RAYMOND JAMES - TURKEY

March 26, 2008

Dogus Otomotiv

BUY
(Previously Strong Buy)

A difficult year ahead

We modified our macroeconomic forecasts... After modifying our exchange rate assumptions due to increased risks in the political and macroeconomical environment, we now forecast the average EUR/TRY rate at 1.97 for 2008E and 2.10 for 2009E. Our previous assumptions were 1.72 and 1.69 respectively. In addition, we now do not foresee any further rate cut by the Turkish Central Bank this year and also increase our risk free rate assumption from 7.5% to 8%.

We now foresee a 7% yoy contraction in the domestic auto market in 2008... Based on our updated macroeconomic forecasts which indicate increasing fx rates, no rate cut by the Central Bank and stable GDP growth together with the increased political uncertainty, we now expect the auto market to contract by 7%, unlike our previous 13% growth estimate. Our estimates for the contraction in passenger car and light commercial vehicle sales are 9% and 6% respectively for 2008.

New macro forecasts threaten DOAS' profitability... Since DOAS imports its vehicles in Euro and distributes around 80% of them in YTL, our upward revision of Euro rates is likely to affect the company's figures negatively. We assume that the company's 11.4% market share in 2007 will slightly fall to 11.0% in 2008. The company's profitability is also likely to deteriorate and its profit margins decrease, as we think that the company might have difficulty in reflecting cost increases to its sales prices in the contracting domestic market. DOAS has also significant short fx position.

US$120mn investments until 2010E... Investments worth around US$120mn are planned until 2010E. No information has yet been disclosed by the company regarding the financing method for the upcoming investments. However, rights issue or the sale of Dogus Otomotiv's 3.86% stake at Dogus Holding might be on the agenda.

Downgrading to BUY… We downgrade our recommendation for DOAS from "Strong Buy" to "Buy" due to the negative effect of our modified macro forecasts on the company's profitability in the near term. Our revised forecasts point to a 12-month target market capitalization of US$781mn for DOAS, implying a 58% upside potential for company shares. We believe in Dogus Otomotiv's future potential as the company has important value added projects such as the vehicle inspection business, which will not also increase company's profitability but also decrease its vulnerability to the cyclical domestic automotive market.

Current Price (26/03/08)		**YTL5.8**
Current Mcap (US $ mn)		**US$506.8**
12-mth Target Price		**YTL10.0**
Target Mcap (US $ mn)		**US$781**
12-mth Forecast Returns (US$)		
Dividend Yield		3.4%
Capital Appreciation		54.1%
12-mth Total Return		57.5%
Stock Data		
Ticker	DOAS.IS	DOAS TI
3M Avg. Trd. Vol. (mn)		US$2.7
52-week Range	YTL5.40 -	YTL9.20

Financials (US$ mn)	2007	2008E	2009E
Net Sales	1,963	2,030	2,300
% ch yoy		3%	13%
EBITDA	81	59	81
% ch yoy		-28%	39%
Net Income	49	18	55
% ch yoy		-64%	212%
Operating Margins	**2007**	**2008E**	**2009E**
Operating Margin	3.4%	2.1%	2.9%
EBITDA Margin	4.1%	2.9%	3.5%
Net Profit Margin	2.5%	0.9%	2.4%
Dividend Yield	1.0%	3.4%	1.2%

Financial Ratios	2007	2008E	2009E
P/E (US$, x)	10.3	28.7	9.2
EV/EBITDA (US$, x)	6.8	10.4	7.8
EV/Sales (US$, x)	0.3	0.3	0.3
Price Performance	**1M**	**3M**	**YTD**
US$ Absolute	-21%	-36%	-38%
ISE-100 Relative	-7%	-6%	-10%
Market Data			
ISE 100			40,658
YTL/US$			1.2589

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OUTLOOK FOR 2007

Auto market contracted by 4% yoy last year... Two totally different halves were observed in 2007 for the Turkish automotive market. Due to factors such as high level of auto loan rates, volatile fx rates and political uncertainty prior to general elections, the auto market contracted by 29% in 1H07. However, after banks started to decrease auto loan rates following the market friendly general elections outcome a revival was observed in the market in 2H07. As a result, auto market closed the year with a 4% yoy contraction.

Dogus Otomotiv managed to increase its revenues and profitability despite lower sales volume... DOAS' sales volume decreased by 8% yoy in 2007 while the market contracted by 4% in the same period. Thus, DOAS' market share decreased slightly from 11.8% in 2006 to 11.4% 2007. The slight market share decline seems reasonable as the company did not involve in the intense price competition in the contracting domestic market in the first half of the year in order to maintain its profitability. The company managed to increase its profitability in the contracting domestic market thanks to the favorable effect of fx rates, change in product mix towards high margin products as well as the yoy increase in participation income. The increase in participation income stemmed mainly from fx gains at vehicle inspection business as well as the success of consumer financing business.

Dogus Otomotiv Sales Volume	2006	2007	%ch	4Q06	4Q07	%ch
VW	59,566	53,779	-10%	13,919	19,483	40%
VW PC	27,619	26,110	-5%	6,940	9,997	44%
VW LCV	31,947	27,669	-13%	6,979	9,486	36%
Audi	4,956	5,898	19%	2,035	2,105	3%
Porsche	220	218	-1%	46	60	30%
Bentley		19	n.m.		5	n.m.
Lamborghini		3	n.m.		2	n.m.
Seat	4,572	3,426	-25%	860	1,309	52%
Skoda	5,489	5,292	-4%	1,209	2,111	75%
Scania	2,099	2,174	4%	577	600	4%
Total	**76,902**	**70,809**	**-8%**	**18,646**	**25,675**	**38%**
Market shares						
PV	11.50%	11.40%		11.60%	11.80%	
LCV	12.90%	11.90%		10.60%	12.00%	
HCV	6.30%	8.20%		6.10%	7.30%	

Source: Dogus Otomotiv

DOAS 2007 Figures (US$mn)	2007	2006	%ch	4Q07	4Q06	%ch
Net Sales	1,963	1,766	11%	684	452	27%
Gross Profit	271	202	34%	82	50	51%
Gross M	13.80%	11.50%		12.00%	11.00%	
EBITDA	81	50	61%	19	7	130%
EBITDA M	4.10%	2.80%		2.80%	1.40%	
Net Profit	49.5	15.4	222%	6.9	2.6	149%
Net M	2.50%	0.90%		1.00%	0.60%	
Net Debt	43	-43	n.m.	43	-43	n.m.

Source: ISE

UPDATE ON NEW PROJECTS

DOAS management announced that they would invest heavily in the 2007-2010E period. The investments should be regarded as the initial steps for the goal of becoming a global power in the next 5-10 years. US$88mn was invested in 2007 while further investments totaling US$122mn are planned until 2010E. Although the company financed around 70% of its investments with leverage in 2007, no external financing is expected in the coming years. No information has yet been disclosed by the company regarding the financing method for the upcoming investments. However, capital increases or the sale of Dogus Otomotiv's 3.86% stake at Dogus Holding might be on the agenda. Most of the investments will be made for the enhancement of sales and after sales network as the company decided to buy real estate and build its own facilities for its sales and after sales service facilities instead of renting them.

Investments in 2007-2010 period (US$mn)	2007	2008E	2009E	2010E	07-10E
Krone trailer production		25			**25**
Meiller tipper production		7			**7**
Tuvturk vehicle inspection business	25				**25**
Porsche showroom in Switzerland			10		**10**
Showroom in Egypt	3				**3**
Sales and after sales network	60	13	35	32	**140**
Total	**88**	**45**	**45**	**32**	**210**

Source: Dogus Otomotiv

Vehicle Inspection Stations… Privatization Administration announced on August 15, 2007 that Akfen-TüvSüd-Dogus Otomotiv consortium signed the concession agreement for the transfer of vehicle inspection stations and paid the total US$552 amount in cash. With the agreement, the consortium received the operating rights of vehicle inspection stations in Turkey for 20 years. We value the inspection stations business as US$198mn. As DOAS consolidates the business using equity pickup method, we estimate that it will constitute 12% of DOAS' net income by 2010E, increasing to 18% by 2015E. Please see pp. 10 for our assumptions considering the vehicle inspection stations.

Otofix outlets… Dogus Otomotiv started to launch Otofix outlets in 2007, which provide fast and economic service including tire replacement, oil and filter, break inspection, exhaust emission etc. The company has opened 4 outlets until now and is planning to open 120 outlets in big cities in Turkey in the next 5 years. 70 of these outlets will be operated by independent dealers. Although Otofix business is independent from the vehicle inspection business, the company is considering speeding up opening new outlets after the vehicle inspection business is initiated. The repair outlets are planned to be located near motor vehicle inspection stations, creating synergy with the motor vehicle inspection business. We expect revenues of nearly US$30mn by 2010E, increasing to US$60mn by 2015E.

Otomotion… Dogus Otomotiv collected all of its brands under the same roof in central city of Istanbul with Otomotion concept, which is viewed as a special marketing concept to attract visitors. Otomotion, which includes Istanbul's largest service area, is on a 28K m2 area. The center includes car display area for all DOAS passenger cars, new car sales as well as after-sales services. There is also an entertainment center on an 8.5K m2 area, which is a brand new application in Turkey. The service station started to operate in March 2007, while the showroom was opened in November 2007.

Production in Turkey with Krone… Krone, the second largest trailer producer in Europe which has a 15% market share in the Turkish market, is going to produce in Turkey beginning from early 2009. Dogus Otomotiv has been distributing Krone branded trailers in the Turkish market since 2003. Initial production capacity will be 5K, increasing to 10K in coming years. According to our estimations, DOAS will sell 2K units in 2009 and increase it to 3K units by 2010E, of which 80% will be exported. We expect that the project will bring sales revenues of US$88mn in 2009E, increasing to US$286mn until 2015E and constituting around 9% of DOAS's total revenues. We foresee that Krone project will generate US$22mn additional value for DOAS.

Krone Figures	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Unit Sales								
Domestic		400	600	800	1,000	1,100	1,200	1,300
Export		1,600	2,400	3,200	4,000	4,400	4,800	5,200
Total		2,000	3,000	4,000	5,000	5,500	6,000	6,500
Revenues (US$mn)								
Domestic		18	26	35	44	48	53	57
Export		70	105	141	176	193	211	229
Total		88	132	176	220	242	264	286
EBITDA Margin		8%	8%	8%	8%	8%	8%	8%
EBITDA		7	10	13	16	18	20	21
Depreciation		2	2	2	2	2	2	2
Net income		5	8	11	14	16	18	19
Net m		5.2%	6.0%	6.4%	6.6%	6.7%	6.7%	6.8%
Taxes		1	2	2	3	3	4	4
CAPEX	20	20						
FCF	-20	-14	8	11	14	15	16	18
Discount factor	1.08	1.17	1.26	1.36	1.47	1.59	1.71	1.85
PV of fcfs	-19	-12	7	8	9	9	9	9
Total FCFs	21							
Terminal growth	2%							
PV of terminal value	65							
Net debt	40							
Total value	47							
48% stake of DOAS	**22**							

Source: RJS estimates

Meiller production... Dogus Otomotiv signed a joint venture agreement on October 23, 2007 with Meiller, Germany's leading tipper producer, regarding the manufacturing of Meiller brand tippers and semi-trailer tippers in Turkey. Dogus Otomotiv had been the main exclusive dealer of the Meiller brand in Turkey since February 2007. The company will have a 49% stake in the new established joint venture and will consolidate the business using equity pickup method. Dogus Otomotiv and Meiller will invest in total EUR10mn for the plant. Production is expected to be started by 1H08 with 3K unit capacity and 80% of production will be exported. We expect that the project's contribution to DOAS' target MCAP will be US$8mn.

Meiller Figures	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Unit Sales								
Domestic	300	400	400	400	500	500	500	500
Export	1,200	1,600	1,600	1,600	2,000	2,000	2,000	2,000
Total	1,500	2,000	2,000	2,000	2,500	2,500	2,500	2,500
Revenues (US$mn)								
Domestic	13	16	16	16	21	21	21	21
Export	51	66	66	66	82	82	82	82
Total	64	82	82	82	103	103	103	103
EBITDA Margin	6%	6%	6%	6%	6%	6%	6%	6%
EBITDA	4	5	5	5	6	6	6	6
Depreciation	2	2	2	2	2	2	2	2
Net income	2	3	3	3	5	5	5	5
Taxes	0.5	0.7	0.7	0.7	0.9	0.9	0.9	0.9
CAPEX	15.0							
FCF	-11.7	4.2	4.2	4.2	5.2	5.2	5.2	5.2
Discount factor	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.9
PV of fcfs	-10.8	3.6	3.4	3.1	3.6	3.3	3.0	2.8
Total FCFs	12.0							
Terminal growth	2%							
PV of terminal value	19							
Net debt	15							
Total value	16							
49% stake of DOAS	**8**							

Source: RJS estimates

Import and Distribution of VW branded light commercial vehicles in Egypt… The successful sales figure and increasing market share of Dogus Otomotiv in Turkey motivated VW to give the right of distribution, import, retail and after-sales services of VW branded light commercial vehicles in Egypt. The Egyptian market is one of the most promising markets in North Africa with a car park of only 3 million units and a low car ownership ratio. Every 40 out of 1000 people own a car in Egypt, which is much lower than the figure in Turkey (105) and Germany (580). First showroom was opened in Cairo in November 2007 with US$3mn investment. Two showrooms, one in Alexandre and one in Charm el Sheikh are also coming soon. 70 LCVs were sold in 2007 and 1000 vehicle sales are expected for 2008 which indicates around US$30mn revenues. According to our estimations, US$52mn revenues will be generated from the project in year 2010, which will increase to US$104mn by 2015E, constituting around 3% of DOAS' total revenues.

Egypt Sales	2007	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Unit Sales	70	1,000	1,500	1,725	1,984	2,281	2,624	3,017	3,470
Total Revenues (US$mn)	2	30	45	52	60	68	79	91	104

Source: RJS estimates

Dealership and after-sales services of Porsche in Switzerland… As the second step of the international expansion strategy, Dogus Otomotiv agreed with Porsche AG for the authorized dealership and after-sales services of Porsche branded vehicles. The agreement will be signed after the company is built and the land is bought in Lausanne area. The company intends to start its operations by 1H09 in Lausanne with an estimated investment of US$10mn, where around 200 Porsche vehicles are sold per year. 1,692 units Porsche vehicles were sold in the Swiss market in 2006, while the same figure was 218 in Turkey. We foresee that the company will generate US$14mn revenues in 2009E, increasing the figure to US$29mn by 2015E.

Porsche sales in Lausanne	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Sales volume	120	150	200	210	221	232	243
Sales revenues	14	18	24	25	26	28	29

Source: RJS estimates

VALUATION

Cash Flow Statement(US$mn)	2007	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Net Revenues	1,963	2,030	2,300	2,462	2,609	2,763	2,921	3,076	3,229
Domestic	1,955	2,000	2,224	2,377	2,513	2,657	2,802	2,942	3,078
International	8	30	76	85	95	107	120	134	151
COGS	-1,692	-1,781	-2,014	-2,152	-2,274	-2,404	-2,536	-2,669	-2,802
Gross Profit	**271**	**249**	**287**	**310**	**335**	**360**	**385**	**407**	**427**
Gross Margin	*13.8%*	*12.3%*	*12.5%*	*12.6%*	*12.8%*	*13.0%*	*13.2%*	*13.2%*	*13.2%*
Operating Expenses	-203	-206	-220	-232	-243	-255	-272	-287	-300
Operating Profit	**67**	**43**	**66**	**79**	**92**	**105**	**113**	**120**	**127**
Operating Margin	*3.4%*	*2.1%*	*2.9%*	*3.2%*	*3.5%*	*3.8%*	*3.9%*	*3.9%*	*3.9%*
Other Non-operating Revenues	26	14	39	43	45	49	51	54	56
Other Non-operating Expenses	-15	-12	-14	-15	-16	-17	-18	-18	-19
Financial Expenses	-21	-23	-23	-22	-22	-22	-22	-22	-22
Profit Before Tax and Minorities	**58**	**21**	**68**	**84**	**100**	**115**	**125**	**133**	**141**
Minority Interest	1	1	1	1	1	1	0	0	0
Profit Before Tax	**58**	**22**	**69**	**85**	**100**	**116**	**125**	**133**	**142**
Tax	-9	-4	-14	-17	-20	-23	-25	-27	-28
Net Income	**49**	**18**	**55**	**68**	**80**	**93**	**100**	**106**	**114**
Net Margin	*2.5%*	*0.9%*	*2.4%*	*2.8%*	*3.1%*	*3.4%*	*3.4%*	*3.5%*	*3.5%*
EBITDA	**81**	**59**	**81**	**95**	**109**	**123**	**133**	**142**	**151**
EBITDA Margin	*4.1%*	*2.9%*	*3.5%*	*3.9%*	*4.2%*	*4.5%*	*4.6%*	*4.6%*	*4.7%*
Depreciation and Sev. Pay.	14	16	15	17	17	19	20	22	24
Taxes	-11	-9	-13	-16	-19	-21	-23	-24	-26
Capital Expenditures	-87	-45	-45	-33	-17	-19	-20	-22	-24
Change in W/C	-28	-29	-36	-28	-30	-32	-34	-35	-37
Free Cash Flow	**-44**	**-24**	**-13**	**18**	**44**	**52**	**57**	**60**	**65**
PV of Free Cash Flow		-21	-10	12	28	29	28	27	26
Net Present Value	118								
Terminal Growth	2%								
Terminal Value	248								
Net Debt	42								
Participations	375								
Target Value	**700**	**12mth**	**781**						
Current Mcap	507								
Upside Potential	**58%**								
Dividend yield	3.4%								

Source: RJS estimates

Participations (US$mn)	Valuation Method	Stake	Value for DOAS
Krone	DCF	48.00%	22
Meiller	DCF	49.00%	8
Dogus Holding Stake *	Book Value	3.86%	109
VDF Consumer Finance	Book Value	48.00%	19
VDF Holding	Book Value	38.22%	2
Dogus Insurance	Book Value	42.00%	12
Yuce Oto	Book Value	50.00%	4
Tuvturk Istanbul	DCF	31.66%	89
Tuvturk	DCF	33.33%	109
Total			**375**

Source: RJS estimates

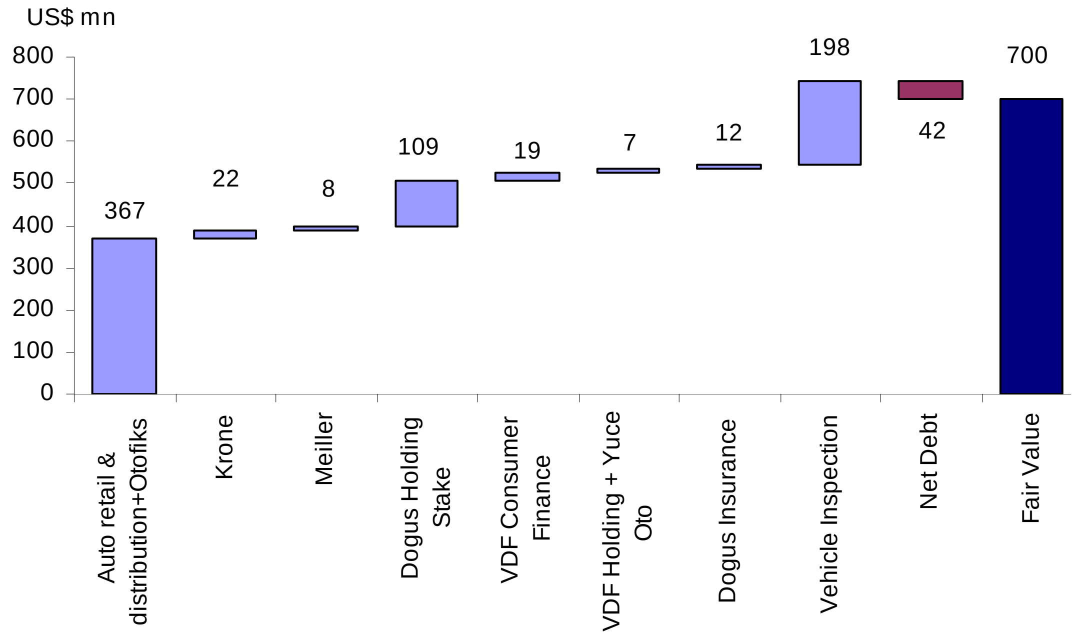
* Adjusted for the market value change at Garantibank in 1Q08.

WACC (%)	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Risk Free rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Risk Premium	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Beta	**1.20**	**1.20**	**1.20**	**1.20**	**1.20**	**1.20**	**1.20**	**1.20**
Cost of Equity	**14.0%**	**14.0%**	**14.0%**	**14.0%**	**14.0%**	**14.0%**	**14.0%**	**14.0%**
Cost of Debt	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Cost of Debt after Tax	**6.4%**	**6.4%**	**6.4%**	**6.4%**	**6.4%**	**6.4%**	**6.4%**	**6.4%**
Weight of Equity	76%	75%	76%	77%	78%	78%	78%	79%
Weight of Debt	24%	25%	24%	23%	22%	22%	22%	21%
WACC	**12.2%**	**12.1%**	**12.2%**	**12.3%**	**12.3%**	**12.3%**	**12.4%**	**12.4%**

Source: RJS estimates

US$781mn target value, 58% upside potential... We value Dogus Otomotiv using DCF analysis and calculate the 12-month target market capitalization as US$781mn. At the current market capitalization of US$507mn, the shares show a 58% total return potential over the next 12 months including a dividend yield of 3%. Our DCF based target capitalization of US$781mn was calculated with an assumed WACC of 12.4%, and terminal growth rate of 2%. US$367mn (52%) of our estimated fair value comes from auto retail and distribution activities, as well as Otofiks business.

Components of the Fair Value of Dogus Otomotiv



Source: RJS estimates

We are conservative in our margin assumptions... When YTL appreciates, DOAS can have EBITDA margins as high as 6.6% as was the case in 2005 or 5.7% in 2004. We foresee EBITDA margin rising from 2.9% in 2008E to 4.7% at the end of our forecast horizon in 2015E which can be considered as conservative. Therefore, we believe that there is upside to our forecasts.

Tuvturk CFs (US$mn)	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Revenues	60	63	66	69	73	77	81	85	89	94	216	233	251	272	294	316	340	365	393	423
License revenues	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38
Royalty revenues	22	26	29	32	36	39	43	47	52	57	178	195	214	234	257	278	302	328	356	386
HQ expenses	13	13	13	13	13	13	13	13	13	15	15	15	15	15	15	15	15	15	15	16
Depreciation	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35
Net Operating income	12	16	19	22	25	29	33	37	42	44	166	183	201	222	244	266	290	315	343	372
Operating M	20%	25%	28%	31%	35%	38%	41%	44%	47%	47%	77%	79%	80%	82%	83%	84%	85%	86%	87%	88%
EBITDA	47	51	54	57	60	64	68	72	77	79	201	218	236	257	279	301	325	350	378	407
EBITDA M	79%	80%	81%	82%	82%	83%	84%	85%	86%	84%	93%	94%	94%	94%	95%	95%	96%	96%	96%	96%
Financial exp	44																			
Taxes	-2	-3	-4	-4	-5	-6	-7	-7	-8	-9	-33	-37	-40	-44	-49	-53	-58	-63	-69	-74
Net Income	-34	12	15	17	20	23	26	30	33	36	133	146	161	177	195	213	232	252	275	298
Net M	-57%	20%	22%	25%	28%	30%	33%	35%	37%	38%	61%	63%	64%	65%	66%	67%	68%	69%	70%	70%
Capex	-200	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Change in WC	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Taxes	-9	-10	-11	-11	-12	-13	-14	-14	-15	-16	-40	-44	-47	-51	-56	-60	-65	-70	-76	-81
Free CFs	-145	36	39	41	44	47	50	54	57	60	157	170	185	201	219	237	256	276	299	322
Discount factor	1.08	1.16	1.24	1.34	1.44	1.54	1.66	1.78	1.92	2.06	2.22	2.38	2.56	2.75	2.96	3.18	3.42	3.68	3.95	4.25
PV of FCFs	-135	32	31	31	31	31	30	30	30	29	71	71	72	73	74	74	75	75	76	76
Total PV	877																			
Net debt	550																			
NPV of TUVTURK	**327**																			
NPV of ISTANBUL BA	**281**																			
TOTAL NPV of PROJECT	**608**																			
DOAS' SHARE	**198**																			

Source: RJS estimates

ISTANBUL BA (US$mn)	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Total revenues	65.0	76.5	86.6	98.0	110.8	125.2	141.3	158.0	176.5	197.0	219.9	245.4	273.9	305.6	337.9	373.6	413.1	456.8	505.0	558.4
Treasury share	30%	30%	30%	40%	40%	40%	40%	40%	40%	40%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Revenues to treasury	19	23	26	39	44	50	57	63	71	79	110	123	137	153	169	187	207	228	253	279
Environment share	1	2	2	2	2	3	3	3	4	4	4	5	5	6	7	7	8	9	10	11
Personnel	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Other	3	3	3	4	4	5	6	6	7	8	9	10	11	12	14	15	17	18	20	22
Royalty	5	5	6	7	8	9	10	11	12	14	44	49	55	61	68	75	83	91	101	112
Depreciation	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9
Operating P	16	23	29	25	31	38	46	54	62	72	32	38	45	53	60	69	78	89	101	113
Operating m	25%	30%	33%	26%	28%	30%	32%	34%	35%	36%	15%	16%	16%	17%	18%	18%	19%	19%	20%	20%
EBITDA	25	32	38	34	40	47	55	63	71	81	41	47	54	62	69	78	87	98	110	122
EBITDA m	39%	42%	43%	35%	36%	38%	39%	40%	40%	41%	19%	19%	20%	20%	21%	21%	21%	21%	22%	22%
Interest payment	16	16	16	16	16	16	16	16	16	16	16	16								
EBT	0	7	13	9	15	22	30	38	46	56	16	22	45	53	60	69	78	89	101	113
Tax	0	-1	-3	-2	-3	-4	-6	-8	-9	-11	-3	-4	-9	-11	-12	-14	-16	-18	-20	-23
Net income	**0**	**6**	**10**	**7**	**12**	**18**	**24**	**30**	**37**	**45**	**13**	**18**	**36**	**42**	**48**	**55**	**63**	**71**	**80**	**91**
Net m	0%	7%	12%	8%	11%	14%	17%	19%	21%	23%	6%	7%	13%	14%	14%	15%	15%	16%	16%	16%
Ch in wcap	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Tax	0	2	3	3	4	5	7	9	11	13	4	5	11	12	14	16	17	20	22	24
Free Cash Flows	**24**	**29**	**33**	**31**	**35**	**41**	**47**	**53**	**60**	**67**	**36**	**41**	**42**	**48**	**55**	**61**	**69**	**77**	**87**	**97**
WACC (%)	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
	1.1	1.2	1.2	1.3	1.4	1.5	1.7	1.8	1.9	2.1	2.2	2.4	2.6	2.8	3.0	3.2	3.4	3.7	4.0	4.2
	23	25	27	23	25	26	28	30	31	33	16	17	16	18	18	19	20	21	22	23
PV of FCFs	461																			
Net debt	180																			
NPV of ISTANBUL BA	**281**																			

ASSUMPTIONS	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Car park in Turkey (in mn)	14.0	14.9	16.0	17.1	18.3	19.6	20.8	22.0	23.3	24.7	26.2	27.8	29.5	31.2	33.1	34.8	36.5	38.3	40.2	42.2
growth(%)	7%	7%	7%	7%	7%	7%	6%	6%	6%	6%	6%	6%	6%	6%	6%	5%	5%	5%	5%	5%
no.of vehicles to be inspected	6.9	7.4	7.9	8.4	9.0	9.7	10.2	10.8	11.5	12.2	12.9	13.7	14.5	15.4	16.3	17.1	18.0	18.9	19.8	20.8
inspection rate	64%	66%	68%	70%	72%	74%	76%	78%	80%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%
no.of inspected veh.(in mn)	4.4	4.9	5.4	5.9	6.5	7.1	7.8	8.5	9.2	10.0	10.6	11.2	11.9	12.6	13.4	14.0	14.7	15.5	16.3	17.1
Revenues (in mn)	320	370	411	457	507	563	618	678	743	814	892	976	1070	1172	1283	1392	1511	1639	1778	1930
Car park in Istanbul (in mn)	2.8	3.1	3.4	3.7	4.0	4.4	4.8	5.1	5.5	6.0	6.5	7.0	7.5	8.1	8.7	9.3	10.0	10.7	11.4	12.2
growth(%)	9%	9%	9%	9%	9%	9%	9%	8%	8%	8%	8%	8%	8%	8%	7%	7%	7%	7%	7%	7%
no.of vehicles to be inspected	1.4	1.5	1.7	1.8	2.0	2.1	2.3	2.5	2.7	2.9	3.2	3.4	3.7	4.0	4.3	4.6	4.9	5.3	5.6	6.0
capture rate	64%	66%	68%	70%	72%	74%	76%	78%	80%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%
no.of inspected veh.(in mn)	0.9	1.0	1.1	1.3	1.4	1.6	1.8	2.0	2.2	2.4	2.6	2.8	3.0	3.3	3.5	3.8	4.0	4.3	4.6	4.9
Revenues (in mn)	65	76	87	98	111	125	141	158	176	197	220	245	274	306	338	374	413	457	505	558
inspection price per unit (in usd)																				
average price per vehicle	72.7	76.1	76.8	77.5	78.1	78.8	79.4	80.1	80.8	81.5	84.2	87.0	89.9	92.9	96.0	99.2	102.5	105.9	109.4	113.1
US$ Rate Period-end	1.37	1.36	1.40	1.44	1.49	1.54	1.59	1.64	1.69	1.74	1.78	1.81	1.85	1.89	1.92	1.96	2.00	2.04	2.08	2.12
US$ Rate ytd-avg.	1.30	1.33	1.39	1.46	1.52	1.59	1.66	1.74	1.82	1.90	1.94	1.98	2.02	2.06	2.10	2.14	2.18	2.23	2.27	2.31
inspection price in YTL	94.5	101.6	107.1	112.8	118.9	125.4	132.1	139.3	146.8	154.7	163.1	171.9	181.2	190.9	201.3	212.1	223.6	235.6	248.4	261.8
inflation	7%	7%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

Source: RJS estimates

EXPECTATIONS FOR 2008 AND ONWARDS

We expect the auto market to contract by 7% yoy in 2008... Although the auto market grew by 28% yoy in the first two months of the year, we expect the market to close the year with a 7% yoy contraction. Our contraction estimate is based on our revised macroeconomic forecasts which indicate yoy higher fx rates, interest rates and inflation as well as increased political uncertainty.

New macro forecasts are likely to threaten DOAS' profitability... We expect that DOAS' sales volume will decline by 11% yoy in 2008. Being an importer that is highly sensitive to fx rates, the significant yoy increase in TRY/EUR rates is likely to decrease the company's profitability. Despite foreseeing a slight yoy increase in sales revenues for the company in 2008, we expect that gross profit will decline by 8% and EBITDA by 28% yoy in 2008E as the company is likely to have difficulty in reflecting cost increases stemming from fx rate hikes to sales prices in the contrasting domestic market. Bottom line contraction might even be worse as the company is likely to write losses from the vehicle inspection business.

We expect a better figure for 2009... With a 125 bps rate cut by the Central Bank in 2009 and relatively more stable fx rates, we foresee that the auto market will grow by 9% yoy. As we expect that Dogus Otomotiv might be able to reflect cost increases to sales prices more easily in the growing market, we foresee a better figure for the company in 2009 in terms of sales revenues and profitability. LCV sales in Egypt, Porsche sales in Lausanne and Otofix outlets will also contribute to the sales revenue increase, while the vehicle inspection business starts to affect the bottom line positively beginning from 2009.

FINANCIALS

INCOME STATEMENT (US$mn)	2006	2007	2008E	2009E
Net Sales	1,765	1,963	2,030	2,300
Domestic	*1,765*	*1,955*	*2,000*	*2,224*
International	*0*	*8*	*30*	*76*
Cost Of Sales	-1,563	-1,692	-1,781	-2,014
Gross Profit	**202**	**271**	**249**	**287**
Gross Profit Margin %	***11.5%***	***13.8%***	***12.3%***	***12.5%***
Operating Expenses	-160	-203	-206	-220
Net Operating Income	**42**	**67**	**43**	**66**
Operating Profit Margin %	***2.4%***	***3.4%***	***2.1%***	***2.9%***
Income from Other Operations	16	26	14	39
Expenses from Other Operations	-11	-15	-12	-14
Financial Expenses	-30	-21	-23	-23
Operating Profit	17	58	21	68
Net Changes on Monetary Positions	0	0	0	0
MINORITY INTERESTS	2	1	1	1
INCOME BEFORE TAXES	19	58	22	69
Taxation on Income	-3	-9	-4	-14
NET PROFIT	**15**	**49**	**18**	**55**
Net income margin %	**0.9%**	**2.5%**	**0.9%**	**2.4%**
EBITDA	**50**	**81**	**59**	**81**
EBITDA margin %	***2.8%***	***4.1%***	***2.9%***	***3.5%***

Source: Company data, RJS estimates

BALANCE SHEET (US$mn)	2006	2007	2008E	2009E
Liquid Assets	86	90	32	24
Short-term Trade Receivables	120	168	174	223
Inventories	300	265	284	323
Other current assets	8	8	9	10
Total Current Assets	**514**	**531**	**499**	**581**
Tangible fixed assets	77	176	177	185
Intangible fixed assets	4	5	4	7
Financial assets	200	284	250	228
Other long-term assets	6	2	6	9
Total Long-Term Assets	**288**	**467**	**437**	**429**
TOTAL ASSETS	***802***	***998***	***936***	***1,009***
Short-term Trade payables	383	356	351	400
Short-term Financial Loans	21	37	39	45
Other payables	27	36	37	42
Total Current Liabilities	**431**	**430**	**427**	**486**
Long-term Financial Loans	22	94	97	104
Other Long-term Liabilities	6	6	4	4
Total Long-Term Liabilities	**28**	**100**	**101**	**108**
Total Shareholder's Equity	**340**	**466**	**407**	**413**
Minority Interest	3	2	1	1
TOTAL LIABILITIES & SH. EQUITY	***802***	***998***	***936***	***1,009***

Source: Company data, RJS estimates

INCOME STATEMENT (YTL mn)	2006	2007	2008E	2009E
Net Sales	2,527	2,552	2,638	3,292
Domestic	*2,527*	*2,541*	*2,599*	*3,183*
International	*0*	*11*	*39*	*109*
Cost Of Sales	-2,238	-2,200	-2,315	-2,882
Gross Profit	**289**	**353**	**324**	**410**
Gross Profit Margin %	***11.5%***	***13.8%***	***12.3%***	***12.5%***
Operating Expenses	-229	-265	-268	-315
Net Operating Income	**60**	**88**	**55**	**95**
Operating Profit Margin %	***2.4%***	***3.4%***	***2.1%***	***2.9%***
Income from Other Operations	23	34	18	55
Expenses from Other Operations	-15	-19	-16	-20
Financial Expenses	-44	-27	-30	-33
Operating Profit	24	75	28	98
Net Changes on Monetary Positions	0	0	0	0
MINORITY INTERESTS	3	1	1	1
INCOME BEFORE TAXES	27	76	29	99
Taxation on Income	-5	-12	-6	-20
NET PROFIT	**22**	**64**	**23**	**79**
Net income margin %	**0.9%**	**2.5%**	**0.9%**	**2.4%**
EBITDA	**72**	**106**	**76**	**116**
EBITDA margin %	***2.8%***	***4.1%***	***2.9%***	***3.5%***

Source: Company data, RJS estimates

BALANCE SHEET (YTL mn)	2006	2007	2008E	2009E
Liquid Assets	121	104	44	29
Short-term Trade Receivables	115	117	132	154
Inventories	422	307	388	483
Other current assets	12	9	12	15
Total Current Assets	**723**	**615**	**682**	**861**
Tangible fixed assets	109	203	241	285
Intangible fixed assets	6	6	6	10
Financial assets	281	330	341	341
Other long-term assets	9	7	5	7
Total Long-Term Assets	**404**	**542**	**596**	**649**
TOTAL ASSETS	***1,127***	***1,157***	***1,278***	***1,510***
Short-term Trade payables	591	413	576	718
Short-term Financial Loans	47	43	85	106
Other payables	38	42	50	63
Total Current Liabilities	**605**	**499**	**583**	**728**
Long-term Financial Loans	31	109	132	156
Other Long-term Liabilities	9	7	5	7
Total Long-Term Liabilities	**39**	**116**	**137**	**162**
Total Shareholder's Equity	**478**	**541**	**556**	**619**
Minority Interest	4	2	2	2
TOTAL LIABILITIES AND SHAREHOLDER	***1,127***	***1,157***	***1,278***	***1,510***

Source: Company data, RJS estimates

Raymond James Securities – Turkey

Rating definitions:

1-Strong Buy : The analyst has high conviction that the stock will appreciate and produce a total return of at least 25% in US$ terms over the next 12 months.

2-Buy : The analyst believes that the stock will appreciate and produce a total return of at least 15% in US$ terms over the next 12 months.

3-Hold : The analyst believes that the stock will produce a total return of less than 15% in US$ terms over the next 12 months.

4-Sell : The analyst believes that the stock will generate a negative return in US$ terms over the next 12 months.

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