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KOÇ HOLDING POSTS TL 125,7 BILLION IN CONSOLIDATED TURNOVER AND REACHES A COMBINED INVESTMENT OF TL 6,1 BILLION IN THE FIRST NINE MONTHS OF THE YEAR.**KOÇ HOLDING CEO LEVENT ÇAKIROĞLU:**

“OUR FIGHT AGAINST THE NOW-GLOBAL CORONAVIRUS OUTBREAK CONTINUES. IT GOES WITHOUT SAYING THAT THE PANDEMIC HAS CREATED AN ENVIRONMENT OF UNCERTAINTY, WHILE AT THE SAME TIME MAKING THE NEED FOR CHANGE READILY APPARENT. AT KOÇ GROUP, WE ARE BOLSTERED IN THIS CONJUNCTURE BY OUR DISCIPLINED MANAGEMENT APPROACH, ROBUST BALANCE SHEET, WELL-BALANCED PORTFOLIO STRUCTURE, DIGITAL CAPABILITIES, AGILE MANAGEMENT, OUR COLLEAGUES’ OUTSTANDING EFFORTS, STRONG DEALER NETWORK AND EFFICIENT SUPPLY CHAIN MANAGEMENT. THE THIRD QUARTER HAS SEEN THE EARLY SIGNS OF RECOVERY IN MANY OF OUR FIELDS OF OPERATION. SUSTAINED DOMESTIC DEMAND, COUPLED BY THE REBOUND IN EXPORT MARKETS, HELPED ALLEVIATE SOME OF THE ECONOMIC SLOWDOWN BROUGHT ABOUT BY THE CORONAVIRUS OUTBREAK. WE EXPECT THE COURSE OF THE PANDEMIC AND THE UNCERTAINTIES ASSOCIATED WITH ANY PROSPECTIVE MEASURES TO BE TAKEN IN OUR MAIN EXPORT MARKETS TO PLAY A DECISIVE ROLE IN THE COMING PERIOD. MEANWHILE, WE CONTINUE OUR ACTIVITIES FULLY AWARE OF OUR RESPONSIBILITY TO SUPPORT TURKEY’S RECOVERY AND GROWTH AFTER THE OUTBREAK. WE ARE PROUD TO SEE FOUR OF OUR COMPANIES RANK IN ANOTHER YEAR’S TOP 10 OF TURKISH EXPORTERS’ ASSEMBLY’S ‘TURKEY’S TOP 1000 EXPORTERS’ LIST.”

Koç Holding posted TL 125,7 billion in consolidated turnover and reached a combined investment of TL 6,1 billion in the first nine months of the year. Koç Holding CEO, Levent Çakiroğlu, assessed the financial results of the first nine months. “As the coronavirus outbreak continues to exacerbate challenges and uncertainties across the globe, it also emphasizes the agile management,” said Çakiroğlu. “At Koç Group, we have maintained our strength in this conjuncture thanks to our disciplined management approach, robust balance sheet, well-balanced portfolio structure, digital capabilities, agile management, strong dealer network and efficient supply chain management. Our policies of prudence have enabled us to mitigate the adverse economic effects of the coronavirus outbreak, which has made a significant impact on the global economy and value chains. Sustained domestic demand, coupled by the rebound in export markets, has helped alleviate some of the economic slowdown brought about by the pandemic. However, as of the end of the third quarter, coronavirus restrictions are back on the agenda, particularly in European nations, which could potentially aggravate the uncertainties affecting exports. Against this backdrop, Koç Group continues its activities fully aware of its responsibility to support the economy of our country. As Koç Group, we have reached a total combined investment of TL 40 billion in the last five years, with a combined investment of TL 6,1 billion in the first nine months of this year.”

Levent Çakıroğlu: “Our Group Companies account for 9 percent of Turkey’s total exports.”

Noting that Koç Group Companies represent around 9 percent of Turkey’s total exports, Levent Çakıroğlu said: “Our companies once again took top spots in the annual ‘Turkey’s Top 1000 Exporters’ list by the Turkish Exporters’ Assembly. Ford Otosan was named the export champion, while Tüpraş, Tofaş and Arçelik were ranked 3rd, 7th and 9th, respectively.”

“Meanwhile, we had the significant opportunity to represent Turkey in the World Economic Forum’s CEO Action Group, which brought together the CEOs of 30 global companies to help define the role of private sector in the efforts to achieve the ‘Green Deal’ announced by the European Commission in 2019,” Çakıroğlu continued. “As part of the joint statement, Koç Group pledged to make a strong contribution to the development of a roadmap for a global green recovery, and accelerated its sustainability-oriented efforts. We are also pleased to see the statement include our proposal, which calls for enabling Turkey, with its economic ties with Europe based on the Customs Union, to benefit from the relevant financial incentives, and for non-EU based businesses with high sustainability performances to be engaged in the process as well.”

Levent Çakıroğlu: “Ford Otosan retained its long-standing leadership in commercial vehicles with a market share of 37.3 percent.”

The downwards trend in interest rates after the second quarter in particular was combined with the deferred consumer demand to deliver a positive effect on the automotive industry in the third quarter, noted Çakıroğlu. “Ford Otosan retained its long-standing leadership in domestic commercial vehicles segment with a market share of 37.3 percent. Meanwhile, against a backdrop of an e-commerce driven rapid recovery in the European commercial vehicles market, Ford achieved an above-industry performance to attain a market share of 15.1 percent in the third quarter, safekeeping the market leader title it has carried since 2015. In this period, Ford Otosan manufactured 85 percent of all Transit family of vehicles sold in Europe. Fiat concluded the first nine months of 2020 as the leader of Turkish automotive market, while the Fiat Egea range, manufactured by Tofaş which also led the product development process, became the most preferred automobile in Turkey. Decided in May 2019, Tofaş launched a comprehensive renovation of Fiat Egea with an investment of USD 225 million, while at the same time expanding the model range with, ‘Egea Cross’. The renewed Egea is planned to hit the market in early 2021. On the other hand, Otokar continued its export drive unabated despite the pandemic, and continued to project Turkey’s competence in the defence industry with two new export deals worth USD 135 million. TürkTraktör, the leading manufacturer in its industry, recorded a 38 percent increase in tractor production in the first nine months on a year-over-year basis, consolidating its support for the agricultural industry.”

Levent Çakıroğlu: “Despite the pandemic-related uncertainties in foreign trade outlook, Arçelik recorded a strong performance that reflected in its financial results.”

Levent Çakıroğlu noted that the deferred demand in consumer durables and changing customer preferences had a positive effect on the domestic market, while recovery in foreign trade exceeded expectations. “Thanks to the strong impact of the deferred demand

in the second quarter, Arçelik achieved a high growth in revenues as well as an all-around successful performance driven by its robust operational and financial management. Despite the pandemic-related uncertainties in foreign trade outlook, Arçelik recorded a strong performance that reflected in its financial results. The company responded to the growing hygiene concerns of consumers, an outcome of the pandemic, with the Ultra Hygiene series of products, which was made possible with its agile and flexible production method and strong R&D capabilities. Arçelik also reached a key milestone in its sustainability journey by achieving carbon neutrality in its global production facilities for the years 2019 and 2020.”

Levent Çakıroğlu also assessed the situation of the banking industry, noting that Yapı Kredi, the third largest private bank in Turkey, sustained its commitment to contribute to Turkey’s economy as part of the bank’s “Dedication to Deliver” motto. “In the first nine months of 2020, Yapı Kredi grew its total cash and non-cash loan by 24 percent year-over-year, generating TL 384.4 billion in funding for the Turkish economy. Expanding its cash loan portfolio to TL 283 billion with a 27 percent increase year-over-year, Yapı Kredi achieved a loans market share of 16.5 percent among private banks. At the same time, the bank successfully signed a syndicated loan deal worth USD 805 million to be used for financing foreign trade as well as general organizational purposes. This 367-day loan was also significant as it boasted the largest lender base in its kind in the second half of the year, with 38 financial institutions from 20 countries participating.”

“In the energy industry, as the coronavirus outbreak continued to affect the demand for fuel on a global scale, Tüpraş, the driving force of the Turkey’s energy industry, continued to meet the country’s energy demand successfully. The company scaled up its production to meet the growth in demand in parallel with the normalization, and recorded a net loss in the first nine months of the year as a result of weak product margins due to high stocks, an outcome of the imbalance in the global-supply demand, particularly in aviation fuels.”

Levent Çakıroğlu: “We are leading a comprehensive cultural transformation program that will propel our Group into the future.”

Levent Çakıroğlu also highlighted the importance of the cultural transformation that has been reshaping Koç Group since 2016. “Against today’s backdrop of uncertainty, we are leading a comprehensive cultural transformation program that will help mitigate the risk of changing dynamics, enable us to seize opportunities, but most importantly, propel our Group stronger towards future. The initiatives that will bring about this cultural shift are digital transformation, zero-based budgeting, agile management, innovation, and intrapreneurship. We developed an excellent example for Koç Group’s intrapreneurship program at Aygaz. One of the most promising outputs of Koç Group’s intrapreneurial capabilities is AyKargo, a business idea generated by our intrapreneurship program that is currently on its way towards being incorporated as a separate company.