

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	9.284	27%
Export Revenues	8.141	42%
Domestic Revenues	1.143	-26%
Operating Profit	603	18%
EBITDA	781	22%
Profit Before Tax	477	8%
Net Income	478	11%
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>
Total Wholesale Volume	99.634	-3%
Export Volume	89.193	7%
Domestic Wholesale Volume	10.441	-46%
Domestic Retail Volume	10.466	-42%
Market Share	11,6%	0.5 pps
Production	98.511	-3%
Capacity Utilization Rate	87%	-5.0 pps

Summary Income Statement, Million TL	31.03.2019	31.03.2018	% Change
Revenues	9.284	7.282	27%
Export	8.141	5.728	42%
Domestic	1.143	1.554	-26%
Gross Profit	944	757	25%
Operating Profit	603	513	18%
Financial Income/(Expense)	-126	-71	78%
Profit Before Tax	477	441	8%
Net Income	478	432	11%
Other Financial Data			
Depreciation and Amortization	178	128	39%
EBITDA	781	642	22%
Capital Expenditures	-261	-209	25%

Revenues

Turkish auto industry contracted 45% YoY in 1Q19 to 90,048 units. Sales declined across all segments year-over-year: PC -44%, LCV -49%, MCV -42% and Trucks -63%. PC industry share was 76.4%, up from 75.1% a year ago. LCV industry share was 10.6%, down from 11.4%. Ford Otosan was #3 in the total industry with 11.6% market share and 10,466 unit retail sales, reinforcing its CV leadership with 38% share.

Our domestic wholesale volumes were down 46% YoY, in line with the market. The decline in our domestic revenues was significantly lower at 26%, with focus on high margin products and pricing discipline. We recorded TL 1,143 million in domestic revenues.

Export revenues rose 42% YoY to TL 8,141 million with market growth, ongoing strong demand for our products and currency impact. Export volumes grew 7% YoY to 89,193 units. Share of exports in total revenues rose to 88% from 79% a year ago.

Total revenues were up 27% YoY to TL 9,284 million, mainly driven by the robust export business.

Profitability

Profitability was strong despite considerable cost pressure [resulting from weaker €/TL (+30% YoY) and high inflation] and contracting domestic volumes. Drivers were:

- + Rising export demand
- + Cost reduction actions and strong OpEx control
- + Sales mix and pricing discipline

Revenues (TL 9.3 billion), cost of sales (TL 8.3 billion) and gross profit (TL 944 million) were up 27%, 28% and 25% respectively. 276% YoY increase in net financial expenses from operating activities led to 18% YoY growth in operating profit TL 603 million. OpEx/Sales improved to 3.7% in 1Q19 from 4.0% in 1Q18. EBITDA grew 22% YoY to TL 781 million. Net financial expenses were 78% more YoY driven by 83% rise in net fx losses, mainly explained by prior period fx losses from cash flow hedge reserve. As a result, profit before tax rose 8% YoY to TL 477 million. Net income was up 11% to TL 478 million.

Margins: Gross 10.2% (-20 bps YoY); EBITDA 8.4% (-40 bps YoY); EBITDA excluding other income 8.4% (+20 bps YoY); Operating 6.5% (-50 bps YoY); and Net 5.1% (-80 bps YoY).

Sales Volume by Model, units	31.03.2019	31.03.2018	% Change
Domestic Sales	10.441	19.162	-46%
Passenger Car	2.045	5.304	-61%
Transit Courier	3.266	6.541	-50%
Transit Connect	88	233	-62%
Light Commercial Vehicle	3.354	6.774	-50%
Transit	3.130	4.469	-30%
Transit Custom	1.236	1.154	7%
Ranger	236	199	19%
Medium Commercial Vehicle	4.602	5.822	-21%
Truck	440	1.262	-65%
Export Sales	89.193	83.068	7%
Transit Custom	46.392	40.303	15%
Transit	32.521	30.046	8%
Transit Courier	9.715	12.290	-21%
Truck	543	369	47%
Other	22	60	-63%
Total Wholesale Volume	99.634	102.230	-3%

Total Domestic Automotive Industry	90.048	162.852	-45%
Ford Otosan Retail Sales	10.466	18.018	-42%
Ford Otosan Market Share	11,6%	11,1%	0.5 pps

Summary Balance Sheet, Million TL	31.03.2019	31.12.2018	% Change
Current Assets	8.946	7.395	21%
Current Liabilities	9.268	7.220	28%
Property, Plant and Equipment - Net	4.011	3.923	2%
Total Assets	14.955	13.184	13%
Total Liabilities	11.463	9.291	23%
Shareholders' Equity	3.491	3.893	-10%

Financial Ratios	31.03.2019	31.12.2018
Current Ratio	0,97	1,02
Liquidity Ratio	0,62	0,64
Net Debt / Tangible Equity	1,21	1,01
Net Debt / EBITDA	1,08	1,08
Current Assets / Total Assets	0,60	0,56
Current Liabilities / Total Liabilities	0,81	0,78
Total Liabilities / Total Liabilities and Equity	0,77	0,70
Return on Equity	54,8%	43,2%
	31.03.2019	31.03.2018
Gross Margin	10,2%	10,4%
EBITDA Margin	8,4%	8,8%
EBITDA Margin excluding other income/expense	8,4%	8,2%
Operating Margin	6,5%	7,0%
Net Income Margin	5,1%	5,9%

Summary Cash Flow Statement, Million TL	31.03.2019	31.03.2018	% Change
Beginning Balance of Cash & Equivalents	1.391	1.803	-23%
Net Cash Generated from Operating Activities	437	242	80%
Net Cash Used in Investing Activities	-260	-207	25%
Net Cash Used in Financing Activities	533	201	166%
End of Period Balance of Cash & Equivalents	2.101	2.038	3%

2019 Guidance	
Total Industry Volume	380 K - 430 K
Ford Otosan:	
Retail Sales Volume	40 K - 50 K
Export Volume	340 K - 350 K
Wholesale Volume	380 K - 400 K
Production Volume	375 K - 385 K
Capex (fixed assets)	€160 -180 million

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