

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	33.292	31%
Export Revenues	27.303	53%
Domestic Revenues	5.989	-20%
Operating Profit	2.285	34%
EBITDA	2.854	31%
Profit Before Tax	1.761	19%
Net Income	1.683	13%
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>
Total Wholesale Volume	394.660	-4%
Export Volume	328.892	11%
Domestic Wholesale Volume	65.768	-43%
Domestic Retail Volume	68.838	-41%
Market Share	10,8%	-1.1 pps
Production	373.702	0%
Capacity Utilization Rate	84%	-4.0 pps

Summary Income Statement, Million TL	31.12.2018	31.12.2017	% Change
Revenues	33.292	25.341	31%
Export	27.303	17.830	53%
Domestic	5.989	7.511	-20%
Gross Profit	3.459	2.637	31%
Operating Profit	2.285	1.708	34%
Financial Income/(Expense)	-520	-224	132%
Profit Before Tax	1.761	1.481	19%
Net Income	1.683	1.490	13%
Other Financial Data			
Depreciation and Amortization	569	474	20%
EBITDA	2.854	2.182	31%
Capital Expenditures	-1.190	-939	27%

Revenues

Turkish auto industry contracted 35% YoY in 2018 to 634,540 units. Sales declined across all segments year-over-year: PC -33%, LCV -47%, MCV -36% and Trucks -36%. PC industry share was 77%, up from 74% a year ago. LCV industry share was 11%, down from 13%. Ford Otosan was #3 in the total industry with 10.8% market share and 68,838 unit retail sales, reinforcing its CV leadership with 31% share.

Our domestic wholesale volumes were down 43% YoY, more than the market due to our profitability focus. The decline in our domestic revenues was relatively milder at 20%, with focus on high margin products and pricing discipline. We recorded TL 5,989 million in domestic revenues.

Export revenues rose 53% YoY to TL 27,303 million with market growth, ongoing strong demand for our products and currency impact. Export volumes grew 11% YoY to 328,892 units. Share of exports in total revenues rose to 82% from 70% a year ago.

Total revenues were up 31% YoY to TL 33,292 million, mainly driven by the robust export business.

Profitability

Profitability was strong despite considerable cost pressure [resulting from weaker €/TL (+38% YoY) and high inflation] and contracting domestic volumes. Drivers were:

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

Revenues (TL 33.3 billion), cost of sales and gross profit (TL 3.5 billion) were up 31%. Operating profit grew 34% YoY to TL 2.3 billion with strong OpEx control. OpEx/Sales improved to 3.6% in 2018 from 4.4% in 2017. We recorded net fx loss from operating activities in 4Q18 as TL gained strength over 3Q18, resulting in lower net fx gain from operating activities for the year: TL 82 million in 2018 vs. TL 118 million in 2017. EBITDA grew 31% YoY to TL 2,854 million. Net financial expenses were 132% more YoY driven by 127% rise in net fx losses mainly explained by prior period fx losses from cash flow hedge reserve. As a result, profit before tax rose 19% YoY to TL 1,761 million. Net income was up 13% to TL 1,683 mainly due to deferred tax asset calculation.

Margins: Gross 10.4% (flat YoY); EBITDA 8.6% (flat YoY); EBITDA excluding other income 8.5% (+60 bps YoY); Operating 6.9% (+20 bps YoY); and Net 5.1% (-80 bps YoY).

Sales Volume by Model, units	31.12.2018	31.12.2017	% Change
Domestic Sales	65.768	115.462	-43%
Passenger Car	18.987	33.543	-43%
Transit Courier	19.659	35.549	-45%
Transit Connect	1.060	1.747	-39%
Light Commercial Vehicle	20.719	37.296	-44%
Transit	16.350	29.080	-44%
Transit Custom	4.690	7.642	-39%
Ranger	1.496	2.711	-45%
Medium Commercial Vehicle	22.536	39.433	-43%
Truck	3.526	5.190	-32%
Export Sales	328.892	297.396	11%
Transit Custom	168.174	157.502	7%
Transit	120.154	100.181	20%
Transit Courier	38.553	37.864	2%
Truck	1.817	1.309	39%
Other	194	540	-64%
Total Wholesale Volume	394.660	412.858	-4%

Total Domestic Automotive Industry	634.540	977.483	-35%
Ford Otosan Retail Sales	68.838	116.247	-41%
Ford Otosan Market Share	10,8%	11,9%	-1.1 pps

Summary Balance Sheet, Million TL	31.12.2018	31.12.2017	% Change
Current Assets	7.395	6.827	8%
Current Liabilities	7.220	6.050	19%
Property, Plant and Equipment - Net	3.923	3.536	11%
Total Assets	13.184	12.012	10%
Total Liabilities	9.291	8.316	12%
Shareholders' Equity	3.893	3.696	5%

Financial Ratios	31.12.2018	31.12.2017
Current Ratio	1,02	1,13
Liquidity Ratio	0,64	0,87
Net Debt / Tangible Equity	1,01	0,60
Net Debt / EBITDA	1,08	0,82
Current Assets / Total Assets	0,56	0,57
Current Liabilities / Total Liabilities	0,78	0,73
Total Liabilities / Total Liabilities and Equity	0,70	0,69
Return on Equity	43,2%	40,3%
	31.12.2018	31.12.2017
Gross Margin	10,4%	10,4%
EBITDA Margin	8,6%	8,6%
EBITDA Margin excluding other income/expense	8,5%	7,9%
Operating Margin	6,9%	6,7%
Net Income Margin	5,1%	5,9%

Summary Cash Flow Statement, Million TL	31.12.2018	31.12.2017	% Change
Beginning Balance of Cash & Equivalents	1.803	1.189	52%
Net Cash Generated from Operating Activities	2.176	2.159	1%
Net Cash Used in Investing Activities	-1.145	-938	22%
Net Cash Used in Financing Activities	-1.444	-606	138%
End of Period Balance of Cash & Equivalents	1.391	1.803	-23%

2018 Guidance	
Total Industry Volume	380 K - 430 K
Ford Otosan:	
Retail Sales Volume	40 K - 50 K
Export Volume	320 K - 330 K
Wholesale Volume	360 K - 380 K
Production Volume	350 K - 360 K
Capex (fixed assets)	€160 -180 million

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