

# FORD OTOSAN

## Investor Presentation



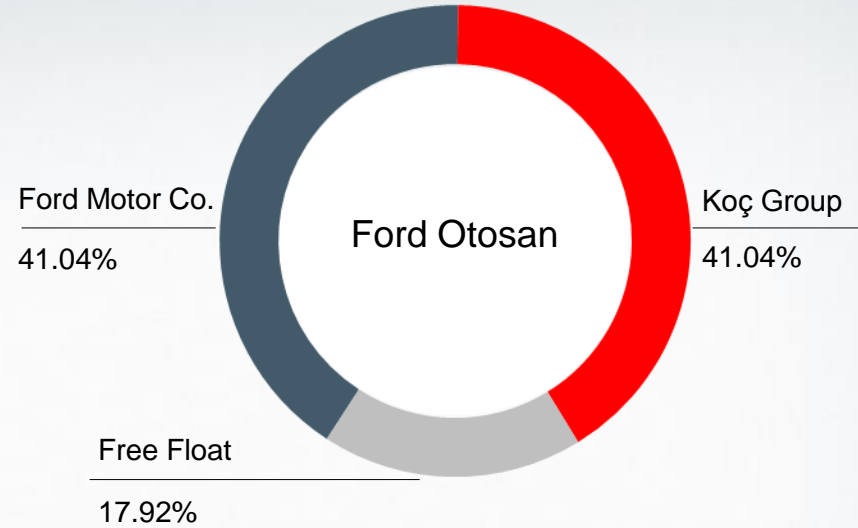
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# About Ford Otosan

# Company Profile

Key Performance Indicators, 2013	
Revenues	\$6.0 billion
Export Revenues	\$3.8 billion
EBITDA	\$450 million
Profit Before Tax	\$237 million
Net Profit*	\$337 million
ROE	28.7%
EBITDA margin	7.5%
Annual Production Capacity **	330,000
	Kocaeli 320,000
	İnönü 10,000
Total Employees	9,444
	Blue Collar 6,926
	White Collar 2,518



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.

\*\* Capacity will increase to 415,000 units as of 2014-end following the completion of investments.

# 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

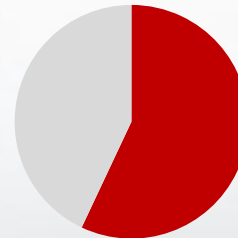
- **Export leader** in Turkish automotive; 2<sup>nd</sup> largest exporter overall
- Turkey's **2<sup>nd</sup> largest** industrial enterprise
- **Highest** installed production capacity and employment in Turkish automotive

## Leadership and scale

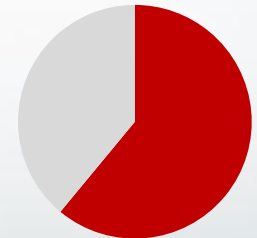
- 12 consecutive years of **industry leadership** (2001-2013)
- **Widest** product range in Turkish automotive



**25%** of Turkey's total automotive production



**57%** of Turkey's total commercial vehicle production



**61%** 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 (2013)
- **Second highest** Ford market share in Europe (2013)

## 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

- **3<sup>rd</sup> largest** R&D center of Ford globally
- **Global engineering lead** for Cargo heavy trucks and related powertrains
- **Global support** for diesel powertrain engineering
- **Global support** for light commercial vehicle development
- Listed among the **world's top 1500 companies** by R&D investment  
(EU R&D Investment Scoreboard)

# Vision, Mission and Strategy

## Vision

To become Turkey's customer-focused, leader company in automotive products and services.



## Mission

To be Turkey's leading automotive company with optimal automotive products and services to fit customer needs and expectations and to be the commercial vehicle center of Ford of Europe.

## Strategy

- Achieving sustainable growth
- Creating brand and customer value
- Achieving quality, cost and process improvements
- Creating a leading team
- Demonstrating strong corporate citizenship
- Generating superior shareholder returns

# 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 16<sup>th</sup> largest auto manufacturing hub in the world and 5<sup>th</sup> largest among EU 27 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 – Kocaeli 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 NA**

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

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

2011 – Transit Connect NYC Taxi launches

**2011 – Ford Otosan's 10<sup>th</sup> year of market leadership**

**2012- Launch of Ford Custom**

2013 – Ford Otosan celebrated 12 years of market leadership

2014 – Launch of new Transit and Ford Courier



# Awards & Achievements

## Vehicle Awards:

2013: International Van of the Year, Ford Transit Custom

2012: 1<sup>st</sup> commercial vehicle with 5-star rating in Euro NCAP, Ford Transit Custom

2012: Truck of the Year, 3<sup>rd</sup> place, Ford Cargo

2010: North American Truck of the Year, Ford Transit Connect

2007: International Van of the Year, Ford Transit

2003: International Van of the Year, Ford Transit Connect

2001: International Van of the Year, Ford Transit



## Plant Awards:

2013: President Health & Safety Award – Five categories

2013: Engine Test Facility of the Year Award - Automotive Testing Technology International Magazine

2012: Rio +20 United Nations Conference on Sustainable Development, one of Turkey's best sustainability examples

2012: President Health & Safety Award - Six categories including Global Winner - Excellence in Safety Culture and Standards

2011: Chairman's Leadership Award for Diversity - First woman dent repair technician

2011: Şehabettin Bilgisu Environment Award, Kocaeli Chamber of Industry - İnönü Plant

2010: Şehabettin Bilgisu Environment Award, Kocaeli Chamber of Industry - Kocaeli Plant

2010: Chairman's Leadership Award for Diversity - "Let's Remove Barriers" project

2008: Şehabettin Bilgisu Environment Award, Kocaeli Chamber of Industry – İnönü Plant

2007 :Şehabettin Bilgisu Environment Award, Kocaeli Chamber of Industry - Kocaeli Plant

2004: Şehabettin Bilgisu Environment Award, Kocaeli Chamber of Industry - Kocaeli Plant



# Plants and Facilities

# Locations

Kartal Parts Distribution Center (1998)



Gebze Engineering Center (2007)



Kocaeli Plant: Transit (2001), Custom (2012) Yeniköy Plant: Courier (2014)



İnönü Plant (1982)





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



- Opened in 2001
- Ford Transit and Ford Custom production
- 1,600,000 m<sup>2</sup> total area; 340,000 m<sup>2</sup> covered area
- 290k units annual production capacity (160k Transit & 130k Custom)





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



- New production facility at Kocaeli plant site for Ford Courier
- 110k annual production capacity; 70,000 m<sup>2</sup> covered area
- Production of Ford Courier started in March 2014.
- Official opening ceremony took place on May 22<sup>nd</sup>, 2014
- Environment and disabled-friendly plant



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



- Opened in 1982
- Cargo heavy truck, powertrain and engine production:
  - 7.3L / 9.0L I6 Diesel engines for Cargo heavy truck
  - 2.2L 4-cyl. Duratorq TDCI engines for Transit
- 15k units truck (2014-end), 66k units engine, 140k units powertrain production capacity; 79,000 m<sup>2</sup> covered area

# Kartal 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
- Home to the Company's spare parts, marketing, sales and after sales operations



# Gebze Engineering Center - Center of Excellence for Ford Cargo & related Powertrains



- Opened in 2007
- 3<sup>rd</sup> largest R&D center of Ford globally with over 1,300 R&D engineers
- Center of Excellence for Heavy Trucks and Heavy Duty Diesel Powertrain
- Global engineering lead for 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
- Over 7 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
- New generation Transit launched in March 2014



# Ford Custom

- Ford Otosan is the single global source of Ford Custom
- Launched in October 2012
- 130k units annual production capacity
- "International Van of the Year" 2013
- First commercial vehicle to receive 5-star rating in Euro NCAP





# Ford Courier

- Ford Otosan is the single global source of Ford Courier
- Production started in March 2014; launched in May 2014
- 110k units annual production capacity



# Ford Cargo

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



# A Full Line of Cars



FORD FOCUS



FORD B-MAX



FORD RANGER



FORD FIESTA



FORD C-MAX



FORD KUGA



FORD S-MAX



FORD MONDEO



FORD GALAXY



# Major Product Acceleration

2014



Focus



Courier



Connect



Transit

2015



EcoSport



Mondeo



Galaxy



C-Max



Mustang

2016



Edge

# Investment Case



# Ford Otosan's Value Proposition

## Scale, growth & visibility

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

## Resilience & efficiency

- Large-scale export program with diversified export markets
- High capacity utilization: Above European and Turkish industry average
- Efficient, flexible and low-cost manufacturing and engineering competency

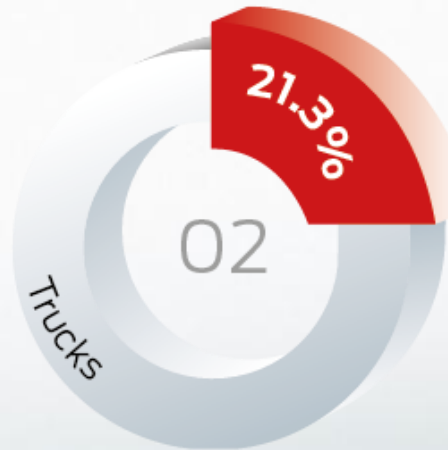
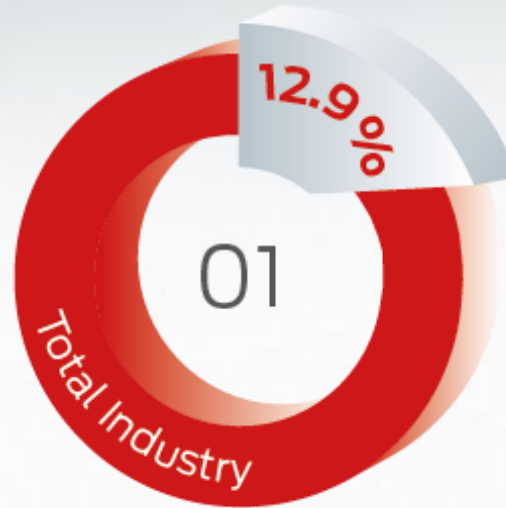
## Strong balance sheet & prudent risk management

- 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

# Turkish Industry Leader for 12 Consecutive Years - 2013



## Relatively Favorable Taxes on Commercial Vehicles

Passenger Cars					Commercial Vehicles				
Engine Size	Model	VAT	SCT	Total	Engine Size	Model	VAT	SCT	Total
<1600 cc	Fiesta B-Max Focus C-Max Kuga (1.6) Mondeo (1.6) S-Max (1.6)	18%	45%*	71%	<3000cc	Transit Van Transit Minibus (16+1) (17+1) Transit Chassis Cab Transit Custom Van Transit Courier Van Connect Van Ranger	18%	4%	23%
1601-2000	Mondeo (2.0) S-Max (2.0) Kuga Galaxy	18%	90%**	124%		Transit Minibus (11+1) (14+1)	18%	9%	29%
>2000		18%	145%***	189%		Transit Combi Transit Custom Combi Transit Custom Combi Van Tourneo Custom Transit Courier Combi Van Tourneo Courier Connect Combi	18%	15%****	36%
						Cargo	18%	4%	23%

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)

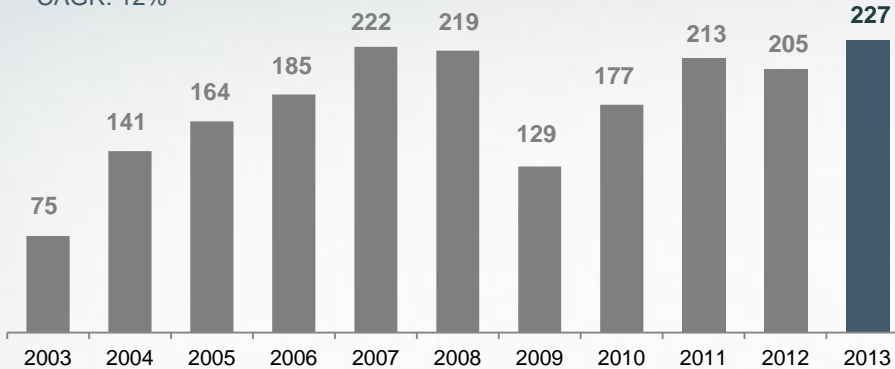
VAT: Value added tax

SCT: Special consumption tax

# Large-Scale Export Program

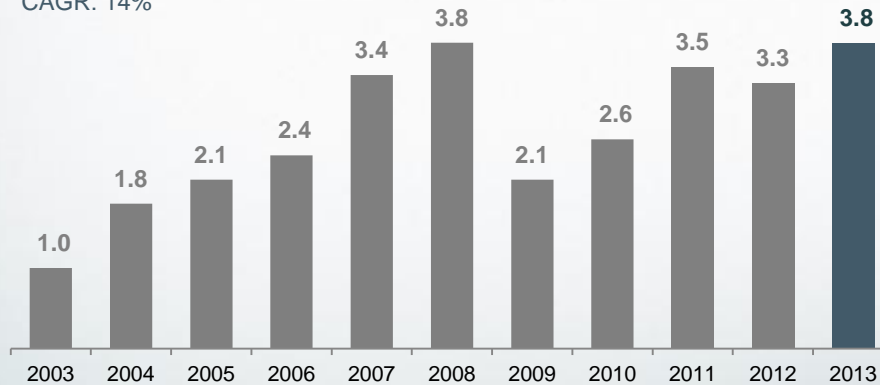
## Exports (000 units)

CAGR: 12%



## Export Revenues (US\$ Bn)

CAGR: 14%



**US\$ 3.8 billion** export revenues in 2013

Turkey's **export leader** in automotive

**Net exporter** in the last five years with  
US\$ 1.9 billion (2009-2013)

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

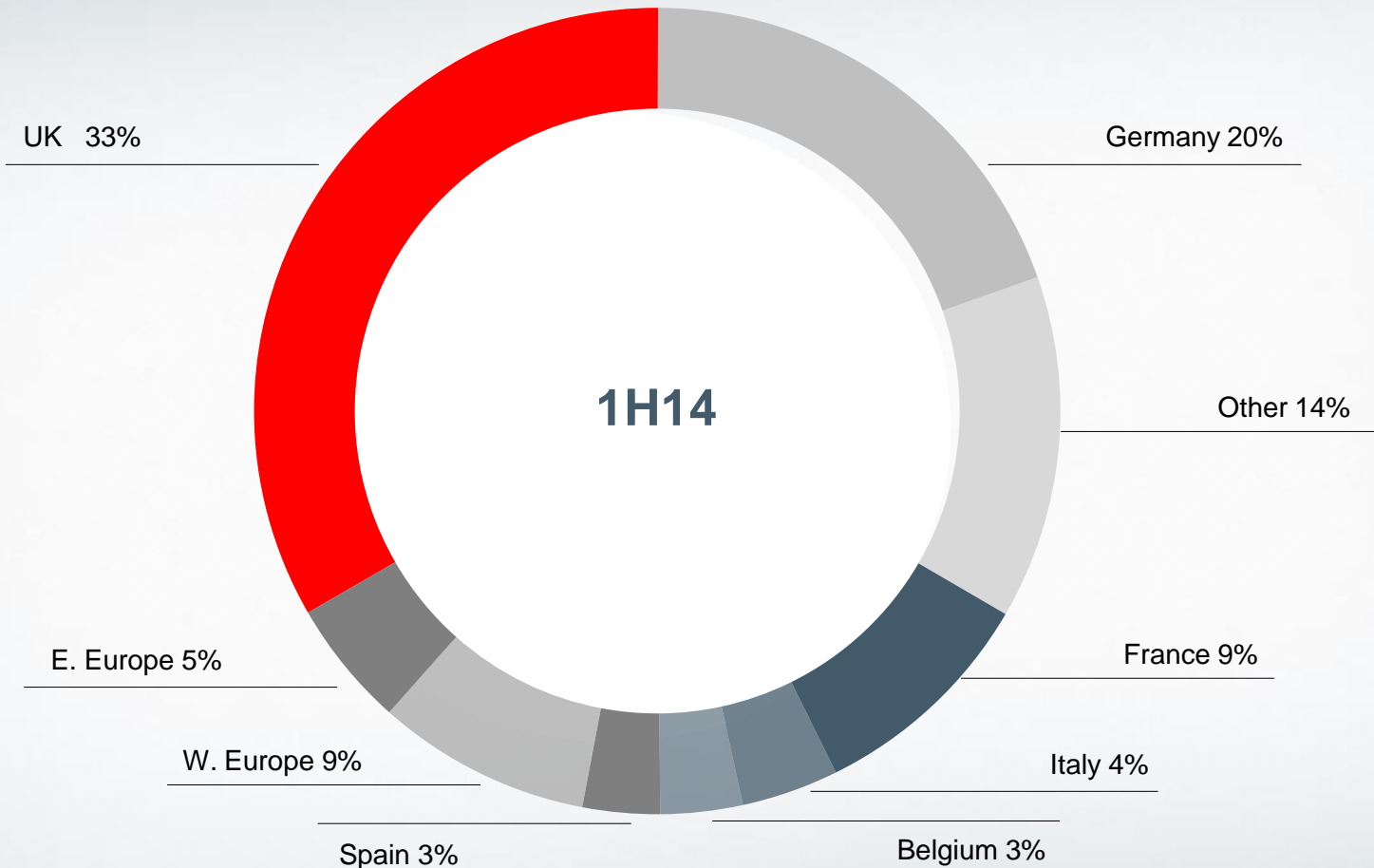
**61% of Turkey's total commercial vehicle  
exports** is done by Ford Otosan

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

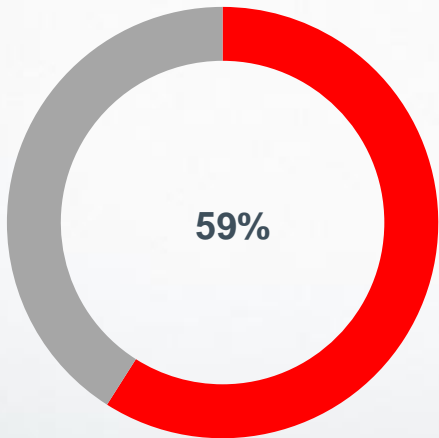
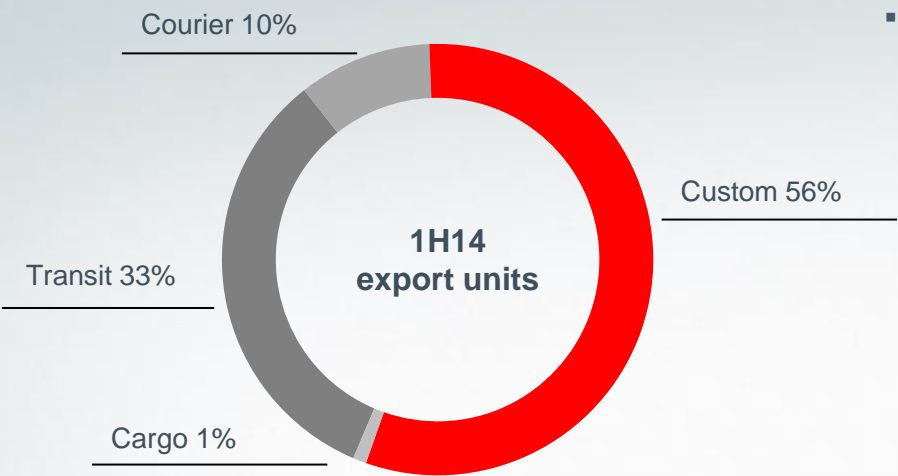
**Export receivables** from Ford Motor Company  
and its subsidiaries are collected within **14 days**

# Best Proxy to European Recovery

Export breakdown by units



# Export Performance



Ford Otosan's share in Turkey's CV exports, 1H14

- In June **commercial vehicle sales in Europe increased by 10.3%**. Demand for new commercial vehicles **increased for the 10<sup>th</sup> consecutive month**. All major markets expanded.

	June	Year-to-Date
UK	25,5%	11,1%
Germany	6,5%	8,3%
Italy	8,6%	13,6%
Spain	18,9%	38,0%
France	3,8%	0,4%
Total EU	10,3%	9,3%

(Source: ACEA)

- **Ford continues to record strong gains in commercial vehicle sales in Europe.**
- Ford's CV sales rose **15.7% in August** and **12.7% ytd**.
- Ford's CV share is up 1.2 percentage points to **12.3% in August** and 0.6 percentage points to **10.8% ytd**.
- **Ford posted its highest CV sales in Europe since 2008** for both **August** and **ytd**; **best CV share in 17 years**.
- **Transit remains the top-selling nameplate in the combined one- and two-ton commercial vehicle segment in Europe.**
- **Sales of the Transit Custom were up 143% ytd.**

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

## 1. New generation Transit family

- Largest investment in a specific product in Turkish automotive: US\$ 630 million

### i. Transit Custom & Tourneo Custom

Production started in July 2012.

Introduced to the market in October 2012.



### ii. Next generation Transit

Production started in January 2014.

First phase introduced to the market in March 2014.

All phases completed as of 2H2014.





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

## 2. New LCV – Transit Courier & Tourneo Courier

- €371 million total investment
- Production started in March 2014
- Launched in May 2014
- Best selling model in the domestic LCV market in June 2014, immediately following its launch.





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

## 3. New Ford Cargo

- \$75 million investment to develop a more globally competitive product
- Ford Otosan is responsible for product development, design, engineering and R&D
- Manufactured in Ford Otosan's İnönü plant and Ford's Brazilian division
- 1846T model was launched in January 2013



# 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%

# Increasing Capacity

Old: 330,000 (pre-investments)

210,000



Transit

110,000



Connect

10,000



Cargo

New: 415,000 (2014-end)

160,000



New Transit

130,000



Custom

110,000



Courier

15,000



Cargo

# Technology Licensing Agreements

- The agreements 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**

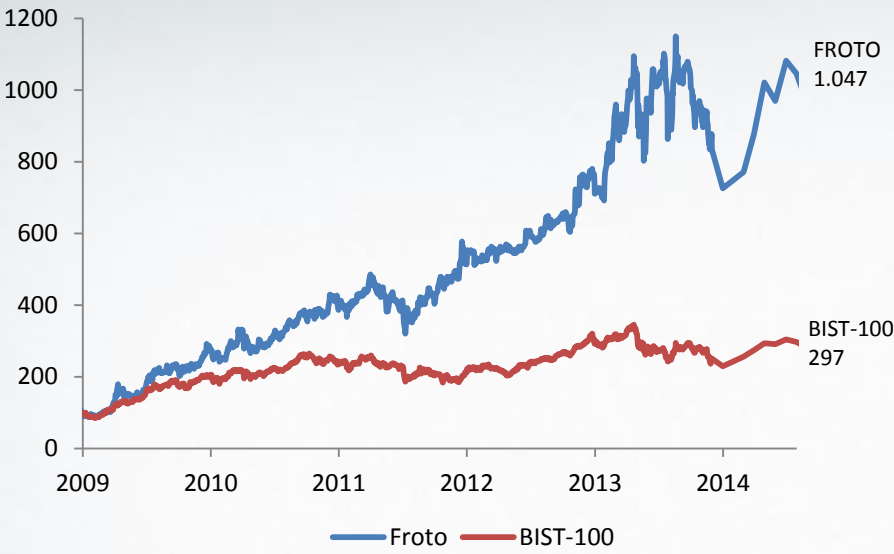
- Signed on April 24<sup>th</sup>, 2013 between Ford Otosan and Jiangling Motors Corporation Ltd. of China and JMC Heavy Duty Vehicle Co.Ltd.
- JMC branded vehicles manufactured in China using these engines and the licensed products will be sold in China and the export markets as agreed by the parties.
- 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 between Ford Otosan, Ford Motor Company and Ford Global Technologies LLC and Jiangling Motors Corporation Ltd. of China and JMC Heavy Duty Vehicle Co.Ltd.
- 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

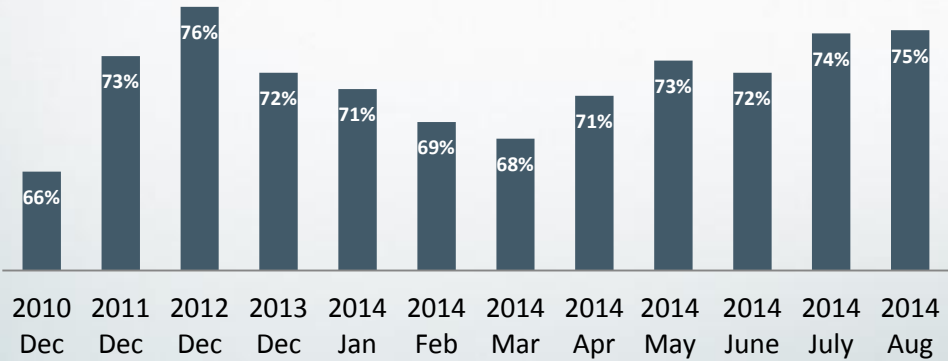
## Strong relative share performance



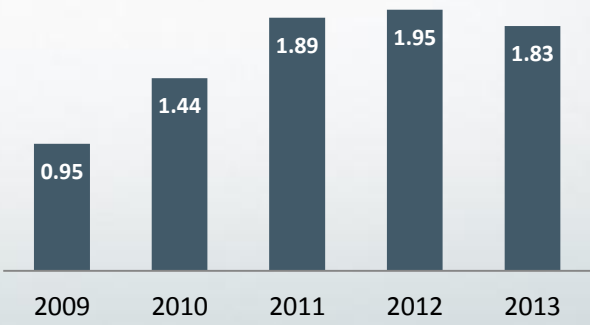
## Commitment to corporate governance

- 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



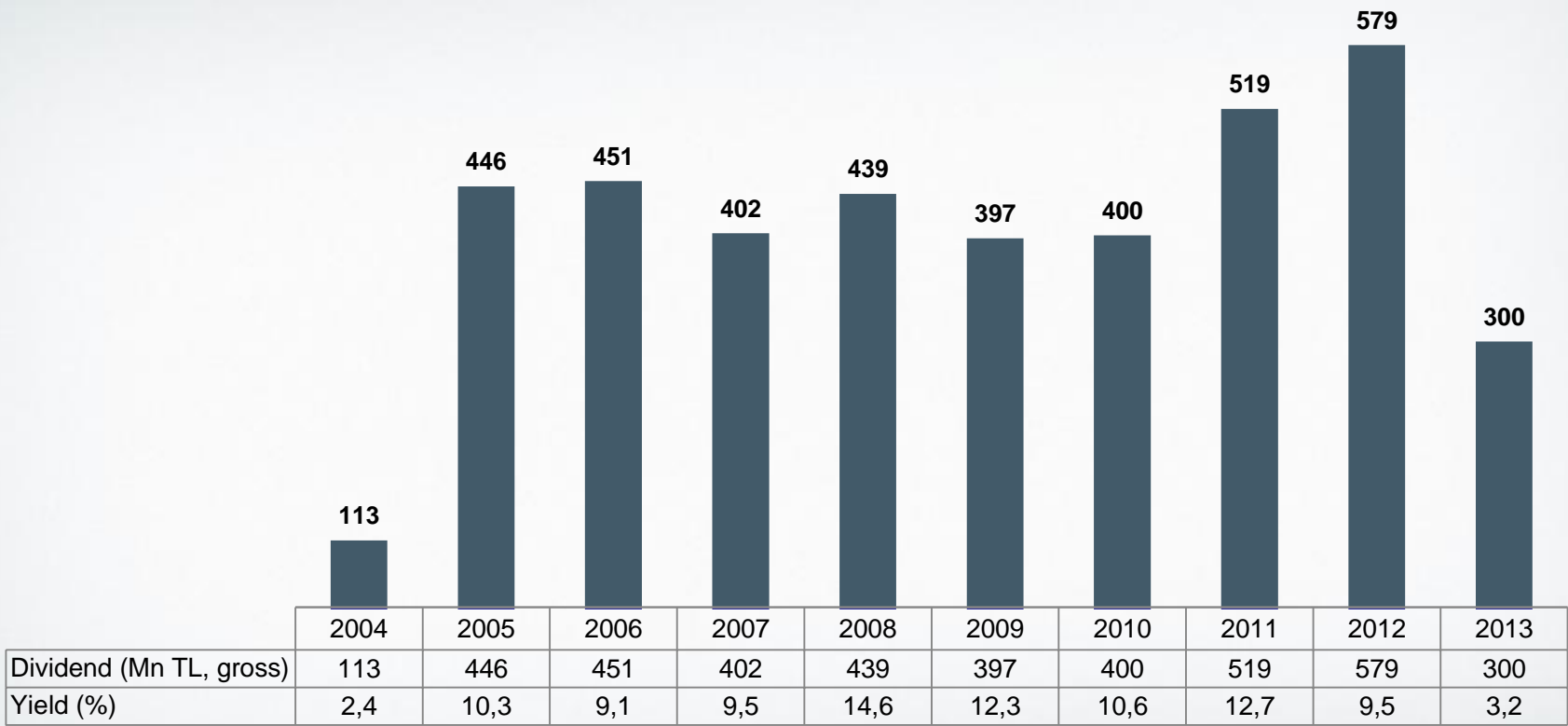
## Earnings per share (TL)





# Dividend History

TL 4.1 billion (US\$2.7 billion) dividend payment was made between 2004-2013.



# Dividend Policy

Our Company conducts a dividend policy within the framework of the provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Regulations and other relevant legislation as well as the provisions of the Articles of Association governing the distribution of profits. In distribution of profit, a consistent and balanced policy is followed between shareholders and Company requirements in line with Corporate Governance Principles.

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.

The dividend distribution date is determined by General Assembly and targeted to be within one month after General or Extraordinary Assembly Meeting date. General Assembly, or if authorized Board of Directors, could decide to pay dividend in installments within the framework of Capital Markets Legislation.

According to Company's Articles of Association, Board of Directors can distribute advance dividend with the condition of being authorized and compliant with Capital Markets Legislation.

# 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 250 companies in Fortune 500.
- 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.
- 180,000 employees and 65 plants worldwide.
- Provides financial services through Ford Motor Credit Company.



# Large Distribution Network

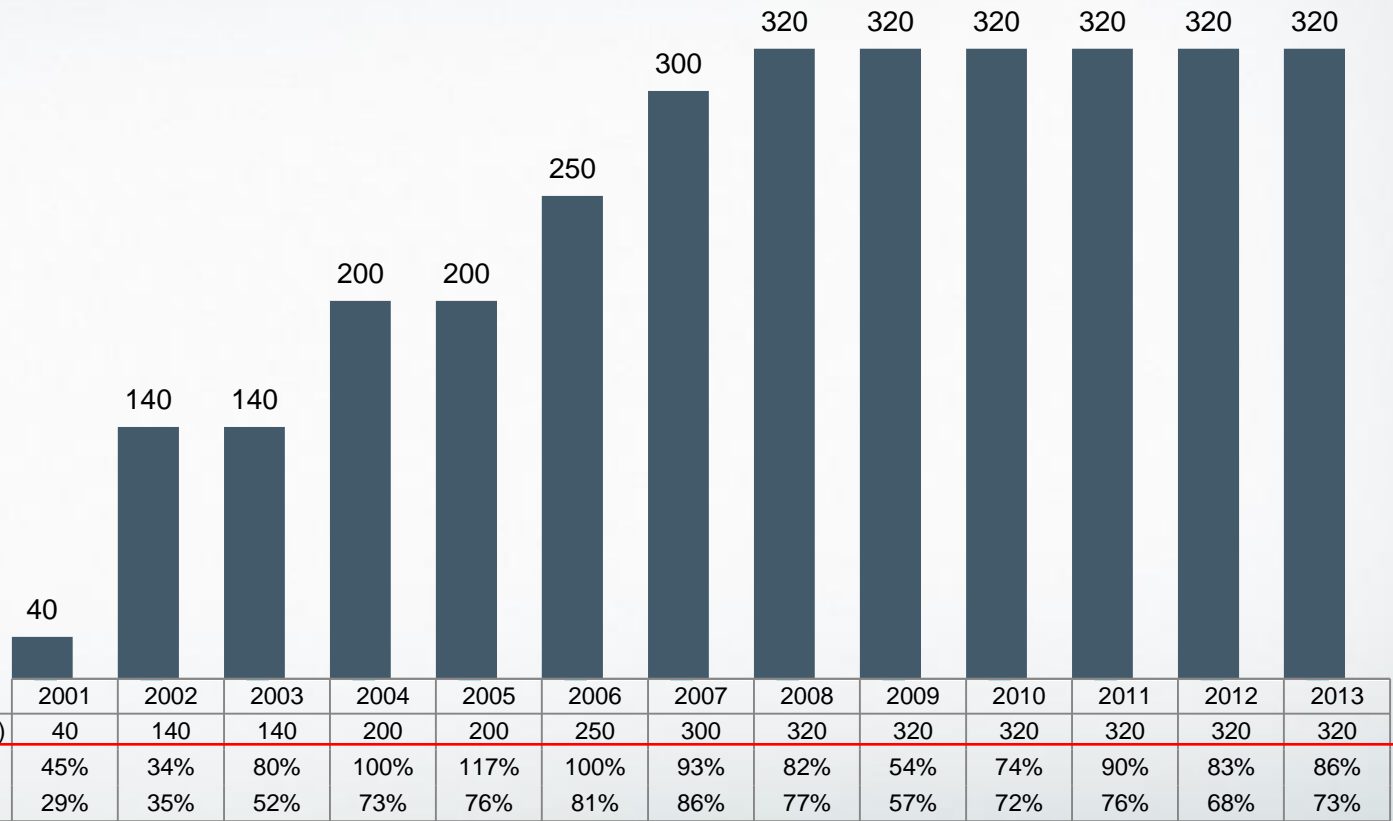


Ford Otosan provides maintenance, servicing and repairs through its customer-focused and innovative sales and after-sales network that spans the whole country.

Sales:	116
After-Sales:	158
Total Dealers:	205

# Efficient Production Hub – CUR above Industry Average

## Ford Otosan Kocaeli Plant



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

# R&D Focused on Excellence - Ford's 3<sup>rd</sup> largest R&D centre globally

- The largest R&D center of the Turkish automotive industry
- Ford's Center of Excellence for Heavy Trucks and Heavy Duty Diesel Powertrains
- Capability and infrastructure to design, develop and test a complete vehicle end-to-end, including its engine

## Kocaeli

- Located in Gölcük plant
- 300+ R&D engineers
- Engine testing, design studio and development workshops

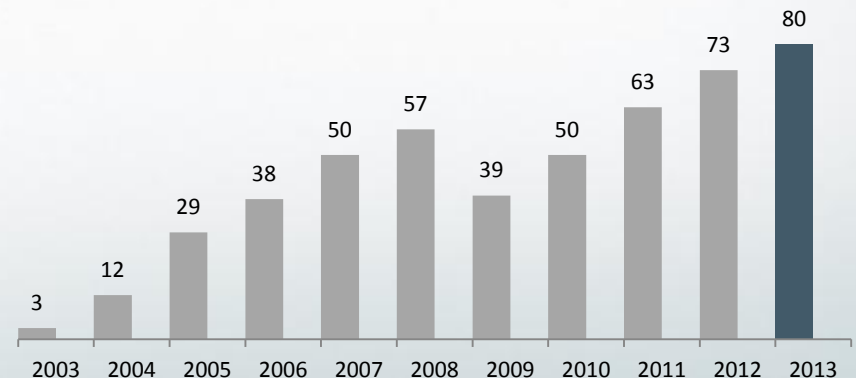
## R&D Engineers



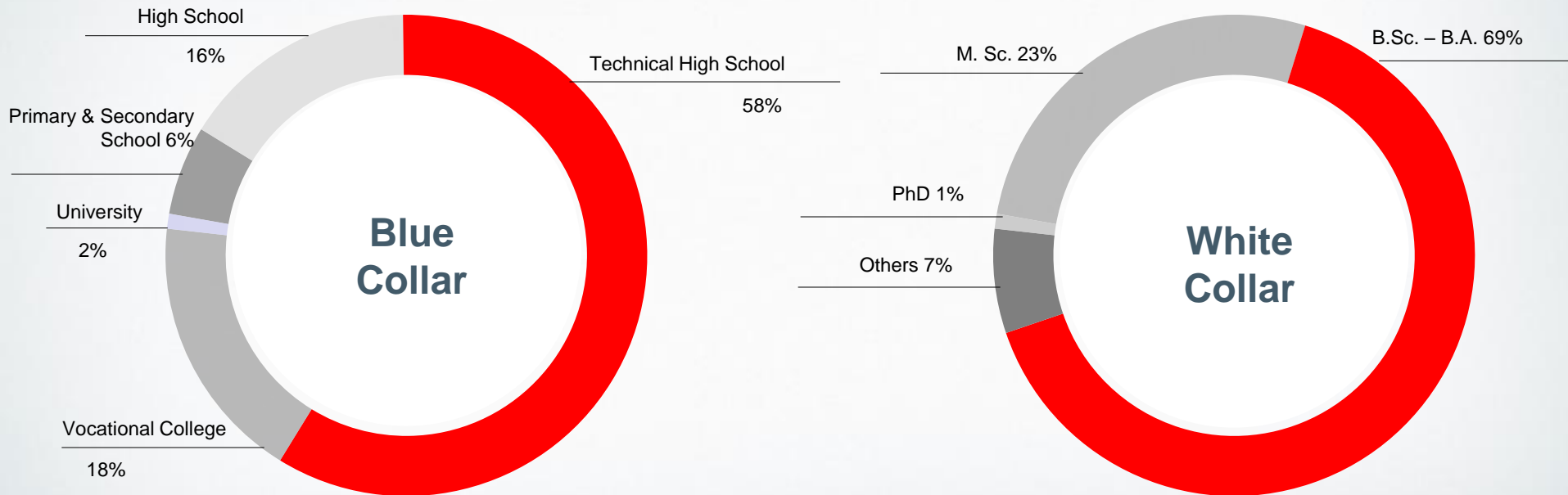
## Gebze

- Located in Tübitak MAM Technology Free Zone
- 700+ R&D engineers
- Center of Excellence for Heavy Trucks and Heavy Duty Diesel Powertrains

## Patent Applications



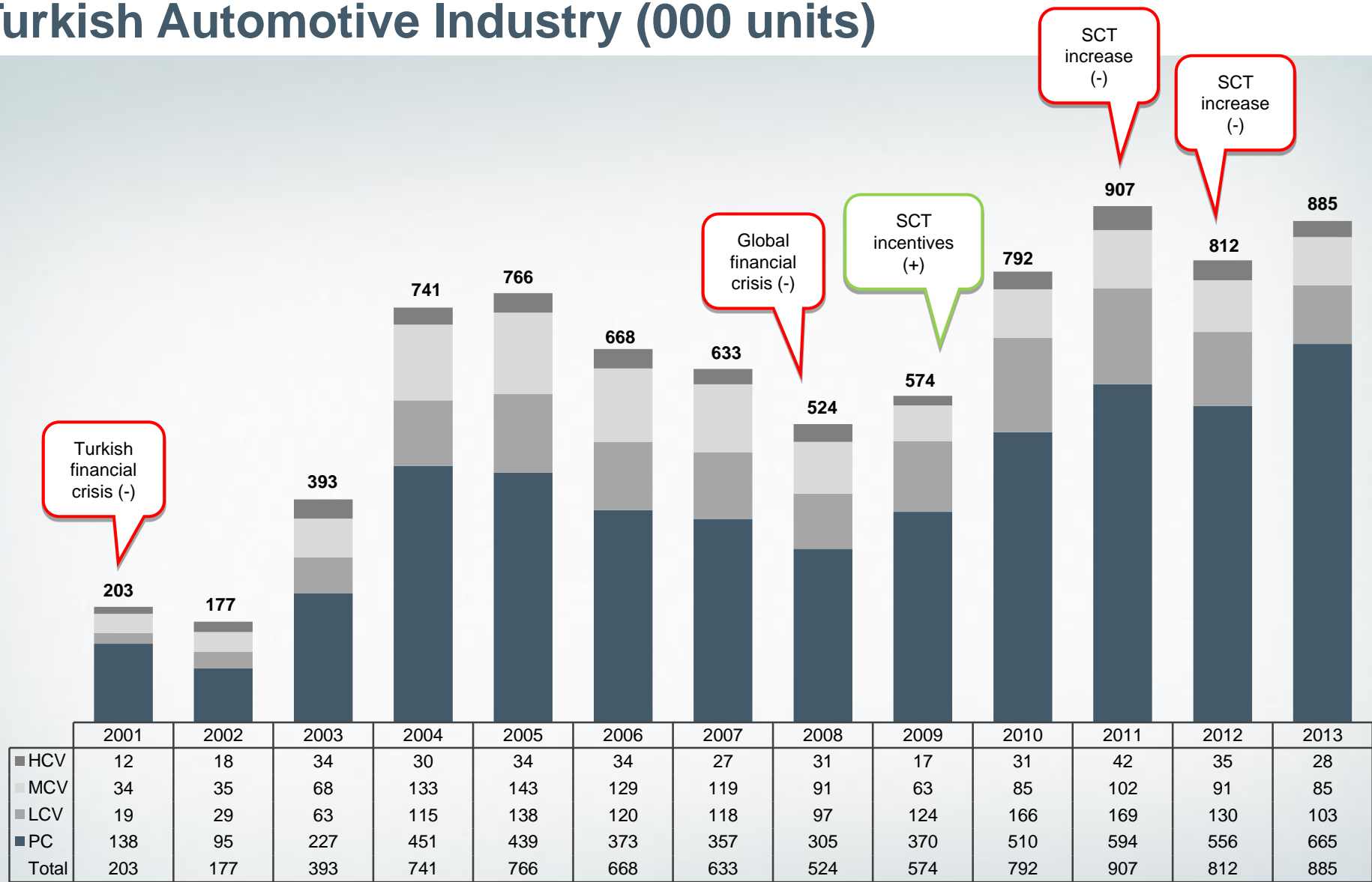
# Experienced and Skilled Workforce





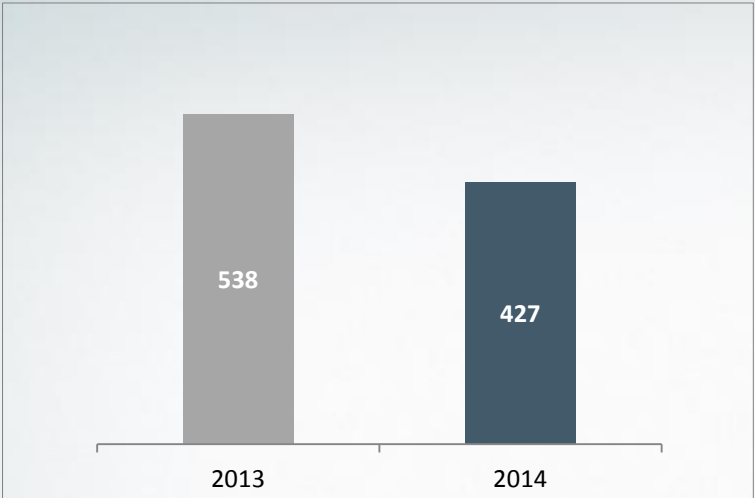
# Operating & Financial Performance

# Turkish Automotive Industry (000 units)

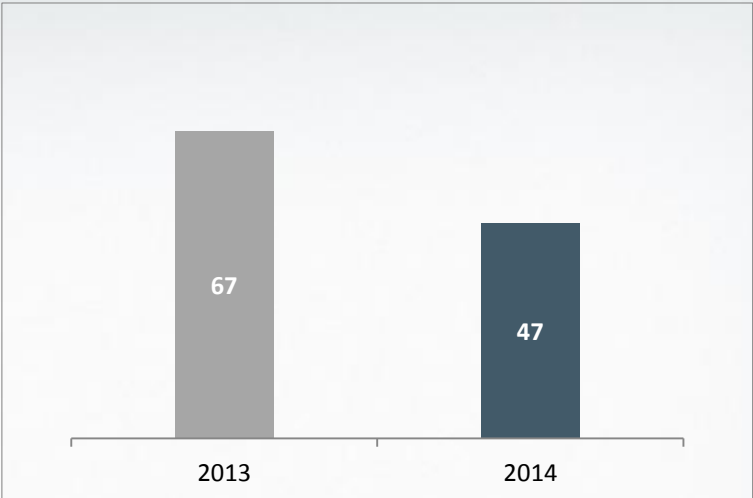


# Domestic Market (000 units)

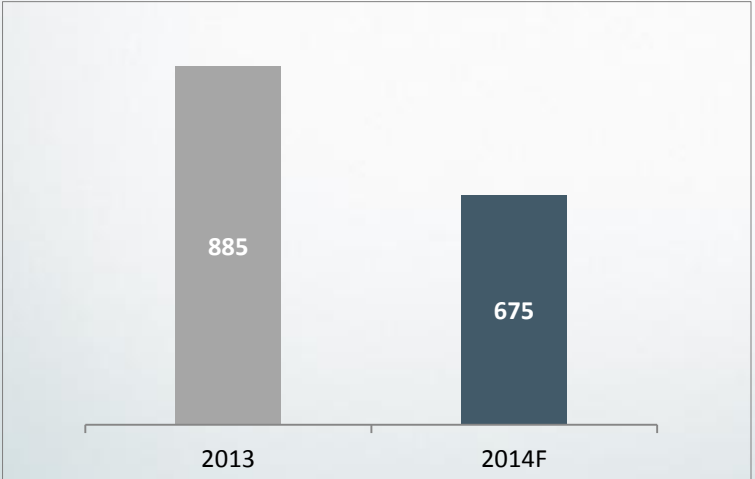
Total Industry, August 2014 YTD



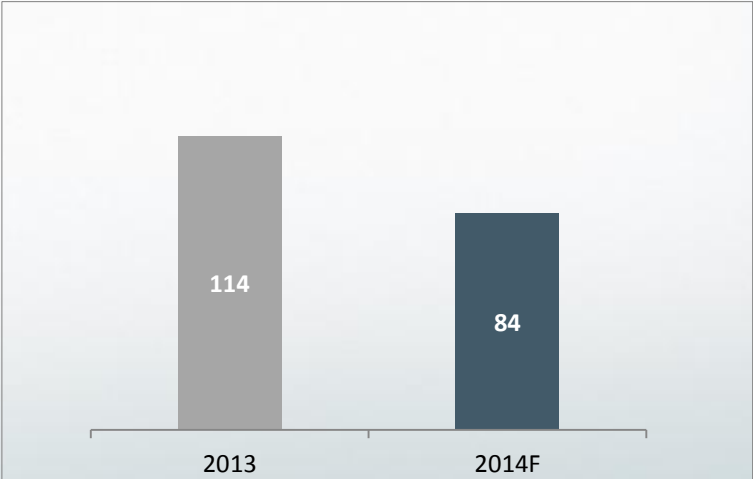
Ford Otosan, August 2014 YTD



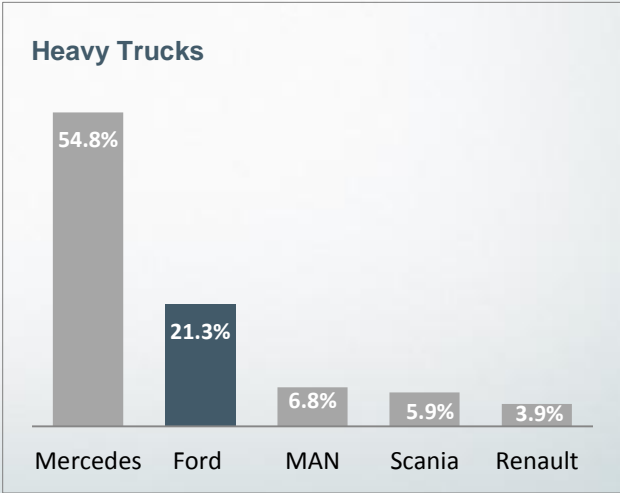
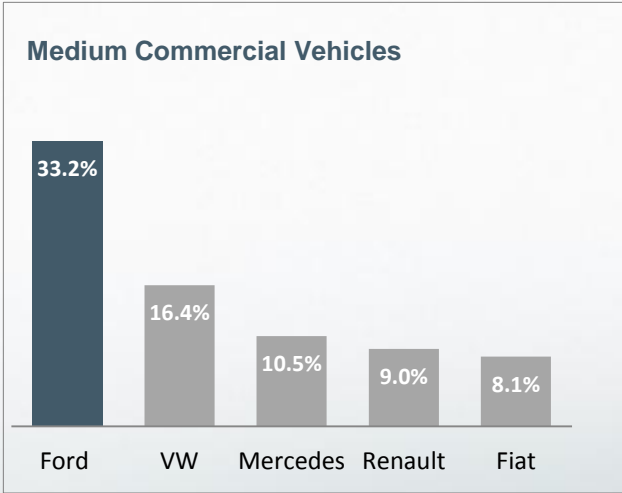
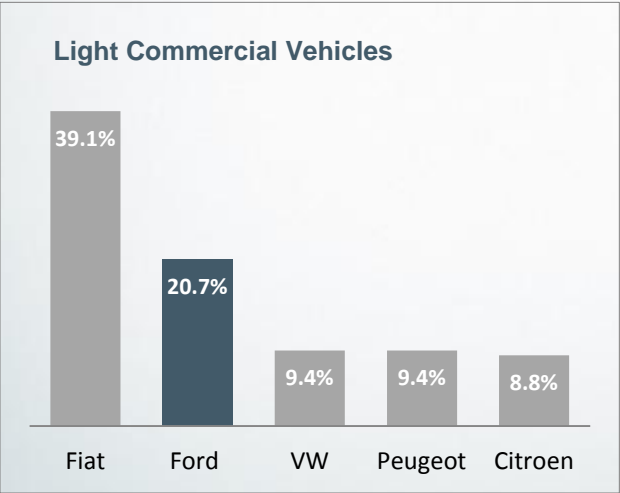
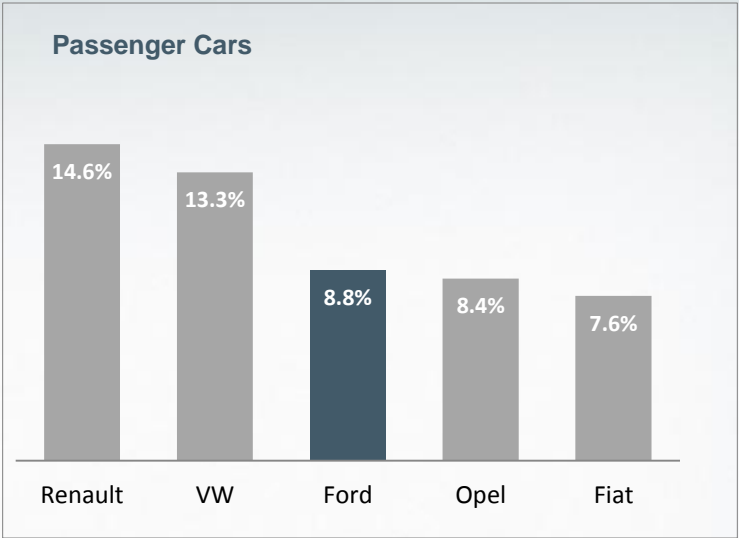
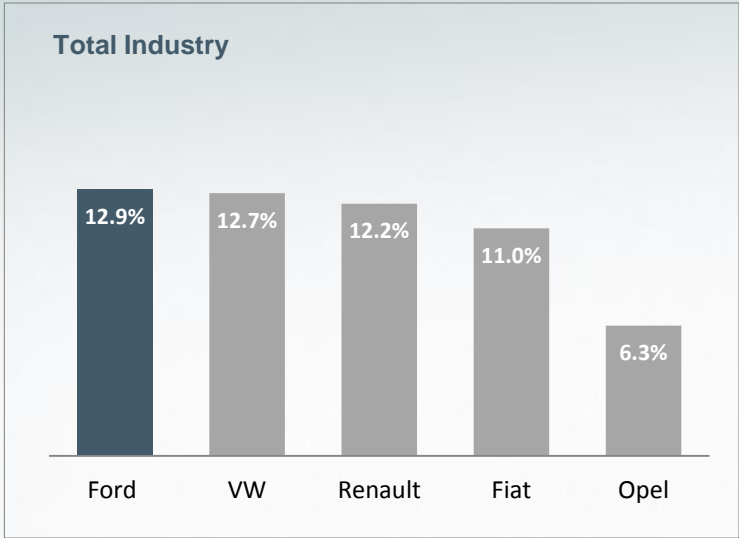
Total Industry Sales



Ford Otosan Retail Sales



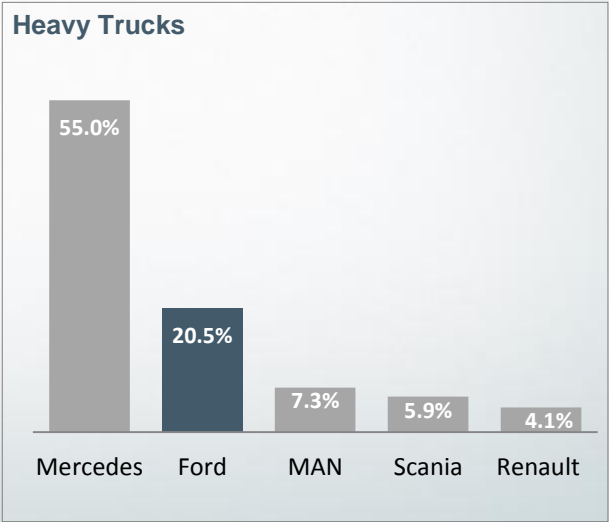
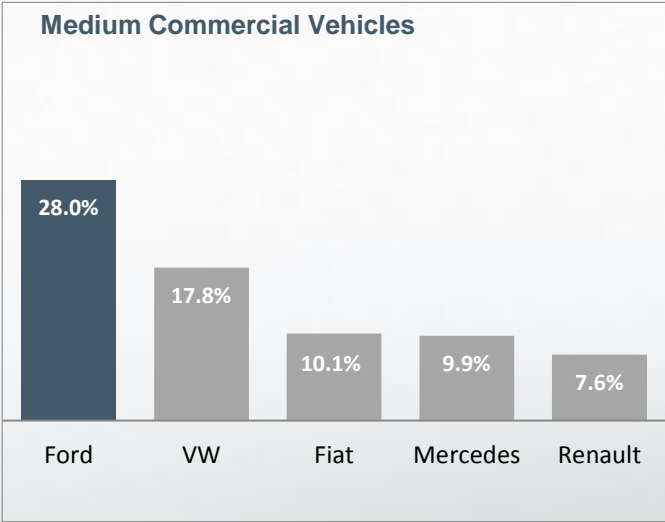
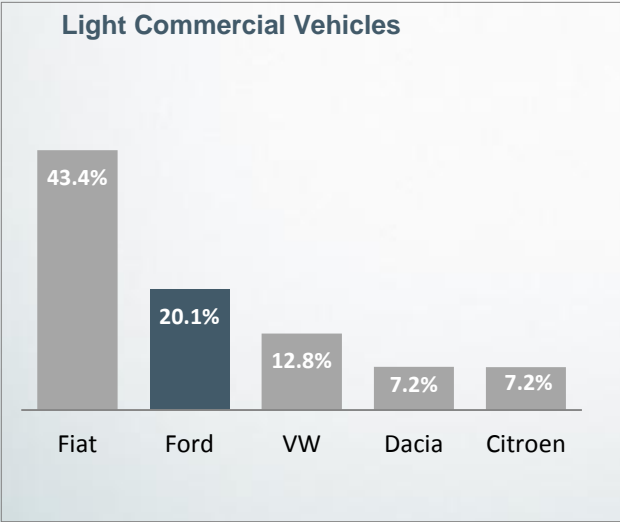
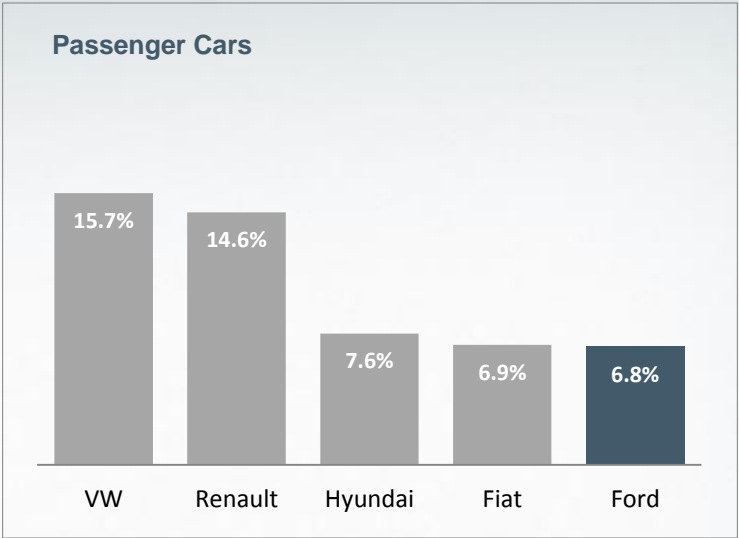
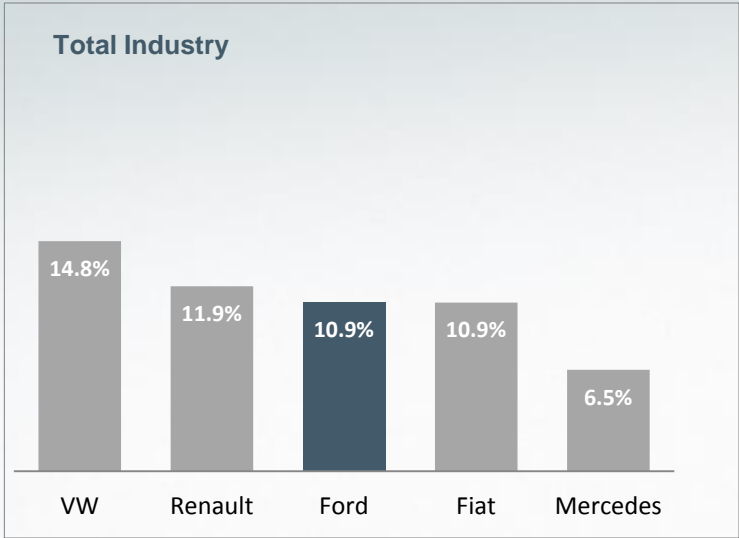
# Turkish Market Shares (2013)



Source: ODD and TAID

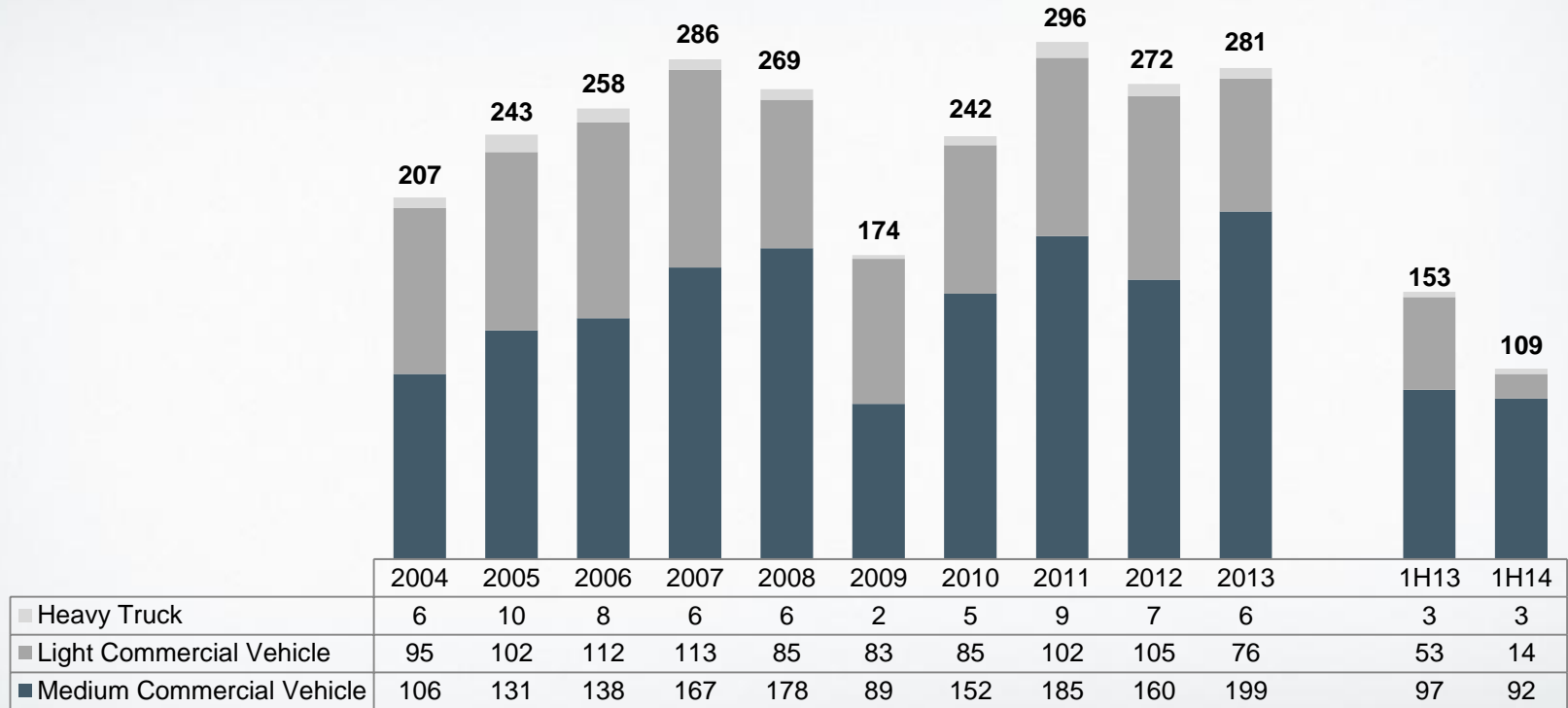


# Turkish Market Shares (August'14 YTD)

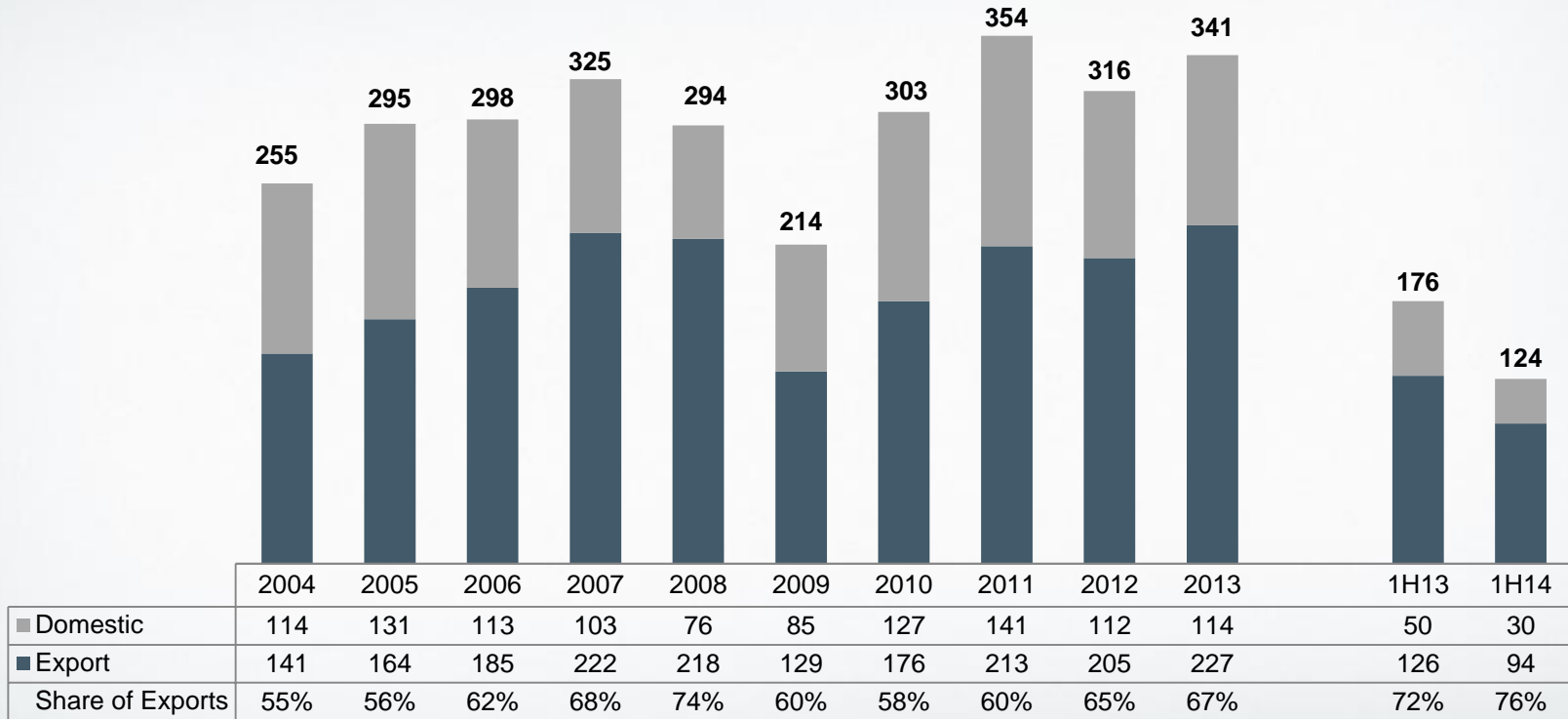


Source: ODD and TAID

# Production Volume by Segment (000 units)



# Wholesale Volume – Domestic & Export (000 units)



# Sales Volume by Model

	2Q14	1Q14	QoQ %	1H14	1H13	YoY %
<b>Domestic</b>	<b>20.288</b>	<b>9.337</b>	<b>117%</b>	<b>29.625</b>	<b>50.202</b>	<b>-41%</b>
PC	9.179	3.025	203%	12.204	23.956	-49%
Transit Connect	735	1.954	-62%	2.689	10.566	-75%
Transit Courier	3.610	-		3.610	-	
Total LCV	4.345	1.954	122%	6.299	10.566	-40%
Transit	3.967	2.842	40%	6.809	10.809	-37%
Transit Custom	975	504	93%	1.479	1.575	-6%
Ranger	59	71	-17%	130	464	-72%
Total MCV	5.001	3.417	46%	8.418	12.848	-34%
Cargo	1.763	941	87%	2.704	2.832	-5%
<b>Exports</b>	<b>57.358</b>	<b>36.431</b>	<b>57%</b>	<b>93.789</b>	<b>125.938</b>	<b>-26%</b>
Transit	19.183	11.948	61%	31.131	63.421	-51%
Transit Custom	28.550	24.204	18%	52.754	19.386	172%
Transit Connect	-	-		-	42.731	
Transit Courier	9.277	52		9.329	-	
Cargo	244	192	27%	436	206	112%
Other	104	35	197%	139	194	-28%
<b>Total Wholesale Volume</b>	<b>77.646</b>	<b>45.768</b>	<b>70%</b>	<b>123.414</b>	<b>176.140</b>	<b>-30%</b>

Domestic sales more than doubled QoQ in 2Q14 with the launch of new models and PC fleet sales.

1H14 figures were still lower YoY due to the 1Q14 performance, reflecting:

- 1) The temporary impact of the product transitions and ramp-up period in commercial vehicles
- 2) The rising retail prices for PCs in 1Q14 which pressured sales amid intense market competition.

Exports strongly recovered QoQ, up 57%, but down 26% YoY in 1H14, due to the product transitions and ramp-up of the new Transit in 1Q14 and Courier in 2Q14.

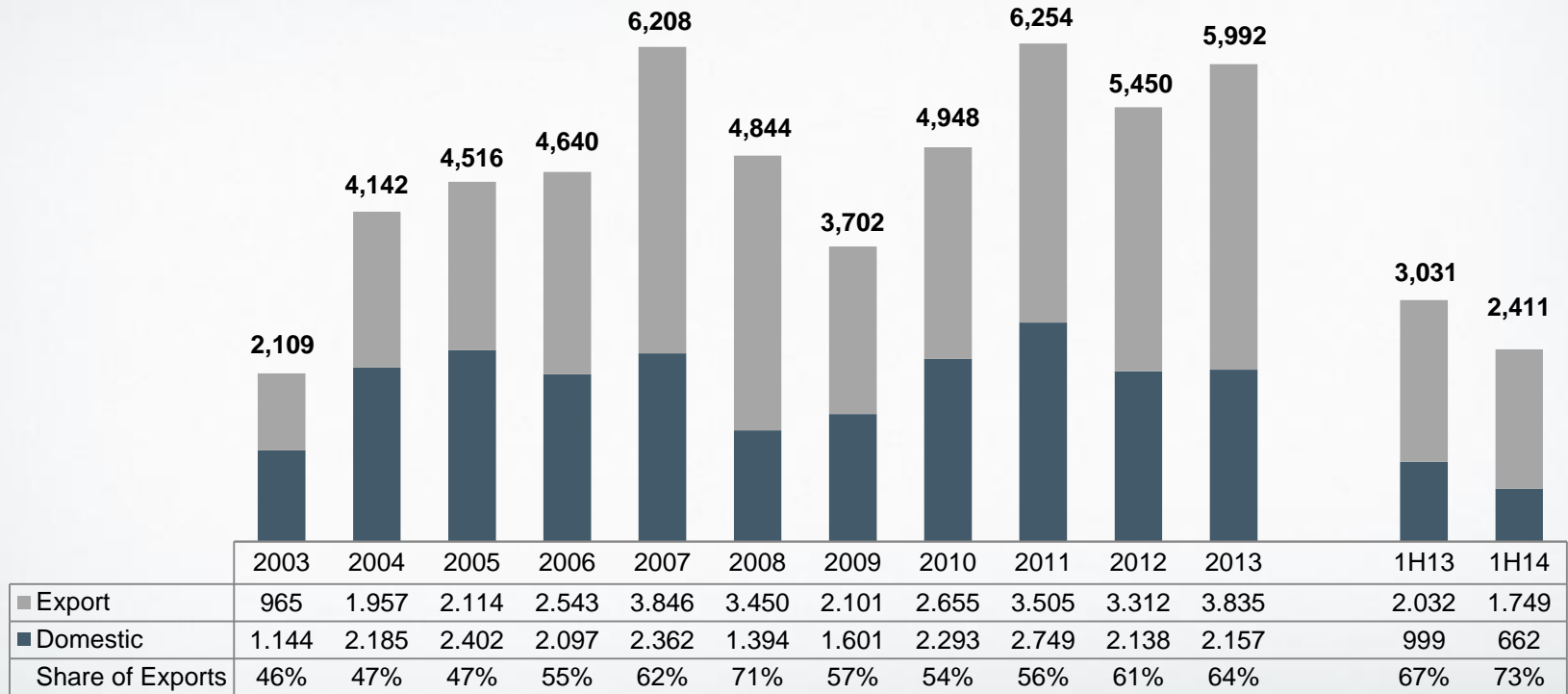
Custom's strong sales performance continued, more than doubling YoY.



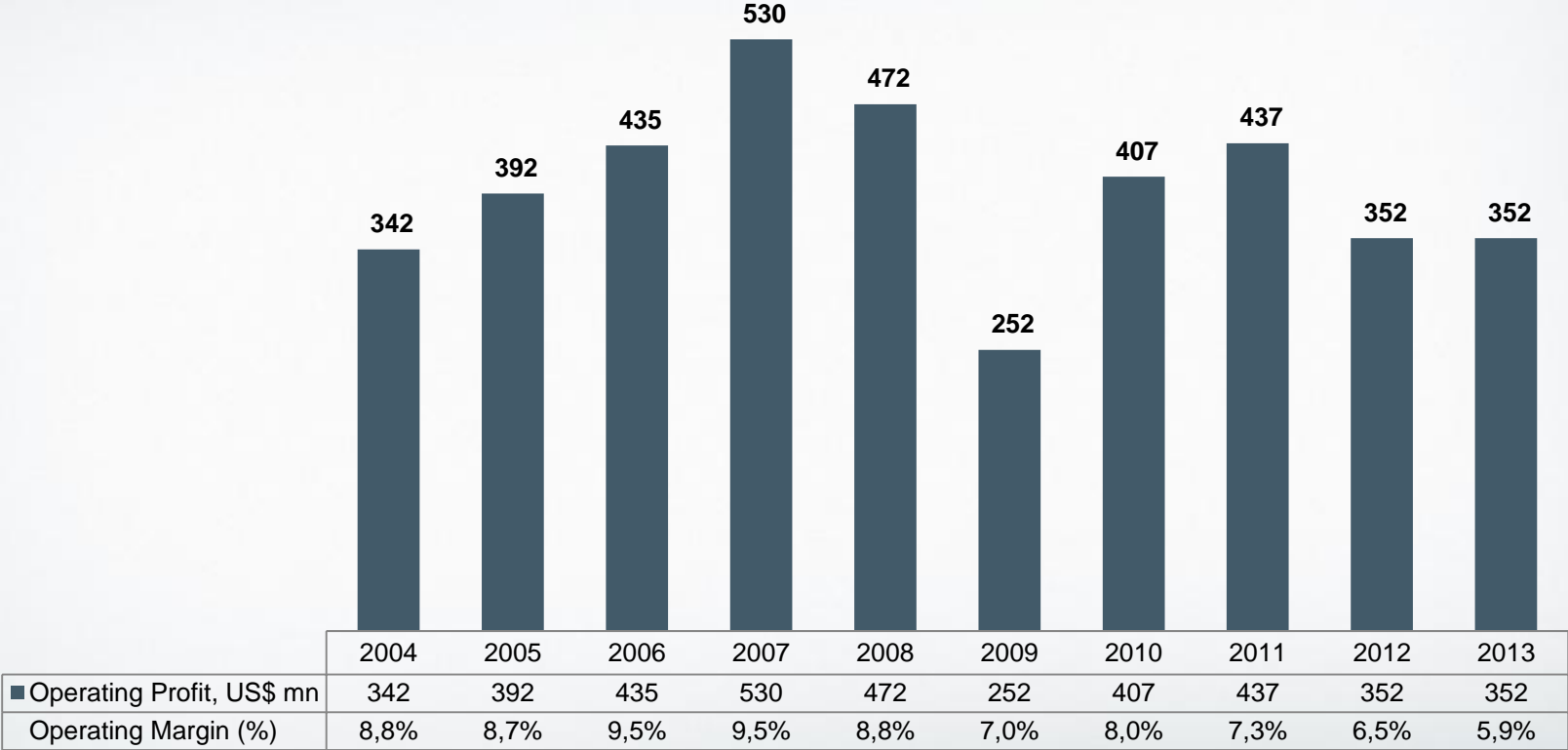
# Main Financial Indicators

Million TL	2Q14	1Q14	QoQ %	1H14	1H13	YoY %
Total Revenues	3.168	2.046	55%	5.214	5.482	-5%
Export	2.227	1.555	43%	3.782	3.676	3%
Domestic	941	491	92%	1.432	1.807	-21%
Gross Profit	269	206	31%	475	546	-13%
Operating Profit	91	118	-23%	210	340	-38%
EBITDA	170	172	-1%	343	430	-20%
Profit Before Tax	82	60	37%	142	308	-54%
Net Income	151	203	-26%	353	436	-19%
<b>Other Financial Data</b>						
Depreciation & Amortization	79	54	46%	133	89	48%
Financial Income / (Expense)	-10	-57	-82%	-66	-33	100%
Capex	244	226	8%	470	630	-25%

# Revenue - Domestic & Export (US\$ million)



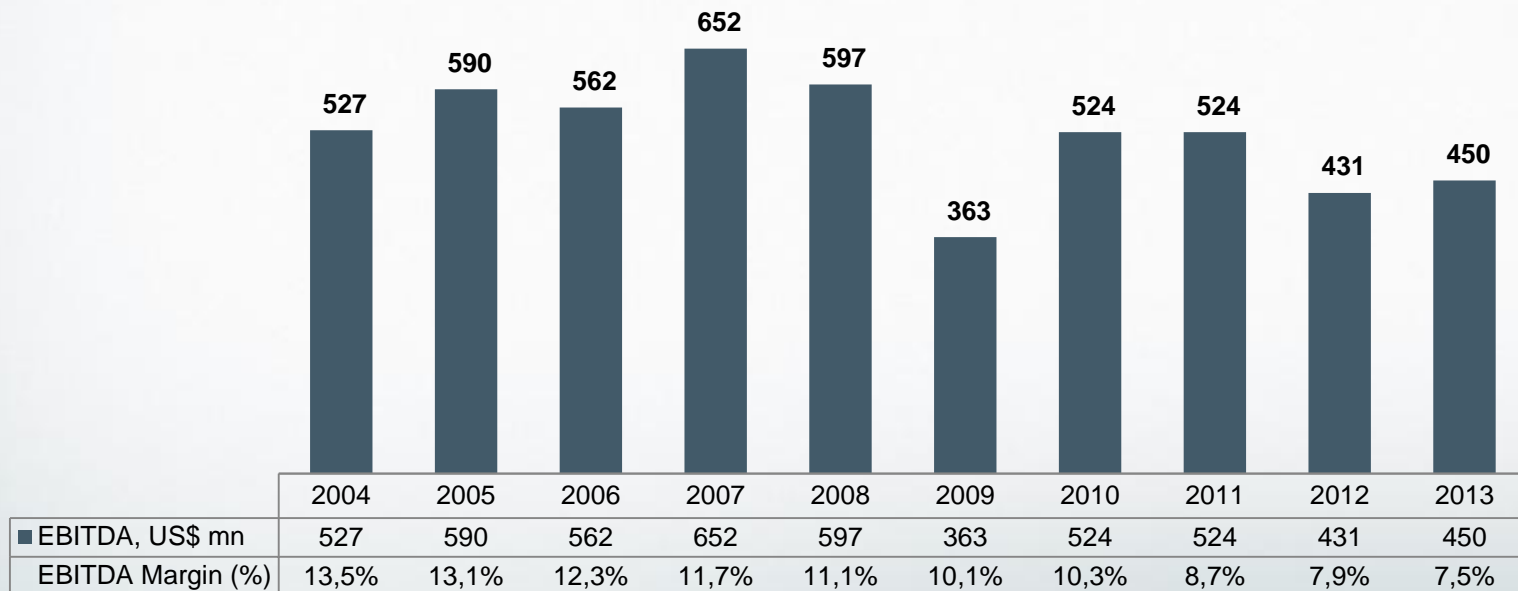
# Operating Profit and Margin (2004-2013)



# EBITDA and EBITDA Margin (2004-2013)

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

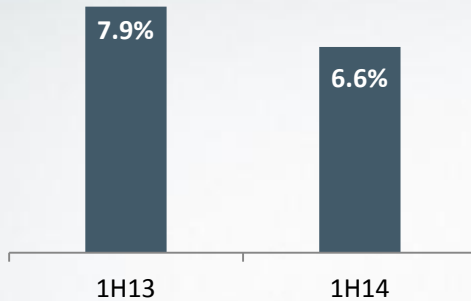
- Declining share of the domestic business
- Highly competitive pricing landscape in the domestic market
- Industry shift towards passenger cars leading to a less favorable sales mix for Ford Otosan
- Aged product portfolio
- Increase in import costs with the sharp decline in Turkish Lira
- Revaluation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



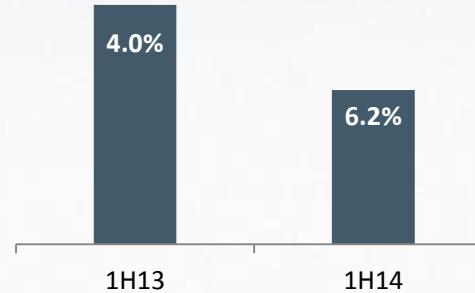


# Margins in 1H14

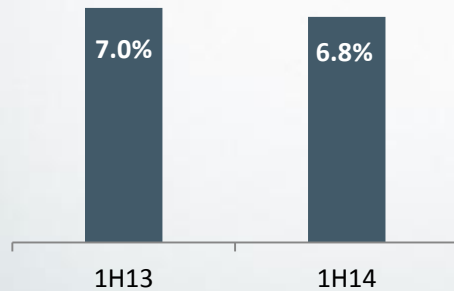
EBITDA Margin



Operating Margin



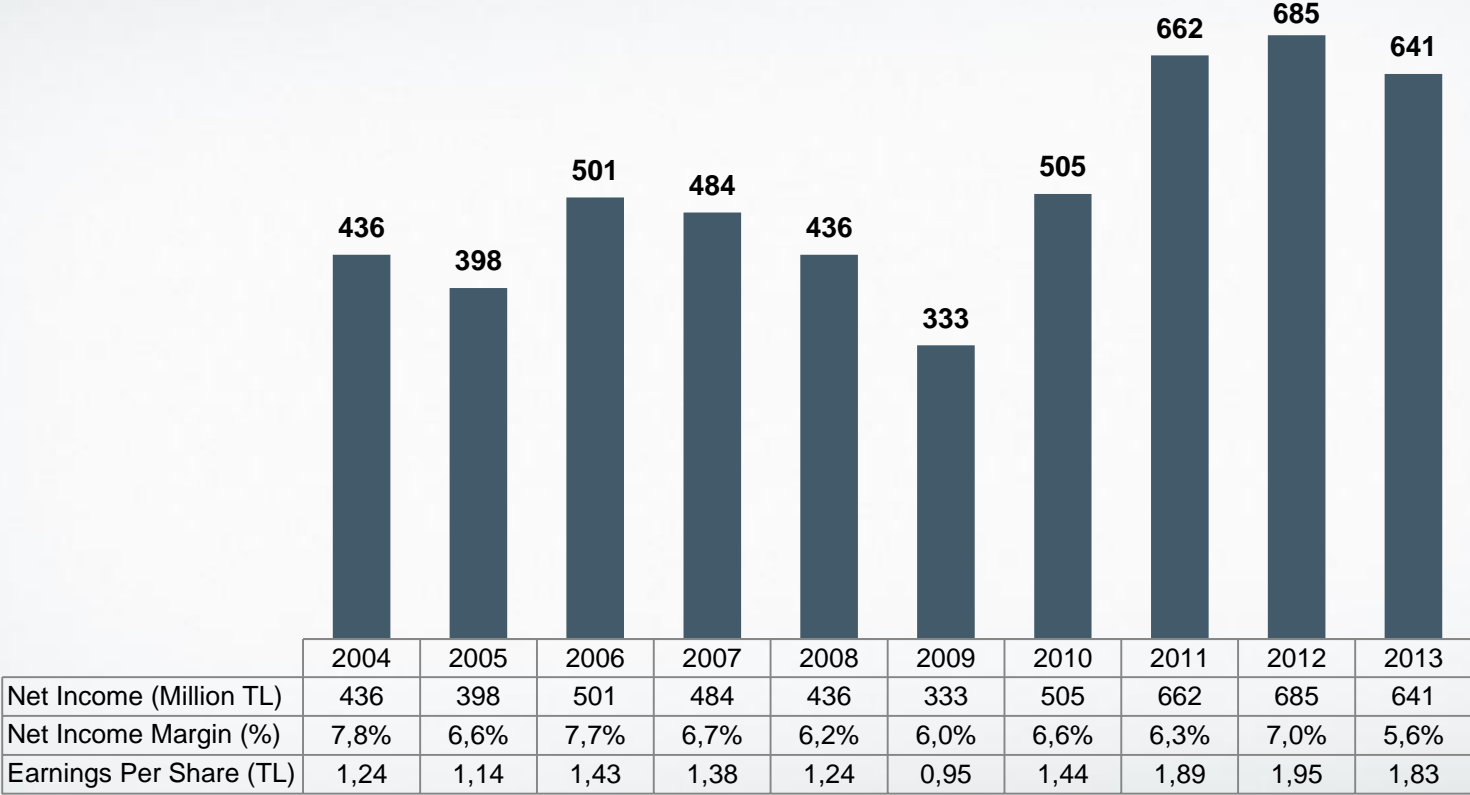
EBITDA Margin (excl. Other items)



Despite the rise in vehicles prices and cost reduction actions, margins declined due to:

- TL depreciation
- Lower unit sales
- Other operating expense in 1H14, driven by fx losses, as opposed to other operating income in 1H13
- 48% YoY rise in depreciation & amortization

# Net Income (2004-2013)



# 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 for exports 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 of cash outflow
- €80 million credit commitment and €70 million factoring agreements are in place for potential needs
- Net debt as of 1H14 is TL1.9 billion.

## FX Risk

- Excess cash is invested in hard currencies to minimize fx exposure
- Natural hedge against volatility due to fx-denominated export revenues: 73% of revenues
- Ford Otosan is a net exporter: US\$ 1.9 billion in the last 5 years (2009-2013)

## Capital Risk

- Net financial debt / tangible net worth ratio is monitored as a management criteria and the aim is to keep it below 1.25

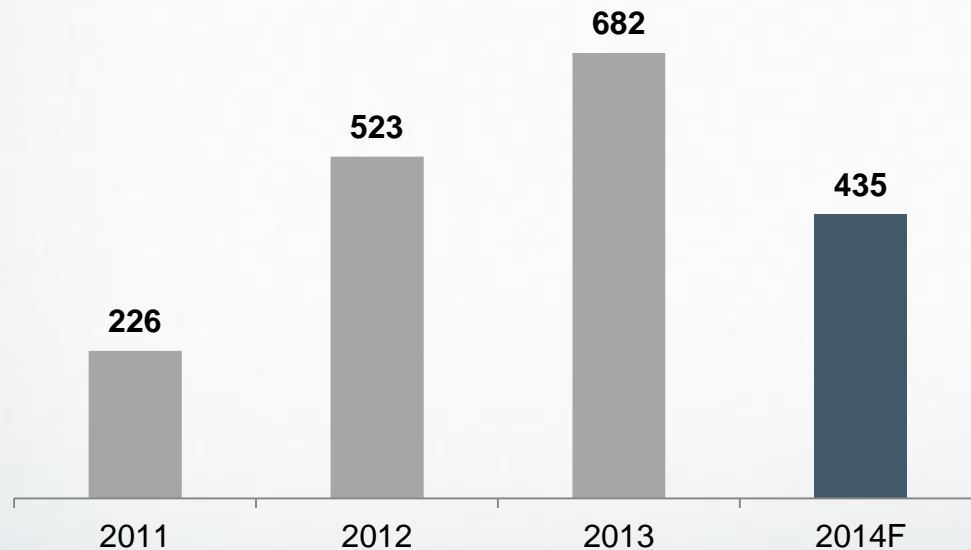
# Debt Profile & Financial Ratios

<b>Cash Position (TL mn)</b>	<b>30.06.2014</b>	<b>31.12.2013</b>
Cash & Cash Equivalents	144	238
Total Financial Debt	(2.072)	(2.292)
Net financial debt	(1.927)	(2.053)
<b>Financial Ratios</b>	<b>30.06.2014</b>	<b>31.12.2013</b>
Current ratio	0.92	1.02
Liquidity ratio	0.57	0.71
Net Financial Debt / Tangible Net Worth	0.90	1.13
Current Assets / Total Assets	0.39	0.41
Current Liabilities / Total Liabilities	0.70	0.64
Total Liabilities / Total Liabilities and Equity	0.61	0.63
Return on Equity	26.8%	28.7%
<b>Margins</b>	<b>30.06.2014</b>	<b>30.06.2013</b>
Gross Margin	9.1%	10.0%
EBITDA Margin	6.6%	7.9%
Operating Margin	4.0%	6.2%
Net Income Margin	6.8%	8.0%

# CAPEX (US\$ million)

Total capital expenditures include:

1. New projects – tangible fixed asset procurement
2. Intangible fixed asset procurement
3. Maintenance/modernization/renovation
4. FX gain/(loss)





# 2014 Guidance

Turkish Industry Volume	675K
Retail Sales Volume	84K
Exports	198K
Wholesale Volume	279K
Production Volume	242K
Capex (fixed assets)	US\$ 340mn

Guidance updated in August 2014. According to the Capital Markets Board, companies are allowed to provide guidance 4 times a year. Our next update will be in 3Q14.

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