

Highlights

| <u>Financial Results</u> | <u>Million TL</u> | <u>YoY Change</u> |
|--------------------------|-------------------|-------------------|
| Revenues | 18.289 | 9% |
| Export Revenues | 12.287 | 15% |
| Domestic Revenues | 6.002 | 0% |
| Operating Profit | 1.111 | 7% |
| EBITDA | 1.567 | 9% |
| Profit Before Tax | 970 | 12% |
| Net Income | 955 | 13% |
| | | |
| <u>Volume</u> | <u>Units</u> | <u>YoY Change</u> |
| Production | 333.749 | 0% |
| Total Wholesale Volume | 373.032 | -2% |
| Export Volume | 257.246 | 1% |
| Domestic Volume | 115.786 | -9% |
| Retail Volume | 114.803 | -9% |
| Market Share | 11,4% | -1.1 pps |

2016 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS) subject to independent audit of Ernst & Young Global Limited.

| Summary Income Statement, Million TL | 31.12.2016 | 31.12.2015 | % Change |
|--------------------------------------|------------|------------|----------|
| Revenues | 18.289 | 16.746 | 9% |
| Export | 12.287 | 10.723 | 15% |
| Domestic | 6.002 | 6.023 | -0,3% |
| Gross Profit | 2.086 | 1.860 | 12% |
| Operating Profit | 1.111 | 1.036 | 7% |
| Financial Income/(Expense) | -135 | -168 | -20% |
| Profit Before Tax | 970 | 866 | 12% |
| Net Income | 955 | 842 | 13% |
| Other Financial Data | | | |
| Depreciation and Amortization | 456 | 405 | 13% |
| EBITDA | 1.567 | 1.441 | 9% |
| Capital Expenditures | -602 | -466 | 29% |

Revenues

- Turkish automotive industry reached 1,004,313 units in 2016, down by a mere 0.2% over 2015. PC sales grew by 4% and reached a record level of 756,938 units. MCV and LCV sales were down 6% and 7%, respectively. Trucks contracted by 45%. PC industry share was 75.4%, highest ever level, while LCV share was 12%. We increased our CV market share by 1.2 points and maintained leadership with 29.9% share. Ford Otosan took third place in the total industry with 114,803 units retail sales and 11.4% market share.
- Our **domestic wholesale volumes** were down 9% YoY to 115,786 units, as the market shifted more towards the PC segment where we have a focus on profitability more than market share. **Domestic revenues** were TL 6,002 million. The decline in revenues was only 0.3% despite the 9% volume contraction, thanks to continued focus on pricing and sales mix.
- **Exports** grew 1.4% YoY to 257,246 units with industry growth in Europe and ongoing strong demand for our products. Ford maintained its No.1 position in European commercial vehicles with 13.2% market share. **Export revenues** rose 15% YoY and reached 12,287 million TL.
- **Total wholesale volume** was 373,032 units, down by 2% YoY mainly due to PC and domestic heavy trucks. **Total revenues** were up 9% YoY to 18,289 million TL. Export share in total revenues was 67%, up from 64% a year ago.
- **Production** was almost flat with a decline in the heavy truck business due to EU6 transitioning in the domestic market. 333,749 vehicles were produced, yielding 80% capacity utilization rate.

Profitability

Rising import costs resulting from weaker TL/€ (3.34 in 2016 versus 3.02 in 2015) and lower domestic volumes burdened profitability. However we delivered solid results with:

- Strong export volumes driving high CUR (80% in 2016).
- Ongoing cost reduction actions.
- Pricing focus to offset the impact of weak and volatile TL.
- Positive domestic sales mix: Share of import vehicles was down to 33% from 38% a year ago.

As a result of the above dynamics, inflationary and currency pressures were offset to a large extent. Net R&D expenses declined by 72% YoY (R&D expenses grew 44% while R&D revenues rose 78% from TL 206 million in 2015 to TL 367 million in 2016). Net other income rose 48% driven by higher fx income from export operations. As a result, **EBITDA** grew by 9% YoY to TL 1.6 billion with margin remaining flat. Despite the 13% rise in depreciation & amortization, **operating profit** was up by 7% YoY to TL 1.1 billion. Declining interest rates on our outstanding financial loans led to a 20% decline in net financial expenses. Consequently, **profit before tax** rose by 12% YoY to TL 970 million. **Net income** was TL 955 million, up 13% YoY, due to the 38% drop in tax expenses YoY. **EPS** was 2.72 Kr, up from 2.40 Kr a year ago.

Margins: Gross 11.4% (up 30 bps YoY); EBITDA 8.6% (flat YoY); EBITDA excluding other income 8.1% (down 15 bps YoY); Operating 6.1% (down 11 bps YoY); Net 5.2% (up 20 bps YoY).

| Sales Volume by Model, units | 31.12.2016 | 31.12.2015 | % Change |
|-------------------------------------|-------------------|-------------------|-----------------|
| Domestic Sales | | | |
| Passenger Car | 33.236 | 43.713 | -24% |
| Transit Courier | 37.451 | 34.678 | 8% |
| Transit Connect | 2.887 | 2.953 | -2% |
| Light Commercial Vehicle | 40.338 | 37.631 | 7% |
| Transit | 27.629 | 30.001 | -8% |
| Transit Custom | 7.037 | 6.713 | 5% |
| Ranger | 2.037 | 1.116 | 83% |
| Medium Commercial Vehicle | 36.703 | 37.830 | -3% |
| Heavy Truck | 5.509 | 7.924 | -30% |
| Total Domestic | 115.786 | 127.098 | -9% |
| Export Sales | | | |
| Transit Custom | 129.792 | 129.362 | 0% |
| Transit | 93.077 | 92.997 | 0% |
| Transit Courier | 33.063 | 30.131 | 10% |
| Cargo | 877 | 747 | 17% |
| Other | 437 | 407 | 7% |
| Total Exports | 257.246 | 253.644 | 1,4% |
| Total Wholesale Volume | 373.032 | 380.742 | -2% |

| | | | |
|------------------------------------|-----------|-----------|----------|
| Total Domestic Automotive Industry | 1.004.313 | 1.005.850 | -0,2% |
| Ford Otosan Retail Sales | 114.803 | 126.468 | -9% |
| Ford Otosan Market Share | 11,4% | 12,6% | -1.1 pps |

| Summary Balance Sheet, Million TL | 31.12.2016 | 31.12.2015 | % Change |
|--|-------------------|-------------------|-----------------|
| Current Assets | 4.676 | 4.031 | 16% |
| Current Liabilities | 4.308 | 3.824 | 13% |
| Property, Plant and Equipment - Net | 3.303 | 3.251 | 2% |
| Total Assets | 9.286 | 8.428 | 10% |
| Total Liabilities | 6.123 | 5.368 | 14% |
| Shareholders' Equity | 3.164 | 3.060 | 3% |

| Financial Ratios | | |
|--|-------------------|-------------------|
| | 31.12.2016 | 31.12.2015 |
| Current Ratio | 1,09 | 1,05 |
| Liquidity Ratio | 0,79 | 0,73 |
| Net Financial Debt / Tangible Net Worth | 0,64 | 0,63 |
| Current Assets / Total Assets | 0,50 | 0,48 |
| Current Liabilities / Total Liabilities | 0,70 | 0,71 |
| Total Liabilities / Total Liabilities and Equity | 0,66 | 0,64 |
| Return on Equity | 30,2% | 27,5% |
| | 31.12.2016 | 31.12.2015 |
| Gross Margin | 11,4% | 11,1% |
| EBITDA Margin | 8,6% | 8,6% |
| EBITDA Margin excl. other income/expense | 8,1% | 8,3% |
| Operating Margin | 6,1% | 6,2% |
| Net Margin | 5,2% | 5,0% |

| Summary Cash Flow Statement, Million TL | 31.12.2016 | 31.12.2015 | % Change |
|--|-------------------|-------------------|-----------------|
| Beginning Balance of Cash & Equivalents | 980 | 577 | 70% |
| Net Cash Generated from Operating Activities | 1.621 | 1.391 | 17% |
| Net Cash Used in Investing Activities | -570 | -438 | 30% |
| Net Cash Used in Financing Activities | -843 | -550 | 53% |
| End of Period Balance of Cash & Equivalents | 1.189 | 980 | 21% |

| 2017 Guidance | |
|-----------------------|--------------------|
| Total Industry Volume | 850 K - 900 K |
| Ford Otosan: | |
| Retail Sales Volume | 105 K - 115 K |
| Export Volume | 270 K - 280 K |
| Wholesale Volume | 375 K - 395 K |
| Production Volume | 340 K - 350 K |
| Capex (fixed assets) | €180 - 200 million |

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