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## **GREAT SUCCESS DESPITE A TOUGH YEAR**

Koç Holding gained 44.8 billion Turkish liras in consolidated sales, with 3.5 billion Turkish liras in operating profits. Hence, Koç Holding's net profits climbed to 1.4 billion Turkish liras as of December 2009.

Regarding expectations for 2010 based on last year's results and the current economic landscape, Dr. Bülent Bulgurlu, the CEO of Koç Holding, said that "The year 2009 was tough for all economies worldwide. For the first time in 60 years, the world economy is envisaged to shrink by one percent. Thanks to the strategy we stuck to and the measures we took, we achieved our targets, despite such a tough year."

### **OUR FINANCIAL STRUCTURE IS ROBUST**

Dr. Bulgurlu stated that Koç Holding had restructured their portfolios, keeping up with ever-changing global dynamics, and emphasized that, in this way, they had maintained a robust financial structure and high liquidity during the economic crisis.

He further explained that they had accomplished high performance rates, thanks to their effective capital management and the measures they had taken.

He also indicated that Koç Holding had succeeded in outperforming many global competitors in terms of both quality and profitability in all of their focused industries.

### **WE HAVE FAITH IN TURKEY'S FUTURE. WE INVESTED 1.7 BILLION TURKISH LIRAS IN 2009. WE ARE GOING TO INVEST 2.2 BILLION IN 2010.**

While looking at the results of 2009 and expectations for 2010, Dr. Bulgurlu said that they believed in and supported the Turkish economy and would continue to invest, even in a crisis environment. He announced that they had invested 1.7 billion Turkish liras in 2009 and planned to invest 2.2 billion Turkish liras in 2010.

### **THANKS TO OUR R&D INVESTMENTS IN 2010, WE WILL CONTRIBUTE EVEN MORE TO TURKEY'S PRODUCTION CAPACITY**

"According to the EU Commission's survey, Koç Holding has been among the top 500 companies in the world that make the largest investments in R&D for four years in a row," declared Dr. Bulgurlu.

He underlined that their targets were to increase their R&D capacity and to develop energy-efficient models, making the best use of design and technology. He also mentioned that in this way they would advance their global competitiveness, consolidating their brands' positions in world markets.

## **BY RECRUITING 2,200 EMPLOYEES IN 2010, WE WILL CONTINUE CONTRIBUTING TO TURKEY'S EMPLOYMENT FIGURES**

Regarding employment policies, Dr. Bulgurlu asserted that they planned to recruit more than 2,200 new employees, raising the total number of employees in the Koç Group companies to 70,725, up from 68,514.

## **WE ARE GROWING IN ALL OF OUR FOCUSED INDUSTRIES**

Dr. Bulgurlu explained that despite the crisis they were persistent in their restructuring of and investments in Tüpraş and had increased the company's profitability as a result of operational improvements and a dynamic sales policy.

Dr. Bulgurlu continued that Koç Holding has invested \$1.2 billion in Tüpraş up to this point, thus making Tüpraş one of the most profitable refineries in the world in the last three quarters of 2009. He also emphasized that Aygaz, another Koç company in the energy industry, was well ahead of competitors with a market share of 30 percent in 2009. Dr. Bulgurlu said:

"Opet, our fuel distribution company, continues to enlarge their market share. In fact, this company still leads the industry according to customer satisfaction surveys.

"Tofaş, one of the leading manufacturers in Turkey's automotive industry, increased their net profits by 105 percent, leading the market in 2009 and recorded the highest increase in profitability among all other FIAT companies throughout the world. Tofaş was recognized as the most successful Fiat Group production hub in 2007 and won the silver award for their "World Class Manufacturing" project in 2009.

"Aiming to raise Turkey's export revenues, Ford Otosan, with exports to more than 60 countries on five continents, became the first Turkish automaker to sell cars to the U.S. and Canada in 2009. As a result of exporting nearly 30,000 Transit Connect vehicles, Ford Otosan realized one-sixth of our total U.S. exports, with this one product. The Ford Transit Connect was awarded the "Truck of the Year" in the U.S. as well as in Europe.

"Yapı Kredi, leading the credit card industry for the past 18 years, continued to hold on to their top position in 2009 by gaining a market share of 20.4 percent based on credit card balances. *Banker* magazine chose Yapı Kredi as the Bank of the Year in 2009 in Turkey. *Global Finance* selected Yapı Kredi as one of the best banks in Europe in two categories: Best Corporate/Institutional Internet Banks and Best Consumer Internet Banks."

Dr. Bulgurlu said that Arçelik's Beko brand had recorded the highest increase in the company's market share in Western Europe, becoming the market leader in the U.K. for refrigerators, freezers and cookers. He also noted that in the upcoming quarters

they would maintain their leadership in Turkey with Arçelik while increasing their shares in European markets – where they envisaged a slow growth – and gaining more market shares in the Asian-Pacific region with their operations in the Middle East, Africa, and China.

**WE IMPROVED OUR PROFITABILITY**

“Our success is best described by these figures: In 2009, we gained 44.8 billion Turkish liras in consolidated sales, with 3.5 billion Turkish liras in operating profits, equating to an annual increase of 3 percent despite challenging market conditions – which excludes the 2008 sales revenues of our subsidiaries. Our previous operating profit margin of 6 percent, again excluding the 2008 subsidiary revenues, increased to 8 percent in 2009. Our gross profits reached to 3.2 Billion Turkish liras and grew by 121 percent over last year’s, except for one-time earnings, while our net profits were 1.4 billion Turkish liras. As a sign of our success, Koç Holding has followed a strong upward trend over the past five years and is now ranked 172 among the Fortune Global 500 companies. When we first appeared on the list in 2004, we were ranked number 389. We are once again honoured to be the only Turkish company on this list,” Dr. Bulgurlu said.

**2010: A PROFITABILITY AND SUSTAINABILITY-ORIENTED GROWTH STRATEGY**

Dr. Bulgurlu remarked that their main target was to maintain and improve the positive results they had achieved and that they were placing greater importance on being efficient, innovative, competitive and profitable in their focused industries. He stressed that in addition to economic performance, they would also carry out social responsibility projects that reach a large populace. Finally, Dr. Bulgurlu indicated that their growth strategies for 2010 would focus on profitability and sustainability, that they would continue creating a difference with their products, corporate culture, management skills, and service standards, with added value to Turkey.

Dr. Bulgurlu summarized Koç Holding’s expectations for 2010:

Total assets	74.5 billion Turkish liras, an increase of 12 percent
Total sales	52.7 billion Turkish liras, an increase of 18 percent
International sales	\$11.8 billion, an increase of 28 percent
Operating profits	4.7 billion Turkish liras, an increase of 34 percent