

FORD OTOMOTİV SANAYİ A.Ş. Non-current Financial Asset Acquisition

Summary

Agreements signed for the purchase of Ford Romania SA shares and for the product range, including new products to be produced in Romania

Noncurrent Financial Asset Acquisition

Related Companies ☐

Related Funds ☐

Noncurrent Financial Asset Acquisition	
Update Notification Flag	Hayır (No)
Correction Notification Flag	Hayır (No)
Date Of The Previous Notification About The Same Subject	-
Postponed Notification Flag	Evet (Yes)
Announcement Content	
Board Decision Date for Acquisition	14/03/2022
Were Majority of Independent Board Members' Approved the Board Decision for Acquisition	Yes
Title of Non-current Financial Asset Acquired	Ford Romania SA
Field of Activity of Non-current Financial Asset whose Shares were being Acquired	Production of motor vehicles and their parts
Capital of Noncurrent Financial Asset	1,122,203,713 LEI
Acquirement Way	Satin Alma (Purchase)
Date on which the Transaction was/will be Completed	The closing of the transaction, which is subject to the approval of the relevant domestic and foreign regulatory authorities, is targeted to be completed in the third quarter of 2022.
Acquisition Conditions	Diğer (Other)
Detailed Conditions if it is a Timed Payment	According to the contract, EUR 356 million will be paid at the Closing, which is expected to take place in 2022, EUR 196 million including interest in June 2025, EUR 23 million including interest in December 2028, also depending on the capacity utilization rate of the Romania plant for the years 2028-2034 an additional payment of up to EUR 140 million can be made. The first payment amount to be made in 2022 will be subject to adjustments based on the net working capital, net debt and the amount invested in the Next Generation Courier project up to that date on the date of the transfer.
Nominal Value of Shares Acquired	1,122,203,713 LEI (approx. EUR 227 million)
Purchase Price Per Share	For shares with a nominal value of EUR 1; EUR 2.54 - EUR 3.15, including interest, depending on the final amount payable in 2028 and closing adjustment
Total Purchasing Value	Depending on the final amount to be paid in 2028 and the closing adjustment, EUR 575 to 715 million will be paid, including interest.

Ratio of New Shares Acquired to Capital of Non-current Financial Asset (%)	100
Total Ratio of Shares Owned in Capital of Non-current Financial Asset After Transaction (%)	100
Total Voting Right Ratio Owned in Non-current Financial Asset After Transaction (%)	100
Ratio of Non-current Financial Asset Acquired to Total Assets in Latest Disclosed Financial Statements of Company (%)	22-27%
Ratio of Transaction Value to Sales in Latest Annual Financial Statements of Company (%)	13-16%
Effects on Company Operations	Expanding the fields of activity of Ford Otosan by starting production abroad
Did Takeover Bid Obligation Arised?	Hayır (No)
Will Exemption Application be Made, if Takeover Bid Obligation Arised?	Hayır (No)
Title/ Name-Surname of Counter Party	Ford Capital B.V.
Is Counter Party a Related Party According to CMB Regulations?	Evet (Yes)
Relation with Counter Party if any	The seller is a fully owned subsidiary of Ford Motor Company, one of the main shareholders of Ford Otosan.
Agreement Signing Date if Exists	14/03/2022
Value Determination Method of Non-current Financial Asset	It was determined by bargaining between the parties .
Did Valuation Report be Prepared?	Düzenlendi (Prepared)
Reason for not Preparing Valuation Report if it was not Prepared	-
Date and Number of Valuation Report	11/03/2022
Title of Valuation Company Prepared Report	DRT Kurumsal Finans Danışmanlık Hizmetleri A.Ş. (Deloitte)
Value Determined in Valuation Report if Exists	EUR 701- 860 million
Reasons if Transaction wasn't/will not be performed in Accordance with Valuation Report	The transaction was carried out in accordance with the results in the valuation report.
Explanations	

Ford Otomotiv Sanayi A.Ş. ("Ford Otosan"), Ford Otosan Netherlands B.V (which is a 100% owned Ford Otosan subsidiary), Ford Motor Company (which is one of Ford Otosan's main shareholders) and Ford Capital B.V. (which is a fully owned by Ford Motor Company subsidiary) signed Share Purchase Agreement for the transfer of Ford Romania SA shares owned 99.99% by Ford Capital BV and 1 share owned by Ford Motor Company (FMC). Ford Otosan, as the main shareholder is responsible for execution of agreement terms. Ford Romania owns vehicle and engine manufacturing facilities in Craiova , Romania. Craiova facilities have 250,000 vehicle and 365,000 engine installed production capacity.

Ford Otosan will pay EUR 575 million for the purchase of all shares between 2022 and 2028 and a conditional amount of EUR 140 million in 2028 subject to Romania plant capacity utilization in 2028-2034.

Parties target completion date of the transaction within third quarter of 2022 subject to closing conditions being met including approval from regulatory authorities. According to the Share Purchase Agreement, Parties have the right to terminate the agreement if closing conditions are not met within one year.

As the transaction exceeds the limits defined in Corporate Governance Communique Article 9, a valuation report has been prepared by DRT Kurumsal Finans Danışmanlık Hizmetleri A.Ş. (Deloitte) summary of which is attached. The transaction will be realized in line with the results of the valuation report and approved unanimously by Ford Otosan Board of Directors including independent members.

With the Share Purchase Agreement, Parties agreed on supply principles of products to be manufactured in Craiova Plant . Craiova facilities currently manufacture Puma and EcoSport passenger vehicles and 1.0 EcoBoost engines. According to the Supply Terms signed with the Share Purchase Agreement, EcoSport production will be discontinued by end of 2022 and Puma production will continue with the addition of an all-electric version in 2024. Besides, next generation Courier model will replace current Courier generation, production of which will end at Yeniköy by July 2023. Next generation Courier, which is designed and engineered by Ford Otosan, will be produced in Craiova and will have both a van version (Transit Courier) and a kombi version (Tourneo Courier). Internal combustion engines' versions of next generation Courier will be launched in production at Craiova plant in 2023, followed by all-electric versions in 2024. Main supply principles of existing products and Next Generation Courier have been agreed between Parties. Parties will sign supply agreements and other agreements until closing date to clarify technical details and Next Generation Courier investment commitments.

Upon completion of the investments in the earlier announcement (December 4th 2020), which indicated capacity increase to 650,000, capacity will further increase to more than 900,000 and employment will increase to more than 20,000 employees.

Transfer pricing of vehicles and engines to be sold to related parties will be performed according to market conditions based on the merits of each pricing transaction. Disclosure of share purchase and supply agreement discussions was deferred until contract signing by the decision of General Manager and Deputy General Manager considering potential impact on Ford Otosan with respect to Article 6 of Special Cases Communique and the authority granted by Board of Directors on 29 June 2016. Deferral decision was taken to make sure the process is not adversely impacted and to protect Company competitiveness, legitimate interests, legal rights and negotiation power. The disclosure is made as soon as deferral reasons cease their effect.

This statement has been translated into English for informational purposes. In case of a discrepancy between the Turkish and the English versions of this disclosure statement, the Turkish version shall prevail.

We proclaim that our above disclosure is in conformity with the principles set down in “Material Events Communiqué” of Capital Markets Board, and it fully reflects all information coming to our knowledge on the subject matter thereof, and it is in conformity with our books, records and documents, and all reasonable efforts have been shown by our Company in order to obtain all information fully and accurately about the subject matter thereof, and we’re personally liable for the disclosures.