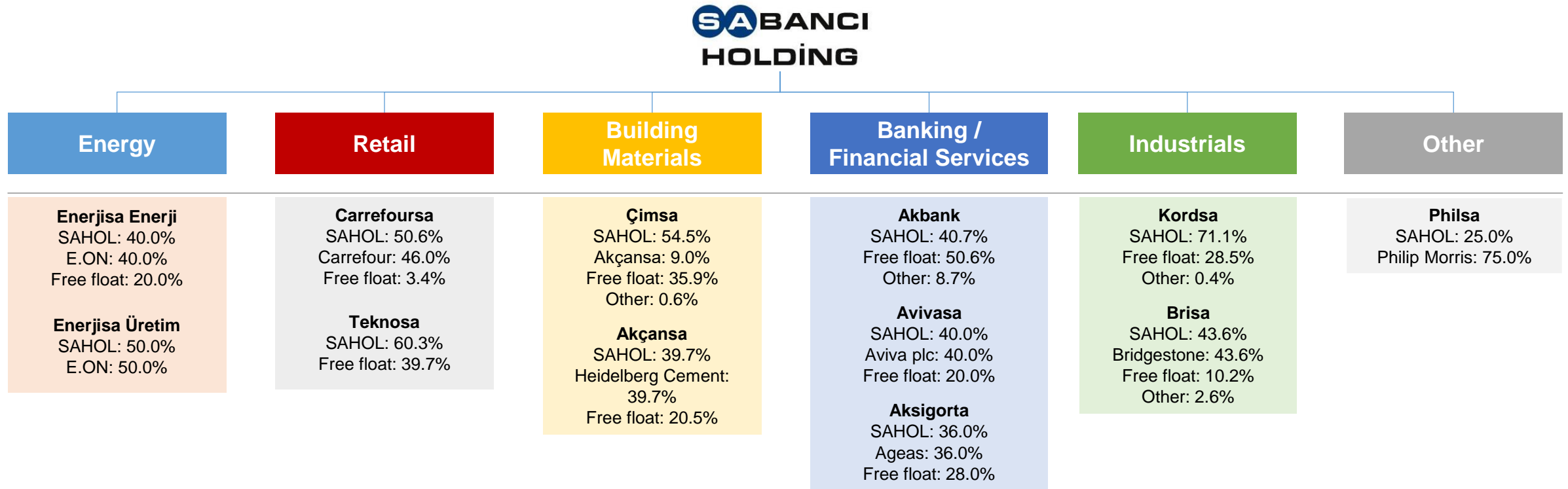
*# of Analyst Estimates: 14

Share of FX linked Revenues in Total Revenues



*** Share in EBITDA

Overview of corporate structure



Appendix

Sabancı Holding Earnings Reporting - Combined and Consolidated Numbers

Combined	Net Sales	EBITDA	Net income
Subsidiaries (1)	line by line	line by line	line by line
Joint Ventures (2)	line by line	line by line	line by line
Associates (3)	<i>Not included</i>	Proportion of ownership interest * Net income	Proportion of ownership interest * Net income

Consolidated	Net Sales	EBITDA	Net income
Subsidiaries (1)	line by line	line by line	line by line
Joint Ventures (2)	Not included	Proportion of ownership interest * Net income	Proportion of ownership interest * Net income
Associates (3)	Not included	Proportion of ownership interest * Net income	Proportion of ownership interest * Net income

(1) Akbank, Çimsa, Kordsa, Teknosa, Carrefoursa, Others (AEO, SabancıDX, Exsa, Tursa)

(2) Akçansa, Aksigorta, Avivasa, Brisa, Enerjisa Enerji, Enerjisa Üretim

(3) Philsa – PMSA

Subsidiaries	Segment	Effective Ownership%
Akbank T.A.Ş. ("Akbank")	Bank	40,75%
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	Retail	50,61%
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	Retail	60,28%
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	Building Materials	58,10%
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	Industrials	71,11%
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	Others	47,90%
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	Others	76,85%
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	Others	100,00%
Sabancı Dijital Teknoloji Hizmetleri A.Ş. ("SabancıDX")	Others	100,00%

Joint Ventures	Segment	Effective Ownership%
Aksigorta A.Ş. ("Aksigorta")	Financial Services	36,00%
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	Financial Services	40,00%
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	Industrials	43,63%
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	Building Materials	39,72%
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	Energy	40,00%
Enerjisa Üretim Santralleri A.Ş. ("Enerjisa Üretim")	Energy	50,00%

Associates	Segment	Effective Ownership%
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philsa)	Industrials	25,00%
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	Industrials	24,75%

Sabancı Holding Greenhouse Gas Emissions

GREENHOUSE GAS EMISSIONS (t CO2e)	2017		2018		CHANGE	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Sabancı Holding	1.359	5.671	733	3.632	-46%	-36%
Akbank	7.515	36.115	6.970	33.153	-7%	-8%
Akçansa	6.052.352	272.269	5.611.429	246.137	-7%	-10%
Aksigorta		857	44	199	--	-77%
Avivasa	1.835		32	660	-98%	--
Brisa	29.940	96.898	49.537	84.514	65%	-13%
Çimsa	4.100.000	256.853	5.218.962	296.900	27%	16%
Kordsa	35.995		26.903	84.094	-25%	--
Temsa İş Makinaları			63	156	--	--
Temsa Motorlu Araçlar			20.340	27.000	--	--
Yünsa	8.664	12.687	9.205	13.565	6%	7%
Sabancı University			31.190	1.571	--	--
TOTAL	10.237.660	681.351	10.975.408	791.581	--	--

Note 1: Enerjisa Üretim Scope 1 emissions 10.208.279 tons in 2017 vs. 6.236.050 tons in 2018. Deviation partly due to methodology change (energy factor constant in 2017, analysis results used in 2018) and generation amount

Note 2: Scope 1 emissions are direct emissions from owned and controlled sources, Scope 2 emissions are indirect emissions from the generation of purchased electricity

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