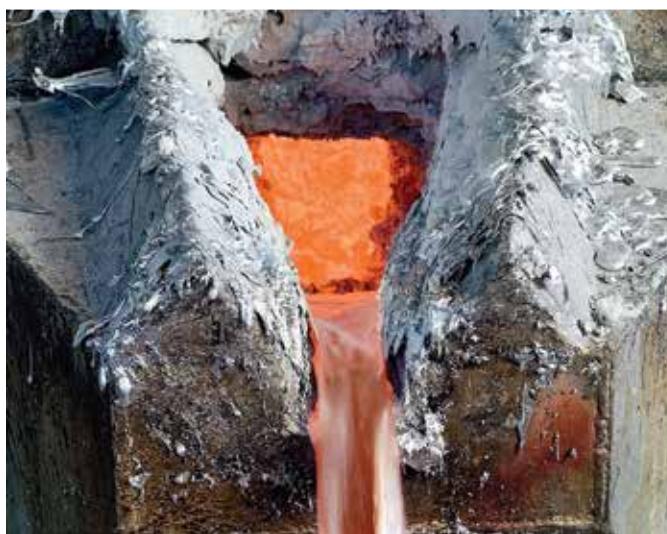
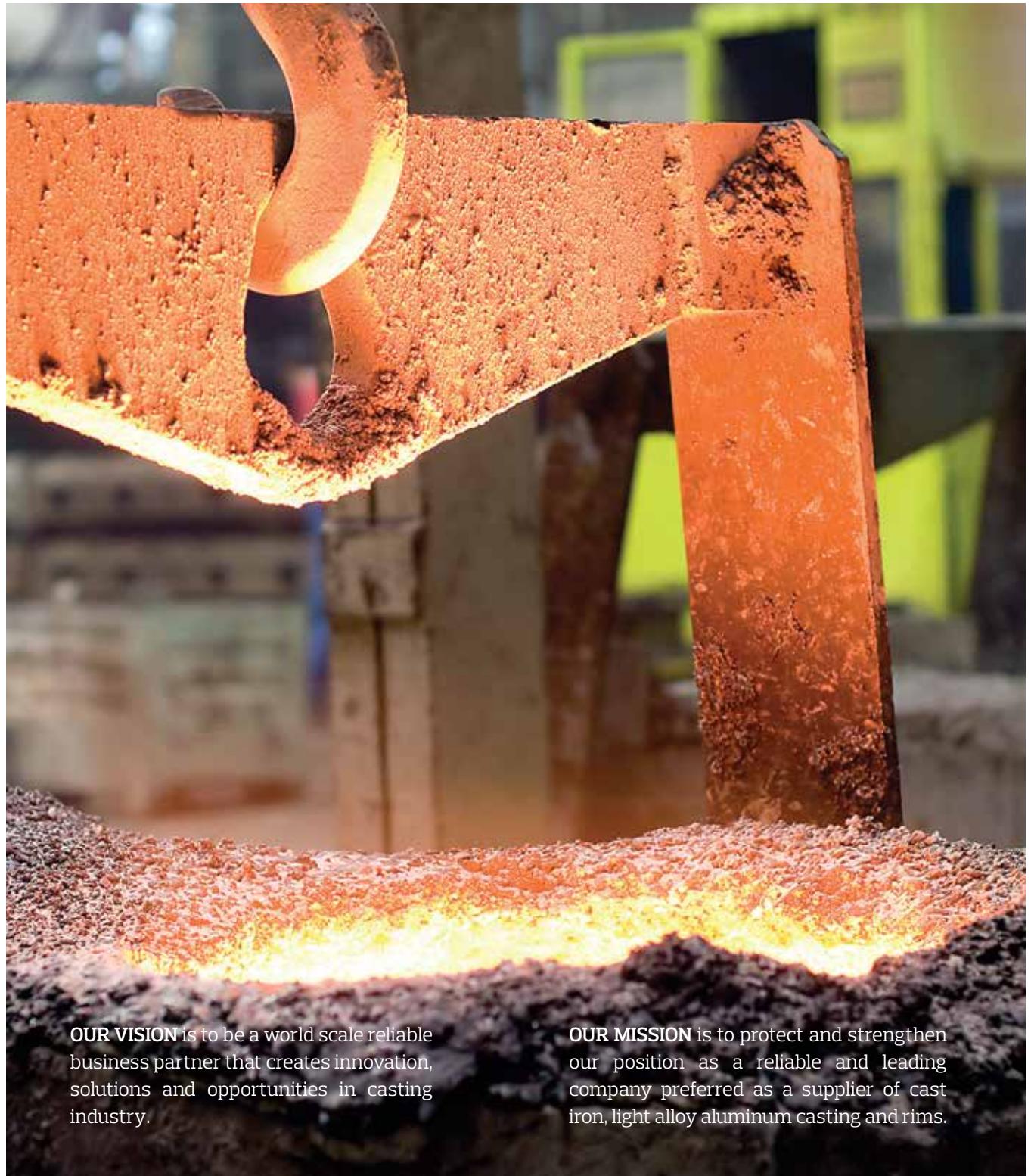


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# Our Vision and Mission



**OUR VISION** is to be a world scale reliable business partner that creates innovation, solutions and opportunities in casting industry.

**OUR MISSION** is to protect and strengthen our position as a reliable and leading company preferred as a supplier of cast iron, light alloy aluminum casting and rims.

# Share Structure and Affiliates



## Capital structure and share distribution

Our company's registered share capital as at 31.12.2017 was 250.000.000 TRY, the issued share capital was 66,844,800 TRY. Shareholders who own more than 10% of paid-in capital, share capital amounts and ratios are as follows:

## SHARE DISTRIBUTION

	Share %	Capital TL
Döktaş Metal Sanayi ve Ticaret A.Ş.	93.57%	62,543,860
Public shares	6.43%	4,300,940
	<b>100.00%</b>	<b>66,844,800</b>

## AFFILIATES & ASSOCIATES

Our company owns 100% of Componenta UK Ltd shares. Componenta UK is located in England and it is a trading company. Our company holds 25.10% of Kumsan Döküm Malzemeleri San. A.Ş. shares. Kumsan is a sand supplier to our company.

Company Name	Field & Operation	Capital	Share
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş./Türkiye	Foundry sand production& trading	1,200,000 TL	25.10%
Componenta UK Limited/İngiltere	Import & Export	287,850 GBP	100%

# Operations of Componenta Turkey

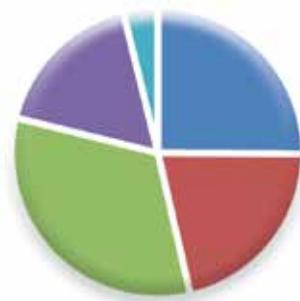
## Net Sales by Market Area

MTL	1-12/2017	1-12/2016
Turkey	224,4	101,6
Germany	196,8	175,4
UK	181,3	96,8
Sweden	167,3	115,0
Italy	133,1	98,3
USA	51,1	32,8
France	49,3	35,0
Poland	25,5	17,3
Finland	12,6	7,7
Hungary	12,3	4,1
India	8,6	1,8
Others	4,1	37,2
Total	1066,3	723,1

Net Sales by Market Area



Sales by Customer Industry



- Turkey (%21)
- Italy (%12)
- Germany (%18)
- France (%5)
- UK (%17)
- USA (%5)
- Sweden (%16)
- Others (%6)

- Automotive (%33)
- Heavy Trucks (%25)
- Construction & Mining (%21)
- Agriculture (%17)
- Machine Building (%4)

# Message from Chairman of the Board of Directors

Dear Shareholders,

We present to you the information on the Annual Report of the activities and accounts of Componenta Dökümcülük Ticaret ve Sanayi AS for the year 2017.



## 2017 ECONOMIC OUTLOOK

Compared to expectations 2017 was a favorable year for the global economy despite of the uncertainties originated from presidential elections in the US, the possible effects of the Brexit on Eurozone and the adverse progress in the banking sector.

In contrast, it was a challenging year for Turkish economy which gives mixed signals related to inflation, current account deficit and unemployment. In the third quarter of the year while growth was 11.1% compared to the same period of previous year, real sector and consumer confidence indices decreased during the last month of the year.

On the grounds of political climate, geopolitical uncertainties and fluctuations in the financial markets the depreciation of the Turkish lira against the US dollar has increased during the year. The CBRT US dollar buying rate which realized at 3.5192 TL at the end of 2016 closed the year at 3.7719 TL with an increase of 7%.

## COMPONENTA DÖKÜMCÜLÜK TİC. ve SAN. A.Ş. IN 2017

Financial problems that started in parent company and other group companies at the beginning of 2016 led to bankruptcy and debt restructuring within the Group. The given circumstances affected Componenta Dökümcülük consequently and had a negative impact on cash flow as well as increasing our customers' hesitancy.

As a result of this situation the Turkish board members have taken over the company management as an extraordinary remedy and introduced a management approach that gives priority to the company's own needs and interests rather than group policies.

With a series of tough but necessary precautions our company's obligatory relations with the group were placed in a structure that protected the commercial interests of the company.

Thanks to this new management approach, which is also appreciated by our customers, our company has never lost a customer and has been able to maintain sales volume. It also saved cash flow and financial structure.

On the other hand, our company has introduced measures in the fields of production, sales, purchasing and human resources within this context which has led to a significant reduction in costs.

These measures have had positive results since the beginning of 2017 and have brought the company back to its current profitable and stable level.

The debt restructuring process initiated by Componenta group companies continued in 2017 and the restructuring proposals submitted by the regional courts to the company were examined closely by board members. Proposals were accepted after taking over all product license rights, considering the interests of the company and its customers.

Thus, the business of the group companies in particular the machining facilities in Sweden, which is strategic for our exports, has been prevented, the sustainability of the operations of our facilities has been ensured and the receivables specified in the structuring programs have been made possible.

In 2016, the parent company informed that it will transfer the Dökümcülük's shares to a buyer at a cost of 1 Euro in order to meet its financial debt to Componenta Dökümcülük and to remove the collateral on bank loans used.

However, due to the economic and political uncertainty experienced at that time, the share sale proposal was not demanded and the Board of Directors was obliged to produce other solutions in order to run the operations of the company.

At this stage, with the approval of the banks, it has been decided to establish a special purpose vehicle until a new buyer is found. On 6 April 2017, Döktaş Metal Sanayi ve Ticaret A.Ş. was established for this purpose and was registered in accordance with the Turkish Commercial Code.

Döktaş has taken over the Dökümcülük's shares for 1 Euro in exchange for its financial receivables from the related parties and gave guarantee to club loan banks for the loans previously utilized. On the other hand, the company's borrowing of 140 million Euros has been extended to 12 years with a new agreement, with no payment for the first two years and a possible damage to our banks has been prevented.

The measures taken by the Turkish members of the board and the management of the company prevented the financial crisis from having greater impacts and provided a positive reflection on the financial data of 2017.

Also productivity-enhancing measures carried out in production and the dedicated performance of the employees majorly contributed to company's profitability thus, EBITDA has reached 43.2 MEUR.

As a result of this development, at year end the price of our shares traded in Istanbul Stock Exchange increased by 171% compared to previous year. We share the happiness of achieving such a profit for our shareholders.

With a turnover of 240 MEUR, listed 131st at ISO 500 (Istanbul Chamber of Industry), ranked as the 5th in Bursa with 185 million Euro exports and generating approximately 2.500 jobs our leading company provides added value to Turkish economy and it will reach its future growth targets in a shorter time with new structure, qualified workforce and stronger customer portfolio.

Componenta Dökümcülük will remember 2017 as a challenging year in which it has earned significant opportunities in terms of production, sales and profitability and has overcome financial difficulties.

Our aim for 2018 is to transfer the shares owned by Döktaş Metal to a strategic investor and our cooperation with İş Yatırım Menkul Değerler A.Ş. is in progress.

We would like to extend our gratitude to our main creditor banks, to our customers, to our suppliers, to our personnel, to our management and especially to our shareholders for their trust and dedicated support in this period.

## Orhangazi Iron Foundry

In comparison with 2016, sales volume in Orhangazi Foundry increased from 96,405 tons to 108,912 tons or by 13% whereas net sales of Orhangazi business units increased from 461,1 M TL to 733,7 M TL or by 59%.

## Manisa Aluminium Foundry

In comparison with 2016, sales increased from 8,035 tons to 8,454 tons or by 5% whereas net sales increased from 131,1 M TL to 177,6 M TL or by 35%.

## Manisa Aluminium Wheels

In comparison with 2016, sales decreased from 1,112,903 units to 891,115 units or by 20% whereas net sales increased from 130,9 M TL to 155,1 M TL or by 18%.

## EXPORT and IMPORT OPERATIONS

Export operations which were 176,8 MEUR in 2016 improved by 4% and reached to 184,5 MEUR. Import operations on the other hand decreased from 36,2 MEUR to 34,7 MEUR in 2017.

## INVESTMENTS

In 2017 investments for capacity increase, environment and maintenance were 1,0 MEUR in Orhangazi Foundry and Machine Shop. This year new facility construction of Manisa Aluminium Business Unit completed and production carried out to new building. For Manisa units investment amounting to 4,2 MEUR has been realized. Total capital expenditure was 5,2 MEUR in 2017.

## FINANCIAL RESULTS

Consolidated operating results of our company for 2017 have been prepared in line with Capital Market Law, The Notification Series II, No: 14.1 and in accordance with the International Financial Reporting Standards. In comparison with 2016 with increase of 47% the actual net sales were 1,066,330,776 TRY and the actual gross margin has been 258,857,270 TRY (2016: 121,483,298 TRY), whereas operating profit has been realized as 141,005,244 TRY (2016: 27,977,615 TRY). Reference to IFRS report of 2017 the reserved depreciation and amortization expense has been 36,522,181 TRY and profit after taxes realized as 68,127,774 TRY whereas this figure (32,216,303) TRY loss in 2016.

Dear Shareholders, we have now summarized the financial consequences of 2017 operations to your kind attention. In order to develop our profitability and competitiveness, we will proceed on our way with measures taken during 2017. Hoping that upcoming years will be auspicious both for Turkey and our company, we provide you with the Balance Sheet and Income Statement of Componenta Dökümcülük A.Ş. and greet your Honourable Committee respectfully.

**Tezcan YARAMANCI**

Chairman of Board of Directors

Componenta Dökümcülük Tic. ve San. A.Ş.

		2017	2016	2015	2014	2013
<b>Orhangazi Iron Foundry Business Unit</b>						
Capacity (tons)	<b>150.000</b>	150 000	170 000	170 000	180 000	
Production (tons)	<b>112.236</b>	96 766	106 830	109 115	105 881	
Sales (tons)	<b>108.912</b>	96 405	104 289	106 526	103 455	
Sales (MTRY)	<b>733,7</b>	461,1	511,7	519,5	443,5	
Operating Profit (MTRY)	<b>94,2</b>	(14,9)	49,7	35,3	55,1	
<b>Manisa Aluminium Die Casting Business Unit</b>						
Capacity (tons)	<b>14.400</b>	12 400	10 875	10 500	10 500	
Production (tons)	<b>8.645</b>	7 839	8 192	7 144	6 496	
Sales (tons)	<b>8.454</b>	8 035	7 878	7 019	6 334	
Sales (MTRY)	<b>177,6</b>	131,1	134,8	111,9	92,8	
Operating Profit (MTRY)	<b>17,2</b>	16,1	11,0	8,0	10,1	
<b>Manisa Wheels Business Unit</b>						
Capacity (units)	<b>1.440.000</b>	1 440 000	1 440 000	1 440 000	1 440 000	
Production (units)	<b>883.894</b>	1 044 244	1 332 342	1 291 000	1 052 819	
Sales (units)	<b>891.115</b>	1 112 903	1 303 727	1 246 241	1 047 503	
Sales (MTRY)	<b>155,1</b>	130,9	155,1	128,5	99,4	
Operating Profit (MTRY)	<b>29,5</b>	26,8	20,1	14,5	14,0	
<b>Componenta Dökümçülük A.Ş. Total</b>						
Sales (MTRY)	<b>1.066,3</b>	723,1	801,6	760,0	635,7	
Operating Profit (MTRY)	<b>141,0</b>	28,0	80,8	57,8	79,2	
<b>Export</b>						
Export MEUR	<b>184,5</b>	176,8	197,0	204,0	190,0	
<b>Investments</b>						
Investments MEUR	<b>5,2</b>	18,5	26,6	12,7	7,7	

# Message from Managing Director

Consolidated net sales of Componenta Dökümçülük Tic. ve San. A.Ş. increased to 259 MEUR in 2017 from 216.7 MEUR in 2016. The 19.6% increase in business volume is due to full capacity acceleration of production as well as settlement of 2016 backlog orders on top of current orders.

Total number of personnel consist of 242 white collars and 2,279 blue collars (including leased personnel) in 2017 whereas, 255 white collars and 2,207 blue collars (including leased personnel) in 2016. The headcount increased by 59 employees – in net representing 2% of the total.

Componenta in Turkey consists of three business units; Iron Foundry in Orhangazi, Aluminum Foundry and Wheels in Manisa. In addition, there is one subsidiary Componenta UK, 100% owned subsidiary carrying out commercial activities in the United Kingdom and one associated company Kumsan Döküm Malzemeleri San. Ve Tic. A.Ş., 25.1% a sand manufacturer located in Turkey.

Compared to 2016 the share of automotive business area in total sales decreased from 40% to 33% in 2017, whereas the share of agricultural machinery business decreased from 21% to 17%. Also the share of construction and mining business area increased from 20% to 21%. On the other hand, the share of machine building business area remained 4% as the same as previous year and the share of heavy trucks business area increased from 15% to 25%. 66% of total Turkey sales were generated from Orhangazi business unit and 79% of total Turkey sales refer to export operations.



## Orhangazi Iron Foundry

Orhangazi Foundry, which is the Turkey's largest iron foundry with 160,000 tons installed capacity, increased its sales volume by 13% and realized 108,912 tons in 2017 from 96,405 tons in 2016. Accordingly, net sales in 2017 was 146,7 MEUR whereas it was 127,9 MEUR in 2016. Share of export of total sales was around 76% and the share of domestic sales was 24%.

The effects of the financial difficulties that have started in the last period of the previous year due to the parent company and felt during the first quarter of 2017 have been improved through the measures taken in the following period and all operations have been continued with full capacity. As of second quarter, the timely fulfillment of customer orders has been improved with a positive trend that will continue till the end of the year and reached the target values.

With the new management approach aimed at acting as a single business unit, all projects have been quickly and efficiently introduced and the effects of efficiency and profitability projects implemented throughout 2017 have also been observed on key performance indicators. Particularly in terms of quality, energy consumption, productivity and improvements in OEE values, a saving of approximately 4.7 MEUR was achieved in 2017.

With the R&D center certificate obtained in September 2017 Foundry and Machining facility has strengthened its leading role in the sector with more than 40 years of experience and had the chance to carry on its studies with the support and control of Ministry of Science, Industry and Technology.

2017 was a year in which the proportion of machined parts reached 24% of total sales in tons. The turnover generated from machined parts was 50.2 MEUR in 2017 whereas it was 42.3 MEUR in 2016. In the following periods we are aiming to improve our value added by increasing the contribution of machined parts further.

Sector forecasts are showing positive trends and it is anticipated that sales volume will increase in 2018 in accordance with prepared business plans and existing

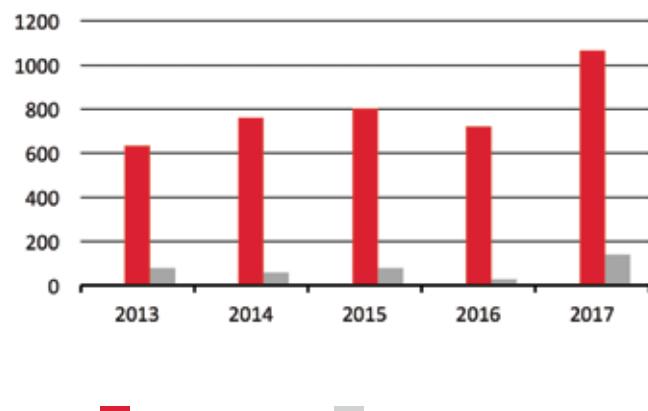
orders. Development projects and savings will continue throughout the year. With technological investments targeted in 2018-2020 projections and new production methods to be integrated we are aiming to increase our production capabilities, expand product range and increase current market share.

### **Manisa Aluminium Foundry**

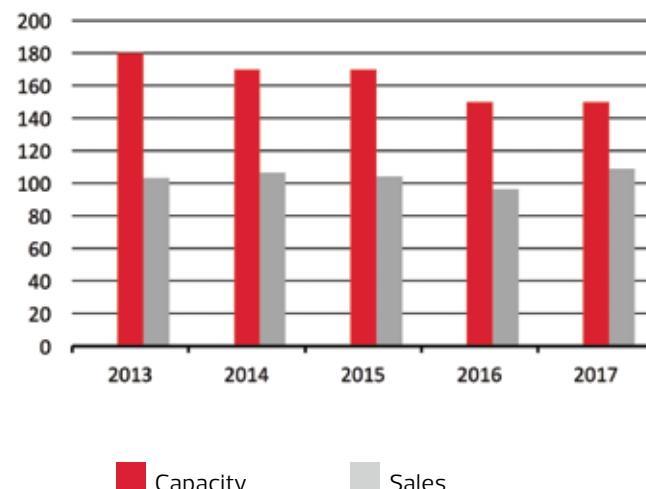
The year 2017, proving that many difficulties can be overcome in the case of a team spirit, is a new beginning for Aluminum Business Unit. As of January 2017 all machinery and equipments of the old facility have been moved to the new plant and customer approvals have been taken during this process. The absence of any serious quality problems, shipment failures and business accidents should be evaluated as indicators of how well the process is managed.

In 2017, 8,400 tonnes of sales, 43 MEUR turnover and a growth of 7% compared to the previous year was achieved. On the other hand, profitability increased by 40% compared to same period. This increase is due to improvements in energy, labor and on-site transport, as well as the return on projects that have recently implemented.

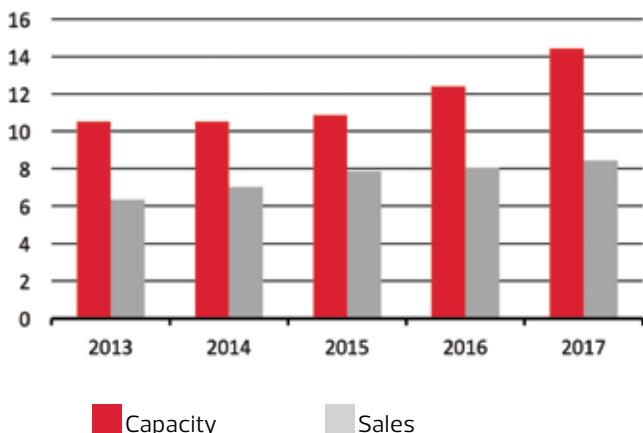
### **Componenta Dökümcülük Tic. ve San. A.Ş. Net Sales and Operating Profit, MTL**



### **Orhangazi Iron Foundry Capacity & Sales 1,000 tons**



## Manisa Aluminium Die Casting Capacity & Sales 1,000 tons

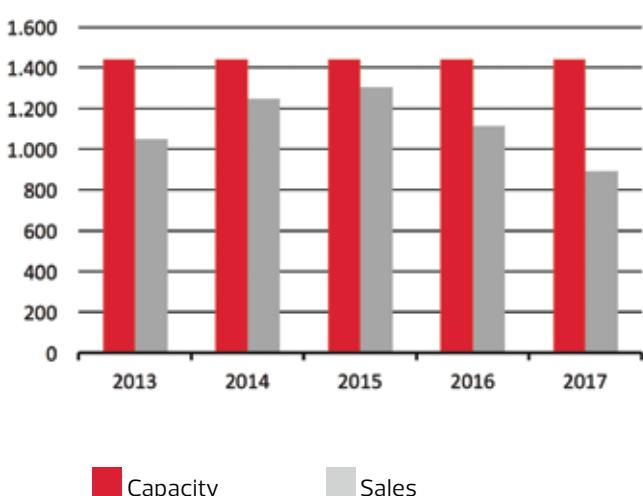


The capacity utilization, which is not in the desired level yet, will rise to a higher rate in coming years with the new projects to be gained in new facility. We aim to grow in complex parts using the advantage of our technical capacity especially in 2000 tons and 3200 tons benches. We also observe that there is a potential market in low-pressure casting, parts used in electric vehicles and parts of trucks. While we accelerate our sales activities in these areas, we will also continue to strengthen our engineering capabilities and our staff.

While increasing our machined parts ratio we aim to improve our automation system to provide advantages both in quality and cost reduction areas.

The main characteristics of our company are; leading the industry in every aspect, desiring to use new technologies first in casting sector and becoming a strong and reliable business partner for our customers. For Aluminum Business Unit 2018 will be a year in which these features are more emphasized and the positive results are felt by all shareholders.

## Manisa Wheels Capacity & Sales 1,000 units



## Manisa Aluminium Wheels

2017 has been a year for the Wheels Business Unit to prove that it's a team that can maintain success even under difficult conditions.

In the first quarter, which had started with heavy financial pressures, we had to work intermittently due to our aftermarket production. Cost reduction efforts to turn this into an opportunity gave positive results and reached the target values with the contribution of the recovery trend that continued until the end of the year.

Despite the decrease in orders by the end of the year, the results are quite satisfactory. Although in 2017 we have achieved a turnover of 37,6 MEUR with 891,115 units of net sales and our profitability have been moved to a higher level compared to previous years. The solidarity of our employees, our flexible manufacturing system and the support of our customers we have worked with for years have contributed to this achievement.

Over the last few months, fluctuations in the export customers orders have shown the importance of re-observing our domestic portfolio. In the coming periods, we will increase our efficiency in the domestic market with our own brands and we will brought our capacity utilization rate back to its previous levels accordingly.

2017 has contributed significantly to achieving the targeted results by increasing our operational efficiency. We will eagerly continue our efforts in the coming periods to become a competitive and reputable manufacturer of high and desirable wheels both at domestic and export markets.

## Our Mission in 2018

In 2018 we aim to be a reliable business partner that creates innovative solutions and opportunities on the world scale by continuing our improvement projects under a strong brand. I would like to express my sincere thanks to our shareholders and employees due to their outstanding contribution and support and also my gratitude to our customers due to their confidence in us, during the year of 2017.

**Sabri ÖZDOĞAN**  
Managing Director



# Customer Segments



Customers are manufacturers of tractors, forestry machines, combine harvesters. Componenta supplies various components for engines, power transmissions, drives and chassis. Customers in agriculture segment are TTF, Case New Holland, Tümosan, AGCO Group, Claas, Gima, Raba Axle and Alçelik.



For the heavy truck industry Componenta manufactures ready-to-install components used in the chassis, engine, axles, transmissions and brakes. The company offers customers all parts of the supply chain from product engineering and manufacturing to surface treatment/painting and preassembly. Customers in heavy trucks segment include Iveco, Ford Otosan, Daimler, MAN, Scania, Volvo and Mercedes Benz Türk.



The Group supplies automotive industry including manufacturers of passenger cars and light vehicles with a wide range of different iron and aluminium cast components and aluminium wheels. Manisa Wheels manufactures wheels under the trademarks DJ Wheels and MAXX Wheels supplying them to after market. Customers in automotive segment include Tofaş, Gruner, ThyssenKrupp, Ford Otosan, Ford of Europe, Renault, Paksan, PSA, ATU, Borbet, OZ, R.O.D Wheels.



Customers in the construction & mining industry include manufacturers of forklifts, combine harvesters, excavators, back-hoe loaders and dumpers to whom Componenta supplies various components for engines, power transmissions and chassis. Customers in construction and mining segment include Caterpillar, JCB, Volvo Construction Equipment (VCE) and Carraro Drive Tech.



For the machine building industry the Group manufactures various machine and equipment parts such as rope and travel wheels, housings and castings, gearwheels and frames. The components supplied are often of strategic importance to customers, such as parts used in elevators and robots, various crane and hoist components, and demanding cast products for pumps, stone crushers and hydraulic motors. Customers in machine building segment include ABB, Cummins, Kone, Atlas Copco, Ingersoll Rand and ZF Friedrichshafen AG.

# Human Resources



By the end of 2017 the number of personnel employed in Componenta UK, one of our affiliates, is 7 persons (2016: 7 persons).

Our company is a member of MESS as an employer union and the blue-collar employees of our company are members of the Turkish Metal Union. In January 2018, a collective labour agreement was signed between MESS and the Turkish Metal Union for the period of 01.09.2017–31.08.2019.

	2017	2016	2015	2014	2013
Blue collar	1,419	1,333	1,424	1,439	1,534
White collar	169	184	228	211	203
Leased	41	72	96	119	112
Orhangazi Total	1,629	1,589	1,748	1,769	1,849
Blue collar	778	768	827	750	715
White collar	73	71	71	66	68
Leased	41	34	14	16	17
Manisa Total	892	873	912	832	800
Total Turkey	2,521	2,462	2,660	2,601	2,649

# Board of Directors



**Tezcan YARAMANCI**  
Chairman of Board



**Harri SUUTARI**  
Deputy Chairmen



**Markku HONKASALO**  
Member of Board



**Altan EDİS**  
Independent Member of Board



**Akşit ÖZKURAL**  
Independent Member of Board

# Executives



**Sabri ÖZDOĞAN**  
Managing Director



**Sibel BİNİÇİ**  
CFO



**Yusuf ÇAMUR**  
Director, Orhangazi Business Unit



**İbrahim KEYİF**  
Director, Orhangazi  
Maintenance& Investments



**Güngör ÇETİN**  
Director, Aluminium  
Casting Business Unit



**Önder SÖNMEZ**  
Director, Aluminium  
Wheels Business Unit



**Uğur DEMİRCİ**  
Director, Orhangazi Business Affairs

## **AGENDA OF THE 45th ORDINARY GENERAL ASSEMBLY OF COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ ANONİM ŞİRKETİ TO BE CONVENED ON 10 APRIL 2018**

1. Opening and appointment of meeting president,
2. Reading and discussing the Board of Directors' and auditors reports and annual report regarding the activities and accounts of the Company for the years 2016 and 2017, accepting, amending or rejecting the Board of Director's suggestion regarding Balance Sheet and Income Statement and annual report for the years 2016 and 2017,
3. Release of each members of the Board of Directors regarding their activities for the years 2016 and 2017,
4. Approving, amending or rejecting Board of Director's proposal related to distribution of 2016 and 2017 profit and the distribution date,
5. Determining the number and office term of the members of the Board of Directors, appointing the members of the Board of Directors, determining the independent members of the board of directors,
6. Determining the monthly gross salaries of members and the independent members of the Board of Directors,
7. Approving the selection by the Board of Directors of the independent audit company based on the suggestion of the Audit Committee pursuant to the Communiqué regarding the Independent Audit Standards in Capital Markets published by the Capital Markets Board,
8. Approving for the amendment of article of association for The Article 6 titled 'Registered and Issued Share Capital' and Article 8 titled "Board of Directors regarding to permission from Capital Markets Board and the Ministry of Customs and Trade,
9. Release of shareholders who hold management control, board members, executive managers and their spouse and relatives up to second degree for engaging in transactions or competing with the Company or its subsidiaries which will result in conflict of interest pursuant to article 395 and 396 of the Turkish Commercial Code and the corporate governance principles published by the Capital Markets Board; informing the General Assembly regarding such transactions which were carried out within the year,
10. Informing the General Assembly regarding the related party transactions which were carried out in 2016 and 2017 in accordance with the Capital Markets Board's regulations,
11. Informing the shareholders regarding income and benefits from and the security, pledge and mortgages which have been established in favour of third parties in accordance with the Capital Markets Board's regulations,
12. Authorizing the Board of Directors for advance distribution of profit in 2018 in accordance with the Capital Markets Law,
13. Informing the General Assembly regarding the donations and benefits provided to the charities and organizations by the Company for social support purposes within the year 2016 and 2017,
14. Authorization of the meeting presidency to sign the meeting minutes,
15. Wishes and closing.

# Corporate Governance Principles Compliance Report

## 1. Report for Compliance with Corporate Governance Principles

Pursuant to the Communiqué dated 30 December 2011 and Serial: IV, No: 56 Regarding the Determination and Application of Corporate Governance Principles (the "Communiqué"), the companies listed on Borsa İstanbul A.Ş. ("BİST") are obliged to comply with some of the principles set forth in the Annex of the Communiqué. Finally, Corporate Governance Legislation (II-17.1) has been entered to force dated 3 January 2014 by Official Gazette No:28871.

Componenta Dökümcülük Tic. ve San. A.Ş. ("the Company") always efforts to comply with the Capital Markets Board ("CMB") Corporate Governance Principles. The Company has adopted the principles of equality, transparency, accountability and responsibility of the Corporate Governance Principles published by CMB. The "Corporate Governance Principles" as stipulated by the Capital Markets Board are also observed by the Company and these universal principles are implemented by Componenta Dökümcülük Tic. ve San. A.Ş.

### PART I

#### SHAREHOLDERS

## 2. Investor Relations

Relations with the shareholders at Componenta Dökümcülük Ticaret ve Sanayi A.Ş. are carried out by the responsible unit established under the Treasury department. Investor Relations department in charge and responsible contact information is given below:

**Sibel BİNİÇİ** Mali İşler Direktörü  
(sibel.binici@componenta.com /02245734263-107)

The activities of Investor Relations are as follows:

- Promotion of the company to the individual and corporate investors; and informing the potential investors and shareholders.
- Responding information requests of the undergraduate, graduate students the lecturers of the universities making researches on our company and the sector.
- Holding the general assembly meeting of the company, preparing of the documents that may be useful for shareholders and submitting the minutes to the demanding persons.
- Informing our shareholders.
- Submitting Material Disclosures to Public in accordance with the communiqué of Capital Markets Board Series II-15.1.
- Making preparation for meeting prior to General Assembly, preparing the respective documentation and obtaining the preliminary permits for amendment of the articles of association and presenting the same to General Assembly for approval.
- Following up the amendments in the legislation concerning the Capital Market Law and informing the respective units of the company about such amendments.

### **3. Exercise of Shareholders Right to Obtain Information**

All shareholders are treated equally under Componenta Dökümcülük Ticaret ve Sanayi A.Ş. in exercise of right to obtain and review information.

To expand the rights of the shareholders to obtain information, all information that may affect the exercise of the rights is presented to the shareholders in electronic medium in updated form. During the period, only a few calls were received from the shareholders for demanding information. Such demands are in general related to attendance in the general meeting, distribution of free shares, according with law no 6111 quotation of shares, dividend payments and the withholding tax payments.

All questions asked were answered in writing or verbally. The notices and material explanations are sent from our company to the Istanbul Stock Exchange using electronic signature as well. Also, an important step was taken to monitor the shares by completion of the membership procedures for Central Registration Agency that was established to monitor the capital market instruments. The company's website ([www.componenta.com](http://www.componenta.com)) contains most of the following information along with the financial statements:

- Articles of association and the company's policies
- All declarations regarding to General Assembly Meeting
- Material disclosures
- Shareholding structure of the company
- Information on members of the Board of Directors and senior management of the company
- Financial announcements and calendar
- Financial statements and annual reports
- Information society services

Request for the appointment of a special auditor does not exist in our Articles of Association as an individual right. No request has been received from our shareholders in this regard. For 2016 it has been decided and voted in General Assembly Meeting that KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. will be our company's Independent Audit Firm.

### **4. General Assembly Meeting**

During 2017, our company did not hold a General Assembly. A meeting will be held during April 2018 in which 2016 and 2017 fiscal years will be discussed together.

Invitations to the General Assembly meeting are made by the Board of Directors as per the provisions of Turkish Commercial Code, Capital Market Law and company's articles of association. Public is informed by notifying the Istanbul Stock Exchange, Public Disclosure Platform and Central Registry Agency immediately after the Board of Directors' decision to hold the General Shareholders' Meeting. Also the venue, agenda of the General Assembly meeting, amendment drafts for the articles of association and proxy forms are published via all kinds of communication tools including electronic communication and announcements made on the Turkish Trade Registry Gazette and newspapers published in the area where the company headquarters is located at least three weeks prior to the General Assembly. This announcement states where the financial statements for the period that have undergone independent audit may be examined.

In addition, the information specified in the mandatory Corporate Governance Principles is being placed on the website of the company along with the general assembly meeting announcement and other notifications and declarations to be made in accordance with the relevant legislation.

A shareholder can take the floor in the General Assembly, voice his views about the company activities, provide questions to the company management to demand information and his question is answered. Our General Assembly is held under the supervision of a Government Commissioner from the Ministry of Industry and Commerce. The suggestions put forward by the shareholders of the company holding control interest were taken into consideration in 2015 General Assembly. The minutes of the General Assembly are available in our website. In addition, these minutes are made available to the shareholders for examination purposes at the headquarters of the company. In accordance with provisions of the Regulation on Electronic General Assembly Meetings of Joint Stock Companies published on the Official Gazette dated 28 August 2012 and numbered 28395 and entered into force on 1 October 2012 as per article 1527 of the Turkish Commercial Code numbered 6102, necessary actions in relation to attendance of shareholders to general assembly meetings through electronic means, declaration of opinions, raising propositions and casting votes are provided through the electronic general assembly system provided by the Central Registry Agency.

## **5. Voting Rights and Minority Rights**

No privilege is prescribed in our articles of association for exercise of the voting rights in our company. There is no legal entity which is one of our affiliates among the shareholders. Also, shareholders may be represented at General Meetings by proxies given either to other shareholders or to those who are not shareholders.

## **6. Profit Distribution Policy and Profit Distribution Timing**

In respect of profit distribution policy, a balanced and consistent policy between the interests of the shareholders and company are followed in accordance with the Corporate Governance Principles. As per financial report results in accordance with the CMB for 2016 Fiscal year, profit(loss) before tax is amounting to TRY (44.833.081,00) (Legal: TRY 56.683.428,66). Accordingly, during 2017 there has not been any dividend distribution for 2016.

## **7. Transfer of Shares**

There are no provisions in the Articles of Association imposing any obstacle for transfer of the shares by the shareholders and restricting the share transfer.

In 2016 our company issued 40 material disclosures other than usual announcements. Since the company is not listed in any foreign stock exchange it is not required to issue any Material Disclosures other than those required by the Capital Market Board and Istanbul Stock Exchange. Since the Material Disclosures are made within the period prescribed by the Law, no sanction was imposed by the Capital Markets Board.

## **9. Website of the Company and its Contents**

Our company's website is [www.componenta.com.tr](http://www.componenta.com.tr). Company uses its corporate website actively to communicate more effectively and rapidly with its shareholders in accordance with CMB's Principles. The information posted at website is being updated regularly. The information posted at the company's website is the same as and/or consistent with the material event disclosures made in accordance with the applicable laws. They are complete and do not contain any contradictory information.

## **10. Annual Report**

The Company's Board of Directors prepares the annual report to the public majorly to have access to complete and accurate information on the Company's activities in accordance with related regulation and Corporate Governance Principles.

## **PART II**

### **PUBLIC DISCLOSURE AND TRANSPARENCY**

## **8. Company Disclosure Policy**

In line with the public disclosure and transparency principle, our company aims to present the respective parties correct, complete, comprehensible, analysable, cost-effectively and easily accessible information. It is ensured that all information that may be demanded is evaluated, if such information is not a commercial secret. Material Disclosure is currently made in writing and with electronic signature via Public Disclosure Platform using BIY. The said disclosures are promptly and comprehensively issued to the public within the period set out by the legislation.

## **PART III**

### **STAKEHOLDERS**

## **11. Disclosure to Stakeholders**

Stakeholders are informed of issues that may concern them by means of invitations to the meetings or via telecommunication tools, as required. Our relations with our employees under Collective Bargaining are carried out through union representatives. Our company is a member of MESS as an employer union and the blue-collar employees of our company are members of the Turkish Metal Union. In January 2018, a collective labour agreement was signed between MESS and the Turkish Metal Union for the period of 01.09.2017-31.08.2019.

## **12. Stakeholders' Participation to the Company Management**

The activities carried out for Stakeholders' participation in the management: the opinion and consent of the workers' trade union are taken and the decisions are made collaboratively for any changes in the practices related to working conditions, environment and the benefits offered to the employees.

## **13. Human Resources Policy**

Within the scope of the human resources policy of our company the criteria related to personnel recruitment and promotion mechanism are defined in writing. Our purpose in terms of human resources is based on the following principles;

- The right person for the right job
- Equal pay for the equal job
- Merit associated with success
- Equal opportunity for everyone

to constantly improve human resources competences and to retain our permanent superiority in the global competition environment. Functioning of the human resources systems determined for this purpose is defined with procedures and is notified to all employees

The satisfaction of the employees is measured by "Employees Satisfaction Survey" which is conducted every year and the areas of improvement are determined for corrective actions. No other representative than trade union workplace representatives are assigned. No other representative than trade union workplace representatives are assigned as per Collective Contract has been appointed to carry out the relations with the employees. This function is essentially carried out by the Human Resources Department. No specific complaint has been received from the employees about discrimination.

## **14. Ethic Rules and Social Responsibility**

Activities are regulated according to the corporate social responsibility and influence on the community within the framework of area where our plant is located and the overall social works aimed at the public. In

this context information, as to our activities carried out during the period are available in our website.

Our company values are "institutionalism, transparency and sustainability" and all values are determined and implemented accordingly:

- In all our activities, we act in accordance with ethical rules, legal and corporate governance principles, become respectful to the environment, occupational health and safety principles.
- We communicate transparently, openly and trustfully with all our stakeholders.
- We provide continuity in all our processes, considering the effects of what we do and how we collect.

## **PART IV**

### **BOARD OF DIRECTORS**

## **15. Structure and Formation of the Board of Directors**

The majority of the Board members will comprise of non-executive members, most of whom will be independent members who have the ability to act solely at their own discretion. The number and qualifications of the independent members will be determined based on the corporate governance regulations published by the Capital Markets Board. Principles as specified under such regulations will be applicable to the appointment of the independent board members. Following the General Assembly meetings at which members of Board of Directors are elected, the Chairman and Vice Chairman are appointed by way of taking resolution on the division of duties. If any seat in the Board is vacated within the year provisions of article 315 of Turkish Commercial Code shall apply.

As per articles 395 and 396 of the Turkish Commercial Code the approval of the General Meeting is sought for the Chairman and the members of the Board of Directors to perform any business within scope of activities of the Company in person, or on the account of others and to become shareholders in companies dealing with such business. Also, CV's of the Board members can be seen in company's website.

## **Board of Directors :**

Tezcan YARAMANCI	: Board of Directors Chairman
Harri SUUTARI	: Board of Directors Deputy Chairman
Markku HONKASALO	: Board of Directors Member
Altan EDIS	: Board of Directors Member (Independent)
Akşit ÖZKURAL	: Board of Directors Member (Independent)

## **16. Fundamentals of Activities of the Board of Directors**

The agenda of the meetings of Board of Directors is determined by notification of the matters which have been made subject to the decision of the Board of Directors by the Company's Articles of Association to the senior management and Board of Directors members by the concerned departments. If any one of the members of the Board of Directors notifies Company Senior Management about a decision that must be taken about a certain matter, the agenda of the meeting is drawn up accordingly. Matters that are required to be discussed at the Company's Board of Directors meeting are collected at the Assistant General Director's Office, which consolidates and places them on the agenda.

The Treasury Department of Componenta Dökümcülük Ticaret ve Sanayi A.Ş. has been assigned for determining the agenda of the meetings of the Board of Directors of Componenta Dökümcülük Ticaret ve Sanayi A.Ş., preparing Board decisions within the scope of the provisions of article 390/4 of Turkish Code of Commerce. The Board of Directors as far as business dictates and in any case passes resolutions by virtue of the minimum quorum set forth by the Company's articles of association.

The Company will comply with Capital Markets Board's Corporate Governance Principles regarding transactions which are important for the application of the Corporate Governance Principles and related party transactions of the company and transactions concerning the establishment of security, pledge and mortgage for third parties. The authorities and responsibilities of the members of the Board of Directors have been clearly defined in the Company's Articles of Association.

The authorities have been clearly specified in the signature circular of the company. Any different opinions and reasons for counter vote as explained in the Board of Directors are incorporated in the resolution minutes. Since no opposition or difference of opinion has been declared recently, no public announcement has been made in this regard.

## **17. Number, Structure and Independence of the Committees established under the Board**

Board of Directors governs and represents the Company by taking strategic decisions, maintaining an optimal balance between risk, growth and return, pursuing a rational and prudent risk management approach and giving priority to the prudent risk management approach and giving priority to the Company's long term plans. The Board of Directors determines the human capital and financial resources the Company will need considering its strategic objectives and oversees the management's performance. The Board of Directors is responsible for overseeing the compliance of the Company's activities with laws and regulations, the Articles of Association, Company's internal regulations and policies.

The constitution and election of the Board of Directors are conducted in compliance with the Corporate Governance Principles and the principles governing this process are stipulated in the Company's Articles of Association. As set forth in the Company's Articles of Association, one-third of the Board of Directors is made up of independent members as defined in the Corporate Governance Principles. The details of the Board Committee are presented below as per the Company's Articles of Association. In compliance with the Corporate Governance Principles majority of the Members of the Board of Directors are non-executive members.

### **Corporate Governance Committee**

Corporate Governance Committee controls whether Corporate Principles are applied appropriately and if not this committee seeks the reasons behind and provides helpful advices to Board of Directors and reviews studies of Investor Relations department in detail (Committee had 3 meetings during 2017).

### **Early Detection of Risk Committee**

Risk Committee is responsible to take necessary precautions to prevent Company's failure and reviews going concern - sustainability of the firm, also this committee controls risk system once in a year (Committee had 6 meetings during 2017).

### **Audit Committee**

Controlling and checking of internal audit activities for healthy functioning, making regulations for internal independent audit, examination of auditor's report and selection of audit company are main responsibilities of Audit Committee (Committee had 5 meetings during 2017).

### **Audit Committee**

Muammer Akşit ÖZKURAL  
Altan EDİS

### **Early Detection of Risk Committee**

Muammer Akşit ÖZKURAL  
Altan EDİS

### **Corporate Governance Committee**

Altan EDİS  
Muammer Akşit ÖZKURAL  
Harri Yrjö Kalevi SUUTARI

## **18. Risk Management and Internal Control Mechanism**

The Company's Board of Directors carries out its activities in a transparent, accountable, fair and responsible manner. The Board of Directors establishes an internal control and risk management mechanisms that are appropriate for the Company to be able to minimize adverse effects of the Company's risks, which would also negatively affect the shareholders and stakeholders, with the opinions of relevant committees in establishing these mechanisms.

## **19. Strategic Goals of Company**

The Board of Directors of Componenta Dökümcülük Ticaret ve Sanayi A.Ş. keeps the risk, growth and return equilibrium of the Company at an optimum level through the strategic decisions taken and manages and represents the Company by primarily looking after the Company's long-term interests with a smart and cautious risk management approach. The Board of Directors determines the strategic targets of the Company, identifies the needed human and financial resources and audits the performance of management.

## **20. Financial Rights Offered to the Board of Directors**

No other benefits are offered to the Chairman and members of the Board of Directors except for the remuneration set by the General Assembly. Mandatory Corporate Governance Principles set forth by the Capital Markets Board will be applicable for remuneration to be paid. There is no application for the Board of Directors based on performance or rewarding. As of 31 December 2017; Amount of TRY 5.222.856 was provided to Board of Directors and Management.

# Statement of Responsibility

BOARD OF DIRECTORS RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS

RESOLUTION DATE: March 12, 2018

RESOLUTION NUMBER: 2018/10

STATEMENT OF RESPONSIBILITY PURSUANT TO CAPITAL MARKETS BOARD FINANCIAL REPORTING COMMUNIQUE (II-14.1), SECTION 2 ARTICLE 9

Approved by the Board of Directors and the Audit Committee, independently audited financial statements of our Company for the accounting period of January – December 2017, prepared pursuant to the CMB's Financial Reporting Communique (II-14.1) and in compliance with the Turkish Accounting Standards / Turkish Financial Reporting Standards adopted by the Public Oversight Accounting and Auditing Standards Authority, are attached below. We declare that,

- a) We have examined the consolidated financial statements dated December 31, 2017,
- b) Within the framework of information available in so far as our duties and responsibilities, the financial statements do not contain any misrepresenting of the facts on major issues, or any omissions that may be construed as misleading as of the date of the disclose,
- c) Prepared in accordance with the financial reporting standards in effect, the financial statements provide an accurate view of the assets, liabilities, financial position and profit or loss of the Company including its consolidated participations, and the annual report provides an accurate view of the development and performance of the business and the financial position of the Company including its consolidated participations as well as the principal risks and uncertainties the Company is exposed to.

Respectfully yours,,  
Componenta Dökümçülüklük Ticaret ve Sanayi A.Ş.