



Investor Presentation

October 2015

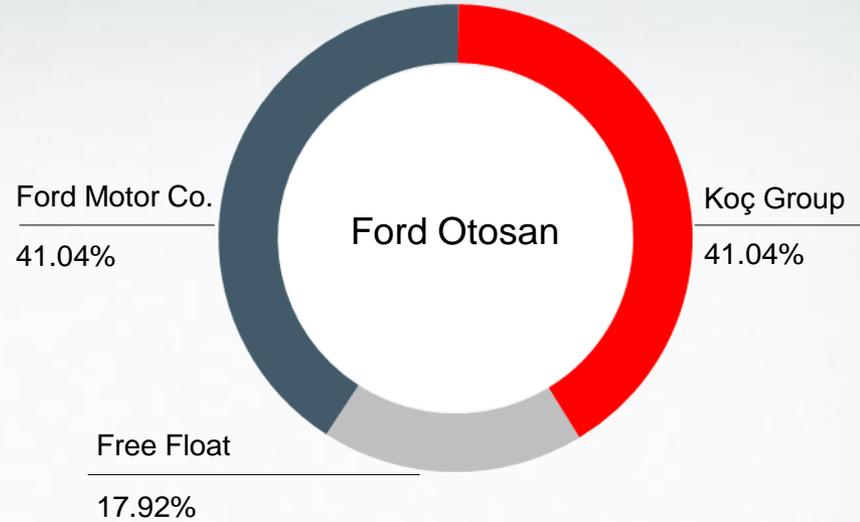
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# About Ford Otosan

# Company Profile

Key Performance Indicators, 2014	
Revenues	\$5.5 billion
Export Revenues	\$3.5 billion
EBITDA	\$387 million
Profit Before Tax	\$179 million
Net Profit*	\$272 million
ROE	21.6%
EBITDA margin	7.1%
Annual Production Capacity	415,000
	Gölcük 290,000
	Yeniköy 110,000
	İnönü 15,000
Total Employees	9,762
	Blue Collar 7,192
	White Collar 2,570



Paid-in Capital: TL 350,910,000

Traded on Borsa Istanbul since 13 January 1986

Ticker: FROTO.IS

\* Net profit is higher than profit before tax due to the establishment of a deferred tax asset in line with the investment incentives granted by the government.

# Ford Otosan at a Glance

**Pioneer of Turkish  
automotive**

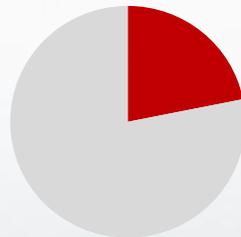
**First** Turkish passenger car Anadol (1966)  
Turkey's **first** domestic diesel engine Erk (1986)  
Turkey's **first** private R&D center in automotive (1961)  
**First** export of Turkish automotive to the US (2009)

**Strong value  
contribution**

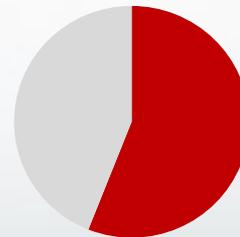
**Export leader** in Turkish automotive; 2<sup>nd</sup> largest exporter overall  
Turkey's **2<sup>nd</sup> largest** industrial enterprise  
**Highest** installed production capacity and employment in Turkish automotive

**Leadership and  
scale**

12 consecutive years of **industry leadership** (2002-2013)  
**Widest** product range in Turkish automotive



**21%** of Turkey's total  
automotive production



**56%** of Turkey's total  
commercial vehicle production



**62%** of Turkey's total  
commercial vehicle exports

# Key Player in Ford Motor Company Universe

**Robust sales  
performance**

**Highest** commercial vehicle market share of Ford in Europe  
Ford's 5<sup>th</sup> biggest market in Europe (UK, Germany, Italy, France, Turkey)

**Leading  
manufacturing hub**

**Lead** manufacturing plant of Ford Transit globally  
**Single** source of Ford Transit Custom & Tourneo Custom  
**Single** source of Ford Transit Courier & Tourneo Courier  
**One of the two** production centers globally for Ford Cargo heavy trucks

**Engineering and  
R&D power**

**Global engineering lead** for Cargo heavy trucks and related powertrains  
**Global support** for diesel powertrain engineering  
**Global support** for light commercial vehicle development

# Vision, Mission and Strategy

## Vision

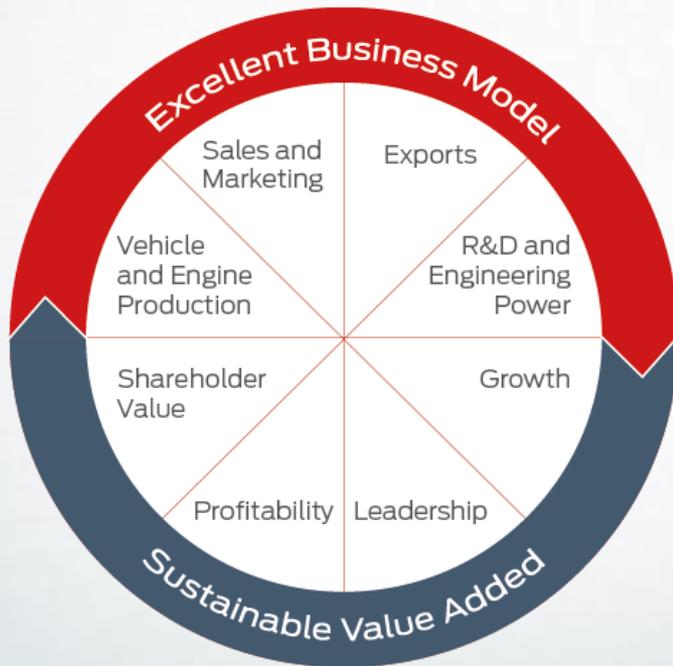
Being Turkey's most valuable and most preferred industrial company.

## Mission

Providing innovative automotive products and services beneficial to the community.

## Strategy

- Growth: Organic and inorganic growth in new markets and existing business areas by developing new products.
- Innovation: Providing innovative products and services in all business processes by keeping creativity at the top.
- Brand: Being the most preferred brand in all segments by meeting customer needs and expectations.
- Employees: Being the most preferred workplace by aiming excellence in human resources processes and increasing benefits provided for employees.
- Customers: Being the leader automotive brand with regards to customer satisfaction in sales and after sales products and services.



# Brief History

First automotive production starts in Turkey under license agreements in a heavily protected domestic economy.



Turkey takes first steps to liberalize its economy and integrate with the rest of the world.



Customs Union is signed with the EU in 1996. Exports start to increase. Incentives are introduced for production in Turkey.



Turkey becomes a major hub in automotive production and moves up the value chain, from an assembly center to full product development and manufacturing with focus on R&D.



Turkey is the 17<sup>th</sup> largest auto manufacturing hub in the world and 6<sup>th</sup> largest among EU countries.



First Years

1980s

1990s

2000-2010

2010+

**1928 – Vehbi Koç is assigned as Ankara Ford dealer**

**1959 – Otosan is founded as Ford assembler in Turkey**

1960 – Otosan's first production: Ford Consul

**1966 – Otosan produces the first Turkish car Anadol**

1967 – Otosan produces its first Transit

1982 – İnönü Plant opens

1983 – Cargo production starts

**1983- Ford Motor Co. increases its share in Otosan to 30%**

1985 – Production of Ford Taunus

**1986 – Otosan produces Turkey's first diesel engine ERK**

1992 – Production of the new generation Transit

1993 - Production of Ford Escort

**1997 – Ford assumes 41% equity in 'Ford Otosan'**

1998 – Ford Otosan spare parts distribution center opens

**2001 – Gölçük Plant opens**

2002 – Transit Connect launches

2003 – New Cargo launches

2003 – Transit Connect 'International Van of the Year'

**2007 – Gebze Engineering Center opens**

2007 – Transit

'International Van of the Year'

**2009 – First vehicle export to North America**

**2010 – Ford Otosan's 50<sup>th</sup> Anniversary**

2010 – Transit Connect 'N.A. Truck of the Year'

2011 – Transit Connect NYC Taxi launches

**2012- Launch of Ford Custom**

2013 – Ford Otosan's 12<sup>th</sup> year of market leadership

**2013/2014- JMC engine & truck technology licensing agreements**

**2014 – Yeniköy Plant opens**

**2014 – Launch of new Ford Transit and Ford Courier**

**2015 – Sancaktepe Engineering Center opens**

# Plants and Facilities

# Locations

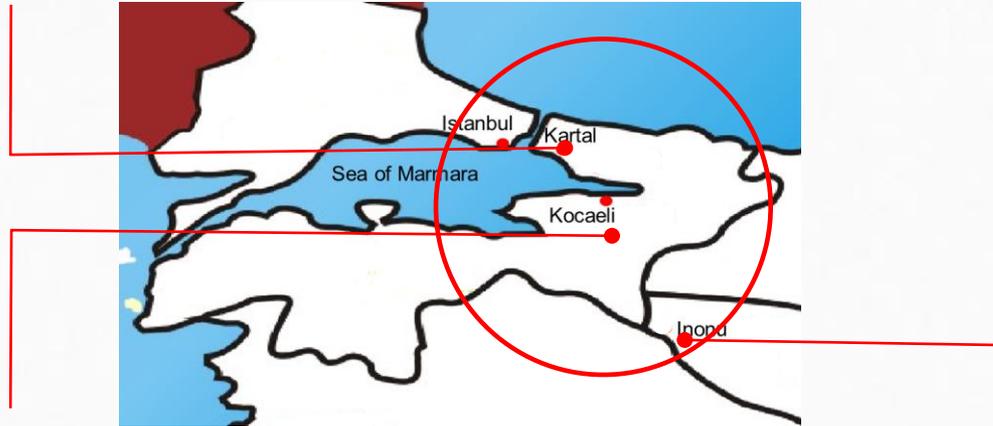
Sancaktepe Parts Distribution Center (1998)



Sancaktepe Engineering Center (2015)



İnönü Plant (1982)



Kocaeli Plants: Gölcük Plant: Transit (2001), Custom (2012)



Yeniköy Plant: Courier (2014)



# Gölcük Plant - Lead manufacturing plant of the new generation Transit



Transit 160k



Custom 130k

Opened in 2001

1,600,000 m<sup>2</sup> total area; 340,000 m<sup>2</sup> covered area

# Yeniköy Plant - The single production center of Ford Courier in the world



Courier 110k

New production facility at Gölcük plant site opened on 22 May 2014

70,000 m<sup>2</sup> covered area

Environment and disabled-friendly plant

# İnönü Plant - One of the two global production centers for Ford Cargo



Cargo 15k

Opened in 1982

88,000 m<sup>2</sup> covered area

80k units engine, 140k units powertrain production capacity

- 7.3L / 9.0L I6 Diesel engines for Cargo heavy truck
- 2.2L 4-cyl. Duratorq TDCI engines for Transit

# Sancaktepe Parts Distribution Center - 96% Fill rate



Opened in 1998

25,000 m<sup>2</sup> warehouse: Largest of its kind in Turkey

4<sup>th</sup> largest warehouse capacity among Ford's parts distribution centers in Europe

# Sancaktepe Engineering Center – Turkey’s largest R&D Center



**Center of Excellence** for heavy trucks and heavy duty diesel powertrain for large trucks

**Global engineering lead** for Ford Cargo heavy trucks and related powertrains

**Global support** for diesel powertrain engineering

**Global support** for light commercial vehicle development (B- & C-car derived Integrated Style Vans)

# Products

# Ford Transit

- Longest-running model in Ford of Europe's product range
- ~ 8 million units produced globally since its launch in 1965
- Manufactured by Ford Otosan since 1967
- Ford Otosan is the lead manufacturing plant of Transit globally
- 160k units annual production capacity
- All-New Transit launched from March 2014 to October 2014 in 3 phases



**Chassis Cab**

**Van**

**Minibus**



Loading Capacity:  
3.3 tons – 4.7 tons

Loading Capacity:  
9.5m<sup>3</sup> - 15.1 m<sup>3</sup>

Seating Capacity:  
11+1 / 17+1

Market share details available on page 44

# Ford Custom

- Ford Otosan is the single global source of Ford Custom
- 130k units annual production capacity
- Launched in October 2012
- First vehicle in its segment to achieve a maximum five-star Euro NCAP rating



## Tourneo Custom (People Mover)



Long and Short Chassis  
8+1 Seating Capacity  
4.97m – 5.34 m

## Transit Custom (Commercial)



Loading Capacity:  
5.9 m<sup>3</sup> - 7.2 m<sup>3</sup>



Loading Capacity:  
6.8 m<sup>3</sup> - 8.3 m<sup>3</sup>



Market share details available on page 44

# Ford Courier

- Ford's first vehicle in the compact van segment
- Ford Otosan is the single global source of Ford Courier
- 110k units annual production capacity
- Launched in May 2014



**Winner**  
**Van of**  
**the Year**



**Tourneo Courier**  
**(People mover)**

**Transit Courier Combi Van**  
**(Commercial)**

**Transit Courier Van**  
**(Commercial)**

Market share details available on page 44

# Ford Trucks

- Manufactured at Ford Otosan's İnönü Plant since 1983
- Road truck, construction and tractor series available
- Cargo 1846T – 2013 International Truck of the Year 3<sup>rd</sup> place

CARGO



Market share details available on page 44

# A Full Line of Cars



# Major Product Acceleration

2014



Focus



Courier



Connect



Transit

2015



Mondeo



Galaxy



C-Max



Mustang

2016



EcoSport



Edge

# Investment Case

# Ford Otosan's Value Proposition

## Scale & growth

Domestic industry leader for 12 consecutive years (2002-2013)  
Largest manufacturer and exporter of commercial vehicles in Turkey  
Increased capacity and fully revamped products to grow volumes and profitability  
Technology licensing agreements delivering royalty fees with strong growth potential

## Resilience & efficiency

Large-scale export program; best proxy to European recovery  
High capacity utilization: Above European and Turkish industry average  
Efficient, flexible and low-cost manufacturing and engineering competency

## Strong balance sheet & prudent risk management

Strong cash generation capacity  
Solid financial performance  
Natural hedge of fx-payables due to fx-denominated export revenues

## Shareholder value creation

Sustainable dividend policy  
Strong relative share performance  
Commitment to good corporate governance

# Relatively Favorable Taxes on Commercial Vehicles

Passenger Cars					Commercial Vehicles				
Engine Size	Model	VAT	SCT	Total	Engine Size	Model	VAT	SCT	Total
<1600 cc	Courier (PC)	18%	45%*	<b>71%</b>	<3000cc	Transit Van	18%	4%	<b>23%</b>
	Fiesta					Transit Minibus (16+1) (17+1)			
	B-Max					Transit Chassis Cab			
Focus	Transit Custom Van								
C-Max	Transit Courier Van								
Kuga (1.6)	Connect Van								
Mondeo (1.6)	Ranger								
S-Max (1.6)									
1601-2000	Mondeo (2.0)	18%	90%**	<b>124%</b>		Transit Minibus (11+1) (14+1)			
	S-Max (2.0)								
	Kuga (2.0)								
	Galaxy								
>2000		18%	145%***	<b>189%</b>	Transit Combi	18%	15%****	<b>36%</b>	
					Transit Custom Combi				
					Transit Custom Combi Van				
					Tourneo Custom				
					Transit Courier Combi Van				
					Tourneo Courier				
					Connect Combi				
					Cargo	18%	4%	<b>23%</b>	

Tax rate increases:

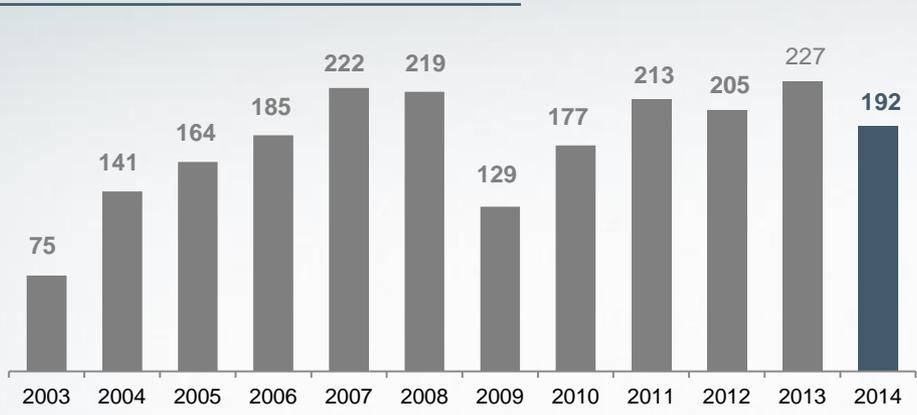
- \* 37% to 40% (Sept 22, 2012), 40% to 45% (Jan 1, 2014)
- \*\* 60% to 80% (Oct 12, 2011), 80% to 90% (Jan 1, 2014)
- \*\*\* 84% to 130% (Oct 12, 2011), 130% to 145% (Jan 1, 2014)
- \*\*\*\* 10% to 15% (Oct 12, 2011)

VAT: Value added tax  
 SCT: Special consumption tax

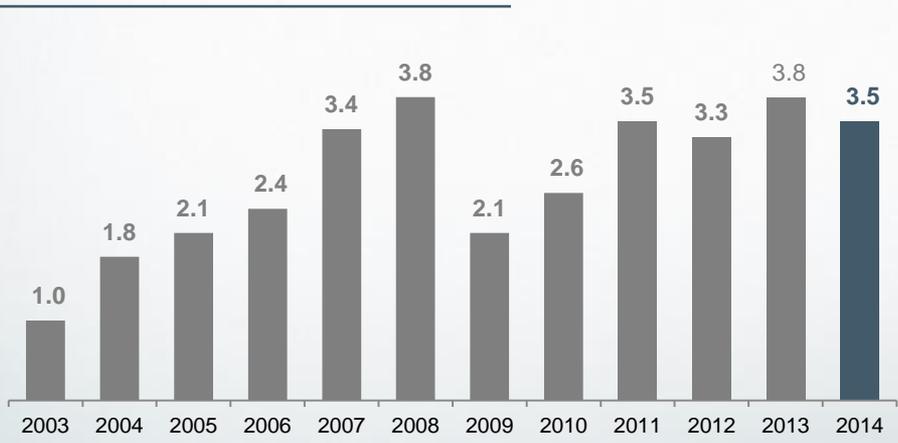


# Turkey's Export Leader in Automotive

Exports (000 units)



Export Revenue (US\$ bn)



**US\$ 3.5 billion** export revenues in 2014

Turkey's **export leader** in automotive for 4 consecutive years

US\$ 2.0 billion **net exporter** in the last five years (2010-2014)

Vehicles and spare parts exported to **73 countries in 5 continents**

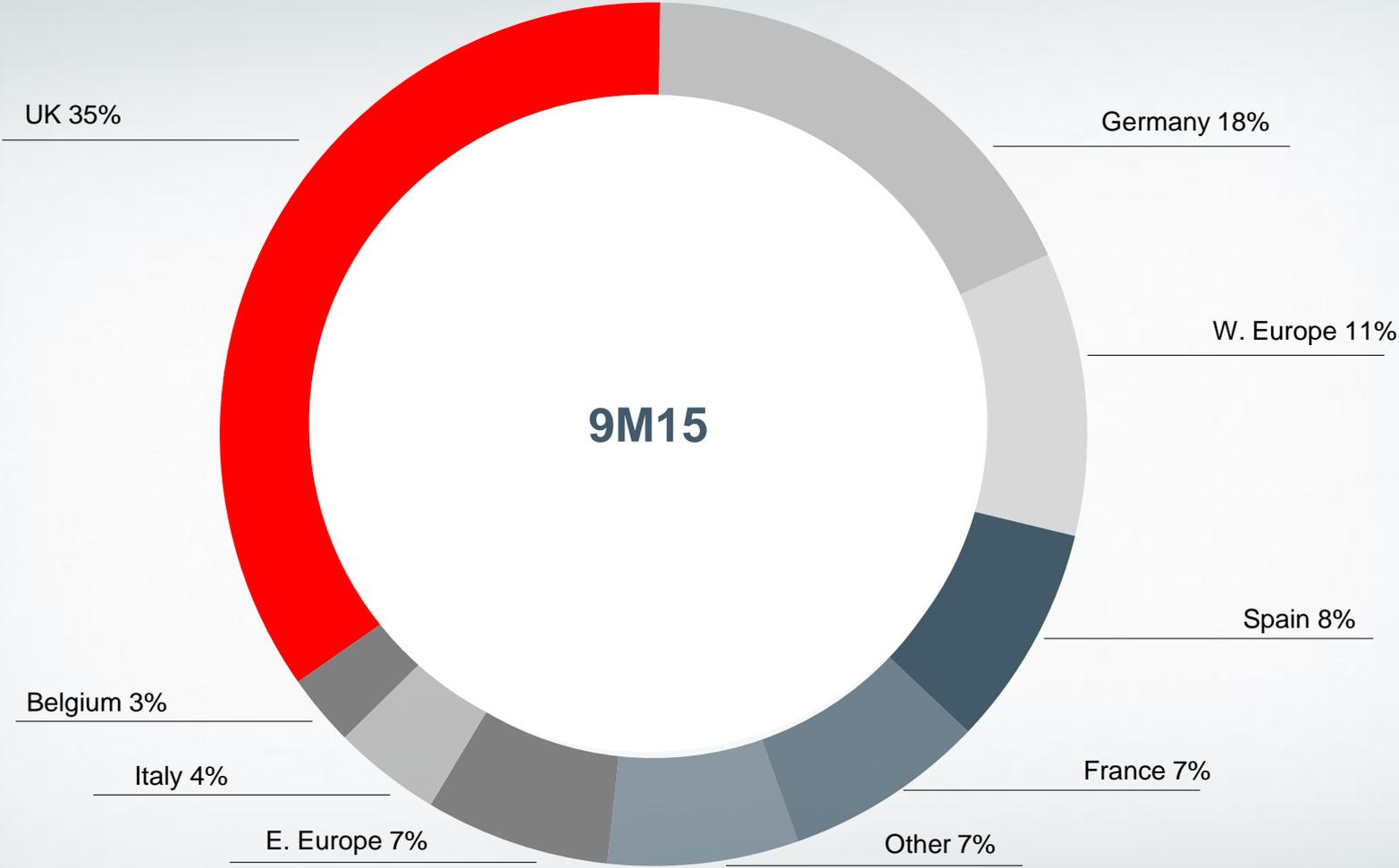
**62% of Turkey's total commercial vehicle exports** is done by Ford Otosan

Export receivables are easy to manage as Ford of Europe is the **single counterparty**

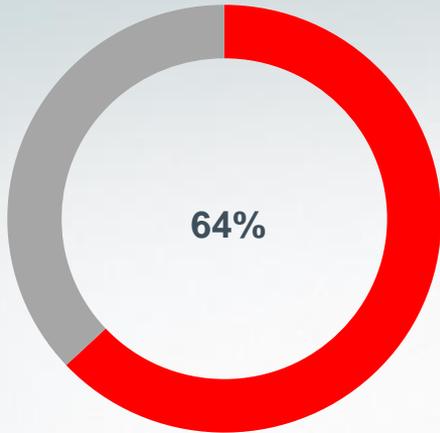
**Export receivables** from Ford Motor Company and its subsidiaries are collected within average **14 days**

# Best Proxy to Ongoing Growth in European CV Market

Export breakdown by units



# Strong Export Performance

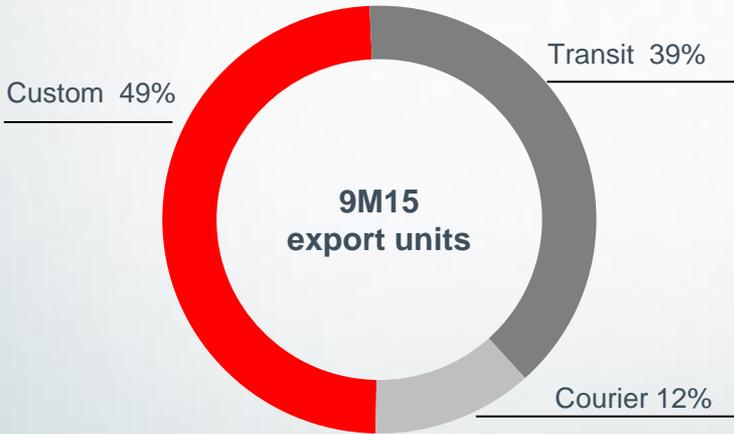


Ford Otosan's share in Turkey's CV exports, 9M15

## European commercial vehicle market (Up to 3.5 tons)

In September, the European market grew for the **25<sup>th</sup> consecutive** month. Van segment grew by 14% in September and 11.2% year-to-date ([www.acea.be](http://www.acea.be))

	FY14	1Q15	2Q15	3Q15	YTD
UK	18.7%	22.3%	17.2%	13.0%	17.4%
Germany	7.3%	10.5%	3.3%	-5.4%	2.4%
Italy	16.4%	6.1%	9.2%	10.4%	8.5%
Spain	33.2%	44.5%	28.7%	39.9%	37.0%
France	1.5%	0.4%	1.2%	0.9%	0.9%
Total	11.3%	13.6%	11.1%	9.0%	11.2%



## Ford's commercial vehicle sales in Europe

- Ford was **Europe's No. 1** commercial vehicle brand in September and year-to-date with growing demand for its Transit range and the Ranger pick-up.
- CV sales were **up 12%** in September and **26%** year-to-date.
- CV market share rose by 1.5 percentage points to 12.8% in September year-to-date, **the best share in almost two decades.**

# Large Scale Investment Program >US\$1 Billion (2010-2014)

Transit



Courier



US\$ 75 million +

Ford Trucks



€ 370 million

Custom



Yeniköy



US\$ 850 million

# Favorable Financing Terms

- €150 million loan agreement signed with EBRD in 2010  
5-year loan with 2-years grace period  
Euribor + 2.75%
- €190 million loan agreement signed with EIB in 2012  
8-year loan with 2-years grace period  
€100 million in Q3 at 2.06%  
€90 million in Q4 at 1.47%
- €100 million loan agreement signed with a consortium of foreign banks in July 2014  
(HSBC, Societe Generale and The Bank of Tokyo-Mitsubishi UFJ, Ltd.)  
4-year loan with 2-years grace period  
Euribor + 2.30%
- €140 million loan agreement signed with EBRD and a consortium of foreign banks in July 2014  
€70 million loan funded by EBRD, €70 million funded as syndicated loan  
(HSBC, Societe Generale, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Credit Agricole)  
5-year loan with 2-years grace period  
Euribor + 2.25%

# Highest Production Capacity in Turkish Automotive

Old: 330,000 (pre-investments)

210,000



Transit

110,000



Connect

10,000



Cargo

New: 415,000 (2014)

160,000



New Transit

130,000



Custom

110,000



Courier

15,000



Cargo

# Technology Licensing & Engineering Agreements

- The agreements with JMC have a 12-year term, starting with 2016 model year, to be extended every 3-years.
- Ford Otosan will be generating royalty fees with strong long-term growth potential.

## Ecotorq engines

- Signed on April 24<sup>th</sup>, 2013.
- JMC branded vehicles manufactured in China using these engines and the licensed products will be sold in China and the export markets as agreed by the parties.
- A license fee of €150 - €190 will be charged per product. €1 million license fee was collected as advance payment in 2013.



## Chassis, cab and components of Ford heavy trucks

- Signed on July 25<sup>th</sup>, 2014.
- The products and JMC branded vehicles containing these products will be sold in China.
- Ford Otosan will receive an advance license fee of €8 million. An average license fee of €390 per Chassis and €39 per cab will be charged.



# Focus on Shareholder Value

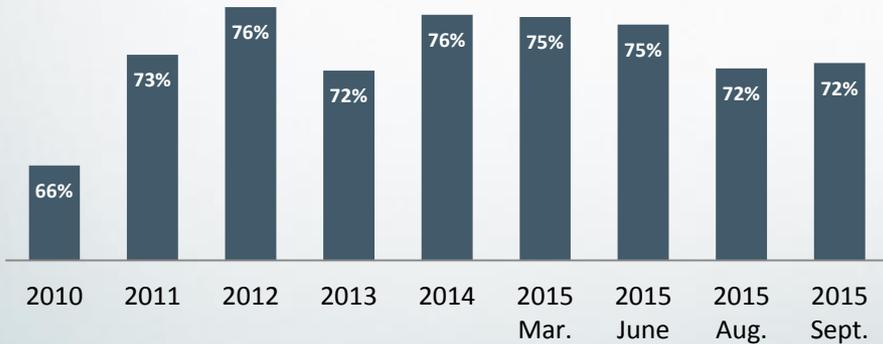
## Strong relative share performance



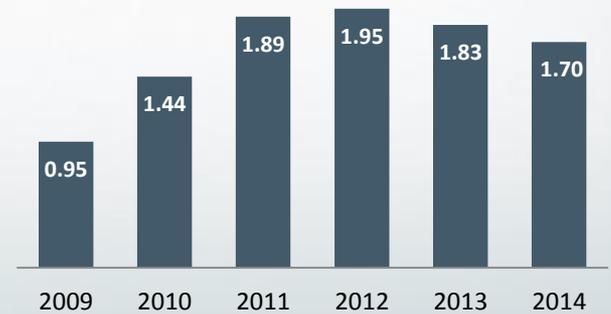
## Commitment to corporate governance

- Separate CEO and Chairman roles
- Independent BoD members
- Audit Committee
- Corporate Governance Committee
- Early Determination and Management of Risk Committee
- Remuneration Committee

## Foreign ownership in free float

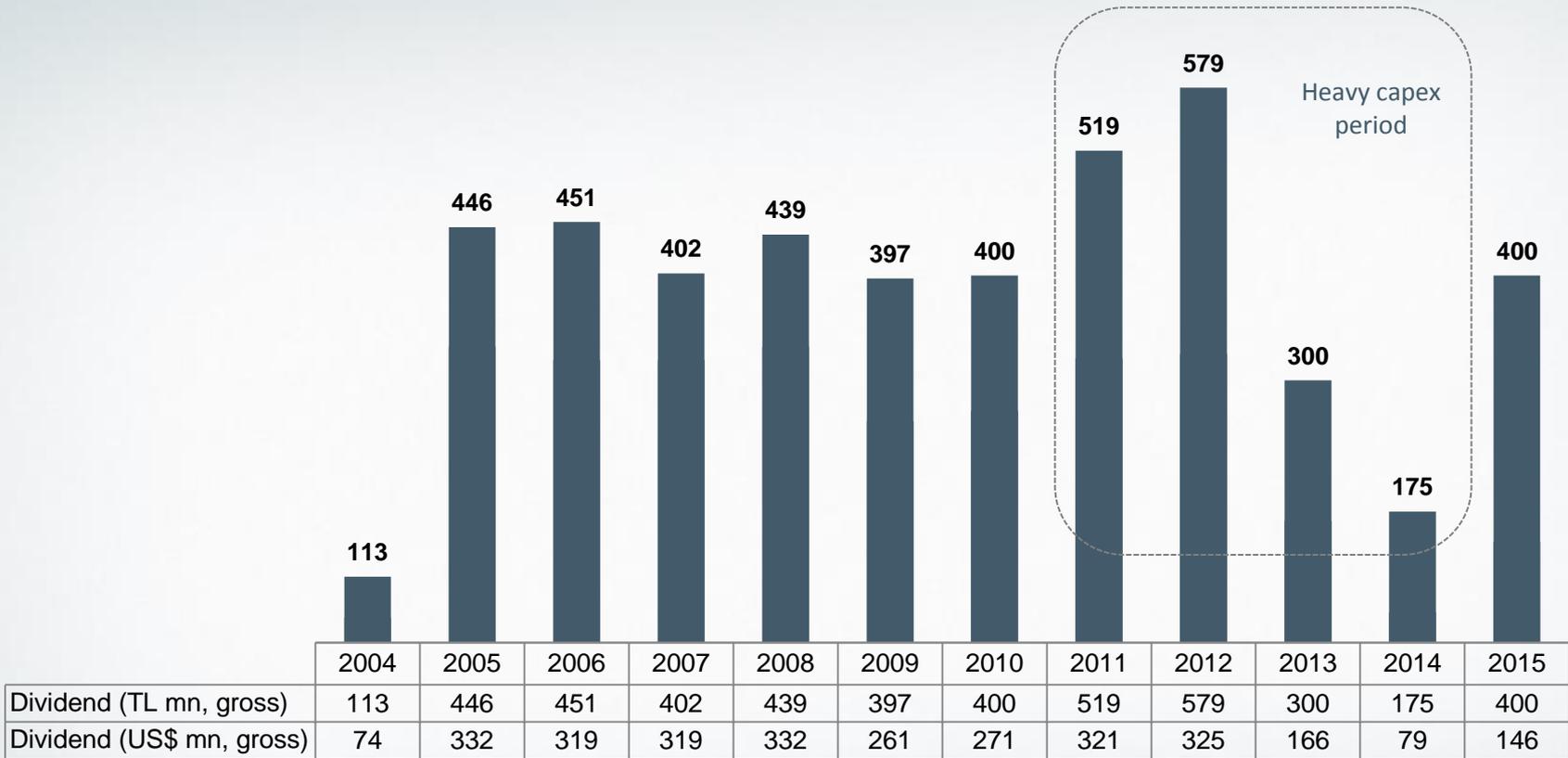


## Earnings per share (TL)



# Dividend History and Policy

TL 4.6 billion (US\$2.95 billion) dividend was distributed by Ford Otosan between 2004-2015.



In principle, subject to be covered by the resources existing in legal records, and subject to the decision of the Ordinary or Extraordinary General Assembly Meeting, excluding periods of large investment or severe economic downturn, by taking into consideration other legislation, financial and market conditions, long-term strategy, investment and financing policies, profitability and cash position, minimum 50% of the distributable profit for the period calculated within the framework of the Capital Markets Legislation is distributed in the form of cash or stock.

# Strong & Committed JV Partner Support

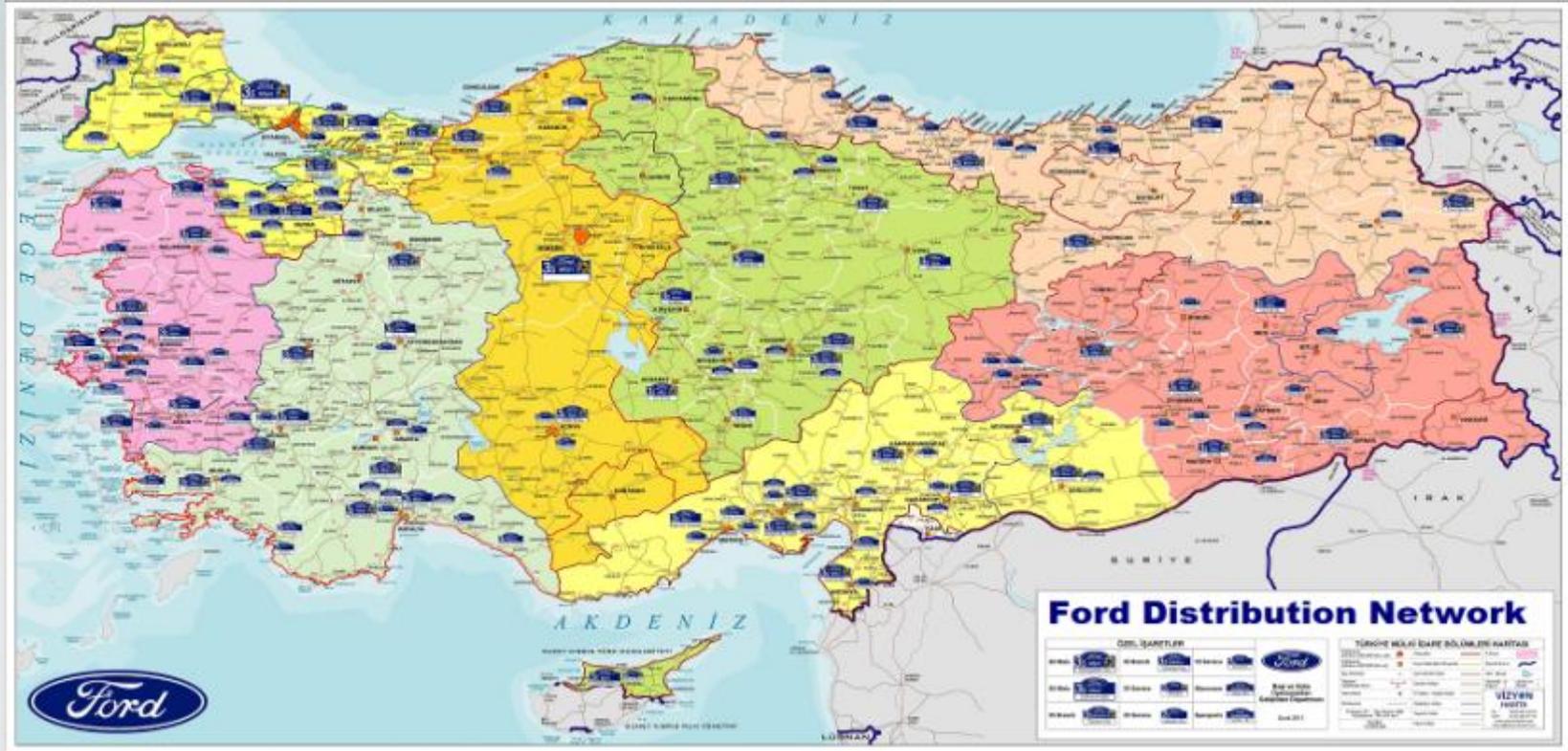


- Turkey's largest industrial and services group in terms of revenues, exports, employees and market capitalization on the Borsa İstanbul.
- Following an average annual growth rate of 18% in consolidated profit in US\$ terms between 2003-2013, Koç Holding ranks among the world's top 350 companies in Fortune 500 (2014 report).
- Has leading positions with strong competitive advantages in various sectors, such as energy, automotive, consumer durables and finance, which offer strong long-term growth potential.



- Global automotive industry leader based in Dearborn, Michigan, that manufactures and distributes automobiles across six continents.
- Automotive brands include Ford and Lincoln.
- 187,000 employees and 62 plants worldwide.
- Provides financial services through Ford Motor Credit Company.

# Large Distribution Network

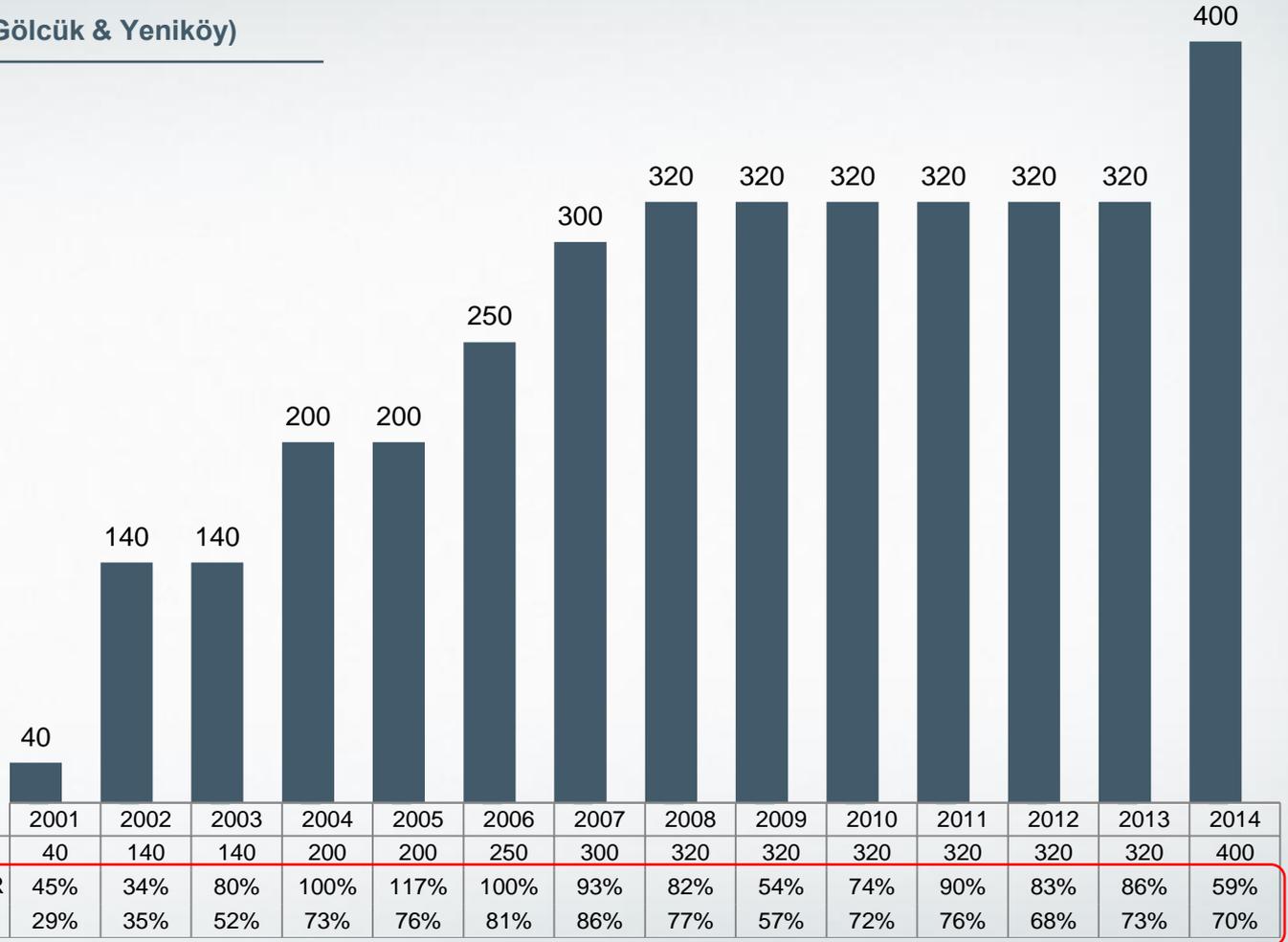


Ford Otosan provides maintenance, servicing and repairs through its customer-focused and innovative sales and after-sales network that spans the whole country.

Sales: 140  
After-Sales: 153  
Total Dealers: 194

# Efficient Production Hub

## Ford Otosan Kocaeli Plants (Gölcük & Yeniköy)



\*Source: Automotive Manufacturers' Association ([www.osd.org.tr](http://www.osd.org.tr))

# R&D Focused on Excellence

Ford Otosan has the largest R&D center in Turkey with over 1,350 R&D engineers.

Capability and infrastructure to design, develop and test a complete vehicle end-to-end, including its engine and engine systems.



## Sancaktepe R&D Center

Center of Excellence for heavy trucks and related heavy duty diesel powertrains

Design studio, CAVE lab (1<sup>st</sup> in Turkey), vehicle and engine HIL labs

## İnönü Product Development

Prototype engine manufacturing and testing

The only facility to test extra heavy engines over 13L in Turkey

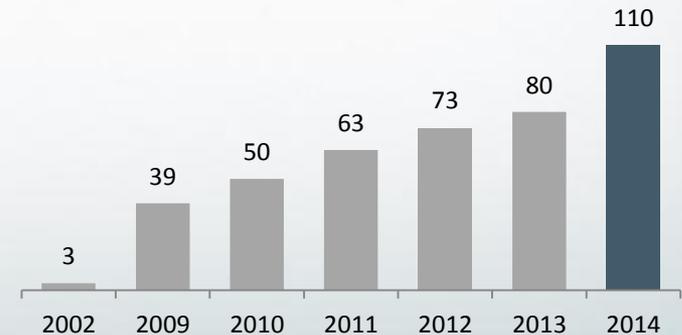


## Gölcük R&D Center

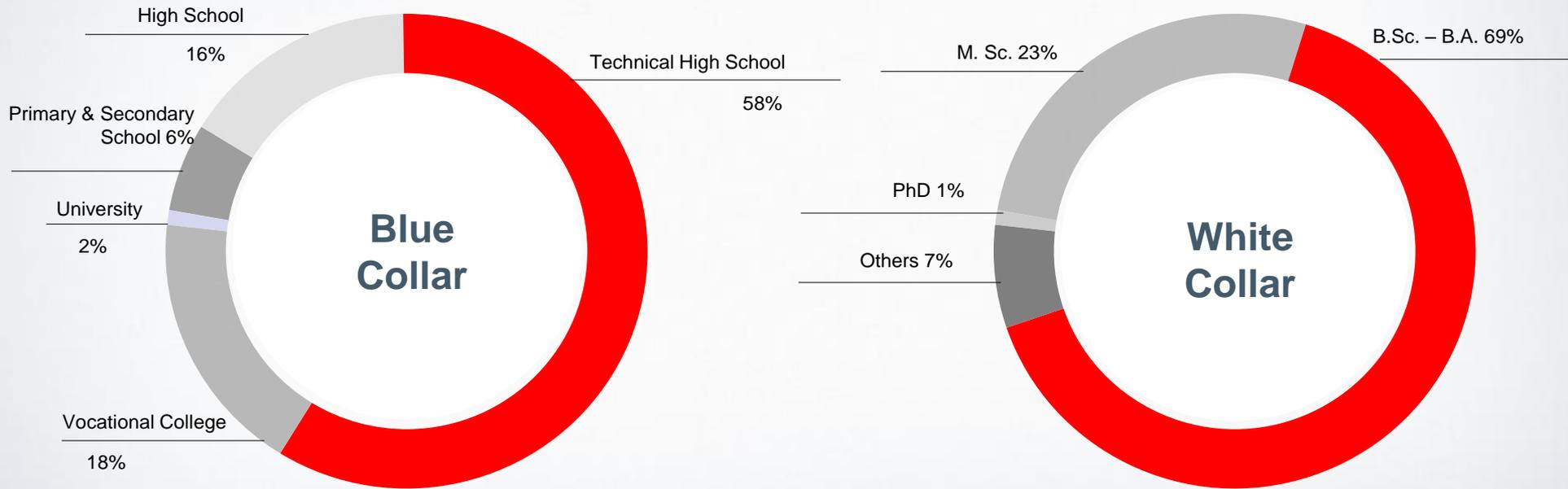
Engine testing, vehicle testing and development workshops



## Patent Applications

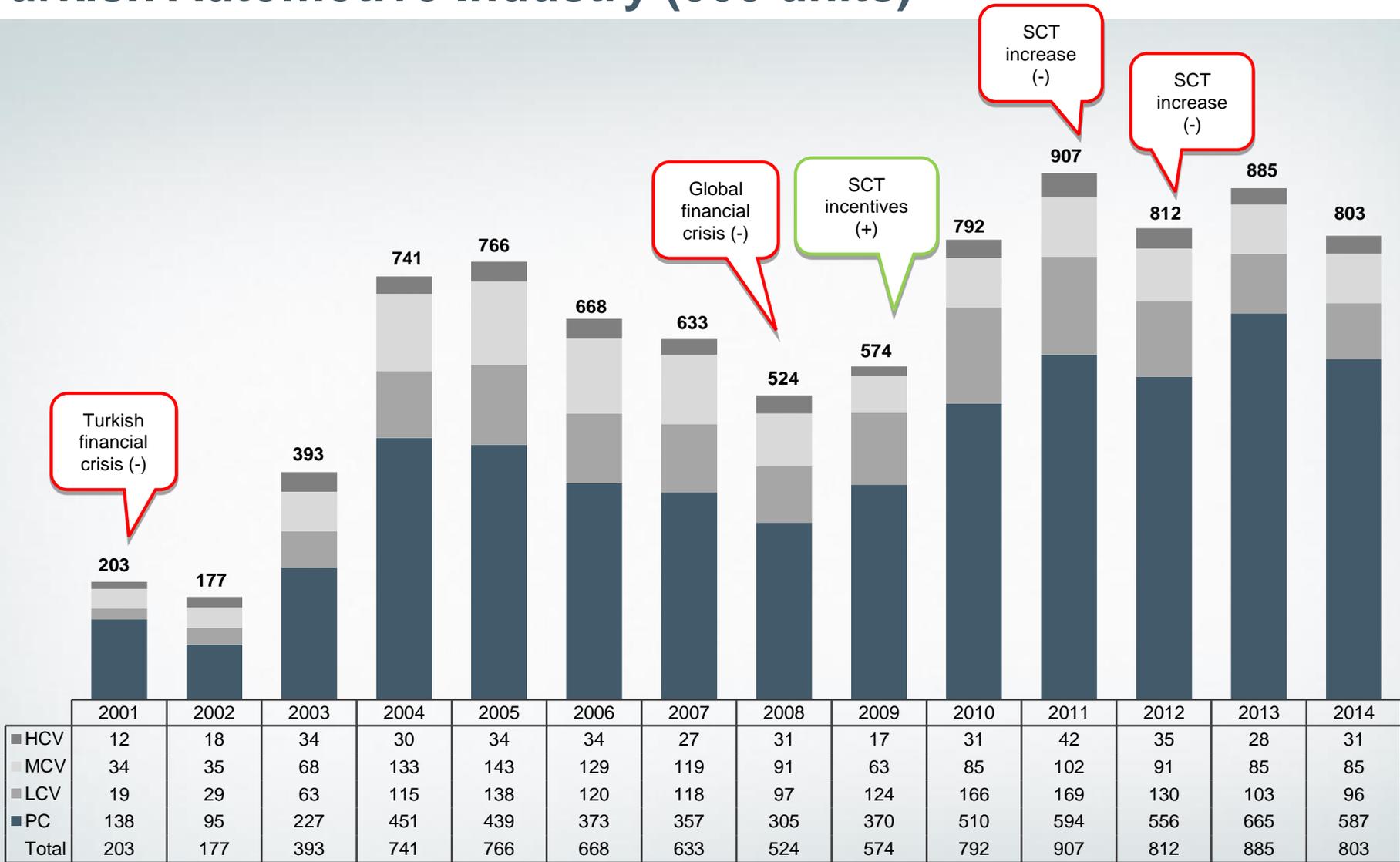


# Experienced and Skilled Workforce



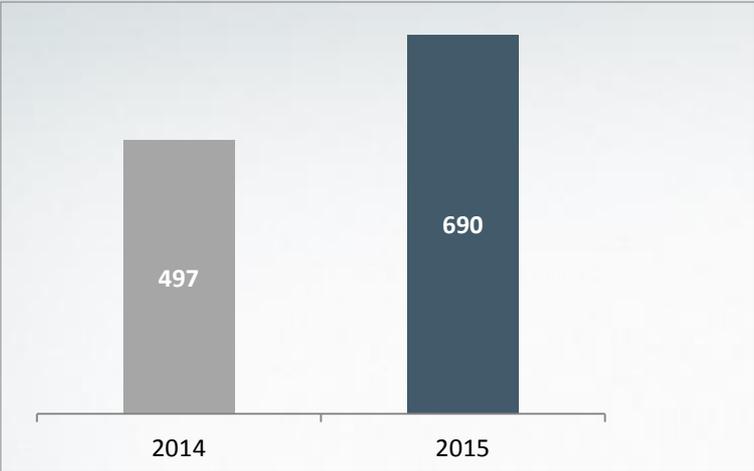
# Operating & Financial Performance

# Turkish Automotive Industry (000 units)

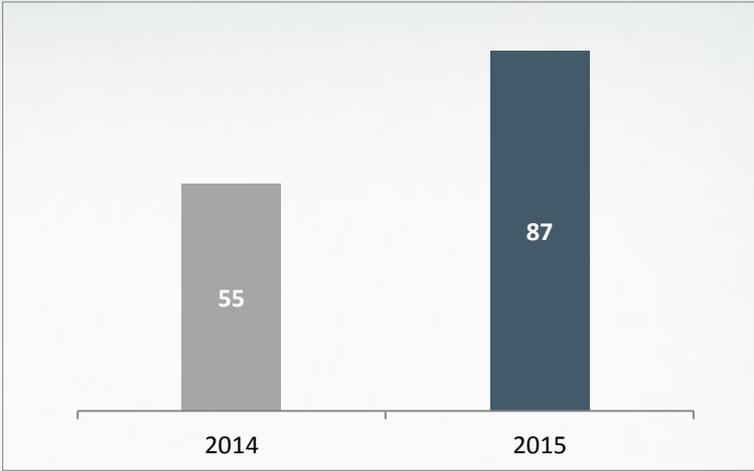


# Domestic Market (000 units)

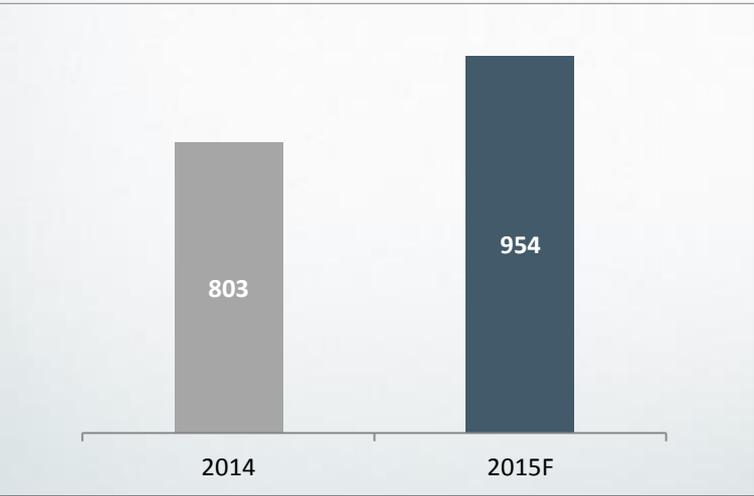
Total Industry, September 2015 YTD



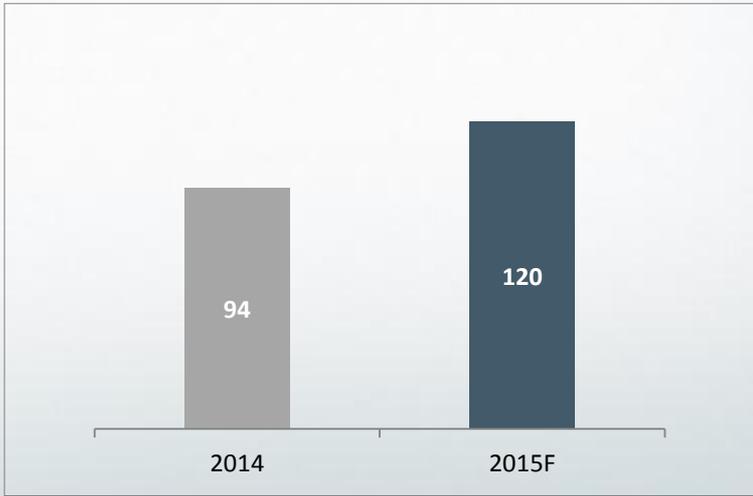
Ford Otosan, September 2015 YTD



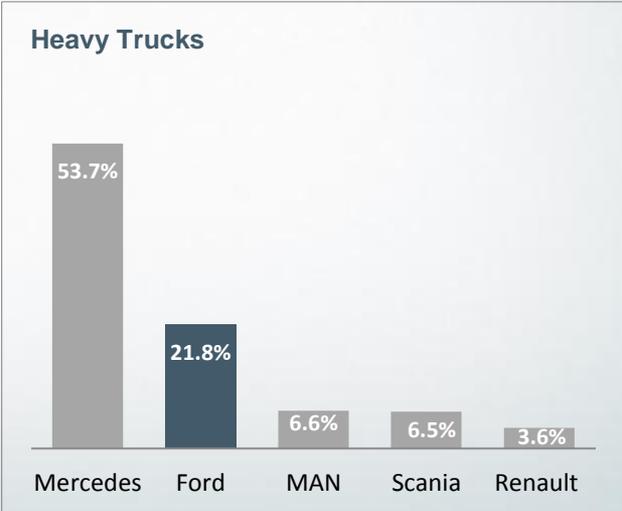
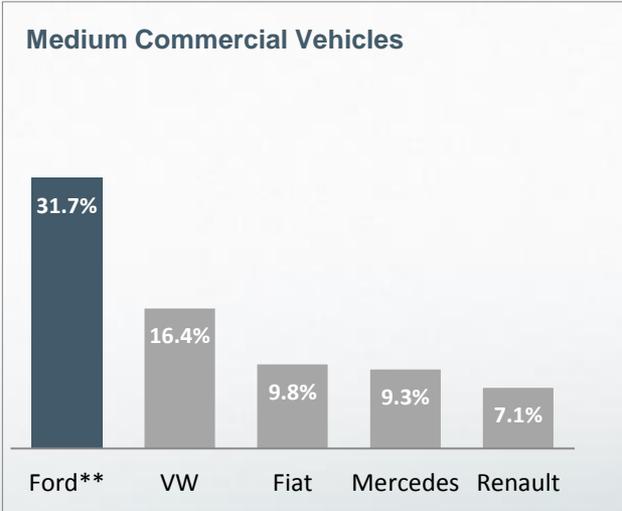
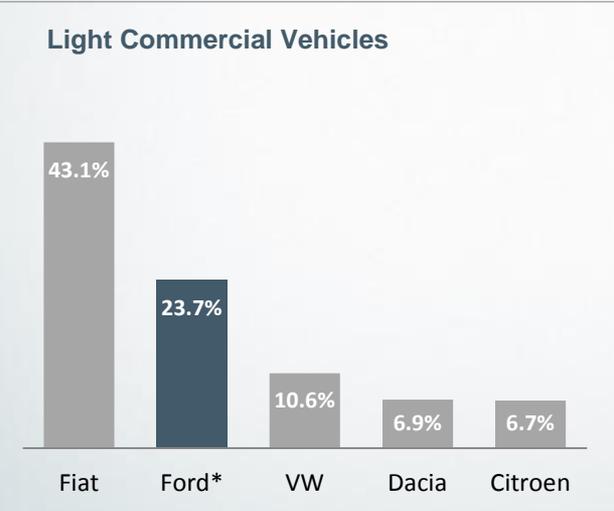
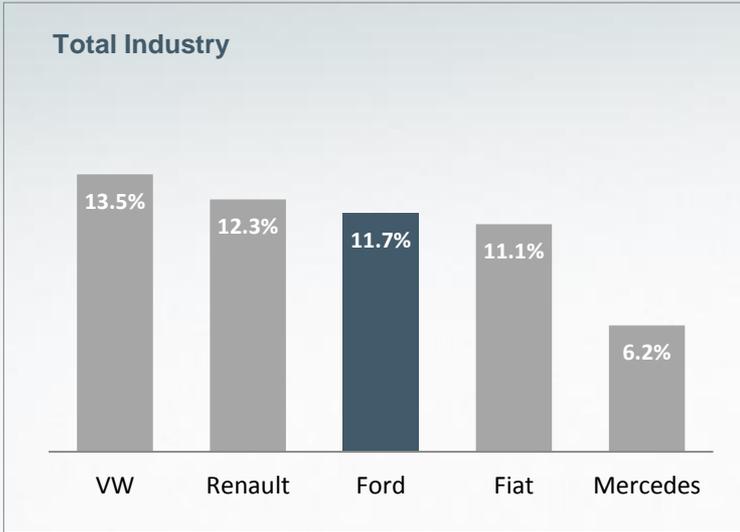
Total Industry Sales



Ford Otosan Retail Sales



# Turkish Market Shares (2014)

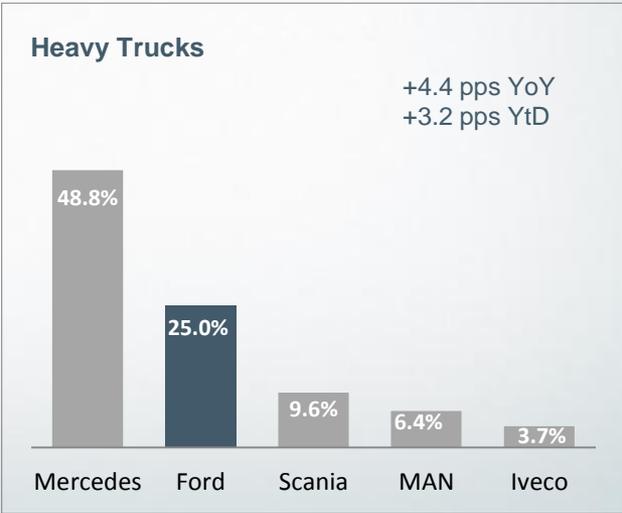
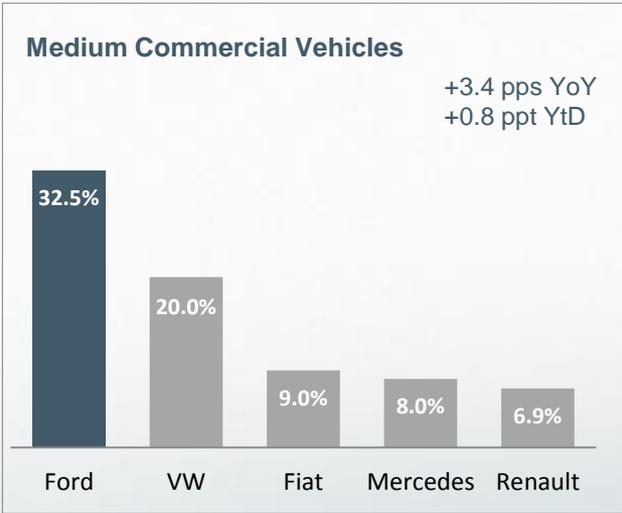
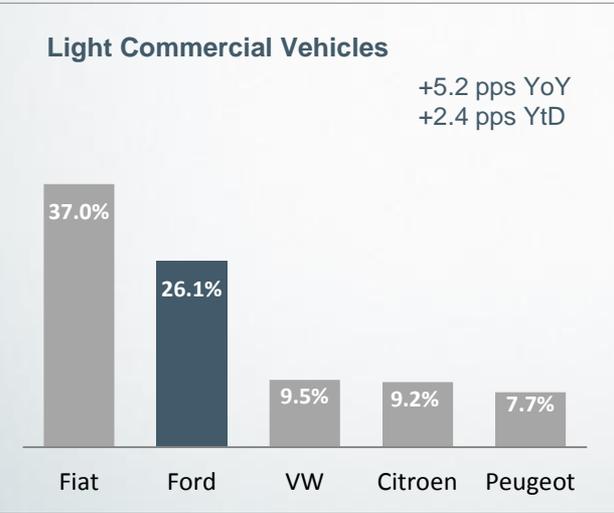
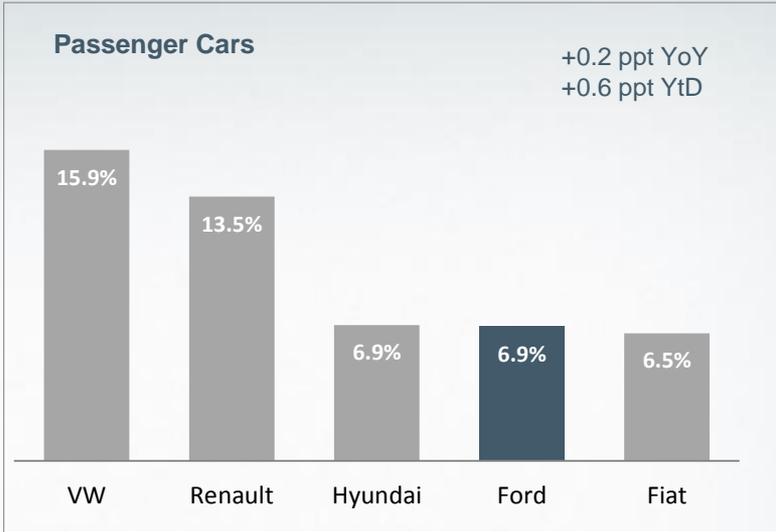
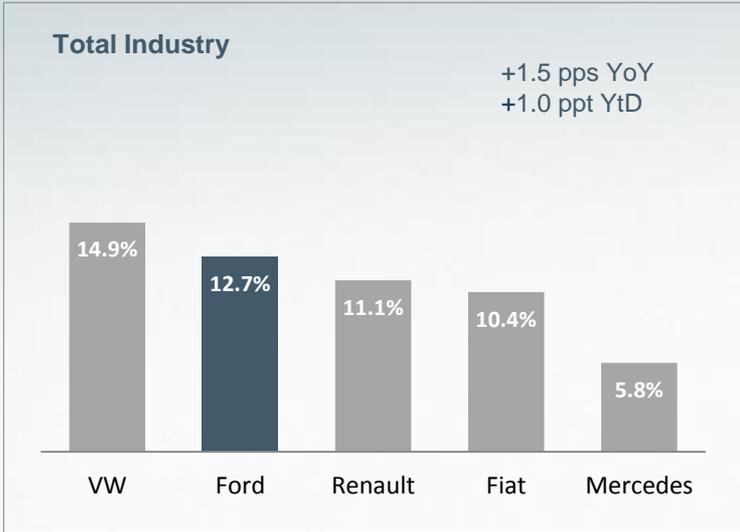


\* Courier and Connect

\*\* Transit and Custom

Source: ODD and TAID

# Turkish Market Shares (September '15 YTD)

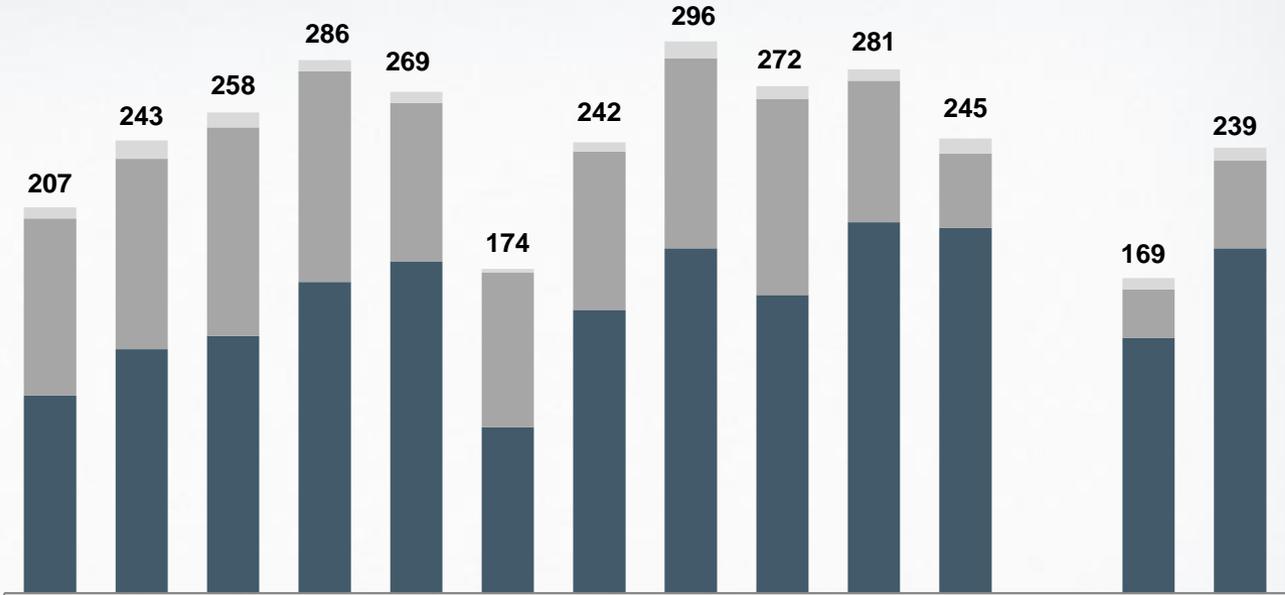


\* Courier and Connect

\*\* Transit and Custom

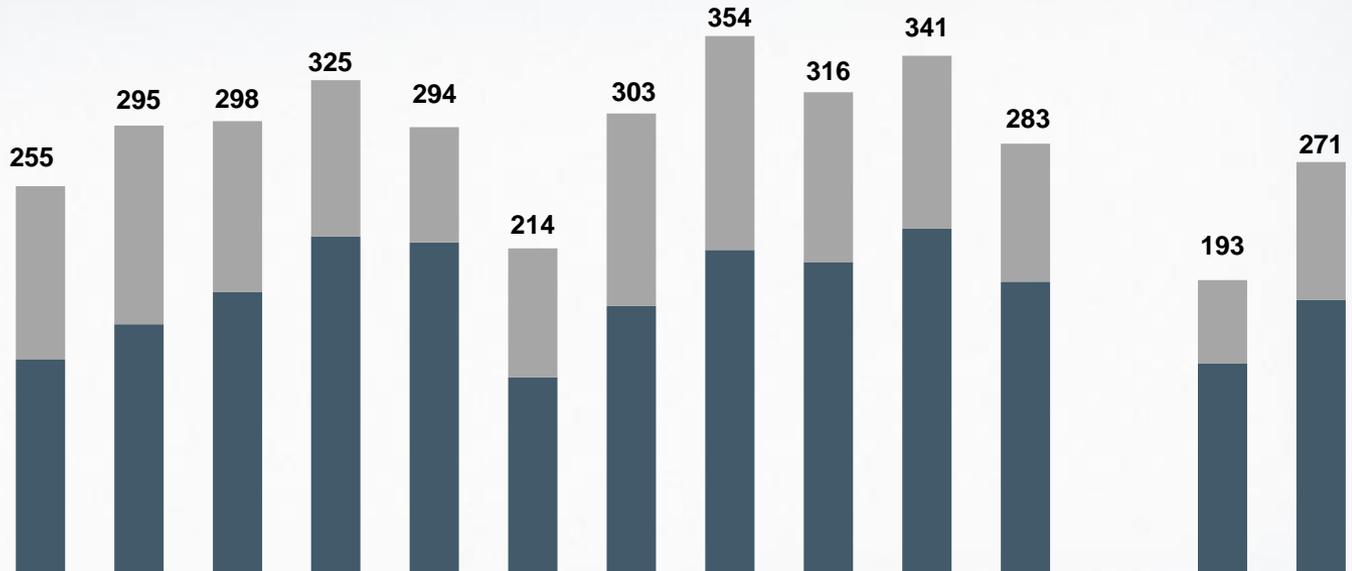
Source: ODD and TAID

# Production Volume by Segment (000 units)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	9M14	9M15
■ Heavy Truck	6	10	8	6	6	2	5	9	7	6	8	6	7
■ Light Commercial Vehicle	95	102	112	113	85	83	85	102	105	76	40	26	47
■ Medium Commercial Vehicle	106	131	138	167	178	89	152	185	160	199	196	137	185

# Wholesale Volume – Domestic & Export (000 units)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	9M14	9M15
■ Domestic	114	131	113	103	76	85	127	141	112	114	91	55	91
■ Export	141	164	185	222	218	129	176	213	205	227	192	138	180
Share of Exports	55%	56%	62%	68%	74%	60%	58%	60%	65%	67%	68%	72%	66%

# Sales Volume by Model

	9M15	9M14	YoY %	3Q15	3Q14	YoY %	2Q15	QoQ %
<b>Domestic</b>	<b>91.249</b>	<b>54.770</b>	<b>67%</b>	<b>30.875</b>	<b>25.145</b>	<b>23%</b>	<b>34.138</b>	<b>-10%</b>
PC	33.935	22.527	51%	10.978	10.323	6%	14.151	-22%
Transit Courier	23.915	10.309	132%	7.775	6.699	16%	8.879	-12%
Transit Connect	2.093	2.747	-24%	734	58	1166%	970	-24%
Total LCV	26.008	13.056	99%	8.509	6.757	26%	9.849	-14%
Transit	20.074	11.996	67%	7.542	5.187	45%	6.169	22%
Transit Custom	4.595	2.723	69%	1.775	1.244	43%	1.536	16%
Ranger	741	197	276%	635	67	848%	104	511%
Total MCV	25.410	14.916	70%	9.952	6.498	53%	7.809	27%
Cargo	5.896	4.271	38%	1.436	1.567	-8%	2.329	-38%
<b>Exports</b>	<b>180.135</b>	<b>137.920</b>	<b>31%</b>	<b>64.308</b>	<b>44.131</b>	<b>46%</b>	<b>56.192</b>	<b>14%</b>
Transit Custom	88.234	77.355	14%	33.440	24.607	36%	25.886	29%
Transit	68.966	45.247	52%	21.614	14.110	53%	23.570	-8%
Transit Courier	22.221	14.500	53%	8.991	5.171	74%	6.512	38%
Cargo	410	601	-32%	149	165	-10%	125	19%
Other	304	217	40%	114	78	46%	99	15%
<b>Total Wholesale Volume</b>	<b>271.384</b>	<b>192.690</b>	<b>41%</b>	<b>95.183</b>	<b>69.276</b>	<b>37%</b>	<b>90.330</b>	<b>5%</b>

**67%**  
YoY growth in domestic sales

- Strong market
- Higher demand for new products
- Low base year

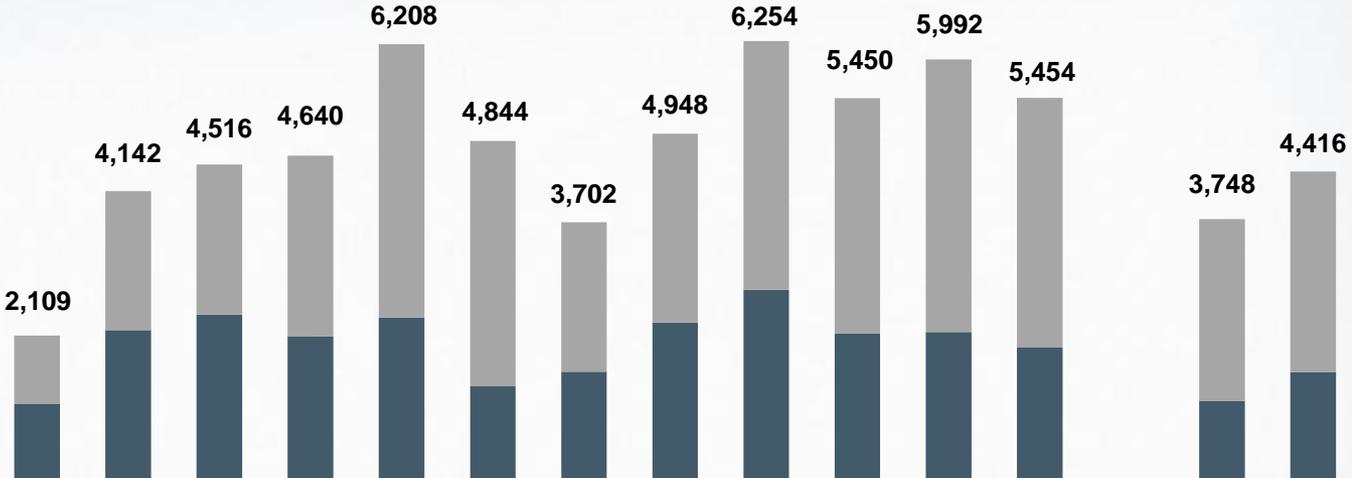
**31%**  
YoY growth in exports

- Ongoing growth in European CV market
- Ford's market share focused strategy
- Higher demand for new products
- Low base year

# Main Financial Indicators

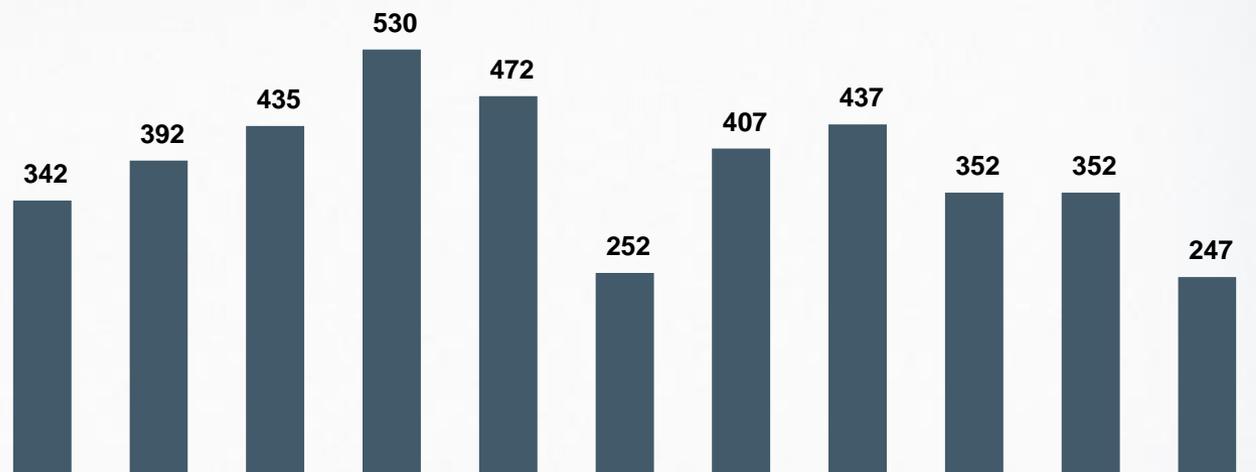
Million TL	9M15	9M14	YoY %	3Q15	3Q14	YoY %	2Q15	QoQ %
Total Revenues	11.731	8.103	45%	4.205	2.889	46%	3.962	6%
Export	7.499	5.537	35%	2.796	1.755	59%	2.379	18%
Domestic	4.231	2.566	65%	1.409	1.134	24%	1.583	-11%
Gross Profit	1.306	787	66%	467	312	50%	452	3%
Operating Profit	749	362	107%	284	152	87%	250	14%
EBITDA	1.046	578	81%	388	236	64%	347	12%
Profit Before Tax	583	250	133%	189	107	77%	206	-8%
Net Income	557	476	17%	151	122	24%	174	-13%
<b>Other Financial Data</b>								
Depreciation & Amortization	297	216	37%	105	83	27%	97	8%
Financial Income / (Expense)	-166	-107	55%	-94	-41	129%	-44	112%
Capex	-326	-662	-51%	-137	-192	-29%	-95	44%

# Revenues - Domestic & Export



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	9M14	9M15
■ Export (US\$ bn)	965	1.957	2.114	2.543	3.846	3.450	2.101	2.655	3.505	3.312	3.835	3.516	2.561	2.823
■ Domestic (US\$ bn)	1.144	2.185	2.402	2.097	2.362	1.394	1.601	2.293	2.749	2.138	2.157	1.938	1.187	1.593
Total (US\$ bn)	2.109	4.142	4.516	4.640	6.208	4.844	3.702	4.948	6.254	5.450	5.992	5.454	3.748	4.416
Total (TL bn)	3.352	5.559	6.059	6.521	7.231	7.007	5.574	7.649	10.445	9.768	11.405	11.925	8.103	11.731
Share of Exports	46%	47%	47%	55%	62%	71%	57%	54%	56%	61%	64%	64%	68%	64%

# Operating Profit and Margin

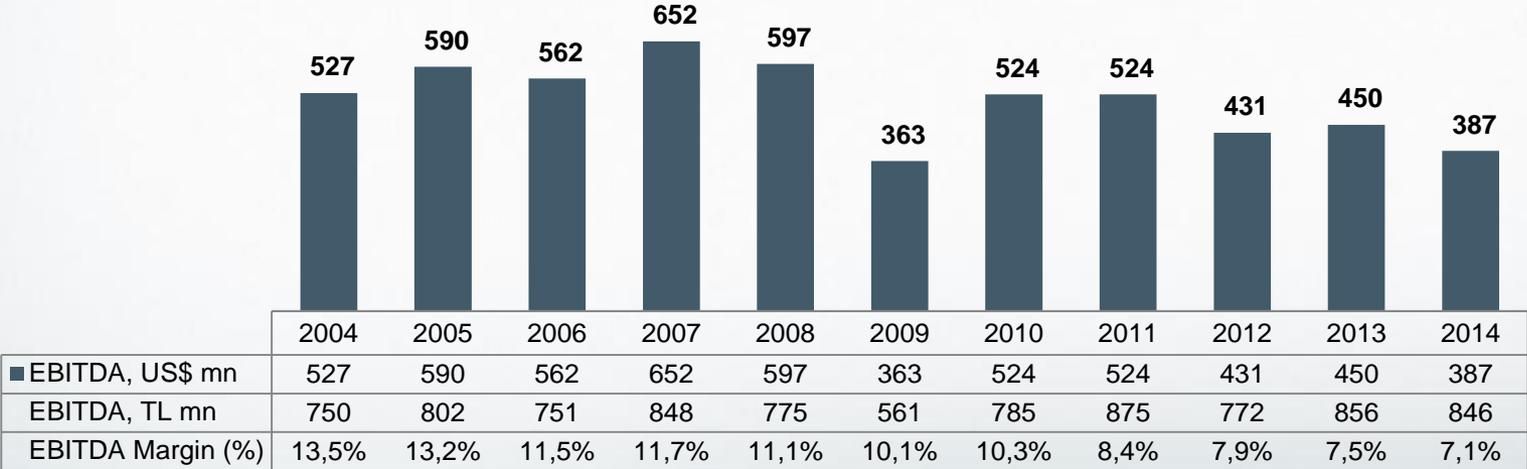


	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
■ Operating Profit, US\$ mn	342	392	435	530	472	252	407	437	352	352	247
Operating Profit, TL mn	487	538	569	690	613	389	610	729	631	670	541
Operating Margin (%)	8,8%	8,9%	8,7%	9,5%	8,7%	7,0%	8,0%	7,0%	6,5%	5,9%	4,5%

# EBITDA and EBITDA Margin (2004-2014)

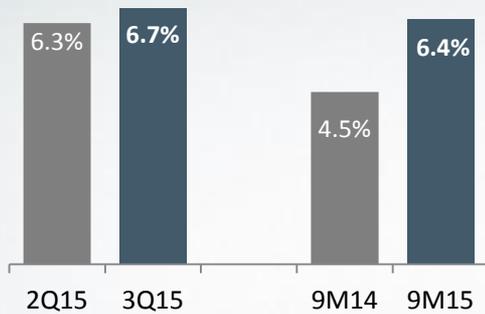
## Changing business mix, industry trends and macro drivers leading to declining margins:

- Declining share of the domestic business
- Highly competitive pricing landscape in the domestic market
- Industry shift towards passenger cars leading to a less favorable sales mix for Ford Otosan
- Aged product portfolio
- Increase in import costs with the sharp decline in Turkish Lira
- Revaluation of financial loans with significant weakening of the Turkish Lira leading to higher net financial expenses



# 3Q15 and 9M15 Margins

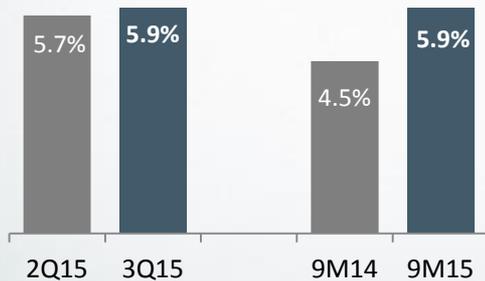
### Operating Margin



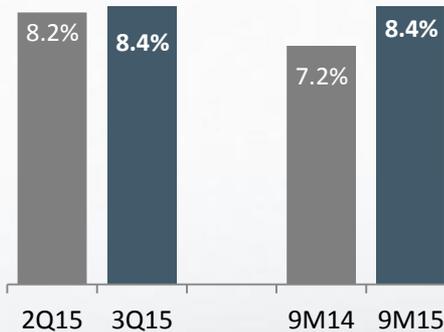
### EBITDA Margin



### Operating Margin (excl. Other items)



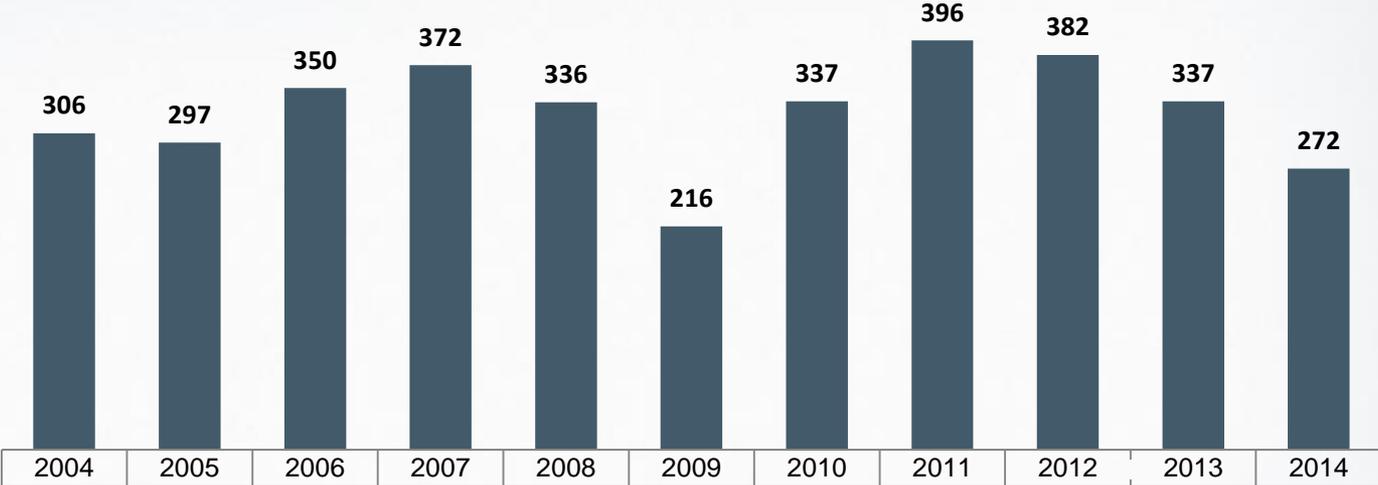
### EBITDA Margin (excl. Other items)



Profitability continued to increase with

- Higher domestic & export volumes
- Favorable sales mix
- Focus on pricing
- Higher CUR
- Cost reduction actions

# Net Income



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Income (Million \$)	306	297	350	372	336	216	337	396	382	337	272
Net Income (Million TL)	436	398	501	484	436	333	505	662	685	641	595
Net Income Margin (%)	7,8%	6,6%	7,7%	6,7%	6,2%	6,0%	6,6%	6,3%	7,0%	5,6%	5,0%
Earnings Per Share (TL)	1,24	1,14	1,43	1,38	1,24	0,95	1,44	1,89	1,95	1,83	1,70

# Financial Risk Management

## Credit Risk

Receivables from domestic vehicle sales to dealers are collected using a Direct Debit System  
Domestic spare part sales are guaranteed with collateral from dealers (bank guarantee letters)  
Receivables from Ford Motor Company and its subsidiaries are collected within 14 days  
Other exports are guaranteed using L/C, letter of guarantee or cash collection

## Liquidity Risk

Cash, credit commitment and factoring capacity is maintained to meet 21 days' cash outflow  
€80 million credit commitment & €70 million factoring agreements for potential needs.  
Net debt as of 9M15 is TL2.2 billion.

## FX Risk

Excess cash is invested in hard currencies to minimize fx exposure  
Natural hedge against volatility due to fx-denominated export revenues: 64% of revenues  
Ford Otosan is a net exporter: US\$ 2.0 billion in the last 5 years (2010-2014)

## Capital Risk

Net financial debt / tangible equity is monitored as a management criteria; capped at 1.25

# Debt Profile & Financial Ratios

<b>Cash Position (TL mn)</b>	<b>30.09.2015</b>	<b>31.12.2014</b>
Cash & Cash Equivalents	726	577
Total Financial Debt	(2,930)	(2,350)
Net financial debt	(2,204)	(1,773)
<b>Financial Ratios</b>	<b>30.09.2015</b>	<b>31.12.2014</b>
Current ratio	1.14	1.00
Liquidity ratio	0.75	0.74
Net Financial Debt / Tangible Net Worth	0.95	0.79
Current Assets / Total Assets	0.48	0.41
Current Liabilities / Total Liabilities	0.64	0.66
Total Liabilities / Total Liabilities and Equity	0.66	0.62
Return on Equity	26.1%	21.6%
<b>Margins</b>	<b>30.09.2015</b>	<b>30.09.2014</b>
Gross Margin	11.1%	9.7%
EBITDA Margin	8.9%	7.1%
Operating Margin	6.4%	4.5%
Net Income Margin	4.7%	5.9%

# 2015 Guidance

	1Q15	1H15	9M15
Turkish Industry Volume	922 K	988 K	954 K
Ford Otosan Retail Sales Volume	126 K	132 K	120 K
Exports	245 K	262 K	259 K
Wholesale Volume	372 K	394 K	379 K
Production Volume	325 K	344 K	338 K
Capex (fixed assets)	\$230 mn	\$200 mn	\$165 mn

Guidance updated in October 2015. According to the Capital Markets Board, companies are allowed to provide guidance 4 times a year. Our next update will be in 2016 with 2015 full year results.

# Contacts

Aslı Selçuk

Investor Relations Manager

+90 216 564 7499

[aselcuk@ford.com.tr](mailto:aselcuk@ford.com.tr)

Burak Çekmece

Treasury & Risk Manager

(Responsible for compliance with Capital Markets Law)

+90 262 315 69 60

[bcekmece@ford.com.tr](mailto:bcekmece@ford.com.tr)

Gülçin Öztitiz

Investor Relations Officer

+90 216 564 7495

[goztitiz@ford.com.tr](mailto:goztitiz@ford.com.tr)



[www.fordotosan.com.tr](http://www.fordotosan.com.tr)

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