

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	11.925	5%
Export Revenues	7.687	5%
Domestic Revenues	4.238	3%
Operating Profit	541	-19%
EBITDA	846	-1%
Profit Before Tax	390	-14%
Net Income	595	-7%
<u>Volume</u>	<u>Units</u>	<u>YoY Change</u>
Production	244.682	-13%
Total Wholesale Volume	282.994	-17%
Export Volume	191.956	-15%
Domestic Volume	91.038	-20%
Retail Volume	93.594	-18%
Market Share	11,7%	-1,2 pps

* FY14 financial results published in this earnings announcement are prepared according to the International Financial Reporting Standards (IFRS) and subject to independent limited review of Ernst & Young Global Limited.

Summary Income Statement, Million TL	31.12.2014	31.12.2013	% Change
Revenues	11.925	11.405	5%
Export	7.687	7.299	5%
Domestic	4.238	4.106	3%
Gross Profit	1.131	1.128	0%
Operating Profit	541	670	-19%
Financial Income/(Expense)	-148	-213	-31%
Profit Before Tax	390	452	-14%
Net Income	595	641	-7%
Other Financial Data			
Depreciation and Amortization	305	186	64%
EBITDA	846	856	-1%
Capital Expenditures	858	1.312	-35%

Revenues

The Turkish automotive industry reached 803,089 units in 2014, down 9% YoY. Rising interest rates, higher vehicle prices due to weak TL, SCT increase in PCs, BRSA restrictions on vehicle loans, a high base year, low economic activity, volatility in the financial markets and weak consumer confidence ahead of the elections were the main headwinds. All segments except Trucks contracted in the first nine months. With the stabilization in the foreign exchange and financial markets and the decrease in the costs of the K2 certificate, required for commercial vehicles, as of August, the commercial vehicle sales started recovering. Light and medium commercial vehicles grew from August until the year-end. Trucks were the only segment that grew in FY14 while all segments showed a YoY growth in 4Q14. The share of PCs in the total industry was 73%, down from 75% in FY13. LCV segment share was 12%, showing a slight YoY increase. Ford Otosan's domestic wholesales continued to rise and were up 44% QoQ in 4Q14 with the completion of the product launches and market recovery. FY14 domestic wholesales were 91,038 units, down 20% YoY due to 1Q14 dynamics: 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. Domestic revenues were TL 4,238 million, up 3% despite the 20% decline in volumes, with new products, higher vehicle prices and more favorable sales mix (PC share of Ford Otosan sales down from 51% in 2013 to 37% in 2014). Exports also strengthened in 4Q14 and recorded a growth of 5% YoY. FY14 export volumes were 191,956 units, down 15% YoY due to the product transitions and ramp-up, however revenues were strong at TL 7,687 million, up 5% YoY. Custom's strong sales performance continued, rising by 106% YoY. Despite the 17% decline in volumes to 282,994, total revenues reached a historical record level of TL 11,925 million, up by 5% YoY. The share of exports in total revenues was 64%.

Profitability

The average EUR/TL exchange rate increased from 2.53 in 2013 to 2.90 in 2014, negatively impacting the cost base. Although Ford Otosan increased the prices of its vehicles significantly in 1Q and maintained focus on cost reduction efforts throughout the year, the TL depreciation and volatility led to a margin decline YoY. Opex management was strong despite the product launches with opex/sales almost flat at 5.1% in 2014. However, lower unit sales, lower other operating income, higher financial expenses and 64% YoY rise in depreciation & amortization led to a 19% decline YoY in operating profit to TL 541 million. FY14 operating margin was 4.5%, down from 5.9% YoY. EBITDA was TL 846 million, down by a mere 1% YoY. EBITDA margin was 7.1%, down 0.4 pps YoY. 4Q profitability improved YoY, with EBITDA margin increasing from 6.7% in 4Q13 to 7% in 4Q14. Profit before tax declined by 14% YoY to TL 390 million. Net income was TL 595 million, down 7%, as a result of the establishment of deferred tax asset based on the future tax benefits from the investment incentives.

Sales Volume by Model, units	31.12.2014	31.12.2013	% Change
Domestic			
Passenger Car	33.650	58.618	-43%
Transit Connect	3.046	21.711	
Transit Courier	20.836	-	
Light Commercial Vehicle	23.882	21.711	10%
Transit	21.687	23.788	-9%
Transit Custom	4.536	3.399	33%
Ranger	430	519	-17%
Medium Commercial Vehicle	26.653	27.706	-4%
Cargo	6.853	5.936	15%
Total Domestic	91.038	113.971	-20%
Export			
Transit Connect	-	51.796	
Transit Courier	19.229	-	
Transit	62.189	120.503	-48%
Transit Custom	109.274	53.053	106%
Cargo	963	1.002	-4%
All Other	301	317	-5%
Total Export	191.956	226.671	-15%
Total Wholesale Volume	282.994	340.642	-17%

Total Domestic Automotive Industry	803.089	885.180	-9%
Ford Otosan Retail Sales	93.594	114.141	-18%
Ford Otosan Market Share	11,7%	12,9%	-1,2 pps

Summary Balance Sheet, Million TL	31.12.2014	31.12.2013	% Change
Current Assets	2.958	2.443	21%
Current Liabilities	2.972	2.397	24%
Property, Plant and Equipment - Net	3.128	2.231	40%
Total Assets	7.235	5.991	21%
Total Liabilities	4.481	3.755	19%
Shareholders' Equity	2.754	2.237	23%

Financial Ratios		
	31.12.2014	31.12.2013
Current Ratio	1,00	1,02
Liquidity Ratio	0,74	0,71
Net Financial Debt / Tangible Net Worth	0,79	1,13
Current Assets / Total Assets	0,41	0,41
Current Liabilities / Total Liabilities	0,66	0,64
Total Liabilities / Total Liabilities and Equity	0,62	0,63
Return on Equity	21,6%	28,7%
	31.12.2014	31.12.2013
Gross Margin	9,5%	9,9%
EBITDA Margin	7,1%	7,5%
Operating Margin	4,5%	5,9%
Net Income Margin	5,0%	5,6%

Summary Cash Flow Statement, Million TL	31.12.2014	31.12.2013	% Change
Beginning Balance of Cash & Equivalents	238	302	-21%
Net Cash Generated from Operating Activities	1.277	866	47%
Net Cash Used in Investing Activities	(841)	(1.299)	-35%
Net Cash Used in Financing Activities	(97)	370	
End of Period Balance of Cash & Equivalents	577	238	142%

2015 Guidance	
Total Industry Volume	895 k
Ford Otosan:	
Retail Sales Volume	119 k
Export Volume	232 k
Wholesale Volume	351 k
Production Volume	305 k
Capex (fixed assets)	US\$ 230 million

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