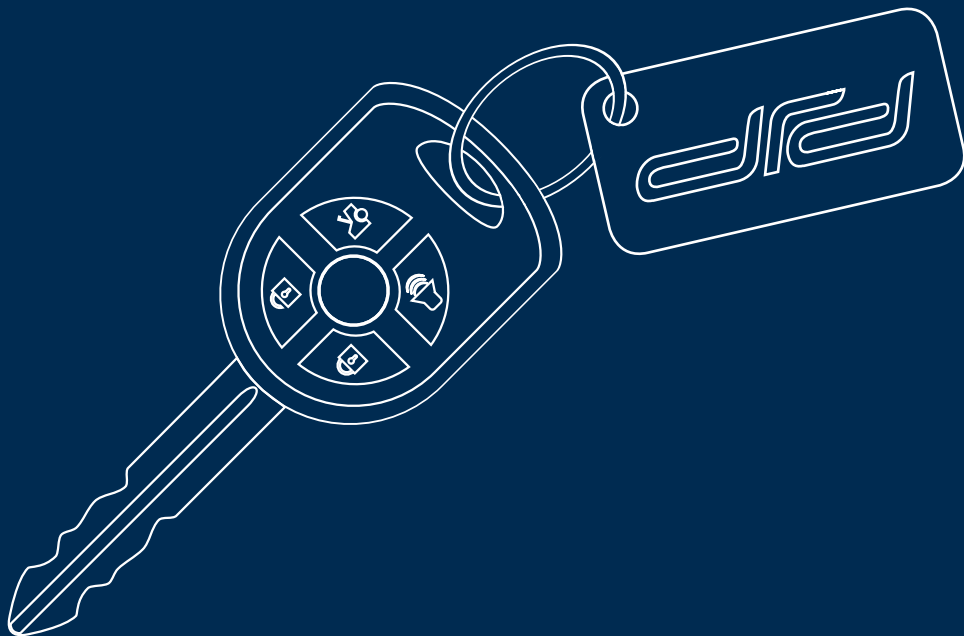


# HOW DOES IT WORK?



ANNUAL REPORT 2013

# DRD always strives to be the best.

DRD doesn't consider its job to be merely delivering the vehicle's keys, but stands beside its customers at all times and offers them assurance. DRD makes a difference in all stages of the operational leasing process by correctly analyzing customer needs and demands, and hence offering them the most suitable solutions. The Company continuously adds value to its business. It places as much importance on its own performance in all processes as it does on the performance of the vehicles it offers. DRD strives to maximize customer satisfaction even under the toughest circumstances.

**Therefore, DRD is "Turkey's largest operational fleet leasing company established with domestic capital".**

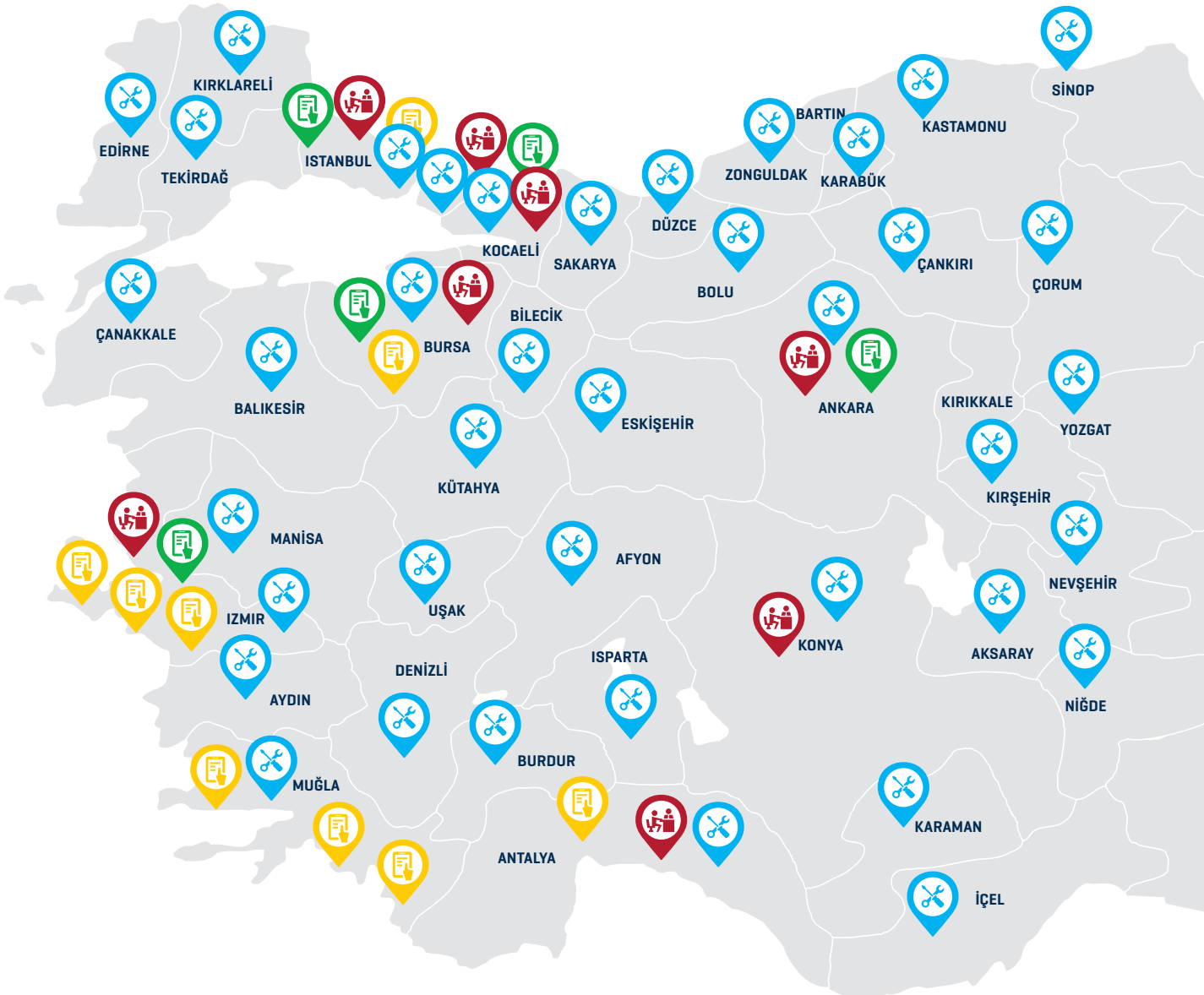


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With its widespread service network consisting of 1,100 service stations, regional offices and branches, DRD responds to customers' needs and demands with effective solutions.

## DRD ASSURANCE ANYTIME AND ANYWHERE







**FLEET LEASING REGIONAL  
OFFICES AND BRANCHES**



**SERVICE POINTS**



**DAILY RENTAL  
OFFICES**



**DAILY RENTAL  
INVESTMENTS PLANS**



Having spearheaded the establishment of the operational leasing sector in Turkey, DRD is proud to be “Turkey’s largest operational fleet leasing company established with domestic capital” in its 15<sup>th</sup> year of operation.

## A SUCCESS STORY WRITTEN

## WITH KNOWLEDGE AND

## EXPERIENCE

Founded in light of Derindere Group’s deep experience in the automotive industry, today, DRD is “Turkey’s largest operational fleet leasing company established with 100% domestic capital”. Having made significant contributions to the growth of Turkey’s fleet leasing sector, the Company reached a market share of 9.7% as of year-end 2013. DRD started its operations in 1998, as the pioneer of the operational fleet leasing sector. As of year-end 2013, the Company had an active fleet of 19,731 vehicles and 3,199 customers in its portfolio. Additionally, DRD is perceived as a reputable brand by its stakeholders thanks to its service infrastructure that meets international quality standards.

In addition to its new headquarters located in Kağıthane Istanbul, DRD operates through Regional Offices in Istanbul Anatolia, Ankara, Adana, Kocaeli, Bursa, Izmir, Gaziantep, Konya, Antalya and Kayseri. The Company is proud to support its customers also through a widespread operational network of approximately 1,100 service stations.











As Derindere Group, we always aim for the top by making a difference in all of our business areas, and today, after all the efforts we have undertaken so far, we are happy to celebrate the 15<sup>th</sup> year of our flagship brand DRD.

## MESSAGE FROM THE CHAIRMAN



In many aspects, 2013 was an important year that left its mark on the history of our Company. First of all, at Derindere Group, which always aims for the top by making a difference in all of its business areas, we celebrated the 15<sup>th</sup> year of our flagship brand DRD. In our 15<sup>th</sup> year of operation, we continued to grow by making steady investments and we are proud to have further solidified our position as “Turkey’s largest operational fleet leasing company established with domestic capital”. In 2013, we also undertook extensive efforts in daily rental business. Thanks to our robust infrastructure and deep industry know-how, we started to operate and offer the same DRD quality and assurance in this business area as well. And yet, our efforts weren’t limited to this. As the brand of firsts in our country, we achieved yet another breakthrough and launched “hemengazla.com”, which offers long-term rental services to individual customers.

Meanwhile, our DMA [Derindere Motor Vehicles] product, Turkey’s first domestically manufactured electric vehicle with a Type Approval Certificate, made a name for itself and thanks to its technology, helped our country stand out in the global automotive arena. DMA is the result of significant investments of many years and embodies the capabilities and experience of Turkish engineers. This project set an example worldwide and drew the admiration of industry stakeholders both in Turkey and overseas.

Thanks to the tenacious efforts of its subsidiaries operating in various fields, and especially of DRD, the leader of the operational leasing industry, Derindere Group Companies was able to reach a wider audience, and further strengthened its brand equity. We are delighted to see that we are achieving our targets and that our performance is reaching higher levels with each passing day.

Without falling into complacency, we are confidently moving forward to create the future of DRD and working hard to add value to our customers, stakeholders and the economy of our country.

I believe that in the coming years DRD Family will continue to grow with confidence together with its valuable partners and customers, who prefer to work with us and have trust in our Company, and that it will maintain business success by further improving its performance. I would like to congratulate and express my deepest gratitude to our colleagues, who with their hard work helped our Company become what it is today.

I am looking forward to new accomplishments in the coming years,

Respectfully Yours,

**Özkan Derindere**  
Chairman of the Board

Having celebrated its 15<sup>th</sup> year of operation in 2013, DRD's total assets exceeded TL 1 billion and fleet size expanded to about 20 thousand vehicles, and the Company continues to implement projects that further solidify its leadership position.

## MESSAGE FROM THE BOARD OF DIRECTORS



2013 was a significant year as many shifts have been observed in international markets that closely concerned the Turkish economy. FED [U.S. Central Bank] has been signaling its intention to abandon its long-standing expansionary monetary policy, and in December it announced a US\$ 10 billion reduction in its bond purchases. Consequently, international capital flows accelerated in favor of developed countries. This trend is expected to continue in the coming period as well. In addition, external-borrowing costs for countries such as India, Brazil and South Africa, which have achieved strong growth in recent years, are expected to rise.

### TURKEY MAINTAINED ITS GROWTH MOMENTUM

Having achieved sustainable economic growth and as a result of the recent credit rating upgrades by reputable international credit rating agencies, Turkey is now considered a significant emerging economy. In 2013, the Turkish economy maintained a strong performance and

achieved 4% growth. The fact that Turkey maintained its growth momentum despite measures to reduce current account deficit and capital outflows due to FED's new monetary policy, serves as proof of the strong financial foundations of the Turkish economy. Turkey's strong economic and geopolitical position in the international arena is an important motivational factor for us as we focus on growth in light of long-term goals.

### A SUCCESS JOURNEY SPANNING 15 YEARS

Having celebrated its 15<sup>th</sup> year of operation in 2013, DRD Fleet Leasing's total assets exceeded TL 1 billion and fleet size expanded to about 20 thousand vehicles, and it continues to implement projects that further solidifies its leadership position. Our Company runs its operations with the responsibility of being "Turkey's largest fleet leasing company established with domestic capital". As a result of its financial and operational success, DRD continues to rank in both the "Capital 500" and "Fortune Turkey 500" lists, which are compiled by Capital and Fortune magazines to determine the 500 largest companies in Turkey, and further maintained its high credibility in the eyes of international credit rating agencies. The strategic know-how we have accumulated in the last 15 years in the operational fleet leasing sector, which is a fiercely competitive market, gave us the confidence and the courage to conduct business development activities both in Turkey and other countries, which are in Turkey's sphere of influence.

### DRD ENTERED THE DAILY RENTAL BUSINESS

Thanks to the knowledge and experience we have accumulated for many years in different business processes of the operational leasing sector, our Company took significant steps in 2013 with an ambition to create new best practices in all stages of the leasing business.

Adopting a management approach centered on steady and sustainable growth in accordance with long-term goals, our Company entered the daily vehicle rental business in 2013, under the brand name DRD Araç Kiralama [DRD Vehicle Rental], adding a new dimension to its corporate development. Significant progress has been made in a very short time. More precisely, the necessary infrastructure to



**Our Company entered the daily vehicle rental business under the brand name DRD Car Rental, adding a new dimension to its corporate development.**

adapt DRD Brand's high quality standards in operational leasing to this new business area was completed; and also, strategic partnerships were established to carry DRD's flag across the country. As a result of these effective efforts, DRD Car Rental will be starting its operations as of 2014 in large cities such as Istanbul, Ankara, Bursa and Izmir as well as along the entire coastline of Aegean and Mediterranean regions.

Thanks to its robust infrastructure and industry know-how spanning many years, DRD launched another breakthrough in 2013, namely the "hemengazla.com" project, which sets a new benchmark not only in Turkey, but also across the world. The project, which is built entirely on a digital platform, aims to offer long-term vehicle leasing services to individual customers as an alternative to purchasing a new vehicle. Since the extensive infrastructure was set up and pilot implementation was completed in 2013, the project is ready for launch in the first half of 2014. With this project, we aim to offer individual customers an innovative experience in vehicle leasing, and since it is a first-of-its-kind in the sector and offers many benefits and advantages, we expect that it will reach a significant volume in a very short time.

#### **NEW INVESTMENTS IN THE 15<sup>TH</sup> YEAR**

Our Company shapes its business processes in accordance with customers' needs and expectations and also by following the new trends in the sector. Following the investments we made in 2013, when we celebrated our Company's 15<sup>th</sup> anniversary, we moved our headquarters to a "smart building" located in Kağıthane, Istanbul. We have also completed the preliminary work to move DRD Operation Center, which stands out with its advanced infrastructure and aims to offer high quality services to DRD customers, to its new location in Kuyumcukent, Istanbul.

In addition to these significant investments to improve our physical environment, we also made investments to further improve the quality of our services and to develop new products. To that end, we created new service channels for our customers and launched a distinctive online reporting module on our entirely renewed corporate website. And yet, our technology investments weren't limited with these. We

also launched several mobile applications such as road assistance, maintenance/repair and accident assistance that collectively offer our end users many innovative benefits.

#### **DMA SIGNATURE ON THE AUTOMOTIVE INDUSTRY**

In 2013, we also proudly launched our DMA project, an epitome of Derindere Group's visionary approach and robust investments for the future. DMA is Turkey's first "100% electric car" with a Type Approval Certificate from TSE [Turkish Standards Institution]. The launch event was attended by local and foreign participants. With our DMA brand, we set out to manufacture Turkey's "first" 100% electric car and we are confident that with its advanced technology DMA will make great contributions to the establishment and development of the electric vehicle industry in our country as electric vehicles are the future of the world.

With its many features, the DMA project aims to make positive contributions to the automotive industry as well as the Turkish economy, and serves as a benchmark in the global arena. It is also the epitome of Derindere Group's visionary approach, which always guides us into the future.

Taking this opportunity, we would like to extend our deepest gratitude to our business partners, customers, employees and stakeholders, who contributed to our Company's great progress in 2013.

Looking forward to the next 15 years, wishing all of us a bright and clear path.

Sincerely Yours,



**Aytekinhan Yıldırıncı**  
Vice Chairman of the Board





## BOARD OF DIRECTORS



### **Ömer Derindere**

#### *Honorary Chairman*

Born in 1936 in Osmaniçık, Çorum, Ömer Derindere was engaged in the wholesaling of food and provisions in Samsun until 1970. Between 1970 and 1980, he worked as the authorized sales and after-sales dealer for various automobile brands in Turkey. Mr. Derindere is the Honorary Chairman of the Company, which has been operating in several industries, and mainly the automotive industry, since the 1980s.



### **Özkan Derindere**

#### *Chairman of the Board*

Born in 1963 in Samsun, Özkan Derindere has actively participated in the management of the Company since his university years. As a company partner, Mr. Derindere has also served as the Chairman of the Board of Derindere Group Companies since 1979.



### **Aytekinhan Yıldırıç**

#### *Vice Chairman of the Board*

Born in 1957 in Istanbul, Aytekinhan Yıldırıç began his professional career in 1975 at Mobil Oil Türk A.Ş. He worked at Europcar between 1976 and 1998 and after serving as General Manager, Mr. Yıldırıç joined the Derindere Group Companies. With experience spanning 35 years in the automotive industry, Mr. Yıldırıç is among the pioneers of institutionalizing the fleet leasing sector in Turkey. He is currently serving as Vice Chairman of the Board.



### **Harun Çay**

#### *Board Member*

Born in 1963 in Samsun, Harun Çay has been with Derindere Group Companies since 1987. After serving many years as Financial Affairs Coordinator, Mr. Çay is still a Board Member at DRD.

Improving its operational efficiency and profitability consistently, our Company increased its EBITDA to TL 147 million.

## MESSAGE FROM THE GENERAL MANAGER



We achieved the financial and operational results to support our growth and investment plans in 2013, during which international markets remained vulnerable. The fact that we were able to maintain our financial and operational success despite the devaluation of the Turkish Lira against foreign currencies and the increase in credit risk costs in 2013, once again indicated the value of DRD's experience and expertise in the operational leasing sector while we celebrated our 15<sup>th</sup> anniversary.

### **TOTAL REVENUE OF TL 446 MILLION, AND EBITDA REACHING TL 147 MILLION**

As of year-end 2013, our Company posted annual revenue of TL 446 million and increased its EBITDA from TL 124 million to TL 147 million, improving its operational efficiency and profitability consistently. Moreover, despite the fluctuations in financial markets and especially the changes in foreign exchange rates, which affect the automotive industry negatively, DRD was able to make vehicle investments as planned for the year. DRD invested TL 495 million in new vehicle acquisitions in 2013 alone, and reached a fleet size of 19,731 vehicles as of year-end 2013. Our Company's vehicle investments amount to more than TL 1 billion and in the recent years, upper segment vehicles began to take a bigger share of investments in accordance with customers' needs and expectations. DRD is taking solid steps towards reaching a fleet size of 24,000 vehicles and a fleet value of TL 1.3 billion in the coming period.

### **THE CORNERSTONES OF DRD'S OPERATIONS: FINANCIAL POWER AND OPERATIONAL COMPETENCE**

DRD operates in a field where all business processes, from finance to sales, damage management and after-sales services, must be conducted in a coordinated manner. DRD effectively responded to more than 75,000 demands for periodic maintenance and over 55,000 demands for tire replacement in 2013 alone. Thanks to its robust infrastructure, our Company offered roadside assistance to 3,200 customers in different parts of Turkey last year alone. In accordance with its primary principle, "under any circumstances, no customer must be put aside of their main purpose of starting their drive", DRD successfully implemented its practices to guarantee unconditional customer satisfaction.

Having consistently expanded its business volume in the sector for many years, DRD also undertakes significant efforts to expand the market it operates in.

### **SOLID STEPS TOWARDS STRENGTHENING ORGANIZATIONAL STRUCTURE**

Drawing on its strengths and industry experience spanning more than 15 years, our Company entered the retail business in 2013 by launching a new brand, DRD Vehicle Rental, an initiative to expand its business volume. In accordance with its goal of promoting business excellence, DRD undertook important projects in 2013 to further strengthen its corporate structure. Our Company celebrated its 15<sup>th</sup> anniversary by moving its headquarters to the new “smart office building” located in Kağıthane, Istanbul. In order to improve the competencies of its workforce, DRD also started to work with Hay Group, an expert solution partner in identifying positions, remuneration and performance management.

### **CUSTOMER-ORIENTED BUSINESS PROCESSES**

Considering customer-oriented business processes an important competitive advantage, DRD continued to improve its service channels in 2013. In light of the latest technological developments, our Company revamped its corporate website completely and also launched a breakthrough project, an online reporting module that gives customers uninterrupted access to all kinds of information about their fleets. Further, IOS and Android-based applications including road assistance, accident assistance and car service were also launched in 2013. With 3,199 corporate customers in its client portfolio, our Company initiated a new project in 2013 to measure and improve customer satisfaction with the aim of increasing customer loyalty.

### **NEW MARKETS WITH NEW PRODUCTS**

Having consistently expanded its business volume in the sector for many years, DRD also undertakes significant efforts to expand the market it operates in. To that end, the Company extends the scope and descriptions of its products while broadening its target market with new practices to satisfy the expectations and needs of different segments.

In the first phase of this effort, DRD launched the “hemengazla.com” project. Hemengazla.com is a “first-of-its-kind” in Turkey and enables individual customers to access any vehicle they want over the Internet in only 30 seconds. The system offers individual customers all the advantages of operational leasing. DRD completed the extensive infrastructure work and initiated the pilot implementation in 2013. Subsequently, the project will be launched and put into service in the first half of 2014.

Moreover, the Company plans to launch a comprehensive vehicle management system in 2014 once the ongoing infrastructure work is completed. This system will offer individual and corporate customers a wide range of products and services including maintenance/repair, insurance, road assistance, winter/all-season tires, 24/7 real roadside assistance, substitute vehicles and etc., and meet DRD’s standards of expertise and professionalism.

### **THIS UNPARALLELED STORY OF GROWTH WILL BE CROWNED WITH NEW ACHIEVEMENTS**

I would like to thank our business partners, customers and employees for their contributions to the 2013 operations of DRD, a company that has written an unparalleled story of growth in the last 15 years. I’m hoping that our operations, which we run with the responsibility of being “the largest operational fleet leasing company established with 100% domestic capital”, will be further crowned in the coming period when we reach the same level of performance in our new business areas.

Kind regards,



**İlkay Ersoy**  
General Manager



# SECTORAL DEVELOPMENTS

**Operational leasing sector  
continues its rapid growth.**

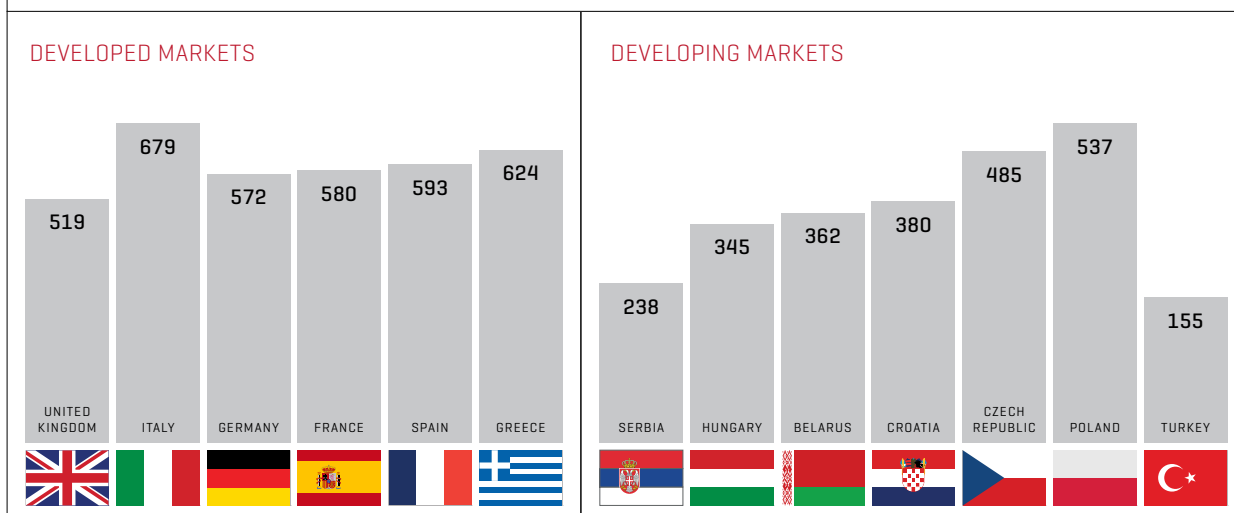




As of year-end 2013, the operational leasing sector grew by 21.9%, reaching 207 thousand vehicles.

## SECTORAL DEVELOPMENTS

### NUMBER OF VEHICLES PER 1 THOUSAND PEOPLE IN EUROPE



According to the “Operational Fleet Leasing Sector in Turkey Report”\* prepared by TOKKDER in collaboration with TNS Global, the operational fleet leasing sector grew by 21.9%, reaching a total fleet size of 207 thousand vehicles as of year-end 2013. In this context, DRD brand continued its consistent growth and captured a powerful 9.7% market share with a portfolio of 19,731 vehicles.

According to the analysis of leasing companies in the sector based on fleet size and using year-end 2013 data, the sector has five companies with less than 5 thousand vehicles in their portfolio; two companies have a fleet size between 5 thousand and 10 thousand vehicles; and eight companies have fleets with more than 10 thousand vehicles. Of the companies participating in the research study, DRD Fleet Leasing is the largest

company in the sector with a fleet size with 19,731 vehicles.

#### HIGH GROWTH POTENTIAL

In developed nations such as Italy, Spain, France, Germany, and the United Kingdom, the number of vehicles in the operational fleet leasing market per 1 thousand population is above 500. On the other hand, Turkey’s rate is only 155 vehicles per 1 thousand population.

The market in countries such as Poland, Czech Republic and Croatia, which are comparable to Turkey in terms of their general economic and operational indicators, is similar to that of more developed nations; the rates in these countries are nearly 2-3 times that of Turkey.

According to the results of the report, which is a comprehensive analysis of the current state of the sector, the operational fleet leasing sector has significant growth potential.

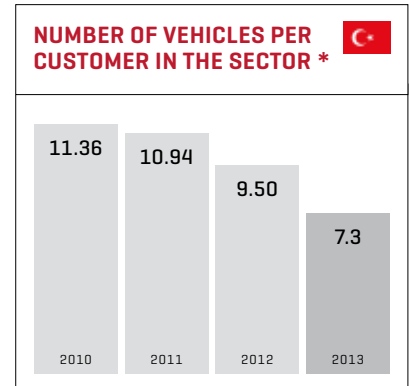
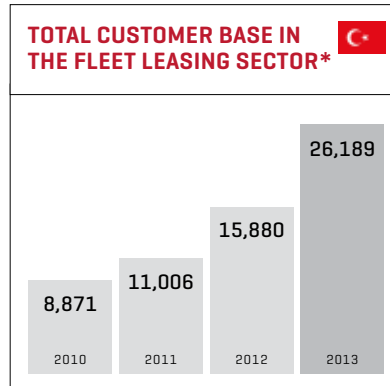
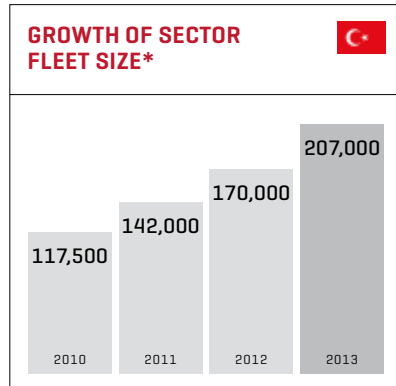
#### CUSTOMER PENETRATION

As of year-end 2011, the overall sector had a client portfolio of 11,990 customers, and it grew two-fold in the last three years, reaching a total of 26,189 customers as of year-end 2013. DRD demonstrates consistency with a total of 3,199 customers operating in 44 different sectors.

\*Companies representing 69% of the entire sector participated in the “Operational Fleet Leasing Sector in Turkey” report, compiled by TOKKDER in collaboration with TNS Global. Data collected from these participating companies was used to represent the entire sector.



In 2013, the operational leasing sector purchased a total of 89,941 vehicles with an investment of about TL 5,015 million.



#### VEHICLE INVESTMENTS

With its bulk purchasing, the operational fleet leasing sector is one of the most important customers of Turkey's automotive market. The sector purchased a total of 89,941 vehicles in 2013. The total amount invested by the sector in new vehicles increased from TL 3,049 million in 2012 to TL 5,015 million in 2013; meanwhile, the purchase share of the sector in the passenger car market has risen from 12.2% to 13.5%.

#### USED VEHICLE ANALYSIS

Used vehicle market livened up in 2013 after notaries began to speed up sales transactions by conducting them online and also because of the increase in exchange rates. As there is no concrete data about the used vehicle market in Turkey, estimations are generally based on the new vehicle market. Accordingly, it is estimated that used vehicle sales increased about 100% year-over-year to 3.4 million vehicles. Based on this data, it can be concluded that the operational fleet leasing sector takes 2% share of the used vehicle market.

#### GROWTH PERFORMANCE EVALUATION TABLE [%] [\*]

	2010	2011	2012	2013
Turkish Economy	9.2	8.5	2.2	4
Automotive Industry	38	16	-0.6	19.5
Operational Leasing	14	18	20	21.9

#### 2013 SECTOR PROFILE [\*]

	Participants	Sector Forecast
Total Fleet Size [Number of vehicles]	142,149	207,221
Number of Vehicles Purchased	61,347	89,941
Number of Vehicles Sold [Used]	37,529	55,050
Number of Customers	17,965	26,189
Value of Vehicles Purchased [TL Thousand]	3,423,583	5,014,595
Total Assets [TL Thousand]	6,826,900	9,952,072
Paid [Value Added Tax + Motor Vehicle Tax + Special Consumption Tax] [TL Thousand]	1,668,740	2,443,157

[\*] TOKKDER Operational Leasing Sector Report involving 15 companies from the sector - TNS Global 2013.

As of 2013, the operational fleet leasing sector has paid a total of approximately TL 2.5 billion in taxes.

→ SECTORAL DEVELOPMENTS



#### VALUE ADDED TO THE ECONOMY

Turkey's operational leasing sector maintains its steady growth. The research study showed that the sector adds significant value to the Turkish economy with its present volume. In 2013, the sector paid a total of TL 1,668,739,808 in value added taxes, motor vehicle taxes and special consumption taxes.


In 2009, the operational leasing sector had a total fleet size of 105 thousand vehicles. Over the years, the sector's fleet continued to develop steadily and climbed to 207 thousand vehicles as of year-end 2013. Despite the fall in Turkey's economic growth rate, which has a direct impact on the operational leasing sector, the sector continued to expand steadily.

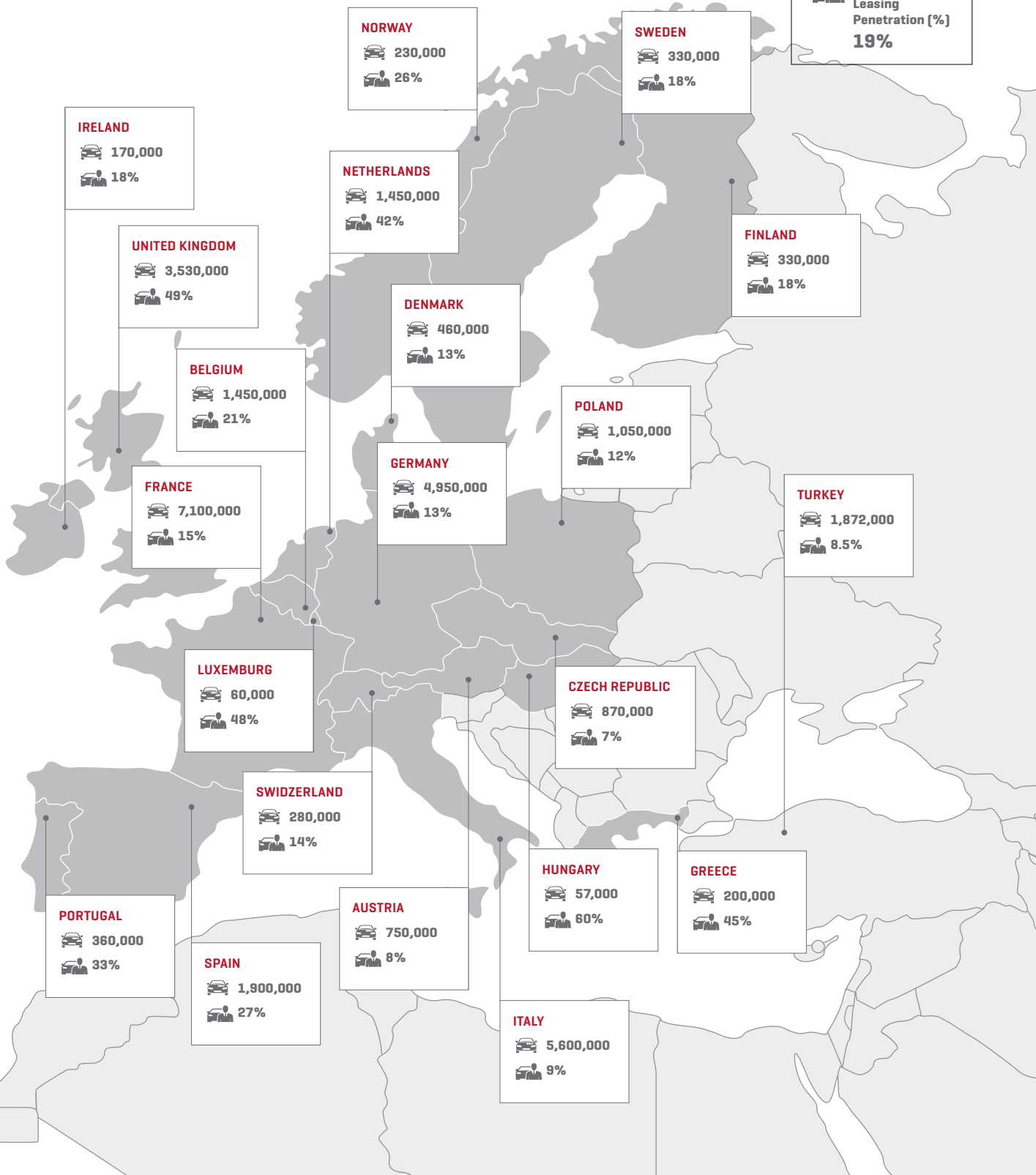
**EUROPEAN COUNTRIES SECTOR STATISTICS**

The statistics related to operational leasing and the number of commercial vehicles in European countries show that operational leasing has a very high penetration rate in Europe.

**TOTAL EUROPE**

 Size of Corporate Fleet & Commercial Vehicles Market  
**32,999,000**

 Operational Leasing Penetration [%]  
**19%**





## **DRD IN FIGURES**

**DRD, Turkey's largest operational fleet leasing company established with domestic capital maintained its steady growth in 2013.**





DRD maintains its financial and operational growth with the aim of improving its competitiveness further.

## DRD IN FIGURES

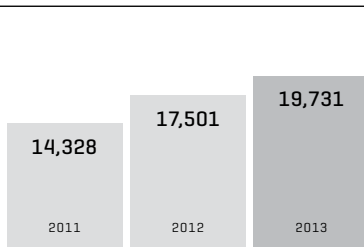
<b>HIGH PRODUCTIVITY</b>			
<b>Operational Leasing Business Branch [TL Thousand]</b>	<b>2011</b>	<b>2012*</b>	<b>2013*</b>
Total Assets	530,858	660,450	930,126
Sales	140,453	262,396	446,255
Operating Profit	64,652	91,203	109,071
<b>Automotive Business Branch [TL Thousand]</b>			
Total Assets	30,205	55,070	83,318
Sales	98,040	70,583	92,806
Operating Profit	-8,174	-1,443	1,755
<b>Company Total [TL Thousand]</b>			
Total Assets	582,302	745,862	1,052,816
Sales	238,492	332,979	539,061
Shareholders' Equity	63,552	106,097	120,087
Operating Profit	56,478	89,760	110,826
Net Profit	5,901	42,027	15,876

<b>HIGH PERFORMANCE</b>			
<b>Operational Indicators</b>	<b>2011</b>	<b>2012</b>	<b>2013*</b>
Number of Vehicles in the Fleet	14,328	17,501	19,731
Value of Fleet	596,507	821,047	1,048,050
Vehicle Investments [Units]	5,820	5,885	8,750
Vehicle Investments [TL Thousand]	279,670	326,536	494,779
Average Age of the Fleet [Months]	17	18	17
Number of Customers	1,600	2,611	3,199

\* Due to the merger of DRD Fleet Leasing and DRD Car Rental, the daily rental company, 2012 and 2013 data show the total figures of these two companies.

In 2013, DRD increased its EBITDA by 18.5% to TL 147 million.

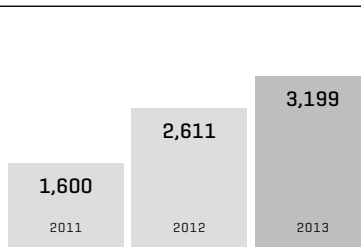
#### NUMBER OF VEHICLES IN THE FLEET (UNITS)



**19,731** VEHICLES

THE NUMBER OF VEHICLES IN DRD'S FLEET INCREASED TO 19,731 IN 2013.

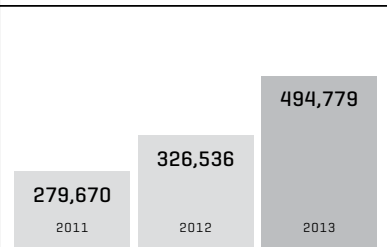
#### NUMBER OF CUSTOMERS (UNITS)



**3,199** CUSTOMERS

IN 2013, DRD'S CUSTOMER PORTFOLIO EXPANDED BY 22.5% OVER THE PREVIOUS YEAR AND TOTALED 3,199 CUSTOMERS.

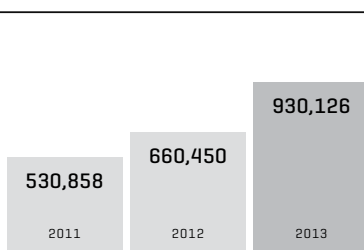
#### VEHICLE INVESTMENTS (TL THOUSAND)



**TL 494,779** THOUSAND

DRD HAS MAINTAINED ITS MARKET LEADERSHIP THROUGH VEHICLE INVESTMENTS OVER THE LAST THREE YEARS. IN 2013, DRD INVESTED TL 494,779 THOUSAND IN NEW VEHICLE ACQUISITIONS.

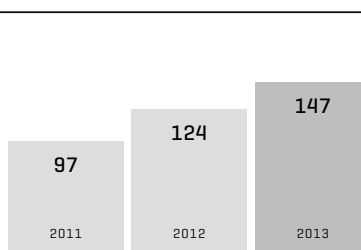
#### TOTAL ASSETS (TL THOUSAND)



**TL 930,126** THOUSAND

WHILE MAINTAINING STEADY GROWTH, DRD HAS SIGNIFICANTLY EXPANDED ITS FLEET SIZE AND INCREASED ITS TOTAL ASSETS BY 41%.

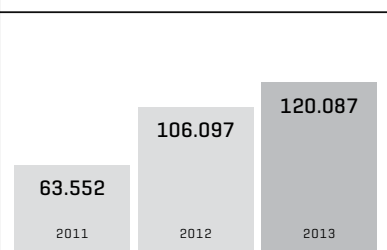
#### EBITDA (TL MILLION)



**TL 147** MILLION

STANDING OUT WITH ITS STRONG FINANCIAL STRUCTURE AND OPERATIONAL COMPETENCY, DRD POSTED AN EBITDA OF TL 147 MILLION IN 2013.

#### SHAREHOLDERS' EQUITY (TL THOUSAND)



**TL 120,087** THOUSAND

DRD INCREASED ITS SHAREHOLDERS' EQUITY BY 13.2% OVER THE PREVIOUS YEAR TO TL 120,087 THOUSAND.



**TAKING**

**MEASURABLE RISKS**





## TAKING MEASURABLE RISKS



*"In addition to its steady vehicle investments in recent years, DRD also merged its "operational leasing" and "daily rental" businesses under one roof. As a result, the Company not only increased its fleet value, but also its assets by 41% over the prior year to TL 930 million, and its shareholders' equity by 13% to TL 120 million."*

**Mehmet Fatih Kazdal**  
Financial Management Director

Drawing on its strong capital structure and effective financial system, DRD, the leader of the operational leasing sector with 15 years of industry experience, aims to achieve sustainable growth and become a leading player in its region through acquisitions and partnerships by taking advantage of opportunities in surrounding countries that are in Turkey's sphere of influence.

Thanks to its visionary management strategies, derived from past experiences, as well as competent operational staff and robust ERP infrastructure, DRD is the leader of its sector. Designing its business processes in accordance with corporate governance principles and cooperating with third parties who are experts in their respective fields, DRD is focusing its efforts on strengthening its infrastructure and improving its competitiveness in coming years.

### FINANCIAL EVALUATIONS AND AUDIT

The duties and responsibilities of DRD's Financial Management Department are as follows:

- > Managing and identifying sources for credit facilities with favorable terms and conditions,
- > Executing financial analysis and control functions: keeping and monitoring the records concerning corporate and individual customers; complying with regulations set forth by public authorities; and reporting financial results in accordance with TFRS [Turkish Financial Reporting Standards] and IFRS [International Financial Reporting Standards],
- > Treasury and funding management: liquidity and cash position management,

- > Managing the budgeting and reporting processes, through which all financial and operational reports are produced, and targets and their realization are monitored,
- > Effective asset-liability management processes,
- > Assessing and managing market and customer risks for evaluating credit worthiness,
- > Evaluating the rating and scoring system, which was established to ensure efficient investment of the funds obtained,
- > Monitoring risks through early warning systems.

### EFFECTIVE RESOURCE MANAGEMENT SYSTEMS

Due to its nature, the operational fleet leasing sector relies on external resources for funding vehicle investments. Accordingly, the Financial Management Department works to develop the resources provided by existing creditors and also on structured finance models.

### SUSTAINABLE FINANCIAL PERFORMANCE

In addition to its steady vehicle investments in recent years, DRD Fleet Leasing also merged its "operational leasing" and "daily rental" businesses. As a result, the Company not only increased its fleet value, but also its assets by 41% over the prior year to TL 930 million, and its shareholders' equity by 13% to TL 120 million. As of year-end 2013, DRD's total revenue rose to TL 446 million.

## BUSINESS PRINCIPLE 1

# BY MOVING AHEAD WITH THE RIGHT STRATEGIES,



We work with people who have deep knowledge and are experts in their respective fields.



We always focus our attention on bigger goals.



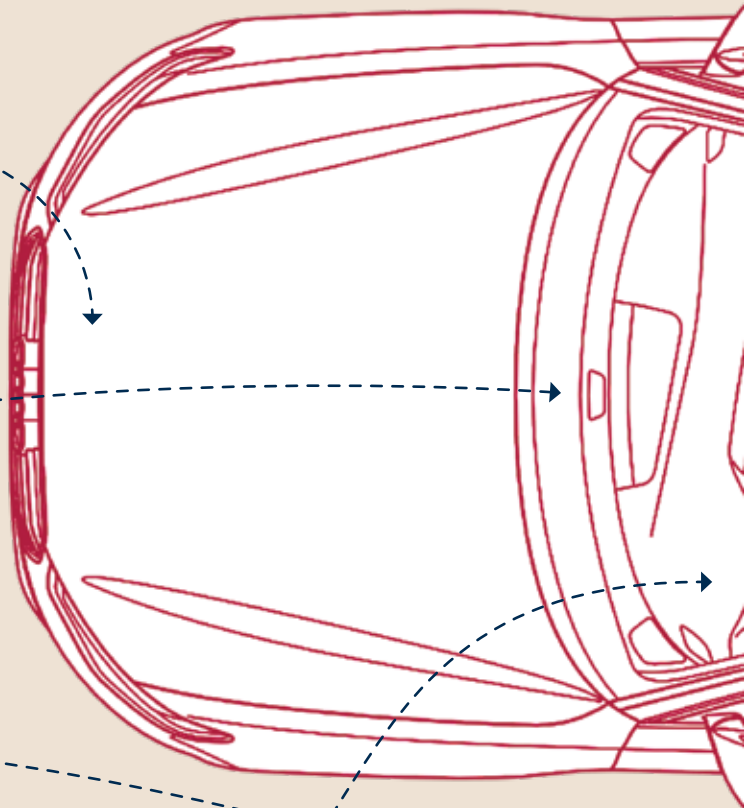
We seek a balance between profitability and risk management.



We undertake investments with the highest possible return.



We act in accordance with plans.

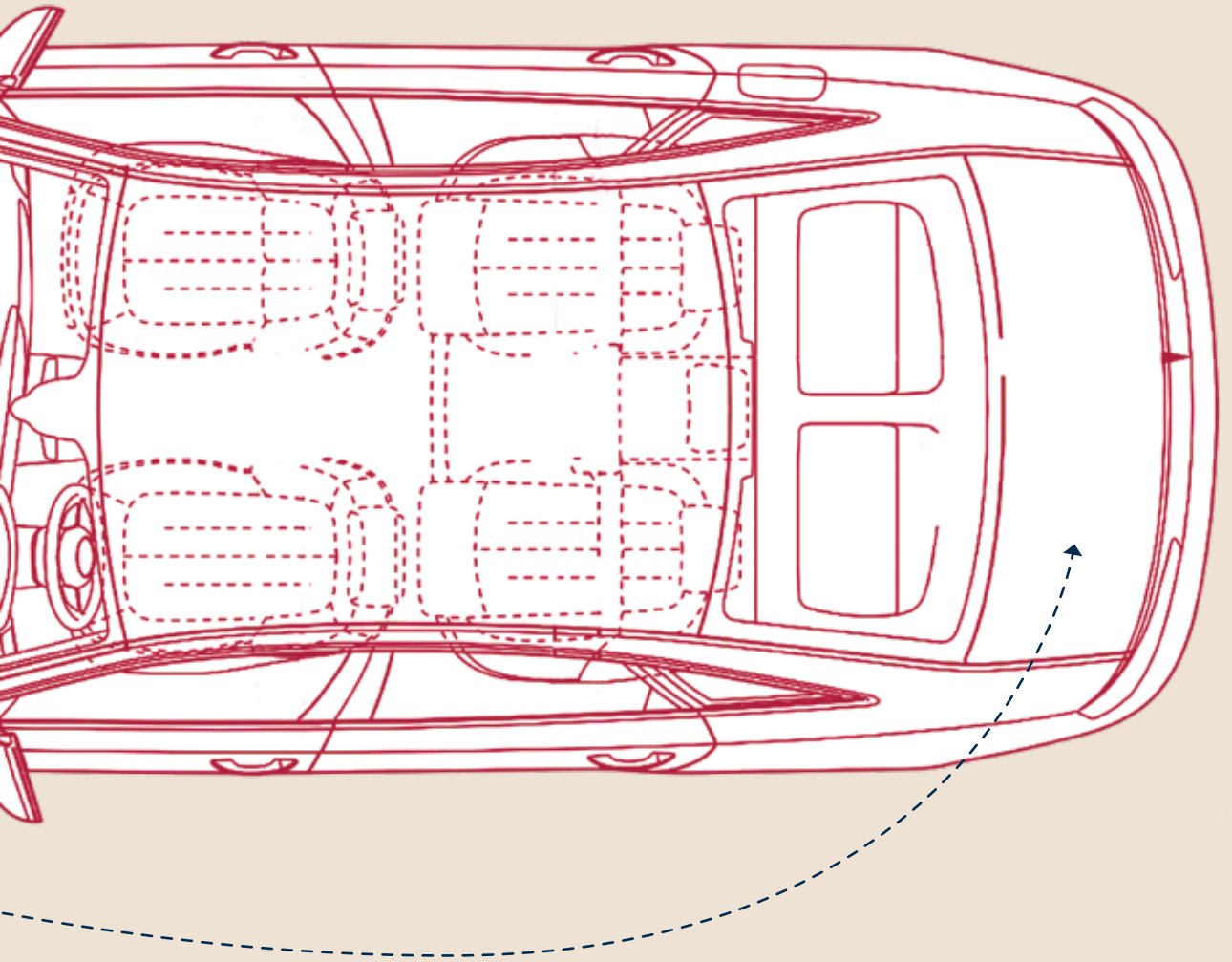




**15**  
years of  
experience

TL  
**147**  
million  
EBITDA

TL  
**120**  
million  
Shareholders'  
Equity



TL  
**446**  
million  
Total Revenue

High realization  
rate of budget  
forecasts

A transparent  
and reliable  
structure

HOW CAN  
A VEHICLE  
LEASING  
COMPANY

◀ **MAINTAIN  
STEADY  
GROWTH  
FOR SO MANY  
YEARS?**

## DRD's Financial Management Department has adopted the economies of scale approach in line with shared investment objectives.

### → TAKING MEASURABLE RISKS



#### COORDINATED FINANCIAL AND OPERATIONAL BUSINESS PROCESSES

In 2013, DRD Fleet Leasing merged with DRD Araç Kiralama Hizmetleri A.Ş. (DRD Car Rental Services), which was previously operating under the roof of Derindere Group. Subsequently, the Company began to manage all business processes including after-sales services, financial management, marketing and vehicle operations under one roof, and thus increased its efficiency significantly. DRD's Financial Management Department has adopted the economies of scale approach in line with shared investment objectives. Accordingly, the Department focuses its efforts on achieving an efficient liquidity planning and cash flow forecasting in terms of both borrowing costs and other operating expenses.

#### SHIFTING TO ONLINE TRANSACTIONS

Operating in the services sector and always aiming for higher customer satisfaction, DRD continuously improves its daily operations and conducts process analyses on a regular basis. The Company manages a business operation, which involves a client portfolio consisting of 3,199 customers and more than 250,000 invoices monthly. Therefore, DRD has developed several innovative online modules for its customers and suppliers such as e-invoicing, online debt inquiry and electronic billing in accordance with both legal requirements and customers' demands. Additionally, all invoices have been integrated into the online barcode system in collaboration with the courier company to enable online tracking. As a result,

problems arising from address errors were eliminated and operational errors were reduced to minimum. After the improvement of physical archives, precious documents related to operations were moved to a safer location where they will be kept more properly. The Company has also completed the digital archiving of more than 2.5 million documents simultaneously in accordance with international standards.

#### AN INNOVATIVE APPROACH TO BUDGETING AND PRICING MANAGEMENT

Having long-standing experience in budgeting and effective budget monitoring, DRD has been preparing and monitoring its annual budgets in a comprehensive manner since 2008. The Company uses a vehicle-based budgeting model, in which all parameters are calculated and monitored in a systematic manner, an entirely different approach to that of conventional budgeting practices.

With the cost-benefit analyses conducted during the budgeting process, income and expenses related to investments can be evaluated in detail. Thus, the Company can focus on the right brand, model and customer portfolio and achieve the desired results towards realizing its long-term strategic plans. Focus areas are identified in accordance with the key performance indicators defined in the budget. This way the Company can concentrate its energy on these areas, and thus achieve optimum efficiency and ensure effective cost management. DRD's realization rate of its 2013 budget was 99% because it can effectively analyze the CRM data and the statistical data it has accumulated in the leasing sector for many years.

#### PRICING MODULE

In 2013, DRD adapted its flexible budget system to the pricing module, thereby completing the "Customer-Based Pricing" infrastructure, which functions independently using parameters.

Consequently, the Company can now monitor its profitability instantaneously via the effective reporting system and also feed the pricing system continuously with new data. Thanks to this advanced infrastructure, DRD has become able to develop new products and sales arguments in addition to offering leasing services.





#### **CUSTOMER-ORIENTED ONLINE REPORTING MODULE**

In 2013, DRD's Financial Management Department launched the Online Reporting Module on the Company's website in collaboration with Marketing and IT Departments. This module enables customers to manage their fleets more effectively and ensure a more accurate cost management with specific, detailed and summary information related to their fleets.

#### **LONG-STANDING EXPERTISE IN SCORING AND RISK MONITORING**

In a time when companies win by "not selling but collecting their receivables", quality of receivables plays an important role in profitability, and keeping a high quality of accounts receivable requires continuous monitoring of risks and effective assessment of commercial risks. An effective risk management against potential fluctuations, especially in high-risk economies, has become ever more important for achieving success. Therefore, companies must establish and implement a reliable system to analyze, measure and identify their risks. Accordingly, DRD implements several business disciplines in order to build and manage a strong and healthy client portfolio towards achieving sustainable growth while offering its customers fast and effective solutions.

To that end, the Financial Management Department implements the below-mentioned essential policies:

- > Identifying the customer evaluation criteria in coordination with "Credit Practices and Procedures/ Credit Allocation Committee",

- > Conducting credit analyses in compliance with international standards via the "Scoring" system,
- > Monitoring early warning signals regarding existing risks via the "Risk Monitoring" system and taking the necessary actions.

#### **FINANCIAL SUCCESS CONFIRMED WITH HIGH CREDIBILITY**

DRD has been undergoing independent audits for many years to demonstrate its financial credibility to its business partners in an entirely transparent manner. In 2013, JCR Eurasia Rating, an international credit rating agency authorized by the Japan Ministry of Finance, assigned DRD an "investment grade" rating. Accordingly, the Company's long-term national rate increased by two notches, from 'BBB- [Trk]' to 'BBB+ [Trk]', and outlook remained [Stable].

Additionally, DRD Fleet Leasing's Short Term National Rate was revised upward from 'A-3 [Trk]' to 'A-2 [Trk]', with a positive outlook.

Although not a legal requirement, the Company has undergone independent audits quarterly according to international financial reporting standards (IFRS) since 2008. DRD Fleet Leasing also has its operational indicators audited by independent bodies because these are critical to analyzing the sector accurately. Many operational indicators, from used vehicle sales performance to leasing debt adequacy ratios, are covered in the audit reports.

**TAKING THE RIGHT ACTION AT  
THE RIGHT TIME**







## TAKING THE RIGHT ACTION AT THE RIGHT TIME



*“One of the most distinctive aspects of DRD is that it doesn’t keep its sales activities limited to Istanbul, which is a global city and the heart of the Turkish economy. Instead, we are happy to expand our activities in other large industrialized cities and contribute to their development. We continue to introduce our service quality to all parts of Turkey.”*

**Şafak Kürkçü**  
Sales Director

DRD strives to build long-lasting, trust-based relationships with its customers, and in 2013, the Company increased the number of its customers from 2,611 to 3,199. Thanks to its commitment to the effective use of resources, DRD stands out in the sector with a fleet size of 19,731 vehicles.

In 2013, DRD achieved 12.7% growth in terms of fleet size. DRD strives to diversify its customer base in different market segments and maintains its profitability by minimizing financial and operational risks.



### SALES ORGANIZATION CENTERED AROUND REGIONAL OFFICES

DRD Fleet Leasing conducts sales operations not only in Istanbul, but also in all cities which have intensive business activities and industrial investments. Through its 11 Regional Offices and branches located in the major cities of Turkey, the Company aims to meet customers’ fleet leasing demands in a rapid and effective manner. In 2013, DRD has further strengthened its organizational structure in line with its ever-growing business volume, and completed the infrastructure to open new regional sales offices in Kocaeli and Antalya.

### CUSTOMER VISITS FOR BUSINESS DEVELOPMENT

Following up with its existing and potential clients closely, DRD Fleet Leasing constantly strengthens its customer relationships and thus, provides them with the best solutions that meet their expectations. DRD field teams conduct regular customer visits and meticulously follow-up with new customer sources.

In 2013, the Company’s sales team consisting of 50 employees conducted a total of 7,870 customer visits to promote the sector and the advantages of DRD’s products and services. DRD designed its sales strategy to be able to provide services to customers from all industries. Since 2009, the Company has especially worked on improving the sectoral distribution of its clients and to be present in all sectors. As of year-end 2013, DRD provided services to customers in 44 different sectors.

## BUSINESS PRINCIPLE 2

# BY GETTING CLOSER TO OUR CLIENTS,



We monitor our corporate and commercial customers more closely.



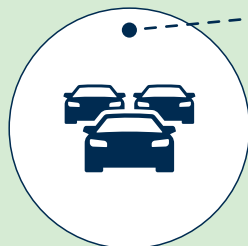
We spread across the country to be closer to our customers.



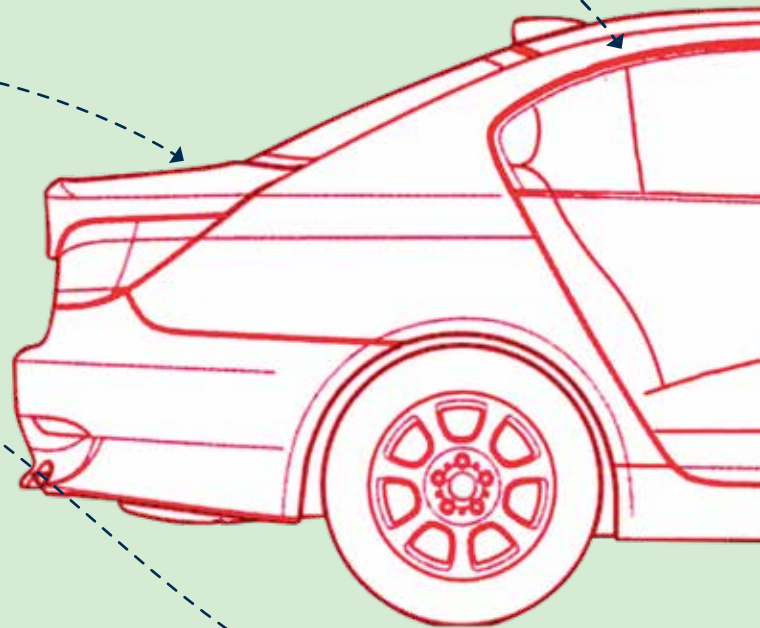
We find the most suitable solutions to meet our customers' expectations.



We visit prospective customers regularly to achieve sustainable growth.



We diversify our fleet in accordance with the expectations of clients in different industries.

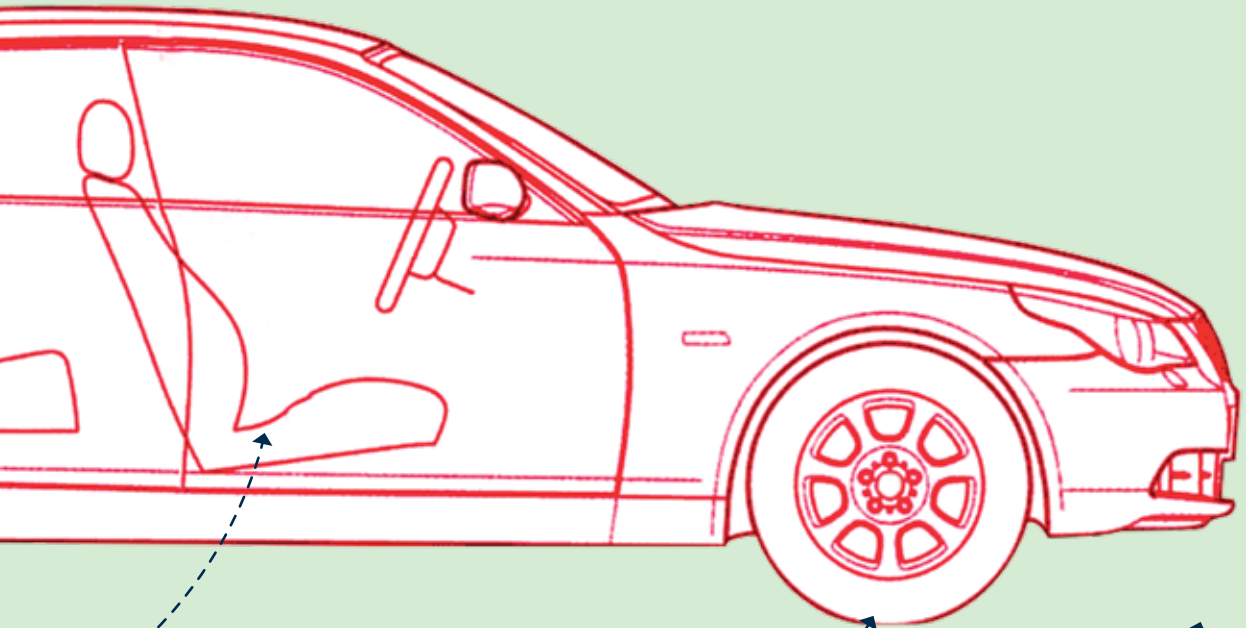




**9.7%**  
Market Share in  
2013

**3,199**  
Number of  
Customers

**44**  
Customer portfolio  
from different  
sectors



**7,870**  
Visits to new  
customers

**11**  
Total Number of  
Offices

**12.7%**  
Growth

HOW CAN  
THE GROWTH  
RATE OF

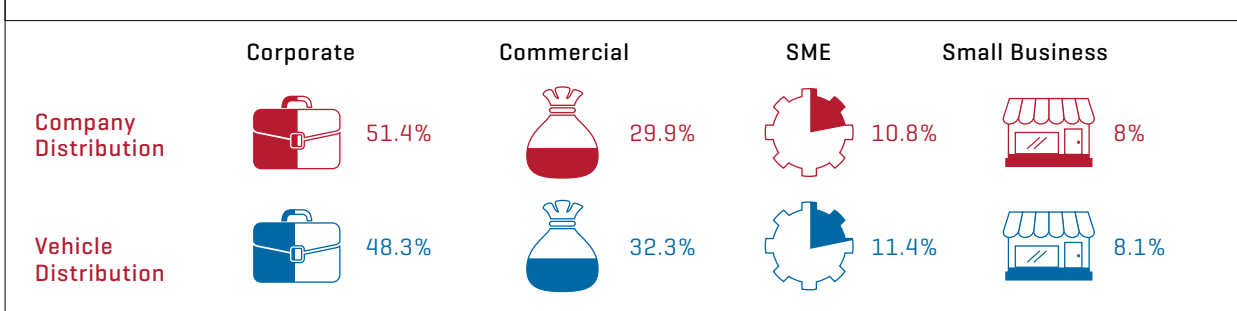
◀ **A VEHICLE  
LEASING  
COMPANY  
EXCEED THE  
INDUSTRY  
AVERAGE?**

Continuing its steady growth in 2013, DRD Fleet Leasing maintained its good reputation among stakeholders.

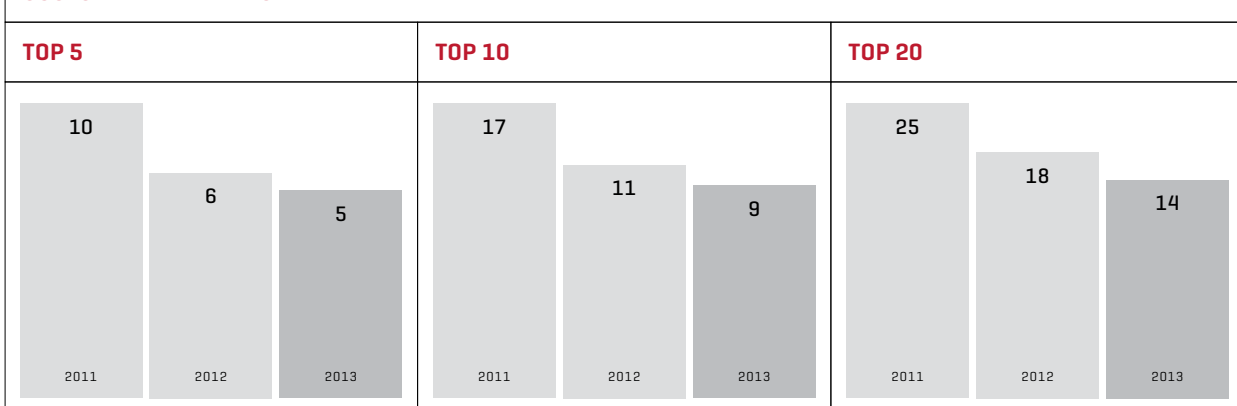
→ TAKING THE RIGHT ACTION AT THE RIGHT TIME



**DISTRIBUTION OF CUSTOMER PORTFOLIO BASED ON SEGMENTS**



**CUSTOMER PENETRATION**





*"We offer our customers the best alternative solutions to meet their different needs and expectations in a hinterland, which is the heart of commercial activities in Turkey."*

**Naile Özmen**  
Istanbul Europe  
Regional Manager



*"Thanks to our industry experience and service flexibility, we can correctly analyze the needs of our customers who operate in 44 different sectors."*

**Harika Akkartal**  
Istanbul Anatolia  
Regional Manager



*"In order to take advantage of the high business potential in Anatolia and reach a wider audience, we are spreading our operational leasing activities across the country."*

**Belgin Atilkan**  
Central Anatolia  
Regional Manager

<b>SECTORAL DISTRIBUTION OF CUSTOMER PORTFOLIO</b>			
<b>Sector [%]</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Health	23.8	17.4	11.9
Food	10.2	9.9	7.4
Computer and Internet	2.2	2.5	7.2
Building-Construction	6.8	7.2	6.8
Finance-Insurance	3.7	5.3	6.6
Plastics and Chemicals	7.7	6.6	5.7
Machinery and Spare Parts	5.8	6.5	5.5
Service	4.0	4.1	5.1
Textiles-Apparel-Shoes	3.2	4.6	4.9
Automotive-Motorized Vehicles	3.7	3.7	3.6
Metal Industry	2.2	2.8	3.4
Electrical-Electronics	2.6	3.5	3.1
Cosmetics and Cleaning	4.4	3.4	2.7
Agriculture-Livestock Breeding	2.3	2.8	2.7
Gas and Fuel	2.3	2.3	2.0
Logistics	2.4	2.4	1.8
Home and Office Supplies	1.4	1.4	1.6
Energy	0.8	1.0	1.2
Telecommunications	1.3	1.7	0.9
Paper and Paper Products	1.2	1.1	0.8
Other	7.7	9.5	15.2
<b>Total</b>	<b>100.00</b>	<b>100.0</b>	<b>100.00</b>



## **A BALANCED PORTFOLIO STRUCTURE**

Sectoral distribution of DRD Fleet Leasing's customer portfolio becomes more balanced every year. Just two years ago, health and food sectors accounted for 34% of the entire portfolio, but in 2013, their share dropped to 19.3%.



**ALWAYS STANDING BESIDE  
CUSTOMERS**







## ALWAYS STANDING BESIDE CUSTOMERS



*“For many years, we have been making steady investments to achieve perfection in after sales service quality, and thanks to our robust infrastructure, we provide uninterrupted service to our customers across the country in accordance with our primary principle, “under any circumstances, no customer must be put aside of their main purpose of starting their drive.”*

**Aşkın Altıncı**

After-Sales Services Group Director

Designing all of its business processes in line with the goal of achieving business excellence, DRD meets customers’ needs and expectations thoroughly in the area of after-sales services as well.

With 19,731 vehicles in its fleet as of year-end 2013, DRD has a widespread service network across the country to handle periodic and mechanical maintenance and damage management. In 2013, the Company signed new contracts in İzmit, Gebze, Balıkesir, Tekirdağ and Çorlu, and thus increased the number of its authorized mechanical service stations to 750, thereby further improving its service quality. In 2013, DRD provided fast, flexible, and high-quality after-sales services to 50,014 service entries for periodic maintenance and mechanical repair. During the year in the damage repair business branch, 17,979 damage repairs throughout Turkey have been tracked effectively via an online system using DRD’s advanced technology infrastructure to provide fast and problem-free solutions to customers.



### AN AFTER-SALES SERVICE NETWORK SPREAD ACROSS THE COUNTRY

Concentrating its efforts on developing alternative solutions in damage management, DRD further expanded its service network through new contracts in many cities, and mainly in Istanbul and Antalya. Tire service is another key support area in after-sales services, and with 300 tire service locations across the country, the Company continued to provide tire supply, replacement, and storage services to its customers.

Thanks to these important projects undertaken in 2013 in periodic maintenance, mechanical repair, damage management, and tire services, DRD maintained its strong after-sales service network consisting of 1,100 stations across Turkey.

In order to manage its widespread service network in a coordinated manner, DRD strengthened its technology infrastructure, and subsequently, performed 90% of all transactions online. Additionally, the Company began to monitor operational processes such as billing and invoice tracking over the Internet and also respond to customers’ demands such as tire replacement and maintenance over the Company’s website.

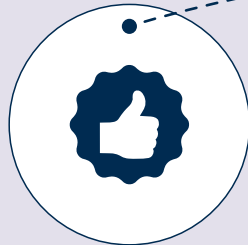
### A NEW ERA IN CALL CENTER SERVICES

DRD began to collaborate with Tur Assist for the management of call center services. As of year-end 2013, the Company responded to 80% of all calls in the first 20 seconds and reduced the maximum waiting time to 2 minutes. It is expected that this new system, which brought the call-abandon rate down to less than 1%, will help further increase efficiency in 2014.

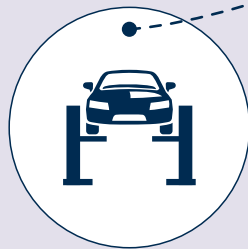


### BUSINESS PRINCIPLE 3

# BY ASSURING CUSTOMERS CONTINUOUSLY,



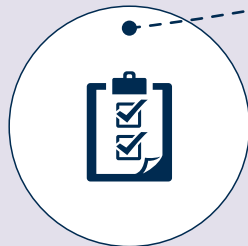
We treasure customer satisfaction above all else.



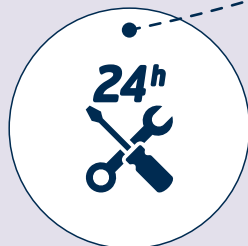
We only choose the service stations that can meet DRD's service standards.



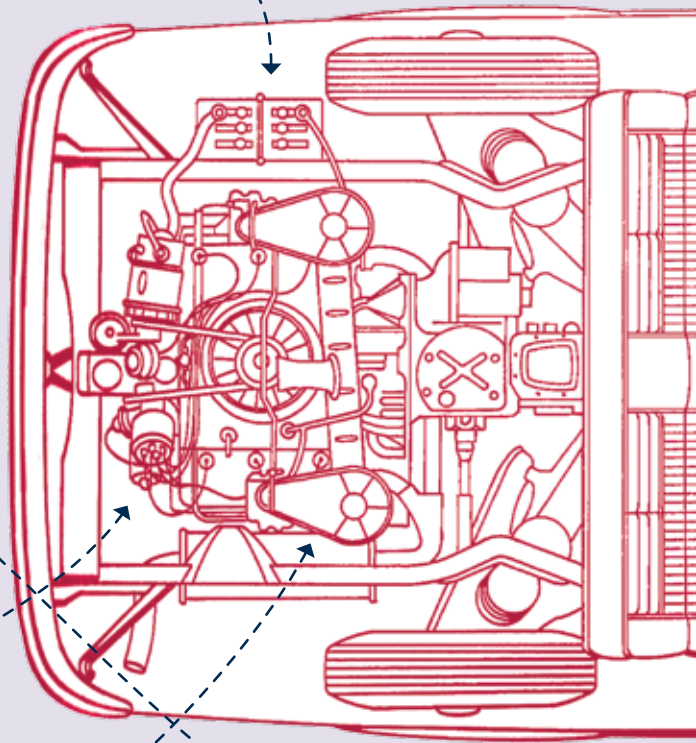
We work in an organized manner to achieve the best possible damage management.



We measure customer satisfaction regularly.



DRD Roadside Assistance provides non-stop support to customers 24 hours per day, 7 days per week.

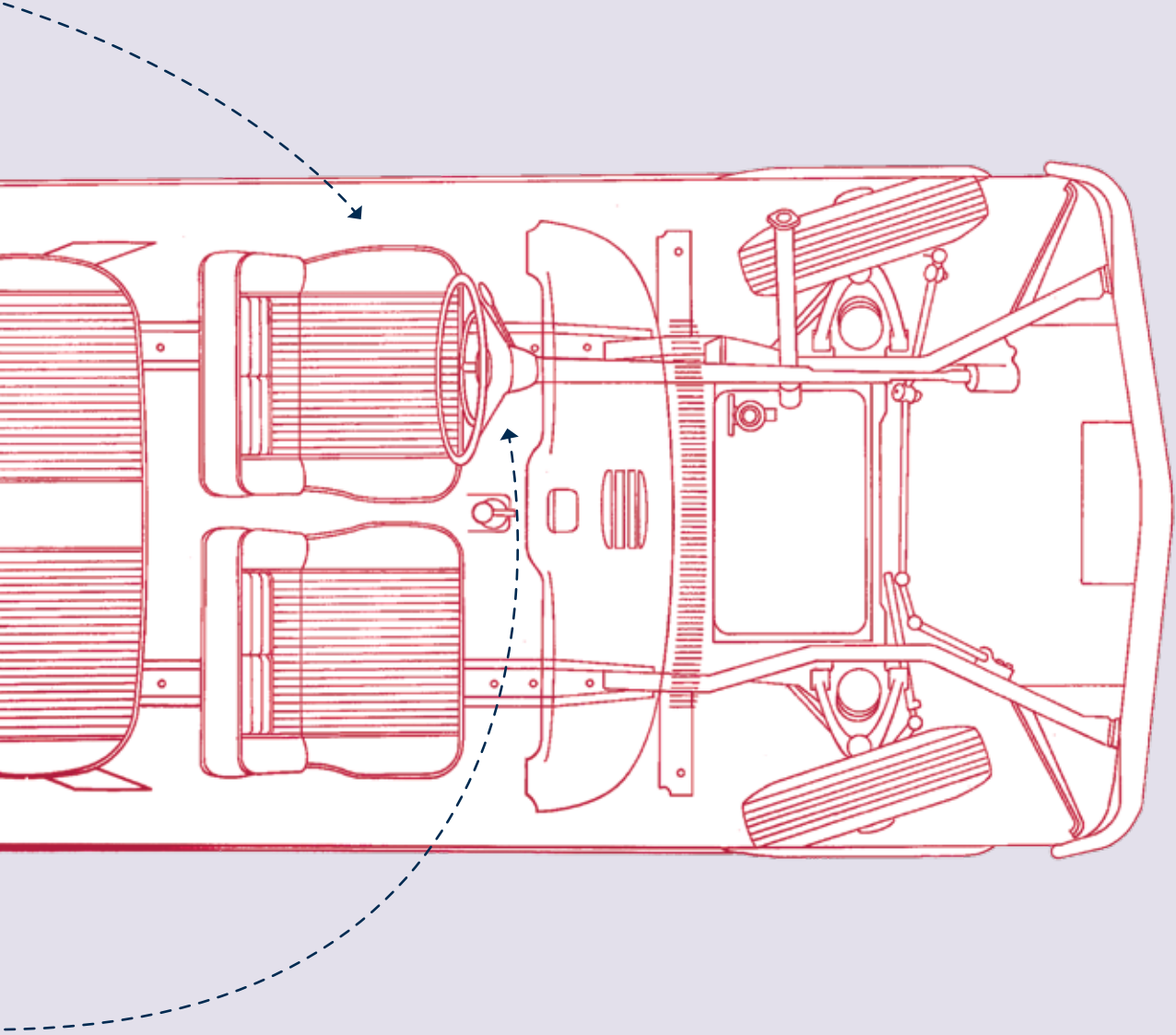




Over  
**1,100**  
Contracted service  
stations across  
Turkey

**75,000**  
Demands  
for Periodic  
Maintenance

**3,500**  
Customers  
Offered Roadside  
Assistance



**55,000**  
Tire replacements

**750**  
Million kilometers  
driven by the  
vehicles in the fleet  
in 1 year

**97,000**  
Calls responded

HOW

CAN

A VEHICLE

LEASING

◀ **COMPANY**

**ACHIEVE**

**SUCH HIGH**

**LEVELS OF**

**CUSTOMER**

**SATISFACTION?**

# LARGEST FLEET LEASING BRAND\*

**15**  
years of experience



**3.500**  
corporate clients



over **20.000** vehicles park



Service network embracing all regions of Turkey

**24/7**  
Non-stop  
Road Assistance Service



**1.100**  
Service points



**11**  
Regional departments  
and Sales offices



\*According to data updated by the end of 2013, with more than 20.000 vehicles on the total and ultimately invested by domestic capital, DRD Fleet Leasing is the largest fleet leasing brand in Turkey.

# DRD OPERATIONAL FLEET MANAGEMENT PACK



Tyre Management



Fleet Telematics



Car Pickup Service



Toll Management



Fuel Management



Claims Management



Replacement Car Management



Safe Driving Training



24/7 DRD Road Assistance



Online Reporting Service



Periodic Maintenance Service



IOS/Android Based Mobile Apps



**3.500**

roadside assistance given

**55.000**

tires were changed

**75.000**

periodic maintenance performed

**DRD**  
in **2013**  
YEAR



**750 million km**

total distance ran by DRD Fleet in 1 year

**97.000**

calls were answered

SMOOTH, SEAMLESS AND  
PROFESSIONAL EXPERIENCE IN FLEET MANAGEMENT





In order to further improve the quality of its after sales services, DRD will start to operate at its new operations center in 2014.

→ ALWAYS STANDING BESIDE CUSTOMERS



By taking advantage of the latest developments in mobile technologies, DRD plans to introduce more innovative services to its customers. To that end, the Company will launch new "mobile apps" in the coming period to enable customers to access the Company's services more easily.

#### **NEW ONLINE SERVICES**

The new online reporting module, launched by DRD in 2013, enables all fleet managers who receive operational fleet leasing services from the Company to access all necessary data to manage their fleets more efficiently and effectively. Each fleet manager has a designated username and password to access the module, where they can monitor all details about their fleets, reports on damages, mechanical repairs and traffic tickets, and OGS/HGS [electronic toll collection systems] violations.

#### **Online Tire Demand Module**

Within the framework of customer contracts, DRD enabled its customers to submit their demands for winter or all-season tires through a new application it has launched on its new website, [www.drd.com.tr](http://www.drd.com.tr).

#### **NEW PRACTICES TO IMPROVE QUALITY IN PERIODIC MAINTENANCE SERVICES**

In collaboration with its Marketing and IT Departments, DRD developed alternative ways to help its customers obtain their passwords, which are required for periodic maintenance services. These new methods are offered as an alternative to requesting passwords "via phone or SMS" from the customer services department, and they are as follows:

##### **Obtaining Password via [www.drd.com.tr](http://www.drd.com.tr)**

This method enables customers to obtain their passwords immediately after they fill in the required information on the website.

##### **Obtaining Password via DRD Service Application**

Thanks to these new applications, DRD customers can obtain their periodic maintenance passwords via IOS and Android-based smartphones.

#### **THE NEW OPERATIONS CENTER EQUIPPED WITH THE LATEST TECHNOLOGY**

In 2013, DRD initiated investment on its new operations center located in Kuyumcukent, Istanbul. The Operations Center is the central management unit for the Company's operational fleet management service package, which consists of customer services, roadside assistance, damage management, maintenance and repair, tire management, and spare parts management. With approximately 500-square meter office space and an indoor garage for 300 vehicles, this state-of-the-art center will significantly increase the quality of after-sales services offered by the Company.



*"We broke new ground in the sector by offering our customers online access to all kinds of reports about their fleets as of 2013."*

**Fatih Çatal**  
Operations Manager



*"Thanks to our long-standing experience in the sector and robust infrastructure, we effectively handled 75 thousand periodic maintenance transactions and 55 thousand tire replacements in 2013."*

**İbrahim Arslan**  
Maintenance Repair and Tire  
Services Manager



*"Thanks to our quality control processes that comply with manufacturers' instructions, we can develop fast, flexible and reliable solutions for our customers in the area of damage management."*

**Faruk Bucaklıoğlu**  
Damage Manager



**CUSTOMIZING  
SERVICES FURTHER**









## CUSTOMIZING SERVICES FURTHER



*“As a company that strives to introduce innovations to its customers, we continue to launch new practices. First of all, we defined our business vision as ‘fully meeting individual customers’ vehicle rental needs from 2 hours up to 2 years’, and we designed our retail business accordingly.”*

**Mesut Katıksız**  
Retail Director

Derindere Group has provided “operational leasing” services under the brand name DRD Fleet Leasing since 1998, and in 2013 the Group broke new ground and entered the “daily vehicle rental” business under the brand name DRD Car Rental.

The brand’s vision was defined as, ‘fully meeting individual customers’ vehicle rental needs from 2 hours up to 2 years’, and DRD Car Rental achieved huge success in a very short time, thanks to the long-standing experience of DRD Fleet Leasing. In the first stage, DRD Car Rental concentrated its efforts on meeting the short-term vehicle needs of DRD Fleet Leasing’s customers. To that end, the Company began to offer many services that create value for DRD’s customers, such as providing temporary, substitute vehicles whenever customers faced delays to new vehicle deliveries, and supplying spare parts for operational fleets in cases of maintenance, damage and mechanical breakdowns. As a result of this focus strategy, DRD Car Rental closed 2013 with a fleet size of 1,000 vehicles and an average occupancy rate of 83%.

### “DRD CUSTOMERS ARE TWO TIMES LUCKIER” CAMPAIGN

Within the scope of the “Two Times Luckier” Campaign, which was designed specially for the employees of DRD Fleet Leasing’s customers, DRD Car Rental offered effective solutions to meet the daily rental needs of employees across the country. With this campaign, all companies, who have chosen DRD for its experience and reliability in operational leasing, were offered a second advantage and their employees could benefit from an advantageous service.

During the course of the campaign, which ran throughout the year under the slogan “DRD Customers are Two Times Luckier”, the Company received over 2,000 reservation requests and handled more than 25 thousand daily rental transactions.

### SUBSTITUTE VEHICLES MANAGEMENT

In addition to daily rental services, DRD Car Rental also made a name for itself by offering customers solutions to meet their needs for short-term and substitute vehicles. The Company established a service network covering 25 cities in Turkey, including Istanbul Anatolia, Istanbul Europe, Ankara, Bursa, Izmir and Antalya. In 2013, DRD Car Rental received about 5,000 reservation requests for substitute vehicles, and conducted approximately 35,000 daily rental transactions.

### INVESTMENTS FOR 2014

#### Technology Investments

In 2013, DRD Car Rental initiated efforts to develop the infrastructure for the membership system, including the development of a daily rental software, reservation module, website integration, smartphone applications, reservation hotline, and vehicle tracking system.

The system, which is scheduled for release in the first half of 2014, is expected to boost customer satisfaction with its comprehensive infrastructure.

## BUSINESS PRINCIPLE 4

# BY OFFERING INDIVIDUAL CUSTOMERS PRIVILEGES,



We provide the best alternative solutions to meet their needs and expectations.



We offer flexibility with optional time plans.



We come up with advantageous payment options.



We facilitate transactions on our Internet applications.



We offer the advantages of operational leasing to individual customers.

Service Network  
Covering

**25**

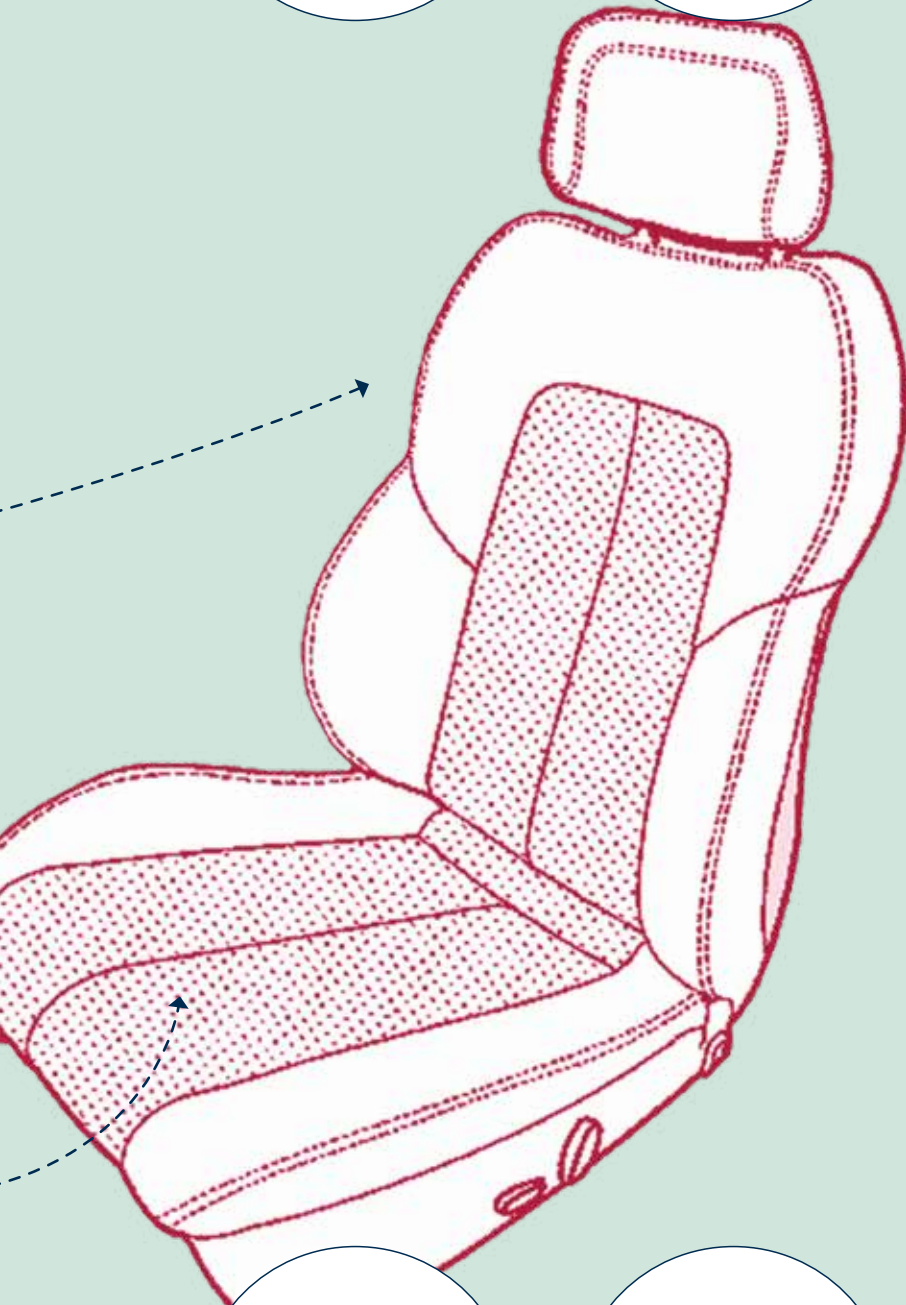
Cities in Turkey

DRD  
Customers are  
"Two Times Luckier"  
Campaign

All Vehicles Are  
Under

**1**

Year of Age



Organizational  
Structure Expanding  
Across the Entire  
Coastline

Advantageous  
prices and  
membership  
system

Operational  
Leasing  
Experience

HOW  
CAN  
A VEHICLE  
LEASING

◀ **COMPANY  
MAKE LIFE SO  
MUCH EASIER  
FOR ITS  
CUSTOMERS?**



In 2014, DRD aims to expand its organizational structure by selecting competent business partners to represent its daily rental brand across Turkey.

→ CUSTOMIZING SERVICES FURTHER



*"We are expanding our daily rental services with competent business partners, who will carry DRD's flag across the country."*

**Sinan Akın**

*Dealer Development and  
Operations Manager*

#### **Dealership Structure**

Drawing on DRD Fleet Leasing's experience and expertise, DRD Car Rental is carrying out successful marketing activities across Turkey. To that end, the Company aims to finalize its organizational structure by selecting competent business partners to represent its brand across the country, and thus offer customers easy access to rental vehicles. Starting with coastal regions, DRD Car Rental plans to establish representative offices in major cities in Central Anatolia, Southeastern Anatolia and Black Sea regions.

#### **Trade Shows and International Events**

As set out in its 2014 business plan, DRD Car Rental plans to participate in industrial trade shows such as ITB Berlin and Antalya ISKOOP in order to network with local and foreign business partners and potential customers.

#### **Hemengazla.com: Long-Term Rental Services For Individual Customers**

In 2013, DRD Car Rental initiated the pilot implementation of its new project, "long-term vehicle rental services for individual customers", which is a first-of-its-kind in the world. Following the pilot implementation period, the project will be launched in the first half of 2014, under the brand name "hemengazla.com". It is expected that the project, which is designed entirely as an online service, will create a breakthrough in the long-term term vehicle leasing market. For this project, the Company entered into a business partnership with Bankpozitif, one of the leading players in online banking, and developed the legal and technological framework accordingly.

Just like the corporate customers who use DRD's operational leasing services, individual customers will be able to rent any vehicle for long-term use in about 10 seconds on the Company's website, and for a price much more reasonable than purchasing a vehicle.



**KEEPING THE  
FLEET UP TO DATE**









## KEEPING THE FLEET UP TO DATE



*“Given that the majority of our Company’s fleet consists of high demand diesel engine vehicles, that the periodic maintenance of these vehicles are conducted by authorized service stations on a regular basis, and that our used vehicles have a corporate assurer, DRD’s off-lease vehicles have a high value in the used vehicle market and they are easily turned into cash.”*

**Kaan Yemişci**  
Used Vehicle Sales Director

In contrast to the new vehicle market, there is no concrete statistical data regarding the used vehicles in Turkey. Based on general market intelligence and DRD’s industry experience, estimations about the used vehicle market are generally derived from the new vehicle market data. In 2013, the new vehicle market expanded by 9.7%, reaching a total of 853 thousand passenger cars and light commercial vehicles. Meanwhile, used vehicle sales doubled year-over-year to reach 3.4 million vehicles. The new regulations on taxes and expenses regarding the sale of used vehicles, and also the fact that notaries began to speed up sales transactions by conducting them online, and customers started to purchase used cars due to the increase in exchange rates helped liven up the used vehicle market significantly in 2013.

### USED VEHICLE SALES THAT CREATE VALUE

In 2013, the operational fleet leasing sector reached a total fleet size of 207 thousand vehicles, and 55 thousand used vehicle sales were sold, corresponding to a 2% increase over the previous year.



Although this percentage is quite low, it creates fast and high-profit sales opportunities for operational fleet leasing brands that effectively and efficiently manage their post-leasing vehicle portfolio due to excess demand.

DRD Fleet Leasing has an important competitive edge in the used vehicle market. Given that the majority of the Company’s fleet consists of high demand diesel engine vehicles, that the periodic maintenance of these vehicles has been conducted by authorized service stations in line with manufacturers’ instructions on a regular basis, and that the vehicle has a corporate assurer, DRD’s vehicles are in high demand in the used vehicle market.

In 2013, DRD renovated its auction hall, where it sells used vehicles, in accordance with customer needs, thereby adding value to the auction process.

### AN UP-TO-DATE FLEET STRUCTURE

DRD sells a significant portion of its vehicles at the end of their lease contract at auctions held periodically. Furthermore, DRD collaborates with corporate used vehicle solution partners to sell its vehicles quickly. As a result of market research and an extensive database, the Company can sell its used vehicles within a maximum period of two weeks and can generate significant cash flow.

The Company has sold 13,971 used vehicles over the last three years and has maintained the average age of its vehicle portfolio in relation to increased sales volumes.

## BUSINESS PRINCIPLE 5

# BY MANAGING OUR USED VEHICLE PORTFOLIO EFFECTIVELY.



We form our portfolio with high demand vehicles.



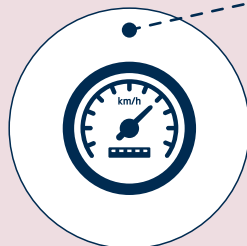
We conduct periodic maintenance of our vehicles in a regular and timely manner.



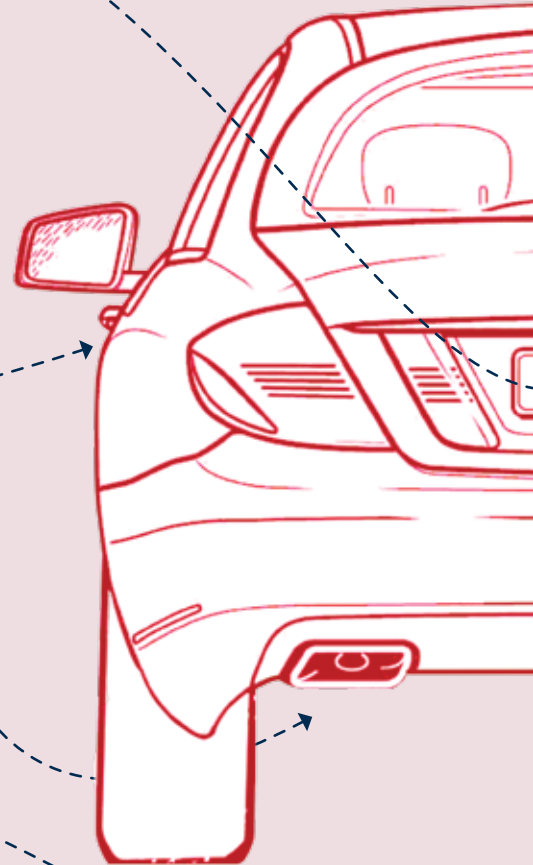
We organize auctions on a regular basis.



In terms of used vehicles, we plan our fleet effectively.



We accelerate the sales process by choosing the right sales channels.



**13,971**

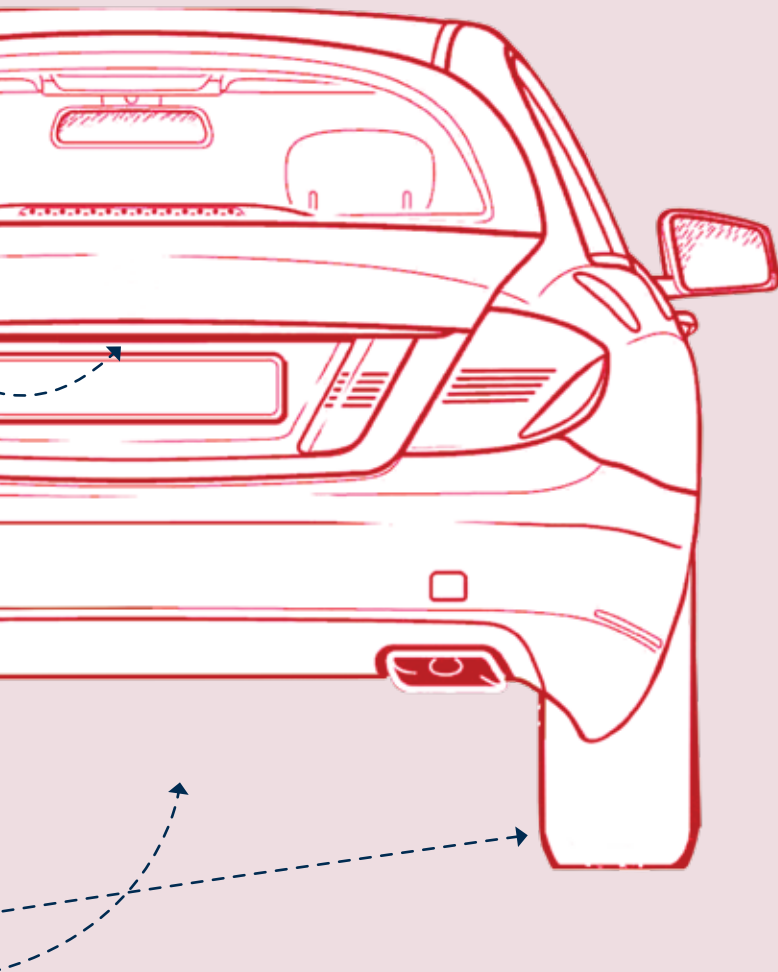
Used vehicles  
sold over the last  
three years

TL  
**238**

million  
Income generated  
from the sale of  
used vehicles in  
2013

**3**

Average age of  
vehicles



**144**

Number of auctions  
held in 2013

**14 days**

Average time of  
selling a vehicle

**108**

Number of different  
models of used  
vehicles sold in  
2013

HOW  
CAN  
A VEHICLE  
LEASING

◀ **COMPANY  
MAINTAIN  
SUCH A  
YOUNG  
FLEET?**

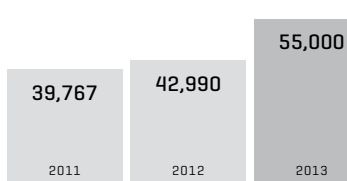


As DRD's used vehicles have a corporate assurer, they are in high demand in the used vehicle market.

→ KEEPING THE FLEET UP TO DATE



#### NUMBER OF USED VEHICLE SALES IN THE SECTOR [\*]



#### USED VEHICLE SALES IN THE SECTOR

Year	Sales [Units]	Used Vehicle Income [Thousand]	Average Vehicle Age [Months]
2011	4,927	134,644	37
2012	2,627	78,442	38
2013	6,417	238,656	33

[\*] TOKKDER Operational Fleet Leasing Sectoral Report - TNS Global 2013





**LOOKING "AHEAD"  
TO THE FUTURE**









## LOOKING “AHEAD” TO THE FUTURE



*“We believe that in the vehicle leasing sector profitability starts with purchasing as much as it does with meeting customer expectations. Accordingly, we implement effective purchasing strategies with our long-standing experience and statistically sound data.”*

**Murat Tandoğan**  
Purchasing Manager

In operational fleet management, offering a diverse range of vehicle brands and models in an accurate and fast manner is just as critical as the quality of services and products provided a widespread service network, and sector experience. DRD Fleet Leasing has improved its vehicle fleet through consistent and continuous investments throughout the years. Reinforcing its fleet steadily with an investment policy based on long-term objectives, DRD concentrates its efforts on fulfilling customer’s needs and demands in the best possible way. DRD maintains a fleet structure that overlaps with the vehicle distribution in Turkey based on different brands and segments. Over the last three years, DRD Fleet Leasing has invested TL 1,100,985 in new vehicle acquisitions and increased its nationwide vehicle portfolio to 19,731.

### INCREASING SHARE OF HIGHER SEGMENTS

DRD Fleet Leasing increased the number of vehicles in its fleet by 13% in 2013 compared to the prior year. DRD places importance on expanding its vehicle fleet in terms of quantity as well as upgrading the quality of the fleet. Especially in recent years, DRD Fleet Leasing has increased the average value per vehicle by increasing the share of higher segment vehicles in its fleet. In 2013, the

majority of purchases in the B, B+, and C segments were made from Renault, Citroen, Fiat, Toyota, and Volkswagen while the D, E, and F segments consist mostly of Audi, Volvo, BMW, and Mercedes.

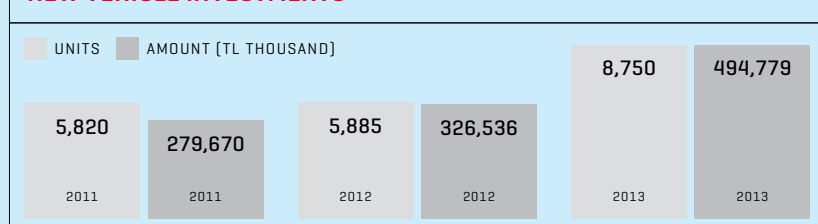
DRD Fleet Leasing bases its annual vehicle investment decisions for operating cycles on its long standing sector and market experience, sound statistical data, and long term business plans. During the purchase process, DRD evaluates each brand/model breakdown based on criteria such as its market price, performance, quality, leasing potential and service network.

### FLEET EXPANSION ALIGNED WITH CUSTOMER EXPECTATIONS

An analysis of regional customer demands and expectations reveals that

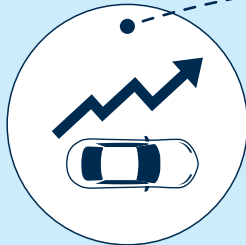
demand in metropolitan cities such as Istanbul, Ankara, Bursa, and Izmir, especially in the last three years, has increased for diesel engine vehicles with automatic transmission since they provide greater fuel economy and better driving comfort in heavy traffic. Also, many of the brands in DRD Fleet Leasing’s fleet have begun providing the market with advanced technology diesel engine vehicles with automatic transmission. While diesel engine vehicles have increased in the B+, C, and D segments, brands have recently begun rolling out vehicles with gasoline engine sizes of 1,600 cc or less, which provide both fuel economy an enjoyable driving performance. Offering a satisfactory driving performance, these engines are increasingly preferred over larger engines.

### NEW VEHICLE INVESTMENTS



## BUSINESS PRINCIPLE 6

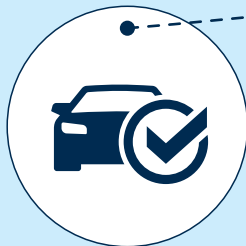
# BY KEEPING A PULSE ON THE AUTOMOTIVE INDUSTRY,



We develop medium and long-term investment plans for each brand and segment.



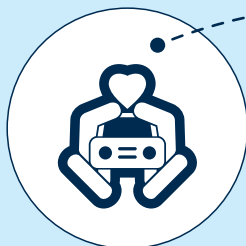
We closely follow the developments in the automotive industry.



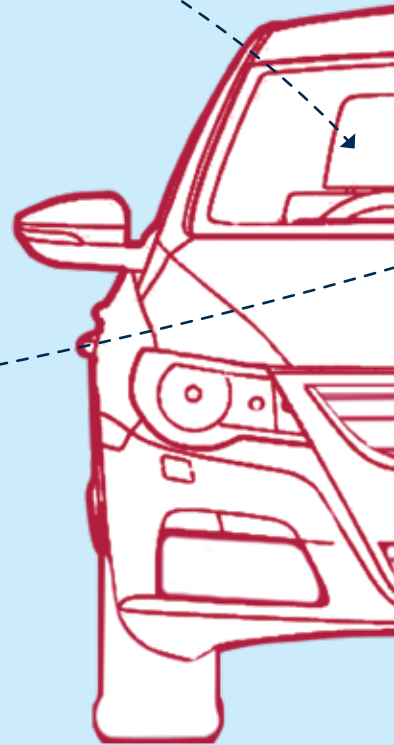
We check the vehicle options with our sales and marketing departments before presenting them to our customers.



In making investment decisions, we take into consideration a number of criteria including comfort, performance, service quality, breakdown frequency, resale value, and etc.



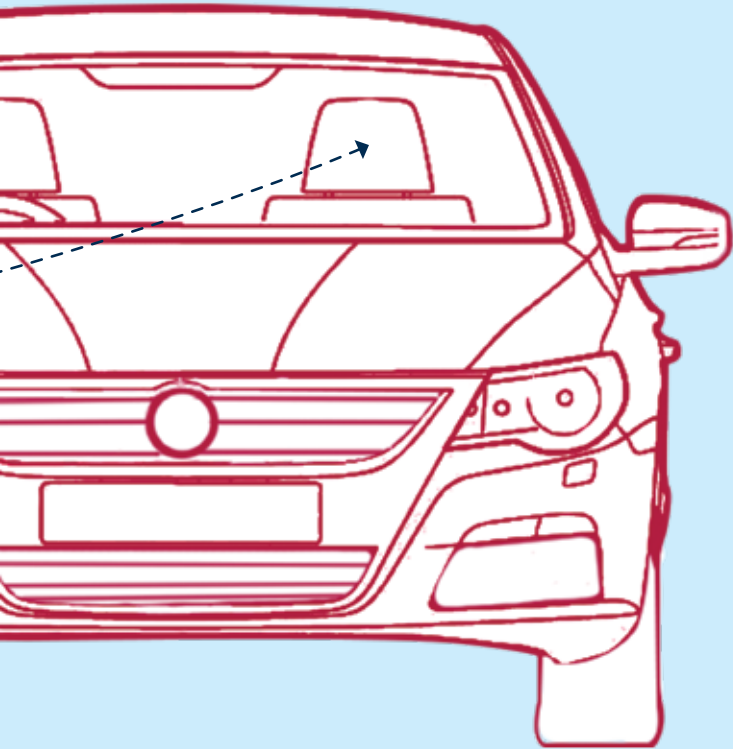
We maintain long-term relationships with all stakeholders in the automotive industry, including manufacturers, distributor companies and authorized dealers.



TL  
**495**  
million  
Vehicle investments  
in 2013

TL  
**1.1**  
million  
Total value of vehicle  
investments in the  
last three years

**19,731**  
Vehicles  
The extent of DRD's  
Fleet



**13%**  
Rate of DRD's fleet  
expansion in 2013,  
over the prior year

**8,750**  
Number of  
vehicles purchased  
in 2013

Undertaking  
strong  
investments in 100%  
electric DMA technology  
with a high level of  
environmental  
consciousness



HOW CAN A  
VEHICLE  
LEASING  
COMPANY

◀ **ACHIEVE  
SUCH  
RAPID  
PROGRESS  
IN SUCH  
A SHORT  
TIME?**



DRD, By continuing its steady investments in 2014, DRD aims to expand its fleet to 24 thousand vehicles.

→ LOOKING "AHEAD" TO THE FUTURE

FUEL DISTRIBUTION OF DRD FLEET [%]				
Fuel Type		2011	2012	2013
	Diesel	92.5	93.0	94.0
	Gasoline	7.5	6.5	5.5
	Electric	-	0.5	0.5
Transmission Type				
	Automatic	27.0	33.0	39.1
	Manual	73.0	67.0	60.9

Statistical data from DRD Fleet Leasing's Anatolian regional offices show that vehicles with manual transmission have a significant share in cities that have less traffic than metropolitan areas.

In addition, the share of vehicles with an engine size of 2,000 cc or more with turbo-diesel options is increasing rapidly for E and F segment vehicles, which are custom ordered by DRD based on customer preferences.

In addition to its operational fleet leasing business, DRD has also entered the daily vehicle rental business under the brand name DRD Vehicle Rental. Accordingly, the Company revamped its fleet entirely, and increased the share of D, E and F-segment vehicles in its rental fleet. As of 2014, the average age of cars in DRD's daily rental fleet is 1 year and under.

#### FLEET GOAL IS 24 THOUSAND VEHICLES

DRD Fleet Leasing aims to develop its fleet with a well-balanced structure through extensive analytical and cost-benefit studies. In 2006, one single brand had a 51% share within DRD's fleet structure. Thanks to segment and brand diversification strategies implemented to achieve a more balance fleet structure, the largest share of a single brand within DRD's fleet has fallen to 28% in 2013.

DRD Fleet Leasing is planning to invest in vehicles in 2014. Unless there is a significant change in the general economic outlook, DRD aims to increase the number of vehicles in its portfolio to 24 thousand at the end of 2014.

Despite the expected contraction in the automotive industry in 2014, all companies in the sector, and especially DRD, will continue their new vehicle investments. This is another indicator of how operational fleet leasing sector contributes to the Turkish economy.

#### BUYBACK PROGRAM

Having entered the retail market by starting its daily vehicle rental business in 2013, DRD initiated a buyback program in collaboration with its vehicle suppliers. Within the scope of this program, DRD manages the leasing, maintenance and repair operations of the vehicles in its daily rental fleet across Turkey. Later, at the end of the lease term, which is mutually agreed upon, the Company buys back these vehicles by paying the Residual Value, determined by the distributor companies. DRD plans to continue this buyback program in the coming period as well.

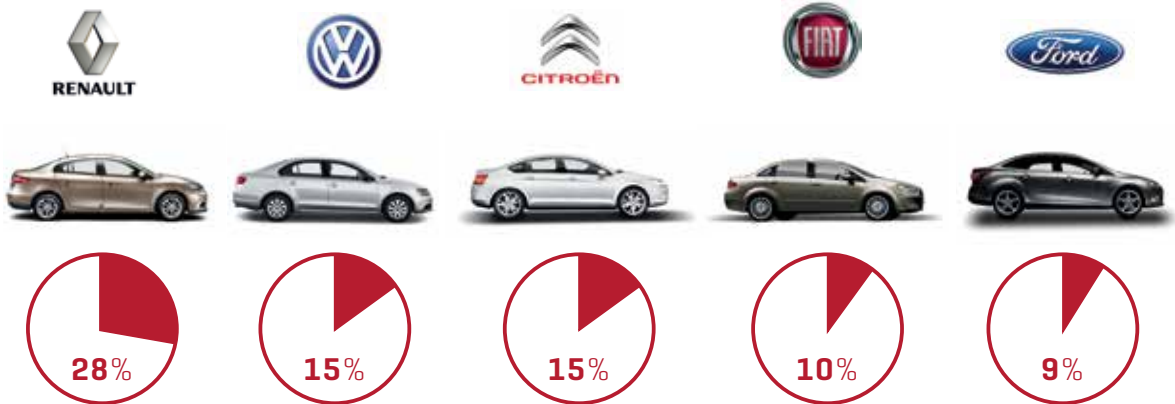
#### A FAST GROWING SECTOR

Operational fleet leasing is one of the most dynamic sectors in Turkey. With the purchase of 89,941 new vehicles in 2013, the purchase share of the sector in the passenger car market rose from 12.2% to 13.5%.

**BRAND DISTRIBUTION OF THE DRD FLEET**

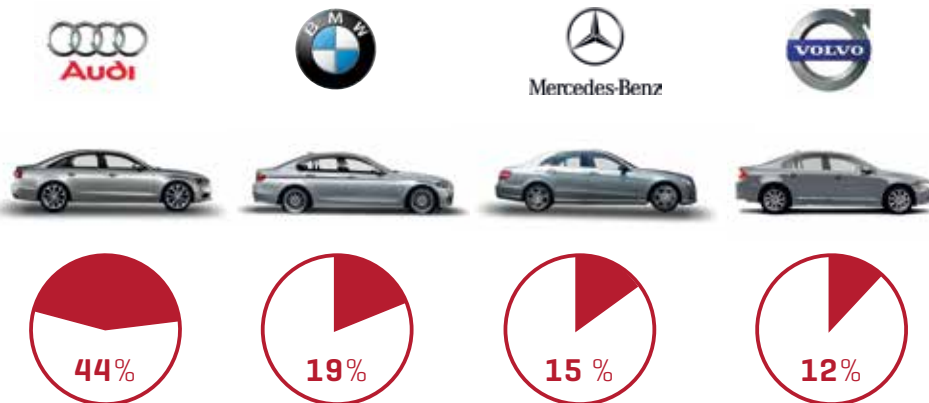
**TOP FIVE BRANDS**

The shares of Renault, Volkswagen, Ford, Fiat and Opel - the top five brands in DRD's fleet - are as follows:



**LUXURY SEGMENT**

The brand distribution of luxury vehicles in DRD's fleet is presented below:



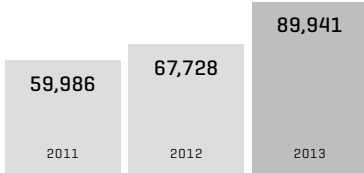
**OTHER**



Significant developments have taken place in the segment distribution of vehicles in the sector, and the C segment holds the largest share with 49.3%.

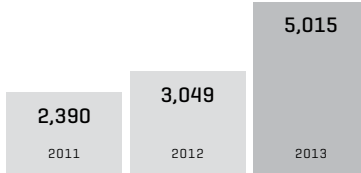
→ LOOKING "AHEAD" TO THE FUTURE

**TOTAL NEW VEHICLES PURCHASED IN SECTOR [\*]**



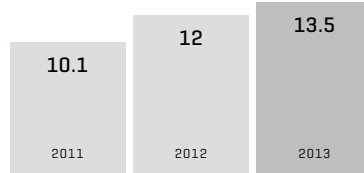
**89,941** VEHICLES

**TOTAL VALUE OF NEW VEHICLES PURCHASED IN SECTOR [TL MILLION][\*]**



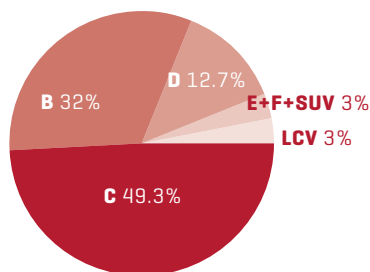
**TL 5,015** MILLION

**SECTOR SHARE IN NEW VEHICLE PURCHASES [%][\*]**



**13.5%**

**SEGMENT DISTRIBUTION OF VEHICLE PORTFOLIO OF THE FLEET LEASING SECTOR [2013] [\*]**



WITH 49.3%, THE C-SEGMENT VEHICLES HOLD THE LARGEST SHARE IN THE VEHICLE PORTFOLIO OF THE FLEET LEASING SECTOR.

[\*] TOKKDER Operational Leasing Sector Report - TNS Global 2013.

Significant developments have taken place in the segment distribution of vehicles in the sector. The C segment holds the largest share with 49.3%, followed closely by segments B, D, E, F, SUV, LCV which have steadily increased

their share in the sector in recent years. Although this segment based shift over the years is due to the fact that the benefits provided by the sector are more widely understood, it is also related to the rising number of mid and high level executive end users.

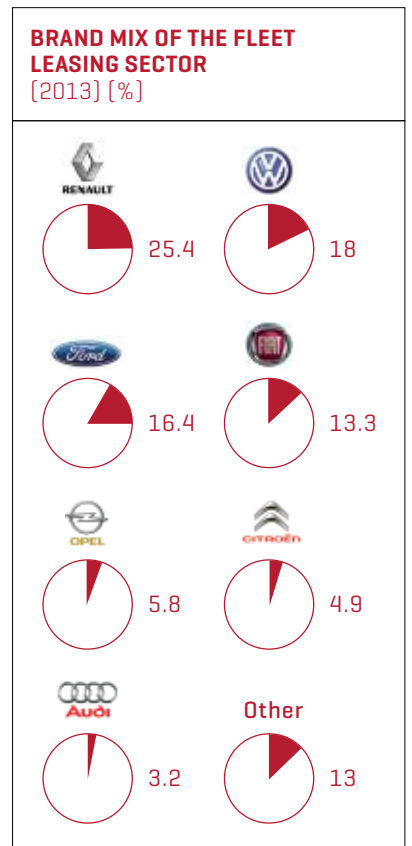
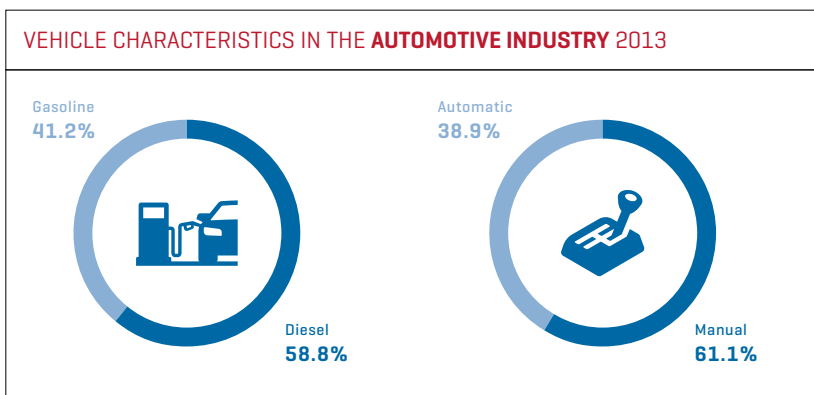
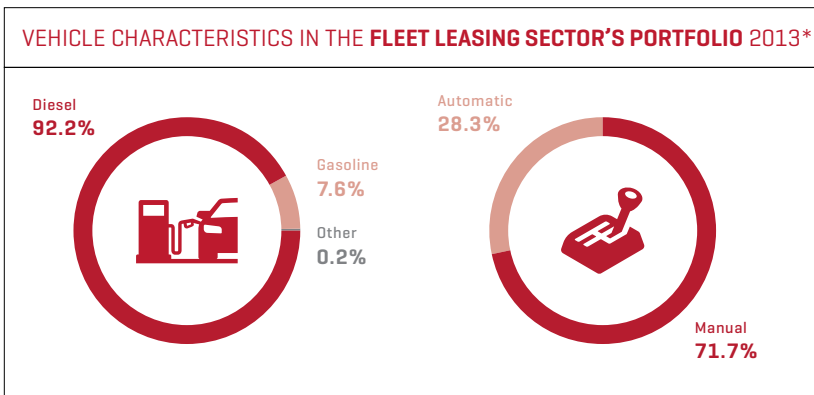
When evaluated based on engine type, the share of diesel engine vehicles in the sector portfolio has grown consistently over the years and reached 92.2%. Despite the high percentage of diesel engine vehicles in the operational fleet leasing sector, this share remains at 58.7% in the overall automotive market. The main reason behind this difference is that although diesel engine vehicles cost up to 20% more compared to those with gasoline engines, the effective pricing and service infrastructure of the operational leasing sector allows for elimination of this additional cost burden.

When evaluated based on transmission type, 71.7% of the vehicles in the sector's portfolio are equipped with manual transmission, while 28.3% have automatic transmission. The growing share of vehicles with automatic transmission in the sector over the years is closely related to the increasing shares of mid and high level managers among the end users.

**SECTOR BRAND CHOICES**

In terms of brand, 24% of the vehicle portfolio of the operational fleet leasing sector consists of Renault vehicles. Following Renault and rounding out the top three are Volkswagen with 18% and Ford with 16.4%.

Brands that can best meet the needs, demands, and expectations of the sector and the sector's customers in terms of criteria such as price, performance, quality, leasing potential, resale value, service quality, and service network are able to improve their share in the sector over the years.



[\*] TOKKDER Operational Leasing Sector Report - TNS Global 2013



# CREATING BRAND VALUE







## CREATING BRAND VALUE



*“We play a key role in introducing the DRD brand, which has been leading the sector for many years, to a wider audience in new market segments with diversified products and services. By implementing an integrated marketing strategy, we are positioning DRD as an indispensable brand for customers in operational, individual and web-based vehicle leasing activities.”*

### **Levent Genççağ**

Marketing and Corporate Communications Manager

DRD adopts a professional approach to marketing and brand communications. Accordingly, the 2013 activities of the Marketing and Corporate Communications Unit were aimed at increasing brand awareness, brand positioning in new markets, supporting the Company’s operational and financial performance, and improving customer loyalty and satisfaction. In recent years, the Unit has been increasingly focusing its marketing efforts in operational leasing on strengthening the Company’s brand image. Following the Company’s entry to retail and daily rental business in 2013, the Marketing and Corporate Communications Unit developed different marketing and communication strategies tailored to new target markets. To that end, the Unit developed the marketing, communication and brand identity strategies for “DRD Vehicle Rental” and “hemengazla.com” brands, which were created in the second half of 2013, and at the same time, carried out marketing activities aimed at corporate and individual customer segments.

While implementing a communications strategy based on experiential and direct marketing, the Marketing and Corporate Communications Unit also closely followed the latest developments in communication technology and developed alternative communication channels to reach its target audience at the right place and at the right time. In 2013, the Unit implemented an integrated marketing strategy to promote the DRD brand, improve brand awareness and perception, inform existing and potential customers, and to offer the means to experience the Company’s services.

In 2013, the Marketing and Corporate Communications Unit also carried out marketing and communications activities to celebrate the 15<sup>th</sup> anniversary of the Company.

### **ACTIVITIES IN OPERATIONAL LEASING BUSINESS BRANCH**



### **“15 Years + A Unique Story”**

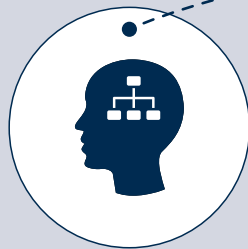
The marketing activities carried out in 2013 to celebrate the 15<sup>th</sup> anniversary of the Company underscored DRD’s leading role in the operational leasing sector and how important the milestones in the Company’s history have been for the development of the “Leasing Sector in Turkey”. The marketing campaign, developed under the concept “15 Years + A Unique Story”, was communicated through various platforms within the framework of an integrated media plan.

## BUSINESS PRINCIPLE 7

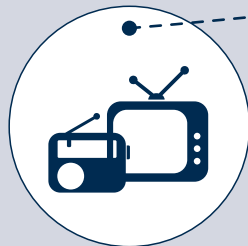
# BY POSITIONING OUR BRANDS CORRECTLY,



We believe in the importance of new media in brand communications besides traditional marketing channels.



We create strategic brand communication campaigns.



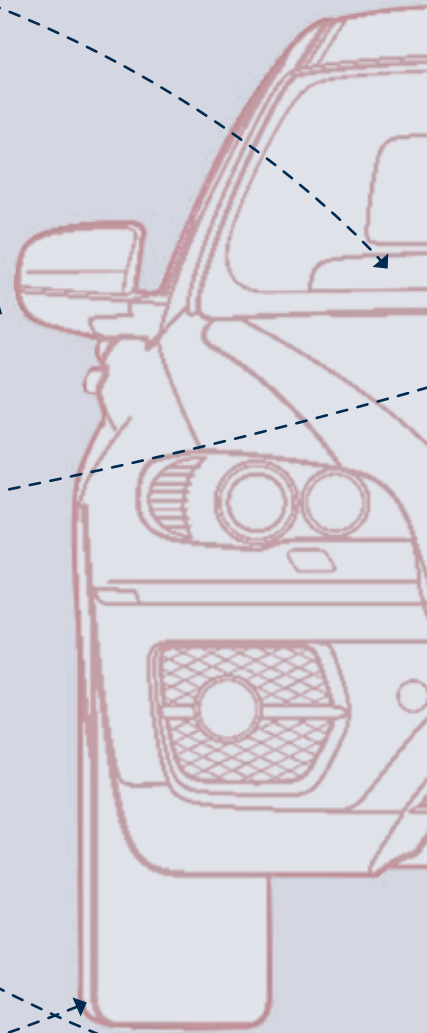
We develop different marketing and communications strategies for different target audiences.



We follow the latest developments and trends in technology and differentiate ourselves in the sector with our innovative practices.



We implement best practices that increase the reputation of the DRD brand not only in Turkey, but also on in international markets.

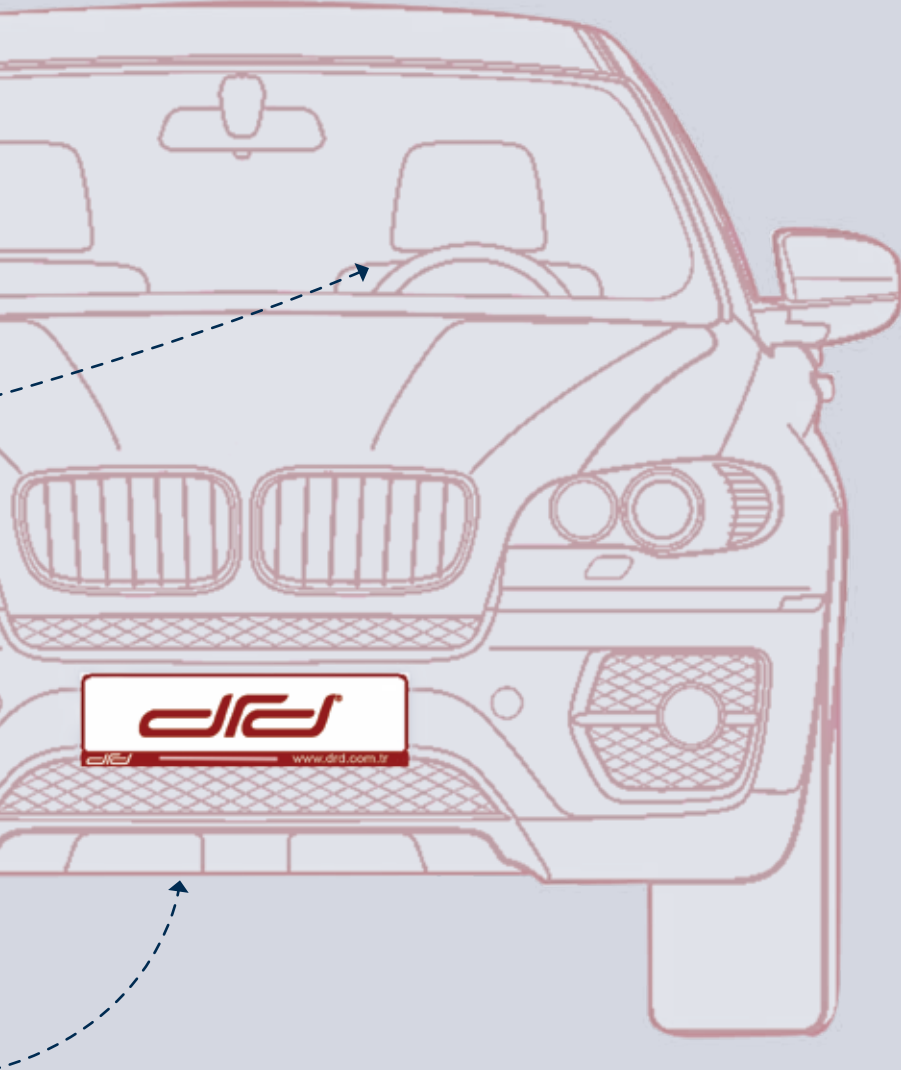




Online Reporting  
Module

IOS and Android-  
based mobile  
applications

**15<sup>th</sup>**  
Anniversary  
Communication  
Plan



National and  
regional marketing  
activities, CSR  
projects

Global Fleet Turkish  
Market research  
report sponsorship

New media  
communications



HOW CAN  
A VEHICLE  
LEASING  
COMPANY

◀ **DISTINGUISH  
ITSELF IN THE  
SECTOR  
TO SUCH AN  
EXTENT?**

## Celebrating its 15<sup>th</sup> anniversary, the Company carried out effective marketing communications activities throughout the year.

### → CREATING BRAND VALUE

Besides traditional media channels such as radio, newspapers and magazines, the Company also effectively used the Internet and social media throughout the year for above-the-line advertising. As for below-the-line communications, the Company published a book entitled "15 Years + A Unique Story" to celebrate its 15<sup>th</sup> anniversary. Based on a comprehensive archival research, the book features the developments and remarkable events that have taken place from 1998 to the present in Turkey, the world and at DRD, in the form of an almanac. Additionally, the Company released a special compilation album in collaboration with Universal Music. Selected by music experts, the album features 15 foreign and 15 classical masterpieces that went down in history. The Company sent copies of this album to its stakeholders, business partners, customers and employees.

### New Technology Applications

By closely following the developments in technology, the Marketing and Corporate Communications Unit undertook unique technology initiatives and projects to develop new product and service channels that make life easier for DRD's customers.



#### a) New Website

In 2013, the corporate website [www.drd.com.tr](http://www.drd.com.tr), which is the face of the DRD brand as seen by existing and potential customers, was revamped entirely to include many user-

friendly modules and functions. The purpose was to create a "responsive" web design that enables access from various devices. Accordingly, the website was redeveloped to include many new functions such as the maintenance module, which enables customers to easily obtain their periodic maintenance passwords; the tire request module; the daily car rental module; and the entire documentation set, which customers may need to access in cases of emergency. A comprehensive investor relations module was also included for individuals and corporations in local and international markets, who may require information about the Company.

#### b) Online Reporting Module

In coordination with the IT Unit, the Marketing and Corporate Communications Unit launched an "online reporting module" in 2013, a first-of-its-kind in the operational leasing sector. Developed after a long period of infrastructural efforts, this module enables DRD customers to easily access all data and reports about their fleets anytime and anywhere they want.

DRD's Online Reporting Module offers customers the below-mentioned data and reports:

##### 1) Contract-Based Reports

With the touch of a single key, customers can view an extensive executive summary about their fleets along with detailed reports based on vehicles' registration plates, brands and models, or lease terms, kilometers and fuel type.

##### 2) Damage Reports

Fleet managers can easily access detailed information and reports about damage repairs, and they can also view all documents and visuals related to previous damages.

##### 3) Reports on Mechanical Damages

Detailed information and reports on mechanical damage repairs as well as all documents and visuals related to such damages can also be accessed via this module.

##### 4) OGS/HGS [electronic toll collection systems] Violation Reports

Detailed information and reports on OGS/HGS violations as well as all documents and visuals related to such violations can also be accessed via this module.

### 5) Traffic Ticket Reports

Detailed information and reports on traffic tickets as well as all documents and visuals related to such traffic violations can also be accessed via this module.

### c) IOS/Android-Based Mobile Applications

Adopting a customer-focused marketing approach, the Marketing and Corporate Communications Unit aims to offer customers significant benefits and advantages by following the latest developments in technology. Accordingly, in 2013, the Unit developed and launched a series of IOS and Android-Based Mobile Applications.



Setting a benchmark in the sector, these applications provide support to DRD's customers in a number of areas including roadside assistance, periodic maintenance, accident notifications and tire requests via smartphones. Since these applications were developed by taking into consideration the difficult situations and urgent needs of users in case of emergencies, each and every demand is responded in about 5 seconds.

### "Global Fleet" Research Report on the Turkish Market

The second issue of the "Guide to Fleet Management", an industry report on global fleet management prepared for the first time by Fleet Europe for the Brazilian fleet market, was dedicated to the Turkish market and published under the sponsorship of DRD. Guide to Fleet Management in Turkey features the findings of a comprehensive research on the Turkish fleet market, automotive industry as well as the economy and history of Turkey. This unique publication is an important guide about our country and the leasing sector.



### Sectoral Campaigns

In collaboration with the Sales Unit, the Marketing and Corporate Communications Unit designed and implemented a number of operational leasing campaigns aimed at different sectors. Within the scope of these campaigns, the Company developed customized product and service packages by taking into consideration the business models and dynamics of different industries, and offered these packages to its existing and potential customers through its sales and marketing channels.



### Regional Activities

In addition to nationwide brand communication activities, DRD also organized important local events as part of its systematic communication efforts by collaborating with Regional Offices and Branches. Promotional activities and events were held in cities such as Istanbul, Izmir, Bursa, Ankara, Gaziantep and Konya to increase brand awareness. The Company used local channels to reach bigger audiences to communicate the advantages of operational fleet leasing.



By developing differentiated marketing strategies for the operational and individual leasing branches, the Unit carried out customer-oriented activities through the effective use of new technologies.

→ CREATING BRAND VALUE

#### ACTIVITIES IN RETAIL VEHICLE RENTAL BUSINESS BRANCH

##### “DRD Customers are Two Times Luckier” Marketing Campaign

The Marketing and Corporate Communications Unit designed a marketing campaign by effectively blending DRD’s strengths in “operational leasing” and the flexible solutions offered in the “daily rental” business branch, which the Company launched in 2013. The Campaign was developed to create an important benefit and awareness as an experiential marketing campaign targeting nearly 200,000 employees of DRD’s 3,200 customers across the country. After drawing a lot of interest, the Company ran the campaign throughout the year. This campaign provided the permanent employees of DRD’s clients with daily rental opportunities for vehicles in various classes such as economy, comfort, and luxury at special prices. In order to promote the campaign, DRD organized special events at various companies throughout the year, carried out mailing and social media activities, and as a result increased its reach significantly. The Campaign helped strengthen the brand awareness of DRD, which is already a well-known brand in the corporate market, in the individual leasing market as well, and also provided cross-selling and cross-marketing opportunities.



##### Daily Rental Corporate Branding

The Marketing and Corporate Communications Unit finalized the brand identity guidelines for the “daily rental” brand, which the Company launched in 2013 under the brand name DRD Vehicle Rental. The Unit has also developed and begun implementing the marketing and communication strategy aimed at translating DRD’s strong

brand image in operational leasing into the daily rental business branch, which is relatively a new market for the Company. The specific campaigns designed for national holidays and special days constituted an important part of the annual marketing communications plan.



##### Hemengazla.com Corporate Branding

The Marketing and Corporate Communications Unit finalized the brand identity guidelines for the hemengazla.com project, a first-of-its-kind service offering individual customers all the advantages and convenience of operational leasing. The pilot implementation of the project started in 2013, and the Unit has already developed the 2014 marketing communications plan in line with the brand objectives. In terms of perception management, the Unit completed the preliminary work for developing a brand architecture strategy between the hemengazla.com brand and the Company’s operational leasing and daily rental business branches.



##### Social Media Communications

In 2013, the Marketing and Corporate Communications Unit effectively used the social media platforms to promote the Company’s operational leasing services. Implementing

a targeted approach, the Unit used the LinkedIn channel heavily in marketing communications, and also shared regular posts on Facebook, Twitter and Google+. In 2014, the Unit plans to increase the use of social media platforms in marketing and communications plans in line with the development of individual channels.

## SPONSORSHIPS



### TED American Express Istanbul Challenger Tennis Tournament

Organized for the 65<sup>th</sup> time in 2013, the "American Express Istanbul Challenger Cup" is the biggest tennis tournament in Turkey, and it was held between September 7 and 15 on the courts of the Istanbul Tennis, Fencing and Mountaineering Club [TED]. The tournament is widely known as the "Wimbledon of Turkey", and it was organized for male tennis players by the "Association of Tennis Professionals ATP Tour," one of the most important bodies in professional tennis worldwide. During the 8-day event, of which DRD was one of the main sponsors, a total of 77 matches were played with over 80 world tennis players participating. For a prize of 75 thousand dollars, the final match of the ATP tournament was played between Kazakh player Mikhail Kukushkin and No. 4 seed Illya Marchenko from Ukraine, with Kukushkin winning the cup.

## CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES



### For A Cleaner Future - Electric Vehicle Project

Besides their economic advantages, electric vehicles play a key role in ensuring a cleaner future because they emit no greenhouse gases, which are among the main causes of global warming and climate change. In 2013, DRD initiated a very important corporate social responsibility project towards contributing to a cleaner environment and added 100% electric vehicles to its fleet in collaboration with the DMA brand. The Company began to offer these vehicles to its customers with special leasing options. In the second half of the year, DRD carried out effective communication

activities to create awareness about the benefits of the DMA technology to both the environment and corporations. These benefits include the zero-emission technology, which eliminates CO<sub>2</sub> emissions, and reducing transportation costs.

### DRD Supports WWF -Turkey's "Turkey's Life" Campaign

In 2013, DRD continued to support the "Turkey's Life" campaign, which is spearheaded by WWF-Turkey, one of the largest and most prestigious environmental organizations worldwide, and aims to protect endangered species. To that end, the Company carried out effective communication activities throughout the year. In addition to organizing a series of events, DRD also placed announcements on the vehicles in its fleet, handed out informative kits during customer visits, and implemented a number of Internet and social media applications, and as a result, managed to draw the attention of a large audience.

### Endangered Species Protected Within the Framework of the Campaign

- > Conservation of Turkey's Nature Association, Hatay Branch; "Conserving and Minimizing the Risks to the Habitat of the Hatay Mountain Gazelle",
- > Samandağ Environmental Protection and Tourism Association; "Protecting Green Sea Turtles That Breed on Samandağ Beach",
- > Küre Mountains Ecotourism Association; "Mushrooms: Hatted Mysteries of the Küre Mountains",
- > Boğaziçi International Cave Exploration Society; "Egyptian Fruit Bats: The Giant Wings of the Underground",
- > Wildlife Research Association; "Preventing the Extinction of Mouse-tailed Dormouse",
- > Antalya Orchids and Biodiversity Conservation Association; "Antalya's All Five in One Place".

### 2014 Plans

The Marketing and Corporate Communications Unit has been increasing the intensity of marketing communications since 2011. By using new communication channels in 2014, the Unit will continue to properly position the brand in the market, improve brand awareness and perception, increase customer loyalty and satisfaction, strengthen the sense of belonging among internal customers, and thus support the Company's performance objectives in 2014. In addition, the Unit will also carry out brand positioning and publicity activities to promote the Company's new retail business branch. These efforts will include the launch of the hemengazla.com brand, which will be followed by related marketing activities, the implementation of the marketing plans for the daily rental business via various channels such as the dealers, internet and social media platforms, and the development of powerful marketing plans. In 2014, the Company will continue to move confidently toward its goal of becoming a leading brand that differentiates itself within the sector through highly effective marketing and corporate communications.

# CONTINUOUSLY INVESTING IN TECHNOLOGY









## CONTINUOUSLY INVESTING IN TECHNOLOGY



*“In addition to improving the quality of our products and services, which we offer to our customers, we also continue to invest in new technologies in order to increase operational efficiency. To that end, we carried out a number of customer-oriented new projects in 2013 in collaboration with several units at the Company including Operations Management, Sales, Financial Management, Marketing and Corporate Communications.”*

**Serkan Taştan**  
IT Manager

Considering the significant added value technology provides to business processes in today’s business environment, DRD invests in technology steadily. With projects implemented by the Information Technologies Unit, technological developments are rapidly integrated into the Company’s business processes, leading to a significant increase in efficiency.

The IT projects implemented by the Company in 2013 are as follows:

### **ONLINE INVESTMENTS IN THE AREA OF CUSTOMER COMMUNICATIONS**

By closely following the latest developments in communications technology, DRD revamped its corporate website, [www.drd.com.tr](http://www.drd.com.tr), entirely in 2013, and also developed an online/real-time reporting system on its website for its customers. Moreover, Android and IOS-based mobile applications, which have been developed in line with the Company’s business requirements, were fully integrated into the system, creating a new communication channel between DRD and its customers.

### **24/7 CALL CENTER SERVICES**

In 2013, DRD began to outsource call center services after signing a contract with a company specialized in call center services. The integration process related to the delegation of call center services, which will increase efficiency and reduce costs significantly, was successfully completed in 2013. With this collaboration, DRD aims to manage customer relationships on a 24/7 basis, and thus offer its customers comprehensive solutions that will fulfill their needs and expectations.

### **DIGITAL ARCHIVES**

With the purpose of transferring its physical files to digital archives, DRD moved its physical records to a specialized document archiving company. The Company also initiated efforts to rapidly transfer physical documents to the archiving company for digital archiving on a daily basis. This resulted in a quicker access to documents.

### **E-INVOICING INFRASTRUCTURE COMPATIBLE WITH THE ERP SYSTEM**

Giving top priority to legal compliance of business processes, DRD set up an e-invoicing infrastructure compatible with the ERP system implemented by the Company. DRD plans to launch the e-invoicing system in January 2014.

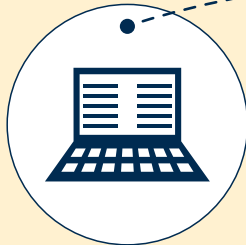
### **“SMART MEETING ROOMS” AT THE NEW HEADQUARTERS**

In 2013, DRD moved into its new Headquarters in Kağıthane, Istanbul. In order to maximize business process efficiency, the Company built “smart meeting rooms” at the new building, and also created a failsafe internet infrastructure, which offers both terrestrial and satellite connectivity to prevent any interruptions.



## BUSINESS PRINCIPLE 8

# BY INVESTING IN TECHNOLOGY,



We offer our customers online fleet reports.



We integrate technological developments into our business processes.



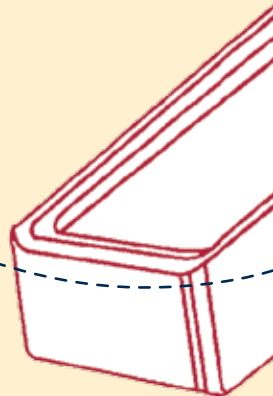
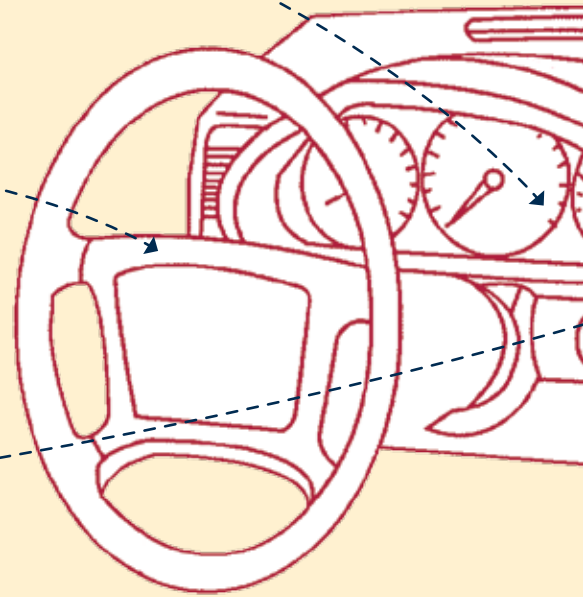
We respond to customers' demands and expectations in a rapid and flexible manner through the use of new technologies.



We make a difference by connecting to all of our service stations online and real-time.



We work with specialized business partners while integrating new technology applications into our business processes.



**5  
seconds**

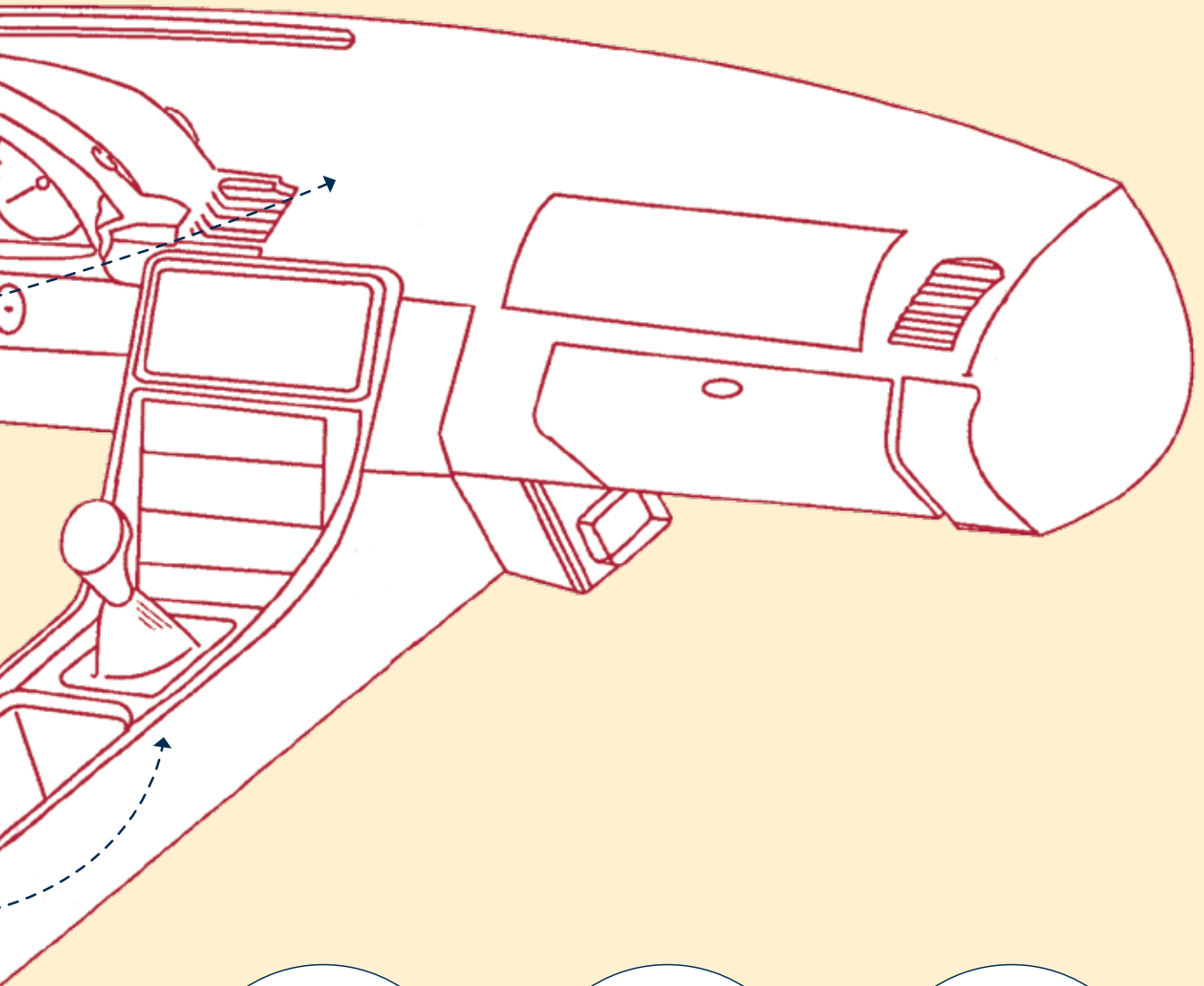
Time for obtaining a  
periodic maintenance  
password  
online

**12**

Number of online  
reports that can be  
accessed with the  
touch of a single  
key

**1,100**

Number of  
service stations  
with online/real-  
time connection  
infrastructure



E-Invoicing  
infrastructure  
compatible with the  
ERP system

Digital archiving  
and document  
management  
system

iOS and Android-  
based Mobile  
Applications

HOW

CAN

A VEHICLE

LEASING

◀ **COMPANY**

**BE SO**

**FAST AND**

**PRODUCTIVE?**



**A WORKFORCE THAT MAKES  
THE DIFFERENCE**









## A WORKFORCE THAT MAKES THE DIFFERENCE



*“With the importance we place on human resources and our steady investments in this area, we offer our employees long-term career opportunities. We support the continuous development of employees through our performance evaluation and development system, and lay the foundations for future success.”*

**Necla Çelik**  
Human Resources Manager

As of year-end 2013, DRD’s workforce consisted of 214 employees, and the fundamental goal of the Company’s human resources policy is to hold corporate and ethical values at the forefront.

As of year-end 2013, DRD’s workforce consisted of 214 employees, and the fundamental goal of the Company’s human resources policy is to hold corporate and ethical values at the forefront while making its differentiated corporate identity sustainable by employing a workforce with a high level of Company loyalty and a sense of belonging. This is achieved by providing opportunities for employees to develop both personally and professionally. Furthermore, DRD Fleet Leasing aims to recruit and retain employees who have an analytical and positive approach, who add significant value to the Company, who can develop a multi-dimensional perspective, who are solutions-oriented, and who can use data and the latest technology effectively. DRD supports the development of its employees and strives to maintain their motivation and job satisfaction at the highest levels possible.

Considering workforce competency a major source of competitive advantage, DRD undertook some important initiatives in this area in 2013. As of October 2013, the Company began to collaborate with Hay Group in order to develop its human resources processes. Accordingly, all positions within the organization were reviewed in light of Hay Group’s job evaluation methodology, and a new job level structure was formed. Within the framework of this collaboration project, which will be completed by March 2014, the existing competency and performance assessment systems were revised to create a simpler structure, and more effective and result-oriented systems were developed. Through career planning, a succession system was created for critical positions in order to fill job vacancies through internal recruitment.

### PERFORMANCE EVALUATION AND DEVELOPMENT SYSTEM

The Company’s corporate goals are structured in light of department goals, from which annual personal goals and business plans are defined in the DRD Performance Evaluation and Development System. The system aims for the organization, managers, and subordinates to work in collaboration and continuous development. The Performance Management System tracks business goals established in parallel with the corporate goals can be tracked on an individual basis, and each employee’s contribution to the Company’s targets can be measured. In addition, competency based evaluation processes cover behavioral standards required to reach business targets while aiming for self-improvement and awareness levels to increase.

The Performance Management System allows targets to be spread more effectively and Company targets to be disseminated to employees working at all levels. The system aims to measure and reward personal contribution to achieving goals and success while identifying competencies to plan future self-improvement opportunities.

The Performance Management System is considered important by all departments at the Company. During the implementation process of the system, after attending special training sessions, all managers help motivate their employees for them to reach their goals as well as lead them. The DRD Fleet Leasing Performance Management System helps identify employee weaknesses and provides opportunities for them to improve these areas through training. Likewise, the system helps make a consistent, fair, and effective career plan by following a performance based career path.

## BUSINESS PRINCIPLE 9

# BY PRIORITIZING PEOPLE,



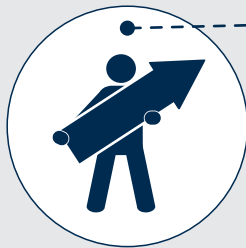
We strive to create a workforce with a strong sense of belonging.



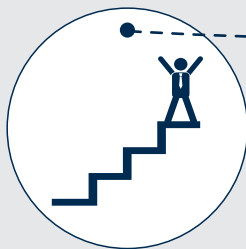
We continuously support the development of our employees.



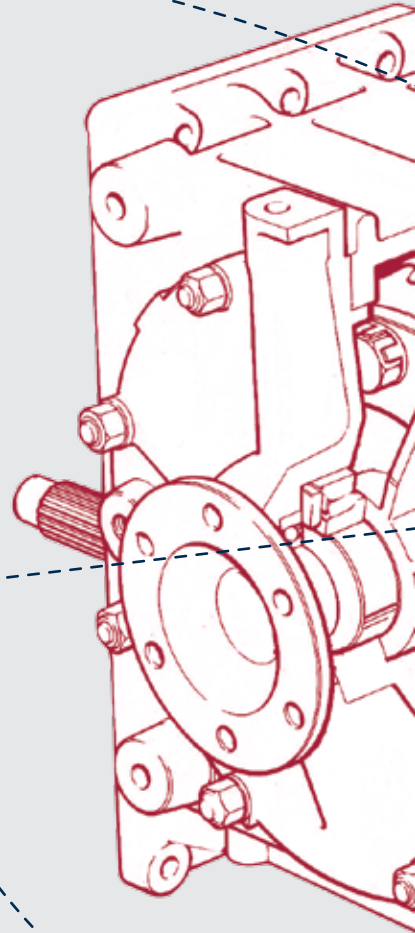
We aim to maintain a high level of motivation and job satisfaction.



We ensure that employees at all levels within the organization embrace the corporate goals.



We develop fair and effective career plans.





**214**

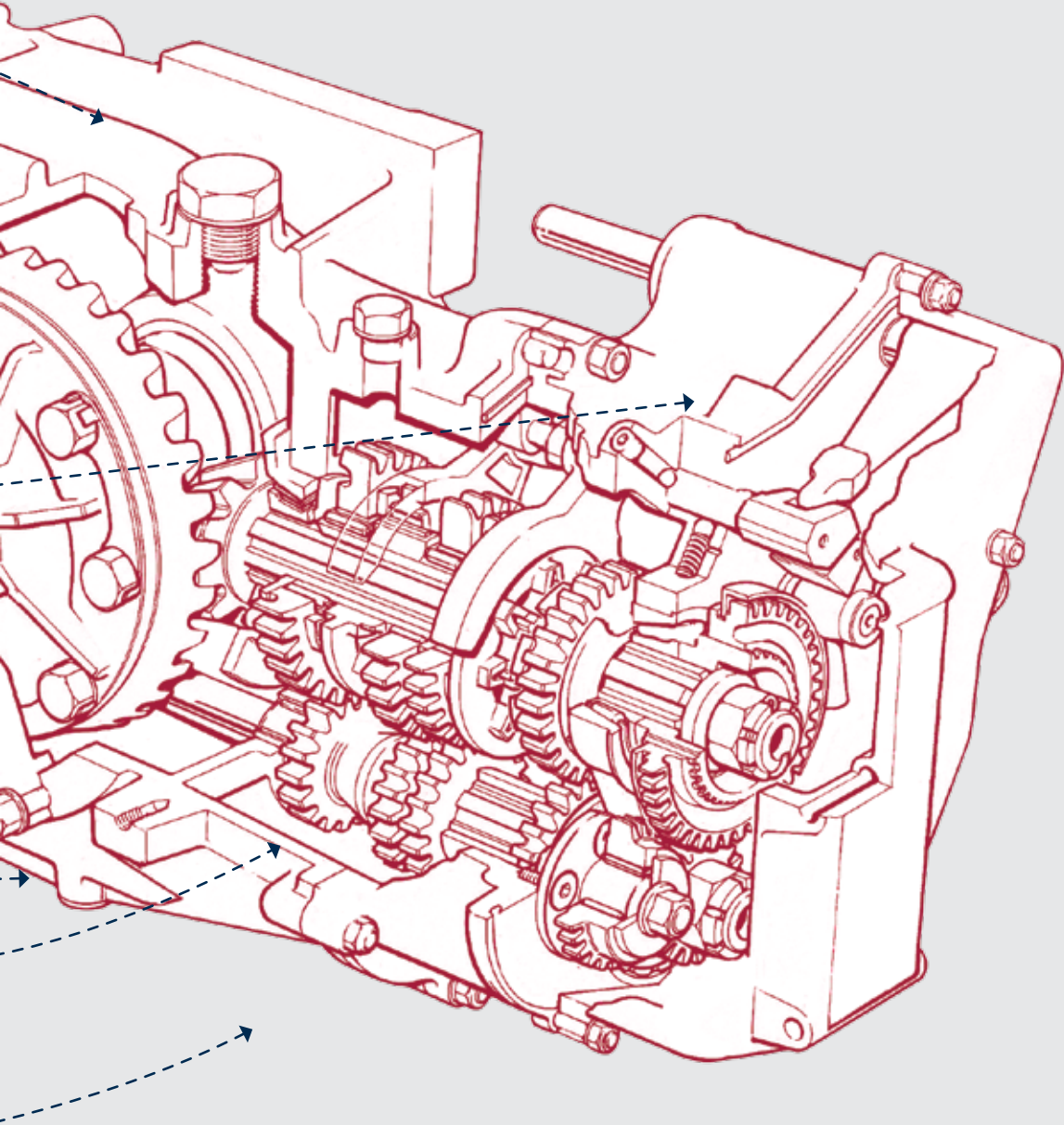
Total Number of  
Employees

**18,396**

The total number  
of job applications  
received by DRD in  
2013

**6,095**

Total number of  
training hours



HOW CAN  
A VEHICLE  
LEASING  
COMPANY

◀ **MOVE  
TOWARDS  
THE SAME  
GOALS  
IN HARMONY  
WITH ITS  
EMPLOYEES?**

Considering workforce competency as one of the most important factors to achieve sustainable competitive advantage, DRD offers its employees training programs on a regular basis.



→ A WORKFORCE THAT MAKES THE DIFFERENCE

#### WAGE MANAGEMENT SYSTEM

DRD Fleet Leasing's wage management system is based on criteria such as market and sector research, the Company's existing wage structure, wage policy, individual performance, and job level. Implementation of a competitive and fair wage policy is targeted through regular market research. Job levels are determined as a result of job evaluations and make up the basis of the wage management system. During the job evaluation process, DRD Fleet Leasing uses systems that rank all jobs in all geographic areas in which the Company is operating relative to their contribution and responsibility levels in helping DRD reach its goals.

#### EDUCATION MANAGEMENT

Considering workforce competency as one of the most important factors to achieve sustainable competitive advantage, DRD offers its employees training programs on a regular basis. Training needs are identified in light of data from performance evaluation and career planning systems, and professional development programs are designed accordingly. In addition to supporting DRD's specialty of being a "learning organization," the Company's training system also aims to maximize employee awareness, productivity, performance, and motivation.

HUMAN RESOURCES PROFILE			TOTAL
	FEMALE	MALE	
DEPARTMENT			
Management	2	3	5
Sales	11	11	22
Anatolian Region	4	6	10
Ankara Region	2	4	6
Adana Region	1	0	1
Bursa Region	2	1	3
Izmir Region	2	1	3
Konya Region	0	1	1
Kayseri Region	0	1	1
Retail Business Branch	7	24	31
After-Sales Services	2	45	47
Accounting	5	3	8
Administrative Affairs	5	12	17
Budgeting and Financial Planning	4	9	13
Sales Support	5	3	8
Purchasing	2	3	5
Used Vehicle Sales	0	9	9
Human Resources	3	0	3
Legal Affairs	1	1	2
Internal Auditing	0	2	2
Customer Relations	1	4	5
Marketing and Corporate Communications	4	1	5
Information Technology	0	7	7
<b>Total</b>	<b>63</b>	<b>151</b>	<b>214</b>



In 2013, DRD provided on-the-job training programs through in-house trainers while personal development programs were outsourced from Tokkder.

#### **CAREER DAY ACTIVITIES**

DRD Fleet Leasing places great importance on adding creative, talented, visionary, and competent new graduates to its organization and coaching them on the corporate culture to prepare them for the Company's future. DRD plans Career Day Activities to reach the potential workforce in various universities and improve its new graduate employment process qualitatively and soundly. Awareness of DRD Fleet Leasing among new graduates is continuously increasing.

#### **OCCUPATIONAL HEALTH, SAFETY, ENVIRONMENT, AND QUALITY POLICY**

To ensure its social and economic corporate sustainability, DRD Fleet Leasing sees human, quality, and environmental factors as central to all its operations. DRD is careful to take the necessary precautions to protect natural resources, minimize waste, and prevent pollution while conducting its operations. The Company also has established internal regulations to minimize risk in terms of occupational health and safety; employees are encouraged to actively participate in the development of these regulations.

DRD Fleet Leasing launches effective policies and implementations in areas related to human, quality, environmental factors, and occupational health and safety. DRD has completed the necessary work to certify these systems and has operated with ISO 9001 certification since 2007.



# A SOCIALLY RESPONSIBLE BRAND



plastik / plastic

metal





DRD has been undertaking important corporate social responsibility projects for many years.

## A SOCIALLY RESPONSIBLE BRAND



### CREATING VALUE FOR SOCIETY

Being fully aware of the fact that the main duty of corporations is to create added value for the communities and societies in which they operate, DRD has always viewed corporate social responsibility efforts an inseparable part of its operations. In 2013, the Company carried out important social responsibility projects with the participation of its stakeholders. Positioning itself as an exemplary corporate citizen, DRD aims to draw the attention of its stakeholders to social and environmental issues through its CSR projects.

The corporate social responsibility projects carried out by the Company in 2013 are as follows:

### SUPPORTING EDUCATION

In order to maintain economic growth and socio-cultural development in today's world, nations should effectively transfer the skills needed in a knowledge and technology-based global economy to younger generations. This can only be achieved through a strong education system.

With the purpose of cultivating stronger generations, Derindere Group has been contributing to Turkey's social development for over 25 years via social responsibility activities in the area of education. The Company has been consistently supporting the education of young people, whom it views as the future of Turkey, and providing scholarships to students. In addition, the Company invests in building new schools and student dormitories. As a result of these efforts, in 2009, Ömer Derindere, the founding member and the Honorary Chairman of Derindere Group, was presented with the Medal of Honor by the Turkish Parliament [TBMM] for his contributions to education.

In accordance with its corporate social responsibility goals, Derindere Group will continue to provide scholarships and contribute to the development of National Education in the coming periods as well.



**“CAN” yazın,  
8486'ya  
SMS atın.**

**Ülkemizde nesli tehlike altında olan tam 134 tür, teker teker kayboluyor.**  
WWF-Türkiye'nin yürüttüğü Türkiye'nin Canı kampanyasına katılın. “CAN” yazarak 8486'ya SMS atın, sadece 5 liralık başışla onların korunmasına yardımcı olun.  
Her operatörler için, tutarları farklıdır. Hatları için 5 TL ve 1 SMS'tir. SMS'ler kendi operatörlerinizden gönderilmelidir.  
[www.turkiyenincani.org](http://www.turkiyenincani.org)

#### CONTINUED SUPPORT TO “TURKEY’S LIFE” CAMPAIGN

DRD continued to support the “Turkey’s Life” campaign throughout 2013, as it did in 2012. The campaign, which is spearheaded by WWF-Turkey, one of the largest and most prestigious environmental organizations worldwide, aims to protect endangered species.

Thanks to its widespread service network and powerful business partners, the Company carried out effective communication campaigns to reach a wider audience. Additionally, informative materials were integrated into DRD’s corporate communication activities, and thus the campaign was promoted via various platforms.

#### ENDANGERED SPECIES PROTECTED WITHIN THE FRAMEWORK OF THE CAMPAIGN

- > Conservation of Turkey's Nature Association, Hatay Branch; “Conserving and Minimizing the Risks to the Habitat of the Hatay Mountain Gazelle”,
- > Samandağ Environmental Protection and Tourism Association; “Protecting Green Sea Turtles That Breed on Samandağ Beach”,
- > Küre Mountains Ecotourism Association; “Mushrooms: Hatted Mysteries of the Küre Mountains”,
- > Boğaziçi International Cave Exploration Society; “Egyptian Fruit Bats: The Giant Wings of the Underground”,
- > Wildlife Research Association; “Preventing the Extinction of Mouse-tailed Dormouse”,
- > Antalya Orchids and Biodiversity Conservation Association; “Antalya’s All Five in One Place”.



DRD devised a campaign under the concept “a cleaner environment”, and offered customers special leasing options for DMA’s 100% electric vehicles.

→ A SOCIALLY RESPONSIBLE BRAND



#### **ELECTRIC VEHICLE PROJECT**

The most critical issues facing the world and our country today are environmental pollution and the fact that global ecosystems are at risk. Studies show that gasoline and diesel engine emissions account for 65% of carbon monoxides, 55% of nitrogen oxides and 45% of hydrocarbons, which are the most common air pollutants. As internal combustion engines significantly contribute to air pollution, today many corporations around the world are heavily investing in electric vehicle technology. A person, who travels 40 thousand kilometers a year on the average, can save more than 2 thousand liters of fuel and about 5 tons of CO<sub>2</sub> by driving a 100% electric car.

Due to the nature of its business, Derindere Group closely follows the latest advancements in automotive technology. In 2013, after many years' effort and R&D investments, the Group launched the DMA [Derindere Motor Vehicles] brand, manufacturer of 100% electric vehicles. DMA

branded electric vehicles, which quickly made a name for themselves in the market with their advanced technology and world-class performance, were also included in DRD's fleet, and the Company made significant investments to offer these vehicles to its customers. To that end, DRD devised a campaign under the concept “a cleaner environment”, and offered customers special leasing options for its 100% electric vehicles. Further, the Company has also invested in building a network of charging points.

While eliminating CO<sub>2</sub> emissions completely, DMA's “zero-emission” electric vehicles also offer customers an unmatched benefit in terms transportation costs. Therefore, DRD customers have not only the opportunity to support environmental protection policies, but also the chance to reduce their transportation costs.



#### ABOUT DMA

Electric vehicles, entirely designed and manufactured with DMA's [Derindere Motor Vehicles] proprietary technology, were introduced to the market at a press conference held in February 2013. The electronic control units and relevant software, which are the most outstanding technological features of these vehicles, were designed entirely by DMA engineers. DMA vehicles are Turkey's first 100% electric vehicles with a Type Approval Certificate from TSE [Turkish Standards Institution], and they set a new global benchmark with their technology and driving range.

Founded by Özkan Derindere and Önder Yol in 2007, Derindere Motor Vehicles [DMA] aims to make great contributions to the establishment and growth of the electric vehicle industry, which is considered the future of the world, in our country with its advanced technology. DMA's 100% electric vehicles stand out in the world with their driving range of 280 kilometers. Moreover, these vehicles can be fully charged in about 8 hours from a 220-volt power outlet, which can be easily found anywhere in the city with access to the electrical grid; they can also be charged at charging stations across the country.

DMA's 100% electric vehicles are manufactured at the Company's facilities located in Beylikdüzü, Istanbul. The outstanding features of the DMA technology, which has an important place in the global electric vehicle market, are as follows:

- > Turkey's "first" 100% electric vehicle brand with a Type Approval Certificate,

- > A propulsion system, of which all hardware and software were designed and developed entirely by DMA engineers after an extensive R&D process,
- > Driving range that sets a new global benchmark,
- > Superior economy; traveling 280 kilometers for just TL 6,
- > Saving up to 90% on maintenance costs compared with internal combustion engines,
- > Environmentally friendly 'zero-emission' vehicle,
- > Convenient charging wherever there is a power outlet,
- > Full charge in only 3 hours with the fast charging unit,
- > Uninterrupted access to the vehicle from anywhere via smartphones,
- > In-vehicle information system to improve traffic safety via an advanced multimedia system,

A high-performance vehicle that eliminates the need for gear-shifting. Steady investments and ongoing efforts undertaken within the framework of the DMA project significantly contribute to our country's economy as well as the automotive industry.



**MOVING FORWARD WITH**

**CONFIDENCE BY IDENTIFYING RISKS**







## MOVING FORWARD WITH CONFIDENCE BY IDENTIFYING RISKS



*“Having achieved superior quality standards many years ago, our Company continues to improve these standards further and implements practices that set a good example for the industry. In accordance with our customer-centered approach in services, we continue to manage risks effectively, and implement the necessary updates by regularly following up on the existing procedures.”*

### **Mehmet Soday**

*Internal Auditing and Process Development Manager*

DRD conducts auditing activities in compliance with International Standards for the Professional Practice of Internal Auditing and Code of Ethics, and formulates auditing plans with a “risk-oriented” perspective. With the high quality standards it has achieved in auditing processes, the Company ensures the continuity of risk control in a way to manage operational risks effectively.

Having obtained the ISO 9001-2000 certification in 2007, DRD fully meets customer needs and expectations within the framework of its superior quality standards. The Company follows up on its existing procedures instructions and updates them as necessary.

### **CORPORATE RISK MANAGEMENT**

Since 2012, DRD has been collaborating with Ernst & Young, an international independent auditing and consulting firm, and accordingly, the Company has structured its risk models under the framework of a Corporate Risk Management System and Management of Financial Risks.

Through credit risk modeling, DRD not only assesses the quality of the Company’s receivables, but also measures its effect on capital. By modeling liquidity risk, DRD identifies the effect of investment plans on capital along with capital adequacy indicators in addition to measuring the effects of potential risks in investment decisions on the capital. During the same period, the Company has also successfully conducted modeling studies for market, credit, and liquidity risks within the scope of financial risk assessments.

### **EARLY DETECTION OF RISK COMMITTEE**

Established in 2012, the Early Detection of Risk Committee is responsible for identifying, assessing and reporting all kinds of risks as well as forming a common risk perception within the Company.

DRD’s Corporate Risk Management policy covers the management of risks in financial, operational, strategic, and compliance areas. The Company has developed risk models to measure credit, liquidity and market risks in order to effectively manage overall financial risks and their effect on the Company’s capital.

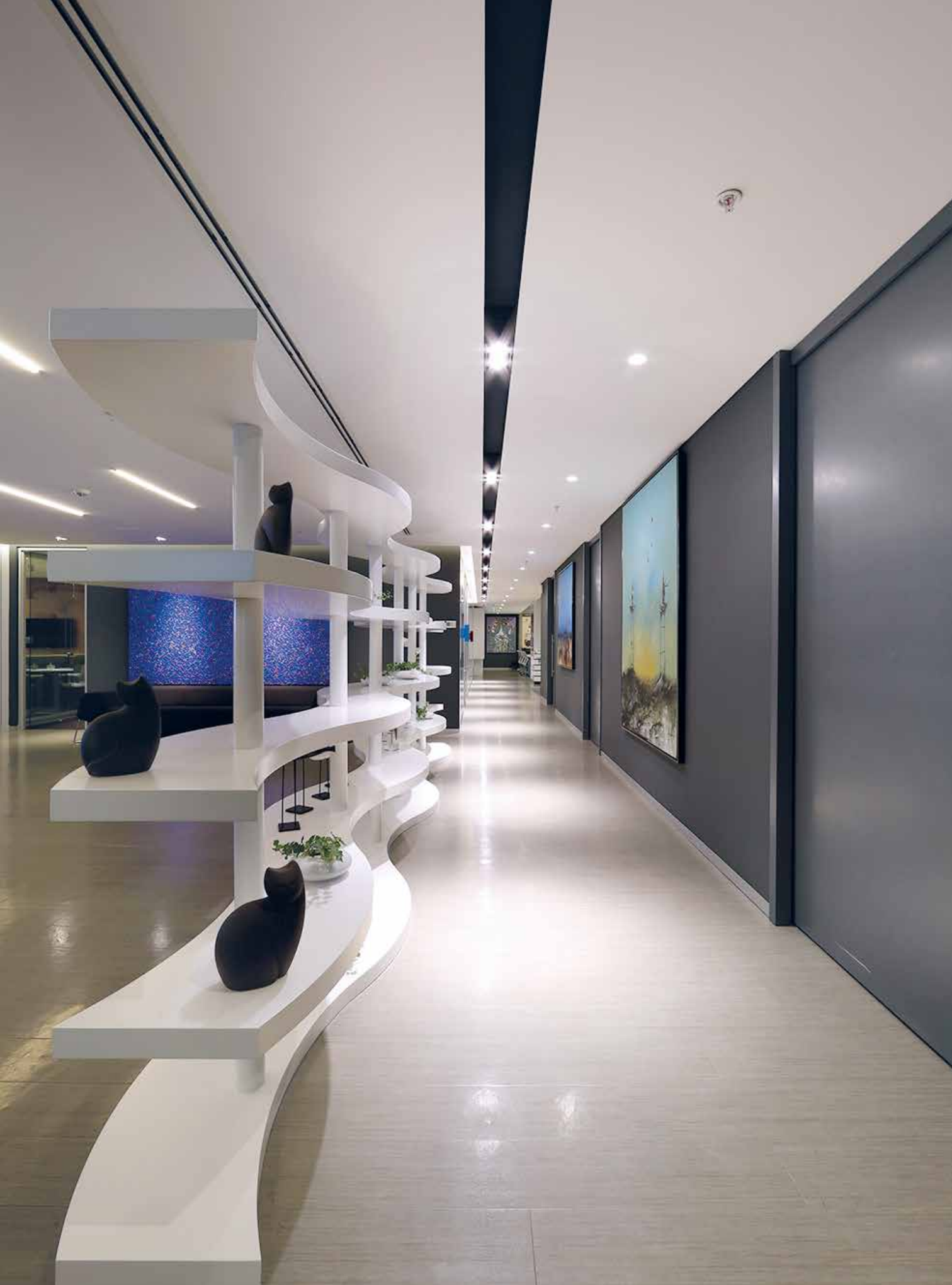
### **INTERNAL AUDITS AND INDEPENDENT AUDITING ACTIVITIES**

The Internal Auditing and Process Development Unit classifies the auditing activities it carries out within the framework of the annual audit plan under financial statements, operations, compliance and special audits. The Unit also establishes annual internal audit plans; periodically oversees the effectiveness of risk management and internal control systems, and corporate governance processes; reports any risks the Company may be exposed to and recommends necessary precautionary measures to the senior management, and monitors the results.

In order to share its financial and operational results in a transparent and accurate manner, DRD also undergoes independent audits and tax audits conducted by independent auditing firms on a quarterly basis.

The results of the audits conducted by the Internal Auditing and Process Development Unit as well as the quality management system audits performed by other units under ISO are used for developing recommendations to improve business processes, and reported to the Senior Management on a regular basis, and the results are closely monitored.

The most important factors underlying DRD’s breakthrough initiatives are the Company’s collaborations with opinion leaders and other companies, which are the best in their respective fields.



**BREAKTHROUGH PROJECTS**

**AND CORPORATE CONSULTANTS**


















The cooperation with Turkey's top companies and opinion leaders plays a major role behind DRD's powerful breakthroughs.

## BREAKTHROUGH PROJECTS AND CORPORATE CONSULTANTS

<p><b>BOARD OF DIRECTOR'S ADVISER</b></p>	<p><b>CAN KARAŞIKLI</b></p> <p><b>Can Karaşıklı</b> Having worked at various financial corporations until 1994, Mr. Karaşıklı assumed senior positions at Toprak Leasing and Toprak Faktoring between 1994 and 1999. While serving as the Chairman of Toprak Sigorta (Toprak Insurance) and Toprak Hayat Sigorta (Toprak Life Insurance) between 1999 and 2006, Mr. Karaşıklı was also the General Manager of Toprak Yatırım Bankası (Toprak Investment Bank), which was subsequently renamed as Bank Pozitif. He later served as Board Member in charge of Internal Control and Risk Management at the same bank. Can Karaşıklı is advisor to DRD's Board of Directors since 2007.</p>
<p><b>NPS/CRM SERVICES</b></p>	<p></p> <p><b>ASKBMM Consulting</b> DRD started to work with ASKBMM Consultancy in 2013 in order to measure customer satisfaction and further improve its service standards. ASKBMM provides consulting services to various industries in Turkey, Middle East and Commonwealth of Independent States. Within the framework of this collaboration, the Company implemented the "Net Promoter Score" methodology, which was developed by Fred Reichheld, a best-selling author and management consultant.</p>
<p><b>ERP SYSTEM</b></p>	<p></p> <p><b>Bilge Adam</b> In 2012, DRD started a collaboration with Bilge Adam Bilişim Hizmetleri to revamp its ERP system in order to keep up with the latest technology. To that end, the Company is currently in the process of integrating business processes such as customer services, sales, finance, purchasing, sales support, after-sales services, CRM and used vehicle management.</p>
<p><b>DAILY RENTAL SOFTWARE</b></p>	<p></p> <p><b>Koç Sistem</b> DRD is fulfilling the system requirements in the daily rental business branch, which the Company launched in 2013, under the guidance of Koç Sistem, a consulting firm that has been offering its customers IT solutions since 1945.</p>
<p><b>INTERNET TECHNOLOGIES AND MOBILE APPLICATIONS</b></p>	<p></p> <p><b>Nexum</b> Since 2012, DRD has been collaborating with Nexum in the area of marketing communications technology, which includes Internet technologies, social media channels, online reporting module and IOS/Android-based mobile applications. As a result, the Company has been distinguishing itself in the sector with its digital marketing applications.</p>

<p><b>CORPORATE RISK MANAGEMENT</b></p>	 <p><b>Ernst &amp; Young</b>  Within the framework of its collaboration with Ernst &amp; Young, an international consulting firm specialized in independent auditing, consulting services, corporate finance and tax services, DRD has conducting a risk assessment across the entire organization, established the corporate risk management system and relevant committees, and developed a financial risk measurement model for assessing market, credit and liquidity risks.</p>
<p><b>INDEPENDENT AUDITS</b></p>	 <p><b>PwC</b>  In accordance with the principles of corporate governance and transparency, DRD has been undergoing independent audits on a yearly basis since 2003, and on a quarterly basis for the last 8 years. These audits are performed by PricewaterhouseCoopers (PwC), an international company providing audit, tax and consulting services in 157 countries. The audit reports show that accounting records are kept accurately and the correct results are generated through the Company's internal accounting systems; they also show the level of improvement in the Company's operational results as well as financial results.</p>
<p><b>LEGAL SERVICES</b></p>	 <p><b>Egemenoglu Law Firm</b>  Expanding steadily since its inception in 1968, Egemenoglu Law Firm currently provides expert legal services with over 60 attorneys. Considered among the leading Turkish law firms by international law publications, Egemenoglu has been providing legal consulting services to DRD since 2013.</p>
<p><b>CORPORATE COMMUNICATIONS</b></p>	 <p><b>Soylu and Cengiz Consulting</b>  Since 2011, DRD has been receiving corporate communications consulting from Soylu and Cengiz Consulting, a company which for many years has been providing communication and management consulting to numerous clients in automotive and related industries as well as oil, food and technology industries.</p>
<p><b>SECTORAL ACTIVITIES</b></p>	 <p><b>TOKKDER</b>  Founded in 1996 to bring all vehicle leasing companies under one roof, TOKKDER (Auto Leasing and Rental Companies Association) is an important sectoral organization with 90 members, who are the leading vehicle leasing companies in Turkey. DRD cooperates with TOKKDER in various areas including professional training programs, sectoral activities and ethical principles.</p>



**DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2013 TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**[ORIGINALLY ISSUED IN TURKISH]**



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CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH

**To the Board of Directors of  
Derindere Turizm Otomotiv Sanayi ve Ticaret A.Ş.**

1. We have audited the accompanying financial statements of Derindere Turizm Otomotiv Sanayi ve Ticaret A.Ş. (the "Company"), which comprise the statement of balance sheet as at 31 December 2013 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period ended and a summary of significant accounting policies and other explanatory notes.

**Management's responsibility for the financial statements**

2. The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Accounting Standards ("TAS"), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Independent auditor's responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with Independent Auditing Standards that are part of Turkish Standards on Auditing issued by the Public Oversight accounting and Auditing Standards Authority ("POA"). Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the independent auditor, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**We believe that the independent audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our audit opinion.**

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers  
BJK Plaza, Süleyman Seba Cad. No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul - Turkey  
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**Opinion**

4. In our opinion, the financial statements present fairly, in all material respects, the financial position of Derindere Turizm Otomotiv Sanayi ve Ticaret A.Ş. as at 31 December 2013 and their financial performance and cash flows for the period then ended in accordance with TAS [Note 2].

**Other Matters**

5. Pursuant to the subparagraph 2 of temporary Article 6 of Turkish Commercial Code No. 6102, the Company's financial statements were subject to independent audit for the first time starting from the opening balance sheet as at 1 January 2013 in line with Turkish Commercial Code No. 6102 and within the scope of the POA's regulations.

6. The Company's financial statements as at 31 December 2011 and 31 December 2012 and the statement of profit or loss for the year ending 31 December 2012, which were prepared according to Law No. 6762 and the other legislation, have been presented in Note 2 pursuant to subparagraph 2 of temporary Article 6 of Turkish Commercial Code No. 6102. We have not audited these financial statements which were prepared in line with the other legislation so we are not expressing any opinion on these financial statements.

**Reports on independent auditor's other responsibilities arising from regulatory requirements**

7. In accordance with Article 402 of the Turkish Commercial Code No. 6102 ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

8. Auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 25 March 2014.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
A member of  
PricewaterhouseCoopers

Haluk Yalçın, SMMM  
Partner

Istanbul, 25 March 2014

## DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş.

### BALANCE SHEET AT 31 DECEMBER 2013

[AMOUNTS EXPRESSED IN TURKISH LIRA ["TL"] UNLESS OTHERWISE INDICATED.]

ASSETS	Reference	Audited 2013	Restated 2012
<b>Current assets</b>		<b>150.178.285</b>	<b>77.546.735</b>
Cash and due from banks	5	12,425,982	10,416,765
Trade receivables		49,194,884	15,040,848
- Trade receivables from related parties	6, 7	30,827,761	183
- Trade receivables from third parties	7	18,367,123	15,040,665
Other receivables		12,395,360	14,565,820
- Other receivables from related parties	6	10,014,656	10,847,073
- Other receivables from third parties	8	2,380,704	3,718,747
Inventories	9	15,681,337	14,769,384
Prepaid expenses	10	7,798,388	5,716,776
Current income tax assets		-	205,181
Firm commitment hedge account/fair value hedge	11	41,542,422	7,706,496
Other current assets	20	11,139,912	9,125,465
<b>Non-current assets</b>		<b>902,637,287</b>	<b>668,315,180</b>
Other receivables		8,035,710	725,996
- Other receivables from related parties	6	8,013,510	725,996
- Other receivables from third parties		22,200	-
Financial investments		3,000	3,025
Assets used in operational lease	12	810,941,003	621,472,773
Investment property	13	8,296,000	16,899,041
Property and equipment	14	37,074,103	20,757,723
Intangible assets	15	1,141,764	1,233,594
- Other intangible assets		1,141,764	1,233,594
Firm commitment hedge account/fair value hedge	11	37,145,707	7,223,028
<b>TOTAL ASSETS</b>		<b>1,052,815,572</b>	<b>745,861,915</b>

1 January- 31 December 2013 financial statements is approved on 25 March 2014 in the board of directors meeting and on behalf of the board of directors, General Manager İlkyay Ersoy and Financial Management Group Manager M. Fatih Kazdal signed the financial statements. These financial statements will be authorized following their approval at the General Assembly.

## DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş. BALANCE SHEET AT 31 DECEMBER 2013

[AMOUNTS EXPRESSED IN TURKISH LIRA (“TL”) UNLESS OTHERWISE INDICATED.]

LIABILITIES	Reference	Audited 2013	Restated 2012
<b>Current liabilities</b>		<b>484,547,042</b>	<b>338,222,162</b>
Funds borrowed	17	172,814,957	89,572,151
Short term parts of the long term borrowings	17	229,024,770	177,228,363
Trade payables		57,889,672	53,794,677
- Due to related parties	6, 7	2,495,973	7,800,261
- Due to third parties	7	55,393,699	45,994,416
Payables for employee benefits		469,109	357,713
Other payables		3,593,337	520,042
- Due to related parties	6	2,387,458	-
- Other payables to third parties	8	1,205,879	520,042
Deferred income	10	19,141,228	14,198,100
Current income tax liabilities		-	244,160
Short term provisions		1,050,844	825,759
- Short term provision for employee benefits	19	1,050,844	825,759
Other current liabilities	20	563,125	1,481,197
<b>Non-current liabilities</b>		<b>448,181,047</b>	<b>301,542,314</b>
Long term borrowing	17	429,319,243	285,620,342
Long term provisions		2,205,147	1,585,725
- Long term provision for employee benefits	19	2,205,147	1,585,725
Deferred tax liability	28	16,656,657	14,336,247
<b>Equity</b>			
<b>Equity Attributable To Equity Holders' of the Parent</b>		<b>120,087,483</b>	<b>106,097,439</b>
Paid capital	21	24,200,000	24,200,000
Business combination effects subject to mutual control	21	3,317,311	5,669,531
Adjustments to share capital		1,693,875	1,693,875
Other comprehensive income/expense not to be reclassified to profit or loss			
- Actuarial losses		(465,903)	(466,779)
Restricted reserves appropriated from profits	21	1,589,182	1,589,182
Retained earnings		73,411,630	33,405,155
Net profit		16,341,388	40,006,475



## DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş.

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

[AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED.]

	Reference	Audited 2013	Restated 2012
Revenue	22	539,061,411	332,978,939
Cost of sales [-]	22	[400,149,727]	[223,054,557]
<b>GROSS PROFIT</b>		<b>138,911,684</b>	<b>109,924,382</b>
General administrative expenses [-]	23	[17,022,251]	[12,676,311]
Marketing expenses [-]	23	[9,913,844]	[7,338,614]
Other operating income	24	7,438,213	6,253,890
Other operating expenses [-]	24	[8,587,713]	[6,403,355]
<b>OPERATING PROFIT</b>		<b>110,826,089</b>	<b>89,759,992</b>
Investment income/(expense)	25	2,422,566	[574,287]
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSES</b>		<b>113,248,655</b>	<b>89,185,705</b>
Financial expenses [-]	27	[94,138,554]	[40,527,546]
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>19,110,101</b>	<b>48,658,159</b>
Tax expense for continuing operations			
- Tax on current income	28	[223,193]	[314,509]
- Deferred tax expense	28	[2,545,022]	[5,849,586]
<b>PROFIT FOR THE YEAR</b>		<b>16,341,886</b>	<b>42,494,064</b>
<b>Distribution of the Profit for the Year</b>			
Corporation shares subject to mutual control		498	2,487,589
Equity holders of the parent		16,341,388	40,006,475
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not to be Reclassified Under Profit and Loss</b>		<b>[465,903]</b>	<b>[466,779]</b>
- Actuarial Losses		[465,903]	[466,779]
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>15,875,983</b>	<b>42,027,285</b>

The accompanying notes form an integral part of these financial statements.

## DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş.

### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

#### FOR THE YEAR ENDED 31 DECEMBER 2013

[AMOUNTS EXPRESSED IN TURKISH LİRA (TL) UNLESS OTHERWISE STATED.]

	Share Capital	Inflation adjustments to share capital	Defined benefit plans actuarial losses	Retained earnings	Restricted reserves appropriate from profit	Net profit	Business combinations effects subject to mutual control	Total Equity
<b>PRIOR YEAR</b>								
<b>1 January 2012</b>	24,200,000	1,693,875	-	30,168,408	1,589,182	3,236,747	3,181,942	64,070,154
Transfers	-	-	-	3,236,747	-	(3,236,747)	-	-
Total comprehensive income	-	-	-	-	-	40,006,475	2,487,589	42,494,064
Defined benefit plans actuarial losses	-	-	(466,779)	-	-	-	-	(466,779)
<b>31 December 2012</b>	24,200,000	1,693,875	(466,779)	33,405,155	1,589,182	40,006,475	5,669,531	106,097,439
<b>CURRENT YEAR</b>								
<b>1 January 2013</b>	24,200,000	1,693,875	(466,779)	33,405,155	1,589,182	40,006,475	5,669,531	106,097,439
Transfers	-	-	-	40,006,475	-	(40,006,475)	-	-
Business combinations effects subject to mutual control (Not 21)	-	-	-	-	-	-	(2,352,718)	(2,352,718)
Total comprehensive income	-	-	-	-	-	16,341,388	498	16,341,886
Defined benefit plans actuarial losses	-	-	876	-	-	-	-	876
<b>31 December 2013</b>	24,200,000	1,693,875	(465,903)	73,411,630	1,589,182	16,341,388	3,317,311	120,087,483

The accompanying notes form an integral part of these financial statements.

**DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş.****STATEMENTS OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2013**

[AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED.]

	Reference	Audited 2013	Restated 2012
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Net profit for the year</b>		<b>16,341,886</b>	<b>42,494,064</b>
<b>Adjustments to reconcile net profit to net cash provided by operating activities</b>			
Tax	28	2,768,215	6,164,095
Depreciation and amortization	13, 14, 15	2,056,295	1,574,629
Operational lease depreciation	12	37,594,945	32,615,069
Interest expense	27	45,862,471	37,230,685
Foreign exchange losses, net	27	132,173,338	[14,020,674]
Firm commitment, hedge account/fair value hedge	27	[63,758,605]	24,998,569
Provision for doubtful receivables	7, 24	2,017,435	[52,121]
Provision for employment termination benefits	19	51,971	406,713
Provision for unused vacation	23	225,085	320,368
Provision for /[(Reversal of)] impairment on inventories	9	309,265	[163,939]
Gain on sale of tangible assets	24	[51,090]	744,744
Unincurred interest expense	7	220,221	210,123
Unincurredd interest income	7	[317,968]	[505,640]
Proceeds from sales of assets used in operational lease	22	[12,986,955]	[9,086,519]
Effect of changes in foreign currency exchange rate on cash and cash equivalents		10,195	103,822
<b>Net cash provided by operating activities before changes in operating assets and liabilities</b>			
Net [(increase)/decrease in blocked bank deposits	5	[8,217]	252,077
Net increase in trade receivables	7	[5,564,114]	[1,859,034]
Net increase in due from related parties	7	[37,282,675]	[8,430,852]
Net [(increase)/decrease in inventories	9	[1,221,218]	5,745,666
Net increase in other current and non-current assets		[698,579]	[8,725,485]
Net increase in prepaid expenses	10	[2,081,612]	[4,601,612]
Net increase in trade payables	9	9,717,251	13,370,524
Net [(decrease)/increase in due to related parties	9	[2,916,830]	7,615,021
Net decrease in other current liabilities		[470,276]	144,051
Net decrease in deferred income	10	4,943,128	2,261,073
Employee termination benefit payments	19	[480,928]	[116,363]
Capital expenditures from operational leases	12	[450,619,994]	[261,703,570]
Cash inflows from the sales of the operational lease assets		234,636,963	63,753,170
<b>Net cash used in operating activities</b>		<b>[89,064,397]</b>	<b>[69,261,346]</b>
<b>B. Cash flows from investing activities</b>			
Cash outflows from the purchase of tangible assets		[23,833,569]	[14,889,897]
Cash inflows from the sale of tangible assets		14,206,856	324,413
<b>Net cash provided by investing activities</b>		<b>[9,626,713]</b>	<b>[14,565,484]</b>
<b>C. Cash flows from financing activities:</b>			
Increase in funds borrowed		146,564,776	94,267,807
Interest paid		[45,862,471]	[37,741,595]
<b>Net cash provided by financing activities</b>		<b>100,702,305</b>	<b>56,526,212</b>
<b>Effect of changes in foreign currency exchange rate on cash and cash equivalents</b>		<b>[10,195]</b>	<b>[103,822]</b>
<b>Net decrease in cash and cash equivalents</b>		<b>2,001,000</b>	<b>[27,404,440]</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>10,322,649</b>	<b>37,727,089</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>12,323,649</b>	<b>10,322,649</b>

The accompanying notes form an integral part of these financial statements.









**DRD Headquarters**

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