

# Investor Relations Presentation

## Q4 2017 Results

Updated: April 2018

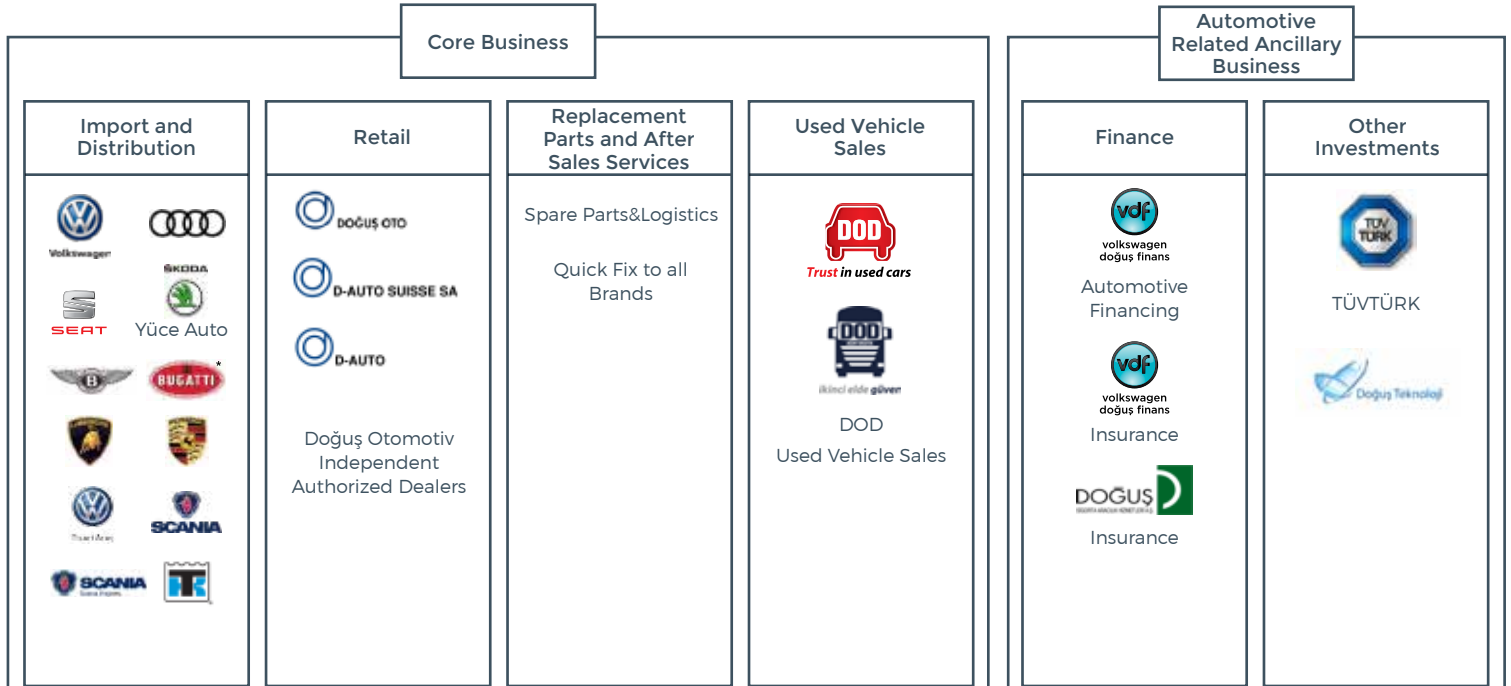


# Agenda

- 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



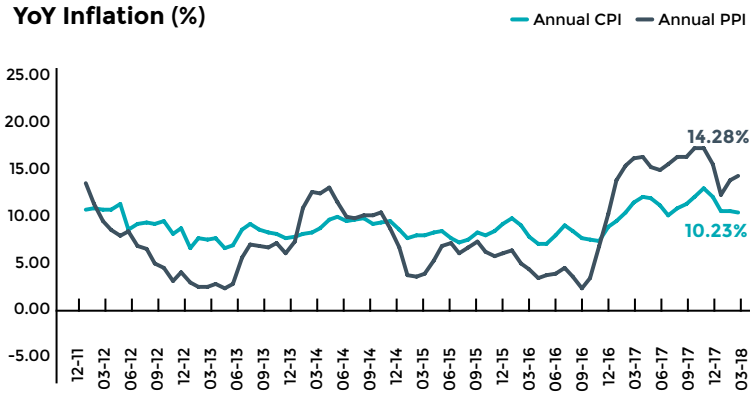
\*Representative Offices

# Macroeconomic Outlook

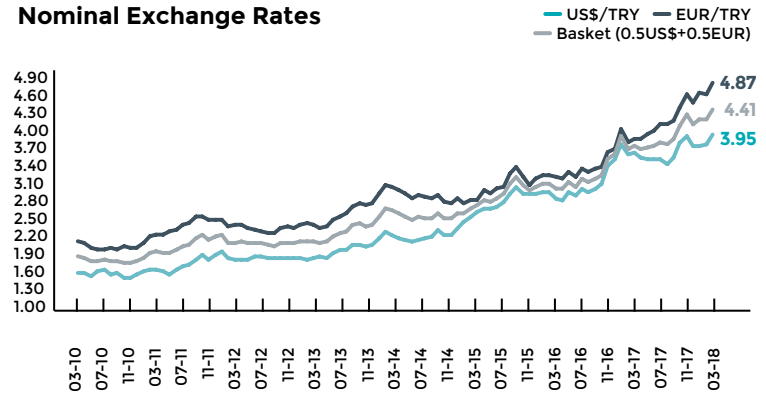


# Macroeconomic Indicators

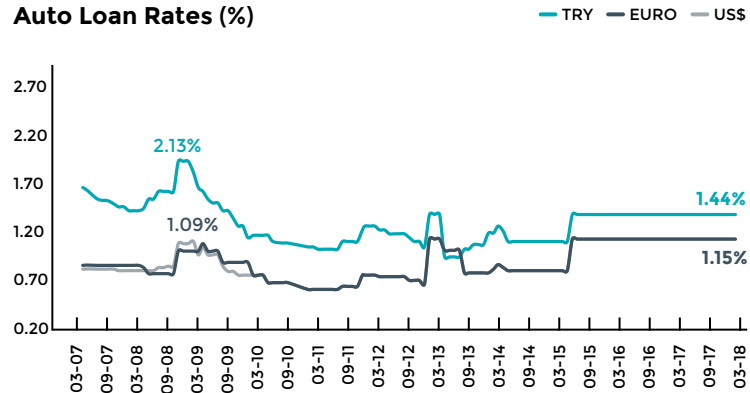
## YoY Inflation (%)



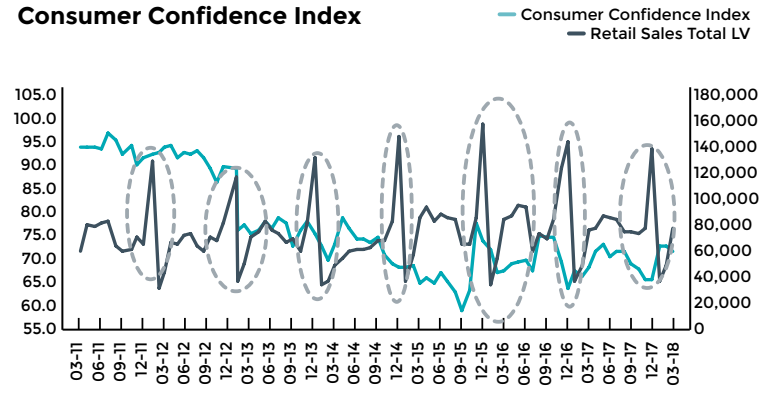
## Nominal Exchange Rates



## Auto Loan Rates (%)

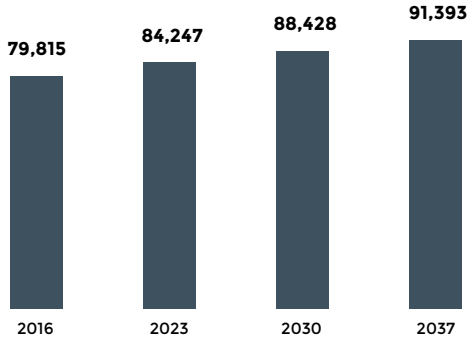


## Consumer Confidence Index

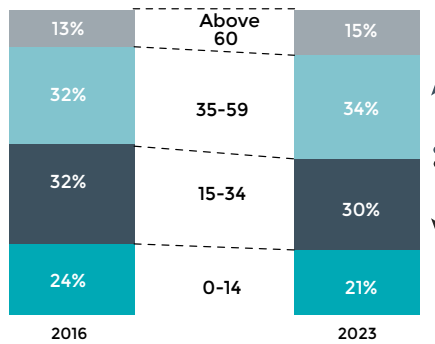


# Population & Demography

## Population Statistics ('000)



## Age Demography

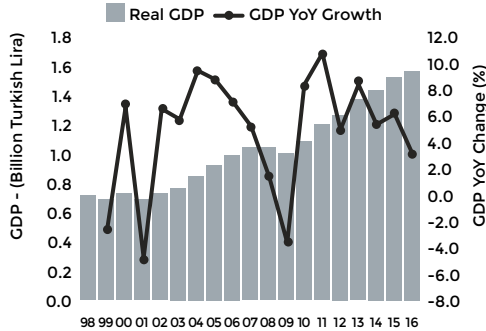


→ Young population and fiscal reforms push the country towards stable and sustainable growth.

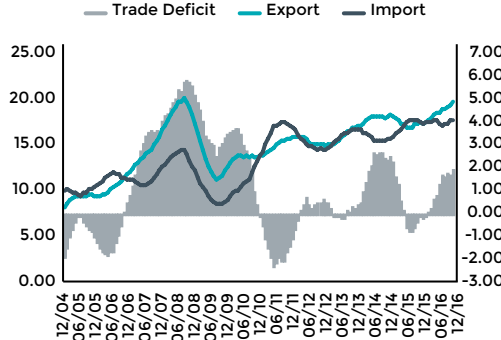
→ Population is increasing on an average 1.4% each year since 2007.

→ 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

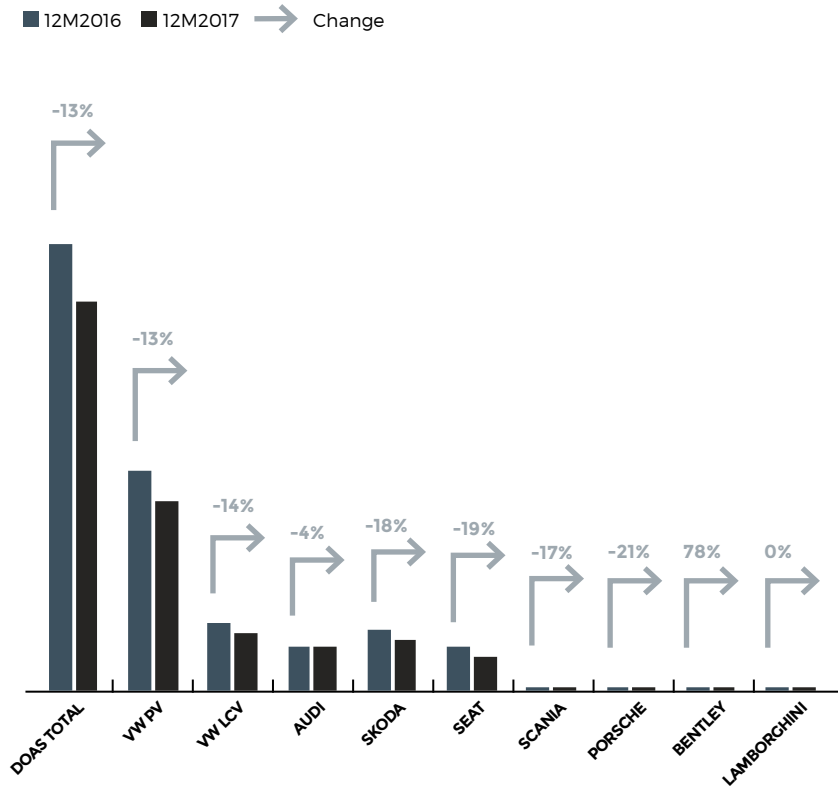
# Automotive Market



# 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%

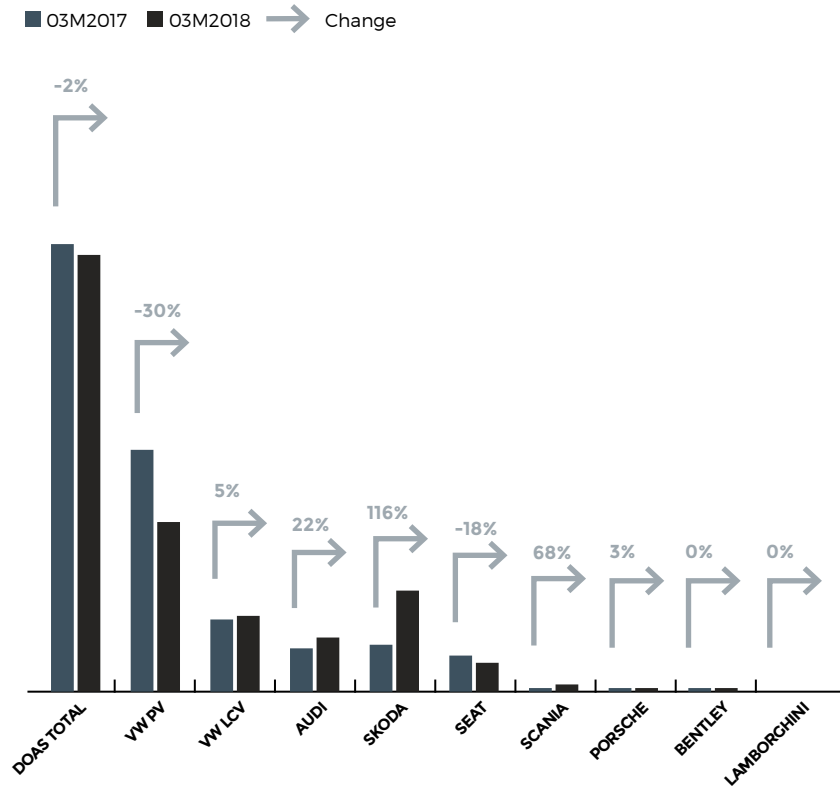




# DOAS Wholesales Performance - March 2018

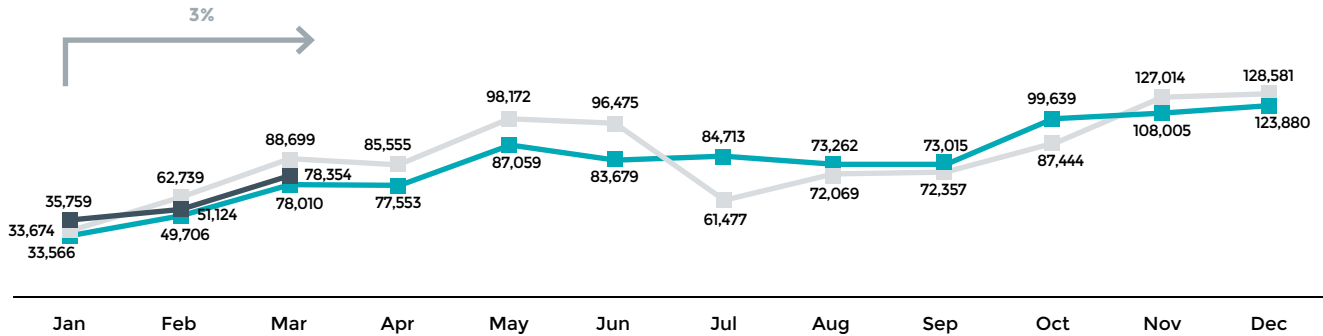
	03M2017	03M2018	Change
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<b>DOAS TOTAL</b>	<b>30,005</b>	<b>29,458</b>	<b>-2%</b>
VW PV	16,241	11,427	-30%
VW LCV	4,919	5,149	5%
AUDI	2,948	3,596	22%
SKODA	3,111	6,732	116%
SEAT	2,362	1,941	-18%
SCANIA	272	457	68%
PORSCHE	149	153	3%
BENTLEY	3	3	0%
LAMBORGHINI	0	0	0%



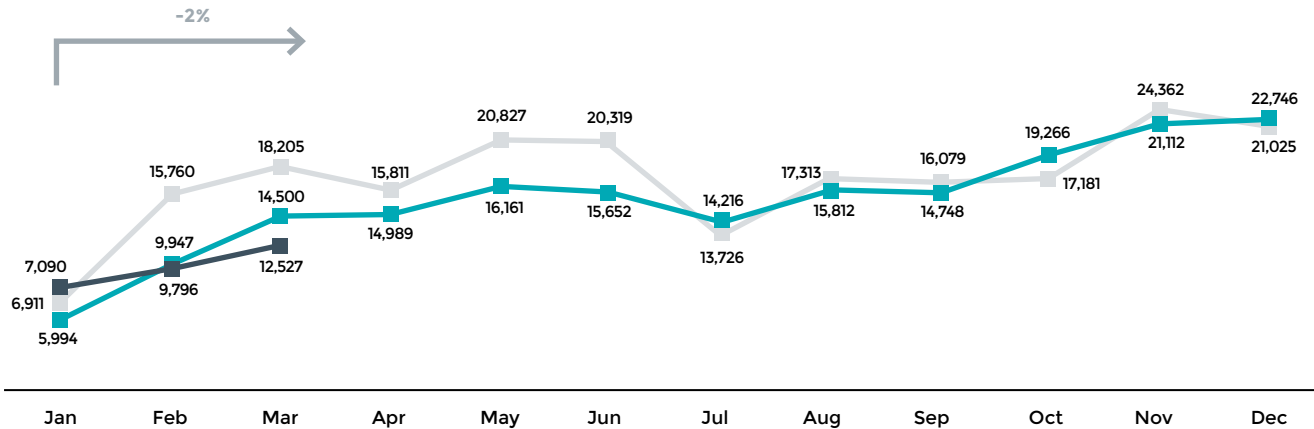
# Wholesale Market Monthly Sales

2016 2017 2018



# DOAS Monthly Sales

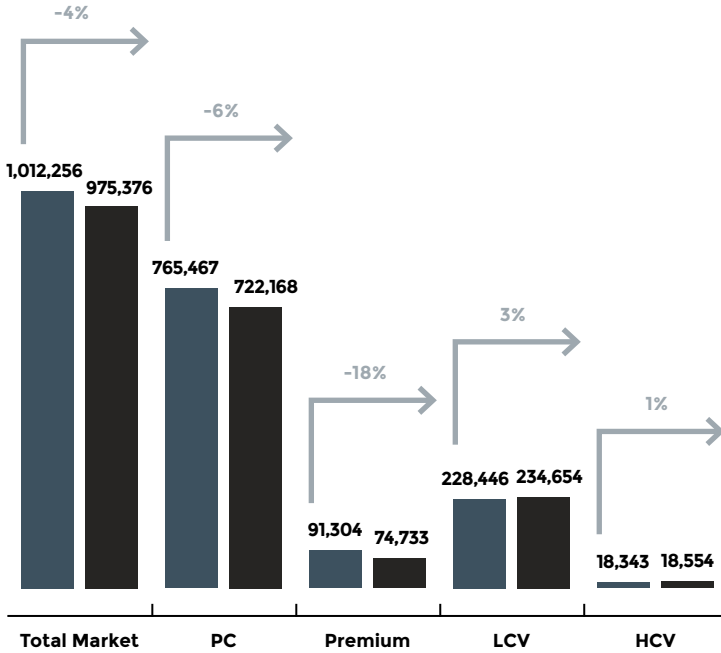
2016 2017 2018



# Market Review - Wholesale - 2017

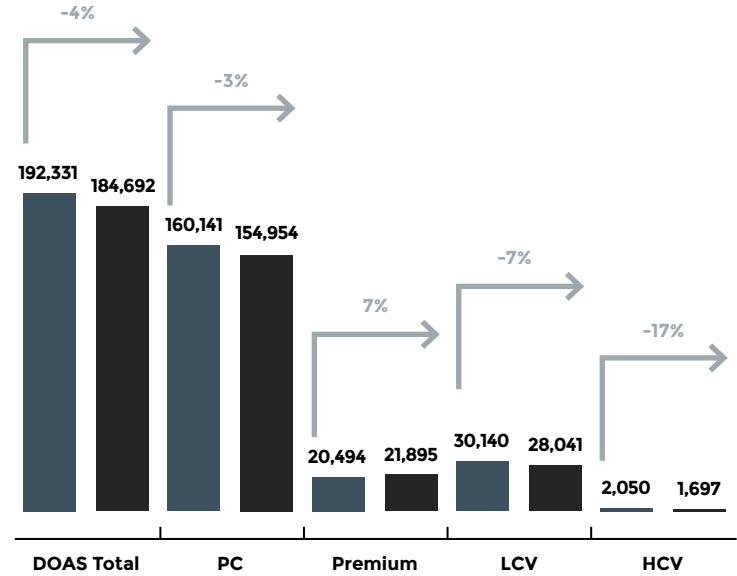
## MARKET

■ Dec 2016 ■ Dec 2017 → Change



## DOAS

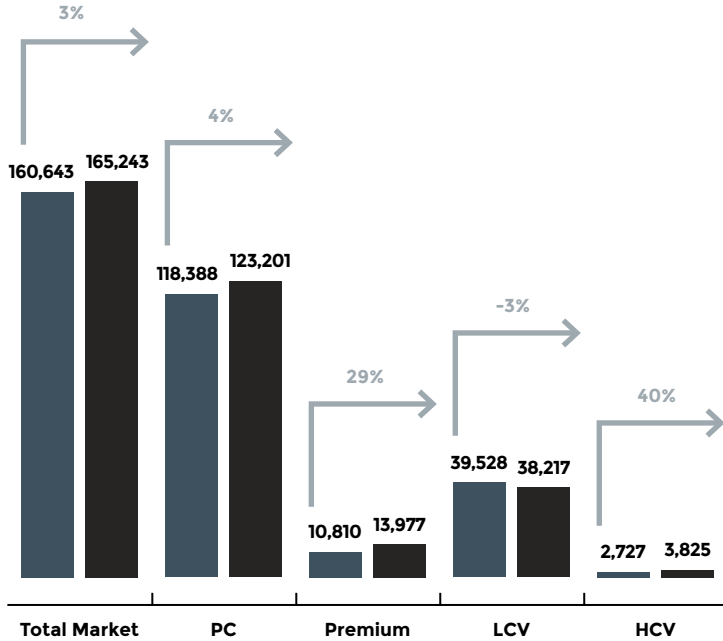
■ Dec 2016 ■ Dec 2017 → Change



# Market Review - Wholesale - March 2018

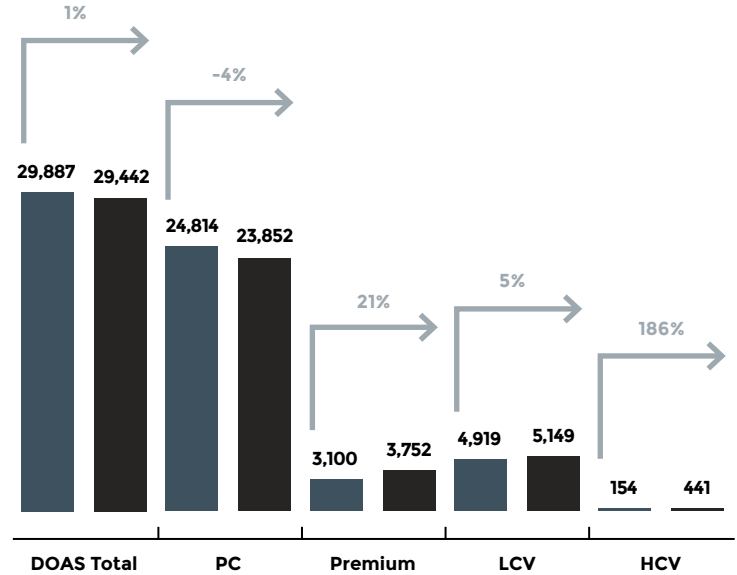
## MARKET

■ Mar 2017 ■ Mar 2018 → Change



## DOAS

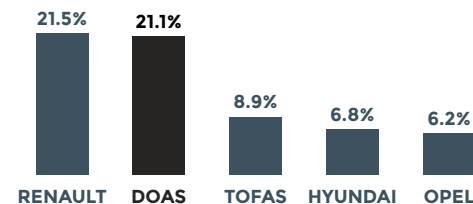
■ Mar 2017 ■ Mar 2018 → Change



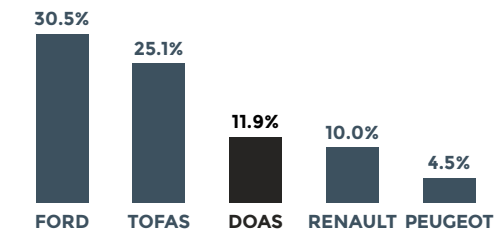
# Market Share - Retail - 2017

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

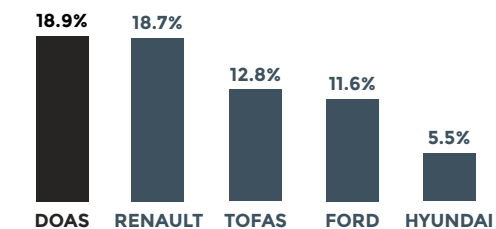
## PV TOP 5 DECEMBER 17



## LCV TOP 5 DECEMBER 17



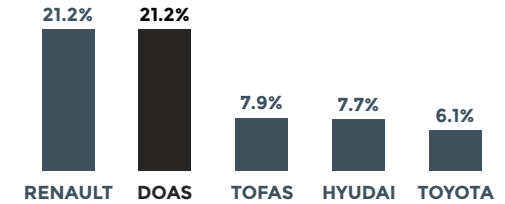
## LV TOP 5 DECEMBER 17



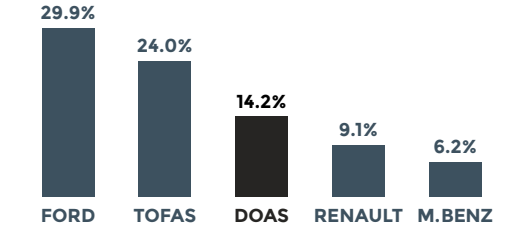
# Market Share - Retail - March 2018

RETAIL MARKET	2016 YEAR END	2017 YEAR END	MAR 2017	MAR 2018	MAR 2018/ 2017 YEAR END CHANGE	MAR 2018/ MAR 2017 CHANGE
<b>PASSENGER VEHICLE %</b>						
RENAULT	19.7	21.5	22.4	21.2	-0.3	-1.2
DOGUS OTOMOTİV	23.0	21.1	20.0	21.2	0.1	1.2
TOFAS	7.3	8.9	8.0	7.9	-1.0	-0.1
HYUNDAI	6.5	6.8	8.1	7.7	0.9	-0.4
TOYOTA	6.2	5.6	5.0	6.1	0.4	1.1
HONDA	2.7	3.7	5.2	5.2	1.5	0.0
FORD	5.5	5.5	5.3	4.9	-0.6	-0.4
OPEL	7.3	6.2	6.3	4.8	-1.4	-1.4
OTHER	21.8	20.7	19.9	21.1	0.4	1.2
<b>LIGHT COMMERCIAL VEHICLE %</b>						
FORD	30.1	30.5	29.2	29.9	-0.6	0.7
TOFAS	23.7	25.1	24.4	24.0	-1.1	-0.4
DOGUS OTOMOTİV	14.5	11.9	12.4	14.2	2.3	1.8
RENAULT	9.0	10.0	9.2	9.1	-0.9	-0.1
MERCEDES-BENZ	3.6	3.9	3.8	6.2	2.4	2.4
CITROEN	3.7	3.5	3.9	3.0	-0.4	-0.9
PEUGEOT	4.5	4.5	3.8	2.6	-1.9	-1.2
TOYOTA	2.5	2.0	3.2	2.2	0.2	-1.1
OTHER	8.5	8.7	10.2	8.8	0.2	-1.3
<b>LIGHT VEHICLE %</b>						
DOGUS OTOMOTİV	21.0	18.9	18.1	19.6	0.7	1.6
RENAULT	17.2	18.7	19.0	18.5	-0.2	-0.5
TOFAS	11.1	12.8	12.2	11.5	-1.3	-0.6
FORD	11.1	11.6	11.5	10.6	-1.0	-0.9
TOYOTA	5.4	4.7	6.4	6.1	1.3	-0.3
HYUNDAI	5.3	5.5	4.5	5.2	-0.3	0.7
MERCEDES-BENZ	4.1	3.6	3.5	4.2	0.6	0.7
PEUGEOT	3.6	4.2	4.0	4.1	-0.2	0.1
OTHER	21.1	19.9	21.0	20.3	0.4	-0.7

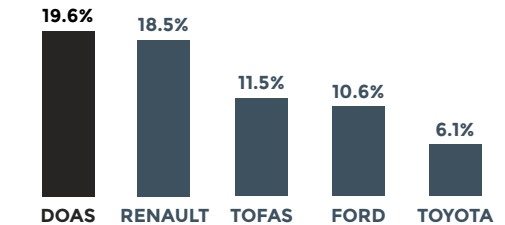
## PV TOP 5 MARCH 18



## LCV TOP 5 MARCH 18



## LV TOP 5 MARCH 18



# Financial Performance



# Consolidated Income Statement

(TL mn, CMB)	31-Dec-17	31-Dec-16	Change (%)
Revenue	13,220	11,925	11%
Gross Profit	1,301	1,153	13%
Operational Expenses	-827	-727	14%
Selling and Marketing Expenses	-335	-328	2%
General Administrative Expenses	-415	-395	5%
Warranty Expenses, net	-98	-87	13%
Other Operating Expenses, net	21	83	-75%
EBITDA	556	492	13%
EBIT	474	426	11%

Margins	31-Dec-17	31-Dec-16	Change (%)
Gross Margin	9.8%	9.7%	2%
Opex/Sales	6.3%	6.1%	3%
EBITDA Margin	4.2%	4.1%	2%
EBIT Margin	3.6%	3.6%	0%
Net Profit Margin	1.4%	2.0%	-30%



# Consolidated Income Statement

(TL '000)	31 Dec 17	Vertical Analysis	31 Dec 16	Vertical Analysis	Change (%)
Revenue	13,220,361		11,925,176		11%
Direct cost of revenue	-11,919,377	-90%	-10,772,300	-90%	11%
<b>Gross profit</b>	<b>1,300,984</b>	<b>10%</b>	<b>1,152,876</b>	<b>10%</b>	<b>13%</b>
Selling, marketing and distribution expenses	-335,362	-3%	-328,486	-3%	2%
SG&A Expenses	-414,673	-3%	-394,690	-3%	5%
Warranty expenses	-98,012	-1%	-87,089	-1%	13%
Other operating incomes/losses, net	21,097	0%	83,345	1%	-75%
<b>Results from operating activities</b>	<b>474,034</b>	<b>4%</b>	<b>425,956</b>	<b>4%</b>	<b>11%</b>
Income from Investing Activities	20,314		23,024		
<b>Income Loss from Associates</b>	<b>80,940</b>	<b>1%</b>	<b>98,849</b>	<b>1%</b>	<b>-18%</b>
Financial incomes/costs, net	-349,159		-272,697		28%
<b>Profit before income tax</b>	<b>226,129</b>	<b>2%</b>	<b>275,132</b>	<b>2%</b>	<b>-18%</b>
Tax expense	-42,410		-37,189		14%
<b>Profit for the year</b>	<b>183,719</b>	<b>1%</b>	<b>237,943</b>	<b>2%</b>	<b>-23%</b>

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

Increase of 11% in revenue and direct cost of revenue for a gross margin of 9.8%

Effects on revenue and direct cost of revenue:

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

- 8% Increase in Distribution expenses
- 5% Decrease in Advertising Expenses

- Increase in personnel expenses by 6%
- Increase in depreciation and amortization of 25%

Income/Loss from Associates	31 Dec 17 Cumulative	31 Dec 16 Cumulative
VDF	23,452	40,669
Doğuş Sigorta	1,413	1,554
SKODA (Yüce Oto)	16,527	7,819
VDF Servis Holding	12,951	14,693
TÜVTURK Group	32,067	30,977
Meiller-Doğuş	-1,751	2,861
Doğuş Technology	-3,719	276
<b>Grand Total</b>	<b>80,940</b>	<b>98,849</b>

# Financing Costs

(TL mn, CMB)	31 Dec 2017	31 Dec 2016	Change (%)
Financing Costs	-349.16	-272.70	28%
Finance expenses, net	-349.07	-271.12	29%
Interest expense on borrowings	-335.94	-267.53	26%
Commission expenses on letters of guarantee	-8.85	-3.20	177%
Other financial expenses	-4.29	-0.40	980%
Foreign Exchange gain/loss, net*	-0.09	-1.58	-95%

\*arising from credit loans

CMB: Capital Market Boards of Turkey

# Consolidated Balance Sheet

(TL '000)	31 Dec 17	31 Dec 16
<b>ASSETS</b>	<b>5,166,882</b>	<b>4,851,854</b>
Cash and cash equivalents	156,266	89,098
Trade receivables	1,375,334	1,213,786
Inventories	1,425,344	1,650,960
Tangible and intangible non-current assets	1,007,039	807,191
Financial Investments	579,277	550,350
Investments in equity accounted investees	352,323	305,986
Other	271,299	234,483
<b>LIABILITIES</b>	<b>3,839,437</b>	<b>3,733,141</b>
Financial liabilities	2,974,838	2,758,435
Trade payables	633,545	770,675
Provisions	103,688	82,832
Other	127,366	121,199
<b>EQUITY</b>	<b>1,327,445</b>	<b>1,118,713</b>

Investments in Equity Accounted Investees	31 Dec 17	31 Dec 16
<b>Associates</b>		
VDF	149,402	125,950
Doğuş Sigorta	36,203	35,273
Yüce Auto (SKODA)	28,806	21,919
VDF Servis	60,497	47,546
Doğuş Teknoloji	6,715	6,179
<b>Joint Ventures</b>		
TÜVTURK North - South (Consolidated)	69,477	60,265
Meiller-Doğuş	1,223	8,854
<b>Total</b>	<b>352,323</b>	<b>305,986</b>

Provisions	31 Dec 17	31 Dec 16
Warranty provisions	48,379	43,843
Legal provisions	20,218	17,967
Provision for unused vacation	7,534	6,166
Provision for employee termination benefits	27,557	14,856

## Inventories:

- Decrease in goods in transit (vehicle)
- 31 December 2017: 1,425,344K TL
- 31 December 2016: 1,650,960K TL
- Number of vehicles decreased from 20,265 units to 12.972 units as of 31.12.2017.

## Financial liabilities:

Cost of debt for the short term loans increased.

# Consolidated Balance Sheet

(Balance Sheet mn,TL)	31 Dec 17	31 Dec 16	Change (%)
Total Assets	5,167	4,852	6%
Total Equity	1,327	1,119	19%
Net working capital	-640	-632	1%
Net cash position	-2,878	-2,707	-6%
CAPEX	315	208	51%
Receivable Turnover (day)	38	35	10%
Inventory Turnover (day)	44	56	-22%
Payable Turnover (day)	19	26	-26%
Net Debt/EBITDA	5.1	5.4	-7%
ROA	3.6%	4.9%	-27%
ROE	13.8%	21.3%	-35%

## 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)**

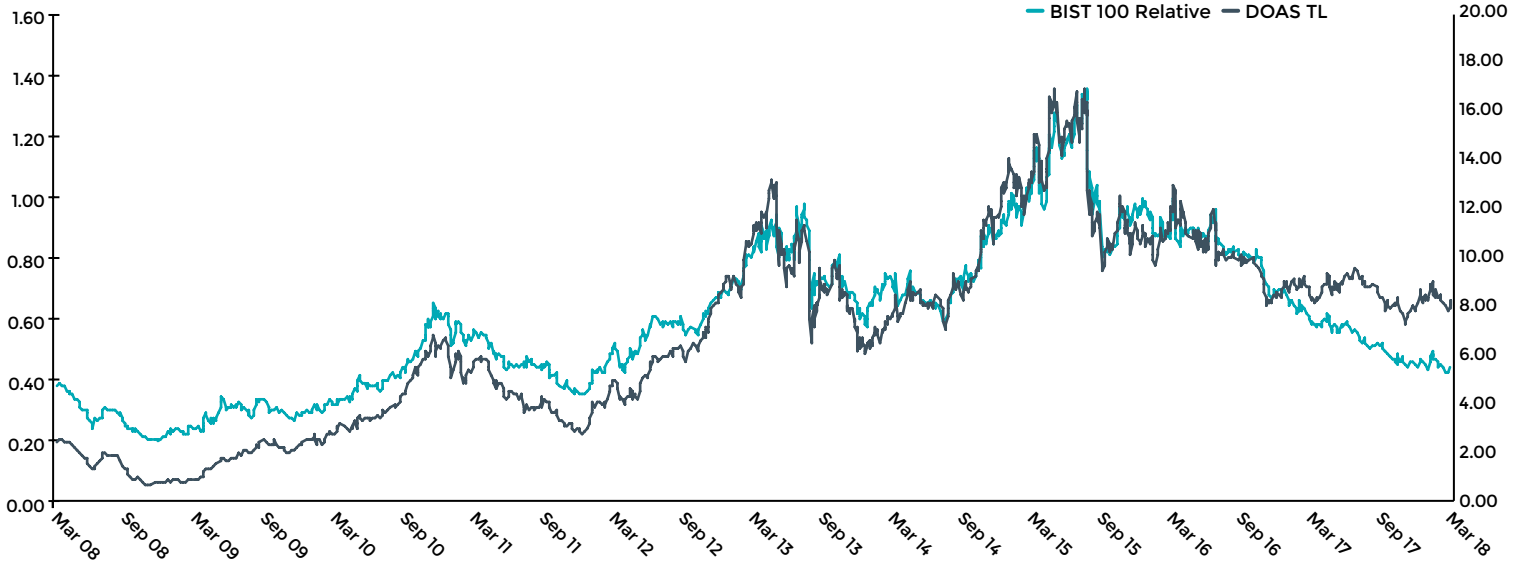
165-175,000 units

**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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