



## 1Q20 Financial Results Meeting

5 May 2020

# Agenda

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- **COVID-19 Update**
- **1Q20 Evaluation**
- **European Industry & Ford**
- **Financial Results**
- **Q & A**

# COVID-19 Update

# COVID-19 Update

- Suspended production activities as of March 20 in light of disruptions in trade and problems in the supply chain
  - ✓ Spare parts continued to work 1 shift
  - ✓ Office employees switched to remote working
  - ✓ Eskişehir Plant resumed on April 27<sup>th</sup>
  - ✓ Kocaeli Plants resumed on May 4<sup>th</sup>
- Focused on the health and well-being of our workforce
  - ✓ Transparent mass communication daily with the employees
  - ✓ Health Centers at our locations open throughout the pandemic, providing physical and emotional support
  - ✓ No lay-offs
  - ✓ No salary cuts
  - ✓ Support from union partners on measures
- Government incentives → positive on the cash flow
  - ✓ Short term working allowance
  - ✓ Deferral of withholding tax and social security premiums for the April-June period for 6 months
  - ✓ Stock finance for exporters
- Established task forces on critical business points
- Priority on cash flow and balance sheet
  - ✓ Additional cost reduction actions and capital spending reductions taken
  - ✓ Spending limits revised
  - ✓ All non-critical spending either cancelled or postponed
  - ✓ No change in product plans

# COVID-19 Update - Dealers

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- March sales were strong; April impacted by the partial lockdown
- Service traffic down significantly but continuing
- All dealers are open; Daily hours shortened
- Required sanitary actions and measures (both for employee and customers) and actions taken immediately
- "No touch" service program launched (PV & CV customers)
- All dealer receivables are on direct debit system
- Dealers remain in reasonable financial health

# Support to Health Workers' Fight Against COVID-19

Ford Otosan delivered **over 40,000 protective equipment** to health workers in **150** hospitals.

Health equipment manufactured by Ford Otosan during COVID-19 pandemic



**PROTECTIVE SUIT**



**FACE VISOR**



**AEROSOL BOX**

**Took Quick Initiative To Support Hospitals By Utilizing Our Capabilities & Cooperating  
With Ecosystem, Our Suppliers And Manufacturers**



# Face Visors



Produced 30,000 face visors and delivered to ~150 hospitals.

Shared the design as open source at WEF platform.



# Aerosol Boxes



**1,150 aerosol boxes** were produced and distributed to **148 hospitals**.



# Protective Suits



**10,120 protective suits**  
were produced and  
distributed to **52 hospitals.**

# WEF COVID-19 Taskforce

- Attending COVID-19 Global Lighthouse Network task force meetings regularly.
- Released the designs of face visor, protective shields and aerosol box at WEF COVID Action Platform, open source platform that makes basic designs of some of the components available.



**Participating In WEF COVID-19 Working Group on How Lighthouses Can Support The Current Global Emergency From A Manufacturing Perspective**

# 1Q20 Evaluation

# 1Q20 Highlights



Export Sales in 1Q20

**66,540 units**



Ford continued to lead Europe's CV market

**15% market share**



Strong growth in domestic market

**36% market share**



Dividend payment

**1.1 billion TL**

**4.1**

billion USD  
since 2004

# Domestic Market Position

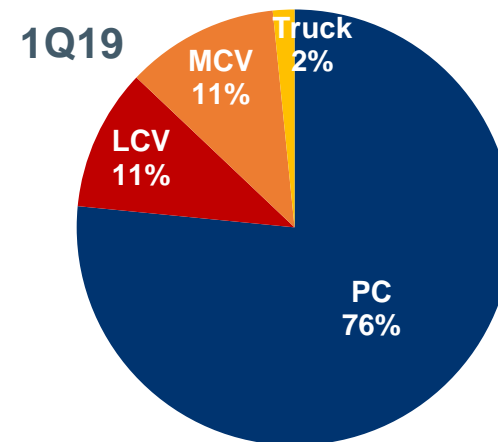
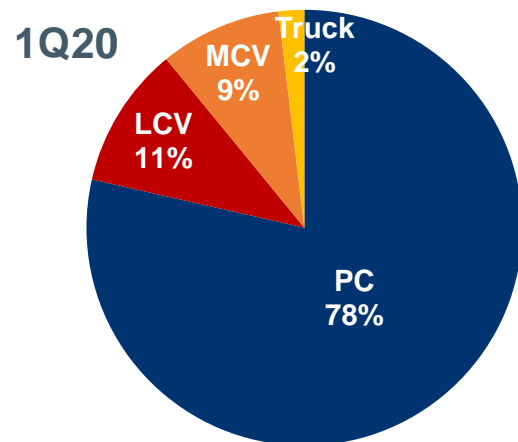
1Q20  
Domestic Sales

Segments	Industry	Ford Otosan	% Share	Ranking
Commercial Vehicles	27,210	9,834	36.1%	1
Light Commercial	13,390	4,037	30.1%	2
Medium Commercial	11,383	5,164	45.4%	1
Truck	2,437	633	26.0%	2
Passenger Cars	99,630	3,791	3.8%	10
<b>Total</b>	<b>127,137*</b>	<b>13,625</b>	<b>10.7%</b>	<b>4</b>

\* Total industry volumes include PC, LCV, MCV, HCV and Truck sales.

# PC Industry Share Rose YoY

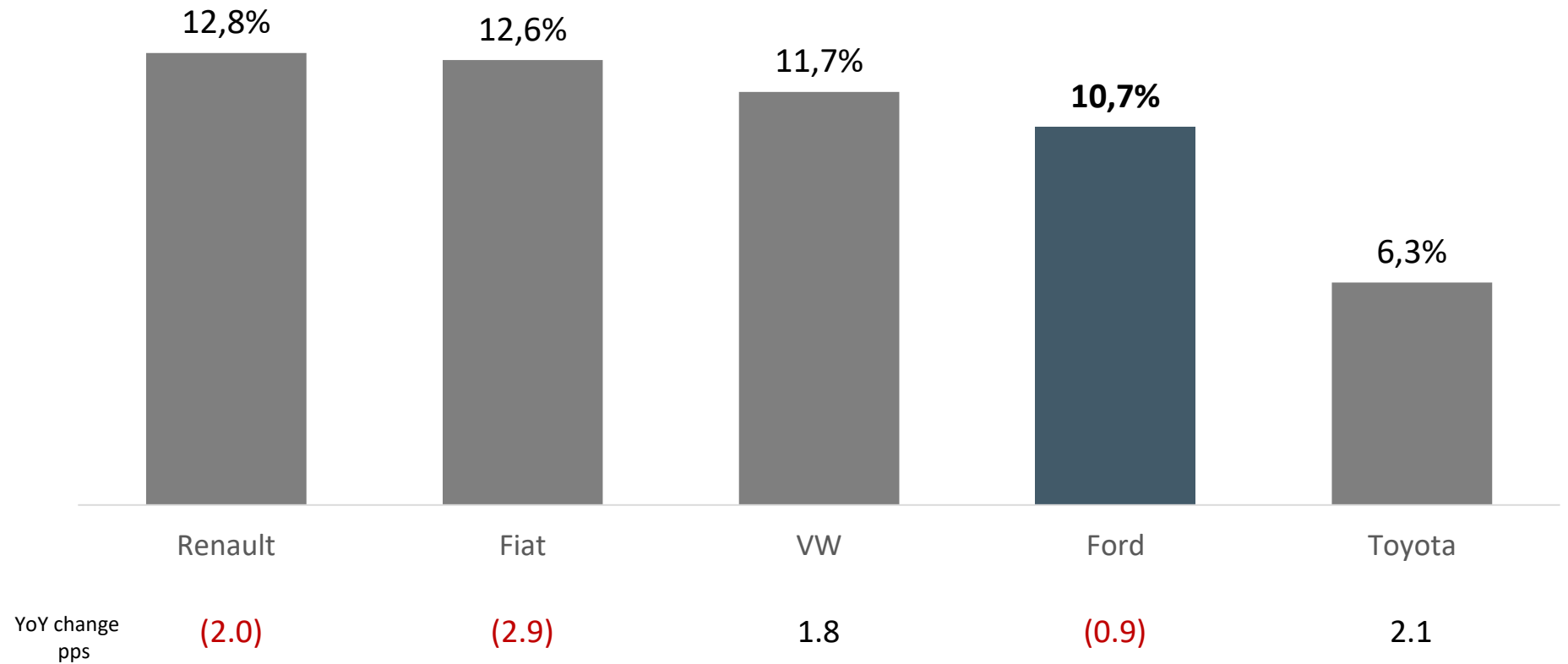
Segments	1Q20	1Q19	Change
Passenger Cars	99.630	68.812	45%
Light Commercial	13.390	9.502	41%
Medium Commercial	11.383	10.155	12%
Truck	2.437	1.453	68%
<b>Total*</b>	<b>127.137</b>	<b>90.068</b>	<b>41%</b>



\* Total industry volumes include PC, LCV, MCV, HCV and Truck sales.

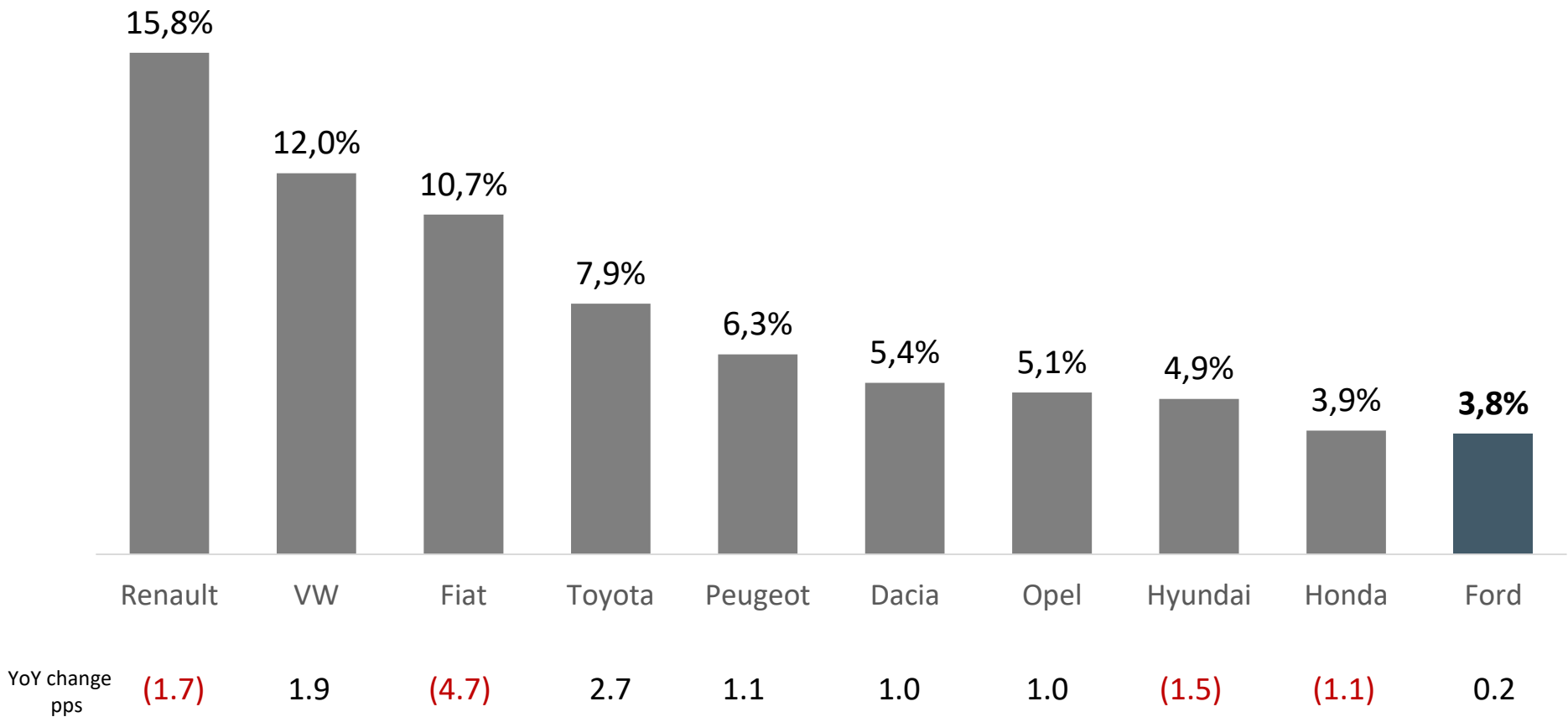


# Total Industry Market Shares, 1Q20



# PC Market Shares, 1Q20

Strategy: Profitability over market share



# LCV Market Shares, 1Q20

Strategy: Profitable growth



33,1%

30,1%

9,3%

9,2%

8,2%

Fiat

Ford

Peugeot

VW

Dacia

YoY change  
pps

3.0

(0.5)

(2.1)

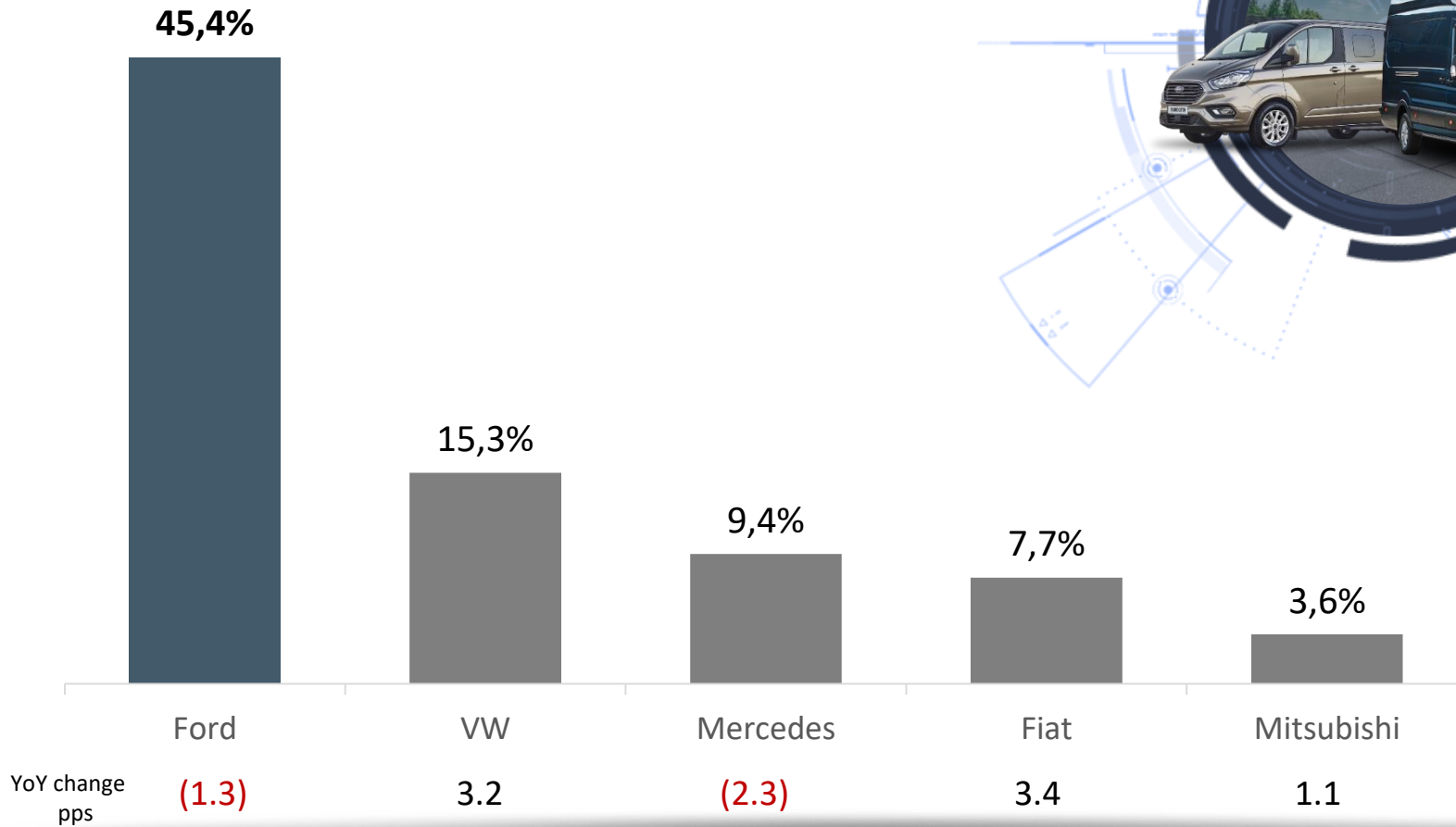
1.2

2.6

# MCV Market Shares, 1Q20

Strategy: Profitable growth

Higher market share than the next 7 brands combined



# Truck Market Shares, 1Q20

Strategy: Profitable growth

44,2%

26,0%

8,7%

6,5%

5,7%

Mercedes

Ford

MAN

Scania

Renault

YoY change  
pps

8.6

2.2

(5.6)

1.5

(2.8)

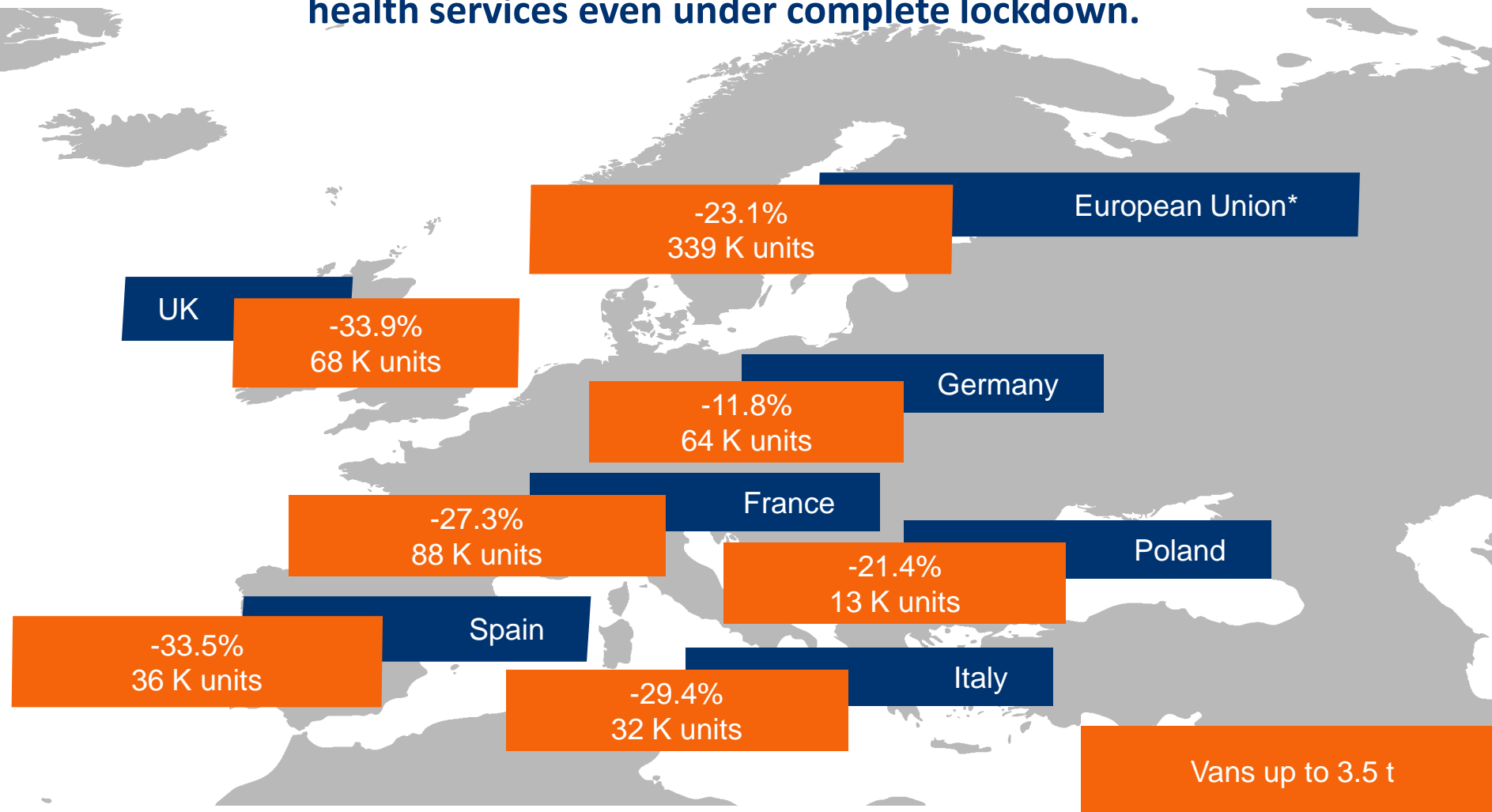


# European Industry & Ford



# EU Van Registrations Declined 23.1% in 1Q20

Commercial Vehicles continued to serve supermarkets, delivery business and health services even under complete lockdown.

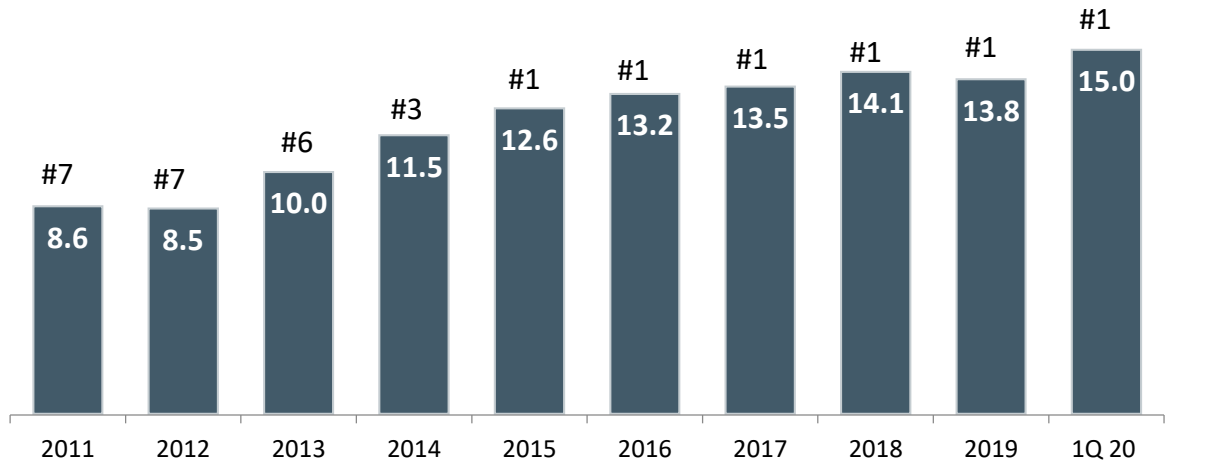


Source: ACEA; 27 European Union countries excluding Malta.

\*EU excluding UK.

# Ford is Europe's Top-Selling CV Brand

Ford's European CV Market Share



Ford remains Europe's  
No.1 CV brand

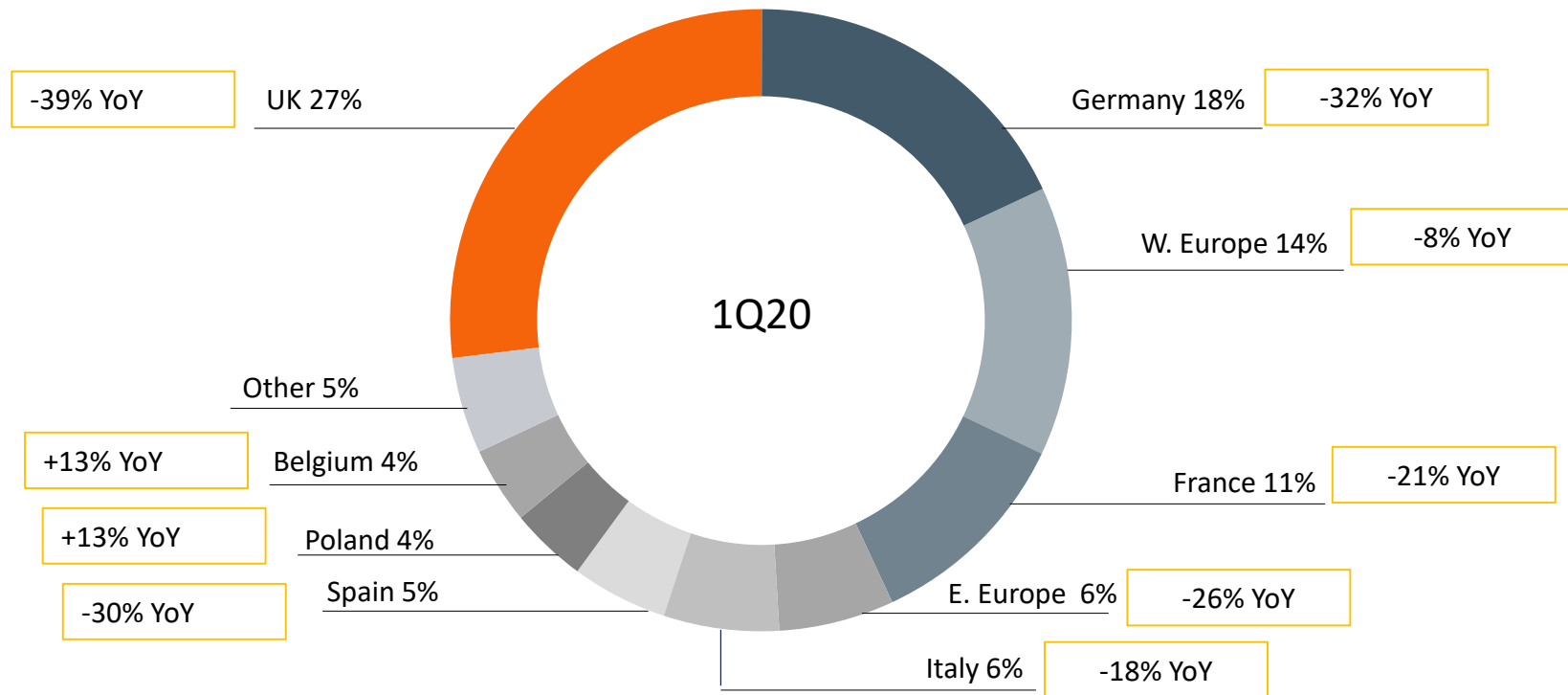
Award winning Transit  
Custom continues to lead its  
segment in Q1 and is the  
basis for the strengthened  
Ford CV market position.

**Ford's commercial vehicle business gaining momentum in major markets**

Source: Ford of Europe 1Q20 Sales Release, reporting sales for its 20 European traditional markets.  
In line with the new Ford global standard, the sales reports are published quarterly.

# Turkey's Export Champion

Export breakdown (units)



Change in Ford Otosan's unit exports to the relevant market

All export agreements are €-denominated including non-€ countries

# Ford Otosan: Key Driver of Ford's Market Share

and  
Pillar of profitability for Ford of Europe



Courier



Connect  
(Produced in Spain)



Custom



Transit

**FORD OTOSAN** produces

**84%**

of Transit Family vans  
sold in Europe

# 1Q20 Results

# 1Q20 Financial Results

**TL 9,367 million**

**Revenues, +1% YoY**

- Rising domestic sales
- Pricing discipline

**TL 1,012 million**

**EBITDA, +30% YoY**

- Strong domestic sales
- Robust after sales and spare part business
- Pricing discipline
- Strong OpEx control & cost reduction actions

**TL 896 million**

**EBITDA excl. Currency impact,  
+15% YoY**

**TL 7,504 million**

**Export Revenues, -8% YoY**

- 25% decline in export volume mainly due to COVID-19
- YoY decline limited to 8% due to strong € against TL

**TL 612 million**

**Profit Before Tax, +28% YoY**

**TL 1,862 million**

**Domestic Revenues, +63% YoY**

- 43% volume growth
- Pricing discipline

**TL 629 million**

**Net Income, +32% YoY**

- Higher than PBT due to Tax Income Resulting from Deferred Tax Asset in 1Q20.



# Volume & Revenue Analysis (1Q20/1Q19)

	Volume	Revenue
Total	-18%	1%
Rising domestic sales and robust after sales and spare parts business limited the impact of export decline.		
Export	-25%	-8%
The YoY decrease in export revenues was driven by lower volumes but limited due to strong € against TL .		
Domestic	43%	63%
Domestic demand was strong, driven by the low base year and ongoing campaigns. Domestic Revenues were up with volume growth and ongoing pricing discipline.		

# Sales Volume by Model

	1Q20	1Q19	YoY%
<b>Total Domestic</b>	<b>14.968</b>	<b>10.441</b>	<b>43%</b>
<b>PC</b>	<b>4.379</b>	<b>2.045</b>	<b>114%</b>
<b>LCV</b>	<b>4.077</b>	<b>3.354</b>	<b>22%</b>
Transit Courier	3.933	3.266	20%
Transit Connect	144	88	64%
<b>MCV</b>	<b>5.903</b>	<b>4.602</b>	<b>28%</b>
Transit	4.650	3.130	49%
Transit Custom	1.158	1.236	-6%
Ranger	95	236	-60%
<b>Truck</b>	<b>609</b>	<b>440</b>	<b>38%</b>
<b>Total Export</b>	<b>66.540</b>	<b>89.193</b>	<b>-25%</b>
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%
<b>Total Wholesale</b>	<b>81.508</b>	<b>99.634</b>	<b>-18%</b>

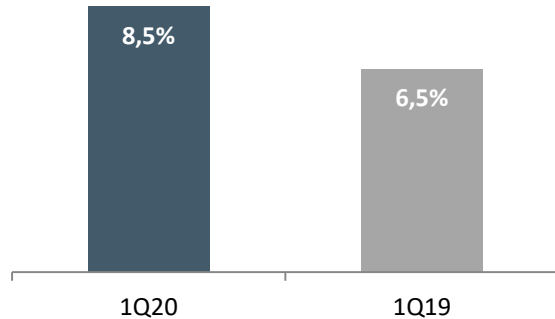
# Main Financial Indicators

Million TL	1Q20	1Q19	YoY %
Total 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%
EBITDA	1.012	781	30%
EBITDA excluding other income/expense	896	781	15%
Profit Before Tax	612	477	28%
Net Income	629	478	32%
<b>Other Financial Data</b>			
Depreciation & Amortization*	219	178	23%
Financial Income / (Expense)	-183	-126	45%

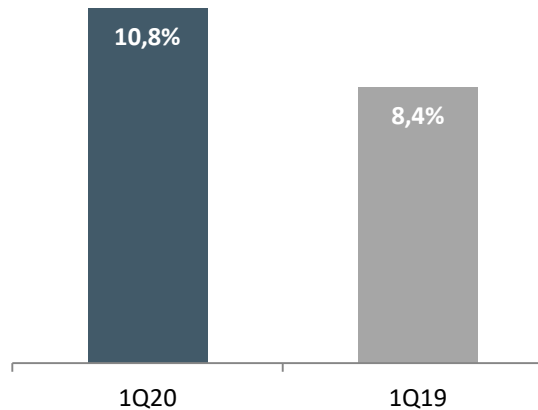
\*1Q20 numbers include TL 11 million (1Q19: TL 11 million) impact from IFRS16 due to classification from manufacturing overhead and operating expenses to depreciation and amortization. Please refer to footnotes 2,10,11,33 of the financial statements for further details.

# 1Q20 Margins

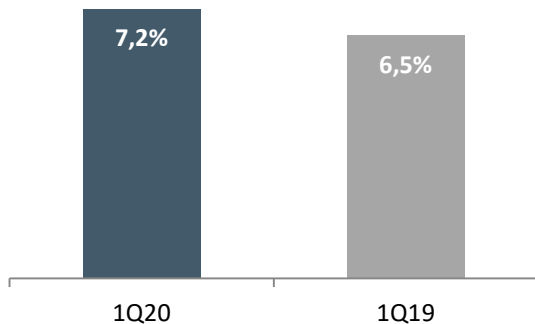
Operating Margin



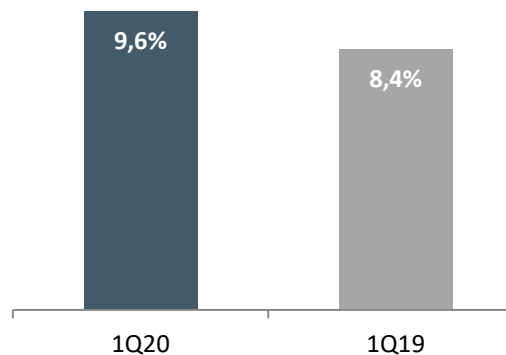
EBITDA Margin



Operating Margin (excl. Other items)



EBITDA Margin (excl. Other items)



Growing EBITDA per Vehicle (EUR)

	1Q	FY
2020	1,285	1,376
2019	1,238	1,266

EBITDA per vehicle kept growing and was at a record high of EUR 1,657 in 1Q20.

## Drivers:

- + Rising domestic sales units
- + Robust after sales and spare parts business
- + Pricing discipline
- + Cost reduction actions and OpEx control
- + Continuous rise in € /TL in 1Q20

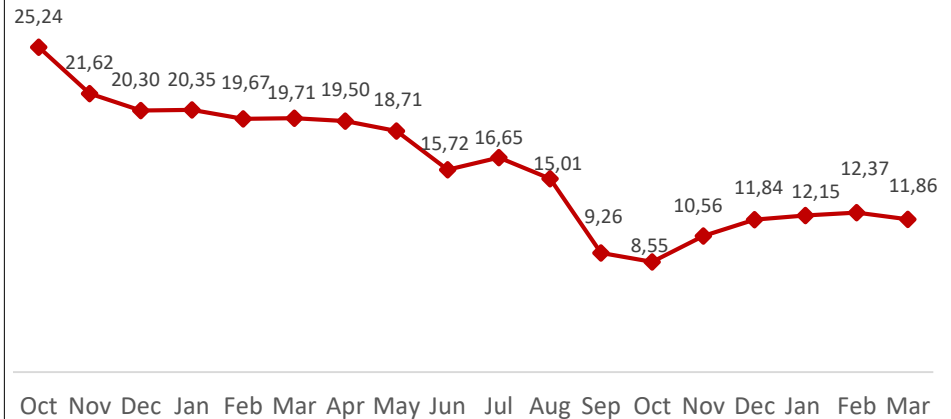
## Challenges:

- Contracting export volumes

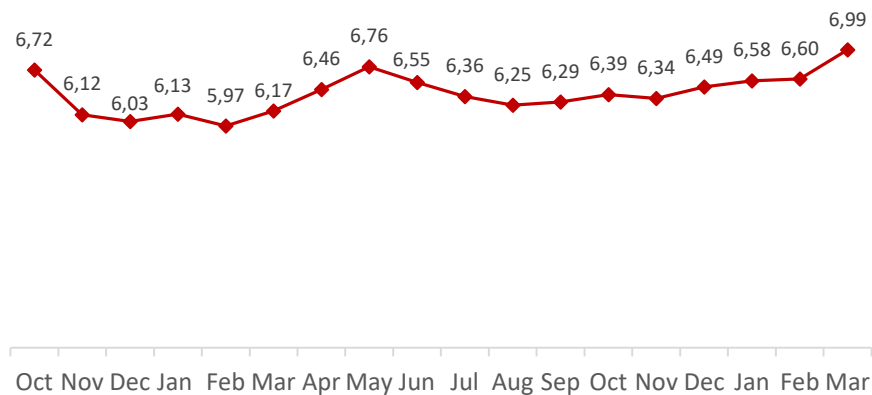
# Cost Dynamics

YoY change	1Q20/1Q19
Production Volume	-18%
Raw Material Costs	-2%
€ / TL Average	10%

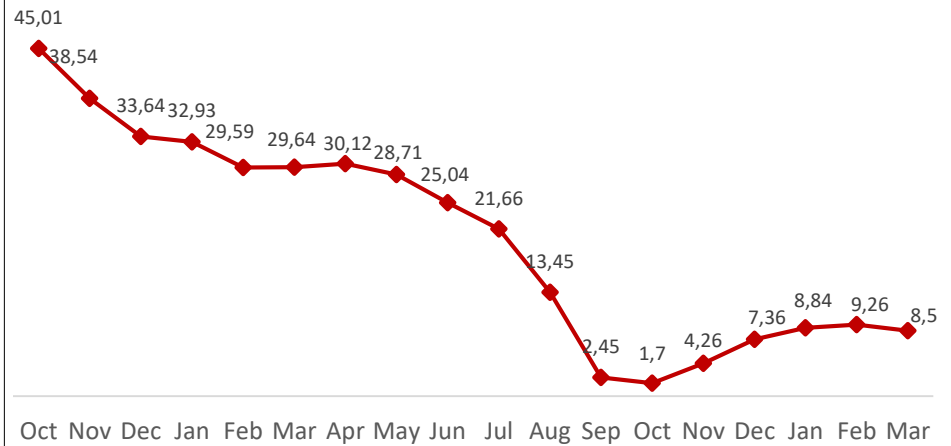
**CPI Inflation. %**



**EUR/TL Rate, Average**



**PPI Inflation. %**



Source: Ford Otosan, CBT, Turkstat

# Debt Profile & Financial Ratios

Cash Position (TL mn)	31.03.2020	31.12.2019
Cash & Cash Equivalents	3.676	3.203
Total Financial Debt	-7.708	-6.208
Net Financial Debt	-4.032	-3.005
Financial Ratios	31.03.2020	31.12.2019
Current ratio	1,13	1,17
Liquidity ratio	0,80	0,87
Net Debt / Tangible Net Worth	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%
Margins	31.03.2020	31.03.2019
Gross Margin	11,4%	10,2%
EBITDA Margin	10,8%	8,4%
EBITDA Margin (excl.other items)	9,6%	8,4%
Operating Margin	8,5%	6,5%
Net Margin	6,7%	5,1%

\* Capped at 3.5x. EBITDA is calculated on a rolling 4-quarter basis.



# 2020 Guidance

	2019A	2020F
Turkish Industry Volume	488 K	520 K – 570 K
Ford Otosan Retail Sales Volume	49 K	55 K – 65 K
Exports	334 K	225 K – 235 K
Wholesale Volume	383 K	280 K – 300 K
Production Volume	369 K	270 K – 280 K
Capex (fixed assets)	€ 142 mn	€130 – 150 mn

- Ford Otosan provides guidance 4 times a year as part of quarterly financial statements.
- Guidance updated in May 2020 with 1Q20 results. Next update will be in August 2020 as part of 2Q20 results.
- 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.

# Q & A

