

Highlights

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>
Revenues	39.209	18%
Export Revenues	33.375	22%
Domestic Revenues	5.834	-3%
Operating Profit	2.422	6%
EBITDA	3.198	12%
EBITDA excluding other income/expense	3.350	18%
Profit Before Tax	1.950	11%
Net Income	1.959	16%
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>
Total Wholesale Volume	382.919	-3%
Export Volume	334.455	2%
Domestic Wholesale Volume	48.464	-26%
Domestic Retail Volume	49.473	-28%
Market Share	10,1%	-0.7 pps
Production	369.027	-1,3%
Capacity Utilization Rate	81%	-1.0 pps

Decline in CUR due to
1)Transit facelift transition in
2Q19 and 2) supplier issue
causing temporary delays in
production schedule in 4Q19.

Summary Income Statement, Million TL	31.12.2019	31.12.2018	% Change
Revenues	39.209	33.292	18%
Export	33.375	27.303	22%
Domestic	5.834	5.989	-3%
Gross Profit	4.015	3.459	16%
Operating Profit	2.422	2.285	6%
Financial Income/(Expense)	-471	-520	-10%
Profit Before Tax	1.950	1.761	11%
Net Income	1.959	1.683	16%
Other Financial Data			
Depreciation and Amortization	776	569	36%
EBITDA	3.198	2.854	12%
EBITDA excluding other income/expense	3.350	2.840	18%
Capital Expenditures	-1.053	-1.190	-12%

Revenues

Turkish auto industry contracted 23% in 2019 to 487,671 units. Sales declined across all segments YoY: PC -20%, LCV -27%, MCV -37% and Heavy Trucks -37%. PC industry share was 79.4% (2018: 76.6%). LCV industry share was 10% (2018: 10.5%). Ford Otosan maintained its CV leadership with 34% record market share. Total industry ranking was #3 with 10.1% market share and 49,473 unit retail sales.

FY Domestic Revenues were TL 5,834 million. Ongoing focus on high margin products (PC share down 5 pps; MCV and Truck share up 1 pps each, YoY, in our domestic sales mix) and pricing discipline limited the revenue decline to a mere 3% despite 26% lower volumes. In 4Q19, our Domestic Revenues increased by 60% driven by 54% volume growth.

FY Export Revenues rose 22% YoY to TL 33,375 million, driven by industry growth, ongoing strong demand for our products and currency impact. Due to a supplier issue causing temporary delays in Transit production schedule in 4Q19, export volumes declined by 5% in the quarter. Export volumes grew 2% YoY to 334,455 units, highest on record. Share of exports in total revenues was 85% (2018: 82%). Total Revenues were up 18% YoY to TL 39,209 million driven by the strong export performance.

Profitability

Profitability was strong in FY19 despite the weak domestic market and ongoing cost pressures resulting from the currency and high inflation (lag effect). Meanwhile i- rising export demand, ii- sales mix and pricing discipline, iii- cost reduction actions and strong OpEx control resulting in consistently good OpEx/Sales performance supported profitability. The domestic market recovery in 4Q had a significant contribution to profitability.

Revenues (TL 39,209 million) were up 18% YoY. Gross Profit (TL 4,015 million) grew by 16% YoY. EBITDA grew 12% YoY to TL 3,198 million and **EBITDA per vehicle grew for the 3rd consecutive year** to EUR 1,376. EBITDA excluding the currency impact was up 18% YoY to TL 3,350 million. Operating Profit rose by 6% YoY mainly explained by an increase of net other expense due to growing non-cash financial expenses on trade payables of material purchases driven by higher interest rates (reported under Unearned Financial Expense).

Net Financial Expenses declined 10% YoY driven by lower Net FX Loss, mainly explained by lower devaluation than 2018. Profit Before Tax increased 11% YoY to TL 1,950 million. Net Income for 2019 was TL 1,959 million, up 16% and higher than PBT due to Tax Income Resulting from Deferred Tax Asset.

FY Margins: Gross 10.2% (-0.1 pps YoY); EBITDA 8.2% (-0.4 pps YoY); EBITDA excluding other income 8.5% (flat YoY); Operating 6.2% (-0.7 pps YoY); and Net 5.0% (-0.1 pps YoY).

4Q19 Margins: Gross 10.0% (+0.5 pps YoY); EBITDA 9.2% (+3.6 pps YoY); EBITDA excluding other income 8.5% (+0.4 pps YoY); Operating 7.4% (+3.3 pps YoY); and Net 5.4% (+1.3 pps YoY).

Sales Volume by Model, units	31.12.2019	31.12.2018	% Change
Domestic Sales	48.464	65.768	-26%
Passenger Car	11.460	18.987	-40%
Transit Courier	16.768	19.659	-15%
Transit Connect	208	1.060	-80%
Light Commercial Vehicle	16.976	20.719	-18%
Transit	12.972	16.350	-21%
Transit Custom	3.394	4.690	-28%
Ranger	821	1.496	-45%
Medium Commercial Vehicle	17.187	22.536	-24%
Truck	2.841	3.526	-19%
Export Sales	334.455	328.892	2%
Transit Custom	175.985	168.174	5%
Transit	116.805	120.154	-3%
Transit Courier	38.941	38.553	1%
Truck	2.671	1.817	47%
Other	53	194	-73%
Total Wholesale Volume	382.919	394.660	-3%

Total Domestic Automotive Industry	487.671	634.540	-23%
Ford Otosan Retail Sales	49.473	68.838	-28%
Ford Otosan Market Share	10,1%	10,8%	-0.7 pps

Summary Balance Sheet, Million TL	31.12.2019	31.12.2018	% Change
Current Assets	10.157	7.395	37%
Current Liabilities	8.645	7.220	20%
Property, Plant and Equipment - Net	4.437	3.923	13%
Total Assets	16.406	13.184	24%
Total Liabilities	11.741	9.291	26%
Shareholders' Equity	4.665	3.893	20%

Financial Ratios	31.12.2019	31.12.2018
Current Ratio	1,17	1,02
Liquidity Ratio	0,87	0,64
Net Debt / Tangible Equity	0,78	1,01
Net Debt / EBITDA	0,94	1,08
Current Assets / Total Assets	0,62	0,56
Current Liabilities / Total Liabilities	0,74	0,78
Total Liabilities / Total Liabilities and Equity	0,72	0,70
Return on Equity	42,0%	43,2%
	31.12.2019	31.12.2018
Gross Margin	10,2%	10,4%
EBITDA Margin	8,2%	8,6%
EBITDA Margin excluding other income/expense	8,5%	8,5%
Operating Margin	6,2%	6,9%
Net Income Margin	5,0%	5,1%

Summary Cash Flow Statement, Million TL	31.12.2019	31.12.2018	% Change
Beginning Balance of Cash & Equivalents	1.391	1.803	-23%
Net Cash Generated from Operating Activities	3.008	2.176	38%
Net Cash Used in Investing Activities	-1.049	-1.145	-8%
Net Cash Used in Financing Activities	-150	-1.444	-90%
End of Period Balance of Cash & Equivalents	3.200	1.391	130%

2020 Guidance

Total Industry Volume	580 K - 630 K
Ford Otosan:	
Retail Sales Volume	60 K - 70 K
Export Volume	330 K - 340 K*
Wholesale Volume	390 K - 410 K
Production Volume	370 K - 380 K
Capex (fixed assets)	€180 -200 million

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* Includes the impact of Courier derivative deletion to comply with emission requirements