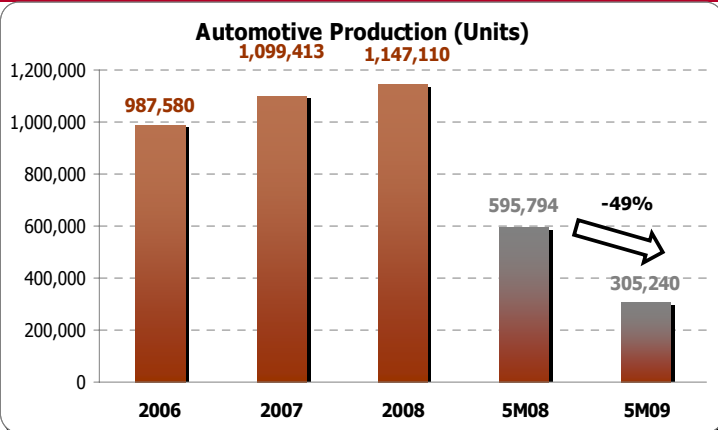


## Turkish Automotive Industry

May 2009

June 24, 2009

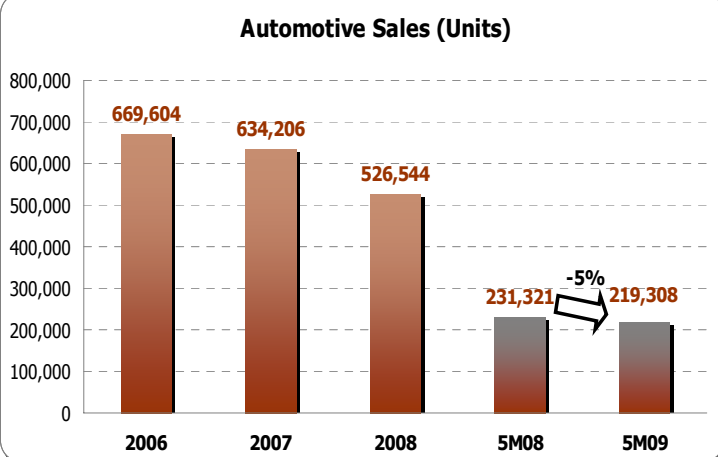


### Production

According to the statistics released by OSD, the total automotive production (excluding tractors) realized as 305,240 units which indicates 49% deescalation as of 5M09. The effects of the private consumption tax incentive, started in mid-March remained positive in May also, where the automotive production surged by 15% in comparison with April.

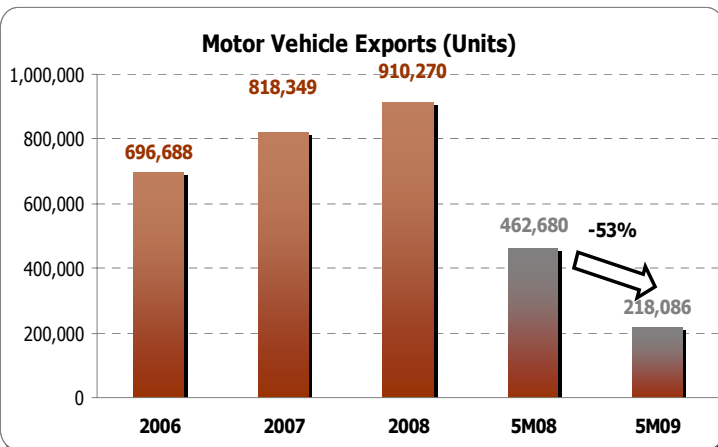
### Domestic Retail Sales

The pace of the sharp decline in automotive sales slackened with the activation of deferred demand with the PCT cut. Domestic retail sales waned only by 5% in the first five months of 2009, where 219,308 units of vehicle were sold in 5M09. On the other hand, passenger car sales soared by 5% y-o-y in 5M09, where the positive effects of the tax incentive felt more in this segment. The captain of the retail sales team, Volkswagen, is not intended to give its armband which sold 16,367 units of imported passenger cars and LCVs in toto.



### Domestic Factory Sales

Total domestic wholesales waned– factory sales materialized as 92,042 units of vehicle in the first five months of 2009, which indicates 17% y-o-y deterioration. The lower base effect and the above-mentioned tax incentive induced domestic factory sales in May 2009 to be 54% higher than the same month of the previous year.



### Exports

Although, we saw a temporary hike in sales figures with PCT cut support, total exports did not demonstrate the same y-o-y and y-o-m growth performance, where global demand has not ameliorated yet. Exports eventuated as 218,086 units, representing a 53% y-o-y diminution in Jan-May 2009 period. Oyak-Renault maintained its unbeaten automotive exporter leadership within the first five months of 2009 by exporting 80,899 units.

	2006	2007	2008	5M08	5M09	%	May.08	May.09	%
<b>Production</b>	987,580	1,099,413	1,147,110	595,794	305,240	-49%	123,900	87,127	-30%
<b>Retail Sales</b>	669,604	634,206	526,544	231,321	219,308	-5%	51,627	64,874	26%
<b>Domestic Factory Sales</b>	288,145	276,408	229,781	110,652	92,042	-17%	22,228	34,159	54%
<b>Exports</b>	696,688	818,349	910,270	462,680	218,086	-53%	94,665	51,413	-46%
<b>CUR</b>	<b>82%</b>	<b>89%</b>	<b>78%</b>	<b>98%</b>	<b>48%</b>		<b>102%</b>	<b>69%</b>	

## Production

According to the statistics released by the Automotive Manufacturer's Association (OSD), the total automotive production (excluding tractors) realized as 305,240 units which indicates 49% deescalation as of 5M09. In the corresponding period, production in commercial vehicles segment continued to contract more than in passenger cars, where the former declined by 60% whereas the latter bid down by 39%. Sector did not demonstrate a groovy capacity utilization in the first five months of 2009, where only the 49 percent of capacity were used, way below the wondrous 98% of 5M08's CUR.

**Automotive manufacturing tumbled by 30% in May 2009, compared to the same month of the previous year.** On y-o-m basis, passenger cars posted higher curtailment than commercial vehicles, where they showed 18% and 12% downturn, respectively. Monthly CUR materialised as 69%, which is 33 percentage point lower than May 2008.

**The effects of the private consumption tax incentive, started in mid-March remained positive in May also,** where the automotive production surged by 15% in comparison with April. The main contributor was the commercial vehicle segment with its underlier of pick-up sub-segment, whose production rose by 28% m-o-m.

**First three were not change in production league,** where Oyak Renault maintained its first ranking with 104,204 units, followed by Tofaş and Ford Otosan, in turn.

**Exhibit: 1 Automotive Production in Turkey**

(Units)	2006	2007	2008	5M08	5M09	%	May.08	May.09	%	Apr.09	Apr-May%
<b>Passenger Car</b>	<b>545,682</b>	<b>634,883</b>	<b>621,567</b>	<b>316,889</b>	<b>192,352</b>	<b>-39%</b>	<b>63,931</b>	<b>52,631</b>	<b>-18%</b>	<b>48,566</b>	<b>8%</b>
<b>Commercial Vehicle</b>	<b>441,898</b>	<b>464,530</b>	<b>525,543</b>	<b>278,905</b>	<b>112,888</b>	<b>-60%</b>	<b>59,969</b>	<b>34,496</b>	<b>-12%</b>	<b>26,979</b>	<b>28%</b>
<i>Minibus</i>	20,728	21,999	21,123	9,453	4,098	-57%	2,276	1,362	-40%	974	40%
<i>Midibus</i>	8,263	9,305	10,660	4,893	619	-87%	1,055	95	-91%	90	6%
<i>Bus</i>	6,019	6,945	7,526	3,300	2,522	-24%	812	467	-42%	484	-4%
<i>Pick-Up</i>	369,862	391,737	449,434	245,899	103,931	-58%	52,552	32,227	-39%	25,081	28%
<i>Truck</i>	37,026	34,544	36,800	15,360	1,718	-89%	3,274	345	-89%	350	-1%
<b>TOTAL</b>	<b>987,580</b>	<b>1,099,413</b>	<b>1,147,110</b>	<b>595,794</b>	<b>305,240</b>	<b>-49%</b>	<b>123,900</b>	<b>87,127</b>	<b>-30%</b>	<b>75,545</b>	<b>15%</b>
<b>CUR (%)</b>	<b>81%</b>	<b>89%</b>	<b>78%</b>	<b>98%</b>	<b>48%</b>		<b>102%</b>	<b>69%</b>		<b>63%</b>	

Source: Automotive Manufacturers Association (OSD), TSKB Research

**Exhibit: 2 Automotive Production by manufacturer (5M09)**

	P.Car	Minibus	Midibus	Bus	Pick Up	Truck	Total
Oyak Renault	104,204						104,204
Tofaş	36,097				58,761		94,858
Ford Otosan		3,946			41,487	305	45,738
Toyota	24,452						24,452
Hyundai Assan	19,026						19,026
Honda Türkiye	8,573						8,573
Karsan					3,432	169	3,601
M.Benz Turk				1,119		777	1,896
M.A.N				723			723
A.Isuzu			234		70	146	450
Otokar		152	285	52	119		608
B.M.C				307	62	321	690
Temsa			100	321			421
<b>TOTAL</b>	<b>192,352</b>	<b>4,098</b>	<b>619</b>	<b>2,522</b>	<b>103,931</b>	<b>1,718</b>	<b>305,240</b>

Source: Automotive Manufacturers Association (OSD), TSKB Research

## Domestic Retail Sales

**The pace of the sharp decline in automotive sales slackened with the activation of deferred demand with the Private Consumption Tax (PCT) cut.** Domestic retail sales waned only by 5% in the first five months of 2009, where 219,308 units of vehicle were sold in 5M09. On the other hand, passenger car sales soared by 5% y-o-y in 5M09, where the positive effects of the tax incentive felt more in this segment. Locally produced and imported vehicle sales demonstrated nearly the same performance, which bid down 7% and 4%, respectively. The quantum of imported vehicles in total sales realized as 57.4%, which was 56.5% in 5M08.

**The effect of PCT incentive reverberated highly in May figures, where the domestic retail sales surged by 26% in comparison with May 2008.** Locally manufactured sales growth more than doubled the swell in imported vehicle rendition, where the former increased by % 38 and the latter was 17%. Imported cars got 53.4% share in overall sales in May 2009, which was 57.5% a year ago.

**Evaluating month only figures, one encountered with %19 hike in retail sales in May 2009, compared with previous month, with again the effect of PCT cut bolster. Worth to say again,** passenger cars and light commercial vehicles felt the positive impact most, whereas heavy commercial vehicles did not respond to incentives other segments did.

**The captain of the retail sales team, Volkswagen, is not intended to give its armband which sold 16,367 units of imported** passenger cars and LCVs in toto. The leader in imported LCV sales was Renault with 5,025 units.

### Exhibit: 3 Automotive Sales in Turkey (Retail)

(Units)	2006	2007	2008	5M08	5M09	%	May.08	May.09	%	Apr.09	Apr-May%
Local	285,430	278,454	220,457	100,740	93,377	-7%	21,967	30,245	38%	25,095	21%
Import	384,174	355,752	306,087	130,581	125,931	-4%	29,660	34,629	17%	29,333	18%
Domestic Sales	669,604	634,206	526,544	231,321	219,308	-5%	51,627	64,874	26%	54,428	19%
Imports as % of Total	57.4%	56.1%	58.1%	56.5%	57.4%		57.5%	53.4%		53.9%	

Source: Automotive Manufacturers Association (OSD), TSKB Research

## Domestic Factory Sales

**Total domestic wholesales waned– factory sales materialized as 92,042 units of vehicle in the first five months of 2009, which indicates 17% y-o-y deterioration.** The drop mainly stemmed from commercial vehicles as in the 4M09 period, which waned by 26%, whereas domestic factory sales of the passenger car segment showed a meagre fall of 5%.

**The lower base effect and the above-mentioned tax incentive induced domestic factory sales in May 2009 to be 54% higher than the same month of the previous year.** Passenger cars indicated a marvellous growth of 66%, where the commercial vehicle segment did not accomplish this, due to the inadequacy of the stimulus on high commercial vehicles.

**Factory sales soared by 23% m-o-m when we analyzed May only data,** where the main contributor was commercial vehicle segment with the help of its pick-up sub-segment's positive performance.

**Tofaş, the domestic wholesale leader, sold 31,212 in the first five months of 2009,** who was pursued by Oyak-Renault and Ford Otosan (20,324 and 15,819, in turn).

### Exhibit: 4 Domestic Automotive Sales (Wholesales Figures)

(Units)	2006	2007	2008	5M08	5M09	%	May.08	May.09	%Chg	Apr.09	Apr-May%
Passenger Car	115,681	121,181	102,020	49,739	47,168	-5%	10,586	17,603	66%	15,239	16%
Commercial Vehicle	172,464	155,920	127,761	60,913	44,874	-26%	11,642	16,556	42%	12,550	32%
Minibus	8,530	8,197	6,126	2,822	2,348	-17%	462	535	16%	575	-7%
Midibus	5,374	7,006	6,037	2,687	582	-78%	397	115	-71%	156	-26%
Bus	1,694	1,596	1,945	913	902	-1%	227	162	-29%	148	9%
Pick-Up	124,607	113,332	91,898	44,418	36,891	-17%	8,567	14,588	70%	10,667	37%
Truck	32,259	25,789	21,755	10,073	4,151	-59%	1,989	1,156	-42%	1,004	15%
<b>TOTAL</b>	<b>288,145</b>	<b>277,101</b>	<b>229,781</b>	<b>110,652</b>	<b>92,042</b>	<b>-17%</b>	<b>22,228</b>	<b>34,159</b>	<b>54%</b>	<b>27,789</b>	<b>23%</b>

Source: OSD, TSKB Research

## Exports...

**According to Turkish Exporters Association (TIM), the motor vehicles, parts, and accessories sector continued to be the leader with \$18.5bn 12-months trailing exports.** The automotive sector accounts for 17% of Turkey's overall exports as of 5M09. The sector is also the export leader in May-only performance, with a share of 18.11%, when exports declined by 48% in US dollar terms.

**Although, we saw a temporary hike in sales figures with PCT cut support, total exports did not demonstrate the same y-o-y and y-o-m growth performance, where global demand has not ameliorated yet.** Exports eventuated as 218,086 units, representing a 53% y-o-y diminution in Jan-May 2009 period. Both passenger cars and commercial vehicles exports continued to suffer from the slackening foreign trade conditions as the global crisis continues, where the former posted 44% slump, whereas the latter tumbled by 64% in 5M09.

**Looking at May only data, motor vehicle exports withered by 46% compared to the same month of last year,** where the exports in commercial vehicle segment petered out more than passenger cars', by 57% and 36%, in turn. On the other hand, exports proffered 14% monthly growth, mainly stemmed from the 26% rise in pick-up exports.

**Oyak-Renault maintained its unbeaten automotive exporter leadership within the first five months of 2009 by exporting 80,899 units.** Tofaş and Ford Otosan are the followers with 60,562 and 32,751 units, respectively.

Exhibit: 5 Motor Vehicle Export Figures											
(Units)	2006	2007	2008	5M08	5M09	%	May.08	May.09	%Chg	Apr.09	Apr-May%
<b>Passenger Car</b>	<b>430,420</b>	<b>504,353</b>	<b>525,301</b>	<b>255,405</b>	<b>142,736</b>	<b>-44%</b>	<b>51,116</b>	<b>32,659</b>	<b>-36%</b>	<b>30,064</b>	<b>9%</b>
<b>Commercial Vehicle</b>	<b>266,268</b>	<b>313,996</b>	<b>384,969</b>	<b>207,275</b>	<b>75,350</b>	<b>-64%</b>	<b>43,549</b>	<b>18,754</b>	<b>-57%</b>	<b>14,954</b>	<b>25%</b>
<i>Minibus</i>	1,809	674	891	430	320	-26%	160	160	0%	100	60%
<i>Midibus</i>	2,168	2,987	2,180	1,232	306	-75%	100	71	-29%	79	-10%
<i>Bus</i>	4,125	5,352	5,510	2,375	1,787	-25%	564	368	-35%	315	17%
<i>Pick-Up</i>	254,159	295,585	366,646	198,971	71,991	-64%	41,765	18,010	-57%	14,257	26%
<i>Truck</i>	4,007	9,398	9,742	4,267	946	-78%	960	145	-85%	203	-29%
<b>TOTAL</b>	<b>696,688</b>	<b>818,349</b>	<b>910,270</b>	<b>462,680</b>	<b>218,086</b>	<b>-53%</b>	<b>94,665</b>	<b>51,413</b>	<b>-46%</b>	<b>45,018</b>	<b>14%</b>

Source: OSD, TSKB Research

## Economics

Gündüz Fındıkçioğlu, PhD, Chief Economist & Head of Research

The government has made public a comprehensive fiscal stimulus package last month. The pack comprises three sorts of measures, which are in our opinion well taken and sensible all. Hence, we welcome the drive and expect it could give momentum to a possible recovery in Q4 2009. There are sectoral and regional investment incentives, corporate and income tax cuts, project finance subsidies, VAT and customs tax exemptions etc. There again we welcome the diversified nature of such stabilizers. Furthermore, the above-mentioned investment incentives will apply only to 2009 vintage projects. The government will provide vocational training for 200,000 people and pay for the social security premiums of newly hired employees for six months, extendable to twelve months. SMEs are not forgotten either. A credit guarantee fund of TL1 bn will address to SMEs. Treasury guarantees will reach 65% of outstanding loan balances in this scheme, thereby reducing collateral requirements sizeably. The guarantee mechanism will lie over the next two years. In principle, we agree with the package, which was in fact long due. The only fundamental question is its fiscal impact, which should of course be assessed in combination with its expected positive impact on economic activity and the accompanying tax revenue rises it could generate. Industrial production figures show the worst is behind us. They are in line with the consensus estimate, offer no surprise, and signal government incentives have already fed into industrial production, not only car sales. We do not think, however, the seasonally unadjusted Q2 GDP growth will be affected by that. We expect at least 11% GDP contraction in Q1, with 6% contraction to follow in Q2. For the whole year, 5-5.5% GDP contraction is likely, corresponding to c. 6 bn USD current account deficit. We are heading towards at least 6% of GDP budget deficit this year, which compared to the hefty US deficit of 13% looks acceptable provided it remains a one-off increase.



*"Beauty is truth, truth beauty." (John Keats)*

— Sometimes when you look into the abyss,  
the abyss looks back into you.  
— Every fear hides a wish, don't you think?  
— How do we run from things we need?  
— Let your heart wear the crown, not your

Now, Soros claimed in much less Aesopian language than many others that CDSs are toxic. He meant in fact that CDSs were wrongly conceptualized as insurance contracts, or as options, but that they were in fact akin to bear market warrants, with a long duration, mispriced and exercisable anytime. So, we have problems, the message goes, with toxic assets still on balance sheets although the top-12 U.S. banks' capital adequacy ratios climbed to 11% from 7% in less than 6 months, partly due to accounting changes. Does anybody call for a rejuvenation of received economic and, especially, financial ideas and models, as Keynes did in the 1930s?

John Keats wrote this memorable line in his *Ode on a Grecian Urn* in 1820. The *Ode* begins with "THOU still unravish'd bride of quietness", and the first part ends with "What men or gods are these? What maidens loth? What mad pursuit? What struggle to escape? What pipes and timbrels? What wild ecstasy?" It is still an unsettled matter whether Keats claimed "beauty is truth, truth beauty" in order to express his belief that beauty is the bearer of truth, which in its full veracity is far more *beautiful* in its *beatitude* than any other truth humans can aspire to consummate. An interpreter believes "humans can experience and fulfil their hearts' desires, unlike the 'bold lover, who never, never canst thou kiss' who, like the other figures in art, is in a moment of anticipation which won't be fulfilled." It is also possible to imagine that it is what the Urn is telling him, not Keats' own thinking. Anyway, Lamia deceives Lycius out of a pure wish to be not only in bliss, but also to be looked at and seen, as opposed to the denigration of vision in the 19<sup>th</sup> Century French thought Foucault, *inter alia*, so unforgettably rendered decomposable and reconstructible, and this is what makes *the truth* of it. That truth can be in itself beauty is unmistakable, and outside the realm of poetics is a theme that we can delineate back to the Enlightenment. However, the converse, the "beauty is truth" part, could only be rendered intelligible and acceptable according as Keats *approves* the beauty in it. *So beauty can in no poetic condition belie any truth.* Could it defame it under other circumstances?

Now, consider a bit of economic (neo-classical) theory. What follows is an excerpt from a sketchy exercise of mine, which has still not been completed, and therefore not yet put under publishable form. *But it is beautiful, by being neo-classical in nature, and therefore cannot belie any truth as such, at the highly abstract level to which it belongs.* As in poetics, in economics also the truth is exposed, wherever it exists, only in the form of undeniable beauty. *The mathematics the beloved and cherished neoclassical instrumentarium of our younger selves requires is totally omitted here.* The piece I deliver delves into the mundane matters of liberalism, optimality and equilibrium –let alone stability, which are all elusive concepts, just as beauty that cannot last and the pursuit of happiness that can in no stretch of imagination be accomplished with full success are.

Neo-classicals are generally ordinalist utilitarians and Paretians.<sup>[1]</sup> Paretians need not support *strong liberalism*, a statement that is in contradistinction with some unfortunately widespread lay beliefs: hence, the title. In effect, I conjecture that the strong form of (neo) liberalism entails one of the following claims, even all.

- (i) Unfettered markets are the optimal solution to the resource allocation problem.
- (ii) Optimality and equality are such issues as are better separated than as are not, if not totally distinct.
- (iii) Where optimality and equality conflict, the former has priority over the latter.<sup>[2]</sup>

A consequence of (i) is that, theoretically, *there is no room for public intervention to the market from the vantage point of efficiency.* A consequence of (ii) is that *concerns for equality shouldn't interfere with those of optimality*; in particular, regardless of our inequality aversion we should be able to value efficiency *per se*. A consequence of (iii) is that *appeals to optimality carry greater weight than those to equality.* Translated into the language of economic theory:

- (a) Conjecture (i) amounts to the first & second welfare theorems.
- (b) Conjecture (ii) is best represented by the quasi-linear case.
- (c) Conjecture (iii) may invoke some incentive-compatibility theorems, but need not command specific jurisdiction at the “high-brow” level of economics. In particular, it constrains economic justice to being consistent with efficiency and wipes it out as an independent *desideratum*. While (iii) doesn't necessarily cross out the possibility of defining justice independently of efficiency, it constrains the use of such autonomous definitions of justice by requiring that justice could be congruously articulated only whenever it is incentive-compatible.

Now, (iii) is rather controversial, if not fully normative and (ii) is a special case of equilibrium theory. Neither (iii) nor (ii) constitute strictly authoritative and sufficiently encompassing arguments, which leaves us with (i) as the archetype neo-classical theoretical conjecture supporting strong liberalism. The article unfolds the convolution of a number of reasonably realistic cases in which (i) may not hold, which establishes that (Paretian) neo-classicals would rather not espouse strong liberalism. Thus, theoretically, strong liberalism may not be the epigrammatic progeny of neo-classicism.

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<sup>[1]</sup> The partial converse, that Paretians are neo-classicals, may also be endorsed. In particular, it may be shown that any non-individual social welfare function violates the Pareto principle -Proposition A. If we support the claim that optimising individual utilities is the mark of neo-classicism, we come to the following logical equivalent of Proposition A, by virtue of the contrapositive: the Pareto principle implies neo-classicism. It seems that there may not be any loss of generality if we use the terms “neo-classical” and “Paretian” interchangeably. Proposition A is proven in (31) and replicated in Appendix 4 for illustration purposes.

<sup>[2]</sup> Various weak liberalisms may be defined by sufficiently relaxing (i), (ii), (iii). Paretians may possibly be wedded to some weak liberalisms.

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

Export	2006	2007	2008	5M08	5M09	5M09	May.08	May.09	%Chg	Apr.09	Apr-May%
Ford Otosan	184,606	221,741	217,876	117,964	32,751	-72%	23,534	10,072	-57%	5,135	96%
Oyak-Renault	177,411	204,428	252,232	117,048	80,899	-31%	23,984	20,319	-15%	19,986	2%
Toyota	160,479	154,386	119,586	68,357	26,262	-62%	13,125	5,280	-60%	2,782	90%
Tofaş	123,061	146,177	209,443	111,007	60,562	-45%	24,394	14,067	-42%	13,819	2%
Hyundai	33,256	67,203	61,000	25,572	5,866	-77%	5,330	408	-92%	518	-21%
Mercedes-Benz Turk	3,903	8,708	9,083	3,900	1,421	-64%	984	241	-76%	249	-3%
Honda Türkiye	5,692	7,732	34,926	15,900	5,489	-65%	2,859	378	-87%	1,502	-75%
MAN Türkiye	1,874	1,699	1,538	682	504	-26%	161	142	-12%	102	39%
BMC	712	1,524	1,189	607	427	-30%	95	163	72%	69	136%
Otokar	1,276	1,115	619	152	143	-6%	20	17	-15%	2	750%
Temsa	1,106	1,151	1,245	460	495	8%	128	127	-1%	121	5%
Karsan	394	1,632	482	475	3,125	558%	2	178	8800%	676	-74%
A. Isuzu	711	750	1,042	547	142	-74%	49	21	-57%	57	-63%
<b>Grand Total</b>	<b>695,411</b>	<b>818,349</b>	<b>910,270</b>	<b>462,680</b>	<b>218,086</b>	<b>-53%</b>	<b>94,665</b>	<b>51,413</b>	<b>-46%</b>	<b>45,018</b>	<b>14%</b>

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

	2006	2007	2008	5M08	5M09	%	May.08	May.09	% Chg	Apr.09	Apr-May%
Tofaş	55,806	63,296	58,750	28,276	31,212	10%	6,051	11,760	94%	10,935	8%
Toyota	16,270	5,533	6,437	2,784	144	-95%	295	30	-90%	24	-
Oyak-Renault	50,817	54,896	41,746	22,456	20,324	-9%	4,341	9,570	120%	6,661	44%
Ford Otosan	71,572	67,703	47,735	23,061	15,819	-31%	4,214	6,577	56%	3,218	104%
Hyundai	26,175	22,085	19,687	8,965	15,064	68%	2,499	4,212	69%	4,959	-15%
Mercedes-Benz Turk	10,795	10,593	9,521	3,953	1,943	-51%	934	651	-30%	532	22%
MAN Türkiye	625	353	237	114	211	85%	11	28	155%	26	-
Honda Türkiye	12,634	15,580	15,015	6,196	1,613	-74%	1,413	157	-89%	197	-20%
A. Isuzu	6,165	7,847	7,133	3,615	1,160	-68%	537	327	-39%	436	-25%
Otoyol	3,134	686	25	25	0	-	9	0	-	0	-
Karsan	11,923	8,376	6,937	3,400	1,800	-47%	398	343	-14%	311	10%
Temsa	7,332	8,223	7,916	3,262	1,260	-61%	746	164	-78%	176	-7%
BMC	11,013	9,081	5,986	3,459	1,083	-69%	669	229	-66%	199	15%
Otokar	2,402	2,737	2,656	1,086	409	-62%	111	111	0%	115	-3%
<b>Grand Total</b>	<b>288,145</b>	<b>277,101</b>	<b>229,781</b>	<b>110,652</b>	<b>92,042</b>	<b>-17%</b>	<b>22,228</b>	<b>34,159</b>	<b>54%</b>	<b>27,789</b>	<b>23%</b>

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

	2006	2007	2008	3M08	3M09	%	May.08	May.09	% Chg	Apr.09	Apr-May%
Tofaş	178,867	209,473	268,193	139,283	91,774	-34%	30,445	25,827	-15%	24,754	4%
Toyota	176,749	159,919	126,023	71,141	26,406	-63%	13,420	5,310	-60%	2,806	89%
Oyak-Renault	228,228	259,324	293,978	139,504	101,223	-27%	28,325	29,889	6%	26,647	12%
Ford Otosan	256,178	289,444	265,611	141,025	48,570	-66%	27,748	16,649	-40%	8,353	99%
Hyundai	59,431	89,288	80,687	34,537	20,930	-39%	7,829	4,620	-41%	5,477	-16%
Mercedes-Benz Turk	14,698	19,301	18,604	7,853	3,364	-57%	1,918	892	-53%	781	14%
MAN Türkiye	2,499	2,052	1,775	796	715	-10%	172	170	-1%	128	33%
Honda Türkiye	18,326	23,312	49,941	22,096	7,102	-68%	4,272	535	-87%	1,699	-69%
A. Isuzu	6,876	8,597	8,175	4,162	1,302	-69%	586	348	-41%	493	-29%
Otoyol	4,059	789	34	34	0	-	9	0	-	0	-
Karsan	12,317	10,008	7,419	3,875	4,925	27%	400	521	30%	987	-47%
Temsa	8,438	9,374	9,161	3,722	1,755	-53%	874	291	-67%	297	-2%
BMC	11,725	10,605	7,175	4,066	1,510	-63%	764	392	-49%	268	46%
<b>Grand Total</b>	<b>983,556</b>	<b>1,095,450</b>	<b>1,140,051</b>	<b>573,332</b>	<b>310,128</b>	<b>-46%</b>	<b>116,893</b>	<b>85,572</b>	<b>-27%</b>	<b>72,807</b>	<b>18%</b>

Source: OSD, TSKB Research

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

<b>Passenger Cars (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>%</b>	<b>May.08</b>	<b>May.09</b>	<b>%Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
Honda Türkiye	12,634	15,580	15,015	6,196	1,613	-74%	1,413	157	-89%	197	-20%
Hyundai Assan	15,529	16,667	19,687	8,965	15,031	68%	2,499	4,179	67%	4,959	-16%
O. Renault	50,817	54,896	41,746	22,456	20,324	-9%	4,341	9,570	120%	6,661	44%
Tofaş	20,431	28,505	19,135	9,338	10,056	8%	2,038	3,667	80%	3,398	8%
Toyota	16,270	5,533	6,437	2,784	144	-95%	295	30	-90%	24	25%
<b>TOTAL</b>	<b>115,681</b>	<b>121,181</b>	<b>102,020</b>	<b>49,739</b>	<b>47,168</b>	<b>-5%</b>	<b>10,586</b>	<b>17,603</b>	<b>66%</b>	<b>15,239</b>	<b>16%</b>

<b>Minibus (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>%</b>	<b>May.08</b>	<b>May.09</b>	<b>%Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
BMC	914	1,237	758	468	98	-79%	64	19	-70%	35	-46%
Ford Otosan	4,861	4,677	3,617	1,394	1,217	-13%	385	233	-39%	307	-24%
Karsan	1,618	1,746	1,211	728	875	20%	0	201	-	203	-1%
Otokar	438	313	540	232	158	-32%	13	82	531%	30	173%
<b>TOTAL</b>	<b>8,530</b>	<b>8,197</b>	<b>6,126</b>	<b>2,822</b>	<b>2,348</b>	<b>-17%</b>	<b>462</b>	<b>535</b>	<b>16%</b>	<b>575</b>	<b>-7%</b>

<b>Midibus (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>%</b>	<b>May.08</b>	<b>May.09</b>	<b>%Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
A. Isuzu	1,107	1,573	1,515	872	125	-86%	187	52	-72%	27	93%
Karsan	1,345	2,718	1,816	573	0	-	5	0	-	0	-
Otokar	757	1,235	1,321	561	191	-66%	82	23	-72%	74	-69%
Otoyol	1,263	357	25	25	0	-	9	0	-	0	-
Temsa	902	1,123	1,360	656	266	-59%	114	40	-65%	55	-27%
<b>TOTAL</b>	<b>5,374</b>	<b>7,006</b>	<b>6,037</b>	<b>2,687</b>	<b>582</b>	<b>-78%</b>	<b>397</b>	<b>115</b>	<b>-71%</b>	<b>156</b>	<b>-26%</b>

<b>Bus (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>%</b>	<b>May.08</b>	<b>May.09</b>	<b>%Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
BMC	263	343	501	293	343	17%	85	28	-67%	76	-63%
MAN	457	353	237	114	211	85%	11	28	155%	26	8%
M. Benz Turk	846	689	775	273	248	-9%	98	85	-13%	27	215%
Otokar	0	49	249	135	21	-84%	12	6	-50%	1	500%
Temsa	128	162	183	98	79	-19%	21	15	-29%	18	-17%
<b>TOTAL</b>	<b>1,694</b>	<b>1,596</b>	<b>1,945</b>	<b>913</b>	<b>902</b>	<b>-1%</b>	<b>227</b>	<b>162</b>	<b>-29%</b>	<b>148</b>	<b>9%</b>

<b>Pick-Up (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>%</b>	<b>May.08</b>	<b>May.09</b>	<b>%Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
A. Isuzu	2,244	3,155	3,106	1,513	433	-71%	169	97	-43%	198	-51%
BMC	3,575	2,655	1,122	717	181	-75%	102	59	-42%	29	103%
Ford Otosan	59,508	58,561	41,210	20,136	14,028	-30%	3,575	6,192	73%	2,754	125%
Hyundai Assan	9,950	5,198	0	0	33	-	0	33	-	0	#DIV/0!
Karsan	8,960	3,912	2,463	1,451	829	-43%	324	89	-73%	97	-8%
Otokar	1,207	1,140	546	158	39	-75%	4	0	-100%	10	-100%
Temsa	3,424	3,906	3,836	1,505	192	-87%	380	25	-93%	42	-40%
Tofaş	35,375	34,791	39,615	18,938	21,156	12%	4,013	8,093	102%	7,537	7%
<b>TOTAL</b>	<b>124,607</b>	<b>113,332</b>	<b>91,898</b>	<b>44,418</b>	<b>36,891</b>	<b>-17%</b>	<b>8,567</b>	<b>14,588</b>	<b>70%</b>	<b>10,667</b>	<b>37%</b>

<b>Truck (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>%</b>	<b>May.08</b>	<b>May.09</b>	<b>%Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
A. Isuzu	2,814	3,119	2,512	1,230	602	-51%	181	178	-2%	211	-16%
BMC	6,261	4,846	3,605	1,981	461	-77%	418	123	-71%	59	108%
Ford Otosan	7,203	4,465	2,908	1,531	574	-63%	254	152	-40%	157	-3%
Karsan			1,447	648	96	-85%	69	53	-23%	11	382%
M. Benz Turk	9,949	9,904	8,746	3,680	1,695	-54%	836	566	-32%	505	12%
Temsa	2,878	3,032	2,537	1,003	723	-28%	231	84	-64%	61	38%
<b>TOTAL</b>	<b>32,259</b>	<b>25,789</b>	<b>21,755</b>	<b>10,073</b>	<b>4,151</b>	<b>-59%</b>	<b>1,989</b>	<b>1,156</b>	<b>-42%</b>	<b>1,004</b>	<b>15%</b>

Source: OSD, TSKB Research

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

<b>Passenger Car (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>%</b>	<b>May.08</b>	<b>May.09</b>	<b>%Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
Honda Türkiye	5,692	7,732	34,926	15,900	5,489	-65%	2,859	378	-87%	1,502	-75%
Hyundai Assan	27,296	64,593	61,000	25,572	5,866	-77%	5,330	408	-92%	518	-21%
O. Renault	177,411	204,428	252,232	117,048	80,899	-31%	23,984	20,319	-15%	19,986	2%
Tofaş	59,542	73,214	57,557	28,528	24,220	-15%	5,818	6,274	8%	5,276	19%
Toyota	160,479	154,386	119,586	68,357	26,262	-62%	13,125	5,280	-60%	2,782	90%
<b>TOTAL</b>	<b>430,420</b>	<b>504,353</b>	<b>525,301</b>	<b>255,405</b>	<b>142,736</b>	<b>-44%</b>	<b>51,116</b>	<b>32,659</b>	<b>-36%</b>	<b>30,064</b>	<b>9%</b>

<b>Minibus (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>%</b>	<b>May.08</b>	<b>May.09</b>	<b>%Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
BMC	2	0	31	10	120	-	0	120	-	0	-
Ford Otosan	551	672	860	420	200	-52%	160	40	-75%	100	-60%
<b>TOTAL</b>	<b>554</b>	<b>674</b>	<b>891</b>	<b>430</b>	<b>320</b>	<b>-26%</b>	<b>160</b>	<b>160</b>	<b>0%</b>	<b>100</b>	<b>60%</b>

<b>Midibus (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>% Chg</b>	<b>May.08</b>	<b>May.09</b>	<b>% Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
A. Isuzu	680	728	1,032	537	142	-74%	49	21	-57%	57	-63%
Karsan	393	1,630	476	474	0	-	2	0	-	0	-
Otokar	167	226	345	95	27	-72%	16	6	-63%	2	200%
Otoyol	578	100	9	9	-	-	0	-	-	0	-
Temsa	350	303	318	117	137	17%	33	44	33%	20	120%
<b>TOTAL</b>	<b>2,168</b>	<b>2,987</b>	<b>2,180</b>	<b>1,232</b>	<b>306</b>	<b>-75%</b>	<b>100</b>	<b>71</b>	<b>-29%</b>	<b>79</b>	<b>-10%</b>

<b>Bus (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>% Chg</b>	<b>May.08</b>	<b>May.09</b>	<b>% Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
BMC	348	542	579	334	89	-73%	51	17	-67%	11	55%
MAN	1,874	1,699	1,538	682	504	-26%	161	142	-12%	102	39%
M. Benz Turk	1,222	2,415	2,670	1,120	928	-17%	277	151	-45%	133	14%
Otokar	0	0	61	1	6	500%	0	1	-	0	-
Temsa	681	696	662	238	260	9%	75	57	-24%	69	-17%
<b>TOTAL</b>	<b>4,125</b>	<b>5,352</b>	<b>5,510</b>	<b>2,375</b>	<b>1,787</b>	<b>-25%</b>	<b>564</b>	<b>368</b>	<b>-35%</b>	<b>315</b>	<b>17%</b>

<b>Pick-Up (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>%</b>	<b>May.08</b>	<b>May.09</b>	<b>%Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
BMC	3	1	7	0	1	-	0	1	-	0	-
Ford Otosan	183,548	219,062	214,410	116,364	32,425	-72%	23,174	10,013	-57%	5,013	100%
Karsan	0	0	6	1	3,051	-	0	177	-	676	-74%
Otokar	1,109	889	213	56	110	96%	4	10	-	0	-
Temsa	13	60	124	71	62	-13%	11	16	45%	25	-36%
Tofaş	63,519	72,963	151,886	82,479	36,342	-56%	18,576	7,793	-58%	8,543	-9%
<b>TOTAL</b>	<b>254,159</b>	<b>295,585</b>	<b>366,646</b>	<b>198,971</b>	<b>71,991</b>	<b>-64%</b>	<b>41,765</b>	<b>18,010</b>	<b>-57%</b>	<b>14,257</b>	<b>26%</b>

<b>Truck (Units)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>5M08</b>	<b>5M09</b>	<b>% Chg</b>	<b>May.08</b>	<b>May.09</b>	<b>% Chg</b>	<b>Apr.09</b>	<b>Apr-May%</b>
A. Isuzu	29	22	10	10	0	-	0	0	-	0	-
Karsan	0	0	0	0	74	-	0	1	-	39	-97%
BMC	359	981	572	263	217	-17%	44	25	-43%	58	-57%
Ford Otosan	507	2,007	2,606	1,180	126	-89%	200	19	-91%	22	-14%
M. Benz Turk	2,681	6,293	6,413	2,780	493	-82%	707	90	-87%	116	-22%
Temsa	62	92	141	34	36	6%	9	10	-	7	43%
<b>TOTAL</b>	<b>3,985</b>	<b>9,398</b>	<b>9,742</b>	<b>4,267</b>	<b>946</b>	<b>-78%</b>	<b>960</b>	<b>145</b>	<b>-85%</b>	<b>203</b>	<b>-29%</b>

## Exhibit: 11 Passenger Car Market In Turkey

### Passenger Car Sales

(Units)	2006	2007	2008	5M08	5M09	%	May.08	May.09	%Chg	Apr.09	Apr-May%
Local	117,725	120,740	99,205	45,725	49,154	7%	10,550	15,378	46%	10,674	44%
Imports	255,494	236,725	206,793	89,996	99,523	-52%	20,927	28,810	38%	29,948	-4%
Domestic Sales	373,219	357,465	305,998	135,721	148,677	10%	31,477	44,188	40%	40,622	9%
Imports as % of Total	68.5%	66.2%	67.6%	66.3%	66.9%		66.5%	65.2%		73.7%	-12%

### Passenger Car Imports

(Units)	2006	2007	2008	5M08	5M09	% Chg	May.08	May.09	% Chg	Apr.09	Apr-May%
Ford	38,171	26,223	25,898	10,369	12,783	23%	2,270	5,253	131%	1,449	263%
Opel	28,171	22,713	24,804	10,776	10,235	-5%	2,764	4,180	51%	1,559	168%
Volkswagen	27,624	22,296	21,136	8,991	10,311	15%	1,702	1,999	17%	2,370	-16%
Toyota	13,400	20,478	20,173	7,676	8,757	14%	1,681	2,019	20%	2,706	-25%
Peugeot	17,585	11,374	11,752	5,354	6,208	16%	1,257	1,090	-13%	1,971	-45%
Kia	11,689	8,763	7,028	3,860	2,625	-32%	998	753	-25%	733	3%
Hyundai	18,080	8,577	9,583	4,950	7,487	51%	936	2,619	180%	1,678	56%
Citroen	9,718	7,001	6,563	2,839	2,895	2%	805	670	-17%	691	-3%
Fiat	11,592	6,915	6,488	2,904	2,956	2%	503	1,222	143%	700	75%
Audi	4,928	5,225	5,484	2,181	2,015	-8%	662	564	-15%	474	19%
Honda	6,259	5,210	5,984	2,335	5,095	118%	693	1,160	67%	1,326	-13%
Renault	7,840	4,851	5,484	2,227	1,735	-22%	474	522	10%	346	51%
Others	60,437	93,280	46,484	25,534	26,421	3%	6,182	6,759	9%	13,945	-52%
<b>Total</b>	255,494	236,725	206,793	89,996	99,523	11%	20,927	28,810	38%	29,948	-4%

Source: ODD, TSKB Research

## Exhibit: 12 LCV Market In Turkey

### LCV Sales

(Units)	2006	2007	2008	5M08	5M09	%	May.08	May.09	%Chg	Apr.09	Apr-May%
Local	129,075	128,965	96,957	43,969	38,754	-25%	9,196	13,563	47%	7,464	82%
Imports	115,558	108,332	91,068	37,036	24,859	-16%	7,925	5,440	-31%	7,025	-23%
Domestic Sales	244,633	237,297	188,025	81,005	63,613	-21%	17,121	19,003	11%	14,489	31%
Imports as % of Total	47.2%	45.7%	48.4%	45.7%	39.1%		46.3%	28.6%		48.5%	

### LCV - Imports

(Units)	2006	2007	2008	5M08	5M09	% Chg	May.08	May.09	% Chg	Apr.09	Apr-May%
Volkswagen	31,625	24,114	18,124	9,318	6,056	-35%	2,303	1,402	-39%	1,461	-4%
Renault	25,603	19,259	15,815	6,070	5,704	-6%	1,265	679	-46%	1,210	-44%
Hyundai	8,972	5,935	5,116	2,316	1,808	-22%	632	239	-62%	214	12%
Opel	6,776	4,628	4,190	1,838	706	-62%	411	113	-73%	154	-27%
Citroen	5,030	4,500	4,063	1,813	1,546	-15%	284	308	8%	352	-13%
Mitsubishi	4,579	4,534	5,794	2,253	1,795	-20%	446	264	-41%	298	-11%
Mercedes	5,552	4,244	3,597	1,593	1,475	-7%	300	332	11%	340	-2%
Fiat	3,327	4,049	2,807	1,350	1,090	-19%	271	197	-27%	250	-21%
Kia	3,491	2,847	2,180	1,234	340	-72%	344	52	-85%	73	-29%
Ford	3,904	2,684	2,982	1,200	1,009	-16%	196	102	-48%	165	-38%
Nissan	3,306	2,308	1,818	1,442	676	-53%	208	105	-50%	129	-19%
Toyota	1,726	1,798	1,674	872	455	-48%	139	104	-25%	111	-6%
Dacia	1	3,705	3,992	1,975	1,007	-49%	294	198	-33%	168	18%
Others	11,667	23,727	18,916	3,762	1,192	-68%	832	1,345	62%	2,100	-56%
<b>Total</b>	115,559	108,332	91,068	37,036	24,859	-33%	7,925	5,440	-31%	7,025	-29%

Source: ODD, TSKB Research

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