Turkish Automobiles

Cyclical soft patch with secular winners

Equities
Automobiles

Türkiye

- Record domestic volumes mask uneven OEM performance and a tougher pricing and margin environment
- Weak pricing power and cost inflation keep earnings recovery modest into 2026, despite resilient unit demand
- Tofas stands out with a multi-year utilisation and model cycle story, vs peers more exposed to cyclical demand

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Record volumes do not reflect earnings softness. Türkiye's vehicle market reached c1.42m units in 2025 (10% y-o-y), extending a four-year run of exceptional demand. Growth skewed toward electrified imports and was not captured evenly across OEMs. Competitive intensity constrained pricing power, leaving margins and earnings under pressure despite strong headline volumes.

2026 base case: volumes flat at highs, modest pricing recovery from 2H. We model a flat Turkish market in 2026 with balanced PC/LCV contributions and continued BEV and PHEV momentum. Near-term, we expect pricing to remain soft through 1H26 on competitive pressures. A more constructive mix/pricing backdrop could emerge in 2H26 as interest rates ease, but we do not expect a rapid margin rebound.

Electrification and exports: structural tailwinds vs cyclical headwinds. BEV and PHEV penetration surged in 2025, taking combined share to c45%. We expect further gains as model breadth improves and tariff changes incrementally favour BEVs and incentivise localisation over time. However, export support remains limited: We expect European LV demand to grow only 1.0-1.5% in 2026, constraining earnings leverage for export-heavy OEMs despite favourable model cycles.

Tofas differentiated by secular utilisation ramp. Among Turkish autos, we view Tofas as the clearest medium-term story, driven by utilisation uplift, a multi-year model rollout and Stellantis-Türkiye integration. This contrasts with peers more exposed to cyclical pricing and financing dynamics (DOAS, TTRAK), or balancing external softness with model cycle tailwinds (FROTO). We raise our TPs but retain our ratings; Buy on TOASO/FROTO, Hold on DOAS/TTRAK.

Summary of ratings and price targets

Company	Ticker	CCY	CMP	TP Old	TP New	Rating Old	Rating New	Upside/ downside	MCap (USDm)	3m ADTV (USDm)	2026e P/E	2026e EV/EBITDA	2025e Yield
Dogus Otomotiv	DOAS TI	TRY	233.70	200.00	260.00	Hold	Hold	11.3%	1,185	10	5.1x	3.7x	10.6%
Ford Otosan	FROTO TI	TRY	105.10	120.00	130.00	Buy	Buy	23.7%	8,502	37	8.3x	7.0x	6.8%
Tofas	TOASO TI	TRY	301.25	300.00	435.00	Buy	Buy	44.4%	3,472	29	9.6x	6.4x	3.8%
Turk Traktor	TTRAK TI	TRY	575.50	600.00	625.00	Hold	Hold	8.6%	1,328	2	22.6x	8.3x	2.6%

Source: HSBC estimates, LSEG Workspace; Priced at close of 23 Jan 2026

Turkish Autos 2026 Outlook

- Base case – flat domestic volumes at record levels
- BEV/PHEV adoption to continue, Chinese presence moderating
- European demand recovery muted, LCVs lagging

Domestic market 2026 base case: flat volumes at highs

Türkiye's automotive market delivered another exceptionally strong year in 2025, with total sales up 10% y-o-y to 1.42m units, marking a new record for the industry. Growth was evenly distributed across passenger cars (PCs) at +10.6% y-o-y and light commercial vehicles (LCVs) at +10.0% y-o-y, driven by supportive demographics, rising mobility demand, attractive investment value (cars as assets), renewal cycle with ageing fleet and increasing EV availability. Brand-level performance was skewed heavily toward electrified models, with BYD +447%, Toyota +51% and Tesla +173%, lifting their combined share to 12.4% of the LV market (vs 6.5% in 2024).

For 2026, we adopt a base case of broadly flat market volumes, forecasting 1.41m total vehicle sales (LVs: 1.36m) following four consecutive years of exceptional strength. We expect a balanced contribution from PCs (0%) and LCVs (-1%) and modest correction in LCV imports, which surged from 54% of total LCV sales in 2023 to 78% in 2025, and should gradually normalise as domestic production models regain availability. We also expect continued momentum from electrified models, partially offsetting the structural shift away from ICE segments. Taxation changes that took effect in late 2025 are likely to weigh modestly on purchasing power, although the impact should be contained.

Beyond 2026, we model a 3% CAGR through 2030, taking the market towards 1.5m units, which would still imply relatively low penetration of c170 LVs per 1,000 people (vs c160 in 2025), underscoring a multi-year structural demand runway.

Electrification – BEV/PHEV adoption supports mix upgrade
Türkiye experienced a decisive year for electrification in 2025:

- BEV sales: +82% y-o-y, share rising from 11% to 18%
- PHEV sales: +63% y-o-y, share rising from 18% to 27%
- ICE cars: -14% y-o-y, share falling to 55% (from 71% in 2024)

Key drivers included greater model diversity, improving total cost of ownership versus ICE cars, and increasing consumer comfort with electrified platforms. We expect BEVs to exceed 20% of new car sales in 2026, and reach c40% by 2030, implying a c20% CAGR (2026-30), supported by both OEM product cycles and regulatory alignment with European emissions standards. Hybrid penetration is also set to expand as OEMs position PHEVs as transitional offerings for consumers hesitant to adopt pure EVs.

China exposure - normalisation after hyper-growth
Chinese brands grew just 1% y-o-y in 2025 to 88.4k units, representing 6.5% share of LV sales (vs 7.0% in 2024). The aggregate figure masks pronounced divergence across brands:

- Chery -50% y-o-y, MG -87% y-o-y (post-subsidy normalisation)
- BYD +447% y-o-y, becoming the ninth largest car brand (from 26th in 2024).

Pricing affordability remains the primary competitive lever for BYD, helped by a favourable tariff structure. Medium-term strategic intent remains supported by potential local investment: BYD has communicated plans to invest USD1bn in Türkiye for BEV manufacturing (capacity 150k units), targeting production start 2026-27, albeit there has been some delay so far. Chery and Dongfeng have also expressed interest in localised production though no binding agreements have been concluded.

Trade policy, tariffs & competitive structure – material shifts underway
Türkiye's automotive trade regime underwent notable restructuring in Sep-2025, with new levies differentiated by drivetrain:

- ICE & Hybrid imports: +25% levy or min USD6k/unit.
- BEV & PHEV imports: +30% levy or min USD7k/unit.

Concurrently, customs duties were recalibrated on a geographical basis: tariffs on Chinese and US imports were reduced to 35-40% (from 60% and 70%, respectively), while tariffs on Japan Mexico and South Africa were raised to 35-40% (from 10%). The Ministry also exempted Chinese OEMs from the additional 40% duty on electrified imports, conditional on local manufacturing commitments (which we think applies only to BYD currently).

Implications for competitive dynamics:

- Higher effective import price floors for ICE/Hybrid models
- Improved relative positioning for BEVs vs ICE due to tariff asymmetry
- Emerging incentive for local assembly or CDK/SKD programmes
- Rising probability of Chinese localisation over 2027-29

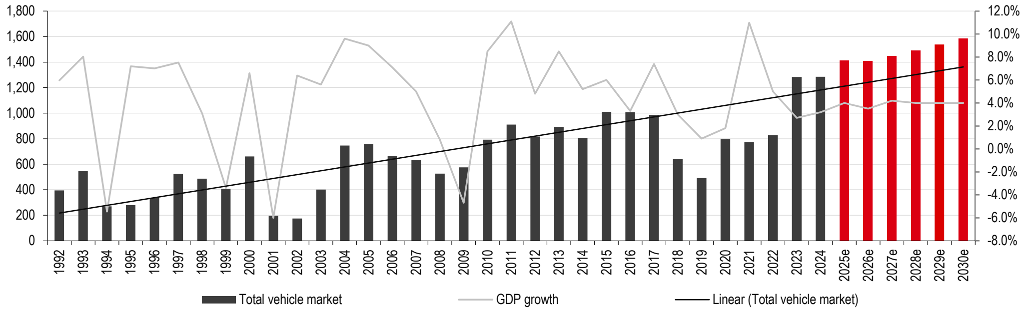
Imports from the EU (Türkiye's largest supplier) remain zero-tariff under the Customs Union Agreement. With revisions announced late 2025, 2026 will test OEM pricing behaviour and the pass-through rate to retail consumers, driving potential shifts in brand mix and margin structures.

Turkish vehicle demand: forecast changes

	2025		2026e				2027e				2028e			
x 000 units	actual	chg yoy	old	new	new/old	chg yoy	old	new	new/old	chg yoy	old	new	new/old	chg yoy
PC - total	**1,084**	**11%**	**1,000**	**1,081**	**8%**	**0%**	**1,050**	**1,114**	**6%**	**3%**	**-**	**1,147**	**-**	**3%**
PC - domestic	323	11%	289	320	11%	-1%	303	330	9%	3%	-	339	-	3%
PC- imports	761	10%	711	761	7%	0%	747	784	5%	3%	-	808	-	3%
LCV - total	**284**	**10%**	**268**	**280**	**5%**	**-1%**	**283**	**289**	**2%**	**3%**	**-**	**298**	**-**	**3%**
LCV - domestic	63	-10%	59	71	20%	12%	63	78	24%	10%	-	86	-	10%
LCV - imports	221	17%	209	210	0%	-5%	220	211	-4%	1%	-	212	-	1%
LV - total	**1,368**	**10%**	**1,268**	**1,362**	**7%**	**0%**	**1,333**	**1,403**	**5%**	**3%**	**-**	**1,445**	**-**	**3%**
LV - domestic	387	7%	348	391	12%	1%	366	408	11%	4%	-	425	-	4%
LV - imports	982	12%	921	971	5%	-1%	967	995	3%	2%	-	1,020	-	2%
HC - total	**45**	**-4%**	**45**	**45**	**0%**	**0%**	**47**	**46**	**-1%**	**3%**	**-**	**48**	**-**	**3%**
Total (ex-tractors)	**1,414**	**10%**	**1,313**	**1,407**	**7%**	**0%**	**1,380**	**1,449**	**5%**	**3%**	**-**	**1,493**	**-**	**3%**
Tractors	41	-36%	49	43	-13%	5%	55	47	-15%	10%	-	52	-	10%

Source: ODMD, HSBC estimates

Turkish vehicle market (x000 units) vs GDP growth



Source: OSD, HSBC estimates

Outlook – exports

2025 closes sluggish for PC exports; LCV and trucks remain weak

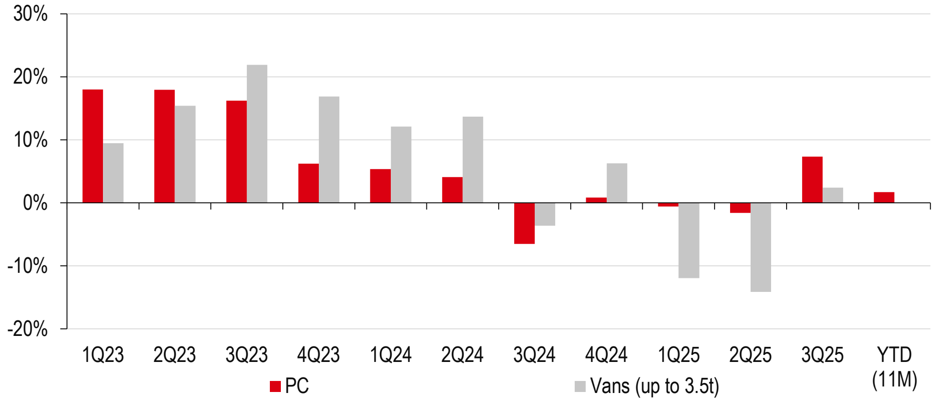
The European PC market (EU + UK) delivered sluggish growth in 2025, rising 1.7% y-o-y as per ACEA data (Jan-Nov). The UK outperformed (+3.4% y-o-y), while the EU posted +1.4% y-o-y - slightly better than 2024's +1.1%. Despite a modest recovery, ACEA highlights that "overall volumes remain well below pre-pandemic levels". Among major markets, Spain outperformed (+15%), Germany was roughly flat (+1%) while Italy and France declined 2% and 5%, respectively.

The van market (EU+UK) saw a sharper contraction, with volumes down 8.5% y-o-y as of 9M25 (EU: -8.2%, UK: -9.9%). Spain was the only major outlier with positive growth (+13.3% y-o-y), while Germany and Italy declined (6% y-oy) and France fell 8%. 3Q25 showed sequential improvement vs 1H25, but demand softened again in 4Q25 (Oct-Nov period), indicating the recovery remains fragile.

Similarly, the European truck market has only partially recovered from its steep 1H25 contraction of c15%; 3Q25 saw some stabilisation, resulting in a 9M25 decline of c10% y-o-y.

Based on OSD (Turkish Automotive Manufacturers' Association) data, Türkiye's vehicle exports grew 4.4% y-o-y in 2025, reaching 1.06m units (PC: -8%, LCV: +29%, HCV: +13%). Given Europe is by far Türkiye's largest export destination, the segmental divergence vs European demand trends in 2025 mainly reflects company-specific model cycles and mix effects, such as new model launches, platform extensions or model terminations, rather than macro demand alone.

EU+UK new PC and van registrations saw some positive growth in Q3



Source: ACEA

We expect muted growth in European vehicle demand in 2026

HSBC's European Autos team forecasts LV market to grow 1.0-1.5% in 2026 and 1.5-2.0% in 2027 (*Autos in 2026: Better clarity, but diverging regional prospects*, 13 Jan 2026), noting the market remains c15% below pre-pandemic levels. The team highlights consumer confidence and pricing discipline as the two main headwinds. While consumer sentiment has improved from its lows, appetite for new vehicles remains constrained by elevated pricing and the lagged effects of inflation on purchasing power.

For vans, we expect demand to remain soft as the low 2025 base does not translate into a strong rebound. Regulatory adjustments (e.g. CO2 compliance) and delayed fleet renewal cycles continue to weigh on diesel LCV demand, while limited relief on EV van pricing constraints substitution. HIS projects LCV volumes to improve slightly, but we see downside risk to these forecasts.

Electrification dynamics in Europe – BEV/PHEV gain share, ICE loses ground

According to ACEA's November 2025 report, battery-electric cars (BEV) reached a 16.9% EU PC share in Jan-Nov 2025 (vs 13.4% in 2024). PHEVs accounted for a 34.6% share, reaffirming their position as the preferred hybrid compliance solution for EU consumers. Combined petrol/diesel share declined to 36.1% (vs 45.8% in 2024).

ACEA data (9M25) shows electrically chargeable vans at a 10.2% market share (vs 5.7% in 9M24), with hybrid vans up 15.1% y-o-y, albeit from a small base (2.6% share). Electrically chargeable trucks reached a 3.8% share (vs 2.1% in 9M24), and hybrid buses achieved a 6.3% share. Despite strong percentage gains, adoption remains price-sensitive and broadly dependent on fleet incentives.

PC and van registration trend in key EU markets and the UK

Region	PC (11M25)	Vans (9M25)
Germany	+0.7%	-6.0%
France	-4.9%	-8.3%
Italy	-2.4%	-6.1%
Spain	+14.7%	+13.3%
EU	**+1.4%**	**-8.2%**
UK	+3.4%	-9.9%
EFTA	+7.5%	-8.7%
EU+UK	**+1.7%**	**-8.5%**
EU+EFTA+UK	**+1.9%**	**-8.5%**

Source: ACEA

European macro backdrop – low GDP growth, mild disinflation, tight rates

HSBC European Economists expect (see *European Economics: Double bubble?*, 5 Jan 2026):

- Eurozone GDP: +1.0% in 2026 and +1.3% in 2027
- UK GDP: +1.0% in 2026 and +1.3% in 2027

Trade tariffs add incremental downside risk to trade sentiment and supply chains.

We expect inflation to decline to 1.8% in 2026 in the Eurozone (vs 2.1% in 2025) before stabilising at around 2.1% in 2027. In the UK, we expect inflation to ease to 2.2% in 2026 and 2.1% in 2027.

Despite falling inflation, we do not expect the ECB to cut rates immediately; policy rates remained unchanged in late-2025 following the rapid rate cuts in June 2025. HSBC economists expect the ECB to being cutting in 2026, followed by a further 25bp cut in 2027.

Stock views

Dogus Otomotiv (DOAS TI): Maintain Hold, raise TP to TRY260 (from TRY200)
Doas posted modest LV market share gains in 2025, with ex-Skoda retail volumes up 15% and outperforming the market, which grew 10%. However, sustained competitive pricing continued to cap top-line momentum. We model broadly flat 2026 volumes in line with the market, while mix trends should continue to evolve towards EVs.

A key medium-to long-term driver is Doas' geographic expansion strategy. Under new 2025 agreements with VW AG, the company plans to establish VW distribution networks in Iraq, Azerbaijan and Syria. We expect the first commercial activity to begin in 2026, with a gradual ramp-up thereafter. We estimate a combined addressable market of 300-350k units by 2030 across the three countries and model 10% Doas share (c30k units), implying a meaningful contribution over the medium term. We assign a lower near-term probability of an operational kick-off in Syria given regulatory/geopolitical constraints.

Another relevant medium-term negative is the end of TÜVTÜRK's vehicle inspection concession in Aug-2027, after which the new licence will be awarded to another bidder. TÜVTÜRK has been a material contributor to equity-accounted income; we therefore expect a negative earnings impact from 2H27.

For 2026, we expect a tight domestic pricing environment (flat unit price growth in real terms) and continued margin pressure from inflationary cost pressure in the core retail business. Earnings support should increasingly come from higher-margin after-sales. While headline multiples appear inexpensive, the earnings outlook remains uncertain and associate income headwinds reduce visibility, leading us to maintain our Hold rating with a TP of TRY260 (from TRY200).

Ford Otosan (FROTO TI): Maintain Buy, raise TP to TRY130 (from TRY120)
Ford Otosan exited 2025 with resilient volumes despite soft export markets and tougher competition in Türkiye. Key positive included 10% LCV sales growth domestically, 10% growth in total export shipments (+21% from Türkiye, -6% from Romania) and visible new model effects in Europe, where Ford Europe's CV share advanced to 17.7% in 9M25 (vs 15.3% 9M24).

Looking into 2026, we expect a weak H1 due to sluggish demand and ongoing pricing pressure in Türkiye/Europe. However, our positive stance rests: on i) above-market export performance from Türkiye driven by the new model cadence (1Q26 to see completion of full product spectrum), and ii) potentially more favourable domestic mix as low-margin import cars fade (discontinued models) and higher-margin truck sales recover, which should support pricing and margins.

With a medium-to longer-term perspective, we highlight six elements underpinning the Buy case despite the absence of strong near-term catalysts:

- Capex rollover - heavy investment cycle since 2021 is nearing completion
- Strong industrial base – 935k units of installed capacity by 2025 at c75% utilisation (700k units of production in 2025)
- Strategic relevance to Ford Europe - c80% of Ford's European CV volumes are FROTO-built
- Competitive positioning – limited Chinese competition in CV where FROTO specialises (vs heavier Chinese footprint in PCs)
- New Renault partnership - potential platform/LCV synergies from the Ford-Renault strategic cooperation signed in 2025 (joint development/manufacturing of selected Ford and Renault LCVs); and
- FCF + dividends - strong balance sheet, improving FCF generation, and attractive yield (HSBC 2025e: 7.1%).

We remain Buy with TP of TRY130 (from TRY120).

Tofas (TOASO TI): Maintain Buy, raise TP to TRY435 (from TRY300)
We reiterate Tofas as our top pick among Turkish autos. We see a compelling capacity transformation story as the company shifts from an underutilised plant to a full-loaded operation over the next 2-3 years, with increasing visibility through 2026. After a challenging 2025 in terms of product mix and profitability, we expect a clearer improvement path driven by the new model cycle.

The new model rollout is central to the investment case and we view it increasingly as a question of when rather than if. Management has signalled multiple launches already underway (including the K9 LCV) with full commercialisation targeted in 3Q26. Investments for the broader K9 family as well as the next-gen PC model(s) to replace the Egea/Tipo family point to a targeted 400k unit capacity by 2028, consistent with management's communications for a portfolio enabling full utilisation.

Based on updated assumptions and company indications, we model a sharp improvement in output through 2026-28, with capacity utilisation (CUR) rising to >80% in 2028 from c33% in 2025. Beyond the top-line uplift, we see meaningful margin recovery as higher utilisation dilutes fixed costs and improves the profitability curve. The launch of the K9 LCV in 3Q26 should mark the first visible inflection point, in our view, with margins improving from 2H26 onward.

Additional upside may come from the Stellantis-Türkiye merger synergies (effective 1 May 2025) and planned expansion into new business lines (including consolidating grey-market aftersales and parts). We see these as supportive to incremental earnings and de-risk the medium-term story.

Strategically, the new model cycle also positions Tofas as relatively defensive versus muted demand in Türkiye and Europe in 2026, allowing for secular rather than cyclical growth.

With longer-term (2027+) forecasts incorporating stronger utilisation and incremental profit streams, we raise our TP to TRY435 (from TRY300) and reiterate our Buy rating.

Turk Traktor (TTRAK TI): Maintain Hold, raise TP to TRY625 (from TRY600)
The Turkish tractor market hit a six-year low in 2025 at 40.5k units, down 36% y-o-y, driven by tighter monetary conditions and reduced subsidised credit availability through from Ziraat Bank (the key provider of tractor financing). Additional headwinds included adverse weather (drought) and weaker farm incomes, which collectively weighed on demand and pricing.

For Turk Traktor, 2025 was notably challenging: domestic sales halved as TT's all Tier-5 tractors (versus cheaper tractors with Tier-3 emissions still sold in the market) accelerated market share losses, with TT's share sliding from the mid-40s to sub-40%. Exports also declined 12% y-o-y and accounted for 40% of total unit sales, up from 28% in 2024, creating an unfavourable mix for margins. Weaker fixed cost absorption and a loss of scale resulted in difficult financials, particularly through 9M25, which we expect to remain depressed for the full year.

Historically, tractor cycles are short; periods of sharp contraction are usually followed by strong recovery, but we believe 2026 marks the beginning of a multiple-year recovery process. The key variable is Ziraat Bank's lending stance. Ziraat financed c70% of TT's domestic tractor sales in 2023-24, falling to c19% in 2024 and c13% in 2025 amid a more cautious lending policy. TT Finance, dealers and other banks stepped in, but at materially higher market rates compared with Ziraat's subsidised rates (c22.5% vs market > 40%). Unless subsidised credit normalises, we see only gradual volume recovery.

Under prevailing conditions we assume:

- 3% tractor market growth in 2026 from the low base;
- 10% growth for TT domestic volumes (partial regain of lost share), and
- 10% export growth.

This supports a modest recovery after 2025's c40% contraction but leaves overall tractor sales well below mid-cycle norms.

From an investment standpoint, although 2026 EBITDA/EPS is set to rebound against a depressed base, the current valuation does not screen compelling on multiples and the dividend yield is insufficient to offset the last of catalysts. We therefore maintain Hold with a TP of TRY625 (from TRY600).

Forecast changes

Our forecast changes at the company level reflect revisions to our Turkish vehicle demand assumptions in the first place. Given 2025 has already materialised, we provide revisions to our 2026-27 market forecasts, and introduce our 2028 numbers. Accordingly, we now foresee stronger Turkish demand in 2026, 7% above our previous estimate, at 1.41m units (flat y-o-y). Similarly, we raise our 2027 market forecast by 5%, rising 3% y-o-y. We see domestic LCV sales outperforming the overall demand growth in both 2026 and 2027, to be driven by localisation of imported models (essentially Tofas' K9 LCV family).

For the tractor market, we maintain a cautious view, with 2026 and 2027 volumes up by 13% and 15%, respectively, and indicating gradual 5% and 10% y-o-y recovery. This would place y-o-y growth at 5% for 2026 and 10% in 2027. We also assume 10% growth in 2028.

For the individual company results, we incorporate higher volumes but lower unit pricing and margins to cut our earnings estimates across the board for 2026-27. The details of our forecast changes by company are provided in the tables below.

Dogus Otomotiv: summary of forecast changes

	2024a		2025e				2026e				2027e			
TRYm	**IAS29**	**yoy**	**old**	**new**	**change**	**yoy**	**old**	**new**	**change**	**yoy**	**old**	**new**	**change**	**yoy**
Revenues	188,375	-13%	225,464	267,193	19%	8%	292,084	327,051	12%	2%	358,136	406,222	13%	8%
EBITDA (reported)	18,448	-54%	17,520	17,312	-1%	-28%	29,245	22,744	-22%	9%	39,519	32,023	-19%	42%
EBITDA (adjusted)	16,740	-53%	15,339	15,765	3%	-28%	27,164	21,258	-22%	12%	37,604	30,467	-19%	46%
EBITDA margin (co-defined)	9.8%	-8.9%	7.8%	6.5%	-1.3%	-3.3%	10.0%	7.0%	-3.1%	0.5%	11.0%	7.9%	-3.2%	1.9%
Net profit	7,592	-73%	5,649	6,822	21%	-31%	12,772	10,004	-22%	22%	18,145	14,039	-23%	80%
DPS	27.27	-	20.54	24.81	21%	-9%	43.54	34.10	-22%	37%	57.74	44.67	-23%	31%
Total cash dividends	6,000	-	4,519	5,457	21%	-9%	9,579	7,503	-22%	37%	12,702	9,827	-23%	31%
Dividend payout	79%	-	80%	80%	0.0%	1.0%	75%	75%	0.0%	-5.0%	70%	70%	0.0%	-5.0%
Wholesales (ex-Skoda)	145,379	5%	134,418	162,818	21%	12%	146,413	162,351	11%	0%	155,951	169,338	9%	4%
Retail sales (ex-Skoda)	140,063	2%	129,128	161,247	25%	15%	140,651	160,784	14%	0%	149,814	167,704	12%	4%

Source: Company data, HSBC estimates

Ford Otosan: summary of forecast changes

	2024a		2025e				2026e				2027e			
TRYm	**IAS29**	**yoy**	**old**	**new**	**change**	**yoy**	**old**	**new**	**change**	**yoy**	**old**	**new**	**change**	**yoy**
Revenues	594,995	0%	846,601	827,687	-2%	6%	1,109,796	1,014,033	-9%	2%	1,420,114	1,292,887	-9%	10%
Türkiye revenue	154,990	-11%	169,656	186,388	10%	-8%	227,736	228,169	0%	2%	284,703	292,222	3%	10%
International revenue	456,908	5%	695,447	661,802	-5%	11%	906,897	810,962	-11%	2%	1,166,461	1,032,809	-11%	9%
EBITDA (ex-lease)	39,868	-35%	54,868	50,638	-8%	-3%	82,125	62,202	-24%	2%	113,609	85,771	-25%	18%
Adj EBITDA*	42,702	-32%	63,620	63,553	0%	13%	93,148	79,357	-15%	16%	126,360	105,346	-17%	31%
Adj EBITDA margin*	7.2%	-3.2%	7.5%	7.7%	0.2%	0.5%	8.4%	7.8%	-0.6%	1.0%	8.9%	8.1%	-0.7%	1.3%
Net profit	38,864	-45%	45,474	31,566	-31%	-38%	59,951	44,599	-26%	18%	76,946	62,343	-19%	20%
DPS	7.76	35%	5.18	7.20	39%	-7%	7.69	8.90	16%	24%	10.96	12.44	13%	40%
Total cash dividends	27,231	35%	18,190	25,253	39%	-7%	26,978	31,219	16%	24%	38,473	43,640	13%	40%
Dividend payout	70%	28.9%	40%	80%	40.0%	9.9%	45%	70%	25.0%	-10.0%	50%	70%	20.0%	0.0%
Domestic volumes	114,778	-2%	98,091	117,048	2%	2%	106,124	116,966	10%	0%	112,006	122,567	9%	5%
Export volumes	546,229	11%	639,080	602,199	-6%	10%	686,651	635,717	-7%	6%	716,901	666,434	-7%	5%
Türkiye	330,274	5%	427,775	399,718	-7%	21%	467,773	429,974	-8%	8%	492,774	453,731	-8%	6%
Romania	215,955	22%	211,306	202,481	-4%	-6%	218,878	205,743	-6%	2%	224,127	212,703	-5%	3%

Source: Company data, HSBC estimates * including embedded leases as defined by the company

Tofas: summary of forecast changes

	2024a		2025e				2026e				2027e			
TRYm	**IAS29**	**yoy**	**old**	**new**	**change**	**yoy**	**old**	**new**	**change**	**yoy**	**old**	**new**	**change**	**yoy**
Revenues	120,267	-36%	305,584	334,337	9%	98%	424,880	476,652	12%	19%	563,948	692,224	23%	25%
Türkiye revenue	99,677	-33%	103,349	85,426	-17%	-35%	97,199	96,071	-1%	-6%	96,708	142,367	47%	27%
Stellantis revenue	-	-	134,223	197,347	47%	-	213,625	289,987	36%	22%	258,180	368,515	43%	9%
Export revenue	20,590	-43%	56,291	38,973	-31%	45%	98,859	73,855	-25%	58%	190,841	158,208	-17%	84%
EBITDA (adjusted)	9,280	-67%	16,250	11,093	-32%	-9%	28,608	27,681	-3%	133%	44,254	46,639	5%	45%
EBITDA margin	7.7%	-7.4%	5.3%	3.3%	-2.0%	-3.9%	6.7%	5.8%	-0.9%	2.8%	7.8%	6.7%	-1.1%	0.9%
PBT	4,890	-82%	10,724	7,174	-33%	12%	20,619	16,585	-20%	92%	32,507	31,898	-2%	65%
PBT margin	4.1%	-10.0%	3.5%	2.1%	-1.4%	-1.6%	4.9%	3.5%	-1.4%	1.3%	5.8%	4.6%	-1.2%	1.1%
Net profit	5,221	-76%	10,896	6,812	-37%	0%	21,650	15,756	-27%	93%	34,133	30,303	-11%	65%
DPS	12.00	-	17.43	11.58	-34%	-3%	25.98	15.76	-39%	36%	34.13	30.30	-11%	92%
Total cash dividends	6,000	-	8,717	5,790	-34%	-3%	12,990	7,878	-39%	36%	17,066	15,151	-11%	92%
Dividend payout	115%	-	80.0%	85.0%	5.0%	-29.9%	60.0%	50.0%	-10.0%	-35.0%	50%	50.0%	0.0%	0.0%
Domestic volumes	140,226	-30%	119,753	123,918	3%	-12%	99,375	130,378	31%	5%	90,502	156,589	73%	20%
Stellantis volumes	-	n.m.	133,290	157,099	18%	n.m.	215,617	231,495	7%	47%	226,598	238,429	5%	3%
Export volumes	33,568	-45%	77,323	47,412	-39%	41%	115,000	80,000	-30%	69%	185,000	140,000	-24%	75%

Source: Company data, HSBC estimates

Turk Traktor: summary of forecast changes

	2024a		2025e				2026e				2027e			
TRYm	**IAS29**	**yoy**	**old**	**new**	**change**	**yoy**	**old**	**new**	**change**	**yoy**	**old**	**new**	**change**	**yoy**
Revenues	66,970	-21%	55,336	53,961	-2%	-38%	79,217	72,679	-8%	12%	107,910	98,823	-8%	17%
Türkiye revenue	69,757	-9%	53,291	51,445	-3%	-44%	74,076	69,638	-6%	13%	98,070	93,512	-5%	15%
International revenue	14,098	-29%	17,454	17,355	-1%	-6%	24,930	21,596	-13%	4%	34,077	28,358	-17%	13%
Adj EBITDA	9,818	-48%	5,940	5,387	-9%	-58%	9,902	9,086	-8%	40%	14,568	13,341	-8%	26%
Adj EBITDA margin	14.7%	-7.9%	10.7%	10.0%	-0.8%	-4.7%	12.5%	12.5%	0.0%	2.5%	13.5%	13.5%	0.0%	1.0%
Net profit	5,741	-57%	1,384	995	-28%	-87%	4,161	2,551	-39%	113%	6,425	4,913	-24%	65%
DPS	45.74	-	10.37	7.46	-28%	-84%	31.19	19.12	-39%	156%	48.15	36.82	-24%	93%
Total cash dividends	4,577	-	1,038	746	-28%	-84%	3,121	1,913	-39%	156%	4,819	3,685	-24%	93%
Dividend payout	80%	-	75%	75%	0.0%	-4.7%	75%	75%	0.0%	0.0%	75%	75%	0.0%	0.0%
Türkiye tractor market (k)	63.5	-18%	38.1	40.5	6%	-36%	43.8	41.7	-5%	3%	49.5	45.9	-7%	10%
TT domestic volumes (k)	32.0	-11%	16.0	16.0	-1%	-50%	18.4	17.5	-5%	10%	20.8	20.0	-4%	14%
TT export volumes (k)	12.5	-22%	11.0	11.0	0%	-12%	12.7	12.1	-4%	10%	14.5	13.3	-8%	10%

Source: Company data, HSBC estimates

2025 retail sales volume

	PC			LCV			LV		
Unit sales	**2024**	**2025**	**chg yoy**	**2024**	**2025**	**chg yoy**	**2024**	**2025**	**chg yoy**
DOAS (inc Skoda)	161,600	182,963	13%	22,435	23,605	5%	184,035	206,568	12%
DOAS (ex-Skoda)	117,628	137,642	17%	22,435	23,605	5%	140,063	161,247	15%
Ford	29,662	26,454	-11%	75,245	83,131	10%	104,907	109,585	4%
Tofas (incl. Stellantis)	236,035	234,908	0%	106,532	124,608	17%	342,567	359,516	5%
Tofas	91,747	77,014	-16%	51,623	46,854	-9%	143,370	123,868	-14%
Stellantis (PSA)	144,288	157,894	9%	54,909	77,754	42%	199,197	235,648	18%
Market - total	**980,341**	**1,084,496**	**11%**	**258,168**	**283,904**	**10%**	**1,238,509**	**1,368,400**	**10%**

Source: ODMD

2025 retail market shares

	PC			LCV			LV		
Market shares	**2024**	**2025**	**chg yoy**	**2024**	**2025**	**chg yoy**	**2024**	**2025**	**chg yoy**
DOAS (inc Skoda)	16.5%	16.9%	0.4 pp	8.7%	8.3%	-0.4 pp	14.9%	15.1%	0.2 pp
DOAS (ex Skoda)	12.0%	12.7%	0.7 pp	8.7%	8.3%	-0.4 pp	11.3%	11.8%	0.5 pp
Ford	3.0%	2.4%	-0.6 pp	29.1%	29.3%	0.1 pp	8.5%	8.0%	-0.5 pp
Tofas (incl. Stellantis)	24.1%	21.7%	-2.4 pp	41.3%	43.9%	2.6 pp	27.7%	26.3%	-1.4 pp
Tofas	9.4%	7.1%	-2.3 pp	20.0%	16.5%	-3.5 pp	11.6%	9.1%	-2.5 pp
Stellantis (PSA)	14.7%	14.6%	-0.2 pp	21.3%	27.4%	6.1 pp	16.1%	17.2%	1.1 pp

Source: ODMD

Valuation and risks

		Valuation	Risks
Dogus Otomotiv DOAS TI **Hold**	Current price: **TRY233.70** Target price: **TRY260.00** Up/downside: **11.3%**	We continue to value DOAS using a EUR-denominated DCF model driven by our IAS29 forecasts. In our DCF projections, we use a 5-year average EBITDA margin of 7.7% (from 9.1%), WC/sales ratio of 13.0% (from 11.6%), average annual capex of EUR93m (from EUR90m) and average effective tax rate (vs EBITDA) of 17.4% (from 21.5%). Key WACC parameters used in our EUR-based DCF model are as follows: 13.4% CoE (from 12.9%) based on a risk-free rate of 4.25% (from 3.75%), equity risk premium of 9.75% (unchanged), and a stock beta of 0.94 based on Bloomberg adjusted beta (unchanged). We use a debt/equity ratio of 30/70 (from 21/79), a EUR cost of debt of 7.5% (from 8.0%), Turkish corporate tax rate of 25.0% (unchanged) and a terminal growth rate of 3% (unchanged). This results in a EUR WACC of 11.0% (from 11.4%). Despite cutting our estimates, a lower WACC and higher spot EUR/TRY rate result in a higher target price of TRY260 (from TRY200). The implied upside is c11% and we maintain our Hold rating, given continued pricing and margin pressure in early 2026.	**Upside risks**: (i) stronger Turkish vehicle demand and market share performance by DOAS; (ii) better ability to pass on FX-denominated costs allowing easier pricing conditions; (iii) favourable changes in competitive dynamics, leading to better margins; (iv) favourable changes in taxation of new vehicle sales in Türkiye; and (v) better-than-expected pricing support from OEMs. **Downside risks**: (i) weaker-than-expected Turkish vehicle demand and market share performance by DOAS than we assume; (ii) major currency volatility making pricing difficult; stronger competition than we expect, leading to margin erosion; (iii) unfavourable changes in the taxation of new vehicle sales in Türkiye; (iv) supply chain/production problems causing vehicle availability problems; (v) weaker-than-expected pricing support from OEMs, such as Volkswagen AG; (vi) weak or slow execution of exapnsion projects in Iraq, Azerbaijan or Syria; and (vii) potential overhang from a decision to sell shares bought back in the market.
Ford Otosan FROTO TI **Buy**	Current price: **TRY105.10** Target price: **TRY130.00** Up/downside: **23.7%**	We value FROTO using a EUR-denominated DCF model driven by our IAS29 forecasts. In our DCF projections, we use a 5-year average EBITDA margin of 7.6% (from 8.3%), WC/sales ratio of 6.9% (from 10.8%), average annual capex of EUR300m (from EUR424m) and average effective tax rate (vs EBITDA) of 11% (from 6.2%). Key WACC parameters used in our EUR-based DCF model are as follows: 13.1% CoE (from 12.7%) based on a risk-free rate of 4.25% (from 3.75%), equity risk premium of 9.75% (unchanged), and a stock beta of 0.91 based on Bloomberg adjusted beta (from 0.92). We use a debt/equity ratio of 44/56 (from 50/50), EUR cost of debt of 7.5% (unchanged), corporate tax rate assumption in Türkiye of 25.0% (unchanged) and a terminal growth rate of 3% (unchanged). This results in a EUR-based WACC of 8.9% (from 9.1%). Our estimate changes, WACC revisions and updated spot EUR/TRY rate (in setting TP in TRY) overall yield a target price of TRY130 (from TRY120). This implies c24% upside and we maintain our Buy rating.	**Downside risks**: (i) weaker-than-expected domestic and export demand, especially for LCVs; (ii) tougher pricing and market share competition in Türkiye than expected, putting pressure on domestic margins; (iii) lower-than-expected cash dividend distribution; (iv) higher-than-expected raw material prices, putting pressure on domestic margins; sharp currency changes; (v) any tax hikes on auto sales that affect company sales negatively; and (vi) supply chain/production-related problems.

Priced at 23 Jan 2026
Source: HSBC estimates

		Valuation	Risks
Tofas TOASO TI **Buy**	Current price: TRY301.25 Target price: TRY435.00 Up/downside: 44.4%	We value Tofas (including Stellantis-Türkiye) using a EUR-denominated DCF model driven by our IAS29 forecasts. In our DCF projections, we use a 5-year average EBITDA margin of 7.9% (from 8.0%), WC/sales ratio of 24.7% (from 25.2%), average annual capex of EUR177m (from EUR184m) and average effective tax rate (vs EBITDA) of 4.5% (from 1.2%). Key WACC parameters used in our EUR-based DCF model are as follows: 14.7% CoE (from 13.9%) based on a risk-free rate of 4.25% (from 3.75%), equity risk premium of 9.75% (unchanged), and a stock beta of 1.08 based on Bloomberg adjusted beta (from 1.04). We use a debt/equity ratio of 44/56 (from 40/60), EUR cost of debt of 7.5% (unchanged), corporate tax rate assumption in Türkiye of 25% (unchanged) and a terminal growth rate of 3% (unchanged). This results in a EUR-based WACC of 10.8% (from 10.6%). Despite a slightly higher WACC, our longer-term forecasts of strong capacity utilisation and use of a higher spot EUR/TRY rate yield a target price of TRY435 for Tofas (from TRY300). This implies c44% upside and we maintain our Buy rating.	**Downside risks**: (i) weaker-than-expected Turkish and European vehicle markets; (ii) tougher pricing and market share competition in Türkiye than expected, putting pressure on domestic margins; (iii) lower-than-expected cash dividend distribution; (iv) higher raw material prices, putting pressure on domestic margins; (v) sharp currency changes; (vi) any tax hikes on auto sales that affect company sales negatively; (vii) supply chain/production problems; (viii) weaker-than-expected contract terms for new generation vehicles (i.e. notably lower take-or-pay volume guarantees and/or profit mark-up compared with the current contracts).
Turk Traktor TTRAK TI **Hold**	Current price: TRY575.50 Target price: TRY625.00 Up/downside: 8.6%	We value Turk Traktor using a EUR-denominated DCF model driven by our IAS29 forecasts. In our DCF projections, we use a five-year average EBITDA margin of 14.0% (from 12.9%), WC/sales ratio of 23.2% (from 28.8%), average annual capex of EUR77m (from EUR74m) and average effective tax rate (vs EBITDA) of 7.8% (from 13.8%). Key WACC parameters used in our EUR-based DCF model are as follows: 11.3% CoE (from 12.7%) based on a risk-free rate of 4.25% (unchanged), equity risk premium of 9.75% (unchanged), and a stock beta of 0.73 based on Bloomberg adjusted beta (from 0.87). We use a debt/equity ratio of 51/49 (from 50/50), EUR cost of debt of 7.5% (unchanged), corporate tax rate assumption in Türkiye of 25.0% (unchanged) and a terminal growth rate of 3% (unchanged). This results in a EUR-based WACC of 8.4% (from 9.2%). Our estimate and WACC revisions, along with an updated EUR/TRY spot rate (in setting our TP in TRY) result in a target price of TRY625 (from TRY600). This implies 8.6% upside and we maintain our Hold rating considering low visibility for a pronounced demand recovery for tractors in 2026.	**Upside risks**: (i) any major rise in agricultural production (owing to economic/climate conditions); (ii) stronger-than-expected state subsidies for agriculture and tractor purchases; (iii) weaker competition in the domestic market, resulting in higher market share/margins; (iv) strengthening of credit conditions; and (v) faster-than-expected land consolidation in Türkiye (as this would impact the pace of mechanisation in the agricultural industry). **Downside risks**: (i) any major fall in agricultural production (due to economic/climate conditions such as floods or draughts); (ii) weaker-than-expected state subsidies for agriculture and tractor purchases; (iii) stronger competition in the domestic market, resulting in lower market share/margins; (iv) any sanctions against Türkiye-originated tractor imports; (v) worsening of credit conditions; (vi) supply chain/production problems; and (vii) slower-than-expected land consolidation in Türkiye (as this would impact the pace of mechanisation in the agricultural industry).

Priced at 23 Jan 2026
Source: HSBC estimates

Financials & valuation: Dogus Otomotiv

Hold

Financial statements

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Profit & loss summary (TRYm)				
Revenue	188,375	267,193	327,051	406,222
EBITDA	18,448	17,312	22,744	32,023
Depreciation & amortisation	-2,204	-3,408	-3,997	-4,991
Operating profit/EBIT	16,244	13,904	18,748	27,033
Net interest	-1,944	-7,518	-8,102	-10,050
PBT	12,698	9,796	14,292	20,057
HSBC PBT	12,698	9,796	14,292	20,057
Taxation	-5,055	-2,974	-4,288	-6,017
Net profit	7,592	6,822	10,004	14,039
HSBC net profit	7,592	6,822	10,004	14,039
Cash flow summary (TRYm)				
PBT	18,448	17,312	22,744	32,023
Oper'l cash before WC	0	0	0	0
WC change	-2,103	-3,293	-5,339	0
Cash flow from operations	-6,000	-5,457	-7,503	-9,827
Net capex (fixed assets)	-3,763	-4,379	-5,339	-5,923
Oper'l FCF	9,884	-11,288	89	2,464
Net interest	-446	18,488	12,508	14,940
FCF (before dividends)	18,448	17,312	22,744	32,023
Balance sheet summary (TRYm)				
Intangible fixed assets	943	1,267	1,476	1,598
Tangible fixed assets	48,664	73,023	95,248	121,003
Current assets	42,603	56,008	73,732	92,633
Cash & others	9,414	3,311	4,499	5,859
Total assets	92,209	130,298	170,456	215,233
Operating liabilities	18,365	24,603	29,180	34,904
Gross debt	12,104	24,491	38,186	54,486
Net debt	2,691	21,179	33,687	48,627
Shareholders' funds	55,739	71,719	91,434	112,552
Invested capital	64,431	102,383	136,778	174,469

Ratio, growth and per share analysis

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Y-o-y % change				
Revenue	26.2	41.8	22.4	24.2
EBITDA	-33.8	-6.2	31.4	40.8
Operating profit	-39.0	-14.4	34.8	44.2
PBT	-50.9	-22.9	45.9	40.3
HSBC EPS	-61.3	-10.1	46.6	40.3
Ratios (%)				
Revenue/IC (x)	3.3	3.2	2.7	2.6
ROIC	17.3	11.6	11.0	12.2
ROE	15.6	10.7	12.3	13.8
ROA	12.7	11.7	10.8	11.1
EBITDA margin	9.8	6.5	7.0	7.9
Operating profit margin	8.6	5.2	5.7	6.7
EBITDA/net interest (x)	9.5	2.3	2.8	3.2
Net debt/equity	4.8	29.3	36.5	42.7
Net debt/EBITDA (x)	0.1	1.2	1.5	1.5
CF from operations/net debt	685.6	81.7	67.5	65.9
Per share data (TRY)				
EPS Rep (diluted)	34.51	31.01	45.47	63.81
HSBC EPS (diluted)	34.51	31.01	45.47	63.81
DPS	27.27	24.81	34.10	44.67
Book value	253.36	326.00	415.61	511.60

Valuation data

Year to	12/2024a	12/2025e	12/2026e	12/2027e
EV/sales	0.3	0.3	0.3	0.2
EV/EBITDA	2.9	4.2	3.7	3.1
EV/IC	0.8	0.7	0.6	0.6
PE*	6.8	7.5	5.1	3.7
PB	0.9	0.7	0.6	0.5
FCF yield (%)	35.9	33.7	44.2	62.3
Dividend yield (%)	11.7	10.6	14.6	19.1

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	0.6
Energy intensity*	2.6
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	2.8
Employee turnover (%)	6.7
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	6
Average board tenure (years)	11.4
Female board members (%)	16.7
Board members independence (%)	33.3

Source: Company data, HSBC

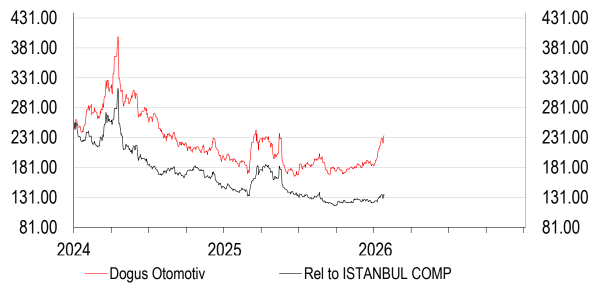
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (TRY)	233.70
Target price (TRY)	260.00
RIC (Equity)	DOAS.IS
Bloomberg (Equity)	DOAS TI
Market cap (USDm)	1,185

Free float	15%
Sector	Autos
Country/Region	Türkiye
Analyst	Cenk Orcan
Contact	+90 212 376 46 14

Price relative



Source: HSBC

Note: Priced at close of 23 Jan 2026

Financials & valuation: Ford Otosan

Buy

Financial statements

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Profit & loss summary (TRYm)				
Revenue	594,995	827,687	1,014,033	1,292,887
EBITDA	42,873	56,901	68,972	93,258
Depreciation & amortisation	-10,712	-17,523	-24,836	-30,045
Operating profit/EBIT	28,984	39,767	47,751	67,815
Net interest	-20,992	-26,744	-25,970	-27,890
PBT	37,007	38,358	49,555	70,845
HSBC PBT	37,007	38,358	49,555	70,845
Taxation	1,856	-6,792	-4,955	-8,501
Net profit	38,864	31,566	44,599	62,343
HSBC net profit	38,864	31,566	44,599	62,343
Cash flow summary (TRYm)				
PBT	36,692	51,026	65,817	90,374
Oper'l cash before WC	0	0	0	0
WC change	0	0	0	0
Cash flow from operations	33,608	94,363	68,923	61,472
Net capex (fixed assets)	-39,998	-22,278	-25,700	-17,141
Oper'l FCF	-27,231	-25,253	-31,219	-43,640
Net interest	40,896	6,178	9,679	7,583
FCF (before dividends)	36,692	51,026	65,817	90,374
Balance sheet summary (TRYm)				
Intangible fixed assets	21,838	26,192	28,463	28,903
Tangible fixed assets	99,356	139,249	164,650	179,511
Current assets	153,968	208,510	252,538	307,653
Cash & others	22,330	44,911	46,289	42,283
Total assets	326,770	439,370	530,750	636,353
Operating liabilities	79,681	119,254	145,927	178,721
Gross debt	123,757	152,515	163,572	167,149
Net debt	101,427	107,604	117,283	124,866
Shareholders' funds	115,223	155,073	205,677	270,725
Invested capital	173,152	209,786	253,436	295,065

Ratio, growth and per share analysis

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Y-o-y % change				
Revenue	44.4	39.1	22.5	27.5
EBITDA	-14.4	32.7	21.2	35.2
Operating profit	-34.2	37.2	20.1	42.0
PBT	-22.0	3.7	29.2	43.0
HSBC EPS	-20.8	-18.8	41.3	39.8
Ratios (%)				
Revenue/IC (x)	4.3	4.3	4.4	4.7
ROIC	24.6	16.9	17.2	20.3
ROE	41.3	23.4	24.7	26.2
ROA	8.7	5.1	6.1	7.9
EBITDA margin	7.2	6.9	6.8	7.2
Operating profit margin	4.9	4.8	4.7	5.2
EBITDA/net interest (x)	2.0	2.1	2.7	3.3
Net debt/equity	88.0	69.4	57.0	46.1
Net debt/EBITDA (x)	2.4	1.9	1.7	1.3
CF from operations/net debt	36.2	47.4	56.1	72.4
Per share data (TRY)				
EPS Rep (diluted)	11.08	9.00	12.71	17.77
HSBC EPS (diluted)	11.08	9.00	12.71	17.77
DPS	7.76	7.20	8.90	12.44
Book value	32.84	44.19	58.61	77.15

Valuation data

Year to	12/2024a	12/2025e	12/2026e	12/2027e
EV/sales	0.8	0.6	0.5	0.4
EV/EBITDA	11.0	8.4	7.0	5.3
EV/IC	2.7	2.3	1.9	1.7
PE*	9.5	11.7	8.3	5.9
PB	3.2	2.4	1.8	1.4
FCF yield (%)	9.9	13.8	17.8	24.5
Dividend yield (%)	7.4	6.8	8.5	11.8

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	8.9
Energy intensity*	56.9
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	1.7
Employee turnover (%)	14.9
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	12
Average board tenure (years)	6.8
Female board members (%)	16.7
Board members independence (%)	16.7

Source: Company data, HSBC

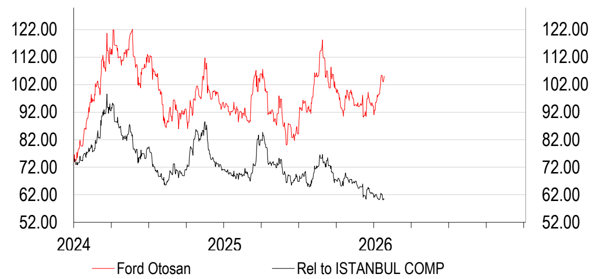
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (TRY)	105.10
Target price (TRY)	130.00
RIC (Equity)	FROTO.IS
Bloomberg (Equity)	FROTO TI
Market cap (USDm)	8,502

Free float	20%
Sector	Autos
Country/Region	Türkiye
Analyst	Cenk Orcan
Contact	+90 212 376 46 14

Price relative



Source: HSBC

Note: Priced at close of 23 Jan 2026

Financials & valuation: Tofas

Buy

Financial statements

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Profit & loss summary (TRYm)				
Revenue	129,318	334,337	476,652	692,224
EBITDA	10,322	11,093	27,681	46,639
Depreciation & amortisation	-6,200	-8,014	-12,097	-14,828
Operating profit/EBIT	4,122	3,079	15,584	31,811
Net interest	5,190	3,956	825	-65
PBT	4,890	7,174	16,585	31,898
HSBC PBT	4,890	7,174	16,585	31,898
Taxation	331	-362	-829	-1,595
Net profit	5,221	6,812	15,756	30,303
HSBC net profit	5,221	6,812	15,756	30,303
Cash flow summary (TRYm)				
PBT	-7,357	16,693	7,501	18,362
Oper'l cash before WC	0	0	0	0
WC change	0	0	0	0
Cash flow from operations	-6,000	-5,790	-7,878	-15,151
Net capex (fixed assets)	-5,803	-7,532	-17,942	-15,348
Oper'l FCF	-13,160	9,162	-10,441	3,014
Net interest	13,933	15,076	19,477	8,903
FCF (before dividends)	-7,357	16,693	7,501	18,362
Balance sheet summary (TRYm)				
Intangible fixed assets	4,163	2,598	547	-3,221
Tangible fixed assets	24,781	40,266	67,093	89,938
Current assets	62,716	106,413	174,113	255,298
Cash & others	19,716	12,003	33,939	50,179
Total assets	91,660	149,277	241,752	342,015
Operating liabilities	13,005	42,274	55,028	77,057
Gross debt	27,901	41,867	91,946	129,373
Net debt	-8,697	6,379	25,856	34,760
Shareholders' funds	47,102	54,076	80,575	116,938
Invested capital	58,939	94,999	152,786	214,779

Ratio, growth and per share analysis

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Y-o-y % change				
Revenue	-0.7	158.5	42.6	45.2
EBITDA	-40.6	7.5	149.5	68.5
Operating profit	-70.6	-25.3	406.2	104.1
PBT	-73.3	46.7	131.2	92.3
HSBC EPS	-65.4	30.5	131.3	92.3
Ratios (%)				
Revenue/IC (x)	3.0	4.3	3.8	3.8
ROIC	10.2	3.8	11.9	16.4
ROE	12.4	13.5	23.4	30.7
ROA	12.1	9.8	10.8	12.5
EBITDA margin	8.0	3.3	5.8	6.7
Operating profit margin	3.2	0.9	3.3	4.6
EBITDA/net interest (x)				720.6
Net debt/equity	-18.5	11.8	32.1	29.7
Net debt/EBITDA (x)	-0.8	0.6	0.9	0.7
CF from operations/net debt		261.7	29.0	52.8
Per share data (TRY)				
EPS Rep (diluted)	10.44	13.62	31.51	60.61
HSBC EPS (diluted)	10.44	13.62	31.51	60.61
DPS	12.00	11.58	15.76	30.30
Book value	94.20	108.15	161.15	233.88

Valuation data

Year to	12/2024a	12/2025e	12/2026e	12/2027e
EV/sales	1.1	0.5	0.4	0.3
EV/EBITDA	13.8	14.2	6.4	4.0
EV/IC	2.4	1.7	1.2	0.9
PE*	28.8	22.1	9.6	5.0
PB	3.2	2.8	1.9	1.3
FCF yield (%)	-4.9	11.1	5.0	12.2
Dividend yield (%)	4.0	3.8	5.2	10.1

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	12.1
Energy intensity*	33.1
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	2.9
Employee turnover (%)	32.7
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	10
Average board tenure (years)	5.6
Female board members (%)	10
Board members independence (%)	20

Source: Company data, HSBC

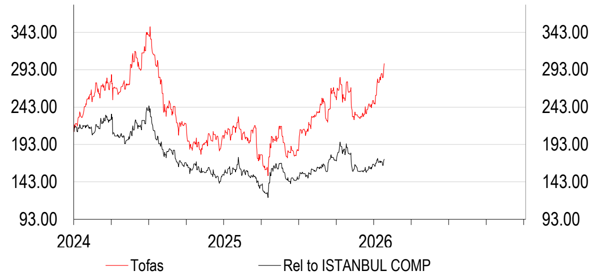
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (TRY)	301.25
Target price (TRY)	435.00
RIC (Equity)	TOASO.IS
Bloomberg (Equity)	TOASO TI
Market cap (USDm)	3,472

Free float	24%
Sector	Autos
Country/Region	Türkiye
Analyst	Cenk Orcan
Contact	+90 212 376 46 14

Price relative



Source: HSBC

Note: Priced at close of 23 Jan 2026

Financials & valuation: Turk Traktor

Hold

Financial statements

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Profit & loss summary (TRYm)				
Revenue	66,970	53,961	72,679	98,823
EBITDA	9,818	5,387	9,086	13,341
Depreciation & amortisation	-1,856	-3,054	-3,639	-4,285
Operating profit/EBIT	7,628	1,357	4,276	7,312
Net interest	-598	-2,904	-3,416	-3,219
PBT	7,976	1,333	3,417	6,481
HSBC PBT	7,976	1,333	3,417	6,481
Taxation	-2,236	-338	-866	-1,620
Net profit	5,741	995	2,551	4,860
HSBC net profit	5,741	995	2,551	4,860
Cash flow summary (TRYm)				
PBT	7,998	4,965	7,356	11,637
Oper'l cash before WC	-3,828	-3,428	-4,320	-5,085
WC change	-3,799	-3,397	-4,295	-5,029
Cash flow from operations	7,998	4,965	7,356	11,637
Net capex (fixed assets)	-3,786	-3,387	-4,260	-4,989
Oper'l FCF	-4,577	-1,500	-2,551	-4,860
Net interest	10,363	8,944	6,104	4,425
FCF (before dividends)	4,212	1,578	3,096	6,649
Balance sheet summary (TRYm)				
Intangible fixed assets	3,788	5,186	6,567	7,543
Tangible fixed assets	9,166	12,157	14,855	18,336
Current assets	22,980	25,052	30,412	38,435
Cash & others	6,594	5,615	4,477	4,762
Total assets	35,933	42,394	51,833	64,313
Operating liabilities	7,956	6,137	7,503	9,995
Gross debt	9,792	17,757	22,723	27,433
Net debt	3,198	12,142	18,246	22,671
Shareholders' funds	16,968	17,213	19,920	24,670
Invested capital	21,383	30,642	39,854	49,557

Ratio, growth and per share analysis

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Y-o-y % change				
Revenue	14.6	-19.4	34.7	36.0
EBITDA	-25.6	-45.1	68.7	46.8
Operating profit	-32.6	-82.2	215.1	71.0
PBT	-34.3	-83.3	156.3	89.7
HSBC EPS	-38.6	-82.7	156.3	90.6
Ratios (%)				
Revenue/IC (x)	4.4	2.1	2.1	2.2
ROIC	37.7	6.7	11.5	15.2
ROE	35.5	5.8	13.7	21.8
ROA	24.1	13.7	14.7	15.5
EBITDA margin	14.7	10.0	12.5	13.5
Operating profit margin	11.4	2.5	5.9	7.4
EBITDA/net interest (x)	16.4	1.9	2.7	4.1
Net debt/equity	18.8	70.5	91.6	91.9
Net debt/EBITDA (x)	0.3	2.3	2.0	1.7
CF from operations/net debt	250.1	40.9	40.3	51.3
Per share data (TRY)				
EPS Rep (diluted)	57.37	9.94	25.49	48.57
HSBC EPS (diluted)	57.37	9.94	25.49	48.57
DPS	45.74	14.99	25.49	48.57
Book value	169.56	172.02	199.06	246.54

Valuation data

Year to	12/2024a	12/2025e	12/2026e	12/2027e
EV/sales	0.9	1.3	1.0	0.8
EV/EBITDA	6.2	12.9	8.3	6.0
EV/IC	2.8	2.3	1.9	1.6
PE*	10.0	57.9	22.6	11.8
PB	3.4	3.3	2.9	2.3
FCF yield (%)	7.3	2.7	5.4	11.5
Dividend yield (%)	7.9	2.6	4.4	8.4

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	12.3
Energy intensity*	29.0
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	2.4
Employee turnover (%)	19
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	12
Average board tenure (years)	4.1
Female board members (%)	8.3
Board members independence (%)	16.7

Source: Company data, HSBC

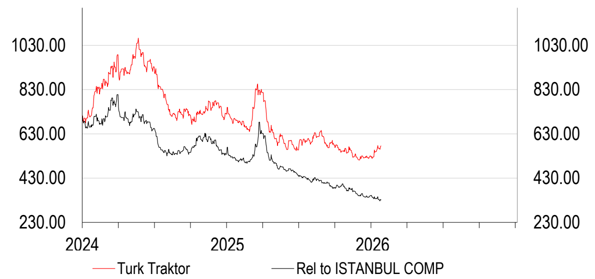
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (TRY)	575.50
Target price (TRY)	625.00
RIC (Equity)	TTRAK.IS
Bloomberg (Equity)	TTRAK TI
Market cap (USDm)	1,328

Free float	25%
Sector	Autos
Country/Region	Türkiye
Analyst	Cenk Orcan
Contact	+90 212 376 46 14

Price relative



Source: HSBC

Note: Priced at close of 23 Jan 2026

Disclosure appendix

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The following analyst(s), economist(s), or strategist(s) who is(are) primarily responsible for this report, including any analyst(s) whose name(s) appear(s) as author of an individual section or sections of the report and any analyst(s) named as the covering analyst(s) of a subsidiary company in a sum-of-the-parts valuation certifies(y) that the opinion(s) on the subject security(ies) or issuer(s), any views or forecasts expressed in the section(s) of which such individual(s) is(are) named as author(s), and any other views or forecasts expressed herein, including any views expressed on the back page of the research report, accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Cenk Orcan

Important disclosures

Equities: Stock ratings and basis for financial analysis

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From 23rd March 2015 HSBC has assigned ratings on the following basis:

The target price is based on the analyst's assessment of the stock's actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

Upside/Downside is the percentage difference between the target price and the share price.

Prior to this date, HSBC's rating structure was applied on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market established by our strategy team. The target price for a stock represented the value the analyst expected the stock to reach over our performance horizon. The performance horizon was 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, had to exceed the required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock was expected to underperform its required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands were classified as Neutral.

*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Rating distribution for long-term investment opportunities

As of 31 December 2025, the distribution of all independent ratings published by HSBC is as follows:

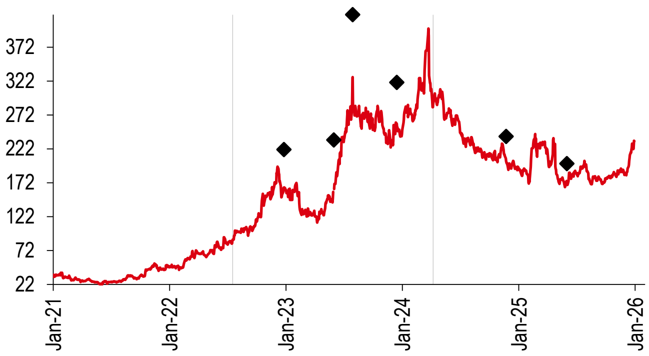
Buy	57%	(12% of these provided with Investment Banking Services in the past 12 months)
Hold	37%	(13% of these provided with Investment Banking Services in the past 12 months)
Sell	6%	(5% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

For the distribution of non-independent ratings published by HSBC, please see the disclosure page available at *http://www.hsbcnet.com/gbm/financial-regulation/investment-recommendations-disclosures*.

Share price and rating changes for long-term investment opportunities

Dogus Otomotiv (DOAS.IS) share price performance TRY Vs HSBC rating history



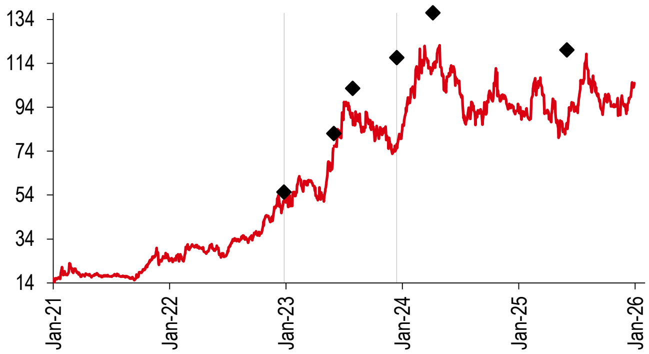
Source: HSBC

Rating & target price history

From	To	Date	Analyst
Hold	Buy	11 Aug 2022	Cenk Orcan
Buy	Hold	01 May 2024	Cenk Orcan
Target price	**Value**	**Date**	**Analyst**
Price 1	221.00	19 Jan 2023	Cenk Orcan
Price 2	235.00	25 Jun 2023	Cenk Orcan
Price 3	420.00	23 Aug 2023	Cenk Orcan
Price 4	320.00	08 Jan 2024	Cenk Orcan
Price 5	240.00	17 Dec 2024	Cenk Orcan
Price 6	200.00	25 Jun 2025	Cenk Orcan

Source: HSBC

Ford Otosan (FROTO.IS) share price performance TRY Vs HSBC rating history



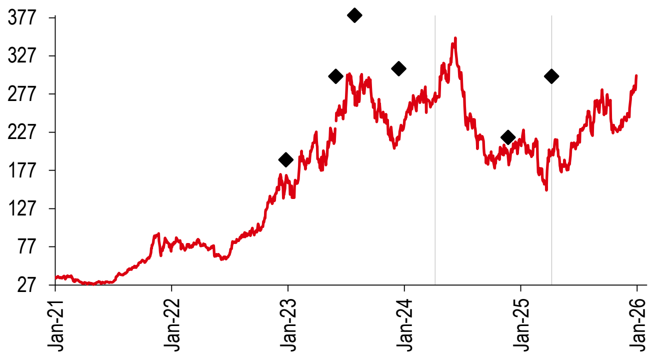
Source: HSBC

Rating & target price history

From	To	Date	Analyst
Buy	Hold	19 Jan 2023	Cenk Orcan
Hold	Buy	08 Jan 2024	Cenk Orcan
Target price	**Value**	**Date**	**Analyst**
Price 1	55.32	19 Jan 2023	Cenk Orcan
Price 2	82.00	25 Jun 2023	Cenk Orcan
Price 3	102.50	23 Aug 2023	Cenk Orcan
Price 4	116.50	08 Jan 2024	Cenk Orcan
Price 5	137.00	01 May 2024	Cenk Orcan
Price 6	120.00	25 Jun 2025	Cenk Orcan

Source: HSBC

Tofas (TOASO.IS) share price performance TRY Vs HSBC rating history



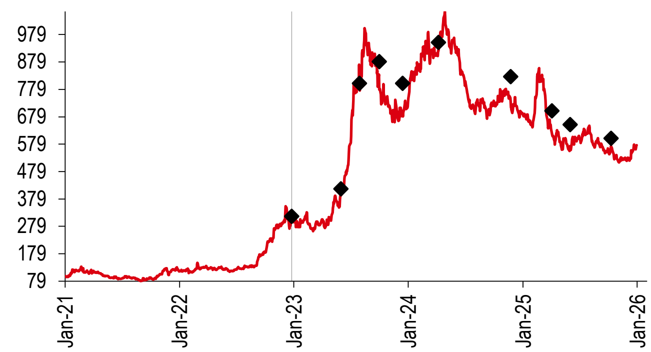
Source: HSBC

Rating & target price history

From	To	Date	Analyst
Hold	Buy	26 Feb 2020	Cenk Orcan
Buy	Hold	01 May 2024	Cenk Orcan
Hold	Buy	02 May 2025	Cenk Orcan
Target price	**Value**	**Date**	**Analyst**
Price 1	190.60	19 Jan 2023	Cenk Orcan
Price 2	300.00	25 Jun 2023	Cenk Orcan
Price 3	380.00	23 Aug 2023	Cenk Orcan
Price 4	310.00	08 Jan 2024	Cenk Orcan
Price 5	220.00	17 Dec 2024	Cenk Orcan
Price 6	300.00	02 May 2025	Cenk Orcan

Source: HSBC

Turk Traktor (TTRAK.IS) share price performance TRY Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
Buy	Hold	19 Jan 2023	Cenk Orcan
Target price	**Value**	**Date**	**Analyst**
Price 1	314.67	19 Jan 2023	Cenk Orcan
Price 2	415.00	25 Jun 2023	Cenk Orcan
Price 3	800.00	23 Aug 2023	Cenk Orcan
Price 4	880.00	25 Oct 2023	Cenk Orcan
Price 5	800.00	08 Jan 2024	Cenk Orcan
Price 6	950.00	01 May 2024	Cenk Orcan
Price 7	825.00	17 Dec 2024	Cenk Orcan
Price 8	700.00	28 Apr 2025	Cenk Orcan
Price 9	650.00	25 Jun 2025	Cenk Orcan
Price 10	600.00	03 Nov 2025	Cenk Orcan

Source: HSBC

To view a list of all the independent fundamental ratings/recommendations disseminated by HSBC during the preceding 12-month period, and the location where we publish our quarterly distribution of non-fundamental recommendations (applicable to Fixed Income and Currencies research only), please use the following links to access the disclosure page:

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All other clients: *www.research.hsbc.com/A/Disclosures*

HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
DOGUS OTOMOTIV	DOAS.IS	233.70	23 Jan 2026	7
FORD OTOSAN	FROTO.IS	105.10	23 Jan 2026	7
TOFAS	TOASO.IS	301.25	23 Jan 2026	4, 7
TURK TRAKTOR	TTRAK.IS	575.50	23 Jan 2026	–

Source: HSBC

1 HSBC has managed or co-managed a public offering of securities for this company within the past 12 months.

2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.

3 At the time of publication of this report, HSBC Securities (USA) Inc. is a Market Maker in securities issued by this company.

4 As of 31 December 2025, HSBC beneficially owned 1% or more of a class of common equity securities of this company.

5 This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of investment banking services.

6 As of 30 November 2025, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-investment banking securities-related services.

7 As of 30 November 2025, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-securities services.

8 A covering analyst/s has received compensation from this company in the past 12 months.

9 A covering analyst/s or a member of his/her household has a financial interest in the securities of this company, as detailed below.

10 A covering analyst/s or a member of his/her household is an officer, director or supervisory board member of this company, as detailed below.

11 At the time of publication of this report, HSBC is a non-US Market Maker in securities issued by this company and/or in securities in respect of this company.

12 As of 21 January 2026, HSBC beneficially held a net long position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.

13 As of 21 January 2026, HSBC beneficially held a net short position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.

14 HSBC Qianhai Securities Limited holds 1% or more of a class of common equity securities of this company.

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1 This report is dated as at 27 January 2026.

2 All market data included in this report are dated as at close 23 January 2026, unless a different date and/or a specific time of day is indicated in the report.

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Production & distribution disclosures

1. This report was produced and signed off by the author on 26 Jan 2026 14:40 GMT.
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