

Tofaş

TOFAŞ TÜRK
OTOMOBİL
FABRİKASI A.Ş.

Analyst Meeting
August, 25 2006



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Agenda

Performance Highlights Q2 2006

Market Outlook

Domestic Market & Tofaş Domestic Sales

Market Share

Export Performance

Financial Results

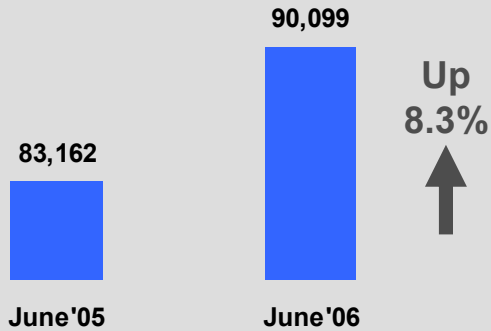
Koç Fiat Kredi

Q & A

Performance Highlights of Q2 2006

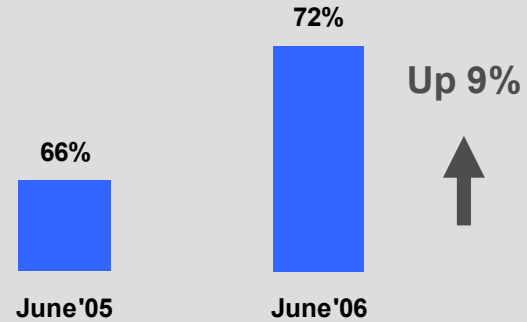
Production

Units



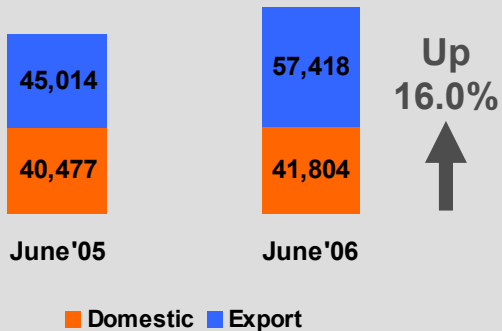
Capacity Utilization

%



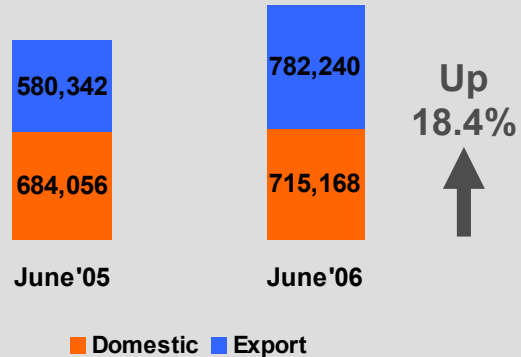
Sales

Units

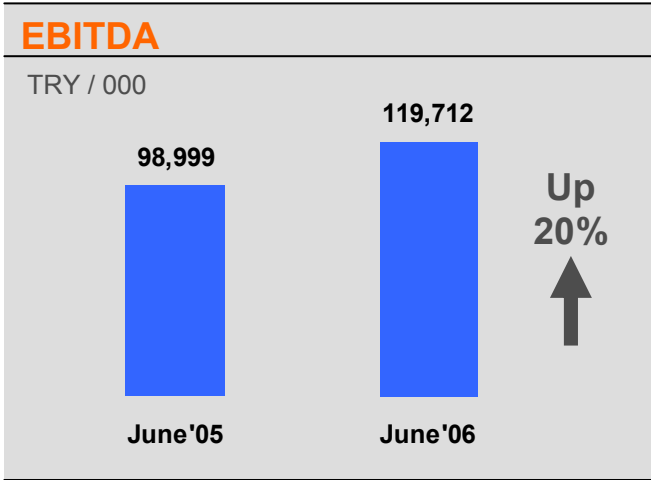
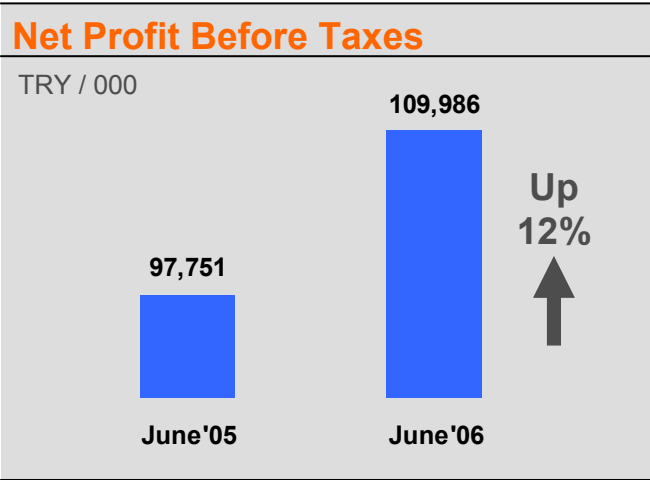
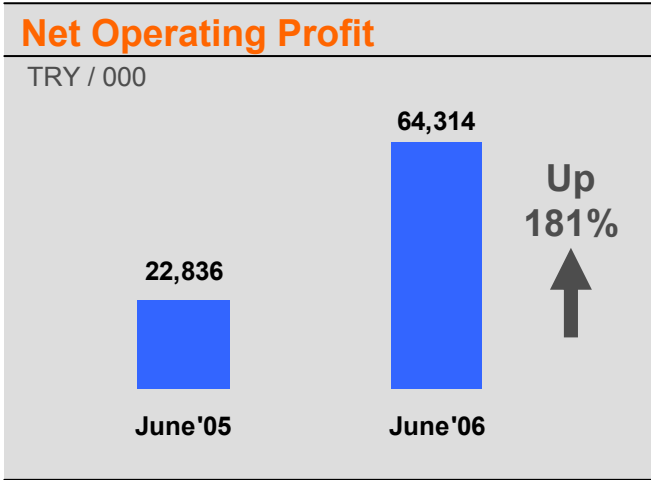
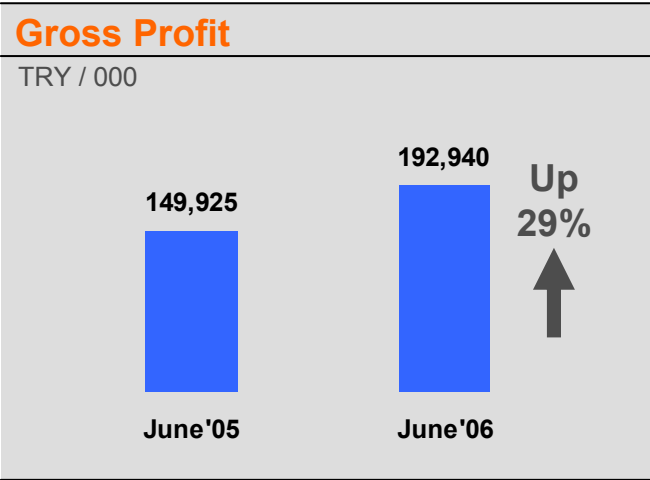


Revenue

TRY / 000



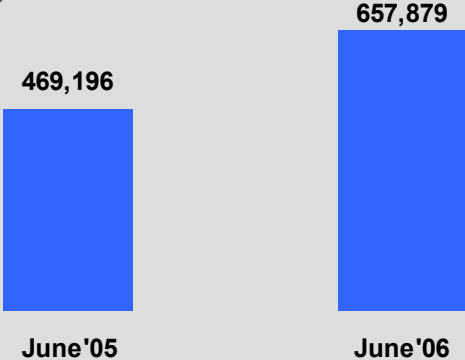
Performance Highlights of Q2 2006



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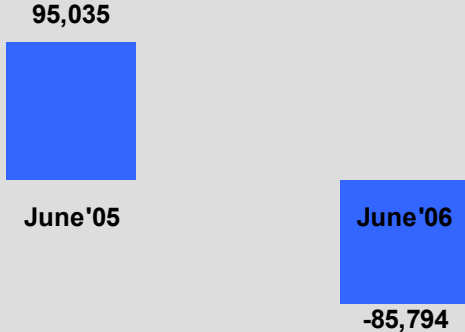
Liquidity

TRY / 000

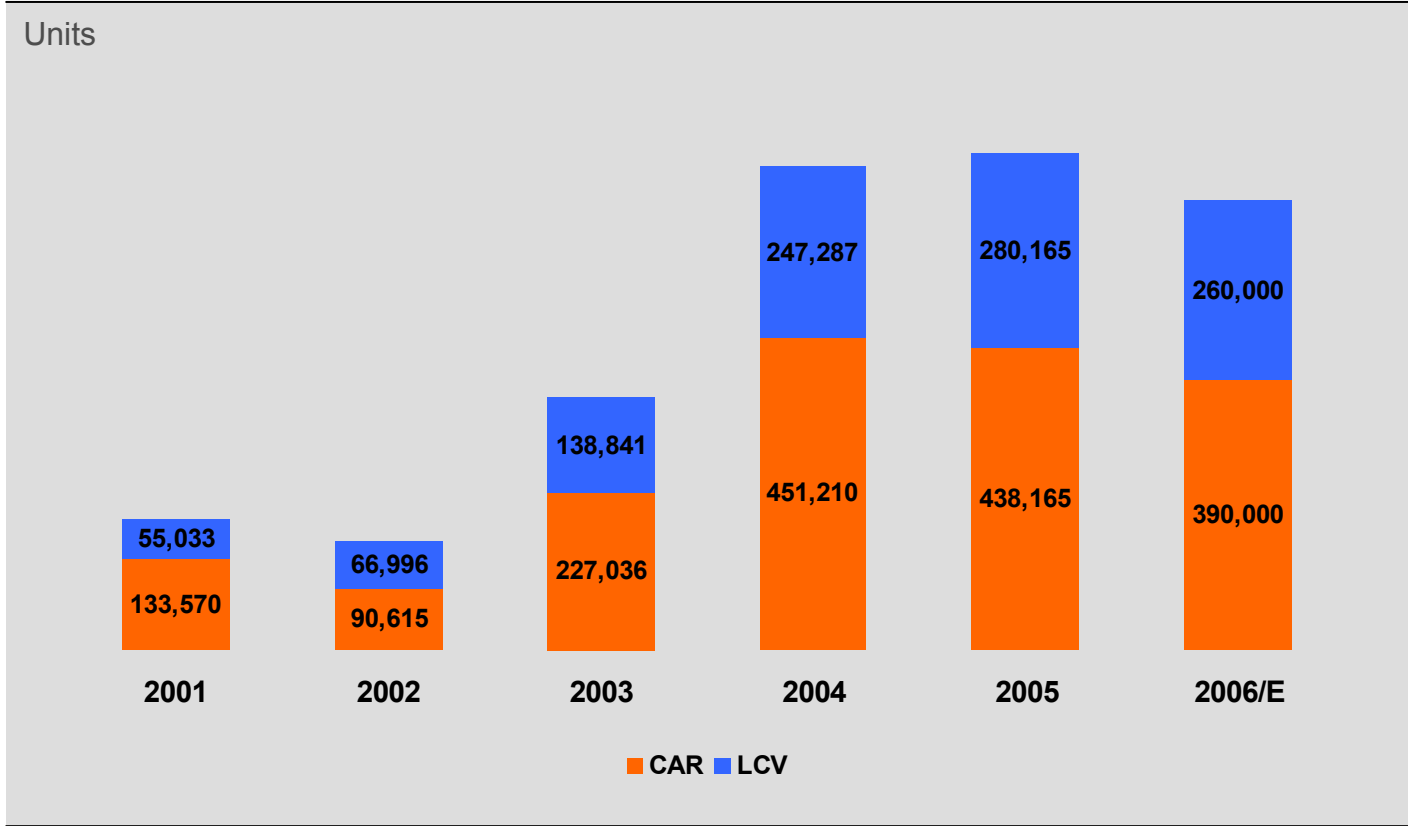


Net Working Capital

TRY / 000



Market Outlook in 2006

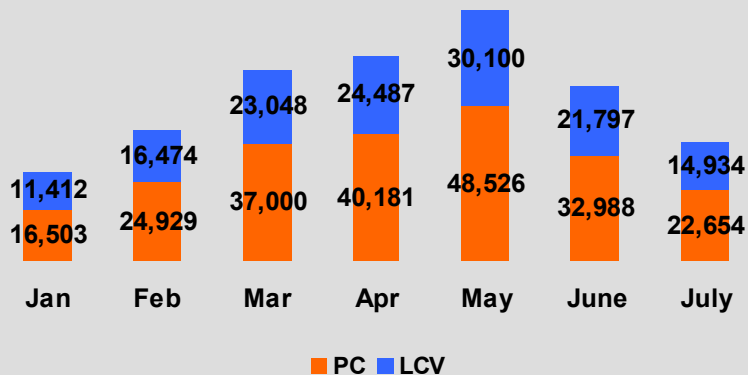


Domestic Market

- The domestic automotive sales kept a rising trend until June, in line with the economic outlook. Despite a slowdown in June, the total sales in the first half of the year reached 327K units, showing a 7% increase compared to the same period last year.

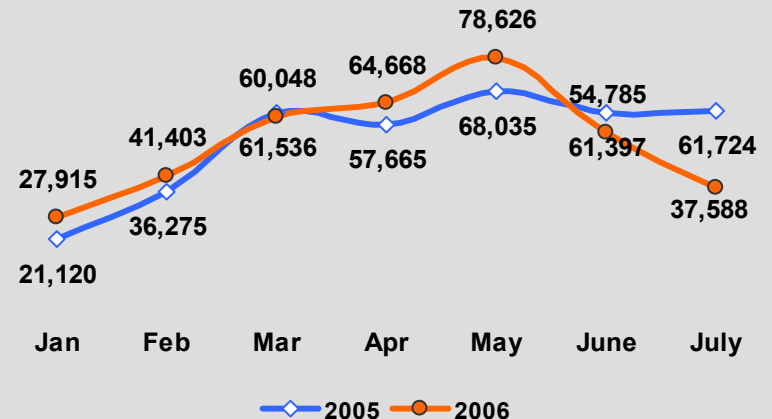
Monthly Retail Sales 2006

Units

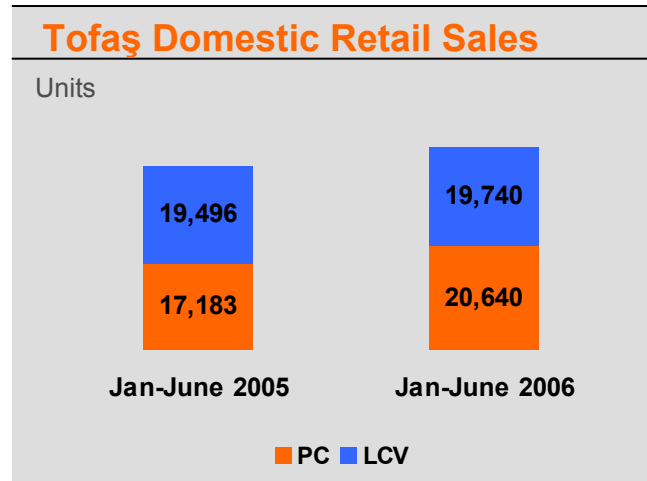


2006 Sales vs. 2005

Units

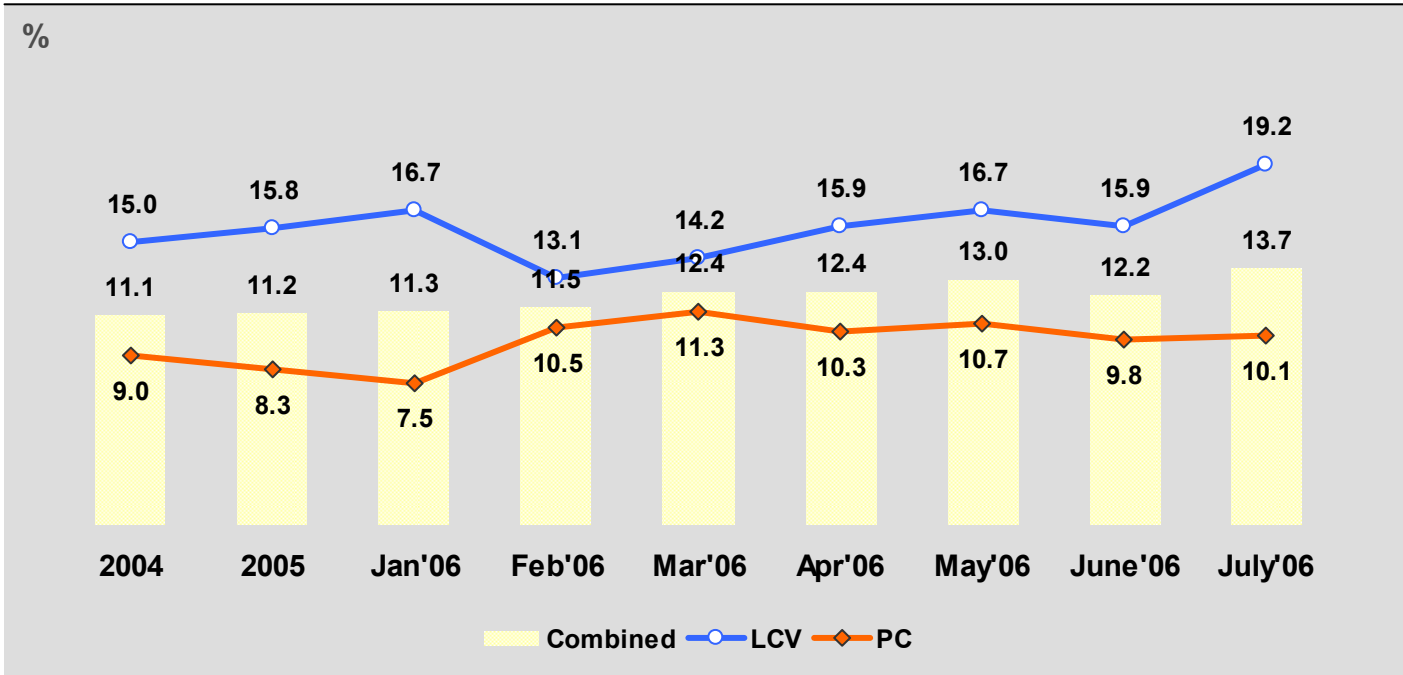


Tofaş Domestic Sales



- Tofaş successfully increased its domestic market sales by 10% in the first six months of 2006, compared to the same period last year, with the support of improved passenger car market share.

Market Share



- The combined market share was 12.5% as of end of July, representing 1.3 percentage points improvement over 2005.

Domestic Market Share

Doblo



LCV Market Segment Share (%)	2002	2003	2004	2005	2006							
					Jan	Feb	Mar	Apr	May	June	July	2006
Fiat Doblo	43.1	30.6	27.9	28.4	31.9	25.5	26.7	29.5	29.0	28.4	35.3	29.5
Peugeot Partner	20.8	16.3	11.7	8.6	6.8	9.7	10.1	9.4	7.6	4.7	7.9	8.0
Renault Kangoo	15.5	20.5	20.3	17.8	15.9	15.2	15	13.9	14.1	18.8	16.1	15.0
Ford Connect	5.9	19.8	22	24.5	25.6	22.8	23.6	13.8	26.6	27.9	24.9	23.0
Citroen Berlingo	7.5	6.3	4.3	3.4	2.1	4.9	6.7	5.4	3.6	3.0	2.9	4.0
Opel Combo	5.2	5.4	3.7	4.8	2.7	6.5	5.8	5.5	5.6	3.6	3.5	4.0
VW Caddy	1	0.6	9.1	12.2	14.9	15.2	12	13.4	13.4	13.4	9.5	13.0
Others	1	0.7	1	0.3	0.2	0.1	0.1	9	0.0	0	0	1.0
IB (Minivan) Total	100	100	100	100	100	100	100	100	100	100	100	100
Share of Segment in Market	41.8	37.4	42.2	46.3	46	42.3	43.9	46.2	51.7	48.1	46.5	46.0
IB (Minivan) Total (Volume)	28,028	51,988	104,354	129,793	5,249	6,967	10,127	11,303	15,557	10,486	6,940	66,620

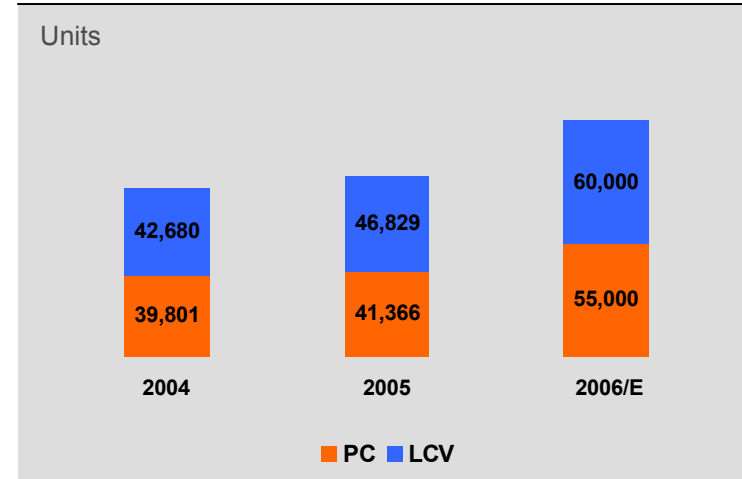
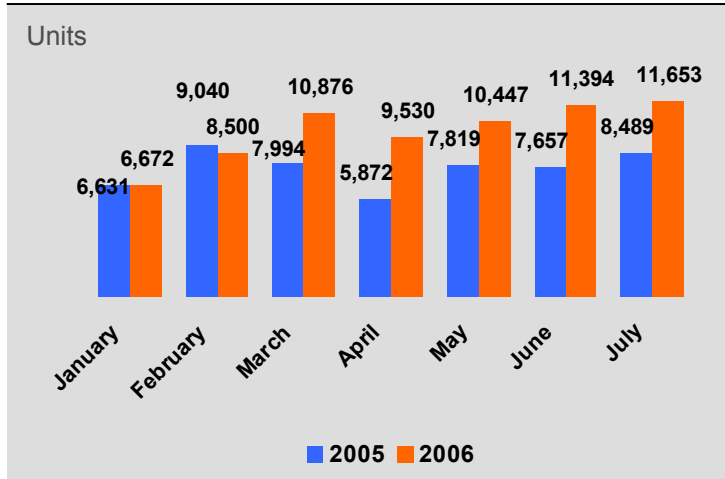
Exports

January/June 2006

Units	June 2005	June 2006	Δ
Doblo Cargo	23,354	32,028	8,674
Doblo Panorama	13,347	18,194	4,847
Albea – Palio	2,402	1,950	-452
Other CBU	966	1,118	152
CKD	4,944	4,128	-816
Total Units	45,013	57,418	12,405
Total Exports Revenue (EUR/million)	338	473	135

- Strong export performance achieved in Q1, mainly driven by the excellent performance of restyled Doblo sales in Europe, was reiterated in Q2. During the period, Tofaş exports had a steady trend, resulting 28% volume increase in the first six months of the year.

Export Volumes



- 2006 export volume target has been revised once again and increased to 115,000 units, which will be marked as an all time high export volume of the company.

Financial Results

TRY/000	30.06.2005	30.06.2006	Δ
Net Sales	1,264.4	1,497.4	233.0
Gross Profit	149.9	192.9	43.0
Net operating profit	22.8	64.3	41.5
Net profit before taxes	97.8	109.9	12.1
Net profit	80.4	27.3	-53.1
EBITDA	99.0	119.7	20.7

TRY/000	30.06.2005	30.06.2006
EBITDA margin	7.8%	8.0%
Gross margin	11.9%	12.9%
Net operating margin	1.8%	4.3%
Net profit before taxes margin	7.7%	7.3%
Net profit margin	6.4%	1.8%

Stand Alone Quarterly Margins

	31/03/2005	30/06/2005	30/09/2005	31/12/2005	31/03/2006	30/06/2006
EBITDA %	6.6%	8.7%	8.0%	6.2%	6.3%	9.2%
Operating expenses %	-10.6%	-9.7%	-8.2%	-9.8%	-9.5%	-8.0%
Gross margin %	10.2%	13.1%	9.5%	10.5%	9.9%	14.9%
Net operating profit %	-0.4%	3.5%	1.3%	0.7%	0.5%	6.9%

Financial Results

TRY/000	31.12.2005	30.06.2006
Net Working Capital	97.7	-85.8
Fixed Assets	805.5	857.5
Funds	92.5	92.3
Net Invested Capital	810.7	679.4
Net Financial Position	227.6	257.1
Equity	1,038.3	936.5

TRY/000	31.12.2005	30.06.2006
Current Ratio	1.7%	1.6%
Gearing (Debt/Equity)	0.26%	0.43%

Deferred Tax

- As a consequence of the new Corporate Tax Law, accepted in the Turkish General Assembly on 13 June 2006, the corporate income tax rate is decreased to 20%. The new legislation allows the existing tax benefits to be utilized in 3 years.
- Accordingly, the Company decided to write-off part of the deferred tax assets that became unlikely to be utilized in the next 3 years. Such deferred tax assets were created by the unused part of investment allowances.
- The remaining tax assets worth TRY 43,4 million is planned to be utilized in the next 3 years as permitted by the relative legislation.
- The Opposition Party in the Parliament has filed an application with the Constitutional Court for the cancellation of the relevant article of the law which restricts the utilization of the existing tax assets with 3 years. Should the Constitutional Court revoke the relevant article, the Company will consider creating back the written-off tax assets.

Minicargo Financing

- Loan Agreement signed on May 12 for Euro 350 million
- First drawdown has occurred on June 20 for Euro 100 million
- Repayment will start in June 2008
- All interest and fees will be capitalized by start of production
- Cost wise, most competitive loan taken by an industrial company in Turkey on an un-guaranteed basis in similar tenor

Koç Fiat Kredi Tüketici Finansmanı A.Ş. (KFK)

- KFK is fully owned captive consumer finance company of Tofaş
- Given the importance of financing in retail sales, Tofaş has decided to reactivate the consumer financing activities, which were suspended since 2002
- The main purpose of the re-launch of the company is to support the domestic sales of Tofaş by providing best available financial services in shortest time
- Starting from last quarter of 2006, KFK will be one of the key financial institutions that provide credits to Tofaş customers

Disclaimer

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