Equity / Large Cap. / Automotive & Parts

Turk Traktor

13/02/2026

Company Update

HOLD

Another challenging year ahead

Lower agricultural production on severe weather conditions. According to the Turkish Statistical Institute's 2025 Crop Production data, Turkey's total agricultural production declined by 12.2% to 120.2 million tons in 2025. The annual decline in production in fruits, grains and vegetables were 30.9%, 9% and 0.9% in 2025, respectively. The drought, agricultural frost, excessive rainfall, hail, storms, extreme heat and water scarcity were the primary culprits behind poor agricultural production in 2025. Additionally, according to recently released TUIK data, Agricultural Producer Price Index indicates a 36.01% (December data) increase in agricultural product prices while Agricultural Input Index shows 34.24% annual surge in agricultural costs primarily driven by increases in veterinary expenses and energy costs. In these challenging conditions, the decline in purchasing power of farmers and decrease in subsidized loan usage resulted in 36% contraction domestic tractor market to 40,498 units in 2025 over 2024.

Ongoing government support on agriculture. According to the budget approved by the Grand National Assembly of Turkey, Turkish Government will allocate TL167bn to agricultural support payments in 2026, up by 24% YoY. The irrigation investments will also be in Government's agenda in 2026. The State Hydraulic Works (DSİ) has an investment budget of TL169bn in 2026, mainly focusing on dams, ponds, and efficient water use. The State's Ziraat Bank continues to provide competitive post subsidy interest rate for new tractor purchases (50% subsidy for locally produced tractors), which was 21.0% as of December 2025. Ziraat Bank's loan usage was down to 18.3% in 2025 from 19.4% in 2024 and 69% in 2023.

Full transition of Stage 5 engines to materialize in 2026. While the transition of Stage 5 tractors in Europe was materialized in 2024, the sale of Stage 3 tractors in Turkiye, which had been extended until the end of 2025, has officially concluded as of year-end 2025. Although this extension might be an advantage for farmers in terms of accessing relatively affordable tractors, import brands and exporters had already upgraded their product ranges to Stage 5 tractors within 2025 due to regulations in Europe. In 2025, Stage 5 tractors sales accounted for 76% of Turkish tractor market, while remaining 24% was belong Stage 3 tractors. This was actually the main culprit behind the decline in Turk Traktor's domestic market share to 38.4% in 2025 from 46.2% in 2024. Indeed, Turk Traktor's market share in Stage 5 segment was realized at 49.5% in 2025. We expect to see ca4ppt improvement in Turk Traktor's domestic market share in 2026, exceeding again 40%, thanks to the conclusion of Stage 3 tractors as of year-end 2025.

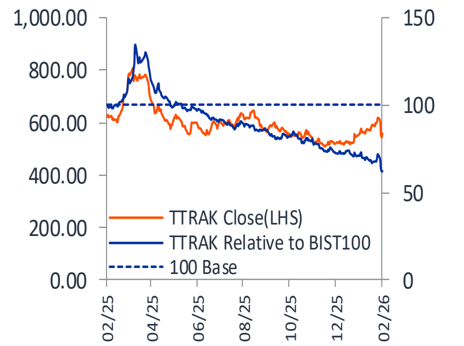
Contraction in Turkish tractor market to continue in 2026 as well. Food inflation, climate crisis, water scarcity, and high input costs, low-price policies are projected to persist in 2026 as well despite ongoing Government supports to agricultural industry. Therefore, we project domestic tractor market to further shrink to 28,350 units (Turk Traktor Guidance : 27,000—33,000) in 2026, down by 30% over 2025. Assuming ca4ppt improvement in market share, we forecast Turk Traktor's domestic sales volume to reach 12,190 units in 2026, down by 24% YoY. Turk Traktor targets domestic sales volume 11,500—14,500 in 2026 compared to 16,000 in 2025.

Stock Data	TL
Price	560.00
Target Price*	710.00
Prev.TP	675.00
Mcap (mn)	56,037
Float Mcap (mn)	13,976
Avg.Daily Volume (3M, mn)	154.9
No. of Shares Outstanding (mn)	100
Free Float (%)	25
Foreign Share (%)	30

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	-3.0	7.8	-10.2
US$	-4.1	6.0	-25.8
Rel.to BIST-100	-14.8	-14.4	-38.1

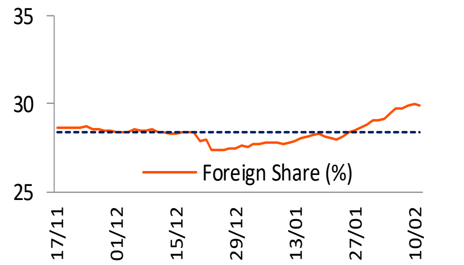
Multiples ($)	2025	2026	2027
P/E	114.5	-54.0	25.6
P/BV	3.1	3.3	2.9
EV/EBITDA	12.1	16.4	9.8

Price / Relative Price



3M Range (Close TL)	512.00	618.50

Foreign Share (%)	Cur.(%) :	29.91



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Turk Traktor

Shareholder Structure (%)	
Koç Holding Anonim Şirketi	37.5
Cnh Osterreich Gmbh	37.5
Other	25

Company Description

Production, import and distribution of Case IH and New Holland brands tractors, spare parts, engines and transmissions, agricultural equipments as well as distribution of construction machinery.

Income Statement (mn ₺)	2025A	2026E	2027E	2028E
Net Sales	**67,027**	**57,361**	**72,846**	**93,515**
Gross Profit (Loss)	**9,216**	**7,474**	**10,349**	**15,612**
Operating Expenses	6,625	5,942	5,998	6,756
Core Operating Profit	**2,591**	**1,531**	**4,351**	**8,856**
Non-operating Income (Exp.)	47	40	20	68
Net Financial Income (Exp.)	-1,410	-2,139	-1,672	-1,678
PBT	**1,252**	**-543**	**2,724**	**7,272**
Tax Expense (Income)	685	657	189	1,084
Net Profit	**566**	**-1,200**	**2,536**	**6,188**
Recurring Net Profit	**566**	**-1,200**	**2,536**	**6,188**
NOPAT	4,009	-323	4,653	10,177
EBITDA	**6,170**	**4,571**	**7,629**	**12,129**

Growth & Operating Perf.	2025A	2026E	2027E	2028E
Growth				
Net Sales	-20%	-14%	27%	28%
EBIT	-74%	-41%	184%	104%
EBITDA	-50%	-26%	67%	59%
Net Profit	-92%	n.m	n.m	144%
Operating Performance				
Gross Margin	13.7%	13.0%	14.2%	16.7%
EBIT Margin	3.9%	2.7%	6.0%	9.5%
EBITDA Margin	9.2%	8.0%	10.5%	13.0%
Effective Tax Rate	-68.2%	121.1%	-5.8%	-10.4%
Net Profit Margin	0.8%	-2.1%	3.5%	6.6%
ROE	2.7%	n.m	12.2%	27.5%
ROA	1.2%	n.m	5.6%	12.2%
ROIC	14.3%	-1.1%	15.6%	32.3%
OCF / Sales	11.6%	12.5%	11.3%	11.1%
FCF / Sales	5.3%	5.2%	5.3%	6.0%

Ratio Analysis	2025A	2026E	2027E	2028E
Adj. P / E (x)	n.m	n.m	25.6	10.5
EV / EBITDA (x)	12.1	16.4	9.8	6.2
EV / Sales (x)	1.1	1.3	1.0	0.8
P / B (x)	3.1	3.3	2.9	2.8
Cash Flow Yield	5.5%	4.6%	6.0%	8.6%
EPS (₺)	5.7	n.m	25.3	61.8
DPS (₺)	60.3	n.m	n.m	70.0
Dividend Yield	8.9%	0.0%	0.0%	7.8%
Net Debt (Cash) (mn ₺)	10,886	10,164	8,289	10,293
Net Debt / EBITDA (x)	1.76	2.22	1.09	0.85
Net Debt / Equity (x)	0.52	0.52	0.38	0.45

Source: Is Investment

Balance Sheet (mn ₺)	2025A	2026E	2027E	2028E
Current Assets	**28,303**	**21,066**	**24,181**	**29,431**
Cash and Cash Equivalents	8,353	5,298	5,444	6,770
Short-Term Trade Receivables	4,755	4,209	5,220	6,492
Inventories	11,760	8,623	9,747	11,481
Other Current Assets	3,348	2,935	3,770	4,688
Long Term Assets	**21,006**	**22,199**	**23,249**	**24,669**
Tangible Fixed Assets	14,178	14,813	15,384	16,151
Intangible Fixed Assets	6,684	7,116	7,521	8,091
Other Long-Term Assets	143	269	344	426
Total Assets	**49,309**	**43,264**	**47,430**	**54,100**
Short Term Liabilities	**23,202**	**15,733**	**15,122**	**21,070**
Short-Term Financial Loans	15,767	8,990	5,424	9,295
Short-Term Trade Payables	5,993	5,478	8,074	9,756
Other Short-Term Liabilities	1,442	1,264	1,624	2,019
Long Term Liabilities	**5,297**	**7,947**	**10,203**	**10,124**
Long-Term Financial Loans	3,559	6,472	8,309	7,768
Other Long-Term Liabilities	1,738	1,475	1,895	2,356
Equity	**20,810**	**19,585**	**22,105**	**22,906**
Parent Shareholders Capital	20,810	19,585	22,105	22,906
Share Capital	100	100	100	100
Reserves and Other Items	20,119	20,685	19,485	16,649
Current Year Income (Losses)	566	-1,200	2,536	6,188
Total Liabilites & Equity	**49,309**	**43,264**	**47,430**	**54,100**

Cash Flow (mn ₺)	2025A	2026E	2027E	2028E
Net Cash from Operations	**7,750**	**7,174**	**8,265**	**10,424**
Earnings Before Adjustments	566	-1,200	2,536	6,188
Depreciation & Amortisation	2,311	2,875	2,555	2,709
Change in Working Capital	2,122	3,168	461	-1,324
Other Operating Cash Flow	1,482	2,166	1,991	2,287
Cash from Inv. Operations	**-4,216**	**-4,197**	**-4,376**	**-4,860**
Capital Expenditures	-4,309	-4,197	-4,376	-4,860
Other Inv. Cash Flow	93	0	0	0
Free Cash Flow	**3,534**	**2977**	**3,889**	**5,565**
Cash from Fin. Operations	**-4,292**	**-7,198**	**-5,328**	**-5,970**
Change in Financial Debt	7,473	-3,864	-1,729	3,330
Dividends Paid	-7,181	0	0	-5,372
Other Financing Cash Flow	-3,673	-3334	-3,599	-3,927
Net Change in Cash	**153**	**-3,047**	**146**	**1,327**

Note: Estimations and historical financial results are based on the purchasing power of the Turkish Lira as of the end of 2026. Companies subject to inflation accounting disclose their financial results indexed to the purchasing power at the end of the relevant period.

*Unless otherwise stated, ratio analyses are expressed in USD terms.

Recovery in export markets in 2026. Global tractor market grew by 5% in 2025 thanks to strong 20% growth achieved in India. Indeed, tractor demand decreased in all major markets in 2025 except for India. North American and European tractor markets, which accounts for ca 80% of Turk Traktor's exports, contracted by respective 9% and 3% in 2025 over 2024. Leading global tractor manufacturers forecast around 5% growth in US (small size tractors) and European tractor markets in 2026 over 2025. We project 10% growth in Turk Traktor' exports in 2026, following a12% contraction in 2025. Our export volume assumption of 12,136 units for 2026 is within the company guidance of 11,000 –13,500 units.

Poor financial outlook on weaker volumes for 2026. Putting all numbers together, we project Turk Traktor to generate TL57.36bn revenues in 2026, implying 14% annual decline in real terms, on the back of 10% decrease in total sales volume. We penciled in 1.2ppt erosion in EBITDA margin in 2026, due to the expected decline in CUR to 44% in 2026 from 48% in 2025 and decreasing share of domestic sales in total turnover. This implies 26% annual decline in 2026 EBITDA in real terms. Company's bottom-line is expected to be in the red territory in 2026 on weaker operating performance and lower monetary gains on easing inflation. We anticipate strong recovery in domestic tractor market starting from 2027 due to lower borrowing rates, rising share of loan usage from Ziraat Bank and potential increase in Government supports on agricultural industry during pre-election period.

Increase in net debt position. Net debt position of the company rose to TL8.74bn as of 2025-end from TL4.15bn as of 2024-end on the back of poor operating performance, cap-ex of caUS$80mn and TL4.85bn (nominal) dividends paid in April –2025. . Net debt /EBITDA surged to 1.8x in 2025 from 0.3x in 2024. FCF margin improved to 5.3% in 2025 from 2.3% in 2024 due to decline in cap-ex. The company will offer not to pay dividends in 2026 in its General Assembly Meeting. The Company budgets capex of US$75mn-US$100mn in 2026.

Maintained HOLD. We have slightly raised our DCF driven PT for TTRAK to TL710/share from previous TL675/share mainly due to 3-month forward rolling our DCF valuation, revision in our macro assumptions and fine-tunning our estimates based on released 2025 financial results. With 2026E EV/EBITDA 16.4x, TTRAK shares trades at premium compared with international peers' median of 15.9x. We reiterate our HOLD recommendation for the stock. TTRAK shares underperformed BIST-100 % 14.4% year-to-date.

Key Assumptions

	2025	2026T	2027T	2028T
Yurtiçi Traktör Pazarı	40,498	28,349	38,271	51,665
büyüme %	*-36%*	*-30%*	*35%*	*35%*
Türk Traktör Toptan Pazarı Payı	39.5%	43.0%	45.0%	45.5%
Toplam Satış Hacmi	**27,033**	**24,326**	**30,208**	**37,143**
büyüme %	*-39%*	*-10%*	*24%*	*23%*
Yurtiçi Traktör Pazarı	16,000	12,190	17,222	23,508
İhracat	11,033	12,136	12,986	13,635
KKO	48%	44%	55%	67%
İhracatın cirodaki payı	33%	40%	33%	27%

Source : Is Investment Estimates

Review of 4Q25 Financials

Weak set of 4Q25 results. Worse than our house net loss estimate of TL370mn and market's net profit estimate of TL4mn, Turk Traktor reported TL502mn net losses in 4Q25 compared to net income of TL413mn in 4Q24. 4Q25 net losses carried 2025 full year net income to TL455mn, down by 94% YoY. Poor operating profitability on weaker domestic sales volume along with higher net interest expenses were the main culprits behind the red bottom-line in 4Q25. Meeting estimates, Turk Traktor generated TL12.91bn revenues in 4Q25, down by 31% YoY, due to the 32% contraction in total sales volume. Total turnover for 2025 reached TL53.84bn, down by 39% YoY, due to 39% decline in total sales volume. Much lower than expectations (Is Investment: TL1,101mn, Consensus: TL930mn), EBITDA was realized at TL743mn in 4Q25, down by 60% YoY, bringing 2025 full year EBITDA figure to TL4.96bn, down by 61% YoY.

Weak sales volumes in challenging domestic market conditions. Domestic revenues declined to TL8.4bn in 4Q25, down by 48% YoY, on 55% contraction in domestic sales volume. Turkish tractor market contracted to 40,498 units in 2025, down by 36% YoY, because of poor agricultural production resulting from widespread frost in April and prolonged drought conditions. Turk Traktor's market share in domestic market fell to 38.4% in 2025 from 46.2% in 2024. On the other hand, export revenues surged to TL4.51bn in 4Q25, up by 85% YoY, thanks to 74% growth in export volumes. Consequently, the share of export revenues climbed to 35% in 4Q25 up from 13% in 4Q24. The Company's domestic wholesale volume reached 16,000 units, down by 50% YoY, and export volume declined to 11,023 units, down by 12% YoY, in 2025. Turk Traktor total production volume decreased to 4,589 units in 4Q25, down by 51% YoY, bringing full year production volume figure to 25,833 units, down by 41% YoY. CUR deteriorated to 52% in 2025 from 87% in 2024.

Erosion in margins. Gross margin deteriorated to 10.8% in 4Q25, down by 3.4ppt YoY, on lower CUR and rising share of exports. Op-ex /sales surged to 10.6% in 4Q25, up by 2.7ppt YoY. Company's EBITDA margin came down to 5.8% in 4Q25 from 10.0% in 4Q24. EBITDA margin fell to 9.2% in 2025, down by 5.5ppt YoY, due to weak domestic tractor demand, fierce competition in domestic market, sharp contraction in total sales volume, decline in CUR and rising share of relatively low-margin export sales.

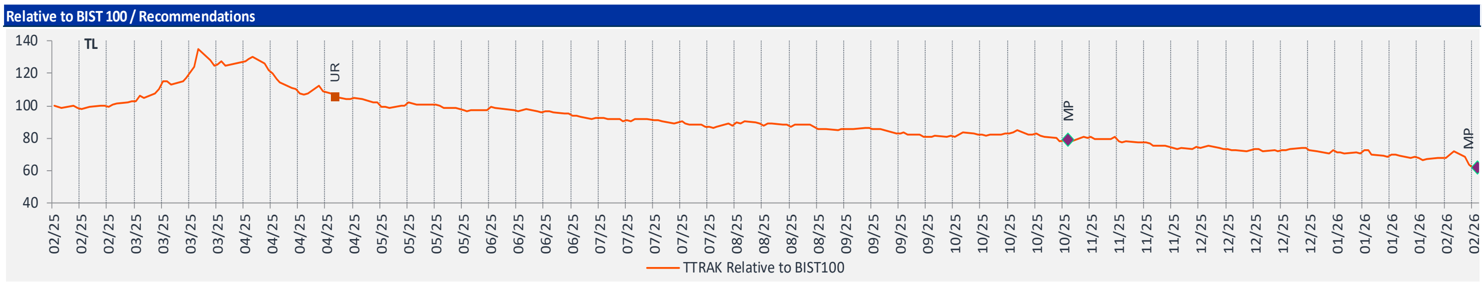
Increase in net debt position. Net debt position of the company rose to TL8.74bn as of 2025-end from TL4.15bn as of 2024-end on the back of poor operating performance. Net debt /EBITDA surged to 1.8x in 2025 from 0.3x in 2024. FCF margin improved to 5.3% in 2025 from 2.3% in 2024 due to decline in cap-ex.

4Q25 EARNINGS RESULTS!

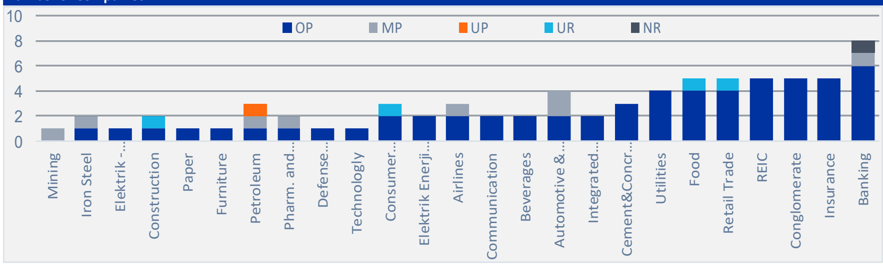
IAS29									Cons.	IS Inv.
TL mn	2025	2024	YoY Δ	4Q25	4Q24	YoY Δ	3Q25	QoQ Δ	4Q25E	4Q25E
Revenues	**53,837**	**87,658**	***-39%***	**12,909**	**18,705**	***-31%***	**11,786**	***10%***	**12,686**	**12,488**
Gross Profit	**7,402**	**16,910**	***-56%***	**1,388**	**2,654**	***-48%***	**1,914**	***-27%***		
Gross Margin	***13.7%***	***19.3%***	***-5.5ppt***	***10.8%***	***14.2%***	***-3.4ppt***	***16.2%***	***-0.3ppt***		
Op-ex	-5,322	-6,489	***-18%***	-1,366	-1,475	***-7%***	-1,155	***18%***		
Op-ex/Sales	*-9.9%*	*-7.4%*	*-2.5ppt*	*-10.6%*	*-7.9%*	*-2.7ppt*	*-9.8%*	*0.1ppt*		
EBIT	2,081	10,421	***-80%***	22	1,180	***-98%***	758	***-97%***		
Depreciation	2,875	2,430	***18%***	721	686	***5%***	982	***-27%***		
EBITDA*	**4,956**	**12,851**	***-61%***	**743**	**1,866**	***-60%***	**1,740**	***-57%***	**1,101**	**930**
EBITDA Margin	***9.2%***	***14.7%***	***-5.5ppt***	***5.8%***	***10.0%***	***-4.2ppt***	***14.8%***	***-0.6ppt***	***8.7%***	***7.4%***
Financial Inc. (Exp.), ne	-3,762	-783	***380%***	-1,158	-771	***50%***	-2,718	***-57%***		
Monetary Gain/Loss	2,629	1,224	***115%***	550	213	***158%***	854	***-36%***		
PBT	**1,005**	**10,440**	***-90%***	**-289**	**898**	***-132%***	**378**	***-176%***		
PBT Margin	***1.9%***	***11.9%***	***-10.0ppt***	***-2.2%***	***4.8%***	***-7.0ppt***	***3.2%***	***-1.7ppt***		
Tax Inc./Exp.	-551	-2,926	*-81%*	-213	-484	*-56%*	-82	*160%*		
Net Income	**455**	**7,514**	***-94%***	**-502**	**413**	***-221%***	**296**	***-270%***	**-370**	**4**
Net Margin	***0.8%***	***8.6%***	***-7.7ppt***	***-3.9%***	***2.2%***	***-6.1ppt***	***2.5%***	***-2.5ppt***	***-2.9%***	***0.0%***

Turk Traktor

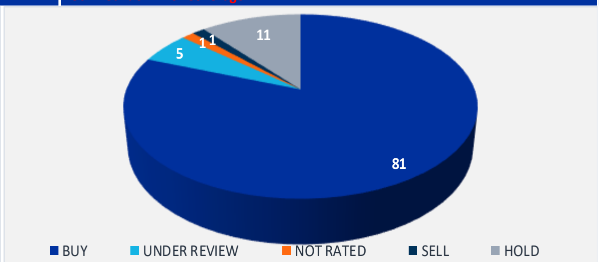
Relative to BIST 100 / Recommendations



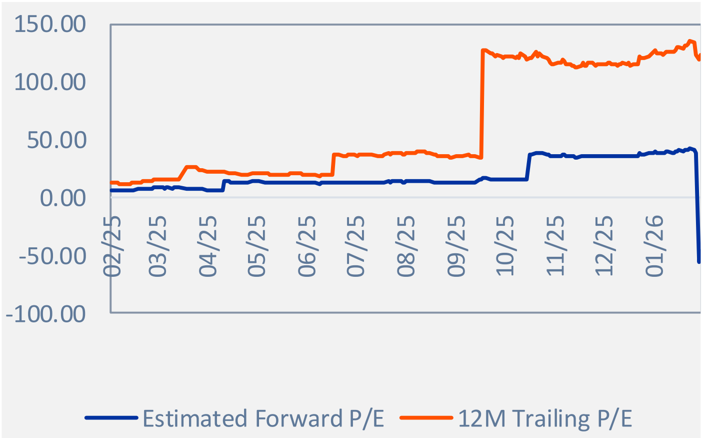
Number of Companies



Rec. Breakdown for Coverage



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



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