

Tofas

Weak financial results & unexpected net loss in 4Q24...

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According to inflation accounting provisions (IAS-29), Tofas (TOASO.TI; OP) announced a net loss of TRY 121mn (4Q23: TRY 7,438mn) in 4Q24. This unexpected net loss is primarily attributed to weaker sales performance, a contraction in net sales revenue, operating losses, and the negative impact of tax expenses.

The Company printed a net sales revenue of TRY 27,730mn, down 45.5% YoY, including the IAS-29 effect, compared to 4Q23 (4Q23: TRY 50,854mn). Domestic sales volume dropped to 35k units (4Q23: 54k units, -34% YoY), mainly due to increased market competition with new entrants, the lack of updates to SCT, which reduced the local production advantage, and overall weaker demand. Export sales volume saw an even sharper decline, falling to 5k units (4Q23: 18k units, -72% YoY). The company's EBITDA decreased by 97% YoY to TRY 215mn (4Q23: TRY 7,152mn), well below both our estimate of TRY 547mn and the RT consensus of TRY 878mn. The EBITDA margin also dropped sharply from 14.1% in 4Q23 to 0.8% in 4Q24 (-13.3 pp).

The Company's 2025 expectations. Tofas has announced its 2025 guidance. The Company expects an 0.9mn-1,1mn units (2024: 1,24mn units) domestic light vehicle market with Tofas-branded vehicle sales of 110-130k units (2024: 143.7k units). It anticipates export shipments of 70-90k units (2024: 33.6k units). Its CapEx target is at EUR 150mn. The Company expects a total production volume of between 150-170k units (2024: 140.5k units). It expects to achieve a PBT margin >5% (2024: 4.1%) for 2025.

Despite the negative financial results in 4Q24, we view Tofaş's financial structure as resilient due to its take-or-pay contracts and the brand strength derived from FCA. The extension of Tipo/Egea production until December 31, 2025, along with the allocation of production and sales rights for the new K0 LCV model for four Stellantis brands in Turkey from the end of 2024, is expected to be a positive long-term catalyst for the stock. Currently, Tofaş only distributes Fiat vehicles in Turkey, but if the company finalizes its acquisition of Stellantis Otomotiv's shares (pending final approval from the Competition Authority), it will also secure distribution rights for Peugeot, Citroën, and Opel in Turkey. Furthermore, as part of this agreement, Tofaş has committed to producing 1 million vehicles between 2024 and 2032. Given these strategic developments, we see a potential long-term upside for Tofaş shares. We maintain our "OUTPERFORM" recommendation with a target share price of TRY 299.40, implying a 50% upside potential.

	2022/12K	2023/12K	2024/12K	2025E
P/E	10,62	4,57	19,07	9,61
EV/EBITDA	4,11	3,04	11,92	6,62
P/BV	3,85	1,87	2,11	1,97
Net Sales (TRY Mn)	124.019	184.229	120.267	209.380
Net Profit (TRY Mn)	9.374	21.777	5.221	10.363

"OUTPERFORM"

TP: TRY 299.40

Previous: TRY 299.40

Upside Potential: 50%

	TRY	US\$
Close	199,10	5,53
BIST 100	9.780	271
US\$/TRY (CB Bid Rate):	36,00	
52 Week High:	350,50	10,78
52 Week Low:	179,80	5,25
Bloomberg/Reuters Ticker:	TOASO.TI / TOASO.IS	

Number of Shares (Mn):	500	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	99.550	36,0020
Free Float Mcap:	23.892	663

	1 M	YOY	YTD
TRY Return (%):	-6,7	-19,3	-2,9
US\$ Return (%):	-8,5	-31,3	-4,9
BIST 100 Relative (%):	-5,5	-24,3	-2,4
Avg. Daily Vol. (TL Mn):	1.193,6		
Avg. Daily Vol. (US\$ Mn):	35,8		

Beta (2 years, daily)	0,92
Volatility (Stock)	0,38
Volatility (BIST 100)	0,22

Shareholder Structure	%
Koc Holding	37,6
Fiat Auto S.p.A	37,9
Others	0,2
Free Float	24,3
Total	100,0

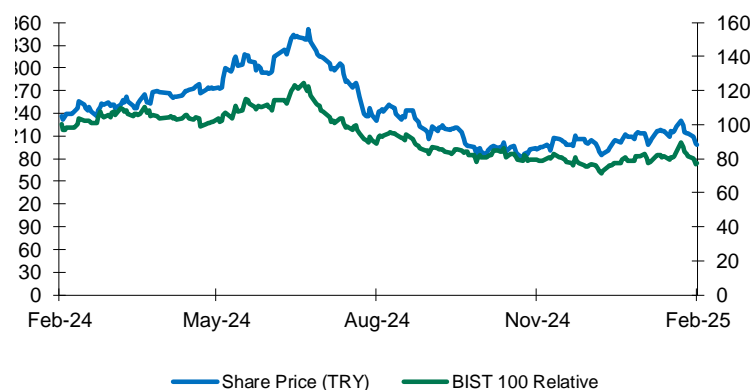


Table 1: Summary Financial Statements

	2024	2023	%
Current Assets			
Cash & Cash Equivalents	19.797	35.887	-44,8%
Inventories	8.701	14.022	-37,9%
Trade Receivables	20.885	26.591	-21,5%
Receivables from Finance Sector Operations	12.269	10.254	19,7%
Other Current Assets	1.063	600	77,2%
Non-Current Assets			
Propoerty, Plant & Equipment	14.484	12.728	13,8%
Intangible Assets	4.163	6.154	-32,4%
Receivables from Finance Sector Operations	4.612	3.671	25,6%
Other Non-Current Assets	5.684	3.671	54,8%
Total Assets	91.660	113.579	-19,3%
Current Liabilities			
Short-Term Borrowings	0	1.011	
Short-Term Portion of Long-Term Borrowings	10.937	8.718	25,5%
Trade Payables	11.342	34.017	-66,7%
Other Current Liabilities	4.237	7.604	-44,3%
Non-Current Liabilities			
Long-Term Borrowings	16.964	7.353	130,7%
Long-Term Provisions	1.078	1.630	-33,9%
Total Equity	47.102	53.246	-11,5%
Total Liabilities & Equity	91.660	113.579	-19,3%

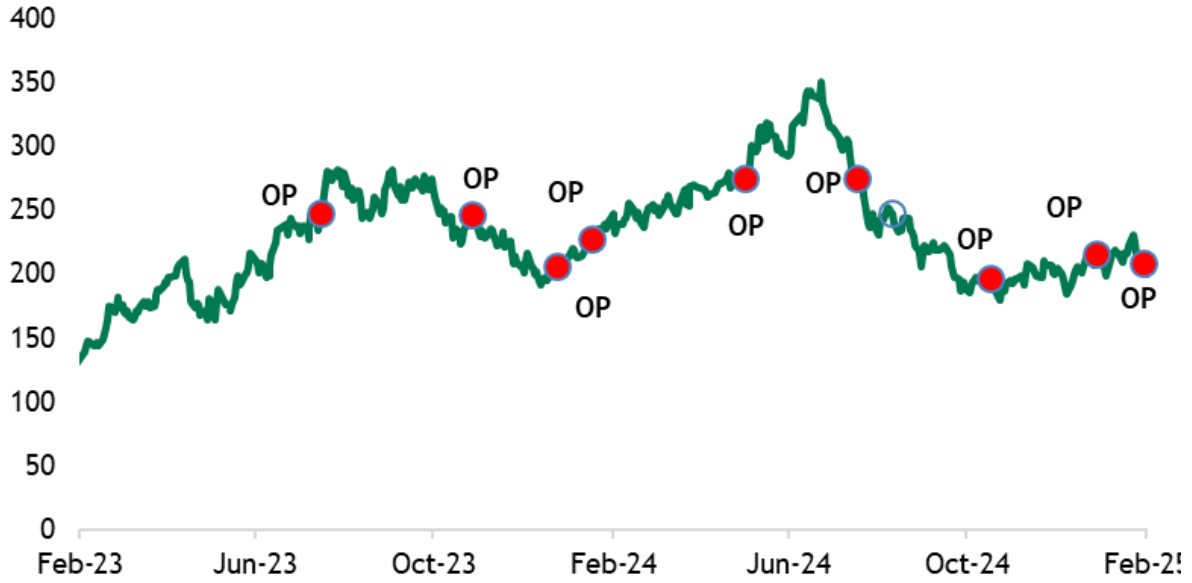
Source: Tofas, Seker Invest Research, Audit Reports

Table 2: High level P&L

TRY mn	IAS-29 Inc.					
	12M23	12M24	%	4Q23	4Q24	%
Net Sales Revenue	184.229	120.267	-34,7%	50.854	27.730	-45,5%
EBITDA	28.383	9.280	-67,3%	7.152	215	-97,0%
EBITDA Margin (%)	15,4%	7,7%	-7.7 p.p.	14,1%	0,8%	-13.3 p.p.
Net Profit	21.777	5.221	-76,0%	7.438	-121	N.M.
Net Profit Margin (%)	11,8%	4,3%	-7.5 p.p.	14,6%	-0,4%	0

Source: Tofas, Seker Invest Research, Audit Reports

Table 3: Historical recommendations and target prices



Date	Recommendation	Target Price (TRY)
27-Jul-23	Outperform (OP)	357,90
26-Oct-23	Outperform (OP)	395,60
16-Jan-24	Outperform (OP)	337,90
15-Feb-24	Outperform (OP)	387,00
22-May-24	Outperform (OP)	387,00
2-Aug-24	Outperform (OP)	387,00
5-Nov-24	Outperform (OP)	341,90
7-Jan-25	Outperform (OP)	299,40
13-Feb-25	Outperform (OP)	299,40

Basis for 12m equity ratings

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

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