

Sabancı Holding

Q3 2019 Earnings Presentation



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2019

Q3 Highlights



Operational and financial performance on track
Non-bank Combined Net Sales and EBITDA* grew
13% and 11% YoY, respectively

Portfolio simplification continues
Yünsa stake sales
Temsa Construction Equipment stake down to 10%



Notable **free cash flow performance**
continues in Q3
Adverse impact of strong TL

* Excludes non-operational one off items

2019

Deleveraging trend intact

OPERATIONAL CASH FLOW (MTL)*

	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
Energy	977	1.355	39%	2.240	4.239	89%
Cement	224	199	-11%	342	319	-7%
Retail	64	126	97%	-229	387	269%
Retail - Adjusted for Comparison**	64	9	-85%	-229	43	119%
Industrials - Excludes Temsa Bus	442	404	-9%	794	1.095	38%
TOTAL	1.708	2.084	22%	3.147	6.040	92%

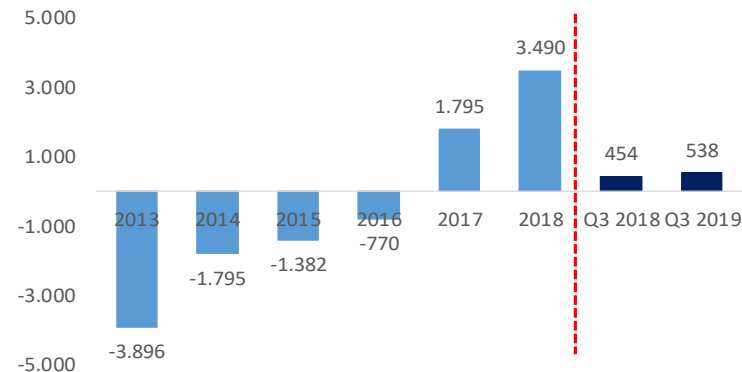
FREE CASH FLOW (MTL)*

	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
Energy	386	986	155%	731	2.832	287%
Cement	188	186	-1%	229	199	-13%
Retail	34	83	144%	658	269	-59%
Retail - Adjusted for Comparison**	34	-34	-199%	658	-75	-111%
Industrials - Excludes Temsa Bus	-154	-717	-366%	14	-151	n.m.
TOTAL	454	538	18%	1.632	3.149	93%

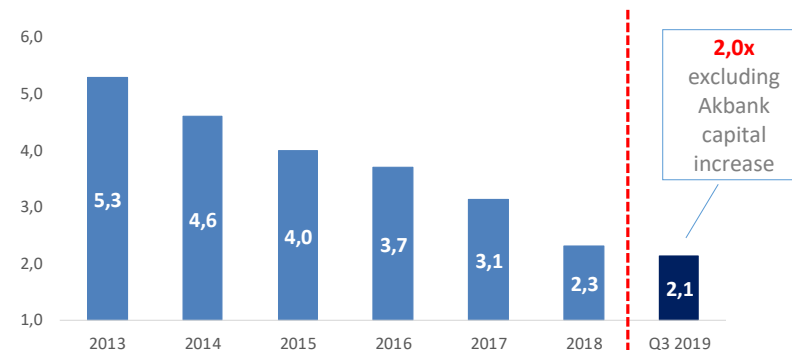
* Management reporting, excludes Insurance, Banking, Other segment and Temsa Bus

** Adjusted for IFRS16 impact

Free Cash Flow, Combined for Non-Bank*



Combined Net Financial Debt to Non-Bank EBITDA***



*** Excludes Banking, Other segment and net cash position of Insurance

EBITDA excludes one-offs and IFRS16 impact in retail segment

2019

Financial performance snapshot

Combined Net Sales

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
TOTAL*	22.521	24.411	8%	61.230	72.392	18%
BANK	9.731	9.980	3%	26.903	31.342	17%
NON-BANK*	12.790	14.431	13%	34.327	41.050	20%

Higher energy sales prices and growing RAB at energy distribution

New products and price increases in insurance segment

Combined EBITDA

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
TOTAL*	4.078	4.296	5%	11.388	13.020	14%
BANK	1.905	1.887	-1%	5.981	5.691	-5%
NON-BANK*	2.173	2.409	11%	5.407	7.329	36%

Higher financial income with Regulated Asset Base growth

Consolidated Net Income

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
TOTAL*	1.154	913	-21%	2.987	2.904	-3%
BANK	575	556	-3%	1.810	1.686	-7%
NON-BANK*	579	357	-38%	1.177	1.218	3%
NON-BANK*- Adjusted for comparison**	296	388	31%	730	1.147	57%

Strong contribution from Energy offset by FX gain/loss difference at the Holding

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

**Adjusted for Holding FX gain/loss

Revenues

Energy, Retail and Insurance top-line drivers

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
TOTAL*	22.521	24.411	8%	61.230	72.392	18%
BANK	9.731	9.980	3%	26.903	31.342	17%
NON-BANK*	12.790	14.431	13%	34.327	41.050	20%
ENERGY	6.165	6.990	13%	16.077	19.390	21%
CEMENT	921	964	5%	2.624	2.667	2%
RETAIL	2.315	2.743	18%	6.404	7.524	17%
INSURANCE	907	1.231	36%	2.869	3.742	30%
INDUSTRIALS	2.440	2.403	-2%	6.210	7.432	20%
INDUSTRIALS-Adjusted for Comparison**	2.156	2.403	11%	5.277	6.849	30%
OTHER*	41	100	142%	142	294	108%

Higher RAB and higher average electricity sales prices both at retail and generation support growth at **Energy**

Significant contribution from new life protection products and price increases at non-life business in **Insurance**

* Holding dividend income excluded

** Adjusted for Temsa businesses

EBITDA

Base impact & normalization

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
TOTAL*	4.078	4.296	5%	11.388	13.020	14%
BANK	1.905	1.887	-1%	5.981	5.691	-5%
NON-BANK*	2.173	2.409	11%	5.407	7.329	36%
ENERGY	1.209	1.374	14%	3.228	4.638	44%
CEMENT	235	165	-30%	643	425	-34%
RETAIL	100	222	121%	136	548	303%
RETAIL-Adjusted for Comparison**	100	105	5%	136	203	50%
INSURANCE	160	172	7%	373	504	35%
INDUSTRIALS	481	482	0%	1.065	1.245	17%
INDUSTRIALS-Adjusted for Comparison***	481	482	0%	1.071	1.216	13%
OTHER*	-13	-5	61%	-39	-31	21%

Higher financial income on higher Regulated Asset Base in **Energy**

Improved combined ratio and low claim frequency at non-life business in **Insurance**

*Holding dividend income is excluded, EBITDA excludes non-operational one off items

**Adjusted for IFRS16 impact

***Adjusted for Temsa businesses

Consolidated Net Income

Energy segment leads profitability

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
CONSOLIDATED NET INCOME*	1.154	913	-21%	2.987	2.904	-3%
BANK	575	556	-3%	1.810	1.686	-7%
NON-BANK	579	357	-38%	1.177	1.218	3%
NON-BANK-Adjusted for comparison****	296	388	31%	730	1.147	57%
ENERGY	-24	208	975%	107	843	689%
CEMENT	64	10	-84%	155	2	-99%
RETAIL	-31	-61	-99%	-139	-230	-66%
RETAIL-Adjusted for comparison**	-31	-51	-66%	-139	-197	-42%
INSURANCE	45	51	13%	111	153	38%
INDUSTRIALS	148	180	22%	329	360	10%
INDUSTRIALS-Adjusted for Comparison***	179	180	1%	378	366	-3%
OTHER	375	-31	-108%	613	89	-85%
OTHER-Adjusted for comparison****	92	0	-100%	166	18	-89%

Higher hedge ratio in **Energy** generation

Strong financial income in **Insurance**

Appreciation of TL caused FX gain/ loss difference at the Holding

*Excludes non-operational one off items

**Adjusted for IFRS16 impact

***Adjusted for Tamsa businesses

****Adjusted for Holding FX gain/loss

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
SALES	6.165	6.990	13%	16.077	19.390	21%
EBITDA*	1.209	1.374	14%	3.228	4.638	44%
NET INCOME*	-6	481	n.m	344	1.844	435%
EBITDA* MARGIN	19,6%	19,7%		20,1%	23,9%	

*Excludes non-operational one off items

Current Assessment

Distribution & Retail Business (Enerjisa Enerji):

- Higher average procurement prices resulted in high sales growth
- Increased RAB (up 20% yoy)

– Generation Business (Enerjisa Üretim):

- Renewable generation volume up by 3% yoy
- EBITDA from lignite power plant increased by 35% yoy
- Slightly positive effect in EBITDA due to the average USD/TL rates increased by 1% yoy

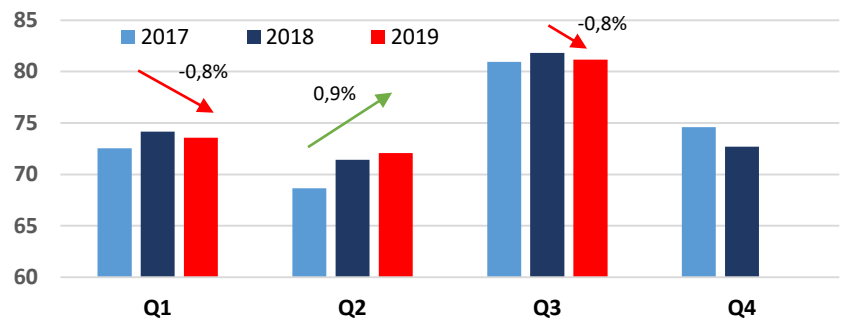
Factors to Watch

- **Demand and spot prices** in the upcoming quarters
- **Inflation:** driver for Enerjisa Enerji's financial income
- **FX Volatility:** Enerjisa Üretim is a hard currency business
- **Interest Rates:** Enerjisa Enerji secured most of its 2019 funding requirement. No significant re-financing need for this year but financing costs important for investment decisions.

Generation Sector

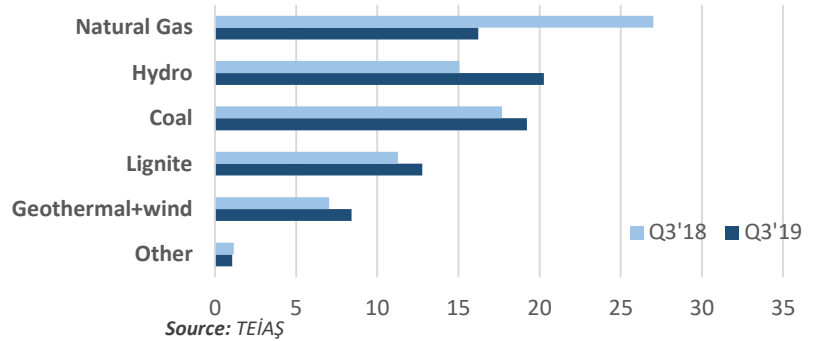
High hydro generation continued to suppress the spot prices

Electricity consumption (GWh)



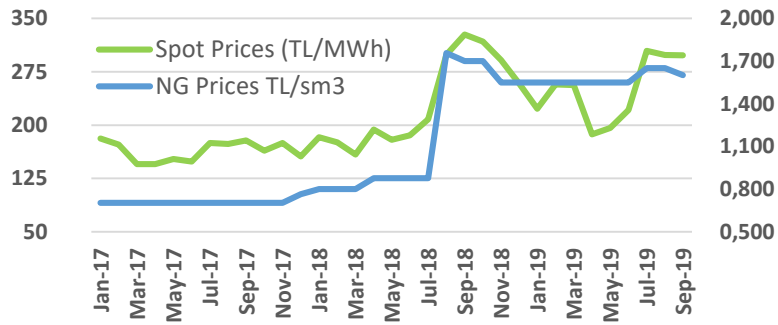
Source: TEİAŞ

Electricity generation by source in Q3 (TWh)



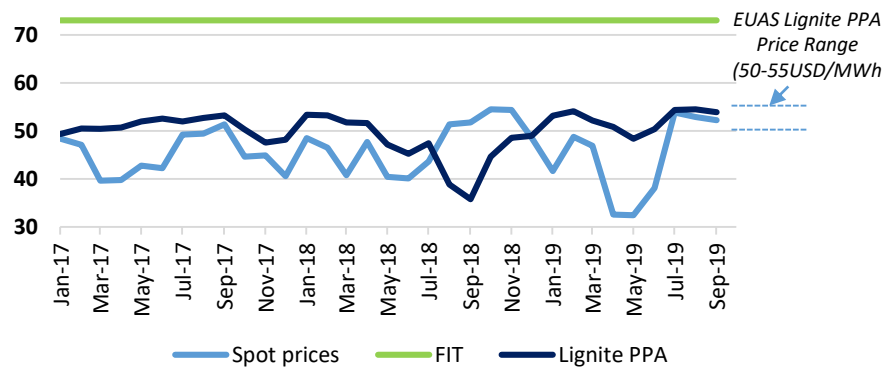
Source: TEİAŞ

Spot Electricity Prices vs NG Prices



Source: EPIAŞ

Spot prices vs Feed-in-tariff & Lignite PPA (USD/MWh)

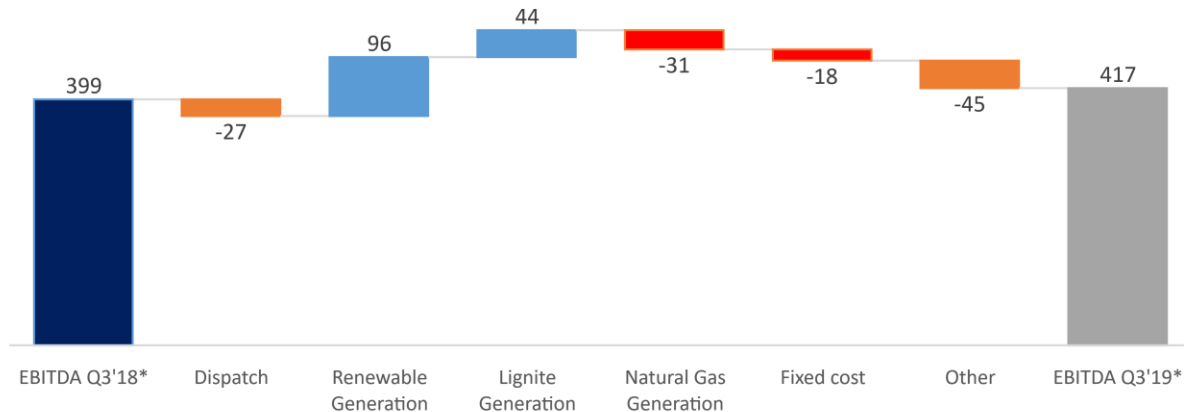


Source: EPIAŞ

Net income boosted by lower financial expenses

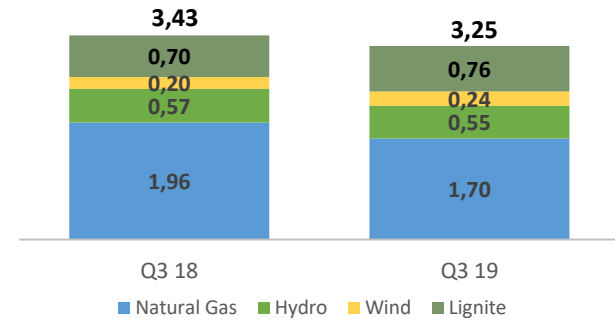
MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
Net sales	1.494	1.751	17%	3.578	4.824	35%
EBITDA*	399	417	5%	1.026	1.953	90%
EBITDA* margin (%)	27%	24%	-2,9pp	29%	40%	11,8pp
Depreciation	111	122	10%	328	343	5%
Financial Income/(expense)	-581	-163	72%	-1.162	-490	58%
Net income*	-214	149	n.m.	-310	1.054	n.m.

*Excludes non-operational one off items



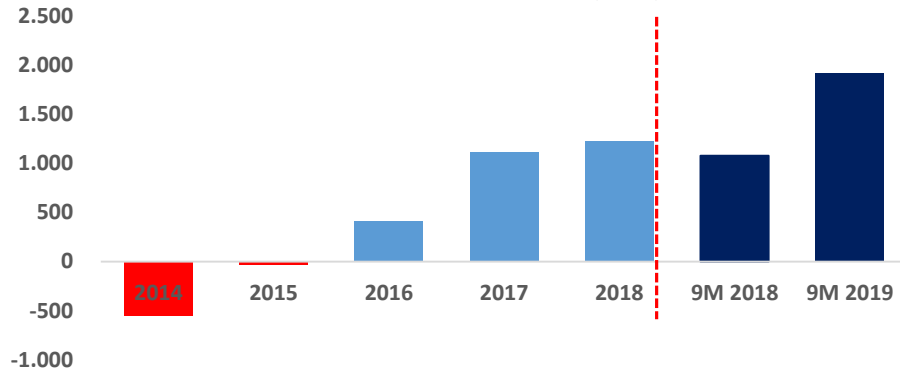
- In Q3 19, EBITDA from Tufanbeyli plant increased by 35% due to the increase in EÜAŞ PPA sales price and volume
- In Q3 19, renewable generation volume increased by 3% YoY
- Lower spark spread led to a negative EBITDA impact from NG plants
- Higher dispatch contribution last year due to transmission line failure in Bandırma region
- FX hedge ratio at nearly 100%

GENERATION VOLUME (TWH)

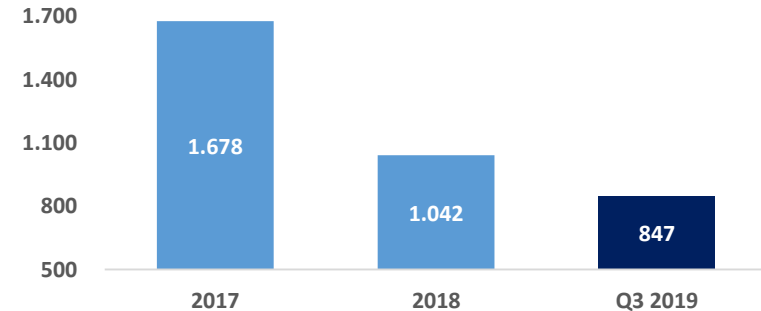


Deleveraging momentum does not lose steam

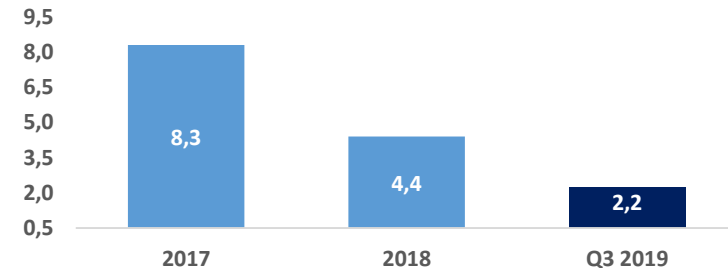
Free Cash Flow Generation (MTL)



Net Debt (MEUR Equivalent)



Net Debt / EBITDA ratio (TL based)



- Impressive Free cash flow generation
- Net debt / EBITDA now 2,2x
- Economically totally hedged with USD linked revenue stream

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

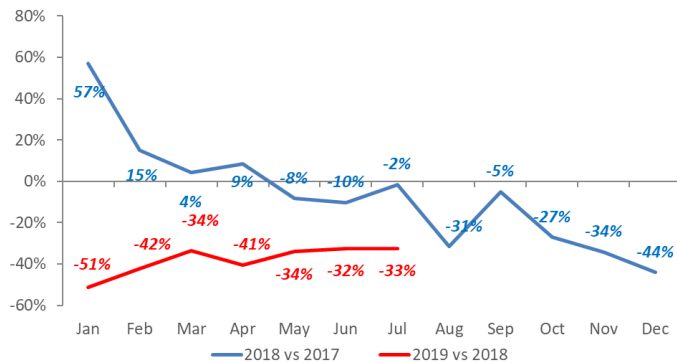
MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
SALES	921	964	5%	2.624	2.667	2%
EBITDA*	235	165	-30%	643	425	-34%
NET INCOME*	127	14	-89%	315	-16	-105%
EBITDA* MARGIN	25,5%	17,1%		24,5%	15,9%	

*Excludes non-operational one off items

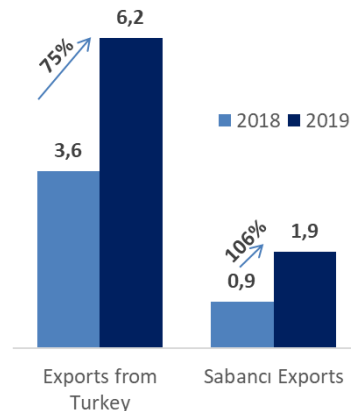
Current Assessment

- Weakness in domestic demand prevails; domestic volumes declined by 38% year-to-date
- Turkey Q3 export volume up by 75% YoY, while Sabanci cement export volume up by 106%
- High cost inflation and weak domestic demand along with low pricing power exerting pressure on EBITDA

Monthly domestic cement demand y-o-y growth



Cement exports from Turkey (mn tons)



Factors to Watch

- Domestic market outlook and sales prices
- Export potential and competition
- Petcoke, coal and electricity costs
- Infrastructure and construction projects

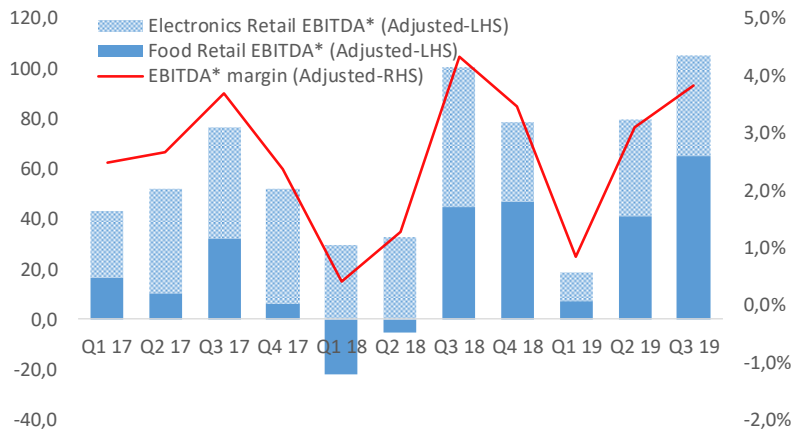
Retail Turnaround in operational profitability continues

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
SALES	2.315	2.743	18%	6.404	7.524	17%
EBITDA*	100	222	121%	136	548	303%
EBITDA** - Adjusted for comparison	100	105	5%	136	203	50%
NET INCOME*	-61	-115	-88%	-272	-429	-58%
NET INCOME** - Adjusted for comparison	-61	-96	-57%	-272	-368	-35%
EBITDA* MARGIN	4,3%	8,1%		2,1%	7,3%	
EBITDA** MARGIN - Adjusted for comparison	4,3%	3,8%		2,1%	2,7%	

*Excludes non-operational one off items

**Adjusted for IFRS16 impact



Current Assessment

- Robust revenue stream supported by the improvement in consumer confidence along with positive LfL consumer growth and overall basket size
- Against cost-side pressures, revenue stream supported EBITDA; flat adjusted EBITDA margin
- Elevated financial expenses continued to push net income down to negative territory

Factors to Watch

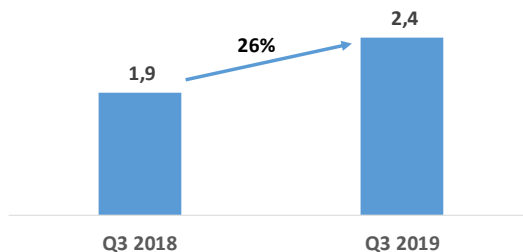
- Consumer sentiment and changing buying behavior
- Interest rates, FX, and inflation outlook
- Ongoing turnaround projects to enhance efficiency, revenue stream, profitability, and growth
- Regulatory backdrop

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

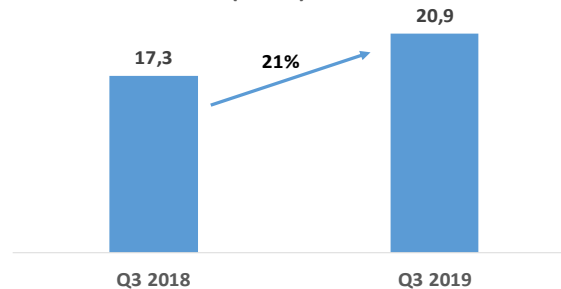
MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
SALES	907	1.231	36%	2.869	3.742	30%
EBITDA	160	172	7%	373	504	35%
LIFE	67	55	-18%	148	160	9%
NON-LIFE	93	117	25%	225	344	52%
NET INCOME*	119	136	14%	292	405	39%
LIFE	61	61	0%	150	185	24%
NON-LIFE	58	75	29%	142	220	55%

*Excludes non-operational one off items

Aksigorta Assets Under Management
(BN TL)



Avivasa Assets Under Management
(BN TL) *



* Including Auto enrolment

Current Assessment

- 27% growth in non-life insurance premiums, driven by Non-motor, MTPL** and MOD**
- 87% growth in life insurance premiums, driven by both credit linked and non-credit linked products
- Pension maintains #1 position in terms of AUM*** with a 18,8% market share
- 35%+ RoE in both businesses
- Float: TL 3,9 bn (TL 2,9 bn in Q3 2018)

Factors to Watch

- Interest rates, inflation, and FX rates
- Natural disasters due to climate change and claims management
- Economic outlook (new vehicle and house sales, new credit volumes, pressuring retail segment)
- Regulatory changes
- Product pricing and consumers' saving behavior

** MTPL: Motor Third Party Liability; MOD: Motor Own Damage

*** AUM: Asset under Management

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q3 2018	Q3 2019	% Change	9M 2018	9M 2019	% Change
SALES	2.440	2.403	-2%	6.210	7.432	20%
SALES-Adjusted for comparison**	2.156	2.403	11%	5.277	6.849	30%
EBITDA*	481	482	0%	1.065	1.245	17%
BRİSA	164	194	18%	372	456	23%
KORDSA	233	183	-21%	500	596	19%
PHILSA	68	103	51%	153	142	-7%
OTHER	15	2	-87%	40	51	26%
EBITDA*-Adjusted for comparison**	481	482	0%	1.071	1.216	13%
NET INCOME*	194	237	23%	433	506	17%
BRİSA	52	58	11%	75	74	-1%
KORDSA	133	82	-38%	286	301	5%
PHILSA	68	103	51%	153	142	-7%
OTHER	-59	-5	92%	-81	-11	87%
NET INCOME*-Adjusted for comparison**	258	237	-8%	533	518	-3%
EBITDA* MARGIN	19,7%	20,1%		17,2%	16,8%	

Current Assessment

- Successfully integration of new Composite acquisitions
- Increased exports and FX linked revenues
- 11% top line growth without Temsa impact
- Tobacco profitability has accelerated

Factors to Watch

- Domestic demand for tire business
- Working capital management
- Competition in Tire and Tire Reinforcement Market
- Global recession
- Pricing / Commodity prices
- FX, Inflation and funding costs

*Excludes non-operational one off items

**Adjusted for Temsa businesses

CONSOLIDATED NET FX POSITION (excl. Bank)	MILLION USD	
	Dec 31, 2018	Sept 30, 2019
ENERGY	-49	26
INDUSTRIALS	19	2
CEMENT	0	18
RETAIL	1	2
INSURANCE	22	27
HOLDING & OTHER	325	273
TOTAL CONSOLIDATED FX POSITION AFFECTING PL	318	349

Holding Only Cash Position by the end of Q3 2019 →1.5BTL

2019

Guidance maintained

		Growth Guidance
SABANCI HOLDING COMBINED NON-BANK *	SALES	10-20%
	EBITDA	10-20%

* Excludes one off items

** Sabanci Group plans to invest approximately 6 Billion TL in 2019, excluding any strategic M&A opportunities that may arise within the year

2019

Conclusion



Strong **operational and financial** performance continued uninterrupted in Q3 2019

Capital allocation strategy executed **effectively as planned**



Our focus will continue to be on **selective growth, cash generation, and quality of earnings**

Q&A

SABANCI



2019

Net Income: Non-operational and Non-recurring items

Non-Operational and Non-Recurring Items

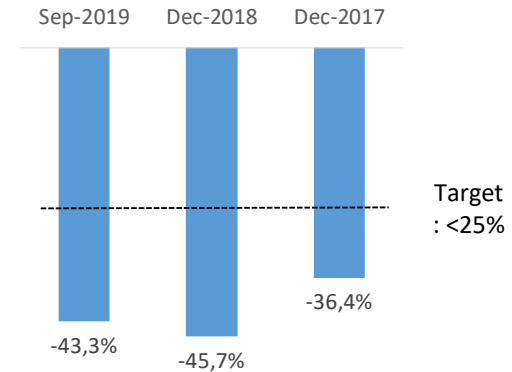
	Q3 2018	Q3 2019	9M 2018	9M 2019
CONSOLIDATED NET INCOME EXCLUDING NON OPERATIONAL & NON RECURRING ITEMS	1.154	913	2.987	2.904
Gain on sales of Enerjisa Enerji shares (IPO proceeds)	0	0	123	0
Carrefoursa one-offs	0	0	236	10
Loss on sale of Temsa Ulaşım	0	0	0	-66
Other	26	40	55	51
CONSOLIDATED NET INCOME	1.179	953	3.401	2.899

2019

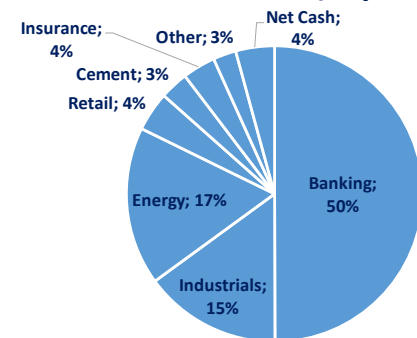
Sabancı Holding Discount to NAV*

USDm	Direct Stakes (%)*	Sep-2019 Value of			Dec-2018 Value of	
		Mcap	Stake	% of NAV	Stake	% of NAV
Akbank	40,8%	7.475	3.046	50,0%	2.117	39,6%
Enerjisa Enerji	40,0%	1.300	520	8,5%	456	8,5%
Aksigorta	36,0%	281	101	1,7%	76	1,4%
Avivasa	40,0%	296	119	1,9%	105	2,0%
Akçansa	39,7%	230	91	1,5%	106	2,0%
Çimsa	54,5%	178	97	1,6%	105	2,0%
Brisa	43,6%	335	146	2,4%	160	3,0%
Kordsa	71,1%	437	311	5,1%	256	4,8%
Yünsa	57,9%	26	15	0,3%	14	0,3%
Carrefoursa	50,6%	454	230	3,8%	233	4,4%
Teknosa	60,3%	55	33	0,5%	37	0,7%
Total Listed			4.710	77,3%	3.666	68,5%
Enerjisa Üretim	50,0%	1.070	535	8,8%	492	9,2%
Temsa**			5	0,1%	40	0,7%
Philsa	25,0%	1.743	436	7,1%	507	9,5%
Other			153	2,5%	157	2,9%
Total Non-listed			1.129	18,5%	1.195	22,3%
Total			5.838	95,8%	4.861	90,9%
Sabancı Holding Net Cash			258	4,2%	487	9,1%
Sabancı Holding NAV			6.096	100,0%	5.348	100,0%
Sabancı Holding Mcap			3.457		2.905	
Sabancı Holding Discount			-43,3%		-45,7%	

NAV* Discount



Breakdown of NAV* (September 2019)



Source: Bloomberg, Sabancı Holding Finance Department

*Enerjisa Generation and Temsa are valued at Book Value, while Philsa valuation is based on Sell-side analyst estimates

**Temsa includes Temsa Motorlu Araçlar and Temsa İş Makinaları