



1H20 Financial Results Meeting

29 July 2020

Agenda

- **1H20 Evaluation**
- **European Industry & Ford**
- **Ford Motor Co Update**
- **Financial Results**
- **Q & A**

1H20 Evaluation

1H20 Highlights



Robust domestic sales performance

35.1% market share in CV



Gradual improvement in exports in 2Q20

96,452 units



Ford continued to lead Europe's CV market

13.8% market share



Record high EBITDA per vehicle

EUR 2,016 in 2Q20

Domestic Market Position

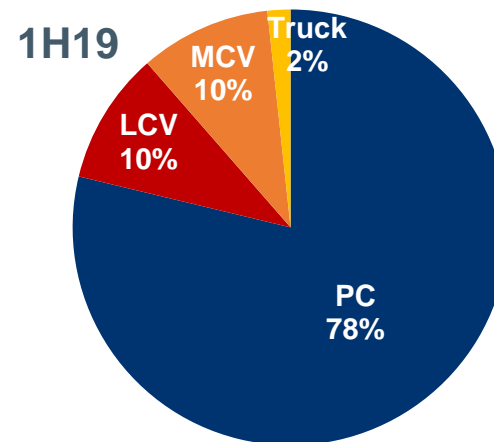
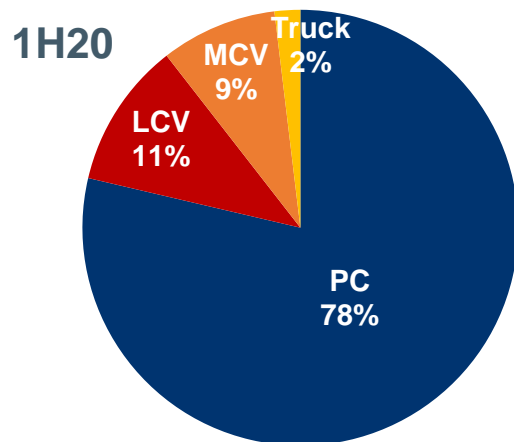
1H20
Domestic Sales

Segments	Industry	Ford Otosan	% Share	Ranking
Commercial Vehicles	55,291	19,428	35.1%	1
Light Commercial	28,102	7,753	27.6%	2
Medium Commercial	22,371	10,236	45.8%	1
Truck	4,818	1,439	29.9%	2
Passenger Cars	203,595	6,997	3.4%	12
Total	259,471*	26,425	10.2%	3

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

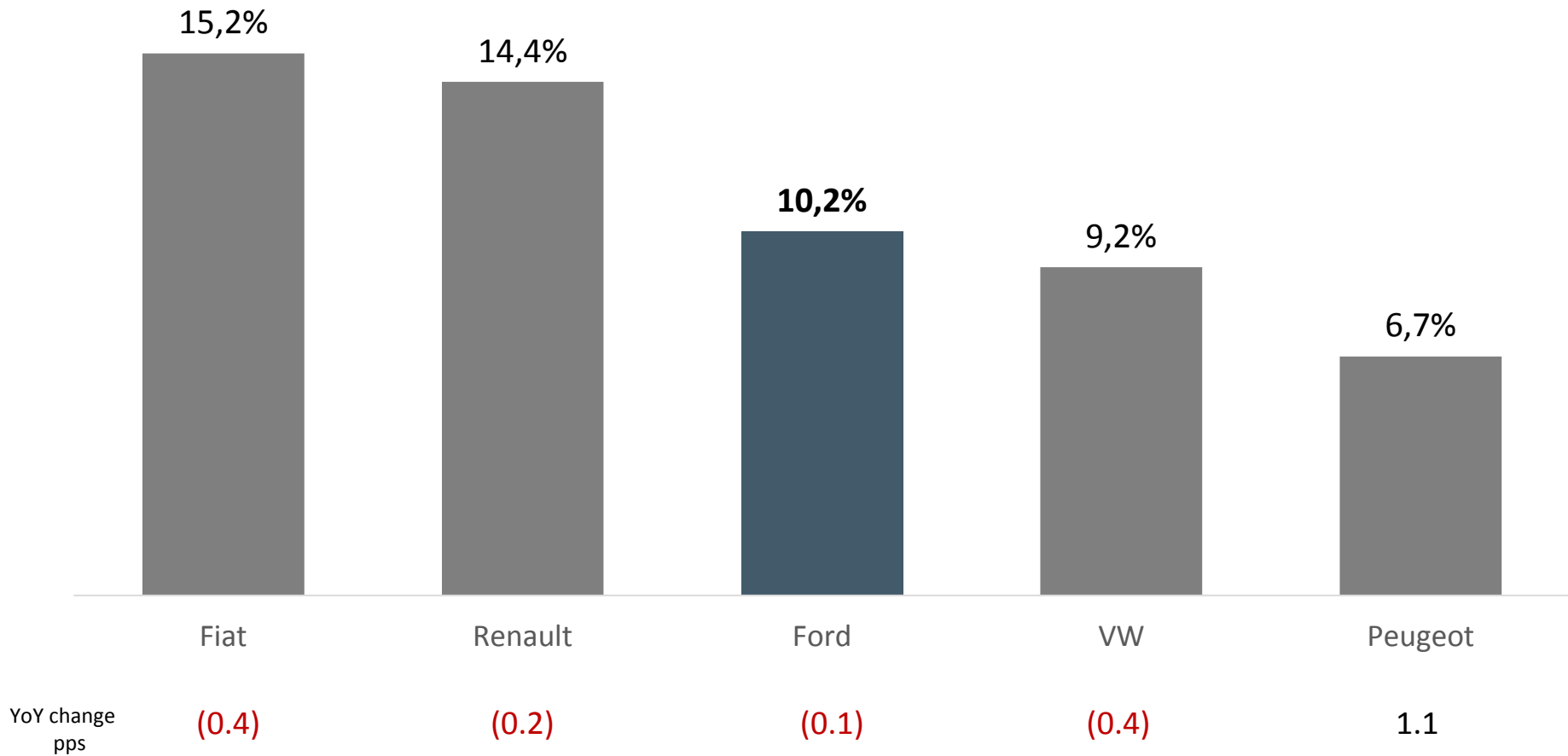
PC Industry Share Rose YoY

Segments	1H20	1H19	Change
Passenger Cars	203.595	156.378	30%
Light Commercial	28.102	19.418	45%
Medium Commercial	22.371	19.348	16%
Truck	4.818	3.343	44%
Total*	259.471	198.903	30%



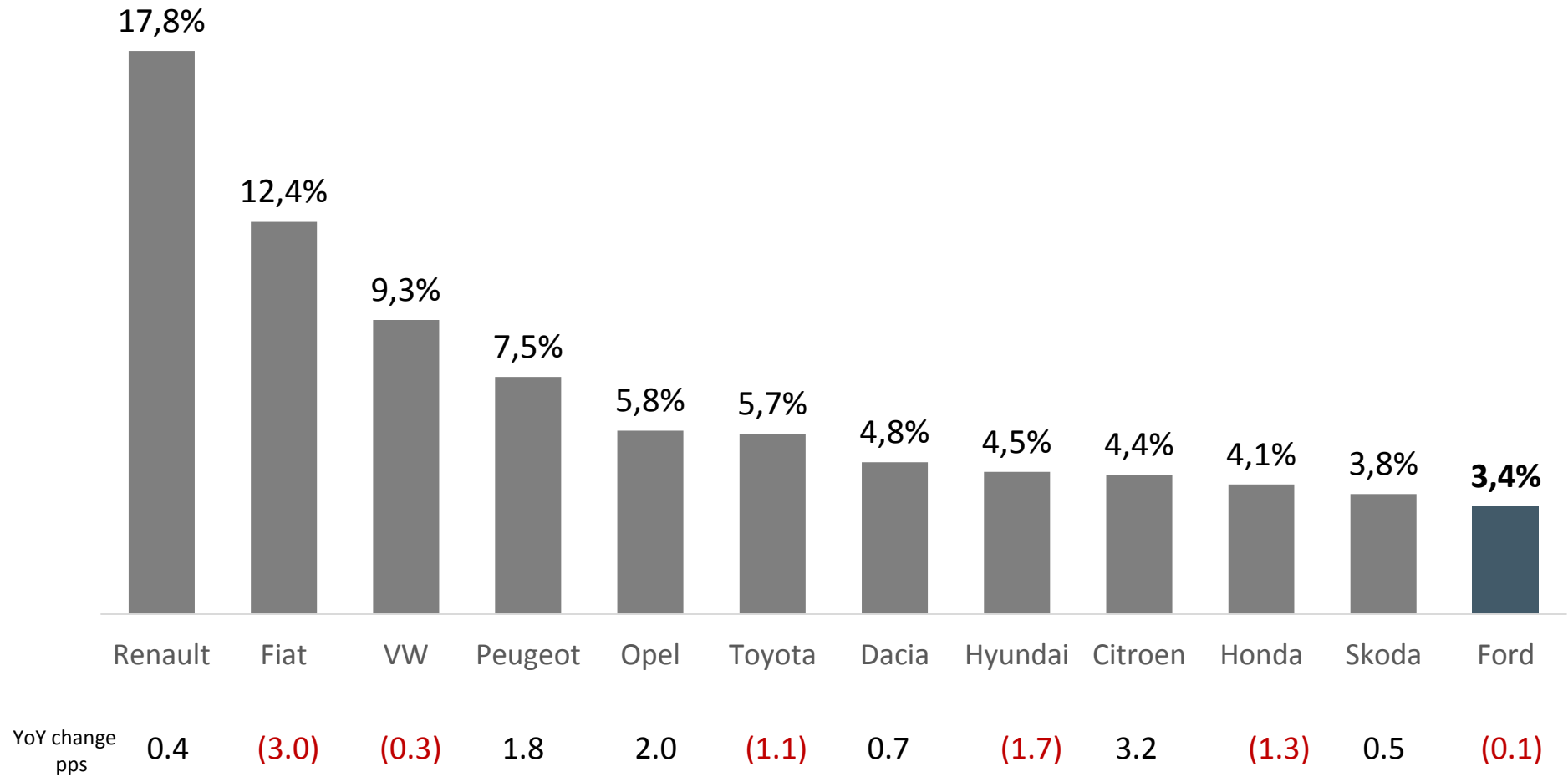
* Total industry volumes include PC, LCV, MCV, HCV and Truck sales.

Total Industry Market Shares, 1H20



PC Market Shares, 1H20

Strategy: Profitability over market share



LCV Market Shares, 1H20

Strategy: Profitable growth

44,4%

27,6%

8,4%

6,5%

5,5%

Fiat

Ford

VW

Dacia

Peugeot

YoY change
pps

12.8

(3.4)

(0.6)

1.2

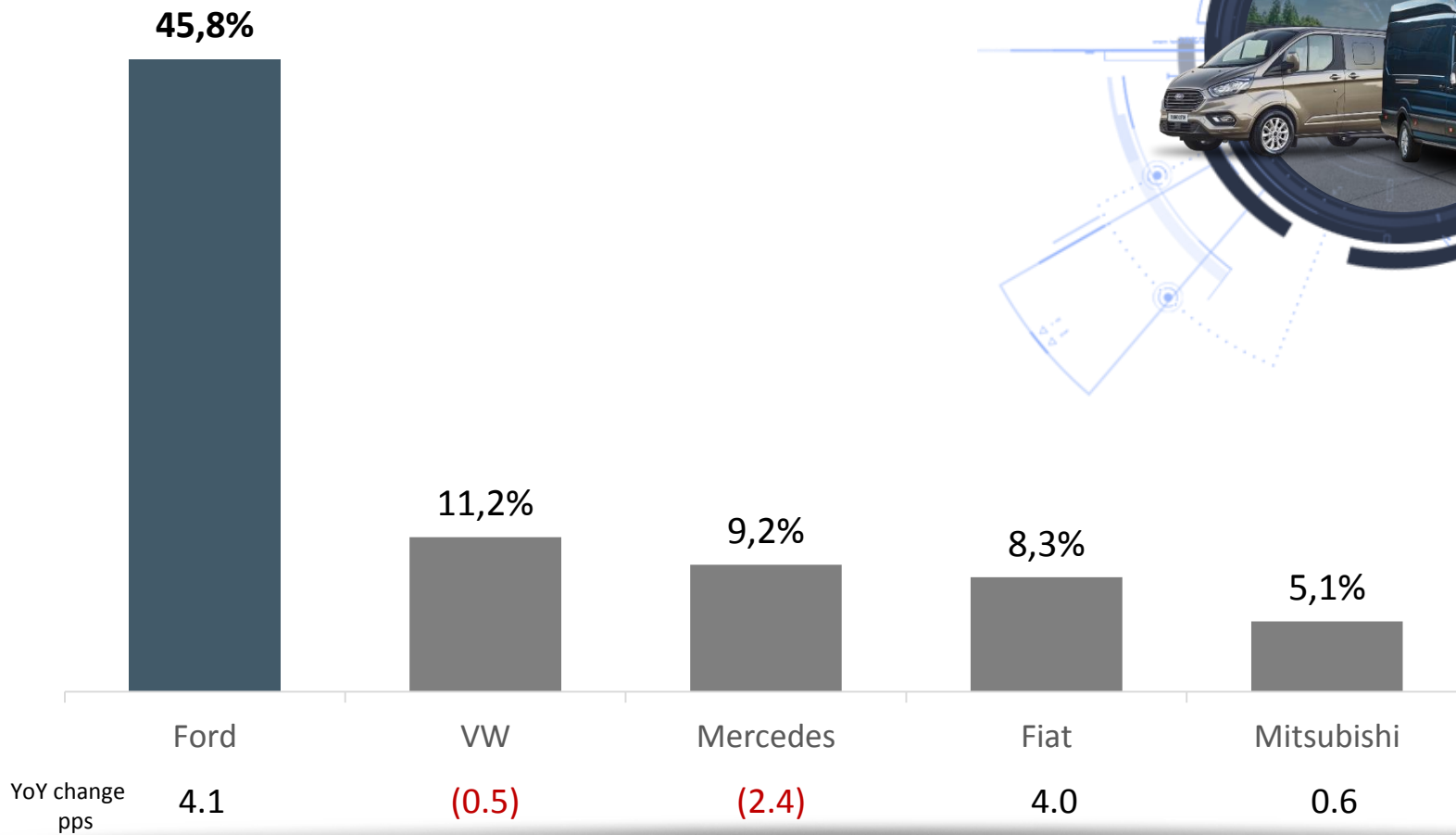
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MCV Market Shares, 1H20

Strategy: Profitable growth

Higher market share than the next 8 brands combined



Truck Market Shares, 1H20

Strategy: Profitable growth

39,5%

29,9%

8,3%

7,0%

5,4%

Mercedes

Ford

MAN

Renault

Scania

YoY change
pps

3.9

2.1

(2.4)

(0.6)

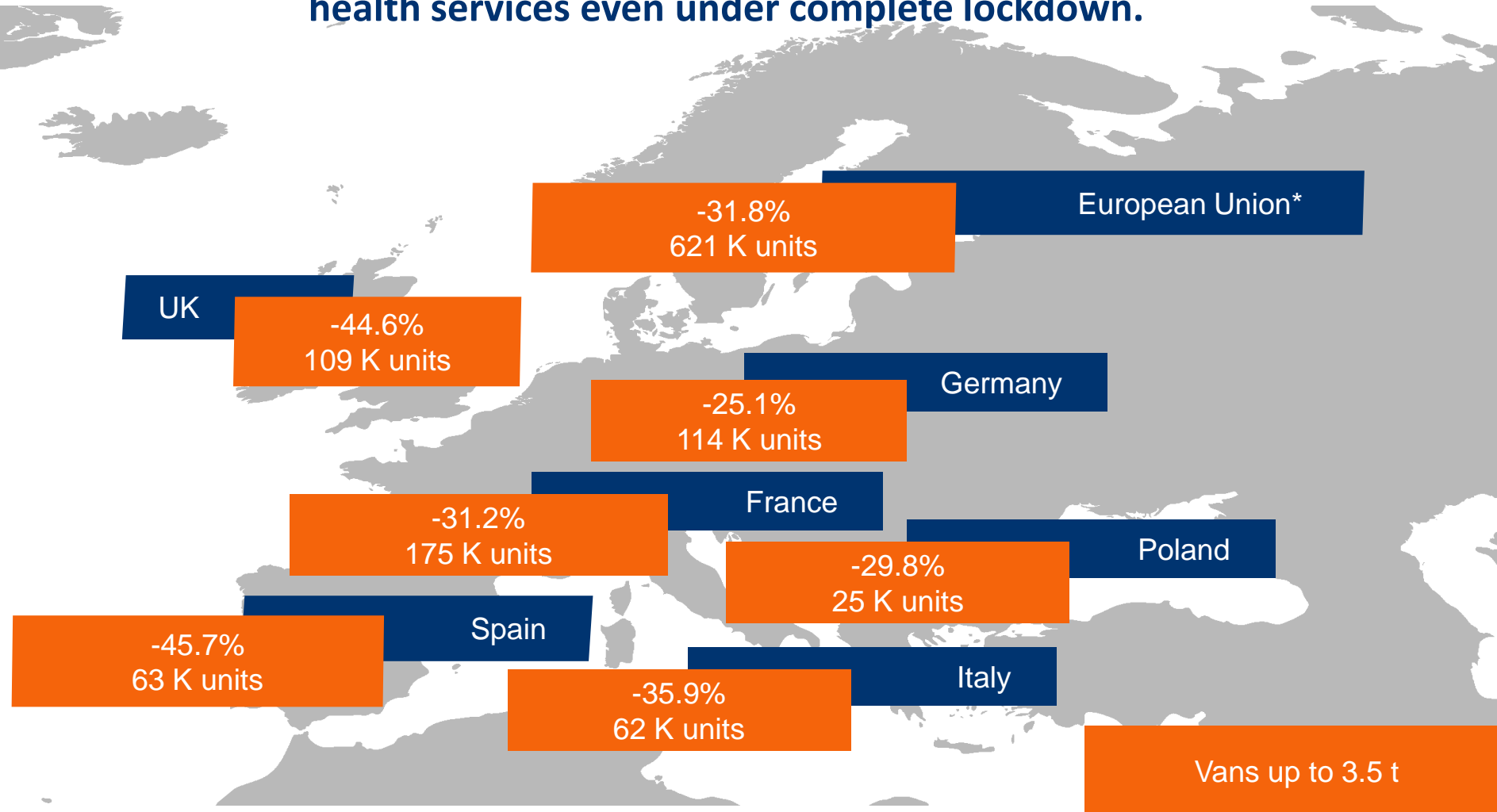
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European Industry & Ford

EU Van Registrations Declined 31.8% in 1H20

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



Source: ACEA; 27 European Union countries excluding Malta.

*EU excluding UK.

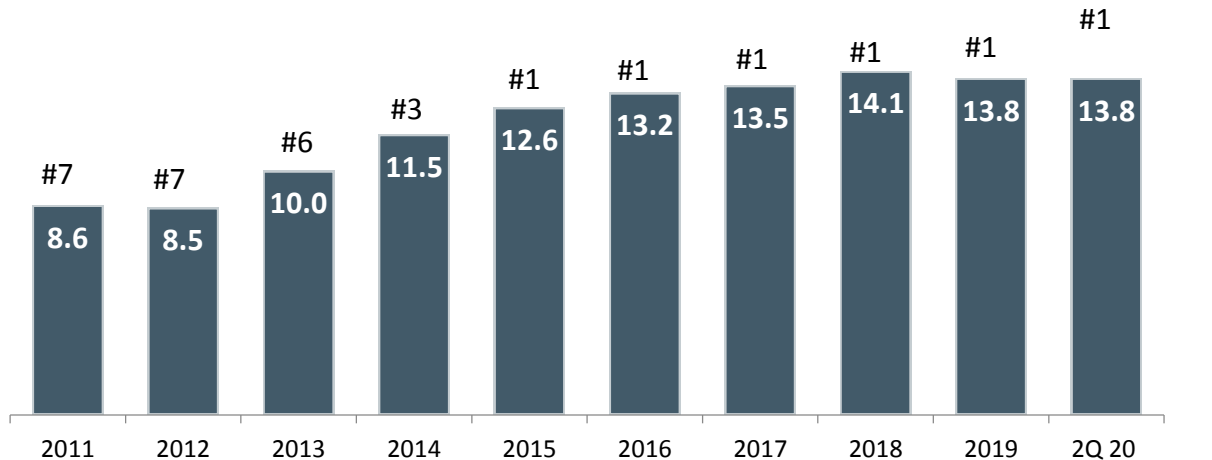
Strong Recovery in the Van Segment as Markets Open

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

% Change	Jan' 20	Feb' 20	Mar' 20	Apr' 20	May' 20	Jun' 20	YTD
UK	5.9	-2.0	-54.3	-86.2	-74.1	-24.8	-44.6
Germany	-3.0	-3.8	-25.3	-46.9	-45.5	-17.7	-25.1
Italy	-2.4	-6.2	-71.2	-89.9	-35.2	-5.3	-35.9
Spain	-20.2	-5.9	-67.2	-91.0	-58.7	-19.8	-45.7
France	-9.2	3.0	-64.8	-83.8	-32.9	7.8	-31.2
Poland	-18.3	-10.5	-32.7	-55.6	-43.4	-14.1	-29.8
Total	-10.2*	-4.0*	-49.8*	-69.6*	-41.3*	-10.4*	-31.8*

Ford is Europe's Top-Selling CV Brand

Ford's European CV Market Share



Ford remains Europe's
No.1 CV brand

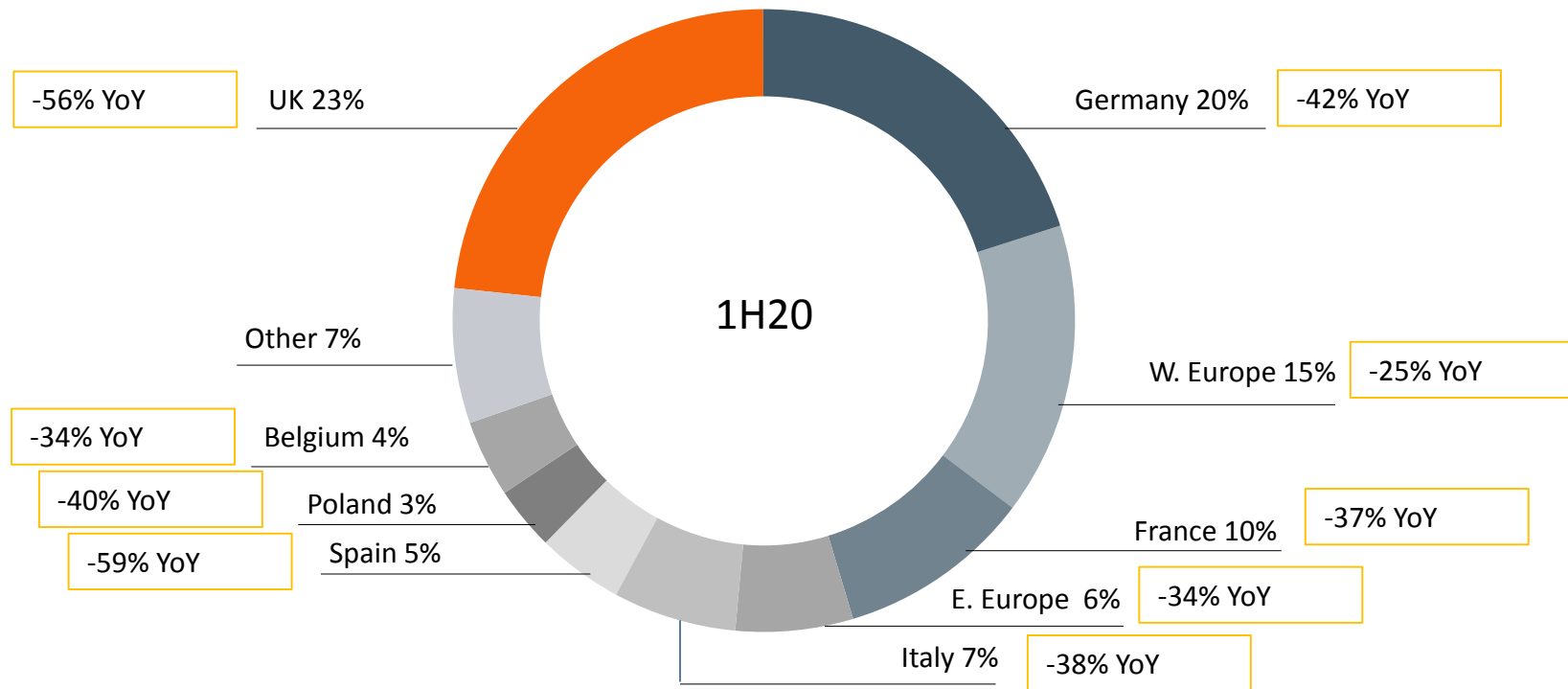
Ford's commercial vehicle
business was less affected by
the Covid-19 pandemic due
to high mix of fleet sales

Ford's commercial vehicle business gaining momentum in major markets

Source: Ford of Europe 2Q20 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 (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

84%

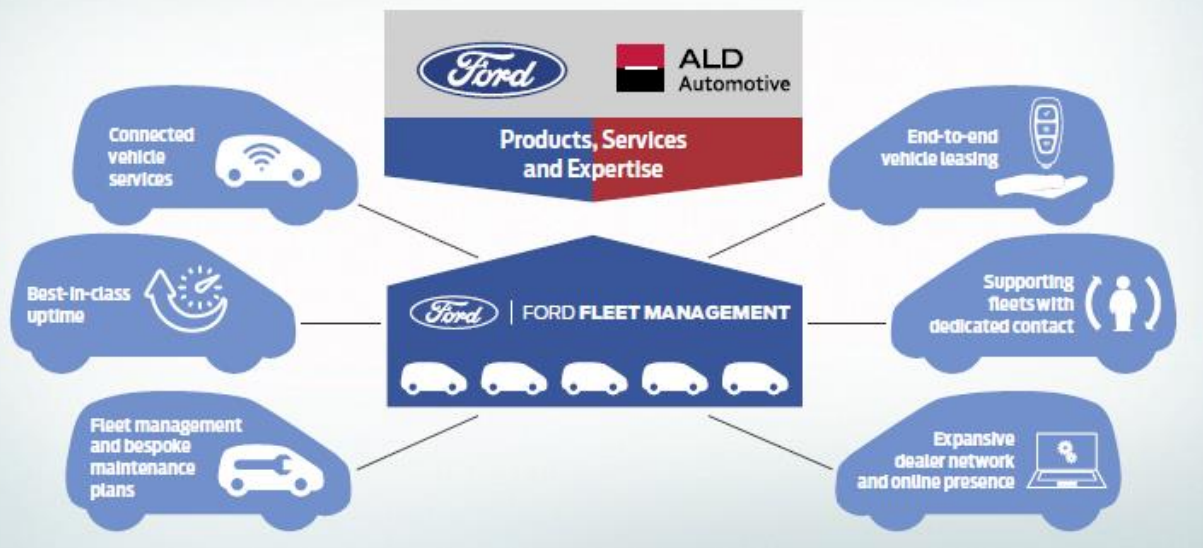
of Transit Family vans
sold in Europe

Ford Motor Co Update

Ford and ALD Automotive Launch New Fleet Management Business in Europe to Support CV and Fleet Growth

Ford Fleet Management

An Integrated one-stop shop for Ford leasing and fleet management solutions



- A significant step in **strengthening Ford's position as Europe's leading CV** brand by providing new opportunities for Ford to serve its customers through fleet management.
- With ALD's scale and experience in the full-service leasing market, **Ford Fleet Management offers a one-stop shop for its customers**, helping them more efficiently run their businesses by saving time and money.
- ALD will be extending the reach of its services with Ford which will notably **support the development of full-service leasing for commercial vehicles in Europe**.

Focused on keeping customers on the road, Ford Fleet Management will provide a comprehensive package of products and services, from leasing and maintenance to digital fleet management systems and mobility solutions.

<https://media.ford.com/content/fordmedia/feu/en/news/2020/07/16/ford-and-ald-automotive-launch-new-fleet-management-business-in-.html>

Ford & VW Sign Agreements for Joint Projects On Commercial Vehicles, EVs, Autonomous Driving

June 10, 2020



VOLKSWAGEN

- **Will collaborate on commercial vehicles** – city van created and built by VW CVs and later **1-ton cargo van engineered by Ford**, plus VW medium pickup built on Ford Ranger platform – **from 2022**
- During the lifecycles of the products, the companies expect to produce up to a combined 8 million of the three commercial vehicles included in the commercial relationship
- Ford to build new electric vehicle for Europe based on VW's Modular Electric Drive toolkit beginning in 2023; could approach a multiyear 600,000-plus units
- With VW's investment in Argo AI, Ford and VW will work with Argo AI to independently develop AVs at scale based on Argo AI's innovative self-driving technology
- **Relationship does not involve cross-ownership between the two companies, is expected to create significant efficiencies for both companies**

https://s23.q4cdn.com/799033206/files/doc_news/2020/06/10/Ford-VW-Announcement-June-10-2020.pdf

Ford Sets Global Target to Become Carbon Neutral by 2050



- Ford is investing more than **\$11.5 billion in electric vehicles through 2022** and committed to offering an electrified version of every passenger vehicle it brings to market in Europe where it will grow its range of electrified vehicles on sale to 18 before the end of 2021, including mild hybrid, full hybrid, plug-in hybrid and battery electric vehicles
- Company on track to **power all its manufacturing plants with 100% locally sourced renewable energy by 2035**; in Europe, **Ford is already using 100% green electric energy to power all Ford facilities in UK, Romania and in Germany.**
- FoE joined the call for businesses, governments and organizations to work together to develop a Sustainable Europe 2030 strategy

<https://media.ford.com/content/fordmedia/feu/en/news/2020/06/25/Ford-Expands-Climate-Change-Goals.html>

1H20 Results

1H20 Financial Results

TL 15,094 million

Revenues, -18% YoY

- 35% decline in total volumes
- 43% decline in export units

TL 11,539 million

Export Revenues, -28% YoY

- 43% decline in volumes
- YoY decline limited to 28% due to cost plus export structure, product mix and strong € against TL

TL 3,555 million

Domestic Revenues, +51% YoY

- 30% volume growth
- Ongoing pricing discipline
- Product mix

TL 1,708 million

EBITDA, +8% YoY

- Robust domestic volumes
- Favorable product mix
- Higher contribution of domestic market
- Pricing discipline
- Additional stringent cost reduction measures, capital spending cuts and OpEx control against Covid-19 impact
- Cost-plus export contracts

TL 1,526 million

EBITDA excl. Currency impact, -3% YoY

TL 892 million

Profit Before Tax, +2% YoY

TL 909 million

Net Income, +2% YoY

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

Volume & Revenue Analysis

	1H20/1H19		2Q20/2Q19	
	Volume	Revenue	Volume	Revenue
Total	-35%	-18%	-53%	-37%
Robust domestic volumes and favorable product mix limited the impact of export decline.				
Export	-43%	-28%	-62%	-49%
YoY decrease in export revenues was driven by lower volumes but limited due to cost plus export structure and strong € against TL .				
Domestic	30%	51%	16%	40%
Domestic revenues were up with volume growth, product mix and ongoing pricing discipline.				

Sales Volume by Model

	1H20	1H19	YoY%	2Q20	2Q19	YoY%
Total Domestic	26.419	20.303	30%	11.451	9.862	16%
PC	5.997	4.599	30%	2.459	2.554	-4%
LCV	8.921	6.978	28%	4.003	3.624	10%
Transit Courier	8.720	6.841	27%	3.946	3.575	10%
Transit Connect	201	137	47%	57	49	16%
MCV	10.100	7.613	33%	4.197	3.011	39%
Transit	7.684	5.505	40%	3.034	2.375	28%
Transit Custom	1.932	1.833	5%	774	597	30%
Ranger	484	275	76%	389	39	897%
Truck	1.401	1.113	26%	792	673	18%
Total Export	96.452	168.148	-43%	29.912	78.955	-62%
Transit Custom	51.898	86.096	-40%	14.442	39.704	-64%
Transit	33.342	59.619	-44%	11.827	27.098	-56%
Transit Courier	10.323	21.259	-51%	3.148	11.544	-73%
Truck	886	1.152	-23%	493	609	-19%
Other	3	22	-86%	2	-	-
Total Wholesale	122.871	188.451	-35%	41.363	88.817	-53%

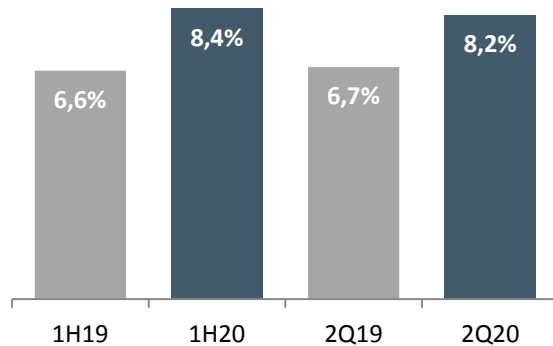
Main Financial Indicators

Million TL	1H20	1H19	YoY %	2Q20	2Q19	YoY %
Total Revenues	15.094	18.409	-18%	5.727	9.125	-37%
Export	11.539	16.056	-28%	4.034	7.915	-49%
Domestic	3.555	2.353	51%	1.693	1.210	40%
Gross Profit	1.750	1.915	-9%	679	971	-30%
Operating Profit	1.265	1.215	4%	471	611	-23%
EBITDA	1.708	1.576	8%	696	794	-12%
EBITDA excluding other income/expense	1.526	1.568	-3%	630	787	-20%
Profit Before Tax	892	878	2%	280	401	-30%
Net Income	909	888	2%	280	410	-32%
Other Financial Data						
Depreciation & Amortization*	444	361	23%	225	183	23%
Financial Income / (Expense)	-373	-336	11%	-190	-210	-9%

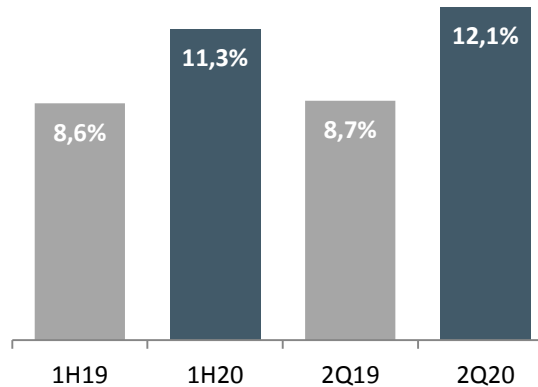
*1H20 numbers include TL 22 million (1H19: TL 22 million) impact from IFRS16 due to classification from manufacturing overhead and operating expenses to depreciation and amortization. Please refer to footnotes 2,10,11,33 of the financial statements for further details.

1H20 Margins

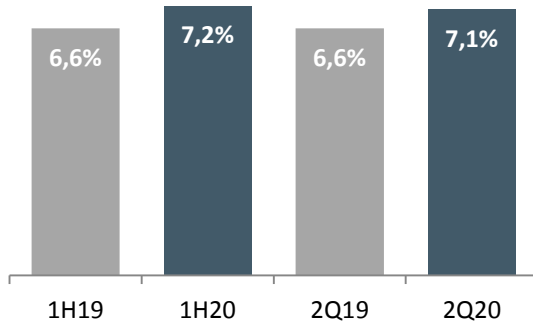
Operating Margin



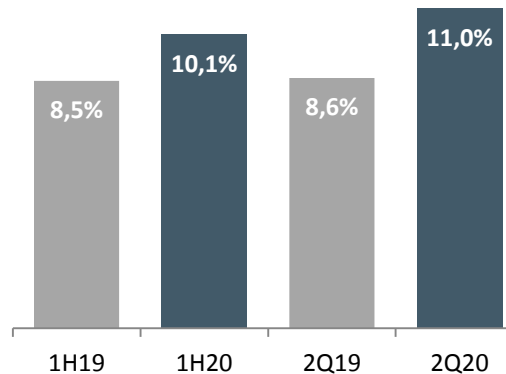
EBITDA Margin



Operating Margin (excl. Other items)



EBITDA Margin (excl. Other items)



Growing EBITDA per Vehicle (EUR)

	1H	2Q
2020	1,739	2,016
2019	1,310	1,342
2018	1,326	1,402

EBITDA per vehicle kept growing and was at a record high of EUR 2,016 in 2Q20.

Drivers:

- + Robust domestic volumes
- + Favorable product mix
- + Higher contribution of domestic market
- + Pricing discipline
- + Additional stringent cost reduction measures, capital spending cuts and OpEx control against Covid-19 impact
- + Cost-plus export contracts

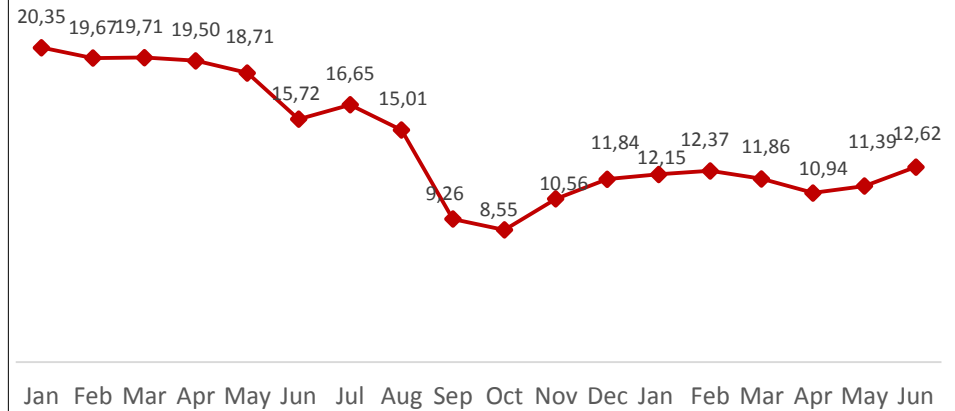
Challenges:

- Contracting export volumes

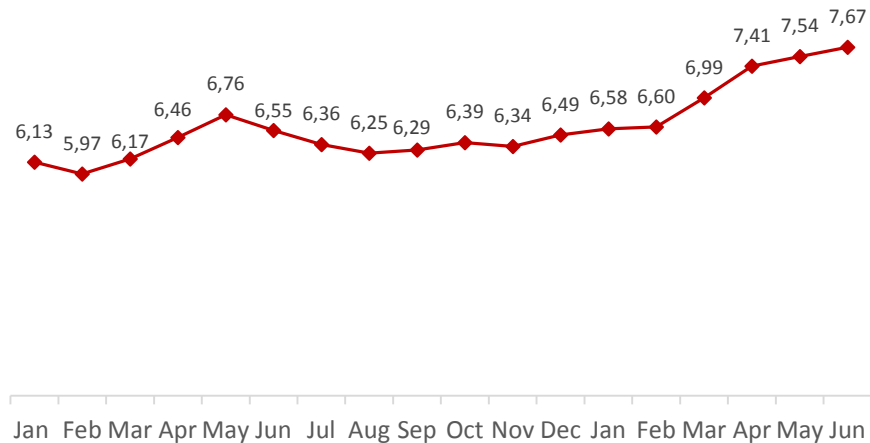
Cost Dynamics

YoY change	1H20/1H19	2Q20/2Q19
Production Volume	-37%	-58%
Raw Material Costs	-25%	-48%
€ / TL Average	13%	15%

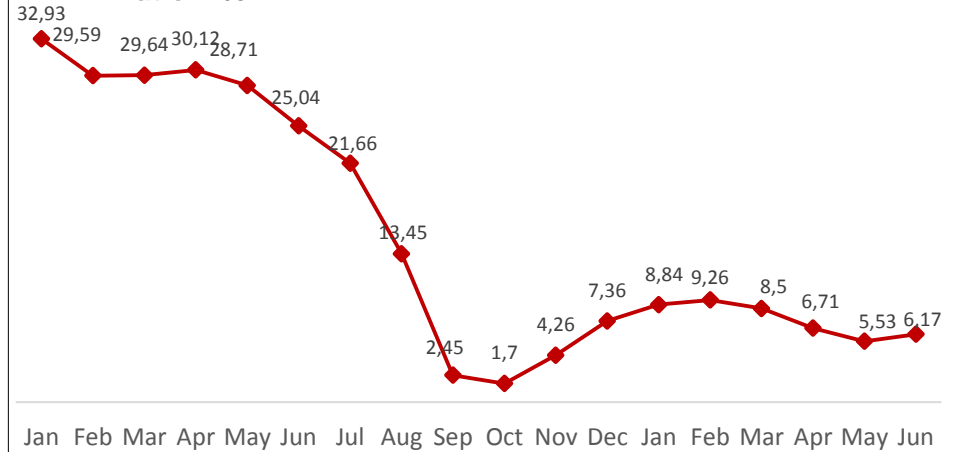
CPI Inflation. %



EUR/TL Rate, Average



PPI Inflation. %



Source: Ford Otosan, CBT, Turkstat

Debt Profile & Financial Ratios

Cash Position (TL mn)	30.06.2020	31.12.2019
Cash & Cash Equivalents	5.195	3.203
Total Financial Debt	-9.169	-6.119
Net Financial Debt	-3.974	-2.916
Financial Ratios	30.06.2020	31.12.2019
Current ratio	1,18	1,17
Liquidity ratio	0,93	0,87
Net Debt / Tangible Net Worth	1,21	0,78
Net Debt / EBITDA*	1,19	0,94
Current Assets / Total Assets	0,65	0,62
Current Liabilities / Total Liabilities	0,72	0,74
Total Liabilities / Total Liabilities and Equity	0,77	0,72
Return on Equity	43,8%	42,0%
Margins	30.06.2020	30.06.2019
Gross Margin	11,6%	10,4%
EBITDA Margin	11,3%	8,6%
EBITDA Margin (excl.other items)	10,1%	8,5%
Operating Margin	8,4%	6,6%
Net Margin	6,0%	4,8%

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

2020 Guidance

	2019A	2020F
Turkish Industry Volume	488 K	670 K – 720 K
Ford Otosan Retail Sales Volume	49 K	80 K – 90 K
Exports	334 K	230 K – 240 K
Wholesale Volume	383 K	310 K – 330 K
Production Volume	369 K	295 K – 305 K
Capex (fixed assets)	€ 142 mn	€130 – 150 mn

- Ford Otosan provides guidance 4 times a year as part of quarterly financial statements.
- Guidance updated in July 2020 with 1H20 results. Next update will be in October 2020 as part of 9M20 results.

Q & A

