

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	23.244	36%
Export Revenues	18.780	51%
Domestic Revenues	4.465	-6%
Operating Profit	1.868	66%
EBITDA	2.286	54%
Profit Before Tax	1.430	45%
Net Income	1.272	30%
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>
Total Wholesale Volume	290.930	2%
Export Volume	238.458	13%
Domestic Wholesale Volume	52.472	-29%
Domestic Retail Volume	53.362	-29%
Market Share	11,2%	-0.6 pps
Production	278.052	7%
Capacity Utilization Rate	84%	-

9M18 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS).

Summary Income Statement, Million TL	30.9.2018	30.9.2017	% Change
Revenues	23.244	17.138	36%
Export	18.780	12.411	51%
Domestic	4.465	4.728	-6%
Gross Profit	2.501	1.800	39%
Operating Profit	1.868	1.128	66%
Financial Income/(Expense)	-435	-141	209%
Profit Before Tax	1.430	986	45%
Net Income	1.272	980	30%
Other Financial Data			
Depreciation and Amortization	418	353	18%
EBITDA	2.286	1.482	54%
Capital Expenditures	-821	-595	38%

Revenues

Turkish auto industry contracted 26% YoY in 9M18 to 474,582 units. Sales declined across all segments year-over-year: PC -24%, LCV -37%, MCV -28% and Trucks -17%. PC industry share was 76.4%, up from 74.4% a year ago. LCV industry share was 10.6%, down from 12.5% in 9M17. Ford Otosan was #2 in the total industry with 11.2% market share and 53,362 unit retail sales, reinforcing its CV leadership with 31% share.

Despite the 29% YoY decline in our domestic wholesale volumes, domestic revenues were TL 4,465 million, down by a mere 6% YoY, thanks to our focus on high margin products and pricing discipline.

Export revenues rose 51% YoY to TL 18,780 million with market growth, ongoing strong demand for our products and currency impact. Export volumes grew 13% YoY to 238,458 units.

Total revenues were up 36% YoY to TL 23,244 million, mainly driven by the robust export business.

Profitability

Profitability was strong despite considerable cost pressure [resulting from weaker €/TL (+37% YoY in 9M18 and 58% YoY in 3Q18) and high inflation] and contracting domestic volumes. Drivers were:

- + Rising export demand
- + Positive impact of currency fluctuations on gross profit resulting from export operations
- + Cost reduction actions and strong OpEx control
- + Pricing discipline
- + Significant rise in net fx gains from export business

Revenues and cost of sales were up 36% and 35%, respectively, YoY. Gross profit was TL 2,501 million, up 39% YoY, supported by the positive impact of currency fluctuations on export operations. Operating profit grew 66% YoY to TL 1,868 million, with strong OpEx control (OpEx/Sales 3.9% in 9M18 vs. 4.4% in 9M17) and net fx gains from operating activities (TL 278 million in 9M18 vs. TL 56 million in 9M17). EBITDA grew 54% YoY to TL 2,286 million. Profit before tax rose 45% YoY to TL 1,430 million, despite the pressure from net financial expenses (209% more YoY driven by 200% rise in net fx loss). Net income was up 30% to TL 1,272 million due to current year deferred tax liability resulting from the cash flow hedge, mainly in Q3.

Margins: Gross 10.8% (+30 bps YoY); EBITDA 9.8% (+120 bps YoY); EBITDA excluding other income 8.7% (+50 bps YoY); Operating 8.0% (+140 bps YoY); and Net 5.5% (-20 bps YoY).

Sales Volume by Model, units	30.9.2018	30.9.2017	% Change
Domestic Sales	52.472	74.370	-29%
Passenger Car	15.210	22.779	-33%
Transit Courier	16.359	22.265	-27%
Transit Connect	722	1.259	-43%
Light Commercial Vehicle	17.081	23.524	-27%
Transit	12.352	18.236	-32%
Transit Custom	3.818	4.972	-23%
Ranger	1.129	1.600	-29%
Medium Commercial Vehicle	17.299	24.808	-30%
Truck	2.882	3.259	-12%
Export Sales	238.458	211.695	13%
Transit Custom	119.709	112.269	7%
Transit	87.946	73.614	19%
Transit Courier	29.477	24.685	19%
Cargo	1.157	625	85%
Other	169	502	-66%
Total Wholesale Volume	290.930	286.065	2%

Total Domestic Automotive Industry	474.582	640.847	-26%
Ford Otosan Retail Sales	53.362	75.309	-29%
Ford Otosan Market Share	11,2%	11,8%	-0.6 pps

Summary Balance Sheet, Million TL	30.9.2018	31.12.2017	% Change
Current Assets	8.083	6.827	18%
Current Liabilities	7.586	6.050	25%
Property, Plant and Equipment - Net	3.710	3.536	5%
Total Assets	13.701	12.012	14%
Total Liabilities	10.280	8.316	24%
Shareholders' Equity	3.421	3.696	-7%

Financial Ratios	30.9.2018	31.12.2017
Current Ratio	1,07	1,13
Liquidity Ratio	0,68	0,87
Net Debt / Tangible Equity	1,51	0,60
Net Debt / EBITDA	1,30	0,82
Current Assets / Total Assets	0,59	0,57
Current Liabilities / Total Liabilities	0,74	0,73
Total Liabilities / Total Liabilities and Equity	0,75	0,69
Return on Equity	49,6%	40,3%
	30.9.2018	30.9.2017
Gross Margin	10,8%	10,5%
EBITDA Margin	9,8%	8,6%
EBITDA Margin excluding other income/expense	8,7%	8,2%
Operating Margin	8,0%	6,6%
Net Income Margin	5,5%	5,7%

Summary Cash Flow Statement, Million TL	30.9.2018	30.9.2017	% Change
Beginning Balance of Cash & Equivalents	1.803	1.189	52%
Net Cash Generated from Operating Activities	1.311	952	38%
Net Cash Used in Investing Activities	-786	-593	32%
Net Cash Used in Financing Activities	-951	-53	
End of Period Balance of Cash & Equivalents	1.378	1.495	-8%

2018 Guidance	
Total Industry Volume	550 K - 600 K
Ford Otosan:	
Retail Sales Volume	60 K - 70 K
Export Volume	320 K - 330 K
Wholesale Volume	380 K - 400 K
Production Volume	370 K - 380 K
Capex (fixed assets)	€180 -200 million

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