Earnings Update
Automotive

November 06, 2026

Ford Otosan

Financial results in 3Q26 exceeded expectations, but margin pressures persisted…

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Ford Otosan reported net profit of TRY 8,351mn in 3Q26 under IAS-29, above both our estimate and market avg. (Şeker: TRY 7,904mn; Market Avg.: TRY 7,233mn), representing a 23.4% YoY decline (3Q25: TRY 10,899mn). In 3Q26, the reduction in current tax expenses following the introduction of a 12.5% corporate tax rate for manufacturing activities, the positive contribution from the acquisition of Koç Finansman, and higher net monetary gains supported the bottom line. Nevertheless, contracting revenues and cost pressures, which weighed on gross profitability, led to a 23.4% YoY decline in net income.

Ford Otosan's total sales reached 168,824 units in 3Q26 (3Q25: 168,998 units). The Company generated NSR of TRY 228,927mn in 3Q26 (3Q25: TRY 245,950mn), slightly exceeding both our estimate and market avg. (Şeker: TRY 229,391mn; Market: TRY 228,846mn). Domestic retail sales declined by 43% YoY to 14,882 units (3Q25: 26,103 units), reflecting lower PC sales following the discontinuation of Focus production, challenging competitive conditions, and tighter access to financing. Domestic sales revenues fell by 45% YoY to TRY 28,758mn in 3Q26 (3Q25: TRY 51,820mn), driven by weaker sales volumes and an increasingly competitive pricing environment. Meanwhile, the Company's export volume rose by 11% YoY to 154,424 units in 3Q26 (3Q25: 139,313 units). Export revenues rose by only 3% YoY to TRY 200,168mn in 3Q26, reflecting the limited impact of EUR/TRY appreciation.

Ford Otosan reported EBITDA of TRY 12,176mn in 3Q26, down 20% YoY but exceeding both market consensus and our estimate (Market: TRY 11,079mn, +9.9%; Şeker: TRY 10,660mn, +14.2%; 3Q25: TRY 15,218mn). The Company's GP declined by 22% YoY in 3Q26, while the GP margin contracted by 1.3pp to 6.9%. The EBITDA margin narrowed by 0.9pp YoY to 5.3% in 3Q26. Meanwhile, adjusted EBITDA decreased by 17% YoY to TRY 15,178mn (Şeker: TRY 13,729mn; Market: TRY 13,805mn).

Net financial debt declined by 5% compared to YE25 to TRY 116.9bn in 9M26. However, the net debt/adj. EBITDA ratio increased from 1.49x to 1.85x (excluding Koç Finans), reflecting a 23% decline in annualized adj. EBITDA. FCF contracted by 68% YoY to TRY 22.3bn in 9M26 (9M25: TRY 70.4bn). Cash flow from operating activities decreased by TRY 54.9bn to TRY 37.3bn, primarily due to a lower WC contribution, a decline in non-cash adjustments from TRY 48.2bn to TRY 24.2bn, and a TRY 9.7bn reduction in net income. Meanwhile, the positive impact of a TRY 6.9bn decrease in CapEx on FCF remained limited.

Ford Otosan revised down its 2026 domestic retail market forecast to 1.1-1.2mn units (previously: 1.2-1.3mn units) and its domestic retail sales guidance to 65-75k units (previously: 75-85k units). The Company maintained its 2026 export volume guidance at 580-630k units (Romania: 190-210k units; Türkiye: 390-420k units). Meanwhile, its total sales volume guidance was revised to 645-705k units (previously: 655-715k units). The Company's total production guidance stands at 690-740k units (Romania: 230-250k units; Türkiye: 460-490k units). Ford Otosan also maintained its 2026 CapEx guidance of EUR 300-400mn (General: EUR 80-100mn; Product: EUR 220-300mn), its expectation of a mid-to-high single-digit decline in sales revenues, and its adjusted EBITDA margin guidance of 6-7%.

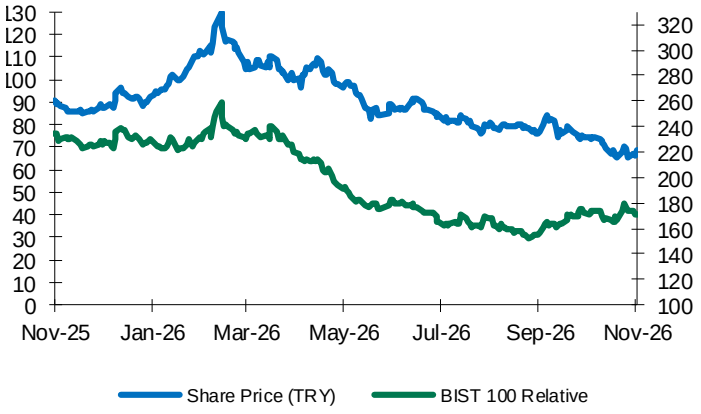
"OUTPERFORM"
TP: TRY 130.00
Previous: TRY 130.00
Upside Potential: 92%

	TRY	US$
Close	67,85	1,36
BIST 100	11.333	227
US$/TRY (CB Bid Rate):	49,92	
52 Week High:	129,84	2,98
52 Week Low:	65,05	1,31
Bloomberg/Reuters Ticker:	FROTO.TI / FROTO.IS	
Number of Shares (Mn):	3.509	
	(TRY Mn)	**(US$ Mn)**
Current Mcap :	234.408	4.695
Free Float Mcap:	42.193	845

	1 M	YOY	YTD
TRY Return (%):	-9,0	-24,7	-24,3
US$ Return (%):	-10,7	-36,6	-35,0
BIST 100 Relative (%):	-0,1	-27,1	-24,7
Avg. Daily Vol. (TL Mn):	1.777,2		
Avg. Daily Vol. (US$ Mn):	39,3		

Beta (2 years, daily)	0,84
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**



We assess Ford Otosan's 3Q26 results as neutral for the stock's near-term performance, as stronger-than-expected net income and EBITDA, alongside a solid recovery in export volumes, were offset by persistent YoY margin pressures and downward revisions to domestic sales guidance. We maintain our **TRY 130.00** target price and OUTPERFORM recommendation, implying a 92% upside potential for Ford Otosan. The trajectory of the gap between EUR/TRY appreciation and inflation, the Company's export momentum in the final quarter, and a recovery in FCF will be key determinants of its performance going forward.

Table 1: High Level P&L

TRY Million	9M25	9M26	YoY	3Q25	3Q26	YoY
Revenues	**755.508**	**679.784**	**-10,0%**	**245.950**	**228.927**	**-6,9%**
Gross Profit	**63.245**	**46.757**	**-26,1%**	**20.282**	**15.798**	**-22,1%**
Gross Profit Margin	*8,4%*	*6,9%*		*8,2%*	*6,9%*	-1,3%
EBIT	**31.598**	**17.323**	**-45,2%**	**9.846**	**7.016**	**-28,7%**
EBIT Margin	*4,2%*	*2,5%*		*4,0%*	*3,1%*	-0,9%
EBITDA	**47.663**	**33.466**	**-29,8%**	**15.218**	**12.176**	**-20,0%**
EBITDA Margin	*6,3%*	*4,9%*		*6,2%*	*5,3%*	-0,9%
Net Profit	**29.013**	**19.264**	**-33,6%**	**10.899**	**8.351**	**-23,4%**
Net Profit Margin	*3,8%*	*2,8%*		*4,4%*	*3,6%*	

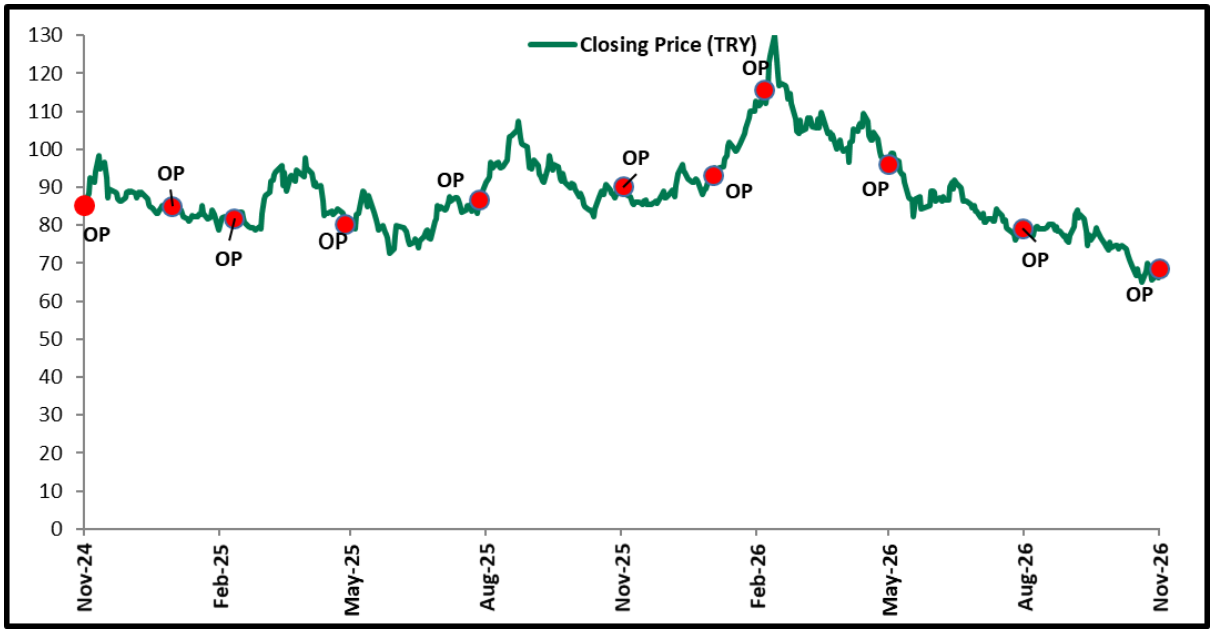
Source: Ford Otosan, Seker Invest - Research, Finnet, Audit Reports

Table 2: Summary Financial Statements

TRY mn	Inc. IAS-29		
	2025	9M26	YoY %
Current Assets	**277.795**	**285.843**	***2,9%***
Cash & Cash Eq.	79.531	54.034	*-32,1%*
Trade Receivables	110.460	92.634	*-16,1%*
Other Receivables due from Related Parties	5.413	8.264	*52,7%*
Receivables from Finance Sector Operations	0	33.914	
Inventories	61.327	75.408	*23,0%*
Other Current Assets	21.065	21.588	*2,5%*
Fixed Assets	**282.602**	**280.244**	***-0,8%***
Financial Investments	731	731	*0,0%*
Tangible Assets	170.517	160.410	*-5,9%*
Intangible Assets	39.364	40.680	*3,3%*
Other Receivables due from Related Parties	26.707	20.825	*-22,0%*
Receivables from Finance Sector Operations	0	15.492	
Deferred Tax Assets	30.279	28.185	*-6,9%*
TOTAL ASSETS	**560.397**	**566.087**	***1,0%***
Short-Term Liabilities	**224.546**	**234.163**	***4,3%***
Short - Term Financial Debt	78.748	87.376	*11,0%*
Trade Payables	127.373	123.713	*-2,9%*
Other Short -Term Liabilities	18.425	23.074	*25,2%*
Long-Term Liabilities	**141.891**	**135.936**	***-4,2%***
Long - Term Financial Debt	124.097	123.800	*-0,2%*
Other Long -Term Liabilities	17.794	12.136	*-31,8%*
Shareholders' Equity	**193.960**	**195.987**	***1,0%***
TOTAL LIABILITIES & SHAREHOLDER EQUITY	**560.397**	**566.087**	***1,0%***

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

Historical recommendations and target prices



Date	Recommendation	Target Price (TRY)
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
6-Nov-25	Outperform (OP)	143,00
9-Jan-26	Outperform (OP)	143,00
10-Feb-26	Outperform (OP)	149,30
6-May-26	Outperform (OP)	149,30
5-Aug-26	Outperform (OP)	130,00
5-Nov-26	Outperform (OP)	130,00

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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