

Investor Relations Presentation

Q2 2017 Results

Updated: September 2017



DOĞUŞ
OTOMOTİV



DOĞUŞ

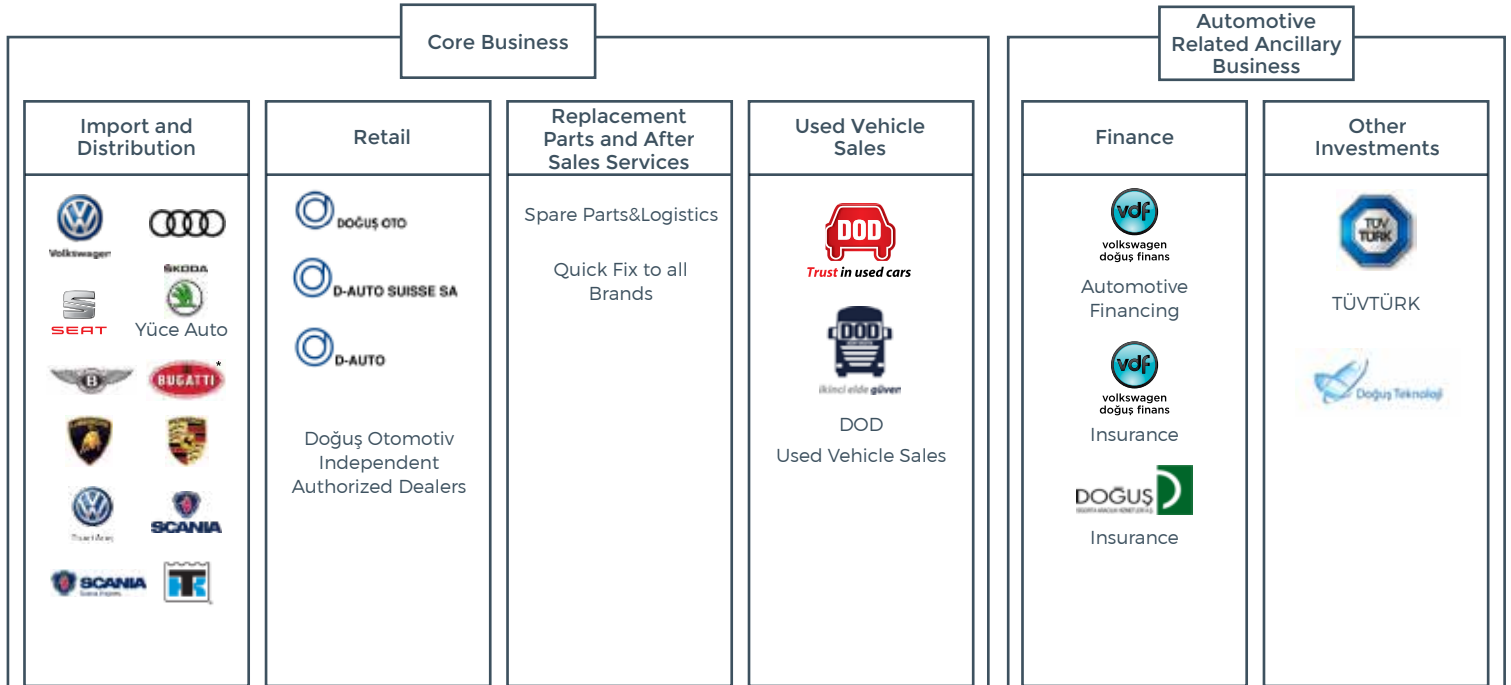


Agenda

- Doğu Otomotiv / Value Chain 2017
- Macroeconomic Outlook
- Automotive Market
- Financial Performance

Doğuş Otomotiv / Value Chain 2017

Presence in Every Link of The Automotive Value Chain



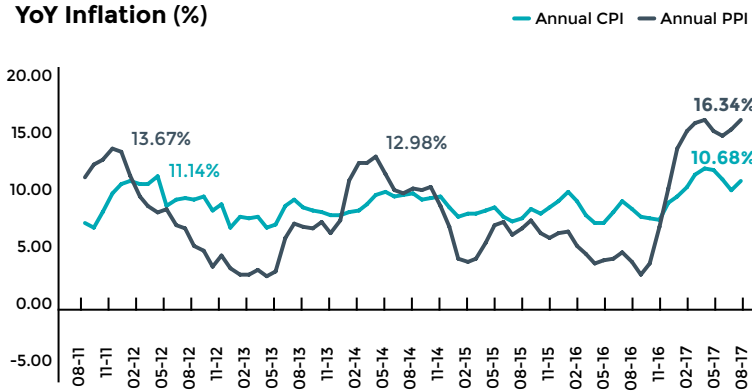
*Representative Offices

Macroeconomic Outlook

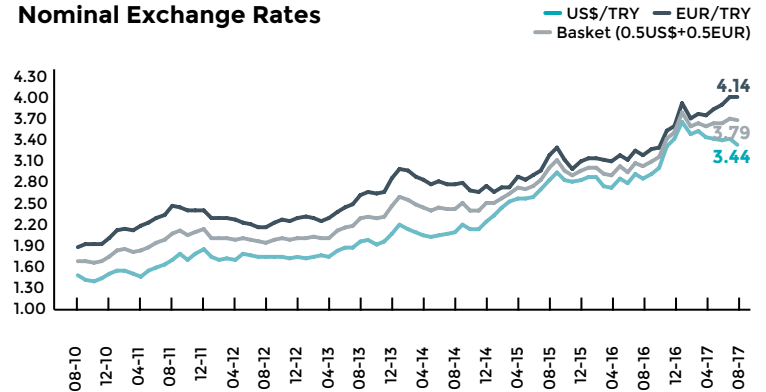


Macroeconomic Indicators

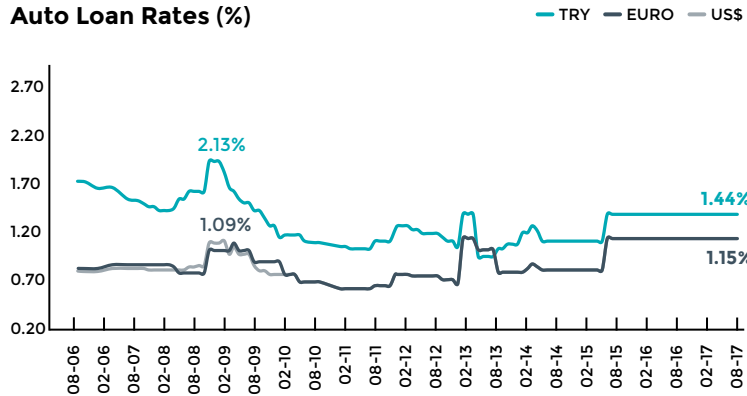
YoY Inflation (%)



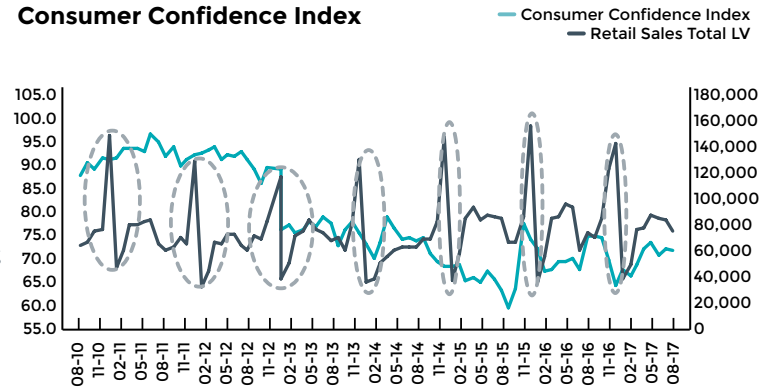
Nominal Exchange Rates



Auto Loan Rates (%)

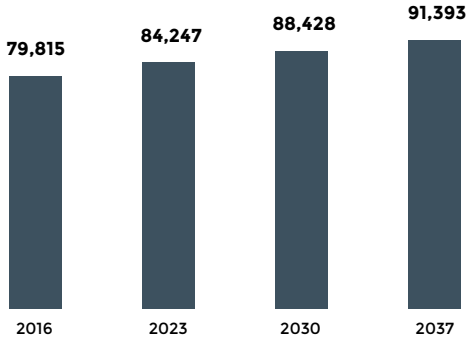


Consumer Confidence Index

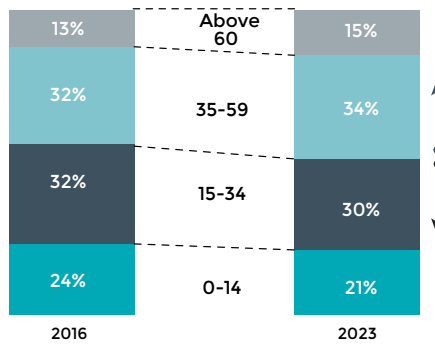


Population & Demography

Population Statistics ('000)



Age Demography

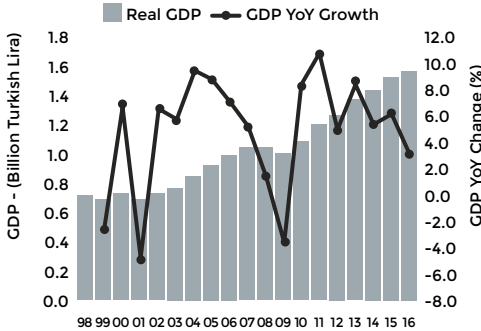


→ Young population and fiscal reforms push the country towards stable and sustainable growth.

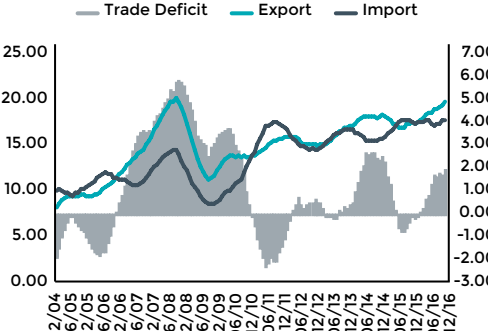
→ Population is increasing on an average 1.4% each year since 2007.

→ 64% of population will be between the age group of 15 to 59 years by 2023.

Economy



Auto Industry Trade Balance (US\$ bn)



→ Share of people in the age group between 35 to 59 will increase by 2% from 2016 to 2023.

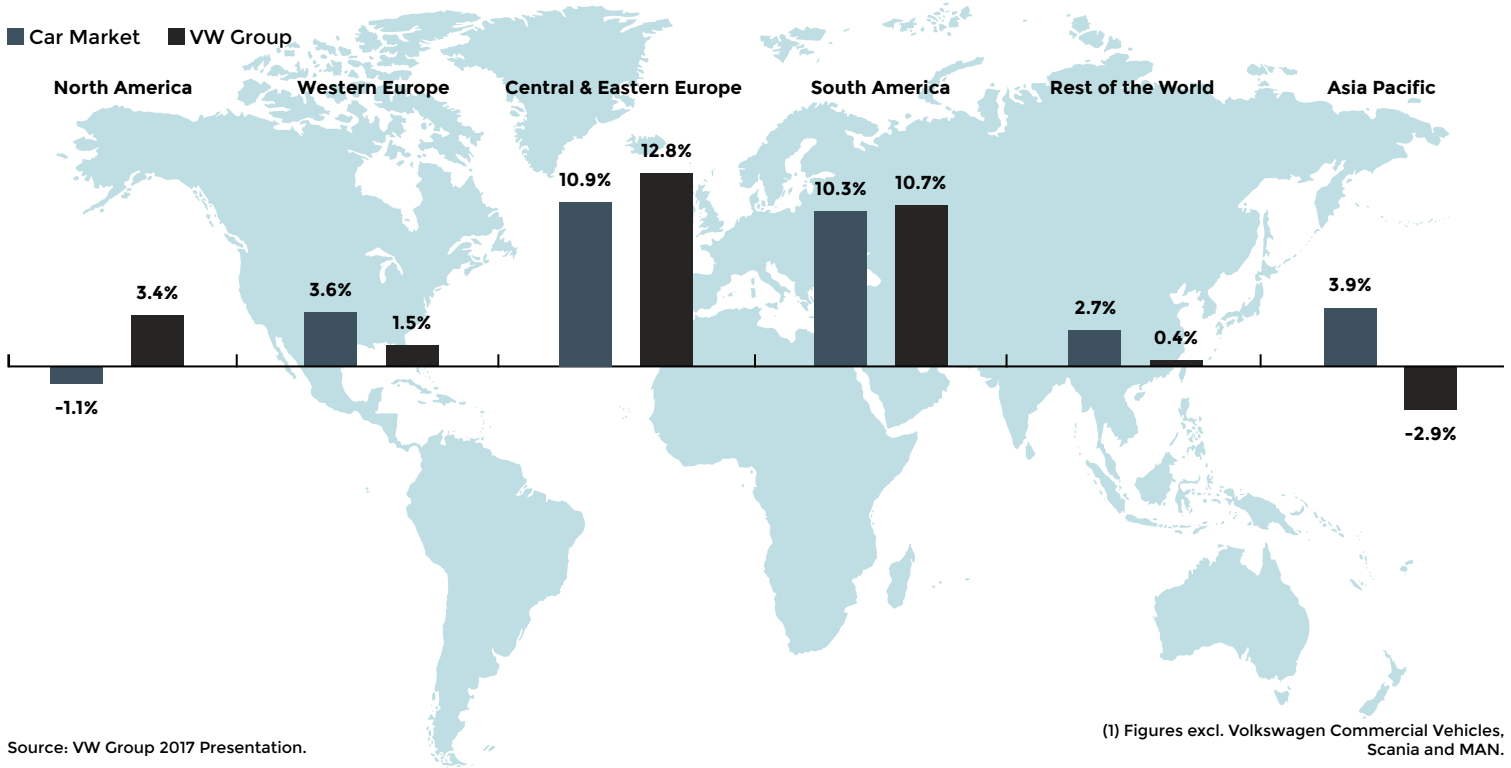
Note: All figures are rounded.
Source: TurkStat

Automotive Market



Development world car market vs. Volkswagen Group Car Deliveries to Customers ⁽¹⁾

(Growth y-o-y in deliveries to customers, January to June 2017 vs. 2016)



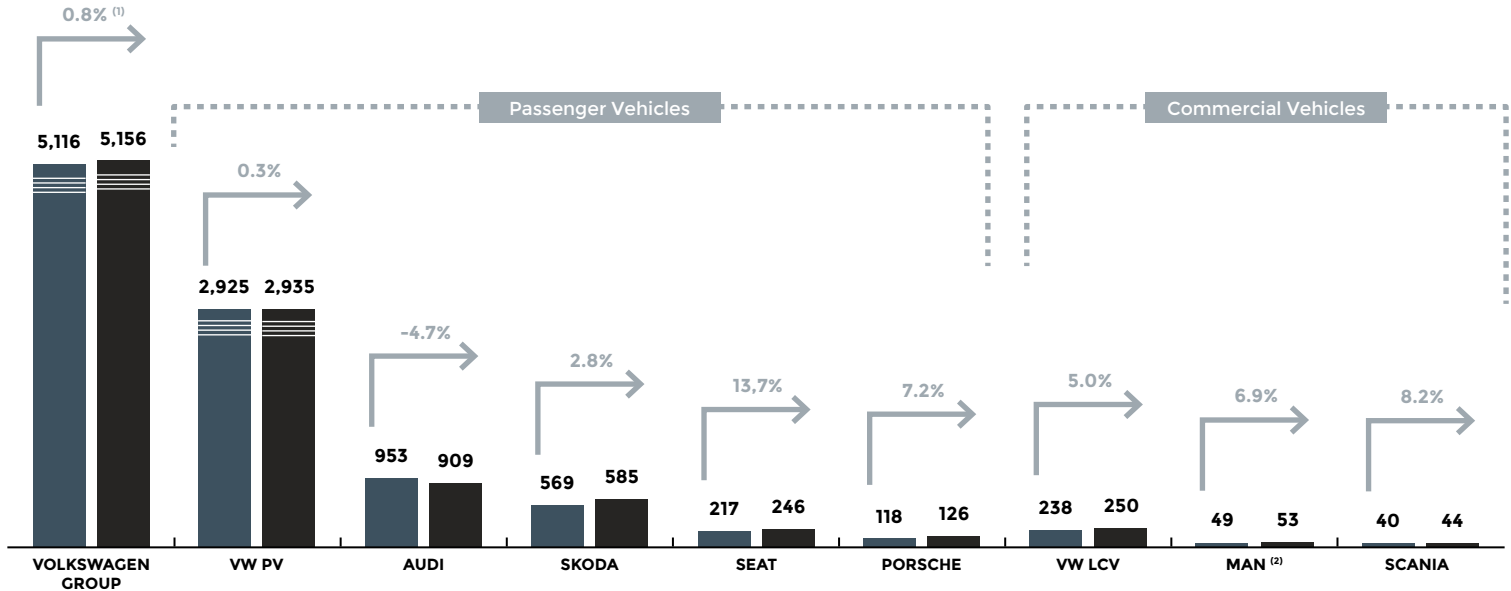
Source: VW Group 2017 Presentation.

(1) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group

DELIVERIES TO CUSTOMERS BY BRANDS (‘000 units)

■ Jan-June 2016 ■ Jan-June 2017 → Change



(1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); 0.4% excl. Volkswagen Commercial Vehicles, Scania and MAN.

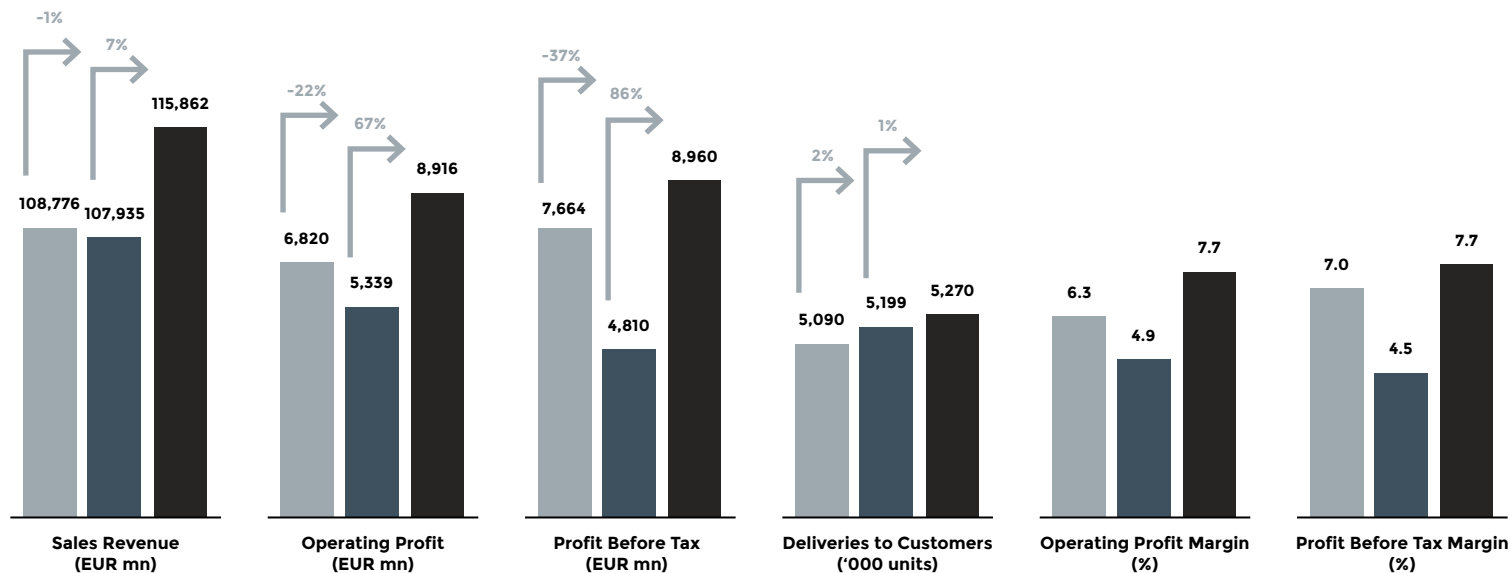
(2) MAN incl. MAN Latin America Trucks and Buses GVW>5t.

Source: VW Group 2017 Presentation.

Volkswagen Group

FINANCIAL AND SALES PERFORMANCE (EUR mn)

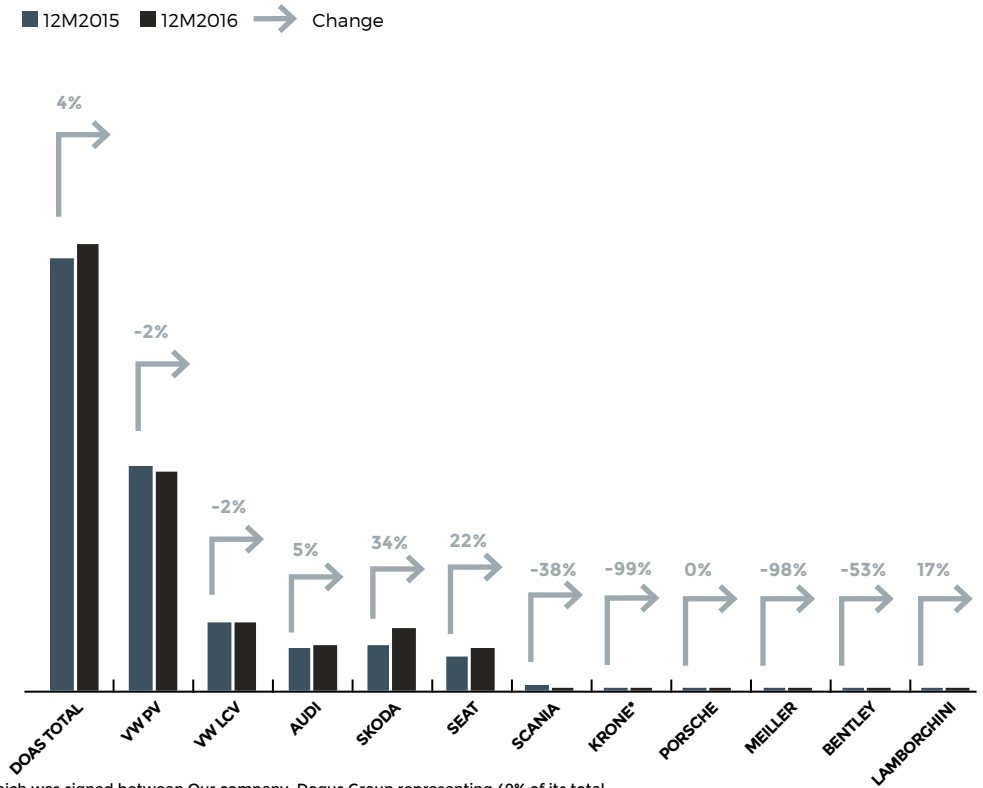
■ 2Q 2015 ■ 2Q 2016 ■ 2Q 2017 → Change



Source: VW Group 2Q 2017 Presentation

DOAS Wholesales Performance - 2016

	12M2015	12M2016	Change
DOAS TOTAL	205,593	213,185	4%
VW PV	106,677	104,410	-2%
VW LCV	33,411	32,733	-2%
AUDI	21,100	22,105	5%
SKODA	22,435	30,004	34%
SEAT	17,212	20,976	22%
SCANIA	3,291	2,050	-38%
KRONE	158	2	-99%
PORSCHE	877	881	0%
MEILLER	407	8	-98%
BENTLEY	19	9	-53%
LAMBORGHINI	6	7	17%

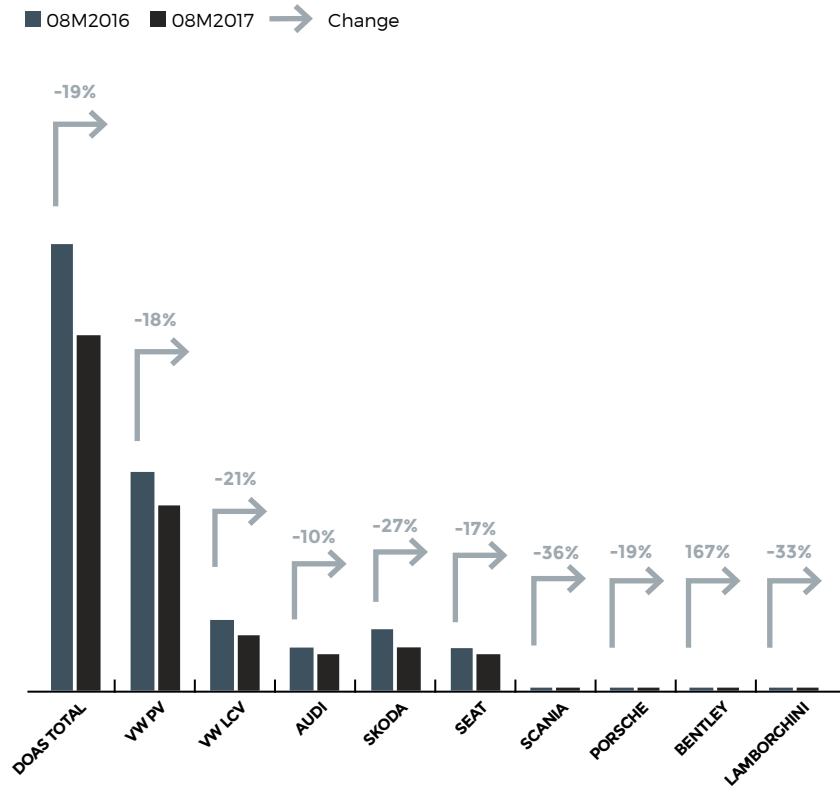


*The sales agreement of Krone Doğuş Treyler Sanayi ve Ticaret A.Ş., which was signed between Our company, Dogus Group representing 49% of its total capital, and Fahrzeugwerk Bernard Krone GmbH on 29.01.2015, was finalized after all permissions were received.

DOAS Wholesales Performance - August 2017

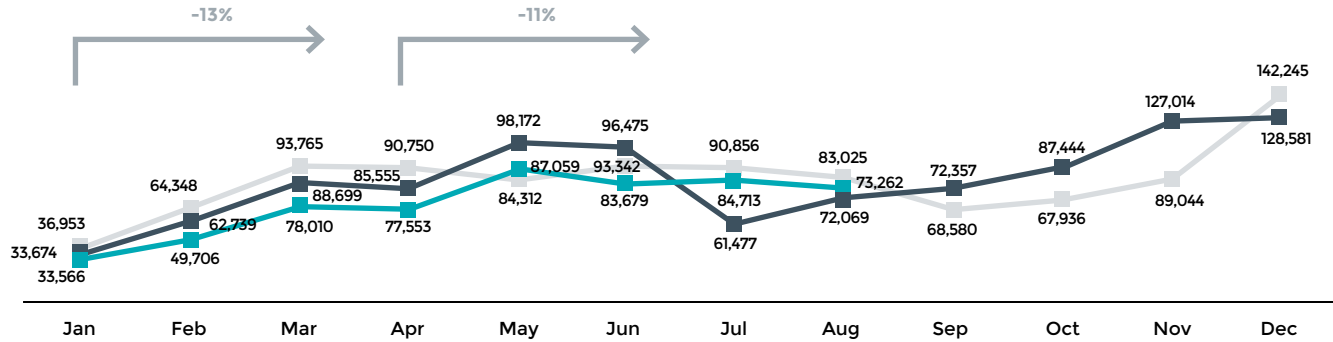
	08M2016	08M2017	Change
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DOAS TOTAL	131,470	106,841	-19%
VW PV	65,819	54,206	-18%
VW LCV	21,007	16,689	-21%
AUDI	12,493	11,250	-10%
SKODA	17,691	12,996	-27%
SEAT	12,620	10,437	-17%
SCANIA	1,361	868	-36%
PORSCHE	470	383	-19%
BENTLEY	3	8	167%
LAMBORGHINI	6	4	-33%



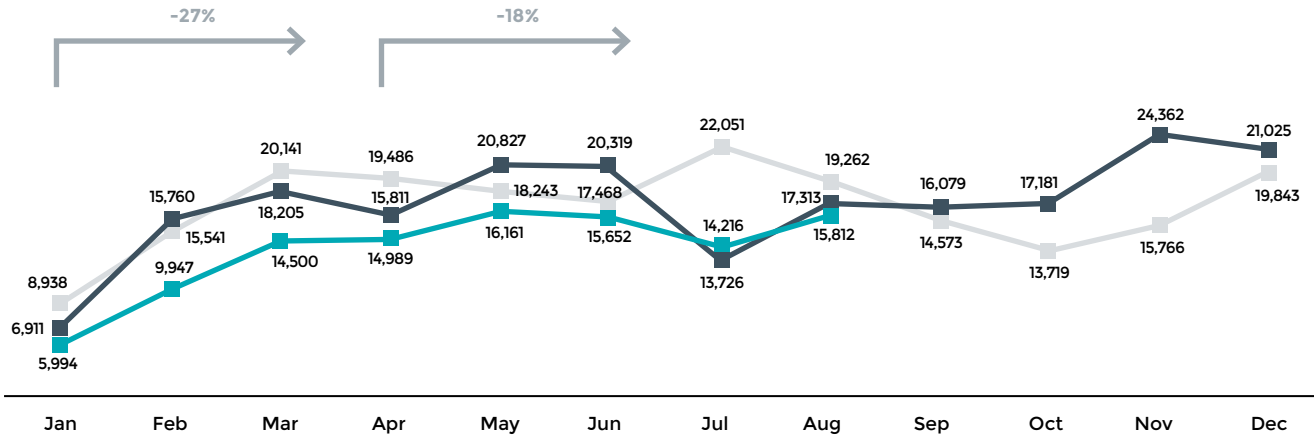
Wholesale Market Monthly Sales

■ 2015 ■ 2016 ■ 2017



DOAS Monthly Sales

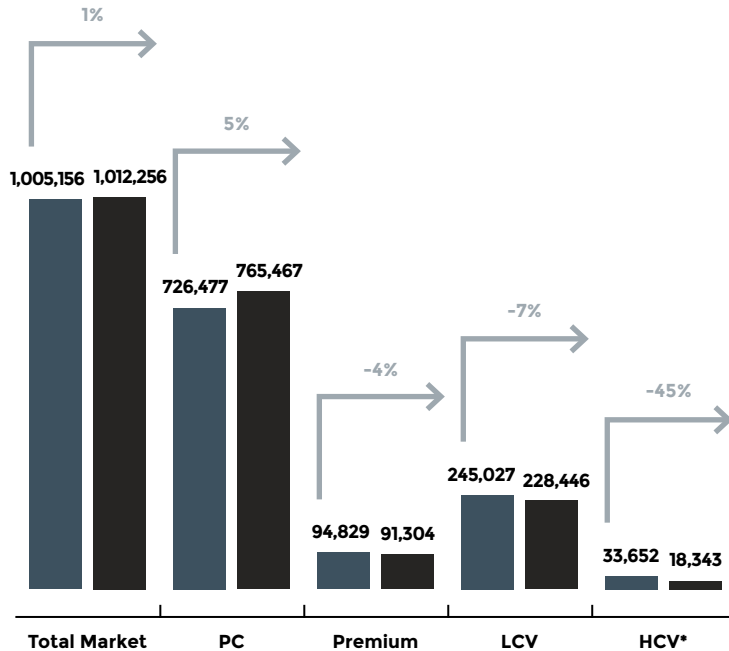
■ 2015 ■ 2016 ■ 2017



Market Review - Wholesale - 2016

MARKET

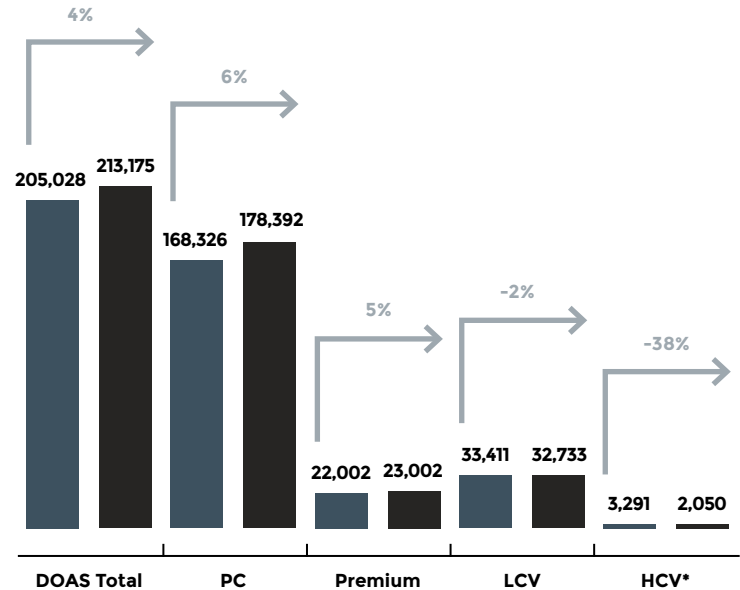
■ December 2015 ■ December 2016 → Change



*Excluding Krone and Meiller

DOAS

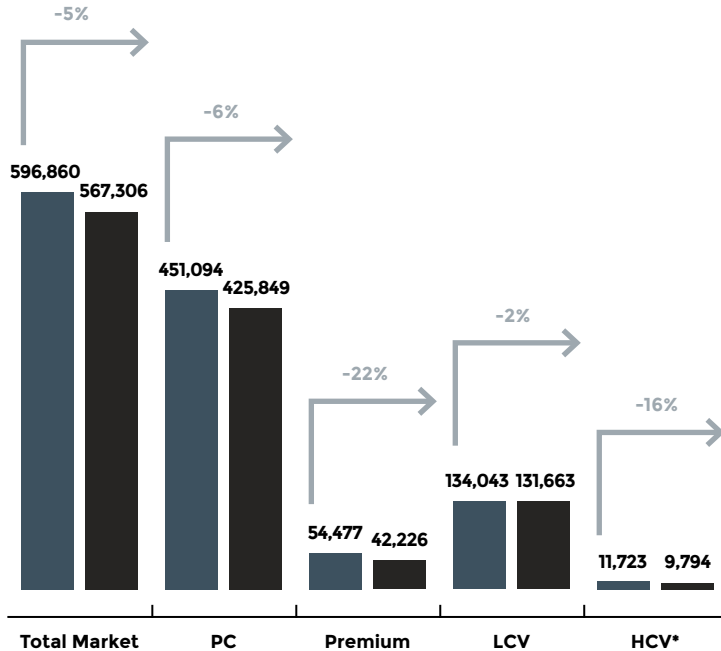
■ December 2015 ■ December 2016 → Change



Market Review - Wholesale - August 2017

MARKET

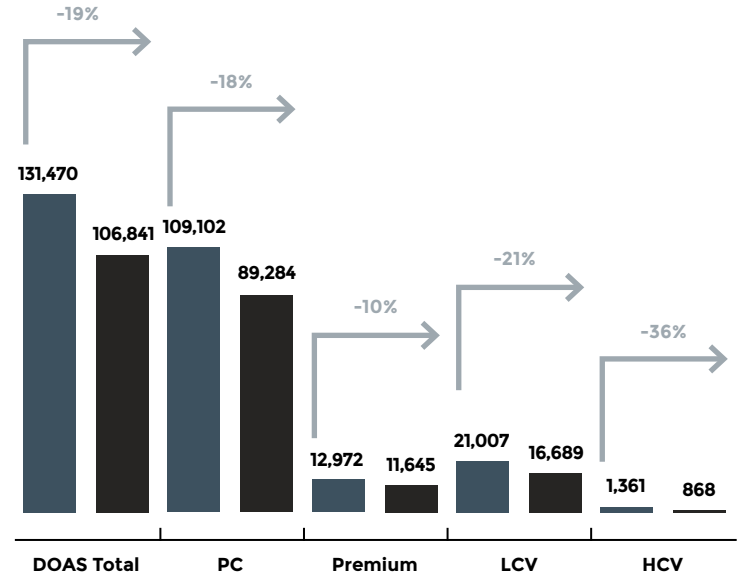
■ Aug 2016 ■ Aug 2017 → Change



*August 2017 HCV market is an expected sales number.

DOAS

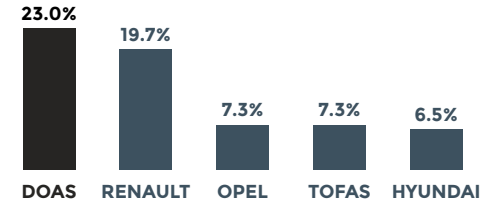
■ Aug 2016 ■ Aug 2017 → Change



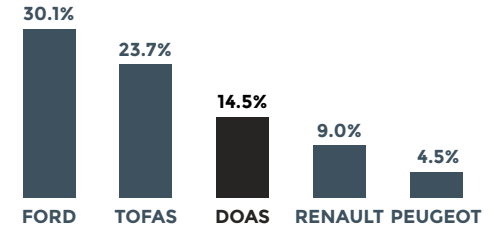
Market Share - Retail - 2016

RETAIL MARKET	2014 YEAR END	2015 YEAR END	2016 YEAR END	2014 YEAR END/ 2015 YEAR END CHANGE	2015 YEAR END/ 2016 YEAR END CHANGE
PASSENGER VEHICLE %					
DOAS	22.2	23.1	23.0	0.9	-0.1
RENAULT	20.1	19.2	19.7	-0.9	0.5
OPEL	6.7	6.5	7.3	-0.2	0.9
TOFAS	7.2	7.1	7.3	-0.1	0.2
HYUNDAI	7.7	6.9	6.5	-0.7	-0.4
TOYOTA	5.8	6.6	6.2	0.8	-0.4
FORD	6.4	6.5	5.5	0.2	-1.0
MERCEDES-BENZ	3.9	4.2	4.3	0.3	0.1
OTHER	20.1	19.9	20.2	-0.2	0.3
LIGHT COMMERCIAL VEHICLE %					
FORD	27.5	29.5	30.1	2.0	0.6
TOFAŞ	27.5	25.6	23.7	-1.9	-1.9
DOAS	13.3	13.1	14.5	-0.3	1.4
RENAULT	8.5	9.6	9.0	1.1	-0.5
PEUGEOT	3.9	4.8	4.5	0.9	-0.3
CITROEN	4.5	4.9	3.7	0.4	-1.2
MERCEDES-BENZ	4.5	3.5	3.6	-1.0	0.1
TOYOTA	0.9	1.2	2.5	0.3	1.3
OTHER	9.5	7.9	8.5	-1.6	0.6
LIGHT VEHICLE %					
DOAS	20.1	20.6	21.0	0.5	0.5
RENAULT	17.4	16.8	17.2	-0.6	0.4
FORD	11.3	12.3	11.1	0.9	-1.1
TOFAŞ	12.0	11.8	11.1	-0.2	-0.7
OPEL	5.1	4.9	5.6	-0.3	0.8
TOYOTA	4.7	5.3	5.4	0.6	0.1
HYUNDAI	6.1	5.4	5.3	-0.7	-0.1
MERCEDES-BENZ	4.1	4.0	4.1	0.0	0.1
OTHER	19.3	19.2	19.1	-0.1	0.0

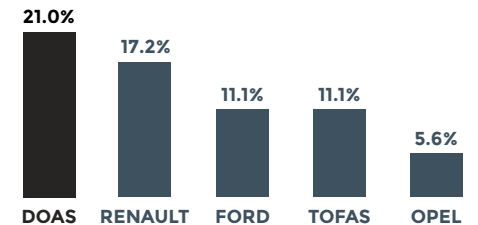
PV TOP 5 DECEMBER 16



LCV TOP 5 DECEMBER 16



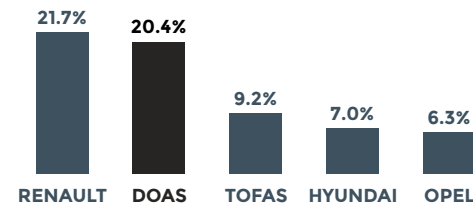
LV TOP 5 DECEMBER 16



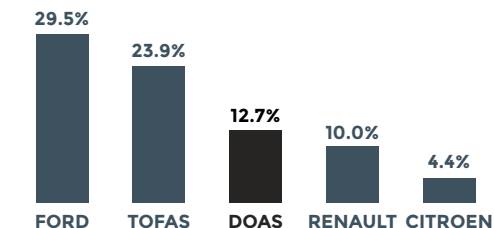
Market Share - Retail - August 2017

RETAIL MARKET	2015 YEAR END	2016 YEAR END	AUG 2016	AUG 2017	AUG 2017/ 2016 YEAR END CHANGE	AUG 2017/ AUG 2016 CHANGE
PASSENGER VEHICLE %						
RENAULT	19.2	19.7	20.2	21.7	2.1	1.5
DOGUS OTOMOTİV	23.1	23.0	23.1	20.4	-2.7	-2.8
TOFAS	7.1	7.3	7.1	9.2	1.9	2.1
HYUNDAI	6.9	6.5	6.7	7.0	0.5	0.3
OPEL	6.5	7.3	7.2	6.3	-1.0	-0.9
FORD	6.5	5.5	6.0	6.0	0.5	0.0
TOYOTA	6.6	6.2	5.9	5.4	-0.9	-0.6
PEUGEOT	3.1	3.4	3.2	4.1	0.7	0.9
OTHER	21.0	21.1	20.6	20.1	-1.1	-0.6
LIGHT COMMERCIAL VEHICLE %						
FORD	29.5	30.1	29.7	29.5	-0.6	-0.1
TOFAS	25.6	23.7	23.6	23.9	0.2	0.3
DOGUS OTOMOTİV	13.1	14.5	15.4	12.7	-1.8	-2.7
RENAULT	9.6	9.0	8.4	10.0	0.9	1.6
CITROEN	4.9	3.7	3.6	4.4	0.7	0.8
PEUGEOT	4.8	4.5	4.8	4.3	-0.2	-0.5
MERCEDES-BENZ	3.5	3.6	3.6	4.1	0.6	0.5
TOYOTA	1.2	2.5	2.2	2.1	-0.4	-0.2
OTHER	7.9	8.5	8.8	9.0	0.5	0.3
LIGHT VEHICLE %						
RENAULT	16.8	17.2	17.5	18.9	1.7	1.4
DOGUS OTOMOTİV	20.6	21.0	21.3	18.5	-2.5	-2.8
TOFAS	11.8	11.1	10.9	12.7	1.6	1.9
FORD	12.3	11.1	11.4	11.6	0.4	0.2
HYUNDAI	5.4	5.3	5.4	5.7	0.4	0.3
OPEL	4.9	5.6	5.6	4.8	-0.8	-0.8
TOYOTA	5.3	5.4	5.1	4.6	-0.8	-0.5
PEUGEOT	3.6	3.6	3.5	4.1	0.5	0.6
OTHER	19.6	19.6	19.4	19.1	-0.5	-0.3

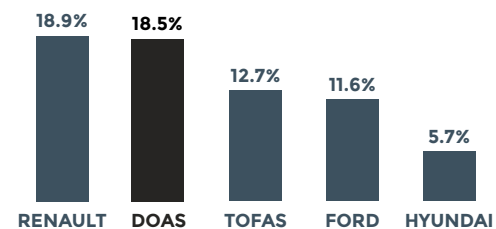
PV TOP 5 AUGUST 17



LCV TOP 5 AUGUST 17



LV TOP 5 AUGUST 17



Financial Performance



Consolidated Income Statement

(TL mn, CMB)	30-Jun-17	30-Jun-16	Change (%)
Revenue	5,215	5,360	-3%
Gross Profit	538	555	-3%
Operational Expenses	-360	-376	-4%
Selling and Marketing Expenses	-153	-152	1%
General Administrative Expenses	-196	-195	0%
Warranty Expenses, net	-33	-38	-14%
Other Operating Expenses, net	21	8	154%
EBITDA	218	209	4%
EBIT	178	179	0%

Margins	30-Jun-17	30-Jun-16	Change (%)
Gross Margin	10.3%	10.4%	0%
Opex/Sales	6.9%	7.0%	-2%
EBITDA Margin	4.2%	3.9%	7%
EBIT Margin	3.4%	3.3%	2%
Net Profit Margin	1.3%	2.1%	-37%

Consolidated Income Statement

(TL '000)	30 Jun 17	Vertical Analysis	30 Jun 16	Vertical Analysis	Change (%)
Revenue	5,215,259		5,359,824		-3%
Direct cost of revenue	-4,677,498	-90%	-4,804,731	-90%	-3%
Gross profit	537,761	10%	555,093	10%	-3%
Selling, marketing and distribution expenses	-152,777	-3%	-151,864	-3%	1%
SG&A Expenses	-195,725	-4%	-194,954	-4%	0%
Warranty expenses	-32,597	-1%	-37,840	-1%	-14%
Other operating incomes/losses, net	21,454	0%	8,432	0%	154%
Results from operating activities	178,116	3%	178,867	3%	0%
Income from Investing Activities	17,497		16,860		
Income Loss from Associates	45,454		56,368		-19%
Financial incomes/costs, net	-166,626		-124,291		34%
Profit before income tax	74,441	1%	127,804	2%	-42%
Tax expense	-4,782		-14,635		-67%
Profit for the year	69,659	1%	113,169	2%	-38%

→ Impacts on revenue and direct cost of revenue:

- Increase in EUR/TL rate.
- Decrease in yoy sales volume.

→ Selling, marketing and distribution expenses

- 4% decrease in Advertising Expenses
- 20% increase in Personnel Expenses

→ General Administration Expenses

- 3% increase in Personnel Expenses

→ Warranty expenses

- 14% decrease in Warranty Expenses

→ Financial incomes/costs, net

- 34% increase in Financial Costs due to the increase in interest expense on borrowings.

Income/Loss from Associates	30 Jun 17 Cumulative	30 Jun 16 Cumulative
VDF	20,512	25,937
Doğuş Sigorta	908	885
SKODA (Yüce Oto)	3,322	6,461
VDF Servis Holding	5,875	6,712
TÜVTURK Group	15,800	16,161
Meiller-Doğuş	47	-514
Doğuş Technology	-1,010	726
Grand Total	45,454	56,368

Financing Costs

(TL mn, CMB)	30 Jun 2017	30 Jun 2016	Change (%)
Financing Costs	-166.63	-124.29	34%
Finance expenses, net	-166.54	-124.26	34%
Interest expense on borrowings	-160.40	-119.46	34%
Commission expenses on letters of guarantee	-3.51	-1.64	114%
Other financial expenses	-2.63	-3.17	-17%
Foreign Exchange gain/loss, net	-0.09	-0.03	207%

CMB: Capital Market Boards of Turkey

Consolidated Balance Sheet

(TL '000)	30 Jun 17	31 Dec 16
ASSETS	4,812,519	4,851,854
Cash and cash equivalents	74,272	89,098
Trade receivables	1,025,213	1,213,786
Inventories	1,674,213	1,650,960
Tangible and intangible non-current assets	987,056	807,191
Financial Investments	553,463	550,350
Investments in equity accounted investees	317,936	305,986
Other	180,366	234,483
LIABILITIES	3,625,708	3,733,141
Financial liabilities	2,586,714	2,758,435
Trade payables	872,036	770,675
Provisions	84,427	82,832
Other	82,531	121,199
EQUITY	1,186,811	1,118,713

Investments in Equity Accounted Investees	30 Jun 17	31 Dec 16
Associates		
VDF	146,462	125,950
Doğuş Sigorta	34,227	35,273
Yüce Auto (SKODA)	18,171	21,919
VDF Servis	53,421	47,546
Doğuş Teknoloji	9,424	6,179
Joint Ventures		
TÜVTURK North - South (Consolidated)	53,210	60,265
Meiller-Doğuş	3,021	8,854
Total	317,936	305,986

Other	30 Jun 17	31 Dec 16
VAT payable	34,759	65,184
Income tax payable	-	3,033
Deferred income	32,336	29,239
Payables related to employee benefits	9,303	16,458
Deferred tax liabilities	1,491	2,872
Other	4,642	4,413

Provisions	30 Jun 17	31 Dec 16
Warranty Provisions	36,148	43,843
Legal Provisions	18,683	17,967
Long-term provisions related to employee benefits	29,596	21,022

Inventories:

- Increase in goods in transit (vehicle)
- 30 June 2017: 1,674,213K TL
- 31 December 2016: 1,650,960K TL
- Number of vehicles increased from 20,217 units on 31.12.2016 to 21,814 units on 30.06.2017.

Tangible and intangible non-current assets: increased by 23% due to the purchase of Doğuş Oto Esenyurt.

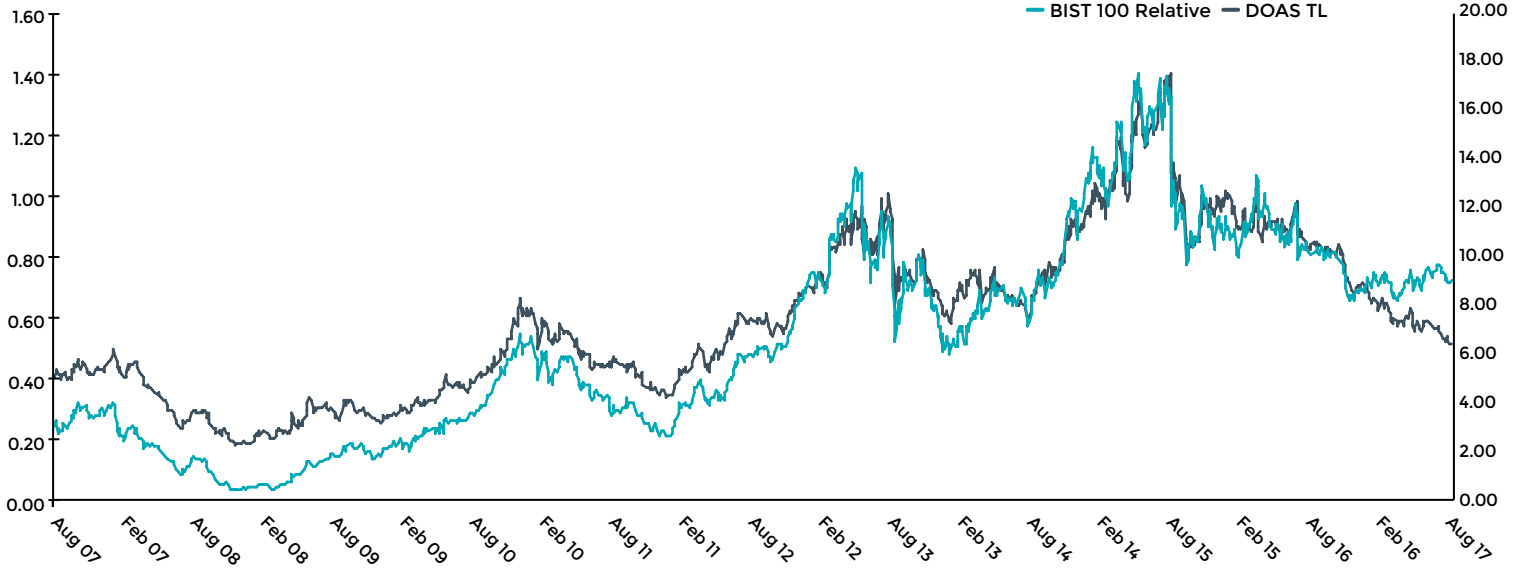
Financial liabilities: decreased by 6% due to the decline in the long term loans.

Other	30 Jun 17	31 Dec 16
Investment property	19,602	19,809
Warranty claims and price difference receivables	38,557	78,338
Prepaid Expenses short-term	69,566	18,303
Advances Given	6,195	3,652
Receivables due to insurance claims	8,579	8,971
Deferred tax assets	8,257	7,485
Advances given for property and equipment purchases	9,835	14,684
Prepaid Expenses long-term	3,488	5,437
Deferred tax	7,828	68,837
Other	8,459	8,967

Consolidated Balance Sheet

(Balance Sheet mn,TL)	30 Jun 17	31 Dec 16	Change (%)
Total Assets	4,813	4,852	-1%
Total Equity	1,187	1,119	6%
Net working capital	-675	-547	23%
Net cash position	-2,496	-2,707	8%
CAPEX	238	208	14%
Receivable Turnover (day)	36	37	-3%
Inventory Turnover (day)	65	56	17%
Payable Turnover (day)	34	26	30%
Net Debt/EBITDA	5.8	5.4	6%
ROA	1.4%	4.9%	-71%
ROE	5.9%	21.3%	-72%

Stock Price History



Shareholders Structure

	% Share	Amount (TL)
DOĞUŞ HOLDİNG A.Ş.	35.21%	77,461,622
DOĞUŞ ARAŞTIRMA GEL. VE MÜŞ. HİZM. A.Ş.	30.29%	66,638,086
DOĞUŞ SİGORTA ARACILIK HİZMETLERİ A.Ş.	0.00%	292
PUBLICLY TRADED	34.50%	75,900,000
TOTAL	100.00%	220,000,000

Disclaimer

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