

DIMENSIONS OF THE PACKAGING SECTOR

The packaging industry does not make stock-based production. It is made by job-order production. Therefore, production- consumption can be regarded as the same.

On the other hand, the production figures are obtained via compiling studies of specialized associations in the sector and various sources with a delay of about a year due to the lack of statistical data in our country, the interim period is calculated with extrapolations which are connected to some assumptions.

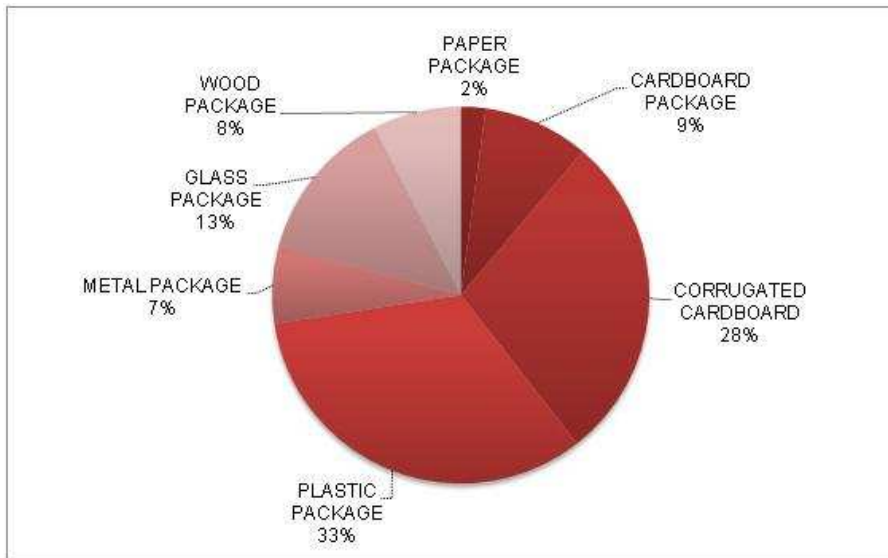
Accordingly, it is estimated that the amount of production in all branches reached 5.538.000 tons and the total turnover reached 8 billion US Dollars.

In 2010, Turkish Packaging Industry increased the production amount by 17.6% via a rapid recovery.

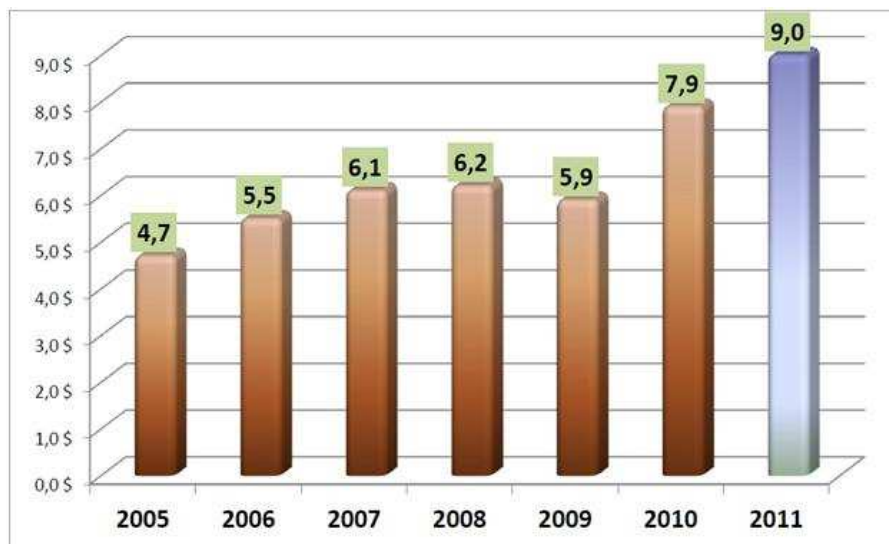
Table 1: Production Volume by Material Group (tons)

PRODUCTION BRANCH	2006	2007	2008	2009	2010
PAPER PACKAGING	60.000	60.000	80.000	80.000	117.000
CARDBOARD PACKAGING	362.000	415.000	395.000	418.000	503.000
CORRUGATED CARDBOARD	1.318.000	1.370.000	1.387.000	1.389.000	1.564.000
PLASTIC PACKAGING	1.290.000	1.470.000	1.530.000	1.560.000	1.834.500
METAL PACKAGING	302.000	299.500	328.500	309.500	365.500
GLASS PACKAGING	553.000	659.000	697.000	567.000	734.000
WOOD PACKAGING	385.000	385.000	385.000	385.000	420.000
TOTAL	4.270.000	4.658.500	4.802.500	4.708.500	5.538.000

Graph 2: Production Distribution by Material Group, 2010



Graph 3: Packaging Sector Volume by Years



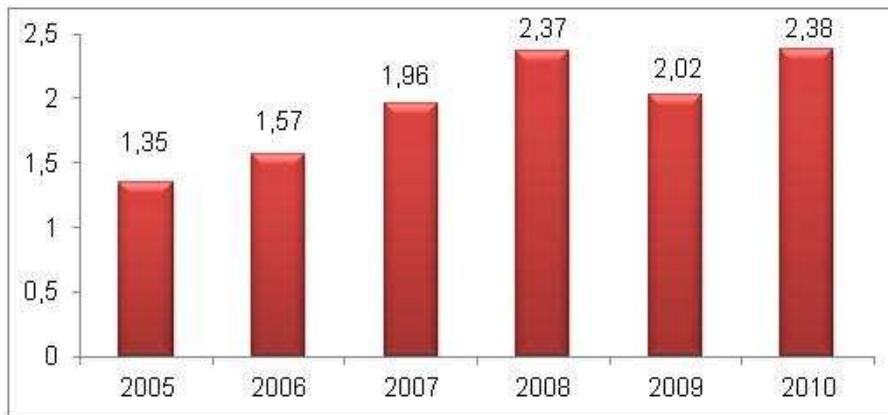
In 2010, the volume of Turkish Packaging Industry reached to 8 billion dollars. When the foreign trade indicators have been taken into account, it can be expected that the volume of Turkish Packaging Industry can reach to 9 billion dollars in 2011.

The packaging industry enables the marketing of agricultural and industrial products. Generally, the value of packaging is taken to be 3-5% of the price of daily needs products and 10% relatively luxury items' price. WPO-World Packaging Organization states that approximately 50% of the packaging productions are used for the daily need products, mostly food products and 20-30% are used for other non-food products and 20-30% are for the industrial packaging. According to these proportions, 7,9 billion dollar packaging production makes an economy of around 140-150 billion dollars possible. In 2011 this economy will reach to 170-200 billion dollars.

Besides, volume of the industry can be foreseen according to ISO 500+500 Survey Results. The packaging companies in ISO 1000 list, the total production sales is 291,7 billion dollars, made the turnover of 8.36 billion TL from production by the increase of % 2.87 in 2010. From this point of view, in 2011 9 billion dollar packaging production makes an economy of around 300 billion dollars possible.

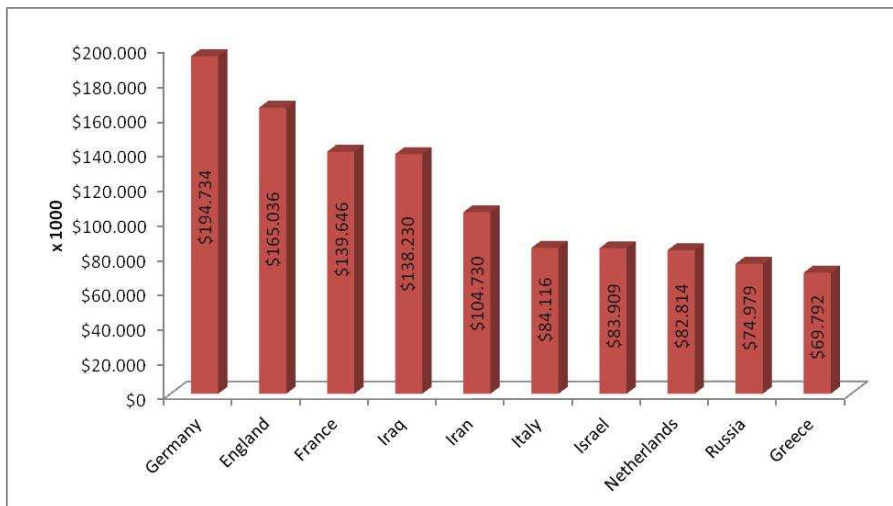
The export of packaging sector was 2,38 billion dollars according to the 2010 values published by TUIK-Turkish Statistical Institute. In addition, it should also be considered that large amounts of full packaging are also exported indirectly as an export product packaging. During the last five years, the export of Packaging Industry increased by 16% in average per year. According to first 10 months of 2011, packaging sector exports has been reached to 2,4 billion dollars. It is expected that in 2011 packaging sector exports will reach to 2.95 billion dollars with basic arithmetical average.

Graph 4: Packaging Sector Export by Years (Billion \$)



The products of Turkish Packaging Sector are globally exported to 191 countries, mainly to EU countries. In 2010, Germany, England, France, Iraq, Iran, Italy, Israel, Netherlands, Russia and Greece are in the top 10 ranked countries for exports.

Graph 5: Top 10 Countries in Packaging Export, 2010 (Thousand Dollars)



In 2010, plastic packaging products take place on the top with a 50% share in the packaging industry export. Other important packaging group that is exported are paper and cardboard packaging products with a 32% export share. In exports, metal packaging products with a rate of 7%, wood 6% and glass 5% are located in the third place.

Graph 6: Export by Packaging Materials, 2010

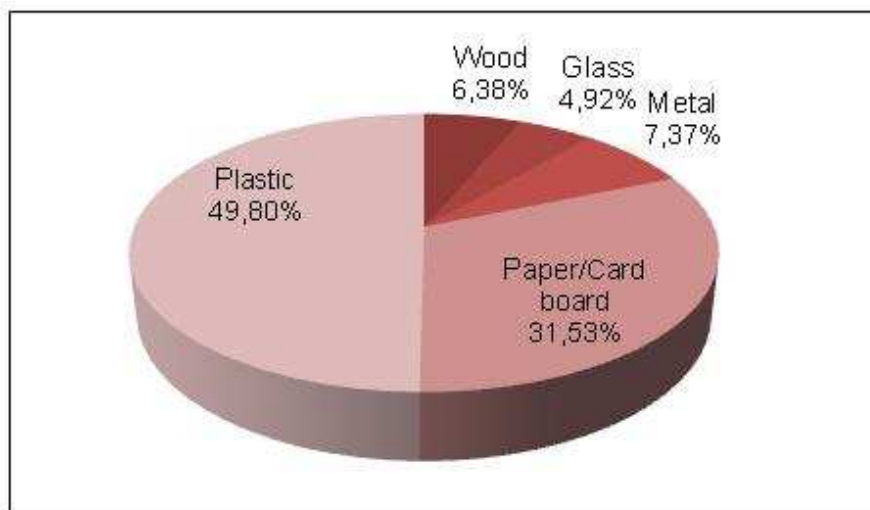
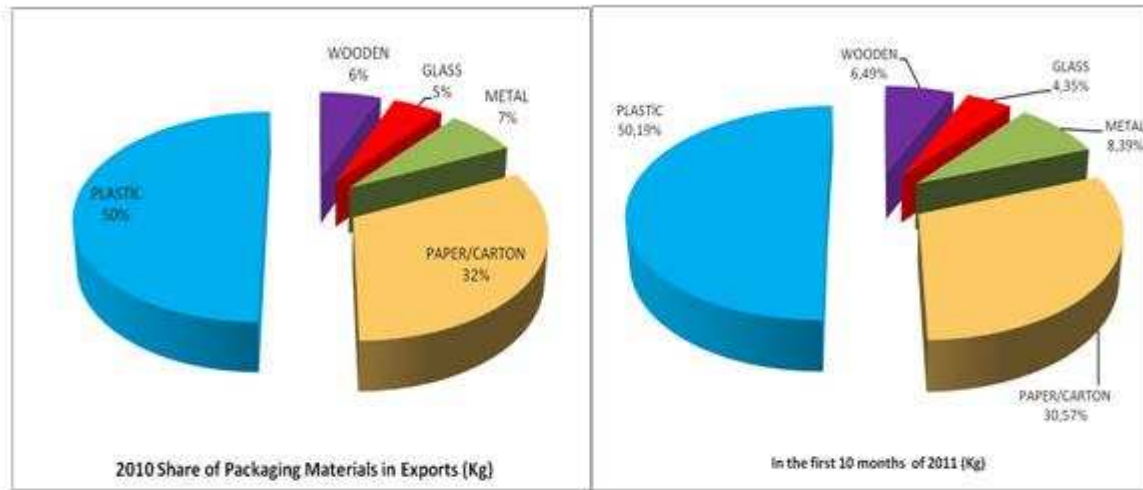


Table 2: Export by Packaging Materials, 2010 and the first 10 Months of Year 2011

	Exports of 2010 by material type and weight distribution		Average Price \$/Ton	In 2010, an average of 10 months		In the first 10 months of 2011 by material type and weight distribution		Average Price \$/Ton	Percentage change compared to 2010 (+/- % US \$)	Percentage change compared to 2010 (+/- % Kg)
	US \$	Kg		US \$	Kg	US \$	Kg			
Wooden	29.939.628	67.696.747	\$442	24.949.690	56.413.956	30.510.680	61.783.400	494	22,20%	9,50%
Glass	31.679.798	52.155.487	\$607	26.399.832	43.462.906	25.583.862	41.422.255	618	-3,00%	-5,00%
Metal	245.758.773	78.210.006	\$3.142	204.798.978	65.175.005	260.427.426	79.871.945	3.261	27,00%	22,50%
Paper/ Carton	462.254.395	334.464.499	\$1.382	385.211.996	278.720.416	475.710.269	291.069.940	1.634	23,40%	4,40%
Plastic	1.609.213.015	528.324.958	\$3.046	1.341.010.846	440.270.798	1.675.911.545	477.839.348	3.507	24,90%	8,50%
Total	2.378.845.609	1.060.851.697	\$2.242	1.982.371.341	884.043.081	2.468.143.782	951.986.888	2.593	24,50%	7,60%



Graph 7a

Graph 7b

Table 3: Distribution of Packaging Sector Export of the Year 2010 by Regions

REGIONS	WOODEN				
	Total Kg	Total DOLAR	Average Price \$/ton	Kg %	US \$ %
ASIA	38.284.175	\$17.141.161	\$448	61,97%	56,18%
FREE ZONE	13.746.755	\$6.639.736	\$483	22,25%	21,76%
EUROPE	9.071.639	\$5.936.148	\$654	14,68%	19,46%
AFRICA	647.561	\$726.203	\$1.121	1,05%	2,38%
NORTH AMERICA	30.679	\$62.936	\$2.051	0,05%	0,21%
SOUTH AMERICA	1.281	\$2.839	\$2.216	0,00%	0,01%
OCEANIA	1.310	\$1.657	\$1.265	0,53%	0,01%
TOTAL	61.783.400	\$30.510.680	\$494	100,00%	100,00%
	GLASS			Volume%	Value%
EUROPE	18.255.482	\$12.729.092	\$697	44,07%	49,75%
ASIA	20.730.271	\$11.213.572	\$541	50,05%	43,83%
AFRICA	1.519.652	\$1.031.982	\$679	3,67%	4,03%
FREE ZONE	664.439	\$434.385	\$654	1,60%	1,70%
NORTH AMERICA	248.893	\$164.397	\$661	0,60%	0,64%
SOUTH AMERICA	3.177	\$8.878	\$2.794	0,01%	0,03%
OCEANIA	341	\$1.556	\$4.563	0,03%	0,01%
TOTAL	41.422.255	\$25.583.862	\$618	100,00%	100,00%
	PAPER/CARTON			Volume %	Value %
EUROPE	152.822.199	\$234.136.542	\$1.532	52,50%	49,22%
ASIA	99.727.380	\$156.182.668	\$1.566	34,26%	32,83%
AFRICA	21.946.872	\$53.249.083	\$2.426	7,54%	11,19%
FREE ZONE	14.788.861	\$26.085.321	\$1.764	5,08%	5,48%
NORTH AMERICA	1.131.711	\$3.844.365	\$3.397	0,39%	0,81%
SOUTH AMERICA	635.384	\$2.164.218	\$3.406	0,22%	0,45%
OCEANIA	17.533	\$48.072	\$2.742	1,05%	0,01%
TOTAL	291.069.940	\$475.710.269	\$1.634	100,00%	100,00%
	METAL			Volume %	Value %
EUROPE	31.336.376	\$110.640.982	\$3.531	39,23%	42,48%
ASIA	34.343.663	\$104.767.994	\$3.051	43,00%	40,23%
AFRICA	6.417.926	\$25.353.929	\$3.950	8,04%	9,74%
FREE ZONE	5.666.635	\$13.697.143	\$2.417	7,09%	5,26%

NORTH AMERICA	1.675.057	\$4.448.142	\$2.656	2,10%	1,71%
SOUTH AMERICA	286.902	\$1.143.631	\$3.986	0,36%	0,44%
OCEANIA	145.386	\$375.605	\$2.584	2,29%	0,14%
TOTAL	79.871.945	\$260.427.426	\$3.261	100,00%	100,00%
	PLASTIC			Volume %	Value %
EUROPE	279.735.552	\$1.045.264.233	\$3.737	58,54%	62,37%
ASIA	147.112.941	\$455.101.038	\$3.094	30,79%	27,16%
AFRICA	23.129.918	\$79.142.333	\$3.422	4,84%	4,72%
NORTH AMERICA	17.527.618	\$58.513.863	\$3.338	3,67%	3,49%
FREE ZONE	6.355.401	\$24.191.650	\$3.806	1,33%	1,44%
SOUTH AMERICA	3.164.360	\$10.314.199	\$3.259	0,66%	0,62%
OCEANIA	813.558	\$3.384.229	\$4.160	0,17%	0,20%
TOTAL	477.839.348	\$1.675.911.545	\$3.507	100,00%	100,00%

PER CAPITA CONSUMPTION AND EXPECTATIONS

Depending on the general conjuncture, we expect the Packaging Sector to access its previous levels after the period of stagnation and decline which has been lasting a little over two years.

The per capita packaging consumption is an indicator of a living standard. In 2008, the per capita consumption was approximately 86\$/person, whereas it was calculated as 81 \$/person in 2009 and it is still well below the world and Eastern Europe average, which is 130\$/person . Compared with the 350-400\$ per capita consumption in North America and Canada and 550\$ in Japan, it could be seen that Turkey has a long way to go. We expect that the packaging consumption in Turkey will slightly reach the levels of 109\$/person in 2010 and 125 \$/person in 2011. In 2023 we expect that it will reach the levels of 300\$/person.

The reason for Turkey having a lower consumption level than developed countries is not due to lack of capacity or lack of technological development level of the packaging industry but due to the variation in the manufacturing industry. The equipment of Turkish Packaging Industry is adequate and Turkey has even newer equipment than some EU countries., When the new necessity products, which are introduced into the market via importing due to both foreign trade policy and low exchange rates at present, begin to be manufactured in Turkey, "the indicator of living standard" will increase. Although the Packaging Sector in Turkey is competent to meet the needs of the domestic manufacturing industry both structurally and technologically, today the imported necessity products come with their own packaging. When the new products begin to be manufactured in Turkey, also their packaging will be produced in Turkey and the market volume will grow accordingly.

Our Packaging Sector has a capacity and build-up to deal with this development, about which we think would be a normal development process, not only in the domestic market but also in international markets. In addition to the leading companies operating in the domestic market, we have companies which have manufacturing facilities in other countries.