

Ford Otosan

1Q25 financial results in line with the expectations...

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According to inflation-adjusted financials (IAS-29), Ford Otosan (FROTO.TI; OP) reported a net profit of TRY 6,487mn in 1Q25, in line with our estimate of TRY 6,249mn and the RT market consensus of TRY 6,487mn, with a 47.7% YoY decline (1Q24: TRY 12,392mn).

- A 24% YoY decline in gross profit, resulting from a drop in sales revenues coupled with an increase in CoGS due to inflation adjustments,
- Lower operating profitability caused by a rise in OpEx, particularly stemming from higher marketing expenses,
- Increase in net financial expenses, up 12.4% YoY, mainly due to higher FX losses, & increase in deferred tax expense which increased of cash flow hedge reserves in equity related with surge in exchange rate after mid-March, and inflation adj. of it were primarily driven to the contraction on net profit in 1Q25.

Ford Otosan's total sales volume declined by 3% YoY to 165,280 units in 1Q25 (1Q24: 145,817 units). Despite the challenges posed by rising vehicle prices (linked to the adjustment of the SCT exemption ceiling for disabled citizens) and difficulties in access to financing, domestic sales volumes grew by 3% YoY, reaching 25,241 units (1Q24: 24,407 units). However, domestic sales revenues fell by 16% YoY to TRY 30,965mn in 1Q25 (1Q24: TRY 36,736mn), mainly due to increased promotional campaigns amid a competitive pricing environment and the impact of inflation accounting due to the gap between increase in exchange rate and CPI. The company's export volume declined by 4% YoY to 140,039 units in 1Q25 (1Q24: 145,817 units). Export revenues also declined by 4% YoY to TRY 129,936mn in 1Q25 (1Q24: TRY 134,772mn), reflecting the ramp-up processes of new Puma Gen-E and E-Courier models, alongside weaker demand across European markets. As a result, the company reported total sales revenue of TRY 160.901mn in 1Q25, marking a 6% YoY decline, broadly in line with our estimate of TRY 158,015mn, and the RT market consensus of TRY 157,747mn (1Q24: TRY 171,508mn).

Ford Otosan reported EBITDA of TRY 10,055mn in 1Q25, marking a 27.9% YoY decline, slightly below our estimate of TRY 11,750mn and the market consensus of TRY 11,241mn. Due to a drop in sales revenues coupled with an increase in CoGS due to inflation adjustments, the company's GP margin was at 8.6% in 1Q25. The EBITDA margin narrowed by 1.9 pp YoY, reaching 6.2% in 1Q25.

2025 expectations: Along with its 1Q25 financial results, Ford Otosan maintained its 2025 guidance. Accordingly, the company expects the domestic retail market to be in the range of 950,000 - 1,050,000 units. Ford Otosan's domestic retail volume expectation is in the range of 90,000 - 100,000 units (2024: 114,000 units). The company expects total export volumes to be in the range of 610,000 - 660,000 units (2024: 546,000 units) (Romania: 200,000 - 220,000 units (2024: 216,000 units), Turkey: 410,000 - 440,000 units (2024: 330,000 units)). The total sales volume expectation is 700,000 - 760,000 units (2024: 661,000 units). Ford Otosan's total production volume forecast for 2025 is 700,000 - 750,000 units (2024: 633,000 units) (Romania: 240,000 - 260,000 units (2024: 251,000 units) and Turkey: 460,000 - 490,000 units (2024: 382,000 units)). The 2025 CapEx target is EUR 750 - 850mn (2024: EUR 7399mn) (General investments: EUR 130 - 150mn (2024: EUR 128mn) and Product investments: EUR 620 - 700mn (2024: EUR 611mn)). Ford Otosan also expects sales revenue to grow in the high single-digit range in 2025, while the EBITDA margin is expected to be between 7% - 8%.

"OUTPERFORM"

TP: TRY 1,430

Previous: TRY 1,491

Upside Potential: 56%

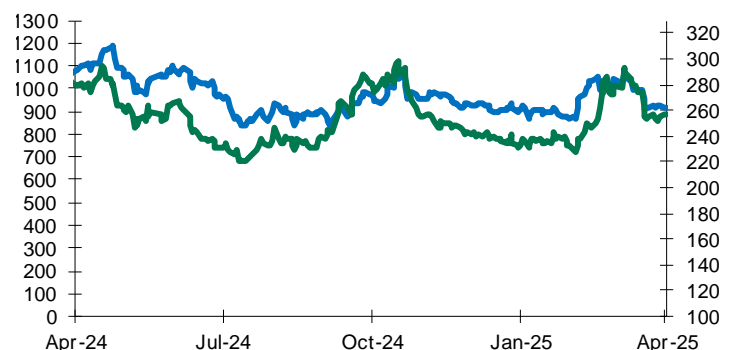
	TRY	US\$
Close	915,00	23,85
BIST 100	9.225	240
US\$/TRY (CB Bid Rate):	38,34	
52 Week High:	1.185,09	36,89
52 Week Low:	833,54	23,85
Bloomberg/Reuters Ticker:	FROTO.TI / FROTO.IS	

	Number of Shares (Mn):	351
	(TRY Mn)	(US\$ Mn)
Current Mcap :	321.083	8.375
Free Float Mcap:	57.795	1.506

	1 M	YOY	YTD
TRY Return (%):	-12,2	-14,7	-0,7
US\$ Return (%):	-13,1	-27,8	-8,9
BIST 100 Relative (%):	-8,0	-6,8	5,8
Avg. Daily Vol. (TL Mn):	1.111,7		
Avg. Daily Vol. (US\$ Mn):	32,2		

Beta (2 years, daily)	0,90
Volatility (Stock)	0,33
Volatility (BIST 100)	0,25

Shareholder Structure	%
Koc Holding	38,7
Ford Deutschland Holding Gmbh	41,0
Free Float	17,9
Others	2,4
Total	100,0



— Share Price (TRY) — BIST 100 Relative

Following an upward revision to our macro assumptions and risk-free rate, we slightly lower our target price from TRY 1,491 to **TRY 1,430**, and maintain our “**OUTPERFORM**” recommendation, implying a 56% upside potential. We think that the market to react neutral to the results in the short term. We still appreciate its export structure, and positive product mix and pricing discipline to contribute to both sales volume and profitability.

Table 1: High Level P&L

TRY Million	2023/12K	2024/12K	YoY	1Q24	1Q25	YoY
Revenues	594.705	594.995	0,0%	171.508	160.901	-6,2%
Gross Profit	79.766	54.604	-31,5%	18.252	13.906	-23,8%
<i>Gross Profit Margin</i>	<i>13,4%</i>	<i>9,2%</i>	<i>-4.2 pp.</i>	<i>10,6%</i>	<i>8,6%</i>	<i>-2.0 pp.</i>
EBIT	52.909	29.156	-44,9%	11.029	6.549	-40,6%
<i>EBIT Margin</i>	<i>8,9%</i>	<i>4,9%</i>	<i>-4.0 pp.</i>	<i>6,4%</i>	<i>4,1%</i>	<i>-2.4 pp.</i>
EBITDA	61.665	39.868	-35,3%	13.939	10.055	-27,9%
<i>EBITDA Margin</i>	<i>10,4%</i>	<i>6,7%</i>	<i>-3.7 pp.</i>	<i>8,1%</i>	<i>6,2%</i>	<i>-1.9 pp.</i>
Net Profit	70.826	38.864	-45,1%	12.392	6.487	-47,7%
<i>Net Profit Margin</i>	<i>11,9%</i>	<i>6,5%</i>	<i>-5.4 pp.</i>	<i>7,2%</i>	<i>4,0%</i>	<i>-3.2 pp.</i>

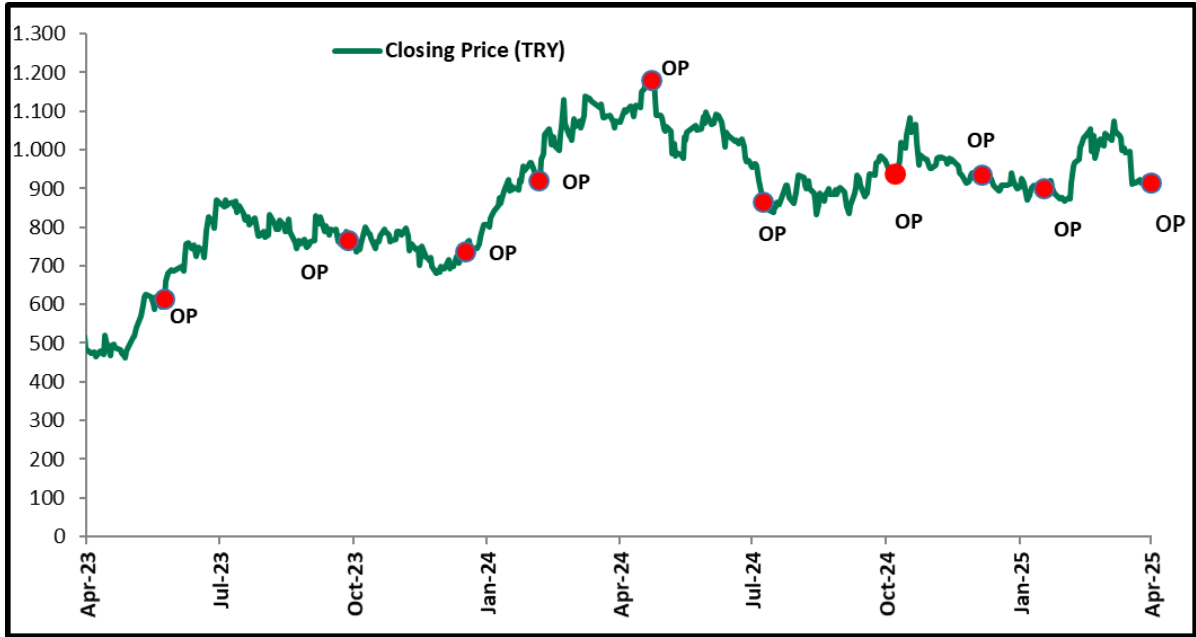
Source: Ford Otosan, Seker Invest - Research, Finnet, Audit Reports

Table2: Summary Financial Statements

BALANCE SHEET (TRY Mn)	2024/03	2025/03	% Δ
Non-Current Assets	190.191	189.077	-1%
Property, Plant & Equipment	107.071	108.144	1%
Intangible Assets	24.036	25.077	4%
Prepaid Expenses	12.727	11.134	-13%
Deferred Tax Asset	23.762	22.400	-6%
Other Non-current Assets	22.594	22.322	-1%
Current Assets	169.462	189.696	12%
Trade Receivables	75.092	73.831	-2%
Cash&Cash Equivalents	24.577	49.385	101%
Inventories	43.958	44.454	1%
Other Current Assets	25.835	22.026	-15%
Total Assets	359.653	378.773	5%
Non-Current Liabilities	97.016	96.393	-1%
Long Term Borrow ings	86.839	85.762	-1%
Long-Term Provisions	4.760	4.920	3%
Deferred Revenue	3.790	3.780	0%
Deferred Tax Liabilities	1.444	1.468	2%
Derivative Financial Liabilities	182	464	155%
Current Liabilities	135.819	157.535	16%
Current Borrow ings	18.162	17.961	-1%
Short-Term Portion of Long-Term Borrow ings	31.210	34.940	12%
Trade Payables	72.805	85.191	17%
Other Current Liabilities	13.642	19.443	43%
Total Liabilities	232.835	253.927	9%
Total Equity	126.818	124.846	-2%
Total Equity&Liabilities	359.653	378.773	5%

Source: Ford Otosan, Seker Invest - Research, Finnet, Audit Reports

Historical recommendations and target prices



Date	Recommendation	Target Price (TRY)
28-Jul-23	Outperform (OP)	1.125,00
26-Oct-23	Outperform (OP)	1.208,00
16-Jan-24	Outperform (OP)	1.154,00
6-Mar-24	Outperform (OP)	1.320,00
22-May-24	Outperform (OP)	1.320,00
7-Aug-24	Outperform (OP)	1.320,00
6-Nov-24	Outperform (OP)	1.320,00
7-Jan-25	Outperform (OP)	1.491,00
17-Feb-25	Outperform (OP)	1.491,00
30-Apr-25	Outperform (OP)	1.430,00

Basis for 12m equity ratings

Outperform:	The total return is expected to exceed the return of the BIST100 by more than 10%.
Underperform:	The total return is expected to fall below the return of the BIST100 by more than 10%.
Market Perform:	The total return is expected to be in line with the return of the BIST100.

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