

# Ford Otosan

## 2Q25 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 6,111mn in 2Q25, broadly in line with our estimate of TRY 6,095mn and the market consensus of TRY 6,037mn. This figure represents a 24.3% YoY decline (2Q24: TRY 8,070mn). Key drivers behind the YoY contraction in net income include:

- A sharp rise in net financial expenses, which surged by 85.3% YoY to TRY 13.3bn (2Q24: TRY 7.2bn), due to the €196mn second installment payment for the Craiova plant and significant appreciation of the EUR,
- A notable decline in net monetary gains to TRY 3,554mn (2Q24: TRY 7,786mn),
- The absence of deferred tax income, which had a positive impact in 2Q24, and instead the recording of current tax expense in 2Q25.

Ford Otosan's total vehicle sales in 2Q25 rose strongly by 38% YoY to 192,078 units (2Q24: 139,159 units). Despite intense pricing competition, aggressive promotional campaigns, challenges in financing, and ongoing macroeconomic uncertainties, domestic sales rose by 2% YoY to 25,649 units, supported by a 19% YoY increase in the MCV segment (2Q24: 25,152 units). However, domestic revenue declined by 4% YoY to TRY 32,838mn (2Q24: TRY 34,239mn), due to competitive pricing pressure, increased promotional campaigns, and a sales mix. Export volumes increased by 46% YoY to 166,429 units (2Q24: 114,007 units), driven by robust sales in the 1-ton and 2-ton CV segments and the weaker TRY against EUR. As a result, export revenue rose by 47% YoY to TRY 161,955mn (2Q24: TRY 109,964mn). Total revenue in 2Q25 grew by 35% YoY to TRY 194,793mn, in line with our estimate of TRY 195,280mn and the market consensus of TRY 193,119mn (2Q24: TRY 144,203mn).

Gross profit rose by 15% YoY, but the GP margin declined by 1.5 p.p. YoY to 8.2%, due to increase in CoGs because of higher production share of EVs, currency-driven cost pressures related with FX movement on imported vehicles and competitive pricing environment. Ford Otosan reported EBITDA of TRY 12,605mn in 2Q25, slightly exceeding both our forecast of TRY 12,321mn and the market expectation of TRY 11,860mn, though representing a 32.2% YoY increase (2Q24: TRY 9,536mn). EBITDA margin fell by 1.9 p.p. YoY to 6.5% in 2Q25 (2Q24: 6.6%). The Company's adjusted EBITDA figure increased by 84% YoY to TRY 17,355mn in 2Q25, driven by the contribution of other income from operating activities, while the adjusted EBITDA margin increased by 2.4 p.p., reaching 8.9%.

**2025 expectations:** Accordingly, the company expects the domestic retail market to be in the range of 1,050,000 - 1,150,000 units (Previous: 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 (Romania: 200,000 - 220,000 units, Turkey: 410,000 - 440,000 units). The total sales volume expectation is 700,000 - 760,000 units. Ford Otosan's total production volume forecast for 2025 is 700,000 - 750,000 units (Romania: 240,000 - 260,000 units and Turkey: 460,000 - 490,000 units). The 2025 CapEx target is EUR 600 - 700mn (Previous: EUR 750 - 850mn) (General investments: EUR 130 - 150mn and Product investments: EUR 470 - 550mn (Previous: EUR 620 - 700mn)). 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 143,00

Previous: TRY 143,00

Upside Potential: 50%

	TRY	US\$
Close	95,45	2,36
BIST 100	10.619	262
US\$/TRY (CB Bid Rate):	40,47	
52 Week High:	108,33	3,16
52 Week Low:	80,15	2,05
Bloomberg/Reuters Ticker:	FROTO.TI / FROTO.IS	

Number of Shares (Mn):	3.509	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	334.944	8.276
Free Float Mcap:	60.290	1.489

	1 M	YOY	YTD
TRY Return (%):	6,9	-1,0	3,6
US\$ Return (%):	5,0	-19,5	-9,9
BIST 100 Relative (%):	0,2	-0,4	-4,1
Avg. Daily Vol. (TL Mn):	1.118,9		
Avg. Daily Vol. (US\$ Mn):	30,9		

Beta (2 years, daily)	0,67
Volatility (Stock)	0,34
Volatility (BIST 100)	0,26

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



Given that the 2Q25 results came in broadly in line with expectations, we believe the market reaction to the announcement is likely to be neutral in the short term. We maintain our target price of **TRY 143,00**, and maintain our **“OUTPERFORM”** recommendation, implying a 50% upside potential. We still appreciate Ford Otosan’s export structure, and positive product mix and pricing discipline to contribute to both sales volume and profitability.

Table 1: High Level P&amp;L

TRY mn	Inc. IAS-29				
	6M24	6M25	2Q24	2Q25	YoY %
Net Sales Revenues	326.014	365.360	144.203	194.793	35,1%
Export	252.832	299.697	109.964	161.955	47,3%
Domestic	73.182	65.663	34.239	32.838	-4,1%
Gross Profit	33.275	30.805	13.927	16.064	15,3%
Gross Profit Margin (%)	10,2%	8,4%	9,7%	8,2%	-1,4%
Operating Profit	18.460	20.229	5.446	11.992	120,2%
Net Finance Expense	-13.195	-20.057	-7.163	-13.277	85,4%
Profit Before Tax	20.982	16.229	6.504	6.473	-0,5%
PBT Margin (%)	6,4%	4,4%	4,5%	3,3%	-1,2%
Net Profit	21.206	12.988	8.070	6.111	-24,3%
Net Profit Margin (%)	6,5%	3,6%	5,6%	3,1%	-2,5%
Depreciation & Amortization	5.982	7.667	2.896	3.951	36,4%
EBITDA	24.312	23.264	9.536	12.605	32,2%
EBITDA Margin (%)	7,5%	6,4%	6,6%	6,5%	-0,1%
EBITDA excluding other income/expense	25.960	30.587	9.428	17.355	84,1%
EBITDA Margin (%)	8,0%	8,4%	6,5%	8,9%	2,4%
Capital Expenditures	17.893	9.738	8.034	5.272	-34,4%

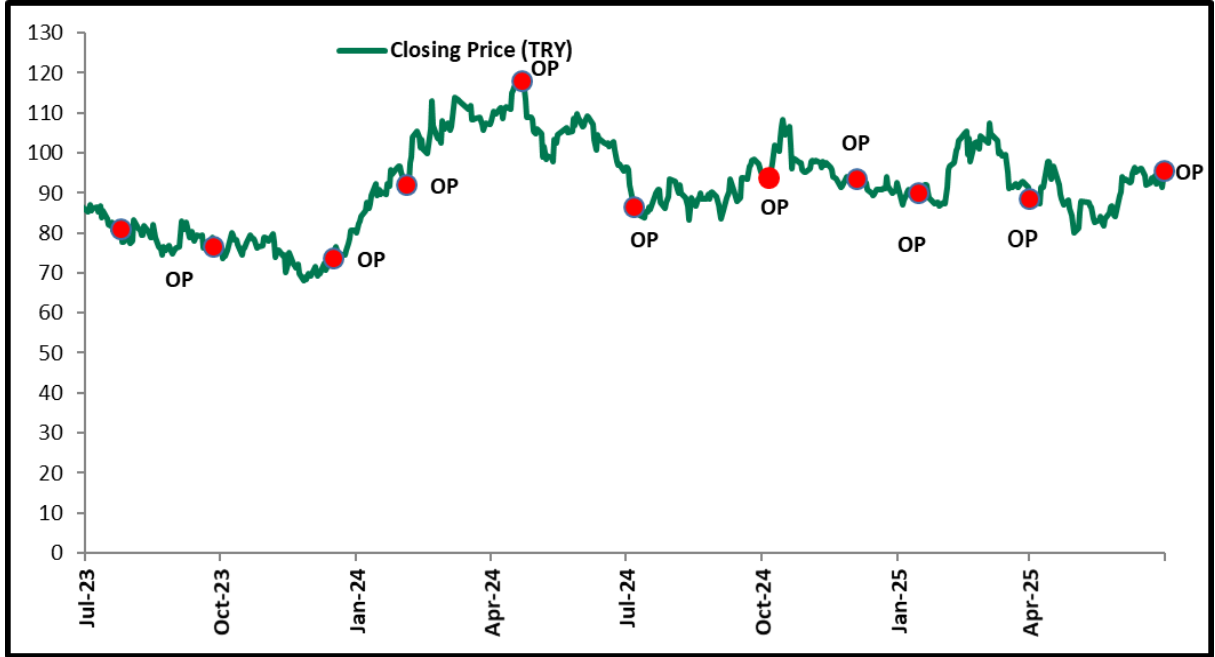
Source: Ford Otosan, Seker Invest - Research, Finnet, Audit Reports

Table 2: Summary Financial Statements

TRY mn	Inc. IAS-29		
	12M24	6M25	YoY %
Current Assets	179.641	212.167	18,1%
Property, Plant, and Equipment, Net	113.503	118.761	4,6%
<b>Total Assets</b>	<b>381.256</b>	<b>417.178</b>	<b>9,4%</b>
Current Liabilities	143.977	167.114	16,1%
<b>Total Liabilities</b>	<b>246.820</b>	<b>276.719</b>	<b>12,1%</b>
<b>Shareholders' Equity</b>	<b>134.436</b>	<b>140.459</b>	<b>4,5%</b>

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

## Historical recommendations and target prices



Date	Recommendation	Target Price (TRY)
28-Jul-23	Outperform (OP)	112,50
26-Oct-23	Outperform (OP)	120,80
16-Jan-24	Outperform (OP)	115,40
6-Mar-24	Outperform (OP)	132,00
22-May-24	Outperform (OP)	132,00
7-Aug-24	Outperform (OP)	132,00
6-Nov-24	Outperform (OP)	132,00
7-Jan-25	Outperform (OP)	149,10
17-Feb-25	Outperform (OP)	149,10
30-Apr-25	Outperform (OP)	143,00
31-Jul-25	Outperform (OP)	143,00

## Basis for 12m equity ratings

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

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