

# Investor Relations Presentation

## Q1 2018 Results

Updated: Jun 2018

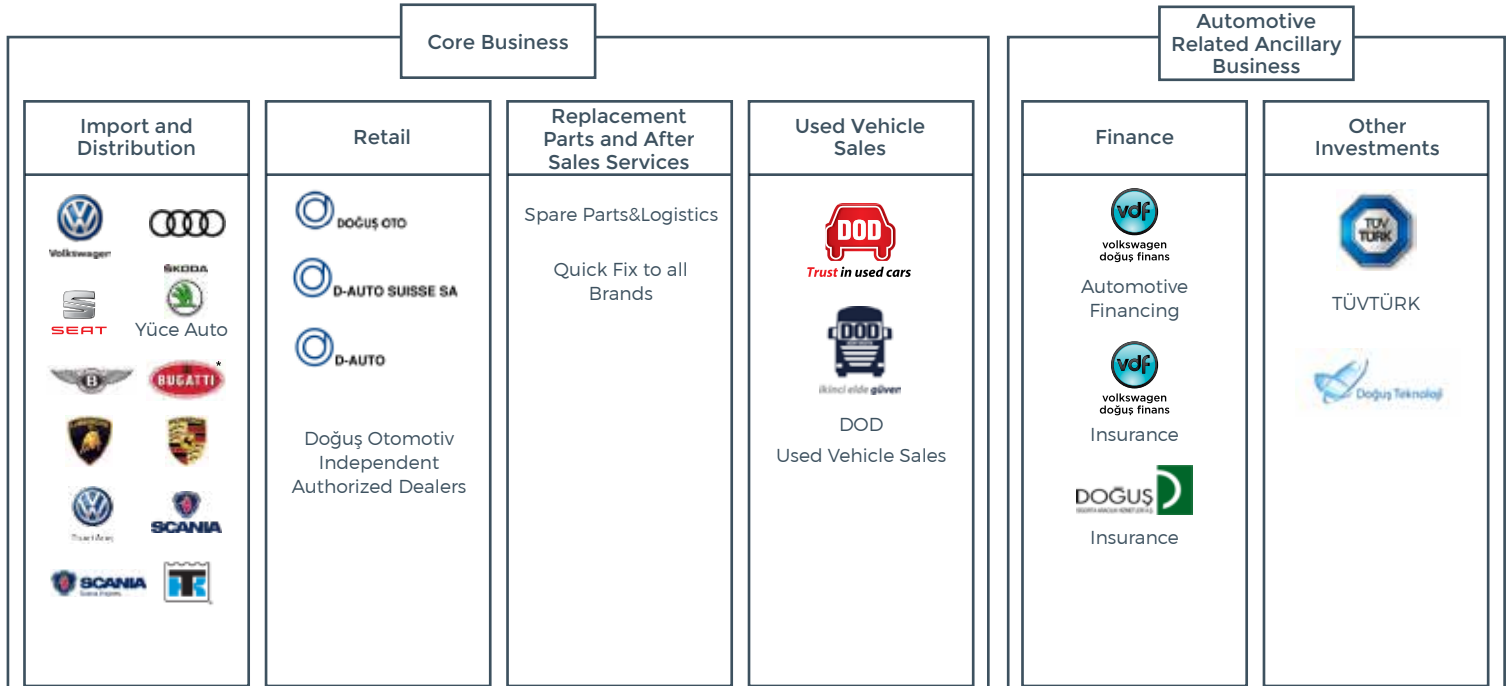


# Agenda

- 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



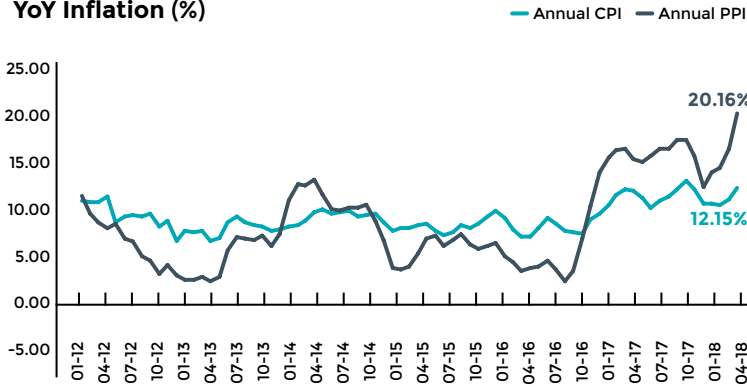
\*Representative Offices

# Macroeconomic Outlook

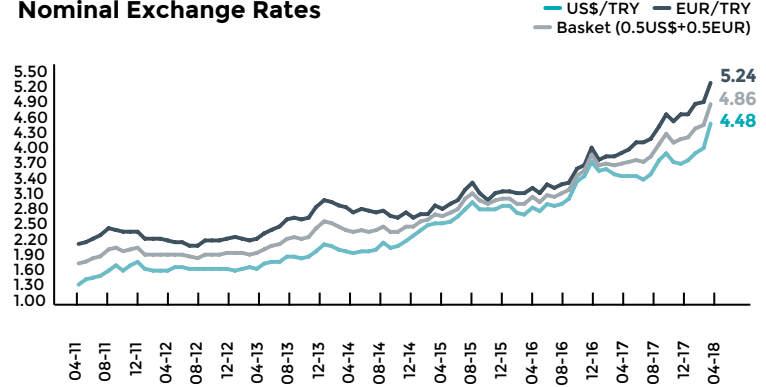


# Macroeconomic Indicators

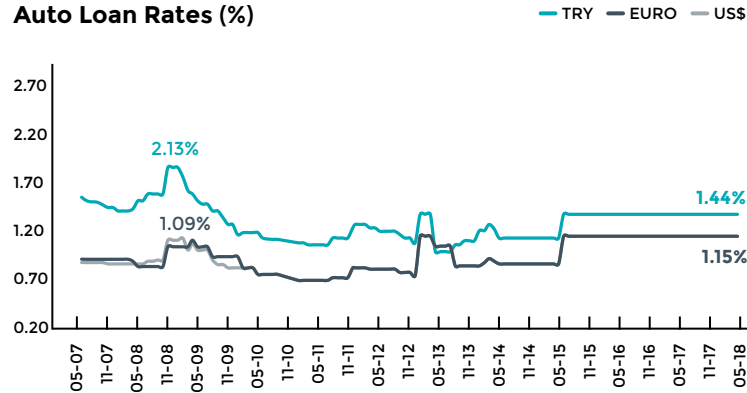
## YoY Inflation (%)



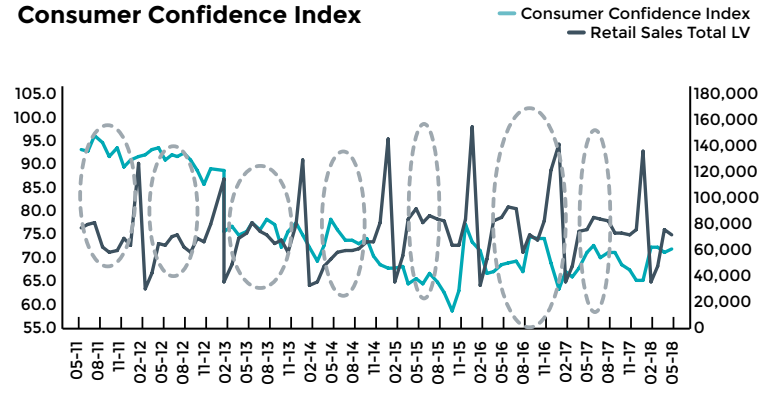
## Nominal Exchange Rates



## Auto Loan Rates (%)

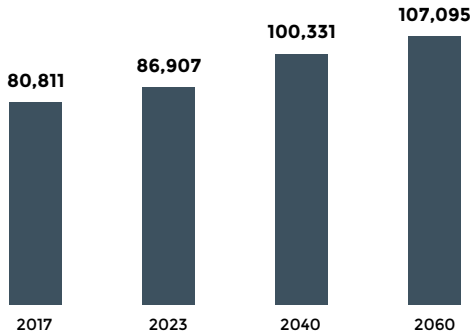


## Consumer Confidence Index

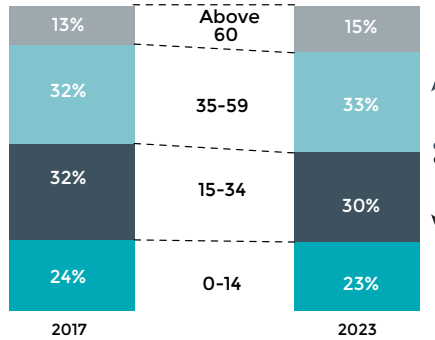


# Population & Demography

## Population Statistics ('000)



## Age Demography

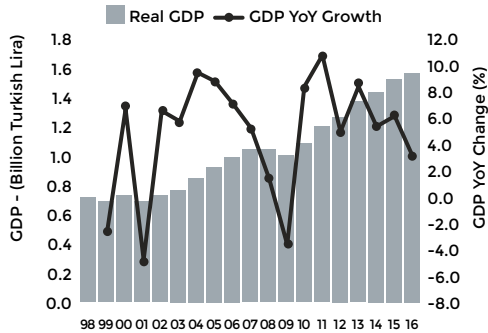


→ Young population and fiscal reforms push the country towards stable and sustainable growth.

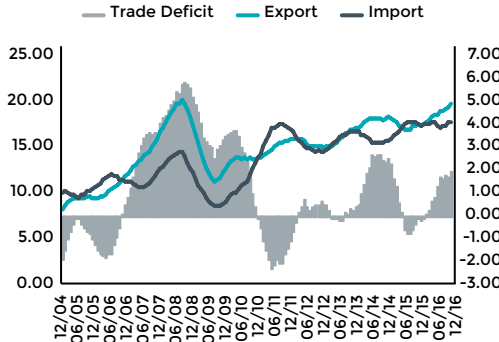
→ Population is increasing on an average 1.4% each year since 2007.

→ 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

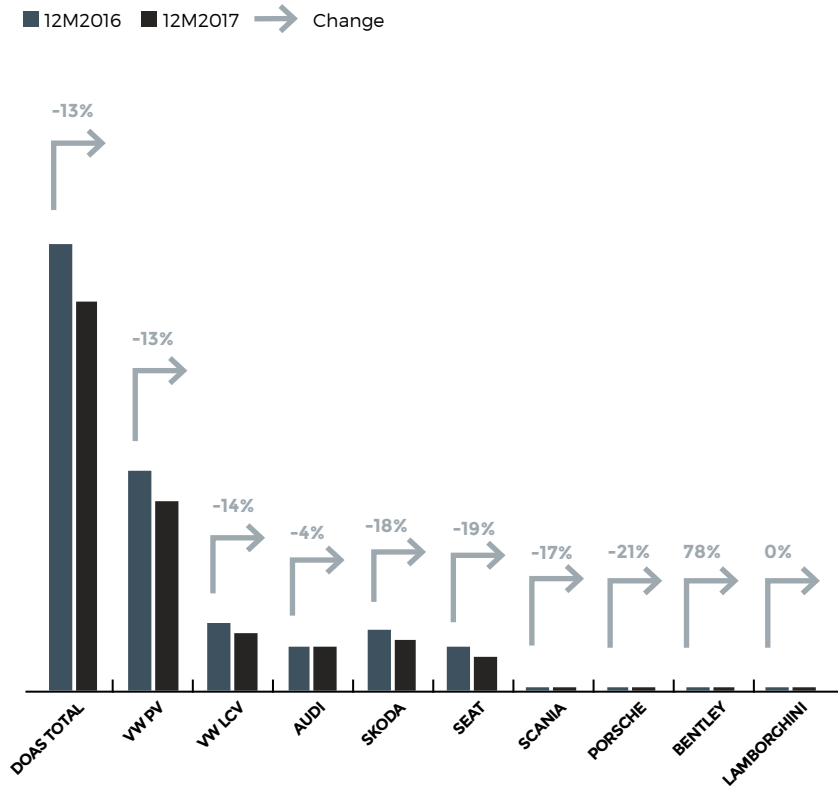
# Automotive Market



# 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%

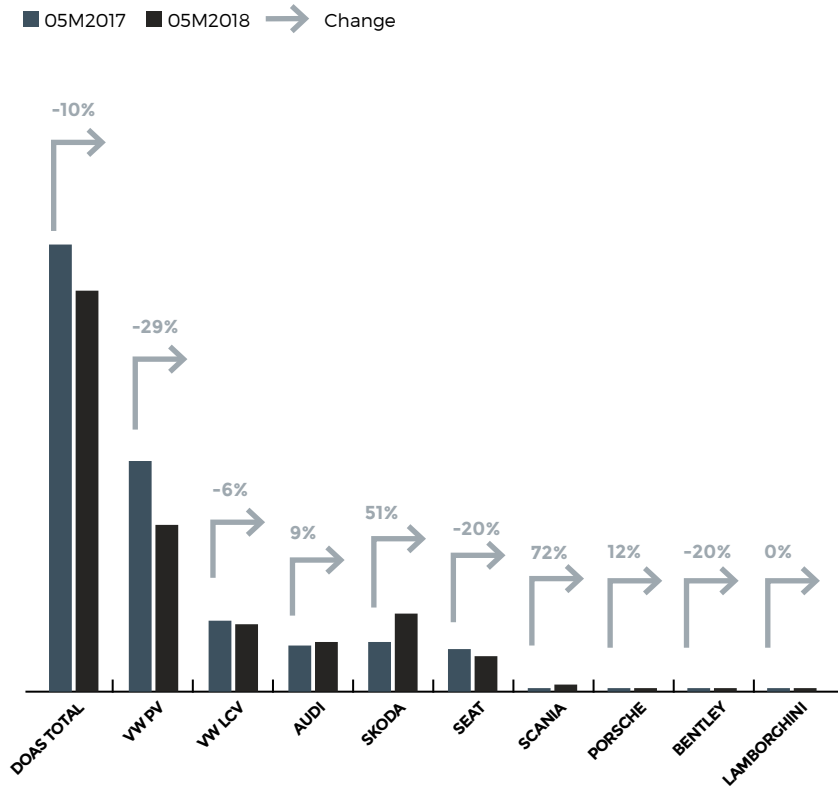




# DOAS Wholesales Performance - May 2018

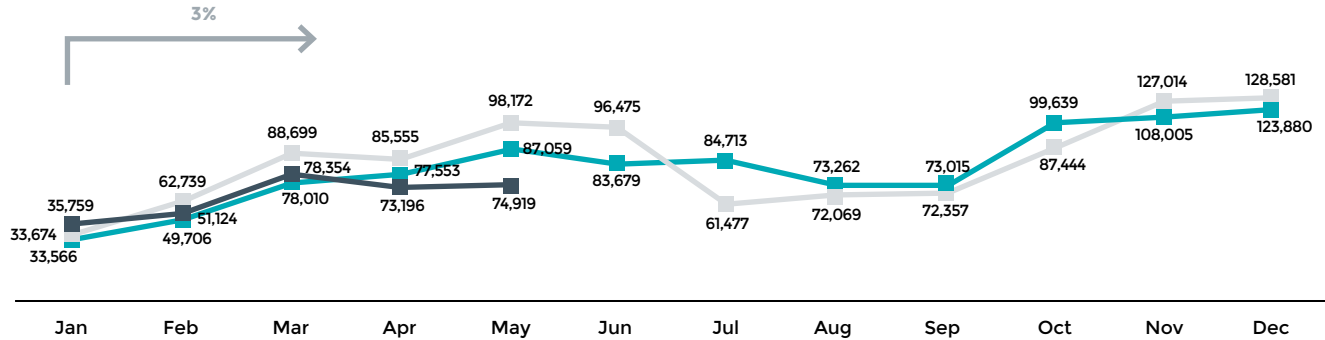
	05M2017	05M2018	Change
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<b>DOAS TOTAL</b>	<b>61.160</b>	<b>54.753</b>	<b>-10%</b>
VW PV	31.760	22.606	-29%
VW LCV	9.537	8.967	-6%
AUDI	6.388	6.943	9%
SKODA	6.914	10.448	51%
SEAT	5.837	4.691	-20%
SCANIA	481	828	72%
PORSCHE	236	264	12%
BENTLEY	5	4	-20%
LAMBORGHINI	2	2	0%



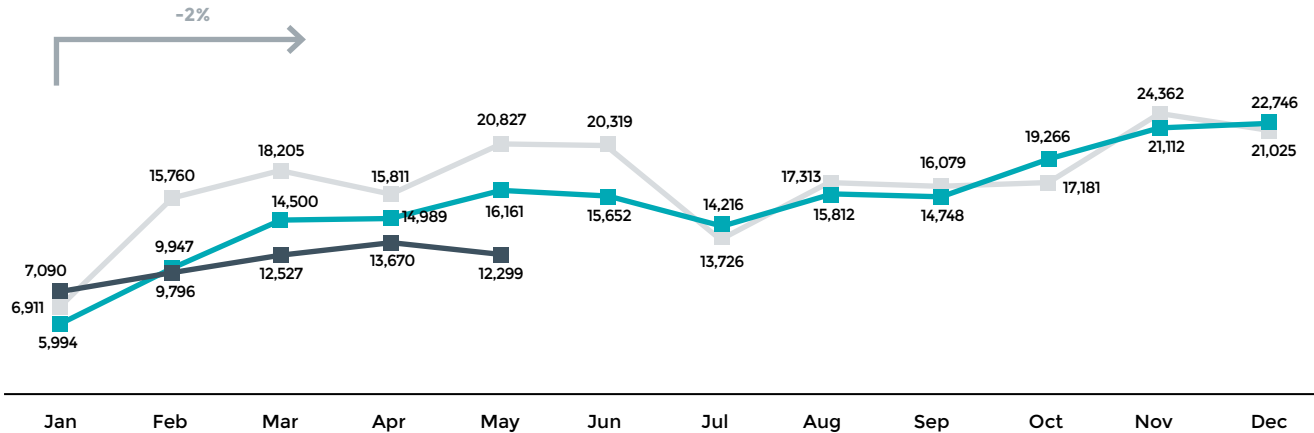
# Wholesale Market Monthly Sales

2016 2017 2018



# DOAS Monthly Sales

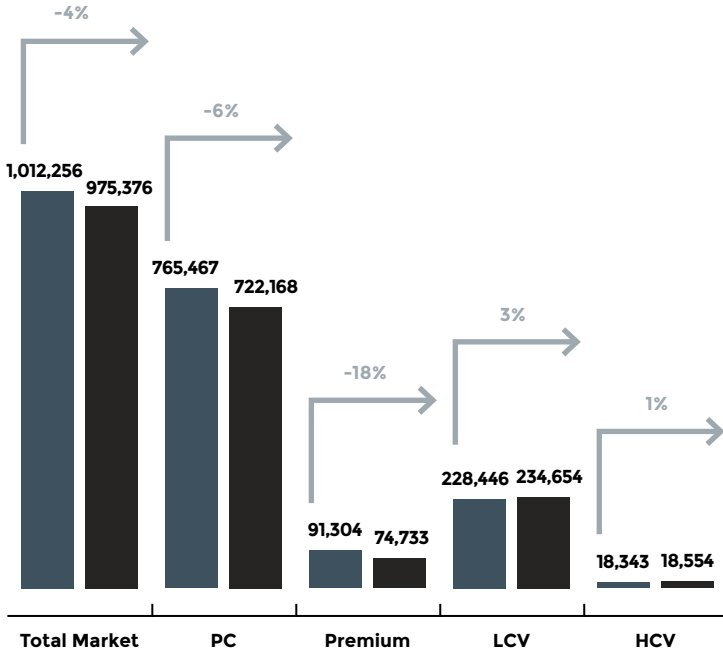
2016 2017 2018



# Market Review - Wholesale - 2017

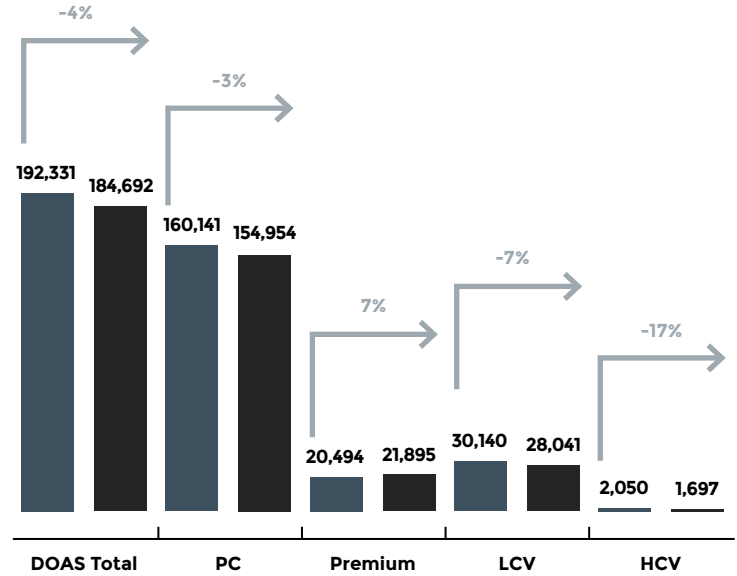
## MARKET

■ Dec 2016 ■ Dec 2017 → Change



## DOAS

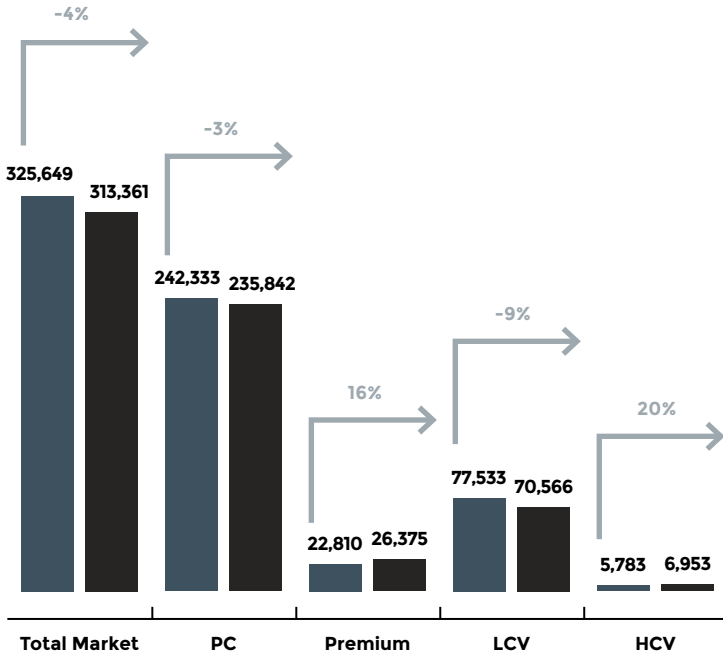
■ Dec 2016 ■ Dec 2017 → Change



# Market Review - Wholesale - May 2018

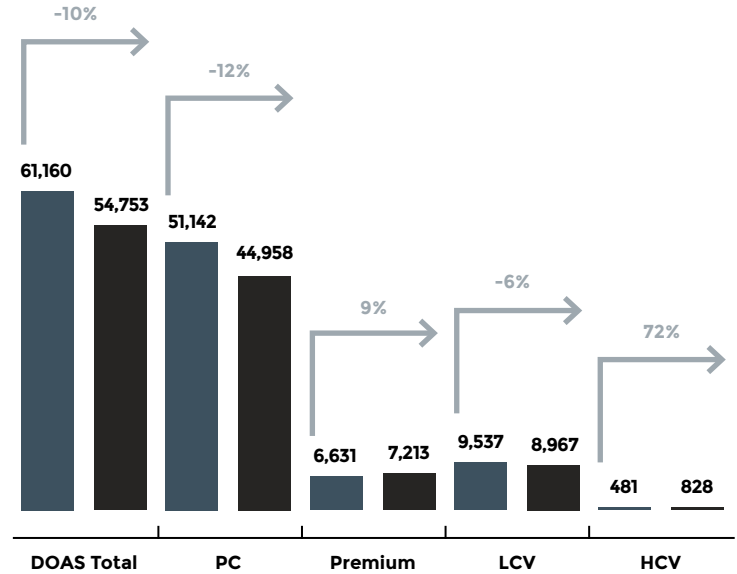
## MARKET

■ May 2017 ■ May 2018 → Change



## DOAS

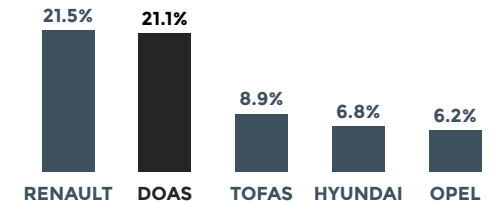
■ May 2017 ■ May 2018 → Change



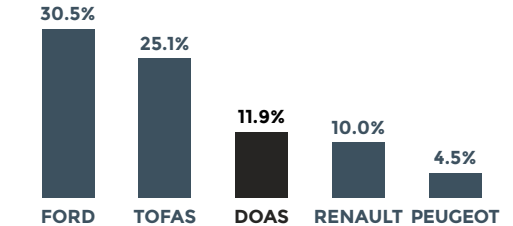
# Market Share - Retail - 2017

RETAIL MARKET	2015 YEAR END	2016 YEAR END	2017	2015 YEAR END/ 2016 YEAR END CHANGE	2017 YEAR END/ 2018 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

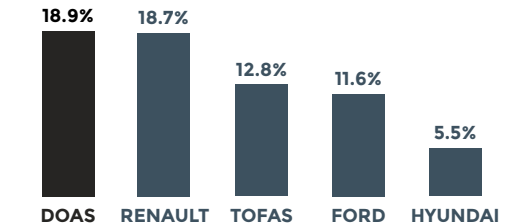
## PV TOP 5 DECEMBER 17



## LCV TOP 5 DECEMBER 17



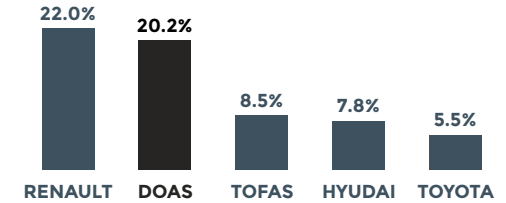
## LV TOP 5 DECEMBER 17



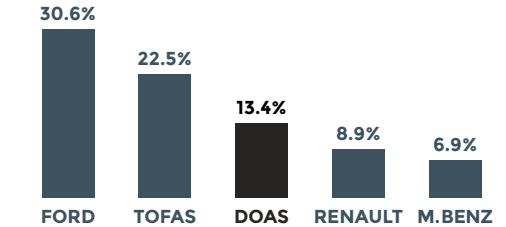
# Market Share - Retail - May 2018

RETAIL MARKET	2016 YEAR END	2017 YEAR END	MAY 2017	MAY 2018	MAY 2018/ 2017 YEAR END CHANGE	MAY 2018/ MAY 2017 CHANGE
<b>PASSENGER VEHICLE %</b>						
RENAULT	19.7	21.5	21.6	22.0	0.5	0.4
DOGUS OTOMOTİV	23.0	21.1	20.4	20.2	-0.9	-0.2
TOFAS	7.3	8.9	8.8	8.5	-0.4	-0.3
HYUNDAI	6.5	6.8	7.6	7.8	0.9	0.2
TOYOTA	6.2	5.6	4.8	5.5	-0.2	0.6
PEUGEOT	3.3	4.1	4.1	5.2	1.0	1.0
FORD	5.5	5.5	6.1	5.1	-0.4	-1.0
HONDA	2.7	3.7	4.4	4.9	1.3	0.5
OTHER	25.8	22.7	22.1	20.9	-1.9	-1.3
<b>LIGHT COMMERCIAL VEHICLE %</b>						
FORD	30.1	30.5	29.9	30.6	0.1	0.7
TOFAS	23.7	25.1	23.0	22.5	-2.7	-0.6
DOGUS OTOMOTİV	14.5	11.9	12.7	13.4	1.5	0.7
RENAULT	9.0	10.0	9.6	8.9	-1.1	-0.7
MERCEDES-BENZ	3.6	3.9	3.9	6.9	3.0	3.0
CITROEN	3.7	3.5	4.5	3.2	-0.3	-1.4
MITSUBISHI	1.8	1.7	1.7	2.8	1.1	1.1
PEUGEOT	4.5	4.5	4.2	2.8	-1.8	-1.4
OTHER	9.2	9.0	10.6	9.1	0.2	-1.4
<b>LIGHT VEHICLE %</b>						
RENAULT	17.2	18.7	18.7	19.1	0.4	0.4
DOGUS OTOMOTİV	21.0	18.9	18.5	18.7	-0.2	0.2
TOFAS	11.1	12.8	12.3	11.6	-1.2	-0.6
FORD	11.1	11.6	11.9	10.8	-0.8	-1.1
HYUNDAI	5.3	5.5	6.1	6.2	0.8	0.1
TOYOTA	5.4	4.7	4.2	4.8	0.1	0.6
PEUGEOT	3.6	4.2	4.1	4.6	0.4	0.5
MERCEDES-BENZ	4.0	3.5	3.5	4.2	0.7	0.7
OTHER	21.3	20.0	20.6	19.9	-0.1	-0.7

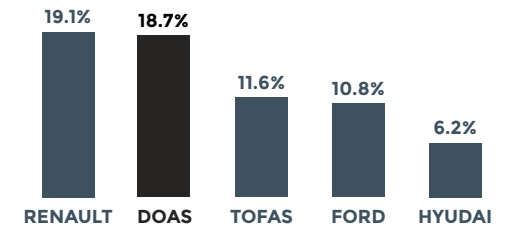
## PV TOP 5 MAY 18



## LCV TOP 5 MAY 18



## LV TOP 5 MAY 18



# Financial Performance



# Consolidated Income Statement

(TL mn, CMB)	31-Mar-18	31-Mar-17	Change (%)
Revenue	2,719	2,085	30%
Gross Profit	324	233	39%
Operational Expenses	-167	-148	13%
Selling and Marketing Expenses	-72	-64	12%
General Administrative Expenses	-96	-99	-3%
Warranty Expenses, net	-22	-11	101%
Other Operating Expenses, net	22	25	-14%
EBITDA	178	105	69%
EBIT	157	84	86%

Margins	31-Mar-18	31-Mar-17	Change (%)
Gross Margin	11.9%	11.2%	7%
Opex/Sales	6.1%	7.1%	-14%
EBITDA Margin	6.5%	5.0%	30%
EBIT Margin	5.8%	4.0%	43%
Net Profit Margin	3.0%	1.3%	123%



# Consolidated Income Statement

(TL '000)	31 Mar 18	Vertical Analysis	31 Mar 17	Vertical Analysis	Change (%)
Revenue	2,719,275		2,084,885		30%
Direct cost of revenue	-2,395,051	-88%	-1,852,285	-89%	29%
<b>Gross profit</b>	<b>324,224</b>	<b>12%</b>	<b>232,600</b>	<b>11%</b>	<b>39%</b>
Selling, marketing and distribution expenses	-71,654	-3%	-64,128	-3%	12%
SG&A Expenses	-95,600	-4%	-98,865	-5%	-3%
Warranty expenses	-21,654	-1%	-10,747	-1%	101%
Other operating incomes/losses, net	21,695	1%	25,357	1%	-14%
<b>Results from operating activities</b>	<b>157,011</b>	<b>6%</b>	<b>84,217</b>	<b>4%</b>	<b>86%</b>
Income from Investing Activities	7,253		5,504		
<b>Income Loss from Associates</b>	<b>29,318</b>	<b>1%</b>	<b>20,313</b>	<b>1%</b>	<b>44%</b>
Financial incomes/costs, net	-95,394		-79,827		20%
<b>Profit before income tax</b>	<b>98,188</b>	<b>4%</b>	<b>30,207</b>	<b>1%</b>	<b>225%</b>
Tax expense	-16,900		-2,289		638%
<b>Profit for the year</b>	<b>81,288</b>	<b>3%</b>	<b>27,918</b>	<b>1%</b>	<b>191%</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	31 Mar 18 Cumulative	31 Mar 17 Cumulative
VDF	10,708	11,592
Doğuş Sigorta	765	703
SKODA (Yüce Oto)	4,067	481
VDF Servis Holding	6,152	2,889
TÜVTURK Group	-268	-1,086
Meiller-Doğuş	7,862	5,658
Doğuş Technology	32	76
<b>Grand Total</b>	<b>29,318</b>	<b>20,313</b>

# Financing Costs

(TL mn, CMB)	31 Mar 2018	31 Dec 2017	Change (%)
Financing Costs	-95.39	-79.83	20%
Finance expenses, net	-95.39	-79.83	20%
Interest expense on borrowings	-89.68	-77.29	16%
Commission expenses on letters of guarantee	-3.35	-0.84	298%
Other financial expenses	-2.36	-1.69	40%

CMB: Capital Market Boards of Turkey

# Consolidated Balance Sheet

(TL '000)	31 Mar 18	31 Dec 17
<b>ASSETS</b>	<b>5,204,151</b>	<b>5,166,882</b>
Cash and cash equivalents	92,005	156,266
Trade receivables	940,728	1,375,334
Inventories	1,983,427	1,425,344
Tangible and intangible non-current assets	1,013,847	1,007,079
Financial Investments	577,747	579,277
Investments in equity accounted investees	381,554	352,323
Other	214,843	271,259
<b>LIABILITIES</b>	<b>3,939,221</b>	<b>3,839,437</b>
Financial liabilities	2,400,245	2,974,838
Trade payables	1,175,188	633,545
Provisions	100,598	103,688
Other	263,190	127,366
<b>EQUITY</b>	<b>1,327,445</b>	<b>1,118,713</b>

Investments in Equity Accounted Investees	31 Mar 18	31 Dec 17
<b>Associates</b>		
VDF	160,110	149,402
Doğuş Sigorta	36,881	36,203
Yüce Auto (SKODA)	32,874	28,807
VDF Servis	66,649	60,497
Doğuş Teknoloji	6,446	6,714
<b>Joint Ventures</b>		
TÜVTURK North - South (Consolidated)	77,339	69,477
Meiller-Doğuş	1,255	1,223
<b>Total</b>	<b>381,554</b>	<b>352,323</b>

Provisions	31 Mar 18	31 Dec 17
Warranty provisions	43,105	48,379
Legal provisions	21,902	20,218
Provision for unused vacation	35,591	35,091

## Inventories:

- Increase in goods in transit (vehicle)
- 31 March 2018: 1,099,215K TL
- 31 December 2017: 463,613K TL
- Number of vehicles increased from 12,972 units to 19,179 units as of 31.03.2018.

## Financial liabilities:

Overall Volume decreased.

# Consolidated Balance Sheet

(Balance Sheet mn,TL)	31 Mar 18	31 Dec 17	Change (%)
Total Assets	5,204	5,167	1%
Total Equity	1,265	1,327	-5%
Net working capital	-547	-640	-15%
Net cash position	-2,358	-2,878	18%
CAPEX	32	209	-84%
Receivable Turnover (day)	32	38	-17%
Inventory Turnover (day)	76	44	73%
Payable Turnover (day)	45	19	131%
Net Debt/EBITDA	3.2	6.7	-52%
ROA	6.2%	3.6%	76%
ROE	25.7%	13.8%	86%

## 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)**

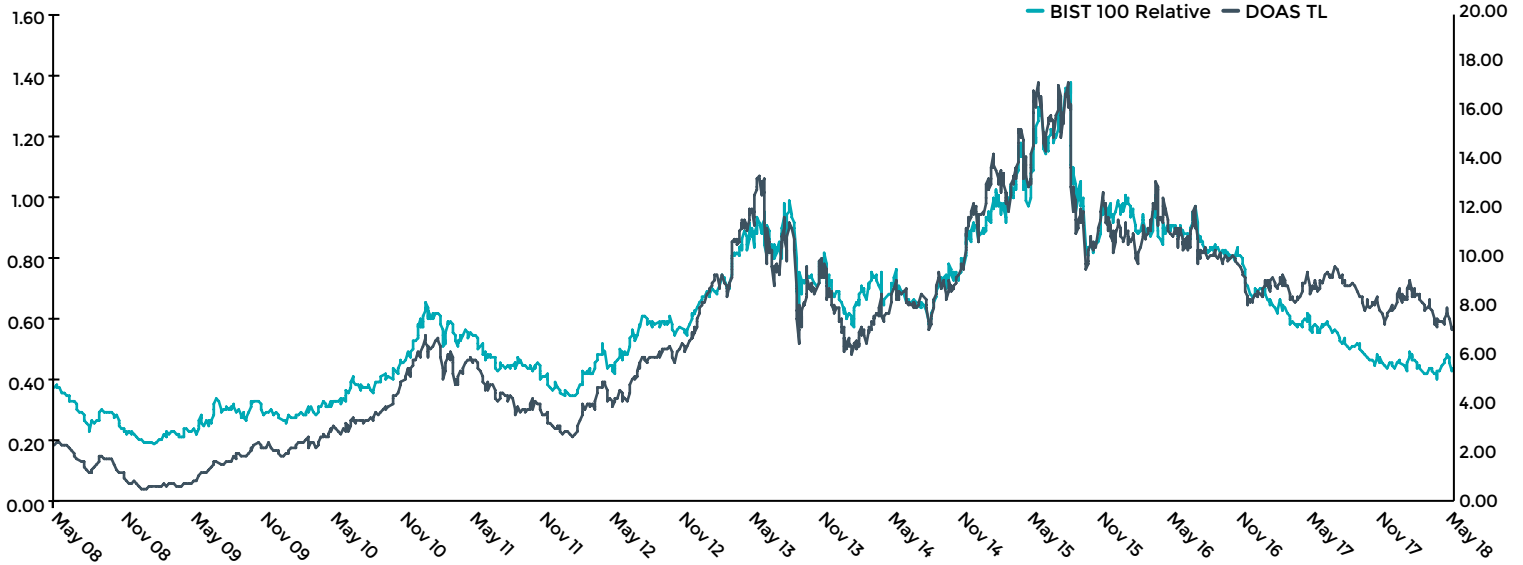
165-175,000 units

**Investment Expenditure**

TRY 185-195 million

- Expenditures for head office, logistics, spare parts, training areas and subsidiaries
- **Machinery and equipment investments**
- Investments in **information technologies**
- The expected completion of the **Kartal Office Tower construction**
- Investments presenting potential to create value

# 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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