

## Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	11.653	32%
Export Revenues	8.676	43%
Domestic Revenues	2.977	9%
Operating Profit	708	36%
EBITDA	944	27%
Profit Before Tax	630	32%
Net Income	634	37%
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>
Total Wholesale Volume	201.047	5%
Export Volume	152.388	12%
Domestic Wholesale Volume	48.659	-12%
Domestic Retail Volume	49.195	-8%
Market Share	12,0%	0.1 pps
Production	184.859	6%
Capacity Utilization Rate	89%	5 pps

1H17 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS) subject to limited independent audit of PricewaterhouseCoopers.

Summary Income Statement, Million TL	30.06.2017	30.06.2016	% Change
<b>Revenues</b>	11.653	8.800	32%
Export	8.676	6.057	43%
Domestic	2.977	2.743	9%
<b>Gross Profit</b>	1.172	994	18%
<b>Operating Profit</b>	708	521	36%
Financial (Expense) / Income	-77	-44	75%
<b>Profit Before Tax</b>	630	476	32%
<b>Net Income</b>	634	464	37%
<b>Other Financial Data</b>			
Depreciation and Amortization	236	223	6%
EBITDA	944	744	27%
Capital Expenditures	-370	-253	46%

**Revenues**

Turkish auto industry contracted 9% YoY in the first half of 2017 to 409,370 units. Sales declined YoY across all segments: PC (-10%), LCV (-2%), MCV ( 9%), and Truck (-24%). PC share in the industry declined 0.6% to 74.7%. LCV industry share was 12,7%, up from 11,7% in 1H16. Ford Otosan took 2nd place with 49,195 units and 12.0% market share.

Domestic revenues were TL 2,977 million, up 9% YoY despite 12% volume contraction, driven by pricing discipline and positive sales mix. Domestic wholesale volumes were 48,659 units, lower YoY due to market contraction and pricing. Export revenues rose 43% YoY and reached TL 8,676 million. Export volumes grew 12% YoY to 152,388 units, highest 1H on record, with growth in the European van segment and ongoing strong demand for our products. Ford continued to rank as Europe's No.1 commercial vehicle brand in 1H17 with 13.4% market share. Total revenues were up 32% YoY to TL 11,653 million with a record 201,047 units (+5.5% YoY). The share of exports in total revenues was 74%, up from 69% in 1H16.

Production increased by 6% YoY to 184,859 units, yielding 89% capacity utilization rate.

**Profitability**

Profitability was solid in 1H17 despite 1- Rising import and production costs resulting from 21% weaker TL/€ (3.94 in 1H17 versus 3.26 in 1H16), higher inflation and commodity prices 2- Lower domestic volumes 3- Higher share of fleet sales. Drivers were:

- + Pricing strategy aimed at capturing the cost impact of TL devaluation, commodity prices and inflation.
- + Slightly positive domestic sales mix: Share of import vehicles was down to 35% in 1H17 from 37% in 1H16; share of high margin products (MCV+Truck) was up from 34% in 1H16 to 35% in 1H17.
- + High CUR (89% in 1H17)
- + Ongoing cost reduction actions

Gross profit was up by 18% YoY to TL 1,172 million. Operating profit grew by 36% YoY to TL 708 million. TL 9 million net other expense reported in 1H16 (driven by TL 18 million net fx loss) turned positive with TL 30 million net other income (driven by TL 18 million net fx gains), supporting the operating profit. EBITDA grew by 27% YoY to TL 944 million. Despite %75 increase net financial expenses due to 192% rise in net fx loss, profit before tax rose by 32% YoY to TL 630 million. Net income was booked as TL 634 million, up 37% YoY, higher than PBT due to deferred tax asset.

Margins: Gross 10.1% (down 120 bps YoY); EBITDA 8.1% (down 40 bps YoY); EBITDA excluding other income 7.8% (down 70 bps YoY); Operating 6.1% (up 20 bps YoY); and Net 5.4% (up 20 bps YoY).

Sales Volume by Model, units	30.06.2017	30.06.2016	% Change
<b>Domestic Sales</b>	<b>48.659</b>	<b>55.002</b>	<b>-12%</b>
<b>Passenger Car</b>	<b>15.185</b>	<b>18.263</b>	<b>-17%</b>
Transit Courier	15.777	16.453	-4%
Transit Connect	791	1.470	-46%
<b>Light Commercial Vehicle</b>	<b>16.568</b>	<b>17.923</b>	<b>-8%</b>
Transit	11.234	12.345	-9%
Transit Custom	2.779	3.186	-13%
Ranger	902	733	23%
<b>Medium Commercial Vehicle</b>	<b>14.915</b>	<b>16.264</b>	<b>-8%</b>
<b>Truck</b>	<b>1.991</b>	<b>2.552</b>	<b>-22%</b>
<b>Export Sales</b>	<b>152.388</b>	<b>135.583</b>	<b>12%</b>
Transit Custom	79.249	65.607	21%
Transit	53.926	51.792	4%
Transit Courier	18.431	17.661	4%
Cargo	378	293	29%
Other	404	230	76%
<b>Total Wholesale Volume</b>	<b>201.047</b>	<b>190.585</b>	<b>5%</b>

Total Domestic Automotive Industry	409.370	449.320	-9%
Ford Otosan Retail Sales	49.195	53.457	-8%
Ford Otosan Market Share	12,0%	11,9%	0.1 pps

Summary Balance Sheet, Million TL	30.06.2017	31.12.2016	% Change
Current Assets	5.579	4.676	19%
Current Liabilities	4.740	4.308	10%
Property, Plant and Equipment - Net	3.287	3.303	0%
Total Assets	10.357	9.286	12%
Total Liabilities	7.025	6.123	15%
Shareholders' Equity	3.332	3.164	5%

<b>Financial Ratios</b>		
	<b>30.06.2017</b>	<b>31.12.2016</b>
Current Ratio (Current Ass./Current Liab)	1,18	1,09
Liquidity Ratio ((Cur. Ass. - Stock)/Cur. Liab.)	0,85	0,79
Net Financial Debt / Tangible Net Worth	0,67	0,64
Current Assets / Total Assets	0,54	0,50
Current Liabilities / Total Liabilities	0,67	0,70
Total Liabilities / Total Liabilities and Equity	0,68	0,66
Return on Equity (Net Profit/Av. Shareh. Equity)	38,1%	30,2%
	<b>30.06.2017</b>	<b>30.06.2016</b>
Gross Margin	10,1%	11,3%
EBITDA Margin	8,1%	8,5%
EBITDA Margin excluding other income/expense	7,8%	8,6%
Operating Margin	6,1%	5,9%
Net Income Margin	5,4%	5,3%

<b>Summary Cash Flow Statement, Million TL</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>% Change</b>
Beginning Balance of Cash & Equivalents	1.189	980	21%
Net Cash Generated from Operating Activities	766	129	493%
Net Cash Used in Investing Activities	-369	-248	49%
Net Cash Used in Financing Activities	151	-69	NM
End of Period Balance of Cash & Equivalents	1.737	793	119%

<b>2017 Guidance</b>	
Total Industry Volume	900K - 950K
Ford Otosan:	
Retail Sales Volume	110K - 120K
Export Volume	290K - 300K
Wholesale Volume	400K - 420K
Production Volume	365K - 375K
Capex (fixed assets)	€180-200 million

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