

For all of our stakeholders...

4.0%

2012 gross sales up

In 2012, Viking Kağıt:

- registered a 4.0% rate of year-on growth in its gross sales
- introduced Turkey's first and only paper towels certified as safe for coming into contact with foods
- was one of the top four companies active in the consumer products market
- continued to offer at-home products to a broad range of consumers with different wishes and needs in many different market segments.



Market Share

5.4%

Viking Kağıt controlled a 5.4% share of its market's turnover in 2012.

(Source: Nielsen)

Breakdown of Sales in 2012 (by volume - %)

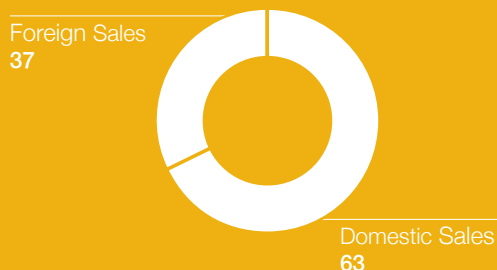
Paper Towels
25

Napkins
26



Toilet Papers
49

Breakdown of Sales in 2012 (by volume - %)



Sales in 2012	Volume (Tons)	Gross Sales (TL)
Domestic sales	22,344	98,670,209
Foreign sales	13,317	30,672,741
Total	35,661	129,342,950

In 2012 Viking Kağıt booked a gross profit of TL 19.8 million and a gross profit margin of 20%.

4% growth

In 2012 Viking Kağıt's turnover grew by 4%. The company booked TL 129.3 million in gross revenues on total sales of 35,661 tons.

Breakdown of sales by segment and tonnage

- Toilet paper: 49%
- Paper towels: 25%
- Paper napkins: 26%

63% of sales to the domestic market

On a tonnage basis, Viking Kağıt made 63% of its sales to the domestic market and exported the remaining 37%.

In 2012 Viking Kağıt once again continued to strengthen its long term business relationships with leading local food and household necessities retailers as measured by sales. At the same time, the company also increased its sales through agreements that it entered into with nationwide retailing chains.

Constantly reviewing and renewing its product portfolio in light of market and consumer developments, in 2012 Viking Kağıt once again dropped low-demand, weak-performance products from its portfolio while also introducing new ones.

Viking Kağıt registered turnover growth rates of 16% and 24% respectively in toilet papers and paper towels while its turnover in the paper napkins segment was down by 7% year-on. At end-2011 Viking Kağıt controlled a 5.1% share of the market's overall turnover; in 2012 this was up slightly to 5.4%.

(Source: Nielsen)

Viking Kağıt exports goods to 44 customers in 23 countries.

Viking Kağıt currently exports its goods to 23 countries. Last year the company booked export revenues worth USD 17 million on sales corresponding to 37% of the total by tonnage. This performance successfully maintained Viking Kağıt's stature as the company exporting the biggest share of its output among the members of the Yaşar Group.

The UK takes the biggest share of Viking Kağıt's exports, which consist primarily of semi-finished (intermediate) goods. The second biggest country in the company's export market portfolio in 2012 was Israel.

Last year Viking Kağıt continued its efforts to further develop its overseas markets. To this end, it engaged in effective marketing activities and made contacts with possible buyers in countries viewed as having the potential to become new markets.

Investments

All of Viking Kağıt's major investments in 2012 were in the "replacement investment" category. Total investment outlays amounted to TL 2,458,673 of which TL 203,806 was for buildings & land improvements, TL 1,414,109 for machinery & installations, TL 81,947 for fixtures, a TL 192,335 for rights.

129.3

In 2012 Viking Kağıt booked gross sales revenues worth TL 129.3 million.

For our customers and consumers...

quality

Viking Kağıt continues to develop new products with enhanced quality and performance features and to introduce them to the market.

Viking Kağıt has made it its mission to improve the quality of its customers' and consumers' lives with branded products that satisfy their hygiene needs.



Viking Kağıt continued to expand its product line with the addition of new products.

Having made it its mission to improve the quality of its customers' and consumers' lives with branded products that satisfy their hygiene needs, Viking Kağıt continues to develop new products with enhanced quality and performance features and to introduce them to the market.

In 2012 Viking Kağıt launched new products in line with market and consumer expectations. Last year it introduced a new label—called "Premia"—in the premium products segment, a category that single-handedly accounts for 41% of the entire market's total turnover. Made from 100% cellulose and incorporating such high-performance features as triple-ply, the company's new line of Premia-brand toilet paper and paper towel products proved to be popular with consumers and contributed to the growth in Viking Kağıt's turnover.

Viking Kağıt makes use of special manufacturing methods in order to equip its Premia line products with the extra features demanded by premium-market consumers. Premia-label toilet paper and paper towel products incorporate advanced production techniques that result in enhanced softness as well as superior absorbency.

Premia and Lily: Turkey's first and only paper towels certified as safe for contact with foods

Shaping the course of its sector with its business model and roster of achievements, Viking Kağıt authored yet another first that raised the quality standards of the tissue paper market in Turkey.

ISEGA, a highly respected and internationally accredited independent testing institute based in Germany, certified that Viking Kağıt's Premia- and Lily-brand paper towels are safe for coming into contact with foods. These are the first and only products of this kind to be so recognized in Turkey.

Premia, Lily, and Senso: Different features for different needs

As one of the top four companies active in the consumer products market at end-2012, Viking Kağıt offers at-home products to a broad range of consumers with different wishes and needs in many different market segments

On a tonnage basis, at-home consumer products make up 70% of the overall tissue paper products market while the domestic market for such goods was worth TL 920 million in value in 2012. Over the last five years, per capita consumption of tissue paper products has doubled in Turkey and such growth is a major contributor to the market's performance. With the expansion in organized retailing, the influence of the small-outlet (400-1,000 m²) segment in particular has been increasing in the consumer products market.

Viking Kağıt reaches out to:

- consumers attracted by premium-segment products with the Premia line of triple-ply, enhanced-softness products that it launched in 2012,
- consumers in the upper-middle segment with the Lily line of double-ply products that they prefer,
- consumers looking for bargain-priced goods with its Senso line.

Turkey's first and only

ISEGA, Germany certified that Viking Kağıt's Premia- and Lily-brand paper towels are safe for coming into contact with foods. These are the first and only products of this kind to be so recognized in Turkey.



Select: Specially created for the AFH market

Away-from-home (AFH) products account for a 30% share of the overall tissue paper market on a tonnage basis. This channel has been performing quite strongly in recent years primarily for two reasons:

- Expansion in the tourism industry
- People spending more time away from home.

Turkey's tourism sector is growing by leaps and bounds and new hotels and other facilities are constantly entering the market to tap this potential. As this market is the biggest source of the demand for AFH products, it is the principal reason why this channel is growing so strongly.

Other factors coming into play have also contributed favorably to growth in the AFH products market, such as the greater amount of time that people spend outside their homes as urbanization continues to spread. As recently as five years ago, the AFH use of tissue paper napkins, toweling, and toilet paper was limited mostly to the country's major hotels and leading restaurants; nowadays such products are to be found almost everywhere.

The robust products specially designed for professional use which Viking Kağıt makes under the Select label range from towels and napkins to toilet papers for hotels, restaurants, hospitals, patisseries, cafeterias, schools, and similar places and from toilet seat covers to examination table sheeting.

The proximity of Viking Kağıt's production facilities to Turkey's main tourism industry regions (the Aegean and Mediterranean) also gives Select-brand products a huge advantage.

Effective marketing continued to enhance Viking Kağıt's competitive strength in 2012.

During 2012 Viking Kağıt once again continued its marketing and advertising efforts without letup and made effective use of such media as TV, magazines, and newspapers. The launching of the newly-certified food-contact-safe feature of the Premia and Lily lines of paper towels was accompanied by intensive communication activities.

In addition to such campaigns, promotional activities were conducted at points of sale all year long. Special arrangements continued to be made with supply chain participants to increase the delivery performance of products while specially-bundled, discount-priced products were also put on sale from time to time to whet consumer demand.

Committed to quality

Viking Kağıt was the first member of the Turkish tissue paper industry to be awarded internationally recognized ISO 9001 Quality Management System certification. In keeping with the corporate culture of the Yaşar Group of which it is a member, the company carries out all of its production activities with a steadfast commitment to quality.

In order to ensure the continuity of its quality, Viking Kağıt monitors and records all stages of its production and trade processes from receiving initial orders to the use of its products by customers for compliance with prescribed procedures and directives.



88.4%

The overall capacity utilization rate in 2012 was 88.4%.



200

Viking Kağıt supplies consumer products to end-users through more than 50 dealers and nearly 200 direct sales outlets.

Under the heading of quality certification:

- Viking Kağıt was awarded ISO 9001:1994 Quality Management System certification in 1997.
- In 2003 Viking Kağıt updated its certification and had it converted to ISO 9001:2000, which focuses on process management rather than final products, on integrating quality into business systems, and improving process performance metrics.
- In 2009 Viking Kağıt was awarded ISO 9001:2008 Quality Management System certification, which is the most recent version.
- Viking Kağıt has successfully passed every ISO 9001:2008 audit which it has undergone over the last three years without the slightest infraction.
- In 2010 Viking Kağıt became the first paper & cardboard manufacturer in Turkey to be awarded Forest Stewardship Council Chain of Custody (FSC-CoC) management system certification.

Developments in OCI and Lean Six Sigma projects

Through its Lean Six Sigma Project, Viking Kağıt seeks to:

- achieve excellence in all of its business processes,
- raise operational productivity,
- sustain its competitive edge,
- strengthen its market position,
- increase its profitability.

Under the 2012 Lean Six Sigma program, 2 Black Belt and 8 Green Belt projects were completed.

Committed to the Yaşar Group's approach of participatory management, Viking Kağıt encourages its employees to submit suggestions about ways to improve the company's work and business processes through its Operational Cost Improvement Program (OCI)

During the company's annual "OCI Suggestion Weeks", held last year in May, Viking Kağıt employees submitted 212 suggestions about ways to improve work and business processes. These suggestions were reviewed by the OCI Committee, which handed out awards and recognitions for those deemed to be worthy.

Developments in information technologies

Seeking to integrate technology into all of its business processes as much as possible and to take maximum advantage of all of the benefits that technology has to offer, Viking Kağıt once again undertook investments in its information systems in 2012

The company's information system development activities in 2012 are summarized below.

- A project was carried out to add online production and efficiency monitoring capabilities to two main packaging lines. This new system is now in operation.
- A warehouse management module for the company's spare parts stores was added to the SAP system and is now operational.
- Shipping Management Software has been brought on line, allowing better monitoring of the firms and vehicles that provide the company's shipping services.
- Work continued on a project to expand regional / headquarters communication line capacity and quality.

Production Capacity in 2012

	Production Capacity (tons/year)	Produced (tons/year)	Capacity Utilization Rate (%)
Semi-finished goods	43,000	36,993	86.0
Finished tissue paper products	44,639	20,506	45.9

Viking Kağıt gives great importance to ensuring the satisfaction of its customers and consumers, whom it positions at the heart of its business at all times.

- Sales representatives are now able to access the SAP services for which they are authorized from outside the company using their netbooks.
- The groundwork was laid for an "Access Authorization Card Project" that will be standardizing SAP access authorizations.

Effective distribution network

An essential Viking Kağıt goal is to keep its customers and consumers supplied with its products quickly and efficiently. The existence of a well-functioning and effective logistics network that has been planned in light of demand conditions is of vital importance in achieving this.

As of end-2012, Viking Kağıt was supplying consumer products to end-users through

- more than 50 dealers
- nearly 200 direct sales outlets.

In 2012 the company once again maintained its strong distribution clout in two of the consumer goods market's essential sales channels: the 400-1,000 m² and the under-400 m² sales outlets.

Production Facilities

Enclosed space	41,097 m ²
Production buildings	27,362 m ²
Offices, warehouses, etc	13,735 m ²
Grounds	213,926 m ²
Total	255,023 m²

A manufacturer who is mindful of its customers' and consumers' wishes

Viking Kağıt gives great importance to ensuring the satisfaction of its customers and consumers, whom it positions at the heart of its business at all times. Feedback collected from the customer satisfaction surveys which the company carries out concerning every aspect of its business from product processes to sales & delivery channels is used to update and make improvements in business plans when necessary.

Viking Kağıt will continue to regularly conduct satisfaction surveys and annual business partner evaluation polls in order to further improve its quality and to further develop its business processes in light of its findings.



Paper Machines

1st machine

ER-WE-PA (1971): 17,000 tons/year

Production range: 17-50 gr/m² tissue paper

2nd machine

VALMET, Crescent Former Technology (1999): 26,000 tons/year

Production range: 15-40 gr/m² tissue paper

De-inking plant

(2000): 27,000 tons/year

Roll & flat product conversion line total capacity

44,639 tons/year

For our suppliers...

input

Viking Kağıt procures the cellulose inputs for its manufacturing from North America, Europe (Finland, Sweden, Russia, Spain), and South America (Brazil, Chile).

Viking Kağıt assesses its suppliers' performance on the basis of such criteria as quality, delivery, and price and it uses a point system to rate them.



Viking Kağıt seeks to enter into long-term relationships with its suppliers.

One of the most serious issues confronting the Turkish paper industry is raw material procurements because of the direct impact which these have on price margins and competitive strength.

The cellulose that is the primary raw material in paper manufacturing is procured from North America, Europe (Finland, Sweden, Russia, Spain), and South America (Brazil, Chile).

Because it is not produced in Turkey, Viking Kağıt must import cellulose from abroad. This makes relations with suppliers even more important. The ability to develop, enter into, and maintain long-term relationships is a crucial to the sustainability of the company's business model.

In addition to raw materials like cellulose, Viking Kağıt's manufacturing processes also require it to procure a variety of chemical and packaging materials as well. The company focuses on establishing mutually-beneficial and productive relationships with those who keep it supplied with such inputs.

Keeping abreast of the latest developments in its industry is an essential part of Viking Kağıt's procurement processes. Newly-developed chemicals, new packaging designs, and new techniques are analyzed and assessed in consultation with suppliers while their potential usefulness is explored through trial production.

Particularly on occasions such as industry-related fairs and seminars, it is Viking Kağıt's principle to meet with suppliers and to seek out and explore any developments which might improve its own production capacity and quality.

Viking Kağıt evaluates and selects its suppliers according to strictly-defined standards and criteria.

Suppliers' production, storage and shipping conditions are monitored in order to determine whether or not the requirements of quality certification and procedures are being satisfied.

The company rates its suppliers on the basis of a system in which it assigns them points for quality, delivery, and price performance. A Corrective & Preventive Action System is employed in order to prevent any recurrence of any quality-related problems that may be experienced. Problems that are identified are discussed with suppliers, solutions are developed to deal with them, and the results of these efforts are carefully monitored.

For our employees...

Seeking to be a preferred employer in its industry, Viking Kağıt believes that its employees are the architects of its success as a company.

281

Viking Kağıt has 281 people on its payroll.

In 2012

A business culture that motivates employees

Viking Kağıt's human resources policy is based on the principles of:

- supporting and developing employees through in-house training that focuses on the company's goals and organization,
- improving employment conditions in new positions that are to be created in line with this.

Viking Kağıt constructs its human resources policies and practices on the basis of the value which it places in the "human" element and it implements them so as to improve its competitive strength. The company's productivity is increased by a discerning combination advanced technology and competent human resources.

Seeking to be a preferred employer in its industry, Viking Kağıt believes that its employees are the architects of its success as a company. As of 31 December 2012, Viking Kağıt had a total of 281 people on its payroll, of whom 143 were white-collar and 138 were blue-collar personnel.

In 2012:

- Viking Kağıt provided newly-hired personnel with 584 hours of orientation and 848 hours of on-the-job training.
- Of the total time devoted to Viking Kağıt personnel training, 8% consisted of management & leadership training, 59% of occupational training, and 33% of personal development training.

Total training time averaged 16 hours/employee.

Viking Kağıt takes a proactive approach to career planning. During 2012, twenty-four of its employees were promoted or rotated to new positions.

1,432

A total of 1,432 hours of employee training was provided in 2012.



Making a difference...





For the environment and the community...

40%

In collaboration with ÇEVKO, Viking Kağıt had packaging materials corresponding to 40% of those on the goods which it supplied to market collected and then restored to economic use.

In order to protect public health and to fulfill its environmental responsibilities, it is Viking Kağıt's principle to join forces with its contractors, suppliers, and employees in an ongoing effort to review, assess, and improve everyone's environmental performance in the conduct of the company's manufacturing operations.

Waste management at Viking Kağıt: Turkey's first biological treatment plant

While providing its customers and consumers with superior-quality products, Viking Kağıt is also scrupulously mindful of the environment in which it operates. Seeking to minimize the environmental impact of its production and distribution processes as much as possible, the company gives particular attention to waste management measures.

The company adheres to a "waste management" principle which involves taking every possible measure to dispose of or to recycle waste in compliance with the requirements of laws and regulations.

Viking Kağıt installed Turkey's first biological treatment plant. Water discharged from production processes undergoes physical, chemical, and biological treatment so that when it is finally released it is below legally-prescribed contamination limits. The performance of Viking Kağıt's treatment plant is checked every day by the company's own in-house laboratory. Treatment units are also subject to regular inspection by authorities and they passed them all without problem during the reporting period.

Viking Kağıt - ÇEVKO collaboration

Seeking to support both economic and environmental sustainability by taking part in recycling efforts, Viking Kağıt collaborates with the Environmental Protection and Packaging Waste Recovery and Recycling Trust (ÇEVKO) in the conduct of a recycling project. Under this project, Viking Kağıt had packaging materials (polyethylene, paper, cardboard) corresponding to 38% of those on the goods which it supplied to market collected and then restored to economic use.

Our goal: ISO 50001 Energy Management System certification

Viking Kağıt took part in the first energy-efficiency pilot project conducted by the Ministry of Energy and Natural Resources under the "National Project To Reduce The Level Of Energy Use In Industry Through Voluntary Agreements" program governed by the Energy Efficiency Act (Statute 5627 dated 18 April 2007).

In January 2009 Viking Kağıt applied to the Ministry of Energy and Natural Resources to join a project whose aim is to voluntarily reduce its energy-intensiveness by 11% over a three-year period. Following the ministry's approval of this application, an agreement was signed that went



Nature-friendly

The nature-friendly tissue paper products that Viking Kağıt offers to consumers prevent the harvesting of an average of more than 250,000 trees a year.

our goal

Our goal is to make ourselves ready to initiate ISO 50001:2011 Energy Management System certification procedures before the end of 2013.



into effect at the beginning of 2010. Under this agreement, Viking Kağıt will be attempting to gradually reduce its energy expenditures.

In its ongoing efforts to address energy management issues more systematically, in 2012 Viking Kağıt launched a project to set up an ISO 50001-compliant energy management system at the company.

The company's goal is to complete the project and to initiate ISO 50001:2011 Energy Management System certification procedures before the end of 2013.

Turkey's first FSC-CoC-certified paper & cardboard manufacturer

In 2010 Viking Kağıt underwent an audit carried out by BM TRADA Certification Türkiye and it became the first concern in Turkey to be awarded Forest Stewardship Council Chain of Custody (FSC-CoC) Management System certification.

Paper and paper products undergo many processing and handling stages as they move from raw materials and reach the final consumer. FSC-CoC Management System certification is only awarded to products made by company that makes use of no undocumented or unaudited materials in its manufacturing processes.

Another purpose of the FSC-CoC Management System is to confirm that goods claimed to be "eco-friendly" really are and to be sure that full attention is given to environmental issues during all production processes. The system also provides certification for compliance with a number of national and international standards. Viking Kağıt's FSC-CoC certification bears witness to the authenticity of its environmentalist credentials.

Following initial certification in 2010, Viking Kağıt successfully underwent intermediary inspections in 2011 and 2012 that it passed with "0" infraction rates.

Principal Viking Kağıt social responsibility activities in 2012

In order to protect public health and to fulfill its environmental responsibilities, it is Viking Kağıt's principle to join forces with its contractors, suppliers, and employees in an ongoing effort to review, assess, and improve everyone's environmental performance in the conduct of the company's manufacturing operations.

In 2012 Viking Kağıt provided scholarships to six students through the Yaşar Education and Culture Foundation. Twenty-eight highschool and university students were provided with traineeship opportunities under the company's occupational training program. Sanitary paper products donated to the Aliğa School for the Physically Handicapped and to the Aliğa Primary School. Primary- and middle-school pupils were taken on tours of Viking Kağıt's plant and they attended presentations about using tissue paper and about recycling.

The company conducts its activities within the framework of values which are adhered to by Yaşar Group companies and whose approach to the production of goods and services involves compliance with laws and the rules of ethics, concerns itself with national problems without becoming involved in politics, and values the environment and nature. These values are known to all company employees. In addition, work is currently being carried out to formulate the company's own rules of ethics within the framework of its corporate governance approach.