

Mr. Chairman,
Esteemed Members of our Assembly,
Esteemed Honorary Members of our Assembly,
Dear Guests,
And Dear Members of the Press,

Before I share my views here at the June Assembly, I would like to welcome all of you on behalf of myself and our Board of Directors.

Mr. Can Fuat Gürlelel and Mr. Erkin Şahinöz, advisers of Istanbul Chamber of Industry, have made us very happy by attending this month's meeting on "Fundamental Issues and Solution Methods in our Economy and Industry through the Perspective of ICI 500." I would like to thank you for attending, and welcome.

Today, we have a very valuable guest among us, Professor Doctor Nazım Ekren, President of Istanbul Trade University. Mr. Ekren, I would like to welcome you as I express how pleased we are to see you with us at the assembly of this month.

As the booth in the lounge of our Assembly shows, we are in a very pleasant collaboration with the Istanbul Trade University, the distinguished university of Istanbul Chamber of Commerce, which we view as our brother chamber, in scope of industry-university collaboration. I would like to share some of the wonderful examples of this collaboration during the activities of our Chamber section at the end of my speech.

Mr. Chairman and Esteemed Members of our Assembly,

We are experiencing the deep sorrow of having lost Süleyman Demirel, the most experienced and specialized politician of the political career of Turkey and the ninth President of the Republic of Turkey.

The struggle of improving Turkey, which started during the bureaucracy of the late Süleyman Demirel, continued throughout his entire political career, without ever getting too old and with the same level of desire and effort as the first day.

Süleyman Demirel always stood beside industrialists and fully supported the advancement of our industry. During his speech in the October 2006 Assembly of our Chamber, he defined Istanbul Chamber of Industry as a unique platform in Turkey, where many wonderful things and important ideas can be expressed and where the problems of Turkey can be discussed freely.

During his speech in the October 2002 Assembly of our Chamber, Demirel shared the following valuable opinions regarding our industry, "I opened up a pin factory in Istanbul in 1968. Look at how far we have come since then. Istanbul Chamber of Industry is celebrating its 50th anniversary. Why is it not the 100th anniversary? Because it doesn't exist; that's when it started. It was 1949 when I graduated as an engineer and started to serve the

government. In other words, I have been in this business since 1949. I came to these halls, I talked a lot, and I encouraged everyone to act.”

We will always gratefully remember Mr. Süleyman Demirel’s battle towards making Turkey an industrial country. We wish Mr. Demirel to rest in peace, and extend our condolences to his mourning family, and all the people in Turkey.

Mr. Chairman and Esteemed Members of our Assembly,

The general elections in Turkey realized with such a high rate of participation and great maturity that it can set an example to all the democracies in the world.

While leaving behind a long election calendar and marathon, the results produced by the voters should be appreciated and respected by everyone.

We believe that an approach that considers economy as the main agenda topic should be adopted by all political parties in a manner that will not create new political risks and expectancies and in line with the election results and parliament arithmetic.

Such an approach will be the most coherent and responsible behavior to be shown for the willpower of the voters.

We are experiencing a post-election period to which Turkey has not seen in the recent years. Elections are a necessity of democracy and its most significant finale. We will all experience and see where these results will take us. Of course, we believe that this should be done in accordance to everyone’s belief and respect in democracy.

It’s been long years and we have all forgotten a little bit about coalition negotiations. We must believe that democracy can bring us to a different reconciliation and collaboration culture than that of the past.

During this time, Turkey must also show examples of reconciliation, working in collaboration, meeting at a point, and achieving effective results upon evaluating diverse ideas in a single pool. This is what suits the knowledge and experience of the Turkish democracy, political parties, and leaders.

For that reason, the negotiation process must be examined with patience by all social circles. I would like to underline that we must approach all political parties and leaders with tolerance until negotiations reach a certain maturity.

We believe that if the coalition picture on the table is evaluated with a positive attitude this will be for the greater good of the future of the Turkish economy.

Mr. Chairman and Esteemed Members of our Assembly,

Before I discuss my opinions on this month's main topic, briefly, I would like to share some developments regarding the global and Turkish economies.

The general growth trend in the global economy, which experienced a partial stagnation in the first quarter of 2014, is continuing. Falling energy and goods prices along with financing conditions that have been in a relatively positive course despite the tightening expectations in USA have played a role in this growth trend. The blockage in the negotiations with Greece continues to be the most important risk factor in the Eurozone.

Not having made enough lead way regarding implementation of the structural reforms in the economy continues to be the most important risk factor in terms of world economies.

As for the Turkish economy, the domestic demand had a serious effect in the 2.3 percent growth of the first quarter in 2015 while foreign demand, as expected, has had a negative effect. Growth was driven by domestic demand while exports, industrial production, and investments pursued a weak trend. Although growth rates were higher than expected for the first quarter, it is evidently weak in terms of quality and sustainability.

The increase in producer prices may drive up consumer prices as well in the upcoming months. In addition to having a negative impact in terms of cost burden and competitive power for industrialists, these developments reduce the possibility of loosening in interest rates any time soon.

Unemployment rates were higher compared to the same period of last year; however, a moderate improvement can be observed in the first quarter of 2015. On the other hand, the data from recent months indicate that new contributions to the workforce have slowed down and this has affected the recession in unemployment rates.

The preliminary indicators for the second quarter of 2015 suggest that the "worst" could have been left behind with the first quarter. In addition to the increase in industrial production observed in March and April and the partial recovery in capacity utilization and real sector confidence index indicate that some improvement is happening in the production and investment aspects of the economy.

It is forecasted that this growth was supported by the first quarter's rich domestic consumption and export, which grew based on quantity. Especially the increase in production of capital goods has improved the possibility that investment aspect may support growth even more in the second quarter.

Based on the current data and ongoing risks, it is possible to estimate a growth of 2.5-3 percent for the Turkish economy.

Mr. Chairman and Esteemed Members of our Assembly,

Now, I would like to share my thoughts about our main topic with you.

We declared the 2014 results of our ICI Top 500 Industrial Enterprises to the public through a press conference we held last week.

As we do every year, we are going to share the results of our research with you, esteemed members of our assembly as well.

Nonetheless, before we get to the 2014 results of the research, I would like to discuss an important issue regarding the Turkey's Top 500 Industrial Enterprises".

As you know, we, as ICI, have been declaring the results of this research towards the last days of July for many years. In line with our work to draw back the ICI Top 500 research, last year we had announced the results in the last week of June. This year, we declared the results 10 days earlier than even last year. Thus, we have achieved to draw back our ICI 500 research by about one and a half month compared to two years ago.

I believe that this achievement will be appreciated by you and the economy world and would now like to move on to declaring the results of the Top 500 Industrial Enterprises research.

When we look at the 2014 results of the Top 500 Industrial Enterprises research, in summary, we see that:

In 2014, the number of privately owned enterprises in ICI Top 500 is 489, publicly owned enterprises is 11.

Like in the recent years, TÜPRAŞ ranks first in sales from production, followed by Ford Otomotiv and Oyak-Renault.

The top three in exporters has not changed. Leader is again Tüpraş, followed by Ford Otomotiv in second place and Oyak-Renault in third place.

Looking at profitability in ICI Top 500, we see that the performance of the top 500 enterprises have reduced a little bit compared to last year. In 2013, the operating profitability of the top 500 industrial enterprises was 8 percent; in 2014, this rate has dropped to 6.4 percent.

Last year, we had underlined that our industrial enterprises were meeting their financing costs with almost half of their real operating profit. Unfortunately, we see the same thing this year as well.

In 2013, the operating profit of the top 500 industrial enterprises was TL 36.5 billion; more than half of this sum, TL 19 billion to be exact, was lost as financing costs. This year, we see that our top 500 industrial enterprises have made TL 30 billion in real operating income, and again, lost more than half of this sum, TL 16 billion to be exact, to financing costs.

Another important indicator for operating profitability is the EBITDA data, which we had used for the first time last year. This data also confirm the decline in operating profitability. The EBITDA rate in the Top 500 was 11 percent last year; this year, it has dropped to 10.7 percent.

Mr. Chairman and Esteemed Members of our Assembly,

I would like to state that I find our industrialists' desire and struggle to produce, despite the decrease in their real operating profit, worthy of appreciation; I would also like to especially underline that this is not sustainable.

Indicators reveal that the financial structure of the Top 500 Enterprise in 2014 has not changed compared to the previous year. Like last year, the debt to equity ratio has maintained its 132 percent level. The global acceptable level for this ratio is around 70 percent.

In this context, we can clearly see the financial burden our industrial sector is under when we look at the share of total debt within total assets.

2014 data of the Top 500 show that our industrial enterprises have a long way ahead of them in terms of R&D and technology intensity. While the ratio of R&D expenditures to production-based sales for the Top 500 is 7.4 per thousand, which is an extremely low figure, the share of high-technology in added value generated is a mere 3.2 percent.

In 2014, the employment rates of the Top 500 Industrial Enterprises has increased by 4.2 percent and reached 640,000 employees. Despite all problems, the contribution of the Top 500 Industrial Enterprises to social welfare is increasing gradually.

These results feature a series of indications from which many lessons can be learned for both the management of our country's economy and our enterprises.

First, I would like to once again congratulate all of our industrial enterprises who have contributed to the creation of this study by sharing their data. I would like to once again draw attention to the need of production-oriented growth, which we have mentioned many times before at various occasions.

Mr. Chairman and Esteemed Members of our Assembly,

Like we do every month, I would like to briefly share some of our activities and events with you.

As you can understand from the booth at our lounge, together with the universities in USA, Istanbul Trade University is bringing an education program titled “Project Heir: Transfer of Entrepreneurship through Generations”. The program aims to prepare new generation entrepreneurs and executives to the business world. We are supporting our university in advertising this important subject to our members.

Another collaboration I would like to share is, upon deliberations with our Chamber and the valuable efforts of our president, we have established an “Industrial Policies and Technology Management” graduate program with the Istanbul Trade University. We have started an application where the experts of our Chamber with academic backgrounds will support the courses in this program. Meanwhile, our shared efforts with Istanbul Trade University, again, in establishing an “Industrial Policies and Development Center” is about to be concluded.

Recently, we had shared with you that an Incentive Desk was established within the body of ICI. With the help of Istanbul Trade University Continuous Education Center, we are establishing a training program tailored for the team conducting the Incentive Desk operations.

We believe that, just like in all aspects of the production life, there is a need for a novelty in financing. We must enrich traditional financing methods with modern perspectives and different tools. Thus, we have teamed up with Istanbul Trade University on yet another important subject, “Financial Innovation”. In the upcoming days, we will organize a panel discussion on “Financial Innovation” with international speakers.

Mr. Chairman and Esteemed Members of our Assembly,

Now, I would like to share some other activities of the month of our Chamber:

One of the objectives of our Chamber is to increase the number of our members. We invited companies who are not members of our Chamber to become our members within the scope of the work we have started to meet this objective. With the addition of new members, the number of our members has reached 17,680, as of June 1, 2015.

Together with our Assembly Board of Directors and Board Members, we visited Teknopark Istanbul in Kurtköy, Pendik on June 10, 2015. Our committee was hosted by the Executives of Defense, Aviation, and Aerospace Clustering Association (SAHA Istanbul) and Teknopark Istanbul. During our visit, we were able to see the investment and R&D opportunities on site. Within the scope of the same visit, we found the chance to observe the important work done in the Turkish Technic facilities.

Mr. Chairman, Esteemed Members of our Assembly, Esteemed Honorary Members of our Assembly, and Dear Members of the Press,

As I conclude my speech, I would like to, once again, welcome Mr. Can Fuat Gürlesel and Mr. Erkin Şahinöz, as well as Professor Doctor Nazım Ekren, President of Istanbul Trade University.

As I cordially greet all of you once again on behalf of myself and our board of directors, I wish the Eid Al-Fitr coming up next month to bring prosperity to our country, our nation, and the entire Islamic world and celebrate your Eid Al-Fitr in advance.