UNLU & Co

25 June 2025

Turkish Autos

Resilient domestic demand amid an uncertain global backdrop

Sector Update

Equity Research | CEEMEA/Turkey

- **Domestic demand has been more resilient than expected:** Following a record-breaking year in 2024, the Turkish automotive market maintained its strength so far in 2025, with 5M25 growth reaching 4% y/y. Despite the high base and tighter financial conditions, demand remained resilient, supported by not only stable exchange rates and improved vehicle availability, but also the traction of affordable EVs (electric vehicles) that has 10% special consumption tax rate vs. ICE (internal combustion engine) cars having at least 80% rate. We now forecast a 5% y/y decline in the Turkish auto market to 1,171k units in 2025, reflecting a softer landing than our earlier expectation of a 10% contraction to 1,115k units.

- **Export markets are weaker, but Turkish automakers benefit from product launches:** European market remains soft, with passenger car registrations contracting by 0.4% y/y in the first four months of 2025 and LCV registrations down 12% y/y in 1Q25, reflecting softer demand from businesses and logistics operators. Turkish exports have bucked the trend, supported by new model launches. Ford Otosan's exports from Turkey rose by 25% in 5M25, largely driven by the ramp-up of the newly launched VW 1-ton CV. The limited presence of Chinese competitors in the LCV segment has provided some relief, as their competitive pressure remains relatively muted for now.

- **Tariff uncertainties and Chinese competition are the main concerns:** Trump's 25% tariffs on all imported vehicles are creating uncertainties for the sector, as European and Chinese manufacturers may potentially redirect volumes originally intended for the US market to Europe, leading to intensified competition. In parallel, the rising market share of Chinese brands in both Europe and Turkey poses a challenge. Nonetheless, Ford Otosan and Tofas appear relatively shielded, thanks to their strategic focus on LCVs, a segment where Chinese presence remains limited.

- **Ford Otosan – Buy, TP TL143:** Ford Otosan is nearing the end of its USD2bn capex cycle, which expanded production capacity to 935k units and refreshed its model portfolio, positioning the company for long-term growth without the need for further large-scale investment. In 2025, total sales volume is expected to rise by 15%, driven by strong export growth from the ramp-up of the new VW 1-ton CV, offsetting a likely decline in domestic sales and European market contraction. Additionally, Ford Otosan's advanced electrification capabilities and LCV-heavy product mix provide a strategic advantage, offering resilience against Chinese competition. We maintain our target price of TL143/share, implying 65% upside, and reiterate our Buy rating. Despite being at the peak of its capex cycle, the stock is trading at 25E P/E of 6.6x and 26E P/E of 5.0x.

- **Tofas – Buy, TP TL322:** Our positive view rests on: 1) The merger with Stellantis has boosted Tofas' market share from 9.0% to 26.4% as of 5M25, laying the groundwork for a diversified "automotive supermarket" model that includes services like spare parts, refurbishment, and used car sales. 2) Following a trough in 1Q25 with just 33k units sold, volumes are expected to recover, which should support margin improvement through operating leverage. 3) Tofas is expected to announce a new model soon, as it ramps up K0 production and prepares to launch a light vehicle project in 3Q26, while the Egea/Tipo is set to phase out by end-2025. We revise our target price to TL322/share (from TL291), implying 75% upside, and maintain our Buy rating. The stock is trading at 26E P/E of 7.3x.

- **Dogus Otomotiv – Hold, TP TL260:** The increased availability of vehicles has resulted in a normalization and reduction of Dogus' profitability, and margin pressure is expected to persist in 2025. While the stock is currently trading at low multiples and offers an attractive dividend yield, its valuation may remain subdued, due also to share overhang risks. We finetune our target price to TL260/share (previously TL271) and maintain our Hold rating. The stock is trading at 4.7x 25E P/E and 0.9x EV/EBITDA.

	Rating	Mcap (USDm)	Price Target (TL) Old	Price Target (TL) New	Upside to PT
Ford Otosan	Buy	7,684	143	143	65%
Tofas	Buy	2,322	291	322	75%
Dogus	Hold	971	271	260	49%

	P/E 25E	P/E 26E	EV/EBITDA 25E	EV/EBITDA 26E	Div. yield 25E
Ford Otosan	6.6	5.0	6.1	4.2	11.4%
Tofas	19.2	7.3	8.3	5.3	3.9%
Dogus	4.7	4.7	0.9	0.8	17.4%

Source: UNLU & Co estimates, Rasyonet

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Turkish market outlook

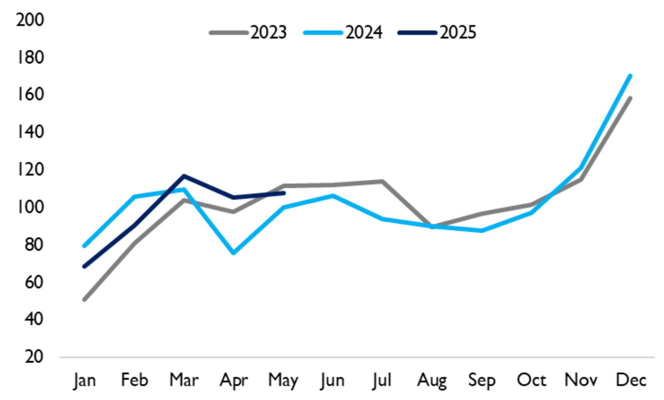
Turkish auto market to contract 5% in 2025, following the 0.5% growth in 2024

Domestic market grew by 4% y/y in 5M25

Following a record-breaking year in 2024, the Turkish automotive market maintained its strength so far in 2025, with May sales volume rising by 7% y/y and year-to-date growth reaching 3.7%. Despite the high base and tighter financial conditions, demand remained resilient, supported by not only stable exchange rates and improved vehicle availability, but also the traction of affordable EVs (electric vehicles) that has 10% special consumption tax rate vs. ICE (internal combustion engine) cars having at least 80% rate. During 5M25, sales volume in light vehicle market expanded by 18k units y/y to 489k, while BEV (battery electric vehicle) sales units and PHEV (plug-in hybrid electric vehicle) grew by 29k and 19k respectively.

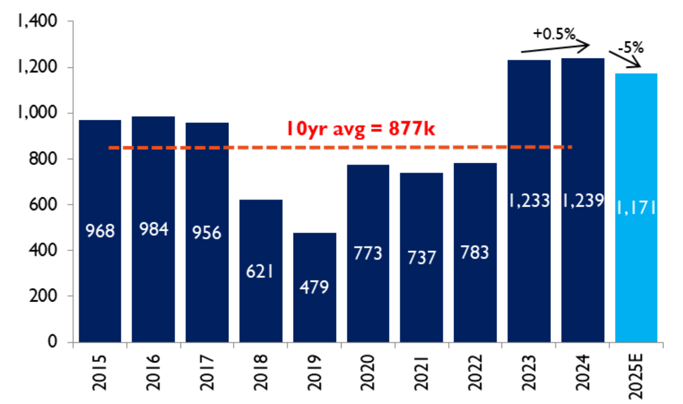
We now forecast a 5% y/y decline in the Turkish auto market to 1,171k units in 2025, reflecting a softer landing than our earlier expectation of a 10% contraction to 1,115k units. The revision incorporates stronger-than-anticipated demand resilience in the first five months of the year.

Figure 1: Monthly auto sales in the domestic market (000 units)



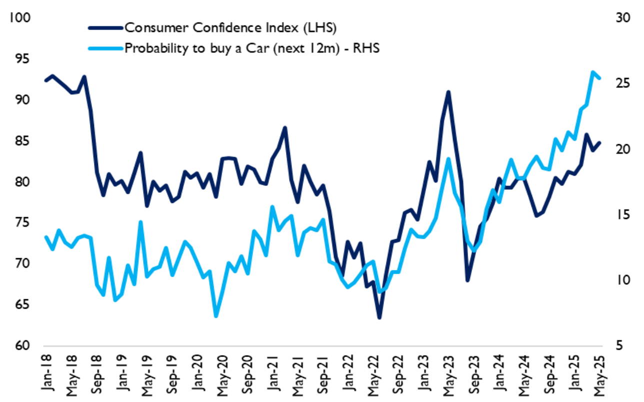
Source: Turkish Automotive Distributors' Association, UNLU & Co estimates

Figure 2: Domestic auto sales (PC+LCV) (000 units)



Source: Turkish Automotive Distributors' Association, UNLU & Co estimates

Figure 3: Consumer confidence & Probability to buy a car (next 12m)



Source: TUIK, UNLU & Co

Figure 4: Auto loan rates (%)

Source: CBRT, UNLU & Co

Market share developments

Tofas is the clear market leader following Stellantis merger

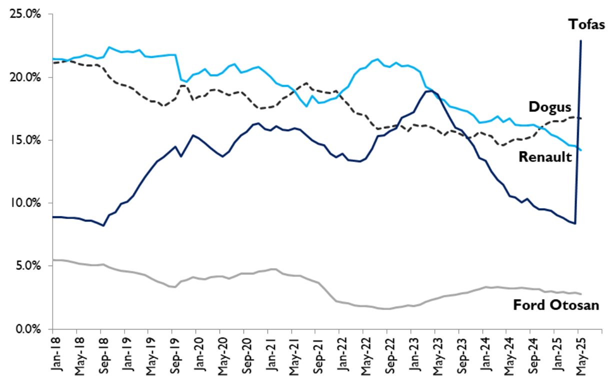
The most significant shift in Turkey's automotive market is the transfer of Stellantis' Turkey operations to Tofas, which received regulatory approval in April 2025. With this change, Tofas now controls the domestic distribution of Peugeot, Citroën, Opel and DS, in addition to its legacy Fiat business. In the passenger car segment, Tofas (including Stellantis) stands out as the clear leader with a 21.9% market share as of 5M25. This consolidated figure puts Tofas ahead of Dogus (including Skoda) at 15.5% and Renault at 13.9%, with the latter having experienced share erosion in recent months. Ford, by contrast, holds only 2.8% market share in PCs, consistent with its limited exposure in this space. The dynamics are different in the LCV segment. Tofas again leads with a 45.1% share, bolstered by the addition of Stellantis' strong LCV brands. Ford remains a solid second at 28.2%. Meanwhile, Dogus and Renault trail with 8.7% and 4.0%, respectively, lacking the scale and model breadth of the top two players. Including both PC and LCV, total market shares of Tofas, Ford Otosan, Dogus Otomotiv, and Renault stand 26.4%, 7.8%, 14.2%, and 12.0%, respectively.

Figure 5: Monthly domestic motor vehicle sales volume (units)

units	May-24	Apr-25	May-25	y/y	m/m	5M24	5M25	y/y
Domestic Sales	100,305	105,352	107,730	7.4%	2%	471,743	489,366	3.7%
PC	80,260	85,411	85,123	6.1%	0%	375,097	394,327	5.1%
LCV	20,045	19,941	22,607	12.8%	13%	96,646	95,039	-1.7%
Share of LCV	*20.0%*	*18.9%*	*21.0%*	*1.0%*	*2.1%*	*20.5%*	*19.4%*	*-1.1%*
Sales Volumes of Companies								
Dogus Otomotiv	16,908	15,912	16,711	-1.2%	5%	64,794	69,254	6.9%
Ford Otosan	9,050	8,065	8,175	-9.7%	1%	37,313	38,007	1.9%
Tofas	22,183	27,790	30,053	35.5%	8%	133,313	129,168	-3.1%
Market shares (%)								
Dogus Otomotiv	16.9%	15.1%	15.5%	*-1.3%*	*0.4%*	13.7%	14.2%	*0.4%*
Ford Otosan	9.0%	7.7%	7.6%	*-1.4%*	*-0.1%*	7.9%	7.8%	*-0.1%*
Tofas	22.1%	26.4%	27.9%	*5.8%*	*1.5%*	28.3%	26.4%	*-1.9%*

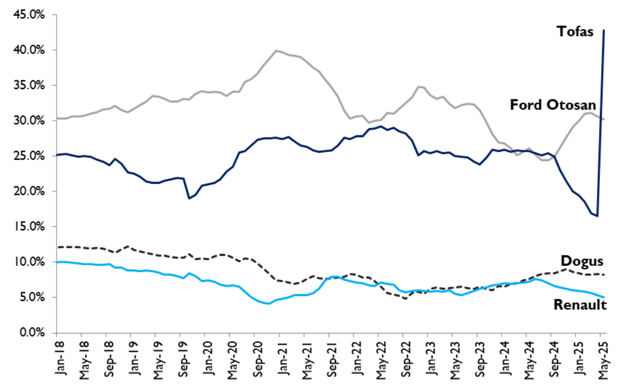
Source: Turkish Automotive Distributors' Association, UNLU & Co

Figure 6: PC market shares (trailing 12m)



Source: Turkish Automotive Distributors' Association, UNLU & Co

Figure 7: LCV market shares (trailing 12m)



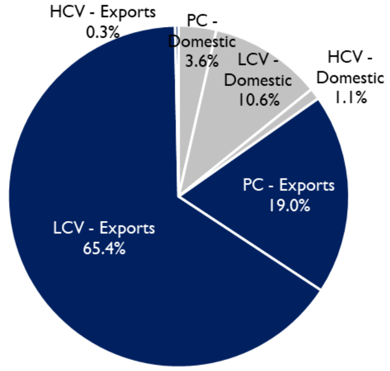
Source: Turkish Automotive Distributors' Association, UNLU & Co

Export outlook

Sluggish LCV demand to weigh on Turkish auto exports

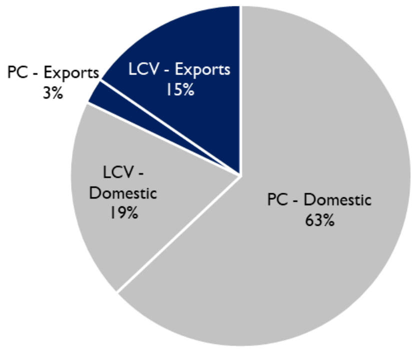
The export outlook for Turkish automotive manufacturers remains mixed across segments, given the ongoing macro uncertainty across Europe. In the first four months of 2025, total passenger car registrations in Europe contracted by 0.4% y/y, while LCV registrations declined by 12% y/y in 1Q25, reflecting softer demand from businesses and logistics operators. The contraction in the LCV market highlights the challenges facing Turkish suppliers with strong exposure to the segment. That said, the limited presence of Chinese competitors in this segment has provided some relief, as their competitive pressure remains relatively muted for now.

Figure 8: Ford Otosan sales breakdown (1Q25)



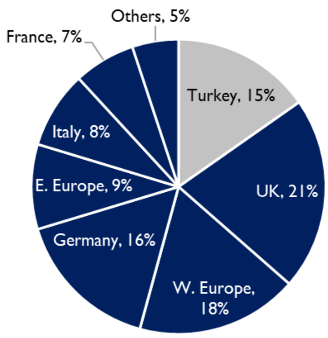
Source: Company data, UNLU & Co

Figure 9: Tofas sales breakdown (1Q25)



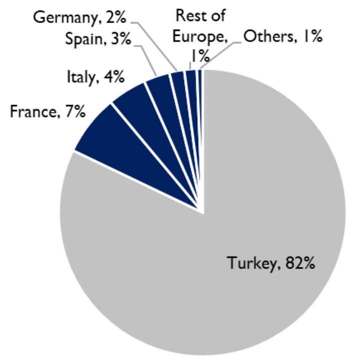
Source: Company data, UNLU & Co

Figure 10: Ford Otosan sales destinations (1Q25)



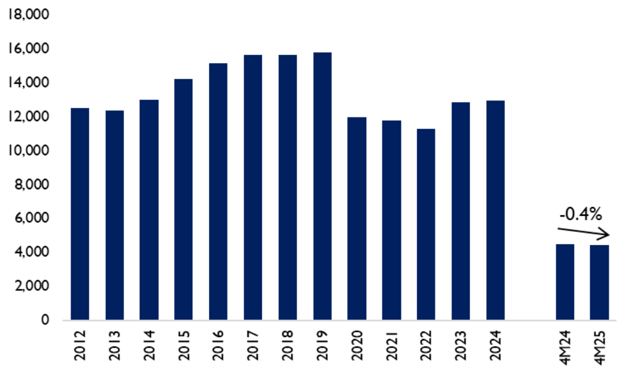
Source: Company data, UNLU & Co

Figure 11: Tofas sales destinations (1Q25)



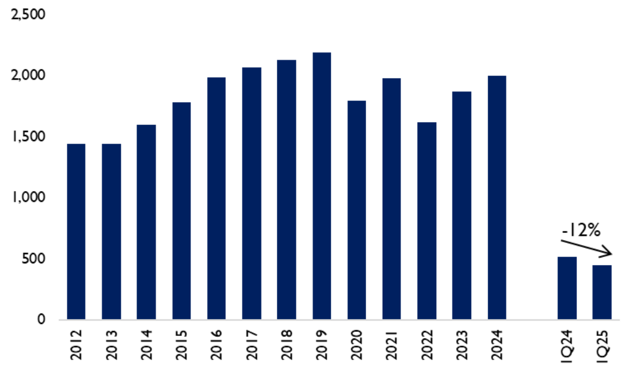
Source: Company data, UNLU & Co

Figure 12: European PC market (000 units)



Source: ACEA, UNLU & Co estimates

Figure 13: European LCV market (000 units)

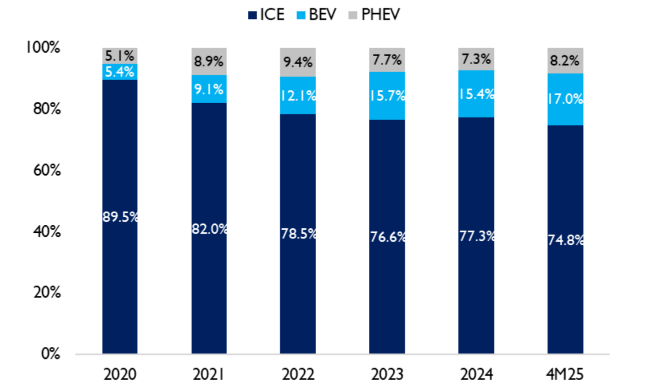


Source: ACEA, UNLU & Co estimates

EV shift accelerates, more so in Turkey

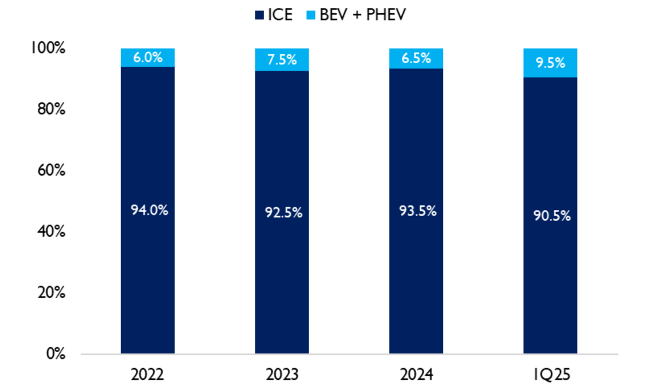
Electrification has become a central theme in the strategic positioning of Turkish automotive manufacturers, with increasing momentum observed both in domestic demand and export programs. According to ODD data, as of 5M25, PHEV and BEV vehicles accounted for 20.5% of passenger car sales in Turkey (PHEV:5.3%, BEV:15.2%), up from 8.7% in 5M24. The trend is supported by favourable taxation, expanding model availability, and growing public awareness. The transition is more advanced in Europe, with BEV and PHEVs already accounting for 25.2% of new registrations, up from 20.5% in April 2024. Dogus Otomotiv's management has stated that EVs could make up as much as 30% of domestic auto sales by the end of 2025, a notable acceleration from current levels.

Figure 14: European PC sales breakdown by powertrain



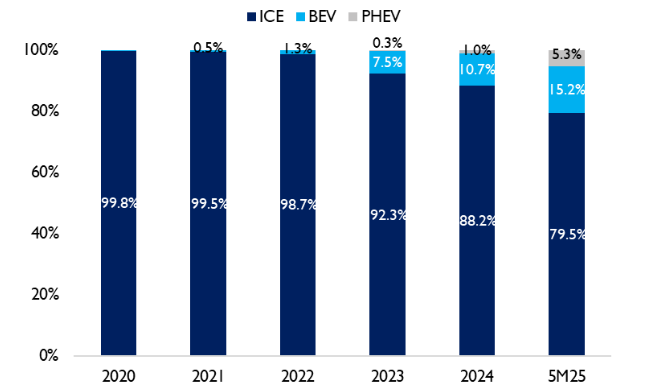
Source: ACEA, UNLU & Co

Figure 15: European LCV sales breakdown by powertrain



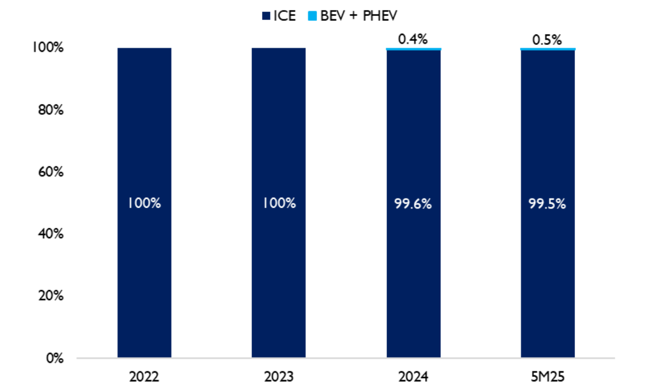
Source: ACEA, UNLU & Co

Figure 16: Domestic PC sales breakdown by powertrain



Source: Turkish Automotive Distributors' Association, UNLU & Co

Figure 17: Domestic LCV sales breakdown by powertrain



Source: Turkish Automotive Distributors' Association, UNLU & Co

Ford Otosan remains the key EV production base for Ford's European commercial vehicle operations, serving as the sole manufacturer of both the E-Transit and E-Transit Custom. The company is also investing in EV-related R&D and battery assembly as part of its long-term electrification strategy. Tofas is expected to contribute meaningfully to Stellantis' broader electrification efforts through the production of the new K0 platform in Bursa. While full-electric output has not yet scaled, the model is designed for multi-energy configurations, including BEV variants. Dogus Otomotiv is expanding its EV portfolio across several Volkswagen Group brands and has highlighted the ongoing electrification trend as both a strategic opportunity and a potential challenge given increasing competition in the mass-market space.

Additionally, TOGG – Turkey's national EV brand – is expanding its product range beyond the C-SUV that launched in 2023. As a recap, established as a public-private initiative in 2018, TOGG ("Türkiye'nin Otomobili Girişim Grubu" / "Turkey's Automobile Joint Venture Group") is a consortium of five Turkish companies that set out to produce – and succeeded in producing – the country's first domestically designed electric car. The consortium includes Anadolu Group <AGHOL TI, Not Rated>, Turkcell <TCELL TI, Buy>, BMC, Zorlu Holding (each with a 23% stake), and TOBB (with 8%). In 2024, TOGG sold approximately 30k units in the domestic market, marking a decent performance in its first full year of operations. The C-SUV model, aimed at the middle-income segment, has positioned TOGG as a visible player in the domestic EV space, and the rollout of further models could help broaden its relevance both locally and, eventually, in export markets. The C-Sedan, originally targeted for 1H25, is now expected to enter production in late 2025, followed by additional models including a C-hatchback, B-SUV and C-MPV by 2030.

Tariff uncertainties

Trump's recently imposed 25% tariffs on all imported vehicles are reshaping global automotive trade flows. European and Chinese manufacturers are now likely to redirect volumes originally intended for the U.S. market to Europe, potentially leading to oversupply, intensified price competition, and margin pressure. For Turkish exporters, the impact may vary by company and product mix. Ford Otosan – which sells 79% of its volumes to Europe – could face notable pressure, though its LCV-heavy mix may offer partial protection. Passenger cars (PCs) are expected to come under the greatest pressure, given higher sensitivity to oversupply and pricing dynamics. Tofas, which exports 17% of its volumes to Europe – largely LCVs – may be less exposed.

Domestically, both Tofas (82% of sales) and Dogus Otomotiv (fully domestic oriented) may encounter indirect effects. A potential influx of European and Chinese vehicles, diverted from the U.S., could find their way into the Turkish market, particularly in the PC and EV spaces. This would intensify competition and amplify pricing pressures. While Dogus Otomotiv benefits from strong brand equity and aftersales infrastructure, and Tofas from a defensive LCV-heavy mix, sustained margin pressure remains a risk, especially in the mass-market PC space.

Chinese brands intensify competition

Chinese automakers in Europe reached 5% market share in 4M25

Chinese automakers have continued to gain momentum in both European and Turkish markets into 2025, intensifying competitive pressure across the automotive market. According to JATO data, Chinese brands accounted for 4.9% of total new car registrations in Europe in April 2025 – up from 2.4% a year earlier – driven by a 105% y/y increase in volume. Although Chinese automakers still represent a modest portion of the overall market, their plug-in hybrid registrations surged 546% y/y to 9.6k units in April 2025, accounting for nearly 10% of all PHEVs registered in Europe that same month. This sharp acceleration reflects a strategic pivot toward less taxed drivetrains – such as PHEVs – aimed at circumventing EU tariffs targeting China-made BEVs.

Competitive pressure remains most acute in the passenger car segment – particularly in compact EVs – whereas the LCV segment is still relatively protected. Although Chinese brands have successfully navigated entry requirements in the PC space, their penetration into LCVs has been slower, constrained by higher operational and regulatory hurdles specific to the segment. These include more complex homologation procedures, stricter reliability expectations from fleet buyers, and the need for robust aftersales infrastructure. This dynamic provides near-term shelter for Turkish exporters with strong LCV exposure.

…In Turkey, their share is at 7.5% as of 5M25

In the Turkish market, Chinese brands have been expanding rapidly, especially in the EV category. While their current share remains modest (7.5% as of 5M25 vs. 8.1% in 5M24), their aggressive price positioning and fast-paced model rollout have gained traction with cost-sensitive buyers. Moreover, the tax incentives granted to BYD for its planned USD1bn investment in Turkey – allowing the company to import up to 15% of its committed annual production capacity free of the 10% base customs duty and the 40% additional customs duty – have supported the market share expansion of Chinese manufacturers. However, sustainable scale in the PC segment will likely depend not only on pricing, but also on factors such as parts availability, aftersales coverage, and long-term customer support, where Chinese automakers still face structural disadvantages.

Local production initiatives of Chinese auto manufacturers in Turkey still remain at an early stage. In 2024, BYD announced a USD1bn plan to build a plant in Manisa, Turkey with an annual capacity of 150k units, with production scheduled to begin in 2026, although anecdotal evidence suggest that the investment may face delays and might not be completed on time. Chery was also reported to be planning a USD1bn production facility in Samsun, Turkey but the company later denied any finalized agreement, stating it is only exploring local partnerships. No official agreement has been announced as of now. For Chinese brands to benefit from Turkey's customs union access to the EU, local content must reach at least 51%, which would require meaningful localisation of parts and assembly. This could prove challenging given Chinese automakers' vertically integrated sourcing models, which traditionally rely on domestic supply chains.

Ford Otosan is likely to be more insulated from the Chinese competition

Chinese players are already exerting pricing pressure in the Turkish market, particularly in the lower end of the BEV category, through aggressive import-driven volumes. Looking ahead, the potential for local production only adds to the competitive backdrop. The impact is likely to vary by company: Ford Otosan's LCV-heavy mix (combined with its integrated ecosystem of connected services and customer support) may offer some insulation, while Tofas and Dogus Otomotiv – with greater exposure to the passenger car segment – face relatively higher competitive pressure.

Turkish footprint in the LCV space

The LCV segment represent a strategically important area for Turkish auto manufacturers, both in terms of domestic positioning and export capabilities. Below, we summarize key models under the brands covered in this report.

Figure 18: Heavy-Duty Vans

Heavy-Duty Vans	Brand	Model	Length (mm)	Load Volume (m³)
	VW	Crafter	~6,800	14.4
	Ford	Transit	~6,000	13.0
	Fiat	Ducato	~6,000	13.0

Source: Ford & Fiat & Volkswagen Turkey websites, UNLU & Co

In the heavy-duty segment, the Ford Transit is produced by Ford Otosan at its Gölcük plant and exported globally.

Figure 19: Mid-size Vans

Mid-size Vans	Brand	Model	Length (mm)	Load Volume (m³)
	Ford	Custom	~5,450	6.8
	VW	Transporter	~5,450	6.8
	Fiat	Scudo	~5,330	6.3
	Peugeot	Expert	~5,330	6.3
	Citroën	Jumpy	~5,330	6.3
	Opel	Vivaro	~5,330	6.3
	VW	Multivan	~4,973	4.0

Source: Ford & Fiat & Peugeot & Citroën & Opel & Volkswagen Turkey websites, UNLU & Co

In the mid-size segment, Ford Otosan manufactures both the Custom and the VW 1-ton CV in Yeniköy Plant, as a part of the strategic manufacturing alliance between Ford and Volkswagen. Tofas produces the Fiat Scudo, Peugeot Expert, Citröen Jumpy, and Opel Vivaro in Bursa under Stellantis's K-0 platform.

Figure 20: Compact Vans

Compact Vans	Brand	Model	Length (mm)	Load Volume (m³)
	Ford	Connect	~4,800	3.6
	Fiat	Doblo	~4,400	3.4
	VW	Caddy	~4,500	3.1
	Fiat	Fiorino	~3,950	2.5
	Ford	Courier	~4,350	2.3

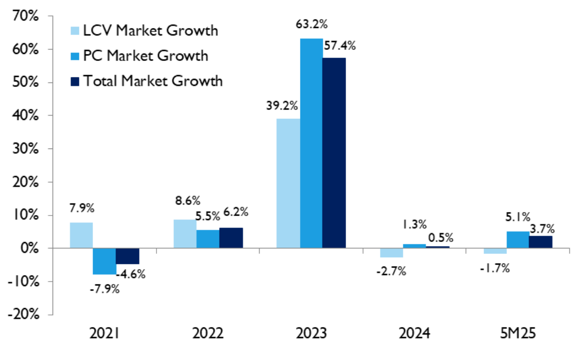
Source: Ford & Fiat & Volkswagen Turkey websites, UNLU & Co

In the compact LCV segment, Ford Courier is currently produced in Craiova, Romania by Ford Otosan. Fiat Doblo and Fiorino were previously manufactured by Tofas; however, Tofas has ceased production of both models. Doblo is now produced at Stellantis' Vigo plant at Spain, while Fiorino production has been phased out.

LCV segment under pressure as market share drops to ~20%

The share of Light Commercial Vehicles (LCVs) in total light vehicle sales has been on the decline, falling from a local peak of 25% in 1Q23 to 20% as of May 2025. This contraction reflects a combination of factors, including the phase-out of key models such as the Doblo and Fiorino, and intensifying competition from affordable passenger cars. A lower LCV mix has negative implications for the profitability of the auto companies under our coverage, as LCVs remain structurally more profitable than PCs.

Figure 21: Turkish auto market growth (LCV, PC, Total)



Source: Turkish Automotive Distributors' Association, UNLU & Co

Figure 22: Share of LCV in total (trailing 12m)

Source: Turkish Automotive Distributors' Association, UNLU & Co

Peer group valuations

Cheap valuations in Turkey and elsewhere

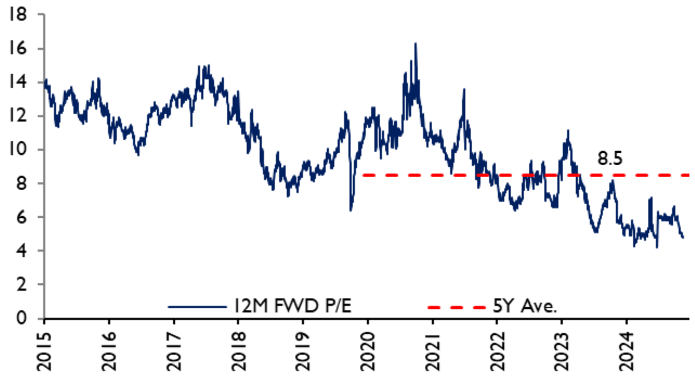
Valuations for automotive stocks appear cheap both in Turkey and globally, due to challenges facing the sector (EV transition, Chinese competition, disruption risks etc.) Ford Otosan trades modestly above the global auto manufacturer median on 2025E EV/EBITDA (6.1x vs. 4.6x) but falls meaningfully below on 2026E P/E (5.0x vs. 6.3x), indicating scope for re-rating as earnings ramp up. Tofas continues to appear expensive on headline 2025E P/E (19.2x vs. 6.9x) and EV/EBITDA (8.3x vs. 4.6x), although its 2026E multiples compress significantly in line with ramp up of its production and completion of Stellantis merger. Doğuş Otomotiv, meanwhile, trades well below distributor peers on both P/E (4.7x vs. 9.4x) and EV/EBITDA (0.9x vs. 7.8x), suggesting the market prices in volatility and share overhang risks, despite the company offering the highest dividend yield across the entire comp set.

Figure 23: Peer group multiples

	MCAP	P/E		EV/EBITDA		Dividend Yield	
Company Name	**USDm**	**2025E**	**2026E**	**2025E**	**2026E**	**2025E**	**2026E**
General Motors	46,341	5.3	5.2	2.4	2.2	1.2%	1.3%
Stellantis	27,105	5.7	3.8	0.8	0.7	6.7%	8.1%
Ford Motors	42,112	10.2	8.0	3.4	2.9	6.3%	5.7%
Tesla Motors	1,037,663	170.6	114.0	76.4	56.8	0.0%	0.0%
Bayerische Motoren Werke	52,712	6.9	6.1	4.4	3.7	5.6%	6.2%
Mercedes-Benz Group	53,874	6.9	6.3	1.1	1.0	6.4%	6.8%
Volkswagen	50,806	4.6	3.5	0.8	0.8	6.4%	8.1%
Renault	13,172	4.9	3.9	0.5	0.1	6.7%	8.2%
Toyota Motor	271,030	7.2	9.3	10.5	11.9	3.6%	3.9%
Honda Motor	51,536	6.7	8.3	5.9	7.8	4.8%	5.2%
Nissan Motor	8,834	n.a	n.a	11.9	21.5	1.0%	2.0%
Hyundai Motor	31,375	4.4	4.3	9.9	7.2	5.8%	6.0%
Kia Motor	28,640	4.1	4.1	1.3	1.0	6.5%	6.6%
Chongqing Changan	15,080	4.6	3.8	6.2	4.8	7.2%	9.0%
Beiqi Foton Motor	2,790	13.5	10.2	n.a	n.a	0.0%	0.0%
Geely Automobile Holding	20,785	10.1	8.3	4.6	3.3	3.4%	3.8%
Faw Car Company	4,640	n.a	n.a	n.a	n.a	1.0%	1.6%
Great Wall Motor	21,654	7.0	6.2	6.5	5.7	4.0%	4.4%
Tata Motors	28,763	11.7	12	4.6	4.8	0.8%	0.9%
Eicher Motors	17,507	33.0	30.0	29.6	26.0	1.0%	1.2%
Mahindra & Mahindra	45,753	n.a	22.5	17.0	15.0	0.7%	0.8%
Median (Auto Manufacturers)		**6.9**	**6.3**	**4.6**	**4.8**	**4.0%**	**4.4%**
AutoNation Inc	7,411	10.6	9.9	6.9	6.4	0.0%	0.0%
Inchcape Plc	3,464	8.8	7.8	4.1	3.8	4.7%	5.3%
Asbury Automotive Group	4,671	8.8	9.0	9.8	9.6	0.0%	0.0%
D'ieteren SA	10,839	13.4	11.7	20.5	21.3	1.2%	1.5%
Lithia Motors	8,647	10.0	9.0	8.7	11.5	0.7%	0.6%
Zhongsheng Group	3,564	6.5	5.2	4.5	4.0	6.7%	8.3%
China Harmony	122	n.a	n.a	n.a	n.a	n.a	n.a
Median (Auto Distributors)		**9.4**	**9.0**	**7.8**	**8.0**	**0.9%**	**1.0%**
Ford Otosan	7,684	6.6	5.0	6.1	4.2	11.4%	18.3%
Tofas	2,322	19.2	7.3	8.3	5.3	3.9%	12.5%
Dogus Otomotiv	971	4.7	4.7	0.9	0.8	17.4%	20.9%

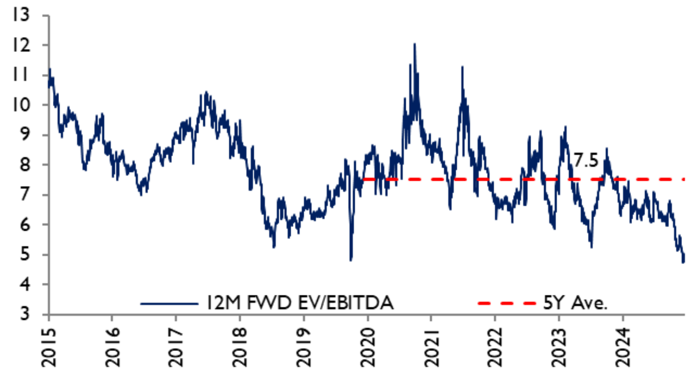
Source: Bloomberg, UNLU & Co estimates

Figure 24: Ford Otosan forward P/E



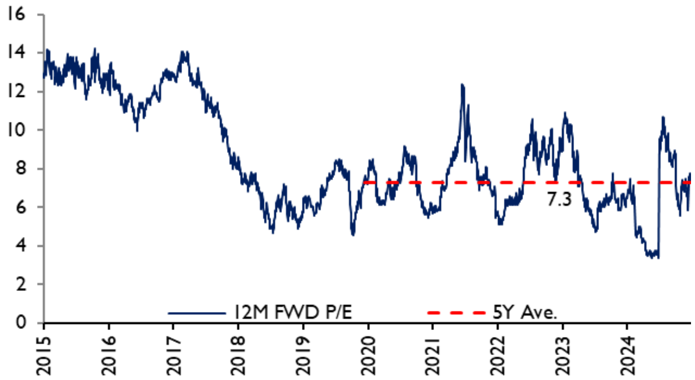
Source: Bloomberg, UNLU & Co

Figure 25: Ford Otosan forward EV/EBITDA



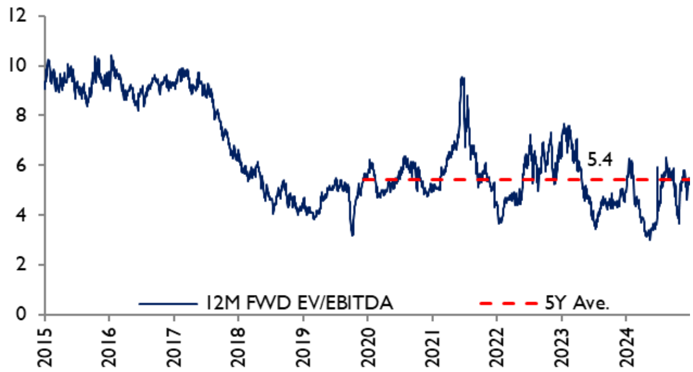
Source: Bloomberg, UNLU & Co

Figure 26: Tofas forward P/E



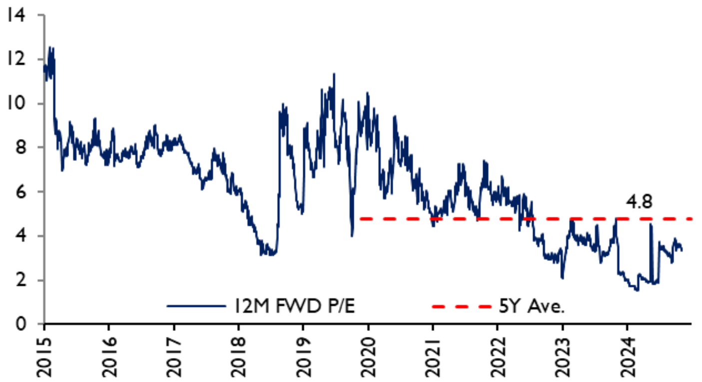
Source: Bloomberg, UNLU & Co

Figure 27: Tofas forward EV/EBITDA



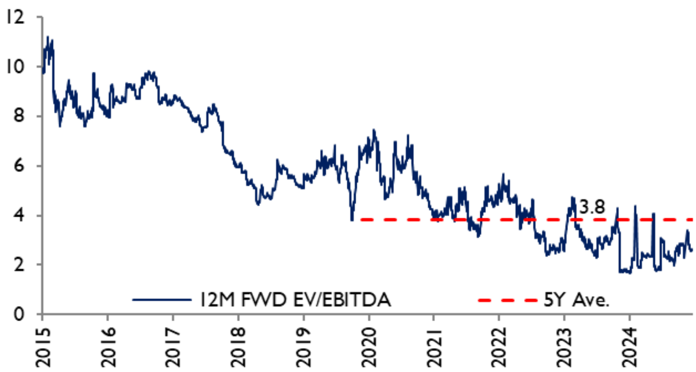
Source: Bloomberg, UNLU & Co

Figure 28: Dogus Otomotiv forward P/E



Source: Bloomberg, UNLU & Co

Figure 29: Dogus Otomotiv forward EV/EBITDA



Source: Bloomberg, UNLU & Co

COMPANIES

25 June 2025

Tofas

Rising footprint via merger, potential new model: poised for re-rating

Our positive view rest on: 1) The merger with Stellantis has boosted Tofas' market share from 9.0% to 26.4% as of 5M25, laying the groundwork for a diversified "automotive supermarket" model that includes services like spare parts, refurbishment, and used car sales. 2) Following a trough in 1Q25 with just 33k units sold, volumes are expected to recover, which should support margin improvement through operating leverage. 3) Tofas is expected to announce a new model soon, as it ramps up K0 production and prepares to launch a light vehicle project in 3Q26, while the Egea/Tipo is set to phase out by end-2025. We revise our target price to TL322/share (from TL291), implying 75% upside, and maintain our Buy rating. The stock is trading at 2026E P/E of 7.3x and a dividend yield of 12.5%.

- **An additional model announcement appears likely:** Tofas began producing the K0 (Scudo/Expert/Jumpy/Vivaro) in November 2024 with an annual capacity of 125k units (full rollout of all K0 variants is expected by September 2025). In April, the company also announced a new light vehicle project with an investment of up to EUR256 million, targeting 150k units of annual capacity and a 3Q26 production start, although further details have not yet been disclosed. Additionally, Tofas continues to produce the Egea/Tipo, which is scheduled to be phased out by end-2025. However, during the 1Q25 earnings call, management stated their goal of reaching full capacity utilization by 2027. Given Tofas' total production capacity of approximately 400k units, this suggests that a third model award – possibly in 4Q25 – may be on the horizon. Such an announcement could represent a meaningful upside catalyst, and it is not in our numbers.

- **The Stellantis merger to significantly expand Tofas' domestic footprint and business lines:** The completion of the merger with Stellantis' Turkish operations at end April 2025 marks a structural turning point for Tofas, which has emerged as the largest player in the domestic light vehicle market with a 5M25 share of 26.4% (vs. 9.0% pre-merger), which is well ahead of the other leading players' market shares (Dogus: 14.2%; Renault: 12.0% and Ford Otosan: 7.8%). Beyond scale effects and dealership synergies, the company aims to develop a diversified automotive services platform under its "automotive supermarket" vision. This strategy encompasses 1) independent spare parts sales and mechanical service hubs for Stellantis and other brands with a target of reaching 1k outlets, 2) refurbishment operations, 3) financial services expansion, and 4) expanding used car sales through the Spoticar brand. Management sees up to 20% of future EBIT being derived from these high-margin, asset-light activities with limited capex needs.

- **Following a trough level in 1Q25, sales volume to recover, supporting the margins:** Tofas' sales volume declined to as low as 33k units in 1Q25, close to its pandemic-era low of 31k units. However, with the Stellantis merger (end of April 2025) and ramp up of K0 (with the expected introduction of full variants by September 2025), we should see gradual recovery in sales volume. This recovery in volumes is also likely to improve margins through operating leverage.

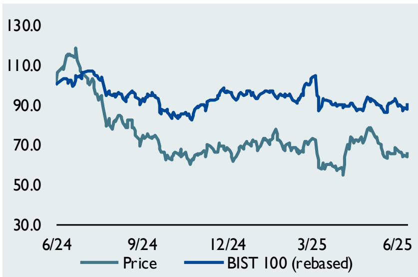
- **Valuation is set to normalize as earnings ramp up through 2026:** With this note, we revise our TP from TL291/s to TL322/s and maintain our Buy rating. Tofas currently trades at 25E P/E of 19.2x and EV/EBITDA of 8.3x, reflecting the temporary drag from ramp-up effects. For 26E, multiples decline meaningfully to 7.3x P/E and 5.3x EV/EBITDA, while the dividend yield rises to 12.5% from 3.9% in 2025E. We value Tofas using a EUR-based DCF analysis. Risks: The contraction in demand both in Turkey and Europe, tax hikes in Turkey, and market share losses are downside risks to our valuation.

Recommendation:	**BUY** Maintained
Target Price:	TL 322 (from: TL 291)

*Stock ratings are relative to the relevant country benchmark.[1] Target price is for 12 months. Produced by: UNLU & Co.

Share data	
RIC	TOASO.IS
Sector	Autos & Parts
Price (24 Jun 2025)	TL 183.70
Market cap. (TLm)	91,850
Enterprise value (TLm)	94,902
Market cap. (USDm)	2,322
Enterprise value (USDm)	2,400
Avg. daily trade value (USDm)	43.16
Free float (%)	24

Price relative to BIST 100



Historical performance relative to BIST 100 (%)			
Performance over	1M	3M	12M
Absolute (%)	-6.0	15.2	-42.0
Relative (%)	-6.9	13.3	-33.9

Source: Rasyonet, UNLU & Co

The price relative chart measures performance against the Turkey BIST 100 which closed at 9,449 on 24 Jun 2025.

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Valuation metrics	2021A	2022A	2023A	2024A	2025E	2026E
P/E (x)	28.0	10.7	6.1	17.6	19.2	7.3
EV/EBITDA (x)	16.5	7.7	4.0	10.8	8.3	5.3
EV/Sales (x)	3.1	1.3	0.6	0.8	0.4	0.3
Dividend yield (%)	3.5	3.3	10.9	6.5	3.9	12.5

Ratio analysis	2021A	2022A	2023A	2024A	2025E	2026E
ROE (headline basis) (%)	64.3	100.4	62.6	12.4	11.1	31.2
ROIC (EBIT basis) (%)	45.4	100.4	83.5	6.2	3.4	12.7
Gross margin (%)	19.1	18.4	17.8	10.3	8.9	11.2
EBITDA margin (%)	19.0	16.9	15.1	7.2	5.2	5.5
EBIT margin (%)	15.1	14.6	12.1	2.4	1.0	3.2
Net margin (%)	10.8	12.8	11.6	4.0	1.6	3.0
Net debt/EBITDA (x)	0.6	-0.4	-0.7	0.9	2.8	2.2
Interest coverage (to EBITDA) (x)	-0.1	0.0	0.3	0.6	-0.2	-0.2

Profit and Loss (TLm)	2021A	2022A	2023A	2024A	2025E	2026E
Revenue	30,513	66,793	130,254	129,318	318,414	547,492
Growth (y/y)	27.2%	118.9%	95.0%	-0.7%	146.2%	71.9%
Gross profit	5,828	12,319	23,159	13,372	28,494	61,109
EBITDA	5,794	11,270	19,667	9,280	16,687	30,112
Growth (y/y)	*91.5%*	*94.5%*	*74.5%*	*-52.8%*	*79.8%*	*80.5%*
EBIT	4,595	9,751	15,729	3,080	3,154	17,539
Growth (y/y)	*102.7%*	*112.2%*	*61.3%*	*-80.4%*	*2.4%*	*456.1%*
Other income/expense	-499	-821	-1,721	1,042	2,565	4,411
Financial income/expense	-584	-368	6,600	5,585	-2,785	-5,744
Profit before tax	3,512	8,562	18,327	4,890	5,446	18,255
Tax	-231	0	-3,243	331	-272	-1,825
Effective tax rate	*6.6%*	*0.0%*	*17.7%*	*-6.8%*	*5.0%*	*10.0%*
Minorities	0	1	1	2	3	4
Net income	3,281	8,562	15,083	5,221	5,174	16,429
Growth (y/y)	*83.9%*	*160.9%*	*76.2%*	*-65.4%*	*-0.9%*	*217.5%*
Weighted diluted number of shares (m)	500	500	500	500	500	500
Earnings per share (EPS) (TL)	6.56	17.12	30.17	10.44	10.35	32.86
Dividend per share (DPS) (TL)	6.40	6.00	20.00	12.00	7.24	23.00
Dividend pay-out ratio	*97.5%*	*35.0%*	*66.3%*	*114.9%*	*70.0%*	*70.0%*

Cash flow (TLm)	2023A	2024A	2025E	2026E
EBIT	15,729	3,080	3,154	17,539
Depreciation & Amortisation	3,938	6,200	13,533	12,573
Change in working capital	-5,355	-13,676	6,564	1,524
Taxes paid	-3,460	-678	-694	-3,859
Capex (operational)	-1,564	-5,106	-32,181	-14,690
Capex/Revenues	*-1.2%*	*-3.9%*	*-10.1%*	*-2.7%*
Free cash flow	**9,288**	**-10,180**	**-9,624**	**13,088**
Free cash flow margin	*7.1%*	*-7.9%*	*-3.0%*	*2.4%*
Dividends paid	-3,000	-10,000	-6,000	-3,622
Net increase (decrease) in cash	**12,796**	**-5,100**	**14,094**	**-8,212**

Balance sheet (TLm)	2023A	2024A	2025E	2026E
Cash	24,815	19,716	33,810	25,598
Total current assets	60,504	62,716	140,021	207,311
Property, plant equipment	8,816	14,484	33,132	35,248
Intangible fixed assets	4,262	4,163	3,955	3,757
Total non-current assets	18,163	28,944	62,175	81,996
Total assets	**78,667**	**91,660**	**202,196**	**289,307**
Current liabilities	35,566	26,516	76,544	145,207
Total non-current liabilities	6,222	18,042	79,377	85,017
Total ordinary shareholders equity	36,880	47,102	46,275	59,083
Total equity and liability	**78,667**	**91,660**	**202,196**	**289,307**
Net working capital	4,569	18,244	11,681	10,156
Net cash (debt)	12,985	-8,185	-47,521	-67,356

Source: Company financials, UNLU & Co estimates

Figure 30: Earnings revisions

TLm	Old 2025E	Old 2026E	New 2025E	New 2026E	Change 2025E	Change 2026E
Total sales volume	**309,084**	**433,226**	**314,632**	**446,251**	**2%**	**3%**
Domestic (units)	**221,114**	**313,226**	**235,986**	**345,001**	**7%**	**10%**
PC	202,555	292,811	207,142	294,522	2%	1%
LCV	18,559	20,415	28,844	50,479	55%	147%
Export (units)	**87,970**	**120,000**	**78,646**	**101,250**	**-11%**	**-16%**
PC	12,970	10,000	8,646	0	-33%	-100%
LCV	75,000	110,000	70,000	101,250	-7%	-8%
Revenues	**288,496**	**501,223**	**318,414**	**547,492**	**10%**	**9%**
Gross profit	24,821	59,331	28,494	61,109	15%	3%
Gross margin	*8.6%*	*11.8%*	*8.9%*	*11.2%*	*4%*	*-6%*
EBITDA	**14,953**	**32,078**	**16,687**	**30,112**	**12%**	**-6%**
EBITDA margin	*5.2%*	*6.4%*	*5.2%*	*5.5%*		
Net Income	**3,810**	**18,396**	**5,174**	**16,429**	**36%**	**-11%**
Net margin	*1.3%*	*3.7%*	*1.6%*	*3.0%*		

Source: UNLU & Co estimates

Figure 31: UNLU & Co estimates vs consensus estimates (TLm)

TLm	ÜNLÜ & Co 2025E	ÜNLÜ & Co 2026E	Consensus 2025E	Consensus 2026E	ÜNLÜ & Co vs. Cons 2025E	ÜNLÜ & Co vs. Cons 2026E
Revenues	318,414	547,492	235,094	348,598	35%	57%
EBITDA	16,687	30,112	14,151	23,532	18%	28%
EBITDA margin	5.2%	5.5%	6.0%	6.8%		
Net Income	5,174	16,429	12,690	18,527	-59%	-11%

Source: Bloomberg, UNLU & Co estimates

Figure 32: Discounted cash flow analysis (EURm)

(EURm)	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	6,422	9,355	9,143	9,805	10,302	10,829
Revenues growth	82%	46%	-2%	7%	5%	5%
EBITDA	337	515	549	686	721	758
EBITDA growth	33%	53%	7%	25%	5%	5%
EBITDA margin	*5.2%*	*5.5%*	*6.0%*	*7.0%*	*7.0%*	*7.0%*
Taxes	(4)	(30)	(36)	(52)	(57)	(61)
Change in working capital	132	26	(16)	(29)	(31)	(32)
WCR/Sales	*4%*	*2%*	*2%*	*2%*	*2%*	*2%*
Capex	(649)	(251)	(115)	(115)	(115)	(240)
Capex/Sales	*10.1%*	*2.7%*	*1.3%*	*1.2%*	*1.1%*	*2.2%*
Free cash flow	(184)	260	382	490	518	425
WACC	*9.9%*	*10.4%*	*10.6%*	*10.9%*	*11.1%*	*11.1%*
Discount factor		*1.00*	*1.11*	*1.23*	*1.36*	*1.51*
PV of Free cash flow		260	345	400	381	281
EV 2023-2028						1,666
EV terminal at 1.0% growth						2,802
EV total						4,468
- Net debt						958
Target mcap (EURm)						3,510
Current mcap (EURm)						2,002
Upside / (downside)						*75%*
Current price (TL)						184
Target price (TL)						322

Source: UNLU & Co estimates

25 June 2025

Ford Otosan

Electrified, capex cycle nearing completion, high visibility

Ford Otosan is nearing the end of its USD2bn capex cycle, which expanded production capacity to 935k units and refreshed its model portfolio, positioning the company for long-term growth without the need for further large-scale investment. In 2025, total sales volume is expected to rise by 15%, driven by strong export growth from the ramp-up of the new VW 1-ton CV, offsetting a likely decline in domestic sales and European market contraction. Additionally, Ford Otosan's advanced electrification capabilities and LCV-heavy product mix provide a strategic advantage, offering resilience against Chinese competition. We maintain our target price of TL143/share, implying 65% upside, and reiterate our Buy rating. The stock trades at 2025E P/E of 6.6x and EV/EBITDA of 6.1x, with a 11.4% dividend yield.

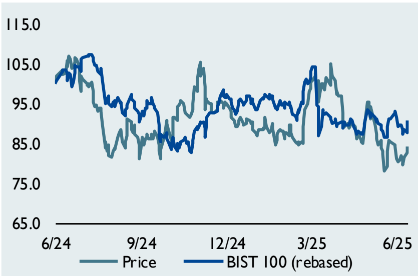
- **The heavy capex cycle is nearing completion:** Ford Otosan is nearing the end of its major USD2bn investment cycle, which expanded total production capacity by 30% from 722k units in 2022 to 935k units and enabled the renewal of its model portfolio. With this capex cycle now largely complete, the company's future growth is secured through an upgraded product mix in a highly profitable segment. Note that unlike passenger cars, commercial vehicles (CV) typically have longer product lifespans – often 8 to 10 years – allowing Ford Otosan to extract sustained value from its newly launched models without incurring further large-scale capex.
- **Total sales volume to rise 15% in 2025, supported by new model launch:** Despite headwinds in the European auto market, Ford Otosan's export volumes are expected to rise by 18% in 2025, driven by the ramp-up of the VW 1-ton CV model launched in late 2024. This export-driven momentum is expected to more than offset an anticipated 4% decline in domestic sales, leading to a 15% increase in the company's total sales volume.
- **Strong electrification positioning and relative insulation from Chinese competition:** Ford Otosan stands out with its flexible production infrastructure, capable of manufacturing ICE, PHEV, and BEV models on the same line, making it unique in Turkey and among a select few globally. It is the largest production hub of Ford in Europe for both the E-Transit and E-Transit Custom, and is set to offer EV variants for all key models by year-end, backed by ongoing R&D and battery assembly investments. Moreover, its LCV-focused product mix provides resilience against Chinese competition, as the entry of Chinese brands into the LCV segment remains limited due to higher regulatory and operational barriers, including complex homologation, demanding fleet customer standards, and the need for strong aftersales support.
- **Attractive valuation, despite being at the peak of its capex cycle:** With this note, we maintain our TP of TL143/s and reiterate our Buy rating. Due to the heavy capex cycle and the company's continuation of dividend payouts, Ford Otosan's net debt increased significantly in recent years (to EUR2.2bn, vs. EUR324m at the end of 2021). During the capex cycles, company's multiples expand as net debt and financial expenses increases, while EBITDA came in later years. Despite this distortionary impact, Ford Otosan's valuation looks attractive. The stock trades at 2025E P/E of 6.6x and EV/EBITDA of 6.1x, with a 11.4% dividend yield. For 2026E, we forecast 5.0x P/E and 4.2x EV/EBITDA, while the dividend yield increases to 18.3%. We value Ford Otosan using a EUR-based DCF analysis. Risks: Decline in auto demand in Turkey and Ford Otosan's key export markets; tax hikes and tariffs uncertainties would also pose risks to our estimates.

Recommendation:	**BUY** Maintained
Target Price:	TL 143 (from: TL 143)

*Stock ratings are relative to the relevant country benchmark.[1]
Target price is for 12 months. Produced by: UNLU & Co.

Share data	
RIC	FROTO.IS
Sector	Autos & Parts
Price (24 Jun 2025)	TL 86.60
Market cap. (TLm)	303,888
Enterprise value (TLm)	393,165
Market cap. (USDm)	7,684
Enterprise value (USDm)	9,941
Avg. daily trade value (USDm)	28.50
Free float (%)	18

Price relative to BIST 100



Historical performance relative to BIST 100 (%)			
Performance over	1M	3M	12M
Absolute (%)	-0.3	-15.5	-17.8
Relative (%)	-1.3	-16.8	-6.4

Source: Rasyonet, UNLU & Co

The price relative chart measures performance against the Turkey BIST 100 which closed at 9,449 on 24 Jun 2025.

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Valuation metrics	2021A	2022A	2023A	2024A	2025E	2026E
P/E (x)	34.5	16.3	6.2	7.8	6.6	5.0
EV/EBITDA (x)	32.6	16.8	8.5	10.2	6.1	4.2
EV/Sales (x)	4.3	1.9	0.9	0.7	0.4	0.3
Dividend yield (%)	2.2	5.1	6.6	5.1	11.4	18.3

Ratio analysis	2021A	2022A	2023A	2024A	2025E	2026E
ROE (headline basis) (%)	102.4	118.0	103.9	41.3	37.4	46.3
ROIC (EBIT basis) (%)	61.1	44.4	32.1	13.3	16.6	22.0
Gross margin (%)	15.7	13.9	13.4	9.2	9.3	10.2
EBITDA margin (%)	13.3	11.5	10.4	6.7	7.0	7.6
EBIT margin (%)	11.8	10.4	8.9	4.9	5.1	6.1
Net margin (%)	12.4	10.8	11.9	6.5	5.1	6.4
Net debt/EBITDA (x)	0.5	1.4	1.4	2.5	1.6	1.0
Interest coverage (to EBITDA) (x)	-0.1	-0.2	-0.3	-0.4	-0.5	-0.1

Profit and Loss (TLm)	2021A	2022A	2023A	2024A	2025E	2026E
Revenue	71,101	171,797	411,906	594,995	969,083	1,248,333
Growth (y/y)	43.8%	141.6%	139.8%	44.4%	62.9%	28.8%
Gross profit	11,154	23,941	55,248	54,604	90,411	126,933
EBITDA	9,464	19,727	42,710	39,868	67,727	94,441
Growth (y/y)	*79.1%*	*108.4%*	*116.5%*	*-6.7%*	*69.9%*	*39.4%*
EBIT	8,410	17,832	36,646	29,156	49,556	75,554
Growth (y/y)	*92.6%*	*112.0%*	*105.5%*	*-20.4%*	*70.0%*	*52.5%*
Other income/expense	1,028	1,308	7,371	-171	-279	-359
Financial income/expense	-751	-3,517	-12,147	-14,668	-30,685	-12,863
Profit before tax	8,687	15,623	47,428	37,007	52,105	83,592
Tax	114	2,991	1,627	1,856	-2,605	-4,180
Effective tax rate	*-1.3%*	*-19.1%*	*-3.4%*	*-5.0%*	*5.0%*	*5.0%*
Minorities	0	0	0	0	1	2
Net income	8,801	18,614	49,056	38,864	49,499	79,413
Growth (y/y)	*109.8%*	*111.5%*	*163.5%*	*-20.8%*	*27.4%*	*60.4%*
Weighted diluted number of shares (m)	3,509	3,509	3,509	3,509	3,509	3,509
Earnings per share (EPS) (TL)	2.51	5.30	13.98	11.08	14.11	22.63
Dividend per share (DPS) (TL)	1.87	4.40	5.76	4.43	9.87	15.84
Dividend pay-out ratio	*74.6%*	*83.0%*	*41.2%*	*40.0%*	*70.0%*	*70.0%*

Cash flow (TLm)	2023A	2024A	2025E	2026E
EBIT	36,646	29,156	49,556	75,554
Depreciation & Amortisation	6,065	10,712	18,170	18,887
Change in working capital	-12,818	-19,640	-1,643	-13,385
Taxes paid	-8,062	-6,414	-10,902	-16,622
Capex (operational)	-32,060	-40,881	-44,342	-21,048
Capex/Revenues	*-7.8%*	*-6.9%*	*-4.6%*	*-1.7%*
Free cash flow	**-10,230**	**-27,067**	**10,838**	**43,386**
Free cash flow margin	*-2.5%*	*-4.5%*	*1.1%*	*3.5%*
Dividends paid	-15,443	-20,195	-15,545	-34,650
Net increase (decrease) in cash	**5,110**	**7,106**	**-65**	**20,198**

Balance sheet (TLm)	2023A	2024A	2025E	2026E
Cash	15,225	22,330	22,265	42,463
Total current assets	102,969	153,968	228,759	305,562
Property, plant equipment	57,197	97,282	116,158	109,608
Intangible fixed assets	18,778	21,838	28,313	34,495
Total non-current assets	114,038	172,802	214,067	228,894
Total assets	**217,007**	**326,770**	**442,826**	**534,456**
Current liabilities	94,134	123,401	182,994	226,605
Total non-current liabilities	49,866	88,146	110,655	113,911
Total ordinary shareholders equity	73,008	115,223	149,178	193,940
Total equity and liability	**217,007**	**326,770**	**442,826**	**534,456**
Net working capital	22,377	42,017	43,660	57,045
Net cash (debt)	-60,531	-101,427	-110,924	-94,892

Source: Company financials, UNLU & Co estimates

Figure 33: Earnings revisions

TLm	Old 2025E	Old 2026E	New 2025E	New 2026E	% change 2025E	% change 2026E
Total sales volume	**749,529**	**792,171**	**756,942**	**800,325**	1%	1%
Domestic	**103,300**	**113,630**	**110,713**	**121,784**	**7%**	**7%**
PC	26,402	29,042	27,868	30,655	6%	6%
LCV	69,185	76,103	74,874	82,361	8%	8%
HCV	7,714	8,485	7,971	8,768	3%	3%
Export	**646,229**	**678,540**	**646,229**	**678,540**	**0%**	**0%**
PC	158,771	166,710	158,771	166,710	0%	0%
LCV	483,539	507,716	483,539	507,716	0%	0%
HCV	3,919	4,115	3,919	4,115	0%	0%
Revenues	**921,085**	**1,178,213**	**973,927**	**1,254,547**	**6%**	**6%**
Gross profit	84,985	118,409	90,949	127,654	**7%**	**8%**
Gross margin	*9.2%*	*10.0%*	*9.3%*	*10.2%*		
EBITDA	**64,422**	**89,193**	**68,060**	**94,906**	**6%**	**6%**
EBITDA margin	*7.0%*	*7.6%*	*7.0%*	*7.6%*		
Net Income	**54,465**	**78,026**	**49,827**	**79,847**	**-9%**	**2%**
Net margin	*5.9%*	*6.6%*	*5.1%*	*6.4%*		

Source: UNLU & Co estimates

Figure 34: UNLU & Co estimates vs consensus estimates (TLm)

TLm	ÜNLÜ & Co 2025E	ÜNLÜ & Co 2026E	Consensus 2025E	Consensus 2026E	ÜNLÜ & Co vs. Cons 2025E	ÜNLÜ & Co vs. Cons 2026E
Revenues	973,927	1,254,547	830,605	1,021,451	17%	23%
EBITDA	68,060	94,906	66,292	95,527	3%	-1%
EBITDA margin	7.0%	7.6%	8.0%	9.4%		
Net Income	49,827	79,847	57,447	69,802	-13%	14%

Source: Bloomberg, UNLU & Co estimates

Figure 35: Discounted cash flow analysis (EURm)

(EURm)	2025E	2026E	2027E	2028E	2029E	2030E
Sales	19,544	21,330	22,659	23,900	24,817	25,774
Sales growth	21%	9%	6%	5%	4%	4%
Depreciation	366	323	311	328	338	374
EBITDA (adj)	**1,366**	**1,614**	**1,796**	**1,892**	**1,963**	**2,036**
EBITDA growth	26%	18%	11%	5%	4%	4%
EBITDA margin	*7.0%*	*7.6%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*
Taxes	(50)	(65)	(74)	(78)	(81)	(83)
Change in working capital	(33)	(229)	(195)	(169)	(160)	(164)
WCR/Sales	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*
Capex	(894)	(360)	(272)	(452)	(311)	(531)
Capex/Sales	*4.6%*	*1.7%*	*1.2%*	*1.9%*	*1.3%*	*2.1%*
Free cash flow	**389**	**961**	**1,255**	**1,193**	**1,410**	**1,258**
WACC	*10.4%*	*10.7%*	*10.9%*	*11.0%*	*11.1%*	*11.1%*
Discount factor		*1.00*	*1.11*	*1.23*	*1.37*	*1.52*
PV of Free cash flow		961	1,132	969	1,031	828
EV 2021-2024						4,921
EV terminal at 1.0% growth						8,247
EV total						13,167
- Net debt						2,237
Target mcap (EURm)						10,930
Current mcap (EURm)						6,623
Upside / (downside)						*65%*
Current price (TRY)						87
Target price (TRY)						143

Source: UNLU & Co estimates

25 June 2025

Dogus Otomotiv

Valuation looks compelling but may remain subdued

The increased availability of vehicles has resulted in a normalization and reduction of Dogus' profitability, and margin pressure is expected to persist in 2025. While the stock is currently trading at low multiples and offers an attractive dividend yield, its valuation may remain subdued, due also to share overhang risks. We finetune our target price to TL260/share (previously TL271) and maintain our Hold rating. The stock trades at 4.7x 2025E P/E and 0.9x EV/EBITDA.

- **Ongoing market normalization weighs on profit margins:** Dogus Otomotiv's EBITDA margin has peaked to as high as 16.8% in 2022 and 16.5% in 2023, as it benefitted from the supply shortages and the government's macro policies that led to strong auto demand. However, as supply conditions have improved since 2024, industry-wide margins have started to normalise. In line with this trend, the company's EBITDA margin declined to 8.9% in 2024. We anticipate a further moderation to 7.6% in 2025, with margins expected to stabilise at these lower levels going forward.

- **New business initiatives offer potential for diversification:** Dogus Otomotiv is actively expanding beyond its core operations by tapping into new growth areas. These include 1) the development of Marine Services through agreements with Novamarine and Aerofoils, as well as a recent LOI for distributing Riviera motor yachts; 2) the resumption of Meiller's (semi-trailer and tipper) operations and a 2023 trailer distributorship deal with Wielton (trailer) in Turkey; 3) a strong entry into EV charging via the 2023 launch of its D-Charge subsidiary, which now ranks 10th among 175 operators in Türkiye. Although these initiatives are still in early stages, they reflect a clear strategic shift toward diversifying the company's revenue base.

- **High dividend yield payer:** Dogus Otomotiv has distributed hefty dividends in recent years, and the trend may continue into 2026. In 2025, the company distributed TL27.27/s of DPS, suggesting a dividend yield of 15.6%. In 2026, we assume the company's payout ratio (from 2025 earnings) to be 75% (79% in 2024); suggesting a dividend yield of 17.4%.

- **Shareholder overhang risk:** Dogus Holding has gradually reduced its stake in Dogus Otomotiv since 2022-end; declining from 75.27% in Nov 22 to 60.5% currently (4.0% of total shares in Nov 22; 5.77% in Dec 22; 5% in Dec 24). Note that in Apr 24, 10% of the shares was registered with the CSD as eligible for sale. While half of this portion was sold in Dec 24, the remaining 5% is still registered and may be sold at any time, posing an overhang risk.

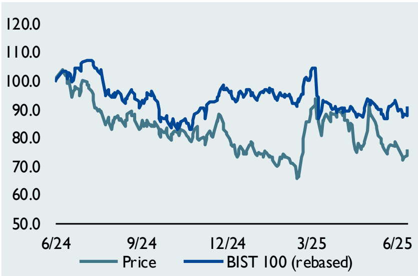
- **Valuation looks compelling but may remain subdued:** With this note, we finetune our TP from TL271/s to TL260/s and maintain our Hold rating. Dogus Otomotiv trades at 4.7x 2025E P/E and 0.9x EV/EBITDA. However, we believe the stock may continue to trade at depressed multiples, partly due to share overhang risks. We value Dogus Otomotiv using a EUR-based DCF analysis. Risks: Intensified competition, pricing pressure in mass-market segments, share overhang and volatility remain main risks.

Recommendation:	**HOLD**	Maintained
Target Price:	TL 260	(from: 271)

*Stock ratings are relative to the relevant country benchmark.[1] Target price is for 12 months. Produced by: UNLU & Co.

Share data	
RIC	DOAS.IS
Sector	Autos & Parts
Price (24 Jun 2025)	TL 174.50
Market cap. (TLm)	38,390
Enterprise value (TLm)	49,691
Market cap. (USDm)	971
Enterprise value (USDm)	1,256
Avg. daily trade value (USDm)	13.01
Free float (%)	39

Price relative to BIST 100



Historical performance relative to BIST 100 (%)			
Performance over	1M	3M	12M
Absolute (%)	-5.7	-5.8	-25.1
Relative (%)	-6.6	-7.3	-14.6

Source: Rasyonet, UNLU & Co

The price relative chart measures performance against the Turkey BIST 100 which closed at 9,449 on 24 Jun 2025.

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Valuation metrics	2021A	2022A	2023A	2024A	2025E	2026E
P/E (x)	16.5	4.9	2.0	5.1	4.7	4.7
EV/EBITDA (x)	15.2	4.0	0.7	0.8	0.9	0.8
EV/Sales (x)	1.5	0.7	0.1	0.1	0.1	0.1
Dividend yield (%)	5.6	15.0	29.2	15.6	17.4	20.9

Ratio analysis	2021A	2022A	2023A	2024A	2025E	2026E
ROE (headline basis) (%)	70.1	97.5	73.5	15.6	15.6	17.7
ROIC (EBIT basis) (%)	43.9	93.8	71.3	22.8	18.1	18.8
Gross margin (%)	14.5	22.5	21.5	16.0	13.5	13.3
EBITDA margin (%)	9.8	16.8	16.5	8.9	7.6	7.4
EBIT margin (%)	9.0	16.2	15.7	7.7	6.4	6.2
Net margin (%)	9.6	16.7	13.1	4.0	3.9	3.6
Net debt/EBITDA (x)	-0.2	-0.4	0.1	0.2	0.8	1.1
Interest coverage (to EBITDA) (x)	-0.3	-0.1	-0.2	-0.1	-0.2	-0.3

Profit and Loss (TLm)	2021A	2022A	2023A	2024A	2025E	2026E
Revenue	24,306	46,781	149,245	188,375	228,866	299,538
Growth (y/y)	28.6%	92.5%	219.0%	26.2%	21.5%	30.9%
Gross profit	3,521	10,526	32,130	30,232	30,965	39,909
EBITDA	2,378	7,853	24,676	16,740	17,394	22,147
Growth (y/y)	*46.1%*	*230.3%*	*214.2%*	*-32.2%*	*3.9%*	*27.3%*
EBIT	2,196	7,556	23,461	14,536	14,716	18,642
Growth (y/y)	*46.7%*	*244.1%*	*210.5%*	*-38.0%*	*1.2%*	*26.7%*
Other income/expense	897	369	3,170	1,708	2,075	2,715
Financial income/expense	-597	-680	-5,191	-1,944	-3,166	-5,641
Profit before tax	2,969	8,521	25,880	12,698	11,959	14,370
Tax	-633	-673	-6,118	-5,055	-2,990	-3,592
Effective tax rate	*21.3%*	*7.9%*	*23.6%*	*39.8%*	*25.0%*	*25.0%*
Minorities	4	24	140	51	60	72
Net income	2,332	7,824	19,622	7,592	8,910	10,706
Growth (y/y)	*124.7%*	*235.6%*	*150.8%*	*-61.3%*	*17.4%*	*20.2%*
Weighted diluted number of shares (m)	220	220	220	220	220	220
Earnings per share (EPS) (TL)	10.60	35.56	89.19	34.51	40.50	48.66
Dividend per share (DPS) (TL)	9.77	26.14	50.91	27.27	30.37	36.50
Dividend pay-out ratio	*92.2%*	*73.5%*	*57.1%*	*79.0%*	*75.0%*	*75.0%*

Cash flow (TLm)	2023A	2024A	2025E	2026E
EBIT	23,461	14,536	14,716	18,642
Depreciation & Amortisation	1,216	2,204	2,678	3,505
Change in working capital	-9,634	-2,515	-3,191	-5,674
Taxes paid	-180	-99	-74	-80
Capex (operational)	-1,889	-4,449	-5,946	-6,590
Capex/Revenues	*-1.3%*	*-2.4%*	*-2.6%*	*-2.2%*
Free cash flow	**12,974**	**9,678**	**8,182**	**9,803**
Free cash flow margin	*8.7%*	*5.1%*	*3.6%*	*3.3%*
Dividends paid	-5,750	-11,200	-6,000	-6,682
Net increase (decrease) in cash	**4,277**	**1,770**	**-449**	**-1,323**

Balance sheet (TLm)	2023A	2024A	2025E	2026E
Cash	7,644	9,414	8,964	7,641
Total current assets	33,214	42,603	49,885	61,207
Property, plant equipment	11,723	19,946	23,215	26,299
Intangible fixed assets	519	943	1,222	1,489
Total non-current assets	34,652	49,606	61,668	73,148
Total assets	**67,867**	**92,209**	**111,552**	**134,356**
Current liabilities	18,448	26,975	32,344	40,107
Total non-current liabilities	7,573	9,495	20,560	31,577
Total ordinary shareholders equity	41,846	55,739	58,648	62,672
Total equity and liability	**67,867**	**92,209**	**111,552**	**134,356**
Net working capital	12,695	15,210	18,401	24,075
Net cash (debt)	-1,879	-2,691	-13,140	-24,463

Source: Company financials, UNLU & Co estimates

Figure 36: Earnings revisions

TLm	Old 2025E	Old 2026E	New 2025E	New 2026E	Change 2025E	Change 2026E
Total sales volume	**125,301**	**137,570**	**130,783**	**143,600**	**4%**	**4%**
PC	104,978	115,476	109,879	120,867	5%	5%
LCV	17,426	19,169	18,007	19,808	3%	3%
HCV	2,897	2,926	2,897	2,926	0%	0%
Revenues	**195,931**	**252,330**	**228,866**	**299,538**	**17%**	**19%**
Gross profit	26,621	34,269	30,965	39,909	16%	16%
Gross margin	*13.6%*	*13.6%*	*13.5%*	*13.3%*		
EBITDA	**15,003**	**19,306**	**17,394**	**22,147**	**16%**	**15%**
EBITDA margin	*7.7%*	*7.7%*	*7.6%*	*7.4%*		
Net Income	**9,188**	**12,064**	**8,910**	**10,706**	**-3%**	**-11%**
Net margin	*4.7%*	*4.8%*	*3.9%*	*3.6%*		

Source: UNLU & Co estimates

Figure 37: UNLU & Co estimates vs consensus estimates (TLm)

TLm	ÜNLÜ & Co 2025E	ÜNLÜ & Co 2026E	Consensus 2025E	Consensus 2026E	ÜNLÜ & Co vs. Cons 2025E	ÜNLÜ & Co vs. Cons 2026E
Revenues	228,866	299,538	200,660	246,367	14%	22%
EBITDA	17,394	22,147	16,010	20,963	9%	6%
EBITDA margin	7.6%	7.4%	8.0%	8.5%		
Net Income	8,910	10,706	4,615	9,849	93%	9%

Source: Bloomberg, UNLU & Co estimates

Figure 38: Discounted cash flow analysis (TLm)

(EURm)		2025E	2026E	2027E	2028E	2029E	2030E
Sales		4,616	5,118	5,423	5,747	6,090	6,454
Sales growth		-10%	11%	6%	6%	6%	6%
EBITDA		**351**	**378**	**374**	**375**	**397**	**420**
EBITDA margin		***7.6%***	***7.4%***	***6.9%***	***6.5%***	***6.5%***	***6.5%***
Taxes		(74)	(80)	(78)	(77)	(81)	(86)
Change in working capital		(63)	(93)	(77)	(72)	(77)	(81)
WCR/Sales		*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*
Capex		(120)	(113)	(119)	(126)	(134)	(142)
Capex/Sales		*2.6%*	*2.2%*	*2.2%*	*2.2%*	*2.2%*	*2.2%*
Free cash flow		**94**	**93**	**99**	**99**	**105**	**111**
WACC		*12.9%*	*12.6%*	*12.4%*	*12.3%*	*12.2%*	*12.2%*
Discount factor			*1.00*	*1.12*	*1.26*	*1.42*	*1.59*
PV of Free cash flow			**93**	**88**	**79**	**74**	**70**
EV 2026-2030							404
EV terminal at 4% growth							890
EV total							1,294
- Net debt							265
+ 33% stake in TUVTURK (DCF driven target value)						*20% discount*	40
+ Participations						*20% discount*	178
Target mcap (EURm)							1,247
Current mcap (EURm)							837
Upside / (downside)							*49%*
Current price (TRY)							175
Target price (TRY)							260

Source: UNLU & Co estimates

Companies Mentioned (Price as of June 24, 2025)
Tofas (TOASO.IS, Buy, TP TL322)
Ford Otosan (FROTO.IS, Buy, TP TL143)
Dogus Otomotiv (DOAS.IS, Hold, TP TL260)

Disclosure Appendix

Important Global Disclosures

The information and opinions in this research report were prepared by UNLU Menkul Degerler A.S ("UNLU & Co").

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please contact UNLU & Co Research and / or Compliance – +90 212 367 3636.

For valuation methodology and risks associated with any price targets referenced in this research report, please email: UnluResearch@unluco.com with a request for valuation methodology and risks on a particular stock.

The following analyst/s: Erol Danis, PhD, CFA & Mehmet Yigit Yorulmaz certify(ies), with respect to the companies or securities under analysis, that (1) the views expressed in this report accurately reflect his/her/their personal views about all of the subject companies and securities and (2) no part of their compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

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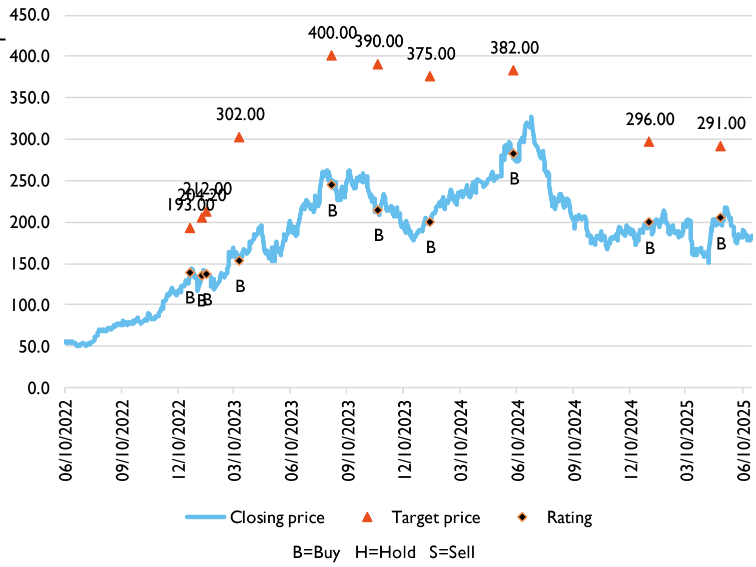
See the Companies Mentioned section for full company names.

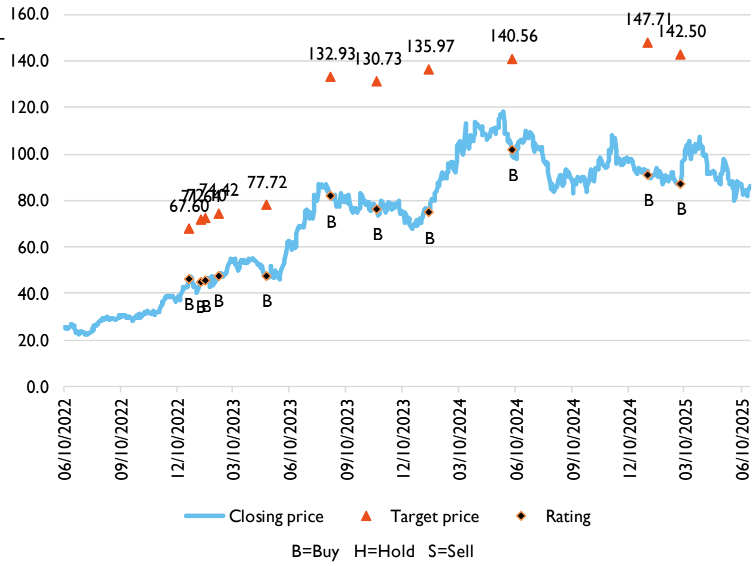
3-Year Price, Target Price and Rating Change History Chart for TOASO.IS

TOASO.IS Date	Closing Price	Target Price	Rating	Initiation/ Assumption
12/29/2022	139.40	**193.00**	**BUY**	
01/17/2023	135.38	**204.20**	**BUY**	
01/26/2023	136.63	**212.00**	**BUY**	
03/20/2023	153.12	**302.00**	**BUY**	
08/16/2023	243.78	**400.00**	**BUY**	
10/30/2023	214.54	**390.00**	**BUY**	
01/22/2024	199.83	**375.00**	**BUY**	
06/05/2024	282.91	**382.00**	**BUY**	
01/10/2025	199.18	**296.00**	**BUY**	
05/05/2025	204.20	**291.00**	**BUY**	



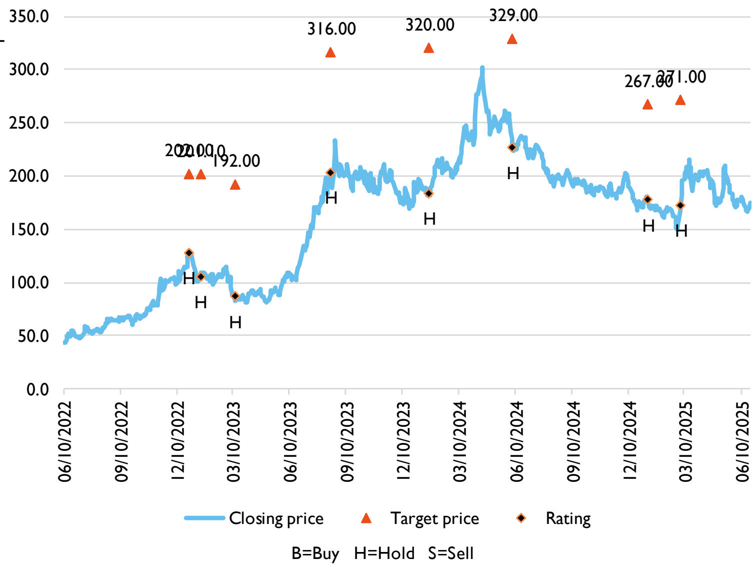
3-Year Price, Target Price and Rating Change History Chart for FROTO.IS

FROTO.IS Date	Closing Price	Target Price	Rating	Initiation/ Assumption
12/29/2022	46.20	**67.60**	**BUY**	
01/17/2023	45.05	**71.64**	**BUY**	
01/26/2023	45.22	**72.10**	**BUY**	
02/15/2023	47.57	**74.42**	**BUY**	
05/04/2023	47.65	**77.72**	**BUY**	
08/16/2023	81.68	**132.93**	**BUY**	
10/30/2023	76.15	**130.73**	**BUY**	
01/22/2024	74.50	**135.97**	**BUY**	
06/05/2024	101.54	**140.56**	**BUY**	
01/10/2025	90.73	**147.71**	**BUY**	
03/04/2025	87.19	**142.50**	**BUY**	



3-Year Price, Target Price and Rating Change History Chart for DOAS.IS

DOAS.IS Date	Closing Price	Target Price	Rating	Initiation/ Assumption
12/29/2022	127.68	**202.00**	**HOLD**	
01/17/2023	105.00	**201.10**	**HOLD**	
03/14/2023	86.12	**192.00**	**HOLD**	
08/16/2023	202.91	**316.00**	**HOLD**	
01/22/2024	183.36	**320.00**	**HOLD**	
06/05/2024	226.07	**329.00**	**HOLD**	
01/10/2025	176.94	**267.00**	**HOLD**	
03/04/2025	172.00	**271.00**	**HOLD**	



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Buy (B): The stock's total return* is expected to be more than 20% (or more, depending on perceived risk) over the next 12 months.

Hold (H): The stock's total return is expected to be in the range of 10-20% over the next 12 months.

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Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.
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*Total return is calculated as the sum of the stock's expected Capital Appreciation and expected Dividend Yield.

*UNLU & Co Small and Mid-Cap Advisor stock: Stock ratings are relative to the Borsa Istanbul A.S ("BIST") index.

**An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.

UNLU & Co distribution of stock rating is:

Ratings Distribution as of the date of this report	Buy	Hold	Sell	Restricted
All Recommendations (%)	63	35	2	-

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Price Target: TL322 for (TOASO.IS)
Methods: DCF
Risks: Contraction in demand both in Turkey and Europe, tax hikes in Turkey, and market share losses.

Price Target: TL143 for (FROTO.IS)
Methods: DCF
Risks: Decline in auto demand in Turkey and Ford Otosan's key export markets; tax hikes and tariffs uncertainties.

Price Target: TL260 for (DOAS.IS)
Methods: DCF
Risks: Intensified competition, pricing pressure in mass-market segments, share overhang and volatility.

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Dogus Otomotiv	None

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