



**Koç Holding
Investor Presentation**

October 2010



Sustainable Track Record in Overperforming the Turkish Economic Growth Rates

Leading Conglomerate in Turkey



* As of year-end 2009

Strong Standing in Global Rankings



Global 500

Ranking

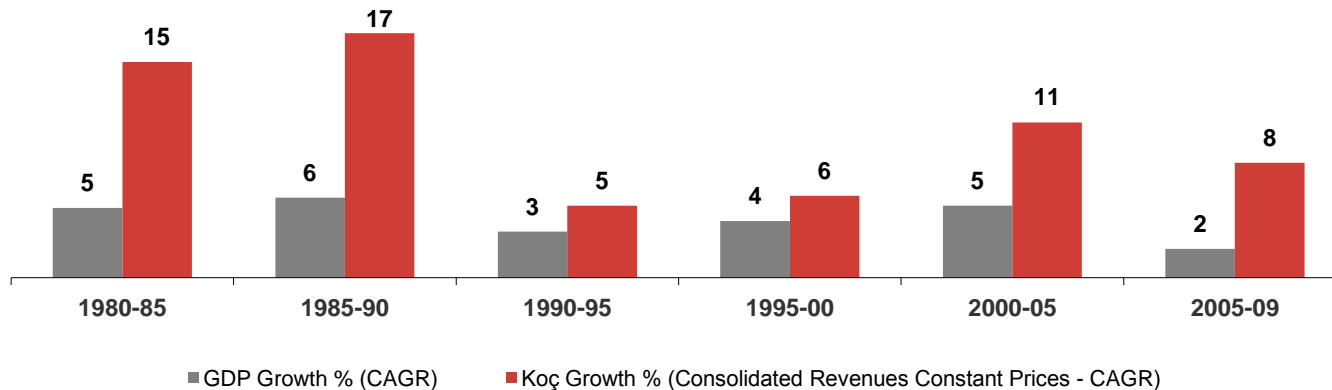
- 2009 : 273
- 2008 : 172
- 2007 : 186
- 2006 : 190
- 2005 : 358
- 2004 : 389



European 500 Listed Companies

- 2009 : 71
- 2008 : 56
- 2007 : 46
- 2006 : 49

Successful Track Record for over 80 Years





Unrivaled Competitive Advantages

Largest distribution network



- ~11,000 dealers and after-sales services
 - ~ 850 bank branches
-

Largest customer database



- Large customer database of over 17 million in different business segments together with strong CRM capabilities, enabling efficient up & cross-selling
-

Leadership positions in low-penetrated consumer-driven sectors



- 30% of automotive sales (#1)
- Over 50% of white goods sales (#1)
- 20% of credit cards (#1-outstanding volume)
- 70% of oil demand (#1-sole refinery)
- 17% of petroleum distribution (#3)
- 30% of LPG distribution (#1)



Strategic Targeting Geared Towards Efficiency, Leadership, Innovation & Reputation

Strategic Principles

- Focus on those sectors where we can create a differential competitive advantage
- Grow in sectors where we can leverage our strong brands & technological prowess
- Derive maximum benefits from economies of scale by being the market leader or a close second in every business we operate
- Achieve the optimum portfolio diversification, where we can balance out sector & geography-specific risks



Focused Growth Strategy

Energy



Main Companies

Tüpraş* / Aygaz* / Opet / Entek

Share in Consolidated Revenues

57%

Share in Operating Profit

31%

Domestic Market Position – Market Share

Sole petroleum refiner in Turkey

#1 in LPG distribution - 30%

#3 in petroleum products distribution - 17%

Automotive



Main companies

Ford Otosan* / Tofaş* / Türk Traktör* / Otokar*

International Alliances

Ford Motor Co. / Fiat Auto S.P.A.

Case New Holland

Share in Consolidated Revenues

14%

Share in Operating Profit

11%

Domestic Market Position – Market Share

#1 in total automotive - 30%

#1 in passenger cars - 19%

#1 in commercial vehicles - 51%

#1 in farm tractors - 51%

#1 in automotive retailing

Consumer Durables



Main Companies

Arçelik*

International Alliances

LG Electronics (Arçelik LG)

Share in Consolidated Revenues

14%

Share in Operating Profit

17%

Domestic Market Position – Market Share

#1 in refrigerators, washing machines,

dishwashers and ovens – over 50%

#1 in TVs - 41%

Finance



Main Companies

Yapı Kredi Bankası*

International Alliances

UniCredit

Share in Consolidated Revenues

10%

Share in Operating Profit

37%

Domestic Market Position – Market Share

#4 in total banking assets among private banks

#1 in credit cards - 20% (outstanding volume)

#1 in leasing - 21%

#1 in factoring - 30%

#2 in asset management - 18%

Others

Main Companies

Tat Konserve* (Food) / Koçtaş (DIY Retailing) / Marmaris Altinyunus* (Tourism) / Koç Sistem (IT)

Share in Consolidated Revenues : 5%

Share in Operating Profit : 4%

* Listed companies



Koç Holding in the Energy Sector



Vision & Strategies

- Maximize efficiency and increase profitability through
 - new investments in existing business units such as residuum upgrade project
 - new technology, product and service offerings
 - operational efficiencies and profit enhancement programs
 - optimization of product mix and refinery capacity utilization
 - potential new investments opportunities in different fields including electricity generation and renewable energy
- Exploit synergies between businesses



Energy Companies – Competitive Advantages



- Turkey's sole refiner and largest industrial company
- 4 refineries (İzmit, İzmir, Kırıkkale, Batman)
- Supplying 70% of the total domestic demand
- 8th largest in Europe with 28 million tons/year total capacity
- The largest in Emerging Europe
- Highest EBIT generation in the last 3 quarters of 2009 among global refineries



- Market leader in Turkey since its establishment in 1961 (30% group market share)
- Europe's 5th largest LPG distributor



- Turkey's fastest growing fuel distribution company
- 3rd in the market with 17% share

Brands and Distribution



- 2,111 cylinder LPG dealers
- 1,180 autogas stations



Total of
1,340 stations

Other Operations



- Power generation company
- 303MW installed capacity
(natural gas combined cycle)



- Mining company, operating iron and coal mines, stone quarries



Koç Holding in the Automotive Sector

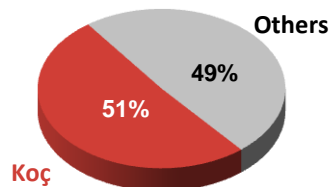


Vision & Strategies

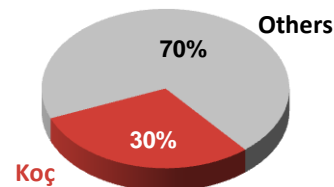
- To become a “Regional Production Base”
- Assume full product development responsibility
- Grow as a multi-brand dealership chain in retailing
- Maximize efficiency through economies of scale and high capacity utilization rate

Leader in Turkey

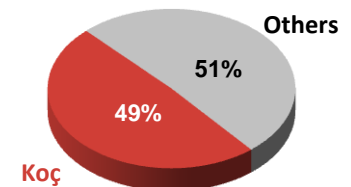
Turkey’s Motor Vehicle Production



Turkey’s Domestic Motor Vehicle Sales



Turkey’s Motor Vehicle Exports





Automotive Companies – Competitive Advantages

FORD OTOSAN

- Turkey's largest manufacturer and exporter of commercial vehicles
- 50-50 JV with Ford
- Turkey's market leader in total automotive
- 7th consecutive year as the best assembly plant in Ford Europe
- 4th consecutive year as the best powerplant manufacturer worldwide



- Passenger car and LCV manufacturer
- 50-50 JV with Fiat
- Domestic market leader in total light vehicle market
- The first Fiat company among 170 companies to reach silver status in WCM with the highest score



TürkTraktör

- Manufacturer of farm tractors
- 50-50 JV with Case New Holland
- Domestic market leader (51% market share)
- 5th largest manufacturer in Europe



Otokar

- Manufacturer of buses, trailers and military vehicles

Otokoç

- Turkey's leading automotive retail chain



Koç Holding in the Consumer Durables Sector



Vision & Strategies

- Grow globally by acquisitions and organic growth
- Leverage technology development capabilities to improve brand positioning
- Improve operational efficiency in domestic and international operations to improve profitability in consumer electronics
- Maintain domestic market leadership
- Increase R&D capabilities, focus on product development

Leading Positions

Over 50% market share
in white goods sales

41% market share in TV
sales



Consumer Durables Companies – Competitive Advantages



- Turkey's market leader
- Domestic network of 3,500 dealers and 600 after sales service stations
- 370 exclusive dealers in 30 countries
- 19.5 million units/year manufacturing capacity in Turkey, Romania, Russia and China
- 3rd largest household appliances company in Europe
- 2nd in European white goods patent application list



- Air-conditioner manufacturer
- 50-50 JV with LG Electronics
- Turkey's market leader

Brands



Turkey's #1 brand (AC Nielsen "Brands 2008" spontaneous recognition)



Among the world's top 10 white goods brand





Koç Holding in the Finance Sector



Vision & Strategies

- Consolidate leadership in credit cards and become leader in consumer finance
- Become leader in Asset Gathering and first choice bank for High Net Worth Individuals
- Selective growth on Commercial and Corporate segments
- Growth in SME through a profitable business model
- Superior risk management techniques



Finance Companies – Competitive Advantages



- Turkey's 4th largest private bank (in terms of total assets)
- 50-50 JV with UniCredit
- ~ 850 Branches
- #1 in credit cards (outstanding volume)
- Leading companies in asset management, insurance, leasing & factoring

WORLD



#1 in Leasing



#1 in Factoring



#2 in Health
Insurance



#2 in Asset
Management



#3 in Pension
Funds





Portfolio Restructuring ahead of the Crisis in line with Changing Economic Dynamics

US\$ 6.6 billion

Acquisitions in
core sectors



US\$ 3.0 billion

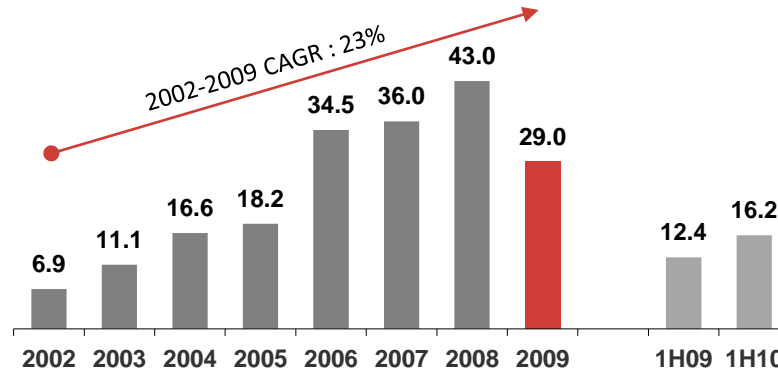
Proceeds through
proactive disposals





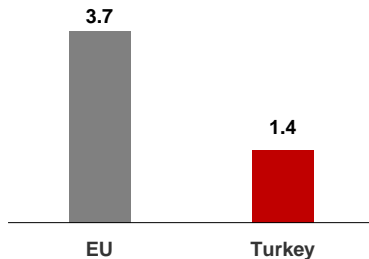
Strongest Beneficiary of the High Growth Environment with Leading Positions in Underpenetrated Markets

Revenues – Consolidated-US\$bn



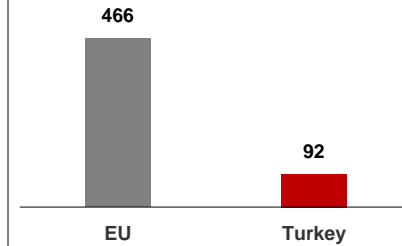
Further strong growth potential due to leading positions in low-penetrated business lines

Per Capita Energy Consumption
Toe



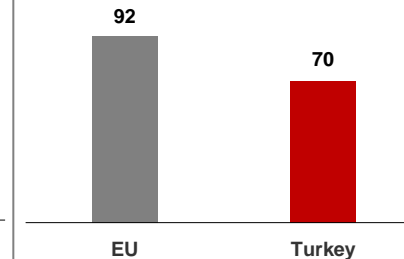
Source : Eurostat - 2007

Car Ownership per '000



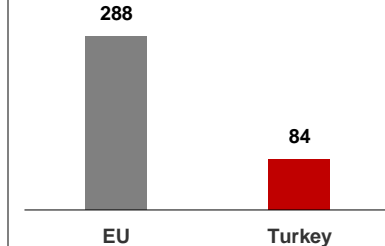
Source : SMMT - 2006

White Goods Penetration %



Source : Euromonitor, Arçelik - 2009

Loans + Deposits / GDP
%

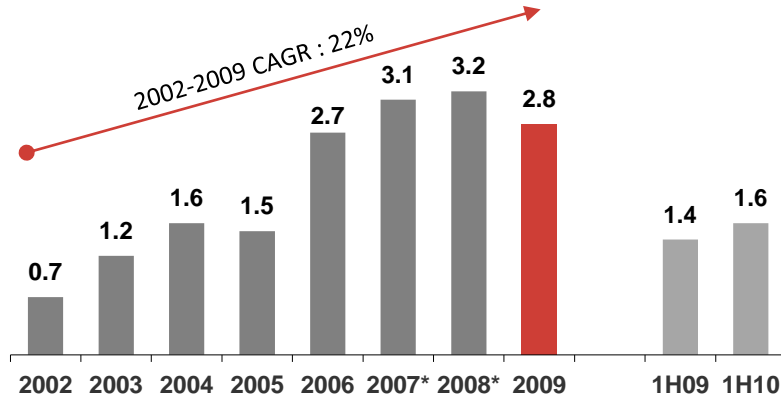


Source : ECB, BRSA - 2008

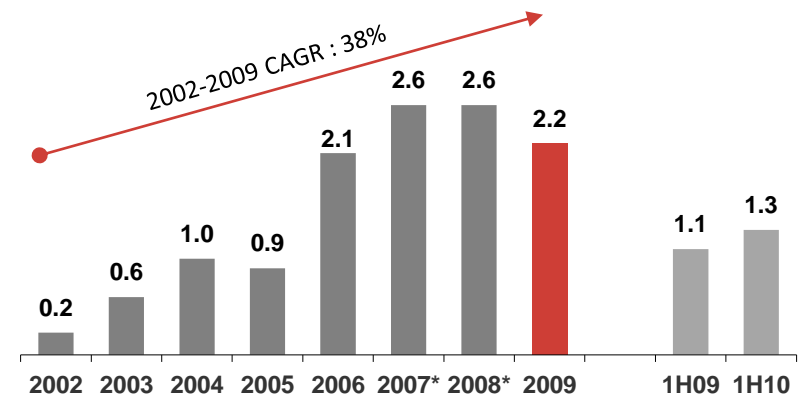


Strong Margins Despite Global Turmoil

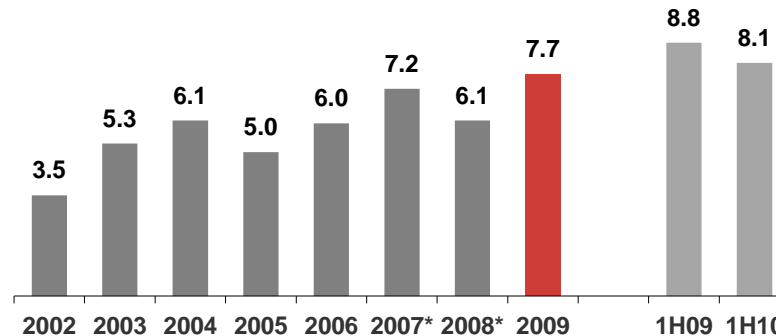
EBITDA – Consolidated-US\$bn



Operating Profit – Consolidated-US\$bn



Operating Margin – %

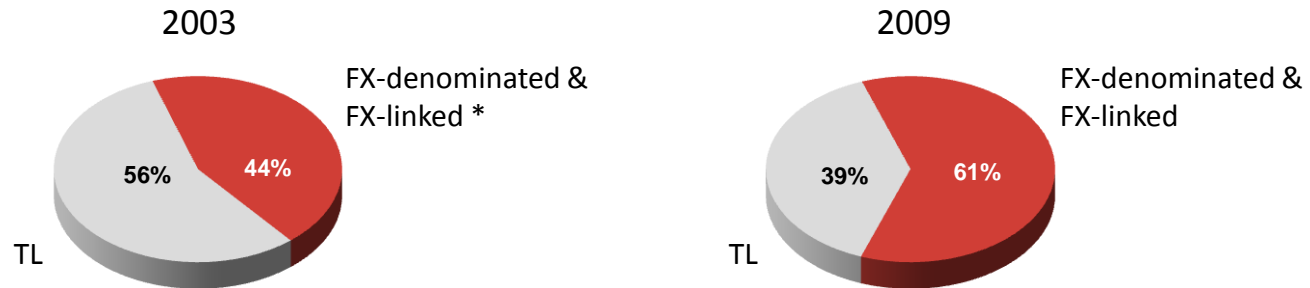


* Normalized: Excluding one-off items



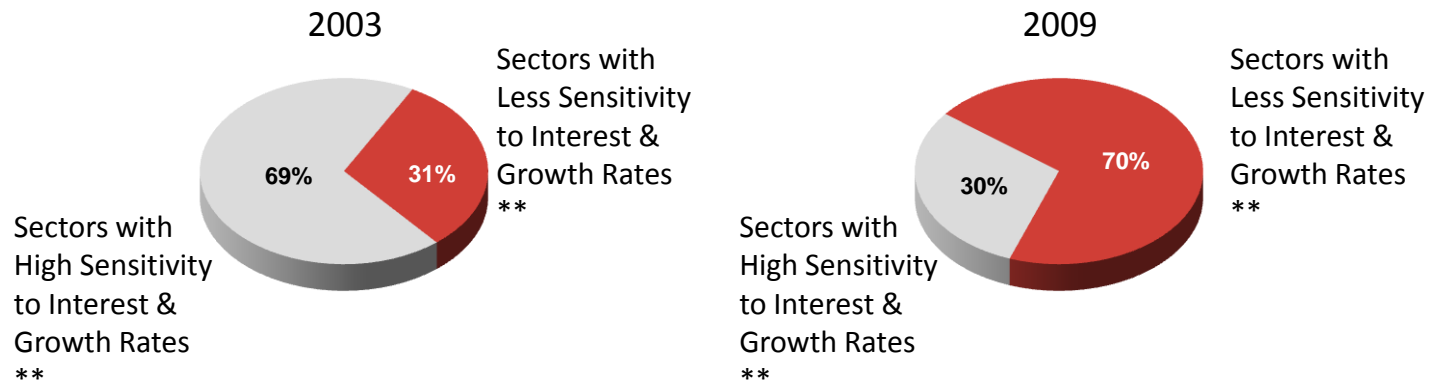
Optimal Portfolio Allocation with High Resilience Against Market Volatility

Revenues – %



* FX-linked revenues: Domestic revenues of the energy segment

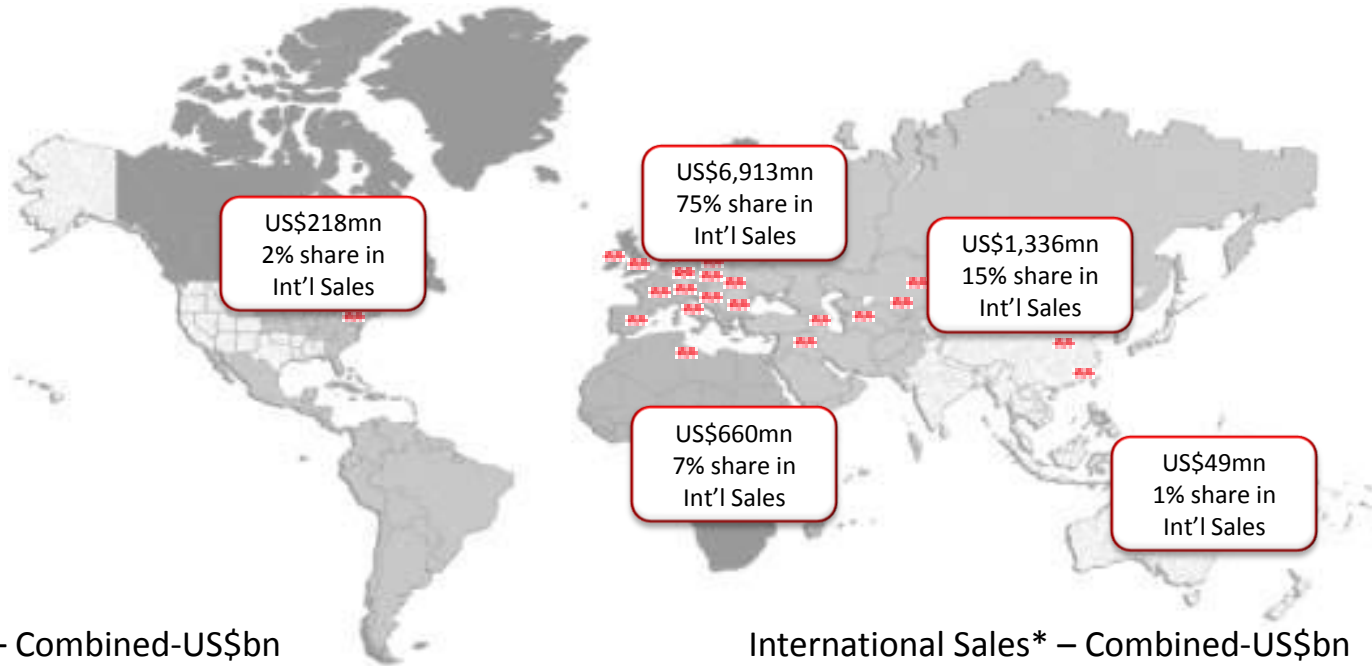
Operating Profit – %



** High Sensitivity to Interest & Growth Rates : Automotive, Consumer Durables
Less Sensitivity to Interest & Growth Rates : Energy, Finance

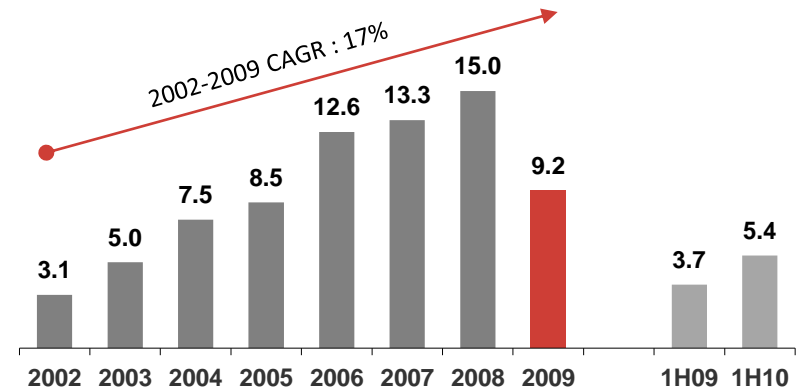
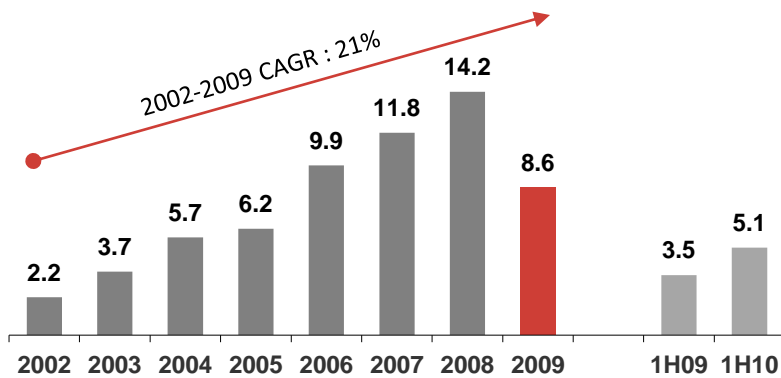


Strong Global Reach



Exports – Combined-US\$bn

International Sales* – Combined-US\$bn





Leader in R&D and Technology Investments

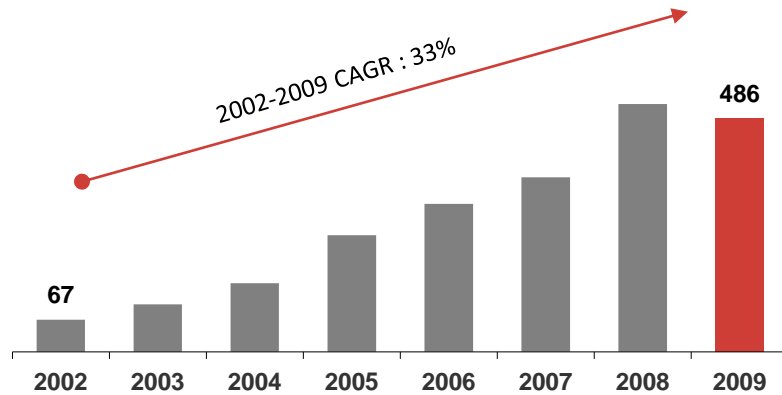
16%

of private sector
R&D investments

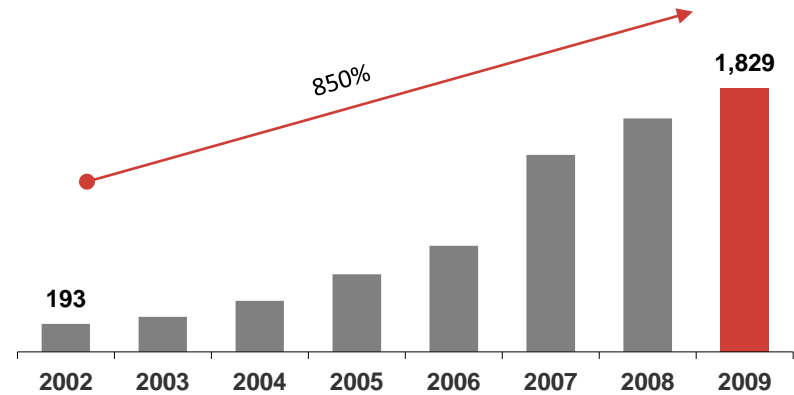
8%

of all patent applications filed
with the Turkish Patent Institute

Koç Group Total R&D Investments – TLmn



Koç Group Companies' Patent Portfolio *



* Cumulative



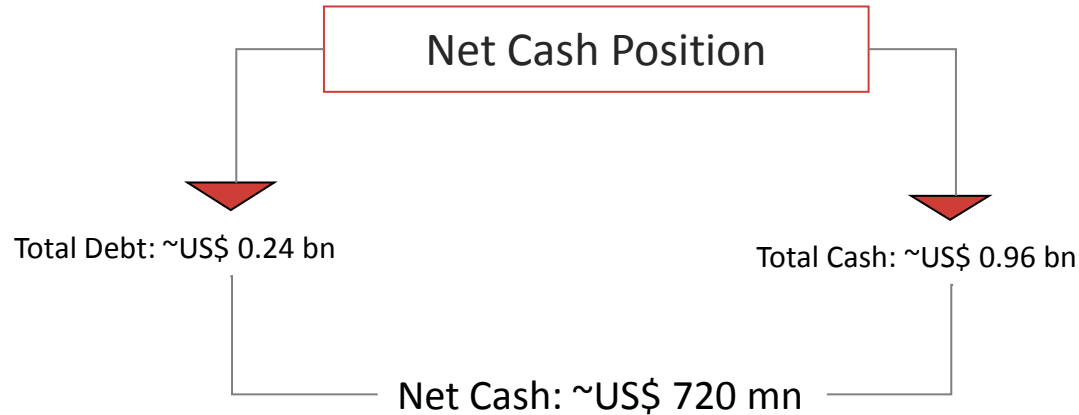
The first Turkish company in EU Industrial R&D Investment Scoreboard
(2009: # 309 among non-EU companies)



Well-Managed Risk & Strong Cash Position

Koç Holding Stand-Alone

30.06.2010



2011-2013 Redemption Schedule

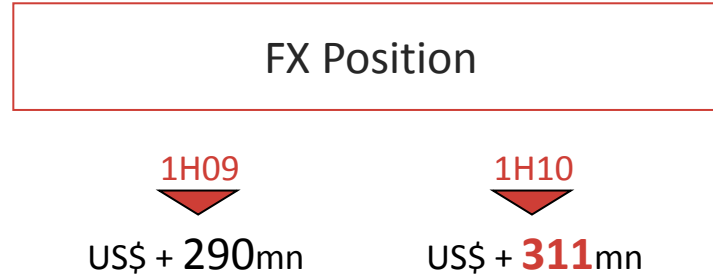
US\$ 225 mn – to be paid in equal annual installments of US\$ 75 mn each January



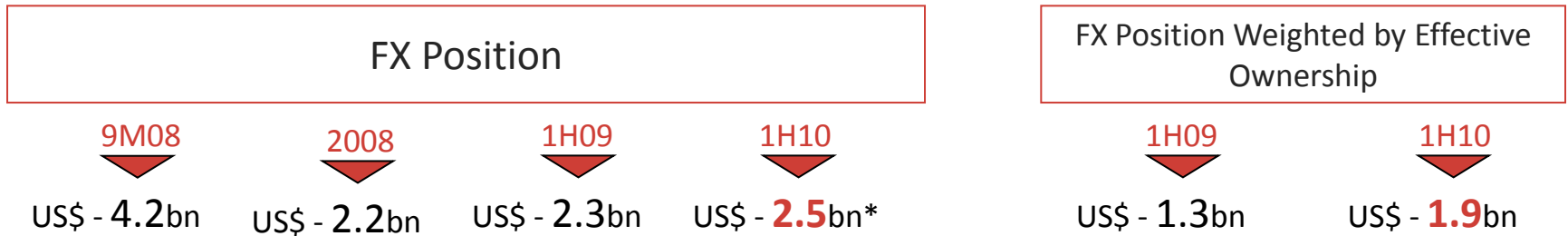


Resilient Against FX Volatility

Koç Holding Stand-Alone



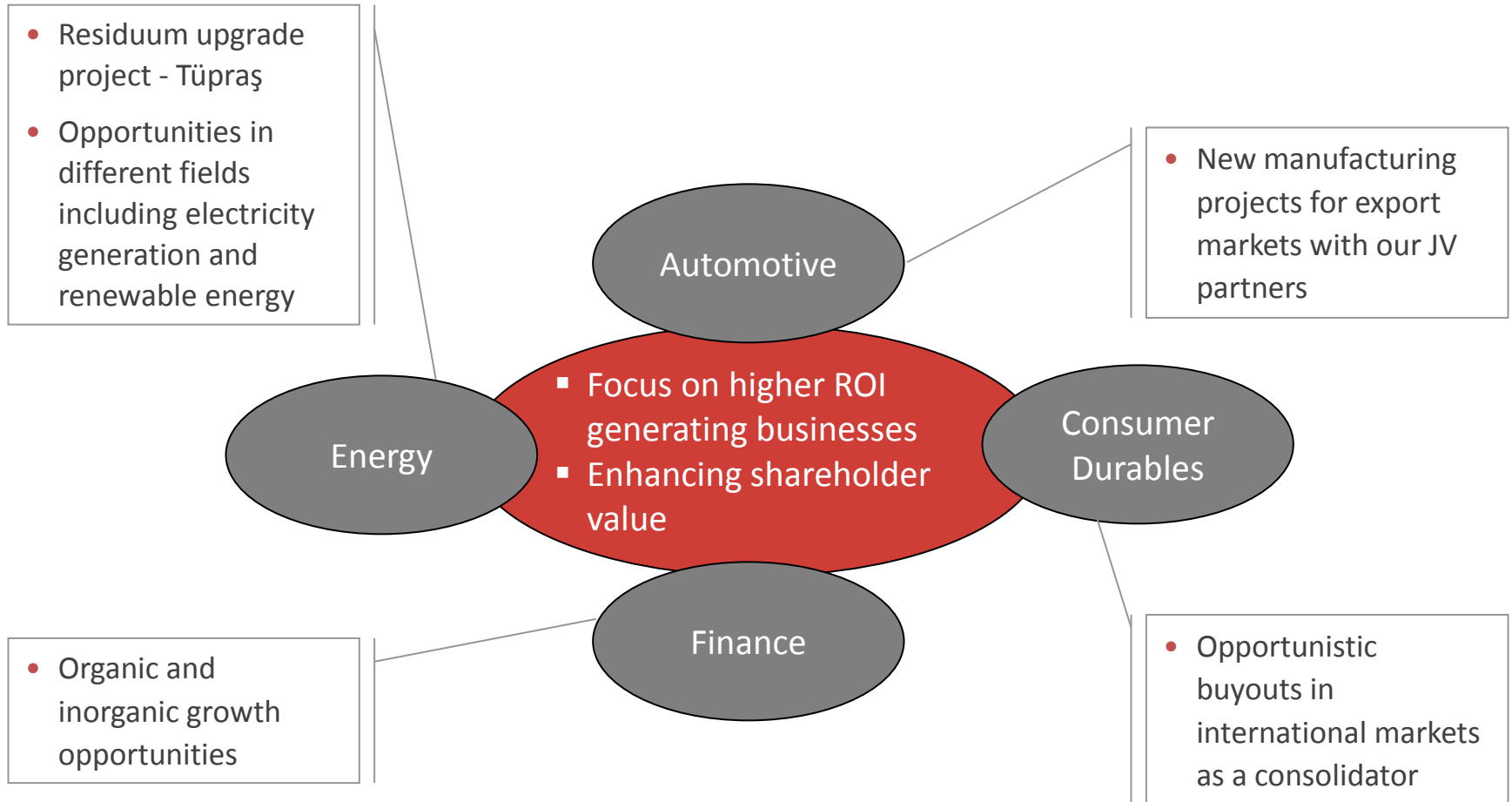
Koç Holding Consolidated



* The natural hedging mechanisms due to FX linked pricing of Tüpraş, Opet & Aygaz inventory and take-or-pay agreements of Tofaş account for ~US\$ 1.5bn.



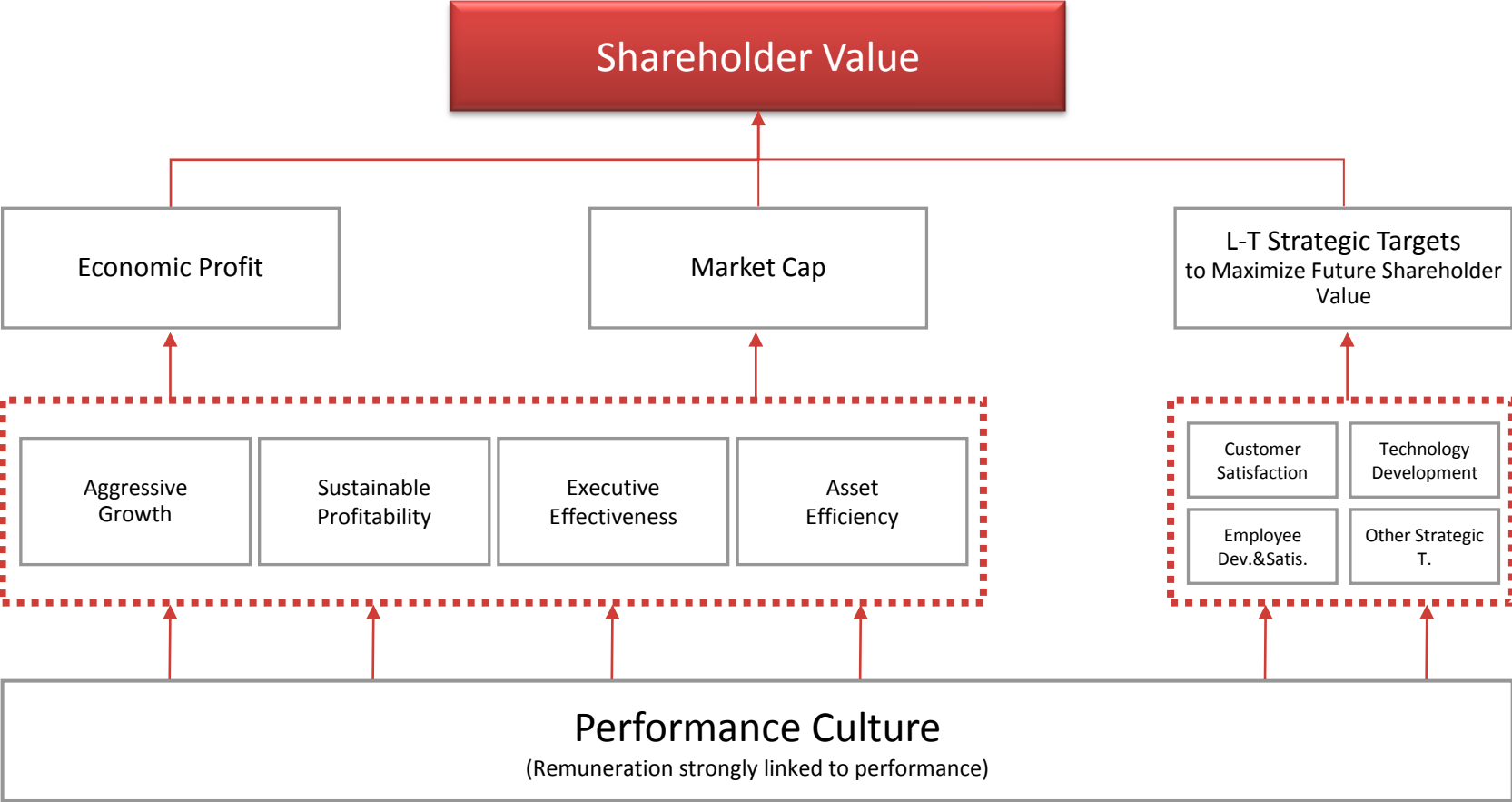
Potential Investment Areas





Main Goal: Maximizing Shareholder Value

One of the few Turkish Companies which Links Executive Compensation to Share Performance





Value Proposition to Investors

- Best proxy to the Turkish Economy

- Strong commitment to Corporate Governance and Corporate Social Responsibility

- Leading positions in core sectors and new investment and M&A opportunities

- Strong top-line growth enabling the benefits of economies of scale

- High resilience against volatility and risks

- Focus on high margin revenue streams and shareholder value

- Superior and sustainable improvement in operational performance



Commitment to Corporate Governance

A Pioneer in Corporate Citizenship

- Voluntary commitment and proactive approach to principles of good corporate governance
- Executive compensation based on economic profit and share performance
- One of the first local companies in Turkey to have independent members on its Board of Directors
- Separate CEO and Chairman roles
- Corporate Governance, Management, Human Resources and Auditing Committees
- Corporate Governance Committee to actively monitor changes in the regulation and ensure adaptation of the highest level of standards
- One of the first Turkish conglomerates to participate in the UN Global Compact

Corporate Social Responsibility



One of the first Turkish companies to sign the UN Global Compact which confirms Koç Group's commitment to Corporate Citizenship



Supporting vocational secondary schools; Project developed to create awareness among public. Koç Holding has pledged to grant 8,000 students scholarships throughout their education, while providing internship opportunities and priority in employment.



FOR MY COUNTRY!

“For My Country” Day; Grassroots initiative organized annually since 2006, to spread social responsibility efforts through the workforce and distribution network.



The Koç Family is awarded Carnegie Medal of Philanthropy in the 40th year of the establishment of the Vehbi Koç Foundation



Corporate Social Responsibility

Contributing to Turkey's Development through Philanthropic Activities



Vehbi Koç Foundation



- Assets: \$1.2 billion

Education



- The Koç Schools
- Koç University (over \$190 Million investment)
- Turkish Education Foundation (TEV)
- TEGV



Health Care



- The American Hospital
- The Semahat Arsel Nursing Education and Research Center

Culture



- Sadberk Hanım Museum
- Rahmi M. Koç Museum İstanbul and Ankara
- Suna-İnan Kiraç Research Center for Mediterranean Civilization
- Vehbi Koç and Ankara Research Center (VEKAM)

Environment



- DenizTemiz/Turmepa (Turkish Marine Environment Protection Association)
- TEMA (Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats)





Appendix



Financial Performance

Revenues



- TL24,596mn (US\$16,219mn)
- 23% YoY increase in TL terms and 31% in US\$ terms

Operating Profit



- TL2,002mn (US\$1,320mn)
- 14% YoY increase in TL terms and 21% in US\$ terms

EBITDA



- TL2,478mn (US\$1,634mn)
- 13% YoY increase in TL terms and 20% in US\$ terms

Profit Before Tax



- TL1,806mn (US\$1,191mn)
- 23% YoY increase in TL terms and 30% in US\$ terms

Net Income



- TL766mn (US\$505mn)
- 15% YoY increase in TL terms and 22% in US\$ terms

Margins



- EBITDA margin was 10.1%
- Operating profit margin was 8.1%



Main Financial Indicators

	€ Mn*	US\$ Mn*	TL Mn	TL Mn	Change	Change
	30.Jun.10	30.Jun.10	30.Jun.10	30.Jun.09	%, TL	%, US\$
Revenues	12,204	16,219	24,596	19,977	▲ 23	▲ 31
Gross Profit	2,085	2,771	4,202	4,244	▼ -1	▲ 5
EBITDA	1,230	1,634	2,478	2,193	▲ 13	▲ 20
Operating Profit	993	1,320	2,002	1,757	▲ 14	▲ 21
FX Gain / (Loss)	-109	-146	-221	-64		
Net Interest Income / (Expense)	-13	-18	-27	-279		
Other Financial Income / (Expense)	25	34	51	58		
Income Before Tax	896	1,191	1,806	1,472	▲ 23	▲ 30
Taxes (net)	176	233	354	240	▲ 48	▲ 56
Net Income before minority interest	720	957	1,452	1,232	▲ 18	▲ 25
Minority Interest	340	452	686	565	▲ 21	▲ 29
Net Income	380	505	766	667	▲ 15	▲ 22
Total Assets	38,602	47,108	74,181	** 66,386	▲ 12	▲ 7
Shareholders' Equity	6,046	7,379	11,619	** 11,170	▲ 4	▼ -1

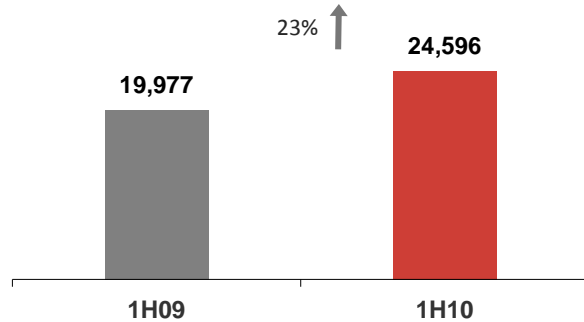
* EUR and USD amounts presented above are translated from TL for convenience purposes only and do not form part of these consolidated financial statements. Balance sheet items have been converted at the official TL exchange rate announced by the Central Bank of Turkey at 30 June 2010 (1.9217 TL=1 EUR and 1.5747 TL =1 USD); income statement items have been converted using the average exchange rate (2.0154 TL=1 EUR and 1.5165 TL=1 USD).

** As of December 31, 2009

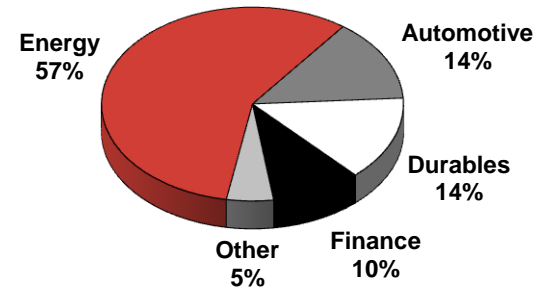


Strong Revenue Growth

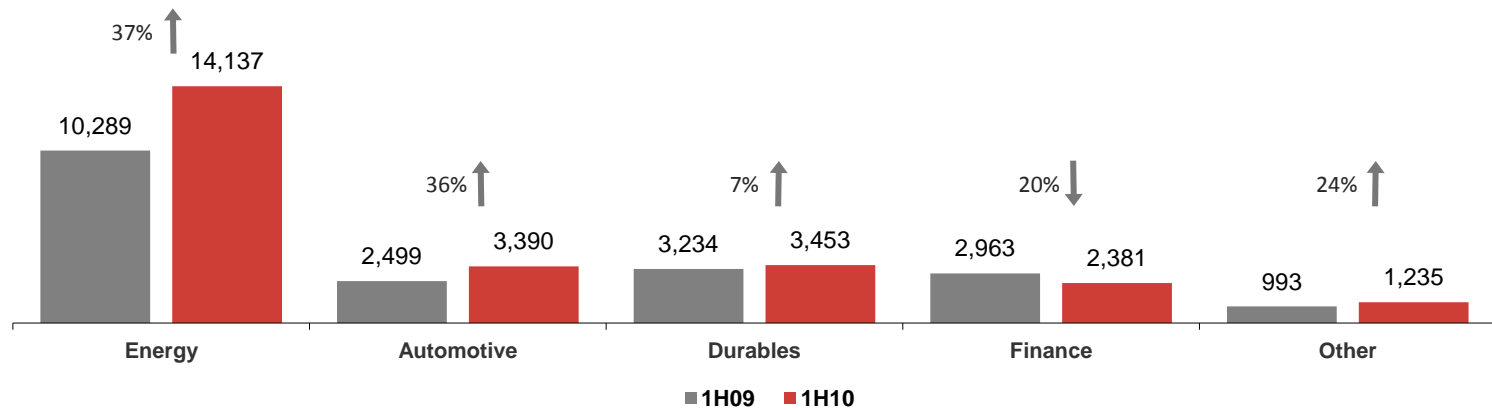
Revenues – TLmn



Share of Segment Revenues – %



Segment Contribution to Revenues – TLmn

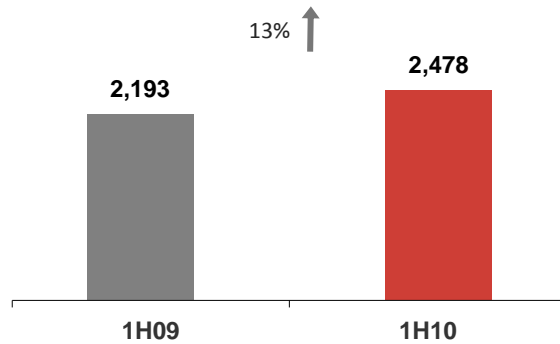




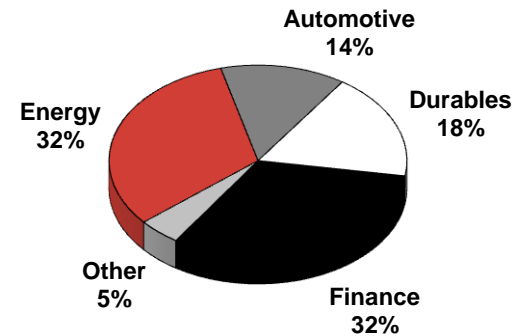
13% Increase in EBITDA

EBITDA TL mn	Energy	Automotive	Consumer Durables	Finance	Other	Consolidated Total
1H10	795	337	446	786	114	2,478

EBITDA – TLmn



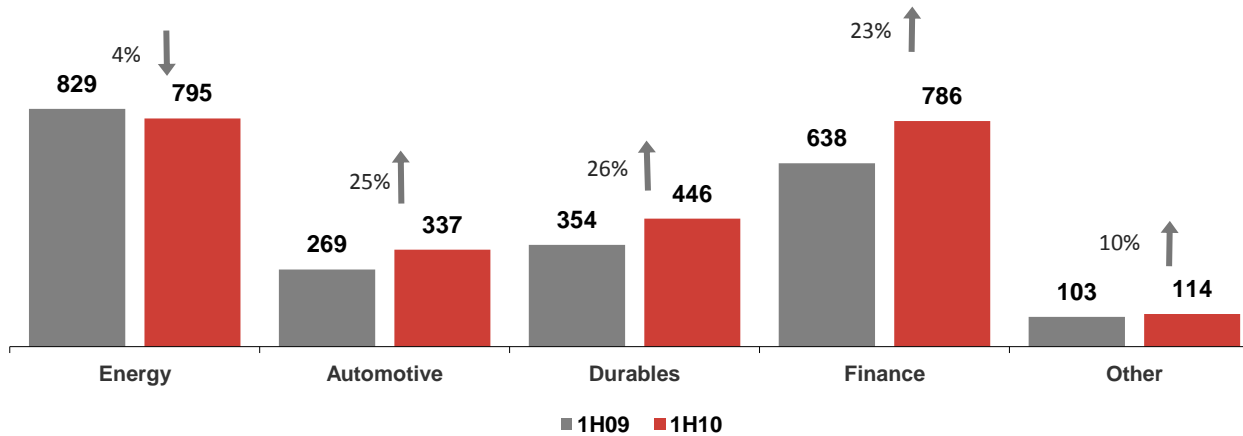
Segmental EBITDA Breakdown – %



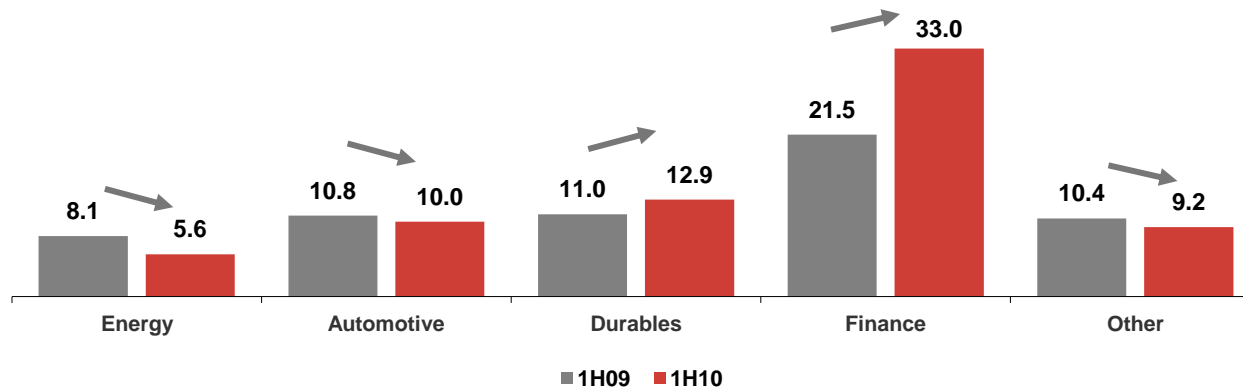


Improved Margins in Consumer Durables & Finance

Segment Contribution to EBITDA – TLmn



EBITDA Margin by Segment – %

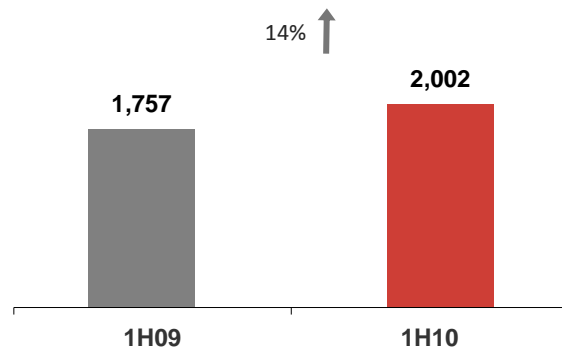




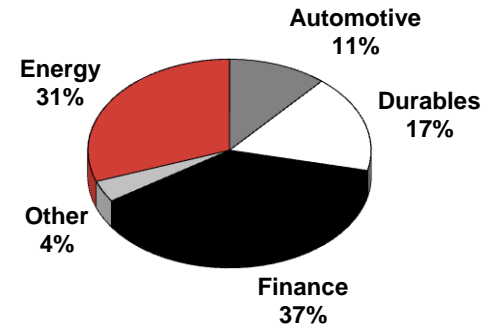
14% Increase in Operating Profit

Operating Profit TL mn	Energy	Automotive	Consumer Durables	Finance	Other	Consolidated Total
1H10	612	226	346	742	76	2,002

Operating Profit – TLmn



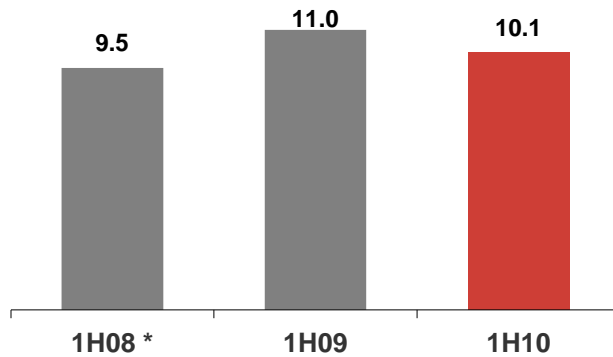
Segmental Operating Profit Breakdown – %



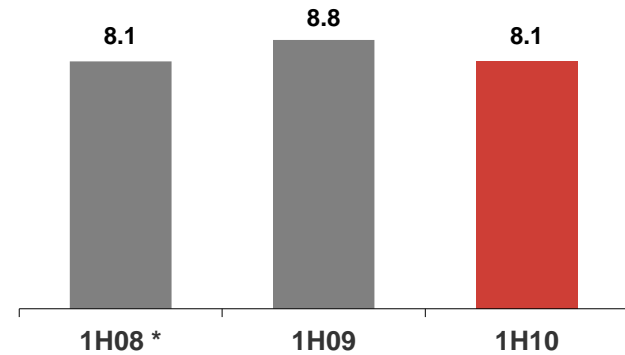


Strong Margins Despite High Revenue Growth

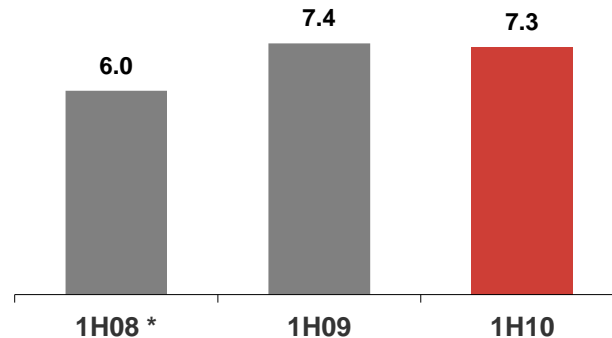
EBITDA Margin – %



Operating Profit Margin – %



Profit Before Tax Margin – %



* Normalized

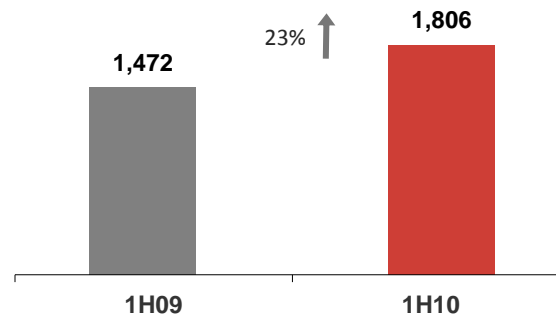


Continuing Improvement in Profit Before Tax

Profit before tax increased by 23% YoY

- Decline in net interest expense from TL279mn in 1H09 to TL27 million in 1H10 due to lower indebtedness and lower interest rates on loans
- TL221mn FX loss in 1H10 vs TL64mn FX loss in 1H09
- Decline in other financial income from TL58mn in 1H09 to TL51 million in 1H10

Profit Before Tax – TLmn





Shareholder Structures as of June 2010

Koç Holding

Koç Family: 69.36%
Free Float: 21.49%
Vehbi Koç Foundation: 7.15%
Koç Pension Fund: 1.99%

Energy

Tüpraş

SPV share: 51.00%
Free float: 49.00%

KH share: 42.67% (*)

SPV

KH share : 75.00%
Aygaz: 20.00%
Opet: 3.00%
Shell: 2.00%

Aygaz

KH share: 40.68%
Other Koç: 10.53%
Liquid Pet. Co.: 24.52%
Free float: 24.27%

Opet

Tüpraş: 40.00%
Other Koç: 10.00%
Öztürk Group: 50.00%

Automotive

Ford Otosan

KH share: 38.46%
Ford: 41.04%
Other Koç: 2.58%
Free float: 17.93%

Tofaş

KH share: 37.59%
Fiat: 37.86%
Other Koç: 0.27%
Free float: 24.29%

Türk Traktör

KH share: 37.72%
Other Koç: 2.09%
CNH NV : 37.50%
Free float: 22.69%

Otokar

KH share: 44.68%
Ünver Hold.: 24.81%
Other Koç: 3.29%
Free float: 27.22%

Consumer Durables

Arçelik

KH share: 40.51%
Other Koç: 16.69%
Burla Group: 19.53%
Free float: 23.26%

Finance

Koç Financial Services

KH share: 37.55%
Other Koç: 12.45%
Bank Austria Creditanstalt: 50.0%

Yapı Kredi Bank

KFS: 81.80%
Free float: 18.20%
KH share: 32.89% (*)

Other

Tat Konserve

KH share: 43.65%
Other Koç: 9.69%
Partner: 5.26%
Free float: 41.41%

(*) Effective stake indirectly through subsidiaries



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Symbol KCHOL

Last	Low	High	Vol TR/mn
5.50	5.30	5.50	2.24

Chg% Vol% Hld% Yld%

0.00	0.00	-0.84	35.57
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