



## 9M20 Financial Results Meeting

27 October 2020

# Agenda

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- **9M20 Evaluation**
- **European Industry & Ford**
- **Ford Motor Co Update**
- **Financial Results**
- **Q & A**

# 9M20 Evaluation

# 9M20 Highlights

-  Robust domestic sales performance **37.3% market share in CV**
-  Recovery in export sales in 3Q20 **157,641 units**
-  Ford continued to lead Europe's CV market **15.1% market share**
-  Growing EBITDA per vehicle **EUR 1,789 in 9M20**

# Domestic Market Position

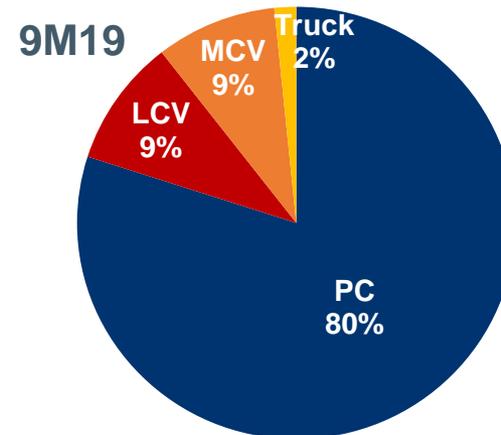
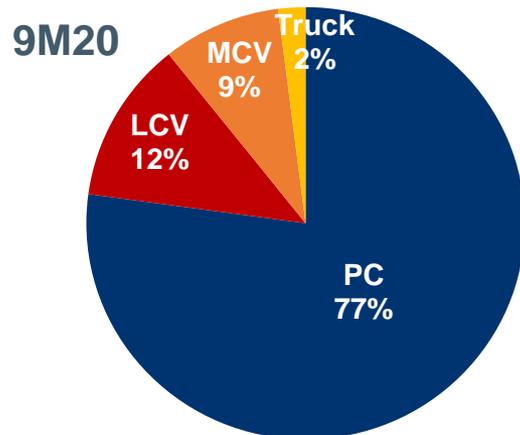
9M20  
Domestic Sales

Segments	Industry	Ford Otosan	% Share	Ranking
Commercial Vehicles	114,929	42,918	37.3%	1
Light Commercial	61,156	19,595	32.0%	2
Medium Commercial	43,775	20,238	46.2%	1
Truck	9,998	3,085	30.9%	2
Passenger Cars	388,690	15,840	4.1%	9
<b>Total</b>	<b>504,786*</b>	<b>58,758</b>	<b>11.6%</b>	<b>3</b>

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

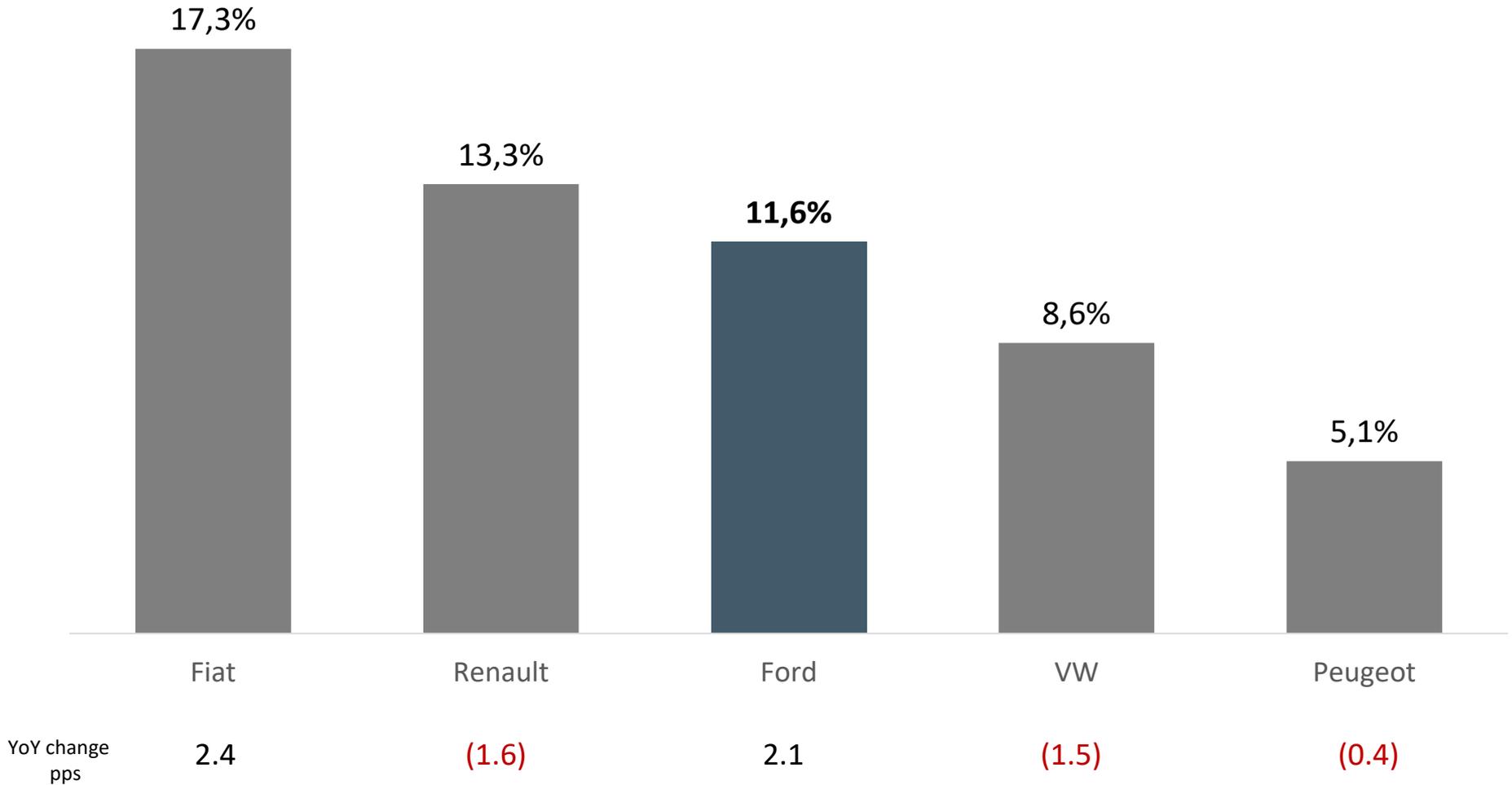
# CV Industry Share Rose YoY

Segments	9M20	9M19	Change
Passenger Cars	388.690	228.628	70%
Light Commercial	61.156	27.114	126%
Medium Commercial	43.775	25.567	71%
Truck	9.998	4.494	122%
<b>Total*</b>	<b>504.786</b>	<b>286.420</b>	<b>76%</b>



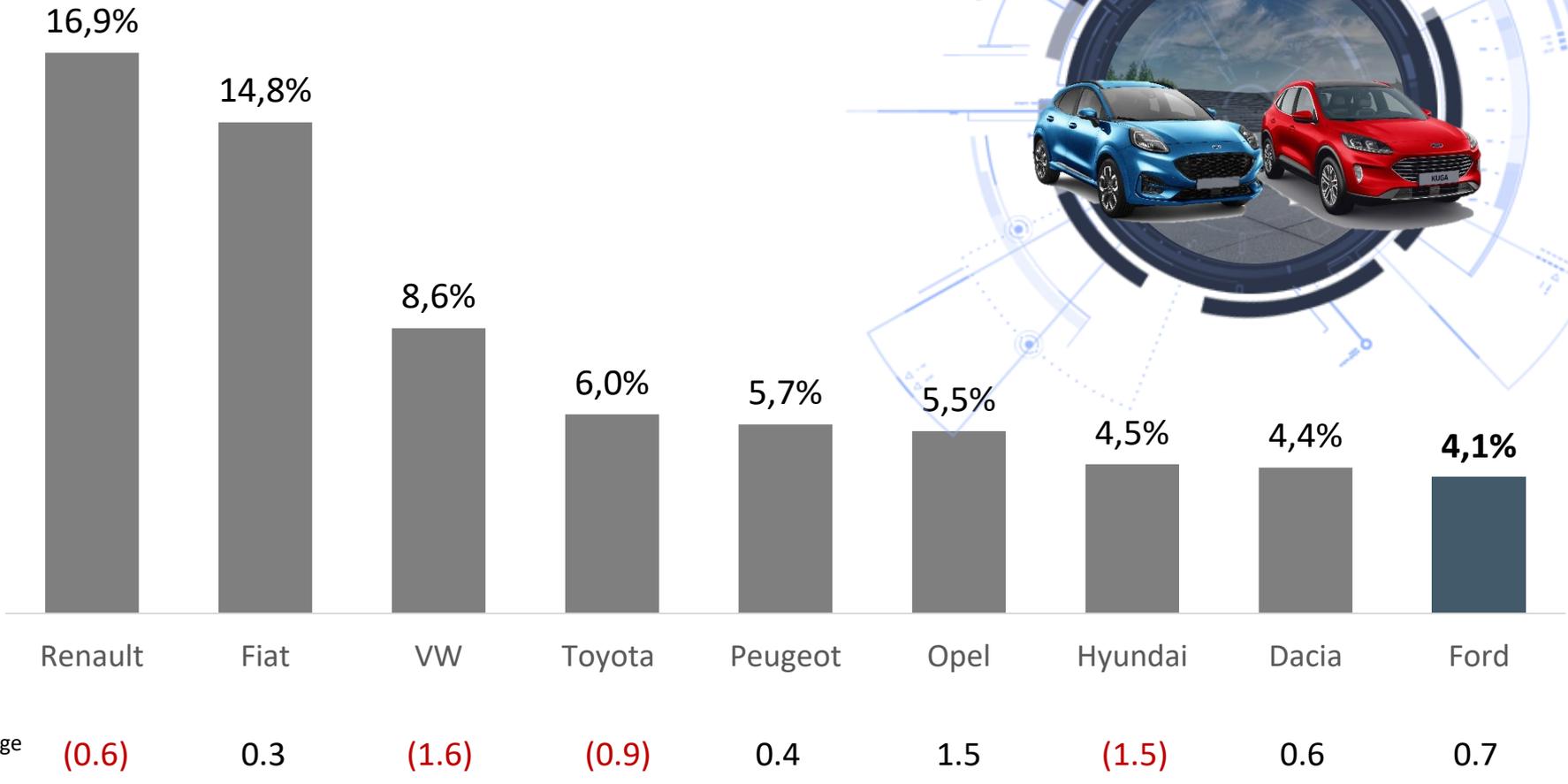
\* Total industry volumes include PC, LCV, MCV, HCV and Truck sales.

# Total Industry Market Shares, 9M20



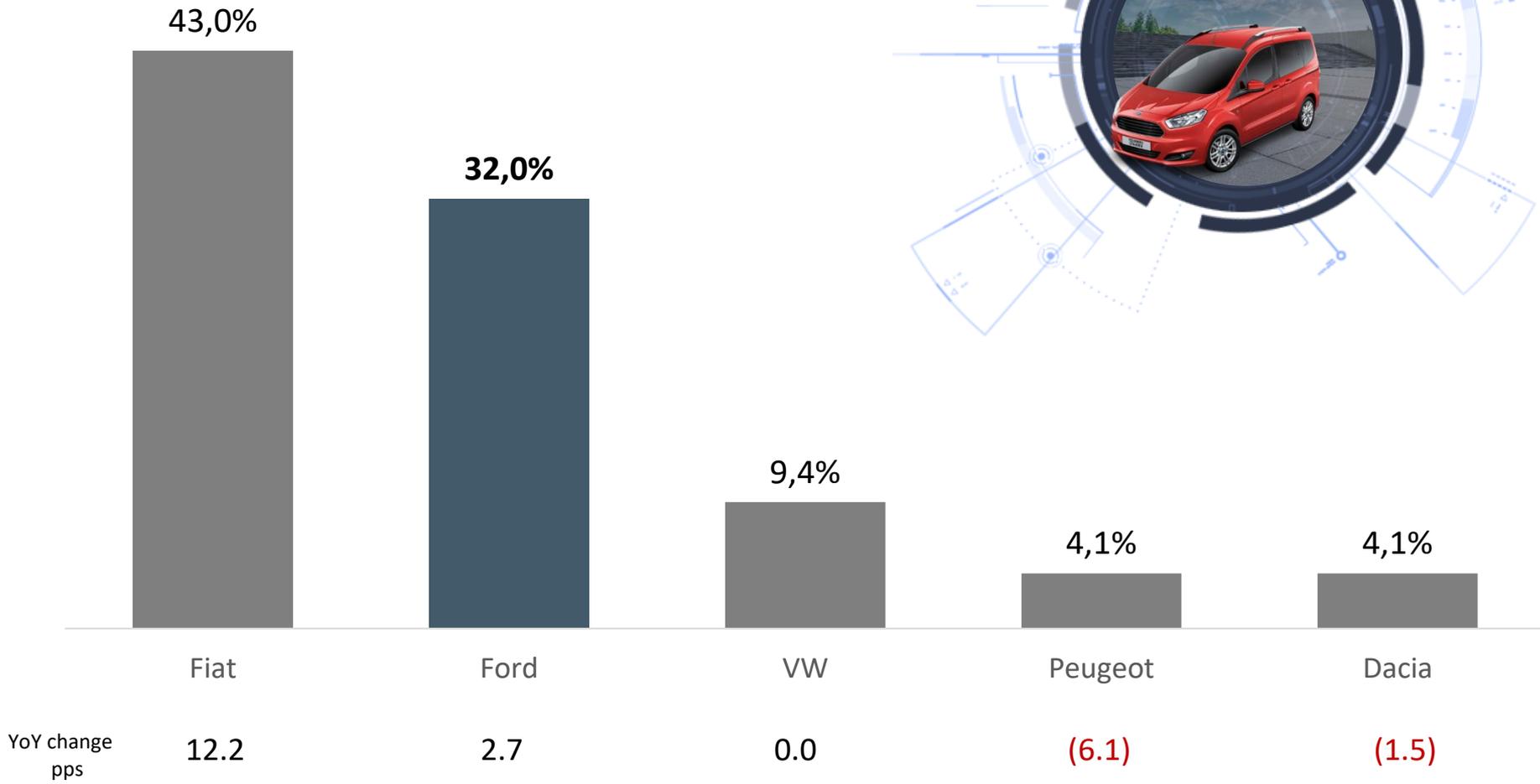
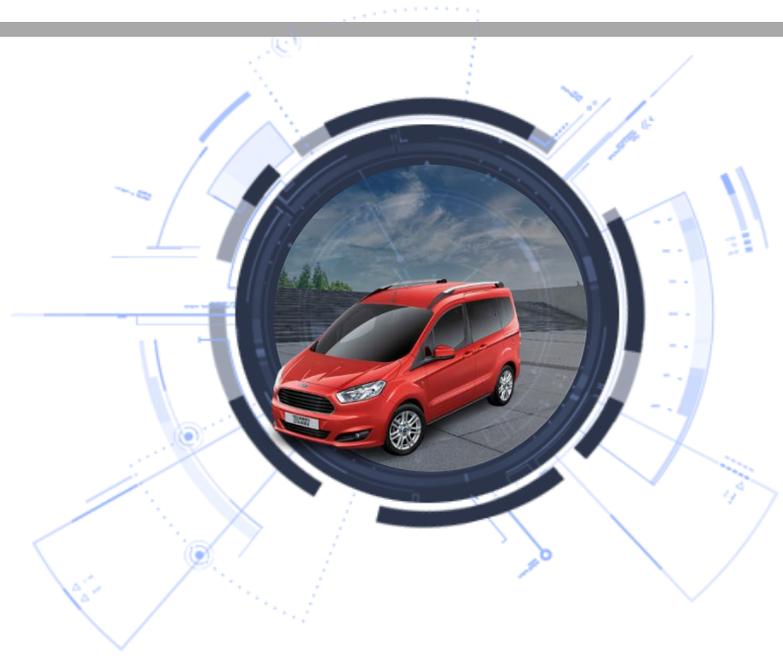
# PC Market Shares, 9M20

Strategy: Profitability over market share



# LCV Market Shares, 9M20

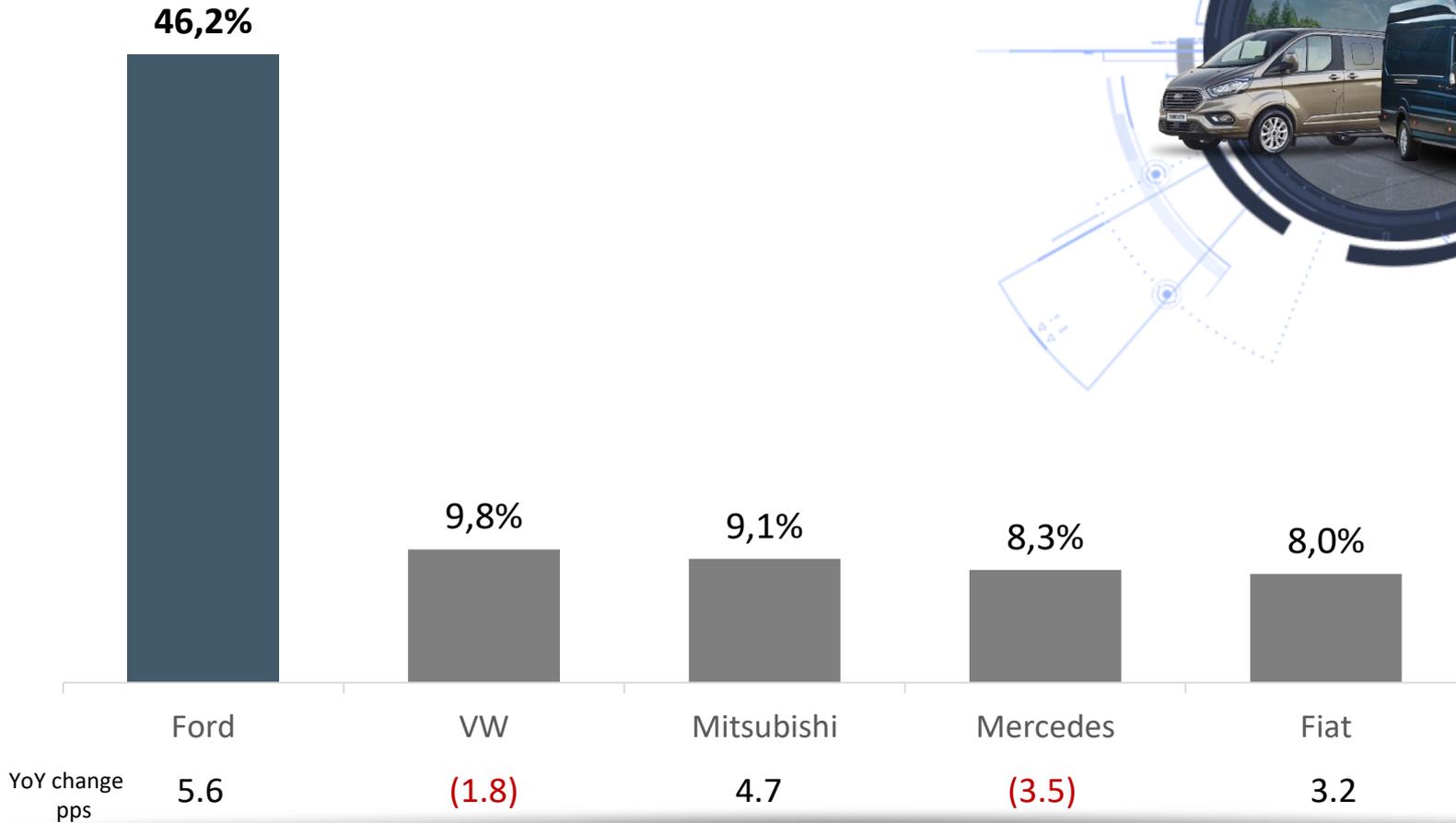
Strategy: Profitable growth



# MCV Market Shares, 9M20

Strategy: Profitable growth

Higher market share than the next 8 brands combined



# Truck Market Shares, 9M20

Strategy: Profitable growth



39,9%

30,9%

6,9%

6,8%

5,9%

Mercedes

Ford

Scania

MAN

Renault

YoY change  
pps

7.6

(0.2)

1.1

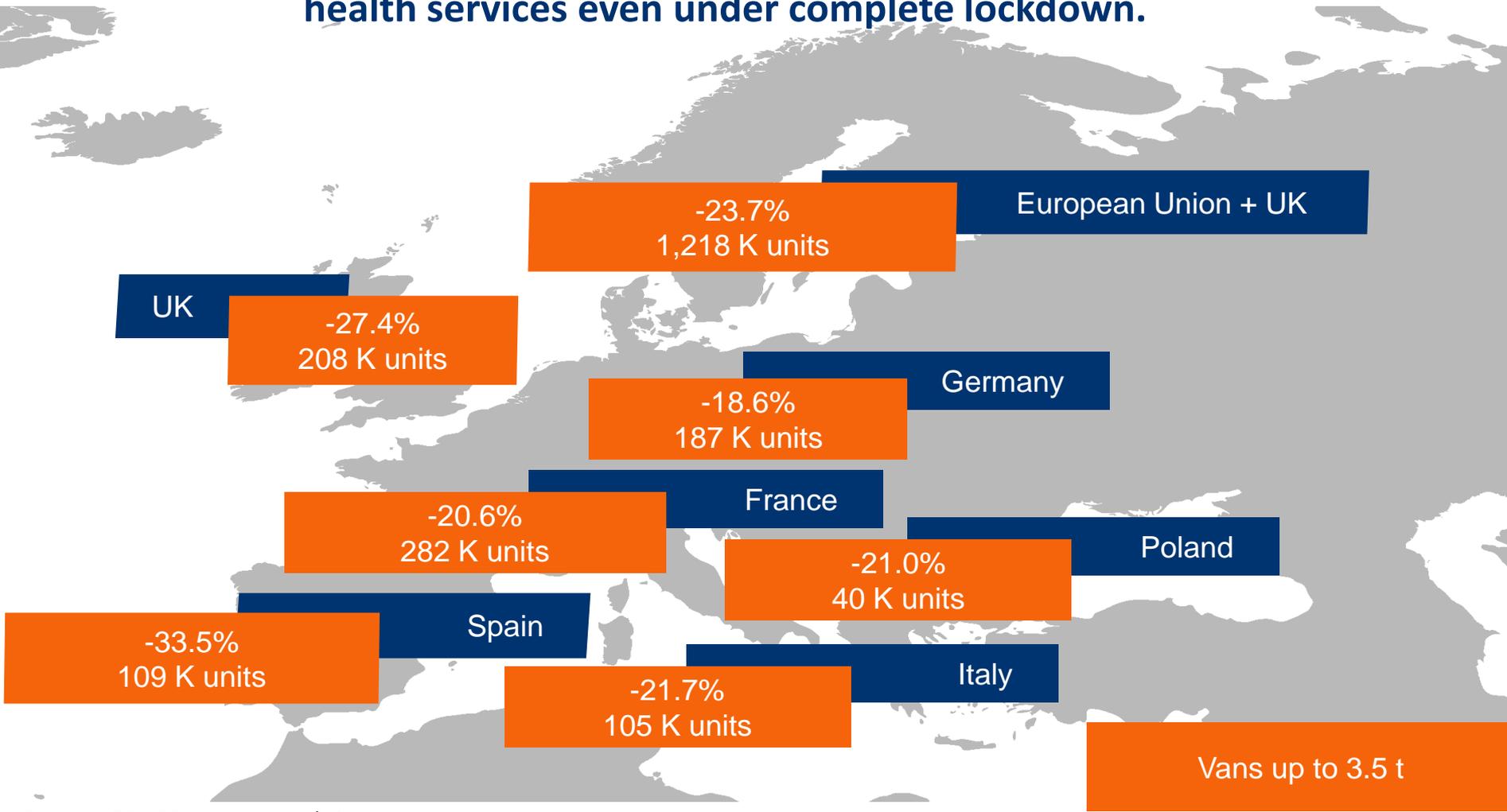
(3.3)

(1.5)

# European Industry & Ford

# EU Van Registrations Declined 23.7% in 9M20

Commercial Vehicles continued to serve supermarkets, delivery business and health services even under complete lockdown.



Source: ACEA; 26 European markets + UK

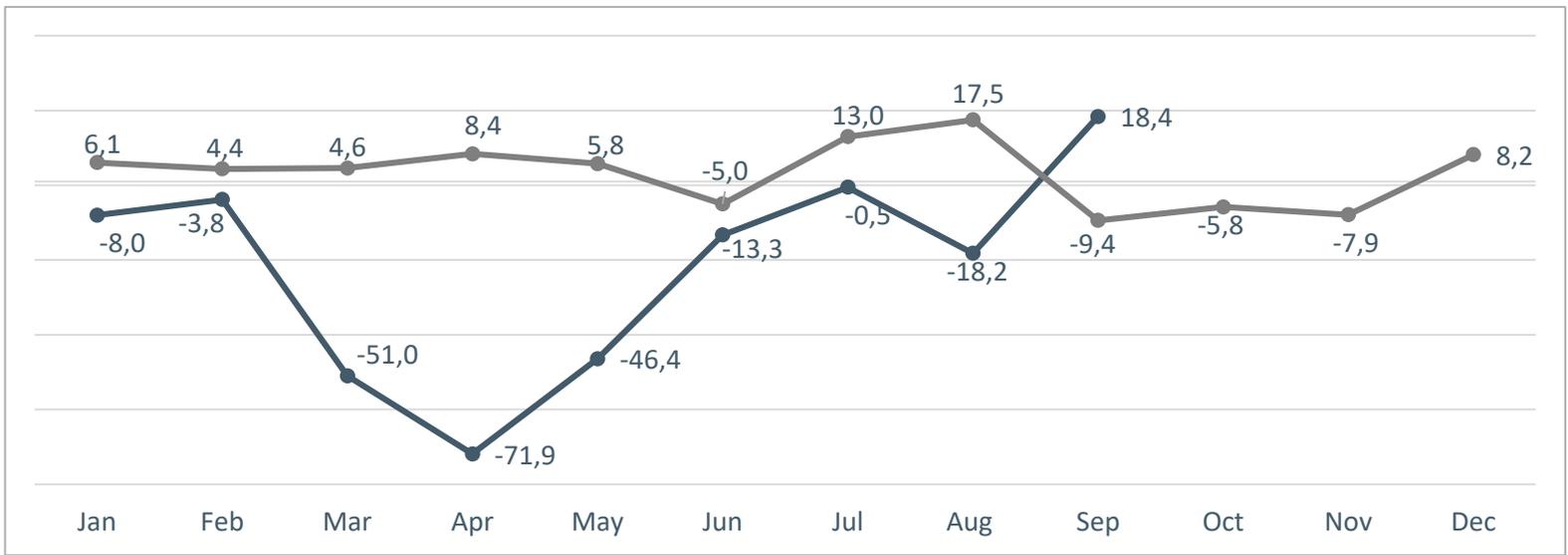
# European Industry Recovers Strongly Following

## the Peak of the Pandemic

All markets turned +

Vans up to 3.5 tons: Ford Otosan's export segment (2020)

% Change	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD
UK	5.9	-2.0	-54.3	-86.2	-74.1	-24.8	7.1	-16.1	26.4	-27.4
Germany	-3.0	-3.8	-25.3	-46.9	-45.5	-17.7	-6.7	-22.2	20.1	-18.6
Italy	-2.4	-6.2	-71.2	-89.9	-35.2	-5.3	15.1	4.1	18.7	-21.7
Spain	-20.2	-5.9	-67.2	-91.0	-58.7	-19.8	2.9	-24.4	7.3	-33.5
France	-9.2	3.0	-64.8	-83.8	-32.9	7.8	2.0	-2.1	16.7	-20.6
Poland	-18.3	-10.5	-32.7	-55.6	-43.4	-14.1	1.7	-20.9	21.8	-21.0
Total*	-8.0	-3.8	-51.0	-71.9	-46.4	-13.3	-0.5	-18.2	18,4	-23,7

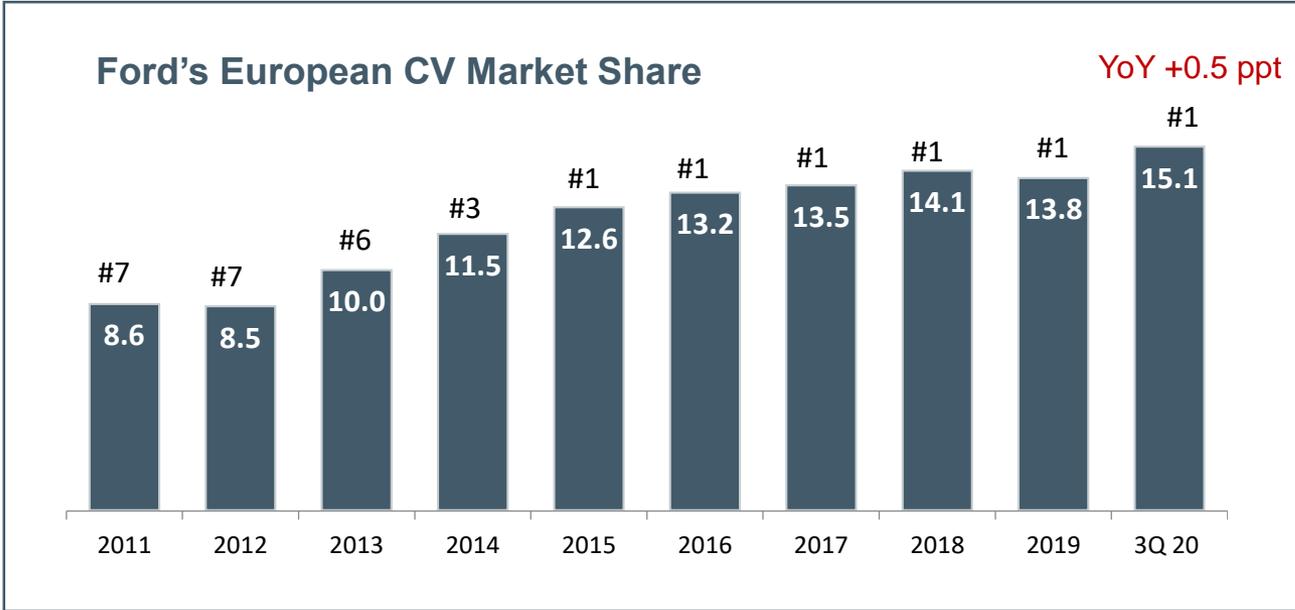


2020  
2019

\* 26 European markets + UK



# Ford is Europe's Top-Selling CV Brand



Ford remains Europe's No.1 CV brand

Ford sold 95k (+3.8%) CV in Q3, a quarterly record since 1993.

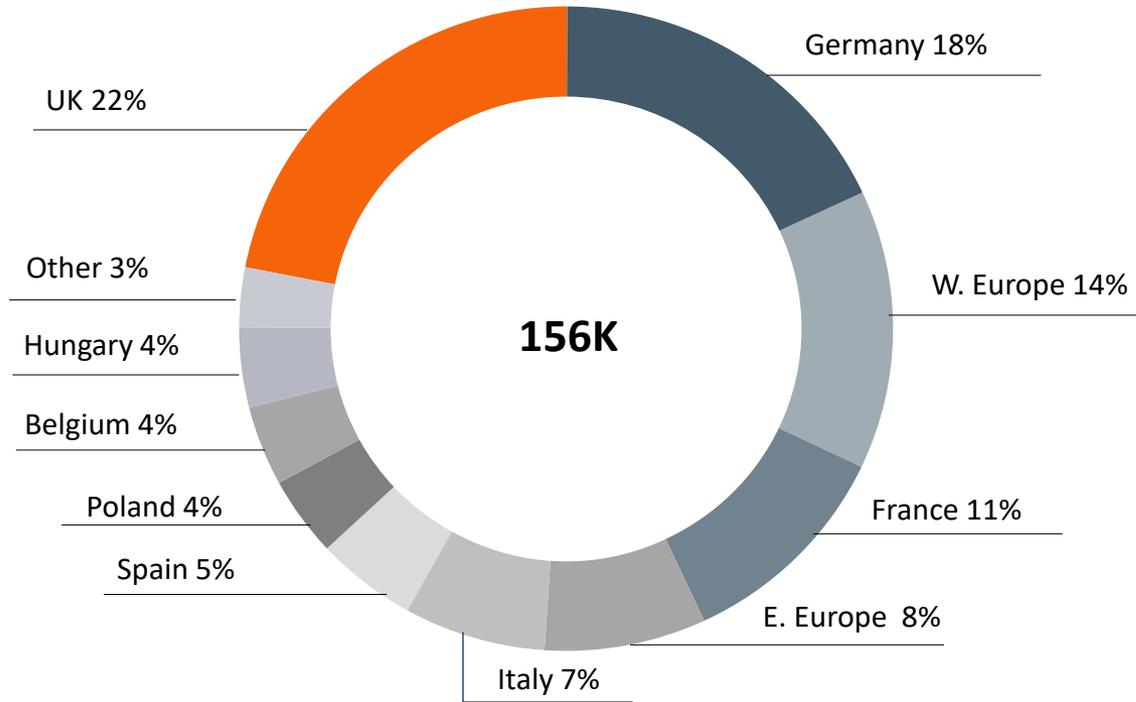
Ford sold 65k (+10.3%) Transit, Transit Custom and Tourneo Custom vehicles in Q3, also a record since 1993.

Growing societal trends like home deliveries and online shopping are pushing the CV segment to new records and Ford to increased market share.

Source: Ford of Europe 3Q20 Sales Release, reporting sales for its 20 European traditional markets. In line with the Ford global standard, the sales reports are published quarterly.

# Turkey's Export Champion

Export breakdown (9M20, units)



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

**85%**  
of Transit Family vans  
sold in Europe

# Ford Motor Co Update

# Ford Announces Operational and Leadership Changes

Will Drive Growth, Improve Execution, Speed Transformation



Jim Farley, Ford CEO

**Jim Farley** succeeds Jim Hackett on Oct. 1, 2020 as Ford's president and CEO.

Farley served as Ford Otosan Board member and Vice Chairman of the Board of Directors from January 2015 to September 2017.

Farley highlighted **improving quality, reducing costs and accelerating the restructuring of underperforming businesses.**

Ford will grow by:

- **Allocating more capital, resources and talent** to its strongest businesses and vehicle franchises
- **Expanding its leading commercial vehicle business** with a suite of software services that drive loyalty and recurring revenue streams
- Offering compelling, uniquely Ford **fully electric vehicles at scale around the world, including Transit, F-Series, Mustang, SUVs and Lincoln**
- **Adding more affordable vehicles** to its global lineup, including in North America
- Standing up new customer-facing businesses enabled by **Argo AI's world-class self-driving system**

Source: <https://media.ford.com/content/fordmedia/feu/en/news/2020/10/01/ford-announces-operational-and-leadership-changes.html>

# 9M20 Results

# 9M20 Financial Results

**TL 28,490 million**

Revenues, +3% YoY

- 21% decline in total volumes
- 37% decrease in export units
- 117% increase in domestic units

**TL 20,077 million**

Export Revenues, -17% YoY

- 37% decrease in volumes
- YoY decline limited to 17% due to exchange impact, product mix and cost plus export structure

**TL 8,414 million**

Domestic Revenues, +148% YoY

- 117% volume growth
- Product mix
- Ongoing pricing discipline

**TL 3,436 million**

EBITDA, +61% YoY

- Robust domestic volumes
- Higher contribution of domestic market
- Pricing discipline
- Additional cost reduction measures and OpEx control against Covid-19 impact
- Cost-plus export contracts
- Exchange impact (average EUR/TL 10% in 1Q20, 15% in 2Q20, 34% in 3Q20 YoY)

**TL 2,961 million**

EBITDA excl. Currency impact, +25% YoY

**TL 2,308 million**

Profit Before Tax, +79% YoY

**TL 2,268 million**

Net Income, +69% YoY

# Volume & Revenue Analysis

	9M20/9M19		3Q20/3Q19	
	Volume	Revenue	Volume	Revenue
<b>Total</b>	-21%	3%	9%	44%
<b>Robust domestic volumes, higher contribution of domestic market and pricing discipline supported this performance.</b>				
<b>Export</b>	-37%	-17%	-24%	3%
<b>YoY decrease in export revenues was driven by lower volumes but limited due to exchange impact, product mix and cost plus export structure.</b>				
<b>Domestic</b>	117%	148%	346%	367%
<b>Domestic revenues were up with volume growth, ongoing pricing discipline and product mix.</b>				

# Sales Volume by Model

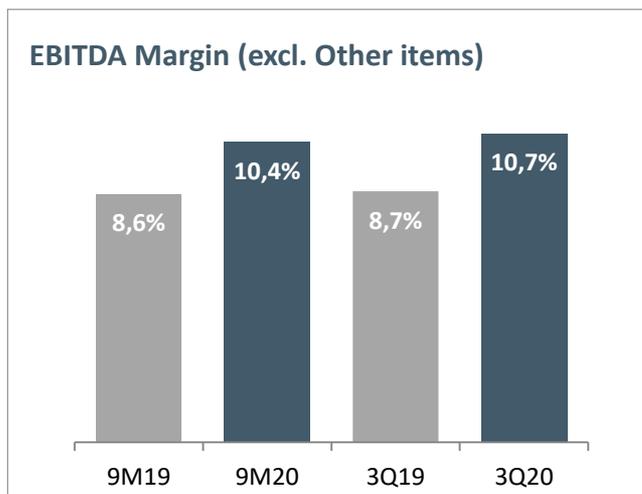
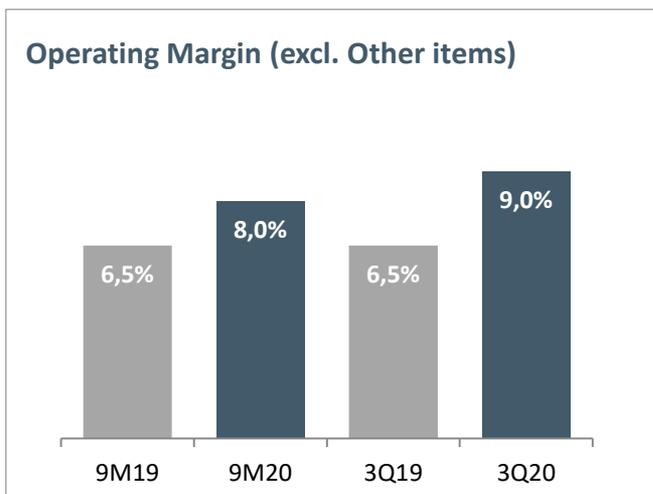
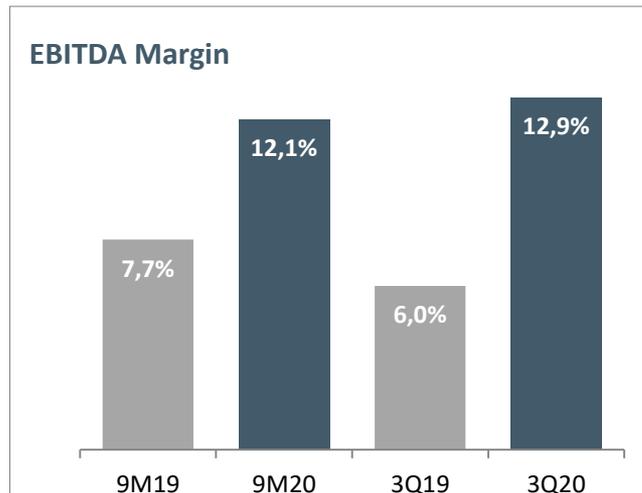
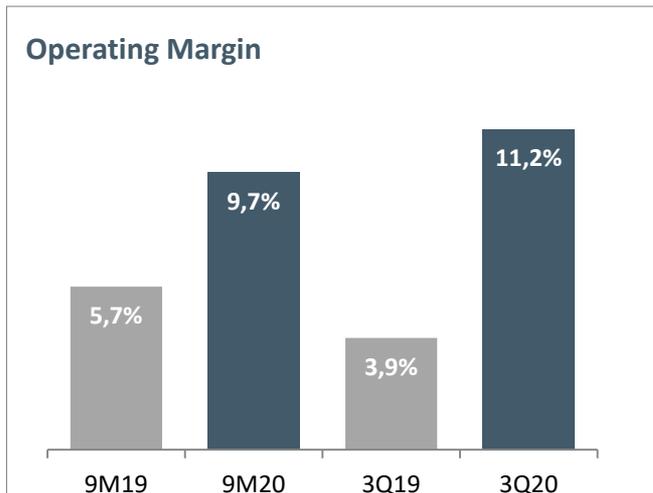
	9M20	9M19	YoY%	3Q20	3Q19	YoY%
<b>Total Domestic</b>	<b>60.899</b>	<b>28.039</b>	<b>117%</b>	<b>34.480</b>	<b>7.736</b>	<b>346%</b>
<b>PC</b>	<b>14.168</b>	<b>6.504</b>	<b>118%</b>	<b>8.171</b>	<b>1.905</b>	<b>329%</b>
<b>LCV</b>	<b>21.999</b>	<b>9.666</b>	<b>128%</b>	<b>13.078</b>	<b>2.688</b>	<b>387%</b>
Transit Courier	21.628	9.505	128%	12.908	2.664	385%
Transit Connect	371	161	130%	170	24	608%
<b>MCV</b>	<b>21.589</b>	<b>10.219</b>	<b>111%</b>	<b>11.489</b>	<b>2.606</b>	<b>341%</b>
Transit	16.719	7.493	123%	9.035	1.988	354%
Transit Custom	4.113	2.260	82%	2.181	427	411%
Ranger	757	466	62%	273	191	43%
<b>Truck</b>	<b>3.143</b>	<b>1.650</b>	<b>90%</b>	<b>1.742</b>	<b>537</b>	<b>224%</b>
<b>Total Export</b>	<b>157.641</b>	<b>248.321</b>	<b>-37%</b>	<b>61.189</b>	<b>80.173</b>	<b>-24%</b>
Transit Custom	86.745	127.326	-32%	34.847	41.230	-15%
Transit	54.940	89.404	-39%	21.598	29.785	-27%
Transit Courier	14.438	29.975	-52%	4.115	8.716	-53%
Truck	1.515	1.578	-4%	629	426	48%
Other	3	38	-92%	-	16	-
<b>Total Wholesale</b>	<b>218.540</b>	<b>276.360</b>	<b>-21%</b>	<b>95.669</b>	<b>87.909</b>	<b>9%</b>

# Main Financial Indicators

Million TL	9M20	9M19	YoY %	3Q20	3Q19	YoY %
Total Revenues	28.490	27.707	3%	13.396	9.298	44%
Export	20.077	24.312	-17%	8.538	8.256	3%
Domestic	8.414	3.394	148%	4.858	1.041	367%
Gross Profit	3.399	2.865	19%	1.649	950	74%
Operating Profit	2.762	1.575	75%	1.497	361	315%
EBITDA	3.436	2.137	61%	1.727	562	208%
EBITDA excluding other income/expense	2.961	2.374	25%	1.435	807	78%
Profit Before Tax	2.308	1.292	79%	1.416	414	242%
Net Income	2.268	1.343	69%	1.358	454	199%
<b>Other Financial Data</b>						
Depreciation & Amortization*	674	562	20%	230	201	15%
Financial Income / (Expense)	-456	-282	62%	-82	54	N/M

\*9M20 numbers include TL 33 million (9M19: TL 33 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.

# 9M20 Margins



## Growing EBITDA per Vehicle (EUR)

	9M	3Q
2020	1,789	1,778
2019	1,355	1,452
2018	1,268	1,207

### Drivers:

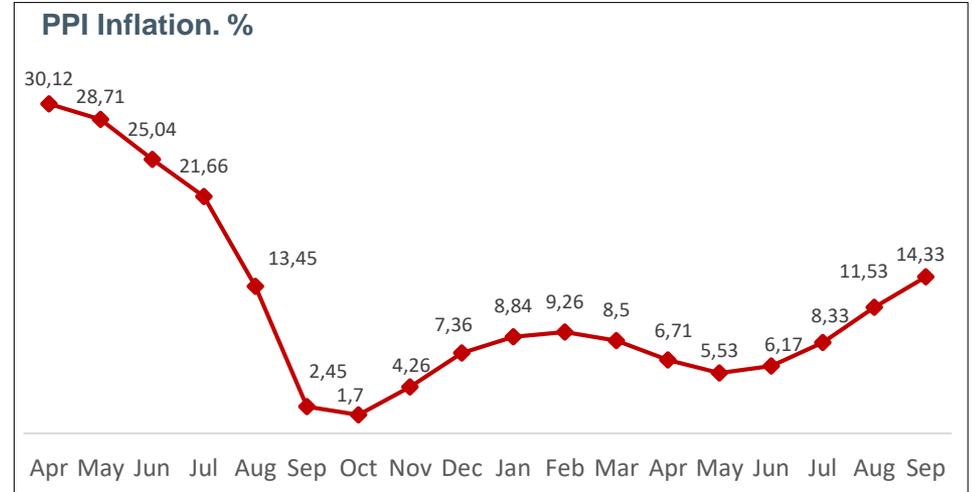
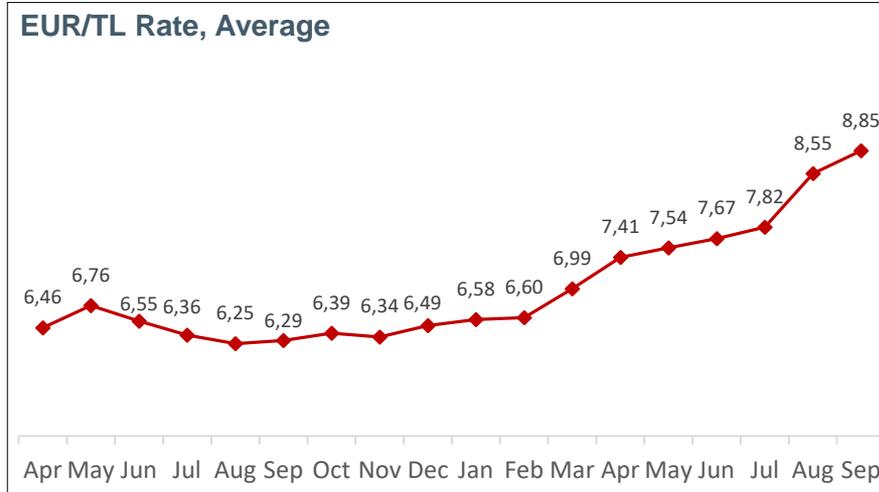
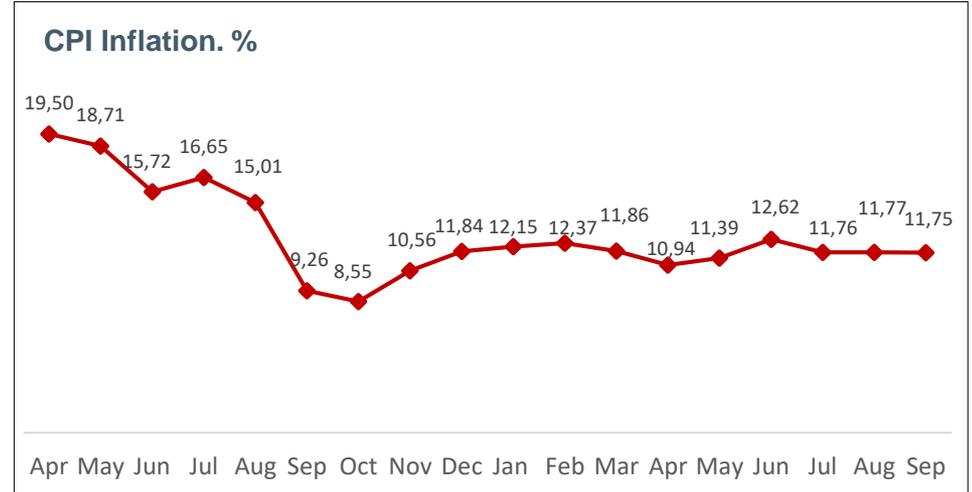
- + Robust domestic volumes
- + Higher contribution of domestic market
- + Pricing discipline
- + Additional cost reduction measures and OpEx control against Covid-19 impact
- + Cost-plus export contracts
- + Currency impact

### Challenges:

- Contracting export volumes
- TL volatility

# Cost Dynamics

YoY change	9M20/9M19	3Q20/3Q19
Production Volume	-25%	1%
Raw Material Costs	-6%	31%
€ / TL Average	19%	34%



Source: Ford Otosan, CBT, Turkstat

# Debt Profile & Financial Ratios

<b>Cash Position (TL mn)</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Cash & Cash Equivalents	6.833	3.203
Total Financial Debt	-9.984	-6.558
Net Financial Debt	-3.151	-3.355
<b>Financial Ratios</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Current ratio	1,30	1,17
Liquidity ratio	1,05	0,87
Net Debt / Tangible Net Worth	0,81	0,78
Net Debt / EBITDA*	0,70	0,94
Current Assets / Total Assets	0,72	0,62
Current Liabilities / Total Liabilities	0,70	0,74
Total Liabilities / Total Liabilities and Equity	0,79	0,72
Return on Equity	63,3%	42,0%
<b>Margins</b>	<b>30.09.2020</b>	<b>30.09.2019</b>
Gross Margin	11,9%	10,3%
EBITDA Margin	12,1%	7,7%
EBITDA Margin (excl.other items)	10,4%	8,6%
Operating Margin	9,7%	5,7%
Net Margin	8,0%	4,8%

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

# 2020 Guidance

	2019A	2020F
Turkish Industry Volume	488 K	750 K – 800 K
Ford Otosan Retail Sales Volume	49 K	95 K – 105 K
Exports	334 K	250 K – 260 K
Wholesale Volume	383 K	345 K – 365 K
Production Volume	369 K	320 K – 330 K
Capex (fixed assets)	€ 142 mn	€100 – 120 mn

- Ford Otosan provides guidance 4 times a year as part of quarterly financial statements.
- This is the last guidance issued for 2020 as part of 9M20 results in October.

# Q & A

