

Highlights

Financial Results (mn TL)	1Q22	YoY Δ
Revenues	27,876	72%
Export Revenues	22,469	79%
Domestic Revenues	5,408	45%
Operating Profit	3,123	81%
EBITDA	3,417	73%
EBITDA excluding other income/expense	2,971	64%
Profit Before Tax	2,285	26%
Net Income	2,802	54%

Volumes (units)	1Q22	YoY Δ
Total Wholesale	91,526	-14%
Export	76,447	-11%
Domestic Wholesale	15,079	-29%
Domestic Retail	15,863	-27%
Market Share	10.0%	-0.6 pps

Production (units)	98,685	-5%
Capacity Utilization Rate*	84%	-7 pps

* Revised production capacities were taken into account while calculating 1Q22 CUR.

In 1Q22, total CUR was 84%, reaching 83% and 84% in the Gölcük and Eskişehir Plants respectively.

Summary Income Statement, Million TL	1Q22	1Q21	YoY Δ
Revenues	27,876	16,254	72%
Export	22,469	12,537	79%
Domestic	5,408	3,718	45%
Gross Profit	3,719	2,068	80%
Operating Profit	3,123	1,721	81%
Financial Income/(Expense)	-825	94	N/M
Profit Before Tax	2,285	1,817	26%
Net Income	2,802	1,819	54%
Other Financial Data			
Depreciation and Amortization	294	252	17%
EBITDA	3,417	1,973	73%
EBITDA excluding other income/expense	2,971	1,812	64%
Capital Expenditures	-2,260	-336	573%

1Q22 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS).

Revenues

Turkish vehicle sales contracted by 23% YoY in 1Q22 to 158,562 units due to weak vehicle availability in 1Q (resulting from ongoing semiconductor shortage) and continuous increase in vehicle prices (resulting from rise in manufacturing cost bases of automotive manufacturers). Sales decreased in all segments YoY: PC -25%, LCV -18%, MCV -14% and Heavy Trucks -4%. PC industry share declined to 73.7% (1Q21: 76.3%) whereas LCV industry share went up to 13.4% (1Q21: 12.6%). Ford Otosan maintained its CV leadership with 32.8% market share in commercial vehicles while ranking #3 in the total industry with 10.0% share (1Q21: 10.6%).

European van market has made a slower start to 2022 and the registrations went down 22% YoY in 1Q22, as a result of the ongoing challenges due to the semiconductor supply shortages and economic headwinds. Ford Otosan continues to be a key driver of Ford of Europe's market position and profitability.

Domestic Revenues were TL 5,408 million in 1Q22. Although sales volume decreased by 29%, revenues went up 45% YoY due to positive sales mix and ongoing pricing discipline. Export Revenues were TL 22,469 million in 1Q22. Despite the 11% volume contraction, revenues grew by 79% YoY due to positive sales mix and exchange impact (average EUR/TRY up 76% YoY). Total Revenues increased by 72% YoY to TL 27,876 million despite the volumes were down 14% YoY. Share of export revenues in total revenues rose to 81% in 1Q22 (1Q21: 77%).

Profitability

The profitability remained strong in 1Q22 despite headwinds in the automotive sector due to semi-conductor shortage and manufacturing cost increases. This performance was supported by i) pricing discipline, ii) ongoing cost reduction measures and OpEx control, iii) cost-plus export contracts and iv) exchange impact on our export business (average EUR/TRY up 76% in 1Q22 YoY).

Gross Profit increased 80% YoY to TL 3,719 million as a result of the ongoing focus on cost reduction actions and pricing discipline despite the lagged effect realization of raw material price increases on cost bases (raw material costs up 85% in 1Q22 YoY). Despite the 42% YoY rise in Net Financial Expenses, Net Other Income grew by 176% YoY to TL 446 million in 1Q22, supported by the 145% increase in Net FX Gain from Operating Activities (resulting from the currency impact). As a result, Operating Profit increased by 81% YoY in 1Q22 to TL 3,123 million. EBITDA grew 73% YoY to TL 3,417 million while EBITDA excluding the currency impact was up 64% YoY to TL 2,971 million. EBITDA per vehicle and PBT per vehicle were EUR 2,076 and EUR 1,597 respectively.

TL 94 million Net Other Financial Income in 1Q21 became TL 825 million Net Other Financial Expenses in 1Q22, mainly driven by the 606% YoY growth in Net FX Loss and 43% YoY decline in Net Interest Income. As a result, Profit Before Tax increased 26% YoY to TL 2,285 million. Net Income was TL 2,802 million, up 54% YoY and higher than PBT due to Tax Income Resulting from Deferred Tax Asset.

Margins: Gross 13.3% (+0.6 pps YoY); EBITDA 12.3% (+0.2 pps YoY); EBITDA excluding other income 10.7% (-0.4 pps YoY); Operating 11.2% (+0.6 pps YoY); and Net 10.1% (-1.1 pps YoY).

Margins	1Q22	1Q21	YoY Δ, pps
Gross Margin	13.3%	12.7%	0.6
EBITDA Margin	12.3%	12.1%	0.2
EBITDA Margin (excluding other income)	10.7%	11.1%	-0.4
Operating Margin	11.2%	10.6%	0.6
Net Margin	10.1%	11.2%	-1.1

Per Vehicle (EUR)	1Q22	1Q21	1Q20
EBITDA	2,076	1,908	1,633
PBT	1,597	1,914	1,115



Sales Performance

Ranking #3 in the total industry in 1Q22 with 10% share, maintained leadership in total CV with 32.8% share.

Sales Volume by Model, units	1Q22	1Q21	YoY Δ	
Domestic Sales	15,079	21,170	-29%	
Passenger Car	2,016	3,923	-49%	
	Courier	6,438	8,763	-27%
	Connect	84	181	-54%
Light Commercial Vehicle	6,522	8,944	-27%	
	Transit	3,629	5,406	-33%
	Custom	1,037	952	9%
	Ranger	106	98	8%
Medium Commercial Vehicle	4,772	6,456	-26%	
Truck	1,740	1,847	-6%	
Rakun	29	0	-	
Export Sales	76,447	85,519	-11%	
	Custom	38,108	50,416	-24%
	Transit	28,283	28,564	-1%
	Courier	8,085	5,661	43%
	Truck	1,971	860	129%
	Other	0	18	-100%
Total Wholesale Volume	91,526	106,689	-14%	
Total Turkish Automotive Industry Sales	158,562	205,176	-23%	
Ford Otosan Retail Sales	15,863	21,773	-27%	
Ford Otosan Market Share	10.0%	10.6%	-0.6 pps	

Balance Sheet and Cash Flow

Summary Balance Sheet, Million TL	3/31/2022	12/31/2021	YoY Δ
Current Assets	37,503	32,814	14%
Current Liabilities	26,228	20,782	26%
Property, Plant and Equipment - Net	5,359	5,149	4%
Total Assets	50,034	42,793	17%
Total Liabilities	41,739	32,644	28%
Shareholders' Equity	8,295	10,149	-18%

Financial Ratios	3/31/2022	12/31/2021
Current Ratio	1.43	1.58
Liquidity Ratio	1.02	1.25
Net Debt / Tangible Equity	1.52	0.56
Net Debt / EBITDA	0.83	0.47
Current Assets / Total Assets	0.75	0.77
Current Liabilities / Total Liabilities	0.63	0.64
Total Liabilities/Total Liabilities & Equity	0.83	0.76
Return on Equity	135.1%	86.7%

Summary Cash Flow Statement, Million TL	3/31/2022	3/31/2021	YoY Δ
Beginning Balance of Cash & Equivalents	14,106	8,074	75%
Net Cash from Operating Activities	3,962	1,338	196%
Net Cash Used in Investing Activities	-2,257	-327	589%
Net Cash Used in Financing Activities	-642	107	N/M
End of Period Balance of Cash&Equivalents	15,170	9,192	65%



2022 Guidance

Total Industry Volume	800 K - 850 K
Ford Otosan:	
Retail Sales Volume	90 K - 100 K
Export Volume	350 K - 360 K
Wholesale Volume	440 K - 460 K
Production Volume	430 K - 440 K
Capex (fixed assets)	€620 -670 million

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