

# Sabancı Holding

## Q1 2024 Financial Results

### Earnings Release

June 5, 2024

Sabancı Holding (Holding) announced its consolidated financial results for the first quarter of 2024. As it was the case in 2023 year-end results, inflation accounting continued to influence the Holding's financial results in the first quarter of 2024, driven mainly by the high monetary asset position originating largely from the bank that was resulted in high monetary losses. Yet, the operational performance remained intact, and the Holding successfully navigated through the high inflation environment owing to its complementary portfolio, which is skewed more towards to B2B operations, with a higher EBITDA margin in the combined non-bank business. The strong balance sheet was maintained with a leverage of 0.9x despite continuing investments. Holding's standalone net cash position reached TL14.4 billion which enables the Holding to execute its commitment to growth in new economy through the pursuit of attractive investment opportunities in the future, in spite of a (material) monetary loss impact in current quarter vs same quarter in 2023.

Regarding sustainability, Sabancı Holding has defined its circular economy framework. By 2030, the Group aims to achieve the Circular Inflow Targets and milestones such as increasing the use of circular procurement for six of its Group companies. By 2050, those six companies are expected to design all key products with circular principles, while landfill and incineration are expected to be eliminated across all Group companies. On the other hand, the Holding launched the Sustainability Academy with a series of events under the title of "Business for Sustainability – Sustainability for Business." to further deepen sustainability capabilities across all functions within the Group.

#### **Sabancı Holding CEO Cenk Alper said:**

"In Q1, we continued our investments in the new economy, which will continue contribute to Türkiye's green transformation. In power generation, Enerjisa Üretim is making notable progress on the 1,000 MW YEKA RES-2, one of the largest onshore wind projects in Europe. Our e-mobility company Eşarj has reached 1,000 stations and 1,780 charging points across Türkiye. We maintain our leadership in high-speed DC charging infrastructure with a market share of over 30%. Çimsa, one of Sabancı Group's global expansion platforms, became the world's third largest calcium aluminate cement (CAC) producer with its USD45 million investment in Mersin. Further strengthening our global presence, Temsa's new generation electric buses were exported to France to be used for urban transport at Paris 2024, which is preparing to be the greenest Olympics in history. In the US, our first solar power plant, 272 MW – Cutlass II project, is now fully operational, and the 232 MW Oriana Solar project is also under construction. Our investments in disruptive innovation technologies continued in the US. We invested in AiDash, an artificial intelligence-focused climate technology company, and participated in the Clean Energy Ventures fund."

## Financial Highlights

- The combined revenue<sup>(1)</sup> reached TL235 billion, representing a 6.4% yoy increase, driven by the banking business, which grew by 39.7%. The combined EBITDA realized at TL33.3 billion with a non-bank EBITDA margin expansion of 1.3 pps. The consolidated net income declined because of EBITDA passthrough, higher lending cost and the negative impact of the high monetary asset position under IAS29 accounting.
- The consolidated ROE was 5.9% in the first quarter of 2024 versus 7.0% at the end of 2023.
- Net Debt/EBITDA was 0.9x, well below the Holding's midterm target of maximum 2.0x.
- Holding-only net cash reached TL14.4 billion, doubling from TL7.0 billion at the end of 2023 with the impact of Exsa merger and dividend inflows.
- Non-bank Capex/Sales rose to 11.3% with increased investments in energy and digital segments despite high-interest rate environment.

## Strategic Highlights

- Sabancı Holding completed the merger transaction whereby all of the assets and liabilities of Exsa, a subsidiary of Sabancı Holding, were acquired as a whole by Sabancı Holding with a focus on effective capital allocation, portfolio management and, as a result, stakeholder value. Following the merger, the financial assets of Exsa together with 50% of the shares of Temsa Skoda Sabancı Ulaşım Araçları, 100% of the shares of Temsa Motorlu Araçlar Pazarlama ve Dağıtım and 100% of the shares of Exsa Gayrimenkul Proje Geliştirme were transferred to the ownership of Sabancı Holding. In addition, Sabancı Holding carried out a capital increase with a nominal value of TL 60,0 million and the respective shares issued were allocated to the other shareholders of Exsa except Sabancı Holding.
- A project finance facilities amounting to USD243 million was signed by Sabancı Renewables, a wholly-owned subsidiary of Sabancı Climate Technologies, of which Sabancı Holding is the sole and founding shareholder, with the equal participation of MUFG Bank Ltd., ING Bank LLC and NORD LB for the Oriana Solar Project, which consists of a 232 MW solar power plant investment that is expected to reach commercial operation in the second quarter of 2025.
- Enerjisa Üretim, Kontrolmatik Technology signed a Memorandum of Understanding (MoU) to mutually utilise the prominent capabilities of both companies. Within the scope of the MoU, Kontrolmatik Technology is expected to carry out the electrification and substation installations of wind power plants with storage in Enerjisa Üretim's portfolio on turnkey basis. Kontrolmatik Technology's subsidiary, Pomega Energy Storage Technologies, is also planned to supply domestically produced energy storage systems manufactured at the Lithium-Ion Battery Cell Giga Factory in Polatlı, Ankara to the storage power plant projects in Enerjisa Üretim's portfolio. As part of the cooperation, Enerjisa Üretim aims to utilise its knowledge and experience in wind power projects in the installation and operation of the 250 MW wind power plant of Progresiva Energy Investments, a subsidiary of Kontrolmatik Technology. Enerjisa Üretim is also expected to undertake all market operations of the 1 GWh capacity energy storage facility to be built by Progresiva Energy Investments. Within the framework of this cooperation, the software developed by Senkron Energy, the digital organisation of Enerjisa Üretim, is also targeted to be used in Progresiva's 1 GWh

capacity energy storage facility and in other energy storage system projects of Kontrolmatik Technology, not limited to this project.

- Çimsa's new production facility investment, which was made in addition to the existing CAC production capacity at the Mersin plant, was commissioned after the trial production and testing processes were completed. With the commissioning of the new CAC production facility, Çimsa's CAC clinker production capacity has increased from 65,000 tonnes to 131,000 tonnes per annum, making Çimsa the 3<sup>rd</sup> largest producer in the global CAC market. The commissioning of the new plant for the production of CAC, which is used as the main input in the production of construction chemicals and refractories, will serve Çimsa's goals of growing in export markets and expanding its value-added product range.
- Kordsa acquired shares of B PREG Kompozit ve Tekstil Mühendislik Danışmanlık Sanayi Ticaret ("BPREG"), a Turkey-based sustainable advanced materials company established in 2017, specializing in natural fiber-reinforced industrial biocomposites and providing eco-friendly alternatives to synthetic composites, with a total nominal value of TL25,000 representing 10% of BPREG's share capital for EUR 300,000, as part of the company's strategy to further enhance its expertise in the composite technologies.

### Subsequent Events Highlights After the Balance Sheet Date

- Sabancı Renewables' Cutlass II Solar Power Plant project with an installed capacity of 272 MW in the US was completed and commissioned at full capacity on May 17, 2024 ahead of its schedule. The financing of the USD 184 million tax equity investment was completed and the existing construction loan facilities with several banks were successfully converted into long-term project financing as of May 17, 2024. The commissioned Cutlass II Solar Power Plant is expected to generate an annual EBITDA of USD 15 million.
- In line with its strategic priorities to focus on expanding its core businesses and investing in new growth platforms; Sabancı Holding decided to restructure its Industrials and the Building Materials strategic business units into Material Technologies and the Mobility Solutions to further strengthen its focus on material technologies and leadership in mobility solutions. Accordingly, as of April 19, 2024, Akçansa, Çimsa and Kordsa started operating under the Material Technologies Group while Brisa, Temsa Ulaşım and Temsa Motorlu Araçlar have started operating under the Mobility Solutions Group.
- Çimsa decided to install a Solar Power Plant (SPP) Plant at its Eskişehir Plant, which will have an installed capacity of approximately 14.2 MWp DC, in line with the company's targets of achieving net-zero emissions in greenhouse gas emissions by 2050. The investment is planned to commence in the second quarter of 2024 and expected to be completed by the second quarter of 2025. With the commissioning of the investment, the electricity to be generated from the SPP is expected to meet 14% of the total annual electricity consumption of the Eskişehir Plant. Thus, together with the investment in electricity generation from waste heat, approximately 40% of the plant's electricity need will be met by the electricity generated by the plant itself.

## Segments Highlights

- **Energy:** Increasing investments with the start of the new capex cycle started to weigh on quarterly financial results
- **Bank:** Superior customer acquisition with customer-driven revenue growth in focus
- **Financial Services:** Solid premium generation failed to pass through to the bottom-line due to high monetary assets
- **Building Materials:** Increasing inflationary pressures had an impact on profitability in short-term
- **Industrials:** Solid margin improvement on better sales mix
- **Digital:** Solid top-line growth via Omnichannel structure with a flattish EBITDA margin
- **Retail:** Improvement in operational profitability failed to pass through to the bottom-line on financial expenses

## ENERJISA ÜRETİM (ENERGY GENERATION AND TRADING) KEY FINANCIALS

ENERJISA ÜRETİM KEY FINANCIALS in millions TL	MARCH 2024	MARCH 2023	CHANGE %
REVENUES	10,081	19,461	-48.2
EBITDA	1,783	4,770	-62.6
EBITDA Margin	17.7%	24.5%	
NET INCOME	1,514	3,482	-56.5

Revenues dropped by 48% yoy, on decline in electricity prices and lower natural gas volumes compared to last year. The decline in EBITDA was related to lower dispatch contribution and higher operating expenses. However, EBITDA generation from renewables assets remained solid, mainly supported by high hydro generation owing to favorable weather conditions. The contribution from Enerjisa Commodities softened due to the limited profitable opportunities because of lesser volatility and liquidity in the market.

## SABANCI HOLDING COMBINED SEGMENT RESULTS

SABANCI HOLDING COMBINED RESULTS in thousands TL	MARCH 2024	MARCH 2023	CHANGE %
<b>REVENUES</b>	<b>234,792,864</b>	<b>220,741,228</b>	<b>6.4</b>
<b>Bank</b>	<b>120,719,688</b>	<b>86,386,872</b>	<b>39.7</b>
<b>Non-Bank</b>	<b>114,073,176</b>	<b>134,354,356</b>	<b>-15.1</b>
Industrial	18,453,077	18,963,038	-2.7
Building Materials	10,554,200	11,427,647	-7.6
Digital	15,234,153	12,014,499	26.8
Energy	44,586,151	69,014,061	-35.4
Financial Services	13,257,536	11,573,604	14.5
Other	11,988,059	11,361,507	5.5
<b>EBITDA</b>	<b>33,307,240</b>	<b>39,961,055</b>	<b>-16.7</b>
<b>Bank</b>	<b>21,494,583</b>	<b>27,762,827</b>	<b>-22.6</b>
<b>Non-Bank</b>	<b>11,812,657</b>	<b>12,198,228</b>	<b>-3.2</b>
Industrial	2,640,526	2,214,891	19.2
Building Materials	1,134,750	1,828,660	-37.9
Digital	218,151	173,414	25.8
Energy	8,107,547	7,945,364	2.0
Financial Services	-13,374	958,977	n.m
Other	-274,943	-923,079	70.2
<b>NET INCOME</b>	<b>-11,083,209</b>	<b>-4,386,470</b>	<b>-152.7</b>
<b>Bank</b>	<b>-8,115,658</b>	<b>-4,420,219</b>	<b>-83.6</b>
<b>Non-Bank</b>	<b>-2,967,551</b>	<b>33,749</b>	<b>n.m</b>
Industrial	885,637	530,348	67.0
Building Materials	201,647	1,028,500	-80.4
Digital	-293,227	179,026	n.m
Energy	-1,278,534	877,024	n.m
Financial Services	-782,680	-783,851	0.1
Other	-1,700,394	-1,797,298	0.1

## SABANCI HOLDING CONSOLIDATED SEGMENT RESULTS

SABANCI HOLDING CONSOLIDATED RESULTS in thousands TL	MARCH 2024	MARCH 2023	CHANGE %
<b>REVENUES</b>	<b>171,767,379</b>	<b>134,266,749</b>	<b>27.9</b>
<b>Bank</b>	<b>120,719,688</b>	<b>86,386,872</b>	<b>39.7</b>
<b>Non-Bank</b>	<b>52,712,539</b>	<b>49,306,410</b>	<b>6.9</b>
Industrial	7,309,631	9,043,577	-19.2
Building Materials	4,951,291	5,402,797	-8.4
Digital	15,204,289	11,926,728	27.5
Energy	2,753	0	n.m
Financial Services	13,257,536	11,573,604	14.5
Other	11,987,039	11,359,705	5.5
<b>Intersegment eliminations</b>	<b>-1,664,848</b>	<b>-1,426,533</b>	<b>-16.7</b>
<b>EBITDA</b>	<b>22,818,000</b>	<b>30,636,503</b>	<b>-25.5</b>
<b>Bank</b>	<b>21,494,583</b>	<b>27,762,827</b>	<b>-22.6</b>
<b>Non-Bank</b>	<b>1,323,417</b>	<b>2,873,676</b>	<b>-53.9</b>
Industrial	1,105,486	976,580	13.2
Building Materials	669,353	1,001,521	-33.2
Digital	218,151	173,416	25.8
Energy	-381,256	686,263	n.m
Financial Services	-13,374	958,976	n.m
Other	-274,943	-923,079	70.2
<b>NET INCOME</b>	<b>-5,366,161</b>	<b>-2,356,554</b>	<b>-127.7</b>
<b>Bank</b>	<b>-3,307,131</b>	<b>-1,801,239</b>	<b>-83.6</b>
<b>Non-Bank</b>	<b>-2,059,030</b>	<b>-555,315</b>	<b>-270.8</b>
Industrial	324,853	199,967	62.5
Building Materials	129,452	481,414	-73.1
Digital	-221,963	59,439	n.m
Energy	-380,371	618,709	n.m
Financial Services	-300,899	-288,862	-4.2
Other	-1,610,102	-1,625,982	1.0

(1) Revenue excludes Holding dividend income

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