

# Investor Relations Presentation

Q2 2014 Results

Updated: October 2014

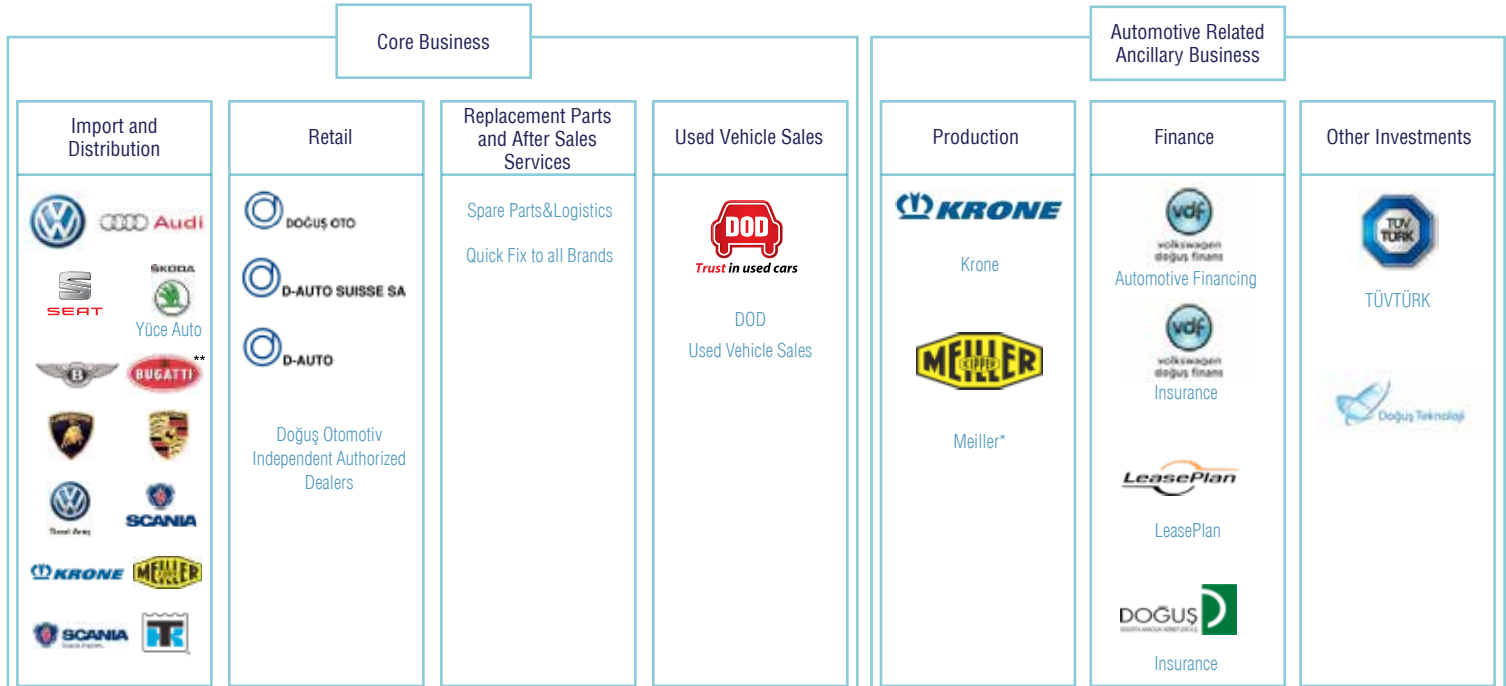


# Agenda

- Dođuş Otomotiv / Value Chain 2014
- Macroeconomic Outlook
- Automotive Market
- Financial Performance

# Doğuş Otomotiv / Value Chain 2014

## Presence in Every Link of Automotive Value Chain



\*Subsidiaries

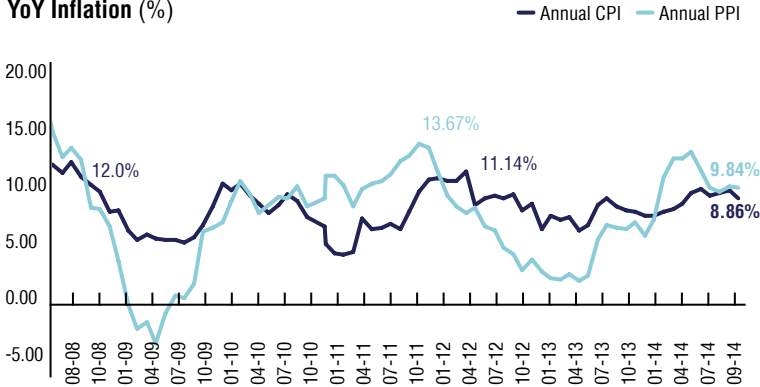
\*\*Representative Offices

# Macroeconomic Outlook

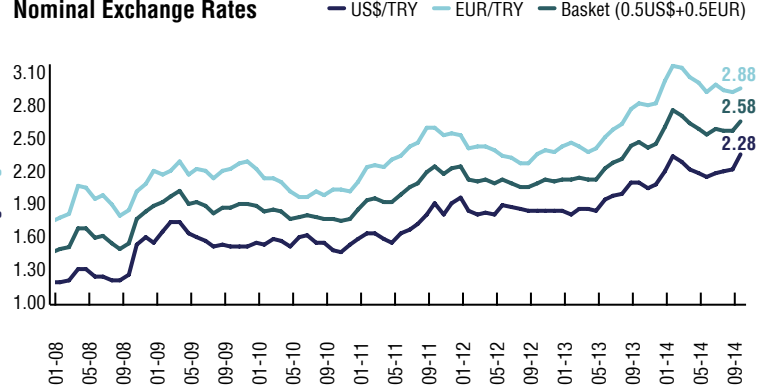


# Macroeconomic Indicators

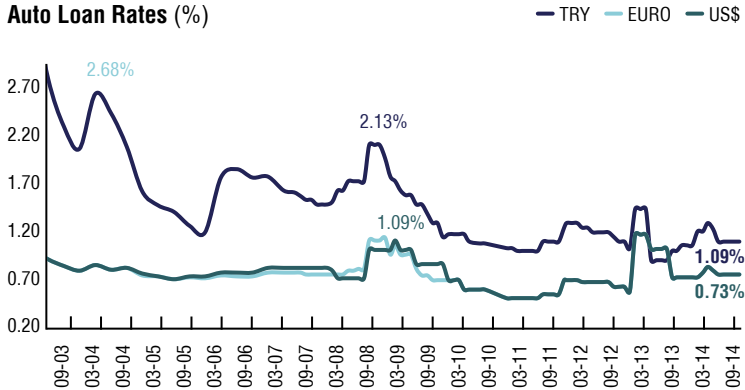
## YoY Inflation (%)



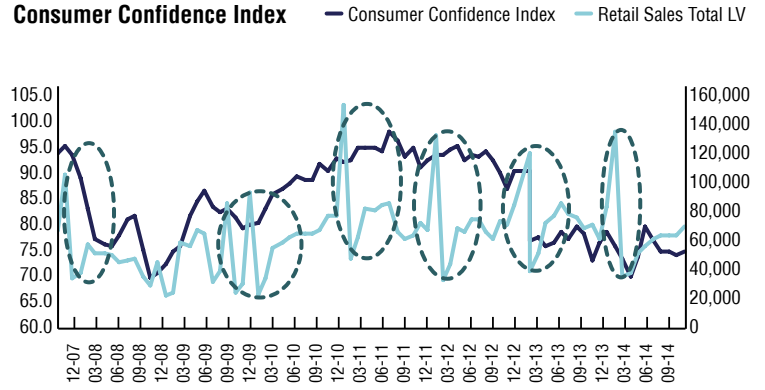
## Nominal Exchange Rates



## Auto Loan Rates (%)

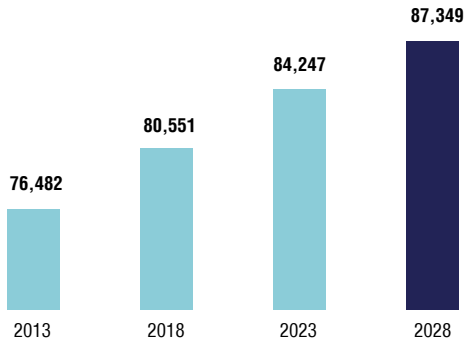


## Consumer Confidence Index

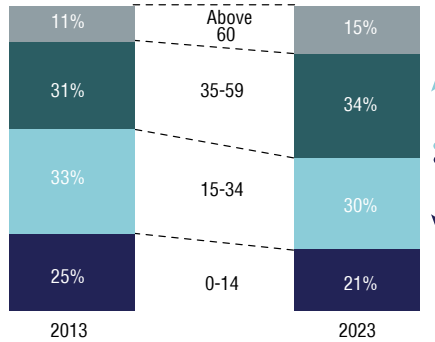


# Population & Demography

## Population Statistics

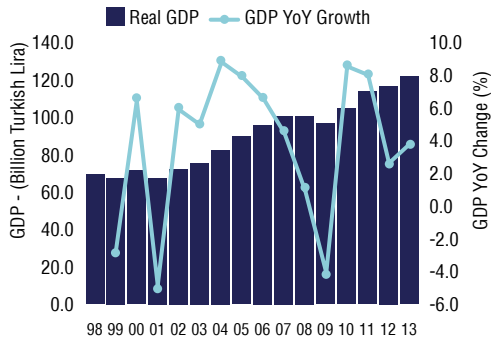


## Age Demography

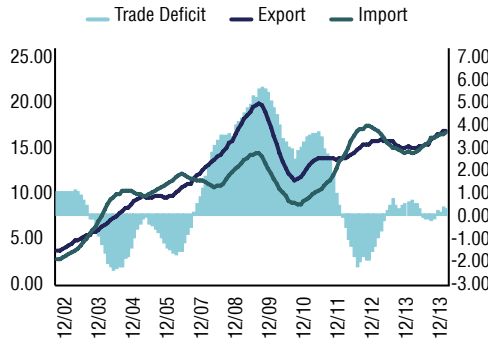


- Young population and fiscal reforms push the country towards stable and sustainable growth.
- Population is increasing on an average 1.5% each year.
- 64% of population will be between the age group 15 to 59 years.
- Share of people in the age group between 35 to 59 will increase by 3%.

## Economy



## Auto Industry Trade Balance (US\$ bn)



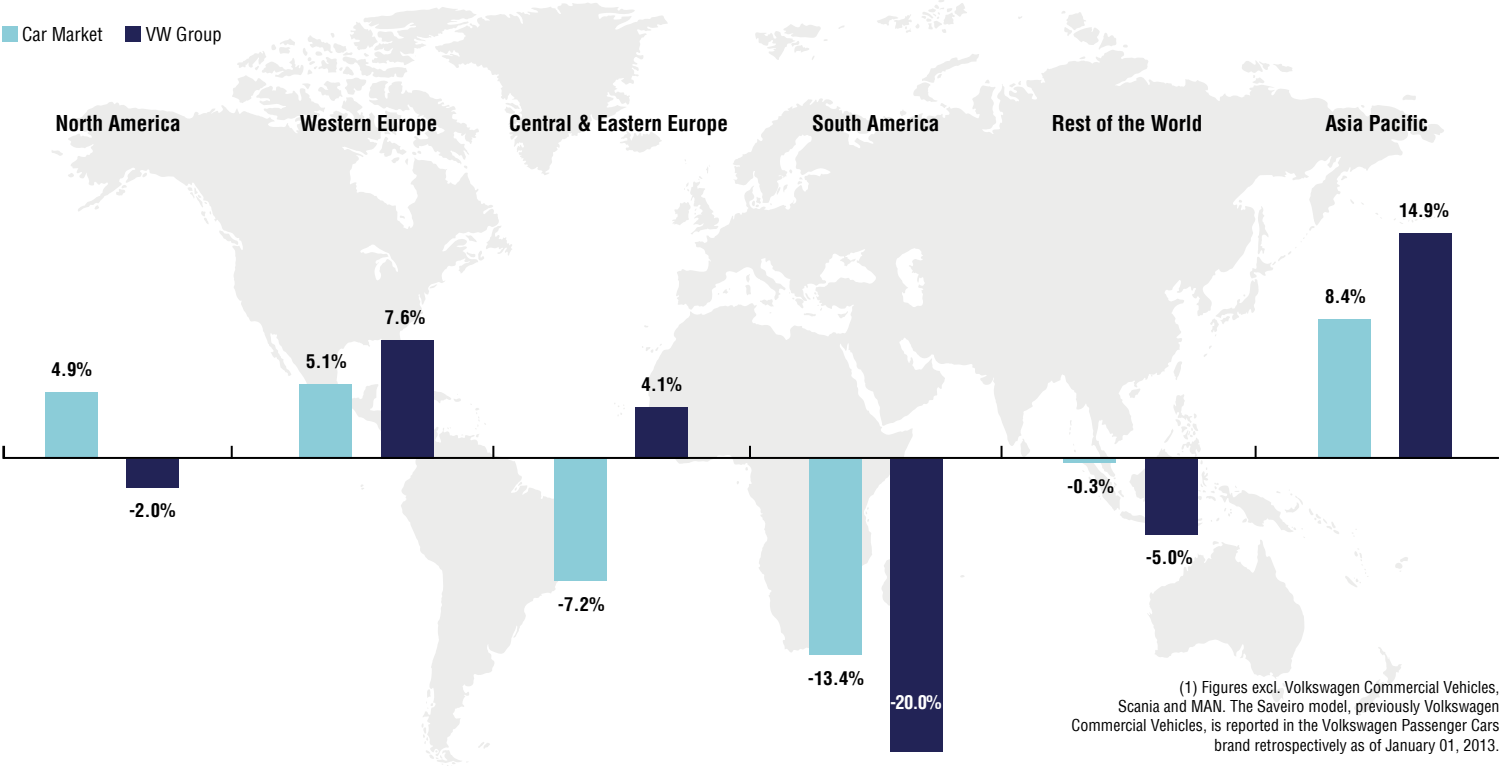
Note: All figures are rounded; the base years is 2009.  
Source: IMF, TurkStat, Frost Sullivan

# Automotive Market



# Development world car market vs. Volkswagen Group Car Deliveries to Customers<sup>(1)</sup> (Growth y-o-y in deliveries to customers, January to August 2014 vs. 2013)

World Car Market: 4.2% VW Group: 6.1%

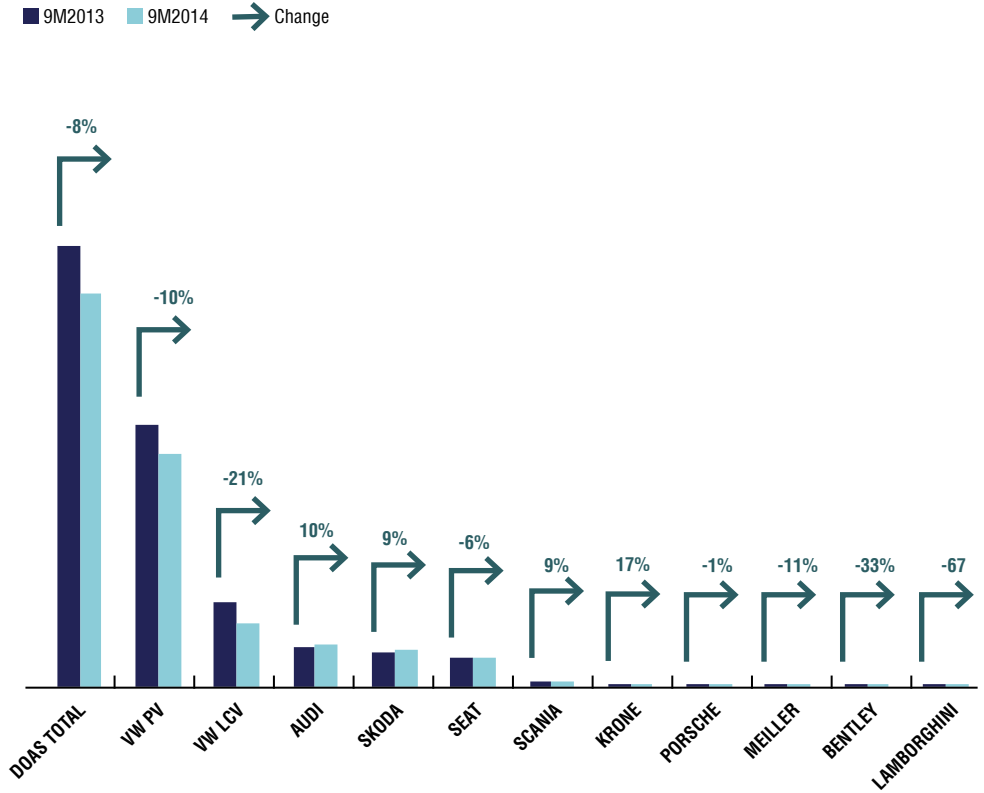


(1) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN. The Saveiro model, previously Volkswagen Commercial Vehicles, is reported in the Volkswagen Passenger Cars brand retrospectively as of January 01, 2013.



# DOAS Wholesales Performance

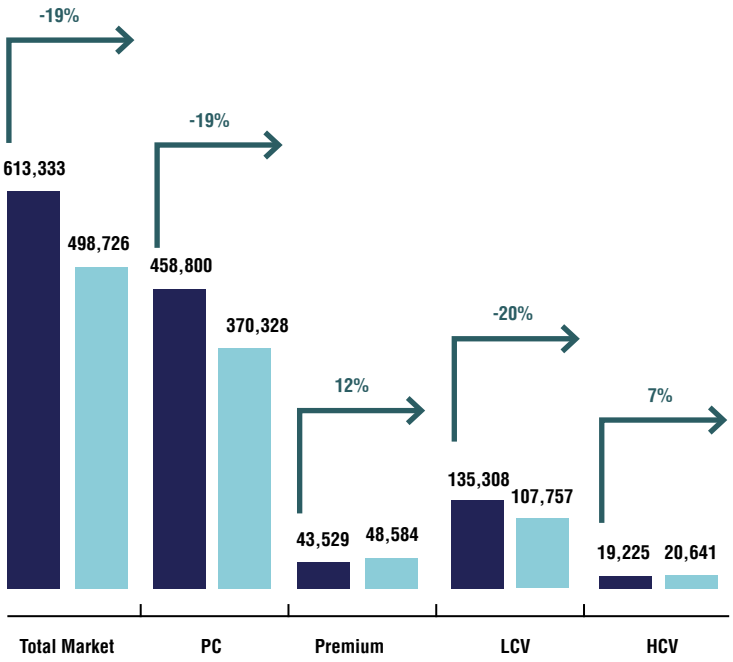
	9M2013	9M2014	Change
<b>DOAS TOTAL</b>	<b>111,799</b>	<b>102,926</b>	<b>-8%</b>
VW PV	64,310	58,050	-10%
VW LCV	19,008	15,031	-21%
AUDI	9,585	10,507	10%
SKODA	8,694	9,466	9%
SEAT	7,917	7,441	-6%
SCANIA	1,131	1,238	9%
KRONE	484	564	17%
PORSCHE	360	357	-1%
MEILLER	292	261	-11%
BENTLEY	15	10	-33%
LAMBORGHINI	3	1	-67%



# Market Review - Wholesale

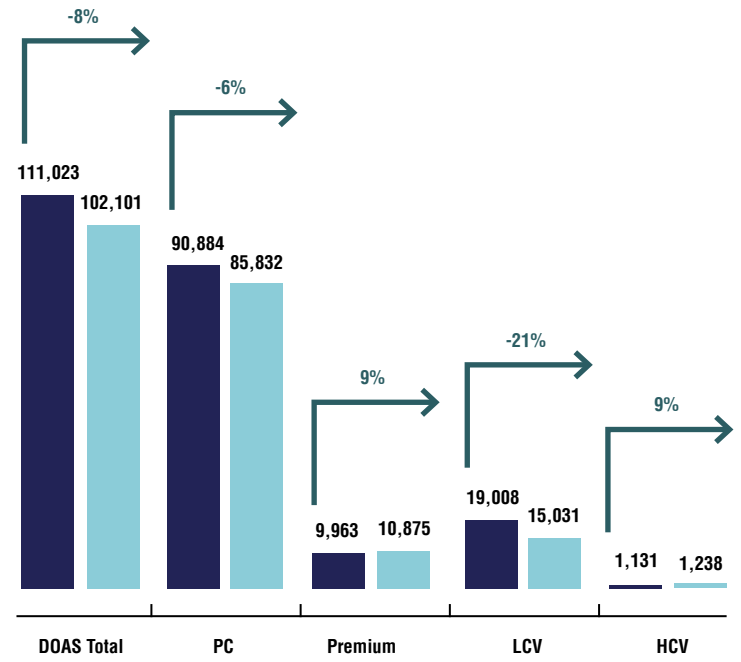
## MARKET

■ Sep 2013   ■ Sep 2014   → Change



## DOAS

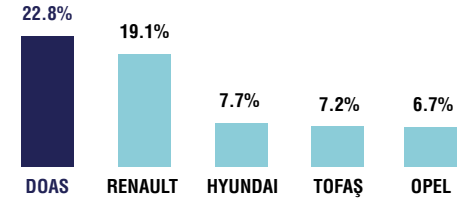
■ Sep 2013   ■ Sep 2014   → Change



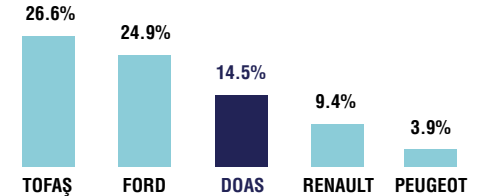
# Market Share - Retail

RETAIL MARKET	2012 YEAR END	2013 YEAR END	YTD SEP 13	YTD SEP 14	13/14 CHANGE	YTD SEP 2013/2014 CHANGE
<b>PASSENGER VEHICLE %</b>						
DOAS	17.4	19.3	19.6	22.8	3.5	3.2
RENAULT	18.1	18.9	19.3	19.1	0.2	-0.1
HYUNDAI	7.8	7.2	7.3	7.7	0.5	0.4
TOFAŞ	8.2	7.8	8.3	7.2	-0.6	-1.1
FORD	8.8	8.4	8.2	6.7	-1.7	-1.5
OPEL	8.5	8.8	8.3	6.5	-2.3	-1.8
TOYOTA	5.7	5.4	4.9	5.4	-0.1	0.5
PEUGEOT	2.6	3.5	3.3	3.0	-0.6	-0.3
OTHER	22.9	20.7	20.9	21.6	0.9	0.7
<b>LIGHT COMMERCIAL VEHICLE %</b>						
TOFAŞ	26.2	25.1	24.3	26.6	1.5	2.3
FORD	26.7	26.4	26.0	24.9	-1.6	-1.2
DOAS	11.8	12.6	13.6	14.5	1.9	0.9
RENAULT	7.4	10.1	10.0	9.4	-0.8	-0.6
PEUGEOT	6.8	5.8	5.6	3.9	-2.0	-1.7
TOYOTA	1.1	1.3	1.2	1.1	-0.2	-0.1
HYUNDAI	1.2	0.8	0.8	1.0	0.2	0.2
OPEL	0.3	0.1	0.2	0.0	-0.1	-0.2
OTHER	18.5	17.8	18.4	18.8	1.0	0.4
<b>LIGHT VEHICLE %</b>						
DOAS	15.8	17.8	18.2	20.9	3.1	2.7
RENAULT	15.2	17.0	17.1	16.9	-0.1	-0.2
TOFAŞ	13.3	11.5	12.0	11.6	0.1	-0.4
FORD	13.7	12.7	12.3	10.8	-1.9	-1.4
HYUNDAI	5.9	5.8	5.8	6.2	0.4	0.4
OPEL	6.4	6.6	6.5	5.0	-1.6	-1.4
TOYOTA	4.4	4.5	4.0	4.4	-0.1	0.4
PEUGEOT	3.8	4.0	3.8	3.2	-0.9	-0.7
OTHER	21.5	20.1	20.3	20.9	0.8	0.6

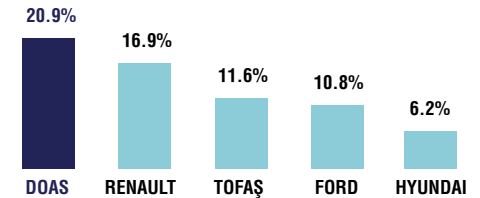
## PV TOP 5 SEPTEMBER 14



## LCV TOP 5 SEPTEMBER 14



## LV TOP 5 SEPTEMBER 14



# Financial Performance



# Consolidated Income Statement

(TL mn, CMB)	30 June 14	30 June 13	Change (%)
Revenue	3,197	2,906	10%
Gross Profit	368	374	-2%
Operational Expenses	-240	-208	16%
Selling and Marketing Expenses	-102	-90	14%
General Administrative Expenses	-120	-97	24%
Warranty Expenses, net	-19	-37	-49%
Other Operating Expenses, net	1	16	-93%
EBITDA	146	181	-20%
EBIT	128	167	-23%

Margins	30 June 14	30 June 13	Change (%)
Gross Margin	11.5%	12.9%	-11%
Opex/Sales	7.5%	7.1%	5%
EBITDA Margin	4.6%	6.2%	-27%
EBIT Margin	4.0%	5.7%	-30%
Net Profit Margin	3.5%	4.5%	-21%

# Consolidated Income Statement

(TL '000)	30 June 14	Vertical Analysis	30 June 13	Vertical Analysis	Change (%) 2014/2013
Revenue	3,196,751		2,906,052		10%
Direct cost of revenue	-2,828,865	-88%	-2,531,950	-87%	12%
<b>Gross profit</b>	<b>367,886</b>	<b>12%</b>	<b>374,102</b>	<b>13%</b>	<b>-2%</b>
Selling, marketing and distribution expenses	-101,916	-3%	-89,515	-3%	14%
SG&A Expenses	-120,258	-4%	-97,042	-3%	24%
Warranty expenses	-18,815	-1%	-36,621	-1%	-49%
Other operating incomes/losses, net	1,063	0%	15,692	1%	-93%
<b>Results from operating activities</b>	<b>127,960</b>	<b>4%</b>	<b>166,616</b>	<b>6%</b>	<b>-23%</b>
Income from Investing Activities	10,698		7,219		
<b>Income Loss from Associates</b>	<b>47,712</b>		<b>16,507</b>		<b>189%</b>
Financial incomes/costs, net	-57,170		-32,784		74%
<b>Profit before income tax</b>	<b>129,200</b>	<b>4%</b>	<b>157,558</b>	<b>5%</b>	<b>-18%</b>
Tax expense	-16,866		-27,554		-39%
<b>Profit for the year</b>	<b>112,334</b>	<b>4%</b>	<b>130,004</b>	<b>4%</b>	<b>-14%</b>

## Income/Loss from Associates 30 June 14 Cumulative 30 June 13 Cumulative

VDTF	13,652	11,919
Doğuş Sigorta	1,021	727
SKODA (Yüce Oto)	6,815	753
VDF Servis Holding	2,540	2,115
Leaseplan	16,044	205
TÜVTURK Group	9,674	6,116
Meiller-Doğuş	-1,230	-835
Krone-Doğuş	-2,057	-4,697
Doğuş Technology	1,253	204
<b>Grand Total</b>	<b>47,712</b>	<b>16,507</b>

### → Direct cost of revenue

- The major reasons for the decrease in Gross Profit and Operating Profit compared to same period last year are as follows:
  - OEM sales price increases
  - Increase in cost of transportation
  - Adverse impact of FX parity rise
  - Negative impacts of increase in SCT on the market
  - BRSA's restrictive regulations imposed upon auto loans.
  - Political and environmental impacts (election period, bad weather conditions)

### → Selling, marketing and distribution expenses

- 26% Increase in Distribution Expense
- 15% Increase in Personnel Expenses

### → General Administration Expenses

- Increase in personnel by 3% and increase in wages by 10%

# Financing Costs

(TL mn, CMB)	30 June 14	30 June 13	Change (%)
Financing Costs	-57.17	-32.78	74%
Finance expenses. net	-57.31	-31.18	84%
Interest expense on borrowings	-51.4	-25.8	99%
Commission expenses on letters of guarantee	-3.4	-2.9	18%
Other financial expenses	-2.4	-2.4	1%
Foreign Exchange gain/loss. net	0.1	-1.6	-109%

CMB: Capital Market Boards of Turkey

# Consolidated Balance Sheet

(TL '000)	30 Jun 14	31 Dec 13
<b>ASSETS</b>	<b>3,150,296</b>	<b>2,464,346</b>
Cash and cash equivalents	57,914	82,246
Trade receivables	700,140	618,939
Inventories	995,656	520,176
Tangible and intangible non-current assets	542,462	510,705
Financial Investments	499,075	450,579
Investments in equity accounted investees	254,341	206,219
Other	100,708	75,482
<b>LIABILITIES</b>	<b>2,089,477</b>	<b>1,346,282</b>
Financial liabilities	1,429,126	897,254
Trade payables	553,311	323,233
Provisions	60,352	59,992
Liabilities from investments in equity accounted investees	141	-
Other	46,547	65,803
<b>EQUITY</b>	<b>1,060,819</b>	<b>1,118,064</b>

Investments in Equity Accounted Investees	30 Jun 14	31 Dec 13
<b>Associates</b>		
VDTF	83,861	70,209
Doğuş Sigorta	30,684	27,966
Yüce Auto (SKODA)	14,635	10,220
VDF Servis	17,003	14,463
LPD Holding- Leaseplan	32,653	17,180
Doğuş Bilgi İşlem	2,854	1,601
<b>Joint Ventures</b>		
Krone-Doğuş	23,429	25,486
TÜVTURK North - South (Consolidated)	49,222	38,005
Meiller-Doğuş	-	1,089
<b>Total</b>	<b>254,341</b>	<b>206,219</b>

Other	30 Jun 14	31 Dec 13
VAT payable	17,800	42,820
"Long term provisions related to employee benefits"	14,098	11,552
Income tax payable	9,019	-
Advances taken	8,498	7,674
Payables related to employee benefits	5,304	8,121
Deferred tax liabilities	885	-
Other	5,041	7,188

## → Inventories

- Increase in goods in transit (vehicle)
  - 30 June 2014: 995.656 thousand TL
  - 31 December 2013: 520.176 thousand TL
- 2Q2014 vehicle units was realized as 18.709 units which increased by 122% compared to 2013 year end. 3% increase in Changes in product mix led to increase in inventory.

Other	30 Jun 14	31 Dec 13
Warranty claims and price difference receivables	22,232	27,874
Prepaid Expenses short-term	33,929	7,599
Advances Given	5,092	6,855
Receivables due to insurance claims	6,057	6,153
Deferred tax assets	6,045	6,576
Advances given for property and equipment purchases	10,516	2,553
Prepaid Expenses long-term	4,046	5,793
Other current assets	-	7,008
Other	12,791	5,071

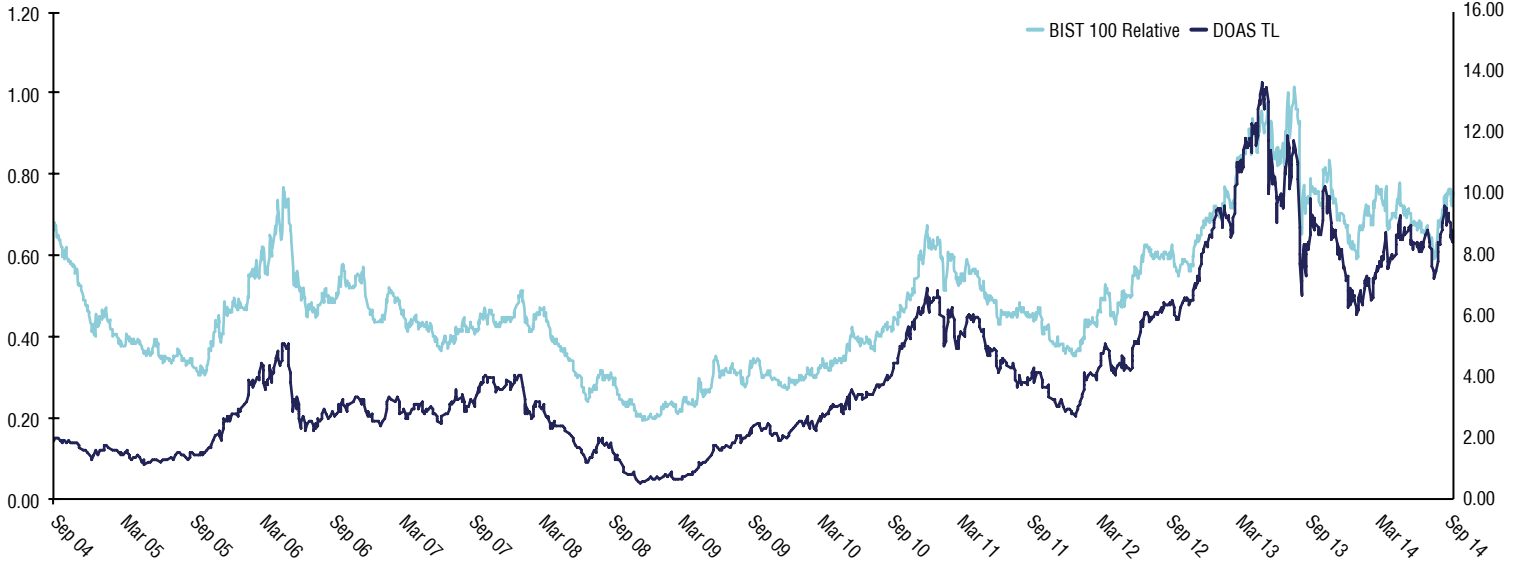
Provisions	30 Jun 14	31 Dec 13
Warranty Provisions	29,332	33,980
Legal Provisions	13,528	11,978
Provision for unused vacation	4,341	2,482



# Consolidated Balance Sheet

(Balance Sheet mn,TL)	30 June 14	31 December 13	Change (%)
Total Assets	3,150	2,464	28%
Total Equity	1,056	1,115	-5%
Net working capital	-183	260	-170%
Net cash position	-1,394	-837	-67%
CAPEX	53	93	-43%
Receivable Turnover (day)	40	32	26%
Inventory Turnover (day)	64	40	61%
Payable Turnover (day)	36	27	32%
ROA	3.6%	5.3%	-32%
ROE	10.6%	11.7%	-9%

# Stock Price History



## Shareholders Structure

	% Share	Amount (TL)
DOĞUŞ HOLDİNG AŞ.	35.21%	77,461,218
DOĞUŞ ARAŞTIRMA GEL. VE MÜŞ. HİZM.A.Ş.	30.29%	66,638,086
OTHER DOĞUŞ GROUP COMPANIES	0.00%	696
PUBLICLY TRADED	34.50%	75,900,000
TOTAL	100.00%	220,000,000

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