

Equity / Mid Cap. / Auto part

Initiating Coverage

13 November 2007

OUTPERFORM (U)

Dogus Otomotiv

***Upside Potential 50%**

* US\$ based upside potential

Bloomberg: DOAS TI

Reuters: DOAS IS

Putting eggs in different baskets

Expanding into new businesses along automotive value chain...

With distribution of WV brand LCV's in Egypt & Porsche brand in Lausanne, and production of Krone trailers and Meiller brand tippers, DOAS will take part in international and production activities apart from its current operations. With new investments, DOAS expects to achieve further diversification at operating profit level, aiming to generate 45% of its EBIT from after sales&retail services and automotive related services, 30% from import & distribution, 15% from production and remaining 10% from international operations before consolidation adjustments.

Balancing domestic market risks...

Being a sole importer, DOAS is open to domestic market risks like weakness in demand, increase in interest rates and especially volatility in the foreign exchange rates. New motor inspection business and new investments related to international and production activities, will all help to smooth out the fluctuation in the domestic market.

A major player in every stage of automotive value chain

With 12% market share in domestic automotive market, DOAS is the leader in imported automotive segment and one of the largest automotive distributors in Turkey. It is also a pioneer company in Turkey that started institutional used car sale operations under DOD brand. Vdf Automotive Finance with a market share of 14% among all financial institutions and 52% among consumer finance companies is a hidden asset for DOAS.

A cash cow business - Motor Vehicle Inspection Business

Considering the expected 7.3% growth in total car par in Turkey over the next 20 years and the increase in capture rates in compulsory inspection of vehicles as a result of privatization and implementation of new, strict regulations, motor vehicle inspection business offers great value to the company. We have calculated the contribution of MVIS to DOAS valuation as US\$207mn.

Upgraded to OUTPERFORM with 12-mnth target Mcap of US\$1,059mn, offering an upside of 50%

We have calculated 12-mnth target Mcap of US\$1,059mn, incorporating the contribution from MVIS operations, production of Krone trailers and Meiller tippers. We have also included DOAS' 3.86% stake in Dogus Holding in our valuation at US\$218mn.

Key Estimates (USD mn)

DOAS	2005	2006	2007E	2008E	2009E
Sales	1,827	1,766	1,857	2,284	2,294
EBITDA	120	50	75	92	83
Net Income	83	15	45	50	52
P/E	4.1	37.4	16.2	14.3	14.0
EV/EBITDA	4.19	7.97	10.00	8.15	9.01
EPS	0.76	0.14	0.41	0.46	0.47
Dividend Yield (%)	8.8%	4.1%	1.0%	3.5%	3.6%

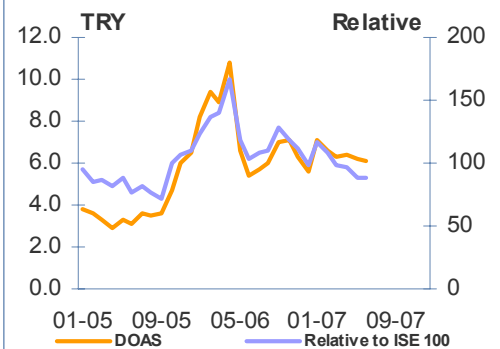
Please refer to important disclaimer at the end of this report.

Stock Data	TRY	US\$
Price at 12 Nov 2007	7.75	6.40
12-Month Target Price	12.42	9.63
Mcap (mn)	853	705
Float Mcap (mn)	290	240
No. of Shares Outstanding		110 mn
Free Float (%)		34.00
Avg.Daily Volume (3M, mn)	7.5	6.0

Market Data	TRY
ISE 100	54,084
US\$ Spot Rate	1.21
US\$ 12-Month Forward	1.2925

Price Performance (%)	1 Mn	3 Mn	12 Mn
TRY	-11	23	6
US\$	-13	41	28
Relative to ISE-100	-4	1	-22

Price / Relative Price



52 Week Range (TRY)	5.30	8.95
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Summary of Key Financials (USD mn)

Income Statement (USD mn)	2005A	2006A	2007E	2008E	2009E
Revenues	1,827	1,766	1,857	2,284	2,294
EBITDA	120	50	75	92	83
Depreciation & Amortisation	9	8	15	12	12
EBIT	111	42	60	80	72
Other income (expense), net	20	5	18	14	24
Financial expenses, net	-13	-30	-22	-31	-31
Minority Interests	1	2	0	0	0
Income before tax	118	19	56	63	65
Taxation on Income	-35	-3	-11	-13	-13
Net income	83	15	45	50	52

Cash Flow Statement (USD mn)

Net Income	111	15	45	50	52
Depreciation & Amortisation	9	8	15	12	12
Indemnity Provisions	1	0	0	0	0
Change in Working Capital	-22	28	-41	-15	0
Cash Flow from Operations	99	52	19	47	64
Capital Expenditure	7	12	81	50	50
Free Cash Flow	92	40	-62	-3	14
Rights Issue	0	0	0	0	0
Dividends Paid	25	34	22	25	26
Other Cash Inflow (Outflow)	-38	-20	-2	8	4
Change in net cash	29	-14	-87	-20	-9
Net Cash	57	43	-44	-64	-73

Balance Sheet (USD mn)

Property, plant & equipment	73	77	142	180	219
Intangible assets	5	4	5	5	5
Goodwill	0	0	0	0	0
Long-term financial assets	176	200	302	297	297
Inventories	273	300	301	369	372
Trade receivables	102	102	107	132	132
Receivables from related parties	1	4	27	33	33
Cash & equivalents	94	86	90	90	97
Other current assets	6	8	9	11	11
Total assets	755	802	988	1,123	1,172
Long-term debt	21	22	108	127	135
Other long-term liabilities	5	6	6	7	11
Short-term debt	16	21	25	27	35
Trade payables	289	344	333	409	412
Payables to related parties	35	38	37	45	46
Other short-term liabilities	36	27	28	34	41
Total liabilities	401	459	540	652	683
Minority Interest	5	3	0	0	0
Total equity	349	340	448	471	489
Paid-in capital	82	78	89	84	80
Total liabilities & equity	755	802	988	1,123	1,172

Ratios (%)

ROE	29%	4%	11%	11%	11%
ROIC	74%	29%	30%	27%	20%
Net debt/EBITDA	-47%	-85%	58%	69%	87%
Net debt/Equity	-16%	-13%	10%	14%	15%
Capex/Sales	0.4%	0.7%	4.4%	2.2%	2.2%
Capex/Depreciation	0.78	1.45	5.39	4.20	4.19
EBITDA Margin	6.6%	2.8%	4.0%	4.0%	3.6%
EBIT Margin	6.1%	2.4%	3.2%	3.5%	3.1%
Net Margin	4.5%	0.9%	2.4%	2.2%	2.3%

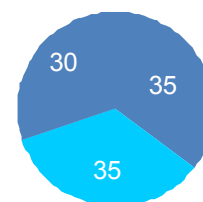
Valuation Metrics

EV/Sales	0.28x	0.23x	0.40x	0.33x	0.33x
EV/EBITDA	4.19x	7.97x	10.00x	8.15x	9.01x
EV/IC	3.89x	3.82x	3.55x	2.84x	2.48x
P/E	4.08x	37.39x	16.22x	14.33x	13.97x
FCF yield	27.1%	7.0%	-8.6%	-0.4%	1.9%
Dividend yield	8.8%	4.1%	1.0%	3.5%	3.6%

Company Overview

Import&distribution of WV brand PCs & LCVs, Scania brand HCVs and Krone trailers, aftersales&retail services and other automotive related activities

Shareholder Structure



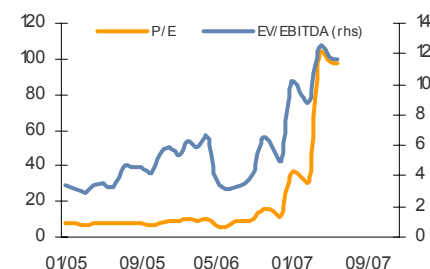
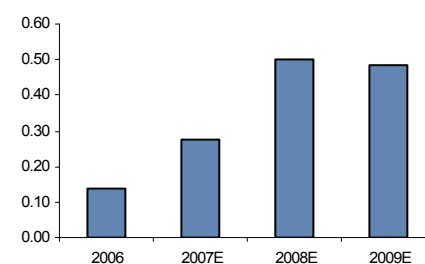
■ Dogus Holding
■ Float
■ Dogus Res.Dev.&Couns. A.Ş.

WACC Assumptions

DCF Assumptions

Risk-free rate	7.0%
Equity risk premium	5.0%
Beta	1.13
Cost of Equity	12.7%
Cost of debt	6.0%
D / D+E (%)	20%
Tax rate	20%
WACC	11.3%

EPS Estimates (USD)



INVESTMENT POSITIVES

Expanding into new business along the automotive value chain

Dogus Otomotiv (DOAS) currently generates 70% of its revenues and 70% of its EBIT from import & distribution, 20% of its revenues and 8% of its EBIT from after sales & retail services and remaining 10% of its revenues and 22% of its EBIT from automotive related services, before consolidation adjustments. With new investments, DOAS expects to achieve further diversification at operating profit level, aiming to generate 45% of its EBIT from after sales&retail services and automotive related services, 30% from import & distribution, 15% from production and remaining 10% from international operations before consolidation adjustments.

DOAS - Automotive Value Chain				
Import & Distribution	Production	International Operations	After Sales & Retail	Automotive Related Services
70% of revenues 70% of EBIT			20% of revenues 8% of EBIT	10% of revenues 22% of EBIT
57% of revenues 30% of EBIT	10% of revenues 15% of EBIT	8% of revenues 10% of EBIT	25% of revenues - 45% of EBIT	

Source : Company

■ Current ■ Future

Balancing domestic market risks

Being a sole importer, DOAS is open to domestic market risks like weakness in demand, increase in interest rates and especially volatility in the foreign exchange rates. New motor inspection business, the production of Krone trailers and Meiller brand tippers (80% of Krone and 90% of Meiller production will be exported) and distribution of LCVs in Egypt and Porsche brand in Lausanne, will all help to smooth out the fluctuation in the domestic market.

A major player in every stage of automotive value chain

With **12% market share** in domestic automotive market, DOAS is the leader in imported automotive segment and one of the largest automotive distributors in Turkey. The company is home to 13 brands and more than 75 different models in the segments of passenger, light commercial and heavy transport vehicles. DOAS is also a pioneer company in Turkey that started institutional used car sale operations under **DOD brand**. **Vdf Automotive Finance** with a market share of 14% among all financial institutions and 52% among consumer finance companies is a hidden asset for DOAS. With newly established multi-brand **Oto-fix** service, DOAS aims to create synergies among its own branded car park, DOD and motor vehicle inspection services.

A cash cow business - Motor Vehicle Inspection Business

The operating rights of motor vehicle inspection stations (MVIS) for 20 years were tendered back in 2004. Dogus Otomotiv – Akfen Holding – TUV SUD consortium each having equal shares made the highest offer at this tender by paying US\$552mn with 10% cash discount. Considering the expected 7.3% growth in total car park in Turkey over the next 20 years and the increase in capture rates in compulsory inspection of vehicles as a result of privatization and implementation of new, strict regulations, motor vehicle inspection business offers great value to the company. DOAS expects MVIS operations to generate US\$15bn annual revenues and 40% EBITDA margin during the 20 year concession period. We have calculated the contribution of MVIS to DOAS valuation as **US\$207mn**.

Main beneficiary of new macro environment

We think DOAS will be the main beneficiary of the macro environment in 2008 with stronger TRY and easing interest rates.

Attractive dividend policy

The company has an attractive dividend policy since it has promised to distribute 50% of its distributable income to its shareholders as dividends till 2008.

Upgraded to OUTPERFORM with a target Mcap of US\$1,059mn, offering an upside of 50%

We have calculated a target Mcap of US\$1,059mn, incorporating the contribution from MVIS operations, production of Krone trailers and Meiller tippers. We have also included DOAS' 3.86% stake in Dogus Holding in our valuation at US\$218mn.

INVESTMENT NEGATIVES

High exposure to domestic market

Apart from international operations and production of Krone trailers and Meiller tippers (80% of Krone and 90% Meiller production will be exported), approximately 80% of total revenues (before consolidation adjustments) will come from domestic market in 2009 when the full effects of all new projects will be seen.

Still vulnerable to foreign exchange rates

Although the company expands its businesses with international and production operations, the share of import and distribution business segment will still have highest share with 57% in total revenues before consolidation adjustments. Therefore, it will still be vulnerable to fluctuation in the local currency at a lower extent. Sharp devaluations in TRY will have a negative impact on operating margins, as price adjustment normally comes with a lag.

VALUATION & RECOMMENDATION

We have reached a 12-mnth target value of **US\$1,059mn** for DOAS based on sum of the parts approach. We have used DCF analysis for the core business (import&distribution) and reached a value of **US\$536mn**. We have reached a total of **US\$207mn** value for MVIS by using separate DCF analyses both for MVIS in Turkey and Istanbul. We have also included DOAS' 3.86% stake Dogus Holding in our valuation with a value of **US\$218mn** based on its appraisal value in DOAS' 1H'07 financials. We have also added the values for Meiller tipper production and Krone trailer production by using DCF. Based on DOAS' 49% stake in Meiller JV and 48% stake in Krone JV, we have calculated **US\$44mn** value contribution from Meiller and **US\$30mn** from Krone. We have valued VDF based on international peers' price to book multiples and calculated a value of **US\$24mn** for DOAS based on its 48% stake in the business.

DOAS : Valuation						
	Valuation Methodology	Total Value US\$m n	DOAS Stake	Value for DOAS US\$m n	% in Total DOAS Valuation	
Core Business	DCF	536	100%	536	51%	
Dogus Holding	BV at 1H'07 financials	5,648	3.86%	218	21%	
MVIS Business, total DCF				207	20%	
	<i>MVIS - Turkey</i> DCF	503	33.30%	168		
	<i>MVIS - Istanbul</i> DCF	126	31.66%	40		
Meiller	DCF	90	49%	44	4%	
Krone	DCF	62	48%	30	3%	
VDF	International P/B multiples	50	48%	24	2%	
12-mnth Target Value for DOAS				1,059		
Current MCAP				705		
Upside Potential				50%		

Source : IS Investment Estimates

Valuation Assumptions - Import & Distribution

We value DOAS' core business at US\$536mn by using DCF analysis.

- During 2007-2017, we expect DOAS domestic sales to grow at a CAGR of 6.5%. Our estimate for DOAS market share is fixed at 12% till 2010. DOAS will launch new small engine diesel passenger cars into the market in 2010. Small engine diesel passenger cars comprises 30% of total PC market in which DOAS currently is not a player. Thus, we gradually increased company's market share from 12.5% to 13% during 2010-2017. Looking forward, stable economic environment, easing interest rates and relatively low penetration rates will be the main drivers of domestic auto demand.

DOAS : Sales Volume Assumptions											
DOAS - units	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E
Domestic Sales	66,901	76,571	80,021	87,516	93,491	97,703	102,105	109,024	113,936	119,069	124,434
PC	35,944	42,741	44,664	50,564	54,871	57,341	59,921	64,937	67,859	70,912	74,103
LCV	28,141	30,730	32,113	33,558	35,068	36,646	38,295	40,019	41,820	43,701	45,668
HCV	2,816	3,100	3,244	3,394	3,551	3,716	3,889	4,069	4,258	4,455	4,662
Exports	500	1,110	1,275	1,328	1,389	1,458	1,526	1,597	1,678	1,757	1,841
LCV-WV-Egypt	500	1,000	1,055	1,108	1,169	1,233	1,301	1,372	1,448	1,527	1,611
PC- Porsche-Lausanne	0	110	220	220	220	225	225	225	230	230	230
Total	67,401	77,681	81,296	88,844	94,880	99,161	103,631	110,622	115,614	120,827	126,275
DOD 2nd hand sales	14,350	21,525	24,108	27,001	29,701	32,671	34,305	36,020	37,821	39,712	41,698

Source : IS Investment Estimates

- We hold our price projections fixed and in Euro based in our valuation.
- We expect a stronger TRY and lower interest rates in 2008 which will favor company's profit margins in its core business. We estimate a EBITDA margin of 4% for end year 2007 and 2008, 3.6% for 2009. For the following years, we estimate EBITDA margin to stabilize at 3.3%.
- DOAS spent US\$50mn for capex during 1H'07. The company aims to spend a total of US\$130mn capex in following three years. This includes purchase of some showrooms currently rented by dealers, investment in trailer and tipper productions and maintenance expenditure. The company will borrow US\$50mn in 2007 to finance investments while the rest will be equity financed. We forecast capex of US\$80mn in 2007, US\$50mn both in 2008 and in 2009, and US\$30mn in 2010 totaling US\$210mn. Beyond 2010, our estimated annual capex is US\$10mn to be spent for maintenance purposes.
- LCV distribution operation in Egypt started in 3Q'07. We expect DOAS annual sales volume in Egypt will start with 500 units in 2007 and gradually increase to 1,611 units in 2017. There is also a possibility for the company to distribute PCs in Egypt in the future. We estimate an annual sales volume of 220 units for the distribution operation of Porsche in Lausanne, which will begin in 2H'08. All in all, the full effect of international operations will be seen in 2009. Note that, although the contribution of international operations (2%) will be limited to topline, company management sees them as natural hedging projects to balance their f-x based domestic sales.
- We expect DOD 2nd hand sales to grow at a CAGR of 11% during our forecast period on the back of the expectation that the Turkish used car market will become more institutionalised together with the DOD's market leadership.
- We have calculated a WACC of 11.3% for DOAS, based on a risk free rate of 7%, terminal growth rate of 1%, equity risk premium of 5% and a beta of 1.13.

DOAS : Valuation-Core Business													
DOAS DCF Analysis (US\$m)	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	TV
Net Revenues	1,766	1,857	2,284	2,294	2,470	2,617	2,735	2,861	3,039	3,175	3,317	3,514	
COGS	-1,567	-1,629	-1,998	-2,016	-2,180	-2,308	-2,414	-2,525	-2,682	-2,802	-2,928	-3,103	
Operating Expenses	-160	-167	-206	-206	-222	-235	-246	-257	-274	-286	-299	-316	
EBIT	42	60	80	72	68	73	75	79	84	87	90	95	
(-) tax on EBIT	-8	-12	-16	-14	-14	-15	-15	-16	-17	-17	-18	-19	
(+) Depreciation Expenses	8	15	12	12	13	14	14	15	16	17	17	18	
(+/-) Change in WC	49	-27	-15	0	-6	-5	-4	-4	-6	-5	-5	-7	
(-) Cap-ex	-17	-80	-50	-50	-30	-10	-10	-10	-10	-10	-10	-10	
Free cash	74	-44	11	19	31	57	60	63	67	71	74	77	756
Disc Factor			1	1.11	1.24	1.38	1.54	1.71	1.90	2.12	2.36	2.63	2.92
DCF		-44	10	16	22	37	35	33	31	30	28	26	259
Terminal growth		1%											
Terminal Value													259
Firm Value													528
Net Debt (2007E)													-44
12-mnth Target Equity Value													536

Source : IS Investment estimates

Valuation&Assumptions - Motor Vehicle Inspection Stations

Motor Vehicle Inspection Station operations in Turkey were privatized with a tender held on December 19th, 2004 in form of a 20 years concession. Dogus Otomotiv – Akfen Holding – TUV SUD consortium made the highest offer at this tender with US\$613.5mn, US\$552mn after a 10% cash discount, each having equal share of 33.3%. The consortium will operate the MVIS under TUVTURK Business Association system based on a license agreement. Each Business Association (BA) is rewarded a city and operates all the stations in that specific city. Istanbul will also be a BA and will be operated by **TUVTURK Istanbul**, owned by DOAS-Akfen-TUV SUD with a shareholding structure of 31.66% TUVSUD, 31.66% Akfen, 31.66% DOAS and 5% the others.

Since Istanbul, also being a B.A., will be operated as a different entity by the consortium members and other shareholders (5%), we applied a separate DCF analysis for TUVTURK Istanbul. We have valued DOAS' Stake at TUVTURK-Istanbul as **US\$40mn** and main business of TUVTURK as **US\$168mn**, totaling of **US\$207mn**. (Please see the detailed information about MVIS project on page 17)

Key Assumptions - TUVTURK, main business

- The concession period is 20 years from 2007 to 2027.
- We estimated total car park in Turkey to grow at a CAGR of 7.3% for the next 20 years. We calculated number of vehicles requiring inspection in Turkey as percentage of total car park by using a constant rate of 50% (2006 ratio), for the forecast period.
- We forecasted a capture rate of 60% for 2007 and increased it gradually to 72% at the end of the first 10 years, and then to 80% for the following 10 years. Note that, TUVTURK management assumes the capture rate to reach 85% in five years.
- The Government's share at revenues is 30% for the first 3 years going up to 40% between the 4th and 10th year, and to 50% after the 10th year.
- Main company TUVTURK's revenues will be made up for entrance license fees and royalty payments from B.A.s. Initially, each BA will pay a license fee comprising of construction, machinery, equipment, IT and training. 25% of license fee will be paid at the signing of the contract and the remaining 75% will be paid at the delivery of the stations. We assumed that the consortium will collect a total amount of US\$750mn in licence fees, US\$200mn in 2007 and US\$550mn in 2008. The license fee collected from B.A.s will be written under liabilities in the balance sheet of TUVTURK, main company and recorded as income within 20 years. The license fee will cover the cap-ex of US\$200mn and tender payment of US\$552mn to the Privatization Administration. Later on, each BA will pay an annual royalty of 7% of revenues for the first 10 years and 20% for the second 10 year period to TUVTURK.
- We assumed fixed inspection prices in USD terms which are determined by law in TRY terms.
- We estimated that TUVTURK will spend US\$50mn in 2007 and US\$150mn in 2008 for cap-ex.
- We have included US\$75mn equity injection by TUVTURK consortium members.
- We assumed that the company will record US\$552mn license fee (tender payment to Privatization Administration) under assets and depreciate within 15 years.

Inspection Prices \$ per unit			
PC	66	Trucks	87
Minibus	66	Motorcycles	34
Bus	87	MPC	66
Pickup	66	Tractors	34

Source: Company, converted by

DOAS: Valuation - Motor Vehicle Inspection Stations, Turkey

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Volume Assumptions - mn																					
Car park in Turkey	12.2	13.0	13.9	14.8	15.8	16.9	18.0	19.3	20.6	22.1	23.7	25.4	27.2	29.2	31.4	33.8	36.4	39.2	42.2	45.6	49.2
Vehicles Required for Inspection	6.5	6.9	7.4	7.9	8.4	9.0	9.6	10.3	11.0	11.8	12.7	13.6	14.6	15.7	16.9	18.2	19.6	21.1	22.8	24.6	26.6
# of vehicles inspected	3.9	4.2	4.7	5.0	5.5	6.1	6.6	7.2	7.8	8.5	9.3	10.1	11.0	11.9	13.0	14.2	15.5	16.9	18.2	19.7	21.3
P/L Statement - US\$m n																					
TUVTURK Stations Revenues	58	247	277	295	325	364	395	429	466	507	551	600	653	712	777	848	926	1,011	1,092	1,181	1,278
Government Share	-17	-74	-83	-118	-130	-146	-158	-172	-186	-203	-276	-300	-327	-356	-388	-424	-463	-506	-546	-590	-639
% of revenues	30%	30%	30%	40%	40%	40%	40%	40%	40%	40%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
TUVTURK, Main Company Revenue	14	56	58	60	62	64	67	69	72	74	149	159	170	181	194	208	224	241	257	275	294
<i>License fee</i>	10	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39
<i>Royalty</i>	4	17	19	21	23	25	28	30	33	35	110	120	131	142	155	170	185	202	218	236	256
% of revenues	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
HQ Expenses	-4	-12	-12	-12	-12	-13	-13	-13	-14	-14	-11	-12	-12	-12	-13	-13	-14	-14	-14	-15	-15
Depreciation Expense	-10	-48	-46	-44	-43	-41	-40	-39	-38	-37	-35	-34	-33	-31	-30	-23	-6	-6	-6	-5	-5
EBIT	0	-4	1	3	7	10	13	17	20	24	103	113	125	138	151	172	204	221	237	255	274
Financial Expense, net	13	-5	-4	-3	-1	-1	1	2	4	6	3	16	25	32	42	52	63	75	89	103	119
PBT	13	-8	-3	0	5	10	14	19	24	30	106	130	150	170	193	224	268	297	326	358	393
Tax	0	0	0	0	0	-2	-3	-4	-5	-6	-21	-26	-30	-34	-39	-45	-54	-59	-65	-72	-79
Net Profit	13	-8	-3	0	5	8	12	15	19	24	85	104	120	136	154	179	214	237	261	286	314
DOAS Share, 33.3%	4	-3	-1	0	2	3	4	5	6	8	28	35	40	45	51	60	71	79	87	95	105
DCF-MVIS in Turkey-US\$m n																					
EBIT	0	-4	1	3	7	10	13	17	20	24	103	113	125	138	151	172	204	221	237	255	274
(-) Tax on EBIT	0	0	0	0	-1	-2	-3	-3	-4	-5	-21	-23	-25	-28	-30	-34	-41	-44	-47	-51	-55
(+) Depreciation	-10	-48	-46	-44	-43	-41	-40	-39	-38	-37	-35	-34	-33	-31	-30	-23	-6	-6	-5.68	-5.46	-5.25
(-) CAPEX	-50	-150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(+/-) Δ in WC	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Free Cash	149	404	6	7	8	9	10	12	13	15	77	84	92	101	111	120	129	143	155	169	184
Discount Factor	1	1.07	1.15	1.23	1.32	1.42	1.53	1.65	1.78	1.93	2.10	2.31	2.58	2.89	3.24	3.63	4.07	4.56	5.10	5.71	6.40
DCF	149	377	5	6	6	6	7	7	8	8	37	37	36	35	34	33	32	31	30	30	29
Present Value of the Project	793																				
Net Debt 2007E	-411																				
Equity Injection	75																				
Net Present Value of the Project	457																				
12-mnth Target Value	503																				
DOAS Share	33.3%																				
12-mnth Target Value for DOAS	168																				
Calculation of WACC																					
WACC	7.1%	7.1%	7.2%	7.3%	7.3%	7.5%	7.6%	7.8%	8.0%	8.4%	8.9%	9.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Risk Free rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Equity Risk premium	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cost of Equity	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
After tax cost of Debt	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
D/(D+E)	88%	87%	86%	85%	83%	81%	79%	75%	71%	65%	55%	38%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: IS Investment Estimates

DOAS: Valuation - Motor Vehicle Inspection Stations, Istanbul

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Volume Assumptions - mn																					
Car park in Istanbul	2.6	2.7	2.9	3.0	3.2	3.4	3.6	3.9	4.1	4.4	4.7	5.0	5.4	5.8	6.2	6.7	7.3	7.9	8.5	9.2	10.0
Vehicles Required for Inspection	1.5	1.6	1.7	1.8	2.0	2.2	2.3	2.4	2.6	2.8	3.2	3.4	3.7	3.9	4.2	4.6	4.9	5.3	5.8	6.3	6.8
# of vehicles inspected	0.9	0.9	1.0	1.1	1.3	1.5	1.6	1.8	1.9	2.0	2.3	2.5	2.7	3.0	3.2	3.4	4.0	4.3	4.6	5.0	5.4
P/L Statement - US\$m n																					
Total Revenues	15	61	68	72	85	97	104	112	119	129	148	160	171	186	199	214	245	264	285	308	333
Government Share	-4	-18	-20	-29	-34	-39	-42	-45	-48	-51	-74	-80	-86	-93	-99	-107	-123	-132	-142	-154	-166
% of revenues	30%	30%	30%	40%	40%	40%	40%	40%	40%	40%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Environment Share	0	-1	-2	-2	-2	-2	-2	-3	-3	-3	-3	-4	-4	-4	-5	-5	-6	-6	-7	-7	-8
Personnel	-1	-4	-4	-4	-5	-6	-6	-7	-7	-8	-9	-10	-10	-11	-12	-13	-15	-16	-17	-18	-20
Other	-1	-4	-4	-5	-6	-6	-7	-7	-8	-8	-9	-6	-6	-7	-8	-8	-9	-10	-11	-12	-13
Depreciation Expense	-3	-13	-13	-12	-12	-11	-11	-11	-10	-10	-10	-9	-9	-9	-8	-6	-1	-1	-1	-1	-1
Royalty	-1	-4	-5	-5	-6	-7	-7	-8	-8	-9	-30	-30	-32	-34	-37	-40	-43	-49	-53	-57	-62
EBIT	4	16	20	15	21	25	28	32	35	39	17	19	22	25	27	32	43	47	50	55	59
Financial Expense,net	6	-23	-18	-12	-11	-7	-4	0	3	7	10	13	14	17	19	22	25	28	32	36	40
PBT	10	-7	2	3	9	19	25	31	38	46	27	32	36	41	46	54	68	75	82	90	99
Tax	-2	0	0	-1	-2	-4	-5	-6	-8	-9	-5	-6	-7	-8	-9	-11	-14	-15	-16	-18	-20
Net Profit	8	-7	1	3	7	15	20	25	30	37	22	26	29	33	37	43	55	60	66	72	79
DOAS Share	3	-2	0	1	2	5	6	8	10	12	7	8	9	10	12	14	17	19	21	23	25
DCF-TUVTURK Istanbul-US\$m n																					
EBIT	4	16	20	15	21	25	28	32	35	39	17	19	22	25	27	32	43	47	50	55	59
(-) Tax on EBIT	-1	-3	-4	-3	-4	-5	-6	-6	-7	-8	-3	-4	-4	-5	-5	-6	-9	-9	-10	-11	-12
(+) Depreciation	-3	-13	-13	-12	-12	-11	-11	-11	-10	-10	0	-10	-9	-9	-9	-8	-6	-1	-1	-1	-1
(-) CAPEX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(+/-) Δ in WC	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Free Cash	5	25	28	23	27	31	33	35	38	40	22	24	25	28	29	31	34	37	40	43	47
Discount Factor	1	1.06	1.13	1.21	1.29	1.37	1.46	1.56	1.66	1.77	1.89	2.03	2.27	2.55	2.85	3.20	3.58	4.01	4.49	5.03	5.63
DCF	5	24	25	19	21	23	23	23	23	23	12	12	11	11	10	10	10	9	9	9	8
Present Value of the Project																					
Net Debt																					
Net Present Value of the Project																					
12-mnth Target Value																					
DOAS Share																					
12-mnth Target Value for DOAS																					
Calculation of WACC																					
WACC	9.3%	6.5%	6.5%	6.5%	6.5%	6.5%	6.6%	6.6%	6.6%	6.7%	6.9%	7.3%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Risk Free rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Equity Risk premium	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cost of Equity	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
After tax cost of Debt	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
D/(D+E)	49%	98%	98%	98%	98%	97%	97%	97%	96%	94%	92%	85%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: IS Investment Estimates

- We assumed that TUVTURK will repay its outstanding debt (US\$552mn) in equal payments in 12 years. This implies a D/D+E ratio started from 88% in 2007 and gradually coming down to zero in 2019.
- We have used a risk free rate of 7%, an equity risk premium of 5% and a beta of 1 in our WACC calculation of (Please see detail calculation of WACC on page 8).

Key Assumptions - TUVTURK Istanbul

- The concession period is 20 years from 2007 to 2027, same as TUVTURK.
- We estimated total car park in Istanbul to grow at a CAGR of 7% for the next 20 years. We calculated number of vehicles requiring inspection in Istanbul as percentage of total car park by using a rate of 58% between 2007 and 2010, 63% between 2011 and 2016 and 68% between 2017 and 2027, considering that the ratio of commercial vehicles in Istanbul is higher than other regions. Commercial vehicles need to be inspected in every two years. (Please see detailed information on pg. 17)
- We forecasted a capture rate of 60% for 2007 and increased it gradually to 73% for the first 10 years, and to 80% for the second 10 year period. Our estimated capture rates for Istanbul are higher than Turkey average, because we believe that the regulations related to inspection will be better enforced in Istanbul. However, please note that, they are still lower than TUVTURK management's assumption of 85%.
- Like other B.A.s, 30% of TUVTURK Istanbul's revenues will go to the Government for the first 3 years, this will increase to 40% between 4th and 10th year, and 50% going forward.
- TUVTURK Istanbul will pay US\$180mn licence fee to the main company TUVTURK. We assumed that the TUVTURK, Istanbul BA will record US\$180mn license fee under its assets and depreciate within 15 years. Later on, like other B.A.s, it will pay an annual royalty of 7% of its revenues for the first 10 years and 20% for the second 10 years to TUVTURK.
- We used same price projections as TUVTURK main business.
- TUVTURK Istanbul will use US\$200mn loan with 12 years maturity to finance US\$180mn licence fee and US\$20mn investment.
- We assumed that TUVTURK will repay US\$200mn in equal payments. Shareholders will have a total equity injection of US\$3mn. Based on these assumptions, D/D+E ratio will be 98% in 2007 and coming down to zero in 2019.
- We have used a risk free rate of 7%, an equity risk premium of 5% and a beta of 1 in our WACC calculation of (Please see detail calculation of WACC on page 9).

Valuation - DOAS's 3.86% stake at Dogus Holding

As of December 2006, the total consolidated assets of Dogus Group reached US\$13 bn with revenues of US\$3.5bn. By percentage of revenues generated, the group's primary sectors are automotive (49%) and financial services (41%), followed by construction (5%), media (3%) and tourism (2%). DOAS holds a **3.86%** stake in Dogus Holding which was valued as **US\$218mn** in its 1H'07 financials. Since Dogus Holding is not publicly open company, we used its 1H'07 appraisal value in our valuation. In our view, the company may liquidate its share at Dogus Holding to finance planned investments in the future, especially for the purchase of properties from its dealers. In this sense, its stake at Dogus Holding should be considered as a hidden financial resource for DOAS.

Valuation - JV with Krone for trailer production

We have valued DOAS Krone JV for trailer production as US\$62mn based on DCF analysis. DOAS' 48% stake at the JV contributes **US\$30mn** to DOAS total valuation.

Assumptions

- Our projection period is between 2009&2017, since the production will start in 2009.
- We assumed that DOAS-Krone JV will sell 5,000 units of trailers in 2009 & 2010 per year, 7,500 units in 2010, and 10,000 units, annually afterwards.
- We assumed constant prices in Euro terms.
- The initial capex will be US\$40mn to be shared by JV partners. We estimated US\$1mn capex per year for maintenance purposes.
- We have forecasted US\$2mn depreciation expense annually.
- We have calculated a WACC of 11.3% for DOAS-Krone JV , based on a risk free rate of 7%, terminal growth rate of 1%, equity risk premium of 5% and a beta of 1.13.
(Please see page 19 for detailed information about DOAS-Krone JV)

DOAS: Valuation-DOAS-Krone JV										
DCF - KRONE-US\$m n	2009	2010	2011	2012	2013	2014	2015	2016	2017	TV
Net Revenues	167	164	243	321	321	321	321	321	325	
COGS	-154	-151	-223	-295	-295	-295	-295	-295	-299	
Gross Profit	13	13	19	26	26	26	26	26	26	
Operating Expenses	-6	-6	-8	-10	-10	-10	-10	-10	-10	
EBIT	8	7	12	16	16	16	16	16	16	
(-) tax on EBIT	-1.5	-1.5	-2.3	-3.2	-3.2	-3.2	-3.2	-3.2	-3.3	
(+) Depreciaion Expense	2	2	2	2	2	2	2	2	2	
(+/-) Change in WC	1	1	1	1	1	1	1	1	1	
(-) Cap-ex	-40	-1	-1	-1	-1	-1	-1	-1	-1	
Free cash	-33	6	9	13	13	13	13	13	13	127
Disc Factor	1.2	1.4	1.5	1.7	1.9	2.1	2.4	2.6	2.9	
DCF	-27	4	6	8	7	6	5	5	4	44
Terminal grow th										1%
Terminal Value										44
Target Firm Value										62
DOAS Share										48%
12-mnth Target Value for DOAS										30

Source: IS Investment Estimates

Valuation - JV with Meiller for tipper production

We have reached a valuation of US\$90mn for DOAS' JV with Meiller for tipper production based on DCF analysis. The contribution to DOAS valuation will be **US\$44mn** considering in 49% stake.

Assumptions

- Our projection period is between 1H'08 and 2017, since the production will start in 1H'08. We assumed that DOAS-Meiller JV will have sales volume of 2,500 units of in 1H'08, 5,000 units in 2009, gradually rising to 6,000 units in 2017.
- We assumed constant prices in USD terms.
- The initial capex will be US\$10mn to be shared between JV partners. We estimated US\$0.5mn capex per year for maintenance purposes.
- We have used same WACC of 11.3% for DOAS-Meiller JV as DOAS-Krone JV.

DOAS: Valuation-DOAS-Meiller JV

DCF-MEILLER-US\$m n	1H'08	2009	2010	2011	2012	2013	2014	2015	2016	2017	TV
Net Revenues	101	203	208	213	218	224	229	235	241	247	
COGS	-91	-182	-187	-192	-196	-201	-206	-212	-217	-222	
Gross Profit	10	20	21	21	22	22	23	24	24	25	
Operating Expenses	-4	-7	-7	-7	-8	-8	-8	-8	-8	-9	
EBIT	7	13	14	14	14	15	15	15	16	16	
(-) tax on EBIT	-1.3	-2.6	-2.7	-2.8	-2.8	-2.9	-3.0	-3.1	-3.1	-3.2	
(+) Depreciaion Expense	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
(+/-) Change in WC	1	1	1	1	1	1	1	1	1	1	
(-) Cap-ex	-10	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	
Free cash	-5	10	10	10	10	11	11	11	12	12	116
Disc Factor	1.1	1.2	1.4	1.5	1.7	1.9	2.1	2.4	2.6	2.9	
DCF	-5	8	7	7	6	6	5	5	4	4	40
Terminal grow th	1%										
Terminal Value	40										
Firm Value	90										
Doas Share	49%										
12-mnth Target Value for DOAS	44										

Source: IS Investment Estimates

Valuation - VDF Automotive Finance

As of year-end 2006, vdf extended a total of 50,961 vehicle credits and reached US\$845m total annual transaction volume. With these results, vdf Automotive Finance's market share among consumer finance companies was 52% in 2006. Among all financial institutions, vdf's market share is 14% and it has achieved a penetration rate of 29% offering financing for 22 different brands.

We have valued VDF Automotive Finance based on international peers' price to book multiples since there are no auto finance companies listed in ISE. We have used an average P/B ratio of 1.8 for 2006. As of 2006 end year, VDF Automotive Finance had a book value of US\$27mn. Thus, we have valued Dogus's 48% stake at VDF at US\$24mn.

DOAS : Valuation-VDF Automotive Business		
Ticker	Name	2006A P/B
SOF MC	SOFAC CREDIT	3.0
MMFS IN	MAHINDRA & MAHINDRA	2.9
DIS MC	DIAC SALAF	1.4
CACC US	CREDIT ACCEPTANCE CO	3.5
RVR US	WHITE RIVER CAPITAL	0.8
ACF US	AMERICREDIT CORP	1.2
NICK US	NICHOLAS FINANCIAL I	1.5
FIFS US	FIRST INVESTORS FINL	1.1
CPSS US	CONSUMER PORTFOLIO S	1.2
Average P/B Ratio		1.8
VDF Automotive Finance-Book Value as of 2006		\$27
Implied firm value for VDF		\$50
DOAS Stake		48%
DOAS Stake - US\$m		\$24

Source : IS Investment Estimates

COMPANY OVERVIEW

Operations

Dogus Otomotiv is a member of the Dogus Group, one of Turkey's premier business conglomerates, which is active in the financial services, automotive, construction, media, tourism, real estate and energy sectors.

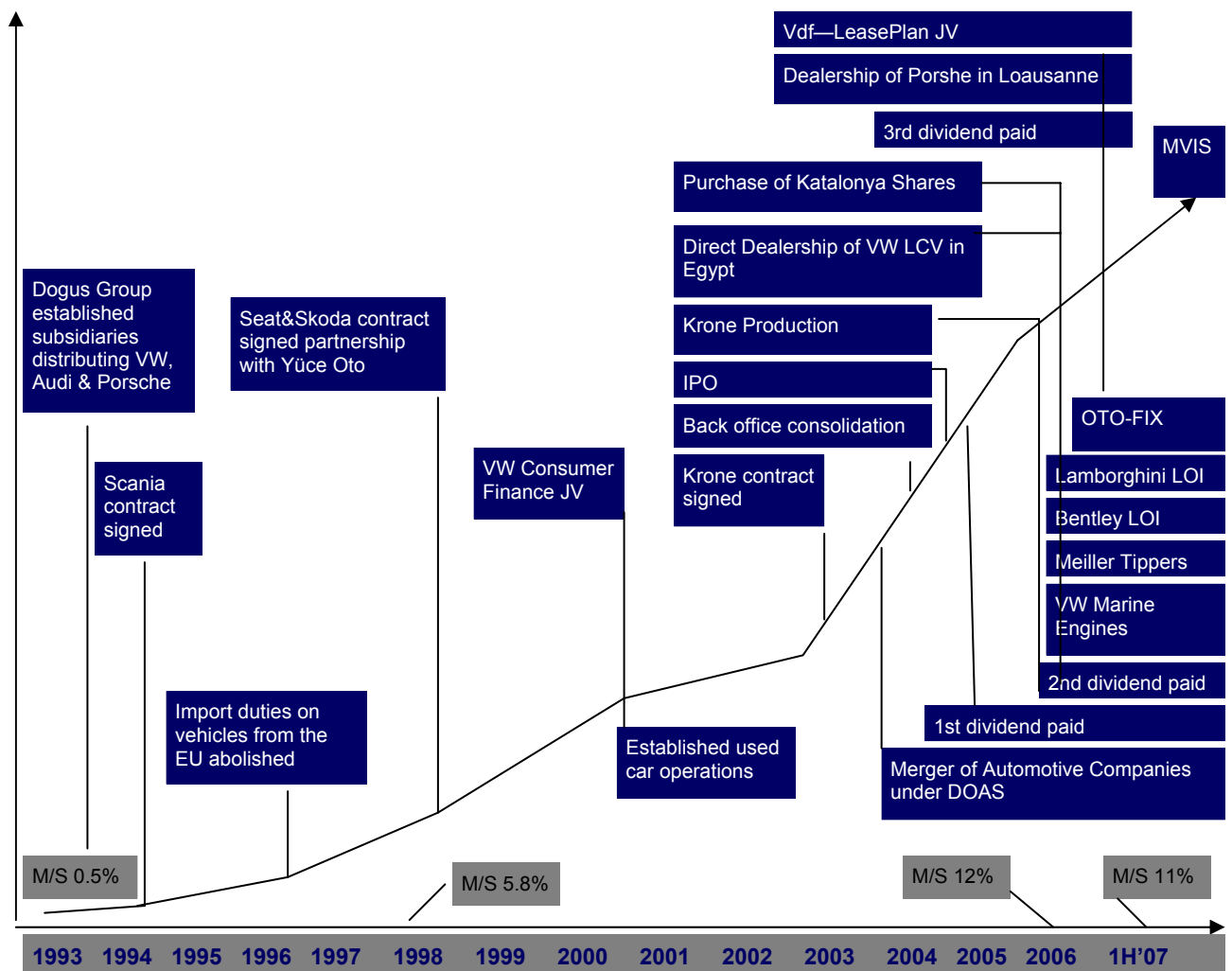
Company's current operations may be summarized under three main business lines;

- 1) Import & Distribution
- 2) Retail & After Sales Services
- 3) Automotive Related Services

With the **new projects**, the company will also be engaged in **production** and **international operations**.

Aiming to pioneer in every stage of automotive value chain, Dogus Otomotiv also operates in areas such as **automotive financing, spare parts&accessories trade, logistics** and **after sales services, used care trade, fleet rental** and **insurance services** in addition to import and distribution activities. In automotive financing and the used cars trade, Dogus Otomotiv has formed strong brands such as VDF and DOD; in the industrial and marine engines segments it has distributorships of Scania and Volkswagen Marine.

DOAS: Dogus Otomotive's Milestones



Import & Distribution

The company, which is the leading automotive **importer** and one of the largest **automotive distributors** in Turkey, imports 13 different brands (Volkswagen Passenger Cars, Volkswagen Light Commercial Vehicles, Audi, Porsche, Bentley, Lamborghini, SEAT, Skoda, Scania, Krone, Meiller, Volkswagen Marine and Scania Marine) and more than 75 different models in the segments of passenger, light commercial and heavy transport vehicles. Dogus Otomotiv is the **official representative** of the **Volkswagen Group** brands in Turkey.

Before consolidation adjustments, 70% of total revenues and 70% of EBIT comes from import&distribution.

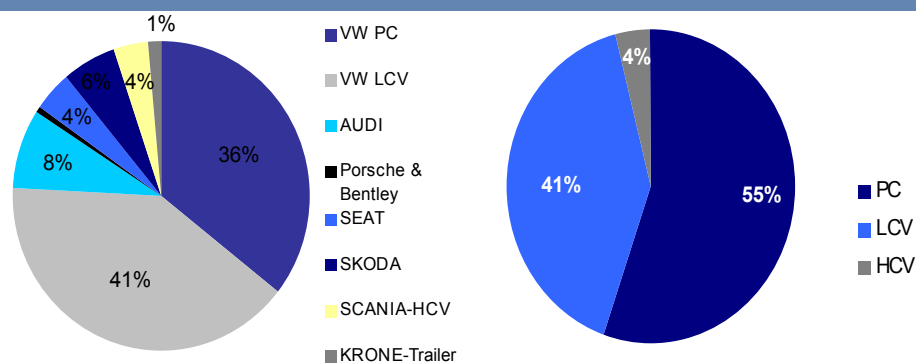
DOAS Sales by Brands	2004	2005	2006	1H'06	1H'07
VOLKSWAGEN	60,078	65,212	59,566	32,767	20,720
VW PC	33,094	32,049	27,619	14,703	9,740
VW LCV	26,984	33,163	31,947	18,064	10,980
AUDI	4,297	4,705	4,956	1,665	2,272
PORSCHE	129	153	220	124	103
BENTLEY	0	0	0	0	10
LAMBORGHINI	0	0	0	0	1
SEAT	5,546	6,570	4,572	2,833	1,142
SKODA	7,002	8,026	5,489	3,112	1,648
SCANIA	1,837	2,073	2,099	978	1,020
KRONE		402	809	395	398
TOTAL	78,889	87,141	77,711	41,874	27,314

Source : Company

During 1996-2006, the company increased its sales volume at a CAGR of 21%. In 2006, company's sales volume decreased by 11% compared to 2005, while total market contracted by 15%. The contraction was mainly seen in 2H'06 due to sharp fluctuations in f-x rates and increase in interest rates. 1H'07 sales of DOAS were down by 35% compared to 1H'06 due to continued weak domestic demand, high interest rates and uncertainty related to General Elections.

Being an importer in the domestic automotive market, DOAS sales are highly vulnerable to currency fluctuations.

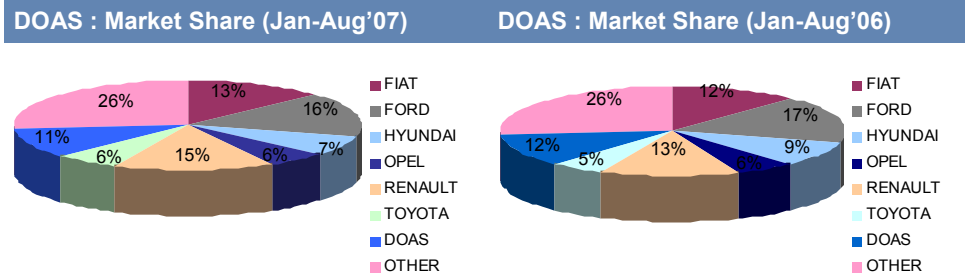
Volkswagen passenger cars and light commercial vehicles comprise of approximately 80% of total DOAS sales. PC and LCV have 55% and 41% shares in total, while the rest is consists of heavy commercial vehicles.

DOAS : Breakdown of Sales

Source : Company

During January-August 2007, domestic demand dropped by 19% y-o-y. As of August, DOAS has an overall market share of 11% lower than previous year market share of 12%. Ford, Hyundai and DOAS were the players which lost market share during Jan-Aug'07.

VW light commercial vehicles were the market leader in imports and ranked 3rd in total with its m/s of 13.3% while VW passenger cars ranked 6th in the market with m/s of 13.5%. DOAS heavy commercial vehicle "Scania" was the market leader in imports with 9% market share, whereas "Krone" was the best selling trailer with 15.3% market share.



Source : Company

Source : Company

Retail&Aftersales Services

20% of total revenues and 8% of EBIT come from retail&aftersales services before consolidation adjustments.

DOD - Used car sales

DOD, which was a part of VDF, was transferred under Dogus Otomotiv in 2005 and engages in used car purchase, sales, and trading activities with its authorized dealers. DOAS' revenue generation from used cars are commission based. DOD's total sales for 2006 reached 7,760 units, a significant rise over 2005's level of 4,881 units. 1H'07 DOD sales were 6,192 units and company's 2007 end year target is 14,350 units. DOAS aims to double its used car sales volume in 2008, however to be on the safe side, we estimate 2008 DOD sales as 21.5K in our model. Auction system in fleet sales of second hand cars is going to be very important for DOD sales which helps to improve sales volume in 2007 and onwards. Partnership of VDF fleet services with LeasePlan is predicted to create synergies with DOD.

2006 was the year of restructuring for DOD. DOAS relaunched DOD brand in the national arena, increased the number of its authorized dealers all over Turkey and put into operation the largest enclosed used car integrated purchase and sales center "Dodcity" in Europe.

Otofix - Multibrand Quick Fix Service

Oto-fix is a quick fit type service outlets focusing on fast and economic service. These fast service areas will be able to repair multi-branded cars in almost one hour. Range of services include tire replacement, oil and filter, brakes, suspension, headlamps, battery and muffler change. Exhaust emission and brake inspection services will also be offered. In the first step, 9 stations will be opened in Istanbul and afterwards this number will expand over 100 stations in overall Turkey. The location of Oto-fix stations is planned to be close to motor vehicle inspection stations so that the company can have maximum benefit from the synergy between two businesses. The company is expecting € 35 mn long-term revenue from this new business line.

Automotive Related Services

Under this business line, DOAS offers logistics, consumer finance, fleet and insurance services. 10% of total revenues and 22% of EBIT come from automotive related services.

Logistics Center

Dogus Otomotiv supplies sales, service and spare parts to its 13 brands via its own 249 sales and 276 service points. The company's logistics center is located in Gebze where, spare parts and new vehicles are stocked; products are sent out and delivered to all the sales and service points.

Vdf - Automotive Finance

Among all financial institutions, vdf's market share is 14% and it has achieved a penetration rate of 29% serving 22 brands. As of year-end 2006, vdf extended a total of 50,961 vehicle credits and reached US\$845mn annual total transaction volume. With these results, vdf Automotive Finance's share in the consumer finance companies segment was 52% for 2006. During January-August, vdf Automotive Finance's new contracts declined by 34% y-o-y to 23,099 units.

DOAS : vdf – Automotive Finance Sales Breakdown		
Dogus Group Brands	2005	2006
Retail Sales	89,674	84,791
Credit Units	38,515	37,864
Penetration	43%	45%
Non-Group Brands		
Retail Sales	101,682	92,794
Credit Units	17,802	13,097
Penetration	18%	14%
Total		
Retail Sales	191,356	177,585
Credit Units	56,330	50,961
Penetration	29%	29%
Total Credit Amount (TRYmn)	1,170	1,193

Source: Company

Vdf - Fleet Services

Vdf Fleet provides operational fleet rental services and is the first international brand in the market; vdf Fleet Services gained a 9% market share on a portfolio basis in 2006 and ranks 4th in the Turkish market. vdf aims to expand its long term fleet rental services to SMEs beside the large size fleets.

At the end of 2006, with 2,714 new contracts Vdf Fleet Services increased the number of vehicles in its portfolio to 5,422, up 28% compared to last year. During January-August, vdf fleet services generated 1,769 units new contracts, 72% of which comprised of VW Group vehicles and increased total car portfolio to 5,970 units by 13% y-o-y.

Vdf Fleet Services will form a partnership with European market leader in fleet management, LeasePlan. The partnership will grow company's customer portfolio thanks to LeasePlan's portfolio of international clients.

The fast growing fleet business in Turkey will also create opportunities at the second hand market. DOD is currently holding auctions for the sale of corporate fleets.

NEW PROJECTS

Motor Vehicle Inspection Stations- MVIS

Transfer of MVIS

Motor Vehicle Inspection Station operations in Turkey have been privatized with a tender held on December 19th, 2004 in form of a 20 years long concession. Doğus Otomotiv – Akfen Holding – TUV SUD consortium made the highest offer in this tender with US\$552mn including 10% discount. The three companies, each having equal share (33.3%), will have a 20 year license to build and operate motor vehicle inspection stations in Northern and Southern Turkey. The transfer of stations was realized in following the signing of the concession agreement by Privatization Administration August 15th 2007. The concession requires that at least 189 Stationary Stations, 433 Inspection Lanes and 38 Mobile Stations to be built and operated for 20 years. Consortium members plans to establish an inspection network in EU standards covering 81 regions and 88 cities all over Turkey in 18 months. Total capex for MVIS will be US\$200mn. Dogus Otomotiv will contribute approximately US\$25mn to the inspection business as equity, which will be financed through long term borrowing.

Vehicle Inspection Market in Turkey

Between 1992 and 2006, the car park in Turkey increased at a CAGR of 7.3% and reached 12.2 million in 2006. It is expected to grow at a CAGR of 7% for the next 20 years as a result of more stable economy and increasing income levels. As of 2006, the number of vehicles required for inspection was 6 million, 3.6 million of which were inspected, resulting in a capture rate of approximately 60%. Capture rate is expected to grow fast following the implementation of the new regulation that has been effective as of January 1st, 2005 and start of TUVTURK operations. TUVTURK management estimates that the capture rate in Turkey will reach 85% within 20 years.

DOAS : Vehicle Inspection Periods - Determined by Law	
Private PC	At the end of the first 3 years, later every 2 years
Official PC-stated owner	At the end of the first 2 years, later every 2 years
Tractors	Every 3 years
2&3 wheeled vehicles	At the end of the first 3 years, later every 2 years
All other motor vehicles	Every 2 years

Source : Company

TUVTURK Operations and the Business System

For the first 3 years 30%, between 4th and 10th year 40%, and afterwards 50% of generated revenues from operations will go to government. The consortium will operate the MVIS under TUVTURK Business Association system based on a license agreement. Each Business Association (BA) is rewarded on a city basis and operates all the stations in that specific city.

Who Does What ?

TUVTURK	BUSINESS ASSOCIATION (B.A)
<ul style="list-style-type: none"> ■ Strategy build up ■ Turn-key station construction ■ Setting the quality standard and auditing ■ Training of all personnel ■ Maintenance agreements ■ Overall communication ■ Control of existence and efficiency of the system and taking necessary 	<ul style="list-style-type: none"> ■ Strategy implementation ■ Supply of land and taking the necessary permissions ■ Operating the stations ■ Implementing quality standards ■ Maintenance ■ Sustaining local communication with respect to general system

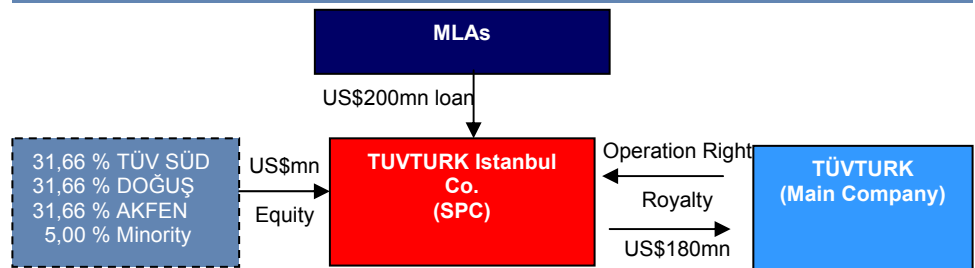
Source : Company

Initially, each BA will pay a license fee comprising of construction, machinery, equipment, IT and training in terms of investment. 25% of license fee will be paid at the signing of the contract and the remaining 75% will be paid at the delivery of the stations. Later on, each BA will pay an annual royalty to TUVTURK amounting to 7% of revenues for the first 10 years and 20% for the second 10 year period. BA's will cover 85% of the total system.

TUVTURK North will give sub operator rights of Istanbul to TUVTURK Istanbul

Istanbul will also be a BA and will be operated by **TUVTURK Istanbul**, owned by DOAS-Akfen-TUV SUD with a shareholding structure of 31.66% TUVSUD, 31.66% Akfen, 31.66% DOAS and 5% others. TUVTURK North will give the sub operator rights of Istanbul to TUVTURK Istanbul with a license fee of US\$180mn to operate 12 stations and 72 lanes. Like all other BAs, TUVTURK Istanbul will pay royalty to main company, TUVTURK. TUVTURK Istanbul will use a loan of US\$200mn with a maturity of 12 years to finance its license fee and investments. It should be noted that, DOAS will book TUVTURK Istanbul separately from TUVTURK under equity pick up method.

DOAS : MVIS - TUVTURK Istanbul Structure



Source : Company

The consortium will finance tender amount of US\$552mn through long term, non recourse project financing loan from Mandated Lead Arrangers (MLAs) of Hypovereinsbank and ABN AMRO with a maturity of 12 years, which will not be consolidated under DOAS's financials. US\$200mn of this amount will be borrowed by TUVTURK Istanbul and the rest by TUVTURK main company. Consortium plans to pay the loan back within the first year as the license fees are collected from all BAs.

Payment Terms

Distribution of VW LCV's to Egypt

DOAS has willfulness in following opportunities and expansion in international markets. DOAS signed an agreement with Volkswagen A.G. regarding distribution, sales and after sales for VW commercial vehicles in Egypt, Cairo, Alexandria, and Sharm El Sheikh. Top management of the company also express their willingness of import and distribution of VW branded vehicles in other regions in the future. After the establishment of LCV distribution operations, distribution of VW passenger cars in Egypt may also be in the agenda of DOAS for the coming years.

Egyptian automotive market is known to be one of the most promising markets in North Africa with a total car park size of 3 million and the vehicle ownership rate of 40 per thousand people. In 2005, new passenger and commercial vehicle sales have reached to 120,000 units, and are expected to grow up to 200,000 units in the forthcoming years.

DOAS is expecting to sell 521 units of LCV in Egypt in 2007. In our model, we assumed a CAGR of 5% for DOAS sales volume in Egypt between the years 2008 and 2017. Since share of sales to Egypt in DOAS's total sales volume is estimated to be around 1.5% in our 10 year valuation period, we think that the contribution of this operation to top line will be minimal.

Porsche Dealership in Lausanne

DOAS signed an agreement with Porsche AG to be dealer of the brand in Lausanne, Switzerland. The company will assume marketing, sales and after sales operations of Porsche in Lausanne.

Switzerland is an important market for Porsche. In 2006, 1,692 units of Porsche cars sold, this number was 221 in Turkey. The operations will start in 2H'08. DOAS will establish a new showroom in the city which will be one of the Switzerland's largest Porsche outlet with an estimated investment of US\$10mn. The company expects to sell 110 units in 2008. We assume an annual sales volume of 220 units and a revenue contribution of US\$20mn for the forthcoming years in our model.

Production of Krone Trailers in Turkey

DOAS will have a joint investment of trailer production with Krone in Izmir. The company has been distributing Krone branded trailers since 2003 and had the market leadership in the import market. The production is planned to start in early 2009 with an initial capacity of 5,000 units/year, however, after 1st year total capacity will be increased to 10,000 units/year. With the production of Krone trailers, the company will mainly aim export markets, yet it will continue to import and distribution of trailers for the domestic market. 80% of total production is planned to be sold in international markets. Estimated cap-ex for DOAS' 48% share is US\$20mn. Note that, since the operation will be consolidated using the equity pick up method, it will not affect the top line. We expect that the JV will reach 10,000 units of sales volume in 2012 with an annual revenue of €250mn which will have US\$6mn annual contribution to DOAS bottom line.

DOAS: Contribution of Krone - trailer production									
KRONE - \$USmn	2009	2010	2011	2012	2013	2014	2015	2016	2017
Domestic Sales - units	1,000	1,000	1,500	2,000	2,000	2,000	2,000	2,000	2,000
Export -units	4,000	4,000	6,000	8,000	8,000	8,000	8,000	8,000	8,000
Total- units	5,000	5,000	7,500	10,000	10,000	10,000	10,000	10,000	10,000
Revenue	167	164	243	321	321	321	321	321	325
EBIT	8	7	12	16	16	16	16	16	16
Net Income	3.6	4.0	7.8	11.9	12.4	12.8	12.8	12.8	13.0
DOAS Stake	48%	48%	48%	48%	48%	48%	48%	48%	48%
Cont. to DOAS net income	1.8	2.0	3.8	5.8	6.1	6.3	6.3	6.3	6.4

Source : IS Investment Estimates

Production of Meiller Tippers and Semi-tippers in Turkey

DOAS and Meiller Fahrzeug & Maschinenfabrik GmbH & Co KG signed a MOU agreement in October 3rd, 2007 for setting a JV to produce Meiller brand tippers and semi-tippers in Turkey. The production will start in 1H'08 with an annual capacity of 5,000 units. 90% of total production will be exported. Estimated cap-ex for DOAS' 49% share is US\$5mn. Like Krone JV, Meiller JV will be consolidated using the equity pick-up method, so will not affect the top line. We estimated 2,500 units of sales volume for 2008, 5,000 units for 2009 increasing gradually to 6,100 units till 2017. We expect that the contribution of this operation to DOAS bottom line to be \$2mn in 2008, \$4mn in 2009 and \$5.4mn in 2017.

DOAS: Contribution of Meiller- tipper production

MEILLER - \$US	1H'08	2009	2010	2011	2012	2013	2014	2015	2016	2017
Domestic Sales-units	250	500	513	525	538	552	566	580	594	609
Export-units	2,250	4,500	4,613	4,728	4,846	4,967	5,091	5,219	5,349	5,483
Sales Volume-units	2,500	5,000	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092
Revenue	101	203	208	213	218	224	229	235	241	247
EBIT	7	13	14	14	14	15	15	15	16	16
Net Income	5.0	10.0	10.4	10.8	11.2	11.6	11.9	12.2	12.5	12.8
DOAS Stake	49%	49%	49%	49%	49%	49%	49%	49%	49%	49%
Cont. to DOAS net income	2.4	4.9	5.1	5.3	5.5	5.7	5.8	6.0	6.1	6.3

Source : IS Investment Estimates

VDF Fleet Services & Leaseplan Partnership in Turkey

LeasePlan gets a foothold in Turkey by acquiring vdf Fleet Services in combination with a joint venture with Dogus Otomotiv. LeasePlan Corporation announced the agreement with Volkswagen Financial Services A.G. (VWFS) of an indirect 51% share purchase in vdf Fleet Services Holding A.Ş in May 11, 2007. The partnership will grow company's customer portfolio thanks to LeasePlan's portfolio of international clients. The fast growing fleet business in Turkey will also create opportunities at the second hand market. DOD is currently holding auctions for the sale of corporate fleets.

Acquisition of real estate property

The company had US\$3.5mn rent expense in its 1H'07 financials, since it is a tenant in most of its retail outlets and showrooms. Due to the recent hike in rent prices especially in big cities, the company has recently set a strategy to selfown some of its outlets. US\$40mn investment has already been made up to now for this purpose and a further \$100mn investment is also planned for the following 3 years. This is included in DOAS' planned capex which amounts US\$130mn till 2010. The company aims to increase the number of its showrooms from 30 to 50 during this period which is also included in this investment amount. Total investment is planned to be financed through equity rather than issuing debt. In our view, the company may either hold a rights issue or sell a portion of 3.86% of Dogus Holding shares it holds, which have a appraisal value of US\$218mn according to its 1H'07 financials.

INDUSTRY OVERVIEW

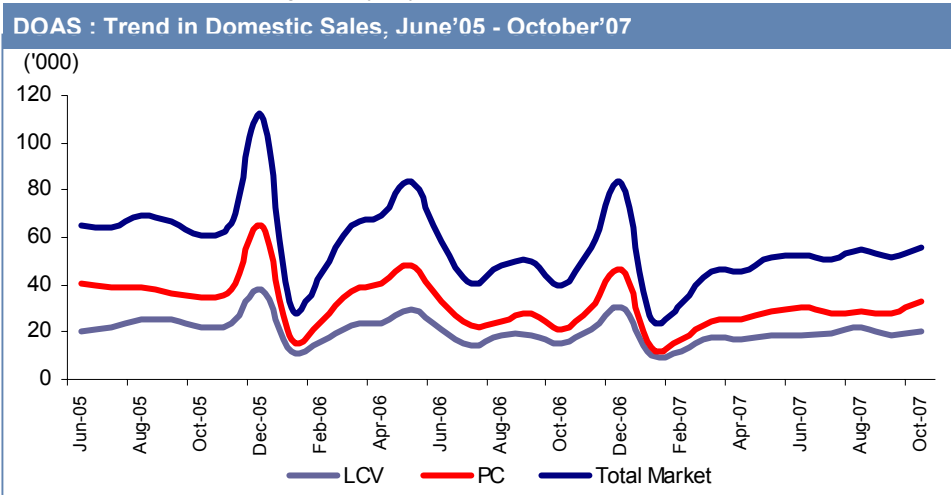
According to Automotive Manufacturers' Association's October data, during Jan.-Oct. in 2007 domestic passenger car (PC) and light commercial vehicle (LCV) sales dropped by 14% and 10% y-o-y, respectively, pointing out an overall 12% y-o-y contraction in auto sales volume down to 465,660 units from 530,301 units. Production went up by 9% to 878,862 units, thanks to 19% increase in exports (667,174 units).

DOAS : Automotive Industry Data									
	Jan-Oct.	Jan-Oct.	Y-o-Y	October	October	Y-o-Y	October	September	Monthly
	2007	2006	Δ %	2007	2006	Δ %	2007	2007	Δ %
Passenger Cars	256,077	296,391	-14%	32,569	21,237	53%	32,569	27,662	18%
Light Commercial Vehicles	174,446	192,807	-10%	20,156	15,305	32%	20,156	18,919	7%
Heavy Commercial Vehicles	35,137	41,103	-15%	3,437	3,547	-3%	3,437	4,175	-18%
Total Market	465,660	530,301	-12%	56,162	40,089	40%	56,162	50,756	11%
Import	262,113	309,114	-15%	31,427	22,680	39%	31,427	29,049	8%
Export	667,174	559,111	19%	75,813	59,698	27%	75,813	68,711	10%
Production	878,862	807,900	9%	101,010	80,139	26%	101,010	98,428	3%

Source : Automotive Manufacturers' Association

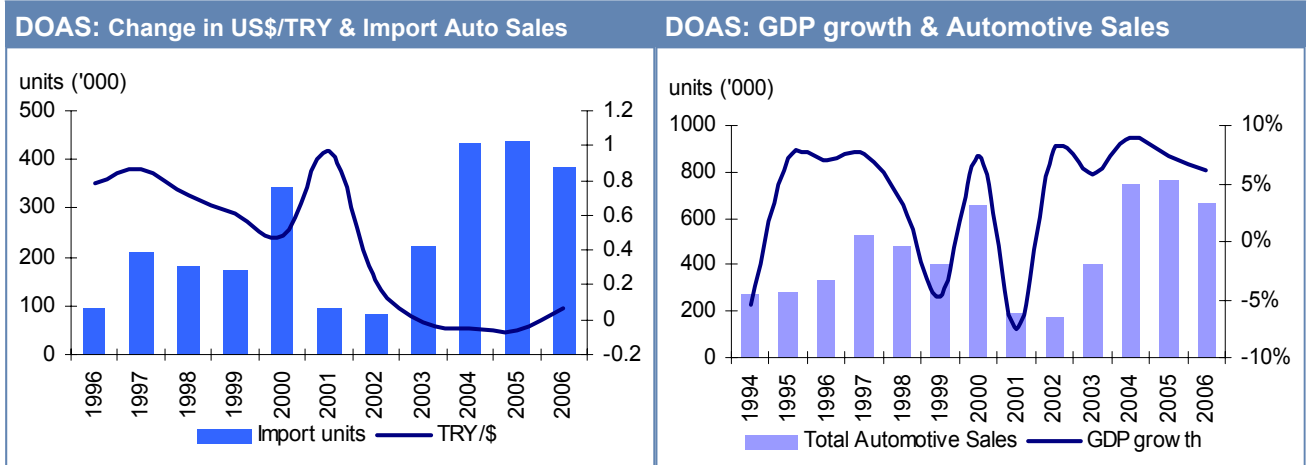
Total domestic market was up by 40% to 56,162 units in Oct-07 from 40,089 units in Oct-06. Y-o-y increase in PC domestic sales (53%) was higher than LCV's (32%) in Oct-07. PC monthly sales went up by 18% from September to October, while the increase in LCV sales was at 7%.

The recovery is due to stimulation of pent up demand after the political uncertainties ended. The appreciation of TRY is another factor affecting the increase in domestic auto sales in October 2007. Imported vehicles surged by 39% y-o-y in Oct-07. We see no impact of decline in Central Bank and T-Bill rates as banks did not yet pass this to their consumer loan rates. We expect a further decline in interest rates by CB, however, in a slower manner. Thus, the reflections of interest rates on consumer bank loans is expected to lengthen. As a result, we revised our 2007 end year total auto sales estimate of 640K to 610K, indicating a 9% y-o-y contraction.



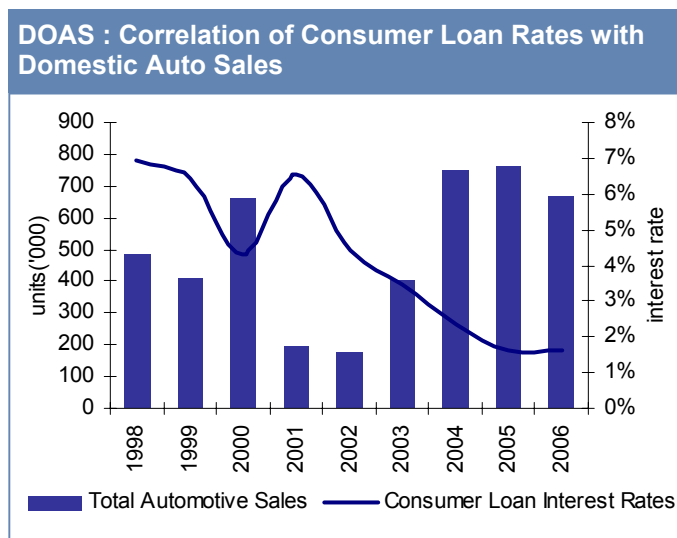
Source : Automotive Manufacturers' Association

Domestic sales in the sector traditionally peaked during the final quarter of the year, as a result of subsidies offered by companies to deplete their end-year inventories before the launch of next year's new models. This is also seen in the above graph where the sector trend was displayed between June'05 and October'07.



Source : Automotive Manufacturers' Association (AMA) & IS Investment

Automotive sales increase in line with GDP growth. Import auto sales are very sensitive to fluctuations in currency. 2004-2005 were the years TRY was the strongest against US\$, resulting in import auto sales to reach its peak levels during 1996-2006 period. Share of imports in total auto sales was 57% in 2006.

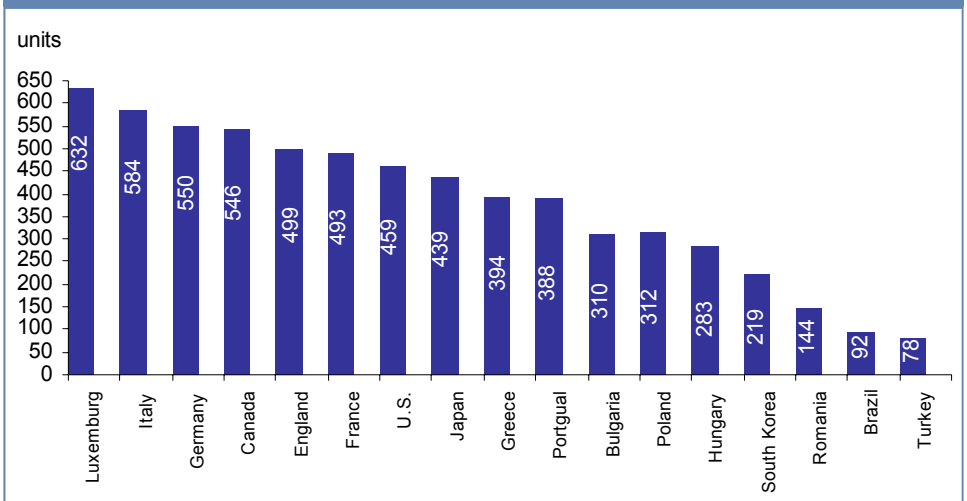


Source : AMA& IS Investment

The consumer loans have a crucial importance on automotive sales in Turkey, since ~70% of sales are generated with loans. As a result, economic conditions like changes in interest rates affects the credit usage and automotive sales in Turkey. Below chart demonstrates the correlation between consumer loan interest rates and total automotive sales during 1998-2006. 2005 was the year when consumer interest rates were at lowest and automotive sales were at highest.

During 1994-2006, motor vehicle park in Turkey grew at a CAGR of 7.6%. For the next 20 years, we expect motor vehicle park in Turkey to grow at a CAGR of 7.3%. In 2006, the motor vehicle park figures in Turkey reached to 12.2 mn units of vehicles, 6.1 mn units of which were passenger cars. During the same period, Istanbul motor vehicle park grew at a CAGR of 7.9% and is expected to grow by 7% for the next 20 years. Motor vehicle park in Istanbul was 2.4mn units in 2006, 1.7mn units of which were passenger cars.

Average number of cars for 1000 people



Source : Automotive Manufacturers' Association (AMA)

In Turkey, average number of cars for 1,000 people was 78 in 2004 which is so much lower compared to EU average of 476 and world average of 96. These figures show that Turkish automotive industry has a great potential for further growth in coming years.

Expectations related 2008...

We expect further decline in interest rates and stronger TRY during 2008 with a 5.5% GDP growth rate which will stimulate the domestic demand in automotive sales. We forecast total domestic auto sales to reach 650K implying a 7% growth in 2008 compared to 2007 (610K).

FINANCIAL ANALYSIS

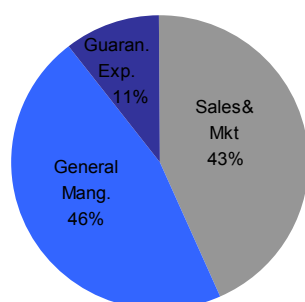
1H'07 Results...

DOAS posted US\$16mn net profit on its 1H'07 financials, implying a big progress compared to last year. Previously, the company had US\$1.3mn net earnings in 1H'06. The boost in net profit despite of limited enhancement in company's operating performance mainly stemmed from the increase in net other income and decline in financial expenses. Net sales dropped by 16% to US\$774mn from US\$917mn. Sales volume decreased by 37% to 27,314 units, resulting in a decline in market share to 11% in 1H'07 from 12% compared to 1H'06. The gross margin improved to 14.9% from 11.4%, as result of stronger TRY compared to 1H'06. However, 17% increase in operating expenses (32% increase in general management expenses) lessened the positive impact of improving gross margin and resulted in limited progress in EBIT margin of 0.3 ppt (to 3.2% from 2.9%). EBITDA remained unchanged at US\$30mn while EBITDA margin was up to 3.9% from 3.3%. When looked at quarterly basis, it is seen that main improvement was seen in Q2'07 compared to Q1'07. The EBIT margin rose to 3.8% in Q2 from 2.3% in Q1 and EBITDA margin went up to 4.5% from 3.2%. The company's net share of US\$5.7mn in subsidiaries net loss in 1H'06 turned to US\$4.2mn net profit in 1H'07, contributing the bottom line. Furthermore, the company obtained US\$2.9mn income from f-x gain on loans in 1H'07 while it suffered US\$9mn from f-x loss on loans last year, resulting in 40% decline in financial expenses.

DOAS : FINANCIAL HIGHLIGHTS-US\$mn												
	1H'07	1H'06	Δ %	1Q'07	2Q'07	1Q'06	2Q'06	3Q'06	4Q'06	Δ %	Δ %	
											1Q'07-2Q'07	2Q'07-2Q'06
Revenues	774	917	-16%	334	440	398	519	397	452	32%	-15%	
Gross Profit	116	104	11%	51	65	60	44	48	50	27%	46%	
Gross Margin	14.9%	11.4%		15.2%	14.7%	15.0%	8.5%	12.1%	11.1%			
OPEX	-91	-78	17%	-43	-48	-38	-40	-36	-46	12%	19%	
EBIT	25	26	-6%	8	17	22	4	12	4	114%	n.m.	
EBIT Margin	3.2%	2.9%		2.3%	3.8%	5.6%	0.8%	3.0%	0.9%			
Depreciation	5.8	4.0	44%	2.8	3.0	2.1	1.9	2.0	2.3	5%	52%	
EBITDA	30	30	0%	11	20	24	6	14	6	85%	n.m.	
EBITDA Margin	3.9%	3.3%		3.2%	4.5%	6.1%	1.2%	3.5%	1.4%			
Other Income, net	5.4	-5.0	nm	2.0	3.4	3.6	-8.6	4.9	5.3	76%	-140%	
Financial Expense	-12	-19	-40%	-7	-5	-6	-14	-4	-7	-30%	-66%	
PBT	19	3	nm	3	16	21	-18	14	2	n.m.	-188%	
Tax	-3	-2	66%	-1	-2	-6	5	-2	0	170%	-144%	
Net Profit	16.0	1.3	nm	2.6	13.5	14.1	-12.9	11.5	2.6	n.m.	-205%	
Net Margin	2.1%	0.1%		0.8%	3.1%	3.6%	-2.5%	2.9%	0.6%			
Net Cash	-29	99	-129%	22	-51	-47	146	-54	-3	n.m.	-135%	

Source : IS Investment

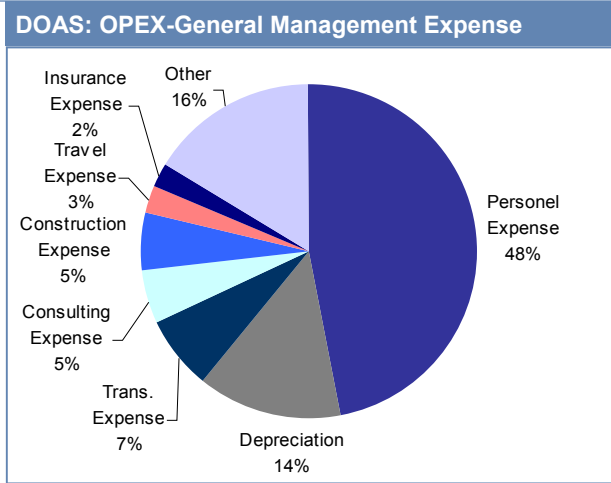
DOAS:OPEX Breakdown 1H'07



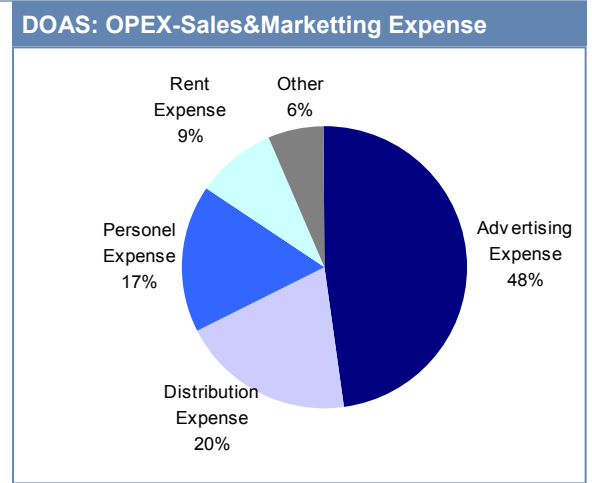
Source : Company

General management expenses had the highest share in OPEX with 46%, while sales&marketing and guarantee expenses had 43% and 11% shares in OPEX, respectively.

The share of personnel expense and advertising expense ranked first in general management and sales&marketing expenses, respectively.

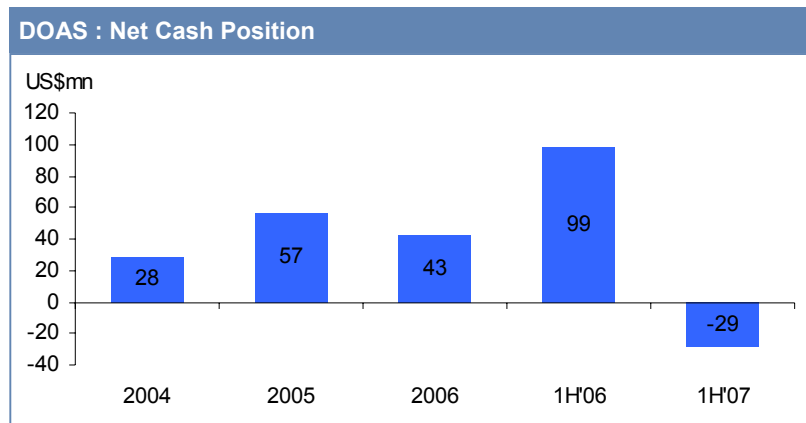


Source : Company



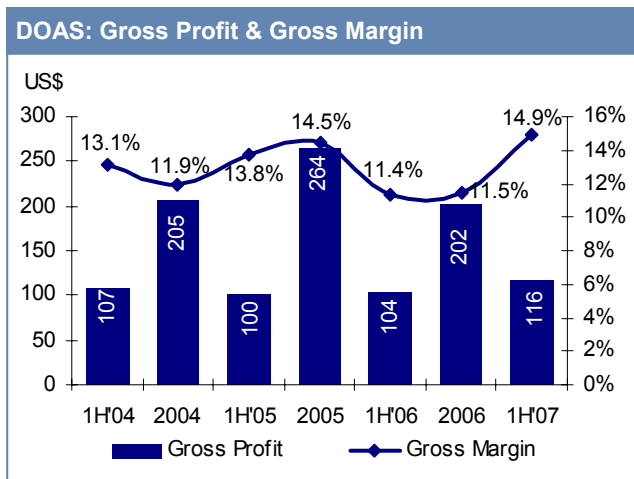
Source : Company

As of June, 2007, DOAS had a net debt of US\$29mn compared to net cash of US\$99mn in 1H'06. The company had **US\$50mn capex** during the first half of 2007 used for OtoMotion investment - Istanbul's largest service, car display and interactive area-, investment in distribution operation in Egypt, land purchases, and renovation investments. The capex amount in 1H'06 was US\$16mn.

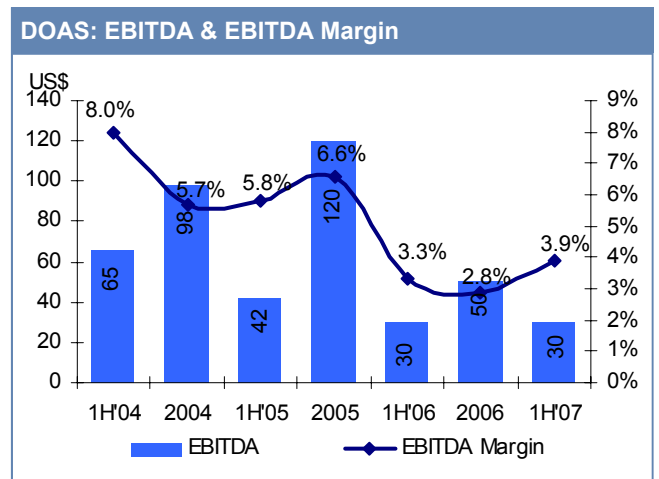


Source: Company

Below charts demonstrates half year based gross profit and EBITDA data since 2004. Being a sole importer, the company is highly affected from domestic market conditions. However, with the upcoming new projects related to production and MVIS, the company will be able to balance its operations.



Source: Company



Source: Company

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