

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	5.395	29%
Export Revenues	4.262	38%
Domestic Revenues	1.133	4%
Operating Profit	330	39%
EBITDA	448	29%
Profit Before Tax	280	33%
Net Income	272	34%
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>
Total Wholesale Volume	93.993	Flat
Export Volume	75.799	6%
Domestic Wholesale Volume	18.194	-18%
Domestic Retail Volume	18.785	-12%
Market Share	11,8%	-0,6 pps
Production	89.501	1%
Capacity Utilization Rate	86%	Flat

1Q17 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS).

Summary Income Statement, Million TL	31.03.2017	31.03.2016	% Change
Revenues	5.395	4.185	29%
Export	4.262	3.094	38%
Domestic	1.133	1.092	4%
Gross Profit	552	465	19%
Operating Profit	330	237	39%
Financial Income/(Expense)	-51	-26	95%
Profit Before Tax	280	210	33%
Net Income	272	203	34%
Other Financial Data			
Depreciation and Amortization	118	110	7%
EBITDA	448	347	29%
Capital Expenditures	-160	-102	57%

Revenues

Total sales in the Turkish auto industry contracted 8% YoY in the first quarter to 159,233 units. PC (down 9% YoY), MCV (down 6% YoY), and Truck (down 19% YoY) sales declined. LCV sales increased by 4% YoY. PC share in the total industry was 73%, down from 74% a year ago. LCV industry share was 13%, up from 11% in 1Q16. Ford Otosan took third place in the industry with 18,785 units and 11.8% market share.

Domestic revenues were TL 1,133 million, up 4% YoY despite the 18% volume contraction thanks to pricing strategy and positive sales mix. Domestic wholesale volumes were 18,194 units, with high base year in LCVs (fleet sales), profitability focus in PCs and market contraction. Export revenues rose 38% YoY and reached TL 4,262 million. Export volumes grew 6% YoY to 75,799 units, highest 1Q on record, with growth in the European van segment and ongoing strong demand for our products. Ford continued to rank as Europe's No.1 commercial vehicle brand in 1Q with 13.9% market share. Total revenues were up 29% YoY to TL 5,395 million on the back of 93,993 units (+0.4% YoY). The share of exports in total revenues was 79%, up from 74% in 1Q16.

Production increased by 1% YoY to 89,501 units, yielding 86% capacity utilization rate.

Profitability

Profitability was strong in 1Q despite 1- Rising import costs resulting from weaker TL/€ (3.94 in 1Q17 versus 3.25 in 1Q16), 2- Lower domestic volumes and 3- Higher commodity prices. Drivers were:

- + Pricing focus to offset the impact of TL devaluation & volatility
- + Positive domestic sales mix: Share of import vehicles was down to 30% in 1Q17 from 35% in 1Q16; share of high margin products (MCV+Truck) was up from 34% in 1Q16 to 41% in 1Q17.
- + High CUR (86% in 1Q17)
- + Cost reduction actions

Gross profit was up by 19% YoY to TL 552 million. Operating profit grew by 39% YoY to TL 330 million. TL 15 million net other expense reported in 1Q16 (driven by TL 14 million net fx loss) turned positive this quarter with TL 11 million net other income (driven by TL 6 million net fx gains), supporting the operating profit. EBITDA grew by 29% YoY to TL 448 million. Despite the %95 increase net financial expenses due to the 179% rise in net fx loss, profit before tax rose by 33% YoY to TL 280 million. Net income was booked as TL 272 million, up 34% YoY.

Margins: Gross 10.2% (down 90 bps YoY); EBITDA 8.3% (flat YoY); EBITDA excluding other income 8.1% (down 60 bps YoY); Operating 6.1% (up 40 bps YoY); and Net 5.0% (up 10 bps YoY).

Sales Volume by Model, units	31.03.2017	31.03.2016	% Change
Domestic Sales	18.194	22.096	-18%
Passenger Car	4.561	7.259	-37%
Transit Courier	5.796	6.773	-14%
Transit Connect	427	532	-20%
Light Commercial Vehicle	6.223	7.305	-15%
Transit	4.903	5.313	-8%
Transit Custom	1.202	1.277	-6%
Ranger	526	26	1923%
Medium Commercial Vehicle	6.631	6.616	0%
Truck	779	916	-15%
Export Sales	75.799	71.547	6%
Transit Custom	39.662	34.305	16%
Transit	26.387	27.888	-5%
Transit Courier	9.342	9.083	3%
Cargo	164	135	21%
Other	244	136	79%
Total Wholesale Volume	93.993	93.643	0%

Total Domestic Automotive Industry	159.233	172.322	-8%
Ford Otosan Retail Sales	18.785	21.328	-12%
Ford Otosan Market Share	11,8%	12,4%	-0,6 pps

Summary Balance Sheet, Million TL	31.03.2017	31.12.2016	% Change
Current Assets	5.285	4.676	13%
Current Liabilities	5.196	4.308	21%
Property, Plant and Equipment - Net	3.262	3.303	-1%
Total Assets	9.947	9.286	7%
Total Liabilities	6.973	6.123	14%
Shareholders' Equity	2.974	3.164	-6%

Financial Ratios		
	31.03.2017	31.12.2016
Current Ratio	1,02	1,09
Liquidity Ratio	0,73	0,79
Net Financial Debt / Tangible Net Worth	0,71	0,64
Current Assets / Total Assets	0,53	0,50
Current Liabilities / Total Liabilities	0,75	0,70
Total Liabilities / Total Liabilities and Equity	0,70	0,66
Return on Equity	36,6%	30,2%
	31.03.2017	31.03.2016
Gross Margin	10,2%	11,1%
EBITDA Margin	8,3%	8,3%
EBITDA Margin excluding other income/expense	8,1%	8,7%
Operating Margin	6,1%	5,7%
Net Income Margin	5,0%	4,9%

Summary Cash Flow Statement, Million TL	31.03.2017	31.03.2016	% Change
Beginning Balance of Cash & Equivalents	1.189	980	21%
Net Cash Generated from Operating Activities	257	-140	-283%
Net Cash Used in Investing Activities	-149	-95	56%
Net Cash Used in Financing Activities	66	293	-77%
End of Period Balance of Cash & Equivalents	1.364	1.038	31%

2017 Guidance	
Total Industry Volume	850K - 900K
Ford Otosan:	
Retail Sales Volume	105K - 115K
Export Volume	280K - 290K
Wholesale Volume	385K - 405K
Production Volume	345K - 355K
Capex (fixed assets)	€180-200 million

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