

2016

ANNUAL REPORT



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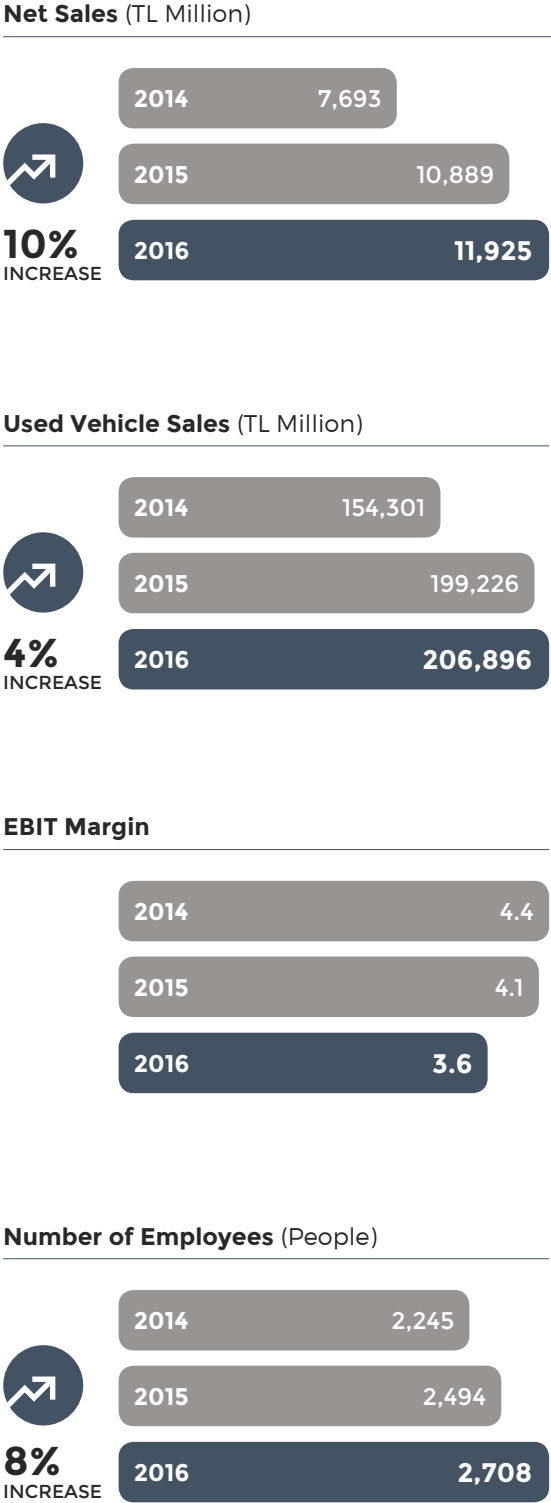
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ABOUT DOĞUŞ OTOMOTİV

DOĞUŞ OTOMOTİV BOASTS TURKEY’S
BROADEST BRAND AND SERVICE
NETWORK IN ITS INDUSTRY.

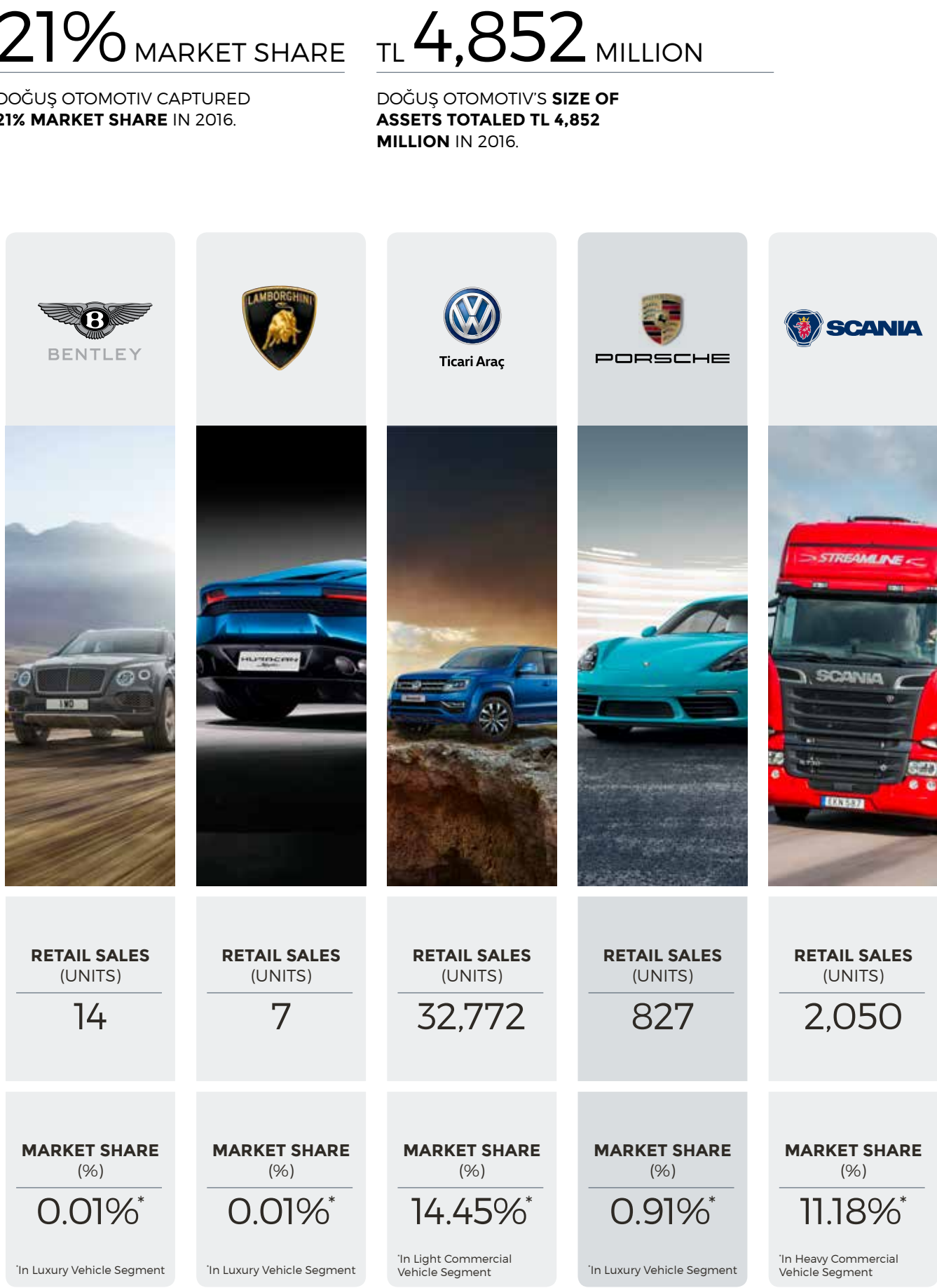
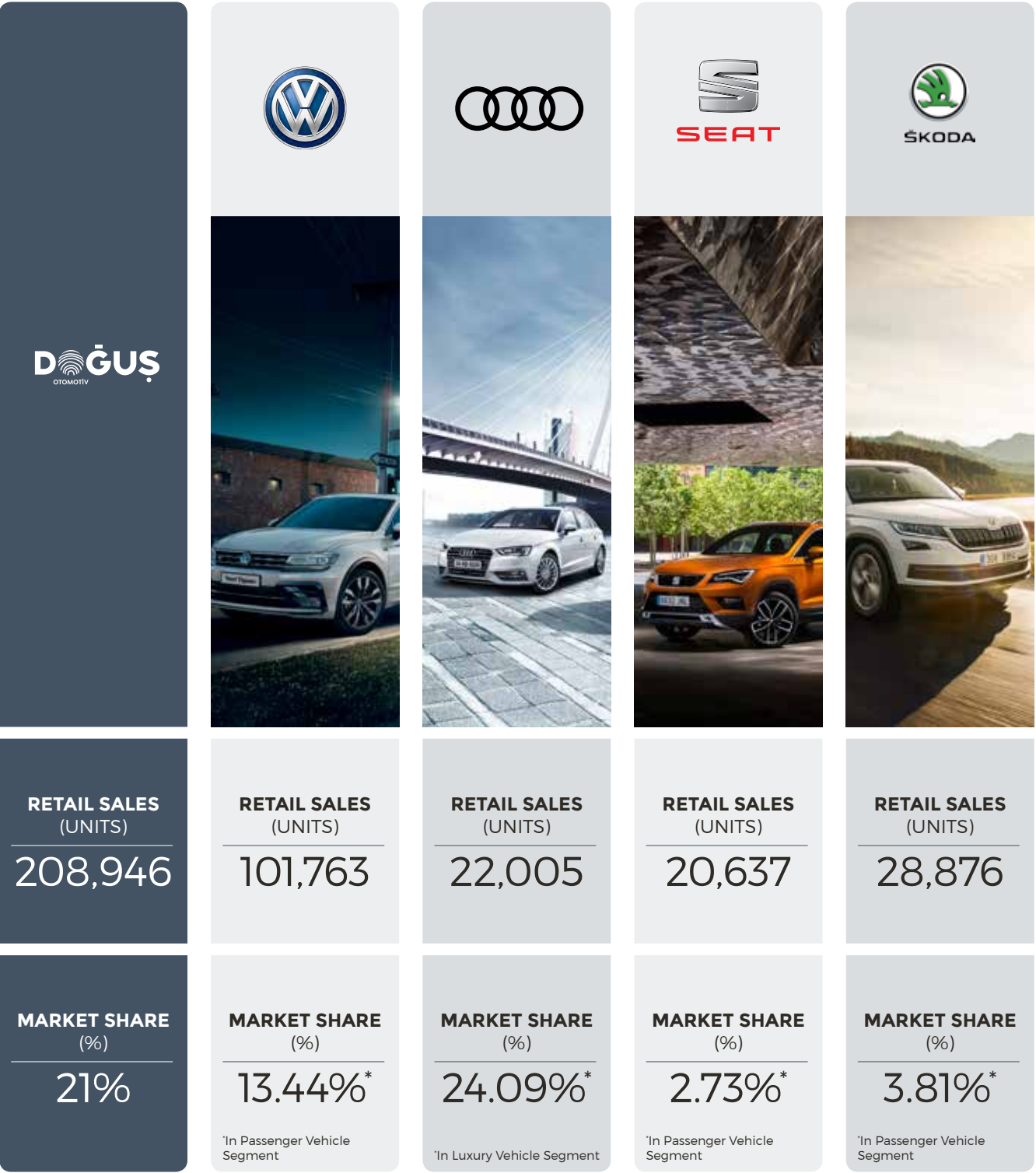
Doğuş Otomotiv continued to maintain its position among Turkey’s leading automotive importers and the largest automotive distributors in 2016, the company’s 22nd year of operations. Doğuş Otomotiv prepares its business plans driven by the vision of “creative service beyond expectations”, and determines its corporate strategy with the goal of “operating with a focus on customer satisfaction”. Doğuş Otomotiv boasts the widest brand and service network in Turkey in its industry segment.

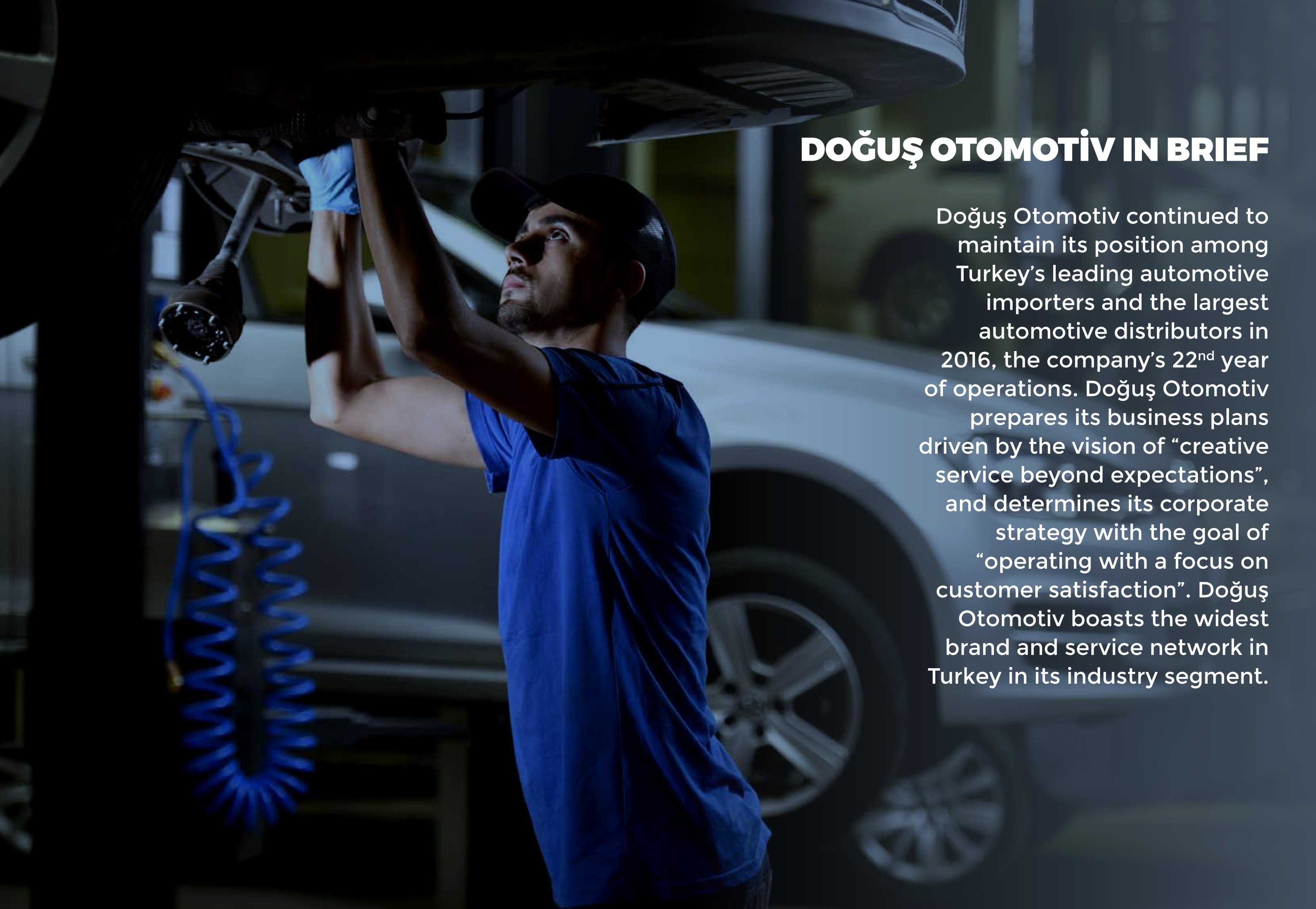


TL 11,925 MILLION

DOĞUŞ OTOMOTİV
SALES REVENUE OF
TL 11,925 MILLION IN 2016.

IN 2016, DOĞUŞ OTOMOTIV SUCCEEDED IN
MAINTAINING ITS LEADING POSITION IN THE
TURKISH AUTOMOTIVE INDUSTRY FOR THE
FIFTH CONSECUTIVE YEAR.



A mechanic in a blue shirt and cap is working on the undercarriage of a car. The car is elevated on a lift. The mechanic is using a tool to work on the suspension or steering components. The background shows a typical garage setting with various tools and equipment.

DOĞUŞ OTOMOTİV IN BRIEF

Doğuş Otomotiv continued to maintain its position among Turkey's leading automotive importers and the largest automotive distributors in 2016, the company's 22nd year of operations. Doğuş Otomotiv prepares its business plans driven by the vision of "creative service beyond expectations", and determines its corporate strategy with the goal of "operating with a focus on customer satisfaction". Doğuş Otomotiv boasts the widest brand and service network in Turkey in its industry segment.

CHAIRMAN'S STATEMENT

WE ARE STRUCTURED
AS AN EFFICIENCY-
ORIENTED
AND LEARNING
ORGANIZATION HAVING
SOLD 1.7 MILLION
VEHICLES ACROSS
TURKEY.

Esteemed Stakeholders of Doğuş Otomotiv,

History recorded 2016 as a year when the global economy was tested with tough conditions. As a result of the long-term felt fragilities, the global economy only grew below its potential by 3.1%. The interest rate increase of the Fed, highly anticipated by all capital markets, was realized in the last month of the year.

Likewise, the announcement that the Fed will continue to increase interest rates in 2017 also showed that the strong position of the US dollar against the local currencies will continue in the coming period. The election of Donald Trump as the US president and the UK's decision to exit from the EU through a referendum was the beginning of a new era for developed economies. OPEC member countries' and Russia's decision to tighten oil supply indicates to an upward trend in oil prices in the coming period.

The global automotive industry maintained its vitality

The automotive sector, one of the few industries to maintain its vitality on a global scale, passed beyond 90 million in production figures as of 2016 yearend. Even though the Chinese market continued to be a center of attraction for all major brands, the recovery in the US and European markets has been an important source of motivation for the sector's R&D activities and new launches. Albeit the global competition among major automotive brands continued in 2016 over products based on technology and design, the spread of protectionist economic policies in developed countries also led to sharper competition.

Turkey maintained its macro-economic discipline

In addition to the economic developments that threatened rising economies globally, 2016 was a challenging year for Turkey, faced with a fragile political conjuncture. Despite Standard & Poor's and Moody's having downgraded our country's credit ratings, Turkey did not compromise its budget discipline and achieved 2.4% growth according to the first nine months of the year.

Turkish automotive market showed strong performance with 1 million vehicles sold

As of 2016 yearend, the Turkish automotive market displayed strong performance, reaching a sales figure of 1 million vehicles, including the heavy commercial vehicles segment. The fact that Turkey has a strong consumption acceleration in terms of vehicle ownership ratio compared to the European market and that automotive continues to be seen as an investment tool in the public eye are determinants of the continued demand in the market. As one of the most experienced players in the Turkish automotive market, we will continue to pursue these dynamics closely and continue to improve our business performance in the coming period.

Doğuş Otomotiv will be on the forefront with competitive advantages

As Doğuş Otomotiv, we anticipate that the volatility in foreign exchange rates, which started in the last quarter of 2016, will affect the key dynamics of the automotive market. We should expect a contraction in 2017 with the foreign exchange volatility affecting the sector in a multidimensional way, from operating expenses to fuel and spare part prices right along with an increased tax burden. Therefore, we are determined to maintain our success by using our key competitive advantages effectively.

Doğuş Otomotiv: An efficiency-oriented and learning organization

As a company, that not only distributes 12 prestigious brands owned by VW Group, but also manages overall the sales, aftersales services, used vehicle business and financial services, Doğuş Otomotiv reached yet again industry-referenced successes in 2016.

Until today, we have sold 1.7 million vehicles across Turkey and are structured as an efficiency-oriented and learning organization.

Thanks to the high standards we have achieved not only in sales numbers but also in every area we serve, we were able to lead the sector in terms of customer loyalty.

Our experienced team is our most important assurance. Our skilled and experienced team continued to take important duties in 2016 to ensure that our business processes were run in line with the shared targets of our three main pillars, namely our relations with manufacturers, our authorized dealer network, and our technological infrastructure. With our stable structure supported by solid foundations, as Doğuş Otomotiv we aim to succeed on running our business processes focused on efficiency in the coming period.

Our success story will continue...

We would like to extend our gratitude to all of our stakeholders for supporting Doğuş Otomotiv's performance in 2016. As a company that plays an important role in the development of the Turkish automotive industry and raises its quality standards, we will continue our successful journey in the coming period.

Sincerely,

Chairman
Aclan Acar

CEO'S STATEMENT

IN 2016, DOĞUŞ OTOMOTİV INCREASED ITS MARKET SHARE, MAINTAINING ITS LEADING POSITION IN THE TURKISH AUTOMOTIVE INDUSTRY FOR THE FIFTH CONSECUTIVE YEAR.



Esteemed Stakeholders,

The Turkish economy was able to record only 2.4 % growth for first nine months of the year due to the challenging conditions in the global economy. However, despite the difficulties, the Turkish automotive industry has achieved positive results in terms of production, exports and total market indicators. When we look at the passenger car market indicators in Turkey, the total retail market for passenger cars and light commercial vehicles, which sold 968,017 units in 2015, increased 1.6%, and sold 983,720 units in 2016. Passenger car sales, which amounted to 725,596 in 2015, increased by 4.3% to 756,938 in 2016 while light commercial vehicle sales that sold 242,421 in 2015 decreased by 6.5% in 2016 to 226,782 units. For Doğu Otomotiv that carries out business in line with its goal of providing services beyond expectations with 22 years of experience and expertise 2016 was a year that we attained positive financial and operational results. Doğu Otomotiv increased its retail market share, excluding heavy commercial vehicles, from 20.6% to 21% with sales up from 199,226 to 206,896 units.

12 brands, all leaders in their segments, and nearly 80 models...

Doğu Otomotiv reached positive results with all of its brands in 2016. Volkswagen Commercial Vehicles recorded the highest sales figures ever in 2016 and captured the highest market share yet; while SEAT achieved the highest sales performance in its history with 20,637 units.

Škoda was named the most successful distributor among 103 countries in the annual "Best Distributor Award" event in the Aftersales Services category.

As of 2016 yearend, Volkswagen Passenger Cars has sold more than 100,000 retail vehicles, becoming the most preferred brand in Turkey for the fourth times. Audi, achieved significant success in 2016, increasing its sales in the retail passenger car market by 8.51% year on year, and reaching the highest sales figure on record with 22,005. Porsche has reached a sales figure of 827 with the sales, marketing and aftersales services actions designed in line with the global digitalization strategy, and became one of the 2016 Gladiators in the "Outdoor Execution of the Year" category for the first time in the ODD Sales and Communication Awards.

Spare Parts and Logistics Department made a difference with 99% parts availability

Our Spare Parts and Logistics department, which carries out the spare parts imports, storage and delivery to authorized aftersales services for all brands under the roof of Doğu Otomotiv, maintained its leadership in the industry with 99% parts availability as of 2016 yearend. The department imported 186,300 vehicles and delivered 211,000 vehicles to Authorized Dealers, in 2016.

Value and Care Center: A strong step toward peerless customer satisfaction

The Value and Care Center which operates under Doğu Otomotiv, has continued to give a unique experience to our customers and has successfully contributed to business process of both the brands and the Authorized Dealers and Services as dialogue management, roadside assistance, call center and operational services in 2016. Doğu Otomotiv Value and Care Center (DIM), has made us proud by winning top two prizes at the Contactcenterworld.com Awards for the high quality standards which it attained in a short time.

Our information technology infrastructure is our greatest support...

As a company that carries out activities with dealers through a strong network infrastructure, we do not limit our contact with customers to the showrooms but fully meet customer expectations with the communication channels created in line with requirements of technology.

Award-winning HR projects

Doğu Otomotiv considers its skilled and experienced manpower as one of the most important components of its sustainable success performance. It has successfully carried out education activities for its authorized dealers' personnel in 2016 with Drive Project, launched in 2014. The GO (Development School) Platform, an online social learning network developed with gamification approach, has made us proud by winning four prizes at the internationally recognized Stevie and Brandon Hall Excellence Awards in 2016.

"Traffic is Life!" celebrates its 12th years...

The "Traffic is Life!" Social Responsibility Platform that we have started to raise awareness about a safe traffic culture in Turkey continued to engage our stakeholder groups with projects that made a difference in 2016.

I would like to extend my gratitude to all of our stakeholders for their support in 2016 toward the continued success of Doğu Otomotiv, one of the most experienced actors in the Turkish automotive industry.

As Doğu Otomotiv, we pursue our business processes on long-term targets. We will continue to follow closely the developments in automotive and its technologies, and will be offering innovative products and services to our customers.

Sincerely,

Emir Ali Bilaloğlu
Chief Executive Officer

CORPORATE PROFILE

Doğuş Otomotiv continued to maintain its position among Turkey's leading automotive importers and the largest automotive distributors in 2016, the company's 22nd year of operations. Doğuş Otomotiv prepares its business plans driven by the vision of "creative service beyond expectations", and determines its corporate strategy on the goal of "operating with a focus on customer satisfaction". Doğuş Otomotiv boasts the widest brand and service network in Turkey in its industry segment.

Doğuş Otomotiv is the representative of 12 international brands, each the leader of its own segment, in the fields of passenger cars, light commercial vehicles, heavy vehicles, industrial and marine engines, and cooling systems. Doğuş Otomotiv offers private and corporate customers the Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Lamborghini, Bugatti, Porsche, Volkswagen Commercial Vehicles, and Scania brands as well as a wide array of more than 80 models by these brands. The company also competes in the industrial and marine engines market with the Scania Engines brand, and in the cooling systems market with Thermo King.

Doğuş Otomotiv adopts unconditional customer satisfaction as the number one priority in its services, and has one of the largest authorized dealer and aftersales service networks in Turkey. More than 500 meeting points across the country offer Doğuş Otomotiv's customers seamless, widespread sales, aftersales, and spare parts services.

The close business cooperation based on mutual trust with the Volkswagen Group led Doğuş Otomotiv to establishing D-Auto Suisse SA, a Porsche Authorized Dealer and Aftersales Service Center in Lausanne in 2009. Since then the Lausanne operation has grown with the addition of the Bentley brand, and used luxury car sales operation D-Occasion. Doğuş Otomotiv's operations abroad also include the Erbil-based D-Auto LLC, a company founded in 2014 to distribute Volkswagen and Audi brands in Northern Iraq. Doğuş Otomotiv continues to grow as a leading company in the industry with new investments.

Doğuş Otomotiv is one of the most important players of the Turkish automotive industry with nearly 2,500 employees. The unwavering customer-satisfaction oriented dynamic service approach that the company has adopted since the very beginning has always made Doğuş Otomotiv one of the most liked and trusted brands in Turkey according to corporate reputation surveys. Since its initial public offering in 2004, Doğuş Otomotiv shares are traded at Borsa İstanbul (BIST) with the ticker symbol "DOAS. IS".

Doğuş Otomotiv, which builds all of its business processes in line with its environmental and social responsibility approach, released its first Corporate Sustainability Report in 2009, which also happened to be a first in Turkey in this segment. Doğuş Otomotiv went on to undersign the UN Global Compact in 2010. Aiming to make a positive difference in the overall responsibility, awareness and perception in the community toward traffic safety, the company has been carrying out social responsibility projects for 12 year without interruption since they were first launched with the "Traffic is Life!" slogan in 2004. The corporate responsibility platform "Traffic is Life!" features various education-focused projects aimed at different age groups and carried out in cooperation with public institutions, and it has been recognized with numerous awards.

Doğuş Otomotiv is listed on the BIST Sustainability Index for the second time from November 2016 to October 2017.

Doğuş Otomotiv is a member of the Doğuş Group that operates in the financial services, automotive, construction, media, tourism and services, real estate, energy, and food & beverage industries.

Sales Units (Retail)	2016	2015	2014
Passenger Vehicles	174.124	167.584	130.300
Volkswagen	101.763	107.401	84.646
Audi	22.005	20.279	17.809
Seat	20.637	16.911	12.697
ŠKODA	28.876	22.107	14.537
Bentley	9	19	21
Lamborghini	7	6	2
Porsche	827	861	588
Light Commercial Vehicles	32.772	31.642	24.001
Volkswagen	32.772	31.642	24.001
Heavy Commercial Vehicles	2.060	3.856	3.039
Scania	2.050	3.291	2.014
Krone	2	158	716
Meiller	8	407	309
TOTAL	208.956	203.082	157,340
DOAŞ Market Share (retail)	21,0%	20,6%	20,1%
Used Car Sales (DOD)	22.534	23.125	21.120

Financial Indicators	2016	2015	2014
Net Sales (million TRY)	11,925	10,889	7,693
Operating Expenses (million TRY)	727	662	537
OpEx/Sales(%)	6.1%	6.1%	7.0%
EBIT (million TRY)	426	447	336
EBIT (%)	3.6%	4.1%	4.4%
Gross Profit (million TRY)	1,153	1,109	873
Gross Profit Margin (%)	9.7%	10.2%	11.3%
Net Profit (million TRY)	238	302	253
Net Margin (%)	2.0%	2.8%	3.3%
ROA	4.9%	7.6%	9.0%
ROE	21.3%	22.2%	20.5%
Net Financial Liabilities/Equity*	2.39	1.37	0.84
CapEx (million TRY)**	208	169	115

* Includes short-term loans, short-term portions of long-term loans, long-term loans, cash and equivalent.

** Includes tangible asset entries.

FINANCIAL INDICATORS

Sales (million TL)

2014	7,693
2015	10,889
2016	11,925

Gross Profit Margin (%)

2014	11.3
2015	10.2
2016	9.7

Operating Expenses/Sales (%)

2014	7.0
2015	6.1
2016	6.1

EBIT Margin (%)

2014	4.4
2015	4.1
2016	3.6

Net Profit (million TL)

2014	253
2015	302
2016	238

Net Profit Margin (%)

2014	3.3
2015	2.8
2016	2.0

Total Assets (million TL)

2014	2,827
2015	3,980
2016	4,852

Total Equity (million TL)

2014	1,236
2015	1,363
2016	1,119

Net Financial Debt*/Equity

2014	0.84
2015	1.37
2016	2.39

* Includes short-term loans, short term portions of long term loans, long term loans, cash and equivalent

ROA (%)

2014	9.0
2015	7.6
2016	4.9

ROE (%)

2014	20.5
2015	22.2
2016	21.3

CapEx (million TL)**

2014	115
2015	169
2016	208

** Includes intangible asset entries.

STOCK PERFORMANCE

BIST Code: DOAS.IS

Reuters Code: DOAS.IS

Bloomberg Code: DOAS.TI

Number of stocks: 220,000,000

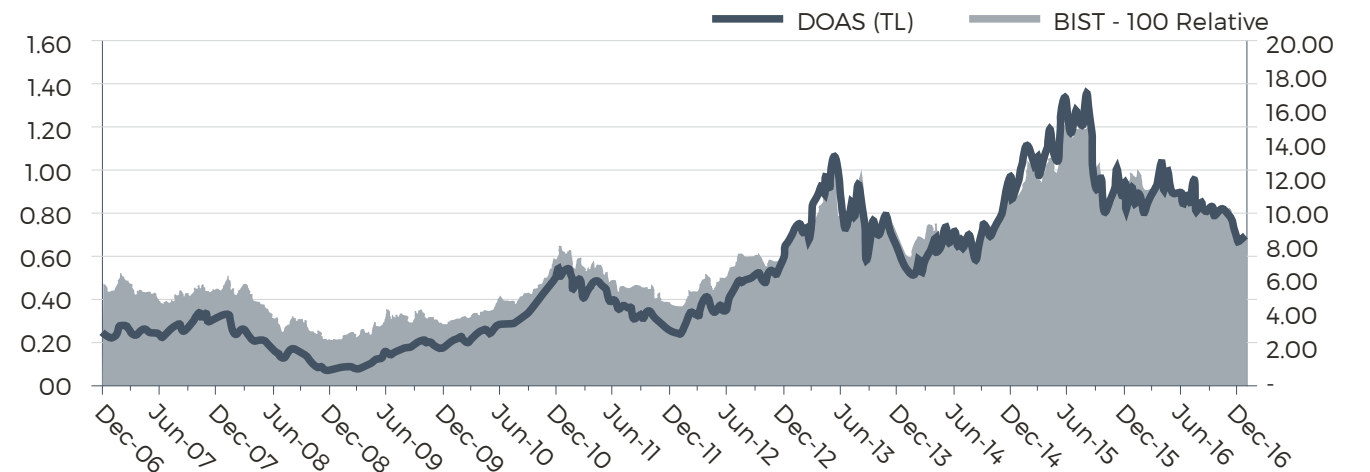
Initial public offering: 6/17/2004

Free float rate: 34.5%

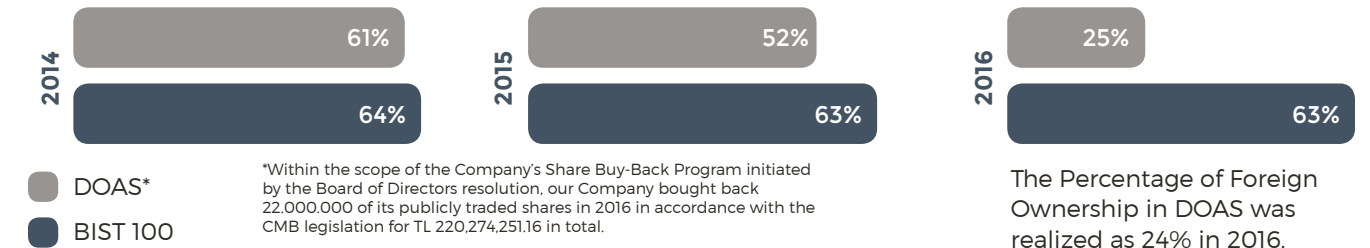
Stock Performance in 2016

	TL	USD
Share price (31.12.2016):	8.78	(2.49)
Lowest (01.12.2016):	8.27	(2.40)
Highest (04.04.2016):	13.29	(4.71)
Market Cap. (31.12.2016):	1,932 m	(549 m)
Daily average trading volume:	13.4 m TL	(4.5 m)

In 2016, Doğu Otomotiv share trade was represented by 10.9% capital loss on aggregate.



PERCENTAGE OF FOREIGN OWNERSHIP (%)



EARNINGS PER SHARE

2014	1.14
2015	1.38
2016	1.11

PRICE/EARNINGS RATE

2014	10.45
2015	8.00
2016	7.91

In 2016, Earnings per Share was realized as 1.11.

In 2016, the Price/Earnings Rate was realized as 7.91.

MILESTONES

1994

- » Distributorship contract with Volkswagen AG
- » Scania Distributorship agreement



- » Volkswagen and Audi distributorship agreement



1995

- » Scania Industrial and Marine Engines distributorship contract signed



1996

- » Porsche distributorship agreement
- » Customs duties on vehicles imported from the EU abolished



1997

- » ŠKODA distributorship agreement and partnership with Yüce Auto
- » SEAT distributorship agreement and partnership with Yüce Auto



1998

- » Used car operations established



2000

- » Joint venture on consumer financing with Volkswagen Financial Services AG



2003

- » Krone distributorship agreement
- » Assembling operations
- » Merger of automotive companies under Doğu Otomotiv



2004

- » Initial Public Offering of Doğu Otomotiv
- » Doğu Otomotiv corporate social responsibility Project



2005

- » First dividend paid

2009

- » Doğu Otomotiv 15th anniversary
- » All brands located under the same roof at Şekerpınar
- » Opening of Porsche Lausanne
- » Publishing Corporate Sustainability Report



2008

- » Thermo King distributorship agreement
- » Krone Doğu Treyler Plant groundbreaking ceremony
- » Groundbreaking ceremony of Porsche dealership in Lausanne
- » Opening Meiller Doğu Damper Plant
- » Thermo King letter of intent
- » Establishing Porsche Lausanne D-Auto Suisse SA auto



2007

- » 11.4% market share
- » Bugatti letter of intent
- » Porsche dealership contract in Lausanne
- » Krone - Doğu coproduction agreement
- » Opening of OtoMotion
- » Oto-Fix Express Service established
- » TÜVTÜRK established by the cooperation of AKFEN and TÜV SÜD
- » Lamborghini distributorship agreement
- » Meiller distributorship and coproduction agreement
- » LeasePlan partnership for fleet services



2006

- » Doğu Otomotiv acquired 100% of SEAT
- » Lamborghini letter of intent
- » Bentley letter of intent
- » Volkswagen Marine Engines agreement
- » Second dividend paid
- » Production agreement with Krone



2010

- » UN Global Compact Agreement

2011

- » 12.6% Market share
- » Corporate Governance Rating: 7.80 Point
- » Doğu Bilgi İşlem ve Teknoloji Hizmetleri A.Ş. established

2012

- » 15.4% Market share
- » The title of the "Company With the Highest Increase in Corporate Governance Rating" (8.63 Point)

2013

- » 17.8% Market share
- » Corporate Governance Rating rose to 9.05
- » Opening Krone Doğu Treyler Plant
- » Establishing Erbil D-Auto LLC, Iraq

2014

- » 20.1% market share
- » Offering financial services in the heavy commercial vehicle sector, Scania Finans becomes part of Volkswagen Doğu Finans A.Ş.
- » Corporate Governance Rating rose to 9.25
- » Maintains leadership in total automotive market throughout the year

2015

- » 20.6% Market share
- » VW Doğu Finans AŞ acquired MAN Finansman.
- » Corporate Governance Rating rose to 9.42
- » Production partnership and distributorship agreement with Krone came to an end
- » Meiller production came to an end (though Meiller distributorship continues)

2016

- » Corporate Governance Rating rose to 9.51
- » Lausanne Bentley Showroom and D-Occasion operating used luxury car sales were incorporated with Doğu Otomotiv in Switzerland
- » Distributorship agreement with Meiller came to an end

DOĞUŞ OTOMOTIV'S CORPORATE GOVERNANCE RATING ROSE TO 9.51 IN 2016.

BOARD OF DIRECTORS



Aclan Acar

Chairman of the Board of Directors

Mr. Aclan Acar is a graduate of Ankara Faculty of Economics and Commercial Sciences, and holds a master's degree in Banking and Insurance from the same university, and a master's degree in Economics from Vanderbilt University in the United States. Mr. Aclan Acar began his career in 1974 at Halk Bank, and from 1978 to 1990 continued his banking career at the Central Bank of Turkey. After joining Doğu Group in 1990, Mr. Aclan Acar initially held the position of Assistant General Manager at Garanti Bank, Responsible for Treasury and Financial Institutions. He served as the General Manager of Bank Ekspres from 1994 to 1996; Osmanlı Bank General Manager from 1996 to 2000; Tansaş Chairman of Board of Directors, from 2001 to 2005, and Garanti Sigorta A.Ş., and Garanti Emeklilik A.Ş. Chairman of the Board from 2002 to 2006. Since April 2000, he has been serving as a Member of the Board of Doğu Holding, as well as Chairman of Doğu Otomotiv Servis ve Ticaret A.Ş. and Doğu Oto Pazarlama A.Ş. since February 2006. Mr. Aclan Acar is also a member of Doğu Otomotiv Corporate Governance and Sustainability Committee, Early Risk Detection Committee, and Remuneration and Nomination Committee.



Osman Nezihi Alptürk

Vice Chairman of the Board of Directors

Mr. Osman Nezihi Alptürk, who started his career as an analyst at Azot Sanayi A.Ş. after graduating from Ankara University Faculty of Political Sciences Department of Economics, worked for the Central Bank of Turkey as a researcher, manager and advisor to the chairman from 1976 to 1988. Starting in 1988, he provided consultancy services for companies as a Management Consultant. From 1991 until 1995, he served as the Assistant General Manager at Garanti Securities, where he carried out corporate finance, research and international marketing activities. From 1996 to 2000, he served as the Head of Budget Planning and Business Development at Doğu Holding. During the same period, he also served as the Vice Chairman of the Board of Directors, and General Manager at Körfez Yatırım A.Ş. Since 1999, he has been serving Doğu Holding A.Ş. first as a member of the Executive Board, and later as a consultant. Mr. Osman Nezihi Alptürk has been serving as Vice Chairman of the Board of Directors at Doğu Otomotiv, and Doğu Oto since March 2016 and he is also a member of Doğu Otomotiv's Remuneration and Nomination Committee.



Hayrullah Murat Aka

Board Member

Mr. Hayrullah Murat Aka completed his undergraduate studies in the Department of Business Administration at the Middle East Technical University (1984) and his graduate studies in the Department of Management at the Boğaziçi University (1987). In 2007, he completed the 172nd session of the Advanced Management Program at Harvard Business School. Having joined the Group in 1987, Mr. Hayrullah Murat Aka is currently a Board Member at Dogus Otomotiv and a Member of the Early Risk Detection Committee, additionally serving as a Board Member and Head of the Audit/Risk Committee at Dogus Oto Pazarlama, VDF Financing, Factoring, Insurance and Fleet Leasing Companies. Mr. Hayrullah Murat Aka is the Deputy Chairman of the Board of Doğu Gayrimenkul Yatırım Ortaklığı, Doğu Spor Yatırımları and Doğu Sigorta Aracılık Hizmetleri A.Ş. and a Member of the Board of DGS Protection and Private Security Services Company.



Emir Ali Bilaloğlu

Board Member

Mr. Emir Ali Bilaloğlu is a graduate of Die Technische Universität Berlin Engineering Faculty, and holds a master's degree from the same school. Mr. Emir Ali Bilaloğlu chairs the Executive Board of Doğu Otomotiv, and also serves as a Member of the Board in Doğu Otomotiv Servis ve Ticaret A.Ş., Doğu Oto Pazarlama A.Ş., Yüce Auto, DMS (Doğu Customer Systems) and D-Auto Suisse SA. Mr. Emir Ali Bilaloğlu plays an active role both in the Steering Committee of the Automotive Distributors Association (ADA) of Turkey and, since 2008, in DEIK, a consultancy board on foreign economic relations.



Gür Çağdaş

Board Member

Mr. Gür Çağdaş graduated from Istanbul University, Faculty of Political Sciences in 1983, and earned his master's degree at Istanbul University School of Business Administration Institute of Business Economics in 1985. He started to work as an investment specialist at Eczacıbaşı Securities in 1986, and later founded Vakıflar Bank's Securities Center in Istanbul in 1988 and managed this institution until 1990. He joined Doğu Group in May 1990 and has served as the Head of the Capital Markets Group at the Birleşik Türk Körfez Bank, Assistant General Manager at Garanti Securities, and Garanti Yatırım ve Ticaret Bank, General Manager of Garanti Asset Management starting in June 1997. He was appointed the Vice Chairman of the Board of Directors, and later as Chairman of the same organization. Since 1 January 2016, Mr. Gür Çağdaş has served as Advisor to the President at Doğu Holding, and Board Member at Doğu Enerji Tопtan Elektrik Tic. A.Ş., and Doğu Sigorta Tic. A.Ş. He was the Chairman of the Turkish Institutional Investment Managers' Association (TKYD) from February 2007 to 2014, and also represented Turkey at the European Fund and Asset Management Association (EFAMA). He is currently the Vice President of Corporate Governance Association of Turkey (TKYD).



Özlem Denizmen Kocatepe

Board Member

Mrs. Özlem Denizmen Kocatepe is a graduate of Cornell University, Department of Industrial Management, and holds a master's degree from Sloan School of Management at MIT. Mrs. Özlem Denizmen Kocatepe also attended the "Influencing Techniques" program at Stanford, "Leadership" program at GE Crotonville Center, and the "Advanced Management" program at Harvard Business School. Since 2000, she has served in a number of positions in Strategy, Planning, Budgeting, Business Development and Investor Relations within Doğu Group. Mrs. Özlem Denizmen Kocatepe is currently a Board Member of Doğu Otomotiv. In the area of community service, Mrs. Özlem Denizmen Kocatepe is the founder of FODER - Financial Literacy Association; and "Para Durumu", a social initiative focusing on personal financing. Mrs. Özlem Denizmen Kocatepe started serving as a Board Member of Global Reporting Initiative (GRI) in 2014.

BOARD OF DIRECTORS

**Recep Yılmaz Argüden****Independent Board Member**

Graduating as an honor-roll student and receiving the President's Recognition Award for student leadership from Boğaziçi University, Department of Industrial Engineering, Mr. Recep Yılmaz Argüden received his Ph. D in strategic analyses from the RAND Graduate School with General Distinction. Since 2012, Mr. Recep Yılmaz Argüden has been an Independent Board Member, Head of the Corporate Governance and Sustainability Committee, and the Early Risk Detection Committee, as well as a member of the Audit Committee at Doğuş Otomotiv. Mr. Recep Yılmaz Argüden also serves as Chairman of the Boards of ARGE Consulting, and Rothschild - Turkey. He is the founder of the non-profit Argüden Governance Academy. Mr. Recep Yılmaz Argüden has assumed international roles on the IFC Corporate Governance Group Advisory Board, and the BIAC Governance Committee representing the business world in the OECD countries. Mr. Recep Yılmaz Argüden was elected the Chair of the UN Global Compact Local Networks Advisory Group and became a member of the UN Global Compact Board of Directors. He was selected as one of the "100 Global Leaders of Tomorrow" by the World Economic Forum for his commitment to improve the quality of life.

**Ferruh Eker****Independent Board Member**

Mr. Ferruh Eker is a graduate of Adana Academy of Commercial Sciences, and completed the 156th session of the Advanced Management Program at Harvard Business School. In 1979, Mr. Ferruh Eker served in the Garanti Bank Supervisory Commission and also in a number of different positions in the bank. After serving as the General Manager of Garanti Leasing and Garanti Faktoring, Mr. Ferruh Eker left Doğuş Group in 2004 and founded, as well as chaired, Turde Real Estate Development and Mining, Inc. Mr. Ferruh Eker rejoined Doğuş Group in March 2012, and is now serving as an Independent Board Member at Doğuş Otomotiv, and as the Head of the Audit Committee.

**Emine Gülden Özgül****Independent Board Member**

A graduate of METU Administrative Sciences Faculty, Department of Economics, Mrs. Emine Gülden Özgül served as the Coordinator of Central Operations at Ottoman Bank. From 2001 to 2008, Mrs. Emine Gülden Özgül was the Asst. General Manager at Oyakbank responsible for Operations, Project Management, and Quality. In 2008, when Oyakbank was acquired by ING Bank, Mrs. Emine Gülden Özgül maintained her position in the new entity. Experienced in the improvement of operational processes, efficiency, and restructuring, Mrs. Emine Gülden Özgül has been an independent Board Member at Doğuş Otomotiv, and the Head of the Remuneration and Nomination Committee since March 2013.

EXECUTIVE BOARD



Emir Ali Bilaloğlu
Chief Executive Officer



Giovanni Gino Bottaro
Executive Board Member



İlhami Eksin
Executive Board Member



Anıl Gürsoy
Executive Board Member



Kerem Galip Güven
Executive Board Member



Mustafa Karabayır
Executive Board Member



Ela Kulunyar
Executive Board Member



Tolga Senyücel
Executive Board Member



Kerem Talih
Executive Board Member



Vedat Uygun
Executive Board Member

TURKISH ECONOMY AND THE AUTOMOTIVE INDUSTRY

“77 out of every 100 vehicles produced are exported”

The Turkish automotive industry, which exported 77 out of every 100 vehicles produced, exceeded the threshold of 1 million units in exports for the first time in 2016 and grew 15% compared to 2015.

As history recorded 2016 as a year of ongoing political and economic uncertainties, of social developments shaping the agenda, Turkish economy only grew 2.4% in the first 9 months, staying below the targeted potential growth rate of 4.5%. While the greatest support for growth came from domestic demand, Turkish exports declined by 0.84% in 2016 down to \$142.6 billion, and imports decreased by 4.17%, amounting to \$198.6 billion. Due to the decline in oil prices, foreign trade deficit decreased 11.10% in 2016.

Retail and light commercial vehicle sales in Turkey broke a new record of 1,983,720 units, increasing 1.6% in 2016 compared to the previous year. Passenger car sales rose 4.3% to 756,938 year on year while light commercial vehicle sales dropped 6.4% to 226,782.

In a year that also saw the highest levels in the total passenger car and light commercial vehicles market in Turkey, the automotive industry broke a new record with 1,486,000 units produced and 1,141,000 units exported in 2016.

The industry thus achieved record-breaking performance in 2016 over its historic record in 2015, increasing by 9% year on year on unit basis.

The Turkish automotive industry, which exported 77 out of every 100 vehicles produced, exceeded the threshold of 1 million units in exports for the first time in 2016 and grew 15% compared to 2015.

Meanwhile heavy commercial vehicles sales dropped 45% to 18,343 year on year.

Automotive Market Sales Units (Wholesale Units)

	2016	2015	2014
Passenger Vehicles	765.467	726.477	582.117
Light Commercial Vehicles	228.446	245.027	179.919
Heavy Commercial Vehicles	18.343	33.652	31.061
TOTAL	1.012.256	1.005.156	793.097

983,720

SALES UNITS OF **PASSENGER
AND LIGHT COMMERCIAL
VEHICLES** IN TURKEY

DOĞUŞ OTOMOTİV IN 2016

DOĞUŞ OTOMOTİV INCREASED ITS MARKET SHARE IN 2016, AND MAINTAINED ITS LEADING POSITION IN THE TURKISH AUTOMOTIVE INDUSTRY FOR THE FIFTH CONSECUTIVE YEAR.

“Leading Automotive Distributor”

Turkey's leading automotive distributor Doğuş Otomotiv continued its growth in 2016 with the added value and competitive advantage that the brands provide, and to enable the world's most valuable brands to perform successfully in Turkey.

Doğuş Otomotiv, which celebrated its 22nd anniversary in 2016, is the leading automotive importer and distributor in Turkey, serving customers with 12 international brands, nearly 80 models, sales, aftersales and spare parts services, nearly 2,500 employees and more than 500 service centers. Doğuş Otomotiv has again increased its market share in 2016, and maintained its position as the market leader in the Turkish automotive industry for the 5th consecutive year.

As significant political and economic changes continued to affect the world, 2016 also became a year of hardships due to geopolitical reasons in our country. But despite these challenges, the automotive industry gained momentum brought about by the changes in SCT and foreign exchange rates.

The total retail market for passenger cars and light commercial vehicles in Turkey was 968,017 units in 2015, and amounted to 983,720 units in 2016 with an increase of 1.62% year on year. Passenger car sales, which totaled 725,596 units in 2015, increased by 4% to 756,938 units in 2016 while light commercial

vehicle sales of 242,421 units in 2015, decreased by 6.45% to 226,782 units in 2016.

In 2016, Doğuş Otomotiv increased its total retail sales of 206,896 units, excluding heavy commercial vehicles, up from 199,226 units of the previous year, and succeeded to and improved its retail market share from 20.6% to 21%.

Turkey's leading automotive distributor Doğuş Otomotiv continued its growth trend in 2016 with the added value and competitive advantage that the brands bring, and to enable the world's most valuable brands to perform successfully in Turkey, steadily strengthening with the vision of “creative service beyond expectations” and principle of “working with a focus on customer satisfaction”.

The vision of Human Resources in Doğuş Otomotiv is to become Turkey's most preferred employer that makes employees feel valued and creates a common culture through innovative and sustainable human resources practices. The Human Resources policy shaped by this vision is to attract and retain employees that: are able to sustain high performance in the long

21%

DOĞUŞ OTOMOTİV'S **RETAIL
MARKET SHARE**

DOĞUŞ OTOMOTİV IN 2016

term, system-focused, productivity based, eager to learn and develop, appreciative of customers, has the skills required by the dynamism of the company, and able to adopt the values of Doğuş Group, and to ensure that they use their potential in the most efficient way, and to contribute to their professional and personal development.

The company that greatly values the importance of its employees' personal and professional development has, for this purpose, included the gamification approach, which has become an important tool in the organization's training process in recent years. The idea for GO (Development School) Platform developed within this context aims to increase employees' participation in activities before and after trainings, unlike the traditional education approach. The project started in early 2014, and after nearly one and a half years of work the platform was launched in April 2015 for the use of employees with a big launch event in the company, and in a very short time won 4 international awards in 2016.

With DRIVE (Doğuş Otomotiv's Route is toward People and Education), a project launched in 2013 with the aim of making organizational structures more effective in the Human Resources area in the authorized dealers and aftersales service centers, the recruitment of white-collar employees for Authorized Dealers is performed by the central Human Resources department, which also develops processes such as promotions, and the performance management system. Several activities have been carried out throughout 2016 in this context.

Doğuş Otomotiv has reinforced its already strong position in the Turkish automotive industry in 2016 with:

- » 12 distributorships bringing together the world's strongest automotive brands,
- » A total vehicle park of more than 1,700,000 vehicles,
- » Over 500 customer touch points,
- » Nearly 2,500 employees,
- » Close to 80 different models offered in a wide array of products,
- » 208,956 units of retail vehicle sales (including heavy vehicles),
- » 22,524 units of used vehicle sales.

SALES SUCCESS

The brands under Doğuş Otomotiv ended 2016 with great success, breaking sales records.

Volkswagen Passenger Cars, named Turkey's most loved brand for the fourth consecutive year, completed 2016 with awards and selling over 100,000 retail vehicles in line with targets.

Volkswagen Passenger Cars reached 13.4% market share with 101,763 retail sales, thanks to successful product and communication strategies followed in 2016 with the support of new models in the retail passenger car market, which recorded 4.3% growth volume year on year, compared to the previous year, and finishing second in the passenger car market.

Apart from the new Tiguan, which was launched as the main model in May, the Allstar action series was offered in the Polo, Golf, Beetle and Scirocco models.

The Audi brand, imported to Turkey by Doğuş Otomotiv since 1994, achieved significant success in 2016, increasing its sales by 8.51% in the retail passenger car market compared to the previous year and reaching the highest sales figure of its history with 22,005 units. With the renewed and growing model

range, Audi became the brand that increased its market share in the premium segment the most compared to the previous year.

The SEAT brand continued its steady growth of the past four years, reaching 20,637 units in the retail passenger car market in 2016, the highest sales figure ever, showing a performance well above the market with a 22% increase in sales year on year. With successful product, communication, sales and fleet strategies followed in 2016 for the Leon, Ibiza, Ateca, Alhambra and Toledo models, SEAT increased its market share to 2.73%.

The SEAT brand also achieved the highest sales volume in its history in the Leon and Ibiza models as well, and increased its market share in their segments. Leon ranked second in the AHB segment and achieved a segment share of 13.11%, while Ibiza increased its share in the AO-HB segment to 4.72%. SEAT's first SUV, Ateca, which was added to the model range in November, closed the year with 188 units of sales.

ŠKODA once again achieved record sales in passenger cars and maintained its growth. Having closed 2015 with 22,107 units, ŠKODA increased its sales by 30.62% to 28,876 in 2016. Accordingly, the brand increased its market share to 3.81%, rising in the Turkish retail passenger car market from 13th to 11th place.

The Lamborghini brand reached its highest sales figure of recent years with 7 units, further strengthening its position in the high-end luxury segment market and taking its brand image to the top levels.

While the Bentley brand maintained its sustainable success in 2016, the Lamborghini brand reinforced its competitive position with the Huracan model. The Lamborghini brand reached its highest sales figure of recent years with 7 units, further strengthening its position in the high-end luxury segment market and taking its brand image to the top levels.

Porsche Turkey improved customer satisfaction in 2016 with its sales, marketing and aftersales services actions designed in line with its global digitalization strategy and its innovative support systems adapted to its product line-up, selling 827 units.

Porsche's best-selling model in 2016 was Macan with 514 units. The Macan model increased its market share in the compact SUV segment by 19% compared to 2015. The Macan model was followed by Cayenne, which sold 232 units. The highest sales after the Cayenne model belonged to the 911 with 28 units. The 911 increased its market share in the premium sports car segment by 35%. In 2016, the 718 Boxster / Cayman models, which play an important role in the sports car segment with the 2.0-liter engine option, sold 27 units. And the Panamera model accounted for 26 units of the sales in 2016.

In 2016, Volkswagen Commercial Vehicle reached its highest sales figures and the highest market share ever. The Volkswagen Commercial Vehicle, which maintained its third place in the overall market, became the leader in imported commercial vehicle sales.

In 2016, the retail light commercial vehicle market shrank 6.5% compared to the previous year, with a total of 226,782 vehicles sold. Volkswagen Commercial Vehicle took 14.5% share of the light commercial vehicle market with 32,772 units sold and maintained its

lead in the imported commercial vehicle market with a market share of 30.4%. For the fourth consecutive year, the Volkswagen brand won the title of the best-selling brand with total sales of passenger cars and commercial vehicles.

The Transporter model of Volkswagen Commercial Vehicle reached its highest market share in history with a market share of 48.2% in 2016, and reached 13,393 units in total. The Amarok model captured a market share of 17.6% with 3,643 units, while the Crafter took 6.3% market share with 3,605 units, and the Caddy 14.5% market share and 12,131 units, respectively.

In 2016, Volkswagen Commercial Vehicle's powerful model Amarok was launched with an updated look. The new Amarok, with the 3-liter V6 engine, the most powerful engine in its class, technology and comfort advantages, was widely promoted with a 360° communications strategy.

Comfortline equipment, whose previous generation was very popular with the users, was offered with the Transporter in February. Transporter Comfortline has made a difference in its class with its high level of comfort and standard equipment features.

The Caddy Exclusive version of Caddy, the most desired Volkswagen Commercial Vehicle model, was introduced to the Turkish market in 2016, further strengthening its claim with its wealth of features. The special launch of the Caddy Exclusive model in Turkey was supported by an effective communication plan that reflected positively on the increase of Caddy's segment share.

The Caravelle Team model, inspired by the two-color design of the legendary Volkswagen T1, which was produced for the first time 66 years ago and created its own class,

was also introduced to the market in August 2016.

Scania proved its success by increasing its market share in 2016, as it does every year, with a technological and quality product range, suitable for any project. Scania Engines recorded significant growth in 2016, now ranking fourth in the global Scania CV business, and also increased its marine engine sales in the Turkish market by 260%.

Thermo King, longtime market leader in the chiller unit industry, maintained its leading position with the sales results achieved in 2016.

Offering options on units in response to customer needs, and specialized cooling and heating solutions for different projects, Thermo King strengthened its cooperation with the leading cold chain and pharmaceutical transportation companies in Turkey, and reinforced its reliable standing in the industry.

AFTERSALES SERVICES

Doğuş Otomotiv, building its business philosophy on customer satisfaction and carrying out all of its operations in line with its quality-focused service approach, continued to take innovative steps in 2016 to reach its goal of creating "fan customers" by bringing its service quality to the highest level to create unique customer experiences.

The Value and Care Center (DIM), created to offer sales and aftersales services to users of the brands distributed in Turkey by Doğuş Otomotiv, contacted 1.35 million customers throughout 2016, becoming the most active unit in its field of expertise in the Turkish automotive industry.

DOĞUŞ OTOMOTİV IN 2016

Volkswagen Passenger Cars Aftersales Services expanded its service network with the opening of Avek Çanakkale Authorized Aftersales Service in 2016, increasing the number of its Authorized Aftersales Service centers across Turkey to 76. Up from fourth to second place, Volkswagen After Sales Services took its success further at the International Aftersales Customer Satisfaction (IACS) survey commissioned by Volkswagen AG, and conducted annually throughout the world by an independent research institute to compare the aftersales services. Authorized services receive around 625,000 vehicles throughout the year and serve an average of 52,100 customers every month. In 2016, the spare parts and workmanship turnovers increased by 17% and 10%, respectively. Approximately 17,500 customers are served monthly with 209,000 vehicles entering the Volkswagen Commercial Vehicles Aftersales Services' Authorized Service Centers. In 2016, the parts revenues increased by 7%, and the labor by 5%.

Audi After Sales Services has aimed to provide faster service by realizing many digital projects in line with customer satisfaction set as its focus. All the information written by the smart pen is instantly transmitted in digital environment to the service consultant, resulting in faster response to customers. Remote video training project was also implemented to increase the educational level and quality of service personnel in 2016.

The Audi brand also increased its vehicle park by 17% year on year, and attained 75% customer loyalty ratio as an exemplary figure across Europe while aftersales turnover rose by 14%.

With aftersales service campaigns aimed at Porsche's car park, which grew 6% by the end of 2016, and Porsche Accessory-Boutique marketing activities, year on year, the accessory sales increased 10%, boutique sales 15%, and the number of work orders by 10.5% respectively. The customer loyalty rate for Authorized Aftersales Services was 79%, while the customer satisfaction survey score rose to 110.8 as a result of the customer-focused approach in the aftersales service centers.

Scania proved its success by increasing its market share in 2016, as it does every year, with a technological and quality product range, suitable for any project.

Car entries into the SEAT Authorized Aftersales Services rose to 74,000, corresponding to 19% increase compared to the previous year with the effects of the larger vehicle park, and aftersales service marketing activities. With the actions taken throughout the year, Authorized Aftersales Service loyalty rates reached 64%, and thanks to the brand's customer-focused aftersales service concept, customer satisfaction scores rose to 101.5 for aftersales services.

In 2016, SEAT Turkey won the "Absolute Winner" award, the highest prize of all categories in the Top SEAT People competition organized by SEAT S.A. among all Authorized Dealers worldwide, while also winning the second prize globally in the aftersales service consultant category.

SPARE PARTS AND LOGISTICS

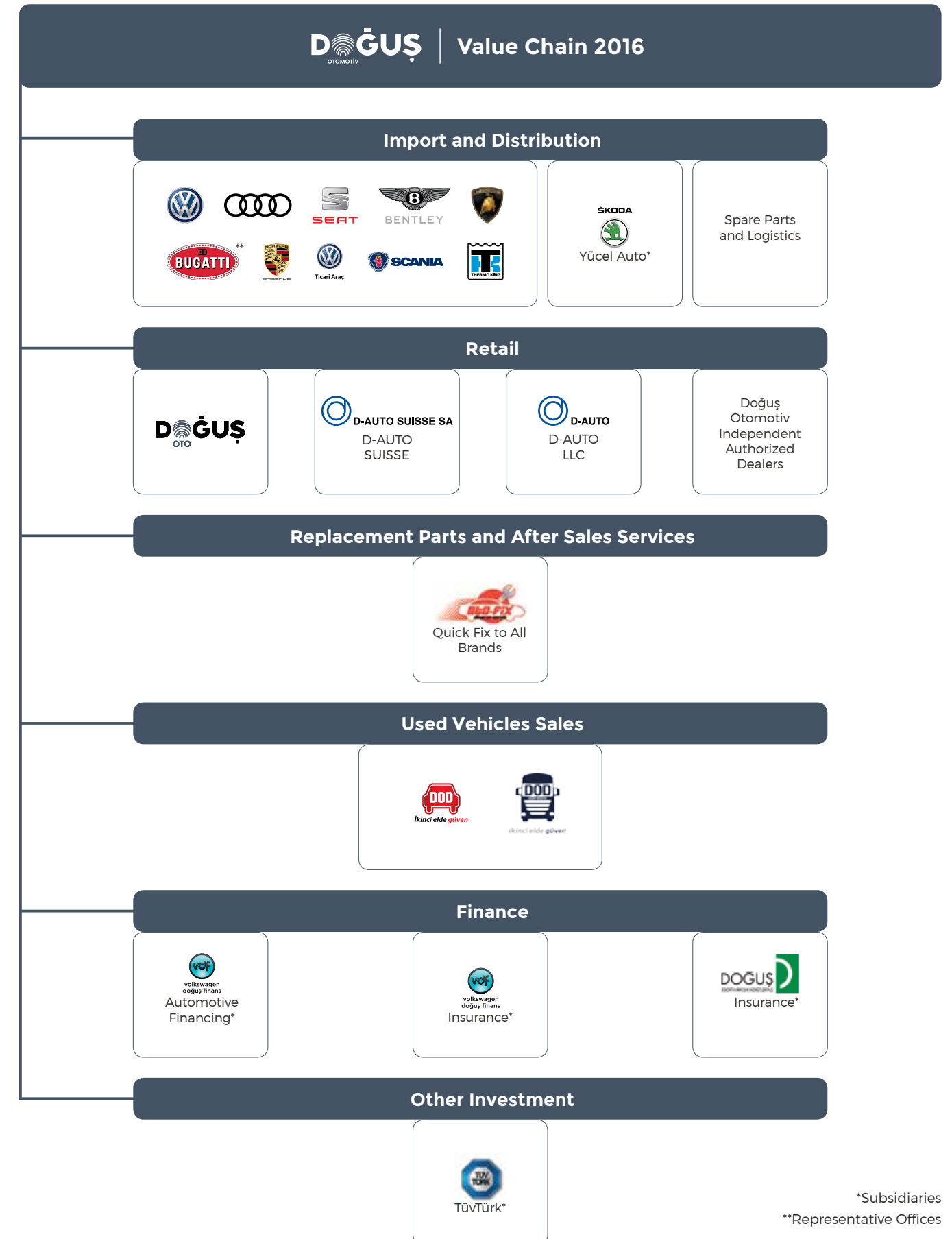
Spare Parts and Logistics carries out the importation, warehousing and distribution operations for vehicles and spare parts to Authorized Dealers of the world's most prestigious brands including Volkswagen, Audi, SEAT, ŠKODA, Porsche, Bentley, Lamborghini, and Scania, as well as Scania Industrial and Marine Engines, Thermo King Mobile Temperature Control Systems, and their parts.

Spare Parts and Logistics imported 186,300 vehicles, and dispatched 211,000 vehicles to Authorized Dealers, ending the year with a total revenue of TL 832.4 million generated by the sales of spare parts and accessories.

AWARDS

For Doğu Otomotiv and the distributed brands, 2016 was a year of many awards.

Doğu Otomotiv's GO Platform was awarded with 4 grand prizes by the world's most prestigious institutions. The GO Development School, which is one of the first gamification-based digital training platforms in the world in its field, won 1 gold Stevie in the "Best Training Site" category, and a bronze Stevie each in the "Best Corporate Training Software" and "Creative team" categories. The GO Platform also won Gold medal in the "Best Advance in Learning Technology Implementation" category at the Brandon Hall Excellence Awards, the most prestigious awards program in the industry.



DOĞUŞ OTOMOTİV IN 2016

According to the evaluation conducted by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. to measure the compliance level of its practices with the "Capital Markets Board Corporate Governance Principles, the Company raised its Corporate Governance Rating from 9.42 in 2015 to 9.51 in 2016. With this score, DoğuŖ Otomotiv won the "Company with the Highest Rating in the Board of Directors Category" award.

At the fifth annual Call Center Customer Experience Summit and Quality League Award Ceremony organized by Telephone Doctor Turkey, DIM was recognized with the 'Best Approach' award among 33 companies in 2016, underlining the value of customers and service quality of the Center.

DIM also won first prize in the 'Best Customer Experience' category at the eleventh annual Contactcenterworld.com Awards, considered the world's most prestigious award in the customer relations management industry among 45 companies shortlisted in 34 categories, as well as the second prize in the 'Best Call Center Design' category.

Volkswagen Passenger Car was as successful in sales as it was in communications, and was voted the most liked car brand of the year for the fourth consecutive year in a survey conducted by the independent research company Mediacat Ipsos. Volkswagen Passenger Car was awarded first prize in the "TV application of the year" category at the ODD Sales and Communication Awards organized

by the Association of Automotive Distributors for its communication campaign "A family with unique features". Furthermore, the brand won the silver award for the Lovemark television campaign at the Effie and Crystal Apple Awards in the automotive category; first prize in the Turkish Customer's Voice competition in the automotive category; Golden Spider and Gold Stevie awards in the automotive category for its renewed website, and Gold Stevie for the management of its Instagram and Facebook accounts.

Audi won the grand prize "Kıpkırmızı" at the Kırmızı Advertising Awards for its air bag campaign, as well as the best art direction, best illustration, and best car advertisement in media awards.

The magazine advertisement of Macan 2.0 featuring a hologram was an exclusive project that won the Bronze Apple in the "Best Media Application" category at the prestigious Crystal Apple advertising awards.

The launch event of the new 718 Cayman within the scope of summer venue sponsorship was recognized in the "Outdoor Application of the Year" category at the ODD Sales and Communication Awards, making Porsche Turkey one of the 2016 Gladiators for the first time in its history.

DoğuŖ Oto Bursa won the Audi Twincup race with 74% successes rate while ŖKODA Turkey's Best Authorized Dealer award also went to DoğuŖ Oto.

ŖKODA Turkey, which operates with 39 Authorized Dealers and 36 Authorized Aftersales Services was named the most successful distributor in the Aftersales Services Category among 103 countries at the "Best Distributor Awards" hosted by the manufacturer while the new Superb was awarded as the "Car of the Year in Turkey" by OGD.

Thermo King was named the best brand for the 12th time in the "Cooler Units" category according to reader votes at the "Best Brand" competition organized by Lastauto Omnibus, Trans Aktuell, and Fernfahrer magazines published in Germany, and included among the most prominent publications of the commercial vehicle industry.

D-AUTO SUISSE SA

D-Auto Suisse SA, a subsidiary of Dogus Otomotiv, has continued its operations with Porsche since 2009, and the recently added Bentley and D-Occasion brands in the Swiss city of Lausanne located in Canton Vaud, which has a population of 750,000. By offering customers new and used vehicles, spare parts sales, and aftersales services, the company improves its service quality and reliability every year. D-Auto Suisse SA has succeeded to sell 306 new and 126 used vehicles in 2016.

In 2016, D-Auto Suisse SA invested CHF 4.5 Million in the opening of a new showroom, increasing its capacity of new vehicle exhibition by 40%, used vehicle exhibition by 300%, and its service capacity by 55%.

D-AUTO LLC

D-Auto LLC, 100% owned by DoğuŖ Otomotiv, signed an exclusive general distributorship agreement for the Iraq territory with the Volkswagen and Audi brands in 2013, and launched its operations in the city of Erbil in July 2014. This was followed in December 2015 with the signing of the Iraq distribution agreement with Volkswagen Commercial Vehicles, adding another brand to the range.

D-Auto LLC provides its customers with the best quality service, combined with its knowledge and experience with 17 employees in an area of 7,500 m2.

D-Auto LLC has gained acclaim among Volkswagen and Audi users for its customer satisfaction oriented service approach. With the high quality offered in aftersales services and trained technical staff, D-Auto LLC became the customers' preferred service point, and serviced 2,128 vehicles in 2016.

DOĞUŞ OTO

Dogus Oto sells new and used vehicles, spare parts and accessories at six points in the Istanbul, Ankara and Bursa provinces, and also offers insurance, financing and aftersales support services for the 7 brands (VW Passenger Cars, VW Commercial Vehicles, Audi, Porsche, SEAT, SKODA and DOD) it represents. Dogus Oto sustains its progress by continuously improving its service quality. 2016 has been a very successful year that saw Dogus Oto exceed its 2016 targets by selling 62,405 vehicles, and 251,295 service entries. Consequently, DoğuŖ Oto's business volume and the number of customers contacted have also increased significantly.

DOD

DOD, a pioneering brand, maintained its leading position in its segment with customer experience enhancing new projects launched in digital channels in Turkey for the first time in 2016. With an Authorized Reseller network supported by increased supply and diversified inventory, the company continues to reinforce its position in the used car sector.

The increase in the number of partnering fleet companies continued in 2016, and by further diversifying of the brands and models through new agreements, a wider range of vehicles could be supplied to Authorized Resellers in higher numbers. Vehicle purchases increased by 31% compared to 2015, while DOD's vehicle sales in cash reached 928 units by growing 9% year on year, and total sales to Authorized Resellers amounted to 22,534 units.

TÜVTÜRK

For TÜVTÜRK, which contributes to the traffic and vehicle safety with services in international standards as the only authorized and appointed organization to conduct periodic vehicle inspections in Turkey, 2016 was a very successful year. TÜVTÜRK, always prioritizing positive customer experience, achieved growth in all operational areas in 2016, and in periodic inspections in particular, increasing its turnover 9.5%, from TL 1,327,000,000 to TL 1,452,000,000. The operations of TÜVTÜRK Istanbul accounted for TL 242,000,000 of the total amount.

TÜVTÜRK, one of Turkey's most effective Public and Private Sector Collaboration projects, has contributed nearly TL 5.2 billion to the public since its inception while this figure for 2016 alone amounted to TL 900 million.

In 2016, periodic vehicle inspection of 8,194 vehicles was carried out, showing an increase of 1.3% compared to the previous year.

vdf AUTOMOTIVE FINANCE

In 2016, vdf delivered much higher performance and exceeded its targets by focusing on customer satisfaction with its products and services.

With a penetration rate of 37% among Volkswagen Group brands, vdf maintained its position in 2016 as the market leader among consumer financing companies and banks in 2016 on the basis of "performing contracts" in consumer vehicle loans.

By granting 86,500 new loans as of 2016 yearend, vdf increased its total number of performing contracts to 160,800, and comfortably exceeded its targets with this record rise. vdf also increased its performing contracts by 19% in volume year on year, rising from TL 5.9 billion to TL 7 billion.

vdf Insurance functions as part of the VW Group's Authorized Dealers and, in 2016, has added 10 more to its number of branches at dealers, reaching a total of 60. vdf Insurance Services added MAN Kasko to its branded accident insurance products that started with Volkswagen Kasko, and continued with SEAT, ŖKODA, DOD, Audi Kasko and Scania Kasko, making a difference in its sector with brand specific guarantees.

vdf Insurance maintained its position as the largest agency in 2016 in terms of total premium production and number of performing contracts, increasing its net premium production by 25% year on year, and rising from TL 300 Million to TL 374 Million. vdf Insurance also increased the number of its policies, reaching 311,500 insurance policies in 2016.

DOĞUŞ OTOMOTİV IN 2016

With customer satisfaction always at the forefront, vdf broke records in the number of loans and insurance policies, and better performance beyond targets with innovative products and services, and also added vdf fleet to its operations to serve all segments of the automotive industry in 2016.

SOCIAL MEDIA: A STRATEGIC COMMUNICATION CHANNEL

All brands under Doğuş Otomotiv use social media effectively.

Following the digital world closely, Volkswagen has offered 23 million users the opportunity to visit its new Passenger Car website. The "My Volkswagen" app offered for constant availability for fans was downloaded to 80 thousand users' smartphones.

Social media channels that bring together powerful strategy and original contents with users have become the most followed accounts again this year. Volkswagen has the largest automotive Facebook page and leads in Turkey in terms of following, and has exceeded 4 million local followers. Volkswagen Passenger Car has also been the most followed automotive brand in Instagram with its number of followers exceeding 260,000. Volkswagen Passenger Vehicle has also been very active on other channels to provide the right content for Volkswagen fans on Youtube, LinkedIn and Google Plus, achieving instant one-on-one communication through "Social CRM" applications.

Aiming to keep up with the global digitalization process and the requirements of the times, the "Digital Retail" project, which was diligently carried out in pilot phase, was launched at Doğuş Oto Etimesgut in 2016.

In line with its marketing strategy to focus on the target audience, Volkswagen Commercial Vehicles continued its effective communication activities based on in-depth analyses of customer profiles and the media channels they use. Throughout the year, different projects were launched to promote the Volkswagen Commercial Vehicles brand, inform customers and introduce products on all communication channels from classic to new media.

Volkswagen Commercial Vehicles is a pioneer in the industry with more than 1 million followers on Facebook, customer-focused innovative and outstanding applications offered on various social media platforms such as Instagram and YouTube, and services to enhance customer satisfaction.

"Advanced Driving Pleasure" videos of all models were prepared for sharing on social and digital channels. In these videos, the technological and electronic systems in the vehicles are described in a "How It Works" format with the aim of

communicating the product specifications to the users in the right format. The goal here was to increase the benefits and customer satisfaction of Volkswagen Commercial Vehicles models.

Social media channels such as Facebook, Twitter, Instagram, YouTube, and LinkedIn have been successfully used in Audi's brand communications. Audi became one of the leading brands in the automotive industry in terms of average engagement figures on Facebook in the premium segment.

DOD, which has stood out with its innovative approach to social media, continued with active and visionary social media channel usage in 2016, as digital channels are preferred more and more for the brand's national and local communications.

The success of ŠKODA Turkey was not limited to its sales performance, but also extended to the online world. ŠKODA Turkey sustained its fast rise on Facebook with 564,254 followers, and recorded stable growth on its website www.skoda.com.tr with 8,344,796 visitors.

SEAT's new website design launched in 2016 aims at increasing customer benefits with its design, functionality and distinctive infrastructure. With the new website, the visitor numbers increased 56% year on year.

Television, newspaper, magazine, radio and digital channels were used to support the sales of Ibiza and Leon throughout the year. Communication of Ateca, the first SUV of SEAT, effectively continued in the second half of 2016.

Scania has already outpaced its competitors and reached 180,000 users on Facebook with the account only opened in 2015, and also connected with its business partners on Instagram, LinkedIn and Google Plus platforms in 2016. Scania's website also got a makeover in 2016, and the new design now offers better usability on an improved platform.

CORPORATE RESPONSIBILITY

Doğuş Otomotiv continued its corporate responsibility endeavors at full speed in 2016 with the aim of managing the impact of its operations and bringing the solutions it creates to all its stakeholders, as well as working on transparency and accountability, the basic tenets of corporate responsibility.

The Company's commitments regarding environmental, economic, social, and ethical factors that shape its strategic decisions support its sustainability vision.

Doğuş Otomotiv also believes firmly that in order to continue its existence in the future, it is as important to create social good for the people living in the regions where it conducts its operations as financial success.

Doğuş Otomotiv took on a pioneering role in 2009 when it prepared its first Corporate Responsibility Report in compliance with GRI's Global Reporting Framework, with the report published regularly since then.

For 12 years now, the company has been carrying out the social responsibility activities that first launched in 2004 with the slogan of "Traffic is Life!" in order to raise the general responsibility, awareness and perception of traffic in the society.

Doğuş Otomotiv strives to define the future expectations and needs accurately, building on its financial and operational successes across automotive value chain by offering the right products and services, and regards it as a top priority to develop business models and innovative solutions focused on creating sustainable business processes and common values.

With the "Traffic is Life!" platform, which has been developing thousands of projects to reach all segments of the society since 2004 and adding value to social unity, the Company will continue to build on its successes, and creating value for its stakeholders, employees and the community.

The "Traffic is Life!" platform believes that the positive cultural transformation regarding traffic safety will contribute positively toward all areas of life, leading to livable cities and a better future. Accordingly the platform carries out activities aimed at changing the behaviors and habits of individuals from all age groups about traffic safety, raising awareness in the community, and building consciousness in different target segments.

The "Traffic is Life!" platform was recognized with the "2016 Social Awareness Award" at the Business Summit organized by CSR Europe and Corporate Communications Association for its efforts, and also won in the Best Ambient and Urban Contribution categories at the prestigious Outdoor Advertising Awards.

The "Traffic is Life!" platform, which bases its entire business model on a people-focused approach in order to create a livable future and leave a world with the culture of respect in traffic for younger generations, will continue to invest in the community to ensure the sustainability of its work. As it has done in the past, the platform will always listen to the voice of the community while contributing to the environment in which it operates, seek solutions for the traffic safety issue together with the community, and make its mark on the future.

TRAFFIC IS LIFE!

DOĞUŞ OTOMOTİV SHAPES THE FUTURE WITH A VIEW TO SUSTAINABILITY, AND CARRIES OUT ACTIVITIES WITH A RESPONSIBLE APPROACH TOWARD ITS STAKEHOLDERS AND THE COMMUNITY.

Doğuş Otomotiv shapes the future with a view to sustainability, and carries out activities with a responsible approach toward its stakeholders and the community. The Company has launched the "Traffic is Life!" platform with the aim of creating a long-lasting positive cultural transformation in the community for traffic safety, adding value to social development, and making its mark on the future.

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The 'Long Distance Traffic Safety' training launched with the aim of protecting the youth, which is the future of communities and the most important strength to ensure positive changes in traffic culture, from traffic accidents and informing them about traffic safety has so far reached over 20,000 students in 18 universities. The long distance training, which was included in the "social elective courses" category recommended by the Higher Education Council (YÖK), became the first corporate responsibility project to enter the university SCORM system with its traffic safety content.

With the "Public Announcement Competition" that aims to make a mark on the future together with the youth, getting them involved in the road safety conversation, and encouraging them to think about and create for the traffic safety issue, the "Traffic is Life!" platform launched a widespread interactive contest about traffic safety as a first, and drew the attention of the public to traffic safety. The competition, which was frequently covered by the national and local media, required participants to shoot a maximum 45-second video in short film format using their own scripts about one key message used in the communications of Traffic is Life; namely "Don't Speed", "Don't Drive and Talk", and "Fasten Your Seat Belt". The owner of the winning project was offered the opportunity to re-shoot the video with Ömer Faruk Sorak, the acclaimed director of such films as G.O.R.A., Vizonte, and 8 Saniye.

The competition, which saw great interest, received 422 videos in total, and the shortlist of five talents presented their projects to the jury consisting of director Ömer Faruk Sorak, Hürriyet daily newspaper writer Elif Ergü, producer Oğuz Peri, and Doğuş Otomotiv Corporate Communications Director Koray Bebekoğlu. After deliberations, the jury chose Korhan Topçu as the winner with his film "Safety is the Future" about the trip of a family of 5 for conveying the main message most clearly and directly to the target audience.

The winner Korhan Topçu then shot the video again, this time with acclaimed director Ömer Faruk Sorak, and had the opportunity to be involved in the making of a professional film, get the opinions of experts, and see his video on television as a public announcement. It was then decided to also re-shoot the film by Zeynep Dilara Aksoy, the runner up who won the special jury award.

The public announcement film "Safety is the Future", shot on location in Şarköy and Hadımköy, and featuring actors Erdem Akakçe, Güven Hokna, and Deniz Özerman, was shown on 88 channels more than 10,000 times, becoming one of the most shown films among all public announcements.

In addition to the "Long Distance Traffic Safety Training" and "Public Announcement Competition", field activities are organized to reinforce the students' knowledge and experiences. The "Traffic is Life!" platform reaches the youth through educational panel sessions in universities across Turkey, virtual reality driving simulations, and social media activity booths. At the event organized at Bilkent University in February 2016, 160 students were trained for defensive driving techniques, while hundreds of students participated in safe driving simulations.

The platform also started a new project in 2016 to raise awareness about children's safety in traffic and in vehicles, and launched the 'Child Safety in Traffic' initiative taking into consideration that the second most affected group from traffic

accidents is the 5-14 age group, and that the number of children hurt in accidents in our country is increasing.

As part of the "Child Safety in Traffic" initiative, the "Child Safety in Vehicles" in Turkey study was conducted in late 2015 in Izmir, Istanbul, and Ankara to create a roadmap and determine the actions to be taken. For the study carried out in cooperation with the General Directorate of Security, 3,000 respondents were interviewed, and the results revealed once again the vital importance of child safety in traffic for our country. The study showed that among the families with children in the three major provinces of Turkey, only 23% use child seats. Considering that psychological factors reduced the use of child seats, an advisory team was formed for the project. Professor Serpil Acar of Loughborough University and Professor Memiş Acar, who conduct important studies on pregnant women and child safety in vehicles, and acclaimed psychologist Professor Üstün Dökmen, known for his psychological counseling and guidance work, joined the advisory team for the "Traffic is Life!" project.



TRAFFIC IS LIFE!

THE “TRAFFIC IS LIFE!” PLATFORM, WHICH BASES ITS ENTIRE BUSINESS MODEL ON A PEOPLE-FOCUSED APPROACH WILL CONTINUE TO INVEST IN THE COMMUNITY TO ENSURE THE SUSTAINABILITY OF ITS WORK.

In order for the child seats to be embraced and internalized by children first, a short animation featuring the child seat as a super hero was shown in children's cinemas for a year. The animated film that reached 584,995 children was also featured on social and digital media.

Professor Üstün Dökmen's viral film series where he talks about children's psychology in traffic reached the parents via social media, and was viewed over 1.5 million times. Social media influencers who are gaining more popularity in the recent years were also included in the communication activities of the “Child Safety in Traffic” project, and the training with mom bloggers that Professor Dökmen moderated received more than 8 million views.

As a meaningful example of public and private sector cooperation, the “Child Safety in Traffic” project collaborated with Kadıköy Municipality for local administration trainings, and content on mother-infant safety in vehicles was integrated into the “Pregnancy School” trainings.

The platform also collaborated with İtameks and Central Rent a Car, two private sector companies, to offer free child seats to families that rented cars at the İzmir Airport, emphasizing the importance of child safety in all areas that touch people.

The “Traffic is Life!” platform set up a booth at the Mother Infant and Child Fair on December 13-15 at the Istanbul Congress Center, and offered safe driving simulations and traffic safety trainings, reaching 8,713 parents that visited the fair.

Doğuş Otomotiv, which continues to reach the children, young people and adults through sustainable projects, has decided to choose the 2017 “Traffic is Life!” radio spot in a manner to once again get young people involved in the traffic safety issue. The compositions that will be submitted for the 2017 “Traffic is Life!” Jingle Competition will be evaluated by a jury, and the winning jingle will be recorded by the famous Turkish singer-songwriter Nil Karaibrahimgil together with the winner.

The “Traffic is Life!” platform was recognized with the “2016 Social Awareness Award” at the Business Summit organized by CSR Europe and Corporate Communications Association for its efforts, and also won in the Best Ambient and Urban Contribution categories at the prestigious Outdoor Advertising Awards.

The “Traffic is Life!” platform, which bases its entire business model on a people-focused approach in order to create a livable future and leave a world with the culture of respect in traffic for younger generations, will continue to invest in the community to ensure the sustainability of its work. As it has done in the past, the platform will always listen to the voice of the community while contributing to the environment in which it operates, seek solutions for the traffic safety issue together with the community, and make its mark on the future.

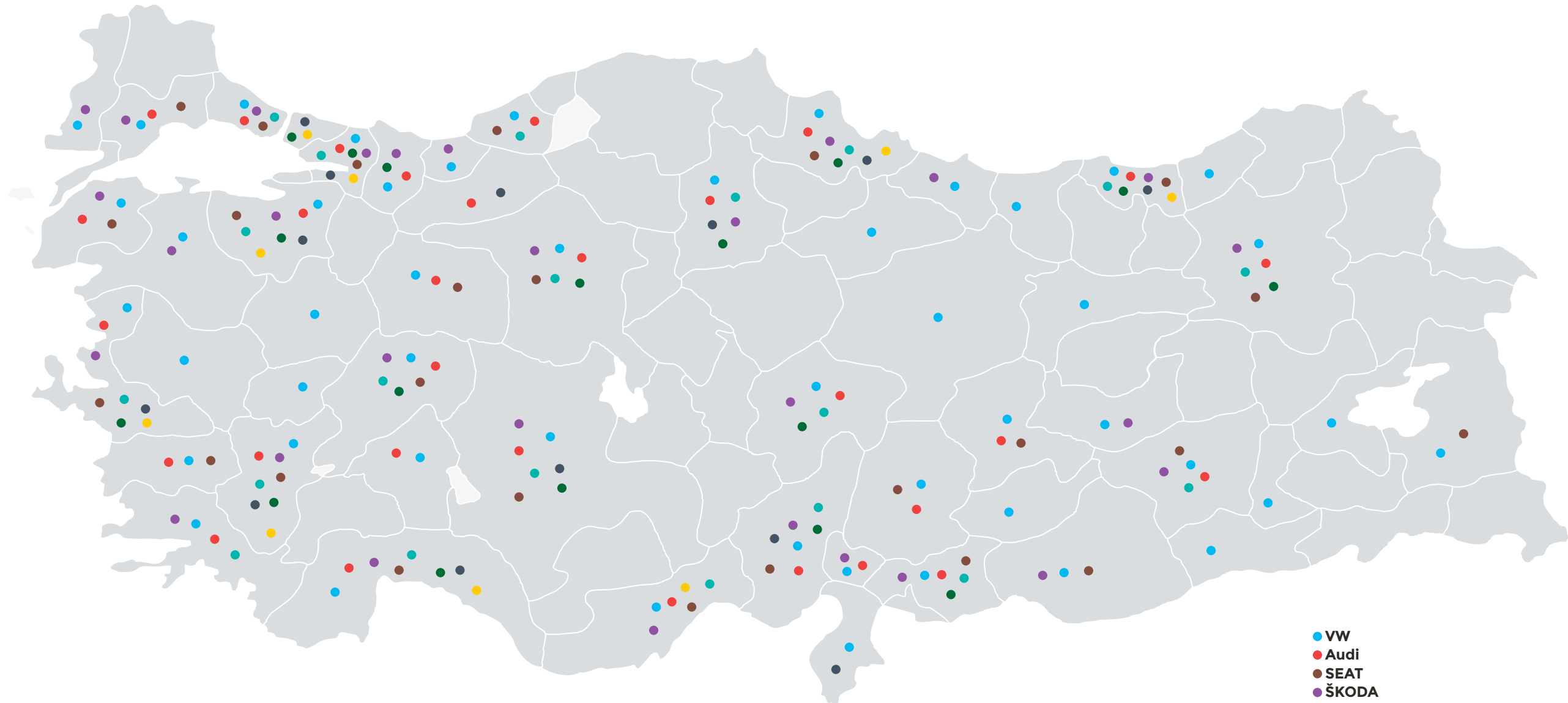


ULTIMATE CUSTOMER SATISFACTION

DOĞUŞ OTOMOTİV AIMS AT DELIVERING ULTIMATE CUSTOMER SATISFACTION AS NUMBER ONE PRIORITY IN PROVIDING SERVICES, AND BOASTS ONE OF TURKEY'S BROADEST AUTHORIZED DEALER AND AFTERSALES SERVICE NETWORKS.

2016 Developments in Dealers - Sales Channels

- » Authorized Aftersales Service Centers receive 625,000 vehicles annually, and serve 52,100 customers on average every month.
- » In 2016, parts and workmanship turnovers rose 17% and 10%, respectively.
- » Car entries into the SEAT Authorized Aftersales Services rose to 74,000 in 2016, corresponding to 19% increase compared to the previous year with the effects of the larger vehicle park, and aftersales service marketing activities.
- » ŠKODA Turkey, which operates with 39 Authorized Dealers and 36 Authorized Aftersales Services, was named the most successful distributor in the Aftersales Services Category among 103 countries at the annual "Best Distributor Awards".
- » 2016 was a very successful year that saw Dogus Oto exceed its 2016 targets by selling 62,405 vehicles, and 251,295 service entries.



- VW
- Audi
- SEAT
- ŠKODA
- Porsche
- Scania
- Thermo King
- Scania Marine and Ind. Engines

CUSTOMER TOUCH POINTS

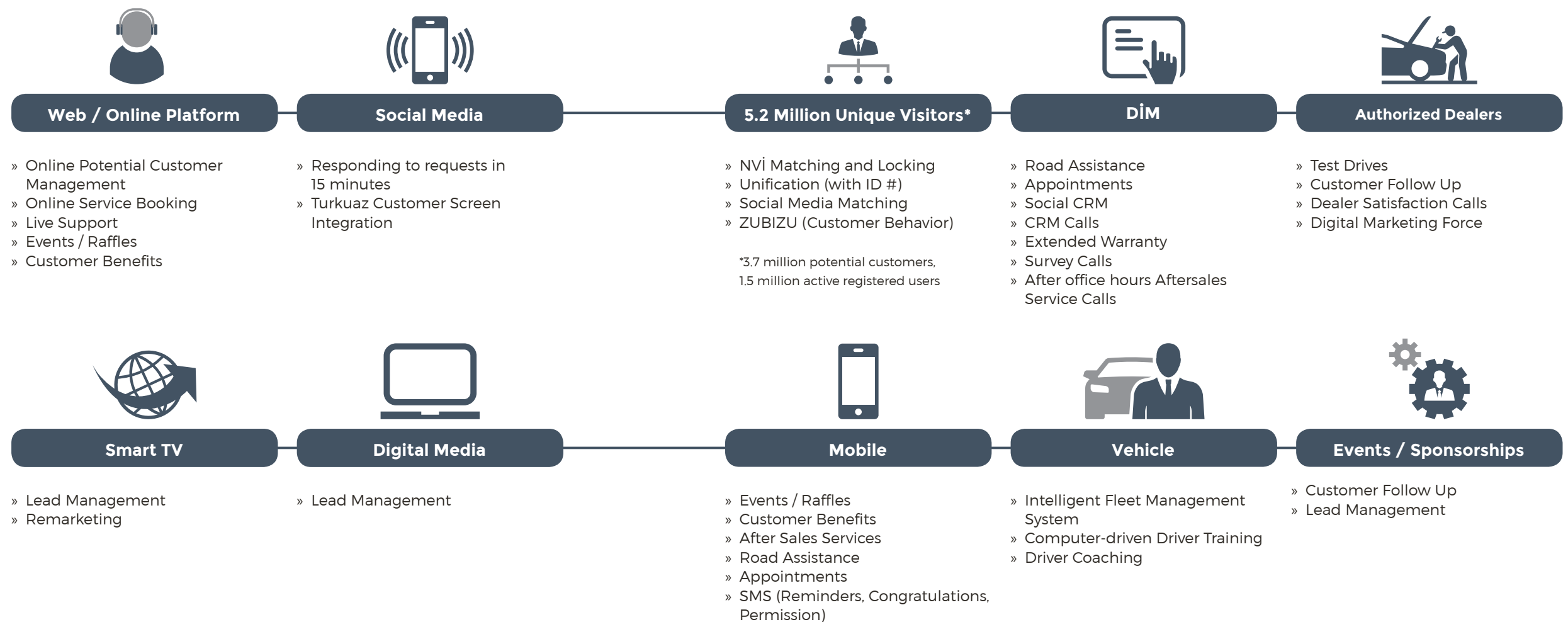
THE BRANDS REPRESENTED BY DOĞUŞ OTOMOTİV ENDED 2016 WITH RECORD-BREAKING RESULTS.

Innovative solutions in digital communication

Following the digital world closely, Volkswagen launched the new Passenger Car website and has been visited 23 million times by the visitors in 2016.

"All brands under Doğuř Otomotiv use social media effectively."

Aiming to keep up with the global digitalization process and the requirements of the times, the "Digital Retail" project, which was diligently carried out in pilot phase, was launched at Doğuř Oto Etimesgut in 2016.



ABOUT DOĞUŞ GROUP

DOĞUŞ GROUP, WITH OVER 330 COMPANIES AND MORE THAN 55,000 EMPLOYEES, SERVES ITS CUSTOMERS WITH ADVANCED TECHNOLOGIES, HIGHEST BRAND QUALITY AND A DYNAMIC HUMAN RESOURCE.

The Doğuş Group, founded in 1951, sets standards for a better living by being at the forefront of discoveries that shape modern life. Doğuş, which aspires to be a global house of best in class lifestyle brands that create aspiration, not only for customers but also employees, partners and even competitors, continues to work in all of its fields of operation with the aim of becoming a global player.

The Doğuş Group, active in eight core businesses including financial services, automotive, construction, media, tourism and services, real estate, energy and entertainment, sustains its growth with new investments in the areas of technology, sports, and entertainment along with its current operations. With over 330 companies and more than 55,000 employees, the Group serves its customers with advanced technologies, highest brand quality and a dynamic human resource.

The Doğuş Group owes its success to a management approach centered on customer satisfaction and efficiency. As a result of this approach, the Group continues to build strong partnerships with globally reputable brands, and represent Turkey across the world. The Doğuş Group currently partners and cooperates with some of the large global players including: BBVA (Banco Bilbao Vizcaya Argentaria, S.A.) in finance; Volkswagen AG and TÜVSÜD in automotive; Condé Nast (Vogue, GQ, Traveller) in media; Hyatt International Ltd. and HMS International Hotel GmbH (Maritim) in tourism; the Latsis Group, the Kiriacoulis Group and the Adriatic Croatia International (ACI) Group in marina and nautical operations; the international Azumi Group that holds under its roof brands such as Coya, Roka, Zuma and Oblix in food& beverage and entertainment; and the South Korean SK Group in e-commerce.

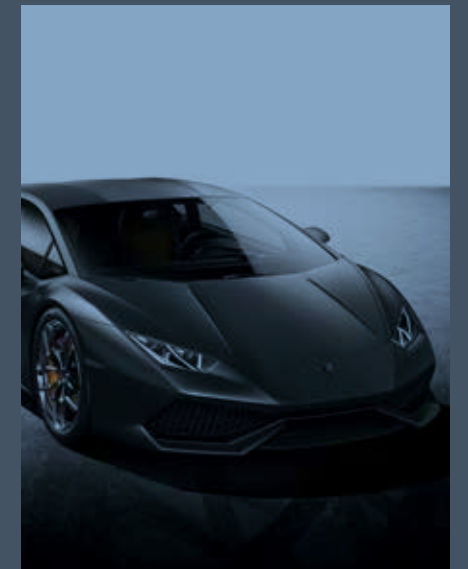
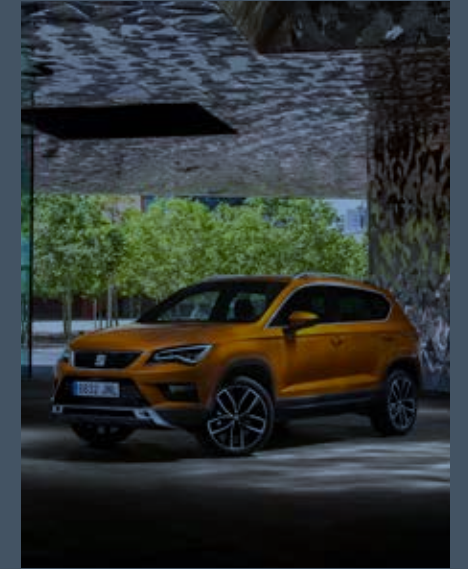
The Doğuş Group's management approach also embodies a strong corporate citizenship awareness that the whole society does and will benefit. In launching social responsibility projects, the Group

always aims to leave a mark on people's life and make it much better. The Group's social responsibility projects are managed with the objective to help the society to create a progressive future; a modern lifestyle.

The Group launches and carries out a variety of corporate social responsibility and sponsorship projects, particularly focused on culture and arts, sports and education. Aware of its responsibilities in all the areas it supports, Doğuş Group acts with the vision of leading the community by example, and contributes to the economy and employment through its investments.

As a pioneer of change in Turkey, the Doğuş Group capitalizes on its broad network of services, knowledge base and collaborations to attain its goals. The Doğuş Group, driven by its vision of becoming a global player that sets the standards and advances through explorations, continues to consider the partnership and investment opportunities that might be beneficial for the nation's economy.

OUR BRANDS



VOLKSWAGEN PASSENGER CARS CAPTURED 13.4% SHARE IN THE PASSENGER CAR MARKET, WHICH RECORDED 4.3% GROWTH IN VOLUME AGAINST THE PREVIOUS YEAR.



VOLKSWAGEN PASSENGER CAR



Volkswagen Passenger Cars captured 13.4% share in the passenger car market, which recorded 4.3% growth in volume against the previous year. In addition to the new Tiguan, the main model of which was launched in May, the action model Allstar series of Polo, Golf, The Beetle, and Scirocco models were also introduced in 2016. With the support of new models, and thanks to successful product and communication strategies followed in 2016, Volkswagen Passenger Cars reached the market share of 13.4% with 101,763 units in retail sales, and finished second in the passenger car market.

2016: Another Year of Awards

Volkswagen Passenger Car was as successful in sales as it was in communications, and was voted the most liked car brand of the year for the fourth consecutive year in a survey conducted by the independent research company, Mediacat Ipsos. Volkswagen Passenger Car was awarded the first prize in the "TV application of the year" category at the ODD Sales and Communication Awards organized by the Association of Automotive Distributors for its communication campaign called "A family with unique features". Furthermore,

the brand won the silver award for the Lovemark television campaign at the Effie and Crystal Apple Awards in the automotive category; first prize in the Turkish Customer's Voice competition in the automotive category; Golden Spider and Gold Stevie awards in the automotive category for its renewed website, and Gold Stevie for the management of its Instagram and Facebook accounts.

Performance of models

Volkswagen's Polo, Golf, Passat and The Beetle models completed 2016 as the leaders of their respective segments. Sales of the Polo model in the A0/HB segment increased by 27.4% compared to 2015 with a segment share of 19.4%. The share of the Golf model in the A/HB segment was 25.5%. The Passat model continued its leadership in 2016 with a 35.0% segment share. The Beetle model in the A Coupe segment is the leader with 44.6% segment share. The New Tiguan model, which has been in intense demand since its inception, has increased its sales by 75.0% in 2016, reaching a segment share of 13.2% at the end of the year. And the Jetta model, in the A/NB segment, where diesel engines are predominantly preferred, completed 2016 with a share of 4.8% with only petrol engines.

Innovative solutions in digital communication

Following the digital world closely, Volkswagen launched the new Passenger Car website and has been visited 23 million times by the visitors in 2016. The "My Volkswagen" app offered to always be available for fans was downloaded to 80 thousand users' smartphones.

Social media channels that bring together powerful strategy and original contents with users have become the most followed accounts again this year. Volkswagen has the largest automotive Facebook page and leads in Turkey in terms of following, and has exceeded 4 million local followers. Volkswagen Passenger Car has also been the most followed automotive brand in Instagram with its number of followers exceeding 260,000. Volkswagen Passenger Vehicle has also been very active on other channels to provide the right content for Volkswagen fans on Youtube, LinkedIn and Google Plus, achieving instant one-on-one communication through "Social CRM" applications.

Aiming to keep up with the global digitalization process and the requirements of the times, the "Digital Retail" project, which was diligently carried out in pilot phase, was launched at Doğuş Oto Etimesgut in 2016.

Aftersales Services

Expanding its service network with the opening of Avek Çanakkale Authorized Aftersales Service in 2016, Volkswagen Passenger Cars Aftersales Services increased the number of its Authorized Aftersales Service centers across Turkey to 75. Up from fourth to second place, Volkswagen After Sales Services took its success further at the International Aftersales Customer Satisfaction (IACS) survey commissioned by Volkswagen AG, and conducted annually throughout the world by an independent research institute to compare the aftersales services of all brands. Authorized services receive around 625,000 vehicles throughout the year and an average of 52,100 customers every month. In 2016, the spare parts and labor turnovers increased by 17% and 10%, respectively.

With its strategies aligned to Volkswagen's global vision of being "the best selling, the most innovative automotive brand in the world", Doğuş Otomotiv Volkswagen Passenger Car once again surpassed 100,000 vehicles in 2016, selling 101,763 vehicles in retail and capturing a market share of 13.4% as it continues to be one of the leading brands in the automotive industry.

"A Family With Unique Features"

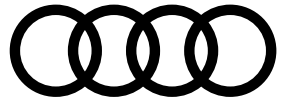
Volkswagen Passenger Car was awarded first prize in the "TV application of the year" category at the ODD Sales and Communication Awards organized by the Association of Automotive Distributors for its communication campaign "A family with unique features".

101,763

VOLKSWAGEN PASSENGER CAR ONCE AGAIN **SURPASSED** 100,000 VEHICLES IN 2016.

AUDI TURKEY IMPROVED ITS SALES FIGURES BY 8.5% YEAR ON YEAR. WITH DIGITALIZATION AT THE HEART OF ITS BUSINESS PROCESSES, AUDI TURKEY WAS GIVEN AS AN EXAMPLE BY AUDI AG TO OTHER MARKETS FOR ITS BENCHMARK PROJECTS.

AUDI

**Record sales in units**

Doğuş Otomotiv began importing Audi into Turkey in 1994, and in 2016, the brand's outstanding success resulted its highest-ever sales figures with 22,005 units.

Audi's model-based performance

Each the leader of its segment, A3 Sedan, A3 Sportback and A3 Cabriolet's total sales in 2016 amounted to 11,500 units. While the sales of A4, A4 Avant and A4 Allroad exceeded 5,000 units, the total sales across the A5 family was 600 units, with 2,200 units of A6 sold throughout the year. The Q3 closed the year with 1,000 units sold, and Q5 with 750 units. Meanwhile, the sales of niche models such as S/RS, A4 allroad, A3 Cabriolet, and TT also rose significantly in 2016, and achieved their highest sales figures to date.

Customer satisfaction

Audi Aftersales Services aimed at providing faster services by carrying out several digital projects to meet its customer satisfaction targets. The smart pen project was launched in 2016, and all Authorized Aftersales Services began to use the pens. The information written by the smart pen is instantly transmitted in digital environment to the service

consultant, resulting in faster response to customers. Remote video training project was also implemented to increase the educational level and quality of service personnel in 2016.

Aftersales service satisfaction

Audi Aftersales Services left behind the other brands in the Authorized Aftersales Service Satisfaction Survey (DSS Service) conducted by Audi AG annually with the participation of Aftersales Service Managers and company owners (DSS Service), and confirmed its success by ranking first. This impressive result shows that communication and cooperation with business partners was maximized.

Audi City

Audi City, where visitors obtain information and observe virtual Audi models in real-life dimensions, opened at Istinye Park, Istanbul following London, Beijing and Berlin, enabling the visitors to receive more personalized consultancy services on color, equipment and model choices from Audi experts. The design and operation model of Audi City, which Audi A.G. describes as the "showroom concept" of the future, combines the present and

future sales methods with the best features of virtual / digital world. Audi City provides the brand with technological infrastructure as a virtual showroom as well as a more personalized customer service and consultancy.

Marketing and launch activities

Advertising and communication activities aimed at increasing Audi's brand recognition continued throughout the year, and tactical communication campaigns in parallel to sales targets were run. For the launch of Q2 in the last quarter of the year, 360° communication was targeted. In addition to advertising campaign and test drives with wide participation, the micro site "benitagle.com" was developed where the users "tagged" each other and posted their personal videos, elevating the Q2's recognition to even higher levels. Audi won the grand prize "Kıpkırmızı" at the Kırmızı Advertising Awards for its air bag campaign, as well as the best art direction, best illustration, and best car advertisement in media awards. One of the other key issues was social media communication. Social media channels such as Facebook, Twitter, Instagram, YouTube, and LinkedIn have been successfully used in Audi's brand

communications. Audi brand became one of the leading brands in the automotive industry in terms of average engagement figures on Facebook in premium segment.

The Audi brand sold 22,005 sales units in 2016, growing its vehicle park by 17% year on year, and attaining 75% customer loyalty ratio as an exemplary figure across Europe while aftersales turnover rose by 14%.



22,005

AUDI RECORDED ITS **HIGHEST-
EVER SALES FIGURES WITH
22,005 UNITS SOLD IN 2016.**



SEAT BROKE A NEW SALES RECORD BY REACHING THE HIGHEST SALES UNITS AND MARKET SHARE IN ITS HISTORY, INCREASING THE NUMBER OF PASSENGER CARS SOLD BY 22% COMPARED TO PREVIOUS YEAR.

SEAT



Highest sales units and market share ever

SEAT continued its growth trend of the last four years, and reached its highest sales figures with 20,637 units in 2016, showing a much higher performance than the rest of the market with an increase of 22% in the number of units sold. SEAT also raised its market share to 2.73% with successful product, communication, sales, and fleet strategies followed in 2016 with Leon, Ibiza, Ateca, Alhambra and Toledo models. SEAT increased its market share by reaching the highest number of sales in Leon and Ibiza models in its history.

Leon ranked second in the AHB segment, taking 13.11% segment share, and Ibiza raised its share in the A0-HB segment to 4.72%. Ateca, the first SUV that SEAT included in the model range in November closed the year with 188 units sold.

Euroleague Basketball Sponsorship

Within the scope of the ongoing Turkish Airlines Euroleague and Eurocup sponsorships, SEAT effectively reached the basketball target group by being present in all communication channels from classic to new media. Sponsorship of Darüşşafaka Doğuş Basketball Team also continued throughout the year.

With the contribution of the communication activities as well as sponsorship communications in 2016, SEAT improved its brand awareness by 12% year on year, reaching 28 points.

Digitalization

SEAT's new website launched in 2016 aims at increasing customer benefits with its design, functionality and distinctive infrastructure. With the new website, the number of visitors increased by 56% year on year.

Television, newspaper, magazine, radio and digital channels were used to support the sales of Ibiza and Leon throughout the year. Communication of Ateca, the first SUV of SEAT, effectively continued in the second half of 2016.

After-Sales Services

Car entries into the SEAT Authorized Services reached 74,000, corresponding to 19% increase compared to the previous year with the effects of the growing vehicle park and service marketing activities in 2016. With the ongoing actions throughout the year, SEAT Authorized Services loyalty rates reached 64% and the after sales services customer satisfaction survey score reached 101.5 points with SEAT's customer satisfaction-oriented approach.

In 2016, SEAT Turkey won the "Absolute Winner" award, the highest prize of all categories in the Top SEAT People competition organized by SEAT S.A. among all Authorized Dealers worldwide, while also winning the second prize in the aftersales service consultant category.

The SEAT brand increased its passenger car sales 22% year on year, showing higher growth rate than the market, and broke a new sales record in the number of units sold. With the highest sales figures and biggest market share to date, the brand maintained its sustainable growth trend of the recent years

"Improved Brand Awareness"

With the contribution of the communication activities as well as sponsorship communications in 2016, SEAT improved its brand awareness by 12% year on year, reaching 28 points.



20,637

SEAT REACHED ITS **HIGHEST SALES FIGURES EVER WITH 20,637** UNITS IN 2016.

ŠKODA TURKEY WAS NAMED THE MOST SUCCESSFUL DISTRIBUTOR IN THE AFTERSALES SERVICES CATEGORY AMONG 103 COUNTRIES AT THE “BEST DISTRIBUTOR AWARDS” HOSTED BY THE MANUFACTURER.

ŠKODA



ŠKODA has crowned 2016 with awards

ŠKODA continued its growth trend, and after record-breaking sales of 22,107 units in 2015, sold 28,876 passenger cars in 2016, marking an increase of 30.62% in sales. These figures reflected on the brand's position that rose from 13 to 11, with 3.81% market share.

2016

ŠKODA increased its sales to 28,876 units in 2016 by boosting the sales approximately 30.6% year on year. Recording higher growth than the market average of 4.3%, ŠKODA had sold 22,107 units the previous year. Meanwhile ŠKODA's global sales increased 6.8%, reaching a total of 1,127,000. ŠKODA Turkey stayed ahead of important markets such as Germany, Italy, France, Spain, Austria and Belgium, and maintained its seventh place among ŠKODA's international markets.

Performance of models

ŠKODA Turkey sold 28,876 passenger cars in 2016. Octavia, the bestselling model of 2015, was again the most popular model

with a total of 12,854 deliveries, constituting 45% of overall sales, and increasing its sales 27% year on year. Superb, the second most sold model, similarly increased its share in overall sales to 27.6%, selling 7,872 units.

The success of ŠKODA Turkey was not limited to its sales performance, but also extended to online. ŠKODA Turkey sustained its fast rise on Facebook with 564,254 followers, and recorded stable growth on its website www.skoda.com.tr with 8,344,796 visitors.

What's new in 2016 and 2017

In 2016, products supporting ŠKODA's 4x4 image were promoted. In addition to 4x4 versions of Octavia, Octavia Combi and Superb, Octavia RS and Octavia Combi RS models were also offered in 4x4 versions.

The completely renewed third generation of Superb, which successfully represents ŠKODA brand in the D segment, was launched in Turkey and received with great interest. Since 2016 was the first full year that the

new Superb was sold, it recorded increase in sales and share within the brand. The success of Superb was also supported by the 'Car of the Year in Turkey' award by the Turkish Automotive Journalists Association (OGD). Among the shortlisted seven candidates, ŠKODA Superb was voted the winner by 64 automotive journalists.

ŠKODA Turkey was named the most successful distributor in the Aftersales Services Category among 103 countries at the “Best Distributor Awards” hosted by the manufacturer.

The other important innovation for ŠKODA was Kodiaq launched in September 2016. Kodiaq developed on VW Group's MQB platform of VW Group drew great attention as the first large SUV model of the brand. Kodiaq, which marks the continuation of the change that started with Superb, is expected to be available for sale in March. Kodiaq, which will come in 5-seat and 7-seat versions, is expected to attract new customers to the ŠKODA brand in Turkey and around the globe.

Another important novelty of 2017 will be the launch of the global bestseller Octavia's revamped model. The Sedan, Combi and RS versions will undergo major overhaul as part of the renovation. The sales of the new Octavia, which captured significant sales figures in Turkey, is set to start in March. In July, the revamped versions of Rapid and Rapid Spaceback will be available in Turkey.

2017 market share target

With the new products, ŠKODA continues to make great progress in the global arena and in Turkey, and aims to offer the first true SUV model in 2017 for non-ŠKODA customers. Appealing to a broad audience from large families to users who prefer SUVs, Kodiaq will contribute positively to sales as part of the changing face of the brand.

Turkey has become one of the fastest countries to complete the Corporate Identity Transition that ŠKODA launched in 2013. This new concept, which includes quality activities to improve brand perception, is designed to

increase customer satisfaction completely from the customers' showroom visits to purchasing and aftersales services. ŠKODA, which has succeeded in increasing sales figures every year in Turkey, will present the widest product range with the new SUV model to enter showrooms in 2017.

ŠKODA Turkey, which operates 37 Authorized Aftersales Services was named the most successful distributor in the Aftersales Services Category among 103 countries at the “Best Distributor Awards” hosted by the manufacturer while the new Superb was awarded as the “Car of the Year in Turkey” by OGD.



28,876

ŠKODA INCREASED ITS SALES TO 28,876 UNITS IN 2016 BY BOOSTING THE SALES APPROXIMATELY 30.6% YEAR ON YEAR.

BENTAYGA, “THE WORLD’S FASTEST, MOST POWERFUL” SUV THAT DEBUTED GLOBALLY IN 2015 WAS LAUNCHED IN TURKEY IN 2016.



BENTLEY&LAMBORGHINI



BENTLEY



The most prestigious and luxurious models

Bentley Motors was founded in 1919 by railroad engineer Walter Owen Bentley. Today, the brand pursues its operations under the umbrella of Volkswagen AG. Since the early 1910s, the British Bentley brand has gained recognition for manufacturing the most prestigious and luxurious car models in automobile history.

Automobili Lamborghini was founded in 1963 by Ferruccio Lamborghini. Production operations of the brand have been carried out of Bologna, Italy since its foundation. Following the acquisition of all Lamborghini shares by Audi AG in 1998, the brand shifted towards a rapid uptrend with its new models equipped with powerful and high-end technologies.

2016: Sustainable success

In 2016, the Bentley brand maintained its sustainable success, while the Lamborghini brand solidified its place as a competitor with the Huracan model.

Despite the difficulties of the year we left behind, Bentley sold and delivered 9 units including 2 Bentayga, its new SUV. In addition, throughout the year Bentley also sold and delivered 2 GT Speeds, 2 GT Convertibles, 2 GT V8s, and 1 Flying Spur.

In 2016, Lamborghini sold a total of 7 vehicles consisting of 4 Huracan and 3 Avendator models. A Huracan Spyder and an Avendator Roadster among these are convertible models offering performance and luxury together.

Keeping up brand communication

Marketing investments for Bentley and Lamborghini continued in 2016. The highlights of these efforts are as follows:

» For the launch of Bentayga, the world's fastest and most powerful SUV, a test drive event was organized for the media on April 18 – 20. The organization that involved a 500-km long drive kicked off at Munich Airport, Germany, and finished

in Kitzbuhel, Austria. The daily publications that attended the event covered the model extensively. The Bentayga Diesel's global launch took place in Marbella on December 7 – 8.

» A private test drive and factory visit was organized for a group of Turkish journalists on December 14 – 15 by Automobili Lamborghini. Huracan and Avendator models were tested

during the event attended by automotive and lifestyle media, which later covered the models in their channels.

» -Sustainable communication efforts have been undertaken throughout the year in line with the global marketing plans of Bentley Motors and Automobili Lamborghini.



PORSCHE TURKEY CONTINUED TO IMPROVE CUSTOMER SATISFACTION IN THROUGH SALES, MARKETING AND AFTERSALES SERVICE ACTIONS DESIGNED IN LINE WITH THE GLOBAL DIGITALIZATION STRATEGY, AND INNOVATIVE SUPPORT SYSTEMS ADAPTED TO THE MODELS IN THE PRODUCT RANGE,

PORSCHE



PORSCHE

514

PORSCHE'S BEST-SELLING MODEL IN 2016 WAS AGAIN **MACAN WITH 514 UNITS,**

Investments

Doğuş Oto Kartal, a new showroom located on Istanbul's Anatolian side, opened on August 15, raising the number of Porsche sales points to eight in Turkey.

Performance of models

Porsche's best-selling model in 2016 was again Macan with 514 units, increasing its market share in the compact SUV segment by 19% year on year. Macan was followed by Cayenne with 232 units, and 911, which sold 28 units, and increased its market share by 35% in the premium sports car segment. The 718 Boxster / Cayman models that play an important role in the sports car segment with the 2.0-liter engine option sold 27 units, and the Panamera model 26 units in 2016.

Communication activities

As advertising and digital marketing activities gained prominence throughout 2016, ads were placed in 45 magazines and 12 press events were held with the participation of 34 people. Adopting the language of the digital world in advertisement communications, different reader audiences were offered for the Macan 2.0 model presented with hologram technology, and the new 911 Carrera 4S model with the blipper app.

A year full of press launches

Porsche kicked off 2016 with the International Porsche Carrera 4/4S, Targa 4/4S and Turbo/S press launch event in Johannesburg, South Africa on January 26-27 January, and continued with the Porsche Ice Force 2016 Winter test drive press event in Levi, Finland on January 31 - February 2 with the participation of four members of the press. The new 2.0-liter engine 718 Boxster Technology Workshop press event was held in Marseille, France on February 23-24. Then came the test drives at the Porsche Driving Center for the new 911 press launch on March 14-15, followed by an event for female press members only on March 16-17, and finally another event on June 7-9, offering members of the press to experience all Porsche models on the track. The new Panamera's world premier took place in Berlin on June 28.

As the PR activities continued at full speed in the second half of the year the events included: Cayenne & Macan GTS Romania press trip on July 10-13; 718 Cayman International press day on July 14-15 in Sweden; the new Panamera TV press tour on August 28-30 in Munich; and the new Panamera press launch on October 23-25 in Poland.

Experiential marketing strategy

All Porsche models were tested by a total of 241 guests during the "Porsche on Track" driving events on March 26-27, June 12, and November 4-9 at the Porsche Driving Center.

Sponsorship projects

Porsche Driver's Selection boutique products were promoted throughout the year at various sponsored events such as The Palm at the Four Seasons Hotel on May 17, and the Zubizu Summer Shopping at the Les Ottomans Hotel on June 7.

The new 718 Cayman launch was organized within the scope of the summer venue sponsorship from June 18 to August 28.

Porsche sponsored the Antonis Remos concerts on September 2-3 at Angelique in Bodrum Palmarina where Porsche 911 Carrera 4S was displayed.

A Porsche test drive event accompanied by a brunch was hosted on Sunday, September 25 at Kemer Country with the participation of members from the Porsche Club, and Young Businessmen Association of Turkey.

Porsche Golf Cup World Final took place in Mallorca on May 9-12 with the participation of the 2015 Porsche Golf Tournament winners, and later on the 2016 Porsche Golf Tournament was hosted on October 8-9.

Marketing activities of 2016 ended with the Porsche Club New Year's party on December 23.

Communication awards

The magazine advertisement of Macan 2.0 featuring a hologram was an exclusive project that won the Bronze Apple in the "Best Media Application" category at the prestigious Crystal Apple advertising awards.

The launch event of the new 718 Cayman within the scope of summer venue sponsorship was recognized in the "Outdoor Application of the Year" category at the ODD Sales and Communication Awards, making Porsche Turkey one of the 2016 Gladiators for the first time in its history.

Embracing the digital world

The Porsche Driver's Selection boutique products as well as the Porsche original accessories were integrated to the Porsche online sales system, and offered to the consumers online.

In a world of ever increasing digitalization dominated by smart phones, the Porsche iOS app, was offered to Porsche users and fans in 2016. Porsche iOS app featuring Doğuş Technology offers Porsche customers detailed information on their vehicles and matching accessories, and provides non-Porsche customers with detailed information about the brand.

Records in aftersales services

With aftersales service campaigns aimed at Porsche's car park, which grew 6% by the end of 2016, and Porsche Accessory-Boutique marketing activities, year on year accessory sales increased 10%, boutique sales 15%, and the number of work orders by 10.5% respectively. The customer loyalty rate for Authorized Aftersales Services was 79%, while the customer satisfaction survey score rose to 110.8 as a result of the customer-focused approach in the aftersales service centers.

Porsche Turkey continued to improve customer satisfaction in through sales, marketing and aftersales service actions designed in line with the global digitalization strategy, and innovative support systems adapted to the models in the product range, and sold a total of 827 vehicles in 2016.



IN 2016, VOLKSWAGEN COMMERCIAL VEHICLES REACHED THE HIGHEST SALES VOLUME AND MARKET SHARE IN ITS HISTORY AND MAINTAINED ITS LEADERSHIP IN IMPORTED COMMERCIAL VEHICLES SALES.

VOLKSWAGEN COMMERCIAL VEHICLES



Ticari Araç

13,393

VOLKSWAGEN COMMERCIAL VEHICLES' TRANSPORTER SALES REACHED 13,393 UNITS IN 2016.

2016

In 2016, the light Commercial Vehicles market shrank 6.5% compared to the previous year, selling only 226,782 units. Meanwhile, Volkswagen Commercial Vehicles reached captured 14.5% share in the light Commercial Vehicles market by selling 32,773 units, and maintained its lead in the imported Commercial Vehicles market with a market share of 30.4%. The Volkswagen brand won the best-selling brand title for the fourth consecutive year with total sales of passenger cars and commercial vehicles.

Volkswagen Commercial Vehicles' Transporter model reached its highest market share in history with a market share of 48.2% in 2016 and 13,393 units sold. The Amarok model reached a market share of 17.6% with 3,643 units sold, Crafter model took a market share of 6.3% with 6,355 units, and Caddy had a market share of 14.5% with sales of 12,131 units.

New product launches

Volkswagen Commercial Vehicles re-launched its strong and powerful model Amarok with a new body in 2016. The new Amarok, featuring 3-liter V6, the most powerful engine in its class, new technologies and comfort advantages, was widely promoted using a 360° communications strategy.

The Comfortline gear, which the users loved in the previous generation, was offered to the market with the Transporter in February. Transporter Comfortline makes a difference with its high level of comfort and standard equipment properties in its class.

The Caddy Exclusive, the version that further strengthens Volkswagen Commercial Vehicles' assertion for its most desired model Caddy, with its wide range of features, was presented to the Turkish market in 2016. The launch of Caddy Exclusive model, offered specially for Turkey, was supported by an effective communication plan, which had a positive impact on increasing Caddy's segment share.

The Caravelle Team, drawing inspiration from the dual colored design of the legendary Volkswagen T1 that was first produced 66 years ago creating its own class, was presented to the market in August 2016.

Brand communication

In line with its marketing strategy to focus on the target audience, Volkswagen Commercial Vehicles continued its effective communication activities based on in-depth analyses of customer profiles and the media channels they use. A variety of projects

were realized in order to promote Volkswagen Commercial Vehicles brand, inform the customers, and introduce the products to the customers throughout the year. Throughout the year, different projects were launched to introduce the Volkswagen Commercial Vehicles brand, inform customers and introduce products on all communication channels from classic media to new media.

Volkswagen Commercial Vehicles is a pioneer in the industry with more than 1 million followers on Facebook, customer-focused innovative and outstanding applications offered on various social media platforms such as Instagram and YouTube, and services to enhance customer satisfaction.

"Advanced Driving Pleasure" videos of all models were prepared for sharing on social and digital channels. In these videos, the technological and electronic systems in the vehicles are described in a "How It Works" format with the aim of communicating the product specifications to the users in the right format. The goal here was to increase the benefits and customer satisfaction of Volkswagen Commercial Vehicles models.

Another system released in 2016 was the "Smart Turkuaz Screen" application that the Volkswagen

Authorized Dealers and Aftersales Services use. With this application, the objective is to analyze Volkswagen Commercial Vehicles users' online and offline data with their permission to provide the best service to them. The Smart Turkuaz Screens calculate information according to specific algorithms within the system, display the results to sales or service consultants, and therefore help to improve the quality of customer communications. As the data is visualized on the screen, the customer gets fasted attention, and efficiency in the showroom is increased.

Customer relations management and onsite activities of authorized dealers

Volkswagen Commercial Vehicles maintained the approach of always being one step ahead of customer in 2016. With the potential customer and external visit project launched in 2011, the number of potential customers registered has reached 272,000 in 2016 while over 75,000 customers were actively visited during the year.

Aftersales services

In 2016, Volkswagen Aftersales Services has further expanded its service network by opening Avek Çanakkale Authorized Aftersales Service, thus reaching 76 service points across Turkey. The Authorized

Aftersales Services receive an average of 17,500 customers monthly amounting to 209,000 vehicles in a year. In 2016, the spare parts and workmanship turnovers increased by 7% and 5%, respectively.

2017...

Volkswagen Commercial Vehicles plans to maintain its share in the light Commercial Vehicles market, and preserve its strong brand image, and seamlessly carry out its activities in all customer-focused areas such as product, Authorized Dealer field activities, and aftersales services. The wide and renewed range of products, the confidence created by Doğu Otomotiv and Volkswagen brands, the Authorized Dealer network spread throughout Turkey and strong customer communication will be the key tools for Volkswagen Commercial Vehicles to reach its 2017 sales targets.

In 2016, Volkswagen Commercial Vehicles reached the highest sales volume and market share in its history. Volkswagen Commercial Vehicles maintained its third place in the overall market, and its leadership in imported Commercial Vehicles sales.



SCANIA INCREASED ITS MARKET SHARE TO 11.2% IN 2016 THROUGH SOLUTIONS SUITED FOR ALL KINDS OF PROJECTS AND CUSTOMER-FOCUSED ACTIVITIES, RECORDING ITS BEST RESULTS TO DATE.

SCANIA

**Solutions focused on needs**

In 2016, SCANIA continued to make its business partners feel that the brand stands by their side in every project and moment of need. Driven by the "Your business is our business" approach, Scania has always been there for its business partners during and after sales with all of its employees and authorized aftersales service organization. As Scania's low fuel consumption reduces operating costs, its high levels of comfort offer users great ease. As a result, Scania has proudly proven itself as an innovative and trusted brand in the heavy vehicles market with its increasing market share.

Achievements

Through the SESS (Scania Integrated Driving Systems) project, Scania vehicle owners were offered a smart fleet management system, together with training and coaching services customized to their line of business in 2016. Scania vehicle owners are invited to the SESS Room at Dogus Otomotiv's Sekerpinar facilities or the SESS Laboratories at five of our Authorized Dealers to receive information on ensuring highest operational productivity and fuel efficiency. This project is considered exemplary in the entire Scania organization worldwide, and offered to other markets as well.

In the global warranty inspection that Scania conducts annually in its distributors, Scania Turkey became the champion of 2016 with the lowest error rates.

Scania gets more digital

Scania has already reached 180,000 users on Facebook with the account only opened in 2015, and also connected with its business partners on Instagram, LinkedIn and Google Plus platforms in 2016.

Scania's website also got a makeover in 2016, and the new design now offers better usability on an improved platform.

2017

Scania continues on its digitalization journey, with plans to launch new initiatives such as My Scania is Super Strong, My Scania on Mobile, GeoVabis, and Drivers' League. The sales and aftersales service trainings will also move to the digital environment.

Scania aims at further strengthening relations with business partners through technological innovations, need-based solutions and customer focused activities.

180,000

SCANIA HAS ALREADY REACHED 180,000 USERS ON FACEBOOK WITH THE ACCOUNT ONLY OPENED IN 2015



SCANIA ENGINES ENJOYED SIGNIFICANT GROWTH IN 2016, NOW RANKING FOURTH IN THE GLOBAL SCANIA CV BUSINESS, AND ALSO INCREASED ITS MARINE ENGINE SALES IN THE TURKISH MARKET BY 260%.

SCANIA ENGINES



Another successful year for Scania Engines

Scania Engines enjoyed significant growth in 2016, now ranking fourth in the global Scania CV business, and also increased its marine engine sales in the Turkish market by 260%.

Order performance in 2016

Scania Engines increased its market share with the sale of 231 engines in Turkey in 2016, ranking in the top four among Scania's export markets.

Scania Engines increased power generation engine sales through collaborative projects with leading power generator companies in Turkey, improving its position in the market and confirming its success in this field.

Broad product range

Doğuş Otomotiv offers power generation engines, marine engines, marine power generation engines and industrial engines under the Scania Engines brand.

With more and more diverse customers requiring marine engines and power generation engines, Scania Engines increased sales by 260% year on year.

Considering customer needs, Scania expanded the marine engines product range with the addition of the new V8 engines, and created a new engine range based on the 16.4-liter V8 truck engines. The performance of this engine range, which uses XPI fuel injection technology to deliver high-pressure fuel in shorter time, and generates more power, has reached the levels that Scania sought, thanks to the use of filtration technology.

Scania Engines will continue to broaden its product range in 2017 with the addition of natural gas operated engines, and engines with Tier III emission standards according to IMO regulations.

2017 Targets

Scania Engines operates as a reliable solution partner to expand its product range, improve its quality, and increase its market share in this segment. The business partnership that started in 2013 with leading power generation companies in the power generators market will continue in 2017, as it did in 2016. Scania Engines, with its market domination and quality product range, aims to increase its sales figures further in 2017, and become the market leader.

Marketing activities to support sales

In addition to the high technology products offered to the market, Scania Engines is also a brand that keeps getting coverage on the media. Accordingly, Scania Engines, following the large fleet sales in 2014, organized delivery ceremonies accompanied by the media to ensure one-to-one engagement with the customers.

"Broad Product Range"

Doğuş Otomotiv offers power generation engines, marine engines, marine power generation engines and industrial engines under the Scania Engines brand.



231

SCANIA ENGINES INCREASED ITS MARKET SHARE WITH THE SALE OF 231 ENGINES IN TURKEY IN 2016.



THERMO KING SETS THE STANDARDS IN TRANSPORTATION FOR TURKEY'S LEADING COLD CHAIN AND PHARMACEUTICAL TRANSPORTERS BY ENSURING QUALITY AND RELIABILITY UNTIL THE PRODUCTS ARE DELIVERED TO THE END USER.

THERMO KING



Sales performance in 2016

Thermo King, longtime market leader in the diesel chiller unit industry, has maintained its leading position with the sales results achieved in 2016.

Offering options on units in response to customer needs, and specialized cooling and heating solutions for different projects, Thermo King sets the standards in transportation for Turkey's leading cold chain and pharmaceutical transporters by ensuring quality and reliability until the products are delivered to the end user.

Thermo King is ranked among the top five distributors that recorded maximum GDP qualified and validated trailer sales in Europe in 2016. For the first time in April 2016, the company began to issue ATP certification for refrigerated trailers in Turkey.

The Latest Developments at Thermo King

Thermo King continues to be the technology leader in the chiller industry. With the acquisition of CelTrack, the tracking service

provider, Thermo King will begin to offer remote tracking system as standards on the trailer units that will be launched in 2017.

The TracKing equipment, which places Thermo King one step ahead of its competitors, uses GPS technology to enable instant data follow-up in more than 80 countries. TracKing also enables remote access to the unit with its two-way communication feature.

Furthermore, with the Bluebox technology the driver will be able to check the unit using a smart phone while driving.

Strong authorized reseller and aftersales service organization

Thermo King continuously strives to better serve its Authorized Resellers and Aftersales Service teams. With information on technological advancements delivered through service and sales trainings in 2016, the effectiveness of the Authorized Reseller and Aftersales Service network has been improved.

Best brand for the 12th time

Thermo King was named the best brand for the 12th time in the "Cooler Units" category according to reader votes at the "Best Brand" competition organized by Lastauto Omnibus, Trans Aktuell, and Fernfahrer magazines published in Germany, and included among the most prominent publications of the commercial vehicle industry.

Marketing and communication activities

The marketing activities in 2016 included advertising campaigns and newsletters prepared for the trade media, as well as communication events to support Authorized Resellers and Services, and delivery ceremonies that provide an opportunity to communicate with the customers.

Thermo King has maintained its market share in the cold chain transportation, and successfully continued to offer solutions for various projects in 2016.

"Best Brand"

Thermo King was named the best brand for the 12th time in the "Cooler Units" category according to reader votes at the "Best Brand" competition organized by Lastauto Omnibus, Trans Aktuell, and Fernfahrer magazines published in Germany.



THERMO KING IS RANKED AMONG THE TOP FIVE DISTRIBUTORS THAT RECORDED MAXIMUM GDP MEDICINE CERTIFICATE HOLDER TRAILER SALES IN EUROPE IN 2016.

IN 2016, WE RESPONDED AND ADAPTED TO THE RAPIDLY CHANGING CONDITIONS EQUALLY AS FAST. WITH A MEASURABLE AND ACCOUNTABLE MANAGEMENT MODEL, DOĞUŞ OTO CONTINUES TO SET AN EXAMPLE TO THE ENTIRE DEALER NETWORK.

DOĞUŞ OTO

**About Doğuş Oto**

Doğuş Oto sells new and used vehicles, spare parts and accessories at six points in the Istanbul, Ankara and Bursa provinces, and also offers insurance, financing and aftersales support services for the 7 brands (VW Passenger Cars, VW Commercial Vehicles, Audi, Porsche, SEAT, SKODA and DOD) it represents. Doğuş Oto sustains its progress by continuously improving its service quality.

Exceeding targets

2016 has been a very successful year in terms of sales and aftersales service volumes. Doğuş Oto sold 62,394 new and 2,407 used vehicles.

Closer to the customer through new investments

The facility in Kartal where Volkswagen, Audi and Porsche brands are represented launched operation while the Audi showroom and aftersales service center in Maslak were completely renovated. ŠKODA sales also started in Maslak, Istanbul. The Volkswagen showrooms and aftersales service centers in

Esenyurt and Etimesgut were completely renovated in line with the new concept. The Volkswagen showroom in Etimesgut, Ankara launched renovation works to adapt to the digital showroom concept. Furthermore, Audi City Istanbul opened to offer visitors the opportunity to obtain information on every aspect of the Audi world, and examine the virtual versions of Audi models in real life dimensions.

Joint projects with group companies

The showrooms were used to exhibit the artworks as part of the "A Place for Art" project that Doğuş Group developed to support university students. "The Luckiest Campaign of the Year 11.11", which broke N11's sales records, resulted in 10 vehicles being sold within a few minutes.

More customers were reached through the projects developed jointly with Zubizu. Doğuş Oto Bursa won the first place with 74% success rate at the Audi Twincup competition. Doğuş Oto won the Best Authorized Seller Award of ŠKODA Turkey.

Marketing activities

Doğuş Oto's ongoing dynamic and mutual relationship with its customers, as well as its philosophy of service excellence and efficient working approach, motivate the company to fulfill its responsibilities. In all the marketing activities conducted throughout 2016, the objective has always been raising Doğuş Oto's brand awareness, and supporting vehicle entries and sales, and improving customer loyalty and satisfaction through customer focused communication.

In addition to the events and activities aimed at brand positioning, determining marketing

strategies, and customer relations management to understand customers better, a Net Promoter Score (NPS) survey was conducted for in-depth analysis of the extent that customers would recommend Doğuş Oto, and their reasons for why they would or would not recommend Doğuş Oto. The survey has helped to identify the development areas within the organization, and measure customer loyalty.

Doğuş Oto believes that all of its endeavors are based on understanding people, and aims to carry out activities to achieve further engagement with its customers.

"Efficient Working Approach"

Doğuş Oto's ongoing dynamic and mutual relationship with its customers, as well as its philosophy of service excellence and efficient working approach, motivate the company to fulfill its responsibilities.



62,394

DOĞUŞ OTO EXCEEDED ITS TARGETS BY **SELLING 62,394 VEHICLES.**

D-AUTO SUISSE SA HAS EXPANDED ITS NEW VEHICLE SHOWROOM CAPACITY 40%, USED VEHICLE SHOWROOM CAPACITY 300%, AND SERVICE CAPACITY 55% IN 2016.

D-AUTO SUISSE



D-AUTO SUISSE SA

Continuous growth in high-end market with two new additions to portfolio

The company aims at increasing the market share with the addition of Bentley and D-Occasion with plans to keep on presenting an excellent retail experience to customers by continuously investing in process and service quality in spite of increasing business volume.

About DASSA

D-Auto Suisse SA, a subsidiary of Doğu Otomotiv, has continued its operations with Porsche since 2009, and the recently added Bentley and D-Occasion brands in the Swiss city of Lausanne located in Canton Vaud, which has a population of 750,000. By offering customers new and used vehicles, spare parts sales, and aftersales services, the company improves its service quality and reliability every year.

Sales successes

D-Auto Suisse succeeded in selling 306 new and 126 used vehicles in 2016. The sales of 157 Macan units supported its penetration into the customer segments that did not own a Porsche before.

D-Auto Suisse SA invested CHF 4.5 Million in the opening of a new, 6,300-sqm showroom in Lausanne. This investment increased its capacity of new vehicle exhibition from 12 to 17, used vehicle exhibition from 10 to 40, and its number of lifts from 9 to 14. With the launch of Bentley operations and the newly created used vehicle dealer D-Occasion, additional turnover of CHF 13 million is anticipated.

D-Auto Suisse aims to offer the best customer experience possible with its new investment together with the recently hired 10 new employees in 2017.

Marketing activities

Numerous marketing activities were carried out in line with the objective of increasing brand recognition, announcing campaigns and attracting new customers throughout the year. Introducing sports car models of Porsche to Macan customers as a key objective was also accomplished.

Formal opening of Bentley showroom took place in December. The aim of this opening, which 150 guests attended, was to introduce the company to existing and potential Bentley customers.

As of 2016 yearend, the number of registered customers in the D-Auto Suisse database has reached 7,700. As it always has been, our plan will be to increase our market share in the high-end market segment.

With CHF 4.5 million invested in 2016, D-Auto Suisse SA has expanded its new vehicle showroom capacity 40%, used vehicle showroom capacity 300%, and service capacity 55%. The target is to increase the penetration ratio in the high-end market segment by focusing on process quality and customer loyalty.

“Showroom opening in Lausanne”

D-Auto Suisse SA invested CHF 4.5 Million in the opening of a new, 6,300-sqm showroom in Lausanne. This investment increased its capacity of new vehicle exhibition from 12 to 17, used vehicle exhibition from 10 to 40, and its number of lifts from 9 to 14.



306

D-AUTO SUISSE SUCCEEDED IN SELLING **306 NEW AND 126 USED** VEHICLES IN 2016.

D-AUTO LLC PROVIDES ITS CUSTOMERS WITH THE BEST QUALITY SERVICE, COMBINED WITH ITS KNOWLEDGE AND EXPERIENCE IN AN AREA OF 7,500 M2 WITH 17 EMPLOYEES.

D-AUTO LLC



D-AUTO

About D-Auto LLC

D-Auto LLC, 100% owned by Doğu Otomotiv, signed an exclusive general distributorship agreement for the Iraq territory with the Volkswagen and Audi brands in 2013, and launched its operations in the city of Erbil in July 2014. This was followed in December 2015 with the signing of the Iraq distribution agreement with Volkswagen Commercial Vehicles, adding another brand to the range.

D-Auto LLC provides its customers with the best quality service, combined with its knowledge and experience in an area of 7,500 m2 with 17 employees.

Activities in 2016

2016 was a year that saw further increase in economic stagnancy, and while the automotive industry was adversely affected the market shrank significantly.

D-Auto LLC sold 55 new vehicles in 2016 with Audi's Q7 became the brand's most liked model while Volkswagen's CC with its sporty build was the model that our customers favored the most.

D-Auto LLC has gained acclaim among Volkswagen and Audi users for its customer satisfaction oriented service approach. With the high quality offered in aftersales services and trained technical staff, D-Auto LLC became the customers' preferred service point, and serviced 2,128 vehicles in 2016.

2017 targets

Under current market conditions that point to further economic shrinkage, the minimum cost structure will be maintained, and brand promotion activities will be stressed to improve market shares. D-Auto LLC will strive to differentiate itself from its competitors through quality of service.

2,128

D-AUTO LLC SERVICED 2,128
VEHICLES IN 2016.



THE IMPLEMENTATION OF THE DOD AUTHORIZED RESELLER CONCEPT, UPDATED IN LINE WITH THE NEEDS OF CUSTOMERS, AND NEW TRENDS, BEGAN AT NEW RETAIL POINTS THAT OPENED IN 2016.

DOD



A new era at DOD

DOD, a pioneering brand, maintained its leading position in its segment with customer experience enhancing new projects launched in digital channels in Turkey for the first time in 2016. With an Authorized Dealer network supported by increased supply and diversified inventory, the company continues to reinforce its position in the used car sector.

DOD in 2016

The increase in the number of partnering fleet companies has continued in 2016, and further diversifying the brands and models through new agreements, a wider range of vehicles could be supplied to Authorized Resellers in higher numbers. Vehicle purchases increased by 31% compared to 2015, while DOD's vehicle sales in cash reached 928 units by growing 9% year on year, and total sales to Authorized Resellers amounted to 22,534 units.

The cash purchase processes and the business model changes introduced in premium vehicle sales at DOD City Esenyurt and DOD Sekerpinar, the two DOD retail points, also continued in 2016. Since the launch of these retail points, the highest turnover, added value and retail sales units ever have been recorded in 2016.

Customer focused improvements at retailers and aftersales services

The implementation of the DOD Authorized Reseller concept, updated in line with the needs of customers, and new trends, began at new retail points that opened in 2016. System and procedure improvements were made to offer faster and higher quality service to customers, resulting in shorter vehicle purchase – sell periods, and leading to enhanced customer satisfaction beyond targets.

Regarding customer relations, the organizational changes at Authorized Resellers, and additions to the DOD support team positioned within DIM, have helped to reduce the finalization of customer requests 19 to 4 days.

Through the DOD Warranty Trainings that continued in 2016, DOD Warranty penetration levels reached 8%.

With the Tramer System integration with Turkuaz, which started in early 2016, damage registers of all vehicles in the DOD inventory will be automatically added to survey forms. This project slated for completion in the first quarter of 2017 is expected to contribute positively to both business processes and customer satisfaction.

Digital Investments

The used vehicles in the DOD inventory offered for sale are photographed 360° degrees at selected pilot Authorized Resellers, and uploading the images to DOD's digital platforms has heralded in a new era by offering users a never before experienced inspection of the used vehicles. With this first of its kind service in the Turkish used vehicle market, user experience on digital platforms has been

enhanced, offering users the chance to examine the vehicle thoroughly without physically seeing it. Within the first quarter of 2017, all DOD Authorized Resellers will be included in the DOD 360 project, which is currently available in pilot locations, 360° photographs of all vehicles in the DOD inventory will be integrated into the system.

DOD mobile app has been made available in iOS and Android operating systems to improve the quality of services delivered to customers, and enable accessibility on all platforms. The customers can use the DOD mobile app to see all vehicles on their mobile devices, and as a difference from other used vehicle apps, they can also access loan information and survey reports.

Active and visionary social media channel usage also continued in 2016, as digital channels are preferred more and more for the brand's national and local communications.

“DOD Mobile App”

DOD mobile app has been made available in iOS and Android operating systems to improve the quality of services delivered to customers, and enable accessibility on all platforms.



928

DOD'S VEHICLE SALES IN CASH
REACHED 928 UNITS.

IN 2016, VDF DELIVERED MUCH HIGHER PERFORMANCE AND EXCEEDED ITS TARGETS BY FOCUSING ON CUSTOMER SATISFACTION WITH ITS PRODUCTS AND SERVICES.



vdf



vdf AUTOMOTIVE FINANCE (VOLKSWAGEN DOĞUŞ FİNANSMANI A.Ş.)

In 2016, vdf delivered much higher performance and exceeded its targets by focusing on customer satisfaction with its products and services.

With a penetration rate of 37% among Volkswagen Group brands, vdf maintained its position as the market leader among consumer financing companies and banks in 2016 on the basis of "performing contracts" in consumer vehicle loans.

By granting 86,500 new loans as of 2016 yearend, vdf increased its total number of loans to 160,800, and comfortably exceeded its

targets with this record rise. vdf also increased its performing contracts by 19% in volume year on year, rising from TL 5.9 billion to TL 7 billion.

In 2016, vdf Automotive Finance aimed to increase customer satisfaction and loyalty through sales, marketing and customer loyalty campaigns carried out jointly with the brands. The results of the customer survey conducted in 2016 indicate that customer satisfaction levels have increased compared to the previous year.

For 2017, vdf aims to expand its loan, insurance and service packages designed especially for the needs of its customers, and to serve them in every step of the automotive value chain.

vdf SIGORTA VE ARACILIK HİZMETLERİ A.Ş.(vdf INSURANCE AND BROKERAGE SERVICES, INC.)

vdf Insurance Services created maximum customer satisfaction in 2016, with its broad experience and product range, especially developed to meet the needs of its customers. Operating as the agent of 11 insurance companies, vdf Insurance Services serves individual and group customers in several branches including car insurance, extended warranty, and loan protection insurance.

vdf Insurance works functions as part of the VW Group's Authorized Dealers and, in 2016, has added 10 more to its number of branches at dealers, reaching a total of 60. vdf Insurance Services added MAN Kasko to its branded accident insurance products that started with Volkswagen Kasko, and continued with SEAT, ŠKODA, DOD, Audi Kasko and Scania Kasko, making a difference in its industry with brand specific guarantees.

vdf Insurance maintained its position as the largest agency in 2016 in terms of total premium production and number of

performing contracts, increasing its net premium production by 25% year on year, and rising from TL 300 Million to TL 374 Million. vdf Insurance also increased the number of its contracts, reaching 311,500 contracts in 2016.

vdf FAKTORİNG HİZMETLERİ A.Ş. (VDF FACTORING SERVICES, INC.)

Since its inception in May 2010, vdf Factoring Inc. has been offering factoring and financing services to 125 customers across Turkey. vdf Factoring reached a transaction volume of TL 13 Billion, and a total asset value of TL 378 Million in 2016. Committed to the principle of continuous and stable growth, vdf Factoring aims to further increase its business volume in 2017.

With customer satisfaction always at the forefront, vdf Reached Record Figures In Number Of Loans Insurance Policies, Showed Better Performance Beyond Targets with innovative products and services, and also added vdf fleet to its operations to serve all segments of automotive sector in 2016.

"Total Asset Value of TL 378 Million"

Since its inception in May 2010, vdf Factoring Inc. has been offering factoring and financing services to 125 customers across Turkey. vdf Factoring reached a transaction volume of TL 13 Billion, and a total asset value of TL 378 Million in 2016.

160,800

BY GRANTING 86,500 NEW
LOANS AS OF 2016 YEAREND, VDF
**INCREASED ITS TOTAL NUMBER OF
LOANS TO 160,800.**

ONE OF TÜVTÜRK'S PRIORITY OBJECTIVES IN 2016 WAS TO CAPITALIZE ON INNOVATIVE TECHNOLOGIES TO ENHANCE THE EASE AND SPEED OF ACQUIRING INSPECTION SERVICE FOR VEHICLE USERS.

TÜVTÜRK

**2016**

In 2016, TÜVTÜRK achieved growth in operational areas, and periodic inspections in particular, increasing its turnover 9.5%, from TL 1,327,000,000 to TL 1,452,000,000. The operations of TÜVTÜRK Istanbul accounted for TL 242,000,000 of the total amount.

TÜVTÜRK, one of Turkey's most effective Public and Private Sector Collaboration projects, has contributed nearly TL 5.2 billion to the public since its inception while this figure for 2016 alone was TL 900 million.

New investments, in view of past experiences and requests, and in line with the aim of providing the customers with easier, more comfortable and better service, continued at full speed in 2016. During the year, two new fixed stations, 3 additional channels and 8 administrative building expansions were completed and put into service. Together with Antalya Korkuteli and Gaziantep Şehitkamil stations that opened in 2016, TÜVTÜRK now provides services at 204 fixed, 77 mobile, 5 motorcycle and 13 mobile tractor stations in 81 cities across Turkey.

With works going on for developing new concept inspection stations that started with the Istanbul Dudullu station and continued in 2016, two more stations switched to this concept. Development and improvement of customer reception and waiting areas, café and prayer areas, and providing services focused on customer satisfaction and expectations continued to be among TÜVTÜRK's priority targets.

Major Contribution to Road Safety

In 2016, periodic vehicle inspection of 8,194,000 vehicles was carried out, showing an increase of 1.3% compared to the previous year. During these inspections, 33.5% of vehicles were identified as major fault or unsafe. Of the 2,703,000 vehicles that returned for re-inspection, 98% were found to have been fixed for defects and faults, and allowed to re-enter traffic safely after successfully passing the re-inspection.

Exhaust Emission Tests

In 2016, 3,182,000 vehicles were carried out exhaust gas emission tests. This marked a 12.8% increase in units compared to the previous year, and the ratio of this service to periodic inspections was 39% showing a year on year increase of 4%.

Roadworthiness Inspection

In 2016, 31,000 roadworthiness inspections were conducted at 30 stations.

Customer Experience Always A Priority

One of TÜVTÜRK's priority objectives in 2016 was to capitalize on innovative technologies to enhance the ease and speed of acquiring inspection service for vehicle users. The online appointment system, which was renewed according to user needs and digital trends in 2015, continued to provide the best user experience to our customers with additional improvements and updates made in 2016. After the improvements have been integrated, all 202 stations started to offer services by appointment.

Center of Industrial Knowledge and Experience: Tüvtürk Academy

TÜVTÜRK Academy, founded in 2013 to improve the inspection process and quality at TÜVTÜRK, provided technical and qualification training for more than 3,500 employees serving at 204 fixed, 5 motorcycle, 77 mobile stations and 13 mobile tractor stations throughout Turkey. At TÜVTÜRK Academy in Şile, Istanbul, trainings are provided under three headings: Occupational Qualification Training,

Technical Training, and Competence based Training and Development Programs.

TÜVTÜRK Academy is advancing toward becoming a training institution that will open its organization's technical knowhow and experience to the transportation, logistics and automotive sectors. It also helps TÜVTÜRK to share its international knowhow, expertise and experiences with non-governmental organizations, trade associations, and related trade associations through its education program called the "Inspection Perspective in Vehicle Maintenance".

TÜVTÜRK Academy is authorized by the Ministry of Transport, Maritime Affairs and Communications, and continued to offer SRC Dangerous Goods Transportation by Road Driver's Professional Competence Certificate, and Dangerous Goods Safety Advisor certificates in 2015 at its own technical laboratories featuring the latest equipment and technical instructors.

TÜVTÜRK Academy also trains "Exhaust Emission Test Personnel", who are qualified to test exhaust emissions with the authority granted by the General Directorate of Environmental Management of

the Ministry of Environment and Urbanization. TÜVTÜRK Academy aims to contribute even more to road and vehicle safety by increasing the number of its training programs in 2017.

Traffic Responsibility Action

Under the coordination of the Ministry of Transport, Maritime Affairs and Communications, the Traffic Responsibility Action was launched in 2010 to raise social awareness of road safety and personal responsibilities. While the "Bosom Buddies Action", "Youth Action In Traffic" and "Have a Good Lesson Mr. Driver" projects, aimed at different target groups, continue, two sub-projects ("Safe Vehicle Action" and "Responsible Citizen Action") that were conducted from 2010 to 2013 were completed. In the last six years, this project reached more than one million people directly, and nearly 4.5 million people indirectly through communication activities. The Traffic Responsibility Movement was awarded with 11 distinctions to date.

For TÜVTÜRK, 2016 was a productive year in terms of customer experience and operational growth as **SERVICE QUALITY AND CONTRIBUTION TO ROAD SAFETY** continued to be among the company's most important targets.



TL 5.2 BILLION

TÜVTÜRK, HAS CONTRIBUTED NEARLY TL 5.2 BILLION TO THE PUBLIC SINCE ITS INCEPTION

THE SPARE PARTS AND LOGISTICS OPERATIONS COMBINE THE LATEST AND THE BEST SYNERGISTIC PRACTICES WITH STATE-OF-THE-ART TECHNOLOGY TO CONTINUOUSLY CREATE VALUE FOR DOĞUŞ OTOMOTİV'S MULTI-BRAND STRUCTURE.



YEDEK PARÇA VE LOJİSTİK

About spare parts and logistics

Spare Parts and Logistics manages the importation, warehousing and distribution of vehicles and spare parts to Authorized Dealers of the world's most prestigious brands such as Volkswagen, Audi, SEAT, ŠKODA, Porsche, Bentley, Lamborghini, and Scania, as well as Scania Industrial and Marine Engines, Thermo King Transport Temperature Control Systems.

Spare Parts and Logistics employs state-of-the-art technology combined with the best modern synergistic practices, creating unmatched levels of service for the global brands that Doğuş Otomotiv represents.

Prompt delivery of the right service for customers

Spare Parts and Logistics uses advanced computer technologies and stock management systems, which can be easily adapted to various demands of customers, to run its operations smoothly. As a result, spare parts availability has risen to 99%. Effective pricing and price positioning policies, along

with the use of common parts up to 50%, create a significant synergy in the Spare Parts and Logistics organization.

Spare Parts and Logistics has undertaken a new leap regarding its facilities by doubling installed capacity in 2013 to improve the quality of its service and ensure sustainability of the business volume for the next decade. With the automation systems investments that started in 2014, error ratio has been minimized while gaining speed in warehousing operations and distribution of spare parts. A fire prevention system in world standards, the UL-FM hydrant model was installed in vehicle warehousing and delivery areas in 2016.

As the "shipment from the port" project that Spare Parts and Logistics implemented as a part of its pioneering vision in vehicle logistics continued with increased capacity for vehicle stocking and importation at the ports, significant improvements were achieved in client delivery times by working with more than one transportation company for vehicle deliveries from ports to Authorized Dealers.

In 2014, Spare Parts and Logistics launched central structuring to include all Authorized Dealers as well, and took successful steps in managing and collecting waste, and as a result collected more waste batteries than the legally required amount in 2016.

Products and services

For the efficient supply of products and services to Authorized Dealers and Aftersales Services, and improved overall customer satisfaction, Spare Parts and Logistics offers the following services:

- » Operational management of vehicle imports and homologation for all brands,
- » Warehousing imported vehicles supplied by VW, Audi, SEAT, ŠKODA, Porsche, Bentley, Lamborghini and Scania brands in the bonded and stock areas, and delivering them to the Authorized Dealers.
- » Ordering, import, stock management and delivery to Authorized Dealers of the spare parts and accessories of VW, Audi, SEAT, ŠKODA, Porsche, Bentley, Lamborghini, Scania and Thermo King brands.

- » Monitoring the qualitative and quantitative parts bonus criteria at Authorized Dealers, and how they are achieved.
- » Fulfilling the obligations of DOAS and Authorized Aftersales Services born of environmental legislation, and reducing our environmental impact as part of our corporate responsibility.

IMPROVING QUALITY FOCUSED BUSINESS APPROACH

The priority goals of Spare Parts and Logistics include:

- » Adopting the role of a strategy-setter in spare parts activities, creating a vision and sharing it with brand representatives, and thereby adding value to the group brands' market share growth.
- » Achieving operational excellence in the speed / quality / cost axis with employee participation.
- » Pioneering digitalization investments to create effective e-trade chain management (Industry 4.0).
- » Implementing projects with the aim of continuous improvements in spare parts management systems.

- » Reducing delivery times and costs to support new vehicle sales, and thereby enabling the organization to operate with lower stock costs.
- » Seeking new opportunities in accessories marketing to increase sales volume, are among the prioritized goals of Spare Parts and Logistics.

In 2016, Spare Parts and Logistics IMPORTED 186,300 VEHICLES, AND DISPATCHED 211,000 VEHICLES TO AUTHORIZED DEALERS, ending the year with a total revenue of TL 837.8 million generated by the sales of spare parts and accessories.

186.300

YEDEK PARÇA VE LOJİSTİK, 2016
YILINDA 186.300 ADET ARACIN
İTHALATINI GERÇEKLEŞTİRMİŞTİR.

DOĞUŞ SİGORTA, WITH OVER 30 YEARS OF EXPERIENCE, PROVIDES ITS CLIENTS RELIABLE INSURANCE SERVICES THAT MAKE A DIFFERENCE.

CORPORATE GOVERNANCE

DOĞUŞ SİGORTA



An Experienced Broker

Doğuş Sigorta Aracılık Hizmetleri A.Ş. (Doğuş Insurance), a subsidiary of Doğuş Holding ve Doğuş Otomotiv, is an insurance brokerage company established on March 26, 1984. Considering the strong competition in the insurance market, our objective is to provide insurance for the assets and commitments of Doğuş Holding companies in the best possible way in terms of cost and operation. Doğuş Sigorta continued to carry out its activities throughout 2016 in line with the principle of always providing excellent insurance services for Group companies and their employees, as well as other customers.

» All the insurance transactions of the group companies, which operate in eight major industries including finance, automotive, construction, media, tourism and services, real estate, energy, and catering are pursued by Doğuş Insurance.

- » Within the framework of the Doğuş Combined Insurance program, Doğuş Group companies have been offered significant coverage and premium advantages in terms of risk assessment and pricing in policies issued in 2016.
- » In line with the operations of Doğuş Group companies in various industries, the range of insurance products offered was increased and risk assessments were updated in all the activities performed throughout the year.
- » Doğuş Insurance, with a team of 5, has increased its premium production in 2016 by 80% year on year to TL 59 million, and produced 25,000 policies with 15% increase.

Growth to Continue in 2017

Through collaboration with Turkey's leading insurance companies, Doğuş Insurance provides the fastest service in highest quality for its customers; and aims to continue its successful performance in 2017 with its experience, knowhow, and a wide product range for the insurance activities of the Doğuş Group.

25,000

DOĞUŞ INSURANCE, PRODUCED
**25,000 POLICIES WITH 15%
INCREASE.**



CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

“Doğuş Otomotiv Servis ve Ticaret Anonim Şirketi” (Doğuş Otomotiv Service and Trade Corporation) has applied the Corporate Governance Principles issued by the Capital Markets Board of Turkey in the fiscal year that ended on 31 December 2016 in accordance with the following explanations.

1. DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

In the fiscal year that ended on 31 December 2016, our company has adopted the principles of equality, transparency, accountability and liability in accordance with the Corporate Governance Communiqué (“Communiqué”) No: II-17.1 issued by the Capital Markets Board of Turkey on 3 January 2014, and published in the Official Gazette No: 28871. According to the statement of the Capital Markets Board of Turkey in its bulletin no. 2015/01 dated 13 January 2015, the Company is listed among the BIST 2nd Group Companies. Following an evaluation of 401 criteria defined in the methodology prepared by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş., it has been determined that our Company has complied with the Communiqué to a great extent. The Company’s Corporate Governance Rating, which was 94.21 (9.42 out of 10) as of 15 December 2015 rose to 95.06 (9.51 out of 10) on 15 December 2016 as a result of the constant improvement efforts by our Company. The biggest contribution to the increase in our rating was received in the Board of Directors category and was awarded as the highest rated company in its category by the Corporate Governance Association of Turkey.

This outcome demonstrates that the risks that may threaten the Company have been largely identified and are under control and that the rights of shareholders and stakeholders are justly protected. Furthermore, a high level of performance has been attained in terms of public disclosures and transparency. In this respect, the structure and working conditions of the Board of Directors comply with Corporate Governance Principles.

SUBCATEGORIES	WEIGHT	RATING
Shareholders	0.25	94.76
Public Disclosure and Transparency	0.25	96.67
Stakeholders	0.15	93.95
Board of Directors	0.35	94.61
TOTAL	1.00	9.51

The Corporate Governance Rating Report is available on the corporate website and can also be accessed via: <http://www.dogusotomotiv.com.tr/en/investor-relations/investor-relations/corporate-governance/reports/kobirate-corporate-governance-compliance-rating-report>

In General, the Company fully complies with all mandatory principles in the Communiqué as well as most of the non-mandatory principles, and continues to further improve its Corporate Governance efforts. No conflict of interest has arisen due to the below listed issues, which are not yet implemented and remain outside the scope of principles currently applied.

Even though there are no provisions or applications in the Articles of Association concerning the issues mentioned below, the Turkish Commercial Code, the Capital Markets Law and relevant regulatory provisions are applied.

- » General Assembly meetings are conducted open to the public as stated in the General Assembly Meeting calls.
- » Diligence is paid to the exercise of minority rights. Nonetheless, broadening the scope of rights and extending these rights to shareholders holding less than one-twentieth of the capital of the corporation are not included in the Articles of Association.
- » Support mechanisms and models have been devised to ensure the employees’ and stakeholders’ participation in the management of the Company. Detailed information is provided in Article 4.2 (Participation of Stakeholders in Management).

Currently, there are two (2) female members serving on the Company’s Board of Directors. In line with the proposal of the Remuneration and Nomination Committee, formed by the Board of Directors of the Company in accordance with the Capital Market Board’s Corporate Governance Principles, the following article has been added to the Board of Directors Selection Criteria pursuant to the Board’s resolution no 2016/69 dated 9 December 2016: “When nominating candidates for the Board of Directors of Doğuş Otomotiv Servis ve Ticaret A.Ş. the most important factor is the contribution to be provided by the candidate to the company, the shareholders, the public and all stakeholders. Besides, the Company also aims to facilitate the prioritization of women in terms of Board Membership, and strengthen the position of women in decision-making processes. Accordingly, when a candidate is to be nominated for Board Membership, nomination of female members from among candidates with comparable qualifications in terms of knowledge, experience and competence will be prioritized. The Remuneration and Nomination Committee ensures that the Corporate Governance Principles issued by the Capital Markets Board are complied with regarding the exercise of this article both in term and also in ratio.”

Even though self-criticism and performance assessments are carried out on the Board of Directors, members are neither awarded nor discharged from their duties as a result of these evaluations. However, participation of the Board Members in the Board of Directors and Committee meetings, their contributions, and sharing of knowledge, knowhow and experience are taken into account, and the performance of the Board of Directors as a whole is assessed annually.

Pursuant to Article 4.6.5 of the Corporate Governance Principles, all remunerations as well as all benefits provided to Board Members and executives with administrative responsibilities are disclosed to the public as an aggregate sum through the Annual Report.

While our current management practices are in compliance with the Corporate Governance Principles, in the event that we have plans in the future to make any changes within the framework of the Corporate Governance Principles, our stakeholders will be duly informed.

As in 2016, the Corporate Governance Principles will continue to be internalized in the upcoming period taking into account the relevant requirements and developments in the regulations, and we will maintain our willing and resolute approach to creating solutions to areas that require compliance and improvement.

2. SHAREHOLDERS

2.1. Investor Relations Department

Investor Relations Department in our Company is responsible for maintaining relations with shareholders, and composed of the following personnel:

Investor Relations Department Manager, and Corporate Governance and Sustainability Committee Member
Halide Müge Yücel
Capital Market Activities Level 3 License (207941)
Corporate Governance Rating Expertise License (701487)

Investor Relations Specialist
Bahar Efeoğlu Açar
Capital Market Activities Level 3 License (211136)
Corporate Governance Rating Expertise License (702008)

Investor Relations Contact Details:
Phone: +90 (262) 676 90 58-59
Fax: +90 (262) 676 90 96
Email: investorrelations@dogusotomotiv.com.tr

Halide Müge Yücel was appointed as the Investor Relations Department Manager on 25 March 2016 and the related material event disclosure was made on the Public Disclosure Platform (PDP)

The Investor Relations Department is responsible for regularly disclosing information to shareholders and potential investors pertaining to the Company’s operations, its financial standing, and strategies, and for answering requests for information, except for publicly undisclosed or confidential information and trade secrets,

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

in a manner that will not lead to information disparities. The Investor Relations Department forms a bridge between the Company and the existing and potential investors based on two-way communication and mutual trust.

The Investor Relations Department has responded to all queries and applications received from shareholders throughout 2016 in a timely manner and without any discrimination by phone, email or in one-on-one meetings. Of the total meetings with 244 investment firms in 2016, 152 were conducted one-on-one, 82 as a group, and 10 as conference calls. In addition to attending 15 investor conferences and 3 roadshows in Turkey and abroad, the Department has also held 1 analyst group meeting, and 3 teleconferences with multiple participants to inform a total of 101 analysts on our quarterly financial results. Furthermore, several meetings were attended in Austin, Boston, Chicago, Dubai, Frankfurt, Istanbul, London, New York, Prague, Singapore, Stegersbach, Stockholm, Warsaw, and Zürs to provide information to corporate investors.

Following the appointment of the CFO/General Manager - Financial Affairs in 2016, the Investor Relations Department was repositioned under the Financial Affairs Directorate where the Department will proactively carry out Investor Relations. The "Investor Relations Activities and Strategic Plan" of the year ahead is prepared by the Department and submitted for the approval of the Corporate Governance and Sustainability Committee, and the periodic "Investor Relations Activities Information Document" relating to current activities is presented to the Committee for review. An "Investor Relations Annual Report" is also prepared by the Department and presented to the Board of Directors once a year. Meanwhile the daily and weekly reports are consolidated and periodically presented by the CFO/General Manager - Financial Affairs to the Board of Directors.

2.2. Exercise of the Shareholders' Right to Obtain Information

Previously provided and continuously updated information and disclosures, which may affect the exercise of shareholders' rights, are made available in English and Turkish for investors on the corporate website: www.dogusotomotiv.com.tr

Even though the right to request the appointment of a Private Auditor is not specifically regulated in the Articles of Association, Article 438 of the TCC stipulates, "each shareholder has the right to request from the General Assembly the appointment of a private auditor if necessary even when this is not part of the agenda, provided that the right to obtain and examine information has already been exercised with respect to the matter in question, and if the General Assembly agrees to this request, the company or each shareholder may apply to the Commercial Court with jurisdiction in the area of the Company's headquarters within 30 days for a private auditor to be appointed." However, there were no requests for the appointment of a private auditor during the reporting period. Company operations are periodically audited by an Independent Auditing Company appointed at the General Assembly.

2.3. General Assembly Meetings

The Ordinary General Assembly convened on 25 March 2016 at 10:00 am at "Muallim Naci Caddesi No: 26, Bentley Istanbul Showroom, Ortaköy-Beşiktaş, Istanbul" to review the 2015 activities.

For the purpose of encouraging shareholders' attendance, the meeting was held at the location of the Company's headquarters as well as over the Electronic General Assembly System in a manner to minimize inequality among shareholders and the costs of their participation.

The call for the General Assembly Meeting, which was open to stakeholders and members of the media, was made in accordance with the Articles of Association, and as required by law, and the announcement along with the meeting agenda was published in the Turkish Trade Registry Gazette No: 9023 on 2 March 2016. The Company also presented the financial statements, the annual report, audit reports, and the Board of Directors' proposal for the distribution of profit, as well as disclosures and statements required by Law and Corporate Governance Principles to the shareholders on the same date, all of which must be made available for the shareholders to review pursuant to Article 437 of the Turkish Commercial Code No. 6102.

At the Ordinary General Assembly, 15,148 shares were represented as principal, and 188,214,300 shares were represented in proxy, accounting for 188,229,448 out of the total 220,000,000 shares, corresponding to a total share capital of TL 220,000,000.

Along with the General Assembly Meeting announcement, the disclosure documents covering the General Assembly agenda items were also published on the corporate website. In this context, information on the total number of shares and voting rights showing the shareholder structure of the company, as well as information on whether or not there were any privileged shares in the Company's capital were disclosed to the shareholders. Information about the management and operations of the Company and its subsidiaries, as well as procedures that may cause conflicts of interest, transactions conducted with related parties, collaterals, pledges, and mortgages were also included. In the drafting of the General Assembly agenda, the agenda items were phrased explicitly and in a manner not to cause different interpretations, taking utmost care not to use vague expressions such as "other" and "miscellaneous."

At the Ordinary General Assembly on 25 March 2016, shareholders exercised their rights to direct questions as set out in relevant legislation, and these questions were answered immediately. Each agenda item was voted on separately, and the votes were counted and announced before the meeting ended. The meeting chairman, who presided over the General Assembly Meeting, ensured that the topics on the agenda were conveyed objectively and in detail in a clear and comprehensible manner, and provided the opportunity for the shareholders to express their opinions and raise questions on equal ground. The meeting chairman also made sure that all questions, which did not fall into trade secrets, raised by the shareholders during the meeting were answered directly at the General Assembly meeting. The questions posed and answers given during the meeting were recorded in the meeting minutes, and disclosed to the public on the corporate website. The shareholders did not put in any written requests to the Investor Relations Department regarding the addition of an item on the meeting agenda. General Meeting minutes are always open to shareholders on our website and can also be reviewed at the Company headquarters.

The agenda of the General Assembly meeting also included as a separate item the matter of whether or not to give permission to the shareholders with management control, Board Members, managers with administrative responsibilities, their spouses, and relatives by blood or marriage up to the second degree to conduct materially significant transactions that may cause conflicts of interest with the Company or subsidiaries and/or conduct transactions on behalf of themselves or a third party in the same field of activity as the Company or its subsidiaries, or become an unlimited shareholder in a business that operates in the same field of activity as the Company or its subsidiaries. It was noted that no such transaction took place in the 2015 reporting period, and no information was communicated to the Board of Directors about persons who have the privilege to access Company information regarding their engagement in activities in the same field as the Company.

Pursuant to the provisions of the CMB Communiqué No. II-17.1, the General Assembly was informed about common and continuous exchange of assets, services and obligations between the Company and related parties, and the collaterals, pledges and mortgages that were given in favor of third parties, with the details included in the Annual Report and the notes in the Consolidated Financial Statements. The same information can also be found on the corporate website: <http://www.dogusotomotiv.com.tr/en/investor-relations/investor-relations/corporate-governance/subsidiaries-and-affiliates/transactions-with-related-parties> In a separate agenda item, information was provided about the amount and the beneficiaries of the donations and support extended in the reporting period. No changes were made to the Company's Articles of Association in the reporting period.

2.4. Voting and Minority Rights

All of the Company shares are in bearer certificates, which do not grant any rights to the Company's profits. The Articles of Association do not give any privileges concerning the exercise of the voting rights. Voting rights are exercised in the General Assembly in accordance with regulations on representation and voting manner. The CMB regulations on voting by proxy are fully upheld. All shareholders are provided with the opportunity to cast their votes equally, easily and appropriately. The disclosure documents of the General Assembly contain information on the structure of the Company's shares, the voting rights granted by shares, and voting privileges. It is explicitly stated that one share gives one voting right and that no voting privileges have been granted to any shareholder groups. The Company does not have any cross ownership in another entity that would result in a controlling relationship.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

There were no violations in the exercise of basic shareholder rights, such as the participation of minority shareholders in the General Assembly, proxy representation, and no imposition of an upper limit in the exercise of voting rights. Diligence is paid to the exercise of minority rights. There are no provisions in the Company's Articles of Association regarding the representation of minority shares in the management or cumulative voting method.

2.5. Dividend Distribution Policy, Time and Method

Our Company's dividend distribution policy has been determined in accordance with the framework of principles and procedures laid out in the Turkish Commercial Code, Capital Markets Law and other relevant regulations, and Article 24 entitled "Determination and Distribution of Dividend", Article 25 entitled "Timing and Method of Dividend Distribution, Dividend Advances" and Article 26 entitled "Reserves" of the Articles of Association, taking into consideration the country's economy and the condition of the industry and by maintaining a balance between our shareholders' expectations and the needs of our Company.

The Articles of Association includes no privileges regarding profit sharing. Dividend distribution is determined by the General Assembly, based upon the proposal by the Board of Directors prepared taking into consideration the following principles.

a) Dividend Distribution Rate:

In compliance with the rate and amount determined by the Capital Markets Board and on the condition that there are no adverse circumstances in the country's economy or the industry that might affect Company activities, a minimum of 50% of the distributable profit, calculated in accordance with the Capital Markets regulations, is distributed. The Board of Directors may propose a different rate or amount to the General Assembly, following the assessment.

b) Method of Dividend Distribution:

The dividend distribution is made in form of cash and/or bonus shares.

c) Timing of Dividend Distribution:

The date of dividend distribution is determined by the Board of Directors following the General Assembly, based on the dates specified in the regulation.

d) Dividend Advances:

The General Assembly may authorize the Board of Directors for dividend advances. The Board of Directors may distribute dividend advances, based on the year and limits of the authorization granted, taking into consideration the country's economy and the condition of the industry.

At the Ordinary General Assembly held on 25 March 2016, it was resolved to distribute a gross total of TL 300,000,000 in cash as dividend of 2015 profits.

2.6. Transfer of Shares

The Company's Articles of Association contains no practices that complicate the transfer of shares by shareholders or provisions that restrict the transfer of shares, and the Company avoids practices that would complicate the free transfer of shares. The transfer of shares is conducted in accordance with the Capital Market Law, the Capital Market Regulations, and relevant provisions of the Turkish Commercial Code. The Company shares are not listed in international stock exchanges.

3. PUBLIC DISCLOSURE AND TRANSPARENCY

The Company's Disclosure Policy specifies how information and developments with respect to the Company's past performance and future expectations, except for trade secrets, will be disclosed. Accordingly, the Company has informed the public in a fair, timely, accurate, complete, easily accessible, comprehensible, interpretable, and equal manner. Other than the pertinent provisions to the legislation, the Disclosure Policy also offers information

about what will be disclosed to public, in which manner and frequency, using which channels, and the method to be followed in answering questions directed at the Company.

The principles of disclosing information about the future are also included in the Disclosure Policy. Any information that refers to the future in public disclosures is provided together with the rationale and statistical data on which the estimates are based. Such information does not contain exaggerated and groundless predictions or may not be misleading, and are prepared in a manner relevant to the Company's financial standing and operational results.

Material events containing internal or continuous information, circumstances and developments that might influence investment decisions of investors are disclosed to the public in accordance with the CMB Communiqué No. II-15.1, and relevant regulations, in a timely, complete, accurate, comprehensible, and sufficient manner, free from any misrepresentations.

Pursuant to applicable regulations of the BIST and the CMB, material event disclosures are submitted to the Public Disclosure Platform bearing an electronic signature, and published on the corporate website under a separate heading. In 2016, the company made 72 material event disclosures.

Material Developments After the End of the Reporting Term

Announcements and Material Event Disclosures from 31 December 2016 to 28 February 2017:

Latest announcements and material event disclosures made between the above-mentioned dates are detailed below:

5 January 2016 – List of Companies to be Assessed for BIST Sustainability Index

According to Article 5 of the BIST Sustainability Index Principal Rules, the companies to be assessed in 2017 have been determined; and the list of 63 companies consisting of those included in the BIST 50 Index plus volunteering companies listed on the BIST 100 has been published.

In the assessments to be conducted by Vigeo EIRIS, the public information of the companies as of 30 June 2017 will be taken into consideration, and the companies that pass the threshold values in the index selection criteria as a result of this assessment will be included in the BIST Sustainability Index for the November 2017 - October 2018 period.

30 January 2017 - Purchase of Property and Equipment

The property with 37,361.72 sqm of surface area located in "İstanbul Province, Büyükçekmece Provincial District, Plot 1761, Lot 7, Esenyurt / İstanbul" and leased as the Company's automotive showroom and aftersales service was bought in accordance with the value determined by the survey and expertise report issued by Terra Estate Appraisal Company from Doğu Holding A.Ş. for the amount of TL 186,500,000.

20 February 2017- Meiller Doğu Damper Sanayi ve Ticaret Limited Şirketi - About Capital Reduction

The legal process that the Company had initiated in order to reduce the capital of Meiller Doğu Damper Sanayi ve Ticaret Limited Şirketi in which the Company has a 49% share, and whose activities had been suspended, from the total of TL 56,166,000 down to TL 234,000 by deducting TL 44,165,380.90 from retained losses and a cash reduction of TL 12,000,619.10 is ongoing.

There are no non-corporate shareholders in the Company. However, non-corporate shareholders, after elimination of indirect ownership, were disclosed in the public offering prospectus issued in 2004, and this information is periodically updated on the Public Disclosure Platform under the "General Information Form of the Company."

3.1. Corporate Website

The Company's corporate website (www.dogusotomotiv.com.tr) is used as an active and effective platform for public disclosure, and the information therein is regularly updated. The information on the website is consistent with the statements made in accordance with applicable regulations. Our company's user-friendly website was updated with a new look and better usability, and launched on 1 November 2016.

In addition to the mandatory information required by legislation to be disclosed, the corporate website also includes: trade registry information, the latest shareholding and management structure, the Board of Directors, the most up-to-date version of the Articles of Association together with the dates and issues of the Turkish Trade

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Registry Gazettes in which these changes were published, material event disclosures, informative presentations for investors, financial statements, annual reports, prospectus, General Assembly meeting agendas, lists of attendees, minutes of meetings, form for proxy voting, internal directives, Dividend Distribution Policy, Disclosure Policy, Remuneration and Severance Pay Policy, Share Buy-Back Policy, Grant and Aid Policy, Corporate Sustainability Policies, Human Resources Policy, the Company's Code of Ethics, as well as information requests from the Company, questions and notifications and their answers under the Frequently Asked Questions heading.

The shareholding structure of the Company and the names of non-corporate shareholders with more than 5% shares after eliminating the effects of indirect and cross ownership were disclosed to public together with their privileges, share amounts, and percentages. This information is made available on the corporate website, and also offered in English for the benefit of international investors.

As required by the relevant provisions of the Capital Market Law, financial statements are disclosed on the Public Disclosure Platform simultaneously in Turkish and English. Disclosures in English are provided in a true, complete, direct, comprehensible, satisfactory manner and remain consistent with the Turkish version thereof as a summary, to the extent that the disclosure assists the beneficiaries in making a decision.

3.2. Annual Report

The Board of Directors has prepared the Annual Report in accordance with the Capital Market Law and CMB's Corporate Governance Principles and in a way that would help the public to obtain complete and accurate information about the Company's activities. The Annual Report is disclosed to public on the Public Disclosure Platform (PDP) along with financial statements. The Annual Report is prepared in Turkish and in English and is disclosed to the public on the corporate website. The annual reports of the last five years are also available to public on the website.

The annual reports include:

- » Board Members' and senior executives' resumes, start dates and terms of their service
- » Information on the Company's field of operations and position in the industry
- » Information on the organization's financial resources, and the qualification and amount of capital market instruments,
- » Changes to the Articles of Association made during the reporting period and their reasons
- » Statement of Responsibility in the Financial Reports,
- » Corporate Governance Principles Compliance Report,
- » Independent Auditor's Report regarding the Annual Report.

In addition to topics specified in legislation and other sections of the Corporate Governance Principles, the Annual Reports also include:

- » Information on the duties that Board members and executives assume outside the Company
- » Declarations of independence by the Independent Board Members,
- » The members of the committees formed under the Board of Directors, and the meeting frequency of these committees, the working principles including the activities carried out, and the Board of Directors' assessment of the committees' effectiveness
- » The number of Board meetings during the year, and the attendance of the Board Members in the meetings,
- » Information regarding some legislative changes that may materially affect the Company's operations
- » Information on legal actions brought against the Company and their possible consequences,
- » Information on social rights of employees, their vocational trainings, and corporate sustainability activities regarding the Company's operations that have social and environmental consequences
- » Links to the Corporate Sustainability Reports that include information on the Company's performance within the scope of Corporate Sustainability Principles
- » Information regarding the requirement that prior approval must be given by the General Assembly

to shareholders who have management control, members of the Board of Directors, managers with administrative responsibilities, and their spouses, relatives by blood or marriage up to second degree to conduct significant transactions with the Company or its subsidiaries that may cause conflicts of interest, to compete or conduct such transactions, along with other topics related to the Company.

4. STAKEHOLDERS

4.1. Keeping Stakeholders Informed

Doğuş Otomotiv Group's stakeholders, namely the customers, shareholders, employees, subsidiaries and affiliates, Authorized Dealers and Aftersales Services, suppliers, OEMs, government and social milieu, are informed on topics that are relevant to them. The process of informing comprises presenting disclosures of material events made to the Public Disclosure Platform, the minutes of General Assemblies, Independent Auditor Reports and financial statements, presentations made to individual and corporate investors, reports drawn up about the Company by third parties and Corporate Sustainability Reports, through press releases and publishing them on our corporate website. Furthermore, the annual Corporate Sustainability Report covers detailed explanation about all the stakeholder engagement platforms that involve individual stakeholder groups. The Company carries out stakeholder engagement activities to create dialogue platforms with stakeholders, which directly affect and are in turn directly affected by our operations, to provide benefits for all parties, understand their expectations using a clear and transparent communication strategy, and respond to these expectations.

As a routine operation, the company procedures are evaluated as instruments of daily workflow developed under the control of Process Management by taking into account the opinions of all related departments and brands, and by considering the company strategy. For this purpose, the employees are notified through the dedicated intranet on the company-related issues they need to be informed of. In periodic management information meetings, highlights such as achievements, strategies and targets, and the company's roadmap are shared transparently with employees. Furthermore, queries or requests received by phone are promptly taken into consideration, and necessary information is provided.

All financial reports and information of the Company open to public are disclosed by Doğuş Otomotiv Investor Relations Department in an accurate, complete, fair, valid, and comprehensible manner.

In the event of protection/use of assets, ensuring the company's safety, and detection/prevention of fraud, there are mechanisms in place to allow stakeholders to report these instances to the Early Risk Detection Committee or the Audit Committee.

4.2. Stakeholder Participation in Management

Within the Corporate Governance Principles framework, models for the participation of stakeholders in management are implemented while continuous enhancements are introduced.

Shareholders: Shareholders' participation in management and protection of their rights are ensured within the framework of applicable laws and regulations.

Employees: In addition to involving employees in decision-making mechanisms to the extent of their authority and responsibilities, online platforms have been established on the intranet for them to share their requests, suggestions and opinions. The contributions that employees make as part of "The Suggestion and Award System" are reviewed by authorized teams and awarded when deemed necessary. The answers to the social, environmental and economic topics included in the employee satisfaction surveys to understand employee expectations are consolidated and published in the Corporate Sustainability Report, and regularly presented to senior management. The activities of the Corporate Responsibility Working Group, composed of delegates from all departments, are regularly shared with the Corporate Governance and Sustainability Committee reporting to the Board of Directors.

Customers: An independent firm regularly conducts customer satisfaction surveys. The customer requests received by Customer Relations and the results of customer surveys are evaluated by the responsible departments, and necessary updates are implemented. Furthermore, customers are informed of the Company's strategies and plans at Authorized Dealer events organized throughout the year. In line with the philosophy of serving more effectively, efficiently and with higher quality, holding regular meetings, which shape corporate policies and decisions, with stakeholders, and taking necessary actions according to the evaluation of results are part of the engagement process.

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Meanwhile, other shareholders - who are not controlling shareholders that directly take part in management - participate in management via General Assemblies.

4.3. Human Resources Policy

Doğuş Otomotiv, as a service company, derives its power from its human resources, which is accepted as a corporate value. Accordingly, in our Human Resources Policy, we emphasize the importance of attracting and working with employees who:

- » Adopt the values of Doğuş Group (We sincerely solve, apply, and develop)
- » Have the competencies required by the dynamism of the company
- » Are well aware of the significance of the customer
- » Are eager to learn and develop
- » Take efficiency as a reference within the company
- » Employ a system-oriented approach, and
- » Sustain long – lasting high performance.

In line with the Human Resources Policy, we also strive to contribute to their professional and personal development, and assist them in realizing their full potential. In addition to the Human Resources Policy, we have also disclosed to the public “Our Employee and Quality Work Environment Policy” which covers our targets in the following topics: employee satisfaction, occupational health and safety, sustainable employment, equal rights for employees, open and transparent communication with employees, and establishing platforms to enable direct communication with senior management.

4.4. Code of Ethics and Corporate Sustainability

Doğuş Otomotiv Code of Ethics

An Ethics Working Group was established within the Company to prepare the Code of Ethics, which was completed and launched in 2012 after diligent studies and efforts.

Doğuş Otomotiv Code of Ethics provides detailed explanation of our ethical ways of doing business, and concerns not only the Company managers and employees, but also our suppliers and all the stakeholders we work with. Doğuş Otomotiv Code of Ethics is shared with all our stakeholders within the scope of our Corporate Sustainability Report and on the corporate website.

The trainings organized in order for the employees to fully understand our Code of Ethics are planned as one-on-one sessions using the Q&A method. During the reporting period 188 employees of Doğuş Otomotiv received a total of 376 man/hours of one-on-one Code of Ethics training. By the end of 2016, 81% of Doğuş Otomotiv employees have received one-on-one Code of Ethics training. Furthermore, 127 new hires that started within the same period were educated about Code of Ethics as part of the total 317.5 man/hours of e-orientation.

Informative activities to familiarize the Authorized Dealers and Aftersales Services with Doğuş Otomotiv Code of Ethics also continued. Accordingly, 20 Authorized Dealers and 3 suppliers included within the scope of the Corporate Sustainability Report, were instructed about the Code of Ethics in detail during info meetings.

Corporate Responsibility/Sustainability

Corporate Responsibility/Sustainability refers to the methods we use in developing solutions for the social, economic and environmental issues in our industry, and our corporate behavior that encompasses all of our operations.

- » We believe in the importance of our employees' contributions in ensuring our existence as a strong and trustworthy corporation across all stages of the automotive value chain.
- » We value the reputation of the brands we manage in the eyes of our stakeholders, and ensure that this reputation grows in parallel with our performance in all of our areas of responsibility.
- » We are aware that the right to safer, healthier, more environmentally friendly and more comfortable mobility is a part of social welfare.
- » We ensure continuous development through dialogue platforms built on open communication, mutual respect, and tolerant service with our employees, customers, Authorized Dealers and Aftersales Service Centers, and all other key stakeholders.

- » We regularly question our key stakeholders' expectations, and cooperate with them to respond to these expectations in the best way possible.
- » As one of the most important representatives of the international trust and quality approach in our country, we strive to constantly raise our stakeholders' awareness of and performance in this area.
- » Through activities that younger generations will embrace and that will lead to changes in behavior, we draw attention to the vital importance of traffic safety.
- » We plan, establish, and implement policies to minimize the potential negative effects of our operations on the environment.
- » We are well aware of the critical importance of our employees' social, mental and professional contributions for the Doğuş Otomotiv Group, and consider their health and safety a top priority.

Our Sustainability and Corporate Responsibility related activities are covered in greater detail in the General Information section under Article 4.13.4., Sustainability and Corporate Responsibility Activities.

5. BOARD OF DIRECTORS

5.1. The Function of the Board of Directors

The Board of Directors has maintained the Company's risk, growth and return balance at optimal levels by making strategic decisions, and managed and represented the Company by first and foremost protecting the long-term interests of the Company through rational and prudent risk management. Driven by the Company's vision and mission, the Board of Directors has coordinated the operations performed by the executive body, and at the same time overseen Company management's performance monitoring how the Company's operations and activities complied with the legislation, the Articles of Association, internal regulations and constituted policies. The Board is the highest authority in the Company for decision-making, strategy, and representation.

Corporate Vision, Mission and Strategic Goals

Doğuş Otomotiv continued its successful streak of the previous years in 2016, and despite the difficult market conditions, attained successful results in its current lines of businesses by staying mindful of its strategies. As such, for the coming periods we continue to aim for constant improvement in our cost management, creating “fan customers”, and being an efficient company that grows sustainably for all our employees, business partners, customers and shareholders.

Our Vision:

To provide innovative services beyond expectations.

Our Mission:

Doğuş Otomotiv is a reliable automotive company operating on a customer-oriented basis, having an insight into its sector and the expectations of its shareholders, defining new expectations and aiming to satisfy them at the highest level, possessing creative manpower and using technology in the most optimal manner in this direction, aiming to offer an efficient and profitable service throughout the automotive value chain.

Strategy:

Our Company's general and long, medium and short-term corporate strategies are based on the following goals:

BE SIZABLE – BE CLOSE – BE CREATIVE

BE SIZABLE:

- » As Doğuş Otomotiv, achieving systematic, efficient and profitable expansion in its field of activity, and growth in added value in every aspect of the value chain in Turkey and international markets.
- » Ensuring career development of human resource for rapid and systematic evolution of this growth and its results.

BE CLOSE:

- » Acquiring an insight into the expectations of our stakeholders, and in particular our customers, and raising our relations to the perfect level beyond expectations as rapidly as possible.
- » Establishing effective systems that will enable Doğuş Otomotiv to attain operational excellence in terms of efficiency and profitability and as such, closely monitoring and analyzing the financial and operational status of the company.

BE CREATIVE

- » Creating distinction and a competitive edge through constant innovations based on a participative approach to product development, customer service and business concept.
- » Developing actions and methods that will render the business in a “leaner, faster, cheaper” manner with participation and teamwork in process improvement.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Since its inception, Doğuş Otomotiv, in line with its strategic plans, has focused on strengthening its position in the industry, forming and expanding its Authorized Dealer and Service network, and improving recognition and image of the brands it represents in the domestic market. Following the Company's initial public offering in 2004 as an importer and distributor of all the brands it embodies, the Company has evolved its strategy by focusing on the development and performance of its other core and automotive-related ancillary businesses from a local and global perspective.

We aim at being the first institution to implement newly developed applications using innovation and technology, and creating synergy with our employees and other stakeholder's based on our Company's sustainable and stable growth strategy. Therefore, we see it as our priority to work on new projects to continuously increase the quality of our core and automotive-related ancillary businesses. Furthermore, based on the knowledge and experience we have accumulated for more than 20 years as well as the success we attained we intend to further expand our business activities by capturing new opportunities.

Knowing that the long-term success of Doğuş Otomotiv can only be sustained through the ultimate satisfaction of our stakeholders, we have built our strategy on four pillars:

One Step Beyond Customer Satisfaction: Turning Customers into Fans!

With uncompromising customer satisfaction-oriented dynamic and attentive service approach, our strategy is to make our customers feel they are valued, and offer high quality and creative service by showing attention at the highest level to all of their demands and needs.

- » The Value and Care Centre (DIM) that supports our brands at every stage of the customer life cycle became operational in November 2014.
- » In the upcoming period, we will work on being constantly connected and accessible for our customers through "Connectivity" and ensure the quick and creative solutions for their requests with each communication.
- » With a virtual showroom concept that offers a digital experience for customers, the "Audi Cities" represent the future of the ongoing "store" culture; these life-size, virtual versions of all Audi models can be shown on giant LED screens.

Achieving Operational Excellence through Increase in Productivity!

Doğuş Otomotiv offers sales, service and spare parts services for 12 international brands at more than 510 customer touch points, and aims to continue its activities as Turkey's leader in automotive imports and distribution by achieving optimum profitability.

- » Our internet-based and mobile device compatible software "Turkuaz", already used by Doğuş Otomotiv and all its Authorized Dealers/Services, adds value to the automotive processes by including manufacturers and suppliers as well, and with constant software updates, it serves significantly our targets for digitalization.
- » In accordance with the efforts to achieve sustainable efficiency in shipments from ports, and in light of the sales volume of our Company, the stockyard development project will soon to be launched.
- » The aim is to identify development areas through continuous measurement of quality standards at all customer touchpoints, and to review the capacities of Authorized Dealers for the purpose of making revisions as well as implementing the required environmental and labor regulations to allow for a more productive ecosystem.
- » The personnel infrastructure will be supported for more efficiency according to the business volume in our Company and for more effective use of new technologies in our services.
- » Investment opportunities will be continually assessed for new business areas, and the Company's development plans will be reviewed.
- » Within the scope of Lean Management practices, necessary programs will be implemented to ensure that our employees contribute to the efficiency of business processes and savings-oriented process improvement programs will be launched.

Maintaining Strong Presence in the Automotive Market!

The company aims to maintain its strength in the market and achieve optimized profitability in its operations.

- » The company aims to enable the international brands it represents to perform successfully in Turkey, and to grow with stability, benefiting from those brands' value and competitive advantage, with its vision of "creative service beyond expectations" and its principle of "customer-satisfaction oriented work".

The First Condition of Creating a Happy Customer is Happy Employees!

The Company offers a common culture to more than two thousand valuable employees, engages in innovative and sustainable human resources practices, and carries out projects that improve customer satisfaction.

- » Our company's employer brand "Bir'iz" (Together) gives the message of "we act together, and leave our mark"
- » The "Development School-GO" platform reinforces the internal social communication skills of employees, and allows them to monitor their personal and professional development as well as their training.
- » Coaching and mentoring programs are offered by the Company within the scope of "Talent Management".
- » In accordance with the efforts of the "Equality at Work" platform, coaching and mentoring training is provided to women in the Company, and they are offered opportunities to get prepared for the next management level.
- » With DRIVE (Doğuş Otomotiv's Route Human Training, a project that aims to enhance human resources, both within the organization and also at more than 510 Authorized Dealers and Service Centers where 7,500 employees work, counseling support is provided.

5.2. The Principles of the Activities of the Board of Directors

The Board of Directors conducts its activities in a transparent, accountable, fair, and responsible manner. Separate individuals perform the duties of the Chairman of the Board of Directors and Chief Executive Officer.

The Board of Directors plays a leading role in maintaining effective communication with shareholders and resolving possible disputes. For this purpose, the Board of Directors works in close cooperation with the Investor Relations Department.

While performing its duties and responsibilities, the Board of Directors engages in a continuous and effective collaboration with executives. When deemed necessary, executives participate in the Board meetings. The responsibilities and duties of the Board members and executives are covered in the Articles 9,10,11,12 and 13 of the Articles of Association.

The Board Members of our Company are covered by an umbrella insurance, the "Directors and Officers Liability Insurance Policy" by Doğuş Holding A.Ş. as insurer for an amount of \$25 million per annum against any damages resulting from their managerial misconduct that may have adverse financial consequences to the company.

The Working Principles and Procedures of the Board of Directors include:

- » The administrative structure, duties, and responsibilities of the Board of Directors
- » The processes concerning the call for meetings of Board members, and preparation for meetings
- » Information on the frequency and planning of annual meetings
- » Method used to set the agenda for the meetings.
- » The process of sharing information and documents with the Board members regarding the topics on the agenda.
- » Each member has the right to one vote,
- » The obligation of the Board members to share information among each other, and of executives to inform the Board of Directors.
- » Duty distribution within the Board of Directors, and committees,
- » The performance evaluation of the Board of Directors and a number of other topics stated in the principles are adjudicated. In execution, this regulation is applied.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

5.3. Structure of the Board of Directors

The Company's Board of Directors is made up of nine (9) people; one (1) chairman and eight (8) members. In this respect, the rule of having at least five (5) members to set up a Board is complied with. This number is sufficient for the Board to carry out efficient and constructive work, and effectively form the committees and organize their activities. The Board of Directors has one (1) executive and eight (8) non-executive members. Most of the members are therefore in non-executive roles. On the other hand, three (3) members of the Board of Directors who are non-executive are also independent members, as required by the Corporate Governance Principles. The independent members have submitted to the Board of Directors their written declaration stating their independence within the framework of relevant legislation, Articles of Association and the criteria set forth in the Principles. Currently there are two (2) female members serving on the Board. The Board of Directors of the Company defined its policy on female members to serve on the Board further to the proposal of the Remuneration and Nomination Committee established according to the CMB Corporate Governance Principles.

The selection of Board Members in our company complies with the qualifications mentioned in Chapter IV of the CMB Corporate Governance Principles, and is carried out in accordance with the relevant articles of the Turkish Commercial Code.

The Board Members of our Company are Aclan Acar, Osman Nezihi Alptürk, Hayrullah Murat Aka, Emir Ali Bilaloğlu, Gür Çağdaş, Özlem Denizmen Kocatepe, Recep Yılmaz Argüden, Ferruh Eker, and Emine Gülden Özgül. The Chairman of the Board is Aclan Acar. The three independent members of the Board are Recep Yılmaz Argüden, Ferruh Eker and Emine Gülden Özgül. The members were elected to the Board of Directors to serve for two (2) years at the General Assembly meeting on 25 March 2016.

The resumes of the Board Members can be found on page 14 of this report.

Declarations of Independence by the Independent Board Members:

February 26, 2016

DECLARATION OF INDEPENDENCY

I hereby declare my candidacy to serve as an independent member on the Board of Directors of Doğu Otomotiv Servis ve Ticaret A.Ş. ("Company") within the framework of applicable legislation, the Company's articles of association, and the criteria set forth in the Communiqué of Corporate Governance Principles regulated by the Capital Markets Board, and confirm that:

- a) In the last five years, there has not been any relationship in terms of employment in a key management position with significant duties and responsibilities, or that would involve equity or materially substantial commercial transactions between the Company, the Company's related parties or corporate entities, which are related to shareholders with direct or indirect capital shares of 5% or more in the management and capital of the Company, and myself, my spouse, my blood or affinity relatives up to the second degree;
- b) In the last five years, I have not had held shares (of 5% or more) in, or been employed in a key management position with significant duties and responsibilities by, or served as a board member for any company, which the Company procures from or supplies to any goods or services at a substantial level under any respective contract, involving Company audit in particular (including tax inspections, legal inspections and internal audits), rating and consultancy services during the provision of such goods or services;
- c) I possess adequate professional training, knowledge and experience to fulfill the duties I will assume as an independent board member;
- d) In compliance with applicable legislation, I will not work full time for public institutions and organizations except as a faculty member in universities after my election as an independent board member;
- e) I qualify as a resident in Turkey under the Income Tax Law;
- f) I possess strong ethical standards, professional reputation and experience to provide positive contributions to the Company's operations, to maintain my objectivity in case of any conflicts of interest that may arise between the Company and its shareholders, and to make independent decisions taking into consideration the rights of the stakeholders;
- f) I will be able to devote time to the extent required to follow the functioning of the Company and to fully perform my duties;
- g) I have not served on the Board of Directors of the Company for more than six years in the last decade;
- ğ) I do not serve as an independent member on the Boards of Directors of more than three companies in which the Company or the shareholders that have management control over the Company have management control, and in total more than five companies listed on the stock exchange, and that
- h) I have not been registered and announced to represent the legal entity elected as a board member.

Sincerely,

Recep Yılmaz ARGÖDEN

Recep Yılmaz ARGÖDEN

February 26, 2016

DECLARATION OF INDEPENDENCY

I hereby declare my candidacy to serve as an independent member on the Board of Directors of Doğuş Otomotiv Servis ve Ticaret A.Ş. ("Company") within the framework of applicable legislation, the Company's articles of association, and the criteria set forth in the Communiqué of Corporate Governance Principles regulated by the Capital Markets Board, and confirm that:

a) In the last five years, there has not been any relationship in terms of employment in a key management position with significant duties and responsibilities, or that would involve equity or materially substantial commercial transactions between the Company, the Company's related parties or corporate entities, which are related to shareholders with direct or indirect capital shares of 5% or more in the management and capital of the Company, and myself, my spouse, my blood or affinity relatives up to the second degree;

b) In the last five years, I have not had held shares (of 5% or more) in, or been employed in a key management position with significant duties and responsibilities by, or served as a board member for any company, which the Company procures from or supplies to any goods or services at a substantial level under any respective contract, involving Company audit in particular (including tax inspections, legal inspections and internal audits), rating and consultancy services during the provision of such goods or services;

c) I possess adequate professional training, knowledge and experience to fulfill the duties I will assume as an independent board member;

d) In compliance with applicable legislation, I will not work full time for public institutions and organizations except as a faculty member in universities after my election as an independent board member;

e) I qualify as a resident in Turkey under the Income Tax Law;

f) I possess strong ethical standards, professional reputation and experience to provide positive contributions to the Company's operations, to maintain my objectivity in case of any conflicts of interest that may arise between the Company and its shareholders, and to make independent decisions taking into consideration the rights of the stakeholders;

g) I will be able to devote time to the extent required to follow the functioning of the Company and to fully perform my duties;

h) I have not served on the Board of Directors of the Company for more than six years in the last decade;

ğ) I do not serve as an independent member on the Boards of Directors of more than three companies in which the Company or the shareholders that have management control over the Company have management control, and in total more than five companies listed on the stock exchange, and that

h) I have not been registered and announced to represent the legal entity elected as a board member.

Sincerely,
Feriuh EKER



February 26, 2016

DECLARATION OF INDEPENDENCY

I hereby declare my candidacy to serve as an independent member on the Board of Directors of Doğuş Otomotiv Servis ve Ticaret A.Ş. ("Company") within the framework of applicable legislation, the Company's articles of association, and the criteria set forth in the Communiqué of Corporate Governance Principles regulated by the Capital Markets Board, and confirm that:

a) In the last five years, there has not been any relationship in terms of employment in a key management position with significant duties and responsibilities, or that would involve equity or materially substantial commercial transactions between the Company, the Company's related parties or corporate entities, which are related to shareholders with direct or indirect capital shares of 5% or more in the management and capital of the Company, and myself, my spouse, my blood or affinity relatives up to the second degree;

b) In the last five years, I have not had held shares (of 5% or more) in, or been employed in a key management position with significant duties and responsibilities by, or served as a board member for any company, which the Company procures from or supplies to any goods or services at a substantial level under any respective contract, involving Company audit in particular (including tax inspections, legal inspections and internal audits), rating and consultancy services during the provision of such goods or services;

c) I possess adequate professional training, knowledge and experience to fulfill the duties I will assume as an independent board member;

d) In compliance with applicable legislation, I will not work full time for public institutions and organizations except as a faculty member in universities after my election as an independent board member;

e) I qualify as a resident in Turkey under the Income Tax Law;

f) I possess strong ethical standards, professional reputation and experience to provide positive contributions to the Company's operations, to maintain my objectivity in case of any conflicts of interest that may arise between the Company and its shareholders, and to make independent decisions taking into consideration the rights of the stakeholders;

g) I will be able to devote time to the extent required to follow the functioning of the Company and to fully perform my duties;

h) I have not served on the Board of Directors of the Company for more than six years in the last decade;

i) I do not serve as an independent member on the Boards of Directors of more than three companies in which the Company or the shareholders that have management control over the Company have management control, and in total more than five companies listed on the stock exchange, and that

j) I have not been registered and announced to represent the legal entity elected as a board member

Sincerely,

Emine Gülden ÖZGÜL



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5.4. Procedures of Board of Directors Meeting

The Board of Directors convenes frequently enough to effectively fulfill its duties. The Articles of Association includes provisions on the number of meetings and quorum for Board meetings. Meeting days of the board are circulated to all members in advance. Board meeting dates are determined at the beginning of each year and announced to all participants. The Board of Directors convened 11 times in 2016, all of which were attended. In the absence of some members, they were duly informed and their opinions were taken in accordance with the general principles. Topics addressed in Board of Directors meetings are recorded as minutes of the meeting, and stored. Board Members have the right to declare different opinions on any subject, and to get their reservations recorded in the minutes. The Company's strategic goals, operational results, and performance indicators are monitored regularly by the Board of Directors through monthly meetings.

Each member of the Board of Directors has the right to one vote, and none of the members has a right to veto. The Board of Directors meetings are held in compliance with the legislation and the relevant sections of the Articles of Association.

The attendance ratios of the Board members in the Board of Directors Meetings in 2016 are listed below:

	Attendance Ratio*
Aclan Acar	100%
Osman Nezihi Alptürk	89%
Hayrullah Murat Aka	82%
Emir Ali Bilaloğlu	91%
Gür Çağdaş	89%
Özlem Denizmen Kocatepe	82%
Recep Yılmaz Argüden	82%
Ferruh Eker	100%
Emine Gülden Özgül	100%

* Based on the meeting attendances after the General Assembly of 25 March 2016.

5.5. Committees Formed under the Board of Directors

The Board of Directors has formed the Audit Committee, the Corporate Governance and Sustainability Committee, the Early Risk Detection Committee and the Remuneration and Nomination Committee to fulfill its duties and responsibilities in a healthy manner. Separate Nomination and Remuneration Committees have not been established due to the structure of the Board of Directors, and their duties are fulfilled by a single Remuneration and Nomination Committee.

The duties, working principles and members of the Committees have been determined by the Board of Directors, publicly disclosed through Board-approved written documents, and announced on the corporate website. All members of the Audit Committee are independent Board Members. At least the Committee Head of the Corporate Governance and Sustainability Committee, the Early Risk Detection Committee, and the Remuneration and Nomination Committee is an independent Board Member, and the Executive Committee Chair/CEO does not serve on any of these committees.

The Board of Directors has provided the Committees with all kinds of resources and support required to fulfill their duties. When deemed necessary, Committees may invite executives to the meetings to obtain their views. Committee reports were evaluated by the Board of Directors, and necessary actions were taken by our Company.

Furthermore, the Remuneration and Nomination Committee works with consultancy firms on two separate topics.

1. The consultancy services of ARGE Danışmanlık A.Ş. are procured for the assessment of the Board of Directors and improving its efficiency. The said firm is not affiliated with our Company in terms of any equity relationship except for providing consultancy services. However, Recep Yılmaz Argüden, an Independent Board Member at our Company, serves as a Member on the Board of Directors at ARGE Danışmanlık A.Ş. For the consultancy we have received, we worked with Erkin Erimez, Ph. D., another official in the same firm.

2. For the Executive Board Dynamics Assessment and Leadership Development Project, the consultancy services are procured from RB Yönetim Danışmanlığı A.Ş. (Odgers Berndtson). The said firm is not affiliated with our Company in terms of any equity or management relationship except for providing consultancy services.

AUDIT COMMITTEE

Ferruh Eker (Head of Committee – Independent Board Member)
Recep Yılmaz Argüden

The Audit committee, consisting of Independent Board Members as defined by the CMB's Corporate Governance observations concerning Principles, carries out its activities according to the Audit Committee Bylaws. The Audit Committee assists Board of Directors in the oversight of accounting, auditing, internal control system, and financial reporting.

In this respect, the Audit Committee, on behalf of the Board of Directors, defines methods and criteria for the internal audit, the effectiveness and sufficiency of internal control and risk management, the functioning of the accounting and reporting systems in accordance with the Capital Markets Law and the principles therein, the integrity of information, the confidential assessment and resolution of complaints made to the Company regarding the internal control system, and the independent auditing and discretion in evaluation of notifications.

In addition to public disclosure of financial information and to regular monitoring of independent auditing activities, the Audit Committee also reports its findings as a result of its own duties and responsibilities, and evaluations to the Board of Directors.

The Audit Committee provides written information about its evaluations with regard to the veracity and accuracy of the annual and interim financial statements to be disclosed to public, supported by the opinions of the Company's responsible executives and independent auditors. Accordingly, four (4) written briefs were presented to the Board of Directors in 2016.

The Committee convened six (6) times in 2016, and also held one (1) joint meeting with the Early Risk Detection Committee. During the presentations by the Internal Audit Department, the Committee was informed about internal control, risk management, and governance processes as a result of audits, and the decisions reached were recorded in the minutes of the Committee meeting. In 2016, four (4) presentations were made to the Board of Directors by the Committee members about audit findings that were noted as "high risk".

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

Recep Yılmaz Argüden (Head of Committee – Independent Board Member)

Aclan Acar

Gür Çağdaş

Hasan Hüsnü Güzelöz

Halide Müge Yücel

The Corporate Governance and Sustainability Committee identifies whether or not Corporate Governance Principles are complied with, the reasons for why not, and conflicts of interest that may arise due to lack of compliance, and fulfills its duty for public disclosure with the Corporate Governance Compliance Report. The Committee also informs the Board of Directors on preventive/remedial measures for ensuring the implementation of sustainability principles, areas of opportunity and operational results. The Committee consists of five (5) members, including the Head of the Committee, who is an Independent Board member and two (2) non-executive Board members, with the fourth member the Manager of the Investor Relations Department, and is an appointed member of the Corporate Governance and Sustainability Committee, pursuant to the CMB Communiqué No. II-17.1.

When the Corporate Governance and Sustainability Committee consists of two members, both of the members should be non-executive, whereas if there are more than two members, then the majority of the members should be non-executive. Currently, the Committee complies with the Corporate Governance Principles in terms of its formation. The Committee has convened four (4) times in 2016, and regularly reported its findings and resolutions to the Board of Directors.

EARLY RISK DETECTION COMMITTEE

Recep Yılmaz Argüden (Head of Committee – Independent Board Member)

Aclan Acar

Hayrullah Murat Aka

Hasan Hüsnü Güzelöz

The Early Risk Detection Committee consists of four (4) members, with the Head of the Committee an independent Board member. The Committee was severed from the Corporate Governance and Sustainability Committee as of April 2013, and its working principles were established. The Early Risk Detection Committee fulfills its duties and responsibilities in accordance with the legislation. The Committee, formed for early diagnosis of causes that threaten the Company's existence, development and continuity, taking precautions/remedies for their prevention, and managing risks, is responsible to run and develop the system. The Committee held a total of five (5) meetings in 2016, including one joint meeting with the Audit Committee, and presented regular reports to the Board of Directors to assess the risk situations, also sharing these reports with the auditor.

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

Corporate Risk Management, which we established to revise and assess methods of defining uncertainties in a timely and adequate manner and to take remedial measures in accordance with the objectives of our Company's overall code of conduct, continues to evolve into a corporate culture that extends from top to bottom.

The Financial Control Department, operating under the General Directorate Responsible for Financial and Administrative Affairs as a consequence of the importance we attach to risks in the Company, was restructured in May 2015 as the Financial Control and Risk Management Department. By addressing the complementary nature of risk and control concepts together under the same roof, we maintain our goal of creating one single responsibility center and a common language. In line with this objective, a direct, comprehensive and integrated service is provided for the Early Risk Detection Committee as the command center for effective risk management, and full support is given to the supervisory duty of the Committee.

Our risk composition, considered on the basis of probabilities and possible effects of processes and scenarios, has

been redefined and expanded to include our growing sensitivity for health, safety, environment, business continuity, and sustainability in the recent years. Risk assessment and evaluation parameters, the use of common terminology, emergency response and crisis management approach, as well as all related reporting and shareholder information activities also continue to be reinforced accordingly.

The revisions we have made in accordance with our changing organization and our current environment are directed towards controlling and managing the risks following their analysis in accordance with the objective of the internal control system. Governing bodies, including relevant committees and executive management plan the necessary measures to be taken for assurance in accordance with our Company objectives, and address and monitor them through authorized channels.

REMUNERATION AND NOMINATION COMMITTEE

Emine Gülden Özgül (Head of Committee – Independent Board Member)

Aclan Acar

Osman Nezihi Alptürk

Relevant executives and managers are invited for a meeting based on the topic, and asked to provide their opinions and input.

The Remuneration and Nomination Committee consists of three (3) members, with the Head and independent Board member. The Committee has convened three (3) times in 2016, and the issues identified in the meeting, the actions taken, and the results obtained were presented to the Board of Directors.

In line with the guidance and efforts of the Committee in 2016, and parallel to the Female Members Policy of the Board of Directors as one of the nomination criteria for Board members, female candidates are prioritized among those with commensurate skills and experience. Furthermore, a study on the structure, function, strengths and development areas of the Board of Directors were analyzed under the coordination of an independent firm to assess the structure and productivity of the Board, and recommend changes that may be implemented in these areas. Accordingly, an e-survey drafted by the firm was conducted along with face-to-face interviews with the members, and the results were presented to the Board of Directors for review.

In addition to these activities, the Executive Board Dynamics Assessment and Leadership Development Project, which included identification and assessment of, and recommendations on the Executive Board's function, strengths and development areas as well as was carried out under the coordination of an independent firm. Accordingly the firm conducted survey, held face-to-face interviews and a workshop, the results of which will be duly presented to the Board of Directors.

Other committees formed by the Board of Directors and their members are listed below:

- » Dealer Committee: Osman Cem Yurtbay, Emir Ali Bilaloğlu
- » Strategic Planning and Business Development: Özlem Denizmen Kocatepe, Emir Ali Bilaloğlu
- » Disciplinary Committee: Osman Nezihi Alptürk, Hasan Hüsnü Güzelöz, Emir Ali Bilaloğlu
- » Compliance Committee: Hasan Hüsnü Güzelöz, Hayrullah Murat Aka
- » Human Resources Committee: Aclan Acar, Emir Ali Bilaloğlu, Hasan Hüsnü Güzelöz

5.6. Financial Rights Provided to the Board of Directors and Managers with Administrative Liability

The remuneration principles for the Board of Directors and the managers with administrative liability have been put into writing, presented to the General Assembly for approval, and disclosed electronically to the general public. In remuneration of independent members of the Board of Directors, payment plans such as dividend, stock options or payment options based on the Company's performance have not been considered. The remuneration of independent members of the Board of Directors has been set at a level to protect their independence.

Our company has not given loans or credit to any members of the Board of Directors or executives with administrative responsibilities, nor granted anyone any loan through a third party under the guise of personal loans, nor given securities on their behalf. Performance appraisals of the Board members have been conducted with the support of a professional organization using objective criteria.

In 2016, the total sum of financial rights granted to our company's managerial bodies and to managers with administrative liability, including their salaries and similar payments, health insurance and employer's contribution of social security, was TL 56,709 thousand.

GENERAL INFORMATION

1. GENERAL COMPANY INFORMATION

The Annual Report covers the period from 1 January 2016 to 31 December 2016.

1.1. General Information on the Company

Company Title:	Doğuş Otomotiv Servis ve Ticaret Anonim Şirketi
Company Address:	Maslak Mahallesi, Ahi Evran Cad. No: 4 İç Kapı No:13 (Doğuş Center Maslak) Sarıyer/İSTANBUL
Head Office:	Şekerpınar Mahallesi, Anadolu Caddesi, No: 22 41420 Çayırova / KOCAELİ
Phone:	(0262) 676 9090
Fax:	(0262) 676 9096
Website:	www.dogusotomotiv.com.tr
Date of Establishment:	19.11.1999
Trade Registry No:	429183 / 376765

1.2. Information on Capital Structure and Shareholding

As of 31 December 2016, no changes occurred in the Company's issued share capital. In the reporting period, neither a capital increase nor capital market instruments were issued by our Company. The merger of Doğuş Nakliyat A.Ş. with Doğuş Holding A.Ş. has led to a change in shareholding within the organization itself.

Shareholder's Commercial Title	Share in the Capital (TL)	Share in the Capital (%)
Doğuş Holding A.Ş.	77,461,622	35.21
Doğuş Araştırma Geliştirme ve Müşavirlik Hizmetleri A.Ş.	66,638,086	30.29
Doğuş Sigorta Aracılık Hizmetleri A.Ş.	292	0.00
Publicly Traded Shares	75,900,000	34.50
Total	220,000,000	100

1.3. Privileged Shares

In the current shareholding structure of our Company, as of 31 December 2016 as described above, there are no privileged shares in our Company.

1.4. Governing Body, Senior Executives and Personnel

In 2016, the average number of employees was 906 for blue collars and 1,802 for white collars.

1.4.1. Information on Senior Executives for the year 2016 and Duties of Board Members

Name Surname	Position	Starting Date	Duration
Aclan Acar	Chairman of the Board of Directors, Head of Human Resources Committee, Corporate Governance and Sustainability Committee Member, Early Risk Detection Committee Member, Remuneration and Nomination Committee Member	25 March 2016	2 years
Osman Nezihi Alptürk	Vice Chairman of the Board of Directors, Remuneration and Nomination Committee Member	25 March 2016	2 years
Hayrullah Murat Aka	Board Member, Compliance Committee Member, Early Risk Detection Committee Member	25 March 2016	2 years
Emir Ali Bilaloğlu	Board Member, Dealer Committee Member, Strategic Planning and Business Development Committee Member, Disciplinary Committee Member, Human Resources Committee Member	25 March 2016	2 years
Gür Çağdaş	Board Member, Corporate Governance and Sustainability Committee Member	25 March 2016	2 years
Özlem Denizmen Kocatepe	Board Member, Strategic Planning and Business Development Committee Member	25 March 2016	2 years
Recep Yılmaz Argüden	Board Member, Audit Committee Member, Head of Corporate Governance and Sustainability Committee, Head of Early Risk Detection Committee	25 March 2016	2 years
Ferruh Eker	Board Member, Head of Audit Committee	25 March 2016	2 years
Emine Gülden Özgül	Board Member, Head of Remuneration and Nomination Committee	25 March 2016	2 years

* Furthermore, Mr. Cem Yurtbay has duties in the Dealer Committee, Mr. Hasan Hüsnü Güzelöz in the Committees of Corporate Governance and Sustainability, Disciplinary, Compliance, and Human Resources, and Ms. Halide Müge Yücel in the Corporate Governance and Sustainability Committee, respectively.

1.4.2. Employees Involved in the Management

Name Surname	Position	Education
Emir Ali Bilaloğlu	Chief Executive Officer	M.Sc. in Engineering
Kerem Talih	General Manager, Financial Affairs	Economics
Giovanni Atilla Gino Bottaro	General Manager, Audi, Bentley, Lamborghini and Bugatti	Mechanical Engineering
İlhami Eksin	General Manager, Scania, Thermo King, DOD Heavy Vehicles, Scania Industrial and Marine Engines	Economics
Anıl Gürsoy	General Manager, DOD, SEAT and Porsche	Business Administration
Kerem Güven	General Manager, VW Commercial Vehicles	Tourism & Hotel Management
Mustafa Karabayır	General Manager, Spare Parts and Logistics	Geology Engineering / M. Sc. in Civil Engineering
Tolga Senyücel	General Manager, ŠKODA Yüce Auto	Business Administration / MBA
Vedat Uygun	General Manager, VW Passenger Vehicles	Mechanical Engineering / MBA
Ela Kulunyar	General Manager (acting), Human Resources and Process Management	Business Administration
Koray Bebekoğlu	Director, Strategic Marketing and Corporate Communications	Mining Engineering / MBA
Yeşim Yalçın Maleri	Director, Financial Affairs	Economics

GENERAL INFORMATION

2. REMUNERATION OF THE BOARD MEMBERS AND SENIOR EXECUTIVES

In 2016, the total remuneration, including salaries, health insurance, employer’s contribution for social security and other benefits, of the board members and senior executives amounted to TL 56,709 thousand.

3. RESEARCH & DEVELOPMENT

The Company did not carry out any research & development activities in 2016.

4. MATERIAL DEVELOPMENTS REGARDING COMPANY OPERATIONS

4.1. Investments

The Company invested TRY 208,200 in fixed assets in 2016 including vehicle purchases, showroom renovations, and service equipment procurement. Also included in these investments is the ongoing construction of the showroom, parking lot and tower building in Kartal.

4.2. Internal Control and Internal Auditing Activities

The internal control and internal auditing activities carried out within the Company aim to ensure the effective, reliable, and uninterrupted management of the company’s services and assets, and create a safe environment to maintain the integrity and consistency of information, allowing timely access and protection.

With internal control practices an integral part of our policies and procedures, our objective is to protect the rights of shareholders and interest holders, ensure that the Company’s financial and non-financial information are realistic and accessible, comply with legislation and the Articles of Association, and carry out operations effectively and efficiently. Given that internal control is a living activity and its assessments provide an instant view of the system, our existing structure has been reinforced with the three lines of defense. The internal control system, conducted by the managers and employees, constitutes the primary defense line while the Financial Control and Risk Management activities, which were restructured under the General Directorate Responsible for Financial Affairs, create a second line of defense. Functioning directly at operational level, Financial Control and Risk Management acts in coordination with the other control units such as Internal Audit and Legal. Our third and final line of defense is composed of our internal auditing activities.

The Internal Audit Department reports to the Audit Committee, and operates within the scope of regulations set out in accordance with international standards. The department regularly and systematically audits and reviews the Company processes and internal control activities according to a risk-based annual audit plan approved by the Board of Directors. Six (6) meetings with the Audit Committee and one (1) meeting with the Early Risk Detection Committee were conducted throughout 2016 to discuss and review the independent audit results and the regular audits, inspection and investigations carried out by the Internal Audit Department.

The Internal Audit Department, which takes care to comply with international standards of internal auditing activities, evaluated the development opportunities in 2016 by considering senior management expectations and similar industry practices as it has done since 2014 when quality assurance of internal audit activities was implemented. In this respect, steps were taken to audit Information Technologies as their weight in the audit plan has been increased. Furthermore, continuous auditing commenced in 2016, to contribute to the effectiveness and efficiency of audits by providing daily, weekly and monthly reporting through the system and by developing audit methodology that can generate results over all data instead of sampling. The objective for 2017 is to increase the weight of continuous audits in the regular audits.

4.3. Information on Direct and Indirect Subsidiaries and Their Share Rates

Company Title	Area of Operation	Paid-in / Issued Capital	Company's Share in Capital	Monetary Unit	Company's Share in Capital (%)	Relation to Company
DOĞUŞ HOLDİNG A.Ş.	Holding Company	856,027,050,000 TRY	31,575,087,000 TRY	TRY	3.69	LONG TERM SECURITY
VDF SİGORTA ARACILIK HİZMETLERİ A.Ş.	Insurance and Brokerage Services	2,000,000,000 TRY	40,000 TRY	TRY	0.00	LONG TERM SECURITY
D-AUTO SUISSE SA	Vehicle Trading & AS Services – Lausanne / Switzerland	11,788,000,000 CHF	11,782,248,000 CHF	CHF	99.95	SUBSIDIARY
DOGUS AUTO MISR FOR TRADING AND MANUFACTURING VEHICLES JSC	Vehicle Trading & AS Services – Egypt	72,000,000,000 EGP	71,950,000,000 EGP	EGP	99.93	SUBSIDIARY
D-AUTO LIMITED LIABILITY COMPANY	Vehicle Trading & AS Services – Iraq	150,000,000,000 IQD	150,000,000,000 IQD	IQD	100.00	SUBSIDIARY
DOĞUŞ OTO PAZARLAMA VE TİCARET A.Ş.	Vehicle Trading & AS Services	45,000,000,000 TRY	43,288,270,000 TRY	TRY	96.20	SUBSIDIARY
DOĞUŞ BİLCİ İŞLEM VE TEKNOLOJİ HİZMETLERİ A.Ş.	IT Infrastructure & Software	9,750,000,000 TRY	4,485,000,000 TRY	TRY	46.00	AFFILIATE
DOĞUŞ SİGORTA ARACILIK HİZMETLERİ A.Ş.	Insurance and Brokerage Services	1,265,000,000 TRY	531,232,000 TRY	TRY	42.00	AFFILIATE
VDF SERVİS VE TİCARET A.Ş.	Automotive Products & Services	5,100,000,000 TRY	1,924,230,000 TRY	TRY	37.73	AFFILIATE
VOLKSWAGEN DOĞUŞ FİNANSMAN A.Ş.	Automotive Consumer Financing	180,000,000,000 TRY	86,399,987,000 TRY	TRY	48.00	AFFILIATE
YÜCE AUTO MOTORLU ARAÇLAR TİCARET A.Ş.	ŠKODA Turkey Distributor	2,100,000,000 TRY	1,049,999,400 TRY	TRY	50.00	AFFILIATE
MEİLLER DOĞUŞ DAMPER SANAYİ VE TİCARET LTD. ŞTİ. ^(*)	Tipper Manufacturing and Sales	56,400,000,000 TRY	27,636,000,000 TRY	TRY	49.00	BUSINESS PARTNERSHIP
TÜVTURK GÜNEY TAŞIT MUAYENE İSTASYONLARI YAPIM VE İŞLETİM A.Ş.	Vehicle Inspection Stations	25,250,000,000 TRY	8,332,836,000 TRY	TRY	33.00	BUSINESS PARTNERSHIP
TÜVTURK KUZey TAŞIT MUAYENE İSTASYONLARI YAPIM VE İŞLETİM A.Ş.	Vehicle Inspection Stations	67,100,000,000 TRY	22,143,895,000 TRY	TRY	33.00	BUSINESS PARTNERSHIP

* The sale of the Company’s production and administration facility has been concluded, and the brand distributorship agreement with our Company has been terminated.

Detailed information about the transactions performed during the year pertaining to Company’s Direct and Indirect Subsidiaries is provided in the accompanying notes to the consolidated financial statements for the year ending on December 31 in the “Note 28: Balances and Transactions with Related Parties” section.

4.4. Information on the Company’s Share Buy-Back Policy and Program

In the event that the Board of Directors of Doğuş Otomotiv resolves to buy-back its shares or accept them as pledge, all necessary public disclosures and announcements shall be made pursuant to “Communiqué No: II-22.1 on Buy-Backed Shares”, which was published in the Official Gazette No. 28871 on 3 January 2014.

The Material Disclosure Statement related to the buy-back of the Company’s publicly traded shares was announced to the public in electronic environment on 27 July 2016 on the Public Disclosure Platform (PDP) at 09:36.

“At the company’s Board of Directors meeting that convened at 9.00 am on 27 July 2016, it has been unanimously resolved that:

1- Due to the ongoing developments in our country, and given that the shares of our Company have lost value as did other Publicly Traded Joint Stock Companies’ shares traded in Borsa Istanbul, and the capital markets have been adversely affected, and pursuant to the Board’s announcement on 21 July 2016, and further announcement on 25 July 2016, the Company’s publicly traded shares be bought back in order to relieve the adverse effects and to contribute to the resolution as a company.

GENERAL INFORMATION

2- The total amount of the shares to be bought back not to exceed TL 524.000.000, which is the total amount of the assets that can be subject to dividend distribution in the last annual financial statements prepared in accordance with the Board regulations, and not to exceed 22.000.000 shares that correspond to 10% of the issued capital of the Company.”

Within the scope of the Company's Share Buy-Back Program initiated by the Board of Directors resolution, our Company bought back 22.000.000 of its publicly traded shares in 2016 in accordance with the CMB legislation for TL 220,274,251.16 in total.

4.5. Information on the Private and Public Audits within the Fiscal Period

The Company and its Affiliates have not had any disputes that arose/were finalized regarding the private and public audits in 2016.

4.6. Information on the Legal Actions Brought Against The Company, Actions That May Affect The Financial State and Operations of the Company and Their Possible Consequences

There are no cases brought against the Company, neither are there any cases that may affect the financial state and operations of the Company.

4.7. Information on the Administrative and Judicial Sanctions Imposed on the Company and its Governing Body Due To Noncompliance With The Legislative Provisions

There were no administrative and judicial sanctions imposed on the governing body.

Various fines and judgments were rendered against our Company under the following articles of the Customs Law No. 4458.

- » Fines applicable to actions that cause tax loss (Article: 234-238)
- » Fines related to irregularities (Article: 239-241)

Through negotiations and discounts for payments in cash, a total of TL 11,810 was paid in fines, and no sentences were referred to administrative rulings in 2016.

Pursuant to Law on Road Transport No. 4925, the Ministry of Transport, Maritime Affairs and Communications has rendered a fine in the amount of TL 1.900 on account of the four company-owned vehicles, which were sold and transferred, but their K2 Transportation Certificates were not cancelled; and the amount was paid in full.

4.8 Information on Materially Significant Asset Acquisitions or Sales

Information on asset acquisitions or sales is provided in the accompanying notes of the consolidated financial statements of the years ending on 31 December under “Note 12 – Property and Equipment ” and Note 13 – Intangible Assets”.

4.9 Information on Possible Conflicts of Interest with Service-Providing Companies

During the January 1, 2016 - December 31, 2016 period, there were no conflicts of interest between our Company and other companies that provide investment consultancy, rating, and other services. Diligent efforts are made to prevent conflicts of interest in the contracts as well as intercompany activities to comply with the Company's Code of Ethics.

4.10 Information on Some Legislative Changes that may Materially Affect the Company's Operations

Law on the Protection of Personal Data No. 6698, published in the Official Gazette dated 7 April 2016 had an impact on the Company's operations.

Pursuant to the CMB's press release of 21 July 2016 regarding the “Share Buy-Back Program”, the Company has determined how the Share Buy-Back Program would be implemented.

The amendment on the “Special Consumption Tax” within the scope of Law No. 6745 dated 20 August 2016, and published in the Official Gazette dated 7 September 2016, had an impact on the automotive sector and subsequently the Company's activities.

Furthermore, the amendment on the “Special Consumption Tax” within the scope of Law No. 6761 dated 16 November 2016, and published in the Official Gazette dated 24 November 2016, also had an impact on the automotive sector and subsequently the Company's activities.

4.11. Information on Attaining the Targets Set in the Previous Terms and Fulfilling General Assembly Resolutions

There were no targets that our Company did not attain, nor any General Assembly resolutions not fulfilled by our Company during the operating term.

4.12. Information on the Extraordinary General Assembly

The Company did not convene an Extraordinary General Assembly in 2016.

4.13. Information on Relations with Customers and Suppliers

4.13.1. CRM – Customer Relations Management Unit

A CRM - Customer Relations Management Unit was set up within the Company's Strategic Marketing and Corporate Communications Department for the purpose of managing customer satisfaction, implementing leaner customer communication processes, elevating customer loyalty/profitability, ensuring closer communication with customers, and monitoring and recording our relations with customers.

The key responsibilities of the CRM Unit include:

1. Taking all necessary steps to ensure that customer data are stored properly, kept up-to-date and in an accessible manner;
2. Ensuring that a customer-oriented working concept is adopted as a corporate culture across the entire organization;
3. Conducting and reporting of internal and external customer satisfaction surveys (CSS, CSI, DSS) to improve processes, measuring, evaluating and reporting results;
4. Performing, measuring and reporting optimized direct marketing activities (via email, SMS, MMS, direct mailing, and web) within the scope of permission-based marketing, in response to the demands of authorized dealers and brands,
5. Making the necessary infrastructure available to enable the brands to structure their marketing and sales operations to suit target audiences;
6. Designing and carrying out common projects with the brands, authorized dealers and services;
7. Procuring social and digital media listening and reporting services, developing software to respond to customer complaints received via the social media and convert them into sales opportunities;
8. Enhancing the customer recognition, monitoring and information functions in the Turkuaz system used by all brands and authorized dealers to make them more effective, leaner and more comprehensive based on the needs;
9. Designing, managing, and coordinating loyalty projects,
10. Managing processes to obtain permission from customers for using their contact information and processing such data;
11. Coordinating the projects created by the Value and Care Center (DIM) for brands, subsidiaries, and third-party companies ;
12. Managing “CRM Scorecard” designed for the purpose of measuring the effect of CRM activities on the brand performance.

GENERAL INFORMATION

The Customer Experience activities carried out in 2016 included:

For the purpose of monitoring the customer experience, the touch points and channels where the customers engage with the Volkswagen, Volkswagen Commercial Vehicles, Audi, SEAT, DOD brands in the customer journey from presale to sales and aftersales stages have been identified, and processes have been mapped for every identified step. This activity called the Customer Journey .Map will form the departure point for these brands' improvement requirements, and be used to spread the best practices among various brands.

An independent survey company has conducted a CSS and interviewed 77,827 customers to monitor how satisfied they were with sales and services. In line with global trends, satisfaction surveys are changing from measuring customer processes into a structure of assessing and measuring the customer experience. Accordingly the questions are getting shorter and surveys are evolving into a system that focuses on obtaining the customers' reviews of their experiences, and toward improving the services directly one on one. As digitalization reduces the need for phone calls and increases online surveys, the infrastructure preparations for technological advances were completed, and long-term pilot activities were carried out for online surveys. The data required for research were integrated into the system, and important steps were taken toward monitoring the data quality.

With mobile apps being used more and more, and loyalty platforms getting increasingly widespread, the brands of Doğuř Otomotiv began to be included in the Zubizu Mobile App. As special deals and promotions are defined for Zubizu customers, Doğuř Otomotiv benefits from the opportunity to reach prospects through the joint loyalty platform and also offers a wide range of privileges and advantages to its customers for other companies in different industries.

The different screens where customer information is viewed have been unified in one visually enhanced screen with the big data management approach. During the development phase, all customer data stored in the Turkuaz system were evaluated, and a new screen featuring cleverly used colors and icons on a visually enhanced and lean interface was designed together with user experience experts to enable the sales consultants to easily access detailed information on customers. These screens were tested with pilot users for a couple of months, and after a number of enhancements wider implementation started. The same screens are also used in connection with the Turkuaz system to show personalized recommendations to first time customers in topics they may be interested in or offer special discounts.

Aiming to create "Fan Customers" to increase the customers' loyalty to our brands and/or Doğuř Otomotiv, certain criteria were defined, and customers that met these criteria were identified. In order to further improve these customers' satisfaction and reinforce their loyalty by assessing them at every touch point, the services are continuously enhanced.

In order to improve customer loyalty at service level, the big data on the Turkuaz system have been analyzed, and churning customers that are most likely to stop coming to the aftersales services have been identified using statistical modeling. A new model developed with the special communication studies to such customers is currently in the testing phase.

We have also moved to a new system in procuring social media follow up and reporting services for the purpose of monitoring our customers' experiences on social media, capture prospects that are interested in our vehicles, and observe the changes in our brands' reputation on social media. This change has enabled us to monitor more key words, and also resulted in an increase in the captured views with exiting search words while the analysis and reporting capabilities were improved.

An SMS verification system has been developed to validate the mobile phone numbers entered into the system and improve the quality of the data of over 5 million customers currently on the Turkuaz system. Furthermore the algorithm used to unify customers is being replaced by a more advanced algorithm that is able to assess the similarity rates. This change will greatly reduce the creation of duplicate customer registrations.

For the purpose of carrying out direct marketing activities more easily, faster and more secure, new software has been developed to send SMS and e-mails via Turkuaz. It has been made available for all the brands, authorized dealers and services, reducing the sending time which took up to 3 (three) days in the past to only one day, and ensuring data security by retaining the data within the Turkuaz system.

Within the scope of Law on the Protection of Personal Data published on April 7, 2016, necessary steps have been taken to process and protect customer data, and to share them with third parties whose services we procure on a limited basis. The system and reporting functions have been improved to operate according to customer permission, the inventory of CRM data has been generated, Turkuaz authorizations have been reorganized, and personal data of a private nature have been removed from the Turkuaz database.

The gift gas campaign that was launched in July 2015 in partnership with BP Petrolleri A.ř., resulted in updating the vehicle and contact information of more than 100,000 customers. The BP campaign was terminated on 16 November 2016, and for the purpose of moving forward on the same platform with other group brands, we joined the Zubizu-Shell campaign that offers our customers the added value of "payment without leaving the vehicle."

Aiming to build a modern operator system with functions similar to a Call Center to manage the increasing phone traffic at the Authorized Dealers and monitor the call waiting and response times at personnel level, a new project was developed. Pilot phase continues to be initiated at companies and Authorized Dealers with the capabilities to implement the project. After observing the product and service quality of different suppliers, the ideal solution will be determined and the project will be more widely implemented in 2017.

203 enhancements have been carried out with the Turkuaz system in use at all our Authorized Dealers in order to make customer monitoring easier, increase customer satisfaction, and shorten the work processes of advisors.

4.13.2. Value and Care Center (DIM)

Aiming to increase customer satisfaction in sales and after sales services in line with the vision of "Creating Fan Customers," our Company has brought together the previously outsourced services such as dialog (care management), road assistance, and call center operations (surveys and bookings) under its own roof with a new quality concept. Named the Value and Care Center (DIM) to highlight how much the customers are valued and cared for, the unit was structured under the Strategic Marketing and Corporate Communications Department in November 2014, and set up at a separate location in Kavacık to deliver creative services beyond expectations, create positive customer experiences, and increase the number of fan customers by promoting value and inspiring trust.

In addition to lending support to all our brands at every customer lifecycle stage, DIM also continues to improve the quality and variety of its services through projects. The DIM operation that aims at bringing a service and quality standard to customer contact points makes it possible for brands and authorized dealers to follow consumer expectations and opinions transparently and in real time with the reporting functions it offers.

DIM is based on the idea that not only customers but also employees need to feel valued. To that end, an environment was created in which employees felt valued and important, showed initiative, and participated in decision-making.

DIM provides the following services:

1. Care Management (Diyalog): Managing demands (requests, complaints, suggestions, gratitude, etc.) concerning branded vehicles that Doğuř Otomotiv imports, authorized dealers and services, and meeting customer needs and expectations mean our customers receive the value and care they deserve. These demands are conveyed to DIM through various communication channels such as email, chat, fax, social media, and letters.

In 2016, DIM successfully responded to 133,041 dialog calls, which correspond to a 14% increase year on year while the average speed of answer (ASA) was 23 seconds.

Customer emails answered totaled 40,923 with average email response time 6 minutes. DIM also held a total of 28,403 chats, and replied to 60,700 notifications on social media (twitter and facebook).

GENERAL INFORMATION

As an important part of generating more valuable and comprehensive data for the brands that we and DIM serve, 110,514 calls were recorded, which marks a 49% increase in recording time of the incoming requests.

2. Road Assistance: Covers road assistance services offered for vehicles imported by Doğuş Otomotiv, VDF Insurance policyholders and VDF Fleet Renting vehicles' users. The primary goal of road assistance services is to enable customers to continue with their journey. We aim to make customers feel safe against adverse situations that may arise on the road, and to reach them as quickly as possible to provide all-encompassing road assistance.

DIM responded to 315,814 calls for road assistance in 2016, seeing a 19% increase compared to the previous year while the average speed of answer (ASA) for these requests was recorded as 20 seconds.

The "emergency service" offered by DIM to its customers reached 25,065 in number with an increase of 13% year on year.

Meanwhile, the car towing services offered to customers by DIM decreased by 3% in 2016, and totaled 27,844.

During these operations, DIM provided its customers with 4,132 temporary vehicles.

The number of road assistance calls increased by 14% in 2016 on the previous year, totaling 125,382.

And finally, customer satisfaction with road assistance was rated at 93.13%.

3. Surveys: Calling customers to verify data and service quality with the aim of getting specific answers to scripted questions. The main goal is to enable our brands to maintain their current customers and proactively reach potential new customers. Calling customers and recording data are essential in terms of managing CRM operations accurately and effectively to maximize sales opportunities with new and loyal customers, and use potential and existing customers' data properly. DIM conducted surveys with 412,185 respondents for 28 different projects in 2016.

4. Appointments: Involves planning and booking appointments for maintenance and repairs since authorized aftersales services are the initial contact with the customer after a vehicle is sold. This process is fundamentally built on attending to the customer's needs and expectations. It also involves coordination with the relevant Authorized Service regarding workshop planning. In 2016, our dealer Şenyıldız began to book appointments via DIM. Throughout the year, the appointment line (Doğuş Oto and Şenyıldız) received 269,585 calls, with 106,849 resulting in bookings.

5. Used Vehicle Sales: Involves analyzing the requests received from DOD customers through the website, social media, and by phone about buying, selling and purchasing used vehicles, and their insurance and financing conditions, presenting results to customers, and establishing contact between customers and authorized dealers. DOD calls increased by 69% year on year and reached 37,092 in 2016.

While the world average for Service Level as one of the key indicators for the call center industry is 75%, DIM's score was 80% in 2016.

In the Secret Customer measurement conducted for VW Passenger Vehicles in Germany we scored 88.3 points with DIM. This is an important indicator of DIM's service quality as documented by an independent study commissioned by VW AG.

NPS surveys that evaluate customer representatives, service quality and the impressions left on the customers revealed a score of 83.96 points in 2016.

The quality score of interviews conducted by customer representatives was 90.79 as determined by the quality measurement of DIM customer representatives.

DIM always considers service excellence a priority, and works on contract with towing companies operating in important and high-intensity areas, followed by quality measurements. In 2016, customer satisfaction surveys for services provided by the towing contractors of DIM resulted in 92.74 out of 100.

The DIM employers also contributed to this process with 315 suggestions in 2016, topping the list with the highest number of suggestions submitted within the entire organization.

DIM employees are offered a platform where they compete against each other on a monthly basis with the aim of offering a unique experience to their customers. The platform, named "Passion for the Road," rewards the employer that creates the best experience for their customers. In 2016, 12 out of 72 candidates for unique customer experience received the "Passion for the Road" award.

6. New programs and applications:

DIM Rent A Car (RAC): Since 2015, DIM VW and Audi have been providing our authorized dealers with temporary car rental service to better serve our customers stranded on the road, allowing them to experience our upper segment VW Passat and Audi A4 vehicles.

DIM Technical Expert: The Technical Expert Support program has been introduced with the aim of elevating customer satisfaction and reducing service period by having a highly qualified technical expert in-house. With this program, the customer representative taking a road assistance call decides on the course of action regarding specific issues by conferring with the Technical Assistance Expert, without having to first talk with Emergency Service staff. The goal is to shorten the duration of calls with Emergency Service staff, increase efficiency, and decrease wait periods for the customers. The program has resulted in a 19% increase in efficiency.

D-Pedia Dictionary: A new web-based frequently asked questions part has been set up to allow customer representatives to answer customer questions in a timely manner and to record these questions and problems in corporate memory.

Online Performance System: The new software developed especially for DIM has been integrated into the performance system, informing customer representatives about assessment results (call quality, tests, etc.) simultaneously as they are measured.

Diyalog Mobile App: The first phase of DIALOG mobile app developed to meet customer expectations and deliver a unique customer experience has been implemented. When the customer is stranded on the road, their location can be identified through the app, and communicated to the emergency service / towing company for immediate action. The location of the emergency service and the tow truck can be also monitored by the customers on their smart phones. The app helps the customers to benefit from road assistance services with one click.

Only in the second year after its launch, DIM was awarded with the ISO EN 15838 Customer Management System certification, which is an international standard with industry requirements for Call Centers and earned by customer-oriented service providers; as well as ISO 10002 certification in accordance with ISO 9001, a management approach that enables forming more useful and long-term relationships with customers and improves those relationships.

At the fifth annual Call Center Customer Experience Summit and Quality League Award Ceremony organized by Telephone Doctor Turkey, DIM was recognized with the 'Best Approach' award among 33 companies in 2016.

DIM also won first prize in the 'Best Customer Experience' category at the eleventh annual Contactcenterworld.com Awards, considered the world's most prestigious award of the customer relations management industry among 45 companies shortlisted in 34 categories, as well as the second prize in the 'Best Call Center Design' category.

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With the Positive Discrimination Project launched in 2016, DIM has implemented a new practice to provide faster service to people with disabilities, woman and +60 age group among the customers they serve, and to minimize their waiting times. Defining these customers in the system connected to DIM and the operator system enables them to be automatically taken to the front of the queue, with a sign appearing on the screen of the customer representatives about the customer's special case (woman, disabled or +60). In this respect, a difference is made in the service both in terms of treating the customer and also in service time.

7. Project-Based Activities:

- Analyzing and reporting requests, complaints, and demands received from the field, and implementing improvement projects;
- Giving regular feedback to aftersales service teams regarding emergency services, contributing to the efforts for compensating for shortages and maintaining standards;
- Carrying out brands' customer relations projects [such as managing the Lead system, providing exclusive call center service for the VW Commercial Vehicles Premium project, Digiturk Portal, DMF leads, VW Shop, D-Gym, meeting periodical campaign demands (dost drive, etc.), and Scania Corporate operations];
- Updating customer data on project basis by calling customers of a specific brand or authorized dealer;
- Developing projects for brands by taking part in their annual planning process;
- Carrying out activities aimed at improving customer relations by observing customer experiences at authorized dealers that are open to improvement, and making results available to the whole organization;
- Carrying out training and motivation programs for emergency services and towing companies to improve processes and increase customer satisfaction.

DIM also manages the "CRM Scorecard", a special project designed to measure the effects of CRM activities on brand performance.

Carrying out telemarketing work (sales of accessories, warranties, etc.).

4.13.3. Suppliers

Our cooperation with the suppliers that we count among our primary stakeholders is based on an understanding of building open and productive relationships. This is how Doğuş Otomotiv develops long-lasting collaboration with all suppliers.

Doğuş Otomotiv's transparent and close relationship more than 20 years with manufacturers of international brands, which the company has been representing as a distributor for many years, has been continuously growing since the Company took over the distributorship of Volkswagen and Audi brands in 1994. Today, Doğuş Otomotiv is the only distributor in the world to gather all the brands associated with the Volkswagen Group under one umbrella. In its dealings with all its social stakeholders, Doğuş Otomotiv is driven by its vision of providing "creative service beyond expectations" and, as a result of this approach, engages in long-term partnerships that keep growing over time. The company, as the holder of ISO 9001:2000 certification by TÜV Germany, covering the Volkswagen, Audi and SEAT brands and the Logistics Center, regards customer satisfaction and quality as its most important values.

Doğuş Otomotiv acts with utmost diligence when selecting its suppliers. Those that meet the main selection criteria are audited on site. Based on the audit scores, the suppliers are then evaluated to determine whether or not they would be eligible to remain on the approved list. Those criteria also apply to companies yet to be included in the list.

The wide range of selection criteria include holding TSE, ISO 9001 Certification / TSE Quality Certification, manufacturer's seal of approval, a current and industry-standardized Capacity Report by the Union of Chambers and Commodity Exchanges of Turkey, and not having any outstanding tax liabilities or debts to the Social Security Institution. Companies operating in the main services fields, including cleaning, food, printing, printed documentation, personnel transportation, security, and textiles are regularly audited for their compliance with the selection and evaluation criteria.

In 2011, a supplementary protocol to the existing agreements with our suppliers was drawn up to ensure that economic, environmental and social risks are predicted, and Doğuş Otomotiv's corporate sustainability vision is espoused by our suppliers. Three of our suppliers were included as pilot in the Corporate Sustainability Report as part of a new program launched in 2015. This program, which has been expanded with the aim of supporting the efforts to promote sustainability and corporate responsibility among our suppliers that form a significant link in our value chain, and raising awareness of their development areas by measuring their performance in social, environmental, ethical and economic responsibility areas, is planned to continue in 2017 to reflect on the evaluation and audit processes as well. Doğuş Otomotiv also manages its supply chain very effectively. Our supply chain management is presented in detail in our Corporate Sustainability Report, published for the seventh time in 2016: <http://www.dogusotomotiv.com.tr/en/sustainability/corporate-sustainability/sustainability-at-dogus-otomotiv/sustainability-reports>

4.13.4. Sustainability and Corporate Responsibility Activities

BIST SUSTAINABILITY INDEX

For the second consecutive year, Doğuş Otomotiv has been included in the BIST Sustainability Index, which is composed of companies with highest corporate sustainability performances whose shares are traded in the Borsa Istanbul, for the period from November 2016 to October 2017.

CORPORATE RESPONSIBILITY

Doğuş Otomotiv is committed to being an exemplary corporate citizen both at home and in the world by generating ultimate sustainable and innovative solutions for its social and ecological stakeholders across the automotive value chain.

Our Corporate Responsibility strategy is to become an indispensable business partner for our stakeholders by focusing on continuous growth across the automotive value chain, and delivering outstanding performance with complete, timely, and accurate service. We evaluate, monitor, and manage our performance according to the priorities set in in line with our policies.

We at Doğuş Otomotiv have defined our understanding of Corporate Responsibility by considering the requirements of global standards, our priorities directly related to our field of we use to determine the solutions we generate for the social, economic and environmental issues in our industry, and our organizational approach to all of our operations.



Doğuş Otomotiv has been releasing Corporate Sustainability Reports in compliance with the GRI (Global Reporting Initiative) since 2009. The corporate policies pertaining to the performance areas reported within this framework were studied by sub-committees composed of the Corporate Responsibility Work Group members in 2010, and the policies prepared were presented to and approved by the Corporate Responsibility Steering Committee. Our policies are published within the scope of Corporate Sustainability Reports, and disclosed on our corporate website.

GENERAL INFORMATION

CORPORATE RESPONSIBILITY MANAGEMENT

At DoğuŖ Otomotiv, Sustainability / Corporate Responsibility management has been organized to carry out the principles of responsibility and accountability in all our business processes, to lead in areas related to sustainability, and to encourage guidance. We know that being a leader of sustainability at the level of the Board of Directors and the Executive Board is critically important for integrating sustainability management and related performances into the culture, processes, and business relations of our Company.

We approach sustainability management systematically to understand the risks related to our activities and manage them proactively. The inclusion of meticulously assessed risks and their careful management in the decisions we make regarding our business brings long-term value to all of our stakeholders.

The DoğuŖ Otomotiv Executive Board established a Corporate Governance and Sustainability Committee in 2015 with the aim of monitoring activities regarding sustainability, setting targets, and managing processes. The committee is responsible for the implementation of the corporate governance principles as well as carrying out management, consulting, and coordination work as may be required by relevant institutions and stakeholders in line with the social, environmental, economic, and ethical responsibilities of our company. The Corporate Responsibility Working Group, comprising directors and personnel from all the departments at our company, presents regular reports to the Committee. Detailed information on Corporate Responsibility Management is published in the DoğuŖ Otomotiv Corporate Sustainability Report: <http://www.dogusotomotiv.com.tr/en/sustainability/corporate-sustainability/sustainability-at-dogus-otomotiv/sustainability-reports>

STAKEHOLDER ENGAGEMENT

As Turkey's leading automotive distributor, DoğuŖ Otomotiv's approach to corporate leadership, is based on its policy of taking stakeholder expectations into account in all decision-making processes and setting targets accordingly, and establishing continuous, transparent and regular communication with its stakeholders. DoğuŖ Otomotiv considers all platforms that bring the Company together with its stakeholders, where they can express their expectations, as a natural part of the business processes.

As an institution that inspires confidence among the public with its size and standing, and embraces principles of corporate governance and ethics, DoğuŖ Otomotiv continues to succeed in all lines of business, sharing its earnings with the society and fulfilling its responsibilities. The Company plays an active role in managing corporate communications and relations. DoğuŖ Otomotiv also presents information with a specific approach, and steers industry-related developments. Aiming to stand close to its stakeholders, DoğuŖ Otomotiv complies with the principles of high business moral and honest codes of conduct.

In terms of its business targets, strategic growth and social endeavors, DoğuŖ Otomotiv attaches great importance to being regarded as a company that values the views of its stakeholders, respects the protection of their best interests, identifies and monitors their expectations, and offers creative services beyond expectations. In line with its pioneering position and leadership in the industry, DoğuŖ Otomotiv also plays an active role in the non-governmental institutions and industry-related trade organizations. DoğuŖ Otomotiv's corporate communications and relations are based on integrity, transparency and openness to inform. The Company's communication strategies and practices are managed and handled by the Strategic Marketing and Corporate Communications Department. All the information concerning the Company and its spokespersons that DoğuŖ Otomotiv shares with its stakeholders are prepared by the Strategic Marketing and Corporate Communications Department, using an accountable and transparent communication method based on the honesty principle.

Stakeholder Engagement Strategy

The DoğuŖ Otomotiv Stakeholder Engagement Strategy, focused on continuous and reciprocal communication, was determined by the DoğuŖ Otomotiv Corporate Sustainability Working Group through a number of workshops held in 2009. Every dialogue platform with key stakeholders is evaluated according to the feedback received. DoğuŖ Otomotiv Stakeholder Engagement Strategy is based on raising awareness of social, environmental, economic and ethical responsibility areas, maintaining continuous and open communication, feedback and improvement performances in the medium and long term. Detailed information on DoğuŖ Otomotiv's stakeholder engagement process management is disclosed in the Sustainability section on the website and in the annual Corporate Sustainability Report: <http://www.dogusotomotiv.com.tr/en/sustainability/corporate-sustainability/sustainability-at-dogus-otomotiv/sustainability-reports>

ENVIRONMENT SUSTAINABILITY

The automotive industry's ecosystem is undergoing a massive transformation due to the changing expectations of consumers, technological development at an overwhelming pace, globalization, new mergers & acquisitions, and partnerships. We are living in a new century when the way people approach mobility will also change rapidly. Multi-modal transportation systems are becoming more popular and smart vehicles that meet the environmental responsibility, safety and information needs of the consumers are in higher demand. Meanwhile, automotive companies are in intense competition to develop new business models that will help them in ensuring responsible growth. In this dynamic new age, DoğuŖ Otomotiv believes that the key to success for the next decade lies in customized mobility solutions, innovative sales techniques in retail industry, and inclusive partnerships and collaborations in line with global regulations and practices.

As a distributor within the automotive ecosystem, DoğuŖ Otomotiv increasingly builds on its environmental performance with the conviction that the companies that lead change are destined to become the companies of the future, and commits to:

- » Reinforcing customer confidence,
- » Making a difference within its sphere of influence through its network of Authorized Dealers and Aftersales Service Centers,
- » Raising awareness of waste management and efficiency, and
- » Using resources economically by regarding the ecological environment as a key stakeholder.

DoğuŖ Otomotiv is further committed to managing medium and long-term risks that may stem from climate change, and ensuring that the necessary improvements are made. DoğuŖ Otomotiv declares its Environmental Responsibility Policy, and performance in key areas annually in the Corporate Sustainability Report: <http://www.dogusotomotiv.com.tr/en/sustainability/corporate-sustainability/sustainability-at-dogus-otomotiv/sustainability-reports>

TRANSPARENCY AND ACCOUNTABILITY

DoğuŖ Otomotiv has been openly reporting to the public on its social, economic, environmental and ethical performance in its fields of activity according to international standards since 2009. The Company evaluates stakeholder feedback on how these activities were performed every year, and duly sets targets for the coming year. Our explanations about the sanctions and penalties, if any, imposed on our Company due to incompliance with the regulations are also stated in the GRI Index presented in our Corporate Sustainability Report. DoğuŖ Otomotiv Corporate Sustainability Reports are available on our corporate website at: <http://www.dogusotomotiv.com.tr/en/sustainability/corporate-sustainability/sustainability-at-dogus-otomotiv/sustainability-reports>

DOĞUŞ OTOMOTİV CODE OF ETHICS

DoğuŖ Otomotiv published its Code of Ethics in 2012, describing its way of conducting business with all its stakeholders and aiming to create a perception about the future of our country and the world, spread this perception and deepen where necessary, and act with the vision of setting an example for the whole community beyond the industries. With the DoğuŖ Otomotiv Code of Ethics, which became the first of its kind in Turkey not to be adopted from international sources but prepared according to global standards, our Company has pledged to uphold honest and ethical behavior in all its relationships with the employees, customers, business partners as well as competitors, and has documented this commitment. In this manner, the company has once again emphasized that one of its primary goals is to be an honest, trustworthy, and highly respected company, known for its unwavering commitment to ethical rules, while successfully continuing to operate under the current economic conditions and competitive environment, and remaining the leader of the industry. In 2016, we continued to share the DoğuŖ Otomotiv Code of Ethics with our suppliers, business partners, and all third parties. In 2016, necessary activities were carried out to complete the face-to-face Code of Ethics trainings for the employees of DoğuŖ Otomotiv, DoğuŖ Oto, and DoğuŖ Teknoloji. During the reporting period 188 employees of DoğuŖ Otomotiv received a total of 376 man/hours of one-on-one Code of Ethics training. Accordingly, 81% of DoğuŖ Otomotiv employees have received one-on-one Code of Ethics training by the end of 2016. Furthermore, 127 new hires that started within the same period were educated about Code of Ethics as part of the total 317.5 man/hours of e-orientation. The DoğuŖ Otomotiv Code of Ethics includes all the Company's commitments and policies on ethical matters, and is published openly on the corporate website at: <http://www.dogusotomotiv.com.tr/en/sustainability/corporate-sustainability/governance-risk-management-ethics/ethics> http://www.dogusotomotiv.com.tr/newdogusotomotiv_files/24022015_Dogus_Otomotiv_Code_of_Ethics.pdf

GENERAL INFORMATION

OUR PRIMARY STAKEHOLDER: OUR EMPLOYEES

Doğuş Otomotiv believes that its greatest strength that would sustain the business and help the Company continue to provide strong, ethical and high-quality services in the future lies in its employees.

Doğuş Otomotiv is well aware that its employees, whom the company regards as its key stakeholder, can become indispensable contributions to both the society and the Company value by reinforcing the effective work processes with a sense of responsibility. With the policy published in the 2010 Corporate Sustainability Report, Doğuş Otomotiv has declared that its employees and the decent work environment provided for them are the pillars of its Corporate Sustainability approach.

The Company places employee satisfaction and loyalty at the top of its business goals, and believes that the main reason for the continuous increase in Corporate Sustainability performance is the employees' efforts and the level of awareness attained.

The changing nature of the business world, with expectations and conditions diversifying, requires that the companies should not only manage the employees, but also collaborate with them, establish dialogue, and question their expectations and require the participations of the employees in all processes by ensuring them to submit the business processes related suggestions and feedbacks directly to the management. This is how a far more efficient working environment can be created, a more innovative and competitive organization is built, and healthier relations are established with other stakeholders through the employees.

Equal Rights

Doğuş Otomotiv states in its Code of Ethics under Article 3 on "Justice and Equality": "We treat all of our stakeholders and each other justly, and avoid discrimination". Doğuş Otomotiv applies the "Employees and Decent Work Environment Policy", which stipulates that employees are protected regardless faith, language, race, color, gender, age, ethnic origin, disability, citizenship, or other social status protected by legal regulations.

Employee Benefits

The "Doğuş Otomotiv Basic Rights and Responsibilities Procedure" explicitly states that all Doğuş Otomotiv employees who all work fulltime have the same rights, and that each employee is a key stakeholder of the Company. Health and life insurance, meals and transportation services are social rights available to all the employees. Other benefits provided for Doğuş Otomotiv employees along with detailed information on the training opportunities are publicly announced each year in the Corporate Sustainability Report.

Communication with Employees

Each Doğuş Otomotiv employee can communicate directly with his/her superior any time. The executives and senior management also exchange information about the Company's activities and operations at the quarterly Management Briefings, which took place twice in 2016. All Doğuş Otomotiv employees are welcome to attend the Communication Meetings that the Human Resources and Process Management Department organizes to provide detailed information on HR processes whenever policies change and also regularly at the end of the year. Furthermore, information about the Company is communicated to the employees via intranet and emails on a regular basis. The Doğuş Otomotiv Suggestion System, which allows employees to submit their suggestions and opinions about the Company directly to the management, saw significant increase of 44% in the number of suggestions that were implemented in 2016. Besides, every year many projects are generated by the employees within the organization to enhance business processes and to provide positive contribution to the Company's performance. As an example of this communication, Birthday of Ideas at Doğuş Graduation Ceremony where the best projects of our employees were awarded with the attendance of senior management second time. During the ceremony, employees had the chance to present their implemented projects to senior management. The dialogue platforms that Doğuş Otomotiv builds with its employees, the training programs, and all employee strategies and policies are addressed in detail in the annual Corporate Sustainability Report: <http://www.dogusotomotiv.com.tr/en/sustainability/corporate-sustainability/sustainability-at-dogus-otomotiv/sustainability-reports>

DOĞUŞ OTOMOTİV AND THE COMMUNITY

"Traffic is Life!"

In line with its strategy of generating sustainable and innovative solutions, Doğuş Otomotiv regards it as a priority to launch corporate responsibility platforms, which will create social value and take product/service responsibility into account, as important as attaining successful financial and operational results. Driven by the experiences accumulated in its line of business, the company is committed to introducing and carrying out sustainable initiatives, which include "Traffic is Life!", a special project launched in 2004.

With the "Traffic is Life!" platform, our company pioneers innovations through various projects aimed at raising awareness of traffic safety by reaching out to every segment of the society. In addition to radio and television communications to reach the entire community, the "Traffic is Life!" Platform includes young people and children, who are the guarantee of the future, in the traffic safety topic, and also organizes competitions on traffic safety.

The 'Traffic is Life! Public Announcement Competition' was launched in 2016 to get young people involved in the road safety conversation, encourage them to generate solutions about road safety and to improve their creativity. The competition required participants to shoot a maximum 45-second video in short film format using their own scripts about one key message used in the communications of Traffic is Life: namely "Don't Speed", "Don't Drive and Talk", and "Fasten Your Seat Belt".

The competition, which saw great interest, received 422 videos in total, and the jury chose Korhan Topçu as the winner for his film about the trip of a family of 5.

The winner Korhan Topçu then shot the video again, this time with acclaimed director Ömer Faruk Sorak, and had the opportunity to be involved in the making of a professional film, get the opinions of experts, and see his video on television as a public announcement.

Traffic is Life! also launched the "Child Safety in Traffic" initiative taking into account that the second most affected group from traffic accidents is children, with the aim of reaching families through social-digital media and field activities. A study was conducted in Izmir, Istanbul, and Ankara in cooperation with the General Directorate of Security, and the results were shared in detail with the public revealing the 23% child seat usage ratio. The study results also showed that psychological factors reduced the use child seats, and led to acclaimed psychologist Professor Üstün Dökmen being involved in the project. Professor Serpil Acar of Loughborough University and Professor Memiş Acar joined the advisory team at "Traffic is Life!" with their content on mother-child safety in the traffic and the vehicle.

The platform, which continues to cooperate with public institutions, has reached an agreement to provide content for Kadıköy Municipality's pregnancy schools. Over the course of three days, more than 2,500 participants at events such as Mother – Baby- Child Fairs were provided with information, and the winner of the simulation contest held at the booth won a child seat.

"Long Distance Traffic Safety" training that "Traffic is Life!" has been providing continually since 2012 at universities has reached over 20,000 students in 18 universities. The platform, which reinforces theoretical trainings on traffic safety with practical applications, launched the 'Jingle Competition' in addition to the Public Spot Competition at the end of 2016.

With the 2017 Jingle Competition, the aim is to reach the people in traffic through radio with jingle suggestions from young people. Singer-songwriter Nil Karaibrahimgil, who is also in the Jingle Competition jury, will record the jingle together with the winner, and convey the 'traffic safety' message across Turkey.

Vocational High Schools and Doğuş Otomotiv Cooperation

Doğuş Otomotiv aims at contributing to education and employment through developing cooperation with vocational high schools, and our collaboration with these institutions continued in 2016, and the number of vocational schools that receive support rose to 7.

For the 2016-2017 academic year winter term, workshop internships were arranged at 21 Authorized Aftersales Services for a total of 146 students from 5 schools. And summer internships at 12 Authorized Aftersales Services were arranged for 50 students from two of these schools. In the 2016-2017 academic year, 176 students in total started their education in our classrooms in 7 schools. The students that graduated from our classrooms were employed by our Authorized Aftersales Services. Of the total 80 students that graduated in 2016, 27 started to work for our Authorized Aftersales Services. In 2016, the number of our graduates reached 434, while the number of current students was 365.

GENERAL INFORMATION

4.14. Grant and Aid

While no changes were made to the Doğuş Otomotiv Grant and Aid Policy, which is available on the corporate website, at the General Assembly on 25 March 2016, it was resolved that a supplementary donation amount of TL 15,000,000 solely for 2016 be utilized for the construction of an elementary school, within the scope of the company's community engagement policies and the ongoing aid campaigns in the aftermath of the mining disaster in Soma, Manisa. The grants made in 2016 are listed below:

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş. AND SUBSIDIARIES	
Grant and Aids in 2016	Amount -TRY
SOMA PRIMARY SCHOOL PROJECT (AFAD)	13,812,943
KÜÇÜKYALI VOCATIONAL AND TECHNICAL ANATOLIAN HIGH SCHOOL DIRECTORATE	322,118
TURK PETROL FOUNDATION	65,000
SARIYER MUNICIPALITY SPORTS CLUB ASSOCIATION	30,000
ŞİŞLİ TECHNICAL AND INDUSTRIAL VOCATIONAL HIGH SCHOOL	25,348
TURKISH FOUNDATION FOR CHILDREN IN NEED OF PROTECTION	23,011
AYHAN ŞAHENK FOUNDATION	18,204
BURHANETTİN YILDIZ TECHNICAL AND INDUSTRIAL VOCATIONAL HIGH SCHOOL	15,415
BESNİ VOCATIONAL AND TECHNICAL ANATOLIAN HIGH SCHOOL	13,646
OTHER ASSOCIATIONS AND FOUNDATIONS	46,732
TOTAL	14,372,417

4.15. Group of Companies

The Company, in its interactions with the parent company and its subsidiaries, did not engaged in any actions/ transactions unjustly serving to the advantage of these companies in 2016. Therefore, our Company does not have any assessments for the compensation made for disadvantages and for the measures taken regarding the transactions made with the parent company and its subsidiaries, as required by Article 199 of the Turkish Commercial Code.

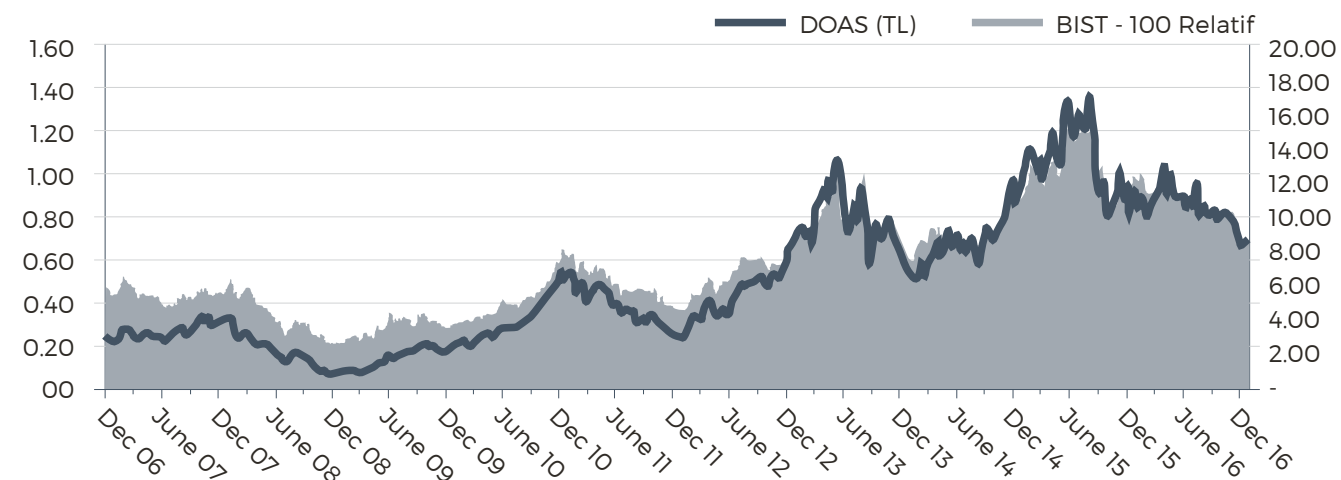
5. FINANCIAL PERFORMANCE

5.1. Information on Doğuş Otomotiv Stock

Reuters ticker symbol: DOAS.IS

Bloomberg ticker symbol: DOAS.TI

Doğuş Otomotiv's initial public offering took place on 17 June 2004 and the Company's shares are traded on Borsa Istanbul (BIST) with the "DOAS.IS" ticker.



* As reported on 31 December 2016. (Resource: Reuters)

5.2. Operational and Financial Indicators

The equity of the Company is TL XXX, and the capital is secured and covered, without running into debt.

The Company presents a solid financial standing, and does not plan to take further actions to improve its financial structure.

The sales volume, revenue and net profit increased by XX%, XX% and XX%, respectively year on year. The Company also succeeded to reduce its Operating Costs/Turnover ratio by XX%, as an indication of the importance that the Company attaches to maintaining a lean management and dynamic structure.

The financial information below must be considered along with other financial information included in the Consolidated Financial Statements and Notes as part of the interpretation and analysis regarding the financial position and operations of the Company.

	2016	2015	2014
Consolidated Statements of Income			
Sales / Unit (Wholesale)	213,185	205,593	155,995
Sales (million TRY)	11,925	10,889	7,693
Gross Profit (million TRY)	1,153	1,109	873
Operating Expenses (million TRY)	727	662	537
EBIT (million TRY)	426	447	336
Income from Investment Activities (million TRY)	23	47	20
Income from Investments Accounted by Equity Method (million TRY)	99	43	83
Net Financial Expenses (million TRY)	273	171	123
Net Profit for the Period (million TRY)	238	302	253
Consolidated Statements of Financial Position			
Total Assets (million TRY)	4,852	3,980	2,827
Net Financial Debt* (million TRY)	2,669	1,869	1,035
Total Equity (million TRY)	1,119	1,363	1,236
CapEx** (million TRY)	208	169	115
Consolidated Statements of Financial Position			
ROA (%)	4.9%	7.6%	9.0%
ROE (%)	21.3%	22.2%	20.5%
Net Financial Debt/Equity	2.39	1.37	0.84

* Short term loans, short-term portions of long-term loans, long-term loans, cash and equivalent have been taken into consideration.

** Tangible asset entries have been taken into consideration.

GENERAL INFORMATION

EXPECTATIONS FOR 2017

Total Automotive Market (Passenger Vehicles + Light Commercial Vehicles + Heavy Commercial Vehicles)
835,000 - 855,000 units

Doğuş Otomotiv Sales Volume (including ŠKODA)
170,000 - 180,000 units

Capital Expenditures
TL 325-340 million

Having completed 2016 as the leader of the automotive industry with 21.0% market share, our Company, in line with its long-term goals, aims to achieve the following in 2017:

- » Maintaining optimum profitability and market share around 20% levels for long-lasting success;
- » In light of all the reassessed projects and marketing plans, following a cautious expenditure management structure; and
- » Making necessary improvements and reinforcing operational efficiency by constant monitoring of key performance indicators.

The investment expenditure plans for 2017 consist of the below titles:

- » Expenditures for headquarters, logistics, spare parts, training areas, and subsidiaries
- » Machinery and equipment investments
- » Investments in information technologies
- » The ongoing Office Tower construction in Kartal
- » Investments in which we see great value creation potential (e.g. purchasing the property of the automotive showroom and aftersales service that we rented in Esenyurt/Istanbul)

Even though the company may make some scaled investments in retail projects in the short term, the aim will be mainly at carrying on with mobility, digitalization and service-focused activities. Furthermore, our Company will continue to maintain its competitive position in 2017 with new vehicle models of the international brands that we represent.

Risks pertaining to our 2017 expectations are as follows:

- » The impact of geopolitical risks on our country
- » The effects of foreign exchange fluctuations on the Company's operations
- » Probable impacts of the protective policies depending on the developments in global markets
- » Probable impacts of the constitutional amendments on markets in the short and medium term

The principles regarding the management of risks are explained in detail in the "6. Risks and Evaluation of the Board" section under the General Information heading of the Annual Report.

5.3 Dividend Distribution Proposal and Table

Doğuş Otomotiv Board of Directors' proposal of dividend distribution table for the 2016 operating term is presented in ANNEX 1.

6. RISKS AND EVALUATION OF THE BOARD

6.1 Risk Management Policy

Our Company's risk management policy was created within a framework configured by internal control and auditing activities where all the roles and responsibilities from the Board of Directors to the lowest level were determined, and the risk processes were planned and managed. Within the existing structure, the most fundamental issue we emphasized was for risk, as a common corporate culture, to be expressed as a shared language by all our stakeholders. It is essential that, in line with generally accepted references, the models and methods targeted to be made applicable at our Company have been designed for this purpose. Identifying the elements that might pose a threat for our organization, assets and stakeholders, taking measures, and improving the effectiveness of oversight will, as always, determine the direction of our efforts.

6.2 Early Risk Detection Committee Activities

The Early Risk Detection Committee conducts activities for effective risk management by detecting early on the potential causes that may endanger the existence, development and continuation of the Company, and taking the necessary precautions. Most of the time, the interpretation of future scenarios and uncertainties, as the main theme of these activities, do not remain solely as absolute barriers due to the Committee's strategic perspective and encouragement, and at our Company they are considered potential opportunities to lay the groundwork for systematic self-evaluation and new acquisitions. With a qualified team and accurate information flow, the Committee provides assurance and supports the oversight role of the Board of Directors, and reviews the risk management systems at least once a year. The Committee presented to the Board of Directors within the year the assessment reports drawn up following meeting on the dates set according to working principles, and also shared them with the auditor.

6.3 Risk Factors and Practices

The Company's risk perspective, shaped according to its field of operations, scale and business structure, continuously evolves and matures in line with international developments and examples of best practices. The fact that the risks involved in this process would not remain limited to financial, operational and natural phenomena and would eventually require management with a much wider perspective and sustainability approach is a key issue that determines our corporate risk management actions. The course of the processes used in risk management is directed towards a strategic and proactive business model through the efforts we created on a holistic template by including the interrelations of risks.

FINANCIAL RISKS

Liquidity Risk

The overall financial standing of our company has been monitored in an environment where financial sensitivities are carefully considered, and solutions generated to that end. Particularly, a reporting template based on the variations in commercial transactions is used to monitor risk management asset-liability cash flow.

The continuity of high quality lenders and relations, access to competitive rates, financial instrument and diversity of services (loans, factoring capacity etc.), and the liquidity strength were included among the issues that were carefully considered, as has been the case in previous years. As a result, the management of payables and receivables was secured through both amount and maturity-planned cash movement controls, ensuring that funding requirements for growth and investment policies were balanced.

Exchange Rate Risk

The net FX position was monitored, again, on the basis of the company's commercial transactions, and communicated regularly to the risk-related governing body as well as the Early Risk Detection Committee through monthly risk management reports. The effects of devaluation, parity and inflation movements were analyzed, and necessary precautions were taken.

GENERAL INFORMATION

As a business whose intensive import transactions are constantly exposed to foreign exchange risks, forward exchange contracts were executed and planned cash has been partially kept in foreign currency to maintain the payments in check. Some additional measures were taken; among them pricing options to minimize the negative effects of currency volatility and model-based agreements that were reached with the manufacturing company according to product portfolio and action plan.

Interest Risk

The risk management of our Company is grouped into currencies, and strategic interest position is determined by also taking into account the effective maturities according to yield and costs of assets and liabilities.

For the circumstances where the loan amounts and interest rates are amended according to our scenario projections, measures are taken proactively according to the load that the cost increases would cause, and the suitable instrument/rate options are selected and implemented.

Receivables Risk

With joint factoring projects and cooperation, the receivable/payable risks between Doğuş Otomotiv and the authorized dealers and services have been minimized.

Product Cost/Price Risk

Import planning and resource management are considered as a whole with the quantities and amount of stock in the bonded warehouses, in transit, loading or at the ports while the brands are monitored daily for their foreign exchange positions. The direct impact of the sudden movements in foreign exchange rates on both cost composition and the capacity of generating income are analyzed according to various scenarios. In studies carried out on working capital, cash flows, loan limit/risk projections, and the financing of the working capital are planned accordingly to the lack of income in the scenario data. All of the summarized activities were included in the monthly risk management reports, and the relevant management levels were informed regularly during the year.

OPERATIONAL RISKS

Relations with Suppliers

Our Company takes precautionary measures against risks such as supply discontinuity or interruption, possible delivery and quality problems, and the supplier's financial and technical incompetency. Some of these ongoing practices include monitoring supplier performance, an evaluation system based on minimum offer and bidding procedures, binding agreements and where necessary legal approval, letter of guarantee, and other similar instruments to ensure the provision of the service. The precautions taken for and the supervision of issues regarding Supply Chain Management and managing the suppliers' social, environmental and economic risks are explained in detail within the scope of the Sustainability Report (<http://www.dogusotomotiv.com.tr/en/sustainability/corporate-sustainability/sustainability-at-dogus-otomotiv/sustainability-reports>).

Occupational Health and Safety (OHS)

Certain OHS boards and an organizational structure have been formed to carry out/manage the OHS processes in the Company. Within the scope of OHS, risk analyses of our facilities and work environments, accident studies, civil defense trainings and drills are carried out. Furthermore, current detections and legal responsibilities are regularly reviewed at and followed by OHS board meetings every month. Trainings aimed at raising the personnel's awareness are offered throughout the year with tests conducted under the supervision of experts to measure the knowledge levels. Detailed information on Doğuş Otomotiv and Doğuş Oto' OHS activities is available in the Sustainability section on the corporate website (<http://www.dogusotomotiv.com.tr/en/sustainability/corporate-sustainability/employees/occupational-health-and-safety/dogus-otomotivs-ohs-work>).

Business Continuity and Crisis Management

An action plan aimed at further improving the existing Business Continuity Plan was carried out by a working group composed of representatives from relevant departments, with the pilot phase currently running. The activity, which adopted key concepts that better aligned with the literature, is based on the principle of raising awareness, and was conducted in direct contact with task owners for applicability in real life, used as reference the relevant ISO standards and the action plan released by the Institute of Internal Auditors. As an important detail of this work, business continuity and disaster recovery are addressed as two different but complementary vital factors within the integrated structure.

The emergency action plans and crisis management scenarios developed to recover the processes that may potentially be interrupted as a result of destructive risks despite the Company's proactive efforts are also taken into account. Generally accepted tools and consulting services were utilized in these plans and scenarios that aim to prevent loss of life, goods and information, meet the expectations of right holders, take the correct legal steps, and protect the organization's reputation.

Information Technologies

An integrated information system (Turkuaz) is used to carry out the operations at our company. The processes that require intensive transactions, such as procurement, inventory management, sales and accounting, are generally performed through the applications provided on this system. The efforts related to resource planning, to the use of defined authorizations and access rights, to the training and certifications towards the use of professional equipment, to the follow-up on reference models and to taking action in accordance with auditing results are being conducted as a measure against potential risks. Furthermore, as part of the consultancy services led by Deloitte, and in partnership with Doğuş Teknoloji, we have consolidated all data pertaining to critical business processes, and completed the strategic work to achieve information security.

Decision Making Processes and Practices

As a precaution against the violation of Company policies, and as part of our governance principles, the Code of Ethics, created in global standards and approved by the Company's governing body, stated a way of doing business even beyond the regulations and directives at every stage of company operations. The code was adopted in a simple blueprint and with exemplified narrative content, and was carefully prepared as a guide for all stakeholders. With regular internal trainings as well as reminders/notifications, awareness is maintained, and care is taken to make Code of Ethics easily accessible on various platforms.

7. MISCELLANEOUS

After the operation term ended, there has not been any specific or significant incident that may affect the rights of the partners, creditors and other relevant persons or institutions.

This report has been prepared in compliance with the provisions of the Turkish Commercial Code, the Capital Markets Law and relevant regulations, and has been signed and approved by the members of the Board of Directors pursuant to the Board resolution no. 2017/14 dated 28 February 2016.

The Statement of Responsibility by the Board members responsible for financial reporting and the executive responsible for financial reporting for the 2015 operating term is presented in ANNEX 2.

Further to the Board of Directors resolution no. 2017/14 dated 28 February 2016, it has been agreed to approve the Company's Consolidated Financial Statements and its Notes for the fiscal year that ended on 31 December 2016 and prepared in compliance with Capital Markets Board standards, and to disclose the Independent Audit Report prepared and submitted by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi with the Financial Statements and Notes on the Public Disclosure Platform (PDP).

APPENDIX 1. DIVIDEND DISTRIBUTION PROPOSAL AND TABLE

In the Board of Directors meeting no. 2017/15 on 28 February 2017, it has been resolved to propose to the General Assembly that the net period profit obtained from the Company's 2016 activities according to the consolidated financial statements, which are issued in compliance with Capital Markets Board regulations and independently audited, not be distributed and retained by the company given the possibility for uncertainties that might affect our operations in the automotive industry to occur and in line with our Company's growth policies.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

DIVIDEND DISTRIBUTION TABLE FOR THE YEAR 2016 (TL)

1-	Paid -in /Issued Capital	220.000.000,00	
2-	Legal Reserves (According to Legal Records)	161.522.458,00	
	Information on the profit distribution privilege, if any, as required by the articles of association	-	
		According to the CMB	According to legal records
3-	Profit for the period	275.132.000,00	182.803.774,18
4-	Taxes(-)	(37.189.000,00)	(38.971.937,93)
5-	Net profit for the period (*)	237.688.000,00	143.831.836,25
6-	Accumulated losses (-)	(60.557.000,00)	(74.447.239,77)
7-	Legal Reserves(-)	-	-
8-	NET DISTRIBUTABLE PROFIT FOR THE PERIOD	177.131.000,00	69.384.596,48
9-	Donations made through the year (+)	14.372.417,00	
10-	Distributable Net Income for the Period including Donations	191.503.417,00	
11-	First Dividend to the Shareholders	-	
	- Cash	-	
	-Non-paid	-	
	-Total	-	
12-	Dividend Distributed to Privileged Shareholders	-	
13-	Dividend Distributed to	-	
	- Board members	-	
	-Employees	-	
	-Other than shareholders	-	
14-	Dividend Distributed to Redeemed Shareholders	-	
15-	Second Dividend to Shareholders	-	
16-	Legal Reserves	-	
17-	Statutory Reserves	-	
18-	Special Reserves	-	
19-	EXTRAORDINARY RESERVES	177.131.000,00	69.384.596,48
20-	Other Reserves Distributable	-	
	-Retained Earnings	-	
	-Extraordinary Reserves	-	

DIVIDEND RATIO TABLE

DIVIDEND INFORMATION (**)	TOTAL DIVIDEND PAYOUT AMOUNT		TOTAL DIVIDEND DISTRIBUTED /NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND PER SHARE OF 1 TL NOMINAL VALUE	
	CASH (TL)	FREE OF CHARGE (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
-GROSS	-	-	0,0	-	0,000
-NET	-	-	0,0	-	0,000

(*) Net profit for the period for the Parent, except Non- controlling interest.

APPENDIX 2. STATEMENT OF RESPONSIBILITY ON FINANCIAL REPORTS



RESOLUTION OF THE BOARD OF DIRECTORS CONCERNING THE APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORTS

RESOLUTION DATE: 28 FEBRUARY 2017
RESOLUTION NUMBER: 2017/14

STATEMENT OF RESPONSIBILITY PURSUANT TO ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE ON THE "PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS"

We have examined the Consolidated Financial Statements and the Annual Report of the Board of Directors prepared for the fiscal year on 31 December 2016 pursuant to the Capital Markets Board Communiqué on the "Principles of Financial Reporting in Capital Markets, and we hereby state, to the best of our knowledge with respect to our duties and areas of responsibility in the Company, that;

a) The consolidated financial statements and notes contain no misrepresentation of the facts on any major issues or any omissions that may be construed as misleading as of the date of the related disclosure;

b) The financial statements, including those subject to consolidation, prepared in accordance with Turkish Accounting Standards, accurately reflect the fact about the Group's assets, liabilities, financial position, profit and loss and other comprehensive income.

Respectfully yours,

Doğuş Otomotiv Servis ve Ticaret A.Ş.

Kerem TALİH
CFO/ General Manager Responsible
for Financial Affairs

Recep Yılmaz Argüden
Board Member and
Member of Audit Committee

Emir Ali BİLAĞLU
Chief Executive Officer and
Board Member

Ferruh EKER
Board Member and
Head of Audit Committee

Doğuş Otomotiv Servis ve Ticaret A.Ş.

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Mersis No: 0-3090-1147-1300010

APPENDIX 3. INDEPENDENT AUDITORS' REPORT RELATED TO ANNUAL REPORT



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CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITOR'S REPORT RELATED TO ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of Doğuş Otomotiv Servis ve Ticaret Anonim Şirketi,

**Report On The Audit Of Board Of Directors' Annual Report Based On The
Standards On Auditing Which Is A Component Of The Turkish Auditing Standards
Published By The Public Oversight Accounting And Auditing Standards Authority
("POA")**

We have audited the accompanying annual report of Doğuş Otomotiv Servis ve
Ticaret Anonim Şirketi ("the Company") and its subsidiaries (collectively referred
to as "the Group"), for the year ended 31 December 2016.

Board of Directors' Responsibility for the Annual Report

Pursuant to the article 514 of the Turkish Commercial Code numbered 6102
("TCC") and Communiqué on the Principles of Financial Reporting In Capital
Markets numbered II – 14.1 ("the Communiqué"), management is responsible
for the preparation of the annual report fairly and consistent with the consolidated
financial statements and for such internal control as management determines is
necessary to enable the preparation of such annual report.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's annual report based on
our audit in accordance with article 397 of the TCC and the Communiqué whether
the financial information included in the accompanying annual report is consistent
with the audited consolidated financial statements expressed in the auditor's
report of the Group dated 28 February 2017 and provides fair presentation.



Our audit has been conducted in accordance with the Standards on Auditing which is a
component of the Turkish Auditing Standards ("TAS") published by the POA. Those
standards require that we comply with ethical requirements and plan and perform the audit
to obtain reasonable assurance about whether the financial information included in the
annual report is consistent with the consolidated financial statements and provide fair
presentation. An audit includes performing audit procedures in order to obtain audit
evidence about the historical financial information. The procedures selected depend on
the auditor's judgment.

We believe that the audit evidence we have obtained is sufficient and appropriate to
provide a basis for our audit opinion.

Opinion

In our opinion, the financial information included in the annual report is consistent, in all
material respects, with the audited consolidated financial statements and provides a fair
presentation.

Report on Other Regulatory Requirements

In accordance with the third clause of the article 402 of TCC, no material issue has come
to our attention that shall be reported about the Group's ability to continue as a going
concern in accordance with TAS 570 "Going Concern".

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative



Murat Alsan, SMMM
Partner
28 February 2017
İstanbul, TÜRKİYE

