

**KOÇ HOLDING****KEEPS GROWING THROUGH INVESTMENTS**

Koç Holding increased its total sales revenue by 43 percent reaching 54.93 million Turkish lira in the first nine months of 2011. Operating income rose by 35 percent to 4.37 million Turkish lira with net profits after minority interest rallying 16 percent to 1.65 million Turkish lira. “Global economy is going through a rough patch. We expect to come out of this period stronger as a result of measures taken in addition to our investments and sound balance sheet,” said Turgay Durak, Koç Holding CEO.

Assessing Koç Holding’s results in the first nine months of 2011, Durak underlined the economy was experiencing a grueling stretch in the last quarter of 2011. “We are clearly in for an extremely tough ride ahead with uncertainty shrouding the European economy and signs of cooling down in economies of developing countries on the one hand and reshaping political structures in the Middle East and North Africa on the other. We need to manage our risks well, focus on long-term and profitable growth strategies, and by analyzing our industries and global competition, stay on top of the opportunities this new cycle may present.”

**“Koç Group forges ahead with investments”**

Durak emphasized that despite hard times, they have maintained their investments across segments of focus without compromising their long-term goals. “We are pursuing investment opportunities that will add value to the Turkish economy enabling our company to achieve recognition in global markets. We do not shy away from large scale investments and do borrow money if required, as we have great faith in the potential of our country. Last month, we borrowed \$2.1 billion for a Tüpraş investment worth \$2.4 billion. The loan was obtained with favorable terms and the participation of over 10 financial institutions, exemplifying the confidence devoted to Koç Group and the Turkish economy during such trying times,” Durak said. He also noted in addition to making good use of opportunities to grow in current business lines,

Koç Group was also looking for new investment opportunities to differentiate themselves.

**“Long-term potential is promising despite a cool down in the short-term.”**

Durak announced that 2011 was a record-breaking year for the automotive industry and that Koç Group’s investments in this field would speed up in the last quarter. He stated their intention to mitigate geographical risks by diversifying the countries they export to, clarifying that capacity utilization rates in the automotive industry were nearing 90 percent. We believe the industry will accelerate in the second half of 2012 despite a possible slowdown in the first half, adding that vehicle ownership rates in Turkey were still very low and they expected the industry to continue growing in an environment of consistent economic expansion.

**“Our objective is to invent global brands”**

Our goal is to create strong brands in the industries we focus on, not only in Turkey but throughout the world, emphasized Durak, recalling that Arçelik manufactured durable consumer goods in Romania, Russia, China, South Africa and Turkey with exports exceeding 100 countries. “Arçelik’s overseas sales rose by 21 percent compared to the same period of last year. The increase was aided with the rise in currency rates and came despite shrinkage in the West European market which we predominantly export to. Beko kept its standing becoming one of five brands in the 13 West European countries’ total. We are increasing our export market share and making investments to strengthen our brand image putting emphasis on product diversity, quality of service and energy efficiency,” he said.

**“We will continue to expand our distribution channels and provide jobs”**

Banking is one of the paramount industries for us, underlined Durak, adding that Yapı Kredi would open 300 new branches in the next five years, creating between 1,500 and 2,000 new jobs. Durak confirmed their support of the Turkish economy through large-scale investments and by way of loans. “We

attach particular importance to supporting SMEs, which we regard as the building block of the economy, Yapı Kredi doubled the industry average of SME loans as of September 2011," he stressed.

**"We consistently create new jobs"**

Koç Group consistently created new jobs in spite challenging global markets and current business cycle's, stated Durak; highlighting how employment numbers boosted to 80,859 as of September 2011, an improvement from 73,063 at the end of 2010. The number of new jobs created in the last three months reached 1,515, totaling 7,796 since the end of 2010, said Durak emphasizing that, before year-end, they had more than doubled their target of 3,300 additional jobs for 2011.

**"We are placing great importance on R&D investments to bolster our competitive advantage"**

Being an innovative market leader and making R&D investments played a crucial role in Koç Group's 85-year-old success story, said Durak. He announced that there were four Turkish companies, with three of them from the Koç Group, in the European Commission's R&D giants report. Koç Holding rated 562nd, Tofaş 939th and Ford Otosan 1,232nd among the companies with the highest R&D spending, stated Durak.

**"We will continue our support for the earthquake zone."**

Durak explained following the devastating earthquake in Van, search and rescue teams from Koç Group companies extended their support for the region immediately determining their needs and initiating action to provide assistance. "In the first stage, a large number of tents, bottled gas containers in various sizes and food were distributed in the region. Heaters, catalytic heaters and stoves for the tents and lighting devices, generators and other related equipment compatible with LPG followed. At present, we are continuing provision of bottled gas for the heaters and fuel for the generators. Donations

from our company alongwith countless trailer trucks and trucks with emergency supplies, prepared by our employees, were sent to the earthquake area,” said Durak. He concluded, “Koç Group and 80,000 employees working in the group were mobilized. Our assistance to the area will continue in these increasingly hard winter conditions.”