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Turkey Country Report

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TURKEY

Strength in Adversity

More than two decades of rapid economic expansion have cemented Turkey's position as a dominant regional economic power and rising global power, supported by robust export growth, a high-quality well-diversified industrial base, and soaring domestic demand offering new opportunities to invest in the construction, real estate, tourism, and manufacturing sectors.

Similar to the rest of the world, Turkey is facing unprecedented external challenges as a result of the coronavirus, which has paralyzed supply chains and sent global financial markets tumbling. However, the country has already developed a reputation for resiliency in the face of economic turmoil, and in a March 2020 speech, President Recep Tayyip Erdoğan stressed the importance of seeking new opportunities amidst the chaos.

"The outbreak in China has forced the whole world to search for alternatives in production. When it comes to alternatives in production, Turkey is one of the first

places that come to mind. Together with the fall in oil prices, the financial developments will also bring additional advantages to our country," he said.

Reforms to improve the business climate have further strengthened Turkey's position - the country jumped 10 spots on the World Bank's Doing Business 2020 survey to hit 33rd place out of 190 economies surveyed, with particularly strong performances in categories including "registering property" (27th), protecting minority investors (21st), paying taxes (26th), and enforcing contracts (24th).

Fettah Tamince, Chairman of Rixos Hotels, said Turkey's competitive advantages are numerous, despite the external challenges it is facing. "Turkey has tremendous potential: We have the people, the location, a strong and ambitious vision for the country, and we are hard-working. There are a lot of young people here eager to achieve success, and eager to engage more with the international community. All of these factors together make for an attractive investment proposition," he said.

These same factors also drove GDP growth to average 5.6% annually between 2003 and 2018, with Turkey now standing as the world's 13th largest economy in terms of purchasing power parity.

Zeynep Bodur Okyay, President and CEO of industrial producer and defense manufacturer Kale Group, cited Turkey's fast-expanding export industries and high potential for human capital growth as major competitive advantages.

"Companies in Turkey are changing; in addition to becoming more export-oriented, they are increasingly engaged with global trade at all levels. Turkey has now started to export capital, and it has huge potential in terms of human capital, but this potential needs to be leveraged and channeled in the right way. Investing in people is really important," she said.

President Erdoğan supported the same sentiment in a March 2020 speech, telling the audience that Turkey's dynamic and resourceful population will help the country persevere: "No virus is stronger than Turkey," he said.

Nadir Metal Rafineri

Golden Opportunities

Although recent government stimulus has slowed the lira's depreciation, Turkey's currency remains under pressure, sending investors and depositors flocking to safe havens such as gold. Gold prices rose by 18% in 2019 to hit their highest level since 2013, and Turkey's gold market remains a key growth driver of its broader precious metals industry. The country holds the 14th-largest share of global gold reserves, or 20% of the total, while domestic gold deposits rose by 98.5% y-o-y in 2019 to reach TL38.34 billion (\$6.32 billion). Market growth is supported by surging domestic gold production, which surpassed 45 tonnes in 2019 to reach a record high.

Turkey's major gold refineries have benefitted from rising domestic and global demand. The oldest and best-known of these, Nadir Metal Rafineri, has been operating in the country since 1967, when Nadir Tütüncü established a 150 sq m workshop to recycle jeweller dross.

Today the company is active in refining, industrial waste recycling, dross, and laboratory services. It also trades gold, silver, platinum, palladium, rhodium, and potassium gold cyanide, and produces special collection, tailor-made, and high security products, including 400-ounce Good Delivery gold bars, kilo bars, and smaller bars ranging from 500 grams to 0.5 grams. Its affiliate, Nadir Doviz, is a wholesaler and distributor for its products, and stands as one of the most active members of Borsa Istanbul's Precious Metals Market.

Nadir Metal Rafineri has clearly realized major successes in the Turkish market, although today, Chairman Abdullah Tütüncü has set his sights to more distant horizons, with a view to forging new partnerships with firms in Europe and Asia.

"We remain focused on the domestic market, which accounts for 70% of our core business, however we have been increasingly focused on the Asian and Chinese markets because we believe they will provide major new opportunities for the company in the coming years, especially in combination with European markets," he said.

Moving to take advantage of new markets and business opportunities is a core focus for Tütüncü and his company, and Nadir Metal Rafineri has already been active internationally for years. In 2008, it was accredited by the Borsa Istanbul (ex Istanbul Gold Exchange), followed by the Dubai Multi Commodities Centre in October 2009, and the London Bullion Market Association in 2011 for gold and in 2012 for silver (where the company is still the first and only accredited silver refinery in Turkey). It also operates an affiliate office in Vicenza, Italy, which is engaged in marketing and distribution.

Tütüncü now plans to increase the share of international operations to 50% of the company's core business, with new international growth dovetailed by rising investment in high-potential industrial activities. Under his mid-term vision, revenues from the group company 4R Cevre ve Enerji operating in industrial waste recycling stream are expected to double over the next five years. The company is also planning to invest €30 million in an industrial waste project, with the target of producing eight megawatts of energy from the new facility within five years.

Innovation will also play a key role in future expansion. Tütüncü plans to build a precious metals platform which would expand foreign access to the Turkish market. With his planned platform, the company could expand its base of retailers making small purchases - 1 gram of gold, for example - to between 500,000



Abdullah Tütüncü
Chairman - Nadir Metal Rafineri

and 1 million. According to Tütüncü, arbitrage opportunities to offer every two or three years, particularly for gold and silver, further support the investment prospect for any future partner.

"The world is shifting to local hubs, and we believe Turkey is well-positioned to become one such hub. The country holds huge potential. Everything is changing very fast, which can be challenging for foreign investors. But in our business, compared to other sectors and countries, the risk is not that high and the returns are very good," he said.

And while the industry and market is changing rapidly, Nadir Metal Rafineri remains focused on its core competitive strengths: integrity, resilience, and a long-term view.

"I believe in trustworthiness, arbitrage and trading, but for our founder, my father, the name and brand was very important. Branding is still important, but in today's market, sustainability and quality are equally critical; these are the two most important values, followed by trust. You shouldn't give up; keep struggling and pushing the right thing and benefits will come along," he said.



NADIR METAL RAFINERİ

Rixos Hotels

From Turkey to the World

Rebounding to 3% in 2020, Turkey's economic growth is returning to close to the levels expected in this hugely promising market, according to the World Bank. The Bank expects growth to reach 4% in 2021, above the global average. After a difficult period for the country, Turkey's fundamentals are reasserting themselves, despite global macroeconomic headwinds.

Tourism has long been a major economic driver, and Turkey is one of the top-ten most-visited countries on earth. Its competitive advantages include a long and beautiful coastline, historic sites dating back thousands of years, world-class cuisine, attractive prices, and proximity to both developed and emerging tourism markets. Part of the "cradle of civilisation", Turkey draws on Ottoman, Roman, and Hellenistic heritage.

In 2019 the country welcomed over 50m tourists, making it a record year. The government aims to attract 75m tourists and \$65bn in tourism revenue by 2023. "Turkey is well-located, close to a lot of developed countries," says Fettah Tamince, founder and chairman of Rixos Hotels, a Turkish leisure company. "We are very competitive on value, and we have great products."

Since its establishment in 2000 in Turkey's tourism capital, Antalya, Rixos has played its part in the development of the country's tourism offering. The company now has hotels in a number of Turkish cities, as well as Istanbul, the country's largest city and a magnet for visitors. Building on this base, Rixos now has a growing presence outside Turkey, with hotels as far afield as Russia, the UAE, Kazakhstan, Egypt, Croatia, and Switzerland. Overall it has 25 properties and welcoming 1m guests annually.

Rixos operates 4 hotels in UAE; 2 in Dubai, 1 in Ras Al Kaimah and 1 in Abu Dhabi and has more than 1,750 rooms in the region. Also there are 3 major projects in pipeline. With these projects, the group plans to increase the number of rooms in

the region to over 4,000. Tamince said, "This is an excellent time to expand Rixos Hotels' portfolio in UAE as the market continues to experience radical growth while establishing itself further as one of the world's premier leisure and business destinations."

In August 2019, Rixos marked a major milestone in its international expansion strategy in signing a deal to manage what will be its largest all-inclusive luxury resort anywhere in the world, on Egypt's Red Sea coast. The 1636-key "mega resort" will be opened later this year.

Rixos is thus part of the ongoing expansion of Turkish companies outside Turkey. Other examples include airport operating company TAV, white goods manufacturer Arcelik, Ziraat Bank, fast food brand Simit Sarayi, and Turkish Airlines. "I believe that we are one of the successful nations of the future," says Tamince. "We are very open, very international. If you go to Africa, Central Asia, Asia, Middle East, you will see a lot of Turkish brands which are getting larger and larger market shares."

Tamince aims to expand to 30 countries by 2025 under various brands - but with growth in its home market at the core of its business. Tamince points out that tourist arrival figures show that the Turkish tourism sector is going places, despite negative publicity associated with neighbouring Syria and domestic political and economic challenges. Compared to its Middle Eastern and Balkan neighbours, Turkey and its tourism sector are flourishing, and capitalising on the country's long-standing structural advantages.



Fettah Tamince
Chairman - Rixos Hotels

"We have good infrastructure, entrepreneurs, brands, location, weather conditions, and ease of doing business," says Tamince. "We have good growth potential. The perception starts the second you enter the country. I continue to invest in Turkey not because I'm Turkish, but because I see the opportunities - where the country is going - and I'm a big believer in it."

Rixos will continue to seek "world-class" foreign partners as co-investors in Turkey and elsewhere. In 2017, the company launched a strategic partnership with France's AccorHotels, a long-term joint venture. The partnership brings Accor's brand portfolio, reservation and sales network together with Rixos's luxury brand and resort development experience.

Rixos remains at heart a Turkish company, with its own strong ethos of impeccable standards, an emphasis on VIP service, and a commitment to keeping its promises to guests and partners. "Corporate identity is very important," says Tamince. "I want Rixos to be associated with ambition, leadership, and strategic thinking - it's what makes this company successful."



Yildirim Group

Bold Moves

Bolstered by reforms to improve monetary stability and new efforts to attract investment and support the private sector, Turkey's economy returned to growth in late 2019 after several quarters of contraction. The IMF projects GDP growth will accelerate from 0.2% in 2019 to 3% in 2020, a promising sign that the country is now at the tail end of a recent period of economic uncertainty.

Turkey's resilient private sector has been the lynchpin to recent decades of robust economic expansion, supporting a 350% increase in GDP between 2002 and 2017. It will continue to play a critical role in boosting annual GDP growth to its targeted 5%, as envisioned by the National Economic Program, supported by forward-thinking companies able to maintain a competitive edge and expand beyond the domestic market despite facing internal and external obstacles.

With a history stretching back nearly 60 years, Istanbul-based Yildirim Group exemplifies Turkey's private sector success story. The company was founded in Samsun in 1963 as Garip Yildirim & Sons, gradually expanded its focus and profile through acquisitions and the creation of new subsidiaries, to become one of the fastest-growing industrial groups in Turkey. Today its business interests span a broad range of sectors and industries including mining and ferroalloys, fertilizers and chemicals, coal and coke, energy, port management, shipping, shipbuilding, real estate development, construction, and private equity.

Robert Yuksel Yildirim, President and CEO of Yildirim Group, described how his company has thrived in the face of challenging macroeconomic headwinds.

"The secret of success is in working smarter and anticipating the markets. We have a closed loop system that is always checking itself and correcting; I'm an engineer so I know how it works. We have live budget planning. We make yearly, quarterly, monthly, and weekly

adjustments," he explained.

Yildirim's deep experience in commodity markets and keen ability to anticipate change has kept his company agile and competitive.

"We see ahead of time when the slowdown is coming in the global market, because we work with steel mills. Steel is the starting point of many industries. When we see a slowdown in the order book - in automotive, appliances, aerospace, shipping, construction - we know how those sectors will continue and that demand will be reduced. We then don't produce extra material to keep it in inventory," he said.

This approach has allowed the company to become a truly global force to be reckoned with. Yildirim Group made its first international acquisition in Sweden in 2008, and today it boasts operations in 51 countries across four continents, with an international workforce of 13,000 people. The group is continuing to expand in 2020, and Yildirim is currently seeking international investment partners to expand further into high-potential segments, for example ports.

Through its sub-holding company, Yilport Holding Inc., the group has a mission to become a top 10 global container terminal operator by 2025. Its growth strategy focuses on making one or two acquisitions of ports or container terminals annually. Once it has moved its current position of 12th globally to reach the top 10, it will focus on maintaining its position and pursuing organic growth.

Yildirim's ability to accurately judge and leverage risk has kept the family business ahead of the competition for decades,



Robert Yuksel Yildirim
President & CEO - Yildirim Group

and Yildirim Group's story is rare in the sense that it has grown during downturns and crises, investing during troubled times in preparation for a return to growth, and adopting a bullish approach to acquisitions and investments.

The group's unique acquisition strategy involves thinking outside the box to identify synergies with a potential acquisition and the group's existing operations, with the goal of maximizing each company's potential to add value to the broader portfolio. Yildirim strives to create a "turnaround story," for each of the companies he acquires, working to reduce costs and boost profit margins to make a company healthier instead of killing it.

"When people look at mergers and acquisitions, for them the game is evaluation. They evaluate the company, and the offer is dependent on buyer and seller markets. What we do is different; people see the tip of the iceberg, but I see the bottom. I see the hidden value in a company," he said.



ŞA-RA Group

Building Globally

Turkey's economy resumed a positive growth trajectory in 2019, supported by a resurgence in foreign trade, which hit an 18-year high to comprise 4.7 percentage points of the country's GDP growth. Manufacturing remains a critical component of Turkish economy, accounting for 84% of the country's total production, and supported by a sizeable base of value-added exporters like ŞA-RA Group.



Şadi Türk
Chairman - ŞA-RA Group

Now in its 35th year of operation, ŞA-RA Group has played an important role in boosting Turkish manufacturing, exports, and industrialization for decades. A pioneer in energy transmission line materials manufacturing, the Group has been export-focused since its inception, building up its production capacity in tandem with a strong international client network.

Today it owns five factories employing more than 2000 people and offering a total of 480,000 sq m of open space and 150,000 sq m of closed space. The Group produces energy transmission line towers and transmission line hardware/fittings, substation steel structures, heavy steel structures, fasteners, highway guardrails, lighting and GSM poles, making it unique in Turkey.

Group Chairman Şadi Türk said ŞA-RA Group's strong corporate identity, which hinges on respect for clients, partners and employees, has made it one of the world's most-well-known and well-respected brands in its sector.

"Since the beginning of 2000 we have been among the top-500 industrial companies in Turkey, and we have held this position for the last 20 years. This is because, both in Turkey and in the international market, our name is trusted. The realization of our projects is always handled in a professional manner," he said.

A forward-looking focus on technology and innovation has kept ŞA-RA Group competitive, and helped the company build a comprehensive portfolio of product and service offerings. While energy transmission is its main business, the

Group also operates in the civil construction, industry, tourism, and foreign trade sectors.

"While we make business in the international market, we also invest in the engineering and research side of the business and in factories, to stay at the forefront of the most recent technological trends. We are always working in various business directions," said Türk.

This strategy has helped it achieve notable successes outside of energy infrastructure. As the founder and chairman of Turkey's Fifth Largest Industrial Zone in Ankara, which is home to more than 300 companies, Mr. Türk also made investments to Group companies such as TurkTur which has developed and owns 4 major five star hospitality projects which have more than 4500 bed capacity and TurkYapi which has multiple commercial and residential civil construction projects in Turkey under the name of "Nokta" Projects.

A rock-solid reputation has also helped the Group expand its business activities around the world: It earns an average of \$100 million annually exporting to an impressive 126 countries. In addition to holding a sizeable domestic market share across multiple product lines, it is also an important infrastructure supplier for countries including the US, Canada, European countries, Iraq, Algeria, Pakistan, Saudi Arabia, Colombia, Gambia, Afghanistan, Azerbaijan, and Turkmenistan, among many others.

Notably, ŞA-RA Group has also built a solid track record of success operating in some of the world's most challenging markets. It was one of the first to enter

Iraq for post-war reconstruction, and has successfully completed construction projects in Kyrgyzstan, Algeria, Georgia, and Pakistan, in addition to building up a robust presence in North America and Europe, a major source of growth over the previous six years.

For Türk, this is just the beginning. He envisions ŞA-RA Group will continue building its global footprint in 2020, offering new international investors the opportunity for a profitable partnership. The Group is currently working to expand its presence in Pakistan, building on its successes as an infrastructure supplier to take on new projects as a construction contractor. The steel structures and fasteners exporting business also holds high potential for future investment, with Türk citing Turkey's highly-skilled, cost-effective labour market, favourable exchange rates, and investor-friendly business climate as key competitive advantages.

"From Turkey it is easy to work together with multiple regions and countries, and expenses are lower than in Europe if you open a new hotel or a new factory. We are looking for projects all over the world, and we are open to any kind of partnership; we are interested in all variety of activities and sectors, whether through a consortium arrangement or direct investment," he said.



Eksim Investment Holding

Ahead of the Curve

Turkey is fast-becoming a global leader in renewable energy development - the country's installed renewable capacity has soared by 11% annually over the previous decade, hitting 45,000 MW as of February 2020, from just 15,500 MW in 2010. Renewable energy now accounts for a remarkable 49% of Turkey's total installed power capacity. The government plans to further boost renewable capacity to 63,000 MW by 2024, meaning domestic energy companies are set to capitalise on massive growth opportunities. Eksim Investment Holding, a well-known industrial leader and a rising star in the renewables sector, is one such company.



Ebubekir Tivnikli
Chairman - Eksim Investment
Holding

Established in 1986, the Group quickly rose to become an important Turkish food trader, growing its portfolio to include grains, oilseeds, and later, energy sector products. Today its interests span a host of high-priority sectors spread across Turkey, Ukraine, Romania, Ghana, and Georgia, and its end-of-2019 operational volume reached 2 billion USD.

Chairman Ebubekir Tivnikli, representing the second generation of the family, said Eksim's ability to embrace change and invest in new, high-priority sectors allowed it to remain competitive throughout the decades; innovation has driven the Group's business strategy since the turn of the century, when it began investing heavily in renewable energy projects and real estate.

"Being visionary is one of our strongest values. We are open to all types of innovation in business, to develop the business inside and out. We are experienced, but still believe in the wisdom of constant learning. Sustainability is also an important factor. We take a long-term view and keep the needs of future generations in mind," he said.

Notable renewables projects include the 75-megawatt (MW) Susurluk wind farm commissioned in February 2011, and the 63 MW Uzundere I hydropower project, which was built on Incesu creek and commissioned in May 2010. The Group has targeted boosting renewable energy

investment to hit 1500 MW of installed capacity in the coming years, up from current levels of 623 MW, including 461 MW of wind and 162 MW of hydroelectric power. The Group ranks among the top 5 producers of wind energy in Turkey.

This will further support growth in energy distribution services, where Eksim is among Turkey's biggest investors. Group's subsidiary Dicle Elektrik, which provides electricity to 6 major cities in Turkey's southeast region, comes second with respect to the volume of megawatts distributed among the 21 national energy distribution companies. Dicle Elektrik massively upgraded the energy efficiency levels in its region, since taking over the utility from public sector back in 2013.

Eksim prioritizes quality over volume for its real estate investments and is a major partner in many cutting-edge projects in Istanbul. The group also maintains a solid presence in its foundational business lines, with a supply chain that includes Sinangil, Turkey's first packaged flour supplier: founded in 1963, a respected sectoral leader, which shapes major trends of the market. Other Eksim food companies are Eksun Food and Altinapa Milling Company, both of which are among the top 500 Turkish industrial enterprises ranking of Istanbul Chamber of Industry.

Prioritizing innovation and sustainability has been a winning strategy. The Group

recorded steady forex returns from its renewable energy projects last year, enabling it to remain resilient in the face of challenging currency volatility.

"2019 was a tough year for our country, just like many others. However, thanks to our government's timely and courageous policy decisions, our economy was able to rebalance itself. Tough times open windows for progress. Yes, we have been affected by external volatility, but it was an opportunity for us, which is why we decided to make investments to extend our renewable energy portfolio, buying new renewable energy licenses, which leaves us well-positioned to build on recent successes," said Tivnikli.

Eksim's Chairman believes it is a very suitable season for foreign investors to come to Turkey. His company is moving to further expand its international footprint, open to forging new partnerships, potentially through venture capital investment or knowledge-sharing agreements. The Group remains focused on high-potential sectors, and plans a mid-term expansion into cutting-edge technologies including artificial intelligence, genetics, and medical diagnostics. This has created attractive new opportunities for potential partners.

EKSİM

Türkmen Group

The Cutting Edge

The Turkish economy resumed a growth trajectory in 2019, bolstered by a powerhouse production base that brought exports to an all-time high of \$180.5 billion, and cut its foreign trade deficit by 44.9% in the same year.

Turkish textiles date back to the Ottoman Empire, and the country's textiles and apparel sectors continue to play a major role in supporting macroeconomic growth: Textiles and ready-wear garments accounted for 15% of Turkey's total exports last year, valued at around \$28 billion - an improvement from 2018's record-breaking \$26.1 billion.



Atila Türkmen
Chairman - Türkmen Group

The sectors are supported by a robust base of more than 50,000 apparel and textiles manufacturers, including Türkmen Group, where technological innovation has enabled rapid responses to ever-changing market demands, pushing the group to become one of the country's most important exporters of textiles and garments.

Türkmen Group has been in operation for more than 45 years, maintaining a leading position through the strength of its technological innovation, supply chain management, and industry know-how. The Group has continuously innovated its business model, moving from being a manufacturer to a complete solution provider. Türkmen Group is currently active in every step of the supply chain including fabric printing, concept creation (design studio), garment design and manufacturing, logistics and foreign trade, through its subsidiaries ATT Concorde, ATT Clothing, Türkmen Logistics, Türkmen Foreign Trade and GAAT International. It is known as a vertically-integrated, environmentally sound, socially conscious and ethical company.

In textiles, ATT Concorde's 40,000 sqm indoor factory stands as Europe's leading fabric printing, dyeing and finishing facility, producing 15 million meters of viscose, polyester, silk and cotton fabrics annually, and offering 40,000 different print designs to its clients, as well as 2,500 new print designs each year. Its

garment business, ATT Clothing, has pioneered "fast fashion" in Turkey since 1998, offering 4-6 weeks lead times with an annual production capacity of 7.5 million pieces of women's garments.

Atila Türkmen, Chairman of the Türkmen Group, counts creativity, agility and innovation as the most important competitive advantages for his garment and textiles businesses.

"In the information age, people are able to instantly access information and visual examples of the products they want. Once the product has been seen, it gets 'old' and you need a new concept, new product. In Turkey, we can rapidly respond to changing needs; and the country's geographic location and our way of work with attractive lead times allows us to ship any new products very quickly," he explained.

Türkmen Group is highly export-oriented, and its strong presence in the niche fashion garment sector, as well as investment in innovative technology including supply chain management solutions, has kept the Group competitive and profitable. Today its subsidiary Türkmen Logistics manages logistics operations that spans Egypt, Sri Lanka, India, China, all of Europe, and the Group's central operations in Turkey.

"Our business is 100% exports, and we have great relationships with our clients. Before the 1970s, the apparel sector was a niche market, but for the past 40-50

years it has become a mass-production industry. Apparel is a huge sector, but only a small fraction produces fashion. Fashion garments are unique; not every garment is fashion. At Türkmen Group we make our own concepts and designs; not everyone does that. We are happy with how it has gone, and are excited about our future plans" he said.

Operations are further strengthened by a long list of major clients. The Group has forged partnerships with some of the world's largest multinationals, in addition to providing consulting services in key markets such as Brazil and Mexico. It is also important to highlight that the Group was the first to develop and export its supply chain management software to global retailers.

Moving forward, innovation and technology will remain a key priority for Türkmen Group, with the chairman now setting his sights on new joint ventures, in a bid to further expand the Group's global footprint.

"We are interested in joint ventures, in retail as well as new partnerships in the areas of technology and e-commerce. We are keen to continue to invest in order to strengthen our leadership in the market and explore new opportunities," he said.



Global Investment Holdings - A World Leader

Turkey's economic rebalancing is gathering pace, with international institutions giving a vote of confidence in the country's outlook. In November, Fitch Ratings raised Turkey's sovereign outlook to stable, noting "further progress in stabilizing and rebalancing the Turkish economy", including a narrower current account deficit and higher growth.

Tourism is a major driver of growth, and source of support to the current account. The sector achieved a record year in 2019, with 51.7m arrivals. One of the fastest-growing and highest-value segments is cruises, and Turkey saw cruise ship arrivals rise nearly 40% in 2019, to 344 from 247 in 2018. This year, the Aegean resort of Kusadasi, biggest cruise port in Turkey, is expecting 310 cruise ship visits. Kusadasi is one of 21 ports managed under the world's largest cruise port consolidator, Global Ports Holding ("GPH"), a London listed and industry pioneer company that has seen rapid international expansion over the past decade. GPH is a subsidiary of Global Investment Holdings ("GIH"), a diversified conglomerate which also owns Europe's hence Turkey's largest compressed natural gas distributor, and has interests as diverse as solar energy, biomass, real estate and brokerage, and asset

management. Since 1990, the year GIH was first established as Global Securities, a brokerage house, the Group underwent a transformation in the mid-2000s brought its various investments at different sectors under the roof of GIH.

"We realized the floodgates for foreign investments were going to open," says Mehmet Kutman, GIH's Chairman and CEO. "We decided to shrink our investment bank and became a Private Equity firm, buying assets from 2006 onwards."

These assets included container and cruise ports, and the company achieved an inflection point in 2012 when it bought into the Port of Barcelona. It now has interests in 21 ports, with a 35% market share in the Mediterranean, and growing activities in the Caribbean and Asia.

The company continues to seek new partners to pool risk, and to ensure that local businesses and communities benefit from investments. In 2019 GPH signed a deal to operate Nassau Cruise Port in the Bahamas, taking a 49% equity stake, with 49% owned by Bahamians and 2% by a local charitable foundation.

"There's always demand for what we do at different operational company levels," says Kutman.

While a truly global company, GIH



Mehmet Kutman
Chairman

remains Turkish in identity, and continues to invest in its home country, and its compressed natural gas subsidiary will launch an IPO in the coming months. GIH's asset

management subsidiary Actus will complete merger with another major player soon to form Turkey's biggest locally owned and independent and non-bank asset management company in the sector. With the economy on the up, GIH is well-placed to reap the rewards and grow beyond its current asset size of c. USD2.5b.

In addition to main sectors driving the Group's growth, Mr. Gregory Michael Kiez, founder and first chairman of GPH was an early stage investor at Facebook and the Group carries this flag by investing in companies like Firefly (programmable screens atop taxis and ride-share vehicles), Axel Hotels, Tesla and Jumtuit.



Kibar Holding - Export Powerhouse

The Turkish government has targeted boosting annual exports to \$500 billion by 2023, demonstrating the strong growth potential of manufacturing in Turkey. Promisingly for its vast base of producers, the sector regained its footing late last year: The Purchasing Managers' Index rose in November for the first time since April 2018, and growth surged to 9.1% y-o-y the following month.

Active across a host of high-potential manufacturing segments, industry leader Kibar Holding is now looking to build on recent successes and expand its reach to new markets, with an emphasis on sustainability, organic growth, and international partnerships.

Kibar Holding was established in 1972, building its portfolio to comprise food processing, automotive manufacturing, packaging, and aluminum businesses. Today the group employs 7500 people at 22 companies, including Assan Alüminyum, a leading global manufacturer of flat-rolled aluminum with installed annual capacity of 300,000 tons. Other major companies operating under its portfolio include Assan Foods, which produces more than 300 products

from plants in the Aegean Free Zone, and Assan Hanil, a parts supplier for international automakers.

According to Chairman Ali Kibar,



Ali Kibar
Chairman -Kibar Holding

innovation and sustainability are key competitive advantages - Kibar Group was one of the first companies to sign

the UN Global Compact, and the company invests heavily in research and development, including through recent partnerships with Turkish Airlines and Heritage Group.

"We've put R&D activities at the heart of our growth strategy, which has afforded us many opportunities for success. Creating synergies and exploring flexibility within the value chain provides us a platform for growth in different sectors, and extends our leadership in product innovation," says Kibar.

Kibar is now seeking new international partners to build on the group's successes, having already developed a solid track record of collaboration with leading corporates including Hyundai, Posco, and Seoyon e-Hwa.

"As one of Turkey's top five exporters, we will keep our focus on export markets that are strategic for our country and offer real growth potential, with the aim of increasing our share in these markets. Any firm that adds long-term value, including through technology transfer, could be a partner".



Akfen Group - The Gateway to Turkey

One of the world's fastest-growing major economies over the past decade, Turkey has achieved average GDP growth of 5.5% since 2009, according to the IMF. Despite political and economic shocks, Turkey's strong fundamentals have exerted themselves.

The needs of a large and growing population, a dynamic economy, and a country that spans from Europe to the Middle East, has driven huge infrastructure investments. With successive governments encouraging FDI, Turkey ranks third in the world in terms of public-private partnerships, according to the World Bank. The country rolled out more than 220 PPPs worth a total of \$165bn between 1990 and 2015.

Akfen Holding has been a leader in Turkey's infrastructure expansion, and a trusted partner for a range of foreign investors. It now has interests in sectors as diverse as seaports, renewable energy, real estate, mining, and financial services. "We've invested \$1bn in the past two years alone," says Hamdi Akin, Akfen Holding's chairman. "We're open to any sort of partnerships that will

reinforce our investments."

Since 2016, Akfen has raised \$1.2bn in exits and sales of shares. The EBRD and IFC each took a 16.67% stake in Akfen Renewable Energy in 2016 for a combined \$200m. Currently the group



Hamdi Akin
Chairman - Akfen Group
has nine different international partners, from the Port Singapore Authority to the UK's Souter Investment and Israel's

TAHEL.

In 2017, Akfen Group sold its remaining stake in TAV Airports for \$160m to Aéroports de Paris, while in 2017 it sold a 40% stake in Mersin International Port to Australian private equity (PE) fund IFM for \$869m.

Akfen acts like a PE fund, but funded from its own resources rather than outside investors. And like PE, Akfen plans to exit some of its investments: next on the block could be its 30% stake in Acacia Mining, which operates a major copper mine in central Turkey. Akfen also plans to invest \$1.3bn in a range of business units in 2020-21, creating 3,380 new jobs. The company's track record in development, and Turkey's natural advantages, stand it in good stead.

"Turkey is a rich country, and a place for long-term investments," says Akin. "We believe that it will return to historic growth levels in the near future, with the Government's New Economy Program (YEP) launched last year. Therefore, it is now a good time to invest in Turkey."



Kale Group

Leading with Values and Enriching Society

One of the largest industrial conglomerates in Turkey, Kale Group has been in operation since 1957, when Dr. (h.c) İbrahim Bodur established the country's first ceramics factory. Having a strong local heritage with a global vision, it is a pioneer in various sectors bringing to life many firsts in Turkey and around the world. Kale executed Turkey's first ceramic export in 1962, and today the Group is present in the building materials and building chemicals sectors, as well as aerospace and defence, with a portfolio comprising 20 companies employing more than 5000 people. In ceramic production Kale Group ranks 4th in Europe and 15th globally, while it ranks among the five biggest building chemical producers in Europe. With a significant market share in Turkey and abroad, Kale Group meets with customers in 100 countries with more than 400 sales points. It is also a tier one supplier for some of the world's largest defence and aerospace companies and recognized as one of the leading suppliers in many important international programs, including the Joint Strike Fighter project.

Zeynep Bodur Okyay, President and CEO of Kale Group, attributes decades of success and expansion to the Group's core principles of responsibility and responsiveness. She believes in investing in sustainable and smart projects that create positive impact and shared value.

"One of our main focuses is building strong relationships. We want to work with the same people each and every year. We value trust very much. I personally believe that's the inheritance from my father: that trust is the basis of everything, especially in business relationships," she said.

Okyay has continued building on her father's successes since taking the reins in 2007, fostering strong relationships both within Turkey and abroad. Actively engaged in civil society organizations, she leads a purpose-driven company and believes in creating shared value for all stakeholders. In this regard, she steers pioneering projects in the field of social entrepreneurship as well as initiatives with a specific focus on design & ceramics art. In line with the founding values of Kale Group, Kaleseramik



Zeynep Bodur Okyay
President & CEO -
Kale Group

Foundation was founded in 1991 to carry out activities in the realm of education and employment with the aim of "giving back" to society.

She is currently

focused on further expanding Kale Group's dual footprints, with a view to building new international partnerships while supporting Turkey's national and economic development.

"Aerospace is one area where we really want to grow, as well as expand our building materials business regionally. Turkey is still one of the biggest markets for us, but I believe that companies in Turkey are changing and taking global trade into account, so it is important to explore new opportunities in line with market trends," she said.



Tersan Group - A Shipbuilding Success Story

Turkey's manufacturing sector has maintained a strong growth trajectory despite recent external headwinds, with industrial production rising by 8.6% y-o-y in December 2019, a two-year high, and expected to remain positive in 2020.

The sector has benefitted from growth in value-added activities such as shipbuilding, with the OECD describing Turkey's shipbuilding industry as offering "modern, quality certified shipyards," and production rising several-fold since 2000. Exports grew by 5.2% in 2018 alone to hit \$1.04 billion worth of yachts and ships.

Tersan Group has been at the forefront of the country's modern shipbuilding growth story. The Group began its shipbuilding activities in 2001, established an advanced shipyard in Yalova in 2008, and now has expanded to a 300,000 sqm land. The first delivery from Tersan to Norway was made in 2011, and the shipyard became the first Turkish company in history to sign contracts for passenger vessels for a Norwegian client in 2018. Exports to Norway have significantly augmented its order book since then: To date, total of 77 vessels have been delivered worldwide, 16 more are under

construction and scheduled for the coming 2-3 years. The shipyard has now become the biggest operation of its kind in Turkey.



Osman Nurettin Paksu
Chairman - Tersan Group

Osman Nurettin Paksu, Chairman of Tersan Group, attributed the group's success to its high-quality, cost-effective production. With 3500 employees and 50,000 tons of steel cutting capacity, Tersan Group's Yalova Shipyard is capable of in-house engineering, production and turn-key delivery of ships while some of which are designed for the harshest conditions. The shipyard also made further investments in new technologies, including new welding

technologies, additional lifting capacities and standardizing usage of higher standard and lower weight materials.

"European shipyards' prices are high, so we have an advantage in terms of price, yet we can still provide the best quality. That is why international clients prefer Turkey. We have proven ourselves with our deliveries in recent years, especially to Norwegian customers," he said. Tersan Group is seeking to build a broader portfolio of clients in Scandinavia, adding to its existing base of customers in Norway, Russia, and Canada. For Paksu, the passenger vessel market holds especially high potential, particularly given the reputation Tersan Group has built for itself in Norway.

"Tersan is a well-known name in Norway and in North European countries among the shipyards and the ship owners. Tersan's proven experience and good track record is a good sign of our success. Reliability is very important for us, which is why we offer services after delivery. We provide the best quality, and we are among the most experienced companies in this sector," he said.



Küçükçalık Group - Long-Lasting Success

Turkey's economy is powered by its expansive and diverse manufacturing base, which pushed the country's annual export growth to 7.4% in 2019. The country's textiles industry plays a major role in supporting this growth, and annual textile export revenues have risen consistently in recent years to end 2018 at \$17.38 billion, against just \$12.85 billion in 2009.

In operation since 1940, Küçükçalık Group has played an important role in Turkey's modern textile growth story. The group was founded by Nuh Mehmet Küçükçalık, a fabric trader in Kayseri who later expanded his business to Istanbul. The second generation of the family, with their experience and vision decided to expand its operations, opening the group's first textile mill in the late 1980s.

Today Küçükçalık Group's portfolio spans a vast array of products and services, with a focus on bed linens, drapery, upholstery, multi-purpose fabrics, and garments. Its facilities include six factories covering a total area of 400,000 sq m, and employing more

than 3000 people. Annual output is significant, and includes 108,000 sq m of weaving production, 3.6 million kg of dyed yarn, and 2.5 million metres of embroidered fabrics, among many other products.



Yaşar Küçükçalık
Chairman - Küçükçalık Group

Chairman Yaşar Küçükçalık attributes the group's longevity to consistent, efficient, and high-quality production, which helped boost growth at its Turkish operations to nearly 100% in 2019.

"Turkey remains a major textiles exporter, and we are a company focused on business all over the world. Our clients are big brands, but they never come to us asking us to produce this or that; it is us who come to them to offer

the best solutions for their needs," he said. "In today's world there is no way to compete in either colour or design, sustaining competitive advantage is related with functionality. This is the reason that we invested in the filament yarn factory. We thus give the chance to our customers to differentiate between raw materials, which will make Turkey's textile sector indispensable."

For Küçükçalık Group, that means innovation, digitalization, and sustainability are core priorities for the future, particularly in the context of new business partnerships. Küçükçalık Group is always open to exploring cooperation with other firms, but finding the right fit is important.

"Companies that are not flexible cannot last. Textiles innovation today is focused on functionality, but it extends beyond that: digitalization and sustainability are also a very important part of the business, and we will be paying a lot of attention to it in the future," he said.



AGT - Growth and Innovation

Turkey's forestry and wood product industries are playing an important role in boosting export growth.

Forestry products, including \$886 million of wood products, currently account for \$5.5 billion of the country's total export revenues, supported by industry leaders like AGT.

Established in 1984 in Antalya, AGT (Advanced Technology in Wood Industry) is one of Turkey's leading wood products manufacturers, with a product line that includes wood-based panels, flooring, skirting and profiles for furniture. In construction, the company produces MDF, MF-MDF, panel, and laminate flooring from its 450,000 sq m manufacturing facility in the Antalya Organized Industrial Zone. AGT has grown rapidly in recent years, with annual sales volumes rising by 303% between 2013 and 2019, and today it accounts for \$80 million, or 9% of the Turkey's total annual wood product exports.

Together with Vice Chairmen Mehmet Semih Söylemez and Mustafa Hulusi Söylemez, CEO Sevdil Yıldırım has kept



Mustafa Hulusi Söylemez
D. Sevdil Yıldırım
Mehmet Semih Söylemez

the business on a steady growth path with a sharp focus on value addition, sustainability, and transparency. This helped AGT expand its global footprint to more than 80 countries, including Germany, the US, and Canada.

"International brand recognition is of the utmost importance for us. We have been accepted in Turkish Government's TURQUALITY Programme in light of our efforts and achievements in export operations. AGT set up the first R&D

center in its sector which is authorized by the Ministry of Industry. It's not an issue to increase the scale in terms of quantity, but we need to add value. Added value in whatever we do is crucial for us, as is human capital," said Yıldırım.

Developing a robust corporate culture emphasising three key areas - human resources, IT, and research and development - has been another lynchpin to the company's success. In fact, Mehmet Semih Söylemez recently wrote a book about emotional capital in human resources. This will further strengthen the company's value proposition as it seeks to accelerate expansion in Europe and North America, potentially in partnership with new international investors.

"Our short term goal is to become a publicly-traded company, rather than a partnership. But, we wouldn't say no to a strategic partnership that will add value to our company," said Mustafa Hulusi Söylemez.



Gamateks - Fashion Forward

Turkey's textiles and apparel sector is a critical component of its economy and export base, and the

sector has been growing: The Turkish Ministry of Trade reports that textiles and apparel export revenues jumped by 35% between 2009 and 2018 to end the year at \$17.38 billion, their highest level since 2014.

Top exporters like Gamateks have kept the sector profitable by continually investing in innovation and modernization, building a solid track record of growth and profitability by expanding into niche sectors.

Gamateks was founded by Osman Aydınli in 1984. It grew quickly from its base Denizli to become a major international exporter, and today the company is active in seven locations across five countries. It employs 4000 people and offers fully-integrated production capacity, from fabric to clothing, at 150,000 sq m of indoor area within its international portfolio. Annual production stands at 35 million meters of fabric and 30 million pieces of sewed products from six clothing factories.

Aydınli continues to serve as company chairman, attributing his company's success to its customer-oriented



Osman Aydınli
Chairman - Gamateks

approach, keen ability to anticipate market trends, and strategic investment in technical textiles, including medical and sports textiles. Today athletic fabrics account for 30% of the company's production, supporting steady expansion into European markets.

"Our focus on technical fabrics helped us access markets in England, France, Germany, Holland and Italy. We've opened offices in these countries, and

have been operating with integrity and maturity, which has greatly benefitted our operations," he said.

The company's corporate identity is founded on principles of sustainability, and its high environmental standards have helped it expand its business with some of the world's best-known brands, including C&A and Rodeo Sportswear, Tesco F&F and F&F Sportswear, Inditex, Marks & Spencer, River Island and Riactive Sportswear, United Colors of Benetton, Next, H&M, FILA and George ASDA.

Aydınli plans to build on the company's successes by forging new relationships with international clients, as well as investors who could support the company's global expansion.

"We have a history of successful strategic investments, and Turkey offers a very good geographic location, infrastructure, and human capital, as well as strong support from the government for investors and exporters," he said.

