

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	18.409	19%
Export Revenues	16.056	33%
Domestic Revenues	2.353	-30%
Operating Profit	1.215	7%
EBITDA	1.576	12%
Profit Before Tax	878	-7%
Net Income	888	-3%
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>
Total Wholesale Volume	188.451	-9%
Export Volume	168.148	2%
Domestic Wholesale Volume	20.303	-51%
Domestic Retail Volume	20.485	-50%
Market Share	10,3%	-1.0 pps
Production	186.667	-6%
Capacity Utilization Rate	82%	-8.0 pps due to Transit facelift transition

Summary Income Statement, Million TL	30.06.2019	30.06.2018	% Change
Revenues	18.409	15.472	19%
Export	16.056	12.099	33%
Domestic	2.353	3.374	-30%
Gross Profit	1.915	1.679	14%
Operating Profit	1.215	1.139	7%
Financial Income/(Expense)	-336	-196	71%
Profit Before Tax	878	940	-7%
Net Income	888	919	-3%
Other Financial Data			
Depreciation and Amortization	361	270	34%
EBITDA	1.576	1.408	12%
Capital Expenditures	-549	-424	29%

Revenues

Turkish auto industry contracted 45% YoY in 1H19 to 198,883 units. Sales declined across all segments YoY: PC -43%, LCV -50%, MCV -50% and Heavy Trucks -59%. PC industry share was 78.6%, up from 76.1% a year ago. LCV industry share was 9.8%, down from 10.7%. Ford Otosan was #3 in the total industry with 10.3% market share and 20,485 unit retail sales, reinforcing its CV leadership with 36% share.

Ford Otosan's domestic revenues came in at TL 2,353 million. The YoY decline in domestic revenues was limited to 30%, despite 51% domestic volume decline, with focus on high margin products and pricing discipline.

Export revenues rose 33% YoY to TL 16,056 million with market growth, ongoing strong demand for our products and currency impact. Export volumes grew 2% YoY to 168,148 units. Share of exports in total revenues rose to 87% from 78% a year ago. Ford Transit was facelifted in Q2 and the transition slowed down export volumes in May and June. The export volumes will be normalized in the remainder of the year with no downside risk to our export guidance.

Total revenues were up 19% YoY to TL 18,409 million, driven by the robust export business.

Profitability

Profitability was solid in 1H despite considerable cost pressure [resulting from weaker €/TL (+28% YoY) and high inflation], contracting domestic volumes and lower profitability in the domestic market. Drivers were:

- + Rising export demand
- + Cost reduction actions and strong OpEx control
- + Sales mix and pricing discipline

Revenues (TL 18,409 million), cost of sales (TL 16,494 million) and gross profit (TL 1,915 million) were up 19%, 20% and 14%, YoY respectively. Net other income declined 85% YoY due to 261% increase in net financial expenses from operating activities. As a result, operating profit reached TL 1,215 million, up by a mere 7% YoY. OpEx/Sales was flat YoY at 3.8%. EBITDA grew 12% YoY to TL 1,576 million. Net financial expenses were 71% more YoY driven by 73% rise in net fx losses, mainly explained by prior period fx losses from cash flow hedge reserve. As a result, profit before tax declined 7% YoY to TL 878 million. Net income was down 3% to TL 888 million.

Margins: Gross 10.4% (-45 bps YoY); EBITDA 8.6% (-54 bps YoY); EBITDA excluding other income 8.5% (-24 bps YoY); Operating 6.6% (-76 bps YoY); and Net 4.8% (-111 bps YoY).

Sales Volume by Model, units	30.06.2019	30.06.2018	% Change
Domestic Sales	20.303	41.196	-51%
Passenger Car	4.599	11.565	-60%
Transit Courier	6.841	13.389	-49%
Transit Connect	137	512	-73%
Light Commercial Vehicle	6.978	13.901	-50%
Transit	5.505	9.484	-42%
Transit Custom	1.833	3.204	-43%
Ranger	275	671	-59%
Medium Commercial Vehicle	7.613	13.359	-43%
Truck	1.113	2.371	-53%
Export Sales	168.148	165.166	2%
Transit Custom	86.096	84.097	2%
Transit	59.619	61.176	-3%
Transit Courier	21.259	18.999	12%
Truck	1.152	776	48%
Other	22	118	-81%
Total Wholesale Volume	188.451	206.362	-9%

Total Domestic Automotive Industry	198.883	362.406	-45%
Ford Otosan Retail Sales	20.485	40.942	-50%
Ford Otosan Market Share	10,3%	11,3%	-1.0 pps

Summary Balance Sheet, Million TL	30.06.2019	31.12.2018	% Change
Current Assets	9.122	7.395	23%
Current Liabilities	8.812	7.220	22%
Property, Plant and Equipment - Net	4.180	3.923	7%
Total Assets	15.240	13.184	16%
Total Liabilities	11.287	9.291	21%
Shareholders' Equity	3.953	3.893	2%

Financial Ratios	30.06.2019	31.12.2018
Current Ratio	1,04	1,02
Liquidity Ratio	0,67	0,64
Net Debt / Tangible Equity	1,27	1,01
Net Debt / EBITDA	1,32	1,08
Current Assets / Total Assets	0,60	0,56
Current Liabilities / Total Liabilities	0,78	0,78
Total Liabilities / Total Liabilities and Equity	0,74	0,70
Return on Equity	44,9%	43,2%
	30.06.2019	30.06.2018
Gross Margin	10,4%	10,8%
EBITDA Margin	8,6%	9,1%
EBITDA Margin excluding other income/expense	8,5%	8,8%
Operating Margin	6,6%	7,4%
Net Income Margin	4,8%	5,9%

Summary Cash Flow Statement, Million TL	30.06.2019	30.06.2018	% Change
Beginning Balance of Cash & Equivalents	1.391	1.803	-23%
Net Cash Generated from Operating Activities	991	832	19%
Net Cash Used in Investing Activities	-548	-392	40%
Net Cash Used in Financing Activities	82	-958	-109%
End of Period Balance of Cash & Equivalents	1.916	1.285	49%

2019 Guidance

Total Industry Volume	380 K - 430 K
Ford Otosan:	
Retail Sales Volume	40 K - 50 K
Export Volume	340 K - 350 K
Wholesale Volume	380 K - 400 K
Production Volume	375 K - 385 K
Capex (fixed assets)	€160 -180 million

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