

Stock Watch



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The mission of Volkswagen Passenger Cars, which was developed in parallel with the corporate vision of "innovative service beyond expectations" is providing a wide range of product variety closely aligned with the needs of the passenger cars, supporting the products with the most developed and product based marketing techniques, rendering profitability oriented sales and after sales services, and providing maximum customer satisfaction. Volkswagen Commercial Vehicles commanded a market share of 11.9 % in 2007, down from 13.1 % in 2006.

Aiming to provide the highest levels of quality-price equilibrium with a wide range of models and after sales services to its customers through more than 50 authorized dealers, VW Passenger Cars has always been among the top three import brands and is also regularly cited as the most popular and prestigious brand among consumers.

In spite of the contraction in the total market in 2007 as well as the retreat in the import market share from 70% to 66%, VW Passenger Cars successfully increased its market share in retail sales from 7.4% in 2006 to 7.5% in 2007.

Seeking to introduce new models to meet drivers' expectations in a wide and diversified product line, presenting a wide range of engine and equipment, VW Passenger Cars concluded a hectic year, packed with product launches and model-based marketing activities.

The facelifts in the New Touareg, Touran and Passat Variant models, as well as the new equipment packages such as the "Tour" and "Exclusive" were the most important launches in 2007. The new Touareg, launched in February, enjoyed success, increased its segment share and subsequently moved up two steps in its segment.

The launches planned for 2008 are New Golf, Tiguan, Passat CC and Scirocco models. While the Golf model has attracted the admiration of our customers with its new body, the Tiguan in the mini SUV class, the Passat CC in the upper mid-size sedan class, and the Scirocco in the compact class will be the new models to be introduced.



Volkswagen Commercial Vehicles, which ranked third in the total commercial vehicle market for the last four years, is the leader in import commercial vehicle sales in 2007. Turkey has been the leading export market for European Volkswagen Commercial Vehicles for two consecutive years and despite the fluctuation in the market in 2007, it preserved its position.

In 2007, Volkswagen Commercial Vehicles took part in 7 fairs and contacted 4,200 prospective customers. As well as national fairs, sector specific fairs (textiles, food, tourism and automotive) - which offer an appropriate medium for direct and experiential marketing - continued to be one of the important communications channels for the Volkswagen Commercial Vehicles brand.

In 2008, Volkswagen Commercial Vehicles determined special strategies for each segment and based on its competitive strength on the launch of new vehicles in the light commercial vehicle market.

New model range will spur VW Commercial Vehicles' development. Volkswagen Commercial Vehicles plans to offer its customers a completely refreshed model range in 2008; it will also continue to build on its strong place in the market with feature-packed options and equipment alternatives, which its competitors do not have.



The Audi brand broke records in 2007, reaching its best retail and wholesale figures ever, Audi also boasted some of the best quality ratings. Audi has put together the largest sales organization and achieved the highest market share in the year and put in an excellent performance.

Even though the market share of imported motor vehicles declined amid economic turbulence, sales in the premium segment

increased. The total number of sales in the premium segment increased from 17,096 units in 2006 to 21,233 units in 2007. In parallel with this trend, the market share of the premium segment also increased from 4.5% to 6%.

Audi's wholesales in Turkey increased by 19% from 4,956 units in 2006 to 5,898 in 2007. The marketing of the brand and models in conjunction with authorized dealers, as well as customer oriented sales and after sales activities, proved key factors in the success of Audi, which stands out from its competitors with its state-of-the-art technology, innovative and sporty design.

The TT Roadster, the A5 Coupe, and the modified A8 were added to Audi's product range in 2007, contributing to Audi's improving strength in the premium segment.

Audi's product range will expand in 2008. A slew of new launches are planned in 2008, including the A4 (BB), A3 Cabrio, RS6 Avant, Q5, and TTS models, while product alternatives with new engine options will be offered to the Turkish drivers.

Audi's brand target for 2008 is to strengthen its premium brand positioning with sales and after sales organization and marketing activities.

Audi aims to sell more than 6,500 cars in 2008 and to reinforce the leadership of its brand as well as improve customer satisfaction.



Doğuş Group actively started to carry out the sales and service operations of the Bentley brand in Turkey in November 2006. Based on the agreement signed three weeks later, Automobili Lamborghini S.P.A. has granted the operating rights of the sales and service operations of Lamborghini branded vehicles in Turkey to Doğuş Group.

Bentley and Lamborghini brands' sales are planned to be displayed in the same location but in separate showrooms.

The Bentley Showroom was officially opened in Ortaköy in Istanbul in May 2007. The construction of the Lamborghini showroom is still in progress.

Exceeding the targets set at the beginning of 2007, a total of 19 Bentleys, including 4 GTs, 3 GTCs, and 12 Flying Spur models, and three Lamborghini vehicles, including one Gallardo Spyder, one Gallardo Superleggera and one Murciélago LP 640 were sold and delivered in 2007.

While the fluctuations in the economy directly affected imported vehicle sales, high-end luxury segment sales increased by 10% YoY to 229 units in 2007, bringing the share of the segment to 0.06%.

The sales targets for 2008 are 25 Bentleys and 8 Lamborghinis.



After selling 103 Cayenne models in 2006, Porsche managed to increase its sales by 22.3% to 126 in 2007.

Although sales of the new Cayenne started the year with 3-months lag since Porsche AG has given permission to sell the new Cayenne models starting March 2007, the new Cayenne performed superb and remained as the best selling gasoline premium SUV model in 2007. At the end of the year, 126 of the total 204 models sold within the premium gasoline SUV segment were Cayenne models.

A total of 13 Boxster models were sold in 2007. The Cayman was positioned to fill the gap between the Porsche Boxster and the 911 models both in terms of customer profiles and price. As a result, sales of the Cayman model jumped to 24 in 2007.

Out of the 218 Porsches sold in 2007, 55 were Carrera models, with the Carrera 4S Coupe being the most popular variant with 15 models sold. A total of 12 Carrera 911 Turbo models were sold in 2007, the highest number since 1996.

Porsche successfully launched the new Cayenne and 911 Turbo Cabrio in 2007.

With its new authorized dealer openings started in 2006, Porsche now boasts a service network composed of five authorized dealers and six authorized service points.

Porsche will expand its product range with the addition of the 911 GT2 and Cayenne GTS models in 2008.

Porsche aims to sell 220 cars in 2008. Expectations of further growth in the luxury segment will continue to support Porsche's sales.



SEAT conducts its operations in accordance with Doğuş Otomotiv's vision and offers its models including Ibiza, Cordoba, Leon, Altea, Altea XL and Toledo to the Turkish market through 32 authorized sales dealers and 41 service points.

In 2007, SEAT's total sales volume declined by 29% YoY. The brand ranked 20th in the passenger car market in 2007 via selling 3,426 cars.

In 2007, the best-selling SEAT model was the Leon. The Leon accounted for 47% of SEAT sales in 2007, up from 33% in 2006. The Cordoba model made up 41% of SEAT sales in 2007 versus 35% in 2006 to become the second best selling SEAT model.

SEAT's Leon Cupra 2.0 liter TFSI 240 hp variant, the most sporty and high performance model in the Leon line-up, was launched in Turkey in October 2007.

The Altea XL, first introduced at the Istanbul Auto show in November, 2006, was launched in Turkey in December with a 1.6 liter 102hp, 1.4 liter TFSI 125 hp, 2.0 liter TSI 150 hp tiptronic gasoline engine and 1.9 liter TDI 105 hp and 2.0 liter TDI 140 hp DSG diesel engine options.

SEAT launched its 1.4 liter Leon TFSI 125 hp variant in January 2008. This new engine option, which will expand the existing range of engines on offer, will underpin sales in its own segment.

The Altea Freetrack, the latest member of the Altea family and the first 4x4 model of SEAT range, is planned to be launched in the first quarter of 2008 with 4x4 2.0 liters TSI 200 hp gasoline and 4x2 2.0 liters TDI 140 hp, 4x4 2.0 liters TDI 170 hp diesel versions.

The most important event for SEAT model range in 2008 is the launch of new Ibiza in the last quarter of 2008.



Scania is the market leader across a wide range of products in the import commercial vehicle segment for vehicles of 16 tons and over; positioned as "A reliable business partner" under the Doğuş Otomotiv framework. Total number of Scania sales, including construction vehicles, tractors and trucks increased from 2,099 units in 2006 to 2,174 units in 2007. Scania market share jumped to 8,74% in 2007 from 6,29% in 2006 as Scania has been the leader of the import HCV market as the best selling on-road tractor brand.

The new R series, the sale of which started in Turkey in 2005, has differentiated Scania from the rest of the market with its superior technology. In accordance with the 2007 sales strategy, sales of the R series and the previous 4 series were combined. Thereby, Scania was also able to differentiate itself with a wide product range.

Scania will continue to expand its authorized dealer and service network in 2008 with the modernization of authorized dealers' existing facilities enabling the provision of even higher quality services to Scania customers in more locations throughout Turkey.

Within the context of marketing studies of new cab series launch, the strategies of maintaining a close relationship with customers and meeting them on one to one basis, Scania will participate in commercial vehicle fairs in Turkey for 2008 on both a regional and national level, and will also meet customers by staging vehicle introduction organizations around the country.



Trust in used cars

DOD, the first and largest institutional used car brand in Turkey, became a symbol of "trust" in the sector with its customer oriented approach, fast and flexible solution alternatives, developed infrastructure and widespread dealer network.

DOD sold 13,190 second-hand vehicles in 2007, up by a hefty 70%. By reaching its customers through auctions held periodically, DOD sold 413 vehicles in 13 different auctions in 2007, selling 1 vehicle per 84 seconds during the auctions.

As the first used car brand which developed its own brand standards and institutional identity, DOD completed the construction of 21 special DOD showrooms throughout Turkey in 2007, and still has 14 investments in progress in different cities.

"DOD Advantage Days", Turkey's first marketing campaign in the used car sector, was held between September 1 and November 30, 2007. During the event, DOD reached 340,000 customers, offering special discount coupons to 26,000 customers and free subscriptions to NTV Group magazines to approximately 2,000 customers.

Aiming to become the greatest institution in the used car segment, both virtually and physically, DOD will enhance its online services in 2008 through new and comprehensive projects. DOD's objective for the coming years is ensuring sustainable long term growth strategy, via targeting sales of more than 20,000 in 2008.



Krone's rapid growth since its entry to the Turkish trailer market in 2003 can be put down to its high quality products suitable for the Turkish market and professional sales force. With sales of 811 trailers in 2007, Krone achieved a leading position in Turkey's imported trailer market with 40% share and 15% market share in total.

Krone is the only brand in Turkey to offer a 10-year rustproof guarantee for all of its products. One of the Krone's most important pioneering areas is load security, and in particular the systems it has developed in conjunction with research and development activities. The Multi Block and Multi Lock cargo fastening systems ensure safe and secure transportation. Krone plans to widen its authorized dealership and service network in 2008 to increase the customer access all over Turkey.

Once its new refrigerated trailer is launched in 2008, Krone will be the only importer brand to present two alternative products to its customers in this segment in Turkey.



After importer and distributor agreement signed with Doğuş Otomotiv at early 2007, Meiller made an excellent start to operations with 70 semi trailer tippers sales to the construction sector in 2007. The introduction of the dumper truck in 2008 will allow the brand to reach a wider target market with extensive product range and increase the sales volumes.

Meiller's target was to expand accessibility of the brand to a wider range of sales locations in 2007, and assigned 3 authorized dealers and service points in Gebze, Ankara and Bursa and focused on increasing the number of these dealers in the coming periods.



In terms of retail loans Vdf Consumer Finance preserved its leadership among consumer finance companies with 45% market share in 2007FY. The company's market share was 14% among all financial institutions, including banks, again in terms of retail loans.

The Company captured a penetration rate of 24% within the 27 brands it serves. In January-December 2007 period, Vdf Consumer Finance provided 38,776 new contracts to its clients worth of TRY1,007mn.

Through providing consumer finance and insurance to its clients as a package with minimum client effort, Vdf Consumer Finance differentiates itself from other consumer finance companies.



VDF Fleet Services

VDF Fleet Services executes operational fleet leasing activities in Turkey through partnership of Leaseplan (51%) and Doğuş Otomotiv (49%). VDF Fleet Services is among the top three brands in Turkish operational fleet rental market with 9% market share. The company increased the total number of vehicles in its portfolio to 6,295 units in 2007 through adding 2,857 new contracts, up 5% YoY.

For further information please contact Investor Relations Department.

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MACROECONOMIC OVERVIEW

The major macroeconomic issues of 2007 were the widening current account deficit, the overvalued domestic currency against hard currencies, the higher than targeted inflation and the easing in the fiscal policy. The first three issues will again be in the spotlights however another issue that will come to the radar screens would be the economic growth rate, following increasing concerns about the global economic growth.

Turkey's eye-catching GDP growth performance slowed down to just 1.5% in 3Q07, after 7.3% average growth rate attained between 2002-2006, mostly because of the turbulence in global financial markets. However, the 5% average growth rate realized between 3Q06 and 3Q07 are still fulfilling compared with the 2% average growth rate in EU.

2007 CPI came in at 8.4%, more than doubling the 4% official target and also exceeding the 6% upper confidence limit. According to the expectations survey carried out by the Central Bank of Turkey (CBT), 2008 CPI is forecast to be 6.4%, still above the 4% official target.

Rate cut spree of the CBT has started in September 2007: with a surprising move, the CBT cut official rates by 25bps first in its September 2007 meeting. In 2007, the CBT reduced official rates by a total 175bps to 15.75%. Rate cuts are expected to continue with a slower pace in 2008. Market participants foresee a further 150-175bps cut throughout 2008.

2007 was the year of records in terms of foreign trade. Exports were up by 25.3% YoY to US\$107bn, while imports rose to US\$170bn, implying a 21.8% jump over 2006. This resulted in a foreign trade deficit of US\$63bn for 2007, which is 16.3% higher compared to the previous year.

In November 2007, 12-month trailing current account deficit rose by 12% YoY to US\$32.8bn. On the financing side 12-month rolling foreign direct investment (FDI) was realized at US\$19.2bn in November. As the deals already closed in 2007 are taken into account, FDI for FY07 is expected to exceed US\$20bn levels, which is a good balance in terms of current account deficit financing. Consensus current account deficit for 2008 stands at c.US\$40bn. If the privatizations in the pipeline of the government come true, the balance of payments side will take a breather in 2008 (with an estimated Net Direct Investment of US\$25bn), which is predicted to be a tough year as global jitters are taken into account.

NOTES ON THE AUTOMOTIVE SECTOR

After suffering from the lackluster demand in domestic market since 2H06, as a result of the uncertainties in political arena and turbulence in global financial markets, demand recovery kicked off in 3Q07 with the completion of the general and presidential elections.

Surprising the market players on the upside, the automotive sector closed 2007 with just 5% YoY contraction at 618,774 vehicles compared to the expectations ranging between 8-15% shrinkage.

According to the wholesale data released by Automotive Distributors' Association domestic automotive sales jumped by 28% YoY to 132K vehicles in 4Q07, bringing the 2007FY sales of the sector to 618,774 vehicles down from 652,877 in 2006. While passenger vehicle (PV) sales skyrocketed by 38% YoY to 132K units in 4Q07, light commercial vehicle (LCV) sales surged 20% YoY to 79K vehicles. These together brought the full-year 2007 sales volume of PV and LCV to 359,416 and 232,471 vehicles respectively, which are 3% and 6% lower than 2006 figures.

On the HCV side, contraction was more severe. Despite the recovery in sales on QoQ basis, HCV sales were still far from satisfactory in 4Q07, dropping by 12% YoY to 8,249 units. This carried the cumulative 12-month sales of the segment to 26,387 in 2007, which is down 21% YoY compared to the 33,393 units sales granted in 2006.

Imports constituted 58% of the total light vehicle sales in 2007, which was 59% at the same period a year ago. As PV imports made up 66% of the total PV market, LCV imports accounted for 46% of the total LCV sales in 2007 versus 68% and 47% in 2006, respectively.

COMPANY SPECIFIC FINANCIAL DISCLOSURES

Dogus Otomotiv announced TRY2,552mn in revenues in 2007FY, up by 1% YoY. Although sales volume declined by 8% YoY, in-line with the 7% decline in total importers' sales volume, the company managed to increase its turnover due to higher prices at the current period compared with the same period of last year and increased contribution of the after sales services revenues in total.

Profitability of DOAS was eye-catching in 2007, with the support of strong Turkish lira against hard currencies and higher share of more profitable automotive related services, that EBITDA came in at TRY106mn, which is substantially higher 50% YoY and implies 4.1% EBITDA margin versus 2.8% in 2006FY.

Gross profit jumped 22% YoY to TRY353mn in January-December 2007 period, which yielded a gross margin of 13.8% compared to 11.5% in 2006FY.

DOAS disclosed TRY64mn net profit in its 2007FY financials, almost tripling the TRY22mn net earnings figure recorded at the same period previous year, which resulted in a net margin of 2.5% up from 0.9% in 2006FY.

DOAS has spent TRY113mn on investments in 2007FY, which is 390% higher than the TRY23mn capital expenditures made in 2006FY. Accordingly TRY58mn net cash position of year-end 2006, turned into a net debt position of TRY50mn in 2007 year-end.

Total asset size of the company expanded 2% to TRY1,157mn at year-end 2007, from TRY1,130mn at year-end 2006. ROA and ROE of the company are realized at 5.6% and 11.9%, which are significantly better than the ROA and ROE of 2006 1.9% and 4.6%, respectively.

DIVIDEND POLICY

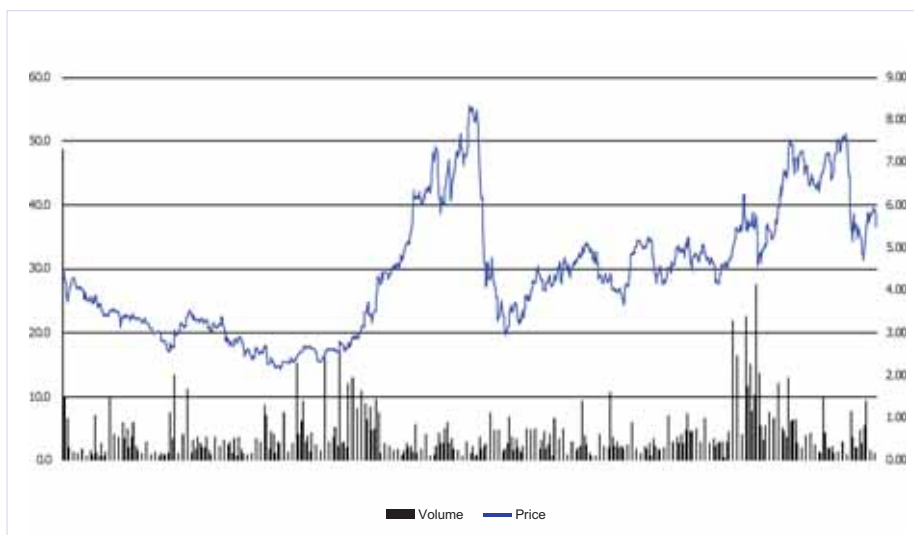
According to its Articles of Association, the Company will pay out at least 50% of its distributable profit as dividends to its shareholders until 2009. Accordingly, the Company distributed TRY7mn cash dividends to its shareholders from its 2006 earnings in 2007, implying a dividend yield of 1%.

SELECTED ISE-STOCK MARKET STATISTICS

As of February 29, 2008	Mcap (US\$m)	Free Float	% in sector	% in ISE 100
DOAS.IS	605	34%	8.1%	0.2%
ASUZU.IS	186	16%	2.5%	0.1%
FROTO.IS	3,427	18%	43.4%	1.3%
KARSN.IS	205	31%	2.8%	0.1%
TOASO.IS	2,277	24%	30.4%	0.8%
5 large automotive stocks	6,700	-	87.1%	2.5%
Sector	10,158	-	100.0%	3.8%
ISE	268,655	32%		

Source: ISE

DOAS.Is Price and Volume (US\$ million)



MODEL	2004	2005	YoY	2005	2006	YoY	2006	2007	YoY
VW	60,070	65,212	9%	65,212	59,566	-9%	59,566	53,779	-10%
VW PV	33,094	32,049	-3%	32,049	27,819	-14%	27,819	26,110	-5%
VW LCV	26,984	33,163	23%	33,163	31,947	-4%	31,947	27,669	-13%
AUDI	4,297	4,705	9%	4,705	4,956	5%	4,956	5,990	19%
PORSCHE	129	153	19%	153	220	44%	220	216	-1%
BENTLEY	-	-	-	-	-	-	-	19	-
LAMBORGHINI	-	-	-	-	-	-	-	3	-
SEAT	5,546	6,570	18%	6,570	4,572	-30%	4,572	3,426	-25%
SKODA	7,002	8,026	15%	8,026	5,489	-32%	5,489	5,292	-4%
SCANIA	1,837	2,073	13%	2,073	2,099	1%	2,099	2,174	4%
Total	78,889	86,739	10%	86,739	76,962	-11%	76,962	70,809	-8%
KRONE	-	402	-	402	809	101%	809	811	0%
MELLER	-	-	-	-	-	-	-	70	-
Market Size									
PV	452,292	442,836	-2%	442,836	371,325	-16%	371,325	359,416	-3%
LCV	244,551	291,302	19%	291,302	248,159	-15%	248,159	232,971	-6%
HCV	28,829	33,305	16%	33,305	33,393	0%	33,393	26,387	-21%
Total	725,672	767,443	6%	767,443	652,877	-15%	652,877	618,774	-5%
Market Share									
PV	11.1%	11.6%		11.6%	11.5%		11.5%	11.4%	
LCV	11.0%	11.4%		11.4%	12.9%		12.9%	11.9%	
HCV	6.4%	6.2%		6.2%	6.3%		6.3%	8.2%	
Total	10.9%	11.3%		11.3%	11.8%		11.8%	11.4%	

Source: ADA, Dogus Otomotiv