WHY INVEST IN TURKEY?
10 reasons to invest in Turkey

- Robust Economy
- Domestic + Accessible Markets
- Strategic Location
- Favourable Demographics
- Skilled Workforce with Cost Advantage
- Continuous Reform Process
- Business-Friendliness
- Lucrative Incentives
- Benign R&D Ecosystem
- Sectoral Opportunities
ROBUST ECONOMY

TRACK RECORD GROWTH AND BRIGHT FUTURE WITH PROVEN RESILIENCE

11th largest economy in the World

RANKING OF ECONOMIES BY GDP AT PPP

<table>
<thead>
<tr>
<th>2003</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>USA</td>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
<td>CHINA</td>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
<td>JAPAN</td>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
<td>GERMANY</td>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
<td>INDIA</td>
<td>5.</td>
</tr>
<tr>
<td>6.</td>
<td>RUSSIA</td>
<td>6.</td>
</tr>
<tr>
<td>7.</td>
<td>FRANCE</td>
<td>7.</td>
</tr>
<tr>
<td>8.</td>
<td>UK</td>
<td>8.</td>
</tr>
<tr>
<td>9.</td>
<td>BRAZIL</td>
<td>9.</td>
</tr>
<tr>
<td>10.</td>
<td>ITALY</td>
<td>10.</td>
</tr>
<tr>
<td>11.</td>
<td>MEXICO</td>
<td>11.</td>
</tr>
<tr>
<td>12.</td>
<td>INDONESIA</td>
<td>12.</td>
</tr>
<tr>
<td>13.</td>
<td>SPAIN</td>
<td>13.</td>
</tr>
<tr>
<td>14.</td>
<td>CANADA</td>
<td>14.</td>
</tr>
<tr>
<td>15.</td>
<td>S.KOREA</td>
<td>15.</td>
</tr>
<tr>
<td>16.</td>
<td>S.Arabia</td>
<td>16.</td>
</tr>
<tr>
<td>17.</td>
<td>IRAN</td>
<td>17.</td>
</tr>
<tr>
<td>18.</td>
<td>TURKEY</td>
<td>18.</td>
</tr>
</tbody>
</table>

AVERAGE ANNUAL GDP GROWTH (%)

2002-2020

<table>
<thead>
<tr>
<th>GDP GROWTH (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 TURKEY</td>
</tr>
<tr>
<td>3.6 POLAND</td>
</tr>
<tr>
<td>3.4 ROMANIA</td>
</tr>
<tr>
<td>3.0 BULGARIA</td>
</tr>
<tr>
<td>2.4 CZECHIA</td>
</tr>
<tr>
<td>1.0 HUNGARY</td>
</tr>
</tbody>
</table>

REAL GDP GROWTH

(INDEX: 2002=100)

registered the second largest economic growth in OECD

ROBUST ECONOMY

STRONG MACROECONOMIC FUNDAMENTALS
BASED ON SUCCESSFUL PUBLIC FINANCE MANAGEMENT

Gross Public Debt Stock as % of GDP

Budget Balance as % of GDP

Annual Inflation (%)

Source: IMF, Turkstat, Ministry of Treasury and Finance
Turkish economy has more than tripled over the past 18 years and is promising to be on the growing trend.

**Turkish Economy**
(GDP at current prices, $Billion)

2002: 236
2020: 717

**Contribution to GDP Growth 2002-2020 (%)**

- Domestic Consumption: 72%
- Investment Expenditures: 32%
- Exports: 21%
- Stocks: -1%
- Imports: -24%

Source: TurkStat
DOMESTIC MARKET

IMPRESSIVE ECONOMIC GROWTH LEADING TO A SIZEABLE MIDDLE CLASS WITH INCREASING PURCHASING POWER

**Income per capita**

(GDP per capita, current prices at purchasing power parity)

- **2002**: $10,997
- **2020**: $30,253

**Stock of Automobiles**

(millions of passenger cars)

- **2002**: 4.6
- **2020**: 13.1

Source: TurkStat, IMF
DOMESTIC MARKET

DOMESTIC MARKET FURTHER SUPPORTED BY EMERGING URBAN CENTERS

Total Population in 2020 83.6 Million

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>İstanbul</td>
<td>15.4 Million</td>
</tr>
<tr>
<td>Ankara</td>
<td>5.6 Million</td>
</tr>
<tr>
<td>İzmir</td>
<td>4.3 Million</td>
</tr>
<tr>
<td>Bursa</td>
<td>3.1 Million</td>
</tr>
<tr>
<td>Antalya</td>
<td>2.5 Million</td>
</tr>
<tr>
<td>Adana</td>
<td>2.2 Million</td>
</tr>
<tr>
<td>Konya</td>
<td>2.2 Million</td>
</tr>
<tr>
<td>Şanlıurfa</td>
<td>2.1 Million</td>
</tr>
<tr>
<td>Gaziantep</td>
<td>2.1 Million</td>
</tr>
<tr>
<td>Kocaeli</td>
<td>1.9 Million</td>
</tr>
<tr>
<td>Mersin</td>
<td>1.8 Million</td>
</tr>
<tr>
<td>Diyarbakır</td>
<td>1.7 Million</td>
</tr>
<tr>
<td>Hatay</td>
<td>1.6 Million</td>
</tr>
<tr>
<td>Manisa</td>
<td>1.4 Million</td>
</tr>
<tr>
<td>Kayseri</td>
<td>1.4 Million</td>
</tr>
<tr>
<td>Samsun</td>
<td>1.3 Million</td>
</tr>
<tr>
<td>Balıkesir</td>
<td>1.2 Million</td>
</tr>
<tr>
<td>Kahramanmaraş</td>
<td>1.1 Million</td>
</tr>
<tr>
<td>Van</td>
<td>1.1 Million</td>
</tr>
<tr>
<td>Aydın</td>
<td>1.1 Million</td>
</tr>
<tr>
<td>Tekirdağ</td>
<td>1 Million</td>
</tr>
<tr>
<td>Sakarya</td>
<td>1 Million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denizli</td>
<td>1 Million</td>
</tr>
<tr>
<td>Muğla</td>
<td>1 Million</td>
</tr>
<tr>
<td>Eskişehir</td>
<td>0.8 Million</td>
</tr>
<tr>
<td>Mardin</td>
<td>0.8 Million</td>
</tr>
<tr>
<td>Trabzon</td>
<td>0.8 Million</td>
</tr>
<tr>
<td>Malatya</td>
<td>0.8 Million</td>
</tr>
<tr>
<td>Ordu</td>
<td>0.7 Million</td>
</tr>
<tr>
<td>Erzurum</td>
<td>0.7 Million</td>
</tr>
<tr>
<td>Afyonkarahisar</td>
<td>0.7 Million</td>
</tr>
<tr>
<td>Sivas</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Adıyaman</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Batman</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Tokat</td>
<td>0.5 Million</td>
</tr>
<tr>
<td>Zonguldak</td>
<td>0.5 Million</td>
</tr>
<tr>
<td>Elazığ</td>
<td>0.5 Million</td>
</tr>
<tr>
<td>Küçükçekmece</td>
<td>0.5 Million</td>
</tr>
<tr>
<td>Osmaniye</td>
<td>0.5 Million</td>
</tr>
<tr>
<td>Çanakkale</td>
<td>0.5 Million</td>
</tr>
<tr>
<td>Şırnak</td>
<td>0.5 Million</td>
</tr>
<tr>
<td>Ağrı</td>
<td>0.5 Million</td>
</tr>
<tr>
<td>Çorum</td>
<td>0.5 Million</td>
</tr>
</tbody>
</table>

Source: TurkStat, 2020
Customs Union with the EU allows direct access to the EU Market.

- **987 million consumers** in the EU and FTA area.
- **446 million** in the EU.
- **457 million** in the FTA area.
- **84 million** in Turkey.

STRATEGIC LOCATION

HUB FOR MULTINATIONALS TO MANUFACTURE, EXPORT AND MANAGE

16 Time Zones

PROXIMITY TO MAJOR MARKETS
1.3 billion people and $20T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

CONNECTIVITY
Turkish Airlines connects you to 323 destinations in 127 countries

MANUFACTURING & EXPORT HUB FOR MULTINATIONALS

AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS

TOYOTA
Exporting 85% of its production

Ford
Exporting 77% of its production

Nestlé
Production base for MENA

BOSS
Its largest production facility worldwide

B/S/H/
89 countries

KNAUF
80 countries

thyssenkrupp
72 countries

Intel
67 countries

Hitachi Healthcare
25 countries

General Electric Healthcare
80 countries

GE Healthcare
80 countries

Verifone
60 countries

GlaxoSmithKline
30 countries

U.S. Powerchips
63 countries

Nokia
25 countries

China Telecom
25 countries

30 countries

25 countries
STRATEGIC LOCATION AND ENHANCED PRODUCTION CAPABILITIES ATTRACTING MULTINATIONALS TO INVEST FOR EXPORT

MERCHANDISE EXPORTS BY GEOGRAPHY

2002
- EU: 29%
- Middle East and Africa: 14%
- Other Countries: 57%

$36 BILLION

2020
- EU: 23%
- Middle East and Africa: 27%
- Other Countries: 50%

$169 BILLION

NUMBER OF EXPORT PRODUCTS OVER $1 BILLION

2002
- 9

2020
- 39

TURKEY’S SHARE IN GLOBAL EXPORTS OF GOODS

Exports of Goods in Turkey and World

Source: TurkStat, ITC
FAVORABLE DEMOGRAPHICS

HALF OF POPULATION UNDER AGE OF 32.7 CREATING DYNAMIC LABOR FORCE AND FISCAL DISCIPLINE

Source: Turkstat, Eurostat, UN, 2019
SKILLED WORKFORCE WITH COST ADVANTAGE

ANNUAL NUMBER OF GRADUATES

(Thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>University</th>
<th>Vocational &amp; Technical High School</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>287</td>
<td>177</td>
</tr>
<tr>
<td>2019</td>
<td>891</td>
<td>495</td>
</tr>
</tbody>
</table>

AVAILABILITY OF QUALIFIED ENGINEERS

(10=Available; 0=Unavailable)

<table>
<thead>
<tr>
<th>Country</th>
<th>2002</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>7.35</td>
<td>6.74</td>
</tr>
<tr>
<td>Poland</td>
<td>5.75</td>
<td>5.65</td>
</tr>
<tr>
<td>Romania</td>
<td>5.47</td>
<td>4.86</td>
</tr>
<tr>
<td>Czechia</td>
<td>5.72</td>
<td>5.47</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>4.92</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>4.02</td>
<td></td>
</tr>
<tr>
<td>Slovakia</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

AVAILABILITY OF COMPETENT SENIOR MANAGERS

(10=Available; 0=Unavailable)

<table>
<thead>
<tr>
<th>Country</th>
<th>2002</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>6.15</td>
<td>5.72</td>
</tr>
<tr>
<td>Poland</td>
<td>4.45</td>
<td>4.18</td>
</tr>
<tr>
<td>Czechia</td>
<td>4.18</td>
<td>3.91</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>3.91</td>
<td>3.39</td>
</tr>
<tr>
<td>Romania</td>
<td>3.39</td>
<td>2.75</td>
</tr>
<tr>
<td>Slovakia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LABOR FORCE BY EDUCATION LEVEL

<table>
<thead>
<tr>
<th>Education Level</th>
<th>University</th>
<th>High School &amp; Below</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>27.5%</td>
<td>10%</td>
</tr>
<tr>
<td>2002</td>
<td>27.2%</td>
<td>90%</td>
</tr>
<tr>
<td>2019</td>
<td>27.5%</td>
<td>72.5%</td>
</tr>
</tbody>
</table>

LABOR COST PER HOUR IN MANUFACTURING

<table>
<thead>
<tr>
<th>$$, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>USA</td>
</tr>
<tr>
<td>UK</td>
</tr>
<tr>
<td>Czechia</td>
</tr>
<tr>
<td>Slovakia</td>
</tr>
<tr>
<td>Hungary</td>
</tr>
<tr>
<td>Poland</td>
</tr>
<tr>
<td>Romania</td>
</tr>
<tr>
<td>Bulgaria</td>
</tr>
<tr>
<td>Turkey</td>
</tr>
</tbody>
</table>

REMUNERATION OF MANAGEMENT/ENGINEER

Total base salary plus bonuses and long-term incentives

<table>
<thead>
<tr>
<th>$$, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>USA</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>UK</td>
</tr>
<tr>
<td>Slovakia</td>
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<td>Poland</td>
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<tr>
<td>Hungary</td>
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<tr>
<td>Czechia</td>
</tr>
<tr>
<td>Turkey</td>
</tr>
<tr>
<td>Romania</td>
</tr>
<tr>
<td>Bulgaria</td>
</tr>
</tbody>
</table>

Source: Ministry of National Education, Council of Higher Education, Turkstat, IMD World Competitiveness Yearbook Executive Opinion Survey based on an index from 0 to 10; Eurostat
CONTINUOUSLY IMPLEMENTING SWEEPING REFORMS IN MANY AREAS

**Major Reforms**

- **2001**
  - New FDI Law
  - New Labor Law
  - Ease of company establishment (Law No: 4984)

- **2004**
  - New Banking Law

- **2006**
  - New Insurance Law
  - Investment Incentives

- **2008**
  - Tax Reform (Corporate Tax %20 down from 33%)
  - Investment Office
  - Overhaul of Social Security System
  - R&D and Innovation Incentives

- **2009**
  - New Commercial Code
  - New Code of Obligations

- **2011**
  - New Capital Market Law
  - Upgrading Investment Incentives
  - Removing Restrictions on Foreigners’ Purchases of Real Estate

- **2012**
  - Unifying All Exchanges (Stock, Derivative, Gold, etc.) under BIST

- **2013**
  - Upgrading Investment Incentives

- **2014**
  - Personal Data Protection Law

- **2016**
  - Industrial Property Law (IPR)
  - Production Reform Package
  - Istanbul Arbitration Center

- **2017**
  - New Labor Courts Code

- **2018**
  - Tech-Driven Industry Initiative
  - Ease of Doing Business Reform Package I

- **2019**
  - Ease of Doing Business Reform Package II

- **2020**
  - Amendments to improve doing business (Law 7099)
  - Upgrading Investment Incentives
CONTINUOUSLY IMPLEMENTING SWEEPING REFORMS IN MANY AREAS

NUMBER OF DAYS TO SET UP A COMPANY, 2020

FDI REGULATORY RESTRICTIVENESS INDEX, 2019

Down from 38 days in 2002
Down from 0.283 in 2003

EASE OF DOING BUSINESS RANKING, 2020

EASE OF DOING BUSINESS RANKING (Y-O-Y)

Higher rankings…

Source: OECD, World Bank
OFFERING PROTECTION AND EASE OF DOING BUSINESS

- **Foreign Direct Investment Law**
- **Bilateral Investment Protection Treaties with 82 countries**
- **Treaties to avoid Double Taxation with 86 countries**

### TOTAL TAX AND CONTRIBUTION RATE*, 2019
(\% of Profit)

- USA: 36.6
- Hungary: 37.9
- Poland: 40.8
- Turkey: 42.3
- Czechia: 46.1
- Russia: 46.2
- Japan: 47.2
- Germany: 48.7
- India: 49.7
- Slovakia: 51.4
- Austria: 55.1
- Mexico: 59.2
- Italy: 59.7
- China: 60.7
- France: 65.1
- Brazil: 68.5

### INTERNATIONAL TAX COMPETITIVENESS**, 2020
(Index=100 as most competitive)

- Czechia: 72.1
- Turkey: 69.9
- Slovakia: 69.9
- Austria: 68.7
- Hungary: 67.9
- Germany: 67.9
- Ireland: 63.1
- USA: 62.9
- UK: 61.6
- Korea: 59.9
- Japan: 58.5
- Spain: 51.5
- Mexico: 50.7
- France: 50.3
- Poland: 44.3
- Italy: 44.3

Source: Ministry of Trade, Foreign Direct Investment Law 2003
LUCRATIVE INCENTIVES

OFFERING LUCRATIVE INCENTIVES IN MANY WAYS

MANUFACTURING INCENTIVES
- Tax deduction & exemption +

INCENTIVES FOR SERVICE EXPORTERS
- Tax deduction for exporting services in:
  - Engineering
  - Architecture
  - Design
  - Software
  - Medical Reporting
  - Accounting
  - Call Center
  - Datacenter
  - Education
  - Healthcare

EMPLOYMENT INCENTIVES
- Payroll & Training support +

R&D AND INNOVATION INCENTIVES
- Tax deduction & exemption +

TECHNOLOGY DEVELOPMENT ZONES
- To support R&D
- Tax deduction & exemption +

EXCLUSIVE ZONES
- Free Zones
  - Tax deduction & exemption +
- Organized Industrial Zones
  - Developed infrastructure
BENIGN R&D ECOSYSTEM

R&D INCENTIVES ARE FURTHER SUPPORTED BY A FAVORABLE ECOSYSTEM

OVER 210 R&D CENTERS
BY FOREIGN COMPANIES

NUMBER OF RESEARCHERS
(Thousands)

INCREASING R&D SPENDING
($ Billion, PPP)

Source: OECD, Turkstat, PPP: Purchasing power parity, Ministry of Industry and Technology
BENIGN R&D ECOSYSTEM

R&D INCENTIVES ARE FURTHER SUPPORTED BY A FAVORABLE ECOSYSTEM

SELECTED FOREIGN COMPANIES CONDUCTING R&D IN TURKEY
RESILIENT HEALTHCARE SYSTEM

State hospitals, social security hospitals and institutional hospitals were merged for use by all citizens.

With their modern infrastructure, high-tech devices and qualified healthcare professionals, 12 city hospitals entered into service in 11 provinces. 10 more city hospitals are under construction.

1,534 hospitals, some 4,000 medical treatment facilities and over 15,000 primary healthcare centers continue to provide healthcare services without any disruption.

Having 46 intensive care beds per 100K inhabitants, Turkey is leading in the list of countries including Germany (34), Austria (29), the US (26), France (16), Canada (13), the UK (11), Spain (10), Italy (9), Denmark (8) and Ireland (5).

State-of-the-art technology ambulance fleets were formed with 5,586 fully-equipped vehicles and 21 aircrafts.

Turkey exported 41.7 million USD worth of ventilators in 2020, up from 10.8 million USD in 2019.

The budget set aside for healthcare services was increased from 19 billion TRY to 190 billion TRY over the past 17 years.

An army of medical professionals was built with the employment of some 1.4 million people.

Healthcare expenditures during the past 6 years have grown by 16%.

Source: Presidency of the Republic of Turkey, Republic of Turkey Ministry of Treasury and Finance, Republic of Turkey Ministry of Health, Turkish Statistical Institute, Republic of Turkey Ministry of Industry and Technology, Statista.
OFFERING ABUNDANT OPPORTUNITIES IN A VARIETY OF SECTORS

AUTOMOTIVE
- 14th largest manufacturer in the World, 4th in Europe
- 1.5 million vehicle produced
- Market: $13 billion
- Export: $25.5 billion

MACHINERY & ELECTRICAL EQP.
- Largest TV & white goods producer in Europe
- Market: $34 billion
- Export: $28 billion

AEROSPACE & DEFENCE
- $19 billion defence spending
- Industry: $11 billion
- Export: $2.3 billion
- Air passengers: 210 million

ENERGY
- Market: $66 billion
- Growing demand
- Energy corridor
- Untapped renewables

AGROFOOD
- Agriculture & Food Industry Market: $103 billion
- Export: $19 billion
- Export to around 200 countries

INFRASTRUCTURE
- $156 billion PPP contracts (2003-2020)
- More opportunities in transport, energy, health

FINANCE
- Robust growth with double digits
- Islamic finance to grow
- Istanbul Financial Center

Source: Turkstat, Ministry of Industry and Technology, Ministry of Agriculture and Forestry, OSD, ODD as of 2020, MANFED, TESID as of 2019, SASAD as of 2020, SHGM as of 2019, GIH
FOREIGN DIRECT INVESTMENT (FDI)

FDI INFLOWS ($ BILLION)

- 15 (1973-2002, 30 years)
- 225 (2003-2020, 18 years)

NUMBER OF FOREIGN COMPANIES IN TURKEY (‘000)

- 5.6 (2002)
- 73.7 (2020)

GEOGRAPHIC BREAKDOWN OF INVESTMENTS (2003-2020)

- EU: 65.6%
- USA: 7.8%
- Asia: 17.2%
- Other: 7.8%

MOST ATTRACTION SECTORS (CUMULATIVE 2003-2020)

- Finance: 32.8%
- Manufacturing: 24.5%
- Construction: 11.0%
- Others: 8.4%
- Energy: 8.4%
- Transport & Storage: 7.8%
- Wholesale & Retail Trade: 7.8%
- Information & Communication Services: 6.8%
- Others: 5.6%
- Others: 5.6%

EXCEPTIONAL INCREASE IN FOREIGN INVESTMENT BOOSTED BY THE VALUE TURKEY OFFERS

Source: CBRT, Ministry of Industry and Technology, Team Analysis "Geographic (adjusted) and sectoral breakdown of cumulative gross inflows of equity FDI from 2003 to 2020"
INVEST IN TURKEY

PRIVATE SECTOR APPROACH WITH PUBLIC SECTOR CAPABILITIES

A GOVERNMENTAL AGENCY REPORTING TO THE PRESIDENT

ACTING AS YOUR SOLUTION PARTNER

General & customized business information & Sectoral analysis & reports

Site selection support to find appropriate location/land for your investment

Arrangements of meetings with governmental bodies and other stakeholders

Facilitating your visit to Turkey

Facilitating your investment at all stages

Matchmaking with local partners & establishing business linkages

Project launch & Press release Services

AFTERSALES