

# FORD OTOSAN

2016 1Q  
Financial Results

2 May 2016



**FORD OTOSAN**

# Ođuz Toprakođlu

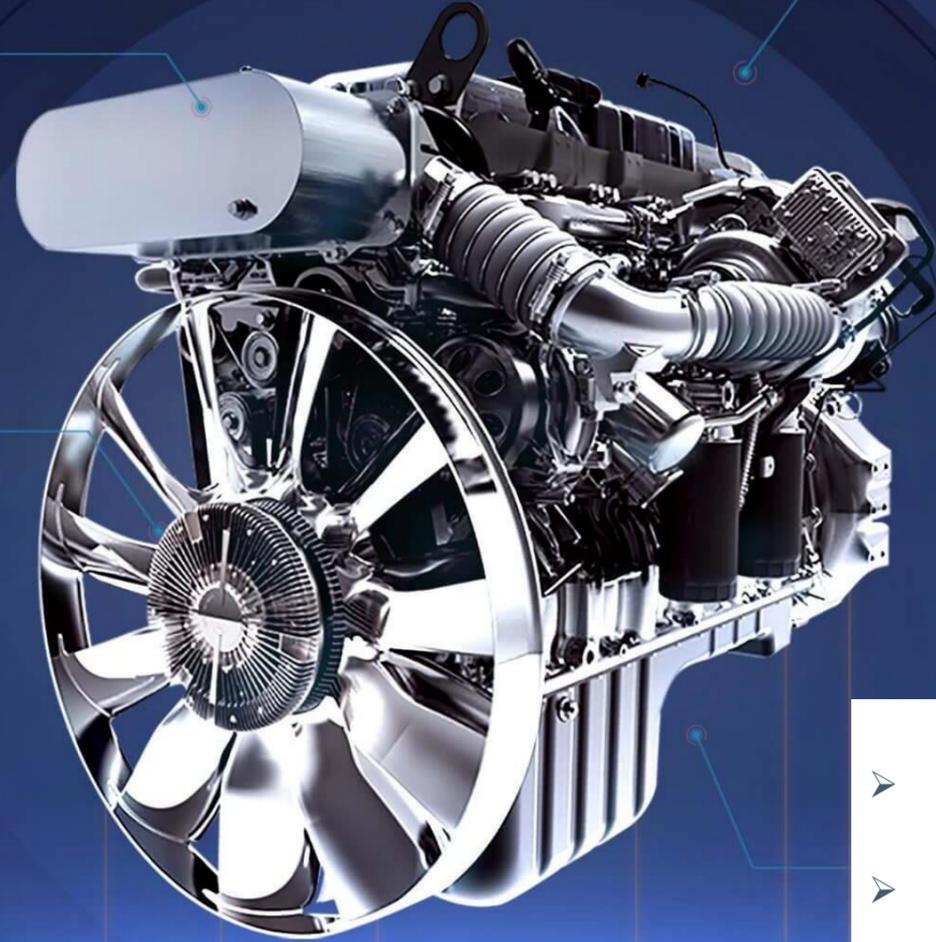
## CFO

**FORD OTOSAN**

# 1Q16 Evaluation

- Developed and designed exclusively by Ford Otosan engineers
- Production started in March
- IP rights owned 100% by Ford Otosan

- Offers leading technologies
- E3, E5 and E6 emission levels
- Available 420 PS and 480 PS for 9 L and 13 L
- 7-10% better fuel efficiency versus the previous generation
- Robust components



- +\$100 million investment
- 320 Turkish engineers
- 62 different engine tests
- 50,000 hours of testing
- TL 1.7 million R&D cooperation with universities
- TL 4 million R&D cooperation with SMEs
- € 4 million investment by the supplier industry
- 69 patent applications

- Available in Ford Trucks 2016 MY
- World's largest truck market; China
- 50 export markets



**Distribution network target  
50 Countries by 2020**

**New dealers opened in  
Bahrain, Oman, Qatar**



GLOBAL  
AWARD

EUROPEAN  
AWARD

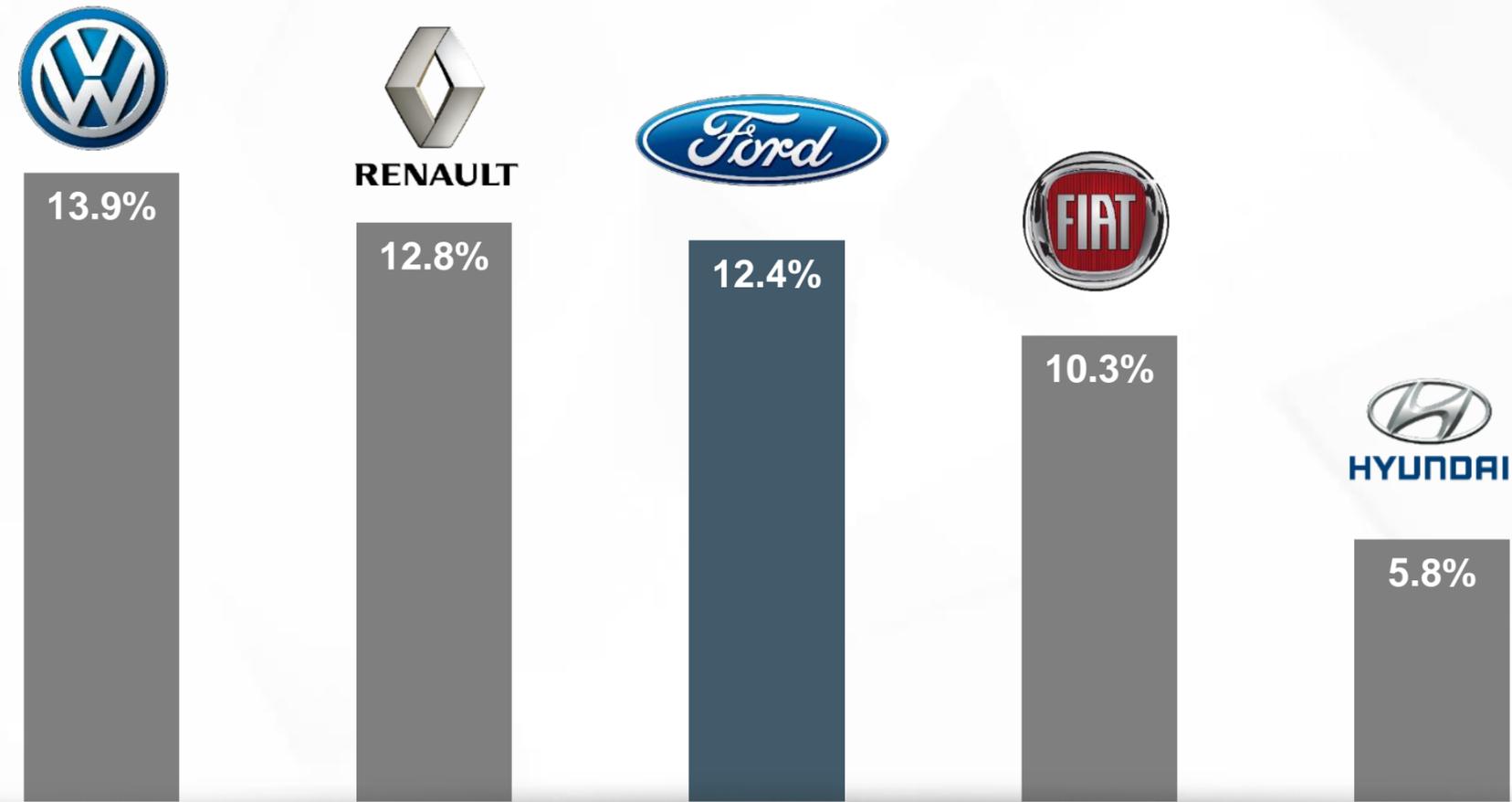
Ford Otosan received Awards in 3 different categories:

1. Recognition and Engagement – Are Mommy and Daddy Home Yet?
2. Safety Innovation in Manufacturing Operations – New Approach to ECPL Training
3. Lifesaving Awards - Lifesaving assistance to traffic accident victims

**1Q 2016  
Domestic Market**

Segments	Industry	Ford Otosan	Market Share, %	Ranking
Commercial Vehicles	43,923	12,848	29.3	#1
Light Commercial	19,629	5,586	28.5	#2
Medium Commercial	20,936	6,402	30.6	#1
Truck	3,358	860	25.6	#1
Passenger Cars	127,921	8,480	6.6	#5
<b>Total</b>	<b>172,322</b>	<b>21,328</b>	<b>12.4</b>	<b>#3</b>

# Market Performance – Total Industry



YoY change, pps

(1.5)

2.1

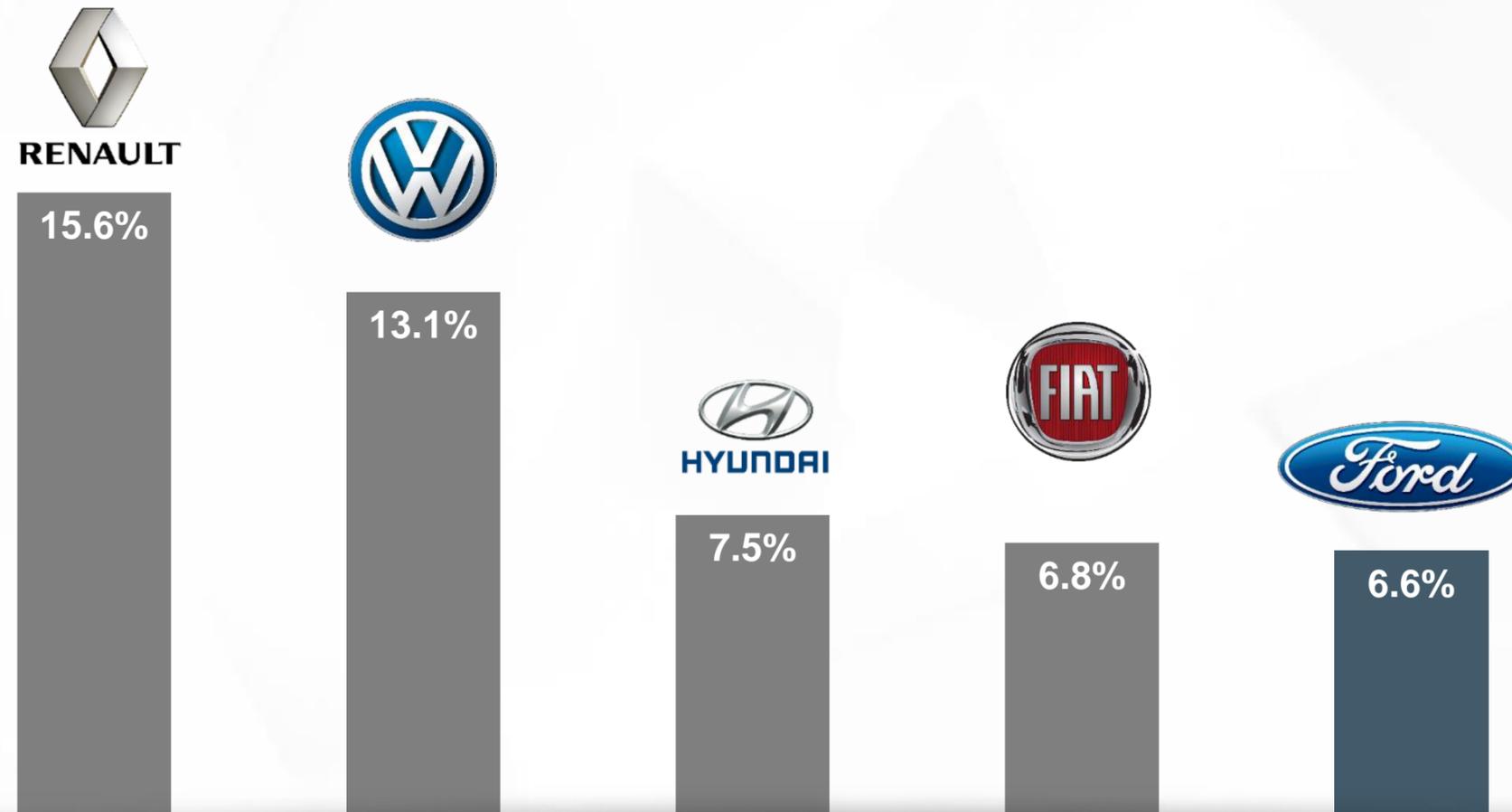
(0.7)

(0.5)

0.3

Source: ODD & TAİD

# Market Performance - PCs



YoY change, pps

2.0

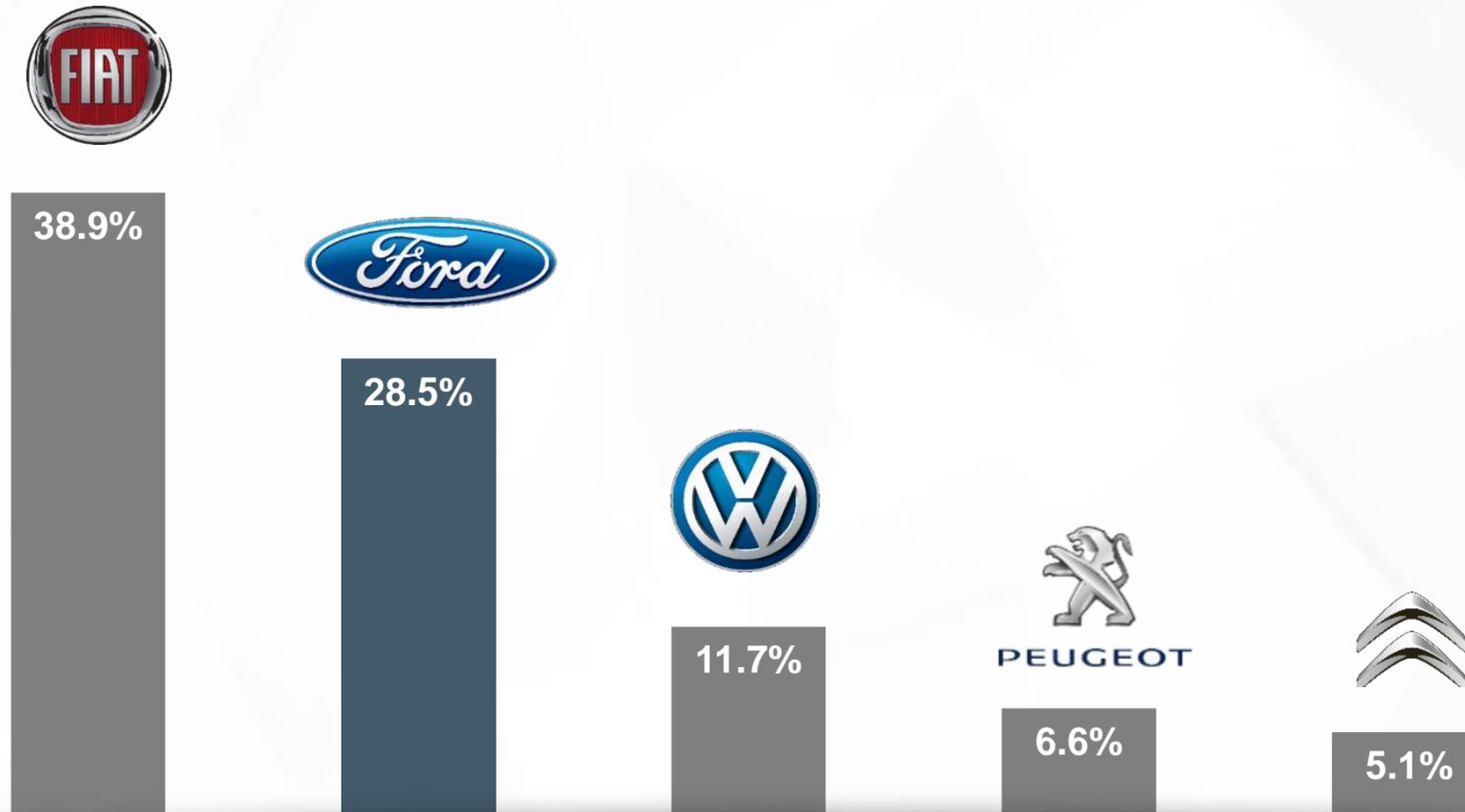
(3.6)

(0.0)

0.1

0.4

# Market Performance - LCVs



YoY change, pps

(0.6)

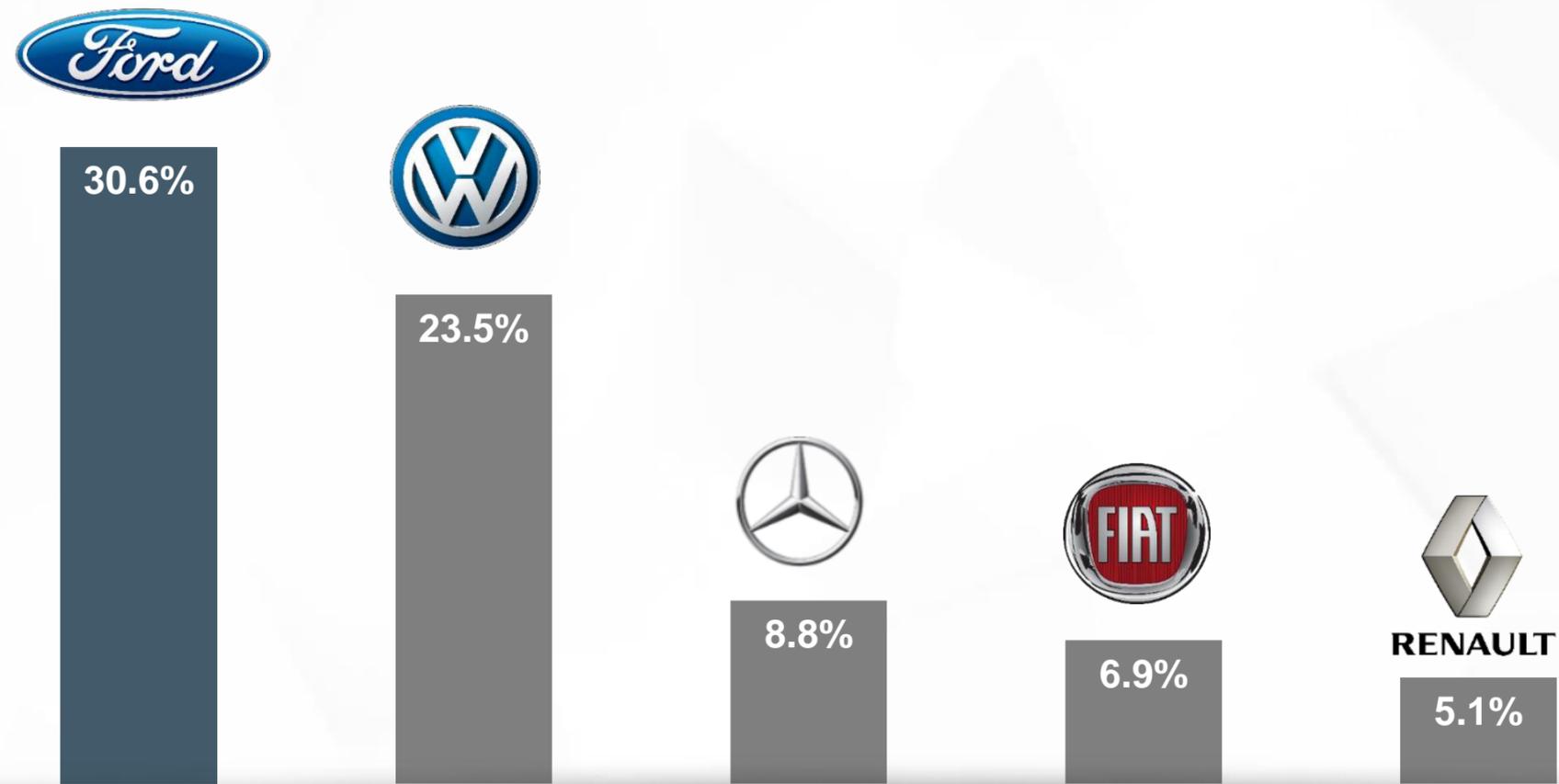
1.3

1.1

(0.1)

(2.7)

# Market Performance - MCVs



YoY change, pps

(2.2)

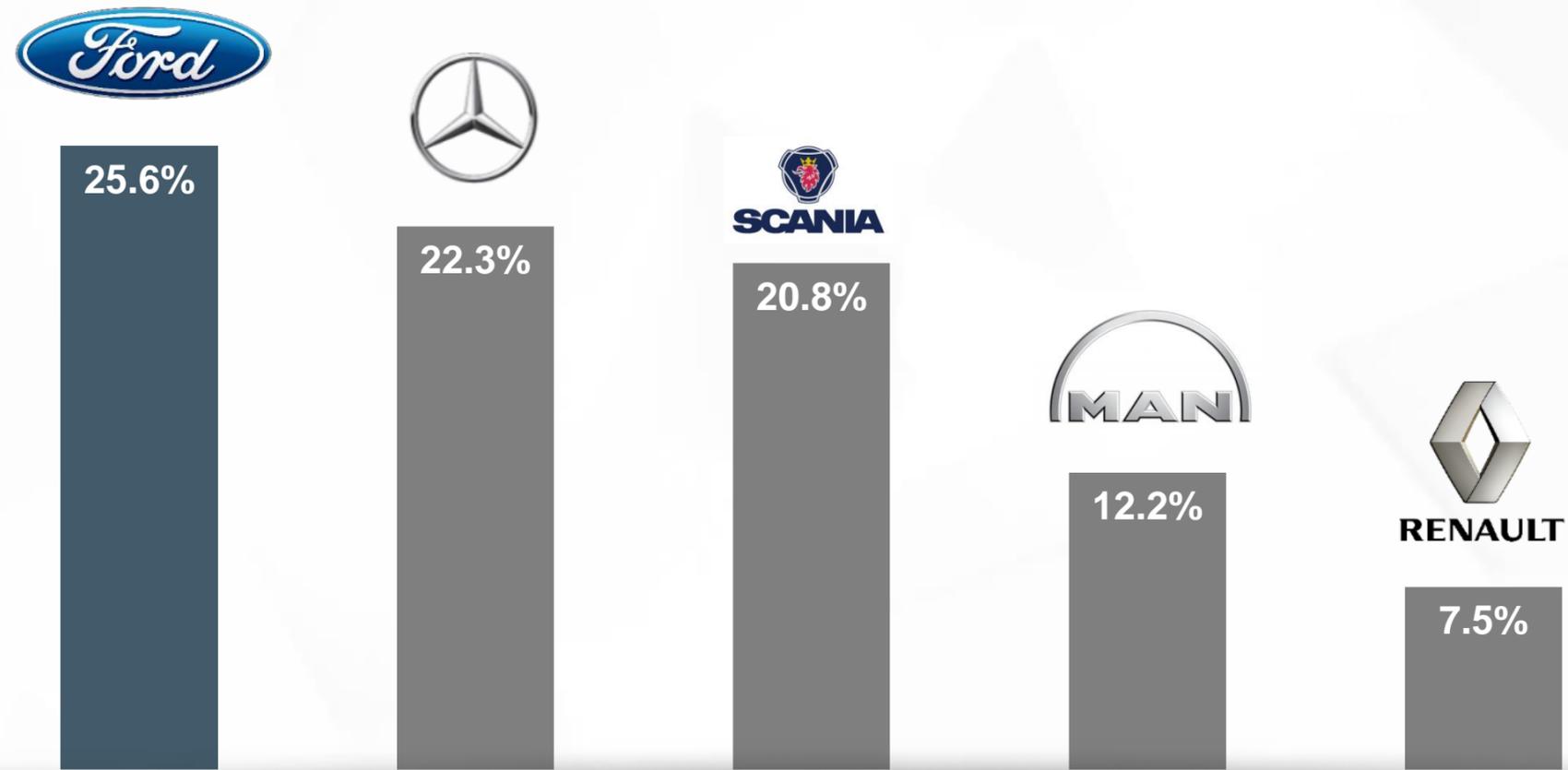
2.9

0.4

(1.1)

(1.6)

# Market Performance - HCVs



YoY change, pps

1.7

(33.3)

12.4

8.2

5.0

- €100 million loan agreement signed with EIB in December 2015
- The loan has been utilized in the first quarter of 2016
- 6-year term with annual interest rate of 0.82%



**FORD OTOSAN**

# **European Performance & Ford Motor Company**

# Vans Segment Continued to Grow

January-March  
2016

+11.3%  
467 K units

European Union

UK

+1.2%  
99 K units

Germany

+9.3%  
58 K units

France

+9.6%  
100 K units

Spain

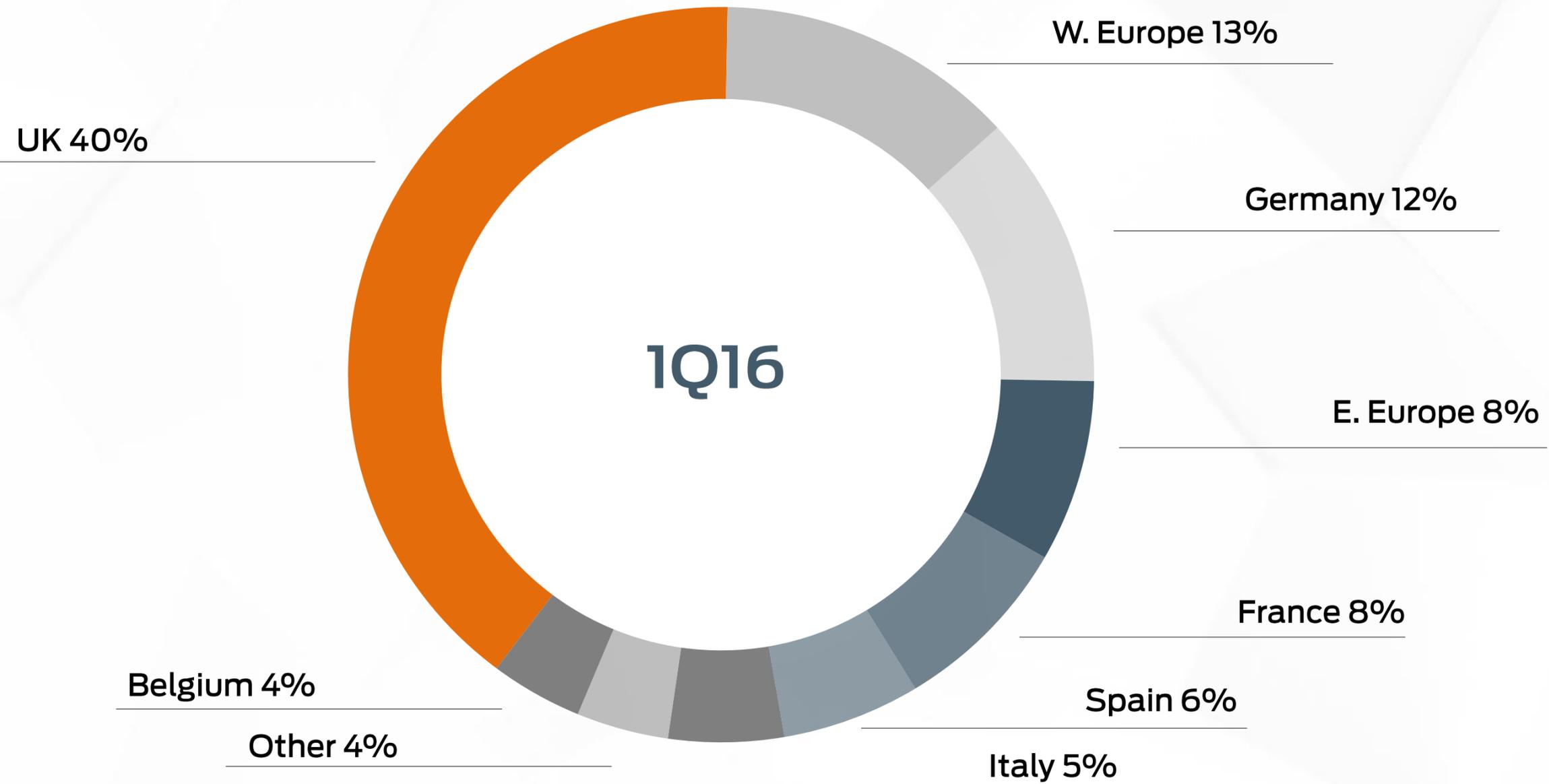
+8.9%  
39 K units

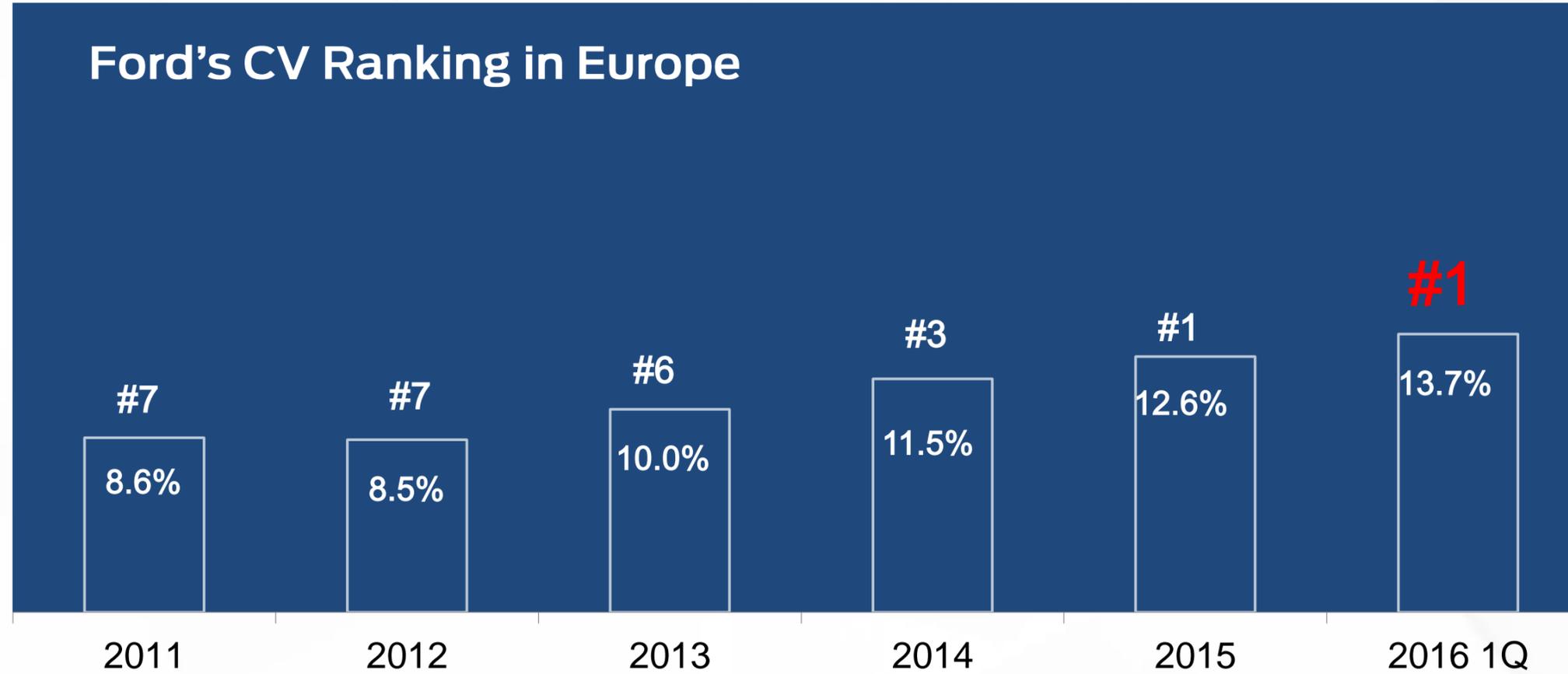
Italy

+30.0%  
39 K units

# Ford Otosan: Best proxy to European CV Growth

Export breakdown by units





**#1** Ford is Europe's No.1 top-selling CV brand and reported the best 1Q since 1993

**14%** YoY increase in Ford's commercial vehicle sales in 1Q16

**13.7%** Ford's CV market share in 1Q16

# Ford Otosan is a Key Driver of FoE's Success

FORD OTOSAN



**FORD OTOSAN** produces;

**71%**

of Ford of Europe's CV sales

**80%**

of Ford of Europe's Transit sales



## FINANCIAL HEADLINES



Total Company  
Pre-Tax Results\*



Total Company  
Revenue



Global  
Market Share



Automotive  
Operating Margin\*



Automotive Operating-  
Related Cash Flow\*

1Q 2016

**\$3.8B**

**\$37.7B**

**7.1%**

**9.8%**

**\$2.7B**

B/(W)  
1Q 2015

**\$2.1B ↑**

**\$3.8B ↑**

**0.2 pts ↑**

**5 pts ↑**

**\$2.2B ↑**

\* Excludes special items; see Appendix for detail, reconciliation to GAAP, and definitions

**All-Time Record Quarter; Strong Performance Across The Business**



## PROGRESS THIS QUARTER



### GROWTH

- Grew top line – volume, revenue and global market share
- Announced new Fusion; launched all-new Focus RS; announced plans for four all-new SUVs; introduced all-new Lincoln Continental
- Announced Ford Smart Mobility initiatives including FordPass and FSM LLC



### RETURNS

- Record Company pre-tax profit and 1Q Auto operating-related cash flow
- More than doubled net income, operating EPS and Auto operating margin
- Announced investment to assemble EcoSport in Craiova, Romania
- Began implementation of exit plans for Japan and Indonesia



### RISK

- Operations outside NA profitable in total and improved YOY
- Upgraded by Moody's, S&P and DBRS



### REWARDS

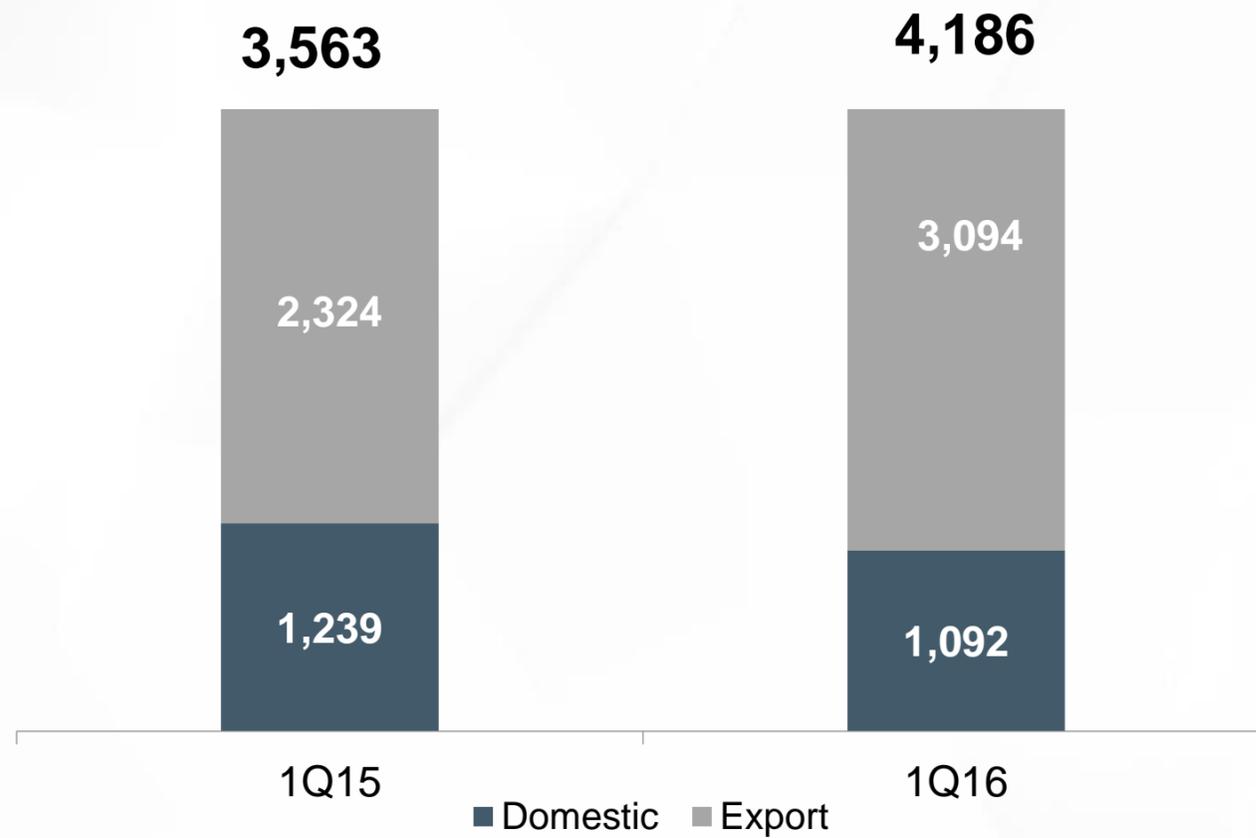
- Distributed \$1.7B to shareholders
- Distributions included supplemental dividend of \$1B

**FORD OTOSAN**

# Financial Results

# Main Financial Indicators

Million TL	1Q16	1Q15	YoY %	4Q15	QoQ %
Total Revenues	4,185	3,563	17%	5,016	-17%
Export	3,094	2,324	33%	3,224	-4%
Domestic	1,092	1,239	-12%	1,792	-39%
Gross Profit	465	387	20%	554	-16%
Operating Profit	237	216	10%	287	-17%
EBITDA	347	311	12%	395	-12%
Profit Before Tax	210	188	12%	283	-26%
Net Income	203	232	-13%	285	-29%
<b>Other Financial Data</b>					
Depreciation & Amortization	110	95	16%	108	2%
Financial Income / (Expense)	-26	-27	-5%	-2	-
Capex	-102	-94	8%	-140	-27%



**17%**

YoY growth in total revenues

**33%**

YoY growth in export revenues

**-12%**

YoY decline in domestic revenues

- Strong demand for new products
- Export market growth

- Lower volumes due to market contraction

# Sales Volume by Model

	1Q16	1Q15	YoY %	4Q15	QoQ %
<b>Domestic</b>	<b>22,096</b>	<b>26,236</b>	<b>-16%</b>	<b>35,849</b>	<b>-38%</b>
PC	7,259	8,806	-18%	9,778	-26%
Transit Courier	6,773	7,261	-7%	10,763	-37%
Transit Connect	532	389	37%	860	-38%
Total LCV	7,305	7,650	-5%	11,623	-37%
Transit	5,313	6,363	-17%	9,927	-46%
Transit Custom	1,277	1,284	-1%	2,118	-40%
Ranger	26	2	1,200%	375	-93%
Total MCV	6,616	7,649	-14%	12,420	-47%
Cargo	916	2,131	-57%	2,028	-55%
<b>Exports</b>	<b>71,547</b>	<b>59,635</b>	<b>20%</b>	<b>73,509</b>	<b>-3%</b>
Transit Custom	34,305	28,908	19%	41,128	-17%
Transit	27,888	23,782	17%	24,031	16%
Transit Courier	9,083	6,718	35%	7,910	15%
Cargo	135	136	-1%	337	-60%
Other	136	91	49%	103	32%
<b>Total Wholesale Volume</b>	<b>93,643</b>	<b>85,871</b>	<b>9%</b>	<b>109,358</b>	<b>-14%</b>

**16%**  
YoY decline  
in domestic sales

- Market dynamics
- Focus on profitability

**20%**  
YoY growth  
in exports

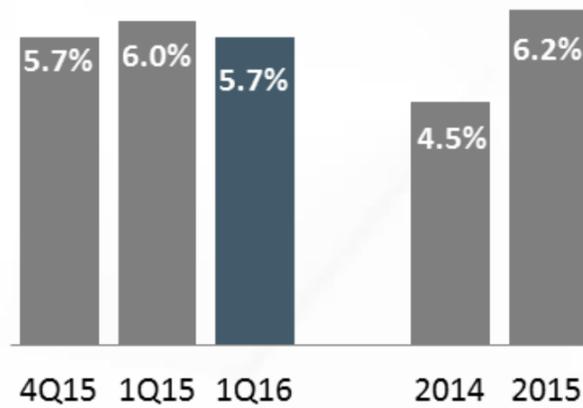
- Strong markets
- Higher demand for new products

**9%**  
YoY growth in  
total sales

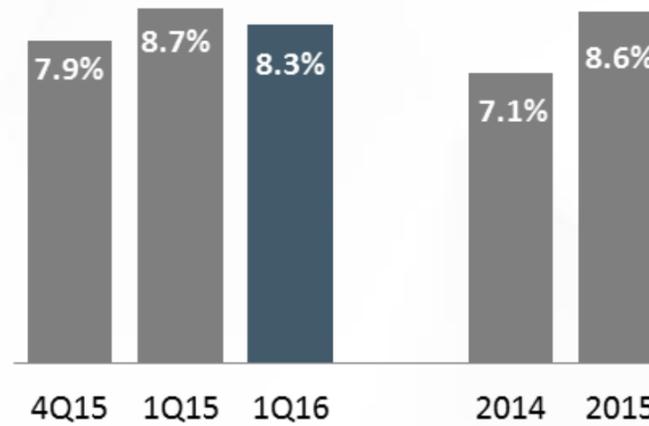
- Export volume growth

IDENTIFICATION CHANGES //  
2015 Financial Results of Ford Otosan A.Ş. and its Subsidiaries

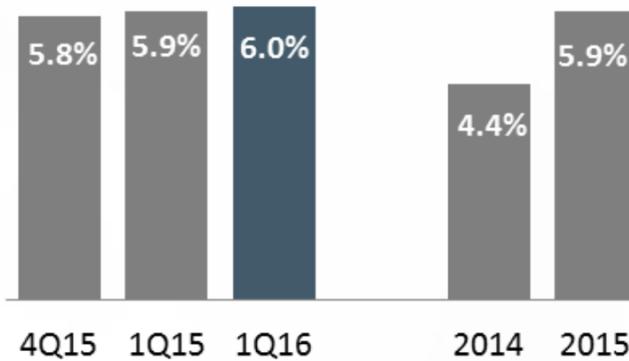
Operating Margin



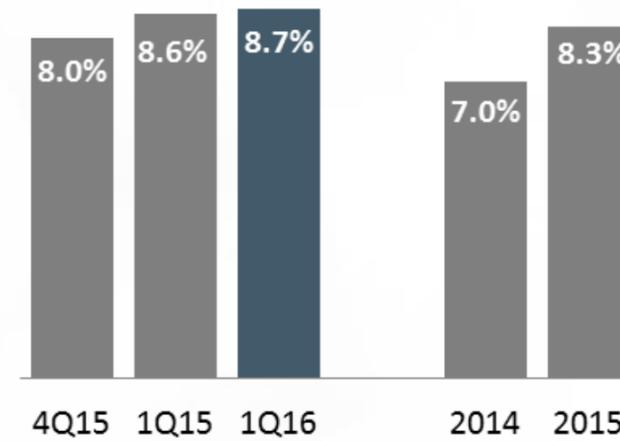
EBITDA Margin



Operating Margin (excl. Other items)



EBITDA Margin (excl. Other items)



Profitability was strong in 1Q despite:

- Rising import costs resulting from weaker TL/€ (3.24 in 1Q16 versus 2.77 in 1Q15) and
- Lower domestic volumes.

Drivers were:

- + Higher export volume
- + Focus on pricing to offset the impact of TL devaluation
- + Increasing CUR (86% in 1Q16 vs 79% in 1Q15)
- + Cost reduction actions and positive impact of commodity prices

# Debt Profile & Financial Ratios

<b>Cash Position (TL mn)</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
Cash & Cash Equivalents	1,038	980
Total Financial Debt	(2,885)	(2,561)
Net Financial Debt	(1,848)	(1,580)
<b>Financial Ratios</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
Current ratio	1.07	1.05
Liquidity ratio	0.70	0.73
Net Financial Debt / Tangible Net Worth	0.78	0.63
Current Assets / Total Assets	0.50	0.48
Current Liabilities / Total Liabilities	0.70	0.71
Total Liabilities / Total Liabilities and Equity	0.67	0.64
Return on Equity	27.9%	27.5%
<b>Margins</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
Gross Margin	11.1%	10.8%
EBITDA Margin	8.3%	8.7%
EBITDA Margin excl. Other items	8.7%	8.6%
Operating Margin	5.7%	6.0%
Net Income Margin	4.9%	6.5%

IDENTIFICATION NUMBER //  
2016 Guidance  
2015 Actuals

2015 Actuals

2016

Turkish Industry Volume

1,006 K

980 K

Ford Otosan Retail Sales Volume

126 K

123 K

Exports

254 K

263 K

Wholesale Volume

381 K

385 K

Production Volume

335 K

339 K

Capex (fixed assets)

€126 mn

€215 mn

Guidance updated in April 2016. Our next update will be with 2Q16 results.

# Q&A

**FORD OTOSAN**

# Thank You