

Turk Traktor

Weak demand conditions and ongoing cost pressures continue to constrain profitability.

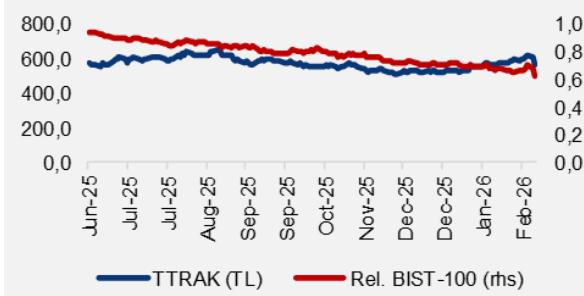
Turk Tractor reported its 4Q25 financial results with a net loss of TL 502mn, significantly below market expectations, and we view the results as negative. The market consensus had pointed to a net profit of TL 4mn, while our house estimate was a net profit of TL 201mn. In an environment where weak demand conditions and cost pressures continue to weigh on profitability, we revise our forecasts in line with updated expectations. We maintain our 12-month target price of TL 680 per share and reiterate our HOLD recommendation. The company had reported a net profit of TL 413mn in the same period last year and TL 296mn in the previous quarter. The net loss was mainly driven by weaker operational profitability and higher tax expenses.

In 4Q25, Turk Tractor generated net sales revenue of TL 12,909mn, with sales declining by 31% YoY while increasing by 10% QoQ. Net sales came in broadly in line with both market and our estimates, although weak domestic demand and limited pricing power continued to weigh on revenue performance on an annual basis. The company reported EBITDA of TL 743mn in 4Q25, coming in around 20% below market expectations. The EBITDA margin stood at 5.8%, declining by 4.2 pp YoY and 8.3 pp QoQ. Low-capacity utilization, the impact of fixed costs, and elevated raw material costs continued to exert pressure on operational margins.

Looking at full-year 2025, net sales declined by 38.6% YoY to TL 53.8bn, while EBITDA amounted to TL 5.0bn. Net profit came in at TL 455mn, marking a sharp decline of close to 94% compared to the previous year. This performance indicates that the margin normalization process continued throughout 2025, amid demand contraction and persistent cost pressures.

The contraction in both production and sales became more pronounced. In 2025, total tractor production declined by 41% YoY to 25,833 units, while total tractor sales amounted to 27,023 units. Domestic locally produced tractor sales fell by 50% YoY, domestic imported tractor sales declined by 44% YoY, and export volumes decreased by 12% YoY. Although exports proved relatively more resilient compared to the domestic market, the overall volume contraction continued to weigh on performance.

No meaningful recovery is anticipated in the 2026 outlook. Management guides for a Turkish tractor market size of 27,000–33,000 units, with domestic sales of 11,500–14,500 units and export sales of 11,000–13,500 units. Capex is planned at USD 75–100mn, while no dividend distribution is expected from 2025 earnings.

| TTRAK | HOLD | | |
|---|--|--------|--------|
| Target Price | TL 680 | | |
| Return potential | 21% | | |
| Share Data | | | |
| Ticker: | TTRAK TI | | |
| Share price (as of 10.02.2026) | 561,00 | | |
| Share price (52 week range) | 512 / 805 | | |
| Market cap. (TL mn - USD mn) | 56.138 - 1.289 | | |
| # of shares (mn) & free float | 100 - 24% | | |
| Foreign Ownership Rate | 26.85% | | |
| Market | Star | | |
| Industry | Automotive | | |
| Avg. trading volume | 1M | | |
| USD mn | 4,5 | | |
| | 3M | | |
| | 12M | | |
| | 2,9 | | |
| | 3,0 | | |
| Price performance | | | |
| TL | 2% | | |
| USD | 1% | | |
| Rel. to BIST-100 | -10% | | |
| | -20% | | |
| | -12% | | |
| Forecasts (TL mn) | | | |
| 2024 | 2025 | 2026E | |
| Revenues | 87.658 | 53.837 | 57.394 |
| EBITDA | 12.851 | 4.956 | 5.668 |
| Net Earnings | 7.514 | 455 | 1.546 |
| Valuation | | | |
| 2024 | 2025 | 2026E | |
| P/E | 7,5x | 123,4x | 36,3x |
| P/BV | 2,5x | 3,4x | 3,1x |
| EV/EBITDA | 5,4x | 14,0x | 12,3x |
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Financial Statements

| Balance Sheet | | 2024 | 2025 | 2026E | Income statement | | 2024 | 2025 | 2026E |
|---------------------------------------|---------------|---------------|---------------|--------------|-----------------------------|--|---------------|---------------|---------------|
| Cash | | 8.631 | 6.709 | 8.860 | Revenues | | 87.658 | 53.837 | 57.394 |
| Accounts receivables | | 5.669 | 3.819 | 3.914 | Gross profit | | 16.910 | 7.402 | 8.210 |
| Inventory | | 12.754 | 9.446 | 8.658 | Operating expenses | | -6.489 | -5.322 | -5.563 |
| Financial investments | | 39 | 70 | 77 | Operating profit | | 10.421 | 2.081 | 2.647 |
| Fixed assets | | 15.799 | 16.576 | 18.657 | EBITDA | | 12.851 | 4.956 | 5.668 |
| Other non-current assets | | 4.142 | 2.985 | 3.284 | Other income, net | | -436 | 38 | -322 |
| Total assets | 47.034 | 39.606 | 43.449 | | Financial income, net | | 441 | -1.132 | -446 |
| Short-term financial loans | | 10.148 | 12.664 | 13.178 | Earnings before taxes | | 10.440 | 1.005 | 1.912 |
| Accounts payables | | 9.662 | 4.814 | 5.436 | Tax expense | | -2.926 | -551 | -366 |
| Long-term financial loans | | 2.669 | 2.859 | 3.995 | Net earnings | | 7.514 | 455 | 1.546 |
| Other long-term payables | | 2.345 | 2.554 | 2.580 | | | | | |
| Non-current liabilities | 24.825 | 22.891 | 25.189 | | | | | | |
| Shareholders' equity | 22.209 | 16.715 | 18.260 | | | | | | |
| Paid in Capital | | 100 | 100 | 100 | Cashflow statement | | 12.851 | 4.956 | 5.668 |
| Other Equity | | 22.109 | 16.615 | 18.160 | EBITDA | | -5.283 | -2.926 | -551 |
| Total liabilities & equity | 47.034 | 39.606 | 43.449 | | Taxes on EBIT | | -3.229 | -4.956 | -3.461 |
| Net debt | | 4.186 | 8.814 | 8.314 | Capital expenditures | | 1.230 | 4.354 | -309 |
| Net working capital | | 8.760 | 8.451 | 7.136 | Chg. in NWC | | | | |
| <hr/> | | | | | | | | | |
| Per share (TL) | | | | | Growth & margins | | | | |
| EPS | | 75,09 | 4,55 | 15,45 | Revenues | | -21% | -39% | 7% |
| BVPS | | 221,94 | 167,04 | 182,48 | EBITDA | | -48% | -61% | 14% |
| DPS | | 139,88 | 57,64 | 0,00 | Net earnings | | -57% | -94% | 240% |
| <hr/> | | | | | | | | | |
| Ratios | | | | | Gross margin | | 19,3% | 13,7% | 14,3% |
| Profitability | | | | | Operating margin | | 11,9% | 3,9% | 4,6% |
| ROE | | 29,3% | 2,3% | 8,8% | EBITDA margin | | 14,7% | 9,2% | 9,9% |
| Net margin | | 8,6% | 0,8% | 2,7% | Net margin | | 8,6% | 0,8% | 2,7% |
| Asset turnover | | 1,6x | 1,2x | 1,4x | Free cashflow margin | | 0,0% | 0,0% | 0,0% |
| Leverage | | 2,1x | 2,2x | 2,4x | | | | | |
| ROA | | 13,9% | 1,0% | 3,7% | | | | | |
| <hr/> | | | | | | | | | |
| Leverage | | | | | Valuation | | | | |
| Financial debt/Total assets | | 27% | 39% | 40% | P/E | | 7,5x | 123,4x | 36,3x |
| Net debt/Equity | | 0,19 | 0,53 | 0,46 | P/BV | | 2,5x | 3,4x | 3,1x |
| Net debt/EBITDA | | 0,33 | 1,78 | 1,47 | EV/EBITDA | | 5,4x | 14,0x | 12,3x |

Source: Company Data, Tacirler Investment

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

Important Disclosures

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