

# Dogus Otomotiv

## A sharp decline in net profit in 3Q24...

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Dogus Otomotiv has posted a net profit of TRY 280.4mn in 3Q24 (3Q23: TRY 8,644mn net profit), according to its financials with inflation accounting (TAS-29 effect), down 96.8% YoY. This contraction was primarily driven by heightened OpEx, equity method losses from investments (3Q23: TRY 1,365mn, 3Q24: TRY -821.6mn), an increase in net financial expenses due to rising FX on loans (3Q23: TRY -728.6mn, 3Q24: TRY 935.2mn), and a reduction in monetary gains relative to the prior-year period (3Q23: TRY 1,628mn, 3Q24: TRY 449.7mn). Other operating income and lower current period tax expenses (3Q23: TRY 4,437mn, 3Q24: TRY 1,294mn) helped partially offset the negative impact on net profit this quarter.

In 3Q24, wholesale vehicle sales, including Skoda, decreased by 5.5% YoY (3Q23: 45,648 units, 3Q24: 43,122 units). Doğuş Otomotiv posted net revenue of TRY 37,928mn in 3Q24, marking a 35% YoY contraction with TAS-29 effects (3Q23: TRY 58,357mn). The steep drop in sales revenue, coupled with a comparatively lower decrease in the CoGS against the decrease in sales revenue drop, resulted in a 61.7% YoY decline in gross profit, which fell to TRY 4,733mn in 3Q24. The GP margin narrowed to 12.5%, reflecting an 8.7 pp decrease from the prior year. For 3Q24, EBITDA stood at TRY 2,218mn, corresponding to a 5.8% EBITDA margin, down 12.6 pp from 18.4% in 3Q23 (TRY 10,740mn).

**FY24 Expectations:** The Company foresees a 1.2mn units (Previous: 1mn units) for total automotive market (PC + LCV + HCV) with Dogus Automotive branded-vehicle sales of 125,000 units (Previous: 110,000 units) (except Skoda) for FY24. The FY24 CapEx target is TRY 4.7bn.

The company also announced that it has decided not to distribute dividend advances from the interim profit generated from 9M24 earnings.

**We revise down our TP from TRY 360.00/shr to TRY 347.00/shr, and our “Outperform” recommendation.** We expect financial results to have a negative impact on the Company's shares. In the long-run, we anticipate a continuation of the top-line growth contribution from its subsidiaries. Meanwhile; we expect the Company to readily adapt to the electrification process in the automotive market.

“OUTPERFORM”

TP: TRY 347.00

Previous: TRY 360.00

Upside Potential: 58.4%

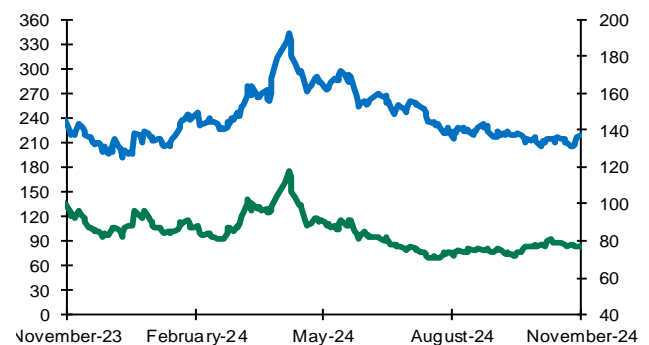
	TRY	US\$
Close	219,00	6,39
BIST 100	9.277	271
US\$/TRY (CB Bid Rate):	34,35	
52 Week High:	342,74	10,56
52 Week Low:	192,31	5,98
Bloomberg/Reuters Ticker:	DOAS.TI / DOAS.IS	

Number of Shares (Mn):	220,0	
	(TRY Mn)	(US\$ Mn)
Current Mcap:	48.180	1.405
Free Float Mcap:	16.381	478

	1M	YOY	YTD
TRY Return (%):	4,6	-7,8	-0,6
US\$ Return (%):	4,3	-23,4	-14,7
BIST 100 Relative (%):	0,1	-22,8	-20,0
Avg. Daily Vol. (TRY Mn):	669,59		
Avg. Daily Vol. (US\$ Mn):	21,06		

Beta	0,71
Volatility (Stock)	0,37
Volatility (BIST 100)	0,24

Shareholder Structure	%
Dogus Holding	65,5
Dogus Otomotiv Servis	2,8
Free Float	31,7
Total	100,0



Share Price (TRY)

XU100 Relative

Table 1: High Level P&amp;L

TRY Million	9M23	9M24	YoY	3Q23	3Q24	YoY
Revenues	150.300	120.624	-19,7%	58.357	37.928	-35,0%
Gross Profit	34.013	20.063	-41,0%	12.350	4.733	-61,7%
Gross Profit Margin	22,6%	16,6%		21,2%	12,5%	
EBIT	28.430	11.634	-59,1%	10.328	1.692	-83,6%
EBIT Margin	18,9%	9,6%		17,7%	4,5%	
EBITDA	29.637	13.136	-55,7%	10.740	2.218	-79,3%
EBITDA Margin	19,7%	10,9%		18,4%	5,8%	
Net Profit	22.198	5.968	-73,1%	8.644	280	-96,8%
Net Profit Margin	14,8%	4,9%		14,8%	0,7%	

Source: Dogus Otomotiv, Seker Invest - Research, Finnet Database

Table 2: Summary Financial Statements

(TRY 1,000) (Inc. IAS-29)	2023	9M24	%
<b>Assets</b>	<b>92.204.155</b>	<b>83.045.848</b>	<b>-9,9%</b>
Cash & Cash Equivalents	10.384.632	1.408.812	-86,4%
Trade Receivables	17.497.913	12.006.067	-31,4%
Inventories	14.468.580	20.454.821	41,4%
Financial Investments	6.289.104	4.933.923	-21,5%
Investments in Equity Accounted Investees	11.567.413	9.070.514	-21,6%
Tangible & Intangible Non-Current Assets	16.632.371	17.436.265	4,8%
Right of Use Assets	86.039	134.933	56,8%
Investment Property	13.947.058	13.988.924	0,3%
Other	1.331.045	3.611.589	171,3%
<b>Liabilities</b>	<b>35.352.594</b>	<b>31.150.982</b>	<b>-11,9%</b>
Financial Liabilities	14.646.359	11.875.151	-18,9%
Trade Payables	11.576.540	14.350.423	24,0%
Provisions	4.388.685	1.331.543	-69,7%
Other	4.741.010	3.593.865	-24,2%
<b>Equity</b>	<b>56.851.561</b>	<b>51.894.866</b>	<b>-8,7%</b>

Source: Dogus Otomotiv, Seker Invest - Research, Finnet Database

Graph 1 &amp; Table 3: Historical recommendations and target prices



Date	Recommendation	Target Price (TRY)
10-Nov-22	Market Perform (MP)	160,00
11-Jan-23	Outperform (OP)	205,80
1-Mar-23	Outperform (OP)	205,80
1-Aug-23	Outperform (OP)	338,25
22-Aug-23	Outperform (OP)	375,90
10-Nov-23	Outperform (OP)	375,90
16-Jan-24	Outperform (OP)	334,00
18-Mar-24	Outperform (OP)	360,00
3-Jun-24	Outperform (OP)	360,00
29-Aug-24	Outperform (OP)	360,00
11-Nov-24	Outperform (OP)	347,00

## Basis for 12m equity ratings

<b>Outperform:</b>	The total return is expected to exceed the return of the BIST100 by more than 10%.
<b>Underperform:</b>	The total return is expected to fall below the return of the BIST100 by more than 10%.
<b>Market Perform:</b>	The total return is expected to be in line with the return of the BIST100.

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