

**FORD OTOSAN**

**INVESTOR PRESENTATION**

**March 2011**

# Agenda

- Ford Otosan Overview
- Turkish Automotive Industry Overview
- Competitive Advantages
- Key Operating Data
- ISE Performance

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# FORD OTOSAN OVERVIEW



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# Company Overview

Mfg. & Assy. Facilities	Kocaeli Assembly Inonu Powertrain and Cargo Assembly
Parts Distribution	Kartal
Engineering Facility	Gebze
Blue Collar Employees	6,630+
White Collar Employees	1,770+
Ownership	41% Ford Motor Company 41% Koc Holding 18% Publicly-owned
2010 Net Sales	\$ 4.9 Billion
Market Cap (as of Feb. 28, 2011)	\$ 3.0 Billion



# A Brief History

- 1928 – Vehbi Koc assigned as Ankara Ford dealer
- **1959 – Otosan founded as Ford assembler in Turkey**
- **1966 – First passenger car (Anadol) production in Turkey**
- 1967 – Production of Transit minibus launched
- 1975 – Transit van and pick-up added to range
- **1977 – License agreement with Ford signed**
- 1982 – İnönü plant launched truck and engines
- **1983 – Ford assumes 11% ownership in Otosan**
- 1987 – Ford increases ownership to 30%
- 1994 – Ford Escort production launch
- **1997 – Ford assumes 41% equity in “Ford Otosan”**
- **2001 – Kocaeli plant launched with Transit production**
- 2002 – Transit Connect production launched
- 2003 – New Heavy Truck introduced
- 2004 – Transit export launch
- 2006 – New Transit launch
- 2007 – Gebze Engineering Centre opened
- 2010 – Ford Otosan celebrated its 50th Year Anniversary

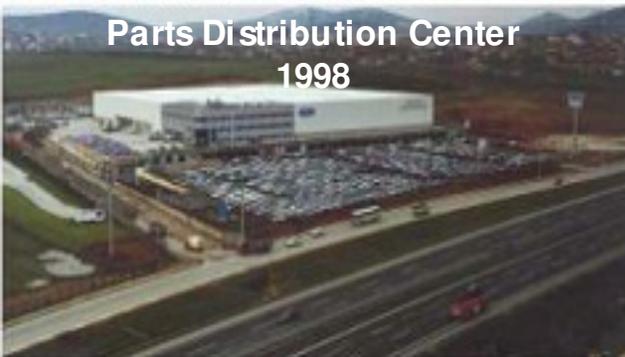
## ➤ Achievements

- ✓ 3<sup>rd</sup> biggest Turkish exporter company in 2010
- ✓ Domestic Market Leader for the 9<sup>th</sup> consecutive year
- ✓ As of year-end, market share improvement in domestic industry
- ✓ “Truck of the Year ” Award in North America
- ✓ One of the most profitable and highest dividend paying companies in İstanbul Stock Exchange
- ✓ “Şehabettin Bilgisu Environment” Award (Kocaeli Chamber of Industry, 2010)
- ✓ Chairman’s Leadership Award for Diversity, 2010 (“Let’s Remove Barriers” project)
- ✓ “Environmental Leadership” Award (Ford - 2010) (Sludge drying unit at wastewater treatment plant)

# Plant Locations



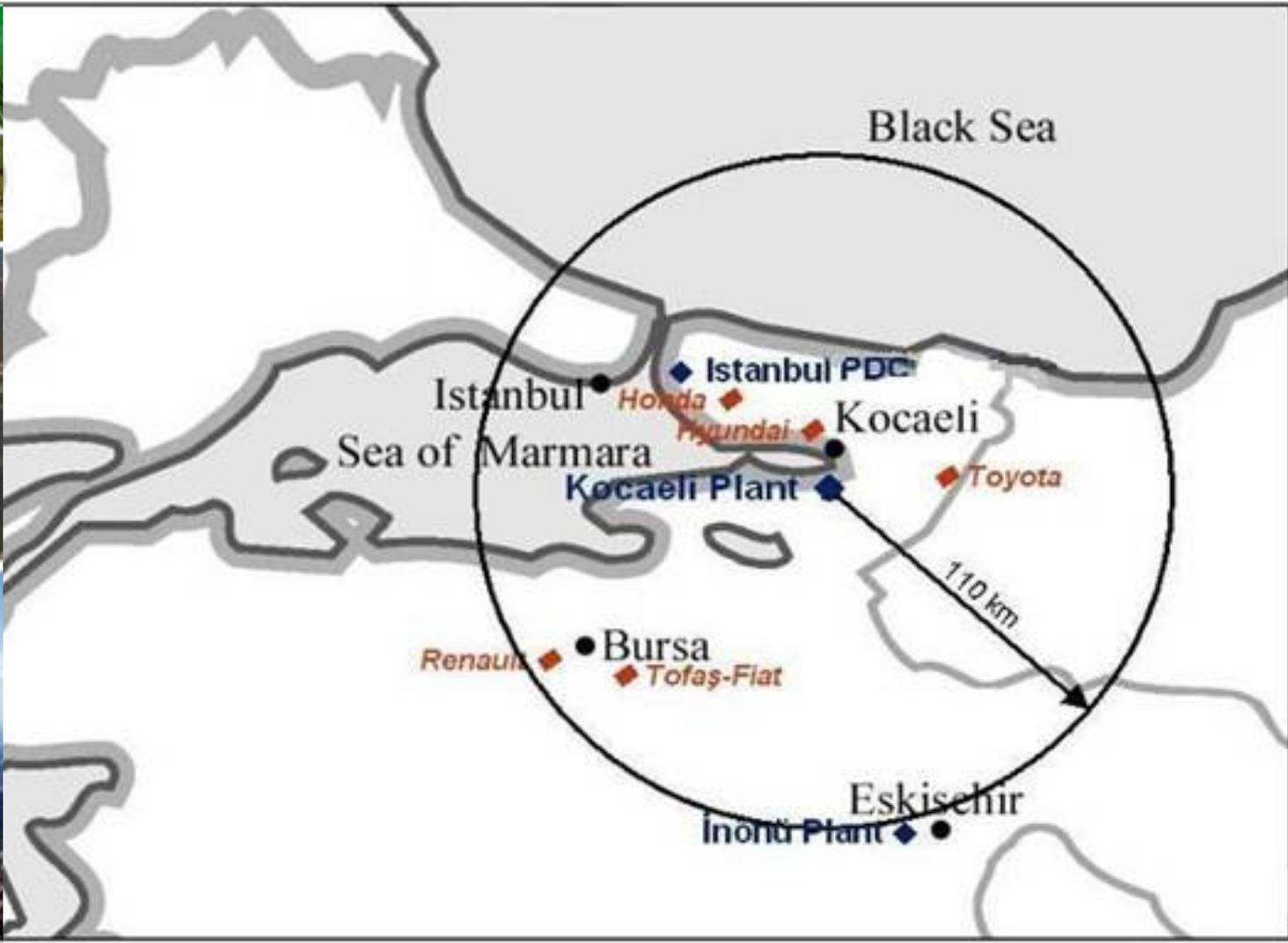
İnönü Plant - 1981



Parts Distribution Center  
1998



Kocaeli Plant - 2001



# Plants

## Kocaeli Plant

**Best Ford Brand Assembly Plant in Europe (\*) since 2002**



- Transit & Transit Connect production
- Sea front location, integrated pier/terminal covering exports & BU imports
- 320,000 units annual production capacity



## İnönü Plant

**Best Ford Powertrain Plant Worldwide (\*) since 2005**



- Heavy truck, engine and powertrain production
- Annual capacity
  - 10,000 trucks
  - 66,000 powertrains



**(\*) Ford Production System Ratings**  




# • Facilities

## Kartal Parts Distribution Centre



- Marketing, Sales, Parts Operations, Warranty, Field Operations, Dealer Training and Customer Relations Center are located at this site



## Gebze Engineering Facility



- Engineering services for Ford Otosan and Ford of Europe's Product Development Centres
- 465+ Engineers Capacity
- Located in a Technopark Area and Free Zone near İstanbul



# ■ Transit

- ✓ Domestic Market Leader in 2010: 36.9% market share
- ✓ 123K units exported in 2010
- ✓ International Van of the Year 2007 Award



# ■ Transit Connect

- ✓ Domestic Market Share in 2010: 19.5%
- ✓ 52K units exported in 2010
- ✓ Exports to North America



# North America - Truck Of The Year



# ■ Cargo

- ✓ Domestic Market Share in 2010: 18.3%
- ✓ Exported to various markets



# A Full Line of Cars

✓ 2<sup>nd</sup> in the Domestic Market in 2010: 10.8% market share



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# **TURKISH AUTOMOTIVE INDUSTRY OVERVIEW**

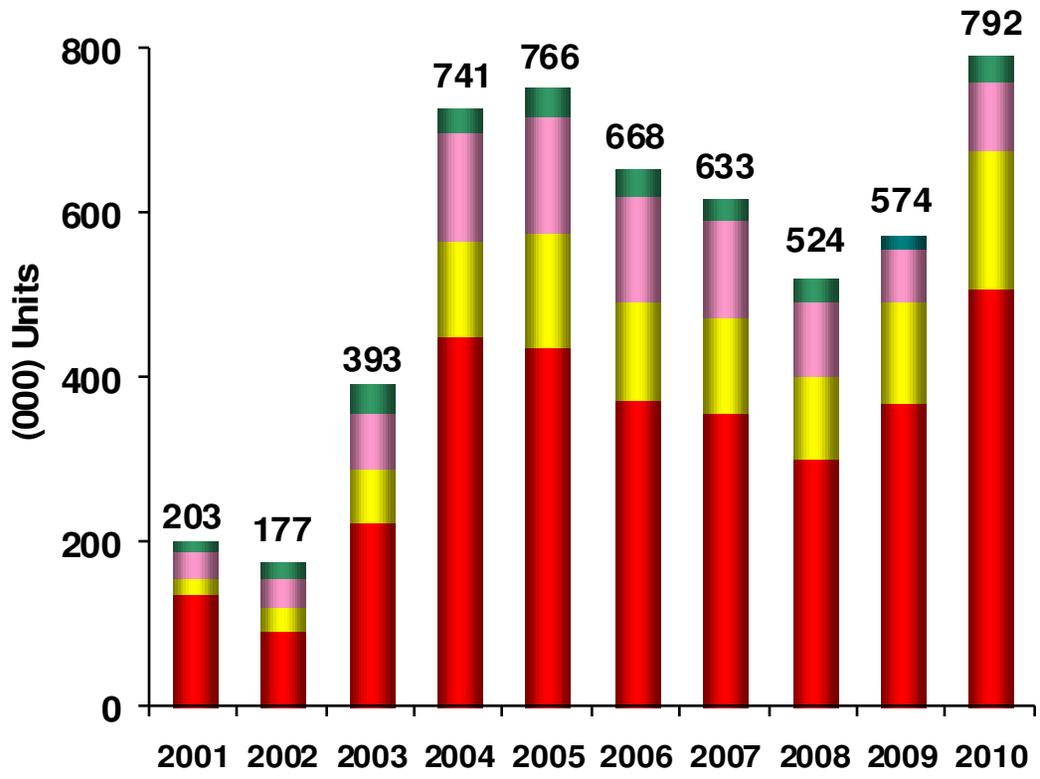


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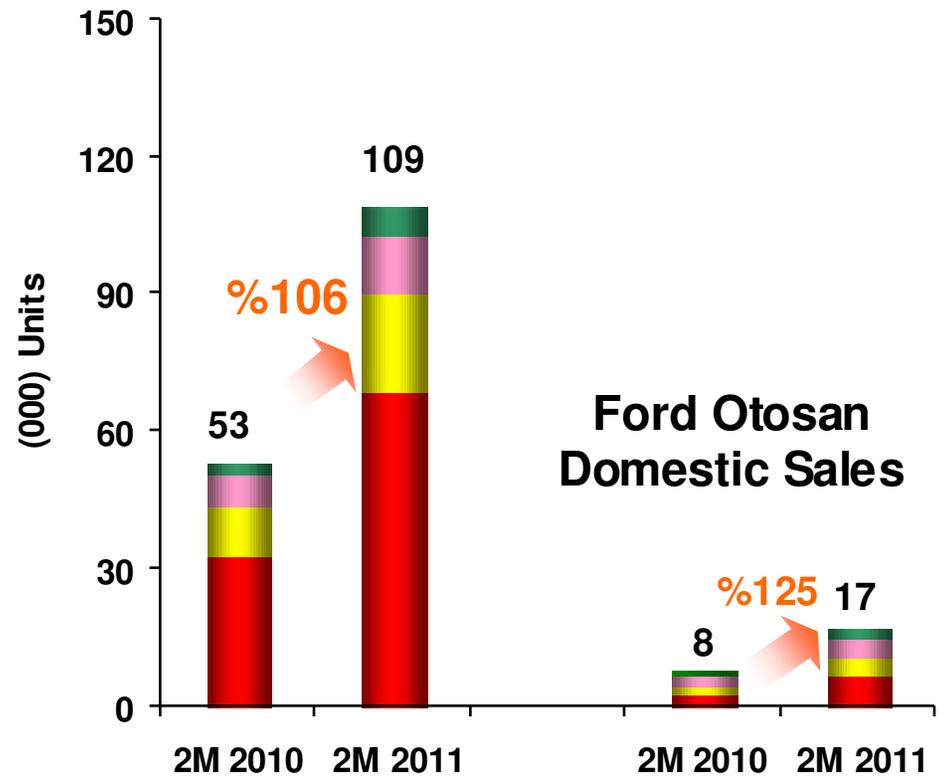


# Domestic Automotive Industry

**Automotive Industry**

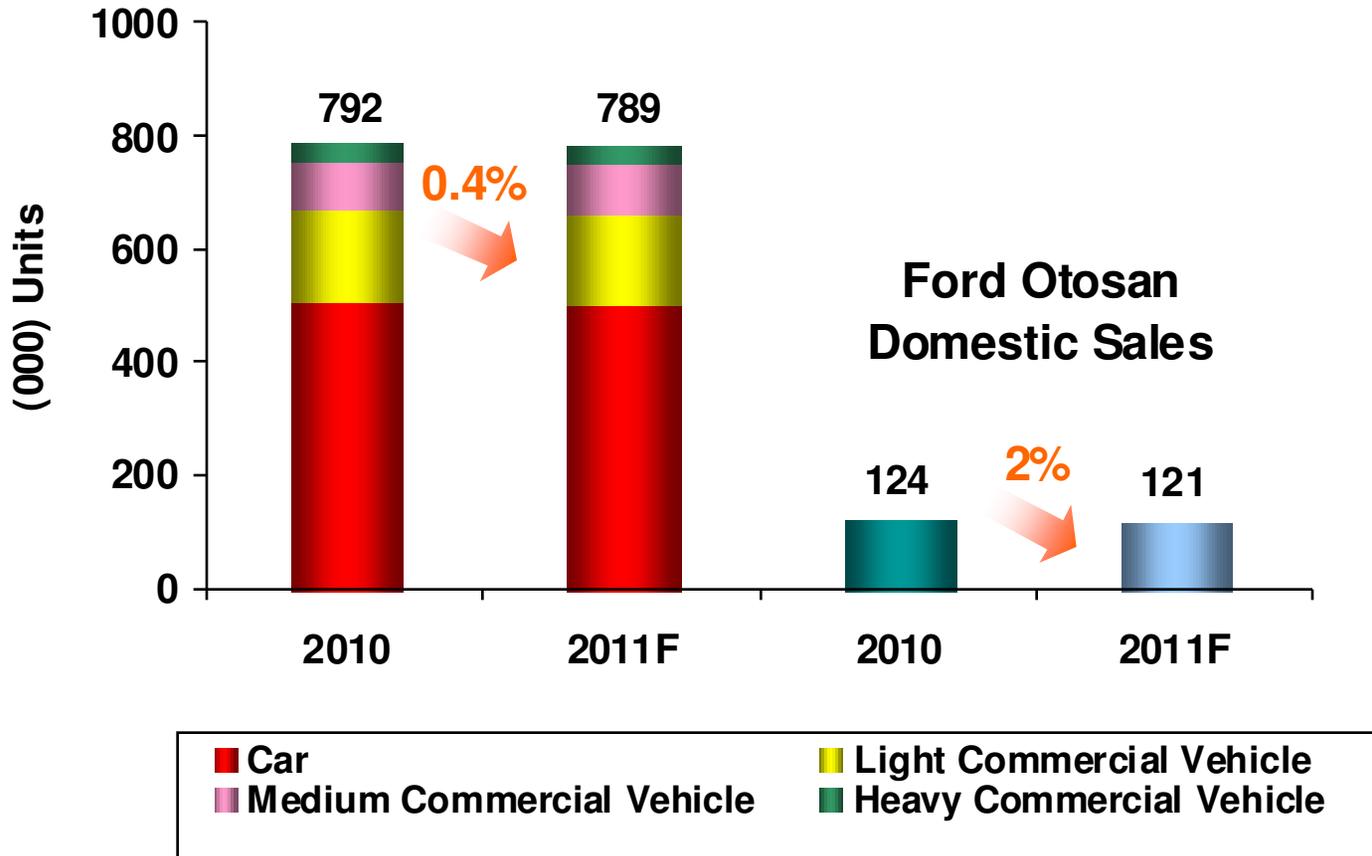


**2M 2010 / 2M 2011**  
**Automotive Industry**

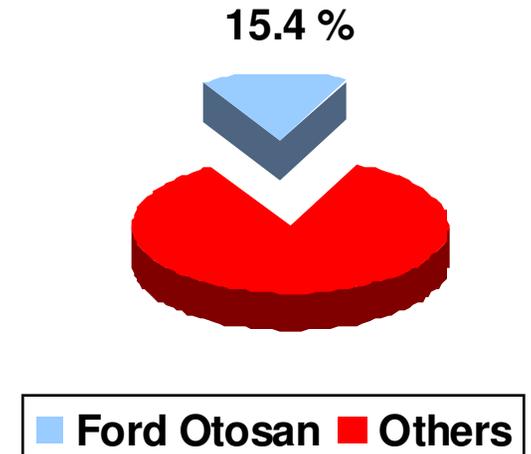


# 2011 Outlook

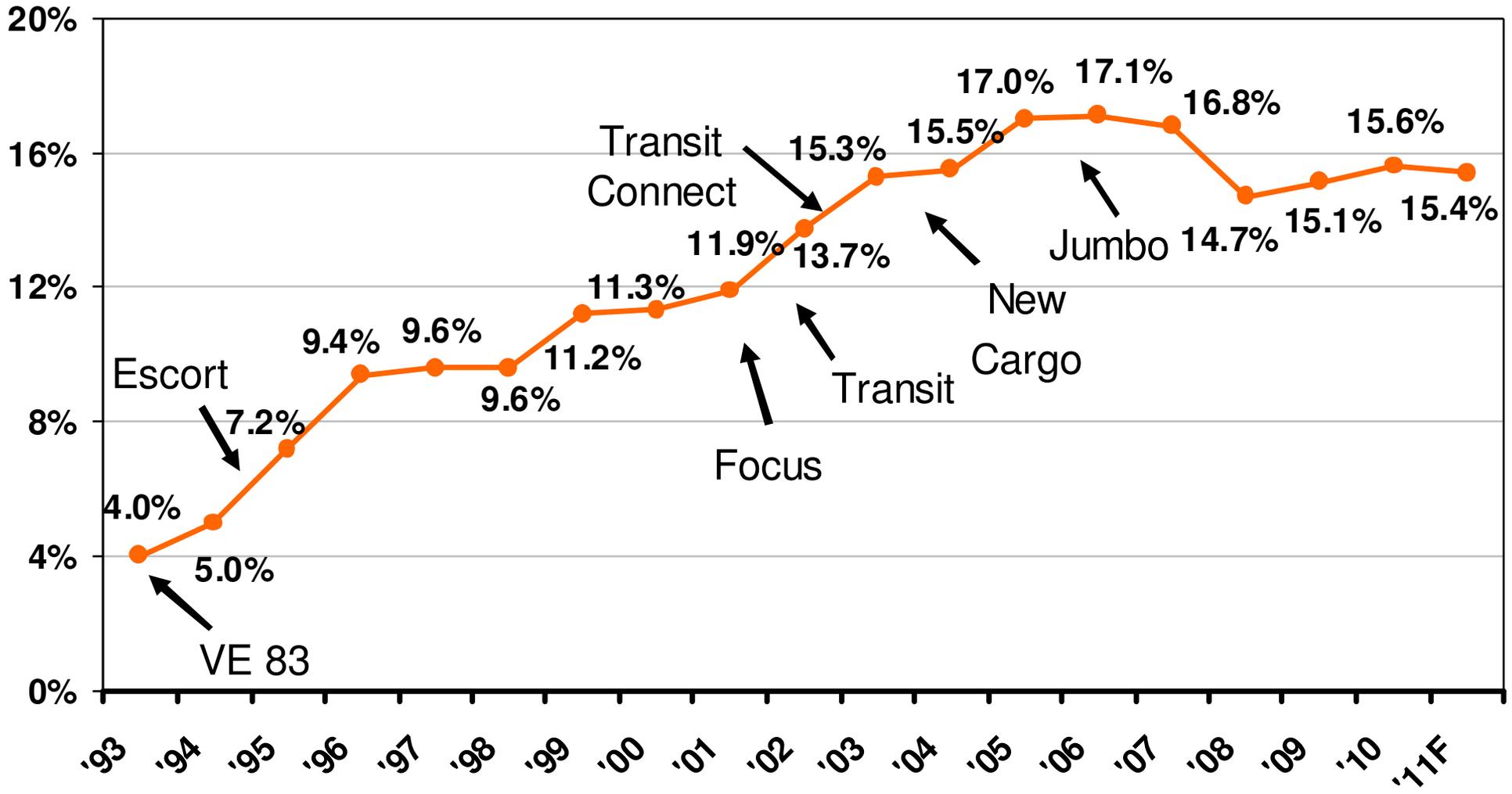
## 2011 Market Outlook



## Market Share Forecast for 2011 FY



# Ford Otosan Market Share



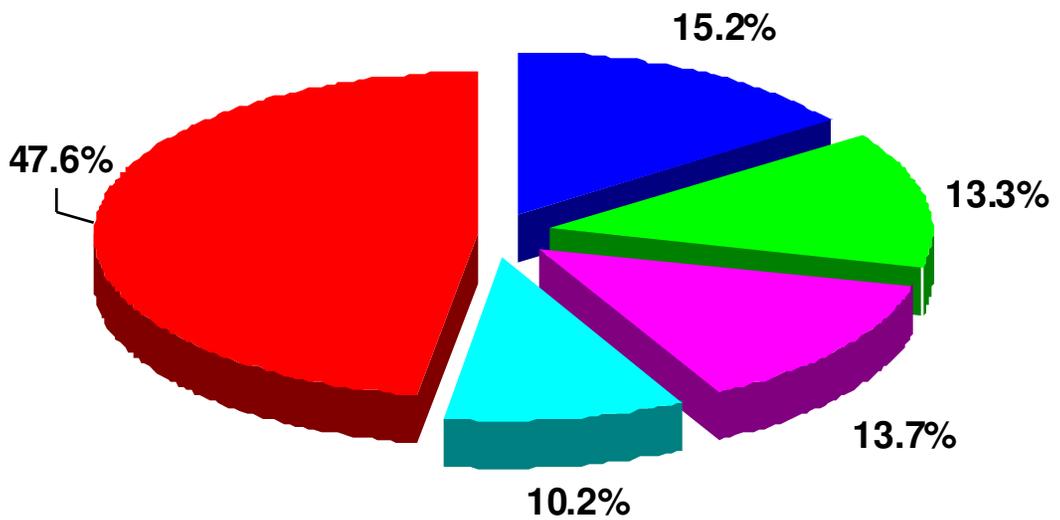
# Market Shares

	February YTD 2011		2010 FY	
	Market Share	Rank	Market Share	Rank
Total Automotive Industry	15.2%	1	15.6%	1
Passenger Car	10.6%	2	10.8%	2
LCV	17.6%	2	19.5%	2
MCV	32.9%	1	36.9%	1
Heavy Truck	24.3%	2	18.3%	2



# Market Share in Total Automotive Industry

February YTD 2011



■ Ford ■ Fiat ■ Renault ■ VW ■ Others

**FORD**  
**OTOSAN**

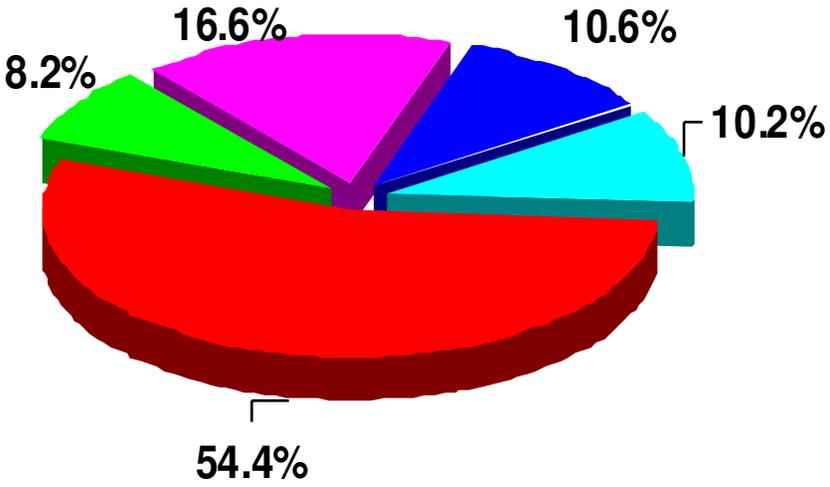
Market Share

↑ 0.7 Pts. YoY

# Market Shares

## February YTD 2011

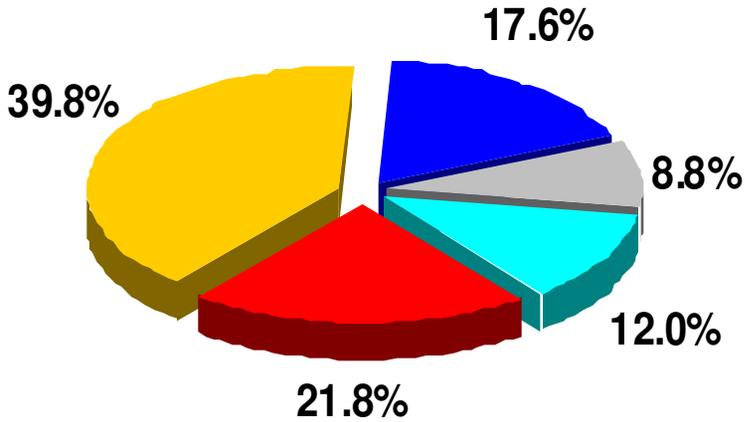
**Passenger Car**



Hyundai Renault Ford VW Others

 **1.7 Pts. YoY**

**Light Commercial Vehicle**



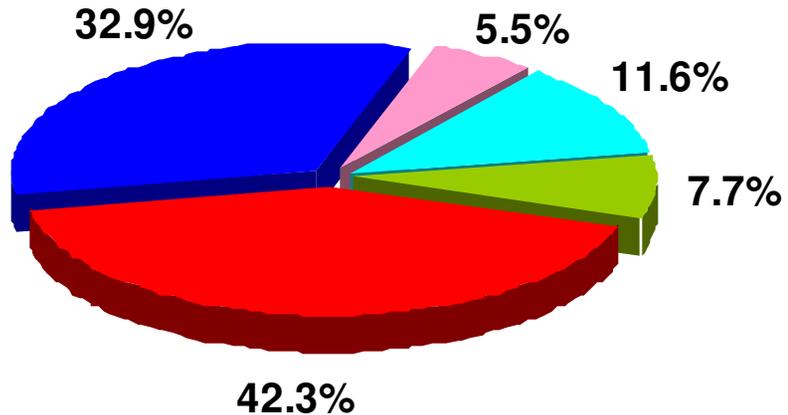
Fiat Ford Citroen  
VW Others

 **4.6 Pts. YoY**

# Market Shares

## February YTD 2011

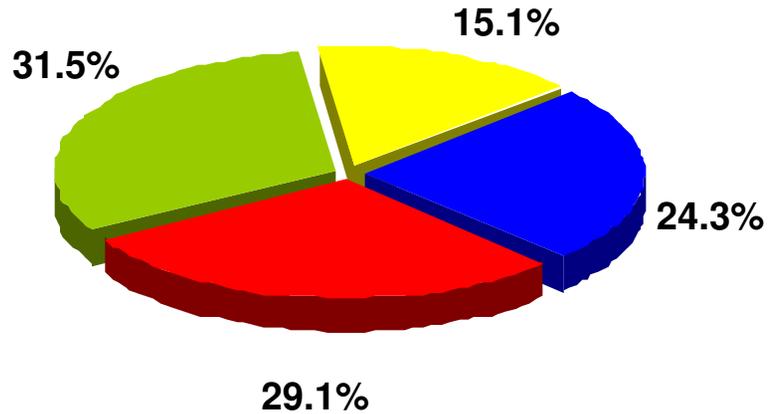
Medium Commercial Vehicle



■ Ford   
 ■ Mitsubishi   
 ■ VW   
 ■ Mercedes   
 ■ Others

**3.0 Pts. YoY**

Heavy Truck



■ Mercedes   
 ■ Scania   
 ■ Ford   
 ■ Others

**9.0 Pts. YoY**

# Taxes on Vehicles

Passenger Cars				
Engine Size	Model	VAT*	SCT**	TOTAL
<1600 cm <sup>3</sup>	Fiesta	18%	37%	62%
	Fusion			
	Focus C-Max Mondeo(1.6)			
1601- 2000	Mondeo(2.0)	18%	60%	89%
>2000		18%	84%	117%

Commercial Vehicles				
Engine Size	Model	VAT*	SCT**	TOTAL
<3000 cm <sup>3</sup>	Transit Van	18%	4%	23%
	Connect Van			
	Ranger			
	Minibus	18%	9%	29%
	Transit Combi	18%	10%	30%
	Connect Combi			
Truck				
	Cargo	18%	4%	23%

\* VAT: Value Added Tax

\*\* SCT: Special Consumption Tax

**Commercial Vehicles are Taxed Lower than Cars**



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# COMPETITIVE ADVANTAGES



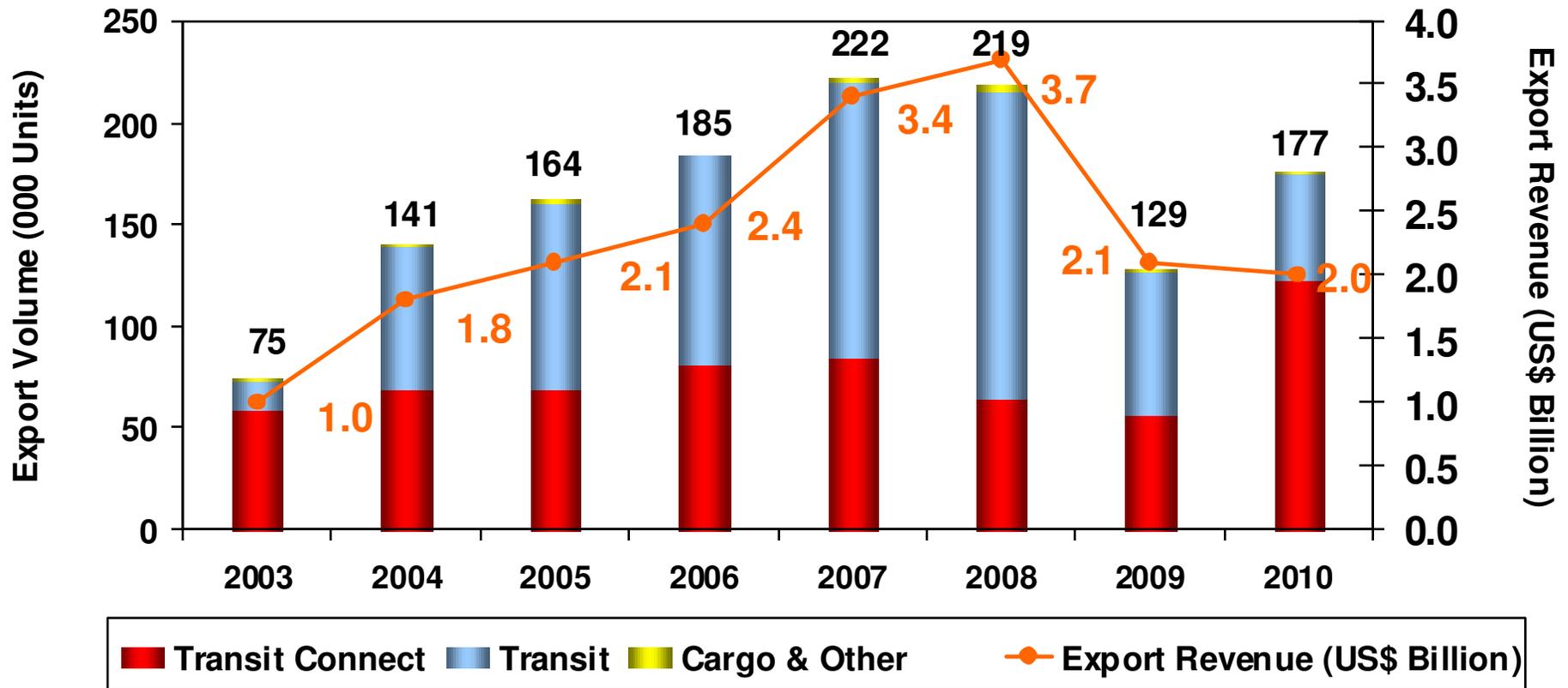
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# Competitive Advantages

- Large - Scale Export Program
- Strong & Committed JV Partner Support
- Strong Distribution Network
- Low Cost, Flexible Manufacturing
- Commercial Vehicle Product Development and Engineering Capabilities
- Experienced and Skilled Workforce
- Strong Corporate Governance Activities

# ➤ Large-Scale Export Program



**Less Dependent on Domestic Market**

**Economies of Scale**



# ➤ Strong & Committed JV Partner Support



Technological capability



Strong and widespread position in the local market

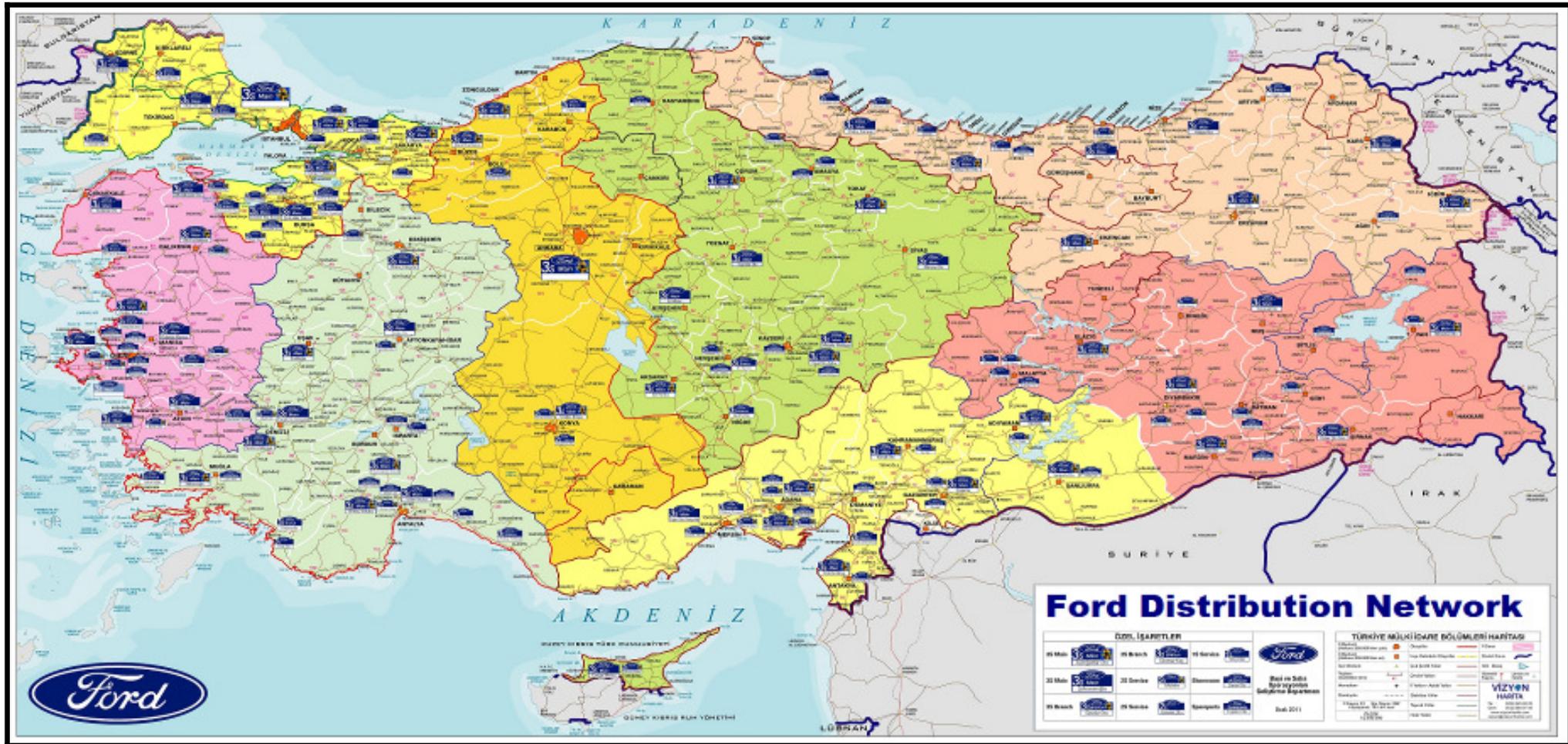


Know-How



Turkey's largest and most reputable group

# ➤ Strong Distribution Network



**Sales: 116**

**After-Sales: 192**

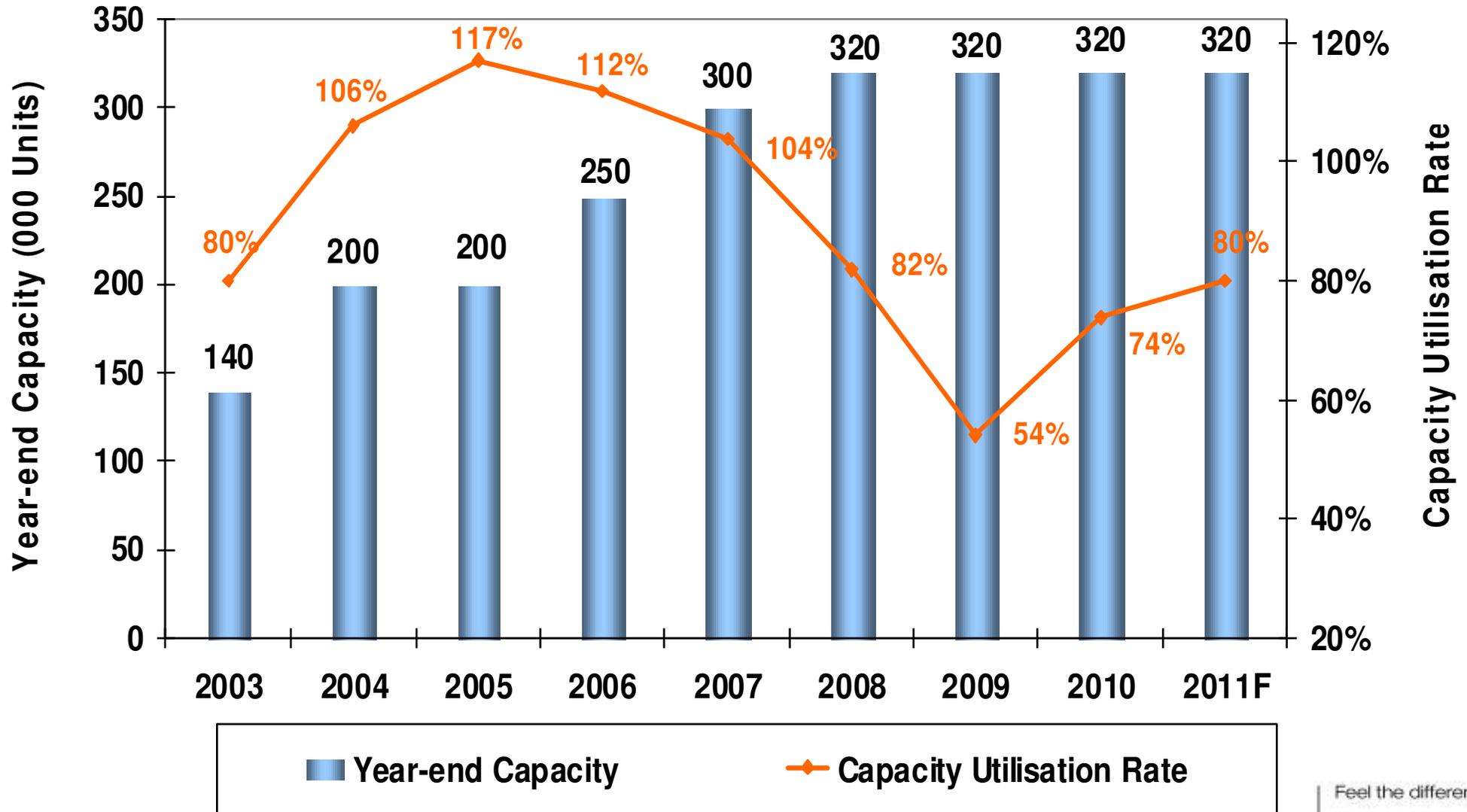
**Total Dealer: 211**



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# ➤ Kocaeli Plant Capacity Utilisation Rate



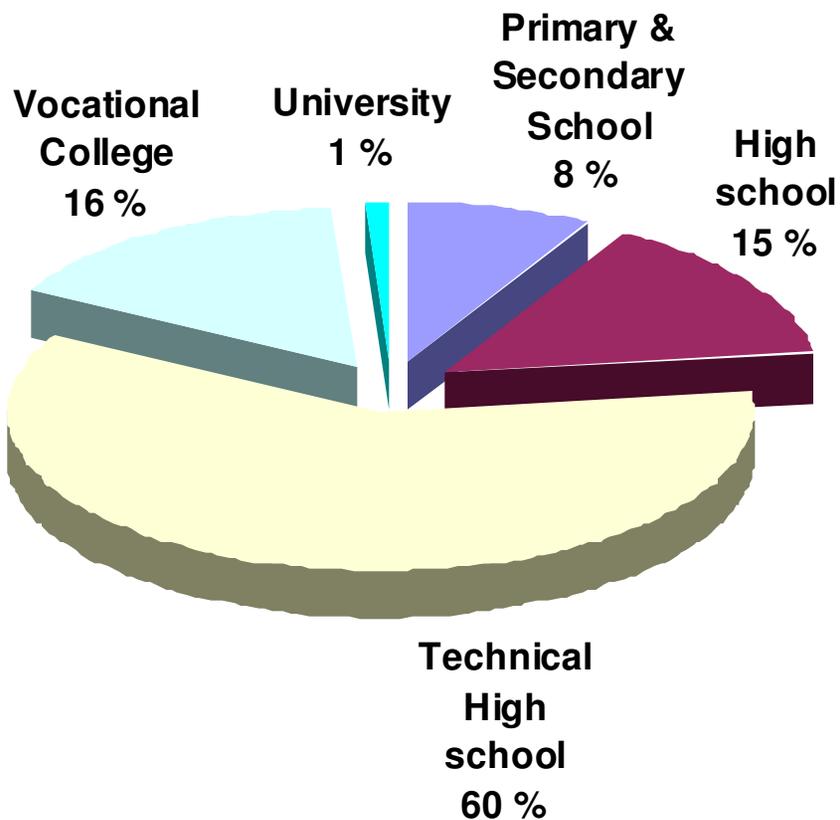
# ➤ Commercial Vehicle Product Development and Engineering Capabilities

## ➤ Gebze Engineering Facility in Turkey

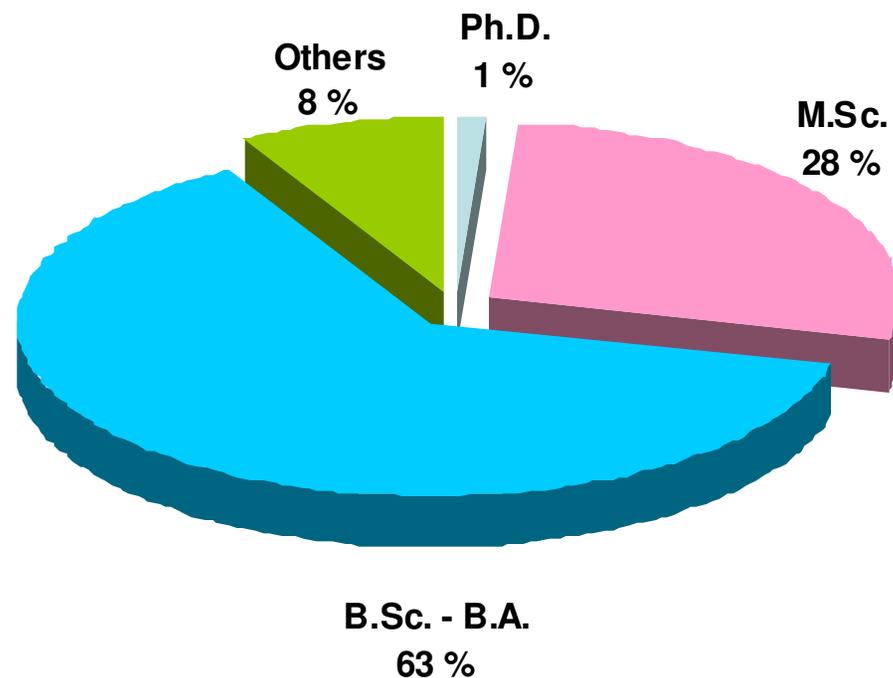
- Ford Otosan is integrated into Ford's global PD organisation
- This facility underlines Ford's commitment to Turkey as an excellent environment for business and a rich source of well-educated engineering talent
- Ford Otosan's PD operations have further planned expansion

# ➤ Experienced and Skilled Workforce

## BLUE COLLAR



## WHITE COLLAR



# ➤ Strong Corporate Governance

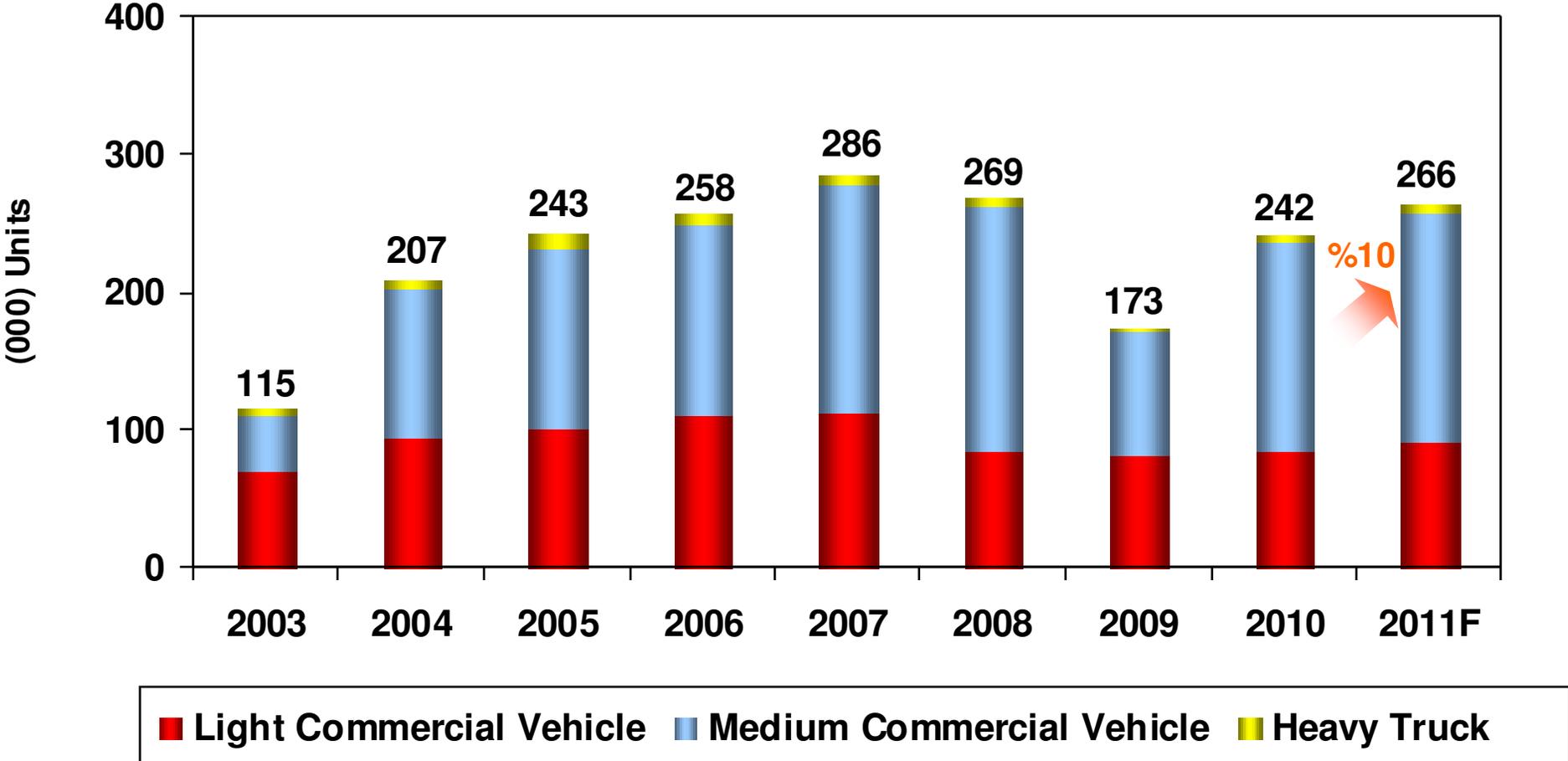
- ✓ Transparent Investor Relations
- ✓ Meets Capital Market Board Governance Rules
- ✓ Corporate Disclosure Policy
- ✓ Executive and Audit Committees

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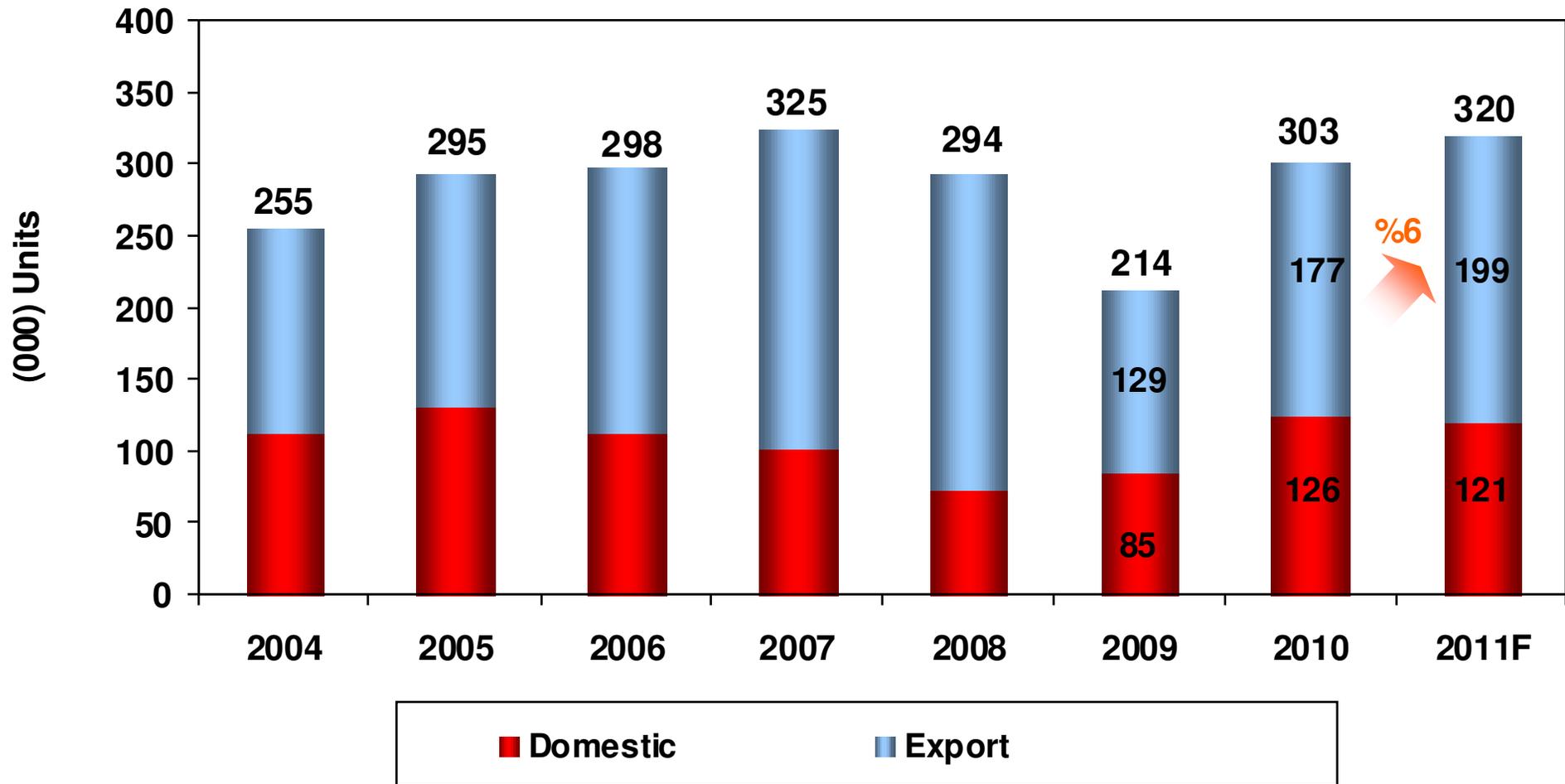
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# KEY OPERATING DATA

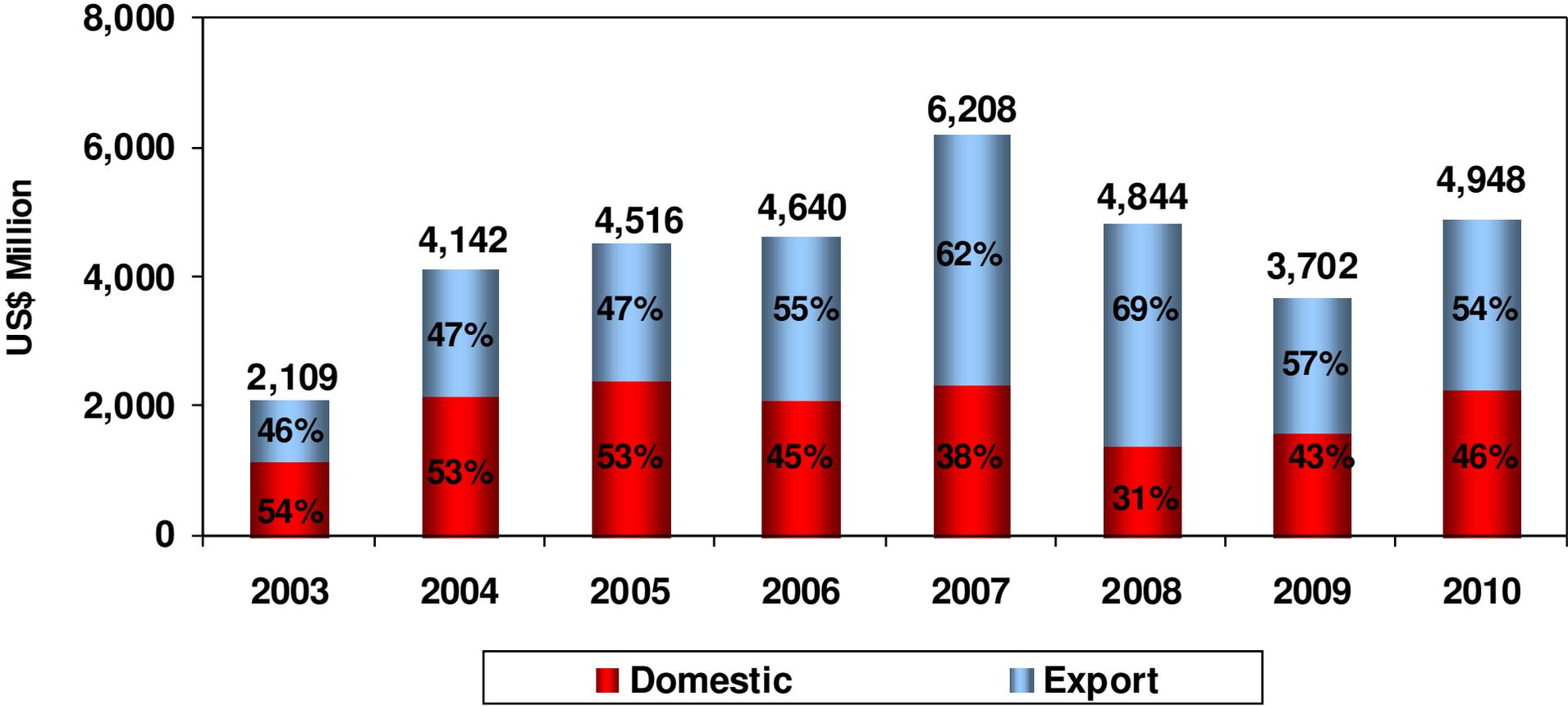
# Production Volume



# Wholesales Volume – Domestic / Export



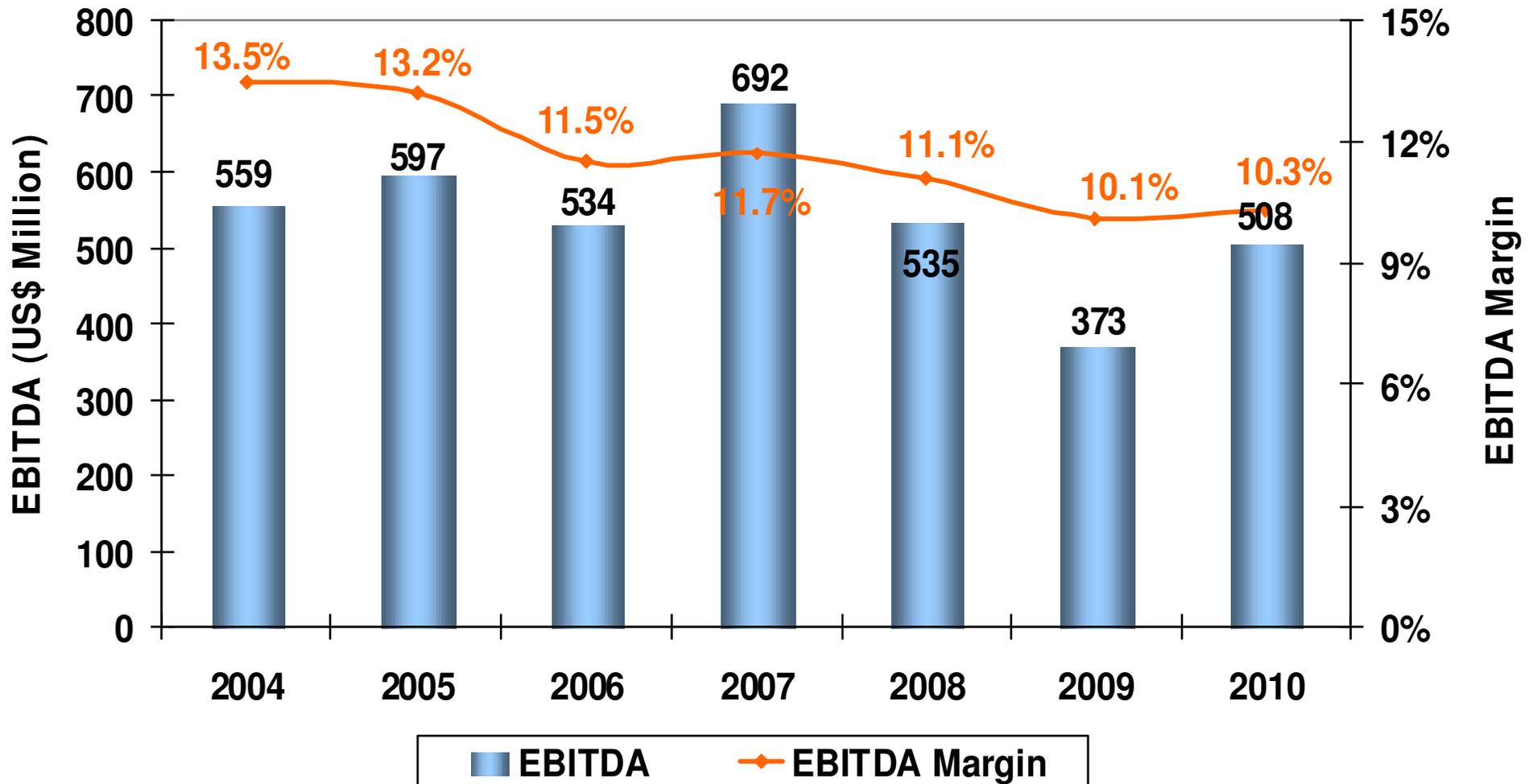
# Revenue – Domestic / Export



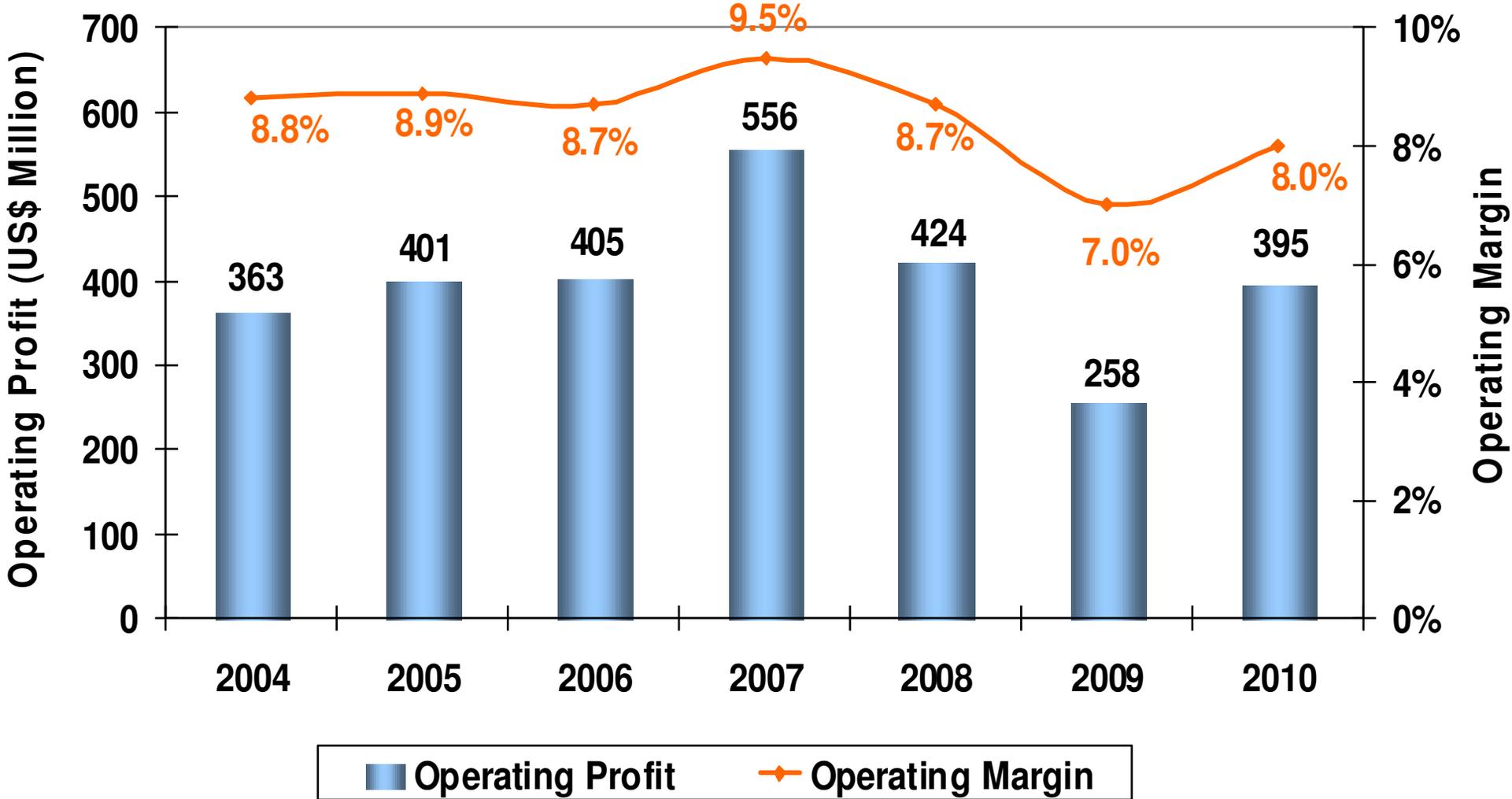
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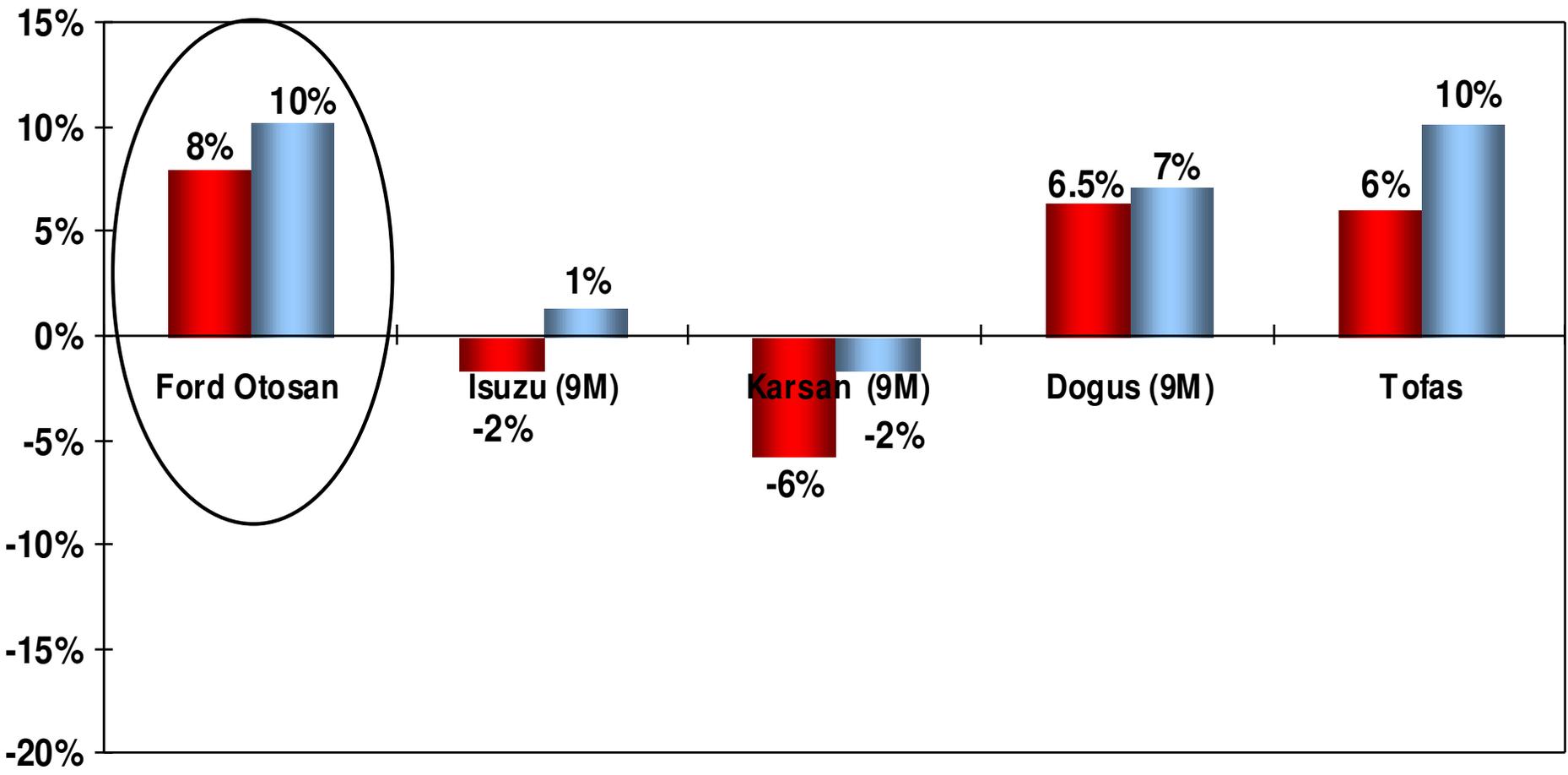
# EBITDA and EBITDA Margin



# Operating Profit and Operating Margin



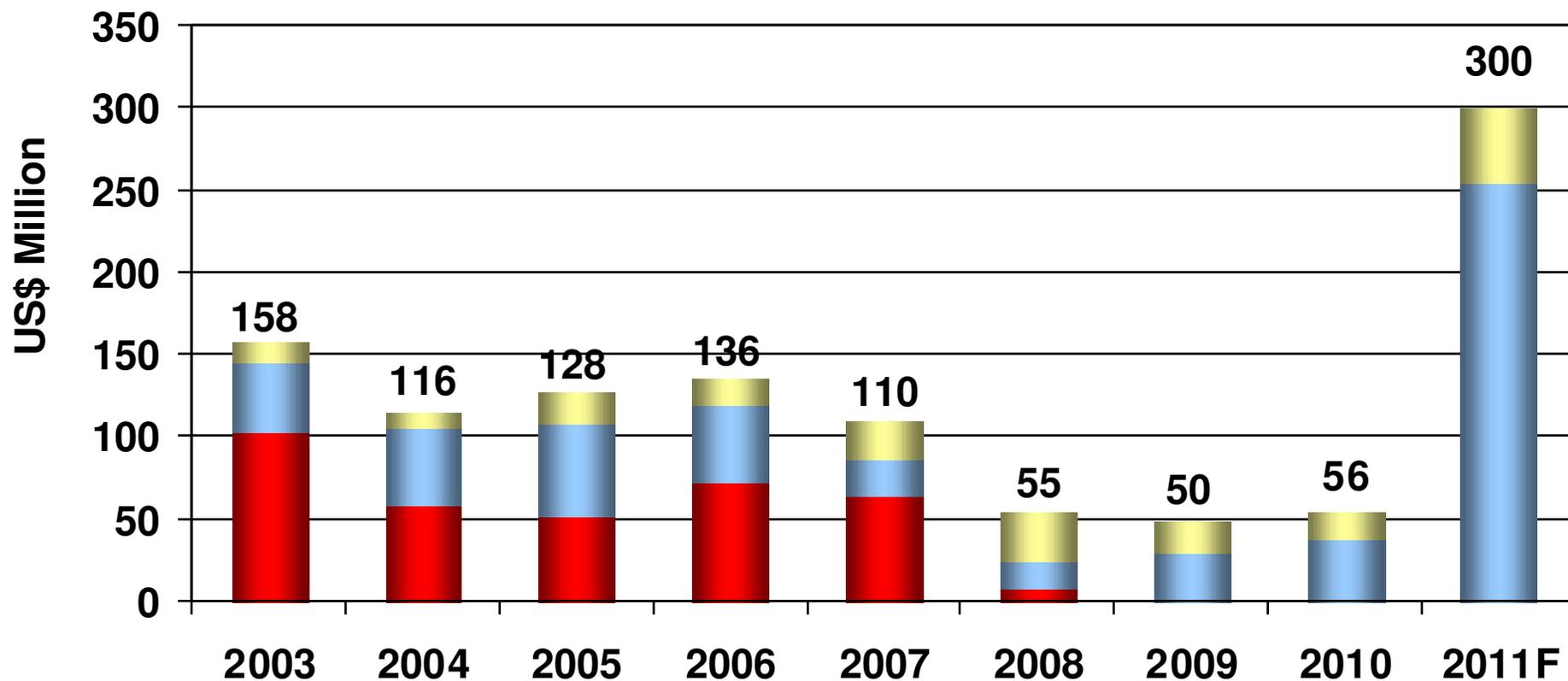
# Margin Comparison with Peers at ISE 2010



■ Operating Margin      ■ EBITDA Margin



# CAPEX



■ Capacity Increase ■ New Products ■ Maintenance & Others

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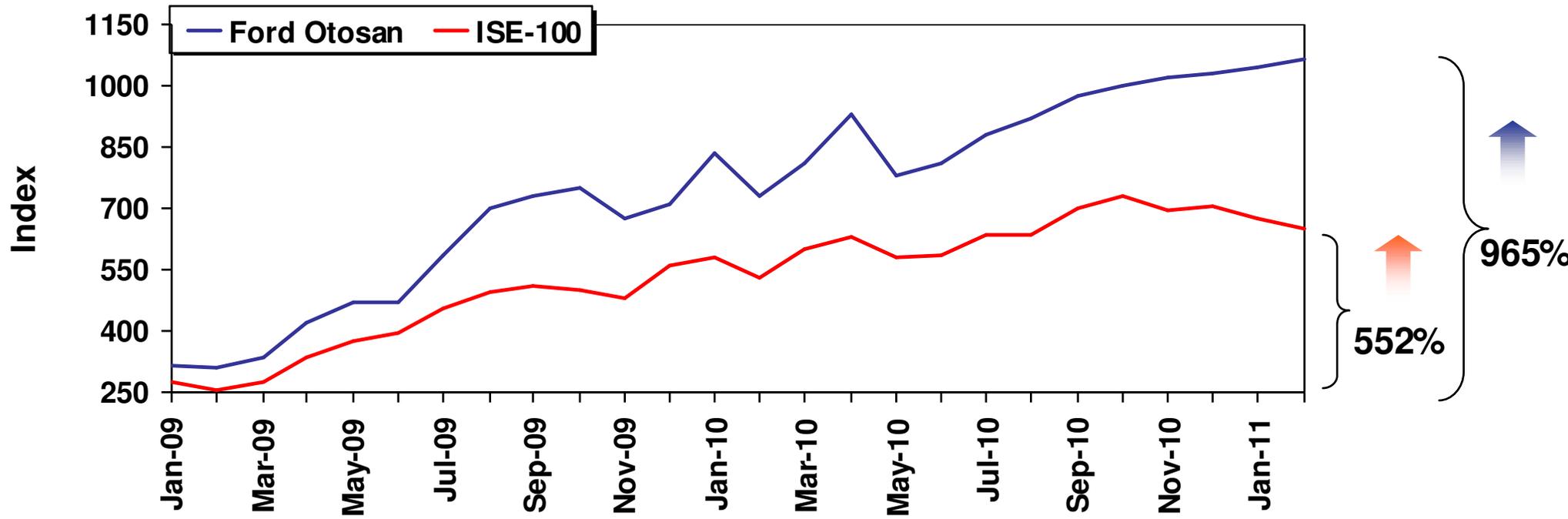
# **ISTANBUL STOCK EXCHANGE PERFORMANCE**



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# ISE & FROTO Index



	2003	2004	2005	2006	2007	2008	2009	2010	28 Feb 2011
<b>FROTO Cumulative Change(%)</b>	%241	%303	%510	%564	%671	%223	%611	%926	<b>%965</b>
<b>ISE-100 Cumulative Change(%)</b>	%97	%165	%323	%316	%490	%186	%462	%602	<b>%552</b>

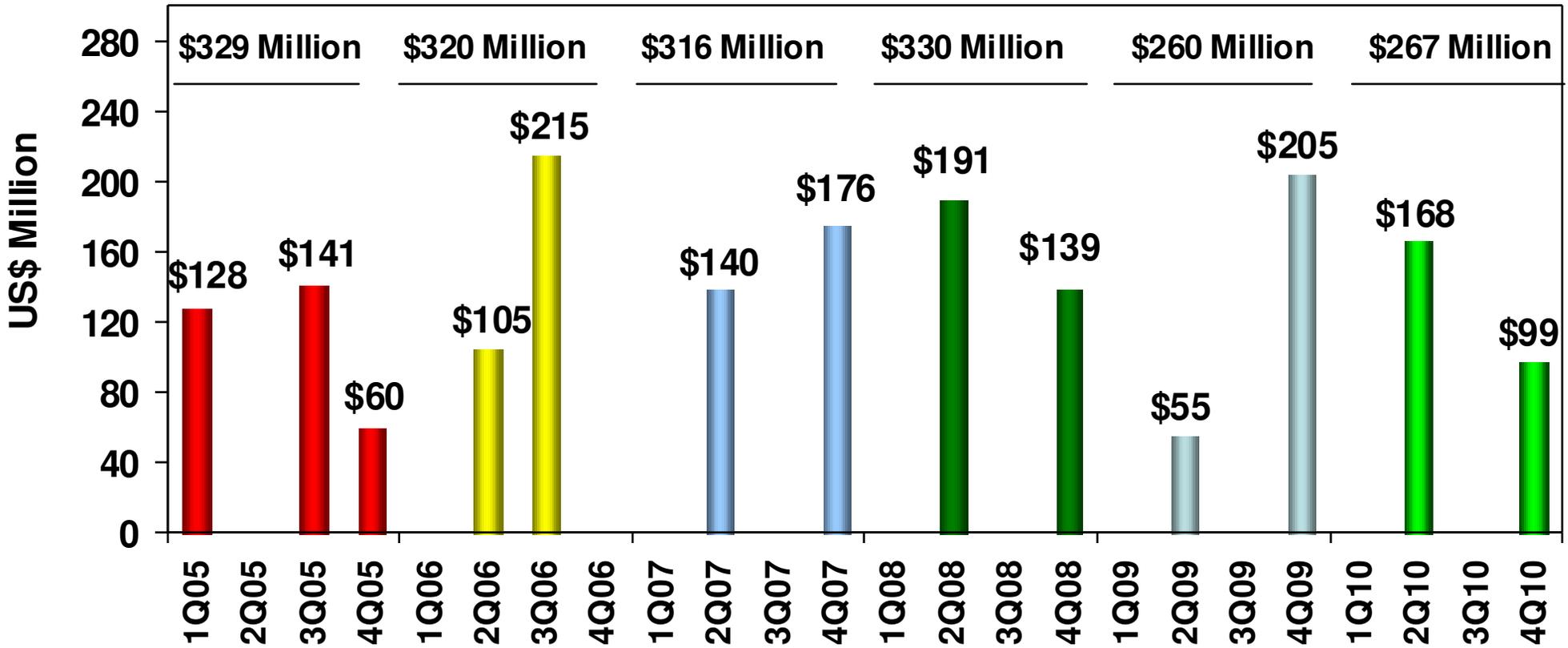


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# High Dividend in the Last Years

2010 Dividend Yield: 10.6%  
2009 Dividend Yield: 12.3%



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This presentation contains forward-looking statements that reflect the Company management's current views with respect to certain future events. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially.

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