

Highlights

Financial Results (mn TL)	1H21	YoY Δ	2Q21	YoY Δ
Revenues	26.787	77%	10.533	84%
Export Revenues	19.891	72%	7.354	82%
Domestic Revenues	6.896	94%	3.178	88%
Operating Profit	2.802	122%	1.082	130%
EBITDA	3.312	94%	1.339	92%
EBITDA excluding other income/expense	3.070	101%	1.258	100%
Profit Before Tax	2.793	213%	975	248%
Net Income	2.819	210%	999	257%

Volumes (units)	1H21	YoY Δ	2Q21	YoY Δ
Total Wholesale	164.146	34%	57.457	39%
Export	126.603	31%	41.084	37%
Domestic Wholesale	37.543	42%	16.373	43%
Domestic Retail	38.778	47%	17.005	33%
Market Share	9,5%	-0.7 pps	8,3%	-1.4 pps
Production (units)	157.670	34%	54.297	46%
Capacity Utilization Rate	69%	+18 pps	48%	+15 pps

In 1H21, total CUR was 69%, reaching 75% both at the Gölcük and Eskişehir Plants despite the production suspension of 41 and 21 days,

Summary Income Statement, Million TL	1H21	1H20	YoY Δ	2Q21	2Q20	YoY Δ
Revenues	26.787	15.094	77%	10.533	5.727	84%
Export	19.891	11.539	72%	7.354	4.034	82%
Domestic	6.896	3.555	94%	3.178	1.693	88%
Gross Profit	3.585	1.750	105%	1.517	679	123%
Operating Profit	2.802	1.265	122%	1.082	471	130%
Financial Income/(Expense)	-11	-373	-97%	-105	-190	-45%
Profit Before Tax	2.793	892	213%	975	280	248%
Net Income	2.819	909	210%	999	280	257%
Other Financial Data						
Depreciation and Amortization	510	444	15%	258	225	15%
EBITDA	3.312	1.708	94%	1.339	696	92%
EBITDA excluding other income/expense	3.070	1.526	101%	1.258	630	100%
Capital Expenditures	-1.006	-343	193%	-670	-187	259%

1H21 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS).

Revenues

Turkish vehicle sales grew 58% YoY in 1H21 to 408,946 units supported by the low base year, pull forward demand (price increase expectations in the upcoming period and vehicle availability concerns) and home delivery trends. Sales grew across all segments YoY: PC 52%, LCV 86%, MCV 44% and Heavy Trucks 173%. PC industry share was 75.9% (1H20: 78.5%). LCV industry share grew to 12.8% (1H20: 10.8%). Ford Otosan maintained its CV leadership with 30.7% market share in commercial vehicles while ranking #4 in the total industry with 9.5% share (1H20: 10.2%).

The European commercial vehicle industry has started to see the green shoots of confidence returning after the COVID-induced downturn of 2020 with 44% YoY growth in 1H registrations. Ford's second quarter sales in Europe suggest a bounce-back in consumer demand, despite the semi-conductor shortage. Ford continued to be the No.1 CV brand across Europe with 14.8% market share in 1H, up 0.4 pps YoY. Ford's CV sales grew 42% YoY in 1H and 60% YoY in 2Q. Transit Custom remained Britain's best-selling vehicle. Ford Otosan is a key driver of Ford's market share and pillar of profitability for Ford of Europe, manufacturing 73% of all CVs sold in Europe in 1H21.

Domestic Revenues were TL 6,896 million in 1H21, up 94% YoY due to 42% volume growth, positive sales mix and ongoing pricing discipline. Export Revenues were TL 19,891 million in 1H21, up 72% YoY due to 31% volume growth, our cost plus export structure (higher cost base in Q2 due to low production), exchange impact (average EUR/TRY up 33% in 1H21 YoY) and sales mix. Total Revenues increased 77% YoY to TL 26,787 million and volumes were up 34% YoY. Share of exports in total revenues was 74% in 1H21 (1H20: 76%).

Profitability

Profitability was very strong in 1H21 due to i) strong export performance despite the temporary 2Q weakness due to the semi-conductor shortage, ii) robust domestic volumes, iii) pricing discipline, iv) ongoing cost reduction measures and OpEx control, v) exchange impact (average EUR/TRY up 33% in 1H21 YoY) and vi) cost-plus export contracts.

Gross Profit rose 105% YoY to TL 3,585 million supported by strong domestic sales, ongoing focus on cost reduction and pricing discipline. Net Other Income grew 33% YoY in 1H21, supported by the 65% YoY increase in Net FX Gain from Operating Activities (resulting from strong exports and currency impact). As a result, Operating Profit increased 122% YoY in 1H21 to TL 2,802 million. EBITDA grew 94% YoY to TL 3,312 million while EBITDA excluding the currency impact was up 101% YoY to TL 3,070 million. EBITDA per vehicle was EUR 1,969 in 1H and EUR 2,169 in 2Q. PBT per vehicle was EUR 1,791 in 1H.

TL 373 million Net Financial Expenses in 1H20 declined to TL 11 million in 1H21, mainly driven by the 2140% YoY growth in Net Interest Income (strong cash position and rising interest rates). As a result, Profit Before Tax increased 213% YoY to TL 2,793 million. Net Income was TL 2,819 million, up 210% YoY and higher than PBT due to Tax Income Resulting from Deferred Tax Asset.

Margins: Gross 13.4% (+1.8 pps YoY); EBITDA 12.4% (+1.1 pps YoY); EBITDA excluding other income 11.5% (+1.4 pps YoY); Operating 10.5% (+2.1 pps YoY); and Net 10.5% (+4.5 pps YoY).

Margins	1H21	1H20	YoY Δ, pps	2Q21	2Q20	YoY Δ, pps
Gross Margin	13,4%	11,6%	1,8	14,4%	11,9%	2,5
EBITDA Margin	12,4%	11,3%	1,1	12,7%	12,1%	0,6
EBITDA Margin (excluding other income)	11,5%	10,1%	1,4	11,9%	11,0%	0,9
Operating Margin	10,5%	8,4%	2,1	10,3%	8,2%	2,1
Net Margin	10,5%	6,0%	4,5	9,5%	4,9%	4,6

Per Vehicle (EUR)	1H21	1H20	1H19	2Q21	2Q20	2Q19
EBITDA	1.969	1.739	1.310	2.169	2.016	1.342
PBT	1.791	1.016	734	1.681	895	685

Sales Performance

Ranking #4 in the total industry in 1H21 with 9.5% share, maintained leadership in total CV with 30.7% share.

Sales Volume by Model, units	1H21	1H20	YoY Δ	2Q21	2Q20	YoY Δ
Domestic Sales	37.543	26.419	42%	16.373	11.451	43%
Passenger Car	6.283	5.997	5%	1.568	2.459	-36%
Courier	17.286	8.720	98%	9.315	3.946	136%
Connect	307	201	53%	126	57	121%
Light Commercial Vehicle	17.593	8.921	97%	9.441	4.003	136%
Transit	8.060	7.684	5%	2.654	3.034	-13%
Custom	1.644	1.932	-15%	692	774	-11%
Ranger	797	484	65%	699	389	80%
Medium Commercial Vehicle	10.501	10.100	4%	4.045	4.197	-4%
Truck	3.166	1.401	126%	1.319	792	67%
Export Sales	126.603	96.452	31%	41.084	29.912	37%
Custom	70.077	51.898	35%	19.661	14.442	36%
Transit	42.802	33.342	28%	14.238	11.827	20%
Courier	11.886	10.323	15%	6.225	3.148	98%
Truck	1.820	886	105%	960	493	95%
Other	18	3	500%	0	2	-100%
Total Wholesale Volume	164.146	122.871	34%	57.457	41.363	39%
Total Turkish Automotive Industry Sales	408.946	259.471	58%	203.770	132.334	54%
Ford Otosan Retail Sales	38.778	26.425	47%	17.005	12.800	33%
Ford Otosan Market Share	9,5%	10,2%	-0.7 pps	8,3%	9,7%	-1.4 pps

Balance Sheet and Cash Flow

Summary Balance Sheet, Million TL	30.6.2021	31.12.2020	YoY Δ
Current Assets *	16.179	17.605	-8%
Current Liabilities	12.002	12.481	-4%
Property, Plant and Equipment - Net	4.438	4.403	1%
Total Assets	23.656	24.349	-3%
Total Liabilities	16.680	17.305	-4%
Shareholders' Equity *	6.976	7.044	-1%

* Due to doubtful receivable provision regarding past periods, the Beginning Balances of Trade Receivables and Shareholders' Equity have been restated as detailed in Footnote 2.5 of the Financial Statements.

Financial Ratios	30.6.2021	31.12.2020
Current Ratio	1,35	1,41
Liquidity Ratio	0,92	1,13
Net Debt / Tangible Equity	0,67	-0,01
Net Debt / EBITDA	0,54	-0,01
Current Assets / Total Assets	0,68	0,72
Current Liabilities / Total Liabilities	0,72	0,72
Total Liabilities/Total Liabilities & Equity	0,71	0,71
Return on Equity	80,8%	59,6%

Summary Cash Flow Statement, Million TL	30.6.2021	30.6.2020	YoY Δ
Beginning Balance of Cash & Equivalents	8.074	3.200	152%
Net Cash from Operating Activities	249	1.459	-83%
Net Cash Used in Investing Activities	-994	-340	192%
Net Cash Used in Financing Activities	-2.320	868	-367%
End of Period Balance of Cash&Equivalents	5.008	5.188	-3%



2021 Guidance

Total Industry Volume 900 K - 950 K

Ford Otosan:

Retail Sales Volume	95 K - 105 K
Export Volume	315 K - 325 K
Wholesale Volume	410 K - 430 K
Production Volume	390 K - 410 K
Capex (fixed assets)	€375 -425 million

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