

ANADOLU ISUZU

(BIST: ASUZU)

9M2019 Earnings Release, November 5, 2019

(000 TL)	3Q2018	3Q2019	%	9M2018	9M2019	%
Net Sales	230,460	253,505	10.0%	867,862	818,154	(5.7)%
Gross Profit	53,827	45,247	(15.9)%	153,098	155,876	1.8%
EBITDA	(11,784)	19,482	(265.3)%	10,197	82,486	708.9%
Net Income (Loss)	(58,807)	(2,238)	(96.2)%	(90,243)	(17,991)	(80.1)%

9M2019 FINANCIAL PERFORMANCE:

A - NET SALES

In 9M2019, due to the contraction in the domestic commercial vehicle market, net sales decreased by 5.7% to TL 818.2 million, compared to the same period of last year.

As of Sept.19-end, domestic automotive market sales volume was 40% lower than last year, with 289 thousand units. In this period, light commercial vehicle segment contracted by 48% compared to last year. In the heavy commercial vehicle market; truck, midibus and bus segments contracted by 52%, 61% and 42%, respectively. In this context, Anadolu Isuzu's 9-month domestic sales volume decreased by 55%.

On the other hand, Anadolu Isuzu's export volume continued to increase. In 2019 January - September period, export sales volume increased by 76%, compared to the same period last year. Anadolu Isuzu exports commercial vehicles and spare parts to nearly 30 countries, especially in the European region. In 2019, France, Italy, Romania and Georgia were the most important export countries.

B - EBITDA

In 9M2019, EBITDA increased by TL 72 million, compared to the same period of last year. This improvement mainly is due to the change in net foreign currency loss related to Trade Receivables and Trade Payables, which improved from TL 87 million in 2018 to TL 8 million in 2019.

C - FREE CASH FLOW

During 9M2019 period, TL 122.6 million of positive Free Cash Flow was generated. In the same period of 2018, Free Cash Flow was negative TL 63.6 million.

The significant improvement in Free Cash Flow compared to last year was achieved through TL 160 million cash inflow as a result of effective working capital management practices.

D - NET WORKING CAPITAL

2018 year-end Net Working Capital was TL 479 million; this figure was down to TL 317 million level as of Sept. 2019-end. In the same period, Net Working Capital/Net Sales ratio significantly improved from 40.3% to 27.8%.

E - FINANCIAL DEBT

The financial debt burden of the Company improved from TL 643 million as of 2018 year-end to TL 515 million as of Sept. 2019-end, down by 20%. During the same period, Net Financial Debt level also improved by 21% from TL 546 million to TL 433 million. In this context, with the increase in EBITDA and improvement in Net Financial Debt; Net Financial Debt / EBITDA ratio, which was 8.0 at 2018 year-end, improved to 3.1 as of Sept. 2019-end.

RISKS

Exchange Rate Risk: As of 30.09.2019, the Company is exposed to foreign currency exchange risk due to its net position of foreign currency assets and liabilities. Changes in the exchange rate may follow a downward/upward trend according to the geopolitical risks and the macroeconomic indicators in Turkey. The Company manages the foreign currency risk arising from the net position in the balance sheet, in accordance with its risk management policy.

Financial Risks: Although interest rates, which were at 30% level in the beginning of 2019, decreased to 15% level in recent months. Interest rates may change considering the macroeconomic and geopolitical developments in Turkey. Increase in interest rates may lead to contraction in demand in the automotive sector. However, in the last quarter of 2019, there is an increase in demand through relatively low-interest financial campaigns targeted at consumers with the support of public banks.

INVESTOR RELATIONS CONTACT INFORMATION

You may visit our website at www.anadoluisuzu.com.tr to reach the financial statements and annual reports of the Company. You can contact us using any of the contact details below.

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