

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	15.472	33%
Export Revenues	12.099	39%
Domestic Revenues	3.374	13%
Operating Profit	1.139	61%
EBITDA	1.408	49%
Profit Before Tax	940	49%
Net Income	919	45%
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>
Total Wholesale Volume	206.362	3%
Export Volume	165.166	8%
Domestic Wholesale Volume	41.196	-15%
Domestic Retail Volume	40.942	-17%
Market Share	11,3%	-0.7 pps
Production	198.601	7%
Capacity Utilization Rate	90%	1%

Summary Income Statement, Million TL	30.06.2018	30.06.2017	% Change
Revenues	15.472	11.653	33%
Export	12.099	8.676	39%
Domestic	3.374	2.977	13%
Gross Profit	1.679	1.172	43%
Operating Profit	1.139	708	61%
Financial Income/(Expense)	-196	-77	156%
Profit Before Tax	940	630	49%
Net Income	919	634	45%
Other Financial Data			
Depreciation and Amortization	270	236	14%
EBITDA	1.408	944	49%
Capital Expenditures	-424	-370	15%

Revenues

Turkish auto industry contracted 11% YoY in 1H18 to 362,406 units. PC (10%), LCV (25%) and MCV (11%) sales declined while HCV (+11%) sales grew YoY. PC share in the total industry was 76%, up 140 bps from a year ago. LCV industry share was 11%, down 200 bps. Ford Otosan took 2nd place in the total industry with 11.3% market share and 40,942 unit retail sales and reinforced its CV leadership with 30.9%.

Domestic revenues were TL 3,374 million, up 13% YoY, despite 15% volume decline (caused by contracting market and pricing focus). Domestic wholesale volumes were 41,196 units.

Export revenues rose 39% YoY to TL 12,099 million with market growth, ongoing strong demand for our products and currency impact. Export volumes grew 8% YoY to 165,166 units, marking the highest 6-month volumes on record.

Total revenues were up 33% YoY to TL 15,472 million. Volumes (export & total), revenues, gross profit, operating profit, EBITDA, PBT and net income were the highest first half on record.

Profitability

Profitability was strong despite considerable cost pressure (resulting from weaker €/TL (+26% YoY), high inflation and commodity prices) and contracting domestic volumes. Drivers were:

- + High CUR: 90% with rising export demand and production
- + Positive impact of currency fluctuations on gross profit resulting from export operations
- + Pricing focus to offset the cost impact
- + Cost reduction actions and strong OpEx control
- + Lower share of imports in domestic sales (31% vs 35% YoY)
- + 295% rise in net fx gains from export business

Revenues and cost of sales were up 33% and 32%, respectively, YoY. Gross profit was TL 1,679 million, up 43% YoY, boosted by the positive impact of currency fluctuations on export operations. Operating profit grew 61% YoY to TL 1,139 million, with strong OpEx control (3.8% in 1H18 vs. 4.2% in 1H17) and net fx gains from operating activities (TL 69 million in 1H18 vs. TL 18 million in 1H17). EBITDA grew 49% YoY to TL 1,408 million. Profit before tax rose 49% YoY to TL 940 million, despite the pressure from net financial expenses (156% more YoY driven by 162% rise in net fx loss). Net income was up 45% to TL 919 million.

Margins: Gross 10.8% (up 70 bps YoY); EBITDA 9.1% (up 100 bps YoY); EBITDA excluding other income 8.8% (up 100 bps YoY); Operating 7.4% (up 130 bps YoY); and Net 5.9% (up 50 bps YoY).

Sales Volume by Model, units	30.06.2018	30.06.2017	% Change
Domestic Sales	41.196	48.659	-15%
Passenger Car	11.565	15.185	-24%
Transit Courier	13.389	15.777	-15%
Transit Connect	512	791	-35%
Light Commercial Vehicle	13.901	16.568	-16%
Transit	9.484	11.234	-16%
Transit Custom	3.204	2.779	15%
Ranger	671	902	-26%
Medium Commercial Vehicle	13.359	14.915	-10%
Truck	2.371	1.991	19%
Export Sales	165.166	152.388	8%
Transit Custom	84.097	79.249	6%
Transit	61.176	53.926	13%
Transit Courier	18.999	18.431	3%
Cargo	776	378	105%
Other	118	404	-71%
Total Wholesale Volume	206.362	201.047	3%

Total Domestic Automotive Industry	362.406	409.364	-11%
Ford Otosan Retail Sales	40.942	49.195	-17%
Ford Otosan Market Share	11,3%	12,0%	-0.7 pps

Summary Balance Sheet, Million TL	30.06.2018	31.12.2017	% Change
Current Assets	7.185	6.827	5%
Current Liabilities	6.664	6.050	10%
Property, Plant and Equipment - Net	3.572	3.536	1%
Total Assets	12.539	12.012	4%
Total Liabilities	8.938	8.316	7%
Shareholders' Equity	3.601	3.696	-3%

Financial Ratios	30.06.2018	31.12.2017
Current Ratio	1,08	1,13
Liquidity Ratio	0,67	0,87
Net Financial Debt / Tangible Net Worth	0,96	0,60
Current Assets / Total Assets	0,57	0,57
Current Liabilities / Total Liabilities	0,75	0,73
Total Liabilities / Total Liabilities and Equity	0,71	0,69
Return on Equity	51,0%	40,3%
	30.06.2018	30.06.2017
Gross Margin	10,8%	10,1%
EBITDA Margin	9,1%	8,1%
EBITDA Margin excluding other income/expense	8,8%	7,8%
Operating Margin	7,4%	6,1%
Net Income Margin	5,9%	5,4%

Summary Cash Flow Statement, Million TL	30.06.2018	30.06.2017	% Change
Beginning Balance of Cash & Equivalents	1.803	1.189	52%
Net Cash Generated from Operating Activities	832	766	9%
Net Cash Used in Investing Activities	-392	-369	6%
Net Cash (Used in) /Generated from Financing Activities	-958	151	-
End of Period Balance of Cash & Equivalents	1.285	1.737	-26%

2018 Guidance

Total Industry Volume	780 K - 830 K
Ford Otosan:	
Retail Sales Volume	85 K - 95 K
Export Volume	320 K - 330 K
Wholesale Volume	410 K - 430 K
Production Volume	385 K - 395 K
Capex (fixed assets)	€190 -210 million

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