

#SabanciofNewGeneration

Q1 2021 EARNINGS PRESENTATION

May 6, 2021



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Q1 2021 Highlights

Strong **volume growth** well above recovery of demand
Sharply improving **cash flow** on solid **working capital management**
despite **accelerating growth**
A record-high non-bank ROE of 18.5%



MSCI
ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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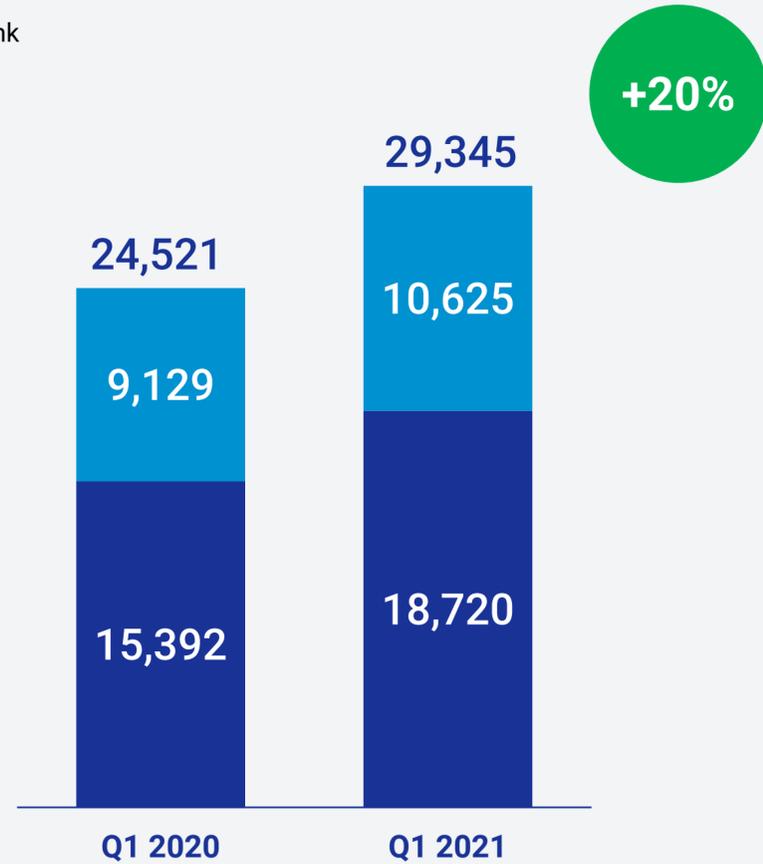
One notch upgrade from MSCI ESG Ratings;
2nd upgrade in the last 9 months

All **COVID-19** measures are in place, closely watching local & global
vaccine rollout



Combined Revenue* (TL mn)

■ Non-bank
■ Bank**

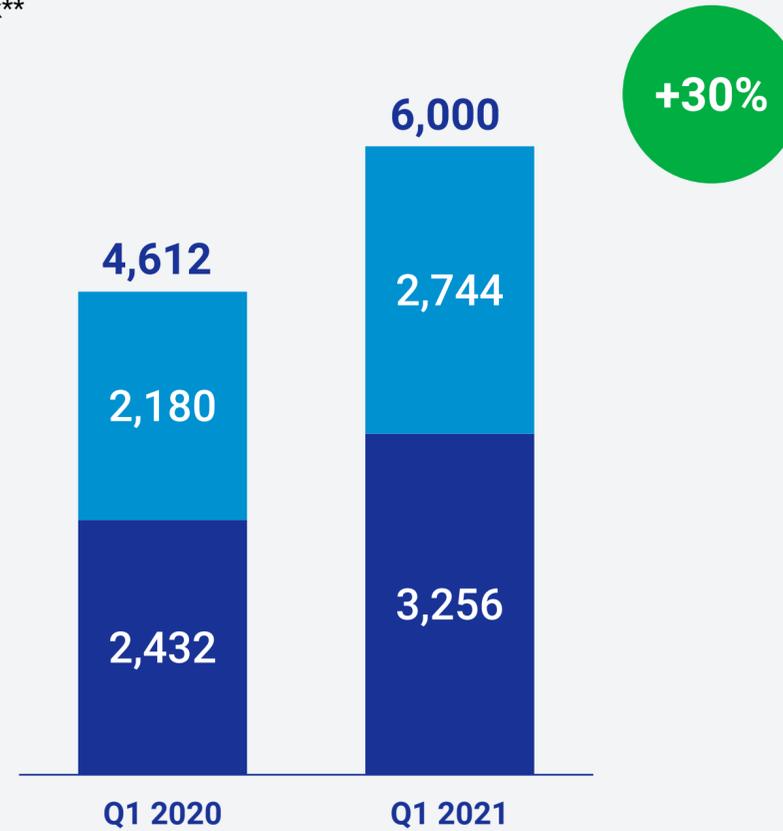


Strong non-bank performance on strong local & global demand

*Excludes Holding dividend income ** Bank revenue = Interest income + commission income + capital markets gains/losses + net derivative gains/losses

Combined EBITDA* (TL mn)

■ Non-bank**
■ Bank

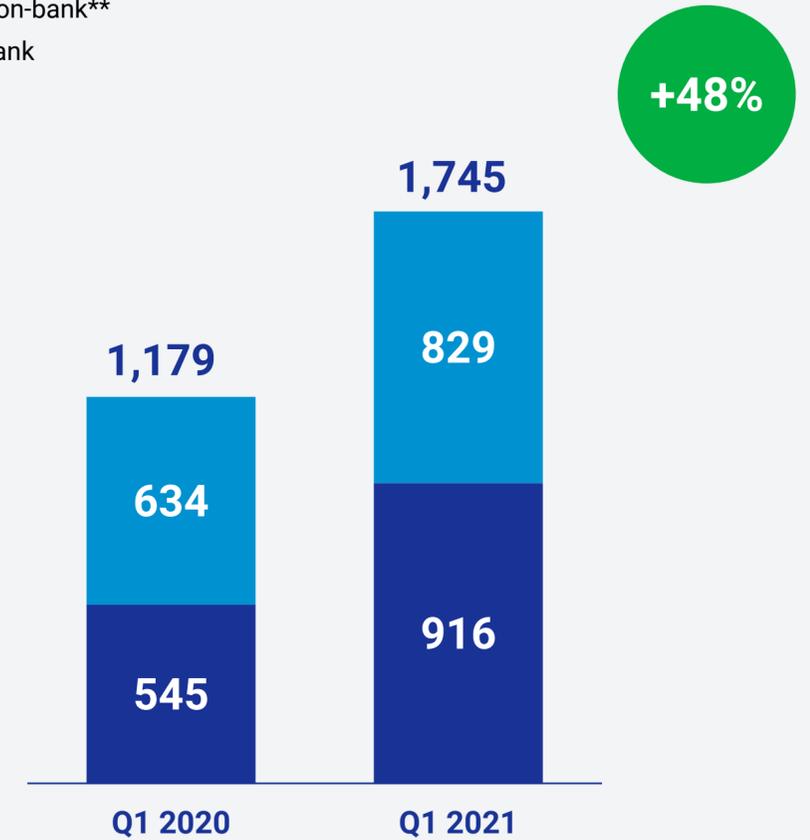


Solid volume & sales mix offset low precipitation

*Excludes non-operational and non-recurring one off items
**Excludes IFRS16 impact in retail

Consolidated Net Income* (TL mn)

■ Non-bank**
■ Bank



Well-managed financing, FX gains

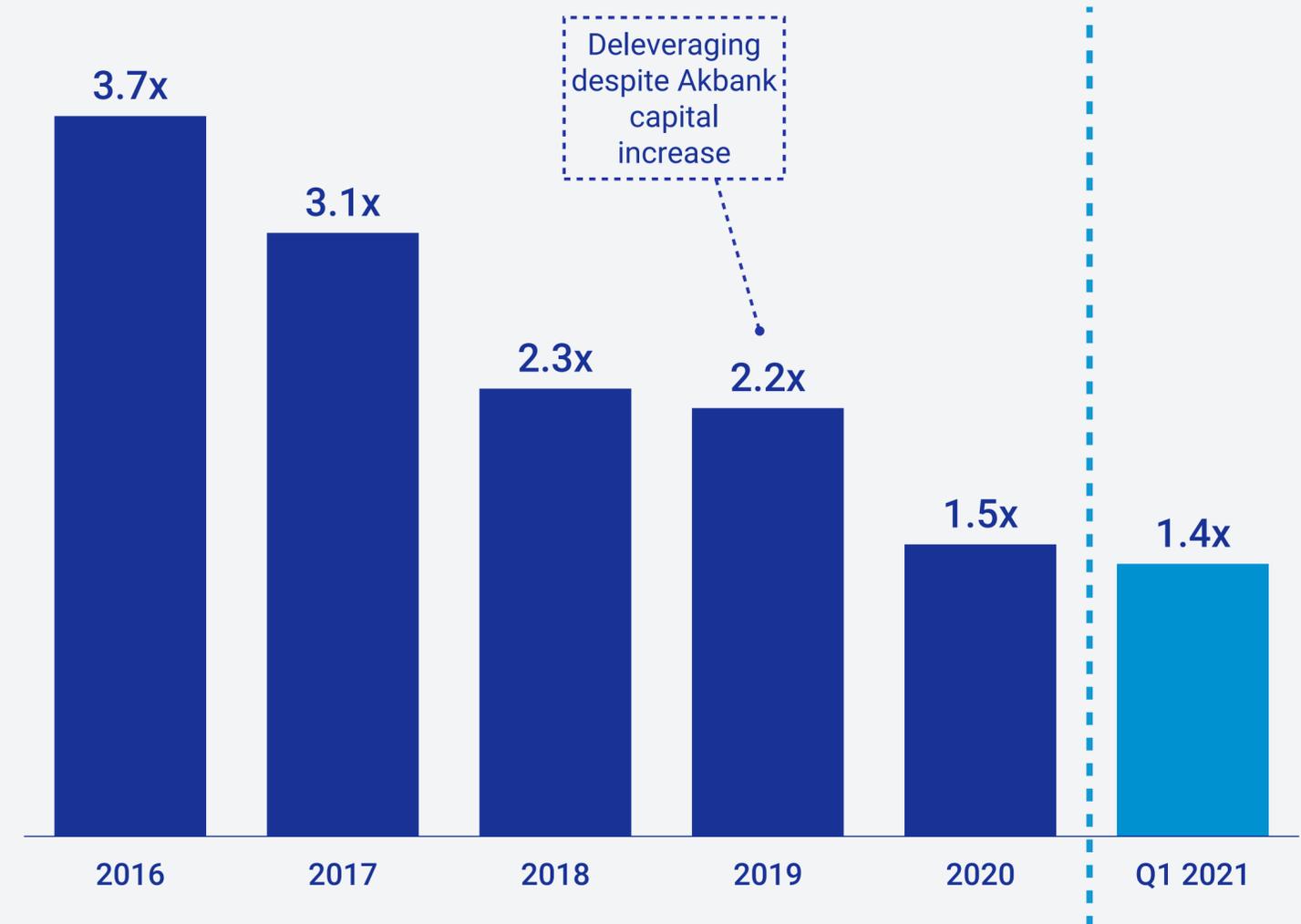
*Excludes non-operational and non-recurring one off items
**Excludes IFRS16 impact in retail

Operational Cash Flow, Combined for Non-Bank*
(TL bn)

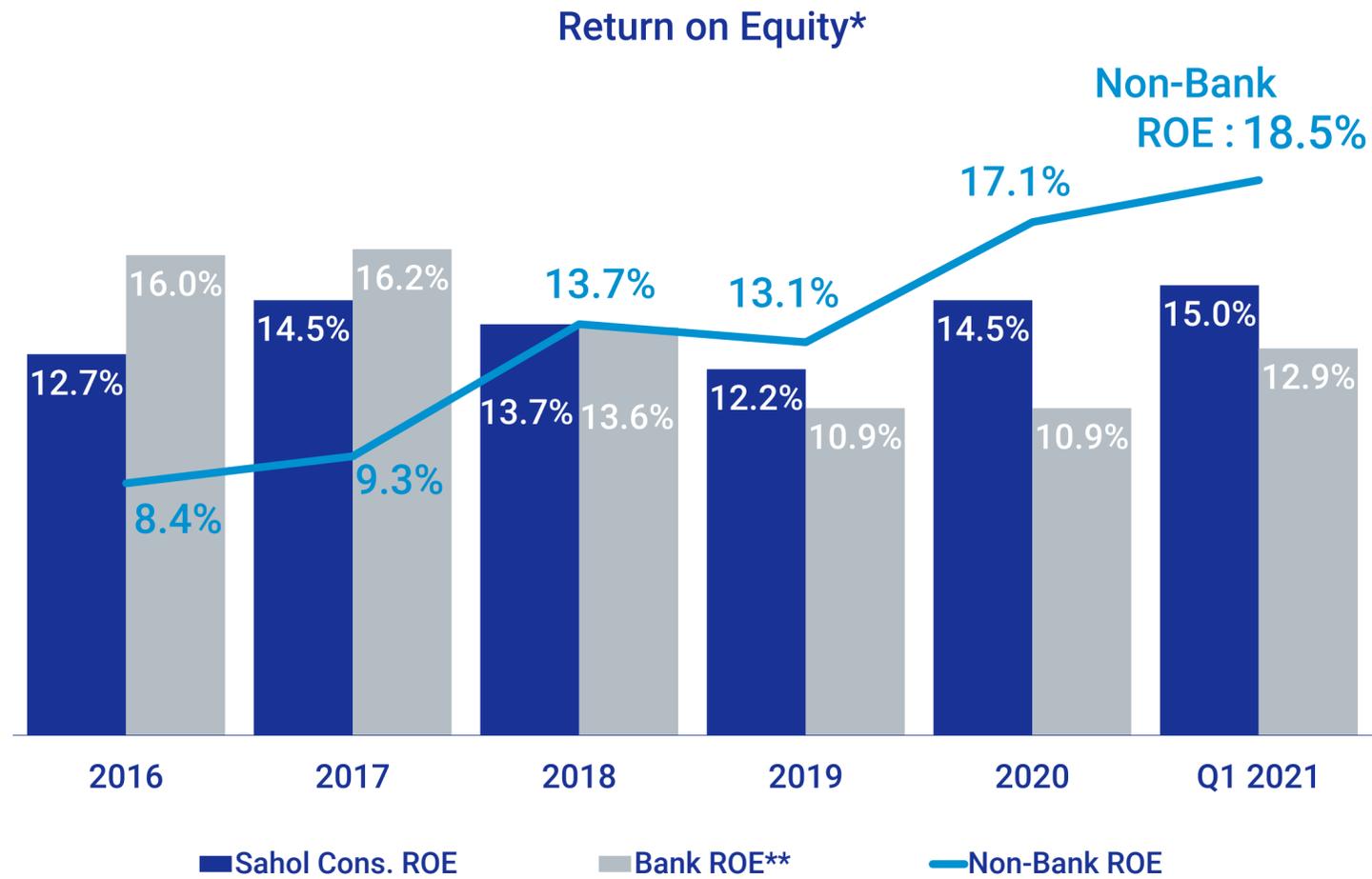


*Excludes Financial Services, Banking & Other segment (Financial services funds: TL 4,3 bn in Q1 2021 vs. TL 3,4 bn in Q1 2020)

Combined Net Financial Debt to Non-Bank EBITDA*



*Excludes Banking, net cash position of Financial Services, IFRS 16 impact; and non-operational and non-recurring one-off items in EBITDA



Consolidated Long FX position (USD mn, excluding Bank)

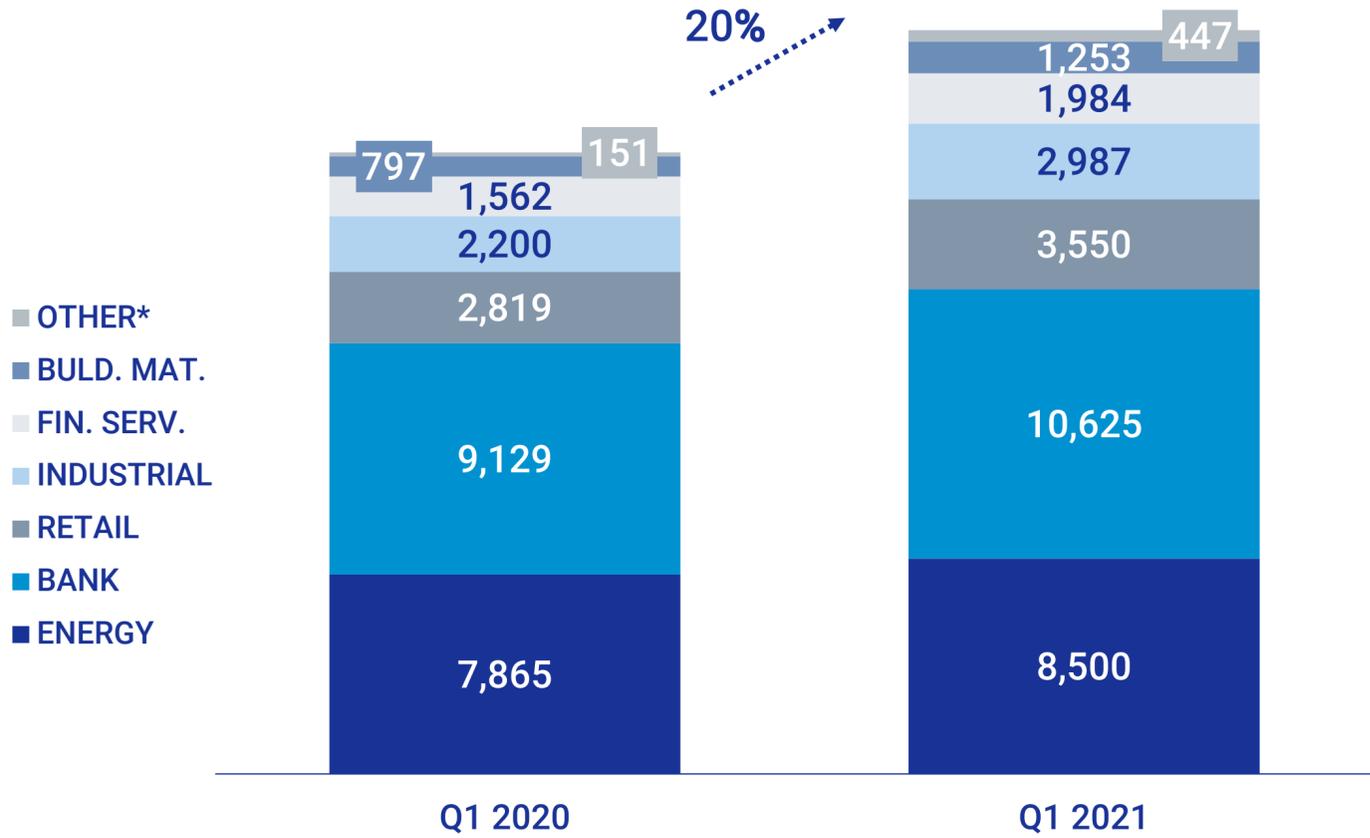
	December 31, 2020	March 31, 2021
TOTAL CONSOLIDATED LONG FX POSITION AFFECTING PL	+155	+210

Holding only cash breakdown

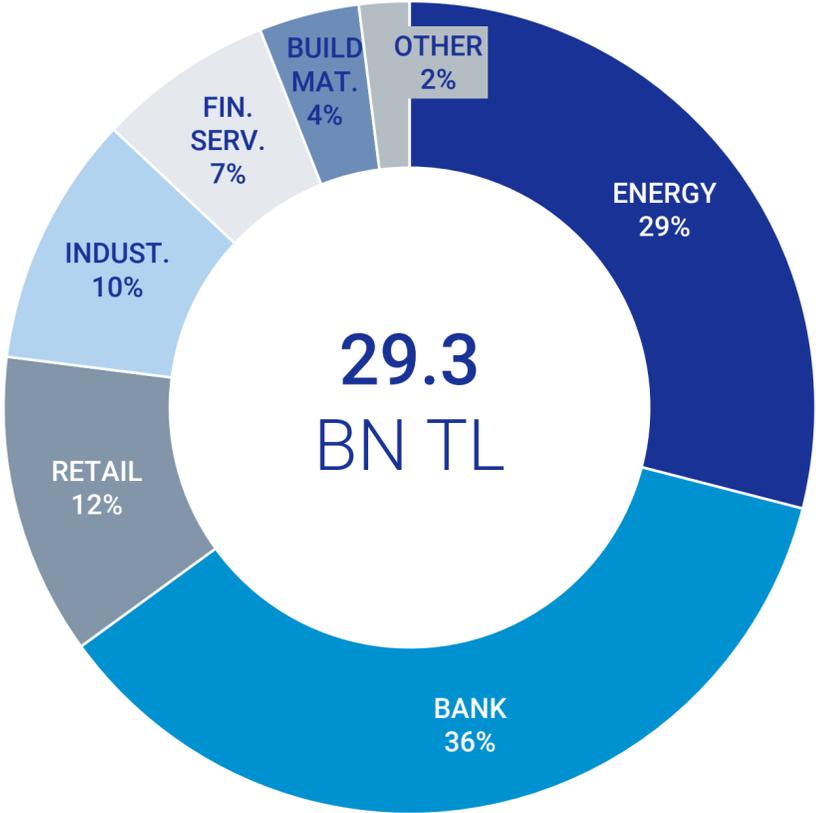
	December 31, 2020	March 31, 2021
SHARE OF FX CASH	92%	44%

Combined Revenues/ Non-bank growth across the board

Combined Revenue* (TL mn)



Combined Revenue* Breakdown



KEY NON-BANK DRIVERS

INDUSTRIALS

Higher volume driven by solid momentum in mobility

RETAIL

Accelerated growth in e-commerce

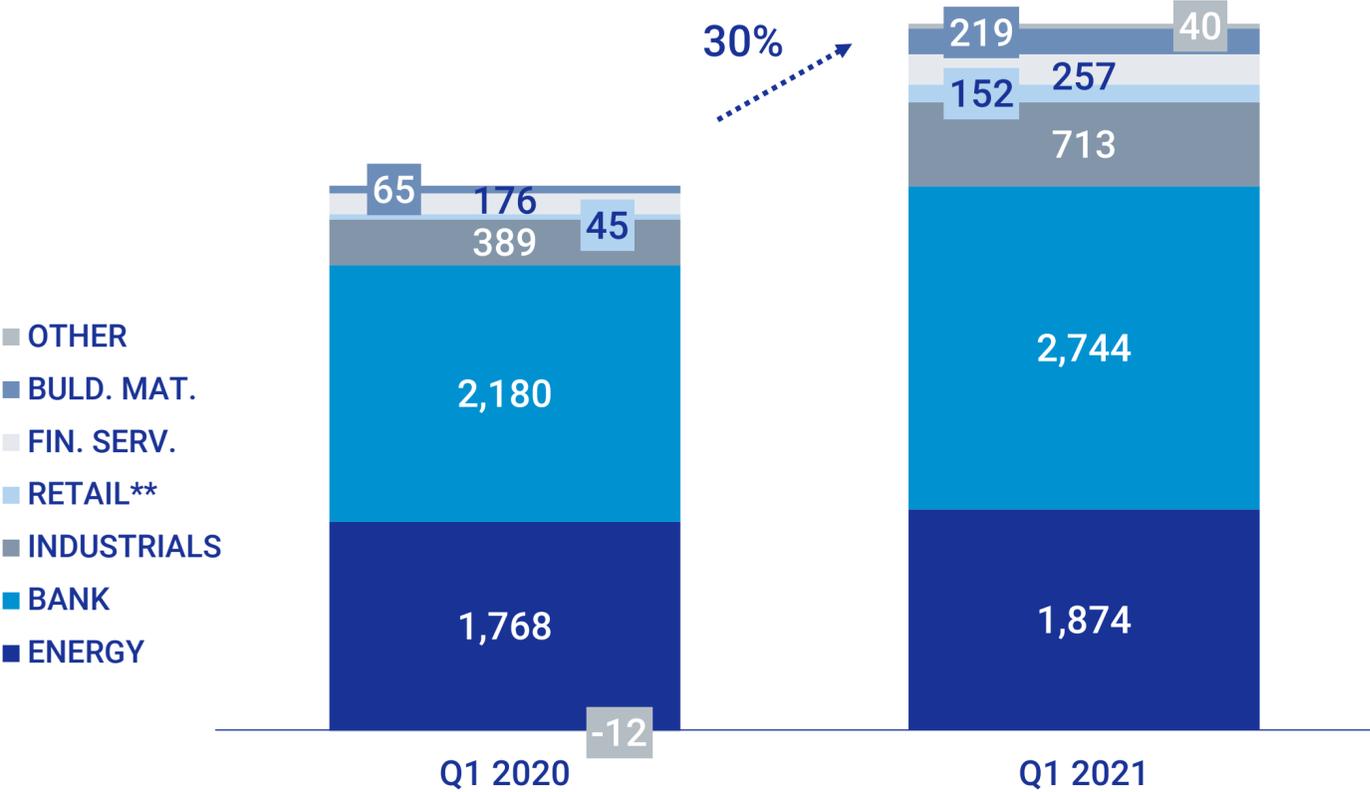
ENERGY

Higher generation volume & pricing

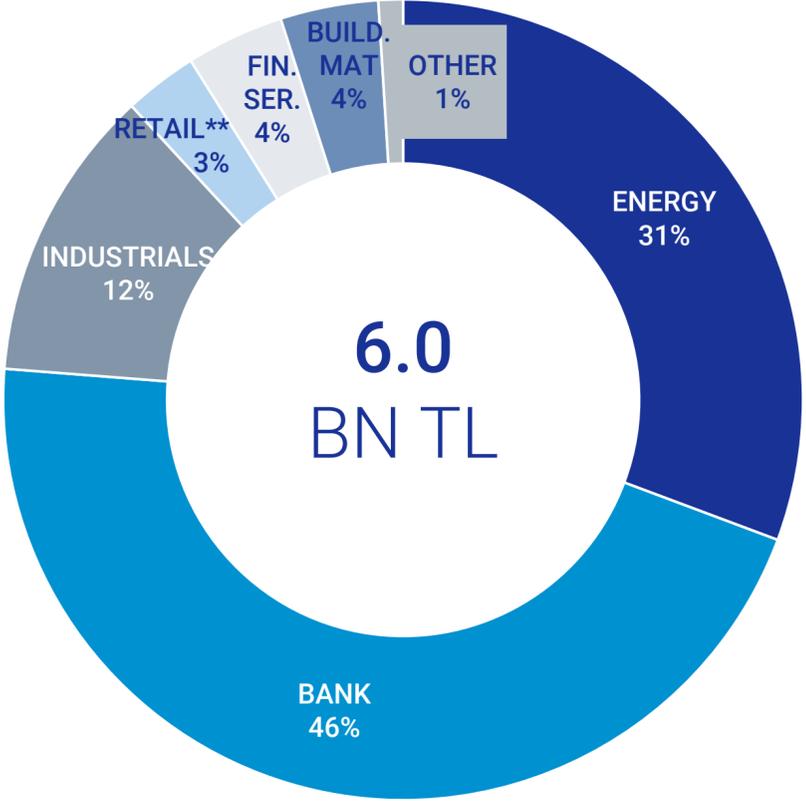
*Holding dividend income is excluded

Combined EBITDA/ Strong performance in all segments

Combined EBITDA* (TL mn)



Combined EBITDA* Breakdown



KEY NON-BANK DRIVERS

INDUSTRIALS

Higher capacity utilization

BUILDING MATERIALS

Strong sales volume growth offsetting higher input costs

ENERGY

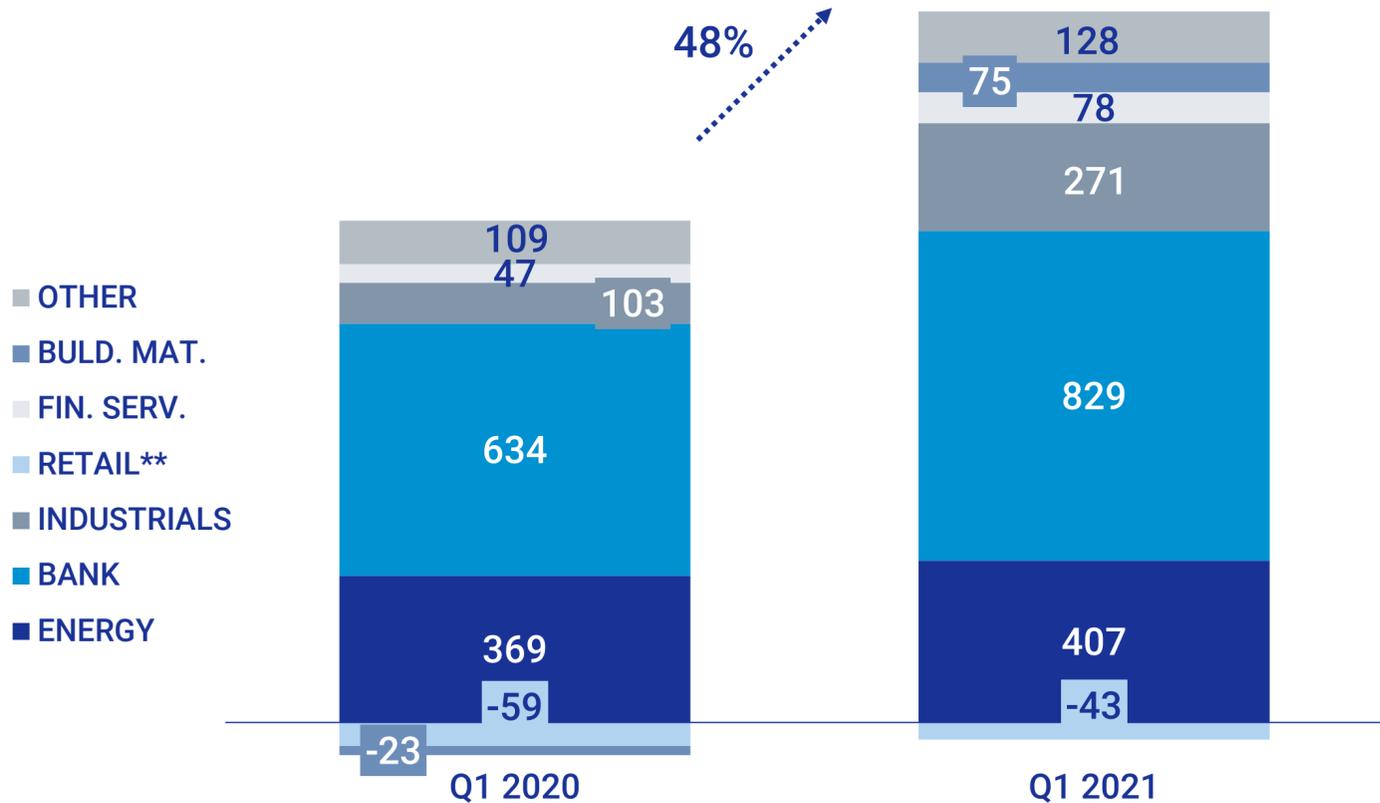
Generation: FX-linked renewable tariff, Natural Gas & lignite profitability

RETAIL

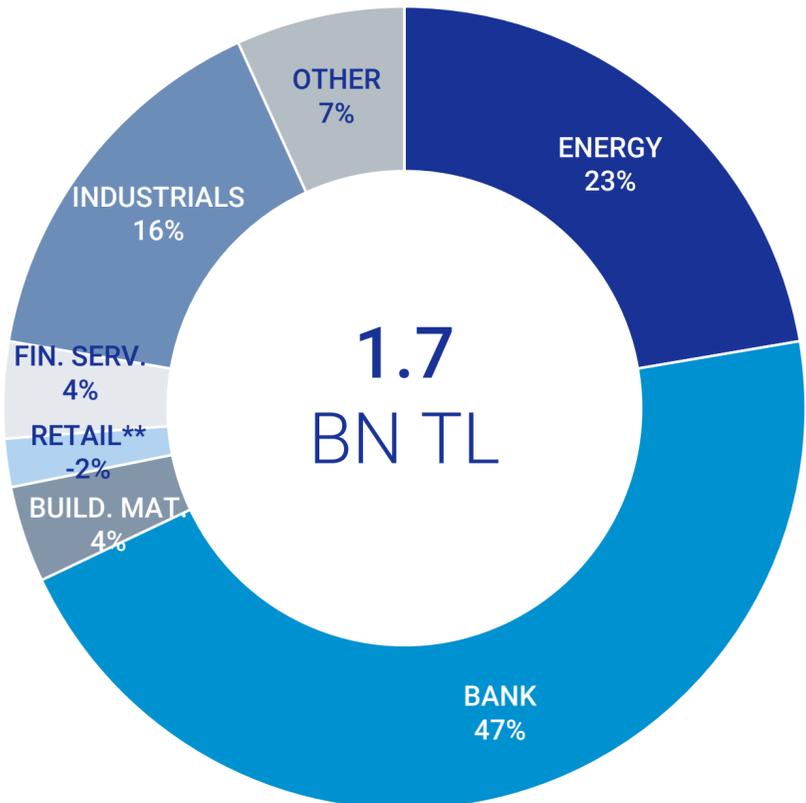
Solid top-line pass-through

*Excludes non-operational, non-recurring one off items and IFRS16 impact in retail **Excludes IFRS16 impact

Consolidated Net Income* (TL mn)



Consolidated Net Income* Breakdown



**KEY
NON-BANK
DRIVERS**

INDUSTRIALS

Strong EBITDA pass-through & lower funding cost

BUILDING MATERIALS

Strong operational performance & lower funding cost

ENERGY

Lower funding cost

*Excludes non-operational, non-recurring one off items and IFRS16 impact in retail **Excludes IFRS16 impact

Energy Segment Summary Financials*

MILLION TL	Q1 2020	Q1 2021	Change
SALES	7,865	8,500	8%
EBITDA**	1,768	1,874	6%
NET INCOME**	806	919	14%
EBITDA** MARGIN	22.5%	22.0%	

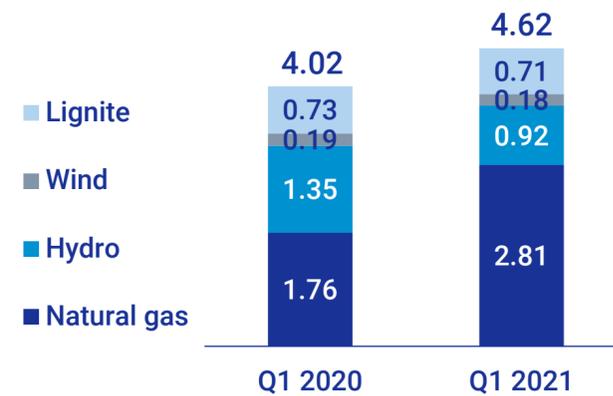
Enerjisa Generation Summary Financials

MILLION TL	Q1 2020	Q1 2021	Change
SALES	2,086	2,611	25%
EBITDA**	806	748	-7%
EBITDA** MARGIN (%)	39%	29%	
Depreciation	124	132	6%
Financial Income/(expense)	-164	-181	10%
NET INCOME**	465	396	-15%

Generation's Debt Profile (EUR mn)



Generation volume (TWh)



Weekly Demand Growth (TWh)



Current Assessment

- ✓ **Distribution & Retail:** 17% y/y EBITDA growth on inflation indexed revenue & strong retail business.
- ✓ **Generation:** Lower hydrology offset by weak TL, higher Natural Gas & Lignite profitability

Factors to Watch

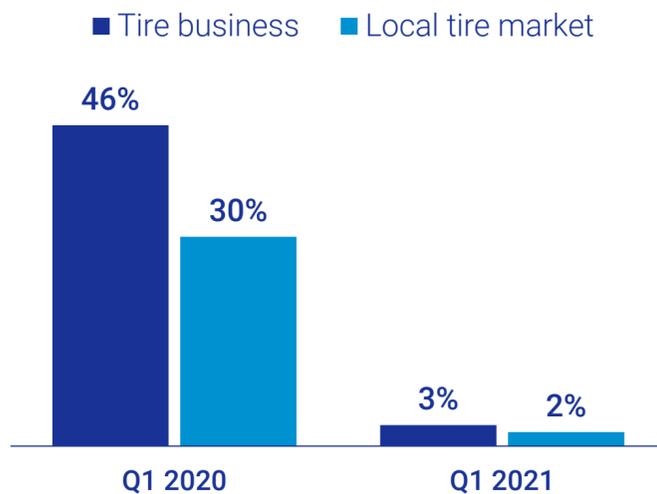
- ✓ Electricity demand, spot prices & natural gas prices
- ✓ Hydrology
- ✓ Inflation and interest rates

Industrials Summary Financials*

MILLION TL	Q1 2020	Q1 2021	Change
SALES	2,200	2,987	36%
EBITDA**	389	713	84%
NET INCOME**	161	482	199%
EBITDA** MARGIN	17.7%	23.9%	

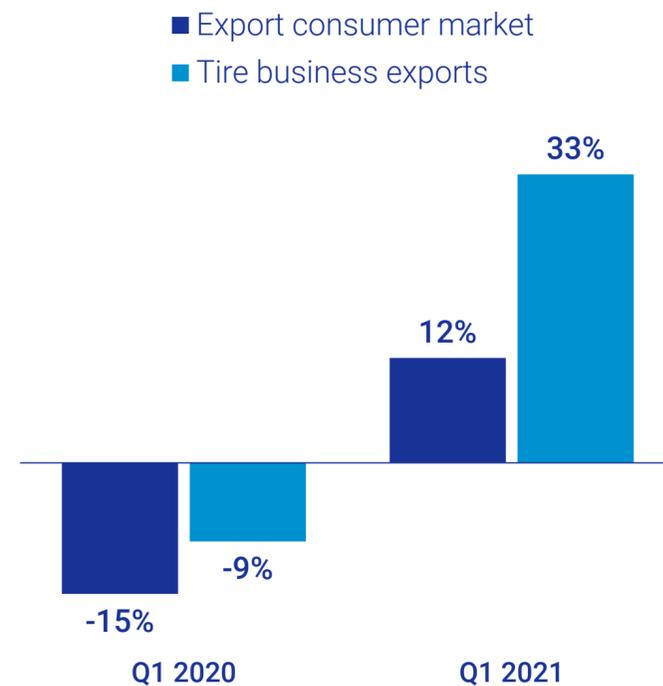
*Before consolidation adjustments, combined **Excludes non-operational and non-recurring one off items

Local LV¹ Tire Market (units, y/y)



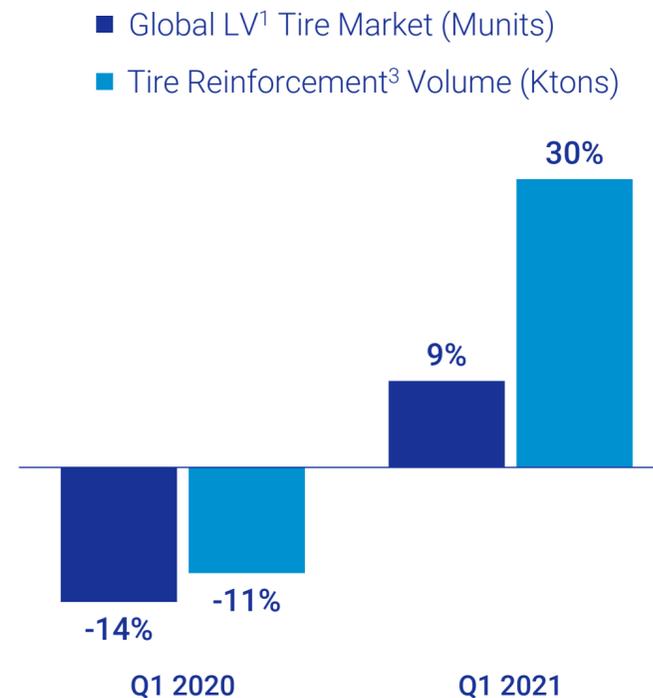
Source: Brisa, Europool

Global Export Market (units, y/y)



Source: Brisa, Europool

Global Tire Market vs. TCF² Business (y/y)



Source: Kordsa, LMC Tyre & Rubber

Current Assessment

- ✓ Strong tire demand & tire reinforcement business
- ✓ Increasing competitive advantage of having a global footprint
- ✓ Operational excellence & efficiency

Factors to Watch

- ✓ FX Volatility & interests rates
- ✓ Pricing vs. commodity prices
- ✓ Effective working capital management

Building Materials Summary Financials*

MILLION TL	Q1 2020	Q1 2021	Change
SALES	797	1,253	57%
EBITDA**	65	219	237%
NET INCOME**	-54	129	n.m.
EBITDA** MARGIN	8.2%	17.5%	

*Before consolidation adjustments, combined **Excludes non-operational and non-recurring one off items

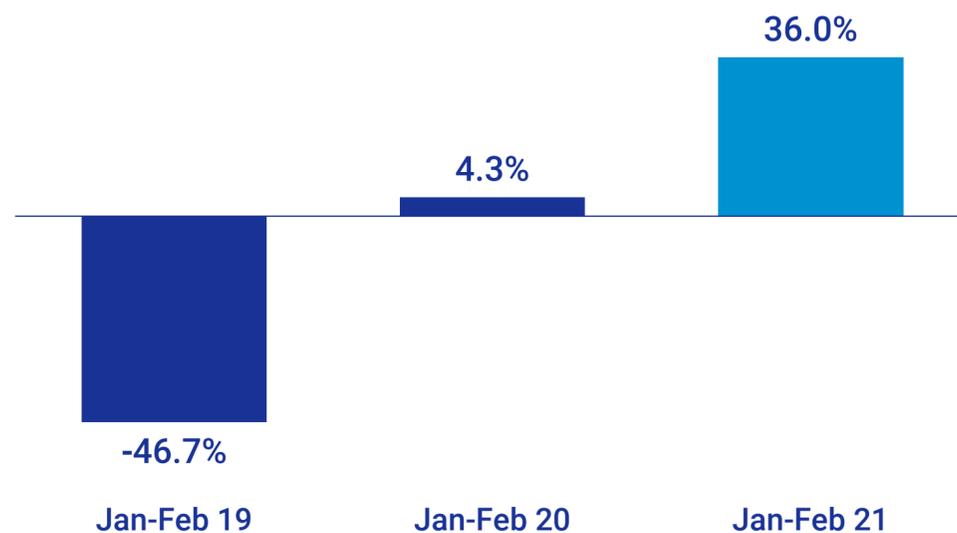
Current Assessment

- ✓ Domestic volume growth
- ✓ Topline pass-through & better energy margin
- ✓ Sharp bottom-line expansion on EBITDA pass-through & lower funding cost

Factors to Watch

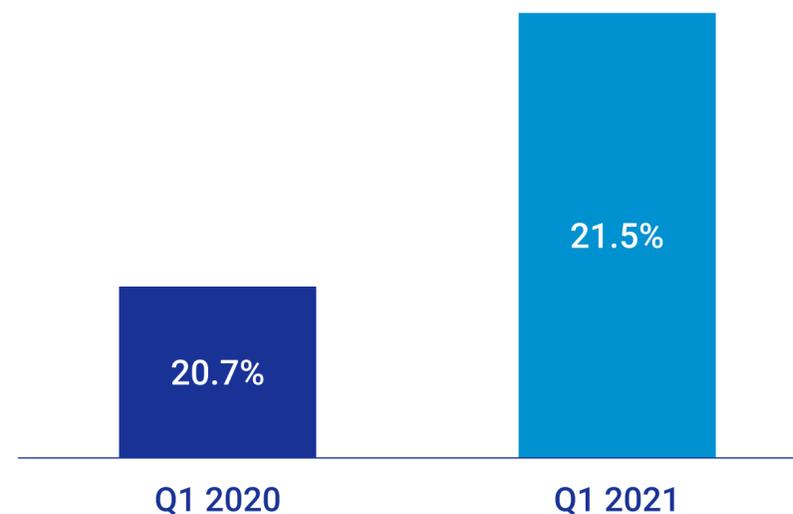
- ✓ Pricing, supply/demand dynamics
- ✓ Fuel and electricity costs
- ✓ Project pipeline (infrastructure & commercial) & mortgage rates

Domestic cement demand change (y/y)



Source: Turkish Cement Manufacturers' Association

Sabancı Group's Export Market Share

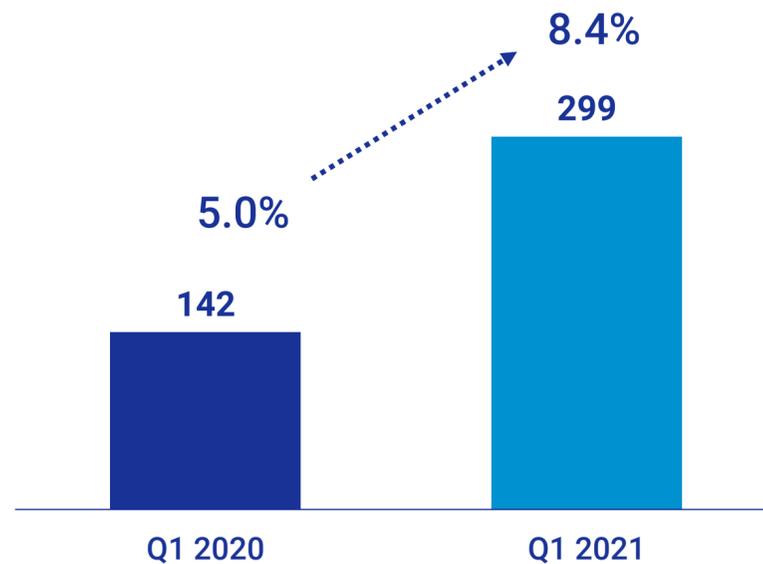


Source: Central Anatolian Exporters' Union

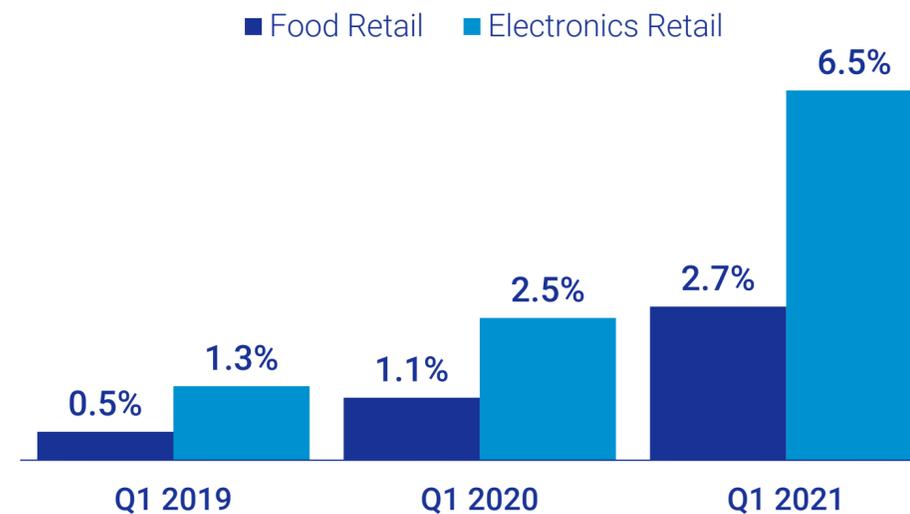
Retail Summary Financials*

MILLION TL	Q1 2020	Q1 2021	Change
SALES	2,819	3,550	26%
EBITDA**	169	287	70%
EBITDA**-Comparable	45	152	236%
NET INCOME**	-126	-86	32%
NET INCOME**-Comparable	-112	-74	34%
EBITDA** MARGIN	6.0%	8.1%	
EBITDA** MARGIN-Comparable	1.6%	4.3%	

E-commerce sales, (TL MN) & % of total sales



Comparable EBITDA** margin by segment



Current Assessment

- ✓ Top line growth exceeding inflation
- ✓ Comparable EBITDA more than tripled y/y
- ✓ Effective financing management

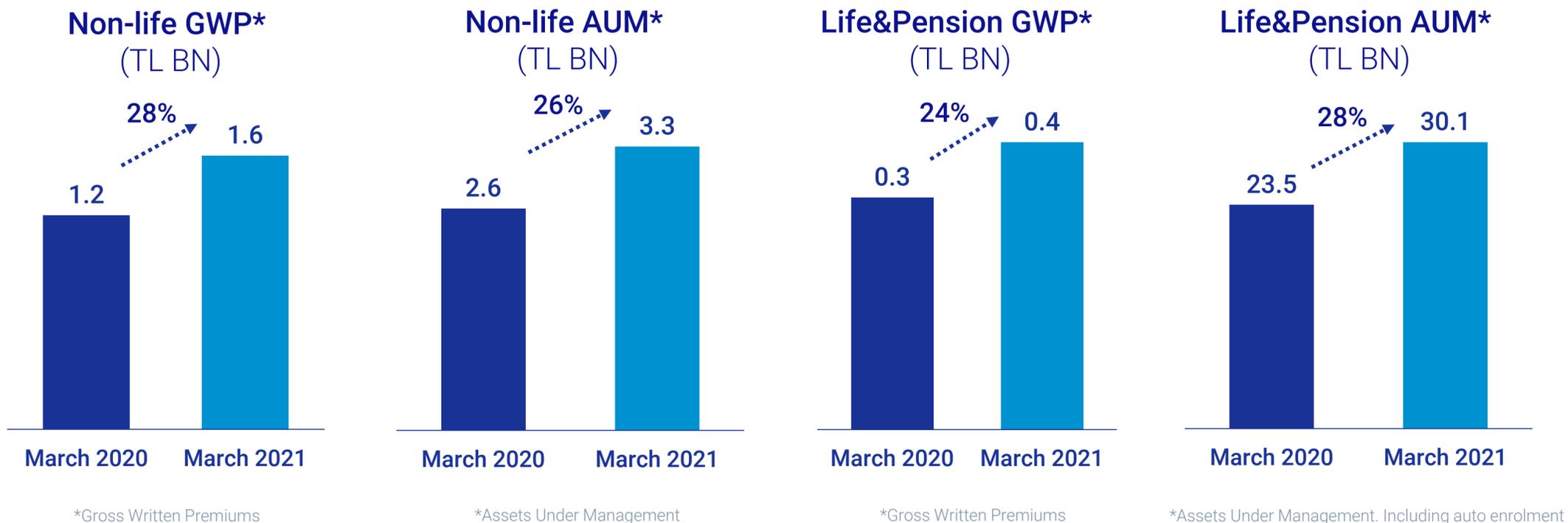
Factors to Watch

- ✓ Growth, inflation, interest rate & sector trends
- ✓ Consumer sentiment & shift in purchasing behavior
- ✓ Easing of COVID restrictions

Financial Services (pension & insurance) Summary Financials*

MILLION TL	Q1 2020	Q1 2021	Change
SALES	1,562	1,984	27%
EBITDA**	176	257	46%
LIFE	60	154	157%
NON-LIFE	116	103	-11%
NET INCOME**	125	201	61%
LIFE	53	138	159%
NON-LIFE	71	63	-11%

*Before consolidation adjustments, combined **Excludes non-operational and non-recurring one off items



Current Assessment

- ✓ **Life:** Higher technical income on life protection volume growth & pension AUM
- ✓ **Non-Life:** Temporary rise in claims
- ✓ **Non-Life & Life:** strong AUM growth & strong financial income

Factors to Watch

- ✓ Natural disasters, pandemic & claims management
- ✓ Interest rates, FX, inflation, loan growth, auto sales & home sales
- ✓ Regulatory changes

Summary Combined Financials

MILLION TL	Q1 2020	Q1 2021	Change
REVENUE	9,129	10,625	16%
EBITDA	2,180	2,744	26%
NET INCOME*	1,556	2,034	31%

Bank revenue = Interest income + commission income + capital markets gains/losses + net derivative gains/losses. Net income differs from consolidated bank financials due to different accounting treatment for amortisation and free provision.

*Excludes non-operational and non-recurring one off items

Key Ratios

	Q1 2020	Q1 2021	Change
Leverage	7.8x	8.2x	0.4x
NIM (swap adj.)	4.83%	2.40%	-2.4 pp
CIR ¹	33.8%	40.0%	6.2 pp
CAR ²	18.8%	18.5%	-0.3 pp
Tier 1 ²	16.0%	15.5%	-0.5 pp



Achievements

- ✓ Generated higher pre-provision income despite NIM pressure
- ✓ Accelerated fee growth across the board, on track for FY guidance
- ✓ Continued prudent ALM with maturity mismatch focus
- ✓ Advanced market share gains in retail loans enhanced profit mix
- ✓ Demonstration of long term prudent risk management confirmed with sound asset quality performance
- ✓ Preserved fortress balance sheet with robust capital & liquidity buffers resulting in 12.9% ROE

1) CIR calculation excludes FX gain from long FX position related with stage 1&2 provisions and LYY hedge as well as insurance penalty of TL71mn for Q1 2020

2) w/o forbearances (Fixing MtM losses of securities & FX rate for RWA calculation to average last 12 month FX rate for Q1 2021 & to YE2019 for Q1 2020)



APPENDIX

01 Growth

	2014-19	Mid-term targets
Revenue growth	CPI ² + 6%	CPI¹ + 8%
EBITDA ³ growth	CPI ² + 8%	CPI¹ + 10%
Consolidated ROE ³	12.0% ⁴	High teens
FX revenue as % of combined revenue ⁵	25% ⁴	30%+
Net debt / EBITDA ⁵	2.2x ⁴	<2.0x
Share of new economy ⁶ in combined revenue ⁵	6% ⁴	~13%

02 Return

Dividend payment

High dividend coupled with higher ROE

Distribution to shareholders
Holding DPS 2015-20

2.3x

03 Sustainability

**Zero Waste
Net Zero Emissions**

by 2050

**MSCI ESG Score⁷
in 2021**

BBB

Until 2030 (Akbank)

**TL 200 bn
Sustainable Loan
Financing**

**TL 15 bn
Sustainable Investment
Funds**

MILLION TL	Combined Revenue*			Combined EBITDA*			Consolidated Net Income*		
	Q1 2020	Q1 2021	% Change	Q1 2020	Q1 2021	% Change	Q1 2020	Q1 2021	% Change
TOTAL	24,521	29,345	20%	4,735	6,135	30%	1,172	1,739	48%
TOTAL*-Comparable				4,612	6,000	30%	1,179	1,745	48%
BANK	9,129	10,625	16%	2,180	2,744	26%	634	829	31%
NON-BANK*	15,392	18,720	22%	2,555	3,391	33%	538	910	69%
NON-BANK*-Comparable				2,432	3,256	34%	545	916	68%
ENERGY	7,865	8,500	8%	1,768	1,874	6%	369	407	10%
BUILDING MATERIALS	797	1,253	57%	65	219	237%	-23	75	n.m.
RETAIL	2,819	3,550	26%	169	287	70%	-67	-49	26%
RETAIL-Comparable				45	152	236%	-59	-43	28%
FINANCIAL SERVICES	1,562	1,984	27%	176	257	46%	47	78	66%
INDUSTRIALS	2,200	2,987	36%	389	713	84%	103	271	164%
OTHER*	151	447	197%	-12	40	n.m.	109	128	17%

*Holding dividend income excluded;

*Excludes non-operational and non-recurring one off items;
Comparable excludes IFRS16 impact in retail

*Excludes non-operational and non-recurring one off items;
Comparable excludes IFRS16 impact in retail

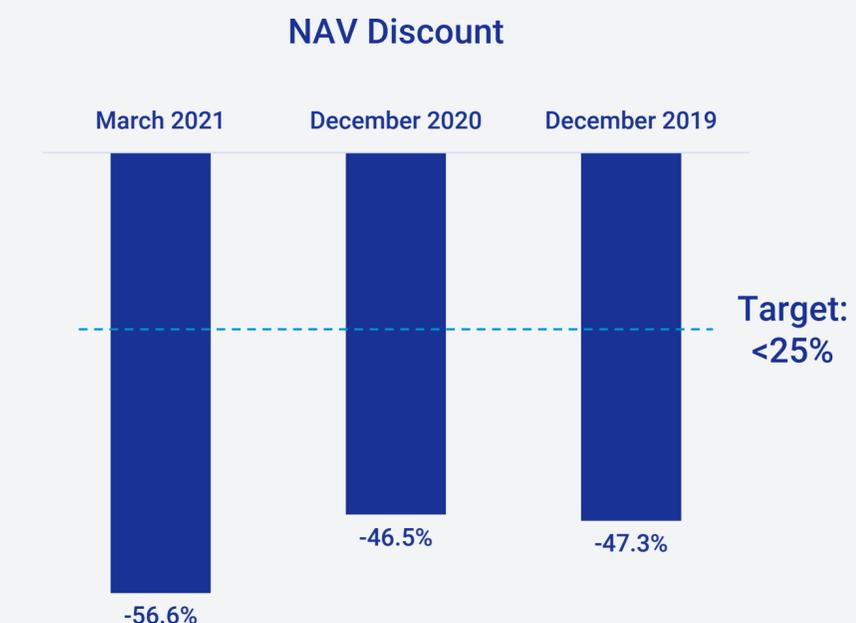
Non-Operational and Non-Recurring Items

MILLION TL	Q1 2020	Q1 2021
CONSOLIDATED NET INCOME EXCLUDING NON OPERATIONAL & NON RECURRING ITEMS	1,172	1,739
Avivasa one-offs	19	0
Other	2	13
CONSOLIDATED NET INCOME	1,193	1,752

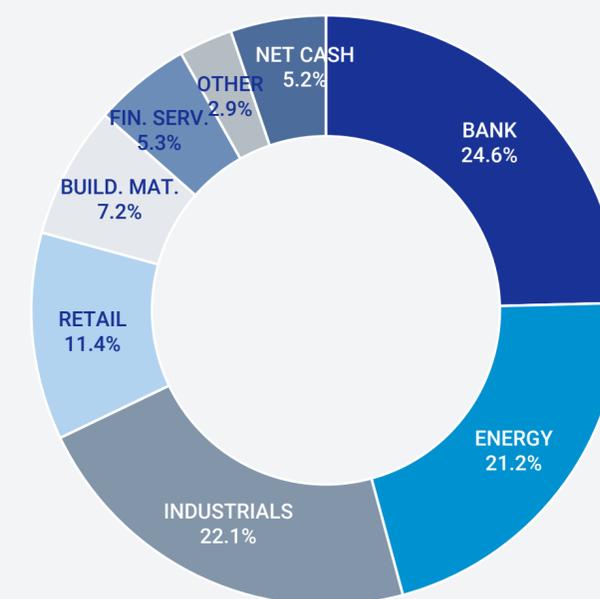
Appendix / Sabancı Holding Discount to NAV

USDmn Companies	Direct Stakes	Valuation Method	Mcap	March 2021		December 2020	
				Value of Stake	% of NAV	Value of Stake	% of NAV
Akbank	41%	Market value	2,928	1,193	24.6%	1,978	33.6%
Enerjisa Enerji	40%	Market value	1,659	664	13.7%	796	13.5%
Aksigorta	36%	Market value	296	107	2.2%	138	2.3%
Avivasa	40%	Market value	379	152	3.1%	178	3.0%
Akçansa	40%	Market value	433	172	3.5%	169	2.9%
Çimsa	55%	Market value	329	179	3.7%	177	3.0%
Brisa	44%	Market value	996	435	9.0%	358	6.1%
Kordsa	71%	Market value	574	408	8.4%	290	4.9%
Carrefoursa	57%	Market value	812	464	9.6%	706	12.0%
Teknosa	50%	Market value	175	88	1.8%	95	1.6%
Total Listed				3,860	79.6%	4,884	82.9%
Enerjisa Üretim	50%	1.0 x Book Value	728	364	7.5%	444	7.5%
Philsa	25%	Analyst Estimates*	915	229	4.7%	292	5.0%
Other		1.0 x Book Value		143	2.9%	155	2.6%
Total Non-listed				736	15.2%	890	15.1%
Total				4,596	94.8%	5,775	98.0%

Sabancı Holding Net Cash	254	5.2%	115	2.0%
Sabancı Holding NAV	4,850	100.0%	5,890	100.0%
Sabancı Holding Mcap	2,106		3,150	
Sabancı Holding Discount	-56.6%		-46.5%	



Breakdown of NAV (March 2021)

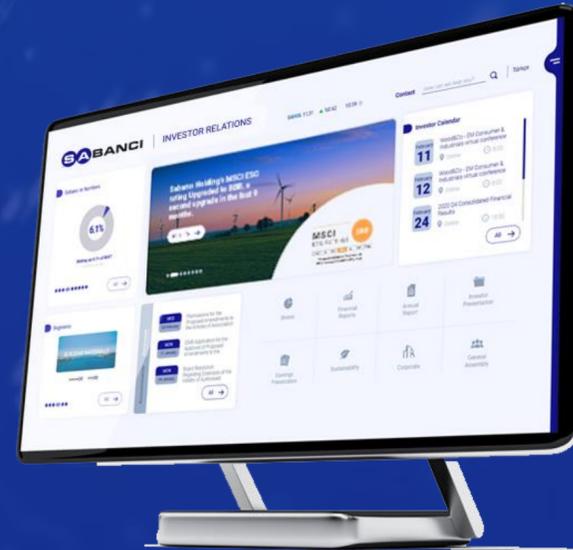


- In accordance with In IFRS16, most leased items with a duration longer than one year have to be included as an asset in the company books. In addition, the payments that will be made on the lease agreement have to be reported as a liability on the balance sheet. The depreciation of the asset and interest on the lease liability have to be included in the P&L instead of rent expenses. This leads to higher operating profit compared to the periods before the application of IFRS16. For comparison purposes, IFRS16 impact in retail segment is excluded.

THANK YOU

Discover
**Q1 2021
Consolidated
Financial
Results**

on Sabanci IR website



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