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# FORD OTOSAN



## Investor Presentation

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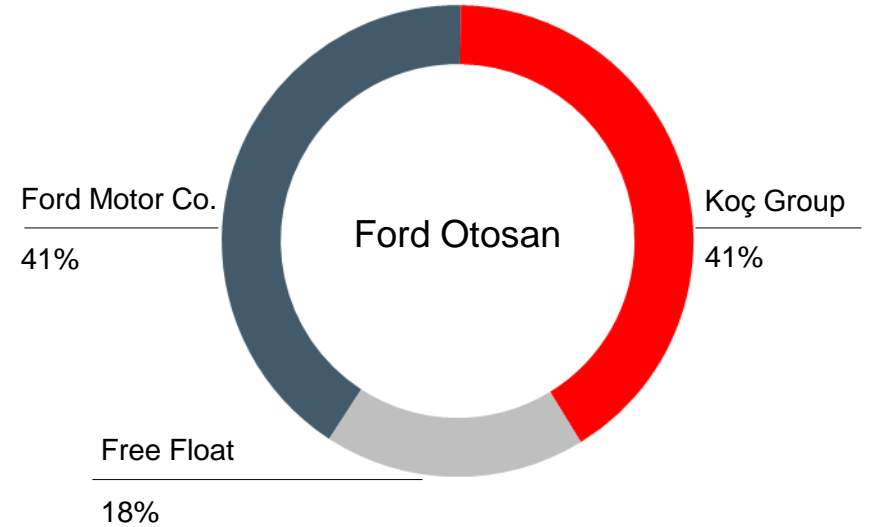
September 2017

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# About Ford Otosan

# Company Profile

Key Indicators, 2016	
Revenues	\$6.1 billion
Export Revenues	\$3.8 billion
EBITDA	\$519 million
Profit Before Tax	\$321 million
Net Profit	\$317 million
ROE	30.2%
EBITDA margin	8.6%
Annual Production Capacity	415,000
Gölcük (Transit & Custom)	290,000
Yeniköy (Courier)	110,000
İnönü (Cargo)	15,000
Total Employees	10,261
Blue Collar	7,561
White Collar	2,700



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

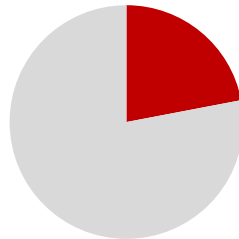
**First** Turkish passenger car Anadol (1966)  
 Turkey's **first** domestic diesel engine Erk (1986)  
 Turkey's **first** private R&D center in automotive (1961)  
**First** export of Turkish automotive to the US (2009)

## Strong value contribution

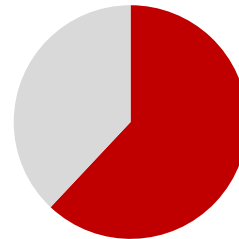
Turkey's **export leader**  
 Turkey's **2<sup>nd</sup> largest** industrial enterprise  
**Highest** employment in Turkish automotive

## Leadership and scale

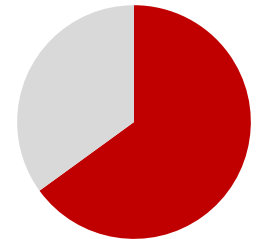
**Market leader** in Turkish commercial vehicle industry with 30% share  
**Widest** product range in Turkish automotive  
**Highest** installed production capacity in Turkish automotive



**22%** of Turkey's total automotive production



**62%** of Turkey's total commercial vehicle production



**65%** of Turkey's total commercial vehicle exports

## Robust sales performance

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

Among Ford's **top 3 markets in Europe** (Britain, Turkey, Hungary, Ireland, Romania)

## Leading manufacturing hub

**Lead** manufacturing plant of Ford Transit globally

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

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

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

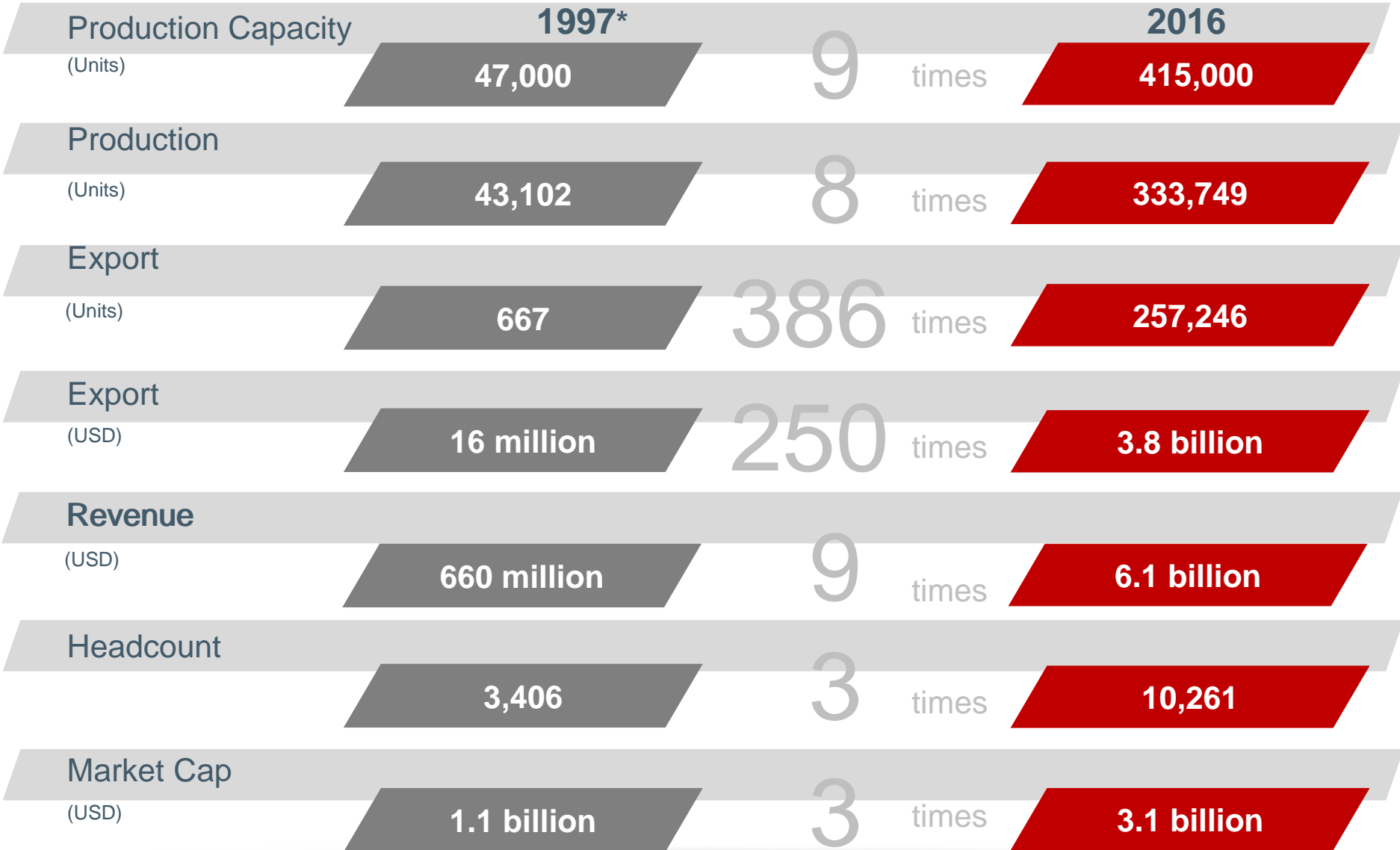
## Engineering and R&D power

**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



# Vision, Mission And Strategy

## Vision

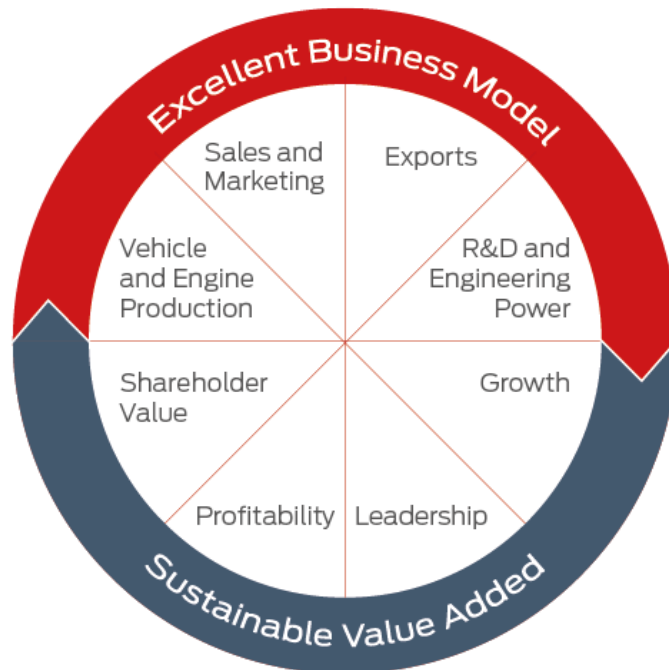
Being Turkey's most valuable and most preferred industrial company.

## 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 140k-160k



Custom 130k-150k



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



290,000 units manufacturing capacity

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



**UTAC**  
GROUPE UTAC CERAM

ISO 14001  
BUREAU VERITAS  
Certification



ISO 14064-1  
BUREAU VERITAS  
Certification



OHSAS 18001  
BUREAU VERITAS  
Certification



ISO 50001  
BUREAU VERITAS  
Certification



Cargo 15k

Opened in 1982

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

80k units engine, 140k units powertrain production capacity

- 12.7L / 9.0L E6 Diesel engines for Cargo heavy truck
- 2.2L 4-cyl. Duratorq TDCI 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
- ~ 9 million units produced globally since its launch in 1965
- 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 47.

# 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 47.

# Ford Courier

- Ford's first vehicle in the compact van segment
- 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 47.

# 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



## 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

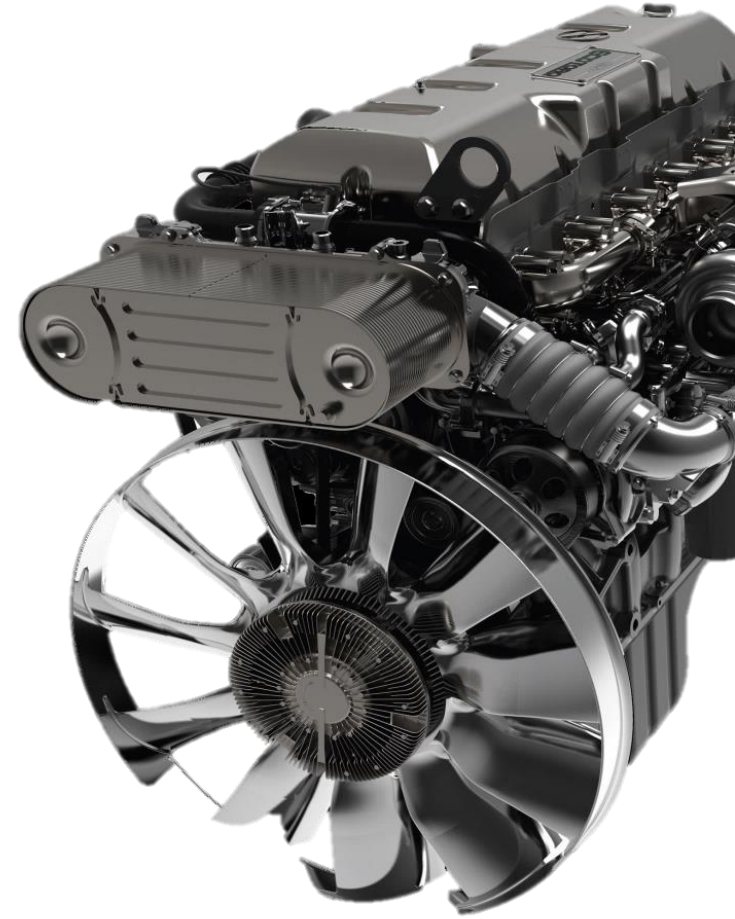
Construction  
Trucks



Market share details available on page 47.

# 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



# The Newest & Widest Portfolio in the Industry



# Investment Case

# Ford Otosan's Value Proposition

## Scale & growth

**Industry leader** in domestic commercial vehicle sales  
**Turkey's export champion and largest 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  
**Rising volumes and profitability** driven by new products  
**Natural hedge** of fx-payables due to fx-denominated export revenues

## Shareholder value creation

**Dividend growth** with surging FCF  
**Strong** relative share performance  
 Commitment to good **corporate governance**

# Relatively Favorable Taxes on Commercial Vehicles

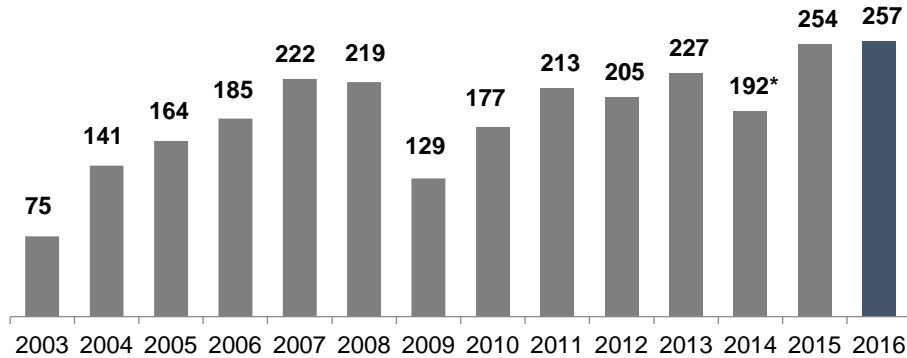
Passenger Cars					Commercial Vehicles			
Engine Size	Base Price (TL)	SCT	VAT	Total	Model	SCT	VAT	Total
<1.6 lt	<40,000	45%	18%	<b>71%</b>	Transit Van Transit Minibus (16+1) (17+1) Transit Chassis Cab Transit Custom Van Transit Courier Van Connect Van Ranger	4%	18%	<b>23%</b>
	40,000-70,000	50%	18%	<b>77%</b>				
	>70,000	60%	18%	<b>89%</b>				
1.6-2.0 lt	<100,000	100%	18%	<b>136%</b>				
	>100,000	110%	18%	<b>148%</b>				
> 2.0 lt		160%	18%	<b>207%</b>	Transit Minibus (11+1) (14+1)	9%	18%	<b>29%</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)

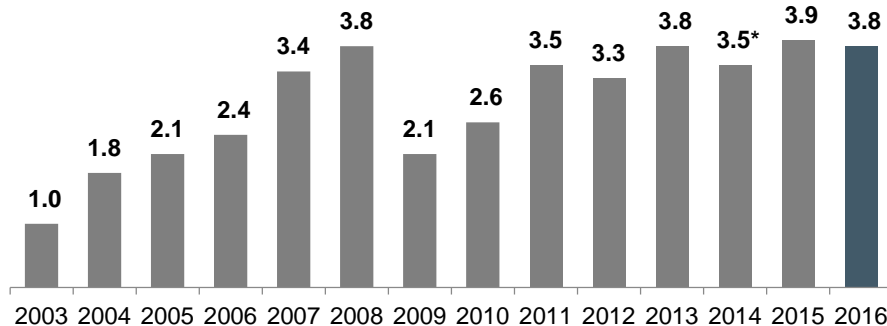


All export revenues are €-denominated, including non-€ countries

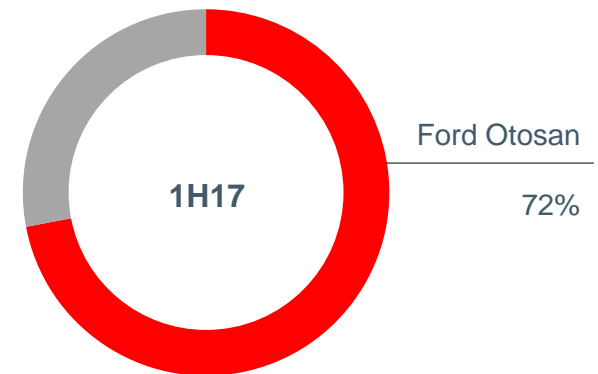
Export receivables are easy to manage as Ford of Europe is the **single counterparty**

**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.

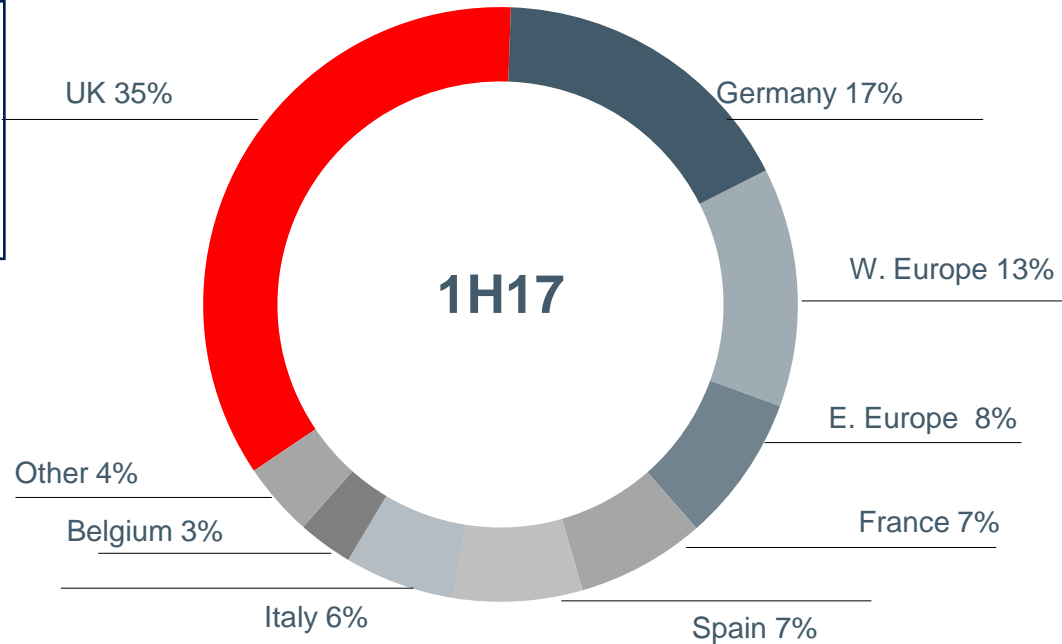
# Turkey's Export Champion

## Export breakdown (units)

UK Industry: -3.7%  
 Ford: +0.5%

**Ford is #1**

Source: SMMT



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	1Q17	6M17	Aug '17	YTD
UK	18.7%	15.6%	1.0%	-0.9%	-3.7%	1.5%	-2.8%
Germany	7.3%	4.2%	8.5%	8.9%	3.3%	-3.1%	2.7%
Italy	16.4%	12.4%	50.0%	9.4%	6.5%	-23.3%	0.1%
Spain	33.2%	36.1%	11.2%	23.6%	16.3%	21.6%	17.1%
France	1.5%	2.0%	8.2%	10.2%	6.4%	16.1%	8.0%
<b>Total</b>	<b>11.3%</b>	<b>11.6%</b>	<b>11.9%</b>	<b>8.1%</b>	<b>4.7%</b>	<b>0.1%</b>	<b>4.3%</b>

August registrations: 123,568 units

Jan-Aug registrations: 1,290,075 units

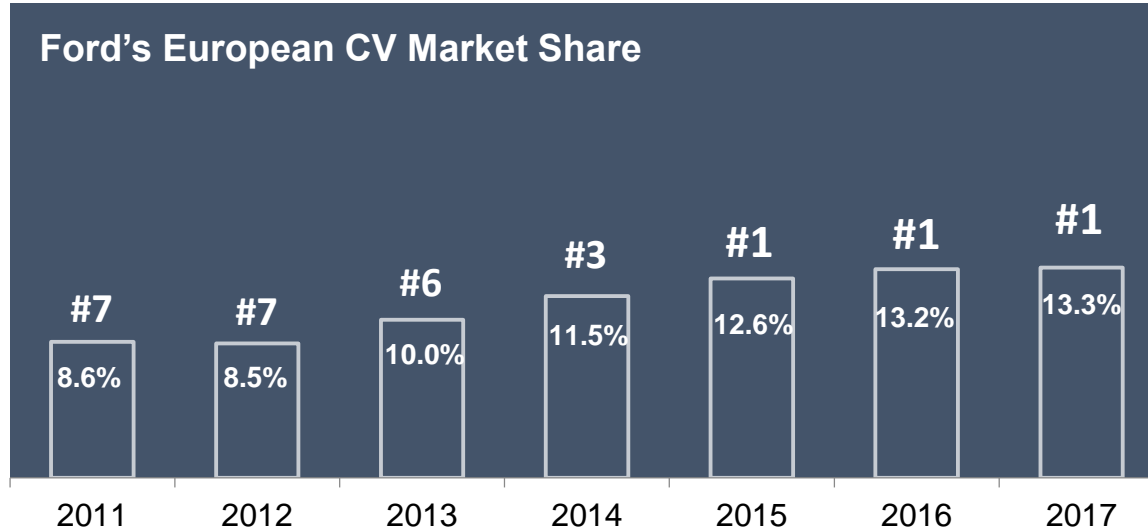
**0.1%**

**Aug YoY growth  
in European van sales**

**4.3%**

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

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



**7.3%**

August YoY growth  
in Ford's CV sales

**9.3%**

Jan-August YoY growth  
in Ford's CV sales

**80%**

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.



**FORD OTOSAN** produces

**81%**

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



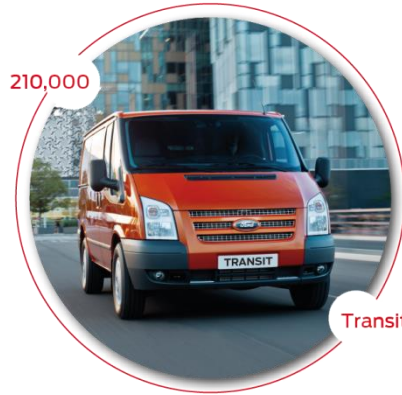
US\$ 850 million

# 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%

# Highest Production Capacity in Turkish Automotive

Old: 330,000 (pre-investments)



Kocaeli Plant

İnönü Plant

New: 415,000 (2014)



Gölcük Plant

Yeniköy Plant

İnönü Plant

Kocaeli Plants

400,000

# 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>
		↓ <b>4Q17</b>	↓ <b>September 2018</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.

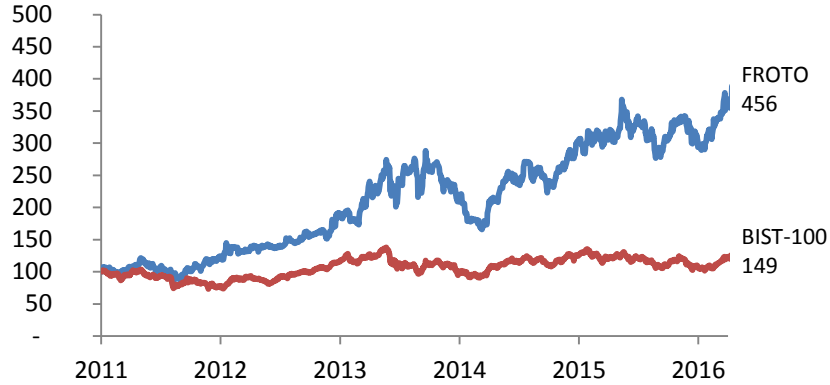


## Chassis, cab and components of Ford heavy trucks

- Signed on July 25<sup>th</sup>, 2014.
- The products and JMC branded vehicles containing these products will be sold in China.



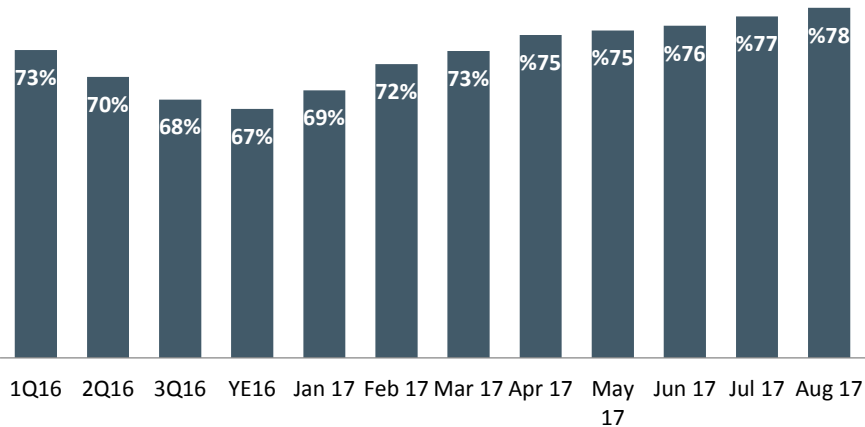
## Strong relative share performance



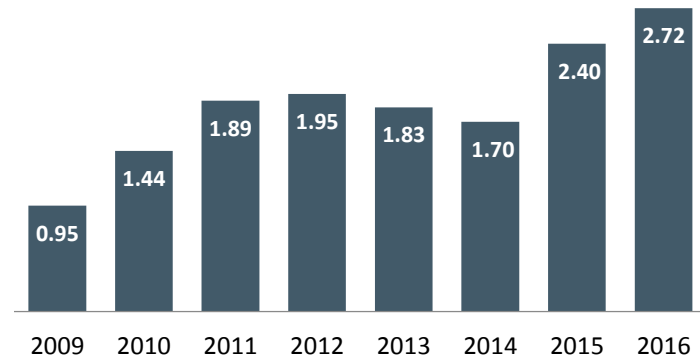
## Commitment to corporate governance

- 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



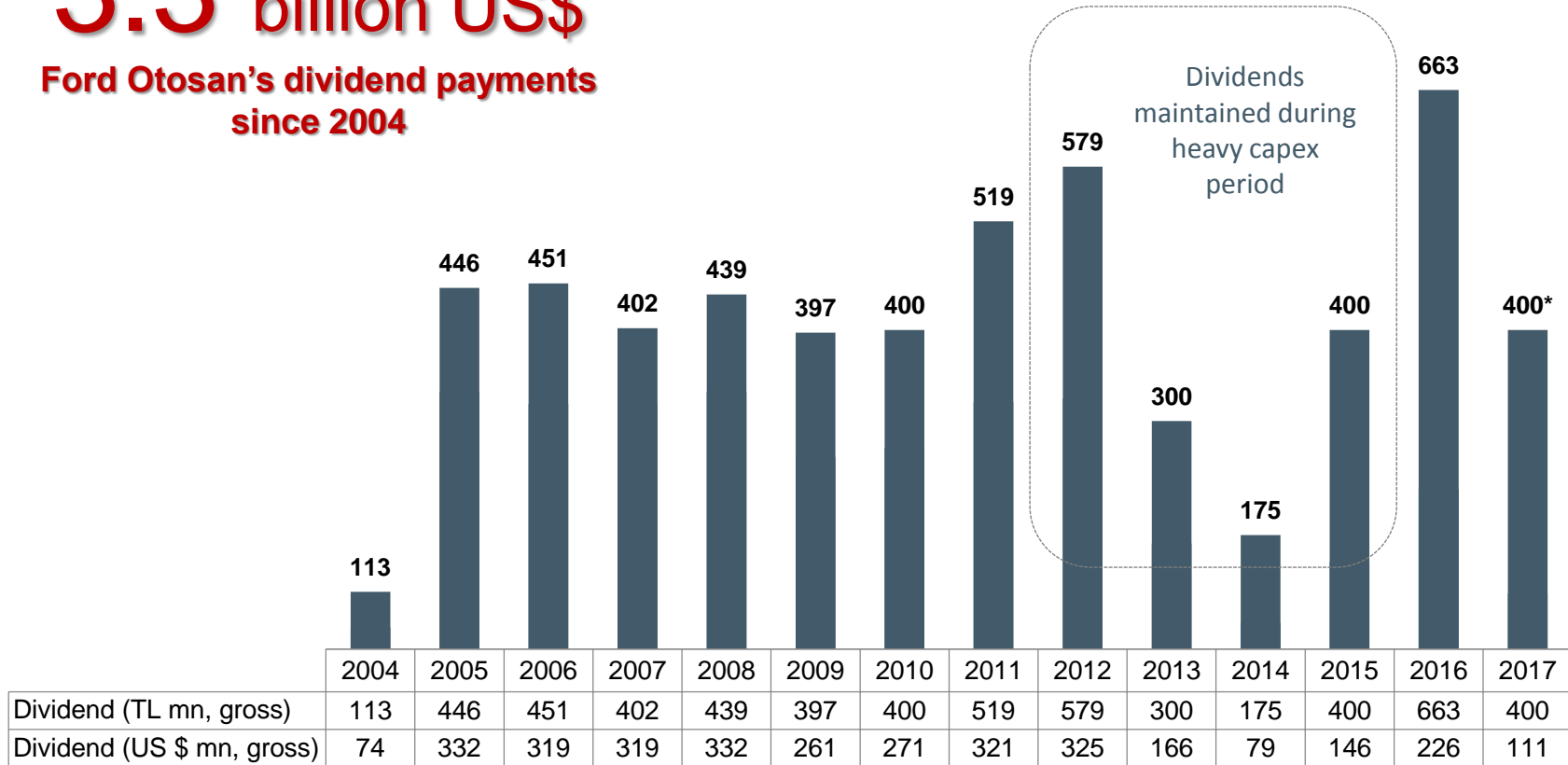
## Earnings per share (for Kr 1 nominal value)



# Commitment to Dividends

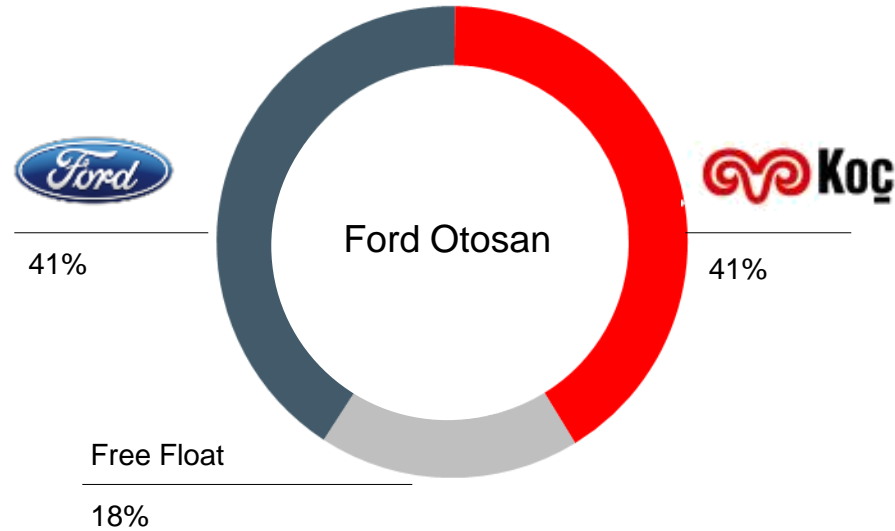
## 3.3 billion US\$

Ford Otosan's dividend payments  
since 2004



\* First dividend

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.



- Global automotive industry leader based in Dearborn, Michigan, that manufactures and distributes automobiles across six continents.
- Automotive brands include Ford and Lincoln.
- 199,000 employees and 67 plants worldwide.
- Provides financial services through Ford Motor Credit Company.

- Turkey's largest industrial and services group in terms of revenues, exports, employees, taxes paid and market capitalization on the Borsa İstanbul.
- Koç Holding ranks among the world's top 500 companies in Fortune 500 (2016 report).
- Holds leading positions with strong competitive advantages in various sectors, such as energy, automotive, consumer durables and finance.

- 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.



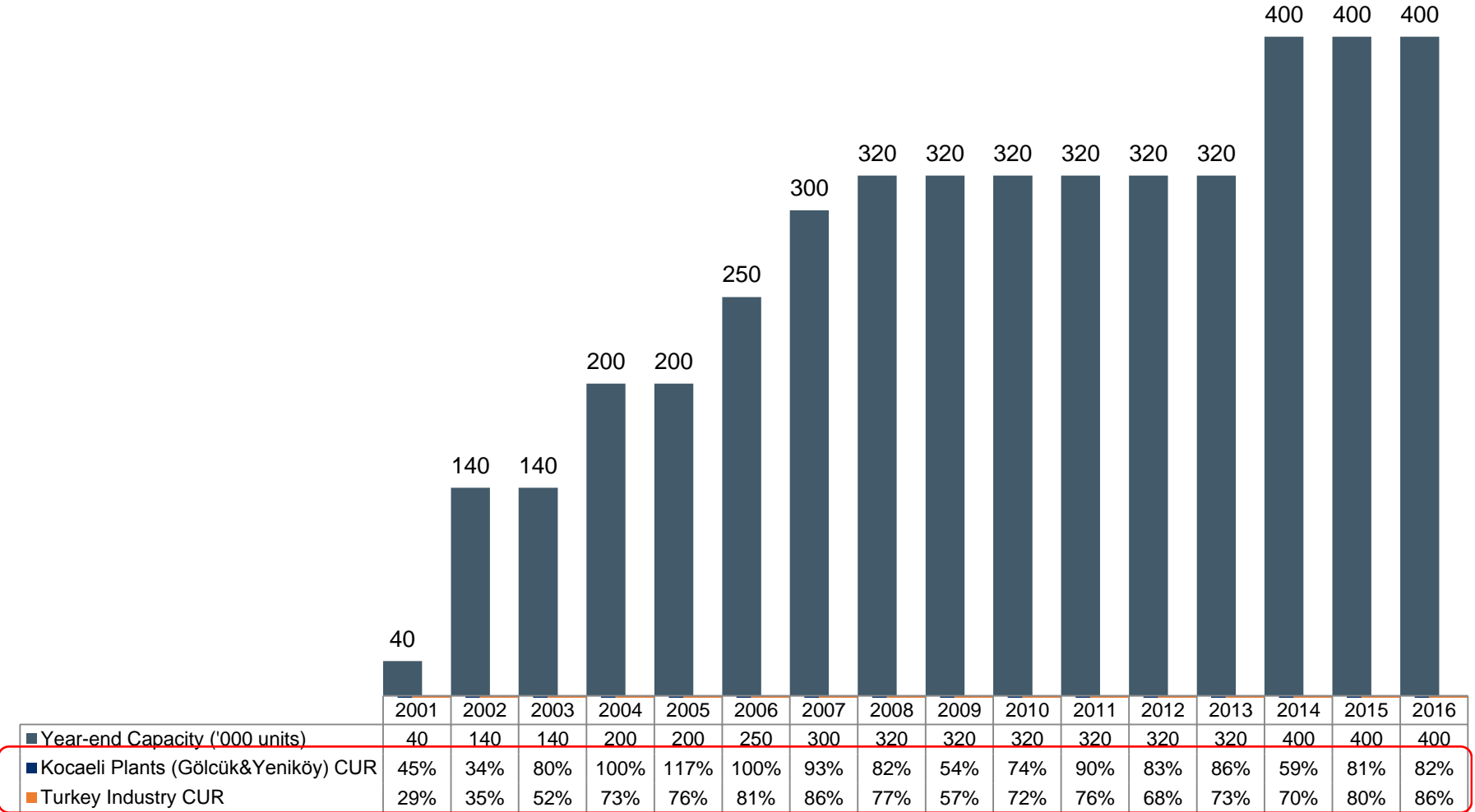
## Light Vehicles (PC+LCV+MCV)

Sales	114
After-Sales	125
Total	159

## Ford Trucks

Sales	27
After-Sales	29
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.



## 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

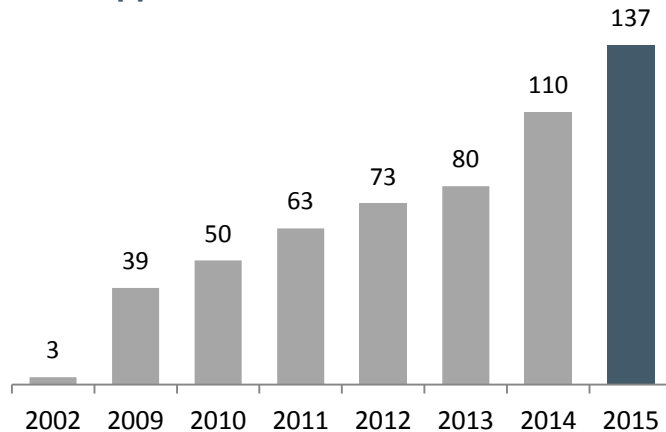
- Engine & vehicle testing
- Development workshops

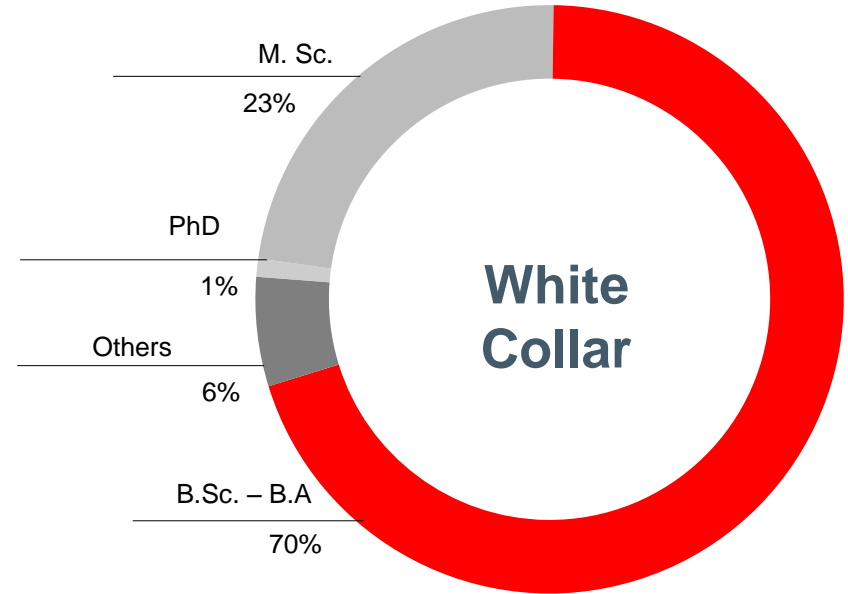
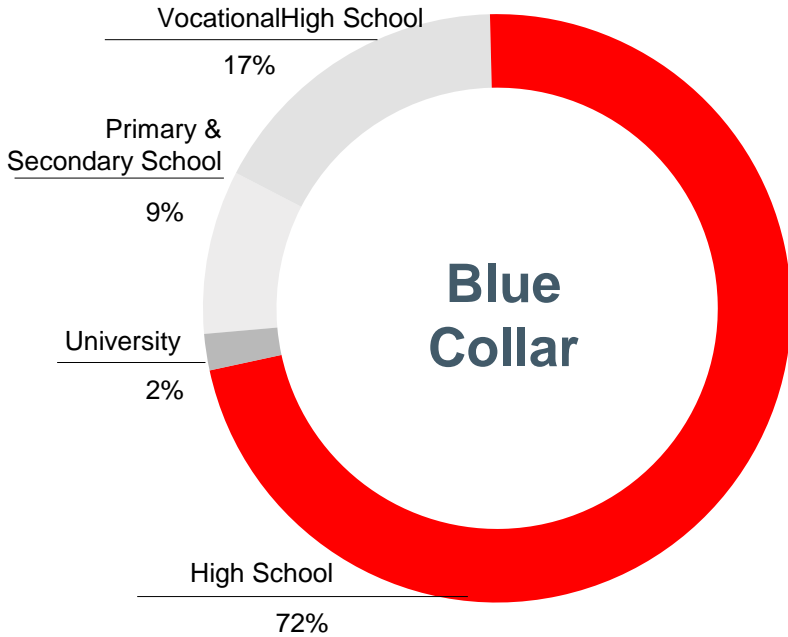
## İnönü Product Development

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



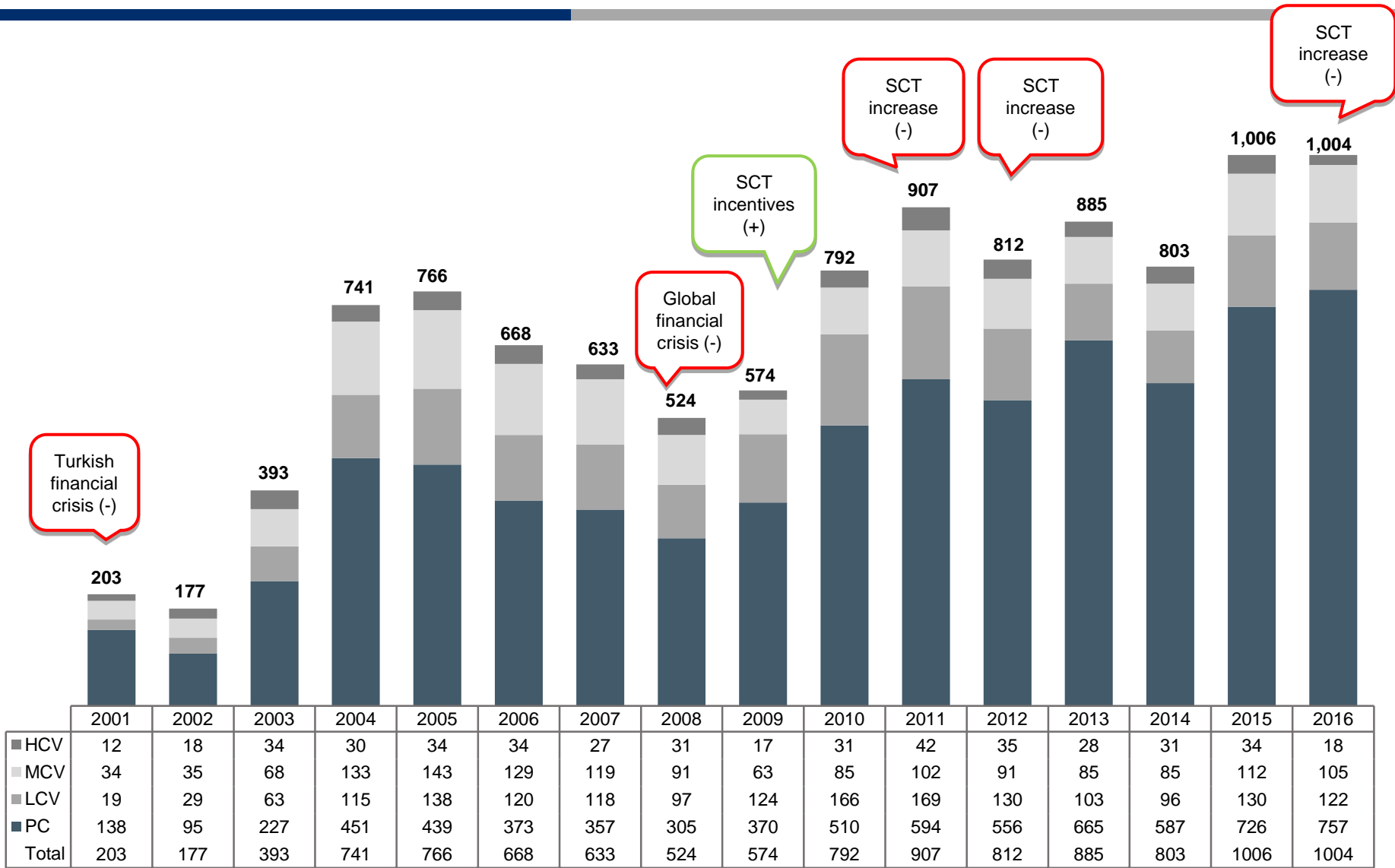
## Patent Applications



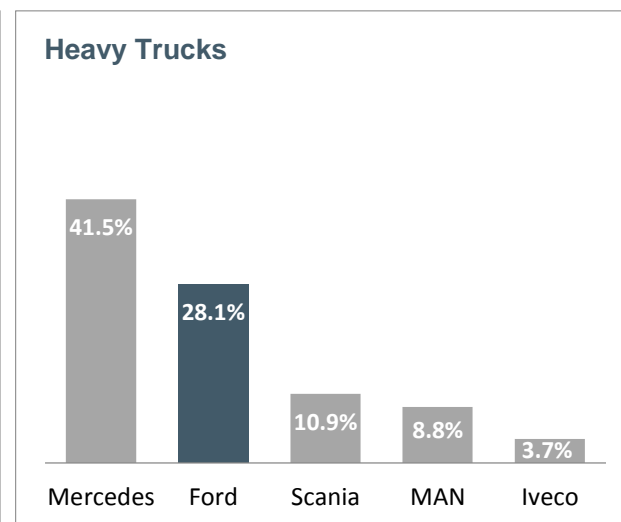
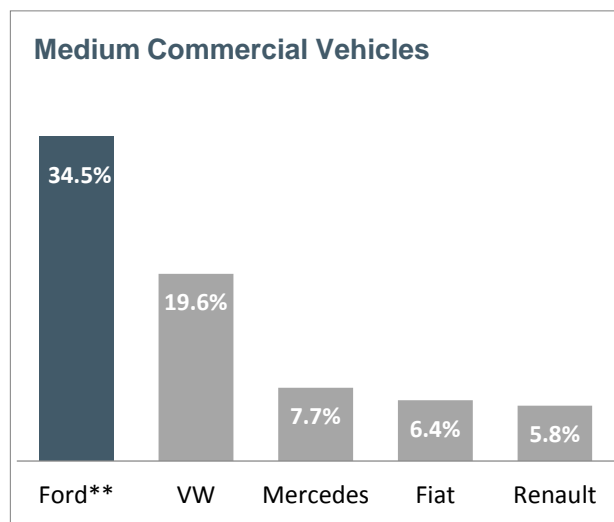
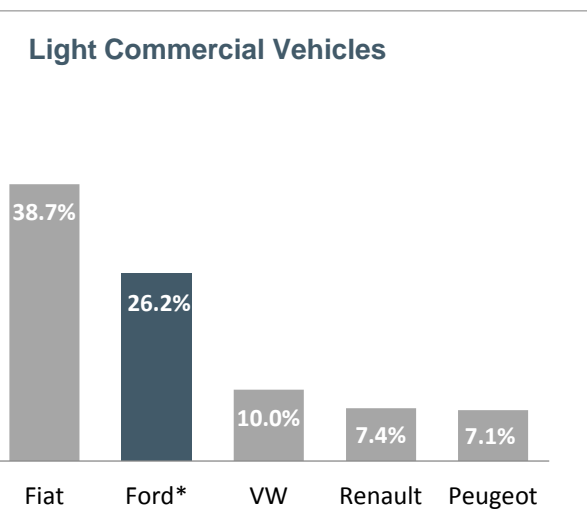
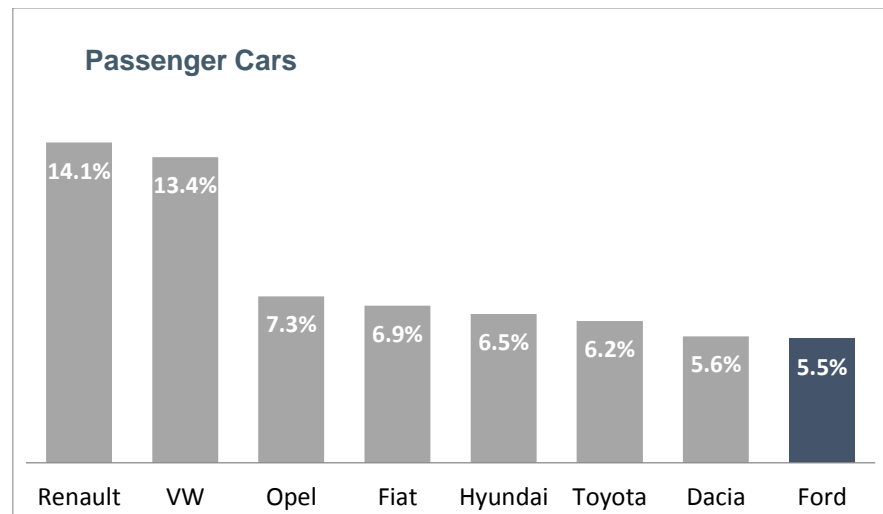
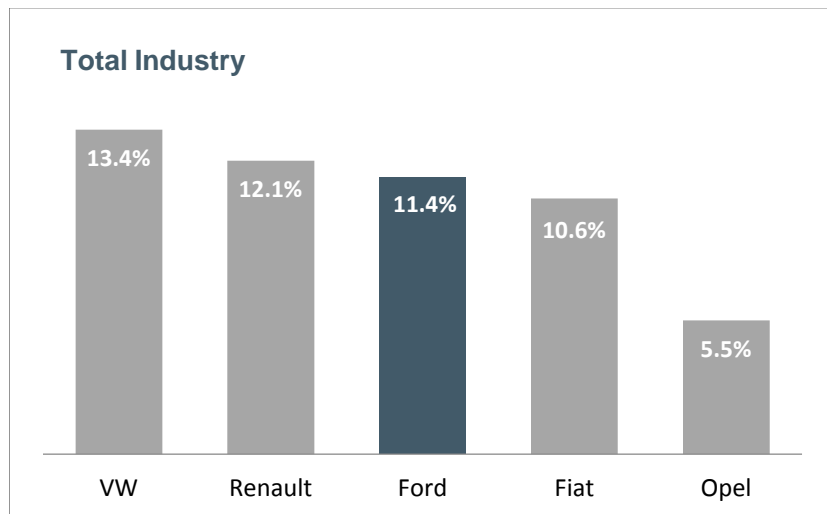


# Operating & Financial Performance

# Turkish Automotive Industry (000 units)



# Turkish Market Shares (2016)

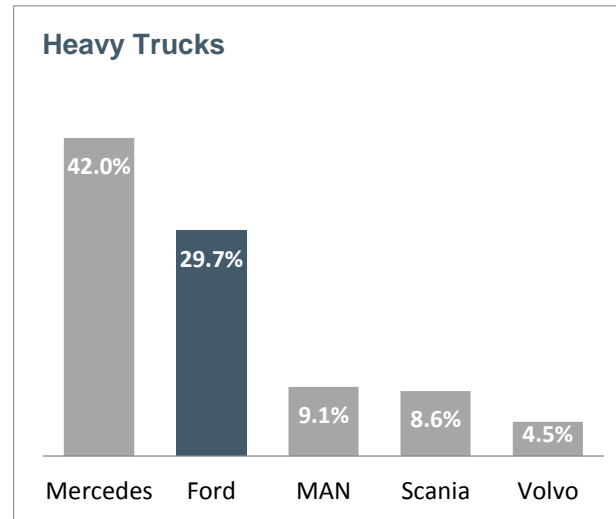
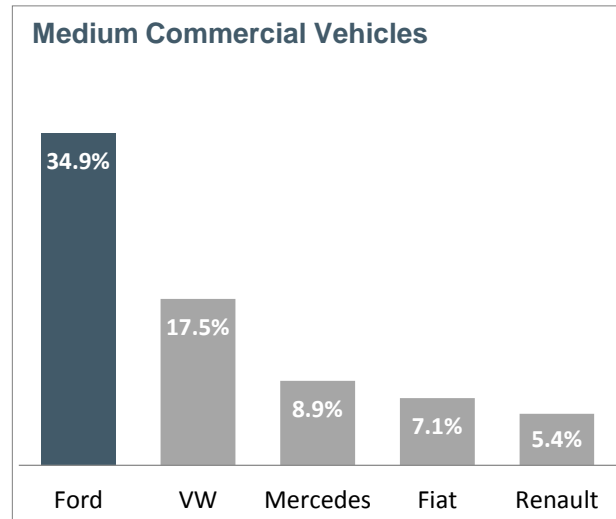
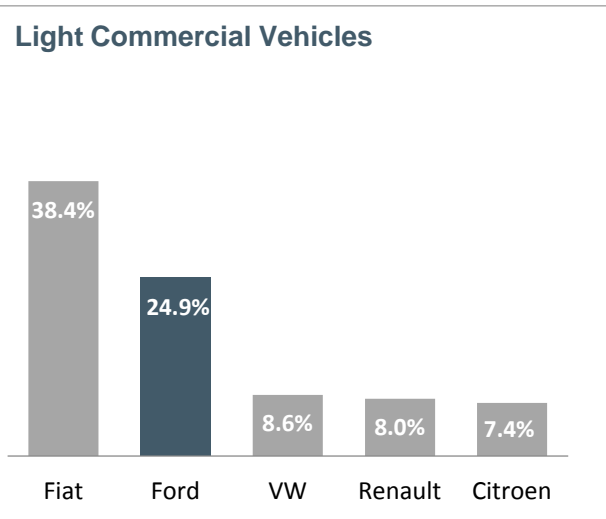
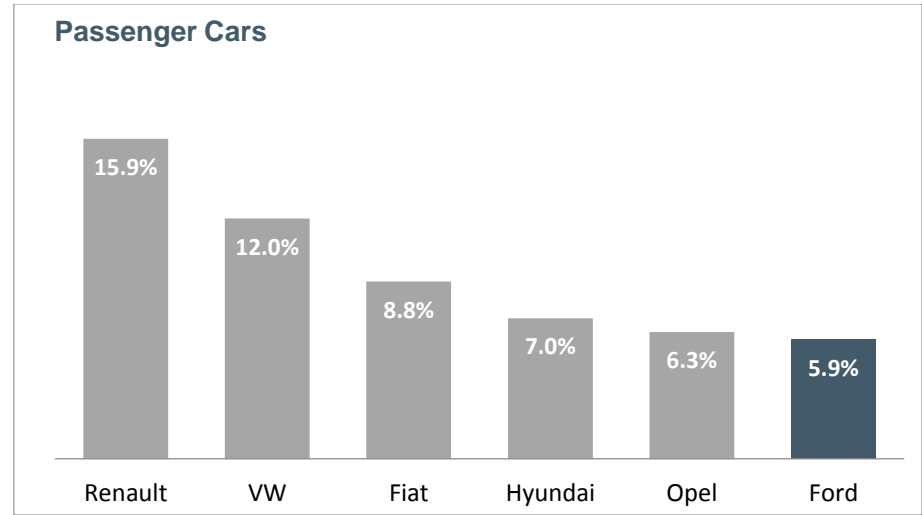
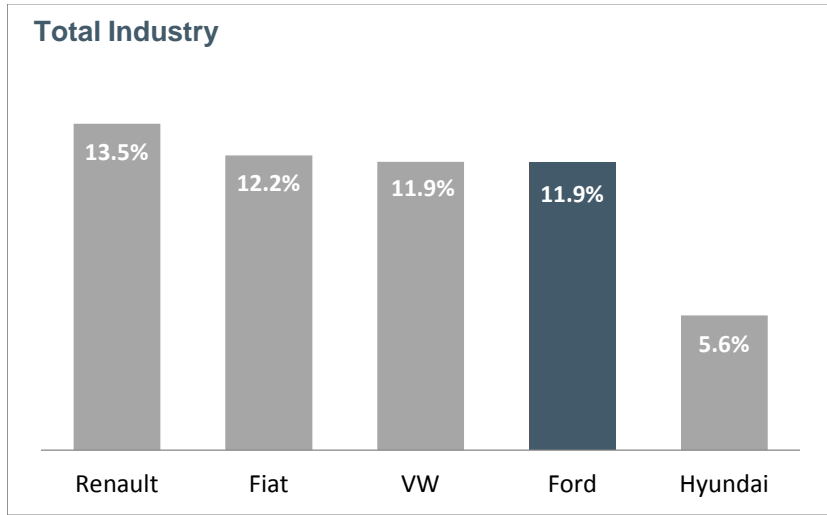


\* Courier and Connect

\*\* Transit, Custom & Ranger

Source: ODD and TAID

# Turkish Market Shares (August YTD 2017)



\* Courier and Connect

\*\* Transit, Custom & Ranger

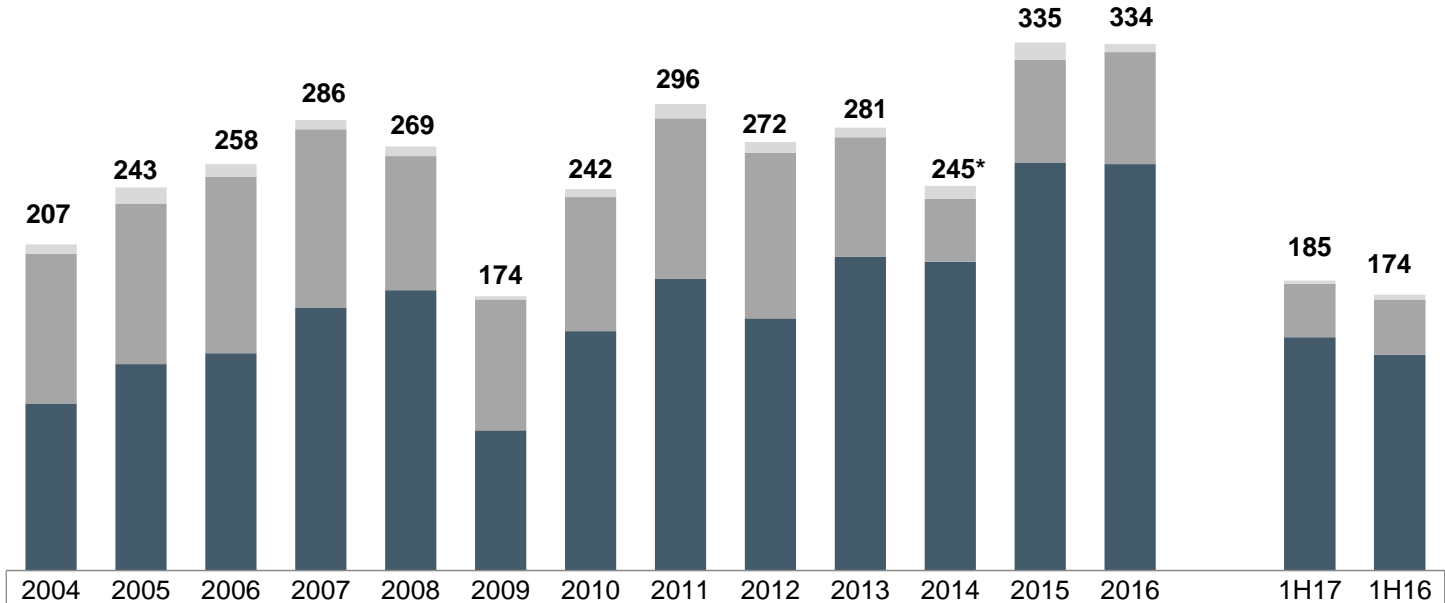
Source: ODD and TAID

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

	August '17	August '16	YoY	August '17 YTD	August '16 YTD	YoY	August '17	July '17	MoM	2016
<b>PC</b>										
Ford Otosan	2,981	2,679	11	25,171	26,122	-4	2,981	3,593	-17	41,370
Industry	54,890	53,977	2	423,198	438,025	-3	54,890	62,384	-12	756,938
% Share	5.4	5.0	0.5	5.9	6.0	0.0	5.4	5.8	-0.3	5.5
<b>LCV</b>										
Ford Otosan	1,402	2,229	-37	17,752	18,294	-3	1,402	2,670	-47	31,911
Industry	8,733	9,454	-8	71,272	69,336	3	8,733	10,711	-18	121,620
% Share	16.1	23.6	-7.5	24.9	26.4	-1.5	16.1	24.9	-8.9	26.2
<b>MCV</b>										
Ford Otosan	3,205	2,707	18	21,470	20,546	4	3,205	3,482	-8	36,323
Industry	8,913	8,125	10	61,521	61,545	0	8,913	9,202	-3	105,162
% Share	36.0	33.3	2.6	34.9	33.4	1.5	36.0	37.8	-1.9	34.5
<b>HCV</b>										
Ford Otosan	426	373	14	2,993	3,143	-5	426	432	-1	5,199
Industry	1,354	1,321	2	10,066	11,678	-14	1,354	1,436	-6	18,482
% Share	31.5	28.2	3.2	29.7	26.9	2.8	31.5	30.1	1.4	28.1
<b>Total</b>										
Ford Otosan	8,014	7,988	0	67,386	68,105	-1	8,014	10,177	-21	114,803
Industry	74,085	72,972	2	567,456	581,649	-2	74,085	84,001	-12	1,004,313
% Share	10.8	10.9	-0.1	11.9	11.7	0.2	10.8	12.1	-1.3	11.4

\* Retail sales include Ford branded vehicles that Ford dealers sell in the domestic industry.

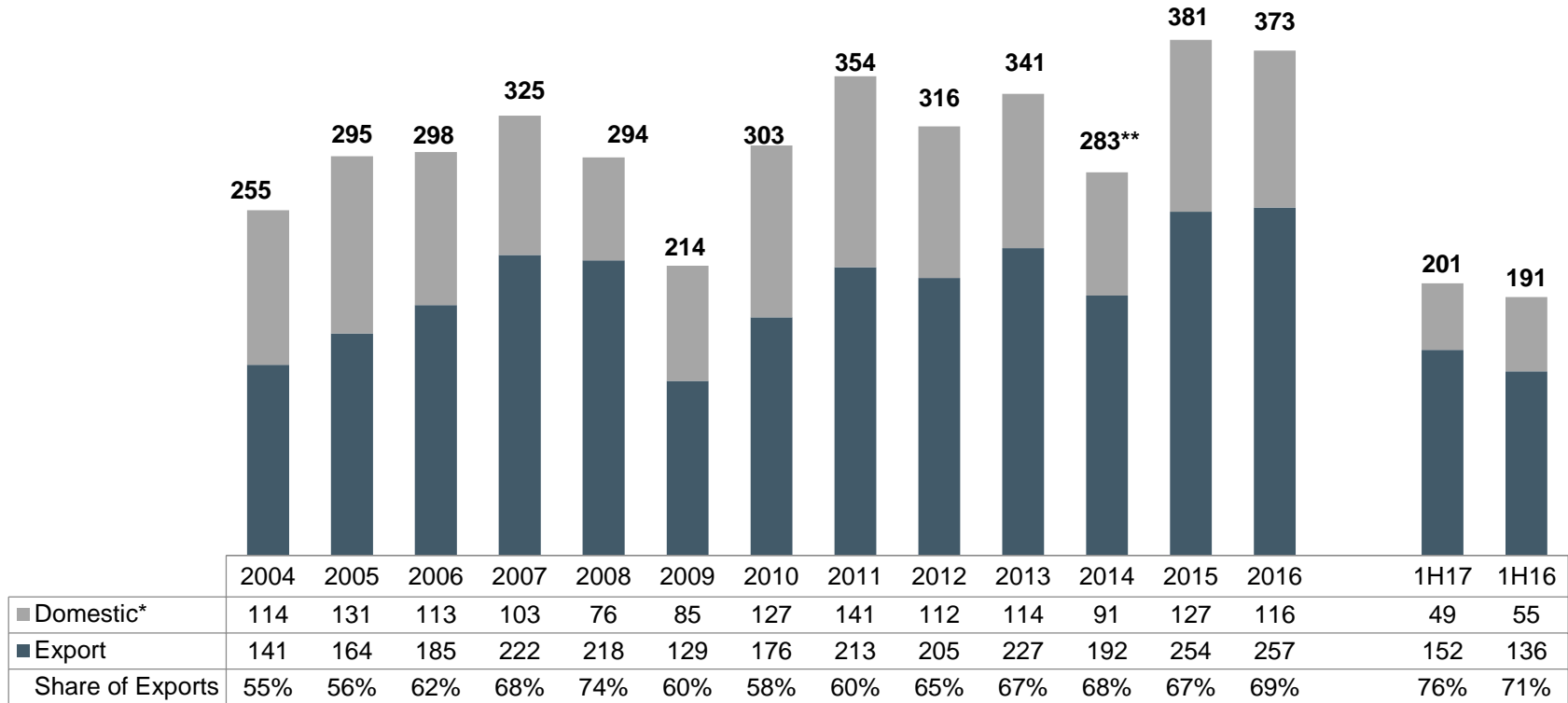
# Production Volume (000 units)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	1H17	1H16
■ Heavy Truck	6	10	8	6	6	2	5	9	7	6	8	11	5	2	3
■ Light Commercial Vehicle	95	102	112	113	85	83	85	102	105	76	40	65	71	34	35
■ Medium Commercial Vehicle	106	131	138	167	178	89	152	185	160	199	196	259	258	148	137

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

# Wholesale Volume (000 units)



\* Domestic wholesale volumes represent vehicles sold by Ford Otosan to our dealers.

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

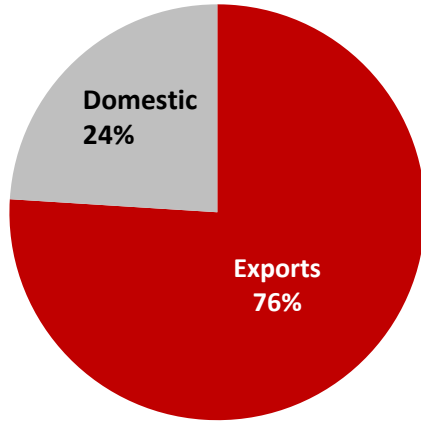
# Sales Volume by Model

	1H17	1H16	YoY	2Q17	2Q16	YoY
<b>Total Domestic</b>	<b>48,659</b>	<b>55,002</b>	<b>-12%</b>	<b>30,465</b>	<b>32,906</b>	<b>-7%</b>
<b>PC</b>	<b>15,185</b>	<b>18,263</b>	<b>-17%</b>	<b>10,624</b>	<b>11,004</b>	<b>-3%</b>
<b>LCV</b>	<b>16,568</b>	<b>17,923</b>	<b>-8%</b>	<b>10,345</b>	<b>10,618</b>	<b>-3%</b>
Transit Courier	15,777	16,453	-4%	9,981	9,680	3%
Transit Connect	791	1,470	-46%	364	938	-61%
<b>MCV</b>	<b>14,915</b>	<b>16,264</b>	<b>-8%</b>	<b>8,284</b>	<b>9,648</b>	<b>-14%</b>
Transit	11,234	12,345	-9%	6,331	7,032	-10%
Transit Custom	2,779	3,186	-13%	1,577	1,909	-17%
Ranger	902	733	23%	376	707	-47%
<b>Truck</b>	<b>1,991</b>	<b>2,552</b>	<b>-22%</b>	<b>1,212</b>	<b>1,636</b>	<b>-26%</b>
<b>Total Export</b>	<b>152,388</b>	<b>135,583</b>	<b>12%</b>	<b>76,589</b>	<b>64,036</b>	<b>20%</b>
Transit Custom	79,249	65,607	21%	39,587	31,302	26%
Transit	53,926	51,792	4%	27,539	23,904	15%
Transit Courier	18,431	17,661	4%	9,089	8,578	6%
Cargo	378	293	29%	214	158	35%
Other	404	230	76%	160	94	70%
<b>Total Wholesale</b>	<b>201,047</b>	<b>190,585</b>	<b>6%</b>	<b>107,054</b>	<b>96,942</b>	<b>10%</b>

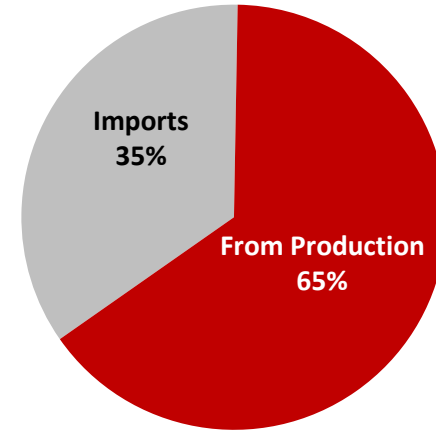
Record export volume

Record wholesale volume

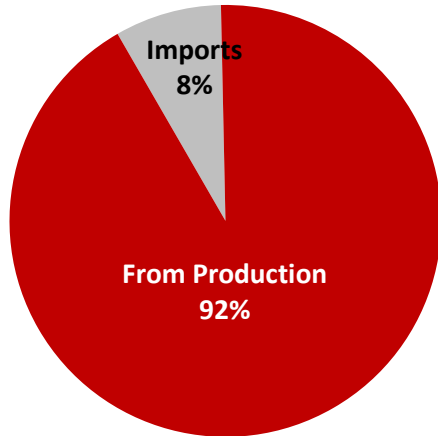
### Total Sales



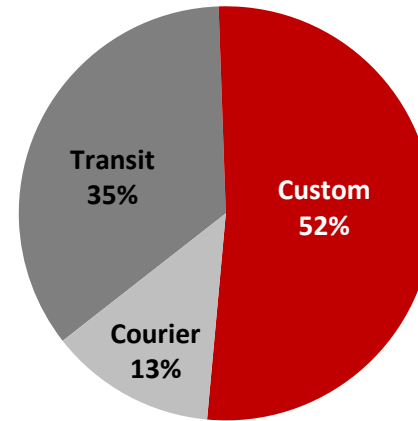
### Domestic Sales



### Total Sales



### Exports by Model



## TL 11,653 million

### Revenues, +32% YoY

Record 1H revenues  
Record sales volume; up by 5.5%  
Driven by strong exports

## TL 944 million

### EBITDA, +27% YoY

Despite 17% growth in gross profit  
Driven by strong Opex control and better YoY  
Opex/Sales performance  
Net fx gain as opposed to fx loss a year ago

## TL 8,676 million

### Export Revenues, +43% YoY

Record volumes; up by 12%  
Growth in European van segment  
Higher demand for our products  
Currency impact

## TL 630 million

### Profit Before Tax, +32% YoY

Despite the 95% increase in net financial expenses  
due to 179% rise in net fx loss

## TL 2,977 million

### Domestic Revenues, +9% YoY

Despite lower volumes; down by 12%  
Pricing strategy  
Positive sales mix

## TL 634 million

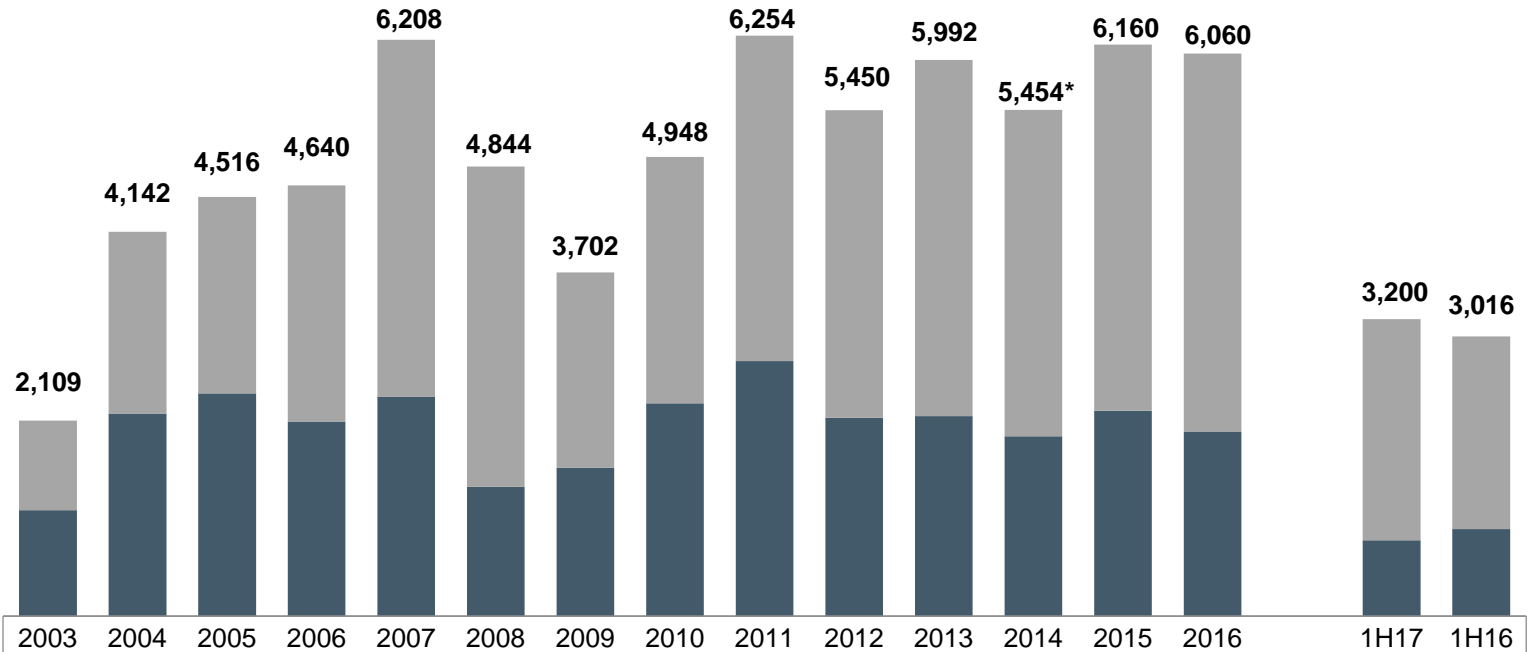
### Net Income, +37% YoY

Higher than PBT due to tax income

# Main Financial Indicators

Million TL	1H17	1H16	YoY %	2Q17	2Q16	YoY %
Total Revenues	11.653	8.800	32%	6.258	4.614	36%
Export	8.676	6.057	43%	4.413	2.963	49%
Domestic	2.977	2.743	9%	1.844	1.651	12%
Gross Profit	1.172	994	18%	620	529	17%
Operating Profit	708	521	36%	378	284	33%
EBITDA	944	744	27%	496	397	25%
Profit Before Tax	630	476	32%	350	266	32%
Net Income	634	464	37%	362	261	39%
<b>Other Financial Data</b>						
Depreciation & Amortization	236	223	6%	118	113	4%
Financial Income / (Expense)	- 77	- 44	75%	- 26	- 18	45%

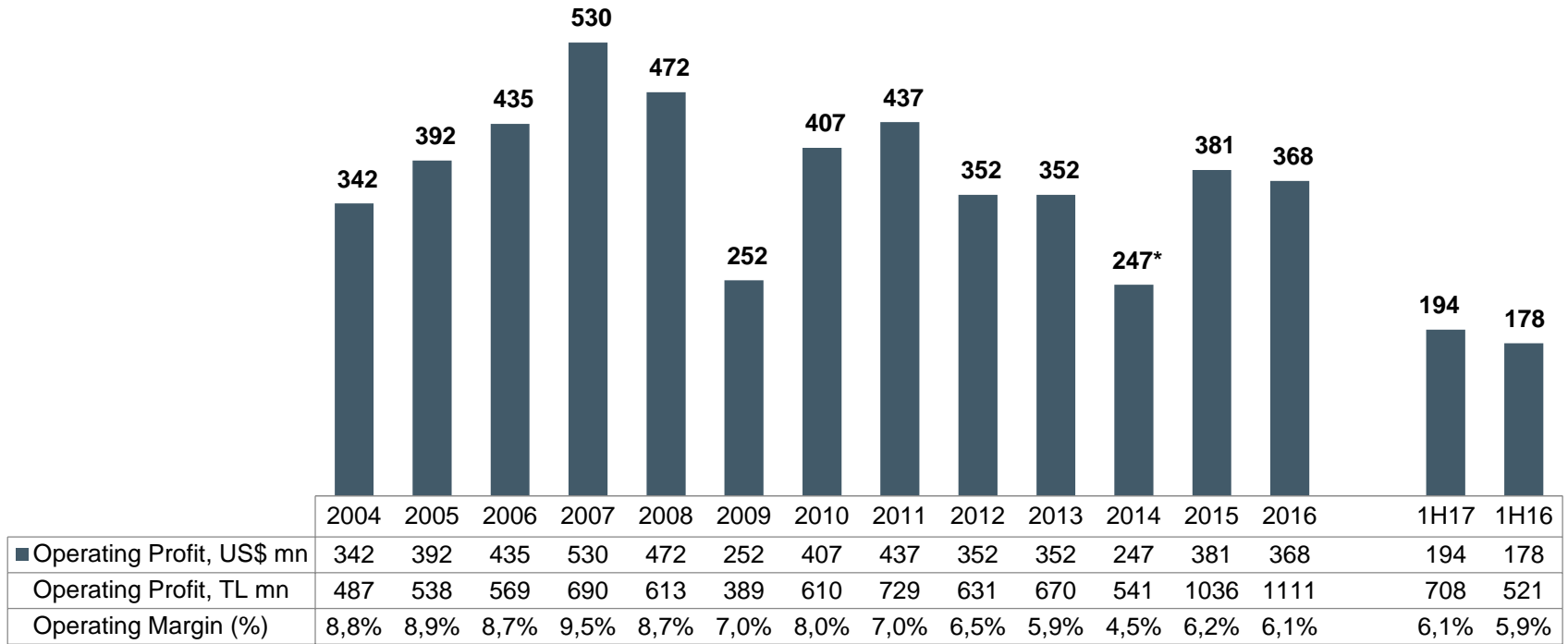
# Revenues - Domestic & Export



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	1H17	1H16
■ 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	2.382	2.076
■ 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	818	940
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	3.200	3.016
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	11.653	8.800
Share of Exports	46%	47%	47%	55%	62%	71%	57%	54%	56%	61%	64%	64%	64%	67%	74%	69%

\*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.

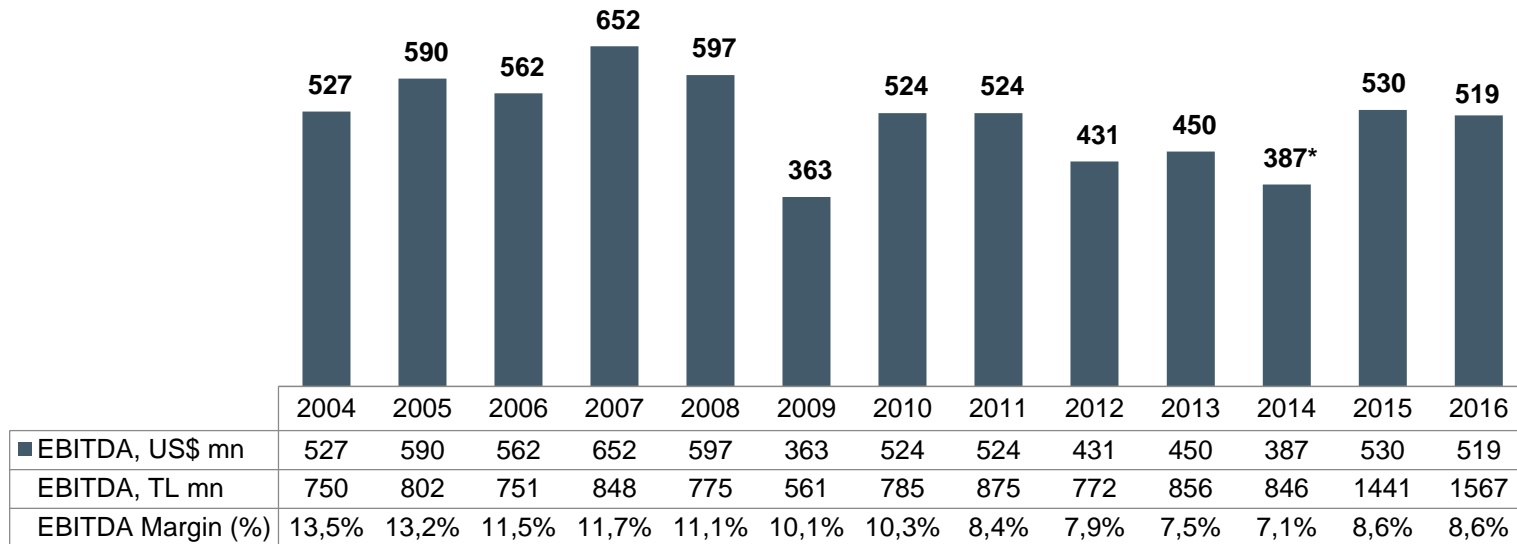
# EBITDA and EBITDA Margin

## 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

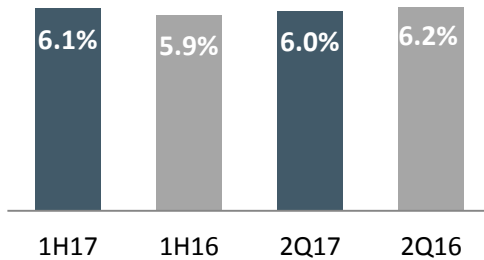
## 2010-2014 margin decline explained:

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

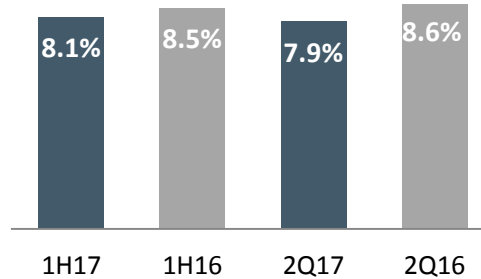


\*2014 numbers reflect the transition to new product range and relevant ramp-up period.

## Operating Margin



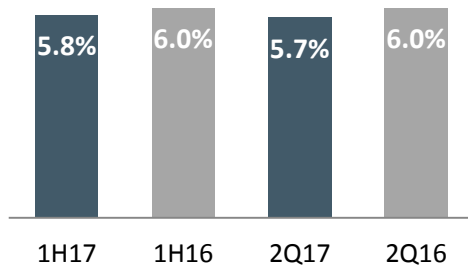
## EBITDA Margin



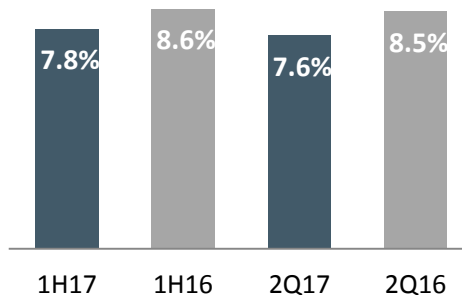
### Challenges:

- Rising import costs due to weaker TL/€ (3.94 in 1H17 versus 3.26 in 1H16)
- Higher commodity prices and inflation pressuring domestic margins
- Lower domestic volumes
- Higher share of fleet sales

## Operating Margin (excl. Other items)



## EBITDA Margin (excl. Other items)



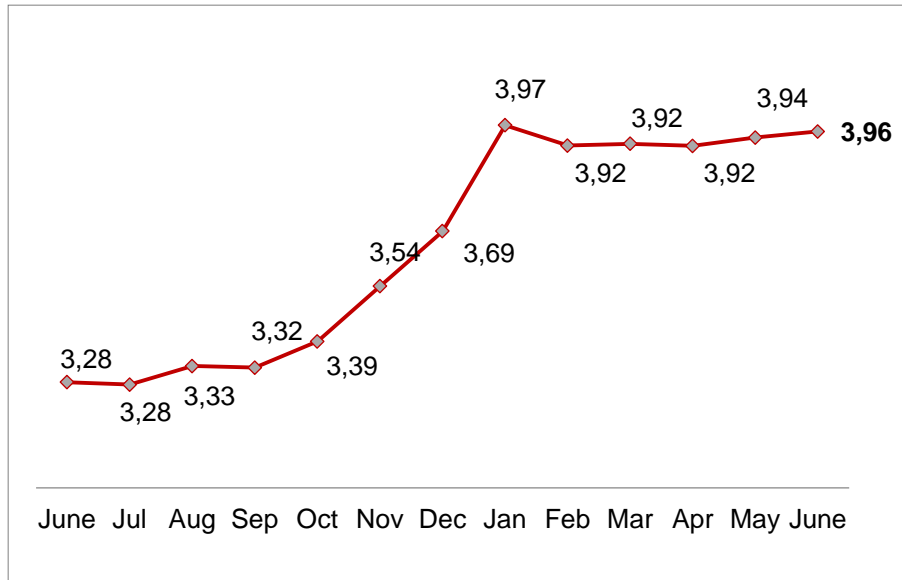
### Drivers:

- + Pricing focus to offset the impact of TL devaluation, volatility, commodity prices, and inflation
- + Positive domestic sales mix: Lower share of imports; growing share of high margin products
- + High CUR: 89%
- + Cost reduction actions

# Cost Pressure Weighed on Margins

YoY change	1Q17	2Q17	1H17
<b>Production Volume</b>	Flat	12%	6%
<b>Raw Material Costs</b>	34%	44%	39%

EUR/TL Rate



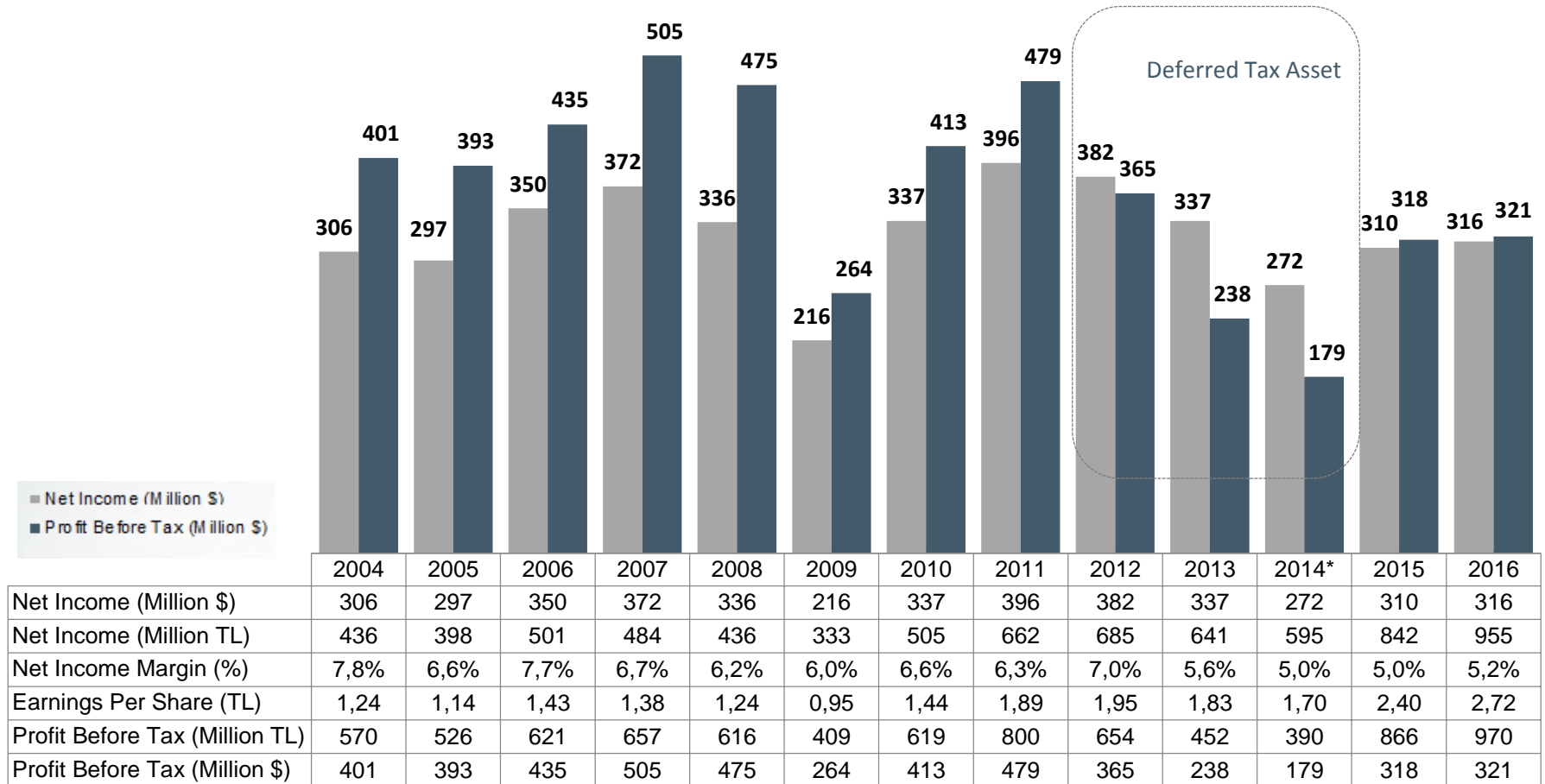
Source: CBT

PPI Inflation, %

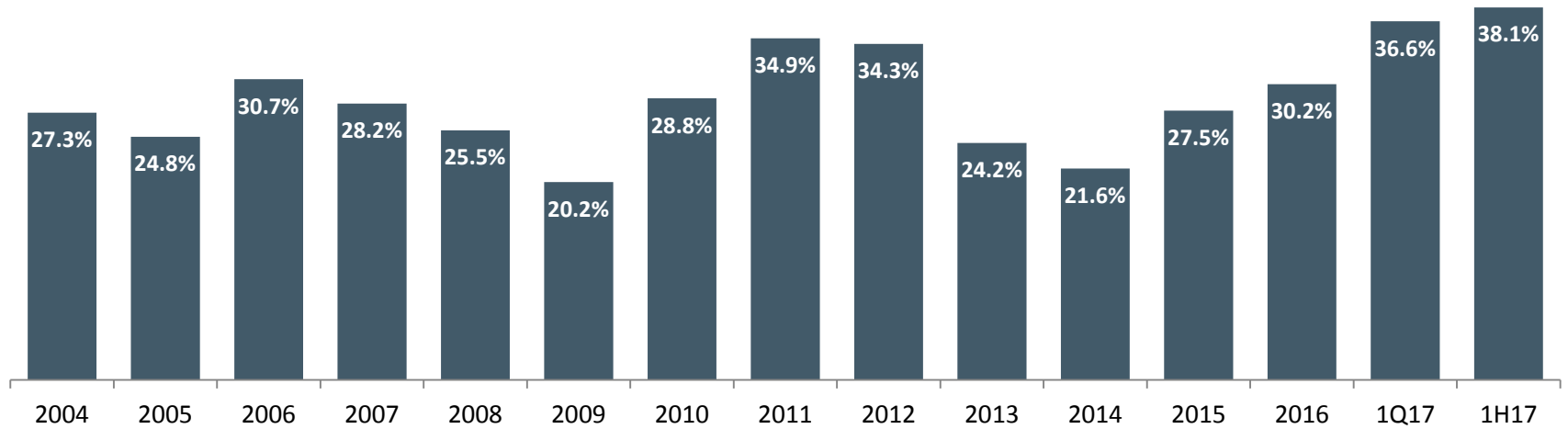


Source: CBT

# 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 1H17 is TL3.6 billion

## FX Risk

Excess cash is invested in hard currencies to minimize fx exposure  
Natural hedge against volatility due to fx-denominated export revenues: 74% of revenues  
Ford Otosan is a net exporter: US\$ 4.0 billion in the last 5 years (2012-2016)

## 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>31.06.2017</b>	<b>30.06.2016</b>
Cash & Cash Equivalents	1,737	1,189
Total Financial Debt	(3,576)	(2,852)
Net Financial Debt	(1,839)	(1,663)
<b>Financial Ratios</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
Current ratio	1.18	1.09
Liquidity ratio	0.85	0.79
Net Financial Debt / Tangible Net Worth	0.67	0.64
Current Assets / Total Assets	0.54	0.50
Current Liabilities / Total Liabilities	0.67	0.70
Total Liabilities / Total Liabilities and Equity	0.68	0.66
Return on Equity	38.1%	30.2%
<b>Margins</b>	<b>30.06.2017</b>	<b>30.06.2016</b>
Gross Margin	10.1%	11.3%
EBITDA Margin	8.1%	8.5%
EBITDA Margin (excl.other items)	7.8%	8.6%
Operating Margin	6.1%	5.9%
Net Margin	5.4%	5.3%

	2016 Actuals	2017
Turkish Industry Volume	1,004 K	900 - 950 K
Ford Otosan Retail Sales Volume	115 K	110 - 120 K
Exports	257 K	290 - 300 K
Wholesale Volume	373 K	400 - 420 K
Production Volume	334 K	365 - 375 K
Capex (fixed assets)	€152 mn	€180 - 200 mn

Guidance updated in August 2017.

Next update: October 2017 with 9M17 financial results.

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## Burak Çekmece

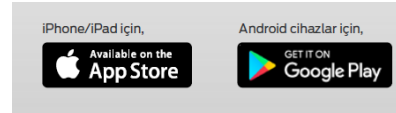
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## Investor Relations App



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