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Sabancı Holding Capital Markets Day, London

October 9th, 2024, 9:00 am UK Time

Speakers:

Kerem Tezcan, IR Director

Güler Sabancı, CHAIR

Cenk Alper, CEO

Kıvanç Zaimler, Energy Group President

Hakan Binbaşgil, Banking Group President

Haluk Dinçer, Financial Services Group President

Max Speur, Digital Group President

Burak Orhun, Material Technologies Group President

Orhun Köstem, CFO

Kerem Tezcan, IR Director, Welcome Remarks

Good morning and welcome to Sabancı Holding Capital Markets Day.

To those of you here in person thank you for joining us in London. We are so excited to have you here.

I'm Kerem, Head of Investor relations for Sabancı Holding.

We got an amazing, action-packed agenda for you today and we are thrilled to share Sabancı Holding's next chapter with you.

But first, disclaimers: we will be making some forward-looking statements that involve risks and uncertainties. We encourage you to review our disclaimer page in the presentation, which you can find in our website.

Let's go through today's agenda.

First our Chair Guler Hanım will make the opening speech.

Second our CEO will walk you through our transformation story that is underlining a digital future with a green promise on a global scale.

Third our strategic business unit presidents will help you to build the blocks for Sabancı Holding's next five-year outlook.

Lastly, our group CFO will wrap up the day and share the five-year guidance with you.

And finally, we'll have enough time for Q&A.

For the ones that are here in person, following the lunch, we will have 1-1 meetings with our group companies including Sabancı Holding. The day will end with a cocktail that will take place in May Fair bar, where we will have some time to socialize and digest today's messages.

Without further ado let me invite our Chair for her opening speech. Guler Hanım...

Güler Sabancı, Chair, Unlocking the Sabancı of the World

Good morning, you don't feel like a morning in this room, but it's okay, it's supposed to be like that, I'm told. Yes, distinguished guests, investors, shareholders, welcome to Sabancı Holding Capital Markets Day. On behalf of the Sabancı Holding Board, it's a great pleasure for me to be here in London with you and thank you to those tuning in to virtually also.

We are excited, as Kerem said, we are excited to provide an overview of Sabancı and the meaningful progress we are making on our strategic transformation as a leading company, not just in Türkiye, but also globally where we operate. Our CEO, Cenk Alper, our CFO, most of you know, Orhun Köstem, and the group presidents will soon share the details of our exciting journey with you, including why we are well positioned to advance in the markets we have chosen and deliver enhanced shareholder value. But before they do, I would like to express my heartfelt gratitude to them, our broader leadership team, and to our over 60,000 employees globally for their dedication, passion, and integrity, which brought us here.

Sabancı is one of the most respected and established investment holding companies with 99 years of history, and counting of innovation, market leadership, resilience, and financial strength. As we approach our 100th anniversary, we reflect on a legacy that began in 1925, just two years after the Turkish Republic was formed. It was a time of rapid industrialization and significant change, much like today with the advent of digitalization and AI.

Back then, we were a driving force in Türkiye's physical and financial infrastructure. And today, we remain at the forefront of innovation in our markets, fostering strong, diverse company culture and driving impact through our deep focus on sustainability. Over this time, we have built and maintained strategic alliances with global leaders, including Bridgestone, Carrefour, E.ON. This reflects our strong corporate governance, financial capabilities, and trusted brand.

At nearly 100 years old, of course, we have endured many different cycles. We have always embraced change with agility and ingenuity. Remaining ahead of the curve is the name of the game.

Building market-leading companies, we have been bold while prudently managing risk. And today, we are building on our strong foundation to architect the Sabancı of tomorrow. The critical ingredient to our success has and will continue to be our human capital.

It's our greatest asset. Our tremendous talent, combined with our unwavering commitment to sustainability, ethics, and financial performance, remain a core part of Sabancı's legacy and the future. I am proud that 44% of our board of directors and the 41% of our managers are women, placing us among the leading global companies committed to gender equality. It reflects our company's belief in the value that diverse perspectives bring to innovation and success. But while we have made great strides, this is my thing that we still have more work to do. We all know, all around the world.

So, I want to also highlight the importance of our minority investments in startups through Sabancı Ventures and our startup escalator program, Sabancı ARF. I'm very proud and very excited about it. These initiatives not only serve as a periscope for new technologies and breakthrough business models, but also bring an entrepreneurial mindset to our corporate culture, and with it, inspires and motivates the young talent that we have.

As you probably can tell, we are committed to creating a culture where our people are happy, thriving, proud to work for their company, to our company. In recognition of this, we were recently ranked the number one Turkish company among the Time Magazine's 2024 World's Best Employers, which is based on employee satisfaction, revenue growth, and ESG. Our commitment to Türkiye is not limited to its economic development.

We strongly believe that to have sustainable growth in our country, we must continue to contribute to its social and cultural development as well. With this belief, through the Sabancı Foundation, which celebrates its 50th anniversary this year, we have made meaningful progress in advancing equal rights and equal access to education. And also, 25 years ago, we established Sabancı University, and I'm very proud to see a graduate today, this morning, coming to me and saying I'm an alumni of Sabancı University. That makes my day. An institution that continues to lead in higher education and was recently ranked among the top Turkish universities by the Times Higher Education. Yes, dear guests, dear friends, at Sabancı, we firmly believe in Türkiye's strong potential and its future.

Over the past several years, we have all witnessed its economy face significant volatility. And we have weathered these turbulent times, controlling what is within our control, diversifying our portfolio, managing expenses, strengthening our balance sheet, investing for tomorrow. While we are not entirely out of the storm, which I'm sure you're all going to ask about, I am confident that Türkiye's economic and financial management is now heading in the right direction.

Inflation has been a challenge, not only for businesses, but also for government. The latest data released just last week shows that an annual inflation rate of below 50%, to be exact, 49.4, a strong indicator of the commitment to stabilize the economy. Let's not forget that we have made substantial progress from the previous level of 85%.

Today, all leading indicators suggest that 2025 will mark a much more conducive environment than what we have been experiencing. In line with our vision of becoming the Sabancı of the world, we are expanding our global reach and building platforms where we have deep expertise

or where we can deploy our proven track record of innovation, operational excellence to drive scale and ultimately compelling financial results, of course. Our priorities are clear, sustainable, digital, scalable.

You will hear all these about our focus areas shortly from the leaders of our businesses. In closing, I would like to reiterate that Sabancı is an ethical and reliable partner, a long-term reliable partner, for sustainable and forward-looking investments worldwide. Through strong corporate governance, a clear long-term vision, and an actively managed portfolio of leading enterprises, we are committed to creating stakeholder value, not only through strengthening our existing businesses, but also through investing in emerging secular growth opportunities.

We have done this successfully many times in our history, including, as you would know, when we established our energy group as our core business in 2006. Today, we have our sights set on digital, and you will hear about that also in detail. I'm very proud of all Sabancı has achieved so far as a team, and never have I been more excited about the future.

Thank you for all joining us today. We hope you find today, this time, educational and inspiring. Now, it's my great pleasure to introduce you to our CEO, Cenk Alper, who is leading this transformation.

Thank you for all being here. Cenk, the floor is yours. Thank you.

Cenk Alper, Board Member and CEO, Sustainable, Digital, Scalable

Dear guests, investors, shareholders, welcome, welcome to Sabancı Holding Capital Market Day, joining us online in this room. Normally, everybody calls in the organization, treating me as an energizing body. But excuse me, I have a little bit of sore throat, but I have a great team here. Now it energizes me. So, who do we have in this room? We have Sabancı Transformation Team that we formed five years ago. You know, there are two major elements of this transformation team. Our executive team, Sabancı Holding executive team, and the general managers of our holding companies. And we are striving for transformation. We are striving for change for the last five years together with them. It's not enough. We have CFOs and IR teams of the companies that you will listen to and meet today, throughout the day.

Who am I? I am Cenk Alper, a mechanical engineer. I joined Sabancı Holding 28 years ago, so I have a long career with Sabancı Holding, starting from operations, innovation, sustainability. I am a big believer in sustainability. I have spent five years abroad in the United States, in Europe, in different parts of our organization. And for the last five years, I am driving the overall transformation at Sabancı Holding. And really, I am proud to be part of this great team.

Yes, let's start our presentation. As you have seen, almost 100 years ago, it all started with a purpose. Sabancı Holding has always been a purpose-driven organization. And the leaders that you will see today are all purpose-driven leaders. They are not purpose-driven just for the company, but they want to contribute to society. They want to contribute to this planet.

I can tell that by heart. So, five years ago, during COVID, together with our younger generation, we revised our higher purpose. We unite Türkiye and the world for a sustainable life with leading enterprises. We put sustainability at the core of our higher purpose. We believe that sustainability is not just for the planet, but sustainability, meanwhile, is a new-born economy. And we do believe that all our enterprises will contribute to value creation through sustainability and will bridge Türkiye and the world to create world-leading organizations.

But before going into the details of the strategy, let me highlight some foundations of Sabancı Holding. As Madam Sabancı mentioned, we are almost 100 years. So, we have a strong heritage. We are leveraging this heritage. We have had strong partnerships throughout the years. We have been known as the best partners from the United States, from Europe, from Japan. We always build very strong partnerships that increase our transparency, that increases our governance standards. In the last five years, we have increased our net asset value from \$6 billion to \$10 billion. At the end of the presentation, Orhun will share the new commitments to you. But I believe this track record will really confirm that we will be able to deliver what we promise. We have 15 portfolio companies.

It's a continuous transition, transformation. And those 15 companies are very well positioned in 16 different countries with more than 60,000 employees. And almost 12 of them are public right now. Together with Sabancı, we constitute 6% of Istanbul Stock Exchange. So, we are important for the country also. And sustainability. We are committed to sustainability. It's not just in words, but it's in numbers. So, we were the first holding company in Türkiye announcing 2050 net zero targets and then strengthening this with 2030 interim targets. So, in scope one and scope two emissions, we committed ourselves to decrease our total emissions 42%. And in the last two years, we have already decreased by 20%. So, we do what we say.

Let me continue. So, why we are here? What is the value proposition of Sabancı Holding? First of all, we have been known as the best proxy for Türkiye, but with an expansive global vision. We have global companies or companies on the road of becoming global in our system. Second, we have a very strong DNA of partnerships and portfolio management. And we use this for growth. We use this for our competitive advantage. We have an excellent balance sheet. You know, you will see with numbers that balance sheet supports growth, that balance sheet supports value creation throughout the organization. And, you know, scalable is a new word. Everybody talks about, you know, digital. Everybody talks about sustainability. But for us, I believe, in order to be able to grow faster, we should be focusing on scalable industries so that we can improve returns, we can provide you with higher growth.

We are pioneering, climate transition in Türkiye, but it's not limited to Türkiye. Right now, our projects in United States are also helping climate transition in United States. And we are very committed into that. But it's not just the climate transition. You know, with the expertise that we have gained in Türkiye, with the high governance standards we want to increase our returns. And really, we want to be helpful to the planet.

Finally, the management team that you will see and meet today, I think they all have a strong track record. Track record of innovations, track record of turnarounds, track record of IPOs. So, we are all together committed to deliver 2029 promises that you will hear soon from Orhun.

Yes, if you look to the graph on the left side, upper left side, you know, our growth is parallel with Turkish growth, most of the time. But in difficult times, in volatile times, we are even better. Why? Because we have strong B2B businesses. B2B businesses provide resilience. That's extremely important. And throughout the last five years, we were trying to increase our FX share to balance Turkish lira volatility. And we have come to the level of 20%. And we will increase this further through international investments, through export companies in Türkiye, or like in the feed-in tariff cases in our energy business, you know, FX-valued businesses in Türkiye. Now, this is an important graph.

This is a continuously changing organization for us, for Sabancı Holding. These valuable companies are our products. We want to acquire them. We want to form them. We want to

transform them. We want to change them to a greater organization. You know, five years ago, when I first became the CEO, we listened to you. You are our customers. And when we have listened to you, you are concerned about the dominance of the bank in the net asset value. It was almost 60-65%. Today, the second column, energy, constitutes one-third of the net asset value. So, it has grown and will further grow. Material technologies... You know, it was industrials. Now, looking to the trends, looking to the future, we said that as Sabancı Holding, we must focus on sustainable growth areas. So, we have restructured industrials between mobility technologies and material technologies. On both fields, we have expertise that we can deploy globally. That's why we had a major transformation last year by separating industry into two different groups. And in 2023, this year, we have formed a digital group. It's a remarkable point. Remember 20 years back, when we had formed the energy group. You know, we had all started the game with an auto production plant for our industrial companies in Izmit. That small auto production plant generation became a 4-gigawatt energy giant with 25 million customers of energy distribution companies. So now, we want to repeat this story because we do believe that there are extremely strong synergies between our energy business models and digital business models. And you will hear this from Kivanç and also from Max. So, this is a great transformation, and you can be sure that we will not stop here.

And this graph also shows us two things. We are strong in Türkiye and like the climate technologies, like Agesa, like Kordsa, like Çimsa, we have companies who can grow beyond Türkiye. Yes, in the last five years, we have been extremely busy with portfolio moves, not just investments, but also divestments. Remember that we exited the tobacco business five years back. We have utilized that capital, not only the capital, but also the cash generated by our companies. In the last five years, we have deployed \$2 billion of investments. 70% of this has gone to energy and climate technologies. 30% has gone to material technologies and digital and will further grow. And we do this at two levels. Sabancı Holding level, as we formed the climate technologies, and also subsidiary levels. Probably you have witnessed the biggest transformation of Çimsa. Just last week, we have announced the acquisition of Mannok, for example. So, at the company level, but also the holding level, we are very active in portfolio moves. Yes, it was in 2020, if I remember correctly, December, that we could join you online to present our midterm plan on the capital market day. Now, you know, we must revise our midterm guidance. Why? Because of the inflation accounting practices. So, during that time, we have promised you to deliver on these parameters. As you have seen, most of them we delivered, and the others are on track. And on some of them, like the CapEx per sales, we are ahead of the plan, by almost two years. At the end of the presentation, as I mentioned, Orhun is going to give you our new midterm targets. So, as we all witnessed together at the beginning of this year, we have started to implement inflation accounting in Türkiye. That has implications. That has implications on every single financial line. For example, normally cash is king. But with inflation accounting, cash is burning us right now. You know, for example, where a bank is very cash rich, the bank writes with inflation accounting some monetary losses. But does that mean that our bank is not healthy? No, our bank is extremely healthy financially. So, this is a transition period. As inflation will go down, I think our financials will correct itself. And we'll go over this transition period as the overall country. But I can easily tell you that in bank and in non-bank, in all companies, we have a strong balance sheet. Yes, that's the indication of our strong balance sheet. As you see, our indebtedness level is still low. We don't use any loan at holding level. And we have 12 billion TL cash at the holding level, which prepares us for further growth. Despite the increasing spendings in the last couple of years. So, we are increasing our capex for growth. Despite that, we still have ample cash at the holding level. And, you know, growth, growth, growth. But value creation is important. In the value creation, relative total shareholder value is extremely important. And dividends are extremely important. You know, on the left side of this graph, you see the balance of bank and non-bank inflow dividends. They are in balance. So, that's a good sign. On the outflow, you will see on the right side of the graph, that actually we

have increased our dividend distribution 19% in the last five years in USD terms. Our policy is to distribute 5-20% of our net income. And we have used as a practice for the last couple of years to distribute dividends at the higher end of this. And be sure that we'll continue this during inflation accounting time. So, how do we create value? How do we provide growth? You know, we have operational excellence, I think. With our partnerships through Japanese companies, I think we are one of the best-in-class companies in operational excellence.

Financial prudence, financial excellence, I think we can tell that we are extremely strong. We are ready for transition risks in sustainable economy. So, in our sustainable roadmap, on one side we are investing in sustainable new businesses, but on the other side, every single company in the portfolio is decreasing their transition risks. And this is approved by, for example, CDP. You know, you will see a couple of slides later. You know, we had three global A-class subsidiary companies in the portfolio. Now we have nine. That means that every single company in the system are dedicated, committed to sustainability, to decrease their risks. And how do we create value? We create value by investing in more innovation, by investing in sustainability, by investing digital, and using digital for sustainability, using innovation for sustainability. That's extremely critical. A couple of examples. You know, we have been able to decrease our overall emissions by 20% compared to 2021. Water, a very critical element, 24%. We are increasing our renewable investments to four gigawatts at the end of next year. Our companies, almost all of them right now, are using renewable energy sources for their own consumption. They are extremely important. Why do we do that? Is it just for reporting? No, because it makes business sense.

Through those actions we have been able to reach favorable funding and incentives like IRA in United States or feed-in tariff cases in Türkiye. Now, you know, let me share with you how we see the trends in the world. You know, if you look at the trends, we see that net zero transition will be in the core coming five to 10 years. And this transition, of course, has an impact on all the industries that we are operating. There will be an energy and climate transition. There will be mobility transition, material transition, digital transformation. Now, and if you remember the slides that I have shown you in our organizational structure, we have a digital SBU. We have an energy SBU. We have a mobility SBU. We have a materials SBU. So, we are very well prepared, actually, to deliver on this transformation. This is an example slide. This slide shows you these are industry benchmarks. In every industry, you have conventional businesses in energy like fossil fuel and renewables, similar to digital, similar to material technologies. If you look at the growth rates and multiples of this you know, sustainable businesses are at a higher growth pace, and they deliver higher multiples. So, all the cash we generate from our system, we are investing them into these new economies.

But today, we are different than the conventional ones. Why? Because at the same time, we divest difficult businesses, like tobacco business. At the same time, we use the full power of digitalization to transform. At the same time, we use operational excellence to improve our efficiency. That's why you know, our multiples are better than those of conventional industries. But if we can combine this with the new growth platforms, we do believe that as Sabancı Holding, we will have higher multiples, and the discount level will improve going forward. And all of this, as Madam Sabancı mentioned, is backed with a very strong governance. We are not a family company. We are a public company.

Yes, we have strong shareholders behind us, but they are all committed to strong governance structures. I think the partnerships, global partnerships that we have executed so far, we learned a lot from them. We learned a lot from their transparency and governance practices.

Today, Sabancı Holding family, as Madam Sabancı showed, sits on the Sabancı Holding Board. All the subsidiary boards are managed by professionals. The executive team and I are the responsible people for execution. That's critical. At holding level, at subsidiary level, committees are guaranteeing good governance practices, are guaranteeing sustainability. For example, we are the only holding company, probably the only company in Türkiye having a sustainability board committee. That's extremely critical. So, and then we have key policies, hard policies guaranteeing that, you know, this governance standard is in place. But you cannot just rely on hard policies. I think the tone at the top, at the board level, at our level, is extremely important for this governance. And another important thing is, we deeply believe in diversity. Diversity of gender, diversity of different ages, diversity of different nations.

And, you know, in the last five years, we have appointed, you will see them today, three women CEOs to our subsidiaries, and we have included three women to our Executive committee. We don't have any subsidiary with all male boards. In every single board, being public or unpublic, we have always a female member over there. We try to improve our board's compositions with different backgrounds. Backgrounds from digital, backgrounds from technology. So that we give strong strategic direction to every single company with strong boards.

And, you know, all the ESG indices are measuring your sustainability efforts, you know, climate efforts, are measuring your transparency efforts, governance efforts, and also, they are measuring your social efforts. At MSCI, we are the only, investment holding company in Türkiye with double A rating. If you remember the mid-term targets, our target was single A. We are right now at double A. Proud to say that we have nine global climate leaders in the system. That's extremely important. But one award is extremely important. You know, Brisa was the first company in Türkiye receiving EFQM Global Award. In 1995. You know, after almost 30 years, as Sabancı Holding, we have received the EFQM Global Award, six stars, with a special recognition on sustainability.

This is unique. And this appreciates our operational excellence, business excellence practices, but also appreciates our sustainability efforts. You know, when I became the CEO, I asked myself, what does the value add of holding? And who are our customers? Because as a holding company, we don't have products or services to sell to anybody. And our customers are you, our shareholders. And we continuously listen to you. You know, Kerem, Orhun, group presidents, me, we meet with you more than 500 times a year. And in every single meeting, we note your feedback. And, you know, we create digital maps of this. And now from that, we create action plans. Because this is our culture. If you put your customers in front of everything, then you can improve. And at Sabancı Holding level, you are our customers. And we are very honored, very happy to receive in the last three consecutive years, these great awards from you. This is given by the Institutional Investment Society. And three consecutive years, best board, best CEO, best CFO, best IR team. This is a great recognition, and we are thankful to you. Yes, this is our executive team. You will hear and listen to them. But it's not limited with that. All the Sabancı Transformation team are here. And you will meet with them one by one in the afternoon. And I have heard that all the slots are full right now. So, you will be able to listen to their equity stories also. But I'm grateful to them. Thank you to the team. So, with that, I want to close here. And I think more interesting stuff is coming. Because this is a 50,000 feet overview of Sabancı Holding. And it's extremely difficult. But now my teammates, starting with Kivanç, will explain to you our roadmap at every single industry.

And we start with energy and climate technologies. Kivanç.

Kıvanç Zaimler, Energy Group President, Local Strength, Global Reach: Shaping Energy's Future

Good morning, everyone. It's a big pleasure to be here together with you as a representative of Energy Group in this great and diverse orchestra of Sabancı Holding. I mean, Energy Group has an important role within Sabancı Holding, like the wind instruments indicated in the video, quietly but powerfully contributing to the direction and success of the whole.

Let me introduce you myself, Kıvanç Zaimler, Energy Group president for the last 32 years in professional business life after an engineering background and two-thirds of the time I spent in the energy and around energy topics. And I would say if I included earlier this, more or less all-around touching energy, because today everything touches energy. And I joined Sabancı Group in 2008 through Enerjisa and I have had the privilege to work in different divisions of Enerjisa in trading function, in distribution and in retail.

And in 2016, I have been the CEO of the entire organization, including generation, trading, distribution and retail. And in 2017, we had taken a strategic decision to split the businesses in two, as you will also see in today's presentation. Distribution and retail and generation and trading. At that time, we successfully did the largest IPO of Türkiye, and we have further strengthened our generation trading business afterwards. And in 2018, again, I've been appointed as the Energy Group president within Sabancı Holding. Today, I'm the chair of all energy companies within the group. Apart from my role within Sabancı Holding, I am also quite active at national and international level at energy platforms, advocating for both our business and global sustainability and energy transformation, Türkiye and the world. Apart from several roles at the NGOs in Türkiye, I'm an active participant of World Energy Council, representing Türkiye in the world scale, and an active member of World Economic Forum, advanced energy technologies, and an active contributor to climate forums as an observer at COP event.

So, these are the takeaways that I expect you take at the end of the day. At the heart of our focus, we have the electrification, advanced energy solution for the energy transition. These are guiding stars, and this will steer us to long-term success. And then, the middle column shows our commitment to growth, investing in more clean energy technologies, investing more in distribution networks, and in all adjacent areas which create also opportunities for growth. And lastly, our earnings, we expect to grow while maintaining stable profitability and paying attractive dividends. And we ensure that the value we create will be captured and crystallized. So, these were the takeaways. And if I come to the business lines, here you see the three businesses, three companies, and two of them are based in Türkiye and the other one in the US. And starting with Enerjisa Enerji, the number one largest distribution and retail company of the country. And as the company is publicly traded, I believe you know it quite well. Operating in three regions, serving Istanbul, Ankara, and Adana, to a population of 25 million, which means one out of every four electricity consumers is a customer of Enerjisa Enerji. Think of the population, urbanization, the young population, consumption per capita. Still, it is half of Europe average, one third of Germany. This means huge, great investments. There is a supportive regulatory environment, incentivizing great investments. And this is a regulated business where the earnings are quite secure. And this business also brings other growth opportunities in its adjacent areas, like customer solutions, e-vehicle charging stations. These 25 million populations, around 11 million customers, is a big advantage for the further growth of the business. And in a very supportive regulatory framework, guaranteed earnings, growth opportunities.

When I come to Enerjisa Üretim, the number one generation and trading company, the largest private company, generating electricity in five different technologies, the portfolio is aligned with

the Turkish energy mix. And like many other energy markets, it's a US dollar driven market, a well-diversified and balanced portfolio. And what can you do more? You can focus on optimization and maximizing your profitability. And today the established capacity is 3.8 gigawatts. But this number is increasing towards five gigawatts. And the biggest contributor is a one-gigawatt YEKA wind project. For those who are not familiar with the energy terminology, gigawatt or etc, one gigawatt addition will increase the Turkish wind capacity by around 10%. And the overall generation is equal to around one fourth of London's metropolitan area consumption. Türkiye will grow and Enerjisa Üretim and shareholders have the appetite to grow further.

And Enerjisa Üretim is also active in energy commodities at the global level. Commodities like power, natural gas, carbon and carbon certificates, and offering digital services and developing new emerging business areas. When I come to the third column, Sabancı Climate Technologies in the USA is fully owned by Sabancı Holding, unlike the two companies in Türkiye, where we have a very successful partnership, joint venture with the German and European utility E.ON. Here under Sabancı Climate Technologies, we operate under two focuses, under two companies. Sabancı Renewables is building and operating renewable projects, so far solar projects. And as you know, the US is one of the most attractive growing markets, not only because of its size, but also the incentives, the supports for the new investments. Today, the capacity is half gigawatt, with a target, with a growth target, solid target, up to three gigawatts in the near future. But here, it's not the number one company in the US scale. Our game plan here, to focus on crystallizing value and maximizing our return to our investors. And the second business here is Sabancı Climate Ventures, investing in disruptive technologies in energy and climate tech. And through venture capital funds, or directly into startup, this is a business not only offering returns, attractive returns, but also opportunities for us to create in the future for new business area.

So, this is a summary of the three companies under energy group. And let me touch about the game plan. It's very simple. Use the left part, what we are having in Türkiye, and bring it to other market, developed market, like in the United States. In Türkiye, we have significant expertise. First of all, we have a skilled workforce. We have strong resources, willing in technology, in size, in financial stability, but most importantly, regulatory management. The Turkish energy market is quite new after liberalization. That's a maximum of 20 years. And we are one of the biggest contributors, hand to hand, with our regulator, with our policy makers, to shape the Turkish energy industry in a better way. We are a real contributor to the energy transition of the country, with our good examples.

In the US, we use this experience in a very highly competitive market, but what can differentiate us? It's our agility. So, as we are increasing our capacity, we are also considering quick growth options like capital and equity recycling, and the crystallization of the value. So, it's a defensive structure, but on the offense, let me use some sport and football analogy. I mean, we play defense, but on the offense, we are quite agile and opportunistic. I like this word, volatility. It's like an orchestra in uncertain conditions, and a musician or an instrument is broken down, but the conductor guides the orchestra in the best way. We adapt quickly. All the players adapt to changes very quickly, and we keep the music flowing, like in business, flexibility and teamwork. This is our biggest and strongest muscle, I would say.

We know how to play music in volatile environments. Let me start with distribution retail. I talked about population, right? Increasing. Customers are increasing. Consumption per capita is increasing. Everything is increasing. The country is growing, so the distribution network should also grow. This needs investments, and this is a business model, which is where the earnings are heavily coming from investments. An attractive return of real 12.3% over the investments.

And if you ask me, what is the growth potential here? It is unlimited. Türkiye's network is 40 years old, and we need new connections. Even this morning, I received a call from the president of the regulator, asking us to realize more investment. So, this is a real growth story around distribution and retail. I'm not even talking about the customers. When I come to energy generation, it's about the installed capacity. Türkiye needs secure energy. Türkiye is growing, but Türkiye also needs affordable energy. And also, Türkiye is on the way to net zero. Türkiye needs also clean energy, and it comes with renewable capacity. And this shows the growth in the capacity in the gigawatt or in megawatt. After a successful transformation turnaround period, the company has successfully initiated the second growth, and the capacity will be reaching five gigawatts. These are all under construction, and this will even further grow in line with the growth of the country. And both companies are making all those investments with their own funds. They are not asking for any fresh equity from their shareholders, while keeping their debt level, their balance sheet at a healthy level. So, growth on the left side, healthy balance sheet on the right side. Let me give you some examples. Just touching every point around the value chain is \$1.3 billion investment in wind in Türkiye around \$600 million investment in the United States. And there's operational expertise, digital capabilities, but most importantly, there are people behind this, our teammates, thousands of them, who are really realizing these projects. And we are lucky, not we are lucky, we are well prepared still to attract the talents of the country or anywhere where we operate. This can be only done with people. Look at the electric vehicle charging stations. There is just a number here starting with two, I believe, 2,163. In Europe, have you seen such a large network of electric vehicle charging? Also with our people, and also with our digital capabilities. When I say digital, today there are many in-house developed digital capabilities, which have been converted to products. And today Microsoft is marketing this project to utilities, international utilities. So, an in-house product became an international Microsoft branded product. And thanks to my roles in the company, but also in the sector, especially in Europe, I can say these are the best examples on the European scale.

And sustainability is at the heart of our business. We are committed to achieving a net zero target by 2045. And this has also led us to new opportunities. Not only us, but all companies in the country would also like to reach those targets, they need to be transformed. And more than 100 large companies, industrial companies, asked for our help in their own energy transition journey. And this has become a new business area for us. Installing solar power plants, efficiency solutions, heat pumps or whatever, lightings, those companies. We are contributing to the journey, not only to ourselves, but also of the industry of the country. And finally, through our corporate venture capital, the Sabancı Climate Venture Company, we also invest in new energy and climate tech funds, both through the funds and direct startups. Today, we have Fusion on our agenda. We have SMRs in our agenda. And we are exploring all disruptive technologies. So, we stay ahead in a rapidly changing environment, and to be part of this transition. Not only the part of the transition, to lead the transition, especially in Türkiye, and also in the global scale.

To summarize everything, our approach towards energy transition comes with growth and return. All those areas that you see on the left side, renewable, distribution networks, customer solutions, digital services, trading, venture capital, these are all growth areas. They have significant growth potential. At the same time, we are also focused on delivering stable profitability and consistent earnings growth. And which also allows us to offer attractive dividends to our investors. And we also would like to enhance and realize the value across all our businesses. So, in short, it's a game plan. It's a strategy that balances both growth and the cash generation. Thank you very much for listening to me.

And I'm giving the floor to Hakan for the banking sector. Thank you.

Hakan Binbaşgil, Banking Group President, Financial Powerhouse to Capture Sustainable Profitability

Good morning, welcome again. It's a great pleasure for me to be here today.

And for many years in my previous role, I had the privilege of having many, many meetings with you. So, it's today like reconnecting with some of my old friends here. And for those who don't know me, I am Hakan Binbaşgil.

I've been in business for more than 35 years. I started my career here in London. At that time, it was called Anderson Consulting, so it's now called Accenture. We did a lot of work here in the city at that time. Then I moved to the other side of the table. I became a banker. I worked for another local bank in Türkiye for almost 10 years running the retail banking part there. And about 22 years ago I joined Akbank. And I was responsible for the modernization, for the transformation of the bank. So that's what I did for the first couple of years. And then I started running the retail bank. Then I became the deputy CEO. And then for about 12 years I have been the CEO of the bank. And as of last year, I smoothly handed over to Kaan who is here with pleasure, my old colleague. We have been working together for many, many years. Now Kaan is steering Akbank with passion, with energy under his leadership. And now I'm the vice chairman of the bank and executive board member of the bank. And also, president of the banking group.

I couldn't really be prouder regarding the team we have in place at Akbank, the strong executive team. And also, the level of sophistication that the bank has in terms of infrastructure. Digital capabilities, AI capabilities, human talent which we have invested significantly. And the innovation culture.

So, in short, that's what I would like to say. Today I really have three key messages for you. First of all, the growth potential of our country, Türkiye. There is tremendous growth potential. Yes, we have maybe certain challenges and so on. But the growth potential is huge. First, it is the youngest nation in Europe. So, I think that's a clear advantage. There is this digital adoption, high digital adoption in the country. That's also something very important. There is this rising female labor force in the country.

So that's also something very positive for the country. And despite all that, still there is this limited penetration in terms of households as well as the corporate sector. So, the growth potential is there. My second message is about the operating environment that we are in. As you know, we are fighting against the high inflationary environment in Türkiye. And because of this, there are lots of macro-prudential measures. And unfortunately, that is really putting a lot of pressure, especially on bank profitability across the system. But what I can say, this is something temporary. So, in a declining interest rate environment, banks' profitability will be restored again. Hopefully by the end of this year, at the beginning of next year. And still the banks will be able to deliver good results as in the past. And my third message is about our institution, Akbank. I think the bank is exceptionally well positioned in the sector. It's not only because of its capital, financial strength, but also the brand. These are given. But in the past, we have done so much homework. So, when you look at the infrastructure of the bank, the digital capabilities, AI capabilities, the human capital, innovation culture. I think that's putting Akbank in front of many other banks.

Looking forward, I think that the bank is very well positioned to capture this additional growth potential, revenue generation potential, and shareholder value creation. And, one thing that I would like to mention, Akbank now is 76 years old. There are very few companies in Türkiye

who has been, year after year, has been so successful. And I have to say that that is also within the DNA of our holding company. So, they know for many, many years. It's not only the current management that we have. But year after year, I think they managed Akbank with care. So, they really made Akbank a great financial powerhouse in the country. So that is within the DNA of the holding company.

Some figures about Akbank, about Türkiye. First of all, it's a 1.1 trillion-dollar economy, sizable population, 85 million people. But I think what is more important is the demographic situation, about 22% under the age of 15. So that is an asset for the country. Only 10% are above 65 years or older. I mentioned about this female labor force participation.

There's this untapped potential there. And when you look at the banking statistics, also there is a great untapped potential. Loans, only 40% of GDP. Deposits, only 50% of GDP. And when you look at the consumer side, like household debt, only 10%. Well, well below the European or many other countries numbers. And mortgages are only 1.5%. And when you look at the level of digitization, digital banking customs, there is this exponential growth in the country. And, of course, the demographic situation in the country is also helping us in that. I already mentioned Akbank's strong positioning in the country.

I think it would be an underestimation if we call Akbank a bank. I think it's a financial powerhouse, because it's not only a bank. Not only a strong bank, but we also have lots of subsidiaries. And all these subsidiaries are, in their own field, leaders. Either number one or number two, they are leaders in the country. Just to maybe highlight a couple of very important points. First of all, in order to be a strong bank, actually, of course, you have to have good capital. So, when you look at the level of capital that Akbank has, we have the highest among peers. So, 13.9% T1 capital, more than 16% total capital. That means future growth. So, if you have capital, you can grow. If you don't have capital, you cannot grow.

So, Akbank definitely has a clear advantage in that. Secondly, we have 14 million customers actively transacting with the bank every month. 14 million. That's a very sizable number. And what is also more important, if you look at the last two and a half years, there was a 64% increase in the number of active customers in the bank. So, it's far greater than anybody else in the country. And this is thanks to our digital sophistication, innovation culture, and so on. So, that was really what was behind the scenes. So, because of this, we had actually very significant market share gains in the country among the private banks.

Roughly 4% market share gain in consumer loans. Close to 2% market share gain in SMEs. And again, roughly 2% market share gains in demand deposits, which is the most difficult product in a banking environment. So, I think these are great achievements. When you look at the fee generation, Akbank now actually generates 81% of its cost base. Despite all the regulations, like in every country, there are lots of limitations on fee generation. That is also the case in Türkiye. But despite this, the bank was able to generate more than 80% of its cost base, cover its cost base through the fee generation. 96% of the transactions are taking place in a digital environment.

Last but not least, this is something that we are all very proud of, diversity. When you look at the senior management, direct reports to Kaan, 57% are women. So, I think it is something very difficult to achieve, not only in Türkiye, but across the globe, I would imagine. And we are all very proud of this. I think this is the most important slide in my whole presentation. Because that is telling you the story behind Akbank's achievement. Of course, as top management, we all have to manage our companies. So, there is this daily life, of course. If you are a banker, you have to manage your balance sheet. You have to acquire customers. You have to manage your risk.

You have to do all these. You have to be, of course, compliant with the regulations and so on. But that is not enough. I mean, maybe you can manage the daily business, but it is not enough for your future. So, what I think Akbank has been doing better than the rest over the last 10 years or so, we were investing so much in our future. So, we as the management team, despite all the challenges in the country, never lost our focus. So, we have been investing over \$200 million every year in digital, AI, human capital, talent building, innovation culture. So, that is what is differentiating Akbank today. So, if I was able to mention all these market share gains and all these numerical values, this is what is behind that. I think this is something very critical. And that's what makes us very confident looking at the future in terms of value creation. So, I don't want to bore you with the figures, but this is the level of digital sophistication that we have. We have like 12 million customers today transacting with the bank every month. So, that is like 81% increase over the last two and a half years. When you look at the customer acquisition of the bank, two thirds are coming from digital onboarding. So, that is also very important looking forward. When you look at our mobile app usage, our customers visit the bank 33 times a month. So, that is actually a great opportunity for us. If you have proper AI systems behind this, you can interact with the customer and you can cross-sell. That's what the bank has been doing. So, when you look at the cross-sell ratio of the digital customers, it's twice as much as the regular customers. And when you look at the product sales, these are a huge contribution coming from the digital. 70% credit card sales, 80%-time deposits, 90% general purpose loans. It's really coming from the digital, the mobile channel that we have today. So, of course, as a result of this, this creates a lot of efficiency for the bank.

So, we have been running Akbank with roughly 30-35% cost-income ratio throughout the years. I mean, I'm sure that there are some bank analysts here. I mean, these numbers are on a global scale very difficult to achieve. This is basically because of the digital sophistication of the bank. So, you can look at the bank in every metric, per employee, per branch, whatever it is. You know, 360 degrees, you will see that Akbank is far better than the competitors in the system.

So, in summary, my message is the bank is exceptionally well positioned in the country for growth and profitability. There is a spirit track record. If you look at the customer acquisition, revenue, market share gains, efficiency. I mean, the numbers speak for themselves. So, there is this tremendous track record. And our competitive advantage seems to be continuing because there is a reason behind this. Two very important pillars, talent, human capital, and also digital and AI capabilities. So, these are the competitive advantages of Akbank looking forward. As I said, to grow and to tap the market, you have to be strong enough financially.

You must have capital. So, we have the highest capital buffers in the country. And our recurring revenue base is also increasing with this customer focused approach. And we are actually, because of our financial strength, etc., we are continuing to invest in our talent and technology. That means good sustainable results, good returns for our holding and for our other investors. So, that's in summary what I would like to talk about Akbank.

Haluk, can I invite you for the financial services?

Haluk Dinçer, Financial Services Group President, Next-Gen Insurance: Digital & Customer-Centric

Good morning, everyone. My name is Haluk Dincer.

I'm the president of the financial group at Sabancı Holding. I joined Sabancı a long time ago, in the last century in fact, and over the past two decades, I've had the opportunity to lead and contribute to various sectors, multiple sectors within Sabancı, including automotive, food, retail, and now financial services. Each of these experiences has given me valuable insight into driving growth, building strong teams, and creating, delivering long-term value.

Today, I'm excited to share with you our vision for the future of our insurance business. We are operating in a fast-evolving market, like many of our other sectors, and the opportunities in front of us are tremendous. Through the next few slides, I'll show you how we plan to lead the market as a next-generation insurance provider, with a focus on creating value for our customers and stakeholders alike. Well, let me start by outlining the key takeaways that revolve around three major focus areas. The first is our company has a complementary portfolio of companies to become the leading insurance group in a fast-growing market. We have one-stop shop offerings that cover life and pension, non-life, and health businesses.

Secondly, we have a strong basis and a clear strategy for capturing additional profitable growth opportunities across all product lines and channels. And thirdly, lastly, we are well-positioned with sector-leading capabilities to be the next-generation 360 degrees, meaning one-stop shop offering services provider, with a focus on digital analytics, customer centricity, and value creation synergies. Now, let me go through our portfolio of companies, with a diversified portfolio of three companies as of now.

In life and pension, I guess that is number one in the country, in the market, in terms of private pension assets under management, with a strong growth track record. And we have recently surpassed, in fact, surpassed the state giant very recently. We are number one in life and personal accident gross return premium generation, again, with a very strong track record. And we've, in fact, moved from the fifth position to the first position over the past five years. And we have been serving four million customers with a growth rate of 40% over the base in the past five years.

In non-life, we have Aksigorta. It's a well-established company with over 60 years of operational experience. We are serving 2.6 million customers, and we are managing 4.6 million policies through a diversified portfolio and a strong distribution network. We're number five in a crowded market of over 40 players, with a market share of 5.3%. In health, Medisa is our youngest company that was established back in 2022 and became operational in the second quarter of this year. It's a greenfield competence center focused on health and only health, our competence center for health. And Medisa's priority is growing our core health insurance business while investing at the meantime in health services to create synergies between the businesses.

And now let me outline our solid financial performance. In life and pension, as I said a bit earlier, we moved from the fifth position to one first position by, and our market share went up from 8.2% in 14 to 14.5% in life market share, life insurance market share. In the private pension market share, by the first half of this year, our market share went up to 19.7%. And in this company, Agesa, our profitability, net profit nearly doubled from \$45 million in 2019 to \$80 million in 2023. And in non-life, Aksigorta has also performed quite well. Our gross income premium generation has reached 27 billion Turkish lira by the end of last year, with a CAGR of

57%. Our financial income, at the meantime, six-folded to 2.9 billion Turkish lira. And we maintain the best, the best G&A, General Administrative Expenses, over gross written premium. That's the main indicator for business efficiency in the sector, among private companies, at a 3.9% level. But we have a strategy for capturing additional profit. Our strategy for capturing additional profitable growth is clear, and it's based on maximizing synergies across all our businesses in life and pension, non-life, and health businesses.

And we have a centralized governance, we are fully aligned among our businesses through a centralized governance structure, and we have, and through harmonized back-office operations, hope to drive operational excellence and create synergies for our businesses. Now we are strategically well positioned with the sector-leading capabilities to become the next generation, to become the next generation 360 degrees insurance services provider. In life and pension, we are positioned to lead in profitability, and by strengthening our market leadership.

In non-life, we drive for top-tier growth through financial and technical excellence, and in health, we plan to scale up our business using our distribution power of Aksigorta, Agesa, and Akbank. Now regarding our sector-leading capabilities, we can count omnichannel, digital data and AI, customer centricity, and our robust health capabilities. Of course, our partnership with Akbank is quite crucial. It's quite crucial to expand our reach. We are increasing our unique direct sales force channel to 1,000 financial advisors by the end of next year, and we have an extensive agency network of over 4,000 agents. Now digital data and AI, we are continuously investing, further investing in mobile apps and digital platforms. And regarding customer centricity, we offer a sustainable product catalog and services for over 6 million customers. Regarding our health capabilities, as I said, we have a completely new company. It's a digital native, this is how we call it, it's a digital native core system, and we're building on healthcare, working on a healthcare platform to support our digital native core system.

Now in closing, our transformation to a next generation 360 degrees insurance service provider is centered around our ability to integrate, to innovate and integrate services. And with these sector-leading capabilities, digital data and AI, with customer centric strategies and robust health capabilities, we are positioned to lead the future of insurance business. Thank you for listening.

We'll have a 10-minute break now, and after that, Max will deliver his own digital representation. Thank you

Max Speur, Digital Group President, Empowering Digital Growth

Welcome back after the break. Hopefully, you didn't have too much sugar so that the sugar levels rose. My name is Max Speur. I'm 30 years in the business of ICT technology, driving change across the world. I've been traveling with my family across the world, whether it's China, whether it's Australia, whether it's the US, whether it's Singapore. So, over these 30 years, I've seen effectively many environments of the technology space. When, basically, Cenk gave me a call in January or February of 2023, it was the first time I thought, I want to stay in the Netherlands. It was the first time I found peace in the Netherlands. And then he started to talk about the ambition of Sabancı in the digital space. And you've heard, every company is talking about digital, about digital and what is digital.

What I will try to take you on a journey today is what excited and what is our strategy and how do we want to achieve that strategy. Because I think there is a fundamental alignment across each of these business units, which I would call the core competences of the company, that helps us also to accelerate the growth of this journey. So, I've been working across the world in

buying, building, running and operating companies in this space. And all this experience, I try to harness and bring to this company, because this is a company that has very, very special qualities. And I'm very honored to be among the Turkish people. So, what I want you to take away today is how we aim to build a global data center platform in the hyperscale and wholesale co-location business.

The second part is that I would like to bring and take you away is how we want to expand our business in the cloud environment. In the cloud environment, not only in Türkiye, also in the wider Türkiye region and into Europe and hopefully among that in time also in other parts of the world. And finally, as you could also see from the introduction movie, it's basically how we in the end bring everything together in secure digital infrastructure cloud services to connected enterprises like Teknosa.

So, when I look at the SBU today, when we founded this company or this group in Sabancı in March 2023, at first glance, we have Teknosa and on the other side, we have Sabancı DX. Teknosa being a retail electronics company, Sabancı DX being a technology service provider, cloud service provider, these two things at first glance don't match. However, for me, it was a fantastic eye-opener in my journey to learn, to get to know what the strengths of Sabancı are.

And it allowed me also to see, hands-on as the chairman of Teknosa, to see for the last five years, Teknosa has been going through a very, very rigorous transformation program in the digital space. And it allowed me also to see how actually Teknosa wants to touch at every point of the customer journey, that specific customer, through a digital interaction. And that also gave me the belief that when you want to build a scalable global platform, every company needs to have a global, secure infrastructure that is flexible and agile to scale up and down whenever that is needed.

And that is every company in the world needs that. And when you then look at what we wanted to do, and I would like to give you a glance of what Teknosa is and where they go through, because I think there are many similarities across the group and across the world of companies who go through this. And it's not for nothing that we see this trend, that there is a big hyperscale demand and supply problem in the world, because every company goes through this acceleration program.

And this is all Teknosa. Teknosa is the leading retail electronics company in Türkiye. And this afternoon, Sitara, the CEO of Teknosa, together with the CFO Umut, will talk more to you guys about that. So, I would love to see this as a glance. I go back to basically the pillars of what we believe is the next growth area for Sabancı in the digital space. And that's data centers and cloud, especially the combination of the two make it very powerful in giving this scalable infrastructure. When we are looking at these segments, we have a tremendous tailwind in the world around hyperscale and wholesale co-location business. We see that this is the market where everybody goes to, and it gives us a tremendous opportunity, whereas traditional data center players are far too small and energy inefficient to scale. And now, basically, the focus is on large hyperscale data centers. And we, with our track record, if you just look at the presentation that Kivanç gave this morning, when we look at our core capabilities, they are, for example, in the generation, energy generation, or in distribution. If you just take that analogy and you look at what is happening in the digital space, this is about the generation business. The generation business is the data center business. That's where information is generated, and it's also distributed, and it's distributed through cloud computing services. So, in that sense, there is very similarities. And like Cenk said, one of the core muscles in the Sabancı Holding family is operational excellence.

We have a very strong balance sheet, and we are in search always of quality. So, that, in a nutshell, makes us very, very capable of executing also this plan, and gives us also the environment to compete with other players, because we see a great influx of money by capital providers who want to go for return. What we believe is that if you combine that muscle together with a strategic investor, for the long term, you have a very, very good mix. And we have also tested that over the last one and a half year with the likes of SAP, or the likes of Microsoft, or Google. They all look for not the short-term money and the short-term gain. They look for long-term partners, and that is also what you see back in the type of partnerships that we can form in this market.

And they are confirming every step along the way that our strategy is very sound, and that they want to be a partner. And even in the infrastructure environment, when we are talking about the digital environment, and talking about the data center, and shaping it, companies like Siemens want to partner with us. They have been long-term partners with us in this journey, and they now basically say, if you want to scale, not only in Türkiye, but also in the US, or in Europe, we will be your partner.

And that's an essential ingredient for success, because managing the supply chain of the availability of equipment is essential in the data space, like basically the availability of power. And I think that's another synergy, and I will touch upon that a little later. But what we also see is that this market provides us with a fantastic opportunity, not for everybody, because there is high entry barriers.

And these barriers are there when you have a strong balance sheet, like Cenk presented, provides us this capability. And we have proven that also in the past, 20 years or 15 years ago, when Kivanç was still a young kid, and he took the reins of the energy business, that's really what's happening now again. And I feel in many ways a young kid, because if you are in the Sabancı Holding playing, it's very nice. It's the pit that you always wanted to play as a youngster. And that's making us special here in achieving our objectives. I think this is a chart where we see every disruption in history always comes with a step, a big step.

And when we basically then see how actually the market is reacting, that only can happen in a linear way. That linear way is now giving us a big gap of what they call the 50-gigawatt gap. If you look at the announcements from Microsoft a couple of months ago, they basically said, over the next five years, we want to 10 times build the current footprint in data centers. They cannot do that on their own. They need partners. They need reliable partners for a long-term journey. If you just look at their energy supply, they want to revive US nuclear energy. Old reactors, they want to renew. So, they want to secure. And that places us also in a very, very good position because that bundling of our energy capability together with the data center capability and the cloud capability gives us basically a value chain completion that we can do what Cenk in the past called, we're turning electrons into data and then data into information. And that information is critical for business decisions. And that makes us quite unique in why we want to play and how we can play in this space. I talked about the energy similarities. When we are talking about our investments in the US, our big brothers have already paved the path there. They are already going through the first couple of projects, big projects that brought it live in the solar and the renewable space.

We have now a development in the US. We have a development for the data centers in Türkiye. So, we can work together and lean in a way also on the experience of the energy company. So that way, we play together and make our battle a much better battle. When we look at the finance approach in energy, it's the same as in digital. So, we can basically repeat that structure in a way that is scalable for us. That reinforces all our corporate functions in sub energy to align.

And that is really vital. It's vital for me because at the beginning, you think Max is here, the digital group president. But when I look at my team in the holding or the team in sub energy DX, everybody works on a day-to-day basis in sync, like the orchestra that we saw. And I think that I'm just one of the players. Hopefully I'm the violin guy. I'm not the conductor. I believe that our CEO and Madam Sabancı need the credit for basically taking a bold decision forward to found this new digital group. But I love to be the violin, the primary violin in the orchestra that gives my expertise to the orchestra and basically determines the pace at which we can build and execute on this plan.

So, what is it that we have? Our ambition in this market, in the data center market, its year over year growth is about 15%. You probably know that better than I, but this provides us with an opportunity in the next five years to build basically a 500-megawatt platform. That's our ambition. We today have about 300 megawatts of early development projects that we can step by step each in these cycles of land permits, contracts with hyperscalers, pace at our way and make that a successful journey. We have made a huge step forward in our cloud environment. Two months ago, we announced to the market that we became the majority shareholder of Bulutistan.

Bulutistan is seen as the Turkish, one of the potential Turkish unicorns. And they have a growth pace of 40% growth to 60% growth. So, combining that together with the Sabancı DX capability of managed infrastructure cloud services really provides us a growth platform in that.

So, by using these synergies, we're really providing the capability for tomorrow and can accelerate the journeys that each and every enterprise goes through when they're taking it from digital to connected to fully scalable infrastructural demand. And thank you for the opportunity to share these plans with you. And I look forward to any Q&A going forward.

Thank you very much. And with that, I would love to give the word to Orhun, who is representing today Cevdet, who cannot be here, but Orhun will explain that and talk about the mobility solutions. Thank you very much.

Orhun Köstem, CFO, Driving Mobility Forward: Innovation and Global Reach

These shoes are of 30 years of experience, working in 4 different continents, from China to Brazil, to Türkiye to Thailand, from production to engineering, from sales to R&D. So, if he had been able to introduce himself, he would know that we have top talent, just like in any other business units in mobility solutions as well. As the CFO of Sabancı Holding, my name is Orhun Köstem. I also find it quite relevant for me to be able to talk about our Mobility Solutions Unit, because this is one of the powerhouses within the organization that provides cash flow and dividend income streams. So, it's natural for CFO to be able to talk about this.

Without further ado, what I would like to hopefully leave you today is three ideas on Mobility Solutions Unit. One of them is our businesses here, with over 50 years of experience, has a successful track record of delivering operational excellence. And together with that, obviously brings in financial performance as well as cash flow generation and some other metrics related to safety, quality, which are recognized globally.

Second of all, on this strong foundation, we can grow our businesses quite prudently and achieve results. And in doing so, we can also participate in the transformation of Sabancı Holding's portfolio, especially in fields of decarbonization, electric vehicles, electrification, mobility and digital. Finally, third, I'm going to show you that this is working for us. So, three thoughts, hopefully, that I leave with you today. Foundations. Basically, we're talking about two

organizations. One where we produce tires, historically, in a partnership with Bridgestone. The other one, we produce buses, including electric buses in TEMSA with a partnership with ŠKODA. So, two global strong partners. There you see, we have sales points, over 6,000 sales points in over 80 countries worldwide. So, it has a global footprint, basically. We have market knowledge. We have market leadership. Our Lassa brand is a market leader in Türkiye, in five other export markets. As far as commercial vehicles are concerned, we have significant market positions in EU as well as in US. So, we have market knowledge as well. I talked about operational excellence. I can happily say that the margins that you see on each of these businesses are at the top end of their respective benchmarks.

For tire manufacturing, more than 200 tire production facilities globally, our business ranks in the top three. Sometimes one, number one. And, of course, also our commercial vehicle manufacturing business unit is at the top of its respective benchmark. We come with operational excellence, but we also pay special attention to occupational health and safety. That's an important part of how we operate. From the bottom up, it's a continuous risk assessment process. From top down, it's a leadership initiative. So, it's not only complying with the regulations or what we require to comply, but it even extends to our product designs. So, to make sure that we have zero incidents that we see in our operations.

These businesses also have... Cenk said in the morning, Brisa was the one that was recognized by the EFQM. That's quality. It's also one of the only or the first tire company to be able to launch science-based initiatives in terms of its ESG targets.

That's quite unique. And, of course, from water scarcity to climate security, there are many aspects that these businesses contribute. Moreover, going forward, obviously, these operate in an environment that's supported by strong R&D. We have over 200 researchers in two different R&D centers that provide us with ideas, thoughts, new ways of doing things and new products that we could integrate. Like this one. If you look at our tire business, not all the tires are the same.

So, therefore, our tire business is getting ready today to make sure that we can participate in electrification, electric vehicle and mobility solutions. There you see the share of such products in our overall revenue increases as we get ready for what we expect to come in the next five years. And, at the same time, we strategically change our mix of products so that we can add value, continue to add value to our business, some of which I'm going to show you in a second. On the commercial vehicle side, this is a turnaround story. I mean, this graph is indexed to 100, but you can always recognize a negative, whether it's absolute or indexed. This is a massive turnaround story. So, this business unit has unique and robust capabilities on which we are consciously and confidently building upon. Now, going forward, how do we participate in a relatively traditional industry in this whole transformation effort? Well, we now can offer end-to-end mobility solutions. I'm going to show you a company that we acquired a few years back, which is at the top notch of the IoT space in the Turkish market, Arvento. Arvento tracks vehicles, all kinds of vehicles, but it also collects data. And I'm going to show you how we use that. And also, we have 125 maintenance services scattered across Türkiye, which we can now leverage as a platform over which we can provide value-added services to our customers, whether it's fleet, what have you. So, we go beyond tire manufacturing. On the commercial vehicle side, we have knowledge of electrification of mobility. We produce electric buses and distribute them globally. Between these two businesses, over 60% is exports, basically. And now, we can leverage our own production footprint to produce other vehicles that support this mobility, not necessarily our own, but provide it as a service, basically. Arvento, as I was saying, collects data about distance, driving behavior, and safety. We know where our tires are,

wherever they are. So, you know, location. So, a lot of information that we can use now over 800,000 vehicles.

The 125 Pratik stores that I was telling now serve over 375,000 vehicles, but that's a very fast-fit service now. And these are all combined services that we can provide, including electric charging. You have seen it in the pictures. I'm pretty sure you may not have recognized it yet, but this is an integrated service now that goes beyond tire manufacturing. Although, we're happy that we could retread tires and reuse them so that we're more sustainable. And as a manufacturing hub, for example, we manufacture in Fernhay cargo vehicles.

This is last-mile delivery vehicles, which are in the streets of London as we speak, basically. Potentially, you may see one of them when we exit the building today, if we can find space to park them. And other units that we can continue producing on our premises, leveraging our footprint and know-how, so we can create value-added businesses.

So, in summary, our commercial vehicle and tire production businesses on foundations of operational excellence can provide integrated end-to-end mobility solutions and act as a mobility hub to cater new energy vehicles and mobility transformation. With that, I would like to thank you, and I would call Burak Orhun to the stage.

Burak Orhun, Material Technologies Group President, Transforming Materials for a Sustainable Future

Good morning, everyone. This is Burak Orhun.

I'm the head of material technologies group. It's a pleasure to be with you here today. Maybe the first a few words about me. I joined the group about five, six years ago actually. And first two years as head of strategy and business development. And four years ago, I took over the materials group which was back then cement group. And over the years evolved into the first building materials group. And as Cenk explained at his presentation, now material technologies group in line with the trends and the investment focus we have. Before joining Sabancı group, I held various finance strategy and business management roles. Various companies in Türkiye, Türkiye as well as in US. And throughout my career, 25 years career, I was I guess lucky and blessed enough to be trusted with growth, transformation and ultimately value creation tasks. Which I enjoy very much, and I still do today.

So, with that, let's talk about our business. Now, I would love for you to walk away with these three points from my session. Number one, we are well diversified portfolio of businesses with good leadership position both in Türkiye as well as on a global scale. Number two, we have a very strong track record of execution and profitable growth. And there is more upside ahead of us. And number three, with our investments, we are very well positioned to benefit from and in fact to be part of. We are a part of the materials transition the world is going through. Now, what is our portfolio? What is our business? So, in the lower Lego blocks, you can see our core businesses, our bread-and-butter businesses. First, cement. We are the largest grey cement producer in Türkiye. We have the second largest capacity but in terms of sales, we are the largest cement, grey cement group in Türkiye. But through our six integrated plants. But beyond grey cement, we are also producing all types of cement, including white cement and calcium aluminate cement, which are specialty cement products with premium features compared to grey cements. High-valued, high-margin products basically. In fact, in white cement, we are the second largest producer globally. We have Europe's largest integrated white cement plant in Spain. And we are the only calcium aluminate cement producer in Türkiye and one of the very few producers globally. And more important, it's very important, we are one of the largest grey

cement suppliers to the US. As you know, the US is a very fast-growing construction infrastructure and grey cement market. So, we are one of the largest suppliers. All in all, though, a very important point. We are shifting our portfolio towards more and more low-carbon, low-emission products and production technologies with higher alternative fuel rates, lower clinker ratio and alternative materials. Now to concrete. While concrete is a downstream business of cement, for us, it's a very important business with 50 facilities across Türkiye.

But more importantly, it's an innovation platform for us, for value-added products, such as Flycrete, which is a calcium aluminate cement-based concrete product used for infrastructure enhancements and airport runway repairs, for example, which is very, very important for disasters and earthquake zones, which we have experienced last year in Türkiye. And another point is recycled concrete waste, which is our focus area in our concrete business because of the urban transformation Türkiye is going through after the earthquake last year. So, we are partners for mega projects, and we are developing new, enhanced and value-added products on the concrete side every day. Number three, tire court or tire reinforcement material. For those who don't know, tire court is one of the key materials that goes into tire production. It's a tire reinforcement material and we are the number one tire court producer globally. We have the largest capacity in the world. One out of every three tires sold globally uses our materials. It's reinforced with our materials. We have a global footprint in Türkiye, US, Brazil, Thailand, Indonesia, and that aligns very much with the global footprint of the big global tire producers. As such, we have a very strong partnership with them and around 70% of our revenues goes directly to those global, what we call big six tire producers. And it's on an approval basis and very difficult for any newcomer to basically get into that game. Now on top of this core business, we are building our new up-and-coming businesses, composites and construction reinforcement. Now the world is asking more and more for lightweight materials, for efficient materials, and composites is the answer. So, with our investments in US and in Europe, we are active in aerospace industry, automotive industry, serving major players in commercial aerospace and luxury car production. And on the construction enforcement side, it was almost no brainer to combine our expertise in construction, coming from cement and concrete, and our expertise in composites from fiber, to combine them and come up with new innovative construction reinforcement materials and products. That is again very, very important for disaster and earthquake zones basically, to strengthen buildings and to support the urban transformation. Now, as you can see from buildings to infrastructure, to airport runways, from cars to tires to airplanes we fly, we use almost every day. We reinforce life basically for you and your loved ones. That's our business. Now that you know our business, let's have a look at how we have performed over the last five years.

So back in 2020, we laid out the game plan for the next five years, which we called Value-Up-Cost-Down strategy, and which included geographic expansion, getting closer to our customers rather than exporting from Türkiye, but getting closer, become part of the value chain in the local domestic markets, product diversification, getting more and more into composites and advanced materials, and dynamic network asset logistics, carbon optimization, which included also capital optimization, whereby we divested two plants actually in Türkiye and invested into higher return and higher margin businesses, calcium aluminate cement expansion, capacity expansion, and U.S. grinder operations in U.S. basically, which will bring further profitability to our portfolio. As a result, we were able to increase our EBITDA, which we look at as the main representative of cash generation, from 190 levels in 2020 to \$370 million by the end of 2023. So that's almost double in four years, and the cash generation mimics the same trend, and our investors were appreciative of that fact, and as such, our market cap also increased from combined market cap, increased from \$1 billion to \$2.4 billion in more than double basically by end of 2023.

Now, the good news is the value of cost down strategy worked, and we will continue it. The better news is we are just starting, because many of the profitability impact returns, the EBITDA impacts, simply put, of our U.S. grinder investment, of our calcium aluminate capacity expansion, of the recent acquisition we have made in Ireland, Mannok acquisition, which you have seen in the video, the EBITDA impacts are not seen here yet. So, all of these will come on top of these numbers basically to increase our profitability to even higher levels.

Now, the new up-and-coming businesses I showed you, which we are building on top of our core businesses, this is our extension, in a way, into the advanced materials world. And why do we want to move more and more into the advanced materials world? Because when we look at the trends and the demands, growing demands in the world, and Cenk already mentioned in his presentation about the undisputed facts of sustainability and the natural transition, but the natural transition will only be possible if you have the energy transition and the mobility transition. But for those to happen and to lead to natural transition, there must be a material transition as well, and the world is going through a material transition because there are not enough conventional materials to support the accelerated deployment of new energy solutions or mobility solutions.

As such, material transition is the enabler of energy transition, mobility transition, and net zero. So, when we look at all the reports, various reports indicate that as of today, we have a \$65 billion advanced materials market, which is expected to grow over \$100 billion plus in 3-4 years. So that's why within that framework, we are envisioning our group to have basically three legs come 2030.

On the left-hand side, we have our core business, tire court, and on the right-hand side, we have our core business, cement and concrete, and we will continue maximizing the value of our existing businesses as we have done so in the past five years. And meanwhile, we will add a new advanced materials leg, let's call it, to our portfolio by seizing M&A opportunities in a disciplined and strategic fashion, whereby our intention is to grow the revenue percentage share of advanced materials in our portfolio today from 10 percentage levels to 40% in 2029-2030. So, we will transform the portfolio, we will continue, and we will maintain our strong track record of execution, and we will stick to our motto of value up, cost down.

So, speaking of value up, cost down, it's my great pleasure to invite our group CFO Orhun to speak about how we can increase value basically of the whole group. Thank you very much for listening. It was a pleasure to be with you today.

Orhun Köstem, CFO, Path to Enhance Value

My name is Orhun Köstem. I hope I know a lot of you that's in the audience today or participating online. But I'm the Chief Financial Officer of Sabancı Holding. I've been with Sabancı Holding for about three and a half years now. I have over 30 years of working experience, 16 years of which I have been a CFO in a few companies. That has global footprint mostly almost exclusively in FMCG and think of Coca-Cola for example. I'm very excited to be part of Sabancı. You can imagine the differences in the portfolio from where I came and what I see here. I'm equally excited to be part of Sabancı now where we plan and execute a transformation of our portfolio.

Something that was done a few decades back with the inclusion of energy now we want to do again with digital. So, without further ado, I want to talk to you a bit about how we would expect to enhance value in our portfolio. Now first, when we were crafting the strategic framework as Cenk was explaining earlier to you, we were also crystallizing our capital allocation framework. And the reason was at the time our purpose was on the one hand to increase the NAV and on

the other hand to make sure that we manage the discount on our NAV which is a very frequent question that I get from you. And I'm going to show you how that works for us.

The framework had four elements. One is to make sure that we allocate capital behind our existing businesses, our core. Some of which you have seen today are many successful companies that have leading positions in their sector. So, we will continue making sure our core is strong and drive cash flow to make sure that we can invest in our businesses to grow.

Secondly, we allocate capital to invest in this net zero transition basically, which hopefully as you've seen today Cenk was showing you, creates incremental value to our portfolio compared to some of the other traditional industries globally basically. Third, we would have needed to take a decision on deployment of capital and debt and therefore certain measures to make sure that this is transparent. And finally, to see how we can maximize the return to our shareholders.

So, four distinct elements. Now we started with increasing our capital spending and we lifted it from a mid-single digit of our non-bank net revenues to about 14 percent. That was our guidance if you remember Cenk has said. And we, in addition to cash flow generation, funded that so far with divestments. We have divested out of our tobacco business. So that was also a fund flow that we reinvested. And we've allocated a quarter of that into the first piece that's grow and protect the core so far. And we have then decided to allocate three quarters of that capex into this net zero transition investments. In fact, we are at 76 percent as we speak today.

So, we're pretty much in line with our expectations on that. And when we invest in such areas, we have a razor-sharp focus on where we invest and how we invest in a very disciplined manner. There are three filters that we apply. One of them is strategic. And the strategic filter starts with what area do we want to invest in. And you heard today you know in addition to banking and financial services; these are energy and climate. These are materials, mobility and as well as digital technologies. So, it must come from four areas for us. Secondly, we prioritize ideas or proposals that increase FX revenues in our overall portfolio.

And finally, we prioritize such projects that dilute our regulated asset base between banking and insurance and electricity distribution. We have a very large asset base basically. So, these are the strategic filters that we apply. Next, we look at it from a sustainability filter point of view. We have 2025 commitments. We have, you know, midterm commitments. So, we look at each and every project and see how they impact our footprint. Or whether there are any mitigating factors that we must think about if you want to include such a project in our portfolio. And if we're happy with that obviously we get to the financial filter. Now financially based on the initial two strategic and sustainability we have thresholds that range between 100 to 300 basis points over WACC. But so far historically our track record is 450 to 550 basis points above WACC. That's the projects that we have so far invested in and included in our portfolio basically. Balance sheet or debt versus capital. When you heard all of my friends talking today on the non-bank business, we expect the net debt to EBITDA be at or below two times. Now that governs our choice of debt versus capital in our operations. Moreover, we know at Sabancı holding level we have some loan to NAV capacity for leverage. When we find it to be meaningful to deploy which is an increment. A potential increment going forward that we could add to our existing strong free cash flow generation. And finally, Sabancı holding has been distributing dividends for 22 years as Cenk was explaining. And we have a policy, a dividend policy that says we distribute 5 to 20 percent of our distributable profits. That is unchanged and you know that we employ transparently. Finally, we have changed our long-term incentive plans. Now the people you have seen today on the stage, me, my colleagues many of the people that you see sitting with us part of our global leadership team have their long-term incentives based on NAV growth and total shareholder return which we believe aligns our benefits with our shareholders' benefits

basically. So, this is the framework that we started to execute five years back. This is mostly the framework that we're going to continue executing because I'm going to show you that it works quite nicely so far. And these are the results first that we expect to get. Now our net asset value at the end of the first half of this year was about 10 billion dollars. Five years ago, this was 6 billion dollars. So, we have been able to you know increase it over 60 percent in the past five years. Our aim in the next five years is to double it hopefully. And how we would like to do that as you have seen and heard today the new initiatives that we would like to include in our portfolio are expected to yield better valuation than some of the existing businesses in our portfolio. Plus, we have a digital story now that we're going to execute which was not part of what we used to have. So basically, we expect that to drive further NAV going forward. Second of all, returns. Normally in the past five years our average risk adjusted returns were between 80 to 120 basis points. That's until 2022 and 2023 where the Turkish risk perception has changed and then there was at least 200 basis points increase in our cost of capital.

So therefore, you see a relatively small increment over WACC in the past five years average even though our portfolio delivers much higher. Going forward, we expect to see 120 to 150 basis points of risk adjusted returns in our portfolio. Now one element of that, one driver of that is that the investments that we're going to make, are going to be expected to deliver returns in mid-teens and in the case of data centers hopefully in 20s. That's what we see as a standard. So basically, delivering higher returns. Obviously, secondly some of the footprint is changing quite dramatically. You heard from Kivanç, you heard from Burak, you heard from Max. Some of the investments we're making are diversification of the geographical risk in our portfolio that essentially and hopefully lowers our cost of capital. Now this is based on a cost of capital which is 12.4. You see that tiny, tiny footnotes which is the cost of capital that is today in Türkiye, and we have not yet included any relief from the Türkiye risk going forward that also leaves us room to deliver. So, we feel quite comfortable in terms of achieving this where in fact this is another, you know, 30 to 50 basis points of what our historical averages were before any volatility in the market. CAPEX revenues, we're doing mid-single digits on a non-bank revenue basis. We've guided for 14%. We are already at 11% and you've seen how our net debt to EBITDA is. We have still ample room in our balance sheet which we manage quite healthily. We could go to 15 to 20, which means on top of the earlier guidance we're giving you; we're including the digital investments. We're not necessarily stretching our balance sheet or trying to over invest compared to what we were doing. FX share in revenues, again this is main drivers are coming from you know materials technologies outside of Türkiye. Renewal investments outside of Türkiye. Many of the elements that was not there in the past five years obviously will impact the share of FX in the overall revenues in the next five years to take it to over 30% and our net debt to EBITDA again we expect to manage that on a non-bank basis at or below two times of our non-bank revenue base. Not only financially but as you see we expect to reduce our scope one and two emissions by 42% by 2030. This we have already announced actually and the ratio of women leaders in our holding business we expect to get to 50% basically. So, these are our commitments which we expect to deliver within a five years' time.

Now why do we feel reasonably confident in sharing this today because we've seen this working. We've seen what happens when we execute this because back in 2019 as I was saying we were looking at a six-billion-dollar NAV over 50% delivered by our banking and financial services businesses and only about you know 19% on the energy side. In the past five years we have allocated 55% of this new net zero transition investment into energy and climate space. 38% into material space and only 7% to digital. Five years later we have a NAV of 10 billion dollars. The share of the energy business has increased to 33%. Now it's become a two-legged participation in the overall NAV share. The materials and mobility piece have increased. Digital still is non-existent. What's going to happen as we move forward if you see the chart now obviously the digital is going to take a much larger space from being non-existent to become to

existence with the investments we're putting and most importantly we're not only going to grow NAV or deliver returns we expect to have a much-balanced NAV in our portfolio. So, this is what we saw that worked for the past years. This is what we believe we can deliver comfortably in the next five years. Now earlier today Cenk has shown you why we believe it's a good investment opportunity to invest in Sabancı and let me leave this with you these five elements which we believe are important. First because we believe Sabancı is a very good proxy for Türkiye with an expensive you know growth let's say opportunity. We can continue managing our portfolio dynamically and grow and maintain competitive advantage and our right to win in many of the industries that we operate and would like to operate. We have capacity for cash generation balance sheet to fund this growth comfortably. We not only pioneer in climate transformation but we blend Turkish expertise basically where we drive significant return profiles and build a footprint that's globally. And finally, the management team that you have seen today, heard from today. We believe in them, we trust each other. It's a strong management team that has delivered in the past and will deliver in the future a very good financial track record which helps us believe that we can comfortably reach our five-year guidance.

With that we will be prepared for questions and answers. Thank you very much.

Q&A

Q1: Hi everyone, thank you very much for the excellent presentation. Very exciting to see, you know, for the first time I think a hard NAV target as well in terms of dollar value, so very exciting to see and get to understand the building blocks. One question from me and sorry to introduce myself, Victor from Red Wheel. I wanted to touch on Max's presentation, I think on the digital aspects and clearly, you know, the finishing up saying and showing us how big a share of the NAV that business is going to be. Are we able to put some more numbers on, you know, what should we expect in terms of dollar investments? We talked about 500 megawatts in terms of, and I think that was kind of data center capacity, I wasn't quite sure, but just kind of flesh, help us flesh out some more details and numbers on the digital technology piece, which, you know, will be a much bigger feature going forward. Thank you.

Orhun Köstem: Without giving too much away, but also answering your question, hopefully, you can take as reference that we will probably need to spend about 10 million dollars per megawatt of capacity that we build. Now, normally, we plan in such a way that we'll probably use about a third of that as equity and the rest to be debt. In reality, I have to tell you, the debt portion would be much higher.

That would both reduce our cost of capital and, of course, improve our returns, but that's more or less the working assumption for you.

Cenk Alper: And the lands that we have, electrified lands around in Türkiye and the world there might be some advantages on the investment side also.

Q2: Hi, my name is Bahar. I work for Pictet Asset Management. Thank you for the excellent presentations today. The work that you're doing is certainly very impressive. I had a question on, and you mentioned in a digital presentation, like the likes of Microsoft, you know, they're going nuclear for AI, and I know Türkiye is building out nuclear capacity as well. I was wondering what role Sabancı could play in this in the future? That was one question. And then my second question is, what we're also seeing is when it comes to carbon capture, which you also touched upon in your presentation, some of the emerging markets are really emerging as CCS helps, like Malaysia and Saudi Arabia, and I was wondering what role Türkiye could play in this and what role you see for Sabancı in this process? Thank you.

Cenk Alper: Let me take that, and if I need more help, Kıvanç will jump in. So, in data centers, baseload uninterrupted electricity is critical. So today that baseload is provided by fossil fuels, hydros, etc. But looking to the future, actually, nuclear is a critical element of that. So, one of the assets that we have in the United States, for example, is close to a nuclear power plant and a hydropower plant, so that's an advantage to us. As we are building renewable energy, we are eyeing baseload technologies like fusion, like SMRs. So those are very critical baseload technologies, clean baseload technologies going forward. Yes, in Türkiye, the state is building the new nuclear power plants, but not in that scale. We are eyeing SMRs. We are looking for startups, technologies, and if that technology comes to Türkiye, we would like to be a pioneer in that. CCS question, unfortunately, like the fuel generation, we are a little bit unlucky in that geography, so there is no storage place for carbon capture. So, what we are looking for, especially with the materials group, is carbon capture and utilization. So, can we capture carbon and then put it into cement, for example, or concrete. That's an area that we are eyeing, we are looking for, but unfortunately for storage, Türkiye is in an inferior situation.

Q3: Hi, I'm Alicia and I'm from Barings. Thank you for your presentation, it was really informative. I just have one question. Have you announced what you're doing with treasury shares and are you prepared to cancel them?

Orhun Köstem: Thank you, I know where that question is coming from. Yes, we have, we ran our share buyback program between 2020 and 2021. In fact, we are about 86% utilization. Initially, the shares that we both sold because we had to do a lot of heavy lifting at the time, that was part of the NAV to discount management. We have very few left and I believe going forward, our intention is not to sell them, but use them in the more traditional ways, either by cancellation, etc. That's what we're looking at now.

Q4: I'm Samir from Sultana. Just a quick thing, on the data center investments, how much would that be split between AI data centers and traditional data centers, right? Is there going to be more focus towards AI data centers or not?

Cenk Alper: Our focus is, as Max mentioned, is, you know, hyperscalers and wholesale. Probably the hyperscaler portion will be more on AI and wholesale depends on the tenants that we are looking for. In our system, but with our cloud technologies, Max, correct me if I'm wrong, we are jointly working with Microsoft, Microsoft AI, to increase our infrastructure and capacity in the country. So that portion also will be used for AI.

Q5: Hi, my name is Basak Yalteskin from TT International. First question is on the prioritization of sectors that you are looking at. So it sounded like digital is the top priority. Is that the right takeaway from your presentation? That's the first question and if that's the case, then how should we think about, for example, materials and renewables? Is there a ranking in your mind for this?

Cenk Alper: Let me take that question. Of course, the strategic criteria, as Orhun mentioned, we have three filters. Filter one is the strategic fit. Filter two is sustainability. So, all these investments must decrease our carbon dioxide footprint or decrease the intensity of that. Third is the returns. And as you see, the motto of today, scalability is critical for us. I believe data centers and energy investments are scalable investments because the demand and tailwinds are very high. Demand is tremendous. So, we can scale up those investments. Today in materials and mobility, there are clean technologies that are in their early or late stages, but they are not cash generating. We need a transition over there. So, what we are looking for in materials

and mobility, sizable potential M&As. And I think the major issue, yes, we have a game plan in our mind, but returns, getting through those filters will determine who will get the biggest portion. But year by year, clearly, we have a plan of what to implement in renewables, what to implement in data centers, and in the rest of the portfolio. We are aligning this with our cash inflows and cash outflows.

Orhun Köstem: If I may add, kind of on top of what Cenk is saying, obviously we have executed our capital allocation framework over the past five years. What's new from a capital allocation point of view are the data center investments. So basically, we don't necessarily want to do anything differently than what we have done so far but add. So that's why you're hearing something new versus all the other great businesses that we're going to continue investing in. But this piece is going to come on top of our capital allocation.

Q6: My second question is about the Inflation Reduction Act. As you know, there is some calls to repeal the Inflation Reduction Act under a Trump presidency, and we don't know the outcome of the election. But although renewables do enjoy bipartisan support in the United States, there may be some changes if there is such an outcome, and the tax incentives may be rewritten. So, the question is, how does this make you think for the renewable strategy in the United States? Will you be looking for more brownfield opportunities, for example, under that kind of circumstance, of people that might want to sell, or would you go for more greenfield investments in the U.S.? What's the strategy under that kind of scenario? It may be harder to deploy them.

Cenk Alper: You know, when we have decided to invest into the United States for renewables, the IRA was not there. But we went there, because we know that the liberal economy over there, liberal markets allow us to play a game over there. Yes, we benefited from the IRA, but under Trump's management, if he comes to the execution, we know that he is pro-United States, so he wants to increase industries, provide growth in the United States. Maybe it will not be the IRA, but another mechanism will be in place, and I believe not just only our renewables, but also our other businesses in the United States will benefit from that. So, we are confident.

Q7: The only other thing we were wondering together is, is there even like a material risk to you if you think about an escalating conflict in the Middle East? Would that impact on you? That would be our final question. Thank you

Cenk Alper: You know, from the businesses that we have today, actually our exposure to Russia, our exposure to Israel, it's limited to almost none. So prudently we have taken all the measures to decrease our exposure to these countries. But of course, you know, I don't believe that Türkiye will be in that conflict. Otherwise, you know, we are probably the confident power in that region to stay away from any conflicts.

Orhun Köstem: And if I may add, as you may expect, what we have shown and committed to you is not number by number what we expect to deliver. We've shown you what we feel comfortable about delivering, including the risks, and this is a very fair question that may arise. So basically, we'll see we're not immune to those risks. It can't be, but we hope we have integrated enough to get comfortable about what we commit to do.

Kerem Tezcan: All right, let me go into some questions that come online.

Q8: So the first question comes from Hanzade, and the first part of it is exciting to see your ambitious goal to more than double your NAV in the next five years. Could you please provide

a sector-by-sector breakdown of this transformation? Additionally, could you share the total expected capex needed to reach this target?

Orhun Köstem: Good, I think these are projection materials, basically. And I'll try to do as much as I can, Hanzade, if you're listening, and of course we're happy to follow up later. As we discussed, in the past five years we have allocated more than half of the capex to energy and climate, about one third to materials, and almost none to digital.

I think going forward, if the plans are held, then we'd probably need to step up the digital investments much higher from an SBU point of view. We will continue investing in energy and climate. The share may not be 50 percent, but obviously, will come down, and we will continue investing in materials and mobility. So, a more, let's say, even split among the business units compared to what we have done earlier, now that we have the digital, hopefully, piece in place. Total, well, now, let me try to help you this way. We should normally be able to deliver between a mid to high single-digit CAGR growth on the revenue side, and we have already shown you what the capex is spent as a percentage of revenue.

Q9: The question continues, regarding digital expansion. I have a quick question for Max. When do you plan to start digital investments, particularly in data centers, and how significant will these investments be? What is the targeted IRR of these projects? Also, do you plan to partner with a global player for your digital investments, as you have in many of your businesses?

Cenk Alper: Max, why don't you start? Can we have a microphone over there, please? Max, please.

Max Speur: Yeah, the question was, the first one was, when can we start? I think we have already started this journey. As I said in the presentation, we have already about 300 megawatts under early start of development, and as we are pacing our investments, we have the right governance processes in place to allocate the capital as the journey goes. In general, the way this goes is you secure the land in the areas that we're talking about. As Cenk said, we have already secured land. We have secured power, and we are working through things like environmental permits, and we are in discussions with hyperscalers about this. Earlier, the question was also around, is it AI workload? So, it will be a combination of AI workload. It will be a combination also of streaming workload and normal workload. So, these are the three high workloads that hyperscalers look at, and I think that in a way also that is mirrored by the wholesale co-location players, the large users, cloud service providers. They are doing exactly or mirroring these workloads. When the second question, I think, was related to IRRs, the IRR for the business, as I think consistent with what Orhun just highlighted, we're looking around 12 to 14 percent IRRs on these investments. However, as Orhun also said, we are quite conservative on these IRRs as we know that throughout the deployment of our capital and as we build and as we bring the revenue streams online, we have the ability to recycle or recontract our debt, in a way, in line with the value increase that we are seeing. I think that's the question.

Cenk Alper: Partnership question, let me take that. Yes, you know, capital recycling both in energy and in this business is critical to increase IRRs going forward. In that respect, either a financial partner or a technology partner, we are considering going forward, but it's not totally dependent on a partner. We'll start our own journey and then on the road, whenever we have a fit with a JV partner or a financial partner, of course, you know, to increase the capital recycling, we will be pro-partnerships, I should say.

Q10: You experience low production in natural gas plants designed to counter low electricity prices in the first half of the year. What is the current break-even electricity price for your natural gas plants to operate at a reasonable margin? How do you see electricity prices developing in Türkiye now, and how confident are you in achieving 500-million-dollar EBITDA in the generation business this year?

Kıvanç Zaimler: This is a very specific question and I'm not in a position to answer about EBITDA of one single company within the portfolio, but I can give a general answer. I mean, Turkish prices have been always in line with Europe, except the pandemic period, and there is a market mechanism despite the subsidies, and Türkiye prices give also some signals for the future, at least for the one year. Yes, this year the spark spread, which means the electricity prices and natural gas spread has been quite low, and this cannot be an indicator for long-term forecasts. So, the beauty of our portfolio in the company Enerjisa Üretim is having the five different technologies as a well-diversified portfolio protecting against turbulences.

While we are talking about natural gas prices versus electricity prices, we can also talk about renewables, wind, and especially hydro inflows in specific years. So, energy markets are fluctuating markets, and this is volatility, and to manage this volatility we have a strong portfolio, a resilient portfolio for long-term targets. EBITDA is not the only indicator of the performance of the company, because this is a long-term game. This is my general answer.

Q11: What will be the normalized return on tangible equity in Akbank as this inflation in Türkiye is achieved? How do you see NPLs and the bank's cost of risk developing in 2025?

Hakan Binbaşgil: If inflation comes back to normal levels, let's say single digit number, in the past we used to say something like you know mid-teens as a target for ROE, but as I explained in my presentation in the morning, now the bank has more scale, the bank uses the technology better, AI better, so therefore if everything normalizes, I think we should be able to easily deliver something above mid-teens, something closer to 20 percent when Türkiye has a single digit inflation. I think the bank in the medium term, in the long term, I think can achieve this, especially given the customer base and everything, revenue generation and everything. Your second question was about the cost of risk, NPL. I'm comfortable actually because of a couple of reasons. First of all, in the past, because of the low-interest rate environment, the companies were actually benefiting from this environment extremely well, so they were very profitable, they were accumulating actually capital over the last couple of years, several years, so that they are in good shape. But having said this, yes, the growth will be less in Türkiye. When I say less, maybe three percent or something, so there may be some slowdown, but it will not really have a huge impact on the banks. We are as a bank very comfortable and please also keep in mind that in Türkiye there is a limitation in credit growth. This is part of the macro prudentials. We can grow only by two percent, so that is also limiting our exposure. Therefore, the banks are actually filtering, they have a filtering mechanism, and they allocate their loans to the best companies, better people in terms of risk. Therefore, I'm comfortable and also, we have large cushions. We have provisioned so much in the past, so we have quite good reserves, so I'm comfortable. Even if there is a slight rise, it's not something that will be damaging the P&L and the financials.

Q12: Another question comes from Umut Öztürk. Are you planning any exits, any divestitures while you're reaching your targeted EV?

Çenk Alper: Of course, this is a dynamic portfolio as we have mentioned. Our strategic focus areas are clear, so whenever opportunities exist to create value at the holding level, we might consider.

Q13: You expect net EBITDA to increase. How do you minimize the exchange rate differences arising from debt?

Orhun Köstem: Yes, thank you. That's a good question. First, obviously and then naturally, we make sure that we don't take any risks with the currency of indebtedness versus the currency of cash flow generation. I think a very good example would be Enerjisa Enerji, who actually is a high share in our debt book, all in Turkish Lira because it earns in Turkish Lira. The next, for example, in Enerjisa Üretim, again an area where we invest quite heavily, we fund in hard currency, and we match the tenure and of course the cash flow coming from the government incentives in the form of price guarantees and that's to make sure that we don't run any unnecessary risk on currencies. So that is first. I think we usually run a long position over the years. That's policy-driven, that's not by chance, obviously. But these are the most fundamental, I think, elements for us to manage currency risk in indebtedness.

Kerem Tezcan: We have no more questions online. Any questions from the participants here?

Q14: Just came from online. As a part of digital business, do you also plan to invest in software business such as cyber security?

Çenk Alper: Yeah, you know, this is a triangle. We start with infrastructure. As Max mentioned, the next step is the cloud and then managed services and software. Two years ago, we have invested in the cyber security business, operational cyber security business. And, you know, with the conflicts in the region right now, we have some problems with that business. But going forward, I believe we can integrate this into our existing game plan. So not any further software investments, but I think the company that we have acquired has great growth potential if we can couple it with the rest of our digital strategy.

Closing

Çenk Alper: Thank you, thank you. Kerem, one last word probably. I think we have to thank also to HSBC team organizing this great event. Really, they are here also. Thank you very much to HSBC. I would like to thank all our investors and the team around the table. You will see and meet today on one-on-one meetings. And later in the cocktail we'll have a chance. Yes, in the cocktail we'll have a chance to meet with each other also. So, thanks a lot. I think it was a great event and of course the IR team as always.

Kerem Tezcan: But now we can move to lunch which you might be finding the way to the place where we have lunch. And that will be the area where we will start the one-on-one meetings with the companies.

Thank you.