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## Turkish Automotive Industry

December, 2007

January 21, 2008

	2006	2007	%	Dec-06	Dec-07	%
Production	987,580	1,099,414	11.3%	84,852	102,347	20.6%
Domestic Factory Sales	288,145	277,101	-3.8%	29,972	37,103	23.8%
Exports	696,688	820,370	17.8%	68,151	73,041	7.2%
CUR	82%	89%		84%	99%	

### Full Capacity at December...

Automotive sector carried out 2007 with total automotive production of 1,099,414 units which blossomed by 11.3% y-o-y. 2007's capacity utilisation ratio (CUR) exhibited a lofty outlook that advanced to 89%, eight percentage point progress compared to 2006's CUR of 81%. **2007 Total Automotive and Pick-Up Production Oscar goes to Ford Otosan with 286,356 and 261,025 units, in turn.**

### Seasonality reverberated in figures...

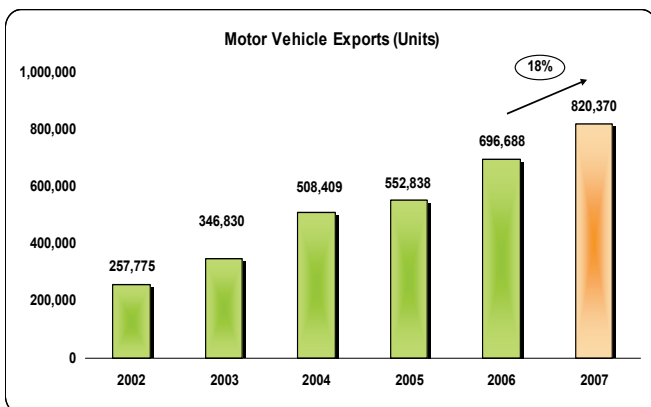
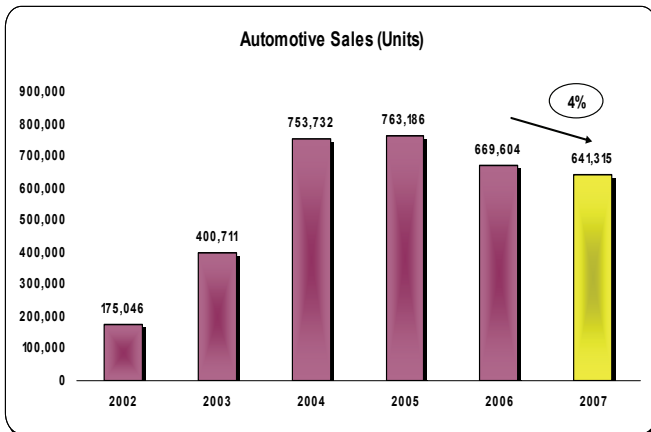
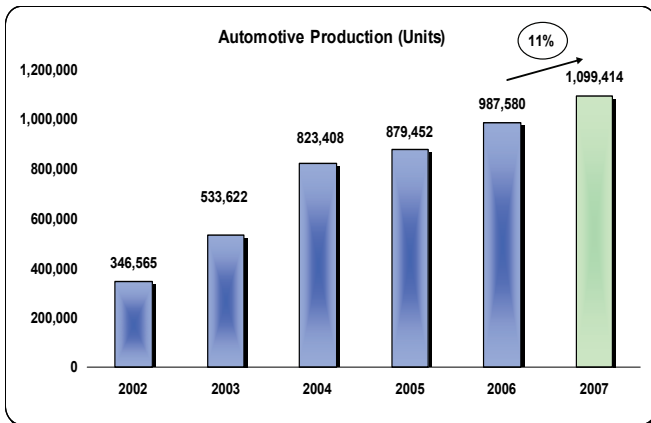
According to Automotive Manufacturer's Association, retail sales in domestic markets bid down by 4.2% in 2007 to 641,315 units from 669,604 in 2006. Especially, the campaigns such as discounts and some other magnificent offers to customers held by companies in December lead locally produced sales to reach 48,616 units with 65.6% increase.

### Domestic factory sales...

Total domestic automotive wholesale fell by 4% to 277,101 in 2007 from 288,145 units in 2006. The only items that posted an increase were passenger car and midibus. As opposed to year over year changes, passenger car showed an astounding performance with 50% y-o-m surge.

### Turkey is proud of its Automotive Sector...

Exportation of the motor vehicles, parts and accessories thereof came up as a leading industry in Turkey's overall exports with 20.1% share. Total exports in 2007, materialized as 820,370 units, exhibiting 18% y-o-y increase. Ford Otosan breasted the tape with 221,741 units of exportation who is excused by Oyak-Renault and Toyota.



## Full Capacity at December...

**Automotive sector carried out 2007 with total automotive production of 1,099,414 units which blossomed by 11.3% y-o-y.** 2007's capacity utilisation ratio (CUR) exhibited a lofty outlook that advanced to 89%, eight percentage point progress compared to 2006's CUR of 81%. All segments and subsegments, except truck, has a contribution to year-end figures. With the highest share of 16.3%, passenger car segment completed 2007 with 634,883 units. Commercial vehicle segment showed meagre growth by 5.1% y-o-y, mainly attributed to the truck cloud over midibus and bus segments' augmentation.

**Month only data presented a marvellous stance where total vehicle production surged by 40.9%** relative to December 2007, materialising as 102,347 units. Passenger car plays a key role by swelling overall production by 23%. Supporting actors in commercial vehicle segment on the other hand, induce total production in December 2007 to rise by 17.9%. In conclusion, above-said developments led us to understand that the sector fulfill its obligation, where the monthly CUR reached 99%.

**2007 Total Automotive and Pick-Up Production Oscar goes to Ford Otosan with 286,356 and 261,025 units, in turn.** Oyak Renault is awarded first honour for manufacturing the furthest passenger car, which became 263,656. Toyota is graded second honour in the same segment with 161,516 units. Tofaş, on the other hand is the top third in total and second in pick-up production by 212,493 and 102,257, respectively.

### Exhibit: 1 Automotive Production in Turkey

(Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%	Nov-07	Oct-07	Nov-Oct %
Passenger Car	204,198	294,116	447,152	453,663	545,682	634,883	16.3%	45,519	55,991	23.0%	68,608	59,463	-18.4%
Commercial Vehicle	142,367	239,506	376,256	425,789	441,898	464,531	5.1%	39,333	46,356	17.9%	49,599	41,547	-6.5%
Minibus	6,139	13,835	28,161	26,162	20,728	21,999	6.1%	2,395	2,804	17.1%	2,556	1,736	9.7%
Midibus	4,377	6,534	9,903	7,109	8,263	9,305	12.6%	595	1,435	141.2%	1,099	971	30.6%
Bus	2,684	4,490	4,839	5,406	6,019	6,946	15.4%	535	683	27.7%	604	521	13.1%
Pick-Up	116,872	195,606	301,563	349,885	369,862	391,737	5.9%	33,318	38,638	16.0%	41,854	35,141	-7.7%
Truck	12,295	19,041	31,790	37,227	37,026	34,544	-6.7%	2,490	2,796	12.3%	3,486	3,178	-19.8%
<b>TOTAL</b>	<b>346,565</b>	<b>533,622</b>	<b>823,408</b>	<b>879,452</b>	<b>987,580</b>	<b>1,099,414</b>	<b>11.3%</b>	<b>84,852</b>	<b>102,347</b>	<b>40.9%</b>	<b>118,207</b>	<b>101,010</b>	<b>-13.4%</b>
<b>CUR (%)</b>	<b>29%</b>	<b>35%</b>	<b>52%</b>	<b>73%</b>	<b>81%</b>	<b>89%</b>		<b>84%</b>	<b>99%</b>				

Source: Automotive Manufacturers Association (OSD), TSKB Research

### Exhibit: 2 Automotive Production by manufacturer (12M07)

	P.Car	Minibus	Midibus	Bus	Pick Up	Truck	Total
Ford Otosan	0	18,897	0	0	261,025	6,434	286,356
Oyak Renault	263,656	0	0	0	0	0	263,656
Tofaş	102,357	0	0	0	110,136	0	212,493
Toyota	161,516	0	0	0	0	0	161,516
Hyundai Assan	83,691	292	0	0	6,207	0	90,190
Honda Turkiye	23,663	0	0	0	0	0	23,663
M.Benz Turk	0	0	0	3,006	0	16,008	19,014
B.M.C	0	965	184	959	2,624	5,637	10,369
Temsa	0	0	1,426	806	3,963	3,133	9,328
Karsan	0	1,550	4,253	0	3,824	93	9,720
A.Isuzu	0	0	1,928	0	2,984	2,930	7,842
Otokar	0	295	1,164	106	969	0	2,534
M.A.N	0	0	0	2,069	0	0	2,069
Otoyol	0	0	350	0	0	235	585
Askam	0	0	0	0	5	74	79
<b>TOTAL</b>	<b>634,883</b>	<b>21,999</b>	<b>9,305</b>	<b>6,946</b>	<b>391,737</b>	<b>34,544</b>	<b>1,099,414</b>

Source: Automotive Producers Association (OSD), TSKB Research

## Seasonality reverberated in figures...

According to Automotive Manufacturer's Association, retail sales in domestic markets bid down by 4.2% in 2007 to 641,315 units from 669,604 in 2006. The slowdown in the sector was ameliorated that 4.2 percentage is the lowest y-o-y decline within the periods of 2007. Imported vehicle sales more de escalated than the locally produced, where former decayed 6.5% and the latter did 1.1%. Within the context of numbers, 359,089 units of retail sales pertains to imported vehicles, whereas 282,226 units belongs to domestically produced ones. The share of imported automotive sales in overall retail sales posted 1.4 percentage point wane to 56% which was 57.4% in 2006.

Evaluating month only data, figures experienced with walloping improvement, particularly in the m-o-m changes. We thought that the effects of the interest rate cuts, appreciated Turkish Lira, campaigns of the automotive companies and lastly the seasonal effects in December were reflected in monthly data that it ascended by 58% to 106,950 which was 67,694 units in November 2007. Especially, the campaigns such as discounts and some other magnificent offers to customers held by companies in December lead locally produced sales to reach 48,616 units with 65.6% increase. Besides the m-o-m figure, retail sales rose by 28.7% y-o-m.

Ford and Volkswagen are the leaders in the sales of the imported passenger car and light commercial vehicle lines respectively with 26,223 and 24,114 units.

Exhibit: 3 Automotive Sales in Turkey (Retail)													
(Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%	Nov-07	Oct-07	Nov-Oct %
Local	91,755	177,487	317,481	325,072	285,430	282,226	-1.1%	38,666	48,616	25.7%	29,352	25,047	65.6%
Import	83,291	223,224	436,251	438,114	384,174	359,089	-6.5%	44,463	58,334	31.2%	38,342	31,690	52.1%
Domestic Sales	175,046	400,711	753,732	763,186	669,604	641,315	-4.2%	83,129	106,950	28.7%	67,694	56,737	58.0%
Imports as % of Total	47.6%	55.7%	57.9%	57.4%	57.4%	56.0%		53.5%	54.5%		56.6%	55.9%	

Source: Automotive Manufacturers Association (OSD), TSKB Research

## Domestic factory sales...

Total domestic automotive wholesale fell by 4% to 277,101 in 2007 from 288,145 units in 2006. The decrease would be more if midibus subsegment had not grown by 30%. Anyhow, the only items that posted an increase were passenger car and midibus. Passenger car segment soared by 5% to 121,181 while commercial vehicles contracted by 10% to 155,920. On the other hand, downturn in truck by 20% negatively affected the commercial vehicle wholesales. In addition to year over year changes, passenger car showed an astounding performance with 50% y-o-m surge, where commercial vehicle segment grew by 10%. Midibus continues to be the engine of growth of commercial vehicles for last three periods.

Oyak Renault, Tofaş and Hyundai were the top three in the passenger car segment in 2007 with 54,896, 28,505 and 16,667 units, respectively. Karsan is the captain of the locomotive segment, Midibus, of December 2007, by selling 2,718 units.

Exhibit: 4 Domestic Automotive Sales (Wholesales Figures)													
(Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
Passenger Car	57,339	115,051	139,679	135,585	115,681	121,181	5%	10,599	15,852	50%	17,203	11,930	-8%
Commercial Vehicle	56,166	103,289	174,270	196,653	172,464	155,920	-10%	19,373	21,251	10%	16,995	13,216	25%
Minibus	4,282	6,992	10,369	10,831	8,530	8,197	-4%	859	1,271	48%	732	694	74%
Midibus	1,834	6,201	7,362	5,180	5,374	7,006	30%	436	1,012	132%	824	678	23%
Bus	444	1,131	1,819	1,736	1,694	1,596	-6%	187	242	29%	179	160	35%
Pick-Up	38,520	70,583	125,611	145,878	124,607	113,332	-9%	14,925	15,970	7%	12,738	9,429	25%
Truck	11,086	18,382	29,109	33,028	32,259	25,789	-20%	2,966	2,756	-7%	2,522	2,247	9%
<b>TOTAL</b>	<b>113,505</b>	<b>218,340</b>	<b>313,949</b>	<b>332,238</b>	<b>288,145</b>	<b>277,101</b>	<b>-4%</b>	<b>29,972</b>	<b>37,103</b>	<b>24%</b>	<b>34,198</b>	<b>25,147</b>	<b>8%</b>

Source: OSD, TSKB Research

## Turkey is proud of Automotive Sector...

Exportation of the motor vehicles, parts and accessories thereof came up as a leading industry in Turkey's overall exports with 20.1% share in 2007.

Total exports in 2007, materialized as 820,370 units, exhibiting 18% y-o-y increase. All segments has a share behind this success, where the truck sub-segment did its best. Passenger cars surged by 17% to 504,353; while commercial vehicle rose by 19% and realized as 316,017 in 2007. The explosion in the exports of truck mainly attributed to tot up in Ford Otosan, BMC and Mercedes Benz's truck exportation by 296%, 173% and 135% y-o-y, in turn.

Passenger car segment exports deteriorated by 3% y-o-m and 10% m-o-m. Besides this, commercial vehicles segment augmented its exports by 27% y-o-m. Truck again presented the most hike in evaluating y-o-m data.

Ford Otosan breasted the tape with 221,741 units of exportation who is excused by Oyak-Renault and Toyota with 204,428 and 154,386 units, respectively. Within the context of percentage changes, Karsan is leader as it did the month before with 314% followed by Mercedes Benz Turk with 123%.

**Exhibit: 5 Motor Vehicle Export Figures**

(Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
<b>Passenger Car</b>	<b>169,920</b>	<b>213,587</b>	<b>305,072</b>	<b>319,825</b>	<b>430,420</b>	<b>504,353</b>	<b>17%</b>	<b>45,411</b>	<b>44,173</b>	<b>-3%</b>	<b>49,289</b>	<b>47,547</b>	<b>-10%</b>
<b>Commercial Vehicle</b>	<b>87,855</b>	<b>133,243</b>	<b>203,337</b>	<b>233,013</b>	<b>266,268</b>	<b>316,017</b>	<b>19%</b>	<b>22,740</b>	<b>28,868</b>	<b>27%</b>	<b>30,871</b>	<b>28,266</b>	<b>-6%</b>
<i>Minibus</i>	630	4,200	5,138	3,720	1,809	2,695	49%	230	129	-44%	176	361	-27%
<i>Midibus</i>	2,738	1,507	1,953	1,935	2,168	2,987	38%	427	774	81%	180	253	330%
<i>Bus</i>	2,285	3,096	2,956	3,830	4,125	5,352	30%	335	505	51%	513	334	-2%
<i>Pick-Up</i>	80,354	122,814	190,780	218,467	254,159	295,585	16%	21,478	26,592	24%	28,811	26,458	-8%
<i>Truck</i>	1,848	1,626	2,510	5,061	4,007	9,398	135%	270	868	221%	1,191	860	-27%
<b>TOTAL</b>	<b>257,775</b>	<b>346,830</b>	<b>508,409</b>	<b>552,838</b>	<b>696,688</b>	<b>820,370</b>	<b>18%</b>	<b>68,151</b>	<b>73,041</b>	<b>7%</b>	<b>80,160</b>	<b>75,813</b>	<b>-9%</b>

Source: OSD, TSKB Research

During the prime of the subprime crisis, back 6 months ago, I had mentioned the fact that the American business cycle had changed. The American business cycle has changed since 1984, when a *structural break* occurred. The amplitude, the steepness and business cycle asymmetry properties have undergone a structural shift. The cycle is now smoother. Contractions are much shorter. The decline in employment volatility has mainly been so thanks to the consumer durables manufacturing sector. I referred to some stylized business cycle facts last summer since claiming or declaring a recession does not exhaust its consequences. You ought to be able to specify its characteristics also. **Eight of the ten recessions were preceded by sustained and substantial problems in housing, and there was a more minor problem in housing prior to the 2001 recession. The one clear exception was the 1953 recession, which commenced without problems from housing. It is true that residential investment contributes a small fraction to total growth (recently, 4.2% of the total: 0.13 out of 3.10). But it is also true that it contributes a lot to its variance, i.e. to the cycle.**

Hence, the turn of the tide was already visible even in the last hot summer, but whether recession or not was unclear yet. Furthermore, how deep the recession could go was also left unspecified. In September, we conjectured that the parameter space characterising the current cycle through could become clear by Q1 2008. We were possibly right. **Now talk about the necessity of a fiscal stimulus has become widespread. The view that rate cuts or liquidity injections would do is in the process of being discarded. The outlook suggests the problem is simply too big to be addressed to with a single policy tool. So whatever economic policy there is ought to be used in tandem.**

In fact, the problem can indeed be too big. Furthermore, since the business cycle dating committee discloses recession dates with a considerable lag, the U.S. economy can in fact be already in recession. Be this as it may, the important point to make is those who live the incident real time also tend to think something is in the making real soon. **Hence, the turning point of the cycle may be around the corner.** Big names such as Larry Summers –first on December 19 at the Brookings (The State of the U.S. Economy”), then in the columns of FT (“Why America Must Have a Fiscal Stimulus?”, *Financial Times*, January 6, 2008); Carmen Reinhart and Ken Rogoff (“Is the 2007 U.S. Sub-Prime Crisis So Different? An International Historical Comparison”, January 14, 2008) are rather pessimistic. Summers did not speak lightly in December, but in January after the latest data, he raised the tone. Now the need for a fiscal stimulus is advocated by him and by his former PhD student Doug Elmendorf openly. Reinhart and Rogoff claim a long lasting bull market, a steep rise in housing prices, an inverted v shaped growth curve, high trade deficit point to a recession as leading indicators. Fiscal deficit was also a big concern until early 2004, but nobody talks of it now. It fell down relative to GDP. Technically, the Reinhart & Rogoff article –to appear in *American Economic Review*- is quite simple. *There are only graphs or correlations. However, four out of five leading indicators suggest a steep and deep downturn, deeper than what developed economies have experienced in the last five major crises.* What are the indicators? Real housing prices index, real stock prices index, current account/GDP, real growth rate per capita, and public debt/GDP. Asset prices, growth, public debt and trade deficit all suggest the U.S. economy is hitting a recessionary wall hard. Since GDP and GDP components’ volatility is lower, we may see a smoother business through and be back to normal within a short span of time. **Nevertheless, this may not happen and a prolonged and deep recession we may endure.** This alternative does not necessarily command a bear market, but equities will fall drastically nonetheless. In the Reinhart & Rogoff inventory, major crises in the developed world marked a 2 percentage points GDP drop and it took 2 years to be back to trend. In the most severe cases, GDP loss rose up to 5 percentage points, and it took 3 years to be back. Should this dismal prediction prove true, Greenspan would be written in history not as a successful Fed governor, but as one of the worst ever.

Reinhart & Rogoff reports many a graph. I reproduce two of them here: real equity prices (S&P500) resembles the case Ray Fair depicted in an interesting study (Ray C. Fair, “Testing for a New Economy in the 1990s”, mimeo, Yale University, 2002). What it says is this: either the rise was genuine or it was induced by Fed actions and it was therefore largely a bubble. If it is a bubble, it will fall from the highest level in the recession chronology and fall big time. **If this is so, WACC or CoE calculations equities command now, especially in the emerging world, betray a built-in value enhancer and are therefore misleading relative to risk.**

What about the fiscal stimulus? How would it work? B Douglas W. Elmendorf and Jason (*If, When, How: a Primer on Fiscal Stimulus*, The Hamilton Project, January 2008) think timing,

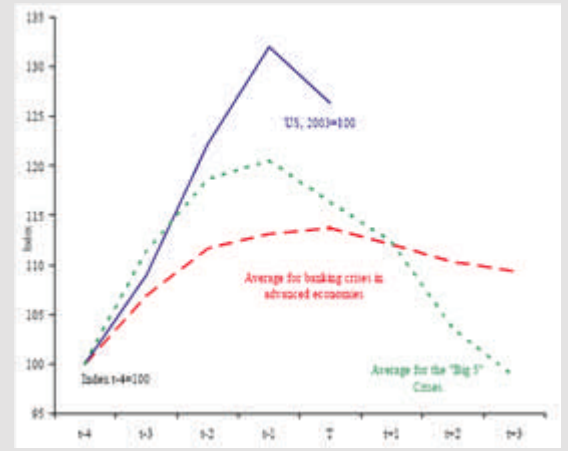
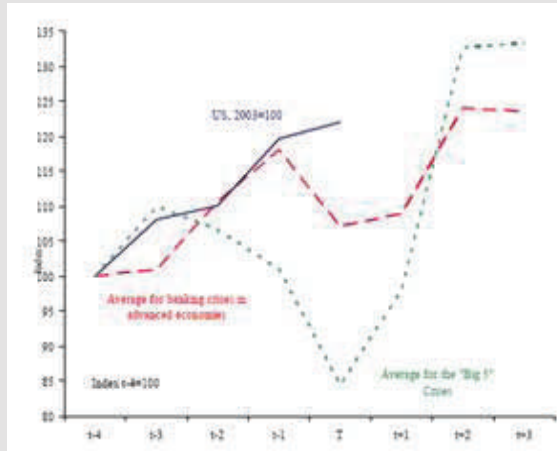
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targeting and temporariness are virtues for a fiscal stimulus. We shall see.

Clearly, Turkey's growth has ben decelerating also recently, and since **decoupling** is nonsense, we may see yet another weak growth year in 2008 as the world economy re-equilibrates. Furthermore, Turkey has no room left for a fiscal stimulus, that opportunity being already lost in the political mayhem of 2007 prior to elections.



**Exhibit: 6 Breakdown of Exports by Local Manufacturer - Summary**

Export	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
Ford Otosan	30,637	74,871	139,233	162,675	184,606	221,741	20%	16,426	16,719	2%	20,676	20,534	-19%
Oyak-Renault	87,086	97,794	130,903	123,162	177,411	204,428	15%	18,241	18,837	3%	20,814	18,296	-9%
Toyota	33,087	61,134	118,629	144,058	160,479	154,386	-4%	16,799	11,615	-31%	14,752	14,537	-21%
Tofaş	86,823	82,594	82,475	88,020	123,061	146,177	19%	11,106	17,078	54%	15,022	13,927	14%
Hyundai	5,892	17,984	23,370	20,322	34,511	69,224	101%	4,231	5,265	24%	6,451	6,710	-18%
Mercedes-Benz Turk	1,757	2,283	2,377	5,045	3,903	8,708	123%	249	811	226%	932	626	-13%
Honda Türkiye	2,033	5,875	5,910	2,992	5,692	7,732	36%	386	1,512	292%	933	674	62%
MAN Türkiye	762	982	1,047	1,349	1,874	1,699	-9%	103	183	78%	182	87	1%
BMC	301	464	882	1,146	712	1,524	114%	64	106	66%	130	94	-18%
Otokar	592	375	497	1,099	1,276	1,115	-13%	47	93	98%	74	14	26%
Temsa	500	516	664	970	1,106	1,151	4%	114	145	27%	68	91	113%
Karsan	5,936	385	513	366	394	1,632	314%	156	550	253%	100	200	-
A. Isuzu	783	598	1,074	767	711	750	5%	56	125	-	25	21	400%
Otoyol	1,457	939	800	851	925	103	-89%	171	2	-99%	1	2	-
Askam	129	36	35	16	27	0	-100%	2	0	-	0	0	-
<b>Grand Total</b>	<b>257,775</b>	<b>346,830</b>	<b>508,409</b>	<b>552,838</b>	<b>696,688</b>	<b>820,370</b>	<b>18%</b>	<b>68,151</b>	<b>73,041</b>	<b>7%</b>	<b>80,160</b>	<b>75,813</b>	<b>-9%</b>

**Exhibit: 7 Breakdown of Domestic Sales by Local Manufacturer - Summary**

	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	% Chg	Nov-07	Oct-07	Nov-Oct %
Tofaş	22,773	34,981	64,278	73,140	55,806	63,296	13%	6,701	9,198	37%	7,388	6,419	24%
Toyota	5,306	7,913	16,623	15,170	16,270	5,533	-66%	637	517	-19%	665	333	-22%
Oyak-Renault	34,807	77,334	63,863	57,056	50,817	54,896	8%	4,915	6,643	35%	8,450	5,559	-21%
Ford Otosan	17,017	41,525	68,280	82,444	71,572	67,703	-5%	8,713	10,702	23%	7,772	5,580	38%
Hyundai	7,085	14,528	34,485	39,236	26,175	22,085	-16%	2,809	2,393	-15%	3,165	1,557	-24%
Mercedes-Benz Turk	3,204	3,851	8,811	9,382	10,795	10,593	-2%	1,012	997	-1%	1,025	982	-3%
MAN Türkiye	1,083	998	785	823	625	353	-44%	134	26	-81%	47	31	-45%
Honda Türkiye	3,381	4,626	9,147	9,056	12,634	15,580	23%	1,568	1,980	26%	1,913	1,643	4%
A. Isuzu	2,658	3,073	4,550	6,150	6,165	7,847	27%	597	965	62%	822	713	17%
Otoyol	2,432	6,311	3,687	3,045	3,134	686	-78%	348	22	-94%	2	3	1000%
Karsan	6,281	7,821	16,490	12,777	11,923	8,376	-30%	484	1,351	179%	1,005	591	34%
Temsa	1,584	2,235	5,555	7,251	7,332	8,223	12%	821	1,000	22%	848	730	18%
BMC	4,778	9,900	12,050	11,731	11,013	9,081	-18%	917	1,015	11%	846	821	20%
Otokar	993	1,906	3,117	2,486	2,402	2,737	14%	205	294	43%	250	176	18%
Askam	123	1,338	2,228	2,491	1,482	112	-92%	111	0	-100%	0	0	-
<b>Grand Total</b>	<b>113,505</b>	<b>218,340</b>	<b>313,949</b>	<b>332,238</b>	<b>288,145</b>	<b>277,101</b>	<b>-4%</b>	<b>29,972</b>	<b>37,103</b>	<b>24%</b>	<b>34,198</b>	<b>25,138</b>	<b>8%</b>

**Exhibit: 8 Breakdown of Domestic Sales and Exports by Local Manufacturer - Summary**

	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	% Chg	Nov-07	Oct-07	Nov-Oct %
Tofaş	109,596	117,575	146,753	161,160	178,867	209,473	17%	17,807	26,276	48%	22,410	20,346	17%
Toyota	38,393	69,047	135,252	159,228	176,749	159,919	-10%	17,436	12,132	-30%	15,417	14,870	-21%
Oyak-Renault	121,893	175,128	194,766	180,218	228,228	259,324	14%	23,156	25,480	10%	29,264	23,855	-13%
Ford Otosan	47,654	116,396	207,513	245,119	256,178	289,444	13%	25,139	27,421	9%	28,448	26,114	-4%
Hyundai	12,977	32,512	57,855	59,558	60,686	91,309	50%	7,040	7,658	9%	9,616	8,267	-20%
Mercedes-Benz Turk	4,961	6,134	11,188	14,427	14,698	19,301	31%	1,261	1,808	43%	1,957	1,608	-8%
MAN Türkiye	1,845	1,980	1,832	2,172	2,499	2,052	-18%	237	209	-12%	229	118	-9%
Honda Türkiye	5,414	10,501	15,057	12,048	18,326	23,312	27%	1,954	3,492	79%	2,846	2,317	23%
A. Isuzu	3,441	3,671	5,624	6,917	6,876	8,597	25%	653	1,090	67%	847	734	29%
Otoyol	3,889	7,250	4,487	3,896	4,059	789	-81%	519	24	-95%	3	5	700%
Karsan	12,217	8,206	17,003	13,143	12,317	10,008	-19%	640	1,901	197%	1,105	791	72%
Temsa	2,084	2,751	6,219	8,221	8,438	9,374	11%	935	1,145	22%	916	821	25%
BMC	5,079	10,364	12,932	12,877	11,725	10,605	-10%	981	1,121	14%	976	915	15%
Otokar	1,585	2,281	3,614	3,585	3,678	3,852	5%	252	387	54%	324	190	19%
Askam	252	1,374	2,263	2,507	1,509	112	-93%	113	0	-100%	0	0	-
<b>Grand Total</b>	<b>371,280</b>	<b>565,170</b>	<b>822,358</b>	<b>885,076</b>	<b>984,833</b>	<b>1,097,471</b>	<b>11%</b>	<b>98,123</b>	<b>110,144</b>	<b>12%</b>	<b>114,358</b>	<b>100,951</b>	<b>-4%</b>

Source: OSD, TSKB Research

**Exhibit: 9 Breakdown of Domestic Sales by Manufacturer**

Passenger Cars (Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
Honda Türkiye	3,381	4,626	9,147	9,056	12,634	15,580	23%	1,568	1,980	26%	1,913	1,643	4%
Hyundai Assan	3,244	6,371	18,897	22,745	15,529	16,667	7%	1,559	2,392	53%	3,165	1,547	-24%
O. Renault	34,807	77,334	63,863	57,056	50,817	54,896	8%	4,915	6,643	35%	8,450	5,559	-21%
Tofaş	10,601	18,807	31,149	31,558	20,431	28,505	40%	1,920	4,320	125%	3,010	2,848	44%
Toyota	5,306	7,913	16,623	15,170	16,270	5,533	-66%	637	517	-19%	665	333	-22%
<b>TOTAL</b>	<b>57,339</b>	<b>115,051</b>	<b>139,679</b>	<b>135,585</b>	<b>115,681</b>	<b>121,181</b>	<b>5%</b>	<b>10,599</b>	<b>15,852</b>	<b>50%</b>	<b>17,203</b>	<b>11,930</b>	<b>-8%</b>
Minibus (Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
Askam	0	0	15	14	3	4	33%	0	0	-	0	0	-
BMC	458	798	821	924	914	1,237	35%	58	98	69%	82	172	20%
Ford Otosan	2,432	3,812	5,715	7,227	4,861	4,677	-4%	634	695	10%	422	337	65%
Hyundai	282	387	908	1,015	696	220	-68%	99	1	-99%	0	0	#DIV/0!
Karsan	218	790	1,265	991	1,618	1,746	8%	28	434	1450%	202	165	115%
Otokar	778	1,113	1,415	595	438	313	-29%	40	43	8%	26	20	65%
<b>TOTAL</b>	<b>4,282</b>	<b>6,992</b>	<b>10,369</b>	<b>10,831</b>	<b>8,530</b>	<b>8,197</b>	<b>-4%</b>	<b>859</b>	<b>1,271</b>	<b>48%</b>	<b>732</b>	<b>694</b>	<b>74%</b>
Midibus (Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
A. Isuzu	519	605	970	1,473	1,107	1,573	42%	95	263	177%	130	132	102%
Karsan	445	2,389	2,866	668	1,345	2,718	102%	23	418	1717%	418	308	0%
Otokar	51	528	1,105	725	757	1,235	63%	124	155	25%	155	118	0%
Otoyol	756	2,567	1,596	1,457	1,263	357	-72%	91	22	-76%	2	3	1000%
Temsa	63	112	825	857	902	1,123	25%	103	154	50%	119	117	29%
<b>TOTAL</b>	<b>1,834</b>	<b>6,201</b>	<b>7,362</b>	<b>5,180</b>	<b>5,374</b>	<b>7,006</b>	<b>30%</b>	<b>436</b>	<b>1,012</b>	<b>132%</b>	<b>824</b>	<b>678</b>	<b>23%</b>
Bus (Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
BMC	99	337	588	338	263	343	30%	18	96	433%	21	47	357%
MAN	33	171	209	343	457	353	-23%	97	26	-73%	47	31	-45%
M. Benz Turk	302	524	832	800	846	689	-19%	57	78	37%	80	61	-3%
Otokar	10	0	0	0	0	49	-	0	21	-	2	3	950%
Temsa	0	99	190	255	128	162	27%	15	21	40%	29	18	-28%
<b>TOTAL</b>	<b>444</b>	<b>1,131</b>	<b>1,819</b>	<b>1,736</b>	<b>1,694</b>	<b>1,596</b>	<b>-6%</b>	<b>187</b>	<b>242</b>	<b>29%</b>	<b>179</b>	<b>160</b>	<b>35%</b>
Pick-Up (Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
A. Isuzu	930	1,079	1,476	1,957	2,244	3,155	41%	209	321	54%	358	282	-10%
Askam	54	226	353	382	289	14	-95%	40	0	-100%	0	0	-
BMC	1,809	3,926	4,064	4,643	3,575	2,655	-26%	415	275	-34%	279	257	-1%
Ford Otosan	13,328	34,661	56,573	65,993	59,508	58,561	-2%	7,472	9,454	27%	6,885	4,800	37%
Hyundai Assan	3,559	7,770	14,680	15,476	9,950	5,198	-48%	1,151	0	-100%	0	10	#DIV/0!
Karsan	5,618	4,642	12,359	11,118	8,960	3,912	-56%	433	499	15%	385	118	30%
Otokar	154	265	597	1,166	1,207	1,140	-6%	41	75	83%	67	35	12%
Otoyol	378	1,034	480	191	75	0	-100%	0	0	-	0	0	-
Temsa	518	806	1,900	3,370	3,424	3,906	14%	383	468	22%	386	356	21%
Tofaş	12,172	16,174	33,129	41,582	35,375	34,791	-2%	4,781	4,878	2%	4,378	3,571	11%
<b>TOTAL</b>	<b>38,520</b>	<b>70,583</b>	<b>125,611</b>	<b>145,878</b>	<b>124,607</b>	<b>113,332</b>	<b>-9%</b>	<b>14,925</b>	<b>15,970</b>	<b>7%</b>	<b>12,738</b>	<b>9,429</b>	<b>25%</b>
Truck (Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
A. Isuzu	1,209	1,389	2,104	2,720	2,814	3,119	11%	293	381	30%	334	299	14%
Askam	69	1,112	1,860	2,095	1,190	94	-92%	71	0	-100%	0	0	-
BMC	2,412	4,839	6,577	5,826	6,261	4,846	-23%	426	546	28%	464	345	18%
Ford Otosan	1,257	3,052	5,992	9,224	7,203	4,465	-38%	607	553	-9%	465	443	19%
MAN	1,050	827	576	480	168	0	-100%	37	0	-	0	0	-
M. Benz	2,902	3,327	7,979	8,582	9,949	9,904	0%	955	919	-4%	945	921	-3%
Otoyol	1,184	2,618	1,381	1,332	1,796	329	-82%	257	0	-100%	0	0	-
Temsa	1,003	1,218	2,640	2,769	2,878	3,032	5%	320	357	12%	314	239	14%
<b>TOTAL</b>	<b>11,086</b>	<b>18,382</b>	<b>29,109</b>	<b>33,028</b>	<b>32,259</b>	<b>25,789</b>	<b>-20%</b>	<b>2,966</b>	<b>2,756</b>	<b>-7%</b>	<b>2,522</b>	<b>2,247</b>	<b>9%</b>

Source: OSD, TSKB Research



**Exhibit: 10 Breakdown of Exports by Manufacturer**

Passenger Car (Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
Honda Türkiye	2,033	5,875	5,910	2,992	5,692	7,732	36%	386	1,512	292%	933	674	62%
Hyundai Assan	5,891	7,885	9,835	8,448	27,296	64,593	137%	3,789	5,234	38%	6,199	6,205	-16%
O. Renault	87,086	97,794	130,903	123,162	177,411	204,428	15%	18,241	18,837	3%	20,814	18,296	-9%
Tofaş	41,823	40,899	39,795	41,165	59,542	73,214	23%	6,196	6,975	13%	6,591	7,835	6%
Toyota	33,087	61,134	118,629	144,058	160,479	154,386	-4%	16,799	11,615	-31%	14,752	14,537	-21%
<b>TOTAL</b>	<b>169,920</b>	<b>213,587</b>	<b>305,072</b>	<b>319,825</b>	<b>430,420</b>	<b>504,353</b>	<b>17%</b>	<b>45,411</b>	<b>44,173</b>	<b>-3%</b>	<b>49,289</b>	<b>47,547</b>	<b>-10%</b>

Minibus (Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
BMC	5	5	1	0	2	0	0%	0	0	0%	0	0	0%
Ford Otosan	528	1,213	1,221	1,420	551	672	22%	0	120	-	120	100	0%
Hyundai	1	2,929	3,873	2,266	1,255	2,021	61%	230	7	-97%	56	261	-88%
Karsan	96	53	39	34	1	2	100%	0	2	-	0	0	0%
<b>TOTAL</b>	<b>630</b>	<b>4,200</b>	<b>5,138</b>	<b>3,720</b>	<b>1,809</b>	<b>2,695</b>	<b>49%</b>	<b>230</b>	<b>129</b>	<b>-44%</b>	<b>176</b>	<b>361</b>	<b>-27%</b>

Midibus (Units)	2002	2003	2004	2005	2006	2007	% Chg	Dec-06	Dec-07	% Chg	Nov-07	Oct-07	Nov-Oct %
A. Isuzu	544	482	872	726	680	728	7%	55	125	127%	25	21	400%
Karsan	1,388	332	474	331	393	1,630	315%	156	548	251%	100	200	448%
Otokar	0	64	62	41	167	226	35%	23	58	152%	35	14	66%
Otoyol	681	544	365	604	578	100	-83%	164	2	-99%	1	2	-
Temsa	125	85	180	233	350	303	-13%	29	41	41%	19	16	116%
<b>TOTAL</b>	<b>2,738</b>	<b>1,507</b>	<b>1,953</b>	<b>1,935</b>	<b>2,168</b>	<b>2,987</b>	<b>38%</b>	<b>427</b>	<b>774</b>	<b>81%</b>	<b>180</b>	<b>253</b>	<b>330%</b>

Bus (Units)	2002	2003	2004	2005	2006	2007	% Chg	Dec-06	Dec-07	% Chg	Nov-07	Oct-07	Nov-Oct %
BMC	20	173	229	383	348	542	56%	24	42	75%	81	45	-48%
MAN	762	981	1,047	1,309	1,874	1,699	-9%	103	183	78%	182	87	1%
M.Benz	1,245	1,590	1,271	1,536	1,222	2,415	98%	123	183	49%	207	170	-12%
Temsa	258	352	409	602	681	696	2%	85	97	14%	43	32	126%
<b>TOTAL</b>	<b>2,285</b>	<b>3,096</b>	<b>2,956</b>	<b>3,830</b>	<b>4,125</b>	<b>5,352</b>	<b>30%</b>	<b>335</b>	<b>505</b>	<b>51%</b>	<b>513</b>	<b>334</b>	<b>-2%</b>

Pick-Up (Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
A. Isuzu	68	18	36	0	2	0	-100%	1	0	0%	0	0	0%
ASKAM	0	0	15	4	5	0	-100%	0	0	0%	0	0	0%
BMC	82	19	0	7	3	1	-67%	0	1	0%	0	0	0%
Ford Otosan	30,049	73,601	137,948	160,907	183,548	219,062	19%	16,331	16,422	1%	20,145	20,103	-18%
Hyundai Assan	0	7,170	9,662	9,608	5,960	2,610	-56%	212	24	-89%	196	244	-88%
Otokar	592	311	432	1,058	1,109	889	-20%	24	35	46%	39	0	-
Otoyol	111	0	0	8	0	0	0%	0	0	-	0	0	0%
Temsa	0	0	7	19	13	60	362%	0	7	-	0	19	0%
Tofaş	45,000	41,695	42,680	46,855	63,519	72,963	15%	4,910	10,103	106%	8,431	6,092	20%
<b>TOTAL</b>	<b>80,354</b>	<b>122,814</b>	<b>190,780</b>	<b>218,467</b>	<b>254,159</b>	<b>295,585</b>	<b>16%</b>	<b>21,478</b>	<b>26,592</b>	<b>24%</b>	<b>28,811</b>	<b>26,458</b>	<b>-8%</b>

Truck (Units)	2002	2003	2004	2005	2006	2007	% Chg	Dec-06	Dec-07	% Chg	Nov-07	Oct-07	Nov-Oct %
A. Isuzu	171	98	166	41	29	22	-24%	0	0	0%	0	0	0%
Askam	129	36	20	12	22	0	-100%	2	0	0%	0	0	0%
BMC	194	267	652	756	359	981	173%	40	63	58%	49	49	29%
Ford Otosan	60	57	64	348	507	2,007	296%	95	177	86%	411	331	-57%
M.Benz	512	693	1,106	3,509	2,681	6,293	135%	126	628	398%	725	456	-13%
Otoyol	665	395	434	239	347	3	-99%	7	0	-100%	0	0	-
Temsa	117	79	68	116	62	92	48%	0	0	-	6	24	-100%
<b>TOTAL</b>	<b>1,848</b>	<b>1,626</b>	<b>2,510</b>	<b>5,061</b>	<b>4,007</b>	<b>9,398</b>	<b>135%</b>	<b>270</b>	<b>868</b>	<b>221%</b>	<b>1,191</b>	<b>860</b>	<b>-27%</b>

Source: OSD, TSKB Research

## Exhibit: 11 Passenger Car Market In Turkey

### Passenger Car Sales

(Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
Local	35,519	73,267	139,541	136,708	117,725	120,740	3%	6,864	21,975	220%	13,915	11,299	58%
Imports	60,283	153,953	311,668	301,889	255,494	236,725	-7%	29,914	39,770	33%	25,728	21,270	55%
Domestic Sales	95,802	227,220	451,209	438,597	373,219	357,465	-4%	36,778	61,745	68%	39,643	32,569	56%
Imports as % of Total	62.9%	67.8%	69.1%	68.8%	68.5%	66.2%		81.3%	64.4%		64.9%	65.3%	-1%

### Passenger Car Imports

(Units)	2002	2003	2004	2005	2006	2007	% Chg	Dec-06	Dec-07	% Chg	Nov-07	Oct-07	Nov-Oct %
Ford	6,866	18,082	45,233	46,213	38,171	26,223	-31%	3,668	6,533	78%	3,191	2,836	105%
Opel	10,835	26,391	51,731	37,320	28,171	22,713	-19%	3,036	5,048	66%	3,310	2,398	53%
Volkswagen	7,758	19,779	33,545	31,508	27,624	22,296	-19%	3,606	4,443	23%	3,048	2,894	46%
Toyota	2,196	7,049	14,011	12,759	13,400	20,478	53%	1,346	3,048	126%	2,557	1,816	19%
Peugeot	7,932	17,968	26,723	22,313	17,585	11,374	-35%	2,160	2,043	-5%	1,360	952	50%
Fiat	271	2,633	5,971	4,283	11,592	6,915	-40%	1,244	1,726	39%	950	747	82%
Renault	3,336	11,935	22,751	19,142	7,840	4,851	-38%	1,090	779	-29%	829	543	-6%
Skoda	1,802	4,816	7,305	8,080	5,226	4,601	-12%	426	864	103%	807	459	7%
Nissan	1,156	2,440	6,404	6,551	5,842	4,067	-30%	568	601	6%	495	517	21%
Seat	1,495	4,578	5,792	6,246	4,897	2,876	-41%	332	752	127%	371	426	103%
Others	16,636	38,282	92,202	107,474	95,146	110,331	69%	12,438	13,933	12%	8,810	7,682	58%
<b>Total</b>	60,283	153,953	311,668	301,889	255,494	236,725	-7%	29,914	39,770	33%	25,728	21,270	55%

Source: OSD, TSKB Research

## Exhibit: 12 LCV Market In Turkey

### LCV Sales

(Units)	2002	2003	2004	2005	2006	2007	%	Dec-06	Dec-07	%Chg	Nov-07	Oct-07	Nov-Oct %
Local	42,802	77,575	135,980	147,426	129,075	128,965	0%	17,426	22,410	29%	12,427	11,011	80%
Imports	24,032	59,315	110,906	124,385	115,558	108,332	-6%	13,010	16,771	29%	11,243	9,145	49%
Domestic Sales	66,834	136,890	246,886	271,811	244,633	237,297	-3%	30,436	39,181	29%	23,670	20,156	66%
Imports as % of Total	36.0%	43.3%	44.9%	45.8%	47.2%	45.7%		42.7%	42.8%		47.5%	45.4%	

### LCV - Imports

(Units)	2002	2003	2004	2005	2006	2007	% Chg	Dec-06	Dec-07	% Chg	Nov-07	Oct-07	Nov-Oct %
Volkswagen	3,291	10,225	26,616	32,743	31,625	24,114	-24%	3,466	4,128	19%	2,516	2,208	39%
Renault	5,178	12,164	28,139	31,428	25,603	19,259	-25%	2,996	3,514	17%	1,522	1,830	57%
Hyundai	930	3,664	8,674	10,623	8,972	5,935	-34%	1,038	571	-45%	563	611	1%
Opel	1,812	7,447	6,324	9,137	6,776	4,628	-32%	738	831	13%	518	415	38%
Citroen	2,369	3,681	5,024	4,828	5,030	4,500	-11%	686	715	4%	527	541	26%
Mitsubishi	1,142	1,503	2,512	3,934	4,579	4,534	-1%	631	881	40%	481	474	45%
Mercedes	1,634	2,606	6,762	5,425	5,552	4,244	-24%	601	719	20%	385	481	46%
Fiat	891	1,569	4,081	4,300	3,327	4,049	22%	468	487	4%	381	505	22%
Kia	1,136	2,843	5,674	5,624	3,491	2,847	-18%	146	852	484%	274	289	68%
Ford	1,401	1,357	2,444	3,985	3,904	2,684	-31%	458	664	45%	326	256	51%
Nissan	1,797	2,827	4,018	3,969	3,306	2,308	-30%	332	462	39%	187	306	60%
Mazda	893	1,147	1,640	2,056	1,770	474	-73%	183	26	-86%	22	34	15%
Others	1,558	8,282	8,998	6,333	11,623	28,756	147%	1,267	2,921	131%	1,443	1,195	51%
<b>Total</b>	24,032	59,315	110,906	124,385	115,558	108,332	-6%	13,010	16,771	29%	9,145	9,145	45%

Source: OSD, TSKB Research

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