

# Other

Taking the initiative to improve the quality of life

Tomato products...

**leader**

DIY retailing...

**leader**

Tourism...

**leader**

Marina...

Turkey's  
**highest**  
capacity

Ship and yacht building...

**pioneer**

Information technology solutions...

**leader**

Alternative telecom services...

**leader**



## Tat Konserve

**Total Revenues:**  
\$487 million

**Domestic Market Position:**

Market leader in tomato paste, ketchup, tomato products, mayonnaise and premium pasta 3<sup>rd</sup> in total pasta and meat products

**International Position:**

Exports to 35 countries

**Share of International Revenues:**

7%

**Gross Profit Margin:**

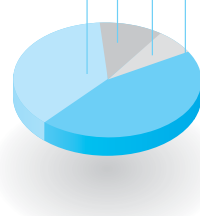
18.1%

**Operating Profit Margin:**

6.2%

**Shareholder Structure:**

Koç Holding  
43.65%  
Other Koç  
9.69%  
Foreign Partner  
5.26%  
Free Float  
41.41%



[www.tat.com.tr](http://www.tat.com.tr)

Tat Konserve initiated Turkey's and the region's largest agricultural and industrial investment with the Harranova Project.

## The leader in tomato products

Founded in 1967 and merged in 2003 with the Sek, Maret and Pastavilla brands, Tat is one of Turkey's largest food companies.

The global crisis had a detrimental effect on profit margins in the food sector. Though manufacturers were able to reflect some cost increases, competition in the domestic food market continued to be price-oriented as well as product and service quality-oriented in 2008.

Tat's gross profit margin in 2008 was 18.1% and its operating profit margin stood at 6.2%.

## Important advances in the Harranova Project

As part of its strategy of controlling costs via vertical integration and achieving export growth in neighboring markets, Tat initiated Turkey's and the region's largest agricultural and industrial investment project in the South East Anatolian (GAP) region. In 2008, Tat sold 10% of its shares in Harranova Besi Şirketi (stock breeding company) to its partner Morning Star in order to benefit from the U.S. company's know-how and experience in the areas of technology, agriculture, production, sales and marketing. The Balıkesir tomato paste factory was relocated to Urfa, 71,000 tons of tomato was processed at the Harranova tomato paste factory in the GAP region and a total of 10.1 thousand tons of tomato paste was produced. The tomato paste produced in the GAP region is exported to Europe and Russia.

In the face of the threat posed by unregistered production in the meat and meat products categories, Tat's strategy is to achieve vertical integration through the stock breeding activities carried out in the GAP region in order to bring costs under control. Accordingly, Maret slaughterhouse was relocated from Istanbul to Harranova and additional units were established. The goal is to increase the number of cattle in Harranova to 25,000 within three years.



Growth of Sek branded dairy products continued as production and sales of high value-added products like pasteurized milk, yoghurt, ayran (drinking yoghurt), fruit juices and butter increased. Growth in products with high profit margins is expected to continue in 2009.

## 2009 and beyond

Low cost and high yields in 2008 means tomato paste prices in the domestic market are expected to decline in 2009. However, because the global tomato yield of 2008 was similar to that in 2007, no decline is foreseen in the global tomato paste prices. Expectations are that the amended EU law giving incentives per hectare regardless of product type (decoupling) will, thanks to its location, give Turkey the opportunity to become an important tomato and tomato products supplier for neighboring countries and the EU.

The growth seen in milk and dairy products in recent years is expected to continue at a somewhat slower rate in 2009. Despite the clear growth of the sterilized milk market, total fresh milk production is expected to increase in the long run, as has been the case in the EU and U.S. The Company has initiated various projects regarding this development.

The pasta market, following several stable years, expects higher demand in 2009 parallel to economic volatility. Tat, with its Pastavilla brand, is the market leader in the premium pasta segment. The Company's strategy is to keep profit margins high while preserving its market share in this segment.

## Düzey

### Serving thousands of locations across Turkey

Düzey distributes Tat food products to 70,000 sales points throughout the country. Together with its distributors, Düzey manages a sales fleet of 218 vehicles and an additional distribution and delivery fleet of 217 vehicles.

## Koçtaş

With 21 stores in 14 provinces and a total sales area measuring 108,000 m<sup>2</sup>, Koçtaş is a major player in the Turkish DIY sector, offering a wide variety of products sourced from 1,794 local and imported suppliers to its customers. The Company has changed its positioning from "construction materials" to "home renovation and improvement" and is now able to meet the needs of customers from a single service point. Thanks to its partnership with B & Q, the largest home improvement retailer in Europe, Koçtaş is able to offer unique products to the Turkish market and, due to its long years of experience with Turkish consumers, differentiates itself from competition in the way it presents new products.

Koçtaş aims to create high customer satisfaction through product quality, cost savings and convenience.

## A year of rapid growth

2008 revenues increased by 35% while the number of customers rose by 29% to exceed 6.7 million.

A Depofix store was opened in the Gebze Organized Industrial Zone to meet the indirect material needs of companies, factories and small businesses, enabling corporate customers to procure all of their indirect materials from a single supplier. The Company's goal is to maximize customer satisfaction by providing high quality products at reasonable prices and by offering superior after sales service. Koçtaş also opened six new stores in İstanbul, Ankara, İzmir, Trabzon and Konya, using its first mover advantage in this region with the opening of new stores in Anatolian cities to fortify its market leadership. The new store openings enlarged the total sales area by 38%, increasing from 78,000 m<sup>2</sup>, to 108,000 m<sup>2</sup>.

Koçtaş won 2<sup>nd</sup> place in the "World Shop Window of the Year" contest in 2008.

## 2009 and beyond

Koçtaş has maximized the advantages of its geographical reach, broad product range, quality, established brand, the confidence created by being a Koç Group company and the international procurement synergy gained with its foreign partner. In 2009, Koçtaş aims to increase its coverage of the country and increase brand awareness while enhancing customer satisfaction by offering attractive prices on a wide choice of products.

Already a leader in home improvement retailing, Koçtaş's corporate objective is to grow the home improvement market in Turkey and maintain leadership as the market expands. The Company aims to reach this goal by providing consumers with new and different ideas, delivering alternative solutions to suit all budgets and by becoming a nationwide presence.

In 2009, Koçtaş aims to increase its coverage of the country and increase brand awareness while enhancing customer satisfaction by offering attractive prices on a wide choice of products.



## Setur, Turkey's premier travel agency, continued on its successful track record in 2008.

### Setur

#### Turkey's premier travel agency

Setur provides ticketing, local and international tours, congress and seminar organizations and on-line travel, cruise, study-abroad and visa services. Setur Turizm has led the sector since 1973.

Setur is the Turkish representative office of BCD Travel, which has over 1,300 offices in 96 countries and provides corporate ticketing. Setur acts as the Turkish representative office for Abercrombie & Kent, the international luxury travel brand, and for Orient Express, Uniglobal and Costa.

Since December 2005, Setur has offered UK visa services and won the international tender to obtain the rights to continue this service. In this regard, the Visa Application Center has been renovated and a Biometric security system has been installed.

#### Duty-Free shops

In 2008, Setur Duty-Free shops served customers at 40 locations and sold duty-free products on the aircrafts of 8 airlines including Turkish Airlines. Shops at Istanbul's Sabiha Gökçen Airport opened on July 10, 2008.

In 2007, the Company initiated its "Points of Entry Duty-Free and Commercial Zone Management" project at the Habur and Cilvegözü border gates. Kapikule temporary shops, which are the most important in this project, were opened in February 2008. The new Kapikule buildings, the construction of which has started, have an area of 15,000 m<sup>2</sup> and will be completed in two phases. The first phase consists of the TIR Terminal, which has already been completed. The second phase consists of the Passenger Terminal which is scheduled for completion in 2009. Construction of the Georgia Sarp Border Gate continues and is expected to be completed next year.



### The most successful company of the sector

In 2008, Setur won the "Best Travel Agency" award from Skai International, "Turkey's Most Admired Travel Company" award from Capital Magazine and the "Golden Spider" award from Bookinturkey.com. The Company serves all areas of the tourism sector and, with its wide product range and emphasis on customer satisfaction, aims to preserve its leadership in the years ahead.

### Divan Group

#### Providing first class hospitality since 1956

Divan Group operates in the hospitality and food and beverage sector through Palmira A.Ş. and Mares A.Ş. Divan operates 6 hotels, 14 patisseries, 14 in-market bakeries, 10 restaurants and 2 catering units. In line with its strategy of focusing on its core operations, the Company sold its Industrial Catering unit to one of the leading companies in the sector and decided to grow through city hotels. Divan plans to open 238-room Divan-Asia on Istanbul's Anatolian side, 119-room Divan-Çorlu, and 19-room Divan Çukurhan Boutique Hotel in Ankara during 2009. Hotel Mares was rented to the Yazıcı Group in 2008 for a period of five years. The 52-year-old Divan Istanbul Hotel, the flagship of the Divan Hotel Chains, was torn down and construction the new building has started. The hotel is expected to open in the last quarter of 2010.

Palmira A.Ş. exports Turkish delight and chocolates to Australia, France, Ireland, Kuwait, New Zealand, Qatar, South Africa, United Arab Emirates, the UK and the U.S.



### 2008 highlights

The production unit has adopted the ERP system and initiated control systems to measure efficiency by monitoring production and conducting cost analyses.

Two new patisseries that reflect Divan's design concept were opened in the İstinye and Harbiye districts of Istanbul; Bebek (Istanbul) and Ankara Çankaya patisseries have been renovated and re-opened with a new concept.

The renovation of the American Hospital cafeteria, which is run by Divan, is now complete and the cafeteria has reopened with a more modern and more spacious feel.

As of September 2008, a new online reservation system called Myfidelio was installed at all the Group's hotels. This system provides access to networks that contain all GDS supported tourism portals and GDS, which together with Amadeus, Sabre, Galileo and Worldspan, provides the world's widest tourism agency network. It also enables the Group's hotels to gain uninterrupted and real-time access to popular online tourism agencies like Expedia and Booking.com.

### Setur Marinas

#### 28% of Turkey's capacity

Setur Marinas run seven marinas - Kalamış and Fenerbahçe in Istanbul, Ayvalık, Çeşme, Kuşadası, Marmaris Netsel and Finike. The Company's combined capacity is 3,900 births, which corresponds to 28% of Turkey's total capacity and makes Setur Marinas the leader of Turkey's marina sector.

In 2008, total occupancy of the marinas increased to 124%.

Setur Marinas' growth strategy rests on acquiring new marina operations in Turkey and abroad by capitalizing on its knowledge and experience.

#### Yalova Marina to open in 2010

In 2007, the Company won the tender for Yalova Marina. Construction will commence in 2009 and the opening is scheduled for 2010. With this new marina, Setur Marinas' total capacity will increase to 4,200 births.

### Modernization of Kuşadası Marina

The company plans to modernize Kuşadası Marina, which it currently operates, in 2009.

### KoçSistem

#### IT solutions leader since 1945

Since 1945, KoçSistem has been a leader in the Turkish information technologies sector. KoçSistem, which summarizes its continuous development and corporate mission with the motto "Your imagination is our strength", provides unique technology solutions and outsourcing services to attain its goal of sustainable growth in line with its strategy of "creating a difference".

Accordingly, KoçSistem has merged its creativity and corporate competencies and its lasting and successful strategic partnerships with the world's leading technology suppliers and providers. At the same time, the Company pursues its goal of unconditional customer satisfaction through service centers all over Turkey.

#### R&D and Innovation Center

With over 100 R&D experts, KoçSistem's R&D and Innovation Center undertakes research, development and innovative projects in information technologies. In 2008, under the new R&D Law, the center was granted an R&D Center License. The R&D and Innovation Center plays a crucial role in the Company's efforts to improve its competitiveness by differentiating itself in the area of information technologies.

#### Sustainable growth in outsourcing services

KoçSistem holds leadership of the outsourcing services sector, which grew by 28% in 2008. Its internationally accredited Management Center, which is Turkey's largest datacenter, has completed 24 outsourcing projects in partnership with reputable companies of the sector.

KoçSistem has continued to grow in the finance sector services by winning important projects.

Its call center has reached a capacity of 650 seats as a result of 62% growth. The Company has also played a leading role in establishing the Call Center Association, of which all the leading companies in this sector are members.

### Technology solutions applications that make a difference

In line with its strategy, KoçSistem continues to focus on providing solutions and services. KoçSistem provides the infrastructure for Paro, one of Koç Group's most important customer relations management projects, and has successfully completed various projects such as Budget and Consolidation, Paperless Bank Branch and Prevention of Money Laundering for Turkey's leading institutions. KoçSistem is the first and only local partner of SAP in Turkey that provides SAP services at international standards. With its experience in the SAP consultancy area, the Company started eight new SAP projects during the year. While continuing its leadership in developing innovative technology, KoçSistem, developed "Pixage", a Digital Publishing Application, and "Agentperformancebooster" to measure in real time the performance of call center employees.

### Advances in the defense industry

KoçSistem, through its Koç Information and Defense Technologies company, has made important contributions in the defense industry. In line with its goal of becoming Turkey's market leader in underwater acoustical systems, the Company entered a partnership with Ultra Electronics, one of the leading international players in sonar, torpedo defense and underwater mine systems.

The Company also undertakes other defense industry projects such as the TSK Information System Project, which integrates all the Turkish Armed Forces' software projects and systems.

## Koç.net

### Integrated communication solutions

Koç.net improved its infrastructure in 2008, advancing toward its goal of becoming Turkey's leading alternative telecommunications company. The Company provides technological leadership, teams of experts, high service quality, a wide service portfolio and integrated communication solutions to meet the needs of various customer groups. Koç.net provides data and voice services (such as access and security services, hosting and ASP services, campus solutions, multimedia solutions and international, inter-city and GSM telephone services) simultaneously. Koç.net began providing broadband internet and voice services to non-corporate customers in 2008.

Koç.net has interconnections with Turkey's fixed line operator, all GSM operators and leading international telecoms. The Company has established a POP (Point of Presence) in Frankfurt to tap international business opportunities and enjoys successful partnerships with British Telecom, KPN (Royal Dutch Telecom), Global Crossing and Bezeq.

### Leader in alternative telecom services

Koç.net is the only alternative telecom operator to enter the 2007 Capital 500 list. In the Deloitte Fast 50 list, where rapidly growing technology companies are listed, Koç.net took place in 2008 for the third consecutive year, demonstrating its sustained growth. Koç.net was the only alternative telecom operator included in the 2008 Turkish Fortune 500 List.

Koç.net has focused on a corporate clientele. However, the signing of Local Network Sharing-YAPA and Data Flow Access-VAE agreements, now enables the Company to provide voice and data services via broadband internet. These agreements are important milestones in a market that has been gradually liberalizing since 2004.

In 2008, the Company entered the personal broadband market with its BiRi brand. Koç.net became one of the three best known internet service providers only three months after the launch of new service packages. In 2008, Koç.net increased its exports by 12% in dollar terms and total revenues by 16%.

## Bilkom

### Apple products' sole authorized distributor in Turkey

Bilkom has served as Turkey's only distributor of all Apple products for the last 25 years, mainly marketing and selling Mac computers and iPod products. Bilkom has been successfully implementing its strategy of being a value added distributor by enriching its Apple product line with information technologies of distinctive and leading global brands that support the ecosystem. In line with this strategy, the Company has acquired the rights as the sole Turkish distributor of Graphisoft, the only architecture software that operates on both the Apple and PC platforms.

### More than 700 information technology retail sales points

Bilkom, with its licensed business partners, sells a full range of Apple products at more than 700 retail points of sale, including its Apple Premium Reseller (APR) concept shops. The Company provides after-sales technical services for Apple products through its authorized service centers. In 2008, the number of APR shops reached 15 as the area of operation was enlarged to encompass Ankara, İzmir and Bursa as well as İstanbul. The Company will continue to pursue growth outside İstanbul.

### iPod sales increase by 26%

In 2008, Bilkom increased its iPod sales by 26% on a unit basis. Bilkom has maintained its leadership in the digital music player market with iPod, and achieved a growth rate that was four times that of the market with new generation Mac computers.



## Tani

### Customer relations expertise center



Tani is at the forefront of customer relations management (CRM), customer loyalty programs and business partnership in the area of one-to-one marketing through its expertise in operations and analysis. There are 7.3 million active cards in the Paro program that Tani manages. The annual number of Paro card transactions at member-company locations exceeds 107 million.

Member companies implement joint campaigns and applications on Paro's flexible marketing platform. These campaigns and applications have received very positive feedback from customers and are repeated at various times by the member companies. In 2007, the number of campaigns exceeded 300 and in 2008 they exceeded 600.

Data collected through Paro is modeled in line with business needs using analytical methods, and the resulting marketing applications are gradually enriched, thereby enhancing Tani's position as an expertise center for CRM solutions.

## Promena

### Efficient procurement services

Promena allows extensive participation and sharpens competition by carrying the procurement processes to the virtual environment. The Company has increased the sales and procurement volume of the projects it has carried out on behalf of its customers by 32% to over \$1 billion, bringing significant savings to Koç Group companies as a result. In a repeat of the previous year, Promena was in the first 50 companies in the 2008 Deloitte Technology Fast Turkey list. The number of qualified suppliers in Promena's database increased to 7,000 during the year. The internet based procurement system platform has been expanded to include company procurement processes in 2008. Promena has established a company in Saudi Arabia and started serving customers in this region.

## RMK Marine

### A leading shipyard

The Company, which was established in 1974, joined Koç Group in 1997 as RMK Marine and undertakes ship and yacht construction, repair and maintenance services within the Tuzla shipyard zone. One of Turkey's largest private shipyards, RMK Marine aims to grow via projects with high added value and to be competitive in terms of expertise and knowledge in international markets for the construction of chemical tankers, off-shore service vessels, tugboats, military vessels and super yachts.

### 2008 highlights

In a unique development, RMK Marine was recently commissioned to undertake Turkey's largest military vessel project awarded to a privately-owned shipyard for the construction of four coast guard search and rescue vessels.

The Company aims to manufacture vessels with superior features and high added value. To this end, it has started construction of a multi-purpose off-shore construction vessel. The project is the largest off-shore vessel construction project ever initiated in Turkey and will be one of the most important projects in its category in the world.

RMK Marine has also constructed four tugboats, each with a bollard pull of 60 tons, and one mooring boat for Tüpraş. Two tankers constructed for Tüpraş, the T. Sevgi and T. Gönül, were launched and the T. Sevgi was delivered to Tüpraş in December.

Barbarica, the third in a series of 19,000 DWT chemical tankers, was delivered to its Italian owners.



### The goal of entering the super-yacht sector

RMK Marine has taken important steps in yacht construction, repair and maintenance. The Company has a mid-term goal of establishing itself as an important brand in the international super yacht sector. The Nazenin V, which draws on the best names in yacht construction for engineering and project management, is a 52-meter ketch. She is scheduled to launch in April 2009 and secure RMK Marine a position in the international luxury yacht sector.

Construction of a 45-meter super yacht was started in 2008.

Construction of 30-meter and 38-meter super yachts for Oyster Marine is currently underway.

### Investments

RMK Marine continuously improves its infrastructure using the latest advances in technology. Construction of the Oyster hangar with the largest curing furnace of its class, office areas, a new administration building and indoor block workshop is now complete.

## Zer Merkezi Hizmetler

### A dedicated procurement center

Zer Merkezi Hizmetler continued to carry out procurement tasks for the Koç Group companies in line with the principles of the expertise center. The Company operates at many points in the supply chain. In 2008, the Company continued to provide savings and benefits in new operational areas, such as logistics, direct material procurement and auxiliary marketing tools.

## Ram Dış Ticaret

Founded in 1970, Ram Dış Ticaret is among the most important companies in the sector. With new business models and flexible organizational structure and through its mission adapted to doing business in different markets, cultures and risk environments, the Company has succeeded in remaining dynamic and up to date.

Ram Dış Ticaret provides Koç Group companies and other product and service providers, business development services in the Middle East, Africa, Central Asia and South America. These services include foreign investment, special exports, product imports and consultancy services. The Company is also a registered supplier of United Nations Organization and its affiliates, central tender organization units of governments and various multinational companies. In addition to these, the Company undertakes domestic procurement services for iron and steel products and also provides sales consultancy services to Boeing in Central Asia countries. The Company has representative offices in Azerbaijan, Kazakhstan, Uzbekistan, Iraq and Algeria, as well as agents in Kyrgyzstan, Syria and Chile.

## Ark İnşaat

Ark İnşaat provides civil engineering services mainly for Koç Group companies and continued its projects successfully in 2008.

