



# Ford

OTOSAN

## 2018 1Q Financial Results

27 April 2018

The image features a large, stylized blue 'Ford' logo in a script font. Behind the logo, there are several curved, overlapping bands of color: blue, yellow, and grey. The background is white.

# Ford

OTOSAN

Oğuz Toprakoğlu  
CFO

# Agenda



2018 1Q Evaluation

European Industry & Ford

Financial Results

Q & A

The word "Ford" is written in its signature blue script font. The background features several overlapping, curved bands of color: a bright blue band, a dark blue band, a yellow band, and a light grey band, all sweeping from the top left towards the bottom right.

# Ford

OTOSAN

2018 1Q Evaluation

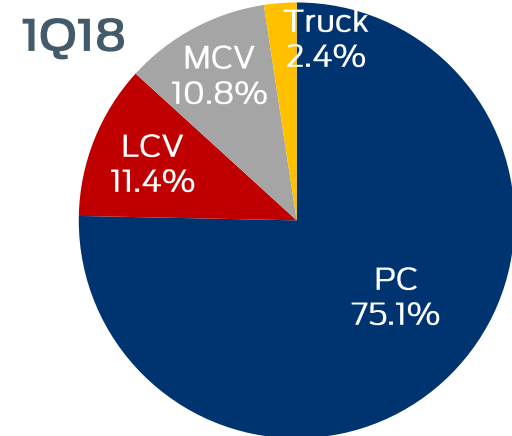
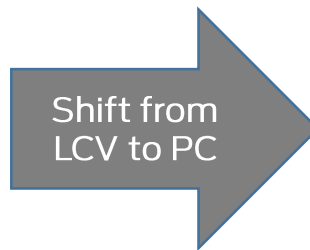
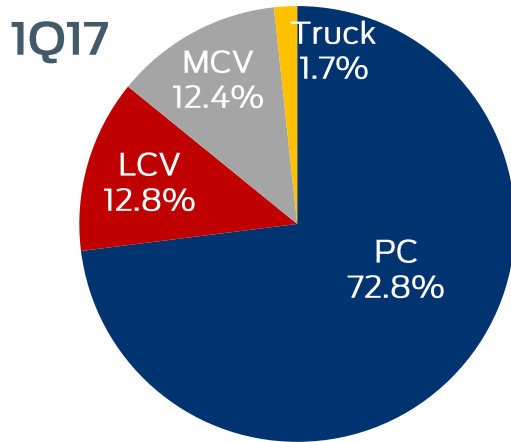
# Domestic Industry and Ford Otosan At a Glance

**2018 1Q  
Domestic Sales**

Segments	Industry	Ford Otosan	% Share	Ranking
Commercial Vehicles	39,994	12,050	30.1	#1
Light Commercial	18,498	4,841	26.2	#2
Medium Commercial	17,622	5,953	33.8	#1
Truck	3,874	1,256	32.4	#2
Passenger Cars	122,310	5,969	4.9	#8
<b>Total</b>	<b>162,855</b>	<b>18,019</b>	<b>11.1</b>	<b>#2</b>
		Ford's 4 <sup>th</sup> highest in Europe	Ford's 2 <sup>nd</sup> largest in Europe	

# Slight Industry Shift from LCV to PC

Segments	1Q18	1Q17	% Change
Passenger Cars	122,310	115,963	5
Light Commercial	18,498	20,437	-9
Medium Commercial	17,622	19,690	-11
Truck	3,874	2,728	42
<b>Total</b>	<b>162,855</b>	<b>159,230</b>	<b>2</b>





# Total Industry Market Shares, 1Q18



**13.8%**



Renault



**11.1%**



Ford



**11.0%**



VW



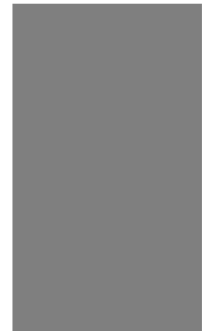
**10.9%**



Fiat



**5.9%**



Hyundai

YoY change  
pps

**0.5**

**(0.7)**

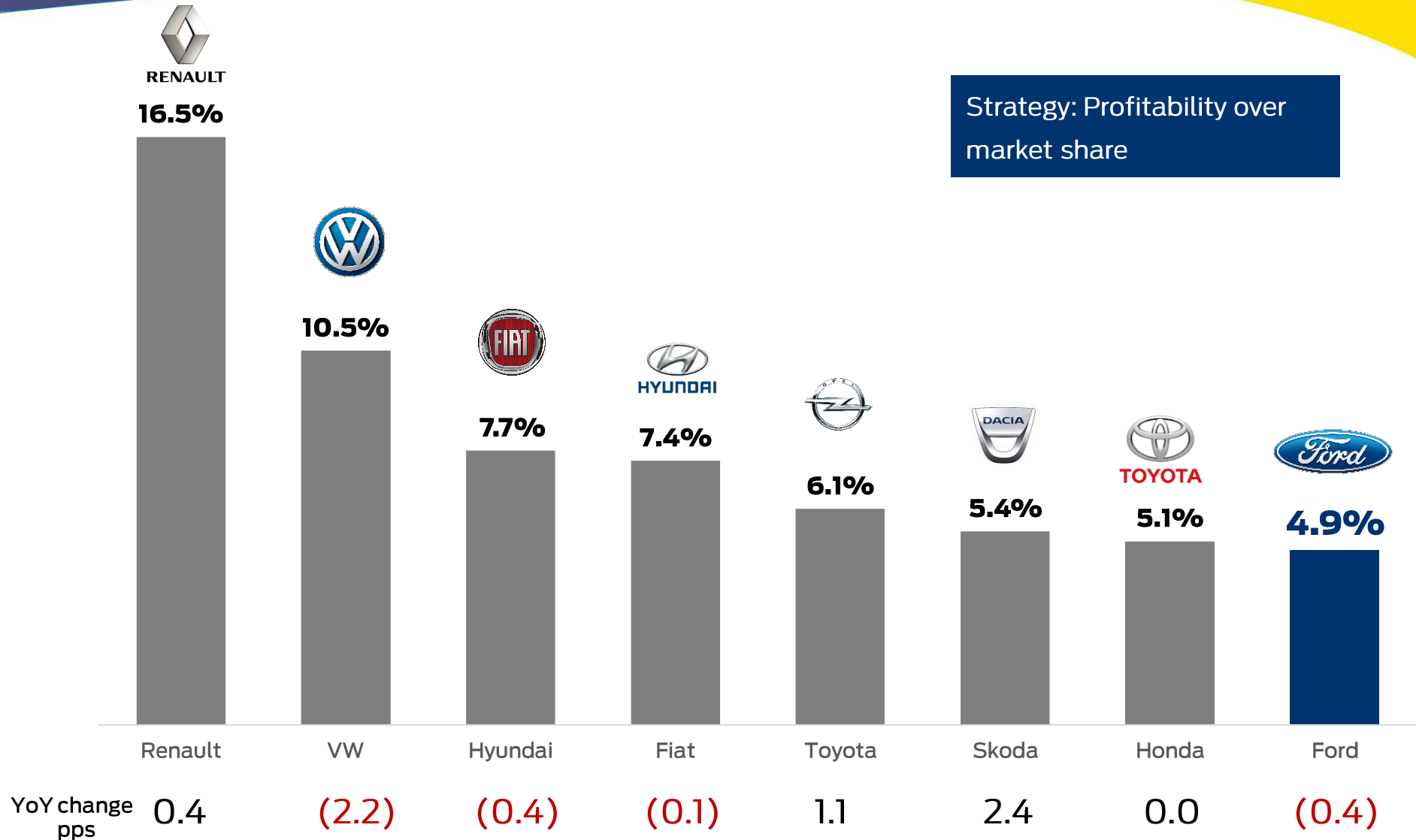
**(1.3)**

**(0.7)**

**(0.3)**

# PC Market Shares, 1Q18

Strategy: Profitability over market share





# LCV Market Shares, 1Q18



**41.5%**



Fiat



**26.2%**



Ford



**11.7%**



VW



RENAULT

**7.4%**



Renault



CITROËN

**5.2%**



Citroen

Strategy: Profitable growth

Courier continues to lead the segment

YoY change  
pps

0.3

1.7

3.6

0.4

(1.8)

# MCV Market Shares, 1Q18



**33.8%**



Ford



**16.7%**



VW



**12.8%**



Mercedes



RENAULT

**5.8%**



Renault



**5.7%**



Fiat

Strategy: Profitable growth

Higher market share than the next 2 brands combined

YoY change  
pps

**(0.3)**

**(0.1)**

**5.0**

**0.0**

**(1.3)**

# HCV Market Shares, 1Q18



**33.7%**



Mercedes



**32.4%**



Ford

Strong Q1 with Tractor fleet sales



**SCANIA**

**12.3%**



Scania



**10.7%**



MAN



**4.1%**



Renault Trucks

YoY change  
pps

**(5.3)**

**(1.3)**

2.3

1.1

2.7

# Refreshed Transit Custom & Tourneo Custom



Tourneo & Transit Custom successfully launched.  
Initial response from dealers and customers was very positive .

**European Industry  
&  
Ford**

**Ford**

**OTOSAN**

# EU Van Registrations Up 2.8% in 1Q18

Industry growth supported by broader economic recovery,  
SME activity and e-commerce

UK

-3.7%  
94 K units

+2.8%  
518 K units

European Union\*

Germany

+2.3%  
65 K units

France

+6.0%  
116 K units

Spain

+9.3%  
53 K units

Italy

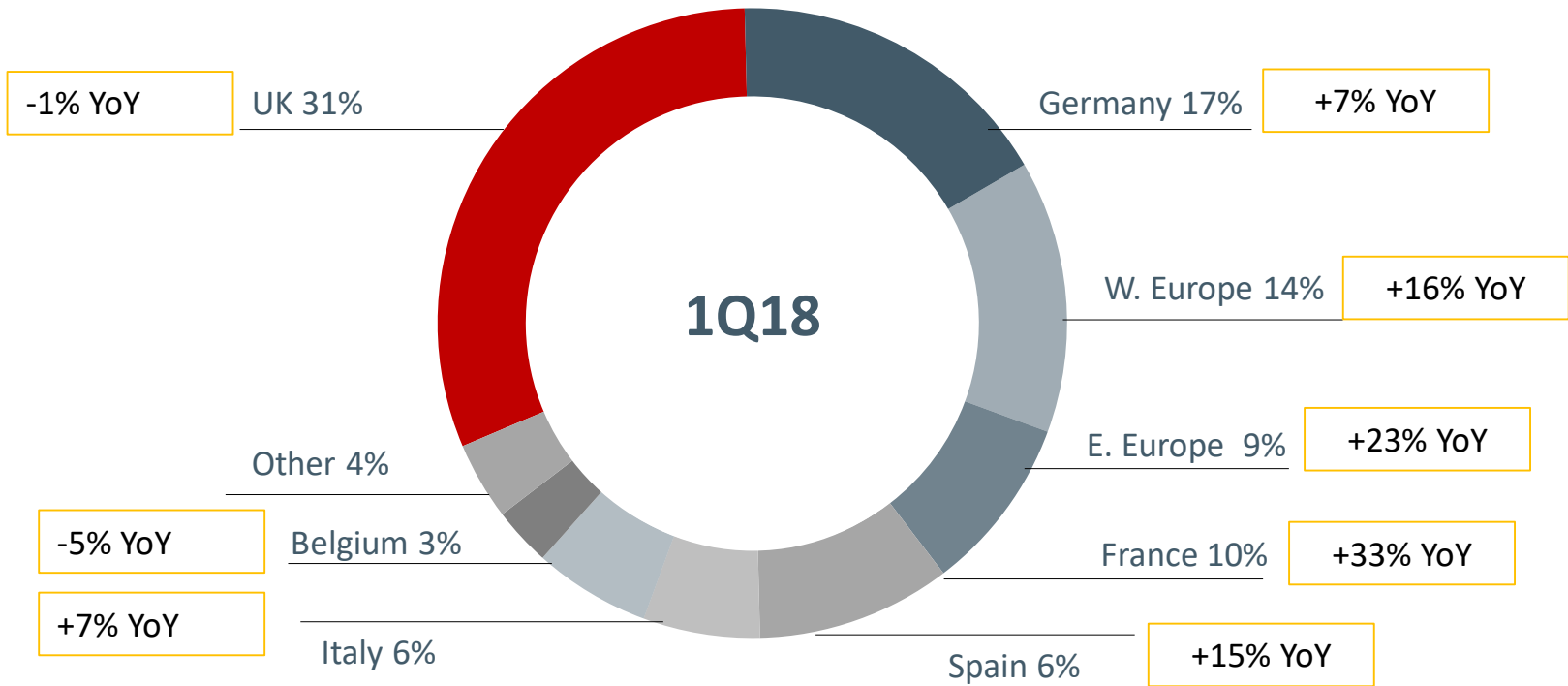
+4.1%  
45 K units

Vans up to 3.5 t

\* Source: ACEA; 27 European Union countries excluding Malta.

# Record 1Q18 Exports

## Export breakdown (units)

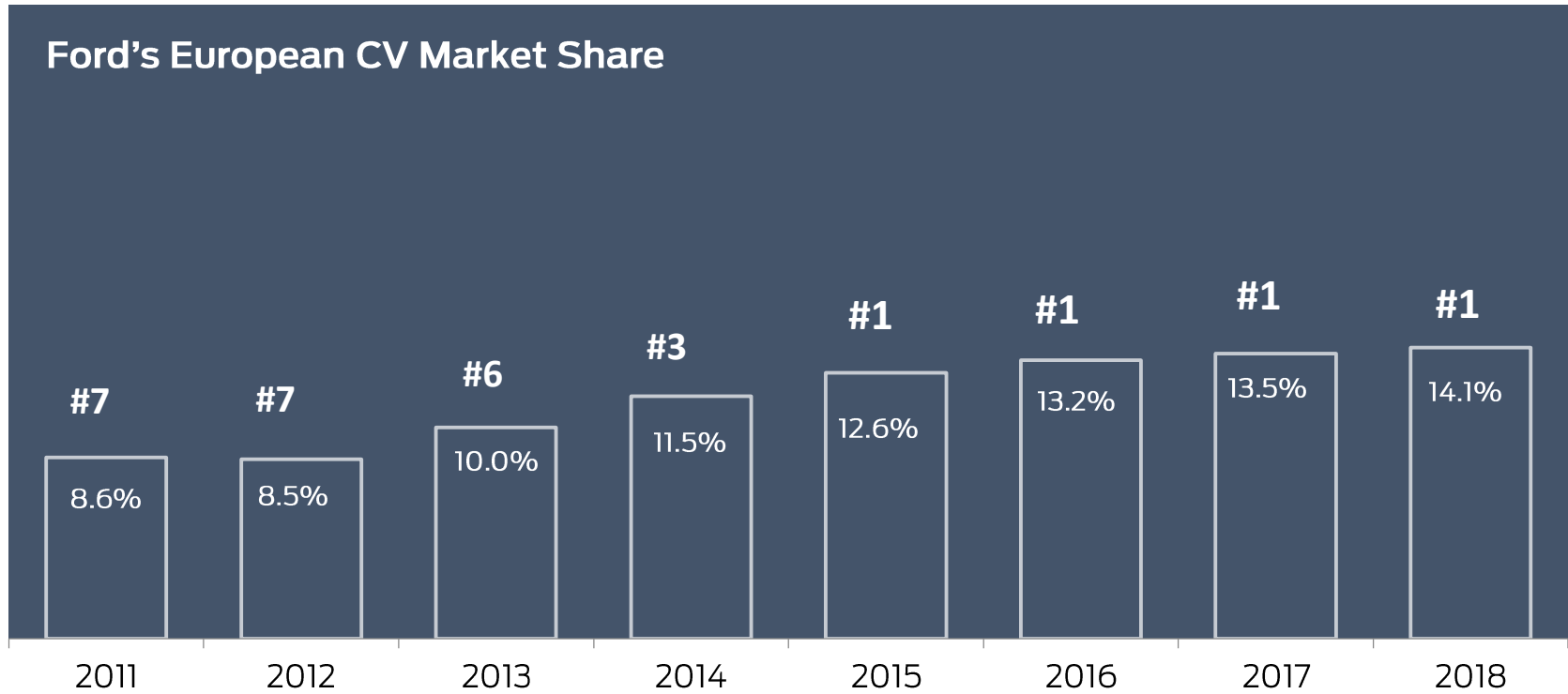


Change in Ford Otosan's unit exports to the relevant market

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



# Ford is Europe's #1 CV Brand



# Transit Family Sales are the Highest-Ever for 1Q

**3.1%**

1Q18 YoY growth  
in Ford's CV sales

**93,200**

Highest 1Q for Ford  
commercial vehicle  
unit sales since 1993

**14.1%**

Best 1Q for Ford  
commercial  
vehicle market  
share since 1995

**Ford is #1**

UK Industry: -3.7%  
Ford: +4.3%

Source: SMMT

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

&

## Pillar of profitability for Ford of Europe



Courier



Connect



Custom



Transit

**81%**

of Transit Family vans  
sold by Ford in Europe

are produced by

**FORD OTOSAN**

# Ford Motor Co. 1Q18 Automotive Segment Results

## Ford Motor Co.

	Wholesales	Revenue (GAAP)	Total Market Share	EBIT Margin	EBIT
<b>1Q18</b>	1,662K	\$39.0B	6.5%	4.4%	\$1.7B
<b>B/W 1Q17</b>	(41)K	\$2.5B	(0.6) ppts	(1.6) ppts	\$(0.4)B

Year-over-year declines in EBIT and EBIT margin more than explained by higher commodity costs

Volume, mix and net pricing were positive; total costs were flat excluding commodities

Committed to returning EBIT margin to 10% through fitness and making smart choices to play where the company can win

## Ford of Europe

	Wholesales	Revenue (GAAP)	Total Market Share	EBIT Margin	EBIT
<b>1Q18</b>	449K	\$8.9B	7.6%	1.3%	\$119M
<b>B/W 1Q17</b>	- K	\$1.3B	(0.4) ppts	(1.5) ppts	\$(90)M

Revenue up 18% driven by exchange and higher product driven net pricing.

Net pricing strongly positive due to impact of all-new Fiesta and new EcoSport

Commercial vehicle share improved and Ford remained Europe's best selling commercial vehicle brand



# Ford

OTOSAN

1Q18  
Results

# Highlights

**TL 7,282 million**

**Revenues, +35% YoY**

Record 1Q revenues

Record 1Q sales volume; up 9% driven by strong exports

**TL 642 million**

**EBITDA, +43% YoY**

Despite 37% growth in gross profit

Driven by strong OpEx control and cost reduction actions

Higher fx gains from operating activities

**TL 5,728 million**

**Export Revenues, +34% YoY**

Record volumes; up 10%

Growth in European van segment

Higher demand for our products

Currency impact

**TL 441 million**

**Profit Before Tax, +58% YoY**

Despite pressure from 40% rise in net financial

expenses driven by 48% higher net fx loss

**TL 1,554 million**

**Domestic Revenues, +37% YoY**

Higher heavy truck sales

Pricing strategy

**TL 432 million**

**Net Income, +59% YoY**

# Main Financial Indicators

Million TL		1Q18	1Q17	YoY %
Total Revenues	Record	7.282	5.395	35%
Export	Record	5.728	4.262	34%
Domestic	Record	1.554	1.133	37%
Gross Profit	Record	757	552	37%
Operating Profit	Record	513	330	55%
EBITDA	Record	642	448	43%
Profit Before Tax	Record	441	280	58%
Net Income	Record	432	272	59%
<b>Other Financial Data</b>				
Depreciation & Amortization		128	118	9%
Financial Income / (Expense)		-71	-51	40%



# Volume & Revenue Analysis

	1Q18/1Q17		1Q18/4Q17	
	Volume	Revenue	Volume	Revenue
<b>Total</b>	9%	35%	-19%	-11%
<b>Export</b>	10%	34%	-3%	6%
<b>Domestic</b>	5%	37%	-53%	-44%

## Strong domestic revenue

Pricing discipline  
Higher heavy truck volumes

## Export revenue growth

Record volumes  
Currency impact

# Sales Volume by Model

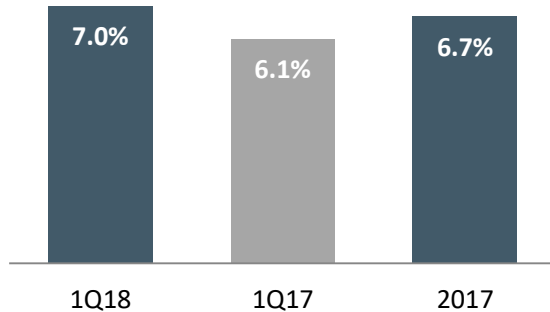
	1Q18	1Q17	YoY%
<b>Total Domestic</b>	<b>19.162</b>	<b>18.194</b>	<b>5%</b>
<b>PC</b>	<b>5.304</b>	<b>4.561</b>	<b>16%</b>
<b>LCV</b>	<b>6.774</b>	<b>6.223</b>	<b>9%</b>
Transit Courier	6.541	5.796	13%
Transit Connect	233	427	-45%
<b>MCV</b>	<b>5.822</b>	<b>6.631</b>	<b>-12%</b>
Transit	4.469	4.903	-9%
Transit Custom	1.154	1.202	-4%
Ranger	199	526	-62%
<b>Truck</b>	<b>1.262</b>	<b>779</b>	<b>62%</b>
<b>Total Export</b>	<b>83.068</b>	<b>75.799</b>	<b>10%</b>
Transit Custom	40.303	39.662	2%
Transit	30.046	26.387	14%
Transit Courier	12.290	9.342	32%
Cargo	369	164	125%
Other	60	244	-75%
<b>Total Wholesale</b>	<b>102.230</b>	<b>93.993</b>	<b>8,8%</b>

Record

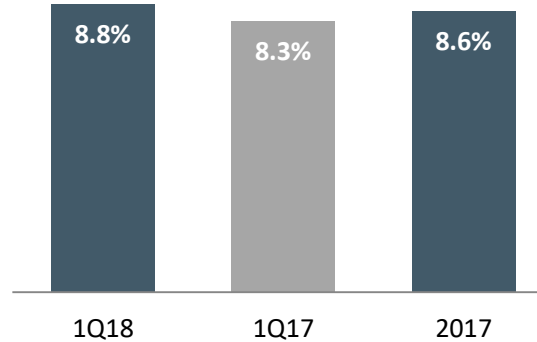
Record

# Solid Profitability

Operating Margin



EBITDA Margin



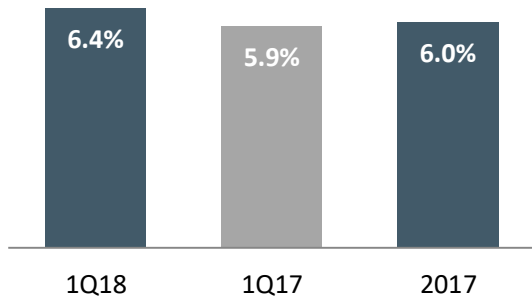
## Challenges:

- Considerable cost pressure resulting from weaker €/TL (+19% YoY), high inflation and commodity prices

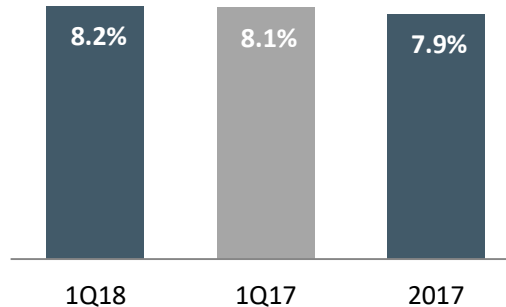
## Drivers:

- + Pricing focus to offset the cost impact (weak & volatile TL, rising inflation and commodity prices)
- + Cost reduction actions and strong OpEx control
- + Operating leverage: CUR up 6 pps YoY to 92% with rising export demand and 13% more production
- + Fx gains from export business Revenues

Operating Margin (excl. Other items)



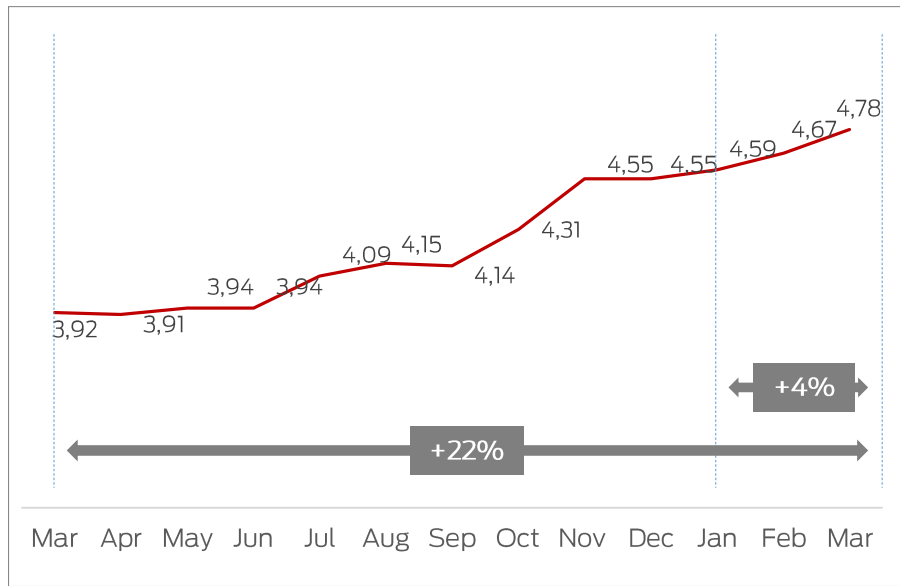
EBITDA Margin (excl. Other items)



# Ongoing Cost Pressure

YoY change	1Q18/1Q17	1Q18/4Q17
Production Volume	13%	-10%
Raw Material Costs	39%	-1%

EUR/TL Rate



Source: CBT

PPI Inflation, %



Source: CBT

# Debt Profile & Financial Ratios

<b>Cash Position (TL mn)</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Cash & Cash Equivalents	2,042	1,364
Total Financial Debt	(4,067)	(3,027)
Net Financial Debt	(2,025)	(1,663)
<b>Financial Ratios</b>	<b>31.03.2018</b>	<b>31.12.2017</b>
Current ratio	1.04	1.13
Liquidity ratio	0.72	0.87
Net Financial Debt / Tangible Net Worth	0.81	0.60
Current Assets / Total Assets	0.59	0.57
Current Liabilities / Total Liabilities	0.76	0.73
Total Liabilities / Total Liabilities and Equity	0.75	0.69
Net Debt / EBITDA	0.85	0.90
Return on Equity	53.6%	40.3%
<b>Margins</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Gross Margin	10.4%	10.2%
EBITDA Margin	8.8%	8.3%
EBITDA Margin (excl.other items)	8.2%	8.1%
Operating Margin	7.0%	6.1%
Net Margin	5.9%	5.0%

# 2018 Guidance

	2017A	2018F
Turkish Industry Volume	977 K	950 K – 1,000 K
Ford Otosan Retail Sales Volume	116 K	110 K – 120 K
Exports	297 K	305 K – 315 K
Wholesale Volume	413 K	415 K – 435 K
Production Volume	373 K	385 K – 395 K
Capex (fixed assets)	€ 175 mn	€210 – 230 mn



Unleash your true self.

