Sabancı Holding

Q2 2018 Earnings Presentation

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Outstanding Non-Bank Outperformance

Combined Net Sales

MILLION TL	Q2 2017	Q2 2018	% Change
TOTAL*	15.369	19.990	30%
BANK	6.675	9.210	38%
NON-BANK*	8.694	10.779	24%

- Demand => Strong Start, Moderated
- High Pricing Power
- Exports: Positive FX Impact

Combined EBITDA

MILLION TL	Q2 2017	Q2 2018	% Change
TOTAL*	3.343	3.600	8%
BANK	2.053	1.819	-11%
NON-BANK*	1.290	1.781	38%

- High capacity utilization
- Supportive regulatory environment
- Cost control

Consolidated Net income

MILLION TL	Q2 2017	Q2 2018	% Change
TOTAL*	794	940	18%
BANK	645	543	-16%
NON-BANK*	149	397	166%

- Deleveraging Continues…
- Resulting in reduced financial burden

Excludes non-operational one off items. * Holding dividend income is excluded

Revenues

Topline driven by Energy, Industrials and Insurance

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q2 2017	Q2 2018	% Change	H1 2017	H1 2018	% Change
TOTAL*	15.369	19.990	*30%*	29.470	38.709	*31%*
BANK	6.675	9.210	*38%*	12.834	17.172	*34%*
NON-BANK*	8.694	10.779	*24%*	16.637	21.537	*29%*
ENERGY	3.712	4.754	*28%*	7.194	9.912	*38%*
CEMENT	773	955	*24%*	1.320	1.703	*29%*
RETAIL	1.952	2.132	*9%*	3.688	4.089	*11%*
INSURANCE	621	889	*43%*	1.349	1.961	*45%*
INDUSTRIALS	1.601	2.010	*26%*	3.017	3.771	*25%*
OTHER*	35	40	*14%*	69	100	*46%*

Excludes non-operational one off items.

* Holding dividend income excluded

Energy top line driven by regulated sales volume

Industrials top line driven by tire and tire reinforcement businesses' demand and pricing

Strong premium growth in motor third party liability drives **Insurance** top line

Rise in exports supported topline growth in **Cement**

EBITDA

Supportive Regulation and Improved Cement margins

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q2 2017	Q2 2018	% Change	H1 2017	H1 2018	% Change
TOTAL*	**3.343**	**3.600**	**8%**	**6.315**	**7.304**	**16%**
BANK	2.053	1.819	-11%	3.959	4.076	3%
NON-BANK*	**1.290**	**1.781**	**38%**	**2.356**	**3.228**	**37%**
ENERGY	755	1.124	49%	1.370	2.019	47%
CEMENT	163	248	52%	259	409	58%
RETAIL	52	27	-48%	95	35	-63%
INSURANCE	91	103	13%	161	207	29%
INDUSTRIALS	240	293	22%	494	584	18%
OTHER*	-11	-14	-28%	-23	-26	-13%

Excludes non-operational one off items.

* Holding dividend income is excluded

Energy was driven by growing asset base and higher returns in downstream business.

Cement EBITDA benefitted from exports and improved margins

In **Insurance**, technical profitability improved via pension and life products

Consolidated Net Income

Energy and Financial Income at Holding Level boosted bottomline

MILLION TL	Q2 2017	Q2 2018	% Change	H1 2017	H1 2018	% Change
CONSOLIDATED NET INCOME*	**794**	**940**	**18%**	**1.516**	**1.834**	**21%**
BANK	645	543	-16%	1.241	1.235	-1%
NON-BANK	**149**	**397**	**166%**	**275**	**599**	**118%**
ENERGY	24	100	317%	-3	130	4379%
CEMENT	33	60	82%	55	91	67%
RETAIL	-27	-48	-79%	-53	-108	-103%
INSURANCE	30	34	16%	53	66	24%
INDUSTRIALS	83	90	8%	185	181	-2%
OTHER	6	160	2385%	37	238	536%

Strong operational profitability growth has driven bottom line for **Energy** and **Cement**

Solid net cash position at holding level supported bottom line

*Excludes non-operational one off items.

Energy

Upstream and Downstream Business Contributing to Profitability

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q2 2017	Q2 2018	% Change	H1 2017	H1 2018	% Change
SALES	3.712	4.754	28%	7.194	9.912	38%
EBITDA*	755	1.124	49%	1.370	2.019	47%
NET INCOME*	48	251	422%	-6	350	5842%
EBITDA* MARGIN	20,3%	23,6%		19,0%	20,4%	

Excludes non-operational one off items.

Current Assessment

Distribution & Retail Business (Enerjisa Enerji):

- Higher regulated asset base, higher inflation and improved WACC resulted in higher financial income
- Regulated segment sales drives profitability in Retail
- 2,38% margin on the FIT costs and higher national tariff prices in Retail

Generation Business (Enerjisa Üretim Santralleri):

- Increase in natural gas prices
- Capacity payment mechanism for thermal assets
- Improvements in Tufanbeyli operations

Funding:

- Active management of financing costs and USD generating renewable assets

Factors to Watch

Distribution & Retail Business (Enerjisa Enerji):

- Capex improvements in Distribution
- Operational efficiencies and investments in distribution
- Regulated segment profitability

Generation Business (Enerjisa Üretim Santralleri):

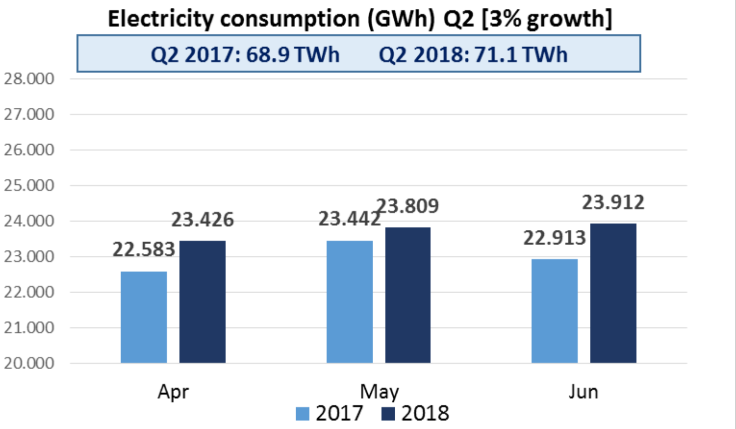
- Natural gas prices driven market prices
- Water inflow

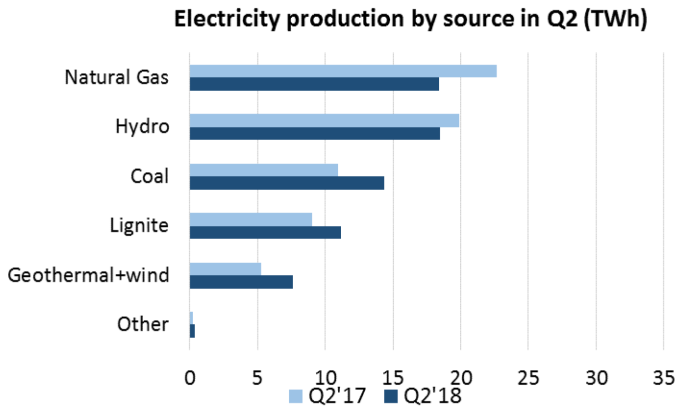
Financing:

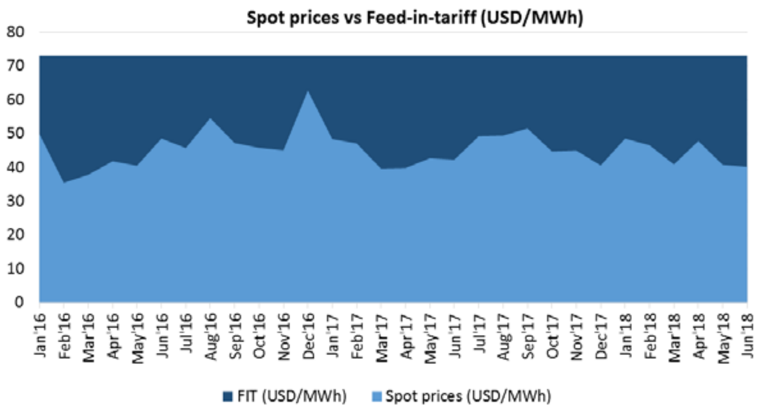
- FX volatility, inflation and financing costs in the market

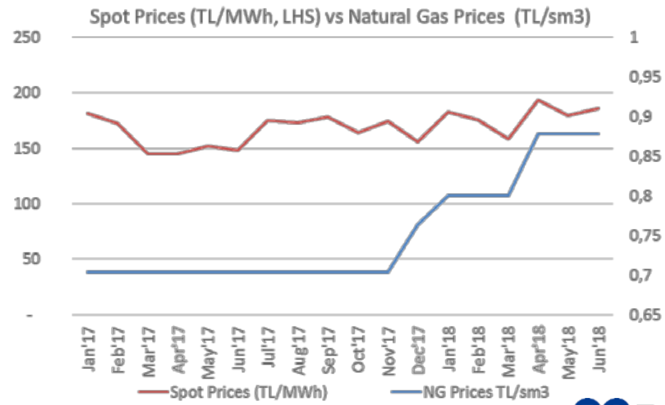
Generation Sector

3% Growth in Electricity Demand in Q2







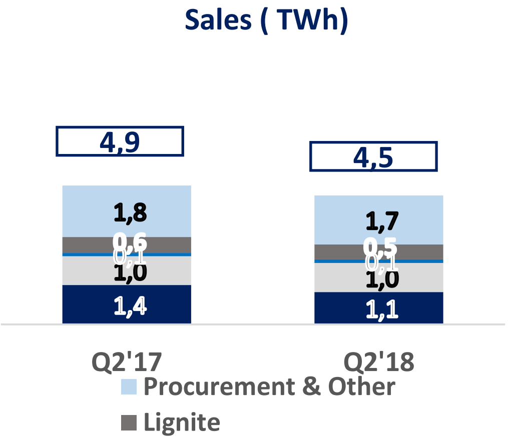


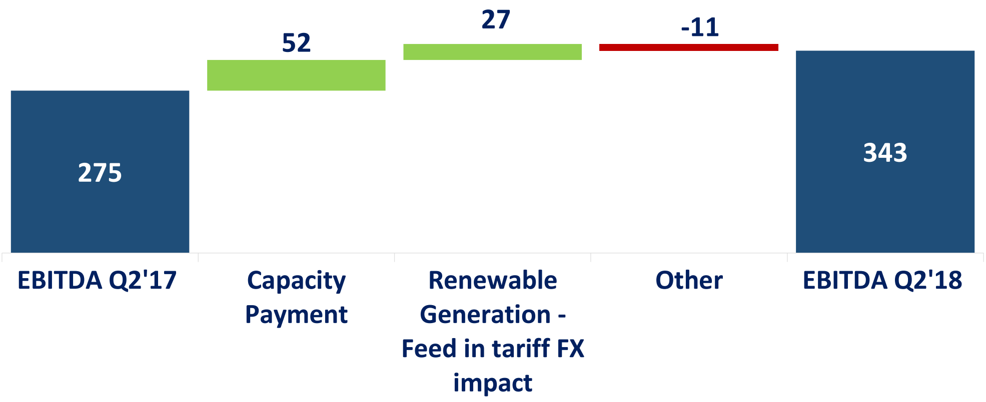
Enerjisa Üretim Santralleri A.Ş.

Renewables and Capacity Payment drive EBITDA growth

MILLION TL	Q2 2017	Q2 2018	% Change	H1 2017	H1 2018	% Change
Net sales	1.089	997	-8%	1.997	2.085	4%
EBITDA*	275	343	**25%**	478	627	**31%**
EBITDA* margin (%)	**25%**	**34%**	**9,1pp**	**24%**	**30%**	**6,1pp**
Depreciation	-106	-109	-3%	-208	-217	-5%
Financial Income/(expense)	-297	-280	6%	-566	-571	-1%
Net income*	**-84**	**-2**	**98%**	**-219**	**-96**	**56%**

* One off items excluded based on Sabancı Holding one off definition

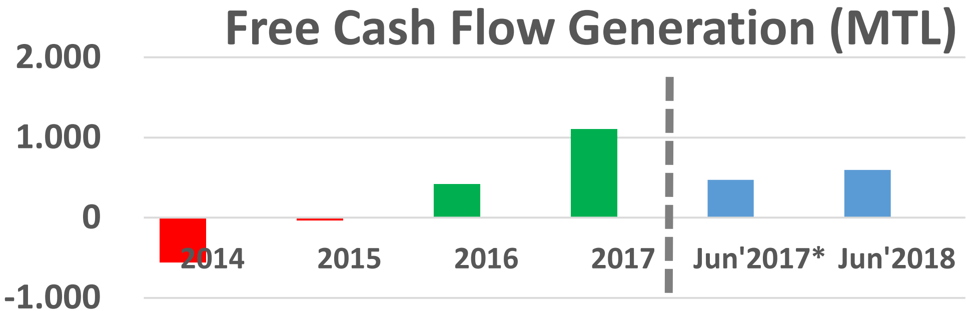




- Capacity payment main contributor to operational profitability
- Higher renewable profitability driven by volume and dollar based feed in tariff revenue
- Natural gas price hikes and competition challenges the plants' operational performance

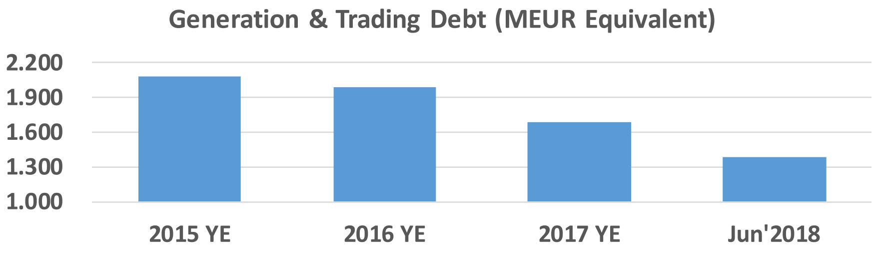
Enerjisa Üretim Santralleri A.Ş.

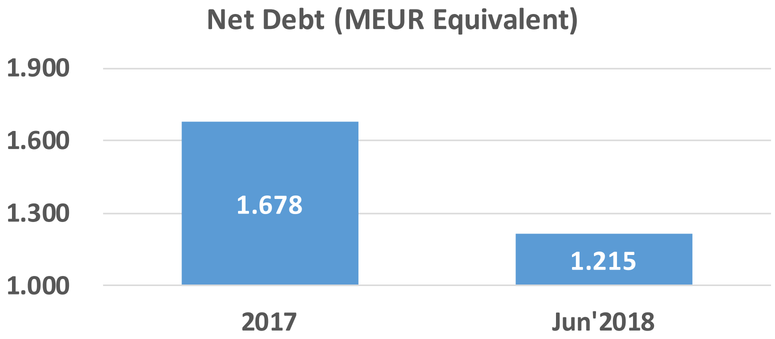
Continuous Improvements in Free Cash Flow Generation; Deleveraging on track



** Adjusted for comparison: Excludes the proceeds from asset sale in 2017*

- Steady cash generation
- Capital injection from both shareholders contributes deleveraging
- Decrease in debt due to repayments in June





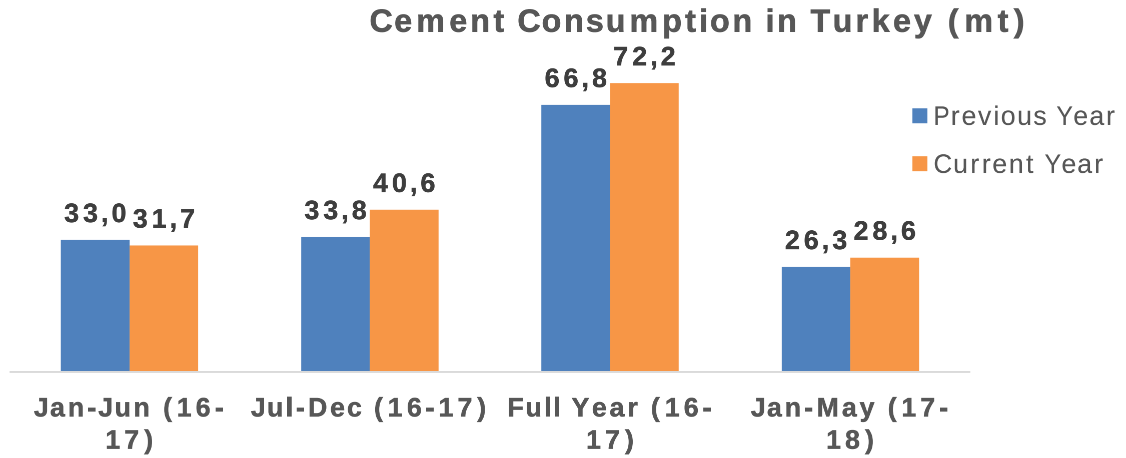
Cement

Increased Exports

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q2 2017	Q2 2018	% Change	H1 2017	H1 2018	% Change
SALES	773	955	24%	1.320	1.703	29%
EBITDA*	163	248	52%	259	409	58%
NET INCOME*	67	123	83%	110	188	70%
EBITDA* MARGIN	21,1%	25,9%		19,6%	24,0%	

**Excludes non-operational one off items.*



Current Assessment

- Following a strong start to the year (Q1:+15%), domestic consumption contracted in Q2 (Apr-May18: -1% y-o-y).
- Total sector export volume decreased by 16% in May YTD, while Sabanci cement export volume increased by %11 y-o-y, as of June YTD.
- EBITDA supported by FX linked revenues.

Factors to Watch

- Petcoke, coal and electricity costs
- Infrastructure and mega construction projects
- New capacities
- Demand and supply in local market
- Export potential in existing and new markets

Retail

Strong LfL and deleveraging

MILLION TL	Q2 2017	Q2 2018	% Change	H1 2017	H1 2018	% Change
	BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)					
SALES	1.952	2.132	9%	3.688	4.089	11%
EBITDA*	52	27	-48%	95	35	-63%
NET INCOME*	-54	-94	-73%	-105	-211	-101%
EBITDA* MARGIN	2,7%	1,3%		2,6%	0,9%	

*Excludes non-operational one off items.

Current Assessment

- Double digit LfL growth in both businesses
- Despite improvement in LfL growth, unfavourable sales mix in electronics, high fixed costs and higher financing expenses suppressed the profitability
- Sale of a real estate in Istanbul as part of financial optimization, as of June 2018 end.

Factors to Watch

- Consumer Sentiment and Economic Outlook
- Potential inflationary and FX pressure over margins in technology retail
- Deleveraging in food retail through realization of value in real estate portfolio
- Further focus on private label products

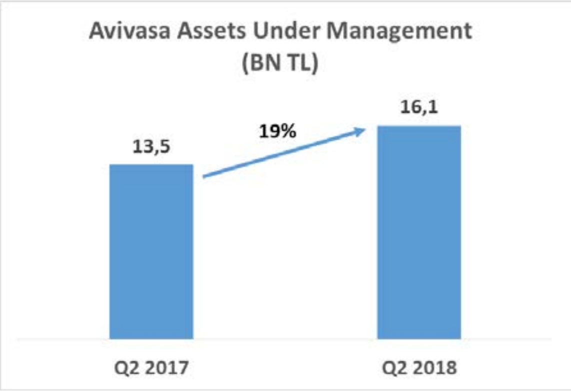
Insurance

Motor Third Party Liability Products Lead the Growth

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q2 2017	Q2 2018	% Change	H1 2017	H1 2018	% Change
SALES	621	889	43%	1.349	1.961	45%
EBITDA*	91	103	13%	161	207	29%
NET INCOME*	79	90	14%	140	173	23%

*Excludes non-operational one off items.



*Including Auto Enrolment

Current Assessment

- 48% growth in non-life insurance premiums, driven by MTPL** (~4x)
- Pension business maintains #1 position in terms of AUM with 19.5% market share
- Life protection continued its strong GWP growth with 27%
- Both businesses continued to benefit from elevated interest rates.
- Strong RoE continued in 2Q: Aksigorta: 30%; Avivasa: 33%

Factors to Watch

- Climate related damages and claims management
- Progressive roll out of the Auto Enrollment system in the 2018, opt-out trends, new regulatory incentives
- Loan volume growth for credit-linked product sales in Life protection business line
- Volatility in FX rates creates difficulty in product pricing

** MTPL: Motor Third Party Liability

Industrials

Strong Results driven by FX linked Revenues

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q2 2017	Q2 2018	% Change	H1 2017	H1 2018	% Change
SALES	1.601	2.010	26%	3.017	3.771	25%
EBITDA*	240	293	22%	494	584	18%
NET INCOME*	117	115	-2%	265	240	-9%
EBITDA* MARGIN	15,0%	14,6%		16,4%	15,5%	

*Excludes non-operational one off items.

Current Assessment

- FX linked revenue stream supports topline
- Operational excellence and efficiency
- Volume growth and market share gains
- Focus on export markets to take advantage of TL depreciation
- Low funding cost
- Focus on cash generation

Factors to Watch

- Pricing / Commodity prices
- Domestic demand
- Inflation and funding costs
- Working capital management, inventory and Capex control
- Competitive Turkish Lira supporting exports

FX Position

Long FX

CONSOLIDATED NET FX POSITION (excl. Bank)	MILLION EURO	
	Dec 31, 2017	June 30, 2018
ENERGY	-240	-166
INDUSTRIALS	1	-1
CEMENT	4	0
RETAIL	0	-7
INSURANCE	7	16
HOLDING & OTHER	327	244
TOTAL CONSOLIDATED FX POSITION AFFECTING PL	**99**	**85**

Holding Only Cash Position increased to 2.3BTL

	Dec 31, 2017	June 30, 2018
Combined Net Financial Debt /Non- Bank EBITDA (*)	3,1	2,8

(*) One-off income/expenses, banking and net cash position of insurance are excluded.

SABANCI

2018

Key Developments In Q2

Solid operational and financial performance continues in our B2B businesses

Kordsa completed acquisition of two composite plants in US

Deleveraging continues with real asset sales in food retail

Q&A

2018

Non-Operational and Non-Recurring Items

Non-Operational and Non-Recurring Items

	Q2 2017	Q2 2018	H1 2017	H1 2018
NET INCOME EXCLUDING NON OPERATIONAL & NON RECURRING ITEMS	**794**	**940**	**1.516**	**1.834**
Gain on sales of Enerjisa Enerji shares (IPO proceeds)	0	0	0	123
Carrefoursa gain on asset sale;litigation resolution;impairment	0	206	12	236
Other	-3	9	-68	29
NET INCOME	**790**	**1.155**	**1.460**	**2.222**