

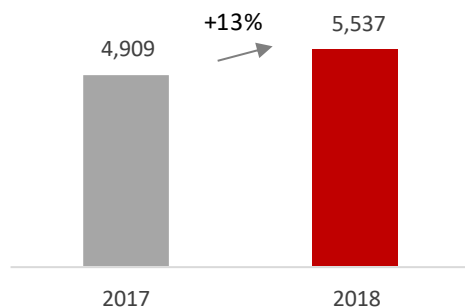


Koç Holding
FY18 Earnings Presentation

15 February 2019

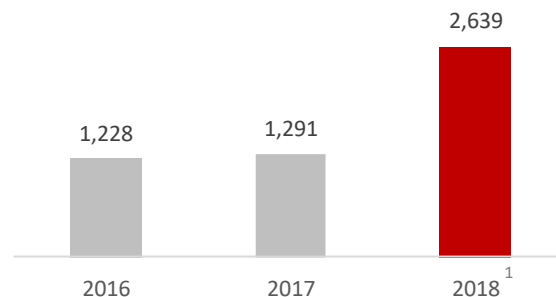
Strong Positioning via Diversified Structure

Consolidated Net Income (TL mn)



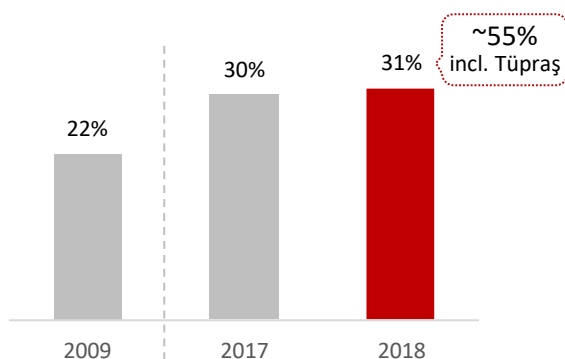
Sustainable performance leveraging on diversified structure

Dividend Income (TL mn)



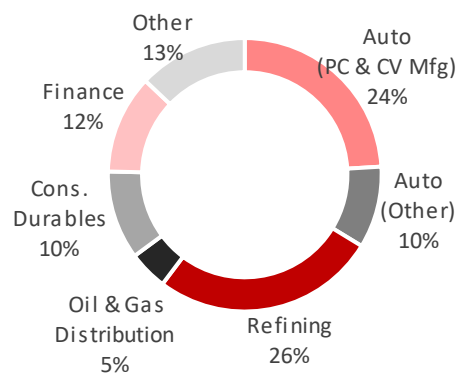
Solid dividend flow supported by ~TL 37 bn of investments over the last 5 years

Combined Int'l Revenues / Revenues



Largest exporting group in Turkey covering 10% of Turkey's total exports

NAV Breakdown by Sector



Resilient against sectoral cyclicality

Domestic Market Positioning

- #1 in total automotive
- #1 in light commercial vehicles
- #1 in tractors
- #1 in automotive retailing and rental
- #1 in white goods
- #1 in air conditioners
- #1 in refining
- #1 in LPG distribution

Strong pricing power via leading positions



Disciplined Approach

**Strong
Cash Position**
(Solo)

US\$ 1.9 bn gross cash → **80% in US\$**, 20% in TL
US\$ 1.5 bn total debt
US\$ +427 mn net cash

**Stable
Funding**
(Solo)

2 eurobonds totaling US\$ 1.5 bn → Mar'16: US\$ 750 mn, 7yrs, 5.25% coupon; Apr'13: US\$ 750, 7 yrs, 3.5% coupon
No repayment requirements until 2020

Solid Liquidity

1.5x current ratio on a combined basis

**Sustainable
Leverage**

1.5x net financial debt / EBITDA on a combined basis (vs. 1.8x in 9M18)

**No
FX Position**

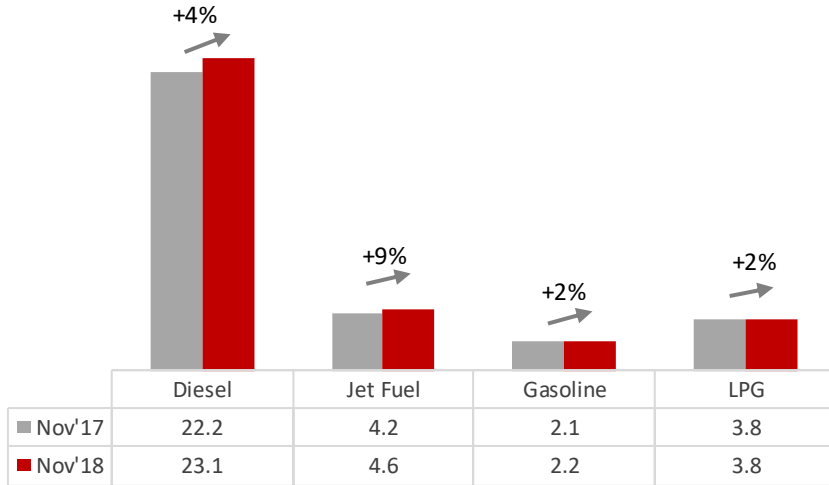
US\$ +40 mn solo long FX position
US\$ +8 mn consolidated long FX position after natural hedge¹
US\$ +32 mn consolidated long FX position after natural hedge weighted by effective ownership

Notes: All data as of FY18

(1) Net FX long position at US\$ 8 mn (excluding US\$ 1.2 bn of loans designating as hedging instruments (mainly Tüpraş) and US\$ 1.3 bn of natural hedge due to FX linked pricing of Tüpraş and Aygaz inventory)

Energy

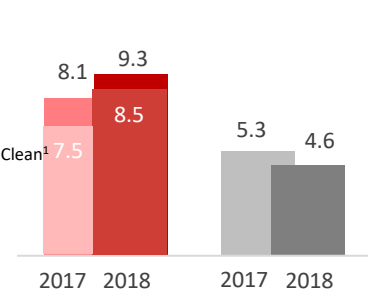
Sales Volume, Domestic Market (mn tons)



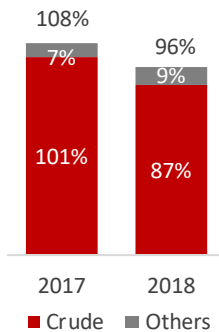
Tüpraş

Refining Margins (\$/bbl)

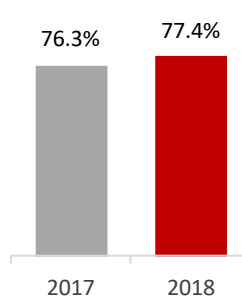
Tüpraş (net) Med Complex



Capacity Utilisation



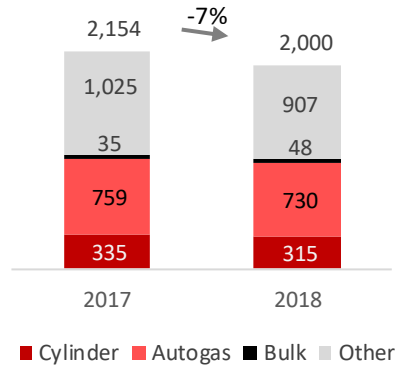
White Product Yield



Aygaz ('000 tons)

Sales Volume

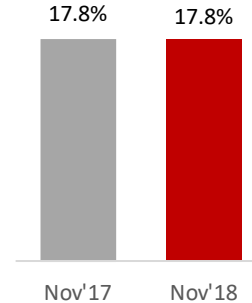
Ranking: #1



Opet

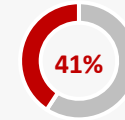
White Product Market Share

Ranking: #2



Energy Segment

Share in Combined Operating Profit ²



Share in Consolidated Net Income



TL mn, combined	2018	y/y
Revenues	153,250	57%
Operating Profit ²	9,620	52%
Profit Before Tax	4,233	-20% ³
Cons. Net Income	1,433	-16% ³

(=) Inventory gains offsetting FX losses

(-) Impact of planned shutdowns on CUR and volumes

(-) Crude oil differentials

Notes: Energy Market Regulatory Authority data used for sectoral indicators

(1) Clean net refining margin excludes inventory effect

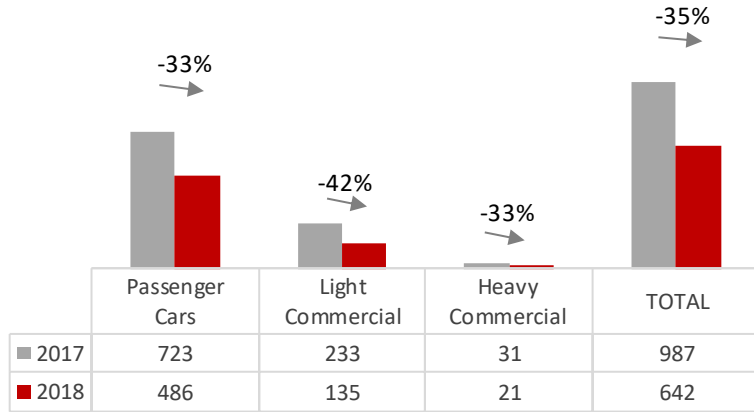
(2) Excluding FX gains/losses and credit finance income/charges on trade receivables and payables

(3) Excluding provision for Ayaş impairment (PBT impact TL 151 mn, cons. net income impact TL 105 mn)

Automotive

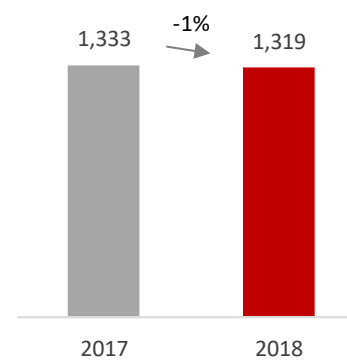
Sales Units, Domestic Market ('000)

Koç Share 14% 14% 56% 52% 22% 21% 24% 22%



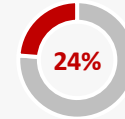
Export Units, Turkey ('000)

Koç Share 43% 43%



Automotive Segment

Share in Combined Operating Profit ¹



Share in Consolidated Net Income



TL mn, combined	2018	y/y
Revenues	65,716	18%
Operating Profit ¹	5,614	41%
Profit Before Tax	3,945	19% ^{13%²}
Cons. Net Income	1,644	23% ^{12%²}

(+) Solid international revenues and margins

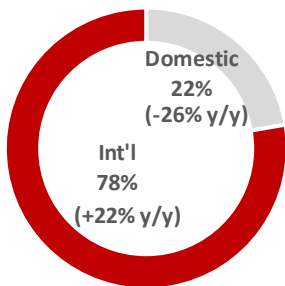
(+) Cost discipline

(-) Significant decline in domestic market volumes

(-) Higher financial expenses

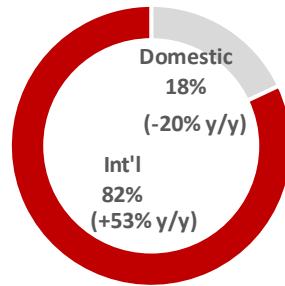
Tofaş Revenues

Total Revenues: TL 18.6 bn, +7% y/y



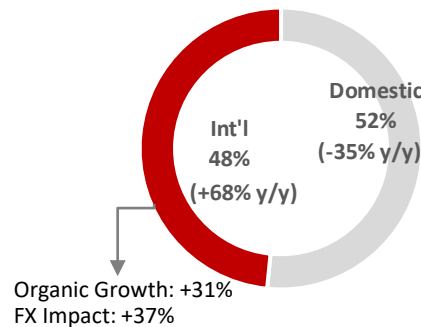
Ford Otosan Revenues

Total Revenues: TL 33.3 bn, +31% y/y



TürkTraktör Revenues

Total Revenues: TL 3.9 bn, -7% y/y



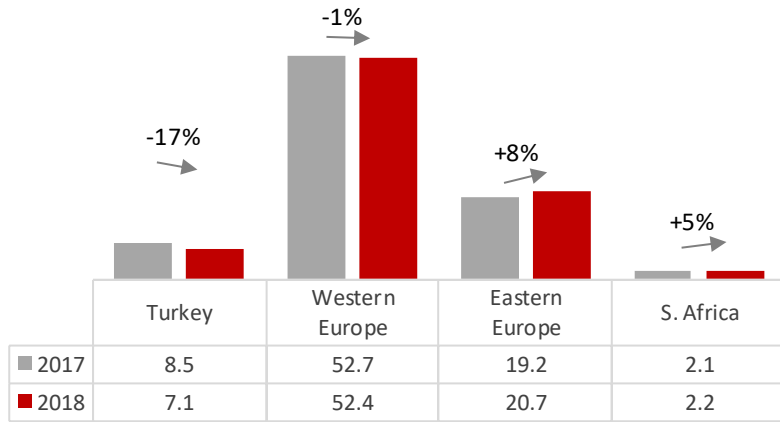
Notes: Automotive Manufacturing Association data used for sectoral indicators. HCV data based on restated AMA figures.

(1) Excluding FX gains/losses and credit finance income/charges on trade receivables and payables

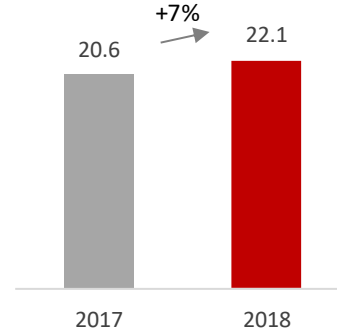
(2) Excluding bargain purchase gain (negative goodwill) of Otokoç on acquisition of car rental business in Greece (PBT impact TL 188 mn, cons. net income impact TL 145 mn)

Consumer Durables

Sales Units, Market (mn)

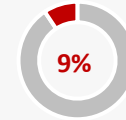


Export Units, Turkey (mn)



Consumer Durables Segment

Share in Combined Operating Profit ¹



Share in Consolidated Net Income

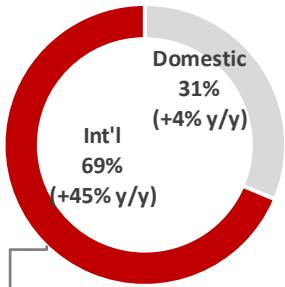


TL mn, combined	2018	y/y
Revenues	30,244	29%
Operating Profit ¹	2,211	50%
Profit Before Tax	999	22%
Cons. Net Income	366	7%

- (+) Solid international revenues
- (+) Pricing focus
- (-) Higher financial expenses
- (-) Contraction in domestic market also including high base impact

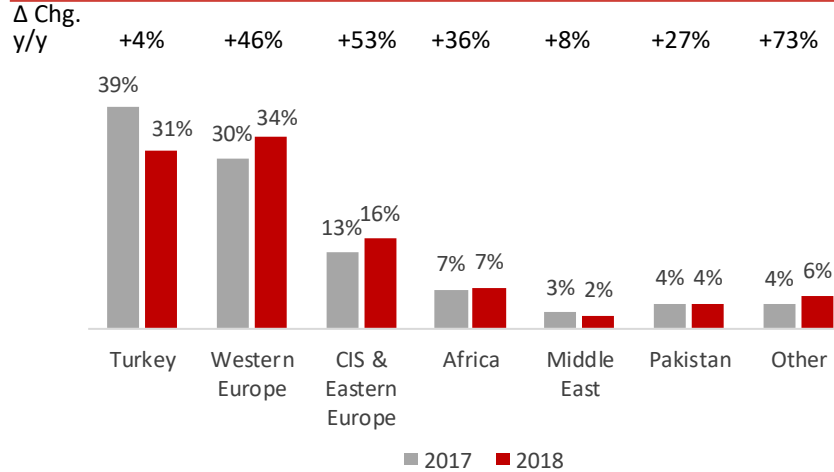
Arçelik Revenues

Total Revenues: TL 26.9 bn, +29% y/y



Organic Growth: +9%
FX Impact: +37%

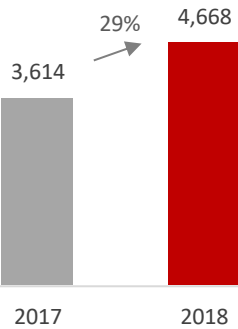
Arçelik Regional Breakdown of Revenues



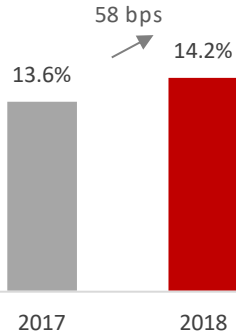
Finance

YKB Profitability

Net Income (TL mn)

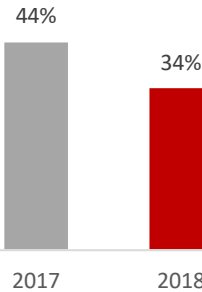


ROATE

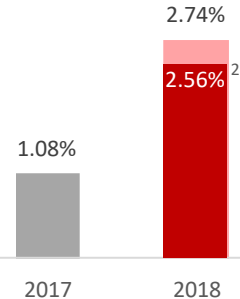


YKB Operational Performance

Cost/Income¹

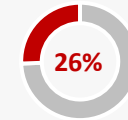


CoR

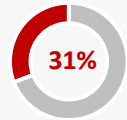


Finance Segment

Share in Combined Operating Profit



Share in Consolidated Net Income



TL mn, combined	2018	y/y
Operating Profit	6,039	43%
Profit Before Tax	6,138	41%
Cons. Net Income	1,702	35%

Improving cost / income

Conservative CoR approach

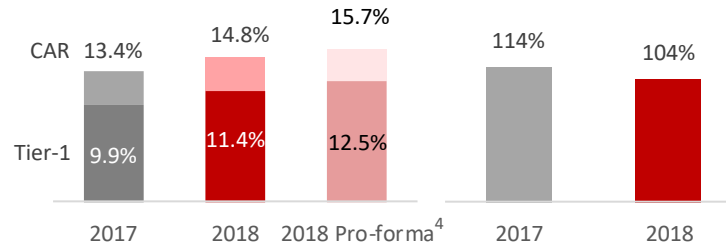
Subdued volumes and focus on liquidity

YKB Balance Sheet

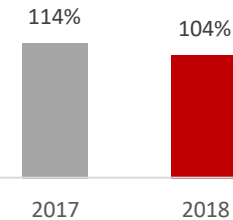
TL bn, consolidated	2018	q/q	y/y
Loans³	220.5	-12%	10%
TL	120.9	-3%	1%
FC (\$)	18.9	-9%	-10%
Deposits	210.3	-5%	21%
TL	92.7	5%	22%
FC (\$)	22.3	1%	-14%
NPL Ratio	5.5%	1.7pp	1.0pp
Provisions / Gross Loans	6.1%	1.3pp	1.2pp

YKB Fundamentals

Capital Ratios



LDR



Notes: ROATE indicates Return on Average Tangible Equity

CoR= Total specific + generic provisions net of collections. 2018 adjusted for provision reversals related to cheques due to regulation change in 1H18

NPL Ratio and Provisions / Gross Loans based on bank-only figures

LDR= Performing Loans / (Deposits + TL Bonds)

(1) 2018 Income adjusted for trading income to hedge FC ECL and collections

(2) Adjusted for FX impact

(3) Loans indicate performing loans excluding factoring and leasing receivables and TL and FC loans are adjusted for FX indexed loans

(4) Including \$ 650 mn AT1 issuance finalized in January 2019 and \$ 200 mn Tier 2 payment

Group's Overall Financial Performance

TL mn, FY18	Energy	Automotive	Consumer Durables	Finance	Other	Total
Combined Revenues ¹	153,250	65,716	30,244	43,227	13,837	306,275
y/y	57%	18%	29%	46%	25%	↑ 41%
Combined Operating Profit ²	9,620	5,614	2,211	6,039	119	23,602
y/y	52%	41%	50%	43%	-35%	↑ 46%
Combined Profit Before Tax	4,233	3,945	999	6,138	633	15,947
y/y	-20%	19%	22%	41%	38%	↑ 12%
Combined Net Income	4,007	3,851	881	4,734	507	13,979
y/y	-10%	16%	5%	35%	31%	↑ 12%
Consolidated Net Income ³	1,433	1,644	366	1,702	392	5,537
y/y	-16%	23%	7%	35%	52%	↑ 13%

(1) Before revenue eliminations

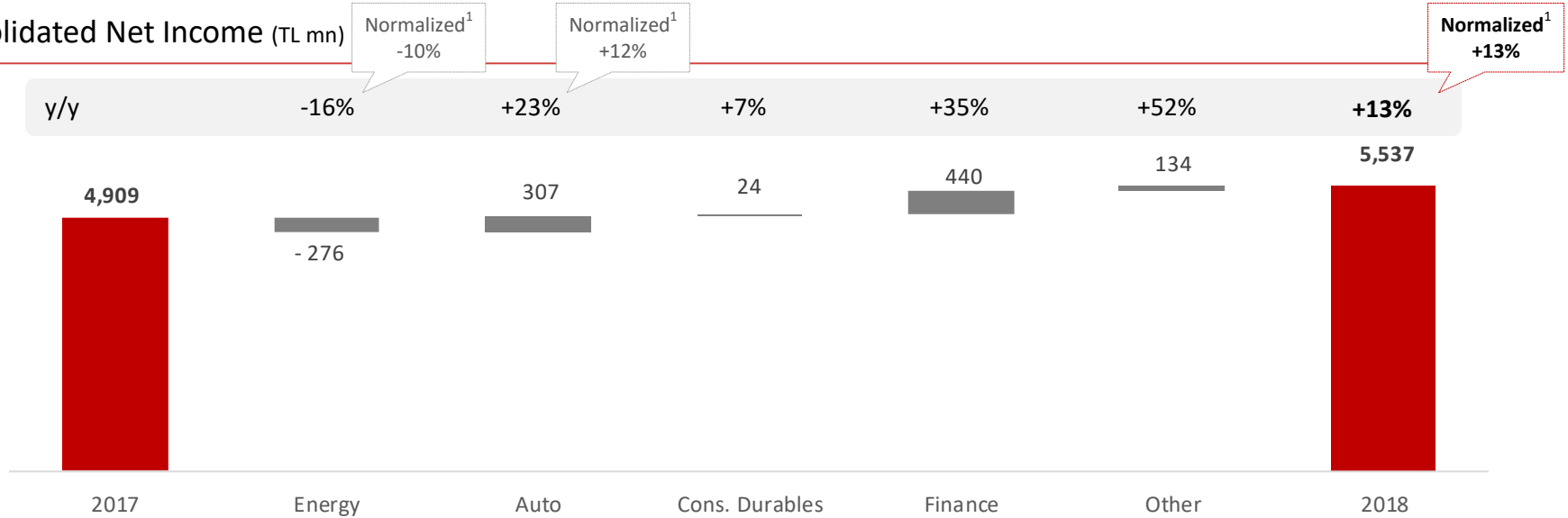
(2) Excluding FX gains/losses and credit finance income/charges on trade receivables and payables (Combined operating profit reported in FY18 financial report is TL 21,007 mn)

(3) Koç Holding's consolidated net income after the share of JV partners and non-controlling interests

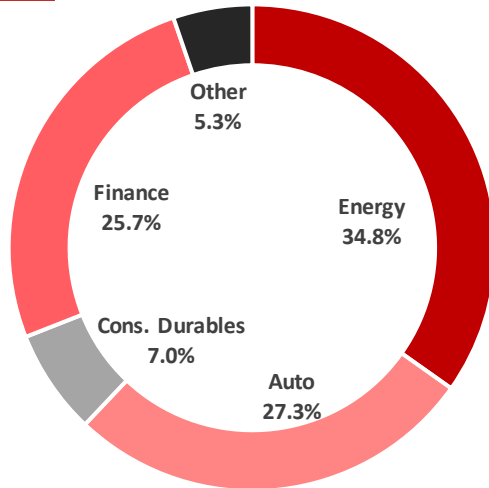


Consolidated Net Income

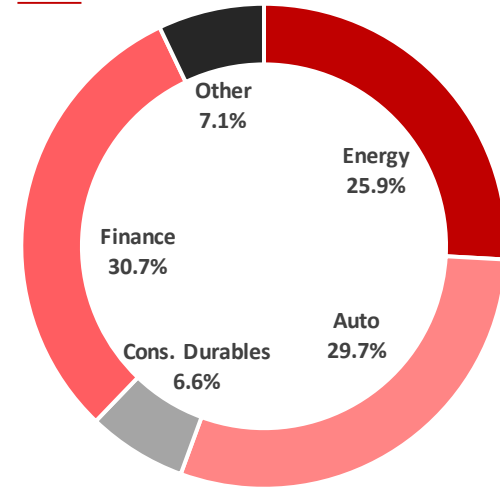
Consolidated Net Income (TL mn)



2017



2018



Note: Consolidated net income indicates Koç Holding share after the share of JV partners and non-controlling interests

(1) Excluding (i) bargain purchase gain (negative goodwill) of Otokoç on acquisition of car rental business in Greece (cons. net income impact TL 145 mn) in 2018; (ii) provision for Ayaş impairment (cons. net income impact TL 105 mn) in 2018; (iii) fair value gain of Koç Holding's asset exchange transaction in 2017 (cons. net income impact TL 26 mn)

Wrap-Up

- Disciplined management approach and balance sheet strength ensuring resilience against volatility
- Sustainable performance and solid net cash position



Disclaimer

This presentation does contain forward-looking statements that reflect the Company management's current views with respect to certain future events based on the base-case assumptions. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially.

Neither Koç Holding nor any of its directors, managers or employees nor any other person shall have any liability whatsoever for any loss arising from the use of this presentation.



ANNEX



Consolidated Main Financial Indicators

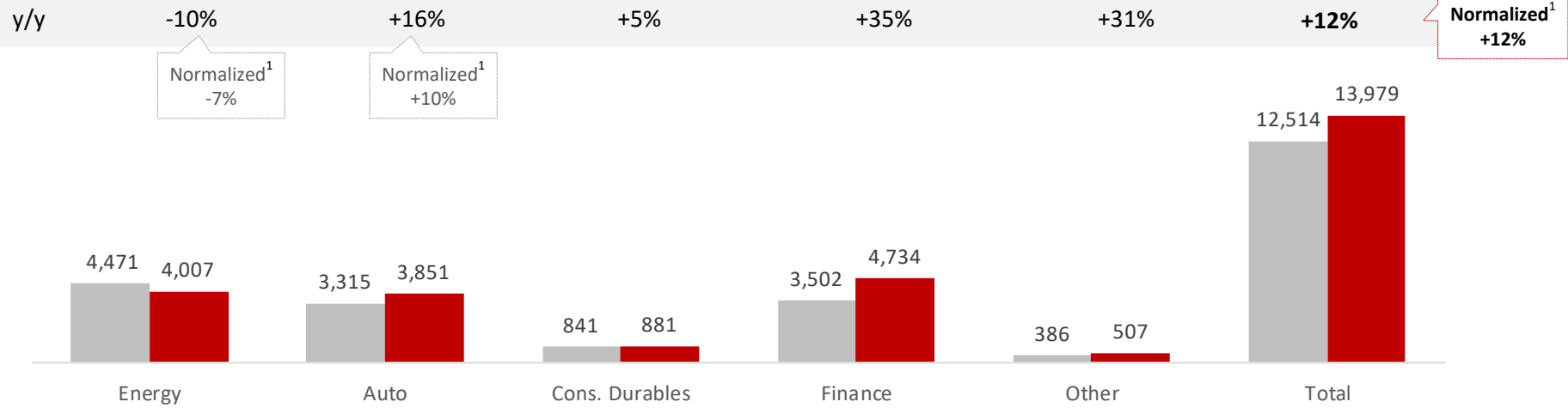
TL mn	2017	2018	Y/Y	2018	
				€ mn	\$ mn
Revenues	98,867	143,248	45%	25,297	29,760
Gross Profit	16,277	22,439	38%	3,963	4,662
Operating Profit	10,427	12,963	24%	2,289	2,693
Profit Before Tax	8,659	8,691	0%	1,535	1,806
Taxes (net)	-762	-266	-65%	-47	-55
Net Income Before Non-controlling Interest	7,897	8,425	7%	1,488	1,750
Non-controlling Interest	2,989	2,888	-3%	510	600
Net Income After Non-controlling Interest	4,909	5,537	13%	978	1,150
	2017	2018	Y/Y	€ mn	\$ mn
Total Assets	104,064	125,276	20%	20,782	23,813
Total Equity	42,931	46,958	9%	7,790	8,926

Note:
 End of period €/TL = 6.0280 and US\$/TL = 5.2609 used for balance sheet indicators
 Average €/TL = 5.6627 and US\$/TL = 4.8134 used for P&L indicators

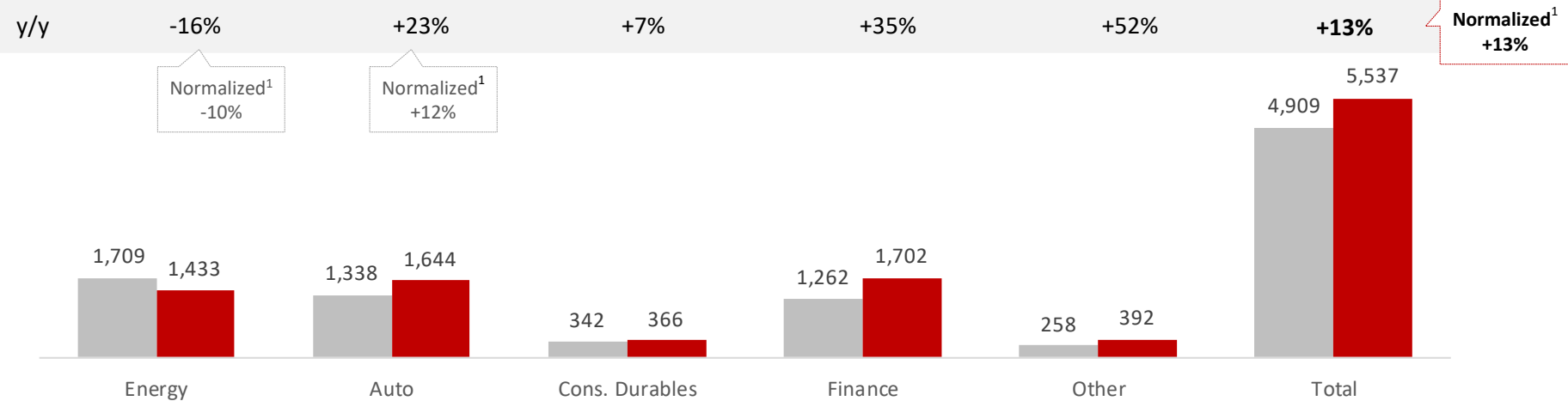


Combined Net Income – Consolidated Net Income

Combined Net Income (TL mn)



Consolidated Net Income (TL mn)



Note: Consolidated net income indicates Koç Holding share after the share of JV partners and non-controlling interests

(1) Excluding (i) bargain purchase gain (negative goodwill) of Otokoç on acquisition of car rental business in Greece (cons. net income impact TL 145 mn) in 2018; (ii) provision for Ayaş impairment (cons. net income impact TL 105 mn) in 2018; (iii) fair value gain of Koç Holding's asset exchange transaction in 2017 (cons. net income impact TL 26 mn)

Unlisted Companies

FY18 TL mn	Koç Holding Direct Share	Revenues		Operating Profit ¹		EBITDA		Book Value (SHE)	
		2017	2018	2017	2018	2017	2018	2017	2018
Arçelik LG Klima	5.00%	793	955	21	55	31	70	259	277
Bilkom	69.94%	1,728	2,331	50	107	51	108	83	116
Düzye	31.15%	1,688	1,759	17	-3	18	1	69	17
Entek	49.62%	341	498	23	106	38	144	657	891
Koç Finansman	44.50%	586	710	99	106	100	109	281	317
KoçSistem	41.11%	992	1,366	18	38	41	66	91	97
Koçtaş	37.13%	1,427	1,563	78	93	107	126	100	120
Marina / Ayvalık	7.72%	5	6	2	1	2	2	11	13
Marina / Tek-Art Kalamış	37.33%	31	35	5	1	5	1	177	202
Opet	--	28,391	42,997	746	1,031	842	1,133	2,324	2,658
Otokoç Otomotiv	96.32%	6,346	7,546	456	869	576	1,279	590	1,084
Ram Dış Ticaret	39.74%	1,344	2,232	12	5	12	5	33	17
RMK Marine	40.53%	183	318	-5	29	-1	33	-1	14
Setur	24.11%	1,391	1,847	78	73	90	89	172	125
Zer	39.00%	2,444	2,833	78	94	81	97	257	276

Shareholding Structures

Koç Holding

Koç Family: 64.3%¹
Free Float: 26.5%
Vehbi Koç Foundation: 7.3%
Koç Pension Fund: 2%

Energy

Tüpraş

SPV: 51%
Free float: 49%

KH: 43.7%²

SPV

KH : 77%
Aygaz: 20%
Opet: 3%

Aygaz

KH: 41%
Other Koç: 10.5%
Liquid Pet. Co.: 24.5%
Free float: 24%

Opet

Tüpraş: 40%
Other Koç: 10%
Öztürk Group: 50%

KH: 18%²

Automotive

Ford Otosan

KH: 38%
Ford: 41%
Other Koç: 3%
Free float: 18%

Tofaş

KH: 38%
FCA: 38%
Free float: 24%

TürkTraktör

KH: 37.5%
CNH : 37.5%
Free float: 25%

Otokar

KH: 45%
Ünver Hold.: 25%
Other Koç: 3%
Free float: 27%

Consumer Durables

Arçelik

KH: 41%
Other Koç: 17%
Burla Group: 18%
Free float: 25%

Finance

Koç Financial Services

KH: 42%
Other Koç: 8%
UniCredit: 50%

Yapı Kredi Bank

KFS: 82%
Free float: 18%
KH: 35%²

Other

Tat Gıda

KH: 44%
Other Koç: 10%
Sumitomo & Kagome: 5%
Free float: 41%

Koçtaş

KH: 37%
Kingfisher: 50%
Other Koç: 13%

Setur

KH: 24%
Other Koç: 76%

Zer

KH: 39%
Other Koç: 60%
Other: 1%

Notes: Updated as of Dec'18

(1) Temel Ticaret (family-owned investment vehicle) 43.65%, Koç Family Members 20.64%

(2) Effective stake indirectly through subsidiaries

For Further Questions, Please Contact :

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The screenshot displays the Koc Investor Relations website. The main header includes navigation links for About, Activity Fields, Investor Relations, Corporate Social Responsibility, and Koc Agenda. The central content area is titled "Investor Relations" and features a large image of hands holding a pen over a document. Below this, there are several sections: "Why Koc Holding?" with sub-sections for Web-Cast, AGM Kit, and Material Disclosures; "Presentations and Bulletins"; "Investor Kit"; and "Annual Reports". A stock chart for KCHOL is visible, showing a price of 12.95 and a change of +5.00. The bottom of the page includes a "Share Price Calculator" and "Stock Charting" tool.

[IR Application](#)

