



Ford

OTOSAN

2017 FY Financial Results

13 February 2018

The image features a large, stylized blue 'Ford' logo in a script font. Behind the logo, there are several overlapping, curved shapes in shades of blue, purple, and yellow, creating a dynamic, swooshing effect. The background is white.

Ford

OTOSAN

Oğuz Toprakoğlu
CFO

Agenda



Since We Last Met

European Industry & Ford

Financial Results

Q & A



Ford

OTOSAN

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

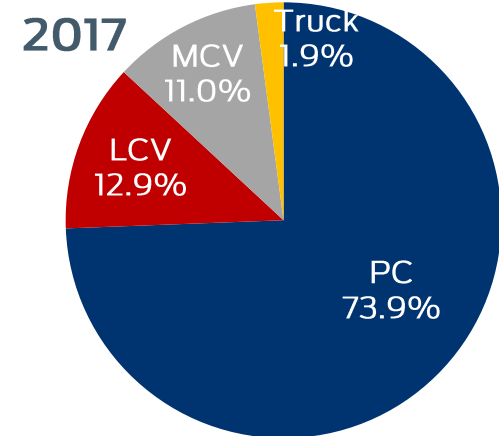
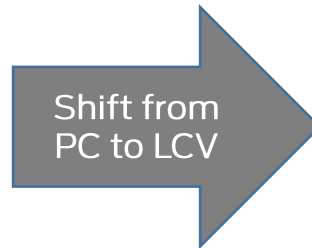
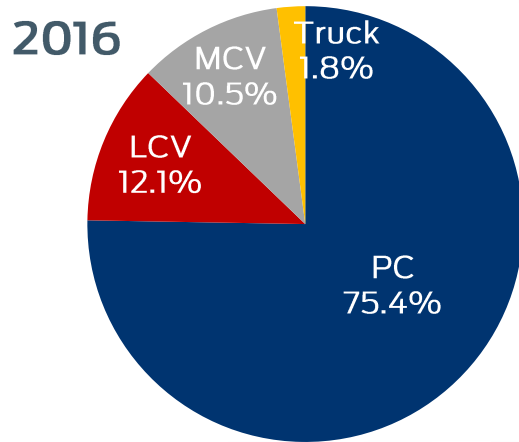
Domestic Industry and Ford Otosan At a Glance

**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



13.3%

Renault



12.3%

Fiat



12.0%

VW



11.9%

Ford



5.3%

Hyundai

YoY change
pps

1.2

1.7

(1.4)

0.5

0.2

PC Market Shares, 2017

Strategy: Profitability over market share



15.7%



12.4%



8.5%



6.8%



6.2%



5.8%



5.6%



5.5%

Renault

VW

Fiat

Hyundai

Opel

Dacia

Toyota

Ford

YoY change
pps

1.6

(1.0)

1.6

0.3

(1.1)

0.2

(0.6)

0.0

LCV Market Shares, 2017



40.6%



Fiat



25.3%



Ford



RENAULT

8.4%



Renault



7.8%



VW



PEUGEOT

7.0%



Peugeot

Strategy: Profitable growth

Courier continues to lead the segment

Lower YoY market share due to pricing focus

YoY change
pps

1.9

(1.0)

1.1

(2.1)

(0.1)

MCV Market Shares, 2017



36.6%



Ford



16.7%



VW



8.4%



Mercedes



7.0%



Fiat



RENAULT

5.7%



Renault

Strategy: Profitable growth

Higher market share than the next 3 brands combined

YoY change
pps

2.1

(2.9)

0.8

0.6

(0.1)

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)

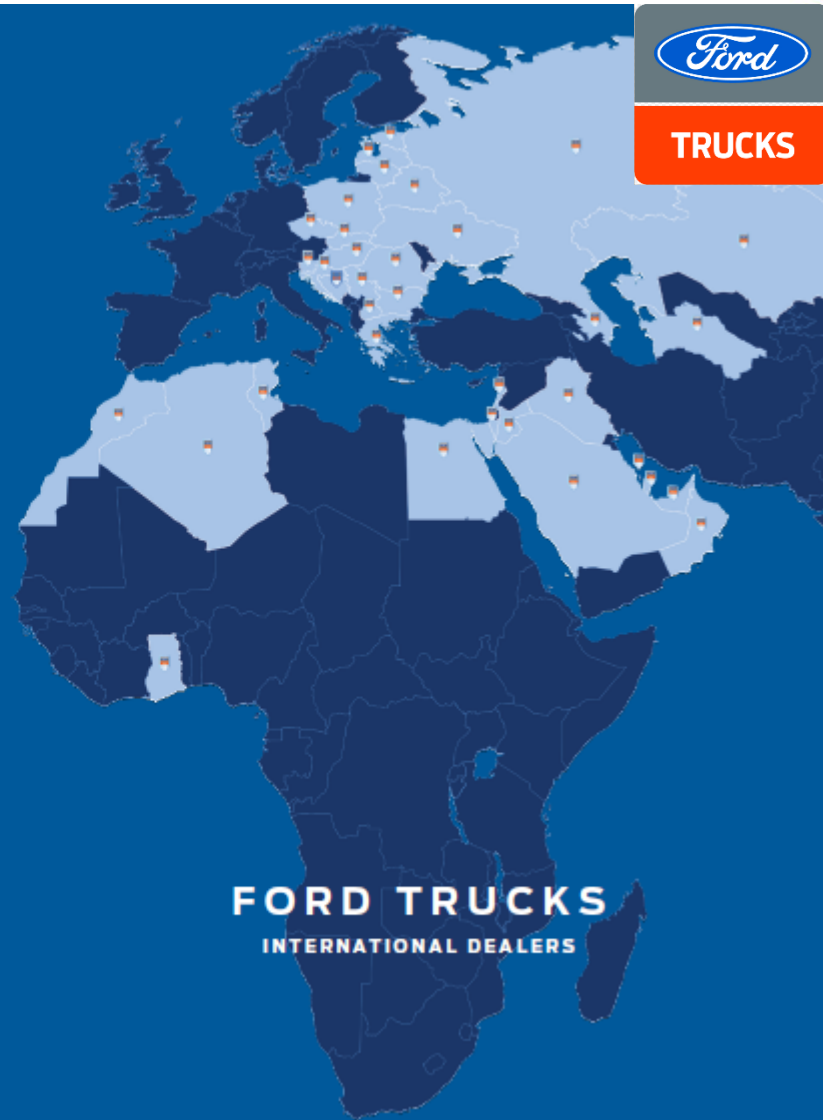
0.9

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

OTOSAN

EU Van Registrations Up 3.9% in 2017

Industry growth supported by
firmer and broader economic recovery

UK

-3.6%
362 K units

+3.9%
1,996 K units

European Union*

Germany

+4.9%
271 K units

France

+7.1%
437 K units

Spain

+15.5%
199 K units

Italy

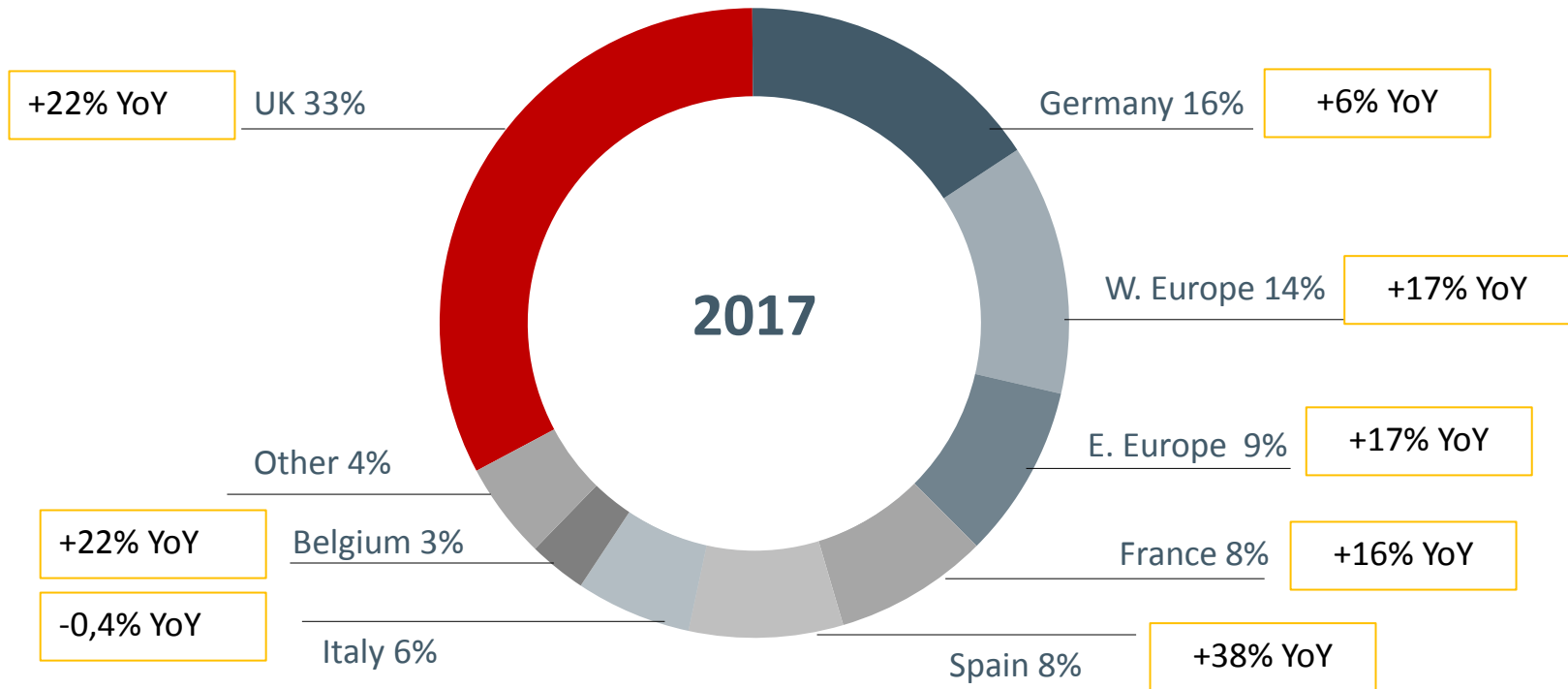
-3.4%
193 K units

Vans up to 3.5 t

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

Record 2017 Exports

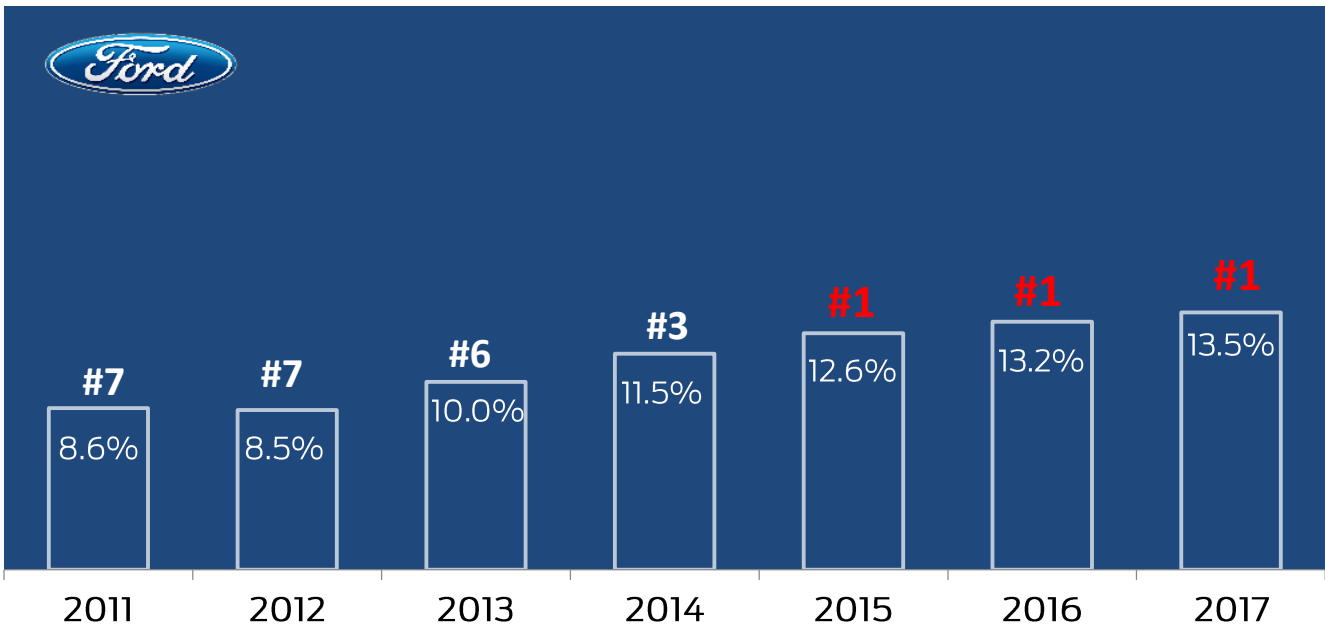
Export breakdown (units)



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.

The image features a large, stylized blue Ford logo in a script font. The logo is set against a background of abstract, flowing shapes in shades of blue, purple, and yellow. The shapes appear to be part of a larger graphic element that extends across the top and sides of the page.

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

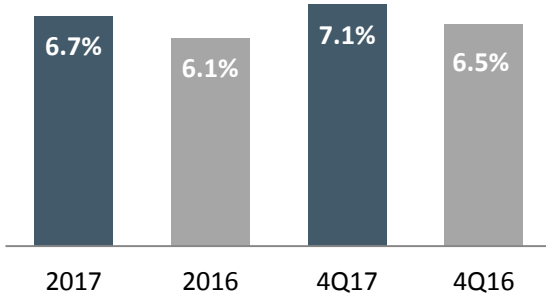
| | 2017 | 2016 | YoY% | 4Q17 | 4Q16 | YoY % |
|------------------------|----------------|----------------|------------|----------------|----------------|------------|
| Total Domestic | 115,462 | 115,786 | 0% | 41,092 | 38,618 | 6% |
| PC | 33,543 | 33,236 | 1% | 10,764 | 9,100 | 18% |
| LCV | 37,296 | 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

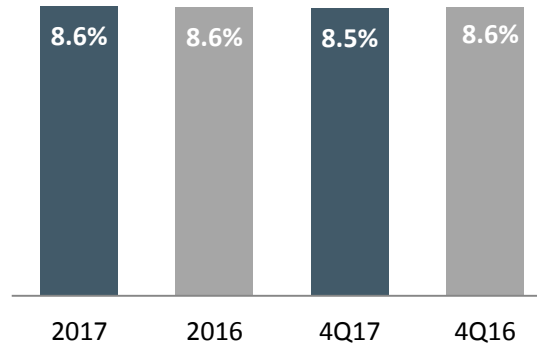
Record

Solid Profitability

Operating Margin



EBITDA Margin



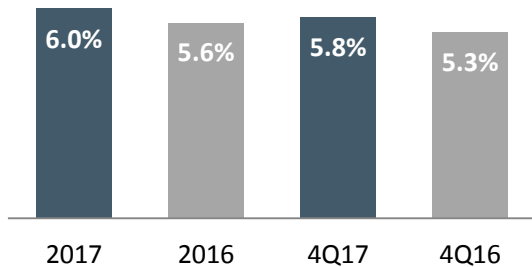
Challenges:

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

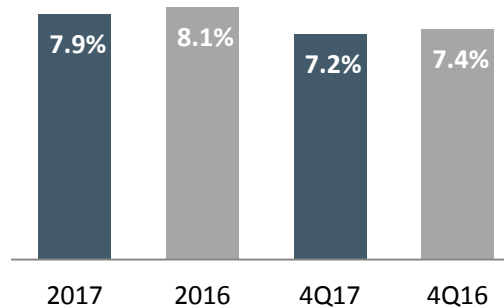
Drivers:

- + 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)



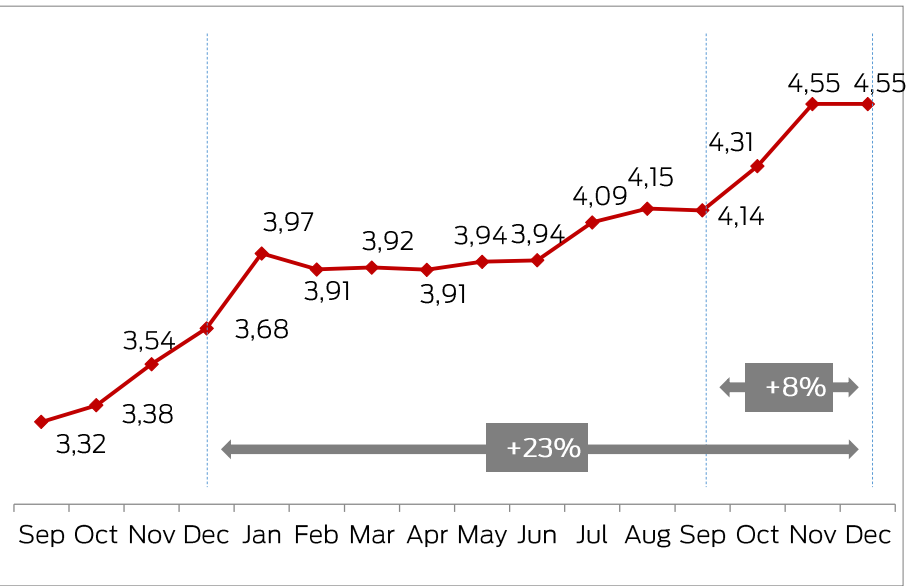
EBITDA Margin (excl. Other items)



Cost Pressure Weighed on Gross Profit

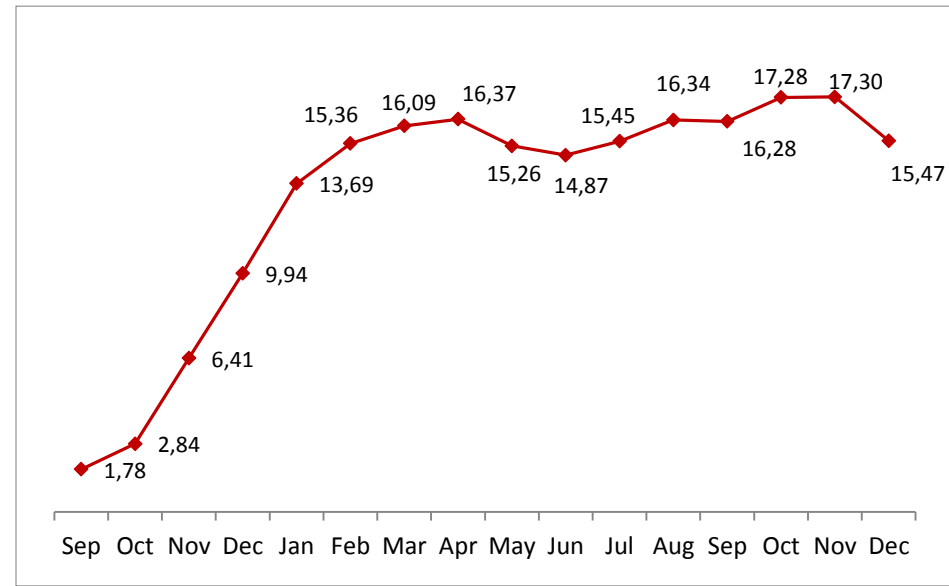
| YoY change | 1Q17 | 2Q17 | 3Q17 | 4Q17 | 2017 |
|--------------------|------|------|------|------|------|
| Production Volume | Flat | 12% | 11% | 23% | 12% |
| Raw Material Costs | 34% | 44% | 44% | 56% | 45% |

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

