

Highlights

Financial Results (mn TL)	1Q21	YoY Δ
Revenues	16.254	74%
Export Revenues	12.537	67%
Domestic Revenues	3.718	100%
Operating Profit	1.721	117%
EBITDA	1.973	95%
EBITDA excluding other income/expense	1.812	102%
Profit Before Tax	1.817	197%
Net Income	1.819	189%

Volumes (units)	1Q21	YoY Δ
Total Wholesale	106.689	31%
Export	85.519	29%
Domestic Wholesale	21.170	41%
Domestic Retail	21.773	60%
Market Share	10,6%	-0.1 pps

Production (units)	103.373	29%
Capacity Utilization Rate	91%	+20 pps

In 1Q21, total CUR was 91%, reaching 105% and 80% in the Gölcük and Eskişehir Plants respectively.

Summary Income Statement, Million TL	1Q21	1Q20	YoY Δ
Revenues	16.254	9.367	74%
Export	12.537	7.504	67%
Domestic	3.718	1.862	100%
Gross Profit	2.068	1.072	93%
Operating Profit	1.721	794	117%
Financial Income/(Expense)	94	-183	N/M
Profit Before Tax	1.817	612	197%
Net Income	1.819	629	189%
Other Financial Data			
Depreciation and Amortization	252	219	15%
EBITDA	1.973	1.012	95%
EBITDA excluding other income/expense	1.812	896	102%
Capital Expenditures	-336	-156	115%

1Q21 financial results published in this earnings announcement have been prepared according to the International Financial Reporting Standards (IFRS).

Revenues

Turkish vehicle sales grew 61% YoY in 1Q21 to 205,176 units supported by the low base year, pull forward demand (price increase expectations in the upcoming period, ongoing campaigns and vehicle availability concerns) and home delivery trends. Sales grew across all segments YoY: PC 57%, LCV 90%, MCV 47% and Heavy Trucks 150%. PC industry share was 76.3% (1Q20: 78.4%). LCV industry share grew to 12.4% (1Q20: 10.5%). Ford Otosan maintained its CV leadership with 34.8% market share in commercial vehicles while ranking #2 in the total industry with 10.6% share (1Q20: 10.7%).

Commercial vehicle sales in Europe recovered post-peak pandemic and recorded strong growth in 1Q21. Registrations increased 27%, supported by home delivery business and the low base year. Ford continued to be No.1 CV brand across Europe with 15.9% market share in Q1, up 0.9 pps YoY and 1.3 pps YtD. Ford's CV sales grew 33% YoY. Transit Custom was the best-selling Ford vehicle across Europe. 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 Q1.

Domestic Revenues were TL 3,718 million in 1Q21, doubling YoY with 41% YoY growth in volumes, positive sales mix and ongoing pricing discipline. Export Revenues were TL 12,537 million in 1Q21, up 67% YoY due to 29% growth in volumes, exchange impact (average EUR/TRY up 32% YoY) and sales mix. Total Revenues increased 74% YoY to TL 16,254 million and volumes were up 31% YoY. Share of exports in total revenues was 77% in 1Q21 (1Q20: 80%).

Profitability

Profitability was very strong in 1Q21 due to i) strong export performance driving high CUR, ii) robust domestic volumes, iii) pricing discipline, iv) ongoing cost reduction measures and OpEx control and v) exchange impact (average EUR/TRY up 32% in 1Q21 YoY).

Gross Profit rose 93% YoY to TL 2,068 million supported by higher share of domestic sales (up from 20% in 1Q20 to 23% in 1Q21), ongoing focus on cost reduction and pricing discipline. Despite the 90% YoY rise in Net Financial Expenses, Net Other Income grew 39% YoY to TL 161 million in 1Q21, supported by the 59% increase in Net FX Gain from Operating Activities (resulting from strong exports and currency impact). As a result, Operating Profit increased 117% YoY in 1Q21 to TL 1,721 million. Operating Profit excluding currency impact grew 130% YoY to TL 1,559 million. EBITDA grew 95% YoY to TL 1,973 million while EBITDA excluding the currency impact was up 102% YoY to TL 1,812 million. EBITDA per vehicle was EUR 1,908. PBT per vehicle was EUR 1,914, marking a historical high.

TL 183 million Net Financial Expenses in 1Q20 became TL 94 million Net Other Income in 1Q21, mainly driven by the 839% YoY growth in Net Interest Income (strong cash position and rising interest rates) in addition to the 30% YoY decline in Net FX Loss. As a result, Profit Before Tax increased 197% YoY to TL 1,817 million. Net Income was TL 1,819 million, up 189% YoY and higher than PBT due to Tax Income Resulting from Deferred Tax Asset.

Margins: Gross 12.7% (+1.3 pps YoY); EBITDA 12.1% (+1.3 pps YoY); EBITDA excluding other income 11.1% (+1.6 pps YoY); Operating 10.6% (+2.1 pps YoY); and Net 11.2% (+4.5 pps YoY).

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

Per Vehicle (EUR)	1Q21	1Q20	1Q19
EBITDA	1.908	1.633	1.285
PBT	1.914	1.115	784

Sales Performance

Ranking #2 in the total industry in 1Q21 with 10.6% share, maintained leadership in total CV with 34.8% share.

Sales Volume by Model, units	1Q21	1Q20	YoY Δ
Domestic Sales	21.170	14.968	41%
Passenger Car	4.715	3.538	33%
Courier	7.971	4.774	67%
Connect	181	144	26%
Light Commercial Vehicle	8.152	4.918	66%
Transit	5.406	4.650	16%
Custom	952	1.158	-18%
Ranger	98	95	3%
Medium Commercial Vehicle	6.456	5.903	9%
Truck	1.847	609	203%
Export Sales	85.519	66.540	29%
Custom	50.416	37.456	35%
Transit	28.564	21.515	33%
Courier	5.661	7.175	-21%
Truck	860	393	119%
Other	18	1	1700%
Total Wholesale Volume	106.689	81.508	31%
Total Turkish Automotive Industry Sales	205.176	127.137	61%
Ford Otosan Retail Sales	21.773	13.625	60%
Ford Otosan Market Share	10,6%	10,7%	-0.1 pps

Balance Sheet and Cash Flow

Summary Balance Sheet, Million TL	31.3.2021	31.12.2020	YoY Δ
Current Assets*	19.459	17.605	11%
Current Liabilities	15.049	12.481	21%
Property, Plant and Equipment - Net	4.375	4.403	-1%
Total Assets	26.446	24.349	9%
Total Liabilities	20.398	17.305	18%
Shareholders' Equity*	6.048	7.044	-14%

* Due to doubtful receivable provision regarding past periods, the 2021 Beginning Balances of Trade Receivables and Shareholders' Equity have been restated as detailed in Note 2.5 of the Financial Statements.

Financial Ratios	31.3.2021	31.12.2020
Current Ratio	1,29	1,41
Liquidity Ratio	1,00	1,13
Net Debt / Tangible Equity	0,36	-0,01
Net Debt / EBITDA	0,27	-0,01
Current Assets / Total Assets	0,74	0,72
Current Liabilities / Total Liabilities	0,74	0,72
Total Liabilities/Total Liabilities & Equity	0,77	0,71
Return on Equity	120,3%	59,6%

Summary Cash Flow Statement, Million TL	31.3.2021	31.3.2020	YoY Δ
Beginning Balance of Cash & Equivalents	8.074	3.200	152%
Net Cash from Operating Activities	1.338	702	91%
Net Cash Used in Investing Activities	-327	-153	114%
Net Cash Used in Financing Activities	107	-78	-239%
End of Period Balance of Cash&Equivalents	9.192	3.672	150%

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)	€450 -500 million

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