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Sabancı Holding Q2 2021 Financial Results Conference Call & Webcast

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Speakers:
Orhun Köstem, CFO
Kerem Tezcan, IR Director

Moderator

Ladies and Gentlemen, welcome to the Sabancı Holding Q2 2021 Consolidated Financial Results Conference Call and Webcast. There will be a Q&A session after the presentation. If you wish to ask a question, please press star five on your telephone keypad. To participate in our written Q&A type your question into the ask a question text area, then click the submit button. Once again before the presentation, we would like to inform you that the information that will be shared today is based on the actual results and company judgments. Sabancı Holding does not accept any liability for the information or content discussed. This event will be recorded and published in an audiovisual video and written text form on the Sabancı Holding investor relations website for interested parties. So please be aware that when you take to the floor, you give explicit consent to Sabancı Holding to process your voice and text as well. I will now hand you over to your hosts Orhun Köstem, The CFO and Kerem Tezcan, The IR Director at Sabancı Holding.

Gentlemen, the floor is yours.

Mr.Orhun Köstem-The CFO:

Thank you very much. Good morning, good afternoon everyone.

Welcome to The Sabancı Holding Second Quarter Results Highlights.

My name is Orhun Köstem. I would like to thank the IR Team for allowing me to host the call today. For me to introduce myself: I have joined at the start of July as the Chief Financial Officer of Sabancı Holding. I have just under 30 years' experience, mostly close to 27 years in the fast-moving consumer goods sectors, mainly brewing and Coca Cola Bottling. I have obviously looked at businesses mainly in emerging markets. I have also run business units, especially with my tenure in The Coca Cola system and I'm quite excited and very happy to be able to join you today together with the team.

I also feel quite fortunate and to do this at a time when to talk about a relatively strong set of results in this quarter of the year.

However, before I start talking about the results, just wanted to tell a bit about the backdrop. Definitely, the whole pandemic is still having influence on our business in general, our stakeholders, obviously our people. And I think it would be safe to say we're still looking at a relatively challenging environment, although much better than what we were looking at last year.

The vaccine rollout is important not only for the demand recovery as we see impacting some of our business units in the form of improved mobility, but also obviously our own way of doing business, how we conduct our business and it will continue to be an important determinant in the rest of the year.

Last but not least, obviously, there are also quite severe climate events taking place, which we have recently experienced unfortunately in Turkey as well, the wildfires at the Mediterranean and Aegean costs and other regions of Turkey. As Sabancı Group, we have mobilized all our resources during this period and obviously we would very much like to continue taking part in the rehabilitation of the ecosystem as much as we can with all means that are necessary.

However, this unfortunate event or incident also shows us that the importance we attribute and the resources we allocate for sustainability proves to be extremely important for us going forward. And therefore, we will continue obviously focusing on our sustainability initiatives which you're also going to hear as part of this presentation.

Now if we go back to talking to the results for the quarter specifically, we believe we have delivered quite successfully despite the challenging environment.

Our growth is quite strong in the second quarter, however, obviously the second quarter of 2020 was also impacted by the COVID. So, there is a certain base effect. Having said that, we also are quite happy that we are growing strongly over a relatively strong Q1 in 2021 as well.

We have seen accelerated growth in all of our lines. We believe that is owing to our resilient and non-cyclical business model and portfolio. And this first half therefore, we believe marked another period that we benefited our complimentary business portfolio. We believe we have successfully captured the relatively increasing demand in the local and global markets and obviously taking advantage of the global supply chain issues thanks to our wide geographical coverage as a system.

We have improved our operating cash flow quite sharply. We are also happy that this is primarily driven by EBITDA growth with solid working capital management. So, the underlying improvement is solid and sustainable, which makes us also quite happy. If you look at our return on equity or non-bank return on equity, it has come to just under 19% at 18.8, which is so far at least the highest that we have reached when we looked over the last 10 years and obviously has grown quite significantly about 6pp on a year-on-year basis. We have continued to deliver our balance sheet at the end of first half of 2021, our Net Debt/EBITDA was at 1.4x. This compares to about 2.2x at the end of first half 2020. And we continue maintaining a strong liquidity as around 9 billion TL.

Again, we will touch base a little more, but sustainability is an integral part of our both mission and strategy. As we reviewed our Sustainability Roadmap going forward, you are going to hear a little bit about some 80 actions that we started to implement successfully about climate emergency, creating and maximizing our positive impact on people as well as society and fostering sustainable business models as we proceed on our journey to reach a zero waste and net zero emission by 2050.

Last but not least, obviously as I'm sure you've heard before, we see digitalization as an important driver of our business, which has two dimensions, one of them is our capabilities within our system. We continue to improve our digital capabilities in our ecosystem as we adapt to new business models like the future of work which we believe is also an important contributor to our strong operational performance over the last five consecutive quarters. And the second one obviously on digitalization, we see this as a business opportunity going forward in Sabancı as we have generated great teams through Sabancı Dx as we leverage the importance of our university and see if we can contribute to our overall business prospects and maybe inorganic growth opportunities

Now, specifically moving on to the next page, if you look at the top line results at the end of first half, we've seen our revenues and overall growing by 27%. Our combined EBITDA growing by 33% faster than the revenues and our consolidated net income growing by about 48%. This we believe is quite a healthy and growth pattern.

Our revenues have grown on the back of strong local and global demand that is recovering our EBITDA performance is obviously benefited the top line growth, but we believe we have been able to manage our input costs quite well, improve our efficiencies and obviously our relatively higher capacity utilization also assisted this EBITDA performance.

And our net income and consolidated net income in this sense as you have heard, did quite strongly on the back of strong operational performance and due to deleveraging of our balance sheet on the back of relatively lower financial expenses despite the fact that the interest rates have been on an upward trend. I would like to underline the fact that these results also include the relative weakness in the precipitation in Turkey which obviously impacts the EBITDA performance of our generation business. However, as you've seen together with that climatic impact, we also have been able to deliver a relatively strong set of results.

Again, on the top line if you move to the next page, we have a great banking business at the core of our business. However, we have been continuing to improve our non-bank businesses and the contribution of earnings.

As you see this year as well, the operating cash flow generation for our non-bank business continued to increase by about 1.4x compared to the same period of last year -a very healthy growth, as we believe. Related to that, our debt profile continues to be quite healthy. Our Net Debt/ EBITDA was at 1.4x, which we feel is in line with our guidance and quite a healthy level.

And our total non-bank combined liquidity was at around 9 billion TL. If you take our insurance business, our financial services business, there is another 5 billion TL -so a very healthy liquidity position.

If we move to the return on equity as we have touched base our non-bank return on equity was at 18.8% which is an obviously serious growth over last year. And our cash position, at the holding entity, at this level, was at 1.8 billion TL of which the share of FX was about 54% increasing quarter on quarter.

Now to give a little bit of color on the second quarter and the contributors to the business, if you move on the next page, there you see on the second quarter of 2021, our combined revenues grew by 35%. Excluding the bank, in the second quarter, our combined revenues were up by 41% - a little faster than our combined overall growth rate. Major contributors were the energy business with higher generation volume and strong pricing.

The industrials were also strong again with higher volumes and positively affected by the improvement in the overall mobility and a relatively weaker TL which obviously benefits our export revenues in that part of our business.

Our retail business top line growth was also a strong contributor. The changes in the the consumer behavior was positive for us as well as a relatively higher basket size contributed to the revenues.

For each of the segments, later in the presentation, you will hear Kerem going into a bit more detail for discussion.

For the EBITDA, if you look at our combined EBITDA this was up by about 36%. The non-bank EBITDA growth on a comparable basis was about 29% in the quarter. The contributors to this were again our industrials business with higher capacity utilization, better efficiencies and well managed input costs.

Our building materials contributed positively to our EBITDA, positively impacted by the volume growth which offset the higher input costs in the period.

And then our energy business: Despite the fact that the mix of generation was not favorable because of the weakness in the rainfall in the second quarter, this was offset by the positive contribution from natural gas and lignite plants, which obviously at the end of the day contributed positively to the absolute growth of the EBITDA.

If you come to the net income on a consolidated basis, obviously the growth was quite faster at 48% and 42% if you look at the non-bank businesses. I would like to say also a relatively balanced bank versus non-bank in terms of the net income, 55% to 45%. If you look at the contributors again, the industrials and building materials together with the pass-through of their strong operational performance were strong contributors.

And then we'll take each segment one by one as I pass the word to Kerem to walk us through that part of our presentation.

Mr.Kerem Tezcan, The Investor Relations Director

Thank you. To deep our parts into the segments let's start with Energy on slide 10.

In Q2, Energy segment's operating performance remained resilient despite continuous weakness in hydrology.

On Enerjisa Enerji, the company's EBITDA growth remains strong and reached 20% year on year with the contribution of both distribution and retail businesses. The distribution segment's EBITDA increased by 16% year on year in Q2, mainly driven by higher theft and loss, theft collection and capex outperformance. Regulated asset-based growth has accelerated and reached 16% year on year, owing to much higher Capex spending as we guided in Q1 and higher inflation.

On the retail side, higher liberalized and regulated gross profit, decline in doubtful provisions with improvement in customer payment behavior supported EBITDA growth in Q2 offsetting OPEX inflation.

The company's net income was up by 34% year on year with the positive contribution of strong operating performance and ongoing supportive effect of last year's refinancing despite higher cost of the company’s CPI-linked financial instruments.

Looking at the generation's performance, electricity demand increased by 20% year on year in Q2, driven mainly by above average performance in April and May thanks to last year's low base and faster growth in industrial power consumption. We expect demand growth to normalize in the second half of the year as low base impact disappears starting from June.

Energy generation's revenue increased by 62% year on year with higher volume on increasing spark spread in natural gas plans and higher spot electricity prices compared to last year.

On a separate note, higher power purchasing agreement prices in lignite plants and higher energy trading volume continued to support the top line growth of the generation business. Despite positive contribution of natural gas and lignite profitability on solid spark spread in natural gas plants and dark spread in lignite plants, EBITDA dropped by 11% due to negative impact of declining hydro generation as a result of prevailing drought in the last nine months and lower dispatch contribution from hydro assets.

Note that water inflow in Q2 is hovering around 38% below last year and 47% below its long-term average.

Net income declined by 41% year on year due to EBITDA contraction and higher financial expenses, driven by negative impact of marked to market hedging contracts.

Moving on the industrial segments, our tire and tire reinforcement businesses managed to register solid volume growth driven by strong demand due to last year's law base as both businesses were heavily affected from collapse in mobilization in Q2 20 on COVID-19 pandemic.

Both our tire and tire reinforcement businesses gained substantial market shares in their respective markets. The strong volume growth resulted in a sharp 107% year on year top line growth in Q2 21.

In addition to strong volume growth that positively affected both businesses' profitability the segments' EBITDA is almost tripled on higher capacity utilization in tire reinforcement business and surge in exports and effective cost management in tire business.

The negative impact of higher raw material prices, offset by well managed hedging strategy and bargaining power in tire business. The strong operational performance pass-through and declining financial expenses as a result of lower debt level supported the segment's bottom line.

It is important to highlight that successful operational performance of tire reinforcement business achieved despite the negative impact of ongoing force majeure by nylon manufacturers in the world and continuous weakness in the aviation sector.

Moving on to the building materials, according to Turkish Cement Manufacturers' Association data, domestic demand grew by 37% in the first 5 months of the year, mainly with the contribution of Mediterranean and Central Anatolia regions. Consequently, the segment's revenues jumped by 75% on strong domestic volume growth and positive contribution of weak TL on exports.

In addition to the strong top line performance, cost optimization and better energy margin led to doubling EBITDA, resulting in 3.4pp improvement in EBITDA margin on an annual basis.

Net income more than tripled in the quarter on the back of solid operational profitability and well-managed financial expenses.

The continuous improvement in the net working capital to sales ratio prevailed in Q2, supported improvement in segment's earnings quality.

It is also important to highlight that following the completion of the restructuring process of Sabancı Group's overseas white cement investments, we have finalized the acquisition of Bunol plant in Spain, which is an important milestone for our building materials business to create an efficient and strong platform abroad in order to position Sabancı Group as the leader in global white cement trade.

Moving on to the next slide on retail, segment's combined revenues increased by 30% year on year mainly driven by strong growth momentum in electronics retail as home office and home schooling fostered discretionary buying in addition to improvement in the basket size in food retail business.

Despite significant e-commerce sales realized in Q2 21, due to last year's high base, total e-commerce sales and the share of e-commerce sales has slightly declined on a year-on-year basis.

However, if you compare, e-commerce sales of our retail companies have increased more than five-fold and the share of e-commerce sales in their combined revenues almost quadrupled compared to pre-pandemic period of Q2 2019.

Solid top line growth and relatively limited impacts from elevated operating expenses translated into impressive improvement in operating profitability as IFRS-adjusted EBITDA jumped by 68% year on year.

Yet, the adverse impact of high financial expenses continued to affect the bottom line of the segment in Q2 as well.

Moving on to financial services, the segment's top line growth remains solid, driven by 38% year on year growth in non-life premium production thanks to strong performance in all business lines.

In non-life business, technical profit was adversely affected by the increasing FX linked claim expenses of motor segment due to last year's lower claim frequency due to the collapse in mobility. Combined ratio reached 102% in Q2 compared to 80% in the same period last year.

In the life business, technical income increased by 52% year on year, driven by the growth in life protection volumes and Assets Under Management in the pension business. The improvement in life business bottom line has led by strong growth in all major business lines and increased financial income yet non-life business' bottom line has deteriorated on lower technical profitability, which resulted in slight decline in segment's net income.

The important development for the segment is the change in life businesses partnership. In May, AGEAS became the JV partner of Sabancı Group in the life business as well, paving the way for new synergies in non-life business where AGEAS has been a partner since 2011.

On the banking, despite the challenging environment, along with higher global inflation as well as ongoing uncertainties regarding pandemic, the bank's positioning enables to the leverage its strength while carrying priorities for improving profitability.

Growth, proactive securities positioning, low maturity mismatch as well as across the board robust fee income growth were supportive factors for the core operating performance.

Thanks to proactive and prudent IFRS 9 implementation in previous periods, net cost of credit has been improving since it peaked in the second quarter of last year. The fortress balance sheet builds with robust total capital of 20% without forbearances, strong foreign currency liquidity and low leverage at 8x underline the inherent benefits of the bank's diversified business model and remains as a significant source of strength.

Finally, let me elaborate on service interruption in our bank’s system that took place between 6th and 7th of July. As previously shared by the bank, there was not any sort of cyber-attack and customers' personal data remains fully secured. Since then, all of the systems have been serving customers without any interruption. The core banking application runs on IBM mainframe system also used by many large banks around the world. As mentioned in the bank's footnotes, the financial impact of the service interruption is immaterial.

On the next slide we have our Sustainability Roadmap that guides our progress in ESG.

It includes 80 actions, which are being undertaken by the holding, group companies or both. We believe 41% of them will make fundamental changes in our business model.

In line with this Roadmap, we recently issued our most comprehensive Sustainability Report to date with nearly 30 Group-wide KPIs assured by a third party.

We identified 828 products and services that significantly contribute sustainable development goals.

The combined revenues from these products and services made up approximately 5.9 billion or 9% of our combined non-bank revenues in 2020.

Note that, the bank reports its total amount of sustainable finance at 16.4 billion TL for the same period, which is not classified at combined revenue line. On the other hand, 44% of our R&D activities were sustainability focused in 2020.

Thanks to our increased transparency and performance in this field, we made a significant progress in sustainability indices like MSCI. We will continue progressing in these areas moving forward.

I now let the floor to our CFO for closing marks.

Mr.Orhun Köstem-The CFO:

Thank you Kerem. To wrap up the presentation pieces, the key takeaways from today is in the Q2 of 2021, Sabancı Holding has delivered solid growth with very strong profitability, an outstanding cash flow generation with continuing deleveraging of the balance sheet and a record-breaking non-bank return on equity at least for the time being. The first half results therefore make us quite happy compared to our plans. It's fair to say that we started the third quarter strongly, however, we're mindful of the challenges in the rest of the year, general in the macro volatility with rising interest rates globally. The pandemic and the rate of vaccination to be an important determinant to shape the second half of the year and the general input cost inflation and supply chain challenges that we have been managing in the first half of the year. Despite the fact that together with our strong momentum and results for the first half, we have, and we will maintain our medium-term guidance for our financial performance and our sustainability goals. Thank you for listening the presentation.

Operator:

Thank you, speakers. Thank you, gentlemen. All right. As they just said, we will now start our question-and-answer session. If you would like to ask a question very simple, just press *5 on your telephone keypad and as a reminder to participate in our written Q&A, just have your question into the ask a question text area and then click the submit button. So, if you have a question now for the two gentlemen just type of * 5 and your telephone keypad. And for the written section, tap your question into the ask a question text area, click submit, simple as that. All right speakers, we don't seem to have audio. We do.

We have a question there. It is. Okay. Okay. We got a question from Hanzade Kılıçkıran from J. P. Morgan. Please go ahead.

Hanzade Kılıçkıran- J.P. Morgan:

Orhun bey congratulations for your new post and I have a quick question on the generation business. I mean you mentioned about outstanding, I mean operations throughout the year but in the second half, you observed some weakness on the EBITDA margin. That is purely because of the product mix change, probably from renewable to non-renewable. So how do you see the second half outlook? Because last year I remember that there were similar hydrology issues as well. So, is it reasonable to assume that the profit level from generation will stay low in the second half and because this is going to be quite important for next year's dividend income, I guess? And can you please confirm your dividend inflow in 2021. I am calculating something around 1.5 billion TL, and I just want to be sure if that's the right number.

Mr.Orhun Köstem-The CFO:

Hanzade Hanım merhaba, thank you very much, I will actually ask Kerem and the team to contribute and I will not, let's say, pretend that I know all the answers as of today. Having said that, on the generation business, first of all, yes, it is true that the hydro contribution this year has been lower than compared to last year and probably, previous year as well. However, the overall demand is growing. So even though the mix could be a worse off, we'll see a very strong demand going forward and for all practical purposes that could continue in the second half of the year. So therefore, at this point in time, I don't think there should be any reason why we should deviate from our guidance or our expectations for the year as a whole, even though with a different mix maybe. Can you for me, please repeat your second question?

Hanzade Kılıçkıran- J.P. Morgan:

And so basically this year's total dividend income for the holding is something around, all my calculations, something around 1.59 billion TL so 1.6 billion TL. Is this is true? I mean because I can't see a chart that shows the dividend inflowed the holding.

Mr.Orhun Köstem-The CFO:

I'm not sure if we have disclosed explicitly the dividend income for the holding. You can find in year-end presentation.

Hanzade Kılıçkıran- J.P. Morgan:

Okay. So, you don't expect a year-on-year decline in EnerjiSA Generation profit in 2021 vs. 2020, right? So you are looking to receive the similar amount of dividends next year as well from the company.

Mr.Kerem Tezcan, The Investor Relations Director

Of course, at the end of day, the dividend is a function of profitability. So, the change in the profitability of the generation business might be affecting the dividend income from that company as well.

Hanzade Kılıçkıran- J.P. Morgan:

Okay. All right. Thank you.

Operator:

Thank you very much. All right. If there any further questions, just press * 5 in your telephone keypad will give you a few moments and then move on to the written Q&As. I see there's quite a few questions. So, just a few moments for the audio questions *5 on your telephone keypad.

All right, gentlemen, we don't seem to have any more audio questions. All right. If we could move on to the written Q&A, the written questions, that would be wonderful. Over to you.

Mr.Kerem Tezcan, The Investor Relations Director

Sure. We have a question from Karim Sawabini from Moon Capital. Would you please discuss opportunities to divest certain assets and where you see a desire to further expand certain segments of the portfolio?

Mr.Orhun Köstem-The CFO:

Hi, Karim Bey. Yes. Obviously, you know, part of our business as we look to add value is to, let's say optimize parts of our portfolio. I'm sure in the past it has been disclosed that certain portions of our portfolio could be considered as non-core and therefore, yes, going forward we would seek to, you know, divest such parts of the portfolio. When you see, you know, expand on certain segments of the portfolio, yes, I mean part of again, the capital allocation priorities for us is to see if we can grow in adjacencies of our existing core businesses. For example, energy or industrials, cement for that matter. And I'm sure you must have seen that we have been able to complete the Bunol acquisition in this quarter of the year, so therefore, yes, you should expect expansion in the existing segments of the business. In addition, which again, just to underline and I am sure we must have spoken about this in the past as well. Renewable energy, digital technologies, new material technologies, you know, fintech, these have been both in our radar screen to expand on as segments going forward.

Mr.Kerem Tezcan, The Investor Relations Director

A follow up question from Karim is as we move into 2022 and assuming earnings continue to improve along with cash flows, how should we be thinking about shareholder remuneration including potential buybacks?

Mr.Orhun Köstem-The CFO:

Yes, thank you. I think that's also a good question and probably not a new one. We have a good, you know, a healthy balance sheet, a good liquidity position and obviously we are quite careful as to how we would like to maximize return on our cash and where to invest. And the share buyback proposal is also part of that, let's say investment proposals that the board will review at the end of the day. So, you should expect just like any other investments, we look at it as a, you know, potential investment with good returns provided that they are, and obviously will be part of our, if they become feasible, they're going to be part of potentially part of the plans going forward. So that's something that has been reviewed internally.

Mr.Kerem Tezcan, The Investor Relations Director:

We have a question from Alper Özdemir from Azimut. Hello, Sabanci Holding received a significant amount of dividends this year. What is the level of cash that you feel comfortable to maintain at holding level? If this level is to be surpassed, what are the potential areas that this extra cash to be allocated?

Mr.Orhun Köstem-The CFO:

I mean, yes, hopefully not only this year going forward as well, we expect to generate good cash flow in our businesses, which can in turn lead to growing dividends for us as well. I think in the past, as far as I remember, and again, Kerem can correct me, we have pointed out that probably something around USD200 million dollars could be a level that we would feel comfortable with. I don't think there should be any reason why that should change for the time being. And as I said, for us to consider on a very top line basis, we would very much like to explore opportunities for investment for organic growth of our existing businesses. Secondly, we would very much like to continue exploring investing in inorganic growth in the adjacencies to our existing businesses, as well as new businesses that I have just underlined: renewable energy, digital technologies, material technologies, new material technologies, fintech, etc. And we have, and as you've seen, guided for a leverage of under 2x for the general business going forward, that should be something to keep in mind. And finally, of course, we have a state of dividend policy between a minimum 5% to 20% of distributable profits. And as we have just discussed, obviously, internally, another point of review is again linked to shareholder remuneration and potential buybacks provided that of course these are feasible investments for us, just like any other investments that we review over at the holding company. So, on a very top line basis, this you should see as the avenues of utilization of cash.

Mr.Kerem Tezcan, The Investor Relations Director:

Thank you. Another question comes from Ata Invest. Are you looking for new growth areas? What could be a catalyst ahead? Do you see increase in hiring trends in key business segment you are operating?

Mr.Orhun Köstem-The CFO:

Well, first of all, obviously, yes, we are looking at new growth areas. Again, we're looking at new growth areas, obviously in tomorrow's new economic models, you know, as far as we are concerned, this could be both adjacent to existing businesses or could be in the form of new businesses. As I've said, you know, just to give an example and you might have heard this already in the past. But if you bear with me, for example, digital, I think one thing that digital and utilizing digital is a very broad term. I think what we're happy with is on one hand, we continue to improve our organizational capabilities, but we are focusing on certain key areas like data analytics and cybersecurity to see if we can turn them into business proposals and obviously make an important contributor to our overall business going forward as a stand-alone, you know, business proposal. And that could both be done internally and then obviously by way of potentially acquisitions, both of which are being reviewed at the moment, so, and we'll be by the way, we will be in the mix as we look at our businesses and our growth opportunities. So in a not a shell, the answer to your question is yes. I think the catalyst is obviously needless to say the working life is changing as we call future of work is changing, consumer, shopper habits are changing, and I think this is a very opportune time for us to be looking into those new areas as the ways of, let's say, both the ways of doing business and consumption are changing. So therefore, we would very much like to benefit from such changes and take a position as early as possible, which is what we are doing at the moment. I am not sure, I am clear with the last part of the question, hiring trends, but if I will ask my friends or otherwise, we will make sure we will liaise with you to further explore on that later.

Mr.Kerem Tezcan, The Investor Relations Director:

Another question comes from Cenk Orcan from HSBC. Can you please elaborate on the capital needs of your retail operations? Do you expect further cash injection in the near future?

Mr.Orhun Köstem-The CFO:

Thank you Cenk Bey for the question. Now, first of all two things. One, if you look at our retail businesses Teknosa has been doing, you know quite well. I'm sure you must have seen the performance, the e-commerce piece as we're working quite well for Teknosa and it has new plans obviously to turn this business into a marketplace, which could be a unique one given both the brick-and-mortar piece and the overall e-commerce piece. We are happy with the financial results or what we see in Teknosa for the time being. So therefore, there we could say after the rise issue, especially that is behind us. For Carrefoursa again, as you might have seen, we have just disclosed a sale of shares and potentially increase of capital going forward. Now, for Carrefoursa, obviously we had a great start to the year. The second quarter was not that great because of the closures, lockdown period. Having said that, we are together with the plans, were looking to continue improving the health of balance sheet, health of the business. Other than what we have disclosed so far, there remains no other, you know, plants that is not publicly disclosed.

Mr.Kerem Tezcan, The Investor Relations Director:

The Operator, do we have any other audio questions?

Operator:

No, I don't believe we do just check the thing right now. No, I think that is it. So, there are no more audio questions. More questions. If you would like to conclude that would be wonderful.

Mr.Orhun Köstem-The CFO:

So many thanks for taking the time to join us today. We're happy to have shared with you a strong set of results. We are really excited about the year ahead and we look forward to seeing you in our next quarter. Until then, stay healthy. Bye bye. Thank you.

Operator:

Thank you, gentlemen, thank you for the presentation. And ladies and gentlemen, this concludes today's webcast call. You may now disconnect.