Earnings Update
Aviation Industry

April 25, 2025

TAV Airports Holding

Net profit was below than the expectations in 1Q25…

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TAV Airports Holding (TAVHL.TI; OP) reported a net loss of €45.6mn in 1Q25, significantly wider than both the RT consensus estimate of a €15mn loss, and our expectation of a €8mn loss, marking a sharp deterioration from the €8.9mn net profit recorded in 1Q24. Despite solid revenue growth, the bottom-line performance was materially weighed down by:

- A 23% YoY surge in operating expenses, primarily driven by elevated personnel costs and higher cost of services rendered,
- A weaker EBITDA growth due to lower-margin contribution from the current TAV Technologies project versus the prior year, coupled with TL inflation,
- €17.4mn in deferred tax loss associated with the Antalya 1, and New Antalya, and €14.1mn in FX translation losses, which collectively reversed the prior year's profitability.

Although total passenger traffic grew modestly by 4% YoY (1Q25: 17.8mn vs. 1Q24: 17.1mn) due to colder winter in Antalya, the Ramadan period within the low season, and the Easter seasonality. TAV's sales revenue grew 18% YoY to €378.5mn (1Q24: €320.8mn), exceeding both RT consensus (€356mn) and our expectation (€339mn). Key revenue drivers included:

- Incremental income from new commercial zones at Almaty Airport,
- Contributions from a new TAV Tech project in Qatar;
- Price adjustments, and SPP growth.

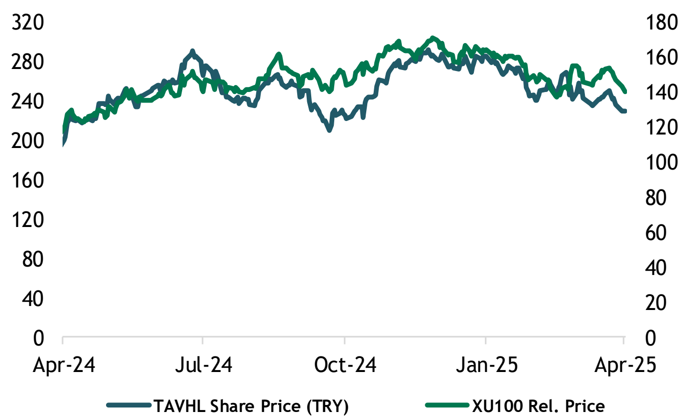
EBITDA came in at €90.1mn, representing a 5% YoY increase (1Q24: €86.0mn), broadly in line with consensus expectations (€88mn), and our estimate of €86mn. However, EBITDA growth remained subdued relative to topline expansion, reflecting margin dilution from TAV Tech project and TL inflation. Almaty contributed €30.1mn, accounting for 33% of consolidated EBITDA. Net debt remained largely stable at €1.794.9mn as of 1Q25 (1Q24: €1.787.9mn; 4Q24: €1.722.8mn), reflecting a prudent debt profile amidst ongoing CapEx execution.

(€ m)	2023	2024	2025E
Revenues	1.310	1.660	1.830
EBITDA	385	489	576
Net Income	249	183	170
Net Debt/EBITDA (x)	4,3	3,5	3,0

OUTPERFORM
TP: TRY 371.00
Previous TP: 392.20
Upside potential: 61.9%

	TRY	US$	
Close	229,10	5,99	
BIST 100	9.491	248	
US$/TRY (CB Bid Rate):	38		
52 Week High:	294,75	8,9	
52 Week Low:	203,0	5,9	
Bloomberg/Reuters Ticker:	TAVHL.TI / TAVHL.IS		
Number of Shares (Mn):	363,3		
	(TRY m)		**(US$ m)**
Current Mcap :	83.228		2.177
Free Float Mcap :	39.949		1.045
	1 M	**YoY**	**YtD**
TRY Return (%):	-7,51	15,07	-16,39
US$ Return (%):	-8,19	-1,93	-22,76
BIST 100 Relative (%):	-9,38	17,87	-13,39
Avg. Daily Vol. (TRY m):	626		
Avg. Daily Vol. (US$ m):	18,2		
Beta	0,88		
Volatility (Stock)	0,34		
Volatility (BIST 100)	0,25		

Shareholder Structure	**%**
Tank ÖWA Alpha GmbH	46,12
Tepe İnşaat Sanayi A.Ş.	4,06
Free Float	49,82
Total	100



Strategic Investments & Forward Guidance: The new terminal at Antalya Airport commenced operations on April 12, 2025, enhancing total capacity to 65 million passengers annually. Ankara Esenboğa Airport expansion project is slated for completion in 2Q25, with 99% progress reported as of 1Q25. With the start of the new concession period, the company expects higher tariffs and increased revenue compared to the previous concession, given the same number of passengers served in 2024 and the end of the passenger guarantee/IFRIC 12 impact. TAV anticipates that Ankara's revenue will reach approximately €100mn in 2025. Additionally, solar energy projects in İzmir and Bodrum are expected to be finalized in 2Q25; the Ankara solar project remains under evaluation.

The Company's 2025 Expectations: For 2025, the company expects net sales revenue in the range of €1.750mn - €1.850mn, total passenger traffic in the range of 110mn - 120mn, and international passenger traffic in the range of 75mn - 83mn. TAV forecasts 2025 EBITDA in the range of €520mn - €590mn and expects the Net Debt/EBITDA ratio to be in the range of 2.5-3.0 by the end of 2025. The company anticipates capital expenditures of €140mn - €160mn+ (Almaty Investment Plan (around ~€300mn spread out over 5 years between 2025–2029)) in 2025. Additionally, the company has also expressed its intention to distribute dividends from FY25 net earnings.

We maintain our "Outperform" rating, and with our updated 12M TP at TRY 371.00/sh - We view the operational and financial results announced after 1Q25 as negative. Considering the increase in terminal capacity resulting from investments and the ability to serve more passengers, we regard the continuation of these investments as a strong catalyst for TAV. The Almaty Investment Program is expected to be financed through Almaty's operational cash flow and project finance investment loan limits, without the need for an equity shareholder loan, which indicates that Almaty can sustain strong operational results in the coming periods. However, in the short to medium term, we acknowledge that if geopolitical risks escalate, the downside risks for the aviation sector outlook could become more pronounced. We slightly revised down our target share price from TRY 392.20 to TRY 371.00 due to 1 pp upward revision in RfR, and revisions on our macro forecast. Given the potential return offered by our target price, we reiterate our "OUTPERFORM" recommendation. Currently, TAV shares trade at a 61.9% discount compared to our target price.

Table 1: Summary P&L

Airports	Pax (mn)			Revenues (€ mn)			EBITDA (€ mn)			EBITDA Margin (%)		
	1Q 2023	1Q 2024	1Q 2025	1Q 2023	1Q 2024	1Q 2025	1Q 2023	1Q 2024	1Q 2025	1Q 2023	1Q 2024	1Q 2025
Ankara Esenboga	2,48	2,87	3,01	6,8	15,9	18,8	0,2	7,4	7,2	2,5%	46,9%	38,3%
Izmir	1,94	2,23	2,36	13,2	15,9	19,0	3,8	6,1	7,6	28,9%	38,3%	40,2%
Gazipaşa	0,12	0,13	0,11	0,4	0,5	0,6	-0,8	-1,1	-1,6	-212,0%	-210,3%	-291,9%
Milas-Bodrum	0,27	0,30	0,30	1,5	1,6	1,8	-1,4	-1,6	-2,2	-97,2%	-103,4%	-122,2%
Tunisia (Monastir & Enfidha)	0,18	0,25	0,32	3,1	4,4	6,0	-1,2	-0,6	1,0	-37,6%	-13,9%	16,6%
Georgia (Tblisi & Batumi)	0,79	1,02	1,17	20,1	23,8	29,8	13,9	17,4	22,3	69,4%	73,0%	74,8%
Macedonia (Skopje & Ohrid)	0,49	0,64	0,63	7,2	9,6	10,5	1,6	3,7	3,6	22,9%	38,8%	34,8%
Almaty	1,90	2,50	2,68	96,3	113,4	115,9	21,7	32,0	30,1		28,2%	26,0%
Services												
Havas				41,1	51,1	60,3	3,1	10,6	8,5	7,5%	20,7%	14,0%
BTA				25,3	26,5	30,7	0,6	0,2	-2,6	2,5%	0,9%	-8,3%
Others				36,0	58,0	85,2	2,1	11,9	16,1	6,0%	20,5%	18,9%
Total				**251,0**	**320,8**	**378,5**	**43,7**	**86,0**	**90,1**	17,4%	26,8%	23,8%
Eliminations				0,0	0,0	0,0	0,0	0,0	0,0			
Consolidated, adj.				**251,0**	**320,8**	**378,5**	**43,7**	**86,0**	**90,1**	17,4%	26,8%	23,8%
ATU (50%)					52,3	55,8		2,9	1,5		5,5%	2,7%
TGS (50%)					64,4	81,8		6,8	4,5		10,6%	5,5%

Source: TAV Airports Holding, Seker Invest

Table 2: Income Statement (€ mn)

Income Statement (€ m)	1Q23	1Q24	1Q25	25/24 YoY % Change
Total Revenue	**251,0**	**320,8**	**378,5**	**18,0%**
Aviation Income	105,1	129,3	132,8	2,7%
Ground Handling Income	51,2	64,4	75,0	16,4%
Commission from the Sale of Duty-Free Goods	7,1	9,1	12,9	40,5%
Catering Services Income	29,0	32,6	38,8	19,0%
Income from Car Parking Operations	4,5	6,3	8,5	35,1%
Area Allocation, Sublease and Advertising	9,8	10,9	13,2	21,5%
Area Allocation Income	*7,8*	*8,7*	*10,2*	*16,7%*
Rent Income from Sublease	*1,1*	*1,3*	*1,9*	*42,7%*
Advertising Income	*1,0*	*0,8*	*1,2*	*37,5%*
Bus Services Income	2,1	3,1	3,2	4,6%
Income from Lounge Services, Loyalty Card & Prime Class	16,2	29,8	38,4	28,6%
Loyalty Card Income	*0,2*	*0,6*	*0,9*	*65,8%*
Prime Class Income	*15,0*	*29,3*	*37,5*	*27,9%*
Income from Lounge Services	*0,9*	*0,0*	*0,0*	
Software Sales	5,7	8,0	12,4	55,1%
Other Operating Revenues	20,3	27,2	43,4	59,2%
Security Services Income	*4,8*	*5,6*	*7,8*	*39,3%*
Retail Income	*0,0*	*0,0*	*0,0*	
Other Operating Revenue	*12,5*	*19,7*	*33,7*	*70,6%*
Ticket Sales Income	*0,0*	*0,0*	*0,0*	
Operating Financial Revenue	*0,3*	*0,0*	*0,0*	
Utility and General Participation Income	*1,1*	*0,9*	*0,9*	*-4,7%*
Hotel and Reservation Income	*1,5*	*1,0*	*1,1*	*5,6%*
Operating Expenses	**-208,4**	**-239,3**	**-289,2**	**20,9%**
Cost of Catering Inventory Sold	-9,6	-9,9	-12,4	25,9%
Cost of Services Rendered	-24,8	-31,3	-50,3	60,8%
Construction Expenses	0,0	0,0	0,0	N.M.
Cost of Duty Free Inventory Sold	0,0	0,0	0,0	N.M.
Cost of Fuel	-55,0	-58,5	-50,7	-13,3%
Personnel Expenses	-76,0	-93,1	-118,4	27,1%
Concession Rent Expenses	-0,3	-0,2	-0,2	8,7%
Other Operating Expenses	-42,6	-46,3	-57,2	23,4%
Other Operating Income	1,0	4,5	0,8	-81,6%
EBITDA	**43,7**	**86,0**	**90,1**	**4,7%**
Depreciation and Amortization and Impairment Expenses	-21,6	-30,3	-35,5	16,9%
Equity Pick-up	-13,4	-5,4	-36,5	N.M.
EBIT (Operating Profit)	**8,6**	**50,3**	**18,1**	**-64,0%**
Net Interest Expense	-23,5	-23,0	-18,7	-18,9%
Discount Expense	-9,7	-8,3	-7,6	-7,9%
FX	-4,3	0,6	-14,1	N.M.
Other	-3,1	-4,0	-1,4	N.M.
Net Finance Income/Expense	**-40,6**	**-34,7**	**-41,8**	20,5%
Monetary Position Gain	**2,1**	**3,6**	**0,9**	-74,9%
Tax Payable	-14,9	-8,3	-11,7	41,2%
Deferred Tax	1,0	-0,1	-9,4	7898,1%
Income Tax Expense	**-13,9**	**-8,4**	**-21,1**	**150,7%**
Profit from Continuing Activities	**-43,7**	**10,9**	**-43,8**	**N.M.**
Profit from Discontinued Operations	**0,0**	**0,0**	**-0,1**	**N.M.**
Profit for the Period, Attributable to:				
Owners of the Company	**-45,3**	**8,9**	**-45,6**	**N.M.**
Non-controlling Interest	-1,5	-2,0	-1,7	-12,4%

Source: TAV Airports Holding, Seker Invest

Table 3: Balance Sheet (€ m)

Balance Sheet (€ m)	3M23	3M24	3M25
TOTAL ASSETS	**4.248,8**	**4.780,6**	**4.777,5**
Total Current Assets	**777,7**	**939,4**	**831,6**
Cash and Cash Equivalents	251,8	450,1	315,1
Restricted Bank Balances	46,8	51,9	66,1
Trade Receivables	142,7	111,7	148,3
Due from Related Parties	18,5	38,4	17,5
Inventories	67,9	40,7	46,1
Financial Assets	70,0	85,0	59,1
Other Receivables and Current Assets	179,9	161,6	179,3
Total Noncurrent Assets	**3.471,1**	**3.840,2**	**3.945,1**
Noncurrent Trade Receivables	0,0	0,0	0,0
Noncurrent due from Related Parties	128,6	113,3	155,5
Equity Accounted Investees	697,0	727,7	686,2
Goodwill	217,8	221,4	219,9
Property and Equipment	501,8	744,4	945,5
Intangible Assets	19,4	21,4	36,9
Airport Operation Right	1.644,4	1.563,9	1.437,0
Right of Use Assets	74,9	109,5	130,4
Derivative Financial Instruments	49,7	53,4	44,2
Deferred Tax Asset	28,6	43,5	52,2
Other Non-Current Assets	108,9	241,7	237,3
TOTAL EQUITY AND LIABILITIES	**4.248,8**	**4.780,6**	**4.777,5**
Total Liabilities	**3.069,4**	**3.322,6**	**3.217,3**
Total Current Liabilities	**629,3**	**852,6**	**1.083,8**
Bank Overdraft	0,7	0,5	0,0
Loans and Borrowings	288,1	509,1	456,5
Trade Payables	61,0	59,7	74,6
Due to Related Parties	0,5	0,3	302,3
Derivative Financial Instruments	0,0	0,0	0,0
Current Tax Liabilities	19,4	13,6	7,8
Provisions	7,4	11,0	13,9
Other Liabilities	236,8	244,6	218,0
Deferred Income	15,5	13,8	10,6
Provision for Employee Benefit	0,0	0,0	0,0
Other Current Provisions	0,0	0,0	0,0
Total Noncurrent Liabilities	**2.440,1**	**2.470,0**	**2.133,5**
Long Term Borrowings	1.190,8	1.320,7	1.404,4
Trade Payables	0,0	0,0	0,0
Provision for Employee Benefit	25,5	23,0	38,1
Due to Related Parties	455,7	455,6	0,0
Derivative Financial Instruments	0,0	0,0	0,0
Other Liabilities	653,0	568,9	575,5
Deferred Tax Liabilities	91,4	82,9	90,1
Deferred Income	14,1	13,9	19,3
Liabilities from Equity Accounted Investees	9,6	5,0	6,1
EQUITY	**1.179,4**	**1.457,6**	**1.559,7**
Total Equity Attributable to Equity Holders	**1.157,1**	**1.440,1**	**1.545,9**
Share Capital	162,4	162,4	162,4
Share Premium	220,3	220,3	220,3
Translation Reserves	-47,3	-80,6	-97,6
Legal Reserves	122,0	122,0	122,0
Other Reserves	-70,0	-74,3	-75,7
Treasury Reserves	0,0	0,0	0,0
Cash Flow Hedge Reserve	44,6	46,5	38,6
Purchase of Shares of Entities Under Common Control	40,1	40,1	40,1
Retained Earnings	685,1	1.003,8	1.135,9
Profit/Loss for the Period	0,0	0,0	0,0
Minority Interest	**22,3**	**17,5**	**13,9**

Source: TAV Airports Holding, Seker Invest

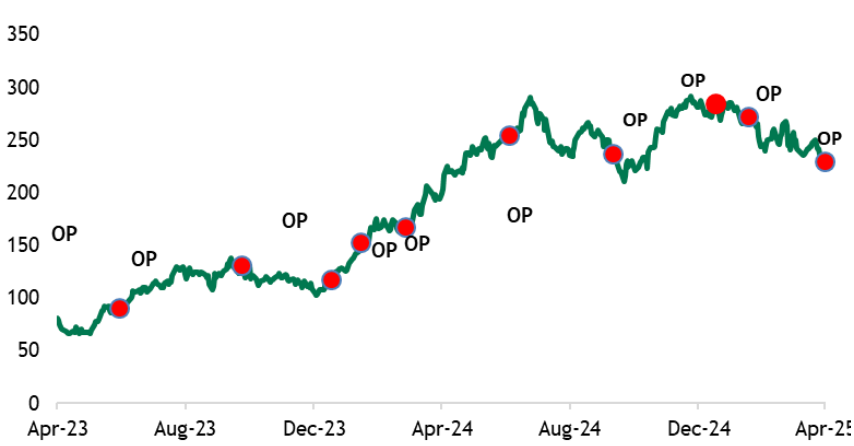
Table 4: TAV Airports Holding, Quarterly PAX, Revenues & Adj. EBITDA

€ mn	Q1 2013	Q1 2024	Q1 2025	YoY, % Change
Revenues	251,0	320,8	378,5	18,0%
Aviation Income	105,1	129,3	132,8	2,7%
Ground Handling Income	51,2	64,4	75,0	16,4%
Commission from Sales of Duty Free Goods	7,1	9,1	12,9	40,5%
Catering Services Income	29,0	32,6	38,8	19,0%
Income from Lounge Services and Loyalty Card	1,2	0,6	0,9	65,8%
Other Operating Revenues	20,3	27,2	43,4	59,2%
EBITDA	43,7	86,0	90,1	4,7%
EBITDA Margin	*17,4%*	*26,8%*	*23,8%*	*-3.0 pp*
Net Profit*	-45,3	8,9	-45,6	-613,1%
Net Profit Margin	*-18,0%*	*2,8%*	*-12,1%*	*-14.8 pp*

Source: TAV Airports Holding, Seker Invest

** Attributable to the equity holders of the Company*

Table 5: Historical Recommendations and Target Prices



Date	Recommendation	Target Price (TRY)
28-Jul-23	Outperform (OP)	156,20
25-Oct-23	Outperform (OP)	193,30
16-Jan-24	Outperform (OP)	208,10
14-Feb-24	Outperform (OP)	222,80
26-Apr-24	Outperform (OP)	278,50
23-Jul-24	Outperform (OP)	355,00
24-Oct-24	Outperform (OP)	355,00
7-Jan-25	Outperform (OP)	392,20
19-Feb-25	Outperform (OP)	392,20
25-Apr-25	Outperform (OP)	371,00

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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