

Highlights

Financial Results (mn TL)	1Q23	YoY Δ
Revenues	66,302	138%
Export Revenues ⁽¹⁾	50,778	126%
Domestic Revenues	15,524	187%
Operating Profit	6,164	97%
EBITDA	6,799	99%
EBITDA excluding other income/expense	6,715	126%
Profit Before Tax	5,160	126%
Net Income	5,353	91%

⁽¹⁾ Export revenues and volumes include exports from Ford Otosan and Ford Otosan Romania SRL

Volumes (units)	1Q23	YoY Δ
Total Wholesale	158,040	73%
Export	131,378	72%
Domestic Wholesale	26,662	77%
Domestic Retail	25,796	63%
Market Share	10.5%	+0.5 pps
Production (units) ⁽²⁾	162,361	65%
Capacity Utilization Rate	98%	+14 pps

⁽²⁾ 49,470 units Puma production volumes are included in 1Q23.

In 1Q23, total CUR was 98%, reaching 87%, 138%, 112% and 105% in the Gölcük, Yeniköy, Eskişehir and Craiova Plants respectively.

Summary Income Statement, Million TL	1Q23	1Q22	YoY Δ
Revenues	66,302	27,876	138%
Export	50,778	22,469	126%
Domestic	15,524	5,408	187%
Gross Profit	8,490	3,719	128%
Operating Profit	6,164	3,123	97%
Financial Income/(Expense)	-1,002	-825	22%
Profit Before Tax	5,160	2,285	126%
Net Income ⁽³⁾	5,353	2,802	91%
Other Financial Data			
Depreciation and Amortization	635	294	116%
EBITDA	6,799	3,417	99%
EBITDA excluding other income/expense	6,715	2,971	126%
Capital Expenditures	-3,547	-2,260	57%

⁽³⁾ The impact of deferred tax (TL 2,033 mn) on Net Income is limited due to increase in the current period tax expenses (TL 1,840 mn) mainly resulting from the additional earthquake tax (one-off payment).

1Q23 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS).

Revenues

Turkish vehicle sales increased by 55% YoY in 1Q23 to 246,500 units mainly due to improvement in vehicle availability and buoyant domestic market in the pre-election period. Sales increased in all segments (YoY: PC 50%, LCV 95%, MCV 37% and Heavy Trucks 56%). PC industry share declined to 71.2% (1Q22: 73.6%) whereas LCV industry share went up to 16.8% (1Q22: 13.4%). Ford Otosan maintained its CV leadership with 29.0% market share while ranking #2 in the total industry with 10.5% share (1Q22: 10.0%).

European van market grew by 9.5% YoY in 1Q23 mainly due to last year's low basis. As Ford Otosan is the largest commercial vehicle manufacturer in Europe, we lead the production for CV across Europe for Ford Pro, supporting the growth and leadership of the market in the region.

Domestic Revenues went up 187% YoY and reached TL 15,524 million in 1Q23 due to 77% increase in sales volumes and ongoing pricing discipline. Export Revenues were TL 50,778 million in 1Q23. Volumes increased by 72% and revenues grew by 126% YoY mainly supported by the volumes from Craiova Plant and exchange impact (average EUR/TRY up 30% YoY). Total Revenues rose by 138% YoY to TL 66,302 million due to 73% YoY increase in volumes. Export revenues in total revenues decreased to 77% in 1Q23 (1Q22: 81%) as a result of robust domestic performance.

Profitability

The profitability remained solid in 1Q23 despite supply chain constraints and logistic problems. This performance was supported by i) strong domestic volumes, ii) export volume growth, iii) pricing discipline, iv) ongoing cost reduction measures and OpEx control, v) cost-plus export contracts and vi) exchange impact on our export business (average EUR/TRY up 30% in 1Q23 YoY).

Gross Profit increased 128% YoY to TL 8,490 million as a result of the strong domestic sales and growth in export volumes (supported by Craiova Plant). Net Financial Expenses rose by 169% YoY to TL 312 million and Net Other Income decreased by 81% YoY to TL 83 million in 1Q23 mainly due to 192% increase in Unearned Financial Expenses. As a result, Operating Profit increased by 97% YoY in 1Q23 to TL 6,164 million. EBITDA grew 99% YoY to TL 6,799 million while EBITDA excluding the currency impact was up 126% YoY to TL 6,715 million. EBITDA per vehicle and PBT per vehicle were EUR 2,097 and EUR 1,611 respectively.

TL 137 million Net Interest Income in 1Q22 turned to TL 296 million Net Interest Expenses in this period. As a result, Net Financial Expenses increased by 22% in 1Q23 despite 23% decrease in Net FX Expenses.

Profit Before Tax increased 126% YoY to TL 5,160 million. Net Income was TL 5,353 million, up 91% YoY and higher than PBT due to Tax Income Resulting from Deferred Tax Asset.

Margins: Gross 12.8% (-0.5 pps YoY); Operating 9.3% (-1.9 pps YoY); EBITDA 10.3% (-2.0 pps YoY); EBITDA excluding other income 10.1% (-0.6 pps YoY); and Net 8.1% (-2.0 pps YoY).

Margins	1Q23	1Q22	YoY Δ, pps
Gross Margin	12.8%	13.3%	(0.5)
EBITDA Margin	10.3%	12.3%	(2.0)
EBITDA Margin (excluding other income)	10.1%	10.7%	(0.6)
Operating Margin	9.3%	11.2%	(1.9)
Net Margin	8.1%	10.1%	(2.0)

Per Vehicle (EUR)	1Q23	1Q22	1Q21
EBITDA	2,097	2,076	1,908
PBT	1,611	1,597	1,914



Sales Performance

Ranking #2 in the total industry in 1Q23 with 10.5% share, maintained leadership in total CV with 29.0% share.

Sales Volume by Model, units	1Q23	1Q22	YoY Δ
Domestic Sales	26,662	15,079	77%
Puma	727	-	-
Other	4,253	-	-
Passenger Car	4,980	2,016	147%
Courier	12,815	6,438	99%
Connect	164	84	95%
Light Commercial Vehicle	12,979	6,522	99%
Transit	4,485	3,629	24%
Custom	1,202	1,037	16%
Ranger	101	106	-5%
Medium Commercial Vehicle	5,788	4,772	21%
Truck	2,788	1,740	60%
Rakun	127	29.00	-
Export Sales	131,378	76,447	72%
Custom	39,826	38,108	5%
Transit	36,456	28,283	29%
Courier	7,990	8,085	-1%
Truck	2,031	1,971	3%
Puma	45,005	-	-
Other	70	-	-
Total Wholesale Volume	158,040	91,526	73%
Total Turkish Automotive Industry Sales	246,500	158,785	55%
Ford Otosan Retail Sales	25,796	15,863	63%
Ford Otosan Market Share	10.5%	10.0%	+0.5 pps

Balance Sheet and Cash Flow

Summary Balance Sheet, Million TL	3/31/2023	12/31/2022	YoY Δ
Current Assets	68,380	55,125	24%
Current Liabilities	60,001	46,206	30%
Property, Plant and Equipment - Net	21,640	20,145	7%
Total Assets	114,781	96,052	19%
Total Liabilities	92,718	74,650	24%
Shareholders' Equity	22,063	21,402	3%

Financial Ratios	3/31/2023	12/31/2022
Current Ratio	1.14	1.19
Liquidity Ratio	0.80	0.81
Net Debt / EBITDA	1.00	1.32
Current Assets / Total Assets	0.60	0.57
Current Liabilities / Total Liabilities	0.65	0.62
Total Liabilities/Total Liabilities & Equity	0.81	0.78
Return on Equity	97.0%	86.9%

Summary Cash Flow Statement, Million TL	3/31/2023	3/31/2022	YoY Δ
Beginning Balance of Cash & Equivalents	10,110	14,106	-28%
Net Cash from Operating Activities	13,838	3,962	249%
Net Cash Used in Investing Activities	-3,552	-2,257	57%
Net Cash Used in Financing Activities	886	-642	N/M
End of Period Balance of Cash&Equivalents	21,261	15,170	40%



2023 Guidance

	2022A	2023F
Total Industry Volume	822 K	800 K- 850 K
Ford Otosan:		
Retail Sales Volume	85 K	90 K- 100 K
Export Volume	391 K	550 K - 570 K
Turkey	298 K	355 K- 365 K
Romania	93 K	195 K - 205 K
Wholesale Volume	476 K	640 K - 670 K
Total Production Volume	466 K	630 K - 660 K
Turkey	374 K	430 K- 450 K
Romania	92 K	200 K- 210 K
Capex (fixed assets)	€ 818 million	€ 1,000-1,050 million
General Investments	€ 52 million	€ 90-100 million
Product Related Investments	€ 766 million	€ 910-950 million

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