

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	8.800	17%
Export Revenues	6.057	29%
Domestic Revenues	2.743	-3%
Operating Profit	521	12%
EBITDA	744	13%
Profit Before Tax	476	21%
Net Income	464	14%
<u>Volume</u>	<u>Units</u>	<u>YoY Change</u>
Production	173.996	9%
Total Wholesale Volume	190.585	8%
Export Volume	135.583	17%
Domestic Volume	55.002	-9%
Retail Volume	53.457	-7%
Market Share	11,9%	-0,8 pps

1H16 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS) subject to limited independent audit of Ernst & Young Global Limited.

Summary Income Statement, Million TL	30.06.2016	30.06.2015	% Change
Revenues	8.800	7.526	17%
Export	6.057	4.703	29%
Domestic	2.743	2.822	-3%
Gross Profit	994	839	18%
Operating Profit	521	465	12%
Financial Income/(Expense)	-44	-72	-39%
Profit Before Tax	476	394	21%
Net Income	464	407	14%
Other Financial Data			
Depreciation and Amortization	223	192	16%
EBITDA	744	658	13%
Capital Expenditures	-255	-189	35%

Revenues

First half industry sales were 449,320 units, down 1% YoY. Sales picked up in 2Q compared to 1Q and industry reached record 2Q volumes. PC sales grew 3%, marking the highest second quarter and first half on record. MCV sales were up 1% with highest May & June on record since 2007. LCV sales were down 9% YoY, however May & June sales were above 2015. Trucks contracted by 46% but 2Q sales were 86% higher than 1Q. PC share in the total industry was 75%, up from 72% in 2015. LCV industry share was 12%. Ford Otosan took third place in the industry with 53,457 units retail sales and 11.9% market share.

Ford Otosan's domestic wholesale volumes were down 9% YoY to 55,002 units, as the market shifted more towards the PC segment where Ford Otosan has a focus on profitability more than market share. Domestic revenues were TL 2,743 million, down 3% YoY with lower volumes. Exports grew 17% YoY to 135,583 units with market growth and ongoing strong demand for our new products. Ford maintained its No.1 position in European commercial vehicles in the first half with 13.0% market share. The Transit was Europe's best-selling CV nameplate in the combined 1- and 2-tonne market segment. With this strong performance, export revenues rose 29% YoY and reached 6,057 million TL. Total wholesale volume was 190,585 units, up 8% YoY. Total revenues were up 17% YoY to 8,800 million TL. The share of exports in total revenues was 69%, up from 62% in 1H15.

Production increased by 9% YoY to 173,996 units, yielding 84% capacity utilization rate, up from 77% a year ago.

Profitability

Profitability was strong in 1H despite rising import costs resulting from weaker TL/€ (3.26 in 1H16 versus 2.86 in 1H15) and lower domestic volumes. Drivers were:

- * Positive domestic sales mix
- * Focus on pricing to offset the impact of TL devaluation
- * Strong export volumes driving higher CUR (84% in 1H16 vs 77% in 1H15)
- * Cost reduction actions and positive impact of commodity prices

Gross profit was up by 18% YoY to TL 994 million. EBITDA grew by 13% YoY to TL 744 million. Operating profit grew by 12% YoY to TL 521 million, despite:

- * TL 9 million net other expense in 1H16 compared to TL 27 million net other income in 1H15.
- * 16% YoY rise in depreciation and amortization.

Profit before tax rose by 21% YoY to TL 476 million. Net income was TL 464 million, up 14% YoY, despite the TL 12 million tax expense as opposed to the TL 13 million tax income in 1H15, based on the deferred tax asset/investment incentives.

Margins: Gross 11.3%; EBITDA 8.5%; EBITDA margin excluding other income 8.6% and Operating 5.9%

Sales Volume by Model, units	30.06.2016	30.06.2015	% Change
Domestic Sales			
Passenger Car	18.263	22.957	-20%
Transit Courier	16.453	16.140	2%
Transit Connect	1.470	1.359	8%
Light Commercial Vehicle	17.923	17.499	2%
Transit	12.345	12.532	-1%
Transit Custom	3.186	2.820	13%
Ranger	733	106	592%
Medium Commercial Vehicle	16.264	15.458	5%
Truck	2.552	4.460	-43%
Total Domestic	55.002	60.374	-9%
Export Sales			
Transit Custom	65.607	54.794	20%
Transit	51.792	47.352	9%
Transit Courier	17.661	13.230	33%
Cargo	293	261	12%
Other	230	190	21%
Total Exports	135.583	115.827	17%
Total Wholesale Volume	190.585	176.201	8%

Total Domestic Automotive Industry	449.320	452.588	-1%
Ford Otosan Retail Sales	53.457	57.365	-7%
Ford Otosan Market Share	11,9%	12,7%	-0,8 pps

Summary Balance Sheet, Million TL	30.06.2016	31.12.2015	% Change
Current Assets	4.324	4.031	7%
Current Liabilities	3.931	3.824	3%
Property, Plant and Equipment - Net	3.290	3.251	1%
Total Assets	8.772	8.428	4%
Total Liabilities	5.586	5.368	4%
Shareholders' Equity	3.186	3.060	4%

Financial Ratios		
	30.06.2016	31.12.2015
Current Ratio (Current Ass./Current Liab)	1,10	1,05
Liquidity Ratio ((Cur. Ass. - Stock)/Cur. Liab.)	0,72	0,73
Net Financial Debt / Tangible Net Worth	0,79	0,63
Current Assets / Total Assets	0,49	0,48
Current Liabilities / Total Liabilities	0,70	0,71
Total Liabilities / Total Liabilities and Equity	0,64	0,64
Return on Equity (Net Profit/Av. Shareh. Equity)	29,1%	27,5%
	30.06.2016	30.06.2015
Gross Margin	11,3%	11,1%
EBITDA Margin	8,5%	8,7%
EBITDA Margin excluding other income/expense	8,6%	8,4%
Operating Margin	5,9%	6,2%
Net Income Margin	5,3%	5,4%

Summary Cash Flow Statement, Million TL	30.06.2016	30.06.2015	% Change
Beginning Balance of Cash & Equivalents	980	577	70%
Net Cash Generated from Operating Activities	133	-122	NM
Net Cash Used in Investing Activities	-240	-174	38%
Net Cash Used in Financing Activities	-80	1	NM
End of Period Balance of Cash & Equivalents	793	282	181%

2016 Guidance	
Total Industry Volume	980k - 1,000k
Ford Otosan:	
Retail Sales Volume	120k-125k
Export Volume	260k-265k
Wholesale Volume	380k-390k
Production Volume	335k-340k
Capex (fixed assets)	€190-200 million

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