



Intro:

Welcome and thank you for joining us today for Koç Holding's third quarter and first nine months 2025 earnings call.

This is Cansev, IR Manager of Koç Holding. I'm joined by our CFO Polat Şen, our IR Coordinator Helin, our Finance Coordinator Özge and our IR Manager İsmail, to take you through our presentation and answer your questions during the Q&A session.

Our presentation covers the Company's unaudited financial results for the nine months of 2025, prepared in accordance with Turkish Accounting and Financial Reporting Standards, including the application of IAS 29 inflation accounting.

Please note that our presentation and Q&A session may include forward-looking statements and assumptions based on the current business environment, which are subject to change. As a reminder, a replay of this webcast will be available on our website following the call.

With that, I would now like to hand the call to Polat Bey to begin the presentation. We will take your questions at the end of the session.

Polat Şen:

Welcome everyone. I would like to begin with a brief overview of the macroeconomic environment that has affected our Group's performance.

Global economic activity remained stable during the third quarter, though uncertainty and volatility persisted. Economic activity in Europe was slightly stronger than expected but remained weak overall. In Turkey, disinflation is progressing slowly. Inflation remained elevated throughout the third quarter and rose sharply in September. Meanwhile, policy measures under the disinflationary framework continued to weigh on the economy, particularly on producers. Domestic demand was broadly stable this quarter. Demand for automobiles was particularly strong, while industrial production remained subdued. The Central Bank maintained its strong Turkish lira policy. In July, the Central Bank began lowering its policy rate. Market interest rates declined alongside the policy rate but remain elevated. Consequently, despite a modest improvement in financing conditions, high input costs in FX terms and elevated borrowing costs continued to put pressure on producers.

In this tough environment, we generated TL14.4 bn net income on a consolidated basis in the first nine months, up by 54% compared to the same period of last year. While the contribution from consumer durables and automotive segments was lower due to challenging market conditions, stronger contribution of our energy operations along with the substantially lower monetary losses were influential in this performance. Looking at the third quarter, we delivered a net income of TL7.7 bn this year on a consolidated basis compared to a net loss of TL4.4 bn in the same period last year.

Let's start on **slide 5** with some key indicators for Koç Holding. The chart on the left shows the sectoral breakdown of our diversified business portfolio as of the end of September.

Our portfolio diversification is not limited only to sectors but also includes international positioning. On a combined basis, we generated 31% of revenues from international sales in the first nine months. Including



Tüpraş, which operates as an FX-linked commodity business, roughly 46% of our revenues can be considered hard currency-based.

Moving on to **slide 6**, you can see that we had a net cash position of \$874 mn (TL36.3 bn) at the holding level at the end of September.

In the first nine months, our dividend income in nominal terms amounted to approximately **TL21.3 bn** (~\$513 mn), including dividends from our unlisted companies, yet excluding dividends for the remainder of the year. Ford Otosan already announced a second dividend which remains subject to its general assembly approval. Assuming its approval and including the already-received dividend from EYAŞ, our **dividend income is expected to reach TL33.4 bn (~\$805 mn) this year.**

On **slide 7**, you can see the main pillars of our balance sheet. Around 68% of \$874 mn is in hard currency. To further strengthen our liquidity, in mid-October, we secured a 5-year club loan of \$600 million at an annual interest rate of SOFR +1.95%. With a 2.5-year grace period, the loan will be repaid in 6 equal and consecutive six-monthly installments. This funding remains available for Koç Holding for six months.

We strictly apply and regularly monitor our prudent risk management policies at each underlying company and on a combined basis. In terms of liquidity, leverage, and foreign exchange position, we preserved our conservative levels. On a combined basis, our current ratio is 1.2x and our net financial debt / EBITDA (*excluding the finance segment*) is at 1.4x. In terms of FX position, we remain well within our risk management rules.

With that, I'll hand over to Helin to walk you through the key sectoral developments in the first nine months.

Helin Çelikkilek:

Thank you. Let's begin with the **Energy** sector on **slide 9**.

The energy segment's contribution to Koç Holding's consolidated net income was strong in the first nine months, mainly supported by favorable crack margins capturing strong demand, high utilization, and improved white product yield, despite continued narrowing of differentials and elevated energy expenses y/y.

The domestic demand for refined products grew around 5% in the first eight months. Gasoline and jet fuel demand was up by 17% and 12% respectively, and diesel demand was resilient at 17.5 mn tons.

Tüpraş delivered a strong third quarter performance with improved margins. Capacity utilization was around 100%, surpassing the global capacity utilization rate during the quarter. Mid-distillate crack margins were higher, driven by strong demand and low utilization due to higher-than-expected maintenances. Accordingly, net refining margin of Tüpraş reached \$9.7/barrel, bringing the nine-month average to \$6.5/barrel. Given this solid performance and strong margin environment, Tüpraş revised its net refining margin guidance range upwards to \$6-\$6.5/barrel for 2025.

As to the volumes, Tüpraş's domestic sales in the first nine months was almost flat y/y. Including the international sales, Tüpraş total sales volume was down by 4% y/y at nearly 22 million tons. Tüpraş continues to hold its sales volume guidance of around 30 million tons for the whole year.



On the LPG side, in the first eight months, consumption remained weak, decreasing 6% y/y (*auto gas -6% and cylinder gas -6% y/y*). Aygaz's domestic retail sales volume was down 2% y/y, and including wholesale as well as contribution from Bangladesh, total sales volume was slightly up by 1% y/y in the first nine months. During this period, Aygaz maintained its market leader position in Turkey with a total market share of 26.2%.

Let's move to **slide 10** and discuss the developments in the **Auto segment**.

The auto segment remains the highest contributor to net income, albeit with a significant year-over-year decline in the first nine months. Despite solid volume growth, profitability in this segment declined, mainly due to an intense competitive pricing environment, composition of sales and higher COGS amid inflationary pressures.

The domestic automotive market grew by 9% to reach 955k units in the first nine months. This strong volume growth was mainly driven by an intense competitive environment, volatility in inflation and exchange rate expectations and pull-forward demand ahead of the announced taxation increase. While our total share in the domestic market through the first nine months stood at 27%, September figure of 34% truly reflects our scale post Tofaş - Stellantis Türkiye merger.

On the exports side, the European (EU + UK) Passenger Car market grew modestly by 1% whereas the Commercial Vehicle market declined by 9%, reflecting ongoing economic pressures and last year's high base. Our Group market share in the exports increased ~5ppt to 42%.

In the first nine months, Ford Otosan's export sales volume increased by 13% y/y (*exports from Turkey +6% y/y*), representing 38% of Turkey's total vehicle exports. Meanwhile, Tofaş witnessed a 5% decrease in its export volumes, mainly due to the decline in its PC exports. Tofaş expects an acceleration in volumes with the introduction of combi variant late this year and the kick-in of exports to North America in 2026 under the amended K0 production contract. Another key development on the Tofaş front was the signing of a manufacturing agreement with Stellantis in September to produce "K9" light commercial vehicle model in multi-energy platforms for the Citroen, Fiat, Opel, and Peugeot brands. Total production is expected to reach 660K units between 3Q 2026 and 4Q 2034, backed by an investment of EUR256mn. Additionally, Tofaş will continue to manufacture Tipo/Egea model in its Bursa plant until the end of June 2026.

TürkTraktör revenues declined 41% year-over-year, mainly driven by a contraction at a similar rate in tractor sales volume, reflecting continued weakness in both domestic and international markets. The domestic tractor market continued to contract and was down 36% in the first nine months amid challenging market conditions. Regardless, TürkTraktör has maintained its market leadership in Turkey for 18 consecutive years, remaining farmer's top choice.

Otokar, our leading bus and defense Company, registered 8% revenue growth y/y, 61% of which was from international sales. Defense vehicle revenue share rose to 17%, up from 9.6%. Otokar holds a solid backlog of around 857 million EUR in armored vehicle orders where the majority is the 4x4 project in Romania. In September, Otokar signed a 3-year production agreement with Daimler Buses to manufacture Mercedes-Benz Conecto city bus at its Sakarya factory starting from September 2026. This new collaboration is another strategic move for Otokar to boost production efficiency and reinforce its global standing.

On **slide 11**, let's look at the **Consumer Durables** segment.



Consumer durables segment's performance was adversely affected by soft demand, driven by a challenging market environment.

White goods unit sales in Turkey contracted by 6% y/y in the first nine months, largely attributable to high interest rates, limitations for monthly instalments, and diminishing disposable household income. Exports also declined by 8% during the same period due to weak demand and challenging competitive environment.

Looking at Arçelik's performance, Turkey revenues declined by 9% y/y in the first nine months in an unfavorable pricing environment and product mix despite a moderate demand in the third quarter. International revenues, constituting 67% of the total, also declined 4% y/y. Arçelik preserved its market leadership in its European markets despite underperformance. Further, Arçelik delivered margin improvement with easing raw material costs, favorable euro-dollar parity and ongoing restructuring efforts during this period. Arçelik's adjusted leverage came at 4.2x on the back of improved operational cash flow and the Company anticipates further improvement through the end of the year.

Lastly, a few words on the **Finance** segment with a particular focus on Yapı Kredi on **slide 12**.

The finance segment's contribution to our consolidated net income was negative TL0.7 bn in the first nine months of the year, significantly improved compared to negative TL16.1 bn in the same period of last year. As mentioned during our previous calls, we consolidate Yapı Kredi's inflation adjusted financials. Accordingly, their bottom line is impacted by monetary losses given their net monetary position although this year at a much lower amount compared to the same period of last year.

As a separate note, Yapı Kredi's contribution to the finance segment results may differ from the Bank's IFRS results, mainly due to purchase price allocation (PPA) adjustments regarding Koç Holding's additional share purchase transaction in February 2020.

In this presentation, references to Yapı Kredi's KPIs are based on its BRSA financials where banks remain exempt from inflation accounting.

In the first nine months, total performing cash loan growth was around 34% (*30% TL loans & 21% cash loans in USD terms*) and total customer deposits growth was 32% (*24% TL & 22% in FC in USD terms*) on a year-on-year basis. The bank maintained its leadership position in Turkish Lira demand deposits among private banks as at the end of September with a 17% market share.

With the reintroduction of rate cuts and solid asset-liability management, swap-adjusted NIM widened by 130 basis points year to date, bringing the cumulative level to 2.03%. Loan-deposit contribution to NIM was at 3.9%. For the whole year, Yapı Kredi expects to deliver a min 200 basis point NIM improvement.

Net fee and commission income growth was robust at 50% y/y with operating costs rising at around similar level. Accordingly, operating costs were almost fully covered by fees, i.e. at 97%.

On the asset quality - maintaining prudent provisioning despite improving NPL inflows, total coverage stood at 3.7% in the first nine months. Net cumulative CoR including currency hedge was at 163bps, well within guidance range.

Yapı Kredi preserved its strength in capital and liquidity ratios. The FX liquidity coverage ratio was 308%, while the total liquidity coverage ratio stood at 125%. On the capital side, the consolidated capital adequacy



ratio stood at 13.9%, and the Tier-1 ratio stood at 11.7% (without forbearance), comfortably above the regulatory levels. Yapı Kredi's successful completion of a \$600 million Additional Tier-1 (AT-1) issuance in September is also worth highlighting. Including this, Yapı Kredi secured approximately \$4.7 billion of funding from international markets in the first nine months of 2025.

During this period, Yapı Kredi tangible return on equity stood at 23.7%, in line with its guidance of mid-twenties and return on assets at 1.7%.

With that, I would like to hand the floor back to Polat Bey.

Polat Şen:

On **slide 13**, I will walk you through the overall results of the Group in the first nine months of the year, incorporating all the segment trends we just discussed. On a combined basis, Koç Group registered TL3.2 trillion revenues, TL77.0 bn in profit before tax and TL41.5 bn in net income.

As highlighted in our second quarter call, the first nine-month financials of last year included a provisional accounting for the recognition of the Whirlpool EMEA and Whirlpool MENA acquisitions in accordance with TFRS 3 Business Combinations following their closing in April 2024. The actual figure was finalized at year end financials. Same reporting standard requires a restatement to 9 months 2024 financial statements to reflect the actual final figure. The impact of this adjustment is an additional gain of TL9.8 bn at the consolidated net income level for last year. We believe excluding this one-off item enables a like-for-like comparison of our underlying performance in 2025. Accordingly, excluding this one-off, our combined profit before tax and net income growth in the first nine months would have been 30% and 73%, respectively. These figures are noted on the right-hand side of the slide.

Our consolidated net income (after non-controlling interest) growth in the first nine months was 54%. Excluding this one-off item I just discussed, the first nine months of last year would have resulted in a net loss, further underscoring the strength of our performance in 2025 despite the challenging environment.

Moving on to **slide 14**, you can see our third quarter results with consolidated net income substantially improving to TL7.7 bn as I highlighted at the beginning of the call.

On **slide 16**, you will see the evolution of the **Net Asset Value (NAV) discount**. As Koç Holding, we leverage our market proxy status which positions us as a key reflection of overall market dynamics. Accordingly, our NAV discount has narrowed in periods of improved investor sentiment. In the first nine months of 2025, the weekly average NAV discount was wider at 34% when compared to the long-term of ~14%. We believe that the current level of discount is unjustified and does not fully reflect the strength of our underlying operations.

In summary,

In the first nine months, with a disciplined focus on balance sheet strength and profitability, we continued to generate value through a diversified and balanced portfolio designed to withstand market volatility.

Thank you for listening, now, we can open the floor for questions.



OPERATOR: The first question is from the line of Nekrasov Maxim from Citi. Please go ahead.

MAXIM NEKRASOV: Yes, thank you so much for the presentation. I have a few questions. The first one is more of a technical one in the financial segment. If you could clarify the impact on the third quarter, because it looked like Yapi Kredi had a strong net profit before inflation accounting in the Third Quarter, and whether you would expect the impact on consolidated numbers from the financial segment to normalize to what the company has been reporting. Maybe just a little bit more clarity on how we basically should tie up what they report and the impact on Koc?

POLAT ŞEN: Of course, Maxim. Yapi Kredi, as you rightly suggested, is not using IFRS inflation accounting. While we are consolidating, we must. So, the inflation adjusted numbers, I'm just looking at my colleagues right now so that they can help me with the numbers, are significantly lower due to the inflationary environment in Turkey. I think the first nine-months inflation was north of 25%. So that is impacted.

You can see from the performances across the segments that the finance sector's combined net income is negative TL1.6 billion in the third quarter. So, it's a consolidated net loss on the finance side when you come to the inflation accounting. So, there's an important amount of difference there.

MAXIM NEKRASOV: Would you expect this difference to somewhat normalize if inflation goes down?

POLAT ŞEN: Of course. When the inflation accounting is not going to be mandatory anymore, which the earliest possibility looks like according to the IFRS, it's like 2027, we are not going to see any difference between those numbers.

MAXIM NEKRASOV: Thank you so much. Just on the NAV discount, as you presented, we can also calculate the discount closer to 40%, which is very close to historical lows. So, I wonder if you would consider any tools to try to improve it, for example, like a buyback program, or anything on the table now?

POLAT ŞEN: Yes, you're right. It's very close to the historical lowest level, as you rightly suggested. And right now, we think that this is mainly due to the country's situation, rather than Koç Holding itself, because we see that our balance sheet is quite strong.

But unfortunately, the foreign interest on equities in Turkey is still very limited, especially on the long-term funds. So, this is mainly affecting companies like Koc Holding, which is seen as a proxy to Turkey. So therefore, even if we do anything, we don't think that it's a sustainable way to keep this NAV discount at a higher level.

So therefore, there are no plans right now to really make a move like that.

MAXIM NEKRASOV: Thank you so much. That's very clear. And just the very final question, it's more of a traditional question on the portfolio, whether you would plan to make more adjustments or maybe specific segments you plan to add or to exit? So, any color



on that?

POLAT ŞEN: As you have seen, we have increased our liquidity with a 600 million club loan through various institutions. So right now, we have the availability of almost more than 1.5 billion \$. So, this is because it's so volatile, it's a war chest.

But at the same time, we have the appetite to grow our business. And the intention is to look for the right targets, which can contribute positively to our EBITDA and free cash flow. So therefore, we are always, I mean, it's not today's situation, we are always looking for suitable targets that we may be interested in.

We are not specifically interested in a sector. Mainly, we are looking at more financial fundamentals of the company, rather than a specific sector. Because we are already operating in a very diverse environment.

Adding one more sector to it with the strong financial fundamentals, we don't think that it's going to be a tough thing to handle for Koc Holding. Because we know how to operate in different sectors.

MAXIM NEKRASOV: Thank you so much for your answers. Thank you.

OPERATOR: The next question is from the line of Kilickiran Hanzade with JP Morgan. Please go ahead.

HANZADE KILIÇKIRAN: Hi Polat Bey, thank you very much for the presentation. When we are now looking ahead to 2026, I would love to hear your early thoughts on how you see the domestic consumption shaping up, and what you expect for European exports, and how confident are you in your pricing power across your main businesses? Thank you. So, it's just like your preliminary thoughts for 2026, both for Turkey and Europe. And I have two more questions.

POLAT ŞEN: All right. Let me start with Europe first. The expectations for Europe, compared to 2025 or 2026, are better. Not too much better, but let's say slightly better, which we think could be a positive sign for us as well.

For domestic market, the challenges will continue. This inflation will continue. As we understand from the economy management, the intention to keep the monetary tightening is going to be there for some more time.

Our think we do not really expect, let's say, rejuvenation of domestic market in the first half of the year. But the second half of the year is more promising for us as; there are possibilities for political changes in Turkey. And there is always, we expect the Turkish economy to get more vibrant if we are getting closer to elections.

So, we think that that may start the Second Half, or maybe the last quarter of 2026 would be better. But when you look at our businesses, you know, we are mainly operating in four big sectors, because sector by sector it's different. It was hard in 2025, but we have a record-breaking automotive market this year.



So, it's not really translating into positive or negative when we talk about only macro. So, when you look at these four big businesses that we have, on the energy side, we do not really expect a big change, let's say. For automotive, it's been a very important year.

We are still working on our budget. We are going to see what we are going to be waiting for. But again, you know, with Tofaş ramping up, with TürkTraktör at its lowest, when you look at the last five years, we think that those businesses are going to be contributing better.

But export side is going to be a deciding factor. We are going to see what happens. But we are hopeful on automotive. Plus, when you look at the consumer durables, it's been tough for our restructuring year. But they are ahead of their plans in terms of restructuring synergies. So, we do not see a reason in a lower interest rate environment for a leveraged company like Arçelik to operate worse than what they have done this year.

So most probably, we should be expecting a better year for Arçelik compared to 2025. And it's the same for the bank. The banking sector is very much, you know, depending on the interest rates, policy interest rates to go down.

And at some point of time, the regulations are going to be, if we are going to see some economic movement in Turkey, banks are going to be the engine of that. Let's say the last quarter in the worst-case scenario. And with the falling interest rate environment on the policy rates, banks are going to be making more money than they are doing this year.

So overall, when you look at the portfolio, we do not see a reason for a worse year than 2025, to be honest. It should be normally a better year. But still, I have to say that the budget is still a work in progress.

We got to see better. But the political agenda sometimes is more, let's say, decider. So, the political agenda items are not included in this comment, I have to say.

On the pricing power, again, the purchasing power of people in Turkey especially has declined. And on the pricing power side, it's getting harder in terms of pricing compared to years before. But as I told you, if the expectation is going to be better economic rejuvenation, let's say, after the second half of this year, then that should be also possible.

HANZADE KILIÇKIRAN: Thank you, Polat. I want to make a follow-up on the M&A activity. So, I know that the borrowing conditions are still tight. But should we expect any M&A next year on the Koc Holding side or in any of your companies? Because I don't know if Arçelik is still keen to grow its global footprint, for example. I think we're pulling this up for sale currently.

POLAT ŞEN: Okay. For the existing businesses to grow with an acquisition, we do not have



anything on our agenda, to be honest. I mean, the companies work on it, and they bring it to us. But Arçelik is not a candidate for acquisitive growth because they are still at the phase of digesting their last project with Whirlpool. So, I don't think that in the short term that would be a big possibility if there's not any, let's say, a lottery kind of possibility comes in front of us. But for the other businesses, you know, some of them are JVs, so it's not easy to comment on it.

But we do not really see anything on the agenda yet. As I answered Maxim's question before, the main intention is to grow in new areas rather than what we have as of today.

HANZADE KILIÇKIRAN: Okay. Thanks very much.

POLAT ŞEN: Thank you.

OPERATOR: Ladies and gentlemen, there are no further audio questions currently. We will now move on to written questions from the webcast participants. Our first webcast participant question is from Evgeniya Bystrova with Barclays and I quote, thank you for the presentation.

Could you please provide an update on your capital structure strategy? Are you still considering coming to the European market? And how do you have the current financing conditions? Thank you.

POLAT ŞEN: To be honest, the financing conditions right now are available. You know, our balance sheet is very strong and we do not have any issues in financing our new activities and this securing this five-year club loan of 600 million with a very, very competitive cost is a sign of that. And that's why actually right now, the amount of money that we have is going to be enough for our needs.

So, we do not have any intention of getting into the Eurobond market soon unless we have a new project with a bigger ticket size, etc. But today we do not see that in the foreseeable future.

OPERATOR: Thank you. Ladies and gentlemen, there are no further questions currently. I will now turn the conference over to Management for any closing comments.

POLAT ŞEN: Right. I'd like to thank everyone who listened. If you have any more questions, our IR team is going to be available whenever you want. Thank you.