TACİRLER YATIRIM

Ford Otosan

We assess Ford Otosan's 2Q26 financial results as slightly negative, as the broadly in-line operating performance was overshadowed by the continued YoY weakness and the downward revision to the company's 2026 guidance. Ford Otosan reported net income of TRY 4,452 million in 2Q26, above both our estimate of TRY 3.9 billion and the market consensus of TRY 3.4 billion. Net sales came in at TRY 221.1 billion, in line with our forecast, while unadjusted EBITDA amounted to TRY 9.9 billion with a margin of 4.5%, down 2 percentage points YoY. Adjusted EBITDA reached TRY 13.0 billion, slightly above our estimate of TRY 11.6 billion. Revenue generation and operating performance were broadly in line with our projections during the quarter, while the positive change in the balance of non-operating income and expenses supported net income and led to the earnings beat. The results indicate that YoY weakness persisted, although the company continued to defend its performance on a QoQ basis. Following the 2Q26 results, we maintain our 12-month target price of TRY 132 per share and our BUY recommendation for Ford Otosan, which remains in our model portfolio.

Sales volumes and revenue continued to be affected by the weak demand environment. Total sales volume declined by 9% YoY in the second quarter, with domestic sales decreasing by 18% and export sales by 8%. Accordingly, net sales revenue fell by 14% YoY to TRY 221.1 billion. Weak demand in the domestic automotive market, lower-than-expected sales in Europe and a competitive pricing environment weighed on revenue, while the company's strong position in export markets and the contribution from its Romanian operations partially limited the decline.

Pressure on operating profitability persisted in the second quarter. The adjusted EBITDA margin contracted by 3 percentage points YoY to 5.9%, as competitive pricing, cost pressures and inflation outpacing the appreciation of EUR against TRY continued to weigh on margins. Although net income exceeded expectations, the improvement in the balance of non-operating income and expenses was the main driver of the earnings beat**.**

Management revised its 2026 guidance downward, lowering its Turkish market forecast to 1.2–1.3 million units, domestic retail sales guidance to 75–85 thousand units and total sales guidance to 655–715 thousand units. Revenue guidance was revised to a mid-to-high single-digit contraction and adjusted EBITDA margin guidance to 6%–7%, while export, production and capex targets were maintained. Meanwhile, we view the EUR 364 million New Cab Program investment through 2030 positively for Ford Trucks' European expansion and believe the company retains its long-term growth potential despite near-term challenges.

FROTO	BUY
Target Price	TL 132
Return potential	64%

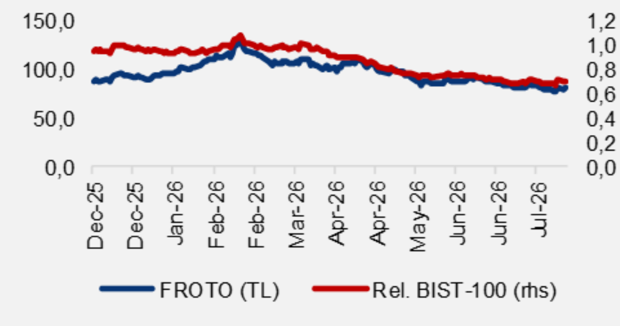
Share Data	
Ticker:	FROTO TI
Share price (as of 04.08.2026)	80,55
Share price (52 week range)	76 / 130
Market cap. (TL mn - USD mn)	282.658 - 5.955
# of shares (mn) & free float	3.509 - 18%
Foreign Ownership Rate	21.07%
Market	Star
Industry	Automotive

Avg. trading volume	1M	3M	12M
USD mn	37,0	48,1	43,4

Price performance	1M	3M	Y-t-D
TL	-4%	-16%	-10%
USD	-6%	-20%	-19%
Rel. to BIST-100	1%	-12%	-26%

Forecasts (TL mn)	2024	2025	2026E
Revenues	917.104	978.370	977.916
EBITDA	61.451	61.358	48.057
Net Earnings	59.903	40.022	30.049

Valuation	2024	2025	2026E
P/E	4,7x	7,1x	9,4x
P/BV	1,6x	1,5x	1,4x
EV/EBITDA	6,4x	6,4x	8,2x



Oğuzhan Kaymak
+90 212 355 2604
oguzhan.kaymak@tacirler.com.tr

Financial Statements

Balance Sheet	2024	2025	2026E
Cash	34.419	75.334	69.634
Accounts receivables	105.162	104.632	95.280
Inventory	67.800	58.091	88.137
Financial investments	0	0	0
Fixed assets	182.185	197.349	202.968
Other non-current assets	114.106	95.424	106.405
Total assets	**503.672**	**530.830**	**562.424**
Short-term financial loans	69.142	74.593	64.139
Accounts payables	101.959	120.653	147.994
Long-term financial loans	121.612	117.549	112.617
Other long-term payables	33.357	34.308	38.772
Non-current liabilities	**326.070**	**347.103**	**363.521**
Shareholders' equity	**177.601**	**183.727**	**198.903**
Paid in Capital	413	3.509	3.509
Other Equity	177.188	180.218	195.394
Total liabilities & equity	**503.672**	**530.830**	**562.424**
Net debt	156.335	116.808	107.121
Net working capital	71.003	42.070	35.423

Per share (TL)			
EPS	17,07	11,41	8,56
BVPS	50,61	52,36	56,68
DPS	10,34	9,58	11,53

Ratios			
Profitability			
ROE	35,2%	22,2%	15,7%
Net margin	6,5%	4,1%	3,1%
Asset turnover	1,9x	1,9x	1,8x
Leverage	2,9x	2,9x	2,9x
ROA	12,1%	7,7%	5,5%
Leverage			
Financial debt/Total assets	38%	36%	31%
Net debt/Equity	0,88	0,64	0,54
Net debt/EBITDA	2,54	1,90	2,23

Jncome statement	2024	2025	2026E
Revenues	**917.104**	**978.370**	**977.916**
Gross profit	84.165	81.705	69.968
Operating expenses	-39.226	-40.608	-43.748
Operating profit	44.939	41.097	26.220
EBITDA	**61.451**	**61.358**	**48.057**
Other income, net	-264	9.072	5.346
Financial income, net	2.618	-17.748	-10.281
Earnings before taxes	57.042	46.475	27.176
Tax expense	2.861	-6.454	2.873
Net earnings	**59.903**	**40.022**	**30.049**

Cashflow statement			
EBITDA	**61.451**	**61.358**	**48.057**
Taxes on EBIT	2.861	-6.454	2.873
Capital expenditures	-61.651	-35.020	-23.870
Chg. in NWC	21.205	-28.932	-15.267

Growth & margins			
Revenues	0%	7%	0%
EBITDA	-35%	0%	-22%
Net earnings	-45%	-33%	-25%
Gross margin	9,2%	8,4%	7,2%
Operating margin	4,9%	4,2%	2,7%
EBITDA margin	6,7%	6,3%	4,9%
Net margin	6,5%	4,1%	3,1%
Free cashflow margin	0,0%	0,0%	0,0%

Valuation			
P/E	4,7x	7,1x	9,4x
P/BV	1,6x	1,5x	1,4x
EV/EBITDA	6,4x	6,4x	8,2x

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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