



# 4Q 2024 Financial & Operational Results Conference Call

March 5, 2025, 16:00 (TR Time)

**Conductors:**

**Mr. Çağlar Göğüş – Chief Executive Officer**

**Mr. Bora Yalınay – Chief Financial Officer**

**Mrs. Melda Öztoprak - Investor Relations Director**

**Moderator**

Ladies and gentlemen, thank you for standing by and I'd like to welcome you to Dogan Holdings conference call and live webcast to present and discuss the 2024 full-year financial operational results. We're here with the management team and after the call there will be an opportunity to ask questions. I would now like to turn the call over to Mrs. Melda Öztoprak, Investor Relations Director. Madam, the floor is yours, please go ahead.

**Melda Öztoprak:**

Good morning and good afternoon ladies and gentlemen and thank you for joining our 2024 full-year results webcast. As the operator said, I'm here with our CEO Çağlar Göğüş and CFO Bora Yalınay. Today's remarks will be accompanied by a slide deck which can be downloaded from our IR website. We will then turn the call over to your questions. Before we begin, please kindly be advised of our cautionary statements. The conference call may contain forward-looking management comments including projections. These should be considered in conjunction with the cautionary language contained in our earnings release. A copy of our earnings release, webcast presentation and financials are available on our website, both in Turkish and English. Now, let's return the call over to our CEO, Mr. Çağlar Göğüş.

**Çağlar Göğüş:**

Thank you, Melda. Good morning and good afternoon everyone. Thank you for joining Dogan Holdings 2024 full-year results webcast. In 2024, we have navigated another tough year marked by significant shifts in both the regulatory environment and the broader economic landscape. While additional taxes on imported cars from China and implementation of GSR standards impacted our automotive business, the mismatch between Turkish lira and USD parity versus local inflation also challenged our electronics technology operations, especially Karel and Ditaş. Nevertheless, as Dogan Holdings, we have successfully continued to focus on what we can control and develop. As such, in line with our mid-term guidance to create 1 billion USD-valued businesses, we pushed for the growth of our digital insurance equity, where

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we have enjoyed double up in asset under-management with the lowest cost-to-income ratio in the whole industry. Additionally, we acquired Gümüştaş Mining in September 2024, which is one of the leading zinc, lead and pyrite manufacturers in Turkey. Gümüştaş has been a strategic acquisition for us, which provides domestic and international battery producers with the key ingredients. In addition, our renewable energy initiative, Galata Wind, continued its momentum via adding 7 megawatt further capacity and 11% electricity generation increase. Finally, as a dynamic investment holding company, we have continued to simplify our portfolio during the year with the divestment of non-strategic assets. Thanks to all these strategic corporate actions to sustain long-term value creation for our group, our solar net cash position slightly reduced to 671 million USD, while net asset value NAV improved to 2.6 billion USD. While our firm institutional investors share in free flow, increasing 90 bps versus last year, our stock yielded 31% gain, similar to BIST 100 index. Next slide, please. During 2024, Doğan Holding reported 84.5 billion Turkish lira revenue, up by 12% versus the same period last year. On the flip side, despite the contribution from mining business, our consolidated EBITDA declined to 3 billion Turkish lira in 2024 due to a couple of reasons. First, additional OPEX incurred that our automotive business with European Union Global Safety Regulations and also additional import tax on China-originated cars limited the pricing. Just to remind, we represent MG site brands in Turkey in addition to Suzuki and a few other brands from Europe in motorcycle like Piaggio. In addition, local inflation versus Turkish lira USD parity changes impacted the profitability of our electronics technology business arm, thereby limiting operational profitability this year. Finally, thanks to exits from Doğan Music Company, another 40% which we are now fully exited, and Doğan Burda, net monetary gain of 1.4 billion in 2024 versus the heavy net monetary loss recorded a year ago, our consolidated net profit jumped to 4.3 billion Turkish lira. Before moving into operational and financial details of our operations, let me clarify our holding focus for the foreseeable future. We are grouping our business lines into two. First, our strategic focus areas. Our strategic focus areas tend to contribute larger to an NAV and we are anticipating a regular dividend payment scheme out of them and a stable growth. These are our renewable energy business with publicly listed subsidiary Galata Wind, our mining operations Gümüştaş and our financial services operations Hepiyi Insurance, our bank DY Bank and Doruk Factory. Our technical focus areas, on the other hand, are the are the place where we dynamically look for the best value creation opportunities either through profitably growing these businesses rapidly or through co-protections, namely entry, exit or IPOs. Under this umbrella, we have mobility business with Doğan Trend Automotive, electronics and technology and industrials where we are very hopeful about fast-growing automotive electronics operations, Daiichi and value extraction potential with our internet entertainment opportunistic real estate portfolio. Now our CFO Bora Yalınay will cover the 2024 details of these business points.

Bora Yalınay:

Thank you. Thank you Çağlar. Let's start with Galata Wind, which publicly announced its full year results last week. In 2024, Galata Wind increased its installed capacity to 297 megawatts from 290 megawatts last year and realized 11 percent year-to-year increase in electricity generation. Despite the increase in electricity generation, the company recorded 12 percent decline in net revenues throughout the year,

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mainly due to the decrease in average sales price per megawatt from \$82 in 2023 to \$68 in 2024. This is mainly driven by first, lower market clearing prices in the electricity market. Second, a decline in European TTF gas prices. Third, increased production from domestic hydroelectric power plants. Moreover, the company's EBITDA decreased to 19 percent to \$1.6 billion in 2024. The decline in electricity sales prices, cost increases driven by domestic inflation, and consultancy expenses incurred for international operations have led to higher operational costs, resulting in a decrease in the EBITDA margin to 69 percent compared to 2023. Finally, our net profit only decreased by 7 percent compared to 2023, thanks to the impact of monetary position gain and decrease in current year tax expense. Next slide, please. In line with our midterm plan to extract \$1 billion valuation, Galata Wind continues its investment. Accordingly, in 2025, the company targets to add approximately 100 megawatt additional capacity and to reach to close to 1,100 megawatts until 2030. These new investments will be mostly for wind in Turkey and solar in Europe.

We have started to consolidate Gümüştaş mining business in the last quarter of 2024 together with the subsidiary Doku. Therefore, our figures only represent fourth quarter 24 performance. Gümüştaş recorded 864 million TL revenue in fourth quarter 2024 and 217 million TL EBITDA with 25 percent margin. Right OPEX controls and benign metal pricing environment were behind the success in profitability. Looking ahead, we are very hopeful about mining industry. The industry as a whole is a 10 billion US dollar worthwhile market in Turkey, where currently lead and zinc make up 6 percent of the portfolio. Thanks to its 80 research licenses and 16 production licenses, Gümüştaş is one of the top three producers of lead and zinc with the vast export capability. Thanks to well planned out investment plan, Gümüştaş aims to utilize its research licenses to uncover new reserves for the next three years. Moving on to the next slide, please.

Turkey's first end-to-end digital insurance business, Hepiyi, continues its fast growing in 2024. We are more than doubling the assets under management. With this, Hepiyi recorded three times faster growth versus insurance industry during the year. Thanks to the balanced channel management between digital call center and traditional channels and full robotic process automation, now 87 percent of auto insurance requests go through Hepiyi in Turkey. Hepiyi recorded 77 percent growth in revenues, reaching 19.6 billion TL in 2024. Net profit also grew by almost two times thanks to the full digital automation and hence low cost revenue ratio realized in the sector. Looking forward, we are hopeful about digital insurance businesses growth and market share allocation of Hepiyi in motor-owned damage and motor third-party liability segment. Next slide, please.

Our mobility business impacted from regulatory headwinds during 2024. Nevertheless, despite the challenges that new taxes on Chinese imports to Turkey brought at the beginning of the year, Doğan Trend slightly grew its passenger car sales by one percent to 22,000. On the other hand, motorcycle market was flattish throughout the year and Doğan Trend posted a slight one percent decline. While revenues were slightly below last year due to the challenging market conditions, hence together pricing environment,

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EBITDA also negatively impacted from the additional taxes and implementation of European Union Global Safety Regulation Standards. In 2025, we will be starting motorcycle production with our partner Kymco in İzmir and would like to have stronger positioning in motorcycle industry. Going on the next slide.

Karel faced significant operational disruptions in 2024 due to the fire at its production facility, which impacted production capacity and efficiency. The company also encountered pricing limitations due to the contractual obligation, reducing its ability to adjust prices in response to rising TL-based OPEC. Additionally, key customers downsized their orders due to the reduced demand affecting overall revenue. On the positive side, Daiichi, a 75 percent own subsidiary, continued its steady growth with exports playing a large role in its revenue stream and hence offsetting some of the challenges. Consequently, Karel recorded one percent increase in overall revenues while EBITDA turning into the negative zone. As Karel net debt position is relatively high, net financing expenses put a dent on the profit generation. Therefore, in 2024, Karel recorded 1.5 billion TL net loss. In 2025, we are looking into options to optimize net debt positioning of Karel. Looking ahead of 2025, most of contractual renewals with the key customers have been completed, setting the stage for a more stable pricing and operating environment. Next slide, please.

SESA Ambalaj, our niche flexible packaging business, experienced slower growth in 2024, primarily due to the inventory reduction trends across the supply chain. Despite this, the company remained committed to innovation, investing in new product development to maintain its competitive edge. However, profitability was affected by rising TL-based production costs and OPEX versus limited foreign exchange gains. The company's focus on exports became increasingly important, with international sales contributing to a growing share of total revenue. Moving on to the next slide.

Ditas operations negatively impacted from the decreasing demand from OEM manufacturers into the auto industry throughout the year. Coupled with the increased operational expenses and elevated levels realized in TL inflation, EBITDA reduced to minus 113 million TL. Similar to Karel, Ditas' net debt position is also high compared to its size. Therefore, net financing expenses shed off operating profits, and the company recorded 206 million TL net loss. Looking into 2025, we are looking into options to optimize net debt positions. Next slide, please.

Dogan Investment Bank played an active role in financial markets in 2024, facilitating more than 40 issuances. This success underscored the bank's ability to manage market conditions effectively and maintain a solid position in the investment banking sector. In 2024, Doruk Factoring improved its revenues by 54 percent and net profit by 106 percent, while total asset size reaching 5.3 billion TL. Next slide, please.

Kanal D Romania continues to be the major player in the media industry, ranking as the second most watched TV channel in Romania. Regular dividend payments were sustained, ensuring stable returns for us. Hepsiemlak secured its position as the second largest online real estate listing platform in the market. A key development for the company was its strategic partnership with Property Finder, which is one of



the leading real estate technology platforms in the MENA region. Additionally, Hepsimlak pursued inorganic growth through the acquisition of Zingat, further expanding its market presence. During the years, Hepsimlak recorded 31 percent robust revenue growth, while profitability could not follow this success due to the merger-related opex incurred after Zingat acquisition. We anticipate that the operational profitability of Hepsimlak to improve once the scale advantages kick in as in the nature of the internet business. Next slide, please.

In the real estate sector, we maintained high occupancy rates across key properties. Trump Tower reported 99 percent occupancy rate, while Milta Marina reached 112 percent occupancy during the peak season. Additionally, the overall real estate portfolio valuation increased by 22 percent year-over-year, reflecting positive market trends and effective asset management strategies. Going forward, we will be opportunistic with the real estate portfolio and extract the best value possible when the right prospects arrive. Moving on to the next slide.

During the year, thanks to our strategic entrance into mining sector, our holding only solo net cash position slightly reduced to 671 million U.S. dollars, while exits from Doğan Burda and DMC offsetting some of the cash outflows. Our cash management strategy is quite dynamic, where we observe market conditions and yield prospects and make our both currency and asset allocation accordingly. For instance, thanks to the better yield outlook of TL assets, we have increased our TL positioning from 9 percent to 18 percent by the end of 2024. As of now, we have around 30 percent of our allocation in TL. As for the asset allocation, we mostly aim for the highest return with mid-risk approach. Accordingly, we are mostly investing in time deposits, euro bonds, and foreign corporate bonds. Going forward, we will continue to be prudent and opportunistic to grow the solo cash position as that Doğan Holding can foster further value-enhancing acquisitions. Now, back to Çağlar for his closing remarks, and thank you.

Çağlar Göğüş:

Thank you, Bora. We are only a few minutes away from Q&A. Thanks for your patience. This year, we wanted to give further clarification to our annual expectations. Looking ahead to 2025, we anticipate a benign inflation outlook and better operating backdrop. Accordingly, we anticipate adding slightly more than 50 megawatts to our installed capacity at Galata Wind and to generate 900 to 980,000 megawatts per hour electricity and record 70 to 75 percent EBITDA margin. Our portfolio is one of the most efficient portfolios in Turkey in terms of capacity factors. In addition, we aim to grow our TL revenues of mining business by more than 50 percent thanks to both capacity increases and better commodity pricing expectations versus last year, and our contracts are mostly signed this year for almost a full year. We anticipate EBITDA margin to be within 25-30 percent interval in 2025, underlining the profitability potential for the business. The improvement is expected to come from capacity additions, enhanced efficiencies, and improved commodity prices. And in 2025, we also plan to invest 40 to 45 million dollars for capital expenditures, mainly to utilize our existing research licenses, not just to hit this year's targets,

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but also to build a much larger foundation for next year's budget. Last but not least, our digital insurance business is set to add another 250 to 300 million dollars further to its asset under management backlog, and hence we aim to grow total financial services revenues, including our banks, and Doruk factoring by more than 70 percent in 2025, thanks to relentless focus on innovative financial solutions. Now our insurance business is in the first top 10 in terms of the market share and growing extremely fast and in a profitable fashion. For the on-holding consolidated, we hope to grow our TL revenues by 5 to 8 percent percentage points, more than the CPI increase in 2025. We hope our profitable mining business and industry operations, where we have streamlined key costs and OPEX items, will support our EBITDA further in 2025. In our industry businesses, we did a lot of efficiency and headcount also reductions in the last quarter of this year, so that we can have a more efficient 2025. Therefore, we expect 6 to 10 pp higher TL EBITDA growth vis-a-vis CPI. Finally, we believe our USD NAV will increase by 5 to 10 percent year-over-year. Note that all are on an organic basis and including impacts from TAS 29 standards. As a final note, we would like to emphasize once again our mid-term outlook. We plan to increase the valuation of our strategic business lines to 1 billion USD level until 2030 with capacity additions in Galata Wind and Mining, while financial services, Hepiyi, our bank, and Doruk Factoring should also experience strong growth with their niche and profitable business models. Among our technical business lines, we will always be looking for attractive IPO and M&A opportunities to extract the best value possible. And with this now, I would like to hand over the call to Closir Agent to open up the Q&A session. Thank you for listening.

Moderator:

Thank you. So, we'll now move to the question and answer section. If you'd like to ask a question, please press star 2 on your phone and wait to be prompted. If you're dialed in by the web, you can type your question in the box provided or request to ask a voice question. We'll just wait a moment or two for questions to come in. So, just a reminder, if you'd like to ask a question, please press star 2 on your phone and wait for the prompt. And if you're dialed in by the web, you can type your question in the box provided or request to ask a voice question.

Okay, we have a question from Özgür Açıklan from İş Yatırım. Can you give an update on the talks with the SAIC group?

Çağlar Göğüş:

Yes, sure. We've been in discussions with them for the last eight months, which is going a little bit slower than we expect. So, it is, I think today, some uncertainty around it, which we'll hopefully clarify in the next year.

Moderator:

Thank you. We will give a few moments for any new questions to come. Okay, perhaps the presentation was comprehensive enough. I'll now be handing the line back to the Dogan team for the closing remarks.



Çağlar Göğüş:

Thank you. I sometimes keep receiving a few questions. Maybe I can address those two here. One is whether we have any IPO plans in 2025. I think we will keep on looking at IPO opportunities, not limited with this year, but I think when the market allows, we might consider doing IPOs for our solidly growing businesses. So, this is on our table. And that's one. And the other one is, I always keep receiving questions about M&A opportunities. Now, I think strategic sectors are bolder, right? Renewable energy, mining, and financial services. We will try to strengthen these strategic pillars as much as possible. And especially with the financial services, we find very interesting opportunities and niches, which we will explore. And we will keep on looking at IPO opportunities within these strategic sectors, as well as some other areas, which we might think we will create value as an investment holding company. And yes, 2024 was tough economically as the country, and probably 2025 will also be difficult. But also, these times could create opportunities, right? Because asset prices, I think we are out of the market. So, we will keep on looking at asset prices. I think we are up in 2024, with the results of 2022 and 2023 in the country. Now, we expect more activity this year and next year, and hopefully we will be a part of that. And I think, thank you for joining. I hope... there's a question.

Moderator:

Yeah, looks like we have a question from Enis Şenol from Emaa Blue Portfoy. Do you currently have any planned or upcoming investment projects that are under consideration for the future?

Çağlar Göğüş:

Nothing imminent right now. But again, there's a very serious process. We are looking at these investment opportunities, so you might hear some news from us hopefully this year. But again, nothing imminent, nothing, you know, that is behind the corner.

Moderator:

Okay, thank you. With this, we would like to thank everyone who joined today, and we will now be concluding the call. Thank you and have a nice day.