July 4th, 2017

PRESS REVIEW

Passenger Car and Light Commercial Vehicle Market

Showed a Decrease of 8,6% in the first half of 2017.

Passenger Car Market Decreased By 10%, Light Commercial Vehicle Market Decreased By 5%.

Turkey's passenger car and light commercial vehicle total market decreased by 8.58% in the first six months of 2017 compared to the same period of the previous year, to 401,158. In the six-month period of 2016, total market sales figure was 438,817.

Passenger car sales went down by 9.62% in the first six months of 2017, compared to the same period of previous year, to 305,924. In the same period of 2016, the sales were 338,482.

In January-June period of 2017, light commercial vehicle market decreased by 5.08%, in comparison to the year before, to 95,234. In the same period of previous year, the sales were 100,335.

Passenger Car and Light Commercial Vehicle Market

Showed a Decrease of 9% in June 2017.

Passenger Car Market Decreased By 7%, Light Commercial Vehicle Market Decreased By 14%.

In June 2017, passenger car and light commercial vehicle market decreased to 83,658. In comparison to the total number of 91,540 in June 2016, the sales **went down in a ratio of 8.61%**.

In June 2017, passenger car sales went down by 6.96% in comparison to the same month of the year before and were 66,164. Last year, the sales were 71,111.

Light commercial vehicle market decreased by 14.37% in June 2017 compared to June 2016, to 17,494. Last year, the sales were 20,429.

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PRESS RELEASE

By the end of June 2017, a decrease of 9.6% in the sales of passenger cars below 1600cc and a decrease of 11.7% 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 49.8% was observed. 32 electric cars and 1,429 hybrid passenger cars were sold in the first six months of 2017.

When the average emission values of the passenger car market in the end of June 2017 are considered, the passenger cars between 100-120g/km took the largest share with a ratio of 41.63%, with a number of 127,365.

At the end of June 2017, diesel passenger car sales share decreased to 61.45%, while the automatic transmission passenger car sales share increased to 58.08%.

At the end of June 2017, 84.14% 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 52.19% reached the highest sales volume (159,657). When evaluated according to frame, most preferred body type was again Sedan (49.48%, a quantity of 151,372).

At the end of June 2017, when evaluated according to body type, Van's with a share of 70.27% had the highest sales volume (66,920), Light trucks followed them with a share of 12.26% (11,675) while the share of Pick-ups was 8.80% (8,381) and the share of Minibuses was 8.67% (8,258) in light commercial vehicle market.

In the second half of 2017;

- ✓ The developments in the US, normalisation process in FED's monetary policy,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***.

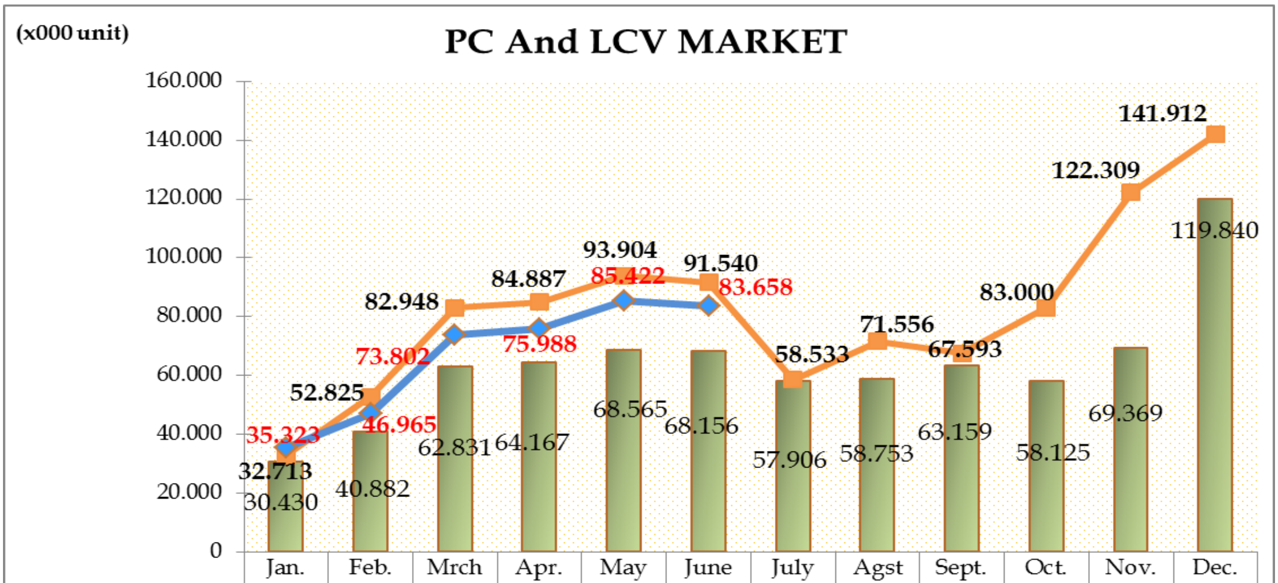
Hayri ERCE, PhD.
Executive Coordinator
Automotive Distributors' Association

PRESS RELEASE

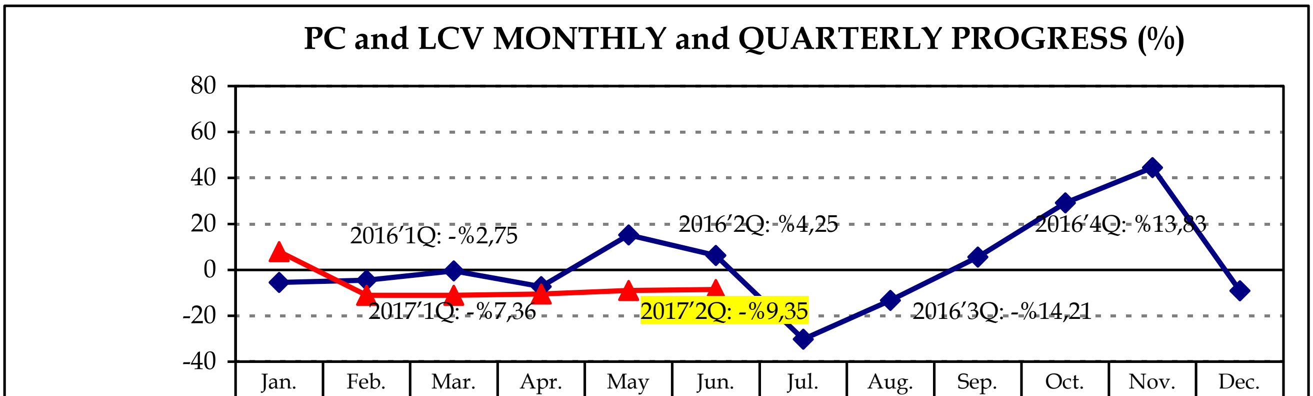
In the first six months of 2017, Turkey's passenger car and light commercial vehicle total market presented a sales number of 401,158. In comparison to the total number of 438,817 in June 2016, the sales **went down in a ratio of 8.58%.**

In June 2017, passenger car and light commercial vehicle market presented a sales number of 83,658. In comparison to the total number of 91,540 in June 2016, the sales **went down in a ratio of 8.61%.**

The passenger car and light commercial vehicle market, in comparison to the average 10-year June sales, showed an increase of 22.75%.



	Jan.	Feb.	Mrch	Apr.	May	June	July	Agst	Sept.	Oct.	Nov.	Dec.
Ave. (10 Year)	30.430	40.882	62.831	64.167	68.565	68.156	57.906	58.753	63.159	58.125	69.369	119.840
2016	32.713	52.825	82.948	84.887	93.904	91.540	58.533	71.556	67.593	83.000	122.309	141.912
2017	35.323	46.965	73.802	75.988	85.422	83.658						



	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
2016/2015 (%)	-5,49	-4,53	-0,42	-7,33	15,16	6,25	-30,18	-13,35	5,57	29,17	44,57	-9,13
2017/2016 (%)	7,98	-11,09	-11,03	-10,48	-9,03	-8,61						

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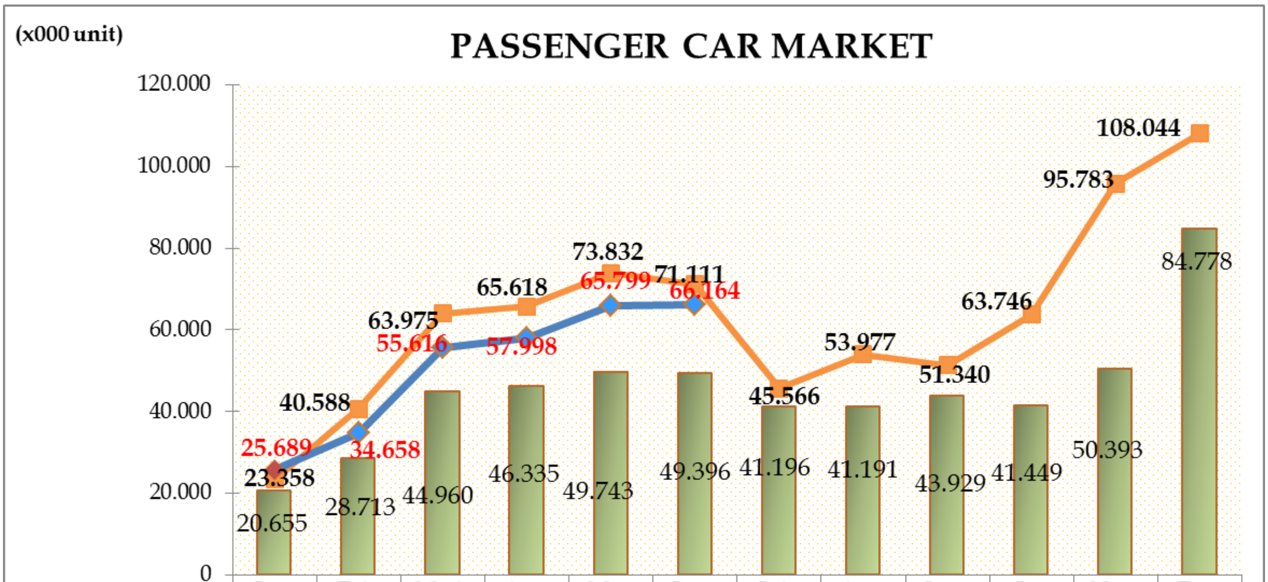
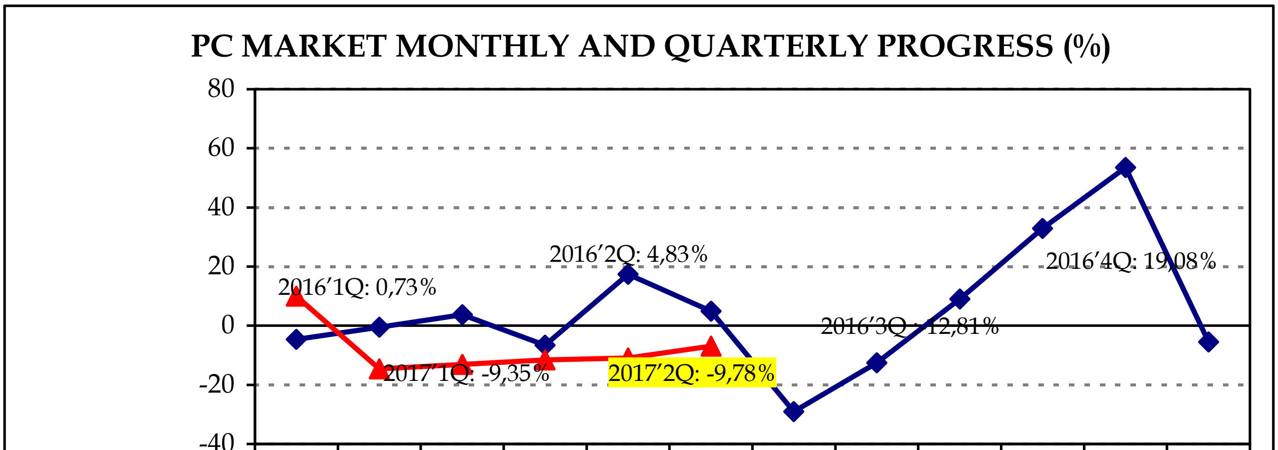
In the first six months of 2017, passenger car sales went down by 9.62% in comparison to the same period of previous year and were 305,924. In the same period of previous year, the sales were 338,482.

In June 2017, passenger car sales went down by 6.96% in comparison to the same month of the year before and were 66,164. In June 2016, the sales were 71,111.

The passenger car market, in comparison to the average 10-year June sales, showed an increase of 33.95%.



	Jan.	Feb.	Mrch	Apr.	May	June	July	Agst	Sept.	Oct.	Nov.	Dec.
Ave. (10 Year)	20.655	28.713	44.960	46.335	49.743	49.396	41.196	41.191	43.929	41.449	50.393	84.778
2016	23.358	40.588	63.975	65.618	73.832	71.111	45.566	53.977	51.340	63.746	95.783	108.044
2017	25.689	34.658	55.616	57.998	65.799	66.164						



	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
2016/2015 (%)	-4,65	-0,56	3,73	-6,54	17,42	4,94	-29,04	-12,59	9,03	32,93	53,51	-5,51
2017/2016 (%)	9,98	-14,61	-13,07	-11,61	-10,88	-6,96						

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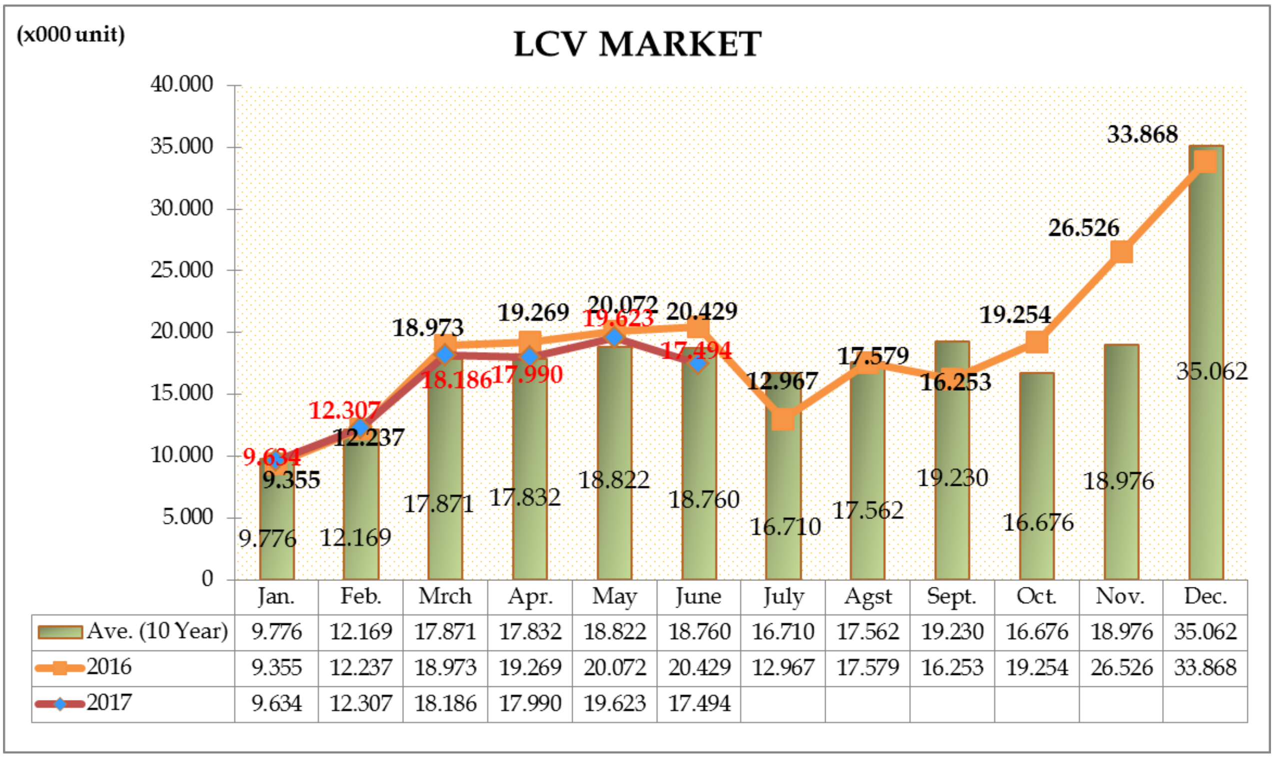
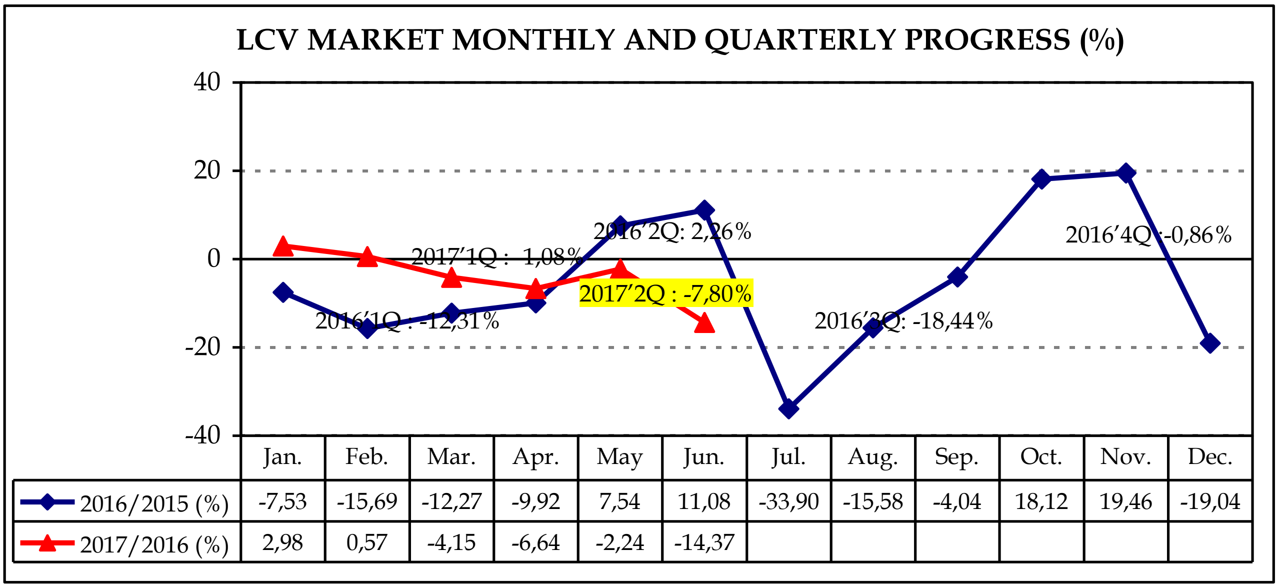
In January-June period of 2017, light commercial vehicle sales decreased by 5.08% in comparison to the same period of the last year, to 95,234. In the same period of previous year, the sales were 100,335.

In June 2017, light commercial vehicle sales decreased by 14.37% in comparison to the same month of previous year, to 17,494. In June 2016, the sales were 20,429.

The light commercial vehicle market, in comparison to the average 10-year June sales, showed a decrease of 6.75%.



	Jan.	Feb.	Mrch	Apr.	May	June	July	Agst	Sept.	Oct.	Nov.	Dec.
Ave. (10 Year)	9.776	12.169	17.871	17.832	18.822	18.760	16.710	17.562	19.230	16.676	18.976	35.062
2016	9.355	12.237	18.973	19.269	20.072	20.429	12.967	17.579	16.253	19.254	26.526	33.868
2017	9.634	12.307	18.186	17.990	19.623	17.494						



	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
2016/2015 (%)	-7,53	-15,69	-12,27	-9,92	7,54	11,08	-33,90	-15,58	-4,04	18,12	19,46	-19,04
2017/2016 (%)	2,98	0,57	-4,15	-6,64	-2,24	-14,37						

PRESS RELEASE

When the end of June 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 96.20% and a number of 294,292. Passenger cars between 1600cc to 2000cc followed them with a ratio of 2.98% and passenger cars above 2000cc with a ratio of 0.34%. In comparison with the same period of 2016, a decrease of 9.6% in the sales of passenger cars below 1600cc and decrease of 11.7% 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 49.8% was observed. 13 electric cars below 85kW engine power and 19 electric cars above 121 Kw, total 32 electric cars were sold in the first six months of 2017.

At the end of June 2017, sales of hybrid cars under 1600cc went down with a ratio of 54.3% compared to June 2016, with a number of 134 units. In the first six months of 2017, 1214 hybrid cars between 1601cc<=1800cc (>50 kW), 29 hybrid cars between 1801cc to 2000cc, 46 hybrid cars between 2001cc – 2500cc (>100KW) and 6 hybrid cars above 2500cc were sold. 1,429 hybrid cars were sold in January-June period of 2017.

ENGINE VOLUME	ENGINE TYPE	End of June 2016		End of June 2017		Change	SCT %	VAT %
		Qty	Segment	Qty	Segment			
≤ 1600cc	B/D	325.700	96,22%	294.292	96,20%	-9,6%	45, 50, 60	
1601cc - ≤ 2000cc	B/D	10.333	3,05%	9.121	2,98%	-11,7%	100, 110	
≥ 2001cc	B/D	2.093	0,62%	1.050	0,34%	-49,8%	160	
≤ 85 kW	ELECTRIC	2	0,00%	13	0,00%	550,0%	3	
86kW - ≤ 120kW	ELECTRIC	0	0,00%	0	0,00%		7	
≥ 121kW	ELECTRIC	17	0,01%	19	0,01%	11,8%	15	
<=1600cc	HYBRID	293	0,09%	134	0,04%	-54,3%	60	
1601cc - <=1800cc (<=50KW)	HYBRID	0	0,00%	0	0,00%		110	18
1601cc - <=1800cc (>50KW)	HYBRID	0	0,00%	1.214	0,40%		60	
1801cc - <=2000cc	HYBRID	28	0,01%	29	0,01%		110	
2001cc - <=2500cc (<=100KW)	HYBRID	0	0,00%	0	0,00%		160	
2001cc - <=2500cc (>100KW)	HYBRID	0	0,00%	46	0,02%		110	
>2500cc	HYBRID	16	0,00%	6	0,00%	-62,5%	160	
Total		**338.482**	**100,00%**	**305.924**	**100,00%**	**-9,62%**	**TAX RATES**	

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When the end of June 2017 passenger car market is studied in terms of average emission values, passenger cars between 100-120 gr/km have the highest share of 41.63% (127,365) and following this, passenger cars between 120-140 gr/km have a share of 23.52% (71,946).

CO2 AVERAGE EMISSION VALUES (gr/km)	End of June 2016		End of June 2017		Change
	Qty	Segment	Qty	Segment	
< 100 gr/km	44.376	13,11%	49.089	16,05%	10,62%
≥ 100 - < 120 gr/km	157.641	46,57%	127.365	41,63%	-19,21%
≥ 120 - < 140 gr/km	83.663	24,72%	71.946	23,52%	-14,00%
≥ 140 - < 160 gr/km	41.845	12,36%	48.008	15,69%	14,73%
≥ 160 gr/km	10.957	3,24%	9.516	3,11%	-13,15%
Total	**338.482**	**100,00%**	**305.924**	**100,00%**	**-9,62%**

In the end of June 2017, diesel passenger car sales decreased by 12.40% in comparison to the same period of previous year. Diesel share in passenger car sales at the end of June 2017, when compared to the same period of 2016, decreased from 63.40% to 61.45% (187,997).

DIESEL	End of June 2016		End of June 2017		Change
	Qty	Share in the Segment	Qty	Share in the Segment	
A (Mini)	0	0,00%	0	0,00%	#SAYI/0!
B (Entry)	65.263	61,67%	62.598	64,79%	-4,08%
C (Compact)	111.530	65,75%	95.610	59,88%	-14,27%
D (Medium)	30.967	63,55%	25.031	66,57%	-19,17%
E (Luxury)	4.943	45,49%	3.325	36,25%	-32,73%
F (Upper Luxury)	1.909	80,11%	1.433	81,47%	-24,93%
Total	**214.612**	**63,40%**	**187.997**	**61,45%**	**-12,40%**

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End of June 2017	1	2	3	4	5	6	7	Total	Share
Segment	S/D	H/B	S/W	MPV	CDV	Sport	SUV		
A (Mini)	0	1.122	0	0	0	0	0	**1.122**	**0,4%**
B (Entry)	22.440	56.696	3.396	504	5.791	99	7.689	**96.615**	**31,6%**
C (Compact)	96.317	29.069	913	2.972	0	143	30.243	**159.657**	**52,2%**
D (Medium)	25.409	396	213	6	0	2.004	9.571	**37.599**	**12,3%**
E (Luxury)	6.914	3	102	14	0	120	2.019	**9.172**	**3,0%**
F (Upper Luxury)	292	0	0	0	0	108	1.359	**1.759**	**0,6%**
Total	**151.372**	**87.286**	**4.624**	**3.496**	**5.791**	**2.474**	**50.881**	**305.924**	**100,0%**
	49,5%	**28,5%**	**1,5%**	**1,1%**	**1,9%**	**0,8%**	**16,6%**	**100,0%**	

End of June 2016	1	2	3	4	5	6	7	Total	Share
Segment	S/D	H/B	S/W	MPV	CDV	Spor	SUV		
A (Mini)	0	1.052	0	0	0	0	0	**1.052**	**0,3%**
B (Entry)	23.236	63.256	2.784	800	5.829	81	9.846	**105.832**	**31,3%**
C (Compact)	99.729	37.406	510	4.111	0	352	27.514	**169.622**	**50,1%**
D (Medium)	34.017	132	205	3	0	3.112	11.259	**48.728**	**14,4%**
E (Luxury)	7.877	6	12	39	0	142	2.789	**10.865**	**3,2%**
F (Upper Luxury)	509	0	0	0	0	179	1.695	**2.383**	**0,7%**
Total	**165.368**	**101.852**	**3.511**	**4.953**	**5.829**	**3.866**	**53.103**	**338.482**	**100,0%**
	48,9%	**30,1%**	**1,0%**	**1,5%**	**1,7%**	**1,1%**	**15,7%**	**100,0%**	

Change	1	2	3	4	5	6	7	Total
Segment	S/D	H/B	S/W	MPV	CDV	Sport	SUV	
A (Mini)		6,7%						**6,7%**
B (Entry)	-3,4%	-10,4%	22,0%	-37,0%	-0,7%		-21,9%	**-8,7%**
C (Compact)	-3,4%	-22,3%	79,0%	-27,7%		-59,4%	9,9%	**-5,9%**
D (Medium)	-25,3%	200,0%	3,9%			-35,6%	-15,0%	**-22,8%**
E (Luxury)	-12,2%	-50,0%	750,0%	-64,1%		-15,5%	-27,6%	**-15,6%**
F (Upper Luxury)	-42,6%					-39,7%	-19,8%	**-26,2%**
Total	**-8,5%**	**-14,3%**	**31,7%**	**-29,4%**	**-0,7%**	**-36,0%**	**-4,2%**	**-9,6%**

At the end of June 2017, 84.14% 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 52.19% has the highest sales volume (159,657) and Segment B follows it with a share of 31.58% (96,615).

At the end of June 2017, when evaluated according to frame type, most preferred body type was again Sedan (49.48%, a quantity of 151,372). Following Sedan passenger cars are Hatchback frame with a share of 28.53% and a sales volume of 87,286 and SUV with a share of 16.63% and total sales volume of 50,881.

PRESS RELEASE

At the end of June 2017, automatic transmission passenger car sales numbers, in comparison to the same period in 2016, decreased by 8.69%. Automatic transmission passenger car sale shares at the end of June 2017, in comparison to the same period of the previous year, increased from 57.49% to 58.08% (a number of 177,689).

AUTOMATIC TRANSMISSION	End of June 2016		End of June 2017		Change
	Qty	Share in the Segment	Qty	Share in the Segment	
A (Mini)	850	80,80%	831	74,06%	-2,24%
B (Entry)	42.890	40,53%	40.636	42,06%	-5,26%
C (Compact)	93.709	55,25%	94.177	58,99%	0,50%
D (Medium)	43.894	90,08%	31.117	82,76%	-29,11%
E (Luxury)	10.865	100,00%	9.169	99,97%	-15,61%
F (Upper Luxury)	2.383	100,00%	1.759	100,00%	-26,19%
Total	**194.591**	**57,49%**	**177.689**	**58,08%**	**-8,69%**

At the end of June 2017, when evaluated according to body type, Van's with a share of 70.27% had the highest sales volume (66,920), Light trucks followed them with a share of 12.26% (11,675) while the share of Pick-ups was 8.80% (8,381) and the share of Minibuses was 8.67% (8,258) in light commercial vehicle market.

LIGHT COMMERCIAL VEHICLE BODY TYPE ANALYSIS	End of June 2016		End of June 2017		Change
	Qty	Segment	Qty	Segment	
VAN	70.998	70,76%	66.920	70,27%	-5,74%
LIGHT TRUCK	12.025	11,98%	11.675	12,26%	-2,91%
MINIBUS	9.494	9,46%	8.258	8,67%	-13,02%
PICK-UP	7.818	7,79%	8.381	8,80%	7,20%
Total	**100.335**	**100,00%**	**95.234**	**100,00%**	**-5,08%**

PRESS RELEASE

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.

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