

Gündüz Findıkçıoğlu, PhD
findikciog@tskb.com.tr

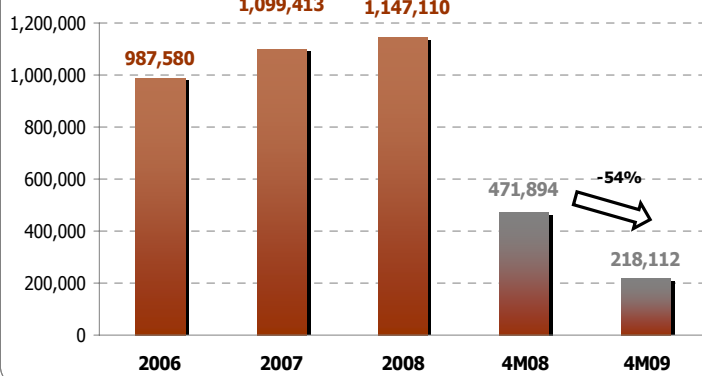
Başar Yıldırım
yildirim@tskb.com.tr

Turkish Automotive Industry

April 2009

June 5, 2009

Automotive Production (Units)



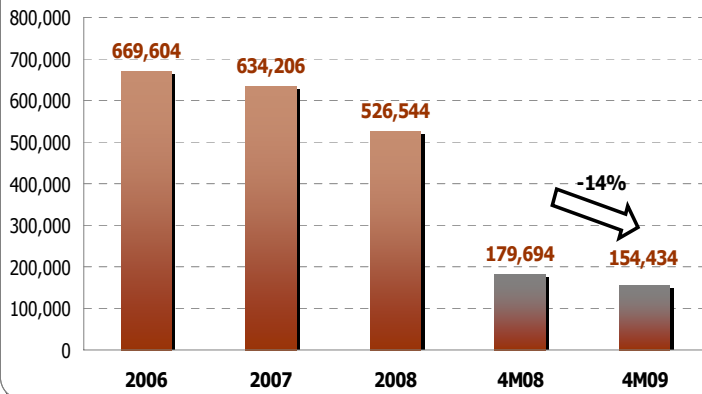
Production

Accordingly, total automotive production –excluding tractors– reads as 218,112 units, which highlights 54% annual drop in the first four months of 2009. Figures underline enduring unfavourable market conditions. Comparing April 2009 with a year-ago, automotive production waned by 38% where 75,545 units of vehicle were manufactured within the month. April production figures hallmark an improvement in comparison with March, where total production bid up by 28% m-o-m.

Domestic Retail Sales

Adverse market conditions led automotive sales to keep deescalating annually in the first four months of 2009. OSD posted 154,434 units of retail sales as of 4M09, which exhibits 14% y-o-y drop. The share of imported vehicles in total sales eventuated as 59.4%, which was 56.2% in 4M08. passenger cars and light commercial vehicles felt the positive impact of tax incentive most, whereas heavy commercial vehicles did not respond to incentives other segments did. Volkswagen led the retail sales team, which sold 11,564 units of imported passenger cars and LCVs in toto.

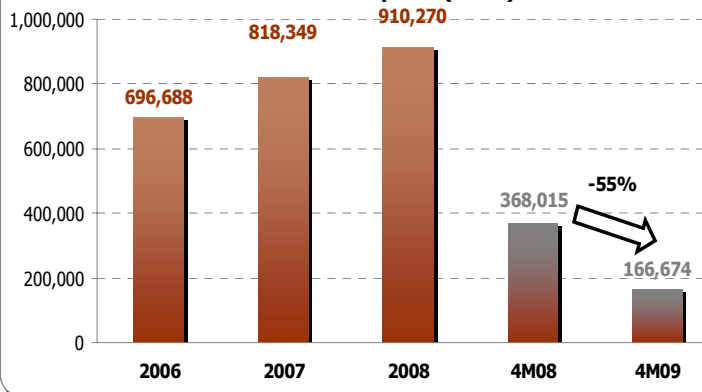
Automotive Sales (Units)



Domestic Factory Sales

Domestic wholesales abated by 35% to 57,883 units of vehicle in the first four months of 2009. The drop mainly stemmed from commercial vehicles, which waned by 43%, whereas domestic factory sales of the passenger car segment fell by 24%.

Motor Vehicle Exports (Units)



Exports

Total exports shrank annually by 17%, slipping from 368,015 to 166,674 units in January-April 2009 period, where both passenger cars and commercial vehicles exports continued to suffer from the slackening foreign trade conditions as the global crisis continues. Passenger cars poses a 46% slump, whereas commercial vehicle exports declined by 65% in 4M09.

	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%
Production	987,580	1,099,413	1,147,110	471,894	218,112	-54%	120,992	75,545	-38%
Retail Sales	669,604	634,206	526,544	179,694	154,434	-14%	50,967	54,424	7%
Domestic Factory Sales	288,145	276,408	229,781	88,424	57,883	-35%	24,856	27,789	12%
Exports	696,688	818,349	910,270	368,015	166,674	-55%	92,206	45,057	-51%
CUR	82%	89%	78%	97%	43%		99%	60%	

Production

The Automotive Manufacturer's Association (OSD) disclosed monthly production and sales figures. Accordingly, total automotive production –excluding tractors- reads as 218,112 units, which highlights 54% annual drop in the first four months of 2009. Figures underline enduring unfavourable market conditions. Commercial vehicles showed a higher contraction with 64% compared to the passenger car segment that dived by 45% in 4M09. Therefore, the 4M09 capacity utilization ratio (CUR) emerged as 43%, way below the spectacular 97% of 4M07.

Comparing April 2009 with a year-ago, automotive production waned by 38% where 75,545 units of vehicle were manufactured within the month. On y-o-m basis, the passenger car segment was distressed most, where commercial vehicle outturn tumbled by 12% only. The monthly ratio materialized as 60%, which was 39-percentage point lower than the level of April 2008.

April production figures hallmark an improvement in comparison with March, where total production bid up by 28% m-o-m. However, we attribute the improvement to the Private Consumption Tax cut decision in light vehicle and passenger car segments. On the other hand, a sharp ebbing continued in heavy commercial vehicles, which declined below the 4M 2004 levels.

Oyak Renault is sturdy in preserving its apostle in the first four months of 2009 by producing 75,191 units, and was pursued by Tofaş with 67,698 units.

Exhibit: 1 Automotive Production in Turkey

(Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%	Mar.09	Mar-Apr%
Passenger Car	545,682	634,883	621,567	252,958	139,721	-45%	65,610	48,566	-26%	37,125	31%
Commercial Vehicle	441,898	464,530	525,543	218,936	78,391	-64%	55,382	26,979	-12%	21,767	24%
<i>Minibus</i>	20,728	21,999	21,123	7,177	2,736	-62%	2,341	974	-58%	672	45%
<i>Midibus</i>	8,263	9,305	10,660	3,838	524	-86%	970	90	-91%	228	-61%
<i>Bus</i>	6,019	6,945	7,526	2,488	2,054	-17%	621	484	-22%	522	-7%
<i>Pick-Up</i>	369,862	391,737	449,434	193,347	71,704	-63%	48,092	25,081	-48%	19,944	26%
<i>Truck</i>	37,026	34,544	36,800	12,086	1,373	-89%	3,358	350	-90%	401	-13%
TOTAL	987,580	1,099,413	1,147,110	471,894	218,112	-54%	120,992	75,545	-38%	58,892	28%
CUR (%)	81%	89%	78%	97%	43%		99%	60%		49%	

Source: Automotive Manufacturers Association (OSD), TSKB Research

Exhibit: 2 Automotive Production by manufacturer (4M09)

	P.Car	Minibus	Midibus	Bus	Pick Up	Truck	Total
Oyak Renault	75,191						75,191
Tofaş	25,106				42,592		67,698
Ford Otosan		2,675			25,648	305	28,628
Toyota	19,295						19,295
Hyundai Assan	13,676						13,676
Honda Türkiye	6,453						6,453
Karsan					3,257	115	3,372
M.Benz Turk				906		614	1,520
M.A.N				567			567
A.Isuzu			234		70	146	450
Otokar		61	221	29	108		419
B.M.C				286	29	193	508
Temsa			69	266			335
TOTAL	139,721	2,736	524	2,054	71,704	1,373	218,112

Source: Automotive Manufacturers Association (OSD), TSKB Research

Domestic Retail Sales

Adverse market conditions led automotive sales to keep deescalating annually in the first four months of 2009. OSD posted 154,434 units of retail sales as of 4M09, which exhibits 14% y-o-y drop. During this period, the decay in locally produced vehicle sales exceeded the fall in imports. Therefore, the share of imported vehicles in total sales eventuated as 59.4%, which was 56.2% in 4M08.

Activation of deferred demand with the Private Consumption tax cut started in mid-March 2009, and caused April sales to bid up by 7% compared to April 2008. Locally manufactured and imported vehicle sales performed in tandem, posting y-o-m growths of 8% and 6%, respectively. Hence, the ratio of imported vehicle sales declined to 53.9% in April compared to a year ago.

As we mentioned above, the PCT cut bolstered retail sales. The comeback was spectacular relatively speaking, and retail sales diffusively jumped by 79% compared to March. However, passenger cars and light commercial vehicles felt the positive impact most, whereas heavy commercial vehicles did not respond to incentives other segments did. We think tax cuts can only provide temporary relief unless further and structural measures are taken.

Volkswagen led the retail sales team, which sold 11,564 units of imported passenger cars and LCVs in toto. Ford Otosan followed Volkswagen with 8,335 and Toyota with 6,895 unit sales. The leader in imported LCV sales was Renault with 4,346 units.

Exhibit: 3 Automotive Sales in Turkey (Retail)

(Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%	Mar.09	Mar-Apr%
Local	285,430	278,454	220,457	78,773	63,132	-20%	23,167	25,091	8%	13,106	91%
Import	384,174	355,752	306,087	100,921	91,302	-10%	27,800	29,333	6%	17,293	70%
Domestic Sales	669,604	634,206	526,544	179,694	154,434	-14%	50,967	54,424	7%	30,399	79%
Imports as % of Total	57.4%	56.1%	58.1%	56.2%	59.1%		54.5%	53.9%		56.6%	

Source: Automotive Manufacturers Association (OSD), TSKB Research

Domestic Factory Sales

Domestic wholesales abated by 35% to 57,883 units of vehicle in the first four months of 2009. The drop mainly stemmed from commercial vehicles, which waned by 43%, whereas domestic factory sales of the passenger car segment fell by 24%. The nose-dive negative contribution (-30%) came from the pick-up sub-segment, which declined by 38%, followed by the truck sub-segment.

Domestic factory sales displayed a meagre y-o-m growth of 12% in April 2009, which we can impute to the increase in passenger car wholesales due to 3-monthly automotive sales tax incentives. However, the inadequacy of this stimulus was reverberated in the commercial vehicles figure, where all sub-segments –except pick-up sales- contracted markedly.

Compared to March 2009, on the other hand, domestic wholesales swelled by 92%. Passenger cars led the drive again there. Passenger car factory sales upsurged by 132%, where the hike in commercial vehicles was confined to 59% only.

Tofaş led domestic wholesales by a wide margin. Tofaş's sale of 19,542 units in 4M08 was slightly below the sum of Ford Otosan and Oyak Renault's sales (9,242 and 10,754, in turn).

Exhibit: 4 Domestic Automotive Sales (Wholesales Figures)

(Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
Passenger Car	115,681	121,181	102,020	39,153	29,565	-24%	11,175	15,239	36%	6,562	132%
Commercial Vehicle	172,464	155,920	127,761	49,271	28,318	-43%	13,681	12,550	-8%	7,914	59%
Minibus	8,530	8,197	6,126	2,360	1,813	-23%	824	575	-30%	511	13%
Midibus	5,374	7,006	6,037	2,290	467	-80%	794	156	-80%	191	-18%
Bus	1,694	1,596	1,945	686	740	8%	214	148	-31%	206	-28%
Pick-Up	124,607	113,332	91,898	35,851	22,303	-38%	9,406	10,667	13%	5,924	80%
Truck	32,259	25,789	21,755	8,084	2,995	-63%	2,443	1,004	-59%	1,082	-7%
TOTAL	288,145	277,101	229,781	88,424	57,883	-35%	24,856	27,789	12%	14,476	92%

Source: OSD, TSKB Research

Exports...

According to Turkish Exporters Association (TIM), the motor vehicles, parts, and accessories sector continued to be the leader with \$19.7bn 12-months trailing exports. The automotive sector accounts for 17.38% of Turkey's overall exports as of April 2009. The sector is also the export leader in April-only performance, with a share of 16.5%, when exports declined by 51% in US dollar terms.

Total exports shrank annually by 17%, slipping from 368,015 to 166,674 units in January-April 2009 period, where both passenger cars and commercial vehicles exports continued to suffer from the slackening foreign trade conditions as the global crisis continues. Passenger cars poses a 46% slump, whereas commercial vehicle exports declined by 65% in 4M09.

Considering April figures alone, motor vehicle exports lessened by 51% compared to the same month of last year, where both passenger car and commercial vehicle segments posted a massive fall. Exports also declined by 10% compared to a month ago, which confirmed that global recession endures once again.

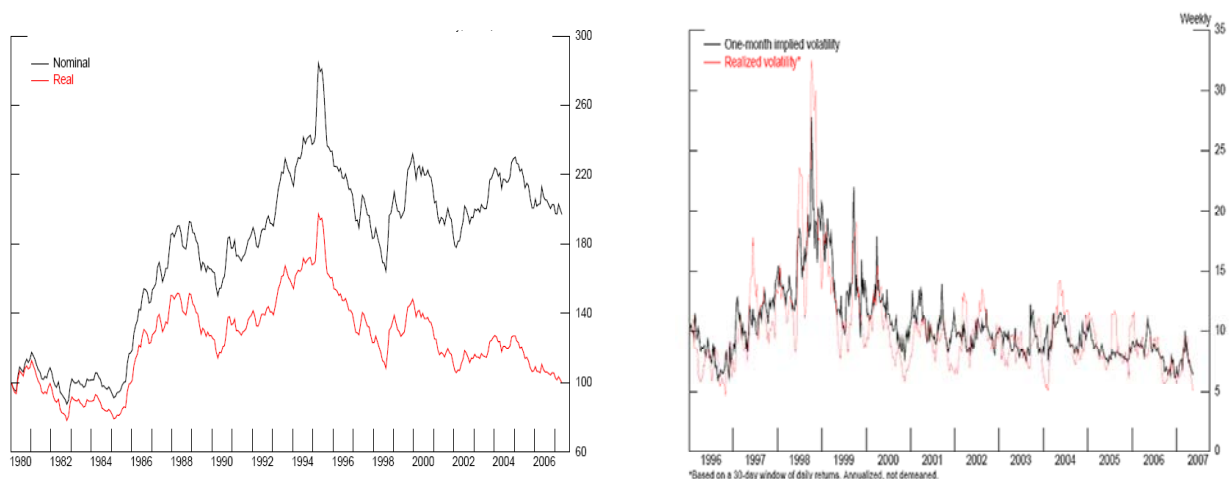
Oyak-Renault conserved its top-notch position in automotive exports with 60,580 units in the first four months of 2009. Tofaş and Ford Otosan followed the leader with 46,495 and 22,679 units, respectively.

Exhibit: 5 Motor Vehicle Export Figures

(Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
Passenger Car	430,420	504,353	525,301	204,289	110,077	-46%	52,349	30,064	-43%	33,864	-11%
Commercial Vehicle	266,268	313,996	384,969	163,726	56,597	-65%	39,857	14,993	-62%	16,146	-7%
<i>Minibus</i>	1,809	674	891	270	160	-41%	26	100	285%	20	400%
<i>Midibus</i>	2,168	2,987	2,180	1,132	235	-79%	219	79	-64%	44	80%
<i>Bus</i>	4,125	5,352	5,510	1,811	1,420	-22%	443	315	-29%	454	-31%
<i>Pick-Up</i>	254,159	295,585	366,646	157,206	53,981	-66%	38,245	14,257	-63%	15,316	-7%
<i>Truck</i>	4,007	9,398	9,742	3,307	801	-76%	924	242	-74%	312	-22%
TOTAL	696,688	818,349	910,270	368,015	166,674	-55%	92,206	45,057	-51%	50,010	-10%

Source: OSD, TSKB Research

There are three episodes of yen appreciation widely attributed to the unwinding of yen carry trades. The most dramatic of these occurred in October 1998, immediately after the LTCM crisis, as many banks were reported to be cutting back on the leverage of their hedge fund clients. Two relatively recent periods that are commonly mentioned as periods of unwinding carry trades are those of May 2006 and February 2007, not to mention the post-Lehman episode. The Japanese real rate was at its 20-years low by the end of 2007. Volatility charts do imply a large swing in both implied and realized volatilities in 1998, but not in 2006 and 2007.



A more systematic way to examine this asymmetry is to correlate the level of volatility with the change in the exchange rate. If yen appreciations are associated with higher volatility than yen depreciations, this correlation should be negative. Chart shows that implied volatility indeed is generally negatively correlated with changes in the dollar-yen exchange rate. However, measured realized volatility has little systematic correlation with the direction of exchange rate changes, perhaps because the skewness in the distribution of exchange rate movements owes to a relatively small number of tail events.

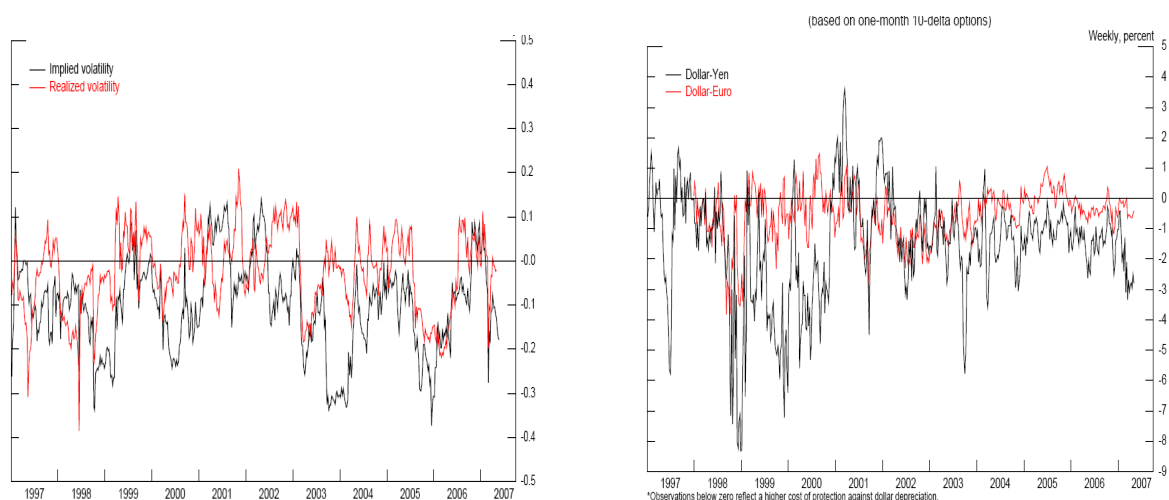


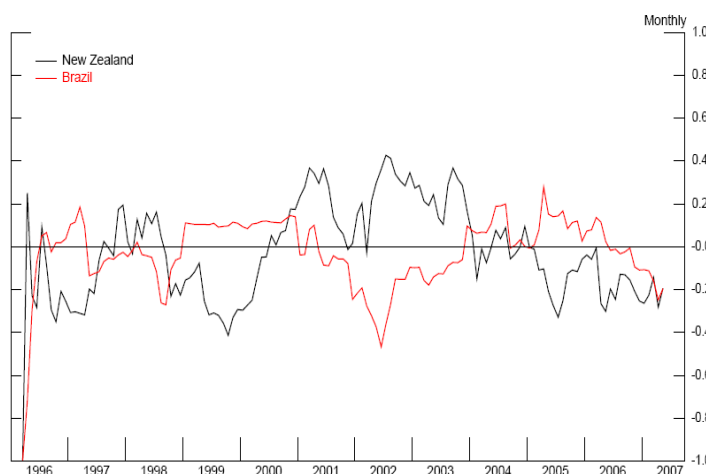
Chart shows risk reversals for dollar-yen and dollar-euro based on the differences in prices between significantly out-of-the-money call options and significantly out-of-the-money put options. The risk reversal on dollar-euro is generally close to zero, consistent with a low level of carry trades in this currency pair. The risk reversal on yen was close to zero during the summer of 1998. The 1998 strong downward pressure on the yen was attributed to the carry trade. The price of protection against yen appreciation did not increase until after the yen appreciated sharply in early October, just when

Economics

Gündüz Fındıkçioğlu, PhD, Chief Economist & Head of Research

carry trades were supposedly unwinding. Risk reversal widened immediately after the yen appreciations of May 2006 and February 2007, but were not large prior to these dates when carry trades were building up. One interpretation of these results is that risk reversals reflect primarily the changing risk appetites or risk perceptions of market participants rather than changing shares of carry versus non-carry traders. Prices peaked more for protection against yen appreciation than depreciation: that it may be the risk perceptions of the carry traders that are fluctuating most strongly.

Observers noted that in late February 2007, when the yen appreciated sharply, several high-interest-rate currencies depreciated significantly, including the Brazilian real and the New Zealand dollar. Such moves were, and still are, consistent with the unwinding of carry trades. Chart displays rolling 24-month correlations of dollar-yen with dollar-New Zealand dollar and dollar-Brazilian real. The yen has been negatively correlated with these currencies recently, and the correlations also turned negative around October 1998, but the negative correlations around these three episodes are not large either in absolute terms or relative to other periods. As data builds up, we ought to watch similar patterns emerge as the rewinding of carry trades may easily become the front-page story of the months to come.



Auto, Special Section

Gündüz Fındıkçioğlu, PhD, Chief Economist & Head of Research

VAT and special consumption tax reductions fuelled car sales in March and April. The rebates began on March 15. At about the same time USD/TL nominal exchange rate had hit 1.823, the highest level ever. Incentives targeting automotive and consumer durables started at almost exactly the same date when the Central Bank of Turkey (CBT) introduced FX sale auctions and intervened somewhat indirectly and mildly in the FX market. As the Lira appreciated, and as tax incentives worked, demand for imported passenger cars soared. The extra component of automotive sales reached 26.000, of which 19.000 were imports. Incentives did not bear on commercial vehicles though, webbing their effects largely through passenger and light vehicles segments. The Automotive Manufacturer's Association (OSD) did not in fact recommend, let alone insist on using tax cuts as propellers of domestic demand. As we do, the OSD thinks the boosted vehicle demand may be short-lived, and demand could be curtailed in H2 2009. Car sales are seasonal, and July is the worst month ordinarily since New Year's models are launched early on in August. Hence, July is the dead season. This year there is the additional disincentive to the effect that tax cuts will end by the end of June. As the demand for cars is not renewable ad infinitum, and comes in discrete intervals, potential demand should in principle have been triggered early on by tax incentives and suchlike, reducing thereby the potential for further booms in H2. As everybody knows full well, the US administration had engineered a tax rebate scheme last year, with the effect that Q2 2008 US GDP growth turned out to be positive in an otherwise recessionary environment. However, the momentum was lost almost immediately after tax rebates ended, and in H2 2008 GDP growth rates sort of nose-dived. The same thing could happen here. We should not let pass unnoticed that the major impact came through imports, incentives affecting domestic production much less than imports. The good news is Germany raised its import demand in April by a few notches.

Other than taking macro end micro precautions early on in the general sense, which is by now a bygone opportunity, what else could be done? The car scrapping schemes introduced recently in Western Europe, especially Germany, are a good case in point. Boosting vehicle exports is possibly within the power of the government, it is nonetheless possible to make an arguably noteworthy thesis out of it. In Central Europe especially, such schemes have the potential to raise GDP by 1%, a non-negligible boost under the current conditions. As in Turkey, a slump in car production was the hallmark of recession in many a European economy, especially in Emerging Europe. In Slovakia, for instance, car exports account for 13% of GDP, and 30% drop in such exports claim c. 4% of GDP already. Car scrapping, details of which lie in the experience of Central Europe mostly, could be a helper although we should neither think of them as genuine take-off engines in the absence of a global recovery nor as permanent built-in stabilizers. Car scrapping incentives reach EUR2500 in Germany, and EUR1500 and EUR1000 in Austria and France respectively. In Spain such incentives admit an upper bound of EUR10.000, and in Italy EUR5000, with fiscal costs adding up to EUR500 million. Nevertheless, since Turkey utterly lacks such schemes and regulations, it could be worth to give it a try. Otherwise, car prices have already gone up in April and in May, as stocks eroded, and incentives will cease to exist more likely than not next month. In reality, to the extent any incentive causes car purchases to be brought forward, it could actually dampen the recovery one step ahead.

OSD actually believes, as we do, that the recessionary momentum may have eased and neared the bottom, and that automotive production could pick up a bit in Q4 2009. However, it is also high time to look ahead and ensure R&D and other modernization investments endure in the midst of the crisis. In fact, this has happened to some degree thus far. Economies of scale and scope, skilled and semi-skilled labour force, further R&D activities, and tax incentives in the continuous time adding up to 10% of price as in the EU experience are but a few glimpses of enhanced incentives the government could provide the sector with in the future.

Exhibit: 6 Breakdown of Exports by Local Manufacturer - Summary

Export	2006	2007	2008	4M08	4M09	4M09	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
Ford Otosan	184,606	221,741	217,876	94,430	22,679	-76%	22,251	5,135	-77%	5,506	-7%
Oyak-Renault	177,411	204,428	252,232	93,064	60,580	-35%	23,359	19,986	-14%	17,039	17%
Toyota	160,479	154,386	119,586	55,232	20,982	-62%	12,802	2,782	-78%	9,351	-70%
Tofaş	123,061	146,177	209,443	86,613	46,495	-46%	21,791	13,819	-37%	13,766	0%
Hyundai	33,256	67,203	61,000	20,242	5,458	-73%	6,300	518	-92%	1,620	-68%
Mercedes-Benz Turk	3,903	8,708	9,083	2,916	1,180	-60%	947	249	-74%	487	-49%
Honda Türkiye	5,692	7,732	34,926	13,041	5,111	-61%	4,188	1,502	-64%	829	81%
MAN Türkiye	1,874	1,699	1,538	521	363	-30%	86	102	19%	98	4%
BMC	712	1,524	1,189	512	264	-48%	150	69	-54%	76	-9%
Otokar	1,276	1,115	619	132	126	-5%	55	2	-96%	54	-96%
Temsa	1,106	1,151	1,245	332	368	11%	112	121	8%	97	25%
Karsan	394	1,632	482	473	2,947	523%	75	715	853%	1,081	-34%
A. Isuzu	711	750	1,042	498	121	-76%	83	57	-31%	6	850%
Grand Total	695,411	818,349	910,270	368,015	166,674	-55%	92,206	45,057	-51%	50,010	-10%

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

	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	% Chg	Mar.09	Mar-Apr%
Tofaş	55,806	63,296	58,750	22,225	19,452	-12%	6,547	10,935	67%	5,466	100%
Toyota	16,270	5,533	6,437	2,489	114	-95%	867	24	-97%	40	-
Oyak-Renault	50,817	54,896	41,746	18,115	10,754	-41%	4,632	6,661	44%	2,118	214%
Ford Otosan	71,572	67,703	47,735	18,847	9,242	-51%	4,809	3,218	-33%	2,287	41%
Hyundai	26,175	22,085	19,687	6,466	10,852	68%	2,186	4,959	127%	2,269	119%
Mercedes-Benz Turk	10,795	10,593	9,521	3,019	1,292	-57%	960	532	-45%	389	37%
MAN Türkiye	625	353	237	103	183	78%	11	26	136%	52	-
Honda Türkiye	12,634	15,580	15,015	4,783	1,456	-70%	1,205	197	-84%	330	-40%
A. Isuzu	6,165	7,847	7,133	3,078	833	-73%	777	436	-44%	325	34%
Otoyol	3,134	686	25	16	0	-	2	0	-	0	-
Karsan	11,923	8,376	6,937	3,002	1,457	-51%	1,011	311	-69%	375	-17%
Temsa	7,332	8,223	7,916	2,516	1,096	-56%	623	176	-72%	444	-60%
BMC	11,013	9,081	5,986	2,790	854	-69%	940	199	-79%	275	-28%
Otokar	2,402	2,737	2,656	975	298	-69%	286	115	-60%	106	8%
Grand Total	288,145	277,101	229,781	88,424	57,883	-35%	24,856	27,789	12%	14,476	92%

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

	2006	2007	2008	3M08	3M09	%	Apr.08	Apr.09	% Chg	Mar.09	Mar-Apr%
Tofaş	178,867	209,473	268,193	108,838	65,947	-39%	28,338	24,754	-13%	19,232	29%
Toyota	176,749	159,919	126,023	57,721	21,096	-63%	13,669	2,806	-79%	9,391	-70%
Oyak-Renault	228,228	259,324	293,978	111,179	71,334	-36%	27,991	26,647	-5%	19,157	39%
Ford Otosan	256,178	289,444	265,611	113,277	31,921	-72%	27,060	8,353	-69%	7,793	7%
Hyundai	59,431	89,288	80,687	26,708	16,310	-39%	8,486	5,477	-35%	3,889	41%
Mercedes-Benz Turk	14,698	19,301	18,604	5,935	2,472	-58%	1,907	781	-59%	876	-11%
MAN Türkiye	2,499	2,052	1,775	624	546	-13%	97	128	32%	150	-15%
Honda Türkiye	18,326	23,312	49,941	17,824	6,567	-63%	5,393	1,699	-68%	1,159	47%
A. Isuzu	6,876	8,597	8,175	3,576	954	-73%	860	493	-43%	331	49%
Otoyol	4,059	789	34	25	0	-	9	0	-	0	-
Karsan	12,317	10,008	7,419	3,475	4,404	27%	1,086	1,026	-6%	1,456	-30%
Temsa	8,438	9,374	9,161	2,848	1,464	-49%	735	297	-60%	541	-45%
BMC	11,725	10,605	7,175	3,302	1,118	-66%	1,090	268	-75%	351	-24%
Grand Total	983,556	1,095,450	1,140,051	456,439	224,557	-51%	117,062	72,846	-38%	64,486	13%

Source: OSD, TSKB Research

Exhibit: 9 Breakdown of Domestic Sales by Manufacturer

Passenger Cars (Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
Honda Türkiye	12,634	15,580	15,015	4,783	1,456	-70%	1,205	197	-84%	330	-40%
Hyundai Assan	15,529	16,667	19,687	6,466	10,852	68%	2,186	4,959	127%	2,269	119%
O. Renault	50,817	54,896	41,746	18,115	10,754	-41%	4,632	6,661	44%	2,118	214%
Tofaş	20,431	28,505	19,135	7,300	6,389	-12%	2,285	3,398	49%	1,805	88%
Toyota	16,270	5,533	6,437	2,489	114	-95%	867	24	-97%	40	-40%
TOTAL	115,681	121,181	102,020	39,153	29,565	-24%	11,175	15,239	36%	6,562	132%

Minibus (Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
BMC	914	1,237	758	404	79	-80%	114	35	-69%	31	13%
Ford Otosan	4,861	4,677	3,617	1,009	984	-2%	339	307	-9%	254	21%
Karsan	1,618	1,746	1,211	728	674	-7%	313	203	-35%	201	1%
Otokar	438	313	540	219	76	-65%	58	30	-48%	25	20%
TOTAL	8,530	8,197	6,126	2,360	1,813	-23%	824	575	-30%	511	13%

Midibus (Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
A. Isuzu	1,107	1,573	1,515	685	73	-89%	191	27	-86%	33	-18%
Karsan	1,345	2,718	1,816	568	0	-	265	0	-	0	-
Otokar	757	1,235	1,321	479	168	-65%	168	74	-56%	73	1%
Otoyol	1,263	357	25	16	-	-	2	0	-	-	-
Temsa	902	1,123	1,360	542	226	-58%	168	55	-67%	85	-35%
TOTAL	5,374	7,006	6,037	2,290	467	-80%	794	156	-80%	191	-18%

Bus (Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
BMC	263	343	501	208	315	51%	60	76	27%	54	41%
MAN	457	353	237	103	183	78%	11	26	136%	52	-50%
M. Benz Turk	846	689	775	175	163	-7%	92	27	-71%	78	-65%
Otokar	0	49	249	123	15	-88%	26	1	-96%	6	-83%
Temsa	128	162	183	77	64	-17%	25	18	-28%	16	13%
TOTAL	1,694	1,596	1,945	686	740	8%	214	148	-31%	206	-28%

Pick-Up (Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
A. Isuzu	2,244	3,155	3,106	1,344	336	-75%	327	198	-39%	117	69%
BMC	3,575	2,655	1,122	615	122	-80%	141	29	-79%	52	-44%
Ford Otosan	59,508	58,561	41,210	16,561	7,836	-53%	4,157	2,754	-34%	1,923	43%
Karsan	8,960	3,912	2,463	1,127	740	-34%	238	97	-59%	114	-15%
Otokar	1,207	1,140	546	154	39	-75%	34	10	-71%	2	400%
Temsa	3,424	3,906	3,836	1,125	167	-85%	247	42	-83%	55	-24%
Tofaş	35,375	34,791	39,615	14,925	13,063	-12%	4,262	7,537	77%	3,661	106%
TOTAL	124,607	113,332	91,898	35,851	22,303	-38%	9,406	10,667	13%	5,924	80%

Truck (Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
A. Isuzu	2,814	3,119	2,512	1,049	424	-60%	259	211	-19%	175	21%
BMC	6,261	4,846	3,605	1,563	338	-78%	625	59	-91%	138	-57%
Ford Otosan	7,203	4,465	2,908	1,277	422	-67%	313	157	-50%	110	43%
Karsan			1,447	579	43	-93%	195	11	-94%	60	-82%
M. Benz Turk	9,949	9,904	8,746	2,844	1,129	-60%	868	505	-42%	311	62%
Temsa	2,878	3,032	2,537	772	639	-17%	183	61	-67%	288	-79%
TOTAL	32,259	25,789	21,755	8,084	2,995	-63%	2,443	1,004	-59%	1,082	-7%

Source: OSD, TSKB Research

Exhibit: 10 Breakdown of Exports by Manufacturer

Passenger Car (Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
Honda Türkiye	5,692	7,732	34,926	13,041	5,111	-61%	4,188	1,502	-64%	829	81%
Hyundai Assan	27,296	64,593	61,000	20,242	5,458	-73%	6,300	518	-92%	1,620	-68%
O. Renault	177,411	204,428	252,232	93,064	60,580	-35%	23,359	19,986	-14%	17,039	17%
Tofaş	59,542	73,214	57,557	22,710	17,946	-21%	5,700	5,276	-7%	5,025	5%
Toyota	160,479	154,386	119,586	55,232	20,982	-62%	12,802	2,782	-78%	9,351	-70%
TOTAL	430,420	504,353	525,301	204,289	110,077	-46%	52,349	30,064	-43%	33,864	-11%

Minibus (Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
BMC	2	0	31	10	0	-	6	0	-	0	-
Ford Otosan	551	672	860	260	160	-38%	20	100	400%	20	400%
TOTAL	554	674	891	270	160	-41%	26	100	285%	20	400%

Midibus (Units)	2006	2007	2008	4M08	4M09	% Chg	Apr.08	Apr.09	% Chg	Mar.09	Mar-Apr%
A. Isuzu	680	728	1,032	488	121	-75%	73	57	-22%	6	850%
Karsan	393	1,630	476	472	0	-	75	0	-	0	-
Otokar	167	226	345	79	21	-73%	50	2	-96%	8	-75%
Otoyol	578	100	9	9	-	-	7	0	-	-	-
Temsa	350	303	318	84	93	11%	14	20	43%	30	-33%
TOTAL	2,168	2,987	2,180	1,132	235	-79%	219	79	-64%	44	80%

Bus (Units)	2006	2007	2008	4M08	4M09	% Chg	Apr.08	Apr.09	% Chg	Mar.09	Mar-Apr%
BMC	348	542	579	283	72	-75%	68	11	-84%	26	-58%
MAN	1,874	1,699	1,538	521	363	-30%	86	102	19%	98	4%
M. Benz Turk	1,222	2,415	2,670	843	777	-8%	232	133	-43%	271	-51%
Otokar	0	0	61	1	5	400%	1	0	-	2	-
Temsa	681	696	662	163	203	25%	56	69	23%	57	21%
TOTAL	4,125	5,352	5,510	1,811	1,420	-22%	443	315	-29%	454	-31%

Pick-Up (Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
Ford Otosan	183,548	219,062	214,410	93,190	22,412	-76%	22,124	5,013	-77%	5,444	-8%
Karsan	0	0	6	1	2,874	-	0	676	-	1,081	-
Otokar	1,109	889	213	52	100	92%	4	0	-	44	-100%
Temsa	13	60	124	60	46	-23%	26	25	-4%	6	317%
Tofaş	63,519	72,963	151,886	63,903	28,549	-55%	16,091	8,543	-47%	8,741	-2%
TOTAL	254,159	295,585	366,646	157,206	53,981	-66%	38,245	14,257	-63%	15,316	-7%

Truck (Units)	2006	2007	2008	4M08	4M09	% Chg	Apr.08	Apr.09	% Chg	Mar.09	Mar-Apr%
A. Isuzu	29	22	10	10	0	-	10	0	-	0	-
Karsan	0	0	0	0	73	-	0	39	-	34	15%
BMC	359	981	572	219	192	-12%	76	58	-24%	50	16%
Ford Otosan	507	2,007	2,606	980	107	-89%	107	22	-79%	42	-48%
M. Benz Turk	2,681	6,293	6,413	2,073	403	-81%	715	116	-84%	216	-46%
Temsa	62	92	141	25	26	4%	16	7	-	4	75%
TOTAL	3,985	9,398	9,742	3,307	801	-76%	924	242	-74%	312	-22%

Exhibit: 11 Passenger Car Market In Turkey

Passenger Car Sales

(Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
Local	117,725	120,740	99,205	35,175	33,776	-4%	11,000	13,415	22%	10,674	26%
Imports	255,494	236,725	206,793	69,069	70,713	-66%	19,313	22,787	18%	29,948	-24%
Domestic Sales	373,219	357,465	305,998	104,244	104,489	0%	30,313	36,202	19%	40,622	-11%
Imports as % of Total	68.5%	66.2%	67.6%	66.3%	67.7%		63.7%	62.9%		73.7%	-15%

Passenger Car Imports

(Units)	2006	2007	2008	4M08	4M09	% Chg	Apr.08	Apr.09	% Chg	Mar.09	Mar-Apr%
Ford	38,171	26,223	25,898	8,099	7,530	-7%	2,302	1,449	-37%	3,806	-62%
Opel	28,171	22,713	24,804	8,012	6,055	-24%	2,270	1,559	-31%	3,057	-49%
Volkswagen	27,624	22,296	21,136	7,289	8,312	14%	1,813	2,370	31%	3,641	-35%
Toyota	13,400	20,478	20,173	5,995	6,738	12%	1,895	2,706	43%	2,708	0%
Peugeot	17,585	11,374	11,752	4,097	5,118	25%	1,154	1,971	71%	2,179	-10%
Kia	11,689	8,763	7,028	2,862	1,872	-35%	713	733	3%	717	2%
Hyundai	18,080	8,577	9,583	4,014	4,868	21%	1,355	1,678	24%	1,770	-5%
Citroen	9,718	7,001	6,563	2,034	2,225	9%	547	691	26%	1,044	-34%
Fiat	11,592	6,915	6,488	2,401	1,734	-28%	537	700	30%	710	-1%
Audi	4,928	5,225	5,484	1,519	1,451	-4%	546	474	-13%	501	-5%
Honda	6,259	5,210	5,984	1,642	3,935	140%	506	1,326	162%	1,580	-16%
Renault	7,840	4,851	5,484	1,753	1,213	-31%	687	346	-50%	621	-44%
Others	60,437	93,280	46,484	19,352	19,662	2%	4,988	6,784	36%	7,614	-11%
Total	255,494	236,725	206,793	69,069	70,713	2%	19,313	22,787	18%	29,948	-24%

Source: ODD, TSKB Research

Exhibit: 12 LCV Market In Turkey

LCV Sales

(Units)	2006	2007	2008	4M08	4M09	%	Apr.08	Apr.09	%Chg	Mar.09	Mar-Apr%
Local	129,075	128,965	96,957	34,773	25,191	-25%	9,651	10,311	7%	7,464	38%
Imports	115,558	108,332	91,068	29,111	19,419	-16%	7,737	6,127	-21%	7,025	-13%
Domestic Sales	244,633	237,297	188,025	63,884	44,610	-21%	17,388	16,438	-5%	14,489	13%
Imports as % of Total	47.2%	45.7%	48.4%	45.6%	43.5%		44.5%	37.3%		48.5%	

LCV - Imports

(Units)	2006	2007	2008	4M08	4M09	% Chg	Apr.08	Apr.09	% Chg	Mar.09	Mar-Apr%
Volkswagen	31,625	24,114	18,124	7,015	3,252	-54%	1,803	1,461	-19%	1,066	37%
Renault	25,603	19,259	15,815	4,805	4,346	-10%	1,423	1,210	-15%	1,908	-37%
Hyundai	8,972	5,935	5,116	1,684	1,330	-21%	540	214	-60%	552	-61%
Opel	6,776	4,628	4,190	1,427	480	-66%	469	154	-67%	154	0%
Citroen	5,030	4,500	4,063	1,529	930	-39%	392	352	-10%	313	12%
Mitsubishi	4,579	4,534	5,794	1,807	1,267	-30%	491	298	-39%	370	-19%
Mercedes	5,552	4,244	3,597	1,293	811	-37%	283	340	20%	260	31%
Fiat	3,327	4,049	2,807	1,079	696	-35%	288	250	-13%	294	-15%
Kia	3,491	2,847	2,180	890	236	-73%	116	73	-37%	94	-22%
Ford	3,904	2,684	2,982	1,004	805	-20%	276	165	-40%	248	-33%
Nissan	3,306	2,308	1,818	1,234	466	-62%	210	129	-39%	167	-23%
Toyota	1,726	1,798	1,674	733	247	-66%	176	111	-37%	67	66%
Dacia	1	3,705	3,992	1,681	611	-64%	325	168	-48%	221	-24%
Others	11,667	23,727	18,916	2,930	3,942	35%	945	1,202	27%	1,311	-9%
Total	115,559	108,332	91,068	29,111	19,419	-33%	7,737	6,127	-21%	7,025	-15%

Source: ODD, TSKB Research

TSKB

Research

research@tskb.com.tr
MECLİSİ MEBUSAN CAD. NO 81
FINDIKLI İSTANBUL 34427, TÜRKİYE
(90) 212 334 50 50 fax: (90) 212 334 52 34

TSKB Research

Gündüz Fındıkçıoğlu	Head of Research	(Economy, Strategy, Banking, Leasing, Cement, Automotive)	+90 (212) 334 52 71	fındıkciog@tskb.com.tr
Şebnem Mermertaş	Manager	(Conglomerates, Telecom, Media, Energy, Steel, Airline Services, Cement)	+90 (212) 334 53 60	mermertass@tskb.com.tr
Sibel Alpsal	Senior Analyst	(Banking, Insurance, Consumer Durables, Retail, REIT)	+90 (212) 334 53 65	alpsala@tskb.com.tr
Okan Uzunoğulları	Analyst	(Textile, Food & Beverage, Petrochemicals)	+90 (212) 334 53 23	uzunoqullario@tskb.com.tr
Başar Yıldırım	Analyst	(Economy, Fixed Income Securities, Automotive, Data Analysis)	+90 (212) 334 52 59	yildirim@tskb.com.tr

This document was produced by Türkiye Sinai Kalkınma Bankası A.Ş. ("Industrial Development Bank of Turkey") ("TSKB") solely for information purposes and for the use of registered broker or dealer, whether the registered broker or dealer is acting as principal for its own account or as agent for others, or a bank acting in a broker or dealer capacity as permitted by U.S.A. law. This document shall not be reproduced under any circumstances and is not to be copied or made available to any person other than the recipient. It is produced and distributed in the Republic of Turkey. This document does not constitute an offer of, or an invitation by or on behalf of TSKB or any other company to any person, to buy or sell any security. The information contained herein has been obtained from published information and other sources which TSKB considers to be reliable. No liability or responsibility whatsoever is accepted by TSKB for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document. TSKB may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon either on their own account or on behalf of their clients. TSKB may, to the extent permitted by law, act upon or use the above material or the conclusions stated above or the research or analysis on which they are based before the material is published to recipients and from time to time provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this document.

Any customer wishing to effect transactions in any securities referred to herein or options thereon should do so only by contacting a representative of TSKB.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior consent of Türkiye Sinai Kalkınma Bankası A.Ş.

This document does not constitute an offer to sell, or an invitation to subscribe for or purchase, any of the offer shares in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by TSKB and the managers to inform themselves about and to observe any such restrictions. No person has been authorised to give any information or to make any representation except as contained in this publication.

In making an investment decision investors must rely on their own examination of the Company and the terms of the offering including the merits and risk involved.

Industrial Development Bank of Turkey

Meclisi Mebusan Caddesi, No:81 34427 Fındıklı/İstanbul

Phone: +90 (212) 334-5340

Fax: +90 (212) 243-2975

Email: research@tskb.com.tr

Homepage: www.tskb.com