

November 6, 2024

Tupras

2024 guidance maintained

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According to its inflation-adjusted (IAS-29 impact) financials, Tupras achieved a net profit of TRY 7,744mn in 3Q24 (2Q23: TRY 9,903mn, -22%). Our expectation was TRY 6,681mn, and the market expectation was for a profit of TRY 6,235mn. Despite sales revenue printing below our expectation, lower-than-expected costs and expenses led to better operational profitability. The net profit was supported by TRY 2,451mn in net financial income, while a monetary loss of TRY 3,049mn was a pressure point. In 3Q24, a tax expense of TRY 3,609mn was recorded.

With the energy efficiency provided by the completion of RUP maintenance, the capacity utilization rate (CUR) reached 101%, the highest level since the 3Q of 2019 (3Q23: 99%), and production reached 7.3mn tons (3Q23: 7mn tons). This quarter saw the highest gasoline sales of all time in tonnage terms with the increase in domestic demand. Sales volume in 3Q24 was 8.1mn tons with a 4% decrease YoY. Including the IAS-29 impact, the company's net sales revenues were TRY 196,223mn in 3Q24, with a 33% decline compared to 3Q23, somewhat below our expectation of TRY 211,719mn and the market expectation of TRY 209,177mn.

Middle distillate product margins declined compared to last year due to high inventory levels linked to high capacity utilization in global refineries in 3Q24. The diesel margin was \$15.7/bbl in 3Q24 (2Q24: \$18.4; 3Q23: \$31.5), while the jet fuel margin was \$13.5/bbl (2Q24: \$16.3; 3Q23: \$29.9). The gasoline product margin fell to \$14.1/bbl from \$21.5/bbl in 2Q24 and \$27.8/bbl in 3Q23. Meanwhile, FOEB product margins improved on a quarterly basis in 3Q24 to -\$12.5/bbl (2Q24: -USD13.2; 3Q23: -USD8.2) due to ongoing supply constraints.

Including the TMS-29 impact, EBITDA reached TRY 14,560mn in 3Q24, exceeding our expectation of TRY 13,552mn and the market's expectation of TRY 13,097mn (3Q23: TRY 47,650mn, -69% YoY). The EBITDA margin was 7.4% (3Q23: 16.3%).

Strong net cash position... Despite the TRY 23bn dividend payment and the USD 700mn Eurobond payment made this quarter, Tupras's net cash position increased to TRY +58bn at the end of 3Q24 from TRY +55bn at the end of 2Q24. The company made a second dividend payment of net TRY 10.74 (gross TRY 11.94) per share on September 27, 2024, to be covered by previous years' profits. The dividend yield was 7.6%.

2024 expectations: Tupras maintained its Refining Margin expectation at approximately USD12/bbl for 2024. Additionally, it maintained expectations of an 85-90% capacity utilization rate, approximately 26mn tons of production, an approximately 30mn ton sales volume, and an expected Refining Investment Expenditure of approximately USD 400mn.

➤ In light of the 3Q24 financial results and our expectations, we maintain our 12-month target price for TUPRS of 238.46/share. Our target price has 69% upside potential compared to the stock's closing price on November 5, 2024. We maintain our OUTPERFORM recommendation.

OUTPERFORM
TP: TRY 238.46
Previous TP: TRY 238.46
Upside: 69%

	TRY	US\$
Close	141,10	4,12
BIST 100	8.619	251
US\$/TRY(CB Bid Rate):	34,2580	
52 Week High:	189,77	5,88
52 Week Low:	119,95	4,02
Bloomberg/Reuters Ticker:	TUPRS.TI / TUPRS.IS	

Number of Shares (Mn):	1.927		
	(TRY Mn)	(US\$ Mn)	
Current Mcap :	271.871	7.930	
Free Float Mcap :	133.217	3.886	
	1 M	YoY	Ytd
TRY Return (%):	-8,7	7,8	12,8
US\$ Return (%):	-9,1	-11,0	-3,3
BIST 100 Relative (%):	-3,5	-3,6	-2,2
Avg. Daily Vol. (TRY Mn):	3.708,6		
Avg. Daily Vol. (US\$ Mn):	117,1		

Beta	1,16
Volatility (Stock)	0,29
Volatility (BIST 100)	0,24

Shareholder Structure	%
Enerji Yatırımları A.Ş.	46,4
Others	46,8
Koç Holding A.Ş.	6,8
Total	100,0



Figure 1: Financials (Including IAS-29)

TRY Million	9M23	9M24	YoY	3Q23	3Q24	YoY
Revenues	681.836	599.332	-12,1%	292.612	196.223	-32,9%
Gross Profit	112.784	53.327	-52,7%	52.798	18.785	-64,4%
<i>Gross Profit Margin</i>	<i>16,5%</i>	<i>8,9%</i>		<i>18,0%</i>	<i>9,6%</i>	
EBIT	94.549	32.937	-65,2%	46.498	12.779	-72,5%
<i>EBIT Margin</i>	<i>13,9%</i>	<i>5,5%</i>		<i>15,9%</i>	<i>6,5%</i>	
EBITDA	100.675	40.136	-60,1%	47.650	14.560	-69,4%
<i>EBITDA Margin</i>	<i>14,8%</i>	<i>6,7%</i>		<i>16,3%</i>	<i>7,4%</i>	
Net Profit	23.403	13.573	-42,0%	9.903	7.744	-21,8%
<i>Net Profit Margin</i>	<i>3,4%</i>	<i>2,3%</i>		<i>3,4%</i>	<i>3,9%</i>	

Source: Finnet, Şeker Invest Research

Figure 2: Key financials (Including IAS-29)

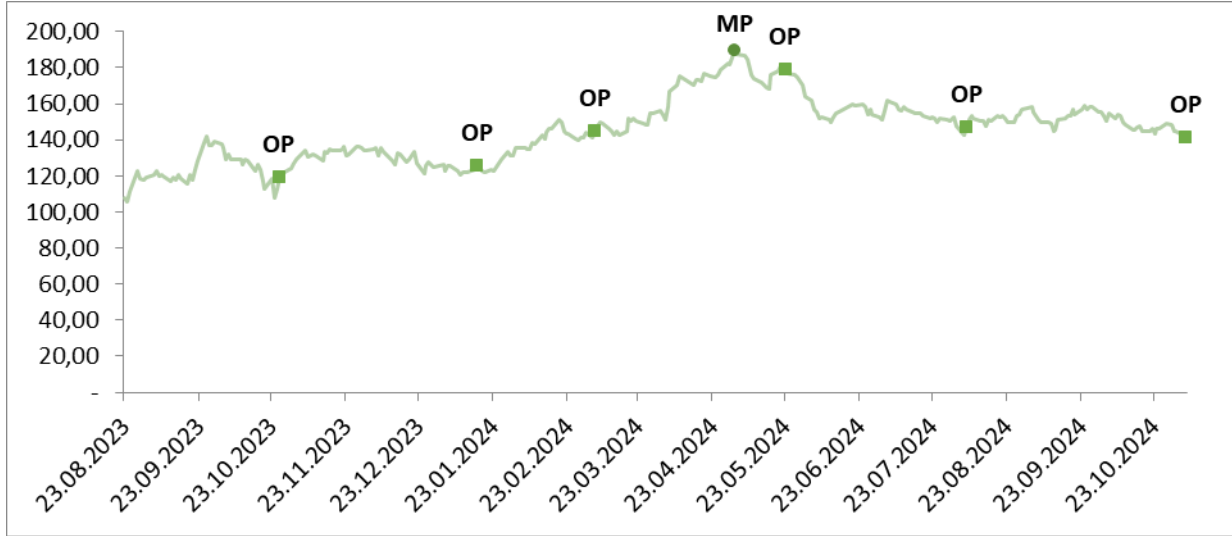
BALANCE SHEET (TRY Mn)	2023/12K	2024/09	%
PP&E	181.834	181.583	0%
Intangibles	5.781	5.588	-3%
Other Non-Current Assets	37.429	34.537	-8%
Trade Receivables	54.941	40.361	-27%
Cash&Equivalents	132.222	102.527	-22%
Other Current Assets	86.119	87.991	2%
Total Assets	498.327	452.587	-9%
Long Term Debt	7.280	12.971	78%
Other Non current liabilities	4.380	3.795	-13%
Short Term Debt	3.203	5.703	78%
Trade Payables	133.084	106.048	-20%
Other Current Liabilities	74.665	78.960	6%
Total Liabilities	222.611	207.478	-7%
Total Equity	275.716	245.109	-11%
Total Equity&Liabilities	498.327	452.587	-9%

INCOME STATEMENT (TRY Mn)	2023/12K	2023/09	2024/09	%
Net Sales	686.529	681.836	599.332	(12)
COGS	576.796	569.052	546.005	(4)
Gross Profit/(Loss)	109.732	112.784	53.327	(53)
Operating Expenses	19.556	18.234	20.390	12
Operating Profit/(Loss)	90.177	94.549	32.937	(65)
Net Other Operational Gain/(Loss)	(16.549)	(18.319)	(5.132)	N.M.
Income/(Loss) from Investing Activities	82	233	(13)	N.M.
Financial Income/(Expense)	(5.194)	(9.333)	7.477	N.M.
Monetary Gain / (Loss)	(15.960)	(12.279)	(12.599)	N.M.
Share of profit of equity accounted investments	1.051	2.270	821	(64)
Profit Before Tax (Loss)	57.820	57.121	23.491	(59)
Tax	3.948	33.358	9.623	(71)
Net Profit/(Loss)	53.872	23.763	13.868	(42)
Minority Interest	295	360	295	(18,0)
Parent Equity	53.577	23.403	13.573	(42,0)

TUPRS

Source: Şeker Invest

Historical Recommendations and target prices



Date	Recommendation	Target Price (TRY)
1-Aug-23	OutPerform (OP)	135.03
26-Oct-23	OutPerform (OP)	174.20
16-Jan-24	OutPerform (OP)	195.45
5-Mar-24	OutPerform (OP)	195.45
2-May-24	Market Perform (MP)	195.45
23-May-24	OutPerform (OP)	238.46
6-Aug-24	OutPerform (OP)	238,46
6-Nov-24	OutPerform (OP)	238,46

Basis for 12m equity ratings

Outperform: The total return is expected to exceed the return of the BIST 100 by more than 10%.

Underperform: The total return is expected to fall below the return of the BIST 100 by more than 10%.

Market Perform: The total return is expected to be in line with the return of the BIST 100.

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