

Sabancı Holding

Investor Presentation: COVID-19 & BoD Update

April 2020



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Group's message

Health and well-being of our 60K+ employees is our priority

1

Rapid response to COVID-19 outbreak

- **Incident Management Team** established headed by our CEO
- **Evaluating** COVID-19 related developments in real time and managing communications
- Aligning the **execution strategies** of group companies to respond to this ever-changing environment

2

Focus on employee safety

- Int'l travel and visitors' entry to premises have been limited, **emergency actions plans prepared**
- Disinfected working and common spaces, **14-day quarantine** initiated for recently-travelled personnel
- **Working from home** initiated, Sabancı Center **Case Algorithm & Risk Action Plans** have prepared

3

Ensure business continuity

- **Contingency plans/sensitivity analysis** run to minimize economic impact of the crisis
- Monitoring developments on **global supply chain/markets** to assess/remediate the potential impact
- Uninterrupted services due to long-standing **tech infrastructure & digitalization** investments

4

Strong liquidity position

- Robust balance sheet: **TRY1.7bn net cash** at the Holding level, **93% FX-denominated**
- Strong liquidity and low leverage at the consolidated level: **2.2x Net debt/EBITDA** as of end of 2019
- Short FX position at the consolidated level: **>US\$400mn long FX position**

Sustainability measures during the crisis

- 1 Uninterrupted production and services particularly in the bank, energy and food retail businesses**
 - Initiatives taken to cope with increased **e-commerce** demand on food and technology retail;
 - Optimize **supply chains** to ensure continuity of operations;
 - Dynamic **product portfolio** management by balancing changes in demand and suppliers' ability;
- 2 Reduced cash outflows by cutting to non-essential spending and CAPEX, optimized working capital**
 - Formed **working capital, cost and liquidity** management teams in every group company;
 - Adopted KPI based payment methodology with suppliers to better manage **working capital**;
 - Introduced FCF based **CAPEX** spending to keep the liquidity level unchanged;
- 3 Improve liquidity to ensure the preservation of the robust balance sheet strength at the Group level**
 - Run several stress tests to monitor, take necessary precautions to keep group's solid **liquidity**;
 - Evaluated and updated the **loan limits** and existing **credit facilities** for every group company;
 - Eliminated, otherwise limit, already very limited short-**FX positions**;
 - Introduced **cost-cutting** measures to maximize FCFs;
 - Applied and adopted government's **Economic Stability Shield program** (details p.23)

Group's opportunities	Post-crisis strategies and initiatives	
Building materials Akçansa & Çimsa	Explore local/global consolidation opportunities	Integrate digitalization in production processes
	Diversify export markets	Pursue market share gains in existing markets
	Reduce financing cost on higher global liquidity	Explore logistics and port business
Energy Enerjisa Distribution & Generation	Market share gains in non-regulated segment	Higher dispatch income on price volatility
	Increase in digital collection channel	Explore new revenue sources
	Speed-up grid investments to increase returns	Pursue M&A options
Financial Services Aksigorta & Avivasa	Digital channels and partnerships	M&A opportunities in medium-size companies
	Business model focusing on health consciousness	Focus on remote and digital sales
	Collaboration with start-ups	Employ Digital CRM by utilizing data analytics
Industrials Kordsa & Brisa	Invest in products that sell to healthcare	Increase online sales platforms in tires
	Evaluate rapid approval processes in production	Increase exposure in Vehicle maintenance services
	Improve global competitive positioning	Replace Far East exports with Europe
Retail Carrefoursa & Teknosa	Intensify omni-channel / e-commerce penetration	Align offers with altering consumer preferences
	Reduce SKUs to efficiently manage inventory	Variable rent for scalability
	Expand the variety of private labels	Redesign and improve workflows and processes

Group's strengths

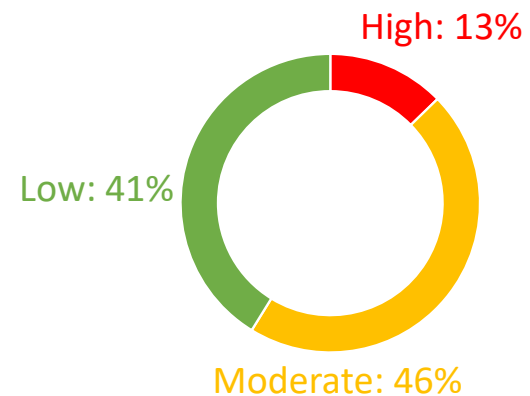
Pillars of the Group to seize post-crises opportunities

Quick and sound reflexes	Management's rapid response on non-vital expense/CAPEX cuts and sound working capital management
Immune to FX volatility	Well hedged against currency volatility: >US\$400mn consolidated long FX position
Robust B/S and liquidity	TL1.7bn Holding net cash position (93% in FX and no debt) and c.TL10bn liquidity including all companies
Strong fundamentals	Sustained margin improvement (2015-19 CAGR: +21% vs. 2015-19 CPI: +13%) and ROE (2015-19: +1.9pps)
Low leverage	Ample room for financing: 2.2x Net debt/EBITDA (YE2019) and low utilization of credit lines (~40%)
No outstanding CAPEX	Heavy investment cycle at the Group level is completed
Low EU exposure	Low exposure to tough export markets (i.e. EU) and industries (i.e. consumer discretionary)
Defensive portfolio	Regulated and non-cyclical businesses i.e. energy, food retail, non-life insurance
Ongoing digitalization	Technological and digital achievements already in place to enable future growth
Re-defined business units	Renamed and re-defined business units to capture adjacent industries, fields and businesses
Stronger governance	New corporate governance structure that is ensuring better decision making process
Sound long-term strategy	A coherent strategy: "New Generation's Sabanci" that is already in action

Group's cyclical exposure

Relatively low exposure to highly cyclical industries limits downside risk

Business	Share in NAV*	Low cyclical	Moderate cyclical	High cyclical
Energy	21%	●		
Food retail	8%	●		
Other**	12%	●		
Banking	41%		●	
Financial services	5%		●	
Industrials	8%			●
Building materials	4%			●
Technology retail	1%			●



* Excluding Holding-only cash that constitutes 6% of the NAV. As of end of March 2020. ** Includes Philsa and Other small businesses.

Corporate governance strengthened to increase independence and to change decision making architecture

The Board has unanimously voted in favor of the following resolutions:

1 Reduction of family members at the BOD

- The Board has commenced a **recruitment process** to hire new non-executive members, with the final objective of the **Board being composed of majority non-family members**
- **Sakıp Sabancı Holding**, our largest shareholder, **nominated to the BoD**, replacing Sevil Sabancı, **represented by a finance professional, Saime Gonca Artunkal**

2 Empower the management

- **Portfolio Management Committee** is eliminated.
- **Corporate Governance, Remuneration and Nomination** and **Early Detection of Risk Committees**, both chaired by **independent members**, are now responsible for some of the Portfolio Management Committee functions.

Strategic business units redefined to better achieve long-term strategies

Strategic Business Units are re-defined and renamed to **expand scope**:

- Ⓐ **Energy and Industry Groups'** role definitions have renewed covering necessary adjacencies
- Ⓑ Insurance Group renamed as **Financial Services Group**
- Ⓒ Cement Group renamed as **Building Materials Group**
- Ⓓ Human Resources Group renamed as **Human Capital & Sustainability Group**
- Ⓔ Brisa CEO appointed as President of **Industrial Group**

Sabancı Holding

Appendix

Sabancı Holding

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

The focus for New Generation's Sabanci

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

"New Generation's" Sabanci

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

Committed to delivering value to all of our stakeholders

Group companies' responses

Portfolio companies' responses to COVID-19

Energy

Enerjisa Enerji

- Focus on the power flowing for 9.6mn customers and vital sites like hospitals
- Measures introduced to protect power supply for critical national infrastructure and public service sites
- New network upgrade projects postponed unless required to keep standard service
- Limited negative impact expected on revenues, as Distribution revenues are not linked to energy consumption and Retail customer portfolio is skewed towards the virtually unaffected residential segment

Enerjisa Üretim

- Power plants continue to operate with minimum disruptions
- Actions taken to limit the cash outflows and to preserve liquidity
- No notable impact expected on 2020 EBITDA

Food retail

Carrefoursa

- As a provider of necessities, the priority is to ensure continuity of the business
- Dynamic portfolio management in-line with supply and demand
- Supply chain is being closely monitored to avoid shortages
- Constantly evolving health & safety measures on the supply chain, social distancing in stores
- Demand has been unprecedented both in store and online
- Aim is to expand online capabilities to meet increased demand
- Non-essential CAPEX has postponed

Other

Philsa

- To date, the company has seen no material impact on its performance and current trading remains in line with expectations
- Philsa continues to monitor the situation very closely, its supply chain, and it is building contingency stocks to guarantee a seamless service to customers

Portfolio companies' responses to COVID-19 cont'...

Banking

Akbank

- Teams are divided and transferred to separate locations to ensure full continuity of service
- All necessary tests on the Bank's infrastructure to support an efficient remote work model and constant network access have been carried out. Our online capacity is prepared to weather any unforeseen challenges.
- Travel for business and training purposes has been suspended, and employees have been given the necessary warnings with regard to any personal travel.
- Focus on relative strengths such as high liquidity, strong capital structure, low cost to income ratio (CIR), low leverage prevailed
- Ensuring all activities without interruption thanks to advanced digital infrastructure.

Financial Services

Avivasa

- Medical and sanitary precautions introduced
- Review of prioritization in IT project portfolio and expenditures for the rest of the year
- Stress scenario tests are run for solvency and liquidity risks in order to secure the strength and resilience of the balance sheet and capital against market volatility

Aksigorta

- The impact of non-life insurance claim frequency is dropping, positive.
- Closely monitoring (i) operational impact, (ii) deterioration in macroeconomic outlook on new business volumes especially individual segment and (iii) the change in asset prices and financial conditions

Portfolio companies' responses during COVID-19 cont' ...

Building Materials

Akçansa

- Facing lower volumes/demand and impacted by weekend curfews
- Expecting demand decline mainly in 2Q
- Action plan launched to reduce non-essential expenditure for immediate execution in all locations
- Expecting to benefit from strong liquidity to navigate the period

Çimsa

- Experiencing disruptions on governmental policies in various countries but all terminals are operational as of now
- Reducing non-essential expenditures
- The construction sector is disrupted in most of the markets. Expecting fairly limited impact in Turkey but somewhat higher volume impact in export markets

Industrials

Kordsa

- Partial production interruption various plants; Brazil, Turkish, Thailand and the US plants
- Focus is to maintain liquidity and monitor ongoing CAPEX and working capital to drive operational efficiency
- Applied for several government incentives in Turkey and eyeing measures in other countries

Brisa

- Demand affected by the reduced vehicle production globally, and plant closures
- Production will begin in April 20th with 50% CUR given the current demand dynamics
- Multiple plant closures by Bridgestone Co. to align supply/demand
- Initiatives taken to manage cash flow, liquidity and working capital by focusing on inventory and receivables

Technology retail

Teknosa

- All stores were shut-down by March 22nd, only online and corners in 19 Carrefoursa stores are active
- Major focus on seamless supply chain operations, liquidity and working capital
- Personnel directed to warehouse, dark stores operated as hub for online. Also directed to support Carrefoursa operations

Sabancı Holding Executive Leadership, redefined



Cenk Alper
Board Member and CEO
 Started his career in 1992
 Joined Sabancı Group in 1996
 Appointed as the CEO of Kordsa in 2013
 President of the Industrial SBU between 2017 and 2019
 Appointed as the CEO of Sabancı Holding, August 2019



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



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



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



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



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



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



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

Sabancı Holding Discount to NAV* and FX linked Revenues

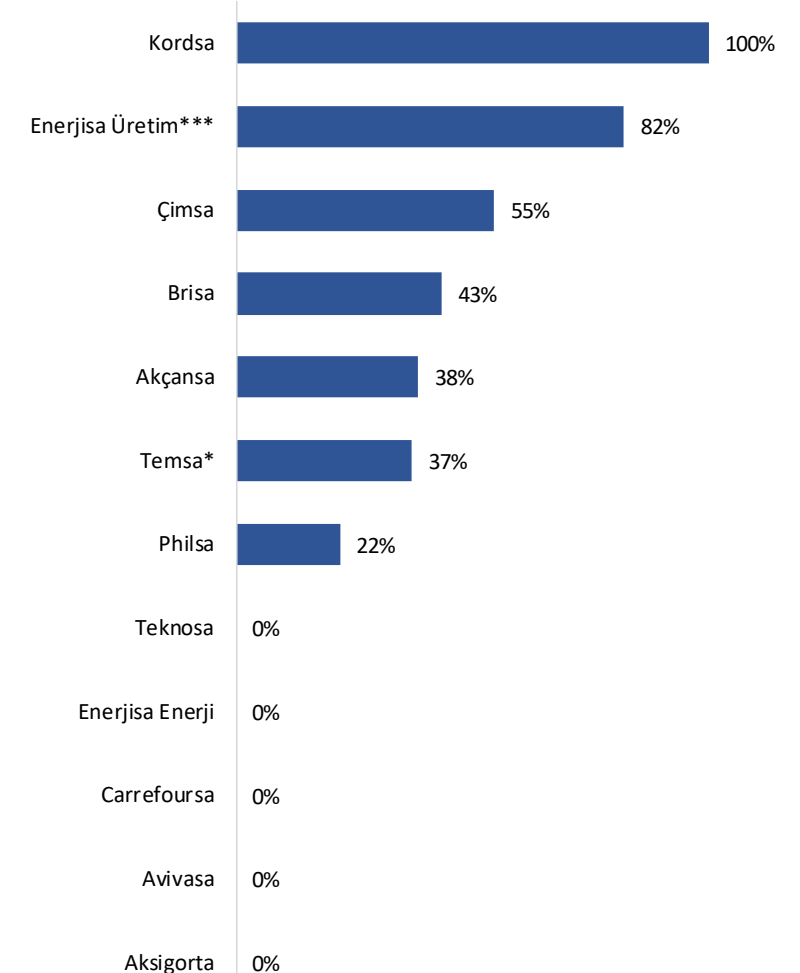
Sabancı Holding Discount to NAV*

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

Source: Bloomberg, Sabancı Holding Finance Department

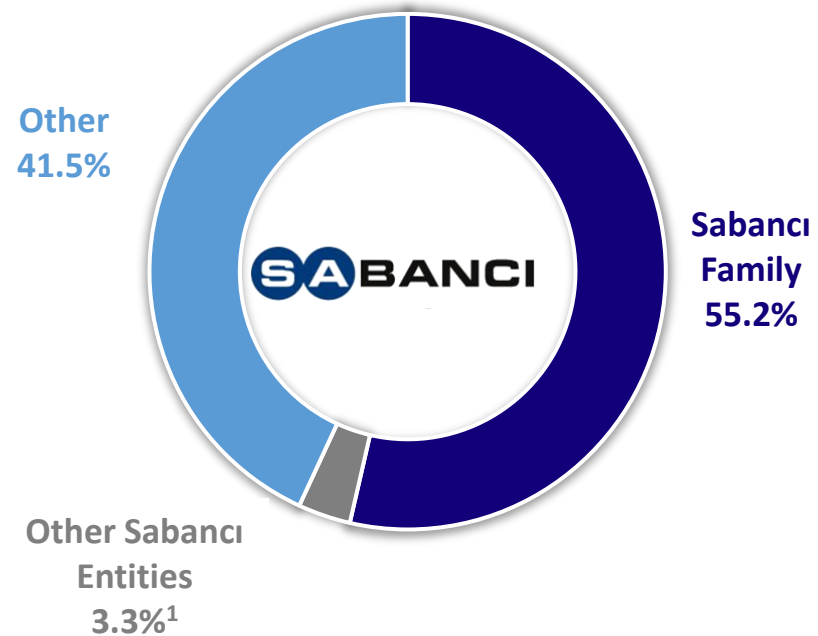
*# of Analyst Estimates: 14

Share of FX linked Revenues in Total Revenues



*** Share in EBITDA

Shareholder base

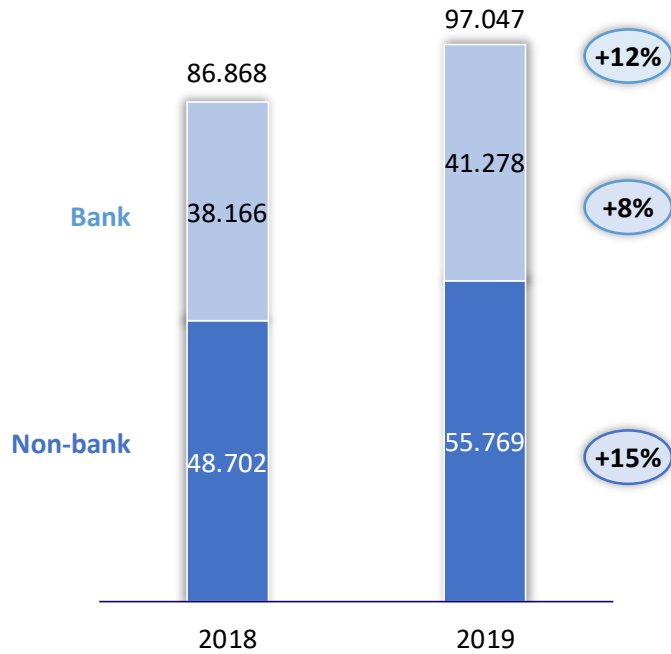


1. Sabancı Foundation, Sabancı University and bought back shares
Note: As of 26 March 2020.

2019 – Financial performance snapshot

Combined Net Sales²

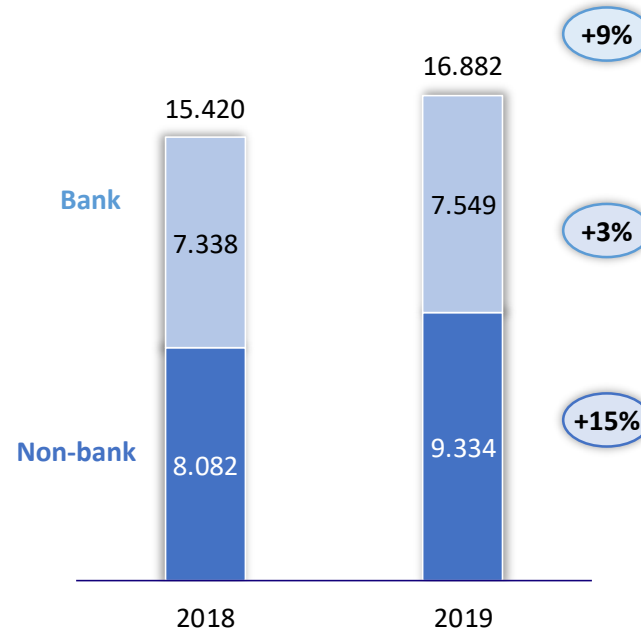
TLm



*Stronger FX linked revenues
Higher renewable generation volume in energy*

Combined EBITDA¹

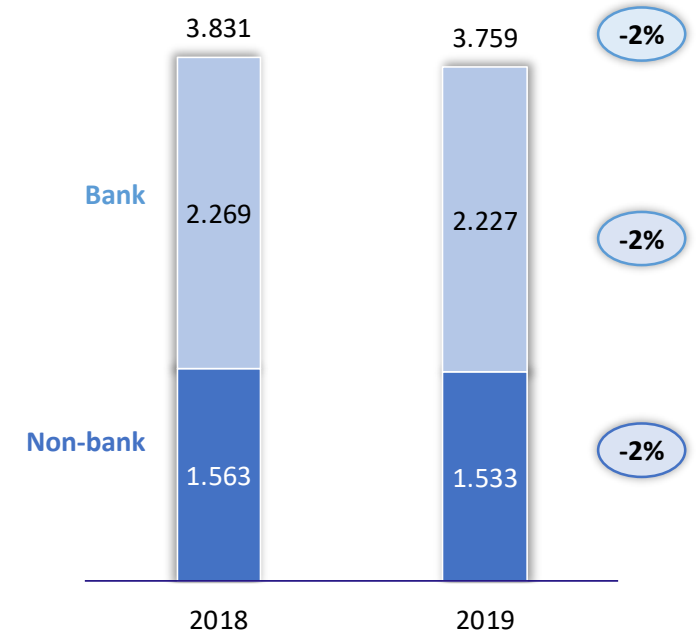
TLm



Strong Energy Generation profitability

Consolidated Net Income

TLm



Strong contribution from energy businesses offset by lower FX gain at holding level

Effective FX management to protect returns from volatile TL movements – 308 million USD Long Consolidated FX Position

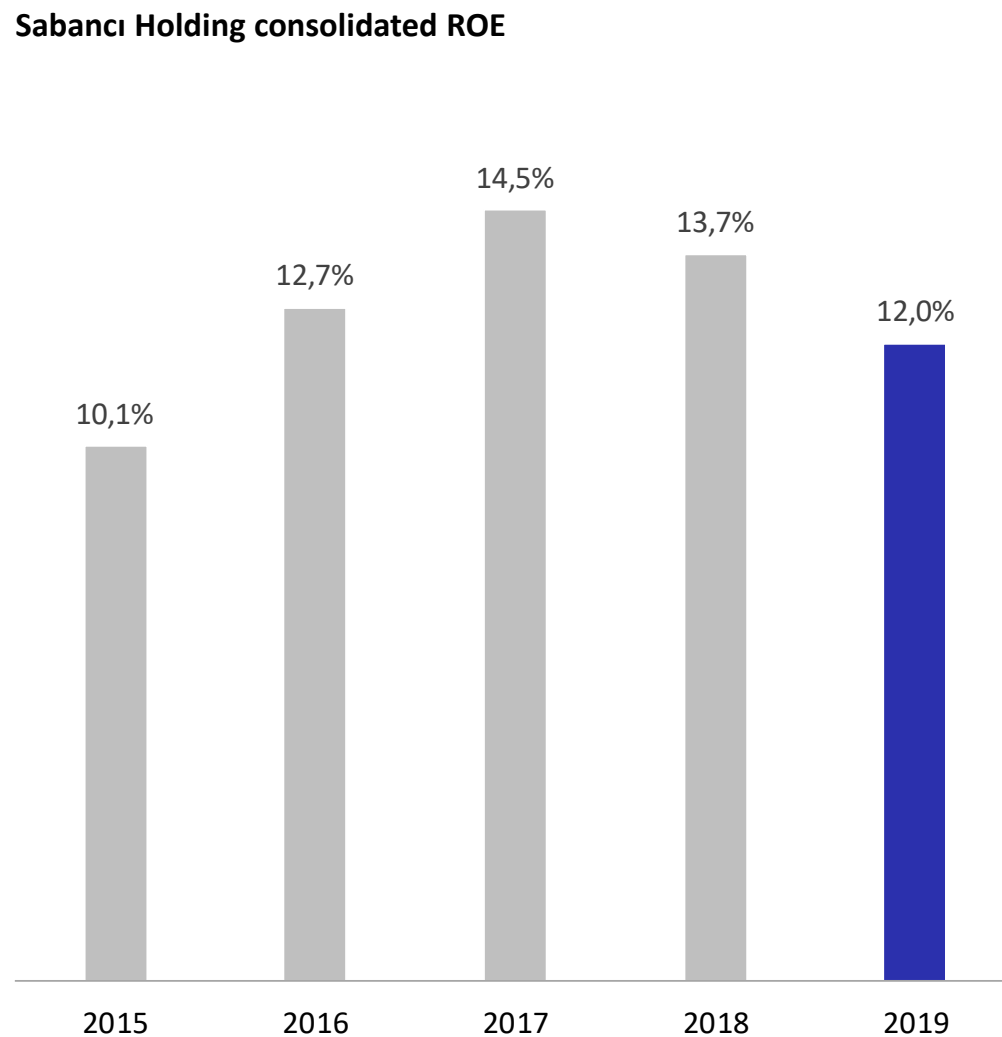
1. Total EBITDA before consolidation adjustments. EBITDA and Net Income excludes one-offs.

2. Holding dividend income is excluded

Favorable trend in Return on Equity on improved capital allocation and performance focus

Return on Equity

Sabancı Holding consolidated ROE

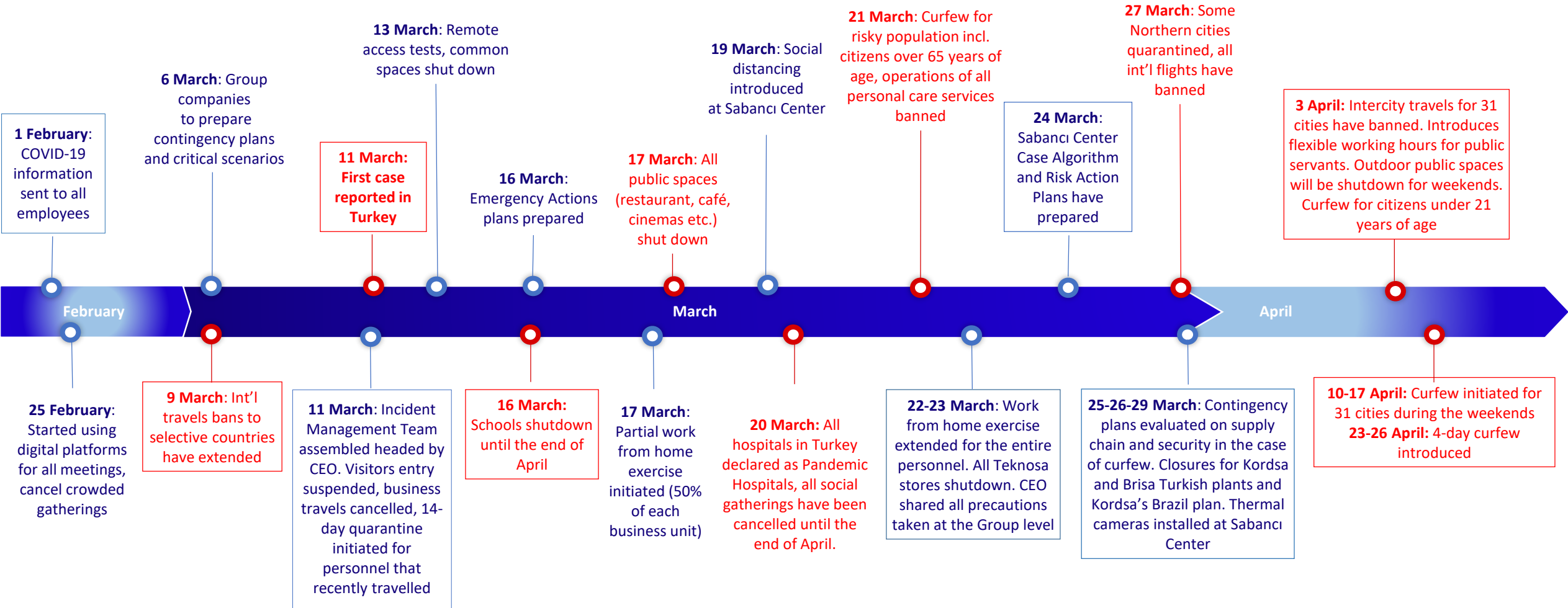


Segment ROE ¹	2015	2016	2017	2018	2019	15-19 Δ ppts	Equity Share ²
Energy	0.4%	3.0%	4.6%	11.4%	18.2%	+17.8%	17.3%
Cement	22.8%	21.0%	14.6%	11.4%	0.4%	-22.5%	3.3%
Industrials	25.9%	30.4%	25.4%	18.7%	18.9%	-7.0%	7.5%
Insurance	17.2%	26.0%	27.8%	33.9%	39.1%	+21.9%	1.8%
Retail	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.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

1. Excludes one-offs, bank results are BRSA based

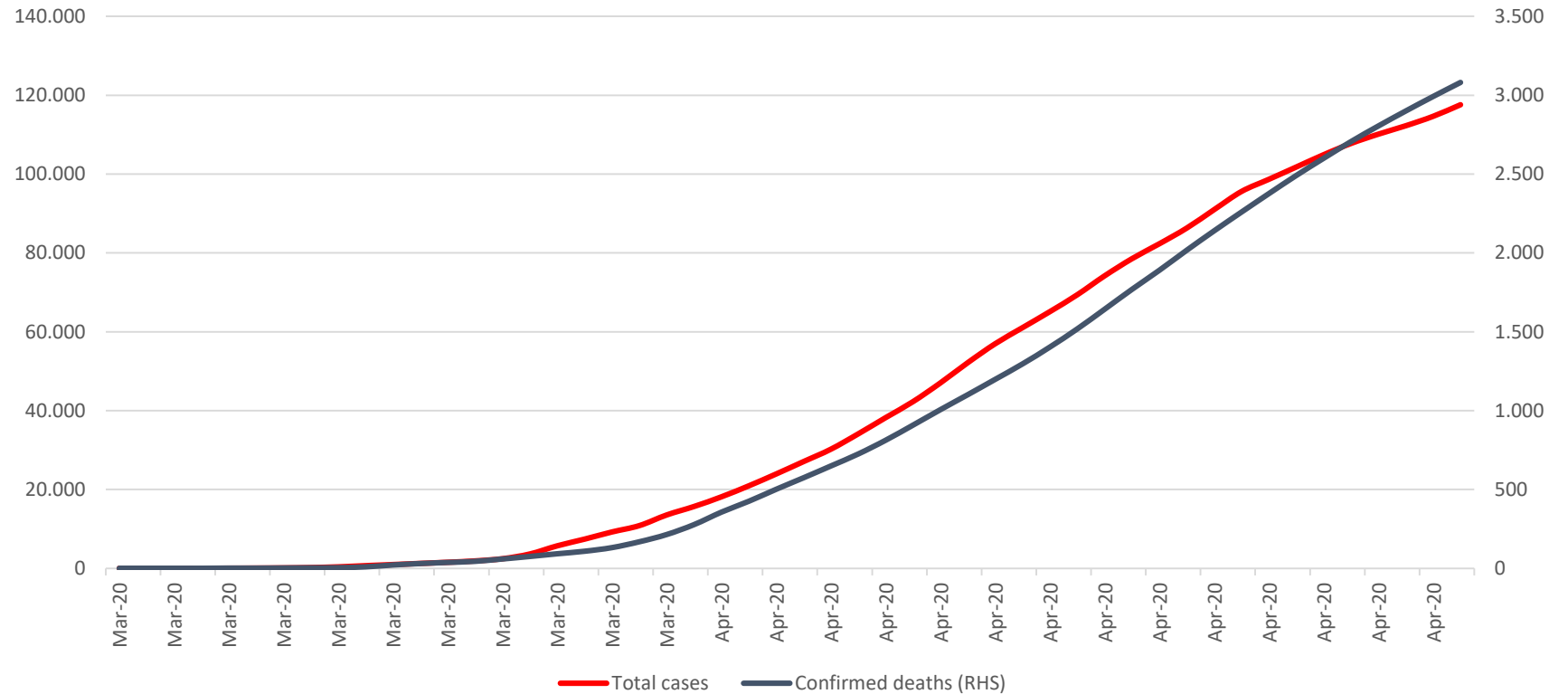
2. Equity share attributable to Other segment = 6.0%

Government's and Group's quick health related responses



○ Initiatives taken by Turkish government ○ Initiatives taken by Sabancı Group

COVID-19 Evolution in Turkey



Source: Ministry of Health. Data as of 22 April 2020.

- Total cases and total confirmed deaths reached **117,589** and **3,081** on **April 29**, respectively.
- Total tests reached **991,613** since April 29th. 10K and 20k tests/day barrier breached on March 30th and on April 5th, **30k** and **40k** tests/day barrier breached on **April 10th** and on **April 16th**.
- New daily cases constituted 12% of new daily cases on average since March 17th. Peak was 27% on March 27th and trough was 7% on April 25th.

Government's Economic Stability Shield Program and other measures

Government's measures: **1)** announced 19-point stimulus package (Economic Stability Shield), which is worth TL100bn, or about 2.3% of GDP (details below), **2)** CBT cut rates by a total 300bps to 8.75%, **3)** enabled state banks to provide loans with 7.75% interest, **4)** relaxed NPL provision for banks and introduced 25% dividend pay-out cap.

- Delaying of taxes and social security premiums for certain sector (i.e. retail, iron & steel, auto) for 6 months
- Cancelling of the newly-introduced accommodation tax until November;
- Postponement of servitude and proceed share payments in hotel rentals due for 2Q by six months;
- Lowering of VAT on domestic air travel from 18% to 1% for a period of three months;
- Delaying of loan principal and interest payments, for 3 months and offering additional financial support;
- Pledging stock financing assistance to exporters to maintain capacity utilization during slowdown;
- Delaying of loan principle and interest payments of artisans & craftsmen to Halkbank for 3 months;
- Raising of the Credit Guarantee Fund limit to TL50bn from TL25bn and prioritizing SMEs;
- Incentivizing the rollout of loan packages with favorable conditions for social purposes;
- Raising the loan-to-value in mortgages for houses worth less than TL500k to 90% from 80%;
- A footnote of "force majeure" to be included to the companies' loan record history;
- Continuing of minimum wage support;
- Promoting flexible and remote work in the legal framework;
- Providing temporary wage support (short working allowance up to 1.5x minimum wage), for the companies with interrupted operations;
- Increasing of the lowest pension payment to TL1,500, from around TL1,260;
- Pledging to pay holiday bonuses to pensioners (originally due in May) in April;
- Assigning additional TL2bn for financial assistance to households in need;
- Increasing the compensatory working time to 4 months;
- Implementing a periodic monitoring program for social services & citizens above 80 years old.

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