

February 15, 2019

**KOÇ HOLDING POSTS TRY 143.2 BN CONSOLIDATED TURNOVER AND TRY 5.5 BN NET PROFIT FOR PARENT COMPANY IN 2018****KOÇ HOLDING CEO LEVENT ÇAKIROĞLU:**

**“IN 2018, WE IMPROVED THE VALUE OF OUR BRANDS AND OUR TECHNOLOGICAL EDGE IN ADDITION TO ENHANCING OUR DOMESTIC AND INTERNATIONAL COMPETITIVENESS. WITH 9 BILLION TURKISH LIRA COMBINED INVESTMENTS IN 2018, OUR TOTAL INVESTMENTS IN THE LAST FIVE YEARS REACHED 37 BILLION TURKISH LIRA. AS WE FURTHER IMPROVE OUR AGILITY, EFFICIENCY AND COMPETITIVENESS THROUGH OUR DIGITAL TRANSFORMATION PROGRAM, WE ALSO CONTINUE TO PIONEER THE DIGITAL TRANSFORMATION OF OUR COUNTRY. WE WILL REMAIN COMMITTED TO THE DEVELOPMENT OF OUR COUNTRY, IN LINE WITH OUR LONG-TERM VALUE CREATION OBJECTIVE AND GLOBAL VISION.”**

In 2018, Koç Holding generated consolidated revenues of TRY 143.2 billion and a net profit of TRY 4.5 billion attributable to the parent company. During his assessment of Koç Holding’s financial results in 2018, Koç Holding CEO Levent Çakiroğlu pointed out that 2018 was a year of many challenges on a global scale due to economic and political uncertainties. Mr. Çakiroğlu said, “Due to volatile markets in 2018, we have attached more importance to liquidity and liability management than ever before, in addition to our growth, profitability and productivity targets. Our balanced portfolio structure, strong export performance, effective balance sheet and risk management approach were positively reflected in our financial results. We are pleased to have completed 2018 maintaining our robust balance sheet structure.”

**Levent Çakiroğlu: “We did not cease investments.”**

Stating that the Koç Group has always followed the motto “I live and prosper with my country” in its investment endeavors, Mr. Çakiroğlu said, “Our total investments in the last five years reached 37 billion Turkish lira with a combined investment of 9 billion Turkish lira in 2018. We enhanced our domestic and international competitiveness by undertaking approximately 11 percent of Turkey’s private sector R&D spending. We increased the value of our brands and our technological strength, and have developed various innovative products and services.” Mr. Çakiroğlu continued, “During the year, we increased the capital of **Yapı Kredi Bank** to 4.1 billion Turkish lira, successfully completing one of the largest capital increases undertaken in the last 10 years in Turkey. In January 2019, Yapı Kredi Bank floated a \$650 million bond issue in international markets as a form of supplementary equity finance. In addition, our energy generation company **Entek** won the tender for the privatization of Menzelet and Kılavuzlu hydroelectric power plants with the highest bid of 1.3 billion Turkish lira in September 2017. After the completion of official procedures, the company took over the power plants and started operating them in March 2018. These developments are concrete indicators of the trust that we and international investors show in our country.”

**Levent Çakiroğlu: “We have strengthened our position in the sectors in which we operate.”**

Drawing attention to the successful performance of the Koç Group Companies despite the challenging market conditions, Mr. Çakiroğlu remarked, “**Tüpraş** continued to support its production with the help of its strong balance sheet and effective financial risk management policies in 2018, and successfully fulfilled the responsibility of supplying our country’s fuel needs. **Aygaz** maintained its market leadership thanks to its effective dealer and distribution network, selling a total of 2 million tons of LPG. **Opet**

increased its number of stations to 1,615, and with the aim of creating even more value for its customers, the company began to transform its Fullmarket convenience stores at the stations into Ultramarkets, which offer more than 1,000 products in 10 categories.”

**Levent Çakıroğlu: “We continue to strengthen our presence on a global scale with our investments as well as our portfolio of products and services.”**

Mr. Çakıroğlu emphasized that they continued to contribute to the country’s economy with their successful performance in the exports in 2018 and added, “ **Ford Otosan** increased its export volume by 11 percent, holding on to its title as Turkey’s export champion for the fourth consecutive year. This year, the company received the Truck of the Year award with its F-Max truck. **Tofaş**, on the other hand, exported 243,000 vehicles to multiple countries in 2018, accounting for 18 percent of Turkey’s automotive exports. The company generated \$3 billion in export revenues and contributed to the national economy with its \$1.28 billion foreign trade surplus. The best-selling car in our country since its launch, Fiat Egea continued to be the most popular car in 2018, upholding this tradition. **TürkTraktör** increased its exports by 21 percent, accounting for 91 percent of Turkey’s tractor exports. The company exported its first domestic Tier 4-engine tractors to America and Europe. In 2018, **Otokar** focused on international markets in the fields of commercial and military vehicles and doubled its export turnover thanks to the contribution of its subsidiaries and affiliates. The company increased the share of exports in its turnover to 65 percent. **Otokoç Automotive** increased its international revenues by acquiring a car rental company in Greece, which is its largest international investment, a joint undertaking with the Avis Budget Group. The company’s international operations accounted for 50 percent of its pre-tax profits in 2018. Continuing to grow its market share thanks to its competitive products and strong brands in the international markets, **Arçelik** not only strengthened its global position in 2018 but also laid the foundations of the refrigerator plant in India, which is an important pillar of its international growth strategy. The company also completed its washing machine plant in Romania, its first production facility with Industry 4.0 standards. In line with all these developments, Koç Holding’s combined international revenues reached \$20 billion. We continue to strengthen our presence on a global scale with our investments as well as the products and services we offer.”

**Levent Çakıroğlu: “We are leading the digital transformation of our country.”**

Mr. Çakıroğlu emphasized that 2018 was an important year in terms of the Digital Transformation Program which has been implemented throughout the Koç Group and continued, “As we always stress, we not only do our best to manage short-term fluctuations as a group but also invest in technology, our human resources and innovation in line with our long-term objectives. In this context, we established **KoçDigital** last year, which is our new technology company within KoçSistem. This company implemented applications that make a difference in advanced data analytics and the Internet of Things. With our Digital Transformation Program, we further improve our agility, efficiency and competitive strength, leading the digital transformation of our country. We are proud that our efforts have recently been crowned with awards given by the International Data Corporation, a respected and pioneering organization in the field. Koç Group companies received 13 of the 26 prizes given under the IDC Turkey Digital Transformation Awards program, and Koç Holding received the Digital Transformation Leader of Turkey award.”