

**KOÇ HOLDING HELD ITS 55TH ORDINARY GENERAL SHAREHOLDERS' MEETING**

**Koç Group held its 55th Ordinary General Shareholders Meeting on Thursday, March 21 at the holding center at Nakkaştepe with attendance from the Koç Family and senior management and shareholders of Koç Group. The 2018 Annual Report and Board of Director's Report were shared with the participants.**

**Rahmi M. Koç remarked: "Koç Group achieved a successful performance in the tumultuous year of 2018."**

As Honorary Chairman of Koç Group Rahmi M. Koç highlighted, domestic and global influences caused the Turkish economy to experience a great disparity between the two periods of 2018. Rahmi M. Koç also stated: "Growth reached 6.2 percent in the first half of the year thanks to strong domestic demand, a surge in export volume, and public consumption and investment expenditures. However, the economy experienced a sharp decline in the second half of the year. Companies' balance sheets were adversely affected by the instability engulfing financial markets in August and the resulting cash shortage. The soaring exchange rates exacerbated the impact on companies' balance sheets, as some companies are burdened with substantial debts mostly in foreign currencies. Although the government precautions alleviated some of the economic issues, the growth generated in 2018 hit nearly the lowest point since 2009." He also added: "The Koç Group performed successfully in the turbulent period of 2018 thanks to our 90 years of experience and robust infrastructure. We preserved our financial structure through our diversified portfolio, foreign currency earning activities, meticulous risk policies and efficient management. We have always believed in our country's potential to become a pioneering economy in the world. As such, we continued making investments in this period that were in line with our long-term vision. Our combined investments have reached 37 billion Turkish lira in the last five years. Our bank's capital rose to 4.1 billion Turkish lira, marking one of the highest capital increases of the last decade. Koç Group strives to expand its business volume in every field it operates. It also aims to increase efficiency and raise its technological and quality standards to the most competitive levels. In line with our aim of profitable and sustainable growth, we meticulously assess the new opportunities outside of our existing businesses and further increase the value we generate."

**Ömer M. Koç: “It is imperative our country adopts a production mechanism that yields high added value. This will create an environment that will give us a competitive edge in this digital age.”**

In his statement in the Annual Report, Chairman of Koç Holding Ömer M. Koç emphasized the major transformation the world is experiencing. He added: “Digital technologies have a significant impact on production, distribution, communication, transportation, healthcare and education. They offer major opportunities for more inclusive and equal economic growth. However, the disruptive influence of technology has left us facing highly complex global issues. The companies and countries that efficiently leverage technology and workforce will extend their global reach in the coming years. In such a period, it is imperative that our country adopts a production mechanism that yields high added value, as this will create an environment that will give us a competitive edge in this digital age. Throughout our 90-year history, the Koç Group has become a pioneer in many fields, including industry, technology, innovation and globalization. I also believe that we will pioneer our country’s digital transformation, reinforcing our competitive edge and leadership.”

**Ömer M. Koç: “We’re focusing on creating more added value by drawing strength from the confidence and trust we have in Turkey’s future.”**

Emphasizing the Group’s focus for long-term goals over short-term fluctuations, Ömer M. Koç remarked: “We continue growing by correctly interpreting and closely following the changing conditions, renewing ourselves and keeping the bar high. We strive and invest to prepare our companies for the future without sacrificing our cautious approach. We adopt a holistic approach towards active risk management, financial integrity, brand value, technological capabilities and social investments to ensure the satisfaction of our customers, employees and stakeholders. We are focused on creating more added value by drawing strength from the confidence and trust we have in Turkey’s future. We assume responsibility and establish exemplary organizations to contribute towards our country’s social development. We are delighted to celebrate the 50th anniversary of the Vehbi Koç Foundation, which bears the proud slogan “The Onus is on Us.” This sense of responsibility is also reflected in our corporate social responsibility activities. Our efforts consolidated our reputation, helping us generate a high added value for our country. We are proud to see that the Koç Group has boosted its reputation and sustained its leader position, drawing market share away from its competitors.”

**Levent Çakıroğlu stated: “We are committed to making efforts in line with our vision of creating long-term value and global vision.”**

The CEO of Koç Holding Levent Çakıroğlu expressed in the Annual Report that the Group is now facing new opportunities and threats posed by quick and influential transformation across the world. Çakıroğlu added: “It seems a new global mechanism is evolving in politics, economy and technology. I believe the private sector will become more influential in the creation of such a mechanism. At Koç Group, we are committed to making efforts in line with our vision of creating long-term value and global vision. The keystones of our strategy include expanding our global presence, increasing our competitiveness, improving our technological and innovation capabilities, and creating powerful brands.”

**Mr. Çakıroğlu said: “We have achieved our goals in this challenging environment.**

Due to the volatility of global markets and the fluctuations in the Turkish economy in 2018, we have attached more importance to liquidity and liability management than ever before. This is in addition to our growth, profitability and productivity targets. With this strategy, we have maintained our strong financial position. Our balanced portfolio helped our Group navigate the risks incurred by the economic conjuncture. We achieved our goals in this challenging environment.” Levent Çakıroğlu expressed that the Group has continued to invest in workforce and innovation in line with their long-term goals while efficiently managing short-term fluctuations. He added: “Our Digital Transformation Program constitutes a significant strategic priority, helping us prepare our companies for the future and global competition. Technology is just a tool. We aim to create a cultural transformation with people as its core focus. That is why we embrace a holistic approach, particularly with our human force, business model, organizational structure and business processes. I am delighted to see the fruits of our sincere efforts. Last October, Forbes magazine announced the ‘World’s Best Employers’ list. We were proud to see that Koç Group was the only company from Turkey that made it into the top 100, surpassing many powerful companies around the world.”

**New Board of Directors Elected at Koç Holding**

Members of the Board of Directors elected at the 55th Ordinary General Shareholders’ Meeting:

Rahmi M. Koç	Honorary Chairman
Ömer M. Koç	Chairman
Ali Y. Koç	Vice Chairman
Semahat S. Arsel	Member
Caroline N. Koç	Member
İpek Kıraç	Member
Levent Çakıroğlu	Member
Prof. Dr. John H. McArthur	Member
Prof. Dr. Heinrich V. Pierer	Member
Dr. Kwok King Victor Fung	Member
Mustafa Kemal Olgaç	Independent Member
Jacques Albert Nasser	Independent Member
Anne Lauvergeon	Independent Member
Ömer Dinçök	Independent Member
Emily K. Rafferty	Independent Member

## **KOÇ GROUP AND KOÇ HOLDING IN 2018:**

The general evaluation of the Board of Directors in 2018 Annual Report of Koç Holding is as follows:

- The Koç Group was the only Turkish company listed in Fortune’s “The Fortune Global 500.” As the largest employer of Turkey, the Koç Group has become the only Turkish company listed in the top 100 of the “World’s Best Employers” list published by Forbes.
- In 2018, Koç Group’s combined revenues scored a 41-percent increase, reaching 306.3 billion Turkish lira.
- The combined operating profit rose by 46 percent to 23.6 billion Turkish lira while the consolidated net profit reached 5.5 billion Turkish lira with a 13-percent increase.
- Our investments were shaped by our goals of increasing global competitiveness, creating influential brands, generating high added value for customers and improving the workforce. Our total investments reached 37 billion Turkish lira in the last five years, including the combined investment of 9 billion Turkish lira in 2018. The automotive industry received the highest amount of investment, followed by the consumer durables industry.
- Our Group maintained its focus on R&D, innovation, technology and digital transformation. In 2018, the Koç Group has invested 1.8 billion Turkish lira in R&D activities, constituting 11 percent of R&D investments in the Turkish private sector.
- The Koç Group also achieved a successful export performance in 2018. The international revenues increased by 11 percent in US dollar thanks to our successful export performance within automotive and consumer durables companies. This comprises 31 percent of the total combined revenues. Foreign currency and foreign currency linked revenues including Tüpraş constituted around 55 percent of the total combined revenues.
- The Group’s combined revenues account for 8 percent of Turkey’s GDP, while its export volume amounts to 10 percent of Turkey’s total export volume. The Koç Group exports to over 145 countries.
- The Koç Group boasts a highly transparent structure with listed companies comprising nearly 85 percent of its net asset value. As of the close of 2018, the total market value of these companies represents 16 percent of Borsa Istanbul (BIST).
- As of the close of 2018, the Koç Group’s market capitalization stood at 36 billion Turkish lira. As of the close of 2018, the share of foreign holdings in free float amounted to 84 percent. The same percentage was 65 percent in Borsa Istanbul.