

# Sabancı Holding

## Q2 2024 Financial Results

### Earnings Release

August 28, 2024

Sabancı Holding announced its consolidated financial results for the second quarter of 2024. It was another quarter where the Holding, as a Group, demonstrated its resilience despite persistently high inflation which led to higher operating expenses and challenging price/demand dynamics. Monetary losses continued to weigh on the consolidated bottom line, after inflationary accounting adjustments. Even so, balance sheet remained strong with a leverage of 1.3x, while Holding's standalone net cash position remains at TL 12 billion, which is relatively balanced between TL and hard currencies. Holding, increasing its net asset value by 23% to USD 10.8 billion as of July, remained committed to its ambition of growing in the new economy and it has taken decisive execution steps in its investments.

Regarding sustainability, in June, Sabancı holding was honored with the Outstanding Achievement Award in Sustainability from the European Foundation for Quality Management (EFQM), underscoring its determination in integrating sustainability into its decision processes and executions.

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

"In Q2, financial results are being challenged by the prevailing macro environment. This is a transition period that results in a slower economic growth and significant disparity between inflation and the level of exchange rates. This environment not only deteriorate pricing flexibility but also the reported negative impact amplifies further under the inflation accounting. With the awareness of this environment, we have been implementing measures to improve the financial performance going forward. Moreover, we continued to strengthen our focus on core businesses and broaden it to grow into new areas by restructuring our Industrials and the Building Materials business units into Material Technologies and Mobility Solutions. Our investments in the new economy continued at full speed during this period. Our fully owned subsidiary, DxBV, acquired 65% of Bulutistan, one of Türkiye's market leaders in cloud technologies, strengthening our portfolio with attractive long-term growth prospects. We solidified our position in material technologies through Çimsa's €330 million acquisition of Mannok, an established Irish company with 50 years of experience in UK, and a wide range of products in building materials. Our renewable investments in the U.S. continue through the successful commissioning of Cutlass II Solar Power Plant and ongoing construction in Oriana Solar Power Plant. In power generation, Enerjisa Üretim, has made another notable progress through capacity increase and acquisition, increased its total wind power capacity to 417 MW, bringing the total installed capacity of its plants to 3.8 GW"

#### **Financial Highlights**

- The combined revenue<sup>(1)</sup> reached TL 255 billion, representing a 10% yoy increase, driven by the banking business, which grew by 50%. Profit metrics reflect the impact of prevailing macro environment as well as inflation accounting reporting. Accordingly, combined EBITDA realized at TL 26 billion with a 10% margin, decreased year on year

(1) Revenue excludes Holding dividend income

with rising costs amid high inflation and its emerging impact on operations. The decline in consolidated net income is mainly driven by lower EBITDA and higher financial expenses.

- The consolidated ROE was 0.3 % in the first half of 2024 (excluding one-offs 3.4%) versus 7.0% at the end of 2023.
- Net Debt/EBITDA was 1.3x, well below the Sabancı Group's midterm target of maximum 2.0x, for non-bank businesses.
- Holding-only net cash remains at TL12 billion, increasing from TL 7.0 billion at the end of 2023 with the net of dividend inflows/outflows amid increased investments.
- Non-bank Capex/Sales rose to 11.3% with increased investments in energy and digital segments despite the high-interest rate environment.

### Strategic Highlights

- 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.
- With the first-ever EBRD loan to a cement company in Türkiye, Çimsa has secured funding for its solar, waste heat recovery and energy efficiency investments, underscoring its strong commitment to achieving net zero emissions by 2050.

### Subsequent Events Highlights After the Balance Sheet Date

- Enerjisa Üretim has completed capacity increase at the 55 MW Akhisar Wind Power Plant (WPP), of which was acquired on December 1, 2022. Following the necessary permits and approvals, the total installed capacity of Akhisar WPP has been increased by 7 MW to reach 62 MW.
- Enerjisa Üretim has acquired all of the shares of the companies operating Aydos WPP since 2021 that has an installed capacity of 14 MW together with the right to increase the capacity by an additional 8.4 MW, as of August 23, 2024. With the acquisition of Aydos WPP, Enerjisa Üretim's total installed wind power capacity in its 9 power plants reached 417 MW and the total installed capacity of all facilities reached 3,813 MW.
- Sabancı Holding's wholly-owned subsidiary DxBV has acquired 65% of shares of ICT Bulut Bilişim A.Ş. (Bulutistan), with a nominal value amounting to USD 39 million, one of the market leaders in cloud technologies in Türkiye.
- In alignment with Çimsa's growth strategy in sustainable building materials and global expansion, a share purchase agreement was signed on August 27, 2024, for the

acquisition of 94.7% of Mannok Holdings DAC for a total enterprise value of €330 million

### Segments Highlights

- **Energy:** Lower prices coupled with higher financial expenses pressured profitability
- **Bank:** Successfully navigated through the toughest challenges & well-positioned for sustainable profitability
- **Financial Services:** Losses from monetary assets offset solid life premium generation
- **Material Technologies:** Increased global competition & soft domestic market dynamics
- **Mobility Solutions:** Challenging pricing flexibility despite solid volumes
- **Digital:** Sales growth outpaced the market yet, bottom-line pressured by higher financial expenses
- **Retail:** Bottom-line pressures on high financial expenses despite real top-line growth and cost optimization efforts

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

ENERJISA ÜRETİM KEY FINANCIALS in Millions TL	Q2 2023	Q2 2024	Change	H1 2023	H1 2024	Change
SALES	12,447	9,064	-27.2%	33,544	19,992	-40.4%
EBITDA	5,147	878	-82.9%	10,318	2,811	-72.8%
EBITDA MARGIN	41.3%	9.7%		30.8%	14.1%	
NET INCOME	2,482	301	-87.9%	6,257	1,942	-69.0%

Revenues dropped by 27% yoy in the second quarter, on the decline in electricity prices and maintenance activities. The decline in EBITDA was related to lower hydrology together with lower power prices. The contribution from Enerjisa Commodities softened due to the limited profit opportunities because of less volatility and liquidity in the market.

## SABANCI HOLDING COMBINED SEGMENT RESULTS

SABANCI HOLDING COMBINED RESULTS in thousands TL	H1 2024	H1 2023	CHANGE %	Q2 2024	Q2 2023	CHANGE %
<b>REVENUES<sup>(1)</sup></b>	<b>509.582.525</b>	<b>472.185.870</b>	<b>7,9</b>	<b>255.055.320</b>	<b>232.891.340</b>	<b>9,5</b>
<b>Bank</b>	<b>272.192.856</b>	<b>187.823.226</b>	<b>44,9</b>	<b>141.326.678</b>	<b>94.175.537</b>	<b>50,1</b>
<b>Non-Bank</b>	<b>237.389.669</b>	<b>284.362.644</b>	<b>-16,5</b>	<b>113.728.642</b>	<b>138.715.803</b>	<b>-18,0</b>
Mobility Solutions	22.817.137	21.960.762	3,9	10.660.933	10.891.240	-2,1
Material Technologies	38.153.271	43.416.382	-12,1	18.864.136	21.540.881	-12,4
Digital	30.047.787	27.364.502	9,8	13.533.203	14.340.184	-5,6
Energy	94.408.236	139.269.051	-32,2	46.074.619	64.454.358	-28,5
Financial Services	24.453.278	25.931.183	-5,7	10.081.446	13.384.818	-24,7
Other	27.509.960	26.420.764	4,1	14.514.304	14.104.322	2,9
<b>EBITDA</b>	<b>61.773.531</b>	<b>105.332.557</b>	<b>-41,4</b>	<b>25.666.818</b>	<b>62.012.774</b>	<b>-58,6</b>
<b>Bank</b>	<b>37.211.819</b>	<b>71.391.004</b>	<b>-47,9</b>	<b>13.910.616</b>	<b>41.294.711</b>	<b>-66,3</b>
<b>Non-Bank</b>	<b>24.561.712</b>	<b>33.941.553</b>	<b>-27,6</b>	<b>11.756.201</b>	<b>20.718.063</b>	<b>-43,3</b>
Mobility Solutions	3.343.386	3.937.420	-15,1	1.199.468	2.283.079	-47,5
Material Technologies	4.877.876	6.467.637	-24,6	2.929.207	3.738.565	-21,6
Digital	404.286	590.354	-31,5	167.800	402.365	-58,3
Energy	15.059.845	21.916.341	-31,3	6.270.858	13.303.170	-52,9
Financial Services	1.106.834	2.010.465	-44,9	1.121.331	970.885	15,5
Other	-230.516	-980.665	-76,5	67.536	20.000	237,7
<b>NET INCOME</b>	<b>-14.688.739</b>	<b>25.144.795</b>	<b>-158,4</b>	<b>-2.673.989</b>	<b>29.899.948</b>	<b>-108,9</b>
<b>Bank</b>	<b>-11.093.312</b>	<b>14.001.237</b>	<b>-179,2</b>	<b>-2.295.533</b>	<b>18.792.975</b>	<b>-112,2</b>
<b>Non-Bank</b>	<b>-3.595.427</b>	<b>11.143.558</b>	<b>-132,3</b>	<b>-378.456</b>	<b>11.106.973</b>	<b>-103,4</b>
Mobility Solutions	770.918	1.423.963	-45,9	-141.834	1.014.143	-114,0
Material Technologies	1.793.645	3.685.980	-51,3	1.527.725	2.405.931	-36,5
Digital	-993.746	84.177	-1.280,5	-675.873	-109.896	515,0
Energy	-1.360.916	5.318.782	-125,6	25.079	4.368.044	-99,4
Financial Services	-480.867	653.825	-173,5	367.597	1.503.558	-75,6
Other	-3.324.461	-23.169	14.248,5	-1.481.150	1.925.191	-176,9

(1) Revenue excludes Holding dividend income

(2) Inflation accounting is applied to financial statements in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies

## SABANCI HOLDING CONSOLIDATED SEGMENT RESULTS

SABANCI HOLDING CONSOLIDATED RESULTS in thousands TL	H1 2024	H1 2023	CHANGE %	Q2 2024	Q2 2023	CHANGE %
<b>REVENUES</b>	<b>376.575.971</b>	<b>295.371.364</b>	<b>27,5</b>	<b>190.371.544</b>	<b>149.819.495</b>	<b>27,1</b>
<b>Bank</b>	<b>272.192.856</b>	<b>187.823.226</b>	<b>44,9</b>	<b>141.326.678</b>	<b>94.175.537</b>	<b>50,1</b>
<b>Non-Bank</b>	<b>107.598.465</b>	<b>110.212.402</b>	<b>-2,4</b>	<b>50.455.436</b>	<b>56.762.349</b>	<b>-11,1</b>
Mobility Solutions	147.941	445.285	-66,8	71.789	128.955	-44,3
Material Technologies	26.257.137	30.291.385	-13,3	13.041.836	14.947.684	-12,8
Digital	29.954.676	27.148.903	10,3	13.472.466	14.219.734	-5,3
Energy	114.382	-	-	111.397	-	-
Financial Services	23.617.704	25.931.183	-8,9	9.245.872	13.384.818	-30,9
Other	27.506.625	26.395.645	4,2	14.512.075	14.081.158	3,1
<b>Intersegment eliminations</b>	<b>-3.215.350</b>	<b>-2.664.264</b>	<b>20,7</b>	<b>-1.410.571</b>	<b>-1.118.391</b>	<b>26,1</b>
<b>EBITDA</b>	<b>42.145.557</b>	<b>105.332.557</b>	<b>-60,0</b>	<b>17.409.704</b>	<b>47.776.234</b>	<b>-63,6</b>
<b>Bank</b>	<b>37.211.819</b>	<b>71.391.004</b>	<b>-47,9</b>	<b>13.910.616</b>	<b>41.294.711</b>	<b>-66,3</b>
<b>Non-Bank</b>	<b>4.933.738</b>	<b>33.941.553</b>	<b>-85,5</b>	<b>3.499.088</b>	<b>6.481.522</b>	<b>-46,0</b>
Mobility Solutions	395.913	3.937.420	-89,9	-83.946	475.125	-117,7
Material Technologies	3.494.762	6.467.637	-46,0	2.050.606	2.644.672	-22,5
Digital	404.286	590.354	-31,5	167.800	402.363	-58,3
Energy	-237.541	21.916.341	-101,1	175.759	1.946.622	-91,0
Financial Services	1.106.834	2.010.465	-44,9	1.121.333	970.887	15,5
Other	-230.515	-980.665	-76,5	67.536	41.853	61,4
<b>NET INCOME</b>	<b>-7.631.265</b>	<b>10.811.330</b>	<b>-170,6</b>	<b>-1.814.079</b>	<b>13.365.952</b>	<b>-113,6</b>
<b>Bank</b>	<b>-4.520.525</b>	<b>5.705.505</b>	<b>-179,2</b>	<b>-935.430</b>	<b>7.658.138</b>	<b>-112,2</b>
<b>Non-Bank</b>	<b>-3.110.740</b>	<b>5.105.825</b>	<b>-160,9</b>	<b>-878.650</b>	<b>5.707.814</b>	<b>-115,4</b>
Mobility Solutions	279.944	637.995	-56,1	-88.453	465.043	-119,0
Material Technologies	852.385	1.701.851	-49,9	728.292	1.136.151	-35,9
Digital	-615.688	-77.525	694,2	-375.069	-141.960	164,2
Energy	-547.870	2.709.496	-120,2	-135.529	2.038.785	-106,6
Financial Services	-185.268	263.638	-170,3	140.922	576.779	-75,6
Other	-2.894.243	-129.630	2.132,7	-1.148.812	1.633.016	-170,3

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