

SabanciofNewGeneration



Q2 2021 EARNINGS PRESENTATION

August 12, 2021

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Solid **growth** with strong **profitability**
Outstanding **cash flow generation & deleveraging**
Renewed record in non-bank ROE: 18.8%



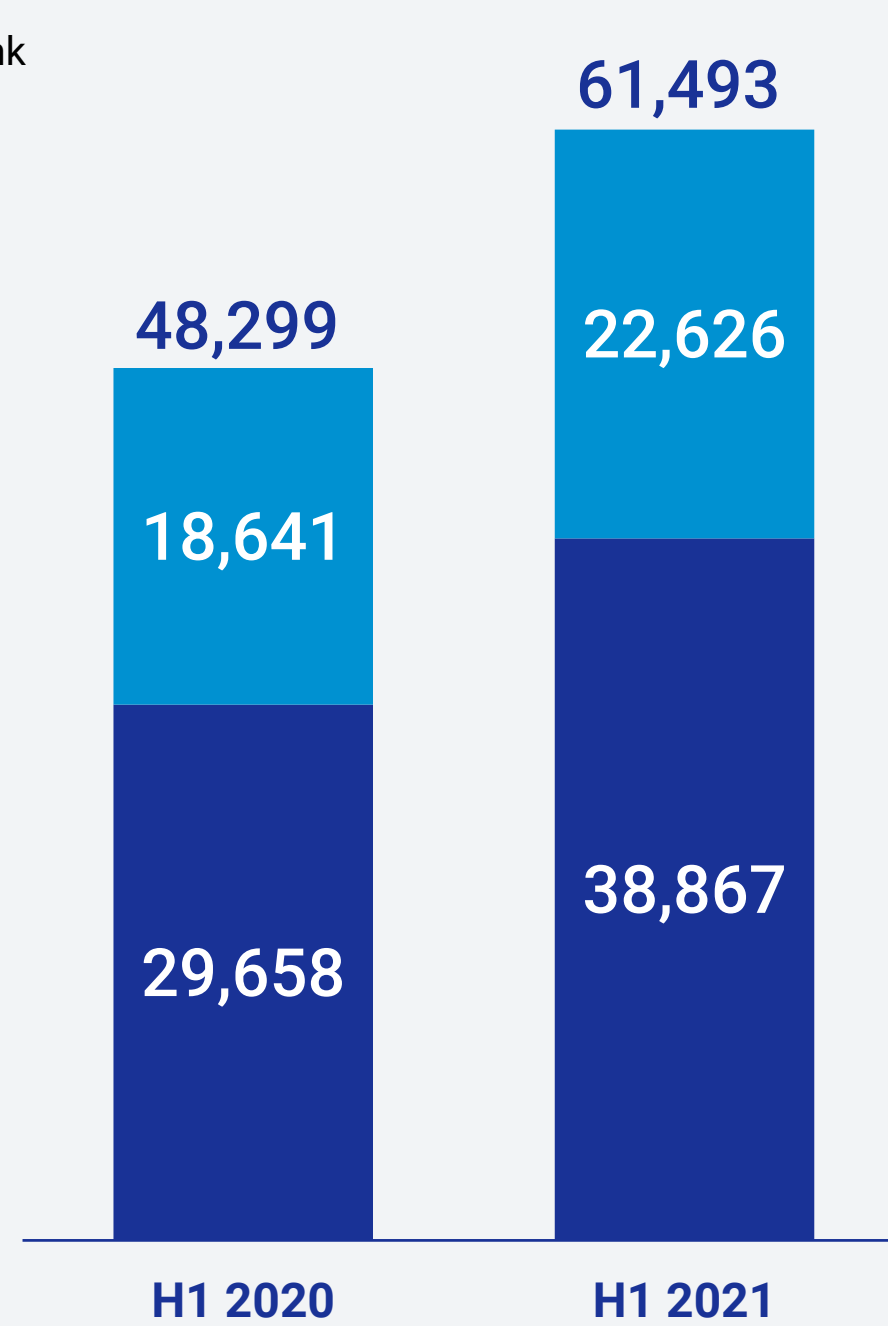
On our way to **Zero Waste & Net Zero Emissions**
with implementation of 80 new actions

Closely following **vaccine rollout and new variants** by keeping all
pandemic related measures in place



Combined Revenue* (TL mn)

■ Non-bank
■ Bank**

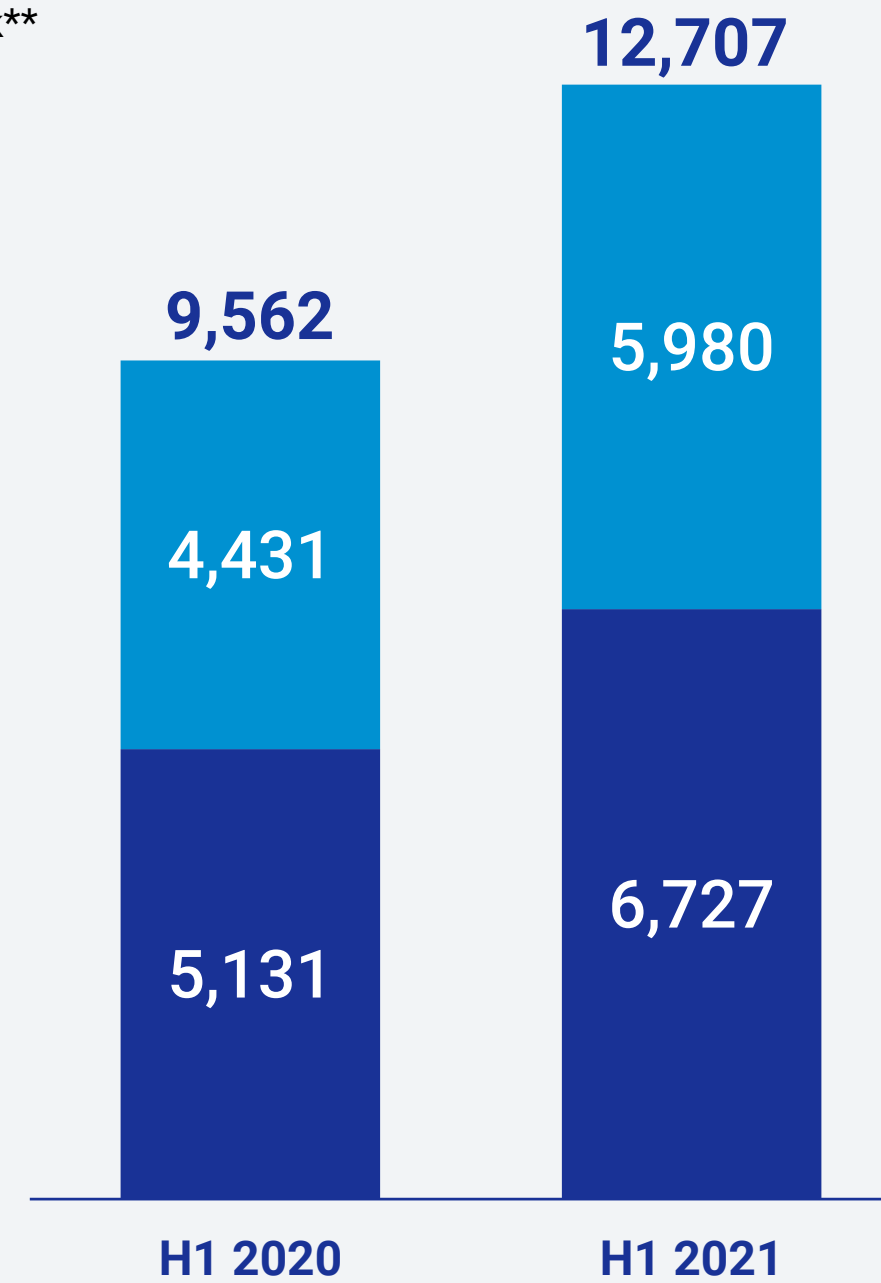


Strong local & global demand

*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

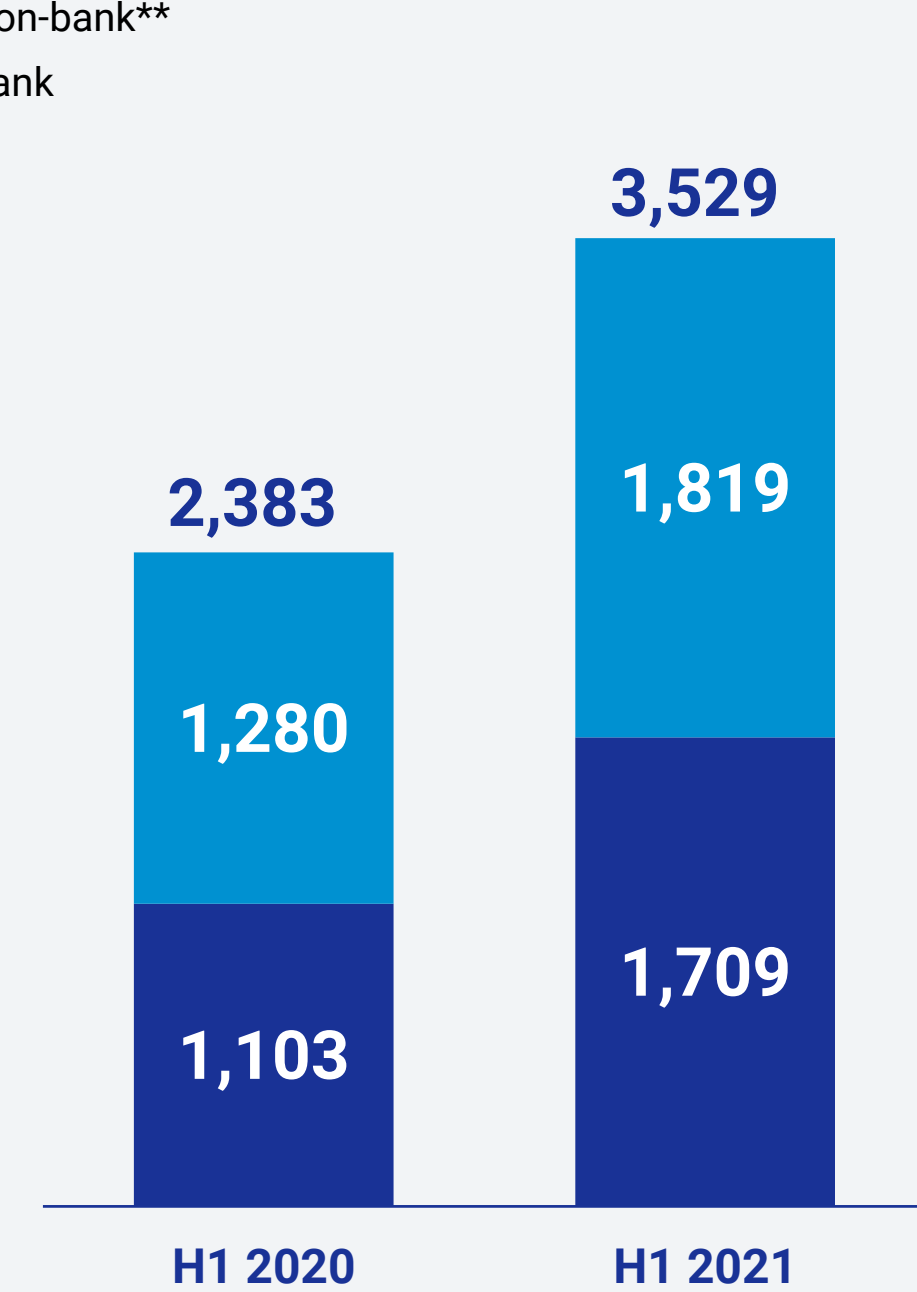


Solid volume growth & operational efficiency

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

Consolidated Net Income* (TL mn)

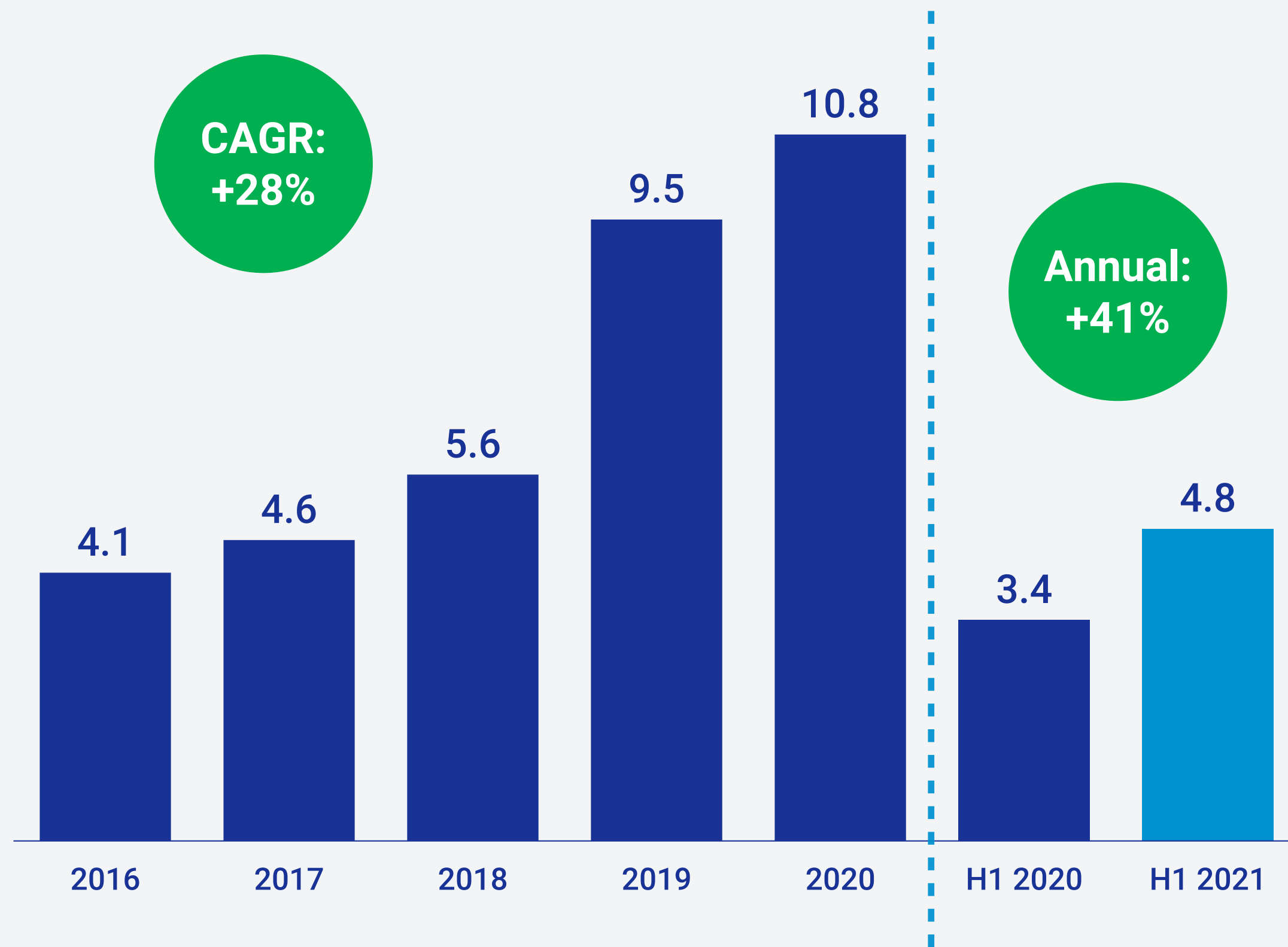
■ Non-bank**
■ Bank



Deleveraging & FX gains

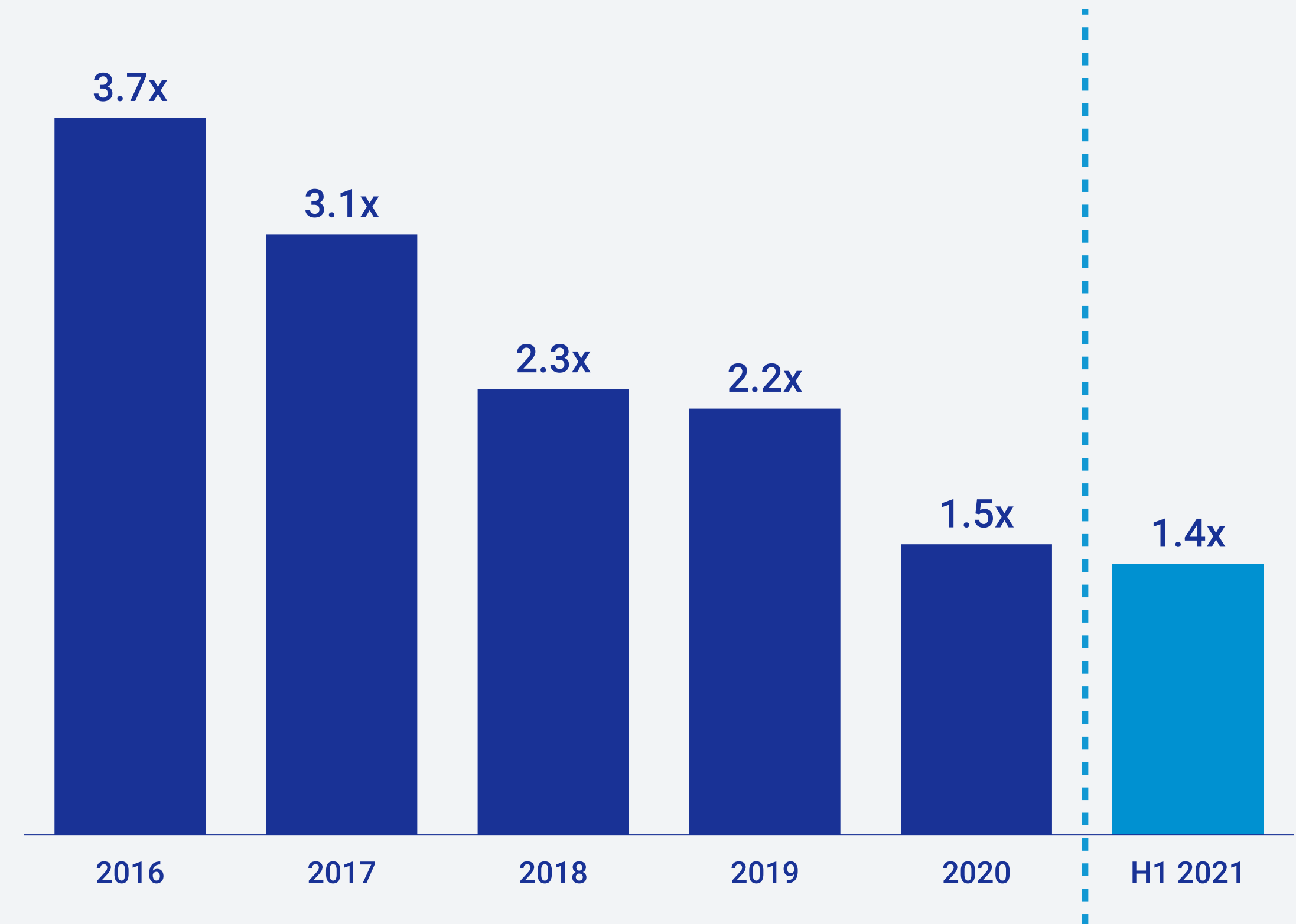
*Excludes non-operational and non-recurring one off items
**Excludes IFRS16 impact in retail

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



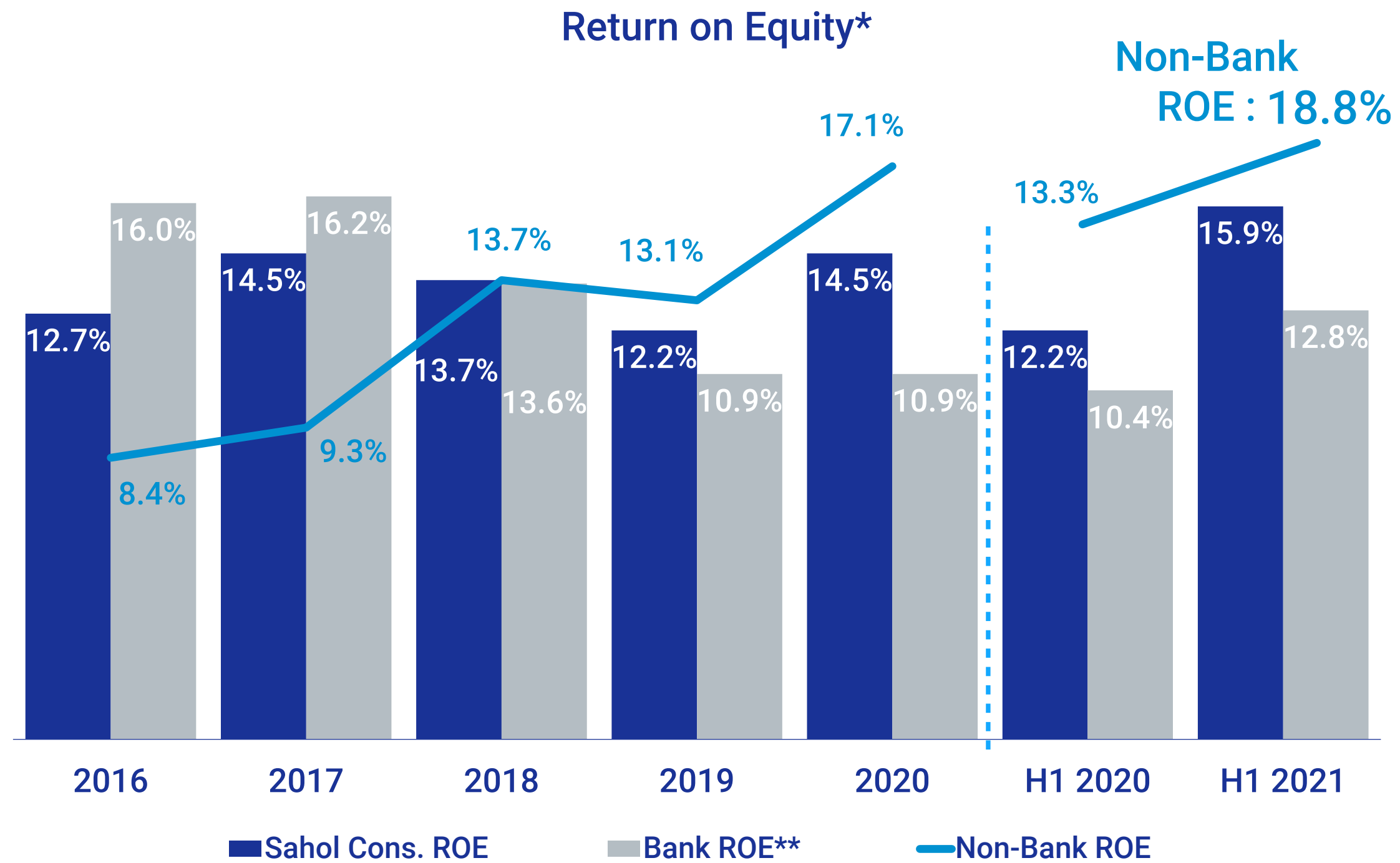
*Excludes Financial Services, Banking & Other segment (Financial services funds: TL 4,8 bn at the end of Q2 2021 vs. TL 3,8 bn at the end of Q2 2020)

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

H1 2021 / ...leading to a renewed record in non-bank ROE



Consolidated Long FX position (USD mn, excluding Bank)

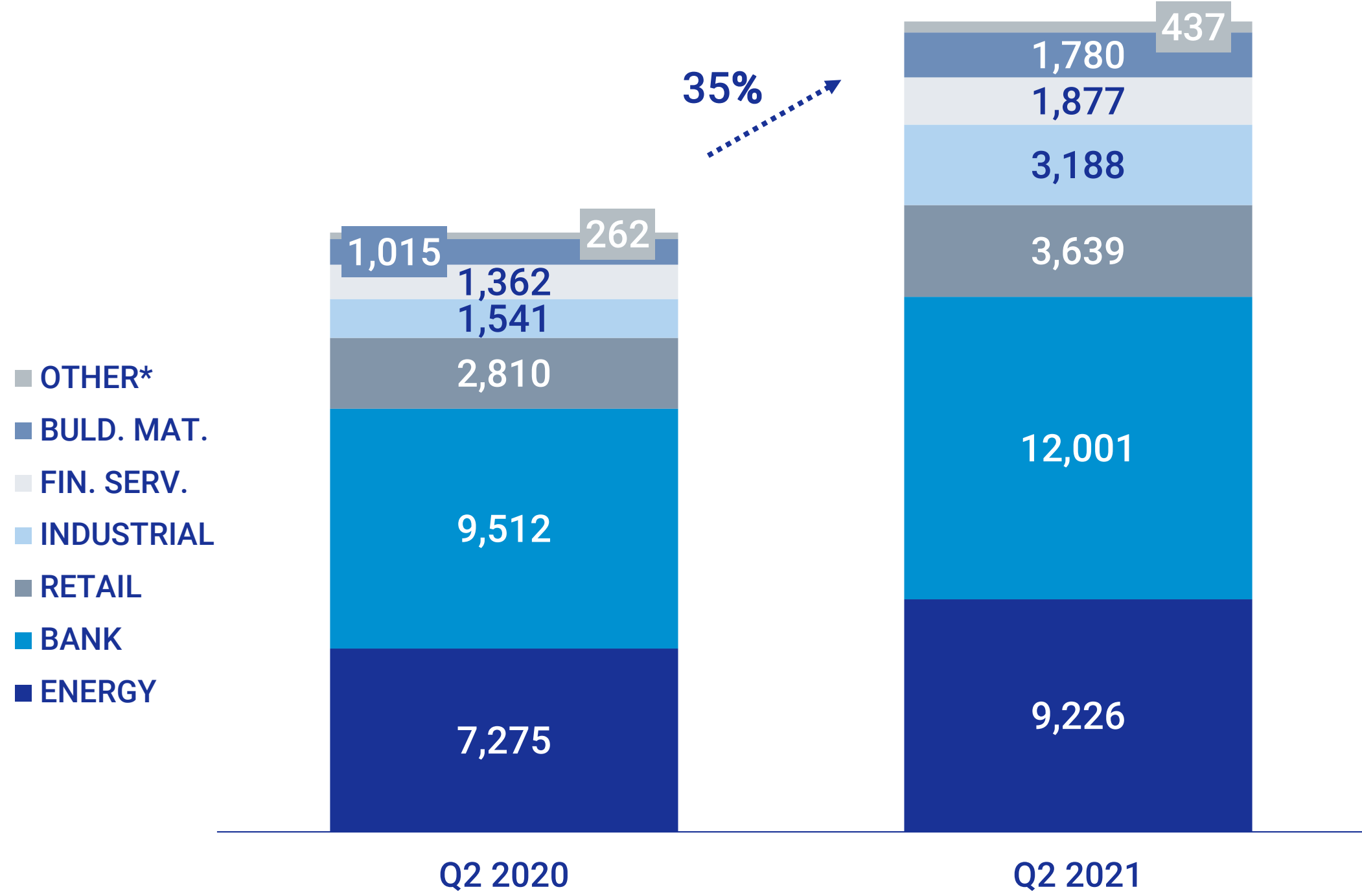
	March 31, 2021	June 30, 2021
TOTAL CONSOLIDATED LONG FX POSITION AFFECTING PL	+210	+268

Holding Only Cash Breakdown

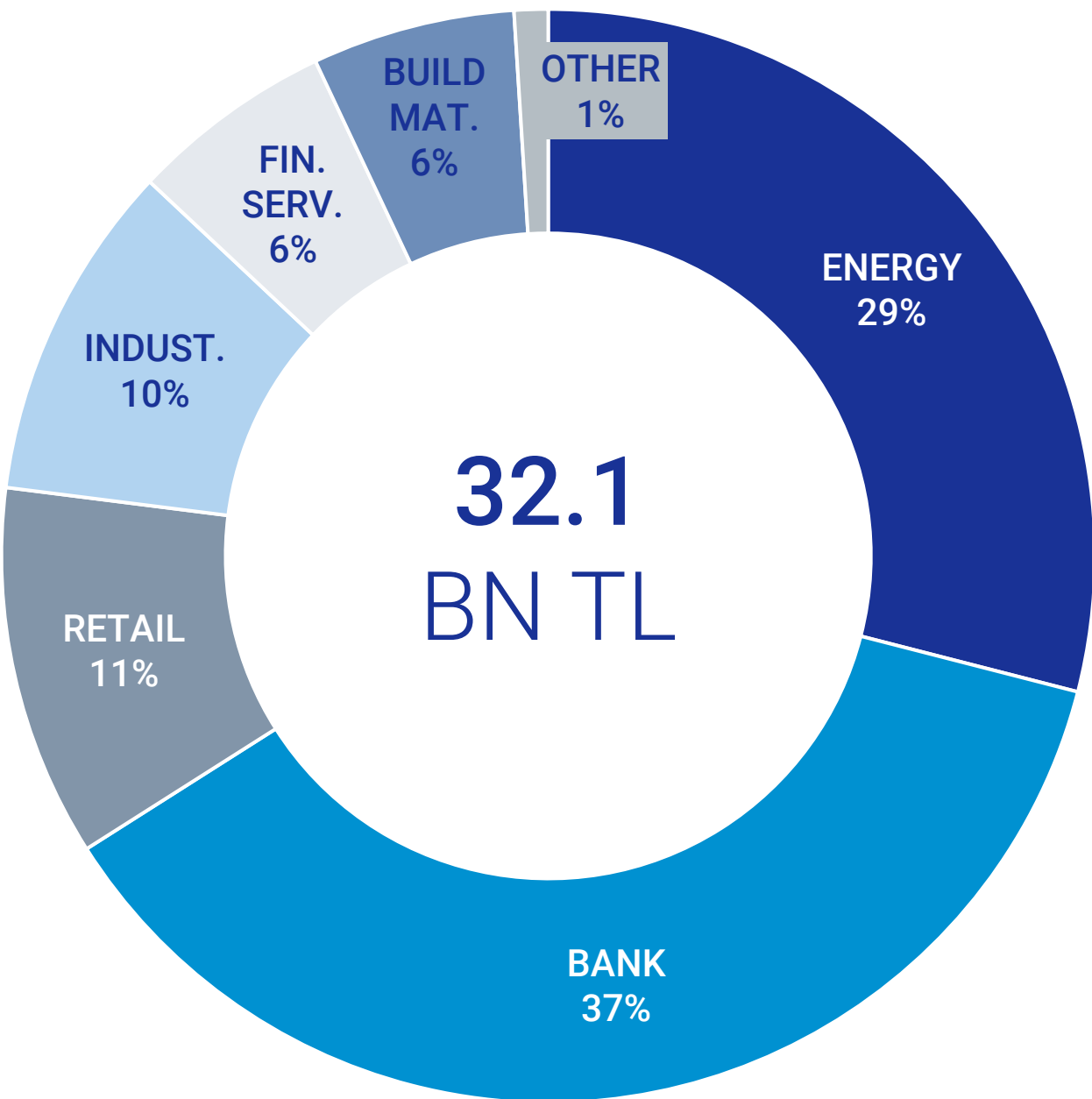
	March 31, 2021	June 30, 2021
SHARE OF FX CASH	44%	54%

Q2 Combined Revenues / Strong non-bank growth on accelerating volume growth

Combined Revenue* (TL mn)



Combined Revenue* Breakdown



KEY NON-BANK DRIVERS

ENERGY

Higher generation volume & pricing

INDUSTRIALS

Higher volume driven by ongoing strong momentum in mobility, weak TL

RETAIL

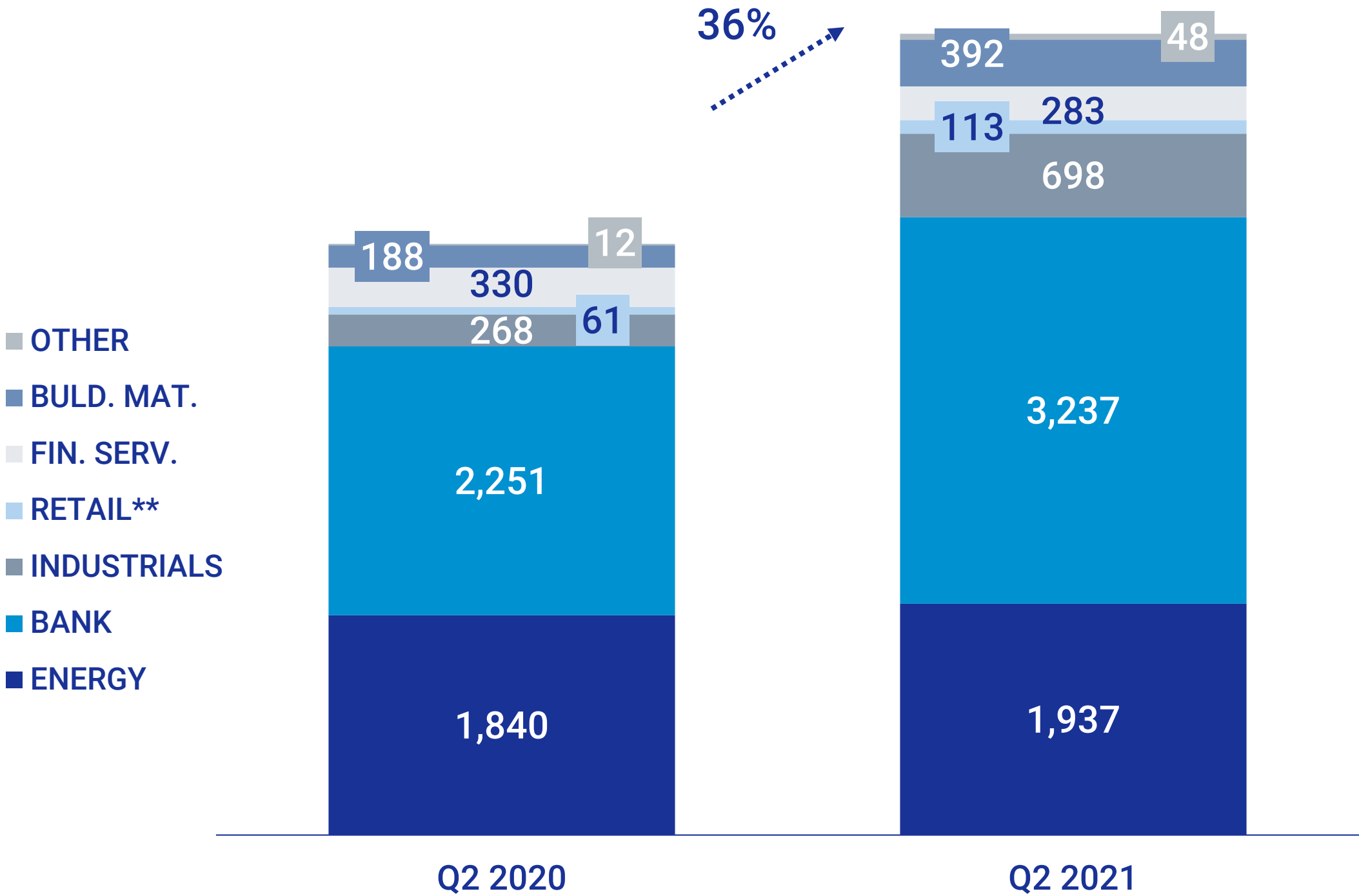
Shift in consumer purchasing behavior & increasing basket size

*Holding dividend income is excluded

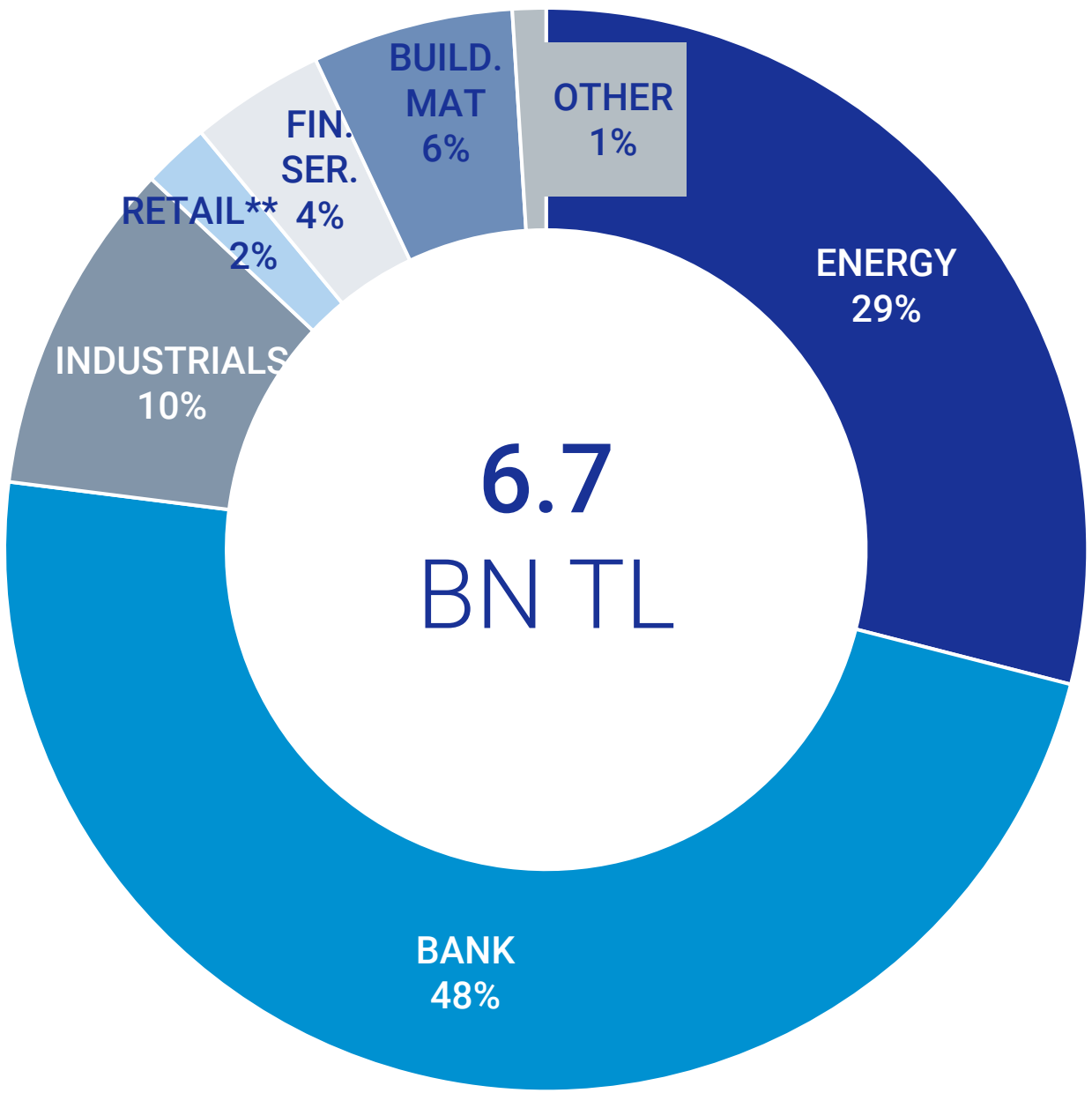
Q2 Combined EBITDA / Strong performance on cost controls & higher capacity utilization



Combined EBITDA* (TL mn)



Combined EBITDA* Breakdown



KEY NON-BANK DRIVERS

INDUSTRIALS

Higher capacity utilization & well managed input costs

BUILDING MATERIALS

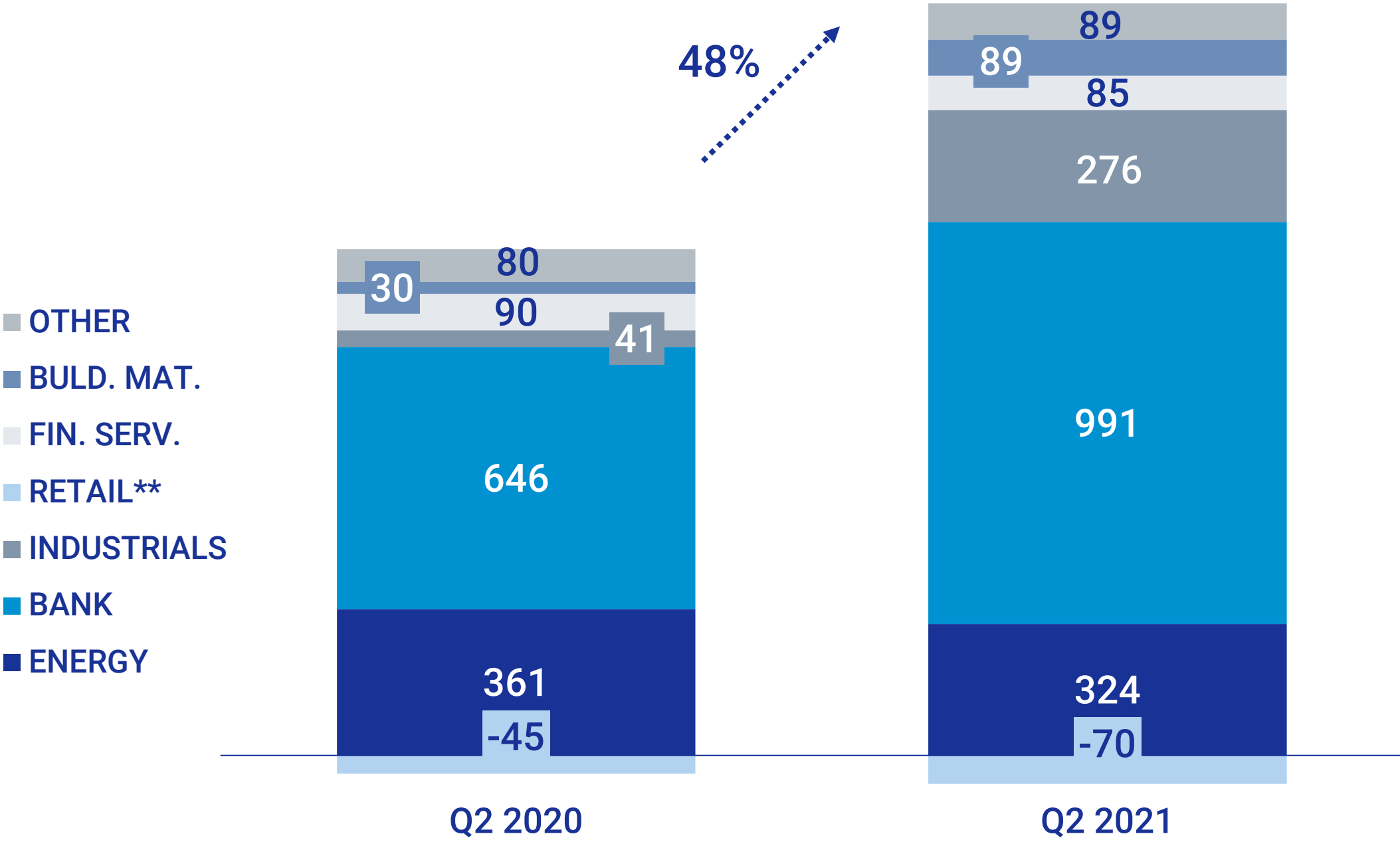
Solid volume growth offsetting higher input costs

ENERGY

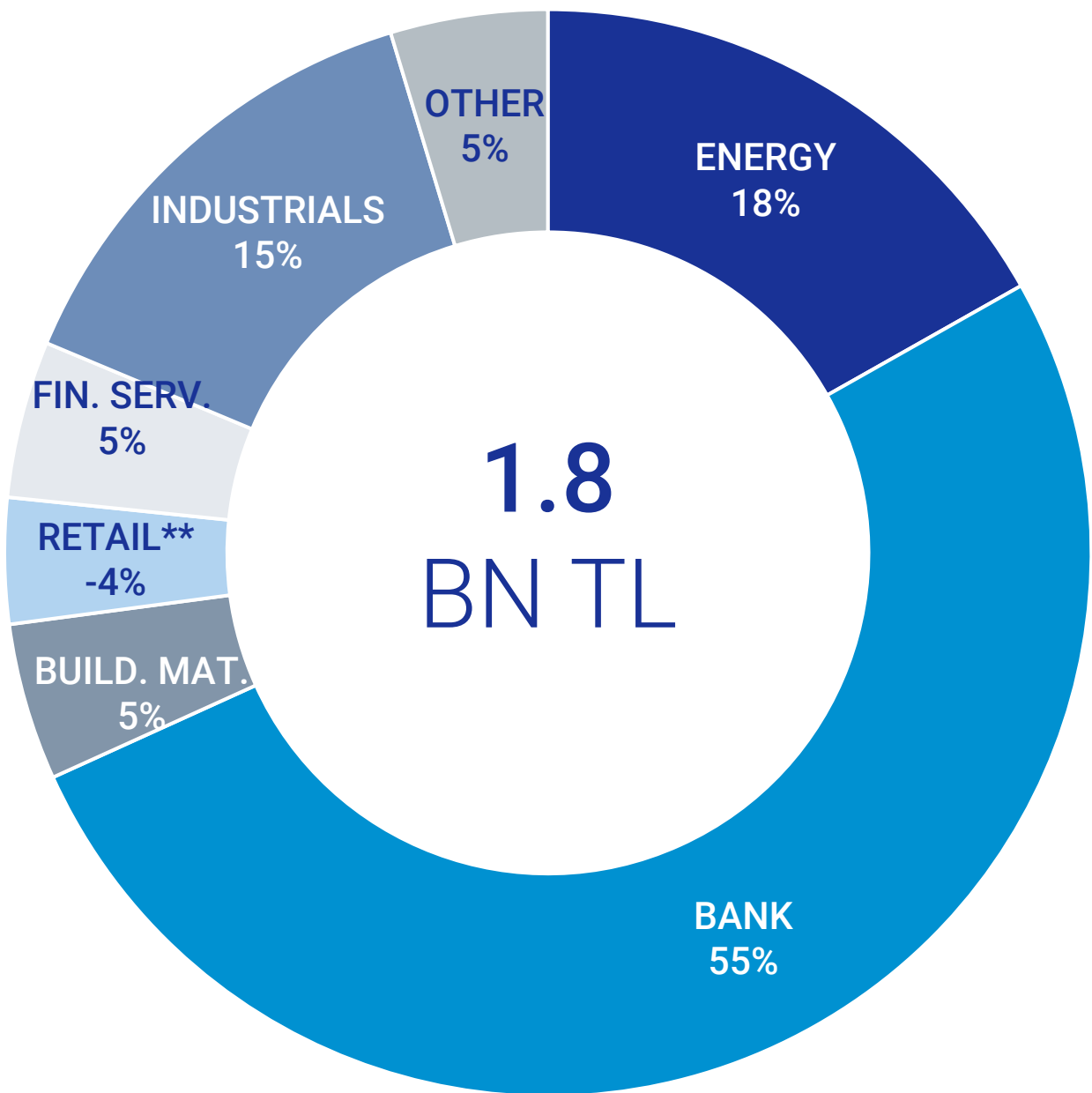
Generation: Natural Gas & lignite profitability

*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 operational performance
pass-through & deleveraging

BUILDING MATERIALS

Strong operational performance &
well-managed financial expenses

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

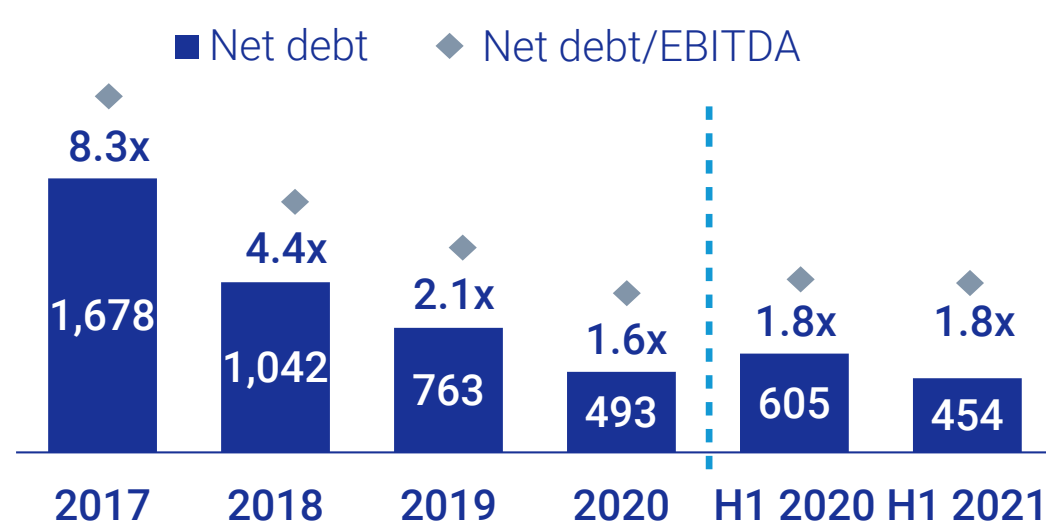
Energy Segment Summary Financials*

MILLION TL	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change
SALES	7,275	9,226	27%	15,140	17,725	17%
EBITDA**	1,840	1,937	5%	3,608	3,811	6%
NET INCOME**	796	746	-6%	1,602	1,664	4%
EBITDA** MARGIN	25.3%	21.0%		23.8%	21.5%	

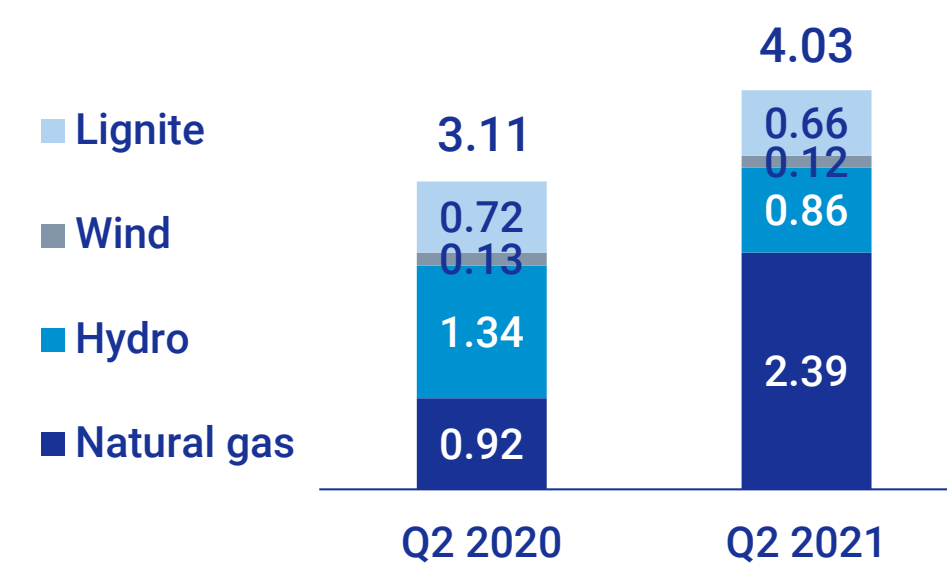
Enerjisa Generation Summary Financials

MILLION TL	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change
SALES	1,949	3,150	62%	4,035	5,761	43%
EBITDA**	882	788	-11%	1,688	1,536	-9%
EBITDA** MARGIN (%)	45%	25%		42%	27%	
Depreciation	128	133	4%	252	265	5%
Financial Income/(expense)	(271)	(395)	46%	(435)	(576)	32%
NET INCOME**	428	254	-41%	893	651	-27%

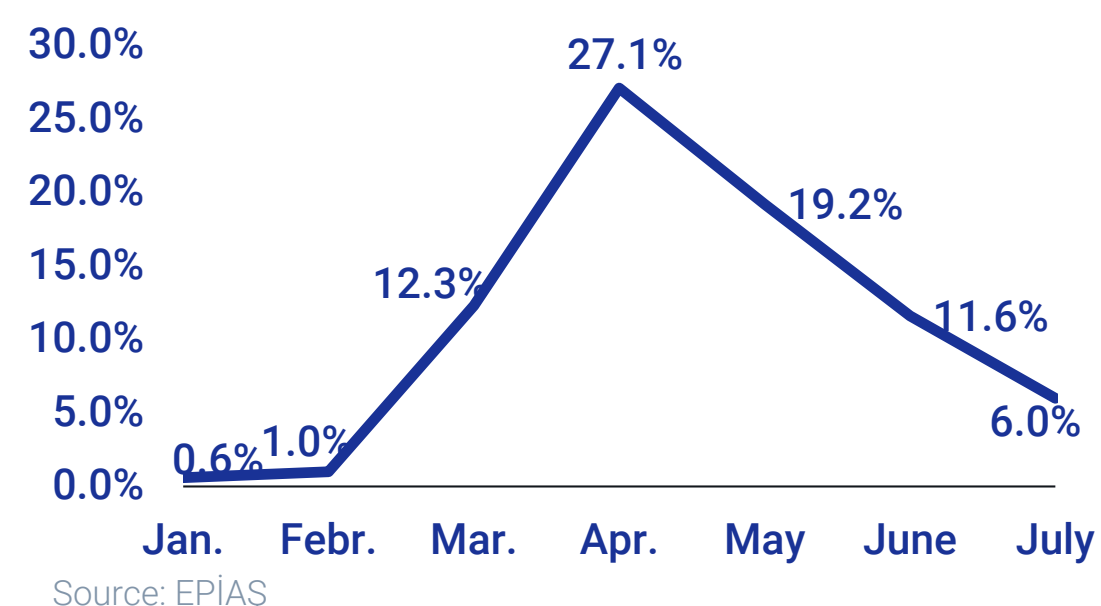
Generation's Debt Profile (EUR mn)



Generation volume (TWh)



Monthly Demand Growth (y/y)



Current Assessment

- ✓ **Distribution & Retail:** 20% y/y EBITDA growth on strong performance on both businesses
- ✓ **Generation:** Low hydrology partly 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 / Sharp demand recovery on last year's low base & operational efficiency

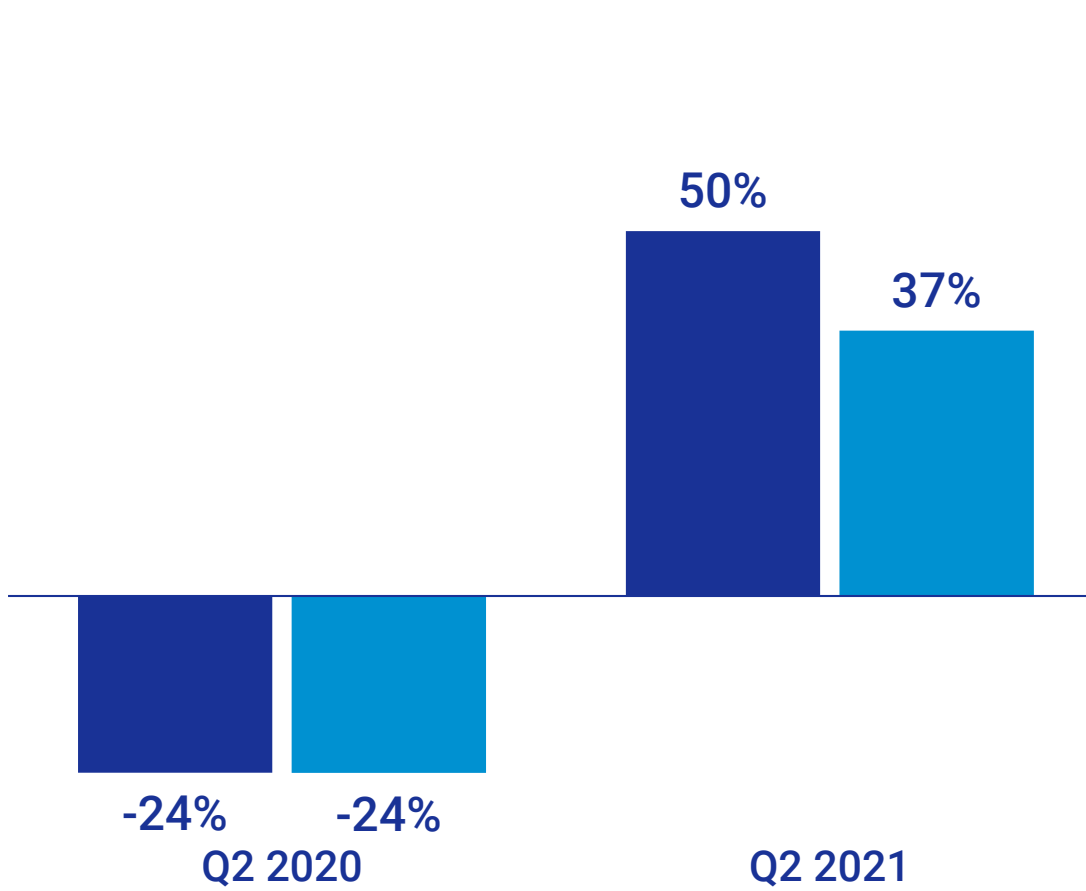
Industrials Summary Financials*

MILLION TL	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change
SALES	1,541	3,188	107%	3,740	6,175	65%
EBITDA**	268	698	160%	657	1,411	115%
NET INCOME**	60	460	668%	221	942	326%
EBITDA** MARGIN	17.4%	21.9%		17.6%	22.9%	

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

Local LV¹ Tire Market (units, y/y)

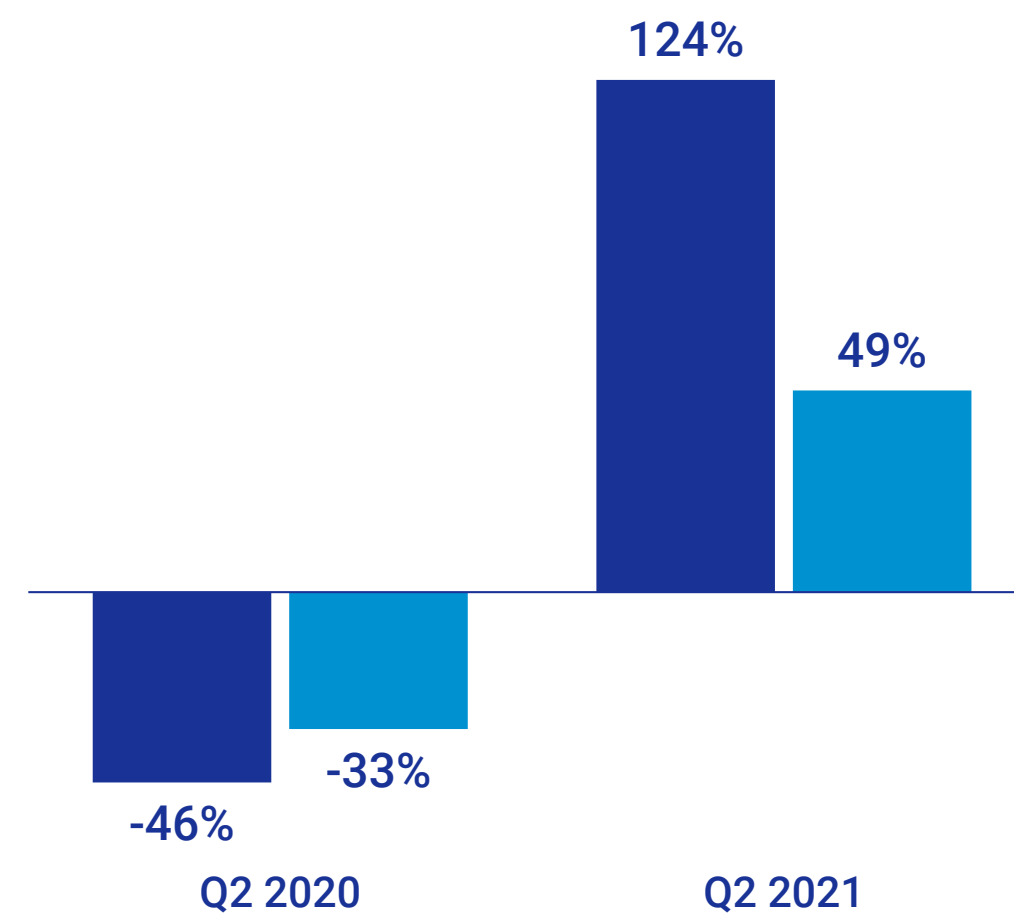
■ Tire business
■ Local tire market



Source: Brisa, Europool

Global Export Market (units, y/y)

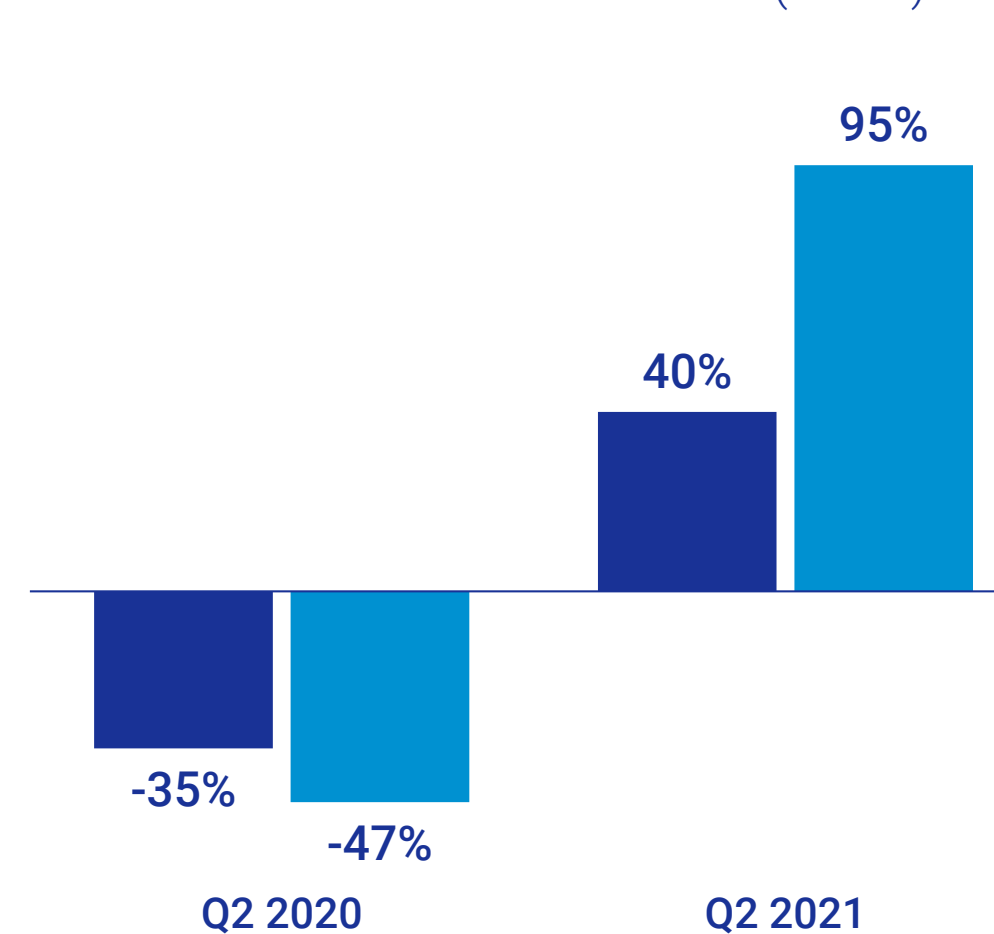
■ Tire business exports
■ Export consumer market



Source: Brisa, Europool

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

■ Global LV¹ Tire Market (Munits)
■ Tire Reinforcement³ Volume (Ktons)



Source: Kordsa, LMC Tyre & Rubber

Current Assessment

- ✓ Ongoing strong demand at both tire & tire reinforcement business
- ✓ Strong network providing opportunities during global setbacks in supply chain
- ✓ Operational efficiency

Factors to Watch

- ✓ Increase in freight rates
- ✓ Pricing vs. commodity prices
- ✓ Effective working capital management

Building Materials Summary Financials*

MILLION TL	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change
SALES	1,015	1,780	75%	1,812	3,033	67%
EBITDA**	188	392	108%	254	612	141%
NET INCOME**	60	205	241%	6	334	5,435%
EBITDA** MARGIN	18.6%	22.0%		14.0%	20.2%	

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

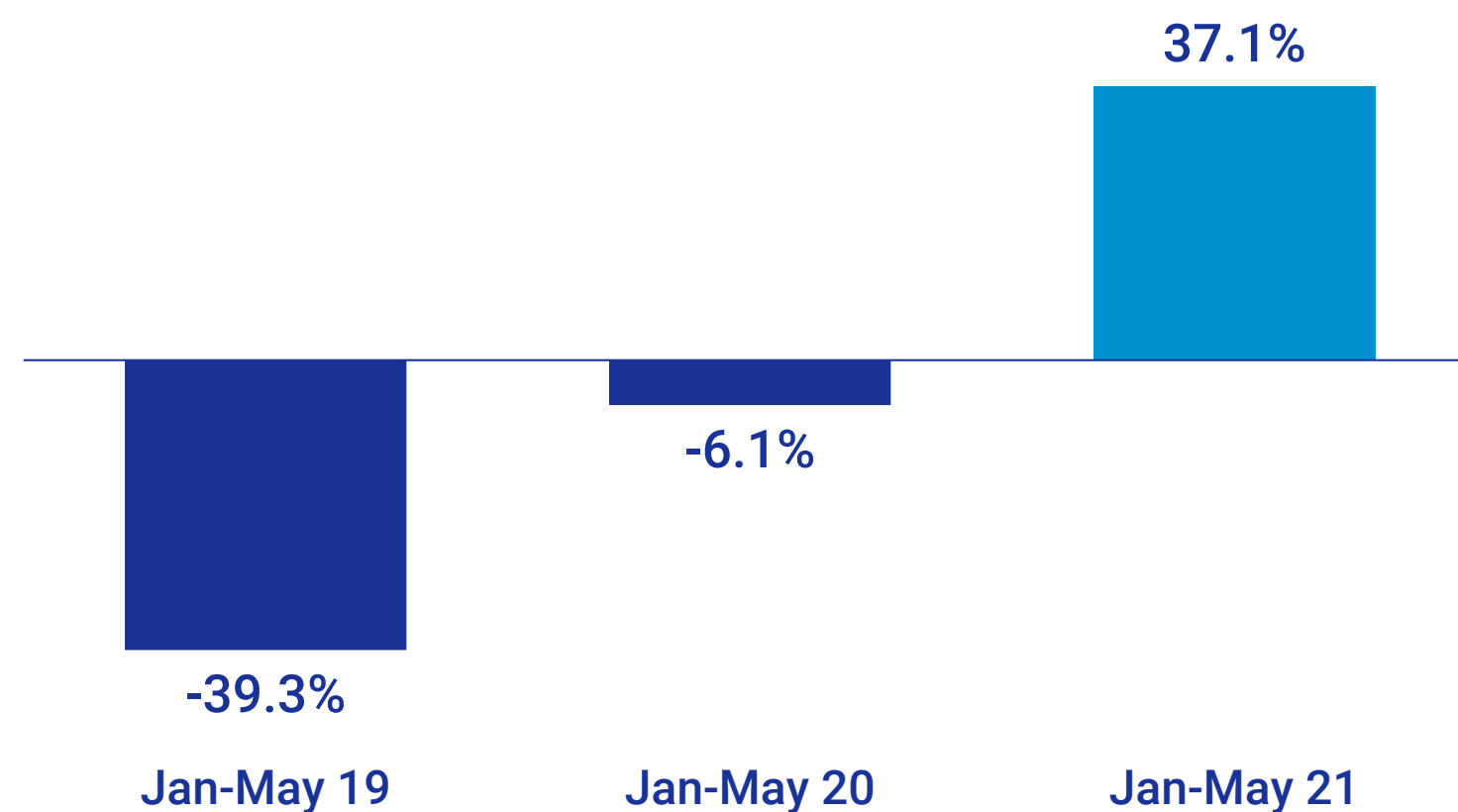
Current Assessment

- ✓ Uptick in domestic demand
- ✓ Topline pass-through & better energy margin
- ✓ EBITDA pass-through & well-managed financing expenses

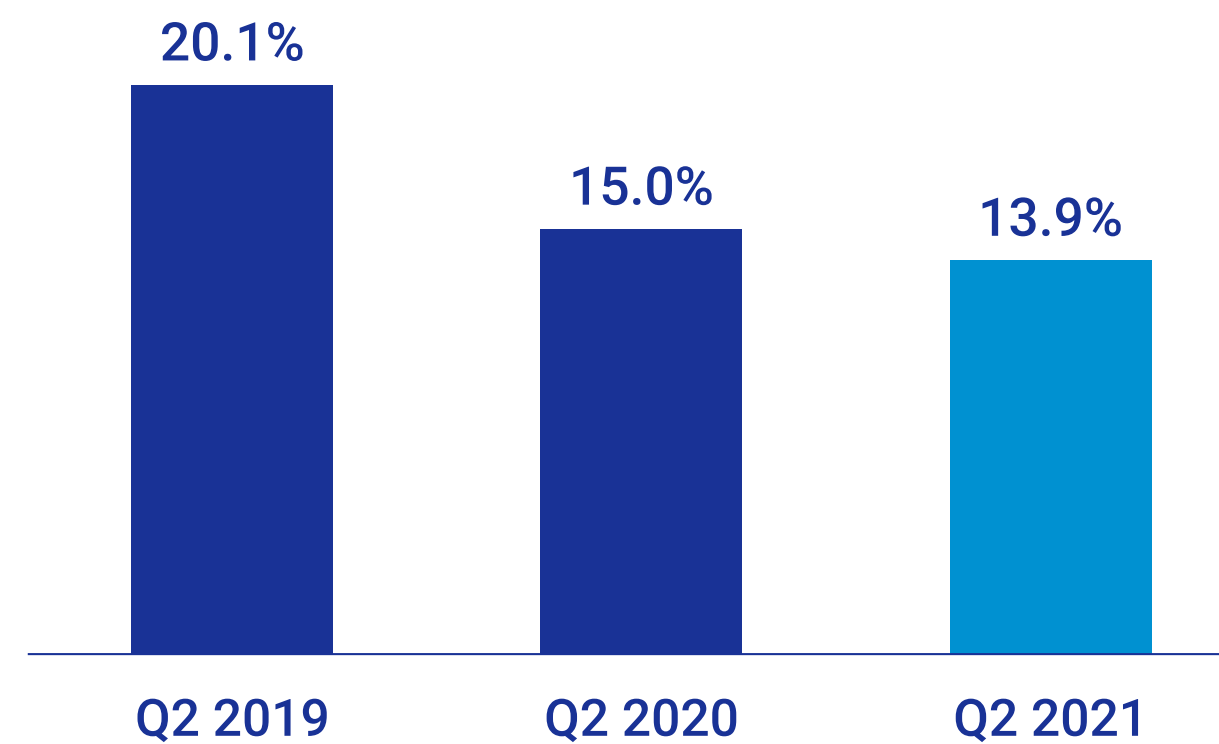
Factors to Watch

- ✓ Pricing, supply/demand dynamics
- ✓ Fuel & electricity costs, energy margin
- ✓ Strategic roadmap and value creation

Domestic cement demand change (y/y)



Net Working Capital/Sales Trend



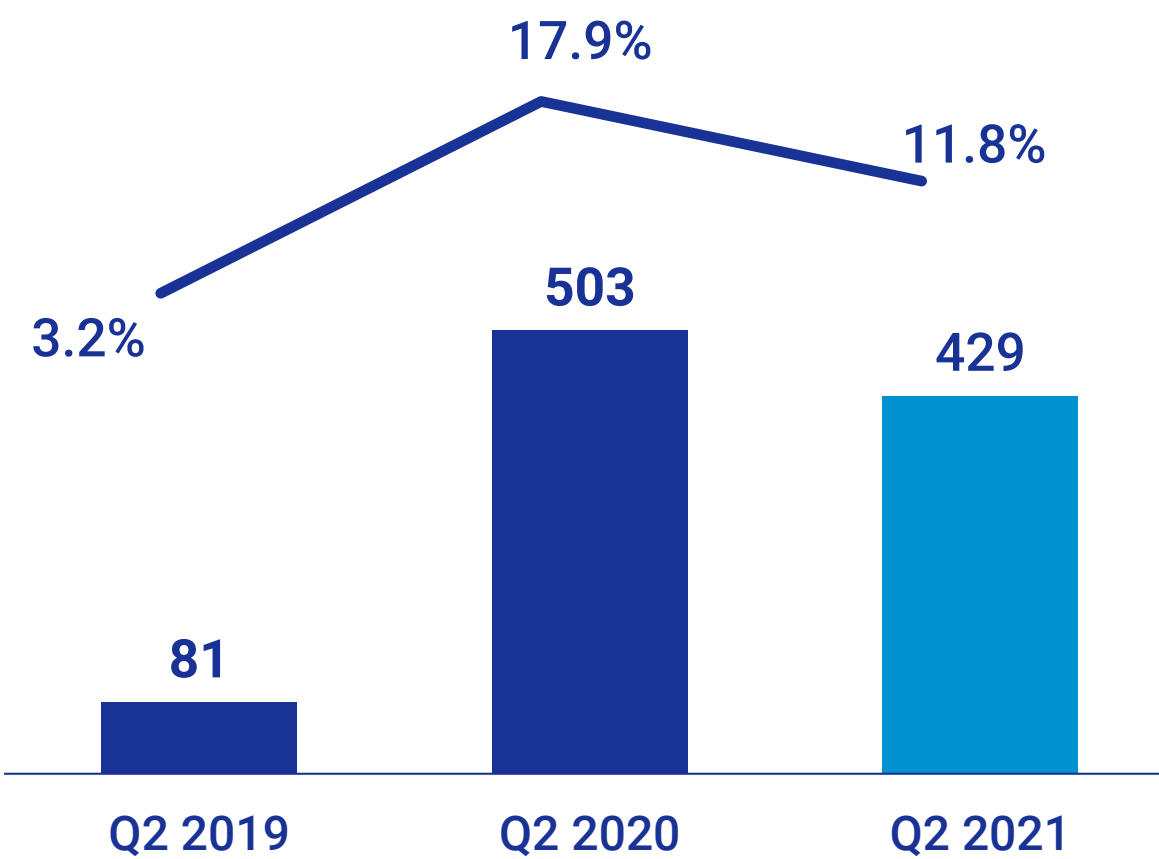
Retail Summary Financials*

MILLION TL	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change
SALES	2,810	3,639	30%	5,629	7,189	28%
EBITDA**	184	256	39%	353	542	54%
EBITDA**-Comparable	61	113	86%	106	265	150%
NET INCOME**	-101	-131	-30%	-227	-217	5%
NET INCOME**-Comparable	-86	-124	-45%	-198	-198	0%
EBITDA** MARGIN	6.6%	7.0%		6.3%	7.5%	
EBITDA** MARGIN-Comparable	2.2%	3.1%		1.9%	3.7%	

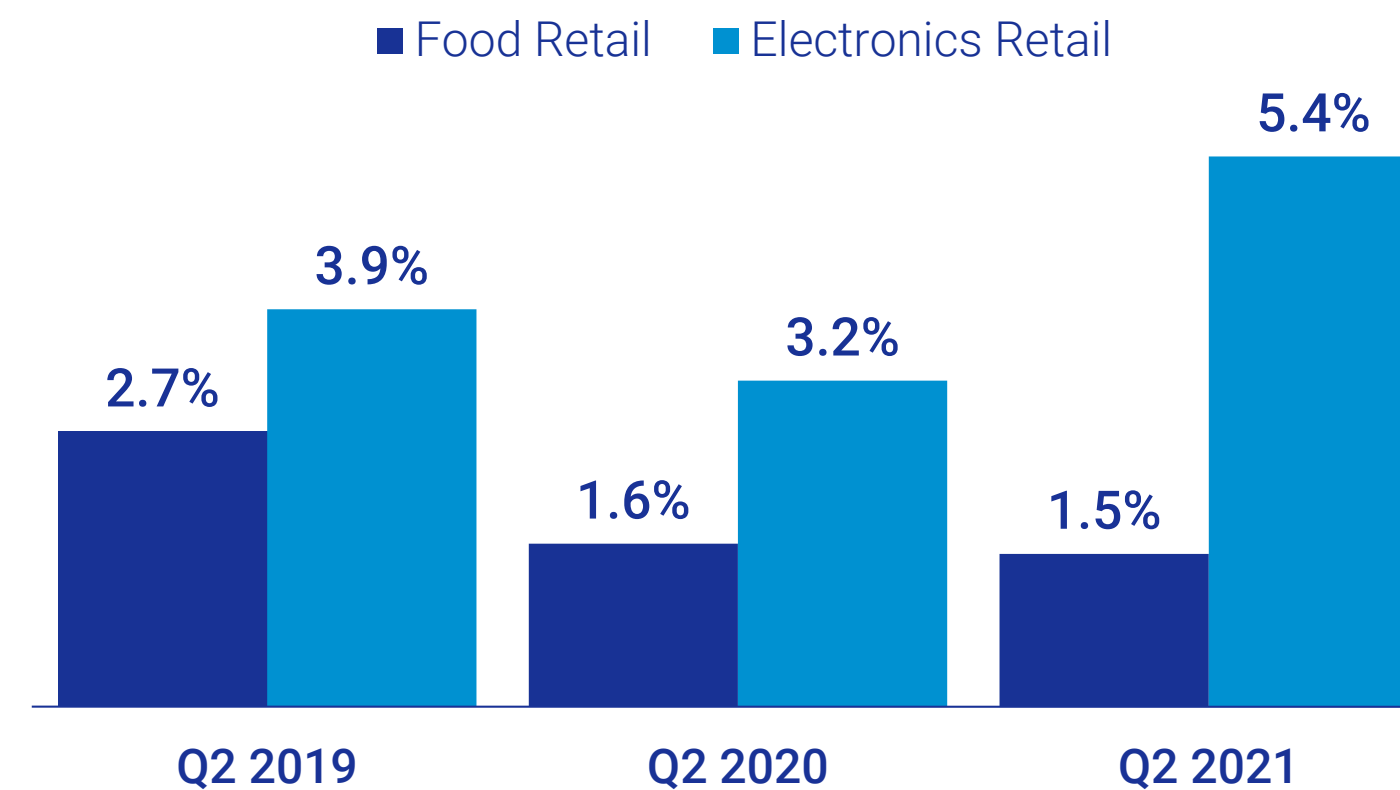
Current Assessment

- ✓ Top line growth exceeding inflation
- ✓ Strong comparable EBITDA growth
- ✓ Higher financing cost

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



Comparable EBITDA** margin by segment



Factors to Watch

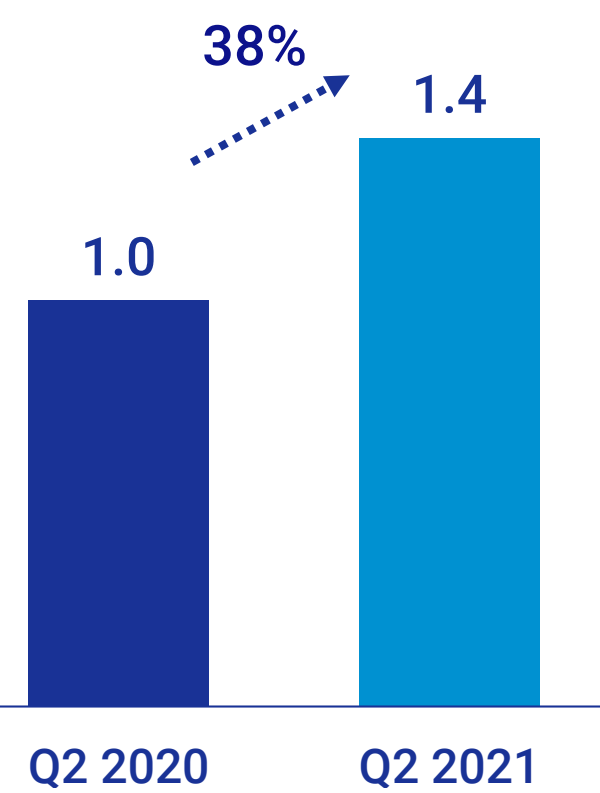
- ✓ Growth, inflation, interest rate & sector trends
- ✓ Consumer sentiment & shift in purchasing behavior
- ✓ Potential new COVID restrictions

Financial Services (pension & insurance) Summary Financials*

MILLION TL	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change
SALES	1,362	1,877	38%	2,923	3,861	32%
EBITDA**	330	283	-14%	506	540	7%
LIFE	87	146	68%	147	300	104%
NON-LIFE	244	137	-44%	360	240	-33%
NET INCOME**	242	220	-9%	367	421	15%
LIFE	78	142	82%	131	280	114%
NON-LIFE	165	78	-53%	236	141	-40%

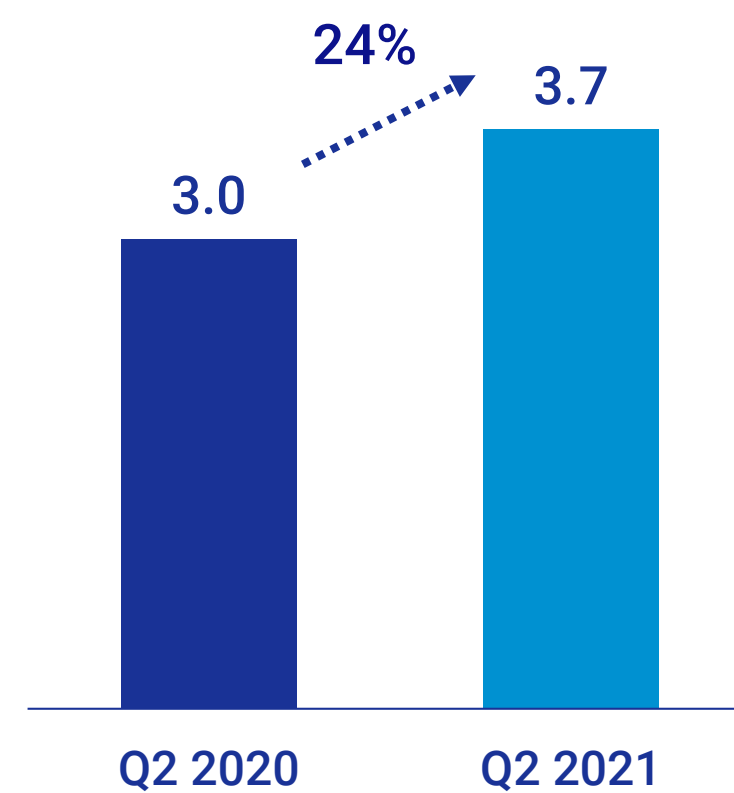
*Before consolidation adjustments, combined **Excludes non-operational and non-recurring one off items

Non-life GWP* (TL BN)



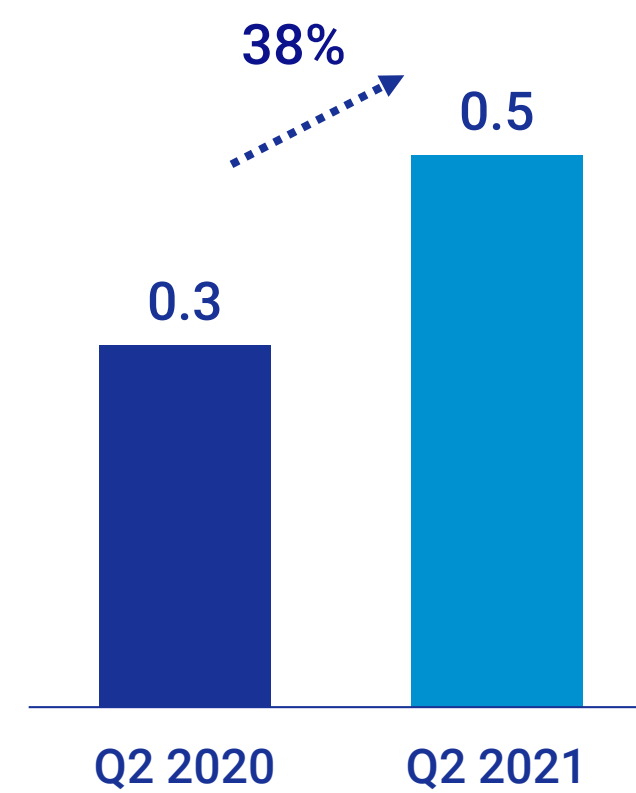
*Gross Written Premiums

Non-life AUM* (TL BN)



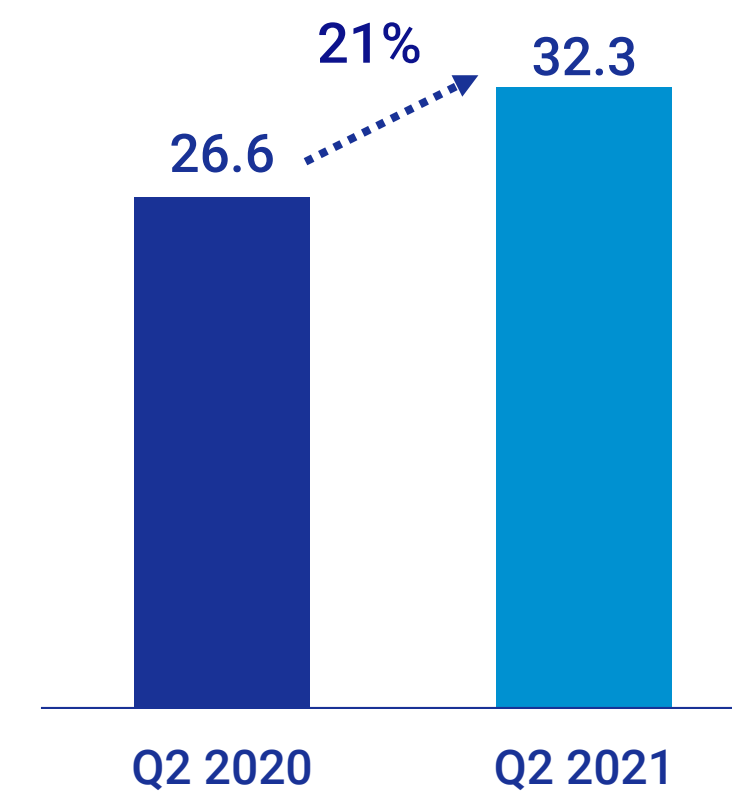
*Assets Under Management

Life&Pension GWP* (TL BN)



*Gross Written Premiums

Life&Pension AUM* (TL BN)



*Assets Under Management. Including auto enrolment

Current Assessment

- ✓ **Life:** Robust technical income on life protection volume growth & pension AUM
- ✓ **Non-Life:** Higher combined ratio
- ✓ **Non-Life & Life:** Strong AUM growth & increased financial income

Factors to Watch

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

Summary Combined Financials

MILLION TL	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change
REVENUE	9,512	12,001	26%	18,641	22,626	21%
EBITDA	2,251	3,237	44%	4,431	5,980	35%
NET INCOME*	646	991	53%	1,280	1,819	42%

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

	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change
Leverage	7.7x	8.0x	0.1x	7.7x	8.0x	0.1x
NIM (swap adj.)	4.42%	2.74%	-1.7 pp	4.63%	2.58%	-2.1 pp
CIR ¹	29.6%	39.6%	10.0 pp	31.6%	39.8%	8.2 pp
CAR ²	19.0%	20.0%	1.0 pp	19.0%	20.0%	1.0 pp
Tier 1 ²	16.1%	16.0%	-0.1 pp	16.1%	16.0%	-0.1 pp



Achievements

- ✓ Generated all time high profit before tax & net income
- ✓ Sustained pre-provision income despite significant NIM pressure
- ✓ Robust fee performance across the board
- ✓ Advanced market share gains in retail³ loans enhancing 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 12.8% ROE in 1H21

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 Q2 2020
 2) w/o forbearances (Fixing FX rate for RWA calculation to average last 12 month FX rate for Q2 2021 & fixing MtM losses of securities & RWA calculation to YE2019 for Q2 2020)
 3) Consumer & SME according to MIS segmentation

80 CORE ACTIONS

3 Key Sustainability Indicators Out of ~30 (2020 non-bank figures – selected from key indicators)

Assured by pwc

Long Term goals

Zero Waste
Net Zero Emissions

by **2050**



Combined revenues from Sustainable Products

TL **5,9** bn



Sustainable Products & Services (#)

828



Sustainability-focused R&D Rate

44%

Timing

<12 months
39%

>12 months
61%

Type of Actions

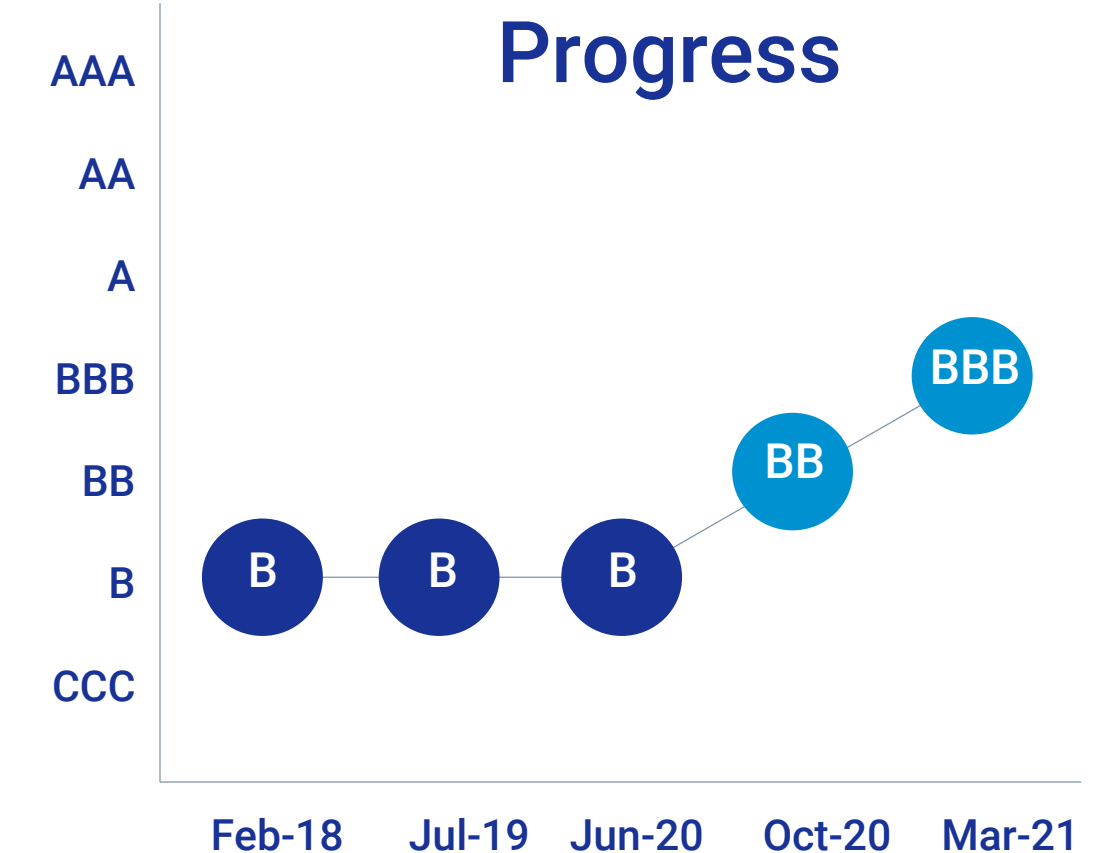
Systems Transformation
41%

Monitoring & Target Setting
35%

Policies & Procedures
15%

Research & Analysis
9%

MSCI Rating Progress



H1 2021 Key Take-Aways

Solid **growth** with strong **profitability**
Outstanding **cash flow generation & deleveraging**
Renewed record in non-bank ROE: 18.8%



On our way to **Zero Waste & Net Zero Emissions**
with implementation of 80 new actions

Maintaining **medium-term guidance**





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*					
	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change	Q2 2020	Q2 2021	Change	H1 2020	H1 2021	Change
TOTAL	23,778	32,148	35%	48,299	61,493	27%	5,073	6,850	35%	9,808	12,984	32%	1,196	1,779	49%	2,367	3,518	49%
TOTAL*-Comparable							4,950	6,707	36%	9,562	12,707	33%	1,203	1,783	48%	2,383	3,529	48%
BANK	9,512	12,001	26%	18,641	22,626	21%	2,251	3,237	44%	4,431	5,980	35%	646	991	53%	1,280	1,819	42%
NON-BANK*	14,266	20,147	41%	29,658	38,867	31%	2,822	3,613	28%	5,377	7,004	30%	549	788	44%	1,087	1,699	56%
NON-BANK*-Comparable							2,699	3,471	29%	5,131	6,727	32%	557	792	42%	1,103	1,709	55%
ENERGY	7,275	9,226	27%	15,140	17,725	17%	1,840	1,937	5%	3,608	3,811	6%	361	324	-10%	730	731	0%
INDUSTRIALS	1,541	3,188	107%	3,740	6,175	65%	268	698	160%	657	1,411	115%	41	276	574%	144	547	281%
BUILDING MATERIALS	1,015	1,780	75%	1,812	3,033	67%	188	392	108%	254	612	141%	30	89	199%	7	164	2325%
RETAIL	2,810	3,639	30%	5,629	7,189	28%	184	256	39%	353	542	54%	-53	-74	-41%	-119	-123	-3%
RETAIL-Comparable							61	113	86%	106	265	150%	-45	-70	-58%	-104	-113	-8%
FINANCIAL SERVICES	1,362	1,877	38%	2,923	3,861	32%	330	283	-14%	506	540	7%	90	85	-6%	137	163	19%
OTHER*	262	437	66%	413	884	114%	12	48	314%	0	88	n.m.	80	89	12%	189	218	15%

*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

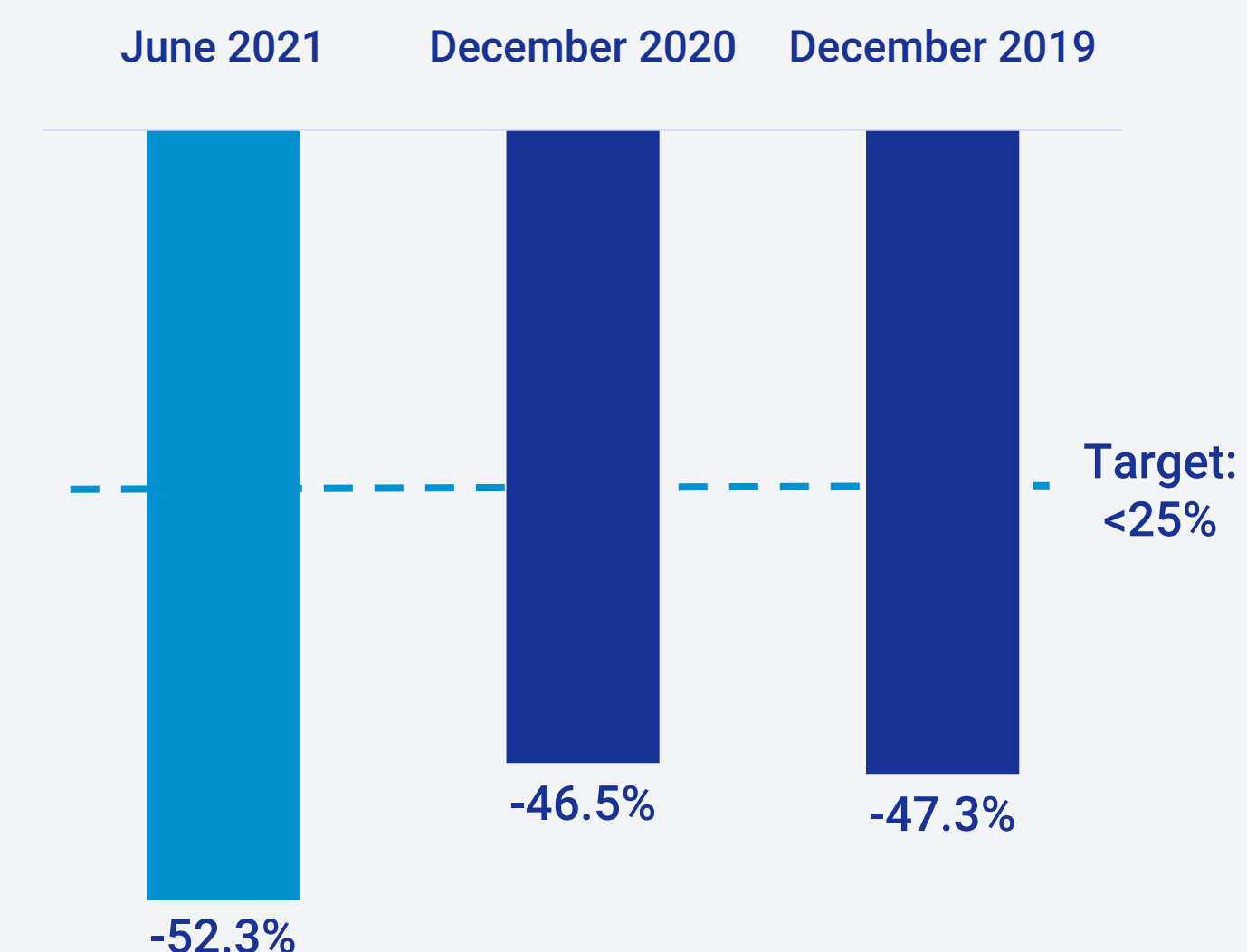
Non-Operational and Non-Recurring Items

MILLION TL	Q2 2020	Q2 2021	H1 2020	H1 2021
CONSOLIDATED NET INCOME EXCLUDING NON OPERATIONAL & NON RECURRING ITEMS	1,196	1,779	2,367	3,518
Corporate Tax Increase to 25%	0	-160	0	-160
Enerjisa Generation Pervari Impairment	-148	0	-148	0
Cimsa Sabanci Cement BV's Gain on Asset Sale	0	57	0	57
Kordsa Brasil Tax Return	0	51	0	51
Carrefoursa One-offs (excluding corporate tax increase)	-1	-7	-1	-7
Agesa one-offs (excluding corporate tax increase)	0	-2	19	-2
Other	-11	-6	-8	7
CONSOLIDATED NET INCOME	1,036	1,712	2,229	3,464

USDmn Companies	Direct Stakes	Valuation Method	Mcap	June 2021		December 2020	
				Value of Stake	% of NAV	Value of Stake	% of NAV
Akbank	41%	Market value	3,157	1,286	29.4%	1,978	33.6%
Enerjisa Enerji	40%	Market value	1,405	562	12.9%	796	13.5%
Aksigorta	36%	Market value	276	99	2.3%	138	2.3%
Agesa	40%	Market value	382	153	3.5%	178	3.0%
Akçansa	40%	Market value	331	131	3.0%	169	2.9%
Çimsa	55%	Market value	328	179	4.1%	177	3.0%
Brisa	44%	Market value	708	309	7.1%	358	6.1%
Kordsa	71%	Market value	445	317	7.2%	290	4.9%
Carrefoursa	57%	Market value	567	324	7.4%	706	12.0%
Teknosa	50%	Market value	148	74	1.7%	95	1.6%
Total Listed				3,434	78.6%	4,884	82.9%
Total Non-listed¹				731	16.7%	890	15.1%
Total				4,165	95.3%	5,775	98.0%

Sabancı Holding Net Cash	205	4.7%	115	2.0%
Sabancı Holding NAV	4,370	100.0%	5,890	100.0%
Sabancı Holding Mcap	2,086		3,150	
Sabancı Holding Discount	-52.3%		-46.5%	

NAV Discount



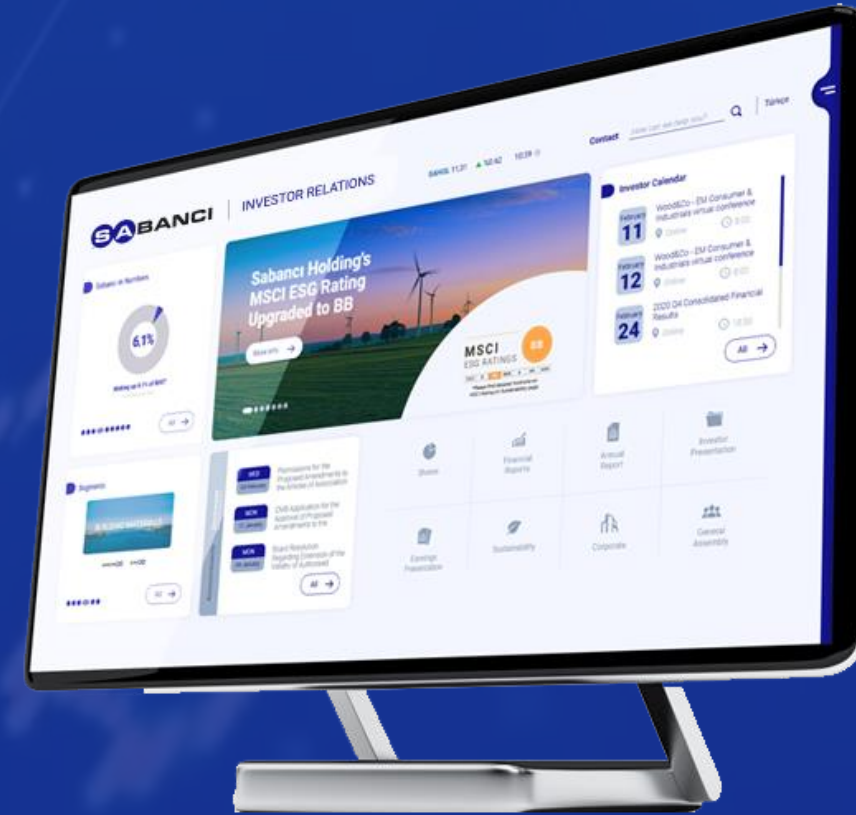
- In accordance with In IFRS16, most leased items with a duration longer than one year have to be included as an asset in the company books. In addition, the payments that will be made on the lease agreement have to be reported as a liability on the balance sheet. The depreciation of the asset and interest 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

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Q2 2021 Consolidated Financial Results

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