Sabancı Holding

Q4 2017 Earnings Presentation

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2017

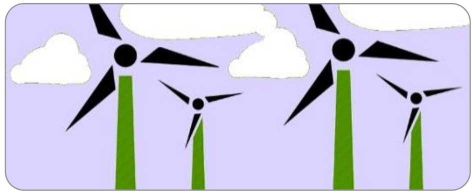
Strong Performance on All Fronts

		2017 Growth Guidance	2017 Growth Realization	Status
ENERGY*	SALES	10-15%	31%	Exceed
	EBITDA	10-15%	41%	Exceed
INDUSTRIALS*	SALES	5-15%	26%	Exceed
	EBITDA	5-15%	15%	Met
SABANCI HOLDING COMBINED NON-BANK *	SALES	5-10%	23%	Exceed
	EBITDA	10-15%	30%	Exceed

* One off items and Other segment excluded

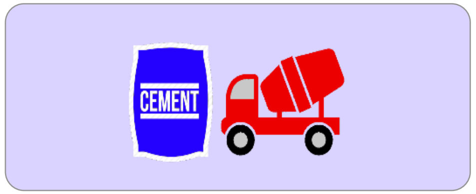
Key Highlights

Strong Operational Profitability in Energy and Industrials



Energy segment continues to drive non-bank EBITDA with 59% y/y growth thanks to solid profitability in downstream business

Industrial segment had a strong Q4 in all businesses, through increased local and export sales coupled with reflection of increased raw material costs on prices



With higher domestic demand and pricing power Cement segment EBITDA posted 43% growth vs 2016 Q4

Sabancı Holding Combined non-bank EBITDA posted 38% growth in Q4 and 30% annually y-o-y

Revenues

Energy and Industrial Segments Drives Q4 Non-bank Revenue Growth

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
TOTAL*	14.068	18.556	*32%*	53.094	64.711	*22%*
BANK	6.100	7.608	*25%*	22.669	27.352	*21%*
NON-BANK*	7.968	10.948	*37%*	30.425	37.359	*23%*
ENERGY	3.299	4.957	*50%*	12.565	16.510	*31%*
CEMENT	662	864	*30%*	2.631	3.010	*14%*
RETAIL	1.911	2.191	*15%*	7.566	7.952	*5%*
INSURANCE	615	1.007	*64%*	2.213	3.107	*40%*
INDUSTRIALS	1.425	1.874	*32%*	5.228	6.613	*26%*
OTHER*	56	55	*-2%*	222	168	*-24%*

* Holding dividend income excluded

Energy top line driven by Downstream revenues

Industrials top line driven by improved pricing power and contribution of international markets

Strong premium growth both in life and non-life products drive Insurance top line

EBITDA

Increased Efficiencies and Stronger Domestic Demand were the key drivers of Q4 Non-Bank EBITDA Growth

TOTAL BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
TOTAL*	**3.005**	**4.479**	**49%**	**10.768**	**14.201**	**32%**
BANK	1.581	2.511	59%	6.323	8.427	33%
NON-BANK*	**1.424**	**1.968**	**38%**	**4.445**	**5.774**	**30%**
ENERGY	836	1.326	59%	2.463	3.468	41%
ENERGY - Adjusted for Comparison*	*696*	*949*	*36%*	*2.554*	*2.877*	*13%*
CEMENT	144	207	43%	743	680	-8%
RETAIL	116	52	-55%	83	224	171%
INSURANCE	83	88	6%	231	324	40%
INDUSTRIALS	258	305	19%	975	1.118	15%
OTHER*	-12	-10	18%	-50	-41	18%

Energy operational profitability was driven by regulatory changes and efficiency improvements in the downstream business.

Cement EBITDA benefitted from pick-up in domestic demand and price improvements

Strong local and export sales with improved margins have driven Q4 EBITDA in Industrials

Excludes non-operational one off items.

* Holding dividend income is excluded

** EBITDA Adjusted for comparison purposes, to better reflect the "Operational Earnings" .

Consolidated Net Income

Non-bank Bottom-line Driven by Energy in Q4

MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
CONSOLIDATED NET INCOME*	**792**	**1.237**	**56%**	**2.800**	**3.615**	**29%**
BANK	491	788	60%	1.979	2.643	34%
NON-BANK	**301**	**449**	**49%**	**821**	**973**	**18%**
ENERGY	50	196	289%	140	222	59%
ENERGY-Adjusted for comparison*	-16	48	395%	150	-12	-108%
CEMENT	44	48	10%	217	151	-31%
RETAIL	-11	-36	-232%	-161	-110	32%
INSURANCE	29	29	-2%	81	107	33%
INDUSTRIALS	127	129	2%	469	442	-6%
OTHER	62	83	34%	76	161	112%

*Excludes non-operational one off items.

**Net Income is adjusted for comparison purposes, to better reflect the "Underlying Net Income" .

Strong earnings in banking side supported Q4 bottom line growth at the consolidated level

Tight FX management in Upstream and Strong operational profitability growth in Downstream has driven Q4 bottom line for Energy

Solid FX based net cash position at holding level supported consolidated bottom line

Energy

Distribution Business Hikes up the Profitability

MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
SALES	3.299	4.957	50%	12.565	16.510	31%
EBITDA*	836	1.326	59%	2.463	3.468	41%
NET INCOME*	101	392	289%	279	443	59%
EBITDA* MARGIN	25,3%	26,7%		19,6%	21,0%	

**Excludes non-operational one off items.*

Current Assessment

Distribution & Retail Business (Enerjisa Enerji):

– Higher financial income on the back of higher regulated asset base

– Favorable Regulated WACC increase to 13,61% from 11,91%, leading to positive revaluation of the related financial asset already in 2017

– Increased OPEX allowance for the distribution regions

– Improved Theft Detection Incentive

Generation Business (Enerjisa Üretim Santralleri):

– Renewable tariff and lignite incentive price contributing to top line

Financing:

– Active management of financing costs under volatile FX environment

Factors to Watch

Distribution & Retail Business (Enerjisa Enerji):

– Operational efficiencies and investments in distribution

– 2,38% margin on the FIT costs in regulated segment in Retail

– Impacts of Increase in National Tariff

Generation Business (Enerjisa Üretim Santralleri):

– Natural gas prices

– Water inflow

– Capacity Payment regulation

– Tufanbeyli TETAŞ Contract: favorable pricing methodology

Financing:

– FX volatility, inflation and financing costs in the market

Energy

Segment Figures Adjusted for Comparison

MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
SALES	3.299	4.957	50%	12.565	16.510	31%
EBITDA* - *Adjusted for comparison*	696	949	36%	2.554	2.877	13%
Net Income- *Adjusted for comparison***	-32	95	395%	300	-24	-108%
EBITDA* MARGIN - *Adjusted for comparison*	21,1%	19,1%		20,3%	17,4%	

EBITDA Adjusted for comparison purposes, to better reflect the "Operational Earnings**" .*
Capex reimbursement is not included.
Exceptional Items excluded: IFRIC12 - fair value impact of financial asset + Non-recurring income related to 2016 in 2017 financials
***Net Income is adjusted for comparison purposes, to better reflect the "**Underlying Net Income**" .*
Exceptional Items excluded: IFRIC12 - fair value impact of financial asset + Non-recurring income related to 2016 in 2017 financials

Important Disclaimer:

Certain opearational and financial figures including revenue streams have been restated and changed during spin-off process. These restatements are not reflected to Sabancı Holding's previous financial statements. However, financial figures on the following pages are adjusted for comparison purposes . Figures reported by our Energy companies may differ due to these managerial adjustments.

Enerjisa Enerji A.Ş.

Improved Tariff and Operational Efficiencies

MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
Net sales	2.184	3.753	72%	9.103	12.345	36%
EBITDA	268	1.043	290%	1.495	2.555	71%
EBITDA - ***Adjusted for comparison****	268	674	151%	1.495	1.973	32%
Net Income	-45	534	1292%	377	988	162%
Net Income - ***Adjusted for comparison*****	-45	238	629%	377	522	38%

*See previous slide for the details of EBITDA adjustments.

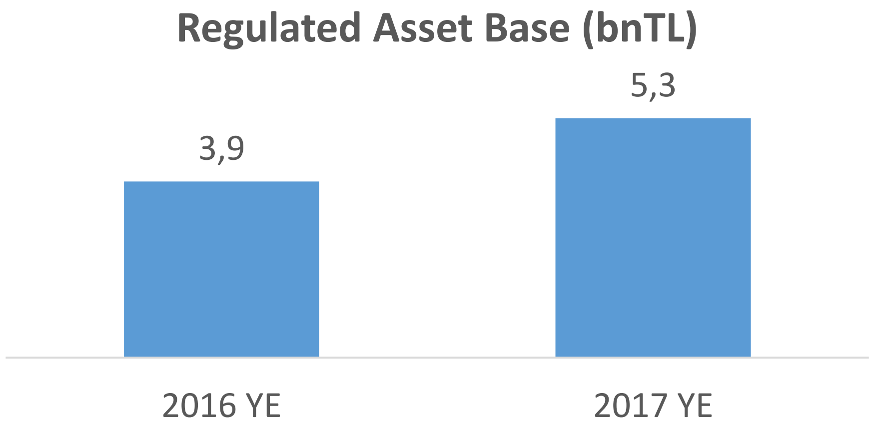
** See previous slide for the details of Net Income adjustments.

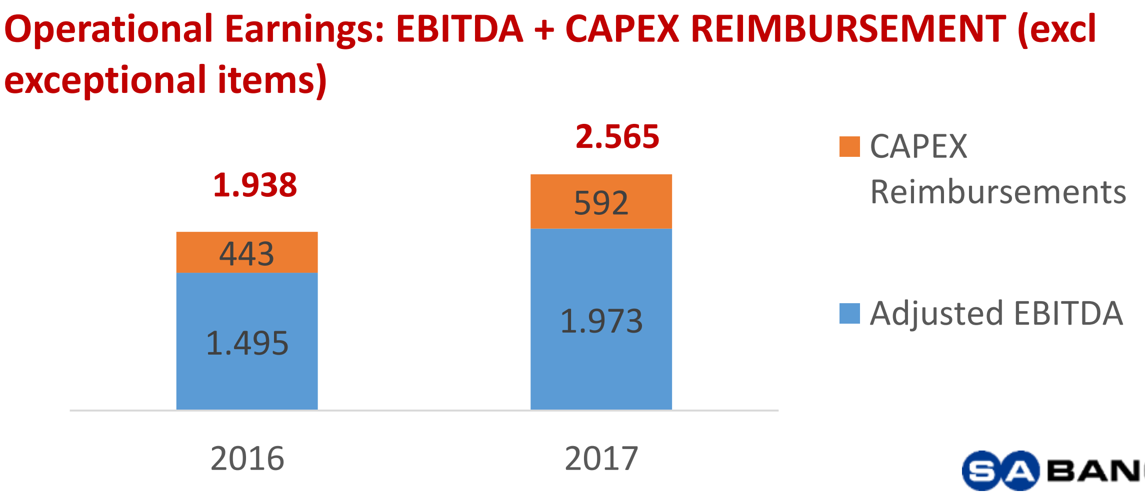
Distribution:

- Change CPI (%) reaches 11,9% (2016: 8,5%)
- Higher efficiency and quality gains at Disco due to significantly higher theft accrual collection income as well as T&L outperformance

Retail:

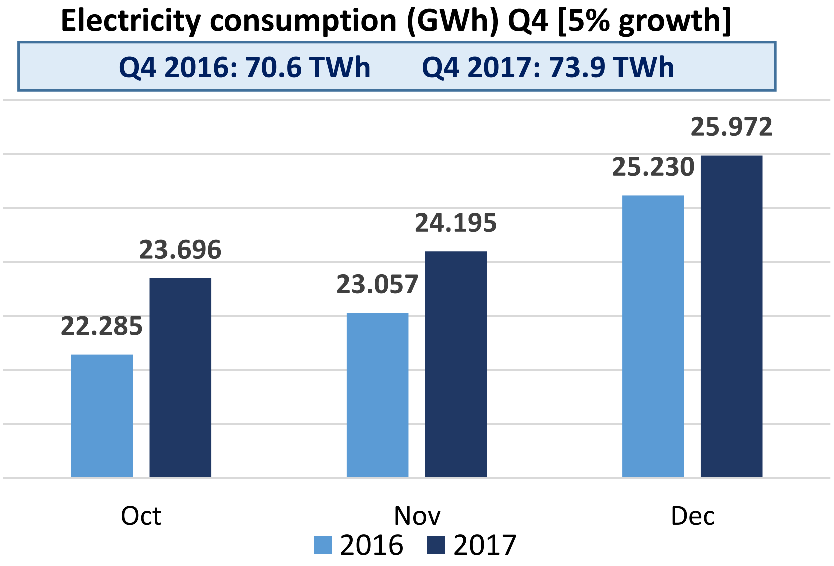
- Regulated Customers drive topline
- National Tariff limits the margins

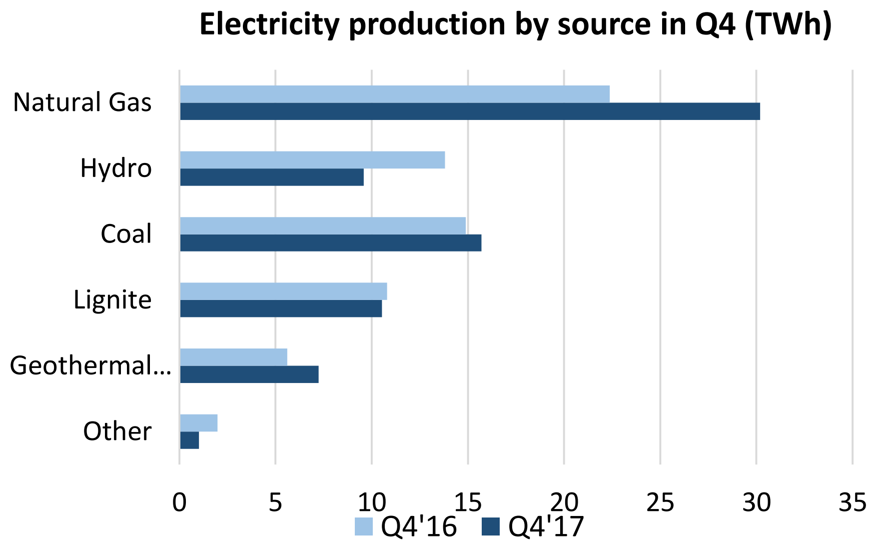


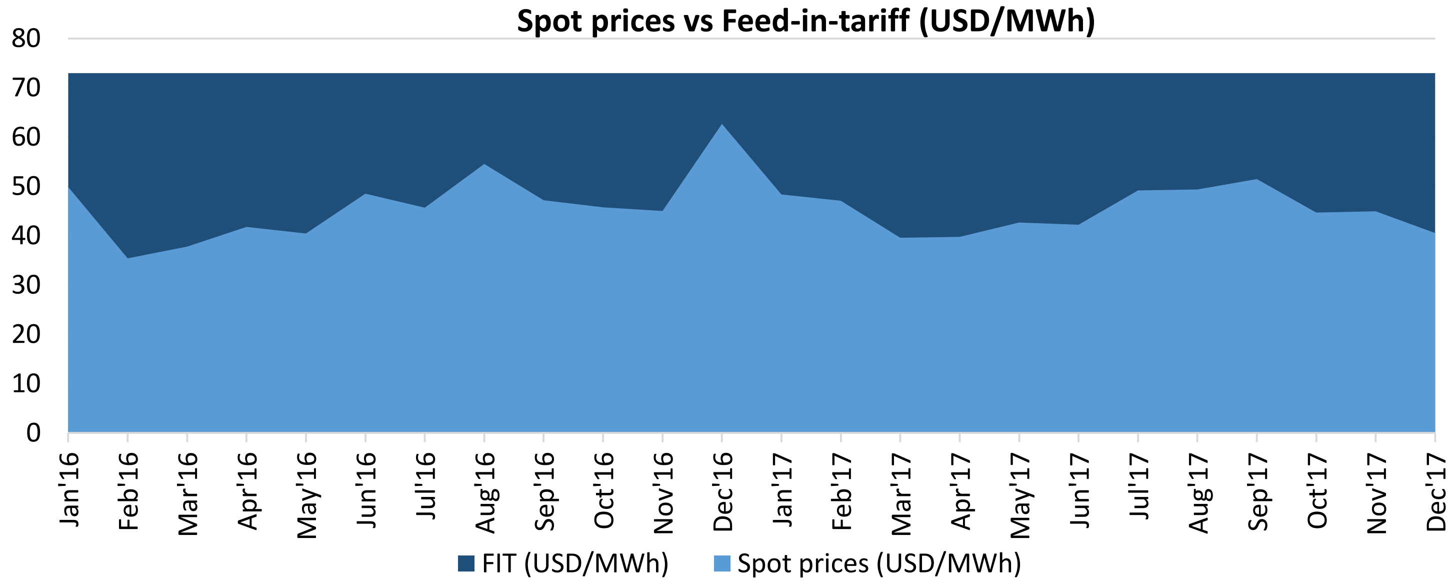


Generation Sector

5% Growth in Electricity Demand in Q4







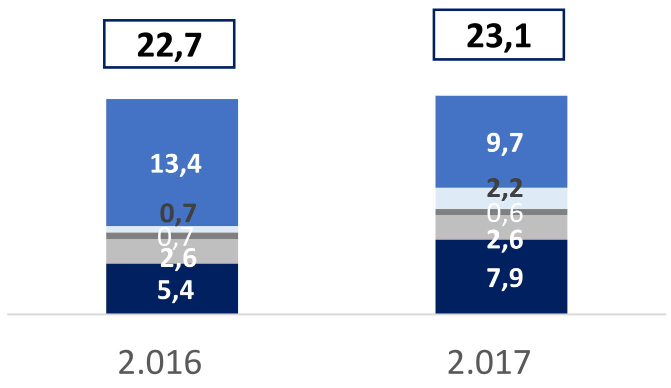
Enerjisa Üretim Santralleri A.Ş.

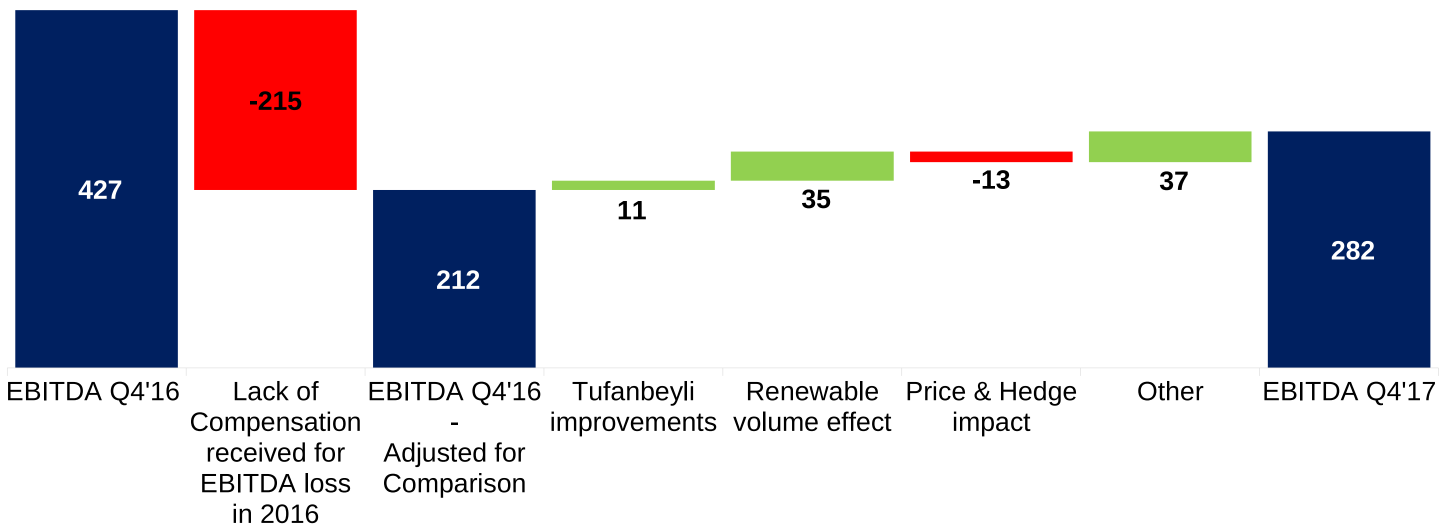
Operational Performance Driven by Renewables and Lignite Plant in Q4 2017

MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
Net sales	1.172	1.204	3%	4.155	4.165	0%
EBITDA*	427	282	**-34%**	1.058	911	**-14%**
EBITDA* margin (%)	**36%**	**23%**	**-13,0pp**	**25%**	**22%**	**-3,6pp**
Depreciation	-101	-110	-8%	-307	-428	-39%
Financial Income/(expense)	-248	-315	-27%	-701	-1.164	-66%
Net income*	**13**	**-142**	**-1209%**	**-77**	**-545**	**-606%**

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

Sales (TWh)





- Strong Base effect in Q4 2016
- Improved performance of lignite power plant
- Higher renewable volume in Q4 2017
- Operational loss in previous quarters due to unexpected outages is compensated

Enerjisa Üretim Santralleri A.Ş.

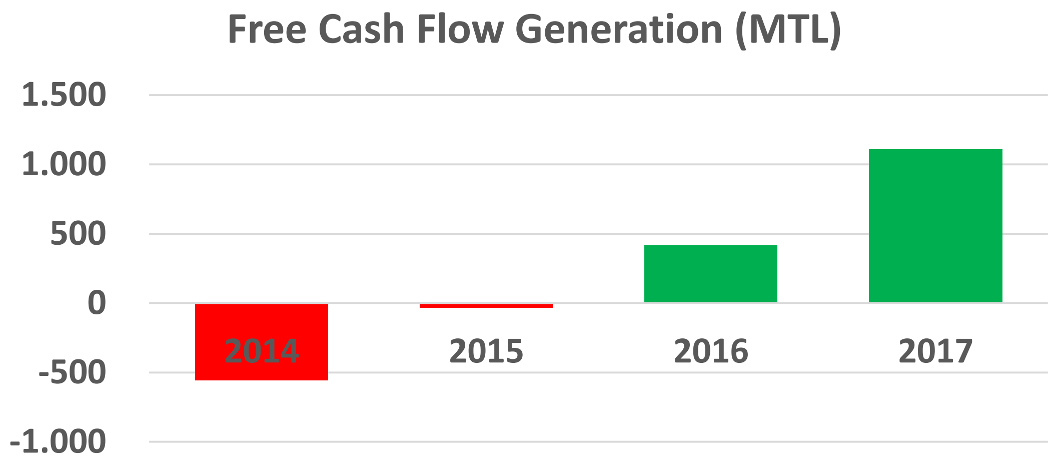
Balance Sheet and Cash Flows

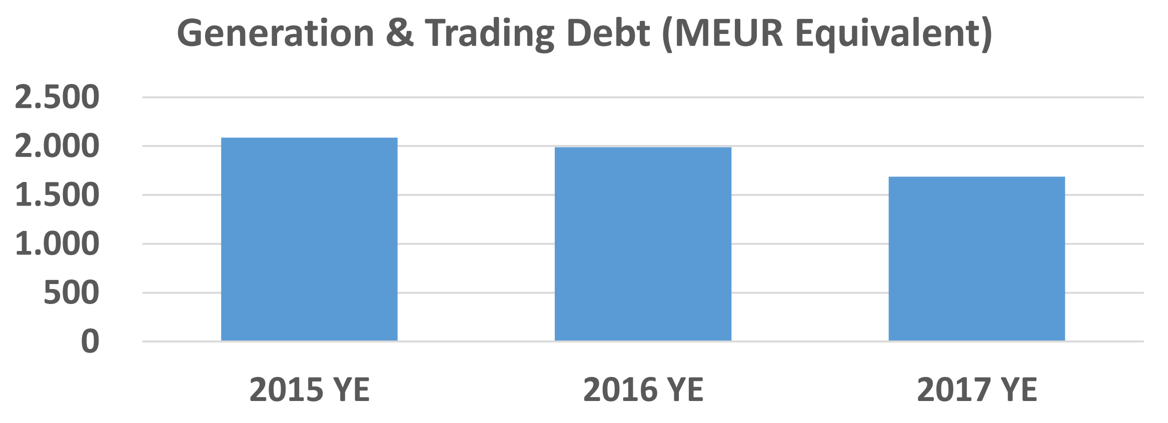
MILLION TL	DEC 2016	DEC 2017	% Change
Cash	28	35	28%
Trade Receivables	418	303	-28%
Fixed Assets	10.950	10.721	-2%
Other Assets*	1.955	1.590	-19%
TOTAL ASSETS	**13.351**	**12.649**	**-5%**
Bank Borrowings	7.371	7.613	3%
Trade Payables	410	347	-15%
Other Liabilities**	827	649	-21%
TOTAL LIABILITIES	**8.609**	**8.609**	**0%**
TOTAL EQUITY	**4.742**	**4.040**	**-15%**
TOTAL LIABILITIES AND EQUITY	**13.351**	**12.649**	**-5%**

	DEC 2016	DEC 2017	% Change
Cash the beginning of the year	102	28	-73%
Net cash provided by operating activities	**1.152**	**1.171**	**2%**
Net cash used in investing activities	**-735**	**-63**	**91%**
Net cash (used in)/provided by	-492	-1.101	-124%
Cash at the end of year	28	35	28%
Free cash flow	**417**	**1.108**	**166%**

* Other assets consist of inventory, VAT, transmission line receivables and other receivables and work advances.

** Other liabilities consist of hedges, expense accruals related to water usage right, legal cases and payables to personnel .





- Significant improvement in free cash flow due to the completion of investments and asset sale
- Despite repayments, bank borrowings level is steady due to TL depreciation against Euro

Energy

Key Takeaways in Q4 2017

Enerjisa Enerji – Growth and Operational Efficiency

- ✓ **Regulated Asset Base (RAB)** continue to grow on the back of accelerated investments and reaches **5.3 bn TL in 2017**.
- ✓ Higher **Capex**, **RAB** and **Inflation** results in ***+186 MTL additional EBITDA*** *in Q4 2017 y-o-y.*
- ✓ Improved **Efficiency and Quality Parameters**: ***+149 MTL additional EBITDA*** *in Q4 2017 y-o-y*

Enerjisa Üretim – Higher Free Cash Flow Generation and Deleveraging

- ✓ **Increased Free Cash Flow** : reached 1.1 bn TL as of 2017
- ✓ **Deleveraging Continues** lower hard currency (EUR) debt level.
- ✓ **Operational improvements** in **Tufanbeyli Lignite Power Plant** and higher renewable generation resulted in additional EBITDA

Cement

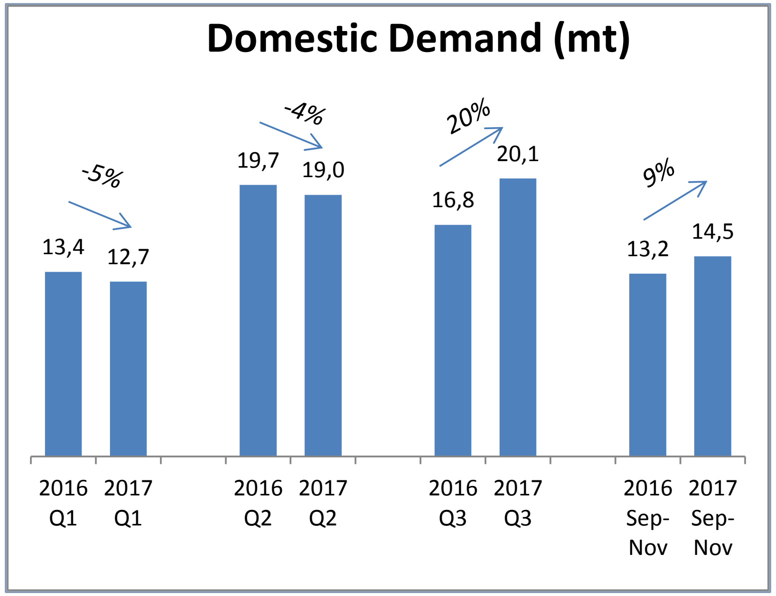
Demand Increase in Domestic Market and Price Improvement Has Driven Q4 EBITDA

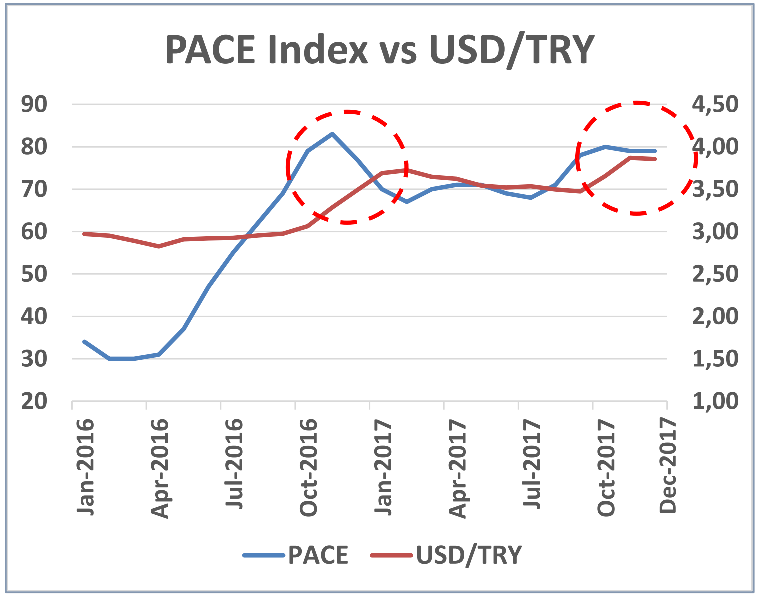
2017 Q4 FINANCIAL RESULTS

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
SALES	662	864	30%	2.631	3.010	14%
EBITDA*	144	207	43%	743	680	-8%
NET INCOME*	95	102	8%	477	313	-34%
EBITDA* MARGIN	21,8%	23,9%		28,2%	22,6%	

Excludes non-operational one off items.





Current Assessment

- Q4 showed demand increase due to good weather conditions and ongoing infrastructure projects. Domestic consumption as of November YTD is 5% above last year.
- Total sector export volume increased by 12% yoy in 2017, US and West Africa were the main markets
- Domestic grey cement prices improved rest of 2017 and last year's same period
- Despite higher petcoke, coal and electricity costs, product price improvement boosted operational profitability in Q4 vs last year

Factors to Watch

- Petcoke, coal and electricity prices
- Infrastructure segment and mega construction projects
- Ongoing urban transformation projects
- New capacities
- Demand and supply in local market
- Export potential in existing and new markets

Retail

Improving Customer Retention, Challenging Financial Results

2017 Q4 FINANCIAL RESULTS

	BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)					
MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
SALES	1.911	2.191	15%	7.566	7.952	5%
EBITDA*	116	52	-55%	83	224	171%
NET INCOME*	-25	-72	-194%	-310	-220	29%
EBITDA* MARGIN	6,1%	2,4%		1,1%	2,8%	

*Excludes non-operational one off items.

Current Assessment

– Double digit LfL growth in both businesses

– Improvement in LfL growth suppressed both by sales mix higher financing cost

Factors to Watch

– Consumer Sentiment and Economic Outlook
– Potential inflationary 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

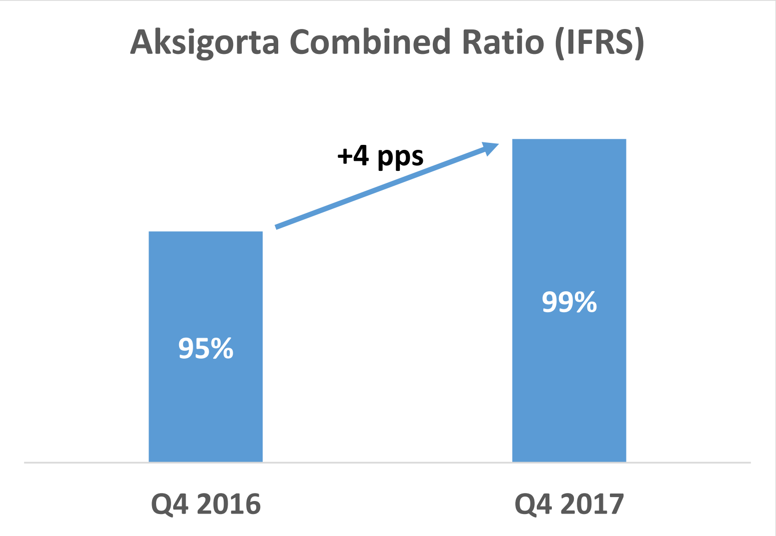
Elevated Claims Capped EBITDA Growth in Q4

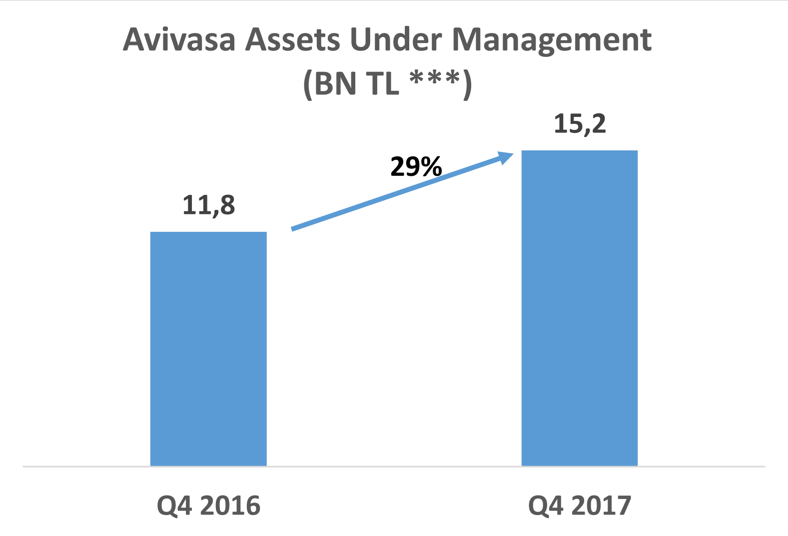
2017 Q4 FINANCIAL RESULTS

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
SALES	615	1.007	64%	2.213	3.107	40%
EBITDA*	83	88	6%	231	324	40%
NET INCOME*	79	76	-4%	212	281	33%

*Excludes non-operational one off items.





*** Exludes Autoenrollment funds (30% y/y growth to 15.3bn including Autoenrollment)

Current Assessment

- 39% growth in elementary insurance premiums, driven by both MTPL** (+183%) and non-motor segment (+33%)
- Higher claims limited technical income growth in Q4
- Pension business maintains #1 position in terms of AUM with 19.5% market share
- Both businesses' continued to benefit from elevated interest rates
- Both businesses continue to deliver strong RoE (Aksigorta: 28%, Avivasa: 31%)

Factors to Watch

- MTPL product outlook with the new pool mechanism set by the regulator
- Climate related damages and claims management
- Progressive roll out of the Auto Enrollment system in the 2018 and opt-out trends
- Loan volume growth for credit-linked product sales in Life protection business line

** MTPL: Motor Third Party Liability

Industrials

Hard Currency Revenue Streams Support Growth and Profitability

2017 Q4 FINANCIAL RESULTS

BEFORE CONSOLIDATION ADJUSTMENTS (COMBINED)

MILLION TL	Q4 2016	Q4 2017	% Change	2016	2017	% Change
SALES	1.425	1.874	32%	5.228	6.613	26%
EBITDA*	258	305	19%	975	1.118	15%
NET INCOME*	173	177	2%	634	631	0%
EBITDA* MARGIN	18,1%	16,3%		18,6%	16,9%	

*Excludes non-operational one off items.

Current Assessment

- Operational excellence and efficiency
- Focus on export markets and hard currency revenue stream support top line growth
- Easing commodity prices and better pricing

Factors to Watch

- Commodity prices and price improvements
- Domestic market demand
- Local inflation and financing costs
- Working capital management, inventory and Capex control

FX Position

Long FX

CONSOLIDATED NET FX POSITION (excl. Bank) M€	MILLION EURO	
	DEC 31, 2016	Dec 31, 2017
ENERGY	-271	-240
INDUSTRIALS	-25	1
CEMENT	-8	4
RETAIL	3	0
INSURANCE	6	7
HOLDING & OTHER	167	327
TOTAL CONSOLIDATED FX POSITION AFFECTING PL	**-128**	**99**

Holding Only Cash Position is 1.590 MTL

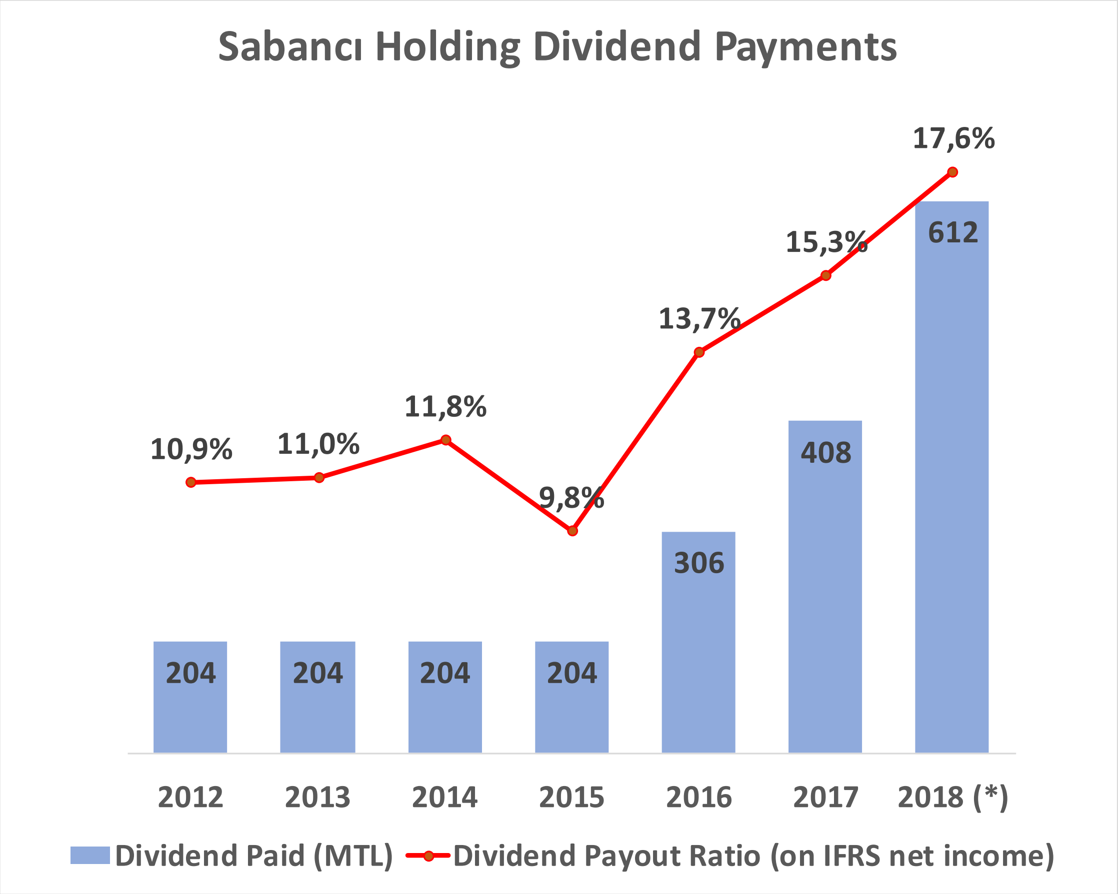
2018

Capital Allocation Decisions: Enerjisa Enerji IPO and Enerjisa Üretim

- ✓ Enerjisa Enerji IPO was successfully completed on February 8, becoming the largest private sector IPO in Turkey (in TL terms)
  - ✓ The main reasons for IPO: transparency and value crystallization
- ✓ Sabancı Holding and EON received a total around 1.5bn TL from this listing
- ✓ Considering injecting these proceeds as capital into Enerjisa Üretim(*). Main reasons for this decision are to:
  - ✓ improve the balance sheet of Enerjisa Üretim
  - ✓ fasten the pace of the company in deleveraging and turning into a dividend payer
  - ✓ get the company ready for an IPO by the end of 2019

(*) Subject to BoD approval

2018 Dividends



	2012	2013	2014	2015	2016	2017	2018 (*)
Dividend Received (MTL)	542	645	629	822	755	884	
Dividend Paid (MTL)	204	204	204	204	306	408	612

	Dividend Policy	
	Before	Now
Policy	Based on Distributable Net Income, Tied to Paid-in Capital	Based on Distributable Net Income
Range	0% - 20%	5% - 20%
Payment	2017: 408 MTL	2018: 612 MTL (*)

(*) Subject to AGM approval

2018 Guidance

		2018 Growth Guidance
SABANCI HOLDING COMBINED NON-BANK *	SALES	15-20%
	EBITDA	15-20%

* Excludes one off items.

** Sabanci Group plans to invest approximately 5 bn TL in 2018

Q&A

2017

Non-Operational and Non-Recurring Items

Non-Operational and Non-Recurring Items

	Q4 2016	Q4 2017	2016	2017
NET INCOME EXCLUDING NON OPERATIONAL & NON RECURRING ITEMS	792	1.237	2.800	3.615
Gain on sales of Akbank visa shares	0	0	66	0
Enerjisa Üretim- asset sale	0	0	0	-114
Carrefoursa gain on asset sale;litigation resolution;impairment	20	-109	-84	-96
Other	-41	13	-121	76
NET INCOME	770	1.141	2.660	3.481