



**2019 Financial Results Meeting**  
12 February 2020

# Agenda

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- **2019 Evaluation**
- **European Industry & Ford**
- **Financial Results**
- **Q & A**

# 2019 Evaluation

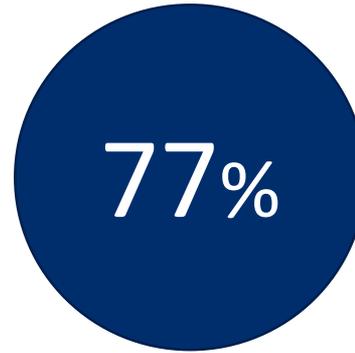
# 2019 Highlights



# Efficient Production



Our share in total  
Turkish auto production



Our share in total  
Turkish CV production

# PHEV – International Van of the Year

Ford plans to release **16 hybrid and all-electric models** within a global portfolio of **40 electrified vehicles by 2022.**



- **Custom PHEV launched in 4Q19**
- **Zero emission** driving option
- **First PHEV** in its segment
- Charging time **2.7 – 4.3 hours**
- 92.9 kW electric motor powered by a 13.6 kWh lithium-ion battery pack. The 1.0-litre EcoBoost petrol engine **guarantees a total electric range of over 500 km.**

# Gölcük Plant included in Global Lighthouse Network



McKinsey & Company

WEF & Mc Kinsey teams jointly did a comprehensive scanning of 1,000+ leading manufacturers across all industries and geographies to select 10 lighthouse factories for 2019.

Ford Otosan Gölcük Plant has been designated as an **Advanced Fourth Industrial Revolution (4IR)** Lighthouse and joined WEF Fourth Industrial Revolution front-runners.

The lighthouses are the factories that have taken **Fourth Industrial Revolution technology** from pilots to integration at scale, thus realizing significant financial and operational benefits.

**FORD OTOSAN in Kocaeli, Turkey**

This site leverages digital manufacturing and advanced automation to move beyond lean, increasing its output by 6% and employee engagement by 45% without additional capital expenditure investment.

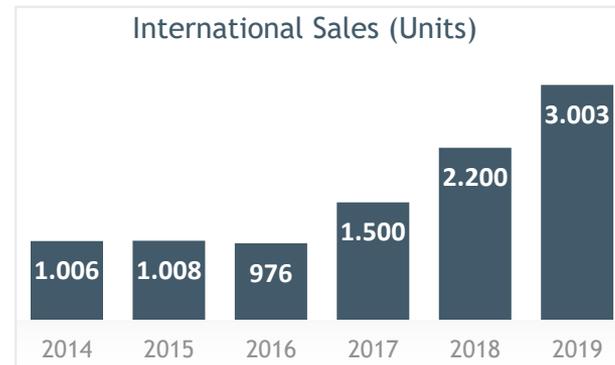
Digital tool and die	↓	47% Die manufacturing time
Real-time digital performance-management system for production and maintenance	↑	6% Production output and employee engagement
Robot data analytics	↓	9% Per-year robot failures
Real-time digital energy management	↓	NA Electric consumption
Predictive maintenance		\$100K Cost savings

Countries

	2011-2018	2019	2024
Europe*	13	19	34
Africa	8	8	24
Middle East	9	9	13
Russia & Eurasia	6	7	10
<b>Total</b>	<b>36</b>	<b>43</b>	<b>81</b>

Sales & Service

	2011-2018	2019	2024
Europe*	98	171	254
Africa	14	17	35
Middle East	13	14	21
Russia & Eurasia	33	42	50
<b>Total</b>	<b>158</b>	<b>244</b>	<b>360</b>



\*including Turkey

# Export Champion



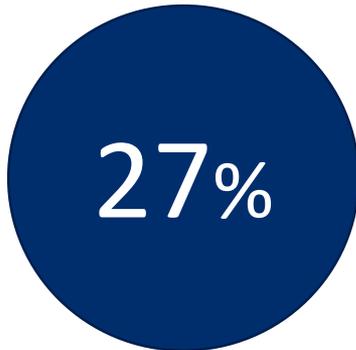
Turkish Automotive Industry

9 consecutive years

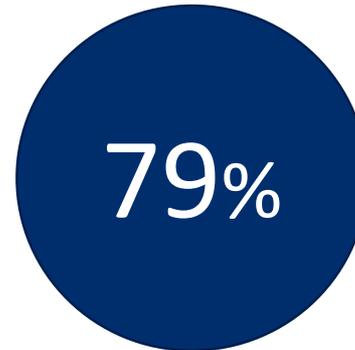


Turkey's overall

5 consecutive years



Our share in total  
Turkish auto exports



Our share in total  
Turkish CV exports

# Ford Otosan Strengthens Position in CV Segment

2019  
Domestic Sales

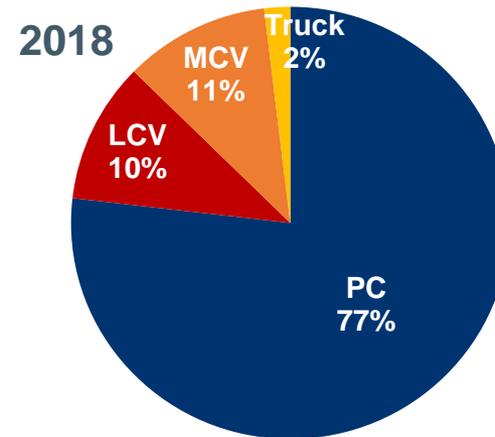
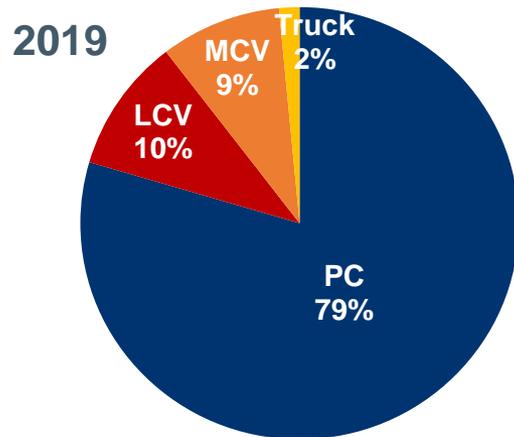
Segments	Industry	Ford Otosan	% Share	Ranking
Commercial Vehicles	99,351	33,771	34.0%	1
Light Commercial	48,629	13,928	28.6%	2
Medium Commercial	43,175	17,477	40.5%	1
Truck	7,547	2,366	31.4%	2
Passenger Cars	387,256	15,702	4.1%	12
<b>Total</b>	<b>487,671*</b>	<b>49,473</b>	<b>10.1%</b>	<b>3</b>

Ford's 4<sup>th</sup>  
largest share  
in Europe

\* Total industry volumes include PC, LCV, MCV, HCV and Truck sales.

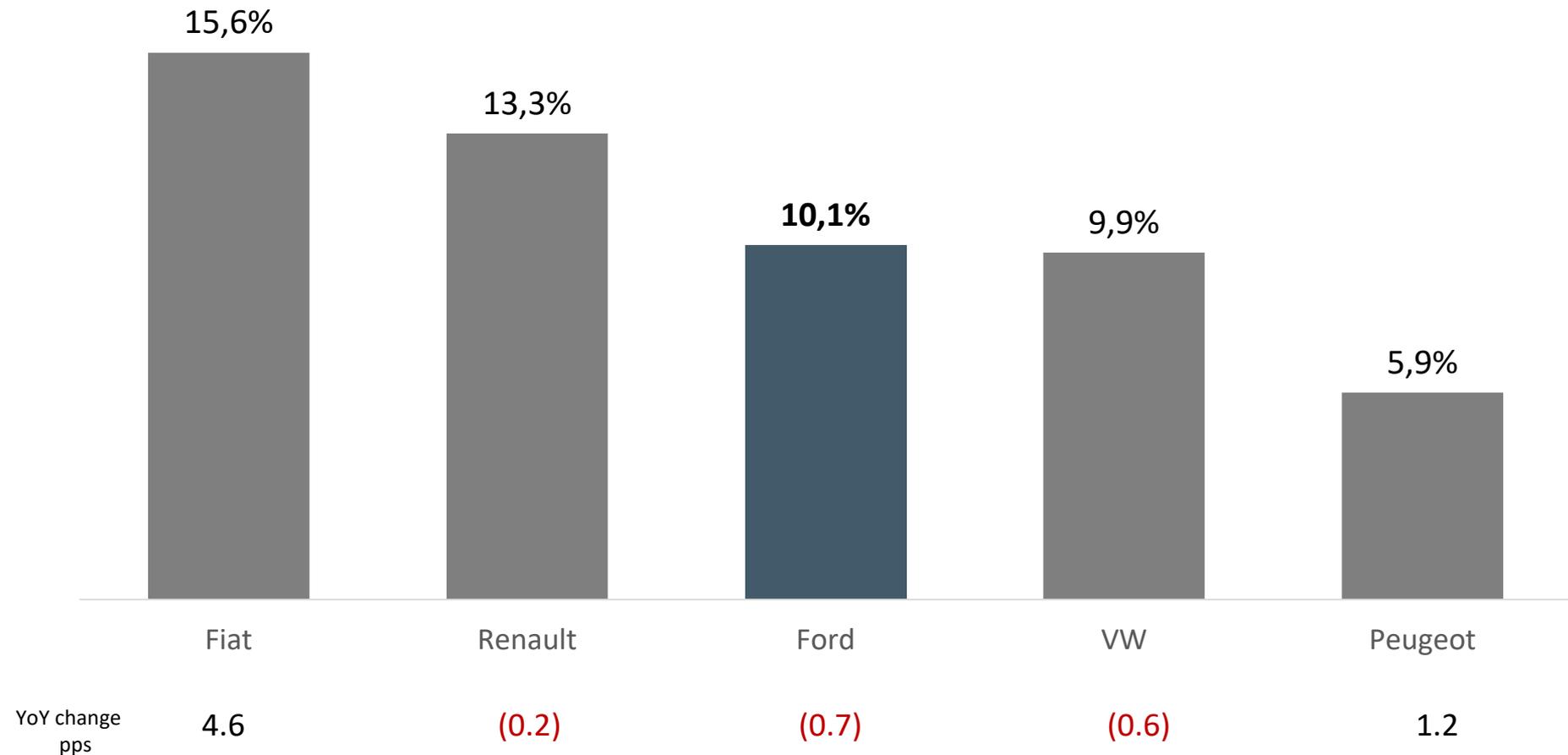
# PC Industry Share Rose YoY

Segments	2019	2018	% Change
Passenger Cars	387.256	486.321	-20%
Light Commercial	48.629	66.448	-27%
Medium Commercial	43.175	68.168	-37%
Truck	7.547	11.984	-37%
<b>Total*</b>	<b>487.671</b>	<b>634.540</b>	<b>-23%</b>



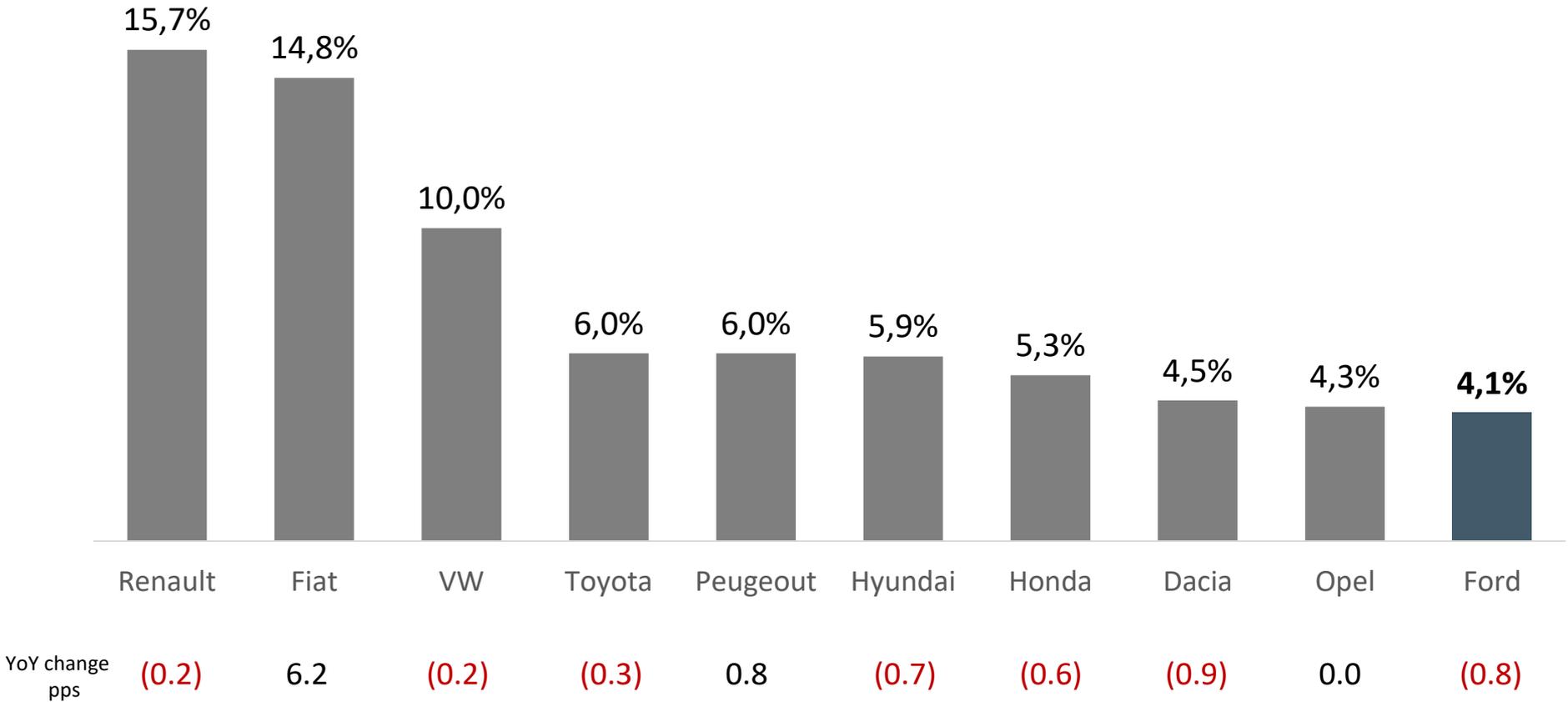
\* Total industry volumes include PC, LCV, MCV, HCV and Truck sales.

# Total Industry Market Shares, 2019



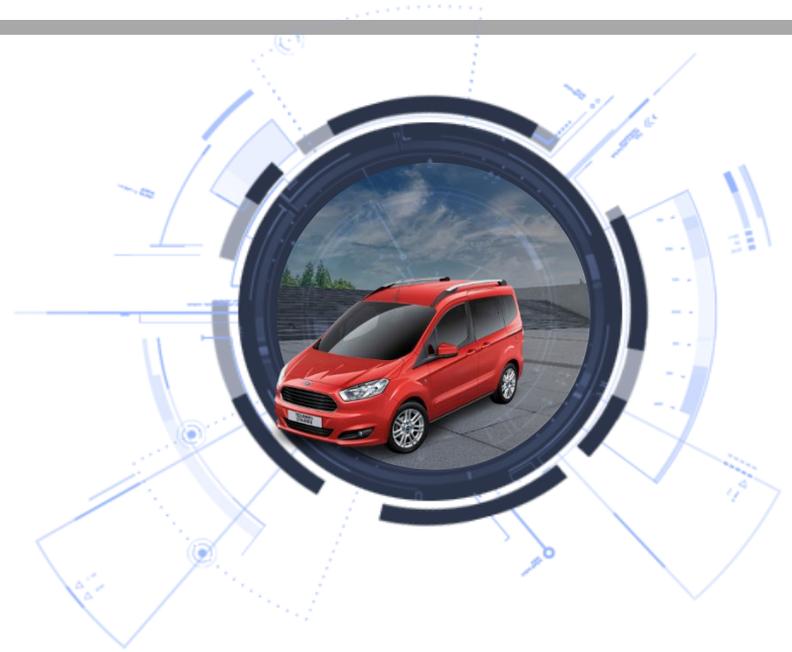
# PC Market Shares, 2019

Strategy: Profitability over market share



# LCV Market Shares, 2019

Strategy: Profitable growth



34,6%

28,6%

9,1%

8,6%

5,7%

Fiat

Ford

VW

Peugeot

Renault

YoY change  
pps

(2.5)

1.6

(1.4)

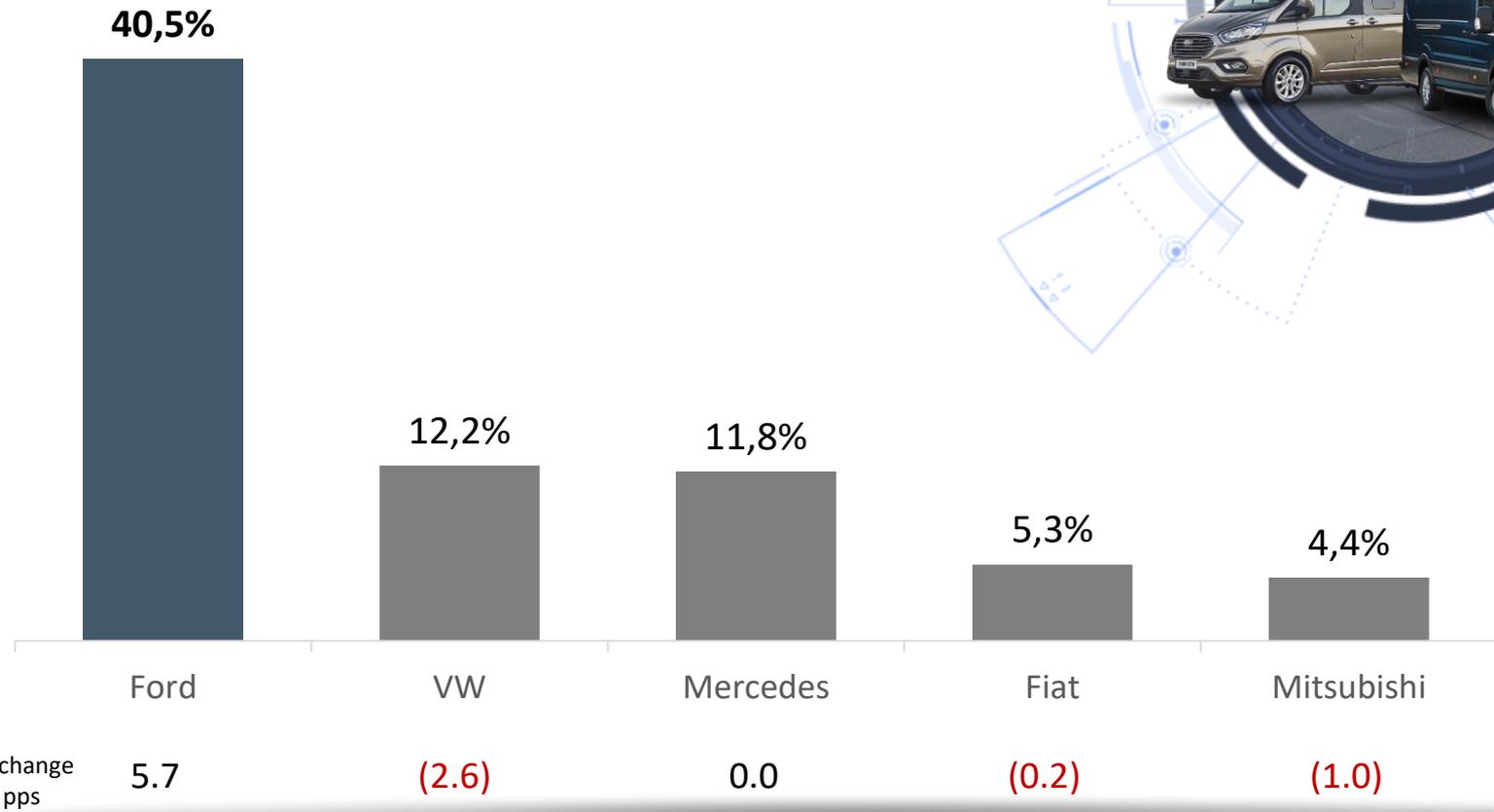
2.8

(2.0)

# MCV Market Shares, 2019

Strategy: Profitable growth

Higher market share than the next 5 brands combined



# Truck Market Shares, 2019

Highest market share on record

Strategy: Profitable growth



33,9%

31,4%



Record

8,6%

8,6%

6,2%

Mercedes

Ford

MAN

Renault

Scania

YoY change  
pps

0.2

2.9

(2.6)

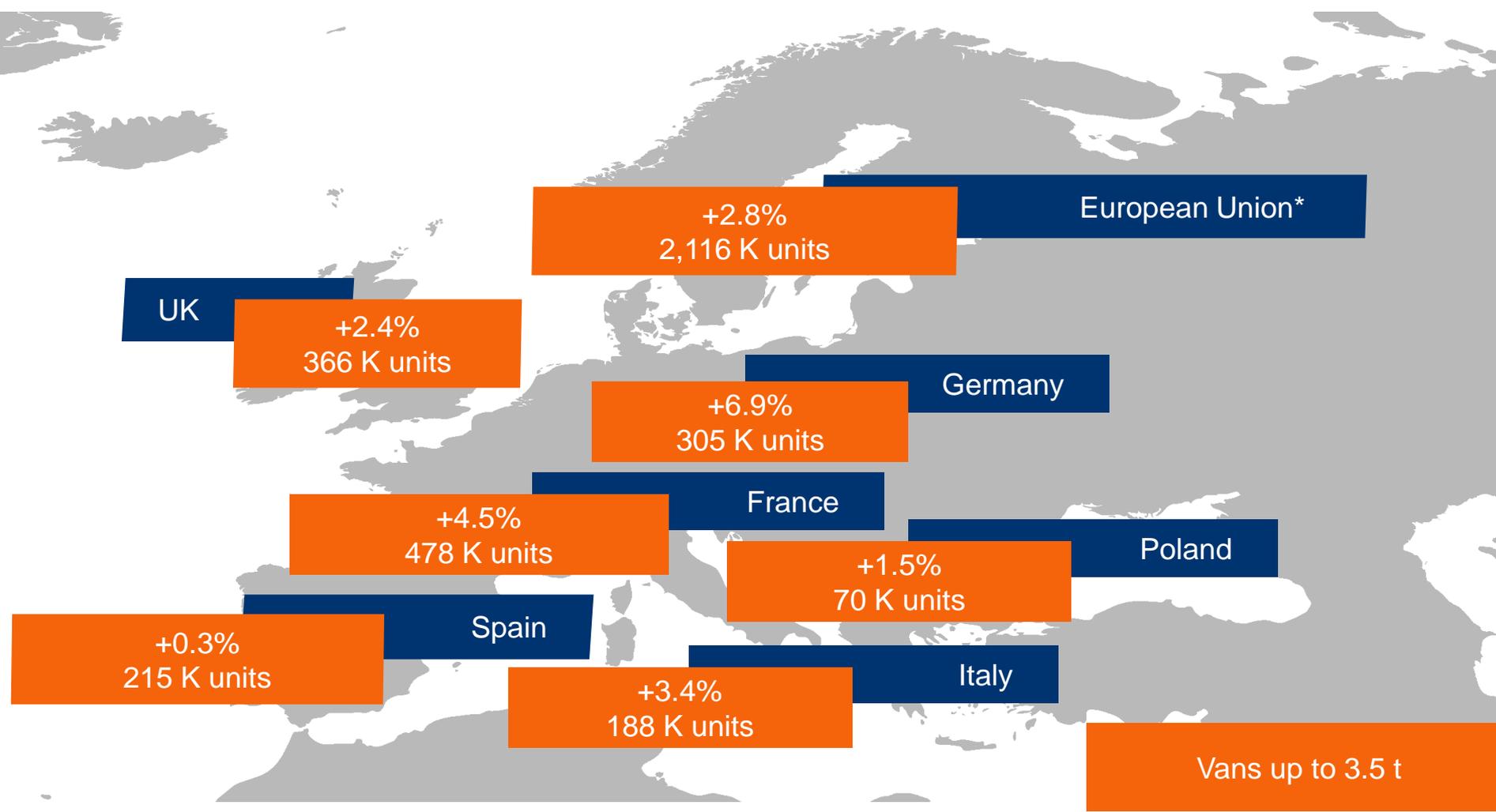
2.9

(3.6)

# European Industry & Ford

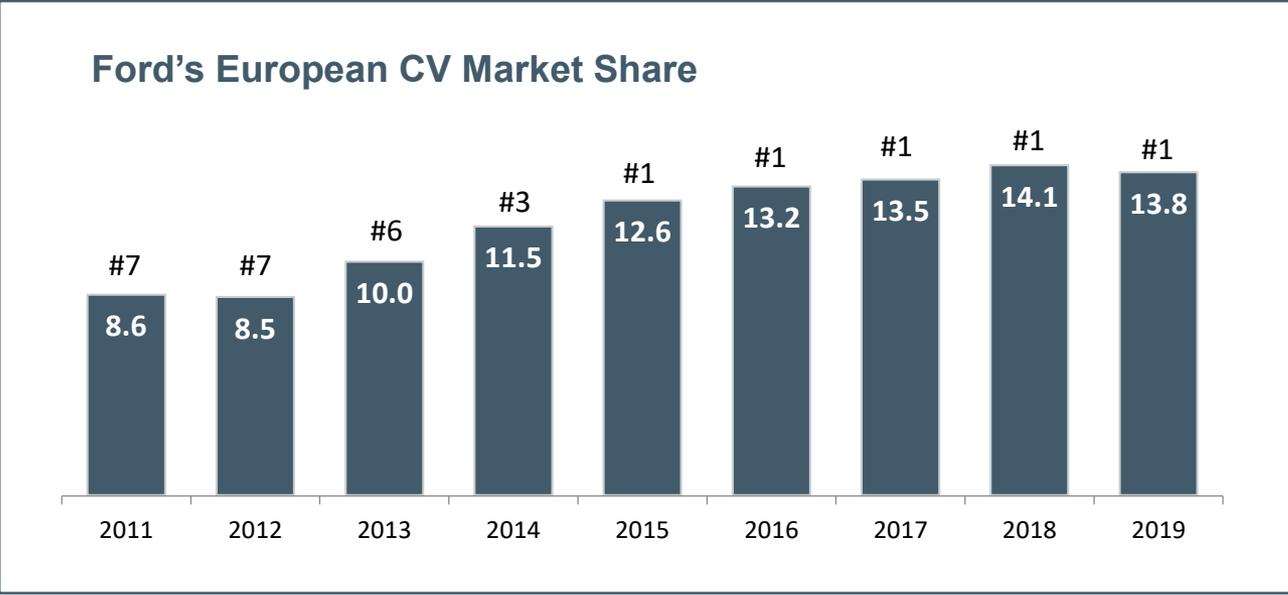
# EU Van Registrations Grew 2.8% in 2019

Industry growth supported mainly by e-commerce



\* Source: ACEA; 27 European Union countries excluding Malta.

# Ford is Europe's Top-Selling CV Brand



**Best year for Ford CV sales in 25 years**

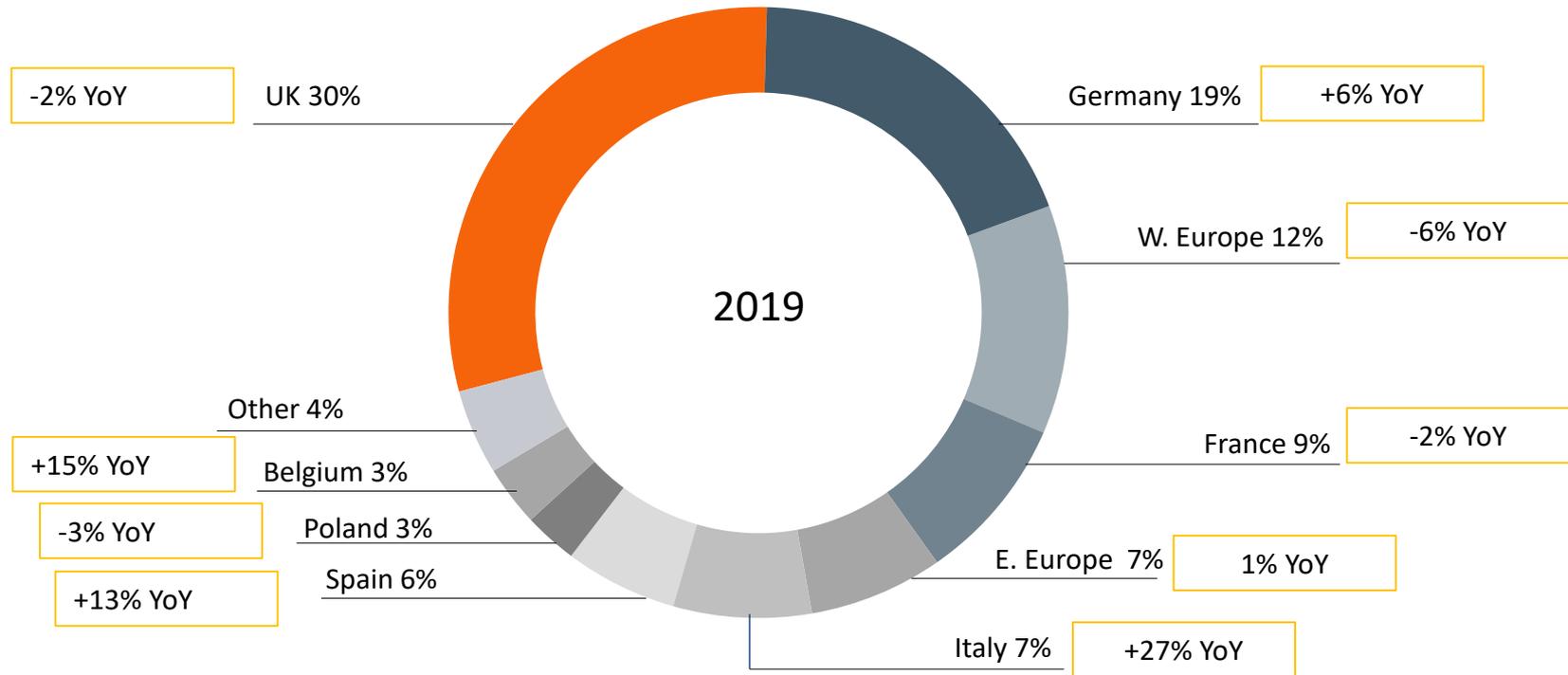
**5<sup>th</sup> year as Europe's No.1 commercial vehicle brand**

**Ford's commercial vehicle business gaining momentum in major markets**

Source: Ford of Europe 2019 Sales Release, reporting sales for its 20 European traditional markets. In line with the new Ford global standard, the sales reports are published quarterly.

# Turkey's Export Champion

## Export breakdown (units)



Change in Ford Otosan's unit exports to the relevant market

All export agreements are €-denominated including non-€ countries

# Ford Otosan: Key Driver of Ford's Market Share

## and Pillar of profitability for Ford of Europe



Courier



Connect  
(Produced in Spain)



Custom



Transit

**FORD OTOSAN** produces

**83%**

of Transit Family vans  
sold in Europe

# 2019 Results

# 2019 Financial Results

**TL 39,209 million**

Revenues, +18% YoY

- Robust export performance

**TL 3,198 million**

EBITDA, +12% YoY

- Strong OpEx control
- Ongoing cost reduction actions
- Domestic market recovery in 4Q19

**TL 3,350 million**

EBITDA excl. FX impact, +18% YoY

**TL 33,375 million**

Export Revenues, +22% YoY

- Volume growth
- Mix effect
- Currency impact

**TL 1,950 million**

Profit Before Tax, +11% YoY

- 10% lower Net Financial Expenses YoY driven by lower Net FX Loss, mainly explained by lower devaluation than 2018.

**TL 5,834 million**

Domestic Revenues, -3% YoY

- 26% volume decline due to market contraction and profitability focus
- Pricing discipline and focus on high margin products limited further decline

**TL 1,959 million**

Net Income, +16% YoY

- Higher than PBT due to Tax Income Resulting from Deferred Tax Asset in 2019

# Volume & Revenue Analysis

	2019/2018		4Q19/4Q18	
	Volume	Revenue	Volume	Revenue
<b>Total</b>	-3%	18%	3%	14%
<b>Robust export performance limited the impact of FY domestic market contraction</b>				
<b>Export</b>	2%	22%	-5%	6%
<b>Industry growth, ongoing strong demand for our products, positive sales mix 4Q contraction due to a supplier issue causing temporary delays in Transit production schedule in 4Q19</b>				
<b>Domestic</b>	-26%	-3%	54%	60%
<b>Pricing discipline and positive sales mix limited revenue decline The domestic market recovery in 4Q had a positive contribution</b>				

# Sales Volume by Model

	2019	2018	YoY%	4Q19	4Q18	YoY%
<b>Total Domestic</b>	<b>48.464</b>	<b>65.768</b>	<b>-26%</b>	<b>20.425</b>	<b>13.296</b>	<b>54%</b>
<b>PC</b>	<b>11.460</b>	<b>18.987</b>	<b>-40%</b>	<b>4.956</b>	<b>3.777</b>	<b>31%</b>
<b>LCV</b>	<b>16.976</b>	<b>20.719</b>	<b>-18%</b>	<b>7.310</b>	<b>3.638</b>	<b>101%</b>
Transit Courier	16.768	19.659	-15%	7.263	3.300	120%
Transit Connect	208	1.060	-80%	47	338	-86%
<b>MCV</b>	<b>17.187</b>	<b>22.536</b>	<b>-24%</b>	<b>6.968</b>	<b>5.237</b>	<b>33%</b>
Transit	12.972	16.350	-21%	5.479	3.998	37%
Transit Custom	3.394	4.690	-28%	1.134	872	30%
Ranger	821	1.496	-45%	355	367	-3%
<b>Truck</b>	<b>2.841</b>	<b>3.526</b>	<b>-19%</b>	<b>1.191</b>	<b>644</b>	<b>85%</b>
<b>Record</b> <b>Total Export</b>	<b>334.455</b>	<b>328.892</b>	<b>2%</b>	<b>86.134</b>	<b>90.434</b>	<b>-5%</b>
Transit Custom	175.985	168.174	5%	48.659	48.465	0%
Transit	116.805	120.154	-3%	27.401	32.208	-15%
Transit Courier	38.941	38.553	1%	8.966	9.076	-1%
Truck	2.671	1.817	47%	1.093	660	66%
Other	53	194	-73%	15	25	-40%
<b>Total Wholesale</b>	<b>382.919</b>	<b>394.660</b>	<b>-3%</b>	<b>106.559</b>	<b>103.730</b>	<b>3%</b>

Due to a supplier issue causing temporary delays in Transit production schedule

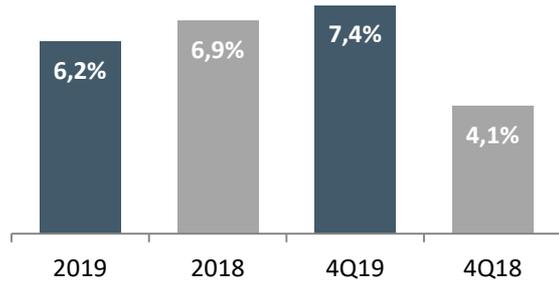
# Main Financial Indicators

Million TL	2019	2018	YoY %	4Q19	4Q18	YoY %
Total Revenues	39.209	33.292	18%	11.502	10.048	14%
Export	33.375	27.303	22%	9.063	8.524	6%
Domestic	5.834	5.989	-3%	2.439	1.524	60%
Gross Profit	4.015	3.459	16%	1.151	958	20%
Operating Profit	2.422	2.285	6%	847	417	103%
EBITDA	3.198	2.854	12%	1.061	568	87%
EBITDA excluding other income/expense	3.350	2.840	18%	975	818	19%
Profit Before Tax	1.950	1.761	11%	658	331	99%
Net Income	1.959	1.683	16%	617	411	50%
<b>Other Financial Data</b>						
Depreciation & Amortization*	776	569	36%	214	151	41%
Financial Income / (Expense)	-471	-520	-10%	-189	-85	122%

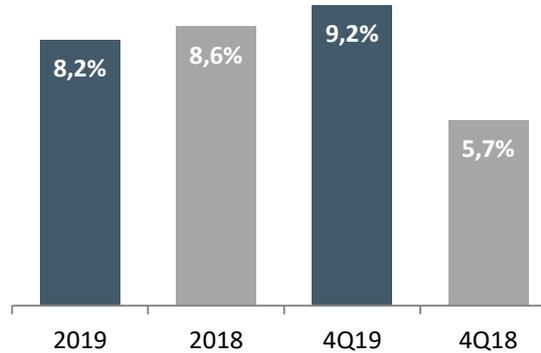
\*2019 numbers include TL 44 million impact from IFRS16 due to classification from manufacturing overhead and operating expenses to depreciation and amortization. Please refer to footnotes 2,10,11,33 of the financial statements for further details.

# 2019 Margins

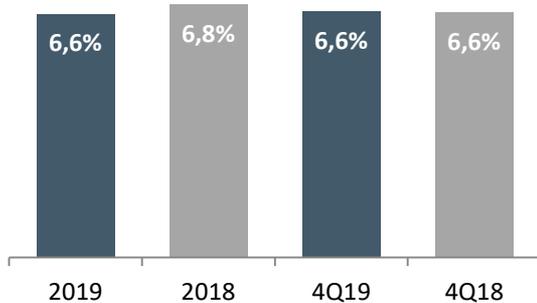
Operating Margin



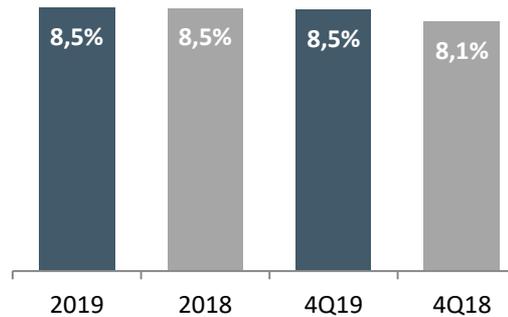
EBITDA Margin



Operating Margin (excl. Other items)



EBITDA Margin (excl. Other items)



Growing EBITDA per Vehicle (EUR)

	FY	4Q
2019	1.376	1.427
2018	1.266	1.252
2017	1.175	1.047

EBITDA per vehicle grew for the 3<sup>rd</sup> consecutive year

**Drivers:**

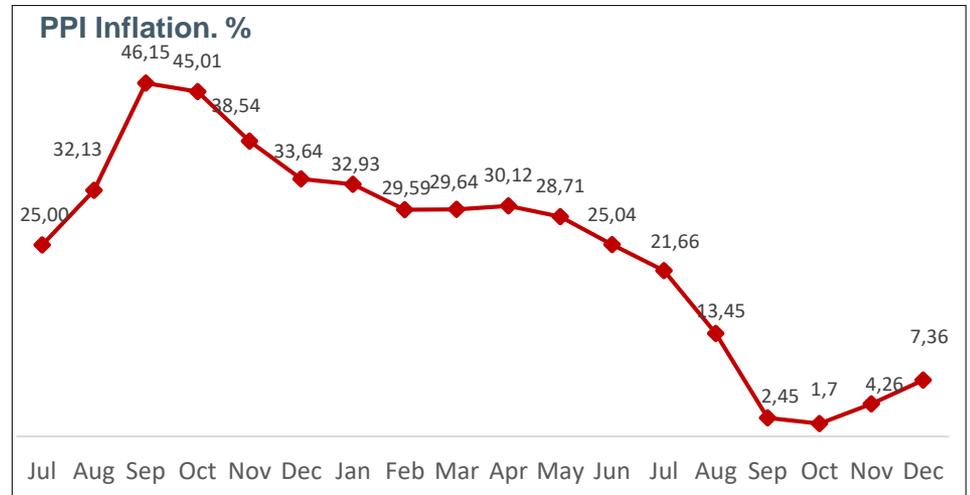
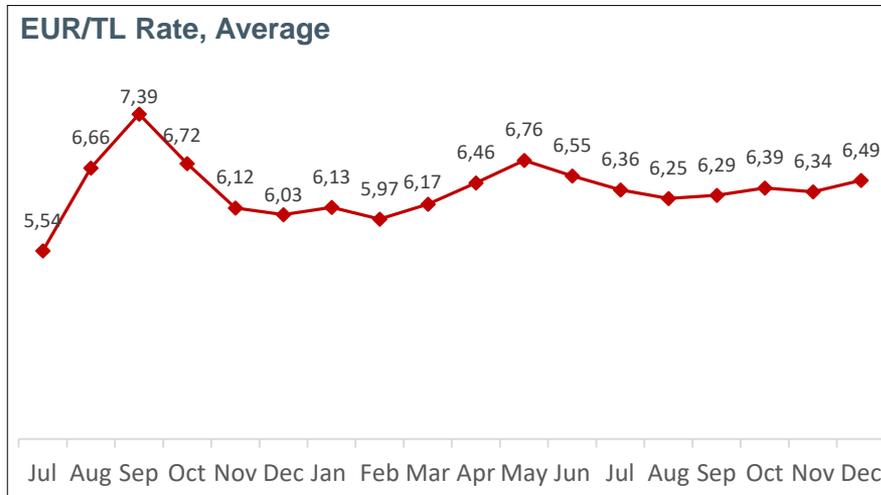
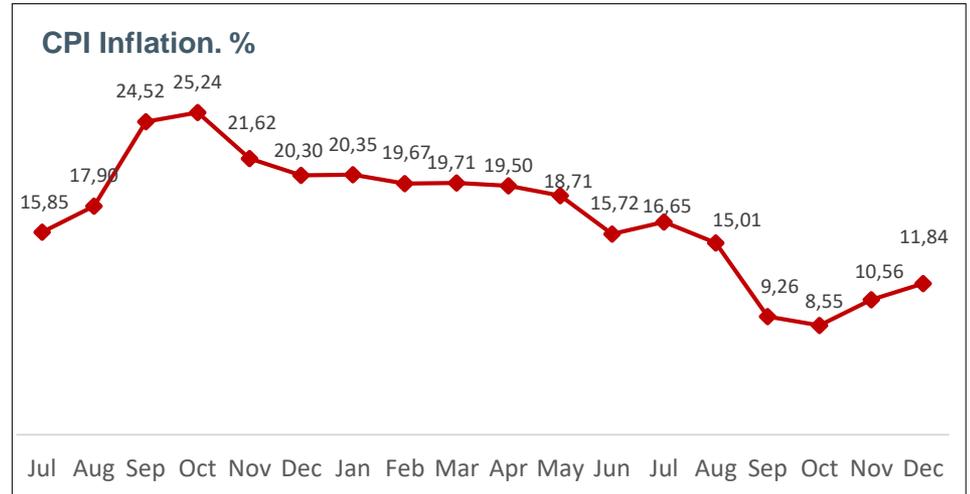
- + Rising export demand
- + Cost reduction actions
- + Strong OpEx control
- + Pricing discipline
- + Salex mix
- + Domestic market recovery in 4Q19

**Challenges:**

- Considerable cost pressure resulting from weaker €/TL (+12% YoY) and high inflation (lag effect)
- Contracting FY volumes and profitability in the domestic market

# Ongoing Cost Pressure

YoY change	2019/2018	4Q19/4Q18
Production Volume	-1%	0%
Raw Material Costs	18%	9%
€ / TL Average	12%	2%



Source: Ford Otosan, CBT, Turkstat

# Debt Profile & Financial Ratios

<b>Cash Position (TL mn)</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Cash & Cash Equivalents	3.203	1.393
Total Financial Debt	-6.208	-4.483
Net Financial Debt	-3.005	-3.090
<b>Financial Ratios</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Current ratio	1,17	1,02
Liquidity ratio	0,87	0,64
Net Debt / Tangible Net Worth	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%
<b>Margins</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Gross Margin	10,2%	10,4%
EBITDA Margin	8,2%	8,6%
EBITDA Margin (excl.other items)	8,5%	8,5%
Operating Margin	6,2%	6,9%
Net Margin	5,0%	5,1%

\* Capped at 3.5x. EBITDA is calculated on a rolling 4-quarter basis.

# 2020 Guidance

	2019A	2020F
Turkish Industry Volume	488 K	580 K – 630 K
Ford Otosan Retail Sales Volume	49 K	60 K – 70 K
Exports	334 K	330 K – 340 K*
Wholesale Volume	383 K	390 K – 410 K
Production Volume	369 K	370 K – 380 K
Capex (fixed assets)	€ 142 mn	€180 – 200 mn

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

Ford Otosan provides guidance 4 times a year as part of quarterly financial statements.  
This is the first guidance issued for 2020 as part of FY 2019 results in February.

# Q & A

