WHY INVEST IN TÜRKİYE?

May 2023
10 reasons to invest in Türkiye

- Robust Economy
- Domestic + Accessible Markets
- Strategic Location
- Favourable Demographics
- Skilled and Competitive Labor Force
- Continuous Reform Process
- Business-Friendliness
- Lucrative Incentives
- Benign R&D Ecosystem
- Sectoral Opportunities
### 11th largest economy in the World

#### RANKING OF ECONOMIES BY GDP AT PPP

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>2003</th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>USA</td>
<td>USA</td>
<td>USA</td>
<td>USA</td>
</tr>
<tr>
<td>2.</td>
<td>CHINA</td>
<td>CHINA</td>
<td>CHINA</td>
<td>CHINA</td>
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<tr>
<td>3.</td>
<td>JAPAN</td>
<td>JAPAN</td>
<td>JAPAN</td>
<td>JAPAN</td>
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<tr>
<td>4.</td>
<td>GERMANY</td>
<td>GERMANY</td>
<td>GERMANY</td>
<td>GERMANY</td>
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<tr>
<td>5.</td>
<td>INDIA</td>
<td>INDIA</td>
<td>INDIA</td>
<td>INDIA</td>
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<tr>
<td>6.</td>
<td>RUSSIA</td>
<td>RUSSIA</td>
<td>RUSSIA</td>
<td>RUSSIA</td>
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<tr>
<td>7.</td>
<td>FRANCE</td>
<td>FRANCE</td>
<td>FRANCE</td>
<td>FRANCE</td>
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<td>8.</td>
<td>UK</td>
<td>UK</td>
<td>UK</td>
<td>UK</td>
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<tr>
<td>9.</td>
<td>BRAZIL</td>
<td>BRAZIL</td>
<td>BRAZIL</td>
<td>BRAZIL</td>
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<tr>
<td>10.</td>
<td>ITALY</td>
<td>ITALY</td>
<td>ITALY</td>
<td>ITALY</td>
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<td>11.</td>
<td>MEXICO</td>
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<td>MEXICO</td>
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<td>12.</td>
<td>INDONESIA</td>
<td>INDONESIA</td>
<td>INDONESIA</td>
<td>INDONESIA</td>
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<td>13.</td>
<td>SPAIN</td>
<td>SPAIN</td>
<td>SPAIN</td>
<td>SPAIN</td>
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<td>14.</td>
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<td>CANADA</td>
<td>CANADA</td>
<td>CANADA</td>
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<tr>
<td>15.</td>
<td>S.KOREA</td>
<td>S.KOREA</td>
<td>S.KOREA</td>
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<tr>
<td>16.</td>
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<td>S.Arabia</td>
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<td>17.</td>
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<td>IRAN</td>
<td>IRAN</td>
<td>IRAN</td>
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<tr>
<td>18.</td>
<td>TÜRKİYE</td>
<td>TÜRKİYE</td>
<td>TÜRKİYE</td>
<td>TÜRKİYE</td>
</tr>
</tbody>
</table>

#### AVERAGE ANNUAL GDP GROWTH (%)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>2002-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>TÜRKİYE</td>
<td>5.4</td>
</tr>
<tr>
<td>2.</td>
<td>POLAND</td>
<td>3.9</td>
</tr>
<tr>
<td>3.</td>
<td>ROMANIA*</td>
<td>3.5</td>
</tr>
<tr>
<td>4.</td>
<td>BULGARIA*</td>
<td>2.9</td>
</tr>
<tr>
<td>5.</td>
<td>CZECHIA</td>
<td>2.5</td>
</tr>
<tr>
<td>6.</td>
<td>HUNGARY</td>
<td>2.5</td>
</tr>
<tr>
<td>7.</td>
<td>Świata</td>
<td>2.4</td>
</tr>
</tbody>
</table>

#### REAL GDP GROWTH (INDEX: 2002=100)

Source: TurkStat, IMF, PPP: Purchasing Power Parity, "2021 Data"
ROBUST ECONOMY

STRONG MACROECONOMIC FUNDAMENTALS BASED ON SUCCESSFUL PUBLIC FINANCE MANAGEMENT

Gross Public Debt Stock as % of GDP

Budget Balance as % of GDP

Source: IMF, Ministry of Treasury and Finance
Turkish economy has more than tripled over the past 20 years and is promising to be on the growing trend.

Turkish Economy
(GDP at current prices, $Billion)

2002: 236
2022: 906

Robust domestic market and entrepreneurial private sector spurred investments and exports.

Contribution to GDP Growth 2002-2022 (%)

- Domestic Consumption: 86
- Investment Expenditures: 29
- Exports: 26
- Stocks: -20
- Imports: -21

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)

Stock of Automobiles

(millions of passenger cars)

Turkish Aviation Passenger

(millions of passengers)

Source: TurkStat, Ministry of Transport and Infrastructure and IMF
DOMESTIC MARKET FURTHER SUPPORTED BY EMERGING URBAN CENTERS

Total Population in 2022: 85.3 Million

- İstanbul: 15.9 Million
- Ankara: 5.8 Million
- İzmir: 4.5 Million
- Bursa: 3.2 Million
- Antalya: 2.7 Million
- Konya: 2.3 Million
- Adana: 2.3 Million
- İstanbul: 2.2 Million
- Gaziantep: 2.2 Million
- Kocaeli: 2.1 Million
- Mersin: 1.9 Million
- Diyarbakır: 1.8 Million
- Hatay: 1.7 Million
- Manisa: 1.5 Million
- Kayseri: 1.4 Million
- Samsun: 1.4 Million
- Balıkesir: 1.3 Million
- Kahramanmaraş: 1.2 Million
- Van: 1.1 Million
- Aydın: 1.1 Million
- Tekirdağ: 1.1 Million
- Sakarya: 1.1 Million
- Denizli: 1.1 Million
- Muğla: 1 Million
- Eskişehir: 0.9 Million
- Mardin: 0.9 Million
- Trabzon: 0.8 Million
- Malatya: 0.8 Million
- Ordu: 0.8 Million
- Erzurum: 0.7 Million
- Afyonkarahisar: 0.7 Million
- Sivas: 0.6 Million
- Adıyaman: 0.6 Million
- Batman: 0.6 Million
- Tokat: 0.6 Million
- Zonguldak: 0.6 Million
- Elazığ: 0.6 Million
- Kütahya: 0.6 Million
- Çanakkale: 0.6 Million
- Osmaniye: 0.6 Million
- Şırnak: 0.6 Million
- Çorum: 0.5 Million
- Ağrı: 0.5 Million

Source: TurkStat, 2021
Customs Union with the EU allows direct access to the EU Market

Source: IMF, Ministry of Trade, TurkStat, Population as of 2021
*In ratification process

DOMESTIC + ACCESSIBLE MARKETS
DOMESTIC MARKET + EU MARKET + FREE TRADE AREA

1 BILLION CONSUMERS

456 MILLION in EU

476 MILLION in FTA AREA

85 MILLION in TÜRKİYE

in 28 countries with Free Trade Agreements

NORWAY ISRAEL *SUDAN
LIECHTENSTEIN
SWITZERLAND ICELAND
BOSNIA AND HERZEGOVINA
PALESTINE MACEDONIA
MOROCCO TUNISIA
ALBANIA EGYPT GEORGIA MONTENEGRO
SERBIA CHILE MAURITIUS MALAYSIA
*LEBANON MOLDOVA FAROE ISLANDS SINGAPORE VENEZUELA
UNITED KINGDOM *QATAR KOSOVO
STRATEGIC LOCATION

HUB FOR MULTINATIONALS TO MANUFACTURE,
EXPORT AND MANAGE

Working Hours
Intersect with
16 Time Zones

PROXIMITY TO MAJOR MARKETS
1.3 billion people and $28T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

CONNECTIVITY
Turkish Airlines connects you to 342 destinations in 121 countries

MANUFACTURING & EXPORT HUB FOR MULTINATIONALS

AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS

PROXIMITY TO MAJOR MARKETS
1.3 billion people and $28T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

CONNECTIVITY
Turkish Airlines connects you to 342 destinations in 121 countries

MANUFACTURING & EXPORT HUB FOR MULTINATIONALS

AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS

Exporting 85% of its production

Production base for MENA

Its largest production facility worldwide

Turkey

Exporting 87% of its production

Exporting 85% of its production

Investment in Turkey

66 countries

70 countries

80 countries

22 countries

14 countries

30 countries

B/S/H/

89 countries

Cargill

Microsoft

Nestlé

BOSS

B/Ş/H/

GE Healthcare

KNAUF

TOYOTA

Ford

SANOFI

GSK

66 countries

70 countries

80 countries

22 countries

14 countries

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

MERCHANDISE EXPORTS BY GEOGRAPHY

<table>
<thead>
<tr>
<th>Year</th>
<th>EU</th>
<th>MENA</th>
<th>North America</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>48%</td>
<td>14%</td>
<td>10%</td>
<td>28%</td>
</tr>
<tr>
<td>2022</td>
<td>41%</td>
<td>23%</td>
<td>7%</td>
<td>29%</td>
</tr>
</tbody>
</table>

NUMBER OF EXPORT PRODUCTS OVER USD 1 BILLION

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>9</td>
</tr>
<tr>
<td>2022</td>
<td>53</td>
</tr>
</tbody>
</table>

TÜRKİYE’S SHARE IN GLOBAL EXPORTS OF GOODS

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0.5%</td>
</tr>
<tr>
<td>2022</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

EXPORTS OF GOODS IN TÜRKİYE AND THE WORLD

Türkiye Records All-Time High Exports in 2022

Türkiye: 10.1%
Poland: 9.9%
Bulgaria: 9.4%
Romania: 8.9%
Czechia: 8.4%
The World: 6.7%
Hungary: 6.5%

Source: TurkStat, ITC
FAVORABLE DEMOGRAPHICS

HALF OF POPULATION UNDER AGE OF 33.5 CREATING DYNAMIC LABOR FORCE AND FISCAL DISCIPLINE

Source: Turkstat, Eurostat, UN, 2019
SKILLED AND COMPETITIVE LABOR FORCE

UPGRADED EDUCATION SYSTEM TO ENABLE A SKILLED LABOR POOL AND ADDRESS BUSINESS REQUIREMENTS

ANNUAL NUMBER OF GRADUATES (thousands)

AVAILABILITY OF QUALIFIED ENGINEERS (10=Available; 0=Unavailable)

AVAILABILITY OF COMPETENT SENIOR MANAGERS (10=Available; 0=Unavailable)

LABOR FORCE BY EDUCATION LEVEL

LABOR COST PER HOUR IN MANUFACTURING

REMUNERATION OF MANAGEMENT/ENGINEER

Total base salary plus bonuses and long-term incentives

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
Thanks to stability established over the last two decades, Türkiye remains committed to implementing major reforms nearly every 18-24 months across various areas.
CONTINUOUSLY IMPLEMENTING SWEEPING REFORMS IN MANY AREAS

NUMBER OF DAYS TO SET UP A COMPANY, 2020

- South Africa: 40 days
- Poland: 37 days
- Czech Rep.: 24,5 days
- Bulgaria: 23 days
- Austria: 21 days
- Romania: 20 days
- India: 17,5 days
- Brazil: 16,6 days
- Finland: 13 days
- Spain: 12,5 days
- Japan: 11,2 days
- Russia: 10,1 days
- Türkiye: 7 days

Down from 38 days in 2002

FDI REGULATORY RESTRICTIVENESS INDEX, 2020

- Russia: 0.262
- China: 0.214
- India: 0.207
- Canada: 0.161
- USA: 0.089
- Brazil: 0.081
- Switzerland: 0.083
- Poland: 0.072
- OECD: 0.064
- Türkiye: 0.059

1 = Closed to FDI
0 = Open to FDI
Down from 0.283 in 2003

EASE OF DOING BUSINESS RANKING, 2020

- Türkiye: 33
- Poland: 40
- Hungary: 52
- Romania: 55
- Bulgaria: 61

Higher rankings…

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

2020: 33
2019: 43
2018: 60

Higher rankings…

Source: OECD, World Bank
### Protection of International Investors by FDI Law

- **Bilateral Investment Protection Treaties with 86 countries**
- **Treaties to avoid Double Taxation with 87 countries**

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>36.6</td>
</tr>
<tr>
<td>Hungary</td>
<td>37.9</td>
</tr>
<tr>
<td>Poland</td>
<td>40.8</td>
</tr>
<tr>
<td>Turkey</td>
<td>46.1</td>
</tr>
<tr>
<td>Czechia</td>
<td>46.2</td>
</tr>
<tr>
<td>Russia</td>
<td>46.7</td>
</tr>
<tr>
<td>Japan</td>
<td>47</td>
</tr>
<tr>
<td>Spain</td>
<td>47.9</td>
</tr>
<tr>
<td>Germany</td>
<td>48.7</td>
</tr>
<tr>
<td>India</td>
<td>49.7</td>
</tr>
<tr>
<td>Slovakia</td>
<td>49.7</td>
</tr>
<tr>
<td>Austria</td>
<td>51.4</td>
</tr>
<tr>
<td>Mexico</td>
<td>55.1</td>
</tr>
<tr>
<td>Italy</td>
<td>59.1</td>
</tr>
<tr>
<td>China</td>
<td>59.2</td>
</tr>
<tr>
<td>France</td>
<td>60.7</td>
</tr>
<tr>
<td>Brazil</td>
<td>65.1</td>
</tr>
</tbody>
</table>

### INTERNATIONAL TAX COMPETITIVENESS**, 2022 (Index=100 as most competitive)

<table>
<thead>
<tr>
<th>Country</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czechia</td>
<td>81.9</td>
</tr>
<tr>
<td>Hungary</td>
<td>77.9</td>
</tr>
<tr>
<td>Turkey</td>
<td>74.1</td>
</tr>
<tr>
<td>Slovakia</td>
<td>68.6</td>
</tr>
<tr>
<td>Austria</td>
<td>68.6</td>
</tr>
<tr>
<td>Japan</td>
<td>67.3</td>
</tr>
<tr>
<td>USA</td>
<td>66.8</td>
</tr>
<tr>
<td>Korea</td>
<td>64.1</td>
</tr>
<tr>
<td>UK</td>
<td>62.9</td>
</tr>
<tr>
<td>Poland</td>
<td>59.3</td>
</tr>
<tr>
<td>Mexico</td>
<td>56.9</td>
</tr>
<tr>
<td>Spain</td>
<td>55.6</td>
</tr>
<tr>
<td>Ireland</td>
<td>49.1</td>
</tr>
<tr>
<td>Italy</td>
<td>45.3</td>
</tr>
<tr>
<td>France</td>
<td>45.3</td>
</tr>
</tbody>
</table>

Source: Ministry of Trade, World Bank, Tax Foundation Foreign Direct Investment Law 2003. *Total Tax Rate: Profit or corporate income tax, social contributions and labor taxes paid by the employer, property taxes, turnover taxes and other taxes (such as municipal fees and vehicle taxes).

(Tax competitiveness measures countries’ tax policies five categories: corporate income tax, consumption taxes, property taxes, individual taxes, and international tax rules.)
LUCRATIVE INCENTIVES

OFFERING LUCRATIVE INCENTIVES IN MANY WAYS

MANUFACTURING INCENTIVES
✓ Tax deduction & exemption +

EMPLOYMENT INCENTIVES
✓ Payroll & Training support +

R&D AND INNOVATION 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

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

EXCLUSIVE ZONES
✓ Free Zones
  Tax deduction & exemption +
✓ Organized Industrial Zones
  Developed infrastructure
R&D INCENTIVES ARE FURTHER SUPPORTED BY A FAVORABLE ECOSYSTEM

NUMBER OF RESEARCHERS
(Thousands)

MORE THAN 550 INTERNATIONAL COMPANIES OPERATING IN TECHNOPARK AND R&D CENTERS

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 INTERNATIONAL COMPANIES CONDUCTING R&D IN TÜRKİYE

<table>
<thead>
<tr>
<th>Ford</th>
<th>ZENTIVA &amp; SHSD COMPANY</th>
<th>HUAWEI</th>
<th>US Navy</th>
<th>Acalen-Lucent</th>
<th>SOCAR</th>
<th>BOSCH</th>
<th>ALSTOM</th>
<th>RENAULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMGEN</td>
<td>SIEMENS</td>
<td>Mercedes-Benz</td>
<td>MOLTO MILDI</td>
<td>TOYOTA</td>
<td>MAGNA</td>
<td>DAIKIN</td>
<td>invest</td>
<td>Uddeholm</td>
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<tr>
<td>DHL</td>
<td>AVL X</td>
<td>B/S/H/</td>
<td>Bridgestone</td>
<td>ISUZU</td>
<td>Johnson Controls</td>
<td>NOVARES</td>
<td>MAN</td>
<td>Neuson</td>
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<tr>
<td>JOTUN</td>
<td>TOYO INC</td>
<td>GS YUASA</td>
<td>Valeo</td>
<td>MAGNEX MAREL</td>
<td>Gestamp</td>
<td>PIRELLI</td>
<td>TOYOTETSU</td>
<td>Delphi</td>
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<tr>
<td>Mando</td>
<td>SCHWEY E-HWA</td>
<td>MTDY HDMI</td>
<td>COHLER</td>
<td>KANSAI PAINT</td>
<td>CEVA</td>
<td>tpi COMPOSITES</td>
<td>Panasonic</td>
<td>RUDOLF GROUP</td>
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<td>monitorise</td>
<td>CAMORL</td>
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</tbody>
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OFFERING ABUNDANT OPPORTUNITIES IN A VARIETY OF SECTORS

SECTORAL OPPORTUNITIES

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
- $170 billion PPP contracts (1986-2021)
- 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, MAKFED, TESİD as of 2019, SASAD as of 2020, SHGM as of 2019, GIH
FOREIGN DIRECT INVESTMENT (FDI)

EXCEPTIONAL INCREASE IN FOREIGN INVESTMENT BOOSTED BY THE VALUE TÜRKİYE OFFERS

FDI INFLOWS ($ BILLION)

- 15 (1973-2002, 30 years)
- 251 (2003-2022, 20 years)

NUMBER OF INTERNATIONAL COMPANIES IN TÜRKİYE (‘000)

- 5.6 (2002)
- 79.6 (2022)

GEOGRAPHIC BREAKDOWN OF INVESTMENTS (2003-2022)

- Europe: 72.9%
- USA: 8.0%
- Asia: 17.5%
- Other: 1.6%

MOST ATTRACTIVE SECTORS (CUMULATIVE 2003-2022)

- Finance: 31.4%
- Manufacturing: 24.1%
- Information & Communication Services: 8.6%
- Energy: 10.2%
- Wholesale & Retail Trade: 5.2%
- Transport & Storage: 4.6%
- Others: 5.9%
- Others: 3.0%

Source: CBRT, Ministry of Industry and Technology, Team Analysis *Geographic (adjusted) and sectoral breakdown of cumulative gross inflows of equity FDI from 2003 to 2021.
INVEST IN TÜRKİYE

PRIVATE SECTOR APPROACH WITH PUBLIC SECTOR CAPABILITIES

A GOVERNMENTAL AGENCY REPORTING TO THE PRESIDENT

ACTING AS A SOLUTION PARTNER

CUSTOMIZED CONSULTING
BUSINESS FACILITATION
TAILOR-MADE DELEGATION VISITS
PARTNERSHIP DEVELOPMENT ASSISTANCE
COORDINATION WITH STAKEHOLDERS
SITE SELECTION SUPPORT
PROJECT LAUNCH
ONGOING SUPPORT

ASSIST YOU BEFORE, DURING AND AFTER YOUR ENTRY INTO TÜRKİYE