



1H19 Financial Results Meeting
5 August 2019

Agenda

- **1H19 Evaluation**
- **Product & FoE Strategy Update**
- **Ford Trucks Update**
- **European Industry & Ford**
- **Financial Results**
- **Q & A**

1H19 Evaluation

1H19 Highlights

	Record 1H exports	168,148 units
	Ford continued to lead European CVs	13.7% market share
	Ford Otosan remained Turkey's CV market leader	36% market share
	Operational efficiency remained high despite the temporary impact of Transit facelift transition	82% CUR

Ford Otosan Strengthens Position in CV Segment

1H19
Domestic Sales

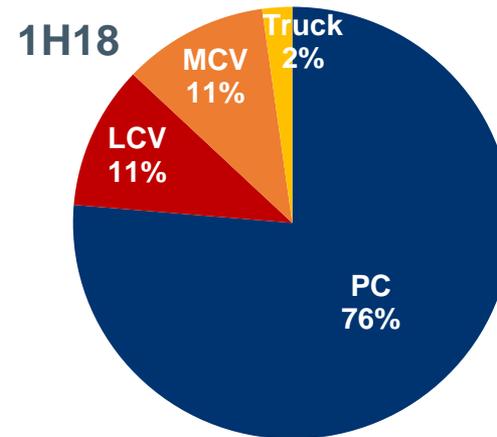
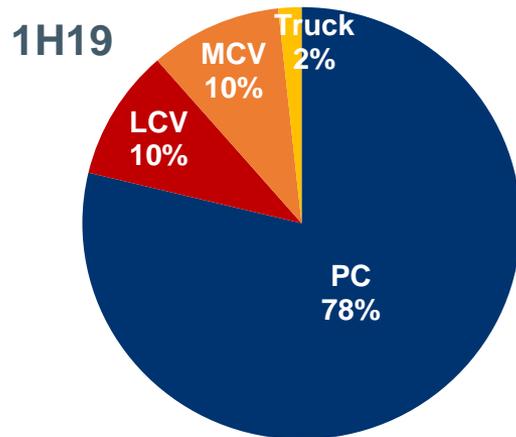
Segments	Industry	Ford Otosan	% Share	Ranking
Commercial Vehicles	42,089	15,013	35.7%	1
Light Commercial	19,418	6,024	31.0%	1
Medium Commercial	19,348	8,060	41.7%	1
Truck	3,323	929	28.0%	2
Passenger Cars	156,378	5,472	3.5%	11
Total	198,883*	20,485	10.3%	3

Ford's 3rd
largest in
Europe

* Total industry volumes include PC, LCV, MCV, HCV and Truck sales.

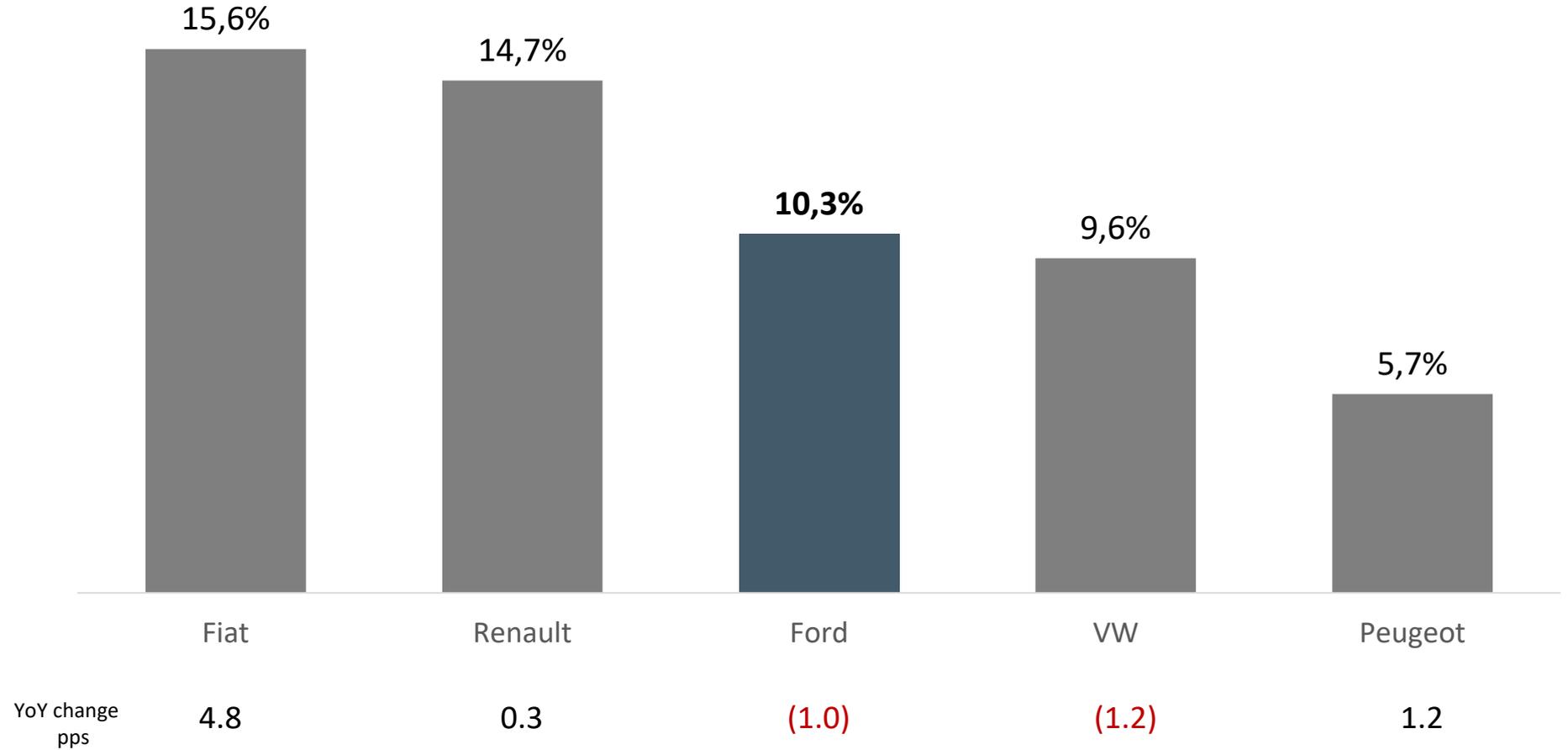
PC Industry Share Rose YoY

Segments	1H19	1H18	% Change
Passenger Cars	156.378	275.870	-43%
Light Commercial	19.418	38.709	-50%
Medium Commercial	19.348	38.769	-50%
Truck	3.323	8.056	-59%
Total*	198.883	362.406	-45%



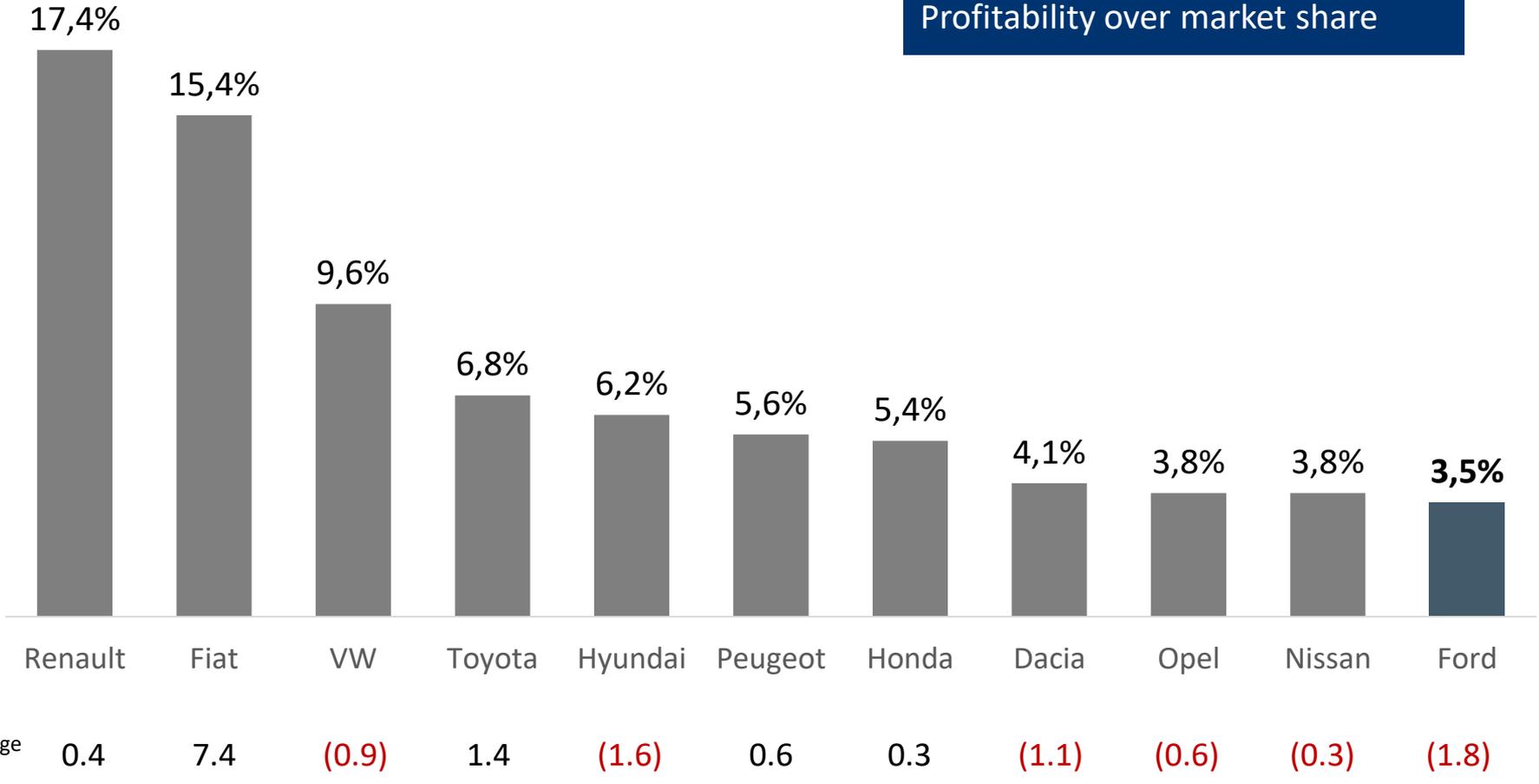
* Total industry volumes include PC, LCV, MCV, HCV and Truck sales.

Total Industry Market Shares, 1H19



PC Market Shares, 1H19

Strategy:
Profitability over market share



LCV Market Shares, 1H19

Strategy: Profitable growth

31,6%

31,0%

9,8%

9,0%

6,1%

Fiat

Ford

Peugeot

VW

Renault

YoY change
pps

(7.4)

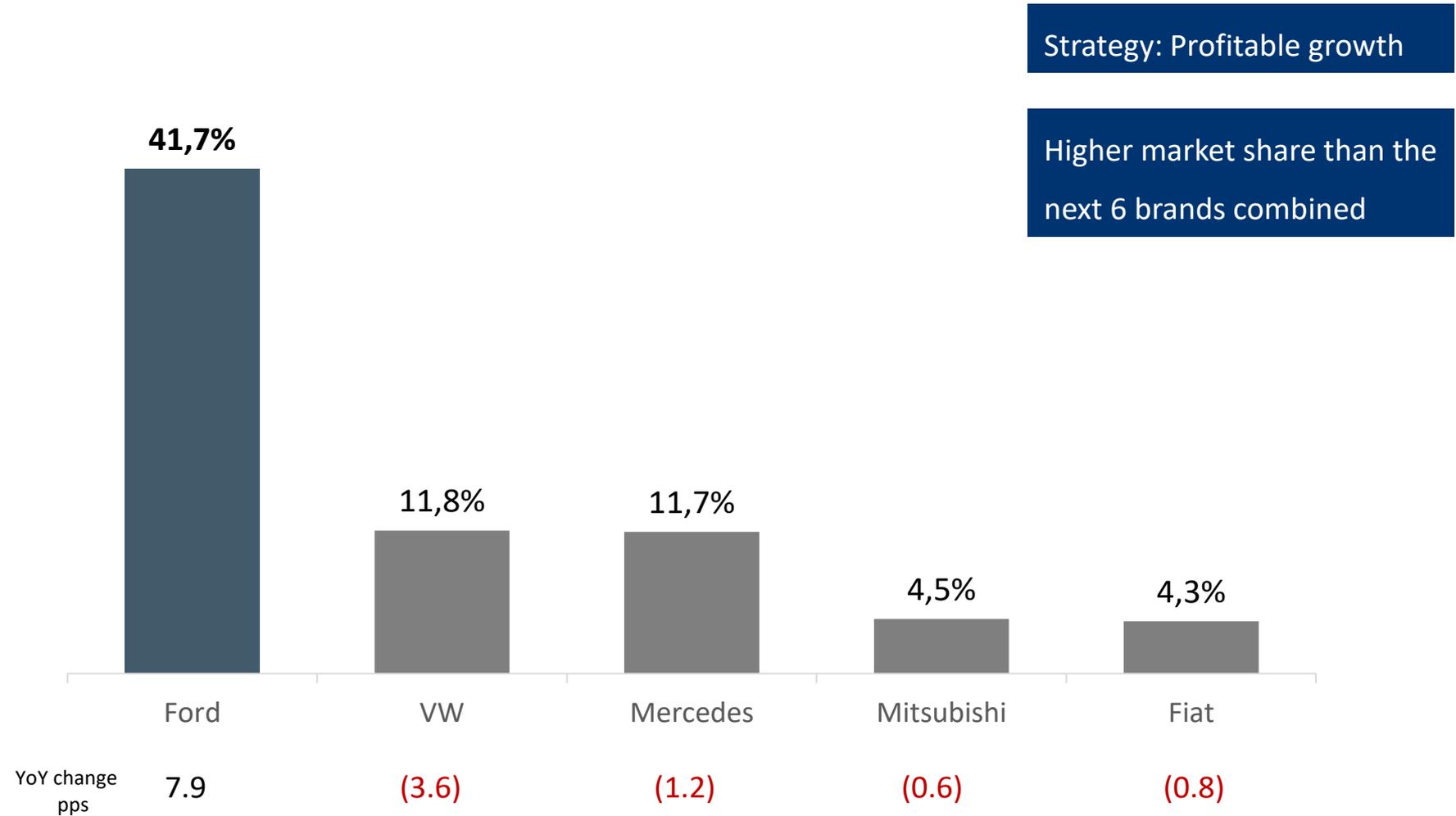
2.6

6.4

(1.8)

(1.3)

MCV Market Shares, 1H19



Truck Market Shares, 1H19

Strategy: Profitable growth

35,9%

28,0%

10,8%

7,6%

6,6%

Mercedes

Ford

MAN

Renault

Scania

YoY change
pps

2.3

(1.4)

(1.0)

2.8

(4.8)

Product & FoE Strategy Update

Transit Facelifted in 2Q19



How weight savings boost payload for the new Ford Transit

Composite bulkhead

4.4kg

Fuel tank

6.1kg

5.4kg

Aluminium bonnet

4.9kg

Front bumper beam

2.7kg

Ultra-high-strength steel crossmembers

2.3kg

Aluminium brake dust shields

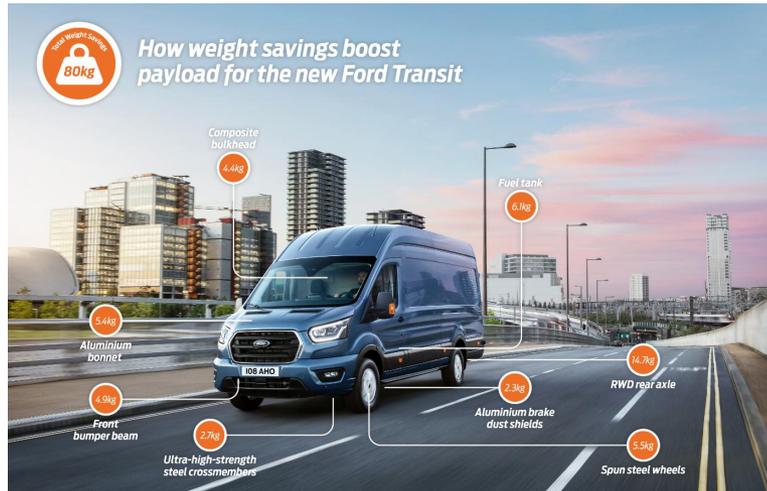
14.7kg

RWD rear axle

5.5kg

Spun steel wheels

Transit Facelifted in 2Q19



- **Using aerospace industry** computer-aided design helps deliver up to **80 kg more load-carrying capability**
- **Fuel efficiency** improved by up to **7%** with a new powertrain offering
- The **upgraded 2.0-litre EcoBlue diesel** line-up features contributing to **increased fuel efficiency** and **reduced CO₂**
- A segment-first: EcoBlue Hybrid **48-volt Mild-Hybrid** option

Custom PHEV Launch Due in 4Q19



- Enhanced cost of ownership
- Zero emission driving option
- First PHEV in segment
- Rechargeable with 1.0-litre EcoBoost engine as range extender

Ford Announced Further Electrification Plans

Ford Goes Electric in Europe

FORD HYBRID



MILD HYBRID
(mHEV)



FIESTA FOCUS



KUGA PUMA



TRANSIT TRANSIT CUSTOM



TOURNEO CUSTOM



HYBRID
(HEV)



MONDEO MONDEO WAGON



KUGA



PLUG-IN HYBRID
(PHEV)



EXPLORER KUGA



TRANSIT CUSTOM TOURNEO CUSTOM



BATTERY
ELECTRIC VEHICLE



MUSTANG-INSPIRED
PERFORMANCE SUV



TRANSIT

Ford commits to electric future in Europe,
announcing 16 new hybrid and all-electric models —
across entire line up

Ford plans to release 16 hybrid and all-electric models within a global portfolio of 40 electrified vehicles by 2022

Ford in Europe: Roadmap to Sustainable Profitability

NEW CUSTOMER-FOCUSED BUSINESS GROUPS

Commercial Vehicles

- Grow further as Europe's No.1 CV brand
- Strengthen pickup segment leadership
- Double CV profitability in next 5 years
- CV Centre of Excellence in Dunton, U.K.

Passenger Vehicles

- European-built cars and SUVs
- Every new passenger vehicle nameplate to include electrified option
- Based in Cologne, Germany

Imports

- Niche portfolio of iconic models
- Triple passenger vehicle imports into Europe annually by 2024

At least three new utility nameplates in next five years

CO₂ Performance

On track to deliver 2020-2021 CO₂ targets
Improving conventional powertrains, country-specific vehicle portfolio management, new hybrid and full electric propulsion choices



Broad-Based Efficiency Improvement Actions

Manufacturing Footprint

6 plants sold, closing or proposed to close, reducing European footprint to 18 facilities by end of 2020, down from 24



Cost Reduction

Discontinuing underperforming vehicles: C-MAX, Grand C-MAX, KA+
Reducing 12,000 positions across Europe
FoB & Ford Credit Europe Warley HQ consolidated into Dunton



Agile Structure

20% management cost reduction
Streamlined marketing & sales organization
Driving decision-making to lowest layer, reducing bureaucracy



Ford's CV Focus is Positive for Ford Otosan

Ford intends to **grow its leadership as the top-selling CV brand in Europe**, including leading the pickup segment, and to double its CV profitability in Europe in the next five years. **This growth will be supported by** its strategic alliance with Volkswagen, **its Ford Otosan joint venture in Turkey** and a restructured Ford Sollers joint venture in Russia.

Source: 27 June 2019 dated release announcement by Ford
<https://media.ford.com/content/fordmedia/feu/en/news/2019/06/27/ford-looks-to-the-future-in-europe--business-redesigned-for-prof.html>



Ford Trucks Update



Strong Domestic Performance

TRUCKS



Turkish Market Share Almost Doubled in 10 Years



International Expansion on Truck

TRUCKS



Countries

	2011-2018	2019	2024
Europe	12	20	34
Africa	8	8	24
Middle East	9	9	13
Russia & Eurasia	6	7	10
Total	35	44	81



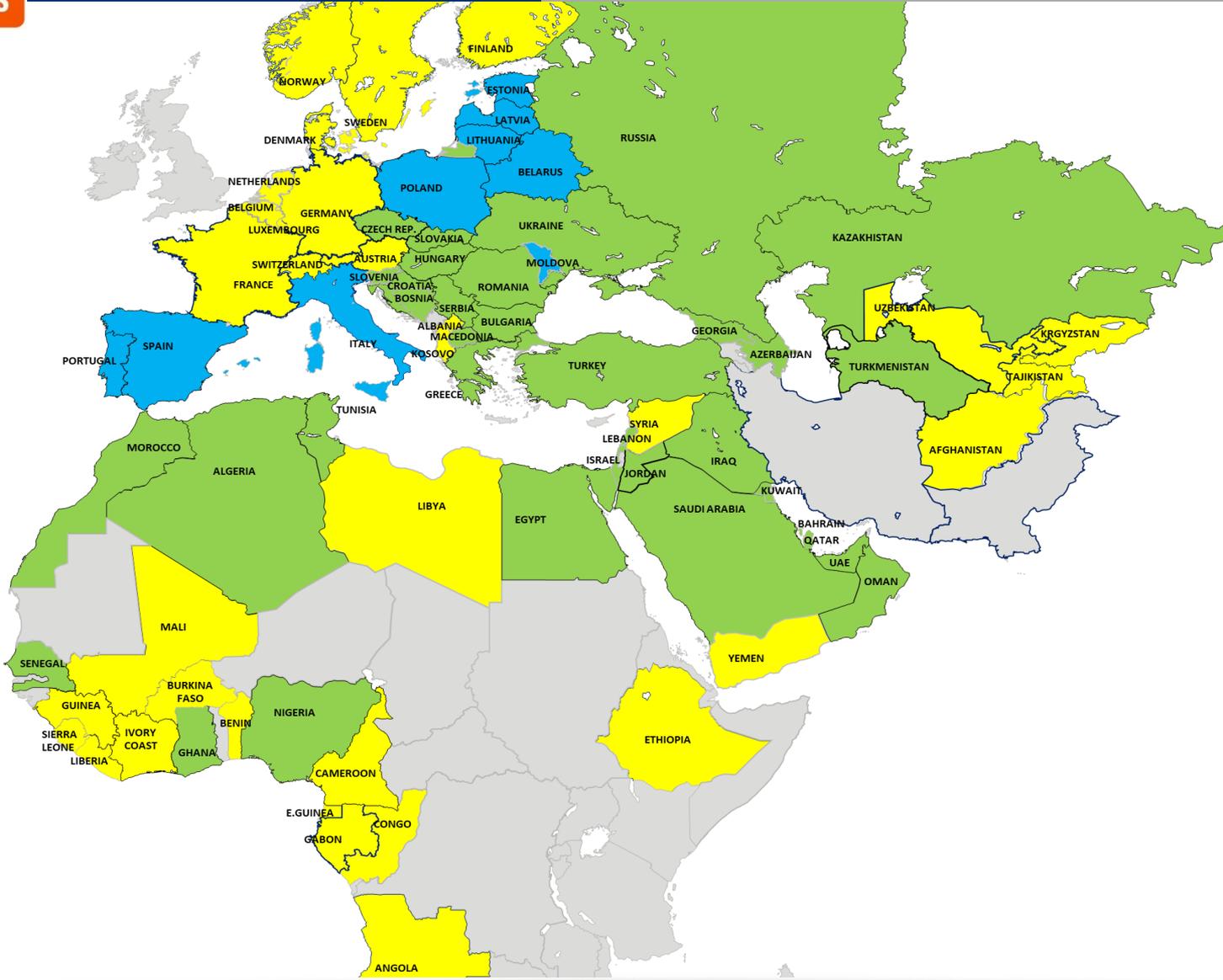
Sales & Service

	2011-2018	2019	2024
Europe	69	137	254
Africa	14	17	35
Middle East	13	14	21
Russia & Eurasia	33	42	50
Total	129	210	360



Heat Map

TRUCKS



- Existing
- 2019
- 2020-2024



FORD OTOSAN





Expanding to Western Europe

TRUCKS

2019

Phase 1
Italy & Iberia

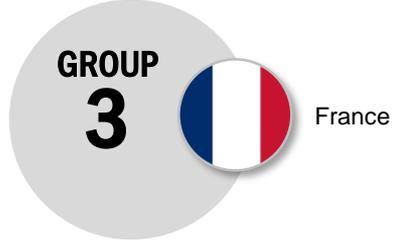
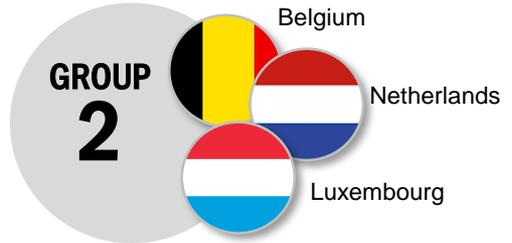
END



2020

Phase 2&3
Benelux & France

Q3



2021

Phase 4
Germany and Nordics

Q1



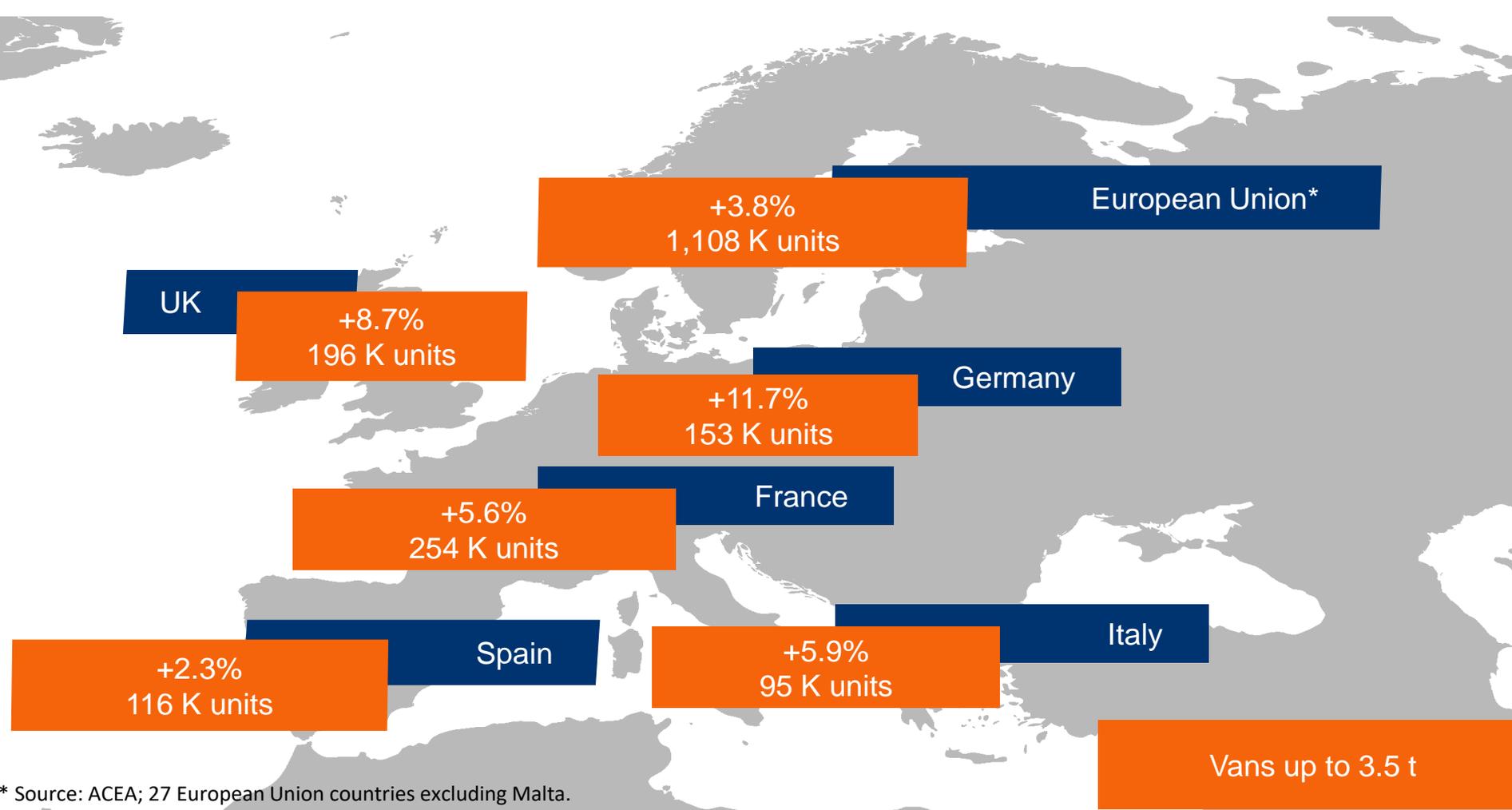
W. Europe Will Double the Target Industry Size for F Trucks



European Industry & Ford

EU Van Registrations Grew 3.8% in 1H19

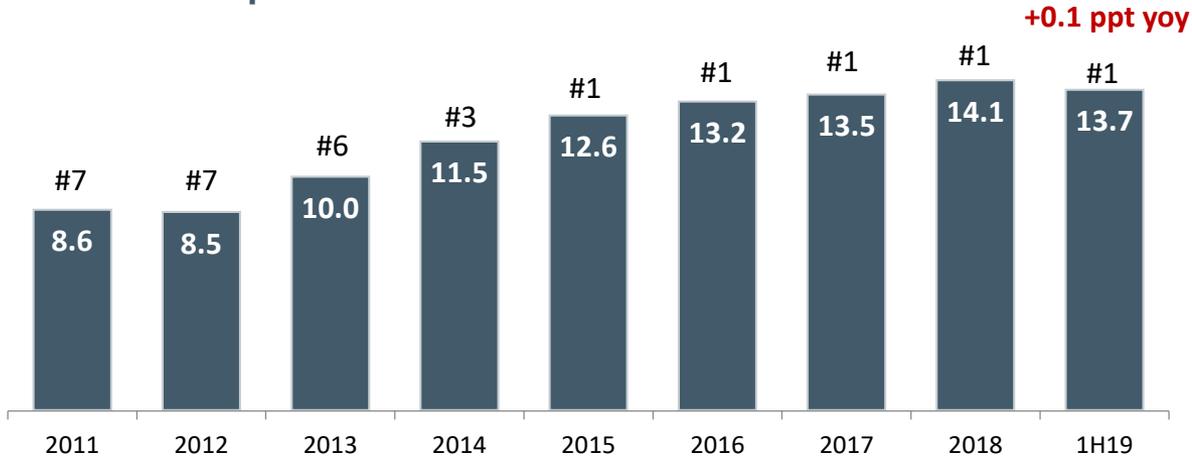
Industry growth supported mainly by e-commerce



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

Ford is Europe's Top-Selling CV Brand

Ford's European CV Market Share



Ford commercial vehicle sales **set Q2 record**

Ford remains **Europe's No. 1 commercial vehicle brand** with its **Ford Transit model range.**

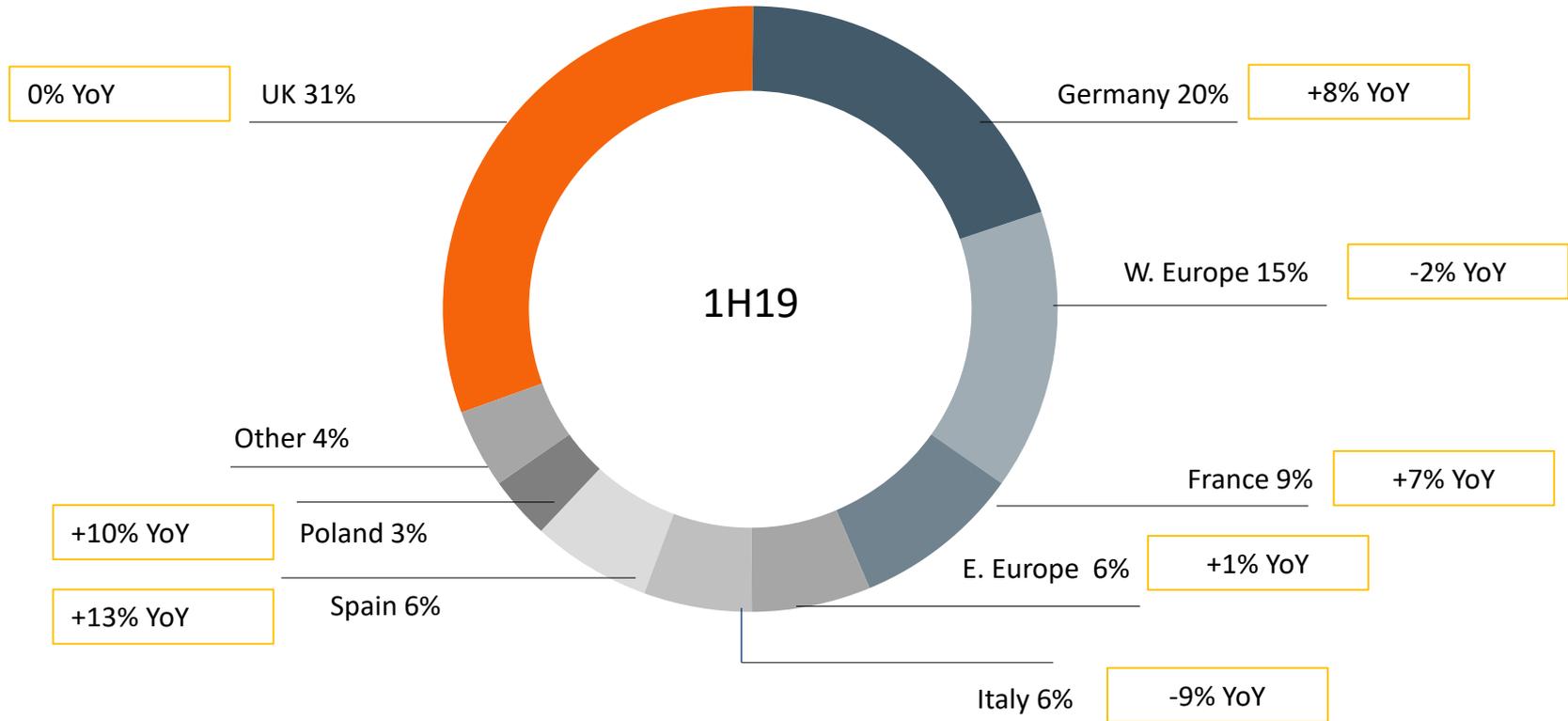
+2.0%
2Q YoY change
in Ford's CV sales

Ford's commercial vehicle business gaining momentum in major markets

Source: Ford of Europe 1HQ19 Sales Release, reporting sales for its 20 European traditional markets. In line with the new Ford global standard, the sales reports will be published quarterly.

Turkey's Export Champion

Export breakdown (units)



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

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

Ford Otosan: Key Driver of Ford's Market Share

and Pillar of profitability for Ford of Europe



Courier



Connect
(Produced in Spain)



Custom



Transit

FORD OTOSAN produces

87%

of Transit Family vans
sold in Europe

1H19 Results

1H19 Financial Results

TL 18,409 million

Revenues, +19% YoY

- Robust export performance

TL 1,576 million

EBITDA, +12% YoY

- Strong OpEx control
- Cost reduction actions

TL 16,056 million

Export Revenues, +33% YoY

- Record volumes
- Currency impact

TL 878 million

Profit Before Tax, -7% YoY

- Pressure from 71% rise in net financial expenses driven by 73% more net fx loss mainly explained by prior period fx losses from cash flow hedge reserve

TL 2,353 million

Domestic Revenues, -30% YoY

- 51% volume decline due to market contraction and profitability focus
- Pricing discipline and focus on high margin products limited further decline

TL 888 million

Net Income, -3% YoY

Volume & Revenue Analysis

	1H19/1H18		2Q19/2Q18	
	Volume	Revenue	Volume	Revenue
Total	-9%	19%	-15%	11%
Robust export performance limited the impact of domestic market contraction				
Export	2%	33%	-4%	24%
Record volumes and currency weakness grew revenues in 1H19. Volume impact of Transit facelift transition in 2Q19 will be normalized in 2H19. No downside risk to export guidance.				
Domestic	-51%	-30%	-55%	-34%
Pricing discipline and profitability focus limited revenue decline				

Sales Volume by Model

	1H19	1H18	YoY%	2Q19	2Q18	YoY%
Total Domestic	20.303	41.196	-51%	9.862	22.034	-55%
PC	4.599	11.565	-60%	2.554	6.261	-59%
LCV	6.978	13.901	-50%	3.624	7.127	-49%
Transit Courier	6.841	13.389	-49%	3.575	6.848	-48%
Transit Connect	137	512	-73%	49	279	-82%
MCV	7.613	13.359	-43%	3.011	7.537	-60%
Transit	5.505	9.484	-42%	2.375	5.015	-53%
Transit Custom	1.833	3.204	-43%	597	2.050	-71%
Ranger	275	671	-59%	39	472	-92%
Truck	1.113	2.371	-53%	673	1.109	-39%
Total Export	168.148	165.166	2%	78.955	82.098	-4%
Transit Custom	86.096	84.097	2%	39.704	43.794	-9%
Transit	59.619	61.176	-3%	27.098	31.130	-13%
Transit Courier	21.259	18.999	12%	11.544	6.709	72%
Truck	1.152	776	48%	609	407	50%
Other	22	118	-81%	-	58	-100%
Total Wholesale	188.451	206.362	-9%	88.817	104.132	-15%

1H Record

Calendarization Impact

Facelift Transition Impact

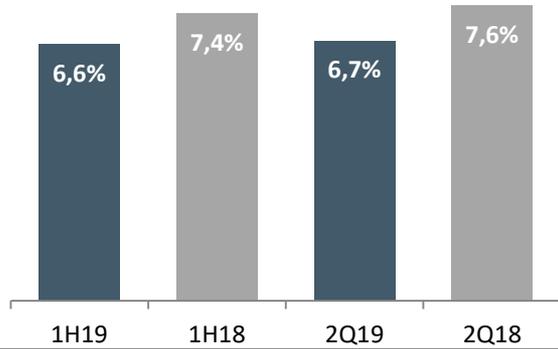
Main Financial Indicators

Million TL	1H19	1H18	YoY %	2Q19	2Q18	YoY %
Total Revenues	18.409	15.472	19%	9.125	8.190	11%
Export	16.056	12.099	33%	7.915	6.370	24%
Domestic	2.353	3.374	-30%	1.210	1.820	-34%
Gross Profit	1.915	1.679	14%	971	921	5%
Operating Profit	1.215	1.139	7%	611	625	-2%
EBITDA	1.576	1.408	12%	794	767	4%
Profit Before Tax	878	940	-7%	401	499	-20%
Net Income	888	919	-3%	410	486	-16%
Other Financial Data						
Depreciation & Amortization*	361	270	34%	183	142	29%
Financial Income / (Expense)	-336	-196	71%	-210	-125	67%

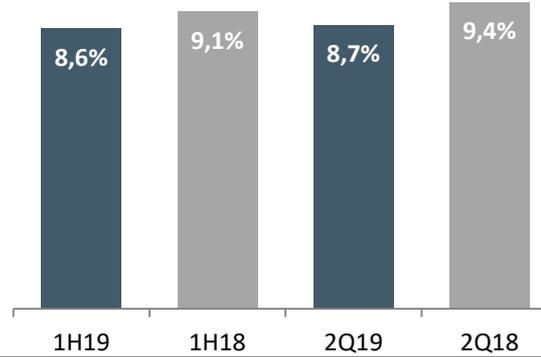
*1H19 numbers include TL 22 million impact from IFRS16 due to classification from manufacturing overhead and operating expenses to depreciation and amortization. Please refer to footnotes 2,10,11,33 of the financial statements for further details.

1H19 Margins

Operating Margin



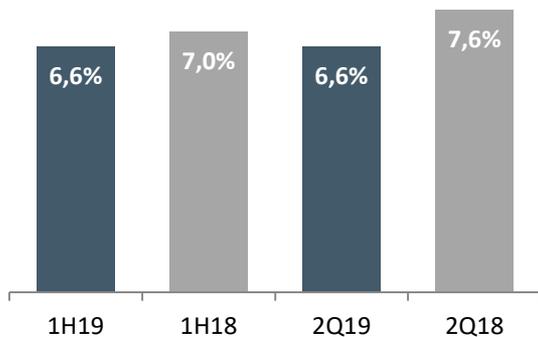
EBITDA Margin



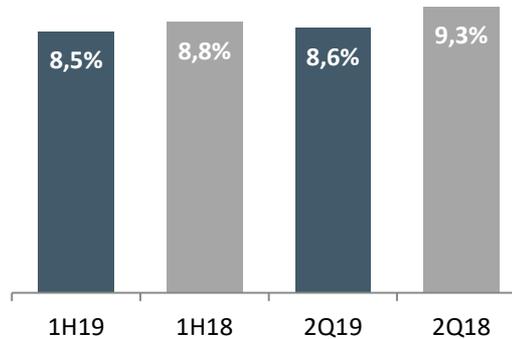
Drivers:

- + Rising export demand
- + Cost reduction actions
- + Strong OpEx control
- + Pricing discipline

Operating Margin (excl. Other items)



EBITDA Margin (excl. Other items)



Challenges:

- Considerable cost pressure resulting from weaker €/TL (+28% YoY) and high inflation
- Contracting domestic volumes due to domestic market decline
- Less profitability in the domestic market

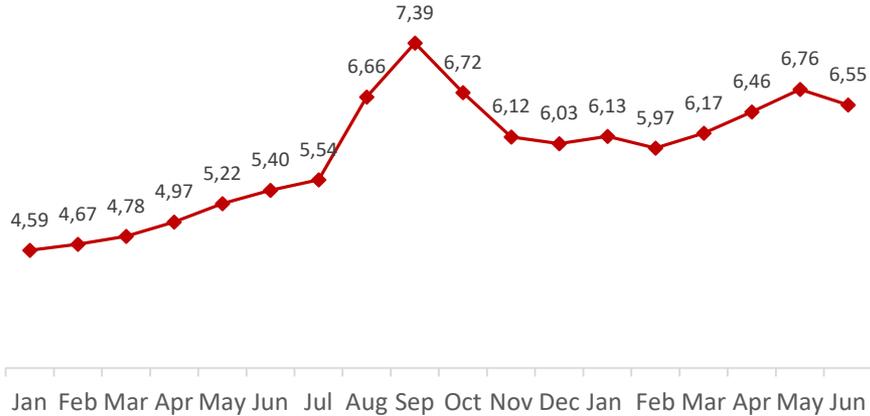
Ongoing Cost Pressure

YoY change	1H19/1H18	2Q19/2Q18
Production Volume	-6%	-9%
Raw Material Costs	22%	16%
€ / TL Average	28%	27%

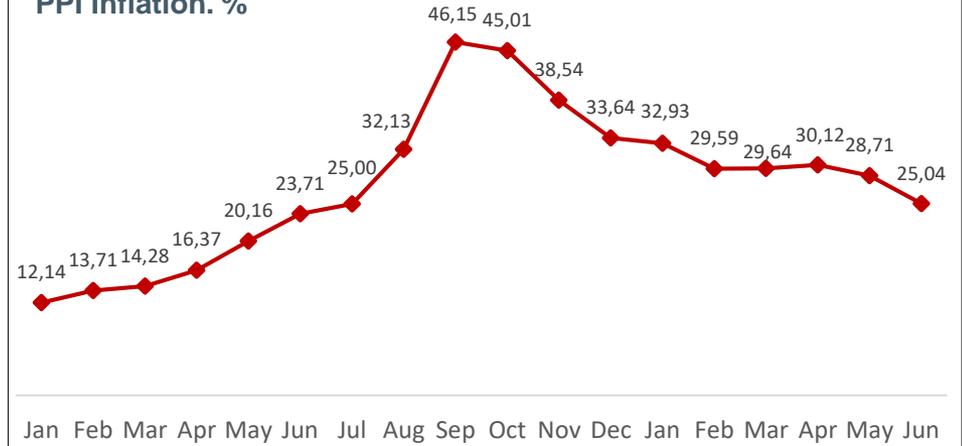
CPI Inflation. %



EUR/TL Rate, Average



PPI Inflation. %



Source: Ford Otosan, CBT, Turkstat

Debt Profile & Financial Ratios

Cash Position (TL mn)	30.06.2019	31.12.2018
Cash & Cash Equivalents	1.919	1.393
Total Financial Debt	-5.908	-4.483
Net Financial Debt	-3.989	-3.090
Financial Ratios	30.06.2019	31.12.2018
Current ratio	1,04	1,02
Liquidity ratio	0,67	0,64
Net Debt / Tangible Net Worth	1,27	1,01
Net Debt / EBITDA*	1,32	1,08
Current Assets / Total Assets	0,60	0,56
Current Liabilities / Total Liabilities	0,78	0,78
Total Liabilities / Total Liabilities and Equity	0,74	0,70
Return on Equity	44,9%	43,2%
Margins	30.06.2019	30.06.2018
Gross Margin	10,4%	10,8%
EBITDA Margin	8,6%	9,1%
EBITDA Margin (excl.other items)	8,5%	8,8%
Operating Margin	6,6%	7,4%
Net Margin	4,8%	5,9%

* Capped at 3.5x. EBITDA is calculated on a rolling 4-quarter basis.

2019 Guidance

	2018A	2019F
Turkish Industry Volume	635 K	380 K – 430 K
Ford Otosan Retail Sales Volume	69 K	40 K – 50 K
Exports	329 K	340 K – 350 K
Wholesale Volume	395 K	380 K – 400 K
Production Volume	374 K	375 K – 385 K
Capex (fixed assets)	€ 166 mn	€160 – 180 mn

Ford Otosan provides guidance 4 times a year as part of quarterly financial statements.

Guidance as of August 2019 announced with 1H19 results. Next update will be in October 2019 as part of 9M19 results.

Q & A

