

## Ford Otosan

We evaluate Ford Otosan's 1Q26 financial results as weak overall and broadly in line with our expectations, as the company continued to face significant annual weakness in revenues and operational profitability despite net income coming in slightly above our estimate. The company reported net income of TL 5.5bn in 1Q26, declining by 35% YoY and 53% QoQ. Net sales revenues decreased by 9% YoY to TL 192.4bn, mainly driven by weak domestic demand, pricing dynamics, and changes in product mix. EBITDA came in at TL 9.6bn with a 5.0% margin, in line with our expectations, while the company's adjusted EBITDA reached TL 11.7bn, slightly above our estimate of TL 11.4bn, with a margin of 6.1%. Following our updated macro assumptions, we revise our 12-month target price to TL 140 from TL 155 while maintaining our Buy recommendation.

The domestic automotive market contracted by 4% YoY in 1Q26, as tight financial conditions, weakening consumer confidence, and slower fleet renewal activity pressured demand. Ford Otosan's total domestic sales volumes declined by 18% YoY to 20.6K units, with the 43% contraction in passenger vehicle sales standing out. Although light commercial vehicle sales volumes decreased by 8% YoY, the decline remained more limited compared to the sharp contraction in passenger vehicles. While the company maintained its strong position in the commercial vehicle segment, total wholesale volumes declined by 3% YoY to 161K units.

### On the export side the outlook remained relatively balanced.

Total international sales volumes were broadly flat YoY at 140K units in 1Q26, supported by the contribution from Romania operations and higher Puma production. In particular, a 23% YoY increase in Puma exports and 30% growth in Ford Trucks stood out. With 87% of total sales continuing to be generated from international markets, the company maintained its export-oriented structure, while management expects total international sales volumes to reach 580K–630K units in 2026 compared to 603K units in 2025.

### Pressure on operational profitability remained at the forefront.

EBITDA margin declined from 6.2% to 5.0% YoY while the company's adjusted EBITDA margin decreased from 7.8% to 6.1%. Management revised its 2026 revenue growth guidance from high single-digit growth to a flat outlook, while maintaining its adjusted EBITDA margin expectation in the 7%–8% range. We forecast EBITDA margin at 5.6% and adjusted EBITDA margin at 6.7% for 2026. Although recent pricing reflects much of the pressure, we believe Ford Otosan continues to preserve its long-term growth story.

## FROTO

**BUY**

Target Price TL 140  
Return potential 43%

### Share Data

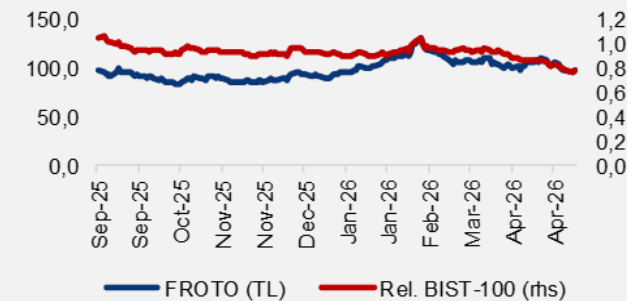
Ticker: FROTO TI  
Share price (as of 05.05.2026) 98,05  
Share price (52 week range) 73 / 130  
Market cap. (TL mn - USD mn) 344.067 - 7.623  
# of shares (mn) & free float 3.509 - 18%  
Foreign Ownership Rate 36.28%  
Market Star  
Industry Automotive

Avg. trading volume 1M 3M 12M  
USD mn 41,5 39,7 39,3

Price performance 1M 3M Y-t-D  
TL -2% -12% 9%  
USD -3% -15% 4%  
Rel. to BIST-100 -12% -17% -15%

Forecasts (TL mn) 2024 2025 2026E  
Revenues 856.994 914.244 1.044.382  
EBITDA 57.423 57.337 58.378  
Net Earnings 55.977 37.398 36.863

Valuation 2024 2025 2026E  
P/E 6,1x 9,2x 9,3x  
P/BV 2,1x 2,0x 1,8x  
EV/EBITDA 7,8x 7,9x 7,7x



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## Financial Statements

Balance Sheet	2024	2025	2026E	Income statement	2024	2025	2026E
Cash	32.163	70.397	74.943	<b>Revenues</b>	<b>856.994</b>	<b>914.244</b>	<b>1.044.382</b>
Accounts receivables	98.269	97.774	108.705	Gross profit	78.649	76.350	82.859
Inventory	63.356	54.284	67.151	Operating expenses	-36.655	-37.946	-46.145
Financial investments	0	0	0	Operating profit	41.994	38.404	36.714
Fixed assets	170.244	184.414	201.647	<b>EBITDA</b>	<b>57.423</b>	<b>57.337</b>	<b>58.378</b>
Other non-current assets	106.627	89.170	93.661	Other income, net	-246	8.477	6.539
<b>Total assets</b>	<b>470.659</b>	<b>496.039</b>	<b>546.107</b>	Financial income, net	2.446	-16.585	-8.513
Short-term financial loans	64.610	69.704	64.021	Earnings before taxes	53.303	43.429	40.769
Accounts payables	95.277	112.745	135.185	Tax expense	2.674	-6.031	-3.906
Long-term financial loans	113.641	109.845	111.627	<b>Net earnings</b>	<b>55.977</b>	<b>37.398</b>	<b>36.863</b>
Other long-term payables	31.171	32.059	39.474	<b>Cashflow statement</b>			
<b>Non-current liabilities</b>	<b>304.699</b>	<b>324.354</b>	<b>350.308</b>	EBITDA	<b>57.423</b>	<b>57.337</b>	<b>58.378</b>
<b>Shareholders' equity</b>	<b>165.961</b>	<b>171.685</b>	<b>195.799</b>	Taxes on EBIT	2.674	-6.031	-3.906
Paid in Capital	386	3.509	3.509	Capital expenditures	-57.610	-32.725	-30.414
Other Equity	165.575	168.176	192.290	Chg. in NWC	19.815	-27.036	-29.181
<b>Total liabilities &amp; equity</b>	<b>470.659</b>	<b>496.039</b>	<b>546.107</b>	<b>Growth &amp; margins</b>			
Net debt	146.089	109.153	100.705	Revenues	0%	7%	14%
Net working capital	66.349	39.313	40.671	EBITDA	-35%	0%	2%
				Net earnings	-45%	-33%	-1%
<b>Per share (TL)</b>				Gross margin	9,2%	8,4%	7,9%
EPS	15,95	10,66	10,50	Operating margin	4,9%	4,2%	3,5%
BVPS	47,29	48,93	55,80	EBITDA margin	6,7%	6,3%	5,6%
DPS	9,66	8,95	10,78	Net margin	6,5%	4,1%	3,5%
				Free cashflow margin	0,0%	0,0%	0,0%
<b>Ratios</b>				<b>Valuation</b>			
<b>Profitability</b>				P/E	6,1x	9,2x	9,3x
ROE	35,2%	22,2%	20,1%	P/BV	2,1x	2,0x	1,8x
Net margin	6,5%	4,1%	3,5%	EV/EBITDA	7,8x	7,9x	7,7x
Asset turnover	1,9x	1,9x	2,0x				
Leverage	2,9x	2,9x	2,8x				
ROA	12,1%	7,7%	7,1%				
<b>Leverage</b>							
Financial debt/Total assets	38%	36%	32%				
Net debt/Equity	0,88	0,64	0,51				
Net debt/EBITDA	2,54	1,90	1,73				

Source: Company Data, Tacirler Investment

\* All figures are stated in millions of TL unless otherwise stated.

\* Figures in the table are adjusted for inflation.

## Important Disclosures

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