



# Ford

OTOSAN

## 2017 9M Financial Results

30 October 2017



# Ford

OTOSAN

Oğuz Toprakoğlu  
CFO

# Agenda



Since We Last Met

European Industry & Ford

Financial Results

Q & A



# Ford

OTOSAN

Since We Last Met

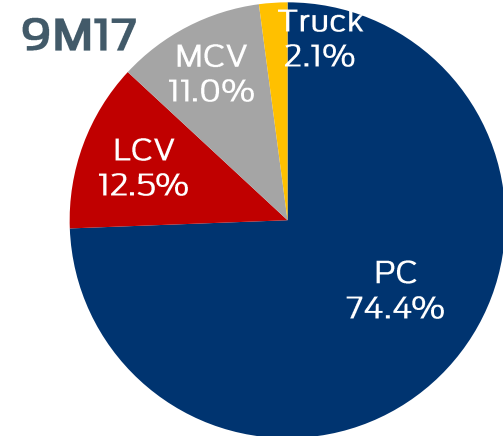
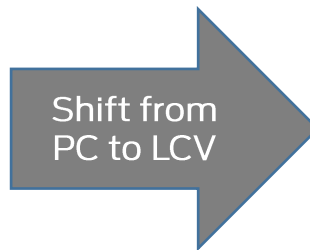
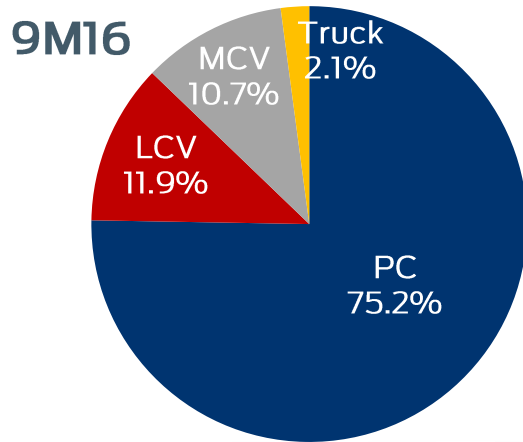
# Domestic Industry and Ford Otosan At a Glance

**9M17  
Domestic Sales**

Segments	Industry	Ford Otosan	% Share	Ranking
Commercial Vehicles	162,572	47,793	29.4	#1
Light Commercial	80,731	19,910	24.8	#2
Medium Commercial	70,351	24,492	34.8	#1
Truck	11,850	3,391	28.6	#2
Passenger Cars	476,621	27,516	5.8	#6
<b>Total</b>	<b>640,811</b>	<b>75,309</b>	<b>11.8</b>	<b>#4</b>
		Ford's 5 <sup>th</sup> largest in Europe		Ford's 2 <sup>nd</sup> largest in Europe


# Slight Industry Shift from PC to LCV

Segments	9M17	9M16	% Change
Passenger Cars	476,621	489,365	-3
Light Commercial	80,371	77,484	+4
Medium Commercial	70,351	69,650	+1
Truck	11,850	12,742	-7
<b>Total</b>	<b>640,811</b>	<b>650,438</b>	<b>-1</b>





# Total Industry Market Shares, 9M17

  
RENAULT  
**13.4%**

  
**12.3%**

  
**12.1%**

  
**11.8%**

  
HYUNDAI  
**5.6%**

+0.4 pps  
YTD

Renault

Fiat

VW

Ford

Hyundai

YoY change  
pps

1.2

2.0

(1.7)

0.1

0.3

# PC Market Shares, 9M17



RENAULT

**15.8%**



**12.3%**



**8.9%**



HYUNDAI

**7.0%**



**6.2%**



**5.8%**

+0.3 pps  
YTD

Strategy: Profitability over  
market share

Renault

VW

Fiat

Hyundai

Opel

Ford

YoY change  
pps

1.5

(1.5)

2.1

0.3

(0.9)

0.0



# LCV Market Shares, 9M17



**39.3%**



Fiat



**24.8%**



Ford



**8.4%**



VW



RENAULT

**8.0%**



Renault



CITROËN

**7.1%**



Citroen

Strategy: Profitable growth

Courier continues to lead the segment

Lower YoY & YTD market share due to pricing focus

YoY change  
pps

0.6

(2.0)

(1.6)

1.7

1.1

# MCV Market Shares, 9M17



**34.8%**

**+0.3 pps  
YTD**

Strategy: Profitable growth

Higher market share than the  
next 3 brands combined



**17.7%**



**8.8%**



**7.1%**



RENAULT

**5.5%**

Ford

VW

Mercedes

Fiat

Renault

YoY change  
pps

**1.3**

**(3.3)**

**1.3**

**1.2**

**(0.5)**

# HCV Market Shares, 9M17



**43.3%**



Mercedes



**28.6%**



Ford



**9.4%**



MAN



**8.2%**



Scania



**4.4%**



Volvo

Our new Ecotorq engine  
continues to drive market share

YoY change  
pps

0.0

1.7

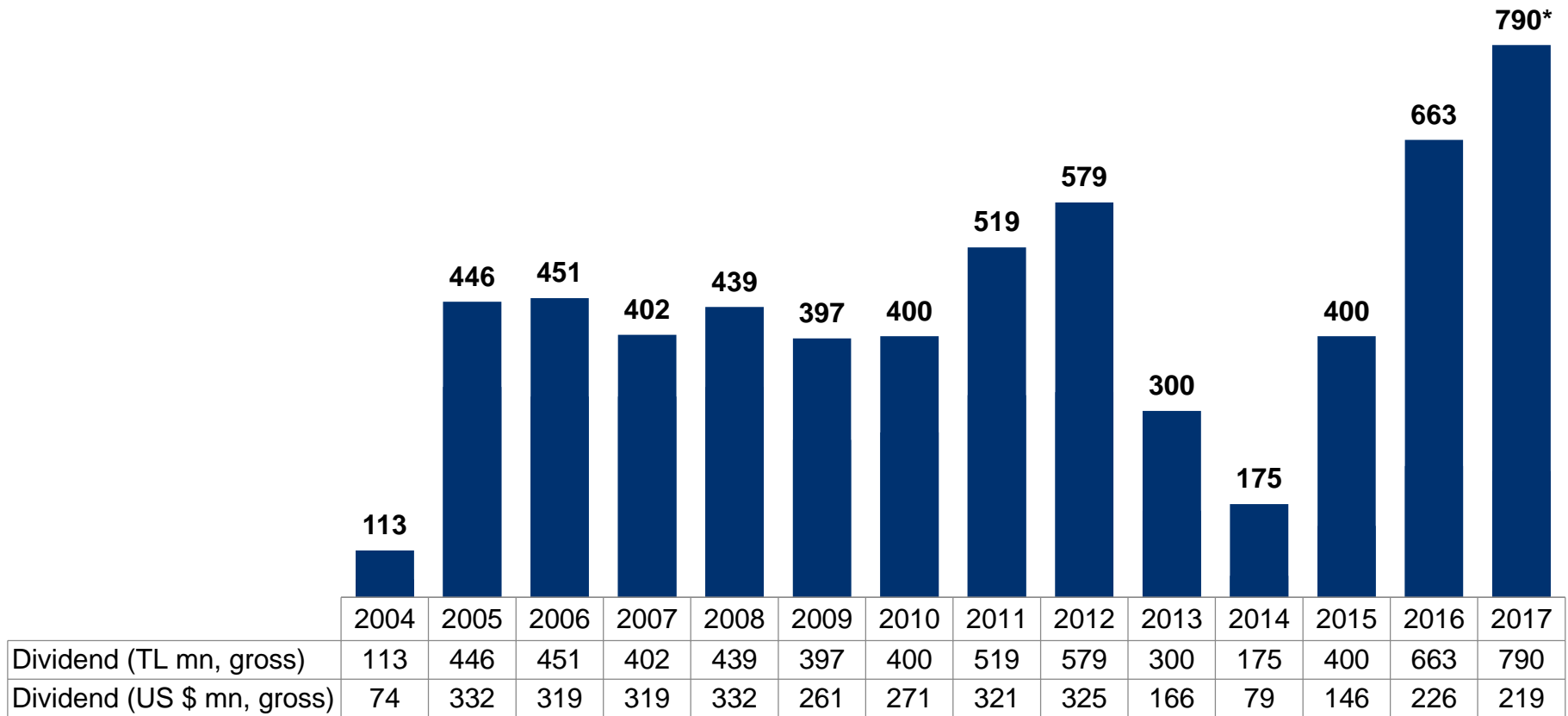
1.6

(2.8)

0.9

# 2<sup>nd</sup> Dividend Announced

Our solid profits allowed us to distribute over \$3.4 billion since 2004



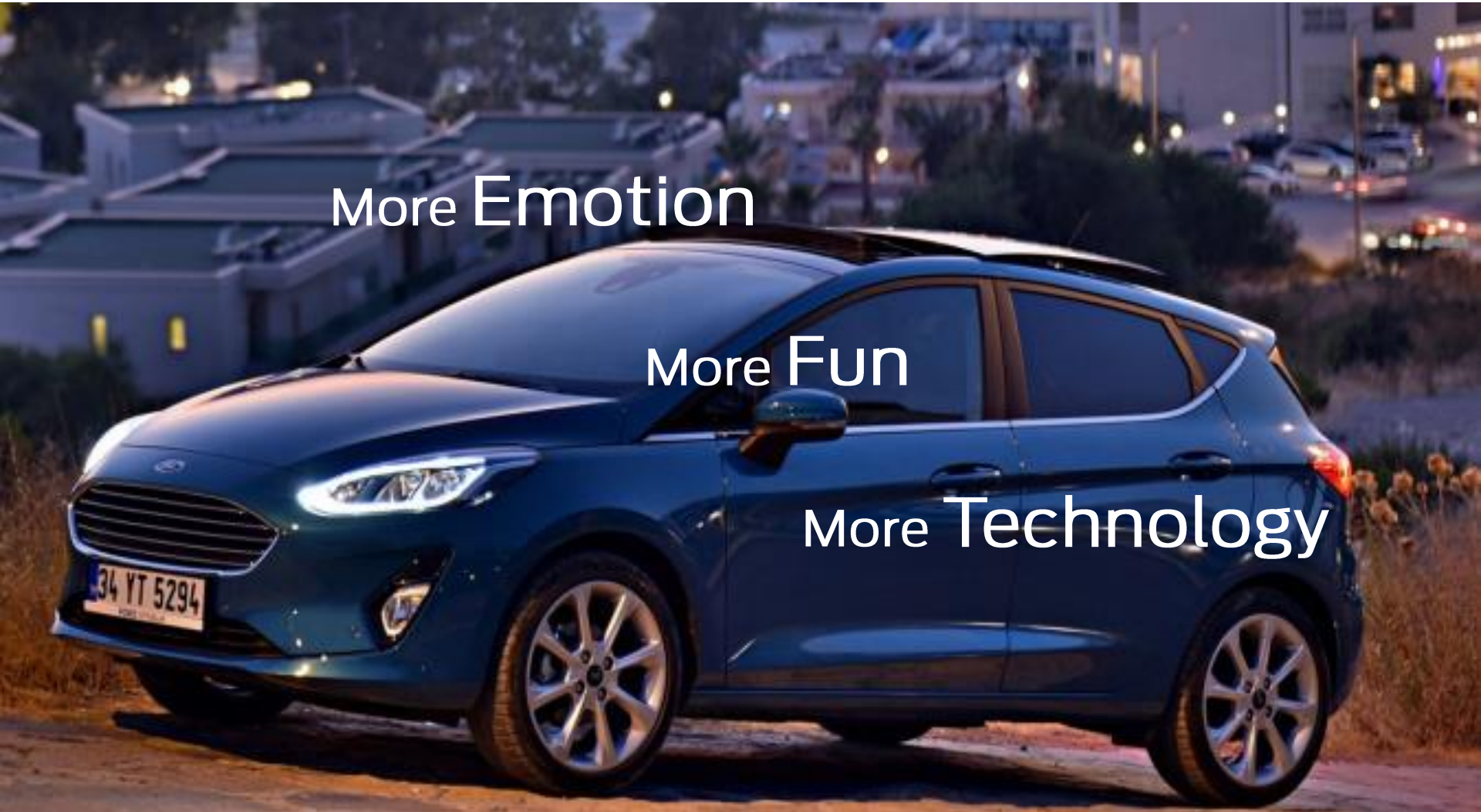
\* Total dividend including the second dividend of TL 389,510,000 that will be paid as of 31 October 2017.

# New Fiesta Launched in September

More Emotion

More Fun

More Technology



# Ford Fiesta: Pioneer in the B segment

- Offers the most versions in its segment line
- 10% more road grip and 8% better break distance
- Renewed interior design and panoramic glass ceiling
- SYNC3 multimedia system & 8 inch high resolution touch screen & smart phone/tablet compatibility

Active



ST-Line



Vignale



Titanium



# JMC Revealed New Ford Trucks Line designed & engineered by Ford Otosan





# Board Changes

## New Role on BoD



**Steven Armstrong**

- Vice Chairman (previously Member)
- Ford of Europe Group Vice President and President, Europe, Middle East & Africa | FordSollers Board Member

## New Member



**Joseph Bakaj**

- Member (Replacing James Duncan Farley Jr)
- Ford of Europe Vice President, Product Development

# Export Driven Capacity Increase

**US\$ 52 million total investment**

Capacity ('000 Units)	Current	Phase 1	Phase 2
Custom	130-150	170	180
Transit	140-160	160	160
Total Gölcük Plant*	290*	315*	330*
Total Ford Otosan	415	440	455

440  
↓  
4Q17

455  
↓  
September 2018

\* Total paintshop capacity of the plant.

September 2018

# European Industry & Ford

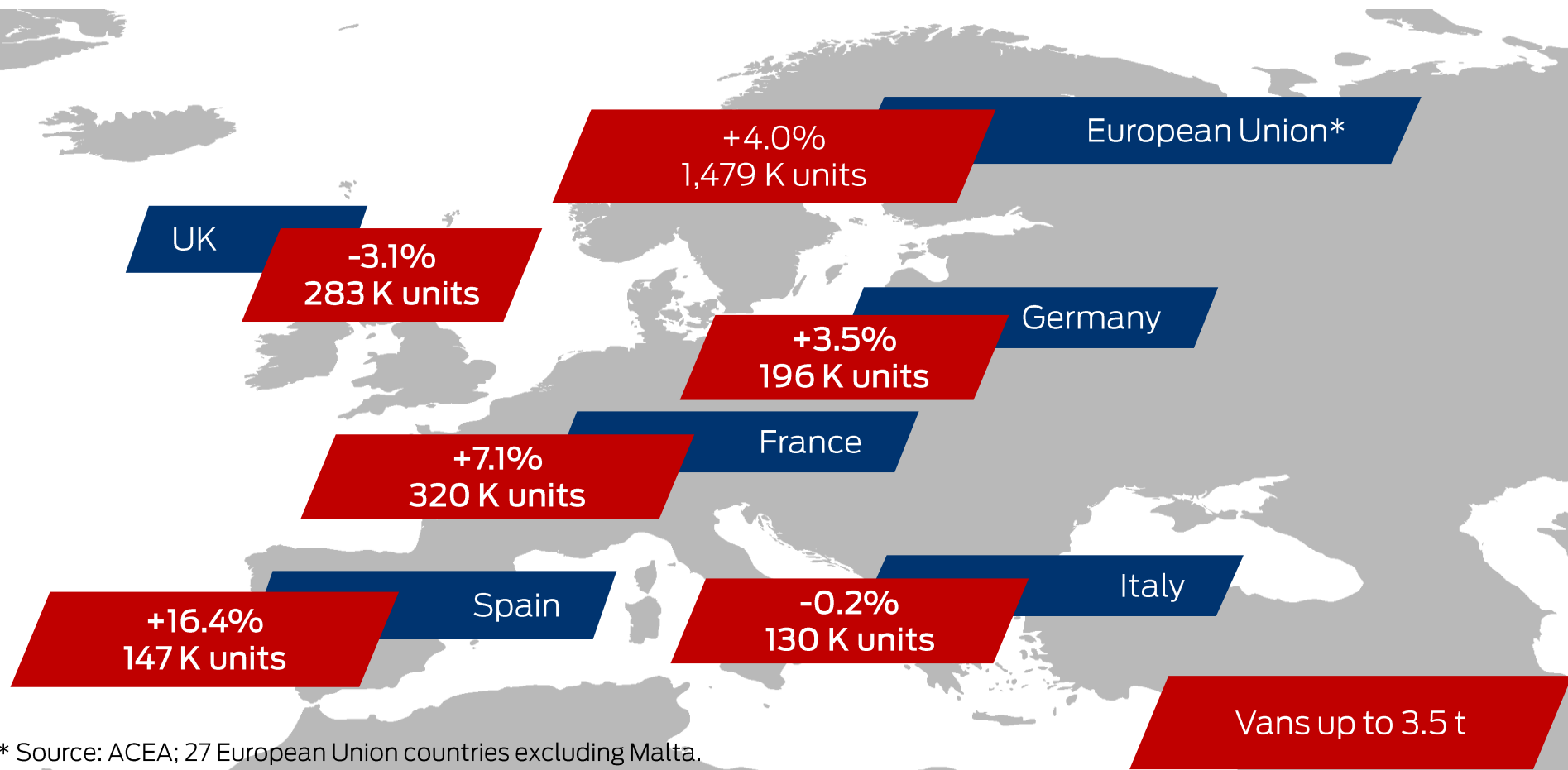


# Ford

OTOSAN

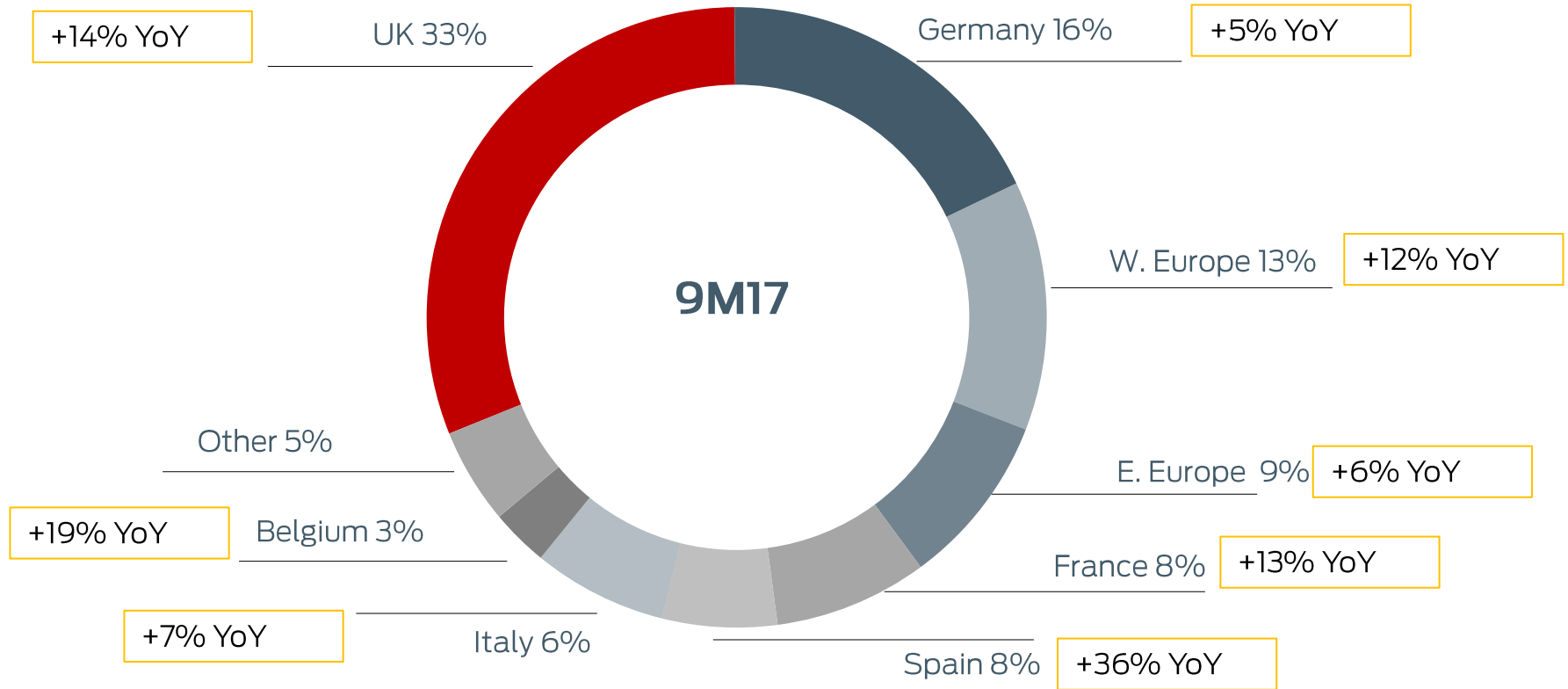
# EU Van Registrations Up 4.0% in 9M17

Industry growth supported by  
firmer and broader economic recovery



# Record 9M Exports

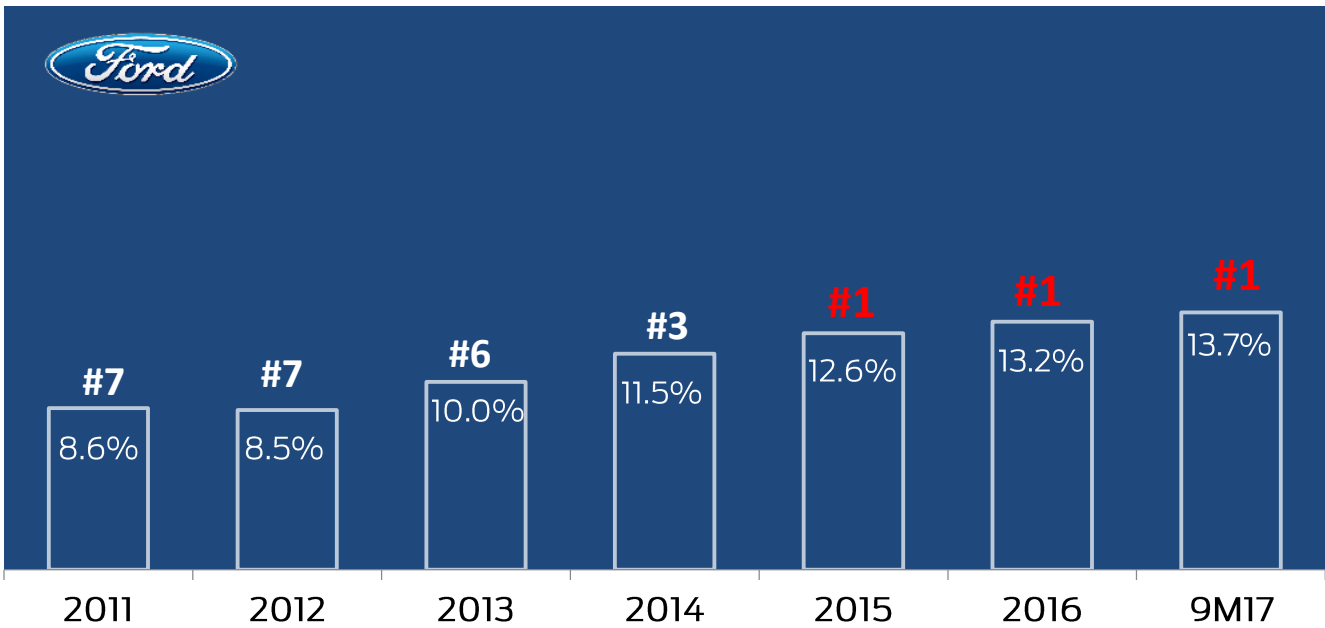
## Export breakdown (units)



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

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

# Ford Leads European CVs with Higher Market Share



**7.8%**

Jan-Sep YoY growth  
in Ford's CV sales

**80%**

Ford Otosan's share in  
Ford Europe's Transit Sales

UK Industry: -3.1%  
Ford: +2.0%

**Ford is #1**

Source: SMMT

# Ford Otosan: Key Driver of Ford's Market Share

## & Pillar of profitability for Ford of Europe

MOVE IT.

MAKE IT.

WORK IT.

FORD **TRANSIT**.



Courier



Connect



Custom



Transit

**80%**

of Transit Family vans  
sold by Ford in Europe

are produced by

**FORD OTOSAN**



# Ford Motor Co. 3Q Results

## Ford Motor Co.

	Wholesales	Revenue (GAAP)	Market Share	Operating Margin (GAAP)	Pre-Tax Profit (GAAP)
<b>3Q17</b>	1,504K	\$33.6B	6.8%	5.0%	\$1.7B
<b>B/W 3Q16</b>	(26)K	\$0.3B	(0.5) pts	1.7 pts	\$0.6B

3Q net income was \$1.6B, total company revenue was \$36.5B, EPS was %0.39, **all up year over year.**

Automotive profits driven by North America with a record 3Q pre-tax profit in Asia Pacific.

Automotive pre-tax profit \$584M higher due to favorable cost performance and market factors.

## Ford of Europe

	Wholesales	Revenue (GAAP)	Market Share	Operating Margin (GAAP)	Pre-Tax Profit (GAAP)
<b>3Q17</b>	342K	\$6.9B	7.3%	(1.2)%	\$(86)M
<b>B/W 3Q16</b>	22K	\$0.6B	(0.5) pts	(3.4) pts	\$(224)M

Pre-tax results lower due to Brexit effects, commodities, and launch of the all-new Fiesta

Revenue gain driven by **volume, stronger mix and pricing.**

Expect Europe to remain profitable in 2017, although below 2016 levels, mainly due to Brexit effects and higher commodity cost. Favorable market factors and continued improvement in Russia will be a partial offset.



# Ford

OTOSAN

**9M17  
Results**

# Highlights

**TL 17,138 million**

**Revenues, +36% YoY**

Record 9M revenues

Record 9M sales volume; up 7.6%

Driven by strong exports

**TL 1.482 million**

**EBITDA, +37% YoY**

Over 24% growth in gross profit

Driven by strong OpEx control, cost reduction actions and better YoY OpEx/Sales performance

Lower R&D expenses

Higher fx gains

**TL 12,411 million**

**Export Revenues, +42% YoY**

Record volumes; up 12%

Growth in European van segment

Higher demand for our products

Currency impact

**TL 986 million**

**Profit Before Tax, +50% YoY**

Despite the 64% increase in net financial expenses driven by 149% rise in net fx loss

**TL 4,728 million**

**Domestic Revenues, +21% YoY**

Despite 4% volume decline

Pricing strategy

Positive sales mix

**TL 980 million**

**Net Income, +54% YoY**

# Main Financial Indicators

Million TL		9M17	9M16	YoY %	3Q17	3Q16	YoY %
Total Revenues	9M Record	17,138	12,640	36%	5,486	3,840	43%
Export	9M Record	12,411	8,720	42%	3,735	2,663	40%
Domestic		4,727	3,920	21%	1,750	1,177	49%
Gross Profit	9M Record	1,800	1,452	24%	628	458	37%
Operating Profit	9M Record	1,128	744	52%	420	223	89%
EBITDA	9M Record	1,482	1,082	37%	538	338	59%
Profit Before Tax	9M Record	986	656	50%	356	180	98%
Net Income	9M Record	980	638	54%	346	174	99%
Other Financial Data							
Depreciation & Amortization		353	339	4%	117	115	1%
Financial Expense/Income		-141	86	64%	-64	-42	53%

# Volume & Revenue Analysis

3Q17/3Q16			9M17/9M16	
	Volume	Revenue	Volume	Revenue
Total	13%	43%	8%	36%
Export	12%	40%	12%	42%
Domestic	16%	49%	-4%	21%

**Domestic revenues higher despite volume loss:**

Pricing discipline  
Positive sales mix

**Export revenue growth driven by:**

Record volumes  
Currency impact

# Sales Volume by Model

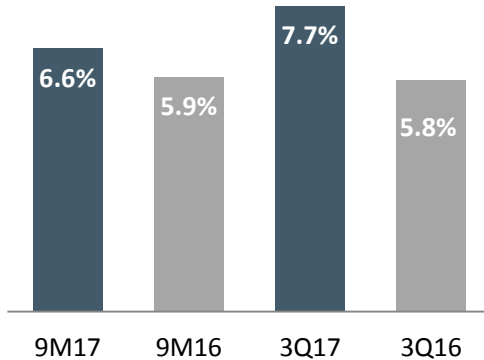
	9M17	9M16	YoY%	3Q17	3Q16	YoY %
<b>Total Domestic</b>	<b>74.370</b>	<b>77.168</b>	<b>-4%</b>	<b>25.711</b>	<b>22.166</b>	<b>16%</b>
<b>PC</b>	<b>22.779</b>	<b>24.136</b>	<b>-6%</b>	<b>7.594</b>	<b>5.873</b>	<b>29%</b>
<b>LCV</b>	<b>23.524</b>	<b>25.724</b>	<b>-9%</b>	<b>6.956</b>	<b>7.801</b>	<b>-11%</b>
Transit Courier	22.265	23.565	-6%	6.488	7.112	-9%
Transit Connect	1.259	2.159	-42%	468	689	-32%
<b>MCV</b>	<b>24.808</b>	<b>23.836</b>	<b>4%</b>	<b>9.893</b>	<b>7.572</b>	<b>31%</b>
Transit	18.236	18.062	1%	7.002	5.717	22%
Transit Custom	4.972	4.667	7%	2.193	1.481	48%
Ranger	1.600	1.107	45%	698	374	87%
<b>Truck</b>	<b>3.259</b>	<b>3.472</b>	<b>-6%</b>	<b>1.268</b>	<b>920</b>	<b>38%</b>
<b>Total Export</b>	<b>211.695</b>	<b>188.735</b>	<b>12%</b>	<b>59.307</b>	<b>53.152</b>	<b>12%</b>
Transit Custom	112.269	92.804	21%	33.020	27.197	21%
Transit	73.614	70.421	5%	19.688	18.629	6%
Transit Courier	24.685	24.728	0%	6.254	7.067	-12%
Cargo	625	461	36%	247	168	47%
Other	502	321	56%	98	91	8%
<b>Total Wholesale</b>	<b>286.065</b>	<b>265.903</b>	<b>7,6%</b>	<b>85.018</b>	<b>75.318</b>	<b>12,9%</b>

Record

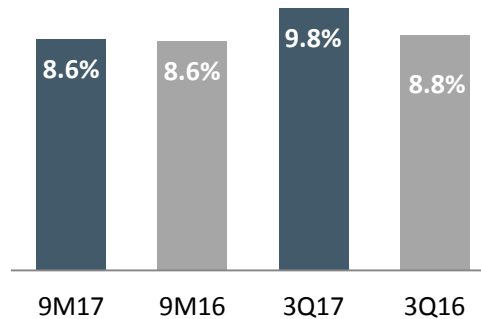
Record

# Solid Profitability

Operating Margin



EBITDA Margin



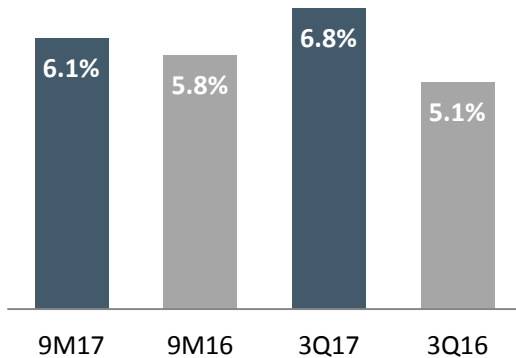
## Challenges:

- Rising import costs due to weaker TL/€ (average 4.00 in 9M17 versus 3.28 in 9M16)
- Lower domestic volumes
- Higher commodity prices and inflation pressuring domestic margins

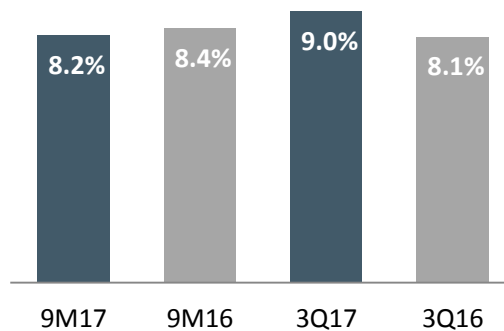
## Drivers:

- + Pricing focus to offset the impact of TL devaluation, volatility, commodity prices, and inflation
- + Positive domestic sales mix: Lower share of imports; growing share of high margin products
- + High CUR: 84%
- + Cost reduction actions and strong OpEx control

Operating Margin (excl. Other items)



EBITDA Margin (excl. Other items)

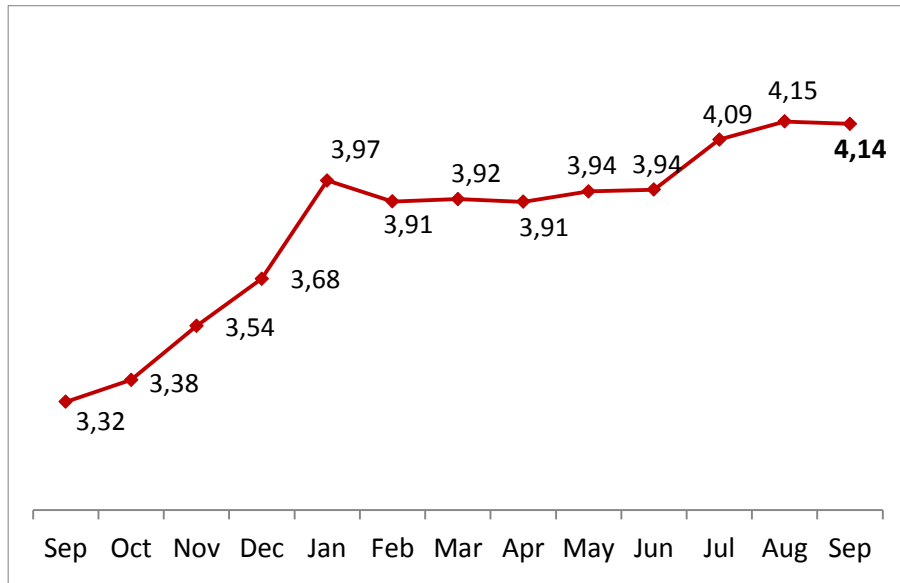




# Cost Pressure Weighed on Gross Profit

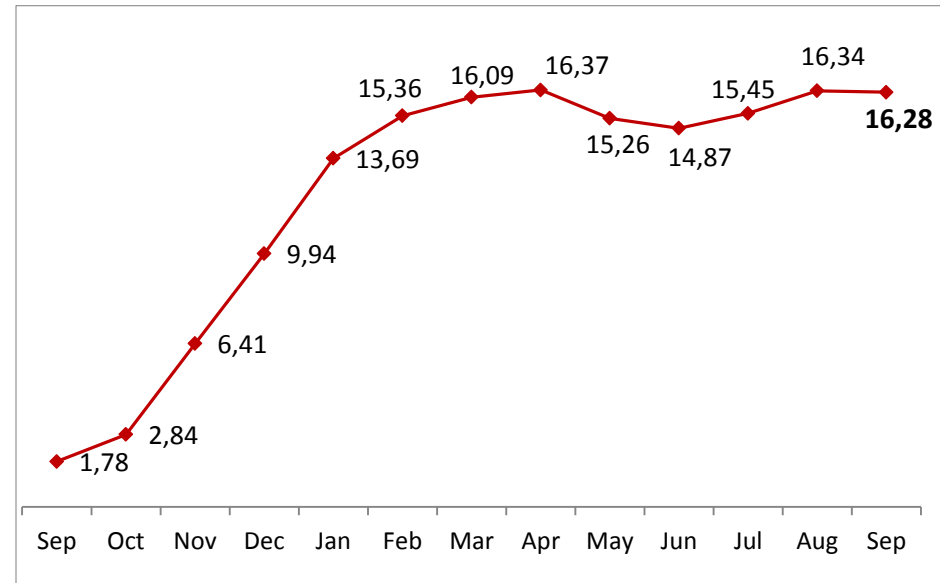
YoY change	1Q17	2Q17	3Q17	9M17
Production Volume	Flat	12%	11%	8%
Raw Material Costs	34%	44%	44%	40%

EUR/TL Rate



Source: CBT

PPI Inflation, %



Source: CBT

# Debt Profile & Financial Ratios

<b>Cash Position (TL mn)</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
Cash & Cash Equivalents	1,495	1,189
Total Financial Debt	(3,527)	(2,852)
Net Financial Debt	(2,032)	(1,663)
<b>Financial Ratios</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
Current ratio	1.22	1.09
Liquidity ratio	0.94	0.79
Net Financial Debt / Tangible Net Worth	0.67	0.64
Current Assets / Total Assets	0.53	0.50
Current Liabilities / Total Liabilities	0.65	0.70
Total Liabilities / Total Liabilities and Equity	0.68	0.66
Return on Equity	35.9%	30.2%
<b>Margins</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
Gross Margin	10.5%	11.5%
EBITDA Margin	8.6%	8.6%
EBITDA Margin (excl.other items)	8.2%	8.4%
Operating Margin	6.6%	5.9%
Net Margin	5.7%	5.0%

# 2017 Guidance

	2016	2017 Guidance
Turkish Industry Volume	1,004 K	950-1,000 K
Ford Otosan Retail Sales Volume	115 K	110-120 K
Exports	257 K	290-300 K
Wholesale Volume	373 K	400-420 K
Production Volume	334 K	365-375K
Capex (fixed assets)	€152 mn	€180-200 mn

Q & A

BİR BAŞKA  
*Ford*

