

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	9.367	1%
Export Revenues	7.504	-8%
Domestic Revenues	1.862	63%
Operating Profit	794	32%
EBITDA	1.012	30%
EBITDA excluding other income/expense	896	15%
Profit Before Tax	612	28%
Net Income	629	32%
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>
Total Wholesale Volume	81.508	-18%
Export Volume	66.540	-25%
Domestic Wholesale Volume	14.968	43%
Domestic Retail Volume	13.625	30%
Market Share	10,7%	-0.9 pps
Production	80.352	-18%
Capacity Utilization Rate	71%	-16 pps

1Q20 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS).

Summary Income Statement, Million TL	31.03.2020	31.03.2019	% Change
Revenues	9.367	9.284	1%
Export	7.504	8.141	-8%
Domestic	1.862	1.143	63%
Gross Profit	1.072	944	14%
Operating Profit	794	603	32%
Financial Income/(Expense)	-183	-126	45%
Profit Before Tax	612	477	28%
Net Income	629	478	32%
Other Financial Data			
Depreciation and Amortization	219	178	23%
EBITDA	1.012	781	30%
EBITDA excluding other income/expense	896	781	15%
Capital Expenditures	-156	-261	-40%

Revenues

Turkish auto industry grew by 41% in 1Q20 to 127,137 units. Sales rose across all segments YoY: PC +45%, LCV +41%, MCV +12% and Heavy Trucks +68%. PC industry share was 78.4% (1Q19: 76.4%). LCV industry share was unchanged at 10.5%. Ford Otosan maintained its CV leadership with 36.1% market share. Total industry ranking was #4 with 10.7% market share and 13,625 unit retail sales.

Demand in the domestic market was very strong until mid March, driven by the low base year and ongoing campaigns. Starting from the second half of March, the market slowed down considerably due to Covid-19.

As our main export destination, Europe, became the center of the epidemic we have seen closure of border crossings, restrictions in ports, and a sharp decline in demand. Taking into consideration Ford of Europe's decisions to temporarily suspend operations due to the disruption in trade and problems in the supply chain, Ford Otosan decided to suspend manufacturing activities temporarily from March 20. Production was resumed gradually on April 27 and May 4.

Domestic Revenues were TL 1,862 million in 1Q20, up 63% as a result of 43% YoY growth in volumes and ongoing pricing discipline.

Export revenues came in at TL 7,504 million. The YoY decrease in export revenues was limited to 8% due to strong € against TL despite 25% decline in export volume.

Total Revenues were up 1% YoY to TL 9,367 million driven by the strong domestic sales performance. Share of exports in total revenues was 80% in 1Q20 (1Q19: 88%).

Profitability

Profitability was strong in 1Q20 due to i- rising domestic sales units, ii- robust after sales and spare part business, iii- pricing discipline and iii- cost reduction actions and OpEx control.

Gross Profit rose 14% YoY to TL 1,072 million as a result of higher contribution of the domestic market, declining cost of raw materials and cost reduction actions. EBITDA grew 30% YoY to TL 1,012 million while **EBITDA per vehicle reached a record high of EUR 1,657**. EBITDA excluding the currency impact was up 15% YoY to TL 896 million. Operating Profit was up by 32% YoY mainly explained by TL 116 million increase in Net Other Income due to 1) declining non-cash financial expenses on trade payables of material purchases driven by lower interest rates (reported under Unearned Financial Expense), 2) higher FX gains related to trade receivables driven by TL depreciation.

Net Financial Expenses increased by 45% YoY driven by 56% higher Net FX Loss. Profit Before Tax increased 28% YoY to TL 612 million. Net Income was TL 629 million, up 32% and higher than PBT due to Tax Income Resulting from Deferred Tax Asset.

Margins: Gross 11.4% (+1.2 pps YoY); EBITDA 10.8% (+2.4 pps YoY); EBITDA excluding other income 9.6% (+1.2 pps YoY); Operating 8.5% (+2.0 pps YoY); and Net 6.7% (+1.6 pps YoY).

Sales Volume by Model, units	31.03.2020	31.03.2019	% Change
Domestic Sales	14.968	10.441	43%
Passenger Car	3.538	2.045	73%
Transit Courier	4.774	3.266	46%
Transit Connect	144	88	64%
Light Commercial Vehicle	4.918	3.354	47%
Transit	4.650	3.130	49%
Transit Custom	1.158	1.236	-6%
Ranger	95	236	-60%
Medium Commercial Vehicle	5.903	4.602	28%
Truck	609	440	38%
Export Sales	66.540	89.193	-25%
Transit Custom	37.456	46.392	-19%
Transit	21.515	32.521	-34%
Transit Courier	7.175	9.715	-26%
Truck	393	543	-28%
Other	1	22	-95%
Total Wholesale Volume	81.508	99.634	-18%

Total Domestic Automotive Industry	127.137	90.068	41%
Ford Otosan Retail Sales	13.625	10.466	30%
Ford Otosan Market Share	10,7%	11,6%	-0.9 pps

Summary Balance Sheet, Million TL	31.03.2020	31.12.2019	% Change
Current Assets	10.353	10.157	2%
Current Liabilities	9.151	8.645	6%
Property, Plant and Equipment - Net	4.386	4.437	-1%
Total Assets	16.599	16.406	1%
Total Liabilities	12.582	11.741	7%
Shareholders' Equity	4.017	4.665	-14%

Financial Ratios	31.03.2020	31.12.2019
Current Ratio	1,13	1,17
Liquidity Ratio	0,80	0,87
Net Debt / Tangible Equity	1,27	0,78
Net Debt / EBITDA	1,18	0,94
Current Assets / Total Assets	0,62	0,62
Current Liabilities / Total Liabilities	0,73	0,74
Total Liabilities / Total Liabilities and Equity	0,76	0,72
Return on Equity	62,7%	42,0%
	31.03.2020	31.03.2019
Gross Margin	11,4%	10,2%
EBITDA Margin	10,8%	8,4%
EBITDA Margin excluding other income/expense	9,6%	8,4%
Operating Margin	8,5%	6,5%
Net Income Margin	6,7%	5,1%

Summary Cash Flow Statement, Million TL	31.03.2020	31.03.2019	% Change
Beginning Balance of Cash & Equivalents	3.200	1.391	130%
Net Cash Generated from Operating Activities	702	437	61%
Net Cash Used in Investing Activities	-153	-260	-41%
Net Cash Used in Financing Activities	-78	533	-115%
End of Period Balance of Cash & Equivalents	3.672	2.101	75%

2020 Guidance*

Total Industry Volume	520 K - 570 K
Ford Otosan:	
Retail Sales Volume	55 K - 65 K
Export Volume	225 K - 235 K
Wholesale Volume	280 K - 300 K
Production Volume	270 K - 280 K
Capex (fixed assets)	€130 -150 million

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* Guidance is based on the assumption that the impact of Covid-19 on production, domestic sales and exports will start to fade gradually in June and economic activity will normalize as of August.