

Highlights

Financial Results (mn TL)	1H23	YoY Δ	2Q23	YoY Δ
Revenues	139,855	130%	73,553	124%
Export Revenues ⁽¹⁾	102,419	114%	51,640	104%
Domestic Revenues	37,437	190%	21,913	192%
Operating Profit	17,365	142%	11,201	177%
EBITDA	18,660	141%	11,862	174%
EBITDA excluding other income/expense	15,164	113%	8,449	104%
Profit Before Tax	12,461	120%	7,302	117%
Net Income	12,080	86%	6,727	82%

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

Volumes (units)	1H23	YoY Δ	2Q23	YoY Δ
Total Wholesale	312,793	69%	154,753	65%
Export	253,337	68%	121,959	64%
Domestic	59,456	73%	32,794	70%
Domestic Retail	56,457	58%	30,661	55%
Market Share	9.8%	0.2 pps	9.2%	0.0 pps

Production (units) ⁽²⁾	310,113	62%	147,752	60%
Capacity Utilization Rate	94%	+13 pps	89%	+11 pps

⁽²⁾ 96,928 units Puma production volumes are included in 1H23.

In 1H23, total CUR was 94%, reaching 82%, 134%, 111% and 103% in the Gölcük, Yeniköy, Eskişehir and Craiova Plants respectively.

Summary Income Statement, Million TL	1H23	1H22	YoY Δ	2Q23	2Q22	YoY Δ
Revenues ⁽³⁾	139,855	60,730	130%	73,553	32,854	124%
Export	102,419	47,818	114%	51,640	25,350	104%
Domestic	37,437	12,912	190%	21,913	7,504	192%
Gross Profit	19,945	8,872	125%	11,455	5,153	122%
Operating Profit	17,365	7,169	142%	11,201	4,046	177%
Net Financial Income/(Expense)	-4,902	-1,501	227%	-3,900	-676	477%
Profit Before Tax	12,461	5,656	120%	7,302	3,371	117%
Net Profit ⁽³⁾	12,080	6,506	86%	6,727	3,704	82%
Other Financial Data						
Depreciation and Amortization	1,296	584	122%	661	290	128%
EBITDA	18,660	7,753	141%	11,862	4,336	174%
EBITDA excluding other income/expense	15,164	7,120	113%	8,449	4,149	104%
Capital Expenditures	-8,282	-5,345	55%	-4,735	-3,085	53%

⁽³⁾ In 1H23, Ford Romania SRL contributed TL 30,199,461 thousand to Total Revenues and TL 12,488 thousand to Net Profit

1H23 financial results published in this earnings announcement have been prepared according to the Turkish Financial Reporting Standards (TFRS).

Revenues

Turkish automotive market has experienced robust performance with 55% YoY growth in 1H23 and it reached to 578,674 units mainly driven by 1) strong demand for vehicles which seems as an investment instrument in the inflationary environment, 2) improvement in the vehicle availability as a result of easiness in the semiconductor supply, 3) the low base impact. In 1H23, sales increased in all segments (YoY: PC 55%, LCV 76%, MCV 32% and Heavy Trucks 49%). PC industry share remained flat at 74.4% (1H22: 74.6%) and LCV industry share rose to 14.3% (1H22: 12.6%). Ford Otosan maintained its CV leadership with 29.3% market share (1H22: 32.4%) in commercial vehicles although our sales in MCV segment were impacted from ongoing supply constraints. Ford Otosan continued to be #3 in the total industry with 9.8% market share (1H22: 9.6%).

European van market grew by 12.7% YoY in 1H23 mainly due to the easiness in supply chain and low base impact. As Ford Otosan is the largest commercial vehicle manufacturer of Ford in Europe, we lead the production for CV across the region for Ford Pro, supporting the growth and leadership of the market. Besides, European passenger car market went up 18% YoY in 1H23 and Ford Otosan has contributed to Ford's performance in this segment with the production of Puma, Ford's best selling car in Europe.

Domestic Revenues increased by 190% YoY and realized as TL 37,437 million in 1H23. 73% YoY increase in sales volumes and ongoing pricing discipline were the main drivers of this performance. Export Revenues reached to TL 102,419 million, up 114% YoY in this period due to 68% YoY volume growth primarily supported by the volumes from Craiova Plant and exchange impact (average EUR/TRY up 32% YoY). Total Revenues increased by 130% YoY to TL 139,855 million and volumes were up 69% YoY. Share of exports in total revenues was 73% in 1H23 (1H22: 79%).

Profitability

Ford Otosan achieved successful financial results in 1H23. The profitability was strong as a result of i) strong domestic performance, ii) solid export volumes despite supply chain challenges, iii) ongoing pricing discipline, iv) cost reduction measures and OpEx control, v) exchange impact (average EUR/TRY up 32% in 1H23 YoY).

Gross Profit rose 125% YoY to TL 19,945 million supported by strong YoY growth in domestic volumes, ongoing cost reduction actions and pricing discipline. Despite 106% YoY rise in Net Financial Expenses (in other operating income/expenses), Net Other Income grew by 452% YoY to TL 3,497 million in 1H23, driven by the 382% YoY increase in Net FX Gain from Operating Activities (resulting from higher export volumes and currency impact). As a result, Operating Profit increased 142% YoY in 1H23 to TL 17,365 million. EBITDA grew 141% YoY to TL 18,660 million while EBITDA excluding the currency impact was up 113% YoY to TL 15,164 million. EBITDA per vehicle and PBT per vehicle were EUR 2,265 and EUR 1,861 in 1H23 respectively.

Net Financial Expenses reached to TL 4,902 million in 1H23 (in 1H22: TL 1,501 million). The main reasons behind 227% YoY increase in Net Financial Expenses: i) TL 74 million Net Interest Income in 1H22 turned to TL 747 million Net Interest Expenses and ii) Net FX Loss went up 153% YoY and reached to TL 4,347 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 120% YoY to TL 12,461 million and Net Profit was TL 12,080 million, up 86% YoY.

Margins: Gross 14.3% (-0.3 pps YoY); EBITDA 13.3% (+0.5 pps YoY); EBITDA excluding other income 10.8% (-0.9 pps YoY); Operating 12.4% (+0.6 pps YoY); and Net 8.6% (-2.1 pps YoY).

Margins	1H23	1H22	YoY Δ, pps	2Q23	2Q22	YoY Δ, pps
Gross Margin	14.3%	14.6%	(0.3)	15.6%	15.7%	(0.1)
EBITDA Margin	13.3%	12.8%	0.5	16.1%	13.2%	2.9
EBITDA Margin (excluding other income)	10.8%	11.7%	(0.9)	11.5%	12.6%	(1.1)
Operating Margin	12.4%	11.8%	0.6	15.2%	12.3%	2.9
Net Margin	8.6%	10.7%	(2.1)	9.1%	11.3%	(2.1)

Per Vehicle (EUR)	1H23	1H22	1H21	2Q23	2Q22	2Q21
EBITDA	2,265	2,367	1,969	2,421	2,628	2,169
PBT	1,861	1,880	1,791	2,093	2,135	1,681



Sales Performance

Ranking #3 in the total industry in 1H23 with 9.8% share, maintained leadership in total CV with 29.3% share.

Sales Volume by Model, units	1H23	1H22	YoY Δ	2Q23	2Q22	YoY Δ
Domestic Sales	59,456	34,323	73%	32,794	19,244	70%
Puma	2,008	681	195%	1,281	249	414%
Other	12,534	3,048	311%	8,281	1,464	466%
Passenger Car	14,542	3,729	290%	9,562	1,713	458%
Courier	25,088	15,412	63%	12,273	8,974	37%
Connect	254	217	17%	90	133	-32%
Light Commercial Vehicle	25,342	15,629	62%	12,363	9,107	36%
Transit	10,254	8,867	16%	5,769	5,238	10%
Custom	3,194	2,396	33%	1,992	1,359	47%
Ranger	215	301	-29%	114	195	-42%
Medium Commercial Vehicle	13,663	11,564	18%	7,875	6,792	16%
Truck	5,771	3,261	77%	2,983	1,521	96%
Rakun	138	140	-1%	11	111	-90%
Export Sales	253,337	150,976	68%	121,959	74,529	64%
Custom	70,816	75,387	-6%	30,937	37,279	-17%
Transit	71,585	59,022	21%	35,129	30,739	14%
Courier	14,097	13,166	7%	6,107	5,081	20%
Truck	3,520	3,395	4%	1,489	1,424	5%
Puma	93,284	-	-	48,279	-	-
Other	35	6	N/M	18	6	N/M
Total Wholesale Volume	312,793	185,299	69%	154,753	93,773	65%
Total Turkish Automotive Industry Sales	578,674	373,072	55%	332,174	214,287	55%
Ford Otosan Retail Sales	56,457	35,660	58%	30,661	19,797	55%
Ford Otosan Market Share	9.8%	9.6%	0.2 pps	9.2%	9.2%	0.0 pps

Balance Sheet and Cash Flow

Summary Balance Sheet, Million TL	6/30/2023	12/31/2022	YoY Δ
Current Assets	82,692	55,125	50%
Current Liabilities	70,335	46,206	52%
Property, Plant and Equipment - Net	26,508	20,145	32%
Total Assets	139,528	96,052	45%
Total Liabilities	112,237	74,650	50%
Shareholders' Equity	27,291	21,402	28%

Financial Ratios	6/30/2023	12/31/2022
Current Ratio	1.18	1.19
Liquidity Ratio	0.84	0.81
Net Debt / EBITDA	1.09	1.32
Current Assets / Total Assets	0.59	0.57
Current Liabilities / Total Liabilities	0.63	0.62
Total Liabilities/Total Liabilities & Equity	0.80	0.78
Return on Equity	88.5%	86.9%

Summary Cash Flow Statement, Million TL	6/30/2023	6/30/2022	YoY Δ
Beginning Balance of Cash & Equivalents	10,110	14,106	-28%
Net Cash from Operating Activities	22,463	7,163	214%
Net Cash Used in Investing Activities	-8,271	-12,456	-34%
Net Cash Used in Financing Activities	1,796	4,721	-62%
End of Period Balance of Cash&Equivalents	25,890	13,535	91%



2023 Guidance

	2022A	2023 Old Guidance	2023 New Guidance ⁽⁴⁾
Total Industry Volume	822 K	800 K- 850 K	1,000 K- 1,100 K
Ford Otosan:			
Retail Sales Volume	85 K	90 K- 100 K	110 K- 120 K
Export Volume	391 K	550 K - 570 K	550 K - 570 K
Turkey	298 K	355 K- 365 K	355 K- 365 K
Romania	93 K	195 K - 205 K	195 K - 205 K
Wholesale Volume	476 K	640 K - 670 K	660 K - 690 K
Total Production Volume	466 K	630 K - 660 K	630 K - 660 K
Turkey	374 K	430 K- 450 K	430 K- 450 K
Romania	92 K	200 K- 210 K	200 K- 210 K
Capex (fixed assets)	€ 818 million	€ 1,000-1,050 million	€ 1,000-1,050 million
General Investments	€ 52 million	€ 90-100 million	€ 90-100 million
Product Related Investments	€ 766 million	€ 910-950 million	€ 910-950 million

⁽⁴⁾ Total industry volume and Ford Otosan's retail sales volume guidance are updated mainly due to the strong demand outlook in the domestic market for the full year.

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