

Türkiye - An investment opportunity one hundred years in the making

Celebrating its 100th anniversary as a modern republic this October, Türkiye is preparing for a new era of economic and social transformation as its government plans to make the next 100 years the 'Century of Türkiye.' "The doors of our country's growth have been opened," proclaimed President Recep Tayyip Erdoğan at his inauguration ceremony on June 3, 2023: "We will continue to develop our country through investment, employment, production, exports, and a current account surplus... We will elevate the Century of Türkiye by making our country one of the ten largest states in the world in all fields of politics, economy, technology, military, and diplomacy."

According to Erdoğan, the 'Century of Türkiye' will also be a century of achievements - in trust and economic stability - as well as a century of production, one which leverages Türkiye's geostrategic position and utilises advanced technologies to transform it into a global hub for industry partnerships. Sustainability, digitalisation, infrastructure, and science and education are also priorities, as Erdoğan aims to continue strengthening Türkiye's reputation on the world stage. "I've noticed a major shift in the market," says the CEO of Team Agro - Türkiye's largest imported sugar supplier - Selim Oğul, "there's a growing preference for Turkish products, and from a business perspective, Türkiye's opportunities as increasingly



Recep Tayyip Erdoğan
President of Turkey

recognised by the international community."

Powering the 'Century of Türkiye' vision is Erdoğan's Medium-Term Economic Programme (MTP) for 2024-2026, which promises to increase Türkiye's GDP to USD 1.3 trillion - from just over USD 900 billion this year - and reduce inflation to single digits. Since his re-election in May this year, Erdoğan has sought to establish economic

orthodoxy through a tight monetary policy. This move has inspired confidence across Türkiye's business community: by the end of September, the BIST 100 index, which tracks companies that have listed over the past two years, had rallied by 74.78%, pushing its total increase since the start of 2022 to 309.91%. Encouraged by the performance of newly listed firms, Istanbul beat the likes of London, Frankfurt, and Milan in the number of IPOs registered at its exchange, raising approximately USD 2 billion collectively to become one of the top ten global IPO venues of the year-to-date, according to Dealogic data.

Meanwhile, to build a platform for foreign investors, Türkiye's government is seeking closer relations with its European and Gulf neighbours. Following a milestone-making tour of the Gulf this July, Erdoğan signed several deals with the UAE worth approximately USD 50 billion in investment and financing; by the time he returned, foreign investors had poured USD 1.6 billion into Türkiye's economy, according to the Financial Times. As the CEO of DOGAN GROUP - one of Türkiye's top investment companies - Caglar Gogus reflects: "The investment world changes fast, but I'm seeing a growing interest towards Türkiye, not just in Europe but around the world, and I believe the momentum is there for the trend to continue. Türkiye embodies a plethora of world-class opportunities, underscored by a sizeable local market and robust infrastructure."

Nobel

Leading the Turkish pharmaceutical industry's foreign expansion

Driven by domestic demand and stimulative policies, such as the expansion of digitalisation and regional production, Türkiye's economy will grow by 3.6% in 2023, according to the OECD. For inbound investors, Türkiye offers lucrative access to global markets through 88 bilateral investment agreements.

Türkiye's prime location as a bridge between East and West has made it a regional - and future global - hub for pharmaceutical production. Turkish pharmaceutical companies export to 177 countries, according to Invest in Türkiye, with revenue generated from exports totalling USD 1.92 billion in 2022, according to the Turkish Pharmaceutical Manufacturers Association (TISD), almost double that in 2017.

Spearheading the industry's push for global expansion is Nobel, a multi-award-winning pharmaceutical company with over half a century of experience and an export presence in 59 countries.

"As a family, we've been in the pharmaceutical business for almost 70 years now," says Nobel's chairman, Hasan Ulusoy. "We started Nobel in 1954 as a pharmacy before moving into production to sustain its growth." Over the following decades, Nobel established itself as a key player in Türkiye's pharmaceutical industry, from investing in API (Active Pharmaceutical Ingredients) production in the 1990s to diversifying



Hasan Ulusoy
Chairman

into Kazakhstan and Uzbekistan with two FDF (finished dosage form) factories in the 2000s. More recently, in 2014, Nobel became the first pharmaceutical company in Türkiye to be chosen for a state-supported biosimilar project (BIOSIM-1).

As such, Nobel is now one of Türkiye's most vertically and horizontally integrated pharmaceutical companies, with five FDF production sites and three state-of-the-art R&D

centres enabling it to develop 95% of its in-house product portfolio. Going forward, Nobel's overall goal is USD 1 billion in revenue, which it aims to achieve through a combination of organic and inorganic growth, explains Ulusoy: "We should, of course, grow more in Türkiye - by adding more products and production facilities - but also through investing in other markets. I like to say: 'The world is our market.'"

Besides acquisitions in Europe, Nobel's priority is the US pharmaceutical industry, according to Ulusoy, and the company is particularly keen on partnering with well-connected, experienced firms in the market. In turn, Nobel offers partners flexibility and proven reliability - whether in distribution, out-licensing, supply, contract manufacturing, co-development, or API sales - as well as unique access to 22 countries, from Germany to Mongolia, via its sales and promotional network.

Aligning with Nobel represents the ideal opportunity to share in all the advantages Türkiye has to offer: "Türkiye itself is a hugely important market - with over 85 million people, a young and highly skilled labour force, and its key location attracting substantial foreign investment. Within four hours, you can reach almost all European, Central Asian, Middle Eastern, and North African countries," says Ulusoy.



Unit Group

Türkiye's leading partner in renewable energy solutions

After a decade of ambitious reforms and high growth rates, Türkiye is now the 19th largest economy in the world, with a GDP of USD 906 billion in 2023, according to the World Bank. After weathering the COVID-19 pandemic and rebounding strongly with economic growth of 11% in 2021 and 5.6% in 2022, according to the OECD, Türkiye has shown equal resilience in its rapid recovery from the devastating February 2023 earthquake, which has already been offset with the boost from reconstruction and the restoration of trade and industrial production in affected regions.

Last year, Türkiye was the fifth-largest generator of renewable energy in Europe and the 12th-largest in the world, according to the International Trade Administration (ITA), with approximately 54% of its electric power generation capacity coming from renewables. For inbound energy businesses, Türkiye offers an array of incentives to encourage green and renewables investments, including VAT and customs tax exemptions on investments in electric power generation from biomass, solar energy, hydroelectric energy, and wind energy. Green investments are also supported under Türkiye's Investment Scheme.

Founded in 1974, Unit Group is one of Türkiye's leading energy investors and operates some of the largest electricity generation projects in Central and Eastern Europe. Combined, the company's portfolio has a total generational capacity of 2,900 MW.

Unit began as an international trading house before gravitating towards the energy sector in the early 1980s. In 1997, the company struck an ambitious partnership with Japanese and British firms to build Türkiye's first private power plant - Uni-Mar - under a B.O.T (build-operate-transfer) scheme. Completed in 1999, Uni-Mar has been supplying Türkiye's growing electricity needs ever since, with Unit inviting multinationals to join and help centralise its position in new global energy markets. Similarly, as Türkiye's electricity and gas market liberalised in the 2000s, Unit focused on licensed generation projects, setting national and regional precedents with two major projects.

The first of these, Boyabat, for example, which is located in Sinop Province, along the Black Sea, was the country's first privately-owned dam-type hydropower plant. The second, Yeni Elektrik - a cycling high-efficiency gas-fired power plant



Ünal Aysal
Chairman

located in the heart of one of Türkiye's main industrial zones - which was built in collaboration with local and international partners, plus USD 700 million in funding from four Turkish banks, was the first limited resource merchant power project financed in Türkiye. In 2011, it received multiple awards from leading industry journals, including 'Turkish Deal of the Year' by PFI. Unit also built five big gas fired power plants in Iran.

In line with Türkiye's push for net zero by 2053, Unit has become an exemplar in the

energy sector through its innovative investments in renewable energies. Besides Boyabat, Unit also invested in Uni Viridas, the largest biomass cogeneration plant in Croatia, and the Prolez Wind Energy Power Plant, located in Shabla, Bulgaria, which was commissioned by the Danish wind turbine company Vestas. Unit is now aiming for all future investments and energy exports to be 100% green, as its chairman, Ünal Aysal, explains: "We're committed to being minimally pollutant with our projects, and we're venturing into new investments in hydrogen that will be producing in Türkiye. And by the end of this year, we will have initiated investments in them."

As Unit seeks further expansion into renewable energy, the company is keen for more partners to come on board for future projects. Unit's experience and expertise cover not just Türkiye but also Central and Eastern Europe, whilst most of its projects have been completed through successful domestic and foreign partnerships; for example, Yeni Elektrik is divided between Unit (60%) and Ansaldo Energia, Italy's leading provider of thermoelectric power plants, whilst Unit is an equal partner in Boyabat with two important local groups. When it comes to securing long-term commercialisation and long-term partners for its current and upcoming major projects, Aysal is confident in Unit's advantages: "We're the most experienced in the region. We invested and built; we know all the risks, and our partners will find us ready and able to mitigate anything. We can be an exceptional partner for Türkiye and the region."

With an electric power generation capacity of approximately 100 GW, Türkiye was Europe's sixth-largest electricity market and the 14th-largest in the world last year, according to the ITA. And with a wave of new government initiatives and amendments to encourage foreign investment in renewables - including nationwide incentives for solar and wind power electricity generation investments - trailblazers like Unit represent the ideal opportunity for inbound investors looking to cash in on an energy market of the future. On a broader scale, Aysal believes the time to invest in Türkiye is now: "Türkiye has moved past its status as a developing country; it's now fully developed. We have the perfect infrastructure, and it's ready for investors. We're attracting lots of investment now that people recognise and see the opportunity here."



Dogan Holding - A Matter of Trust

Highlighting “impressive economic gains” over the past two decades, the International Monetary Fund’s August 2023 assessment underlined Türkiye’s economic success story. As the IMF noted, macroeconomic and structural reforms drove Türkiye into the upper-middle income category, closing the gap with the world’s richest economies, and lifting millions out of poverty. According to the fund, the country’s output grew by more than 11% in 2021, with the economy now well outstripping pre-pandemic levels.

This economic strength is reflected in the vibrancy of the financial sector, which had total assets of TRY22.6bn in 2022, according to official figures. The financial services sector grew at an average rate of 8.4% between 2002 and 2021.

Dogan Group plays a key role in this picture, as one of the country’s top investment businesses. For decades, it has been a leading investor in Turkey, and is increasingly spreading its wings globally.

“We want to grow more in the industries we operate in, where we’re growing across all verticals, across the region, while exploring new areas,” says Çağlar Göğüş, Dogan Group’s CEO. “We’re still focused in Türkiye, and we want to invest in companies which are strong in Türkiye and make them stronger in the region, in Europe, in the USA, leveraging Türkiye’s advantages. We want to keep growing with M&A, looking for interesting acquisitions, but also grow our existing businesses. We’re one of the most active companies in the country, buying, selling, and investing.”

Dogan Group has a long history, with a background in sectors including banking, automotive distribution, petroleum, banking, and media. Doğan Holding has been publicly traded since 1993. Since 2018, it has undertaken restructuring and transformation from a family holding company to a family investment holding company - effectively becoming an investment fund, and shifting to a corporate structure that reflects this.

Over the past four years it has made more than a dozen transactions, including “Türkiye’s first green IPO”, of Dogan’s Galata Wind Enerji, which was seven times oversubscribed, indicating the strength of its investment proposition and the power of Dogan’s brand. Meanwhile, it is also cultivating a potential insurtech unicorn, which it aims to take global in the coming years.

Dogan Group now operates in six industries: renewable energy, financial services and insurance, electronics and industry, internet



and entertainment, automotive distribution, and real estate. It focuses on export-oriented industries, often leveraging the substantial competitive advantages that Türkiye offers in location, talent, domestic market demand, and manufacturing tradition.

“We have very talented people, very strong and well operated factories,” says Göğüş. “Türkiye is a few steps ahead of many other markets that are trying to make this happens, and we want to try to leverage that.”

Dogan has long experience of working with leading global companies, as one of the foremost businesses in Türkiye. In the automotive segment, it distributes MG, a historically British brand now Chinese-owned, and which is new to Türkiye plans to sell 15.000 in 2023 with more than a 5-fold growth. In 2022, Dogan’s Galata Wind secured a €45m financing deal from the European Bank for Reconstruction and Development to increase its wind power generation capacity.

Dogan’s partners benefit from the company’s strong local brand, long track record, and talented workforce.

“In Türkiye, brand and the trust element behind the brand is critical,” says Göğüş. “Trust and the business’s image is essential when you do business with partners, particularly in sectors like banking, insurance, and health. Partnering with a strong brand name always helps. We’ve always had international partnerships, so we have a lot of expertise in that sense, which is unusual for Turkish businesses. And we have strong knowledge of the local market; in a fast growing market like Türkiye, you need a very strong local management team. It’s not an easy market in terms of competition.”

Dogan also offers its partners the commitment to being a responsible investment company, respecting social equality, environmental sustainability, and high standards of governance. It places a strong emphasis on investments being done the right way, and a culture of partnership.

Dogan is an international company, bringing its expertise and capital to support good businesses globally. In doing so, it retains the strengths of its home market, one of the world’s most significant economies and increasingly a global leader.

“Türkiye deserves a stronger profile,” says Göğüş. “We need to be more present in the global environment, be closer to investors. Türkiye isn’t an emerging market anymore, but a developed country. Fundamentally, it’s a very strong country with a lot of economic resilience, demographically and culturally integrated in Europe. We have a strong local market, which makes life easy for investors. It has great infrastructure, like airports and ports.

Türkiye gets good natural resources prices because of its location, and this gives us an advantage and space to play. Now it’s time to invest in business: industry, tech, energy, healthcare, and so on. It’s a good market.”



STFA - Turkish Roots, Global Reach

Türkiye's GDP grew by 3.8% in the second quarter of 2023, faster than expected, as household expenditure buoyed the economy.

The country's strong economic performance will help drive the growth of the construction sector, which accounts for 5.4% of GDP and employs 1.5m people, according to the European Construction Industry Federation. Türkiye's construction businesses have global reach, executing 10,700 projects on five continents in the past 50 years.

The oldest construction group in Türkiye, and the first to work outside the country, STFA was founded 85 years ago by two visionaries in the sector. Its first foreign venture was in Libya in 1972, followed by Saudi Arabia, and the company is currently active in 10 countries, having worked in 24 across the world. The company is now gearing up for further expansion, both in its existing markets and new ones.

"We are ready for international alliances in many areas and we prefer working with foreign partners for expertise and finance" says Adnan Nas, STFA Chairman and CEO. "We should expand into other markets, particularly the Balkans, Mid-South Africa and Canada. We are used to managing partnerships with foreign companies both at the Holding and company level, we always deliver quality."


STFA operates in marine construction (ports, jetties, breakwaters, water intakes and outfalls) and other infrastructure works (roads, metros, bridges, power plants and terminals) as well as foundation engineering and construction consulting.



The Group also has a machinery business that includes sole distributorship of iconic British brand JCB and also trading and rental operations for other construction, equipment and vehicles, such as forklifts. STFA is considering an IPO for its machinery business.

"Our background and our ethics make us an ideal partner," says Nas. **"We are one of the most prominent marine contractors in the world and evolved into a total engineering & construction company offering integrated solutions with specialised business units.** STFA is a reputable and respected brand in the countries it operates. Wherever it operates, STFA is known for its high

standards, reliability, transparency, and sound financial position." While expanding internationally, STFA remains committed to its home market too. It aims to participate in innovative construction to build more robust infrastructure that can withstand the country's earthquakes, as well as construction of offshore wind farms and working on tourism projects such as the expansion of the megayacht marina at Gocek on the Mediterranean coast.

"Türkiye has had a complex history, but we still have a lot to offer," says Nas. "We have always been an attractive destination for investors and preferred partners for foreign companies." 

Hitit - Agile Airline and Travel Tech

Türkiye's current account surged into surplus in June 2023, driven by the strength of tourism in particular, which saw a net inflow of \$4.2bn, according to official figures.

Intrinsically linked to booming tourism, the Turkish air transport sector is a key economic contributor, generating \$44.8bn of value-added GDP and supporting 1m jobs pre-pandemic, according to IATA.

This creates a fertile environment for global leaders. Turkish airline and travel IT solutions company Hitit is building a global reputation, delivering everything from passenger service systems through cargo services to merchandising and operations planning.

"We know the airline business and its challenges very deeply," says Nur Gokman, CEO and the Chairwoman of Hitit's board. "Separate vendors integration can be a problem, so we decided to develop integrated airline products like ERP. Our one-stop shop model is instrumental to the success of any airline. Our software solutions offer a comprehensive set of tools that can be used to manage every aspect of airline operations. We work hand-in-hand with representatives of airlines; we work with new technologies which make us flexible."

Combining the agility of a start-up with scalability, Hitit was founded by Gokman and her colleague at Turkish Airlines around 30 years



ago, convinced that two women entrepreneurs could deliver better technology and products to the market. Initially, the company worked on loyalty schemes which became the most widely used loyalty management solution in 2012 chosen by 40 airlines. Following the remarkable success of the loyalty solution, the company proceeded with the production process, expanding their portfolio to develop core airline solutions. Hitit's "community" now includes 30,000-plus agents on its sales and distribution platform, 700-plus airports served through its Crane departure control system, 200bn-plus flight queries processed by Hitit backend, 90m-plus passengers a year via Crane, and \$5bn annual travel spend generated

by Crane solutions. Hitit is now expanding to serve partners around the world with their global marketing and support teams; it operates a European Hub located in Amsterdam and has a particularly strong presence in Pakistan, where it has been Pakistan International Airlines' technology partner since 2018.

"We have more than 400 employees now, and we know they can excel working in other countries," says Gokman. "If other companies invest in us, we can share the entire world with them. We always seek value in developing new ideas and partnering with different companies, whether Turkish or international. We are creating a global ecosystem with Türkiye as a hub."

Indeed, while working internationally, Hitit leverages the strengths of its home market, not least in talent and location - which are drawing global capital to Türkiye.

"There is change and a shift all over the world; investors need to think outside the box," says Gokman. "Türkiye has huge potential, and the government has done a lot to support Turkish companies' marketing strategy, which helps a lot. Türkiye is a strategic place in many ways, we have so many bright, courageous, and entrepreneurial people, we have energy and resilience."



TEAM AGRO - Meeting the diverse needs of Türkiye's confectionary and agriculture industries

Türkiye's business-friendly regulatory environment, skilled labour market, and prime location embody a massive opportunity for global investors. According to the U.S. Department of State, Türkiye has one of the most liberal regimes for FDI amongst OECD members.

Supported by 500,000 metric tons of sugar imports and USD 2.6 billion worth of domestic sugar production, revenue from Türkiye's confectionary industry will reach USD 19.7 billion in 2023, according to Statista. Since the COVID-19 pandemic, sugar buyers have prioritised supply consistency over price competitiveness, rewarding rapid growth to companies able to provide reliability regardless of market fluctuations.

"Founded in 2014 to meet Türkiye's confectionary industry's need for sugar as their primary ingredient, Team Agro - formerly Team Logistics until 2021 - is Türkiye's largest imported sugar supplier and a leading regional player in agricultural commodity services. We cater to the sugar raw material needs of producers, ensuring a stable supply for their operations."

In just a few years, Team Agro has achieved a staggering 75-80% share of Türkiye's sugar trade market and a 6% share of the global market. By volume alone - 1 million tons in 2022 - Team Agro ranks amongst the top ten sugar traders in the world. The key, says its CEO, Selim Oğul, is



Selim Oğul
CEO

exclusive contracts with refineries from around the world, including Morocco, Saudi Arabia, the UAE, and Brazil: "We serve about 95% of Türkiye's large confectionary companies, from high-quality to cost-effective, sugar, and our extensive network and supply chain allows us to maintain a robust and reliable operation. Moreover, we store our products in warehouses and maintain stock, ensuring we can meet customers' needs promptly."

Oğul says his biggest focus now is "to ensure long-term sustainability" through diversifying beyond the sugar trade. In 2021, with changes in partnership structure and the appointment of Selim Oğul as CEO, Team Agro expanded the portfolio to

include agricultural products such as wheat, barley, and corn, alongside sugar trading, achieving a remarkable success by increasing its revenue from 25 million USD to 500 million USD. Team Agro has already consolidated a large market share in Türkiye's grain import business and recently gained a licenced warehousing with 58,000 tons of capacity in Eskişehir and Osmaniye. Also built a large Warehouse near Mersin Port - Türkiye's main gateway to the Mediterranean Sea - built on 20,000m2 capacity. "We've also established a transit business and operate shipping vessels going from Argentina to Libya and India to Yemen. We're investing in regional countries, especially in the Middle East and Africa." In the second half of 2023, Team Agro just started with an investment of approximately 50 million USD in Geothermal Greenhouse Agriculture in Aksaray. This investment will support both the growth of our company's exports and the sustainability of agriculture.

As industries worldwide continue to reassess their supply chains in the wake of the COVID-19 pandemic, Türkiye has emerged as a strong EU candidate to replace the likes of China. Oğul says he is already witnessing a promising shift: "Direct investments and the inflow of hot money have started to return; people are more inclined to view Türkiye as a country with opportunities worth exploring. It brings me great satisfaction."

TÜMAD

Setting industry benchmarks for sustainable gold & silver mining

Türkiye is the ideal destination, for investors keen to benefit from everything the East and West have to offer. The country's economy is set to grow 3% this year, with its young, well-educated, and entrepreneurial population making for a fast-moving, well-connected, and adaptable investment environment.

Ranking 10th in the world for mineral diversity, according to Invest in Türkiye, and located at the heart of the Tethyan-Eurasian Metallogenic Belt - an international mining hotspot - Türkiye offers proven potential for mining investors, as well as competitive tax incentives and low logistics and drilling costs.

One of the companies benefiting from Türkiye's vast mineral deposits is TÜMAD, an distinguished Turkish metallic mining group supported by an experienced network of advanced exploration teams. TÜMAD is on a mission to become one of Türkiye's top gold producers, which it aims to achieve with sustainable projects that combine economic and social growth with environmental protection.

Currently, TÜMAD is producing out of the Lapseki Gold and Silver Mine, located in Çanakkale, northwest Türkiye, and the Ivrendi Gold and Silver Mine, located in Balıkesir.



Hasan Yücel
Managing Director

Beginning operations in 2017, Lapseki is the smaller of the two with a lifetime of ten years, producing a substantial annual 1.2 tons of gold & silver doré, whilst Ivrendi boasts three times the amount of merchantable metal, an annual production of 3.0 tons of gold & silver doré, with having a 15-year lifetime.

At an investment of TRY 600 million and TRY 1.2 billion, respectively, Lapseki and Ivrendi were constructed with loans from the European Bank for Reconstruction and Development (EBRD). Not only a unique accomplishment for Türkiye's mining industry, but it also commits TÜMAD to implement strict standards of occupational safety, environmental protection, and social welfare, as outlined in the company's

extensive management plans covering everything from biodiversity to air and dust emissions and noise pollution. For its managing director, Hasan Yücel, TÜMAD's approach is something he wants to see more of in the industry: "Third-party supervision shouldn't be a secondary consideration; it should be the main component of any mining project."

TÜMAD's award of EBRD funding also speaks to the company's wider objective to unlock Türkiye's potential, explains Yücel: "Türkiye has made considerable strides over the last few years in applying international standards. Türkiye needs finance, and financing needs nice projects." As such, TÜMAD is now exploring opportunities to open a third asset in West Africa or Eastern Europe and wants more financial partners to come on board.

While global demand for raw metals increasing, companies such as TÜMAD are Türkiye's biggest assets to unlock its economic advantages. "There's a lot of potential here in energy, mining, and infrastructure. It's an excellent time to invest in Türkiye," says Yücel.