



# Sabancı Holding Q3 2025 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's third quarter earnings webcast. I have our CFO, Orhun Köstem, with me today. We will have a Q&A session after the presentation as always. Before we start, please refer to our disclaimer page. I now would like to leave the floor to our CFO.

**Mr. Orhun Köstem, CFO:** Thank you, Kerem. Good morning, good afternoon, everyone. We are very happy to be with you in Sabancı Holding's third quarter results discussion.

We are also pleased to report another quarter of substantial positive momentum in our business. If you could turn to page three, you know this between 24 and 25, there has been a substantial and positive swing in our bottom line, either in the nine months or the third quarter as you look at it. And I'm also happy to say on the non-bank side especially, there has been a significant cost discipline that generated the majority of the EBITDA margin uplift, which suggests that our businesses are responding as they should in the macro conditions that are prevailing.

Nevertheless, we're not there yet, meaning our bottom line at the end of the nine months are not positive yet, even though we're quite close to break even, but we're happy with the momentum we're seeing quarter after quarter within 2025. We are managing our cash flow in a quite disciplined way, and I'm going to touch base on them a little bit more and Kerem will walk you through the segment details. We manage a very healthy balance sheet and a substantial cash flow generation, which also enables us to continue investing through our strategic targets.

There you see in this quarter alone, we have continued to expand our footprint in the US by putting down Oriana, our second project Oriana has started generation basically, and we have planned to include up to 300 megawatts of additional solar capacity through Pepper and Lucky7 solar projects under Sabancı Climate Technologies, which has taken us, taken the Sabancı Holdings capital commitments to this business to \$362 million by the end of the third quarter of 2025. Now, in this quarter again, you've seen us supporting Kordsa. If you've listened to their webcast, the composite business that Kordsa owns does quite well this year as Boeing continues to churn out planes and hopefully it will continue to do so. However, Kordsa has to rearrange or restructure itself to the global changes in the competitive environment on the tire and tire cord industries. And hence, with our support, Kordsa also has started to streamline his balance sheet to support such restructuring that has been initiated in the third quarter of 2025 as well. As you're following Enerjisa Üretim continues its gigawatt wind capacity expansion in Türkiye. We are already at 414 megawatts of new capacity of the gigawatt, and the total capacity, generation capacity of the business is now at 4.2 gigawatts already. Çimsa, on the other hand, has commissioned its 600 kilotons of, you know, grey cement capacity in the US. This was started back in 2023, which significantly improves Çimsa's competitive position in the US market. And Bulutistan, our recent acquisition in the cloud space or the digital space, it continues to expand its presence and not only, of course, what it does in Turkey, but obviously it started new operations in the UK and Uzbekistan, which obviously are the developments that we could provide you with in terms of our progress to our strategic targets.

Now, moving forward, as always, I would like to first talk a little bit about the environment under which these results have been generated. First, the geopolitical risk index, as you've seen at the very right end of this graph, has somewhat eased since the last time we've spoken. Now, hopefully between Israel and Gaza and many other places, things are becoming better, but we're not there yet. As you see, the risk index has been higher than its lowest ever places. So that's something for us to continue watching with care. The trade policy risk index, as you see, shut up quite significantly in 2025. It has implications through tariffs and everything. Lately, of course, we're happy that the US and China might have come to terms and the dust may settle. But this is also on the global scale, let's say some elements that we watch very closely.

Now, coming back to Türkiye, since the end of the first quarter this year, we've gone through a very substantial monetary tightening period. And as the central bank has quite recently started lowering the interest rates again, nevertheless, as you see in these graphs, there is still a relatively high-interest rate environment in Türkiye. Obviously, it impacts on the bottom-line performance of many of our businesses. And finally, the inflation continues to outperform the average devaluation, which not only impacts on the competitive advantage of the export businesses in general, but also, of course, together with the high interest period, creates quite a challenging environment for operation for such businesses.

Now, under these circumstances, if I could take you to page six, that you see here in the third quarter of 2025, we've seen combined revenues come down slightly by about 3%.

The combined EBITDA is up, and the non-bank is slightly less, more or less at the same level. I think what's critical is again, we've seen another quarter where the non-bank combined EBITDA margin has grown by 35 basis points. And there you see on the right-hand side, the positive swing I was referring to earlier, and especially at the bank's positive swing has been substantial on the bottom line. And on non-bank businesses, we moved from a breakeven to 1.3 billion and overall delivered a positive bottom line. Now, if you've listened to Akbank's webcast for the third quarter, I'm sure you heard them saying that their net income margin was relatively better in the third quarter, their fees and commissions generations were better, even though the cost of risk they perceive is increasing. Now, obviously, the disinflation program, the pace of change in the policy rate, the macro prudential measures will continue to not only impact Akbank's performance, but the banking sector's performance as a whole in the remainder of this year. Otherwise, on the non-bank side, I'm happy to report, except for the material technologies business, all other major businesses have delivered margin expansion. If you look on the next page, on page seven, it's quite relevant where here we see 134 basis points, EBITDA margin expansion. On the non-bank side, EBITDA is more or less flat, but the combined revenue this time increases by about a percent. But again, you see the same substantial swing in our bottom line on both our non-bank and bank businesses. Now, again, as we discussed for the banks, for the remainder of the year, as the inflation comes down, the monetary gains and losses that we're recording in our P&L, mostly coming from our banking business, is going to be eased. But still, it's a function of how fast interest rates are coming down, or the policy rate is changing. Having said that, as I said, we're quite happy with the momentum that we've seen quarter on quarter throughout 2025.

Now, in this period, what's quite critical for us is to make sure that we remain, our businesses healthy, our balance sheet and operations remain healthy. And one way to follow for us is how we're managing our cash flow. As you see, we continue to generate a very healthy operating cash flow for our non-bank businesses.

Our return on equity is close to break even on the non-bank side, but negative still on a consolidated basis. But this disciplined cash flow management allows us to maintain a balance sheet with 1.7x net debt to EBITDA at the end of the third quarter of 2025, which is well below our policy rate. Even after the capital increases that I was referring to earlier, that we have done in the third quarter of 2025, we still hold a very healthy balance of available cash in Sabancı Holding and continue with our strategic investments. This financial flexibility on one hand of maintaining a healthy balance sheet, on the other hand of generating good cash flow is key for us to remain flexible under either times of duress to respond to any macro challenges or capitalize on any opportunities that we may see that this environment may bring. And finally, if you look at the next page, our net asset value stands at 9.4 billion. This is a touch higher than our lowest point in 2025. And now the bank and financial services share versus energy and climate technologies share has been equal. We don't believe that's a good reflection of the value of our businesses, even though under current conditions, the discount to NAV still poses a very substantial opportunity, basically.

So, with that, I'll turn the conversation over back to Kerem, which will walk you through the segments.

**Mr Kerem Tezcan, IR Director:** Thank you, Orhun Bey,

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's agile balance sheet management and strong adaptability to a challenging regulatory landscape coupled with net interest income momentum and resilient fee performance, were the key contributors to its 3Q profitability. Akbank delivered healthy loan growth, accompanied by across-the-board market share gains. The growth was quality-driven, fully aligned with disciplined and selective lending strategy as well as the regulatory requirements. Robust market share gains in wide-spread consumer only deposits as well as demand deposits during the quarter continued to enhance its strong funding base. Meanwhile the Bank's fee/opex ratio further improved to 104% as of nine months from 86% year-end 2024, demonstrating the scalability of operating model and the strength of non-interest income streams. Prudent underwriting standards, proactive monitoring, and well-diversified portfolio continued to support the resilience of asset quality. The share of Stage 2+3 loans—representing potentially problematic exposures—remains low at 9% of gross portfolio, while coverage ratio stands strong at 34% reflecting disciplined risk management practices. The Bank remains committed to enhancing its recurring revenues, supported by disciplined risk management and cost control to ensure sustainable profitability.

As for the core metrics of the bank,

Swap-adjusted NIM expanded by 7 percentage points QoQ to 2.7% in the third quarter, following temporary margin pressure in the second quarter, due to the pause and reversal in the rate cut cycle. Margin improvement was supported by both improved funding dynamics and well-positioned loan portfolio. Well-structured balance sheet forms a scalable, resilient earnings platform with strong momentum and long-term growth potential. Additionally, with a total capital adequacy ratio of 17.2% and Tier 1 ratio of 13.6%, Akbank continues to maintain solid capital strength, anchoring resilience, and long-term profitable growth.

On financial services business,

In life, gross written premiums reached over 23 billion TL in the first nine months of 2025, up 52% year-on-year, with doubling in 3Q on an annual basis, which also benefited from the increasing contribution of the health business. Maintaining its leadership among private companies in both Private Pension asset under management and Life & Personal Accident premium production, assets under management excluding auto enrolment grew 20% year-on-year to 336billion TL.

In non-life, the selective and sustainable profit-driven approach prevailed, supporting the improvement in the capital adequacy ratio, which reached 178% in September from

120% in the same period last year. Meanwhile, gross written premiums declined by 31% and assets under management declined by 16%, compared to the same period last year.

Segment's inflation-adjusted topline contracted by 11% year-on-year in 3Q, driven by lower premium generation in the non-life business, partly offset by the positive contribution from the life business. EBITDA increased by 21% y/y, mainly driven by higher technical profit supported by volume growth in ROP products. In addition, the reclassification of deferred income from a non-monetary to a monetary liability had a positive impact, offsetting part of the monetary losses under inflation accounting. The segment's net income contribution remained positive in 3Q, with profitability supported by the continued strength of the Life & Pension business. The main driver of the year-on-year improvement was the turnaround in the non-life business, which shifted from a loss to profitability.

Let me now turn to our largest non-bank segment: Energy.

Let me first provide a quick overview of the operational landscape in 3Q.

On the generation side, production volumes increased by 5% y/y, with additional wind capacities offsetting lower output, particularly hydrology. Spot electricity prices declined by 6% y/y in USD terms, averaging at 71 dollars per megawatt hours, which was not enough to cover the 25% y/y increase in natural gas prices in TL terms, which is effective since April. Meanwhile, the regulated price cap remained unchanged at 3,400 TL, equivalent to 82 dollars per megawatt per hour based on the September-end USD/TL exchange rate. The generation company continued to expand its capacity, now reached 4.2 GW, driven by the progressive commissioning of wind projects under the YEKA-2 program. By year-end, at least two more power plants are planned to be commissioned. Net debt/EBITDA increased from 0.9 times last year to 2.8 times this year, solely to fund ongoing capacity expansion. Separately, Enerjisa Üretim signed a contract with EÜAŞ to sell electricity produced from its domestic coal plant at a minimum price of 75 dollars per megawatt hours. This agreement, valid until the end of 2029, which will enhance the FX-guaranteed revenue base and further support EBITDA. EBITDA contribution of climate technologies was also visible in this quarter, supported by additional volumes following the commissioning of the Oriana project.

Enerjisa Enerji delivered robust operational and financial performance in 3Q, with distribution contributing positively to operational earnings, while retail's contribution remained soft. Key drivers behind the core contributors were efficiency and quality gains and higher capex reimbursements despite lower financial income in distribution. Investments totaled 7.6 billion TL in 3Q alone, keeping the company on track to reach 21–24 billion TL for the year. Timely spendings benefited from lower financing costs which supported strong underlying net income of almost 6 billion TL. This performance led a guidance revision for 2025's underlying net income to 7.5 billion TL from 5 to 6 billion TL.

Looking at the overall performance of the energy segment, topline declined by 5% year-over-year in 3Q, while the EBITDA margin remained broadly flat at 15%. The bulk of this

slight improvement came from distribution, which largely benefited from efficiency & quality gains. Generation's EBITDA was lower y-o-y due to a combination of factors including weak hydrology, lower pricing, and a reduced contribution from trading activities. In the distribution & retail business, as mentioned in the previous slide, underlying net income improved substantially, mainly driven by lower tax expenses. Bus operations' contribution remained limited within this segment.

Turning to the Material Technologies segment,

In the building materials, total cement sales volume increased on an annual basis, mostly driven by international operations, with Çimsa providing the main lift with its international footprint – including Mannok. Domestic volumes slightly increased year on year, as Akçansa regained sales volume momentum in 3Q, although demand in its core regions continued to lag earthquake affected areas. Çimsa's international operations continued to support segment's margin performance together with Mannok, which added around 19.5 million euros to the EBITDA in 3Q. Contribution of trading operations added further support in this quarter as well. Although inflationary environment kept price-over-cost performance under pressure versus last year's strong base, higher alternative fuel usage, disciplined cost management, plant-level efficiencies, and the contribution from international operations limited margin contraction and supported a visible recovery in operational profitability. In tire and tire-centric solutions, the replacement channel was the largest contributor to domestic sales growth, primarily driven by consumer segment. Brisa's consumer market share eased due to widening inflation–FX gap; however, the company became the market leader in its premium segment of HRD and captured share in OE commercial, leveraging differentiated quality and effective pricing. Building on this market positioning, annual margin recovery in 3Q was supported by product mix, price actions, and strict cost/opex discipline than by raw material relief, as price increases in both domestic and international markets continued to lag inflation. In tire reinforcement, the severe impact of the flood in Indonesia, combined with intense price competition and weak global demand, weighed on overall performance. The net negative impact of the Indonesia flood, including insurance proceeds and impairment charges, was 11mn dollars in 3Q. A strategic shift toward higher-margin products and tighter cost efficiency in the composite segment acted as a buffer, helping to limit the contraction.

Looking at the overall performance of the material technologies segment, topline grew by 6% y/y in 3Q, while the EBITDA margin contracted by more than 200 basis points to 15%. Within the segment, building materials account for a larger share compared to tire operations, and most decline in profitability compared to last year can be attributed to margin contraction in this business, mainly due to last year's high base. The increase in the segment's net income was solely driven by higher monetary gains, particularly at Çimsa, and lower tax expenses recorded in building materials and tire reinforcement operations.

In retail electronics, the market showed early signs of recovery in the third quarter following a weak first half, while the focus of our electronics business remained at

higher-margin categories rather than volume-based revenue generation. Despite this environment, profitability improved significantly, supported by disciplined pricing, effective inventory management, and a continued shift towards higher-margin categories. These efforts, along with a more efficient channel and product mix, drove a solid improvement in profitability. Gross margin increased by 1.3 percentage points y/y to 13.7%, while EBITDA margin improved by 2.0 percentage points y/y to 6.3%, marking the highest level of the year and supported by ongoing network and operational optimization efforts. These improvements were driven by a stronger category mix and disciplined cost management.

In the food retail segment, with consumer demand remaining weak, the share of alternative channels in total revenue increased by 2.6 percentage points y/y to 12.6%, supported by a 113% rise in the number of stores with online sales, partially offsetting the pressure on the topline. Ongoing optimization efforts continued during the quarter, creating temporary pressure on topline and profitability.

In the digital segment, revenues dropped by 13% y/y in 3Q 2025, while EBITDA moved from negative to positive territory, supported by improved efficiency and cost discipline. Despite operational improvement, financial expenses weighed on the segment's bottom line, with net loss narrowing further y/y.

In the Other segment, topline contracted by 5% y/y, reflecting softer consumer demand and continued pricing pressure across retail operations. EBITDA declined by 16% compared to last year, as the improvement in retail electronics was offset by lower profitability in food retail, reflecting the negative impact of ongoing optimization efforts. High financial expenses, particularly in food retail, continued to put pressure on profitability, while lower monetary gains provided limited support, resulting in a net loss.

This concludes our segment operations. Now I would like to leave the floor to Orhun Bey and we continue with Q&A.

**Mr. Orhun Köstem, CFO:** Thank you very much, Kerem. Again, in the third quarter of 2025, as you listen to the details of our business segments, obviously Sabancı Holdings diversified portfolio has been able to generate a very substantial positive momentum and we're happy that we have been improving that quarter on quarter throughout 2025. This concludes our formal presentation.

We'd be more than happy to take your questions now. Thank you.

**Kerem Tezcan, IR Director:** Thank you, Orhan Bey. For the questions, please type your question to the Q&A section of the Zoom. Thank you.

Can you please share your future possible plans relating to Afyon and Akçansa Cement? Is there any thought action to take just as Teknosa and Carrefoursa for better synergy or operational performance?

**Mr. Orhun Köstem, CFO:** Thank you, Ömer Bey. I'll try to respond the way that I understand it. First, we have not taken any action on Teknosa or Carrefoursa, basically. In Teknosa, as you heard from Kerem as well, the business, we've launched a

marketplace back in 2022, and Teknosa has been in the process of growing it, to make sure that more of the business commercially goes to the marketplace. Now, to the extent obviously that we're successful with that, Teknosa may be part of our digital efforts. Carrefoursa is a food retailer, and in both of these businesses, we'll have to make sure that they deliver the best they can in our portfolio. For Afyon and Akçansa Cement, friendly speaking, we don't have any plans. These businesses, for Akçansa's business, as you know, it is on one of the most advantageous market segments geographically in Türkiye, basically. It's a joint venture with Heidelberg. Therefore, Akçansa also enjoys Heidelberg cement systems, global systems in terms of its export sales, in addition to its position in the Turkish market. So, for the time being, we don't have any plans whatsoever, other than continue to manage these businesses so that they deliver performance.

**Kerem Tezcan, IR Director:** For your questions, please type it to the Q&A part of the Zoom. Thank you. We have another question.

What steps are we planning to take over the next 12 months to reduce NAV discount? What's potential timeline of Enerjisa Üretim IPO?

**Mr. Orhun Köstem, CFO:** Thank you for the question. Now, let me start with the second one. The Enerjisa Üretim IPO potentially does not go through a definitive deadline, obviously. The business is in good shape. We're happy that the capacity is growing and hopefully will add on to the potential value of this business going forward. And obviously, as we discussed numerous times in these calls as well, based on our alignment with our joint venture partner, we would very much like to be able to capitalize on the best possible market conditions, potentially affecting the public offering of the business. So, the good problem to have is for us to continue growing with the potential value of the business in the meantime.

Now, if you look at the NAV and historical NAV discount, if I remember correctly, the lowest that we reached was back in 2023, maybe May 2023, roundabout, where we've hit 20% or maybe a little over. Now, if you look back as to how it happened, that was a time when we divested our tobacco business, reinvested the proceeds, obviously, to areas of growth, initiated capacity execution. So that's more or less exactly what we want to do, because we know that it works towards the reduction of the discount going forward, as we can hopefully deliver on our strategic growth.

**Kerem Tezcan, IR Director:** For your questions, please type your question to the Q&A section of the Zoom. Thank you. It seems we don't have any further questions.

Once again, thank you for participating in our third quarter webcasts. Hope to see you in the next quarter. Thank you very much.

**Mr. Orhun Köstem, CFO:** Goodbye.