

Sabancı of Rising Turkey

2012 Q1 Earnings Presentation

SABANCI

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Turkey Macro Outlook Update-Q1 2012

- Turkish economy grew by 8.5% in 2011 after 9.2% growth in 2010.
- The economy slowed down in Q1 due to declining domestic demand.
- Quarterly seasonally adjusted industrial production contracted by 1.5% q/q while expanding by 3.2% q/q in Q1 of 2011.
- Domestic sales of automobiles and commercial vehicles declined by 21% and 34% respectively.
- Consumer confidence and consumer loans recorded mild growth.
- Temporary factors such as adverse weather conditions contributed to the trend.
- Other factors:
 - Monetary tightening,
 - Higher energy prices,
 - Weaker demand in the Euro Zone
 - General softening of business sentiment.

2012 Expectations

	<u>2011</u>	<u>2012(P)</u>
GDP Growth,%	8.5	4.0
Increase in CPI (%), annual	10.45	7.0
USD/TL, year end	1.89	1.80
Budget Deficit/GNP,%	(1.4)	(1.8)
Bond Interest, year end,%	11.1	9.5
Current Acc. Balance/GNP,%	(10.0)	(8.5)

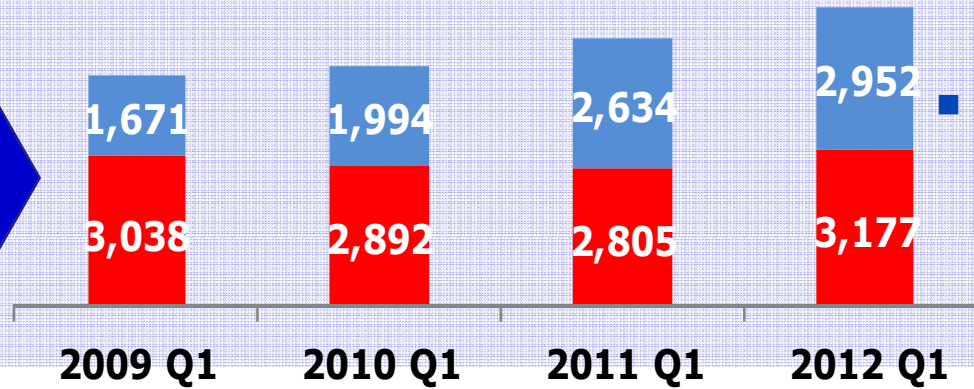
Soft landing, sustainable growth coupled with stable FX environment

Results Snapshot

BANK

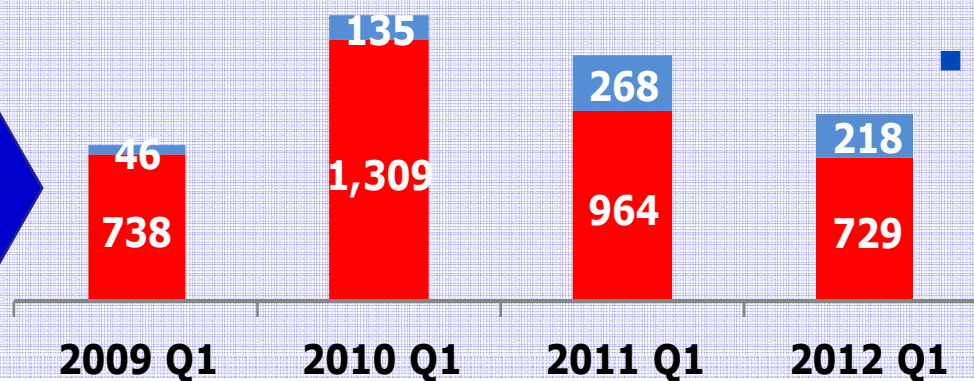
NON-BANK

**Net Sales
(Million TL)**



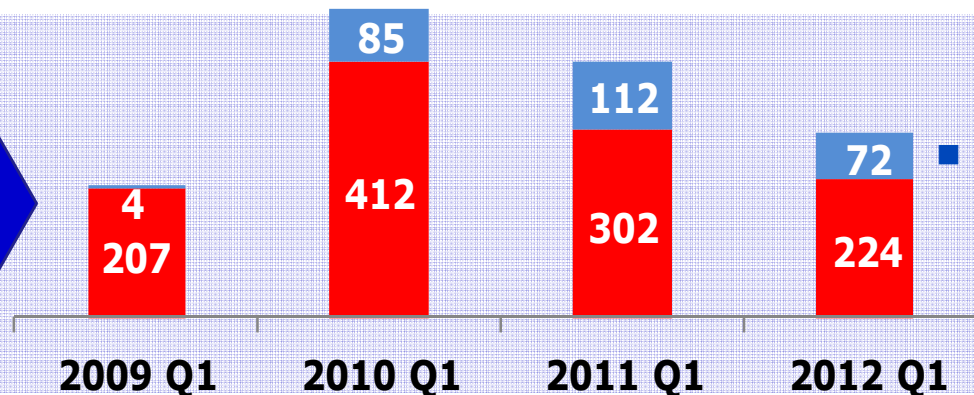
■ Revenue growth in both bank and non-bank segments

**EBITDA*
(Million TL)**



■ Operational profitability decrease due to tougher banking environment and temporary severe weather conditions and natural gas outages

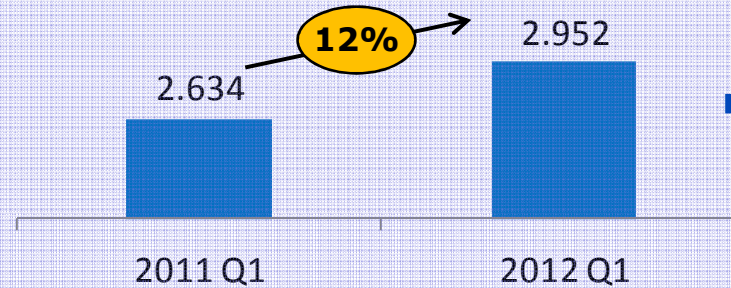
**Net Income*
(Million TL)**



■ Net income impacted by temporary conditions

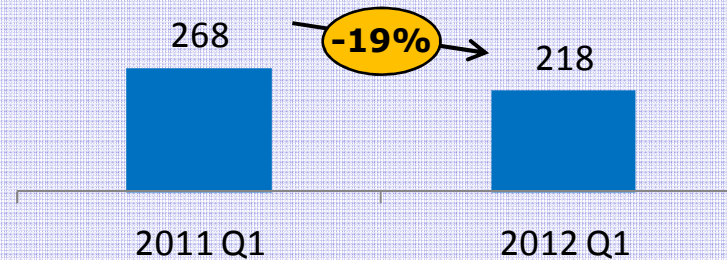
Non-bank Results

Net Sales (M TL)



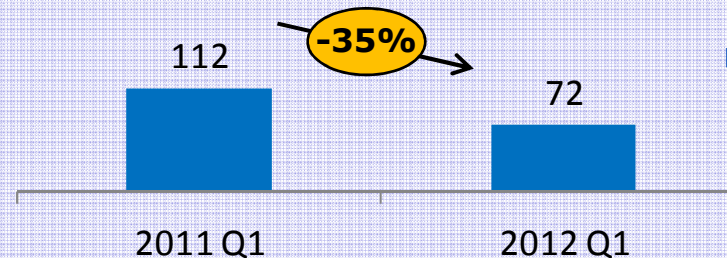
- Double digit revenue growth mainly through industrials, energy and retail businesses

EBITDA (M TL)*



- Operating profit decrease mainly due to temporary severe weather conditions and natural gas outages

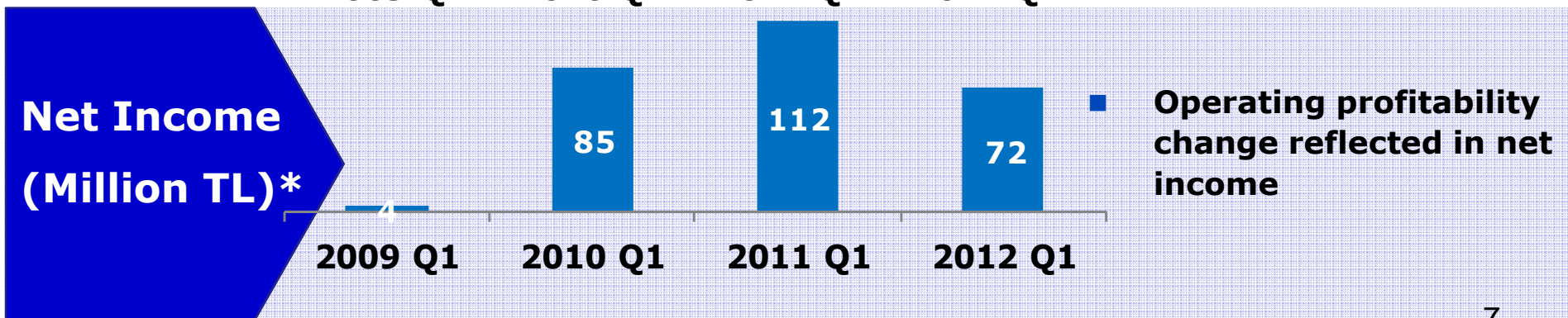
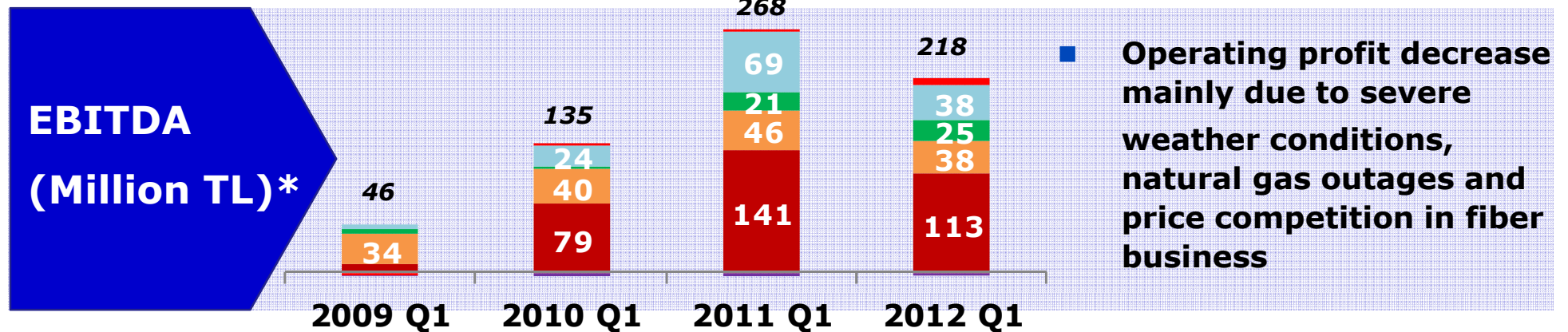
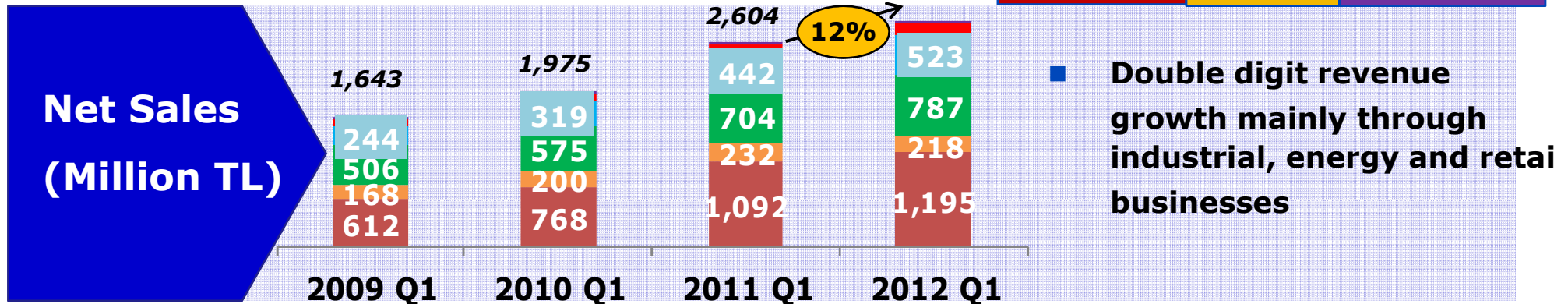
Net Income (M TL)*



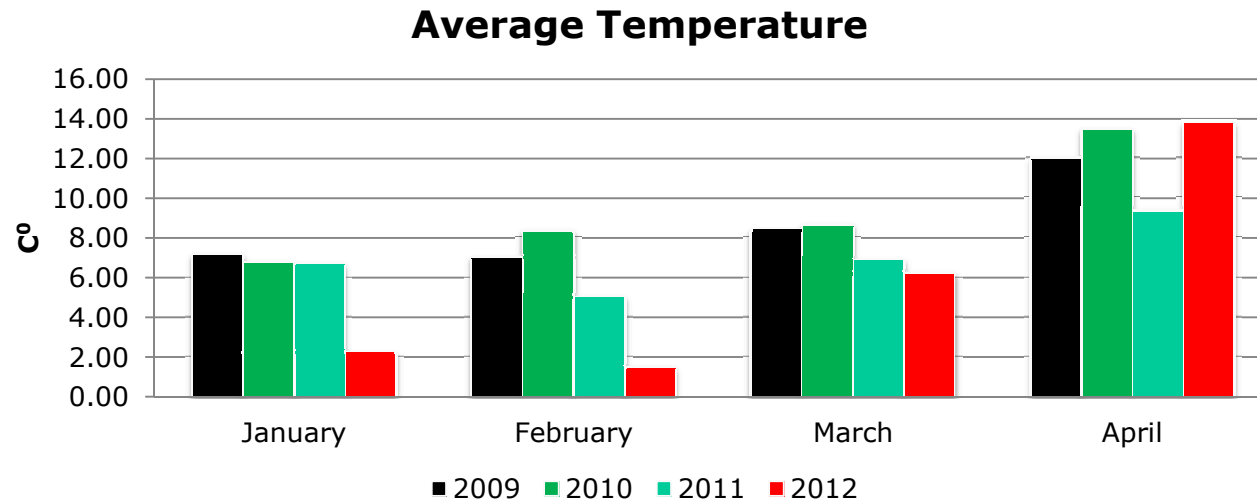
- Decline in EBITDA reflected in net income

Non-bank Results

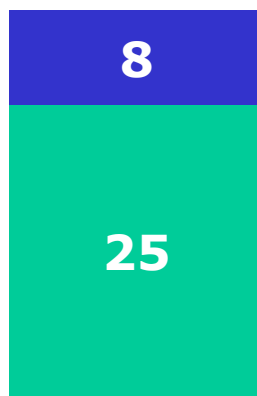
ENERGY	RETAIL	INSURANCE
INDUSTRY	CEMENT	OTHER



Impact of Severe Weather Conditions



Significantly colder weather compared to preceding years



CEMENT : 17% decrease in cement sales volume due to slowdown in construction sector



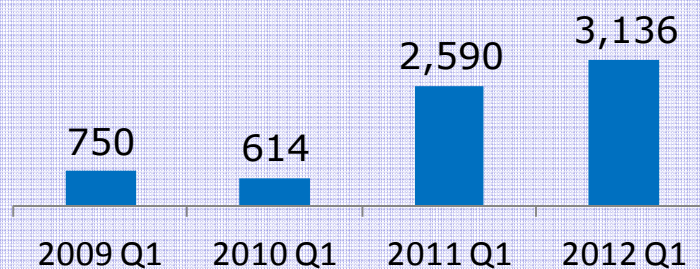
ENERGY : Interruption in energy generation due to natural gas supply shortage

Total EBITDA impact of these temporary business conditions on consolidated results is 33 MTL...

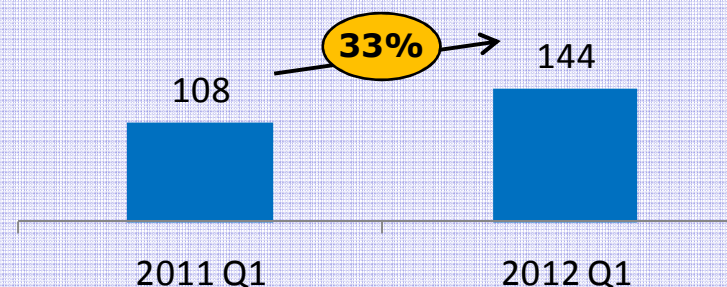
Energy

	Million TL		% Change
	2011 Q1	2012 Q1	
SALES (NET)	467	563	20.6
COST OF SALES	(375)	(505)	34.7
OPERATIONAL EXPENSES	(43)	(43)	1.7
OTHER INCOME/(EXPENSE)	1	0	(70.1)
OPERATING INCOME	50	14	n.m
EBITDA	68	38	(43.5)
EBITDA EXCLUDING NON OPERATIONAL ITEMS	68	38	(43.5)
EBITDA Margin (%)	14.6%	6.8%	

Generation&Trading Sales Volume (Gwh)



Day Ahead Prices (TL/MW)



Enerjisa

	Million TL		% Change
	2011 Q1	2012 Q1	
SALES (NET)	934	1,126	20.6
COST OF SALES	(750)	(1,011)	34.7
OPERATIONAL EXPENSES	(85)	(87)	1.7
OTHER INCOME/(EXPENSE)	2	1	(70.1)
OPERATING INCOME	100	28	n.m.
EBITDA	136	77	(43.5)
EBITDA EXCLUDING NON OPERATIONAL ITEMS	136	77	(43.5)
EBITDA Margin (%)	14.6%	6.8%	
NET INCOME	(4)	62	n.m.
CAPITALIZED FX GAIN/(LOSS)	(20)	36	

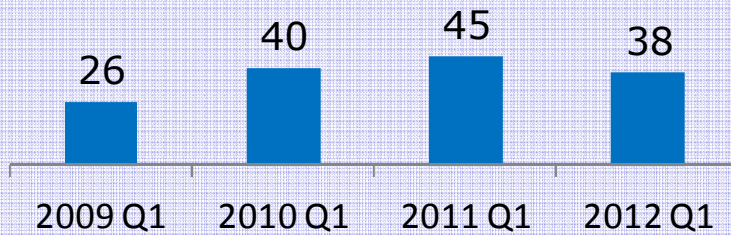
Industry

	Million TL		
	2011 Q1	2012 Q1	% Change
SALES (NET)	1.093	1.195	9,3
COST OF SALES	(893)	(1.017)	13,9
OPERATIONAL EXPENSES	(93)	(106)	14,8
OTHER INCOME/(EXPENSE)	(20)	5	n.m
OPERATING INCOME	87	77	(11,7)
EBITDA	119	113	(5,7)
EBITDA EXCLUDING NON OPERATIONAL ITEMS	141	113	(19,9)
EBITDA Margin (%)	12,9%	9,4%	

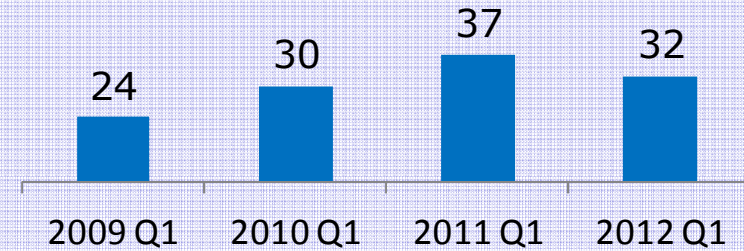
Despite the slowdown in Turkish industrials, growth in sales and solid EBITDA generation.

Industry

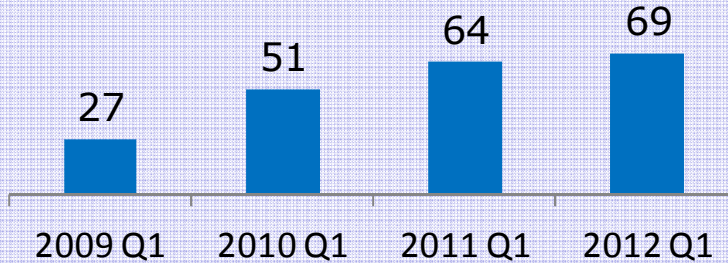
Tire Cord, Fabric and Yarn(000 tones)



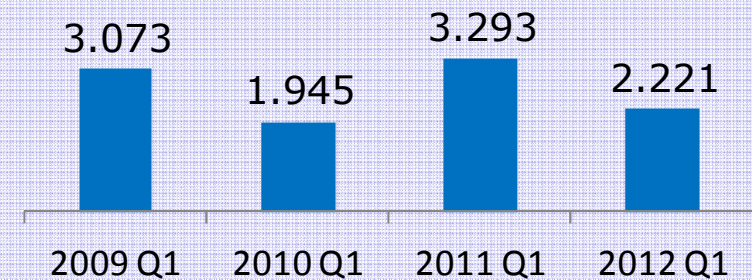
Tire Sales (000 tones)



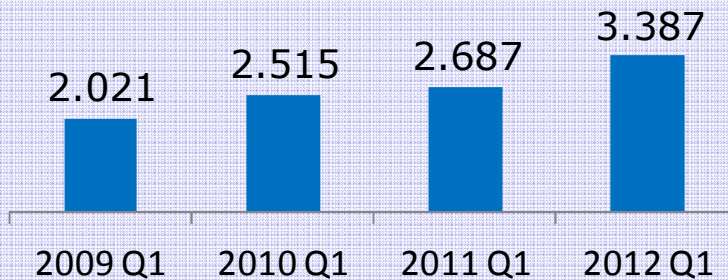
Fiber (total sales quantity-000 tones)



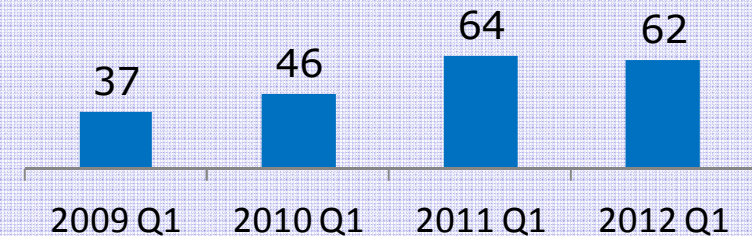
Automotive (total sales quantity)



Wool Fabric Sales(000 meters)



Corrugated Board Sales (000 tones)

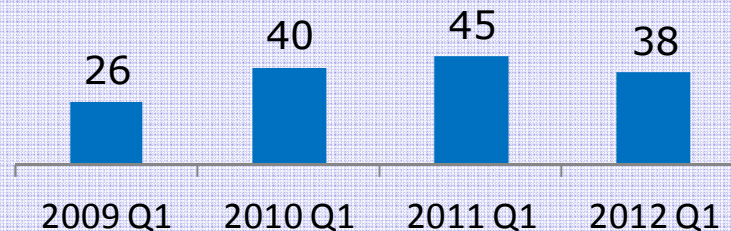


Kordsa Global

	Million TL		
	2011 Q1	2012 Q1	% Change
SALES (NET)	382	396	3.7
OPERATING INCOME	44	41	(7.9)
EBITDA	58	56	(3.3)
EBITDA EXCLUDING NON OPERATIONAL ITEMS	58	56	(3.3)
NET INCOME	35	29	(15.4)
EBITDA Margin (%) (excl. non operational items)	15.1%	14.1%	

Top line and operational profitability maintained despite the slowdown in Euro Zone. Lower FX Gain reflected in Net Income.

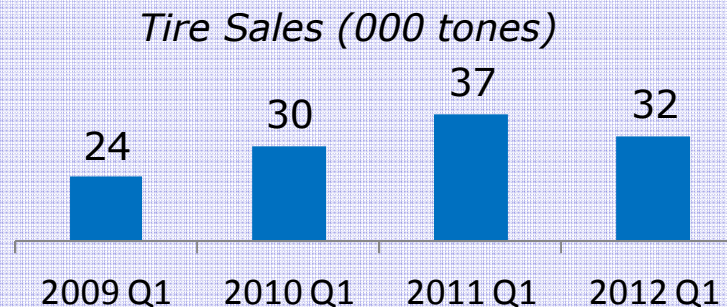
Tire Cord, Fabric and Yarn (000 tones)



Brisa

	Million TL		
	2011 Q1	2012 Q1	% Change
SALES (NET)	284	321	12,9
OPERATING INCOME	25	20	(19,6)
EBITDA	41	37	(7,9)
EBITDA EXCLUDING NON OPERATIONAL ITEMS	41	37	(7,9)
NET INCOME	16	13	(20,1)
EBITDA Margin (%) (excl. non operational items)	14,3%	11,6%	

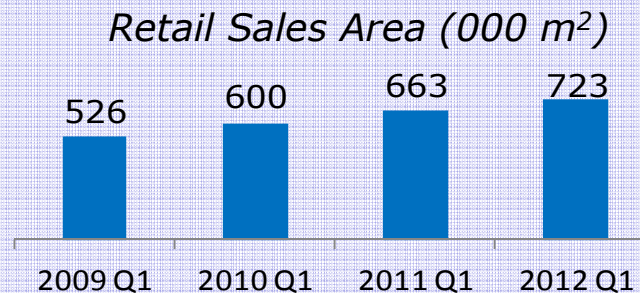
Top line growth despite severe weather conditions and Euro Zone slowdown. Improving profitability expected with favorable raw material prices.



Retail

	Million TL		% Change
	2011 Q1	2012 Q1	
SALES (NET)	705	789	11.9
COST OF SALES	(553)	(622)	12.6
OPERATIONAL EXPENSES	(144)	(164)	14.3
OTHER INCOME/(EXPENSE)	(1)	9	n.m.
OPERATING INCOME	8	11	40.5
EBITDA	21	25	18.9
EBITDA EXCLUDING NON OPERATIONAL ITEMS	21	25	18.9
EBITDA Margin (%)	3.0%	3.2%	

Top line growth and improving profitability, mainly from technology retail.

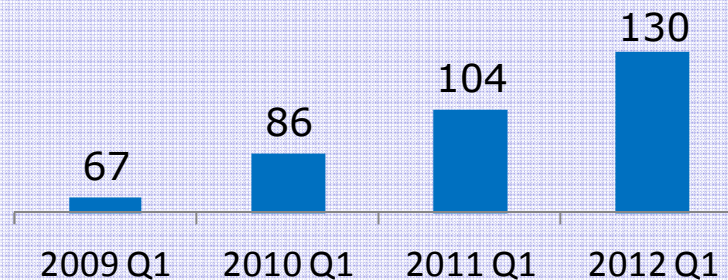


Teknosa

	Million TL		
	2011 Q1	2012 Q1	% Change
SALES (NET)	385.3	456.6	18.5
OPERATING INCOME	16.7	19.2	14.8
EBITDA	21.2	24.7	16.4
EBITDA EXCLUDING NON OPERATIONAL ITEMS	21.2	24.7	16.4
NET INCOME	8.6	9.0	3.6
EBITDA Margin (%) (excl. non operational items)	5.5%	5.4%	

Strong results crowned with an oversubscribed IPO.

Teknosa Sales Area (000 m²)

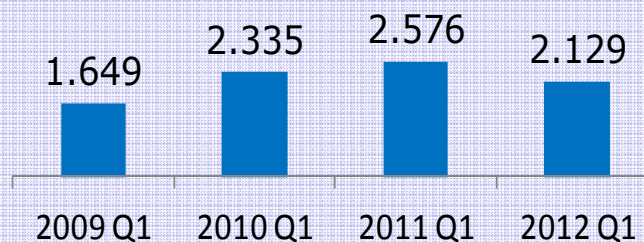


Cement

	Million TL		
	2011 Q1	2012 Q1	% Change
SALES (NET)	232	218	(6,1)
COST OF SALES	(188)	(181)	(4,1)
OPERATIONAL EXPENSES	(13)	(16)	16,7
OTHER INCOME/(EXPENSE)	(4)	(1)	75,6
OPERATING INCOME	26	21	(18,9)
EBITDA	42	38	(9,6)
EBITDA EXCLUDING NON OPERATIONAL ITEMS	46	38	(17,4)
EBITDA Margin (%)	19,8%	17,4%	

Slowdown/deferred demand due to severe weather conditions.

Cement Sales(000 tones)

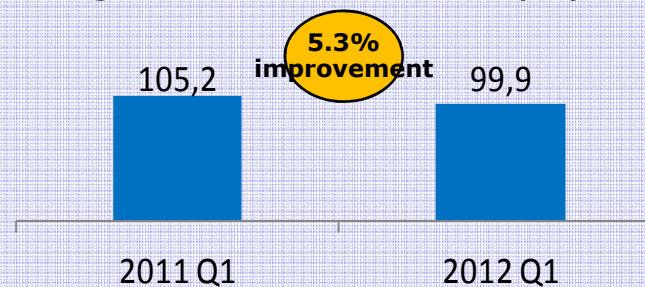


Insurance

	Million TL		% Change
	2011 Q1	2012 Q1	
SALES (NET)	119	155	30.1
COST OF SALES	(117)	(138)	18.2
OPERATIONAL EXPENSES	(16)	(22)	n.m
OTHER INCOME/(EXPENSE)	14	13	(3.3)
OPERATING INCOME	0	8	n.m

Solid operating results

Aksigorta Combined Ratio (%)

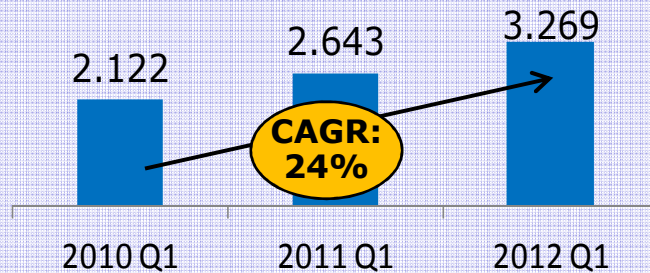


Avivasa

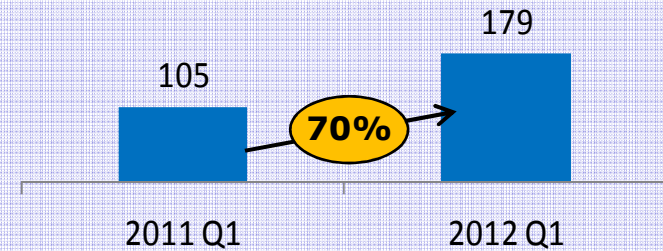
	Million TL		
	2011 Q1	2012 Q1	% Change
SALES (NET)	40.4	48.0	18.9
OPERATING INCOME	6.4	8.5	33.3
NET INCOME	8.5	9.4	10.8
ASSETS UNDER MANAGEMENT- PENSION	2,643	3,269	23.7

Solid growth and profitability

Assets Under Management (million TL)



Net Business Contribution (million TL)



Net Sales

	Million TL		% Change
	2011 Q1	2012 Q1	
TOTAL	5,401	6,066	12.3
BANK	2,797	3,162	13.0
NON-BANK	2,604	2,904	11.5
INDUSTRY	1,092	1,195	9.4
RETAIL	704	787	11.8
ENERGY	442	523	18.3
CEMENT	232	218	(6.1)
INSURANCE	118	154	30.3
OTHERS	16	28	74.2

Double digit revenue growth mainly through energy, retail and insurance businesses

EBITDA (EXCLUDING NON OPERATIONAL ITEMS)

	<i>Million TL</i>				
	2011 Q1	% Margin	2012 Q1	% Margin	% Change
TOTAL	1,253	23.2%	916	15.1%	(26.9)
BANK	964	34.4%	729	22.9%	(24.4)
NON-BANK	268	10.2%	218	7.4%	(18.6)
INDUSTRY	141	12.9%	113	9.4%	(19.9)
CEMENT	46	19.8%	38	17.4%	(17.4)
ENERGY	69	14.9%	38	6.8%	(44.6)
RETAIL	21	3.0%	25	3.2%	18.9
INSURANCE	1	0.7%	8	5.4%	n.m
OTHER	(10)	n.m	(4)	n.m	55.5
INTERSEGMENT ELIM.	21		(31)		

Leverage and Consolidated FX Position

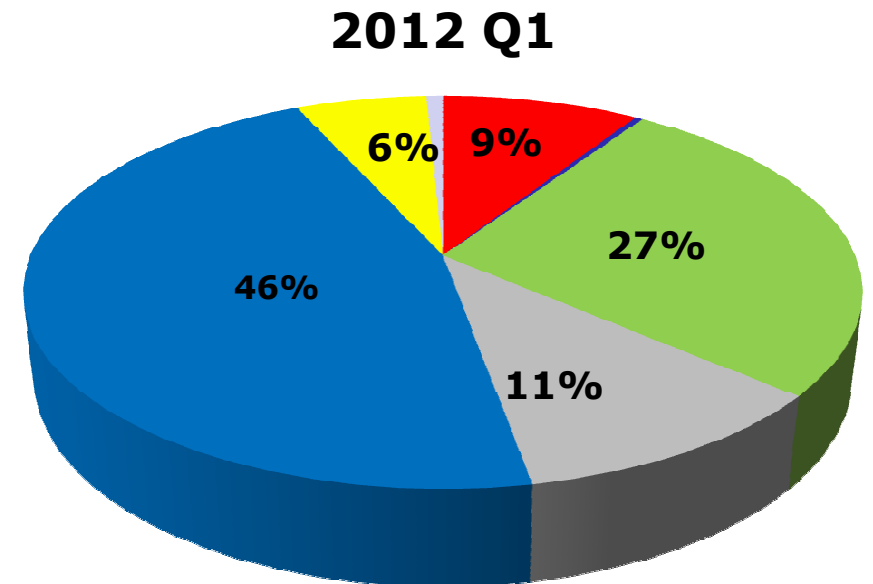
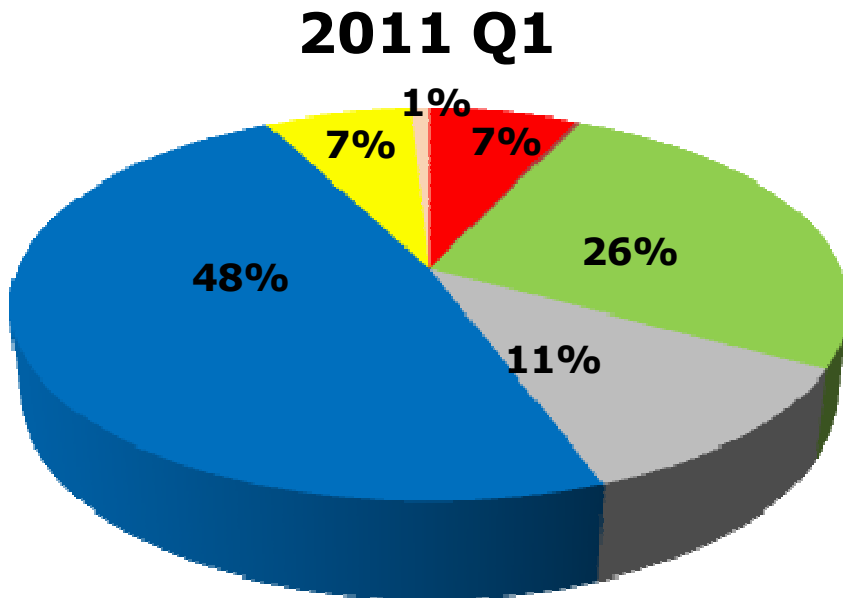
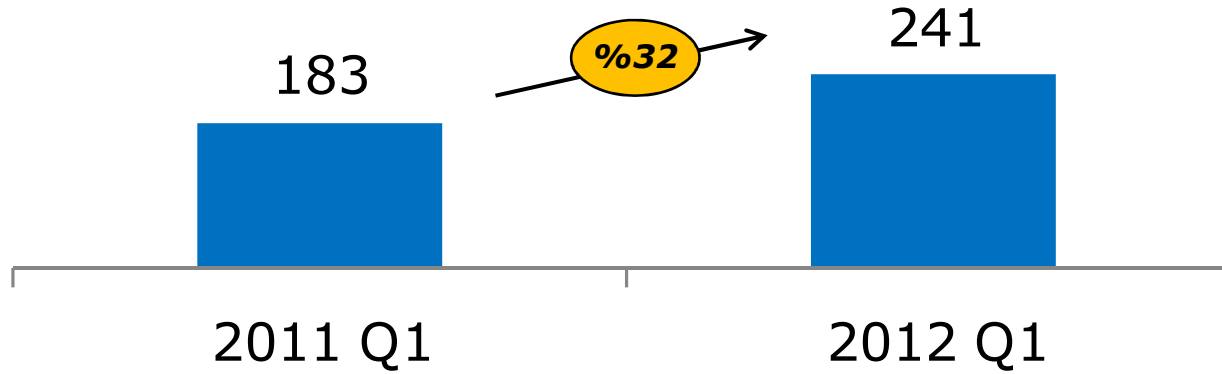
NET FX POSITION (excl. bank)	Million USD	
	December 31, 2011	March 31, 2012
ENERGY	(881)	(943)
INDUSTRY	(144)	(94)
CEMENT	(5)	7
RETAIL	13	1
HOLDING&OTHER	579	497
TOTAL	(437)	(532)
TOTAL*	(38)	(96)

NET DEBT / (CASH) (excl. bank & ins.)	Million USD	
	December 31, 2011	March 31, 2012
ENERGY	950	1,040
INDUSTRY	624	681
CEMENT	145	169
RETAIL	(130)	(34)
HOLDING&OTHER	(572)	(592)
TOTAL	1,017	1,264

* Capitalized borrowings of Energy segment amounting to 436 M USD excluded (Dec 31, 2011: 399 M USD).

Low FX exposure and high debt capacity

Organic Growth (Million TL)



■ BANKING
 ■ INSURANCE
 ■ INDUSTRIALS
 ■ CEMENT
 ■ ENERGY
 ■ RETAIL
 ■ OTHER

Sabancı of Rising Turkey

Q&A

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