FORD OTOSAN

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Conductors

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Bahar Efeoğlu Ağar: Hello everyone. Welcome all and thank you for joining us today. I am Bahar Efeoğlu Ağar, Head of Investor Relations at Ford Otosan. We appreciate your participation in our conference call to discuss Ford Otosan's 2026 first half results.

Before we start, please take a moment to review the disclaimer statements included in the presentation.

Joining me on the call are our CFO, Gül Ertuğ Gerişkovan, and our Corporate Finance Leader, Ünal Arslan. We look forward to reviewing our results and developments for the quarter, followed by a Q&A session.

Now, I would like to hand over the call to our CFO, Gül Ertuğ Gerişkovan. Gül Hanım, please go ahead.

Gül Ertuğ Gerişkovan: Thank you very much, Bahar. Good afternoon, everyone, and thank you for joining us for our first half 2026 results call. This quarter, our overall performance has been relatively weaker than what we had projected for ourselves for the period. We will start looking into the physicals and key dynamics of the market, but before doing that, I'd like to share a macro view with you, which has been substantially impactful in our results.

I believe it will be important for all of us to understand it, its effect on our business, and finally, our reaction to it. On the screen now, my friends are reflecting the key economic developments for the period. In Türkiye, market conditions remained quite challenging. While inflation moderated compared to the prior periods, it continued to run well above currency depreciation. During the first half, inflation result was at 18%, whereas Euro/TL appreciation was only 5%. This divergence remained one of the most important factors affecting the sector's profitability and cost structure. If you take a minute to contrast this data with that of last year's, in fact, you will realise that in the same period last year it was in favour of our sort of business. But currently in this period it has been significantly adverse.

Another headwind came from the financing conditions. Although the vehicle availability in the market improved compared to previous years, consumer affordability remained constrained by financing costs. You can check the auto loan rates, while relatively stable YoY, remained close to 46% as of June, continuing to weigh on retail demand. If you check the

European side, in fact, the environment was relatively more supportive. Passenger vehicle registrations continued to grow, while the commercial vehicle market also showed growth during the first half. However, we have to say that part of this recovery in fact reflects a low comparison base compared to last year rather than a broad-based improvement, underlying demand fundamentals. Furthermore, geopolitical uncertainties continued to weigh on both business activity and market visibility across the region. At the same time, underlying macro indicators remained relatively weak. Consumer confidence continued to deteriorate.

Inflation remained also for the European markets above target levels, and interest rates stayed at restrictive levels. As a result, while vehicle markets expanded, the macroeconomic backdrop didn't provide meaningful support to the demand. And the recovery remained uneven across the key markets. Overall, the first half was characterized by softer demand, elevated competition and the macroeconomic environment where inflation continued to exceed currency movements. This creating pressure on revenue growth and profitability across the industry. Now, putting this scene, I'd like to move to the next slide and mention about our highlights.

So, despite the challenging macro environment and intensified competition, Ford Otosan maintained resilient export volumes and sustained leadership in commercial vehicles in Türkiye market with 24.6% CV market share. For overall ranking in the domestic industry, Ford Otosan came in the fifth position with 6.6% market share. This highlights the divergence between passenger car and CV dynamics in Türkiye. Domestic wholesale volume declined by 18%, reflecting the weaker market conditions together with more competitive market pricing competition. Pricing was significantly pressured during the quarter. Since FX did not appreciate much, this left limited room in competing with imports pricing, whereas like I explained on the earlier page, the costs associated with inflation, on an off lingering middle east conflict, these weighed significantly on the profitability. And mostly on our entrepreneurial business, I'd like to highlight this. Not necessarily on our export business, but our entrepreneurial business.

The demand across the key European markets remained softer than we anticipated during the first half. As a result, export sales declined by 4% YoY to 293K units, while production decreased by 3% YoY to 341,000 units. Capacity utilization reached 73%

overall, with utilization rates of 70% in Türkiye and 79% in Romania. This reflects the production levels aligned with the market demand. Despite the softer demand environment, our integrated manufacturing footprint in Türkiye and Romania continue to support Ford's European operations. From a financial perspective, the macroeconomic dynamics discussed earlier continue to pressure both revenue growth and profitability. The gap between inflation and Euro/TL movements limited revenue growth. While the timing of export sales was also unfavourable. Let me try to explain what I mean by this. A larger share of export volumes was recorded during April and May when Euro/TL appreciation remained relatively limited, limited, while stronger currency movements coincided with lower export volumes in June. As a result, both export revenues and other operating income were adversely affected during the period. Just to refresh our memory, April had the Easter break and May had the feast of sacrifice. These mean shorter working days from production volume perspective. A somewhat similar mismatch occurred in the domestic market on our domestic figures. For a period of time, we had kept some derivatives of our MCV stock on hold in the plant, due to required quality checks for a potential quality issue. We validated the quality, there wasn't an issue and resumed our sales operations afterwards, however, in between that time period our sales and stock position were adversely affected.

Our trucks operations were also more prone to the disadvantages of being locally vertically a lot. What do I mean by this, I mean, vehicle, engine, transmission, all local. Hence, being substantially hit with inflation and unfavourable gap between Euro/TL and CPI. Given that approximately 90% localization rate in Ford Trucks business the divergence between inflation and currency movement had a more pronounced impact on the cost base and for Ford Trucks I'd like mention one more point. Vecto Regulation. This is an important regulation, which brings stricter carbon dioxide emission targets for heavy trucks. Ford Trucks is pursuing a balanced Vecto compliance strategy focusing on acceleration zero emission technologies while continuously improving diesel vehicle efficiency enabling a gradual transition toward lower carbon transport solutions and reducing regulatory compliance risk in Europe. Liabilities regarding penalties, meaning, if the fleet emissions exceed the regulatory thresholds the brand would be subject to penalties. These liabilities are already baked into our financials. Once the registrations are in place meeting the overall target levels, these liabilities will be offloaded. But their good news impact will not be into this quarter, the benefits will be recognized for the future period, when they materialize. I wanted to mention this, usually I don’t go into deep down analysis of the different vehicle lines, but I wanted to deliberately mention about this, because in earlier talks and correspondences with you through our IR team, I am hearing from my team that some of you are questioning essentially the contract manufacturing business and highlighting some worries about “is this business cost plus, can Ford Otosan recover its costs”. I would tell you just to rest assured, yes, Ford Motor Company honours its contracts with us. The bigger challenge we faced in this period is coming more from our entrepreneurial business, which are Ford Türkiye, the LCV, MCV and PV business and Ford Trucks including Türkiye and export markets.

All of these factors combined weighed on profitability resulting in an adjusted EBITDA of 6.0% and adjusted EBITDA per vehicle of EUR 1,438. Despite these headwinds, we maintained our disciplined financial position and our Net Debt/ EBITDA stood at 1.76x, reflecting prudent balance sheet management and healthy leverage levels.

Finally, I want to mention, in our view, two important steps in our business we took. Since our last earnings call, we completed the final acquisition of Koç Finansman which is a strategically important step that expands our financing capabilities and supports a more integrated, seamless, end to end approach across our automotive value chain. The impact of Koç Finans operations, of course, the acquisition completion happened on 1st of July, its first impact will be visible in our reports starting from 3rd quarter financials.

The other important development I want to share with you is, our Board of Directors approved Ford Trucks New Cab project with a net investment of 364 million Euros. Last night when we made the KAP announcement for the financials, also we have declared this news. This investment is important to us, it is intended to support the long-term growth of our Ford Trucks operations in Europe while ensuring compliance with upcoming EU emissions and safety regulations. With the next generation cab planned to be introduced progressively from 2028 onwards. It is a show of trust of both Ford Motor Company, Koç Holding and IVECO in our engineering and development work. The program is aligned with the Ford Trucks product strategy supporting entry into the UK market through the first right hand drive derivative with low investment and it is going to give us a boost on our business view.

So, having said this, let me check if there is anything else I'd like to mention at this point. One more addition to the point I made about this approved project. It is also going to support us in utilizing the project-based state aid. That's the incentive announced in April. We will be able to utilize it with this project.

So overall, we see a primarily macro-driven profitability compression in our business. When I speak on the guidance, I will also mention about our reaction to it. But for now, for further details, let me leave the word to Bahar.

Bahar, please.

Bahar Efeoğlu Ağar: Thank you Gül Hanım.

Let me continue with the main highlights of the Turkish automotive market. After reaching a record 1.4 million units in 25, the Turkish automotive market started this year with relatively resilient figures. However, market momentum weakened through the second quarter as tighter financing conditions, deteriorated macroeconomic outlook, and geopolitical uncertainties increasingly weighed on demand, while vehicle availability improved these factors together with longer holiday periods, more than offset the positive impact. Consequently, market contraction deepened from 4% in the first quarter to 12% level in the second quarter, resulting in an 8% decline in the first half of the year.

Looking at the segment breakdown, performance was mixed. Passenger car demand remained under pressure, while the light commercial vehicle segment proved relatively resilient and growing by 5% YoY, the increasing share of this segment reached to nearly 12% level. This performance was supported by new model introductions by peers, as well as a partial shift in demand from passenger cars toward LCVs, like commercial vehicles. With passenger vehicle prices increasingly exceeding 2 million TL threshold, affordability challenges and financing constraints have become more pronounced.

On the other hand, replacement demand in the van and truck segments remained weak. Despite the aging vehicle park, businesses continued to postpone fleet renewal decisions due to heightened macroeconomic uncertainty. Also, according to announced latest data, the slowdown became even more evident in July with 25% contraction. As a result, the overall year-to-date market excluding truck decline reached to 11%

level from 8%. We believe these figures underline the increasingly challenging demand environment and support our cautious wave for the remainder of the year.

If we turn to our domestic performance, against this backdrop, our domestic sales volumes declined by 24% in the first half and it underperformed the overall market. This was mainly driven by the discontinuation of the Focus model, as well as intensifying competition across several segments. As a result, we ended the period as the fifth largest player in the market with a market share of 6.6%.

Looking at segment performance, we maintained our first and second places in CV segments. However, tougher pricing competition and increased availability from peers with new introductions pressured our overall sales performance. In commercial vehicles overall, we continue to hold our market leadership with a market share of almost 25%. On the other hand, the sticky inflation challenged the competitiveness of, especially for trucks in the local market due to increasing manufacturing costs, given its high local content ratio in Ford Trucks, which is our entrepreneurial business arm face greater cost pressure than fully important competitors, and it makes more difficult to maintain pricing competitiveness.

On a more positive note, as Gül Hanım mentioned at the beginning of our call, we announced a new investment plan for our Ford Trucks business with 364 million Euro of planned investment through 2030 the program is expected to support compliance with upcoming EU emission and safety regulations while also strengthening our product offerings and competitive position in Ford Trucks's European Markets. In addition, we believe the acquisition of Koç Finansman will become an important contributor to our domestic business particularly in the truck segment from 2027 onwards. The acquisition will enable us to offer customers a more integrated, end to end value proposition, financing and aftersales services.
Let me move to our export markets performance.

In the first half of 2026, the European automotive market continued to recover, with passenger car and commercial vehicle registrations increasing by 6% and 3%, approximately 3% YoY, respectively. However, the recovery remained uneven across segments and countries, while the van market returned to growth, demand in several key Ford markets, including Germany, France, and Italy remains softer than expected, which is coupled with ongoing macroeconomic uncertainty and slower fleet renewal activity. In contrast, the truck market benefited from a stronger rebound, supported by a low comparison base.

Against this backdrop, Ford maintained its position as Europe's leading commercial vehicle brand for the 12th consecutive year. As we also highlighted in our previous meetings, following an exceptionally strong market share of 17.2% in 2025 which was supported by Ford's renewed product lineup. Right now, their market share normalized to 15.5% level, and it was reflecting a high base and improving vehicle availability across the market. In line with the normalized sales of Ford in this period, as Ford Otosan our export sales units decreased by 4% YoY. As a result, we continued to play a key role in Ford's success by producing more than 15% of Ford's global vehicle registrations. That concludes my side. I will now hand the floor to Ünal Bey to walk you through our financial highlights.

Ünal Arslan: Thank you, Bahar. Good afternoon, everyone, and thank you again for joining us.

I'll take you through our first half 2026 financial results released yesterday and provide context on the key macroeconomic and financial drivers shaping our performance.

In fact, you have seen this slide, but I deliberately included the same slide that Gül Hanım talked over at the very beginning of this meeting, because most of the major reasons and macro backdrop behind adverse impacts that I'll try to explain are being summarized here.

In Türkiye, as you know and as you can see here, Euro appreciated by 14% against the Turkish Lira in the first half of the year. This is a YoY appreciation, while the CPI increased by 32%. Under inflation accounting, as you know, prior year financials are indexed by CPI and given that approximately 84% of our revenue is export generated and largely Euro linked. This 18% FX-inflation gap created a significant translation and profitability headwind. Along with that, even maybe more importantly, within the first half the Euro appreciated by 5% only compared with cumulative inflation of 18%. Divergence remained evident in the second quarter as well by a 4% Euro appreciation vs. inflation of 7%. And the comparison, more importantly here, last year also was very less supportive as the Euro appreciated by 27% in the first half of 2025.

I will not touch on the demand side a lot, as Gül Hanım has already mentioned. Looking at the inflation, interest rates, consumer confidence weakened further in June while auto loan rates rose to 46% from 32.6% in March. These conditions continued to constrain domestic purchasing power and pricing flexibility. And against this backdrop we remained focused on disciplined execution, cost control, working capital management and liquidity that we'll see in the coming slides.

Moving to the Financial highlights, we generated a revenue of 427 billion TL in the first half, down 12% vs. the inflation adjusted prior year base. Export revenues amounted to 359 billion TL that represented 84% of our total revenues that I mentioned the impact in the previous slide compared with 82% last year. And domestic revenue was 68 billion TL down by 21%.

Our total volumes declined by 6% with exports down by 4%, and domestic volumes were down by 18%. The revenue decline was more pronounced than volume movement, primarily reflecting the widening gap between Euro/TL appreciation and inflation, constrained pricing in the domestic and truck businesses, also unfavourable sales mix.

Our gross profit, as we can see here, was 29.3 billion TL, down 28% YoY. The key pressures were the timing mismatch between Euro/TL movements and exports sales along with the widening gap between Euro/TL appreciation and inflation. Higher purchase services, service and raw material costs amid inflation and, as we all know, geopolitical pressures, and constrained pricing environment in the domestic market and truck business.

Operating profit declined by 56% to 11.6 billion Turkish Liras, and our adjusted EBITDA was around 25.6 billion, down by 37%. The embedded lease impact totalled 3.5 billion TL, broadly stable YoY, while net other operating income decreased to 1.9 billion TL from 6.1 billion. This decrease, which we see in income from investing activities line in the detailed financials, is mainly driven by, again, exchange movement, unfortunately, as I explained. This line includes valuation of leased assets, which is Euro denominated. We carry around 450 million Euros of leased assets, and as I mentioned, euro appreciation in first half of last year was 27%, and we had written good news through valuation of this 450 million Euro worth of leased assets, which was only 5% this year's first half.

If I move to profit before tax, that's 10.2 billion TL, down by 52%, while net income was 10.3 billion TL, down by 40%. Net financial expense improved by 38% to 16.4 billion, primarily due to lower net FX losses, while the monetary gain remained broadly stable at 11.9 billion TL. This support was partly offset by investing income declining to 3 billion TL from 9 billion, reflecting the lower FX valuation impact on assets subject to embedded lease arrangements.

Tax was supportive in the second quarter, when we moved from PBT to PAT, net income. The 4.3 billion TL tax expense recorded in the first half of last year turned into a modest tax income in the first half of 2026, including 2.8 billion TL of deferred tax income, following the regulation establishing a 12.5% corporate income tax rate for manufacturing income. This tax rate change led us to write good news over temporary differences for deferred tax calculations.

If we move to the next slide, we see that consistent with these profitability trends that I mentioned, first half margins declined YoY. Gross margin was 6.9%, down by approximately 1.6 percentage points. Adjusted EBITDA margin was 6.0%, down by approximately 2.4 percentage points, and operating margin declined to 2.7%. Profit before tax margin was 2.4%, while net margin was also in line with 2.4%. In the second quarter, our adjusted EBITDA margin was 5.9%, showing relative stability compared with the first quarter, although still below the prior year levels.

And if we look at per week basis, our adjusted EBITDA declined to approximately 1,438 Euros in the first half from 1,839 last year. And our profit before tax per vehicle decreased to approximately 573 euros, reflecting the same FX pricing and cost pressures.

If we move to next slide here, this is again a classic slide. This slide summarizes the YoY adjusted EBITDA bridge. In fact, all the pressures that I tried to explain are visible here, the orange colours, that we see in the first column, which includes the embedded lease adjustment, but the correction to the gross profit. And the right-hand side, other operating income, basically coming from a fixed impact on short-term Euro receivables. These are driven by the macroeconomic backdrop that I tried to explain. But we see an improvement and a good control on the operational expenses, and we partially offset the backdrop coming from macroeconomic and market-driven adverse impacts.

Turning to the financial situation analysis, we maintained a resilient balance sheet again. Our invested capital was 360.7 billion Turkish Liras, down 8% from year-end on the inflation-adjusted basis. And our total financial debt declined by 13% to 168 billion TL. While net financial debt decreased by 4% to 112 billion TL. Net debt to trailing 12 month adjusted EBITDA increased to 1.76 times, as we already mentioned, from 1.49 times at year end, primarily reflecting lower trailing profitability. But the ratio remains well below our 3.5 times threshold.

Working capital requirement increased to 54.3 billion TL, and working capital as a percentage of sales rose modestly to 5.8% from 5.5%. The liquidity ratio was 97.1%, while the current ratio improved to 1.28.

Overall, our capital structure, I can say, remains prudent, with lower financial debt and improved liability-to-equity ratios compared with year-end.

On cash flow, we see that net cash generated from operating activities was 19.2 billion TL compared with, of course, 78.7 billion TL in the first half of last year. The decline primarily reflects lower profitability that I've mentioned, and a 2.4 billion TL working capital outflow, compared with a significant inflow in the prior year period. We are at a fairly balanced level in terms of working capital, as we discussed in our prior quarter one results webcast. This means, in the last year, we improved our working capital significantly, and we had seen the impact of that improvement, and this year, we keep that prudent working capital level in our operations.

Looking at the capital expenditures, that's 8.3 billion TL, down by 35% YoY, and represented 1.9% of sales. As a result, free cash flow was positive at 10.9 billion TL, although below the unusually strong prior year levels. Net cash used in financing activities was 23 billion TL, including 14 billion TL of dividend payment, almost 14, and 4.1 billion TL of net interest payments. Despite these outflows, we closed the period with 56 billion TL of cash and cash equivalents, and with a very manageable net debt position.

Finally, in the next slide, the cash conversion cycle remains stable at 17 days. Inventory days were 29, receivable days improved to 36, and payable days were 48. This reflects, as I mentioned in the previous slide, continued discipline in working capital management, despite the challenging operating environment. Our balance sheet net FX position improved to a short position of 95.8 billion TL, including cash flow and natural hedges. The net FX position was positive at 56.3 billion TL. Return on equity was 18.1 and return on invested capital was

8%, both lower than year-end due to the profitability dynamics discussed.

Even so, our balance sheet, liquidity, and risk management framework remain sound. With that, I'll hand the call back to Mrs. Gül Ertuğ to walk you through our 2026 guidance. Thank you for your time.

Gül Ertuğ Gerişkovan: Thank you, Ünal. Thanks very much for the detailed explanation. So, I believe so far, we have been able to show a picture about what happens in the demand and the profitability. The macro has been working against us, due to this, we have been touching our guidance on certain key areas as a measure to enhance the final financial performance, improve the financial performance of our company.

The first line item we touched is on the retail domestic volume. In fact, first, I should start with the industry. Based on this explanation and also looking into now the July data is available, that also suggest the same thing. We are expecting a reduction in the overall industry size. Formerly, we were calling it between 1.3 to1.4 million units. Now we have downward ticked it to 1.2 to 1.3 million units. That's a reflection of the softening of the demand. Within that, looking into our retail domestic volume, we have reduced our projection to 75k-85k. This comes from a combination of both demand and our conscious and cautious choice of managing our sales. Together with the sales mix, both on a product mix, and retail fleet mix, because on this area we want to improve our profitability. Some of that cut over there is a deliberate choice we are taking, not just necessarily the demand is down, but we want to improve the overall profitability out of our units. We have certain measures we are taking that, if necessary we can look into the details.

On the export volume, you see that we are not making a change. Türkiye and Romania related export volumes remain intact, and the effect of the total wholesale volume is being updated due to the change we deploy in the Turkish domestic market. We protected our overall production volume, however because of the changes we have highlighted, since the contribution to the revenue coming from domestic market will be low and seeing the Euro conversion into TL on the export units, we thought it would be plausible to update the revenue projection into Mid-to-High Single Digit Decline. Having deployed all of this, we expect our adjusted EBITDA margin to land at between 6%-7% within the year. This implies, there will be improvement in the second half, and as I mentioned, through mix management, better volume management, variable management, better pricing options and continued and enhanced cost cutting measures, resourcing activities being in place, and for some mix related capacity enhancements. What I mean by that, if some of our vendors had an issue on the, let's say, for example, plug-in hybrids, we provided a better mix capacity on them, not on the plant, but on our suppliers. So, in the second half, we will be better supporting our volume. So, through the effect of these actions, we target to improve our profitability.

The Capex side remained the same. The general investments regarding the plant maintenance, operational needs and product related investments. Currently, we do not foresee a change over there. But as a reminder, I'd like to once more emphasize that for the health of the plant operations and health of the quality, of course, there is an element that we certainly do, some of the Capex we certainly do, but some portion of that Capex, since we have already completed the key transformation and the key vehicle deliveries including the final waves and bundles of the partner, we have optionality to postpone, retime, reevaluate some of our product related investments. Currently, we didn't touch it. We keep it at 300-400 mn Euros.

And this concludes my section. I will give the word back to Bahar.

Bahar Efeoğlu Ağar: Thank you Gül Hanım.

First question comes from Hanzade Kılıçkıran with J.P. Morgan.

Hanzade Kılıçkıran: Thank you very much for the presentation. I just want to make a follow up on the export performance. European demand has started to pick up in the second quarter from a low base, but Ford continued to lose market share in Europe. What are the main reasons behind this relatively weaker export performance in the second quarter? And do you expect this to be reversed in the second half of the year? And what will be the driver behind it?

The second one is about the gross margin performance or overall profitability metrics. As more than 80% of your revenues are export, which are on cost plus contract basis, I wouldn't really expect such a big swing on the gross margin. I can understand that the product mix may be putting some pressure, but could there be also some waiver on the export contracts to

Ford Motor to manage the gross margin side I mean, the gross margin on their side? Which could be also reversed in the second half of the year. Thank you.

Gül Ertuğ Gerişkovan: Thank you Hanzade Hanım for the question. Let's start with the demand in the export performance and how Ford performs over there. Bahar mentioned about the change in the market share. However, as we see the market development and evolution also including the partner units into the market with full portfolio, we do not see this as a big anomaly. You might remember that our 1-ton project, it started to hit the market in waves and bundles. Starting point for that was first the Ford branded units. In our earlier talks, I was explaining that, finally, we are approaching the end of that investment saga, and the last waves of the Volkswagen units will also be in the market. But in a way, we can think that some of their units came slightly later than ours. Now, since both parties have the full portfolio ready, some of that pickup from the partner side would be something to be expected. Thinking that, more than 17% levels of market share, you could argue that it is not sustainable. In these demand and macro conditions everybody is running after certain campaigns and trying to promote their business. So, some part of this move in the Ford brand market share, we see it as normal. From a Ford Otosan perspective, since we are the producer of VW units, we do not see it as a problem. We expect it to settle down on a normalize view.

The market conditions in Europe is a mixed bag. In some of the countries we see demand up, in some of the countries not so much, but as a balance in our like long-term projection, we don't see as an anomaly. Instead, we see that we have been able to successfully conclude our commitments. We have launched our products, and now they are in the market, operating in the intended fashion.

Hanzade Kılıçkıran: Gül Hanım, am I right in this one? So, Volkswagen is taking some higher share in your overall exports looks like because of this ramp up process. So, the market demand shift to Volkswagen products. And you don't expect this to continue to be like this. You expect this to normalize, right? So, it's not Volkswagen gaining market share against Ford Motor. And in return, on a compound basis, there won't be then, No impact on your side. I mean, no positive impact.

Gül Ertuğ Gerişkovan: As certain VW derivative didn't exist earlier and now, they came to the market, this was something expected. We were expecting

VW to pick up some the market share, because formerly they didn't have those units, but now they have it. That part, I am treating it as normal. Reading it with a Ford Otosan angle, since, at the end of the day, we are the producer of the 1-ton, I wouldn't read it as a negative sign. That was what I wanted to say.

Maybe, if we approach it from a Ford angle and look into the Ford Pro market share, it looks as if it is declining. Some of it is normalization, you are right in the terminology you use. However, with a Ford Otosan lens, since that was something expected we are not reading it as a negative line.

Hanzade Kılıçkıran: Okay. All right. So, you were not expecting this Volkswagen production to have a compound impact on your overall production?

Gül Ertuğ Gerişkovan: No. It is supporting our production.

When look into the 1-ton segment, when we make our production planning, we do not disclose it separately. We make our plans for the combined view and with respect to that, even though I am not allowed to give a breakdown, at least I say that what we were intending to have in terms of the partner volume, we were able to have it. We didn't have an issue. Some of the reduction witnessed came from the Ford brand itself. Overall, what we produce is in line with our projections. And it supported our business view for the year of 2026.

Your second question was about the gross margin. How it affects us? We have contracts made with Ford Motor Company on vehicle line basis. Each vehicle line has a different supply contract. Within the supply contract the variable costs are identified very clearly. The investments in hard currency are very clearly defined. Investment recoveries over a certain period equating with a time value of money concept they are also written. But you can imagine they are written with hard coded Euros, that is always honoured by Ford Motor Company. The transfer pricing mechanism is very clearly addressed in our contracts. We can clearly say that Ford just recognizes this and we do not have any issue in maintaining our contracts.

If you are asking about certain cost of goods sold related impact originating from the inflation accounting, since a non-cash monetary gain item is also visible, just talking about it with our key customer Ford Motor Company under such setting it wouldn't make sense in our opinion. If we come back with such an offer, it could even be interpreted in a negative way, thinking that now Ford Otosan is trying to change the structure of the business. Ford Otosan cannot handle this headwind. We do not want to do that. Instead of doing that, we are trying to explain the situation to them. Just like our Minister of Finance advises us in every meeting, we try to look into total factor productivity, which means accepting that now we have those incurred costs, how can we combat these costs better. Because at the end of the day the better management of those costs will make our lives easier with our customer, Ford. It will also make our lives easier in the markets we operate as entrepreneur. That' s why currently we do not foresee any change in the treatment of our contracts. I believe this is also welcome from Ford Motor Company's point of view.

Bahar Efeoğlu Ağar: Next question comes from Yasin Sarıhan, Yapı Kredi Invest. Yasin Bey, please go ahead.

Yasin Sarıhan: Thank you. Thank you so much for your presentation. I have two questions. One is related to truck segment, and truck segment had performed well in the past, and it was a meaningful value driver for Ford Otosan. But at this time, we've seen that the volume is decreasing for a long time, and the capacity utilization rate is something like 40%.

Do you think that this is a cyclical or a structural change in the truck segment? And what time do you think that there will be a recovery in the truck segment? Also, if you could give us a little bit number about like how much EBITDA truck segment generated in the 1st half of the year, maybe in the 2025, for example, it will give us much more clue.

My second question will be related to Koç Finans. How did you calculate the leverage impact of the Koç Finans acquisition? Net debt/EBITDA, currently sits at two times and after the post-acquisition, what level do you expect it to rise? Thank you.

Gül Ertuğ Gerişkovan: Let me start with your question regarding the truck segment.

I want to make a disclaimer that in our reporting, as a policy, we are not segment reporting. But, to give you a feeling about the business, I will give some highlights.

In my speech, I tried to say that there are important regulations coming for the heavy commercial vehicle segment in Europe, and usually Turkey follows Europe. Because of the ways the trucks are used, even if Turkey is not following these regulations tractor owners in Turkey the fleets have their vehicles, it is common practice that they travel around the Europe. That's why we have to be mindful of those regulations. We have to make our vehicle ready for these regulations. These are Euro 7, emission-related regulations… Regardless of the volume of our units, we have to be engaged in these regulations. Given the size of the business, macro backdrop, vertical integration and high local content of Ford Trucks you can imagine that- there is also huge investment going on in Ford Trucks- the final declaration we have made for the joint development program together with IVECO for the new-cab. Per unit implications are huge. However, these are for the creation of the next generation business. If you are going to exist in this business, you have to do it. This deploys to several other OEMs operating in this market. IVECO was one of them and the joint development we are doing in this new cab program with them is we are sharing the engineering work together with them. And to the extent possible, we are looking for commonalities. We are looking for better sourcing options. I am not going to go into the details of the project, but all the macroeconomic backdrop we have counted so far, we are looking into it – for each and every vehicle line- we are creating the next generation and the future vehicle of it. The reason why I wanted to highlight Ford Motor Company and IVECO -when I said that this is a show of trust- Ford Motor Company is no longer involved in the heavy commercial business, they have been out. Their segments include the Model-E (electric vehicles), Blue (conventional ICE vehicles), Pro (where we operate) is the commercial vehicle line. So they are not in HCV, but when they declared the Ready.Set.Ford initiative they were talking about adventure, thrill, and looking into the brand portfolio, the brand DNA, Ford's thinking is that truck segment is very well blends in the Ford Pro section. So, overall, yes, you are right. The investment to be divided on the certain units would be large. But company made its internal calculations, discussions and came to the conclusion that for the overall portfolio view in the overall CV segment, this is the correct route to take. And, wherever possible we will be looking for the best partner, for the best cost option and best profitability. That project is going on, as full cycle Ford Trucks view, this is going in line with Ford Motor Company involvement. That will have an implication on the profitability, but afterwards it will come back with its benefits.

Due to our methodology, this is the most I can declare about this one.

For the Koç Finans acquisition, since we have just concluded our acquisition actions how we consolidate, and the effects moving into our consolidated financials from Koç Finans, they will be visible in the 3rd quarter. At this point in time, it will be too early to call out something regarding that Koç Finans financials. For, how they will support the synergies, in fact with the exclusivity, we have started seeing their benefits. I think Ünal can make one more comment on the covenant related question.

Ünal Arslan: Yes, thank you, Gül Hanım. You know, of course, there will be on a consolidated basis impact on the leverage levels. But you know, Koç Finans is a financial services business. So, their core function is financial intermediation through borrowing and lending activities. So as for Ford Otosan, as an industrial company, we do not consider its debt, cash, and EBITDA contribution to be relevant. directly for assessing for Ford Otosan's industrial leverage, let's say. Therefore, coaching finances, net financial debt, and EBITDA contribution will be excluded from the consolidated net debt over EBITDA calculation, even for, you know, official covenant purposes. In fact, we are currently in the process of finalizing the necessary amendments to the financing documentation with our lenders.

We paid around 130 million dollars for the Koç Finans acquisition, the impact of this cash out on Ford Otosan solo financials would be around 10 basis points. I can only say this one, the other one is not directly related with our industrial leverage.

Yasin Sarıhan: Thank you so much, Ünal Bey. I have one follow-up.

Gül Hanım, you mentioned that, I mean, your financial reporting doesn't involve segment basis, but can you at least provide us, like, within the truck segments.

Specifically, I mean, the EBITDA per vehicle is lower or higher than the group average, for example? Could you at least, I mean, clarify or say something regarding this EBITDA per vehicle?

Gül Ertuğ Gerişkovan: I can't give a number. But, when I say, the entrepreneurial business affected us more, I think I answered that question. Normally, the bigger the vehicle is the bigger the profitability, that's the normal setting. But within this macroeconomic backdrop, I think this year, we have seen this a little bit worse, and it reflected itself in our financials. That's the most I am allowed to say.

Bahar Efeoğlu Ağar: There are no further audio questions. Let me continue with the written questions.

First written question comes from Murat Unur, Liberty.

"There are reports about power shortages in Romania impacting the economy. It seems like Ford has shut down production until August 19 if the reports I see are correct. Can you provide the details around this and how it will impact production and the financials."

The second question from Murat Unur is,

"Does the new investment in the truck business or the acquisition of Koc Finansman impact your borrowing plans? Are you considering a new Eurobond issuance?"

Gül Ertuğ Gerişkovan: Thank you, Murat Bey.

Let's start with the first news. I am afraid that's wrong news. We have also been notified through the press and maybe some investor calls, but that information provided is wrong.

In between 1-19 August, Craiova Plant is having its planned shutdown, which was announced in KAP platform much much earlier. It is our normal period. In fact, currently in Türkiye, we are in the shutdown period. We are like together with Ünal, kind of like on duty, also in Craiova this is the time when the plant engages with its maintenance operations. So, that news is not correct. However, when we saw the news, we checked what is the reason we are hearing this news. We learnt that there is a water level issue in the Danube River, in the region called Sernavoda city which is close to Black Sea area which is far away from Craiova. There is a nuclear plant, and to protect that plant's operations they wanted to divert the river, the water flow of the river, as a kind of a precautionary act. However, number one, this has nothing to do with plant closure; number two, once the shutdown period is over and our plant comes back to its operations, the way our plant uses electricity is not through that river, we are not in that zone. Most probably, we think that Romanian authorities made a misstatement in their declaration and now they are trying to correct that declaration. That's the information available to us. So, no worries please.

Your second question, for Eurobond issuance, I will give my standard answer. As now we have the Eurobond as a very good funding source and a very good diversification, when needs arise we will get back to the Eurobond market. But, for the time being, we don't have a very definitive call out there. Only I can say that, if necessary, we can do that. But you obviously see, since we already finalized the acquisition, the funding for acquisition is secured. I think this answers your question.

Bahar Efeoğlu Ağar: Thank you Gül Hanım.

Next three questions are from Cenk Orcan from, HSBC Invest.

"Your revenue & EBITDA guidance point to a recovery in 2H. 3Q started weak in terms of July domestic vehicle demand (ODMD data), and August is a break period. Your outlook rests on recovery from September onwards?"

"Do you have an update on the "Made in EU" proposal?"

"Is it fair to say Romania's performance has not deteriorated as much as Turkish operations so far this year in terms of revenue growth and operation margins, therefore its contribution to consolidated figures has improved vs last year?"

Gül Ertuğ Gerişkovan: Thank you Cenk Bey.

Let's start with your first question regarding the recovery in H2. You are right, that's what we are intending. We are taking certain precautions in our domestic market, touching the mix of the vehicle; retail fleet mix, the overall derivative mix, good utilization of Koç Finans so that the entire value chain benefits plus enhanced cost reduction actions. We have certain plans to improve the financials. While we were planning the year, we were expecting some ease on the interest rates, inflation, however we couldn't see those. We tried to explain that some of this weaker performance comes from these factors. We still hope that there is a tendency to have the improvement on those fronts. Think that this middle east conflict and brent oil related inflationary pressures are already in the numbers. Moving from this point onwards there should be easing coming out of them.

Of course you could argue, Mr. Trump is saying something one day, then it's changing. We are in peace, then we are not in peace. Hormuz is open. Hormuz is closed, but we think, with a further projection. Just keeping this lingering any longer is not going to support anybody, neither financially, economically, nor politically. That's why our projections; our bet is for normalization, and with the actions, with the conscious choices we make at our end, we are expecting improvement in the overall performance.

This will, as I explained in the guideline, this will mean on some fronts lower volume but better profitability with this management. So, we are on track for that. We are targeting to deliver that.

We believe we will be able to make it. Maybe the last thing to underline, I had said this in my talk, but we also looked into the sales mix of the derivatives in both export markets and Turkey markets to best answer the demand. We made some vendor related capacity mix arrangements, and we hope to see the good results of those actions also coming in. Of course, what I say is, our projection is based on this. If we see further deterioration regarding the Hormuz issue, the middle east conflict or any other unknown criteria, there could be a downside risk to this also, but we are not planning for that, we are putting our projections are based on this one, which I believe is the plausible one.

Your other question was about the “Made in EU” proposal, you said, do you have an update on that one. In fact, our position as company and through our lobbying activities to both Turkey government authorities and also European consulates, NGOs, ACEA, several other areas; through Turkey Uludağ İhracatçılar Birliği we are approaching this matter with a logic that a win-win case for everybody will be settling on a “Made with EU” concept. And we are happy that our attitude and our partner Ford Motor Company – they are also very active on this topic on their end- we see that the markings we have done on the draft, the approach we provided is gaining traction. It is not done yet. We know that the draft will be kept on updating till the end of this year, December 2026. But by that time, our target is to explain the value we create in Turkey, not just automotive sector, but everything. Because, even if we are not an EU member the Customs Union Agreement gets the benefit from that settlement. In order not to make that agreement fall into void, we believe this will be understood and the “Made with EU” concept now I believe turning into a not only Ford Otosan position but a Turkey position. The ministry of trade, several other associations have been actively engaged in this, it is an active agenda item on our president, Mr. Erdoğan. So, I am hopeful that on that end common sense will prevail and settle down on the plausible view. As I said, we will keep on following the draft development and we will keep on actively acting on it by December 2026 period. That’s the update I can provide. And your last question was regarding Romania's performance.

For the case of Romania, even though we see some inflationary pressures in Romania, I would say that the Romania environment, when compared to the Turkey environment, it is a much more stable area, and also the business agreement with Ford, how we produce, how we sell, the volatility over there, the management of the business complexities over there when compared to Turkey, it is much better. That’s why the Romania movement has been more straightforward over there. As long as, we keep the volume in line with our plans, and we have the Ron/Euro relationship as projected, we wouldn’t have an issue. But maybe you followed, there are some developments also happening Romania, regarding their politics. Their prime minister lost the vote of confidence and there now also some Ron/Euro differences and heightened than what Romania Central Bank issues regarding the inflation, there could be further headwinds. But we are mindful of them we are tracking them carefully. Certainly, it is not as big a deal as Turkey conditions.

Bahar Efeoğlu Ağar: Thank you Gül Hanım.

Next 2 written questions come from Zeynep Erman, Ata Invest.

“The company's operating margins have remained under pressure in 2025 and 1H26 due to an unfavourable FX environment and increasing competition. Do you believe the current competitive environment in the Turkish market has reached its peak, or should we expect pricing pressure to continue in 2027?”

“Now that the major investment cycle has largely been completed, are you evaluating any capacity expansions or new model allocations that could support medium-term growth?”

Gül Ertuğ Gerişkovan: Thank you Zeynep Hanım.

Seeing the demand conditions in Turkey, I think the pricing pressure will still continue in the rest of the 2027. Because on a softening demand we don't see an issue on availability, everybody will be fighting for that extra customer. I am not expecting the pricing pressures to ease easily. However, I am expecting, some of the macro conditions to improve, like I said, as the interest rates come down, inflation comes down, as we start to see that cycle, we can maybe move into a little bit more improved, more favourable area. My thinking is that the pricing pressure will still be there, we will be facing that and actively combatting it.
For the big investment cycle that we have done together with Ford Motor Company, in our product transformation to new energy vehicles- having the BEV version of all our portfolio- also the capacity supporting LCV, MCV the partner, yes, you are right, this has been largely completed. Currently, we do not have any other news to share. In the earlier part of the presentation, I have already mentioned about the Ford Trucks piece. We are doing a very important, big investment on the Ford Trucks. You can think that it is kind of consolidating the entire commercial vehicle portfolio.

We have been doing some significant growth together with Ford Motor Company, we have done the 1-ton, 2-ton, electrification; we have done the Craiova acquisition, we have put the next generation Courier over there and their cycle plan related investments in the pipeline. Ford doesn't exist in the truck segment, but we exist there. With a commercial vehicle perspective, in fact HCV is an important element of the portfolio. We are doing a significant investment over there; we do not have any new investment to share at this point in time.

Bahar Efeoğlu Ağar: Thank you Gül Hanım.

Next question comes from Maria Kolesnikova from Millennium Capital Partners.

"Could you please walk me through the logic of improving H2 revenue growth (i.e. sequentially lower revenue decline in H2 vs H1) to make up your new revenue guidance? What are the factors helping it?"

Gül Ertuğ Gerişkovan: Did you mean profitability growth or revenue growth? Because, I think we said in the guideline that for the revenue in fact we expect a decline. We didn't say revenue is going to grow. We said the decline comes from two factors. In the domestic market, we will deliberately reduce the volume, so it will have an impact in the declining manner, contributing from the domestic side. For the export, as these projections, Euro/TL, how the economy management treats the FX control and what it translates we think that that will be working in this manner.

But maybe I misunderstand the question. So, team, if Bahar or Ünal wants to contribute please do so.

Ünal Arslan: Maybe, I can try to answer as I understand if it's correct, Maria may, confirm. What I understand is, compared to 1st half this year, our second half revenue projection assumes in the second half we will have a higher growth. I mean higher revenue compared to previous year. Second half revenue decline, it is still in the guidance a decline but will be lower than 1st half decline. So, the basis of this,now, what we can say is, you know, as I tried to explain 84% of our revenue is coming from export business. Although in the first half of this year, the Euro/TL appreciation was only 5%, there will be an appreciation. The assumption is that. We don't know how much it will. Normally, in line with the inflation, we expect a Euro appreciation. So, if this happens, that will be a driver of the revenue growth. But on top of that, normally looking at just the Turkish domestic market even, in the European markets as well, the second half of the year, especially November and December period is the campaign period and high sales months. This is the second reason I can say that will improve our revenue compared to 1st half of this year. That's what I can say. Maybe Gül Hanım or Bahar Hanım, you may add if there are other items.

Bahar Efeoğlu Ağar: Thank you, Ünal Bey.

Let me continue with the last question.

"I'm sorry to say I still don't understand what happened on the profitability front. Was the profitability decline entirely from the entrepreneurial business? If it was from the contractual business too, how come? Appreciate if you could simplify the explanation for someone not very familiar with your business."

Gül Ertuğ Gerişkovan: I think I had my best bet to explain that, but I understand it wasn't very clear enough. So, I'm thinking how we can do more on that. And since we are not making a segment reveal, it is hard.

So, I will defer this to the team. So, if you have a better way of, maybe a simpler way of putting it out there, other than the earlier explanation I provided, please go ahead.

Ünal Arslan: Maybe, Gül Hanım, if you allow very shortly, I can try to address, but as you said we can't be in a very detailed position for that we tried to explain.

First, the profitability decline is not entirely from the entrepreneurial business. Of course, we tried to explain the pressure on the entrepreneurial business, which we mean Turkish domestic market business sales, both from Ford Trucks and other sales, and Ford Trucks export business, that's the entrepreneurial side. There are pressures there in terms of profitability. And that's why we are targeting to improve our profitability by balancing with the volume within the rest of the year, second half of the year. So that's one part, but not entirely.

The other part, in fact, I can say at least as much as that important part is the contractual business. I think the question addresses contractual business rather than contracting. Our contractual business, as we always say is very prudent. That's cost plus markup. However, the profitability, the transfer pricing, all are in Euro terms. So that's why I tried to explain the Euro/Turkish Lira movements versus inflation movement is really important. Inflation part is not because of the cost plus; we of course include the inflation impact on our costs to our transfer price to our transfer price through cost plus mechanism. However, comparison of the financials, as I tried to explain, is done over indexation. What I mean is previous year's financials are indexed with inflation, but export business creates profit through Euro where inflation indexation is, just to remind, 1.32. It was 32%, first half of previous year to first half of this year, 32%. So, we index everything from last year's first half with 1.32. But as you can imagine our export revenues and but, as you can imagine, our export revenues and export profits are converted to Turkish Lira with the euro movement, and euro moved only, I think it was 17%, I'll just check, but it's very, very lower than, inflation movement, it was 14%. So that creates a lower revenue and profit in terms of Turkish Liras from export business.

The second part, again very shortly is, the healthy position for us in terms of export profitability is a linear increase in the Euro vs Turkish Lira. Because this is not the only profit part, the transfer pricing overall is invoiced in Euro terms and Euro/TL appreciation creates a FX income for us. If it is the other way around, this creates a pressure and an adverse impact on our financials. I hope it's a little bit clearer. If you have further questions you can get in touch with the IR team. Thank you.

Bahar Efeoğlu Ağar: Thank you.

As there are no further questions, I would like to turn the call over to our CFO, Gül Hanım, for her closing remarks. Gül Hanım, the floor is yours.

Gül Ertuğ Gerişkovan: Thank you very much, Bahar. Thanks to the team and thanks to all our investor community for your continued interest in our company.

I hope our explanations and the files we provided to you have been helpful. If there has been any other thing for some reason, we couldn't explain well, we will be at your service on our emails to support you. So, thanks very much. And until next time, take good care of yourself. Good evening. Bye bye.