

Highlights

Financial Results (mn TL)	9M24	9M23	YoY Δ	3Q24	3Q23	YoY Δ
Revenues	404,666	412,874	-2%	141,729	137,095	3%
Export Revenues	316,071	300,596	5%	112,157	97,933	15%
Domestic Revenues	88,595	112,277	-21%	29,572	39,162	-24%
Operating Profit	22,943	53,704	-57%	8,055	23,033	-65%
EBITDA	32,292	60,676	-47%	11,355	24,985	-55%
EBITDA excluding other income/expense	31,203	52,363	-40%	10,370	23,170	-55%
Profit Before Tax	26,941	48,978	-45%	10,018	22,033	-55%
Net Income	25,666	41,243	-38%	8,562	20,116	-57%

Volumes (units)	9M24	YoY Δ	3Q24	YoY Δ
Total Wholesale	470,673	3%	161,290	13%
Export	395,325	8%	135,501	20%
Domestic	75,348	-16%	25,789	-15%
Domestic Retail	74,743	-13%	25,526	-14%
Market Share	8.5%	-1.2 pps	9.1%	-0.4 pps

Production (units)	457,554	3%	143,935	7%
Capacity Utilization Rate	82%	-8 pps	77%	-4 pps

In 9M24, total CUR was 82%, reaching 77%, 81%, 57% and 88% in the Gölcük, Yeniköy, Eskişehir and Craiova Plants respectively.

Summary Income Statement, Million TL	9M24	9M23	YoY Δ	3Q24	3Q23	YoY Δ
Revenues	404,666	412,874	-2%	141,729	137,095	3%
Export	316,071	300,596	5%	112,157	97,933	15%
Domestic	88,595	112,277	-21%	29,572	39,162	-24%
Gross Profit	40,265	64,427	-38%	13,428	28,115	-52%
Operating Profit	22,943	53,704	-57%	8,055	23,033	-65%
Net Financial Income/(Expense)	-15,748	-12,050	31%	-287	56	-614%
Profit Before Tax	26,941	48,978	-45%	10,018	22,033	-55%
Net Profit	25,666	41,243	-38%	8,562	20,116	-57%
Other Financial Data						
Depreciation and Amortization ⁽¹⁾	7,473	6,588	13%	-2,649	-1,822	45%
EBITDA ⁽¹⁾	32,292	60,676	-47%	11,355	24,985	-55%
EBITDA excluding other income/expense ⁽¹⁾	31,203	52,363	-40%	10,370	23,170	-55%
Capital Expenditures	-23,341	-23,323	0%	-8,908	-9,853	-10%

(1) Straightline expenses related with embedded lease in Türkiye and Romania operations are included.

9M24 financial results published in this earnings announcement have been prepared according to the Turkish Financial Reporting Standards (TFRS).



Highlights from CFO

"In the 3rd quarter of 2024, the normalization has been experienced in both Turkey and the EU markets following strong performance in 1H. Starting from July, domestic and main export markets began to slow down in line with the sector expectations. In this period, the total market in Turkey and Europe contracted by 9% and 7%, respectively.

In this environment, in Q3 Ford Otosan recorded a 7% YoY increase in production thanks to renewed products. Although, we had relatively weaker domestic sales performance, our exports increased by 19% YoY in 3Q'24. The key driver of this result is the improved inventory management in Q3, which returned to normalized levels by the end of September following the ramp-up of our renewed models. Therefore, by producing 75% of Ford Pro's CV sales in Europe, we continued to support Ford to achieve a record market share of 15.3% and solidify its leadership in the CV sector.

However, high inflation which led to higher material cost and aggressive pricing dynamics, increased cost of financing and stable exchange rate still put pressure on our operational and financial performance. While we are in heavy investment period, we remain committed to drive the Company toward absolute growth and sustainable margins. On the other hand, as we recognize the challenging landscape in our main export markets, we adapted cautious approach and made a downward revision in our export guidance."

Revenues

In the first nine months of 2024, the Turkish automotive market experienced a shift, with growth of 3% in 1H24 turning to a 1% decrease, resulting in total sales of 879,088 units. While PC sales witnessed a modest increase of 1% and MCV sales grew by 13%, these gains were insufficient to offset the declines of 21% in LCV and 11% in heavy truck sales. These figures suggest that the effects of the factors driving growth in the first half normalized in Q3, coupled with the tightened monetary policy and stabilization in the demand. Key factors in this market performance are: i) the rise in the upper price limit for the SCT exemption for disabled individuals, ii) robust domestic demand prior to the elections, iii) the General Safety Regulation (GSR) prompting competitive pricing strategies, and iv) reduced availability of LCVs in the market. In this period, Ford Otosan continued to be the leader in the CV market with 26.9% market share and maintained its #3 position in the total industry with 8.5% market share (9M23: 9.7 %).

The European van market continued to demonstrate growth in 9M24, increasing by 7.5% YoY despite strong basis of last year. PC sales remained relatively stable in 9M24 with a 1.2% increase and HCV sales fell by 6.7%. During this period, Ford Otosan, as the largest CV manufacturer for Ford Pro in Europe, has been at the forefront of producing both Ford-branded CVs and the best-selling PC, the Ford Puma.

There was a 21% YoY decrease in domestic revenues resulting in a total of TL 88.6 billion in 9M24. This was primarily driven by the 16% YoY decline in sales volumes and lower pricing environment in the market. On the other hand, export revenues showed a moderate increase of 5% YoY, reaching TL 316.1 billion, due to an 8% YoY growth in volume and accelerated shipment of the renewed products. Overall, although total volumes were up by 3%, total revenues declined by 2% YoY to TL 404.7 billion due to relatively more stable exchange rates in 9M24. Share of exports in total revenues was realized as 78% in 9M24 (9M23: 73%).

Profitability

In 9M24, our profitability contracted due to: i) the YoY decrease in domestic performance, ii) rising manufacturing costs as a result of the inflationary environment iii) the increased share of export revenues in the overall revenue mix, iv) extended ramp-up period for the new Courier and Custom models, v) the impact of relatively stable exchange rate in 9M24 (EUR/TL: +17%) vs 9M23 (EUR/TL: +46%) on operations.

Gross profit reached TL 40.3 bn, reflecting a 38% YoY decline, primarily driven by i) a 16% decrease in domestic volumes coupled with a competitive pricing environment in 9M24 resulting increase in sales incentives, and ii) a 5% increase in the cost of goods sold, attributed to a 2% rise in raw material and 24% rise in production overhead costs. Net other income also saw a significant YoY decline of 87%, totaling TL 1.1 bn (compared to TL 8.3 bn in 9M23). This resulted in a 57% YoY reduction in operating profit, which amounted to TL 22.9 bn. EBITDA and EBITDA excluding the currency impact were TL 32.3 bn and TL 31.2 billion, respectively, reflecting declines of 47% and 40%.

In the first 9 months of 2024, net financial expenses realized as TL 15.7 bn, up by 31%, mainly due to 234% increase in net interest expenses up from TL 1.9 bn to TL 6.2 bn (as a result of increased total financial debt and borrowing costs). In this period, a monetary gain of TL 16.8 bn (compared to TL 7.4 bn in 9M23) was included in profit before tax, leading to a total of TL 26.9 bn, a decrease of 45% YoY. Consequently, net income was recorded at TL 25.7 bn, indicating a YoY drop of 38%.

Margins: Gross 10.0% (-5.6 pps YoY); EBITDA 8.0% (-6.7 pps YoY); EBITDA excluding other income 7.7% (-5.0 pps YoY); Operating 5.7% (-7.3 pps YoY); PBT 6.7% (-5.2 pps YoY) and Net 6.3% (-3.7 pps YoY).

Margins	9M24	9M23	YoY Δ, pps	3Q24	3Q23	YoY Δ, pps
Gross Margin	10.0%	15.6%	(5.6)	9.5%	20.5%	(11.0)
EBITDA Margin	8.0%	14.7%	(6.7)	8.0%	18.2%	(10.2)
EBITDA Margin (excluding other income)	7.7%	12.7%	(5.0)	7.3%	16.9%	(9.6)
Operating Margin	5.7%	13.0%	(7.3)	5.7%	16.8%	(11.1)
PBT Margin	6.7%	11.9%	(5.2)	7.1%	16.1%	(9.0)
Net Margin	6.3%	10.0%	(3.7)	6.0%	14.7%	(8.7)
Per Vehicle (EUR)	9M24	9M23	YoY Δ	3Q24	3Q23	YoY Δ
EBITDA	1,744	2,648	-34%	1,691	3,730	-55%
PBT	1,506	2,476	-39%	1,634	3,547	-54%



Sales Performance

Ranking #3 in the total industry in 9M24 with 8.5% share, CV leadership with 26.9% share.

Sales Volume by Model, units	9M24	9M23	YoY Δ	3Q24	3Q23	YoY Δ
Domestic Sales	75,348	89,816	-16%	25,789	30,360	-15%
Puma	6,167	3,905	58%	1,346	1,897	-29%
Other	13,165	18,533	-29%	3,877	5,999	-35%
Passenger Car	19,332	22,438	-14%	5,223	7,896	-34%
Courier	18,588	36,388	-49%	6,767	11,300	-40%
Connect	345	438	-21%	79	184	-57%
Light Commercial Vehicle	18,933	36,826	-49%	6,846	11,484	-40%
2-Tonne CV	22,450	16,928	33%	9,007	6,674	35%
1-Tonne CV	4,931	4,434	11%	1,464	1,240	18%
Ranger	3,615	829	336%	1,265	614	106%
Medium Commercial Vehicle	30,996	22,191	40%	11,736	8,528	38%
Truck	6,087	8,223	-26%	1,984	2,452	-19%
Rakun	0	138	N/M	0	0	N/M
Export Sales	395,325	366,231	8%	135,501	112,894	20%
1-Tonne CV	140,630	101,144	39%	48,847	30,328	61%
2-Tonne CV	96,321	105,703	-9%	35,812	34,118	5%
Courier	40,953	17,091	140%	12,381	2,994	314%
Truck	2,658	5,446	-51%	993	1,926	-48%
Puma	114,741	136,721	-16%	37,468	43,437	-14%
Other	22	126	-83%	0	91	-100%
Total Wholesale Volume	470,673	456,047	3%	161,290	143,254	13%
Total Turkish Automotive Industry Sales	879,088	889,956	-1%	281,072	310,282	-9%
Ford Otosan Retail Sales	74,743	86,023	-13%	25,526	29,566	-14%
Ford Otosan Market Share	8.5%	9.7%	-1.2 pps	9.1%	9.5%	-0.4 pps

Balance Sheet and Cash Flow

Summary Balance Sheet, Million TL	9/30/2024	12/31/2023	YoY Δ
Current Assets	155,743	139,828	11%
Current Liabilities	128,958	127,890	1%
Property, Plant and Equipment - Net	86,830	77,708	12%
Total Assets	314,934	294,826	7%
Total Liabilities	213,556	195,638	9%
Shareholders' Equity	101,378	99,188	2%

Financial Ratios	9/30/2024	12/31/2023
Current Ratio	1.21	1.09
Liquidity Ratio	0.77	0.69
Net Debt / EBITDA	2.45	1.19
Current Assets / Total Assets	0.49	0.47
Current Liabilities / Total Liabilities	0.60	0.65
Total Liabilities/Total Liabilities & Equity	0.69	0.66
Return on Equity	50.4%	67.2%

Summary Cash Flow Statement, Million TL	9/30/2024	9/30/2023	YoY Δ
Beginning Balance of Cash & Equivalents	20,642	22,631	-9%
Net Cash from Operating Activities	20,019	56,185	-64%
Net Cash from Investing Activities	-23,067	-23,266	-1%
Net Cash from Financing Activities	19,301	2,810	587%
Monetary Gain/(Loss) on Cash&Equivalents	-6,817	-13,199	-48%
End of Period Balance of Cash&Equivalents	30,134	45,514	-34%



2024 Guidance

	2023A	2024 1st Guidance	2024 2nd Guidance	2024 Last Guidance ⁽²⁾
Total Turkish Automotive Market	1,278 K	800K - 900K	1,000K - 1,100K	1,100K - 1,200K
Ford Otosan:				
Domestic Retail Sales Volume	114 K	100K - 110K	100K - 110K	105K - 115K
Export Volume	492 K	560K - 610K	560K - 610K	530K - 580K
Turkey	312K	350K - 380K	350K - 380K	320K - 350K
Romania	180K	210K - 230K	210K - 230K	210K - 230K
Wholesale Volume	610 K	660K - 720K	660K - 720K	635K - 695K
Total Production Volume	590 K	650K - 700K	650K - 700K	630K - 680K
Turkey	399 K	400K - 430K	400K - 430K	380K - 410K
Romania	191 K	250K - 270K	250K - 270K	250K - 270K
Capex (fixed assets)	€ 900 mn	€ 900 - 1,000 mn	€ 900 - 1,000 mn	€ 700 - 800 mn
General Investments	€ 96 mn	€ 170 - 190 mn	€ 170 - 190 mn	€ 130 - 150 mn
Product Related Investments	€ 804 mn	€ 730 - 810 mn	€ 730 - 810 mn	€ 570 - 650 mn

⁽²⁾Total Turkish Automotive Market volume and Ford Otosan domestic retail sales guidance was increased as a result of the stronger than expected demand outlook in the domestic market for the full year. Export and production volumes are updated due to the sign of slowdown in the main export markets. CAPEX guidance have been revised due to calendarization of some of investment spending.

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