

**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
<b>Revenues</b>	18.289	16.746	9%
Export	12.287	10.723	15%
Domestic	6.002	6.023	-0,3%
<b>Gross Profit</b>	2.086	1.860	12%
<b>Operating Profit</b>	1.111	1.036	7%
Financial Income/(Expense)	-135	-168	-20%
<b>Profit Before Tax</b>	970	866	12%
<b>Net Income</b>	955	842	13%
<b>Other Financial Data</b>			
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).

<b>Sales Volume by Model, units</b>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>% Change</b>
<b>Domestic Sales</b>			
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%
<b>Total Domestic</b>	<b>115.786</b>	<b>127.098</b>	<b>-9%</b>
<b>Export Sales</b>			
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%
<b>Total Exports</b>	<b>257.246</b>	<b>253.644</b>	<b>1,4%</b>
<b>Total Wholesale Volume</b>	<b>373.032</b>	<b>380.742</b>	<b>-2%</b>

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

<b>Summary Balance Sheet, Million TL</b>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>% Change</b>
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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