

PRESS REVIEW

Passenger Car and Light Commercial Vehicle Market

Showed a Decrease of 9% in the first 5 months of 2017.

Passenger Car Market Decreased By 10%, Light Commercial Vehicle Market Decreased By 3%.

Turkey's passenger car and light commercial vehicle total market decreased by 8.57% in the first five months of 2017 compared to the same period of the previous year, to 317,500. In the five-month period of 2016, total market sales figure was 347,277.

Passenger car sales went down by 10.33% in the first five months of 2017, compared to the same period of previous year, to 239,760. In the same period of 2016, the sales were 267,371.

In January-May period of 2017, light commercial vehicle market decreased by 2.71%, in comparison to the year before, to 77,740. In the same period of previous year, the sales were 79,906.

Passenger Car and Light Commercial Vehicle Market

Showed a Decrease of 9% in May 2017.

Passenger Car Market Decreased By 11%, Light Commercial Vehicle Market Decreased By 2%.

In May 2017, passenger car and light commercial vehicle market decreased to 85,422. In comparison to the total number of 93,904 in May 2016, the sales went down in a ratio of 9.03%.

In May 2017, passenger car sales went down by 10.88% in comparison to the same month of the year before and were 65,799. Last year, the sales were 73,832.

Light commercial vehicle market decreased by 2.24% in May 2017 compared to May 2016, to 19,623. Last year, the sales were 20,072.



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By the end of May 2017, a decrease of 10.2% in the sales of passenger cars below 1600cc and a decrease of 16.3% in the sales of passenger cars with a 1600-2000cc motor volume was observed. As for the sales of the passenger cars over 2000cc, a decrease of 49.6% was observed. 26 electric cars and 1,106 hybrid passenger cars were sold in the first five months of 2017.

When the average emission values of the passenger car market in the end of May 2017 are considered, the passenger cars between 100-120g/km took the largest share with a ratio of 41.74%, with a number of 100,079.

At the end of May 2017, diesel passenger car sales share decreased to 61.29%, while the automatic transmission passenger car sales share increased to 57.97%.

At the end of May 2017, 84.19% of the passenger car market segment again consisted of the vehicles in the A, B and C segments. When evaluated according to segments, Segment C with a share of 52.07% reached the highest sales volume (124,844). When evaluated according to frame, most preferred body type was again Sedan (49.69%, a quantity of 119,125).

At the end of May 2017, when evaluated according to body type, Van's with a share of 69.72% had the highest sales volume (54,200), Light trucks followed them with a share of 12.60% (9,793) while the share of Pick-ups was 9.25% (7,181) and the share of Minibuses was 8.43% (6,554) in light commercial vehicle market.

In 2017;

- ✓ The normalisation process in FED's monetary policy and the expectation of an increase in interest rates in parallel to the recovery in the economy,
- ✓ The progress in EU economy and the monetary policy that the European Central Bank (ECB) is going to carry out,
- ✓ The effect of Brexit on EU and the other countries,
- ✓ The slowdown in China's economy and its effect on emerging countries,
- ✓ Geopolitical developments,
- ✓ Central Bank of Turkey's monetary policy and determination to fight against inflation,
- ✓ The improvement in current account deficit,
- ✓ The actions to be taken regarding structural reforms,
- ✓ The improvement and growth rate of the economic activity will be effective.

In 2017, total market of automotive sector is expected to be between 875-925 thousand.

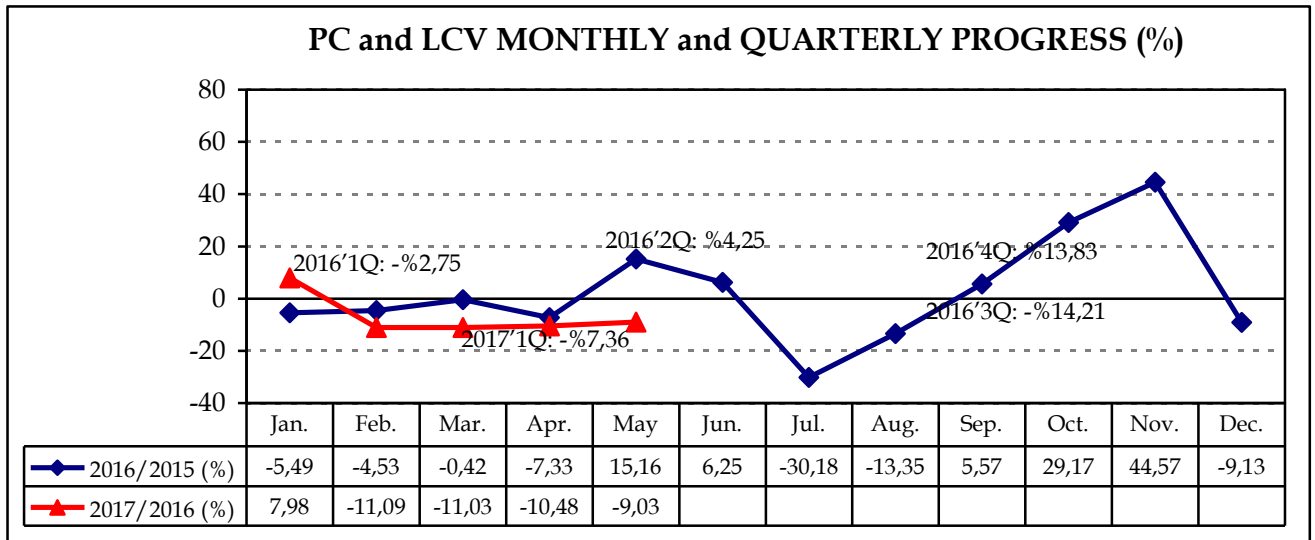
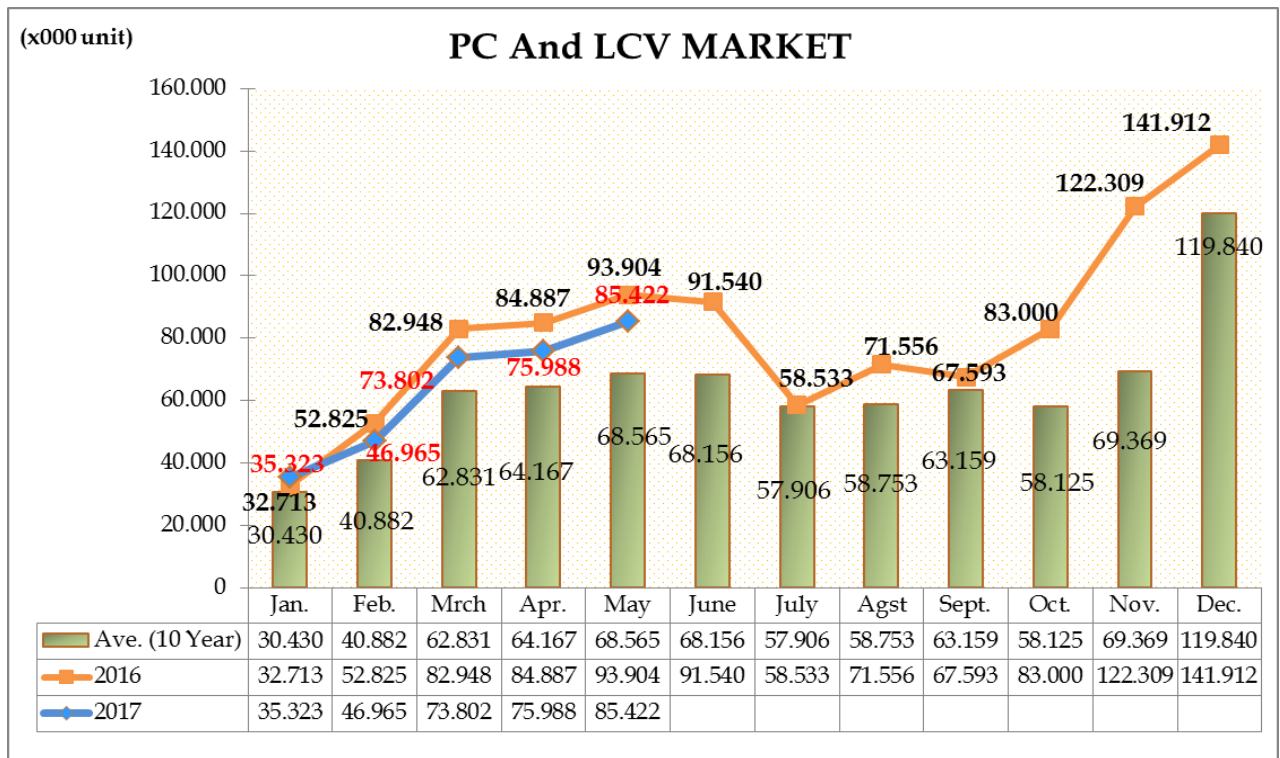
Hayri ERCE, PhD.
Executive Coordinator
Automotive Distributors' Association

PRESS RELEASE

In the first five months of 2017, Turkey's passenger car and light commercial vehicle total market presented a sales number of 317,500. In comparison to the total number of 347,277, the sales went down in a ratio of 8.57%.

In May 2017, passenger car and light commercial vehicle market presented a sales number of 85,422. In comparison to the total number of 93,904 in May 2016, the sales went down in a ratio of 9.03%.

The passenger car and light commercial vehicle market, in comparison to the average 10-year May sales, showed an increase of 24.59%.

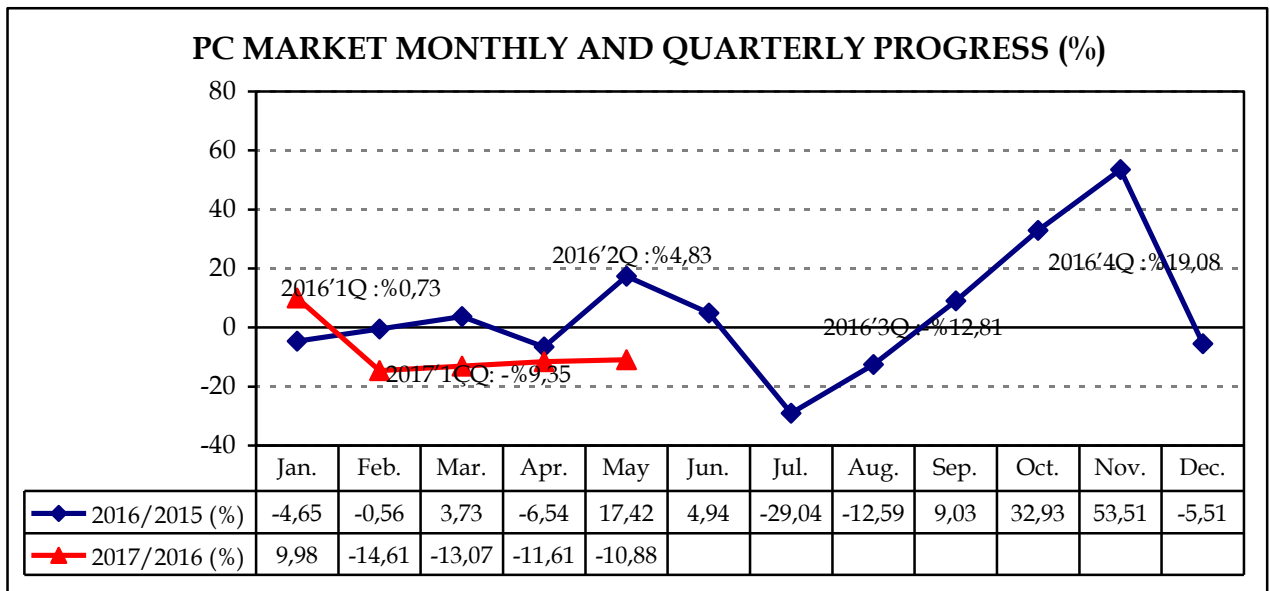
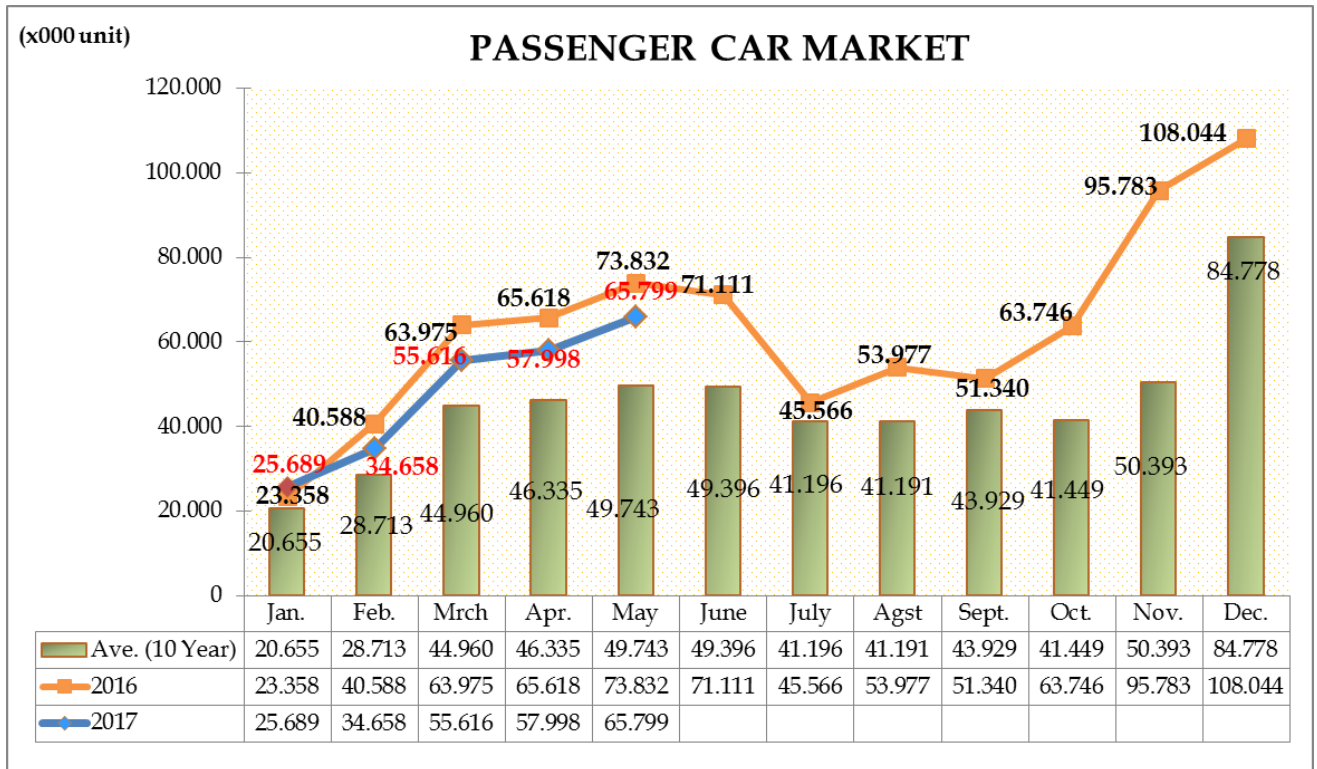


PRESS RELEASE

In the first five months of 2017, passenger car sales went down by 10.33% in comparison to the same period of previous year and were 239,760. In the same period of previous year, the sales were 267,371.

In May 2017, passenger car sales went down by 10.88% in comparison to the same month of the year before and were 65,799. In May 2016, the sales were 73,832.

The passenger car market, in comparison to the average 10-year May sales, showed an increase of 32.28%.

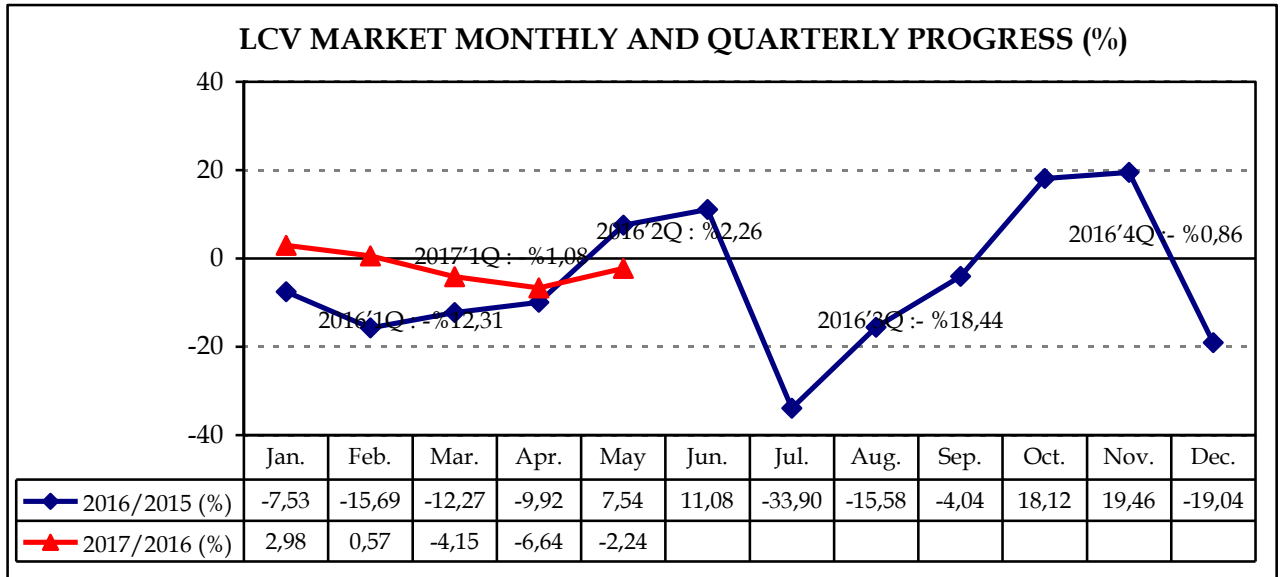
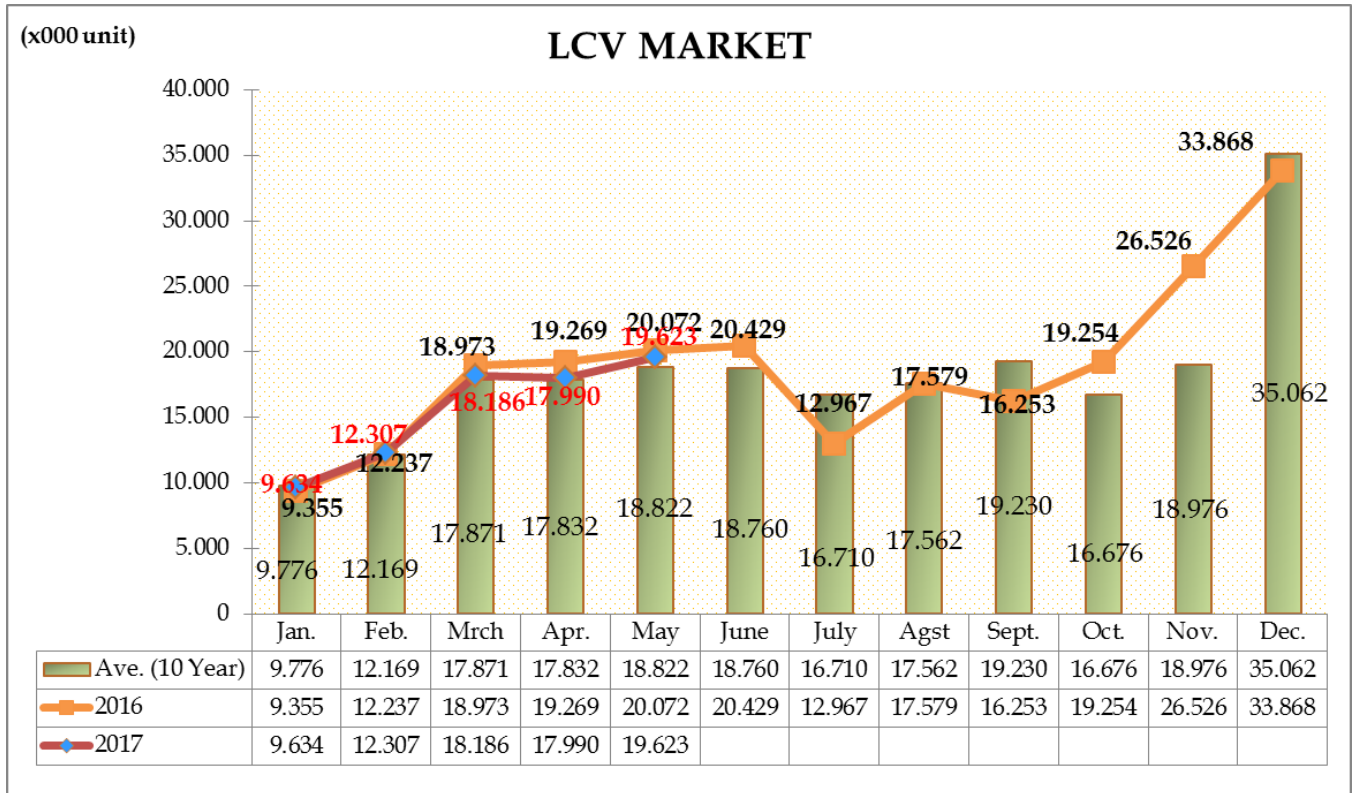


PRESS RELEASE

In January-May period of 2017, light commercial vehicle sales decreased by 2.71% in comparison to the same period of the last year, to 77,740. In the same period of previous year, the sales were 79,906.

In May 2017, light commercial vehicle sales decreased by 2.24% in comparison to the same month of previous year, to 19,623. In May 2016, the sales were 20,072.

The light commercial vehicle market, in comparison to the average 10-year May sales, showed an increase of 4.26%.



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When the end of May 2017 passenger car market is studied in terms of engine volume, the biggest slice of the pie was taken by passenger cars under 1600cc with a ratio of 96.34% and a number of 230,996. Passenger cars between 1600cc to 2000cc followed them with a ratio of 2.82% and passenger cars above 2000cc with a ratio of 0.36%. In comparison with the same period of 2016, a decrease of 10.2% in the sales of passenger cars below 1600cc and decrease of 16.3% in the sales of passenger cars with a 1600-2000cc motor volume was observed. As for the sales of the passenger cars over 2000cc, a decrease of 49.6% was observed. 7 electric cars below 85kW engine power and 19 electric cars above 121 Kw, total 26 electric cars were sold in the first five months of 2017.

At the end of May 2017, sales of hybrid cars under 1600cc went down with a ratio of 62.6% compared to May 2016, with a number of 85 units. In the first five months of 2017, 961 hybrid cars between 1601cc<=1800cc (>50 kW), 22 hybrid cars between 1801cc to 2000cc, 32 hybrid cars between 2001cc - 2500cc (>100KW) and 6 hybrid cars above 2500cc were sold. 1,106 hybrid cars were sold in January-May period of 2017.

ENGINE VOLUME	ENGINE TYPE	End of May 2016		End of May 2017		Change	SCT %	VAT %
		Qty	Segment	Qty	Segment			
≤ 1600cc	B/D	257.297	96,23%	230.996	96,34%	-10,2%	45, 50, 60	
1601cc - ≤ 2000cc	B/D	8.088	3,03%	6.771	2,82%	-16,3%	100, 110	
≥ 2001cc	B/D	1.709	0,64%	861	0,36%	-49,6%	160	
≤ 85 kW	ELECTRIC	1	0,00%	7	0,00%	600,0%	3	
86kW - ≤ 120kW	ELECTRIC	0	0,00%	0	0,00%		7	
≥ 121kW	ELECTRIC	10	0,00%	19	0,01%	90,0%	15	
<=1600cc	HYBRID	227	0,08%	85	0,04%	-62,6%	60	
1601cc - <=1800cc (<=50KW)	HYBRID	0	0,00%	0	0,00%		110	18
1601cc - <=1800cc (>50KW)	HYBRID	0	0,00%	961	0,40%		60	
1801cc - <=2000cc	HYBRID	25	0,01%	22	0,01%		110	
2001cc - <=2500cc (<=100KW)	HYBRID	0	0,00%	0	0,00%		160	
2001cc - <=2500cc (>100KW)	HYBRID	0	0,00%	32	0,01%		110	
>2500cc	HYBRID	14	0,01%	6	0,00%	-57,1%	160	
Total		267.371	100,00%	239.760	100,00%	-10,33%	TAX RATES	

PRESS RELEASE

When the end of May 2017 passenger car market is studied in terms of average emission values, passenger cars between 100-120 gr/km have the highest share of 41.74% (100,079) and following this, passenger cars between 120-140 gr/km have a share of 23.62% (56,623).

CO2 AVERAGE EMISSION VALUES (gr/km)	End of May 2016		End of May 2017		Change
	Qty	Segment	Qty	Segment	
< 100 gr/km	34.699	12,98%	38.051	15,87%	9,66%
≥ 100 - < 120 gr/km	123.802	46,30%	100.079	41,74%	-19,16%
≥ 120 - < 140 gr/km	66.874	25,01%	56.623	23,62%	-15,33%
≥ 140 - < 160 gr/km	33.331	12,47%	37.532	15,65%	12,60%
≥ 160 gr/km	8.665	3,24%	7.475	3,12%	-13,73%
Total	267.371	100,00%	239.760	100,00%	-10,33%

In the end of May 2017, diesel passenger car sales decreased by 13.00% in comparison to the same period of previous year. Diesel share in passenger car sales at the end of May 2017, when compared to the same period of 2016, decreased from 63.18% to 61.29% (146.956).

DIESEL	End of May 2016		End of May 2017		Change
	Qty	Share in the Segment	Qty	Share in the Segment	
A (Mini)	0	0,00%	0	0,00%	
B (Entry)	52.744	62,09%	49.322	64,74%	-6,49%
C (Compact)	86.432	64,91%	74.384	59,58%	-13,94%
D (Medium)	24.393	64,39%	19.464	66,36%	-20,21%
E (Luxury)	3.837	44,35%	2.604	36,63%	-32,13%
F (Upper Luxury)	1.507	80,03%	1.182	81,07%	-21,57%
Total	168.913	63,18%	146.956	61,29%	-13,00%

PRESS RELEASE

At the end of May 2017, automatic transmission passenger car sales numbers, in comparison to the same period in 2016, decreased by 8.08%. Automatic transmission passenger car sale shares at the end of May 2017, in comparison to the same period of the previous year, increased from 56.55% to 57.97% (a number of 138,979).

AUTOMATIC TRANSMISSION	End of May 2016		End of May 2017		Change
	Qty	Share in the Segment	Qty	Share in the Segment	
A (Mini)	696	81,69%	661	79,26%	-5,03%
B (Entry)	33.230	39,12%	31.635	41,53%	-4,80%
C (Compact)	72.755	54,64%	73.851	59,15%	1,51%
D (Medium)	33.979	89,69%	24.268	82,74%	-28,58%
E (Luxury)	8.652	100,00%	7.106	99,96%	-17,87%
F (Upper Luxury)	1.883	100,00%	1.458	100,00%	-22,57%
Total	151.195	56,55%	138.979	57,97%	-8,08%

At the end of May 2017, 84.19% of the passenger car market segment again consisted of the vehicles in the A, B and C segments. When evaluated according to segments, Segment C with a share of 52.07% has the highest sales volume (124,844) and Segment B follows it with a share of 31.77% (76,183).

At the end of May 2017, when evaluated according to frame type, most preferred body type was again Sedan (49.69%, a quantity of 119,125). Following Sedan passenger cars are Hatchback frame with a share of 28.21% and a sales volume of 67,625 and SUV with a share of 16.65% and total sales volume of 39,926.

At the end of May 2017, when evaluated according to body type, Van's with a share of 69.72% had the highest sales volume (54,200), Light trucks followed them with a share of 12.6% (9,793) while the share of Pick-ups was 9.25% (7,193) and the share of Minibuses was 8.43% (6,554) in light commercial vehicle market.

LIGHT COMMERCIAL VEHICLE BODY TYPE ANALYSIS	End of May 2016		End of May 2017		Change
	Qty	Segment	Qty	Segment	
VAN	56.052	70,15%	54.200	69,72%	-3,30%
LIGHT TRUCK	9.858	12,34%	9.793	12,60%	-0,66%
MINIBUS	7.865	9,84%	6.554	8,43%	-16,67%
PICK-UP	6.131	7,67%	7.193	9,25%	17,32%
Total	79.906	100,00%	77.740	100,00%	-2,71%

OVERVIEW OF 2017;

According to April 2017 estimations of IMF World Economic Outlook Report, growth estimation for the world is 3.5% in 2017. The report suggests that the growth rates of the U.S., pacemaker of the world economy will be 2.3% in 2017. The figures for Europe are estimated to increase by 1.7% in 2017 which is crucial for the Turkish economy.

LMC Automotive, by 2017's 1st quarter, has published 2017 expectations and world passenger car market estimations for 2018. According to the 1st quarter results of 2017, world total passenger car market is expected to show an increase of 2.5% in comparison to the previous year and to reach a number of 98.9 M. In 2017, world automotive market is expected to show an increase of 1.4% and reach a number of 100,3 M in comparison to 2016.

LMC Automotive, by 2017's 1st quarter, has published 2017 expectations and world automotive manufacture estimations for 2018. According to the 1st quarter results of LMC Automotive, 2017 world automotive manufacture showed an increase of 2.0% in comparison to the previous year and reached a number of 98.6 M. In 2018, world automotive manufacture is expected to show an increase of 2.5% and reach a number of 101 M in comparison to 2017.

According to the Medium Term Program published in October 2016, Turkey's growth rate is expected to be around 4.4% in 2017. According to IMF estimations, Turkey's growth rate is expected to be 2.5% for 2017.

We foresee that the **automotive industry's total market for the year 2017 to be between 875-925 thousand** in quantity.