



Intro:

Welcome and thank you for joining us today.

This is Cansev, IR Manager of Koç Holding. I have here with me our CFO Polat Şen, our Finance Coordinator Özge and our IR Manager İsmail, to go over the presentation and answer your questions during the Q&A session.

Our presentation on 2024 year-end financial results contain the Company's audited financial information prepared according to Turkish Accounting / Financial Reporting Standards by application of IAS 29 inflation accounting.

I would like to note that our presentation and the Q&A session might contain forward-looking statements and assumptions based on our business environment as we see it today, and they might be subject to change. Please remember, you can access the replay of the webcast on our website, after the call.

Now I would like to hand it over to Polat Bey to start the presentation. At the end of the presentation, we will have a Q&A session.

Polat Şen:

Welcome everyone.

Moving on to **slide 3**, you'll see today's agenda. I would like to start by giving you a quick overview of our position in the current environment.

We have left behind a year of uncertainties and challenges both in the world and in our country. As Koç Group, in these difficult circumstances, we have always endeavored to achieve better. With the self-confidence we derive from our deep-rooted past, we resolutely continued to invest, to grow our business and to prepare our Group for the future.

The global economy and Turkey are expected to continue along their current trends. However, reshaping economic strategies of major economies is increasing uncertainty both globally and domestically. We are closely monitoring macroeconomic developments and maintaining a prudent stance toward risks.

Let's start on **slide 5** with some key indicators for Koç Holding.

On the left, you can see the sectoral breakdown of our diversified business portfolio, as of the end of December.

On the right, you can see the revenue breakdown. Our portfolio diversification is not limited to sectors but also includes international positioning. We are the largest exporting group in Turkey with our exports accounting for around 7% of Turkey's total exports. In terms of the composition of our own revenues on a combined basis, in 2024, 30% comes from international sales. If we also include Tüpraş, which is an FX-linked commodity business, approximately 49% of our revenues can be considered in hard currency.

Moving on to **slide 6**, you can see the evolution of our net cash in 2024. At the end of 2023, we had \$795 mn net cash position, including YKB AT1 investment, at the holding level.



In 2024, our dividend income in nominal terms amounted to approximately **TL38.5 bn** (~\$1.2 bn), whereas we distributed **TL20.3 bn** (~\$625 mn) dividend to our shareholders (TL22.5 bn or \$692 mn, including usufruct shares)

Considering items such as dividend income from our underlying companies and the dividend payment from Koç Holding, management fees, operating and financial expenses, and currency conversion impact, along with other developments, our net cash position at the end of 2024 became **\$911 mn (TL32.1 bn)**. As a separate note, in January 2025, there was a cash outflow totaling TL6.3 bn (\$178 mn), related with the capital contribution for Tek-Art regarding the privatization of the Fenerbahçe Kalamış Yacht Marina for a period of 40 years with the 'granting of operating rights'.

On **slide 7**, as of the end of December, you can see that around 80% of our \$1.7 bn gross cash is in hard currency. At the holding stand-alone level, we like to keep some liquidity to serve as a war chest against volatility, as well as fire power, in case of investment opportunities. In terms of our funding at Koç Holding level, the only debt we have is the \$750 mn Eurobond which is due in March 2025.

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 1.3x and our net financial debt / EBITDA (*excluding the finance segment*) is at 0.9x. In terms of FX, we remain well within our risk management rules.

Now, I would like to hand it over to Cansev.

Cansev Atak:

Let's move on to sectoral developments in 2024.

We will start with **Energy** on **slide 9**.

The energy segment's contribution to Koç Holding's consolidated net income was strong in 2024, mainly supported by strong utilization, higher sales and lower energy expenses, despite softer crack margins y/y.

The domestic demand for refined products grew around 3% in the first eleven months of 2024. Gasoline sales surged 20%, jet fuel sales increased 6% and diesel sales grew 1% y/y. In 2024, Tüpraş's international sales volume was up 5% y/y, while domestic sales were flat, resulting in 1% y/y higher total sales volume.

Looking at the crack margins, Tüpraş's weighted average crack margin amounted to \$11.2/ barrel. Crack margins have been normalizing although they remain higher compared to pre-covid period, due to ongoing imbalances in supply and demand dynamics.

Tüpraş' capacity utilization rate was 93% in 2024 (2023: 87%), highest level since 2019, due to operational efficiency even at a time when RUP maintenance was held.

On the LPG side, in the first eleven months, consumption was weak, decreasing 6% y/y (*auto gas -2% and cylinder -8% y/y*). Aygaz's domestic retail sales volume was down 8% y/y, and including wholesale as well as contribution from Bangladesh, total sales volume decline was 7% y/y in 2024.

Aygaz maintained its leadership position and increased its market share both in the cylinder gas and autogas segments, according to the latest EMRA report. Cylinder gas market share increased by 0.2 points to 41.6%



(vs. 41.4% in November 2023) compared to the previous year, while autogas market share flat at 22.1%. Aygaz sustained its leader position in both segments with a total market share of 25.2%. In 2024, United Aygaz LPG sales volume reached to 126k tons in Bangladesh through 200 dealers in 2024 (2023: 59 k tons).

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

Our auto companies sustained their robust performance, and the auto segment was the largest contributor to consolidated net income in 2024. The main drivers of this performance were all-time high domestic auto market, solid export contracts, despite heightened competition in the domestic market and lower pricing ability with sales campaigns and increased vehicle availability.

The domestic automotive market recorded 1.29 million units in 2024, a slight increase from 2023 (1.28 million), marking the second consecutive year it exceeded one million units. The increase in the base price of the Special Consumption Tax exemption applied to disabled citizens, the sales campaigns ahead of General Safety Regulations (GSR-II), the rise in domestic demand ahead of the end-March 2024 elections despite the continuation of tight monetary policy, vehicle renewals by fleets, and the reduced availability of LCVs in the market were effective in the market performance.

All in all, our market share in the domestic market for 2024 decreased ~4ppt to c.20% compared to the previous year, mainly due to fierce competition with new entrants, especially with passenger cars (~7ppt increase in the share of imported vehicles sales in total).

On the exports side, the European Passenger Car (PC) market grew 1% and the Commercial Vehicle (CV) market realized 5% growth. Our Group market share in exports slightly changed from 37% to 36%.

In 2024, Ford Otosan's export sales volume was 11% higher y/y (*exports from Turkey +6% y/y*). Tofaş witnessed a 45% decrease in its export volumes, mainly due to transition with phase-out of MCV (Fiorino) production models and import vehicle ban at an export market in MENA region.

Negative impacts of lower domestic profitability due to the competitive domestic market in terms of pricing and product variety and lower export profitability due to lower export volumes impacted financial performances of both Ford Otosan and Tofaş.

TürkTraktör recorded a 21% decrease in revenues, due to 14% lower volumes, owing to the weakness in export markets. The domestic tractor market was down 18% in 2024, in an environment of increasing interest rates (*even for subsidized agricultural loans*).

Otokar, our leading bus and defense Company, realized 14% y/y decrease in revenues, despite 5% growth in total sales units, due to weakness in exports with the impact of military vehicle deliveries and the share of international revenues constituted around 64% of total revenues in 2024 (2023: 75%).

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

Consumer durables segment's performance was supported by solid demand in Turkey and slightly improving international demand. On the other hand, financial performance was impacted by pricing pressure amid intensified competition, unfavorable Euro/Dollar parity, and higher net financial expenses. The completion of the Whirlpool transactions (Beko Europe and Whirlpool MENA) at the beginning of the second quarter continued to contribute to revenues but diluted the margins. The net of negative goodwill and restructuring costs related to the consolidation of Whirlpool operations has supported the bottom line.



Turkish white goods unit sales increased 7% y/y in 2024, while the export sales decreased 3%.

Looking at Arçelik figures, Turkey revenues remained unchanged y/y, despite the unit growth, as pricing pressure prevailed. On the other hand, international revenues, constituting 68% of the total, increased 25% y/y, primarily due to inorganic growth stemming from Whirlpool's contribution.

For the key risk metrics, Arçelik's working capital to sales ratio decreased to 21%, mainly due to lower inventories and strong collections (vs. 25.6% in 2023). Better inventory management and early receivables collections led to strong free cash flow generation in the last quarter, while leverage with a net debt / EBITDA ratio improved to 3.8x vs. 4.3x in the previous quarter.

Finally, let me also briefly talk about the **Finance** segment and the developments at Yapı Kredi on **slide 12**.

The finance segment's contribution to our net income was negative in 2024.

Please note that in our consolidated financials we used Yapı Kredi's inflation adjusted financials, which is affected by monetary loss, due to the net monetary position of the Bank. As a separate note, Yapı Kredi's contribution to 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.

Here, when providing the main KPIs of the bank, I would like to switch to BRSA financials, as banks are exempt from inflation accounting for 2024.

In 2024, total performing cash loan growth was around 39% (+31% TL loans & +32% cash loans in USD terms) and total customer deposits growth was 25% (+27% TL & +2% in FC in USD terms). The bank's strategy to focus on small tickets in deposits gathering and contribution of efficient customers continued and the share of demand deposits in total customer deposits became 44%. In 2024, TL loan-deposit spread was under pressure due to the high-interest rate environment. However, thanks to the ongoing loan repricing, the effective funding cost management and strong demand deposit base TL loan deposit spread widened by 180 bps in the last quarter of 2024 compared to previous quarter. Net fees and commissions registered a significant 104% growth y/y, while cost growth was 66% y/y. As a result, the fee coverage of operating costs ratio realized at as high as 96%.

During the year, with the contribution of the strong collection performance, net cumulative CoR including currency hedge was at 58bps in 2024. Conservative coverage levels were preserved, and the total coverage was 3.6% on a consolidated basis.

Yapı Kredi preserved its strength in capital and liquidity ratios.

The FX liquidity coverage ratio was 226%, while the total liquidity coverage ratio was realized at 128% level.

In terms of capital, Yapı Kredi continued to operate with 340bps buffers on its capital ratios (CET-1) compared to regulatory requirements. The capital ratios continued to remain comfortably above regulatory levels, and the adjusted consolidated CAR and Tier-1 ratio was at 15.2% and 12.6%, respectively.

I would like to leave the floor to Polat Bey.



Polat Şen:

On **slide 13**, I will walk you through the overall results of the Group in 2024, incorporating all the segment trends we just discussed. Please note that **all figures in this slide are inflation adjusted, due to the application of inflation accounting**. Accordingly, on a combined basis, Koç Group registered TL59.6 bn in profit before tax and TL26.2 bn in net income. Consolidated net profit amounted to TL1.3 bn.

In 2024, we faced monetary losses in our companies that have **high net monetary asset positions**, like Tofaş, Tüpraş and Koç Holding. As a reminder, Yapı Kredi already reported its financials according to BRSA and banks are exempt from inflation accounting, but **we must consolidate the bank applying inflation accounting**, which results in monetary losses and marked it as the main contributor to the negative results.

On **slide 15**, I would like to briefly talk about some of our **unlisted companies**, as their performance in 2024 is worth discussing.

Otokoç makes the largest contribution to our NAV among the unlisted assets. It is Turkey's leading automotive retailing and car leasing company and #1 in second-hand sales among corporate brands, with operations in 9 countries abroad. Otokoç has around 6% market share in new vehicles sales in 2024. The Company is Avis Budget Group's biggest licensee and its most important investment partner abroad.

Opet is a significant player in the fuel distribution sector in Turkey, with a total of 1,882 stations. As of the end of December, Electric Vehicle charging units are available at %11 of Opet stations. Opet has 18.6% market share in white products and 32.1% in black products as of end of November last year, thanks to its well-established dealer network.

In line with Tüpraş' strategic transformation plan, **Entek** aims to expand in the field of renewable energy, not only in Turkey but also abroad. Currently, ~77% of Entek's 492 MW total installed capacity is zero carbon electricity (ZCE). As the first milestone for international growth strategy, Entek successfully concluded the acquisition of Niculesti solar power plant project in January this year. The project is in Romania with a capacity of 214 MW at "ready to build" status.

Finally, another unlisted company is **Koçfinans**. Engaged in the finance sector, Koçfinans is a leading company in its sector with total assets worth TL32 bn and ranks second in terms of portfolio volume. The Company's loans portfolio increased by 83% to TL28 bn as compared to 2023, and its net profit for the period grew by 103% to TL1 bn.

If we move to **slide 17**, you will see the evolution of the **Net Asset Value (NAV) discount**. Our weekly average NAV discount in 2024 has been 22%, comparably better than the 31% average NAV discount in 2023 (*long-term average discount is ~13%*). As Koç Holding, we benefit from our market proxy status and we observed our NAV discount narrowing down to low teens through the year, when supported by sentiment and return of foreign investors. Unfortunately, considering approximately 90% of our NAV is composed of our listed assets, the share price performance of most of our listed companies recently is not reflected in Koç Holding's share price. Besides, the intrinsic value of our unlisted companies is much higher compared to their book values, which is obvious in an inflationary environment.

In summary,

As the leading investment holding company in Turkey, since its foundation, Koç Holding has prudently



managed risks and opportunities without compromising its long-term strategic perspective and will pursue its decisive steps in line with its vision of global growth.

As Koç Holding, we are focusing on managing our portfolio dynamically. I am pleased to share with you as one of the recent developments that we, as Koç Group, were awarded a 40-year concession to operate the Fenerbahçe and Kalamış Yacht Marina for \$504 mn. An additional \$150 mn will also be invested over the next five years to upgrade and enhance the Marina's facilities and services.

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



OPERATOR: The first question is from the line of Evgeniya Bystrova with Barclays. Please go ahead.

EVGENIYA BYSTROVA: Yes hello. Thank you very much for the presentation. I have a couple of questions. So, my first one, how do you see the conditions for exporters in your portfolio in 2025 in terms of your expectations for the economic environment in the domestic market and abroad? What do you think would be the key challenges? And just in general, what's your color for 2025?

And my second question is, could you please share your plans to address the upcoming maturity of the bonds? And that is all, thank you.

POLAT ŞEN: Thank you. As you have rightly stated, the conditions for exporters are not getting better. The real appreciation of Turkish lira over inflation has been increasing the costs of the exporters, especially who has high labor costs in their cost composition.

For us, we are also having the effect we already had in 2024. And it seems like that is going to continue in 2025 as well as the main target for the government is to make sure that the inflation is going to be at the targeted levels, which we understand. But on the other hand, in terms of exporters margins, we are going to have some more difficulties.

To be honest with you, this year, we are -- for 2025, we have been expecting this, and we have built our budgets according to this assumption. And that's why we have been asking from all of our companies, efficiency measures, automation as much as possible as long as it's paying back on time so that we make sure we are affected as little as possible from such a currency impact.

The key challenges for 2025 are obviously for all the Turkish exporters, it's going to be the currency. But on the other hand, we also know that the domestic demand and the growth in Turkey is not going to be at the average level of the last 10 years. It's going to be lower than that. And that will have some effect on our companies and on the overall economy as well.

Your second question was about Eurobond. On March 11, we have repayment, and we are going to be repaying our -- we are paying back our Eurobond of 750 million. We do not think that the interest rate environment right now is suitable for us. So,



we are going to be looking for the right window of opportunity to really tap the market once again. I do not know when this is going to happen. But throughout the year, we are going to be keeping an eye on the market to find the right window.

EVGENIYA BYSTROVA: Thank you

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

HANZADE KILIÇKIRAN: Polat bey, thank you very much for the presentation and I have a quick usual question about the dividend outlook. I mean yesterday, Tüpraş announced to cut the dividend by around 30% and you have received substantial dividend last year. Is there any risk on dividends in 2025? And where do you see your net cash position to land by the end of the year, actually? Thank you.

POLAT ŞEN: We did not decide and agree on the dividend yet. So, we need some more time through the general assembly. But we already have, let's say, a policy that you can see consistently throughout the last 10 years, let me say. And we most probably are going to be around our policies that we have implemented before. But of course, last year's dividend was very high, and we have distributed a very high dividend considering that.

So, this year, my expectation -- or the plan -- is going to be less than that considering the challenges of 2025 as well. In terms of net cash position, of course, the net cash position is mainly especially for Koç Holding is going to be depending on any M&A activity that we may get involved in 2025.

So, it's hard to predict now what the amount is going to be. But we are -- what I can say is we are going to be as active as possible to show our appetite, to really add some new companies to our portfolio. You already know our strategy. We are mainly looking outside of Turkey and mainly in developed countries like Europe and North America. But till now, there is nothing that I can share concrete.

HANZADE KILIÇKIRAN: And about your combined revenues, I mean, last year was a difficult year for most of your companies in terms of real growth? And I mean, do you also target a real growth in 2025 on a combined level from your substrates?

POLAT ŞEN: So, our combined net revenue because of the weight of Tüpraş in our portfolio, is



mainly depending on the oil price. And the expectation this year for oil prices is, on average, going to be less than 2024. So, the oil price effect is going to be taking us down. But with the organic growth that we are planning in 2025, we think that we should be able to land somewhere very close to what we have achieved in 2024.

HANZADE KILIÇKIRAN: So flat revenues kind of, right?

POLAT ŞEN: Yes.

OPERATOR: Ladies and gentlemen, there are no further audio questions at this time. We will now move on to our written questions from webcast participants. Our first webcast question comes from Serhat Kaya, and I quote, "Hi. Do you expect any impact from potential trade wars? Do you hear any plan from EU on new tariffs for Chinese products such as cars or consumer durables?" That's the first part of the question.

POLAT ŞEN: All right. Yes, of course, we are expecting impact from potential trade wars. But it is hard to say from today how we are going to be affected because we do not know who is going to be acting how. It's not only about economic war. We are talking about a lot of political stuff going on. And I think we are going to be needing some more time to understand what the effects are going to be on Turkey itself and Koç Holding as well. So, we are keeping an eye on developments very closely.

The EU is our biggest market. So, we are trying to understand the relations of the EU, how this is going to be affecting us on especially cars and consumer durables, as you rightly suggested. We did not hear any plan from EU as your question was that from tariffs -- for tariffs for Chinese products because Chinese are not really importing products from -- or let's say, exporting products from China. They have lots of factories in Europe as well.

So, I don't think that there is a cure for that on the European Union side, how are they going to be able to stop this. So -- if the second part of the question is maybe I'll read it. You're asking if we expect any incentive boost to European demand from the EU green industrial deal.

Again, this issue has been on, let's say, headlines for a long time and it's going back and forth. So, to be honest with you, I think whatever we hear in February, still there is a lot to work on until we really see how the game is played out. But as Koç Group, we are watching all the developments very closely.



OPERATOR: Thank you. The next question comes from the line of Evgeniya Bystrova a follow-up question with Barclays. Please go ahead.

EVGENIYA BYSTROVA: Yes, hi. Thank you very much for the opportunity to follow up. I wanted to ask you about this deal, the marina concession. You mentioned that Koç had some capital increase for the subsidiary. I think you said 178 million. I was wondering how the rest of the concession or cost of the concession or investments will be financed, if you could provide any color?

POLAT ŞEN: Yes. As I have stated, the overall amount that we are paying for the concession is going to be around 504 million. This 178 million is the first installment that we must pay to the privatization -- for the privatization of this marina. The remaining part of 504 million is going to be paid in installments if I remember, it was in 3 years -- 5 years, sorry.

We are going to be paying for equal installations in 5 years. So, it has been already financed by privatization, and we are going to be investing on top for enlargement and extra capacity for around 150 million which we are planning to use external financing rather than increasing capital. But if there is going to be a need for an increase in capital, we are going to be thinking about it. But the main plan right now is, as I just suggested.

EVGENIYA BYSTROVA: So, 500 million will be invested from Koç itself from the holding company and...

POLAT ŞEN: No, it will be invested from there. Only 178 million right now will be invested by us. The remainder we already have a plan, which we think that our company should be able to pay for with its own resources. And there is some financing capacity that they have and the 150 million for the capacity increase of the marina as well.

But again, if the conditions are going to be better for an increase of capital rather than financing it from banks. We are going to consider that as well, but we have time to really decide on how we are going to be moving. This is our first plan, let me say.

EVGENIYA BYSTROVA: Thank you very much.

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



POLAT ŞEN: Thank you very much for attending our call. If you have any further questions, our IR team is ready, and they are going to be hearing from you. Thank you very much and good evening.