

# Investor Relations Presentation

## Q2 2018 Results

Updated: October 2018

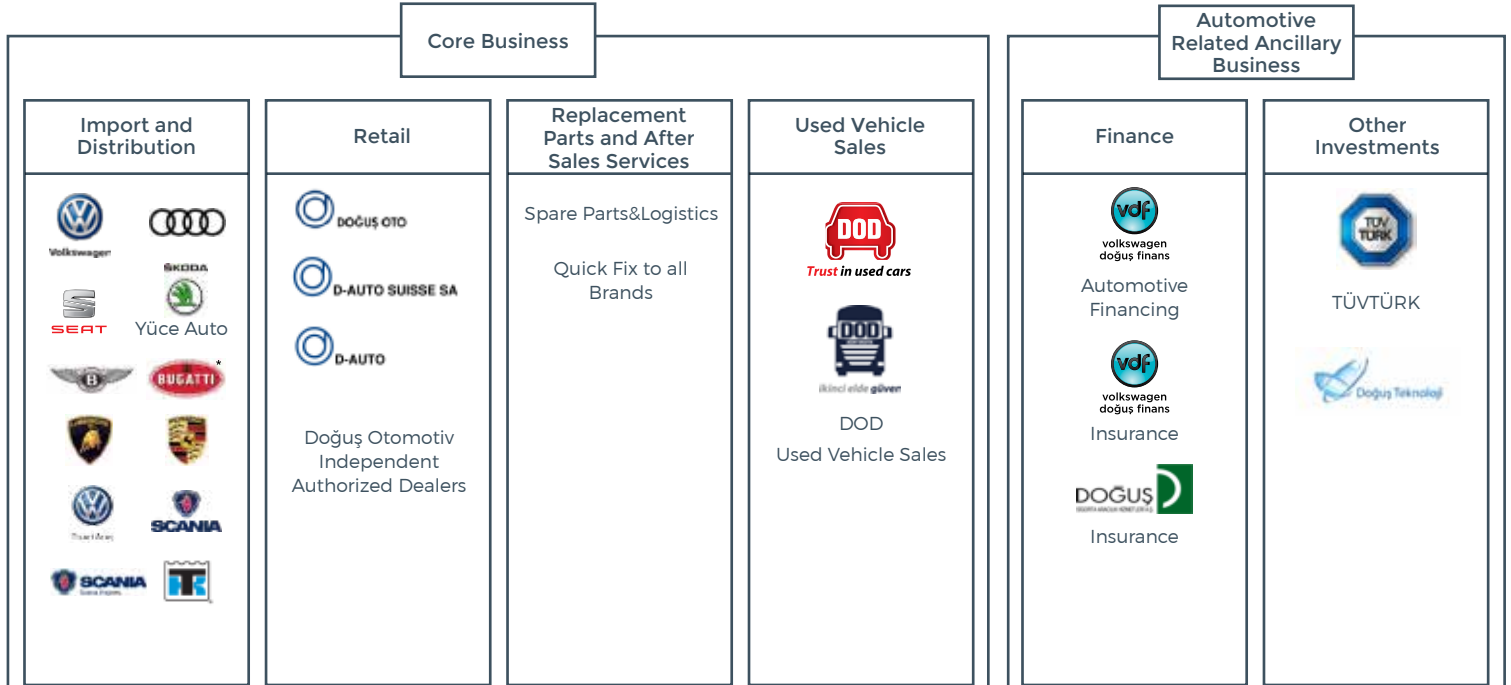


# Agenda

- Doğu Otomotiv / Value Chain 2018
- Macroeconomic Outlook
- Automotive Market
- Financial Performance

# Doğuş Otomotiv / Value Chain 2018

## Presence in Every Link of The Automotive Value Chain



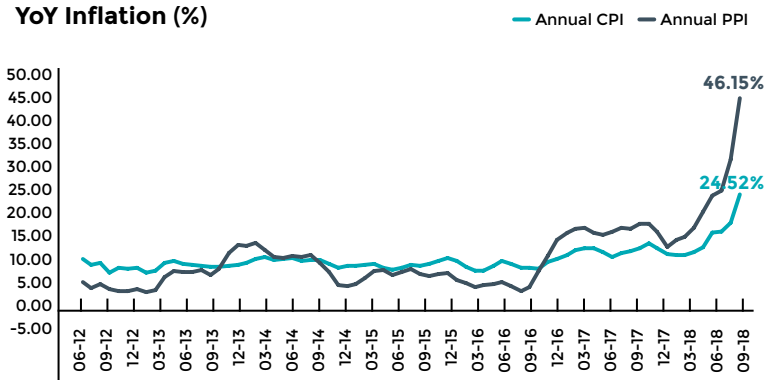
\*Representative Offices

# Macroeconomic Outlook

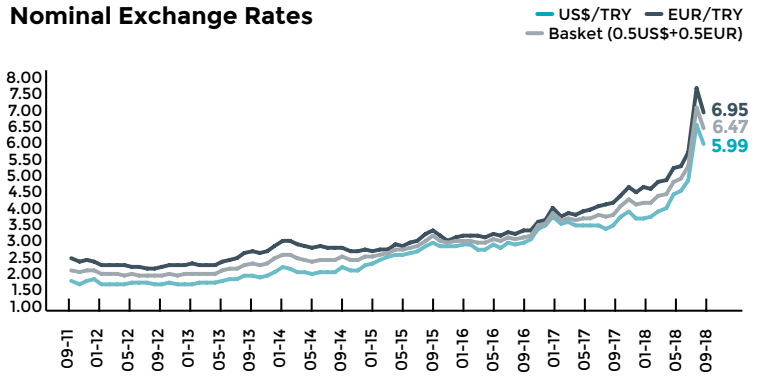


# Macroeconomic Indicators

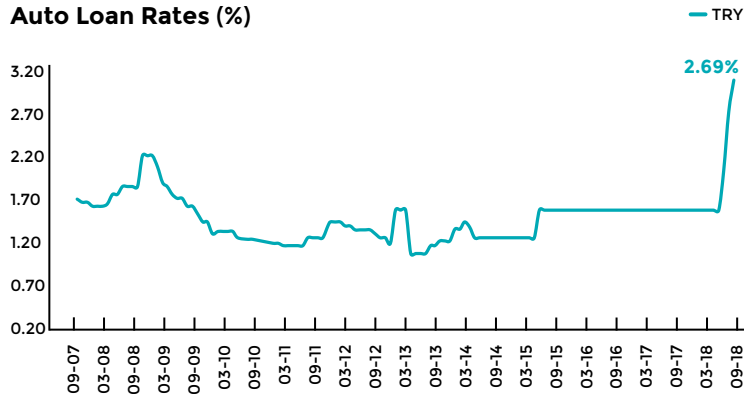
## YoY Inflation (%)



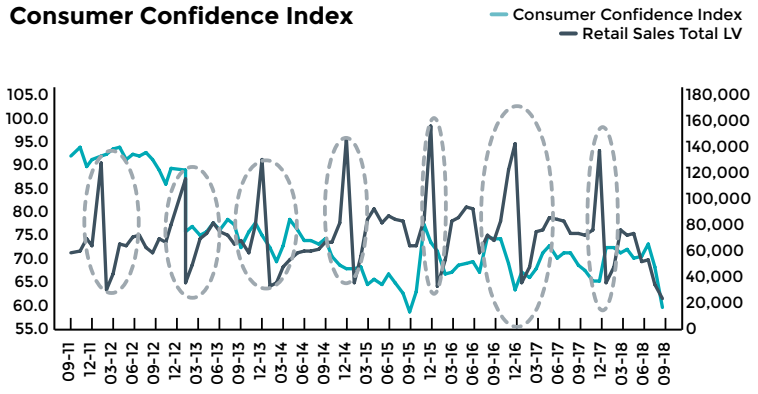
## Nominal Exchange Rates



## Auto Loan Rates (%)

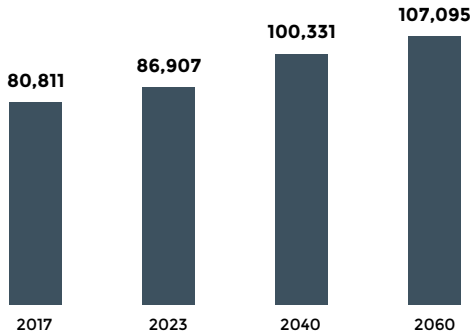


## Consumer Confidence Index

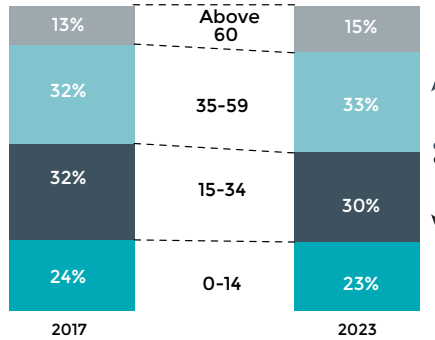


# Population & Demography

## Population Statistics ('000)



## Age Demography

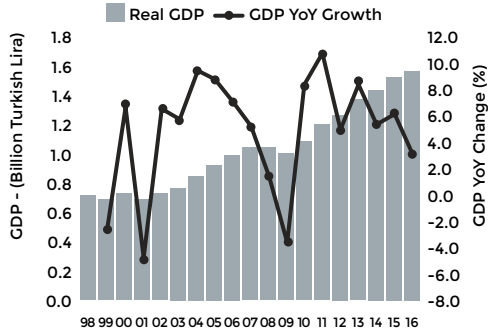


→ Young population and fiscal reforms push the country towards stable and sustainable growth.

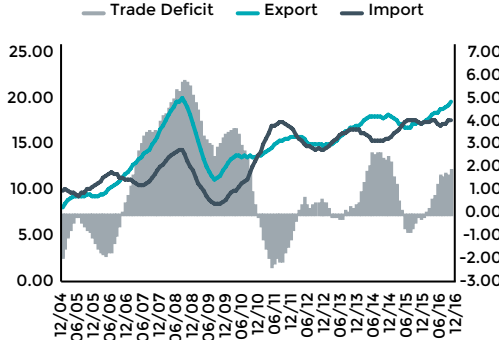
→ Population is increasing on an average 1.4% each year since 2007.

→ 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

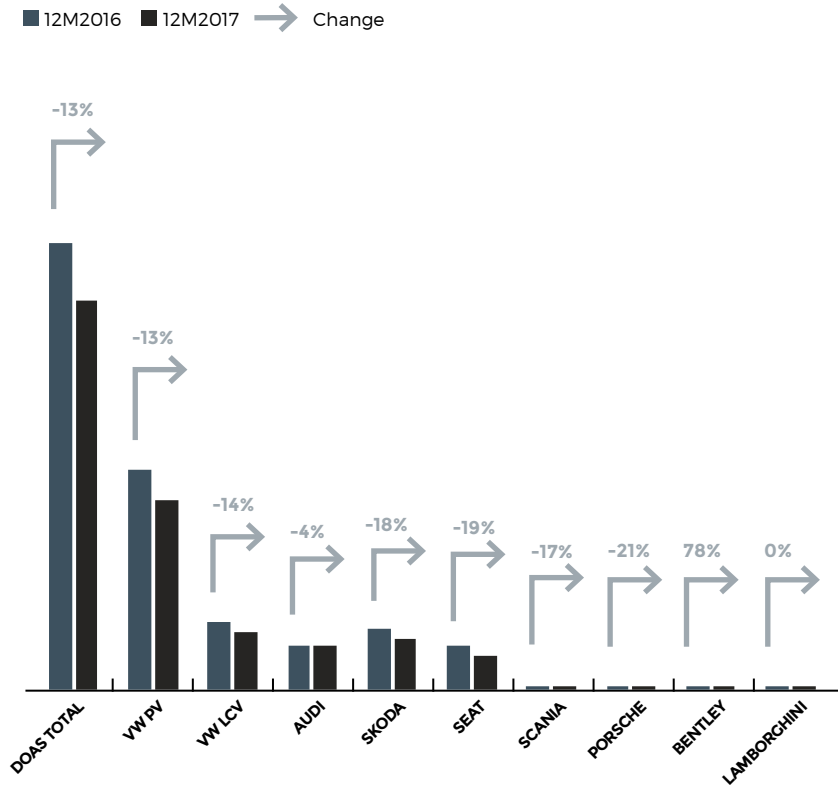
# Automotive Market



# DOAS Wholesales Performance - 2017

	12M2016	12M2017	Change
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<b>DOAS TOTAL</b>	<b>213,175</b>	<b>184,692</b>	<b>-13%</b>
VW PV	104,410	91,343	-13%
VW LCV	32,733	28,041	-14%
AUDI	22,105	21,172	-4%
SKODA	30,004	24,714	-18%
SEAT	20,976	17,002	-19%
SCANIA	2,050	1,697	-17%
PORSCHE	881	700	-21%
BENTLEY	9	16	78%
LAMBORGHINI	7	7	0%

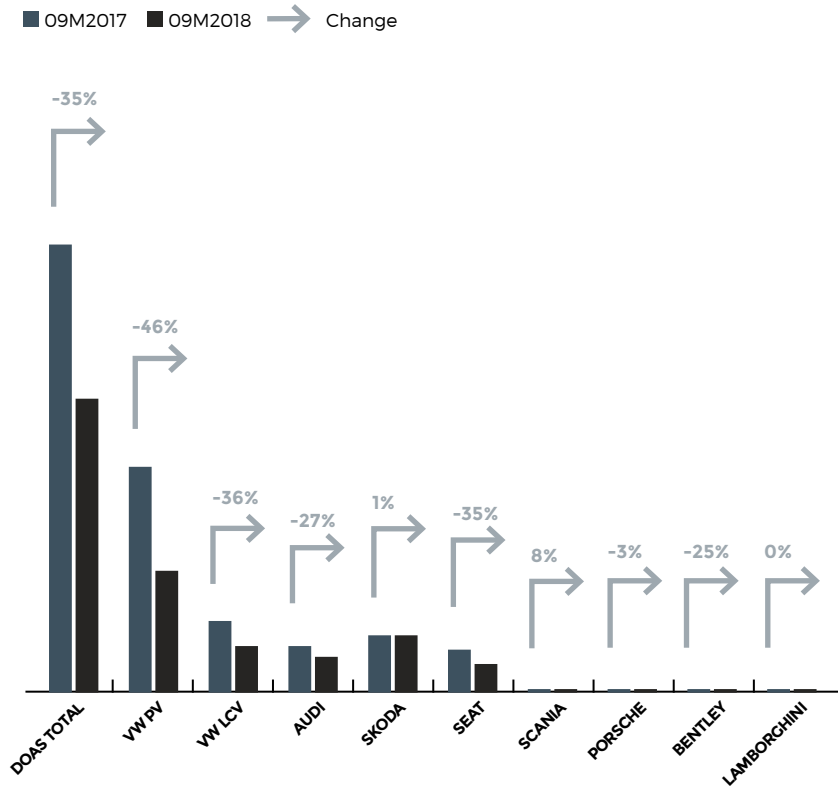




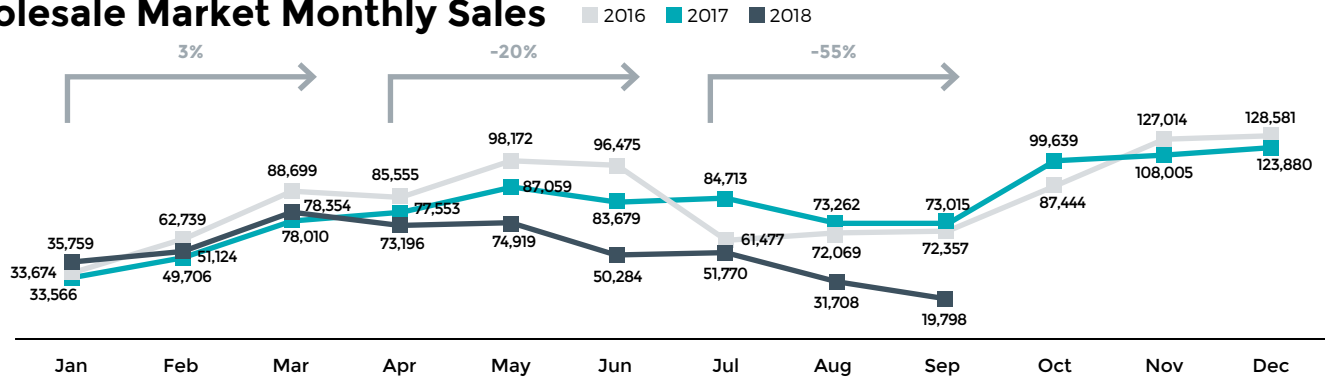
# DOAS Wholesales Performance - September 2018

	09M2017	09M2018	Change
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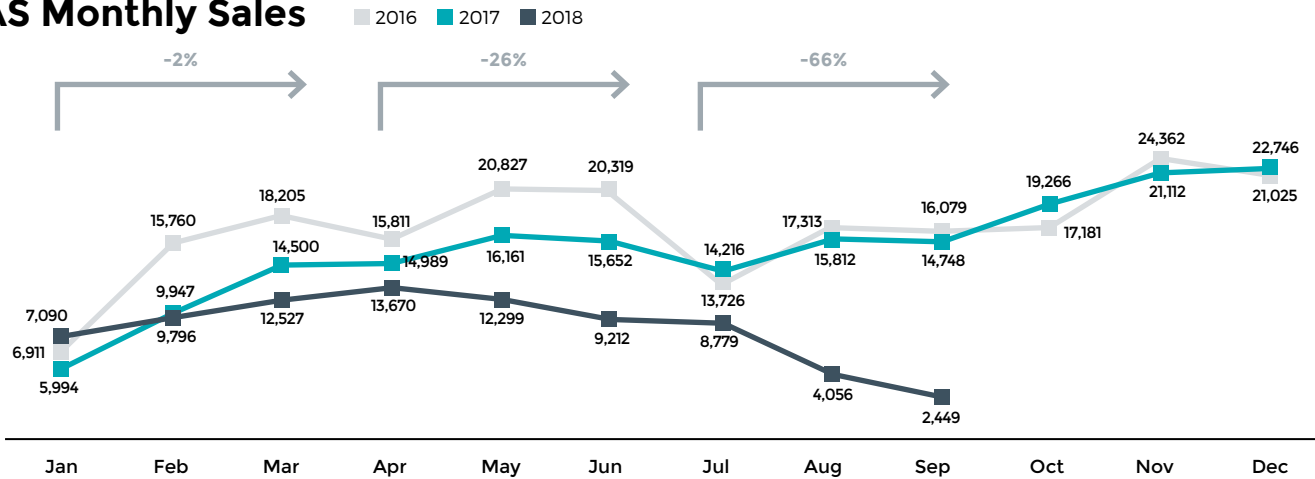
<b>DOAS TOTAL</b>	<b>121,579</b>	<b>79,281</b>	<b>-35%</b>
VW PV	61,212	33,206	-46%
VW LCV	19,499	12,415	-36%
AUDI	12,654	9,176	-27%
SKODA	15,395	15,622	1%
SEAT	11,398	7,379	-35%
SCANIA	976	1,053	8%
PORSCHE	433	422	-3%
BENTLEY	11	6	-45%
LAMBORGHINI	4	2	0%



# Wholesale Market Monthly Sales



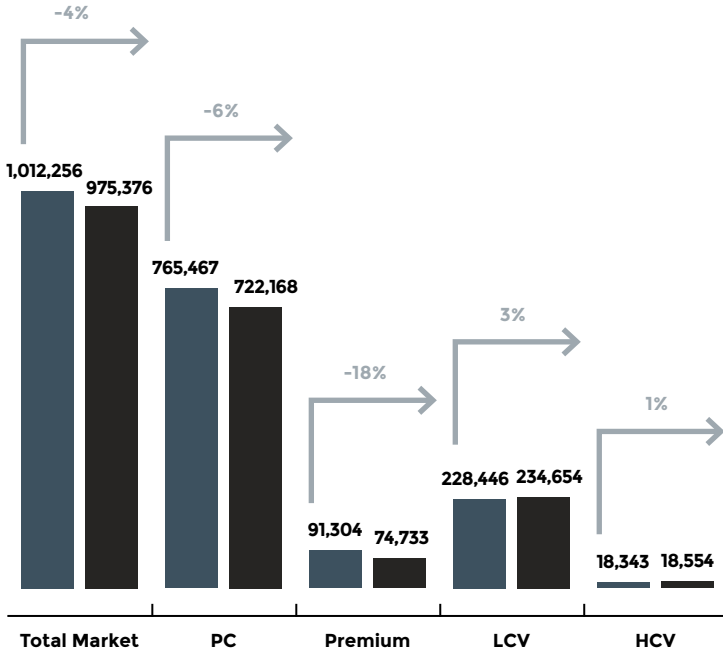
# DOAS Monthly Sales



# Market Review - Wholesale - 2017

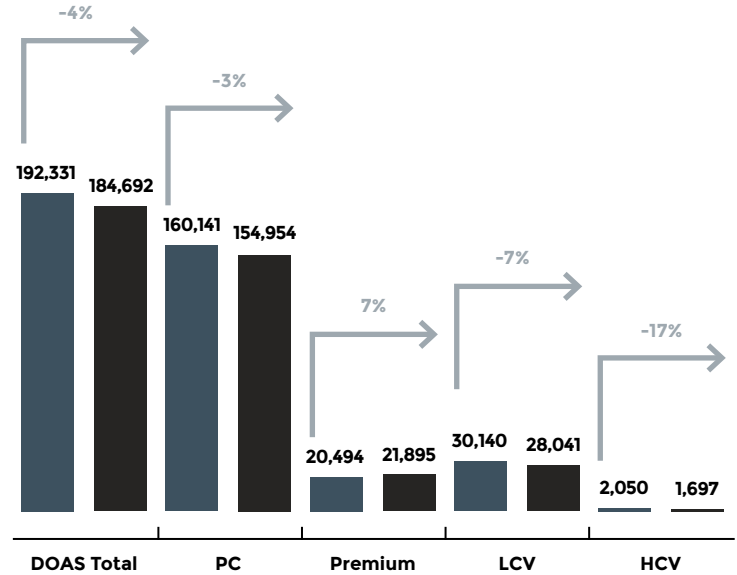
## MARKET

■ Dec 2016 ■ Dec 2017 → Change



## DOAS

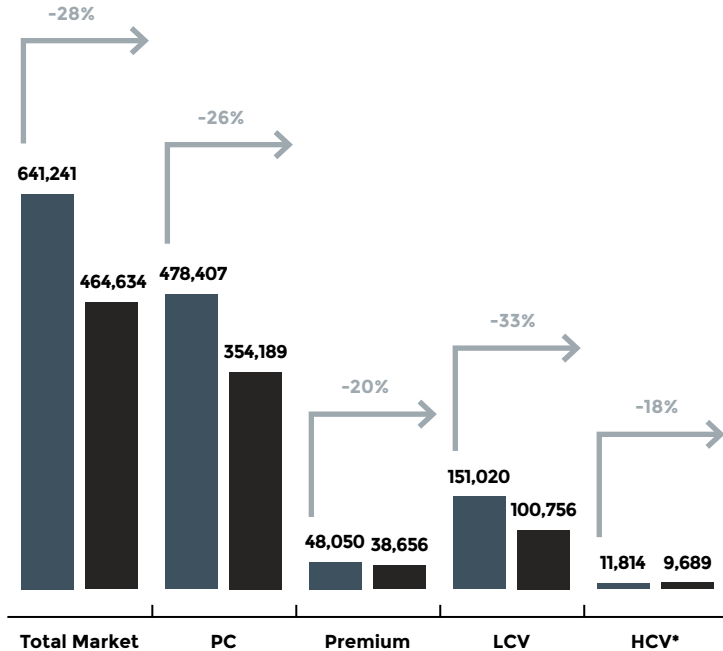
■ Dec 2016 ■ Dec 2017 → Change



# Market Review - Wholesale - September 2018

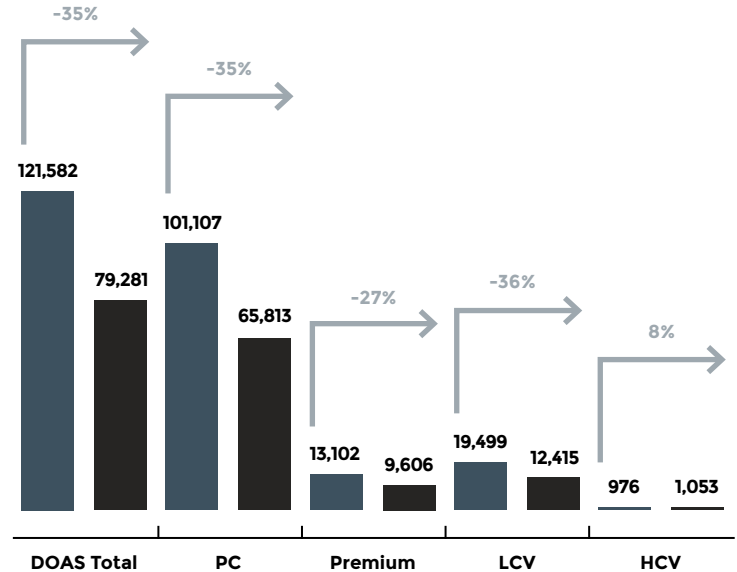
## MARKET

■ Sep 2017 ■ Sep 2018 → Change



## DOAS

■ Sep 2017 ■ Sep 2018 → Change

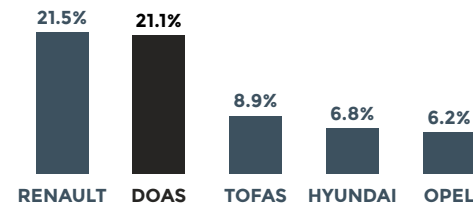


\*Sep2018 HCV market is an expected sales number.

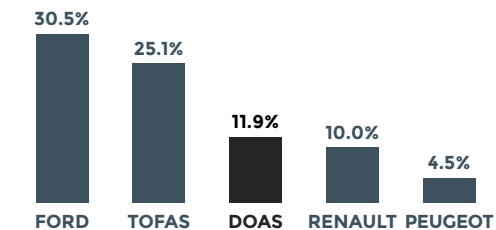
# Market Share - Retail - 2017

RETAIL MARKET	2015 YEAR END	2016 YEAR END	2017	2015 YEAR END/ 2016 YEAR END CHANGE	2016 YEAR END/ 2017 YEAR END CHANGE
<b>PASSENGER VEHICLE %</b>					
RENAULT	19.2	19.7	21.5	0.5	1.9
DOGUS OTOMOTİV	23.1	23.0	21.1	-0.1	-1.9
TOFAS	7.1	7.3	8.9	0.2	1.6
HYUNDAI	6.9	6.5	6.8	-0.4	0.3
OPEL	6.5	7.3	6.2	0.9	-1.1
TOYOTA	6.6	6.2	5.6	-0.4	-0.6
FORD	6.5	5.5	5.5	-1.0	0.0
NISSAN	3.6	4.0	4.4	0.1	0.4
OTHER	20.5	20.4	19.9	0.0	-0.5
<b>LIGHT COMMERCIAL VEHICLE %</b>					
FORD	29.5	30.1	30.5	0.6	0.4
TOFAS	25.6	23.7	25.1	-1.9	1.4
DOGUS OTOMOTİV	13.1	14.5	11.9	1.4	-2.5
RENAULT	9.6	9.0	10.0	-0.5	0.9
PEUGEOT	4.8	4.5	4.5	-0.3	0.0
MERCEDES-BENZ	3.5	3.6	3.9	0.1	0.3
CITROEN	4.9	3.7	3.5	-1.2	-0.2
TOYOTA	1.2	2.5	2.0	1.3	-0.5
OTHER	7.9	8.5	8.7	0.6	0.2
<b>LIGHT VEHICLE %</b>					
DOGUS OTOMOTİV	20.6	21.0	18.9	0.5	-2.2
RENAULT	16.8	17.2	18.7	0.4	1.5
TOFAS	11.8	11.1	12.8	-0.7	1.8
FORD	12.3	11.1	11.6	-1.1	0.5
HYUNDAI	5.4	5.3	5.5	-0.1	0.2
TOYOTA	5.3	5.4	4.7	0.1	-0.6
OPEL	4.9	5.6	4.7	0.8	-1.0
PEUGEOT	3.6	3.6	4.2	0.0	0.6
OTHER	19.6	19.6	18.9	0.0	-0.8

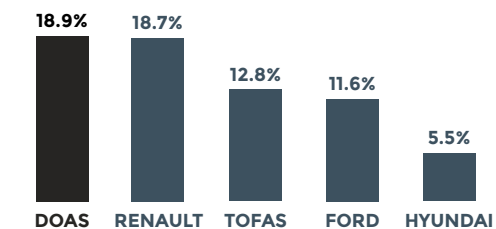
## PV TOP 5 DECEMBER 17



## LCV TOP 5 DECEMBER 17



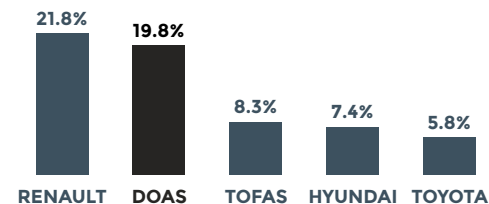
## LV TOP 5 DECEMBER 17



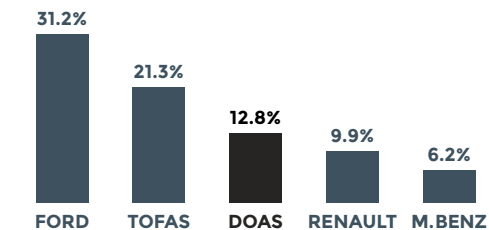
# Market Share - Retail - September 2018

RETAIL MARKET	2016 YEAR END	2017 YEAR END	SEP 2017	SEP 2018	SEP 2018/ 2017 YEAR END CHANGE	SEP 2018/ SEP 2017 CHANGE
<b>PASSENGER VEHICLE %</b>						
RENAULT	19.7	21.5	21.6	21.8	0.3	0.2
DOGUS OTOMOTİV	23.0	21.1	20.7	19.8	-1.3	-0.9
TOFAS	7.3	8.9	9.2	8.3	-0.6	-1.0
HYUNDAI	6.5	6.8	7.0	7.4	0.5	0.3
TOYOTA	6.2	5.6	5.4	5.8	0.2	0.4
HONDA	2.7	3.7	3.8	5.6	2.0	1.8
PEUGEOT	3.3	4.1	5.8	5.2	1.1	-0.5
FORD	5.5	5.5	4.0	5.1	-0.4	1.1
OTHER	25.8	22.7	22.5	21.0	-1.7	-1.5
<b>LIGHT COMMERCIAL VEHICLE %</b>						
FORD	30.1	30.5	29.5	31.2	0.7	1.8
TOFAS	23.7	25.1	24.3	21.3	-3.9	-3.0
DOGUS OTOMOTİV	14.5	11.9	12.8	12.8	0.9	0.0
RENAULT	9.0	10.0	9.9	9.6	-0.4	-0.4
MERCEDES-BENZ	3.6	3.9	4.1	6.2	2.3	2.1
CITROEN	3.7	3.5	4.2	3.5	0.0	-0.7
PEUGEOT	4.5	4.5	4.2	3.3	-1.2	-0.9
MITSUBISHI	1.8	1.7	1.5	2.9	1.2	1.3
OTHER	9.2	9.0	9.5	9.3	0.3	-0.2
<b>LIGHT VEHICLE %</b>						
RENAULT	17.2	18.7	18.8	19.1	0.4	0.3
DOGUS OTOMOTİV	21.0	18.9	18.8	18.3	-0.6	-0.5
TOFAS	11.1	12.8	12.9	11.1	-1.8	-1.8
FORD	11.1	11.6	11.5	10.9	-0.7	-0.6
HYUNDAI	5.3	5.5	5.7	6.0	0.5	0.3
TOYOTA	5.4	4.7	4.6	5.1	0.3	0.5
PEUGEOT	3.6	4.2	4.1	4.8	0.5	0.7
HONDA	2.1	2.8	2.9	4.4	1.6	1.5
OTHER	23.2	20.8	20.9	20.5	-0.3	-0.4

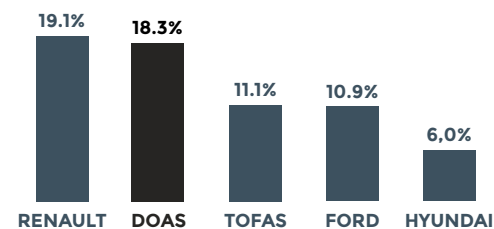
## PV TOP 5 SEPTEMBER 18



## LCV TOP 5 SEPTEMBER 18



## LV TOP 5 SEPTEMBER 18



# Financial Performance



# Consolidated Income Statement

(TL mn, CMB)	30-Jun-18	30-Jun-17	Change (%)
Revenue	5,769	5,215	11%
Gross Profit	649	538	21%
Operational Expenses	-347	-360	-4%
Selling and Marketing Expenses	-141	-153	-7%
General Administrative Expenses	-194	-196	-1%
Warranty Expenses, net	-45	-33	39%
Other Operating Expenses, net	34	21	57%
EBITDA	341	218	57%
EBIT	302	178	70%

Margins	30-Jun-18	30-Jun-17	Change (%)
Gross Margin	11.2%	10.3%	9%
Opex/Sales	6.0%	6.9%	-13%
EBITDA Margin	5.9%	4.2%	42%
EBIT Margin	5.2%	3.4%	53%
Net Profit Margin	2.4%	1.3%	78%



# Consolidated Income Statement

(TL '000)	30-Jun-18	Vertical Analysis	30-Jun-17	Vertical Analysis	Change (%)
Revenue	5,769,345		5,215,259		11%
Direct cost of revenue	-5,120,407	-89%	-4,677,498	-90%	9%
<b>Gross profit</b>	<b>648,938</b>	<b>11%</b>	<b>537,761</b>	<b>10%</b>	<b>21%</b>
Selling, marketing and distribution expenses	-141,386	-2%	-152,777	-3%	-7%
SG&A Expenses	-193,779	-3%	-195,725	-4%	-1%
Warranty expenses	-45,456	-1%	-32,597	-1%	39%
Other operating incomes/losses, net	33,637	1%	21,454	0%	57%
<b>Results from operating activities</b>	<b>301,954</b>	<b>5%</b>	<b>178,116</b>	<b>3%</b>	<b>70%</b>
Income Loss from Investing Activities	12,543		17,497		
<b>Income Loss from Associates</b>	<b>48,993</b>	<b>1%</b>	<b>45,454</b>	<b>1%</b>	<b>8%</b>
Financial incomes/costs, net	-196,985		-166,626		18%
<b>Profit before income tax</b>	<b>166,505</b>	<b>3%</b>	<b>74,441</b>	<b>1%</b>	<b>124%</b>
Tax expense	-29,222		-4,782		511%
Period profit/loss from discontinued operations	248		-		-
<b>Profit for the year</b>	<b>137,531</b>	<b>2%</b>	<b>69,659</b>	<b>1%</b>	<b>97%</b>

## → Impacts on revenue and direct cost of revenue:

Increase of nearly 30% in revenue and direct cost of revenue for a gross margin of 11.9%  
Effects on revenue and direct cost of revenue:

- Increase in the average EUR/TRY currency.
- Decrease in yearly sales volume.
- Model Mix impact.

## → Warranty expenses

- Increase attributed to prior vehicle sales

11% Increase in Distribution expenses  
Increases can be generally attributed to increase in the average EUR/TL currency.

## Income/Loss from Associates 30 Jun 18 Cumulative 31 Dec 17 Cumulative

VDF	8,743	20,512
Doğuş Sigorta	1,171	908
SKODA (Yüce Oto)	14,632	3,322
VDF Servis Holding	7,058	5,875
Doğuş Technology	-1,245	-1,010
TÜVTURK Group	18,441	15,800
Meiller-Doğuş	193	47
<b>Grand Total</b>	<b>48,993</b>	<b>45,454</b>

# Financing Costs

(TL mn, CMB)	30 Jun 2018	30 Jun 2017	Change (%)
Financing Costs	-196.99	-166.63	18%
Finance expenses, net	-191.13	-166.54	15%
Interest expense on borrowings	-180.63	-159.18	13%
Commission expenses on letters of guarantee	-6.87	-3.51	96%
Other financial expenses	-3.63	-3.86	-6%
Foreign Exchange gain/loss, net	-5.85	-0.09	6706%

CMB: Capital Market Boards of Turkey

# Consolidated Balance Sheet

(TL '000)	30-Jun-18	31-Dec-17
<b>ASSETS</b>	<b>6,230,324</b>	<b>5,166,882</b>
Cash and cash equivalents	109,433	106,385
Trade receivables	747,543	1,425,215
Inventories	3,103,062	1,425,344
Tangible and intangible non-current assets	962,761	1,007,079
Financial Investments	570,961	579,277
Investments in equity accounted investees	365,593	352,323
Other	370,971	271,259
<b>LIABILITIES</b>	<b>4,897,956</b>	<b>3,839,437</b>
Financial liabilities	2,506,178	2,974,838
Trade payables	2,148,451	633,545
Provisions	104,822	103,688
Other	138,505	127,366
<b>EQUITY</b>	<b>1,332,368</b>	<b>1,327,445</b>

## Inventories:

- Increase in goods in transit (vehicle)
- 30 June 2018: 2,165,279K TL
- 31 December 2017: 463,613K TL
- Number of vehicles increased from 30,930 units to 19,179 units as of 30.06.2018.
- Inventories and Trade Payables have been impacted due to the OEM's WLT Procedure.

Financial Liabilities; Use of financing was realized as expected at TRY 2.5B.

Investments in Equity Accounted Investees	30 Jun 18	31 Dec 17
<b>Associates</b>		
vdf	158,145	149,402
Doğuş Sigorta	36,900	36,203
SKODA (Yüce Oto)	31,261	28,807
vdf Servis Holding	67,555	60,497
Doğuş Technology	5,469	6,714
<b>Joint Ventures</b>		
TÜVTURK North - South (Consolidated)	64,847	69,477
Meiller-Doğuş	1,416	1,223
<b>Total</b>	<b>365,593</b>	<b>352,323</b>

Provisions	30 Jun 18	31 Dec 17
Warranty provisions	42,802	48,379
Legal provisions	23,212	20,218
Provision for unused vacation	38,808	35,091

# Consolidated Balance Sheet

(Balance Sheet mn,TL)	30-Jun-18	31-Dec-17	Change (%)
Total Assets	6,230	5,167	21%
Total Equity	1,332	1,327	0%
Net working capital	-695	-640	-8%
Net cash position	-2,517	-2,997	16%
CAPEX	99	315	-69%
Receivable Turnover (day)	24	39	-40%
Inventory Turnover (day)	111	44	153%
Payable Turnover (day)	77	19	295%
Net Debt/EBITDA	3.5	5.8	-39%
ROA	2.2%	3.6%	-38%
ROE	10.3%	13.8%	-25%

## 2018 EXPECTATIONS

**Mobility**

**Digitalization**

**Service Areas**

**Operational Efficiency and  
Cautious Expenditure Management**

**Optimum  
Profitability**

**10 - 11% Gross Margin &  
18 - 20% Market Share**

**OEM Strategy: Maintain represented brands'  
competitive position.**

**Total Automotive Market  
(PC+LCV+HCV)**

850-875,000 units

**Doğuş Otomotiv Sales Volume  
(including ŠKODA)**

155-165,000 units

**Investment Expenditure**

TRY 140-150 million

- Expenditures for head office, logistics, spare parts, training areas and subsidiaries
- **Machinery and equipment** investments
- Investments in **information technologies**
- Investments presenting potential to create value

\*In light of recent market developments, we will be reevaluating our future expectations.

# Stock Price History



Shareholder's Commercial Title	Share in Capital (TL)	Share in Capital (%)
Doğuş Holding A.Ş.	98,946,629	44.98
Doğuş Araştırma Geliştirme ve Müşavirlik Hizmetleri A.Ş.	66,638,086	30.29
Doğuş Otomotiv Servis ve Ticaret A.Ş.	22,000,000	10.00
Doğuş Sigorta Aracılık Hizmetleri A.Ş.	292	-
Publicly Traded Shares	32,414,993	14.73
<b>Total</b>	<b>220,000,000</b>	<b>100.00</b>

\* In accordance with communique of CMB, the Company reacquired 22,000,000 units of its own shares, which is equivalent to 10% of its paid-in capital in 2016.

# Disclaimer

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