

Highlights

Financial Results (mn TL)	1H24	1H23	YoY Δ	2Q24	2Q23	YoY Δ
Revenues	241,404	253,194	-5%	106,779	130,018	-18%
Export Revenues	187,215	186,066	1%	81,426	91,841	-11%
Domestic Revenues	54,189	67,128	-19%	25,353	38,177	-34%
Operating Profit	13,669	28,160	-51%	4,032	17,461	-77%
EBITDA	19,222	32,768	-41%	6,177	19,633	-69%
EBITDA excluding other income/expense	19,127	26,802	-29%	7,061	13,798	-49%
Profit Before Tax	15,537	24,738	-37%	4,816	13,628	-65%
Net Income	15,703	19,397	-19%	5,976	10,556	-43%

Volumes (units)	1H24	YoY Δ	2Q24	YoY Δ
Total Wholesale	309,383	-1%	139,159	-10%
Export	259,824	3%	114,007	-7%
Domestic	49,559	-17%	25,152	-23%
Domestic Retail	49,217	-13%	24,924	-19%
Market Share	8.2%	-1.5 pps	8.6%	-0.6 pps

Production (units)	313,619	1%	142,262	-4%
Capacity Utilization Rate	84%	-10 pps	76%	-13 pps

In 1H24, total CUR was 84%, reaching 81%, 82%, 59% and 90% in the Gölçük, Yeniköy, Eskişehir and Craiova Plants respectively.

Summary Income Statement, Million TL	1H24	1H23	YoY Δ	2Q24	2Q23	YoY Δ
Revenues	241,404	253,194	-5%	106,779	130,018	-18%
Export	187,215	186,066	1%	81,426	91,841	-11%
Domestic	54,189	67,128	-19%	25,353	38,177	-34%
Gross Profit	24,639	33,339	-26%	10,312	18,117	-43%
Operating Profit	13,669	28,160	-51%	4,032	17,461	-77%
Net Financial Income/(Expense)	-9,771	-10,201	-4%	-5,304	-7,771	-32%
Profit Before Tax	15,537	24,738	-37%	4,816	13,628	-65%
Net Profit	15,703	19,397	-19%	5,976	10,556	-43%
Other Financial Data						
Depreciation and Amortization ⁽¹⁾	5,554	4,608	21%	2,145	2,171	-1%
EBITDA ⁽¹⁾	19,222	32,768	-41%	6,177	19,633	-69%
EBITDA excluding other income/expense ⁽¹⁾	19,127	26,802	-29%	7,061	13,798	-49%
Capital Expenditures	-13,251	-12,367	7%	-5,683	-3,779	50%

(1) Straightline expenses related with embedded lease in Türkiye and Romania operations are included.

1H24 financial results published in this earnings announcement have been prepared according to the Turkish Financial Reporting Standards (TFRS).

Revenues

In the first 6 months of 2024, Turkish automotive market witnessed a 3% growth with total sales reaching 598,016. In this period, despite last year's strong basis, PC and MCV sales experienced an increase of 7% and 29%, respectively, while the LCV and Heavy Trucks segments shrank by 28% and 9%. This performance can be attributed to i) the increase in the base price for the SCT-exemption applied to disabled individuals, ii) pull-forward domestic demand in the pre-election period, iii) the General Safety Regulation (GSR) compelled market to adopt competitive pricing strategies, iv) the increase in availability of MCVs, which had been limited due to the dominance of PCs in the market in the previous year, v) lower LCV availability in the market. In this environment, Ford Otosan led CV market with 25.6% market share and maintained its #3 position in the total industry with 8.2% market share (1H23: 9.7 %) due to extended ramp-up period in new Custom and Courier models and 25% YoY decline in the HCV sales driven by increased competition in the market and the ADAS regulation impact.

In 1H24, despite last year's strong basis, European van market grew by 12.9% YoY whereas the PC and the HCV market experienced 4.7% and 2.5% growth. In this period, Ford Otosan, being the largest CV manufacturer for Ford Pro in Europe, is leading the way in producing both Ford-branded CVs and Ford's best-selling PC Puma. This significantly contributes to Ford's position as a market leader in the CV industry, with Ford Otosan accounting for 74% of Ford's CV sales in Europe. Additionally, Ford Otosan supports Ford's performance in European PC market by producing 37% of Ford's sales.

There was a 19% YoY decrease in domestic revenues resulting in a total of TL 54.2 billion in the first half of 2024. This was primarily driven by the 17% YoY decline in sales volumes and lower pricing environment in the market. On the other hand, export revenues showed a slight increase of 1% YoY, reaching TL 187.2 billion, due to a 3% YoY growth in volume. Overall, total revenues declined by 5% YoY to TL 241.4 billion, with volumes down by 1% YoY. Share of exports in total revenues increased to 78% in 1H24 (1H23: 73%).

Profitability

In 1H24, Ford Otosan experienced a dilution in profitability due to i) lower YoY domestic performance, ii) the increase in the share of export revenues in the overall revenue mix, iii) extended ramp-up period of new Custom & Courier, iv) deferrals in launches leading higher YoY inventory levels, v) relatively weak exchange rates (average EUR/TRY up 25% in 1H24 vs up 61% in 1H23 YoY).

Gross Profit stood at TL 24.6 billion, exhibiting a 26% YoY decline primarily due to 1) the 17% decrease in domestic volumes combined with competitive pricing environment in 1H24 and 2) the impact of inflation accounting on inventories and its subsequent influence on the cost of goods sold. Net Other Income also witnessed a YoY decline of 98%, amounting to TL 96 million (vs TL 6.0 billion in 1H23) (impact of sharp TL depreciation in 1H23 on operations vs strong TL in 1H24), leading to a 51% YoY decrease in Operating Profit to TL 13.7 billion. In this period EBITDA and EBITDA excluding the currency impact were TL 19.2 billion and TL 19.1 billion, respectively, experiencing declines of 41% and 29%.

During the first half of 2024, a monetary gain of TL 10.6 billion (1H23: TL 6.8 billion) was included into the Profit Before Tax, resulting in a total of TL 15.5 billion, down 37% YoY. On the other hand, TL 5.3 billion Tax expense (one-off impact of earthquake tax payment in 1H23) turned to TL 166 million Tax income and as a result the Net Income realized as TL 15.7 billion, indicating a YoY drop of 19%.

Margins: Gross 10.2% (-3 pps YoY); EBITDA 8.0% (-4.9 pps YoY); EBITDA excluding other income 7.9% (-2.7 pps YoY); Operating 5.7% (-5.4 pps YoY); PBT 6.4% (-3.4 pps YoY) and Net 6.5% (-1.2 pps YoY).

Margins	1H24	1H23	YoY Δ, pps	2Q24	2Q23	YoY Δ, pps
Gross Margin	10.2%	13.2%	(3.0)	9.7%	13.9%	(4.2)
EBITDA Margin	8.0%	12.9%	(4.9)	5.8%	15.1%	(9.3)
EBITDA Margin (excluding other income)	7.9%	10.6%	(2.7)	6.6%	10.6%	(4.0)
Operating Margin	5.7%	11.1%	(5.4)	3.8%	13.4%	(9.6)
PBT Margin	6.4%	9.8%	(3.4)	4.5%	10.5%	(6.0)
Net Margin	6.5%	7.7%	(1.2)	5.6%	8.1%	(2.5)

Per Vehicle (EUR)	1H24	1H23	YoY Δ	2Q24	2Q23	YoY Δ
EBITDA	1,805	2,333	-23%	1,455	2,305	-37%
PBT	1,467	2,153	-32%	993	2,276	-56%



Sales Performance

Ranking #3 in the total industry in 1H24 with 8.2% share, CV leadership with 25.6% share.

Sales Volume by Model, units	1H24	1H23	YoY Δ	2Q24	2Q23	YoY Δ
Domestic Sales	49,559	59,456	-17%	25,152	32,794	-23%
Puma	4,821	2,008	140%	2,229	1,281	74%
Other	9,288	12,534	-26%	4,239	8,281	-49%
Passenger Car	14,109	14,542	-3%	6,468	9,562	-32%
Courier	11,821	25,088	-53%	8,424	12,273	-31%
Connect	266	254	5%	164	90	82%
Light Commercial Vehicle	12,087	25,342	-52%	8,588	12,363	-31%
Transit	13,443	10,254	31%	5,913	5,769	2%
Custom	3,467	3,194	9%	1,439	1,992	-28%
Ranger	2,350	215	993%	1,002	114	779%
Medium Commercial Vehicle	19,260	13,663	41%	8,354	7,875	6%
Truck	4,103	5,771	-29%	1,742	2,983	-42%
Rakun	0	138	-100%	0	11	-100%
Export Sales	259,824	253,337	3%	114,007	121,959	-7%
Custom	91,783	70,816	30%	40,803	30,937	32%
Transit	60,509	71,585	-15%	20,567	35,129	-41%
Courier	28,572	14,097	103%	14,501	6,107	137%
Truck	1,665	3,520	-53%	1,184	1,489	-20%
Puma	77,273	93,284	-17%	36,952	48,279	-23%
Other	22	35	N/M	0	18	N/M
Total Wholesale Volume	309,383	312,793	-1%	139,159	154,753	-10%
Total Turkish Automotive Industry Sales	598,016	579,674	3%	290,972	332,174	-12%
Ford Otosan Retail Sales	49,217	56,457	-13%	24,924	30,661	-19%
Ford Otosan Market Share	8.2%	9.7%	-1.5 pps	8.6%	9.2%	-0.6 pps

Balance Sheet and Cash Flow

Summary Balance Sheet, Million TL	6/30/2024	12/31/2023	YoY Δ
Current Assets	136,599	128,378	6%
Current Liabilities	115,932	117,418	-1%
Property, Plant and Equipment - Net	76,155	71,345	7%
Total Assets	278,439	270,684	3%
Total Liabilities	191,106	179,618	6%
Shareholders' Equity	87,333	91,066	-4%

Financial Ratios	6/30/2024	12/31/2023
Current Ratio	1.18	1.09
Liquidity Ratio	0.68	0.69
Net Debt / EBITDA	1.92	1.19
Current Assets / Total Assets	0.49	0.47
Current Liabilities / Total Liabilities	0.61	0.65
Total Liabilities/Total Liabilities & Equity	0.69	0.66
Return on Equity	65.8%	67.2%

Summary Cash Flow Statement, Million TL	6/30/2024	6/30/2023	YoY Δ
Beginning Balance of Cash & Equivalents	18,952	20,778	-9%
Net Cash from Operating Activities	3,725	37,197	-90%
Net Cash Used in Investing Activities	-13,224	-12,300	8%
Net Cash Used in Financing Activities	13,037	2,628	396%
Monetary Gain/(Loss) on Cash&Equivalents	-4,683	-4,199	12%
End of Period Balance of Cash&Equivalents	17,833	44,426	-60%



2024 Guidance

	2023A	2024 Old Guidance	2024 New Guidance
Total Industry Volume	1,278 K	800K - 900K	1,000K - 1,100K
Ford Otosan:			
Retail Sales Volume	114 K	100K - 110K	100K - 110K
Export Volume	492 K	560K - 610K	560K - 610K
Turkey	312K	350K - 380K	350K - 380K
Romania	180K	210K - 230K	210K - 230K
Wholesale Volume	610 K	660K - 720K	660K - 720K
Total Production Volume	590 K	650K - 700K	650K - 700K
Turkey	399 K	400K - 430K	400K - 430K
Romania	191 K	250K - 270K	250K - 270K
Capex (fixed assets)	€ 900 mn	€ 900 - 1,000 mn	€ 900 - 1,000 mn
General Investments	€ 96 mn	€ 170 - 190 mn	€ 170 - 190 mn
Product Related Investments	€ 804 mn	€ 730 - 810 mn	€ 730 - 810 mn

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