

Highlights

Volumes (units)	2023	2022	YoY Δ	4Q23	4Q22	YoY Δ
Total Wholesale	609,664	475,721	28%	153,617	150,455	2%
Export	492,082	390,811	26%	125,851	119,813	5%
Domestic	117,582	84,910	38%	27,766	30,642	-9%
Domestic Retail	114,039	86,401	32%	28,016	32,081	-13%
Market Share	8.9%	10.5%	-1.6 pps	9.0%	11.6%	-2.6 pps
Production (units) ⁽¹⁾	589,758	465,855	27%	145,254	141,532	3%
Capacity Utilization Rate	81%	79%	+2 pps	78%	78%	0 pps

⁽¹⁾ Current generation Courier production ended in July 2023 in Yeniköy Plant and new generation Courier production started in 4Q23 in Craiova Plant. Additionally, current generation Custom production ended in 3Q23 in Gölçük Plant and new generation Custom production started in 4Q23 in Yeniköy Plant.

In 2023, total CUR was 81%, reaching 88%, 93%, 98% and 75% in the Gölçük, Yeniköy, Eskişehir and Craiova Plants respectively.

Summary Income Statement, Million TL	2023	2022	YoY Δ
Revenues ⁽²⁾	411,906	322,556	28%
Export	301,628	251,011	20%
Domestic	110,278	71,545	54%
Gross Profit	55,248	36,599	51%
Operating Profit	44,017	27,271	61%
Net Financial Expense	-14,947	-8,102	84%
Profit Before Tax	47,428	25,447	86%
Net Profit ⁽²⁾	49,056	27,730	77%
Other Financial Data			
Depreciation and Amortization	6,713	7,359	-9%
EBITDA ⁽³⁾	50,730	34,630	46%
EBITDA excluding other income/expense	43,359	32,145	35%
Capital Expenditures	-32,897	-21,043	56%

⁽²⁾ In 2023, Ford Otosan Romania SRL solo financials include TL 84,610,971 thousand Total Revenues, TL 1,412,012 thousand EBITDA and TL (566,707) thousand Net Loss (mainly stemming from 1) tax penalty accrual which is offset in consolidated financials and 2) lower than expected new Courier sales in 4Q.)

⁽³⁾ Straightline expenses related with embedded lease is adjusted in EBITDA.

Margins	2023	2022	YoY Δ, pps
Gross Margin	13.4%	11.3%	+2.1 pps
EBITDA Margin	12.3%	10.7%	+1.6 pps
EBITDA Margin (excluding other income)	10.5%	10.0%	+0.5 pps
Operating Margin	10.7%	8.5%	+2.2 pps
Net Margin	11.9%	8.6%	+3.3 pps

Per Vehicle (EUR)	2023	2022	YoY Δ
EBITDA	2,183	2,057	6%
PBT	2,388	1,628	47%

2022 and 2023 financial results published in this earnings announcement have been prepared according to the Turkish Financial Reporting Standards (TFRS) and IAS 29 "Financial Reporting in Hyperinflationary Economies", upon announcement and publication of "Implementation Guide on Financial Reporting in Hyperinflationary Economies" by Public Oversight Authority (KGK).

Revenues

Turkish automotive market has had a strong performance in 2023 with 56% YoY growth and reached to a historical high level of 1,277,849 units. The main drivers of this performance were improvements in vehicle availability and purchasing vehicles seen as an investment instrument in an inflationary environment. In 2023, sales increased in all segments (YoY: PC 63%, LCV 33%, MCV 50% and Heavy Trucks 19%) and PC industry share increased to 75.7% (2022: 72.1%) while LCV&MCV industry share decreased to 20.8% (2022: 23.2%) in 2023. Ford Otosan remained as the market leader in CV segment with a 27.3% market share, despite 1) the extended ramp-up period for the Courier and Custom models (the production of the current-gen Courier ended in July, and the new-gen Courier and Custom models were available in the market in the 4th quarter), and 2) the supply chain challenges at the beginning of the year. As a result, Ford Otosan sustained its 3rd position in the total industry with 8.9% market share (2022: 10.5%).

In 2023, the European van market experienced a 15.7% YoY growth, which was primarily driven by the easiness in supply chain, increase in fleet renewals, and low base impact. In the meantime, European passenger car market went up by 15.3% YoY. In this context, Ford remained as the No.1 CV brand with our Custom and Transit models. As the largest commercial vehicle manufacturer of Ford in Europe, Ford Otosan has continued to support Ford's market position and profitability in the market as 70% of Ford's CV sales are produced by Ford Otosan. Additionally, as Ford Otosan took up on the production responsibility of Puma, Ford's best-selling car in Europe, Ford Otosan solidified its position as the main supporter of Ford's performance in Europe by producing 33% of Ford's PC sales.

Domestic Revenues rose by 54% YoY and realized as TL 110,278 million in 2023. 38% YoY increase in sales volumes and ongoing pricing discipline were the main drivers of this performance. Export Revenues reached to TL 301,628 million, up 20% YoY in this period due to 26% YoY volume growth primarily supported by the volumes from Craiova Plant and exchange impact (average EUR/TRY up 48% YoY). Total Revenues increased by 28% YoY to TL 411,906 million and volumes were up 28% YoY. Share of exports in total revenues was 73% in 2023 (2022: 78%).

Profitability

In 2023, Ford Otosan continued to deliver solid financial results. The profitability remained strong as a result of i) robust domestic performance, ii) ongoing pricing discipline, iii) cost reduction measures and OpEx control, iv) exchange impact (average EUR/TRY up 48% in 2023 YoY).

Gross Profit rose by 51% YoY to TL 55,248 million supported by increasing share of domestic revenues in total revenues and strong YoY growth in domestic volumes, ongoing cost reduction actions and pricing discipline. In this period, Net Other Income increased by 197% YoY to TL 7,371 million in 2023, due to the 162% YoY increase in Net FX Gain from Operating Activities (resulting from the currency impact). As a result, Operating Profit went up 61% YoY in 2023 to TL 44,017 million. In 2023, straightline expenses related with embedded lease is adjusted in EBITDA which grew by 46% YoY to TL 50,730 million while EBITDA excluding the currency impact was up 35% YoY to TL 43,359 million. EBITDA per vehicle and PBT per vehicle were EUR 2,183 and EUR 2,388 in 2023 respectively.

Net Financial Expenses reached to TL 14,947 million in 2023. The main reasons behind 84% YoY increase in Net Financial Expenses: i) %228 YoY increase in Net Interest Expenses realized as TL 2,364 million, ii) Net FX Loss went up 58% YoY and reached to TL 12,149 million. In this period, Profit Before Tax realized as TL 47,428 million, up by 86% YoY and was mainly supported by the TL 15,559 million monetary gain in 2023 (TL 6,308 million in 2022) due to high monetary liability position. Net Profit was TL 49,056 million, up 77% YoY and impacted by «Tax Income Resulting from Deferred Tax Asset in 2023» on Net Income which was partially offset by «additional tax related to earthquake».

Margins: Gross 13.4% (+2.1 pps YoY); EBITDA 12.3% (+1.6 pps YoY); EBITDA excluding other income 10.5% (+0.5 pps YoY); Operating 10.7% (+2.2pps YoY) and Net 11.9% (+3.3 pps YoY).

Balance Sheet and Cash Flow

Summary Balance Sheet, Million TL	12/31/2023	12/31/2022	YoY Δ
Current Assets	102,969	91,321	13%
Current Liabilities	94,134	76,203	24%
Property, Plant and Equipment - Net	57,197	47,915	19%
Total Assets	217,007	174,307	24%
Total Liabilities	143,999	123,165	17%
Shareholders' Equity	73,008	51,142	43%

Financial Ratios	12/31/2023	12/31/2022
Current Ratio	1.09	1.20
Liquidity Ratio	0.68	0.81
Net Debt / EBITDA	1.19	1.32
Current Assets / Total Assets	0.47	0.52
Current Liabilities / Total Liabilities	0.65	0.62
Total Liabilities/Total Liabilities & Equity	0.66	0.71
Return on Equity	67.2%	54.2%

Summary Cash Flow Statement, Million TL	12/31/2023	12/31/2022	YoY Δ
Beginning Balance of Cash & Equivalents	16,658	38,182	-56%
Net Cash from Operating Activities	50,573	34,249	48%
Net Cash Used in Investing Activities	-32,072	-34,199	-6%
Net Cash Used in Financing Activities	-8,571	-6,343	35%
Monetary Gain/(Loss) on Cash&Equivalents	-11,895	-15,272	-22%
End of Period Balance of Cash&Equivalents	15,194	16,658	-9%

Sales Performance

Ranking #3 in the total industry in 2023 with 8.9% share, maintained leadership in total CV with 27.3% share.

Sales Volume by Model, units	2023	2022	YoY Δ	4Q23	4Q22	YoY Δ
Domestic Sales	117,582	84,910	38%	27,766	30,642	-9%
Puma	6,760	1,583	327%	2,855	528	441%
Other	25,256	6,622	281%	6,723	1,925	249%
Passenger Car	32,016	8,205	290%	9,578	2,453	290%
Courier	36,502	39,403	-7%	114	15,132	-99%
Connect	561	372	51%	123	131	-6%
Light Commercial Vehicle	37,063	39,775	-7%	237	15,263	-98%
Transit	29,034	21,395	36%	12,106	7,432	63%
Custom	5,902	5,354	10%	1,468	1,646	-11%
Ranger	1,744	956	82%	915	432	112%
Medium Commercial Vehicle	36,680	27,705	32%	14,489	9,510	52%
Truck	11,699	8,957	31%	3,476	3,394	2%
Rakun ⁽⁴⁾	124	268	-54%	0	22	N/M
Export Sales	492,082	390,811	26%	125,851	119,813	5%
Custom	139,353	149,319	-7%	38,209	37,969	1%
Transit	148,445	116,068	28%	42,742	30,032	42%
Courier	19,884	24,476	-19%	2,793	6,641	-58%
Truck	7,384	7,585	-3%	1,938	1,991	-3%
Puma	176,890	74,241	138%	40,169	34,838	15%
Other	126	19,122	N/M	0	8,342	N/M
Total Wholesale Volume	609,664	475,721	28%	153,617	150,455	2%

⁽⁴⁾ Rakun production ended in 3Q23

Total Turkish Automotive Industry Sales	1,277,849	821,664	56%	310,282	276,235	12%
Ford Otosan Retail Sales	114,039	86,401	32%	28,016	32,081	-13%
Ford Otosan Market Share	8.9%	10.5%	-1.6 pps	9.0%	11.6%	-2.6 pps

2024 Guidance

	2023A	2024 Guidance
Total Industry Volume	1,278 K	800K - 900K
Ford Otosan:		
Retail Sales Volume	114 K	100K - 110K
Export Volume	492 K	560K - 610K
Turkey	312K	350K - 380K
Romania	180K	210K - 230K
Wholesale Volume	610 K	660K - 720K
Total Production Volume	590 K	650K - 700K
Turkey	399 K	400K - 430K
Romania	191 K	250K - 270K
Capex (fixed assets)	€ 900 mn	€ 900 - 1,000 mn
General Investments	€ 96 mn	€ 170 - 190 mn
Product Related Investments	€ 804 mn	€ 730 - 810 mn

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