

# FORD OTOSAN



Investor Presentation

May 2019

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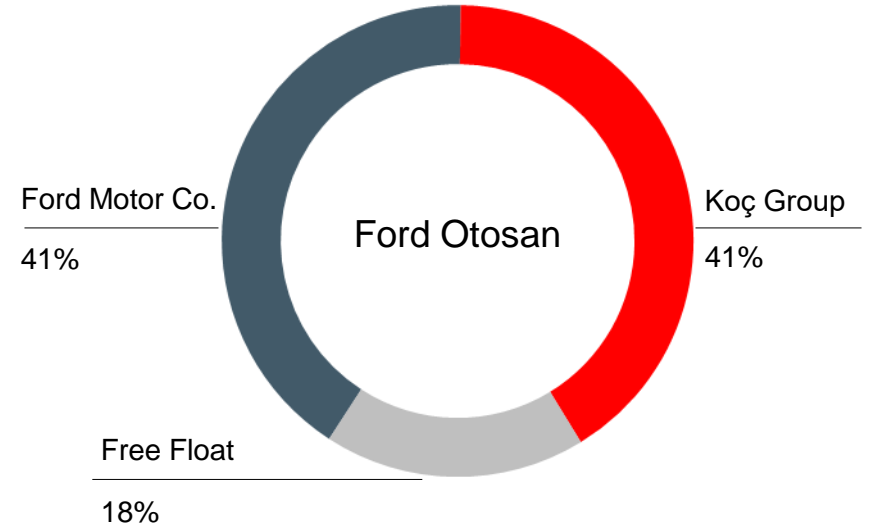
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# About Ford Otosan

# Company Profile

Key Indicators, 2018	
Revenues	\$6.9 billion
Export Revenues	\$5.7 billion
EBITDA	\$590 million
Profit Before Tax	\$364 million
Net Profit	\$348 million
ROE	43.2%
EBITDA margin	8.6%
Annual Production Capacity	455,000
Gölcük (Transit & Custom)	330,000
Yeniköy (Courier)	110,000
İnönü (Cargo)	15,000
Total Employees	10,598
Hourly	8,086
Salaried	2,512



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 Anadolu (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)

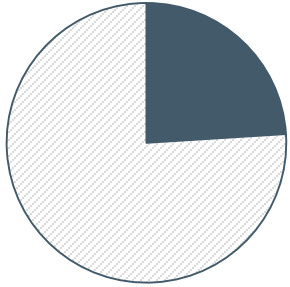
## Strong value contribution

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

## Leadership and scale

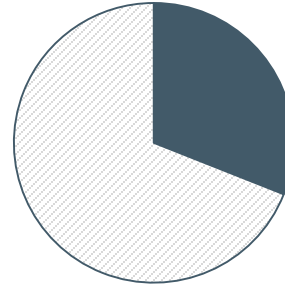
**Ford's largest** commercial vehicle manufacturer in Europe  
**Widest** product range in Turkish automotive  
**31% market share** in Turkish commercial vehicles

# Leading the Turkish Automotive Industry



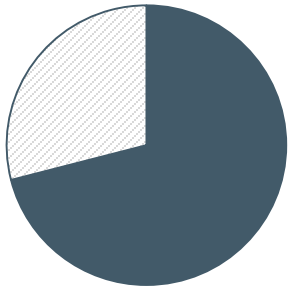
**24%**

of Turkey's  
**Total automotive  
production**



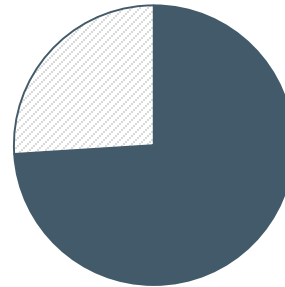
**31%**

of Turkey's  
**Commercial vehicle  
sales**



**71%**

of Turkey's  
**Commercial vehicle  
production**



**74%**

of Turkey's  
**Commercial vehicle  
exports**

Source: Automotive Manufacturers Association, 2018

# Key Player in Ford Motor Company Universe

## Robust sales performance

**Highest** commercial vehicle market share of Ford in Europe  
Among Ford's **top 5 markets in Europe** by market share

## 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  
**Center of Excellence** for Ford Trucks (heavy trucks)

## Engineering and R&D power

**Global hub** for Ford Trucks (heavy trucks) and related powertrains  
**Global support** for light commercial vehicle development  
**Global support** for diesel powertrain engineering

# Ford Otosan at a Glance

	1997*		2018
Production Capacity (Units)	47,000	10 times	455,000
Production (Units)	43,102	9 times	373,702
Export (Units)	667	493 times	328,892
Export (USD)	16 million	350 times	5.7 billion
Revenue (USD)	850 million	8 times	6.9 billion
Headcount	3,406	3 times	10,598
Market Cap (USD)	1.1 billion	3 times	3.3 billion

\* Equal JV partnership was established



# Vision, Mission And Strategy

## Vision

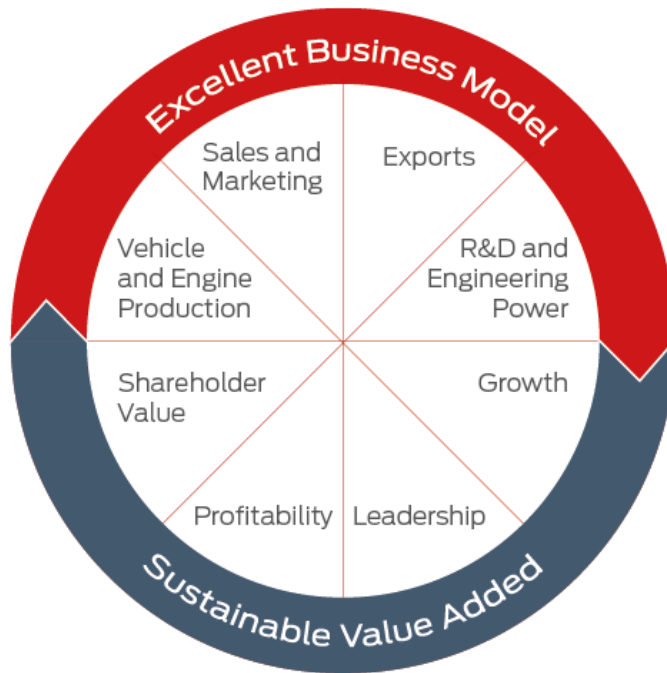
Being Turkey's most valuable and most preferred industrial company.

## 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'

**2012- Launch of Custom**

2013 – Ford Otosan's 12<sup>th</sup> year of market leadership

**2013/14- JMC engine & truck licensing agreements**

**2014 – Yeniköy Plant opens**

**2014 – Launch of new Transit and Courier**

**2015 – Sancaktepe Engineering Center opens**

**2016 – Ecotorq engine production starts**

**2017/18 – Capacity increase at Gölcük Plant**

**2018 – F-Max receives International Truck of the Year 2019 Award**

# Plants and Facilities

# Locations

Sancaktepe Parts Distribution Center (1998)



Sancaktepe Engineering Center (2015)



İnönü Plant (1982): Ford Trucks and engines



Kocaeli Plants: Gölcük Plant: Transit (2001), Custom (2012)



Yeniköy Plant: Courier (2014)





# Gölcük Plant — Lead Manufacturing Plant of Ford Transit



Transit 160 K



Custom 180 K

- 330,000 units manufacturing capacity
- 340,000 m<sup>2</sup> covered area
- Opened in 2001



# Yeniköy Plant – The Single Production Center of Ford Courier in the World



Courier 110 K

Opened on 22 May 2014 at Gölcük plant site

122,000 m<sup>2</sup> covered area

Environment and disabled-friendly plant

# İnönü Plant – Center of Excellence for Ford Trucks



Ford Trucks15 K

Opened in 1982

109,000 m<sup>2</sup> covered area

75k units engine, 140k units powertrain production capacity

- 12.7L and 9.0L E6 Ecotorq engines for heavy truck
- 2.2L 4-cyl. Puma and 2.0L 4-cyl. Panther engines for Transit



# Sancaktepe Parts Distribution Center – 96% Fill Rate



Opened in 1998

35,000 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



# Sancaktepe Engineering Center



**Center of Excellence** for Ford Trucks and heavy duty diesel powertrain for large trucks

**Global engineering lead** for Ford Trucks (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; facelifted in 1Q18
- First vehicle in its segment to achieve a maximum five-star Euro NCAP rating

# CUSTOM

**Tourneo Custom  
(People Mover)**



Long and Short Chassis  
8+1 Seating Capacity  
4.97m – 5.34 m

**Transit Custom  
(Panelvan)**



**Transit Custom  
(Kombi)**



**Transit Custom  
(Kombi Van)**



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; facelifted in 2Q18

# 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 İnönü 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



## 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



Market share details available on page 48.

# Comfort / Efficiency / Technology: F-Max

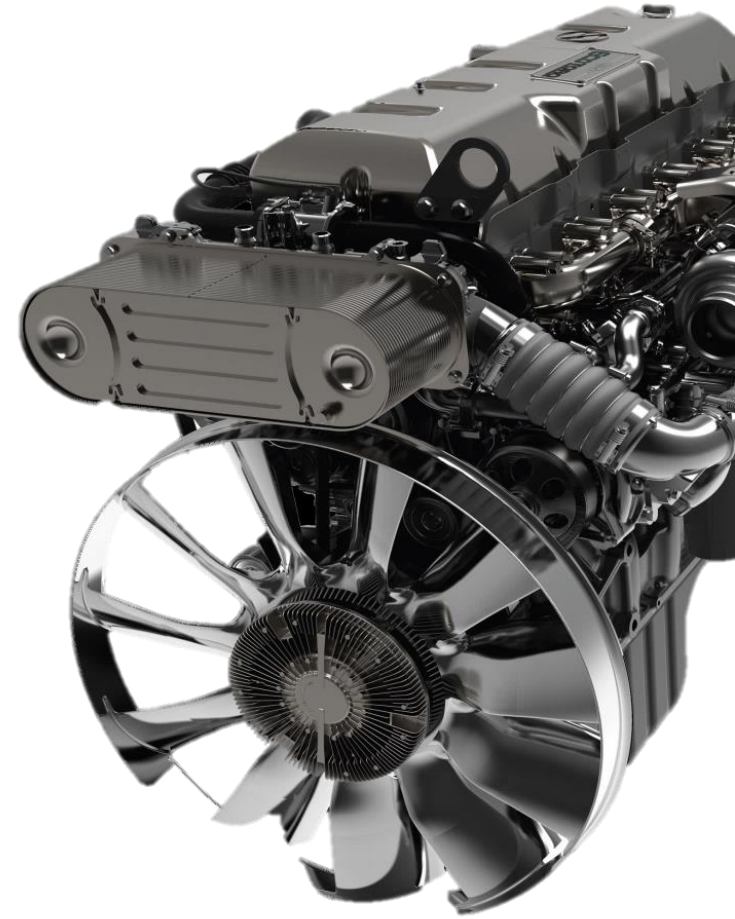
IP Rights owned 100% by Ford Otosan



- Cost of ownership advantage over peers
- 80% localization rate -> 90% by 2020
- 2.5 meter cabin
- 500 PS
- Domestic launch in October 2018
- Globally launched in 2019

# Ecotorq Engine Family

- Available in **9L 330PS** and **13 L 420PS, 480 PS and 500PS**
- 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

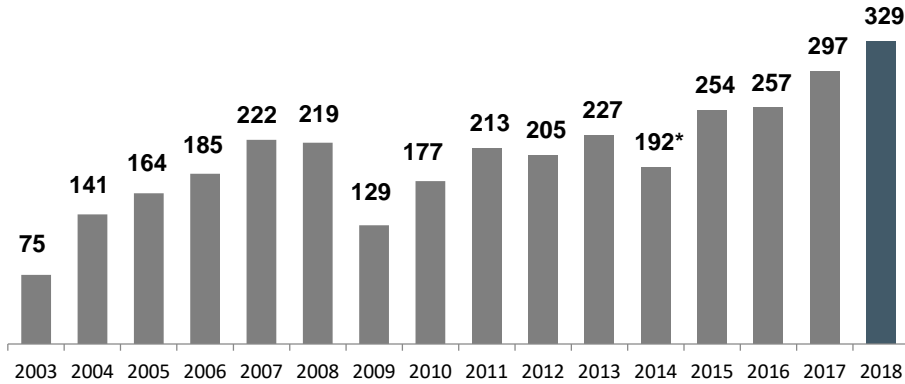
**Dividend growth** with surging FCF, strong balance sheet and low capex  
**Strong** relative share performance  
Commitment to good **corporate governance**

# 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	<70,000	45   30	18	71   53	Transit Van Transit Minibus (16+1) (17+1) Transit Chassis Cab Transit Custom Van Transit Courier Van Connect Van Ranger	4	18   1	23   5
	70,000-120,000	50   35	18	77   59				
	>120,000	60	18	89				
1.6-2.0 lt	<170,000	100	18	136				
	>170,000	110	18	148				
> 2.0 lt		160	18	207	Transit Minibus (11+1) (14+1)	9	18   1	29   10
<b>Values in red are the tax rates valid under the temporary government incentives from November 2018 to end of June 2019.</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 2009), 18% to 27% (Oct 2009), 27% to 37% (Apr 2010)            &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> <p>VAT: Value Added Tax SCT: Special Consumption Tax</p>					Transit Combi Transit Custom Combi Transit Custom Combi Van Tourneo Custom Transit Courier Combi Van Tourneo Courier Transit Connect Combi	15**   5	18	36   24
					Ford Trucks (heavy truck)	4	18   1	23   5

# Scalable & €-Denominated Export Business

Exports (000 units)

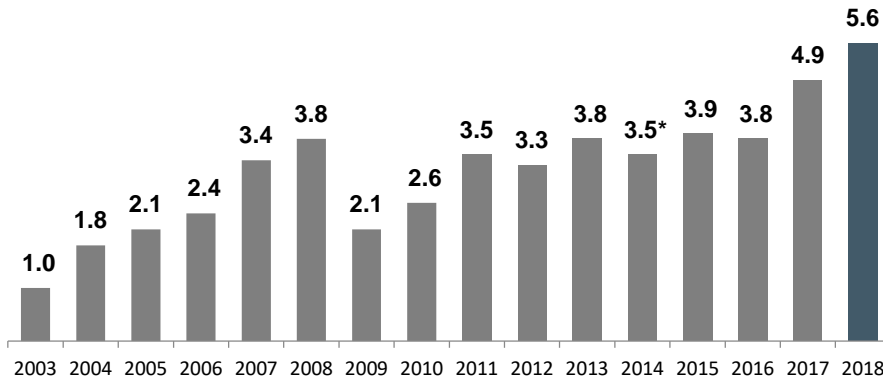


All export agreements are €-denominated, including non-€ countries

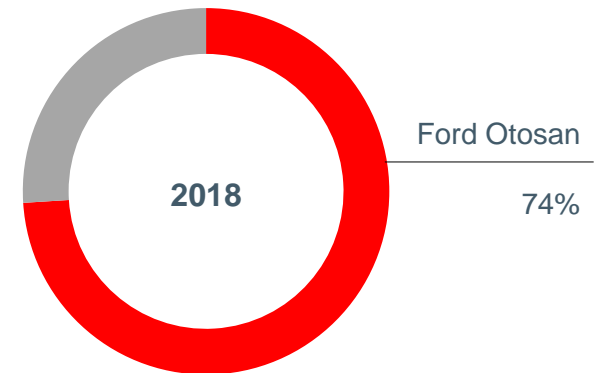
Export receivables are easy to manage as Ford of Europe is the **single counterparty**

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

Export Revenue (US\$ bn)



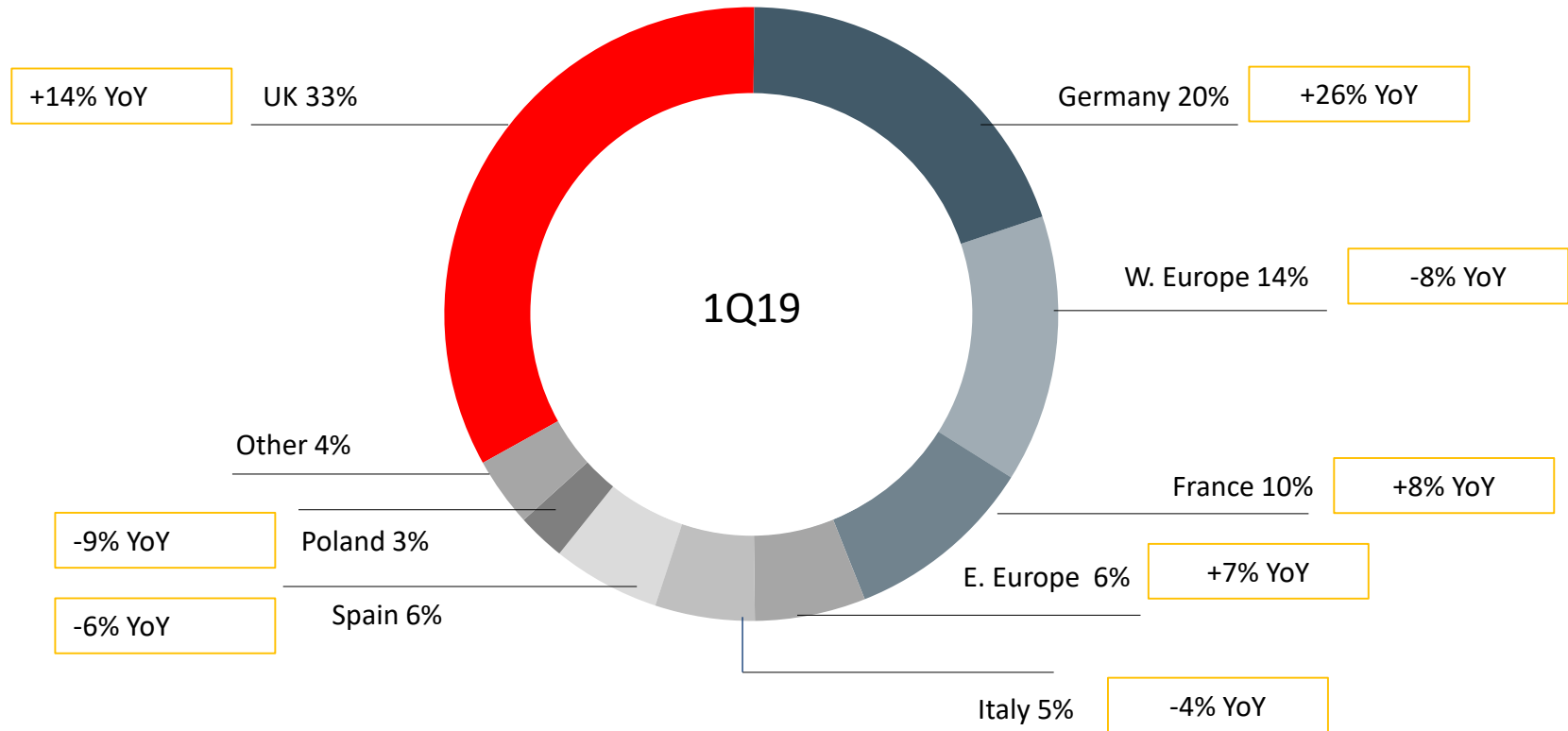
Turkey's CV exports



\*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 agreements are €-denominated including non-€ countries

# European Van Industry Continues to Grow

Industry drivers are economic growth, SME business and e-commerce

Vans up to 3.5 tons: Ford Otosan's export segment

% Change	2014	2015	2016	2017	2018	Jan '19	Feb '19	Mar '19	Apr' 19	YTD
UK	18.7	15.6	1.0	-3.6	-1.3	8.6	1.8	10.6	4.7	8.0
Germany	7.3	4.2	8.5	4.9	5.4	13.2	12.0	11.3	13.2	12.4
Italy	16.4	12.4	50.0	-3.4	-6.0	0.4	6.1	-2.1	15.6	5.9
Spain	33.2	36.1	11.2	15.5	7.8	7.9	-3.0	7.0	7.8	4.9
France	1.5	2.0	8.2	7.1	4.6	9.1	6.4	-0.7	12.4	6.3
Total	11.3	11.6	11.9	3.9	3.1	6.1	4.4	4.6	8.4	5.9

April registrations: 176,643 units

Jan - Apr registrations: 721,303 units

## +8.4%

**Apr YoY growth  
in European van sales**

## +5.9%

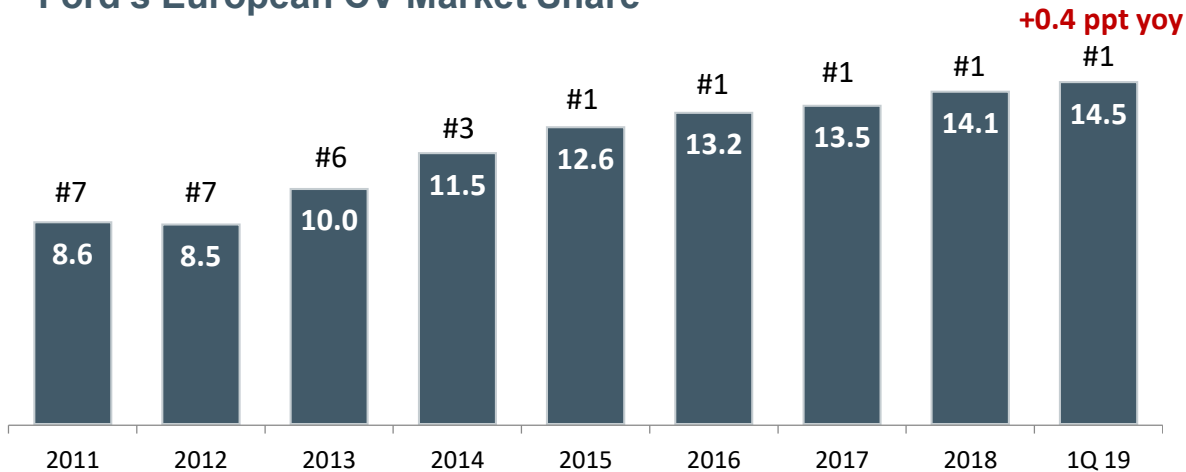
**Jan-Apr YoY growth  
in European van sales**

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

# Ford is Europe's Top-Selling CV Brand

Ford's commercial vehicle business gaining momentum in major markets

Ford's European CV Market Share



Best sales performance  
in the 1st quarter  
since 1993.

Ford continues to  
strengthen its position as  
**Europe's No. 1  
commercial vehicle  
brand.**

**9.3%**

Jan-Mar YoY change  
in Ford's CV sales

Ford's 1Q19 CV sales growth versus 1Q18:

**25.9%** in Germany

**20.1%** in France

**14.3%** in Italy

**3.3%** in the UK

Source: Ford of Europe 1Q19 Sales Release, reporting sales for its 20 European traditional markets. In line with the new Ford global standard, the sales reports will be published quarterly.

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

## and Pillar of profitability for Ford of Europe



**Transit**



**Custom**



**Connect**  
(produced in Spain)



**Courier**

**FORD OTOSAN** produces

**83%**  
of Transit Family vans  
sold in Europe



# Large Scale Investment Program

## 2010-2014 Transit Range

Transit



Custom



US\$ 850  
million

Courier



€ 370 million

Yeniköy



## 2015-2018 Ford Trucks

US\$ 400  
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%

## Payment Schedule, Long Term Loans

('000 TL, 31 March 2019)

2020: 592,484

2021: 538,760

2022: 282,515

2023: 209,569

2024: 95,583

## Effective interest rates

ST borrowings: **0.88%**

ST portion of LT borrowings: **1.66%**

LT borrowings: **1.67%**

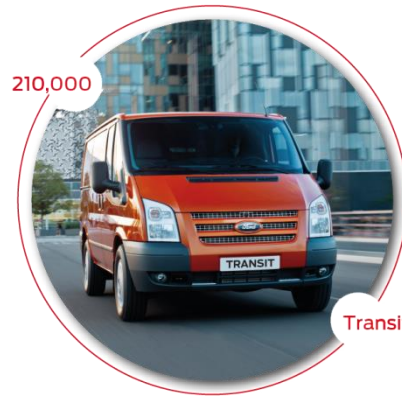
## Interest paid (000 TL)

1Q19: 146,408

1Q18: 71,491

# Highest Commercial Production Capacity in Turkish Automotive

Old: 330.000 (pre-investments)



210,000

Transit

Kocaeli Plant

110,000



Connect

İnönü Plant

10,000



Cargo

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

Transit

160,000



Custom

180,000



Courier

110,000



Truck

15,000



Gölcük Plant

Yeniköy Plant

İnönü Plant

Kocaeli Plants

# Export Driven Capacity Increase Completed

**US\$ 52 million total investment**

Capacity ('000 Units)	Previous	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>
		↓ <b>4Q17 ✓</b>	↓ <b>September '18 ✓</b>

\* 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.



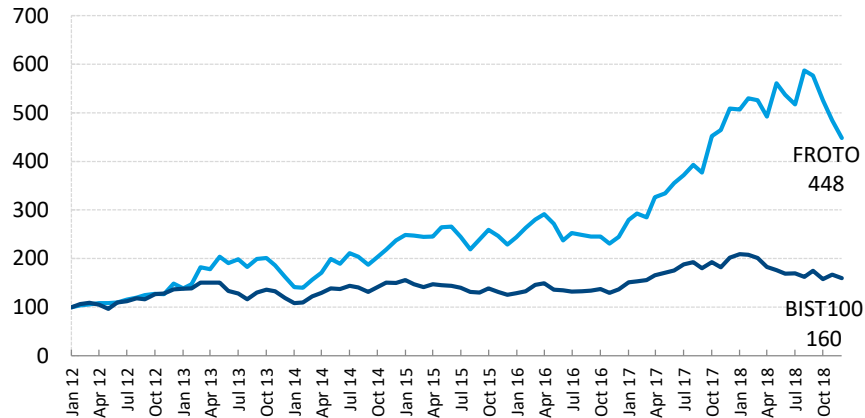
JMC is

**'2018 Chinese Truck of the Year'**



# Focus on Shareholder Value

## Strong relative share performance

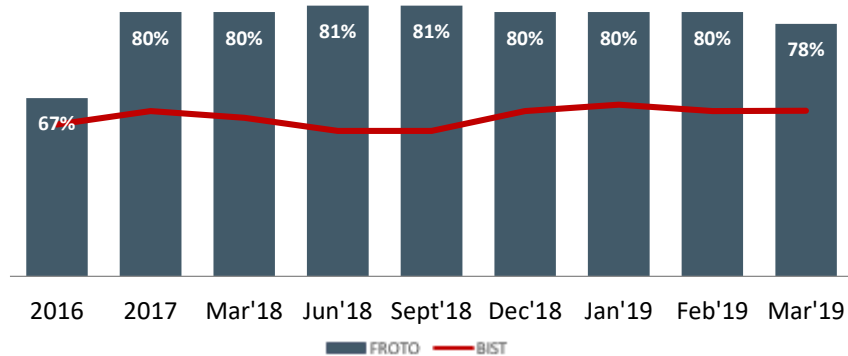


## Commitment to corporate governance

- Separate CEO and Chairman roles
- Independent BoD members
- Board Committees
  - Audit Committee
  - Corporate Governance Committee
  - Risk Committee
  - Remuneration Committee
- Highly experienced professional Executive Management
- Performance based compensation

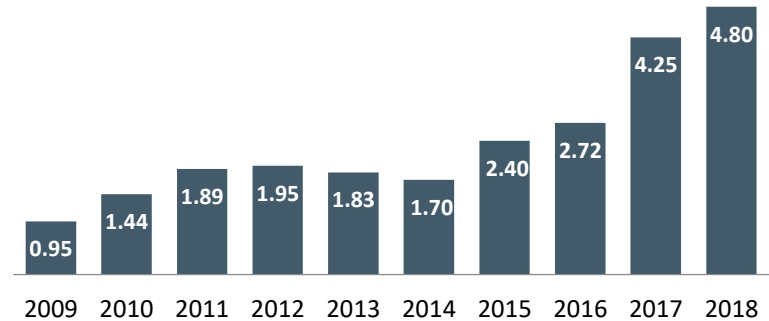
## Large Institutional Investor Base

Foreign ownership in free float



## Strong Earnings Growth

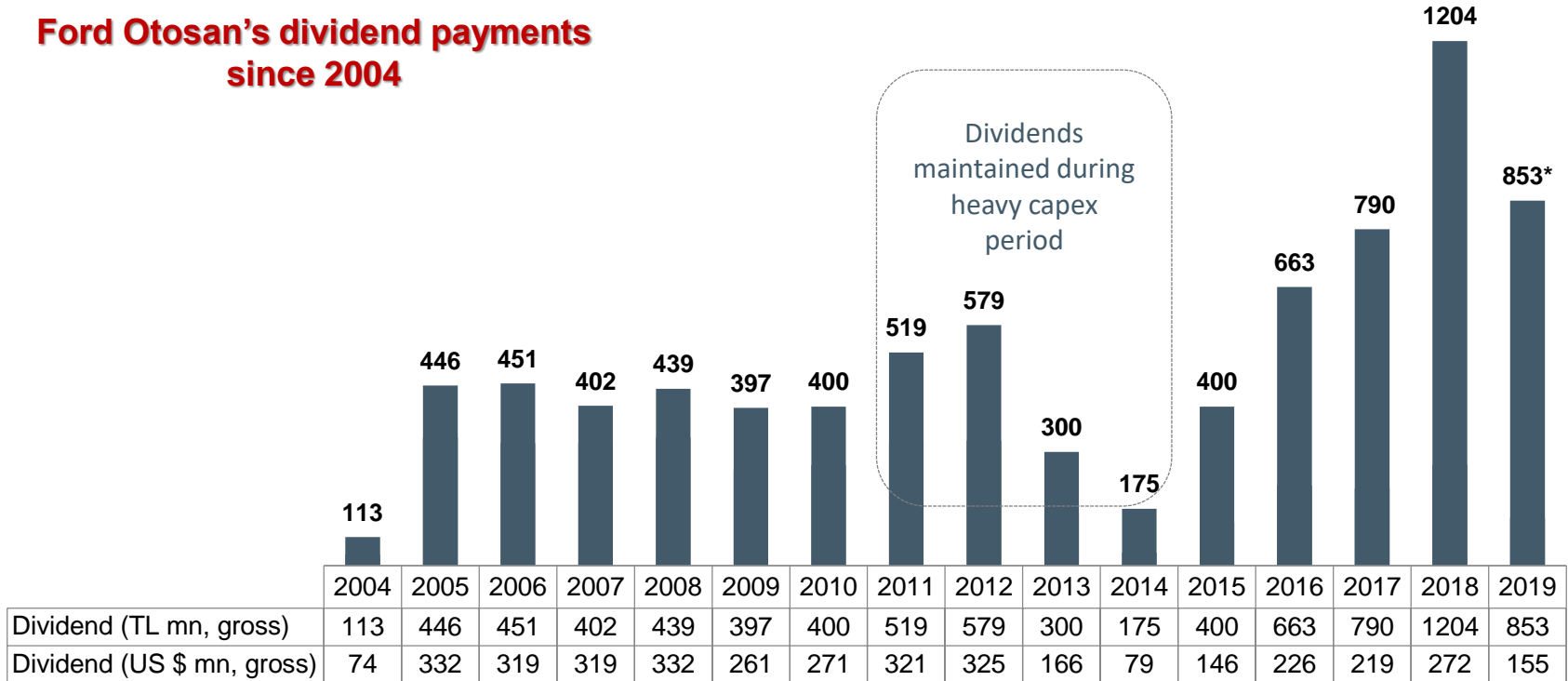
EPS (for Kr 1 nominal value)



# Commitment to Dividends

## 3.8 billion US\$

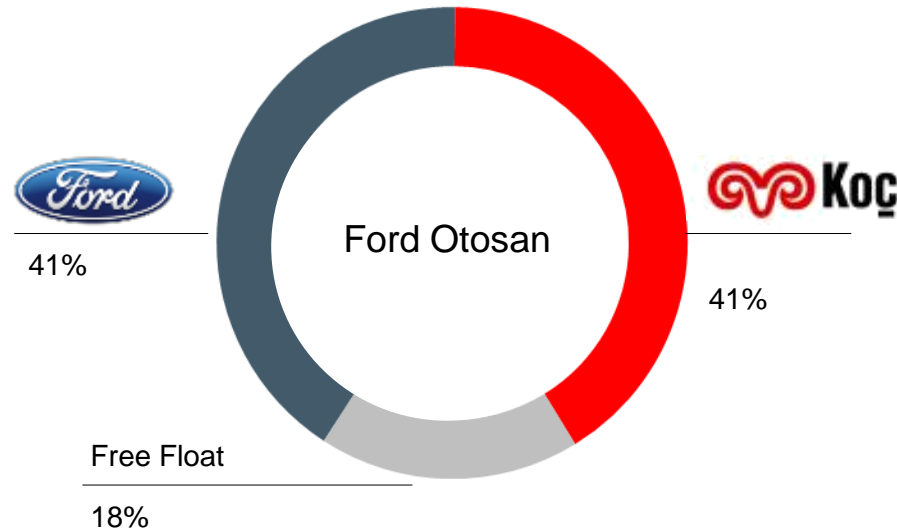
**Ford Otosan's dividend payments  
since 2004**



\* 853 million TL was paid as first dividend on April 1st, 2019.

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.

# Strong & Committed JV Partner Support



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 196,000 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).



# Large Distribution Network

- 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 107  
After-Sales 122

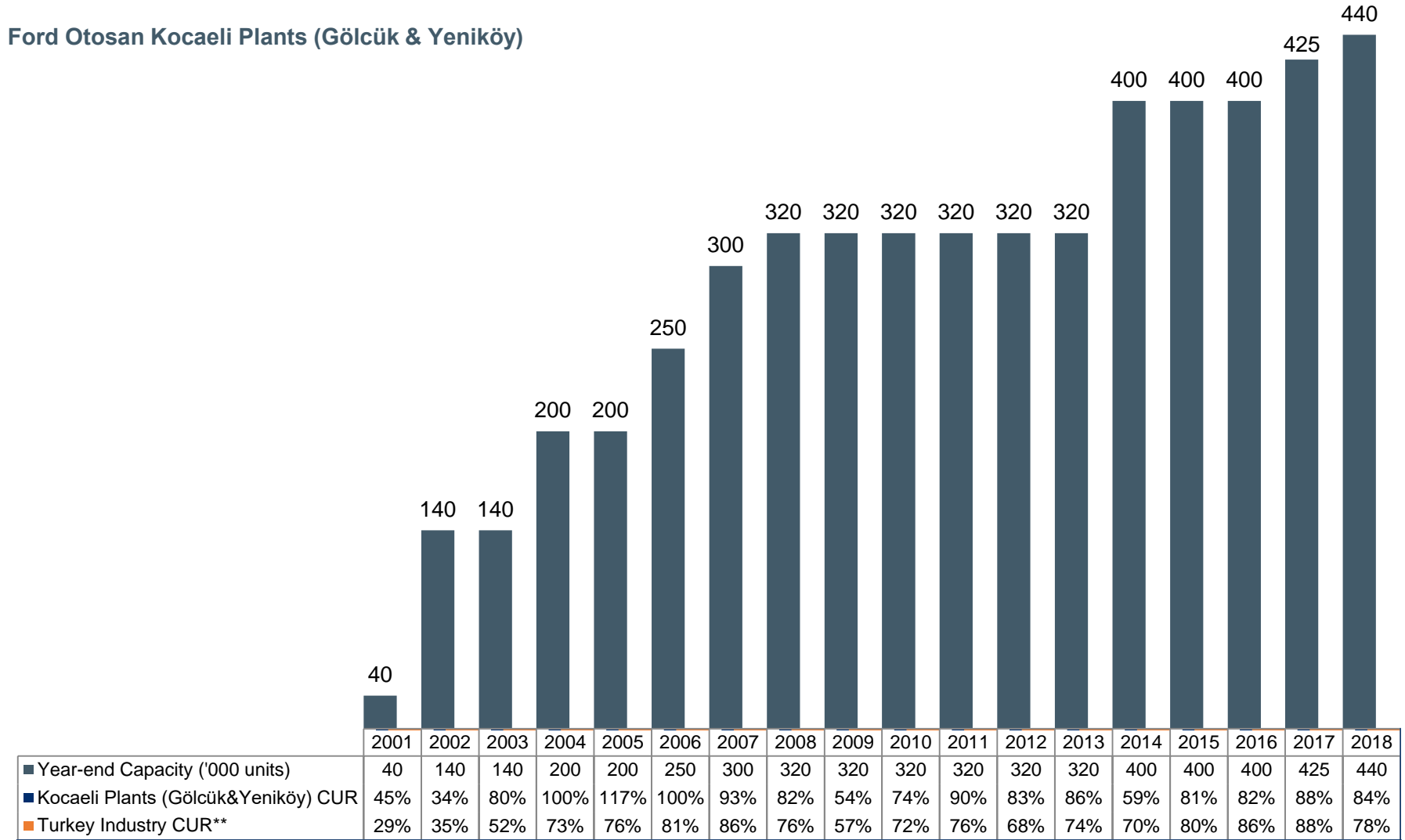


## Ford Trucks

Sales 26  
After-Sales 30

# Efficient Production Hub

## Ford Otosan Kocaeli Plants (Gölcük & Yeniköy)



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

\*\* Source: [www.osd.org.tr](http://www.osd.org.tr)

# 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.



## 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

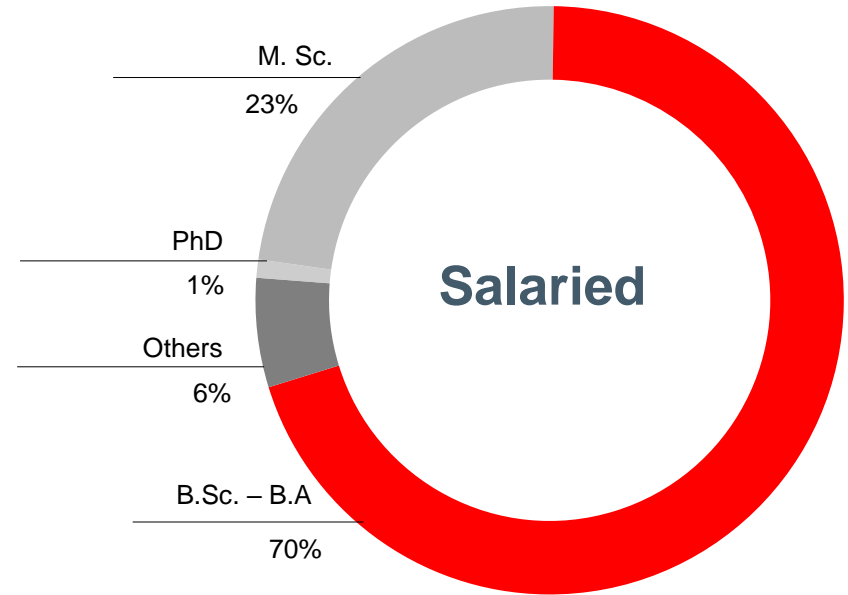
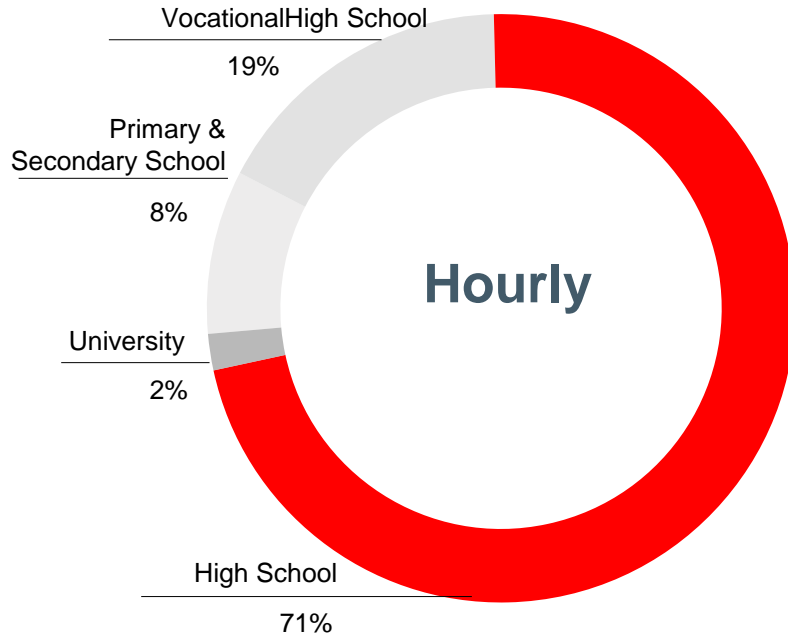


## İnönü Product Development

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

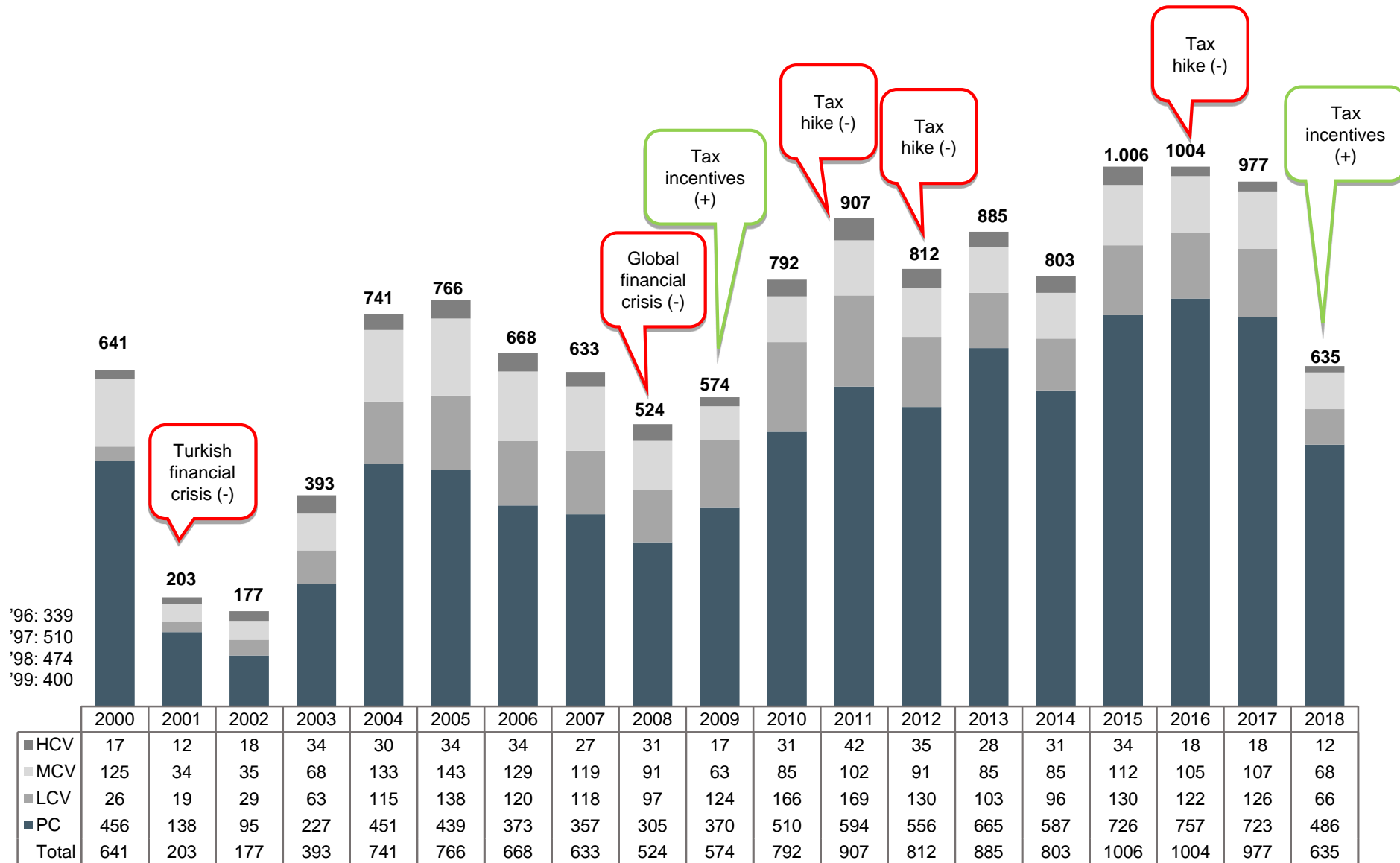


# Experienced and Skilled Workforce



# Operating & Financial Performance

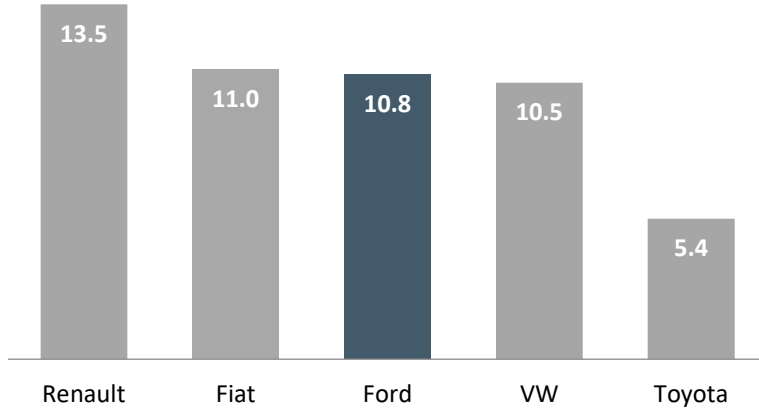
# Turkish Automotive Industry (000 units)



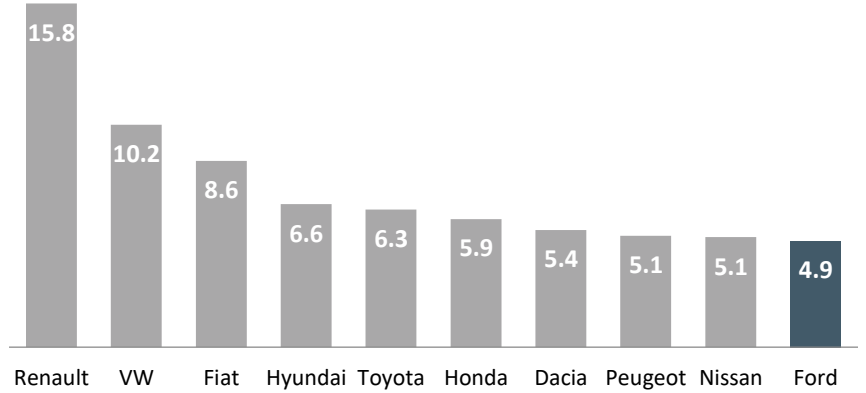
# Turkish Market Shares, 2018

## Total Industry

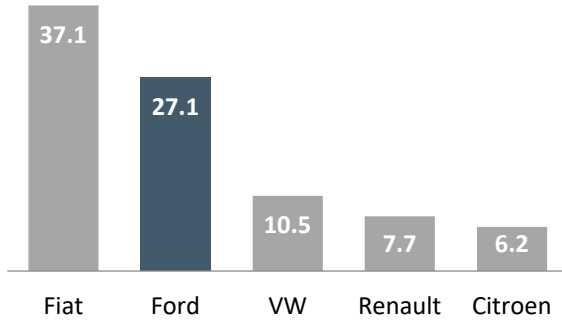
Ford's 4<sup>th</sup> largest market share in Europe



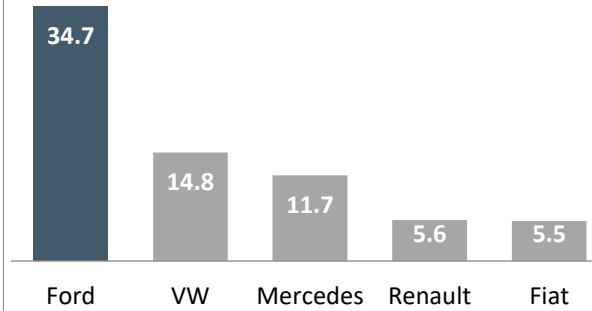
## Passenger Cars



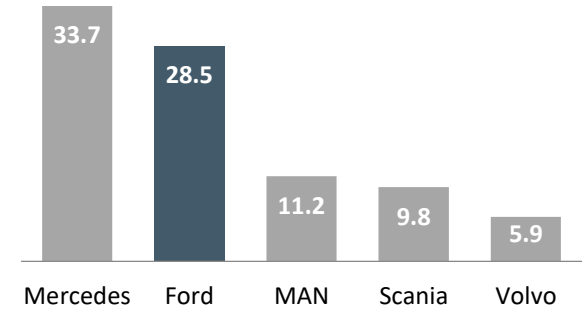
## Light Commercial Vehicles



## Medium Commercial Vehicles



## Heavy Trucks



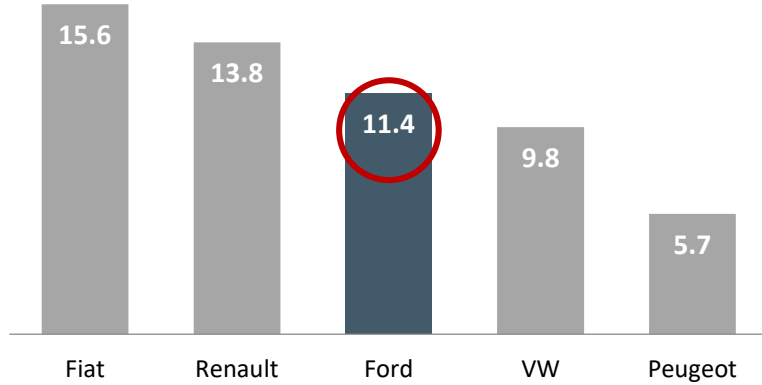
\* Courier and Connect

\*\* Transit, Custom & Ranger

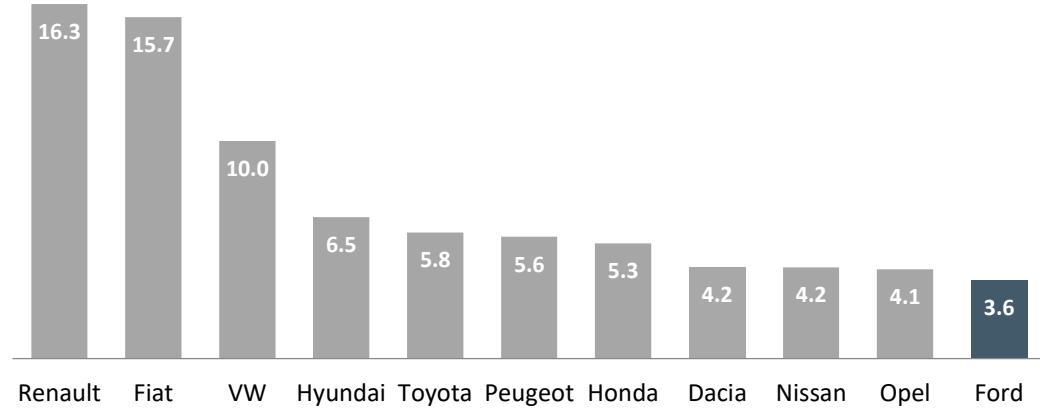
Source: ODD and TAID

# Turkish Market Shares, April 2019 (ytd), %

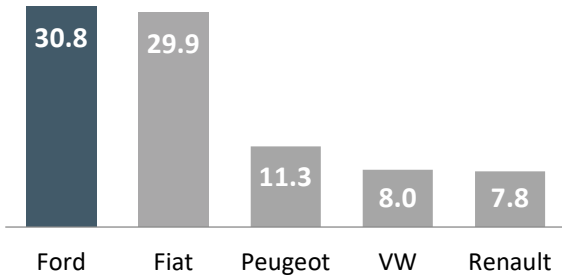
Total Industry



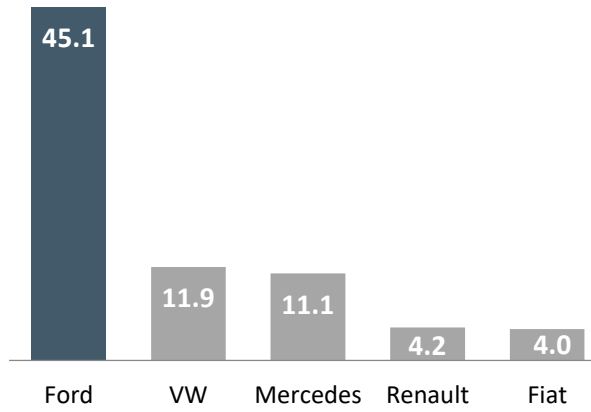
Passenger Cars



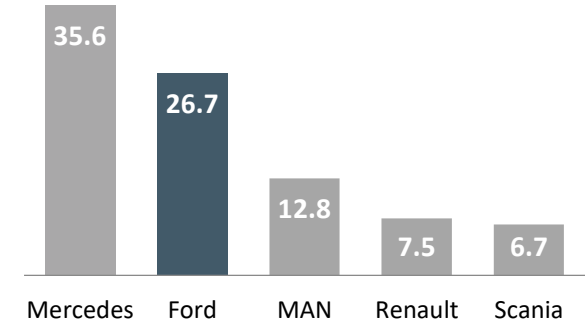
Light Commercial Vehicles



Medium Commercial Vehicles



Heavy Trucks



\* Courier and Connect

\*\* Transit, Custom & Ranger

Source: ODD and TAID



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

	Apr '19	Apr '18	YoY Change	Apr '19 YTD	Apr '18 YTD	YoY Change	Mar '19	MoM Change	2018
<b>PC</b>									
Ford Otosan	909	2.786	-67%	3.373	8.755	-61%	1.610	-44%	23.748
Industry	24.416	55.108	-56%	93.228	177.418	-47%	38.628	-37%	486.321
Share	3,7%	5,1%	-1.4	3,6%	4,9%	-1.3	4,2%	-0.5	4,9%
<b>LCV</b>									
Ford Otosan	1.040	1.742	-40%	3.956	6.583	-40%	1.755	-41%	17.999
Industry	3.361	7.156	-53%	12.863	25.587	-50%	5.430	-38%	66.448
Share	30,9%	24,3%	6.6	30,8%	25,7%	5.1	32,3%	-1.4	27,1%
<b>MCV</b>									
Ford Otosan	1.281	2.806	-54%	6.022	8.759	-31%	2.521	-49%	23.681
Industry	3.194	8.862	-64%	13.349	26.551	-50%	5.163	-38%	68.168
Share	40,1%	31,7%	8.4	45,1%	33,0%	12.1	48,8%	-8.7	34,7%
<b>Truck</b>									
Ford Otosan	196	474	-59%	541	1.729	-69%	175	12%	3.410
Industry	597	1.782	-66%	2.030	5.655	-64%	885	-33%	11.984
Share	32,8%	26,6%	6.2	26,7%	30,6%	4.1	19,8%	13.0	28,5%
<b>Total</b>									
Ford Otosan	3.426	7.808	-56%	13.892	25.829	-46%	6.061	-43%	68.838
Industry	31.650	73.091	-57%	121.698	235.943	-48%	50.190	-37%	634.540
Share	10,8%	10,7%	0.1	11,4%	10,9%	0.5	12,1%	-1.3	10,8%

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

# Monthly Production and Export Units

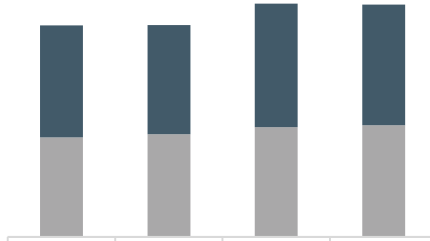
2019

**April 2019 YTD**

Production: 133,029

Export\*:120,978

Export/Production: 91%



	Jan	Feb	Mar	Apr
■ Production	32.013	31.194	35.304	34.518
■ Export	28.406	29.327	31.365	31.880
%	89%	94%	89%	92%

\*As reported to AMA

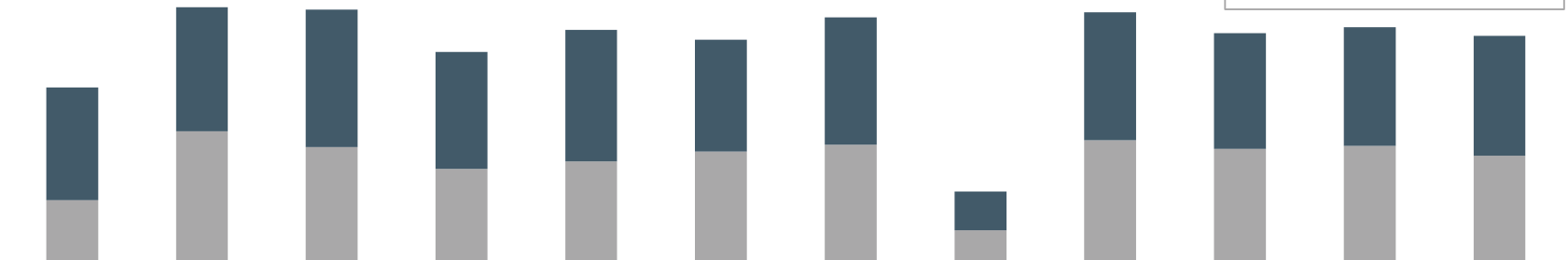
2018

**2018**

Production: 373,702

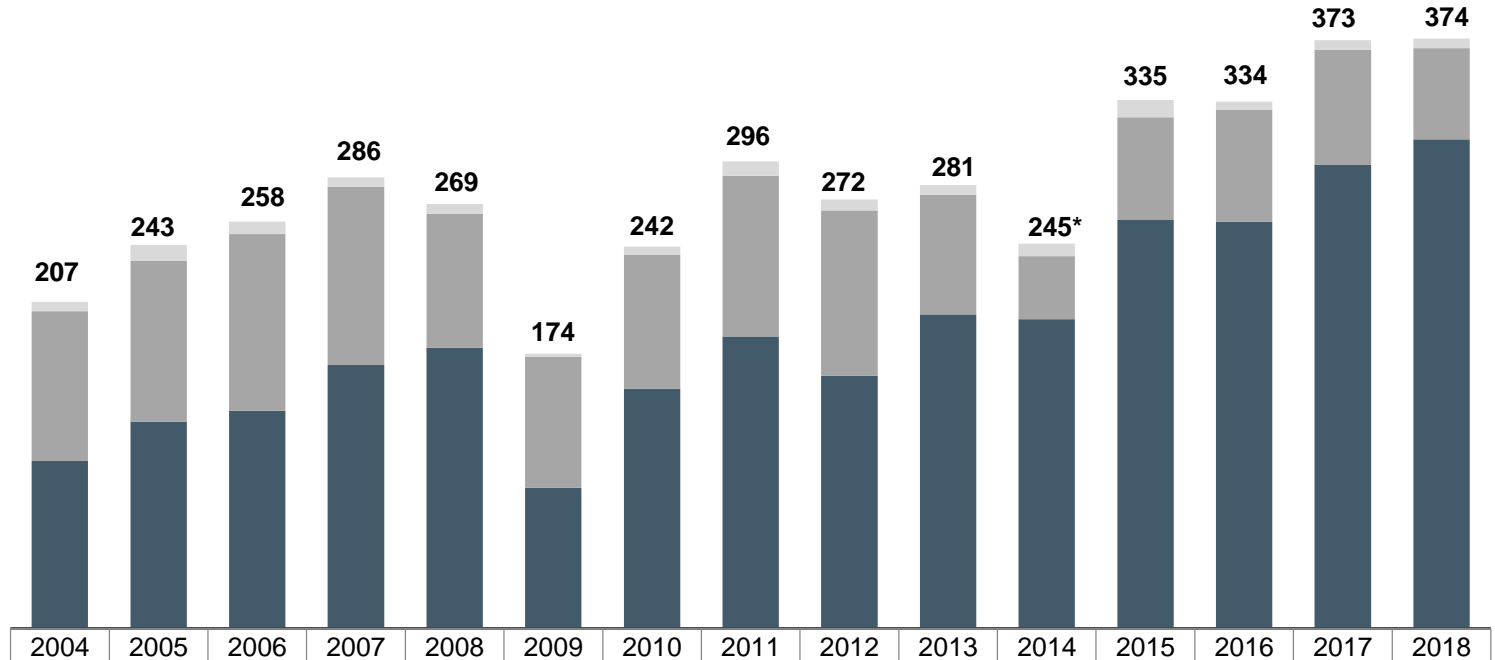
Export: 328,502

Export/Production: 88%



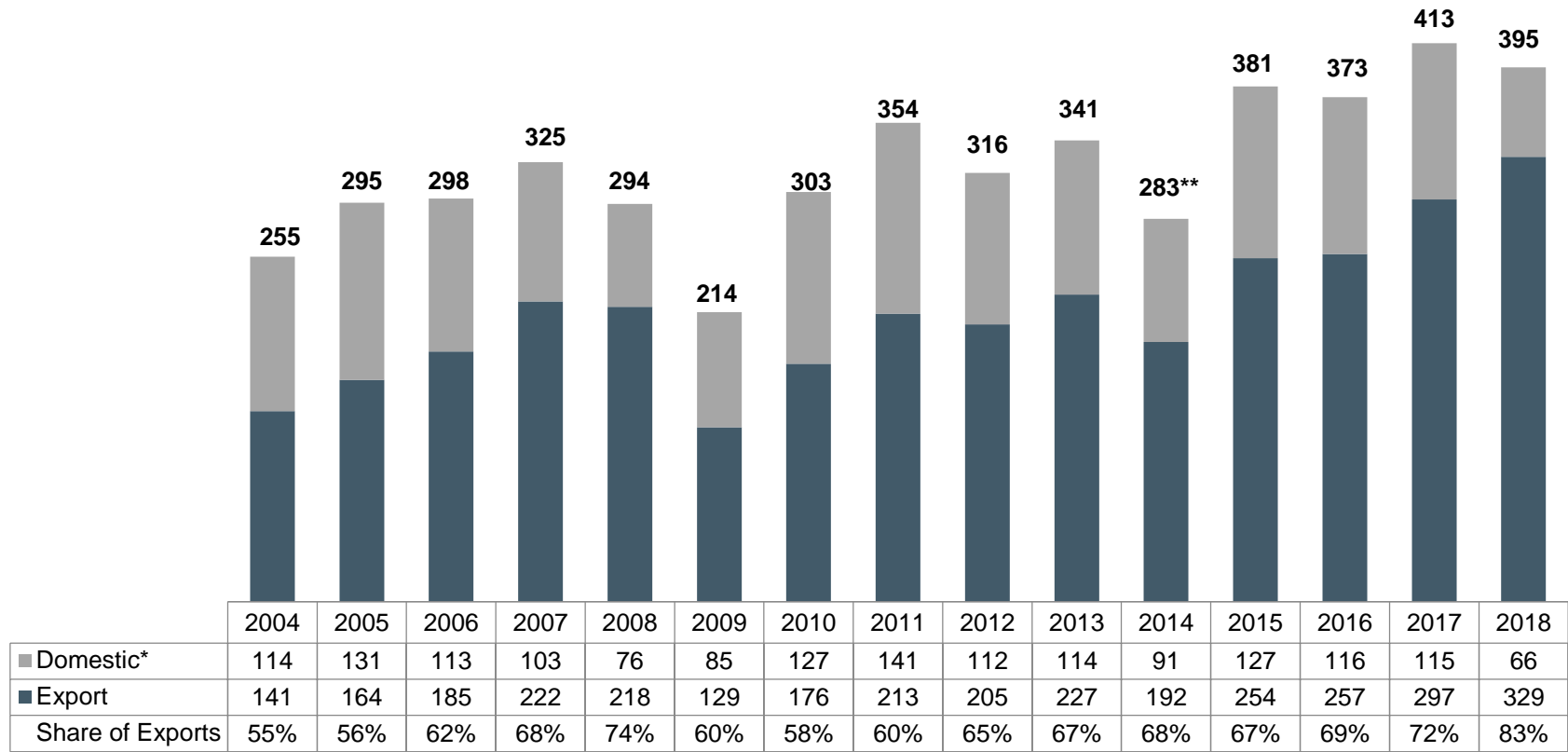
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
■ Production	30.480	33.536	37.184	31.625	35.540	30.236	34.348	10.540	34.563	31.255	32.050	32.345
■ Export	16.668	35.244	30.986	25.114	27.121	29.794	31.678	8.505	32.878	30.502	31.297	28.715
%	55%	105%	83%	79%	76%	99%	92%	81%	95%	98%	98%	89%

# Production Volume (000 units)



\*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.

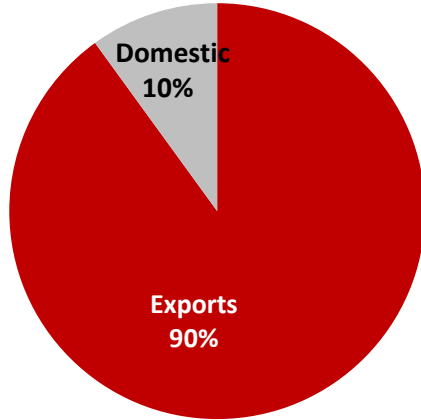
# Sales Volume by Model

	1Q19	1Q18	YoY%
<b>Total Domestic</b>	<b>10.441</b>	<b>19.162</b>	<b>-46%</b>
<b>PC</b>	<b>2.045</b>	<b>5.304</b>	<b>-61%</b>
<b>LCV</b>	<b>3.354</b>	<b>6.774</b>	<b>-50%</b>
Transit Courier	3.266	6.541	-50%
Transit Connect	88	233	-62%
<b>MCV</b>	<b>4.602</b>	<b>5.822</b>	<b>-21%</b>
Transit	3.130	4.469	-30%
Transit Custom	1.236	1.154	7%
Ranger	236	199	19%
<b>Truck</b>	<b>440</b>	<b>1.262</b>	<b>-65%</b>
<b>Total Export</b>	<b>89.193</b>	<b>83.068</b>	<b>7%</b>
Transit Custom	46.392	40.303	15%
Transit	32.521	30.046	8%
Transit Courier	9.715	12.290	-21%
Truck	543	369	47%
Other	22	60	-63%
<b>Total Wholesale</b>	<b>99.634</b>	<b>102.230</b>	<b>-3%</b>

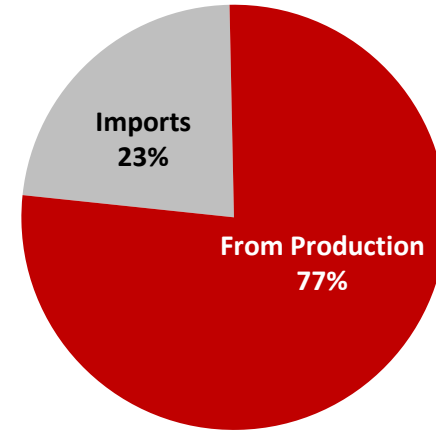
Record

# Sales Analysis, 1Q19 (units)

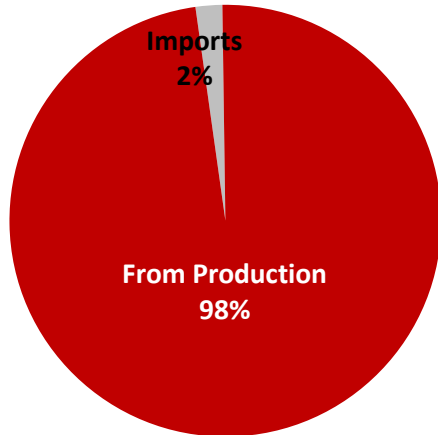
Total Sales



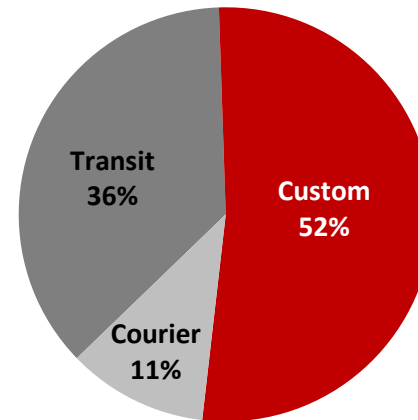
Domestic Sales



Total Sales



Exports by Model





# 1Q19 Financial Results

**TL 9,284 million**

**Revenues, +27% YoY**

- Robust export performance

**TL 781 million**

**EBITDA, +22% YoY**

- Strong OpEx control
- Cost reduction actions

**TL 8,141 million**

**Export Revenues, +42% YoY**

- Record volumes
- Currency impact

**TL 477 million**

**Profit Before Tax, +8% YoY**

- Pressure from 78% rise in net financial expenses driven by 83% more net fx loss due to prior period fx losses from cash flow hedge reserve.

**TL 1,143 million**

**Domestic Revenues, -26% YoY**

- 46% volume decline due to market contraction and profitability focus
- Pricing discipline and focus on high margin products limited further decline

**TL 478 million**

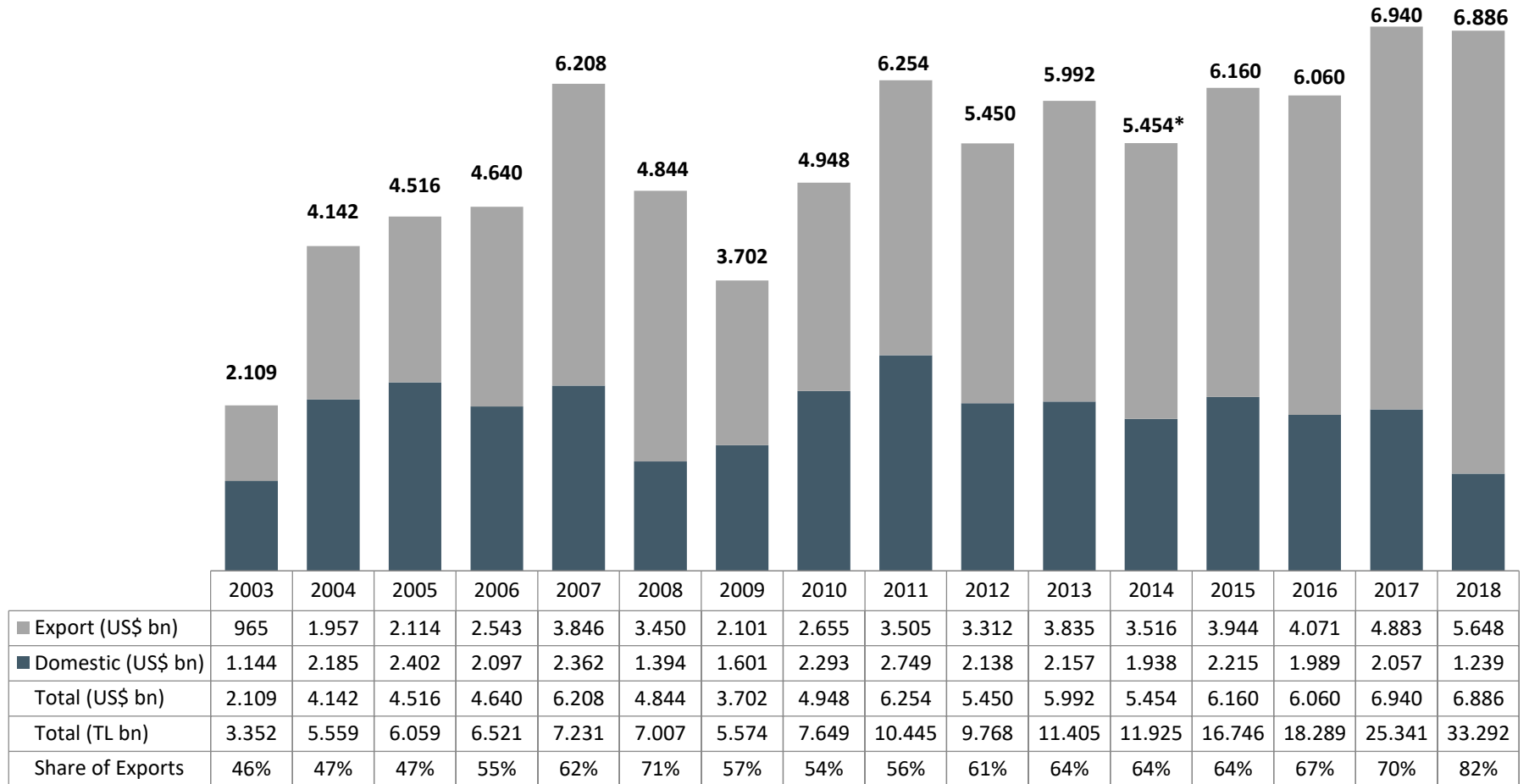
**Net Income, +11% YoY**

# Main Financial Indicators

Million TL	1Q19	1Q18	YoY %
Total Revenues	9.284	7.282	27%
Export	8.141	5.728	42%
Domestic	1.143	1.554	-26%
Gross Profit	944	757	25%
Operating Profit	603	513	18%
EBITDA	781	642	22%
Profit Before Tax	477	441	8%
Net Income	478	432	11%
<b>Other Financial Data</b>			
Depreciation & Amortization*	178	128	39%
Financial Income / (Expense)	-126	-71	78%

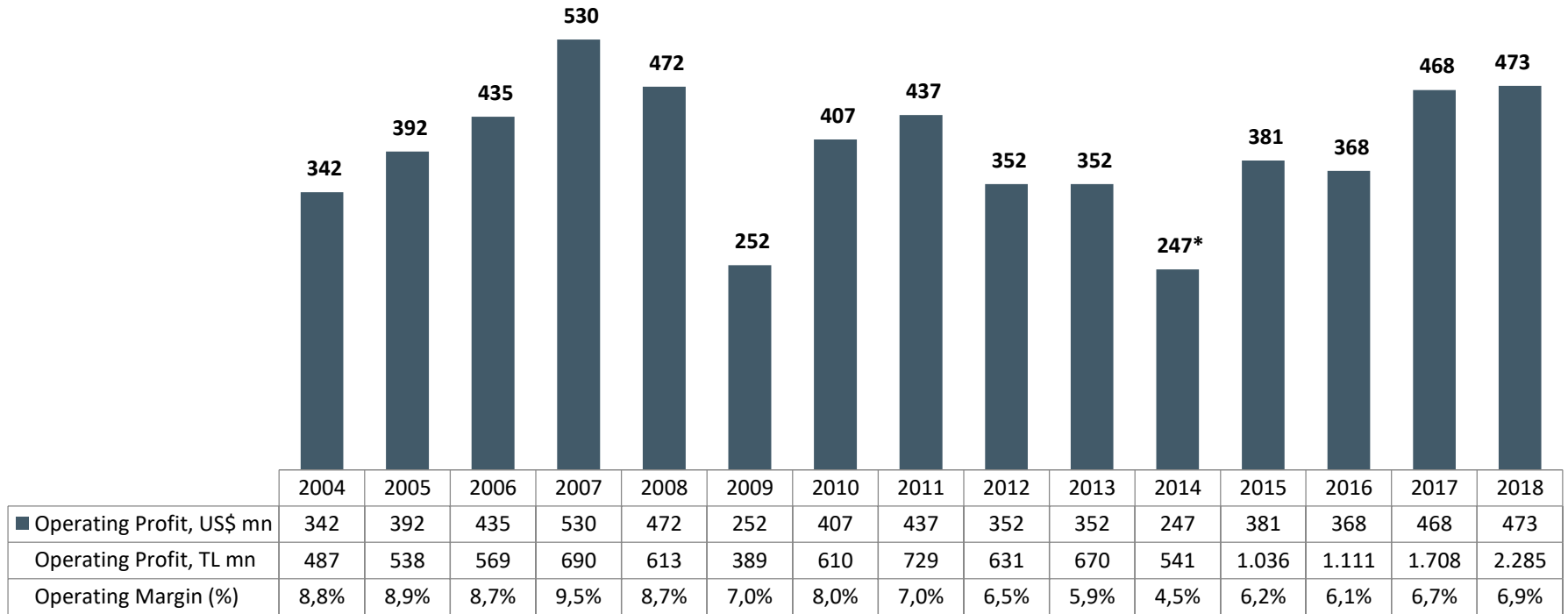
\*1Q19 numbers include TL 11 million impact from IFRS16 due to classification from manufacturing overhead and operating expenses to depreciation and amortization. Please refer to footnotes 2,10,11,33 of the financial statements for further details.

# Revenues - Domestic & Export



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

# Operating Profit and Margin



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

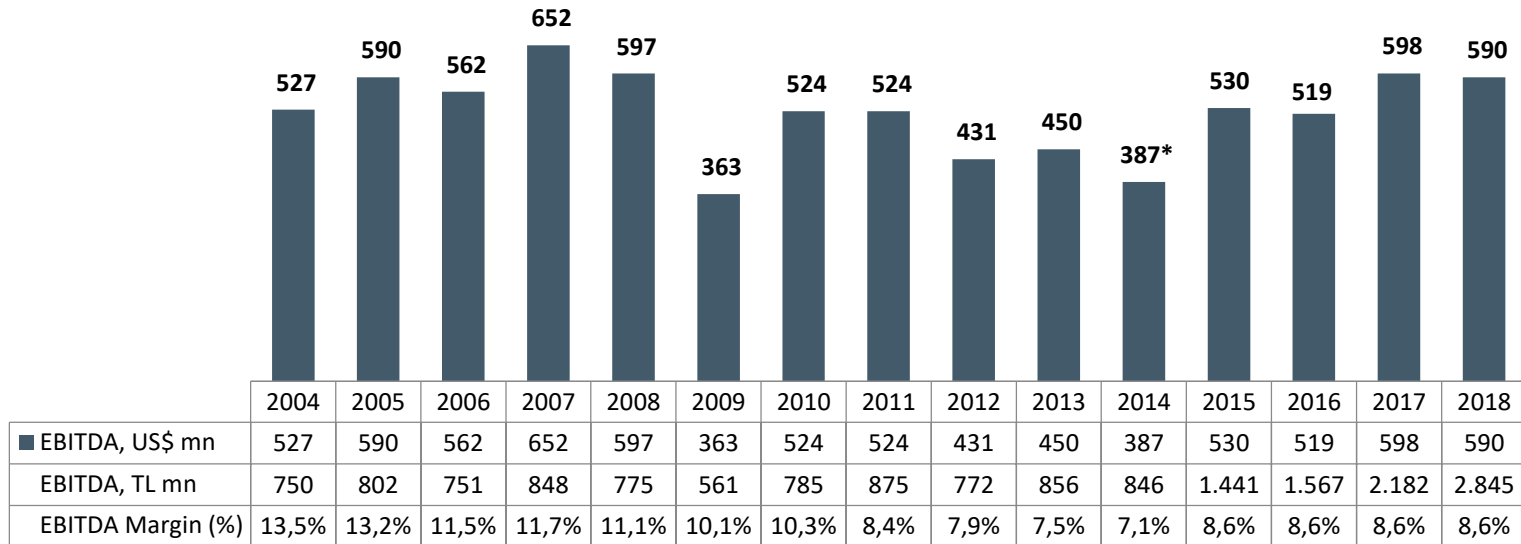
# EBITDA and EBITDA Margin

## 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:

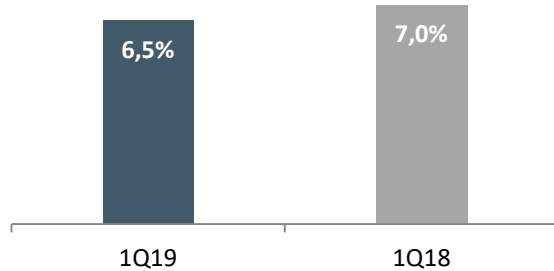
- Changing business mix
- Highly competitive domestic pricing landscape
- Industry shift towards PC = Less favorable sales mix
- Aged product portfolio
- TL volatility causing higher import costs and financial expenses



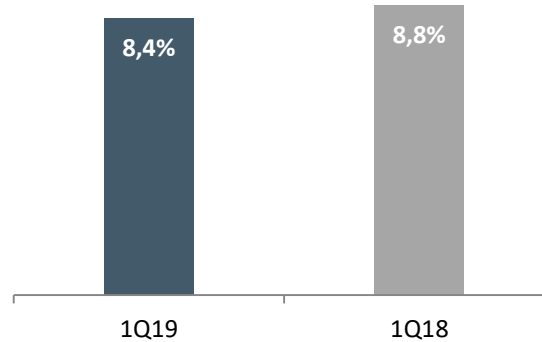
\*2014 numbers reflect the transition to new product range and relevant ramp-up period.

# 1Q19 Margins

## Operating Margin



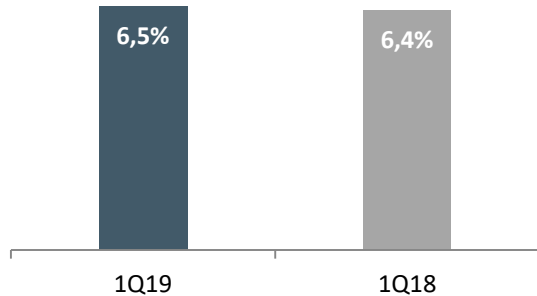
## EBITDA Margin



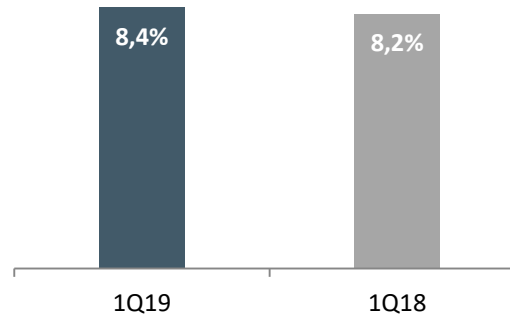
### Drivers:

- + Rising export demand
- + Cost reduction actions
- + Strong OpEx control
- + Pricing discipline

## Operating Margin (excl. Other items)



## EBITDA Margin (excl. Other items)



### Challenges:

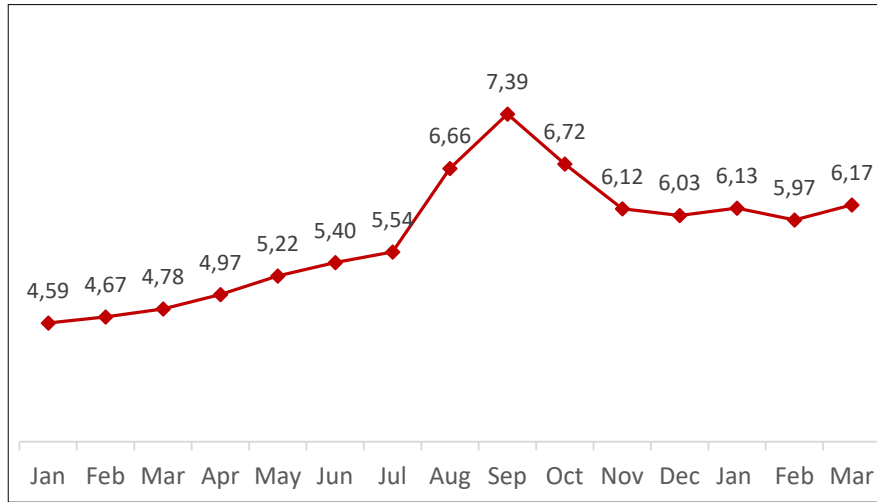
- Considerable cost pressure resulting from weaker €/TL (+30% YoY) and high inflation
- Contracting domestic volumes due to domestic market decline



# Ongoing Cost Pressure

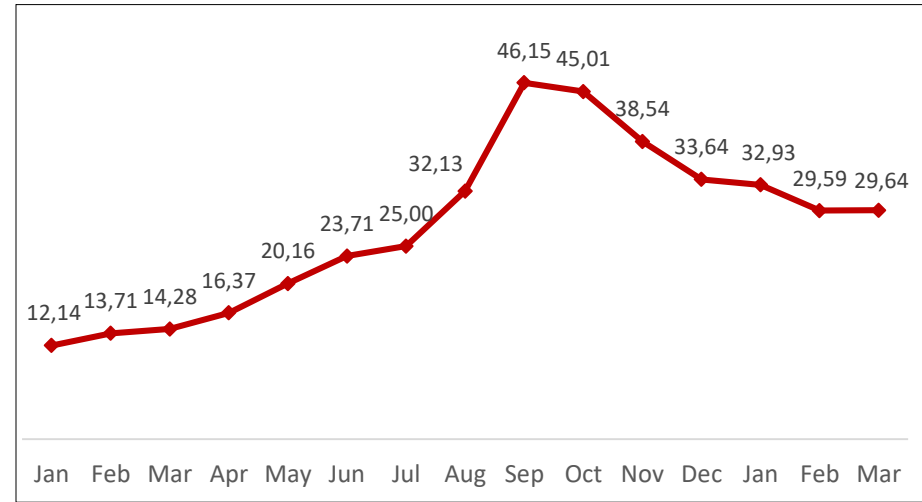
YoY change	1Q19/1Q18	2018/2017
Production Volume	-3%	0%
Raw Material Costs	28%	40%
€ / TL Average	30%	38%

EUR/TL Rate, Average



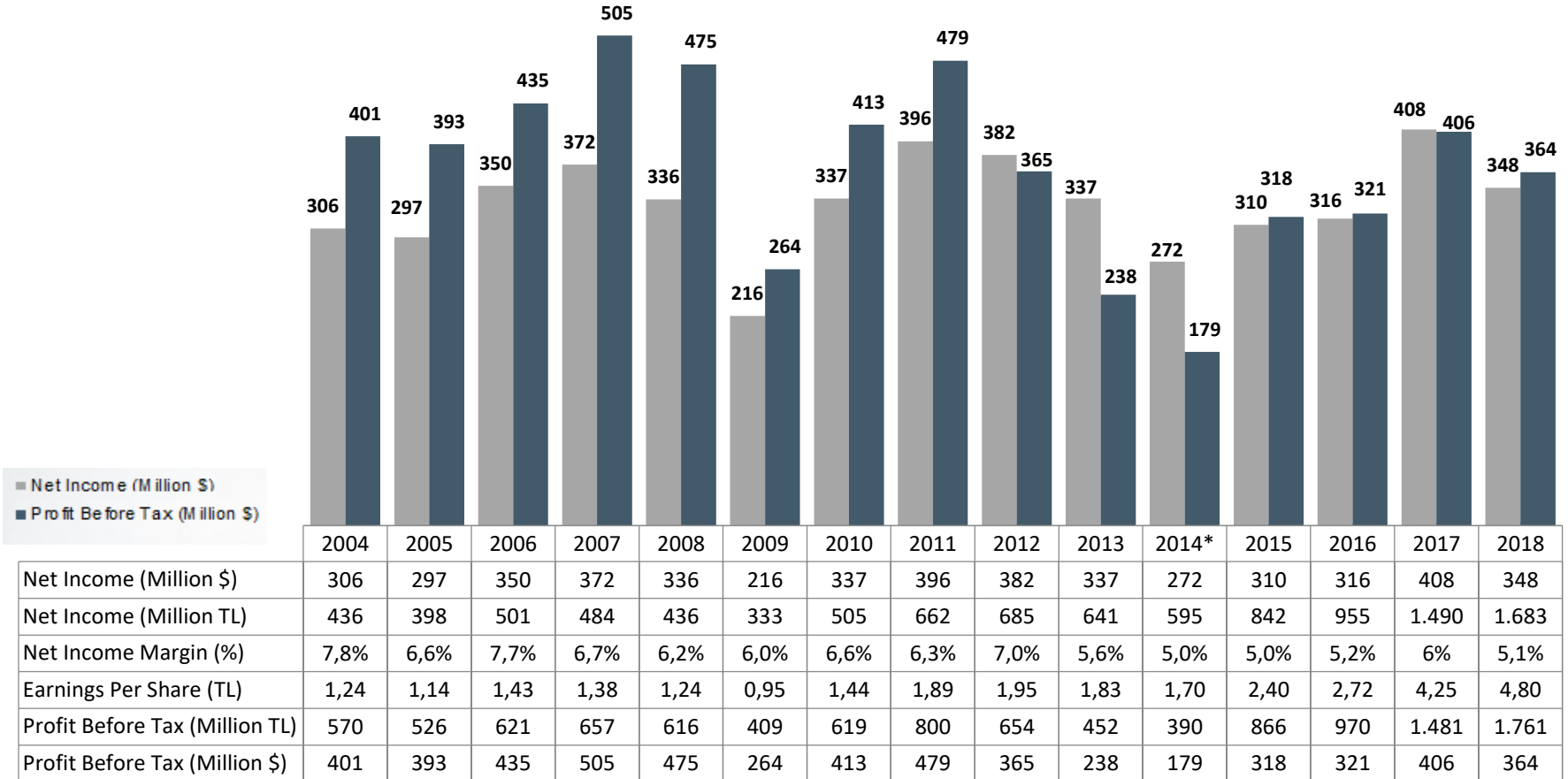
Source: CBT

PPI Inflation. %



Source: CBT

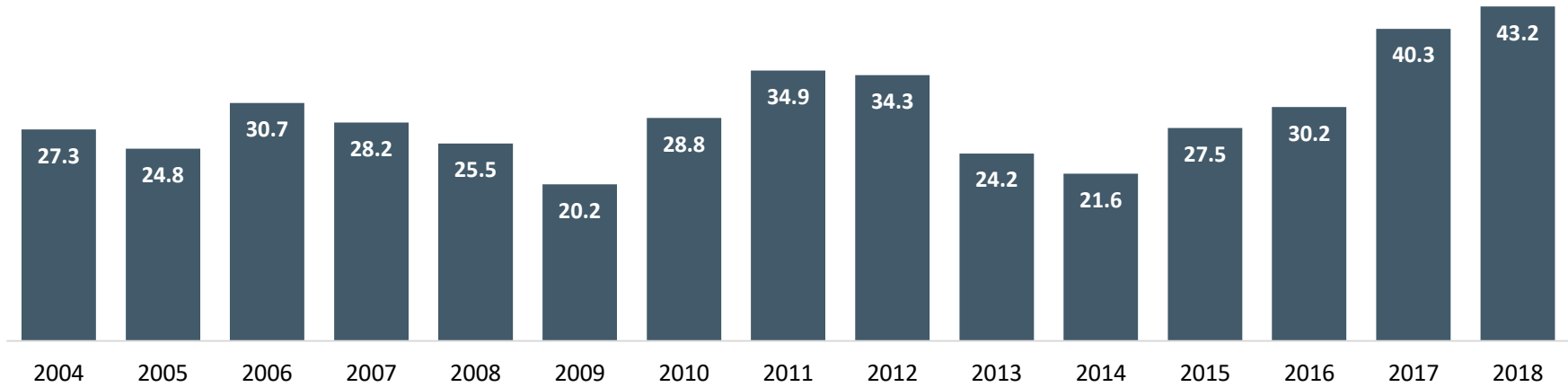
# PBT & Net Income



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

Deferred tax asset resulted in higher net income than PBT in certain years.

# Return on Equity, %



\*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  
€100 million credit commitment & €120 million factoring agreements for potential needs  
Net debt as of 1Q19 is TL 3,2 billion

## FX Risk

Excess cash is invested in hard currencies to minimize fx exposure  
Natural hedge against volatility due to fx-denominated export revenues: 88% of revenues  
Ford Otosan is a net exporter: US\$ 4.9 billion in the last 5 years (2012-2017)

## Capital Risk

Net Financial Debt/EBITDA is monitored as a management criteria; capped at 3.5x.  
(EBITDA is calculated on a rolling basis of the last four quarters.)

# Debt Profile & Financial Ratios

Cash Position (TL mn)	31.03.2019	31.12.2018
Cash & Cash Equivalents	2.105	1.393
Total Financial Debt	-5.234	-4.483
Net Financial Debt	-3.129	-3.090
Financial Ratios	31.03.2019	31.12.2018
Current ratio	0,97	1,02
Liquidity ratio	0,62	0,64
Net Debt / Tangible Net Worth	1,21	1,01
Net Debt / EBITDA*	1,08	1,08
Current Assets / Total Assets	0,60	0,56
Current Liabilities / Total Liabilities	0,81	0,78
Total Liabilities / Total Liabilities and Equity	0,77	0,77
Return on Equity	54,8%	43,2%
Margins	31.03.2019	31.03.2018
Gross Margin	10,2%	10,4%
EBITDA Margin	8,4%	8,8%
EBITDA Margin (excl.other items)	8,4%	8,2%
Operating Margin	6,5%	7,0%
Net Margin	5,1%	5,9%

\* Capped at 3.5x. EBITDA is calculated on a rolling 4-quarter basis.

# 2019 Guidance

Ford Otosan provides guidance 4 times a year as part of quarterly financial statements.  
Guidance updated in April 2019 with 1Q19 results. Next update will be in August 2019 as part of 2Q19 results.

	2018A	2019F
Turkish Industry Volume	635 K	380 K – 430 K
Ford Otosan Retail Sales Volume	69 K	40 K – 50 K
Exports	329 K	340 K – 350 K
Wholesale Volume	395 K	380 K – 400 K
Production Volume	374 K	375 K – 385 K
Capex (fixed assets)	€ 166 mn	€160 – 180 mn



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## Burak Çekmece

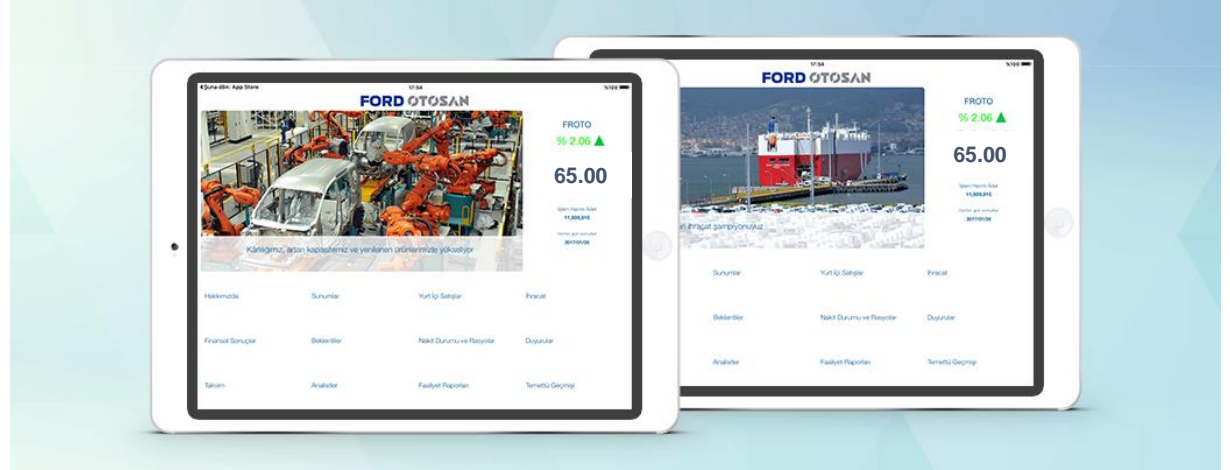
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## Investor Relations App



iPhone/iPad için,



Android cihazlar için,



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