HACI ÖMER SABANCI
HOLDiNG A.S.

MERKEZ
SABANCI CENTER
4. LEVENT 34330 ISTANBUL
TEL: 0212 385 80 80
FAKS: 0212 385 88 88
www.sabanci.com

Sabancı Holding
Q2 2024 Financial Results
Webcast

August 29th, 2024 17:00 TR Time

Speakers:
Cenk Alper, CEO
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's second quarter earnings results webcast. I have our CEO, Cenk Alper and our CFO Orhun Köstem with me. I would like to hand over to Cenk Alper for opening remarks, thank you.

Mr. Cenk Alper, CEO: Thank you Kerem, thank you to all participants, good afternoon, good morning. I am proud to say that our Group has performed relatively well in the first half of the year and executed our strategy year to date, despite all the volatility.
As you know, geopolitics remains unpredictable in the region, the world's major economies are progressing in line with overall expectations with inflation continuing to moderate. On the other hand, Türkiye's fight against inflation prevails in a strict manner after adopting orthodox economic policies. What remained unchanged is that we continued to invest and stick to our strategic initiatives at a sustained pace with an aim to accelerate value creation and increase shareholder return.

As you may all already heard, DxBV, our Digital group company, fully owned subsidiary of Sabancı Holding that is focusing on business models based on next generation technologies, acquired 65% of Bulutistan, a cloud company, one of Türkiye's market leaders in cloud technologies with a valuation of 39 million dollars. With this transaction, our effective share in Bulutistan reached 75.5%. Because we had 10.5% shares in Sabancı

Ventures. This acquisition has strengthened our portfolio with another market-leading business with attractive long-term growth prospects. Probably you heard that Bulutistan is one of the top candidates of unicorns or turcorns according to Turkish Ministry of Industry. With the changes we made in Sabancı Holding's organization at the beginning of the second quarter, you will remember, we have implemented a more focused growth strategy in the areas of materials technologies and mobility solutions. So we have demolished the industry group and now we have two focused groups Material Technologies and Mobility Solutions. With our companies, which are the best examples of sustainability and digitalization in these two areas, we are taking concrete steps to achieve our strategy of growth in new economy.

We have, actually yesterday morning, announced the acquisiton of Mannok. Çimsa signed an agreement to acquire 95% of Irish Mannok at an enterprise value of 330 million euros. Mannok has more than 50 years of experience in the European market, Mannok is one of the companies with the widest product range in building materials in the UK from cement-based products to insulation materials and recycled plastic packaging. This investment really represents a new milestone in our material technologies business with its global outreach, product range and sustainability focus while also aligning with our midterm roadmap to increase share of FX in combined revenues and also accelerate the redeployment of the capital toward companies with higher growth rates. As you may also recall, Çimsa signed a loan agreement with EBRD for a total amount of 25 million euros and became the first cement company in Türkiye to receive such financing from the EBRD. Çimsa is an example of our commitment to pioneer sustainability in the industries in which we operate. It is also worth mentioning Çimsa completed the expansion of its calcium aluminate capacity in the first quarter of this year and became the world's third largest capacity in calcium aluminate cement.

In climate technologies, our energy generation company, Enerjisa Üretim, increased the installed capacity of its wind farms by more than 20MW in the second quarter, bringing the total installed capacity of its plants to 3.8GW. Upon completion of the ongoing investments as you recall, Enerjisa Üretim will solidify its leading position in Turkish private sector by reaching an installed capacity of approximately 5GW with a 60% share of renewables by 2026. And this capacity expansion is through organic growth but also for inorganic acquisitions. In United States on the other hand, our 272 MW Cutlass II Solar Power Plant was completed in the second quarter and commissioned at a full capacity ahead of its schedule. The financing of the 184 million dollars of tax equity for this plant was completed and existing construction loan facilities were successfully converted into long-term project financing. We have also secured the funding for our second solar project in the United States, so-called Oriana, that will have 232 MW power generation and 60MW storage capacity. Oriana is still under construction, approximately 20% of the construction completed but hopefully by the time we report to you in the first half of next year, we will be talking about at least 500 MW of operational capacity in the United States. So, within the third year, we have two completed acquisitions and at full speed we are building capacity in United States.

The financial results show that our performance is being challenged by the prevailing macro environment. I guess, this is a transition period that results in a slower economic growth and significant disparity between inflation and the level of exchange rates, you know inflation devaluation difference. This environment not only deteriorates pricing flexibility, especially for export companies, but also the reported negative impact amplifies further under the inflation accounting. We have conducted a thorough review and implementing measures to turn around the financial performance in the second half of the year. As you can follow quarter by quarter actually our second quarter performance is better than the first quarter and I am confident that with the capabilities of my teams to weather through this challenging period, with a robust balance sheet, moderate leverage, and substantial liquidity. We have the resources to respond to market developments in a disciplined manner. Orhun and Kerem will provide you details on financial performance in the following slides.

Regarding sustainability, I am proud to share that in June, we have received an Outstanding Achievement Award in Sustainability from the European Foundation for Quality Management along with a six-star award for the holding company. I can proudly say that this is first in kind. So, we are the only holding company receiving an EFQM, award a testament to how well we integrate sustainability into our decision-making processes and actions. As you may know, there have been many developments on the circular economy front in recent years especially in the EU. At Sabancı Group, circular economy is one of the key pillars of our Nature Framework for each Group company based on their specific stage of circularity maturity. In the first half of the year, we have defined the key milestones and targets related to the circular economy for our portfolio based on the maturity of each Group company. We have set targets and milestones for 6 Sabancı Group companies and our aim is to extend this to all group companies in the long run. On the other hand, we have also launched the Sustainability Academy with a series of events under the name 'Business For Sustainability – Sustainability For Business. I believe that the success of the sustainability transformation is very much dependent on the sustainability knowledge and skills of our leaders throughout the organization. We have recently published our sustainability report this week and there are very important outputs I would like to share with you on the next page.

We managed to reduce our emissions by 20% and our water consumption by 24% in 2023 compared to 2021. So, if you recall our midterm goals of 2030, 42% actually we are almost on the halfway to reach our 2030 targets for emissions. At Sabancı Holding, we utilize 100% renewable energy. This rate is 54% across our Group companies, last year it was 27%. So, all the investments are in line with our renewable energy strategy. This means we doubled the rate of renewable electricity use last year. In addition to our environmental performance, we have made notable advancements in the social arena. We maintained our ratio of women managers at 41% last year, exceeding European Union standards, I remember it is 35%. I hope that we can achieve a 50% female manager representation by 2030 at the latest. Furthermore, our inclusion programs reached over 1.8 million people. Finally, I would like to address our contributions to sustainable economy. By 2023 year-end, we realized 24% of our 5 billion US dollar commitment to SDG-related investments and expenditures, which we aim to reach by 2027. As a group, we expanded our portfolio of sustainable products and services to 1,1 this year, marking a 23% increase compared to the previous year. Akbank exceeded its sustainable finance pledge to 200 billion TL in 2023 with 226 billion TL and raised Sustainable Finance Pledge to 800 billion TL by 2023. Now, I'll hand over to Orhun for a deeper dive into our financials.

Mr. Orhun Köstem, CFO: Thank you Cenk. Good morning, good afternoon, everyone. Welcome to our second quarter results webcast. Before I get into the details of the financial performance for Sabancı Group, I would like to highlight the background through which we are operating in general. As you see on the top left graph on page six, after a rebound from Covid in 2021 especially flowing through the impact of the Russia's invasion of Ukraine in 2022, the commodity and energy prices have been normalized throughout 2023 and 2024, in the first half of this year at least, we see a more normal environment. So, there is relatively little relief in terms of bigger differences in energy and commodity prices. On the other hand, if you consider the labor cost inflation, it's obviously year on year quite high, including the minimum wage increase, which is about 100% between the first half of this year and first half of 2023.

These are the macro conditions, of course, given the disinflation program that's been executed in Türkiye. We would also need to consider the impact on the overall economic growth. Although the first quarter growth was 5.7%, we have not seen the second and third quarter yet. But obviously, there has to be some slowdown. And all of these results, not only us, but in the general context of the Turkish companies should be viewed in that context. As far as we started reporting in inflation accounting, that suggests, just to reiterate, the numbers you see for 2023 are indexed by about 1.72 times in first half of 2024, which means in order to earn the same 100 Turkish Lira that we earned in first half of 2023, now we need to earn 172 Turkish Liras. And moreover, given this transition period with this disinflation program, the basket devaluation is considerably lagging behind inflation. That means some of the businesses like KORDSA or our international businesses like Çimsa's International Arm, or even Sabancı Renewables, that dollar-based or FX-based businesses need to grow, give or take at least 25% on FX basis to catch up with the inflation versus, or the reported inflation figures for 2023. So therefore, given how the Turkish economy is moving, and I'm sure given how rest of the global economy is doing, reporting under inflation accounting obviously presents these mechanical adjustments.

Moreover, in the first half of this year, obviously the interest rates are quite high versus to the first half of last year. Policy rate-wise, at the end of first quarter last year, 2023, the policy rate was 8.5%, which was subsequently increased to 15% at the end of the second quarter and this year is 50%. And the overall interest rates, I think it's fair to say, has moved from 20-ish levels to high 40s and 50s levels in the first half of 2024.That obviously has an impact on the bottom line of the Turkish companies in general. So this is for you a general backdrop of the operating environment. If you come to our results, that's on page seven. Obviously, we show here the combined revenue EBITDA and net income performance. As you see, the combined revenue was up by 8%, and EBITDA was down by 41, and the consolidated net income has turned from a profit to a loss of 7.6 billion TL. Now, in order to interpret these, we need to first dissect certain parts of this. And of course, the biggest part is the bank, the largest asset that we consolidate. And as you know, given the balance sheet of the financial institutions, when they report under inflationary environment, obviously there are monetary losses involved that impacts the performance or the profit performance of these businesses. I'm not referring to Akbank, I'm obviously referring to the whole banking sector as well. So in this environment, the net income margin generation is challenging, obviously, and the credit growth is also challenging given the regulatory requirements at this point in time. Having said that, we're happy with the fundamentals of how Akbank is performing. That means it has a quite strong capital adequacy. It's growing and continuously to grow its customer base. I think by 2021, we must have exceeded 5 million new customer acquisitions. And then obviously, those acquisitions come digitally, which enables us to grow our cross-sell efforts that results in better commissioning income.

Having said that, all those fundamentals, obviously, given this macro backdrop, does not necessarily result in a better bottom line, but at least we know we are very well positioned to take off once the condition is normalized. Now, of course, from a holding company standpoint, as you know, the banks do not report under inflationary environment, therefore their dividend expectations should be based on non-inflationary results, which I'm sure you must be following separately. So it's very different than what you see here. Another important point to mention is the impact of the holding company or the holding structure. Now, as you know, Sabancı Holding doesn't carry any debt. And our natural position is a monetary loss between our investments compared to our equity. Moreover, we hold cash that's 166% higher than what we held the same period of last year in nominal basis and 55% higher in real terms. So that also available cash, unfortunately, weighs on the bottom line of the holding entity.

So therefore, when you look at the right-hand side of this page and look at the non-bank net profit performance, about 20% of that, or about 2 billion of that swing is attributable to how the holding company is doing year on year, only from its monetary position basis. So these are the two, I think, important big items that we need to identify. Other than that, if you look at the non-bank business, at the end of the first half, we see about 160 points margin contraction. That, in our opinion, still looks reasonably well, given this macro backdrop. Although, of course, it's a contraction and not an expansion of margins. And then in comparison to last year, I have carefully selected to talk about the first half rather on a quarter and quarter basis. Because if you remember last year, we had this massive earthquake in the first quarter and a big rebound in the second quarter, which can make, like for like comparison, a little bit difficult for some of our businesses. So therefore, I think, operationally, we see about 160 basis points contraction. Now, as you know, the biggest contributors to our operating performance outside of the bank, of course, are the energy segment.

And in the energy segment, you remember when we had the first quarter call, we said that the electricity prices was low, which was impacting the performance of Enerjisa Üretim for that period in comparison to last year, which was the case in the second quarter as well. So that the natural gas generation has been less. And these were purposefully put to maintenance in the second quarter of the year, compared to last year. So the contribution of natural gas was very, very low. In the second half of the year, though, I think a few things are going to be different, and I'm sure you must be following as well. And one, obviously, the price cap has increased in the periods. And we're looking at constant natural gas prices, which obviously gives us more room to grow the asset-based profits operationally. We had a mild winter, but I'm sure you must be experiencing yourselves as well. We have a quite warm summer that suggests a better demand profile in the second half, basically. It altogether should enable us to deliver a higher dollar-based EBITDA - asset-based EBITDA from our generation business, compared to last year, when you look at 2024 as a whole. And if you listen to the first quarter results, you would know that a general guideline is we should be able to do something close to $500 million. What will still be a challenge, compared to last year, is a trading income, because a trading income would be at best one third of what it was last year. Now, that's a matter of less volatility, and we wouldn't be in a position to increase the risk going forward to improve the EBITDA contribution. That's a risk and return basis model we're running. And for the rest of the year, that piece is expected to underperform compared to last year. But as far as the asset-based EBITDA performance is concerned, we expect to be better than last year. The second important piece is Enerjisa Enerji. And I think the company is in a very good position, because we have been able to fulfil a lot of the CAPEX requirements in the past few years, when the inflation was high and interest rates were low. At this point in time this year, the start of the year was slow, and it's quite normal, because the CAPEX plan is going to accelerate in the second half of the year. So we see no real reason to be cautious about the underlying net income performance of the company for the year. And of course, if and when going forward the interest rates or policy rate and then the interest rates come down, obviously that's going to be quite positive for Enerjisa Enerji's business model. Having said that, sometimes this does not fit into the fiscal year, given the regulatory choices that impact the industry, that may result in higher working capital requirements year on year. So that's the caution we need to look at, even though in general we have no reason to be reserved for Enerjisa Enerji's business. And of course, as Cenk was explaining, Cutlass, our renewable solar facility has started producing in the US, which is not in last year, it's not in the first half to a great extent, but which will start contributing to our EBITDA in the second half of the year. So the energy segment contribution we expect to be much better than the first half with these conditions. Now, for the rest of the portfolio, I'm not going to go in detail, because Kerem is going to walk you through in detail shortly. Having said that, we are cautious, of course, given the macroeconomic backdrop, but the first half for much more of our businesses was relatively favorable.

We believe that due to the fact that most of our portfolio are B2B, any impact in the slowdown in the economy, of course, we will feel, but we will feel with a lag in comparison to any B2C businesses. And I have to tell you in the first half, we already see such impact in how the top line of retail businesses are doing. For example, Carrefoursa is a good example.

And the top line growth has been becoming obviously incrementally difficult in these macro conditions. And finally, net income, I already referred you to consider the increase in the interest rates in comparison of these two periods. Furthermore, I will, of course, ask you to recall that between this period, the first six months and the first six months of 2023, the corporate tax rates have increased as well.

From 25% to 30%, of course, for financial institutions, and then 20% to 25% for corporate. So therefore, there has also been an effective tax increase, which would obviously impact our bottom line. And I'm not referring to deferred taxes. I'm referring to the corporate tax income base. So these are the factors that has impacted the first half performance. Again, we're reasonably confident in the health of our businesses, which we believe are in a position to capitalize on any growth opportunity in the market. And the bigger contributors to our performance, we expect, obviously, a better performance in the second half of the year.

Now, if you turn to the next page on page eight, if you look at the return on equity, obviously, you have a slowing down, you see a slowing down trend. First of all, a majority is also again attributed to the banking business in general.

But excluding that, of course, we also see a slowdown in the return on equity. I would caution you to look at 2022 was a year when we saw, you know, record high energy prices that's due to the Russia's invasion of Ukraine, which obviously seriously impacted our non-bank return profile as well. So if you look at the chart in the middle that presents our return on equity profile without one-offs, I think we're looking at a much realistic picture. Although we still see some contraction, I think on the non-bank side, at least we're happy with the bandwidth of the return profile we're looking at now. And when we look at the slowing trend between 2024 and 2023, again, I would caution you to think about the interest rates and the tax increases in comparison to the previous period. Our net debt EBITDA is 1.3 times at the end of first half, is well below our operational, you know, target leverage of two times.So we're quite comfortable with that. If you look on the next page to our net cash position, as I was saying, we're at 12% with 2 billion down, 2.4 billion down versus the end of the first quarter, but nevertheless, seriously higher than the same period of last year.

Obviously, what we should expect is to, you know, reallocate these monies into investments that's in the pipeline going forward.

You have heard some of them as we explained, and obviously we hope we would continue allocating that to further investments going forward. Because this money, as I've tried to explain, does end in a bottom line challenge for us, the more we hold on to that. It's a good problem to have, but nevertheless, something to consider. Our operating cash flow, compared to the first quarter, of course, rebounded, which was something that we were expecting quite strongly. Nevertheless, again, we need to have a caution here. Usually, in Enerjisa Enerji, on the retail business, depending on the receivables from the market, there may be working capital requirements shifting from one quarter to another.

Other than that, there is nothing significant we're looking at. And thus, we're happy because, as you see, we continue our investment scheme and our non-bank capex ratio stands now at 11.3%. If you move on to how the NAV and stock performance in general is doing, NAV has been up by 23% in dollar terms since the end of the year. We have seen a contraction in the discounts. Of course, there is more room to grow, but I think this is a healthy catch-up we're playing because this NAV, as you see in the rest of this presentation, I think also presented in the appendix, now shows some of our unlisted assets like Enerjisa Üretim with relatively higher valuations than their book value and hence impacts the discount. But nevertheless, we expect to continue closing down the gap. And in the period between the year end and the end of the first half, you see the bigger contribution to NAV has been from the bank and the financial services, basically. However, if you see in the next page still, even with that, compared to a few years back, we see a much more balanced portfolio composition for our NAV, as you see on page 12, where bank accounts for 41+ and energy and climate technologies businesses account for 32% on the NAV share. And there is much going forward that we would expect to do both on material technologies and mobility solution side and digital technology side. Now with this, I will turn over to Kerem to walk us through the details of the business segments.

Mr.Kerem Tezcan, IR Director:

Let me first start with the bank and before I start, please note that banking figures are based on BRSA financials as banks are exempt from inflation accounting for this year. Akbank's robust proficiency in flexible balance sheet management, including quick adeptness in navigating the tight regulatory environment as well as sustained excellence in fee performance continued to be supportive factors for its profitability. Regardless of the sector wide challenges especially in margin evolution, Akbank's strong commitment to enhance recursive revenues and to generate sustainable high profitability continued to be the driving force behind its success. Akbank's strong momentum in expanding the customer footprint persists. The Bank added 800k new customers, reaching almost 14 million in total active customer base, with cumulative increase of 5.4 million since end of 2021, solidifying its recurring revenues and the footprint for long-term success in evolving markets. The exceptional increase in active customer base has also resulted in fee to opex ratio to excel by 23 percentage points in just 6 quarters. In addition to these, the bank keeps its leading position in capital with a robust 16% Capital Adequacy Ratio, which will continue to provide the bank significant competitive advantage going forward.

Let’s move on our largest non-bank segment: Energy.

In generation, as Orhun bey mentioned revenues dropped by 27% yoy, on lower spot electricity prices & generation volumes. The drop in EBITDA compared to last year is related to a lower contribution from natural gas due to a deterioration in spark spread because of lower market prices and generation as well as decline in renewable generation due to a weaker wind regime, wind capacity and optimization at the hydro reservoir levels.

A further negative contribution to EBITDA came from asset light businesses. Enerjisa Commodities’ trading activity declined as fewer positions were traded due to the lack of clear price signals and liquidity in the market. We expect generation’s profitability to recover given increase in demand in the summer months and increase in ceiling prices. Separately, our first solar investment in the US, Cutlass II, was completed & commissioned in mid-May and started to generate EBITDA. The annual EBITDA of Cutlass 2 is expected to reach 15mn dollars.

With regards to Enerjisa Enerji;

Operational earnings in distribution business increased by almost 17% yoy, mostly driven by higher financial income and CAPEX reimbursements, as well as the recovery of efficiency and quality related earnings. Customer solutions segment’s operational earnings has significantly improved compared to last year mostly driven by doubling our solar PV projects. Yet, retail segment’s operational earnings declined as expected by almost 47% yoy due to lower sourcing costs both in the regulated and in the liberalized segments. In the first half, investments stood at TL3.7bn, which is matching the seasonal Capex pattern of the Distribution business. As a result, underlying net income declined to TL2bn, due to lower earnings contribution from the retail activities and increase in financial expenses on higher debt and interest rates.

In the mobility solutions segment, revenues down by 2% year on year in Q2. Despite the positive impact of increasing volumes in bus and strong demand in tire original equipment businesses, revenues were negatively affected by weak pricing flexibility. Despite cost efficiency, segment’s EBITDA declined by 47% year on year due to lower topline and the negative impact of the sales mix, specifically driven by tire business. Net income was adversely affected by lower operating profit, higher financial expenses, monetary losses, and higher deferred tax related to inflation accounting. Note that, following the restructuring of the Industrials segment into the Mobility Solutions and Material Technologies in mid-April, Brisa, Temsa bus company and Temsa retail companies grouped under Mobility Solutions and will be reported under this segment starting from second quarter of this year.

On Material Technologies segment,

Topline dropped by 12% year on year, due to lower demand compared to last year due to high base. In addition to lack of pricing flexibility in domestic cement market, price competition in export markets for both tire reinforcement and cement business have also affected the segment’s topline growth. Aside from inflationary pressures in the local market mainly affecting the fixed costs, adverse impact of disparity between high inflation and TL depreciation resulted in deterioration in EBITDA margin. Segment's net income dropped by 37% compared to last year mainly on lower operational performance. Note that, following the restructuring of the Industrials segment into the Mobility Solutions and Material Technologies in mid-April, Akçansa, Çimsa and Kordsa grouped under Material Technologies and will be reported under this segment starting from second quarter of this year.

Financial services segment’s inflation-adjusted top line declined by 25% yoy, driven mainly by non-life business. Life business EBITDA increased by 166%, driven by 1) growth in pension business, 2) strong contribution from high margin credit-linked and 3) stand-alone life products, despite the negative impact of higher personnel expenses. Net income was negatively affected by the high level of monetary assets and net cash position.It is important to note that our life company became the market leader and ranked as #1 in Turkish market in terms of Private Pension assets under management in January 2024 and keeping that position. The company also maintained its number one position in terms of gross written premiums in life & personal accident. In the non-life business, revenues dropped by 17% compared to last year. The decline in the top-line is a part of the strategy to improve the Capital Adequacy Ratio by focusing on high-margin segments in its underwriting operations. EBITDA down by 46% yoy due to lower premium generation on lower financial income. The negative impact on the inflation-adjusted net profit is related to the nature of the insurance business, which is highly dependent on monetary assets.

Digital Segment’s revenues increased by 10% yoy, driven by the contribution from the electronics retail business thanks to its omnichannel strength, wide product range, new customers, and value-added services. E-commerce sales performance also remained solid as Gross Merchandise Value was up by 2% in real terms in the first six months of this year. EBITDA declined by 32% yoy due to increasing competition in the retail market and inflationary increases in operating expenses.Net income was negatively affected by higher interest rates.

On retail, segment’s topline registered a 3% real growth compared to last year, thanks to the positive contribution from alternative channels. EBITDA increased 34% yoy, mainly driven by cost optimization. The negative impact of high financial expenses continued to pressure the bottom line.

This concludes our presentation. Please type your questions to theQ&A section of the Zoom.

Mr.Kerem Tezcan, IR Director: Thank you for the presentation, considering the weakening in the profitability of the Enerjisa Üretim in first half of 2024 and still insufficient foreign investor interest to Turkish equities, do you see any risk for the delay of Enerjisa Üretim's IPO?

Mr. Orhun Köstem, CFO: Thank you, thank you for the question. I think in order to be able to talk about a delay, we need to talk about a specific date and of course, as we've discussed earlier, this is a quite a large and important asset, which we believe will lead to a very strong valuation, which we have been able to see in 2023 with independent valuation as well. We would very much like to ensure that we can do it at the best time possible and that together with our joint venture partners.

Now, that means if you take these numbers and potential size of such an offer, you're right, we would like to make sure that not only the Turkish individual investors contribute to this, but of course, to make the demand as strong as possible, we are much like have the foreign investors as well. So, we're normally not delaying anything, as I said, because we are not necessarily working on an assumption of a fixed date basis. We are, we want to make sure that we get ready as much as possible so that our time to market is lost when the conditions are at their best.

Mr.Kerem Tezcan, IR Director: Thank you, Orhun bey. The second question is, thank you for the presentation. I have a few questions on generation business and expected dividend flows. How much generation volume do you expect in your 500 million dollar EBITDA target for electricity? What is the break-even price that could prompt you to operate natural gas power plants more effectively? Will your non-bank portfolio pay dividends based on inflation adjusted numbers in 2025? If not, what is the current running net income in the energy business or can you please provide the pre-inflation numbers separately?

Mr. Orhun Köstem, CFO: Hanzade hanım, thank you. I think I have to tell you on top of my head, I don't have an answer for your first or second questions, but we'd be happy to come back to you with specific answers. For the pricing though, I think, you know, in the longer term, if you look at the Turkish market, I think, given how we would expect the Turkish economy to grow in the normal terms, we would expect the prices to be at 80-ish dollar levels more or less. At the first half of the year, the prices were at 60-ish dollar levels and with the cap increases or etc, we expect them to higher 60s, close to 70-dollar levels. So, therefore, I think in the second half of the year, there is hope, of course, for a better performance compared to the first half. Moving on to your last question and yes, of course, we expect our non-bank portfolio to pay dividends. We don't have any, let's say, any thought that there will be any changes to our dividend performance compared to our previous periods. I can't remember how many quarters that we have been paying dividends, but rest assured, we'll continue paying dividends this quarter as well. But no, I'm not sure if we would be in a position to provide you with, let's say, non-inflation adjusted numbers. Again, as I said, for the two specific numbers, my team can come back to you because I don't have any numbers on top of my head with that detail yet today.

Mr.Kerem Tezcan, IR Director: Thank you, Orhun bey. The next question, thank you for the presentation. Could you repeat whether there will be any changes in the company's reporting under material and mobile solutions?

Mr. Cenk Alper, CEO: Currently, Kordsa, Akçansa and Çimsa are under this group and remains like this until we have an acquisition or not. But I think the acquisition of Mannok is a very good example of this. Mannok requires the competencies of Kordsa and Çimsa at the same time because there is a wide variety of products like insulation and packaging where our competencies at Kordsa are very valuable.On the other hand, cement, concrete, precast products are in the scope of Çimsa. I think going forward, actually, these three companies will remain under this umbrella and synergies between companies will increase further.

Mr.Kerem Tezcan, IR Director: Thank you, Cenk Bey. The other question is, with your higher holdco cash and deep discounts, will you revisit buybacks?

Mr. Orhun Köstem, CFO: Thank you. Our program in theory is not completed yet. A little bit remains.I think we completed us 86% if I'm not mistaken. However, obviously, when we started back in the last quarter of 2021, we had to do a lot of heavy lifting, even at the time the level of discount and the NAV of the business. I believe today, obviously, the portfolio does more than the buyback program itself in terms of minimizing the discount. But going forward from time to time, as I said, it's a tool and we can always use it if we find it feasible and reasonable to do so.

Mr. Cenk Alper, CEO: Maybe I can add on that we have a sufficient pipeline, as you have seen from the recent acquisitions, for further growth, either organically or inorganically. In that respect, you know, probably we would consume the cash or our capacity of balance sheet for growth.

Mr.Kerem Tezcan, IR Director: Thank you, Cenk Bey. Another question, for your companies paying dividends based on inflation accounting numbers or based on pre-inflation earnings?

Mr. Orhun Köstem, CFO: Yes. Except for financial services, including the bank, you know, the bank and the insurance companies, all the companies are liable to pay based on inflation accounted figures, basically. But for the bank and the insurance companies, based on their individual, let's say, regulations, they still report and liable based on their non-inflation accounted numbers. So therefore, for example, if you have noticed, this year in 2024, our payout ratio from Sabancı Holding has jumped to 40% because the bank actually paid normally with its pre-inflation numbers, and then we calculate our payout based on our inflation accounted numbers. And probably you will see the same pattern in 2025 as well.

Mr.Kerem Tezcan, IR Director: Thank you, Orhun bey. Another question, any progress on the IPO timeline of the Enerjisa Üretim business?

Mr. Orhun Köstem, CFO: I think yes and no, as I said, because you would know better. This really is not a matter of fixing a date and, you know, doing that. It's a matter of getting ready and be able to do it at the most convenient time, at the earliest possible time slot. So therefore, it's actually the same. So, you know, you could say there is a similar timeline in our mind, and it does not necessarily change, and it's not about a specific date, but making sure that we get ready at the most opportunistic time.

Mr.Kerem Tezcan, IR Director: Thank you. Another question, could you please confirm your EBITDA guidance for energy tourism as $500 million? This figure implies a very significant jump in the profitability in the second half of 2024.

Mr. Orhun Köstem, CFO: Yes, as I said, you know, we would expect the total EBITDA obviously to be over $500 million this year, pending any changes that we don't know about in the rest of the year, but that's the outlook we see today. And I was also referring to, of course, our generation or asset-based EBITDA would be close to $500 million. That's the guidance, that's the rule of thumb. And over and above, there will be some increment coming from trading contribution, but the trading contribution, trading profits would be about one third of what they are last year. But in total, they will be, yes, at and probably above $500 million.

Mr.Kerem Tezcan, IR Director: Another question is, any updates on Carrefoursa Sale?

Mr. Orhun Köstem, CFO: Well, I mean, obviously, nothing important, otherwise you would have already announced it publicly, having said that. I believe two things are happening. One, the performance of the business is not bad. I'm sure you must be following on a year-on-year basis. Yes, the bottom line is not great. Having said that, the operating performance is much better. And then there is now, we don't see a risk of technical bankruptcy. And that position actually and given what the business is doing in the market, we believe, further improves its potential appeal and value. So therefore, there is nothing to say today. But yes, our position has not changed. The retail business is a great business, does not fit 100% in our strategic portfolio, basically.

Mr.Kerem Tezcan, IR Director: Thank you. Orhun bey It seems we don't have any further questions. I would like to leave the floor for our CEO, Cenk Bey, for closing remarks. Thank you for all the questions.

Mr. Cenk Alper, CEO: As we progress through the latter half of 2024, we will maintain our focus on executing the strategic objectives we are relentlessly working on. I know many of you have already received saved dates for our capital markets day on October 9th. I look forward to sharing more about our mid-term strategic plan and guidance with you on that day. So all the best and goodbye.