

March 22, 2018

KOÇ HOLDING HOLDS ITS 54th ANNUAL GENERAL MEETING

THE FIFTY-FOURTH ANNUAL GENERAL MEETING OF KOÇ HOLDING WAS ATTENDED BY MEMBERS OF THE KOÇ FAMILY, KOÇ HOLDING MANAGERS AND SHAREHOLDERS ON THURSDAY, 22 MARCH AT CORPORATE HEADQUARTERS IN NAKKAŞTEPE. DURING THE MEETING, THE BOARD PRESENTED ITS REPORT AND THE 2017 KOÇ HOLDING ANNUAL REPORT WAS HANDED OUT TO THE ASSEMBLY.

Rahmi M. Koç: “We approach the future with an unchanged resolve, sense of responsibility and belief in the extraordinary potential of our country and our staff, so that we may successfully steer our Group to new generations.”

Expressing the Koç Group’s justifiable pride in concluding a highly successful 2017, a year marked by easing turbulence, and which ushered in many new variables, Koç Holding Honorary Chairman Rahmi M. Koç assessed global and domestic events in his Annual Report message. Attributing the improvement in production, revenue and profitability to the recovery in markets both domestic and European – the Group’s traditional export destination – Mr Koç added: “Our efforts to grow revenue in the domestic and international markets proceed unchanged. As a result of combined investments in excess of TL 34 billion undertaken in the last five years, we have enhanced our production and services whilst at the same time striving to raise our competitiveness, quality and technology. Our successful financial results are directly attributable to these efforts. Our traditional principles and attitude have bolstered the increase in our business volume, efficiency, technology and quality standards; in the meanwhile, we evaluate new opportunities thoroughly in order to sustain our growth. We approach the future with an unchanged resolve, sense of responsibility and belief in the extraordinary potential of our country and our staff, so that we may successfully steer our Group to new generations.”

Ömer M. Koç: “It is imperative in this global picture that our country transition to a high added value creation manufacturing structure as well as laying the groundwork for sustained competitiveness in the new digital age.”

Pointing to the numerous recent political, economic, technological and social developments with the potential to shape our future in his assessment of the Annual Report, Koç Group Chairman Ömer M. Koç commented: “On the one hand, positive global economic developments boost growth, whilst on the other, increasing global inequality, especially in developed countries, intensifies polarisation within and between countries. Inequality in this context refers not only to income but also to levels of access to affordable and high quality education, technology and health services. In view of the significant changes in the structure of employment and workforce that the new digital age is expected to usher in, these developments are highly likely to carry on in the coming period and consequently predicate a growing need for a more innovative, inclusive and collaborative growth model. It is imperative in this global picture that our country transition to a high added value creation manufacturing structure as well as laying the groundwork for sustained competitiveness in the new digital age. The establishment of a climate that fosters science, technology and innovation therefore

becomes essential. The three most important factors here are high quality education, resources for science and freedom of thought.”

Ömer M. Koç: “Our present position corroborates the strength of our common values and solidarity.”

Emphasising the importance of the Koç Group’s social responsibility projects in helping the nation adopt day’s new values, Ömer M. Koç said: “I subscribe to the view that we are increasingly duty bound to serve our country and nation in the fields of science, education, culture and the arts over and above sustaining our unstinting efforts to strengthen Turkish economy. To this end, we have in the past decade implemented countless projects from the arts through to sports, vocational training and gender equality. First, we improved our internal systems and policies, which were subsequently extended to our companies, employees and dealers. We are delighted by the ensuing added value and fortified reputation our Group can justifiably be proud of. The resulting successes evidence that we, together with our employees, customers, dealers, suppliers and all our stakeholders, command a considerable multiplier effect. Our present position corroborates the strength of our common values and solidarity. Unflagging regeneration and our stance as the vanguard of change make the Koç Group the leading force it is today.”

Ömer M. Koç: “Our present endeavours will proceed at full speed so that we may do our part in Turkey’s development in the coming period.”

Highlighting the responsibility of the Koç Group in the advancement of the nation, Ömer M. Koç said: “We continue to develop our human resources and corporate competencies to steer our Group into the future. The value that we generate for our customers, our technological capabilities and our strong brands contribute to the creation of competitive advantage, which remains an indispensable pursuit for the Koç Group. Our present endeavours will proceed at full speed so that we may do our part in Turkey’s development in the coming period.”

Levent Çakıroğlu: “Digital transformation is key amongst our strategic priorities.”

Remarking on the sustained effort of the Koç Group towards its objective of creating long-term value and global vision in his Annual Report message, CEO Levent Çakıroğlu said: “The cornerstones of our strategy are expanding our global presence, increasing our competitiveness, improving our technological and innovative capabilities and creating strong brands. Digital transformation is key amongst our strategic priorities. Together with our colleagues who constitute our most precious capital, we continue to work towards a cultural transformation to meet the requirements of the digital age. We intend, in particular, to make the most effective use of technologies such as data analytics, artificial intelligence, Industry 4.0 and the Internet of Things.”

Levent Çakıroğlu: “Our foreign earnings totalled US\$17.9 billion, thanks especially to the automotive and the consumer durables sectors.”

Pointing to the Koç Group’s continued growth on foreign markets in 2017, Levent Çakıroğlu added: “Our combined international earnings totalled US\$17.9 billion, thanks especially to the automotive and the consumer durables sectors. Arçelik has in 2017 completed the acquisition of Dawlance, Pakistan’s biggest white goods manufacturer, and in India signed a joint manufacturing and sales agreement with Voltas, a Tata Group subsidiary. Otokar has in the meanwhile gone into a joint venture to manufacture heavy armoured vehicles in the United

Arab Emirates. Otokoç has partnered with the Avis-Budget Group to acquire the Avis-Budget operation in Greece. I believe these investments will contribute significantly to our global vision and foreign growth objectives.”

New Board of Directors Elected

The members of the Board of Directors, elected at the 54th Annual General Meeting are as follows:

Rahmi M. Koç	Honorary Chairman
Ömer M. Koç	Chairman
Ali Y. Koç	Vice Chairman
Semahat S. Arsel	Member
Caroline N. Koç	Member
İpek Kıracı	Member
Temel K. Atay	Member
Dr. Bülent Bulgurlu	Member
Levent Çakıroğlu	Member
Prof. Dr. John H. McArthur	Member
Prof. Dr. Heinrich V. Pierer	Member
Dr. Kwok King Victor Fung	Member
Kutsan Çelebican	Non-executive Member
Mustafa Kemal Olgaç	Non-executive Member
Jacques Albert Nasser	Non-executive Member
Anne Lauvergeon	Non-executive Member
Ömer Dinçök	Non-executive Member
Emily K. Rafferty	Non-executive Member

The Koç Group and Koç Holding in 2017

The Board of Directors report on 2017 is summarised below:

- Consolidated revenues rose by 34% to TL 217,299 million in 2017.
- Consolidated operating profits rose by 33% to TL 16,187 million. Consolidated net profits rose by 42% to TL 4,909 million.
- The Koç group continued to invest in 2017. With the investment of TL 7.3 billion in 2017, our total investments in the past five years have exceeded TL 34 billion.
- The biggest investment has been made in the automotive sector, followed by energy.
- R&D, innovation, technology and digital transformation maintain their position as the main focus of the Koç Group. The Koç Group investment of TL 1.2 billion in R&D in 2017 constitutes nearly 10% of total private sector investment in R&D in Turkey.
- Foreign earnings grew by 14% on a US dollar basis in 2017, thanks to the solid export performance of our automotive and consumer durable companies; this equates to a 30% share of total consolidated earnings.
- The consolidated turnover of the Koç Group stands at 7% of Turkey’s estimated GDP, and Koç Group exports constitute approximately 10% of Turkey’s total exports.
- Publicly traded Koç Group companies that make up nearly 90% of our net asset value constitute 19% of the total market capitalisation of companies listed on the Istanbul Stock Exchange.