July 2, 2024

Passenger car and light commercial vehicle market decreased by 5% y/y in June 2024

According to June data provided by Automotive Distributors Association (ODD), PC+LCV Market in Turkiye decreased by 5% y/y to 106.2k units. While Passenger Car segment down by 4% y/y to 87.8k units, Light Commercial Vehicle segment also contracted by 13% y/y to 18.4k units.

Automotive sales have recently been above 10-yr averages due to the General Safety Regulations (GSR II), which has been a hot topic in the sector. According to the regulation published in Turkiye, vehicles that do not have the safety equipment specified in the GSR II regulation have been extended with the new decision and the deadline has been set as August 31, 2024. The exception to this is that the brand will be able to sell vehicles that are not GSR II compliant up to 10% of its sales in 2023. This limit will be 30% for CV's. We June say that various promotions in the prices of non-GSR-approved vehicles through dealers support domestic sales.

As a reminder, the total Passenger Car and Light Commercial Vehicle Market increased by 57% y/y and reached 1.23mn units in 2023. In addition, the recent rise in the share of hybrid and electric vehicles in the automotive sector is also quite remarkable. In 2022, the share of hybrid and electric vehicle sales in the total market was 12.2%, while this rate increased to 18.3% by the end of 2023. We believe that demand is shifting from diesel-engine vehicle types to hybrid and especially electric vehicles, and that these types of vehicles will have a higher share in the market in the upcoming period. In 6A24, the share of hybrid vehicles increased to 14%, while the share of electric vehicles rose to 9%.

In our opinion, due to the high level of loan interest rates, the high level of policy interest rates and the strong base effect, it will be a period in which sales volumes will continue to contract y/y. According to June 2024 data, we observe that it is well above the 10-yr average sales volume. We expect the y/y contraction in June to be within expectations and we continue to see a weak y/y trend following months. Based on our calculations, leading auto companies' June sales highlights are summarized below.

TOASO: Tofas' PC sales decreased by 16% y/y to 9.4k units, while LCV sales were also down by 28% y/y to 3.8k units. The company's total sales declined by 20% y/y in June 2024 and totalled 13.2k units. On the other hand, monthly sales jumped by 45% due to low sales volume. We calculate that in June 2024, Tofas' market share in Turkish PC+LCV market contracted to 12.4%, compared to 2023's 14.6%. Negative.

FROTO: Ford Otosan's PC sales were down by 7% y/y to 2.5k units, while LCV sales also down by 37% y/y to 5.1k units, bringing total monthly sales to 7k units in June which indicates 30% y/y decrease. Sales decreased by 15% m/m. As per our calculations, Ford Otosan's market share in Turkish PC+LCV market contracted to 7.2% in June 2024, compared to 2023 level of 9.7%. Negative.

DOAS: Dogus Otomotiv's Skoda included total sales were up by 20% to 14.5k units, while Skoda excluding sales also increased by 4% y/y to 10.1k units. The number of sales decreased by 14% m/m. We calculate that Dogus Otomotiv's market share in Turkish PC+LCV market share was realized as 13.6%, compared to 2023's 10.7%. Slightly positive.

<u>Please refer below for the detailed tables.</u>

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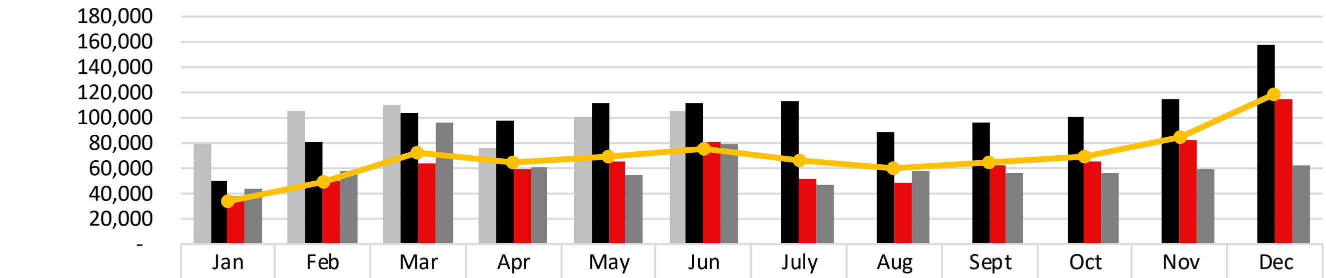
Monthly Vehicle Sales (number of units)



	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
2024	79,701	105,990	109,828	75,919	100,305	106,238	-	-	-	-	-	-
2023	50,894	81,148	103,929	97,679	111,556	112,163	113,959	89,454	96,793	101,367	115,040	158,653
2022	38,131	49,652	64,267	60,035	65,167	80,652	52,206	48,336	62,084	65,222	82,311	115,220
2021	43,728	58,504	96,428	61,488	54,734	79,819	47,849	58,454	57,141	56,746	60,216	62,243
10 Yrs Avg.	34,480	49,845	72,783	65,354	68,845	75,885	65,665	60,524	64,116	69,429	84,248	118,993

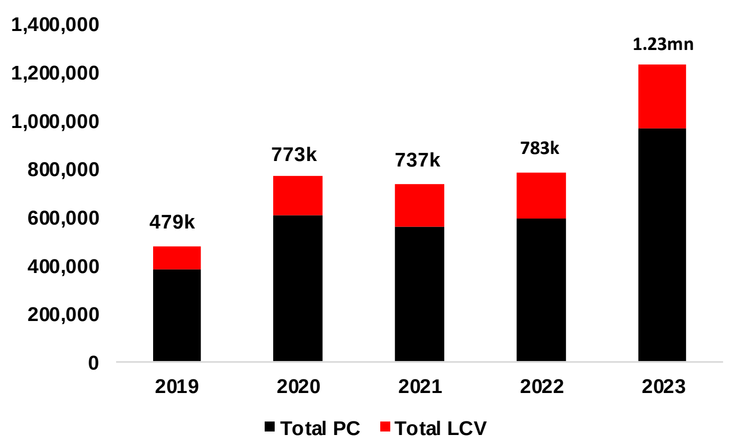
2024 2023 2022 2021 10 Yrs Avg.

Source: Automotive Distributors' Association, OYAK Securities

Engine Type	6M24		6M23		Change
	Quantity	Share	Quantity	Share	
Petrol	**305,550**	**66%**	**295,332**	**68%**	**3%**
Diesel	**50,064**	**11%**	**72,445**	**17%**	**-31%**
Autogas	**3,015**	**1%**	**4,892**	1%	**-38%**
Hybrid	**64,921**	**14%**	**44,409**	**10%**	**46%**
Hybrid	*18,213*	4%	*12,202*	3%	*49%*
Plug-in Hybrid	*1,652*	0%	*999*	0%	*65%*
Mild Hybrid	*45,056*	10%	*31,208*	7%	*44%*
Electric	**39,405**	**9%**	**14,294**	**3%**	**176%**
Pure Electric	*35,636*	8%	*11,028*	3%	***223%***
Extended Range	*3,769*	1%	*3,266*	1%	***15%***
Total	**462,955**	100%	**431,372**	100%	**7%**

Source: Automotive Distributors' and Mobility Association

Passenger & Light Commercial Car Breakdown



Source: Automotive Distributors' Association, OYAK Securities

Total Sales Volume (in units)	Jun-24	May-24	m/m	Jun-23	y/y	6M24	6M23	y/y
DOAS	14,464	16,908	-14%	12,018	20%	79,258	77,035	3%
FROTO	7,649	9,050	-15%	10,907	-30%	44,962	50,803	-11%
TOASO	13,160	9,100	45%	16,355	-20%	73,287	104,164	-30%
Peugeot	6,180	5,293	17%	6,435	-4%	32,373	40,892	-21%
Citroen	5,903	3,911	51%	8,014	-26%	29,931	32,030	-7%
Opel	4,769	3,752	27%	9,109	-48%	26,728	38,718	-31%
Renault	11,334	10,850	4%	16,845	-33%	65,042	58,705	11%
Hyundai	5,391	5,204	4%	5,101	6%	29,771	27,823	7%
Toyota	4,679	3,426	37%	6,116	-23%	28,330	23,802	19%
Others	32,709	32,811	0%	21,263	54%	168,299	103,397	63%
Passenger Car (in units)	**Jun-24**	**May-24**	**m/m**	**Jun-23**	**y/y**	**6M24**	**6M23**	**y/y**
DOAS	12,768	15,150	-16%	11,095	15%	68,031	68,638	-1%
FROTO	2,518	2,571	-2%	2,717	-7%	15,274	13,875	10%
TOASO	9,397	4,784	96%	11,132	-16%	45,797	73,157	-37%
Peugeot	5,118	4,025	27%	5,645	-9%	25,900	30,726	-16%
Citroen	5,505	2,911	89%	6,621	-17%	23,378	21,959	6%
Opel	3,547	3,078	15%	8,393	-58%	21,195	31,999	-34%
Renault	9,672	9,714	0%	15,901	-39%	56,960	51,905	10%
Hyundai	4,683	4,647	1%	4,666	0%	26,440	25,371	4%
Toyota	4,513	3,241	39%	5,184	-13%	24,385	18,406	32%
Others	30,137	30,139	0%	19,781	52%	155,595	95,336	63%
Light Commercial Vehicle (in units)	**Jun-24**	**May-24**	**m/m**	**Jun-23**	**y/y**	**6M24**	**6M23**	**y/y**
DOAS	1,696	1,758	-4%	923	84%	11,227	8,397	34%
FROTO	5,131	6,479	-21%	8,190	-37%	29,688	36,928	-20%
TOASO	3,763	4,316	-13%	5,223	-28%	27,490	31,007	-11%
Peugeot	1,062	1,268	-16%	790	34%	6,473	10,166	-36%
Citroen	398	1,000	-60%	1,393	-71%	6,553	10,071	-35%
Opel	1,222	674	81%	716	71%	5,533	6,719	-18%
Renault	1,662	1,136	46%	944	76%	8,082	6,800	19%
Hyundai	708	557	27%	435	63%	3,331	2,452	36%
Toyota	166	185	-10%	932	-82%	3,945	5,396	-27%
Others	2,572	2,672	-4%	1,482	74%	12,704	8,061	58%

Source: Automotive Distributors' and Mobility Association

Total Market Share (%)	Jun-24	May-24	m/m	Jun-23	y/y	6M24	6M23	y/y
DOAS	13.6%	16.9%	-324 bps	10.7%	290 bps	13.7%	13.8%	-11 bps
FROTO	7.2%	9.0%	-182 bps	9.7%	-252 bps	7.8%	9.1%	-134 bps
TOASO	12.4%	9.1%	331 bps	14.6%	-219 bps	12.7%	18.7%	-601 bps
Peugeot	5.8%	5.3%	54 bps	5.7%	8 bps	5.6%	7.3%	-174 bps
Citroen	5.6%	3.9%	166 bps	7.1%	-159 bps	5.2%	5.7%	-57 bps
Opel	4.5%	3.7%	75 bps	8.1%	-363 bps	4.6%	6.9%	-232 bps
Renault	10.7%	10.8%	-15 bps	15.0%	-435 bps	11.3%	10.5%	72 bps
Hyundai	5.1%	5.2%	-11 bps	4.5%	53 bps	5.2%	5.0%	16 bps
Toyota	4.4%	3.4%	99 bps	5.5%	-105 bps	4.9%	4.3%	63 bps
Others	30.8%	32.7%	-192 bps	19.0%	1,183 bps	29.1%	18.6%	1,057 bps
Passenger Car (%)	**Jun-24**	**May-24**	**m/m**	**Jun-23**	**y/y**	**6M24**	**6M23**	**y/y**
DOAS	14.5%	18.9%	-434 bps	12.2%	236 bps	11.8%	12.3%	-54 bps
FROTO	2.9%	3.2%	-34 bps	3.0%	-12 bps	2.6%	2.5%	15 bps
TOASO	10.7%	6.0%	474 bps	12.2%	-152 bps	7.9%	13.1%	-520 bps
Peugeot	5.8%	5.0%	81 bps	6.2%	-37 bps	4.5%	5.5%	-103 bps
Citroen	6.3%	3.6%	264 bps	7.3%	-100 bps	4.0%	3.9%	11 bps
Opel	4.0%	3.8%	20 bps	9.2%	-517 bps	3.7%	5.7%	-207 bps
Renault	11.0%	12.1%	-109 bps	17.4%	-644 bps	9.9%	9.3%	54 bps
Hyundai	5.3%	5.8%	-46 bps	5.1%	21 bps	4.6%	4.6%	2 bps
Toyota	5.1%	4.0%	110 bps	5.7%	-55 bps	4.2%	3.3%	92 bps
Others	34.3%	37.6%	-325 bps	21.7%	1,260 bps	26.9%	17.1%	982 bps
Light Commercial Vehicle (%)	**Jun-24**	**May-24**	**m/m**	**Jun-23**	**y/y**	**6M24**	**6M23**	**y/y**
DOAS	9.2%	8.8%	46 bps	4.4%	484 bps	1.9%	1.5%	44 bps
FROTO	27.9%	32.3%	-441 bps	38.9%	-1,103 bps	5.1%	6.6%	-149 bps
TOASO	20.5%	21.5%	-106 bps	24.8%	-436 bps	4.8%	5.6%	-81 bps
Peugeot	5.8%	6.3%	-55 bps	3.8%	202 bps	1.1%	1.8%	-70 bps
Citroen	2.2%	5.0%	-282 bps	6.6%	-446 bps	1.1%	1.8%	-67 bps
Opel	6.6%	3.4%	329 bps	3.4%	324 bps	1.0%	1.2%	-25 bps
Renault	9.0%	5.7%	338 bps	4.5%	455 bps	1.4%	1.2%	18 bps
Hyundai	3.9%	2.8%	107 bps	2.1%	178 bps	0.6%	0.4%	14 bps
Toyota	0.9%	0.9%	-2 bps	4.4%	-353 bps	0.7%	1.0%	-29 bps
Others	14.0%	13.3%	66 bps	7.0%	695 bps	2.2%	1.4%	75 bps

Source: Automotive Distributors' and Mobility Association

Valuation Approach

Valuation tools employed most frequently are Discounted Cash Flow (DCF) and International Peer Group Comparison, though other metrics such as Dividend Discount, Gordon Growth, and Replacement Value Methods are also used wherever appropriate. Oyak Securities analysts may calculate the target return of each stock considering only one method or assigning different weights to more than one method depending on the analyst’s opinion. The “Expected Market Return” **(EMR)** of the BIST-100 is determined through aggregate target returns of each stock under coverage based on their respective free float market capitalization. Our coverage accounts for around 80% of the total market capitalization of the BIST.

Rating Methodology

Oyak Securities assigns recommendations to each stock according to the following criteria:

Price target for a stock represents the value analyst expects the stock to reach during our performance horizon, which is 12 months. For stocks with an OUTPERFORM recommendation, target return must exceed the EMR by at least 10% over the next 12 months. For a stock to be classified as UNDERPERFORM, the stock must be expected to underperform the EMR more that 10% over the next 12 months. Stocks that an analyst expects to perform parallel to the EMR within a band of +/- 10% are rated as MARKETPERFORM.