



Sabancı Holding Q1 2026 Financial Results Webcast

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Speakers:

Orhun Köstem, CFO

Kerem Tezcan, IR Director

Mr. Kerem Tezcan, IR Director: Good afternoon, good morning, depending on your time zone. Welcome to Sabancı Holding first quarter results webcast. Before we begin, please refer to our disclaimers. We have our CFO, Orhun, joining us today in today's webcast. Without further ado, let me leave the floor to our CFO, Orhun.

Mr. Orhun Köstem, CFO: Thank you very much, Kerem. Good morning, good afternoon, everyone. We welcome you again to first quarter call for Sabancı Holding's financial results for first quarter 2026.

We are more than happy to report another quarter of positive momentum in our financial performance. As you see on the right side of this page, we have reported a consolidated net income of 318 million Turkish Lira, which, given our size, is not very large. Having said that, if you compare with the first quarter of 2025, we have seen over a 4 billion Turkish Lira swing, and therefore, we're happy with this momentum. And again, it also impacts positively our return on equity, which was at 2.1%, but swung in excess of 600 basis points compared to the first quarter of 2025. We're happy that this comes through positive operating profitability. In total, you're seeing our EBITDA margin expanding by about 180 basis points. But in some of our businesses like banking or etc., this may not be very meaningful. But on a non-bank basis, we're also seeing about 98 basis points improvement in our EBITDA margin, which is the real source of how we can deliver this financial performance momentum. We have about 13.5 billion Turkish Lira of cash at the end of first quarter. We've received and paid dividends in the month of April as well, but the number is pretty much the same as we speak, if not more. Our capex to sales stood at 11.8%, non-bank capex to sales revenue. And again, our non-bank net debt / EBITDA was 1.7x well within our policy range. Now, this quarter was quite important because also we have seen two important portfolio moves. One of them was regarding Akçansa, our joint venture partner Heidelberg Materials. They're now in

the process of acquiring Sabancı Holdings 39.72% share in Akçansa. Obviously, that constitutes all Sabancı's shareholding over an enterprise value of \$1.1 billion, which definitely is subject to customary adjustments at closing. Now, this is important for us because it gives us the ability to reallocate capital from the sale, and of course, deploy it elsewhere in our portfolio to support our strategic growth initiatives. And we're also happy that on the building materials side, we have the Çimsa platform, which we can grow on, and we feel is a global and scalable platform, already has an international footprint that it has grown significantly over the course of past four to five years, and now have a higher share of hard currency revenues. Separately, we are selling our stake in Carrefoursa, the food retail business. That's 57.12% of the company that is held by Sabancı Holdings. Now, that comes with an enterprise value of \$325 million, again subject to adjustments at the time of the closing. Now, for those of you who have been listening to our strategic storyline over the years, you would know that food retail business has not been part of our long-term strategic focus. Although it's a great business and hopefully is going to continue being great, but this also allows us an exit from a non-core segment by improving, earnings quality, capital efficiency and return matrix. We estimate maybe on a pro forma basis, this could improve the bottom line of consolidated Sabancı Holding margin by between 100 and 150 basis points, also has positive impact on our return on equity metrics, again, on a pro forma basis. So, this is in a nutshell, what's happened in the first quarter.

Now, if we move to page five, as always, you will see the backdrop over which the results were, you know, materialized, needless to say, and we touched base to that when we talked about our annual results. Of course, the biggest item is the geopolitical risk, which on the top left corner, you see the index, you know, shutting up quite significantly, obviously, owing to, you know, the war in Iran, which impacted the oil and gas prices, that's on the top right corner. You know, shut up quite high, you see zigzags, basically, that's pretty much in line with what's happening on the ground. But for us, obviously, it impacts the inflation, inflation, since the end of the year has a pretty flattish curve, as you see, on an increasing trend, even and the policy rate has been quite flat, basically, and the difference between the effects basket and CPI actually is again, widening, which is obviously also a function of, as you see on the right hand side of this page, the interest rates, which is, you know, shown here through the TL reference rate, are haven't, you know, come down. In fact, it has gone up, compared to what we see at the end of the year.

Now that's the macro backdrop, so to say, if I can take you to the next page, page six. If you look at, again, a snapshot, we've seen our combined revenues down by about 9%. Again, the biggest contraction seems to be coming from the bank. But as I said, it's difficult to measure the revenue in the bank, basically. In the non-bank business, we've seen a slight contraction of 2%. But if you get to the EBITDA line, we've seen a real growth of 6% in the absolute EBITDA, contributed in the same pace between bank and non-bank businesses, which is great, because despite what we see on the revenue line, it's important that we see this positive momentum in our operating profit levels, which from a margin point of view has added 98 basis points on our combined EBITDA margin. Here, obviously, Kerem is going to walk you through in detail, and I'm pretty sure, for example, some of you must have listened to Akbank's call. I think since the second quarter of 2025, Akbank has a very nice curve as to how they improve their net income

margin so far, with improvement in their fees, income as well. And on the non-bank side, I think it's important to say all of our segments, compared to the first quarter of 2025, has turned positive. And the swing has been quite significant, especially in the energy side, which has been the major contributor on the non-bank. And this is, with the exception of what we report here as digital and other, and other is mainly the retail businesses. If you look at the consolidated net income, as I said, we reported a 318 million Turkish Lira of consolidated net income, compared to last year. As you see in this graph, the swing has been pretty solid. Now, I think the important outtake from here is we're happy that the operating profitability has been improving, which indicates if the conditions were to improve, especially in the second half of this year, which leaves us a lot of room for significant improvement, potentially and, that margin improvement on the operating level obviously is an early indication, hopefully, for us to deliver better in the overall financial performance as well.

On the next page, you see our operating cash flow moderating slightly, compared to the first quarter of 2025. Now a part of that, it comes from the working capital changes from year end to the end of the first quarter, and that part should normalize throughout the year, basically. And on the right-hand side, you see how our return on equity has been moving in this very nice curve that has taken an S shape, but moving upwards, as you see, as we come to the end of the first quarter, where the consolidated return on equity stands now at 2.1%.

Again, in the following page, as we discussed, our holding only net cash was 13.5 billion Turkish Lira at the end of the first quarter. As we speak, as I said, it's not less, maybe a little bit higher, after having received and distributed dividends in Sabancı Holding. We continue a reasonably strong CAPEX program. You see our non-bank CAPEX to sales stands at 11.8%. But despite that, given how our EBITDA has been developing, of course, our net financial debt to non-bank EBITDA stood at 1.7x, that's again, well below our policy level of 2x.

The next page shows you the NAV, which stood at about 10.4 billion at the end of April. Now it looks quite similar now, as we speak, basically. But we still have a relatively high, discount to our net asset value, which was about 57% at the end of April. As of end of yesterday, I think it was more like 56% levels. And again, on our NAV, it's also important to note that both the banking and financial services, as well as energy and climate technologies businesses contributed the majority, together delivering three quarters of our NAV as of end of April. Now with that, I will hand over to Kerem to walk us through the details of the segments. Kerem.

Mr. Kerem Tezcan, IR Director: Thank you, Orhun.

Let me begin with the bank. And just to remind the banking numbers presented on this page are based on BRSA financials as the banks are exempt from inflation accounting. Akbank started the year solid, maintaining agile balance sheet that is capable of quickly adapting to changing market conditions, while maintaining its focus on long-term sustainable profitability. Core revenue growth was underpinned by renewed net interest income momentum, solid fee income and well-executed treasury management. Through selective and risk-adjusted growth, Akbank continues to manage asset quality

prudently. Furthermore, gross coverage remained solid at 3.7%, with prudent buildup of additional provision buffers. While external volatility may continue to create some short-term timing differences, the broader expected recovery in profitability remains intact. Solid capital foundation with 16.1% total capital and 13.1% Tier1 provide flexibility to capture growth opportunities while remaining resilient across cycles.

As for the core metrics of the bank, in the first quarter, swap-adjusted net interest margin continued its gradual improvement with an additional 20 bps QoQ, supported by Bank's well-structured loan portfolio and sound deposit mix. ROE was solid at 25.3% and return on assets was at 2.2% thanks to Akbank's robust revenue generation capacity. During complex external environment, the Bank's strong capital, adaptive balance sheet management, disciplined risk framework and selective growth strategy continue to support that resilience.

On the Financial Services segment, in the life business, growth continued to be driven by strong performance in credit linked life and return of premium life products, alongside the expanding pension fund base. The pension business maintained its leadership among private players both in assets under management and Life & Personal Accident premium production. EBITDA was supported by growth across core life products and the maturing contribution from Medisa. In non-life, the selective profitability focused approach was maintained, prioritising technical profitability and sustainable capital adequacy over volume growth. Within this framework, premium growth remained slightly positive, reflecting a continued focus on profitable segments rather than aggressive top line expansion, while disciplined underwriting supported a strong capital adequacy ratio of 153% as of March 2026.

Looking at the financial performance of the segment, on an inflation adjusted basis, topline increased by 6% year on year, driven by growth in the life business, while the selective approach in non-life moderated overall top line expansion. EBITDA growth was driven by the life business as well, reflecting strong performance in credit-linked life and return-of-premium products, alongside the expanding pension business and the increasing contribution from Medisa. In non-life, EBITDA remained under pressure, reflecting the impact of higher claims volatility and continued strategic actions, consistent with the ongoing focus on disciplined underwriting and profitability. Bottom line performance showed a clear year on year improvement, with net losses narrowing significantly and approaching a near breakeven. This improvement was mainly driven by monetary gains and losses across the segment. Despite strong operational performance, higher monetary losses and tax expenses pressured life business net income, while lower monetary losses supported a meaningful reduction in non-life losses.

Let me now turn to our largest non-bank segment: Energy. Regarding the operational landscape; on the generation, production volumes declined by 5% year-on-year, mainly due to lower output from natural gas and lignite. However additional wind capacity and a favorable hydro regime partly offset volume weakness, resulting in a balanced and higher-return generation mix. Spot electricity prices dropped by 8% year-on-year in TL terms and failed to offset the 25% hike in natural gas prices over the same period. As of early April, the regulated price cap increased by 32% to 4,500 liras, while natural gas

prices for electricity generation companies rose by 19%. Capacity growth continued, with total installed capacity now exceeding 4.5 GW, supported by an increasing share of renewables following over 600 MW of wind capacity addition under the YEKA-2 program. To fund these investments, net debt to EBITDA reached 3.5x, which remains reasonable relative to selected peers operating in a similar capex cycle, where leverage typically ranges between 4.0x and 4.5x. Additionally, commodities performance was supportive in this quarter, benefiting from effective positioning in a volatile market environment. In climate technologies, EBITDA contribution became more visible during the quarter, supported by incremental volumes from commissioned capacities within last year, with operating leverage improving as assets moved beyond initial ramp-up phases. Enerjisa Enerji continued to deliver a solid set of results. Nominal EBITDA dropped slightly year-on-year due to lower contribution from retail and customer solutions operations as OpEx outperformance put some further pressure. Meanwhile, the new regulatory framework supported distribution performance, particularly through higher RAB and financial income. The company maintained its full-year guidance and stood committed to our investment program despite more expensive financing than initially expected for 2026.

Looking at the overall performance of the energy segment, distribution and climate technologies positively contributed to EBITDA margin. On the back of strong EBITDA, bottom-line was further supported by monetary gains in generation, positive tax impact, including the suspension of inflation accounting in tax financials for the distribution business and the step-up gain recorded in climate technologies. On the other hand, the suspension of inflation accounting had a negative impact on the generation business at the net income level.

On Material Technologies segment; in building materials, the operating environment in the first quarter remained mixed, with softer domestic demand more than offset by continued strength in international operations. Within this backdrop, Akçansa demonstrated resilience in its core regions and maintained operational momentum, while Çimsa continued to act as the segment's main growth driver, supported by its expanding international footprint, including its U.S. operations and the Mannok facility. Despite ongoing pricing pressure in an inflationary and high-interest rate environment, disciplined cost management and increased use of alternative fuels supported operational profitability. In tire and tire-centric solutions, the replacement channel was the largest contributor to domestic sales growth, both driven by consumer and commercial segments, significantly recovering from last year's low base. Brisa continued to have a strong market position in its premium segment of HRD, leveraging differentiated quality and effective pricing. Building on this market positioning, year-on-year margin recovery in Q1 was supported by strong volume growth, product mix, price actions, and strict cost discipline. In tire reinforcement and composites, strong volume growth and a favourable mix in the composites segment, together with cost optimization efforts, supported a meaningful year on year recovery in profitability and a positive bottom-line performance. Within this overall improvement, the tire reinforcement business continued to operate in a challenging market environment. The gradual normalization following last year's disruption in Indonesia, along with insurance income recorded in relation to this disruption, also supported the performance during the period.

Material technologies segment's topline declined by 2% year on year in Q1, while the EBITDA margin expanded by more than 300 basis points to 12%, led by tire and composites operations. The increase in the segment's net income was primarily driven by stronger EBITDA passthrough, monetary gains, and lower finance expenses, despite higher tax expenses, particularly at Akçansa.

Let me continue with digital & other segments. In retail electronics, online sales continued to grow year-on-year in the first quarter, demonstrating a relative resilience of the online channel amid weak consumer spending. This has partially offset the impact of weak consumer demand. In terms of profitability, EBITDA margin improved slightly year-on-year despite ongoing competition related pressure on gross margin and better OPEX-to-sales ratio, reflecting tighter cost control. In the food retail segment, revenue generation remained under pressure due to weak consumer purchasing power, despite continued growth in active customers. The growing contribution of alternative channels and franchise operations offset a part of the topline pressure and supported mix resilience. Meanwhile, ongoing network optimisation continued to weigh on top-line and profitability in the short term, while strengthening the efficiency and sustainability of the operating model.

On the financial performance of these segments, in Digital, revenues declined year-on-year, while EBITDA recorded a limited improvement, supported by cost discipline. At the bottom line, net loss widened compared to the prior year, on lower sales performance and higher financing and tax expenses. In the Other segment, revenues were slightly weak in a challenging demand environment and ongoing store network optimisation efforts across the retail operations. Despite a year-on-year improvement in electronics retail EBITDA, the segment EBITDA turned negative, driven primarily by exceptional items recognised in food retail during the quarter, including fire-related asset write-downs. At the bottom line, despite higher monetary gains, weakness in food retail EBITDA and higher financing expenses pressured the performance.

Well, this concludes our information on segments. Now, I would like to hand over to our CFO, Orhun, for the closing remarks.

Mr. Orhun Köstem, CFO:

Thank you, Kerem. On wrap-up, again, we see in this quarter two important portfolio moves, as we discussed, and our portfolio optimization, of course, comes despite this geopolitical volatility, basically. And if you look at the Sabancı businesses, we believe our diversified sector mix, our diversified geographic mix, we are operating across 18 countries, our robust and healthy balance sheet, and our initiatives as to the cost efficiency and our organizational flexibility, we believe gives us a headroom for significant potential for improvement, especially in the second half of this year, should, of course, the conditions improve compared to what we've seen in the first quarter and probably in the second quarter of 2026 as well. Now, with this, we would like to open the floor for questions. Thank you.

Mr. Kerem Tezcan, IR Director: We have the first question. Thank you for the presentation. Do you have a forecast for electricity spot prices (PTF) for rest of the year (i.e., 2026 MCP average)? Due to holiday season in May it is expected to stay at these lower levels but what about June onwards?

Mr. Orhun Köstem, CFO: Thank you very much. Obviously, what has been critical in the first quarter was the fact that the hydrology was very strong. Now, last year, I think on technical terms, it was a very dry year. So therefore, the hydrology-driven generation was very poor. However, in the first quarter of this year, as I'm sure you must have also experienced, it was quite a wet period and hydrology was very strong. Now, which is obviously good news, it improves our margins on generation, but it lowers the price as far as the market is concerned. Because the higher that you generate from a lower cost resource, the lower the average prices have become. So therefore, I think in the first quarter as well, the prices were low, actually, because of this mix of technology. Our estimation for this year in general, was around \$60 per megawatt. The first quarter was obviously lower than that. Back to your point, June, and maybe in the summer, if the demand increases, especially, and depending on how warm the summer is going to be or the utilization of air conditions that drives the demand, and if the mix changes towards a higher level of average electricity prices, these averages could improve. But until then, it's difficult to say, basically, because as I said, what has driven the prices in the first quarter was mostly the mix of generation.

Kerem Tezcan, IR Director: Thank you, Orhun. The next question is from Cenk. Could you please further elaborate on what drove Enerjisa Generation's improved operating results? How much new capacity, base effect from last year and one-off factors? What is your full year EBITDA outlook ?

Mr. Orhun Köstem, CFO: Thank you, Cenk. Now, as I tried to say when I was answering the first question, the mix so far was one where hydrology was very strong. Now, that's on one hand is positive for our margins, but on the other hand, as far as the average pricing is concerned, it takes the prices quite low. So, that was one factor. So, the margin improvement and hence the margin improvement and secondly, the price cap has improved in the year, which I think rather than the first quarter, which may have some impact on the rest of the year, and hence the answer to the first question, but that's pretty much dependent on the mix of generation where we drive, the generation resource. As you've seen in our announcement and disclosure, that has been a reversal of impairment, I think, on the net income level should have an impact of close to one and a half billion Turkish Lira, which came in this first quarter as well, basically. But not very much so on the base effect in that sense. The only thing, as I said, that you can relate to is how different the hydrology has been between these two quarters. Now, to fully rev it up, versus last year, all I can say is, by the way, the other thing, I'm sorry that I need to mention is the commodities business, back to what Kerem was underlining, is obviously improving better than how it was doing in the first quarter of 2025. So, this year, we're going to have a much better, hopefully, we expect a much better performance compared to last year on an EBITDA level. As you will remember, we were looking at give or take up to a \$500 million EBITDA from our generation portfolio. We may fall short of that this year, slightly, but compared to last year, we expect to see an important improvement.

Kerem Tezcan, IR Director: Next question comes from İlgin. Dear Kerem, Orhun, many thanks for the presentation. I have a few questions if I may, please. We observed an accelerated portfolio optimization in 1H26 and I understand there is more to come. What kind of overall net cash improvement should we expect when all deals you have in mind are finalized and what kind of plans do you have for this cash? Considering historic commitment to the cement sector and now Akçansa gone, what is intention: Shall we expect growth to channel to Çimsa? And the final question from İlgin; can you share more details about the energy business in the US, given high power demand from technology sector and how that is affecting margins?

Mr. Orhun Köstem, CFO: Thank you, İlgin. Now, as we've discussed, you will remember, and Kivanç Bey has mentioned it a number of times, that although strategically there is no change in the direction of Sabancı Holding, in terms of execution priorities, there has been changes and differences, and one of them was an acceleration in these portfolio movements, basically. Now, you've seen some, and there could be more going forward. It's difficult for me to say what the exact amount of cash that we may receive. As I said, those transactions are subject to customary adjustments at closing. But we will obviously be cash positive after these transactions, and we would very much like to be able to deploy this cash to investments as per our investment policy. Just to remind you, again, we expect to generate at least WACC plus 200 to WACC plus 400 basis points return on any incremental investment that we're making, and hopefully that has an impact on the overall portfolio. Now, on your second question, the answer is yes, as I tried to explain. We had two, of course, platforms for building materials, two great businesses. Now, we've chosen to grow over now the Çimsa platform, which again, as you will remember, in the course of past five years, made a number of strategic moves, has now a production footprint in Spain as well as in Ireland, and increased its grinding capacity in the US in addition to its terminals, has now become the second largest white cement producer globally, and has diversified into some specialty products like calcium aluminate cement as well. So yes, obviously, we will continue to be active in the building material segment through now the Çimsa platform. In the US, our Cutlass II and Oriana projects have become fully operational this year, as Kerem was pointing out, positively contributing to the financial performance of our energy segment. We have now 500 megawatts operational through these projects, and another 300 megawatts that's in the pipeline under construction, which are due to be operational, I think by second quarter of next year. The energy prices, well, your estimation is obviously correct. I think as far as the data centres is concerned, the estimations indicate that it will add at about an 8% increase in the overall energy demand, annual energy demand in the US, but not necessarily in the short term. Obviously, especially for our projects, these have PPAs in place, and therefore we know exactly how we're going to sell and how much we're going to earn. What you suggest is an opportunity for us, especially going forward as we build new capacity in our US business, which hopefully will obviously allow us to leverage such opportunities.

Kerem Tezcan, IR Director: All right, thank you, Orhun. A follow up question from Cenk, can you please provide an update on data centre investments, what is the progress ?

Mr. Orhun Köstem, CFO: Thank you, Cenk. Now, data centre piece or the digital piece, as you know, is the fourth segment that we're describing in addition to banking and financial services, energy and climate materials and mobility. Now, obviously, you will remember from our discussions, we have still land available in the US for potentially such investments. As I was answering the previous question, this segment, the data centre growth is quite significant in the US. And I think for us, it's quite likely if we pursue that route, rather than it seems quite viable for us now to see if we could have a roadmap through which we could use the real estate, maybe with the presence of our energy to participate in that, not necessarily consolidating a business at this stage, but obviously participating in that growth that will deliver hopefully returns. That's the international piece. I think given the markets structure in Turkey, it's worthwhile assuming that any opportunity in the Turkish market could come through greenfield, which obviously requires a longer-term evaluation for us. In any case, potentially with other parties as well, which will obviously not only accelerate any potential outcome, but limit the exposure as well. So that's work in progress in a nutshell.

Kerem Tezcan, IR Director: Thank you, Orhun. If you have further questions, please type it to the Q&A section of the Zoom. Thank you. So, I guess we don't have any further questions. Thank you very much.

Mr. Orhun Köstem, CFO: So, this concludes our call for the first quarter of 2026 and my 20th quarterly call for Sabancı Holding and my last one. So until later, take good care of yourselves. Goodbye.