

**Highlights**

<u>Financial Results</u>	<u>Million TL</u>	<u>YoY Change</u>	
Revenues	27.707	19%	
Export Revenues	24.312	29%	
Domestic Revenues	3.394	-24%	
Operating Profit	1.575	-16%	
EBITDA	2.137	-7%	
EBITDA excluding other income/expense	2.374	17%	
Profit Before Tax	1.292	-10%	
Net Income	1.343	6%	
<u>Volumes</u>	<u>Units</u>	<u>YoY Change</u>	
Total Wholesale Volume	276.360	-5%	
Export Volume	248.321	4%	
Domestic Wholesale Volume	28.039	-47%	
Domestic Retail Volume	27.460	-49%	
Market Share	9,6%	-1.6 pps	
Production	273.570	-2%	
Capacity Utilization Rate	80%	-4.0 pps	Decline in CUR is explained by Transit facelift transition in 2Q19.

Summary Income Statement, Million TL	30.9.2019	30.9.2018	% Change
<b>Revenues</b>	27.707	23.244	19%
Export	24.312	18.780	29%
Domestic	3.394	4.465	-24%
<b>Gross Profit</b>	2.865	2.501	15%
<b>Operating Profit</b>	1.575	1.868	-16%
Financial Income/(Expense)	-282	-435	-35%
<b>Profit Before Tax</b>	1.292	1.430	-10%
<b>Net Income</b>	1.343	1.272	6%
<b>Other Financial Data</b>			
Depreciation and Amortization	562	418	34%
EBITDA	2.137	2.286	-7%
EBITDA excluding other income/expense	2.374	2.022	17%
Capital Expenditures	-789	-821	-4%

### Revenues

Turkish auto industry contracted 40% YoY in 9M19 to 286,400 units. Sales declined across all segments YoY: PC -37%, LCV -46%, MCV -49% and Heavy Trucks -55%. PC industry share was 79.8% (9M18: 76.4%). LCV industry share was 9.4% (9M18: 10.6%). Ford Otosan maintained its CV leadership with 35% market share while ranking #4 in the total industry with 9.6% market share and 27,460 unit retail sales.

9M19 Domestic Revenues were TL 3,394 million. Our ongoing focus on high margin products (PC share down 6 pps; MCV share up 3.4 pps YoY in our domestic sales mix) and pricing discipline limited the revenue decline to 24% despite 47% lower volumes.

9M19 Export Revenues rose 29% YoY to TL 24,312 million, driven by industry growth, ongoing strong demand for our products and currency. Despite 3% YoY currency decline in 3Q19, export revenues grew 24% YoY due to volume increase and mix effect. Volumes grew 4% YoY in 9M19 to 248,321 units. Share of exports in total revenues was 88% (9M18: 81%). Total Revenues were up 19% YoY to TL 27,707 million.

### Profitability

In analyzing the profitability dynamics of this period, it is crucial to recall the extremely weak and volatile currency environment in 3Q18. Please refer to Page 5 Graph 1 for Q3 EUR/TL rates. The positive contribution in 3Q18 turned negative in 3Q19 and vice versa throughout the financial statements. Domestic profitability remained under pressure due to declining volumes, ongoing high inflation rates and weak TL limiting the pricing capability. 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.

Revenues (TL 27,707 million), Cost of Sales (TL 24,842 million) and Gross Profit (TL 2,865 million) were up 19%, 20% and 15%, YoY respectively. TL 278 million Net FX Gain from Operating Activities in 9M18 turned negative in 9M19, resulting in TL20 million Net FX Loss. As a result, TL 264 million Net Other Income in 9M18 became TL 237 million Net Other Expense in 9M19. Please refer to Page 5 Table 1 for the details. This fx movement yielded 16% decline in Operating Profit in 9M19 to TL 1,575 million. Operating Profit excluding currency impact grew 13% YoY to TL 1,813 million. By the same token, EBITDA declined 7% YoY to TL 2,137 million. Despite the lower absolute EBITDA, EBITDA per vehicle grew for the 5th consecutive quarter to EUR 1,355 as of 9M19. Please refer to Page 5 Table 2 for details. EBITDA excluding the currency impact was up 17% YoY to TL 2,374 million.

Net Financial Expenses declined 35% YoY driven by 36% lower Net FX Loss, mainly explained by prior period fx gains from Cash Flow Hedge Reserve and currency movements. Please refer to Page 5 Table 3 for details. As a result, Profit Before Tax declined 10% YoY to TL 1,292 million. Net Income for 9M19 was TL 1,343 million, up 6% and higher than PBT due to Tax Income Resulting from Deferred Tax Asset in 3Q19.

Margins: Gross 10.3% (-42 bps YoY); EBITDA 7.7% (-212 bps YoY); EBITDA excluding other income 8.6% (-13 bps YoY); Operating 5.7% (-235 bps YoY); and Net 4.8% (-63 bps YoY).

Sales Volume by Model, units	30.9.2019	30.9.2018	% Change
<b>Domestic Sales</b>	<b>28.039</b>	<b>52.472</b>	<b>-47%</b>
Passenger Car	6.504	15.210	-57%
Transit Courier	9.505	16.359	-42%
Transit Connect	161	722	-78%
Light Commercial Vehicle	9.666	17.081	-43%
Transit	7.493	12.352	-39%
Transit Custom	2.260	3.818	-41%
Ranger	466	1.129	-59%
Medium Commercial Vehicle	10.219	17.299	-41%
Truck	1.650	2.882	-43%
<b>Export Sales</b>	<b>248.321</b>	<b>238.458</b>	<b>4%</b>
Transit Custom	127.326	119.709	6%
Transit	89.404	87.946	2%
Transit Courier	29.975	29.477	2%
Truck	1.578	1.157	36%
Other	38	169	-78%
<b>Total Wholesale Volume</b>	<b>276.360</b>	<b>290.930</b>	<b>-5%</b>

Total Domestic Automotive Industry	286.400	474.565	-40%
Ford Otosan Retail Sales	27.460	53.345	-49%
Ford Otosan Market Share	9,6%	11,2%	-1.6 pps

Summary Balance Sheet, Million TL	30.9.2019	31.12.2018	% Change
Current Assets	8.908	7.395	20%
Current Liabilities	8.028	7.220	11%
Property, Plant and Equipment - Net	4.229	3.923	8%
Total Assets	15.068	13.184	14%
Total Liabilities	10.450	9.291	12%
Shareholders' Equity	4.618	3.893	19%

<b>Financial Ratios</b>	<b>30.9.2019</b>	<b>31.12.2018</b>
Current Ratio	1,11	1,02
Liquidity Ratio	0,66	0,64
Net Debt / Tangible Equity	0,98	1,01
Net Debt / EBITDA	1,38	1,08
Current Assets / Total Assets	0,59	0,56
Current Liabilities / Total Liabilities	0,77	0,78
Total Liabilities / Total Liabilities and Equity	0,69	0,70
Return on Equity	38,8%	43,2%
	<b>30.9.2019</b>	<b>30.9.2018</b>
Gross Margin	10,3%	10,8%
EBITDA Margin	7,7%	9,8%
EBITDA Margin excluding other income/expense	8,6%	8,7%
Operating Margin	5,7%	8,0%
Net Income Margin	4,8%	5,5%

<b>Summary Cash Flow Statement, Million TL</b>	<b>30.9.2019</b>	<b>30.9.2018</b>	<b>% Change</b>
Beginning Balance of Cash & Equivalents	1.391	1.803	-23%
Net Cash Generated from Operating Activities	1.165	1.311	-11%
Net Cash Used in Investing Activities	-787	-786	0%
Net Cash Used in Financing Activities	-5	-951	-99%
End of Period Balance of Cash & Equivalents	1.763	1.378	28%

<b>2019 Guidance</b>	
Total Industry Volume	450 K - 500 K
Ford Otosan:	
Retail Sales Volume	40 K - 50 K
Export Volume	335 K - 345 K*
Wholesale Volume	375 K - 395 K
Production Volume	365 K - 375 K
Capex (fixed assets)	€160 -180 million

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\* We are revising down FY19 export guidance due to a supplier issue causing temporary delays in production schedule and impacting orders in 4Q19. Despite the revision, FY19 export volumes will be a historical high for Ford Otosan. We expect full year revenue impact to be limited to 2%.

Supporting Tables

Graph 1: EUR/TL volatility in 3Q19 vs 3Q18



Table 1: FX Impact on Operating Profit due to significant volatility and depreciation in TL in 3Q18 versus appreciation in 3Q19.

Million TL	9M19	9M18	3Q19	3Q18
Net other income	-237	264	-245	210
Net fx gains/losses related to trade receivables and payables	-20	278	-173	209
Net financial expenses from operating activities	-258	-74	-84	-26

Table 2: Growing EBITDA per Vehicle

EUR	9M	3Q
2019	1.355	1.452
2018	1.268	1.207

Table 3: FX Impact on Profit Before Tax

Million TL	9M19	9M18	3Q19	3Q18
Net interest income/expense	22	19	2	8
Net other financial income/expense	-25	-21	-7	-5
Net fx gains/losses	-279	-433	59	-238
Net financial gains/losses	-282	-435	54	-239