



Ford

OTOSAN

2017 FY Financial Results

13 February 2018



Ford

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CFO

Agenda

Since We Last Met

European Industry & Ford

Financial Results

Q & A





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Since We Last Met

2017 in a Nutshell – A Year of Records!

- ✓ Reinforced leadership in commercial vehicles – 30.3% market share
- ✓ Turkey's export champion
- ✓ Record production (capacity increase & CUR)
- ✓ Highest employment in Turkish automotive – 11,501 employees
- ✓ Record dividend payment & strong relative share performance
- ✓ Ford Trucks global expansion & JMC 2018 China Truck of the Year

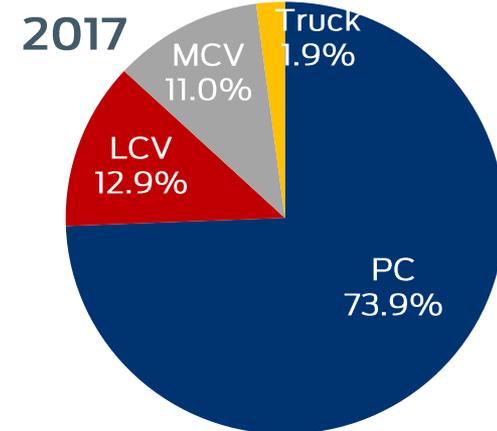
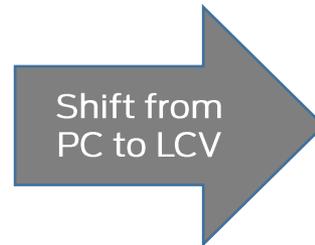
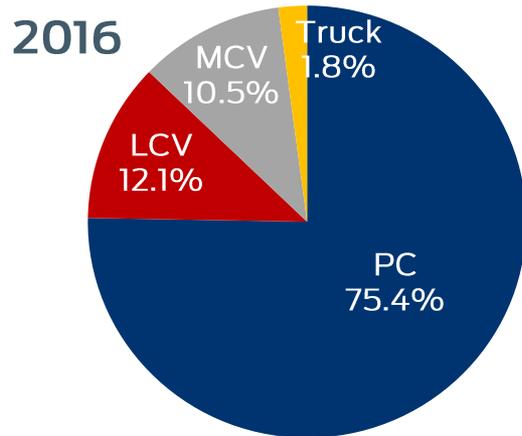
Domestic Industry and Ford Otosan At a Glance

**FY17
Domestic Sales**

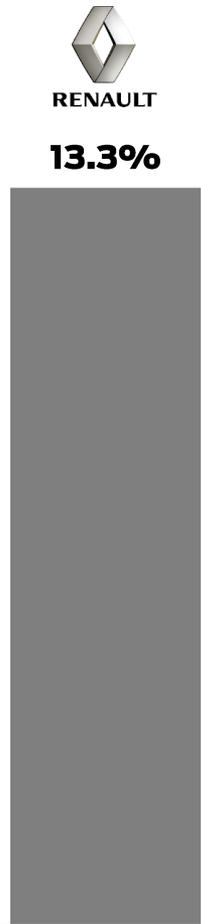
Segments	Industry	Ford Otosan	% Share	Ranking
Commercial Vehicles	252,180	76,397	30.3	#1
Light Commercial	126,111	31,881	25.3	#2
Medium Commercial	107,324	39,333	36.6	#1
Truck	18,745	5,183	27.7	#2
Passenger Cars	722,759	39,850	5.5	#8
Total	977,483	116,247	11.9	#4
		Ford's 4 th highest in Europe	Ford's 2 nd largest in Europe	

Slight Industry Shift from PC to LCV

Segments	2017	2016	% Change
Passenger Cars	722,759	756,938	-5
Light Commercial	126,111	121,620	+4
Medium Commercial	107,324	105,162	+2
Truck	18,745	18,482	+1
Total	977,483	1,004,313	-3



Total Industry Market Shares, 2017



Renault

Fiat

VW

Ford

Hyundai

YoY change
pps

1.2

1.7

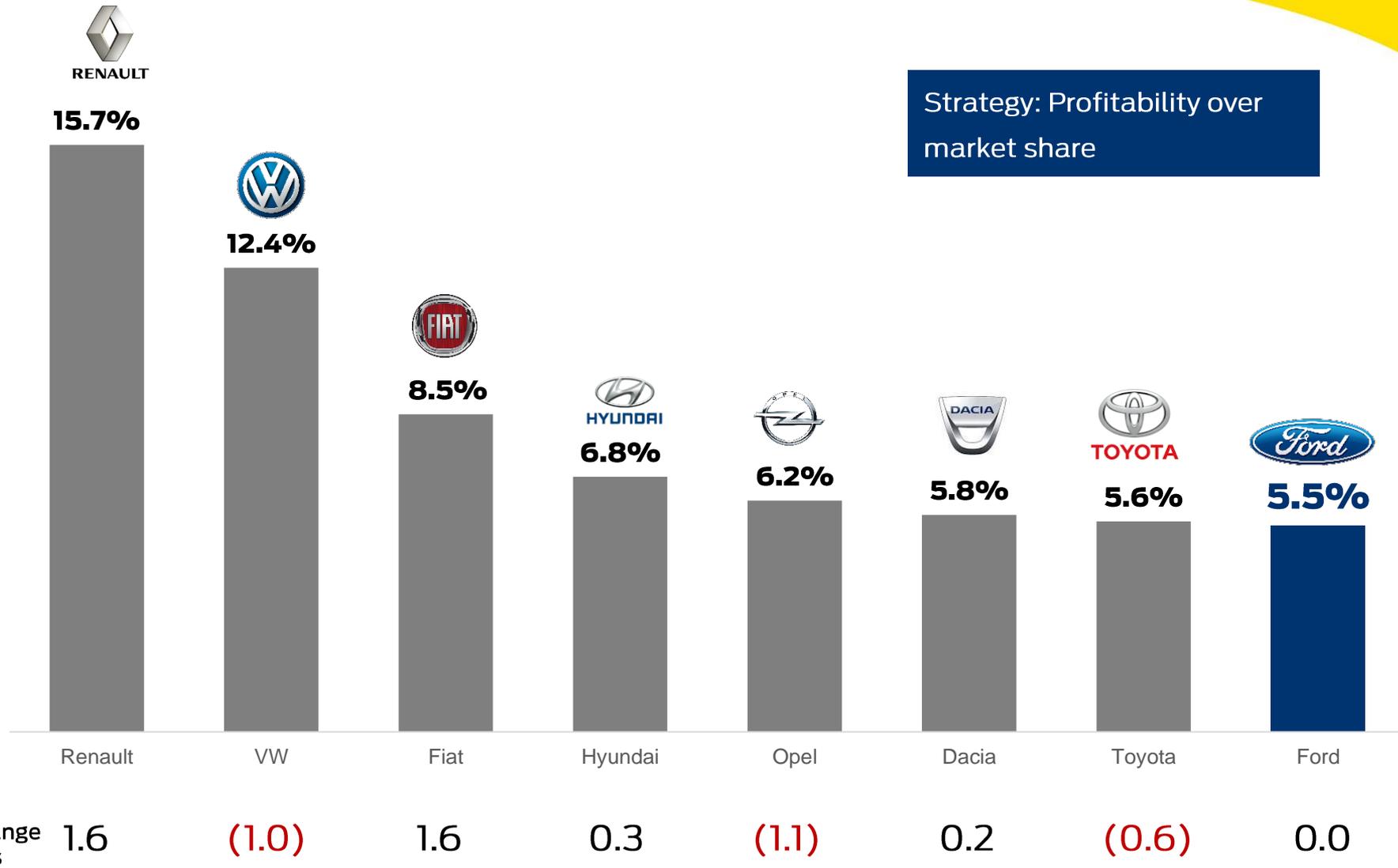
(1.4)

0.5

0.2

PC Market Shares, 2017

Strategy: Profitability over market share



LCV Market Shares, 2017



40.6%



Fiat

1.9



25.3%



Ford

(1.0)



RENAULT

8.4%



Renault

1.1



7.8%



VW

(2.1)



PEUGEOT

7.0%



Peugeot

(0.1)

Strategy: Profitable growth

Courier continues to lead the segment

Lower YoY market share due to pricing focus

YoY change pps

MCV Market Shares, 2017



36.6%



Ford

2.1



16.7%



VW

(2.9)



8.4%



Mercedes

0.8



7.0%



Fiat

0.6



RENAULT

5.7%



Renault

(0.1)

Strategy: Profitable growth

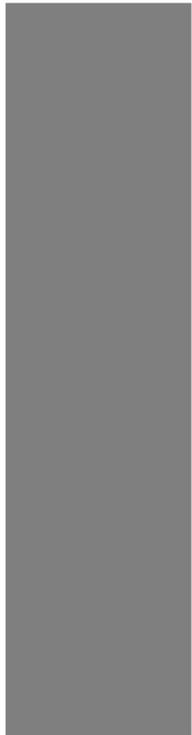
Higher market share than the next 3 brands combined

YoY change
pps

HCV Market Shares, 2017



43.0%



Mercedes



27.7%



Ford



9.2%



MAN



9.1%



Scania



4.0%



Volvo

Stiff competition in December resulted in slightly lower market share YoY

YoY change pps

1.5

(0.5)

0.4

(1.7)

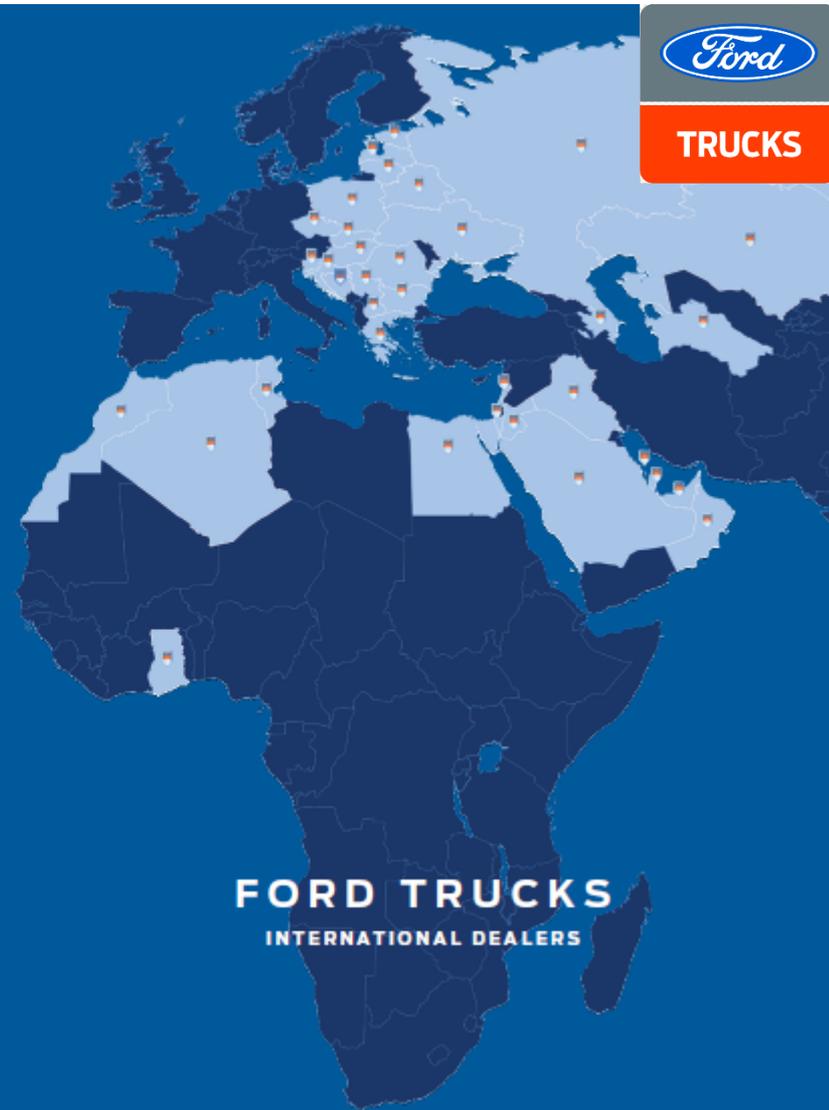
0.9

High Capacity Utilization Rates

		Production	Capacity	CUR
Ford Otosan Total	2017	373,007	440,000 	88% 
	2016	333,749	415,000	80%
Gölcük Plant	2017	293,856	315,000 	98% 
	2016	258,084	290,000	89%

International Expansion in 28 Countries as of 2017

ALGERIA AZERBAIJAN
BAHRAIN BOSNIA
BULGARIA CROATIA
EGYPT
GEORGIA GHANA GREECE
HUNGARY IRAQ ISRAEL
JORDAN KAZAKHSTAN KUWAIT
LEBANON
MACEDONIA MOROCCO OMAN
QATAR ROMANIA
RUSSIA SAUDI ARABIA
SLOVAKIA
TURKMENISTAN UNITED ARAB
EMIRATES UKRAINE



JMC Trucks Awarded '2018 Truck of The Year' China



Great Performance & Innovative Design

JMC HEAVY TRUCK

The vehicle structure is derived from the years of technology and experience of the Ford locomotive company.



Refreshed Transit Range 2018



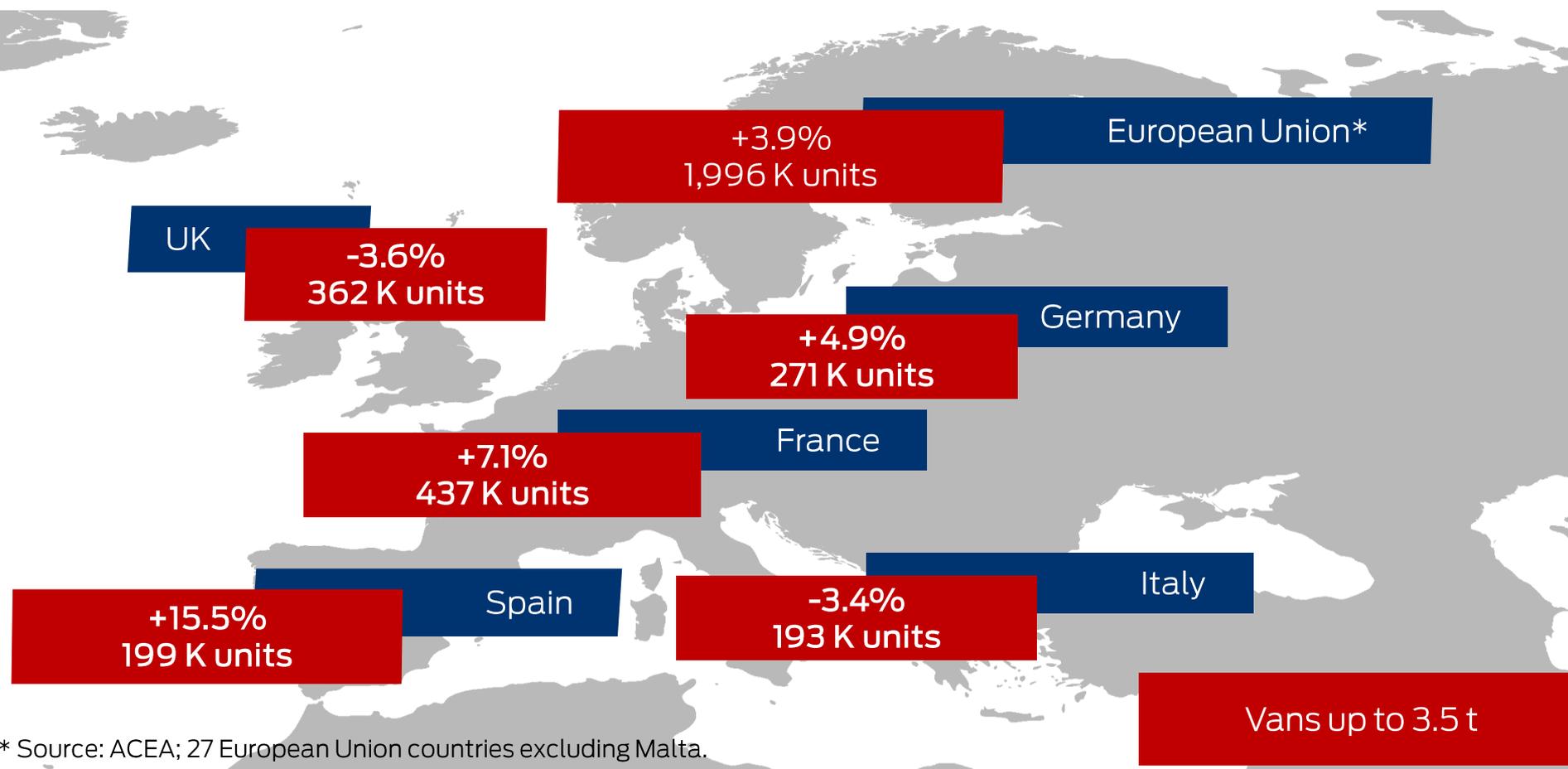
**European Industry
&
Ford**

Ford

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EU Van Registrations Up 3.9% in 2017

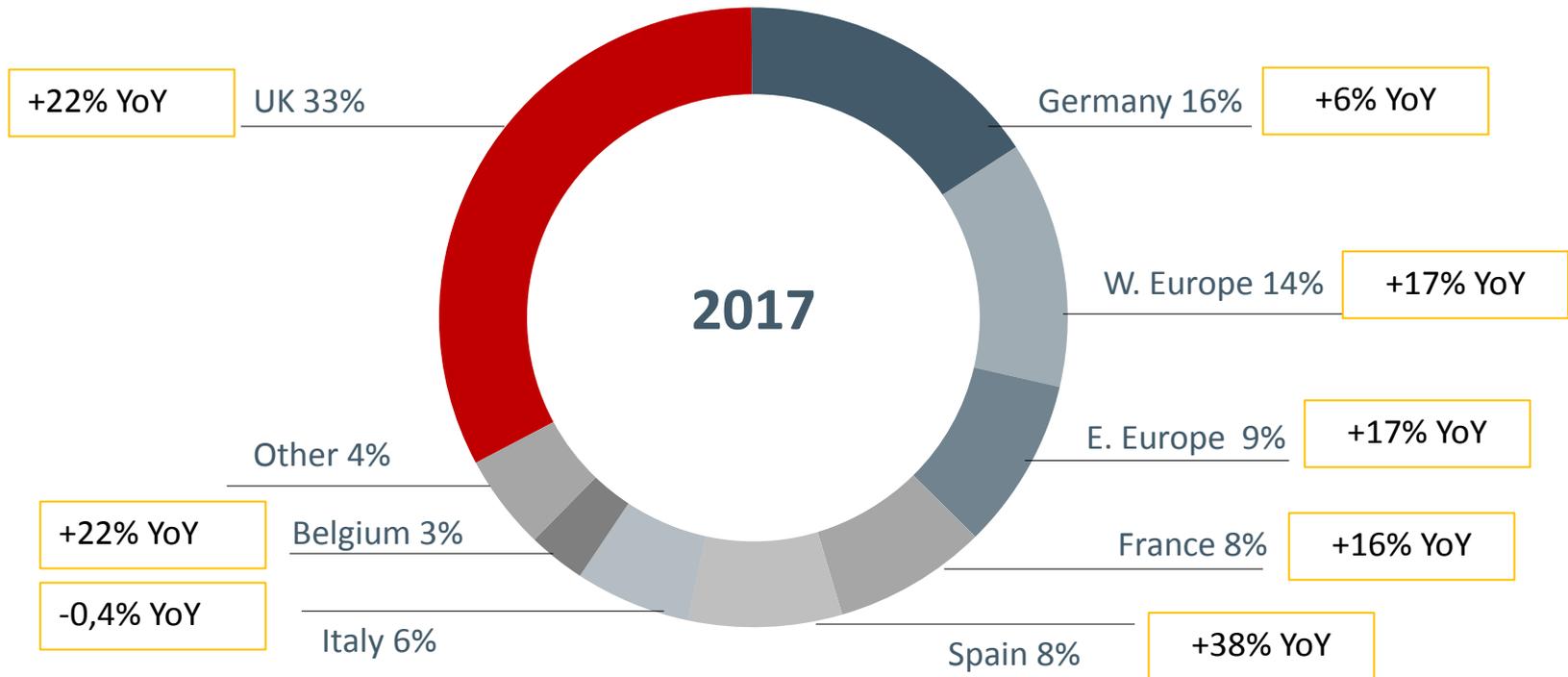
Industry growth supported by firmer and broader economic recovery



* Source: ACEA; 27 European Union countries excluding Malta.

Record 2017 Exports

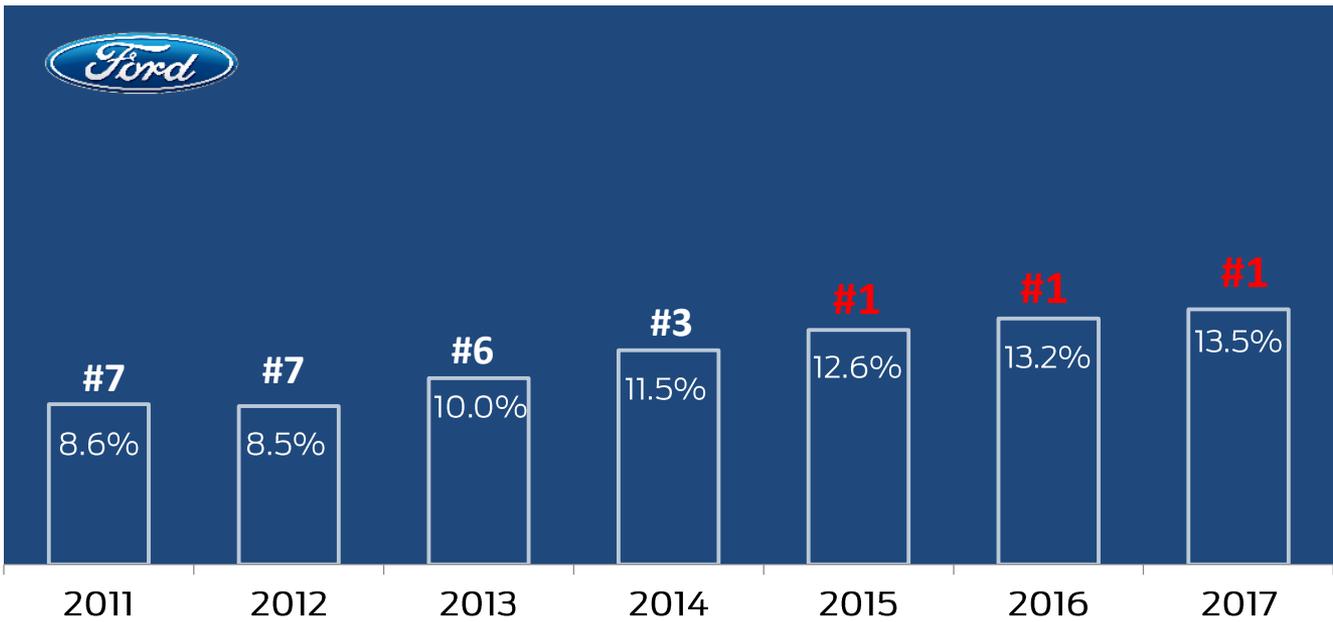
Export breakdown (units)



Change in Ford Otosan's unit exports to the relevant market

All export revenues are €-denominated including non-€ countries

Ford Leads European CVs with Higher Market Share



7.2%
Dec YoY growth
in Ford's CV sales

80%
Ford Otosan's share in
Ford Europe's Transit Sales

UK Industry: -3.6%
Ford: +2.0%
Ford is #1
Source: SMMT

Ford Otosan: Key Driver of Ford's Market Share

& Pillar of profitability for Ford of Europe

MOVE IT.

MAKE IT.

WORK IT.

FORD TRANSIT.



Courier



Connect



Custom



Transit

80%

of Transit Family vans
sold by Ford in Europe

are produced by

FORD OTOSAN

2017: Ford's Best Ever Total CV Sales

Top Markets by Model



Custom

- 1. UK
- 2. Germany
- 3. France
- 4. Italy
- 5. Spain



Transit

- 1. UK
- 2. Germany
- 3. France
- 4. Russia
- 5. Italy



Courier

- 1. Spain
- 2. Germany
- 3. UK
- 4. Italy
- 5. Poland

Ford's EV Plans



- IONITY is the newly formed JV of BMW Group, Daimler AG, Ford Motor Company and the VW Group with Audi and Porsche to build a network of reliable and powerful charging stations.
- Until 2020, about 400 fast charging stations across Europe will be implemented.



- Ford Motor Company will invest USD 11 billion by 2022 and have 40 hybrid and fully electric vehicles in its model lineup.
- The refreshed Transit Custom model will be launched in early 2018, to be joined by a new Plug-in Hybrid (PHEV) derivative in 2019.

Ford Motor Co. 2017 Results

Ford Motor Co.

	Wholesales	Revenue (GAAP)	Total Market Share	Operating Margin (GAAP)	Pre-Tax Profit (GAAP)
2017 FY	6,607K	\$145.7B	7.0%	5.0%	\$7.3B
B/W 2016	(44)K	\$4.2B	(0.2) pts	(1.7) pts	\$(2.2)B

In 4Q, top-line metrics up YoY, including market share

Revenue was up 4% from a year ago due to higher volume

Lower YoY profit driven by Expedition and Navigator launch effects and higher commodity and warranty costs

Ford of Europe

	Wholesales	Revenue (GAAP)	Total Market Share	Operating Margin (GAAP)	Pre-Tax Profit (GAAP)
2017 FY	1,504K	\$29.7B	7.5%	0.8%	\$234M
B/W 2016	43K	\$1.2B	(0.2) pts	(3.4) pts	\$(971)M

Bottom-line was lower due to Brexit effects, higher warranty and commodity costs

Higher revenue driven by favorable mix as well as higher volume and net pricing

Commercial vehicle share improved and Ford remained Europe's best selling commercial vehicle brand.



Ford

OTOSAN

2017
Results

Highlights

TL 25,341 million

Revenues, +39% YoY

Record FY revenues
Record FY sales volume; up 11%
Driven by strong exports

TL 17,830 million

Export Revenues, +45% YoY

Record volumes; up 16%
Growth in European van segment
Higher demand for our products
Currency impact

TL 7,511 million

Domestic Revenues, +25% YoY

Despite flat volumes
Pricing strategy
Positive sales mix

TL 2,182 million

EBITDA, +39% YoY

Despite 26% growth in gross profit
Driven by strong OpEx control, cost reduction actions and better YoY OpEx/Sales
Lower R&D expenses
Higher fx gains

TL 1,481 million

Profit Before Tax, +53% YoY

Despite pressure from 66% rise in net financial expenses driven by 137% higher net fx loss

TL 1,490 million

Net Income, +56% YoY

Higher than PBT due to tax income resulting from deferred tax asset

Main Financial Indicators

Million TL		2017	2016	YoY %	4Q17	4Q16	YoY%
Total Revenues	Record	25,341	18,289	39%	8,203	5,649	45%
Export	Record	17,830	12,287	45%	5,419	3,567	52%
Domestic	Record	7,511	6,002	25%	2,784	2,083	34%
Gross Profit	Record	2,637	2,086	26%	837	634	32%
Operating Profit	Record	1,708	1,111	54%	580	367	58%
EBITDA	Record	2,182	1,567	39%	700	485	44%
Profit Before Tax	Record	1,481	970	53%	495	314	58%
Net Income	Record	1,490	955	56%	510	317	61%
Other Financial Data							
Depreciation & Amortization		474	456	4%	120	118	3%
Financial Income / (Expense)		- 24	- 135	66%	- 83	- 49	69%

Volume & Revenue Analysis

	4Q17/4Q16		2017/2016	
	Volume	Revenue	Volume	Revenue
Total	18%	50%	11%	39%
Export	25%	45%	16%	45%
Domestic	6%	59%	0%	25%

Domestic revenues higher despite flat volumes

Pricing discipline
Positive sales mix

Export revenue growth driven by

Record volumes
Currency impact

Sales Volume by Model

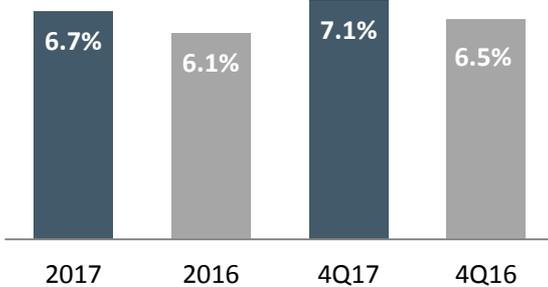
	2017	2016	YoY%	4Q17	4Q16	YoY %
Total Domestic	115,462	115,786	0%	41,092	38,618	6%
PC	33,543	33,236	1%	10,764	9,100	18%
LCV	37,296	40,338	-8%	13,772	14,614	-6%
Transit Courier	35,549	37,451	-5%	13,284	13,886	-4%
Transit Connect	1,747	2,887	-39%	488	728	-33%
MCV	39,433	36,703	7%	14,625	12,867	14%
Transit	29,080	27,629	5%	10,844	9,567	13%
Transit Custom	7,642	7,037	9%	2,670	2,370	13%
Ranger	2,711	2,037	33%	1,111	930	19%
Truck	5,190	5,509	-6%	1,931	2,037	-5%
Total Export	297,396	257,246	16%	85,701	68,511	25%
Transit Custom	157,502	129,792	21%	45,233	36,988	22%
Transit	100,181	93,077	8%	26,567	22,656	17%
Transit Courier	37,864	33,063	15%	13,179	8,335	58%
Cargo	1,309	877	49%	684	416	64%
Other	540	437	24%	38	116	-67%
Total Wholesale	412,858	373,032	11%	126,793	107,129	18%

Record

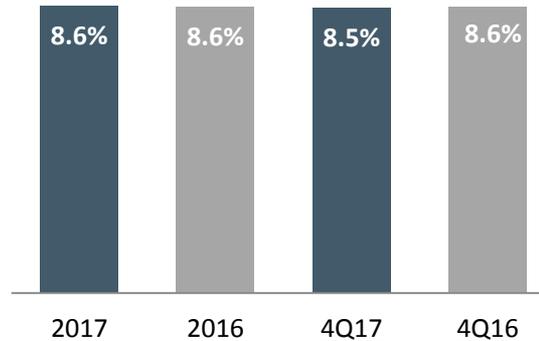
Record

Solid Profitability

Operating Margin



EBITDA Margin



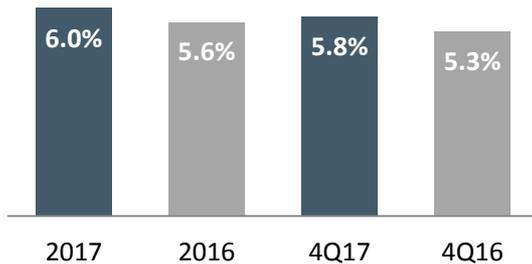
Challenges:

- Considerable cost pressure resulting from weaker €/TL (+23% YoY), rising inflation and commodity prices
- High base year

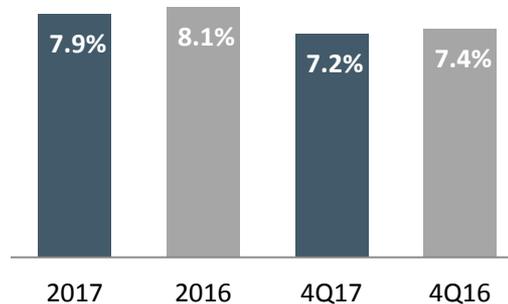
Drivers:

- + Pricing focus to offset the cost impact (weak & volatile TL, rising inflation and commodity prices)
- + Positive domestic sales mix and focus on high margin products (share of imports at 33%; Local MCV+Truck share up 1 pps to 36%)
- + High CUR: Up 8 pps YoY to 88% with rising export demand and 12% more production
- + Cost reduction actions and strong OpEx control

Operating Margin (excl. Other items)



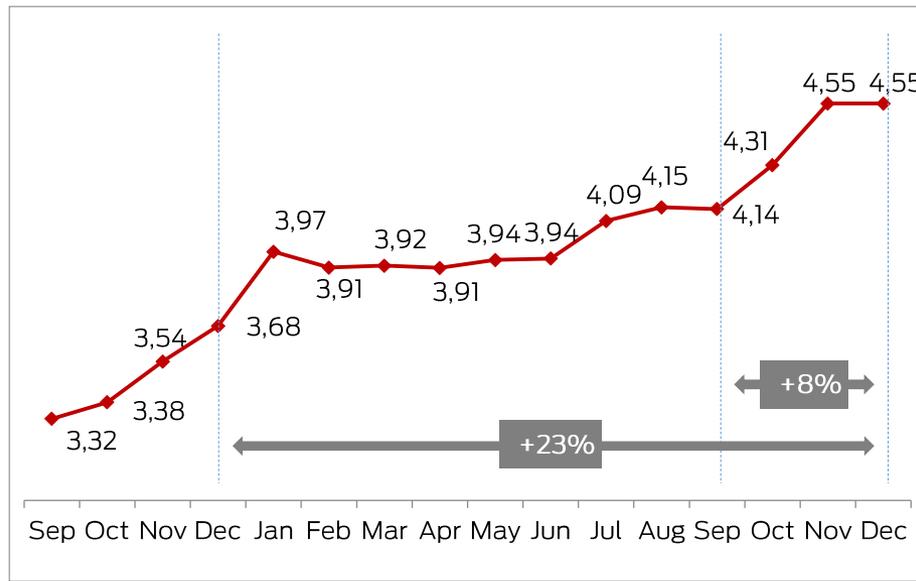
EBITDA Margin (excl. Other items)



Cost Pressure Weighed on Gross Profit

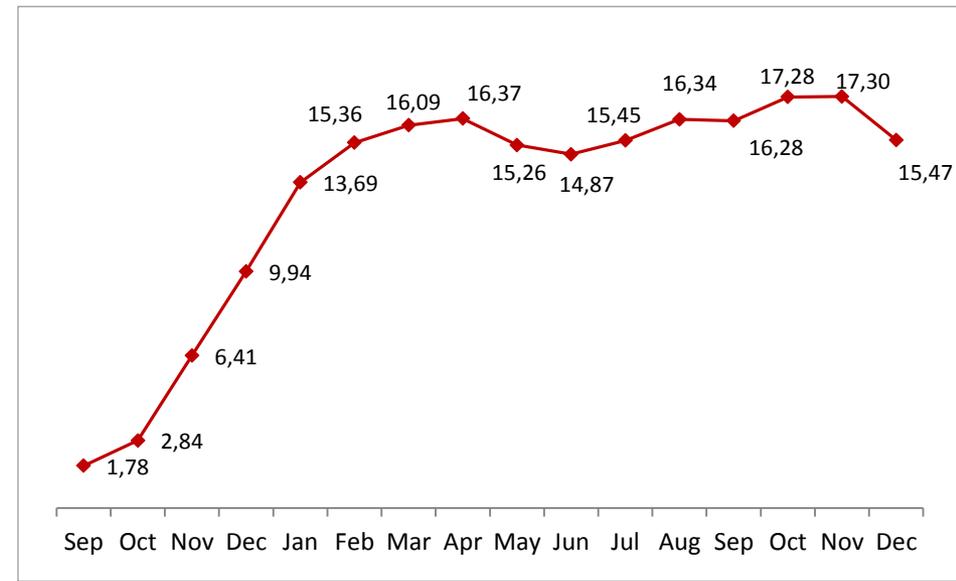
YoY change	1Q17	2Q17	3Q17	4Q17	2017
Production Volume	Flat	12%	11%	23%	12%
Raw Material Costs	34%	44%	44%	56%	45%

EUR/TL Rate



Source: CBT

PPI Inflation, %



Source: CBT

Debt Profile & Financial Ratios

Cash Position (TL mn)	31.12.2017	31.12.2016
Cash & Cash Equivalents	1,806	1,189
Total Financial Debt	(3,604)	(2,852)
Net Financial Debt	(1,798)	(1,663)
Financial Ratios	31.12.2017	31.12.2016
Current ratio	1.13	1.09
Liquidity ratio	0.87	0.79
Net Financial Debt / Tangible Net Worth	0.60	0.64
Current Assets / Total Assets	0.57	0.50
Current Liabilities / Total Liabilities	0.73	0.70
Total Liabilities / Total Liabilities and Equity	0.69	0.66
Net Debt / EBITDA	0.90	1.12
Return on Equity	40.3%	30.2%
Margins	31.12.2017	31.12.2016
Gross Margin	10.4%	11.4%
EBITDA Margin	8.6%	8.6%
EBITDA Margin (excl.other items)	7.9%	8.1%
Operating Margin	6.7%	6.1%
Net Margin	5.9%	5.2%

2018 Guidance

	2016A	2017A	2018F
Turkish Industry Volume	1,004 K	977 K	950 – 1,000 K
Ford Otosan Retail Sales Volume	115 K	116 K	110 – 120 K
Exports	257 K	297 K	295 – 305 K
Wholesale Volume	373 K	413 K	405 – 425 K
Production Volume	334 K	373 K	370 – 380 K
Capex (fixed assets)	€152 mn	€ 175 mn	€210 – 230 mn

Q & A

BİR BAŞKA
Ford

