

INVEST IN TÜRKİYE

CUMHURBAŞKANLIĞI
MİLLET KÜTÜPHANESİ
AÇILIŞ TÖRENİ
20 ŞUBAT 2020

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ERDOĞAN
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Message from the Investment Office

Over the past 17 years, it has been a main component in Turkey's economic policies to attract Foreign Direct Investment (FDI). Led by President Recep Tayyip Erdoğan, key reforms and legislative efforts have been made to improve Turkey's investment environment and to increase direct investments needed for Turkey's sustainable development.

Furthermore, incentive programs catering to the needs of investors have been developed to provide our country with high added-value investments that integrate Turkey into the global value chain.

We are extremely determined to take our FDI success even further. We, at the Presidential Investment Office, will do our best to give maximum support to increase FDI in Turkey.

President, Investment Office
Burak DAĞLIOĞLU



PRESIDENT ERDOĞAN INAUGURATES THE NATION'S LIBRARY

President Recep Tayyip Erdoğan inaugurated the Nation's Library on February 20 in Ankara. "The library is already enriched with books from inside our country and from abroad in 134 different languages and 4 million printed works from a wide range of disciplines. It has reached a quite important milestone with 550 thousand e-books as well as 120 million articles and reports," he said.

President Erdoğan also inaugurated the second phase of Istanbul Technopark on February 16. "Turkey's future lies in technology and innovation," Erdoğan said at the ceremony. "We have proven ourselves in the defense industry; now, it is the turn of other realms of production. This, I believe, we will achieve through a well-informed strategy."

Erdoğan also spoke at the opening ceremony of the Menemen-Aliğa-Çandarlı Highway on February 22 in Izmir. "Turkey has the power and capability to pursue independent policies and implement them on the ground," Erdoğan said.

ERMUT HANDS OVER INVESTMENT OFFICE REINS TO DAĞLIOĞLU

Burak Dağlıoğlu begins his tenure as the President of the Investment Office of the Presidency of the Republic of Turkey, taking over from Arda Ermut, who had been serving at the same post since May 2015 and had been working in the Investment Office since its inception.



Dağlıoğlu has been serving the Investment Office for 10 years, taking on many responsibilities at various roles.

UK TECHNOLOGY CONFERENCE 2020 CONVENES IN ISTANBUL

UK Technology Conference 2020 was held in Istanbul on February 17 with the participation of Minister of Industry and Technology Mustafa Varank and Investment Office President Burak Dağlıoğlu.

The conference brought together leaders from business, academia, research centers, and government. There were a series of exclusive keynotes, panel discussions, and workshops in sectors spanning fintech, agritech, digital manufacturing, science, and innovation.

"I see this conference as a step for improving and deepening our relations much more after the Brexit period," Minister Varank said. He also stated that Turkey will reach its 2023 targets by taking steps in technology, innovation, digital transformation,



entrepreneurship, human capital, and infrastructure. "Turkey aims to boost the manufacturing industry's share of GDP to 21 percent and to raise the share of medium- and high-tech products to 50 percent of its exports." The Investment Office also organized a roundtable meeting with the executives of UK-based companies in Turkey, chaired by Minister Varank. This gave investors the opportunity to share their views with the Minister and with Investment Office President Dağlıoğlu.

INVESTMENT OFFICE ADDRESSES US INVESTORS BASED IN TURKEY

Investment Office President Burak Dağlıoğlu addressed the AmCham Turkey/ABFT General Assembly Meeting in Istanbul.

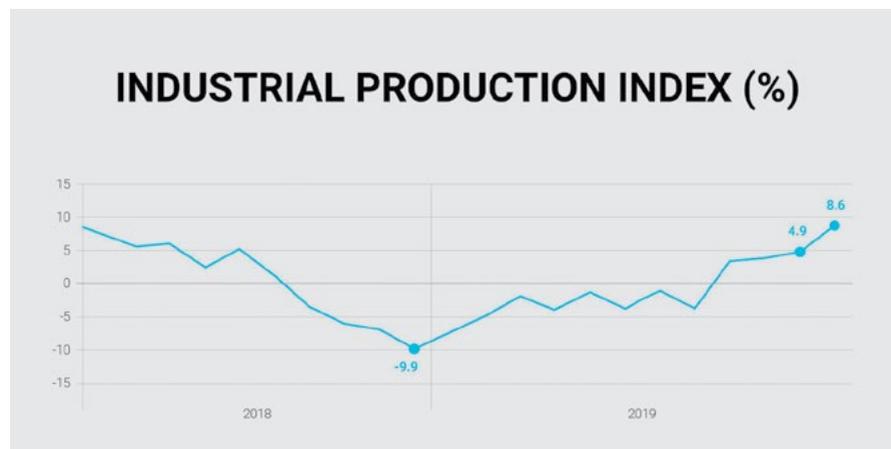
He highlighted that Turkey has attracted more than USD 217 billion of FDI since 2002 and that the US has always been one of the top sources of FDI for the

country. "Since 2002, more than two thousand US companies operating in Turkey have accounted for a combined FDI of over USD 12 billion. Nevertheless, we are not yet convinced with figures. We have set our eyes on increasing our share in US FDI outflows and we will work hard to achieve this target," Dağlıoğlu said.

TURKISH ECONOMY TRENDING

Recent developments in the Turkish economy have created a sense of optimism that the economic turmoil of 2018 may soon be nothing more than a small hiccup on an otherwise positive trend. Following a temporary setback in 2018, the Turkish economy rebounded quickly in 2019 thanks to timely measures taken. The country will channel this positive momentum as it continues the transformation process in 2020.

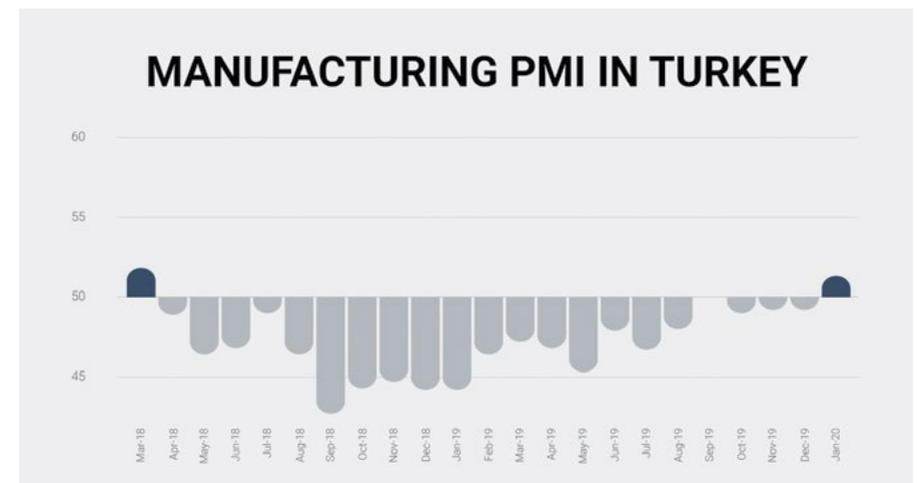
Current Account
Current account deficit was recorded as USD 2.798 billion in December 2019. This brings the 12-month rolling surplus to USD 1.674 billion. Macro data in Turkey such as better growth performance, quick rebalancing in current account deficit, falling inflation allowing sharp rate cuts and picking up loan growth are all supportive for the Turkish economy. Commenting on the results, Minister of Treasury and Finance Berat Albayrak said, "The success of the 2019 rebalancing and transformation period is evident in the current figures."



Industrial Production
With the strong trend in capital goods, intermediate goods, and high-tech products, industrial production rose 8.6% annually in Turkey in December 2019, marking the highest increase in the past 21 months. Minister of Industry and Technology Mustafa Varank recently said, "We are focused on making this performance permanent and on achieving a production-based growth. We are working for a year in which growth is accelerating, the real sector is strengthening, and employment is on the rise."

UPWARDS

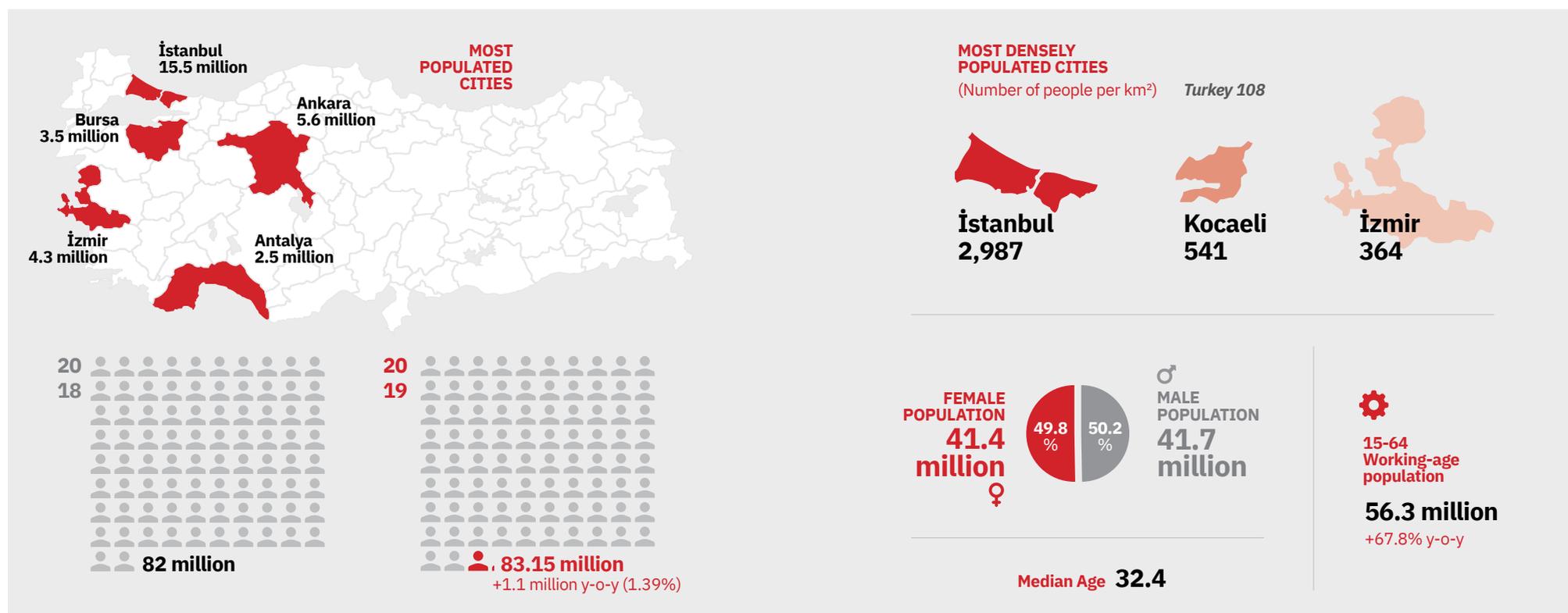
FDI Inflows
According to the latest data released by the Central Bank of Turkey, the FDI inflows to Turkey have been realized as USD 8.4 billion in 2019, making total FDI inflows to Turkey since 2002 around USD 217 billion. The manufacturing sector topped the list of the sectoral breakdown, and its share in total FDI inflows increased to 38.2% in 2019 from 30.6% in 2018. The regional breakdown also unveiled that the share of Europe in total FDI inflow to Turkey fell to 58.8% in 2019 from 63.9% in the previous year. This is an indication that Turkey is continuing to diversify its sources of FDI.



Manufacturing PMI
The Istanbul Chamber of Industry reported that Turkey's Purchasing Managers' Index (PMI) for the manufacturing sector rose to 51.3 in January 2020. This marked its highest level in the past 22 months and also the first time that it surpassed 50 during that same period. Improvement in demand enabled new orders to move into the growth region. While the speed of growth was moderate, it was at its strongest level since March 2018. New orders in January improved with the recovery in demand, the report noted.

This is an indicator that Turkey is making a strong start to 2020 with production-based growth, commented Minister of Treasury and Finance Berat Albayrak.

The Istanbul Chamber of Industry prepared the report in cooperation with London-based global data firm IHS Markit.



Inflation

Turkey's annual inflation rate rose a little more than expected in January 2020, to 12.15% from 11.84% in December 2019. However, the increase stems from a weaker base affect and rising domestic demand. So, this slight increase in CPI data is not meaningful and not significant enough to make any upward revisions in inflation expectations. The annual inflation rate, which rose to around 25% in 2018, is still expected to fall gradually to single digits again in 2020.



Population

The Turkish Statistical Institute (TurkStat) announced that Turkey's population reached 83.2 million in 2019. This shows Turkey's annual population growth rate hit 1.39% as the country added 1.15 million people from the previous year.

The median age of country's population was recorded as 32.4 in the same year, up from 32 in 2018.

According to the data, male population of Turkey was 41.7 million people while the female population was 41.4 million.

The report also reveals that 92.8% of Turkey's population is living in cities while 7.2% is in towns and villages.



Consumer Confidence

The recent improvements in the Turkish economy have bolstered consumer confidence. The Turkish Statistical Institute (TurkStat) announced that confidence in the Turkish economy rose on a monthly basis to hit a 21-month high in January. The economic confidence index rose 0.6% compared with the previous month – to 97.1 in January 2020 from 96.5 points in December 2019. Construction, services, and retail trade helped fuel the rise in the economic confidence index. The construction confidence index was the best performer in the month, surging 14.6%.



Foreign Trade

TurkStat also announced that Turkey's foreign trade deficit in 2019 dropped 43.5% to stand at USD 31.17 billion, down from USD 55.12 billion in 2018. During 2019, Turkey's exports rose 2.1% to reach USD 171.5 billion, while imports fell 9.1 percent to USD 202.7 billion. The export/import coverage ratio reached 84.6% in 2019, up from 75.3% in 2018.



CBRT's Inflation Report

On the other hand, the first Inflation report in 2020 has been released by the Central Bank of the Republic of Turkey (CBRT). CBRT's inflation forecasts were kept unchanged in the report at 8.2% for end-2020 and at 5.4% for end-2021. CBRT Governor Murat Uysal said, "The progress in easing the US-China trade dispute, reduced Brexit uncertainty, and pro-growth global monetary policies improved the expectations about global economic activity. Country-specific fragilities will remain a downside risk to the growth outlook for emerging markets, but

advanced economies are expected to see a modest pickup in growth over the upcoming period."



Benchmark Bond Yield

Commenting on Turkey's benchmark bond yield, Minister of Treasury and Finance Berat Albayrak said that Turkey saw single digits in its two-year benchmark bond yield – 9.96% – for the first time since November 2016. "This is yet another reflection in Turkey's indicators of confidence in the country's economic policies. We will further this improvement in market expectations and make it permanent," said Albayrak.



Tourism Revenues

Another TurkStat statement shows that Turkish tourism revenues hit USD 34.5 billion in 2019, a new record high. The figure jumped 17 percent last year, up from USD 29.5 billion in 2018. Also, 51.9 million tourists visited the country last year, a rise of 13.7% year-on-year. The average expenditure per capita stood at USD 666 in 2019, up from USD 647 in 2018.

ISTANBUL HOSTS TOURISM INVESTMENT FORUM



The Tourism Investment Forum (TIF) 2020, organized by the Turkish Tourism Investors Association, took place on January 28-29 in Istanbul. The global organization brought together renowned tourism experts under the theme of “Destination Future Turkey”.

Speaking at the Tourism Investment Forum in İstanbul, Investment Office then-President Arda Ermut said, “We do not consider annual FDI figures of USD 13-14 billion sufficient for Turkey; we aim to double our current 1 percent share of global FDI in the long-term.”

Turkish tourism revenues hit USD 34.5 billion in 2019, a new record high according to TurkStat. The figure

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As the 6th most popular tourist destination in the world, Turkey continues to present vast investment opportunities in the tourism sector.



WABCO BREAKS GROUND FOR ITS FIRST MANUFACTURING FACILITY IN TURKEY



WABCO, one of the world’s leading manufacturers of braking systems and safety applications for commercial vehicles, held a groundbreaking ceremony in the northwestern province of Sakarya for its first manufacturing facility in Turkey. Industry and Technology Minister Mustafa Varank attended the ceremony, and he

said that the factory will provide employment for 600 people and make USD 100 million in exports annually.

This marks yet another in a series of investments by WABCO, which in October 2018 launched its first distribution center in Istanbul.

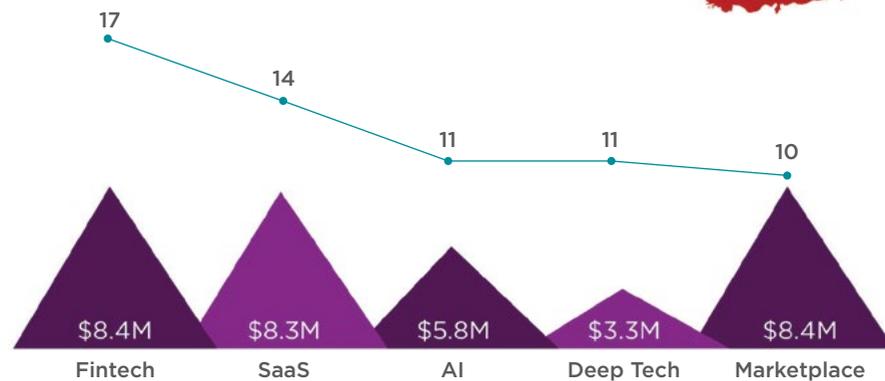
TURKEY

MOVES UP THE RANKINGS IN STARTUP LEAGUE

According to startups.watch's Turkish Startup Ecosystem 2019 report, angel investing and venture capital funding for Turkish startups increased by 66 percent in 2019 to reach USD 102 million across 94 deals.



Based on this amount, Turkey's rank among European countries has improved and the country has jumped up to the 1st League from the 2nd. Turkey also ranked 4th among European countries in the rate of women entrepreneurs, with 16 percent.



The sectoral breakdown of investments reveals that the fintech industry attracted the highest amount of investment with 17 deals. The Getir deal and the Iyzico, Foriba, and Paraşüt exits were among the highlights of 2019 in the Turkish startup ecosystem.

1st League

	Belgium	\$598M
	Denmark	\$546M
	Finland	\$526M
	Ireland	\$426M
	Italy	\$298M
	Norway	\$281M
	Poland	\$209M
	Austria	\$178M
	Russia Fed.	\$168M
	Portugal	\$161M
	Lithuania	\$160M
	Luxembourg	\$128M
	Turkey	\$102M

TURKSTAT ANNOUNCES SUSTAINABLE DEVELOPMENT INDICATORS 2010-2018 REPORT

Turkey Statistical Institute (TurkStat) announced its 2010-2018 Sustainable Development Indicators data within the framework of the 2030 Agenda for Sustainable Development that was accepted at the United Nations Sustainable Development Summit held on September 25, 2015. 17 main goals and 169 targets were determined according to the Agenda.

The data revealed that the at-risk of poverty rate, which was 16.9 percent in 2010, decreased by 3 points in 2018 to 13.9 percent.

Research and development (R&D) expenditure as a proportion of gross domestic product (GDP) was 0.80 percent in 2010, while this rate increased to 1.03 percent in 2018. Furthermore, the number of researchers per 1 million inhabitants nearly doubled during the same period, rising from 880 in 2010 to 1,551 in 2018.

While the added value of the manufacturing industry as a proportion of GDP was 15.1 percent in 2010, it was 19.0 percent in 2018. Manufacturing employment as a proportion of total employment was 18.7 percent in 2010 and 18.2 percent in 2018, according to the report.

On the other hand, the proportion of women in executive positions reached 16.3 percent in 2018, up from 14.4 percent in 2012.

The proportion of individuals using the internet was 71.0 percent in 2018 while it was 37.6 percent in 2010. The proportion of individuals who use a mobile telephone in 2018 was estimated as 92.7 percent.



At-risk of poverty rate

2010 **16.9%** ▶ 2018 **13.9%**



Share of R&D expenditure as % of GDP

2010 **0.80%** ▶ 2018 **1.03%**



Share of women in executive positions

2012 **14.4%** ▶ 2018 **16.3%**



Share of individuals using internet

2010 **37.6%** ▶ 2018 **71%**



Added value of the manufacturing industry as a % of GDP

2010 **15.1%** ▶ 2018 **19%**

FDI NEWS



The **European Bank for Reconstruction and Development** said that it is providing a USD 90 million loan to Luxembourg-headquartered agroindustrial group Sodrugesstvo to support its investment in Turkey and its plans to enhance operations in Eastern Europe.

EBRD has also approved a loan worth USD 37 million to boost renewable energy production in Turkey by financing the expansion of the Kiyikoy wind project in the northwest of the country.



Part of France-based **Legrand Group, Inform** has launched a new factory in Gebze with an investment amount of EUR 5.5 million.



U.K. based Afendis Capital Partners bought a 30 percent stake in Turkish drugmaker **Sanovel** for USD 200 million.

EVENTS

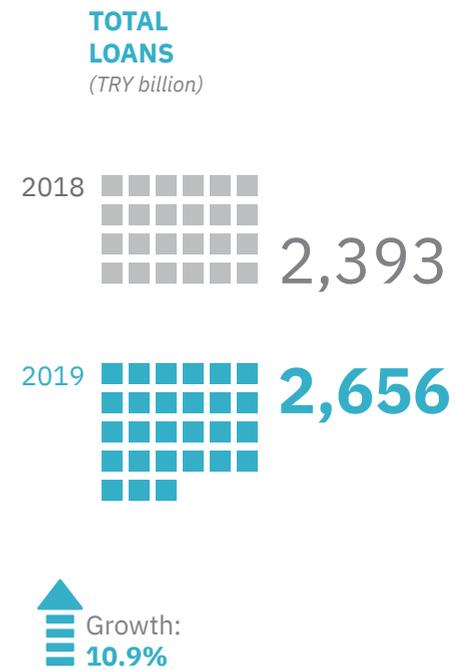
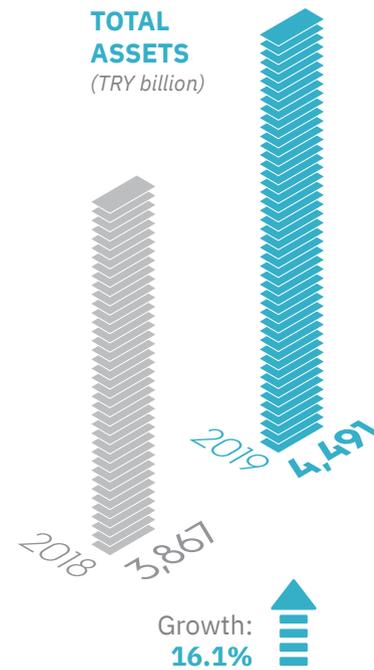


Erva Kan of the Investment Office delivered a presentation on incentive programs offered in Turkey at the 4th meeting of the Belarusian-Turkish working group on industrial and technological cooperation.

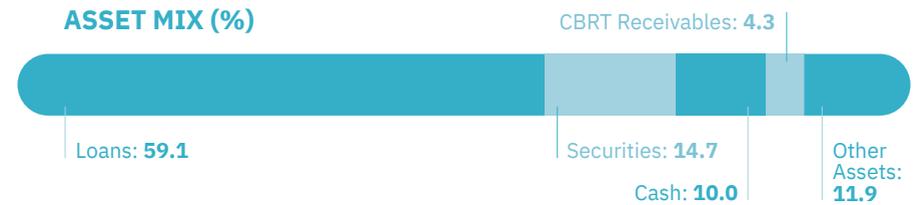


Faruk Kurtulmuş of the Investment Office offered insights on Turkey's investment ecosystem and the sectoral opportunities for German SMEs at the Office's booth in BVMW's Annual Reception in Berlin.

Highlights of the Turkish Banking Sector



ASSET MIX (%)



LIABILITIES MIX (%)



NPL Ratio



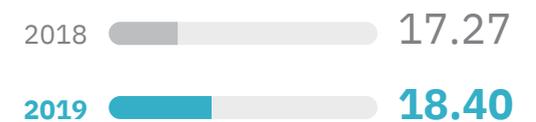
5.35%

NPL Coverage Ratio



65.13%

Capital Adequacy Ratio (%)



WHY TURKEY?

TURKEY: HUB FOR INNOVATION AND GROWTH

Easy access to multiple markets of
\$25 trillion GDP, \$7.8 trillion trade,
1.7 billion people.

ACCESS TO MULTIPLE MARKETS

Europe

GDP: \$19.5 trillion
Import: \$6.5 trillion
Population: 700 million

MENA

GDP: \$3.6trillion
Import: \$1.0 trillion
Population: 800 million

Russia

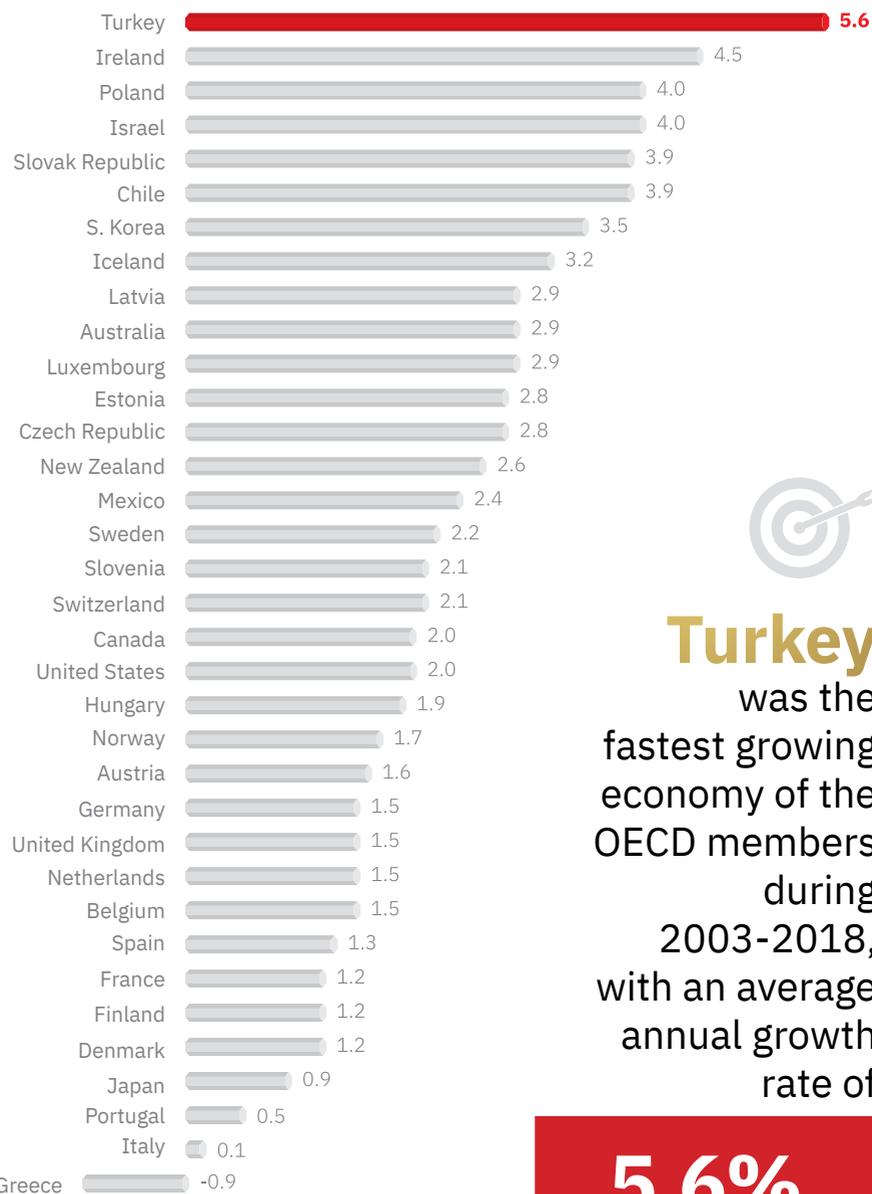
GDP: \$1.5 trillion
Import: \$0.2 trillion
Population: 100 million

Central Asia & Caucasus

GDP: \$0.3 trillion
Import: \$0.1 trillion
Population: 100 million

- Booming economy reaching USD 784 billion in 2018, up from USD 231 billion in 2002.
- One of the fastest growing OECD economies between 2014-2025, with an estimated average annual growth rate of 4.7%.
- USD 209 billion of FDI between 2003-2018, while the total amount of FDI attracted between 1923-2003 stood at USD 15 billion.

AVERAGE ANNUAL REAL GDP GROWTH (%) (2003-2018)



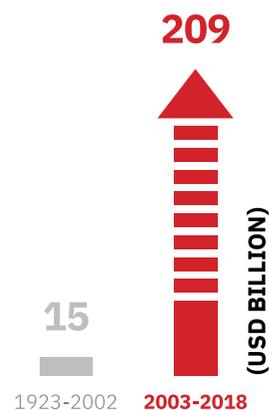
Turkey was the fastest growing economy of the OECD members during 2003-2018, with an average annual growth rate of

5.6%

Source: IMF World Economic Outlook (October 2018)

CUMULATIVE FDI INFLOWS TO TURKEY (USD BILLION)

- Investment incentives as well as R&D support.
- Equal treatment to national and global investors guaranteed by law.
- 6.5 days to set up a company in Turkey, while it takes an average of 8.5 days in OECD high-income countries. (World Bank Doing Business 2018)



HIGHLIGHTS

- 13th largest economy in the world with **USD 2.2 trillion** (GDP at PPP). (IMF, 2018)
- The fastest growing economy in Europe and one of the fastest growing economies in the world with an average annual **GDP growth rate of 5.6%** over the past 15 years. (TurkStat, 2003-2018)
- The largest bus producer and the 2nd largest commercial vehicle producer in the EU. (OICA, 2018)
- 2nd largest steel producer in the EU and 8th in the world. (Worldsteel, 2016)
- Among top 6 holiday destinations in the world with over **46 million** international tourists in 2018. (UNWTO & Ministry of Culture and Tourism)

SOPHISTICATED CONSUMER BASE



A population of 82 million, half of which is **under the age of around 32**. (2018, TurkStat)

Largest youth population compared with the EU. (Eurostat)



72 million broadband internet subscribers and 80.6 million mobile phone subscribers. (2018, TurkStat and ICTA)

SKILLED AND DEDICATED LABOR FORCE



Over **32.3 million** **young, well-educated** and **motivated** professionals. (2018, TurkStat)



More than **800,000 students** graduate annually from over **183 universities**. (2018, CoHE)

TURKEY'S INFRASTRUCTURAL DEVELOPMENT



According to the World Bank, Turkey ranks 3rd globally in Public-Private Partnership (PPP) projects.



**USD
127 billion**

Total value of PPP contracts in Turkey during the 2003-2018 period.



175

Total number of PPP projects in Turkey during the 2003-2018 period.



44,300

Number of new hospital beds in 32 integrated health campuses across Turkey.

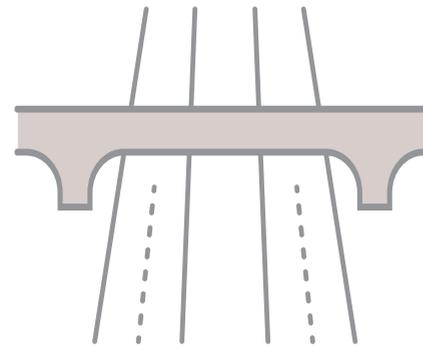


35%

Expected growth in Turkey's total installed power generation capacity from 2018 to 2023 (from 88 GW to 120 GW).

200 million

Annual passenger capacity once all stages are completed of the newly commissioned Istanbul Airport in Turkey.

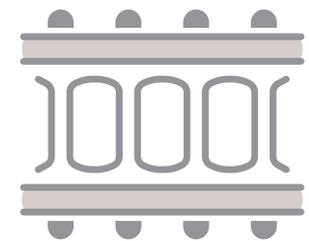


5,600 km

Total length of new motorway (toll roads) projects in Turkey.

11,800 km

Total length of new high-speed railway projects in Turkey.



For more info

invest.gov.tr/en/Sectors/Pages/infrastructure.aspx



Turkey is a perfect investment destination

with its strategic location and motivated and qualified workforce. Global investors are invited to be a part of Turkey's economic and social growth.

Running
79 countries
from
Istanbul

We are running 79 countries from Istanbul and are enjoying the dynamism, diversity, and availability of a high-quality work force. These attributes and more, we believe, represent big potential for Turkey, in the way of development through the effective use of technology as well as becoming a software and services provider to other countries, particularly the EU. Microsoft Turkey will be here to support economic development and capacity building.



Jean-Philippe COURTOIS
Executive Vice President & President -
Global Sales, Marketing & Operations,
Microsoft

Two factories and over 3,000 direct employees

Turkey is a dynamic and promising market with its young population and great location. It has a strategic importance for Nestlé and offers interesting opportunities for us to grow and invest. We are proud to be here for more than 100 years and to make contributions to the development of the Turkish food industry and Turkish consumers' tastes over the years. We are convinced that there is still great potential to grow our business even more and to contribute to the development of the Turkish economy. Having established our first factory in Turkey in 1927, today, we are carrying out local production in Turkey together with two factories and more than 3,000 direct employees. We are committed to offering high-quality products to our consumers that are healthy, nutritious, and tasty.

Félix ALLEMANN

Former Chairman & CEO, Nestlé Turkey



Turkey's economic dynamism –
perfect match for innovation culture

We believe 3M's innovation culture built on 3M Science and Turkey's economic dynamism is a perfect match. 3M's global manufacturing and technological legacy, combined with the skills and dedicated work of our Turkish employees, will continue to strengthen 3M and the Turkish economy. We thank the Investment Office for its valuable assistance and guidance throughout our decision and investment processes.

Hak Cheol SHIN
Former Executive Vice President -
International Operations, 3M



45 years of experience as a domestic manufacturer in Turkey

The core of the Turkish national economic agenda, and the key value for investors, is a dedicated effort to promote innovation, enhance competitiveness, and encourage investment in global value chains. Dow has over 45 years of experience as a domestic manufacturer in Turkey, and our new joint venture with AKSA is a key example of how we can bring together raw materials, a high-skilled workforce, and most importantly a booming downstream customer industry. With a strong, pro-business government in Turkey, the investment environment makes sense. And it is also easy to operate, thanks to the Investment Office President and his entire team.

Andrew N. LIVERIS
Former Chairman & CEO, DOW



WHO WE ARE

Investment Office is the official organization that:

- Promotes the investment environment of Turkey and provides assistance to investors.
- Reports directly to the President.

WE ARE HERE TO FACILITATE YOUR INVESTMENT IN TURKEY

HOW WE HELP

- Multilingual (Turkish, English, German, French, Italian, Arabic, Spanish, Chinese, Japanese and Korean)
- One-Stop-Shop approach
- Result-oriented
- Private sector approach with full confidentiality
- Focusing on high-tech, value-added and employment generating investments.



WHAT WE DO

- To present investment opportunities to the investors and provide assistance during all the stages of their investments.
- To serve as the reference point for international investors and the point of contact for all institutions engaged in promoting and attracting investments at national, regional and local levels.
- To offer free-of-charge services including market information and analyses, site selection, B2B meetings, coordination with relevant governmental institutions, and facilitate legal procedures and applications such as establishing business operations, incentive applications, obtaining licenses and work permits.

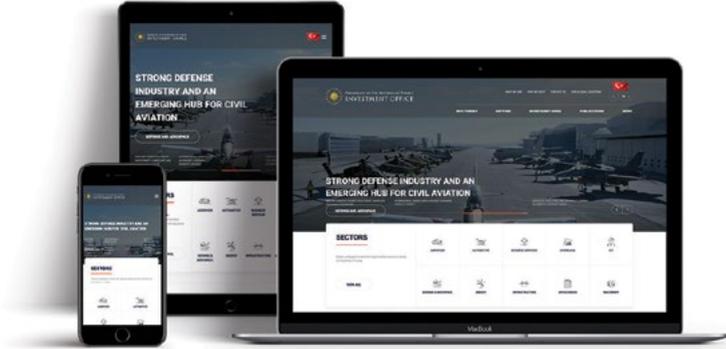
OUR GLOBAL LOCATIONS



OUR NEW WEBSITE HAS LAUNCHED!



BRAND NEW WEB SITE LOOK



PRESIDENCY OF THE REPUBLIC OF TURKEY INVESTMENT OFFICE

Investment Office, the official investment advisory body of Turkey, is a knowledge-center for foreign direct investments and a solution partner to the global business community at all stages of investments. It provides customized guidance and qualified consulting before, during and after entry into Turkey.



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