

Tofas

Weak financial results & net loss in 1Q25...

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According to inflation accounting provisions (IAS-29), Tofas (TOASO.TI; OP) announced a net loss of TRY 140mn (1Q24: TRY 3,875mn) in 1Q25 (Avg. RT Cons.: TRY -153mn, Seker: TRY -243mn). The company's negative bottom-line performance was mainly attributable to an operating loss driven by a significant decline in sales revenues – which we believe resulted from weak sales execution – combined with the negative impact of a net monetary position loss.

The Company printed a net sales revenue of TRY 24,204mn, down 47.9% YoY, including the IAS-29 effect, compared to 1Q24 (1Q24: TRY 46,485mn). Domestic sales volume dropped to 26,531 units (1Q24: 42,291 units, -37% 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 6,463 units (1Q24: 16,768 units, -61.5% YoY). The company's EBITDA decreased by 88% YoY to TRY 699mn (1Q24: TRY 6,202mn), above both our estimate of TRY 190mn and the RT consensus of TRY 455mn. The EBITDA margin also dropped sharply from 13.3% in 1Q24 to 2.9% in 1Q25 (-10.5 pp).

The Company's 2025 expectations. Tofas has maintained 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).

We view positively Tofaş's financial resilience supported by take-or-pay contracts and the brand strength leveraged through FCA. The company has already commenced local production in Turkey of the new K0 light commercial vehicle and its Combi variants for four Stellantis brands. Under the terms of the agreement, Tofaş aims to produce a total of 1 million units between 2024 and 2032. More recently, the Competition Authority granted conditional approval for Tofaş's acquisition of Stellantis Otomotiv shares. As part of the associated strategic investment plan, Tofaş announced it will begin producing a new multi-energy platform light vehicle starting in 3Q26, with an annual capacity of 150,000 units, some of which are designated for Middle Eastern and African markets. Including this project, the company expects to raise its total export production capacity to 200,000-220,000 units by 2027. With the full transfer of Stellantis Otomotiv shares, Tofaş will not only gain distribution rights in Turkey for the Peugeot, Citroën, and Opel brands – complementing its current Fiat distribution – but will also undertake export-focused production of a new light vehicle. We believe these developments may have a positive impact on Tofaş shares over the medium to long term. Once the share acquisition is finalized, we may revise our model assumptions accordingly. Following an upward revision to our macro assumptions and risk-free rate, we slightly lower our target price from TRY 299.40 to TRY 284.70, and maintain our "OUTPERFORM" recommendation, implying a 45% upside potential.

“OUTPERFORM”

TP: TRY 284.70

Previous: TRY 299.40

Upside Potential: 45%

	TRY	US\$
Close	195,80	5,10
BIST 100	9.307	243
US\$/TRY (CB Bid Rate):	38,34	
52 Week High:	326,99	10,06
52 Week Low:	151,20	3,97
Bloomberg/Reuters Ticker:	TOASO.TI / TOASO.IS	

Number of Shares (Mn):	500	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	97.900	38,3396
Free Float Mcap:	23.496	612

	1 M	YOY	YTD
TRY Return (%):	17,1	-22,4	2,3
US\$ Return (%):	16,1	-34,1	-5,8
BIST 100 Relative (%):	21,5	-17,3	8,1
Avg. Daily Vol. (TL Mn):	1.297,9		
Avg. Daily Vol. (US\$ Mn):	37,4		

Beta (2 years, daily)	1,03
Volatility (Stock)	0,44
Volatility (BIST 100)	0,25

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

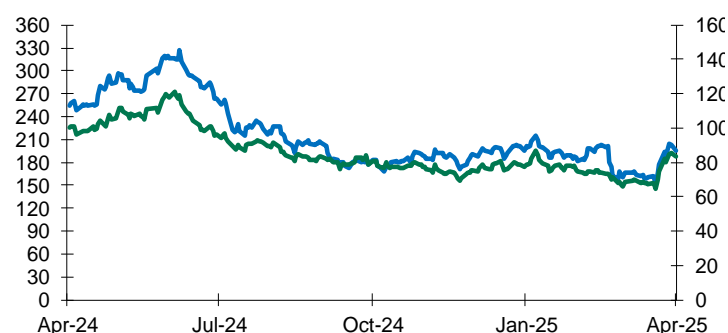


Table 1: Summary Financial Statements

	31.03.2025	31.12.2024	%
Current Assets			
Cash & Cash Equivalents	26.606	21.789	22,1%
Inventories	11.307	9.577	18,1%
Trade Receivables	20.856	23.987	-13,1%
Receivables from Finance Sector Operations	13.148	13.504	-2,6%
Other Current Assets	1.312	1.170	12,1%
Non-Current Assets			
Propoerty, Plant & Equipment	16.034	15.942	0,6%
Intangible Assets	4.013	4.582	-12,4%
Receivables from Finance Sector Operations	4.946	5.076	-2,6%
Other Non-Current Assets	6.383	6.256	2,0%
Total Assets	104.604	100.884	3,7%
Current Liabilities			
Short-Term Borrowings	0	0	
Short-Term Portion of Long-Term Borrowings	12.054	12.038	0,1%
Trade Payables	18.148	12.483	45,4%
Other Current Liabilities	10.729	4.664	130,0%
Non-Current Liabilities			
Long-Term Borrowings	17.603	18.671	-5,7%
Long-Term Provisions	1.115	1.187	-6,1%
Total Equity	44.955	51.841	-13,3%
Total Liabilities & Equity	104.604	100.884	3,7%

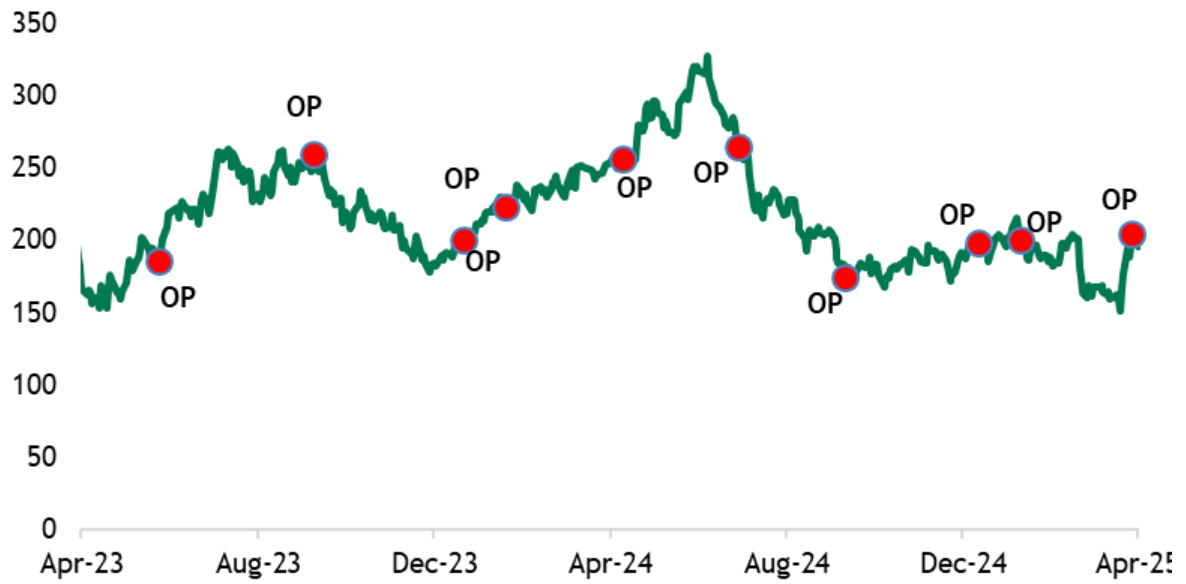
Source: Tofas, Seker Invest Research, Audit Reports

Table 2: High level P&L

TRY Million	2023/12K	2024/12K	YoY	1Q24	1Q25	YoY
Revenues	184.229	120.267	-34,7%	46.485	24.204	-47,9%
Gross Profit	33.437	13.372	-60,0%	7.463	1.499	-79,9%
<i>Gross Profit Margin</i>	18,1%	11,1%	-7.0 pp.	16,1%	6,2%	-9.9 pp.
EBIT	22.709	3.080	-86,4%	4.178	-960	
<i>EBIT Margin</i>	12,3%	2,6%	-9.8 pp.	9,0%	-4,0%	
EBITDA	28.383	9.280	-67,3%	6.202	699	-88,7%
<i>EBITDA Margin</i>	15,4%	7,7%	-7.7 pp.	13,3%	2,9%	-10.5 pp.
Net Profit	21.777	5.221	-76,0%	3.875	-140	
<i>Net Profit Margin</i>	11,8%	4,3%	-7.5 pp.	8,3%	-0,6%	

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
28-Apr-25	Outperform (OP)	284,70

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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