

SABANCI

JUNE 2020

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On Stage Today



Barış Oran
CFO
Sabancı Holding



Kıvanç Zaimler
Energy SBU President
Sabancı Holding



Kerem Tezcan
Investor Relations Director
Sabancı Holding



İhsan Erbil Bayçöl
CEO
Enerjisa Üretim



Murat Pinar
CEO
Enerjisa Enerji



Fulya Banu Sürücü
CFO
Enerjisa Üretim



Michael Moser
CFO
Enerjisa Enerji



Today's Agenda



SABANCI



Turkish Energy
Markets



During
COVID



Energy
Portfolio

The logo for SABANCI, featuring the letters 'S' and 'A' each enclosed in a white circle, followed by the word 'BANCI' in a bold, white, sans-serif font. The entire logo is centered on a dark blue rectangular background.

SABANCI



Our companies are market leaders in critical areas within their respective sectors.



Banking & Financial Services

Leading player in Turkey



Energy & Utilities

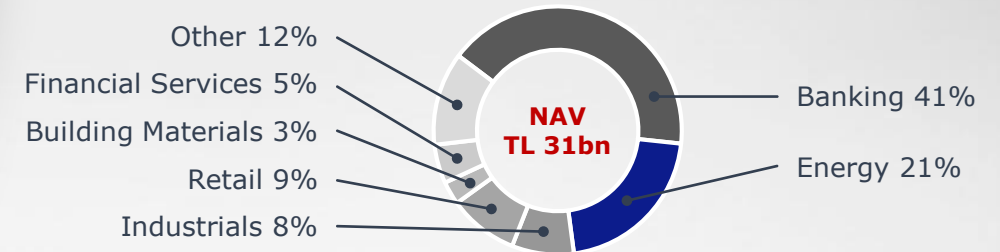
The industry pioneer in upstream / downstream electricity markets



Industrials (Reinforcement & Building Materials)

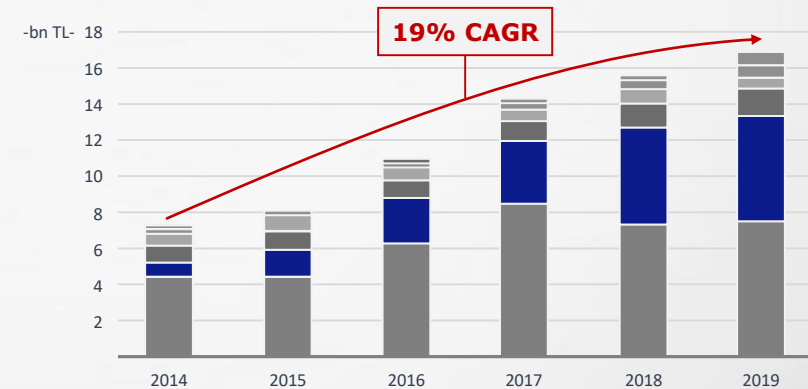
Innovative culture / global leader in international markets and Turkey

Diversified Portfolio (Mar-2020)



Track Record of Real Growth (Above Inflation + GDP Growth of Turkey)²

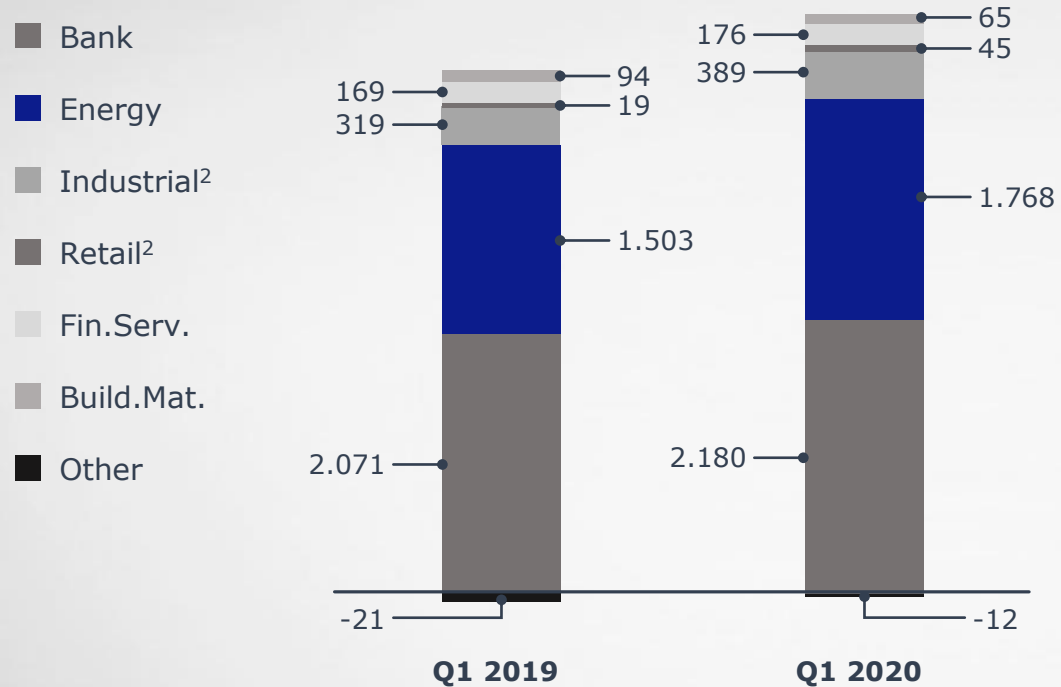
Combined EBITDA¹



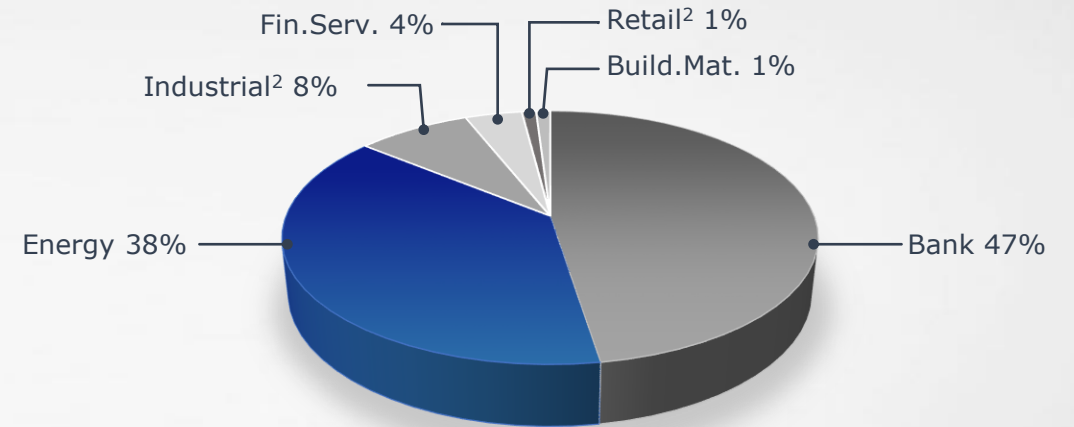
1) Total EBITDA before consolidation adjustments. Excludes one-offs. 2) 2014-2019 Ave. Inflation: 11%

Non-bank Growth Driven by Energy

Combined EBITDA¹ (TL mn)



Combined EBITDA¹ Breakdown (Q1 2020)



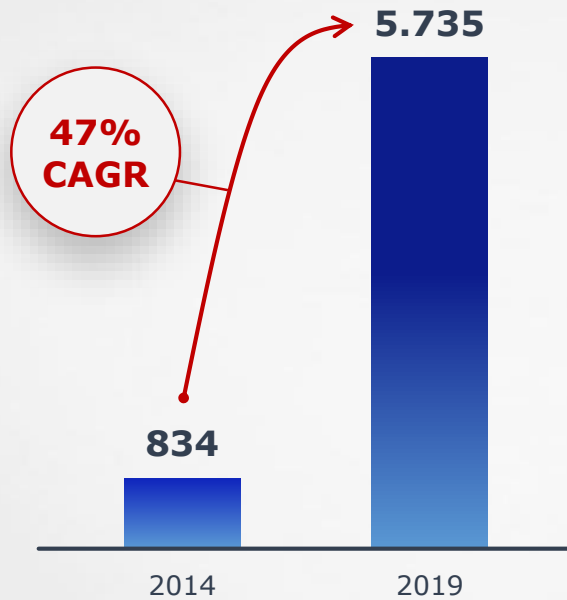
1) Excludes non-operational one off items

2) Excludes divested businesses in industrials and IFRS16 impact in Retail

Share of Energy Increases

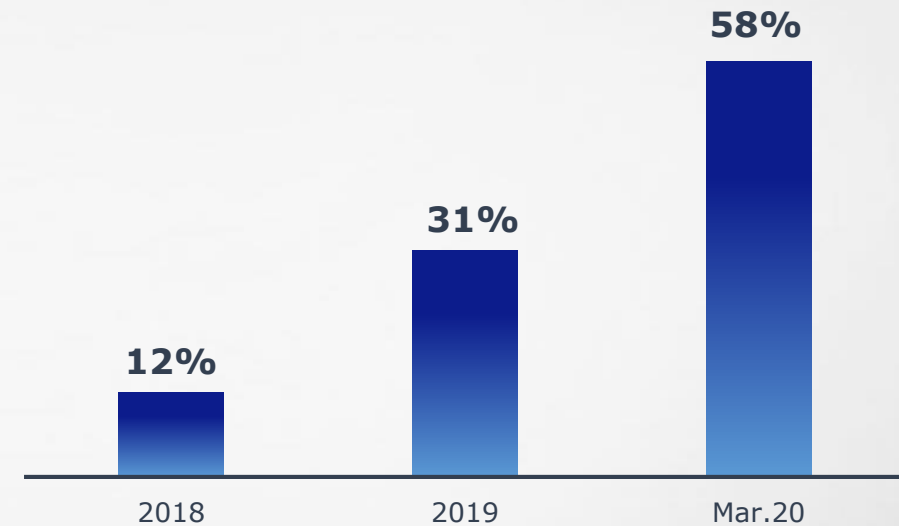
Share of Energy Increasing in Non-bank Combined EBITDA

Energy SBU Combined EBITDA (MTL)



Significant Share Dividend Stream

Energy SBU Dividend Share in Group's Dividend Income (%)

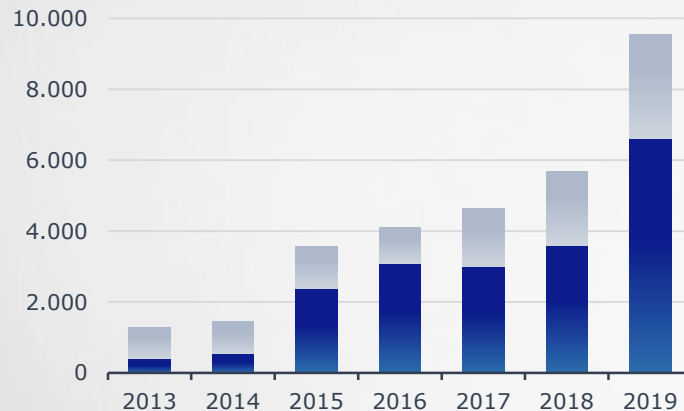


Energy Has Been the Major Driver of Deleveraging & ROE Improvement

A Sharp Increase in OCF

Combined OCF¹ (MTL)

Other* Energy



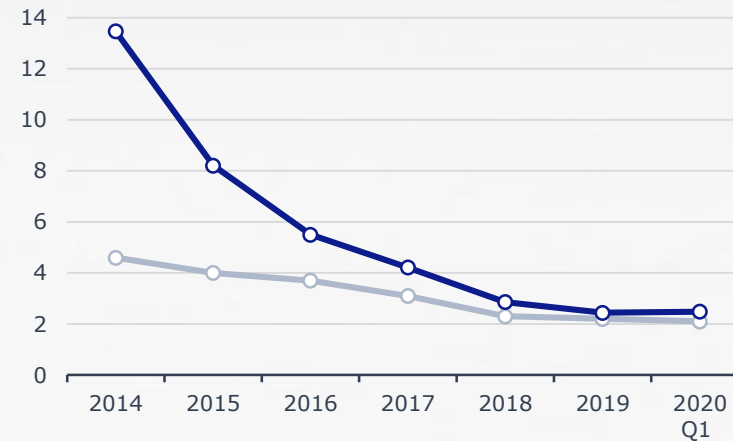
1) Excluding financial services, bank and other segments.

* (Retail + Industrials + Building materials)

A Major Driver of Deleveraging

Net Debt² / EBITDA³

Total Energy



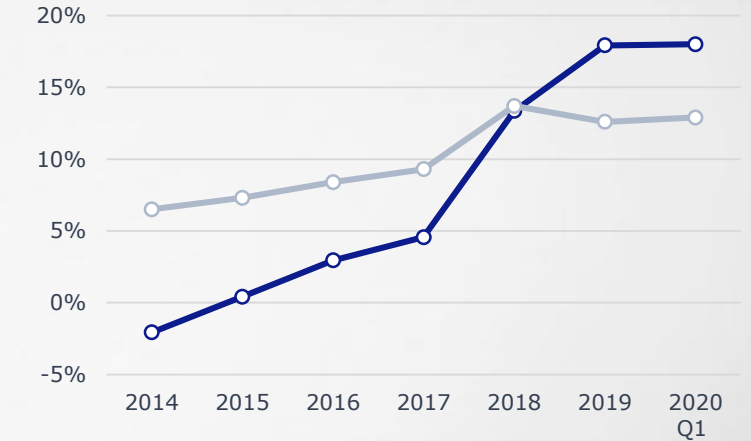
2) Net debt excluding bank and financial services.

3) Total EBITDA excluding one-offs and IFRS16 impact.

Leading the Group's ROE⁴ Improvement

ROE (%)

Non-bank Energy



4) Excluding non-operational one off items.

The background of the slide is a composite image. The top half shows an aerial view of Istanbul, Turkey, featuring the Bosphorus Bridge crossing the Bosphorus Strait, with the city skyline visible in the distance. The bottom half shows a close-up aerial view of a multi-lane highway interchange with heavy traffic. A semi-transparent dark blue rectangle is overlaid on the left side of the image, containing the title text.

Turkey

A Mosaic Country of Intersections



A Very Large Energy Market

155 mtoe ✓

5th Energy
Consumption
in Europe

66 bUSD ✓

Market
Transaction

90 GW ✓

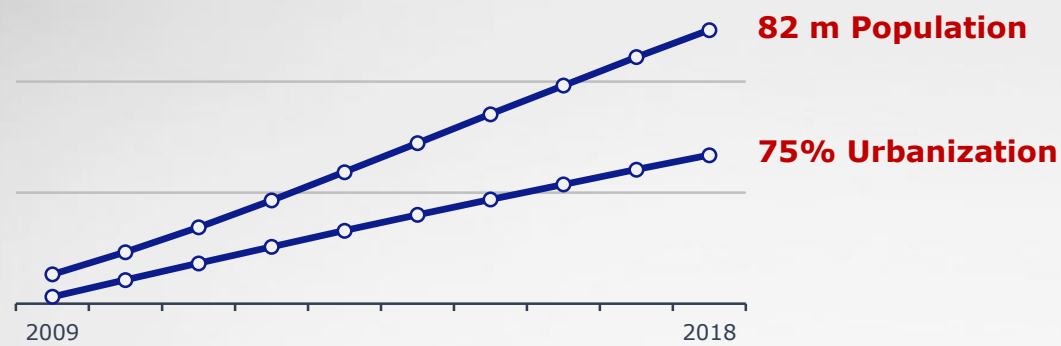
5th Installed
Capacity
in Europe

45 bcm ✓

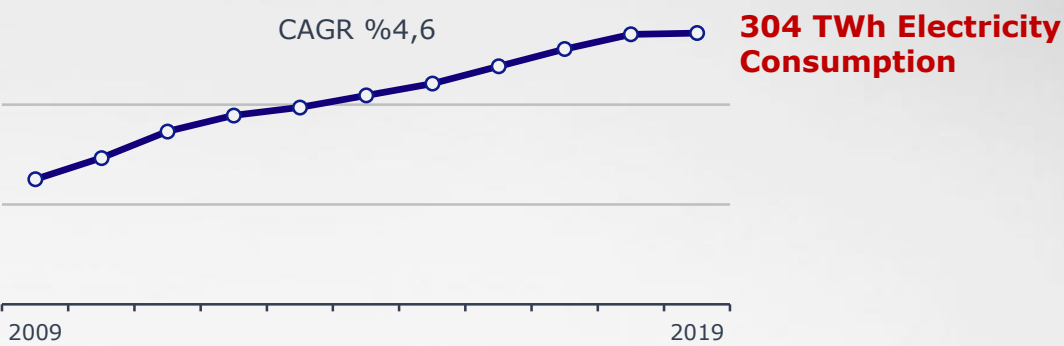
4th Gas
Consumption
in Europe

Significant Historical Growth and Additional Growth Potential

Strong Domestic Growth

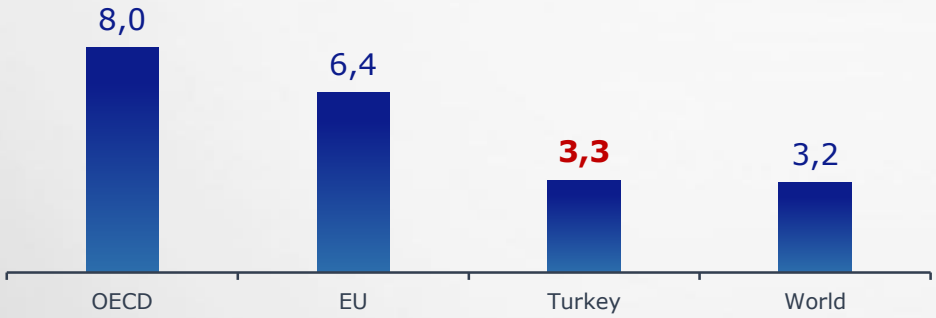


Strong Energy Consumption Growth (TWh)



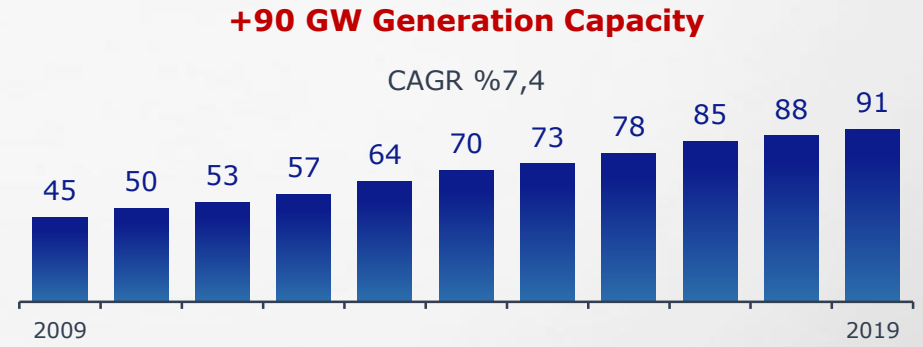
Multiple Consumption Growth Potential

Electricity Consumption per Capita (MWh)



Strong Generation Capacity Growth (GW)

Installed Capacity (MWh)



Solid Policies and Transparent Regulation on the Way to Liberalization



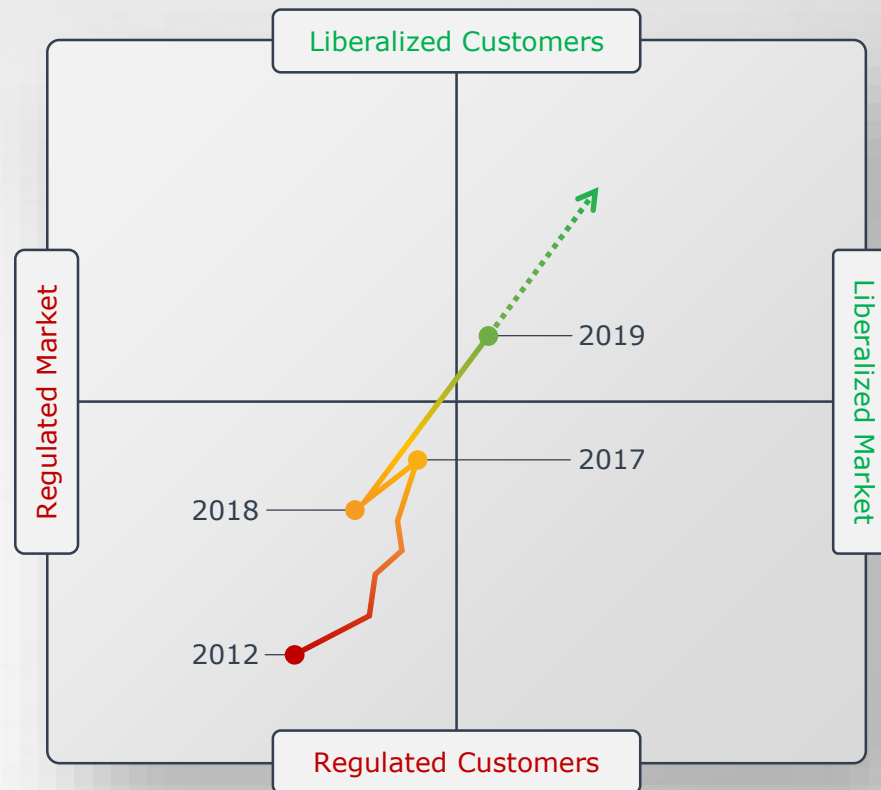
MENR

Strategy and Policies
set by Ministry of
Energy and Natural
Resources



EMRA

Independent and
very professional
Energy Markets
Regulatory Authority



Various Opportunities with Untapped Potential of Global Energy Trends





Covid

Accelerating the Change in the World
and in the Energy Sectors



Crisis Governance: Policy Makers, Regulators and Sector Players



Health and Operations
Continuity



Supply Chain
Security



Market and
Financial Impacts

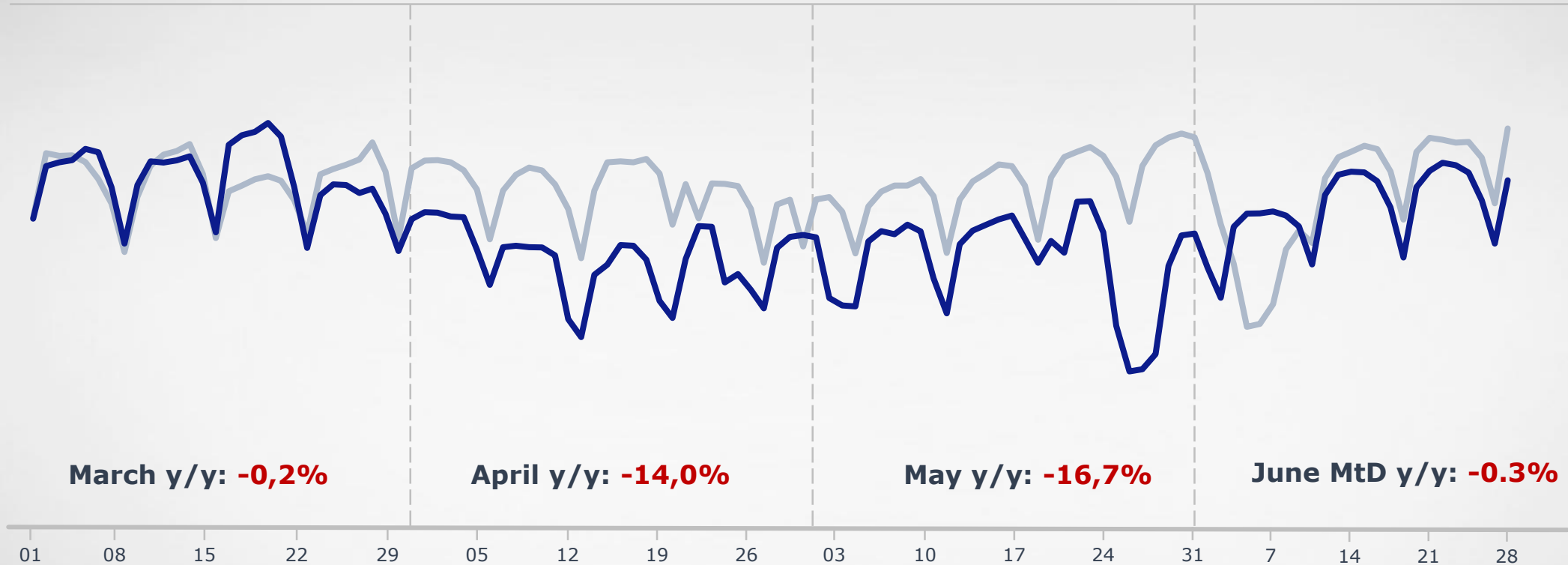


Customers Operations
and Communications

Electricity Demand

Power Demand is 11% Lower Than Last Year Since 22nd of March (70TWh vs 62 TWh)

— 2019 — 2020

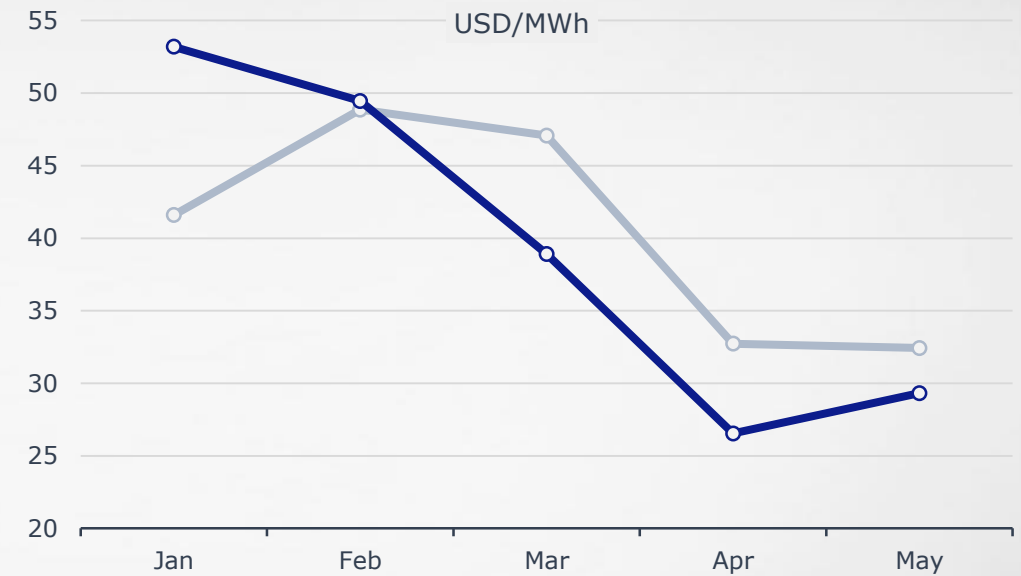
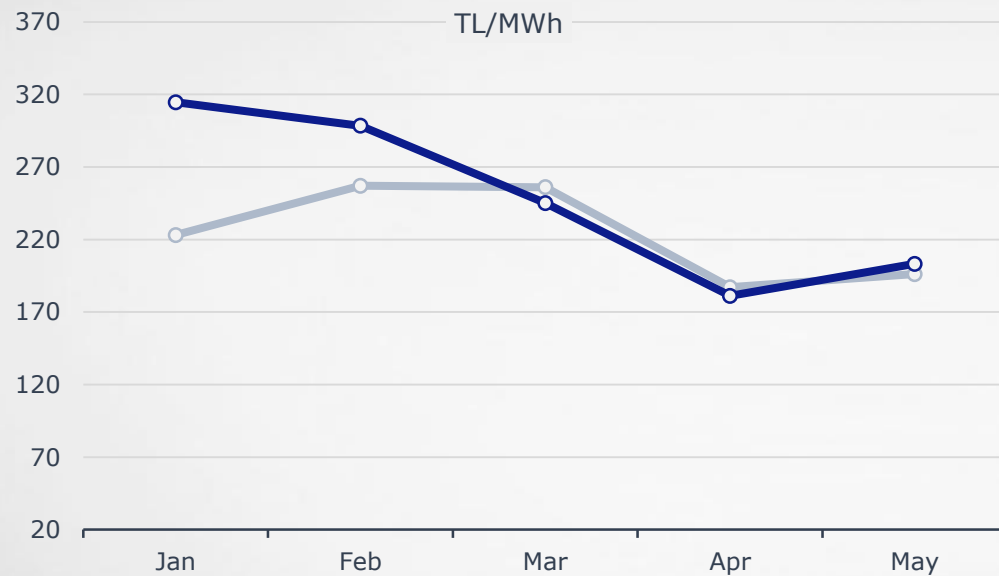


Source: EPIAŞ Transparency Platform, RealTime Consumption (Grid Demand)

Decreasing Prices

Combined with seasonal characteristics i.e. high inflow and low demand due to COVID measures; prices declined. Recovery started from May.

2019 2020



Source: EPIAS Transparency Platform, Market Clearing Price

Our Energy Companies Have Positively Differentiated from the Sector



Balance and Resilience
of the Portfolio



Effective Risk Management
with a Solid Balance Sheet



Operational
Excellence

Energy

is an attractive sector for Sabanci
and getting more important



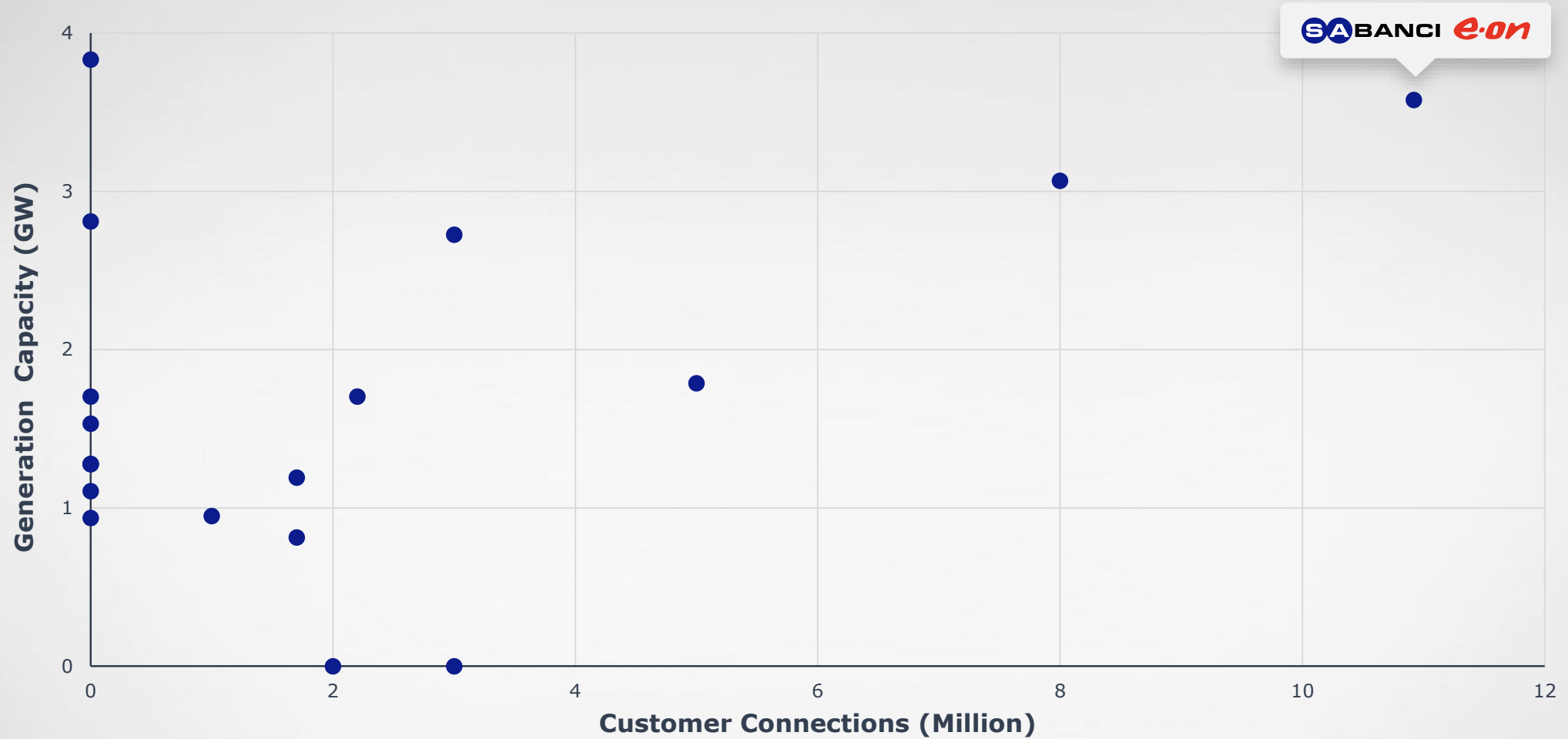
Energy is an Important Pillar of Our Strategy

	Energy and Utilities	Industrials	Financial Services	Digital Businesses
Growing the Core	<ul style="list-style-type: none"> Organic Regulated Asset Base (RAB) expansion Opportunistic renewable generation and inorganic RAB expansion 	<ul style="list-style-type: none"> Growth in Composites Global white cement leadership 	<ul style="list-style-type: none"> Continued organic growth 	<ul style="list-style-type: none"> Digital Transformation in Core (Teknosa, Carrefoursa) Cybersecurity Others - through Corporate Venture Capital (CVC)
Adjacencies to Explore	<ul style="list-style-type: none"> Distributed generation Smart grid E-charging and energy efficiency services Storage solutions 	<ul style="list-style-type: none"> Opportunistic brownfield investments Flexible electronics Industrial resins Ready-mix concrete value chain optimization 	<ul style="list-style-type: none"> Fintech Insuretech Digital bank 	
Holding Value Add	Performance Culture <ul style="list-style-type: none"> Challenging performance management system Effective, accountable Company BoDs Incentive structure awarding high performance Operational Excellence 	Dynamic Portfolio Management <ul style="list-style-type: none"> Clear guidelines for Capital Allocation Link between trends and industry cycles with strategy and capital allocation Maximize value through corporate restructurings and divestitures 	Value Creation Through Sabancı Ecosystem <ul style="list-style-type: none"> Granular understanding and prioritization of potential, tangible ecosystem projects Agile, cross-functional teams for implementation Holding governance structure for ecosystem management 	
Enablers	Digital and Data Analytics	Talent and Culture	Governance, Social Responsibility & Environment	

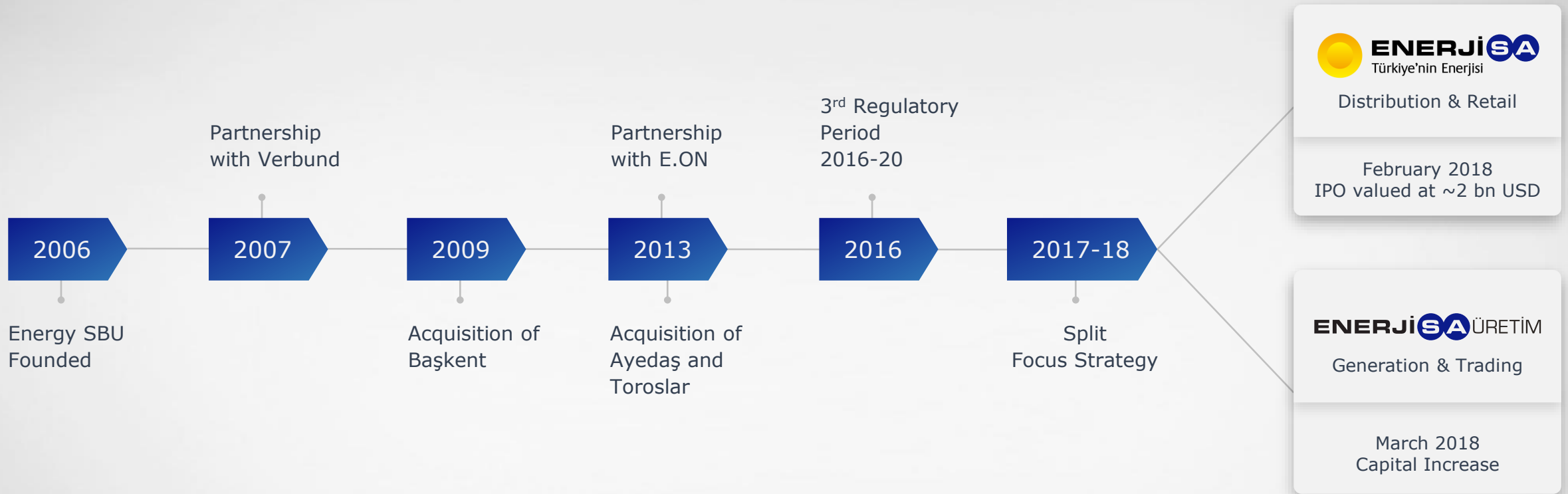
Turkish Electricity Market Framework Replicates the Tested Electricity Market Structures



Well Positioned & Strong Leader in Turkish Energy Industry



Well Focused to Adapt to Market by Splitting Business Lines

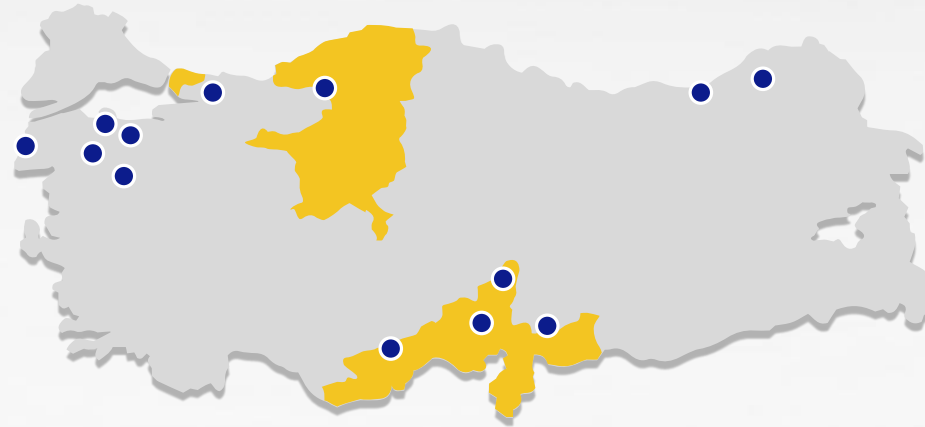


Well Positioned & Strong Leader in Turkish Energy Industry

ENERJİSA ÜRETİM

● Generation & Trading

- ✓ 1st private player
- ✓ 21 power plants
- ✓ 3,607 MW capacity
- ✓ 15 TWh generation
- ✓ 44% renewables
- ✓ +5 TWh trading



ENERJİSA Türkiye'nin Enerjisi

● Distribution & Retail

- ✓ 14 cities, 6 metropolises
- ✓ 21+ m population
- ✓ 9.9 m customers
- ✓ 232,000 km network
- ✓ 11.2 m connections
- ✓ TL 8.4 bn 2019 RAB
- ✓ 36.1 TWh sales volume

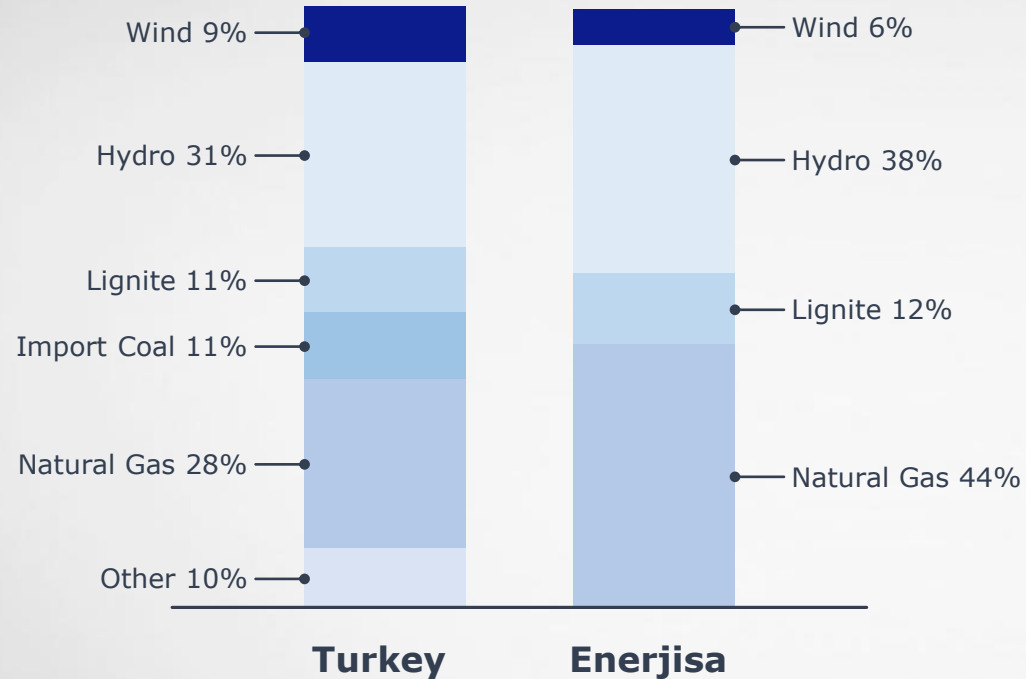
Generation and Trading Unique Position via Visible Growth and Dividend



ENERJİSA ÜRETİM

- ✓ Market leader position
- ✓ Proven track record across a diversified portfolio
- ✓ Strongest balance sheet in the sector
- ✓ Secured renewable growth plan via recent wind tenders
- ✓ Attractive dividend potential via capital reduction

Balanced and Well Positioned Portfolio



Further Growth in Renewables

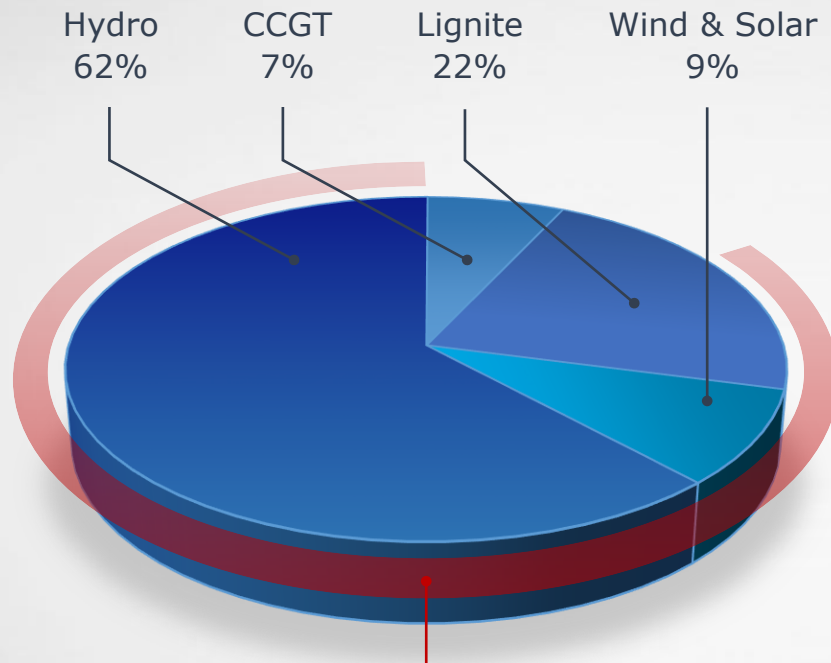
- Two wind tenders (YEKA) with 500 MW capacity won



- The weight of renewable portfolio will increase to 50%
- Additional USD based revenue stream will be secured for the next decade

Breakdown of Generation EBITDA

2019



80% of EBITDA is driven by FiT sales, capacity payment and contracted sales

Renewables:

- ✓ USD indexed feed-in tariff
73-133 USD/MWh + local content support

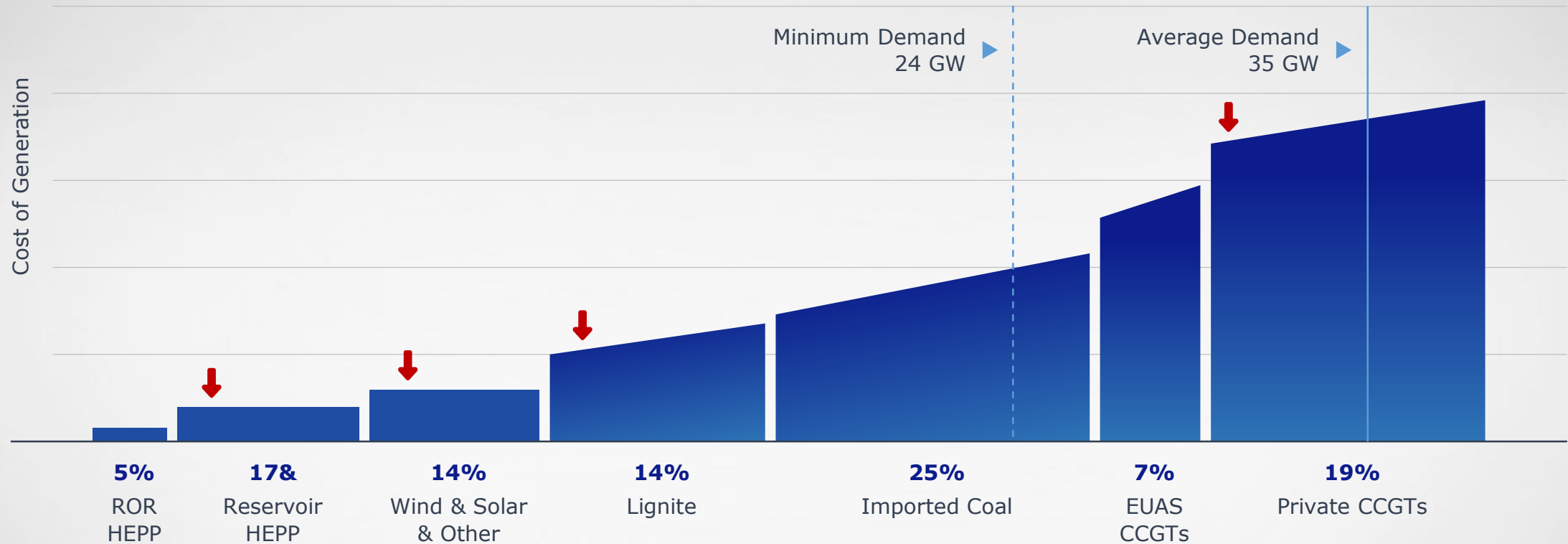
Natural Gas:

- ✓ Merchant play (~42 USD/MWh)
- ✓ Capacity mechanism (from 2018)

Lignite:

- ✓ 2/3 State PPA until 2025 (ranging at 50-55 USD/MWh)
- ✓ 1/3 Merchant play (~42 USD/MWh)
- ✓ Capacity mechanism (from 2018)

Competitive Position in 2020 Merit Order





Portfolio Capabilities

- ✓ In addition to “no demand impact on Feed-in-tariff, capacity and contracted sales earnings”
- ✓ Better plant operations and plant availability
- ✓ Better hydrology crowned this situation



Market Capabilities

- ✓ The negative impact of declining demand on merchant revenues is minimized with hedging mechanisms on price and cost
- ✓ Enhanced with ancillary services revenues
- ✓ Competitive gas supply



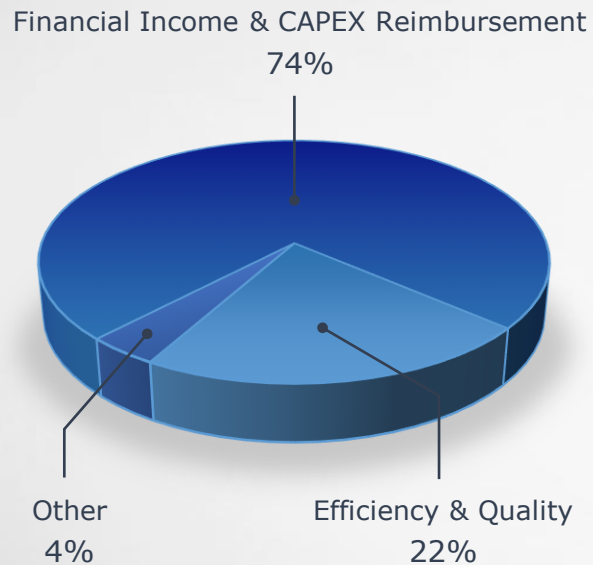
Competitive Advantages

- ✓ Leading electricity distribution and retail company with huge customer base of around 10 million and economies of scale
- ✓ Strong historical growth and untapped potential in incumbent regions
- ✓ TL and inflation linked long-term borrowing to match revenue stream & access to competitive financing
- ✓ Best Balance Sheet in the sector and attractive dividend pay-out
- ✓ Know-how transfer from Shareholders
- ✓ Well-known and trusted brand

Distribution: Heavily Concentrated on Network Investments But Also an Important Efficiency Game

Distribution Operational Earnings*

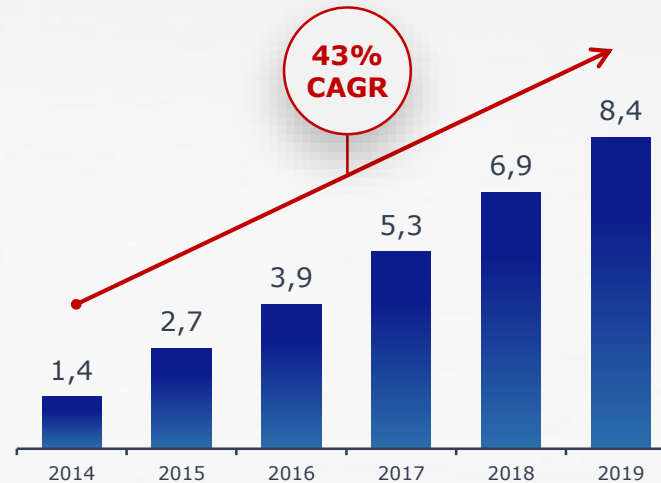
Breakdown (2019)



*Operational Earnings include Capex Reimbursement

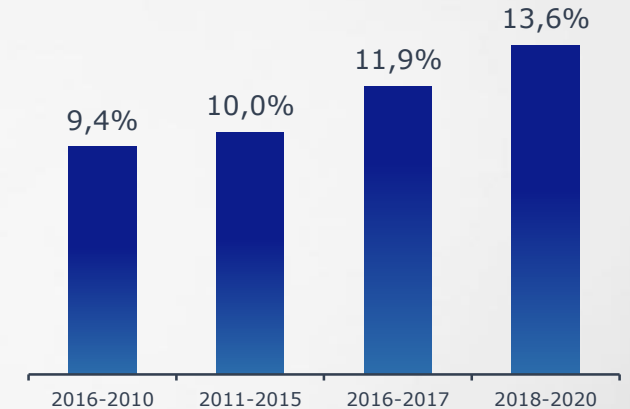
Strong Historical Growth and Untapped Potential

Regulated Asset Base (bn TL)



Regulation Incentivizes Investments

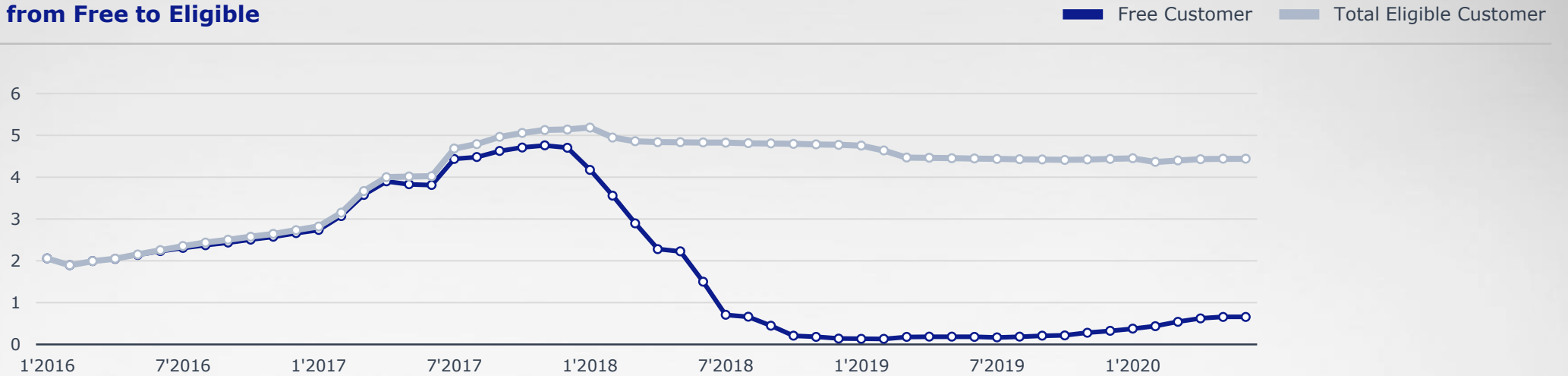
Regulated WACC (Real)



Retail: A Game Between Regulated and Free Focused on Mass Regulated & Selective Free Customers

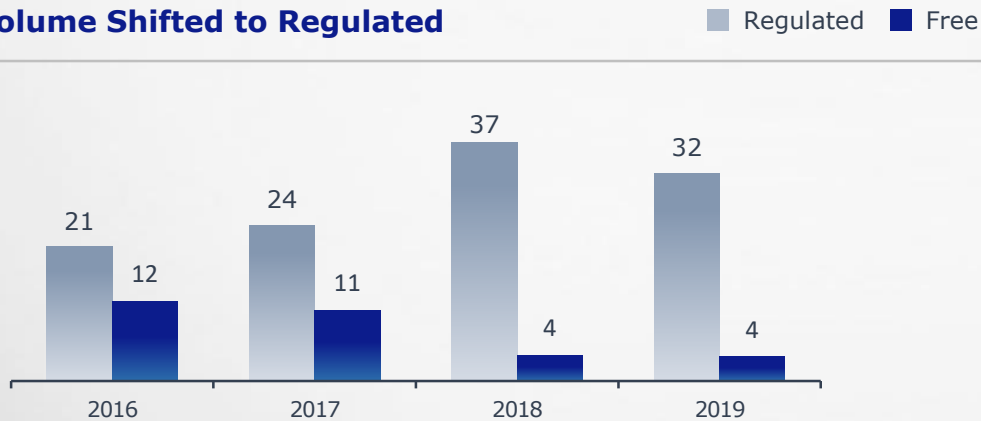
Customers Shifted from Free to Eligible

(Millions)



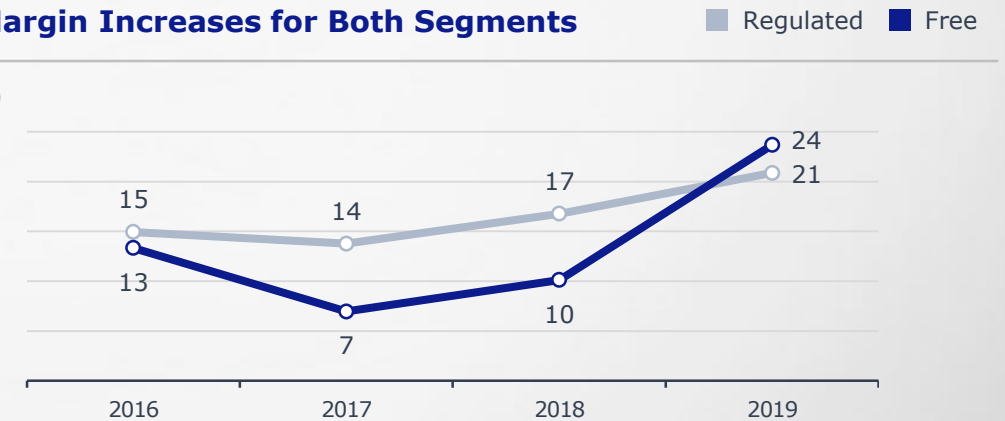
Retail Volume Shifted to Regulated

(TWh)



Retail Margin Increases for Both Segments

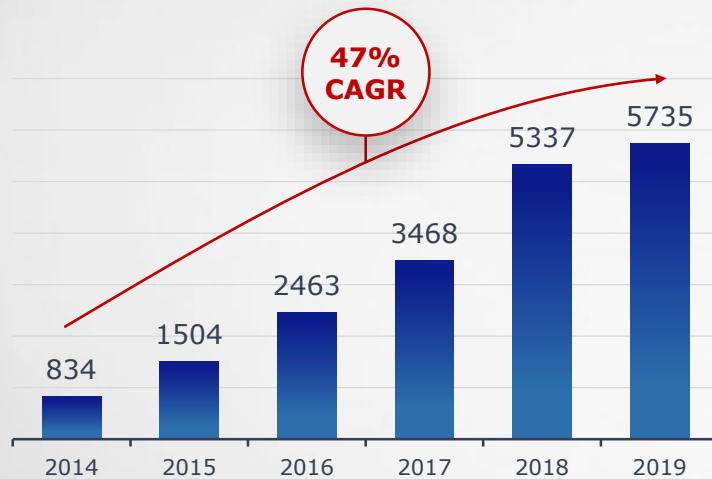
(TL/MWh)



A Transformation Story: Significant Real Earnings, Cash Flow and Dividend Growth

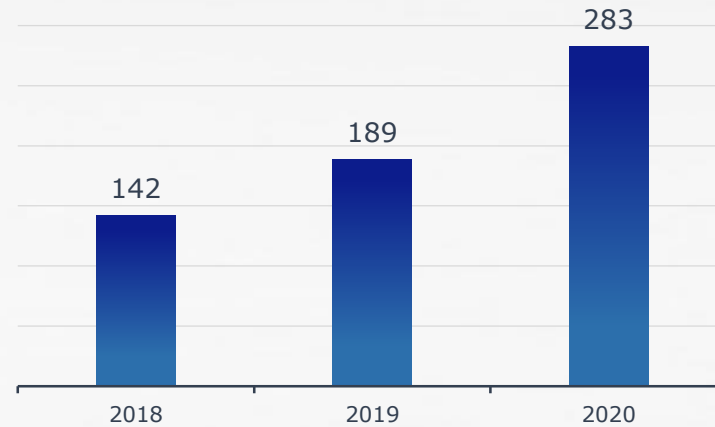
Strong Growth in EBITDA

Combined Energy EBITDA (m TL)



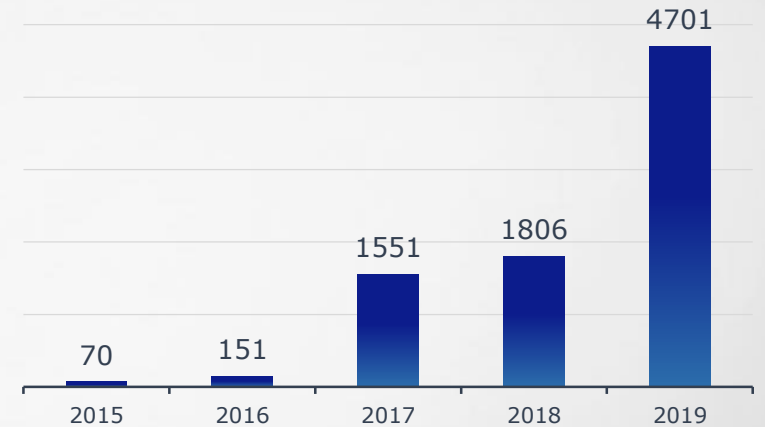
Paying Back to the Shareholders

Dividends Paid to Sabancı Holding (m TL)



Strong Growth in Free Cash Flow

FCF (m TL)

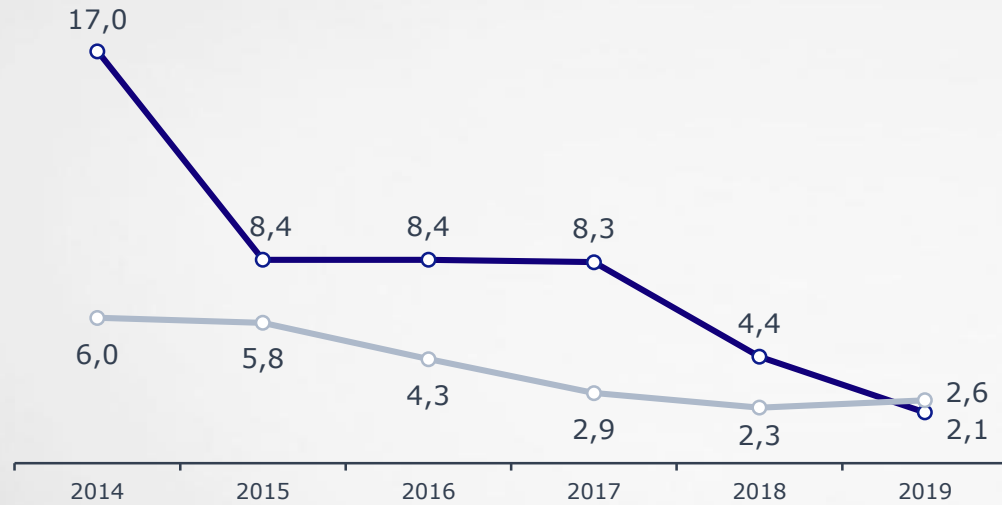


A Transformation Story: Deleveraging & ROE Improvement

Deleveraging

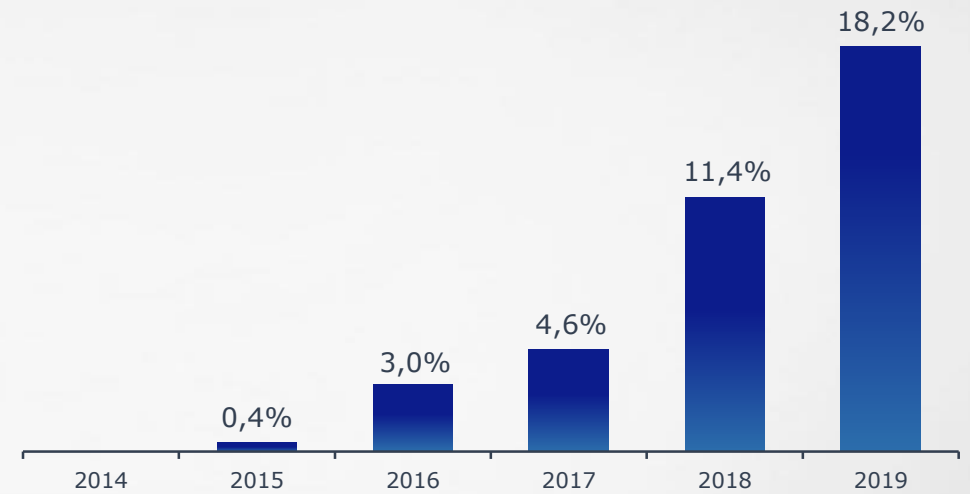
— Enerjisa Üretim — Enerjisa Enerji

Net Debt / EBITDA* Ratio (x EBITDA*)



Improvement in ROE

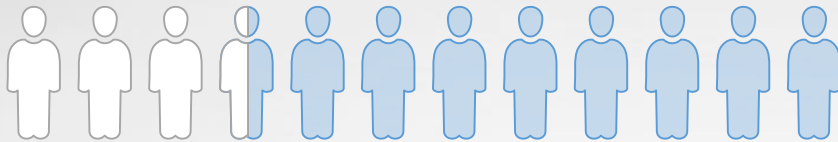
Return on Equity (%)



* Excludes non-operational one off items

High Reputation in the Sector, Brand Image and Corporate Culture Attract Best Talents

~**12.000** Total HC



~**3.500**
White Collar

~**8.500**
Blue Collar



Female
33%



Male
67%



Average Age
35



Seniority
5 Year



Variety of
Development
Programs



Best
Practice
Awards

Digitalization and Advance Data Analytics

e

ffectiveness

Data-driven decision making 


e

fficiency

Automization of manual processes 

e

xcellence

Digitalization of core business operations 

Q&A

