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PRESS RELEASE**KARSAN AND HYUNDAI TAKE A GIANT STEP TOGETHER!**

As part of its collaboration with one of the world's largest automotive manufacturers, the Hyundai Motor Company, Karsan held the "Start of Production Ceremony" for H350 light commercial vehicles, whose mass production was already started.

With its long history of successful partnerships and projects in the industry, Turkey's long-established automotive manufacturer Karsan signed an agreement with its business partner, the Hyundai Motor Company (HMC), in November 2012. Within the scope of this agreement, Karsan completed its prototype and pre-series production and has held the "Start of Production Ceremony" for the new light commercial vehicle series, the "Hyundai H350". The Hyundai 350 series offer three different versions: bus, van and truck with a maximum weight-carrying capacity of 3-6 tons.

The "Start of Production Ceremony" for Hyundai's new light commercial vehicle series H350 was held on 14 May 2015 at the Karsan Hasanağa-Bursa factory with the participation of Fikri Işık, the Minister of Science, Industry and Technology of the Republic of Turkey. More than 200,000 vehicles are planned to be produced within the first seven years, and more than 80% of this production is planned to be exported primarily to the European Union and also to North Africa, the Middle East and the CIS. The vehicles will be exclusively distributed in the Turkish market by Karsan Pazarlama (Karsan Marketing).

The ceremony was hosted by Karsan Chairman of the Board İnan Kır a, Managing Director Jan Nahum and CEO Murat Selek with the participation of Vice President of the Hyundai Motor Company, Byung Tae YEA and the Ambassador to Turkey of the Republic of Korea, CHO Yunsoo. In his speech at the ceremony, İnan Kır a called attention to Karsan's 49-year history, stating that thanks not only to the company's own brand but also to the international partnerships it has established over the years, Karsan has been successful at producing and marketing some of the world's leading brands and has now taken yet another step in the name of the Turkish automotive industry. Kır a continued to say, "Karsan has been in a significant

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period of change and development in the last 15 years. The last five years of these 15 years are full of projects that we have actually implemented within the context of our 2009 vision of "Limitless Transportation Solutions". This project is of the greatest importance, not only for us, but also for Turkey. Our business partner, the Hyundai Motor Company, has deemed it appropriate to take part in this strategic project by making Karsan located in Turkey the first and only producers of this brand new light commercial vehicle series outside of Korea. This clearly indicates the very strong position of Turkey, the Turkish Automotive Industry and Karsan, which is one of the few companies in the industry that has no international partner, in the competitive international environment. Karsan is always ready to carry its share of responsibility in order to contribute to the achievement of the 75 billion dollars goal set out for the automotive industry."

Highlighting their long-established business partnership with Karsan and Karsan's strong reputation in light commercial vehicles, Vice President of the Hyundai Motor Company Byung Tae YEA said: "Hyundai produces light commercial vehicles and exports them to more than 130 countries all over the world. We are estimating a growth of 20% in the commercial vehicle market in Europe within the next five years. Our H350 series vehicles are suitable for the European segment, and will meet the requirements of European light commercial vehicle operators, as well as the European regulations. We believe that our partnership with Karsan will help us meet European customers' expectations, and that our product series will even exceed all expectations."

Karsan CEO Murat Selek reminded the global launching of the H350 and its premiere in Europe that took place at the Hanover Fair in September 2014, continuing to say, "We are confident that the success that Hyundai has achieved on a global scale in the field of automobiles as one of the world's largest automotive manufacturers will be echoed in commercial vehicles with Karsan's contribution. The agreement we signed in 2012 has carried our collaboration with the Hyundai Motor Company to an entirely new level. Since that time, we have made a total investment over 220 million Euros with our business partner for the realization of the H350 project. In this context, as Karsan, we have made a new investment of 43 million Euros in addition to our existing production facilities. We have created a 100% automated body assembly line, the likes of which is very rarely seen in commercial vehicle production. It is without doubt that all of this was made possible through the excellent teamwork that exists between our company and our business partner. We have begun the production of three different versions of the H350 - bus, van and truck-, and you will come across these vehicles mainly in European Union markets as of this coming month. There will be more than 200,000 Hyundai H350 brand vehicles manufactured at our factory by Turkish engineers and these will be exported to close to 50 countries in the region. This is a source of great pride for all of us."

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According to the information disclosed by Murat Selek, the agreement signed between Karsan and the Hyundai Motor Company in November 2012 has led to the manufacture of three different versions of the H350, -bus, vans and trucks-, and this new light commercial vehicle series is expected to be produced more than 200,000 vehicles in the first seven years. With Karsan's marketing company Karsan Pazarlama taking on the exclusive distributorship of the vehicles in Turkey in May 2014, 15% of production will be sold in the domestic market. The project boasts of the world's highest level of automation in the segment (operating with 58 robots); the total investment made for the project amounted to more than 200 million Euros (43 million Euros by Karsan). First planned as a project that would create additional employment for 350 workers on a 6 vehicle/hour production line, with the input of supplementary investments as the project progressed, it is now expected that production will reach a capacity of 8.5 vehicles/hour, providing employment on 3 shifts for a total of 1200 workers.

About the Karsan - HMC Partnership

- **2007** - In March, an agreement was signed for the exclusive production and distribution of Hyundai Truck Models HD35 and HD75. Production started in August 2007.
- **2009** - The domestic marketing, sale and after-sales service operations for the Hyundai HD Series began to be conducted by Karsan Pazarlama as of February.
In the extended agreement, mutual agreement was reached on gradually extending the scope of CKD (Completely Knocked Down) production, increasing the ratio of native manufacture, and the export by Karsan of manufactured vehicles to countries in Europe and the countries in the region.
- **2010** - In October, a Letter of Intent (LOI) was signed to expand the scope of the existing exclusive production and distribution agreement.
- **2011** - In January an MoU and in June a "Framework Agreement" was signed for the production of a new light commercial vehicle series.
- **2012** - The final agreement, which was a continuation of the "Framework Agreement," was signed at a signature ceremony on November 27, 2012.
- **2014** – Karsan Pazarlama has become the exclusive distributor in Turkey.
The premiere and global launching of the H350 was held at the IAA Hanover Commercial Vehicles Fair in September.

**Karsan in Brief**

Established in 1966, Karsan Otomotiv Sanayii ve Ticaret A.Ş. operated under the umbrella of the Koç Group of Companies over the period 1979-1998, and in 1998, the company was incorporated into Kiraça Holding when İnan Kiraç acquired its majority shares. Since 1981, the company has operated as a commercial vehicle producer based on 100% locally-based equity. In line with the vision of "Unlimited Transportation Solutions" that it embraced as of 2009, Karsan's goals have been to develop and produce a wide range of products, from passenger cars to buses, from minivans to heavy trucks. Today, the company produces Hyundai Truck HD75/35 lightweight trucks, BredaMenarinibus brand buses and Karsan JEST, Karsan ATAK and Karsan STAR vehicles that bear its own brand at its modern and versatile facilities in Bursa. The marketing, sales and after-sales services related to these products will be handled through Karsan Marketing. With about 1000 employees, Karsan moved up from 151st rank to 93rd rank among "Turkey's Largest 500 Industrial Enterprises" in the 2013 survey of the Istanbul Chamber of Industry (ISO). Karsan's shares are publicly traded on the Istanbul Stock Exchange and as of November 2014, its actual share of stocks in circulation according to the records of the Central Registry Agency (MKK) has been 34%.

Karsan Pazarlama A.Ş in brief

In parallel to the process of change that Karsan initiated, Karsan Pazarlama A.Ş. started its operations in 2009 in order to provide the marketing, sales and after-sales services for Karsan branded products and Hyundai Truck HD Series models, and the company aims to provide the best service for its customers. Karsan Pazarlama has transferred Karsan's 49 years of vast experience in the Turkish automotive industry into a service network of more than 100 authorized sales and service stations throughout Turkey. Working with the ideal of excellence in service, Karsan Pazarlama responds to the customers' needs rapidly and efficiently. Providing sales, marketing and after-sales services for Hyundai Truck and BredaMenarinibus branded products as of 2014, Karsan offers product solutions for the urban mass transportation requirements while operating also in the field of car park management.

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