

FIRST ANNUAL TURKISH INVESTMENT CONFERENCE 24 June 2010, New York



Main Sectors

AKKOK GROUP COMPANIES
AIM TO BECOME
A WORLD-CLASS
ORGANIZATION

- ❖ *CHEMICALS*
- ❖ *ENERGY*
- ❖ *REAL ESTATE DEVELOPMENT*
- ❖ *TEXTILES*
- ❖ *PORT MANAGEMENT*
- ❖ *MARKETING & SALES - INSURANCE*

AKKOK Companies Quoted at the Istanbul Stock Exchange

AKSA

WORLD'S LARGEST ACRYLIC FIBER
PRODUCER

AKENERJI

ONE OF THE MARKET LEADERS WITH ITS
PRODUCTION OF PRIVATE GENERATION
AND DISTRIBUTION COMPANIES

AK-AL

A LEADING INDUSTRIAL CORPORATION
PRODUCING FABRIC & YARN

AKMERKEZ

REAL ESTATE INVESTMENT COMPANY :
WORLD BRAND AS A SHOPPING CENTER

MORE THAN
40 INDUSTRIAL
AND COMMERCIAL
COMPANIES



AKKOK INDUSTRIAL INVESTMENT & DEVELOPMENT INC,

ESTABLISHED A STABLE GROWTH SINCE 1952

COMBINED SALES OF US\$2,2 BILLION IN 2009

EXPORTS OF US\$332 MILLION IN 2009

US\$1,2 BILLION OF INVESTMENT IN 2006 - 2009

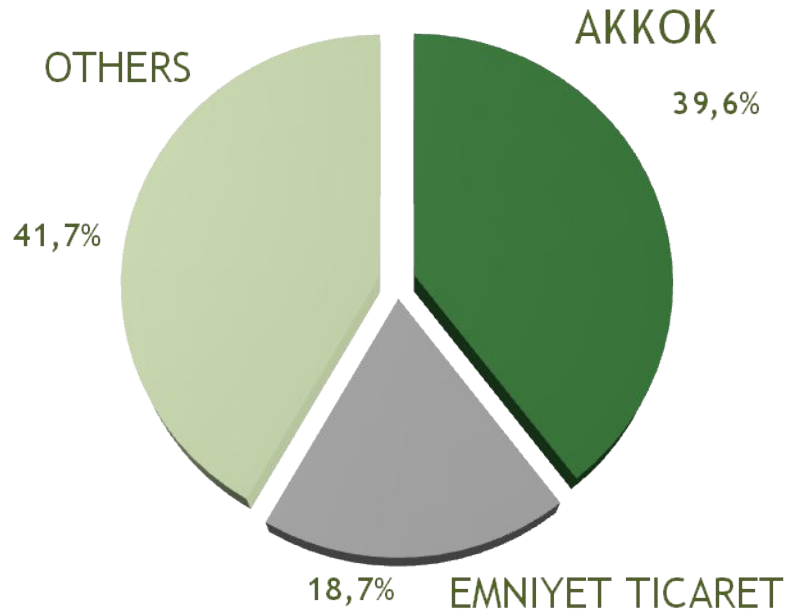
PLANS US\$700 MILLION OF CAPEX FOR 2010

EMPLOYS AROUND 4,000 PEOPLE



AKSA ACRYLIC SHAREHOLDER STRUCTURE

SHAREHOLDERS



EQUITY PARTICIPATIONS

COMPANY TITLE	%
AK-PA	13,5
FITCO B.V	100.0
AK-TOPS	60,0
AK GIRISIM	58,0

Free float : 38%

STRATEGIC BUSINESS UNITS of AKSA ACRYLIC



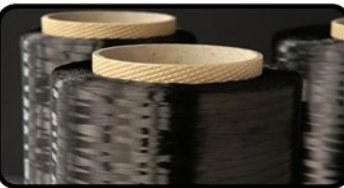
STANDARD ACRYLIC FIBER BUSINESS UNIT

- Largest acrylic fiber producer under one single roof in the world;
- 12,5% global market share;
- Turkey's sole local producer having 66% local market share.



OUTDOOR & SPECIALTY FIBERS BUSINESS UNIT

- High value-added products;
- Develop fibers for technical end-use areas;
- 60% market share in Outdoor business (applications such as tents, boat covers, awnings etc);
- Main target is to increase 7% share in our sales mix to 11% by 2012.



CARBON FIBER BUSINESS UNIT

- Commissioning of the 1500 tpa production line in Q3 2009;
- Targeting industrial applications such as wind turbines, automotive, pressurised vessels, construction;
- Targeting 10% market share by 2020.



ENERGY BUSINESS UNIT

- Acquired 70 Mwe capacity Natural Gas power plant from Akenerji;
- Currently investing in 100 MWe capacity dual gas power generation plant;
- Commissioning of the plant will be by the end of 2010.

ACRYLIC FIBER BUSINESS UNIT

HAVING 42 YEARS OF EXPERIENCE IN ACRYLIC FIBER INDUSTRY,,,

- Leader in Turkey and in international markets in terms of capacity, size, pre-and post-service quality, product diversity & flexibility;
- Low cost leader;
- Production capacity : 308,000 ton/year;
- Capacity Utilization Rate: 85% in 2009, 87% in Q1 2010.

SUCCESS THAT COMES FROM A DIVERSITY OF PRODUCTS,,,

Major Acrylic Fiber Uses;



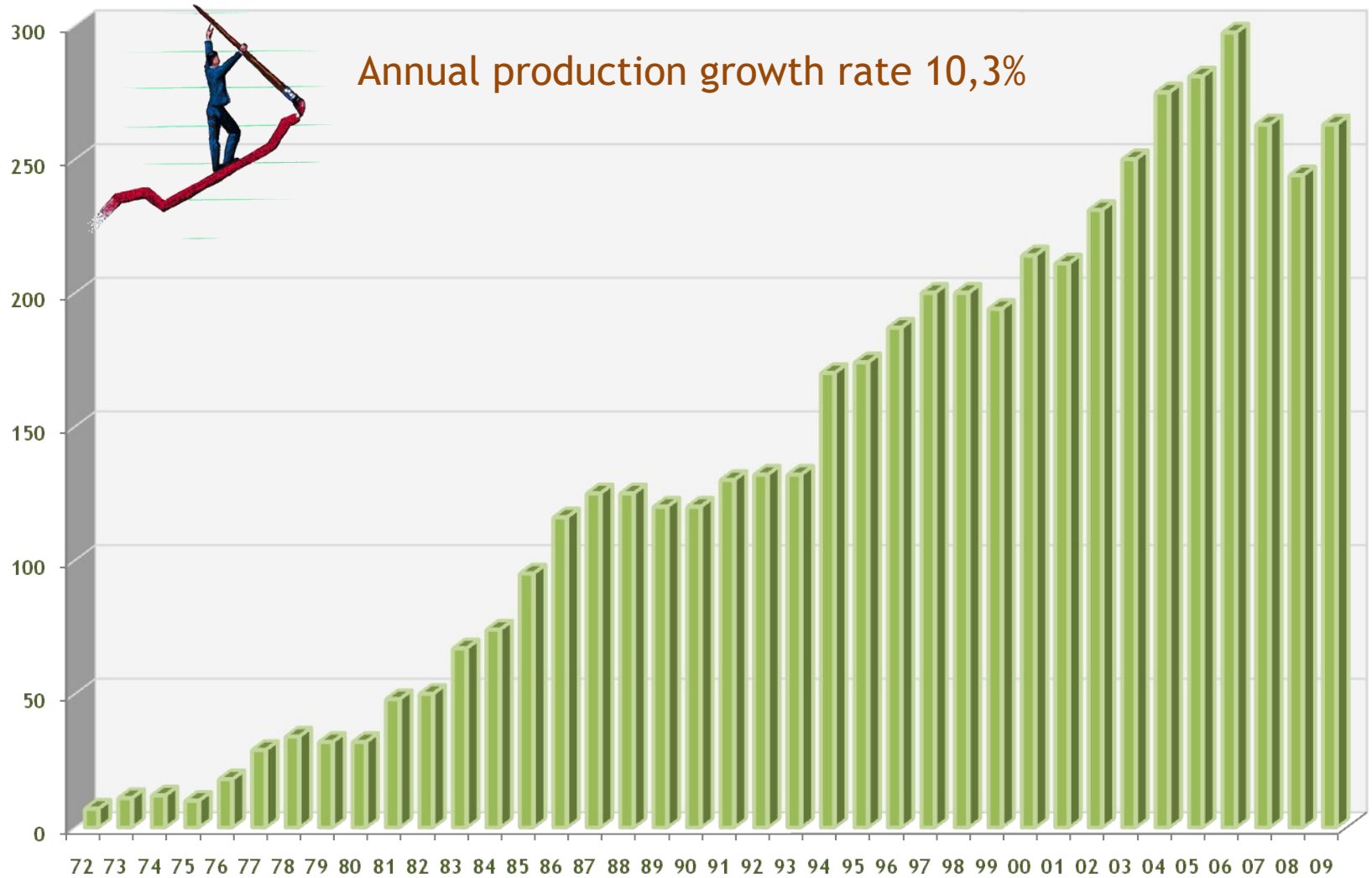
Apparel

Home Textiles &
Furnishings

Industrial Uses



AKSA ACRYLIC FIBER PRODUCTION



ACRYLIC FIBER SECTOR IN BRIEF



- Acrylic fiber market accounts for 2 million tonnes in 2009,
- Biggest Consumption Markets
 - China 875,000 tonnes - 44% of world
 - Turkey 265,000 tonnes - 13% of world
 - Iran 130,000 tonnes - 6,5% of world
 - India 110,000 tonnes - 5% of world
 - Egypt 33,000 tonnes - Syria 27,000 tonnes



- China adopts self sufficiency strategy, Shuts down idle facilities and invests on new capacity no more. During 2007-2010 China market shrank by 20%.
- Sector has 20% idle capacity.
 - Europe accounts for excess capacity.
 - Far East balanced capacity and demand.
 - Shut downs (Europe, USA, Far East...) and consolidations have taken place for last 10 years.

ACRYLIC FIBER INDUSTRY PLAYERS



- **AKSA**



- **MONTEFIBRE (SPAIN)**



- **DRALON (GERMANY)**



- **FISIPE (PORTUGAL)**



- **BIRLA (THAILAND & EGYPT)**



- **JILIN (CHINA)**



- **SHANGHAI PETROCHEMICALS (CHINA)**

Jilin and MonteFibre founded JiMont by forming an alliance, Jilin Qifeng and Jimont, 2 factories, have a cumulative production capacity of 240,000 tonnes.

- In 2009, MonteFibre shut down the last facility in Italy, They only produce 90,000 tonnes in Spain.

- Birla increased production capacity at Egypt, from 18,000 tonnes to 35,000 tonnes in 2010, and possible to reach 60,000 tonnes, Facility at Thailand has 90,000 tonnes of capacity.

- Although Jilin and SPC (China) are big firms, they are not direct competitors to AKSA.

THREAT OF SUBSTITUTES

GLOBAL PRODUCTION OF TEXTILE FIBERS (1000 TONNES)											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	AGR
Synthetic Fibers	32,101	31,686	33,907	35,511	37,953	38,165	41,277	44,523	42,640	44,600	3,70%
Polyester	19,073	19,244	20,956	22,258	24,406	24,701	27,808	31,094	30,650	32,400	6,10%
PP fibers	5,984	5,815	5,913	6,159	6,303	6,463	6,473	6,444	5,940	6,100	0,20%
Polyamide	4,063	3,745	3,947	3,992	4,017	3,865	3,883	3,895	3,510	3,480	-1,70%
Acrylics	2,669	2,555	2,742	2,678	2,743	2,632	2,535	2,446	1,930	2,020	-3,00%
Others	312	327	349	424	484	504	578	644	610	600	7,50%
Cellulosics	2,755	2,692	2,715	2,855	3,096	3,138	3,296	3,592	3,235	2,950	0,80%
Cotton	19,749	19,814	20,623	20,120	21,974	24,398	25,707	26,704	24,450	22,300	1,40%
Wool	1,250	1,180	1,357	1,274	1,219	1,231	1,227	1,218	1,210	1,190	-0,50%
Jute	4,015	3,065	3,222	3,232	3,179	3,250	3,200	3,200	3,300	3,240	-2,40%
Linen	463	588	721	773	751	792	770	780	800	820	6,60%
Ramie	130	179	201	269	269	250	250	250	250	250	7,50%
Silk	86	82	92	97	115	133	145	156	150	150	6,40%
TOTAL	60,549	59,286	62,838	64,131	68,556	71,357	75,872	80,423	76,035	75,500	2,50%
acrylic share / total textile fibers	4,40%	4,30%	4,40%	4,20%	4,00%	3,70%	3,30%	3,00%	2,50%	2,70%	
acrylic share / total synthetic fibers	8,30%	8,10%	8,10%	7,50%	7,20%	6,90%	6,10%	5,50%	4,50%	4,50%	

Substitutes compete with price differentiation, Preference of acrylic fiber is sustained until price difference is 0,50-0,70 US\$/kg.

COST STRUCTURE OF ACRYLIC FIBER

The key cost component is the raw material Acrylonitrile

- Acrylonitrile prices fluctuates depending on the oil prices and the demand - supply balance;
- Approximately 65% -70% of the production costs come from ACN;
- Currently ACN prices are around 2,500 US\$/ton due to the supply constraints;
- 30% of ACN locally sourced from PETKIM, The rest is heavily imported from Europe .

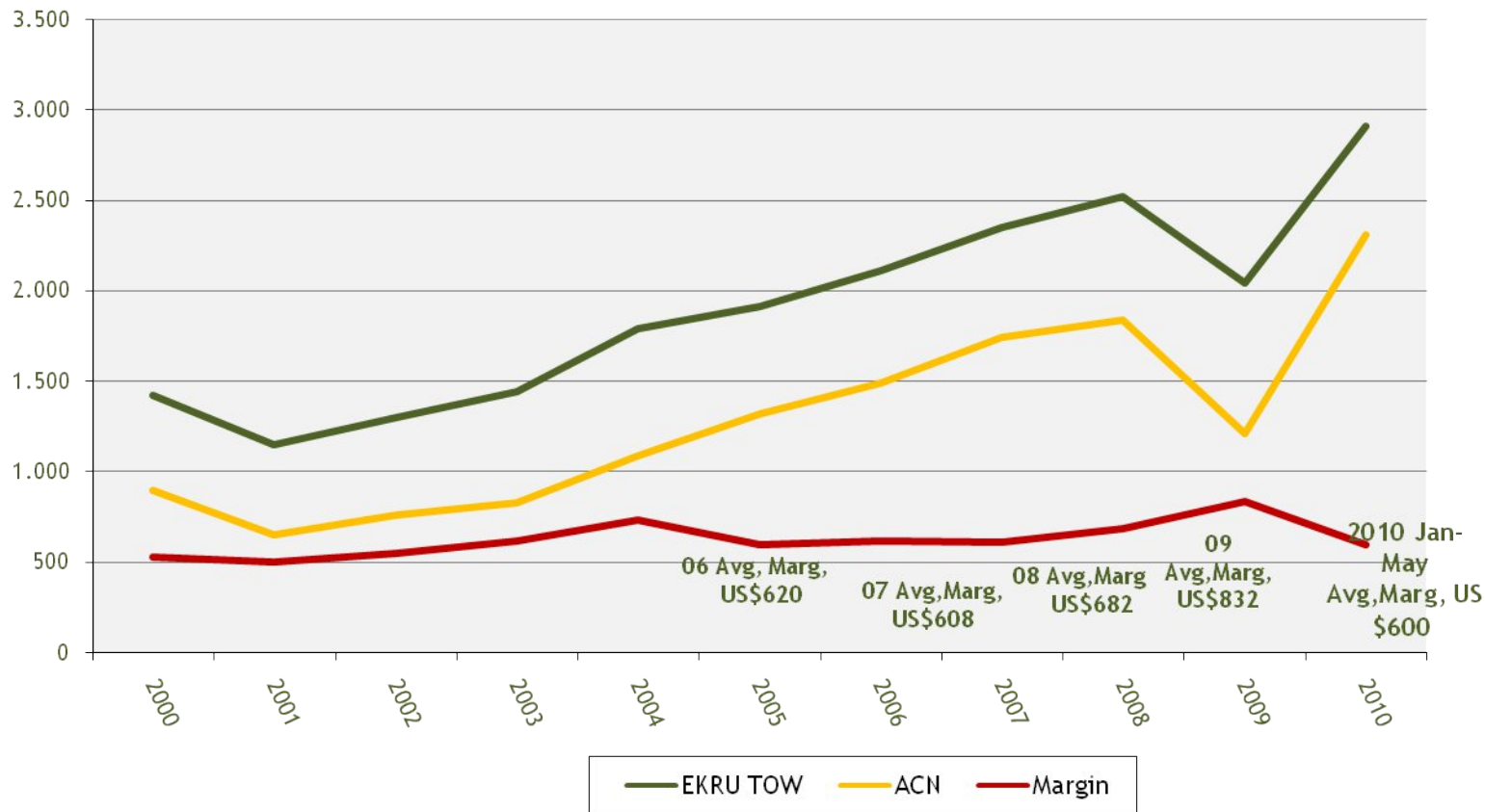
The other important cost component is “The Energy”,

- Continuously improving energy specific consumption through investments;
- New power generation plant will decrease energy costs by 40%.

Labor Costs

- High rate of production per capita;
- Low labor rate compared to European competitors.

ECRU TOW - ACN PRICE MARGIN (US\$/ton)

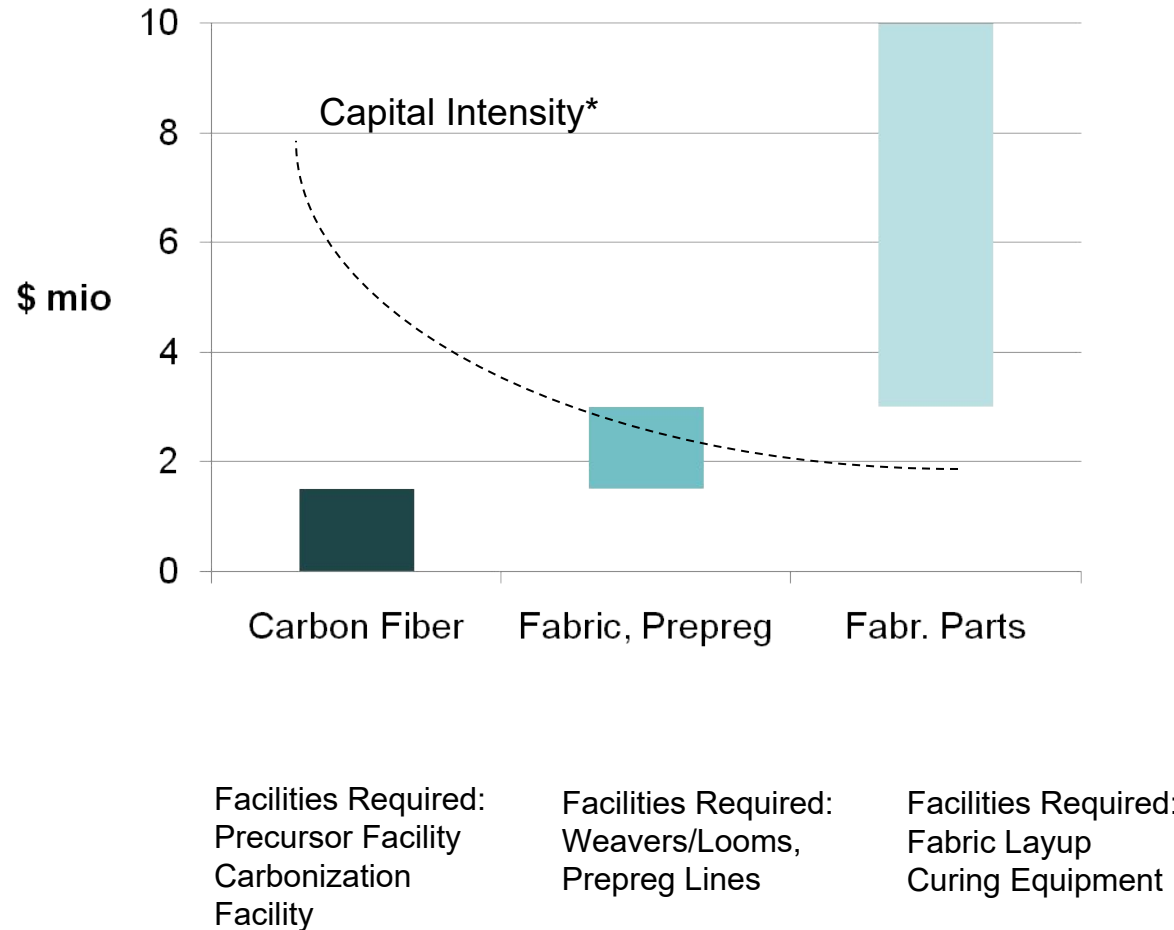


Source: PCI Average of US/Europe/Far East Prices

CARBON FIBER BUSINESS UNIT

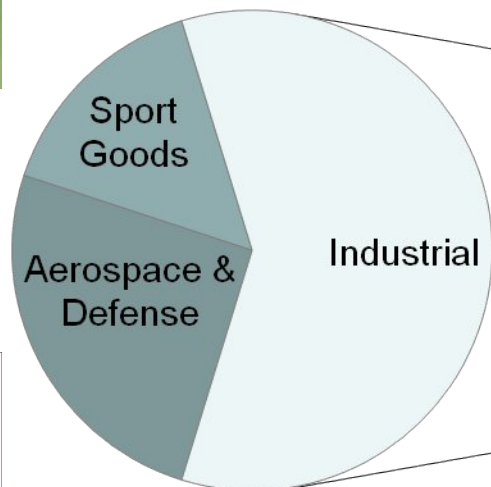


CARBON FIBER, COMPOSITE MATERIALS & COMPOSITES IS A \$10 BILLION INDUSTRY



*Investment required in technology and production facilities,

Current Demand for Carbon Fiber
< 40.000mt p.a.; > US\$1B

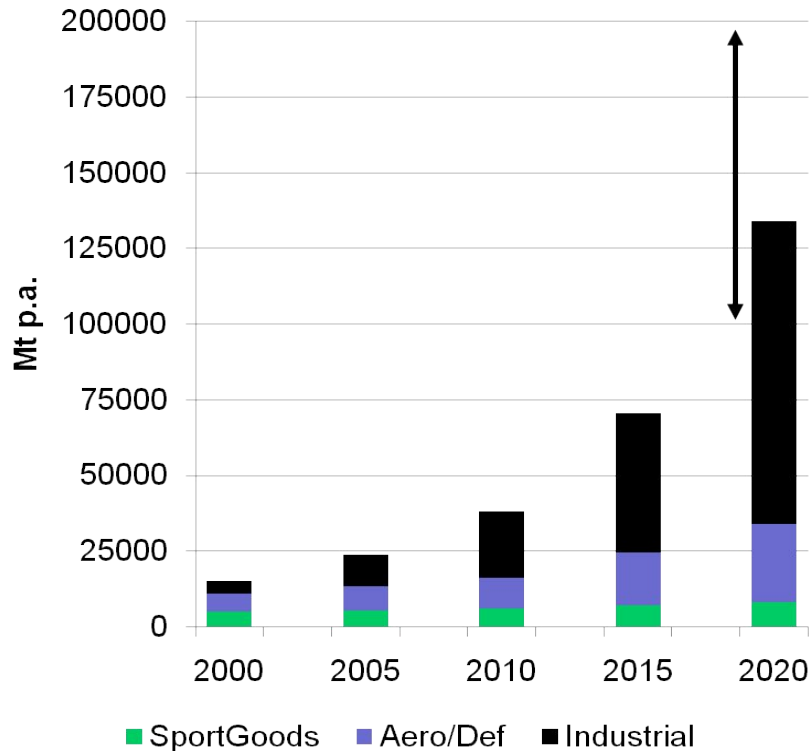


- Wind Blades
- Compounding
- Press vessels
- Racing/Autos
- Infrastructure
- Marine
- Oil&Gas
- Other Industr

AKSA is targeting Industrial Applications



Expected Demand for Carbon Fiber



Overall Demand for Carbon Fiber in 10 years is expected to be 3 to 6 times what it is today (100,000-200,000mt or more),

Industrial Applications are expected to make up the majority of future demand.

AKSA is targeting to supply industrial applications.

Industrial Apps 2010 vs 2020:

Wind:
5,000t →
15,000-50,000t

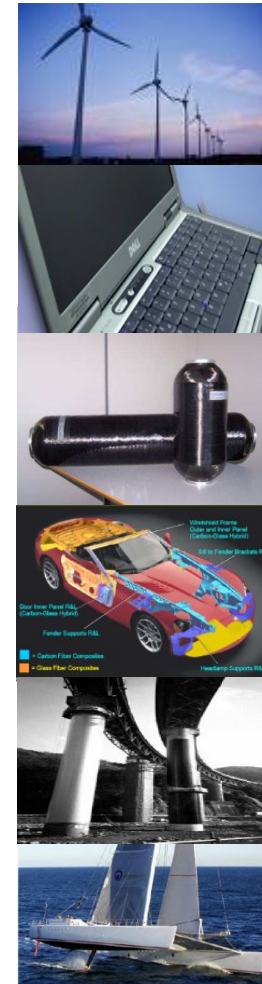
Compounding:
5,000t →
15,000-50,000t

Pressure Vessels:
3,000t →
15,000-50,000t

Autos:
2,500t →
20,000-100,000t

Infrastructure:
2,000t →
5,000-25,000t

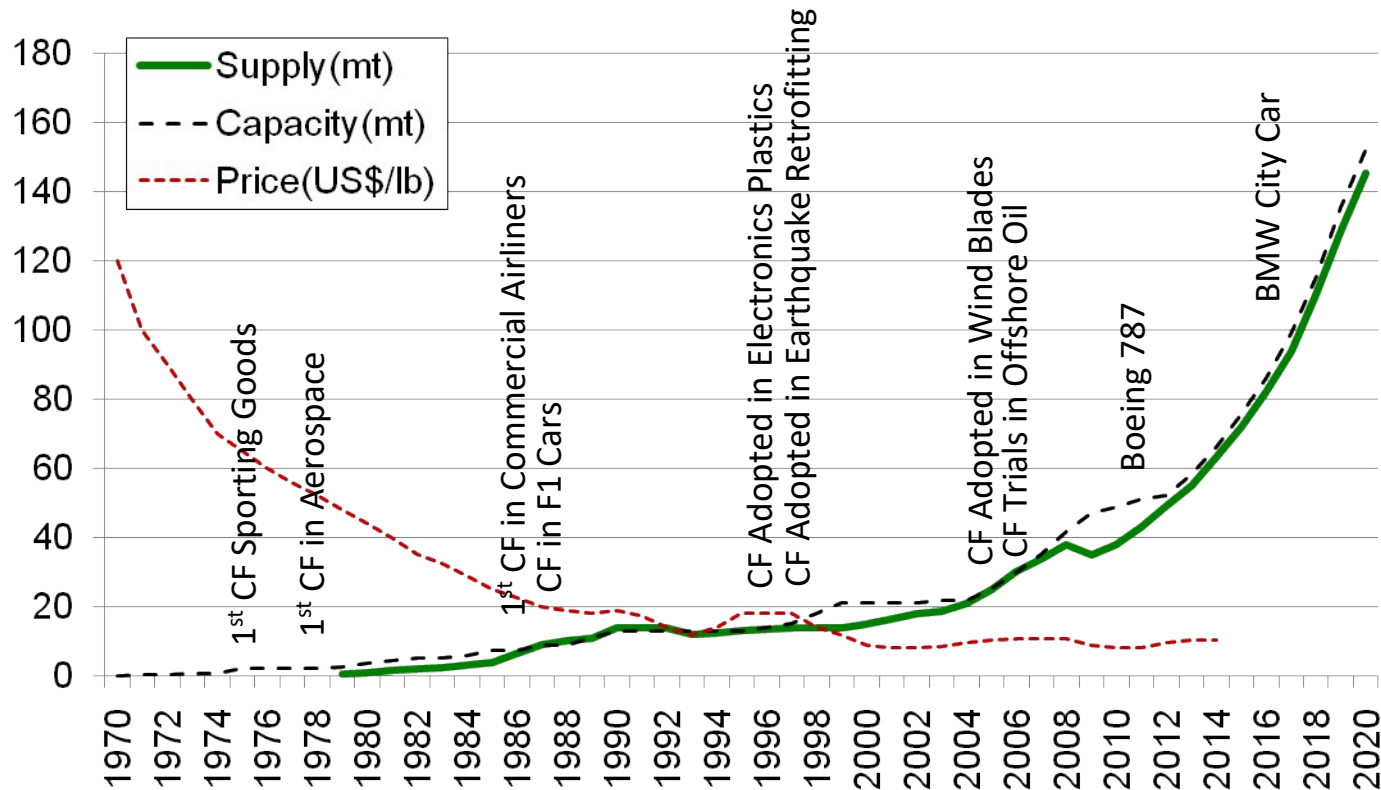
Others:
5,000t →
15,000-50,000t



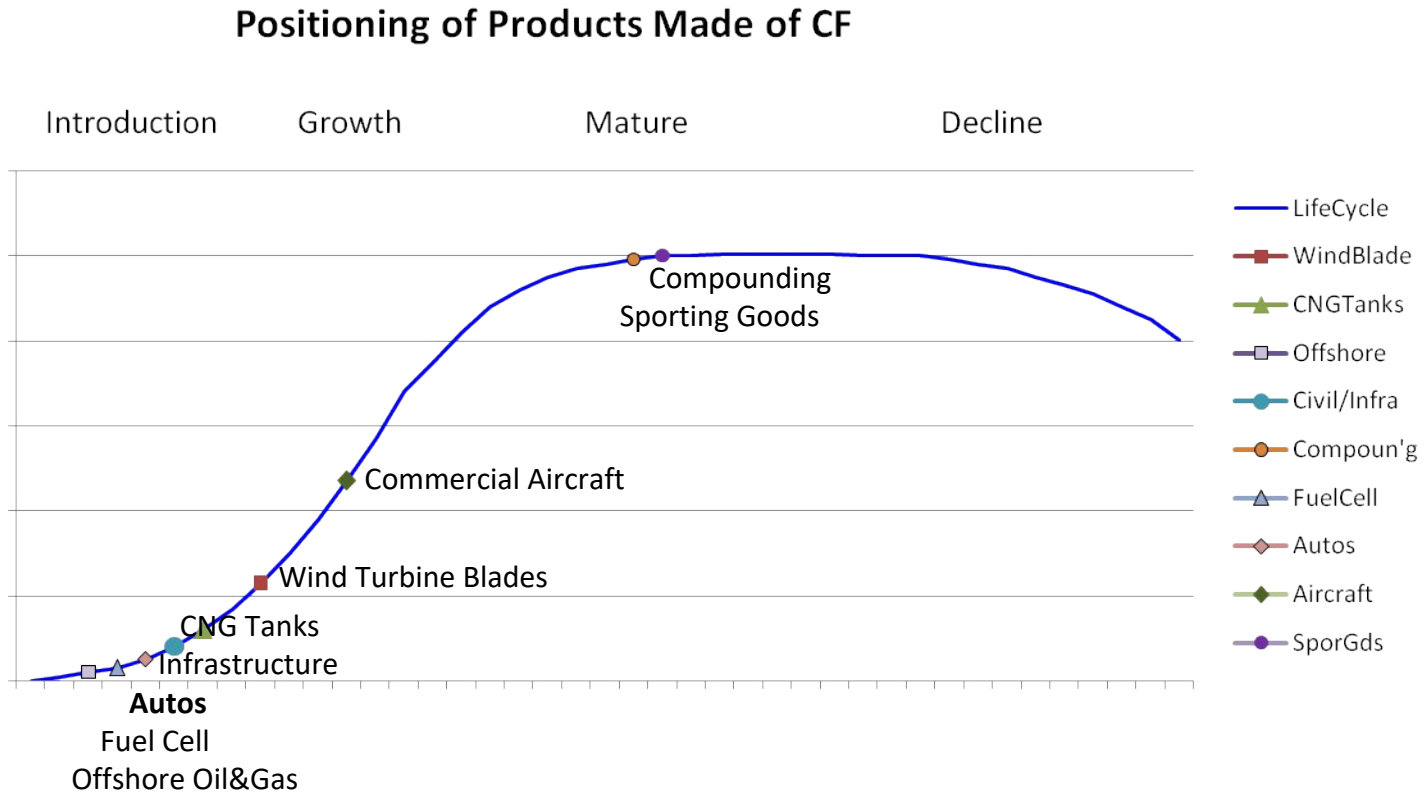
Sports Goods
2010 vs 2020:
7,000t →
10,000-15,000t

Aerospace Apps
2010 vs 2020:
8,000t →
25,000-30,000t

GROWTH IN DEMAND FOR CARBON FIBER OVER 50 YEARS FROM 1970-2020



MOST APPLICATIONS OF CARBON FIBER ARE JUST BEGINNING ON THE PRODUCT LIFE CYCLE



Source: CF Conf – Dec 2009 – Lucintel Presentation



2006

- Investments began for the production of carbon fiber,

2008

- Aksa worked on laboratory-scale carbon fiber system precursor and carbon fiber development and experimentation,
- Installations and start-up for the pilot carbon fiber plant that will be working at a 34 ton/year capacity have been completed.

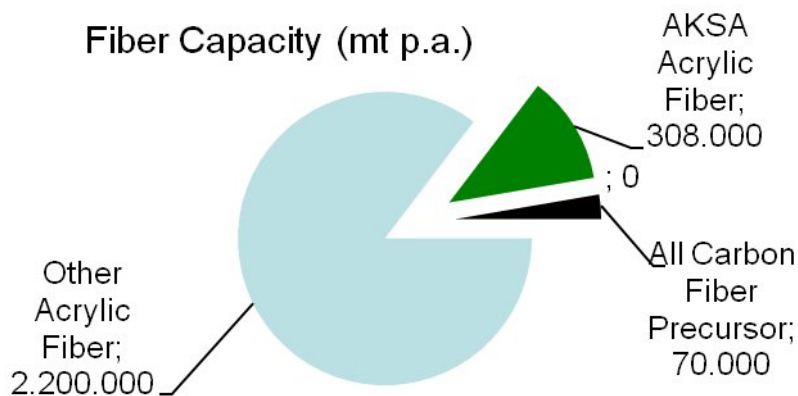
2009

- Commissioned its 1,500 tpa capacity carbon fiber production plant and realized the first commercial sale in Q4 2009.
- Total investment is US\$85 million, US\$50 million of which has been financed through long-term loan.



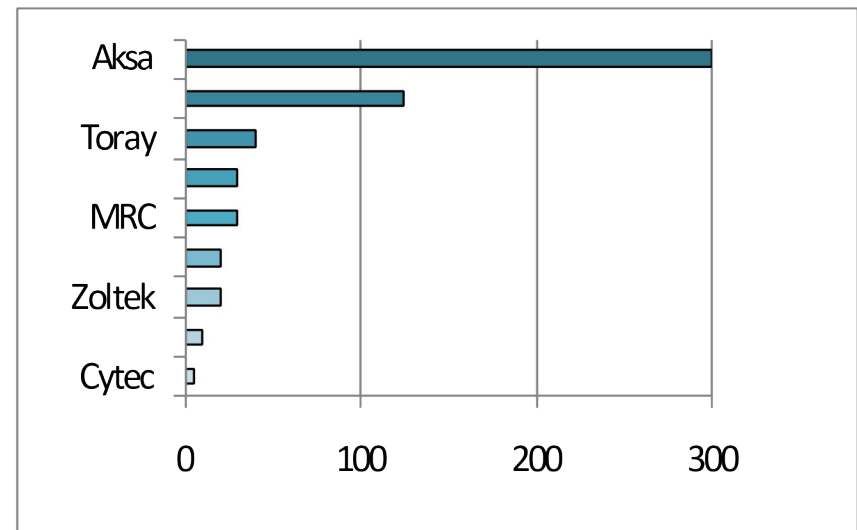


Having the world's largest capacity for acrylic fiber production under a single roof, AKSA's infrastructure is unmatched by any carbon fiber producer.



AKSA is uniquely positioned to offer high quality, reliably supplied, competitively priced carbon fiber.

Acrylic Fiber and Precursor Capacity of Carbon Fiber Producers (000mt)



- Capital Intensive - Initial capital cost of a precursor and carbon fiber production facility is very high, depreciation is significant.
- Half of cost is linked to the price of oil - Acrylonitrile and the energy to convert and process it into carbon fiber.
- AKSA's Advantages in Yalova;
 - Well facilitized and operated acrylic fiber factory,
 - Large scale facility (300,000t),
 - Technically oriented workforce,
 - Low cost labor.

- Entered the carbon fiber market with “standard grade” small-tow products;
- Targeting industrial applications where high quality, reliably supplied; competitively priced carbon fiber is wanted;
- Intending to further develop our portfolio of products over time;
- Support the increased use of carbon fiber based composites in Turkey;
- Aiming to achieve a strong position in carbon fiber as in acrylic fiber.

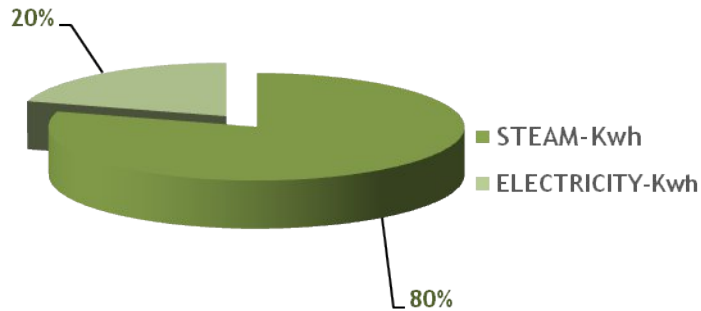
ENERGY BUSINESS UNIT

OUR ENERGY IS INCREASING,,,

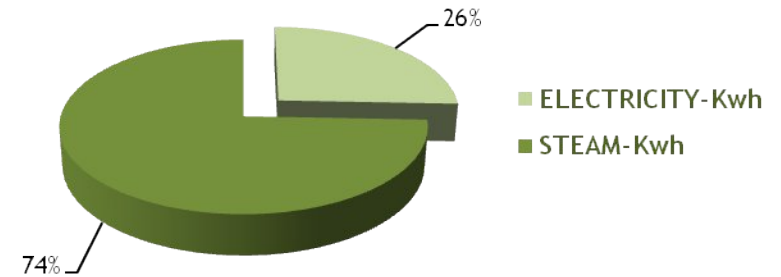
- In 2008, in an effort to reduce energy costs and to increase competitive power, Aksa had been looking into alternative power production methods.
- Aksa acquired 70,04 MWe capacity power production plant from Akenerji.
- Aksa ventured out in the last quarter of the year with a new investment in this area, obtaining a license for 100 MWe capacity production facility running on a fuel system that uses alternative blends.
- Increased its total energy production capacity to 170 Mwe. The budget set aside for this investment is US\$135 million.
- Aksa has signed US\$100 Million long-term loan agreement for the project.
- The new power plant is expected to be commissioned by end of 2010. By this investment Aksa will save up to 40% on energy costs compared to year 2008,

ENERGY PRODUCTION & TURNOVER

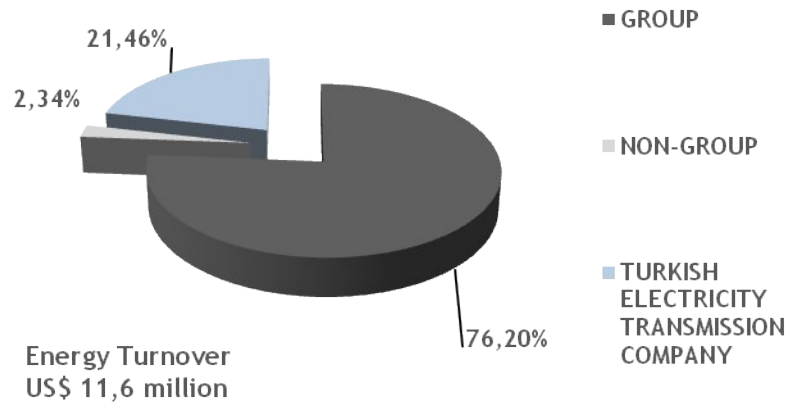
PRODUCTION (JAN-APRIL 2010) KWH



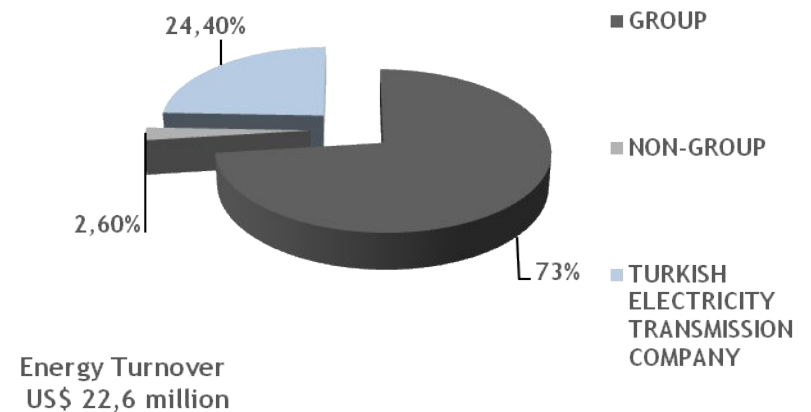
PRODUCTION (2009) KWH



ENERGY TURNOVER (JAN-APRIL 2010)



ENERGY TURNOVER (2009)



LONG-TERM MAIN STRATEGIC GOALS (2020)

- Generate at least US\$1 billion sustainable revenue in its Strategic Business Areas,
- Achieve at least 15% EBITDA margin,
- Maintain capacity utilization in Acrylic Fiber Business and low-cost leadership through cost saving projects,
- Target 5% market share in Carbon Fiber in 5 years and 10% market share in 10 years,
- Generate US\$200-250 million turnover in Carbon Fiber Business Area in 10 years,
- Achieve at least 25-30% EBITDA margin in Carbon Fiber Business Area,
- Develop a downstream industry in Turkey for Carbon Fiber,
- Develop new technical fibers to create added value and end-use areas except textile industry,
- Reduce cash conversion cycle by 30% through efficient working capital management.

2010 BUDGET FIGURES

Net Sales	850-900 Million \$
Export	300-350 Million \$
Capacity Utilization Rate	80%-85%
Energy Production Capacity	500-550 million Kwh
EBITDA Margin	12%



The 45th R&D Center of Turkey belongs to Aksa,,,

- AKSA has commissioned a R&D Center as of 2009 by combining its R&D activities in different units under a single roof,
- “Evaluation and Inspection Committee of R&D Centers” has decided on the registration of the R&D Center of AKSA as of 20 March 2009, upon the favourable report of the arbiters after the field visit, The registration process has been completed in 14 May 2009 through the decision meeting of the Ministry of Industry and Trade of Turkey
- The Center, will speed up its work in the next period, seeking new markets in line with Company strategies and creating new products to reduce costs and increase productivity and efficiency,

AWARDS ON THE JOURNEY TO EXCELLENCE,,,

2008

- National Quality Grand Prize By KalDer (Turkish Quality Association) which promotes the concept of corporate excellence in Turkey,

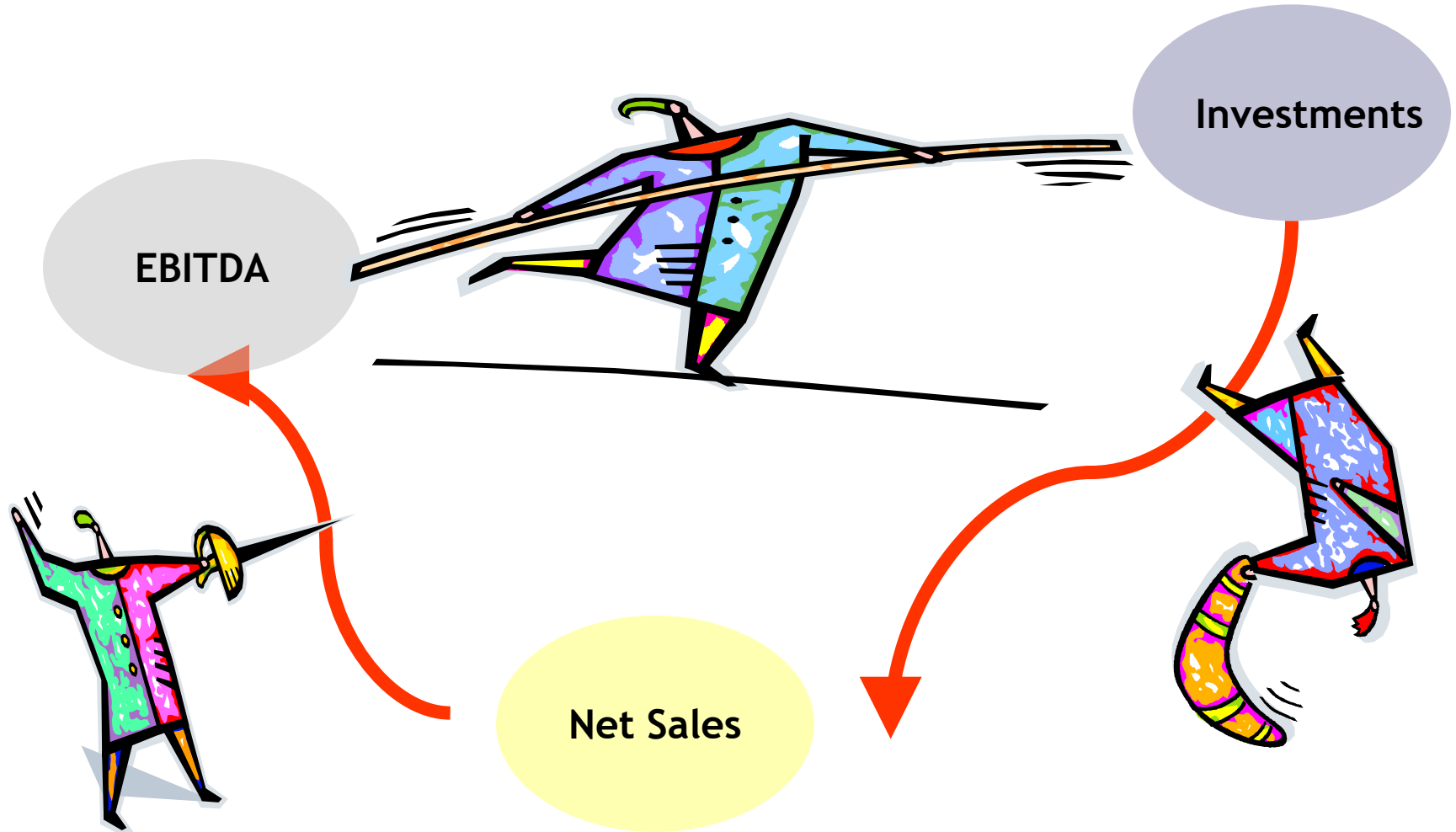
2009

- Awarded in Stars of Export 'Export Incentive Awards', organized by the Dunya Gazetesi periodical and sponsored by Akbank with the cooperation of DHL Turkey,
- Award from the CEFIC (European Chemical Industry Council) for implementing the Responsible Care Code of Practices
- Ranked third and won an award for its listing in Capital Magazine's roster of Turkey's 500 Largest Private Companies

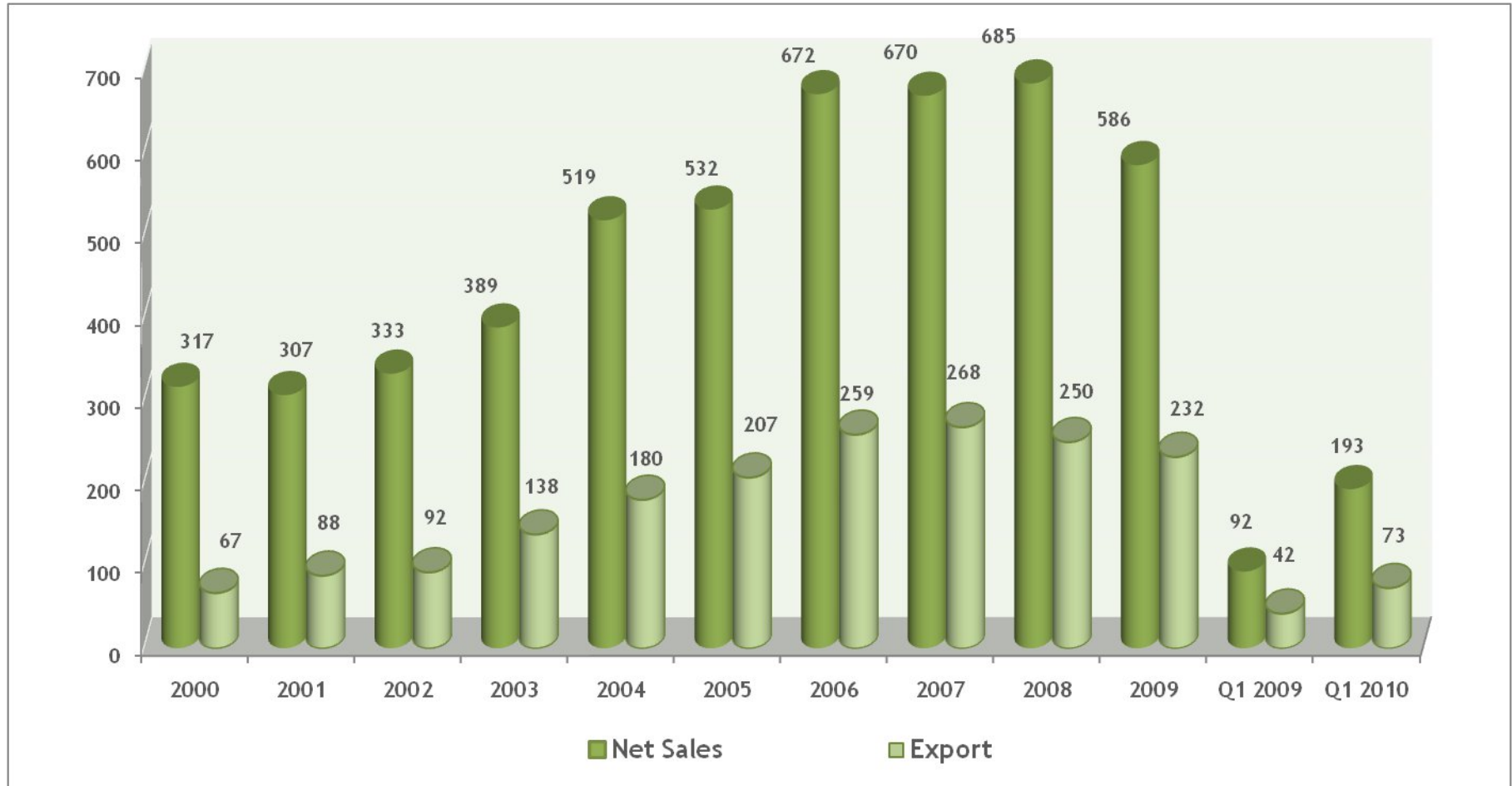
2010

- The Hall of Fame Award for Executing Strategy and Balanced Scorecard Approach (2010)
- At the "Turkey's 500 Biggest Private Companies" research held by Capital magazine for the 12th time Akssa has been awarded in the category of "Companies with The Most Increasing Profit"

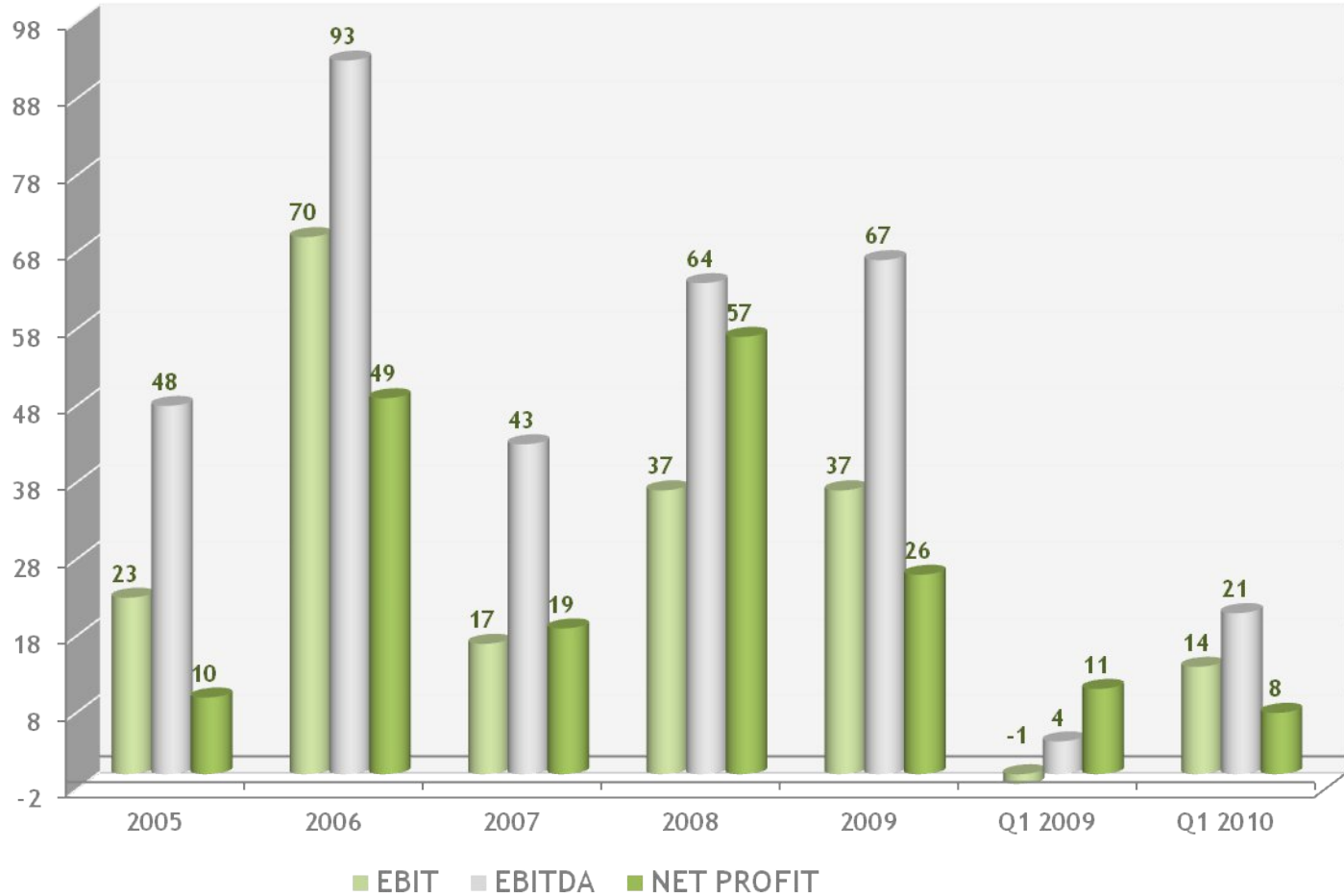
KEY FINANCIAL INDICATORS



NET SALES & EXPORT (FOB) (US\$ million)



EBIT - EBITDA - NET PROFIT (US\$ million)



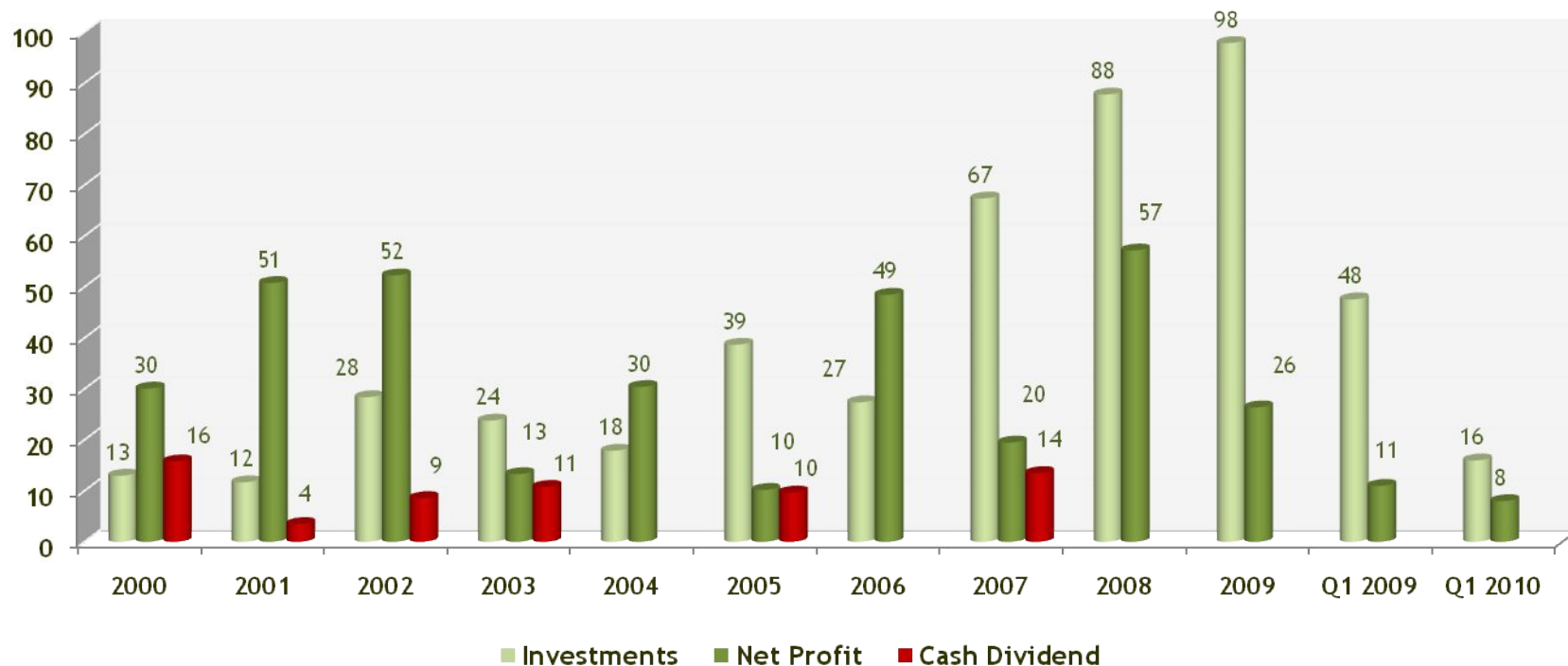
EBIT -EBITDA - NET PROFIT (%)



INVESTMENT-PROFIT-DIVIDEND

2000-2010/03:

- Cumulative investments : US\$ 430 million
- Cumulative net profits : US\$ 346,07 million
- Cumulative cash dividends : US\$ 72,7 million *



*US\$10,8 million cash dividends have been distributed to shareholders on May 2010

INCOME STATEMENTS

INCOME STATEMENT (Thousand US\$)	2007	2008	2009	Q1 2009	Q1 2010
Net Sales	669,507	684,848	585,856	91,634	192,600
EBITDA	43,286	63,610	67,172	4,278	20,702
EBIT	16,555	36,779	37,291	-1,285	13,584
Profit Before Tax	18,897	69,663	32,964	13,937	9,825
Profit After Tax	19,458	57,237	26,413	11,122	8,029

BALANCE SHEETS

BALANCE SHEET (Thousand US\$)		2007	2008	2009	Q1 2009	Q1 2010
ASSETS		748,070	723,569	808,967	629,901	863,697
Current Assets		423,002	383,400	390,652	304,826	447,860
	Liquid Assets	42,097	39,846	64,003	17,315	102,451
	Receivables	235,966	251,121	218,251	221,259	215,509
	Inventories	114,514	63,738	73,592	44,269	94,539
	Other	30,425	28,696	34,806	21,983	35,362
Long Term Assets		325,067	340,169	418,316	325,075	415,837
	Long Term Trade Receivables	8	8,375	7,792	8,432	5,300
	Financial Assets	23,335	17,945	18,024	16,077	17,837
	Tangible Assets	301,437	290,452	353,942	290,102	356,886
	Intangible Assets	286	128	4,435	94	4,135
	Other Long Term Assets	1	23,269	34,123	10,370	31,679
LIABILITIES		748,070	723,569	808,967	629,901	863,697
Current Liabilities		170,915	165,350	209,146	119,270	234,078
	Financial Liabilities	56,151	66,719	87,856	32,321	68,642
	Trade Payables	104,651	75,029	109,854	68,341	145,396
	Derivative Financial Instruments				1,662	
	Other Short Term Liabilities	10,114	23,601	11,436	16,946	20,040
Long Term Liabilities		41,098	96,442	121,195	97,758	148,737
	Financial Liabilities	18,589	80,070	91,253	80,070	120,000
	Trade Payables	0	0	1,697	0	1,709
	Derivative Financial Instruments	0	0	2,515	3,147	3,120
	Provisions for Debt and Expenses	8,733	4,923	6,306	4,353	5,940
	Deferred Tax Liabilities	13,775	11,449	9,528	10,188	8,337
	Other Long Term Liabilities	0	0	9,895	0	9,632
Shareholders' Equity		536,057	461,778	478,627	412,873	480,882



THANK YOU

YOU IMAGINE, WE PRODUCE

<http://www,aksa,com>

<http://www,aksaca,com,tr>