

Ford Otosan

18/02/2025

Review of 4Q24 Financials

BUY
Upside Potential 76%

Actual vs Estimates

Net income above estimates. Beating expectations (Is Investment: TL8.35bn; Consensus: TL8.90bn), Ford Otosan reported 11.59bn net earnings in 4Q24, down by 57% YoY, carrying 2024 bottom-line to TL38.86bn, down by 45% YoY. The annual decline in 4Q24 net earnings was primarily attributable to lower deferred tax income and monetary gains. In-line with expectations, the Company generated TL165bn revenues in 4Q24, up by 6% YoY, totaling to TL595bn in 2024 similar to 2023. Much lower than estimates (Is Investment: TL10.61bn; Consensus: TL11.79bn), EBITDA was realized at TL8.70bn in 4Q24, up by 35%, carrying full-year figure to TL39.87bn, down by 35% YoY.

We expect to see no material market reaction to Ford Otosan's 4Q24 results. The Company will hold a webcast to review its 2024 financials at 16:00 Istanbul time today. Afterwards, we may revisit our estimates.

Highlights of the Quarter

Revenue growth lag behind volume increase. Despite 24% growth in total wholesales volume to 190K units in 4Q24, top-line growth was realized at 6% in 4Q24. This was mainly due to competitive pricing in the domestic market and the impact of gap between the increase in exchange rate and CPI. Export revenues reached TL121bn in 4Q24, up by 4% in 4Q24, despite 20% increase in export sales volume. Domestic revenues increased by 10% to TL44bn in 4Q24, falling behind the 42% growth in domestic sales volume. Exports hold 73% and 77% share in revenues in 4Q24 and 2024, respectively. In 2024, 79% of total revenues came from Turkey operations and the remaining 21% came from Romania operations.

Improvement in margins. The Company's gross margin remained flattish at 7.2% in 4Q24. Op-ex sales fell by 11% YoY in 4Q24, leading to 0.7ppt decline in op-ex/sales ratio to 3.6%. EBITDA margin improved to 5.3% in 4Q24 up from 4.1% in 4Q23. PBT margin decreased to 5.1% in 4Q24 from 10.5% in 4Q24. EBITDA margin declined to 6.7% in 2024 from 10.1% in 2023 mainly due to increased export share, stable f-x rates below CPI and competitive pricing domestic market.

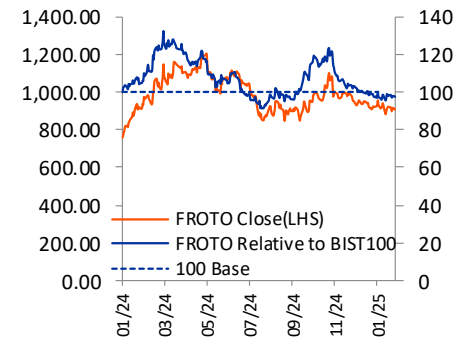
Net debt position increased to TL101bn as of 2024-end from TL87bn as of 2023-end mainly due to cap-ex of TL41bn. Net debt /EBITDA rose to 2.4x in 2024 from 1.2x in 2023, but still below the capped rate of 3.5x.

Stock Data	TL
Price	907.50
Target Price*	1,595.00
Prev.TP	1,595.00
Mcap (mn)	318,451
Float Mcap (mn)	56,493
Avg.Daily Volume (3M, mn)	1087.8
No. of Shares Outstanding (mn)	351
Free Float (%)	18
Foreign Share (%)	33

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	-1.7	-3.2	-1.1
US\$	-3.4	-5.5	-15.9
Rel.to BIST-100	0.2	-3.2	-7.0

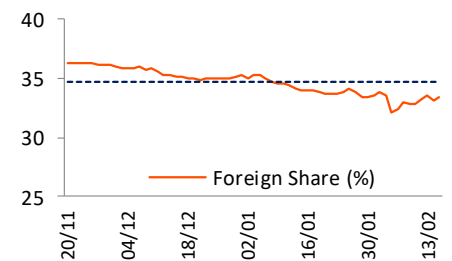
Multiples (\$)	2023	2024	2025
P/E	4.4	8.3	7.5
P/BV	2.9	2.6	2.3
EV/EBITDA	6.6	9.6	8.1

Price / Relative Price



52 Week Range (Close TL) 847.46 1204.88

Foreign Share (%) Cur.(%) : 33.45



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Ford Otosan

Shareholder Structure (%)		Company Description
Ford Deutschland Holding GmbH	41.0	Production, export, sale and aftersales of CV and HCVs under the license of Ford; also import, distribution and sale of Ford brand PCs.
Koç Holding Anonim Şirketi	38.7	
Other	20.3	

Outlook & Valuation

Outlook : Ford Otosan Management expects domestic automotive market (including HCVs) to be in the range of 0.95mn and 1.05mn (Is Inv: 1.2bn) in 2025. The Company targets domestic retail sales of 90K -100K units (Is Inv: 110K) and export volume of 610K – 660K units (Is Inv: 635K). Total sales volume guidance of 700K – 760K for 2025 implies 6% to 15% growth over 2024. Total production volume is guided as 700K-750K units in 2025 from 633K units in 2024 implying CUR of 75%-80% in 2025 compared to 81% 2024. The Company budgets €750mn-€850 capex for 2025 compared to €739mn in 2024.

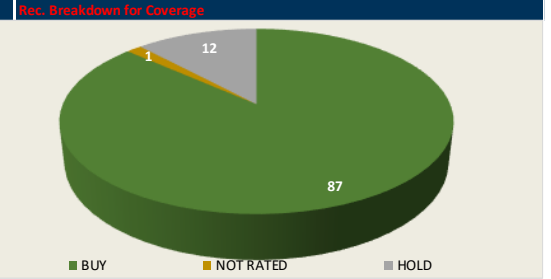
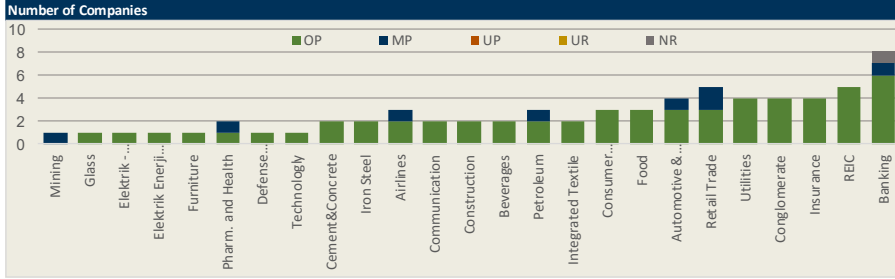
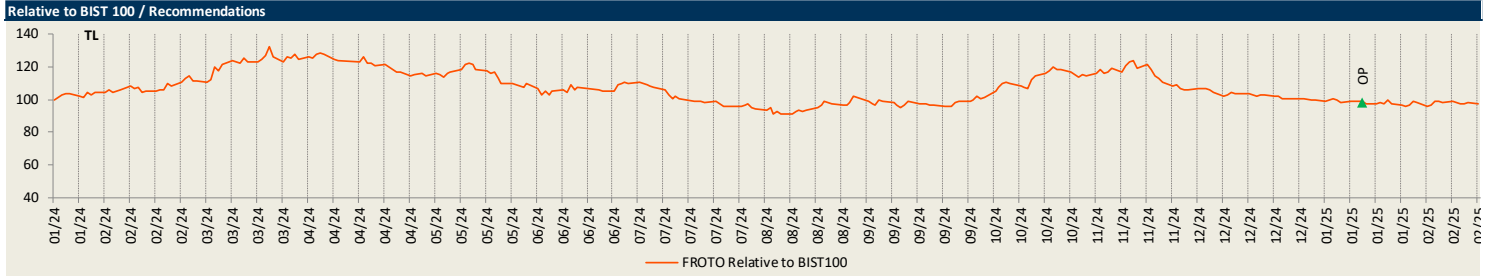
Ford Otosan guides high single digit revenues growth and company reported* EBITDA margin interval of 7%-8% for 2025 compared to 7.2% in 2024. (*The Company adjusted its EBITDA with embedded financial lease, consist of receivables arising the from the Ford Otosan's accounting by leasing certain fixed assets in Kocaeli and Craiova plants to Ford Motor Company in accordance with TFRS16.*)

Financial Highlights

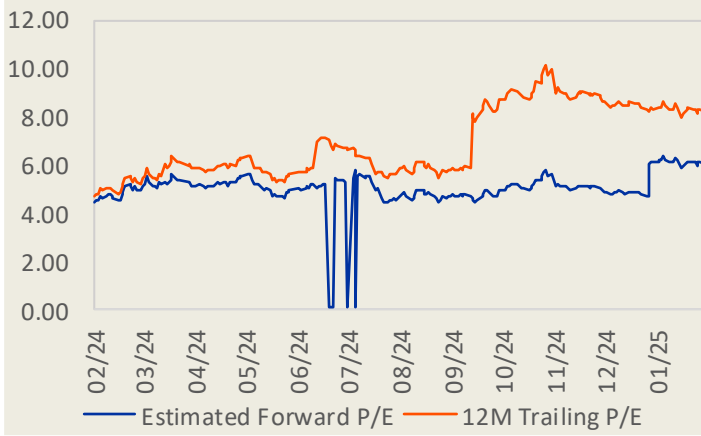
TL mn	IAS - 29							
	4Q24	4Q23	Change	Restated 3Q24	Change	2024	2023	Change
Revenues	164,956	155,944	6%	150,615	10%	594,995	594,705	0%
<i>Export Revenues</i>	121,019	116,043	4%	119,189	2%	456,908	435,487	5%
<i>Share of Exports</i>	73%	74%		79%		77%	73%	
Gross Profit	11,815	11,300	5%	14,269	-17%	54,604	79,766	-32%
Gross Margin	7.2%	7.2%	-0.1ppt	9.5%	-2.3ppt	9.2%	13.4%	-4.2ppt
Op-ex	-5,884	-6,629	-11%	-6,756	-13%	-25,449	-26,858	-5%
Op-ex/Sales	-3.6%	-4.3%	0.7ppt	-4.5%	0.9ppt	-4.3%	-4.5%	0.2ppt
EBIT	5,931	4,671	27%	7,513	-21%	29,156	52,909	-45%
Depreciation	2,771	1,755	58%	2,815	-2%	10,712	8,756	22%
EBITDA	8,702	6,425	35%	10,328	-16%	39,868	61,665	-35%
EBITDA Margin	5.3%	4.1%	1.2ppt	6.9%	-1.6ppt	6.7%	10.4%	-3.7ppt
Financial Inc, (Exp.), net	-4,257	-8,775	-51%	-5,426	27%	-20,992	-21,581	-3%
Monetary Gain/Loss	4,795	14,572	-67%	5,663	18%	22,691	22,464	1%
PBT	8,377	16,427	-49%	10,646	-21%	37,007	68,477	-46%
PBT Margin	5.1%	10.5%	-5.5ppt	7.1%	-2.0ppt	6.2%	11.5%	-5.3ppt
Tax Inc./Exp,	3,211	10,570	-70%	-1,547	-148%	1,856	2,350	-21%
Net Income	11,589	26,997	-57%	9,099	27%	38,864	70,826	-45%
Net Margin	7.0%	17.3%	-10.3ppt	6.0%	1.0ppt	6.5%	11.9%	-5.4ppt

Source: Is Investment, Ford Otosan

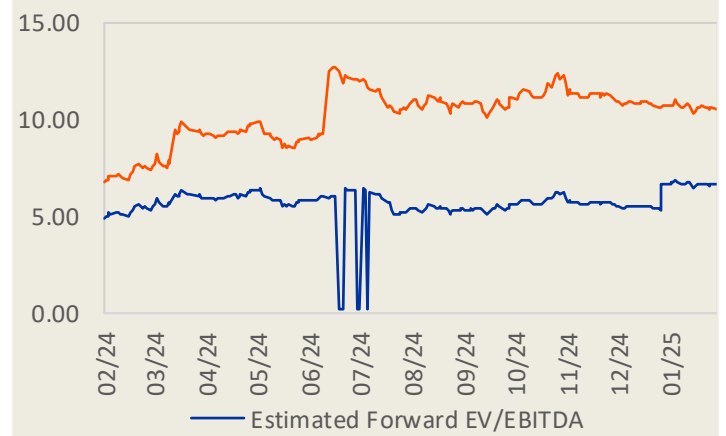
Ford Otosan



Estimated Forward P/E & 12M Trailing P/E



Estimated Forward EV/EBITDA & 12M Trailing EV/EBITDA



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