

INTERIM REPORT

Company Name : FORD OTOMOTİV SANAYİ A.Ş.

Report Period : 01.01.2011 – 30.09.2011

Board of Directors : Rahmi M. Koç (Chairman),
Stephen T. Odell (Vice Chairman),
Bülent Bulgurlu,
Y. Ali Koç (Audit Committee Member),
A. İhsan İlkbahar,
O. Turgay Durak,
Stuart J. Rowley (Audit Committee Member),
John Fleming,
Paul R. T. Randle,
Michael R. Flewitt,
Nuri K. Otay (General Manager),
Grant E. Belanger (Deputy General Manager)

Auditors : Mehmet Apak, Adnan Nas

1. Market

Total domestic sales in the first nine months increased by 31% to 632,714 units (483,282)*. compared to the same period of 2010 Thanks to the economic growth in the first nine months; passenger car, light and medium commercial vehicle sales grew by 32%, 19% and 34% respectively. Sales in the heavy commercial vehicle segment rose by 81%.

2. Market Shares

Ford Otosan's total market share was 15.3% (15.5%) as of September 2011 and the domestic market leadership is continuing. Increase in import costs, due to depreciation of TL against EURO, dropped our market share in the passenger car segment to 10.3% (10.7%). The market share in the light commercial vehicle segment increased by 0.2% to 20.1% (19.9%). Leading position in the medium commercial vehicle segment goes on with 34.7% (36.4%) market share. Ford Otosan recorded a significant growth in the heavy commercial vehicle segment with 21.8% (16.2%) market share and has the second ranking.

3. Production and Capacity

The capacity utilization rate, which was around 70% level in the same period of 2010, increased to 90% as a result of the recovery in the domestic and foreign market sales. Total production volume also increased by 31% versus the same period last year. In Kocaeli Plant; 137,170 Transit and 72,333 Connect were manufactured. The total production volume is 216,393 units (165,641) including 6,890 Cargo trucks manufactured in İnönü Plant.

4. Export and Sales

159,856 vehicles (123,858) were exported in the first nine months of 2011 and the increase in export volume is 29%. The export sales revenue reached to Euro 1,849 million (Euro 1,445 million). Total sales volume rose by 29% to 257,093 units (199,762) including 97,237 vehicles (75,904) sold to domestic dealers. Parallel to the growth in sales volume, net sales revenue increased by 47% compared to last year.

* The numbers shown in parentheses show the values corresponding to the same period previous year.

5. Investments

TL 190 million (TL 40.5 million) capitalized expenditure was made in the first nine months of 2011. Capitalized expenditure is expected to increase in the last quarter of the year.

6. R&D Activities

TL 86 million (TL 62 million) of R&D expenditure was spent in the first nine months for various product development projects. R&D Projects are carried out in line with the product programs and the number of R&D engineers exceeded 1000.

7. Personnel Figure

As of September 30, 2011, the company has a total of 9,976 employee composed of 2,100 white-collar and 7,876 blue-collar workers. (31 December 2010: total of 8,413 employees composed of 1,778 white-collar and 6,635 blue-collar workers).

The blue-collar workers in our company are under the coverage of Collective Labor Contract signed between Turkish Metals Union and MESS This agreement is effective from September 1st 2010 and valid for two years.

8. Profitability

Provision booked for the Competition Board's regulatory fine had a negative effect of TL 36.6 million on the operating profit. As a result of higher capacity utilization rate, production and sales volume, operating profit increased to TL 560 million (TL 374 million), and operating margin rose to 7.6%. If the provision for the Competition Board's fine is excluded, operating margin would be calculated as 8.1%. The cost impact of significant devaluation of TL vs. EURO restricted further improvement in the operating profit margin. Profit Before Tax is recorded as TL 617 million (TL 380 million) in the first nine months of 2011. Net earnings is reported as TL 506 million (TL 309 million).

9. Financing

The company borrowed Euro 78 million and repaid Euro 37 million in the first nine months of 2011. Consequently, as of September end, total debt level became Euro 297 million (Euro 149 million) from Euro 256 million figure at the beginning of the year. The cash balance is 839 million TL (489 million TL) as of September 30, 2011.

The company continues to follow financial risks very closely and maintains prudent policies. The main policies regarding various risks are summarized in the Note 2 of financial statements.

Despite the risk of a contraction in demand due to the negative outlook of economic and financial markets in Europe, we aim to reach record sales volume in 2011, thanks to the positive course both in domestic and export markets. Our target is to maintain market leadership for the 10th consecutive year and exhibit an increasing production and sales performance this year as well.

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