TACİRLER YATIRIM

Ford Otosan

We view Ford Otosan's 3Q26 financial results as slightly positive, reflecting stronger-than-expected profitability and a QoQ recovery. The company reported TL8.35bn net profit, exceeding our estimate by 16% and the market expectation by 15%. Revenues declined by 5% YoY in real terms to TL233.8bn, broadly in line with our estimate, while EBITDA of TL12.2bn and adjusted EBITDA of TL15.2bn exceeded our expectations by 14% and 12%, respectively. Nevertheless, the earnings beat does not change the ongoing YoY weakness in revenues and profitability. We believe the prolonged decline in the share price has largely priced in the challenging operating environment, while we expect the recovery in 2027 to be gradual. Based on the latest financial results and revisions to our growth and profitability assumptions for the coming years, we lower our 12-month target price from TL132 to TL122 per share. Considering the upside potential at current levels, we maintain our BUY recommendation and keep Ford Otosan in our model portfolio.

Stronger exports kept total sales volumes stable despite the contraction in the domestic market. In 3Q26, export volumes increased by 11% YoY to 154.4k units, supported particularly by strong demand for one-ton commercial vehicles, while domestic wholesale sales declined by 51% to 14.4k units. As a result, total sales volumes remained flat at 168.8k units. The 23% contraction in the Turkish automotive market, intense pricing competition and the company's focus on profitability rather than market share weighed on domestic sales. While export revenues increased by 3% YoY in real terms, domestic revenues declined by 45%, indicating that the pressure on growth was primarily driven by the domestic market. Meanwhile, Kocfinans' revenue contribution of TL4.8bn limited the contraction in consolidated revenues.

The year-end guidance maintains a cautious outlook for the domestic market. The company lowered its Turkish automotive market forecast to 1.1–1.2mn units and its domestic retail sales target to 65–75k units. Total sales volume guidance was revised down to 645–705k units, while export volume guidance of 580–630k units and the adjusted EBITDA margin target of 6–7% were maintained. Although we expect continued support from exports, we believe an improvement in domestic demand and pricing conditions will be key to a sustainable recovery in profit margins.

We expect a gradual recovery in revenues and profitability in 2027 following a challenging 2026. In our updated model, we forecast TL977.5bn in revenues, TL48bn in EBITDA, TL61.2bn in adjusted EBITDA and TL28.3bn in net profit for 2026. Our 2027 estimates stand at TL1.27tn, TL73.7bn, TL89bn and TL46bn, respectively. Accordingly, we expect the EBITDA margin to improve from 4.9% to 5.8%, while the adjusted EBITDA margin is projected to increase from 6.3% to 7%.

FROTO	BUY
Target Price	**TL 122**
Return potential	**80%**

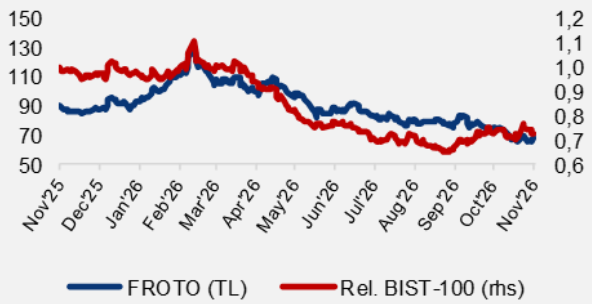
Share Data	
Ticker:	**FROTO TI**
Share price (as of 05.11.2026)	67,85
Share price (52 week range)	65 / 130
Market cap. (TL mn - USD mn)	238.092 - 4.766
# of shares (mn) & free float	3.509 - 18%
Foreign Ownership Rate	14.72%
Market	Star
Industry	Automotive

Avg. trading volume	**1M**	**3M**	**12M**
USD mn	22,1	30,2	38,0

Price performance	**1M**	**3M**	**Y-t-D**
TL	-9%	-16%	-24%
USD	-11%	-20%	-35%
Rel. to BIST-100	0%	2%	-25%

Forecasts (TL mn)	**2024**	**2025**	**2026E**
Revenues	968.184	1.032.862	977.477
EBITDA	64.874	64.776	47.945
Net Earnings	63.239	42.251	28.346

Valuation	**2024**	**2025**	**2026E**
P/E	3,8x	5,6x	8,4x
P/BV	1,3x	1,2x	1,2x
EV/EBITDA	6,1x	6,1x	8,2x



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Financial Statements

Balance Sheet	2024	2025	2026E
Cash	36.336	79.531	43.257
Accounts receivables	111.019	110.460	112.669
Inventory	71.577	61.327	72.136
Financial investments	0	0	0
Fixed assets	192.332	208.341	207.617
Other non-current assets	120.461	100.739	158.817
Total assets	**531.725**	**560.397**	**594.495**
Short-term financial loans	72.993	78.748	91.745
Accounts payables	107.638	127.373	130.197
Long-term financial loans	128.386	124.097	128.752
Other long-term payables	35.215	36.219	38.731
Non-current liabilities	**344.231**	**366.436**	**389.425**
Shareholders' equity	**187.493**	**193.960**	**205.070**
Paid in Capital	436	3.509	3.509
Other Equity	187.057	190.451	201.561
Total liabilities & equity	**531.725**	**560.397**	**594.495**
Net debt	165.043	123.314	177.241
Net working capital	74.957	44.414	54.607

Per share (TL)			
EPS	18,02	12,04	8,08
BVPS	53,43	55,27	58,44
DPS	10,91	10,12	12,18

Ratios			
Profitability			
ROE	35,2%	22,2%	14,2%
Net margin	6,5%	4,1%	2,9%
Asset turnover	1,9x	1,9x	1,7x
Leverage	2,9x	2,9x	2,9x
ROA	12,1%	7,7%	4,9%
Leverage			
Financial debt/Total assets	38%	36%	37%
Net debt/Equity	0,88	0,64	0,86
Net debt/EBITDA	2,54	1,90	3,70

Jncome statement	2024	2025	2026E
Revenues	**968.184**	**1.032.862**	**977.477**
Gross profit	88.853	86.256	66.661
Operating expenses	-41.411	-42.870	-41.437
Operating profit	47.442	43.386	25.225
EBITDA	**64.874**	**64.776**	**47.945**
Other income, net	-278	9.577	5.126
Financial income, net	2.764	-18.737	-9.051
Earnings before taxes	60.219	49.064	30.218
Tax expense	3.021	-6.813	-1.872
Net earnings	**63.239**	**42.251**	**28.346**

Cashflow statement			
EBITDA	**64.874**	**64.776**	**47.945**
Taxes on EBIT	-11.861	-10.847	-6.306
Capital expenditures	-65.085	-36.971	-23.238
Chg. in NWC	22.386	-30.544	10.194

Growth & margins			
Revenues	0%	7%	-5%
EBITDA	-35%	0%	-26%
Net earnings	-45%	-33%	-33%
Gross margin	9,2%	8,4%	6,8%
Operating margin	4,9%	4,2%	2,6%
EBITDA margin	6,7%	6,3%	4,9%
Net margin	6,5%	4,1%	2,9%
Free cashflow margin	0,0%	0,0%	0,0%

Valuation			
P/E	3,8x	5,6x	8,4x
P/BV	1,3x	1,2x	1,2x
EV/EBITDA	6,1x	6,1x	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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