

August 13th, 2020

IN THE FIRST HALF OF THE YEAR, KOÇ HOLDING POSTED 74 BILLION TL IN CONSOLIDATED TURNOVER, AND X BILLION TL IN CONSOLIDATED NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY.

KOÇ HOLDING CEO LEVENT ÇAKIROĞLU:

“AT KOÇ GROUP, WE CONTINUED TO CREATE VALUE THROUGH DILIGENT WORK IN THE FIRST HALF OF THE YEAR MARKED BY THE GLOBAL CORONAVIRUS OUTBREAK. THE SECOND QUARTER WAS AN EXCEPTIONAL PERIOD WHEN WE OBSERVED A SUDDEN HALT AND THEN A SWIFT RECOVERY IN THE ECONOMY. WE MANAGED TO MITIGATE THE ADVERSE EFFECTS OF THE PANDEMIC OWING TO OUR HIGHLY DISCIPLINED MANAGEMENT APPROACH, ROBUST BALANCE SHEET, WELL-BALANCED PORTFOLIO STRUCTURE, DIGITAL CAPABILITIES BUILT UNDER OUR DIGITAL TRANSFORMATION PROGRAM LAUNCHED IN 2016, AGILE MANAGEMENT, STRONG DEALER NETWORK AND EFFICIENT SUPPLY CHAIN MANAGEMENT. AS A RESULT OF THE REBOUND IN CONSUMER DEMAND, TURKEY’S ECONOMY HAS RECOVERED AT A FASTER PACE THAN OUR MAIN EXPORT MARKETS. OWING TO LOW INTEREST RATES AND THE REALIZATION OF DEFERRED DEMAND IN THE SECOND QUARTER, WE HAVE WITNESSED A QUICK RECOVERY IN THE WHITE GOODS AND AUTOMOTIVE INDUSTRIES. IF THE CURRENT TREND CONTINUES WITHOUT INTERRUPTION AND THERE APPEARS NO SECOND WAVE IN THE OUTBREAK, WE EXPECT GROWTH TO CONTINUE IN THE SECOND HALF OF THE YEAR. AT KOÇ GROUP, WE ARE WORKING HARD, COGNIZANT OF OUR RESPONSIBILITY IN ENSURING THAT TURKEY GOES THROUGH THE PANDEMIC WITH MINIMUM DAMAGE AND RESUMES ECONOMIC GROWTH.”

In the first half of 2020, Koç Holding posted total consolidated revenues of 74 billion TL and consolidated net profit attributable to the parent company of 4.4 billion TL. Koç Holding CEO Levent Çakıroğlu assessed the financial results of the first half as follows: “We achieved favorable economic results in the first half of the year thanks to our well-balanced portfolio structure, robust balance sheet, highly disciplined management approach, digital capabilities, agile management, strong dealer network and efficient supply chain management. We were able to mitigate the adverse economic impact of this period, which presented a serious economic challenge for the entire world and Turkey. Our group companies rapidly adopted the necessary measures so as to limit the effects of the outbreak. In line with the decision that we had reached in the first days of the pandemic, we ensured that our associates did not lose their jobs or income. We have also learned much during this process, as we had to quickly adapt to new work models. Following the pandemic, we have maintained remote work for at least one day a week at Koç Group. We have also continued the production of ventilators, intubation booths and face shields to meet the demand, following the initiatives launched by Arçelik, Ford Otosan, Tofaş and TürkTraktör. We have completed manufacturing 5 thousand domestic mechanical ventilators designed by Biosys under the guidance of the Ministry of Industry and Technology and the leadership of the Ministry of Health, and mass produced by Arçelik in collaboration with Aselsan and Baykar. We have not only met the domestic demand, but also exported 2,607 out of these 5 thousand devices to Afghanistan, Azerbaijan,

Bangladesh, United Arab Emirates, Brazil, Chad, Dagestan, Ecuador, Kazakhstan, Kyrgyzstan, Colombia, Libya, Niger, Nigeria, Uzbekistan, Romania, Somalia and Syria.”

Levent Çakıroğlu: “The rebound in consumption had a favorable impact on the white goods and automotive industries.”

Levent Çakıroğlu indicated that the domestic demand enfeebled by the pandemic recovered swiftly in June, and when coupled with the significant drop in interest rates, it had a positive effect on the white goods and automotive industries: “Arçelik managed to increase its domestic sales in this period as a result of its effective multi-channel strategy and agile production model, thereby limiting the losses arising from the contraction of its export volume and pandemic-induced recession in the other countries where it has manufacturing facilities. As for the automotive industry, the strong domestic demand for commercial vehicles due to the surge in e-commerce during the pandemic, and the rapid recovery in export markets had a positive impact on Ford Otosan's performance. Having successfully managed the pandemic process and planned an overall investment of 150 million Euros for 2020, Tofaş has also initiated numerous projects to protect the health of the society and its customers, and posted successful operational figures. Fiat closed the first half of the year as the leading brand, and Fiat Egea -designed by Tofaş- remained Turkey's best-selling car. Otokar continued to boost its exports with modern public transport vehicles highly appreciated for their design, ergonomics, and technology. In addition, Otokar reached one of the biggest export deals of 2020 with Georgia.

The driving force of the Turkish energy industry, Tüpraş continued to meet the domestic energy demand with success during the pandemic. Likewise, Aygaz's uninterrupted home delivery service had a positive impact on bottled gas sales. Yapı Kredi continued to support the Turkish economy through retail and commercial loans so as to alleviate the unfavorable impact of the outbreak. In the first half, the bank expanded its cash and non-cash loans by 9 percent, thus increasing the funds it provides to the Turkish economy to the order of 349 billion TL. Yapı Kredi displayed a strong performance in the first half of the year, as interest rates fell in both mortgage and vehicle loans, and Credit Guarantee Fund-backed loans extended to commercial enterprises stimulated the market. Increasing its cash loan volume to 254.7 billion TL in a 11 percent rise since the beginning of the year, Yapı Kredi brought up its share of the loan market among private banks to 16 percent.”

Levent Çakıroğlu: “We provide strong support to the agricultural sector.”

Stating that the strategic importance of agriculture became evident once again during the epidemic, Levent Çakıroğlu indicated, "As the leading manufacturer in the sector, TürkTraktör boosted its production by 23 percent year-over-year, despite the interruption during the epidemic. According to the figures of the first 6 months, TürkTraktör carried out 71 percent of the overall tractor production in Turkey, in a clear indication of the strong support we lend to the agricultural sector". Levent Çakıroğlu also underlined the successful performance by Tat Gıda, stating, "Tat Gıda has focused in recent years on topics such as digital agriculture, quality and efficiency, successfully meeting increasing customer demand with its world-class production infrastructure, and maintaining a pioneering role in its business line."

Levent akirođlu: “The new capabilities we acquired through cultural transformation offer us strength and agility in managing our businesses.”

Levent akirođlu emphasized that Ko Group's Digital Transformation Program, launched back in 2016, started to yield concrete results during the pandemic: “While initiating the program, our objective was to achieve not only digital and technological transformation, but also the cultural transformation required to build an innovative, collaborative, customer-centric and more agile corporate structure. We attach much importance to this cultural transformation journey, which granted us new capabilities offering us strength and agility to manage our business during the pandemic. As a result of the said transformation, our companies dedicated their resources to the production of medical equipment in the beginning of the quarantine, production and all other operations were successfully recommenced under the pandemic, some operations continued without any interruption, and new products and solutions suited to the requirements of this period were swiftly devised. Since our technological infrastructure was ready, the office employees in our companies smoothly shifted to working from home. For instance, all of our nearly 1400 associates working at Yapı Kredi’s call centers in 3 provinces successfully began offering services to our customers from home. These important achievements, which center on human life and require entrepreneurship, flexibility and agility, motivate us to accomplish more in terms of cultural transformation.”