Intro:

Welcome and thank you for joining us today for Koç Holding's fourth quarter and full year 2025 earnings call.

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

Our presentation covers the Company's audited financial results for the year 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.

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

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

Polat Şen:

Welcome everyone. I would like to begin with a brief overview of the macroeconomic backdrop that defined our Group's operating environment in 2025.

The year was marked by heightened uncertainty and volatility, shaped by ongoing geopolitical conflicts and shifts in global trade policies. Despite these headwinds, global economic activity remained broadly resilient. In Türkiye, disinflation process continued, with annual inflation falling from 44.4% in 2024 to 30.9% in 2025, while delivering a 3.7% economic growth in the first nine months. Throughout 2025, market interest rates were higher than what was anticipated at the beginning of the year. Industrial production remained subdued throughout the year; yet the drag of high interest rates on domestic demand proved more limited than anticipated.

In this challenging environment, our strong operational discipline and balanced approach supported healthy financial performance. As we show on **slide 5**, our combined operating profit (*excluding fx gains/loss and credit finance income/charges on trade receivables and payables*) was up by approximately 9%, reaching TL 155.5bn in 2025. On a consolidated basis, we generated TL 22.0bn net income in 2025; significantly higher compared to last year's TL 1.7bn. Automotive segment remained the largest contributor with TL 17.7bn, followed by the energy segment with TL 13.4bn. Financial services segment delivered a notable year-on-year improvement while the consumer durables segment continued to face pressure amid soft demand and tight liquidity conditions.

Zooming into the fourth quarter of 2025, we recorded a consolidated net income of TL 7.0bn compared to TL 8.0bn net loss in the same period of last year.

On **slide 6** The chart on the left shows the sectoral breakdown of the net asset value of our diversified business portfolio at year-end.

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 2025. 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 7**, you can see that we had a net cash position of $815 mn (TL 34.9bn) at the holding level at the end of the year.

In 2025, our dividend income in nominal terms amounted to approximately **TL 33.4 bn** (~$846 mn). Having distributed TL 17.5bn in dividends in the second quarter and other net cash outflows of TL 13.1bn, we end the year at TL 34.9bn net cash level.

On **slide 8**, you can see the main pillars of our balance sheet. Around 69% of $815 mn net cash position is in hard currency. As we already disclosed in mid-October 2025, we secured a 5-year club loan of $600 million to further strengthen our liquidity. The funding remains available and as of today, we plan to draw down this facility before the April deadline.

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 1.2x. 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 2025.

Helin Çelikbilek:

Thank you. Let's begin with the **Energy** sector on **slide 10**.

The energy segment's contribution to our consolidated net income was at around TL 13bn in 2025, up from TL 9.2bn a year ago.

In 2025, global energy markets were pressured by political tensions, expanded sanctions and refinery outages, creating supply volatility. Crack margins trended higher overall on strong demand, while crude differentials narrowed even as OPEC+ increased production due to ongoing geopolitical constraints. Turkey's fuel demand was robust: Based on the 11 months of data, gasoline demand rose 16% and jet fuel demand 15%, while diesel demand increased 3% over the same period.

In this environment, Tüpraş operated resiliently—maintaining high utilization and capturing margin opportunities—while advancing its strategic transformation. With approximately 94% capacity utilization rate, Tüpraş total sales volume was 29.4 million tons, slightly down by 3% y/y. In this supportive demand environment, Tüpraş delivered robust operational and financial results, beating its net refinery margin guidance.

On the LPG side, domestic demand remained soft in January – November 2025, with total consumption declining by 5% y/y (*auto gas -5% and cylinder gas -5% y/y*). Despite the weak market backdrop, Aygaz delivered stable domestic retail sales volumes y/y. Including wholesale and the sales in Bangladesh, total sales volume grew by 1% y/y in 2025. During this period, Aygaz preserved its market-leading position in

Turkey with a 26.2% overall market share.

Let's move to **slide 11** and discuss the developments in the **Auto segment.**

The auto segment remains the highest contributor to consolidated net income. Despite solid volume growth, profitability in this segment is slightly lower compared to last year, mainly due to an intense competitive pricing environment, composition of sales and higher COGS amid inflationary pressures.

In 2025, the domestic automotive market grew by 11% to reach a new record of 1.4m units, contrary to initial expectations. This strong volume growth was mainly driven by an intense competitive environment, shifting macroeconomic expectations, wealth effect through surging gold prices and strong interest income as well as improved vehicle availability. Ford Otosan produced 32% of Türkiye's total vehicles and 83% of its CVs while Tofaş produced around 9%. Our total share of the domestic market was 30%.

On the exports side, the European (EU + UK) Passenger Car market grew modestly by 2% whereas the Commercial Vehicle market declined by 8%, reflecting ongoing economic pressures and last year's high base. Our Group market share in the exports increased ~6ppt to 43%.

In 2025, Ford Otosan's export sales volume increased by 10% y/y (*exports from Turkey +21% y/y*), representing 38% of Turkey's total vehicle (*87% of CVs*) exports. With Ford Otosan nearing the end of its intensive investment cycle, its capex is set to normalize, supporting a more balanced and resilient cash profile while financial and operational performance is anticipated to remain broadly consistent with last year.

Tofaş export volume also increased by 41%, mainly with the ramp-up of K0 model. Tofaş expects an acceleration in volumes in 2026 under the amended K0 production contract. 2025 was a pivotal year for Tofaş with several milestones. The successful acquisition of Stellantis Turkey marked a major strategic step, firmly solidifying Tofaş' position in the Turkish automotive market. The company also advanced meaningfully toward full utilization of its production capacity. New investments are underway, supporting upcoming model launches. Strengthening of the product portfolio sets the stage for solid volume growth ahead.

TürkTraktör revenues declined 39% year-over-year, mainly driven by a 41% contraction in tractor sales volume, reflecting weak demand in both domestic and international markets. The domestic tractor market contracted 36% in 2025, mainly due to unfavorable climate conditions and tight liquidity. In 2026, TürkTraktör aims to strengthen its market share in what is expected to be a flat volume market, supported by a more balanced competitive landscape following the phase out of Stage 3 models across the industry.

Otokar, our leading bus and defense Company, registered 18% revenue growth y/y in 2025. Defense vehicle revenue share rose to 27%, up by 11 percentage points year-on-year. 66% of revenue was from international sales. Otokar continued armored vehicle deliveries under its existing contract in Romania and advanced preparations for local production. To strengthen its position, the company recently initiated the acquisition of its local production partner in Romania. And in 2026, Otokar will also focus on the planned production of the Mercedes Benz Conecto city bus – part of its previously announced three-year agreement with Daimler Buses—supporting efficiency and global reach.

On **slide 12**, let's look at the **Consumer Durables** segment.

The consumer durables segment faced headwinds in 2025, with performance pressured by subdued demand, a challenging market environment and intensifying competitive dynamics. In Turkey, white goods unit sales contracted by 3% y/y in 2025, reflecting tight financing conditions while exports declined by 10% over the same period amid weak external demand and a more competitive European market.

Looking at Arçelik's performance, Turkey revenues declined by 6.6% y/y in 2025 in an unfavorable price and product mix despite a moderate demand in the second half of the year. International revenues, constituting 68% of the total, also declined 6.6% y/y. With disciplined execution, Arçelik delivered notable improvements in gross margin, EBITDA margin in the full year, and a TRY 5.7 billion free cash flow generation that reversed last year's significant deficit. Despite a transition year marked by post-merger integration in Europe, Arçelik maintained its market leadership while strengthening the balance sheet and remaining within covenant limits.

Lastly, a few words on the **Finance** segment with a particular focus on Yapı Kredi on **slide 13**.

The finance segment's contribution to our consolidated net income was negative TL 0.6bn in 2025, significantly improved compared to negative TL 20.5bn in 2024. As we always highlight, we consolidate Yapı Kredi's inflation adjusted financials which means its bottom line includes monetary losses from its net monetary position although the impact this year is much lower compared to last year. In this presentation, however, references to Yapı Kredi's KPIs are based on its BRSA financials, consistent with the bank's disclosures, where banks remain exempt from inflation accounting.

In 2025, Yapı Kredi maintained solid operational momentum, supported by disciplined asset-liability management, prudent deposit pricing strategies, a broad customer base and an extensive franchise network. Yapı Kredi's total performing cash loan growth was around 45% (43% TL loans & 23% cash loans in USD terms) and total customer deposits growth was 44% (33% TL & 31% 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 with a 17.2% market share.

Swap-adjusted NIM expanded by 151 basis points in 2025, supported by ongoing policy rate cuts and effective asset-liability management, ending the year at 2.24%.

Net fee and commission income growth was robust at 50% y/y, driven by Yapı Kredi's strong customer franchise and diversification initiatives. Fee generation remained a strong natural hedge, covering 94% of operating costs.

On asset quality, total coverage remained solid at 3.9% in 2025, reflecting continued prudent provisioning. Net cumulative CoR including currency hedge stood at 167bps, within guidance range.

Yapı Kredi preserved its strength in capital and liquidity ratios. The consolidated capital adequacy ratio stood at 14.8%, and the Tier-1 ratio stood at 11.8% (without forbearance), both comfortably above regulatory thresholds.

In 2025, the bank delivered tangible return on equity of 21.4% and return on assets at 1.5% on a reported basis.

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

Polat Şen:

On **slide 14**, you will see snapshot of our 2025 Group's financial performance on a segment basis. To recap of what I outlined at the start of the call: On a combined basis, Koç Group registered TL 4.6 trillion revenues, TL 155.5bn in operating profit and TL 124.5bn in profit before tax. Our consolidated net income (after non-controlling interest) of TL 22.0bn was substantially higher compared to last year on the back of improvement at the operating profit level and the significant decline in the net monetary gain/loss position.

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

Otokoç is 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 1,965 stations nationwide. Opet holds 19.3% market share in white products.

Aligned with Tüpraş' strategic transformation plan, **Entek** is pursuing growth in renewable energy, both in Turkey and abroad. Today, ~77% of Entek's 492 MW total installed capacity is zero carbon electricity (ZCE). Construction of 178.5 Mwe solar power plant in Romania commenced in Q4 2025.

Koçfinans is another unlisted company, operating as a leading player in the finance sector with total assets of TL 55.5bn. The Company's loan portfolio increased by 79% to TL 49bn in 2025 while its net profit grew by 52% to TL 1.5bn.

Considering our **marina operations**, in 2025, we expanded our portfolio with the inclusion of Göcek Village Port Marina and Göcek Exclusive Port Marina. This acquisition has further strengthened our position in Turkey's maritime tourism sector. With a total of 12 marinas (*Kalamış-Fenerbahçe, Yalova, Ayvalık, Çeşme, Kuşadası, Marmaris, Kaş, Demre, Göcek, Antalya, and Finike, and on the Lesbos Island abroad*), we hold a 24% market share in Turkey based on total capacity. We also have operations in commercial and naval vessel building and ongoing investment in super yacht building.

On **slide 18,** you will see the evolution of the **Net Asset Value (NAV) discount**. As Koç Holding, we leverage our longstanding status as a market proxy, which makes our valuation a meaningful barometer of broader market sentiment. Consistent with this dynamic, our NAV discount has historically narrowed during periods of improved risk appetite.

In 2025, the weekly average NAV discount stood at 34%, noticeably wider than our long term average of approximately 14%. We believe that the current level of discount is not aligned with the fundamentals of our portfolio and does not adequately reflect the resilience and strength of our underlying operating businesses.

In summary,

We have left behind a volatile year with solid standing, demonstrating the strength of our financial discipline and operational resilience. As we prepare to celebrate our 100th year of establishment, we remain committed to sustaining strong profitability, reinforcing our balance sheet, and leveraging the resilience provided by our diversified portfolio.

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

OPERATOR: The first question is from the line of Hanzade Kılıçkıran with J.P. Morgan. Please go ahead.

HANZADE KILIÇKIRAN: Polat Bey, Helin, thank you very much for the presentation. I just want to make a follow-up on your solo net cash position. In the Third Quarter, you have shown around $890 million solo net cash position, plus around $290 million projected dividend inflows that are secured from Ford and EYAŞ. So you were supposed to end the year roughly $1.2 billion cash position, and you made some payment for Arçelik.

But there is some extra cash spent during this period. Did you do any other acquisition or maybe I may miss it? I'm trying to understand because around $360 million cash seems to be burned in the fourth quarter and I'm just trying to understand why you spent this money other than Arçelik acquisition.

POLAT ŞEN: All right. If you can look at the other years as well, you can see that most of the cash outflow that we have is Q4, mainly because of the Opex that we have in terms of cash, because of the year-end bonuses, mainly. So that's one reason. But the remainder, we have had some capital increases in some smaller, smaller assets that we have. Maybe you remember we have Mares Talya Otel in Antalya.

We have increased some capital for that. And I can't remember exactly which ones right now, but some smaller ticket sizes also have contributed to this, you know, decrease in the cash that we have. And, we paid for Göcek Marinas. So that should make the difference clear for you.

HANZADE KILIÇKIRAN: Thank you very much, Polat Bey. And I mean, how are you going to spend this new $600 million that, do you have any plans to invest it somewhere else or you just want to keep it for liquidity perspective?

POLAT ŞEN: It's not earmarked for anything right now. That was the plan from the beginning. And we are mainly keeping it for any possible acquisitions that may come up because when the time comes, you need the money. So, our appetite for acquisition in the M&A market is still there. We're looking for targets that would really meet our expectations. So, and this amount, 600 million is needed for that.

And, we are always keeping a war chest, as you know, in as positive net cash on our balance sheet for a long time because going through turbulent times, this cash is keeping us safe from any ups and downs, let me say. So most probably that will be waiting on our balance sheet until we find the right target to spend this for.

HANZADE KILIÇKIRAN: Okay, thank you. And final one, sorry for asking too many questions, but you can't get any further Arçelik shares, right? You reached the level, the limit now on Arçelik, is it true? Because Arçelik still has some shares on their balance sheet. So, if they want, can they sell it to you?

POLAT ŞEN: Yeah, of course, if they want, they can sell it to us.They can sell it to the market as well. We just decided to go with 7%. So, there's always the opportunity to do that. But we don't have any intentions right now to buy further shares from Arçelik.

HANZADE KILIÇKIRAN: All right. Thank you very much.

POLAT ŞEN: Thank you.

OPERATOR: Ladies and gentlemen, there are no further audio questions at this time. We will now move on to written questions from our webcast participants. And it is from Orkun Gödek with Deniz Yatırım. And I quote, "Thank you for the presentation. Given the structural global and local changes anticipated over the next 10 years, how resilient and well-positioned is your current portfolio? In terms of potential portfolio diversification, which sectors and business lines should be our primary focus? Thank you.

POLAT ŞEN: We do not have specific sectors. We're more interested in the dynamics of the dividend distribution, cash conversion, EBITDA level kind of metrics. And of course, you know, we always have this DNA of manufacturing. So, we are looking at manufacturing assets more than service assets. But that doesn't mean that if we find the right target with the right metrics that we are looking for, we would be interested in that one as well. So, some of the sectors are standing out as, you know, high cash conversion, high EBITDA, etc. So, we are looking at those. But I don't want to give any names specifically right now because it can really change because there are numerous amounts of different sectors that we may be interested in.

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

POLAT ŞEN: Thank you very much for all who's attending. If you have any further questions, you can always contact our IR team. Thank you. Good evening.