# INTERIM REPORT

**Company Name** : **FORD OTOMOTİV SANAYİ A.Ş.**

**Report Period** : **01.01.2010 – 31.03.2010**

**Board of Directors:** Rahmi M. Koç (Chairman),
John Fleming (Vice Chairman),
Bülent Bulgurlu,
Y. Ali Koç (Audit Committee Member),
A. İhsan İlkbahar,
O. Turgay Durak
Bryan D. Myers (Audit Committee Member),
Ingvar M. Sviggum,
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 8% compared to the same period of 2009 to 107,077 units (99,455)[•]. Last year, the SCT reduction at the second half of March had a positive effect especially in the passenger car segment. Although there were no such incentives in the first three months of 2010, passenger car sales had a similar performance in this term whereas the growth rates for light, medium and heavy commercial vehicle sales were 36%, 15% and 67% respectively.

## 2. Market Shares

Ford Otosan's total market share was 15.1% (13.4%) as of March 2010 and the domestic market leadership is continuing. Especially in the light commercial vehicle segment, the market share which had decreased last year due to the availability problem, increased to 21.1% (17.9%). As a result of the enlargement in number of imported cars, the market share in passenger car segment also increased to 10.1% (8.9%). Leading position in the medium commercial vehicle segment goes on with 31% (33.1%) market share. Ford Otosan has the third rank in the heavy commercial vehicle segment with % 13.5 market share.

## 3. Production and Capacity

The capacity utilization rate, which was around 25% level in the first quarter of 2009, increased to 60% as a result of the recovery in domestic and foreign market sales. Total production volume also increased by 148% versus the same period last year. In Kocaeli Plant; 29,680 Transit and 18,949 Connect were manufactured. The total production volume is 49,083 units (19,798) including 454 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

38,020 vehicles (17,608) were exported in the first quarter of 2010 and the increase in export volume is 116%. The export sales revenue reached to Euro 417 million (Euro 230 million). Total sales volume rose by 85% to 55,105 units (29,846) including 17,085 vehicles (12,238) sold to domestic dealers. Paralel to the growth in sales volume, net sales revenue increased by 66% compared to last year.

## 5. Investments

9.7 million TL (13.7 million TL) capitalized expenditure was made in the first quarter of 2010. The capitalized expenditure is expected to increase especially in the second half of the year.

## 6. R&D Activities

4.8 million TL (4.3 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 2010, the company has a total of 7,658 employee composed of 1,521 white-collar and 6,137 blue-collar workers. (31 December 2009: total of 7,593 employees composed of 1,416 white-collar and 6,313 blue-collar workers).

The blue-collar workers in our company are under the coverage of Collective Work Agreement signed on Dec.5, 2008 between Turkish Metals Union and MESS, effective as of Sep.1, 2008. This agreement is valid for two years and expires on Aug.31, 2010.

## 8. Profitability

Operating Profit is 93 million TL (30 million TL) and Profit Before Tax is 91 million TL (36.7 million TL) as of March-end. Thanks to the recovery in capacity utilization rate and significant increase in production and sales volume; the operating profit margin which was around 4% in the first quarter 2009, increased to 7% in this period. The profitability is expected to improve in the coming months as a result of the increase in production and sales volume.

## 9. Financing

The company borrowed Euro 59 million in January-March period and repaid Euro 66 million in three months. Consequently, as of March end, total debt level became Euro 172 million (Euro 200 million) from Euro 179 million figure at the beginning of the year. The cash balance is 475 million TL (606 million TL) as of March 31, 2010.

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 2010, the expectations regarding the number of sales, both in domestic and foreign markets, are changing in a positive way. Within this context, any increase in production and sales volume would enable improvement in capacity utilization rate and current profitability.

**FORD OTOMOTİV SANAYİ A.Ş.**