



Ford Otosan A.Ş.

Ford Otosan Full Year 2025 Financial Results Conference Call

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Conductors:

Mrs. Gül Ertuğ Gerişkovan, Chief Financial Officer

Mrs. Bahar Efeoğlu Ađar, Head of IR

Mr. Ünal Arslan, Corporate Finance Leader

Ms. Duygu Yalınkılınç, Investor Relations Senior Specialist

Mr. Hamza Sümer, Investor Relations Specialist

Conference Call Conducted by Chorus Call Hellas



CHORUS CALL HELLAS
PROVIDER OF TELECONFERENCING SERVICES
TEL: +30 210 94 27 300
FAX: + 30 210 94 27 330
Web: www.choruscall.com

OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Gelly your Chorus Call operator. Welcome and thank you for joining the Ford Otosan A.Ş. Conference Call and Live Webcast to present and discuss the Full Year 2025 Financial Results.

At this time, I would like to turn the conference over to Ms. Gül Ertuğ Gerişkovan, CFO, Mrs. Bahar Efeoğlu Açar, Head of IR & Mr. Ünal Arslan, Corporate Finance Leader.

Mrs. Ertuğ Gerişkovan, you may now proceed.

ERTUG G: Thank you very much. Dear investor community, greetings to you all. Welcome to our webcast for the sharing of 2025 Full Year financials.

As usual in the flow of the day, I'll kick us off with the key highlights and achievements that our company has concluded, and then give the word to Bahar and Unal for their respective section details.

So, I like this page very much; it is a very good summary of what we have been able to conclude in 2025. We are really happy and proud to declare that we concluded a very successful 2025. The key thing is, in fact, we delivered on all of our commitments with regards to our product launches and the ramp-up regarding the capacity for both Ford and partner production. While doing so, we broke some important records in the achievements that I would like to highlight.

First, let me start with the production. We attained the highest level of production, exports, and wholesale figures in our history. We hit the adjusted EBITDA margin of our

guidance at the upper bookend. We achieved an overall capacity utilization reaching 75%, and in fact, later in the production documents, you will see that especially for the Q4, we have had much better results improving almost on all fronts. The capacity utilization at Q4 reached the 80% level.

Especially on the cash leverage working capital front, management of the cash, we were very successful. The free cash flow reached EUR1.6 billion, and our net debt over adjusted EBITDA multiplier came down to 1.49x.

Over here, I would really like to thank my team, the entire company and my team, because this is a really exceptional result. While doing so, delivering on the physicals, we also managed to reach the largest dividend payment in our history, and also the largest dividend yield, 7.8% in the last 13 years.

Now looking a little bit high-level on the market performance -- the details will follow through Bahar, I want to touch a little bit on that one. For the domestic market, we experienced quite a strong industry, overall reaching 1.4 million units of registration, and out of which passenger vehicle sales constituted a significant portion. In this environment, we achieved 117,000 retail sales. This has been the highest in the past decade.

Overall, we ranked in the third position in the market with an overall market share of 8.3%. And you know our story, we are -- in fact the key player on the commercial vehicle

side. Our undisputed leadership position we were able to keep with a 28.6% market share.

The export market performance was also very significant. We reached record sales of 603,000 units. And this is especially important because we managed this in a contracting and a fragmented market with respect to the commercial vehicles in Europe. But overall, this, I believe, is a very good summary of our performance.

While doing that, let me also touch a little bit on the EV sales. In our earlier talks, you will remember, in fact we have been discussing about the EV penetration in the markets that we operate. The result is 15.8%, however, it is obvious that the EV penetration is still progressing at the low end. Overall, we achieved an 8% adjusted EBITDA margin and EUR1,821 of adjusted EBITDA per vehicle. This concludes my summary page.

Let me move on to the next one, Duygu, please. So, another dashboard that we feel very proud of, we are holding the 83% of Turkey's overall commercial vehicle production and 87% of Turkey's commercial vehicle exports. Also within the operations we hold in Romania, the vehicles we produced in passenger car sales in Europe is amounting to 41%.

And for the Ford Pro commercial vehicle section, 79% of the Ford Pro vehicles are coming out of our plants. So, having given these highlights, let me now pass the ball onto Bahar so that we deep dive into our market performance and the details of it.

AGAR EFEOGLU B: Thank you, Gul Hanım. Hello, everyone. Thank you all for joining us today. Now let me continue with the key developments in the domestic market. In 2025, the market performed beyond expectations, and it reached the all-time high level of 1.4 million units, with a growth of 10%. Besides, for the first time, passenger car sales exceeded the 1 million units level, and it makes up around 77% of the total market.

This robust performance was mainly supported by intensifying price competition, macroeconomic uncertainties, pull-forward demand ahead of increasing special consumption tax, and also better vehicle availability and the increase in special consumption tax base threshold for EVs Electric Vehicles.

Additionally, the wealth effect of the increasing gold and silver prices had an impact on purchasing behavior. If we look at the segment breakdown, all segments contributed to the growth except the heavy trucks. As a result, passenger cars, light and medium commercial vehicles increased by about 10%, while truck sales fell 3% year-on-year.

Next slide, please. In this highly competitive environment, we have maintained our third place in the overall market with an 8.3% share. Our sales increased by 3% year-over-year and reached to 117k units, and this marks our highest sales figure in the last decade.

I should say that the main reason for our limited growth compared to the market is largely driven by the passenger

car segment, where our presence is relatively smaller. Also, we could not benefit from special consumption tax exemptions for disabled people, as the scope of this regulation required minimum 40% local production in passenger cars.

However, our light commercial vehicle sales were boosted with 24% year-over-year growth, thanks to stronger availability of our renewed Courier model. On the other hand, we had a softer performance in the medium commercial vehicle segment compared to the market during this period, primarily due to peers' new model introductions and aggressive sales campaigns.

In addition, we did not join the price wars in the truck market, and also some peers offered favorable financing options; therefore, our truck sales lagged behind the market. So, this performance enabled us to maintain our undisputed leadership in the total commercial vehicle segment with almost 29% share. As a result, all-in-all, we achieved our retail sales guidance for '25.

Now let me move on to the export performance. In this period, our main export markets experienced a mixed landscape. The commercial vehicle market, which is our focus area, contracted by 8.5%. The commercial demand stayed weak because of ongoing headwinds and low fleet investments. There was also a strong base year impact on this performance.

In addition, structural challenges like high production costs and lack of charging infrastructure put pressure on the

industry, since the EV adoption is still slower than the initial expected levels. Regulatory uncertainties have also impacted European OEMs' sales mix.

On the other hand, passenger car demand was relatively stable. Registrations rose by 2%, and it's mainly driven by better vehicle availability, government incentives, and improvement in consumer confidence.

So in a declining market, Ford achieved strong results and maintained CV leadership for 11 consecutive years, with a record-high market share of 17.2%. I should say that Ford Pro's value-added services and our renewed product portfolio, including EV variants, were key drivers of this performance.

We are proud to share that 79% of the commercial vehicles and 41% of the passenger vehicle sales of Ford in Europe are produced by Ford Otosan. Considering that we are also responsible for the production of 1-ton commercial vehicles for Volkswagen, our contribution to the European automotive market is, in fact, even larger.

Let me move to since we last met part. I would like to wrap up my section with some good news from our side. After becoming the first automotive manufacturer in Türkiye to join the World Economic Forum's Global Lighthouse Network with our Gölcük plant in 2019, last month we have been included in this prestigious network for a second time with our Yeniköy plant, which is the manufacturing hub of 1-ton commercial vehicles.

At the same time, Ford Otosan has become one of the few companies worldwide to have two facilities included in this network, and only two within the Ford universe. What makes our plant a factory of the future is its end-to-end digital, fully connected, and data-driven infrastructure.

So with this transformation, our effective operating time is maximized, and the labor productivity increased by 44%, and also we achieved 6% quality improvement. That's all from my side.

Now I will hand it over to Ünal bey to share our financial highlights with you. Thank you.

ARSLAN U:

Thank you, Bahar. Good afternoon, everyone. This is Unal Arslan, Corporate Finance Leader. Thank you for joining us today. I'll walk you through our Full Year 2025 financial results, which we released yesterday. We closed the year with results largely in line with our expectations from the Third Quarter, and in several areas, performance even exceeded those expectations.

We delivered an all-time high revenue of TRY831 billion for Full Year, marking the highest annual turnover recorded to date in the Turkish industry for 2025, up until now, of course, the announced financials, supported by 724,000 vehicles sold, also an all-time high.

Total revenue grew by 7% year-over-year, driven by a 10% increase in export revenues, fully aligned with the rise in export volumes. Domestic revenue, on the other hand, declined 6%. The main reasons of that are mix effect and

competitive pricing, although domestic volumes were up by 6%.

This strong top-line performance translated into improved profitability as well. Full Year EBITDA reached TRY66.6 billion. That's up by 19% year-over-year. I'll also talk about quarterly financials as well, but for Full Year, that's a good performance. And our EBITDA, excluding other items, increased 5% to 58.9 billion.

Despite inflationary cost pressures that we discussed throughout the year, competitive pricing in both domestic and export markets, particularly in heavy truck and an unfavorable industry mix, we achieved a very good level of EBITDA. That's supported also by a favorable euro-TL movement, especially in the Fourth Quarter.

Our operating profit increased 12% to TRY42.6 billion, reflecting disciplined cost control across the year. Operating expenses remained broadly flat, despite higher production and sales. Higher net FX income from operations and tax credit utilization further supported our operating profitability, offsetting the modest pressure on gross profit.

Moving to PBT and PAT, both declined 19% and 33%, respectively. While net interest expense improved by over TRY6 billion year-over-year, this gain was more than offset by TRY9 billion of increase in net FX losses.

As a reminder, just major part of this FX loss relates to cash flow hedge releases that I tried to explain in our previous calls as well, on our euro-based investment loans,

which are reclassified from equity to the income statement when repayments occur.

Another key factor behind the lower PBT is reduced monetary gain. While we generated TRY15.9 billion of monetary gain due to our sizable monetary liability position, this is significantly lower than the 29.7 billion recorded last year, reflecting lower inflation, which is 31% this year, throughout the year, and it was 44% last year.

Our IFRS tax totaled TRY5.5 billion for this year compared with TRY5.1 billion as of quarter three. We had anticipated a positive impact from investment-related deferred tax incentives in quarter four, and although this positive impact materialized, the tax authorities' decision not to apply inflation adjustment in 2025 to legal books resulted in a sizable deferred tax expense that offset these benefits. That's why we don't have a major tax expense but not a tax income as well in quarter four.

If we move to next page, that's where we see -- in the margins space, that's where we see the quarter four performance better. Our Full Year EBITDA margin improved to 8%, with an increase of 0.8 percentage points compared to previous year.

But that's supported by strong quarter four performance, which is 2.8 percentage points higher than the same quarter of last year, basically thanks to the higher sales volume, but most importantly favorable euro-TL movement, which I'll give more information in the coming slides.

Operating margin rose 0.2 percentage points to 5.1%, again with the significant contribution of quarter four. While PBT margin declined 1.4 percentage points, which is 4.8%, due to higher FX burden and lower monetary gain.

On our PBT margin, our PBT margin is lower in quarter four compared to previous year's last quarter as well, but with a smaller gap of 0.3 percentage points. Net margins, on the other hand, decreased by slightly more than 2 percentage points, both for Full Year and Quarter Four, because of the reasons I just explained in the previous slides.

EBITDA per vehicle rose to EUR1,821, which is a good performance compared to previous year's EUR1,758. And looking at quarter four, the improvement is much more significant. We don't see this improvement in PBT, on the other hand, in this period, because of the reasons again I already explained.

If we move to next page, our next page presents the reconciliation of adjusted EBITDA and adjusted EBITDA, excluding other items. Our goal is to enhance transparency of adjustment items. I'd like to thank you for incorporating adjusted EBITDA into consensus this quarter again, like last quarter, and we encourage continued use of this metric.

And importantly, other operating income and expenses, such as financial income from credit sales, expenses from credit percent, FX results on trade receivables and payables, are integral to our operating performance, and

we believe should be considered when evaluating profit performance.

Looking at the page, operating profit of TRY42.6 billion adding back the depreciation, amortization and embedded lease effects, results in adjusted EBITDA of TRY66.6 billion, which is a very high number for this year.

Regarding embedded leases, just an information from previous calls again, these relate primarily to new 1-ton vehicle investments in Türkiye and Puma investments in Craiova, Romania, recognized under other receivables due from related parties on the balance sheet. These assets totaled almost TRY26 billion in 2025, and the embedded lease amount added back to EBITDA here you can see is TRY6.8 billion, functionally equivalent to depreciation and amortization.

In the next page, we present the EBITDA bridge versus last year. What we see is our EBITDA increased by TRY10.7 billion in real terms. Gross profit improvement, excluding depreciation, amortization, and embedded leases contributed TRY3.7 billion, while operating expenses increased modestly by TRY0.9 billion. And the largest positive contribution is coming from exchange impacts driven by export operations, as I also mentioned in the previous slide.

Switching to the next slide, here we see the basics, the driver of the quarter four performance in the macroeconomic indicators. That's 37% euro-TL

appreciation compared with 13% in the prior year. That supports our export profitability significantly.

And lower inflation, on the other hand, reduced our monetary gains, weighing on PBT. However, both interest rates and inflation are trending downwards, which should ease cost pressures and support domestic pricing conditions in the coming periods.

If we move to next page, domestic sales grew 6%, as I explained in the beginning of the financial section. That's supported by Courier and 1-Ton segments. Our export sales grew 10%, led by a 39% increase in 1-Ton exports, particularly from partner sales. And with all those, our exports accounted for 83% of our total volume.

In the next slide, we summarize the income statement for almost every element of which I already talked about in the previous slides. As you can see, starting this period, we are presenting additional detail for clarity. I can specifically mention on this slide again that our fourth-quarter performance was exceptionally strong. Gross profit, EBIT, operating profit, and operating income before financing were all over 20% higher than quarter 4 of last year.

In the next slide, we see that our year-end cash and cash equivalents more than doubled to TRY64 billion, again in real terms. Other balance sheet items basically do not show any major change to discuss here, but you can see more details in the footnotes of the financials that we published.

On the next page, though, free cash flow we see that reached to TRY80 billion, supported by TRY105 billion net

cash from operations, up 139% year-over-year. In that, we see the working capital contribution of TRY33 billion in cash, compared with negative TRY13 billion last year, driven by very disciplined execution across the year. Efficient CapEx management and calendarization further supported this strong cash performance.

If we look at the next page, where we see our financial indicators: our net financial debt decreased 25%, from TRY133 billion to TRY99 billion, resulting in a significant covenant improvement, from 2.38x to 1.49x. This happened despite a nominal TRY27.2 billion of dividend payment, which is the index equivalent is TRY28.6 billion.

On the other hand, net financial debt to equity improved from 88% to 63.6%, while return on equity declined to 21.7%, primarily due to higher equity and lower net income. Our net FX position, on the other hand, remains slightly long, and that's within our desired range.

With that, I'll now hand the call back to Ms. Gül Ertuğ for our 2026 guidance. Thanks.

ERTUG G:

Thank you very much, Ünal. Thanks for the detailed explanation. So now comes the time for what we are expecting for 2026. Let me start with our Turkey industry projections. We concluded this year with 1.4 million units. When we look into the next year, also starting from a high base, plus order banks, the data collected through dealers, we expect a flattish to slightly lower industry. With that, we have constructed our budget and plans.

Looking into the retail sales, the domestic market registrations, we expect a range of 90k to 100k unit sales in Turkey. While saying this, I must give you an important information so that you can contrast it with the 2025. This year, especially on the passenger vehicle sales, we will mostly not have Focus -- Ford Focus units are not available for sale because Ford Motor Company is discontinuing its production.

And thinking that it was a sizable element in our passenger vehicle segment, we should deduct this in the overall number for the registrations. From a volume perspective, we can say that maybe it is a negative reaction, but from a profitability view, we have to note that this impact on the mix of the product sales is going to have a positive impact on our overall profitability.

For the export markets, again looking into the environment, currently you can say that we somewhat constructed a conservative plan, but I would say this is not conservative, I would say this is a balanced plan. Currently, in the export market, there are no key signs that will tell us that there will be a significant improvement in the demand, in the rise of the industry.

But having said that, we also know that the industry, especially on the commercial vehicle, was going through a contracting cycle. It could come out of that one. However, added on top of that, we also know that there are very important regulatory changes, sustainability-related

changes, some regulatory environment it is still in the ambiguous and uncertain level.

Once those clarifications are in place, and especially regarding the emission level and carbon dioxide-related level, the fleet targets, if there is an easing, a relaxation on those targets, you could expect that the constraint on the ICE sales could be uplifted, so there could be an upside potential. But currently, this is not known. That's why, and looking into the environment in the fragmented European markets, each and every market has its own story.

For the case of Germany, yes, we are hearing that there will be more spending, government spending. There could be some boost on the GDP. Further sales could support that, but for the time being, because of this regulatory environment and the penalties -- the compliance penalties pushed on the OEMs on the fleet regulation, it brings a constraint. That's why, in our final planning, we thought that the demand will be on the flattish side.

However, for our case, when I started my speech, I said that we delivered very well on our commitments. The key success story was for our establishing this huge capacity for our Ford Motor Company as the key partner, and also the Volkswagen units. We have delivered on that commitment.

Within the year 2026, especially in the First Half, there will be some more waves and bundles that we will be delivering on. So which means, which means this is going to be an enabler for some units where we were not able to satisfy

the customers this year. Next year, we will have the ability to do so. So there could be some slight step function up, but other than that, we do not at least, as the data suggest, we do not see a big demand increase in the export markets just yet.

With these thinking, with these considerations, we have constructed our projections for Turkey and Romania. The Turkey levels in the bracket of 390k to 420k is showing that the finalization of the ramp-up I have just mentioned. On the Romania level, we see a somewhat more flat view in between 190k to 210k bracket.

Overall, the wholesale volume we project it to reach to a bracket of 670k to 730k. And within this, the revenue growth, we still expect high single-digit revenue growth with an adjusted EBITDA margin levels of 7% to 8% level.

For the fixed asset projections, the CapEx investments, this year we have completed the year with a EUR410 million of investment. I had mentioned in the earlier talks that some of this had calendarization impact, but some of it also looking into the regulatory environment and the demand movement, together with our key partner Ford Motor Company, we are looking into our product plans and CapEx spending in a very coordinated way and in a very cautious way, such that we make the right spending, right investment at the right level.

That's why, for some of those product-related investments, we will not hurry, we will take our time and seeing the

regulatory environment and the final changes, then we will kick into them.

For the general investments, if we look into the breakdown of the CapEx, you see that the general investment we foresee for 2026 is slightly less than 2025. The reason being, while we are creating the capacity and the product launches, in fact the necessary maintenance and the renewal actions have been already put in place.

You can think that our product and plants are kind of fresh new. That's why moving into this cycle, in this year, we do not have to make huge spending over there. But for the product-related investment, like the reasons I explained just a while ago, we will be taking a careful view.

And also I have to tell you that the key investment cycle we had started back in 2019, always in our key story for Ford Otosan we were saying that between 2019 to 2025, Ford Otosan has the intention to electrify in different multi-energy versions, electrify its product portfolio fully.

We have almost completed that. That's why since we are reaching the end of the cycle, we will not be having that big investment. But as you all know, automotive business is a cyclical business. Depending on the segment of the vehicle, depending on the life cycle, as the life cycle progresses, you should always expect the new products, new freshening and the next cycle investment.

So having said this, I think this concludes our presentation for today. Let's open the stage up for your questions.

OPERATOR: The first question is from the line of Uz Aytunç with AK Invest. Please go ahead.

UZ A: Hi, thank you for the opportunity to ask questions. I have one question only. So basically, you expect year-on-year flat sales volume. So then how do you plan to grow your net sales by high single digits in real terms? So do you expect some improvement on pricing or is this about inflation accounting impact on your export sales revenue? Thank you.

ERTUG G: Thank you very much. In fact, it's a combination of several things. Let me again highlight the final wave, final bundle delivery for our partner volume. So that will give us some increased production and export opportunity, because we will be serving a new set of customers where we couldn't serve because we were missing the derivatives.

So that will -- that will support us. Going into the environment, of course in these calculations the movement of the Euro, the movement of the inflation, that will have a play in the game. This year, for domestic market, we expect still the price competition to be in there, the availability, but the inflation-combating measures will also be in place.

Even though January inflation came up higher than earlier consensus, there is the commitment from the economy management to bring it down. So the in the projections, we have taken a cautious view. It will be coming down at a smaller pace, but still it will be coming in.

Plus, the product mix that we have been witnessing over here, with the inclusion of our 1-ton, 2-ton improvements in the trucks, that will all as a combined effect, it will support our final position. I hope this answers your question.

UZ A: Thank you.

ERTUG G: You're welcome.

OPERATOR: The next question is from the line of Sarihan Yasin with Yapi Kredi Yatirim. Please go ahead.

SARIHAN Y: Thank you so much for your presentation. I have two questions. As we know that in December, Ford Motor Company and Renault signed a partnership agreement for a light commercial vehicle. So how do you position yourself within this collaboration?

Should we assume a capacity expansion, just like happened as happened with the Volkswagen agreement? And my second question will be related to CapEx. So in your guidance, you share that product-related investment will be EUR200 million to EUR300 million. So is there any way you share details of this product-related investment, because as far as I know that this highly affects the embedded lease? Thank you.

ERTUG G: Thanks very much. Let me start with your first question. You were mentioning about the December timeframe Ford Motor Company releases about their partnership, new partnerships that they are looking into, especially for the

one the issue released on the 12th of December, it was about the Renault partnership on the passenger vehicle.

In fact, for now quite a long period of time, also seeing in our ranking in the passenger vehicle market, we can argue that the passenger vehicle success and how it cracked the code in the market for Ford Motor Company has been not so successful.

Looking into future, Ford made an important decision that both from the affordability and competitiveness side for utilizing the Renault platform, but having a top hat which makes the look and feel and drive of the vehicle as a Ford vehicle, this is going to be the most important step to take in order to have the PV section as viable.

Maybe you followed Ford discussions earlier, but after Ford had divided itself into three segments -- the Pro, Blue, and Model e, they were also looking into a European strategy, what to do over there. And it's like having the viability of the passenger vehicle was also on the table.

But looking into their analysis, just like our case how we operate in Turkey, in order to have the best product portfolio both for the company OEM and its dealer body, to have the best dealer traffic, the benefit out of the services, the spare part revenue, all that cycle, in order to have your success in the commercial vehicle.

Ford thinks you still need to exist in the passenger vehicle segment also. Otherwise, if you take out of that section, you will be leaving that space to the competitors, which is

something they are trying to avoid, but looking into that, they wanted to have a partnership with Renault.

And currently, that was just the declaration that they will be utilizing the platform for two EV vehicles, most probably small-scale vehicles, but the rest of the declaration was not out. I mentioned that this year there will not be any Focus, we will not be selling any Focus, so one could argue maybe that platform will be looking into Focus-like vehicles or smaller like earlier Fiesta.

Currently, that is unknown. However, this was a viable strategic action that Ford Motor Company had taken. I believe you're asking that question with a view how does this affect you? Does that have an impact on your production? I would say no, it doesn't, because the vehicle lines, the vehicle segments we exist and our plans, our relationship, our partnership is intact.

Over here, this partnership might look similar to a Volkswagen MEB platform relationship and going forward we will be hearing more from Ford Motor Company regarding the partnerships because they see that as a successful way forward, especially once the early-level electrification, especially in US, didn't reveal what they were wishing to have.

And this brings us to the second declaration they made on the 15th of December. So over there, Ford is making kind of a correction at that end, but moving into a healthier space in this area. And these actions will not be having any impact on our product line.

If only, I could say they might have a positive impact, because with the existence of a possibly Ampere platform on Renault, more competitive, more appealing vehicles coming into Turkey would support our domestic market passenger vehicle performance.

So all in all, we see that as a both as a financial prudent financial perspective as a good action and also once that happens, currently we do not know what vehicles will be on the picture, but most probably they will be explained more in this year and they will be coming to the market in 2028.

Once it comes, it should be having a positive impact on our market performance. For your second question, you were asking about the product-related investments. In fact, we do not give breakdown on that one, but I can tell you that most of them are regulatory-related. In my speech, I mentioned a little bit. Now that Mr. Trump, in fact he had influential effect on US, some of the sustainability-related targets are now being taken back.

Also in Europe, the ICE vehicle ban-related timing has been postponed. That's why I said there is kind of an uncertainty and ambiguity in the environment. But having said this, the Euro 7 readiness and passenger safety-related, the global safety-related regulations are in the pipeline and they are very important actions for OEMs to fulfill.

So in the remainder part of our cycle plan, we will be doing, we will be concluding these investments so that our product portfolio is perfectly compliant within the

regulatory environment. So I think that's the detail I can give for that product-related investment.

SARIHAN Y: Thank you so much. So I have one more question actually. So do you share your thoughts on "Made in Europe" issue? Because we read lots of, talks with EU and the Turkish government. So I want to know what you're thinking about this issue, and also the potential impact for Ford Otosan side. Thank you so much.

GUL ERTUG: That "Made in EU" concept is something really very significant. But since the currently how the talks will be taken up, since it is not on a very clear route, in fact at this point in time, both we as Ford Otosan and our key partner Ford Motor Company, we do not want to speculate on this.

Because the reason being, even if we are not a European Union country, the existence of the Customs Union gave us kind of that privilege, the ability to act in this environment. And over time, when we worked on this, in fact this gave us the ability to integrate the supply chains in between Europe and Turkey.

This is something substantial. That's why I would say in the European community, if such reaction is taken, it would be kind of detrimental to European Union itself. We should maybe think in the first place why the EU wanted to think about this.

We all know that the European Union has been subject to a Chinese threat. Also through the Mr. Trump tariff actions they felt that there must be a protection, they shouldn't be

dependent on US. And if the China threats out of those trade wars, what is the way to protect them?

But if they go with this and if they have a kind of a protection around European side, though it looks like a protection, it will not support the innovation and their further world export leadership protection will not be in place.

Plus, I don't want to say and I don't want to overcomplicate things, but if such a big supply chain-related action happens, thinking that Turkey has so much integration in its current existing place, there could be a counter-action from Turkey end to make the things even more complicated. So while the discussions are being taken around this, the EU Commission, Turkey, different associations, different parties, also the government and even the presidential forces are talking around this.

At this point in time, we do not see this issue as an automotive issue; we see this as a Turkey issue. And looking into the environment, we think the common sense will prevail. Because the world is very much integrated. Also thinking of our Ford Motor Company operating over here in US, in Europe, also not just the OEMs but think of the supply base.

There has been significant investments in Tier 1 suppliers, they are operating from Turkey and supporting EU. That's why as the authorities look into the details of this study, we believe they will see the impact of the issue and they

will back off from this. However, we do not think that it is going to create a big burden on Turkey for this matter.

We think it will be a way to open up the talks to renew the Customs Union in the best supporting way, so that all this investments so far placed in between Turkey and Europe is going to be protected and everybody's competitiveness will be protected.

So sorry it has been a long answer, but I think, this is where our minds are and like you could say, are you taking some precautions against this? My answer to that one would be yes. We are also sharing our point of view with our Ford Motor Company partner, also in a fair relationship, in the Turkey authorities. But as we go into the details of this topic, like I said, it is more like a Turkey issue, not an OEM issue.

And we are expecting further clarification on this around February timeframe, if I'm not mistaken, there will be an announcement on EU side on February 25th. So until that time, maybe it's best not to speculate around that one. I believe common sense will prevail.

SARIHAN Y: Okay, thank you so much. It helped a lot.

OPERATOR: The next question is from the line of Campos Gustavo with Jefferies. Please go ahead.

CAMPOS G: Hello, thank you very much for taking my questions. I have two here. I see that your 2025 CapEx was EUR400 million. However, in the cash flow statement, I see something closer to EUR600 million, if I'm adding some intangible

asset purchases. So could you please provide some guidance of your total cash CapEx for 2026, just so that I understand that difference?

And my second question would be around your usage of cash. Cash increased materially due the end of 2025. I think it's roughly \$1.5 billion now. What are you planning to use with this cash, especially in consideration to your short-term borrowings? And if you could also touch on your refinancing plans on whether you plan to come to the bond market again, any color on that would be very very helpful. That's it for me. Thank you.

ERTUG G: Thank you. You know, I think he is mentioning about our payment for the Craiova, the second payment installment, right? Can you help on that for the first part of the question? The CapEx overall fixed assets over here are 410 million, but within the year we have also made Craiova installment payments. I think it must be related with that.

ARSLAN U: Yes, within the year, this year we had. Go on, please. Mr. Campos, you have additional question, comment, or should I answer the question?

CAMPOS G: Yes, if you may answer the question. I was asking specifically on why do I see something around the \$600 million of investment-related outflows on the cash flow statement when your actual number in the slide is \$400 million? I'm just trying to understand that, that gap.

ARSLAN U: Yeah, that includes—let me clarify it—that includes the intangible, the engineering investments as well, within the cash flow. So what we see as CapEx, CapEx is the capital

spending. In the cash flow, that includes as Gül Hanım mentioned intangible investments. So that's why these two numbers are basically different.

And you also asked, as far as I remember, for the 2026 guidance what would be the remaining part, the intangible part. We don't give such a guidance in fact normally, but you can assume a similar investment year-over-year in the intangible side as well.

CAMPOS G: Perfect, that's very helpful. Thank you.

OPERATOR: We have a follow-up question from Mr. Campos Gustavo with Jefferies. Please go ahead.

CAMPOS G: Hi, hi. Apologies, if you could please answer the second part of my question on your how you're planning to use your cash balance and if -- what are your refinancing plans in the context of your short-term bank obligations and if you have any plans to come to the bond market? Any guidance around your financial management on that would be very very helpful. Thank you.

ERTUG G: So for the cash management, we have done real good job this year and like our intention with this is to keep it as it is. We really tried to strike a balance in between like after our Eurobond issuance, we are now into the debt capital markets and we understand the dynamics happening over there.

The net debt over adjusted EBITDA, that's our covenant multiplier, that's something we are carefully anchoring ourselves on, and like we were saying in the earlier talks

when we were at a higher CapEx cycle, we were saying that we do not have the intentions to exceed 2.5x and even if this is not a written thing, as a policy, I would say we would be really looking after that, we would protect that.

Having said this, the sweet spot was while doing this, we managed the cash well and we also were able to distribute our dividends in the most the overall distributable value it was shared with our equity investors. So going forward, you can think that we will honor our policies, we will honor our written and management-level policies to keep the financial health of our company.

While doing so, as we go into the -- currently, we are not in that big huge CapEx cycle, but we will be as product programs, as the regulatory issues they become clear, we will be having certain maybe announceable—currently not something special to announce just yet—but we will have projects.

When they come, we certainly want to come back to debt capital market because the way we managed our funding, the borrowing scheme, we really diversified our portfolio and we saw its benefits. But in terms of a timing, at this point in time, I wouldn't give you a timing because there are certain uncertainties that we would expect to unfold and only then maybe we could be at a more definitive position. I can just give you a principle answer, as within that principle answer, yes, we would come back to the debt capital markets.

CAMPOS G: Thank you.

OPERATOR: Ladies and gentlemen, there are no further questions at this time. I will now turn the conference over to Mrs. Gul Geriskovan, for any closing comments. Thank you.

ERTUG G: Thank you very much, thanks for your attention. So I would say we really believe we have delivered on our commitments. Just keep on following us. And I wish all of us a healthy and successful, less volatile and like more full of peace type of year for 2026. Thanks very much, and take good care of yourselves until next time. Bye-bye.