

February 28, 2025

Türk Hava Yolları

Solid sales revenue, and income from investment activities supported net profit in 4Q24...

A. Can TUĞLU
Equity Research Analyst
atuglu@sekeryatirim.com

Turkish Airlines reported a net profit of US\$ 711mn in 4Q24 (4Q23: USD 3,233mn), exceeding the market consensus of USD 632mn, but below our estimate of USD 786mn. The strong revenue performance, driven by an 8% YoY increase in passenger revenue and a 21% YoY growth in cargo revenue, contributed to higher gross profitability, while limited positive net financial income and interest income from financial investments further supported the company's earnings. Including the one-off tax gain of USD 3,1bn recorded in 4Q23, net profit declined 78% YoY. However, excluding this one-off tax gain and before inflation accounting adjustments, net profit surged by 459.8% YoY, reaching USD 711mn in 4Q24. Turkish Airlines' total PAX volume increased 3.3% YoY to 20,1 million in 4Q24, while total cargo volume recorded a 5.5% YoY growth. Alongside rising passenger numbers, strong demand fueled a significant expansion in cargo revenue, which grew 20.6% YoY to USD 949mn. As a result, total revenue rose 9.6% YoY to USD 5,609mn (Seker: USD 5,468mn, Avg. Market Consensus: USD 5,574mn). Meanwhile, EBITDA contracted slightly by 0.5% YoY to USD 1,064mn (Seker: USD 967mn, Avg. Market Consensus: USD 1,051mn), with operational results coming broadly in line with expectations.

The EBITDAR margin declined by 1.2 pp YoY to 22.5% in 4Q24.

The total passenger count for 4Q24 dropped 3.3% on an annual basis, with passenger LF at 81.9%, up 0.8 pp from 4Q23. PAX yields decreased by 0.6% YoY to US\$8.53 in 4Q24. In contrast, cargo volume rose by 5.5% YoY, with cargo revenue surging by 20.6% YoY to US\$ 949mn, underscoring the resilience in this segment. RASK2 climbed 5.3% YoY to US\$7.79 in 4Q24 (4Q23: US\$7.40). Passenger RASK rose by 0.4% YoY to US\$7.07. Total CASK increased by 2.7% YoY to US\$8.50, despite a 24.1% YoY reduction in fuel unit costs (4Q23: US\$2.87, 4Q24: US\$2.18) due to lower fuel prices. This cost inflation was driven by expanded cargo operations and a substantial rise in personnel costs resulting from wage hikes (4Q23: US\$1.54, 4Q24: US\$2.18, 4Q24/4Q23: +41.6%). EBITDAR in USD terms rose by 3.8% YoY to US\$ 1,064mn in 4Q24, while the EBITDAR margin contracted by 1.2 pp YoY to 22.5%, reflecting cost pressures despite revenue strength.

Turkish Airlines has announced that, per its consolidated financial statements for the 2024 fiscal period, a total of TRY 9,500,000,000 in distributable net profit will be proposed for distribution to shareholders in two equal installments at the Ordinary General Assembly Meeting. The payments are scheduled for June 16, 2025, and September 2, 2025. Accordingly, the Company has determined that the cash dividend per share with a nominal value of 1 TL will be paid in two installments, with each installment amounting to a gross TL 3.4420289, making a total gross dividend of 6.8840578 TL per share. Based on the last closing price on February 27, 2025, the cash dividend per share corresponds to a gross dividend yield of 2.2% and a payout ratio of 8.38%. The proposed ex-dividend dates are June 16, 2025, and September 2, 2025.

Turkish Airlines also released its 2025 financial and operational outlook, forecasting 6-8% YoY growth in passenger capacity, with total passenger exceeding 91 million. The company expects total revenue to rise by 6-8% YoY, with an EBITDAR margin in the range of 22-24%. Ex-fuel unit cost is projected to increase in the mid-to-single-digit range, while the fleet is expected to expand to 515-525 aircraft by the end of 2025.

OUTPERFORM
TP: TRY 495.50
Upside potential: 61%
Previous TP: TRY 495.50

	TRY	US\$
Close	315,75	8,68
BIST 100	9.741	268
US\$/TRY (CB Bid Rate):	36,3652	
52 Week High:	332,00	10,27
52 Week Low:	257,50	7,53
Bloomberg/Reuters Ticker:	THYAO.TI / THYAO.IS	

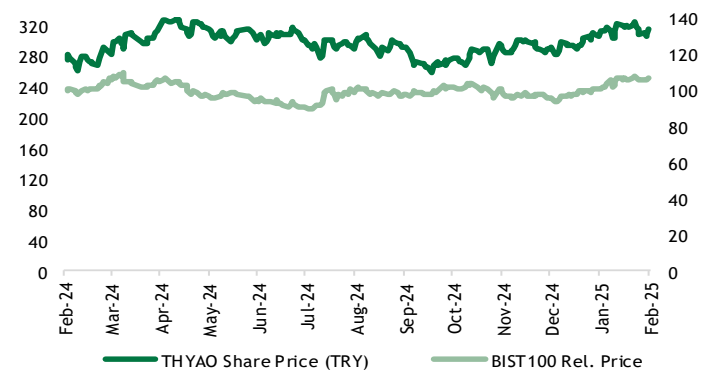
Number of Shares (Mn): 1.380

	(TRY mn)	(US\$ mn)
Current Mcap :	435.735	11.982
Free Float Mcap :	217.868	5.991

	1 M	YoY	YtD
TRY Return (%):	3,0	2,4	12,4
US\$ Return (%):	0,8	-3,8	8,8
BIST 100 Relative (%):	5,7	-3,5	13,4
Avg. Daily Vol. (TRY m):	8.991		
Avg. Daily Vol. (US\$ m):	268		

Beta	0,96
Volatility (Stock)	0,29
Volatility (BIST 100)	0,23

Shareholder Structure	%
Turkey Wealth Fund	49,12
Other	0,33
Free Float	50,55
Total	100,00



Following the results, we maintain our target price of “TRY 495.50/share” for THY, and maintain our “OP” recommendation. The company’s operational and financial performance reflects a solid outlook, sustained both domestic and international passenger growth and strength in cargo operations for 2025. The current share price of TRY 308.25 has upside potential of 61% according to the target share price.

Risks - Another pandemic, natural disaster or rising geopolitical risk presents downside risks to our traffic and profitability assumptions. Also, a swift increase in jet fuel prices would introduce a downside risk to our valuation, and *vice versa*.

Table 1: Summary P&L

US\$ Million	12M23	12M24	YoY	4Q23	4Q24	YoY
Revenues	20.942	22.669	8,2%	5.119	5.609	9,6%
Gross Profit	4.882	4.322	-11,5%	811	887	9,4%
Gross Profit Margin	23,3%	19,1%	-4.2 pp	15,8%	15,8%	
EBIT	3.490	2.856	-18,2%	492	490	-0,4%
EBIT Margin	16,7%	12,6%	-4.1 pp	9,6%	8,7%	-0.9 pp
EBITDA	5.525	5.059	-8,4%	1.069	1.064	-0,5%
EBITDA Margin	26,4%	22,3%	-4.1 pp	20,9%	19,0%	-1.9 pp
Net Profit	6.021	3.423	-43,1%	3.233	711	-78,0%
Net Profit Margin	28,8%	15,1%	-13.7 pp	63,2%	12,7%	-50.5 pp

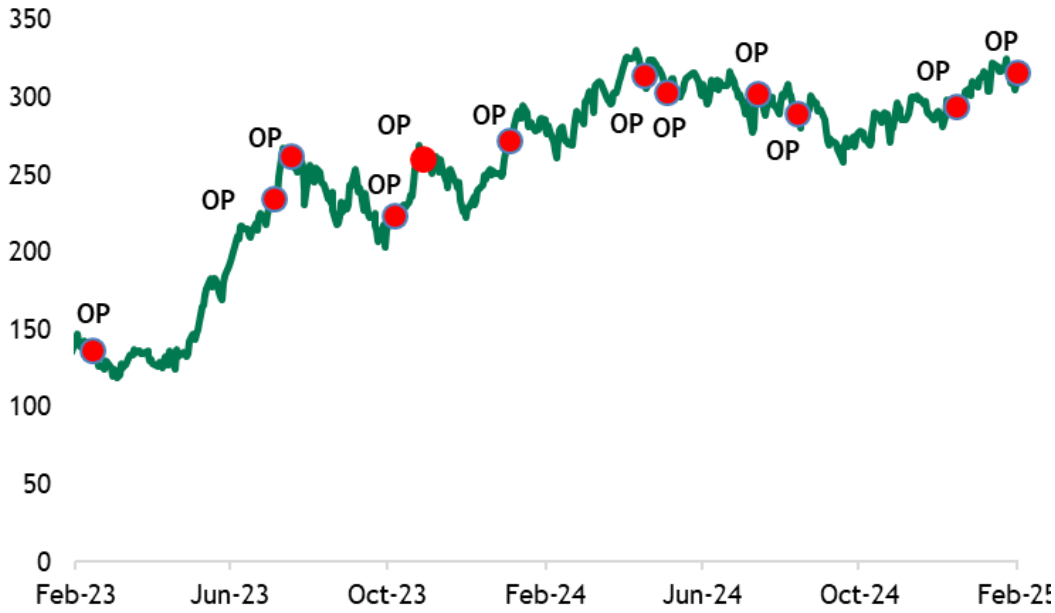
Source: Turkish Airlines, Finnet, Seker Invest Res.

Table 2: Key Financials

Assets (mn USD)	2021	2022	2023	2024
Cash and Cash Eq. & Short-Term Financial Investments	2.682	4.701	6.027	6.067
Trade Receivables	925	995	856	905
Pre-delivery Payment Receivables (PDP)	546	511	305	837
Other Current Assets	785	1.018	1.407	1.884
Total Current Assets	4.938	7.225	8.595	9.693
Net Fixed Assets	4.364	4.723	6.118	7.098
Rights of Use of Assets	15.110	16.577	16.928	17.625
Pre-delivery Payment Receivables (PDP)	279	291	501	566
Other Non-Current Assets	16.956	18.705	20.457	22.317
Total Non-Current Assets	21.599	23.719	27.076	29.981
Total Assets	26.537	30.944	35.671	39.674
Liabilities (mn USD)	2021	2022	2023	2024
Lease Obligations	10.244	10.766	11.812	1.196
Bank Borrowings	4.659	3.273	2.435	1.895
Passenger Flight Liabilities	1.216	2.291	2.656	2.659
Accounts Payable	891	1.200	1.291	1.494
Other Liabilities	2.690	3.672	1.914	2.346
Total Liabilities	19.700	21.202	20.108	20.360
Total Shareholders Equity	6.837	9.742	15.563	19.314
Total Liabilities & Shareholders Equity	26.537	30.944	35.671	39.674

Source: Turk Hava Yolları, Seker Invest, PDP, Finnet

Historical Recommendations and target prices



Date	Recommendation	Target Price (TRY)
2-Mar-23	Outperform (OP)	194,70
*1-Aug-23	Outperform (OP)	293,37
9-Aug-23	Outperform (OP)	293,37
2-Nov-23	Outperform (OP)	358,50
*16-Jan-24	Outperform (OP)	402,60
4-Apr-24	Outperform (OP)	402,60
23-May-24	Outperform (OP)	475,40
6-Aug-24	Outperform (OP)	475,40
5-Nov-24	Outperform (OP)	475,40
7-Jan-25	Outperform (OP)	495,50
28-Feb-25	Outperform (OP)	495,50

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.

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
 Büyükdere Cad. No:171 Metrocity
 A Blok Kat 4-5 34330 SİSLİ /İST
 TURKEY

TEL: +90 (212) 334 33 33
 Fax: +90 (212) 334 33 34
 E-mail: research@sekeryatirim.com
 Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com
Burak Demirbilek	Utilities	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com
Sevgi Onur	Banks	+90 (212) 334 33 33-150	sonur@sekeryatirim.com
Engin Degirmenci	Cement	+90 (212) 334 33 33-201	edegirmenci@sekeryatirim.com
Atasav Can Tuglu	Food & Beverages, Automotive, Retail, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com.tr
Esra Uzun Ozbaskin	Telcos, Iron & Steel, Cons. Dur., Oil & Deriv.	+90 (212) 334 33 33-245	euzun@sekeryatirim.com
Basak Kamber	Glass, Pharmaceutical, Defense	+90 (212) 334 33 33-245	bkamber@sekeryatirim.com

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com
------------------	-----------------	---------------------	--

Institutional Sales

Batuhan Alpman	Head	+90 (212) 334 33 70	balpman@sekeryatirim.com
Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com
Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com

DISCLAIMER

I, Atasav Can TUĞLU, hereby certify that the views expressed in this research accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

This report has been prepared by Şeker Yatırım Menkul Değerler A.Ş. (Şeker Invest, Inc.). The information and opinions contained herein have been obtained from and are based upon public sources that Şeker Invest considers to be reliable. No representation or warranty, express or implied, is made that such information is accurate or complete and should not be relied upon, as such. All estimates and opinions included in this report constitute our judgments as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. Şeker Invest may, from time to time, have a long or short position in the securities mentioned in this report and may solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) for any company referred to in this report and may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis upon which it is based, before its publication. This report is for the use of intended recipients and may not be reproduced in whole or in part or delivered or transmitted to any other person without the prior written consent of Şeker Invest. By accepting this document you agree to be bound by the foregoing limitations.

Copyright © 2025 Şeker Invest, Inc.