

INTERIM REPORT

Company Name : FORD OTOMOTİV SANAYİ A.Ş.

Report Period : 01.01.2011 – 31.03.2011

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,
Steven Adams,
Michael R. Flewitt,
Nuri K. Otay (General Manager)
Theodore J. Cannis (Deputy General Manager)

Auditors : Mehmet Apak, Adnan Nas

1. Market

Total domestic sales in the first three months increased by 79% compared to the same period of 2010 to 191,704 units (107,073)*. Owing to the economic growth and rise in consumer confidence index; passenger car, light and medium commercial vehicle sales grew by 83%, 66% and 61% respectively in the first quarter. The rise in the heavy commercial vehicle segment was 204% level.

2. Market Shares

Ford Otosan's total market share was 14.6% (15.1%) as of March 2011 and the domestic market leadership is continuing. Our market share in the passenger car decreased to 9.8% (10.1%) The market share in the light commercial vehicle segment decreased by 2.6% to 18.5% (21.1%). Leading position in the medium commercial vehicle segment goes on with 31.9% (31%) market share. Ford Otosan recorded a significant increase in the heavy commercial vehicle segment with 23.3% (13.2%) market share and has the second ranking.

3. Production and Capacity

The capacity utilization rate, which was around 60% level in the first quarter of 2010, increased to 85% as a result of the recovery in domestic and foreign market sales. Total production volume also increased by 41% versus the same period last year. In Kocaeli Plant; 43,886 Transit and 23,001 Connect were manufactured. The total production volume is 69,197 units (49,083) including 2,310 Cargo trucks manufactured in İnönü Plant.

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

4. Export and Sales

51,048 vehicles (38,020) were exported in the first quarter of 2011 and the increase in export volume is 34%. The export sales revenue reached to Euro 600 million (Euro 417 million). Total sales volume rose by 45% to 79,770 units (55,105) including 28,722 vehicles (17,085) sold to domestic dealers. Parallel to the growth in sales volume, net sales revenue increased by 60% compared to last year.

5. Investments

19.4 million TL (9.7 million TL) capitalized expenditure was made in the first three months of 2011. A significant increase in the capitalized expenditure is expected especially in the second half of the year.

6. R&D Activities

26 million TL (18 million TL) of R&D expenditure was spent in the first three months for various product development projects. R&D Projects are carried out in line with the product programs.

7. Personnel Figure

As of March 31 2011, the company has a total of 8,761 employee composed of 1,917 white-collar and 6,844 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 of March 31, 2011. However, as a result of higher capacity utilization rate, production and sales volume, operating profit increased by 71% yoy to TL 159 million, and operating margin rose to 7.1%. If the provision for the Competition Board's fine is excluded, operating margin would be calculated as 8.8%.

Profit Before Tax is recorded as TL 183 million (TL 91 million) in the first quarter of 2011.

Financing

The company repaid Euro 9 million in January-March period. Consequently, as of March end, total debt level became Euro 247 million (Euro 172 million) from Euro 256 million figure at the beginning of the year. The cash balance is 841 million TL (476 million TL) as of March 31, 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 2.3.16 of financial statements.

In 2011, the expectations regarding the number of sales, both in domestic and foreign markets, are still in a positive way. We aim to maintain market leadership for the 10th consecutive year and show an increasing production and sales performance this year as well.

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