

OTHER LINES OF BUSINESS

WE HAVE PLACED GREAT EMPHASIS TO CREATE ADDED VALUE IN ALL AREAS OF LIFE FOR OUR SOCIETY BY RECOGNIZING THE IMPORTANCE OF THE SERVICE SECTOR AND PLACING A PREMIUM ON IT. WITH THE RIGHT TIMING, WE INTRODUCED TURKEY TO THE HOME IMPROVEMENT MOVEMENT AND WE ARE NOW THE UNDISPUTED LEADER IN THE HOME IMPROVEMENT RETAIL MARKET. WITH THE SHIFT OF INTELLECTUAL AND EMOTIONAL NEEDS TO THE TOURISM AND TRAVEL SECTORS, WE HAVE CONTINUALLY INCREASED THE NUMBER OF LOCATIONS AND THE CONTENT OF OUR TOURISM, DUTY FREE, HOTEL MANAGEMENT AND MARINA SERVICES. IN NEARLY 50 YEARS OF EXPERIENCE IN FOOD PRODUCTS, WE HAVE CONTINUOUSLY ENLARGED OUR PORTFOLIO IN LINE WITH CHANGING LIVING STANDARDS AND CONSUMER PREFERENCES. WE HAVE DESIGNED INFORMATION TECHNOLOGIES AND FOREIGN TRADE SOLUTIONS TO MEET THE NEEDS OF TURKEY AND THE TIMES.





WE WILL CONTINUE OFFERING HIGH ADDED VALUE, INNOVATIVE, TOP QUALITY PRODUCTS AT REASONABLE PRICES IN OUR BUSINESS AREAS, TAKING ACCOUNT OF CUSTOMER DEMANDS AND NEEDS.

FOOD

TAT GIDA IS EXPANDING ITS PRODUCT PORTFOLIO WITH HEALTHY, YOUTHFUL AND PRACTICAL PRODUCTS.

SEK IS EXPANDING THE PASTEURIZED MILK CATEGORY IN TURKEY WITH ITS YOUTHFUL AND INNOVATIVE PRODUCTS.

TAT GIDA

Total Revenues

(TL million)

793

Domestic Market Position

Leader in ketchup with **31.8%** revenue share, in tomato paste with **30.6%** revenue share, in tomato products with **64.8%** revenue share, in pasteurized milk with **37.8%** revenue share, and in premium pasta with **51.5%** revenue share

Share of International Revenues

6%

Profit Before Tax

TL **27** million

Net Income

TL **2** million (TL **22** million excluding the effect of discontinued operations)

Shareholder Structure

Koç Holding	43.65%
Other Koç	9.68%
Kagome Co. Ltd.	3.73%
Sumitomo Corp.	1.53%
Free Float	41.41%

www.tatgida.com.tr

Founded in 1967, Tat Gıda is among Turkey's largest food companies, having consolidated the Tat, SEK, Maret and Pastavilla brands under a single roof in 2003.

Market leader and pioneer in new products

While the Tat brand maintained its leadership in the tomato paste, ketchup and tomato products categories, it took steps to strengthen its position in the sauce, convenience foods and mayonnaise segments.

Despite rising competition, the SEK brand maintained its dominance in the pasteurized milk category through the introduction of new generation products. SEK has repositioned itself as a dairy products company through increasing its sales in segments such as ayran, fruit juice, sahep and whipping cream.

Maret is a leading delicatessen brand with an especially strong position in the sausage and cold cuts category. With strong brand recognition and trust, Maret is one of the most valuable brands on the market.

Pastavilla remained the leading brand in the premium pasta category, with new varieties of pasta and sauces added to its portfolio.

Tat expanded its portfolio in 2013 with the launches of 36 products in its SEK, Maret and Pastavilla brands.

- The Tat Acı Sos (Tat Hot Sauce) family entered the developing sauce category
- Varieties of canned tuna in the highly lucrative fish category
- Coffee, vanilla and orange-flavored chocolate milk in the milk and dairy products categories
- Geleneksel Sucuk (Traditional Sujuk) and Altın Seri Sosis (Gold-series Sausages), the two highest revenue-generating product groups in the meat category
- Pastavilla Tam Buğday (Whole Wheat) in the premium pasta category.

Active acquisitions and sales in 2013

It was decided to halt operations of Harranova Besi ve Tarım Ürünleri (Harranova Stockfarming and Meat Production Facility), in which Tat Gıda is a partner, and to evaluate strategic options. Tat Gıda sold its share in Tat Tohumculuk (Tat Seeds) to Kagome Co. Ltd. for TL 15 million. The Company also took the significant step of forming a partnership with the Polish Maspex company, a leading beverage company in Europe, to make a major leap into the children's fruit juice market in Turkey.

Main awards

The European Union officially recognized the quality of SEK Dairy Plant in 2013. The Ministry of Food, Agriculture and Animal Husbandry conducted plant inspections in accordance with EU norms and directives and these determined that production was hygienic and fully accountable, and that product quality and the production process met EU standards. Accordingly, the plant was granted a license to export to the European Union.

Tat received the "Silver" prize in the food category at the Effie Awards. KALDER research confirmed the Company as a leader for customer satisfaction in the tomato paste and sauce categories. Tat was accepted into the Turquality program, which is an important source of state support for international branding efforts. BrandSpark Turkey Shopping Behavior and Habits Research named SEK brand's 500 ml Light Fresh Milk product the "Best New Brand of 2013."

2014 and beyond

Tat aims to reinforce its market leadership through creating added-value products under the SEK, Maret and Pastavilla brands. While maintaining profitable growth, it plans to raise consumer awareness in categories with high growth potential, and thereby to raise sales volume. Raising brand recognition requires consistent and constant communication.



New products will be launched to strength specialty brand awareness.

In the next 5 years, Tat Gıda's revenues are expected to be doubled. The Company's long-term domestic market goals are to increase scale, sales volume and profitability by focusing on categories that will contribute to revenue growth. Its principal international market strategies are to increase sales of branded and retail products, to move to micro distribution through distributors, to raise consumer awareness, and to expand the product portfolio and customer numbers.

DÜZEY

Founded in 1975, Düzey increased its sales revenues by 11% in 2013.

Düzey has made improvements to the distribution system it launched in 2003 so it is arguably the most appropriate means to market and to distribute fast-moving consumer goods. Düzey distributes the Koç Group brands Tat, Maret and Sek, as well as General Electric light bulbs, Landlite energy-saving light bulbs, Ekin Bakliyat grain, Rest cleaning supplies, Prenses sugar, Şölen Tea and Sony batteries. The Company has established its own sales teams in large urban areas with high growth potential.

In 2011, Düzey expanded its domestic distribution portfolio to include the Nutella and Kinder brands, owned by the Italian Ferraro Group, the fourth largest chocolate and confectionary conglomerate in the world with revenues of EUR 7 billion. Through this partnership the number of locations Düzey services has increased from 40,000 to 70,000. Commensurate with this growth has been Düzey's development of its logistic and technological infrastructure.

Düzey, will continue to grow in 2014 and beyond and to be pioneer in the sector through the support of its suppliers and employees.



TOURISM

HOLIDAY HAPPINESS WITH SETUR

SETUR: NO BARRIERS TO VACATION

SETUR

Tourism

As Turkey's leading travel agency since 1973, Setur is the sole player, which provides service in all areas of the tourism sector.

Setur is the Turkish representative for BCD Travel, which provides corporate ticketing services from over 1,300 offices in 96 countries. The Company is also the licensed Turkish representative for Abercrombie & Kent, the international brand leader in luxury travel, and it represents Orient Express, Uniglobal and Costa. In 2013, Setur's revenues totaled TL 921 million. During the year, the Company renovated and increased the number of its sales locations. In addition to its five agencies and seven visa application centers, Setur provides services through 41 authorized agents and 248 online agents.

Setur launched BookinTurkey.com in 2001 to promote tourism products and services and to allow online booking. "BookinTurkey.com" won the "Online Travel Reservations/Services Company" award at the Skalite 2013 Quality Awards in Tourism. It also won awards for the Setur brand in the "Conference/Organization Agent" category and the "Tourism Publications" category (Setur Ekstra).

Duty-Free Shops (DFS)

In 2013, Setur had duty-free shop operations at one diplomatic shop, six airports, six land border gates and ten seaports. The Company employed 619 personnel at 23 centers.



Renovation of the 1,500 m² duty-free shop at Istanbul's Sabiha Gökçen Airport was completed with the addition of 400 m² of new space. Setur opened its second exclusive duty-free shop at Istanbul's Atatürk Airport and began renovations of its first shop there. Permission to open a shop at Ayvalık port was received in January 2014 and all preparations were quickly completed and the shop was made operational.

SETUR MARINAS

Setur Marinas provides world-class restaurant, market, shopping and technical maintenance services to yachters at its ten marinas in Kalamış and Fenerbahçe, Yalova, Ayvalık, Çeşme, Kuşadası, Marmaris, Finike, Kaş, and Antalya in Turkey and at Mytilene Marina on the Greek island of Lesbos. Other high-quality services it provides include accommodations on land and sea, travel lifts, hull cleaning, electricity and water, and car hire. The Company has 5,514 berths, of which 5,257 are in Turkey 257 abroad. It leads the Turkish marina sector with a 27% share and it had a 100% occupancy rate in 2013.

Setur Marinas acquired the 385-capacity Antalya Marina from the Çelebi Group in September 2013, thus adding it to its chain of marinas.

Setur Marinas was recognized with an award in the "Marina" category at the Skalite 2013-Quality Awards in Tourism.

Setur Marinas had total revenues of TL 78 million in 2013.



DIVAN

The Divan Group operates 12 hotels, 20 patisseries, 41 bakeries, 12 restaurants, two stadium concessions and three catering units. The Group creates synergy by gathering hotel management, production, party and event planning, and cafe-restaurant management under one roof. It uses this synergy to implement growth strategies, especially in hotel management.

To bolster Divan's market presence in a domestic market with international hotel chains operating sub-brands, the Group has created sub-brands with "Divan" in their names, such as Divan Suites and Divan Express. Similarly, in the residence sector, there are plans to join special projects with the brands Divan Residence and Managed by Divan.

The 125-room Divan Gaziantep Hotel opened its doors in December 2013 and the following hotel openings will follow soon:

- The 47-apartment Divan Residence Gaziantep (first quarter of 2014)
- The 108-room Divan Suites Gaziantep, the 140-room Divan Suites Güneşli, the 276-apartment Divan Residence at GPlus Istanbul, and the 65-room Divan Suites Batumi (all in the second quarter of 2014)
- The 109-room Divan Express Eskişehir (third quarter of 2014)
- The 180-room Divan Adana (first quarter of 2015)

- The 172-room Divan Mersin and the 556-unit G-Marin Managed by Divan (second quarter of 2015)
- The 153-room Divan Diyarbakır (last quarter of 2015)
- The 120-room Divan Express Denizli and the 80-room Divan Express Kocaeli (first quarter of 2016)

The activities of Divan Antalya and Divan Kuruçeşme were terminated in order to be reconstructed.

The Divan Bursa Hotel, which was closed for renovations, will resume operations in the second quarter of 2014.

The Erenköy restaurant and patisserie was completely renovated and reopened in May 2013.

Divan took over the management of the Rahmi Koç Museum concessions in 2013, opened a cafe on the Koç University campus and 12 new bakeries.

The Company took over the management of some sections of Eataly, the international Italian gourmet food and market chain, at the Zorlu Center.

Two new brasseries - in Güneşli and Beyoğlu - will open their doors in the first half of 2014.

DIVAN: ALWAYS RELIABLE,
ALWAYS HOSPITABLE

DIVAN: TIMELESS CLASSICS

DIVAN: TASTES THAT PASS
DOWN FROM GENERATION TO
GENERATION

DIY RETAILING

AS WELL AS ENJOYING 100% BRAND RECOGNITION, KOÇTAŞ HAS THE HIGHEST LOYALTY RATING IN THE SECTOR AT SIX POINTS ABOVE THE SECTOR AVERAGE ON CUSTOMER SATISFACTION.

KOÇTAŞ

Koçtaş leads Turkey's DIY (Do It Yourself) market, with 41 stores and a total sales area of 218,000 m². In 2013, it opened five stores, raising the number of provinces in which it operates to 21. The same year, the Company had more than 10 million customers. The number of Koçtaş Fix stores, which it opened to gain greater proximity to its customers and to meet their simpler, on the spot repair and maintenance needs, increased to four with its two store openings in Istanbul in 2013.

While Koçtaş's brand awareness among Turkish consumers was 100%, it achieved the highest customer loyalty in the sector, rising six points above the sector loyalty average on the customer satisfaction index.

Koçtaş has finalized its long-term strategies through focus research and projects. It aims at becoming consumers' preferred brand, particularly in the bathroom, ceramics, kitchen, lighting, floor covering and hand-tools categories. Emphasizing its superiority in these categories, Koçtaş differentiated itself through image campaigns in 2013.

This year, 119 projects from 25 universities from Mardin to Antalya participated in the 4th Koçtaş Open Idea Interior Design Contest. This year, Koçtaş plans to sell the winning projects at its stores.

Sales revenues through the Company's revamped e-commerce website climbed 50% and the site attracted 15 million visitors in 2013.



Koçtaş launched its mobile application and mobile e-commerce site in July, in line with developing trends and changing customer expectations. Since then, more than 20,000 consumers have begun using the mobile application.

In 2013, Koçtaş joined those brands active in social media, such as Twitter and Facebook, Instagram and Pinterest. Its Twitter followers approached 10,000 while its 'likes' on Facebook number about 100,000.

The Company's customer satisfaction research, which successfully identified customers' wants, has been revamped into a completely online system called "The Real Customer's Voice." The system was developed to learn about the experiences customers had that day through an online questionnaire that uses the participating customers' cash register receipt numbers.

Responding to customer demands, Koçtaş set up Tıkla&Gelsin (Click&Collect) kiosks in 200-300 m² Koçtaş Fix stores to meet its customers' small repair-maintenance needs. An alternative sales channel has also been developed for customers wanting to take advantage of Koçtaş's extensive product range. The Company plans to establish Tıkla&Gelsin kiosks in all Koçtaş Fix stores and, on a smaller scale, in regular Koçtaş stores, in 2014.

Koçtaş's 2014 goal is to improve its standing in the bathroom, ceramic, kitchen, lighting and hand-tool categories so that it consumers readily associate the Company with them.

DEFENSE INDUSTRY

RMK MARINE IS THE FIRST PRIVATE SECTOR SHIPYARD IN TURKEY TO PROVIDE IN-HOUSE DESIGN AND TURN-KEY SOLUTIONS.

RMK MARINE

Joining the Koç Group in 1997, RMK Marine provides construction, maintenance and repair services for tankers, off-shore vessels, tugboats, military ships and superyachts in Tuzla.

RMK Marine is the first private sector Turkish shipyard to design and provide turnkey solutions. It is one of only two Turkish shipyards, including military ones, to have attained AQAP 2110 NATO Quality Management System certification and it is the first private sector shipyard in Turkey to receive design certification.

The largest warship project

RMK Marine won the tender for four Coast Guard search and rescue ships, the largest military vessel project ever awarded to the private sector in Turkey. Three of the ships - the TCSG Dost, TCSG Umut and TCSG Güven - were delivered at ceremonies in 2013. The final ship, TCSG Yaşam, is scheduled for delivery in 2014.

The shipyard has submitted its unique and innovative designs for the Turkish Fast Attack Craft project, for which the Undersecretariat for Defense Industries is organizing a tender.

RMK Marine is exhibiting its capabilities internationally with its own designs of 42-meter Fast Attack Craft, 66-meter Multi-role Coast Guard Vessel, and the 85-meter Corvette class platform.



Special turnkey solutions

Construction of two 19,000-DWT asphalt tankers for Ditaş, which began in October 2012, is continuing. The ships, the T. ESRA and the T. AYLİN, are the largest asphalt tankers built in Turkey and they are scheduled for delivery in 2014.

Global brand in superyachts

The first Oyster 125 series superyacht, the Twilight, manufactured in collaboration with the British Oyster brand, was delivered in May 2013.

2014 and beyond

The Company is focusing on standardizing asphalt ships, establishing systems for the construction of special purpose for off-shore vessels, creating standard products based on the military vessel form it has developed, positioning for the construction of the naval frigates through foreign partnership, and preparing bids for military and commercial ship construction.

RMK Marine's long-term goal is to build ships having high added value and to construct motor yachts over 50 meters under the RMK Marine brand.

INFORMATION TECHNOLOGIES

ACCURATELY READING THE SIGNS
OF THE TIMES, KOÇSİSTEM HAS
REINFORCED ITS LEADERSHIP.

KOÇSİSTEM

KoçSistem, Turkey's the leading IT services company, has continued its strategy of focusing on areas that shape the business world, such as mobile technologies, cloud computing and managed services, and it has achieved important market leadership positions.

KoçSistem provides its cloud computing services under the brand Maximus Enterprise Cloud Services. According to IDC figures, KoçSistem leads Turkey's cloud computing market with a 19% share. On being named the Best Commercial Sector Example at the Turkish Cloud Computing Awards, the Company became eligible to represent Turkey at Euro Cloud 2013. It launched the HR Cloud Payroll Management System, which is the first human resources cloud application in Turkey.

KoçSistem leads the Turkish information technology services market, according to the IDC. The Company placed first on the Bilişim 500 list in the System Integrator/Service, Provider Revenues, and Hosting Management categories. It appeared in the finals of the Electronic Industrialists Association of Turkey's (TESİD) Innovative Creativity Awards for its remote meter-reading product, SistemetriKS. KoçSistem was included among National Champions in the European Business Awards' Environment and Corporate Sustainability category.

KoçSistem was one of the first companies to get Special Integration authorization from the Revenue Administration for e-billing. The Company received the ISO 22301 Business Continuity Management Certificate for its distinction in this field.



With its latest investments in manageable security services, KoçSistem has been able to maximize its ability to proactively determine risks before they emerge and offer the right solution at the right time. KoçSistem opened its Security Operation Center in 2013 to provide this service. The Company is capable of addressing wide-ranging needs in this field and managing all services for various companies from a single center.

KoçSistem is one of the few companies representing Turkey in international projects. After joining the EU-supported Finest project, the Company assumed even greater responsibility in the project when it accepted involvement in Flspace, the second phase of the project. The Company also took part in such future-shaping EU projects for developing smart systems, such as CoMoSeF (for smart traffic systems) and SitAC (for smart home applications).

Another important development in 2013 for KoçSistem was the transfer of its shares in Callus Bilgi ve İletişim Hizmetleri A.Ş., which provides call center and electronic archiving service, to Comdata S.p.A., the international outsource services company based in Italy.

KoçSistem aims to grow at 12% in 2014, which is above the sector average. It intends to increase its market share and make new investments in R&D, business solutions and technology to continue its sector leadership as a company that provides various service models to its customers. Among its long-term goals is increasing its operational radius in Europe with its niche solutions and in neighboring regions with its services experience.

BİLKOM, TURKEY'S DIGITAL
LIFE COACH, HAS LED THE PACK
FOR 30 YEARS.



Bilkom has been distributing leading global IT brands for 30 years. It has been prominent in the sector for its added-value service approach and it continues to raise the bar as Turkey's digital life coach.

Bilkom markets and sells all trendsetting brands - such as Apple, Adobe and Graphisoft - throughout Turkey under its added-value distributorship strategy. The Company's revenues exceeded TL 345 million in 2013, enabling it to maintain its position as a leading company in its sector. At the end of 2013, it added the global trendsetting iPhone smart phone to its portfolio which made a major impact on Bilkom's company value. Bilkom aims to continue to grow faster than the sector average in 2014.

On the list of the "100 Fastest Growing Companies in Turkey in 2013", Bilkom came in second in the category of "Companies with sales revenues of US\$ 100-200 million."



Bilkom's philosophy of continuous change and its capacity to adapt rapidly put it among the leaders in a highly competitive sector. Its Digital Life Coach philosophy and management approach, which stresses finding appropriate digital life solutions to the needs of individuals and institutions, has enabled the Company to differentiate itself from its competitors.

Bilkom implemented a corporate social responsibility project in 2013 in Bergama through which, for the first time in the world, a 3-D representation of an ancient city was made possible. The Company took great pride in such a creative solution and one that captured the spirit of the age.

Bilkom markets and sells a rich and varied range of Apple product accessories, primarily for iPads, iPhones, iPods and Mac computers. It sells Apple products at over 600 locations throughout Turkey.

Bilkom provides digital solutions to different sectors through Adobe and Graphisoft, innovative software products used by architects and creative artists, and it has over 200 corporate business partners all over Turkey.



FOREIGN TRADE

RAM: THE PAST AND PRESENT KEY TO MODERN TRADE

RAM DIŐ TİCARET

Since its founding, Ram Diő Ticaret has conducted commercial operations in markets neighboring Turkey and, in the process, established an international reputation as a reliable trading partner.

In 2013, the Company continued shipping refined petroleum products from the Tüpraő Kırıkkale Refinery in tankers to Iraq, as it has done since 2008. Overcoming all security hurdles, the Company delivers its customers' orders on time, at the right tonnage, and to the designated delivery points.

The US Department of Defense, a Ram customer, presented the Company with a certificate of appreciation for its outstanding delivery performance.

Central purchasing continued to procure through Erdemir and Borçelik flat steel products for Group companies. About 270,000 tons of supplies were acquired with considerable advantage for our Group and its subsidiaries.



Ram has begun exporting tractor units and commercial vehicles to Turkmenistan, a developing market in Central Asia. Shipments of dumper trucks, particularly for the construction sector, have started to accelerate.

Ram ramped up efforts to import paper products and enlarged its share of the domestic market.

Ram continued representing Boeing and Sikorsky in the aviation sector, delivering passenger aircraft to Turkmenistan Airlines (3), Kazakhstan Air Astana (2) and Uzbekistan Airlines (1).

In 2013, the Company had sales revenues of TL 832 million, operating profit of TL 11 million, and pretax profit of TL 10 million.

Ram Diő Ticaret's long-range goals are to reduce regional risks by developing local operations in target markets and to lead the domestic market in the products it imports.

ZER

Since 2003, Zer Merkezi Hizmetler has freed Koç Group companies to focus on their core businesses and also created value by conducted marketing, services, supplies and logistics by utilizing the synergy of collective procurement and economies of scale.

The strategies guiding the Company's operations are ensuring sustainability of existing business, maximizing potential, a focus on excellence and increasing stakeholder satisfaction.

Zer acquired all shares of Promena, its partner in electronic purchasing services, in 2013 and merged it under Zer.

ZER MERKEZİ HİZMETLER
DOES BUSINESS BY MAINTAINING
CONTINUITY IN EXISTING
BUSINESSES, MAXIMIZING
POTENTIAL, BEING A CENTER OF
EXCELLENCE, AND INCREASING
STAKEHOLDER SATISFACTION.