

## Food and Retailing

### FOOD

#### GIDASA

Sabancı Holding operates in the food sector through Gıdasa together with Marsa, its 100% owned subsidiary. With 60 years of experience, Marsa has an annual production capacity of 300,000 tons and a turnover of over US\$ 200 million; it is one of the top two edible oil producers in Turkey.

Marsa is an important player in the retail channels with leading brands such as Ona, Luna, Sabah, Evin, Evet, Hüner and Soyola. Launched in 2005, Luna Minerella is a functional food developed specifically for children. Likewise, Marsa is the leading producer in the industrial and away-from-home edible oil market through its Proser division. Marsa is Turkey's largest edible oil exporter and an important manufacturer with markets in the Middle East, North Africa, the Balkans and Central Asia.

Gıdasa was established in 2002 as a growth platform in the food sector. Initially, at the end of 2002, Gıdasa acquired Piyale, one of the oldest and best known food brands in Turkey. Gıdasa, together with Piyale, is present in the pasta, flour, dehydrated soup and powdered dessert categories. Committed to its mission of being one of the top two brands in every category in which it operates, Piyale is in the top three companies producing pasta and one of the top two players in the packaged flour

category. In 2005, Piyale launched a premium pasta brand, La Fiamma, to expand further into the pasta business.

In 2004, Gıdasa built a state-of-the-art beverages plant in Hendek, Sakarya to reach its aggressive growth targets. In the new plant, production is carried out utilizing high-tech machinery, operating at EU standards and under 100% hygienic conditions. Saka began producing water in 19-liter polycarbonate demijohn bottles in the last quarter of 2004; pet packaging and flavored sparkling water was introduced in the first quarter of 2005. Within a short period of time, Saka has become one of the top two brands in Istanbul and the Marmara region.

The Gıdasa Beverages business unit entered the tea sector in the first quarter of 2005 with its Deren brand. Deren has brought quality, innovation and taste to the tea sector and has quickly become one of the key players. Deren pioneered innovations as soon as it stepped into market, introducing high-altitude tea for the first time. Deren green tea range has been well received by consumers with its fruit-enriched taste and unique packaging.

Ömür, one of the most well-known brands in the Turkish food sector, has been in business for 74 years. Gıdasa acquired this company at the beginning of 2004. In February 2005, Ömür added fresh poultry to its new product line. Under the quality assurance of Gıdasa, Ömür introduced Turkey's first and the





only pre-printed and sealed packaging technology to the fresh poultry category. With an excellent brand position, the launch of Ömür into the fresh poultry category has been supported by a strong advertising campaign. Based on market research, Ömür is preferred by consumers for its competitive advantages that offer excellent flavor, packaging, hygiene and the Sabancı quality assurance. Only five months after its launch, Ömür has become Turkey's second most preferred poultry brand in the modern retail channels of Turkey's three largest cities.

## RETAILING

### CARREFOURSA

Carrefour which constitutes the basis of contemporary retail industry in the world opened its first store in Turkey in 1993 in İçerenköy, Istanbul. Sabancı Holding established the Carrefoursa partnership by combining its power with Carrefour in 1996. As of 2005, Carrefoursa had 12 hypermarkets including six stores in Istanbul as well as others in Izmir, Ankara, Adana, Mersin, Bursa and Izmit and 88 supermarkets including Gima stores.

The Company's most important event in 2005 was the acquisition of Gima and Endi.

Offering a different and rewarding shopping experience to Turkish consumers, Carrefoursa has invested nearly € 1.0 billion to date and currently provides employment opportunities to nearly 7,000 persons. In addition, Carrefoursa supports Turkish companies by providing them easy access to export markets in countries where Carrefour stores are located, thereby facilitating US\$ 300 million in exports annually.

While increasing its turnover by 51% during 2005, Carrefoursa's market share reached 13% for organized retail. With special retail practices and campaigns, Carrefoursa stores are preferred by the consumers for their wide product range that include items from foodstuffs to electronics and from cosmetics to ready-to-wear clothing. In 2005, more than 70 million shoppers visited Carrefoursa stores; the total net sales area has reached 220,000 square meters. Carrefoursa has managed to distinguish itself from other retailers thanks to low prices, high quality and a rich product range. It has rendered its operations profitable in a very short time by increasing its market share in the last few years and by improving its costs year after year.

As of 2005, approximately 30 million people shopped at Teknosa stores encompassing a total sales area of 22,000 square meters; it is the most extensive network in the non-food retailing sector.

With plans to emphasize only its hypermarket and supermarket operations, in 2005, Carrefoursa sold its commercial centers at İçerenköy, Haramidere, Izmit, Mersin, Bursa and Ankara to Aerium, an important global real estate investor. Carrefoursa plans to focus solely on retail activities and to channel the proceeds of the sale of its commercial centers together with its operational income into new investments and will continue pursuing leadership in the Turkish retail market.

Carrefoursa, which has shaped a powerful hypermarket model in Turkey, will restructure Gima and create a strong supermarket chain. The Company will continue to maintain a robust position in the organized retail market in all formats.

## DIASA

Spain's leading discount market chain Dia became a part of the Carrefour Group following a merger between Carrefour and Promodes in 2000. Immediately afterwards, Sabancı Holding signed a joint venture agreement with Dia in Turkey and established Diasa. This helped to establish a strong foothold in the increasingly important discount food retailing segment. Diasa's 30-store network reached 313 stores; in 2005, it had a total sales area of 72,000 square meters and 1,700 personnel.

In 2005, with a real growth of 30% in sales, Diasa has become the fastest growing player among organized retailers in Turkey and has strengthened its position in the market.

With Carrefoursa's acquisition of Gima in 2005, Diasa assumed the management of Endi Discount Markets. As a result of this acquisition, Diasa became a national discount retailer in the Marmara, Aegean and Central Anatolian regions. Operating in these regions will allow Diasa to expand at a faster pace in the coming years.

With its global know-how, Diasa leads the private label concept in Turkey - an important opportunity for Turkish suppliers in the near future. The share of private label products in Diasa's sales has recently reached almost 40%.

As a result of its continuous cost reduction projects, efficient supply chain and store management, as well as its success in private label products, Diasa's price increases are below official CPI inflation figures.

## TEKNOSA

Teknosa started its operations in 2000 to serve Turkish consumers with information technology, optical and electrical-electronic products retailing. Currently, the Company holds the lead position in the market with 96 stores in 23 cities and a wide network of dealers and after-sales services. Teknosa defines its main operational field as consumer electronics retailing and air conditioning products distributorship; it employs a workforce of over 1,200 persons.

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With an aim to serve consumers on a 24/7 basis, Teknosa began telephone sales (444 00 78) and e-commerce (teknosa.com) operations in 2005, helping consumers shop for technology products anytime and anywhere.



Teknosa Dealer Group, another business unit under Teknosa's umbrella, offers air conditioning products, cash registers and refrigerators at more than 500 authorized sales and service points nationwide. Teknosa Klima is selling and marketing its own branded air conditioning products such as Samui, Denki, Tronic and Shiro in addition to prominent brands such as Mitsubishi Heavy Industries and Midea. Sharp branded air conditioners, refrigerators and cash registers are also sold by Teknosa.

Teknosa established the Teknosa Academy in October 2005 to train not only its workforce but also the people who will become future professionals in technology retailing. The purpose of this Academy is to increase awareness of innovations in the retail sector, assist in career planning, prepare the infrastructure for a reserve program and improve performance and efficiency.

Additionally, the participants receive managerial, professional and personal training at the Academy, one of the Company's most important endeavors.

As a pioneer of consumer electronic retailing in Turkey, Teknosa's goal is to grow while maintaining its dynamism and service quality and to offer Turkish consumers state-of-the-art products from best global brands at affordable prices.