

**Highlights**

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	2.046	-20%
Export Revenues	1.555	-13%
Domestic Revenues	491	-37%
Operating Profit	118	-9%
EBITDA	172	0%
Profit Before Tax	60	-56%
Net Income	203	15%
<u>Volume</u>	<u>Units</u>	<u>YoY Change</u>
Production	41.013	-47%
Total Wholesale Volume	45.768	-44%
Export Volume	36.431	-41%
Domestic Volume	9.337	-54%
Retail Volume	10.756	-45%
Market Share	8,9%	-3,4 pps

\* 1Q2014 financial results published in this earnings announcement are prepared according to the International Financial Reporting Standards (IFRS)

Summary Income Statement, Million TL	31.03.2014	31.03.2013	% Change
<b>Revenues</b>	2.046	2.571	-20%
Export	1.555	1.797	-13%
Domestic	491	774	-37%
<b>Gross Profit</b>	206	255	-19%
<b>Operating Profit</b>	118	129	-9%
Financial Income/(Expense)	-57	6	
<b>Profit Before Tax</b>	60	135	-56%
<b>Net Income</b>	203	176	15%
<b>Other Financial Data</b>			
Depreciation and Amortization	54	44	24%
EBITDA	172	173	0%
Capital Expenditures	226	254	-11%

#### Revenues

The Turkish automotive industry had a slow start to the year and contracted by 24% in the first quarter. Rising interest rates, higher vehicle prices due to weak TL, SCT increase in passenger cars, BRSA regulations on vehicle loans, a high base year, low economic activity, volatility in the financial markets and weak consumer confidence ahead of the local elections were the main headwinds for the industry. Total sales reached 121,156 units and were down across all segments: PC -22%, LCV -36%, MCV -27% and Truck -10%. The share of PCs in the total industry was 74%, up from 72% in 1Q13 and down from 75% in FY13. LCV segment share was 11%, down from 13% in 1Q13 and 12% in FY13. Ford Otosan's domestic retail sales were 10,756 units, down 45% YoY, reflecting 1) The temporary impact of the product transitions and ramp-up period in commercial vehicles 2) The rising retail prices for PCs which pressured sales amid intense market competition. Domestic wholesales were down 54% YoY to 9,337 units while domestic revenues declined 37% to TL491 million due to higher vehicle prices. Export units contracted by 41%, also due to the product transitions and ramp-up of the new Transit. Custom and Cargo unit exports were strong, up by 115% and 134% YoY, respectively. Export revenues were TL 1,555 million, where the decline was limited to 13% due to weak TL. Total revenues were TL 2,046 million, down 20% YoY. The share of exports in total revenues increased from 70% to 76% YoY.

#### Profitability

Ford Otosan is fully focused on maintaining profitability during the transition to new products. The following steps were taken in 1Q14 to manage the impact of the temporary operational weakness caused by the product transitions and volatility in the financial markets that lead to TL depreciation: 1) Ford Otosan increased the prices of import vehicles significantly, passing on the higher import costs related to the weak TL. The pricing efforts negatively impacted the sales performance and market shares significantly at the backdrop of aggressive price competition in the market. However, profitability-wise, it also led to a more favorable sales mix. The share of PCs, which are less profitable, in our domestic sales declined to 32% from 40% in 1Q13 and 52% in FY13. 2) Significant cost reduction actions were implemented. As a result, operating margin was 5.8%, up from 5.0% in 1Q13 and 5.2% in 4Q13. Depreciation & amortization was up 24% YoY, leading to 9% decline in the operating profit to TL 118 million. EBITDA was TL 172 million, flat YoY. EBITDA margin was 8.4%, up from 6.7% in 1Q13 and 4Q13, as a result of significant cost reduction and pricing actions. Revaluation of financial loans with the weak TL led to net financial expenses in 1Q14 compared to net financial income in 1Q13, resulting in 56% YoY decline in profit before tax, which was booked as TL 60 million. Net income was TL 203 million, up 15% YoY due to the establishment of deferred tax asset based on the future tax benefits from the investment incentives. Net income margin was 9.9%, up 3.1 percentage points YoY.

<b>Sales Volume by Model, units</b>	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>% Change</b>
<b>Domestic</b>			
Passenger Car	3.025	8.239	-63%
Transit Connect	1.954	4.814	-59%
Light Commercial Vehicle	1.954	4.814	-59%
Transit	2.842	4.896	-42%
Transit Custom	504	799	-37%
Ranger	71	282	-75%
Medium Commercial Vehicle	3.417	5.977	-43%
Cargo	941	1.319	-29%
<b>Total Domestic</b>	<b>9.337</b>	<b>20.349</b>	<b>-54%</b>
<b>Export</b>			
Transit Connect	-	18.963	0%
Transit	12.110	31.624	-62%
Transit Custom	24.042	11.207	115%
Cargo	192	82	134%
All Other	87	57	53%
<b>Total Export</b>	<b>36.431</b>	<b>61.933</b>	<b>-41%</b>
<b>Total Wholesale Volume</b>	<b>45.768</b>	<b>82.282</b>	<b>-44%</b>

Total Domestic Automotive Industry	121.156	158.739	-24%
Ford Otosan Retail Sales	10.756	19.543	-45%
Ford Otosan Market Share	8,9%	12,3%	-3,4 pps

<b>Summary Balance Sheet, Million TL</b>	<b>31.03.2014</b>	<b>31.12.2013</b>	<b>% Change</b>
Current Assets	2.422	2.443	-1%
Current Liabilities	2.509	2.397	5%
Property, Plant and Equipment - Net	2.347	2.231	5%
Total Assets	6.289	5.991	5%
Total Liabilities	3.868	3.755	3%
Shareholders' Equity	2.420	2.237	8%

Financial Ratios		
	31.03.2014	31.12.2013
Current Ratio	0,97	1,02
Liquidity Ratio	0,59	0,71
Net Financial Debt / Tangible Net Worth	1,07	1,13
Current Assets / Total Assets	0,39	0,41
Current Liabilities / Total Liabilities	0,65	0,64
Total Liabilities / Total Liabilities and Equity	0,62	0,63
Return on Equity	33,5%	31,5%
	31.03.2014	31.03.2013
Gross Margin	10,1%	9,9%
EBITDA Margin	8,4%	6,7%
Operating Margin	5,8%	5,0%
Net Income Margin	9,9%	6,8%

Summary Cash Flow Statement, Million TL	31.03.2014	31.03.2013	% Change
Beginning Balance of Cash & Equivalents	238	302	-21%
Net Cash Generated from Operating Activities	242	702	-66%
Net Cash Used in Investing Activities	(224)	(252)	-11%
Net Cash Used in Financing Activities	(23)	(295)	-92%
End of Period Balance of Cash & Equivalents	234	457	-49%

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