

# FORD OTOSAN



## Investor Presentation

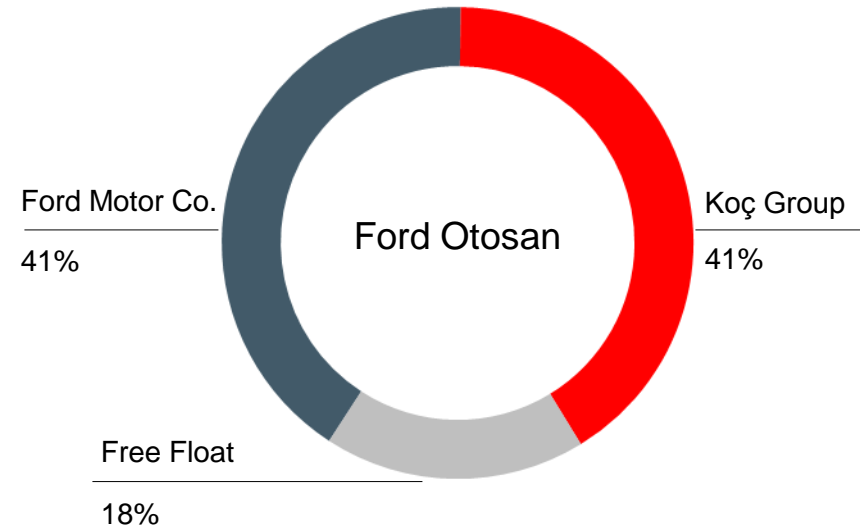
February 2018

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# About Ford Otosan

# Company Profile

Key Indicators, 2017	
Revenues	\$6.9 billion
Export Revenues	\$4.9 billion
EBITDA	\$598 million
Profit Before Tax	\$406 million
Net Profit	\$408 million
ROE	40.3%
EBITDA margin	8.6%
Annual Production Capacity	440,000
Gölcük (Transit & Custom)	315,000
Yeniköy (Courier)	110,000
İnönü (Cargo)	15,000
Total Employees	11,501
Blue Collar	8,847
White Collar	2,654



Paid-in Capital: TL 350,910,000

Traded on Borsa Istanbul since 13 January 1986

Ticker: FROTO.IS

# Ford Otosan at a Glance

## Pioneer of Turkish automotive

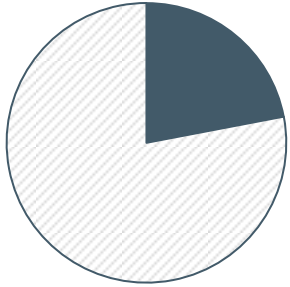
**First** Turkish passenger car Anadol (1966)  
Turkey's **first** domestic diesel engine Erk (1986)  
Turkey's **first** private R&D center in automotive (1961)  
**First** export of Turkish automotive to the US (2009)

## Strong value contribution

Turkey's **export champion**  
Turkey's **2<sup>nd</sup> largest** industrial enterprise  
**Highest** employment in Turkish automotive

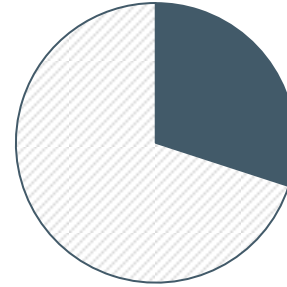
## Leadership and scale

**Europe's largest** commercial vehicle manufacturer  
**Widest** product range in Turkish automotive  
Turkey's patent **champion** in automotive



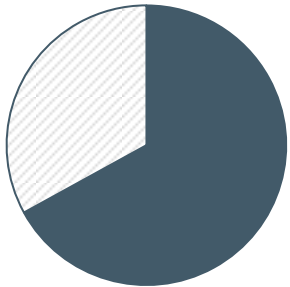
**22%**

of Turkey's  
Total automotive  
production



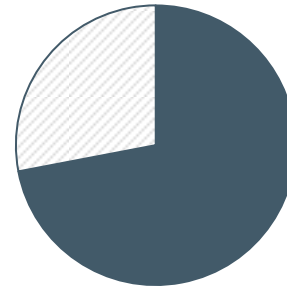
**30%**

of Turkey's  
Commercial vehicle  
sales



**67%**

of Turkey's  
Commercial vehicle  
production



**72%**

of Turkey's  
Commercial vehicle  
exports

## Robust sales performance

**Highest** commercial vehicle market share of Ford in Europe

Among Ford's **top 2 markets in Europe** (Britain, Turkey, Ireland, Hungary, Romania)

## Europe's largest CV manufacturer

**Lead** manufacturing plant of Ford Transit globally

**Single** source of Ford Custom & Tourneo Custom

**Single** source of Ford Courier & Tourneo Courier

**One of the two** production centers globally for Ford Cargo heavy trucks

## Engineering and R&D power

**Global hub** for Cargo heavy trucks and related powertrains

**Global support** for Light Commercial Vehicle Development

**Global support** for Diesel Powertrain Engineering

# Ford Otosan at a Glance

	1997*		2017
Production Capacity (Units)	47,000	9 times	440,000
Production (Units)	43,102	9 times	373,005
Export (Units)	667	446 times	297,396
Export (USD)	16 million	306 times	4.9 billion
Revenue (USD)	850 million	8 times	6.9 billion
Headcount	3,406	3 times	11,501
Market Cap (USD)	1.1 billion	5 times	5.6 billion

# Vision, Mission And Strategy

## Vision

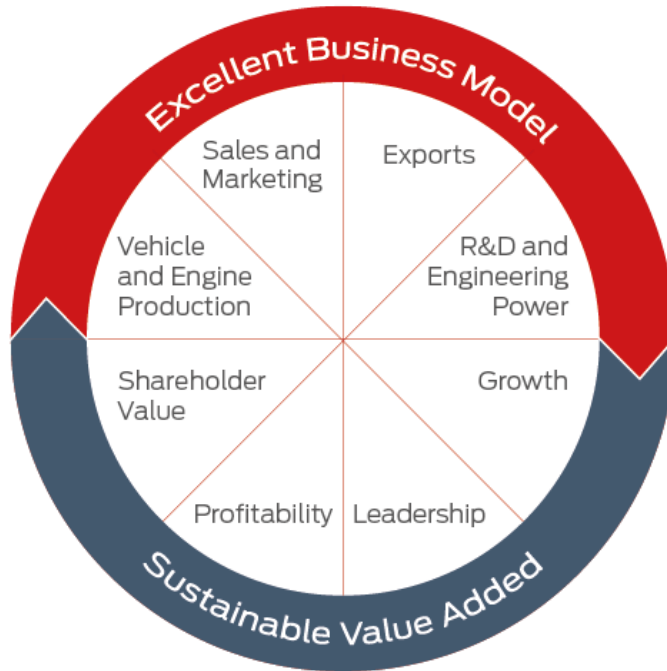
Being Turkey's most valuable and most preferred industrial company.

## 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 14<sup>th</sup> largest auto manufacturing hub in the world and 5<sup>th</sup> largest among European 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 – Gölcük 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**

**2016 – Ecotorq engine production starts**

# Plants and Facilities

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 Ford Transit



Transit 160k



Custom 170k



ISO 14001  
BUREAU VERITAS  
Certification



ISO 14064-1  
BUREAU VERITAS  
Certification



OHSAS 18001  
BUREAU VERITAS  
Certification



ISO 27001  
BUREAU VERITAS  
Certification



ISO 50001  
BUREAU VERITAS  
Certification



- 315,000 units manufacturing capacity
- Investment currently under way to increase capacity to 330,000 units by September 2018. Further details available on page 36.
- 1,600,000 m<sup>2</sup> total area; 340,000 m<sup>2</sup> covered area
- Opened in 2001

# 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 – Center of Excellence for Ford Trucks



Cargo 15k

Opened in 1982

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

75k units engine, 140k units powertrain production capacity

- 12.7L / 9.0L E6 Ecotorq engines for Cargo heavy truck
- 2.2L 4-cyl. Puma & 2.0L 4-cyl. Panther 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



**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, Best-Selling Van in the World

- Longest-running model in Ford of Europe's product range
- Manufactured by Ford Otosan since 1967
- Ford Otosan is the lead manufacturing plant of Transit globally
- All-New Transit launched from March 2014 to October 2014 in 3 phases



# TRANSIT

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 48.

# Ford Custom

- Ford Otosan is the single global source of Ford Custom
- 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 48.

# Ford Courier

- The smallest member of the Ford commercial vehicle family
- Ford Otosan is the single global source of Ford Courier
- Launched in May 2014



# COURIER



**Tourneo Courier**  
(People mover)

**Transit Courier Combi Van**  
(Commercial)

**Transit Courier Van**  
(Commercial)

Market share details available on page 48.

# Ford Trucks

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



## TRACTOR

4x2 Tractor and 6x2 Full Trailer are the main applications.

Available in E3&E5 and E6 emission levels with 13L Ecotorq engine generating power 420 and 480 PS

Long  
Haulage



Market share details available on page 48.

## ROAD TRUCK

Mainly used for local distribution and municipality (special purpose vehicles) 4x2, 6x2, 8x2 applications.

Available in E3&E5 and E6 emission levels with 9L and 13L Ecotorq engine generating power 330 and 420 PS

Distribution  
Trucks



## CONSTRUCTION

Tipper, Transmixers, Cement Pumps. 6x4, 8x4, 4x2, 6x2 and 8x2 applications.

Available in E3&E5 and E6 emission levels with 9L and 13L Ecotorq engine generating power 330 and 420 PS

Construction  
Trucks



# Ecotorq Engine Family

- Available in **9L 330PS** and **13 L 420 to 480PS**
- Environmentally Friendly **Euro 6 Emission Levels**
- Turbocharger with **Variable-Geometry**
- **2500 bar Common-Rail** Fuel Injection System
- **Specially Coated** Pistons
- **Smart Charging** Alternator





# Investment Case

# Ford Otosan's Value Proposition

## Scale & growth

**Industry leader** in Turkish and European commercial vehicle sales  
**Turkey's export champion** and **Europe's largest commercial vehicle manufacturer**  
**Technology licensing agreements** delivering royalty fees with strong growth potential

## Resilience & efficiency

**€-denominated export revenues**, including non-€ countries  
**High capacity utilization**  
**Efficient, flexible and low-cost** manufacturing and engineering competency

## Strong balance sheet & prudent risk management

**Surging FCF** generation following completion of capex cycle  
**Growth and profitability** driven by new products and cost discipline  
**Natural hedge** of fx-payables due to fx-denominated export revenues

## Shareholder value creation

**Dividend growth** with surging FCF, strong balance sheet and low capex  
**Strong** relative share performance  
 Commitment to good **corporate governance**

# Relatively Favorable Taxes on Commercial Vehicles

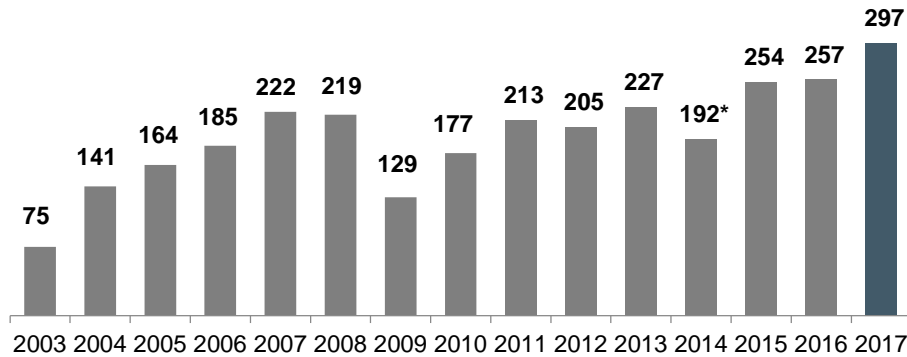
Passenger Cars					Commercial Vehicles			
Engine Size	Base Price (TL)	SCT	VAT	Total	Model	SCT	VAT	Total
<1.6 lt	<46,000	45%	18%	<b>71%</b>	Transit Van Transit Minibus (16+1) (17+1) Transit Chassis Cab Transit Custom Van Transit Courier Van Connect Van Ranger	4%	18%	<b>23%</b>
	46,000-80,000	50%	18%	<b>77%</b>				
	>80,000	60%	18%	<b>89%</b>				
1.6-2.0 lt	<114,000	100%	18%	<b>136%</b>				
	>114,000	110%	18%	<b>148%</b>				
> 2.0 lt		160%	18%	<b>207%</b>				
<ul style="list-style-type: none"> <li>New tax structure for PCs is effective as of November 25, 2016.</li> <li>Above rates are valid for diesel and gas engines. Different SCT rates apply for electric and hybrid vehicles.</li> <li>Previous tax changes as follows:</li> </ul> <p>&lt; 1.6 lt 27% to 30% (Aug 2003), 30% to 37% (Sep 2006)            &lt; 1.6 lt 37% to 18% (Apr 09), 18% to 27% (Oct 09), 27% to 37% (Apr 10)            &lt; 1.6 lt 37% to 40% (Sept 2012), 40% to 45% (Jan 2014)            1.6-2.0 lt 60% to 80% (Oct 2011), 80% to 90% (Jan 2014)            &gt; 2.0 lt 84% to 130% (Oct 2011), 130% to 145% (Jan 2014)</p> <p>** 10% to 15% (Oct 12, 2011)</p>					Transit Combi Transit Custom Combi Transit Custom Combi Van Tourneo Custom Transit Courier Combi Van Tourneo Courier Transit Connect Combi	15%* *	18%	<b>36%</b>
					Cargo	4%	18%	<b>23%</b>

VAT: Value Added Tax

SCT: Special Consumption Tax

# Scalable & €-Denominated Export Business

Exports (000 units)

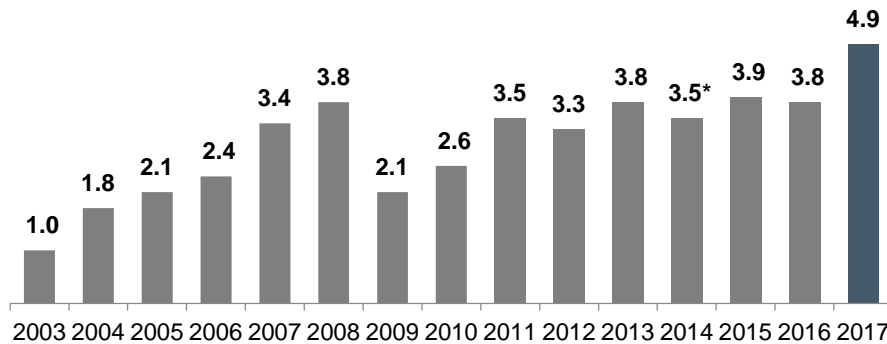


All export revenues are €-denominated, including non-€ countries

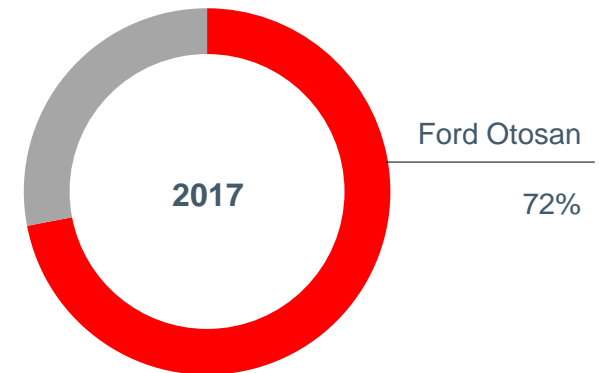
Export receivables are easy to manage as Ford of Europe is the **single counterparty**

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

Export Revenue (US\$ bn)



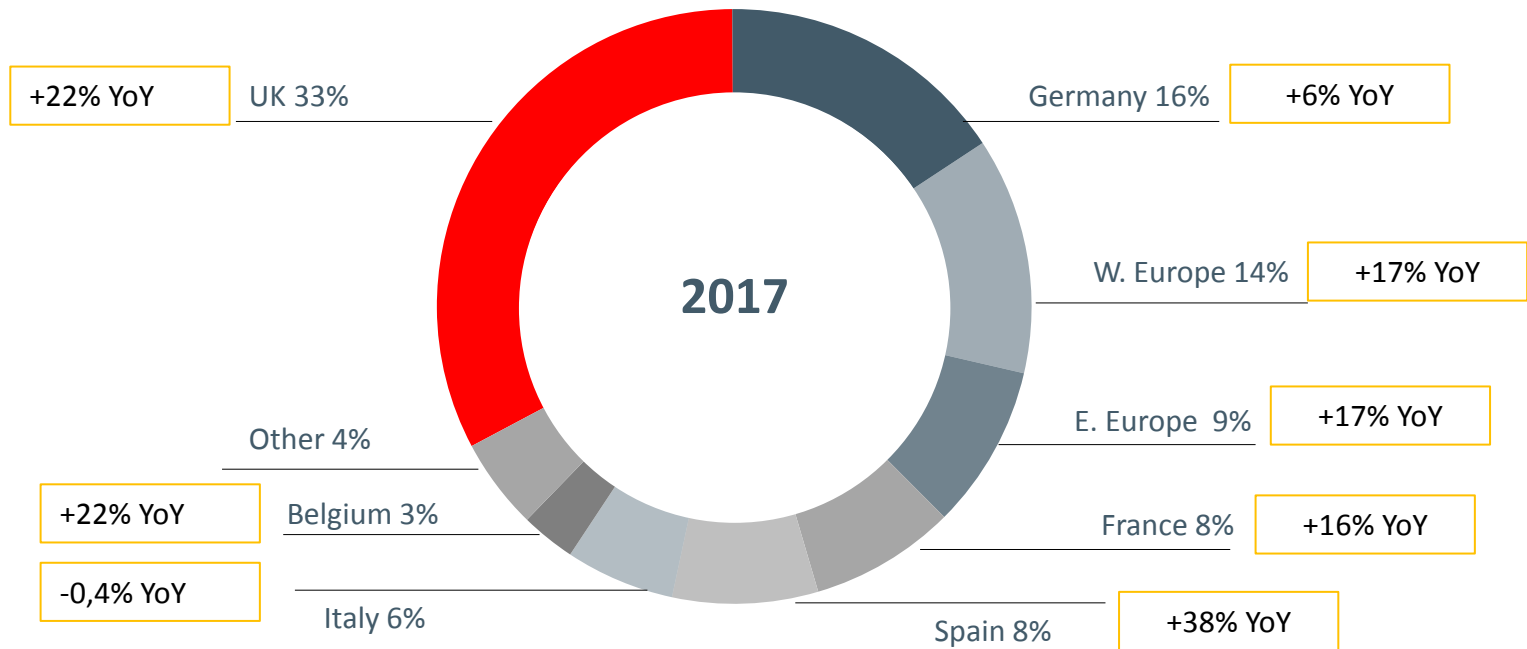
Turkey's CV exports



\*2014 numbers reflect the transition to new product range and relevant ramp-up period.

# Turkey's Export Champion

## Export breakdown (units)



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

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

# European Van Industry Continues to Grow

**Industry growth supported by  
firmer and broader economic recovery**

Commercial Vehicle registrations- Vans up to 3.5 tons → Ford Otosan's export segment

	2014	2015	2016	2017	Jan '18
UK	18.7%	15.6%	1.0%	-3.6%	-4.2%
Germany	7.3%	4.2%	8.5%	4.9%	9.2%
Italy	16.4%	12.4%	50.0%	-3.4%	14.6%
Spain	33.2%	36.1%	11.2%	15.5%	16.1%
France	1.5%	2.0%	8.2%	7.1%	5.8%
<b>Total</b>	<b>11.3%</b>	<b>11.6%</b>	<b>11.9%</b>	<b>3.9%</b>	<b>7.8%</b>

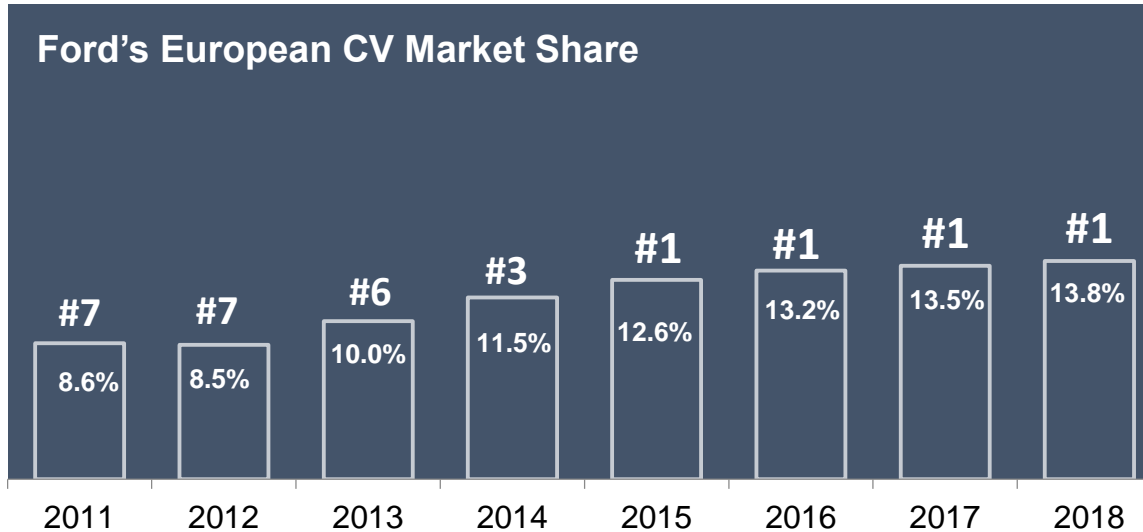
January registrations: 153,689 units

**7.8%**  
**Jan YoY growth  
in European van sales**

Source: [www.acea.be](http://www.acea.be) 27 European markets excluding Malta.

# Ford is Europe's Top-Selling CV Brand

Offering an unrivalled selection of vehicles that cater for every requirement



UK Industry: -4.2%  
Ford: -7.4%

**Ford is #1**

Source: SMMT

**4.4%**

Jan YoY growth  
in Ford's CV sales

**81%**

Ford Otosan's share in  
Ford Europe's  
Transit Sales

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

## & Pillar of profitability for Ford of Europe

MOVE IT.

MAKE IT.

WORK IT.

FORD TRANSIT.



Courier



Connect



Custom



Transit

**FORD OTOSAN** produces

**80%**

of Transit Family vans  
sold in Europe

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

Transit



Courier



US\$ 75 million +

Ford Trucks



Custom



€ 370 million

Yeniköy



US\$ 850 million

# Favorable Financing Terms

- €150 million loan agreement signed with EBRD in 2010  
(Closed as of December 2015)  
5-year term with 2-years grace period at Euribor + 2.75%
- €190 million loan agreement signed with EIB in 2012  
8-year term 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 term with 2-years grace period at Euribor + 2.30%
- €140 million loan agreement signed with EBRD and a consortium of foreign banks in July 2014  
€70 million funded by EBRD and €70 million funded as syndicated loan  
(HSBC, Societe Generale, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Credit Agricole)  
5-year term with 2-years grace period at Euribor + 2.25%
- €100 million loan agreement signed with EIB in December 2015 and utilized in 1Q 2016  
6-year term at 0.87%
- €150 million loan agreement signed with EBRD in April 2017  
7-year term with 3-years grace period at Euribor + 1.95%

## Effective Interest Rates

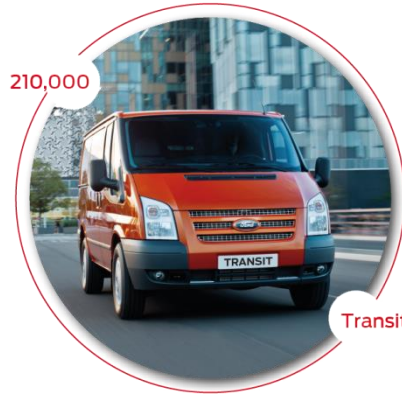
ST borrowings: **0.84%**

ST portion of LT borrowings: **1.80%**

LT borrowings: **1.62%**

# Highest Commercial Production Capacity in Turkish Automotive

Old: 330,000 (pre-investments)



Kocaeli Plant

İnönü Plant

New: 415,000 (2014) → 440,000 (2017) → 455,000 (2018)



Gölcük Plant

Yeniköy Plant

İnönü Plant

Kocaeli Plants

# Export Driven Capacity Increase

**US\$ 52 million total investment**

Capacity ('000 Units)	Current	Phase 1	Phase 2
Custom	130-150	170	180
Transit	140-160	160	160
Total Gölcük Plant*	290*	315*	330*
<b>Total Ford Otosan</b>	<b>415</b>	<b>440</b>	<b>455</b>

440  
↓  
4Q17

455  
↓  
September 2018

\* Total paintshop capacity of the plant.  
Announced on August 2, 2017.

# 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.

## 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.

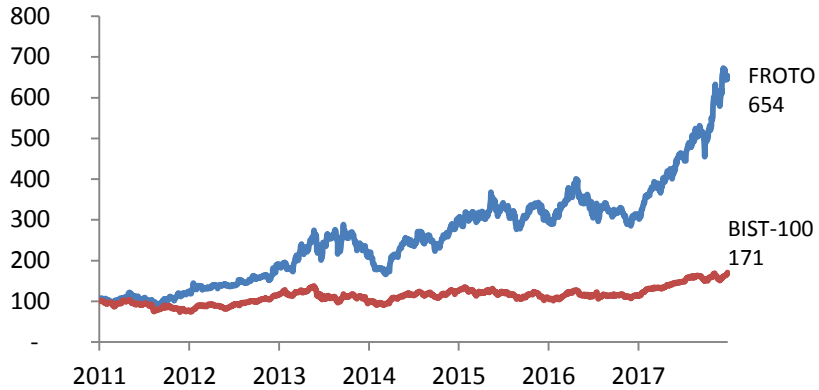


JMC is  
 '2018 Chinese Truck of the  
 Year'



# Focus on Shareholder Value

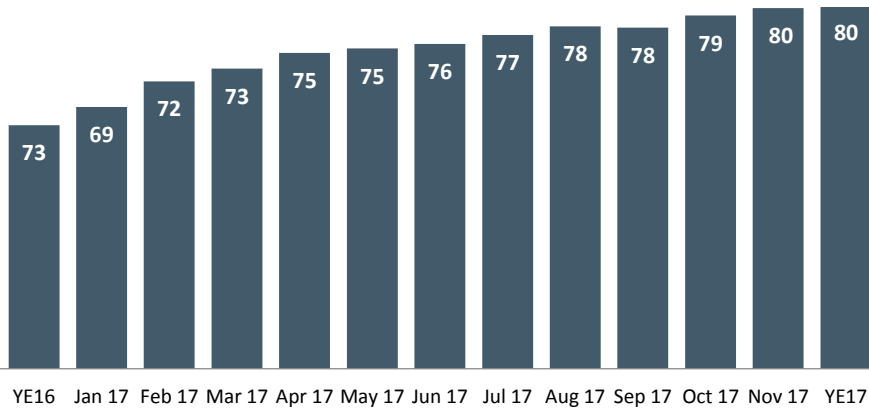
## Strong relative share performance



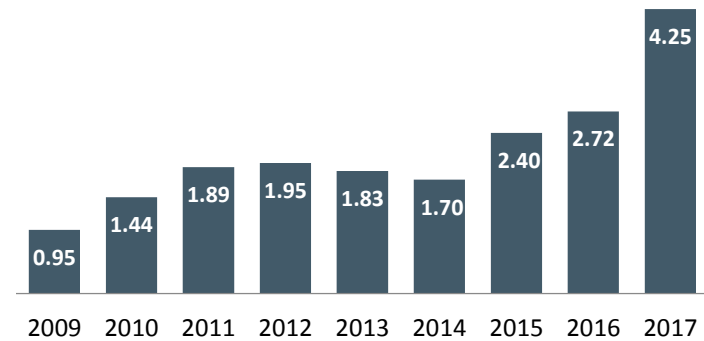
## Commitment to corporate governance

- 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, %



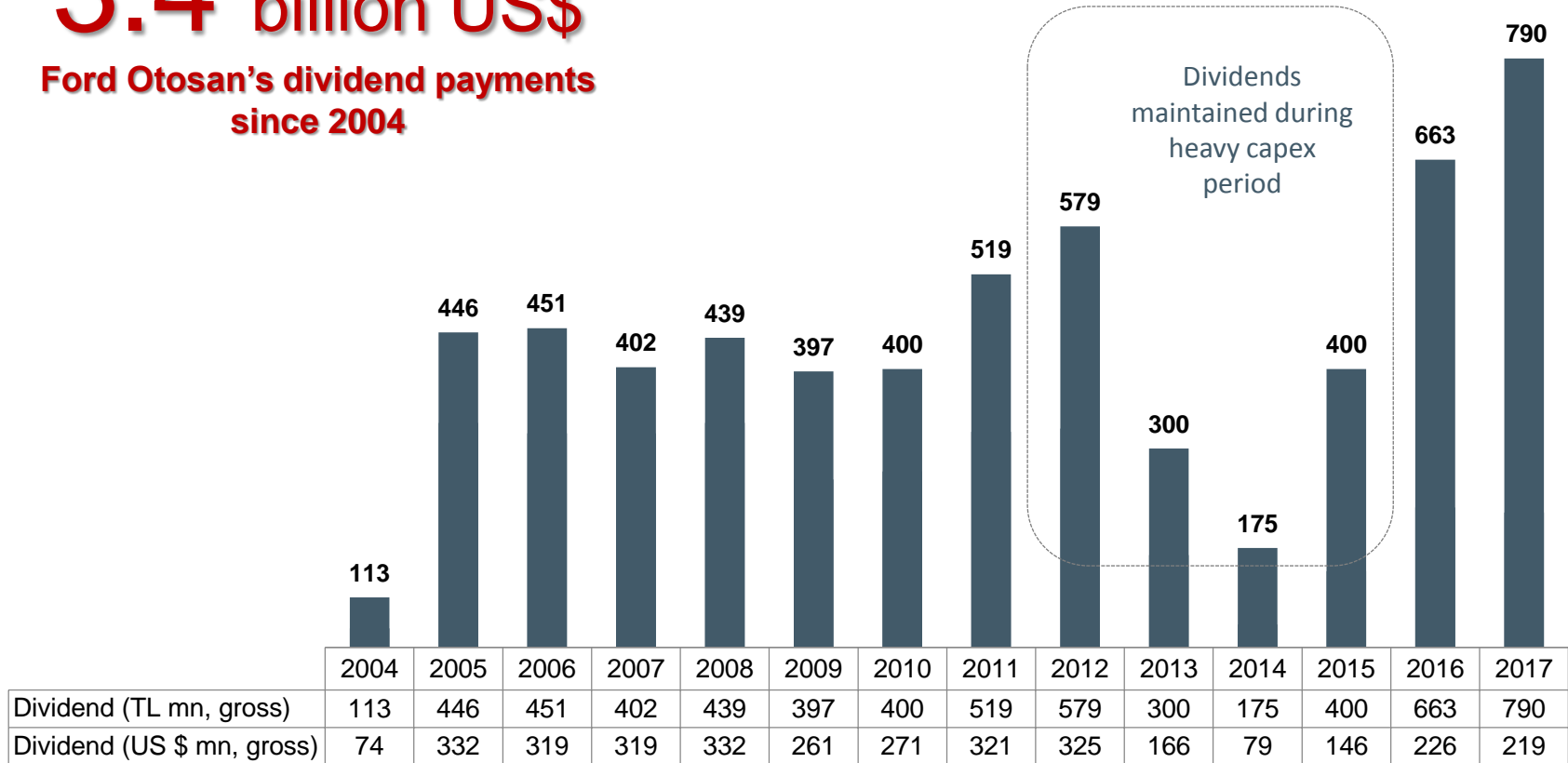
## Earnings per share (for Kr 1 nominal value)



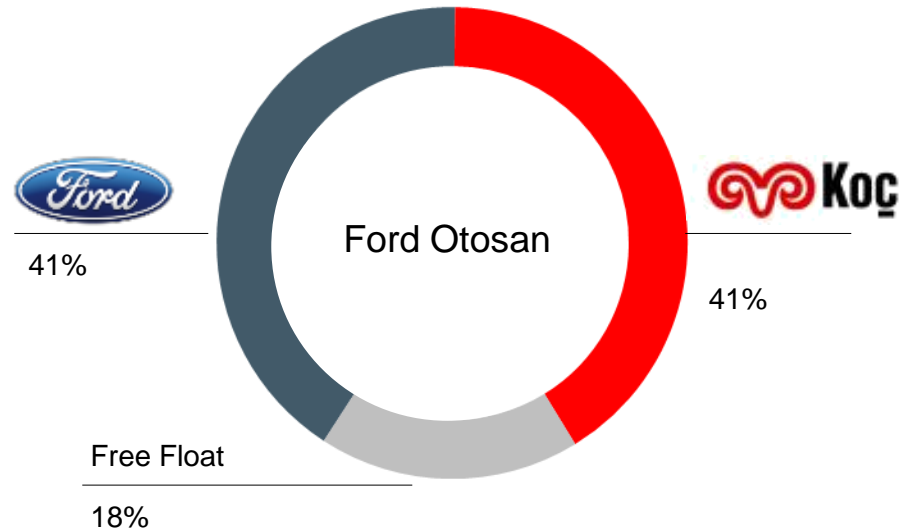
# Commitment to Dividends

## 3.4 billion US\$

Ford Otosan's dividend payments  
since 2004



Policy: 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.



Ford Motor Company is a global company based in Dearborn, Michigan. The company designs, manufactures, markets and services a full line of Ford cars, trucks, SUVs, electrified vehicles and Lincoln luxury vehicles, provides financial services through Ford Motor Credit Company and is pursuing leadership positions in electrification, autonomous vehicles and mobility solutions. Ford employs approximately 202,000 people worldwide. Automotive brands include Ford and Lincoln.

Established in 1926, Koç Holding is Turkey's leading investment holding company and the Koç Group is Turkey's largest industrial and services group in terms of revenues, exports, share in Borsa İstanbul's market capitalization and employment generation. While maintaining its leadership position in Turkey, The Koç Group focuses on sustainable and profitable growth with an aim to be a key player in its region and in the world.

Koç Holding ranks among the world's top 500 companies in Fortune Global 500 (2017 report).

- Maintenance, service and repairs provided through our customer-focused and innovative network.
- Dealers are separate legal entities; no ownership by Ford Otosan.
- Dealer receivables from domestic dealers are collected using a Direct Debit System.



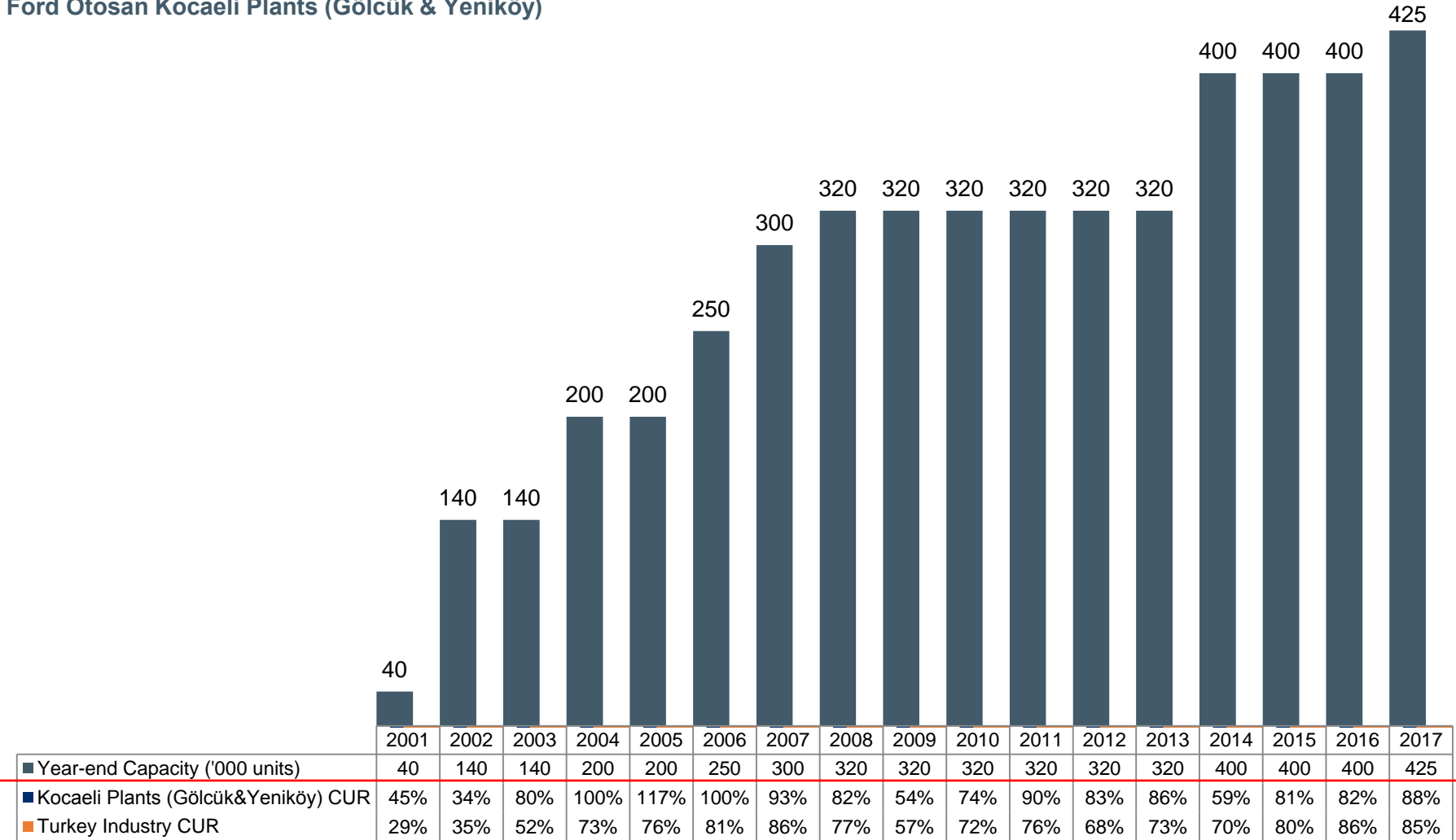
## Light Vehicles (PC+LCV+MCV)

Sales	114
After-Sales	125
Total	159

## Ford Trucks

Sales	26
After-Sales	30
Total	30

## Ford Otosan Kocaeli Plants (Gölcük & Yeniköy)



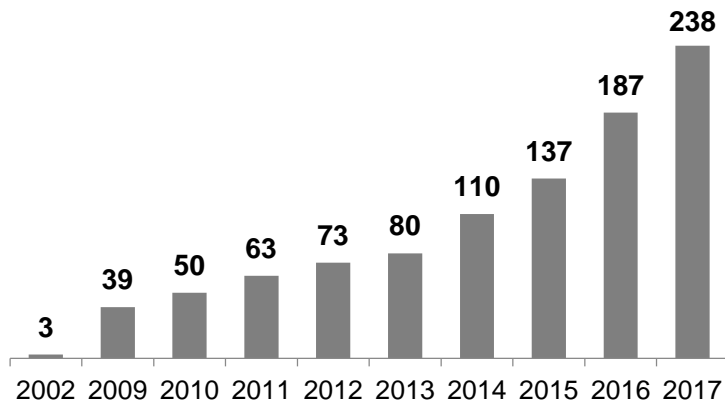
\*2014 numbers reflect the transition to new product range and relevant ramp-up period.

# R&D Focused on Excellence

Ford Otosan has the capability and infrastructure to design, develop and test a complete vehicle end-to-end, including its engine and engine systems.



## Patent Applications



## Sancaktepe R&D Center

- Center of Excellence for heavy trucks and related diesel powertrains
- Design studio and CAVE lab (1<sup>st</sup> in Turkey)
- Vehicle and engine HIL labs

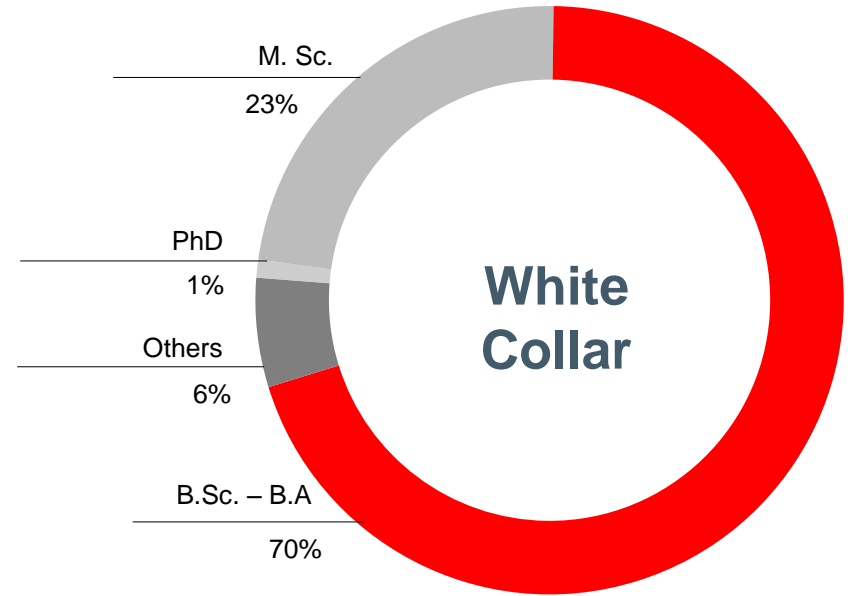
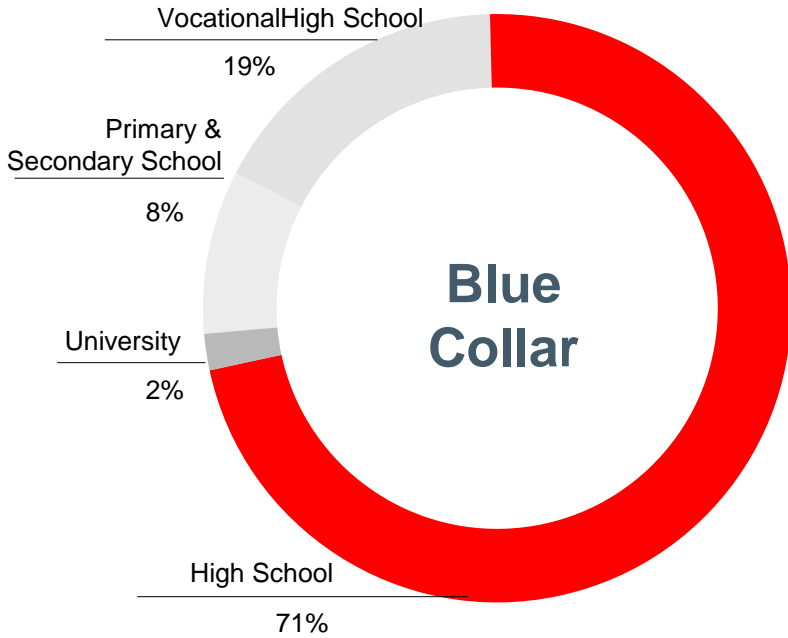
## Gölcük R&D Center

- Engine & vehicle testing
- Development workshops

## İnönü Product Development

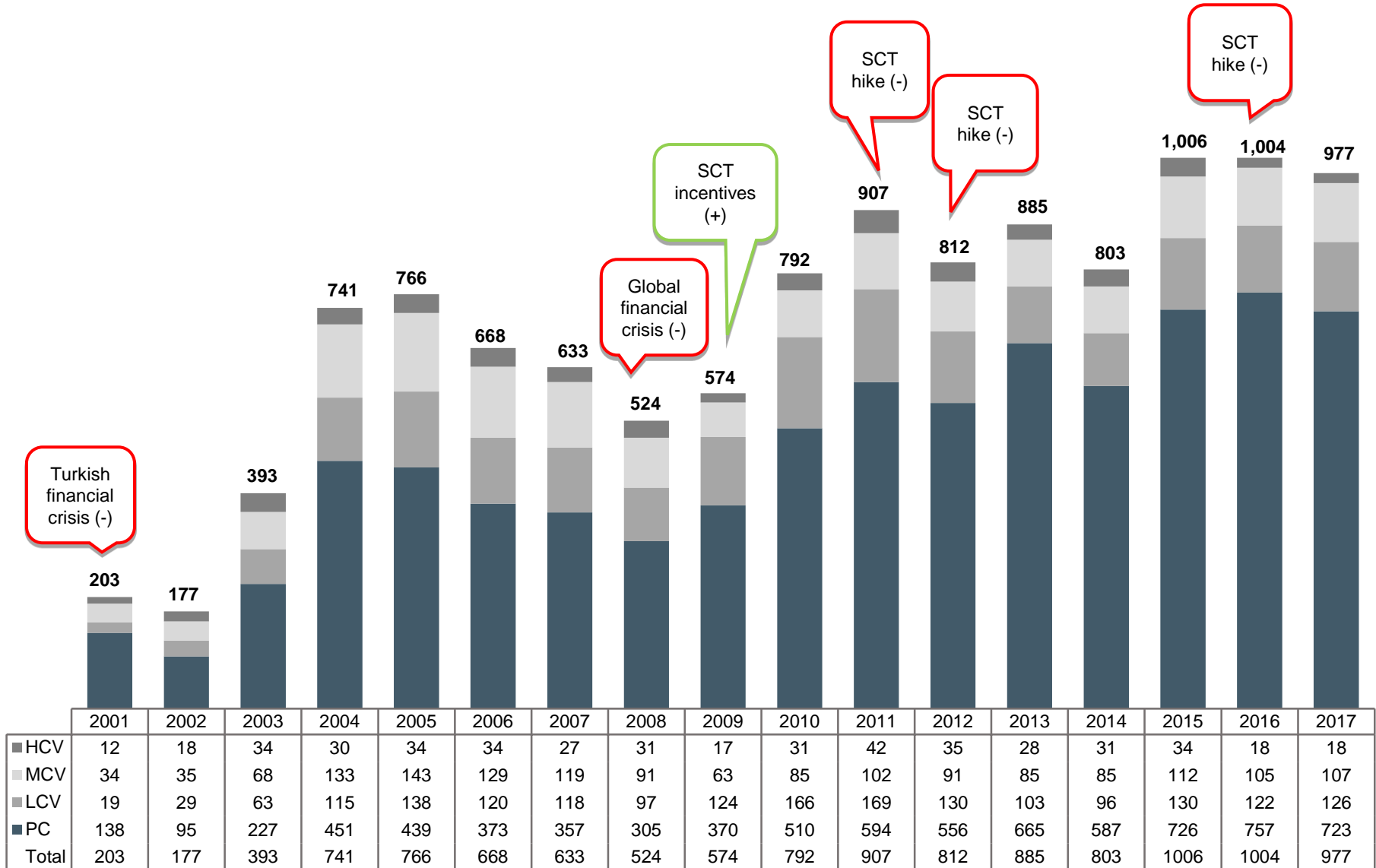
- Prototype engine manufacturing and testing
- The only facility to test extra heavy engines over 13L in Turkey



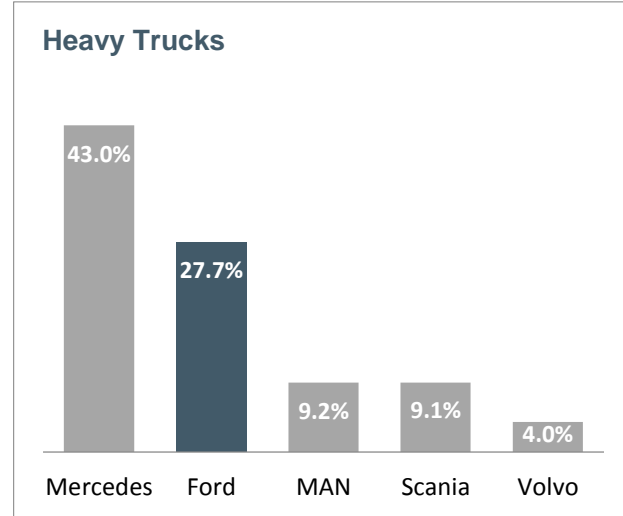
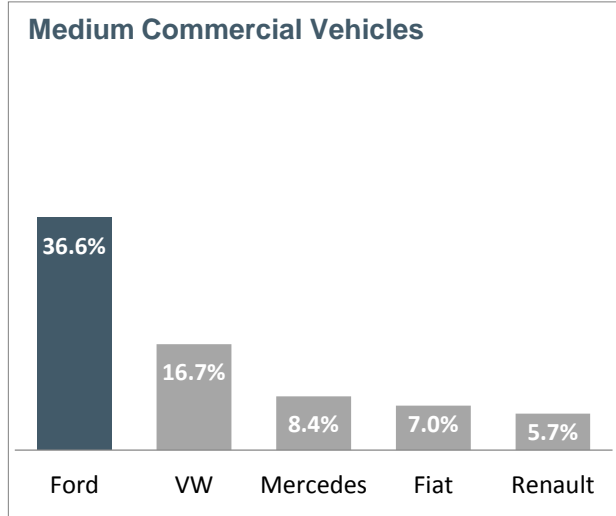
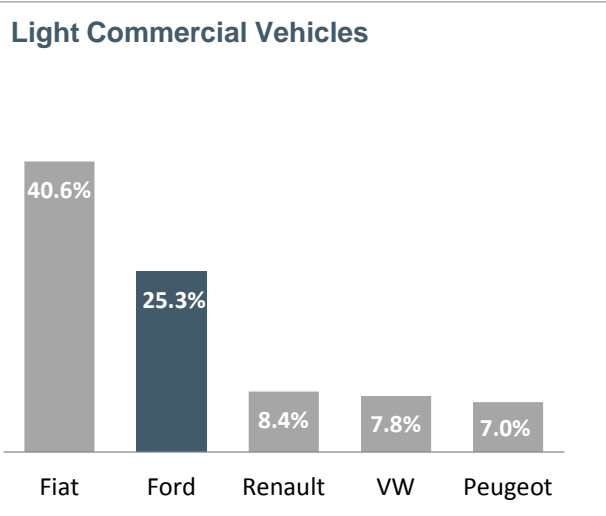
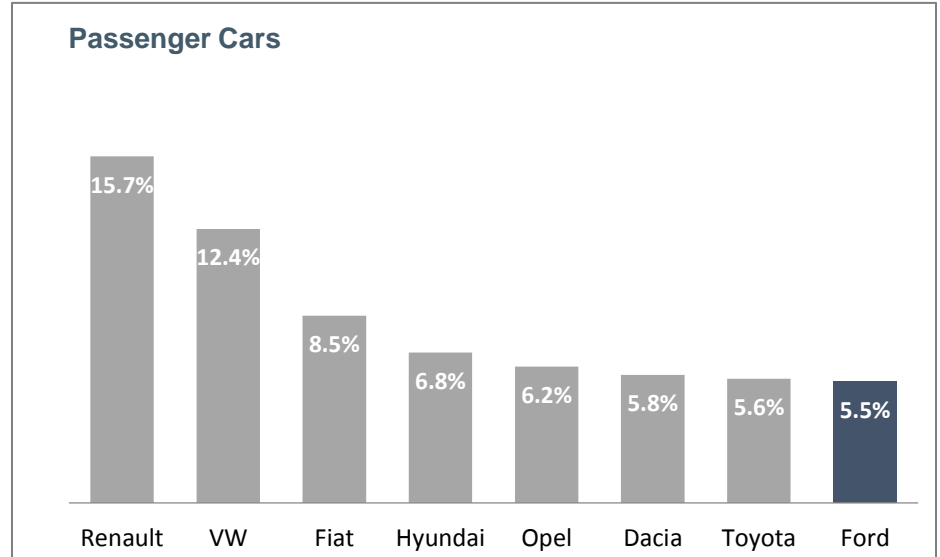
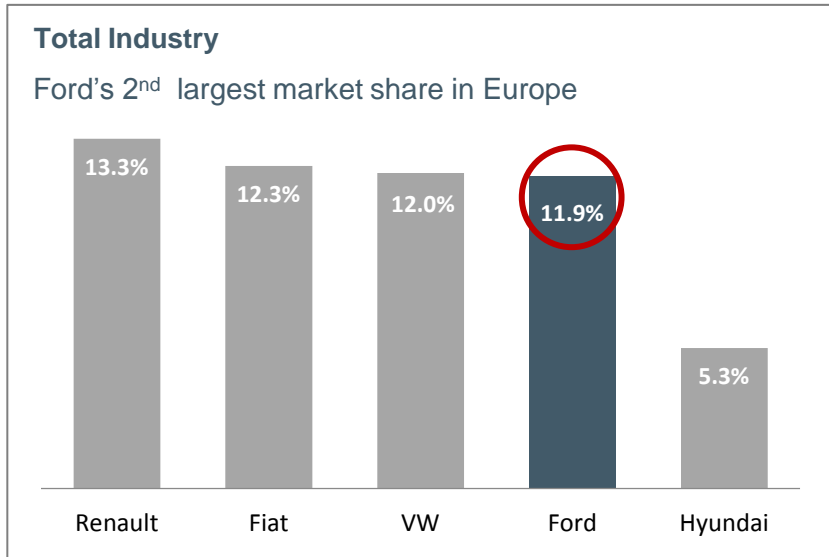


# Operating & Financial Performance

# Turkish Automotive Industry (000 units)



# Turkish Market Shares (2017)



\* Courier and Connect

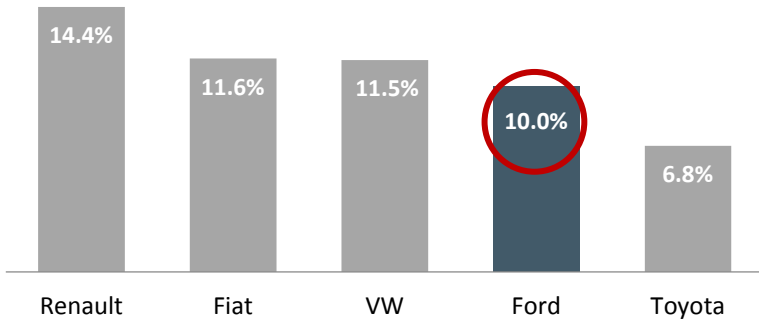
\*\* Transit, Custom & Ranger

Source: ODD and TAIID

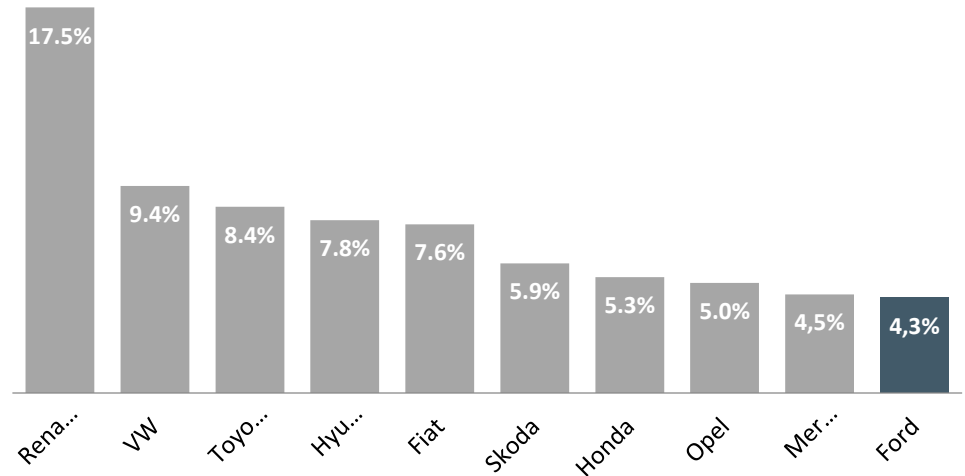
# Turkish Market Shares (Jan YTD)

## Total Industry

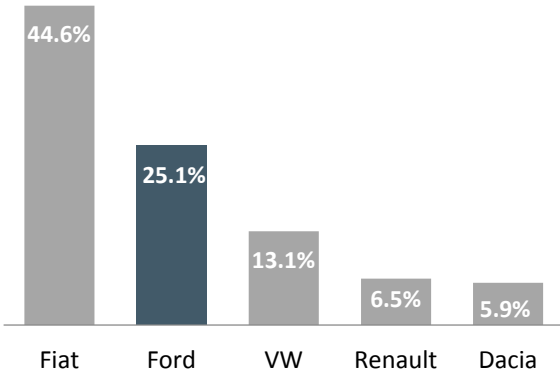
Ford's 2<sup>nd</sup> largest market share in Europe



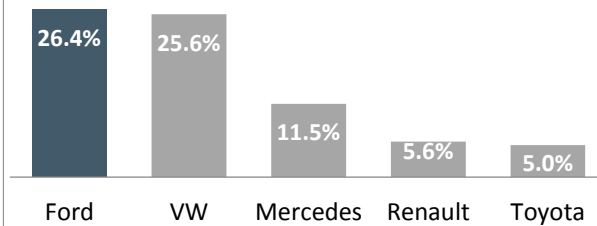
## Passenger Cars



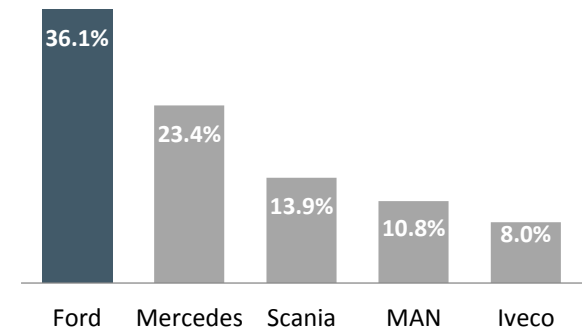
## Light Commercial Vehicles



## Medium Commercial Vehicles



## Heavy Trucks



\* Courier and Connect

\*\* Transit, Custom & Ranger

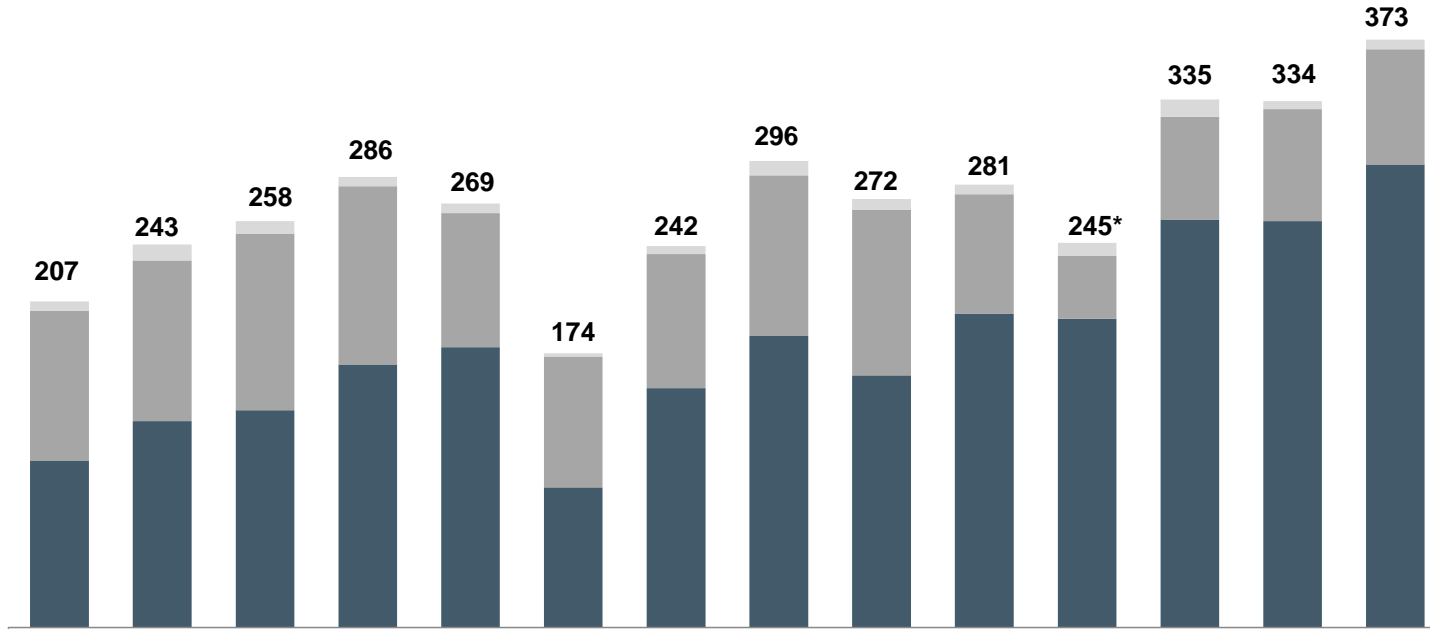
Source: ODD and TAID

# Turkish Market & Ford Otosan Retail\* Sales (Units)

	Jan '18	Jan '17	YoY	Jan '18	Dec '17	MoM	2017
<b>PC</b>							
Ford Otosan	1,149	1,533	-25%	1,149	4,546	-75%	39,850
Industry	26,611	25,689	4%	26,611	99,694	-73%	722,759
% Share	4.3	6.0	-1,7	4.3	4.6	-0,3	5.5
<b>LCV</b>							
Ford Otosan	1,081	1,408	-23%	1,081	5,499	-80%	31,881
Industry	4,302	4,875	-12%	4,302	20,047	-79%	126,111
% Share	25.1	28.9	-3,8	25.1	27.4	-2,3	25.3
<b>MCV</b>							
Ford Otosan	1,100	1,570	-30%	1,100	6,819	-84%	39,333
Industry	4,163	4.759	-13%	4,163	16,499	-75%	107,324
% Share	26.4	33.0	-6,6	26.4	41.3	-14,9	36.6
<b>Truck</b>							
Ford Otosan	283	243	16%	283	747	-62%	5,183
Industry	785	536	46%	785	3,568	-78%	18,702
% Share	36.1	45.3	-9,2	36.1	20.9	15,2	27.7
<b>Total</b>							
Ford Otosan	3,613	4,754	-24%	3,613	17,611	-79%	116,247
Industry	35,967	35,930	0%	35,967	140,152	-74%	977,430
% Share	10.0	13.2	-3,2	10.0	12.6	-2,6	11.9

Retail sales are Ford branded vehicles sold domestically by Ford dealers. They include dealer inventory and define the market share.

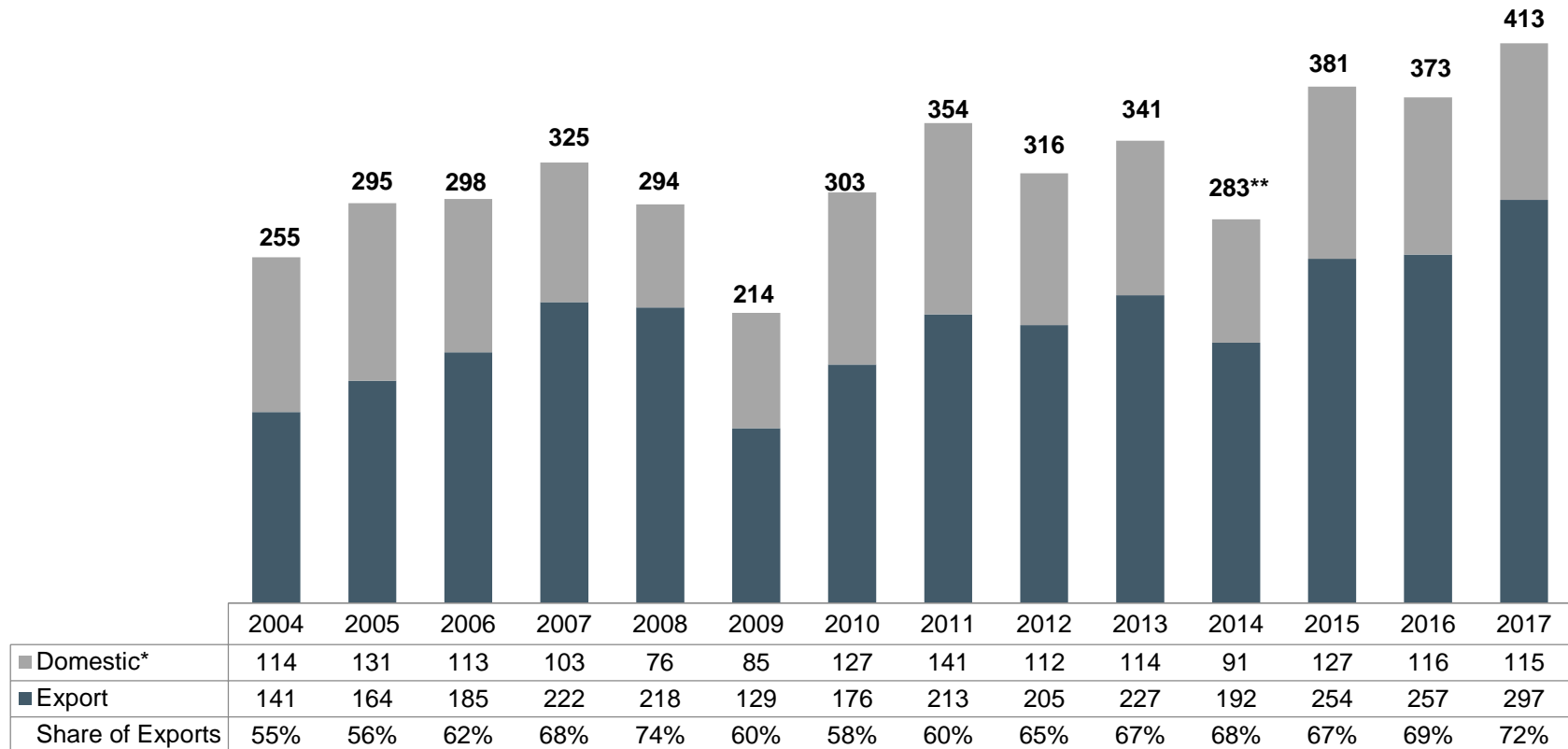
# Production Volume (000 units)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ Heavy Truck	6	10	8	6	6	2	5	9	7	6	8	11	5	6
■ Light Commercial Vehicle	95	102	112	113	85	83	85	102	105	76	40	65	71	73
■ Medium Commercial Vehicle	106	131	138	167	178	89	152	185	160	199	196	259	258	294

\*2014 numbers reflect the transition to new product range and relevant ramp-up period.

# Wholesale Volume (000 units)



\* Domestic wholesale volumes are vehicles sold by Ford Otosan to our dealers. They form the basis of IFRS financials.

\*\* 2014 numbers reflect the transition to new product range and relevant ramp-up period.

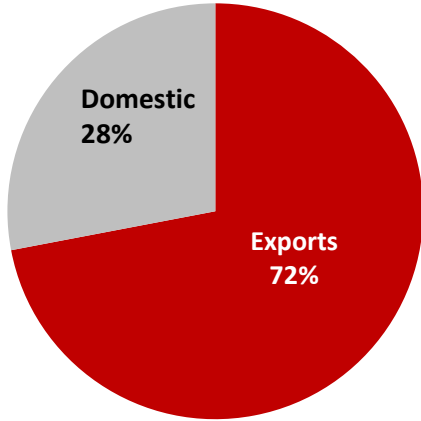
# Sales Volume by Model

	2017	2016	YoY%	4Q17	4Q16	YoY %
<b>Total Domestic</b>	<b>115,462</b>	<b>115,786</b>	<b>0%</b>	<b>41,092</b>	<b>38,618</b>	<b>6%</b>
PC	33,543	33,236	1%	10,764	9,100	18%
LCV	37,296	40,338	-8%	13,772	14,614	-6%
Transit Courier	35,549	37,451	-5%	13,284	13,886	-4%
Transit Connect	1,747	2,887	-39%	488	728	-33%
MCV	39,433	36,703	7%	14,625	12,867	14%
Transit	29,080	27,629	5%	10,844	9,567	13%
Transit Custom	7,642	7,037	9%	2,670	2,370	13%
Ranger	2,711	2,037	33%	1,111	930	19%
Truck	5,190	5,509	-6%	1,931	2,037	-5%
<b>Total Export</b>	<b>297,396</b>	<b>257,246</b>	<b>16%</b>	<b>85,701</b>	<b>68,511</b>	<b>25%</b>
Transit Custom	157,502	129,792	21%	45,233	36,988	22%
Transit	100,181	93,077	8%	26,567	22,656	17%
Transit Courier	37,864	33,063	15%	13,179	8,335	58%
Cargo	1,309	877	49%	684	416	64%
Other	540	437	24%	38	116	-67%
<b>Total Wholesale</b>	<b>412,858</b>	<b>373,032</b>	<b>11%</b>	<b>126,793</b>	<b>107,129</b>	<b>18%</b>

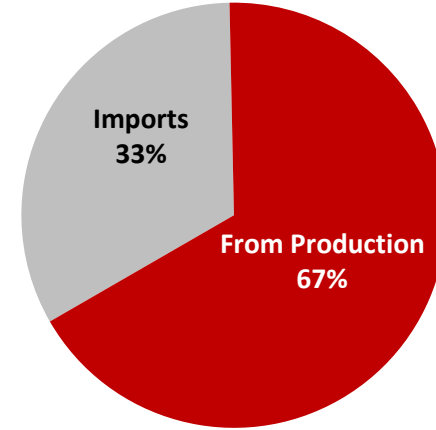
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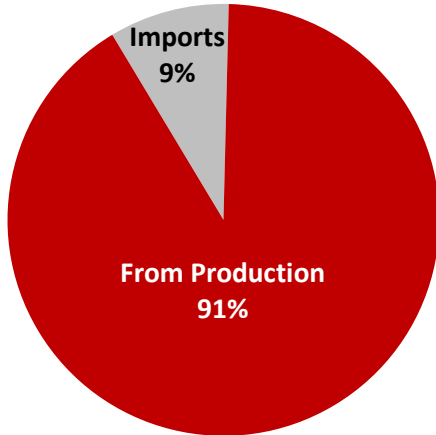
### Total Sales



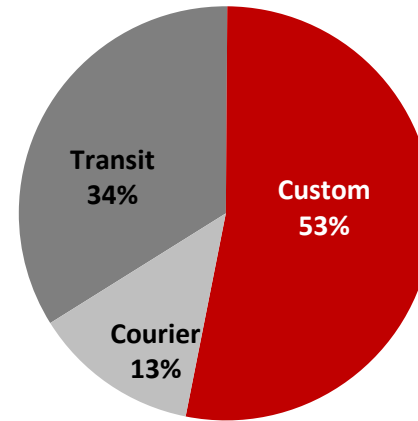
### Domestic Sales



### Total Sales



### Exports by Model



## TL 25,341 million

### Revenues, +39% YoY

Record FY revenues

Record FY sales volume; up 11% driven by strong exports

## TL 17,830 million

### Export Revenues, +45% YoY

Record volumes; up 16%

Growth in European van segment

Higher demand for our products

Currency impact

## TL 7,511 million

### Domestic Revenues, +25% YoY

Despite flat volumes

Pricing strategy

Positive sales mix

## TL 2,182 million

### EBITDA, +39% YoY

Despite 26% growth in gross profit

Driven by strong OpEx control, cost reduction actions and better YoY OpEx/Sales performance

Lower R&D expenses

Higher fx gains

## TL 1,481 million

### Profit Before Tax, +53% YoY

Despite pressure from 66% rise in net financial expenses driven by 137% higher net fx loss

## TL 1,490 million

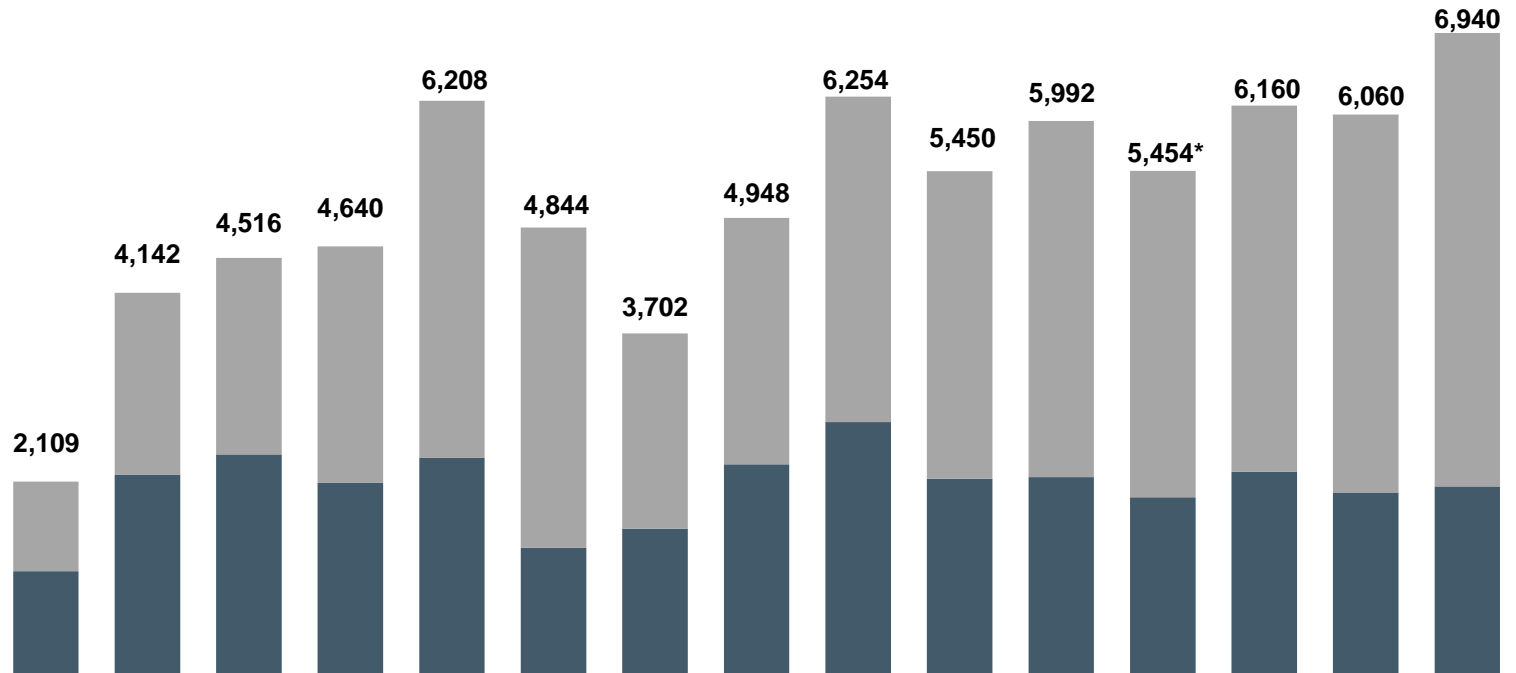
### Net Income, +56% YoY

Higher than PBT due to tax income resulting from deferred tax asset

# Main Financial Indicators

Million TL		2017	2016	YoY %	4Q17	4Q16	YoY%
Total Revenues	Record	25,341	18,289	39%	8.203	5.649	45%
Export	Record	17,830	12,287	45%	5.419	3.567	52%
Domestic	Record	7,511	6,002	25%	2.784	2.083	34%
Gross Profit	Record	2,637	2.086	26%	837	634	32%
Operating Profit	Record	1,708	1.111	54%	580	367	58%
EBITDA	Record	2,182	1.567	39%	700	485	44%
Profit Before Tax	Record	1,481	970	53%	495	314	58%
Net Income	Record	1,490	955	56%	510	317	61%
<b>Other Financial Data</b>							
Depreciation & Amortization		474	456	4%	120	118	3%
Financial Income / (Expense)		-224	135	66%	83	49	69%

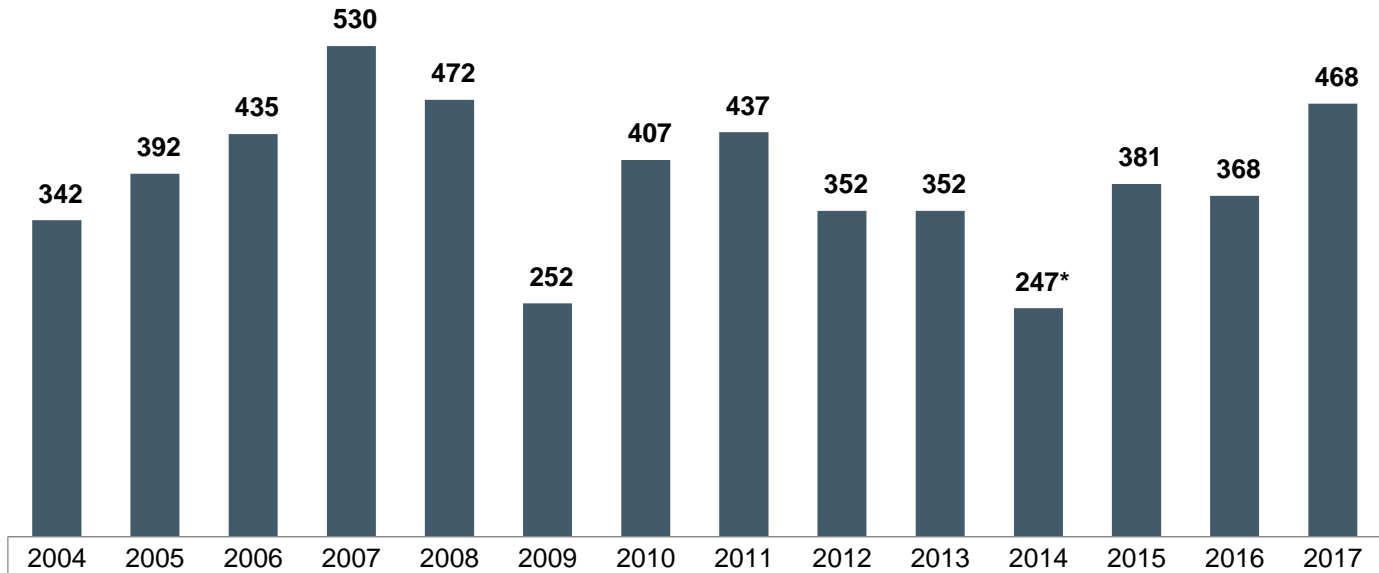
# Revenues - Domestic & Export



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ 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	3.944	4.071	4.883
■ 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	2.215	1.989	2.057
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	6.160	6.060	6.940
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	16.746	18.289	25.341
Share of Exports	46%	47%	47%	55%	62%	71%	57%	54%	56%	61%	64%	64%	64%	67%	70%

\*2014 numbers reflect the transition to new product range and relevant ramp-up period.

# Operating Profit and Margin



■ Operating Profit, US\$ mn	342	392	435	530	472	252	407	437	352	352	247	381	368	468
Operating Profit, TL mn	487	538	569	690	613	389	610	729	631	670	541	1.036	1.111	1.708
Operating Margin (%)	8,8%	8,9%	8,7%	9,5%	8,7%	7,0%	8,0%	7,0%	6,5%	5,9%	4,5%	6,2%	6,1%	6,7%

\*2014 numbers reflect the transition to new product range and relevant ramp-up period.

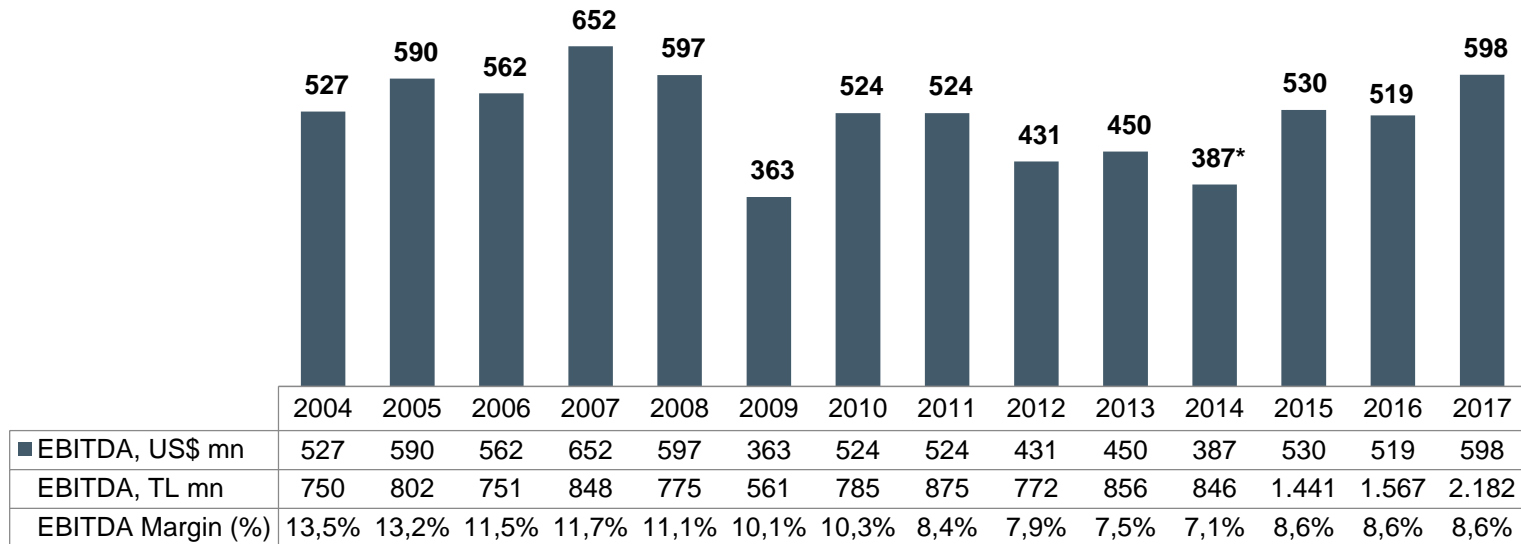
# EBITDA and EBITDA Margin

## Profitability rise post 2015 explained:

- Strong volumes with new products
- Favorable domestic sales mix
- Pricing focus to offset the weak and volatile TL
- Higher capacity utilization
- Cost reduction actions

## 2010-2014 margin decline explained:

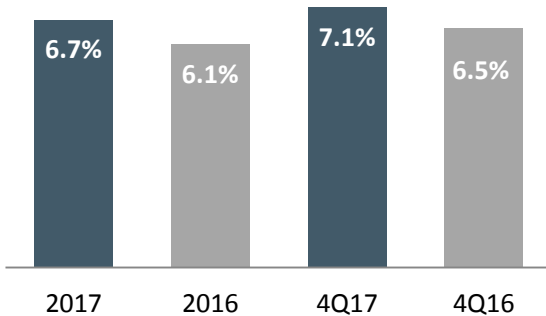
- Changing business mix
- Highly competitive pricing landscape
- Industry shift towards PC = Less favorable sales mix
- Aged product portfolio
- TL volatility causing higher import costs and financial expenses



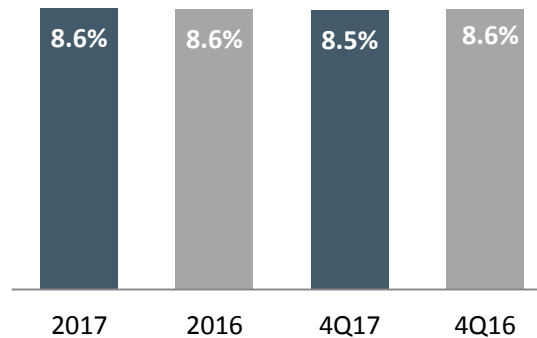
\*2014 numbers reflect the transition to new product range and relevant ramp-up period.

# 2017 Margins

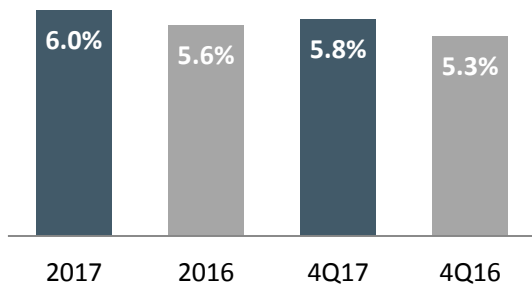
## Operating Margin



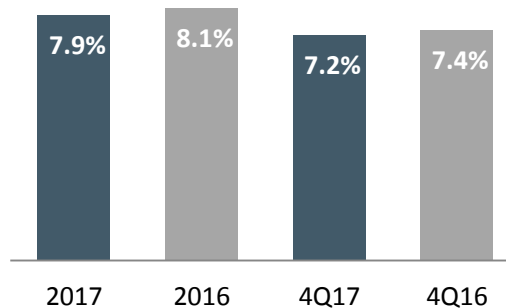
## EBITDA Margin



## Operating Margin (excl. Other items)



## EBITDA Margin (excl. Other items)



### Challenges:

- Considerable cost pressure resulting from weaker €/TL (+23% YoY), rising inflation and commodity prices
- High base year

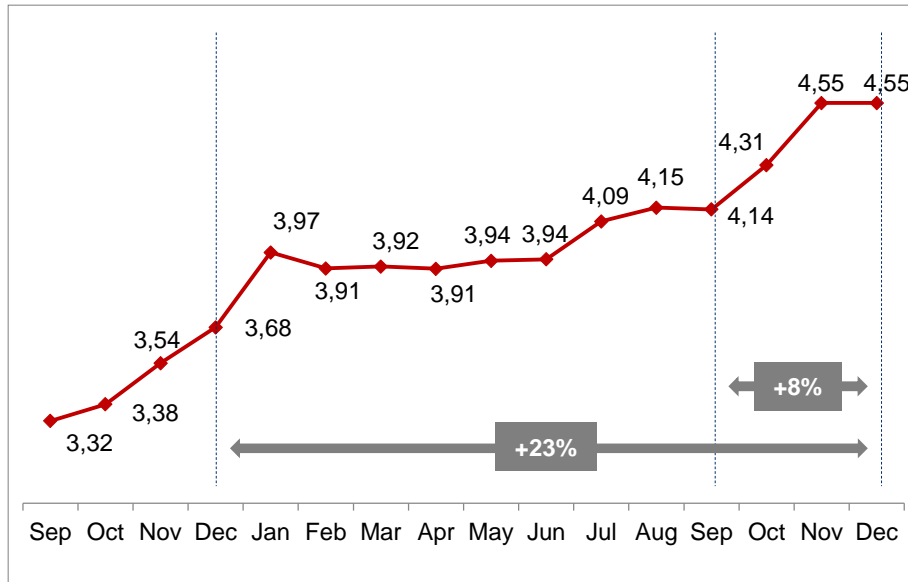
### Drivers:

- + Pricing focus to offset the cost impact (weak & volatile TL, rising inflation and commodity prices)
- + Positive domestic sales mix and focus on high margin products (share of imports at 33%; Local MCV+Truck share up 1 pps to 36%)
- + High CUR: Up 8 pps YoY to 88% with rising export demand and 12% more production
- + Cost reduction actions and strong OpEx control

# Cost Pressure Weighed on Gross Profit

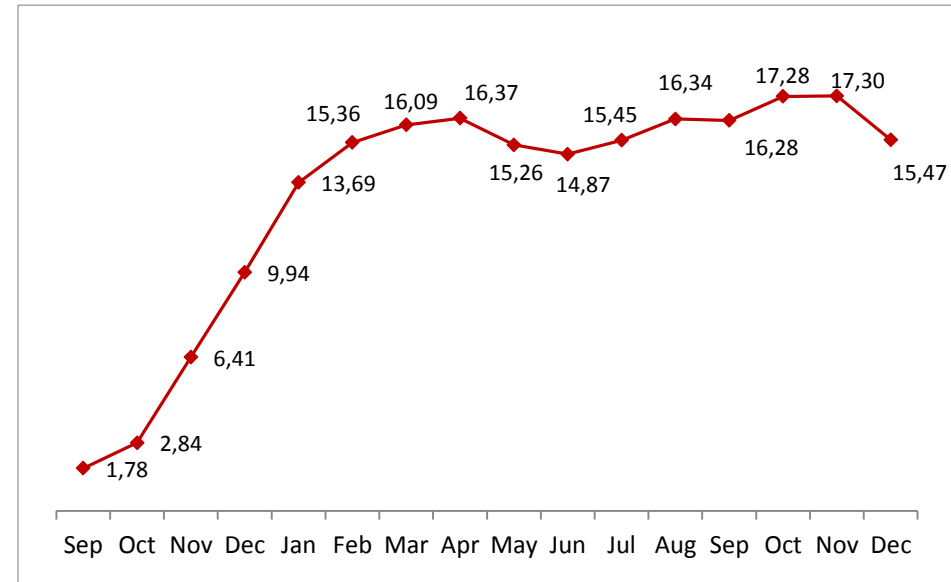
YoY change	1Q17	2Q17	3Q17	4Q17	2017
Production Volume	Flat	12%	11%	23%	12%
Raw Material Costs	34%	44%	44%	56%	45%

## EUR/TL Rate



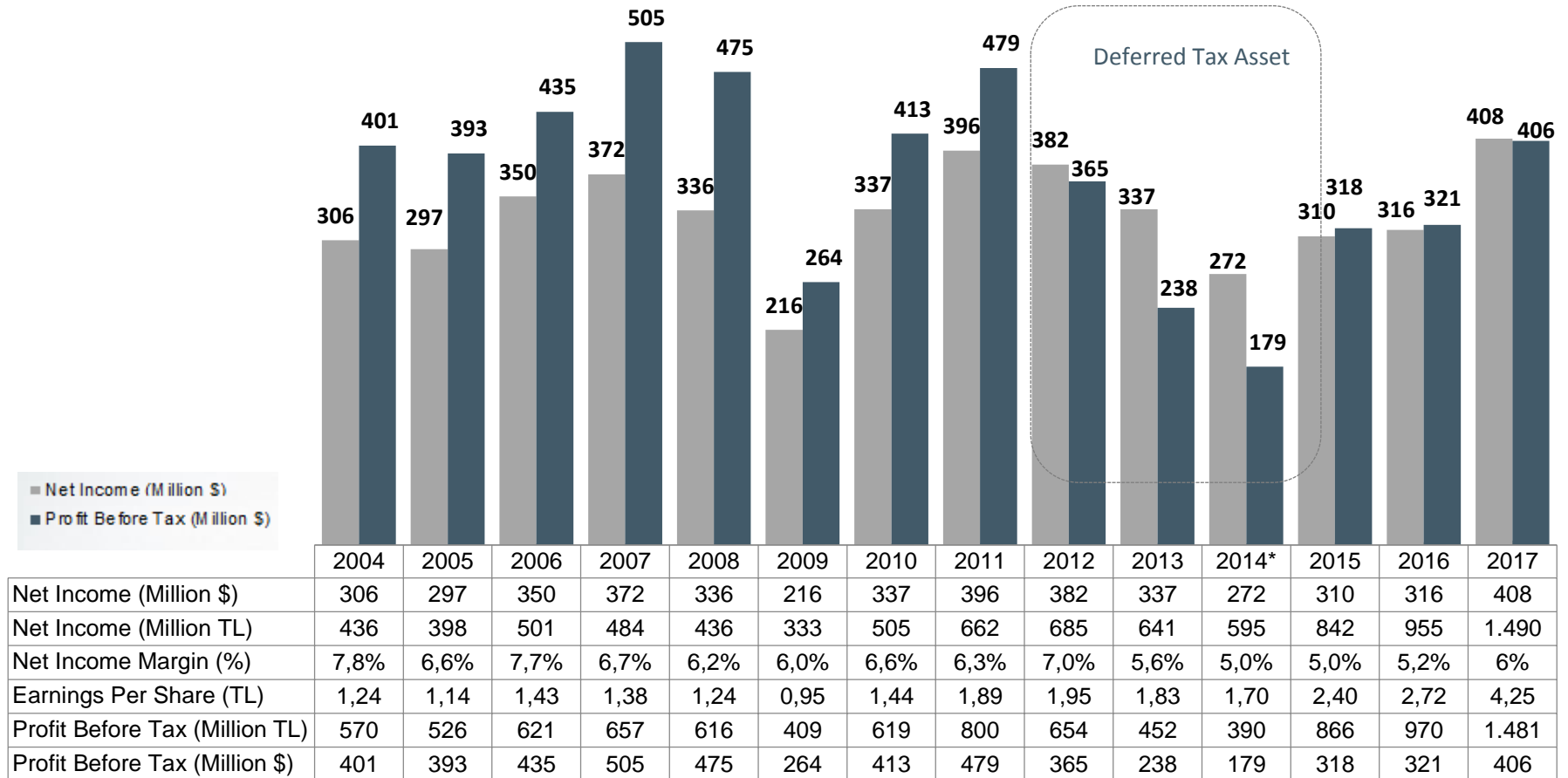
Source: CBT

## PPI Inflation, %

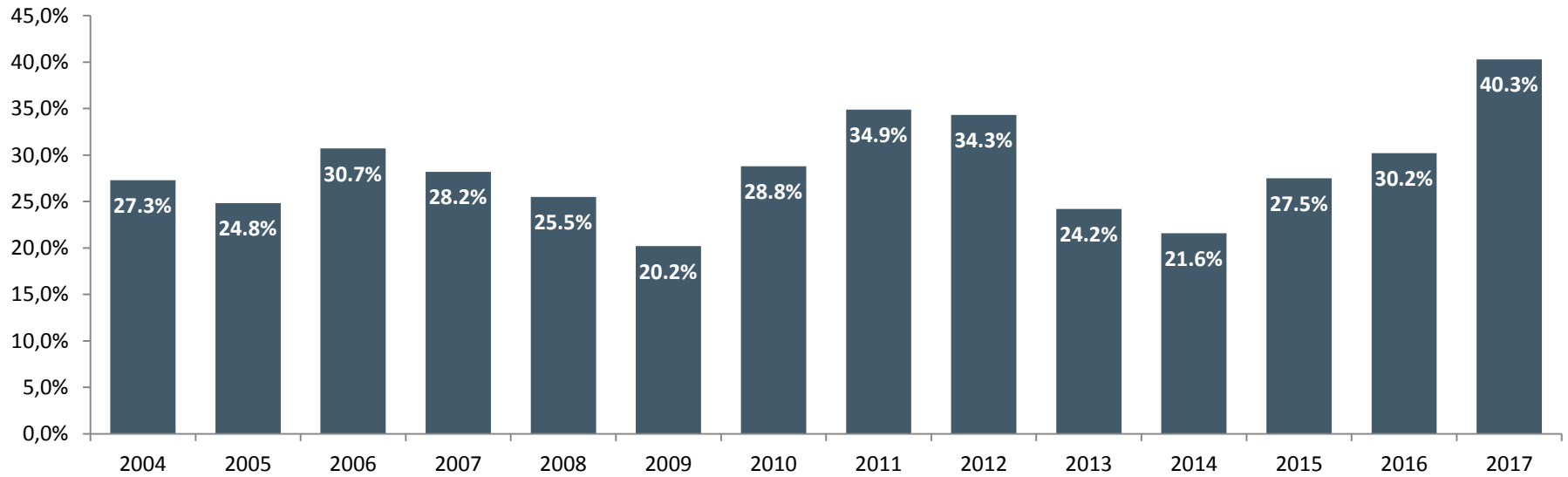


Source: CBT

# PBT & Net Income



\*2014 numbers reflect the transition to new product range and relevant ramp-up period.



\*2014 numbers reflect the transition to new product range and relevant ramp-up period.

# Financial Risk Management

## Credit Risk

Receivables from domestic dealers are collected using a Direct Debit System  
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 & €125 million factoring agreements for potential needs  
Net debt as of 2017 is TL1.8 billion

## FX Risk

Excess cash is invested in hard currencies to minimize fx exposure  
Natural hedge against volatility due to fx-denominated export revenues: 70% of revenues  
Ford Otosan is a net exporter: US\$ 4.9 billion in the last 5 years (2012-2017)

## 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>31.12.2017</b>	<b>31.12.2016</b>
Cash & Cash Equivalents	1,806	1,189
Total Financial Debt	(3,604)	(2,852)
Net Financial Debt	(1,798)	(1,663)
<b>Financial Ratios</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Current ratio	1.13	1.09
Liquidity ratio	0.87	0.79
Net Financial Debt / Tangible Net Worth	0.60	0.64
Current Assets / Total Assets	0.57	0.50
Current Liabilities / Total Liabilities	0.73	0.70
Total Liabilities / Total Liabilities and Equity	0.69	0.66
Net Debt / EBITDA	0.90	1.12
Return on Equity	40.3%	30.2%
<b>Margins</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Gross Margin	10.4%	11.4%
EBITDA Margin	8.6%	8.6%
EBITDA Margin (excl.other items)	7.9%	8.1%
Operating Margin	6.7%	6.1%
Net Margin	5.9%	5.2%

	2016A	2017A	2018F
Turkish Industry Volume	1,004 K	977 K	950 – 1,000 K
Ford Otosan Retail Sales Volume	115 K	116 K	110 – 120 K
Exports	257 K	297 K	295 – 305 K
Wholesale Volume	373 K	413 K	405 – 425 K
Production Volume	334 K	373 K	370 – 380 K
Capex (fixed assets)	€152 mn	€ 175 mn	€210 – 230 mn

Guidance updated in February 2018.

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## Investor Relations App



iPhone/iPad için,



Android cihazlar için,



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