Intro:

Welcome and thank you for joining us today for Koç Holding's first half 2026 earnings call.

This is Helin, IR Coordinator of Koç Holding. Today, I'm joined by our CFO Doğan Korkmaz, our Finance Coordinator Özge and our IR manager İsmail, to take you through our presentation and answer questions during the Q&A session.

Our presentation covers the Company's reviewed financial results for the first half of 2026, 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.

There will be a Q&A session at the end of the call.

With that, I would now like to hand the call to Doğan Bey to begin the presentation.

Doğan Korkmaz:

Welcome everyone. I would like to begin with a brief overview of the macroeconomic backdrop that defined our Group's operating environment in the first six months.

The first half of 2026 began relatively stable for the global and Turkish economies, but geopolitical tensions from March onwards increased volatility and weighed on the outlook for both. In Türkiye, the Central Bank managed to maintain stability in financial markets; however, inflation remained high, driven largely by increasing energy prices. High interest rates and tight financial conditions constrained domestic demand while keeping financing costs for firms elevated. Meanwhile, the continued real appreciation of the Turkish lira remained a headwind for export-oriented sectors. In this environment, the resilience of our diversified portfolio, combined with a strong balance sheet and disciplined execution underpinned our solid performance in our first half results.

On **slide 5,** we highlight some of the key metrics for the first six months. Our combined revenue exceeded TL 2.7 trillion (~USD 58.8bn) on a 7.2% growth y/y. Our consolidated net income increased by 147%, reaching TL 20.3 bn. We continued to invest for growth and the first six months capex was roughly US$ 1.7 bn. Strong liquidity, a healthy current ratio and conservative leverage levels continue to underpin our financial resilience. As at the end of June, we had approximately US$ 1bn as net cash at the Holding level, current ratio of 1.25x on a combined basis and a net financial debt / EBITDA (excluding the finance segment) ratio of 1.1x.

On **slide 6**, we provide more color on our financial performance. Focusing on consolidated results, we delivered around TL 84bn in profit before taxes, registering a 154% increase compared to the same period of last year. Our consolidated net income of TL 20.3bn was 1.5x higher than last year's net income in the same period. Energy segment was by far the largest contributor with TL 20.7bn, followed by the automotive segment with TL 3.4 bn and finance segment with TL 2.2bn in the first half. Consumer durables contribution was also positive with TL 421mn, primarily stemming from the sizeable gains recognized upon the settlement of contingent liabilities as part of the Whirlpool transactions. Other segment remained dilutive with TL 6.5bn, mainly driven by the monetary losses (calculated as per the inflation accounting) associated with the net cash position at the Holding level and operating losses across several companies in the retail, services, and healthcare sectors, predominantly driven by seasonality. The downward revision in corporate tax rate starting from 2027 for production companies also positively impacted our bottomline performance since this is taken into consideration for the deferred tax calculation in IFRS.

On **slide 7,** we highlight the number of strategic actions we have undertaken across both Koç Holding and our subsidiaries to strengthen strategic focus, enhance scale and improve operating efficiency. The first seven months of the year have been particularly active in this regard, with portfolio optimization initiatives, acquisitions, organizational changes and new facility inaugurations announced across the Group.

In consumer durables, Arçelik announced several portfolio optimization initiatives, including the exit from its Hitachi joint venture and the acquisition of the remaining stake in Beko Europe, aimed at simplifying its portfolio and optimizing its operating footprint. Within automotive, Ford Otosan acquired Koçfinans to strengthen its customer value proposition, while Otokar acquired Romania-based Automecanica to expand its manufacturing footprint and capabilities in Europe.

At the holding level, we monetized a 2% stake in Tüpraş through an accelerated bookbuilding transaction and acquired the remaining 20% stake in Kemer Medical. We also established the Healthcare Group to bring our growing healthcare portfolio under a more focused and structured leadership framework.

Most recently, Yapı Kredi announced a strategic transaction involving its asset management subsidiary. We will elaborate on the transaction when discussing the finance segment.

Taken together, these actions underscore our commitment to portfolio optimization, disciplined capital allocation and active portfolio management, while advancing our long-term strategic vision for the Group.

On **slide 9** The chart on the left presents the sectoral composition of our diversified portfolio's net asset value at June-end. The automotive segment accounts for 32%, followed by finance at 23% and refining at 20%. While not explicitly shown in the chart, we also have key investments in other sectors, including electricity generation and shipping etc., among others.

Our portfolio diversification extends beyond sectors to include international exposure. Around 31% of combined revenues was from international sales in the first half of the year. Including hard-currency indexed commodity businesses, nearly half of our revenues can be considered hard currency-based.

Moving on to **slide 10**. At the holding level, we ended the first half with a net cash position of US$ 989mn (TL 46.1bn). Having withdrawn US$600 mn club loan in the second quarter, our gross cash level has risen to US$ 1.6bn. Considering the first instalment being in April 2028, a debt service will not be due for almost two years. Around 76% of our gross cash is in hard currency.

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 half.

Helin Çelikbilek:

Thank you. Let's begin with the **Energy** sector on **slide 12**.

The energy segment's contribution to our consolidated net income in the second quarter was outstanding, bringing the first half total to TL 20.7bn compared to TL 4.9bn in the same period of last year.

Energy markets remained highly volatile in H1 2026, as geopolitical tensions and supply disruptions tightened market fundamentals and supported strong product margins. Fuel demand in Turkey remained broadly flat year-on-year in the first five months of 2026, as 10% growth in gasoline demand and a 6% increase in jet fuel demand offset a 3% decline in diesel demand.

Within this landscape, Tüpraş delivered strong operational performance, with maintaining high capacity utilization at 95% and higher production volumes with a focus on increased white product yield. These coupled with successful crude and product slate optimization translated into robust financial performance and a strong cash generation. With a remarkable second quarter performance, the first half net refining margin reached $15.6/bbl. Tüpraş revised its net refining margin expectations for the full year to $13–$15/bbl.

Despite a 2% y/y contraction in the Turkish LPG market in the first five months (auto gas -1% and cylinder gas -4% y/y), Aygaz delivered a 2% volume growth, strengthening its market leadership with a 27.3% share. With an increasing contribution from Bangladesh operations, total sales volume growth was 5% in the first six months.

Let's move to **slide 13** and discuss the developments in the **Auto segment.**

The first half of the year was shaped by subdued demand in a continued challenging macroeconomic backdrop as well as a highly competitive environment, both pressuring operating profitability. Exporter companies' profitability was also negatively impacted by unfavorable EUR parity / inflation spread.

The Turkish automotive market contracted by 8% in the first six months mainly due to by high interest rates and tight liquidity environment, as well as calendar effect compared to same period of last year.

In this environment, we maintained strong positioning both domestically and in export markets, supported by operational capabilities and resilient scale. Ford Otosan accounted for 33% of Türkiye's total vehicle production and 75% of commercial vehicle output, while Tofaş contributed around 12%. Our combined share in the domestic market reached 33%, up by 3pp since year-end.

On the exports side, the European (EU + UK) Passenger Car market grew by 6% y/y and the Commercial Vehicle market expanded by 3%. Our Group's export market share increased by ~8ppt to 51%.

Ford Otosan's export sales volume accounted for 42% of Turkey's total vehicle exports (*80% of CV exports*).

Meanwhile, **Tofaş** export volume more than doubled, rising 127% y/y, supported by the launch of the combi version of K0 model in late last year. Looking ahead, exports to North America are expected to commence late this year. Investments for K9 model remain on track, with first shipments scheduled for October. In a notable milestone, production of Egea/Tipo was phased out in June, closing a decade-long run as Türkiye's best-selling passenger car.

TürkTraktör revenues declined 31% y/y, primarily reflecting a sharp 61% drop in domestic tractor sales volume, partially offset by a 27% increase in exports. The domestic tractor market contracted by 55% in the first half y/y, reflecting tight financing conditions and weaker farmer economics due to higher fuel and fertilizer costs. TürkTraktör maintained its competitive position with a market share of 41.8% as at the end of June.

Otokar revenues decreased by 19% y/y in the first six months, reflecting a lower military vehicle revenue mix, lower export contribution in TL terms and the netting of compensation related to the Romania contract in the first quarter. The sharp quarter-on-quarter fluctuation in deliveries largely reflects the timing of project deliveries. Backlog remains robust at €669 million at the end of June, providing solid visibility into future revenue generation. A key milestone during the quarter was the completion of the Automecanica acquisition in Romania, strengthening Otokar's positioning as a manufacturer in Europe.

On **slide 14**, let's look at the **Consumer Durables** segment.

The Turkish home appliances market remained challenging with subdued demand. In the first half, industry unit sales declined by approximately 7% y/y, while export volumes were down around 19% y/y.

Arçelik gained market share in Türkiye and maintained its market leadership positions across Europe and other key markets. And yet, revenue performance continued to be impacted by soft demand, pricing pressure and an unfavorable product mix across several regions. Arçelik's domestic revenues contracted by 9% y/y, while international revenues, accounting for 65% of total declined by 11%. Nevertheless, procurement savings, improvement projects and disciplined cost management supported Arçelik's gross margin expansion.

Alongside operational improvement initiatives, Arçelik has executed strategic actions as mentioned earlier in this call. Additionally, in July, Arçelik has taken the first step toward monetizing a portion of its non-core land portfolio. These actions reinforce management's focus on enhancing profitability, strengthening cash generation and supporting deleveraging over the medium term.

Lastly, a few words on the **Finance** segment with a particular focus on Yapı Kredi on **slide 15**.

Before I go into the details, a reminder that the references to Yapı Kredi's KPIs are based on its consolidated BRSA financials, consistent with the bank's disclosures, where banks remain exempt from inflation accounting.

The finance segment maintained a resilient performance, supported by strong fundamentals, disciplined growth and prudent risk management.

In the first half, Yapı Kredi's net profit in BRSA financials increased by 36% year-on-year, driving return on tangible equity to 23.4%. Revenue growth was mainly driven by effective core net interest margin management. Net interest margin expanded by 68 basis points year to date to 2.9% with the bank's agility and strength in funding costs and pricing as well as its strong deposit base.

Fee and commission income contributed to revenue growth by customer-centric service model. Fee generation continued to provide a strong natural hedge, covering around 90% of operating expenses.

The tight macroeconomic environment has impacted Yap Kredi's asset quality. Net non-performing loan ratio inflows increased, bringing the NPL ratio to 4.3%. Yapı Kredi continued conservative staging and prudent provisioning, increasing its total coverage to 4.1%, when cost of risk materialized at 201 basis points in the first six months.

Yapı Kredi preserved its capital strength. Supported by internal capital generation, its consolidated capital adequacy ratio was 14.4% and CET1 was at 9.4%, positioning the bank well against potential market volatility.

At the end of July, Yapı Kredi announced a strategic partnership with Azimut Holding involving the sale of its asset management business at an implied valuation of approximately US$425 million, subject to regulatory approvals and closing conditions. The transaction is accompanied by a 15-year exclusive distribution agreement, combining Yapı Kredi's extensive distribution network with Azimut's global asset management expertise to accelerate growth, broaden investment solutions and strengthen the asset management platform. Upon closing, the transaction is expected to contribute approximately 70bps to Yapı Kredi's CET-1 ratio.

On slide 16, I would like to briefly talk about some of our unlisted companies.

Otokoç clearly makes the largest contribution to our NAV among our unlisted assets. It is Turkey's leading automotive retailing and car leasing company, ranking #1 in second-hand sales among corporate brands. With operations in 9 countries abroad, Otokoç is Avis Budget Group's largest licensee and key international investment partner.

Opet is a major player in Turkey's fuel distribution sector, operating around 2 thousand stations nationwide. Opet is the second largest in white products with a 20.3% market share.

Aligned with Tüpraş' strategic transformation plan, **Entek** is pursuing growth in renewable energy, both in Turkey and abroad. Around two-thirds of Entek's total installed capacity is zero carbon electricity. Construction of Entek's first overseas renewable energy investment, the 178.5 MW Niculesti solar power project in Romania, is progressing as planned.

Considering our **marina operations**, with a total of 13 locations, we hold a 24% market share in Turkey based on total capacity. We also have operations in commercial and naval vessel construction and ongoing investments in super yacht manufacturing.

Token Financial Technologies provides new generation payment solutions to businesses with its internally developed technologies ranging from physical payment devices to online payments. The Company is the sector's leader with the TokenFlex platform that combines fringe benefit solutions on a single platform and Ödero, its secure online payment and collection service.

KoçSistem is the leading provider of cloud, cybersecurity, AI and digital transformation solutions in Turkey. The company has two major subsidiaries: Koç Digital and Koç Bilgi ve Savunma (Information and Defense Technologies).

It is worth saying a few words on our current NAV discount. Approximately 90% of our NAV is derived from our listed assets. And yet, we have unlisted assets and we just want to make sure those are taken into account. The intrinsic value of these unlisted assets differs from their book values, particularly in an inflationary environment. Even on a book basis, our assets amount to approximately 117 billion TL (~US$2.5

bn) on an effective ownership adjusted basis as of June-end. This underscores the significant value embedded in our portfolio. In addition, we also have around $1 bn as net cash on our balance sheet.

On **slide 17**, you see a snapshot of our first six months' Group's financial performance on a segment basis. We have already covered the key figures throughout the presentation. Overall, our second half performance reflects the support of having a well-diversified portfolio spanning defensive and growth sectors in a volatile market environment.

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

OPERATOR: The first question is from the line of Hanzade Kilickiran with JP Morgan, please go ahead.

HANZADE KILIÇKIRAN: Dogan Bey, thank you very much for the presentation. I want to make a follow-up on the financial health of your two subsidiaries, Arçelik and Otokar. They have been challenged by high leverage ratios for a while, and you recently helped Otokar through capital injection. But leverage is still highly elevated. I mean, what is the plan here to reduce the leverage further? And also, the same for Arçelik. I mean, which actions are likely in Arçelik to reduce the leverage before they ask capital from you? Thank you.

DOĞAN KORKMAZ: Thank you, Hanzade. Let's start with Otokar. Obviously, Otokar's quarterly performance can be inherently volatile, as revenues and profitability are heavily influenced by the timing and volume of military vehicle deliveries for the ongoing contract and for the new contracts that they are or they might be awarded with. The limited deliveries in the quarter were in line with the planned project schedule and so they don't really reflect any change in the underlying demand or contract execution.

And deliveries are expected to continue in accordance with the agreed contractual milestones. As for the figures referenced in the recent media reports, the company obviously does not provide guidance on deliveries, but I can say it's really on track. You would recall the Romania project started to continue to progress more smoothly after the negative news at the beginning of the year and the end of last year.

And there are no operational or execution related issues reported on that front. Production remains on track, activities are proceeding in line with the agreed project schedule. In terms of the legal process, it remains ongoing and it's therefore not possible to provide a clear timeline on that. But in terms of the health of the project and the cash flow out of the project, it's on track as it was budgeted for. But it's a cyclical business.

We're following it. We recently announced an initiative to beef up the capital, but looking at the obviously the amount that we alluded to, obviously, it will depend on the market pricing. Not an excessive amount of capital will be needed. It's kind of providing around $30-$35 million in the interim while they start providing for their recent contracts and they are also following other contracts in the region.

Obviously, this sector is in a privileged position after what has happened in the region. And Otokar has always been a well-governed provider in this sector and we feel like they are in a good position, well-positioned to serve the market with their good platforms.

In terms of Arçelik, looking ahead, obviously we expect the sector to remain challenging in the near term, that is with any recovery likely to be gradual rather than immediate. At the same time, we believe leading players with strong brands, diversified geographic exposure and disciplined cost management are better positioned to navigate the current environment.

In the case of Arçelik, obviously, the management remains focused on the areas within its control, including cost optimization, procurement savings, working capital management, deleveraging and capturing integration synergies. While market conditions remain obviously difficult, these actions should support resilience and position the business to benefit when demand conditions eventually improve.

There has been a pickup in the profitability of Arçelik in the last month or so. They are obviously coming from the recent agreement with Whirlpool and it created a positive release from the contingent liabilities of Arçelik. Having said that, it doesn't have a direct impact on the cash position of Arçelik, which we're following very, very closely.

But other initiatives of Arçelik, some of them being medium to long-term or the ones that they already started announcing, including utilizing the idle land in their use or looking into other alternative use, these will all come with additional positive cash effect. Last but not least, obviously we're at full support of Arçelik. We keep ourselves, I mean, in a position to help Arçelik if and when needed.

But it seems like their financing activities and their operations on ground are in line with our expectations for this year. We all know they have kind of lagged behind a bit from where they were expecting at the beginning of the acquisition, owing to many different reasons, mostly stemming from the geographies that they are dealing with and the legalities in those geographies to kind of create a bit of a friction for the synergies to kick in. But for this year's plans, I mean, we believe they are on track and if need be, we'll be supporting them as much as we can.

HANZADE KILIÇKIRAN: Thank you very much, Dogan Bey, I appreciate that Arçelik is taking the positive steps to improve. And as you have highlighted, these are more targeting mid-term and long-term. But in the meantime, their leverage is quite high, above the covenants, I mean, running around 5x.

And it doesn't seem to be a great second half so far globally as well in the appliance sector. So, in case they need to meet their covenants, they have highlighted that they have some real estate assets which they may consider to liquidate on top of the operating improvement. Would you be interested in acquiring these real estate assets? Because, I mean, in a need to sell them, I'm not sure if there is any buyer immediately in the market under this macro environment.

DOĞAN KORKMAZ: Well, actually, they have a plan in place and they have been working on that for quite some time. So, they have different plans to utilize their vast amount of land on which their factories were sitting on in the past. I guess it will not be needed for us to step in to acquire those land. They have better buyer alternatives or let me put it another way, project companies who can utilize the land in a better way rather than just handing over to us.

It's a long process. They will obviously have a final decision and the Board resolution backing that up and then have the numbers in place. I guess it would be more helpful to see the numbers and then see the effect on the covenants before the end of the year.

But it's a different project to hand over the land to a project company and create a better solution and high-return investment from that point onwards. But it's still in a development stage, so keep following Arçelik's announcements on that. But the base case scenario is never us taking over the land. It's a completely different project on their side.

HANZADE KILIÇKIRAN: Thank you very much, Dogan Bey.

OPERATOR: Ladies and gentlemen, there are no further audio questions at this time. We will now move on to written questions from the webcast participants. Our first question from our webcast participant is from Maxim Nekrasov with Citi, and I quote: Koç Holding's net cash position has increased to almost US$1 billion despite continued investments pending.

How would you prioritize capital deployment between acquisitions, increased stakes in existing businesses, organic investments, and shareholder returns over the next 12 or 24 months? Would you consider a buyback given elevated NAV discount?

DOĞAN KORKMAZ: Thank you for your question. In terms of capital allocation, obviously our top priority remains reinvesting in our existing businesses where we continue to see attractive opportunities to support growth, enhance competitiveness and drive long-term value creation. That doesn't mean that we would increase our shareholding in those companies. I'm alluding to more supporting new projects within those businesses.

At the same time, in the current volatile environment, we also view our cash position as an important strategic buffer that provides us with flexibility and resilience, so this allows us to act opportunistically when attractive investments arise within the portfolio, the current portfolio, or in any subject or sector adjacent to our ongoing operations.

So in that context, we also continue to evaluate new investment opportunities in a disciplined manner with a clear focus on long-term value creation. Any buyback, if any buyback opportunities arise in the market, it would be a Board decision. It would be more tactical than the first choice to deploy our cash towards.

OPERATOR: The next question is a follow-up question from Maxim Nekrasov with Citi, and I quote: Koç Holding's unlisted portfolio is valued at around US$2.5 billion. What are the most likely pathways to crystallizing this value over the next 3 to 5 years? And should investors expect more active portfolio monetization going forward?

DOĞAN KORKMAZ: Thank you for your question. Obviously, the recent activities within our portfolio is driven by, obviously, strategic plans of our companies, the leadership of those companies are coming up with good ideas in expanding their reach to their customers, improve their customers' experience, improve their product offering. Those might come up with alliances with other parties who has better optionalities to be used to serve our customers.

In some cases, yes, you're correct, some parts of our subsidiaries are more valuable than anticipated by the market pricing. There we might choose to crystallize those parts of our operations, but those should never go ahead of our strategic targets within that sector.

So usually, it's a combination of many different things to grow that operation in general rather than break it down and I mean make it price more or value at a higher price. And that's an ongoing process. Transition is endless. It happens in all parts of Koç Holding companies. Some come with investing into new areas, some comes with divesting part of the operation to be able to, I mean, provide capital to get into new business areas.

Usually, they happen within that sector, therefore, those are managed by the management of those companies, centrally providing support on all grounds, including governance, compliance, you name it.

But again, these are parts of our strategic targets, strategic plans, not necessarily only for crystallizing the value of those assets that are under, I mean, in discussion after the up to the current piece of events from couple of our subsidiaries.

OPERATOR: The next question is from Orkun Godek with Deniz Yatırım. Thank you for the presentation. Congratulations on the financial results. Could we expect to see further asset sales example from Yapı Kredi in the period ahead, similar to the recent asset management deal? Thank you.

DOĞAN KORKMAZ: I wouldn't be able to say much on the top of what I already just tried to explain. It's an ongoing effort to, I mean, do the transition towards the needs of the customer, be able to serve them in their current and future needs, and if there are any parts of those subsidiaries where doing that job itself doesn't make that much of a sense, and if there are any other better providers, the bank and other companies under Koç Holding do, I mean, consider that and use those opportunities.

And I believe the bank's management signaled that at their call, and probably that you will hear more in the upcoming periods from them. What I mean by that and what I believe they meant with that is that they are on a constant transition, not surprisingly, because that's really the transition of the banking sector. It happens so fast.

They are no different or even they are, I mean, aiming to be at the forefront of those transitions in the sector and be successful. Therefore, I wouldn't be surprised if we hear more from Yapı Kredi about their transition to be more successful, to be the leader, and to serve the best to their clients.

OPERATOR: Ladies and gentlemen, there are no further questions at this time. I will turn the conference over to management for any closing comments. Thank you.

DOĞAN KORKMAZ: Before we conclude, I'd like to share a few closing remarks. In summary, after a relatively stable start to the year, increasing geopolitical tensions and market volatility that all created a more challenging backdrop for both the global and Turkish economy. Elevated interest rates, subdued consumer demand, and continued pressure on export competitiveness weigh on our sectors.

However, the resilience of our diversified portfolio, disciplined execution, and strong balance sheet enabled us to deliver a solid performance and once again demonstrated the value of our balanced business mix.

At the same time, we continue to actively strengthen the group through strategic initiatives aimed at enhancing focus, scale, and operational efficiency. Portfolio optimization actions across the group reflect our continued commitment to disciplined capital allocation and long-term value creation.

Supported by strong liquidity and conservative leverage levels, we remain confident in our ability to navigate uncertainty while continuing to create sustainable value for our shareholders.

Thank you for joining the call tonight. We wish you a wonderful week and hope you enjoy the rest of the summer season. Bye-bye.