

Sabancı Holding

Q3 2021 Financial Results

Earnings Release

November 4, 2021

Another successful period with solid ROE improvement

Sabancı Holding successfully delivered strong results in the first nine months driven by improved contribution from bank as well as solid performance in non-bank businesses. Third quarter marked by solid demand environment and operational efficiency, which partly offset upward trend in input costs and elevated impact of drought.

Combined non-bank operating cash flow remained solid in the first nine months coupled with prevailing deleveraging. Consolidated ROE increased to 17% in the first nine months in-line with Group's midterm guidance owing to sharp improvement in bank ROE.

Sabancı Holding CEO Cenk Alper's commented: *"These successful results are the biggest indicator of Sabancı's business culture that is constantly seeks for improvement. With our strong financial risk management approach, we once again demonstrated our financial resilience despite market volatility. We continued to generate solid cash flow from our operations and strengthened our balance sheet."*

FINANCIAL HIGHLIGHTS

- Combined revenue growth accelerated to 43% y-o-y in Q3. Non-bank growth drivers were energy, industrials and building materials. Combined revenue in the first 9M exceeded TL100bn, which is up by 33% y-o-y.
- Comparable combined EBITDA growth reached 46% y-o-y in Q3 on strong performance from banking, energy and industrials. In the first 9M, combined EBITDA reached TL21bn, up 38% compared to a year ago.
- Comparable consolidated net income reached TL2bn, up by 40% y-o-y in Q3. Net income growth was at 45% in the first 9M, equals to TL6bn.
- Consolidated ROE improved further to 17% in the first 9M with solid improvement in bank's ROE.
- Combined non-bank operational cash flow reached TL8bn, up by 17% y-o-y and holding only cash reached TL1.9bn in the first 9M.
- Deleveraging continued as non-bank Net Debt/EBITDA dropped to 1.4x by the end of September vs. 1.5x at the end of 2020.

Note: Combined revenue excludes holding dividend income. Combined EBITDA and consolidated net income excludes non-operational and non-recurring one off items & IFRS16 impact in retail. Operational cash flow and net debt figures exclude banking, financial services and other segment. Consolidated ROE excludes non-operational and non-recurring oneoff items.

STRATEGIC HIGHLIGHTS

- Sabancı Holding completed the restructuring process of the Group's overseas white cement investments and finalized the acquisition of Bunol plant in Spain. This is an important milestone for the building materials business to create an efficient and strong platform abroad in order position the Group as the leader in the global white cement trade.
- Sabancı Holding and Philip Morris International (PMI) started the process of transferring all of Sabancı Holding's shares (25%) in Philip Morris Turkey. Accordingly, PMI applied to the Competition Authority on October 6, 2021 for the share transfer at TL2,887mn. Acquisition price will be subject to certain predetermined adjustments at the end of 2021, and the final acquisition price will be disclosed to public, once it is determined. The closing is expected to be completed in Q4 2021 following the relevant permissions and approvals.
- As a result of organizational changes in insurance companies following the new partnership with Ageas, Sabancı Holding started to fully consolidate Aksigorta and Ageas in its financials, starting from July 1, 2021. These changes resulted in a TL1.4bn positive one-off impact on Sabancı Holding Q3 2021 consolidated net income.

SEGMENTS HIGHLIGHTS

- **Energy Segment:** Strong operating performance sustained despite elevated weakness in hydrology.
- **Industrials Segment:** Profitability sustained on strong volumes & operational excellence.
- **Building Materials Segment:** Escalated cost side pressures partly offset by operational efficiency.
- **Retail Segment:** Growth in e-commerce continued.
- **Financial Services Segment:** Life business continued offsetting weakness in non-life.
- **Bank:** Well positioned to remain healthy & profitable.

SABANCI HOLDING COMBINED SEGMENT RESULTS

SABANCI HOLDING COMBINED RESULTS in thousands TL	9M 2021	9M 2020	CHANGE %	Q3 2021	Q3 2020	CHANGE %
REVENUES	101,614,572	75,805,954	34.0	38,560,346	27,014,547	42.7
Bank	36,164,415	27,818,212	30.0	13,538,596	9,177,097	47.5
Non-Bank	65,450,157	47,987,742	36.4	25,021,750	17,837,450	40.3
Industrial	9,694,015	5,979,506	62	3,518,878	2,239,050	57
Building Materials	5,181,551	3,009,298	72.2	2,148,799	1,197,243	79.5
Retail	11,584,454	9,347,554	23.9	4,395,938	3,718,433	18.2
Energy	30,355,397	23,580,439	28.7	12,630,005	8,440,368	49.6
Financial Services	5,869,664	4,518,913	29.9	2,009,032	1,595,800	25.9
Other	2,765,076	1,552,032	78.2	319,098	646,556	(50.6)
ADJUSTED EBITDA -excluding one offs	21,243,259	15,508,472	37.0	8,258,772	5,700,264	44.9
Bank	10,492,199	6,904,273	52.0	4,511,749	2,473,499	82.4
Non-Bank	10,751,061	8,604,199	25.0	3,747,023	3,226,765	16.1
Industrial	2,114,662	1,106,844	91.1	703,627	450,213	56.3
Building Materials	905,063	531,762	70.2	293,270	278,262	5.4
Retail	937,332	687,566	36.3	394,968	334,691	18.0
Energy	5,883,655	5,422,849	8.5	2,072,894	1,814,842	14.2
Financial Services	784,277	778,483	0.7	244,373	271,990	(10.2)
Other	126,071	76,695	64.4	37,891	76,767	(50.6)
ADJUSTED NET INCOME -excluding one offs	13,119,596	8,880,995	47.7	5,172,770	3,532,869	46.4
Bank	7,889,317	4,918,326	60.4	3,424,660	1,777,134	92.7
Non-Bank	5,230,279	3,962,669	32.0	1,748,110	1,755,735	(0.4)
Industrial	1,342,046	481,754	178.6	399,581	260,736	53.3
Building Materials	457,276	134,352	240.4	123,258	128,317	(3.9)
Retail	(264,474)	(210,216)	(25.8)	(47,847)	16,619	(387.9)
Energy	2,599,182	2,458,678	5.7	934,770	856,877	9.1
Financial Services	622,328	570,228	9.1	201,020	203,105	(1.0)
Other	473,921	527,873	(10.2)	137,328	290,080	(52.7)

SABANCI HOLDING CONSOLIDATED SEGMENT RESULTS

SABANCI HOLDING CONSOLIDATED RESULTS in thousands TL	9M 2021	9M 2020	CHANGE %	Q3 2021	Q3 2020	CHANGE %
REVENUES	58,970,722	42,715,582	38.1	23,369,791	15,225,842	53.5
Bank	36,164,415	27,818,212	30.0	13,538,596	9,177,097	47.5
Non-Bank	22,982,235	15,114,980	52.0	9,907,017	6,100,270	62.4
Industrial	5,189,553	3,085,568	68.2	1,986,656	1,079,034	84.1
Building Materials	3,008,201	1,631,928	84.3	1,201,428	660,135	82.0
Retail	11,580,984	9,343,769	23.9	4,394,657	3,717,201	18.2
Financial Services	2,009,032	-	--	2,009,032	-	--
Other	1,194,465	1,053,715	13.4	315,244	643,900	-51.0
Intersegment eliminations	(175,928)	(217,610)	19.2	(75,822)	(51,525)	(47.2)
ADJUSTED EBITDA -excluding one offs	8,805,556	6,192,064	42.2	6,219,399	3,762,397	65.3
Bank	10,492,199	6,904,273	52.0	4,511,749	2,473,499	82.4
Non-Bank	4,532,756	3,050,189	48.6	1,707,650	1,288,898	32.5
Industrial	1,346,629	606,624	122.0	447,702	235,540	90.1
Building Materials	638,701	353,861	80.5	203,940	192,367	6.0
Retail	937,754	710,016	32.1	395,183	340,930	15.9
Energy	1,098,675	1,094,650	0.4	389,403	364,581	6.8
Financial Services	393,874	215,985	82.4	234,411	78,576	198.3
Other	117,123	69,053	69.6	37,011	76,904	(51.9)
ADJUSTED NET INCOME -excluding one offs	5,773,152	3,976,452	45.2	2,254,982	1,609,049	40.1
Bank	3,214,888	2,004,212	60.4	1,395,546	724,180	92.7
Non-Bank	2,558,264	1,972,240	29.7	859,436	884,869	(2.9)
Industrial	779,126	281,249	177.0	232,318	137,652	68.8
Building Materials	225,569	65,388	245.0	61,551	58,625	5.0
Retail	(151,680)	(104,857)	(44.7)	(28,393)	14,463	(296.3)
Energy	1,139,860	1,094,650	4.1	409,036	364,581	12.2
Financial Services	241,540	215,985	11.8	78,673	78,576	0.1
Other	323,849	419,825	(22.9)	106,251	230,972	(54.0)

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