

Sabancı Holding

Industrials SBU

Develop leadership positions through leveraging Sabanci's longstanding industrial heritage

Sabanci has a longstanding industrial heritage

- The early foundations of Sabanci were based in the industrials sector - it's in our DNA
- Sabanci has driven growth in a number of long-term key industrial investments over time
- The industrials segment is core to the overall holding company and provides a number of attractive qualities
 - A gate to Globalisation (currently running operations in 4 continents)
 - Technology know-how and leadership in mobility and material technologies (strong R&D Centers and innovation capabilities linked with Sabanci University)
 - Strong Operational Excellence Culture (Safety, Quality, Cost Excellence)
 - Strong Engineering Capabilities (Ability to execute investment projects worldwide, design and develop own machinery and products)
 - Strong FX denominated cash generation
- A talent pool for Sabanci's top leadership through global experience



- Global Leader in Reinforcement Materials
 - Tire Cord Reinforcement (Ny6.6, PET, Hybrids)
 - Composites (CF, GF, Aramid)
 - Construction Reinforcement (NY6.6, PP)
- Worldwide Operations in 4 continents
- Reinforcements Innovation Leader (600 + patents)
- Stable cash and dividend generation
- Significant growth opportunities



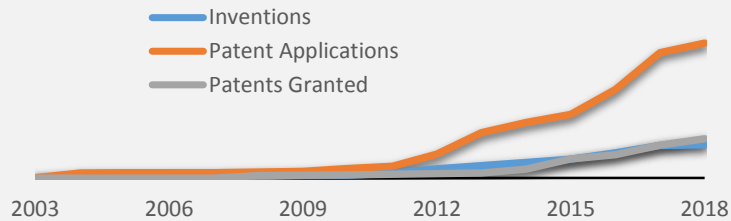
- Strong tyre manufacturing brands - Bridgestone, Lassa, Dayton
- Largest Dealer Network
- Investing in services business (fast fit service and fleet operations) to broaden revenue sources and increase capital light business
- Completed 2nd plant investment
- Best cost position in Europe



- Leader in commercial vehicle manufacturing and distribution
 - Bus, minibus and coach (own brand)
 - Light and heavy trucks (Fuso, Volvo)
 - Construction equipment (Komatsu)
 - Pick ups and Passenger Cars (Mitsubishi)
- Investing in electrical and autonomous vehicles and looking to leverage the fleet via digitalisation
- Automotive R&D and Innovation Champion
- Strong Position in EU and North America



Proprietary technology



Potential to Create Value by Licencing Technology
(exponential increase)

Cutting edge new products

- ✓ **Twixtra** Rolling resistance improvements through higher modulus for high performance tires
- ✓ **MONOLIX** Protection layer for truck & bus tires; reduces tire weight
- ✓ RF Free Coating Technologies
- ✓ Aerospace and automotive composites
- ✓ NY and PP Concrete reinforcement fibers

Driven by Kordsa & Sabanci University collaboration
and establishment of test centres worldwide



Creation of innovative products...

LASSA All-Season tire project
(MULTIWAYS)

BRIDGESTONE DRIVEGUARD
OE Tires with special
compound technology



DAYTON TBR
Local Production

...and services

- **Commercial solutions**
 - 100+ Profleet consultants
 - 1000+ vehicles per year
 - 2 TLm saving/fleet annually
- **Retail services**
 - Franchise model
 - 200 targeted sales points
 - 98% customer satisfaction level



1st R&D certified company in Turkey

- ✓ 94 Approved patents
- ✓ Turkey's first 100% Electrical Bus and Battery Management System
- ✓ 185 employees
- ✓ 9500m² workshop area

Worldwide customised products

**Avenue
Electron**



**MD9
ElectriCITY**



TS35 E



- ✓ 20 new products in the last 3 years

Recognised leader



Innovalig Champion
2016, 2017



R&D Summit Automotive
Category Champion, 2017



Global Operations

- ✓ Continuous cost and quality improvements
- ✓ Lean Management Structure
- ✓ Globally Deployed TPM tools and methods
- ✓ Focus on cash generation, strong fixed cost and working capital control
- ✓ Turkey's Quality Circle Leader in the last 6 years



Benchmark in Bridgestone

- ✓ Strong Operational Excellence Culture developed through 30 years JV experience of Sabancı and Bridgestone
- ✓ Suru Raku Standardization approach
- ✓ Benchmark in Bridgestone System
- ✓ Focus on Cash Generation and Excellent Working Capital Control



Cost Leader

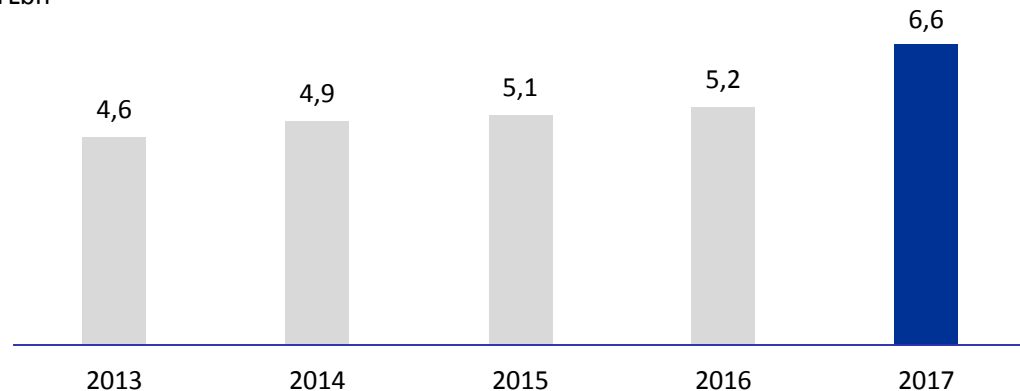
- ✓ Strong manufacturing cost position in Adana
- ✓ Strong absorption ratio in distribution businesses covering fixed costs
- ✓ Utilizing advantages of multi-brand strategy in back offices
- ✓ Leveraging advantages of strong automotive supply chain in Turkey

Industrials Segment

Continuous growth and consistent dividend generator

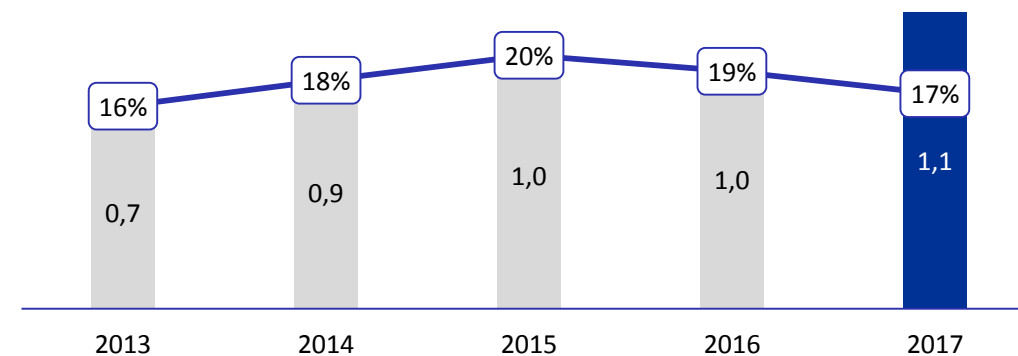
Combined Revenues

TLbn



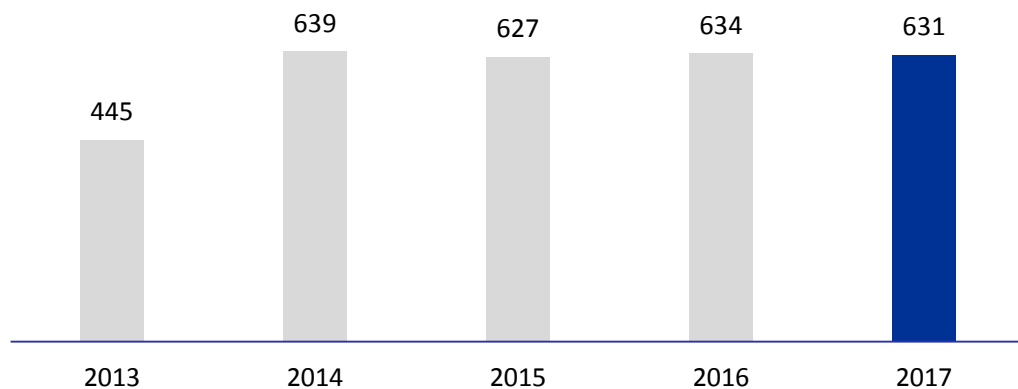
Combined EBITDA*

TLbn



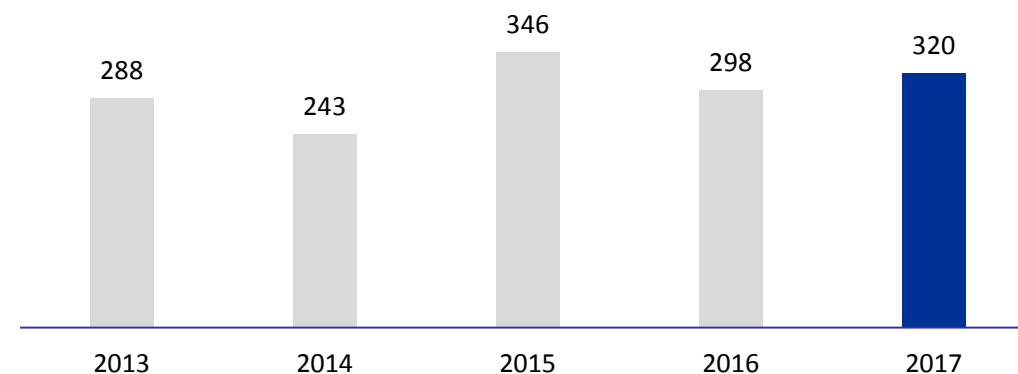
Combined Net Income*

TLm



Dividends paid

TLm

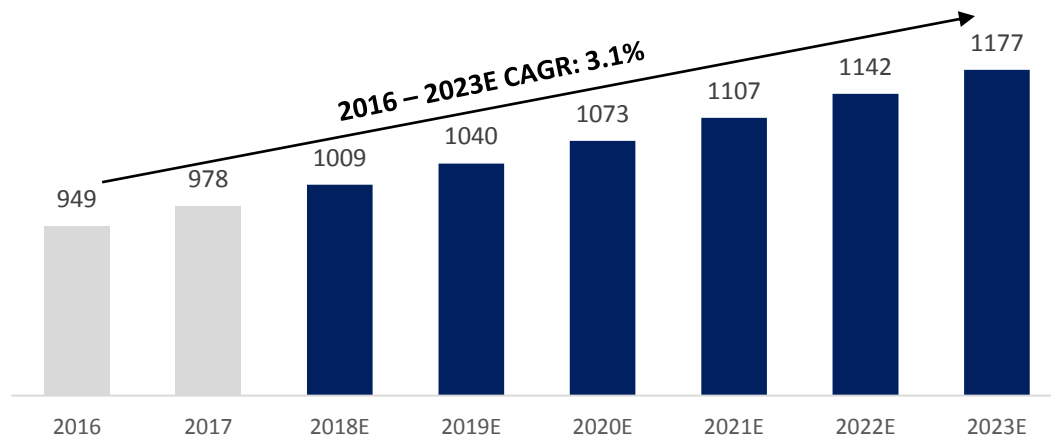


*Financials excluding one-offs and including Philsa

Reinforcement market expected to enjoy continued growth

kton

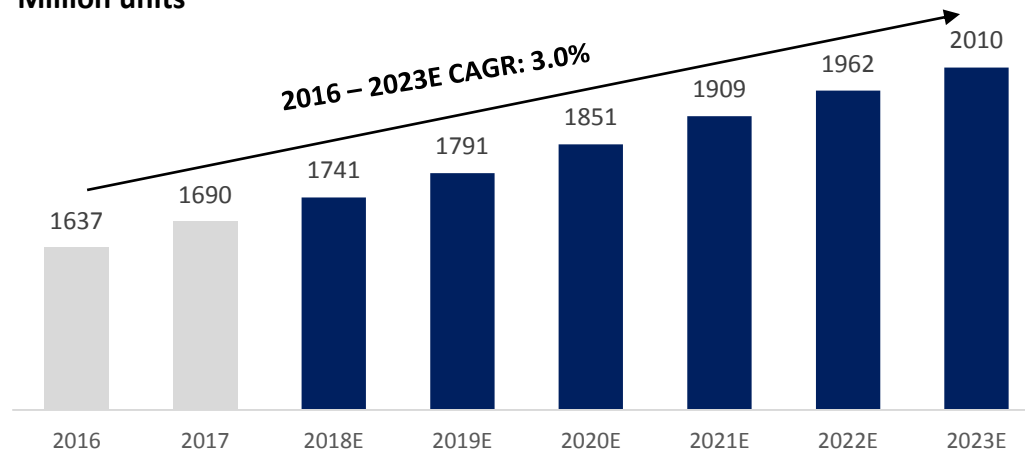
Global reinforcement market



Source : Company Estimates

Global Tire Market growth continue consistently

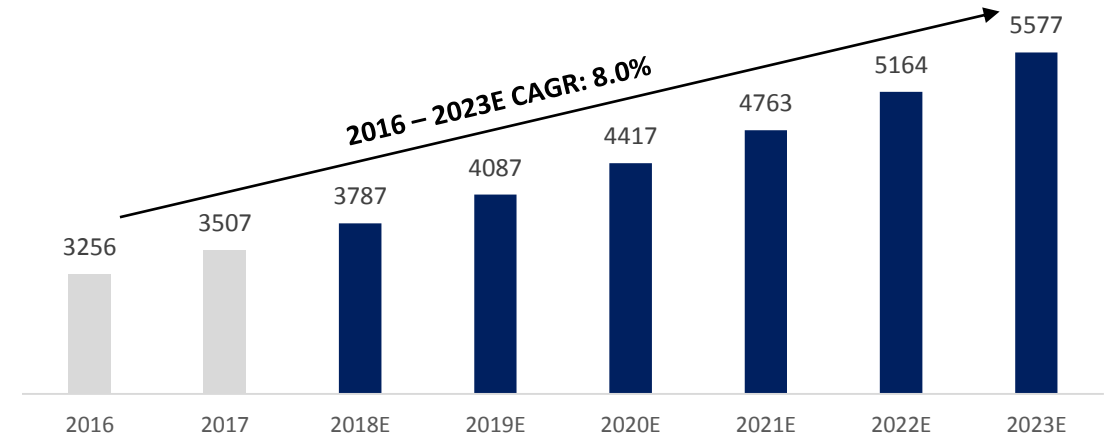
Million units



Source: LMC Tire Forecast

Strong demand for advanced composites

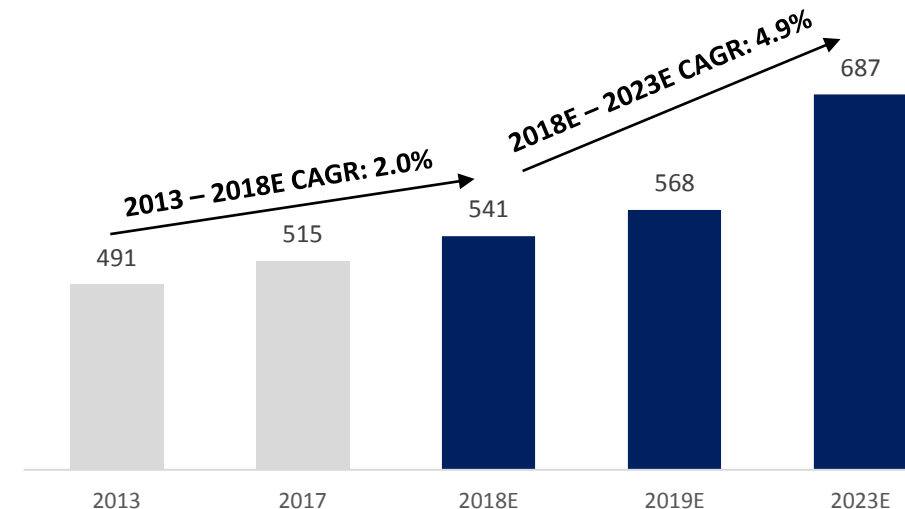
Million \$



























Source: Lucintel - Growth Opportunities in the Global Advanced Composites Market

Global Bus Market growth will speed-up

Kunits



Key Global Trends Affecting the SBU

TREND	Strategic Implication	Financial Implication
Rise of Autonomous Vehicles		
Smart Cities		
IoT and Smart Devices		
Big Data and Data Mining		
Electrification		
Energy Storage		
Demand for Alternative Energy		
Robotics and Automation		
Light weighting (New Materials)		
3D Printing		
Demand for Infrastructure		
Drones and air transportation		



Industry 4.0 Project Portfolio

- ✓ **Future TCF Digital Plant**
- ✓ **Digital Quality**
 - ✓ **(Digital Yarn, Cord, Fabric Twins)**
- ✓ **Robotics**
 - ✓ **Material Handling Robots,**
 - ✓ **Process Robots**
- ✓ **Worldwide Shop Floor (IoT) System**
- ✓ **Online Energy Monitoring**




New Tyre Plant in Aksaray / Turkey

- ✓ **Turkey's 1st Smart Tyre Plant**
- ✓ **ASRS (Automated Storage and Retrieval System)**
 - Real time tracking and tracing material handling
 - Auto Dopping, storage and transfer
- ✓ **Warehouse Control System**
 - Implement FIFO
- ✓ **Data Analytics**
 - Automatic decision making with real-time mc data
- ✓ **Visibility in Energy Consumption**
- ✓ **Sustainable Infrastructure**
 - Natural Lighting, solar panels, high heat insulation coating in roof & walls, rain water collection & recycling system



Smart Mobility - Robotics

- ✓ **Fleetics (Smart Mobility System)**
 - Combines data and cloud technologies to remotely monitor vehicle data in order to improve vehicle design
- 
- Fleetics Smart Mobility System**
Smart Fleetics is a system that combines large data and cloud technologies to remotely monitor vehicle data, store these data, and reuse the stored data for design.
- It is a secure system since the system access is provided with a special password and user name. The data you find is protected against malware and attacks.
- The Smart Fleetics system has created an infrastructure that will further strengthen the connection between passengers, driver and fleet owner.
- It can be applied to all vehicles in transportation sector.
- The application is easily accessible from any device.
- ✓ **Autonomous Bus Driving**
 - ✓ **E-Cube**
 - ✓ **Introduction of robots in the manufacturing process**
 - Focused on increasing operating efficiencies

Leveraging our platform to take advantage of trends both at home and abroad

Current

- Building upon the industrial knowhow generated through partnerships with world's known industrial players.
- Industrial SBU runs and develops businesses at global scale in mobility and materials fields
- New industry trends (CASE) in mobility and sustainability driven developments in material sciences bring new opportunities to Industrial SBU through its existing core competencies
- In addition, existing core competencies of Industrials group brings in new opportunities in group's other sectors like energy, cement

Future

- “Continued focus on mobility and energy storage, renewable energy equipment and material technologies opportunities globally
- Maximising capacity utilisation, and selected capacity increases, to drive revenue and profits
- Increase in exports to increase share in developed market demand
- Leverage macro trends and global partnerships for continued growth
- Continued focus on operational and commercial excellence, innovation management”

Capital Allocation

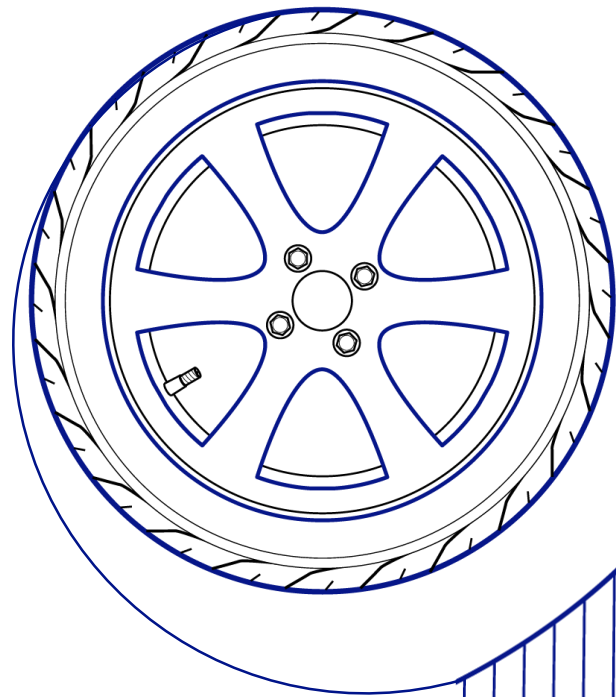
- ✓ Kordsa: Transformation to a Reinforcement Company
 - Tire Reinforcement to Composites and Construction
 - Balanced Footprint: Tire-West to East, Composites-North America and Europe
 - Innovation and Technology
- ✓ Temsa: Bus Manufacturer to a Mobility Player
 - Electrification: I Bus, Electron, E Cube
 - Fleetics
 - Local to Real Exporter
- ✓ SBU: Looking for new opportunities at the intersections
 - Energy – Industry (Energy storage, Renewable Energy Technologies)
 - Material Sciences

Technology and Data

- ✓ Industry 4.0 in manufacturing processes
- ✓ Advanced Analytics Initiatives in Customer Processes
- ✓ RPA (Robotics Process Automation) in offices

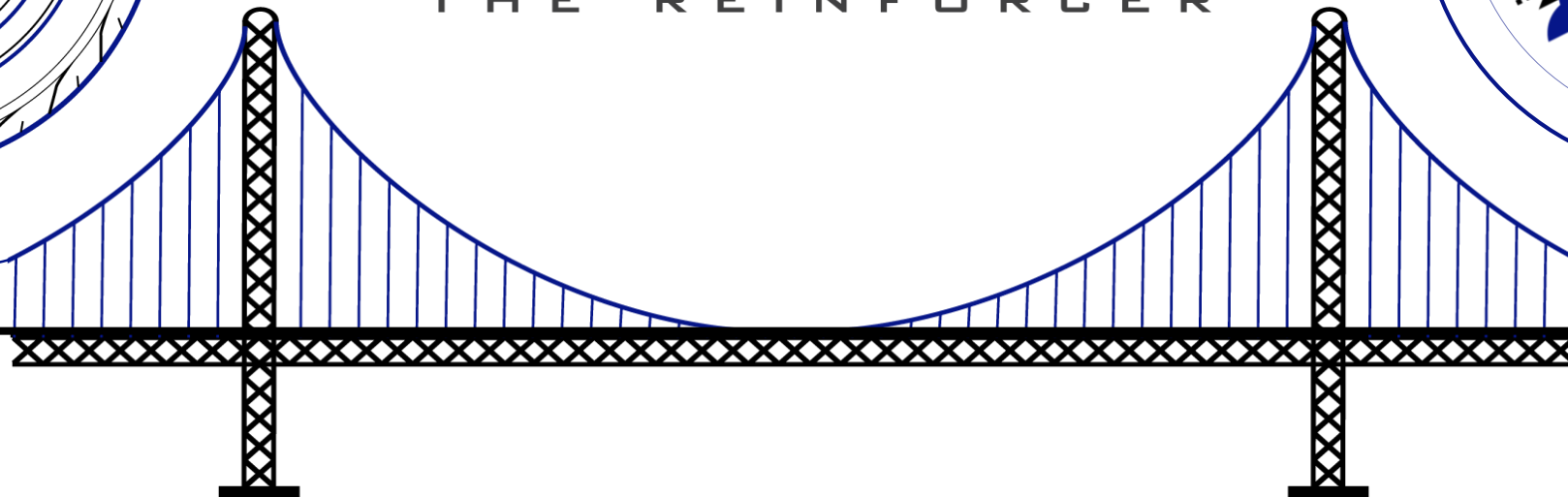
Talent Management

- ✓ Developing Industry Leaders through Sabancı University Industry Leaders Program
- ✓ Best Practice Exchange through Quarterly Sabancı Excellence Visits
- ✓ Global Expatriation and Short Term Project Assignments



KORDSA

THE REINFORCER



Kordsa Investor Presentation

July, 2018

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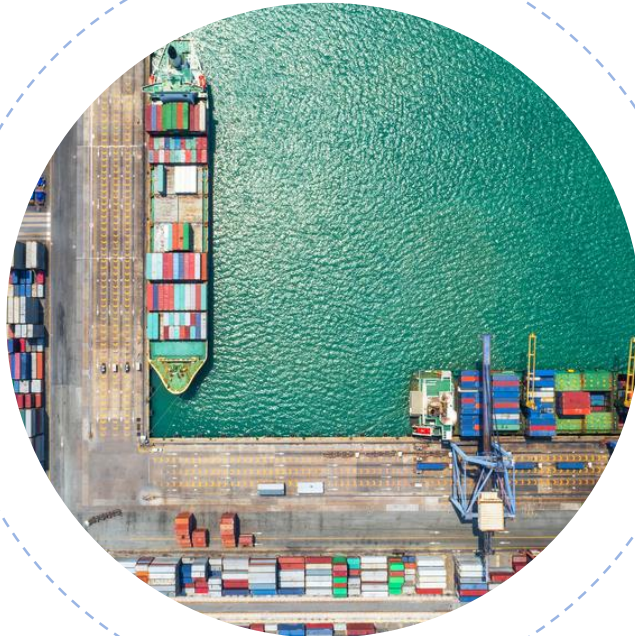
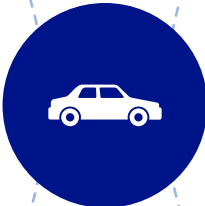
Global Footprint

4 continents
8 facilities

~4,000
employees

2 R&D
Centers

715 patent applications*
218 patents
172 inventions



W E R E I N F O R C E L I F E

**as of 2018YTD*

Kordsa in Brief

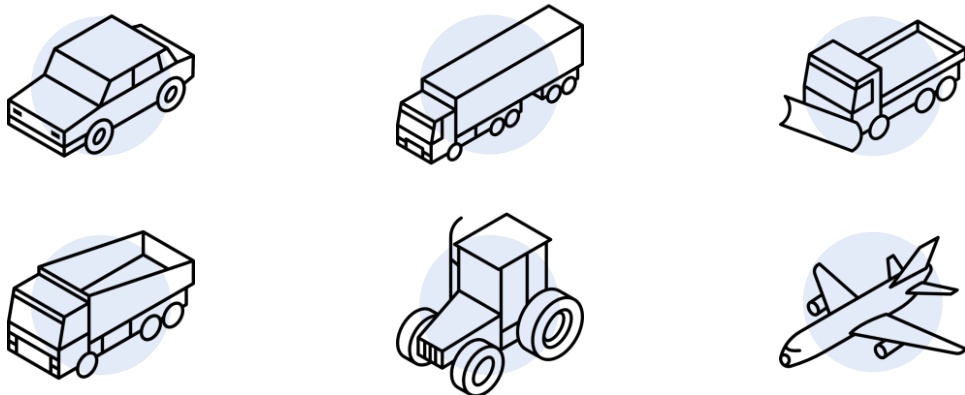
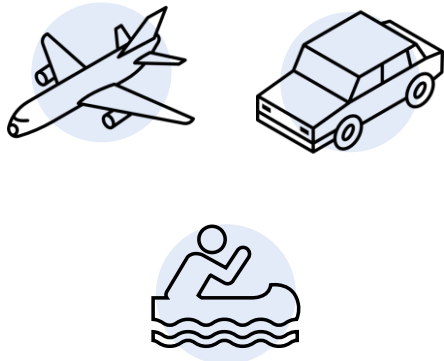
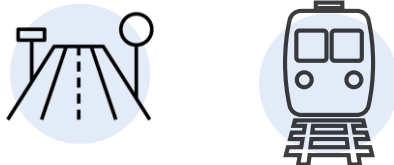


















TL Financials (MTL)			
	2017 1Q	2018 1Q	Δ
Sales	631	713	+ 12.9%
EBITDA*	110	120	+ 9.0%
EBITDA* margin (%)	17.4%	16.8%	- 0.8 bp

USD Financials (M\$)			
	2017 1Q	2018 1Q	Δ
Sales	171	187	+ 9.4%
EBITDA*	30	31	+ 5.6%
EBITDA* margin (%)	17.4%	16.8%	- 0.8 bp

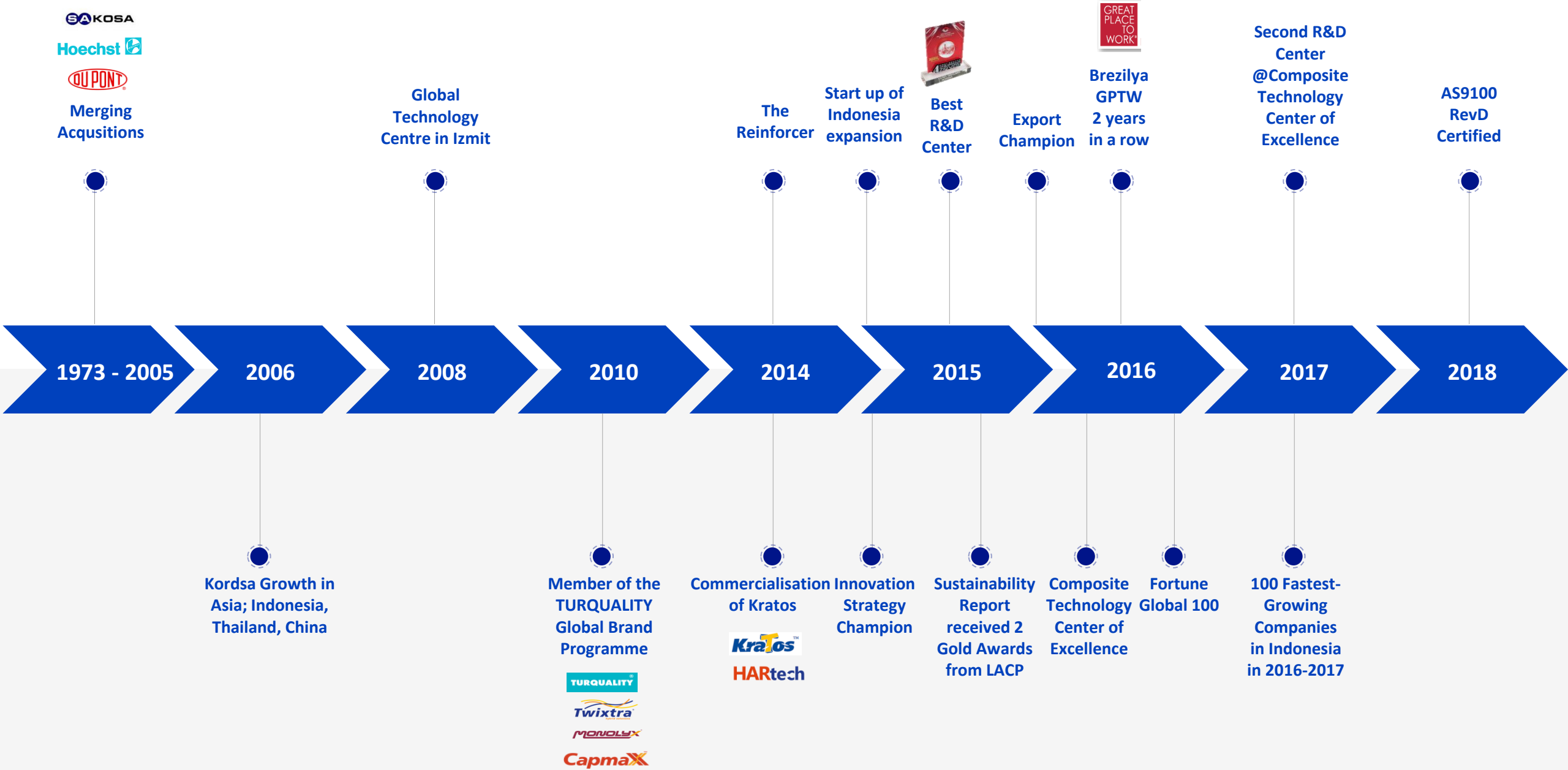
2018 Guidance	
Sales Growth	+ 15-25%
EBITDA* Growth	+ 15-25%

(a) As per March 31, 2018 CMB Report, Mar using avg TL/USD fx rate of 3.81
EBITDA* = Gross Profit – OPEX + Depreciation/Amortization

Kordsa in Brief

Description	Tire cord fabrics (“TCF”)	Next generation fabrics	Composite	Construction
	<ul style="list-style-type: none">Nylon and polyester based tire reinforcement fibers and fabrics for radial and bias tiresGlobal #1 by revenue/ #2 by capacity @ NY66 TCFGlobal #2 by revenue / #3 by capacity @PET TCF	<ul style="list-style-type: none">Textile reinforcement materials for green tiresHigh performance MonofilamentsGreen Products with Resorcinol Formaldehyde Free DippingHighly engineered hybrid cords with superior properties	<ul style="list-style-type: none">Carbon fiber, aramid, hybrid fabrics, and pre-pregsProduction technologies for composite materialsHigh value added thermoplastic and thermoset resins	<ul style="list-style-type: none">Macro and micro fibers for concrete and soil reinforcement
End markets				
Selected end-market participants	<div></div>		<div></div>	<div></div>

Milestones



Overview of The Tire Cord Fabric Value Chain



Kordsa fabrics are developed for specific requirements and are custom made

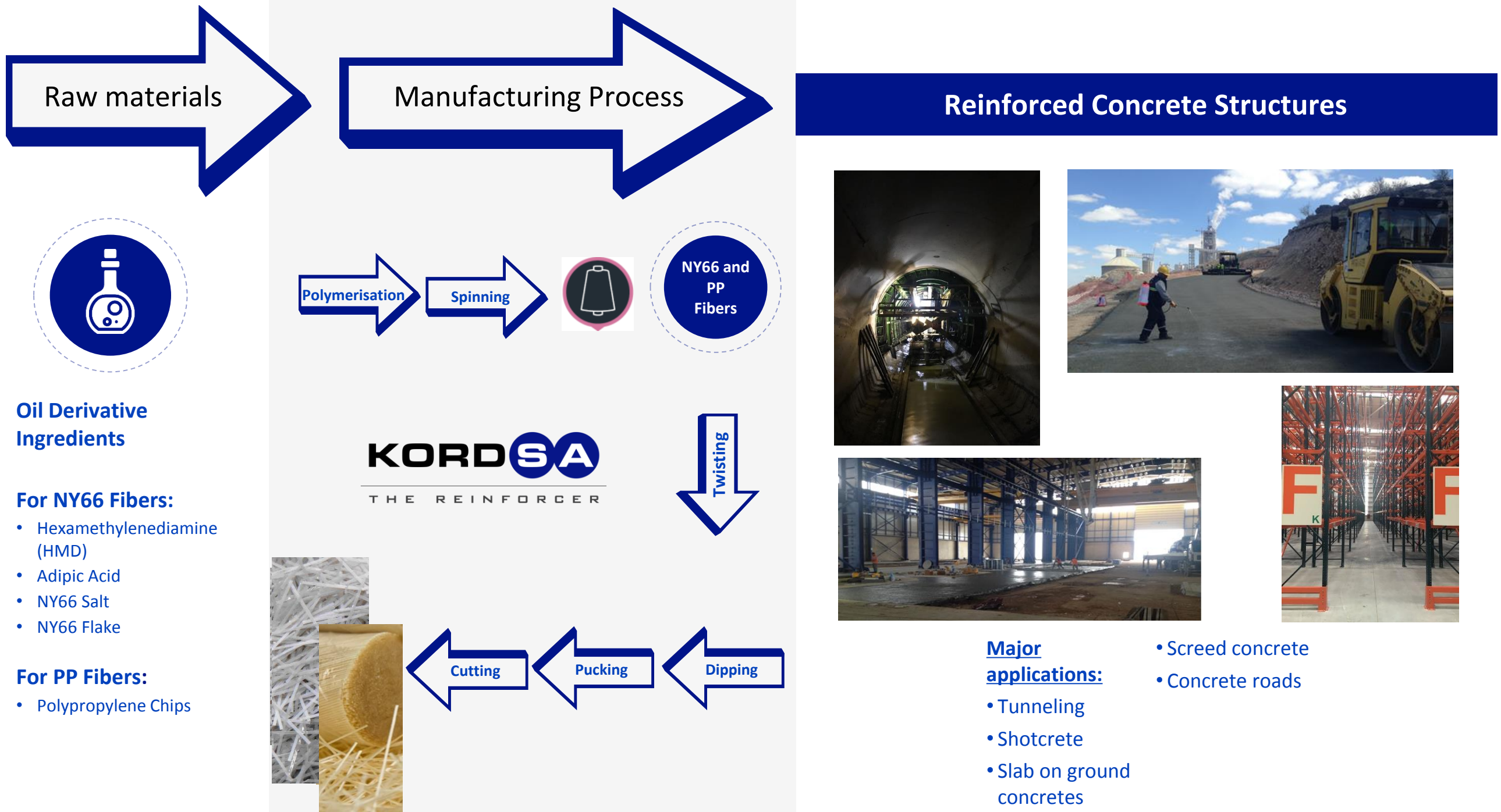
Overview of The Composites Value Chain



- Composites use in aerospace & automotive is increasing, due to improved material properties and weight savings over conventional materials
- «Lightweighting» is a major theme, driven by emission regulations as well as fuel-efficiency needs

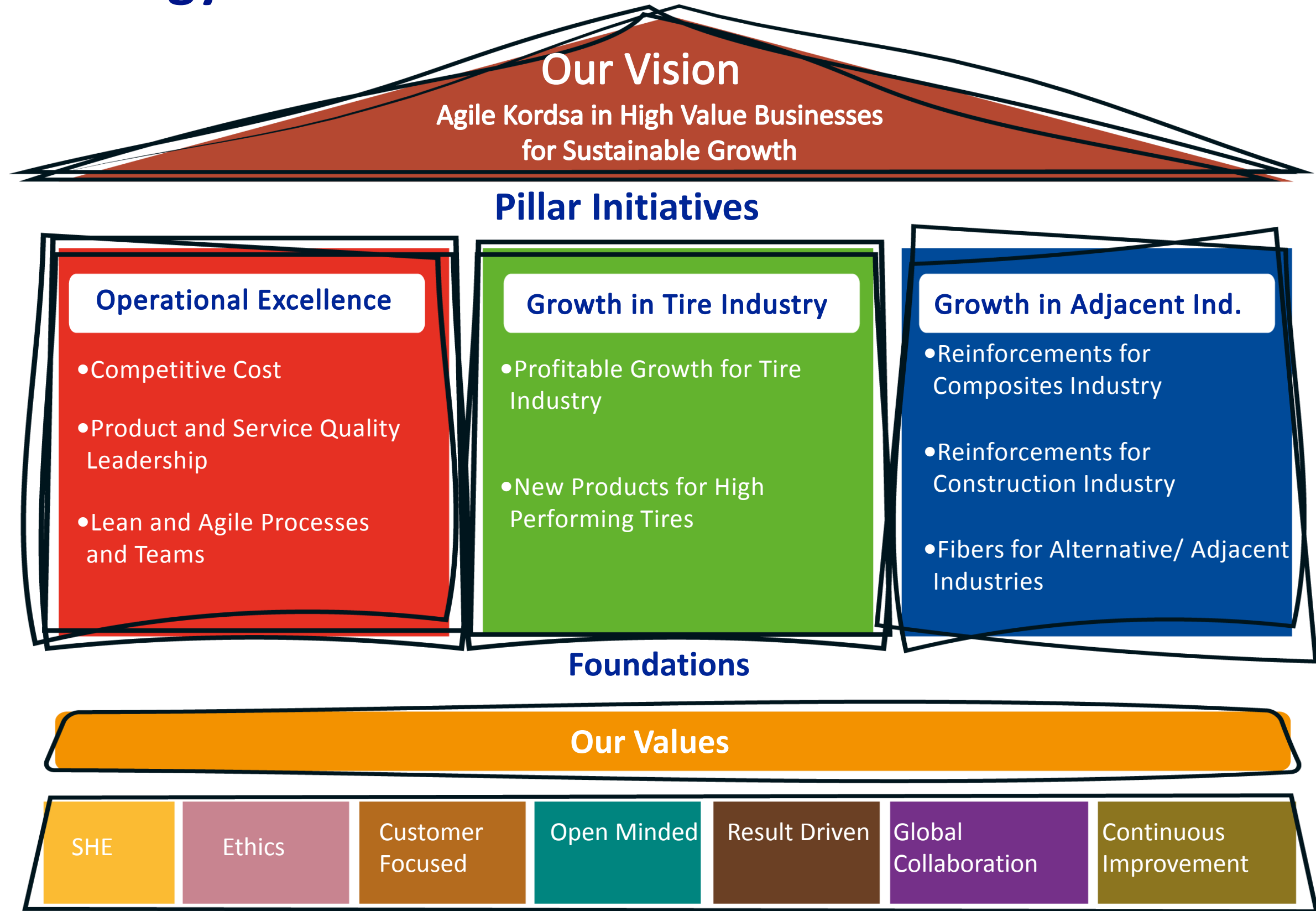
Kordsa fabrics and prepregs offer cutting edge solutions for aerospace & automotive markets

Overview of The Construction Reinforcement Value Chain



Kordsa's Kratos Fiber Reinforcement are applied in Superstructure & Infrastructure Solutions

Strategy House



Must Win Battles

1. Operational Excellence

- a. Continue TPM implementation at every site for zero incident, zero defect, zero downtime
- b. High capacity utilization and/or optimisation at all entities
- c. Local Talent Development for cost and productivity

2. Profitable Growth in Tire Industry

- d. Focus on high value add segments
- e. Investing for smart plant, deployment of Industry 4 developments to support growth - future plant concept
- f. Continuous Renewal of Product Portfolio – new product revenue and increase approval base

3. Profitable Growth in Adjacent Industries

- g. Ramp up Composite Reinforcement Business and complete inorganic growth
- h. Ramp up Construction Reinforcement Business - PP line start up and global collaboration/ partnership
- i. Find out Alternative end uses for NY6.6

Focus on tire industry for profitable growth, selectively grow adjacencies

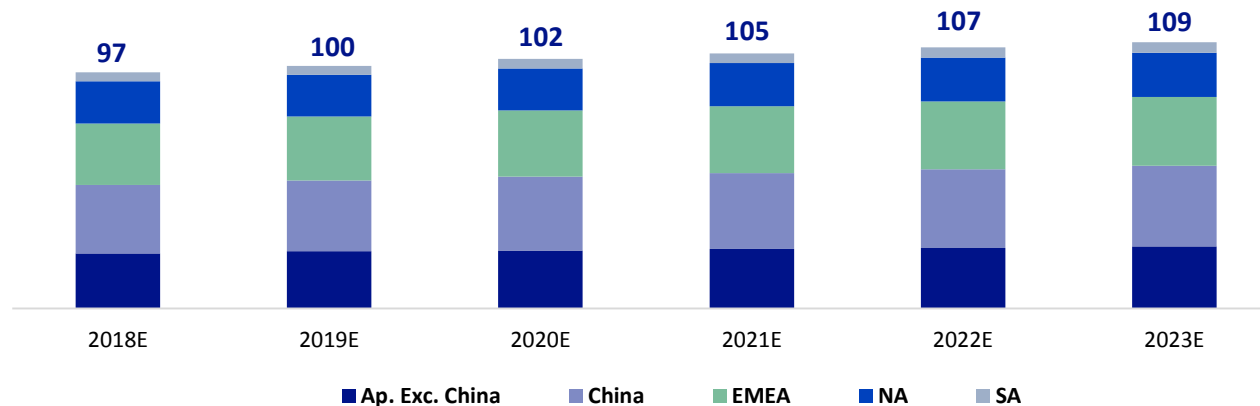


Market Dynamics

Global Automotive Market

Global LV Assembly – M Units / Year

2018-2023E CAGR: +2,5%

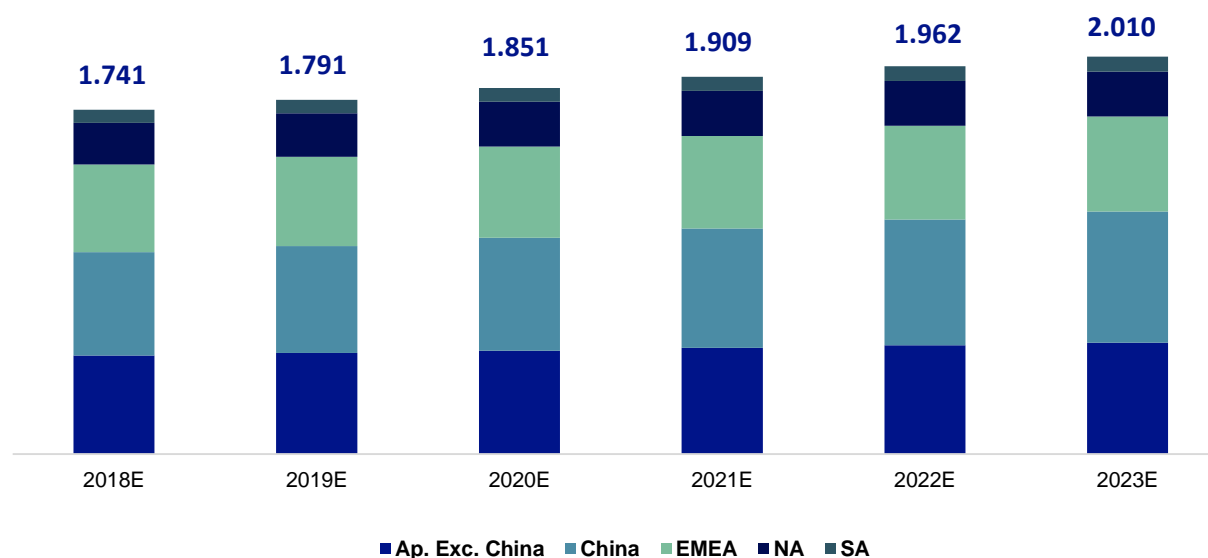


Source: PWC Autofacts

Global Tire Market

Global LV Tire Production– M Units / Year

2018-2023E CAGR: +2,9%



Source: LMC Tyre Forecast

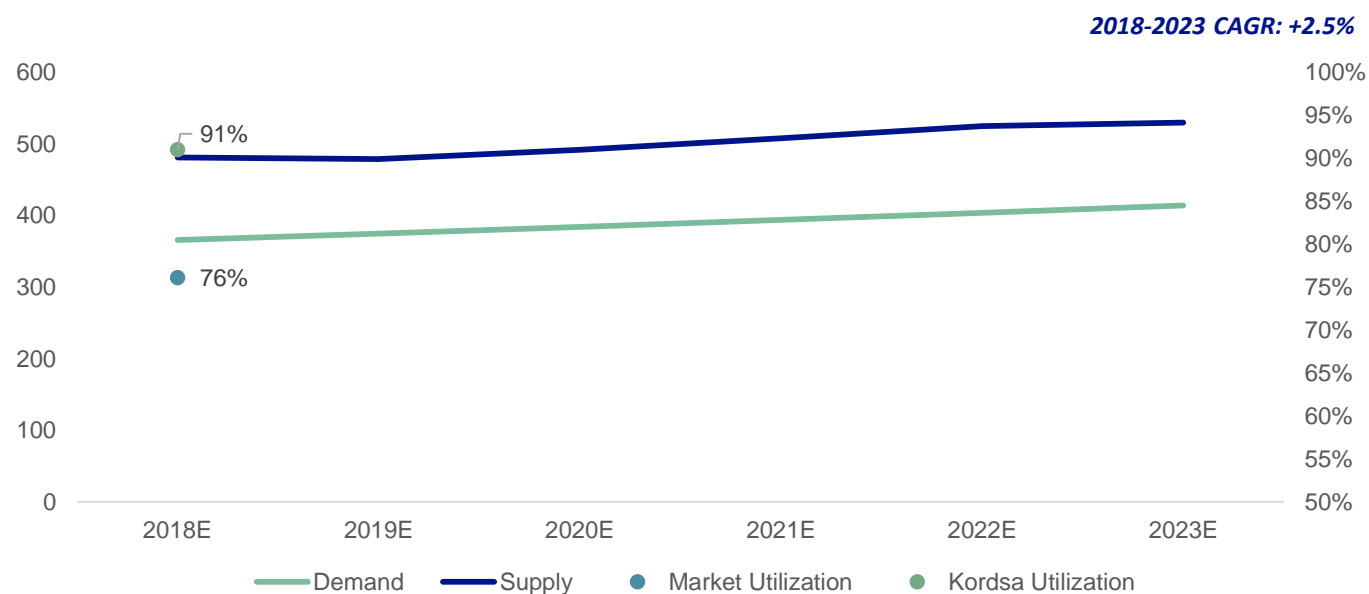
- **AP Exc. China:** +2.4% ASEAN region expected to grow
- **China:** +3.4% Demand expected to grow parallel with GDP increase, effects of tariff wars
- **EMEA:** +2.2% Middle East is expected to continue to grow
- **NA:** +1.0% negative effects of tariff wars, Crossover segment demand is strong
- **SA:** +2.5% Market is recovering

Tire Market mainly correlated to Automotive Market Growth.

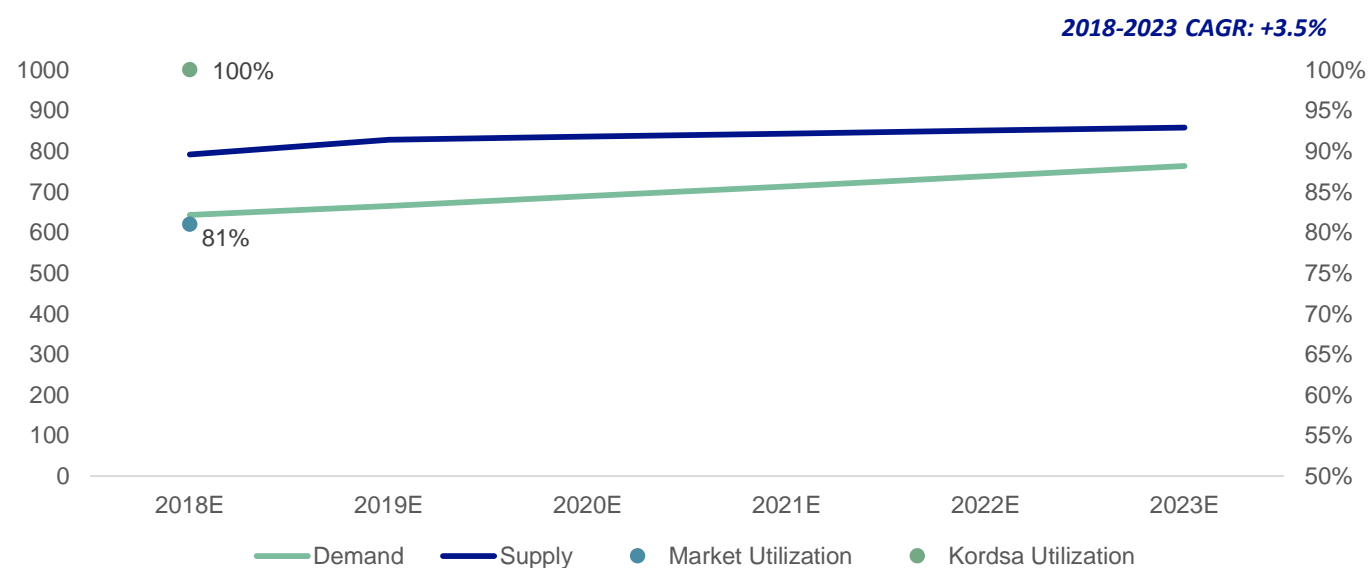
- **AP Exc. China:** +2.5%
- **China:** +4.9%
- **EMEA:** +1.7%
- **NA:** +1.3%
- **SA:** +3.0%

Market Dynamics

Tire Reinforcement Market (NY6.6)



Tire Reinforcement Market (PET)



Nylon 6.6

- Limited number of suppliers & increasing demand for another market, Engineering Plastics category, drive NY66 raw prices higher. Engineering Plastics market pays higher premium.
- Switching to Ny6
- Newcomers in NY66 from China (Kangwei, Dikai)
- PET usage in cap-ply

PET HMLS

- Further growth of existing emerging PET HMLS producers (Hailide, Hengli, Far Eastern)
 - Consolidation by Indorama (acquiring PF Kaiping, Glanzstoff, Durafiber)
 - Increasing PET usage in Tire
- (*Capacity increase news aren't common for further years. Therefore supply's increase is shown smaller after 2019)

Kordsa Highlights

1

Market leadership based on longstanding strategic partner status with all global tire players

2

Global footprint with large presence at growth regions

3

Volume growth supported by favourable OE and replacement tire demand

4

Technology leadership at the cutting edge of reinforcement

5

Growth opportunities from new tire reinforcement products and adjacent construction and composites reinforcement sectors

6

Strong cash generation and dividend payout

7

Experienced management team with proven track record



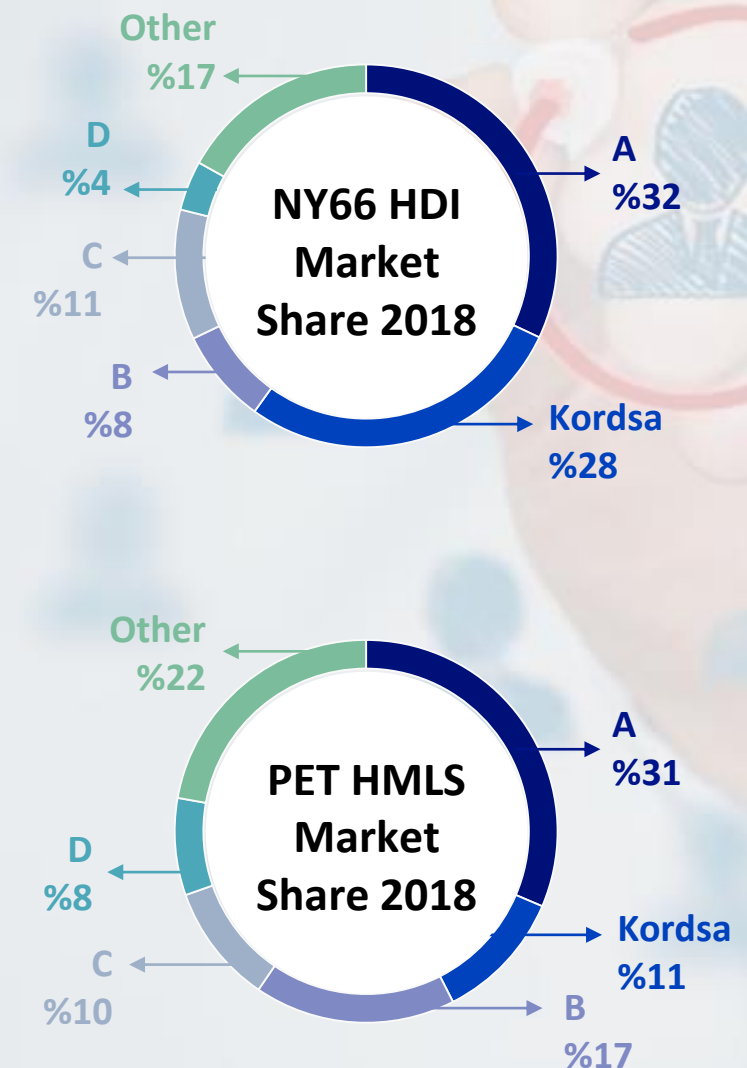
Market Leadership Based on Longstanding Strategic Partner Status with All Global Tire Players

Nature of customer relationship as key barrier to entry

	Length of relationship	Typical length of approval period ^(a)	Co-development projects
Global Tire Player 1	Since 1986	~ 5 years	✓
Global Tire Player 2	Since 1995	~ 5 years	✓
Global Tire Player 3	Since 1973	~ 3 years	✓
Global Tire Player 4	Since 1985	~ 2 years	✓
Global Tire Player 5	Since 1973	~ 3 years	✓
Global Tire Player 6	Since 1987	~ 2 years	✓

(a) For a new supplier

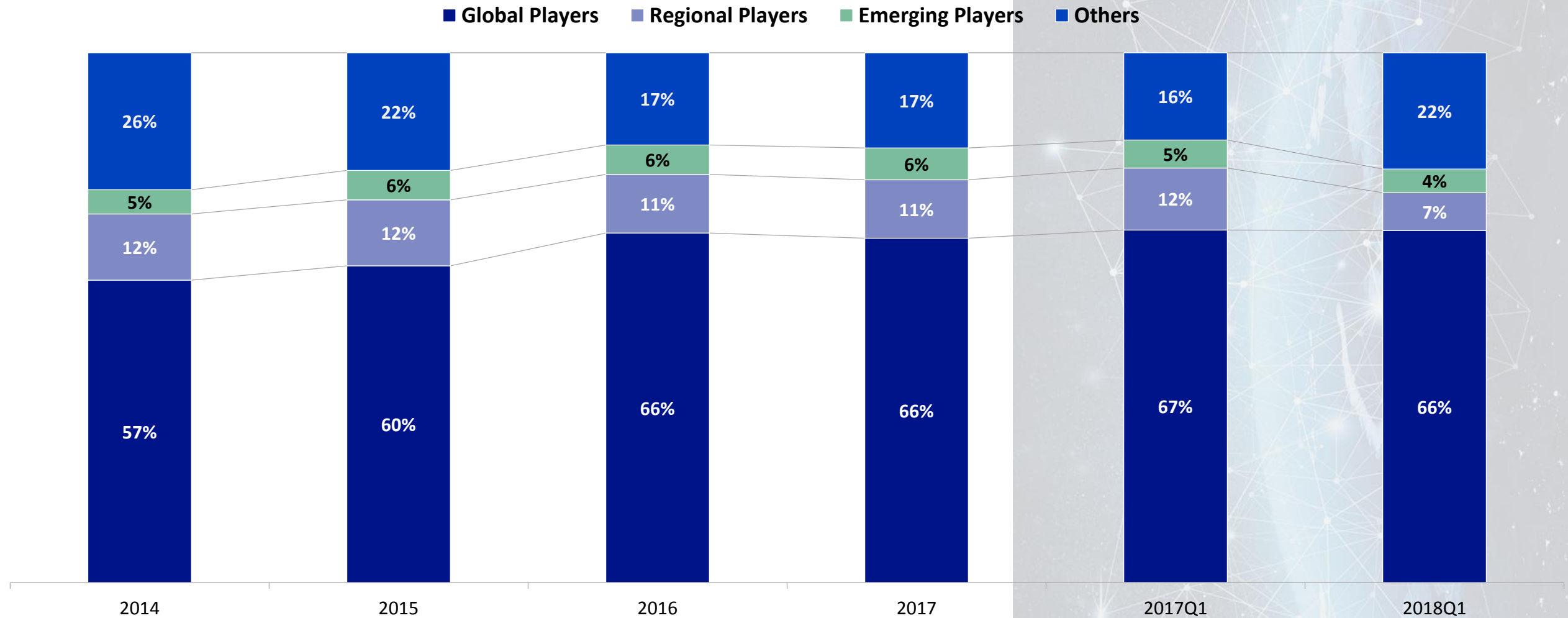
Leading market shares



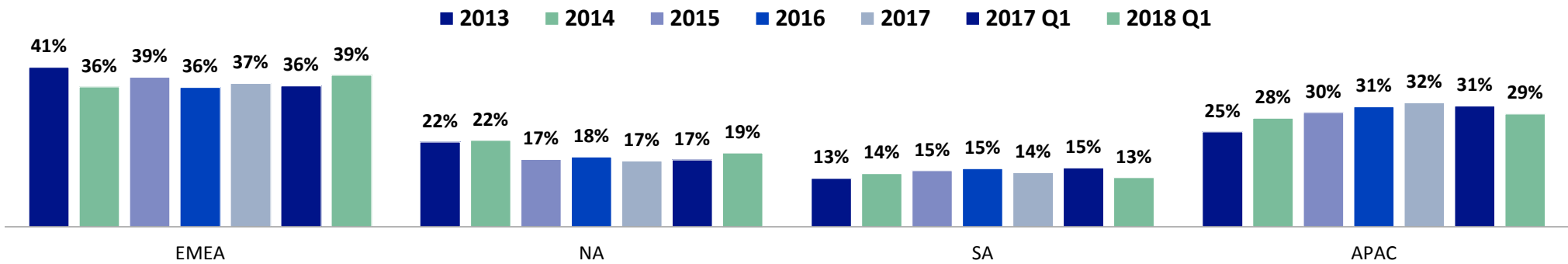
Source: Company Estimate

Strong barriers to entry for new comers

Capitalize on Global Footprint and Entrenched Supplier Status with All Key Tire Manufacturers - Segmental Progress



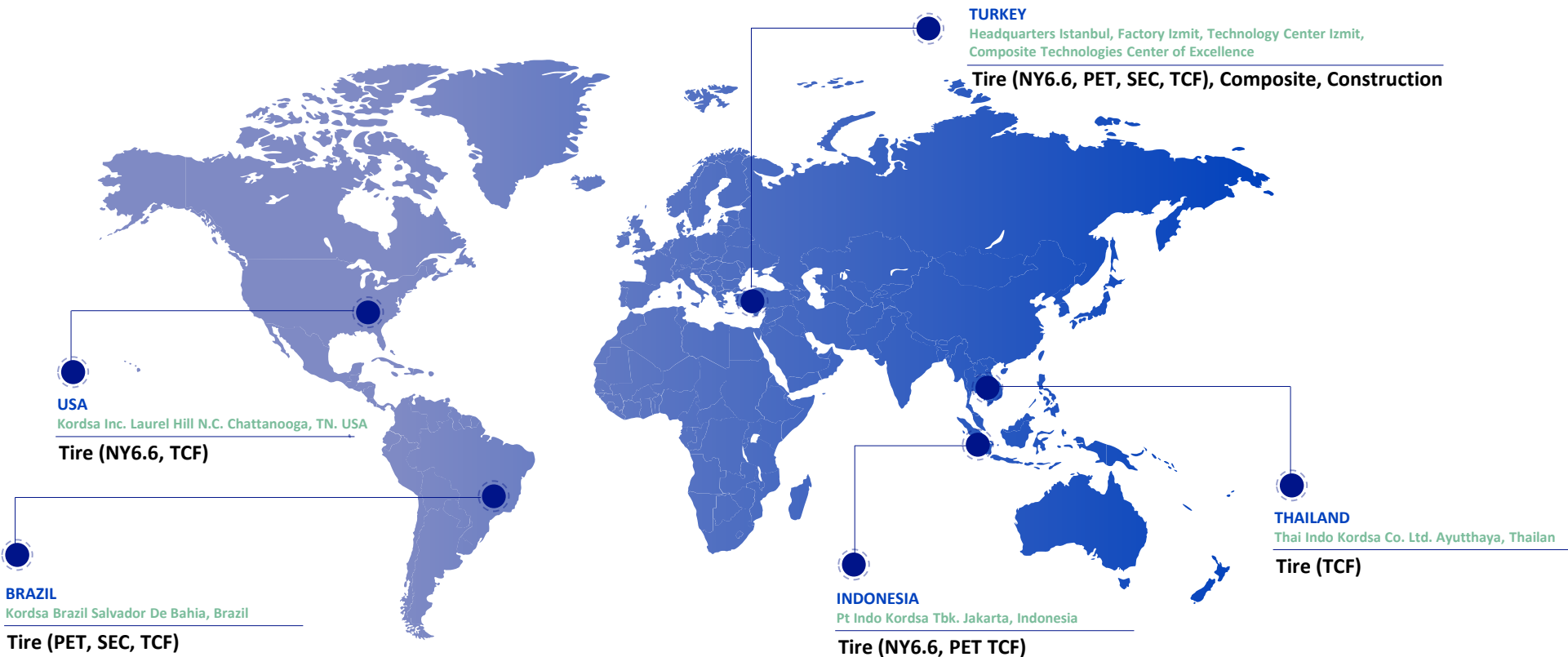
Global Footprint (Revenue)



Kordsa market position

- #1 NY TCF producer
- #1 PET TCF producer
- #1 NY TCF producer in the US
- The only PET yarn, TCF and SEC producer in LATAM
- #2 NY TCF producer
- #2 PET TCF producer

Regional footprint versus key competitors

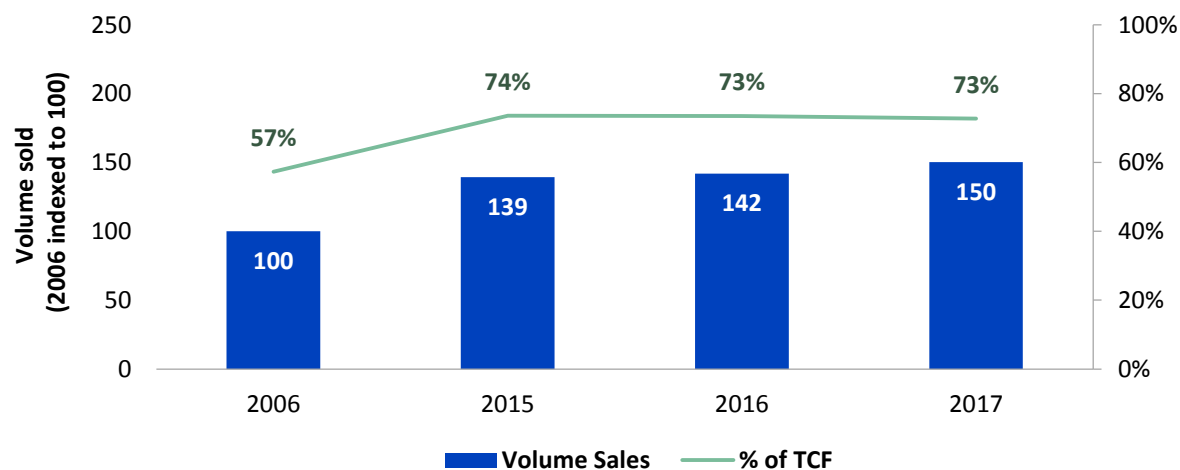


Well – Positioned to Enable Volume Growth

Comments

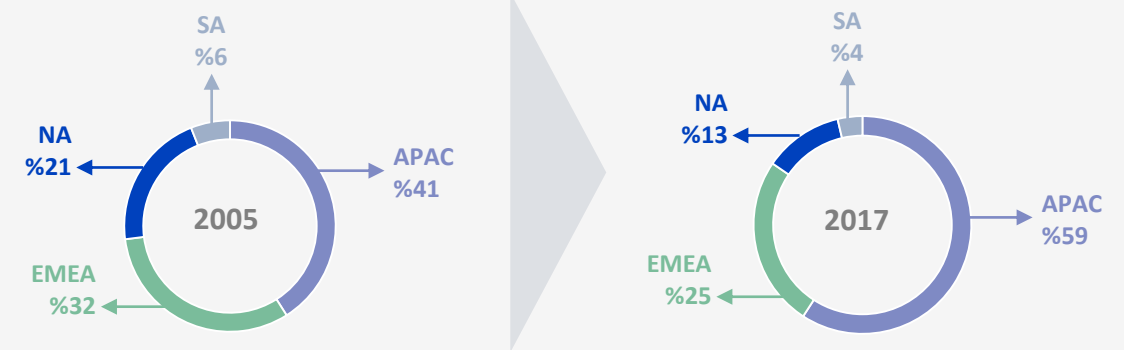
- Fabric form contributes the highest value add
- Disciplined approach to optimizing footprint
- 2015 investment in Indonesia has increased polyester tire cord fabric capacity by 18 ktons
- * enables regional growth in technology-advantaged PET segment with global and emerging customers
- Further investment in PET HMLS for new generation yarns
 - In TR for 6-6.5 ktons – due for completion in Q4 2018.
 - In Indo for 6,5 ktons – completed in Jan-2018.

Kordsa TCF volume development(a)

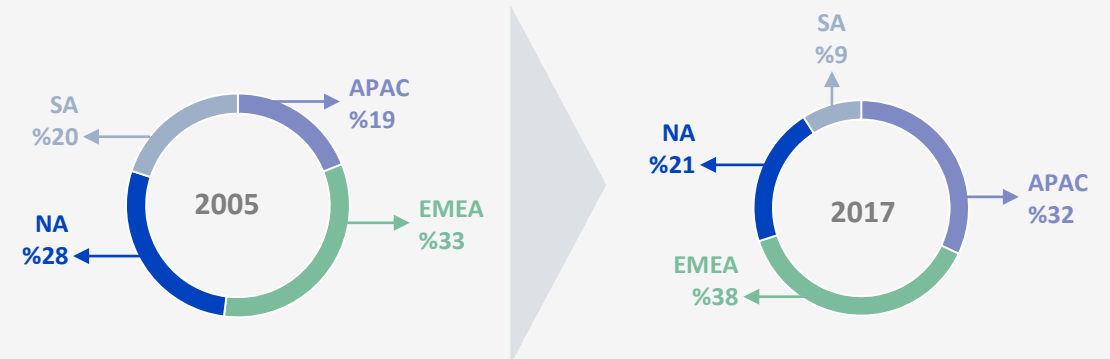


(a) Volume development adjusted for divested volumes
 (b) Capacity expansion has finalized as of January 2015

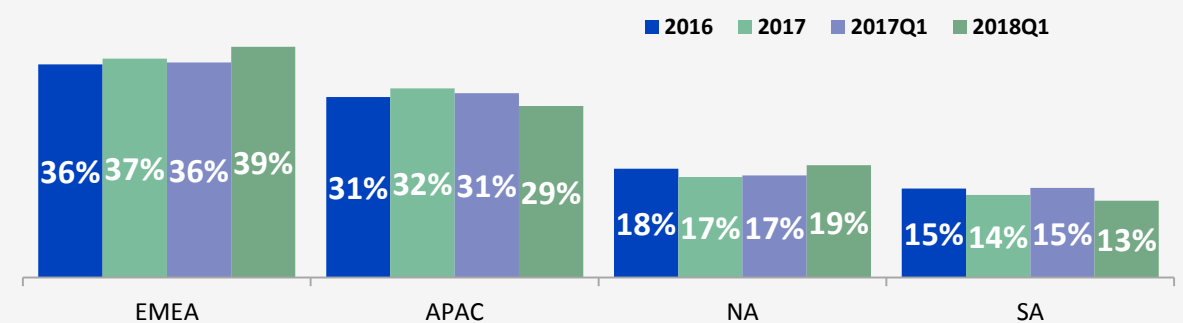
Light Vehicle Tire manufacturing market evolution



Kordsa regional capacity development

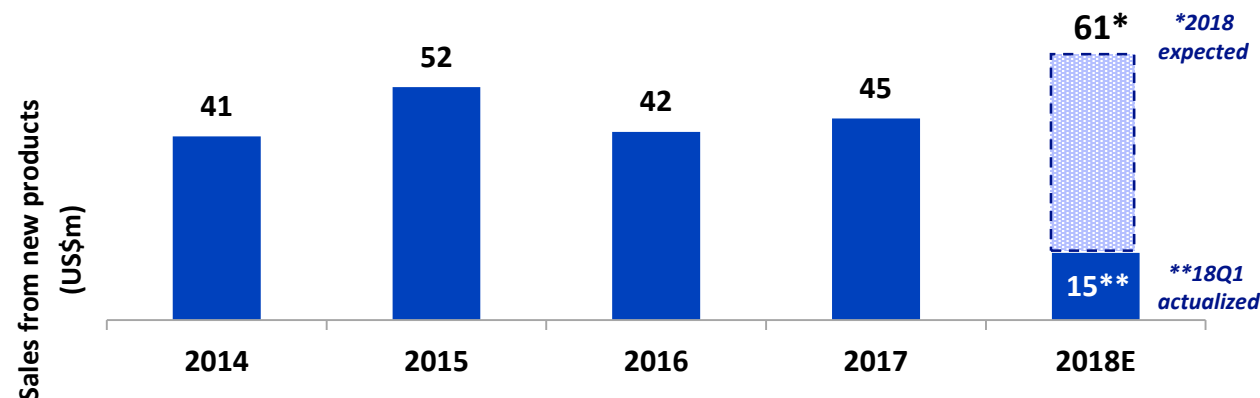


Revenue Split



Technology Leadership at The Cutting Edge of Reinforcement

Strong focus on R&D



* Once “new product life cycle” is completed in 7 years, it is transferred to “regular sales” portfolio
 * Incl. Replacement products and incremental new products

Cutting edge new products

Twixtra

✓ Rolling resistance improvements through higher modulus for high performance tires

MONOLYX

✓ Protection layer for truck & bus tires; reduces tire weight

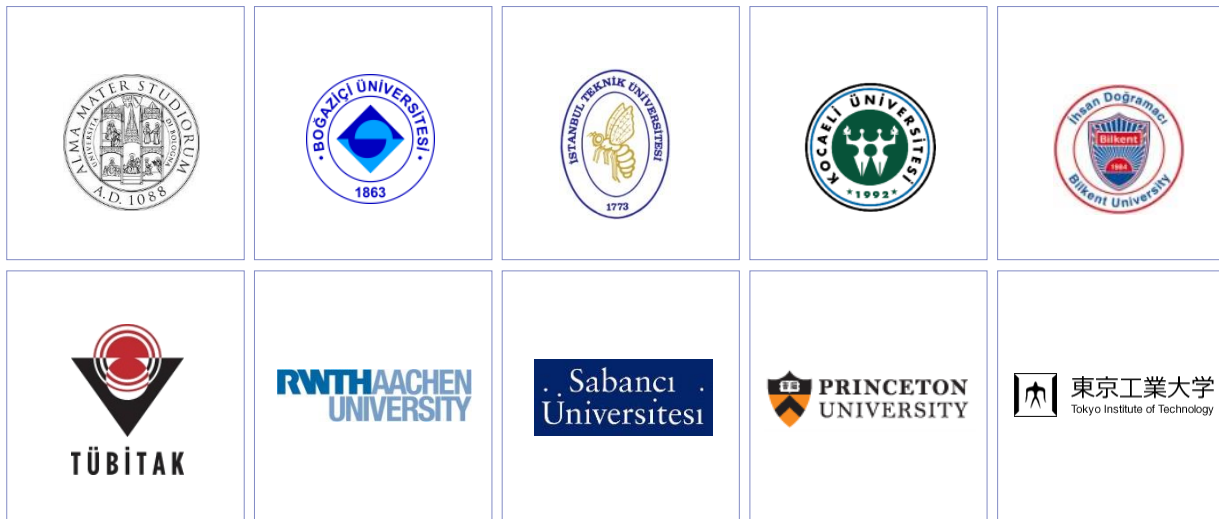
T802

✓ 7% higher tenacity and better fatigue performance for aircraft tires (bias)

4G PET

✓ 10% higher dimensional stability for better tire performance (improved labeling)

Selected collaborations(a)



(a) includes both, universities as well as individual academics from the names institutions

Leadership in Innovation and Technology”



- Best performed R&D center award of the year 2014 in all industries.
- R&D Center ranked best in textile category for the last 6 years by the Turkish Ministry of Science, Industry and Technology



- Innovation Strategy Champion Turkish Exporters Assembly/InovaLeague



- Among the national top 6 institutions of R&D patent registration in Turkey.

Annual R&D expenses correspond ~1% of the consolidated revenue

Further Growth Opportunities: Composite

Mid-term opportunity: composites reinforcement

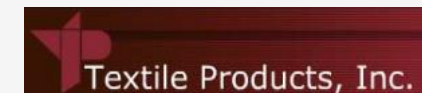


Current status

- Composite Technologies Center of Excellence opened in 2016 (~30 MM\$ investment)
- Ongoing development programs & joint projects with aerospace & automotive customers and major universities in both Turkey and Europe.
- Our target markets are Aviation, Automotive, Maritime and also Rail Systems

Buy & Build

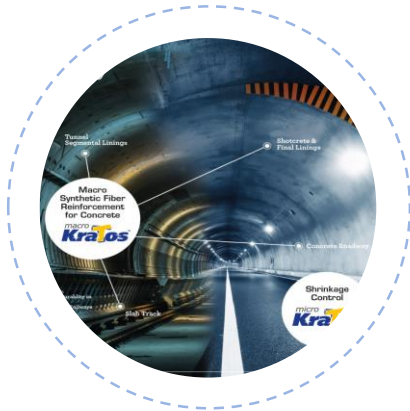
- Initial step of acquiring FDI & TPI in the US
- Regulatory approvals are obtained from authorities, closing expected in Q3 2018



- Potential M&A targets are always under consideration (Competency fit and development opportunities, market penetration and growth)

Growth Opportunities: Construction

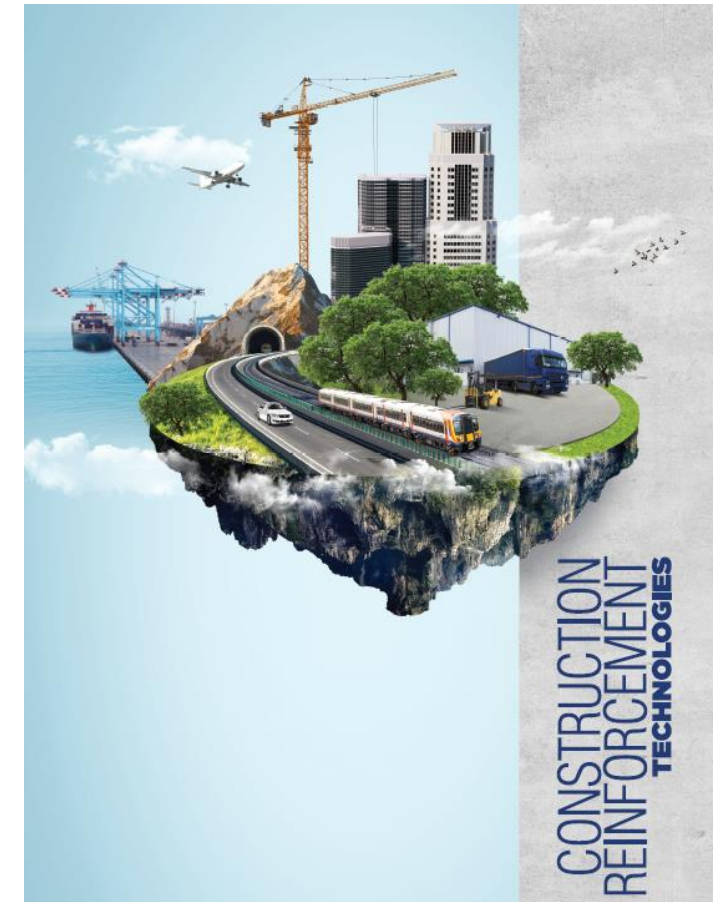
Construction Reinforcement



Samsun 2nd and 3rd Stage Light Railway Track Slab (Non- Conductivity Concrete Reinforcement) *KraTos Macro Reinforcement*

3rd Bosphorus Bridge Toll Booths and Electronic Pass Areas (Non-Conductivity Concrete Reinforcement) *KraTos Macro Reinforcement*

Asyaport Tekirdağ Port *KraTos Macro Reinforcement*



Current Status

- KraTos Macro & Micro Synthetic Fibers are approved and applied in over 50 significant superstructure, industrial and infrastructure reference projects.
- Non-conductivity concrete reinforcement applications with KraTos Synthetic Fiber Reinforcements are approved in significant government-funded infrastructure projects.
- "KraTos CEM: Bagged Cement With Pre-Dosed KraTos Micro Fiber Reinforcement" projects development studies continue.
- Kordsa İzmit Plant, R&D Concrete Lab technical and test equipment capabilities have increased. Technical Project Report service will be available for infrastructure projects.



July 2018

We have launched our new **Polypropylene Monofilament Fiber Reinforcement** production line.

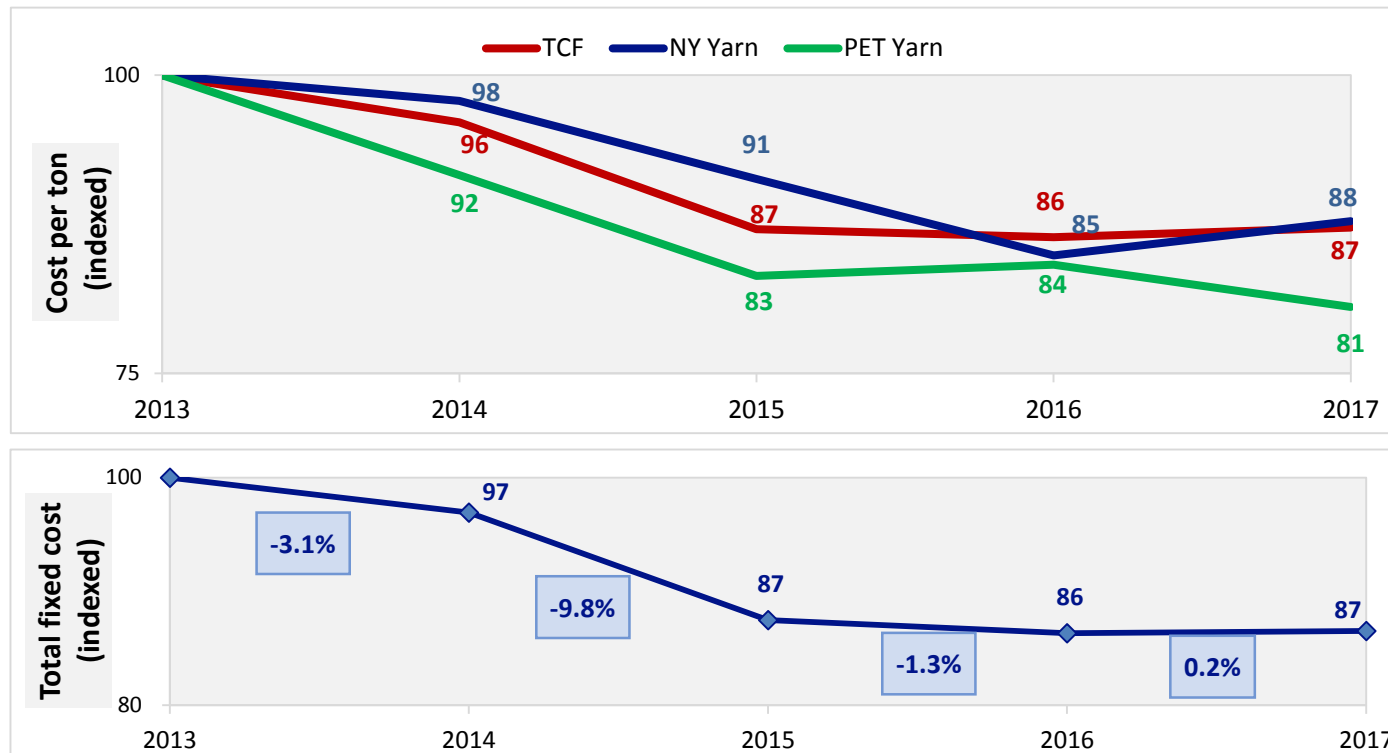
Let's check **our latest post!**

Discover →

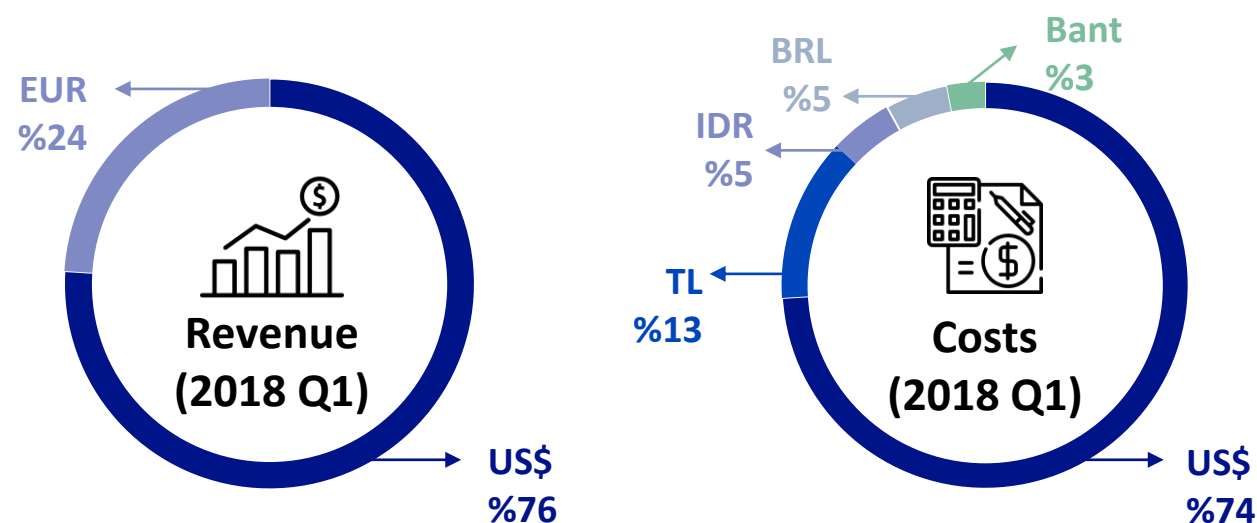


Well-Positioned for Strong Cash Generation and Dividends

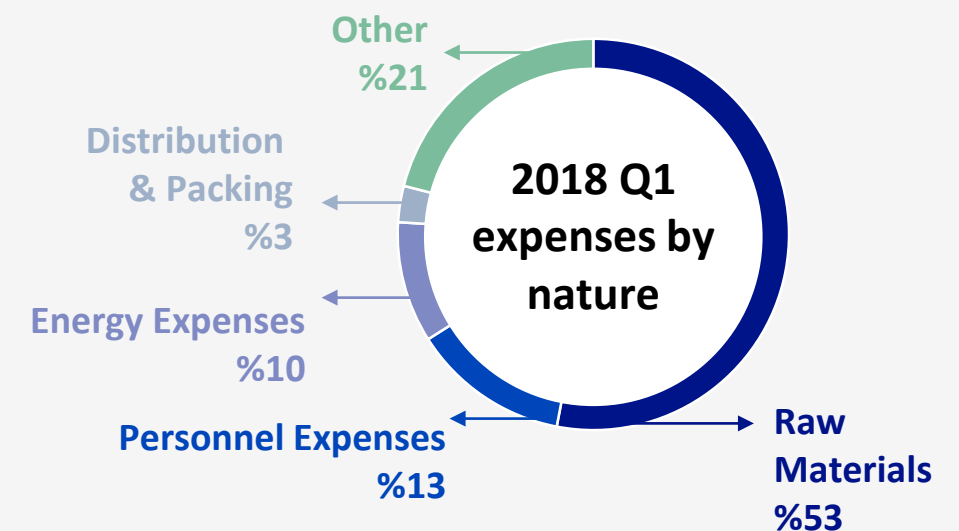
Cost development (US\$)



FX exposure



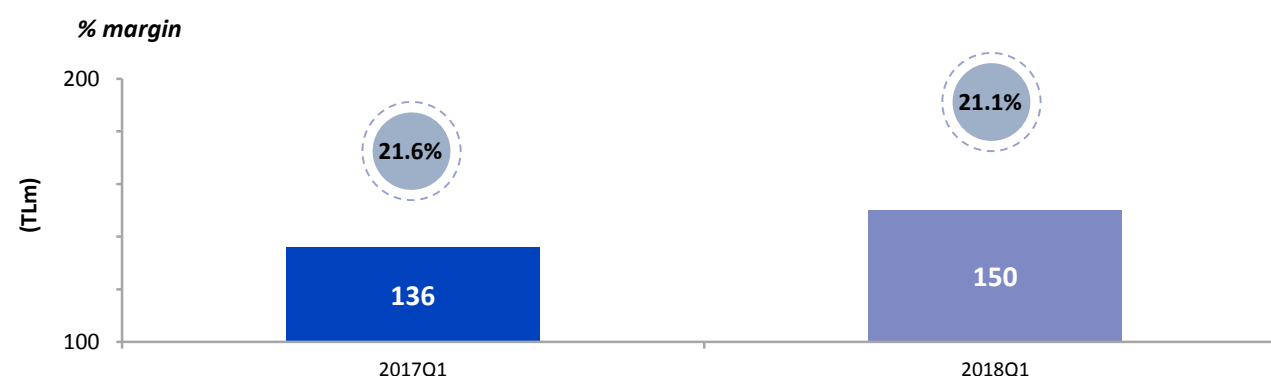
- Demonstrates value-based pricing model
- Ability to pass through raw material price volatility:
(Revenue – raw material costs) tracked as a KPI by sales team
- Conversion costs as a key metric for management KPIs (main components are personnel expenses and energy costs)



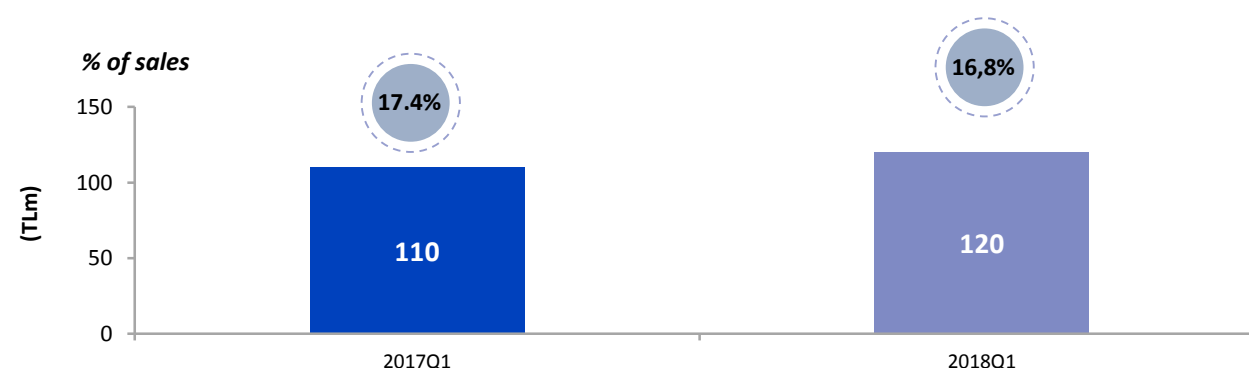
- Hard currency revenues
- FX exposure on costs => EM footprint on local costs + hard currency priced raw materials
- Benefit from US\$ appreciation vs. TL, IDR and BRL

Well-Positioned for Strong Cash Generation and Dividends

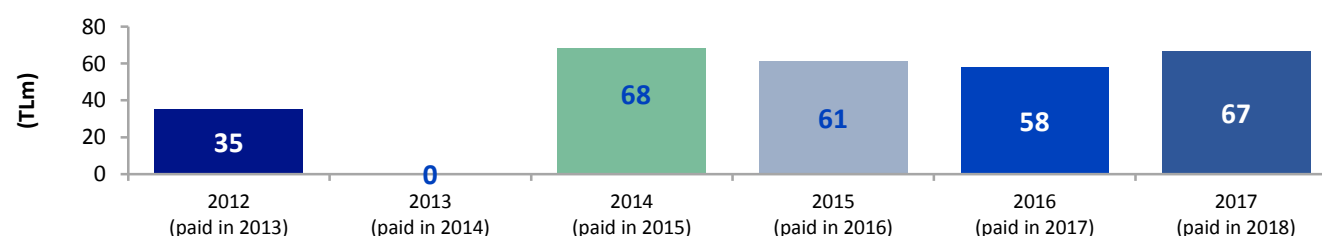
Gross profit



EBITDA*



Dividend distribution



Comments

- **Price is a function of**
 - Value Proposal of Product including services offered
 - Product type (nylon vs polyester or fabric vs yarn)
 - Raw Material Price Movement (formula based pricing with adjustment on raw material indexes)

- **10 yrs avg EBITDA 12,0%**
- **Target is progressive improvement in EBITDA margins over the medium term**
 - Focus on value
 - Improved Total and per kg Fixed Cost
 - Successful selling, general and administrative ("SG&A") cost reduction initiatives across all business units
 - Positive contribution of new products and adjacent businesses

- **Dividends:**
 - Lower of the Kordsa Turkey solo tax books (VUK) or Kordsa Consolidated TFRS (IFRS) net income - subject to general assembly approval

EBITDA* = Gross Profit – OPEX + Depreciation/Amortization

Kordsa's Guidance & Financial Policy

Our company guidance for financial year 2018 is as follows:

- Revenue : 15-25%
- EBITDA: 15-25%

(These growth rates do not include the effects of acquisition of Fabric Development Inc. and Textile Products Inc.)

As of 02.07.2018:

The approval process of the Committee on Foreign Investment in the US (CFIUS) has been completed to acquire "Fabric Development" and "Textile Products Inc." which provide advanced composite materials to the commercial aviation industry. The closing process for the acquisition of FDI & TPI, which is estimated to be completed within one month, has been started.)

EBITDA margins

Kordsa is targeting progressive improvement in EBITDA margins over the medium term

Dividend policy

Distribution of all the distributable profits

- which is lower of the Kordsa Turkey solo tax books (VUK) or Kordsa Consolidated TFRS (IFRS) net income
- in the form of cash and/or bonus shares
- subject to general assembly approval

The distribution decision is agreed taking into consideration the sizable fixed asset purchases, acquisitions, covenants of current liabilities and the Company's mid and long term strategies, national and global economic conditions

Kordsa does not apply payment of advanced dividends.

Reoccurring Creep Capex

USD 23 million

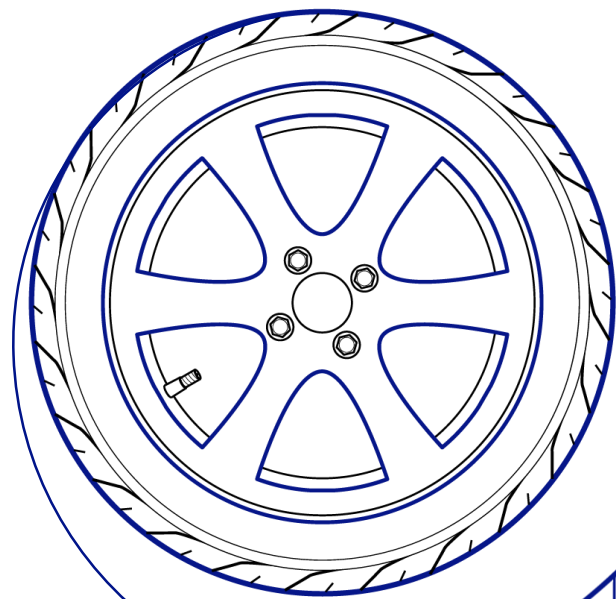
Update on The 2018 Q1 Results

Key Financials		
(in TL million, unless otherwise stated)	2017 Q1	2018 Q1
Sales	631	713
Gross profit	136	150
<i>Gross profit margin</i>	21,6%	21,1%
EBITDA* (b)	110	120
<i>EBITDA* margin (b)</i>	17,4%	16,8%
<i>SARM margin</i>	8,2%	8,4%
Net income (a)	61	61
<i>Effective Tax Rate</i>	15,5%	16,7%
WC Turnover	3,42	3,03
CAPEX (MMTL)	41	46
Net Debt/EBITDA	1,9	2,0
Dep./Amort. (MMTL)	25	29

(a) IFRS, excluding non-controlling interests portion

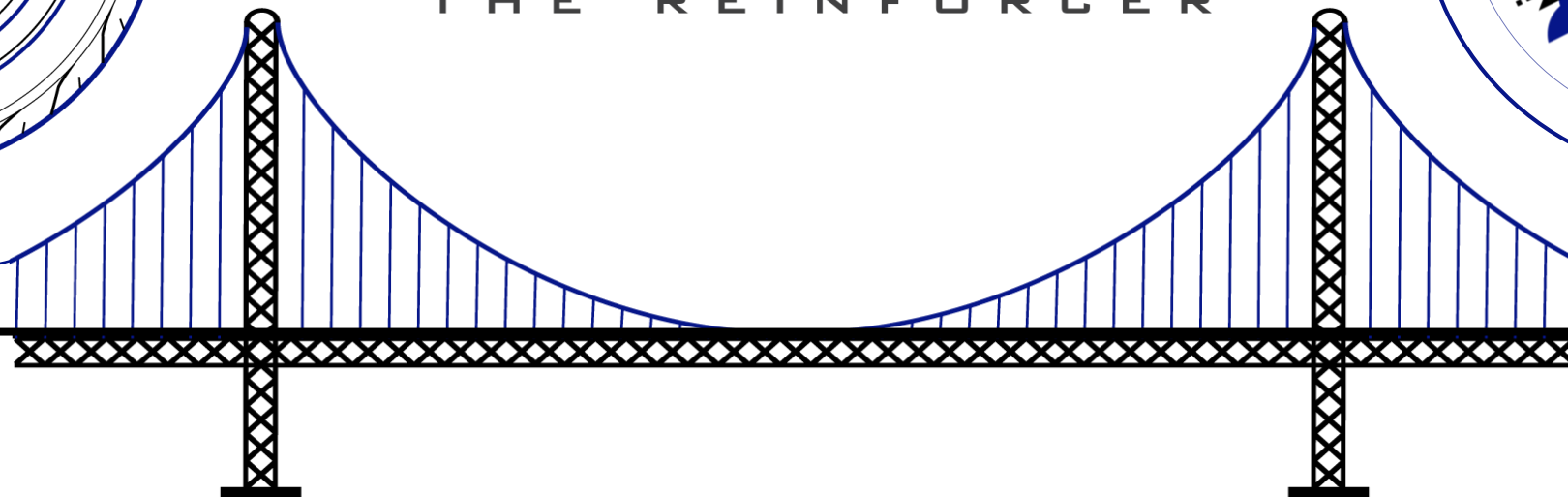
(b) EBITDA* = Gross Profit – OPEX + Depreciation/Amortization

Kordsa continues to perform well based on its value strategy



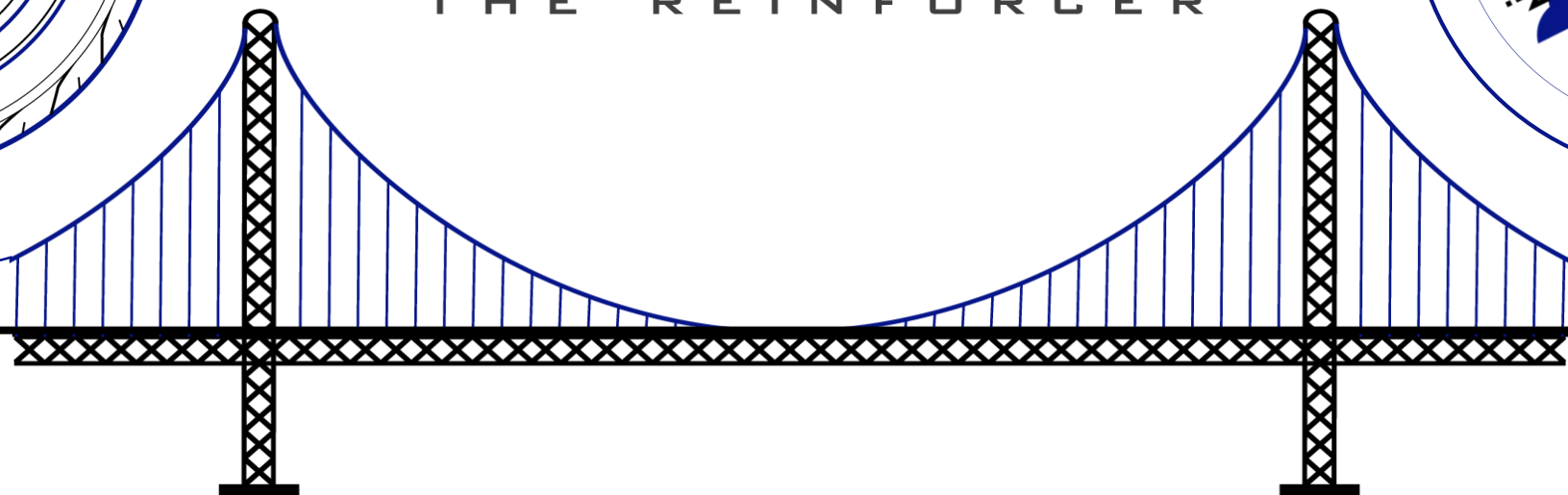
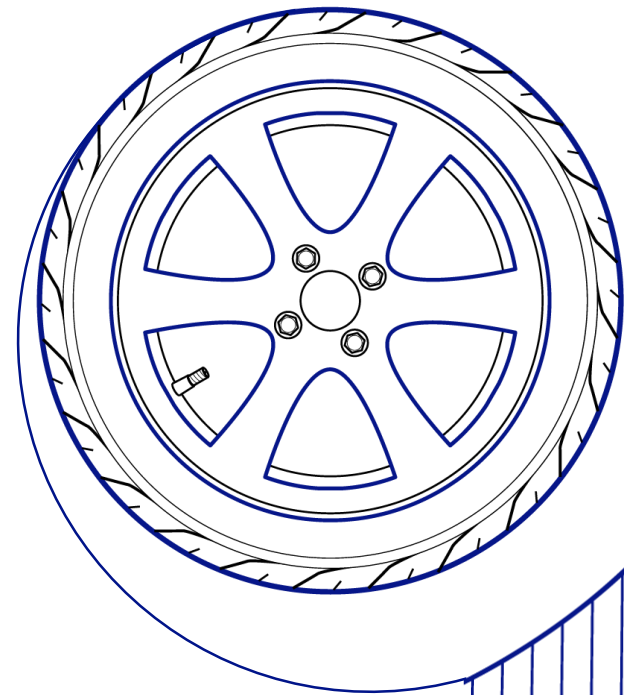
KORDSA

THE REINFORCER



We Reinforce Life

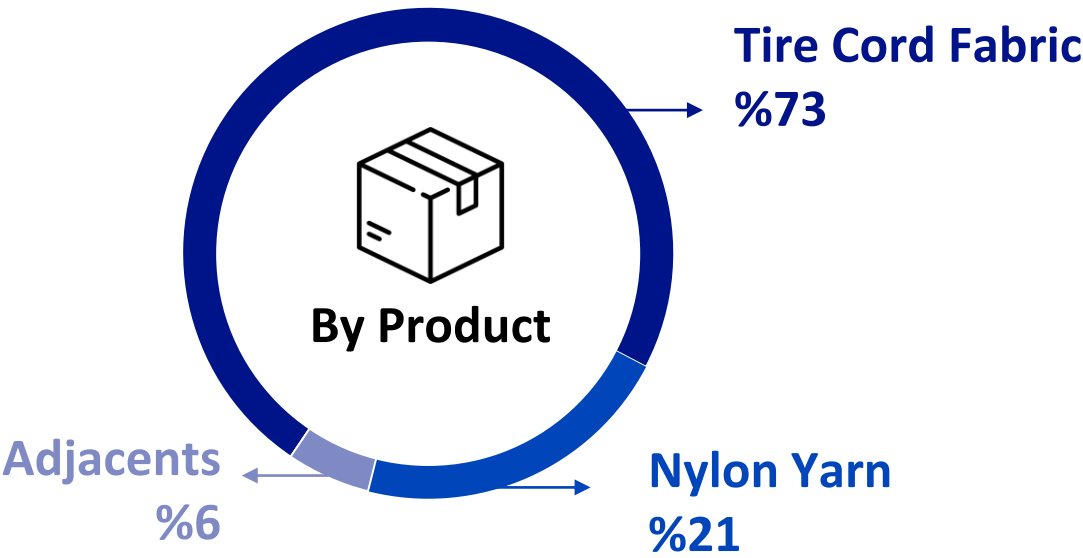
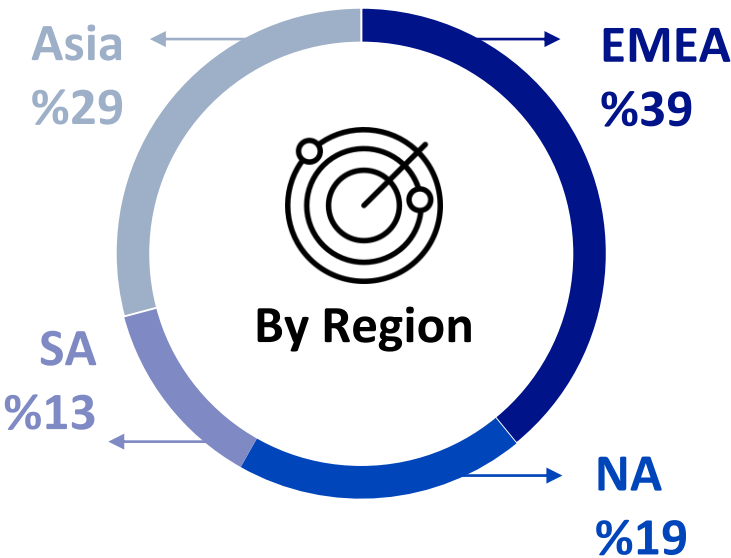
Reinforcing 2 out of every 3 aircraft tires and
1 out of every 3 automobile tires produced in²⁶
the world



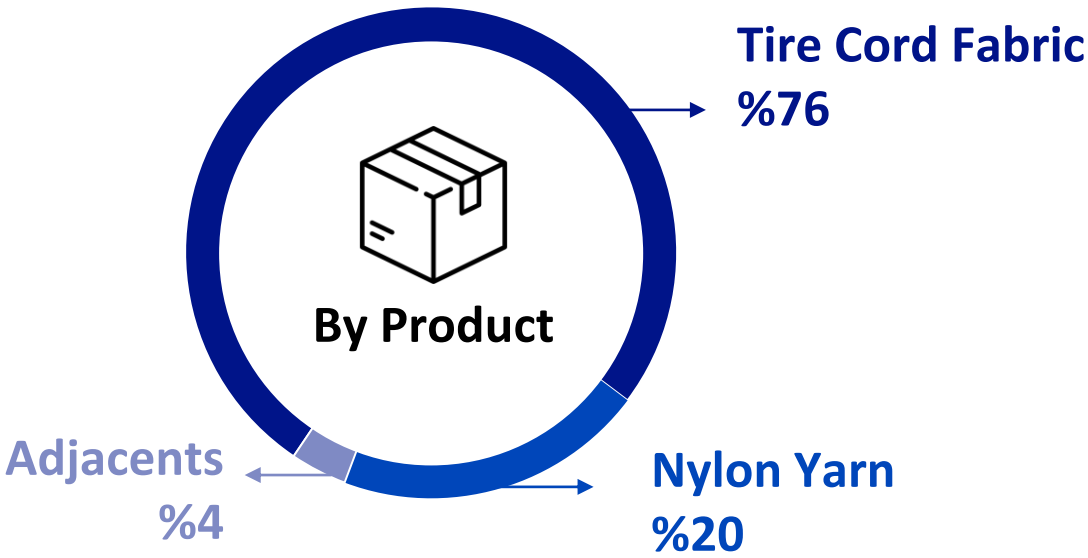
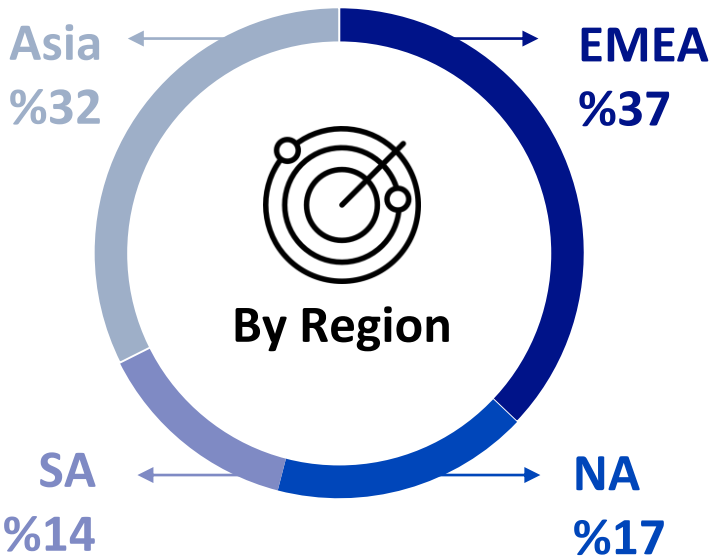
Appendix

Kordsa in Brief

2018 Q1 Revenue Split



2017 Revenue Split



FX Rates

FX Rates as of Mar,18

Monthly Avr	Mar	YTD	2017YE
\$/TRY	3,88	3,81	3,65
EUR/\$	1,23	1,23	1,13
\$/BRL	3,28	3,24	3,19
\$/IDR	13.757	13.576	13.557
\$/THB	31,28	31,54	33,94
Month End	Mar	YTD	2017YE
\$/TRY	3,95	3,95	3,77
EUR/\$	1,23	1,23	1,20
\$/BRL	3,32	3,32	3,31
\$/IDR	13.756	13.756	13.548
\$/THB	31,23	31,23	32,68



SABANCI INDUSTRIAL DAY

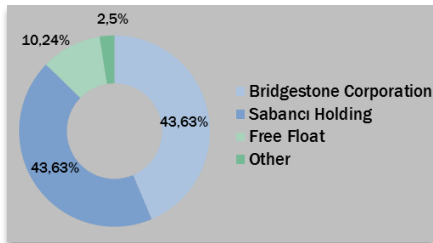
4 JULY 2018

BRIDGESTONE

SABANCI

BRISA AT A GLANCE

Strong Partnership of 30
Years
Best Governance with SA/BS



Tyre Manufacturing and Sales
with 2 Plants &
2.700+ Employees



Covered area

361.000 m²

146.000 m²

Production Capacity

11 mn units

4.5 mn units capacity planned in 2021

Product Groups



Passenger

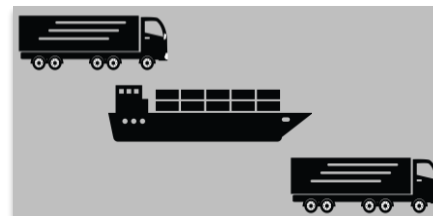
Motorcycle

Truck&Bus

Agriculture

Off-The-Road

Channels Served



Replacement

Export

Original Equipment

Brands

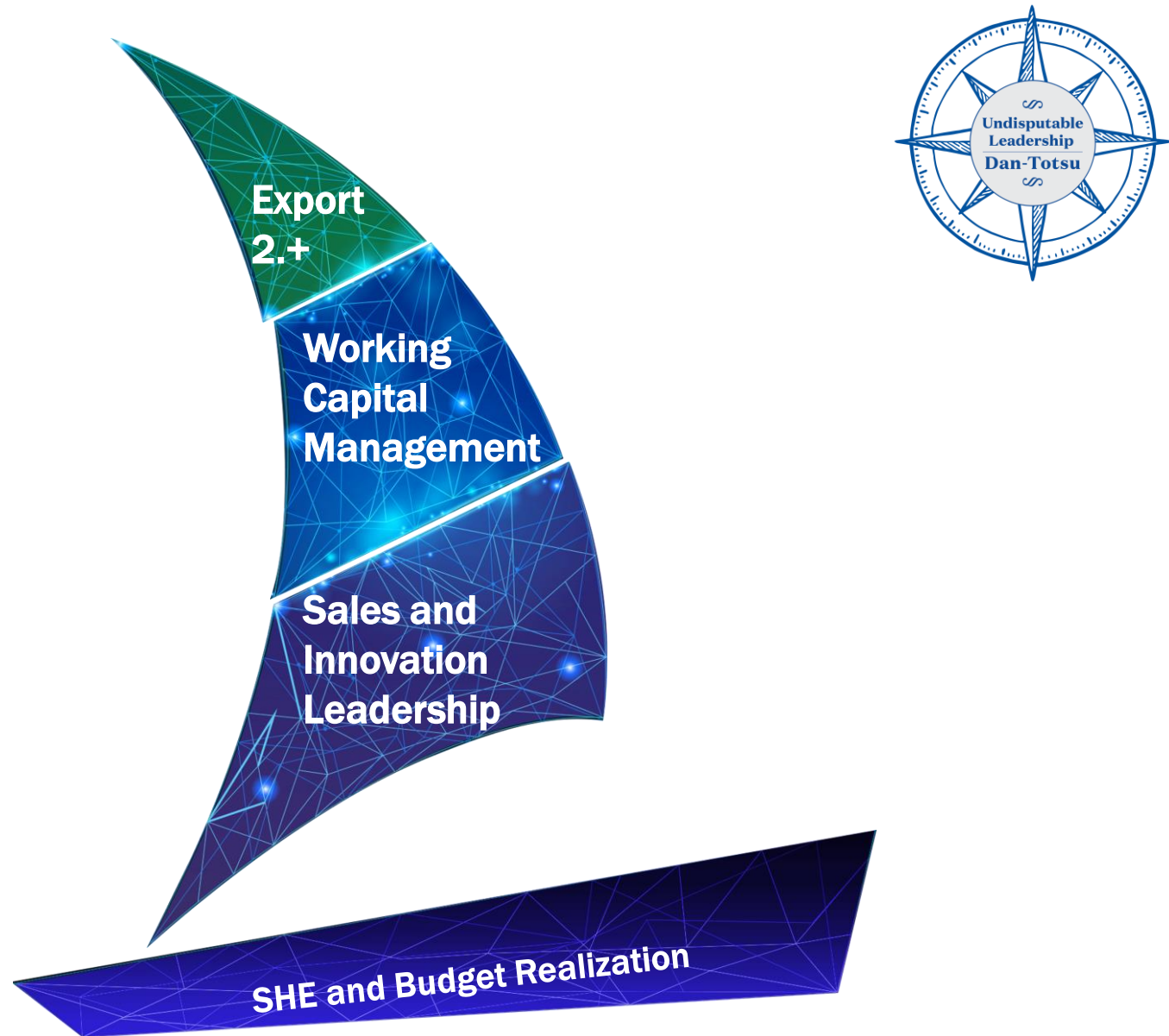
BRIDGESTONE

DAYTON

LASSA

bandag

BRISA STRATEGY...



WHY INVEST IN BRISA...

EXPORT DRIVEN GROWTH

6% CAGR in last 5 years

2018 Export Targets

15% Growth
210 million USD
5,4 million units



PROMISING & GROWING INDUSTRY

Growing automotive industry and vehicle pool

Potential in car ownership



UNDISPUTABLE LEADERSHIP

Leader in Turkish Replacement Market

Highest Brand Value in Turkish Tyre Market

Strong Brands
Strong Dealer Network
Innovation Leader
Technology Leader

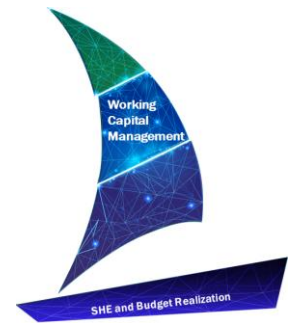


HEALTHY FINANCIALS

Record high operational cash flow

No FX and interest risk on bank debt

Opportunity in stock price



BRISA STRATEGY...



EXPORT DRIVEN GROWTH (32% of revenue)

6% average volume growth in last 5 years

2018 Target: Growth by 15%, \$210mn, 5,4 million units



Growth with

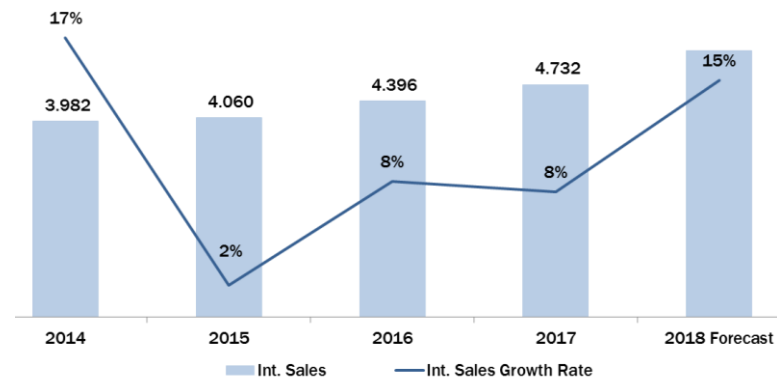
- high potential countries
- new countries
- new customers
- new channels

Focused EU Countries:
Spain, UK, Germany,
Italy, Balkans

Focused Non-EU Countries:
CIS, North Africa, and
Asia Pacific

Bridgestone
collaboration;
Bridgestone
export growth

Export Sales (Units & Growth rate)



APRIL YTD	R1 (EU)	R2 (NON-EU)
POOL	● -4%	● 11%
LASSA	● 7%	● 50%

Outperforming market growth
rates both in EU and in others

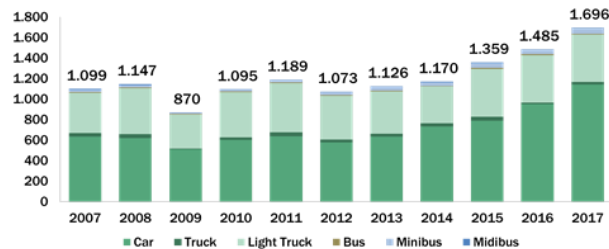
BRISA STRATEGY...



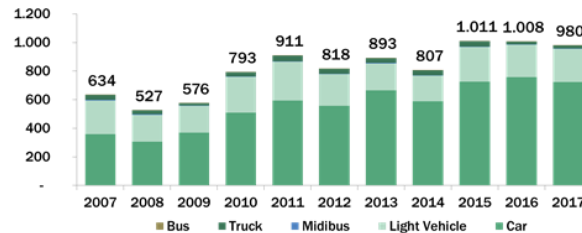
PROMISING & GROWING INDUSTRY, DOMESTIC CHANNEL

TURKEY VEHICLE PRODUCTION & SALES

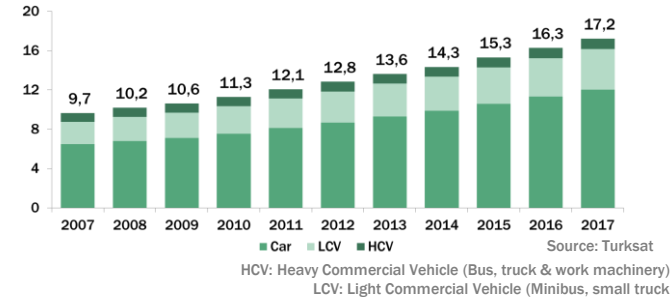
Vehicle Production (K Units)



Vehicle Sales (K Units)



Vehicle Pool (M Units)

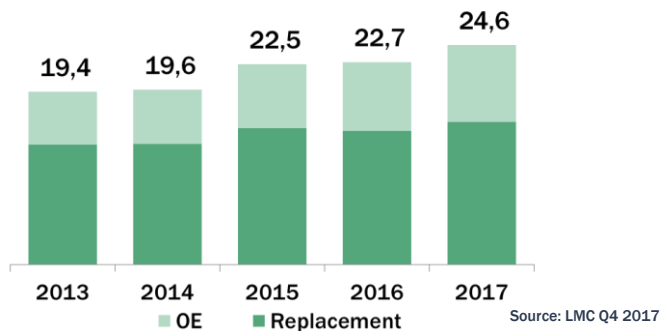


9% CAGR in last 8 years
Vehicle production increase trend continued in 2017.

7% CAGR in last 8 years
Vehicle sales stable for the last 3 years.

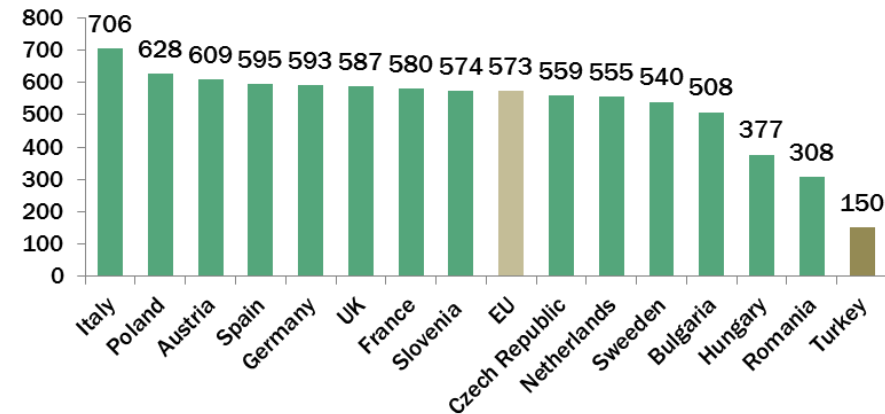
15 years continuous growth in vehicle pool
Vehicle density is the major indicator for growth

Tyre Demand (M Units)



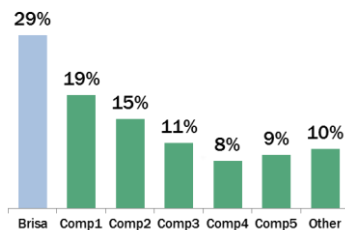
In The last 5 years:
6% average Total Growth
(world avg: 3,3%)
Both OE (9%) and Replacement (5%) are well above world average

Passenger Car / 1000 People



15% Penetration in car ownership
Growth Potential in Car ownership
in Turkey

SALES AND INNOVATION LEADERSHIP

Replacement
Market Share

By Far The Market Leader

Source: Europol
Consumer Products: PSR Car, LCV, HCV Product Groups

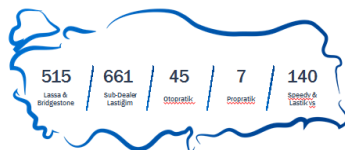
Strength in Brand Portfolio



45% market share in
Best/Better segment
with BS and LS

Entered to fighting
segment with Dayton

Strongest Dealer Network



~1.400 Points of Sales

Increasing
geographical
coverage priority

(000 Units)		Q1		
BRISA		2018	2017	%
TOTAL		1.343	895	150%
Consumer		1.161	740	157%
Commercial		176	153	115%
BRISA M/S%				
TOTAL		32%	24%	8%
Consumer		32%	23%	9%
Commercial		31%	30%	1%

Solid Increase in Sales and in Market Share

SALES AND INNOVATION LEADERSHIP

Innovation Leader

1 Commercial Solutions

100+ Profleet
Consultants

2M TL saving
fleet/year

1000+
vehicle/year

2 Fast Fit Service Business(Otopratik)

200 Targeted
Points of Sales

Preference : 1 out
of 3 customers

Franchise
Model

Battery
business

Digital Transformation In Replacement Business (Data Analytics)

1 Dealer-Distributor Management

Demand
forecasting

Inventory
management

Campaign
management

2 E-commerce and new channels

Spare parts
platform

E-commerce for
export

Lastik.com.
tr

3 Customer Experience

Sell out focus

Innovation for customer

4 Awards

Digitalization
leader of sector

Pioneers of
digitalization

Source: Accenture digitalization index

SALES AND INNOVATION LEADERSHIP

Technology

1 Original Equipment 14% of the channel portfolio

Export oriented growing
sector

Commercial tyres golden key
and impact on repl. market

Strategic channel for
future

Tandem mixer



BRISA SALES (TONNAGE)	Q1		
	2018	2017	%
TOTAL	7.179	5.282	136%

2 R&D

Local design,
Technology
raw material

30
new products
/ year

R&D capability &
17M \$
investment in '17

Product
localization

3 Smart Internal Processes (Supply chain, smart factory)

Production
efficiency

Robotic
systems

Warehouse&logistics
solutions

Employee
efficiency

SALES AND INNOVATION LEADERSHIP : AKSARAY PLANT

Investment

1st SMART PLANT in TURKEY TYRE SECTOR

300M \$ Investment

146k m2 building area

4.5M Units capacity in 2021

Strong tax incentive. 4-5% effective tax rate since start of the investment. Possibility to extend to 2021 end

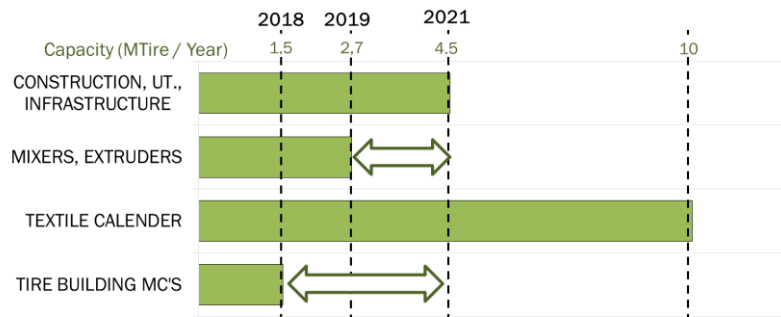


Invest one fifth more on 278 MUSD, Decrease Cost by Two Thirds.

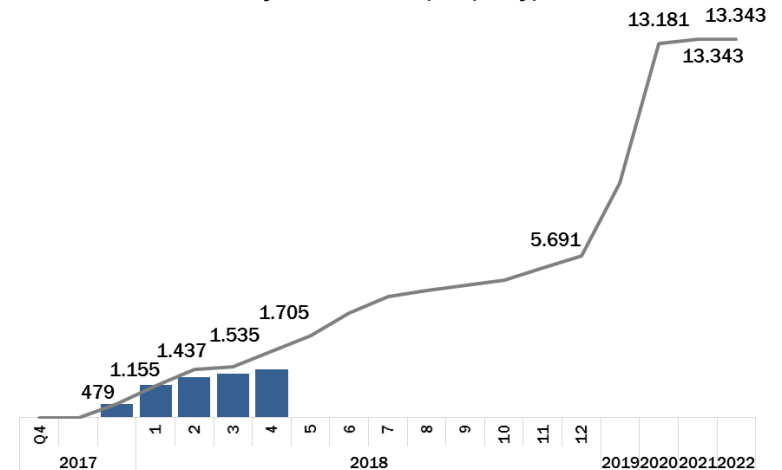
Add 55 MUSD in 2018 onwards

Increase production from 1M units in 2018 to 4,5M units in 2021

Aksaray Story from 2018 onwards
Create Sales - Exports, Invest on Tire Machines«



Aksaray Production (tire/day)



WHY INVEST IN BRISA...



EXPORT DRIVEN GROWTH



PROMISING & GROWING INDUSTRY



UNDISPUTABLE LEADERSHIP



HEALTHY FINANCIALS

Record high operational cash
flow for the last 10 years

No FX and interest risk on bank
debt

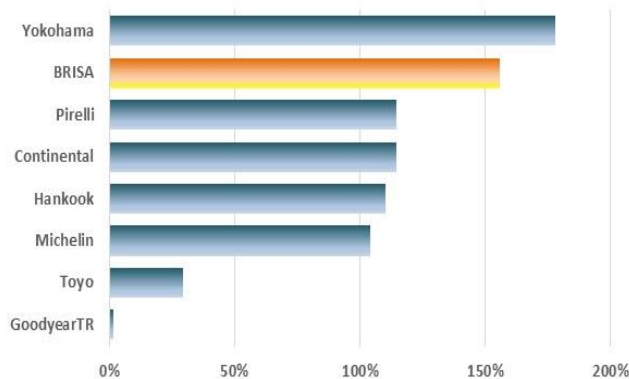
Opportunity in stock price



BENCHMARK OF CASH FLOW

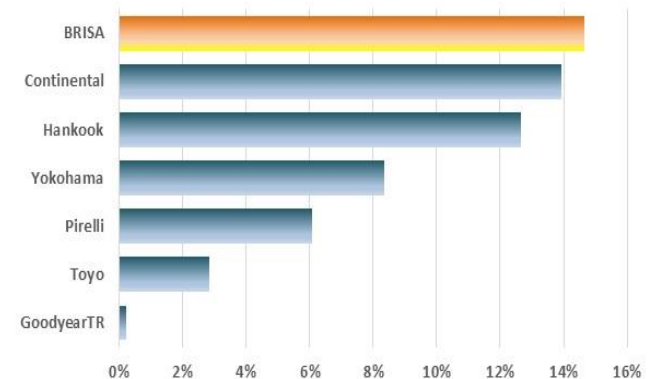
BRISA took high place among its peers in cash conversion from OP & Assets in 2017

OP Cash Flow / Operating Profit (%) *



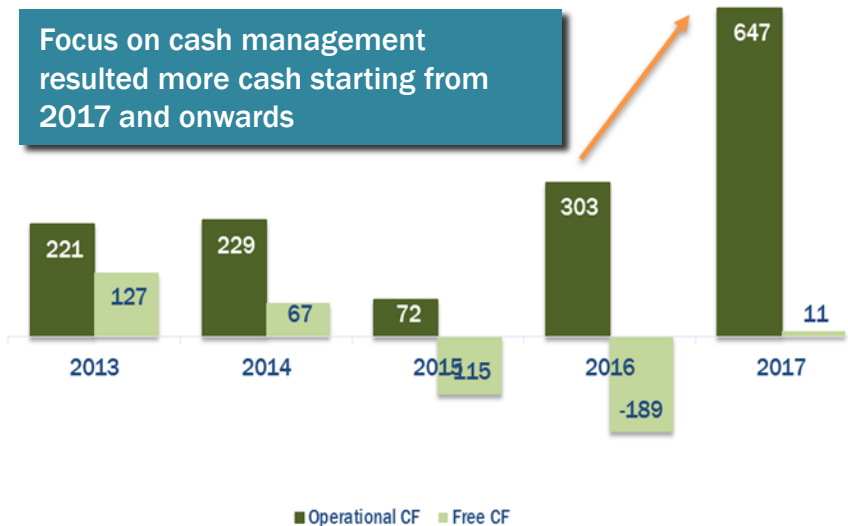
* Based on Company websites

OP Cash Flow / Asset (%) *

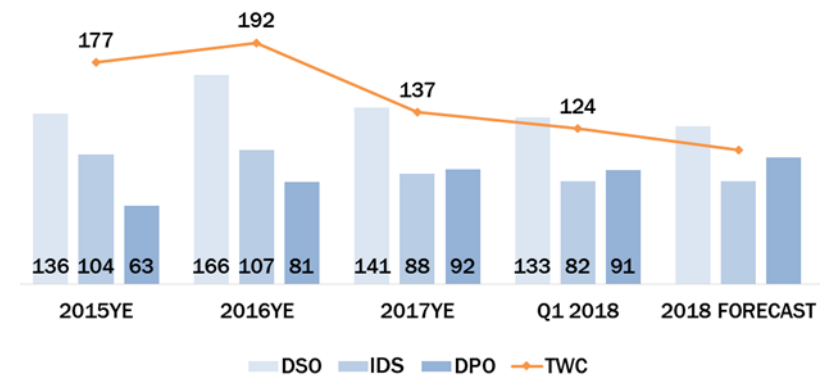


* Based on Company websites

Operating cash flow evolution (TRY'000)



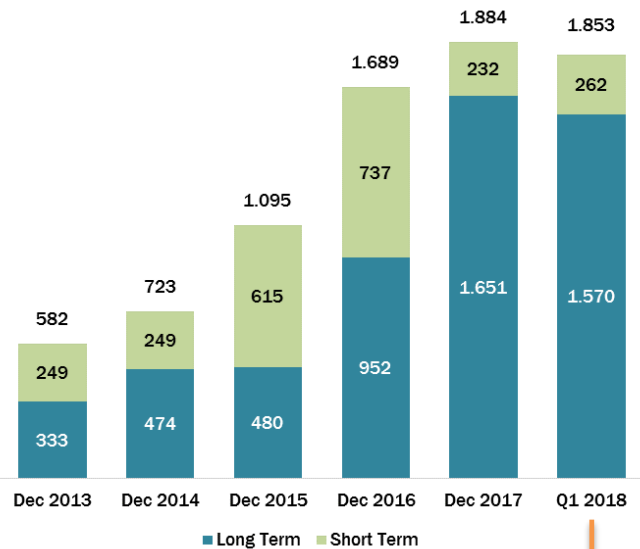
Trade Working Capital (Days)



Fantastic Increase in Working Capital Efficiency

DEBT STRUCTURE

Bank Borrowings (M TL)



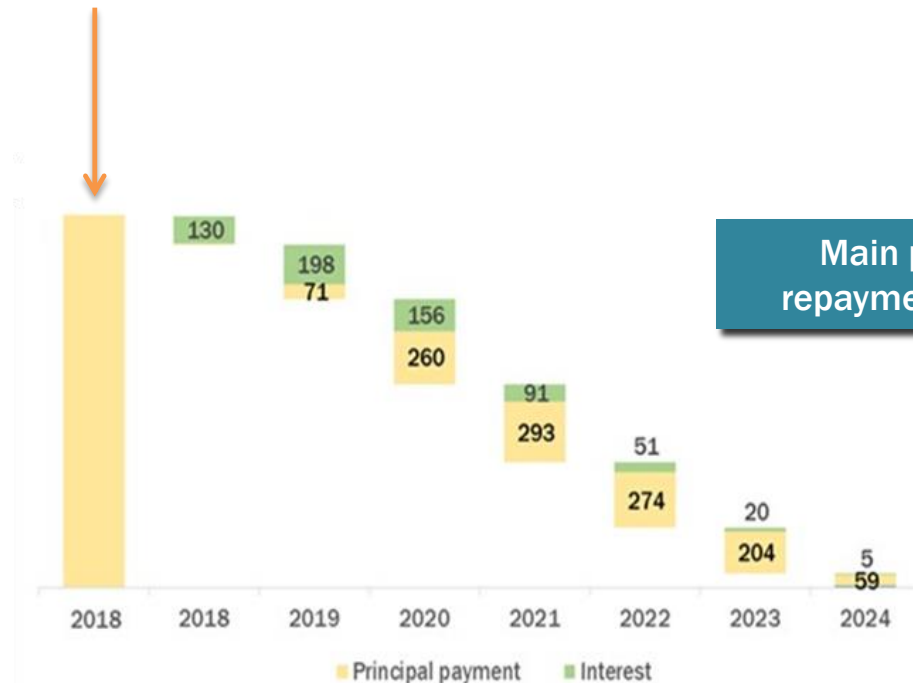
- (1) Debt structure changed to long term in 2016&2017
- (2) Debt increase stopped

Risks under Control

100% of debt is hedged to TL.

Average cost of debt is 12,65%.







Low interest rates has positive impact on WACC



Main principal debt repayment after 2 years

INCOME STATEMENT Q1

Exceptional growth in revenue and EBITDA. We expect 30-40% growth in EBITDA in 2018

	Q1		
(M TL)	2018	2017	%
Net Sales	694	473	 147%
Gross Profit	161	128	 126%
%	23%	27%	
Total Expenses	(94)	(81)	 116%
EBITDA	106	70	 152%
%	15%	15%	
EBIT	78	58	 134%
%	11%	12%	
Net Profit	11	25	 46%
%	2%	5%	

Significant growth in revenues and nominal gross profit, thanks to higher volume.

Remarkable increase in EBITDA by 52% increase and operating profit by 34%.

Due to operational start of Aksaray plant, financing expenses related with Aksaray investment has started to be shown in profit/loss statement. Besides, depreciation of Aksaray plant has started since the beginning of 2018. Hence, net profit decreased.

BALANCE SHEET Q1

Financial ratios and working capital continues to improve

(M TL)	31.03.2018	31.12.2017
TWC	726	638
Short Term Financial Debt	406	229
Long Term Financial Debt	1.448	1.651
Net Financial Debt	1.692	1.686

Improvement in debt leverage of Brisa is continuing. **0.5** improvement in Net Debt/Ebitda in the 1st quarter of 2018

Ratios	31.03.2018	31.12.2017
Net Debt / Ebitda	4,7	5,2
TWC days	124	137

Improvement in working capital days of Brisa is continuing. **13 Days** improvement in working capital only in one quarter

Cash Flow (M TL)	Q1 2018	Q1 2017
Operational Cash Flow	97	90
Investment (-)	(44)	(128)
Dividend (-)	-	-
Change in Financial Debt	(26)	62

Better operating cash flow and lower capex resulted a decrease in total debt of Brisa.

RIGHT TIME TO INVEST...

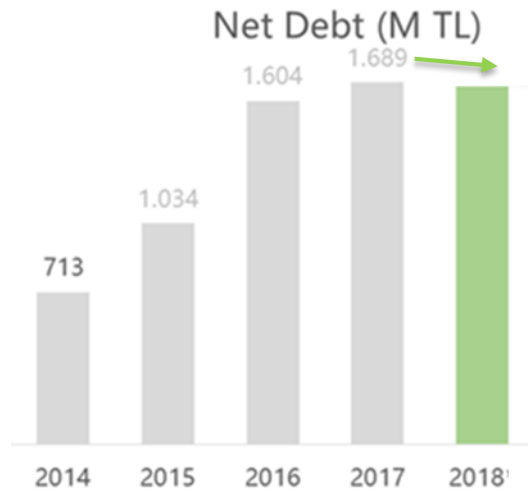
Peak Price : 11.4 TL



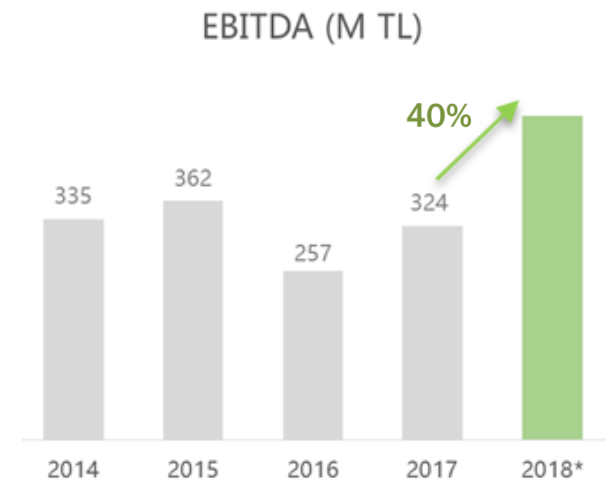
Average YoY Price : 7.08 TL



Improving Net Debt



Strong EBITDA Growth Expectation



* Based on guidance disclosed to the public