

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>	
Revenues	25.341	39%	Record
Export Revenues	17.830	45%	Record
Domestic Revenues	7.511	25%	Record
Operating Profit	1.708	54%	Record
EBITDA	2.182	39%	Record
Profit Before Tax	1481	53%	Record
Net Income	1490	56%	Record
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>	
Total Wholesale Volume	412.858	11%	Record
Export Volume	297.396	16%	Record
Domestic Wholesale Volume	115.462	0%	
Domestic Retail Volume	116.247	1%	
Market Share	11,9%	0.5 pps	
Production	373.007	12%	Record
Capacity Utilization Rate	88%	8 pps	

2017 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS) subject to independent audit of PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member of PricewaterhouseCoopers).

Summary Income Statement, Million TL	31.12.2017	31.12.2016	% Change
Revenues	25.341	18.289	39%
Export	17.830	12.287	45%
Domestic	7.511	6.002	25%
Gross Profit	2.637	2.086	26%
Operating Profit	1.708	1.111	54%
Financial (Expense) / Income	-224	-135	66%
Profit Before Tax	1.481	970	53%
Net Income	1.490	955	56%
Other Financial Data			
Depreciation and Amortization	474	456	4%
EBITDA	2.182	1.567	39%
Capital Expenditures	-939	-598	57%

Revenues

Turkish auto industry contracted 3% YoY in 2017 to 977,483 units. While LCV (+4% YoY), MCV (+2%), and Truck (+1%) sales increased, PC (-5% YoY) sales declined. PC share in the total industry was 73.9%, from 75.4% a year ago. LCV industry share was 12.9%, up from 12.1% in 2016. Ford Otosan obtained 11.9% market share with 116,247 unit retail sales, reinforcing its CV leadership with 30.3% share.

Domestic revenues were TL 7,511 million, up 25% YoY, thanks to pricing strategy and positive sales mix. Domestic wholesale volumes were down 324 units to 115,462. Export revenues rose 45% YoY to TL 17,830 million with market growth, ongoing strong demand for our products and currency impact. Export volumes grew 16% YoY to 297,396 units. Total revenues were up 39% YoY to TL 25,341 million. Volumes (export & total), revenues, operating profit, EBITDA, PBT and net income were the highest on record. Share of exports in total revenues was 70%, up from 67% in 2016.

Production increased by 12% YoY to a record 373,007 units, yielding 88% capacity utilization rate.

Profitability

Profitability was strong in 2017 despite a high base year and considerable cost pressure resulting from weaker €/TL (+23% YoY), rising inflation and commodity prices. Drivers were:

- + Pricing focus to offset the cost impact (weak & volatile TL, rising inflation and commodity prices)
- + Positive domestic sales mix and focus on high margin products (share of imports at 33%; Local MCV+Truck share up 1 pps to 36%)
- + High CUR: Up 8 pps YoY to 88% with rising export demand and 12% more production
- + Cost reduction actions and strong OpEx control

Revenues were up 39% YoY while cost of sales increased 40%, resulting in 26% rise in gross profit to TL 2,637 million. Operating profit grew 54% YoY to TL 1,708 million, with strong OpEx control and net fx gains from other operating income (TL 118 million in 2017 vs TL 41 million in 2016). EBITDA grew 39% YoY to TL 2,182 million. Profit before tax rose 53% YoY to TL 1,481 million, despite the pressure from net financial expenses (%66 rise driven by 137% higher net fx loss). Net income was up 56% to TL 1,490 million, higher than PBT, due to tax income resulting from deferred tax asset.

Margins: Gross 10.4% (down 100 bps YoY); EBITDA 8.6% (flat YoY); EBITDA excluding other income 7.9% (down 20 bps YoY); Operating 6.7% (up 60 bps YoY); and Net 5.9% (up 70 bps YoY).

Sales Volume by Model, units	31.12.2017	31.12.2016	% Change
Domestic Sales	115.462	115.786	0%
Passenger Car	33.543	33.236	1%
Transit Courier	35.549	37.451	-5%
Transit Connect	1.747	2.887	-39%
Light Commercial Vehicle	37.296	40.338	-8%
Transit	29.080	27.629	5%
Transit Custom	7.642	7.037	9%
Ranger	2.711	2.037	33%
Medium Commercial Vehicle	39.433	36.703	7%
Truck	5.190	5.509	-6%
Export Sales	297.396	257.246	16%
Transit Custom	157.502	129.792	21%
Transit	100.181	93.077	8%
Transit Courier	37.864	33.063	15%
Cargo	1.309	877	49%
Other	540	437	24%
Total Wholesale Volume	412.858	373.032	11%

Total Domestic Automotive Industry	977.483	1.004.313	-3%
Ford Otosan Retail Sales	116.247	114.803	1%
Ford Otosan Market Share	11,9%	11,4%	0.5 pps

Summary Balance Sheet, Million TL	31.12.2017	31.12.2016	% Change
Current Assets	6.827	4.676	46%
Current Liabilities	6.050	4.308	40%
Property, Plant and Equipment - Net	3.536	3.303	7%
Total Assets	12.012	9.286	29%
Total Liabilities	8.316	6.123	36%
Shareholders' Equity	3.696	3.164	17%

Financial Ratios		
	31.12.2017	31.12.2016
Current Ratio	1,13	1,09
Liquidity Ratio	0,87	0,79
Net Financial Debt / Tangible Net Worth	0,60	0,64
Current Assets / Total Assets	0,57	0,50
Current Liabilities / Total Liabilities	0,73	0,70
Total Liabilities / Total Liabilities and Equity	0,69	0,66
Return on Equity	40,3%	30,2%

	31.12.2017	31.12.2016
Gross Margin	10,4%	11,4%
EBITDA Margin	8,6%	8,6%
EBITDA Margin excluding other income/expense	7,9%	8,1%
Operating Margin	6,7%	6,1%
Net Income Margin	5,9%	5,2%

Summary Cash Flow Statement, Million TL	31.12.2017	31.12.2016	% Change
Beginning Balance of Cash & Equivalents	1.189	980	21%
Net Cash Generated from Operating Activities	2.159	1.612	34%
Net Cash Used in Investing Activities	-938	-586	60%
Net Cash Used in Financing Activities	-606	-818	-26%
End of Period Balance of Cash & Equivalents	1.803	1.189	52%

2018 Guidance	
Total Industry Volume	950K - 1,000K
Ford Otosan:	
Retail Sales Volume	110K - 120K
Export Volume	295K - 305K
Wholesale Volume	405K - 425K
Production Volume	370K - 380K
Capex (fixed assets)	€210-230 million

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