



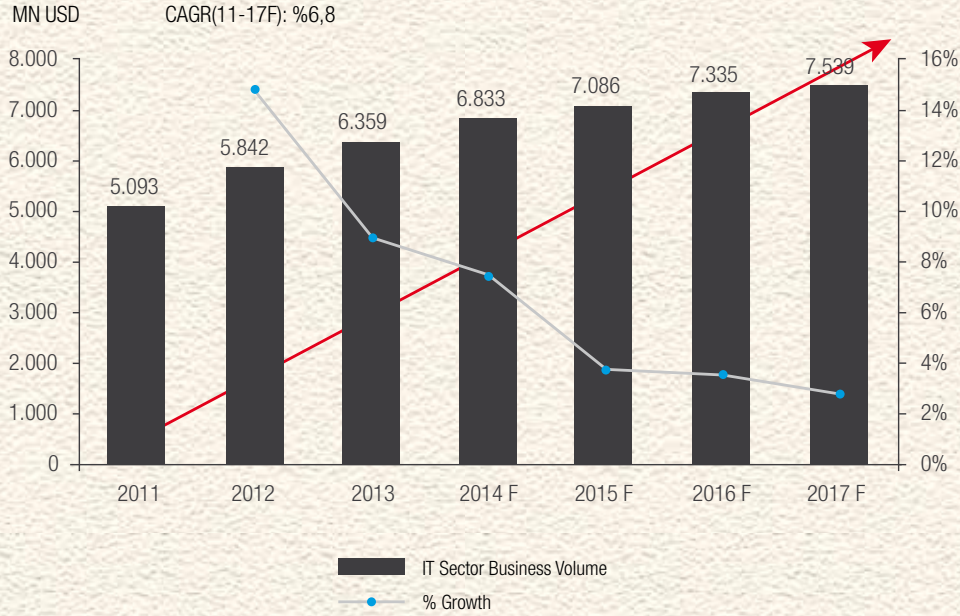
2.1 IT Sector

2.1.1 Turkish IT Sector

The usage of computers in Turkey started in the end of the 1980's. Although there was a very rapid development in the sector between the years of 1990 and 1995, usage of computers were limited to mostly financial sector, governmental units, big businesses and universities. In the second half of the 1990's, the increase in the usage of computers made the IT sector one of the most rapidly growing sectors in Turkey. According to the data issued by International Data Corporation ("IDC"), the Turkish Information and Communication Technologies ("IT") sector achieved a compound annual growth rate ("CAGR") of 20% between 1997 and 2000. In 2000, the Turkish IT sector has reached its greatest business volume thus far with 2.3 billion USD, whereas that figure reduced to 1.2 billion USD with 49% recession in 2001 because of the economical crisis that was encountered in the end of 2000 and the postponement of the demand of IT investments by public and private sectors. The figures achieved in 2000 were again caught only in 2004, with a business volume of 2.4 billion USD. In other words, it took 4 years to eliminate the effects of the crises. However, one should also consider that one of the causes of the shrinkage of the business volume was the continuously price reduction of products, which is the structural feature of the IT Industry.

As a consequence of the realization of the postponed IT investments especially in the private sector in parallel with the improvement in the macroeconomic indicators after 2001, the IT sector continued its growth with a compound annual growth rate ("CAGR") of 27.9% between 2001 and 2007, which is higher than the growth rates in the period before the crisis. Particularly the increasing usage of internet in the recent years has made a great contribution to this development. However, in despite of the negative pressure of the global economic shrinkage on the consumption tendency and the appreciation of USD against TRY, contrary to the previous crisis periods, the Turkish IT Sector did not shrink, but has reached 4.9 billion USD in 2009. The contribution of tax stimulus packages of the government during 6 months cannot be underestimated for this growth. According to IDC's research, IT market achieved growth from 2009 to 2010 with 10,4 %, from 2010 to 2011 with 8,1 %, from 2011 to 2012 with 15 % and from 2012 to 2013 with 9 % as this was remained in low level because of currency fluctuations took place in 2013.

Turkish IT Market Business Volume (Mio \$)



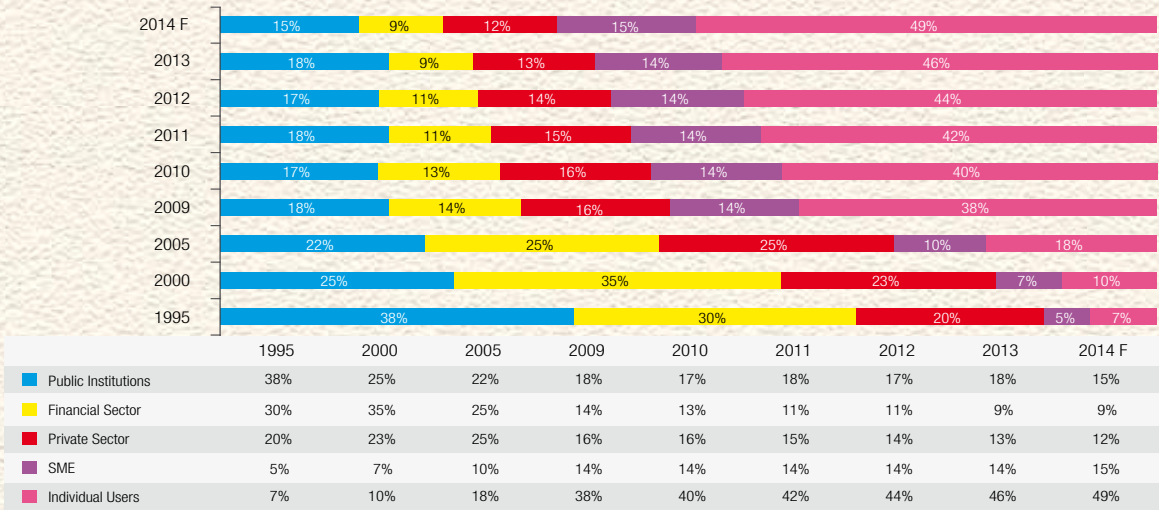
Source: IDC 2014

According to the 2013 Turkey IT Expenditures Research conducted by IDC, the Turkish IT market is expected to have a 6,8 % compound annual growth rate (CAGR) in the period between 2011 and 2017, reaching 7,5 billion USD in 2017. IT investment demands deferred in the 2001 crisis period have been started to be realized with the appearance of the increasing stable outlook of the economy and these investment expenditures have been one of the most powerful dynamics of the market in the first 5 years following 2001. New investments that increased after merger and acquisition operations in all sectors, beginning in the finance and telecommunication sectors and spread to other sectors from 2005 on, technology replacement investments, increased IT investment made by the government as part of e-government projects, increase in the internet usage rates and finally, in the number of the users who follow up the rapidly developing technology became the driving forces of the market between 2005 and 2008. Although the first quarter of 2008 started very favourably, the sector started to lose its strength due to the suit brought to close AKP, a slowdown was experienced in the third quarter when not so many negative results were observed. However, with the last quarter, the sector was affected by the global financial crisis that started at the beginning of October, and thus, the quarter was closed with a double-digit shrinkage. 2009 was experienced as a year when the wounds of the crisis were bandaged; the effects of the crisis in the first quarter diminished with the effect of the VAT cut applied for 6 months, including the second and third quarters, and positive growth was recorded in the fourth quarter. In 2010, IT sector achieved quite gradual growth after constitutional referendum particularly static summer season. In 2011, particularly in the second half of the year, IT sector was affected negatively by currency fluctuations sourced by debt crisis of European Countries.

Turkey has been one of the major developing countries due to the improving general economic conditions, increased per capita income and steps taken for globalization. In addition to highly qualified and cost effective human resources, majority of the young population is contributing to the attractiveness of our country. In 2014, it is expected IT to grow 7 % and reach 6,8 billion USD business volume.

On the other hand, if the share of the end-users in the market is monitored in the period between 1995 and 2009, it would be clearly seen that the market structure has changed considerably. Accordingly, the IT market comprised governmental and public bodies (38%), finance sector companies (30%), private sector companies (20%), individual users (7%) and SMEs (5%) in 1995. However, the shares of government and public sector companies, finance sector companies and private sector companies in the market decreased while those of individual users and SMEs increased in the period between 1995 and 2012. As a result, as of 2013, the Turkish IT market comprises 46% individual users, 18% government and public sector companies, 12% private sector companies, 9% finance sector companies and 14% SMEs.

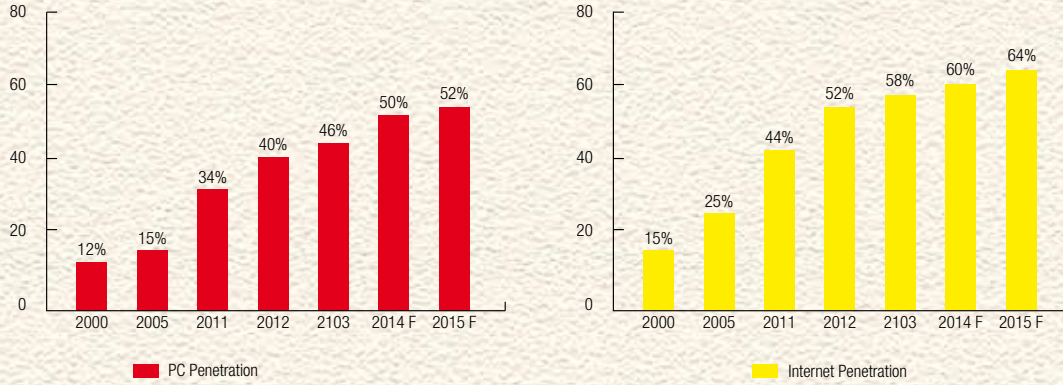
Changes in the Market Share of End Users



Source: IDC 2014

It is estimated that the rate of the number of PC in operating status to the total population has increased from 8% to 27% in the period between 1995 and end of 2010, and that the rate of the internet users to the total population has increased from 10% to 37% in the same period. This indicates that PC ownership and internet usage rates increased over 3 times in the last 15 years. PC ownership and internet usage rates have increased by 67% and 40%, respectively in the last 5 years. Comparing to the country data published by ITU above, it is clear that Turkey is far below the developed countries with respect to the PC ownership and internet users rate and that there is a long distance to be covered in this field. The PC and internet penetration in Turkey between 2000 and 2015F has developed as shown in the following graphics.

Trends in Internet & PC Penetrations



Source : IDC 2014

According to the results of "Households IT Usage Research" published by the Turkish Statistical Institute (TÜİK) in April 2013, the PC and internet usage rates of individuals are 49,97% and 48,9%, respectively. The survey indicates that computer and internet usage rates of people between 16 and 74 ages are 60,2% and 59,3% for men and 39,8% and 38,7% for women, respectively.

The age group in which the rate of computer and internet usage is highest is 16-24. These rates are higher in men than women in all age groups. By educational level, the population who use the computer and internet most are graduates of first degree and higher education levels.

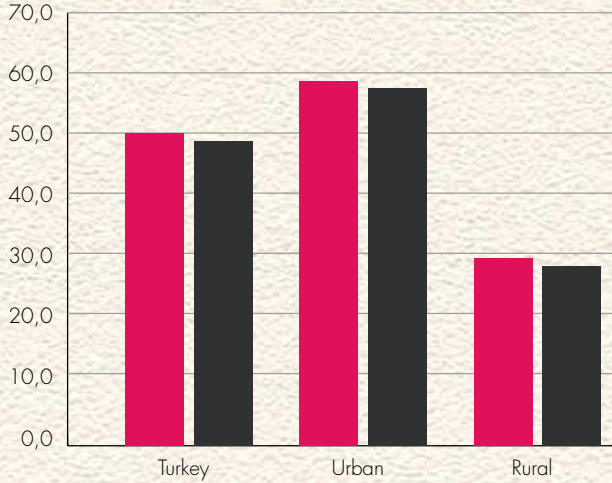
According to the report results, PC and internet usage rates have increased by 7% and 8%, respectively in the period between 2011 and 2012. Another interesting feature of the report is that although the computer and internet usage rate of the rural population is lower than the urban population, the computer and internet usage rates increased by 3% and 3%, respectively, in the rural areas. Although the increasing rate is pleasing, it is clear that the computer and internet usage rate in the urban areas is 2 times higher than the rural areas.

Comparison of computer and internet usage on area based (rural & urban) (%) (2012-2013)

		Computer Usage Rate		Change	Internet Usage Rate		Change
		2012	2013	%	2012	2013	%
Computer And Internet Users	Turkey	48,7	49,9	3%	47,4	48,9	3%
	Urban	57,8	59,0	2%	56,6	58,0	2%
	Rural	27,6	29,5	7%	26,4	28,6	8%
In The Last Three Months	Turkey	43,5	44,3	2%	42,7	43,2	1%
	Urban	52,5	53,2	1	51,4	51,8	1
	Rural	22,8	24,6	8	22,7	23,7	4
Between Three Months And One Year	Turkey	2,3	2,6	13	2,4	3,1	27
	Urban	2,5	2,8	12	2,7	3,4	25
	Rural	1,8	2,0	14	1,7	2,4	36
Over 1 Year	Turkey	2,9	3,0	4	2,3	2,7	15
	Urban	2,9	3,1	7	2,5	2,7	11
	Rural	3,0	2,9	-3	1,9	2,5	28
Never Used	Turkey	51,3	50,1	-2	52,6	51,1	-3
	Urban	42,2	41,0	-3	43,4	42,0	-3
	Rural	72,4	70,5	-3	73,6	71,4	-3

Source: TÜİK 2012, 2013

Computer and internet usage in the separation of urban and rural

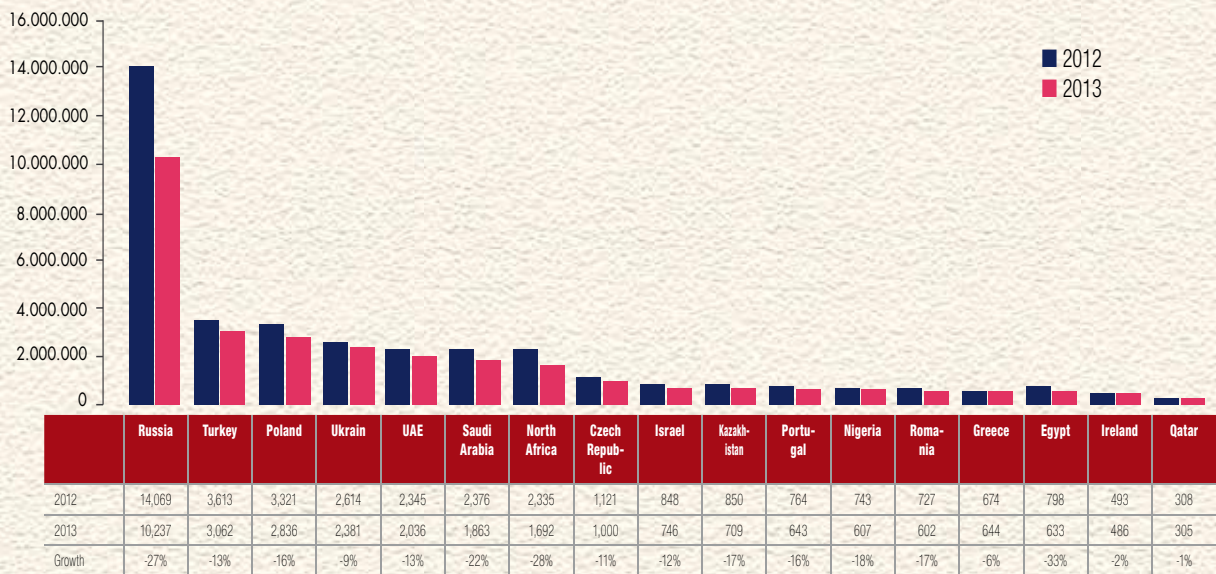


Source: TUIK 2014

2.1.2. IT Market Comparison in the World and Turkey

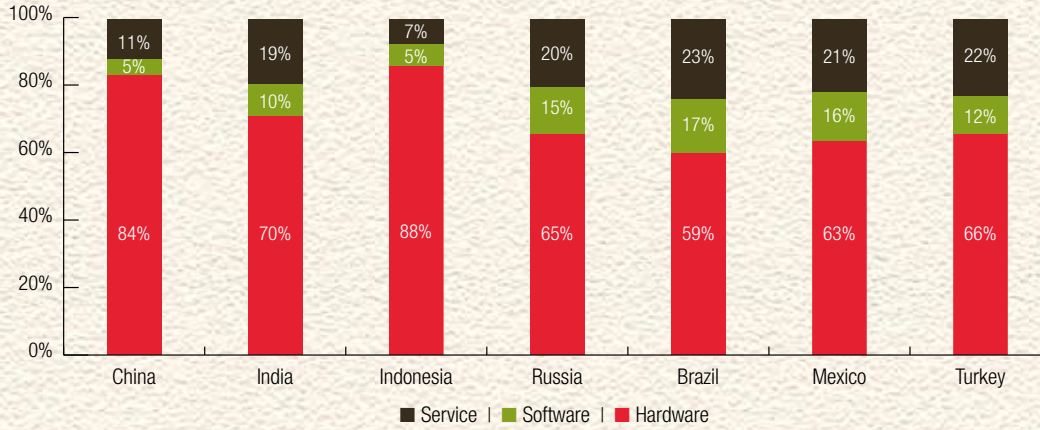
According to IDC's report regarding growth rates between countries, the highest decline rate from 2012 to 2013 was seen in Egypt with 33 % and respectively South Africa with 28%, 27% Russia. Other countries had small percentage of shrinkage. Turkey has %13shrinkage in 2013 unfortunately.

World IT Market – Country Based PC Market Growth Analysis 2012-2013 (Quantity)



Source: IDC 2014

World IT Market – Developing Countries Based IT Sector Analysis 2013 (Quantity)

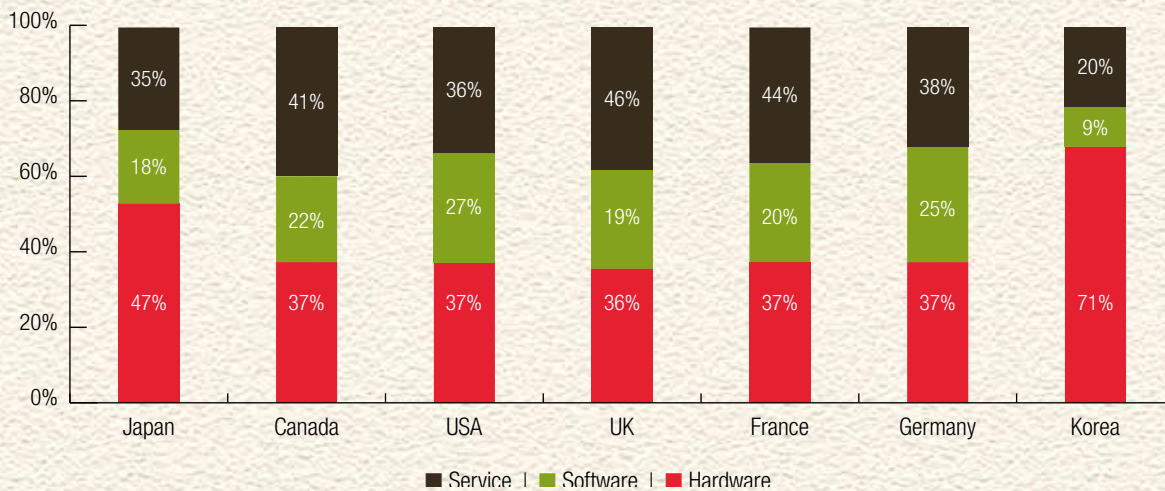


	China	India	Indonesia	Russia	Brazil	Mexico	Turkey
Hardware	147,183	29,630	12,617	22,149	36,473	13,918	4,201
Software	9,532	4,429	673	5,108	10,736	3,646	779
Service	18,792	8,226	1,031	6,914	14,306	4,587	1,379
Total	175,506	42,285	14,321	34,171	61,515	22,151	6,359

Source: IDC 2014

According to the report published by IDC, as understood by above chart, Indonesia has the highest rate of hardware market with % 85. Others are China with 84 %, India with 70 %, Turkey with 66 %, Russia with 65 %, Mexico with 63 %, Brazil with 59. On the other hand, Brazil has the highest rate of service market with % 23. Others are Turkey with 22 %, Mexico with 21 %, Russia with 20 %, India with 19 %, China with 11 % and Indonesia with 7 %. Respectively. When looked at software segment, these are Brazil with 17 %, Mexico with 16 %, Russia with 15 %, Turkey with 12 %, India with 10 %, China and Indonesia with 5 %.

World IT Market – Developed Countries Based IT Sector Analysis 2013 (Quantity)



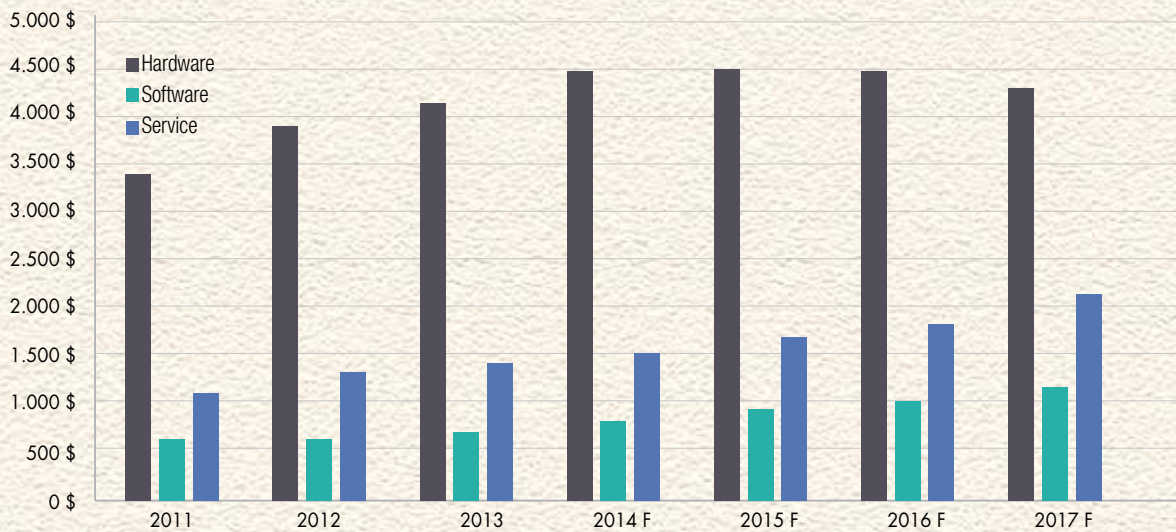
	Japan	Canada	USA	UK	France	Germany	Korea
Hardware	83,051	19,548	246,849	40,884	25,916	35,490	24,768
Software	31,858	11,368	175,889	21,364	13,755	23,920	3,237
Service	62,763	21,456	236,213	52,674	30,600	36,642	68,15
Total	177,672	52,372	658,950	114,922	70,271	96,052	34,819

Looking at the same report on developed countries based, Korea 71 %, Japan with 47 %, Canada, USA, France, Germany with 37 % and the UK with 36 % on hardware based. On service based, the UK with 46 %, France with 44 %, Canada with 41 %, Germany with 38 %, USA with 36 %, Japan with 35 % and Korea with 20 % . On software based, USA with 27 %, Germany with 25 %, Canada with 22 %, France with 20 %, the UK with 19 %, Japan with 18 % and Korea 9 %. Distribution in segments on developed countries is more homogeny comparing to developing countries.

2.2 Sub-segments of the ICT Sector

Turkish IT sector is essentially separated into three main groups, namely hardware, software and IT services. According to the Turkey results published by IDC in 2014, the business volume of the Turkish Information and Communication Technologies (IT) market reached 5,1 billion USD in 2011, 5.8 billion USD in 2012, 6.4 billion USD in 2013. The same report shows that the share of the "Hardware", "Software" and "IT Services" sub-segments in the total market are 66,1 %, 12,2 % and 21,7 %, respectively. This indicates that the Turkish IT sector has got a structure where "hardware" is predominant with respect to income created.

IT Sector Expenditures, 2011-2017F (mio US\$)



Hardware	3.338 \$	3.862 \$	4.201 \$	4.464 \$	4.482 \$	4.456 \$	4.370 \$
Software	656 \$	719 \$	779 \$	844 \$	919 \$	1.005 \$	1.098 \$
Service	1.098 \$	1.261 \$	1.379 \$	1.525 \$	1.686 \$	1.875 \$	2.072 \$
Total	5.093 \$	5.842 \$	6.359 \$	6.833 \$	7.086 \$	7.335 \$	7.539 \$

Source: IDC 2014

Turkish IT Market 2011-2017F (Mio US\$)

IT Sector Contents (x m \$)	2011	2012	2013	2014 F	2015 F	2016 F	2017 F
Hardware	3.338 \$	3.862 \$	4.201 \$	4.464 \$	4.464 \$	4.456 \$	4.370 \$
Software	656 \$	719 \$	779 \$	844 \$	919 \$	1.005 \$	1.098 \$
Service	1.098 \$	1.261 \$	1.379 \$	1.525 \$	1.686 \$	1.875 \$	2.072 \$
Total BT	5.093 \$	5.842 \$	6.359 \$	6.833 \$	7.086 \$	7.335 \$	7.539 \$
Growth %		14,7%	8,8%	7,5%	3,7%	3,5%	2,8%

Source: IDC 2014

Growth on Segments	2011	2012	2013	2014 F	2015 F	2016 F	2017 F
Hardware		15,7%	8,8%	6,3%	0,4%	-0,6%	-1,9%
Software		9,6%	8,3%	8,4%	8,9%	9,3%	9,2%
Service		14,8%	9,4%	10,6%	10,5%	11,2%	10,5%

Distribution on Segments	2011	2012	2013	2014 F	2015 F	2016 F	2017 F
Hardware	65,5%	66,1%	66,1%	65,3%	63,2%	60,7%	58,0%
Software	12,9%	12,3%	12,2%	12,4%	13,0%	13,7%	14,6%
Service	21,6%	21,6%	21,7%	22,3%	23,8%	25,6%	27,5%

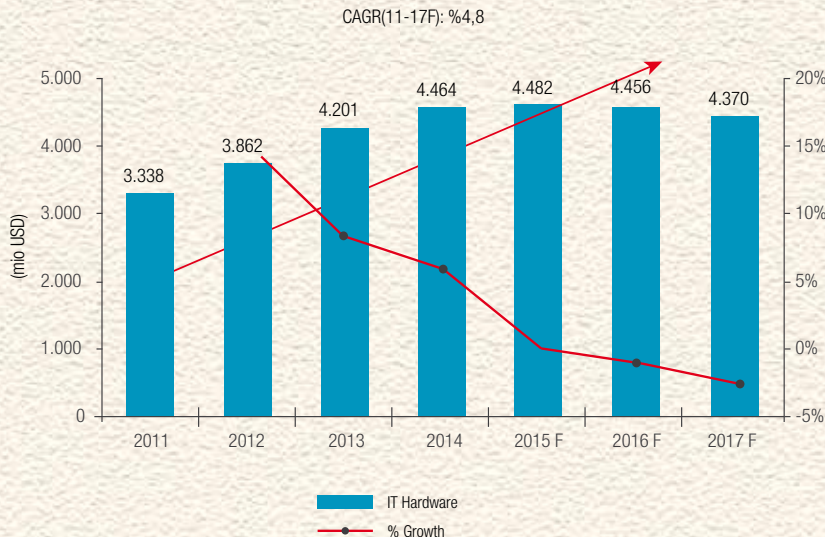
Smartphone Market of Turkey	2011	2012	2013	2014 F	2015 F	2016 F	2017 F
Smartphone	1.315\$	2.298\$	3.298\$	3.709\$	3.722\$	3.773\$	3.788\$
Growth %		74,7%	43,5%	12,5%	1,7%	0,0%	0,4%

According to the 2013 Turkey IT Expenditures Survey conducted by IDC, the Turkish IT market is expected to have a 6,8 % compound annual growth rate (CAGR) in the period between 2011 and 2017F, reaching 7,5 billion USD in 2017. These estimates are based on the anticipated growth rates, investments anticipated to be made by companies rapidly as they were deferred due to the crises of 2001 and 2008, effects of IT expenditures incurred by the public sector for e-transformation projects on IT consumption, increased use of IT in education, anticipated increased rate of the use of internet and mobile technologies and replacement investments to be caused by new technologies. Tablet Products' and Smartphones' contribution will be much higher to sector growth in 2014.

2.2.1 Hardware Market

Hardware market in Turkish IT sector is the sub-segment having the biggest share regarding the sales amounts of 1995 – 2009, with the ratios changing between 50% and 75%. With tax stimulus packages of the government for only 6 months in 2009 and constitutional referendum at the end of third quarter were both supported the growth in the sector.

Growth Rates & Targets of Hardware Expenditures in IT Sector, 2011-2017F (Mio USD,%)



IDC expects Hardware sector capacity will be reaching 4,370 billion USD in 2017.

2.2.1.1 PC Market:

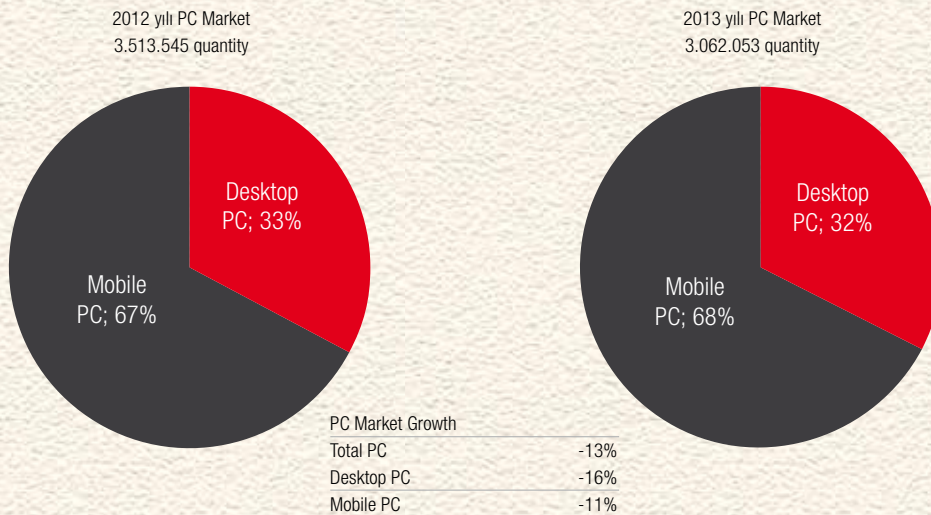
The hardware sub-group consisting of Desktop PCs, portable PCs ("Laptop PCs", "Notebooks"), Servers and Peripherals is monitored via the sales data in PC market which represent a very significant portion of the total sales. Accordingly, total sales of the PC market were realized as 3.586.151 in 2011, whereas such total number (both notebook and desktop) decreased to 3.542.611 units with an shrinkage of -1,2 % in 2012.

However, when the sales in the PC market are considered by quantity excluding the server market, it is noticed that portable PCs have gained majority in this market for the first time in 2009. Beginning from the year 2004, supplying portable PCs with high performance, increased mobility possibility with their lighter structure and affordable prices to the consumers has enabled significant increases in their sales, and finally, sales of portable PCs have surpassed those of desktop PCs in 2009.

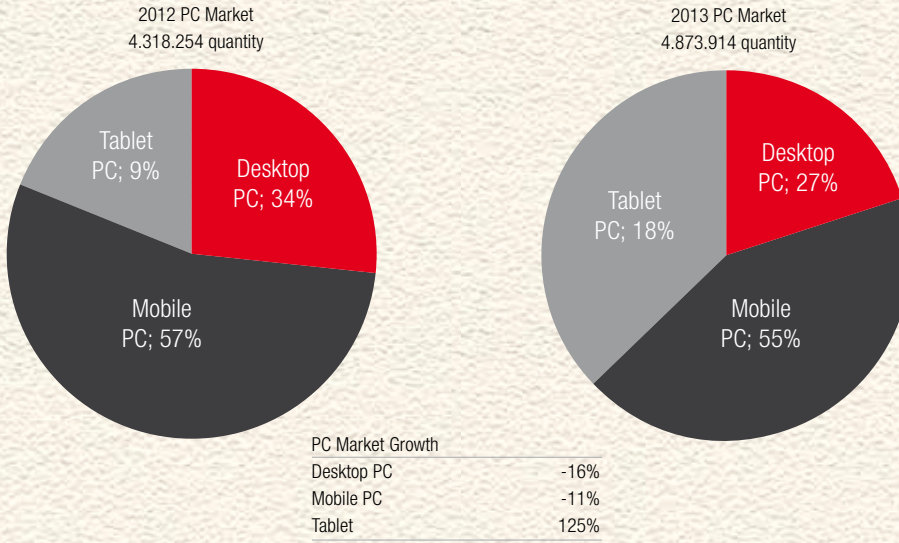
When the market share of mobile PC was 35,7 % in 2005, it reached 63 % in 2011, 67 % in 2012 and 68 % in 2013. In this paralel, when the market share of desktop PC was 64,3 % in 2005, it decreased to 37 % in 2011, 33 % in 2012 and 32 % in 2013.

The developments at PC market are closely related with the ongoing projects in public and educational sectors. The stable growth in demand of the consumers is also considered as another significant factor on this issue. The growing retail chains and financial opportunities offered to the consumers by these chains have been the most important driving forces for the PC sales. Besides, noticing the benefits of mobile computing systems by the corporate companies is seen as another important reason for the growth. At this point, one may clearly see from then market sales figures that the demand by the small and large enterprises seeking productivity for portable PCs as an important part of mobile data systems has increased.

Turkish IT Market on Main Form Based 2012 – 2013

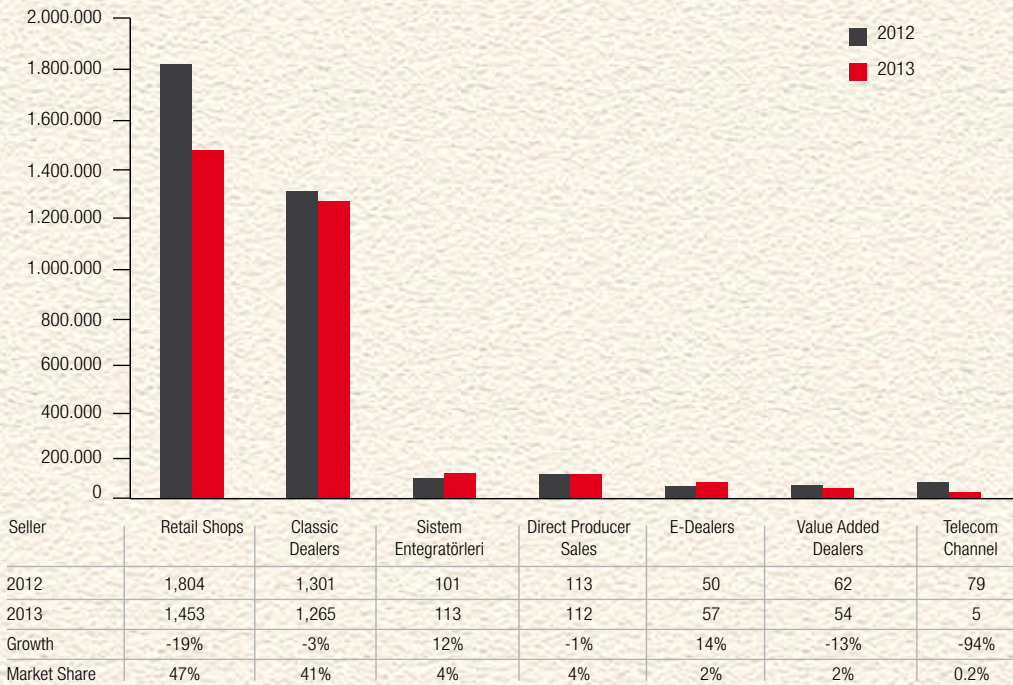


Source: IDC 2014 (Exc. Tablets)



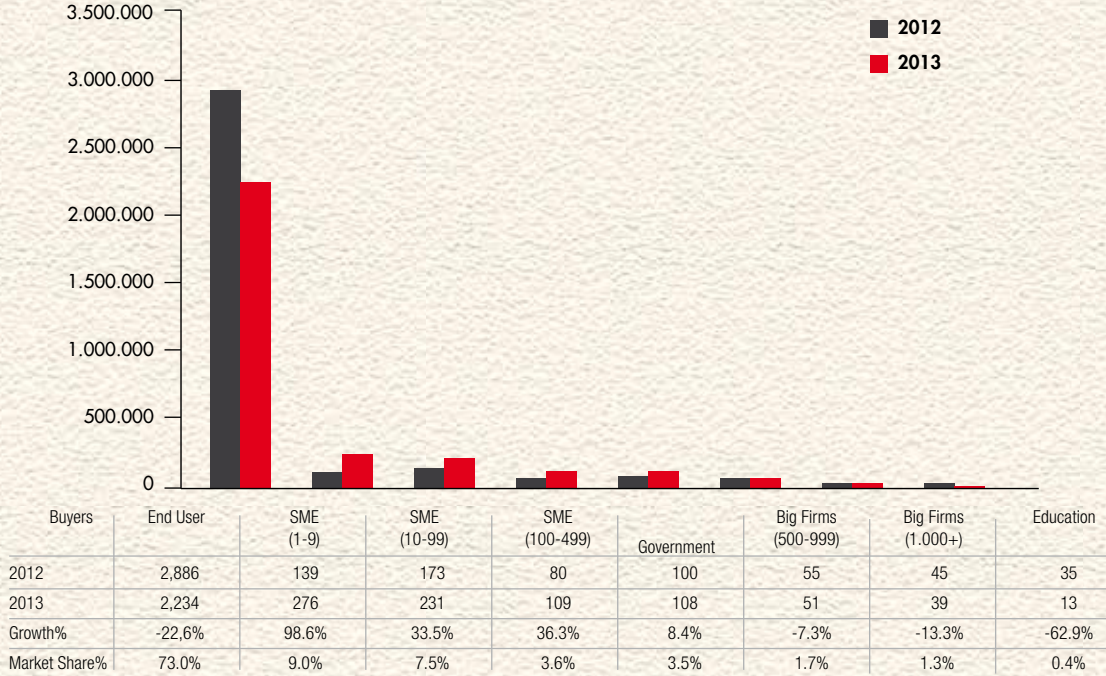
Besides the producers which have international brands, a considerable part of hardware production both inside and outside the country is performed with the main components that are obtained from the global computer parts suppliers by big and small-sized companies. Over time, these factors have transformed the hardware product market and the especially PC market into a low added value structure in which the competition is highly sensitive to the price.

Turkish IT Market on Main Form Based 2012 – 2013



Source: IDC 2014

Turkish PC Market on Seller Based, 2013



According to IDC's Turkish PC Market Report, Retail Shops achieved 19 % shrinkage and reached 47 %. Second biggest shrinkage was in the Telecom Channel with 94 % and reached 1 %. The share of classic dealers are 41 %.

Turkish PC Market on Buyers Based, 2013

According to IDC's Turkish PC Market Report, end user has the biggest market share in 2013.

2.2.2 Software Market

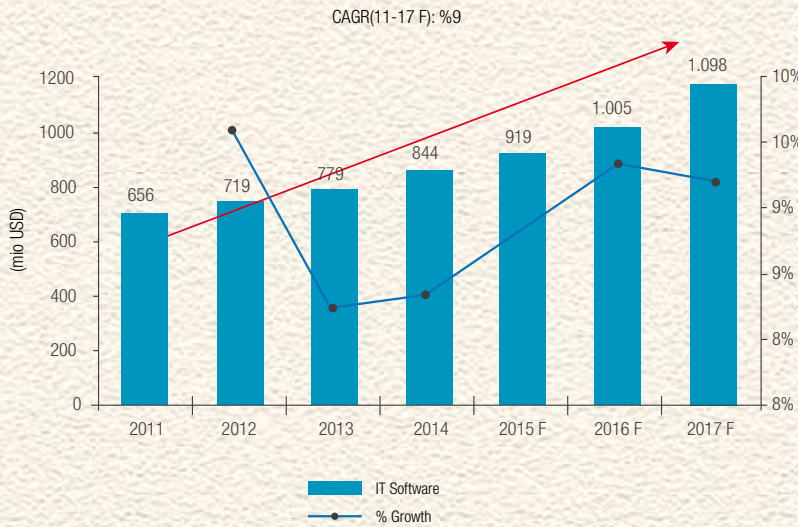
The size of the software sub-group increased from USD 276 million in 1999 to USD 377.3 million in 2000. However, in the 2001 crisis, just like in hardware sector, software sector decreased to USD 172.3 million with shrinkage of about 54% and volume became 215 million USD in 2002. In 2009 it reached 635 million USD. Although, the pressure of the crises that has deepened in the last quarter of 2008 on the consumption tendencies, the sales of the Turkish Software Market reached 635 million USD with growth of 19 % in 2009, contrary to the dramatic shrinkage of the 2001 crisis. IT sector software market achieved growth of 5,3 % from 2007 to 2008. The volume of IT Sector software market reached 696 million USD in 2010, 656 million USD in 2011, 719 million USD in 2012 and 779 million USD in 2013. According to IDC's, it is expected IT Sector software market to achieve Compound Annual Growth Rate of 9 % between 2011 and 2017F and reach 1,098 billion USD.

As of the end of 2010, the share of the software sub-group in the entire IT market in terms of the total turnover is at very low levels in comparison with Europe and America with 13,3 % share, mainly because of pirated usages. Microsoft Office, being a commonly used program, is the most

pirated program. The laws which were enacted by the Turkish Parliament in 1995 for purpose of ensuring the protection of the registration rights decreased the pirated usage rate. According to the estimations of our company, while 70% of the software is illegally used in Turkey, this rate is around 35% in the USA.

Because the operating system software is purchased as incorporated into the computer, its pirated usage is less than other software. The registration right laws had influence on the custom suppliers using pirated products most frequently. Most of the custom suppliers use the licensed operating system software at present.

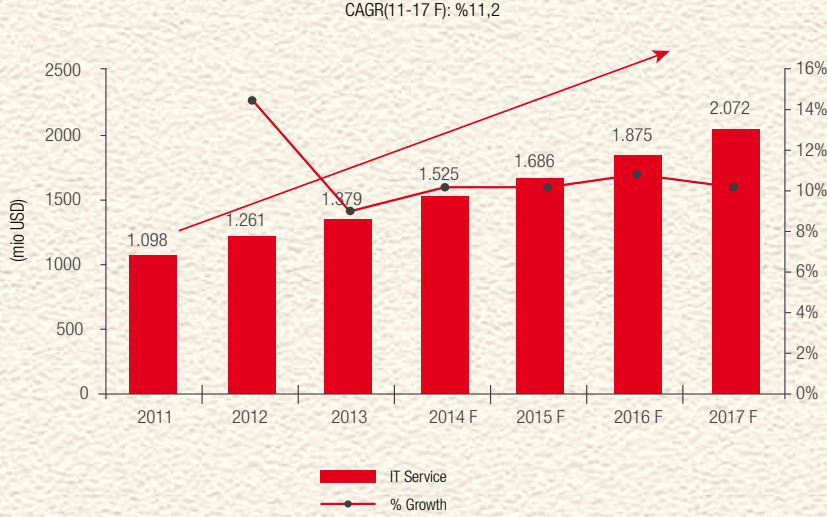
IT Sector Software Expenditures Growth Figures and Growth Targets, 2011-2017F (Mio USD,%)



2.2.3 IT Services Market

Contrary to the hardware and software sub-sectors, IT Services sub-sector s the constant and necessary services relating to the existing IT investments periodically and leasing services. In the 2001 crisis, the Turkish IT Services Market decreased to 288.2 million USD with a decrease of 39% comparing to the previous year. The volume of the Turkish IT Services Market grew faster than the total market in 2002, reaching 403.5 million USD, and the share of the IT Services in the total market increased to a record level of 28.1% in the same year. However, in spite of the pressure of the crisis that deepened in the last quarter of 2008 on the consumption tendencies, the market was realized at 881 million USD in 2009 and achieved 18,6 % growth rate when compared to 2008.

The share of the IT Services in the total market was 17,8 % in 2009, which increased to 18,6 in 2010. In 2011, this rate became 19 %. However, it is expected that this share will increase due to the needs that may arise during the integration of newer technology systems on the existing systems and outsourcing of IT operations by big companies –banks in particular. IT Sector Service Market reached 1,014 billion USD in 2010, 1,098 billion USD in 2011, 1,261 million USD in 2012 and 1,379 million USD in 2013. The Compound Annual Growth Rate between 2011 and 2017F is expected to reach 2,072 billion USD.

IT Sector IT Services Growth Figures and Growth Targets, 2011-2017F (Mio USD,%)

İndeks Computer in the ICT Sector:

In Turkey, Top 500 ICT Companies Ranking performed every year by Interpro Medya A.Ş., our company ranked seventh in the general ranking based on turnover achieved in 2012 among the companies including telephone operators and mobile phone sellers. On the other hand, it ranked first, like the previous years, in the category of companies selling only computers. Further, it ranked first in seven IT categories.

2012 Top ICT Companies Revenue Range (Sales Revenue)

2012	Company	USD (mio)
1	Turkish Telecom	12.706
2	Türkcell	10.507
3	Vodafone	5.530
4	Avea	3.475
5	TTnet	3.129
6	Gen-pa	2.739
7	Teknosa	2.144
8	KVK	2.112
9	İndeks Computer	1.412
10	Hewlett Packard	1.150

Important events that occurred in the Turkish IT Sector in 2013 are listed below:

- 1- Penetration rates of Tablets and Smart Phones were higher in 2012. In particular, widespread of Tablets and Smart Phones affected the sales of mobile and desktop PCs.
- 2- Mobile Speakers
- 3- Second screen needs used with tablets and smartphones
- 4- Robotic period will occur soon
- 5- Cloud implementation (Google Drive, Mega, Dropbox)
- 6- 3D Printing systems
- 7- Smart white goods

8- Wearable technology products

9- Social media in communication.

2.3 Growth of the Turkish IT Sector:

Factors Inciting the Growth of the Turkish IT Sector:

- **Investment to National Education:** Government started making huge investment to education in the context of "Fatih Project". The implementation of this project started in 2011 in selected 52 schools. This project is considered not only 2011, it will also cover next few years and will contribute to growth of IT Sector. In 2013, auction and implementations of this projects continued.
- **Rapidly Increasing Usage of Technology:** All business and public companies recognise the value of the increasing control over sources, development of productivity, expanding the business volume and analysing the customer requirements by using the technological devices.
- **Economic Performance:** The development of the IT market was struck down by the economic crises of 2001 and 2008. After the economic crisis, Turkey entered a recovery period with strict economic policies. Economic stability makes a direct positive effect on IT investments.
- **Changing Economic Structure:** The importance of service sector increased, with a decrease of agriculture in the economy in Turkey in the last ten years. The increasing operations in the service sector instigate the IT investments especially in retail, wholesale, logistics, financial services, professional and personal services markets.
- **Import and Export:** According to the statistics published by TUIK, the import volume reached 252 billion USD, export volume reached 152 billion USD and total foreign trade volume reached 403 billion USD in 2012.
- **Telecommunication Sector:** Turkey made major progress in the telecommunication sector with respect to the compliance with the EU and catching up with the global changes in the recent years. As part of the process of the accession of Turkey to the European Union, the chapter "Information Society and Media" was opened and the negotiations have started on 19 December 2008 because Turkey has met the criteria for the chapter to be opened. On the other hand, the chapter "Information Society and Media" in the Third National Program, which was adopted on 31 December 2008 to schedule the commitments of Turkey for harmonisation with the EU acquisition, commits to complete necessary arrangements in 2009 and 2010. This commitment aims at the liberalization of the electronic communication sector, creation of good working competition atmosphere, catching up with the development in information and communication fields and establishment of infrastructure and legal foundations for the related fields. Accordingly, it is estimated that a resource of about 8 million Euros will be needed for the institutional structuring for purpose of the harmonization with and implementation of the EU acquires.

The enforcement of the Electronic Communication Law, which had been on the agenda of the telecommunication sector for five years from 2003, on 10 November 2008 and the enforcement of the Authorisation Regulation on Electronic Communication on 28 May 2009 are some

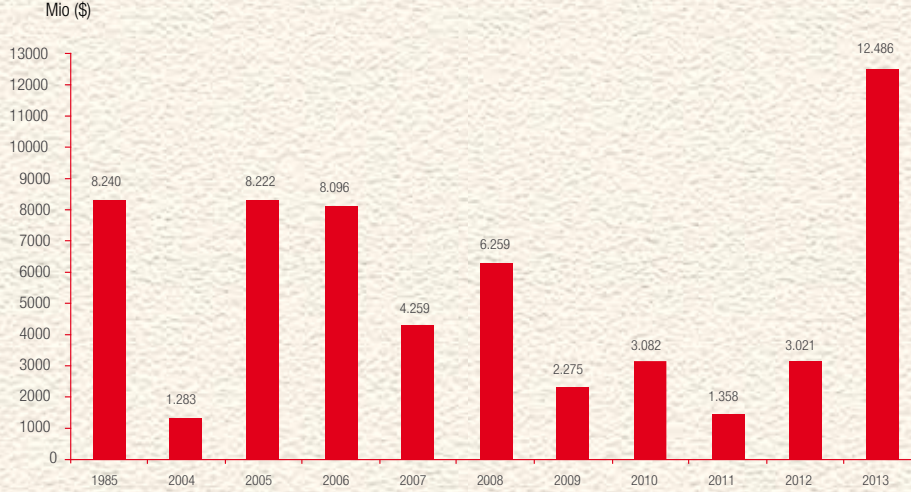
of the favourable events that occurred in the recent years. In addition to the foregoing, the –enforcement of the Number Porting Regulation at the beginning of July may be considered one of the most important steps taken for introduction of the third generation electronic communication service.

Rapid progress of technological developments makes impact on every part of our lives and creates some concepts such as information economy and internet economy. Extraordinary developments in the IT sector go beyond the country borders of the goods and finance markets and take the world into an economic globalization. Besides such progress in the IT technology, telecommunication sector also experiences many developments. As a consequence, it is inevitable that the countries that cannot keep up with such developments will remain behind the technologically advanced countries.

- **Retail Sector:** Competition in the Turkish retail sector is intensifying. Investments made by international actors in the Turkish market increasingly continue. Media Markt, Dixons, Darty, Electro World and Best Buy have also been included in the chain stores in Turkey in the recent years. Entrance of the international actors into the Turkish market has made a favourable effect on the growth rate of the sector. It is the first time Best Buy and Media Markt has met in the Turkish market in 2009. However, Best Buy announced that they decided to leave Turkish Market in 2011. One of the biggest local retailers, Bimeks was offered to public in 2011.
- **Growing Individual Consumer Market:** It is obvious that consumers use the IT more than before. Opportunity of payment by instalment with credit cards and growth of retail markets rapidly support the growth of the individual consumer market. PC usage of end users and their demand for peripherals have increased from 7% to 38% of the market between 1995 and 2009. Accordingly, the structure of the market has changed, and individual consumers have represented the biggest share in the end user market since 2007. In 2010, individual user portion became 40 %, 42 % in 2011, 44 % in 2012 and 46 % in 2013. Individual users became dominant player in BT Sector.
- **Internet Technology and Portals:** Corporate usage of internet technology is still improving. Data portals become common via internet banking. The public sector is the main factor instigating the portal turnovers due to the e-government projects. Telecommunication, production, insurance and distribution sectors use portals for developing business with partners and suppliers, enhance communication and cooperation with customers and develop the management of the internal business processes. Internet usage will increase with the new Turkish Trade Code coming into power.
- **Privatization:** Income obtained from privatization has increased considerably in the last 5-6 years. According to the data obtained from the Turkish Privatization Administration, the income obtained from privatization was 187 million USD in 2003, 1.3 billion USD in 2004, 8.2 billion USD in 2005, 4.3 bn USD in 2007, 6.3 billion USD in 2008 and 2.3 billion USD in 2009. 1.225 million USD, 600 million USD and 440 million USD out of 2.3 bn USD obtained in 2009 was resulted from the privatization of Başkent Elektrik, Sakarya Elektrik and Meram Elektrik, respectively. In 2010, 3,1 billion USD privatisation was made. This number became 1,4 billion USD in 2011, 3 billion USD in 2012 and 12,5 billion USD in 2013.

Investments made following the privatizations by the new owners of the privatized companies in new infrastructure and technological optimization efforts supported the growth in the IT sector.

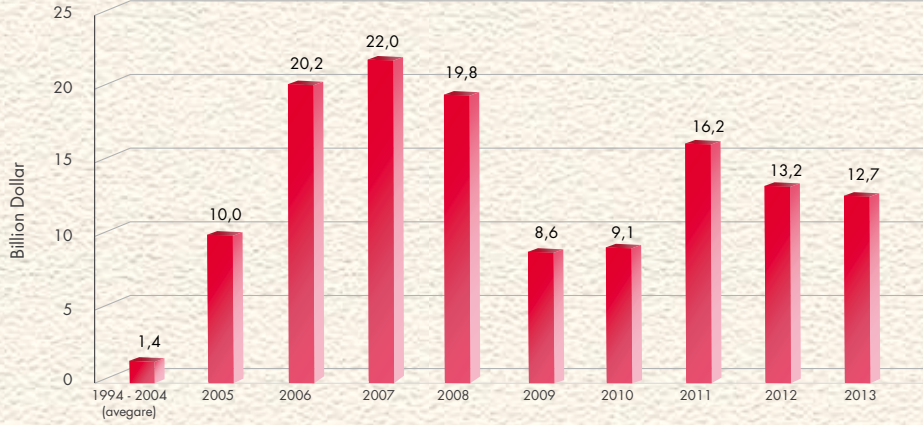
Privatization:



Direct Foreign Investment Inflow: Direct foreign capital investments in developing countries such as Turkey, make important contribution to the development of the country economy. It makes direct contribution to the improvement of IT investments.

The economic reforms implemented by Turkey just after the 2001 crisis and the macroeconomic stability, together with the political stability, contributed to the improvement of the business and investment environment and broadened the horizon of the companies in their investment decisions. With the economic and political stability environment, Turkey utilized foreign resources in considerable amounts. The amount of the direct foreign investment flowed into Turkey was 1,2 bn USD between 1994 and 2003, 1,8 bn USD in 2003, 2,8 bn USD in 2004, 10 bn USD in 2005, 20,2 bn USD in 2006, 22 bn USD in 2007 and 19,5 bn in 2008. With the effect of the global crisis towards the end of 2008, the foreign capital investments decreased with 56 % in 2009 and went down to 8,4 bn USD. In 2010, it remained as 9 bn USD level with 7 % increase. In 2011, this number increased 77 % and reached 16 bn USD, it was realized as 13,2 bn USD in 2012 and 12,7 bn USD in 2013. Foreign Direct Investment Flow can be seen below according to the research of YASED- International Investors Association sourced by Turkish Republic Central Bank.

International Direct Foreign Investment Flow to Turkey



Source: YASED-International Investors Association:TRCB Sources Research

International Index's of Turkey:

Source: YASED-International Investors Association

INDEX	Range Of Turkey On Yearly Basis						Direction Of Movement
	2008	2009	2010	2011	2012	2012	
World Bank Business Convenience Index	60	63	60	68	71	69	↑
UNCTAD World Investment Report IDI Flow Range	20	30	29	26	24		↑
AT Kearney UDY Safety Index	-	-	23	-	13	25<	↓
WEF Global Competitiveness Index	63	61	61	59	43	44	↓
IMD Global Competitiveness Index	48	47	48	39	38	37	↑
Transparency International Corruption Perception Index	68	61	56	61	54	53	↑

According to the research done by YASED-International Investors Association, improvements are seen in the international index's of Turkey.