

## Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	15.094	-18%
Export Revenues	11.539	-28%
Domestic Revenues	3.555	51%
Operating Profit	1.265	4%
EBITDA	1.708	8%
EBITDA excluding other income/expense	1.526	-3%
Profit Before Tax	892	2%
Net Income	909	2%
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>
Total Wholesale Volume	122.871	-35%
Export Volume	96.452	-43%
Domestic Wholesale Volume	26.419	30%
Domestic Retail Volume	26.425	29%
Market Share	10,2%	-0.1 pps
Production	117.507	-37%
Capacity Utilization Rate	52%	-30 pps

1H20 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS).

Summary Income Statement, Million TL	30.06.2020	30.06.2019	% Change
<b>Revenues</b>	15.094	18.409	-18%
Export	11.539	16.056	-28%
Domestic	3.555	2.353	51%
<b>Gross Profit</b>	1.750	1.915	-9%
<b>Operating Profit</b>	1.265	1.215	4%
Financial Income/(Expense)	-373	-336	11%
<b>Profit Before Tax</b>	892	878	2%
<b>Net Income</b>	909	888	2%
<b>Other Financial Data</b>			
Depreciation and Amortization	444	361	23%
EBITDA	1.708	1.576	8%
EBITDA excluding other income/expense	1.526	1.568	-3%
Capital Expenditures	-343	-549	-38%

### Revenues

Turkish auto industry grew by 30% in 1H20 to 259,471 units. Domestic sales were robust except when Covid-19 impact peaked in March and April. Pent-up demand, low interest rates, strong second hand market and ongoing campaigns supported this performance. Sales rose across all segments YoY: PC 30%, LCV 45%, MCV 16% and Heavy Trucks 44%. PC industry share was 78.5% (1H19: 78.6%). LCV industry share grew to 10.8% (1H19: 9.8%). Ford Otosan maintained its CV leadership with 35.1% share and was 3rd in the total industry with 10.2%.

As Europe became the center of the epidemic, March and April saw significant declines in sales. The industry started to pick up May onwards and our exports also started recovering with the gradual normalization in production and sales.

Domestic Revenues were TL 3,555 million in 1H20, up 51% as a result of 30% YoY growth in volumes, product mix and ongoing pricing discipline.

Export Revenues were TL 11,539 million. Despite 43% decline in volumes, YoY decrease in export revenues was limited to 28% due to our cost plus export structure (higher cost base in Q2 due to low production), product mix and strong € against TL.

Total Revenues were down 18% YoY to TL 15,094 million, despite 35% volume decline, mainly driven by the decrease in export units. Share of exports in total revenues was 76% in 1H20 (1H19: 87%).

### Profitability

Profitability was strong in 1H20 due to i) robust domestic volumes and favorable product mix, ii) higher contribution of domestic market, iii) pricing discipline, iv) additional stringent cost reduction measures, capital spending cuts and OpEx control against Covid-19 impact and v) cost-plus export contracts.

Gross Profit declined 9% YoY to TL 1,750 million due to lower volumes. Increased focus on cost reduction actions, additional stringent measures and short term working allowance support from the government limited further deterioration. EBITDA grew 8% YoY to TL 1,708 million while **EBITDA per vehicle reached a record high of EUR 1,739 in 1H20 and EUR 2,016 in 2Q20**. EBITDA excluding the currency impact was down 3% YoY to TL 1,526 million. Operating Profit was up 4% YoY to TL 1,265 million mainly explained by the increase in Net Other Income due to 1) declining non-cash financial expenses on trade payables of material purchases driven by lower interest rates, 2) decreasing manufacturing related purchases in line with the lower production volumes (reported under Unearned Financial Expense).

Net Financial Expenses increased 11% YoY driven by 12% higher Net FX Loss. Profit Before Tax increased 2% YoY to TL 892 million. Net Income was TL 909 million, up 2% and higher than PBT due to Tax Income Resulting from Deferred Tax Asset.

Margins: Gross 11.6% (+1.2 pps YoY); EBITDA 11.3% (+2.7 pps YoY); EBITDA excluding other income 10.1% (+1.6 pps YoY); Operating 8.4% (+1.8 pps YoY); and Net 6.0% (+1.2 pps YoY).

Sales Volume by Model, units	30.06.2020	30.06.2019	% Change
<b>Domestic Sales</b>	<b>26.419</b>	<b>20.303</b>	<b>30%</b>
Passenger Car	5.997	4.599	30%
Transit Courier	8.720	6.841	27%
Transit Connect	201	137	47%
Light Commercial Vehicle	8.921	6.978	28%
Transit	7.684	5.505	40%
Transit Custom	1.932	1.833	5%
Ranger	484	275	76%
Medium Commercial Vehicle	10.100	7.613	33%
Truck	1.401	1.113	26%
<b>Export Sales</b>	<b>96.452</b>	<b>168.148</b>	<b>-43%</b>
Transit Custom	51.898	86.096	-40%
Transit	33.342	59.619	-44%
Transit Courier	10.323	21.259	-51%
Truck	886	1.152	-23%
Other	3	22	-86%
<b>Total Wholesale Volume</b>	<b>122.871</b>	<b>188.451</b>	<b>-35%</b>

Total Domestic Automotive Industry	259.471	198.903	30%
Ford Otosan Retail Sales	26.425	20.485	29%
Ford Otosan Market Share	10,2%	10,3%	-0.1 pps

Summary Balance Sheet, Million TL	30.06.2020	31.12.2019	% Change
Current Assets	11.754	10.157	16%
Current Liabilities	9.973	8.645	15%
Property, Plant and Equipment - Net	4.353	4.437	-2%
Total Assets	18.025	16.406	10%
Total Liabilities	13.875	11.741	18%
Shareholders' Equity	4.150	4.665	-11%

Financial Ratios	30.06.2020	31.12.2019
Current Ratio	1,18	1,17
Liquidity Ratio	0,93	0,87
Net Debt / Tangible Equity	1,21	0,78
Net Debt / EBITDA	1,19	0,94
Current Assets / Total Assets	0,65	0,62
Current Liabilities / Total Liabilities	0,72	0,74
Total Liabilities / Total Liabilities and Equity	0,77	0,72
Return on Equity	43,8%	42,0%
	<b>30.06.2020</b>	<b>30.06.2019</b>
Gross Margin	11,6%	10,4%
EBITDA Margin	11,3%	8,6%
EBITDA Margin excluding other income/expense	10,1%	8,5%
Operating Margin	8,4%	6,6%
Net Income Margin	6,0%	4,8%

Summary Cash Flow Statement, Million TL	30.06.2020	30.06.2019	% Change
Beginning Balance of Cash & Equivalents	3.200	1.391	130%
Net Cash Generated from Operating Activities	1.459	991	47%
Net Cash Used in Investing Activities	-340	-548	-38%
Net Cash Used in Financing Activities	868	82	957%
End of Period Balance of Cash & Equivalents	5.188	1.916	171%

**2020 Guidance**

Total Industry Volume	670 K - 720 K
Ford Otosan:	
Retail Sales Volume	80 K - 90 K
Export Volume	230 K - 240 K
Wholesale Volume	310 K - 330 K
Production Volume	295 K - 305 K
Capex (fixed assets)	€130 -150 million

**Contacts**

**Oğuz Toprakoğlu**  
Chief Financial Officer  
Tel: +90 262 315 69 00  
[otoprako@ford.com.tr](mailto:otoprako@ford.com.tr)

**Aslı Selçuk**  
Investor Relations Manager  
Tel: +90 216 564 7499  
[aselcuk@ford.com.tr](mailto:aselcuk@ford.com.tr)