# 2013 THIRD QUARTER FINANCIAL RESULTS RELEASE

# CEO MESSAGE

**November 11, 2013**

- **SABANCI HOLDING’S CONSOLIDATED NET INCOME FOR THE FIRST NINE MONTHS OF 2013 INCREASED BY 31% OVER THE SAME PERIOD OF LAST YEAR TO TL 1,570 MILLION.**
- **SABANCI HOLDING’S CEO ZAFER KURTUL: “WITH ITS TAKEOVER OF AYEDAS AND TOROSLAR DISTRIBUTION REGIONS, IN ADDITION TO BASKENT REGION, ENERJISA IS PROVIDING ELECTRICITY TO NEARLY 20 MILLION PEOPLE.”**
- **“THE ACQUISITIONS OF THESE REGIONS ARE THE LARGEST ACQUISITIONS SABANCI HOLDING EVER MADE.”**
- **“ENERJISA, EXPANDING ITS GENERATION PORTFOLIO, HAS COMPLETED 628 MW OF RENEWABLE POWER PLANTS THIS YEAR AND HAS A TOTAL PORTFOLIO OF 2,328 MW IN OPERATION, PROCEEDING ON ITS GOAL OF 7,500 MW.”**
- **“BRISA WILL ESTABLISH ITS SECOND PLANT IN AKSARAY WITH AN INVESTMENT OF $300 MILLION, EXPANDING ITS CAPACITY BY 30%.”**
- **“THE IPO OF AVIVASA IS PLANNED FOR IN 2014.”**

In the first nine months of 2013, the consolidated revenues of Sabancı Holding increased by 15% over the same period of last year to TL 17,686 million.

In the same period, Sabancı Holding’s operational profit increased by 30% over the same period of last year to TL 4,020 million and its net income increased by 31% to TL 1,570 million.

Sabancı Holding’s total assets as of September 30, 2013 increased to TL 202,545 million and its consolidated shareholders’ equity to TL 16,931 million.

Sabancı Holding’s CEO, Zafer Kurtul expressed his thoughts on the results of the first nine months of 2013:

"The positive trend in the economic growth in the US, and in the Asian and European countries continues, albeit slowly. The monetary policies implemented by central banks in 2014 will have a major effect on this trend. We expect the European Central Bank and Bank of Japan to proceed with monetary easing while the Fed will start to taper monetary expansion in 2014. This tapering could potentially be a risk by causing an increase in interest rates and a decrease in global growth rates.

The increase in the interest rates for foreign currencies could potentially diminish capital inflows into developing markets, including Turkey. In a period of high volatility in foreign currency-TL rates, Turkey has continued its growth by expanding its export markets and with strong domestic demand growth. Sabancı Group is confident of Turkey's growth potential and is proceeding with its investments.''

## -"AKBANK CONTINUED TO INCREASE ITS OPERATIONAL PROFITABILITY."

"Akbank's consolidated net income in the first nine months of 2013 has increased by 27% over the same period of last year to TL 2,428 million.

Loans to SME's has increased by 35% deposits by 22% and total loans by 23% in the first nine months over the end of last year."

## - "THE SHARE OF RENEWABLE POWER PLANTS IN ENERJISA'S GENERATION PORTFOLIO HAS INCREASED TO 44%"

Pointing out that the share of renewable power plants in Enerjisa's generation portfolio is increasing, Kurtul stated: "The share of renewable power plants in Enerjisa's generation portfolio has increased to 44% today to 23% at the end of 2012.

Enerjisa is Turkey's leading electricity generation, distribution and retail company. Following the takeover of Ayedaş Electricity Distribution Region at the end of July, Toroslar region has been taken over on September 30, 2013. Enerjisa will utilize its experience and know-how gained in Baskent Region to restructure these regions, increasing operational efficiency and quality of service."

## - "2013 IS A YEAR OF GREAT SUCCESS FOR TEKNOSA; AS THE MARKET LEADER, IT IS GROWING FASTER THAN THE TECHNOLOGY RETAILING SECTOR."

"Teknosa continued its successful performance in the technology super store segment, in which it is the leader, with a 36% increase in revenues and 47% increase in net income in the first nine months of 2013 over the same period of last year. In the same period, the consumer electronics market in Turkey has grown by around 20%.

With its presence in 77 provinces of Turkey, Teknosa had 12 net store openings in the third quarter of 2013 and had 293 stores at the end of the quarter. While 2.2% of Teknosa's sales at the end of 2012 were through its online formats, Kliksa and Teknosa.com, their share in sales in the third quarter of 2013 has increased to 6.9%. Teknosa.com is #3 among all stores of Teknosa based on turnover.

Our new management team in Carrefoursa, with its extensive know-how regarding the Turkish market and consumers, is working towards achieving our priorities of profitability and growth".

## -"PRIVATE PENSION SYSTEM IS CRITICAL FOR INCREASING THE SAVINGS RATIO IN TURKEY."

Kurtul proceeded as follows: "The growth of the private pension system will support increased savings and help decrease the current account deficit. One of the largest players in this sector which is enjoying fast growth with the new incentives, Avivasa, has increased new participants in its pension plans by 75% in the first nine months of 2013. Avivasa's assets under management has increased by 28% in the same period."

## -"CEMENT COMPANIES HAD A STRONG PERFORMANCE DUE TO INCREASING DOMESTIC DEMAND."

"Our cement companies, Akçansa ve Çimsa, had a strong performance in the first nine months of this year due to increasing domestic demand. The companies increased their revenues by 16% in the first nine months of the year over the same period of last year. The companies supply cement to large-scale infrastructure projects."

## -"OUR INDUSTRIAL COMPANIES BOTH STRENGTHENING THEIR MARKET POSITIONS WITH NEW INVESTMENTS AND ALSO WORKING ON IMPROVING THEIR OPERATIONAL PROFITABILITY"

"Our industrial companies Kordsa Global and Yünsa are celebrating 40th year of their operations. Our companies, global leaders in their industries, are implementing projects strengthening their market positions. Kordsa Global invested in increasing the polyester yarn and tire cord capacities in its factory in Indonesia to serve the Asian market more effectively. In addition, the company is working on efficiency improvement in production and cost control projects to increase its operational profitability.

This year, Brisa, Sabancı Holding's JV with one of the leading tire producers in the world, Bridgestone, is celebrating 25th anniversary of its establishment. Brisa more than doubled its net income in the first nine months of 2013 over the same period of last year.

Brisa, which will have invested around $900 million since its establishment in its plant in Izmit, has decided to establish its second factory in the Aksaray Industrial Zone with an investment of $300 million which will increase the company's production capacity by 30%. The construction will start in 2015 and production will commence in 2018. 4.2 million passenger and light vehicle tires will be produced annually in the new factory."

## -"WE ARE PROCEEDING WITH OUR INVESTMENTS WITH THE GOAL OF PROFITABLE GROWTH."

Kurtul concluded as follows: "We are proceeding with our investments with the goal of profitable growth. On the other hand, we are working on rationalizing and increasing the transparency of our portfolio. Completing the IPO's as planned is of importance for us. We are working toward listing Avivasa next year.

The greatest share in our success rests with our employees, who will exceed more than 60,000 people next year. I express my gratitude to our employees, customers and shareholders for their support in achieving the successful results."

# MACROECONOMIC EXPECTATIONS

## Turkey Macro Outlook Update

- Domestic demand growth was moderate in Q3 2013 compared to Q2 2013. Domestic demand growth remained moderate due to the lagged impact of increased uncertainty over global monetary policies, diminished global risk appetite, slowed net capital inflows, sharp depretiation of TL, tighthed monetary stance, increased loan interest rates and detoriorated domestic sentiment.

- There was a moderate slowdown in investment spending and construction activities in Q3 2013. Private consumption spending continued to rise in Q3 2013 yet at a moderate rate.

- Investment demand remained weaker than consumer demand, which has been the case since Q3 2011. Private investment outlook is still weak due to excess capacity, tightened financial conditions and uncertain global environment.

- Exports remained strong thanks to continued penetration into higher growth regions and the recovery in exports to the EU countries. Imports weakened in parallel to slowdown in domestic demand. In conclusion, contribution of external demand to growth is expected to improve in Q3 2013.

- In the third quarter seasonally adjusted industrial production increased by 1.0% over 2Q13 while it expanded by 1.4% in 2Q of 2013.

- In Q3, GDP is expected to increase by around 4% on an annual basis and by 0.8-1 % on a quarterly basis.

- **Looking forward:** Slowdown in capital inflows and the tightening of financial conditions will lower the contribution of employment and bank lending channels to domestic demand growth in the remaining part of the year. Whereas, improved growth outlook in the global economy, in particular in Europe, and increased competitiveness of TL will improve the contribution of net exports to growth in economic activity.

## 2013 Expectations

| | 2012 | Prior 2013(E) | Current 2013(E) | Current 2014(E) |
|---|---|---|---|---|
| **GDP Growth, (%)** | **2.2** | **3.0** | **3.5** | **3.5** |
| **Change in CPI (%), annual** | **6.2** | **7.5** | **8.0** | **7.5** |
| **USD/TL, year end** | **1.783** | **2.030** | **2.04** | **2.21** |

- Economy in 2014 is expected to continue its accelerated growth of 2013, given the uncertainties regarding global risk environment do not change.

- Fed's decision to postpone tapering helped to stabilize the TL and loan rates. However, looking forward, the risk of reduction of monetary stimulus by the FED and other central banks of the developed economies continue to pose risk on Turkish economy with other emerging economies, particularly those with higher external financing needs.

- In a environment where the US interest rates starts to rise rapidly, Turkish economy with its high external financings needs and high dependence rate on portfolio flows may need to adjust its policy rates. That will pose downside risk on Sabancı Holding’s 3.5% growth rate expectation for the next year.

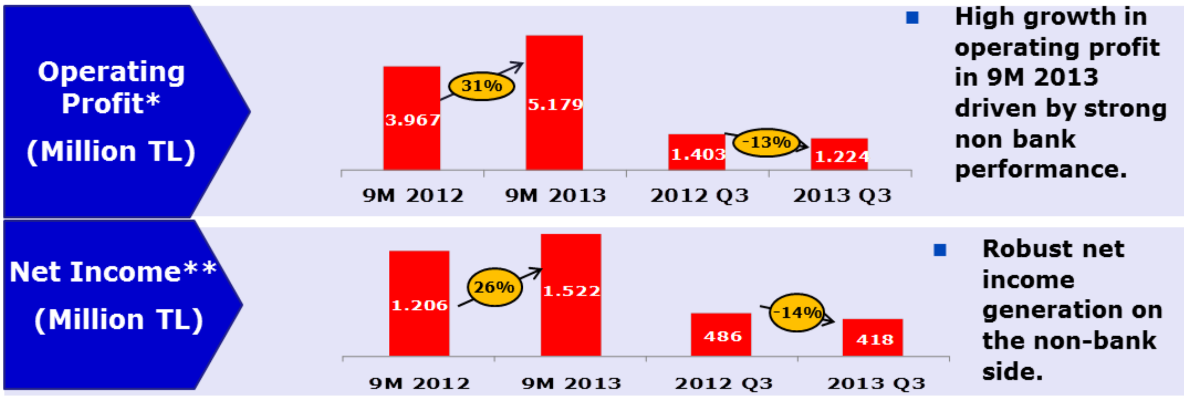
# CONSOLIDATED RESULTS

## Calculation of Net Income Excluding Non-Operational Items

| | 9M 2012 | 9M 2013 | 2012 Q3 | 2013 Q3 |
|---|---|---|---|---|
| NET INCOME | 1,198 | 1,570 | 479 | 481 |
| Akbank Turkish Competition Board Penalty | - | (53) | - | - |
| Income from Akbank NPL sale | - | 19 | - | - |
| Aksigorta gain on asset sale | - | 38 | - | - |
| Income from Diasa sale | - | 85 | - | 85 |
| Carrefoursa Restructuring Expenses | - | (32) | - | (22) |
| Other | (7) | (9) | (7) | - |
| NET INCOME EXCLUDING NON OPERATIONAL & NON RECURRING ITEMS* | 1,206 | 1,522 | 486 | 417 |

- The major one –off items in Q3 2013 are income from Diasa sale and restructuring expenses of Carrefoursa.

## Results Snapshot




** Total before consolidation (combined).*

*** 2013 consolidated 9M figures excludes non operational items totaling 48MTL at net income level, mainly due to Akbank Competition Board penalty, income from NPL sale of Akbank, restructuring charges of Carrefoursa, DiaSa sales profit and gain on headquarters building sale of Aksigorta.*

- Combined operating profit growth was strong in 9M 2013, it has decreased by 13% y-o-y in Q3 2013 due to 24% decrease on the bank side.

- Consolidated net income for the group excluding one-offs and non-recurring items increased by 26% y-o-y in the first nine months of 2013 yet decreased by 14% y-o-y in Q3 2013 on the back of 23% y-o-y decrease in banking net, in Q3 2013.

## Net Sales

| MILLION TL | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) | | | CONTRIBUTION TO CONSOLIDATED FINANCIALS | | |
|---|---|---|---|---|---|---|
| | 9M 2012 | 9M 2013 | % Change | 9M 2012 | 9M 2013 | % Change |
| *TOTAL* | *24.140* | *26.997* | *12%* | *15.362* | *17.686* | *15%* |
| BANK | 10.148 | 10.965 | 8% | 10.148 | 10.965 | 8% |
| NON-BANK | 13.992 | 16.032 | 15% | 5.249 | 6.750 | 29% |
| ENERGY | 3.363 | 4.162 | 24% | - | - | - |
| RETAIL | 3.463 | 4.012 | 16% | 1.577 | 2.813 | 78% |
| CEMENT | 1.423 | 1.614 | 13% | 641 | 739 | 15% |
| INSURANCE | 1.142 | 1.322 | 16% | - | - | - |
| INDUSTRIALS | 3.990 | 4.227 | 6% | 2.966 | 3.127 | 5% |
| OTHERS | 612 | 695 | 14% | 66 | 71 | 8% |

- All of the segments increased their revenues with a double-digit growth excluding banking and industrials in the first nine months of 2013 compared to the same period of last year.

- In consolidated statements retail has a growth of 78% due to the strong top-line growth in Teknosa and the inclusion of Carrefoursa in consolidated results following the transfer of shares.

- Increase in energy revenues was driven by strong performance of trading activities and tariff hikes in distribution business.

- Cement demand was good and quantities were up, supported with better domestic prices.

# EBITDA (EXCLUDING NON OPERATIONAL ITEMS)

| MILLION TL | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) | | | CONTRIBUTION TO CONSOLIDATED FINANCIALS | | |
|---|---|---|---|---|---|---|
| | 9M 2012 | 9M 2013 | % Change | 9M 2012 | 9M 2013 | % Change |
| *TOTAL* | *4.389* | *5.978* | *36%* | *3.367* | *4.468* | *33%* |
| BANK | 2.586 | 3.599 | 39% | 2.586 | 3.599 | 39% |
| NON-BANK | 1.803 | 2.380 | 32% | 793 | 816 | 3% |
| ENERGY | 371 | 526 | 42% | 95 | (37) | N.M |
| RETAIL | 104 | 109 | 4% | 60 | 106 | 76% |
| CEMENT | 324 | 388 | 20% | 185 | 223 | 20% |
| INSURANCE | 62 | 146 | 135% | 28 | 77 | 174% |
| INDUSTRIALS | 409 | 646 | 58% | 439 | 485 | 11% |
| OTHERS | 533 | 565 | 6% | (15) | (37) | 150% |

- Banking operating profit increased very strongly.
- On the non-bank side, EBITDA growth was stellar in the insurance segment and very robust in industrials.
- Industrials EBITDA growth was driven by strong performance of Brisa and Philsa.
- Energy EBITDA improvement, also quite strong, is partly due to the base effect because of the natural gas interruptions in 1Q12 affecting operations unfavorably and also due to the strong performance of the distribution business and trading activities.

# SEGMENT HIGHLIGHTS

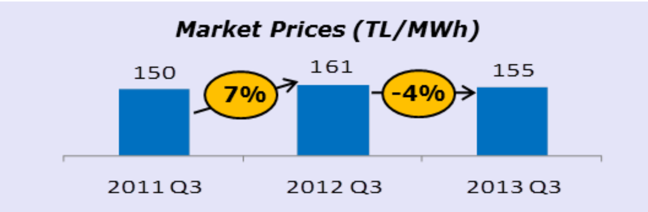
The figures on the left side of the tables represent the combined results of the companies whereas the ones on the right side represent the segments' contribution to the consolidated financial statements.

## Energy

| MILLION TL | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) | | | CONTRIBUTION TO CONSOLIDATED FINANCIALS | | |
|---|---|---|---|---|---|---|
| | 9M 2012 | 9M 2013 | % Change | 9M 2012 | 9M 2013 | % Change |
| SALES | 3.363 | 4.162 | 24% | - | - | - |
| EBITDA* | 371 | 526 | 42% | 95 | (37) | N.M |
| NET INCOME** | 189 | (62) | N.M | 95 | (31) | N.M |
| EBITDA MARGIN | 11,0% | 12,6% | | | | |

| MILLION TL | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) | | | CONTRIBUTION TO CONSOLIDATED FINANCIALS | | |
|---|---|---|---|---|---|---|
| | 2012 Q3 | 2013 Q3 | % Change | 2012 Q3 | 2013 Q3 | % Change |
| SALES (NET) | 1.120 | 1.631 | 46% | - | - | - |
| EBITDA* | 130 | 180 | 38% | 15 | (40) | N.M. |
| NET INCOME** | 28 | (79) | N.M | 15 | (40) | N.M. |
| EBITDA Margin (%) | 11,6% | 11,0% | | - | - | |

* Excludes non operational items in combined results and includes net income effect of non operational items in consolidated results
** Excludes non operational items




- In the first nine months, energy revenues increased by 24% compared to last year. The top line growth was mainly driven by the volume increase in generation business and hikes in regulated electricity price of the distribution business.
- Electricity demand in Turkey was flat in the first nine months of 2013 compared to same period in 2012 . The main driver for the low demand growth is milder weather conditions in Turkey compared to previous year which had a very cold winter and a very hot summer deviating from average temperatures.

- Despite total electricity demand being stagnant, sales volume of Enerjisa Generation & Trading business increased by 5% in the first nine months of 2013 compared to the same period in the previous year. Enerjisa had a very robust sales growth of 17% in the third quarter. The main drivers were additional capacity which became operational and increased trading activities.
- EBITDA in the third quarter of 2013 increased by 38% which was mainly a reflection of the top-line growth in the generation and distribution businesses. Both business lines contributed to EBITDA growth.
- In addition to the renewable power plants commencing operations earlier, our largest renewable power plant project Kandil (208 MW, Oct 2013) is operational as of October.

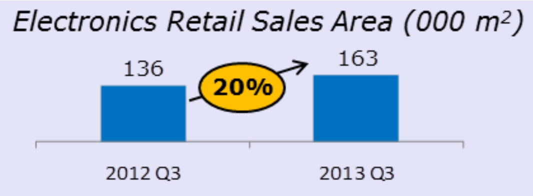
## New Distribution Regions

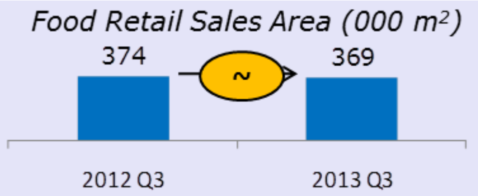
- Takeover of Ayedas and Toroslar distribution regions were completed on July 31 and September 30, 2013, respectively.
- Ayedas and Toroslar regions are complementary. Ayedas is a highly residential region whereas Toroslar is one of the largest distribution grids in Turkey. Ayedas consumption peaks in summer due to high air conditioning demand whereas in Toroslar region, electricity is also used for heating purposes in winter.
- Key points regarding the financing of Ayedas and Toroslar:
  - Enerjisa paid 491 M US$ for Ayedaş and 690 M US$ for Toroslar, at the closing date, 40% of the tender prices, from equity. This portion was injected to the company as equity from the shareholders.
  - The remaining amounts for both regions will be paid to Privatization Administration in 3 annual installments in Turkish Lira converted from the takeover date USD/TL currency. PPI+2% interest rate will be applied. This is booked as "Debt to Privatization Administration" in the financials of Enerjisa.
- No positive net income contribution from these regions is expected in 2013/2014 as the restructuring activities continue. In fact, these regions will be dilutive to net income, for the remainder of this year.

# Retail

| MILLION TL | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) | | | CONTRIBUTION TO CONSOLIDATED FINANCIALS | | |
|---|---|---|---|---|---|---|
| | 9M 2012 | 9M 2013 | % Change | 9M 2012 | 9M 2013 | % Change |
| SALES | 3.463 | 4.012 | 16% | 1.577 | 2.813 | 78% |
| EBITDA* | 104 | 109 | 4% | 60 | 74 | 23% |
| NET INCOME** | (5) | (34) | N.M | 6 | (4) | N.M |
| EBITDA MARGIN | 3,0% | 2,7% | | 3,8% | 2,6% | |

| MILLION TL | 2012 Q3 | 2013 Q3 | % Change | 2012 Q3 | 2013 Q3 | % Change |
|---|---|---|---|---|---|---|
| SALES | 1.259 | 1.465 | 16% | 586 | 1.462 | 150% |
| EBITDA* | 46 | 53 | 16% | 25 | 48 | 96% |
| NET INCOME** | 6 | 37 | 473% | 6 | 19 | 236% |
| EBITDA Margin (%) | 3,6% | 3,6% | | 4,2% | 3,3% | |



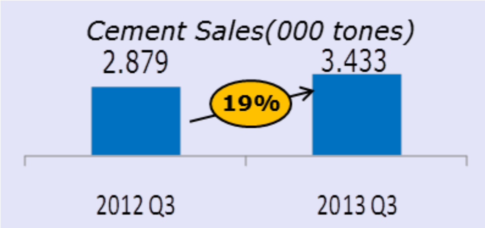




- In retail segment results, the revenues increased by 16%. The growth was provided by the electronics retail business. Teknosa had another very strong quarter in Q3 of 2013, increasing its revenues by 34%.
- Electronics retail sales area increased by 20%, the electronics retailing business continued its dynamic portfolio management. Teknosa opened 38 new stores and closed 28 stores (with relocation purposes) in Q3 2013.
- Food retail sales were stable, sales area decreasing slightly to 368,000 m2.
- EBITDA margin decreased in Q3 2013 compared to the same period of 2012. The main driver of this decrease was lower EBITDA margin in food retail business.
- DIASA will not be included in retail segment results as the transfer is completed in this quarter .

## Cement

| MILLION TL | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) | | | CONTRIBUTION TO CONSOLIDATED FINANCIALS | | |
|---|---|---|---|---|---|---|
| | 9M 2012 | 9M 2013 | % Change | 9M 2012 | 9M 2013 | % Change |
| SALES | 1.423 | 1.614 | 13% | 641 | 739 | 15% |
| EBITDA* | 324 | 388 | 20% | 185 | 223 | 20% |
| NET INCOME* | 172 | 214 | 24% | 74 | 92 | 23% |
| EBITDA MARGIN | 22,8% | 24,1% | | 28,9% | 30,1% | |

| MILLION TL | 2012 Q3 | 2013 Q3 | % Change | 2012 Q3 | 2013 Q3 | % Change |
|---|---|---|---|---|---|---|
| SALES (NET) | 522 | 598 | 15% | 244 | 270 | 10% |
| EBITDA* | 129 | 172 | 33% | 81 | 103 | 27% |
| NET INCOME* | 66 | 105 | 58% | 31 | 48 | 52% |
| EBITDA Margin (%) | 24,8% | 28,7% | | 33,3% | 38,4% | |

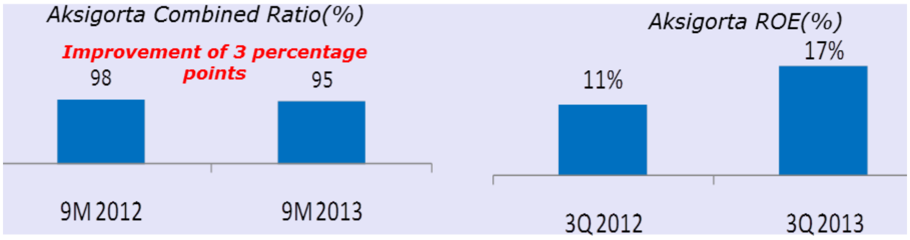



* Excludes non operational items

- Cement revenues increased by 15% year over year in 2013 Q3, compared to 2012 Q3 on the back of higher demand and better domestic prices. As seen on the graph, our total cement sales increased by 19% y/y and reached 3,433 ktons in the third quarter of 2013.
- Based on Turkish Cement Manufacturers' Association, domestic cement demand also increased by 11% year over year for the period of Jul-Aug'2013 (Marmara:11%, Agean:11%, Mediterrenean:29%, Black Sea:8%, Central Anatolia:4%, East Anatolia:8%, South Eastern:5%).
- Cement prices improved most significantly in Central Anatolia and Marmara Regions.

# Insurance

| MILLION TL | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) | | | CONTRIBUTION TO CONSOLIDATED FINANCIALS | | |
|---|---|---|---|---|---|---|
| | 9M 2012 | 9M 2013 | % Change | 9M 2012 | 9M 2013 | % Change |
| SALES | 1.142 | 1.322 | 16% | - | - | - |
| EBITDA* | 62 | 146 | 135% | 28 | 77 | - |
| NET INCOME** | 64 | 95 | 49% | 28 | 42 | 48% |
| EBITDA MARGIN | 5,4% | 11,1% | | | | |
| | 2012 Q3 | 2013 Q3 | % Change | 2012 Q3 | 2013 Q3 | % Change |
| SALES (NET) | 336 | 429 | 28% | - | - | - |
| EBITDA* | 28 | 59 | 112% | 12 | 18 | 47% |
| NET INCOME** | 29 | 44 | 53% | 12 | 18 | 47% |
| EBITDA MARGIN | 8,3% | 13,8% | | | | |



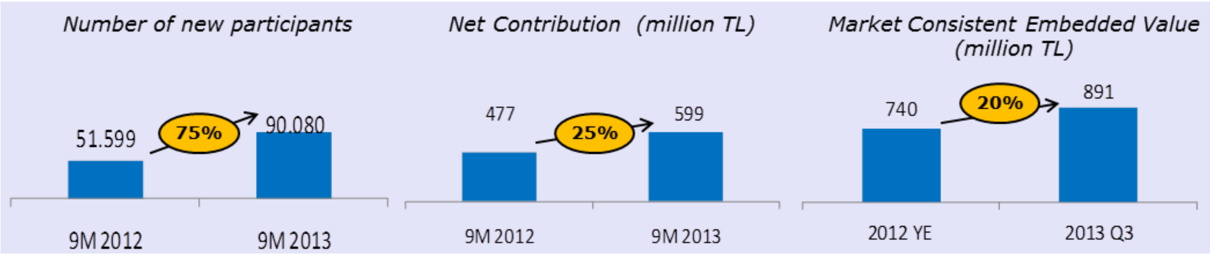

- In the insurance segment, the increase in gross written premiums has continued in the third quarter of 2013. 2013 Q3 combined operating income more than doubled compared to Q3 2012.
- Gross written premiums in non-life business increased by 30% in third quarter of 2013 compared to same period of last year.
- The main driver of the increase in the gross written premiums is the effective use of bancassurance channel with a growth rate of 30%.
- In the non-life insurance business, combined ratio in the first nine months of 2013 improved from 98% to 95% compared to the same period of previous year, thanks to more effective claims management processes and the strategy to realign the portfolio towards more profitable product segments.
- ROE of Aksigorta has increased significantly from 11% in 2012 YE to 17% in the first nine months of 2013 exceeding Sabancı Holding threshold of 15%.

## Avivasa

| MILLION TL | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) 9M 2012 | 9M 2013 | % Change | CONTRIBUTION TO CONSOLIDATED FINANCIALS 9M 2012 | 9M 2013 | % Change |
|---|---|---|---|---|---|---|
| SALES | 145 | 178 | 23% | - | - | - |
| OPERATING INCOME | 32 | 33 | 4% | 18 | 27 | 45% |
| NET INCOME | 37 | 53 | 45% | 18 | 27 | 45% |

| MILLION TL | 2012 Q3 | 2013 Q3 | % Change | 2012 Q3 | 2013 Q3 | % Change |
|---|---|---|---|---|---|---|
| SALES (NET) | 45 | 51 | 13% | - | - | - |
| OPERATING INCOME | 13 | 9 | -26% | 7 | 8 | 13% |
| NET INCOME | 14 | 16 | 13% | 7 | 8 | 13% |

| | 2012 Q3 | 2013 Q3 | % Change |
|---|---|---|---|
| AUM (Million TL) | 3.763 | 4.803 | 28% |




- Our non-listed pension business Avivasa increased its sales by 13% compared to 2012 Q3.
- In private pension, including the state contributions, total assets under management increased by 28% as of September 30, 2013 compared to the September 30, 2012 despite the sharp decreases in the asset prices.
- The new pension incentives were the main driver of the growth.
- Net contribution increased by 25% in the first nine months of 2013 compared to same period of last year.
- Number of new participants continued to increase with a growth rate of 75% in the first nine months of 2013 compared to the same period of previous year.
- The figures of Avivasa clearly demonstrate the contribution of the new incentivization scheme to the growth of the pension business.
- In order to increase the transparency of Avivasa, we want to continue to share the Market Consistent Embedded Value of Avivasa. Market Consistent Embedded Value shows the adjusted

mark-to-market shareholder net asset value at the valuation date plus the present value of future after tax profits expected to arise from the existing business. In other words, MCEV shows the value of the current portfolio of Avivasa, without taking into account any future growth.

- The MCEV value of Avivasa is 891 MTL. Despite declining commission rates with new regulation, Avivasa was able to significantly increase the value. This shows the significant potential in Avivasa's valuation since most of the emerging market life and pension insurance companies are valued with multiples of Embedded Value. Avivasa's MCEV grew by 20% in the first nine months of 2013.

## Industrials

| MILLION TL | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) | | | CONTRIBUTION TO CONSOLIDATED FINANCIALS | | |
|---|---|---|---|---|---|---|
| | 9M 2012 | 9M 2013 | % Change | 9M 2012 | 9M 2013 | % Change |
| SALES (NET) | 3.990 | 4.227 | 6% | 2.966 | 3.127 | 5% |
| EBITDA* | 556 | 646 | 16% | 439 | 485 | 11% |
| NET INCOME* | 278 | 344 | 24% | 223 | 244 | 9% |
| EBITDA MARGIN | 13,9% | 15,3% | | 14,8% | 15,5% | |

| MILLION TL | 2012 Q3 | 2013 Q3 | % Change | 2012 Q3 | 2013 Q3 | % Change |
|---|---|---|---|---|---|---|
| SALES (NET) | 1.296 | 1.513 | 17% | 931 | 1.093 | 17% |
| EBITDA* | 199 | 266 | 33% | 148 | 198 | 34% |
| NET INCOME* | 96 | 168 | 75% | 76 | 110 | 44% |
| EBITDA Margin (%) | 15,4% | 17,6% | | 15,9% | 18,1% | |

- In industrials, total segment revenues increased by 17%, EBITDA by 33% and net income by 75% year over year in Q3 2013.

- All of our industrial companies increased their EBITDA excluding Kordsa Global, thanks to the increased operational efficiencies, increased cost controls and supporting exchange rate environment increasing competitiveness in the export markets.

- As of September, Temsa companies are performing better than our expectations set in the beginning of the year and increasing their consolidated sales and EBITDA by 15% and 22% respectively in the first nine months compared to same period in the previous year. Please note that, Temsa has been restructured into three entities in order to focus on effective management of different segments.

- Sasa increased its net sales by 13% y-o-y and EBITDA by 129% yoy in 3Q 2013.

# Brisa

| | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) | | | CONTRIBUTION TO CONSOLIDATED FINANCIALS | | |
|---|---|---|---|---|---|---|
| MILLION TL | 9M 2012 | 9M 2013 | % Change | 9M 2012 | 9M 2013 | % Change |
| SALES | 1,024 | 1,095 | 7% | - | - | - |
| EBITDA | 145 | 219 | 51% | - | - | - |
| NET INCOME | 53 | 109 | 105% | 23 | 47 | 105% |
| EBITDA MARGIN | 14.2% | 20.0% | | | | |
| | 2012 Q3 | 2013 Q3 | % Change | 2012 Q3 | 2013 Q3 | % Change |
| SALES (NET) | 365 | 419 | 15% | - | - | - |
| EBITDA | 67 | 96 | 43% | - | - | - |
| NET INCOME | 24 | 54 | 123% | 11 | 24 | 123% |
| EBITDA Margin (%) | 18.3% | 22.8% | | - | - | |

- In the tire business, Brisa continued its strong performance.

- Total sales volume of the company increased by 15% in the third quarter of 2013 compared to Q3 of 2012. Replacement sales volume increased by 16%.

- The company increased its EBITDA margin by 6 percentage points in 9M13 due to declining raw material prices in 2013. Declining raw material prices continued to affect the company positively on the net income level in the third quarter of 2013.

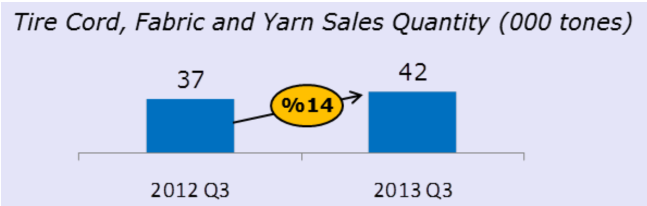
- Brisa more than doubled its net income in the first nine months compared to the same period last year. The increase in the more profitable replacement segment contributed profitability significantly. Now, the company is focusing on providing services and increasing its presence in retail.

- Brisa is also investing in a second production facility in Aksaray with a capacity of 4,2 mn tyres. The construction will start in 2015 and the production facility will become operational in 2018 and will reach full capacity in 2023. The company will increase its capacity by 30% with the completion of investment. The project will utilize incentives under the "Major Projects" framework of the government such as Customs Duty Exemption, VAT Exemption, Tax Reduction, Social Security Premium Support, Land Allocation.

# Kordsa

| MILLION TL | TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED) | | | CONTRIBUTION TO CONSOLIDATED FINANCIALS | | |
|---|---|---|---|---|---|---|
| | 9M 2012 | 9M 2013 | % Change | 9M 2012 | 9M 2013 | % Change |
| SALES | 1.153 | 1.140 | -1% | 1153 | 1140 | -1% |
| EBITDA | 142 | 109 | -23% | 142 | 109 | -23% |
| NET INCOME | 70 | 16 | -77% | 64 | 15 | -77% |
| EBITDA MARGIN | 12,3% | 9,6% | | 12,3% | 9,6% | |

| | 2012 Q3 | 2013 Q3 | % Change | 2012 Q3 | 2013 Q3 | % Change |
|---|---|---|---|---|---|---|
| SALES (NET) | 367 | 405 | 10% | 367 | 405 | 10% |
| EBITDA | 40 | 53 | 32% | 40 | 53 | 32% |
| NET INCOME | 16 | 15 | -7% | 16 | 15 | -7% |
| EBITDA Margin (%) | 10,9% | 13,1% | | 10,9% | 13,1% | |




- The tire cord business, Kordsa is still affected by the global economic slowdown. However a recovery in the third quarter is observed. The EBITDA margin increased from 11% in Q3 of 2012 to 13% in Q3 of 2013.
- The primary reason in the profitability is the increased operational efficiency. On the other hand, a recovery has been observed in the Asia Pacific region contributing positively to the results.

# Leverage and Consolidated FX Position

| NET FX POSITION (excl. bank) | Million Euro | |
|---|---|---|
| | Dec 31, 2012 | Sep 30, 2013 |
| ***SEGMENT TOTALS*** | | |
| **ENERGY** | (1.700) | (1.771) |
| **INDUSTRY** | (74) | (122) |
| **CEMENT** | 4 | 24 |
| **RETAIL** | (10) | 11 |
| **HOLDING,INSURANCE&OTHER** | 378 | (47) |
| ***TOTAL CONSOLIDATED**** | ***(209)*** | ***(409)*** |

| NET DEBT / (CASH) (excl. bank & ins.) | Million Euro | |
|---|---|---|
| | Dec 31, 2012 | Sep 30, 2013 |
| ***SEGMENT TOTALS*** | | |
| **ENERGY***** | 1.799 | 3.320 |
| **INDUSTRY** | 716 | 684 |
| **CEMENT** | 240 | 147 |
| **RETAIL** | (153) | (30) |
| **HOLDING&OTHER** | (445) | (69) |
| ***TOTAL**** | ***1.072*** | ***2.224*** |

* Capitalized borrowings of Energy segment amounting to 481 M Euro and other FX assets/liabilities that do not create FX gain/loss are excluded (Capitalized borrowings Dec 31, 2012: 366 M Euro).

** Total net debt position affecting the consolidated net income

***Includes 3.5 bn TL Debt to Privatization Administration

- Considering the FX portion of Enerjisa's capitalized investment loans and other positions not affecting the PL, we had a short position of 409 M Euro by the end of the quarter. Following the acquisition of new distribution regions, Sabancı Holding does not hold cash.
- At the end of the quarter Sabancı Holding utilized a 100 mn US$ loan which has been converted to TL consequently. Therefore our FX position as of today is slightly exceeding 300 M Euros.

# APPENDIX-CONSOLIDATED FINANCIALS

## Balance Sheet (000 TL)

| | 30 September 2013 | 31 December 2012 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | **103.513.273** | **84.146.656** |
| Cash and Cash Equivalents | 7.556.368 | 6.330.553 |
| Financial Assets | 12.513.036 | 5.720.174 |
| - Held for Trading | 59.666 | 31.583 |
| - Available for sale | 10.706.960 | 3.779.346 |
| - Held to Maturity | 1.739.533 | 1.846.994 |
| -Time Deposits | 6.877 | 62.251 |
| Trade Receivables | 1.406.831 | 971.514 |
| Derivative Financial Instruments | 58.863.369 | 51.924.082 |
| Reserve Deposits with the Central Bank of the Republic of Turkey | 17.463.614 | 15.242.002 |
| Other Receivables | 657.647 | 705.429 |
| Derivative Financial Instruments | 1.886.948 | 539.175 |
| Inventories | 1.802.544 | 1.511.138 |
| Prepaid Expenses | 368.489 | 245.209 |
| Other Current Assets | 964.170 | 869.475 |
| | **103.483.016** | **84.058.751** |
| Assets Held for Sale | 30.257 | 87.905 |
| **Non – current Assets** | **99.031.598** | **87.683.352** |
| Financial Assets | 33.089.494 | 38.924.773 |
| - Available for Sale | 33.089.494 | 37.134.299 |
| - Held to Maturity | - | 1.790.474 |
| Trade Receivables | 39.494 | 24.373 |
| Receivables from Finance Sector Operations | 55.231.204 | 40.976.081 |
| Other Receivables | 50.861 | 18.894 |
| Investments Accounted for Under Equity Method | 5.119.113 | 3.809.002 |
| Investment Property | 328.867 | 105.497 |
| Property, Plant and Equipment | 3.793.343 | 3.110.140 |
| Intangible Assets | 793.966 | 433.907 |
| -Goodwill | 503.142 | 181.644 |
| - Other Intangible Assets | 290.824 | 252.263 |
| Long Term Prepaid Expenses | 14.821 | 13.963 |
| Deferred Income Tax Assets | 471.495 | 176.375 |
| Other Non-current Assets | 98.940 | 90.347 |
| **Total Assets** | **202.544.871** | **171.830.008** |

| | 30 September 2013 | 31 December 2012 |
|---|---|---|
| **LIABILITIES** | | |
| **Short Term Liabilities** | **150.001.315** | **125.831.965** |
| Financial Liabilities | 15.540.015 | 13.268.358 |
| Current Portion of Long-term Financial Liabilities | 1.841.612 | 1.433.532 |
| Trade Payables | 1.579.767 | 1.295.501 |
| Payables from Finance Sector Operations | 123.842.243 | 104.022.892 |
| Payables for Employee Termination Benefits | 48.259 | 32.309 |
| Other Payables | 3.883.151 | 3.123.217 |
| Derivative Financial Instruments | 1.076.472 | 600.412 |
| Deferred Income | 293.951 | 253.255 |
| Income Taxes Payable | 85.214 | 436.452 |
| Short Term Provisions | 436.282 | 312.458 |
| - Provision for Employee Termination Benefits | 116.165 | 118.136 |
| - Other Short Term Provisions | 320.117 | 194.322 |
| Other Short Term Liabilities | 1.374.349 | 1.053.579 |
| **Long Term Liabilities** | **20.777.856** | **15.484.999** |
| Financial Liabilities | 10.912.759 | 9.307.256 |
| Trade Payables | 1.707 | 3.980 |
| Payables from Finance Sector Operations | 9.439.524 | 5.248.142 |
| Other Long Term Liabilities | 32.264 | 25.525 |
| Derivative Financial Instruments | 44.051 | 612.809 |
| Deferred Income | 63.574 | 61.876 |
| Long Term Provisions | 191.718 | 141.005 |
| - Provisions for Long Term Employee Termination Benefits | 181.900 | 133.963 |
| - Other Long Term Proisions | 9.818 | 7.042 |
| Deferred Tax Liability | 92.246 | 83.897 |
| Other Long Term Liabilities | 12 | 509 |
| **EQUITY** | **31.765.700** | **30.513.044** |
| **Equity attributable to the parent** | **16.930.689** | **16.251.076** |
| Share Capital | 2.040.404 | 2.040.404 |
| Adjustments to Share Capital | 3.426.761 | 3.426.761 |
| Treasury Shares (-) | - | (52.227) |
| Share Premium | 21.670 | 21.670 |
| Other Accumulated Comprehensive Income / (Expense) Classified As Gain /(Loss) | (399.849) | 612.056 |
| - Currency Translation Adjustments | 233.603 | 145.287 |
| - Gain /(Loss) on Derivative Instruments | (207.233) | (223.386) |
| - Revaluation Funds | (426.219) | 690.155 |
| Restricted Reserves | 654.261 | 654.707 |
| Retained Earnings | 9.577.928 | 7.689.215 |
| Net Income for the Period | 1.569.939 | 1.858.490 |
| **Non-controlling Interests** | **14.835.011** | **14.261.968** |
| **Total Equity and Liabilities** | **202.505.295** | **171.830.008** |

## Income Statement (000 TL)

| | Not Reviewed 1 January - 30 Sept 2013 | Not Reviewed 1 July - 30 Sept 2013 | Restated Not Reviewed 1 January - 30 Sept 2012 | Restated Not Reviewed 1 July - 30 Sept 2012 |
|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | |
| Sales (net) | 6.732.357 | 2.845.130 | 5.239.748 | 1.770.774 |
| Interest, Premium, Commission and Other Income | 10.953.663 | 3.491.638 | 10.122.746 | 3.589.237 |
| **TOTAL** | **17.686.020** | **6.336.768** | **15.362.494** | **5.360.011** |
| Cost of Sales (-) | (5.657.539) | (2.341.218) | (4.391.059) | (1.498.100) |
| Interest, Premium, Commission and Other Expense (-) | (4.950.000) | (1.831.779) | (5.632.160) | (1.795.463) |
| **TOTAL** | **(10.607.539)** | **(4.172.997)** | **(10.023.219)** | **(3.293.563)** |
| **GROSS PROFIT** | **7.078.481** | **2.163.771** | **5.339.275** | **2.066.448** |
| General and Administrative Expenses (-) | (3.084.161) | (1.115.329) | (2.429.491) | (849.133) |
| Marketing, Selling and Distribution Expenses (-) | (470.988) | (176.878) | (397.425) | (134.499) |
| Research and Development Expenses (-) | (11.709) | (5.107) | (8.412) | (2.540) |
| Other Operating Income | 557.356 | 236.219 | 447.608 | 114.020 |
| Other Operating Expenses (-) | (316.664) | (193.751) | (180.550) | (31.172) |
| Shares of Income of Investments Accounted For under equity method | 267.407 | 79.102 | 325.610 | 110.471 |
| **OPERATING INCOME** | **4.019.722** | **988.027** | **3.096.615** | **1.273.595** |
| Income from Investments | 25.431 | 24.538 | 6.891 | 227 |
| Expenses from Investments (-) | (7.672) | (7.260) | (1.087) | (164) |
| **NET INCOME BEFORE FINANCIALS EXPENSES** | **4.037.481** | **1.005.305** | **3.102.419** | **1.273.658** |
| Financial Income | 44.051 | 18.582 | 40.544 | 10.183 |
| Financial Expenses (-) | (156.810) | (55.985) | (151.138) | (58.374) |
| **NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS** | **3.924.722** | **967.902** | **2.991.825** | **1.225.467** |
| **Tax Income/(Expense) from continuing operations** | | | | |
| Current Income Tax Expense | (755.891) | (135.656) | (706.304) | (280.696) |
| Deferred Income Tax Benefit | (14.233) | (52.089) | 152.459 | (49.083) |
| **NET INCOME FROM CONTINUING OPERATIONS** | **3.154.598** | **780.157** | **2.437.980** | **993.854** |
| **DISCOUNTED OPERATIONS** | | | | |
| Net income/(loss) after tax from discounted operations | 89.900 | 121.199 | (9.537) | (5.552) |
| **NET INCOME FOR THE PERIOD** | **3.244.398** | **901.356** | **2.428.443** | **988.302** |
| **ATTRIBUTABLE TO NET INCOME** | | | | |
| - Non-Controlling Interest | 1.674.459 | 420.729 | 1.229.996 | 509.083 |
| - Equity Holders of the Parent | 1.569.939 | 480.627 | 1.198.447 | 479.219 |
| Earnings per share - thousands of ordinary shares (TL) | 7,69 | 2,36 | 5,87 | 2,35 |
| Earnings per share from continuing operations - thousands of ordinary shares (TL) | 7,25 | 1,76 | 5,92 | 2,38 |

## DETAILS OF NON-LISTED COMPANIES

| MTL | Revenues | EBITDA | Net Income | Shareholders' Equity | Net (Cash)/ Debt |
|---|---|---|---|---|---|
| Avivasa | 178 | 36 | 53 | 232 | (659) |
| Temsa | 966 | 96 | 47 | 220 | 584 |
| Diasa(*) | - | - | (78) | (98) | - |
| Enerjisa | 4,162 | 510 | (74) | 8,051 | 5,565 |

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