

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

**TOFAŞ Türk Otomobil Fabrikası A.Ş. 30.09 2016 Financial
Results**

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Conductors:

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&

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Conference Call Conducted by Chorus Call Hellas



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Q&A SESSION

OPERATOR: The first question comes from the line of Mr. Bespalov Vladimir, of VTB Capital. Please go ahead.

BESPALOV V: Hello and congratulations for the very good results and very good performance. Thank you for taking my questions. I would like to ask you about the capacity expansion that you announced earlier today. First of all, where do you see this additional demand coming from? Are these additional vehicles will be mostly for exports or you also see some potential on the domestic market? And, in terms of CAPEX it is €50 million, is this CAPEX partly in your updated guidance for 2016 or how it's split like let's say between the years and could you provide maybe some broad guidance on 2017 given that you said that some of our investments are moved to next year. Thank you.

REGANZANI R: Thank you for your question. I'll try to briefly answer, so, it was in the air, actually, with some of you we discussed many times, because actually, we knew that Tofaş was working on the reckoned strength capacity with demand coming from Europe is strong very robust for people and we finally started this capacity increase, so we announced it today. We will increase our capacity by 50,000 units per annum spending more or less 40 million... 40 something...in our 2015 spending, we are including most of let's say 15 out of this 40 million and we have some structural investments as you see in the detail of investment that are there and they are dedicated to the capacity increase. We

are thinking that okay, we will be spending around 25 next year for this capacity increase and that will be in our guidance for investment.

Regarding the postponement it's just a technical accounting postponement actually. All orders are in place and the program is done, with you know that we started working at full speed on hatchback station wagon, but still, the liquidation process of this investment is going on and most likely will not be completed by the end of the year. So we think there might be a carry over to next year in a region of let's say 50 million, something like that, compared to our previous expectation, that's why we reduced our guidance.

As I said, we are increasing our capacity mainly because of the demand coming from Europe, but not only. Actually as Emre was telling you before the demand in LatAm in Mexico and in LatAm is quite strong for this vehicle and we see very interesting volumes coming in our plans for the coming years from these two regions.

BESPALOV V: Thank you.

OPERATOR: The next question comes from the line of Kayani Muneeba of Morgan Stanley. Please go ahead.

KAYANI M: Hi! This is Muneeba Kayani from Morgan Stanley. Thanks for the call. On this expansion announced today, so following the additional capacity do you think that's

sufficient or do you think that based on the demand that you are seeing from Europe and LatAm there could be need for additional capacity beyond what you've added right now. And also if you could give a breakdown of the 450,000 total capacity across the Egea Doblo and the Minicargo please?

REGANZANI S: Well, all the capacity increase will be dedicated to Egea Tipo. There are no changes in the stock capacity for Doblo and Minicargo, so the 50 k or on top of that so we will be reaching a capacity of 250,000 for the three bodies of Tipo Egea. Regarding... is it enough? Okay, that's a good question. We will be happy to see in the future that the possibility to expand of course our capacity because the model is doing so well in many regions and in some countries has not been launched yet. So, we believe that there are good perspectives. For the time being we are trying to meet the demand that we see from Europe and LatAm and NAFTA but we cannot exclude in the future some additional capacity increases.

KAYANI M: Thank you.

REGANZANI S: You're welcome.

OPERATOR: The next question comes from Memisoglu Osman of Bank of America Merrill Lynch. Please go ahead.

MEMISOGLU O: Hello Emre and Stefano thank you for the presentation. Following up on the capacity theme, the 1556 units per day

that you mentioned in the presentation, is that a sustainable level or was it like a peak that you reached? What does it mean in annual terms right now because what I am trying to get a better handle on is, are you continuously improving your capacity, so maybe in practical terms it's above 400 as we speak. Also related to that, are there potentially maybe any stoppages or slowdowns in production needed during the quarter or the next quarter as well as you make maybe some structural work on,.... I think there is going to be to be another line maybe added so I just wanted to get a bit more color there. And then regarding your guidance you did lower your exports slightly, was it demand related or maybe capacity related because of all this ongoing developments. Thank you.

REGANZANI S:

Okay Osman as ever you are very sharp analyzing our presentation and detecting all the things the little things we present, so let me tell you first, as you might see, our August production was very low and we had to invest in that period. That was the only period we could do certain structural investment in the plant and that's why we had to shut down the plant otherwise the request from CF was not to shut it down and continue operations so we had to do it. And by the way, we lost unfortunately some volumes because the capacity increase investment we had to run the activities in the plant have driven 5000 units loss in our export and Fiat is not happy about it of course. But that's the best we could do. And I would say, that, we are not forecasting any additional stop in the next month so

we are done with the capacity. The only thing we need now, we have a new budding white line dedicated to Tipo. We need to start at the beginning of the year, there will be a ramp up period but the speed per day you see now is not including this additional line. So at the end of the day for next year we will be traveling at a speed of very close to 1700 cars per day which is an amazing speed for any plant I think, especially if you consider the level of differentiation of our product. We are not a single product plant as many plants in Europe but we are currently manufacturing six different models. So you can imagine what we are facing here in the plant, but we don't see any major issue or problem achieving this target frankly. Did I answer your question or did I missed a part of it?

MEMISOGLU O: Well let me... I mean... does that mean the same market...?

ERTURK E: I can add one thing because that was the part of your question related to the annualized capacity of this, especially Tipo. Please don't forget that for a long time, we have been working overtime, especially one additional shift on Sunday. So the new investment where we are bringing it, of course is regular running shifts and hours of the production lines. Because you cannot sustainably work forever seven days a week, it's not doable. I mean, of course we need to take care of the workers as well, we need to take care of quality, these are very important factors for us. So this may be answering that part of your question.

MEMISOGLU O: Okay.

REGANZANI S: Okay, in that case I think now if I may add something to my answer. Okay, for next year after this capacity increase you might notice that there is an inconsistency between the capacity of body-in-white and assembly line with the paint. The paint has always been our pain in the neck and our capacity has been constrained due to the paint. Of course for the paint I cannot tell you too much, but I can tell you that we are working on that to have an improvement of our process, and of course we can anticipate to all of you that we will have an agreement with the local manufacturer to increase something, to increase our capacity or most likely.

MEMISOGLU O: So the catalyst work is off the table or is that still also going on?

REGANZANI S: No it's going on of course, but from the next year that's the only way we can achieve the volumes that we have...that Fiat has requested...

MEMISOGLU O: Does that mean lower margins though because you are going to have to outsource....

REGANZANI S: Well, I cannot of course tell you because it's just something that we are studying, I mean, to overcome the issue of this capacity. But, I don't see any major deviation of margins frankly speaking coming from this operation.

- MEMISOGLU O: Okay, okay.
- REGANZANI S: But many operators in Turkey as you know that are eager to get volumes because they have plans that are not fully saturated for the time being so....
- MEMISOGLU O: And just a related topic on that. Can you remind us the aggregate take or pay volumes for this year and next year please? Thanks.
- ERTURK E: Osman, as you know we are not providing take or pay volumes especially model-by-model and as annual volumes for a long time now, maybe for three years or so, but we can say that all the capacity related to export is pretty much close all of it let's say, and of course protected by these contracts. But we are not providing volumes unfortunately.
- MEMISOGLU O: Okay, thank you.
- REGANZANI S: You're very welcome.
- OPERATOR: The next question comes from Mandaci, Ece from Tacirler Investments. Please go ahead.
- ECE M: Hi, congratulations on your results. I have a follow-up question on your export volumes. On the third quarter we have seen a double-digit contraction in your LCV volumes is it just due to lower working pace in your factory or is

there a demand sight reason behind that. Could you please explain that? Thank you.

ERTURK E: What you mention is definitely correct Ece. Because, as you know, as the business days, as working days it's a shorter quarter, so there was these...both religions and National holidays as well as the plant break that's happened in August, so takes down the average of the year but of course compared to again previous year's third quarter on overall exports and sales there is a growth, but what you say is correct. So your assumption is correct.

REGANZANI S: Yes, unfortunately the, the capacity increase we had to run in the plant affected all the lines and so we had to reduce our production for some days and this is generating a loss of course in terms of volumes in the quarter. We will try to recover as much as we can in the next quarter of course, because the demand from Italy and Europe as we saw before is really very, very strong.

OPERATOR: We will now go also to a question we have from our webcast and I will read the question. It is as follows, it is from Marco Spinar of Neuberger Berman.

COMPANY REP: Okay.

SPINAR M: Please comment on consumer financing YTD. There appears to be a big increase in funding by Tofaş. What is your medium term strategy for growing the financing business?

ERTURK E: Thank you Marco for the question. Now about the KFK operation Koç Fiat Kredi, of course you saw that the local market size is very large, it's almost the same as last year which was a record year. So there is a huge demand. And in Turkey it's continues to be the fact that still most of the sales are financed, so the cash proportion of the sales are small. In our business, in Tofaş case also the campaigns that we have for our final customers are mostly offered on creditors whether it is the payment term or the interest rate or any kind of offerings are usual made on the financing side of the business which cross the proportion of finance business participated by KFK compared to the banks. So the customers who want to benefit from these campaigns usually come and take their auto loan from Koç Fiat Kredi rather than a third-party bank. So this is the reason why it is continuously growing. But we do not have ambitious targets to grow this business even to a much, much larger portfolio size. It is already around....

REGANZANI S: 2.1 over 2 billion.

ERTURK E: Yes, over 2 billion....

REGANZANI S: Yes.

ERTURK E: Turkish liras, so the business will continue to be in line with the market results of Tofaş of course but we are having very prudent policies on the risk....risk approach, so the rejection rates or the rejection policies of the customers,

the provisions we keep, everything is designed so that we do not have additional risk on this business as well. So I don't want to say...

REGANZANI S: Of course for Tofaş it's a big advantage to rely on a captive consumer financing company that offers very competitive rates by the way. But we are really as...and we are saying trying to be prudent in this market which is showing an increasing rate in non-performing loans and so we have...I think in the market we are almost the best in terms of performance and then...in our loans and the portfolio of 2.1 billion again is really sizable and it's...it's important and will grow, may be with the growth of our business, but definitely our penetration rate is already very high on our sales and we don't want to increase too much on that.

OPERATOR: This is the operator. We have another question from our webcast participants. The next question is from Serhat Kaya, of Oyak. And the question is as follows, "Hi, thank you all for the presentation. First question, does your percentage mark-up on exports ever change? Based on the agreement with FCA as your sales volume exceeds a certain level? Second question, what percentage of your new Egea Tipo exports goes to the stocking of dealers. In other words is there a material difference between retail sellout of your cars and your shipments year-to-date? Thank you."

REGANZANI S: Well, about mark-up we usually don't disclose of course information about mark-up but there are no new variation

compared to what we had in past of course and there are no agreements with anybody to reduce it in case our sales are higher than a certain level. And there is very little difference between our shipments and retail, so because actually we had quite the opposite problem because our dealers had a very low level of stock, unfortunately. That is good in a way. Of course reducing our working capital and their working capital, but on the other end, you know, in Turkey it's quite important to have at the dealers as many cars as you can because the customers usually don't come to a showroom to place an order. They just come to the showroom to see a car and buy it, so kind of American style. So we have the opposite problem. Our stock levels are very, very low now, especially on Egea in Turkey.

OPERATOR: We have a follow-up question from our telephone lines. It is from Bespalov Vladimir of VTB Capital. Please go ahead.

BESPALOV V: Hello again, thank you for taking my follow-up question. I would like first to ask you about your margins. You said, and you are still really due on tax from taking the arrangements from the EBIDTA margin because it looks quite impressive really, even though it is down slightly, and... or it's like the margin which reflects like production to sales business and it should be sustainable going forward. And I also have the second question on dividends. How we should look possibly at your 2016 dividend payouts like last year or like in previous year when payouts were close to...not 100% but 80% of net profit and things like this. Thank you.

ERTURK E: Let me start with your second question actually because that's pretty much simple math for us thinking that if we cash out the financial position, we do not have any problem of distributing the maximum level of dividends from the cash perspective. But as you know, there is a ceiling in Turkey on how much you can distribute dividends, not just from the IFRS results but also on the statutory results, and on the statutory results actually the changes in foreign exchange rates which for us the important one is euro against Turkish lira is very important. Why? If there is a growth in euro versus Turkish lira then in your statutory accounts, you have foreign exchange losses which are much higher than IFRS because in the IFRS you have hedge accounting so therefore...

REGANZANI S: Reduced ability of distributing...

ERTURK E: Yes, that reduces our ability to distribute dividends. So how much we can distribute as dividends will be also a matter of what the exchange rate will be as of 31st of December 2016. So if you have forecasting of the value of the euro against Turkish lira, then the case to distribute dividends is reduced. It's not cancelled, it's reduced. If you are expecting a more valuable Turkish lira compared to euro, then we will be able to distribute a larger amount of dividend. But the policy of the company remains the same. The policy is still to distribute the maximum level of dividends that we can reach on this legal policy.

Coming to your first question, it was about the margins and thank you for your comment because we also agree that under the circumstances and what happened during the Q3 that we all followed and in these margins is really a great success and of course, we want to keep this level...high level of margins in the upcoming years as well.

REGANZANI S: This is what we promised actually and no surprise in the sense that even in the previous calls we said that of course the EBITDA was going down due to the lack of take or pay that is visually increasing the EBITDA as well, but this is more or less the level we had always promised and we are keeping our promise.

ERTURK E: One final comment Vladimir is that one of your question was about specifically take or pay whether there is still a take or pay version or not. I can confidently say that of the new passenger car series, so the Sedan hatchback Station wagon, Tipo, there is none, and also Fiorino is performing extremely well. You can collaborate that also from the shipments by Models Slide. Maybe, the only part that take or pay still continues is Doblo, not on a great scale but still it does. So the protection continues but because the orders for Fiorino and passengers cars are extremely high, we are delivering above contractual commitments so for those not take or pay invoices at the moment.

BESPALOV V: Thank you very much.

ERTURK E: You are welcome.

OPERATOR: The next follow up question is from Memisoglu Osman, Bank of America, Merrill Lynch. Please go ahead.

MEMISOGLU O: Hi, once again. I have a question regarding domestic margins mostly and pricing trends if you could comment on what you saw and what you did...what you saw in the sector and what you did as Tofaş upon pricing perspective, particularly with the angle of you know gradual TRY weakness versus the euro, and if you can comment as much as you can on what you are seeing in October. And from a mixed perspective are you expecting...can you give us color on these new trends you introduced particularly the diesel auto transmission should we expect a nice lift to the margins in Q4 or next year. And regarding this mix and margin discussion looking over to next year as you increase your capacity on the passenger car side, how should we think about revenue and margin effect as you increase the PC segment at the expense of LCV segment, both I guess for domestic and export side? That would be very helpful, thank you.

REGANZANI S: Well Osman you know very well the Turkish market and you know how competitive it is. Actually, there is a struggle in the market and many of our competitors like to struggle and lose money. You can see that from their results. We are not in that bunch but thanks God we have a very robust export business, and we don't run for the market share in Turkey, frankly speaking. We want to keep off of losing proposition businesses, fleet business we

do it moderately, very moderately because it is for the time being really and losing proposition business. Other people did it extensively. We cannot comment, of course, it is their strategy. Someone runs for money, someone runs for market share. Okay, I think that running for margin is sanity and running for market share is just vanity, but it's...that's our strategy. I mean, you know, we discussed it many times.

MEMISOGLU O: Right

REGANZANI S: So in the next...we are increasing the capacity as you know and our margin on exports are really good, in many cases better than the local margins. So I don't see that running for more export volumes will generate any detriment to our margin and global margin as a company. And euro/Turkish lira, well today is a difficult day to talk about the euro/Turkish lira. You know the events, what is happening here in Turkey. I think it's overshooting the exchange right now and then we will be back, yes, over 350 that is the euro. This for us is a little bit complicated but you know that's when generally the Turkish lira devaluates generates a benefit for our results just because we sell in euro to Europe.

ERTURK E: I have one comment about your question though Osman. I mean, I agree that actually business in passenger cars are growing. But I disagree that we are doing this by replacing commercial vehicles, because the capacity increase is on top of what we had and increase in

passenger cars as business is on top of the commercial vehicles. Because as you know, on the export side margins are protected, on the local side, what we were selling and capacity as we reserved to local market commercial vehicles remain the same, they are not decreasing. The volumes of passenger cars are coming on top of this. So they are not replacing commercial vehicles, they are just adding up to commercial vehicles. So that was the only comment that I wanted to add.

REGANZANI S: Yeah and if you look at the volume table you will see it actually because in LCV it's not that we are decreasing our market share, so it's just in the big portion of market share loss comes from the MCV segment, which means Ducato. For Ducato, we have a specific explanation. Unfortunately the demand in Europe was very strong and as you know, we imported Ducato from FCA and we didn't get any vehicle for the first six months of the year. So that's why we lost quite a lot. I mean 4,000 units more or less that's the value of our loss in the first nine months. Still we are fighting to get the right mix in terms of vehicle because now the Turkish market is more on chassis cabs and mini buses and so and the long wheel base vehicles. By the way, so we have this constraint and we really lost a lot of volumes and that's a shame, so that's what happened and it's not even Tofaş fault let me say, it's just depending on our FCA supply. That's it.

MEMISOGLU O: Well, just to follow-up and maybe you can and maybe not...you may not comment on this but from a revenue

pricing perspective as you introduce, I would assume more expensive trims of Egea and Tipo and I understand you are not lowering your LCV volumes, but the share of PC will increase of the total, that's obvious. Versus a Doblo for example. With the new trims, would you get close to Doblo pricing levels in export markets or even exceed them, just an overall comment would be helpful? If I could...

REGANZANI S: Well, we are definitely exceeding the Doblo export value, especially for station wagon and hatchbacks much more expensive I mean than a Doblo in average, that's for sure.

MEMISOGLU O: In the domestic market the same or different?

REGANZANI S: In the domestic market okay you are mentioning the 1.6 diesel automatic transmission, which is a very recent launch. We are entering with these vehicles and we do believe that there is a very high potential and we always told you that we were really looking forward to have these vehicles in the market. So the reaction has been very, very good and we expect really good performances. It is just too early to have a judgment just because we just started but roughly we will see the results especially in Istanbul. I mean, they represent 45% of our market and then I will see the difference, because for the time being in Istanbul, Egea struggled quite a bit without the automatic transmission and.., but now we are there and let's see and by the way we have automatic transmission not only on Egea but on Renegade, on 500X. We are now, for instance, and the hatchback of course, so the

hatchback is coming now with the automatic. I think we can have a very clean judgment at the end of the year in the next call and, by the way you know, automobile rules are changing and so for a local manufacturer like us this could be a good opportunity and let me say.

MEMISOGLU O: Okay. Thanks a lot.

ERTURK E: And Osman, since you mentioned it, actually, maybe we should elaborate on this more for investors, so it's not just a story about automatic transmission. I just want to give a few, actually, information about this, in the local market, in the segments that Egea is competing. So let's say the C-segment in the sedan section and the hatchback section, close to almost half of sales are diesel automatic. So diesel automatic is very important for Egea sales and we didn't have this option of the vehicle till the end of September for sedan, so it is recently launched and the hatchback is just about to be launched. So till now although Egea is the most selling vehicle in the local market, we were able to sell it only to half of the market and starting now we will be able to sell it to the full market. So this is very important. Another important factor is that this part of the market is stronger on the retail side rather than the fleets, so, which is also our desire in marketing our products, focusing more on the retail side. So heading the diesel automatic transmission in our new passenger cars, will give us strength both on our volumes but also on local profitability.

- MEMISOGLU O: Got it. Thank you. Thank you very much.
- ERTURK E: You are welcome.
- OPERATOR: The next question comes from the line of Kurbay Berna of BGC Partners. Please go ahead.
- KURBAY B: Good evening. Thank you very much for the detailed explanations. I just wanted to clarify a few things on the capacity expansion. As far as I understand from the comments you made, you are already working above the 400,000 capacity but you are doing this with overtime and with a lot of effort after having completed work in the plant recess in August and once you complete the investment that you have announced earlier today, this will be probably easier for you to work in with regular shifts and you will be able to accomplish this full 450,000 capacity level in an easier manner. Is that first of all correct and when you are doing that with this additional body line, you will be outsourcing the painting to if and when that's needed. First of all, is that...would that be a fair summary of what's going to happen?
- REGANZANI S: Berna, it is the perfect summary of what is going to happen and what happened I'm sure as I told you that all the structural investment what we needed to do in order to change the layout of the plant has been done in August. Now we are in the second stage of our capacity increase that will be completed by the end of the year I can say and so that at the very beginning of 2017 we will stop ramping

up to that speed of 1700 per day that I was mentioning before and this is it. This second stage, thank God, will not affect our ability to produce vehicles because we don't need any shutdown or anything. It's just the new body line, the body in white line is separate from the other one, so it is not affecting the performance of the main one, so it's perfect. And of course, but the paint that is our concern, as I said we are thinking about having this kind of cooperation if and when needed of course because we are.....I was explaining, we are adopting some new technologies in our paint shop, okay? And we will be able to increase our capacity, internal capacity as well.

KURBAY B:

And then, my next question is you mentioned the figures of 450,000 as the plant's capacity and the dedicated lines for Egea and Tipo family will reach 250,000, I was wondering when you think you will hit full capacity at the Bursa plant and when do you think that's going to happen as there is going to be some ramp up earlier next year. I was wondering what sort of production levels you foresee for the next one or two years. And also I have one other question, which relates to the domestic markets, there has been the talk of the government rearranging special consumption tax brackets in Turkey, and I was wondering, what your take on that is? Thank you.

ERTURK E:

Berna, about the capacity, first of all, it is very hard to give month-by-month forecasts about it. But, the summary is this, within the existing capacity even now we are working day and night to fulfill the orders we get from.....especially

from our export customers. So, that will continue next year as well, and also in the disclosure that we make as you read, we are planning to come out with this new procedures and the new capacity starting early 2017. So, the beginning of 2017.

So, thinking that in new disclosure again, it's mentioned that the capacity will be 450 that would be the overall capacity of 2017 and we want to fully utilize this. But, it's tough to give month-by-month the forecast about it. For the second part of the question about the special consumption tax actually maybe Stefano can give you more insights.

REGANZANI S:

Well, my feeling it was the rules are not clear yet. So, we don't know exactly which kind of thresholds and which metrics will come out from the government at least I don't know very clearly. The feeling I have of course is that the spirit of these changes at auto VAT law is somehow related to limit importation, import of luxury cars for those manufacturers that never show the real interest in having a plant here in Turkey. And let me say, so from a very general approach to the matter I would say that, we will receive a net benefit from this change in auto Vat because we are local manufacturing, our cars are brand new and now more competitive, we'll be more competitive than other manufacturers is the general view I think is going to be positive.

Of course there might be some limitation or as in the past we have always declared that our product lineup was not taking a lot of benefit from the fact that we didn't have 1.6 liter engines or 2 liter engines in some cases like for our jeeps. So, we'll definitely change the rules of the game in Turkey and as far as I can see I mean, we will not struggle too much. I mean this is going to be I think positive for our business here in the method of business.

KURBAY B: All right. Thank you very much.

REGANZANI S: You are welcome Berna.

OPERATOR: The next question comes from the line of Kayani Muneeba of Morgan Stanley. Please go ahead.

KAYANI M: Thank you for the follow up. On SCT regulations, so the commercial vehicle incentives or SCT incentive that was introduced recently, have you seen any benefit from that and do you expect a benefit from that going forward?

REGANZANI S: The commercial...well the changes for commercial vehicles are of course generating a benefit for us and hence we do expect it even to be higher in the future, mainly in the taxi segment. Even though we always told you that we really wanted to have a turnaround in the image of our products and Egea was not the right product to be given to taxi drivers, I can confirm that this is our intention and I can confirm that we are not providing any additional discounts to taxi drivers that want to buy an Egea. We really wanted

to serve the image of this car because this is a great product as you can see and we don't want to spoil the reputation of the car especially for those who think that Fiat is just manufacturing Turkey taxi cars, which is not true at all.

So, this is what I see of course what we. So from the very beginning is that we had a lot of demand for our commercial vehicles and...and also for those vehicles that can be turned into a taxi. So, it's positive for us for the time being I think that the fact that it is not a very short-term campaign but it's going to last for the next three years, is not delivering an immediate boost to our business. But, we will provide those...very steady growing business for the next project I believe. We may be a peak at the very end as ever for these things, but this is going to be in check, and we had a lot of time as this is supposed to last for three years again.

KAYANI M: Thank you.

ERTURK E: Welcome.

OPERATOR: Excuse me, this is the operator, we have some more questions coming through from our webcast participants. I will read out the questions, the first question is from Özgür Uçur from Finansinvest and the question is, thanks for the presentation. Could you give some clarification on financial income and expenses? Is there any change in the accounting policy in the third quarter? Both interest

income and FX losses appears to have surged in the quarter. Thank you.

ERTURK E: Özgür, well, actually, thank you for the question because I also wanted to clarify this. There has not been a change in the accounting policies but what's done is there has been a switch between the foreign exchange gains and losses. Two, interest classification in the footnotes. This is a slight error done by the auditor that prepared the report, but it does not have any impact on the income statement, because the income was classified in interest whereas it should be classified in exchange gains and losses. But, net- net there is no impact at all. So, if you are looking at the summary income statement, it's the same only at the footnote the interest gains should be somewhere about 20 millionish level, and exchange gain should be about 70 to 75, so that's the split. So, we will of course correct that in the upcoming quarter but no impact on income statement as general. Thank you for the question.

OPERATOR: Excuse me, this is the operator again. The next webcast question comes from Marco Spinner of Neuberger Berman, and his question is, "what is the timing for completion of the 450k?"

ERTURK E: Well, this is the answer that also we gave to Muneeba Kayani the Morgan Stanley analyst before, actually as of January 1, we will consider our new capacity as the 450. So 2017 it will be a year where the capacity, the target capacity at least, will be around 450.

REGANZANI S: Yes, as in any process of this kind there will be a kind of ramp up in the first period but I mean we can definitely consider 450 as a reachable level for 2017.

OPERATOR: Thank you, this is the operator again, we have no further questions registered at this time, you may now proceed with your closing statements.

REGANZANI R: So guys, thank very much it was a pleasure to present, to our friends the results of this company and discuss with you in the Q&A, what is happening to this fantastic/contrasting company and I'm really lucky to be the CFO of course, so now that the next date on course is for the end of the year, we have great expectations and please stay with us.

ERTURK E: So this is Emre again and I would also like to thank everyone who participated in our webcast we are very proud of this performance that we delivered in Q3, despite all the happenings, whether they were one off or not, it shows the strength and the reliability of this company to deliver such results in such a period and the future quarters and especially 2017 remains to be very promising with all these developments that we are waiting as you can see, so please keep following us and in the meantime I would also like thank my colleague Piril who also worked hard for the presentation and all the data, so whenever you have a question do not wait for the next webcast you

can contact us through email to ask your questions as the IR of this company.

So thank you all for participating and hope to see you next time.

REGANZANI R: Thank you Emre, thank you Piril.
I think we are done.