

# FORD OTOSAN

## 1H12 Financial Results Analyst Meeting

1 August 2012



# Agenda

- Recent Developments – Haydar Yenigün
- Ford Global & Market Update – Grant Belanger
- 1H12 Financial Results – Oğuz Toprakoğlu
- Q & A

# Recent Developments

**Haydar Yenigün**  
**General Manager**

# Since we last met...

Ford Otosan regained **market leadership** with 13.9% share

Transit Connect celebrated its **10<sup>th</sup> birthday**

1.0-liter EcoBoost won 2012 **International Engine of the Year Award**

**1.0-liter EcoBoost** and **New Ranger** were introduced to the market

**€100 million** EIB loan was obtained for the Transit project

Kocaeli Plant came in **1<sup>st</sup>** among 20 plants for **environment friendly production** in Rio+20 - UN Conference on Sustainable Development

**Tourneo Custom & Transit Custom** production started on 23 July

Ford Otosan came in **2<sup>nd</sup>** in ISO 500 and **8<sup>th</sup>** in Fortune 500 rankings

# 1H2012 Highlights

**50k**

Domestic  
sales volume

**54%**

of Turkey's  
commercial  
vehicle  
production

**86%**

Capacity  
utilization rate

Increase in  
exports to  
North America

**61%**

Connect  
exports  
exceeded

**1,650,000  
units**

**61%**

of Turkey's  
commercial  
vehicle  
exports

# Continuous improvement in performance

The only automotive company in  
Fortune 500 Turkey **Top 10**

**2011: 8<sup>th</sup>**

**2010: 12<sup>th</sup>**

**2009: 13<sup>th</sup>**

**Export leader** in  
Turkish Automotive

Sustainable  
Growth

Profitable  
Investments

Diversified  
export  
markets

Great  
products  
with  
advanced  
technologies

Turkey's **2<sup>nd</sup>** largest industrial  
enterprise in ISO 500

**2011: 2<sup>nd</sup>**

**2010: 3<sup>rd</sup>**

**2009: 6<sup>th</sup>**



# Strong R&D competence

- **Largest** R&D center in Turkish automotive
- Ranks among the **three largest** Ford R&D centers in Europe
- **1024** R&D engineers (2011 end)

Target  
**1300**  
engineers



- **Highest level** of R&D spending in Turkish automotive
- **USD50 million** engineering export revenues in 2011
- Among the **world's top 1000 companies by R&D investment** according to the 'EU Research & Development Investment Scoreboard'

# Investments well underway

**USD1 billion** investment plan progressing on track

**€100 million** EIB loan obtained for funding:



Production started in **July**

Market introduction scheduled for **October**



# Increasing capacity



Transit &  
Transit  
Connect

320,000



Cargo  
Truck

10,000

Current capacity

330,000 units



New  
LCV

110,000

New  
Transit  
Family

290,000



Cargo  
Truck

15,000

2014 capacity

415,000 units

# New products will penetrate more export markets

Exports to  
**S. Africa**  
and  
**Mexico**

Exports to  
**90**  
countries

**15,700**  
units of the  
new models  
to be  
exported in  
2012



# Transit economy – 45 years in building

**Longest running model in FoE's product range**

**Over 6 million units produced since its launch in 1965**



**Flagship model for the dealer network**

**Strong value added to the economy ~ 100 suppliers**



# New family members

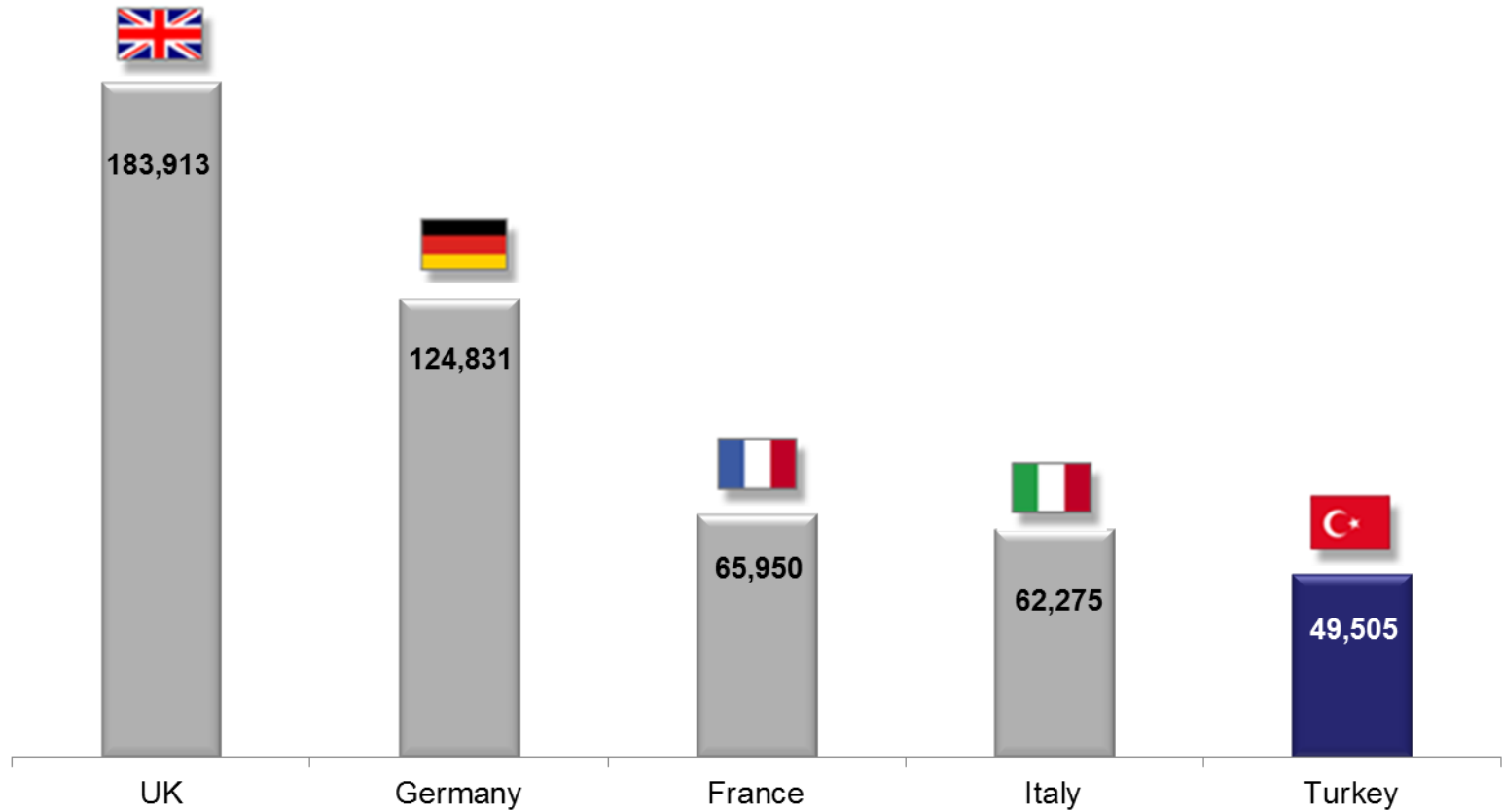


# Ford Motor Company & Market Update

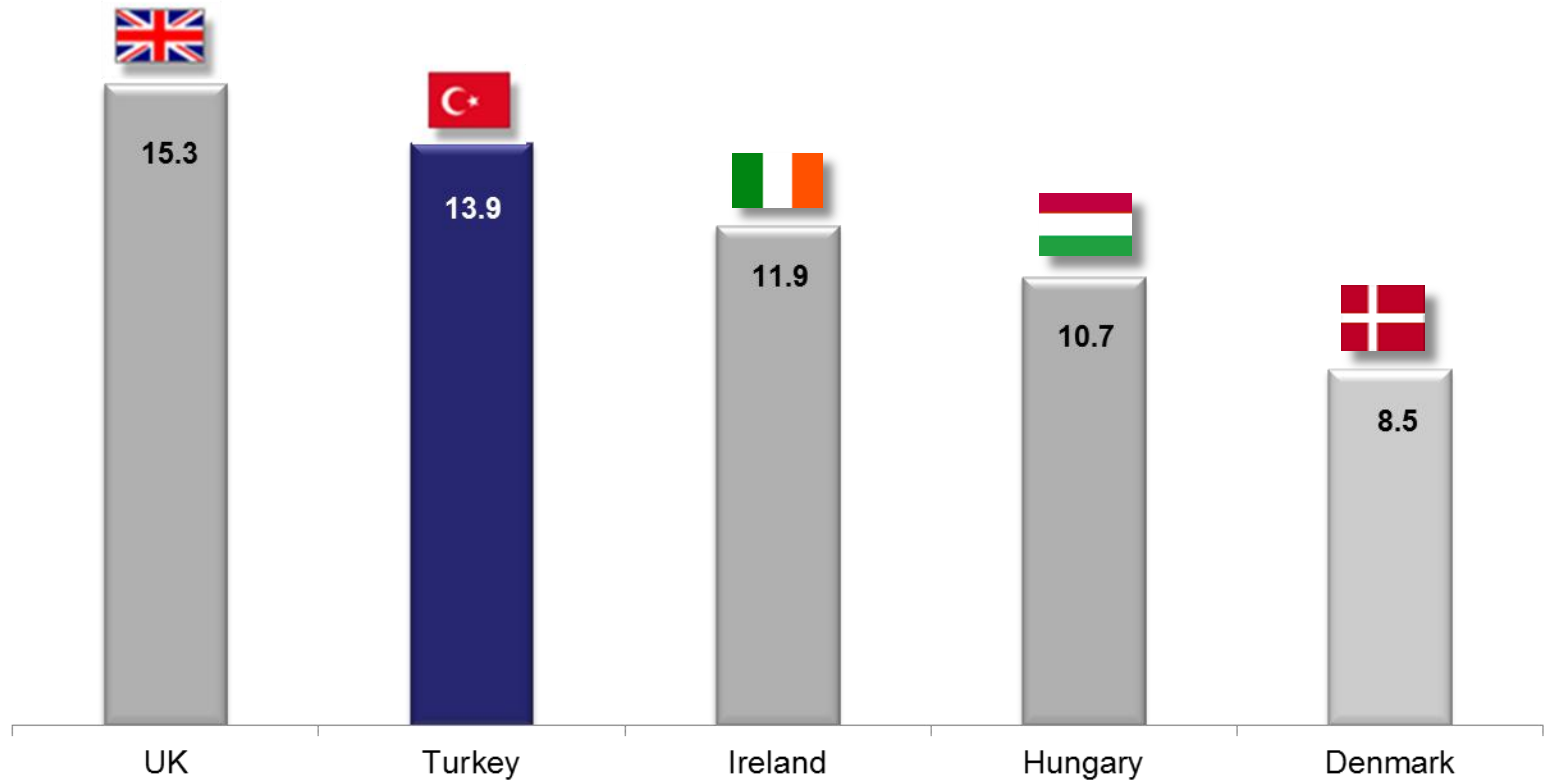
**Grant Belanger**  
**Deputy General Manager**



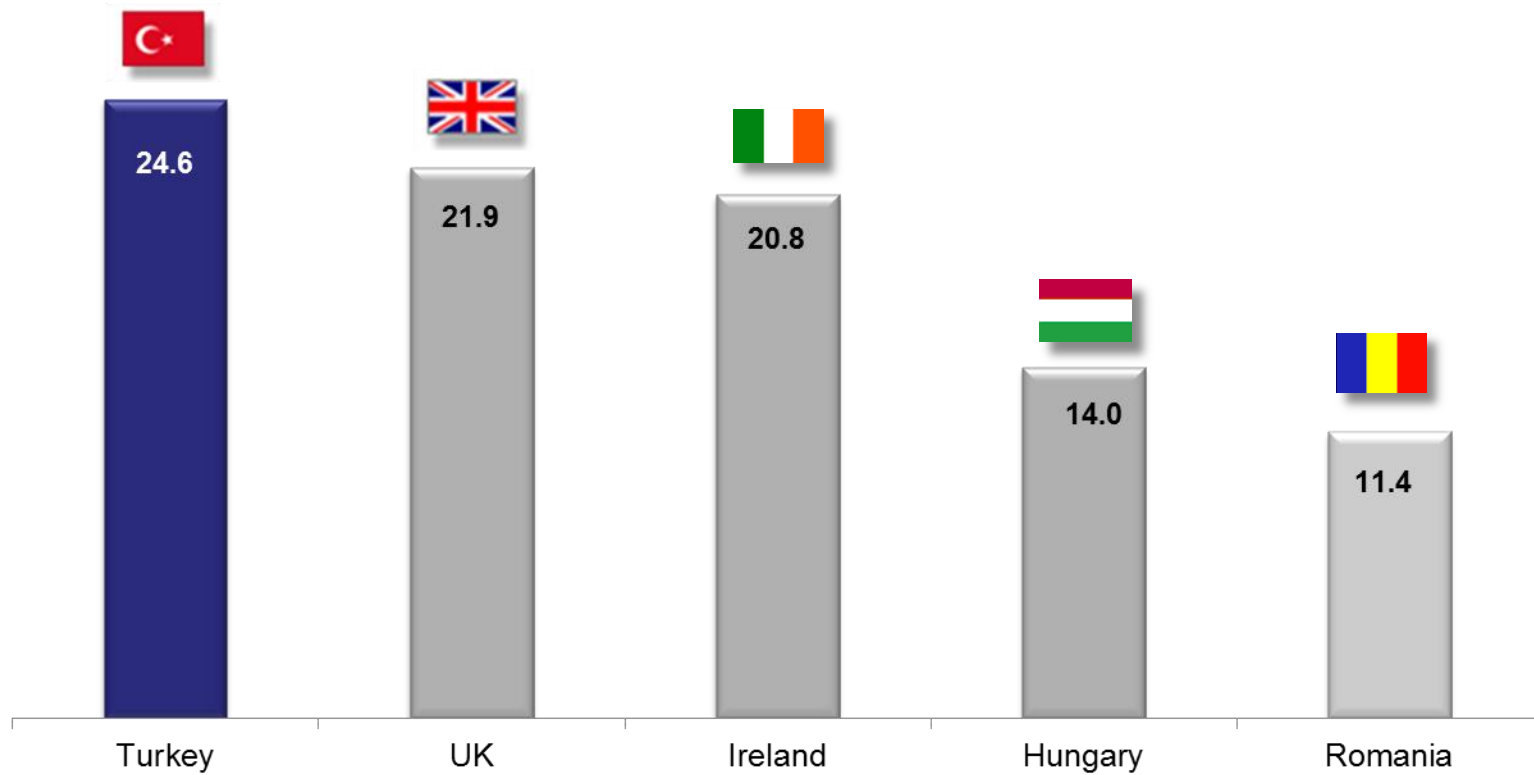
# 1H12 sales in European markets



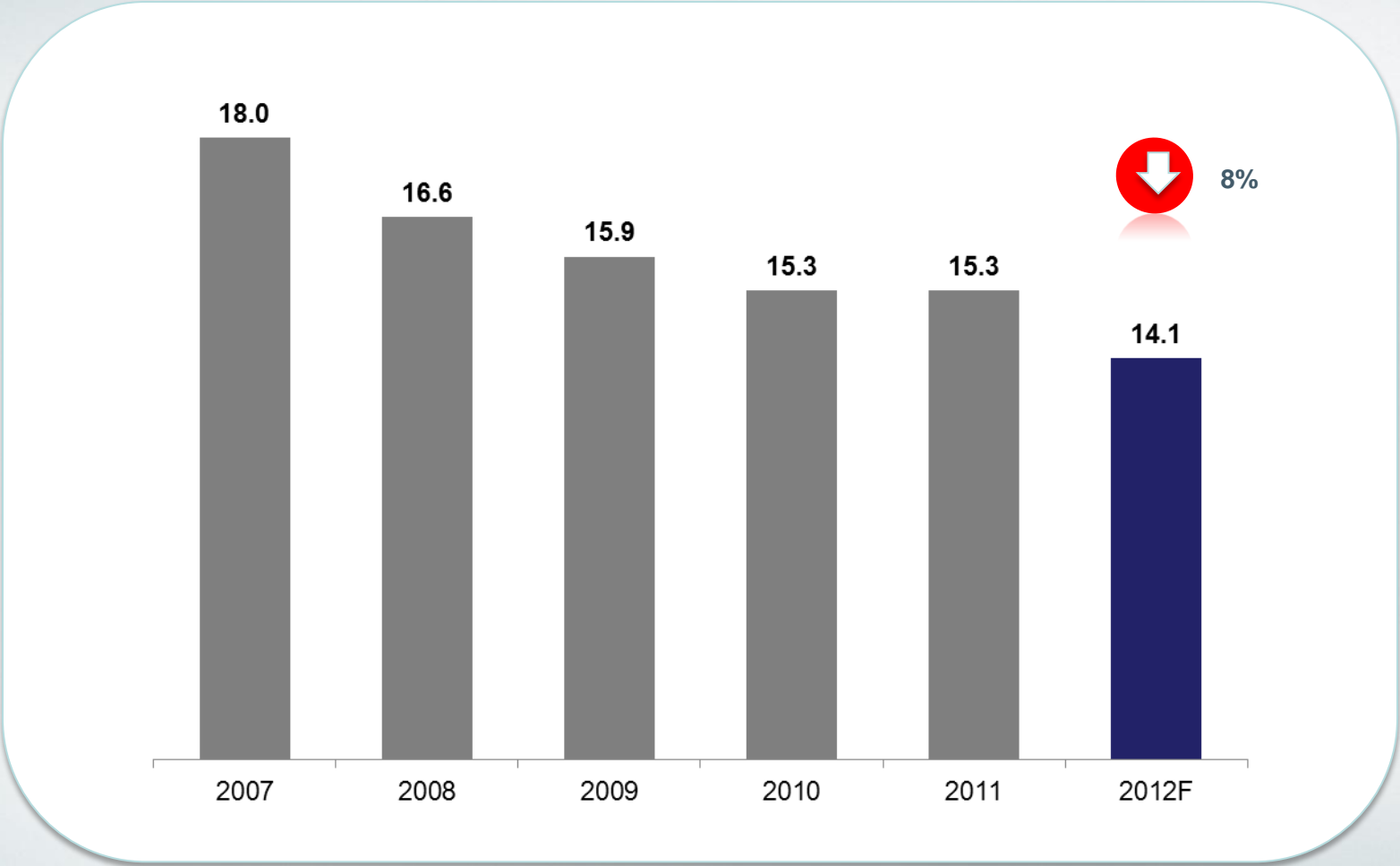
# Ford market shares in Europe (1H12)



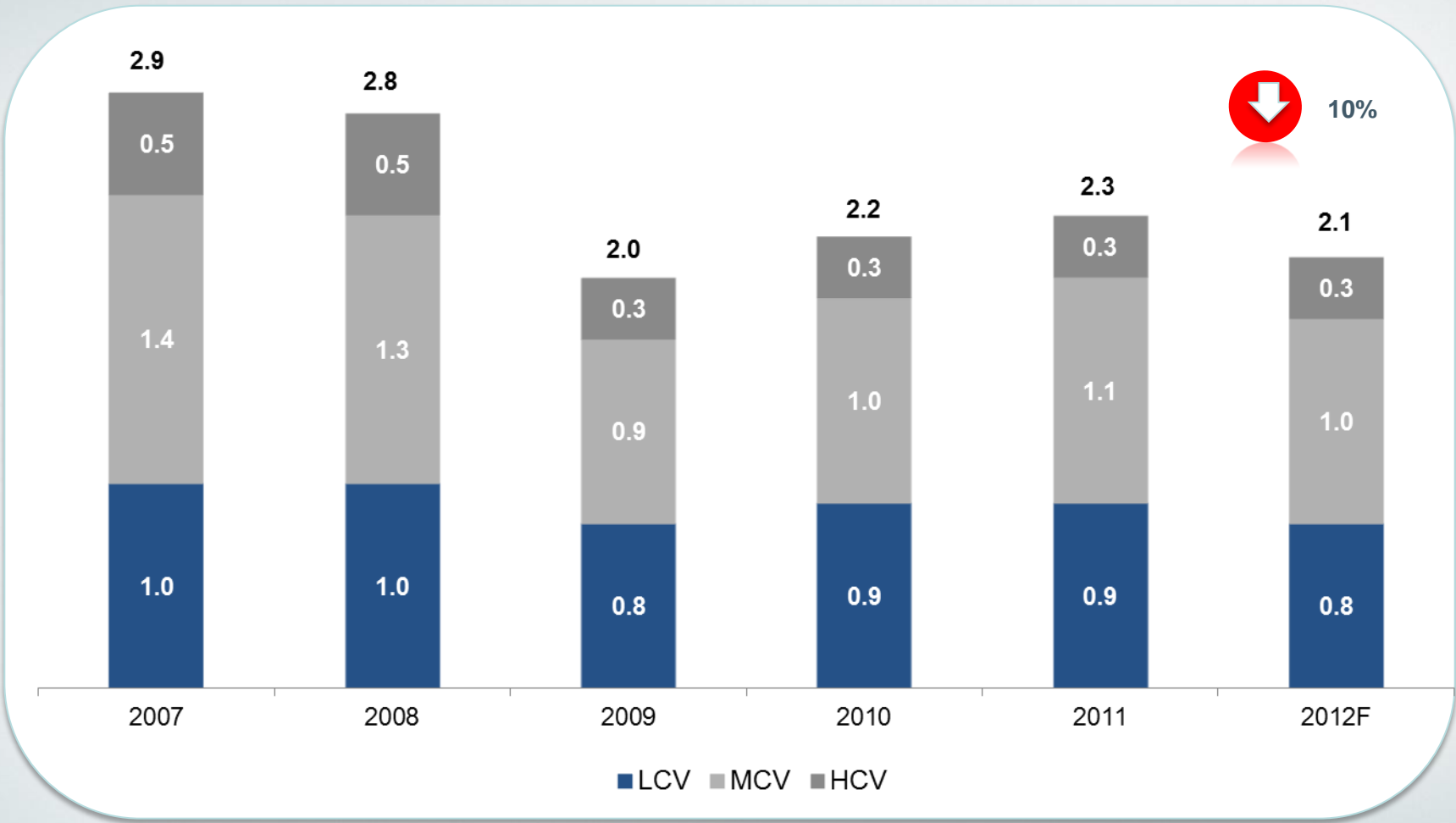
# Ford CV market shares in Europe (1H12)



# Total industry in Europe (19 markets, mn units)



# CV industry in Europe (19 markets, mn units)



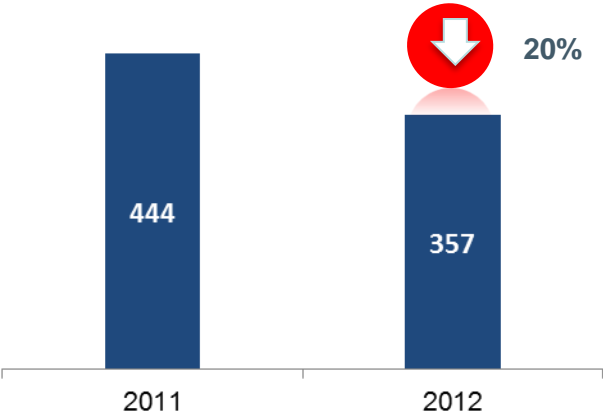


# Ford Motor Co. 2Q results

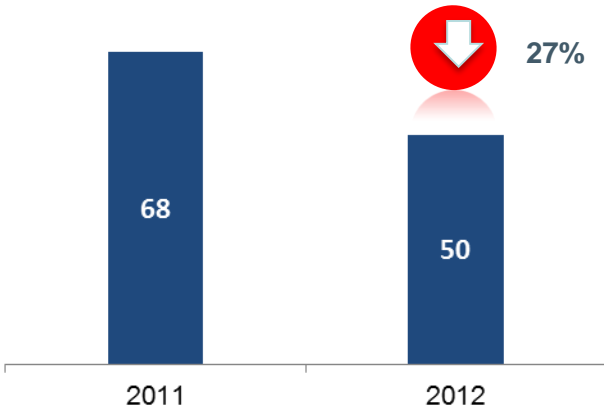
- Ford has now posted a pre-tax operating profit for **12 consecutive quarters**
- Second quarter net income was \$1 billion, a decrease of \$1.4 billion YoY, reflecting **lower operating results except for Ford North America and higher tax expense**
- Solid second quarter results were driven by Ford North America and Ford Credit; **challenges at Ford Europe and Ford South America** are being addressed through the company's One Ford plan
- Total Automotive operating profit was **\$1.4 billion**, a decrease of about \$900 million YoY
- Ford North America recorded **second straight quarter with profits** of more than \$2 billion and operating margin exceeding 10%
- Revenue was **\$33.3 billion**, a decrease of \$2.2 billion YoY
- Ford expects full year total company pre-tax operating profit to be **strong, but lower than 2011**, with positive Automotive operating-related cash flow

# Industry and Ford Otosan volumes (June YTD)

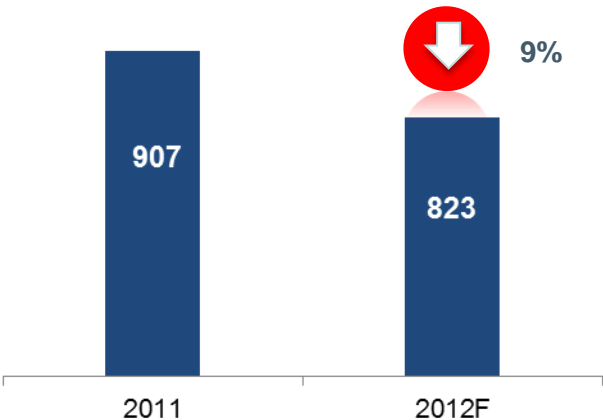
Total Automotive Industry, June YTD



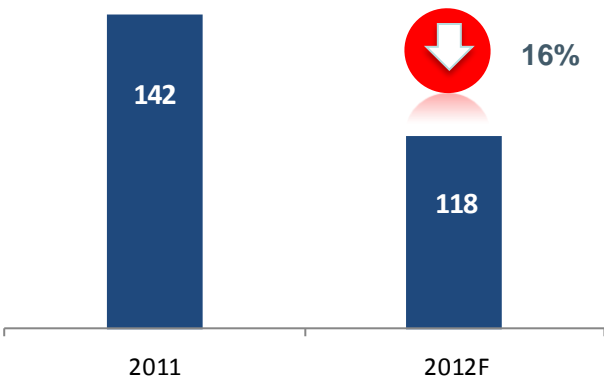
Ford Otosan, June YTD



Total Automotive Industry, 2012F



Ford Otosan Retail Sales, 2012F

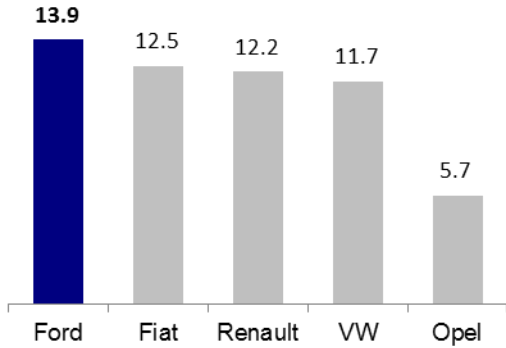


# Segment details

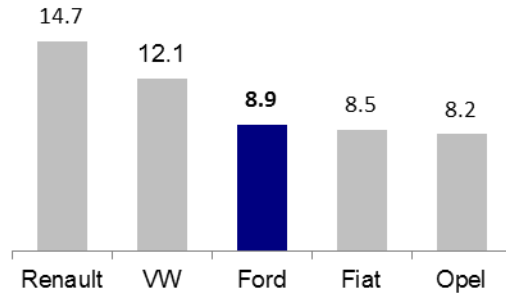
	Industry			Ford Otosan			
	Units		Change	1H12		1H11	
	1H12	1H11	%	Share	Rank	Share	Rank
<b>Total</b>	356,983	444,235	-20	<b>13.9%</b>	<b>1</b>	<b>15.2%</b>	<b>1</b>
PC	244,490	289,753	-16	8.9%	3	10.6%	2
LCV	55,314	83,202	-34	20.8%	2	19.5%	2
<b>MCV</b>	40,828	48,924	-17	<b>31.9%</b>	<b>1</b>	<b>33.4%</b>	<b>1</b>
Truck	14,887	19,781	-25	20.6%	2	21.9%	2

# Market shares (June'12 YTD)

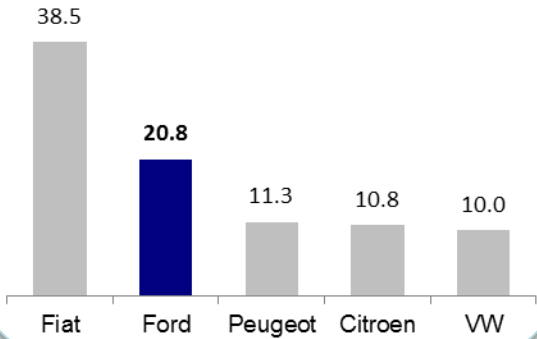
Total Industry



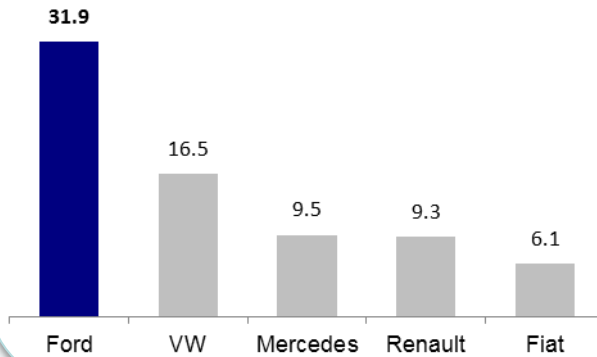
PC



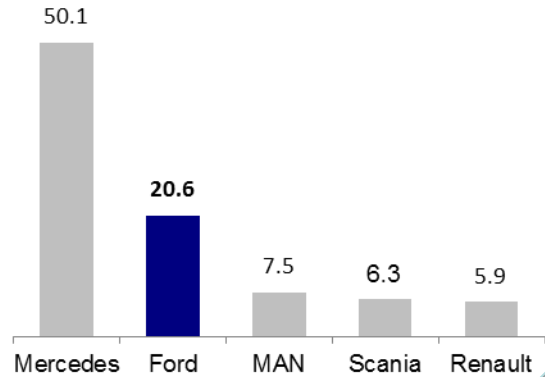
LCV



MCV

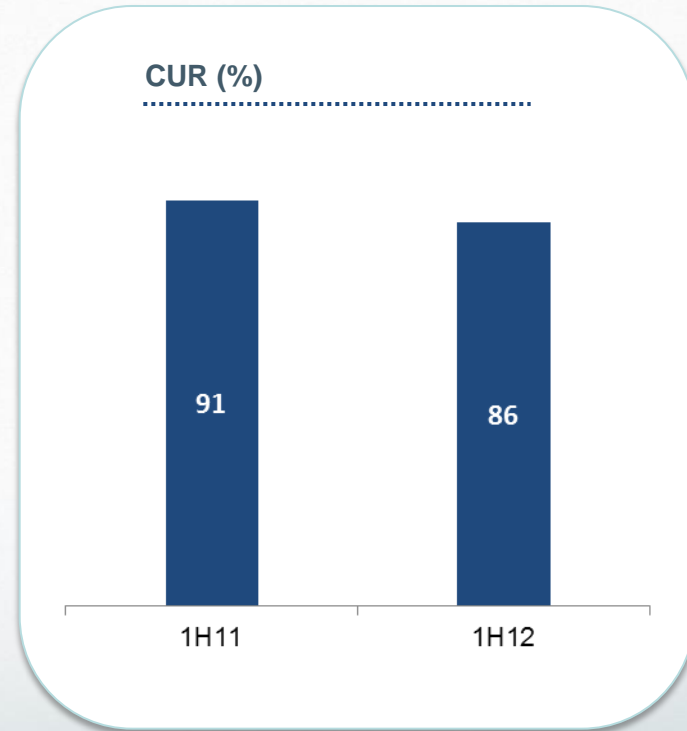
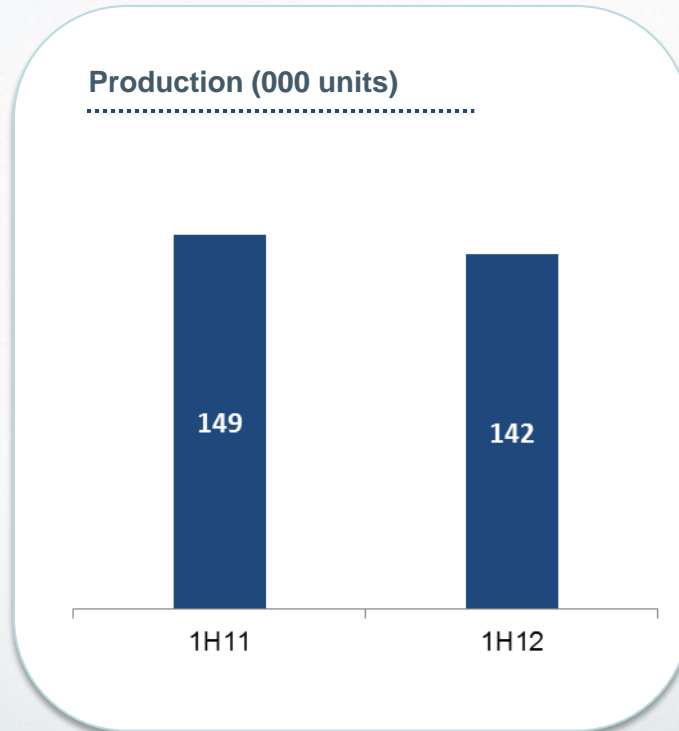


Truck



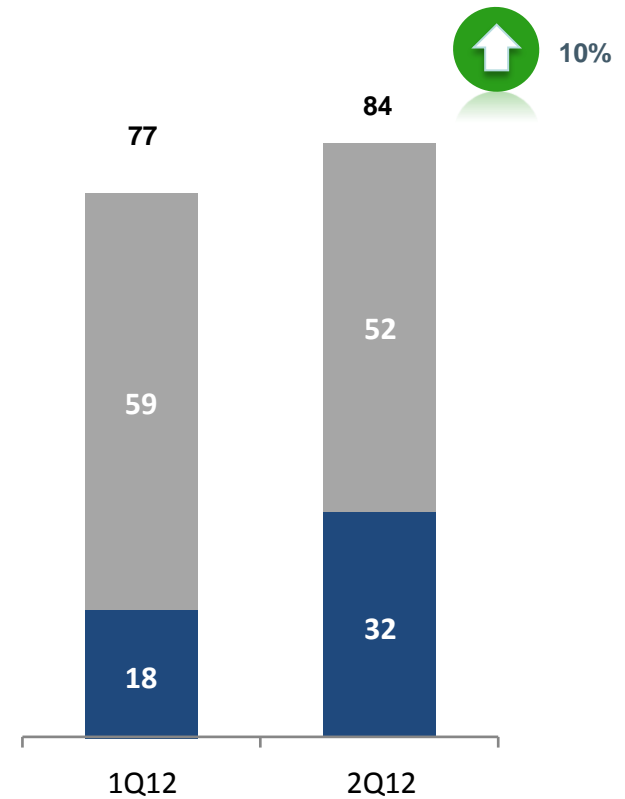
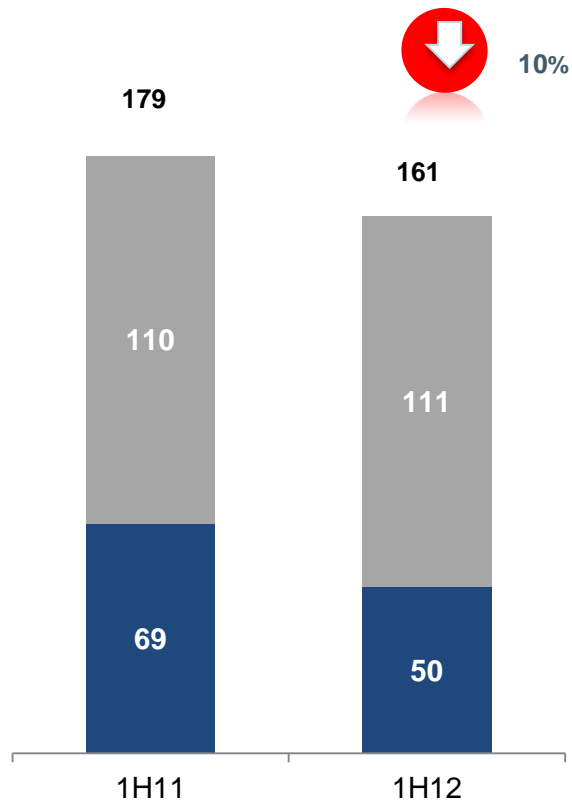
# Production and CUR

- Ford Otosan produced 142K vehicles in 1H12, representing 5% decline YoY
- CUR was 86% in the first half of 2012.
- Kocaeli Plant manufactured 80,820 Transit and 56,486 Transit Connect, while İnönü Plant produced 4,264 Cargo trucks.



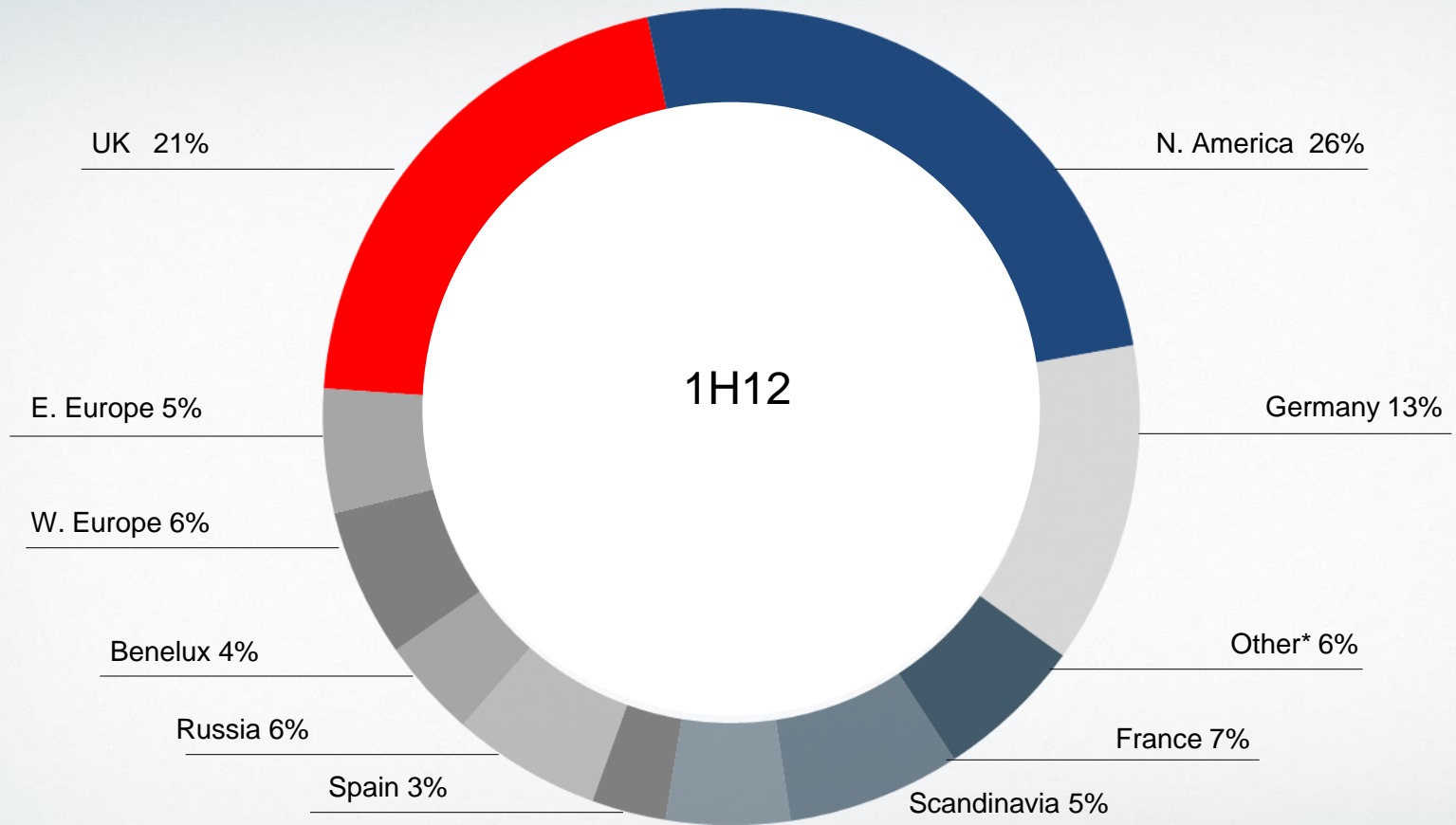


# Wholesale volumes



■ Domestic ■ Exports

# Main export markets



Other\*: Countries with less than 2% share

# 1H12 Results

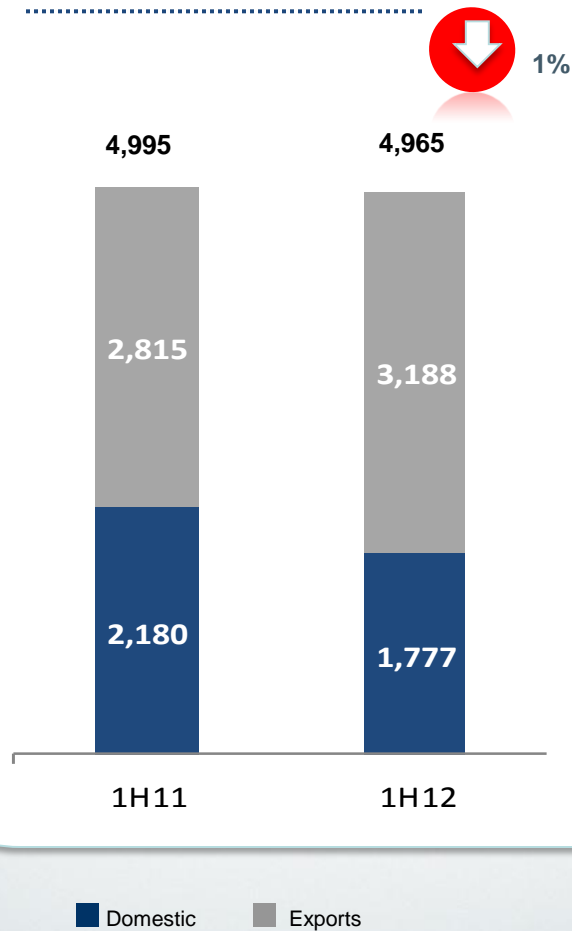
Oğuz Toprakoğlu  
CFO

# Main financial indicators

Million TL	1H 2012	1H 2011	Change
Total Revenues	4,965	4,995	-1%
Domestic	1,777	2,180	-18%
Export	3,188	2,815	13%
Gross Profit	546	623	-12%
Operating Profit	333	369	-10%
EBITDA	412	441	-6%
Profit Before Tax	333	405	-18%
Net Income	331	332	-
End of Period Cash/(Debt) Balance	381	816	-53%
Financial Debt	714	709	1%
Capex	339	104	225%

# Revenues

Revenues, TL mn



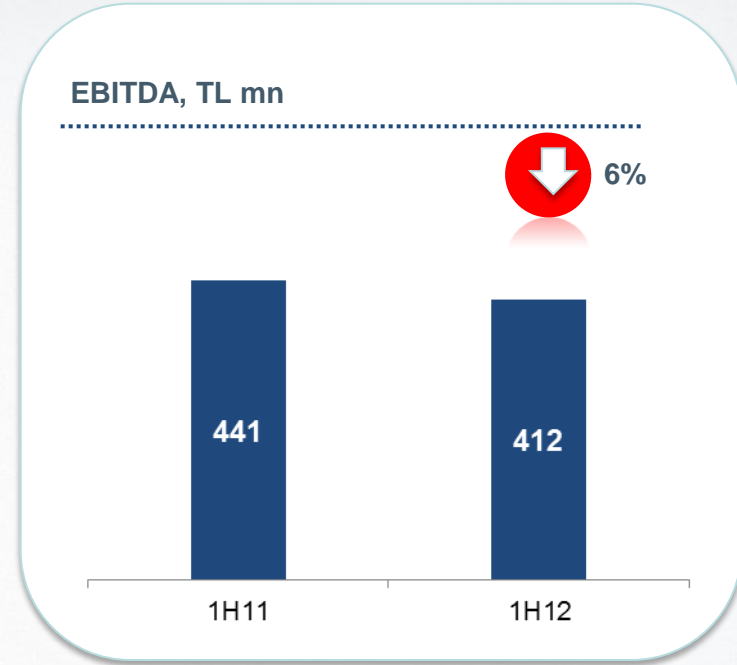
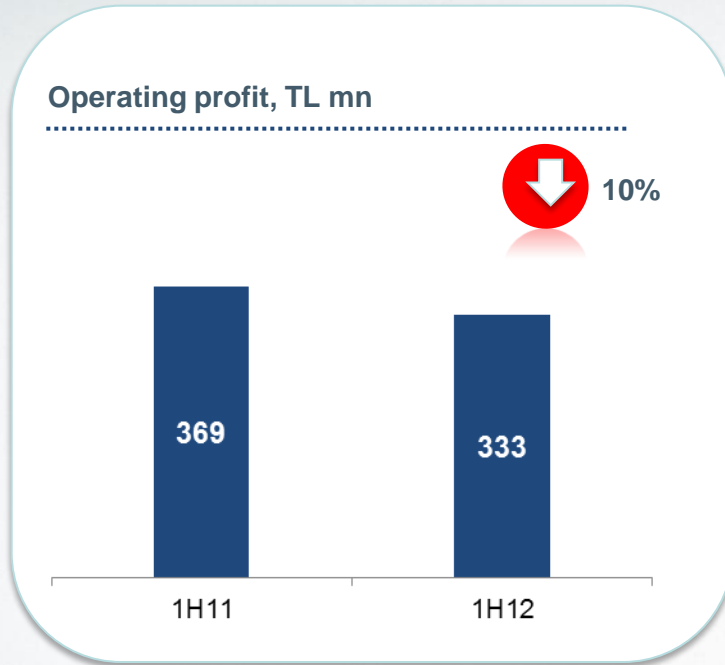
- Domestic revenues declined by 18% to TL1,777 million as a result of the market contraction and ongoing aggressive price competition
- Export revenues increased by 13%, reaching TL3,188 million.
- Despite the current challenging business environment, our revenues came in at TL4,965 million, declining by a mere 1% thanks to the strong export revenues.



# Sales volume by model

	1H 2012	1H 2011	YoY Change	2Q 2012	1Q 2012	QoQ Change
Domestic	<b>49,869</b>	<b>68,713</b>	<b>-27%</b>	<b>31,912</b>	<b>17,957</b>	<b>78%</b>
PC	21,869	31,647	-31%	14,720	7,149	106%
Transit Connect	12,182	16,551	-26%	7,505	4,677	60%
Total LCV	12,182	16,551	-26%	7,505	4,677	60%
Transit	12,655	15,222	-17%	7,846	4,809	63%
Ranger	-	866	n/a	-	-	
Total MCV	12,655	16,088	-21%	7,846	4,809	63%
Cargo	3,163	4,427	-29%	1,841	1,322	40%
Exports	<b>110,694</b>	<b>110,341</b>	<b>-</b>	<b>52,116</b>	<b>58,578</b>	<b>-11%</b>
Transit Connect	43,458	31,538	38%	23,367	20,091	16%
Transit	66,483	78,390	15%	28,183	38,300	-26%
Cargo	423	287	47%	340	83	310%
Other	330	126	162%	226	104	117%
Total Wholesale Volume	<b>160,563</b>	<b>179,054</b>	<b>-10%</b>	<b>84,028</b>	<b>76,535</b>	<b>10%</b>

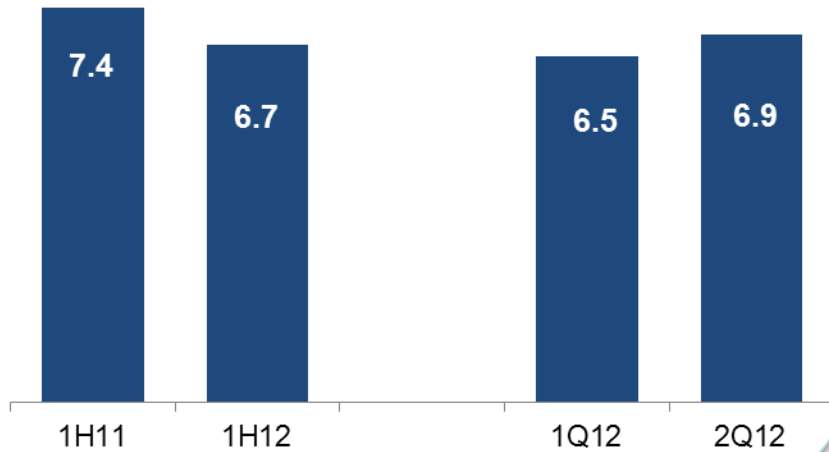
# Operating profit & EBITDA



As a result of the market contraction and campaigns introduced as of February due to the ongoing price competition trends of 4Q11, operating profit was down 10% YoY to TL333 million.

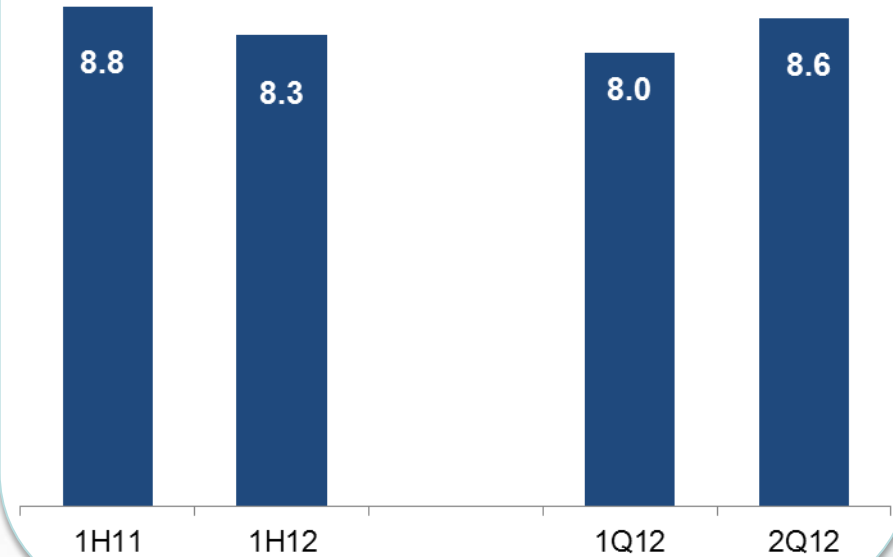
# Quarterly improvement in margins

Operating Margin, %



Operating margin increased from 6.5% in 1Q12 to 6.9% in 2Q12 and was 6.7% for 1H12.

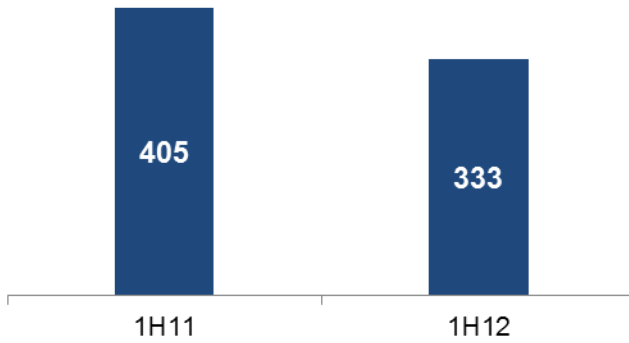
EBITDA Margin, %



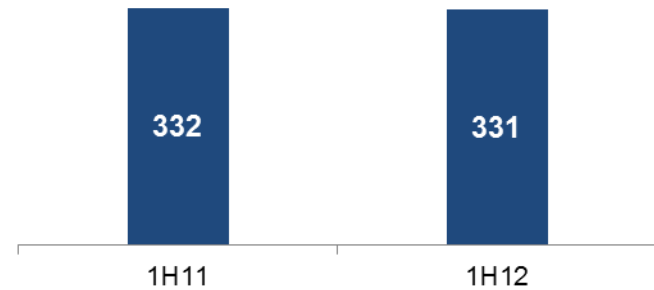
EBITDA margin increased from 8.0% in 1Q12 to 8.6% in 2Q12 and was 8.3% for 1H12

# PBT & Net income

Profit Before Tax, TL mn



Net Income, TL mn



# Debt profile & financial ratios

Million TL	1H 2012	1H 2011
Gross Margin	10.9%	12.5%
Operating Margin	6.7%	7.4%
EBITDA Margin	8.3%	8.8%
ROE	35.3%	37.1%
Financial Debt/Equity	0.38	0.40
Current Ratio	1.54	1.64
Liquidity Ratio	1.08	1.23
Current Assets/Total Assets	0.60	0.72
Current Liabilities/Total Liabilities	0.73	0.79
Total Liabilities / Total Liabilities & Equity	0.54	0.56



# 2012 Guidance

Turkish Industry Volume	823K
Retail Sales Volume	118K
Exports	208K
Wholesale Volume	325K
Production Volume	276K
Capex	\$ 540 million