

Highlights

Financial Results (mn TL)	9M23	YoY Δ	3Q23	YoY Δ
Revenues	225,961	104%	86,106	72%
Export Revenues ⁽¹⁾	163,637	86%	61,219	52%
Domestic Revenues	62,323	172%	24,887	149%
Operating Profit	29,061	155%	11,696	175%
EBITDA	31,145	146%	12,485	154%
EBITDA excluding other income/expense	26,416	121%	11,253	132%
Profit Before Tax	23,521	154%	11,059	206%
Net Income	25,094	143%	13,014	241%

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

Volumes (units)	9M23	YoY Δ	3Q23	YoY Δ
Total Wholesale	456,047	40%	143,254	2%
Export	366,231	35%	112,894	-6%
Domestic	89,816	66%	30,360	52%
Domestic Retail	86,023	58%	29,566	58%
Market Share	9.7%	-0.3 pps	9.5%	-1.3 pps

Production (units) ⁽²⁾	444,504	37%	134,390	1%
Capacity Utilization Rate	90%	+11 pps	81%	+7 pps

⁽²⁾ 141,330 units Puma production volumes are included in 9M23. Current generation Courier production ended in July 2023 in Yeniköy Plant

In 9M23, total CUR was 90%, reaching 81%, 104% and 100% in the Gölcük, Eskişehir and Craiova Plants respectively.

Summary Income Statement, Million TL	9M23	9M22	YoY Δ	3Q23	3Q22	YoY Δ
Revenues ⁽³⁾	225,961	110,857	104%	86,106	50,127	72%
Export	163,637	87,962	86%	61,219	40,144	52%
Domestic	62,323	22,895	172%	24,887	9,984	149%
Gross Profit	34,642	14,560	138%	14,697	5,687	158%
Operating Profit	29,061	11,416	155%	11,696	4,247	175%
Net Financial Income/(Expense)	-5,475	-2,136	156%	-573	-635	-10%
Profit Before Tax	23,521	9,271	154%	11,059	3,615	206%
Net Profit ⁽³⁾	25,094	10,322	143%	13,014	3,816	241%
Other Financial Data						
Depreciation and Amortization	2,085	1,251	67%	789	667	18%
EBITDA	31,145	12,667	146%	12,485	4,914	154%
EBITDA excluding other income/expense	26,416	11,973	121%	11,253	4,853	132%
Capital Expenditures	-15,843	-8,126	95%	-7,561	-2,781	172%

⁽³⁾ In 9M23, Ford Romania SRL contributed TL 49,230,871 thousand to Total Revenues and TL 12,959 thousand to Net Profit

9M23 financial results published in this earnings announcement have been prepared according to the Turkish Financial Reporting Standards (TFRS).

Revenues

Turkish automotive market has had a strong performance in 9M23. The market grew by 63% and reached to 889,956 units. Improvements in vehicle availability and purchasing vehicles seen as an investment instrument in an inflationary environment have been effective in this sales pick up. In 9M23, sales increased in all segments (YoY: PC 67%, LCV 62%, MCV 50% and Heavy Trucks 30%) and PC industry share increased to 74.9% (9M22: 73.2%) while LCV&MCV industry share decreased to 21.4% (9M22: 22.2%) in 9M23. Ford Otosan continued to maintain its CV leadership with a 29.7% market share, despite 1) the extended ramp-up period for the Courier and Custom models (the production of the current-gen Courier ended in July, and the new-gen Courier and Custom models will be available in the market in the 4th quarter), and 2) the supply chain challenges at the beginning of the year. As a result, Ford Otosan continued to be #3 in the total industry with 9.7% market share (9M22: 10.0%).

The UK van market grew by 20.8% YoY in 9M23 mainly due to the easiness in supply chain, growing fleet renewal and low base impact. Ford continued to be No.1 brand with our Custom and Transit models. As the largest commercial vehicle manufacturer of Ford in Europe, Ford Otosan has continued to support Ford's market position and profitability in the market. Besides, European passenger car market went up 17.4% YoY in this period and Ford Otosan has contributed to Ford's performance in PC segment with Puma, Ford's best selling car in Europe.

Domestic Revenues increased by 172% YoY and realized as TL 62,323 million in 9M23. 66% YoY increase in sales volumes and ongoing pricing discipline were the main drivers of this performance. Export Revenues reached to TL 163,637 million, up 86% YoY in this period due to 35% YoY volume growth primarily supported by the volumes from Craiova Plant and exchange impact (average EUR/TRY up 42% YoY). Total Revenues increased by 104% YoY to TL 225,961 million and volumes were up 40% YoY. Share of exports in total revenues was 72% in 9M23 (9M22: 79%).

Profitability

Ford Otosan has continued to achieve successful financial results in 9M23. The profitability remained strong as a result of i) strong domestic performance and increasing domestic share in total sales, ii) solid export volumes supported by Romania Plant's units, iii) ongoing pricing discipline, iv) cost reduction measures and OpEx control, v) exchange impact (average EUR/TRY up 42% in 9M23 YoY).

Gross Profit rose 138% YoY to TL 34,642 million supported by increasing share of domestic sales in total sales and strong YoY growth in domestic volumes, ongoing cost reduction actions and pricing discipline. Net Other Income grew by 581% YoY to TL 4,729 million in 9M23, driven by the 443% YoY increase in Net FX Gain from Operating Activities (resulting from the currency impact). In this period, increase in Net Financial Expenses (in other operating income/expenses) slowed down and rose by 32% in 9M23 due to the 98% contraction in 3Q. As a result, Operating Profit increased 155% YoY in 9M23 to TL 29,061 million. EBITDA grew 146% YoY to TL 31,145 million while EBITDA excluding the currency impact was up 121% YoY to TL 26,416 million. EBITDA per vehicle and PBT per vehicle were EUR 2,413 and EUR 2,149 in 9M23 respectively.

Net Financial Expenses reached to TL 5,475 million in 9M23 (in 9M22: TL 2,136 million). The main reasons behind 156% YoY increase in Net Financial Expenses: i) Despite 1.7 million Net Interest Income in 3Q, Net Interest Expenses realized as TL 745 million in 9M23 and ii) Net FX Loss went up 125% YoY and reached to TL 5,180 million (balanced with export business related part of Net FX Gain from Operating Activities as part of our cash flow hedge mechanism). As a result, Profit Before Tax increased 154% YoY to TL 23,521 million. Net Profit was TL 25,094 million, up 143% YoY and higher than PBT due to Tax Income Resulting from Deferred Tax Asset.

Margins: Gross 15.3% (+2.2 pps YoY); EBITDA 13.8% (+2.4 pps YoY); EBITDA excluding other income 11.7% (+0.9 pps YoY); Operating 12.9% (+2.6 pps YoY); and Net 11.1% (+1.8 pps YoY).

Margins	9M23	9M22	YoY Δ, pps	3Q23	3Q22	YoY Δ, pps
Gross Margin	15.3%	13.1%	2.2	17.1%	11.3%	5.8
EBITDA Margin	13.8%	11.4%	2.4	14.5%	9.8%	4.7
EBITDA Margin (excluding other income)	11.7%	10.8%	0.9	13.1%	9.7%	3.4
Operating Margin	12.9%	10.3%	2.6	13.6%	8.5%	5.1
Net Margin	11.1%	9.3%	1.8	15.1%	7.6%	7.5

Per Vehicle (EUR)	9M23	9M22	9M21	3Q23	3Q22	3Q21
EBITDA	2,413	2,184	1,997	2,690	1,917	2,026
PBT	2,149	1,691	1,836	2,644	1,428	1,893

Sales Performance

Ranking #3 in the total industry in 9M23 with 9.7% share, maintained leadership in total CV with 29.7% share.

Sales Volume by Model, units	9M23	9M22	YoY Δ	3Q23	3Q22	YoY Δ
Domestic Sales	89,816	54,268	66%	30,360	19,945	52%
Puma	3,905	1,055	270%	1,897	345	450%
Other	18,533	4,697	295%	5,999	1,678	258%
Passenger Car	22,438	5,752	290%	7,896	2,023	290%
Courier	36,388	24,271	50%	11,300	8,859	28%
Connect	438	241	82%	184	24	667%
Light Commercial Vehicle	36,826	24,512	50%	11,484	8,883	29%
Transit	16,928	13,963	21%	6,674	5,096	31%
Custom	4,434	3,708	20%	1,240	1,312	-5%
Ranger	829	524	58%	614	223	175%
Medium Commercial Vehicle	22,191	18,195	22%	8,528	6,631	29%
Truck	8,223	5,563	48%	2,452	2,302	7%
Rakun ⁽⁴⁾	138	246	-44%	0	106	N/M
Export Sales	366,231	270,998	35%	112,894	120,022	-6%
Custom	101,144	111,350	-9%	30,328	35,963	-16%
Transit	105,703	86,036	23%	34,118	27,014	26%
Courier	17,091	17,835	-4%	2,994	4,669	-36%
Truck	5,446	5,594	-3%	1,926	2,199	-12%
Puma	136,721	39,403	247%	43,437	39,403	10%
Other	126	10,780	N/M	91	10,774	N/M
Total Wholesale Volume	456,047	325,266	40%	143,254	139,967	2%

⁽⁴⁾ Rakun production ended in 3Q23

Total Turkish Automotive Industry Sales	889,956	545,652	63%	310,282	172,803	80%
Ford Otosan Retail Sales	86,023	54,320	58%	29,566	18,660	58%
Ford Otosan Market Share	9.7%	10.0%	-0.3 pps	9.5%	10.8%	-1.3 pps

Balance Sheet and Cash Flow

Summary Balance Sheet, Million TL	9/30/2023	12/31/2022	YoY Δ
Current Assets	96,935	55,125	76%
Current Liabilities	77,565	46,206	68%
Property, Plant and Equipment - Net	32,261	20,145	60%
Total Assets	163,199	96,052	70%
Total Liabilities	122,693	74,650	64%
Shareholders' Equity	40,507	21,402	89%

Financial Ratios	9/30/2023	12/31/2022
Current Ratio	1.25	1.19
Liquidity Ratio	0.83	0.81
Net Debt / EBITDA	0.83	1.32
Current Assets / Total Assets	0.59	0.57
Current Liabilities / Total Liabilities	0.63	0.62
Total Liabilities/Total Liabilities & Equity	0.75	0.78
Return on Equity	82.6%	87.0%

Summary Cash Flow Statement, Million TL	9/30/2023	9/30/2022	YoY Δ
Beginning Balance of Cash & Equivalents	10,110	14,106	-28%
Net Cash from Operating Activities	33,887	7,914	328%
Net Cash Used in Investing Activities	-15,830	-14,933	6%
Net Cash Used in Financing Activities	2,527	-28	N/M
End of Period Balance of Cash&Equivalents	30,468	7,249	320%



2023 Guidance

	2022A	1st Guidance for 2023	2nd Guidance for 2023	Last Guidance for 2023 ⁽⁵⁾
Total Industry Volume	822 K	800 K- 850 K	1,000 K- 1,100 K	1,100 K- 1,200 K
Ford Otosan:				
Retail Sales Volume	85 K	90 K- 100 K	110 K- 120 K	110 K- 120 K
Export Volume	391 K	550 K - 570 K	550 K - 570 K	530 K - 550 K
Turkey	298 K	355 K- 365 K	355 K- 365 K	335 K- 345 K
Romania	93 K	195 K - 205 K	195 K - 205 K	195 K - 205 K
Wholesale Volume	476 K	640 K - 670 K	660 K - 690 K	640 K - 670 K
Total Production Volume	466 K	630 K - 660 K	630 K - 660 K	610 K - 640 K
Turkey	374 K	430 K- 450 K	430 K- 450 K	410 K- 430 K
Romania	92 K	200 K- 210 K	200 K- 210 K	200 K- 210 K
Capex (fixed assets)	€ 818 mn	€ 1,000-1,050 mn	€ 1,000-1,050 mn	€ 900-950 mn
General Investments	€ 52 mn	€ 90-100 mn	€ 90-100 mn	€ 90-100 mn
Product Related Investments	€ 766 mn	€ 910-950 mn	€ 910-950 mn	€ 810-850 mn

⁽⁵⁾ Total industry volume guidance is updated as a result of the strong demand outlook in the domestic market for the full year.
Export and production volumes are reduced due to the longer than expected ramp-up period for the next-gen Courier and Custom models.
CAPEX guidance is slightly decreased due to the budget calendar shifts for the new projects.

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