

## THE AUTOMOTIVE SECTOR AND TOFAŞ'S POSITION IN THE SECTOR

The effects of crisis were diminished and the demand was boomed in the year 2003.

The main reasons underlying the positive impacts on demand were the reduction of inflation and interest rates and the mitigation of purchase tax burden due to enforcement of Scrap Vehicle Law as of August.

### Total Market

The total market, which was comprised of 157.611 cars and LCVs in 2002, increased by 132.1% in 2003 resulting in a total of 365.877 units.

Total Market (Units)	2002	2003	Change %
Automobile	90.615	227.036	150.6
LCV	66.996	138.841	107.2
<b>Total</b>	<b>157.611</b>	<b>365.877</b>	<b>132.1</b>

### Retail Sales - Export

Tofaş realized retail sales of 25.384 cars and 20.053 light commercial vehicles, totaling to 45.437 units in the domestic market in 2003 resulted in a market share of 12.4 %. The main reason underlying the 3 points decrease in the market share when compared to the last year was our expansion to the diesel market below 1600 cc, which has an essential share in the market, as late as September. Our new generation 1300cc Multijet engine commissioned simultaneously with Italy in September is initially being applied to Albea and Palio models.

Constant level in exports was preserved. The exportation of 34.615 cars, 41.711 LCVs and 6.288 CKDs, totaling to 82.614 units generated a foreign currency input of Euro 681.7 million.

### Production

The production was 108.336 units in 2002 and increased to 127.268 units in 2003 resulting in production of 17.48 % levels in 2003.

When it is taken into account that our double shift production capacity is 250.000 units/year, it can be seen that the capacity usage rate is as low as 50.9 % in spite of such increase.

Models	2000	2003	Change %
Bird Series	387	1.102	184,75
Palio	4.085	6.600	61,57
Albea	6.406	17.967	180,47
Marea	990	6.198	526,06
Brava	430	0	-100,00
Doblo (Passenger Car)	32.605	27.938	-14,31
<b>Total No. Of Automobiles</b>	<b>44.903</b>	<b>59.805</b>	<b>33,19</b>
Doblo (LCV)	56.953	58.444	2,62
Palio Van	0	2.731	-
CKD	6.480	6.288	-2,96
<b>Grand Total</b>	<b>108.336</b>	<b>127.268</b>	<b>17,48</b>

## Sales and Turnover

The total sales of the Company in 2003 has increased by 18.8% and reached to 132.068 units while it was 111.147 units last year. The share of exports in total sales was 62.5 %.

	Domestic Market		Foreign Market		Total	
	2002	2003	2002	2003	2002	2003
Automobile	11.184	28.878	35.343	34.615	46.527	63.493
Light commercial vehicle	13.119	20.576	45.021	41.711	58.140	62.287
CKD			6.480	6.288	6.480	6.288
<b>Total</b>	<b>24.303</b>	<b>49.454</b>	<b>86.844</b>	<b>82.614</b>	<b>111.147</b>	<b>132.068</b>

Please find below the revenue from sales of our Company as calculated in accordance with International Financial Reporting Standards.

Billion TL	2002	2003	Change %
Domestic Sales	437.766	866.949	98,0
Export Sales	1.176.597	1.141.889	-2,9
Other Sales	74.804	63.596	-15,0
<b>Total</b>	<b>1.689.167</b>	<b>2.072.434</b>	<b>22,7</b>

## Investments

Breakdown of the 13,9-million-Euro investment realized by Tofaş in 2002 by major items is as follows:

	Euro (million)
Doblo	7,0
178 Restyling	0,4
Product development	2,4
Paint Shop	2,9
Other	1,2
<b>Total</b>	<b>13,9</b>

All of the fixed asset investments were made within the scope of Incentive Certificate and benefits from incentives granted to projects over the amount of USD 250 million.

