

The Koç Group and R&D activities



Dr. Orhan Alankus

Koç Group

Strategic Planning Technology Consultant

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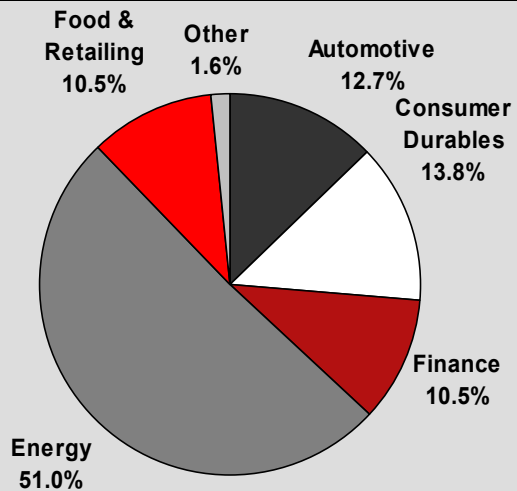
The Largest Company in Turkey



Established in 1963

Breakdown of Consolidated Revenue

\$39.5 billion (2007)



Strong Recognition



(%)

The only Turkish company in Fortune 500

The only Turkish company in "World's Most Admired Companies"

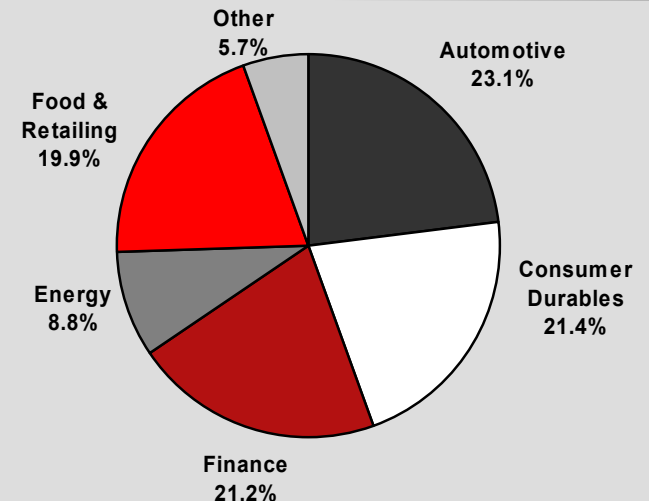
- 2004 : Rank No. 389
- 2005 : Rank No. 358
- 2006 : Rank No. 190

Handelsblatt

The only Turkish company among the 50 largest companies in Europe, according to the 2006 rankings compiled by the Wall Street Journal Europe and German Handelsblatt*

Breakdown of Total Employment

85,000 (2007)



Focused Growth Strategy

Energy



Main Companies

Tüpraş* / Aygaz* / Opet / Entek

International Alliances

Statoil (Koç Statoil)

Share in Consolidated Revenues

51%

Share in Operating Profit

42%

Domestic Market Position – Market Share

Sole petroleum refiner in Turkey

#1 in LPG distribution - 30%

#3 in petroleum products distribution - 15%

Automotive



Main companies

Ford Otosan* / Tofaş* / Türk Traktör* / Otokar*

International Alliances

Ford Motor Co. / Fiat Auto S.P.A.

Case New Holland / Yamaha

Share in Consolidated Revenues

13%

Share in Operating Profit

12%

Domestic Market Position – Market Share

#1 in passenger cars - 20% (sales)

#1 in commercial vehicles - 47% (sales)

#1 in farm tractors - 54% (production)

#1 in total automotive - 29% (sales)

#1 in automotive retailing

Consumer Durables



Main Companies

Arçelik* / Beko Elektronik*

International Alliances

LG Electronics (Arçelik LG)

Share in Consolidated Revenues

14%

Share in Operating Profit

15%

Domestic Market Position – Market Share

#1 in refrigerators, washing machines,

dishwashers and ovens - 57%

#1 in TVs - 42%

Finance



Main Companies

Koç Finansal Hizmetler / Yapı Kredi Bankası* /

Koç Allianz

International Alliances

UniCredit / Allianz

Share in Consolidated Revenues

11%

Share in Operating Profit

23%

Domestic Market Position – Market Share

#4 in total banking assets among private banks

#1 in non-cash loans - 16%

#1 in credit cards - 25% (outstanding)

#1 in mutual funds - 21%

#1 in leasing - 19%

#1 in factoring - 20%

* Listed companies

Other Businesses

Travel and Tourism



- Turkey's leading travel and ticketing agency, cruise packages and on-line travel services provider.
- Growing network of duty-free shops



- Six five star hotels
- 35 food outlets in a variety of formats including patisseries, restaurants, pubs, brasseries and catering venues

DIY Retailing



Turkey's leading DIY retailing chain
50-50 JV with B&Q
15 stores
80K m2 retail area



Food



Tomato paste,
mayonnaise,
canned food

Pasta



Dairy products



Information Technologies



- Turkey's leading outsourcing services and technological solutions provider
- 62 years experience in the sector



- Integrated business communication solutions provider
- Leader in the corporate market



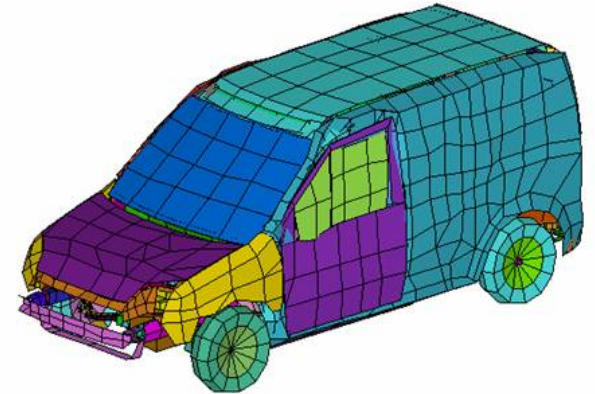
- Sole distributor of Apple products in Turkey (*Apple IMC*)
- Principal agent of Adobe in Turkey



- CRM applications provider
- Runs the Group wide 'Paro' customer satisfaction and loyalty program

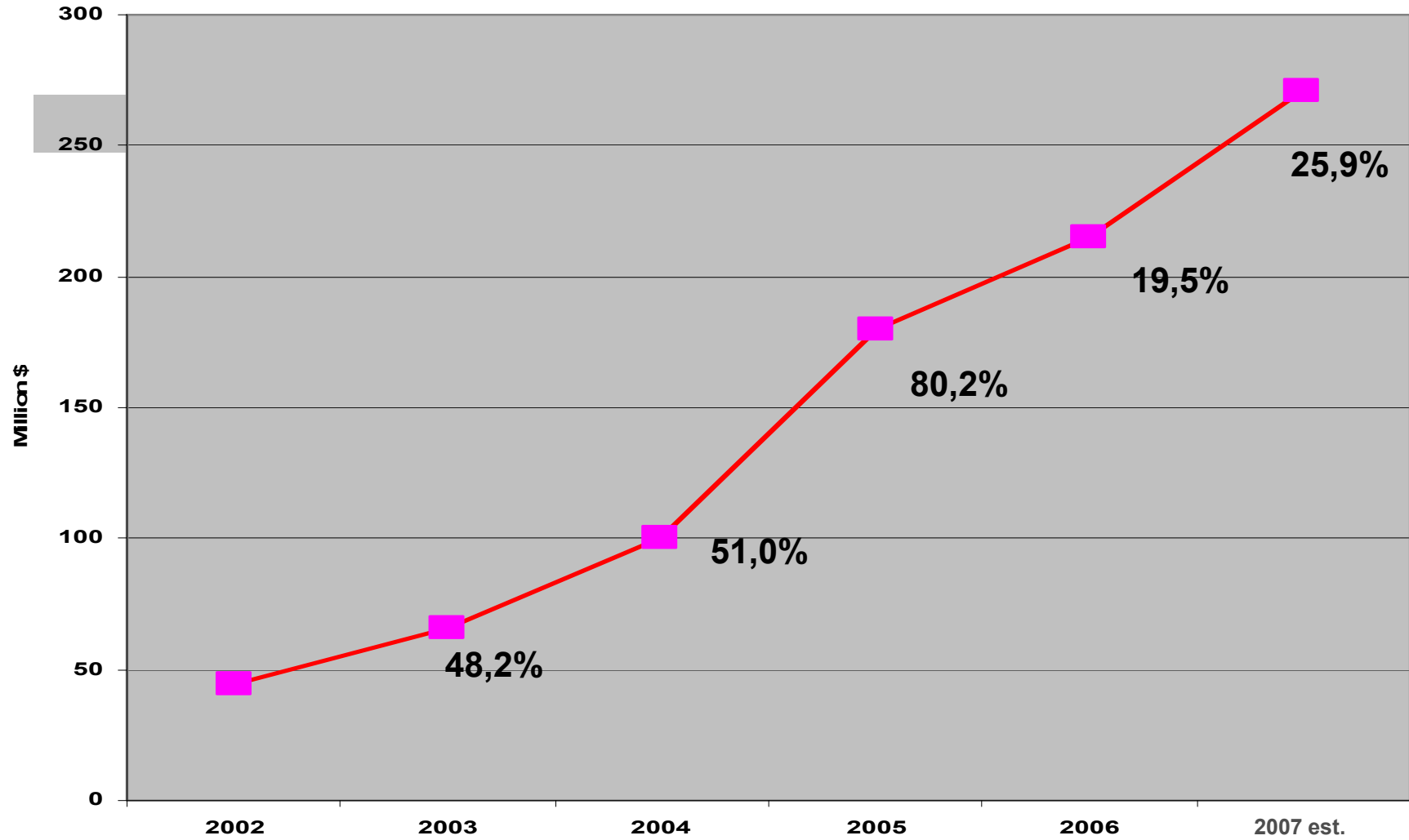
R&D in Koç Holding

- 521 st BIGGEST R&D spending in 2006 among NON-EU companies in the World.*
- 217 th for EU companies Ranking with 62,51 m€ consolidated R&D investment with 15,9% increase with respect to 2005
- However still a long way to go for R&D activities.

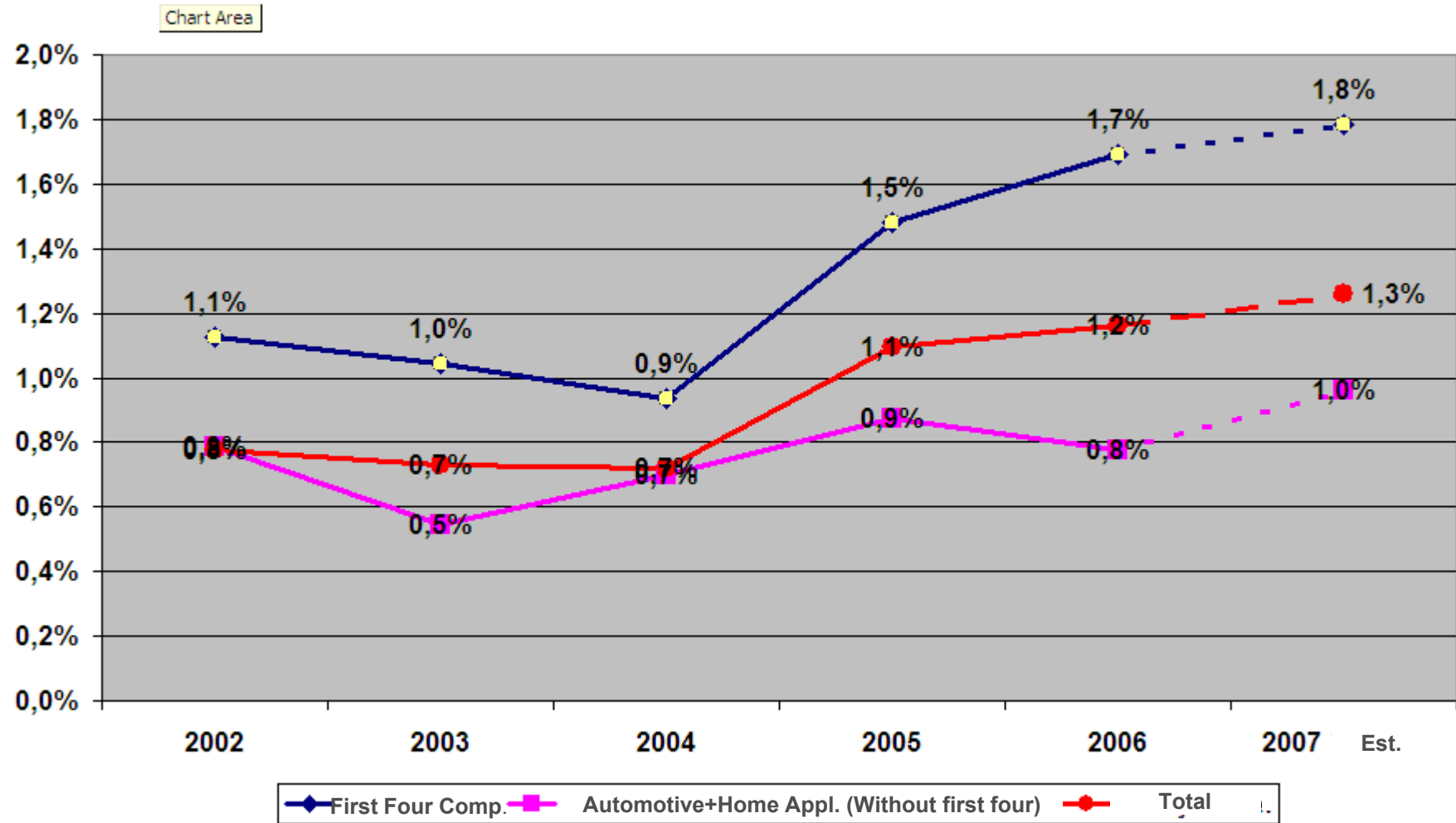


*2007 EU Industrial R&D Investment Score Board

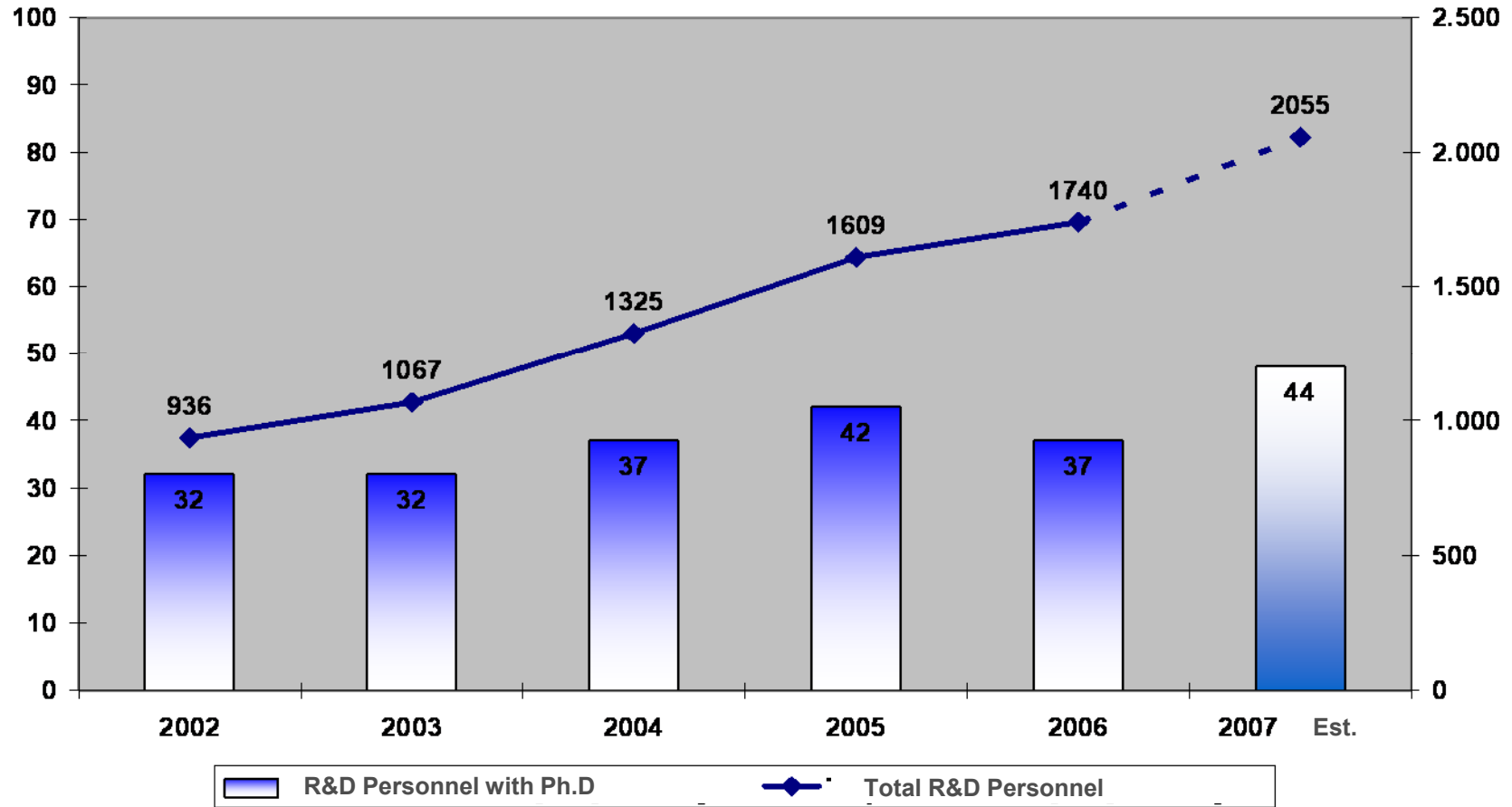
R&D Expenses in Koç Holding



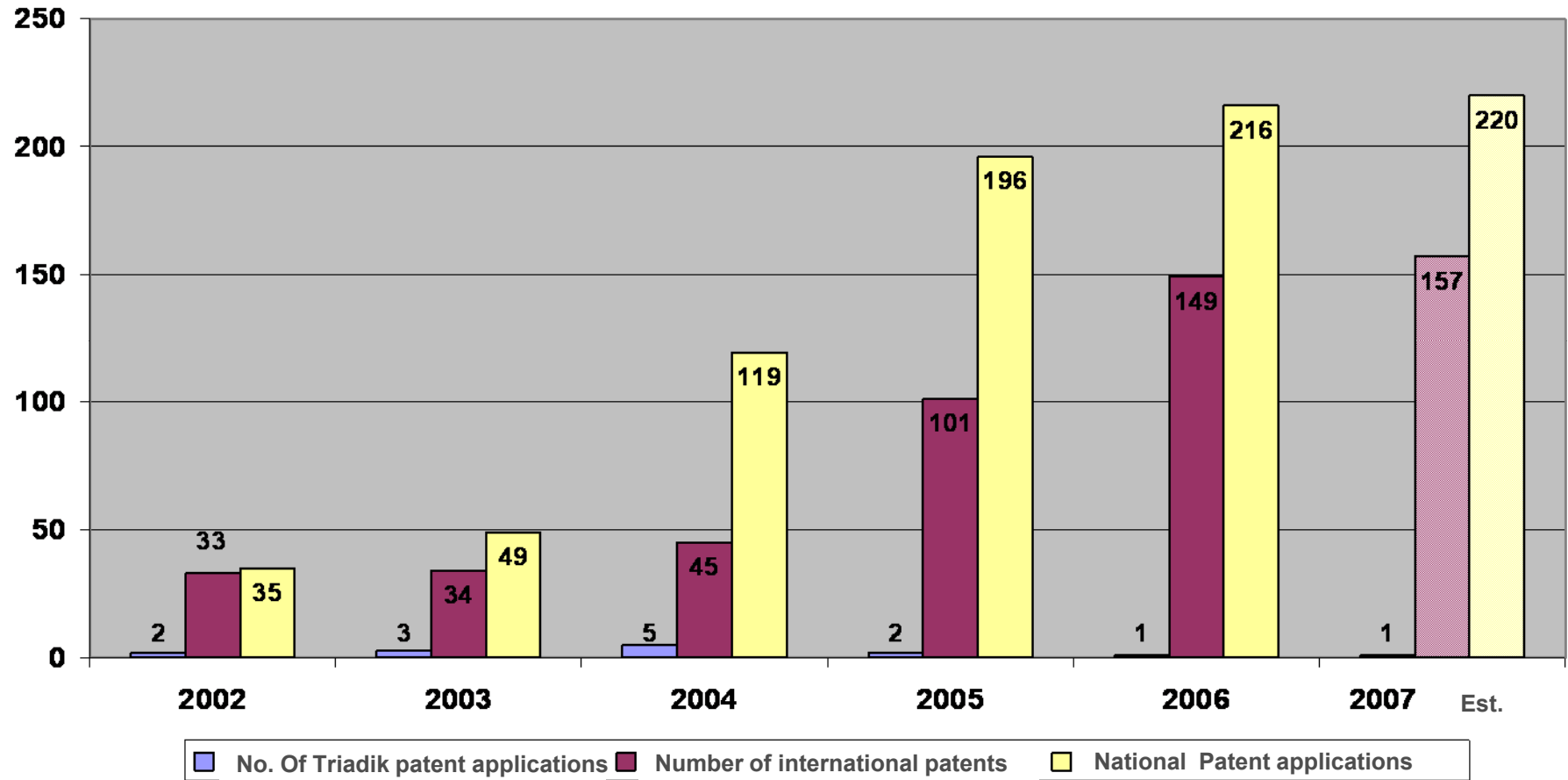
R&D Percentage wrt Turnover



Number of R&D Personnel in Koç Holding



Patents



HOME APPLIANCES

• ARÇELİK

- A Total of 611 people, R&D spending , 1,1 % of Turnover
- 130 patent applications in 2007
- Some examples of New products developed utilizing R&D incentives in Turkey
 - World's fastest washing machine
 - World's fastest dishwasher
 - Side by side refrigerator
 - Turkish Coffe Machine
 - Environment friendly home appliances
 - Divide and cool technology
 - Smart touch dishwasher

• BEKO-GRUNDIG

- A total of 280 R&D Personnel
- R&D centers in Istanbul,Izmir and Nuremberg
- Research Areas:
 - Consumer Electronics and ICT domains (covers number of Strategic Research Agenda items from ARTEMIS, NEM, NESSI and eMobility ETPs)
- Expertise:
 - Embedded Systems design (HW, SW and Middleware), implementation, testing, integration and manufacturing in Consumer Electronics, Electronic Media, Networking and ICT domains.



VISION
ART

TOFAS-FIAT

- Total R&D Personnel 432– 2007 R&D spending m€ 180, 4,6 % of Turnover
- Over 50 projects continuing with Universities, including two German Universities
- Support for automotive engineering programme with Uludag and Turin Politechnic
- Vehicle design and computer aided engineering capability
- The most advanced and most complete automotive testing capability in Turkey
- Member of “Advanced Passive Safety Network” in EU 6th Frame Programme
- Other international projects for the 7th Frame programme

An Important Project wth TUBITAK support

Main interests of Research

- Intelligent vehicles
- Safety & Security
- Environment friendly vehicles
- Light and durable vehicles
- Quiet and comfortable vehicles



FORD-OTOSAN

Total of 8274 personnel
4,6 billion USD revenue
Export value of 2 billion USD

Products:

- ✓ Transit/ Tourneo Connect (LCV)
- ✓ Transit (MCV)
- ✓ Cargo (HCV)



Product Development Department
Personnel: 507 White Collar

PD Resources & Capabilities:

- ✓ Engine Development
- ✓ Engine Test Centers
- ✓ Vehicle Engineering
- ✓ Package & PIM
- ✓ Vehicle Performance Measuring
- ✓ PD Material Labs
- ✓ Test Cells
- ✓ Design Studio



University – Industry Collaborations

- ✓ Fuel Cell – Consortium Project
- ✓ Hybrid Transit Prototype
- ✓ Motor, ECU & Battery Development for HEVs
- ✓ Active and Safety Projects

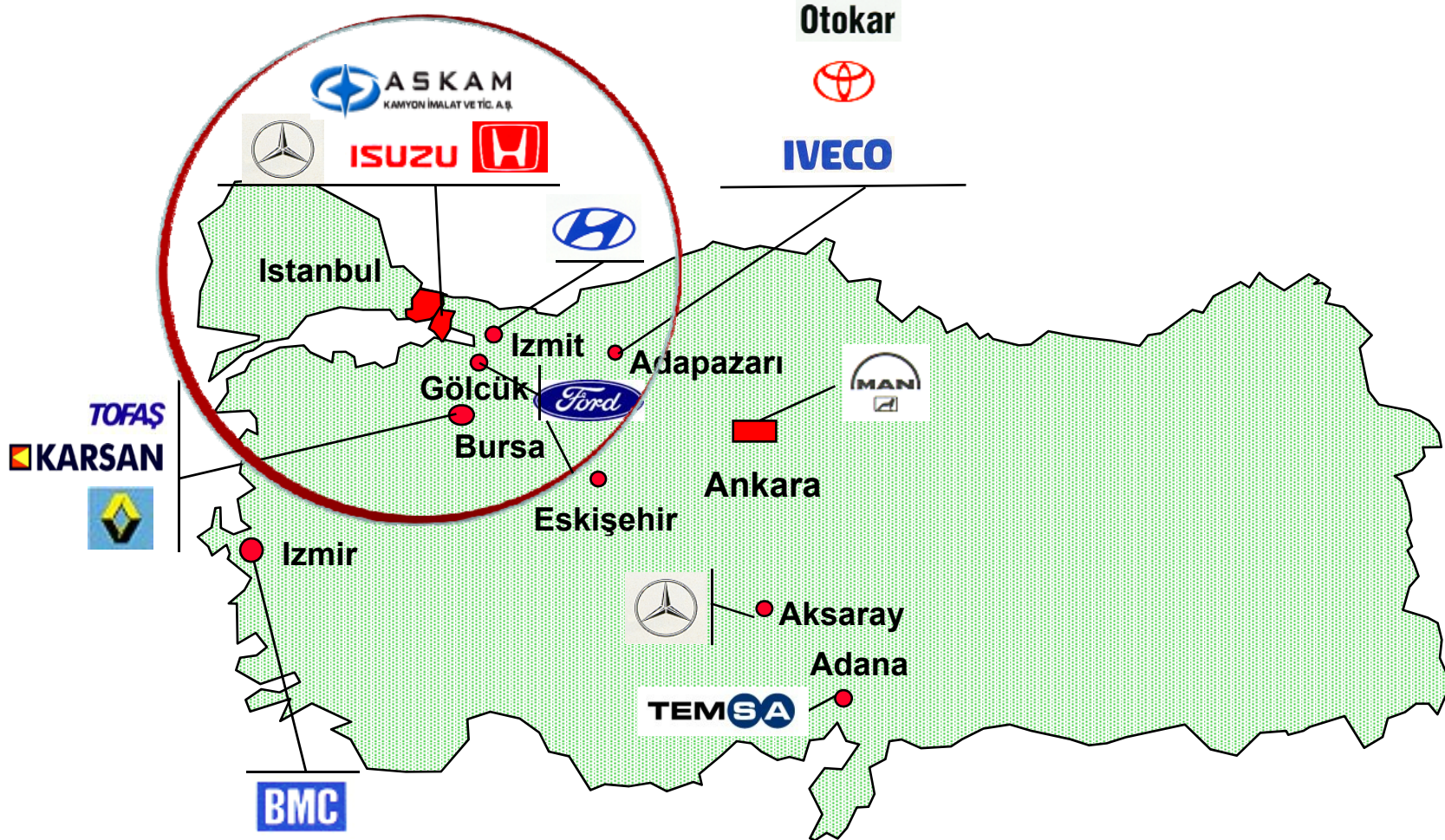


FP6 Project: GREEN (IP)
Ford Otosan is the only Turkish automotive company that participates to a FP6 IP project

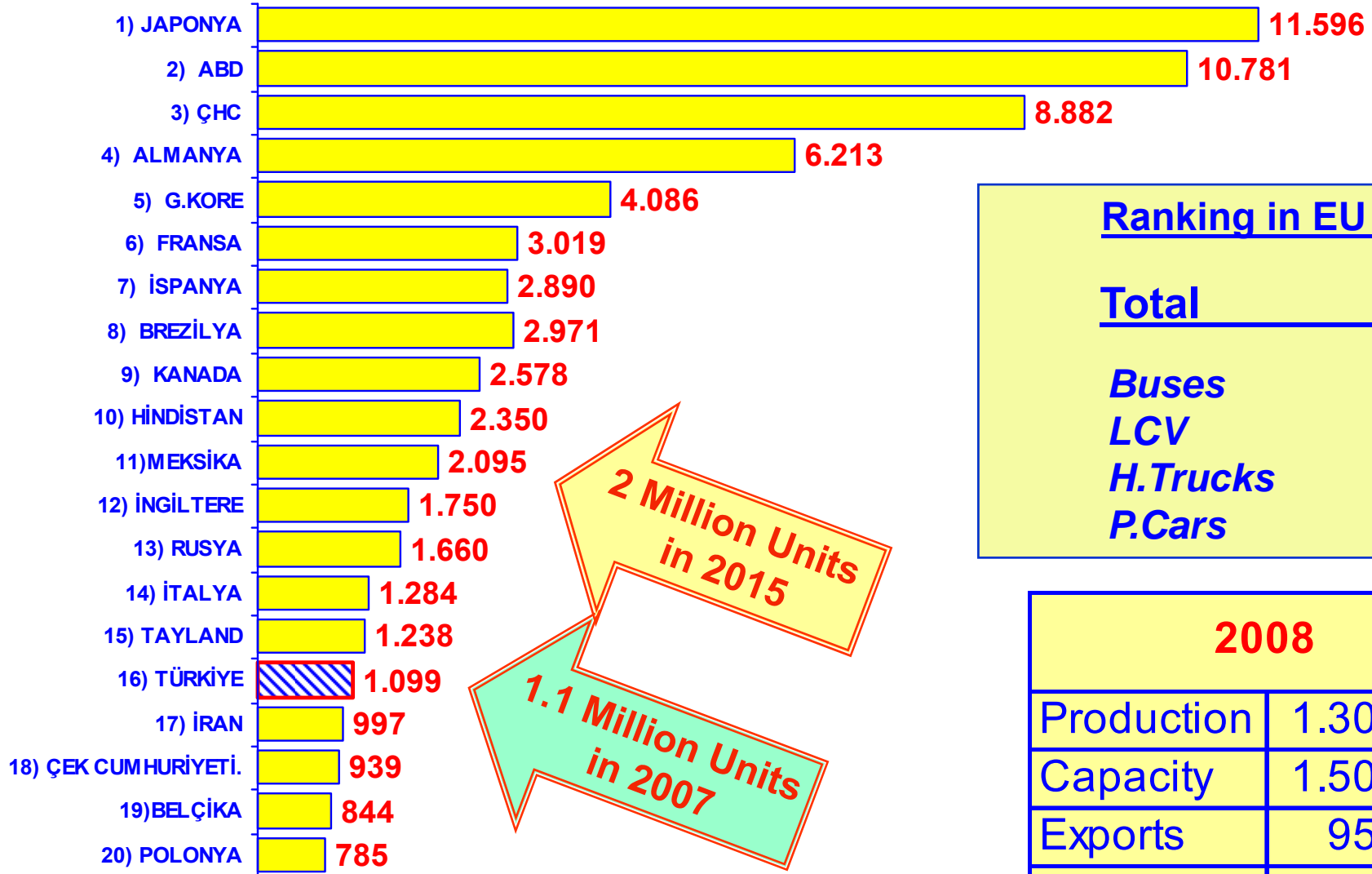


MV Manufacturers in Turkey

85 % of
Components
Manufacturers



MVI in World – 2007 (x 1.000)



Ranking in EU (27)

Total 5

Buses 1

LCV 2

H.Trucks 7

P.Cars 9

2008






Production 1.300.000

Capacity 1.500.000

Exports 950.000

Market 675.000

R&D Activities in TK Automotive

Tofas		Passenger Car, LCV
Ford Otosan		Commercial Vehicles, LCV, Lorry, Engine
Temsa		Bus, Midibus
Otokar		Minibus, Armed Vehicles
BMC		Minibus, Lorry
Mercedes Benz Turk		Bus

Strategic Targets

Being one of the leading companies in Europe through rapid and profitable growth

Focus on businesses where :

- ✓ We have a differential competitive advantage
- ✓ We can generate significant revenues through international operations and exports
- ✓ We can leverage our brands and technology
- ✓ We can be a leader or a close second for each business undertaken

Related R&D areas and Interests

- Automotive:

- Safety & Security
- Urban Mobility
- Environment friendly vehicles
- Light and durable vehicles
- Intelligent vehicles
- Quiet and comfortable vehicles
- Hybrid & Alternative Systems

- Energy

- Alternative energy resources
- Energy efficiency
- Environment

- Home Appliances

- New Materials
- Energy efficient and Environment friendly technologies
- Ergonomics
- Electronics

- Information Technologies

- Food Industry

- Innovation Capability

Thank you . . .