



Recalibration Through the Eyes of CEOs

Müge TUNA – Clairfield Executive Director and TUYID High Advisory Council Member

"Strategy is about making choices, trade-offs; it's about deliberately choosing to be different."

Michael Porter

Strategy-making is a key factor for future success; this has to be done with agility and with delicate scenario analysis rather than single-routed business plans while innovation and transformation are other key elements. Leaders drive teams in shaping priorities by also using four forces, as specialization, scarcity, rivalry and humanity, in achieving sustained and responsible management outcomes.

There is a Brazilian saying: **"Jacaré que fica parado vira bolsa!"**

That is, **"The still crocodile turns into a bag!"**

The same goes for individuals and companies. People, who do not invest in themselves, cannot develop themselves, stop following the age & trends, do not try to foresee the future and resist transformation, are doomed to lose their jobs and companies are doomed to sink. There are key moves that C-suite leaders can make to ensure their workforce to be a driver of transformation and not just go along for the ride. All of those moves revolve around a single, overarching imperative: empowering people. Within this context, how is "successful" leadership evaluated?; are there accurate ways to measure "success"?; how do "successful" CEOs identify their priorities among many urgent & sensitive agenda items, especially while going through these tough times post-covid with:

- on-going Russia-Ukraine War,
- conflict between energy crises vs. energy security,
- food security,
- supply-chain problems,

- protectionism against globalization, (Leaders are invited to reimagine, rather than to retreat from globalization by Bob Sternfels, global managing partner of McKinsey, at 2022 Bloomberg New Economy Forum in Singapore, where he was quoted "After four decades of connectedness, we are facing the greatest challenge to globalization that our generation of leaders has never seen. Instead of decoupling, can we instead reimagine globalization to drive sustainable and inclusive growth?"),
- soaring inflation, ("Inflation is too high when public notices it" – The Economist, Nov.3, 2022),
- volatile energy & commodity prices,
- trying to keep up with high speed digitalization trend and protecting their qualified human capital that has become more demanding & expensive but as much critical?

That is why we chose the theme of "Recalibration" this year for the 11th TUYID (Turkey Investor Relations Association) Summit that we successfully held on November 23rd. <https://lnkd.in/duihY9Pt>

It was an honor for me to moderate the CEO panel of the summit titled *"Through the Eyes of the CEO"*, where we hosted esteemed CEO panelists of leading companies in their critical sectors besides their presence as leading publicly trading companies on Istanbul Stock Exchange (BIST-100), of which performance has excelled all global stock exchanges in 2022, with its YTD performance at nearly %180 in TL terms (above 100% in \$ terms) having reached nearly 5,450 level as of (26/12/2022) from below 2,000 level (in January 2022) while the # of domestic investors has increased to above 3 million from nearly 1.3 million in March 2020. To give two examples of equity-basis

performance: Turkish Airlines is among top performers, up more than 500% (in TL terms YTD as of 26/12/2022), having reached nearly \$10,6 market capitalization while Hektaş, our panel guest, is also up nearly 570% (in TL terms YTD), having reached nearly \$5.4bn market capitalization.

- **Hektaş** (agrochemical & smart agriculture) - Mr. Zafer TERZİOĞLU
- **TAV Airports** (domestic & international airport operator) - Mr. Serkan KAPTAN
- **Doğan Investment Bank** (new generation investment bank focusing on financing needs of micro-enterprises & SMEs) - Mr. Hulusi HOROZOĞLU



These companies represent the “new investment themes” within the global transformation of priorities and businesses. It is apparent that food & energy security, namely rising agro & bio-energy businesses along with logistics & transportation and digitalization have become critical while reaching financing has become one of the top urgent issues, especially, for SMEs in Turkey.

As the opening speech of the Summit, before the panel, the Chairman of the Capital Markets Board of Turkey Mr. İbrahim Ömer Gönül made the following statements: “While the epidemic and the Russia-Ukraine war were challenging for the global economy, investors turned to capital markets to protect and provide better returns to their savings. In terms of capital markets, 'rebalancing' can be explained as balancing supply and demand in our markets, the variety of tools in which investors can invest their savings, the ability of our companies to provide the funds they need, in short, financing investments with

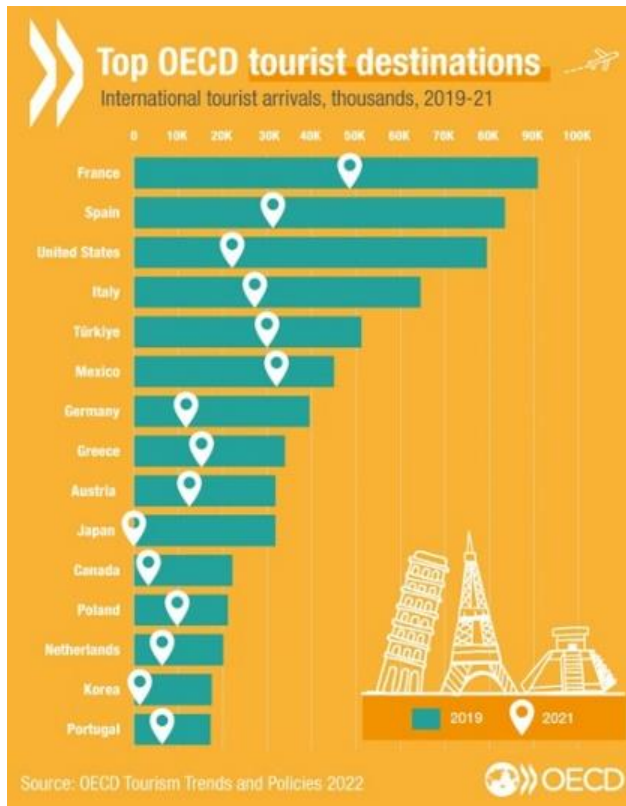
savings invested in capital market instruments. Companies providing transparent and accurate information that investors need, can be the 'new balance' for Turkish capital markets. Increasing financial literacy of our investors and reaching information that will enable investors to make the right decision is an issue that we are sensitive to as the Capital Markets Board. At this point, “Investor Relations” as the mirror of companies play an important role.”

Hektaş General Manager Zafer TERZİOĞLU started his words by pointing out that the importance of food safety has increased with the pandemic and continued: “Efficiency can be increased by at least 50% thanks to less water consumption and proper fertilization in agriculture. That's why we continue our awareness-raising activities in agriculture without slowing down. We are trying to show our farmers how they can get more yields and benefit from speed breeding practices. We continue our activities as the leading company of productivity in Turkish agriculture, with the aim of becoming a leader in the world. Our excelling R&D and digitalization activities include data analytics, artificial intelligence supported mobile applications and drone technologies.” With the motto of “Pioneer of Smart Agriculture”, Hektaş is the leading company of Turkish agriculture in the scope of plant protection, plant nutrition, seed & animal health products besides agro technologies with its sustainable agriculture practices applied in Turkey. Their investments in Uzbekistan are for plant nutrition with target of 150,000 tonnes of production and their acquisition of Australian Agriventis Technologies develops seeds tolerant to drought (with less water need & compatible with all climatic conditions), which is one of the consequences of global climate change, and enables vertical & soilless agriculture.

TAV Airports CEO Serkan KAPTAN expressed his views as follows: “For the first time, we had a period when the health crisis triggered the economic crisis and it took a break from flights. The entire aviation sector was deeply injured. Now we are ready for takeoff as TAV has always come out of crises by becoming stronger.” KAPTAN shared the epidemic process in numbers as: “The number of 9 billion passengers traveling in 2019 decreased to around 3 billion with the pandemic in 2020. There was a 70% decrease in

our passengers at all our airports. During the 3 months when our airports were closed, we had no income, but our expenses continued. With the gradual loosening of the measures in the 2nd half of 2021, the number of passengers increased by about 50% and increased to 4.4 billion. It is expected that it will be possible for us to return to the 2019 figures completely in 2024.” TAV Airports, a French ADP Group company and as the leading airport operator with diversified portfolio & integrated structure of 15 airports in 8 countries, has been a key player through the growth of Turkish aviation sector, by providing duty free, catering, ground handling, IT, security and lounge services.

The concept of “sustainable tourism” includes principles contributing to net-zero & decarbonization targets which are carefully implemented by TAV with their contributions in decreasing emissions and compensating for the emissions they cause.



OECD figures also show that international tourism had come to a near complete halt at the height of the pandemic, which accounted for 77c of every \$1 of lost revenue in services exports in OECD countries in 2020. The recent OECD report of “Tourism Trends and Policies 2022” shows Turkey as the 5th tourist destination, between 2019-21, following France,

Spain, USA, and Italy; this adds further responsibility not only to TAV but all other related stakeholders, with priority on Turkish Airlines and Turkish hotel industry.

Doğan Investment Bank General Manager Hulusi HOROZOĞLU expressed the following in his speech: “We set out by defining ourselves as a new generation regional investment bank. Consistent with our strategy of creating value-added solutions for Turkey’s economy, we continue to invest in the delivery of digital solutions that address the financing needs of micro-, small- and medium-size businesses and that enhance Turkey’s e-commerce ecosystem. Within this framework, we signed an agreement with The Development Facility of the European Fund for Southeast Europe (EFSE DF) in December 2021. We also prioritize the Turkic Republics in the Middle East, North Africa, Eastern Europe and Central Asia, and we want to mediate investments in Turkey from these geographies.” Doğan Investment Bank is further set to play a significant role in financing agro-business, with agro-credits, in line with their differentiation strategy of enhancing clients’ access to diversified financing opportunities and offering financial solutions with a diligent consultancy approach.