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TAV Airports Holding

Net profit was below than the expectations due to non-cash one-offs in 2Q25...

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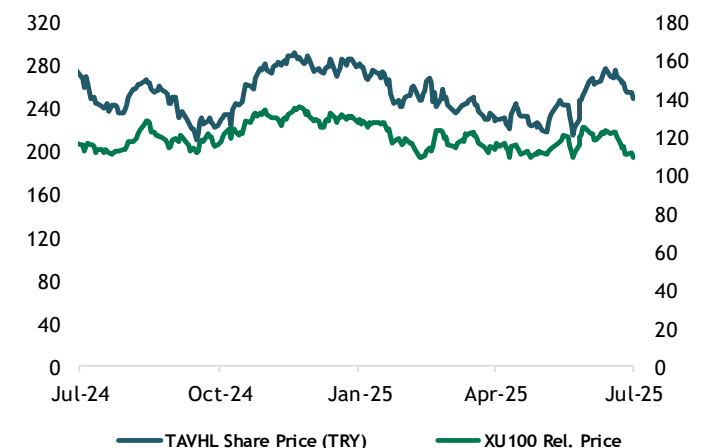
TAV Airports Holding (TAVHL.TI; OP) reported a net loss of €4.4mn in 2Q25, falling short of the RT consensus estimate of €13mn in net profit and our forecast of €18mn (2Q24: €72.1mn). The deterioration in bottom-line performance was driven by several key factors:

- An increase in current tax expenses paid by profitable subsidiaries and the negative impact of deferred tax expenses due to the rise in the EUR/TRY, which affected non-current assets in Ankara and investment incentives in Izmir,
- A significant rise in net financial expenses as a result of higher FX losses and increased interest expenses,
- A sharp increase in foreign currency translation losses,
- Higher D&A costs related to new investments and concession change in Ankara, and a loss from equity-accounted investments, which contributed positively in the same period last year.

Despite only a modest increase in total passenger traffic across TAV-operated airports – rising from 28.8mn in 2Q24 to 29.9mn in 2Q25 (+3.8% YoY) – the Group's total revenue grew by 8% YoY, reaching €445mn (2Q24: €411.4mn), though still below the RT consensus of €496mn and our estimate of €461mn. This topline growth was primarily driven by: new commercial areas at Almaty Airport, new catering operations in Antalya, new TAV Technologies project in Qatar, price increases, and growth in duty-free sales per passenger. EBITDA rose by 13% YoY to €146.6mn in 2Q25 (2Q24: €129.3mn), largely in line with the RT consensus of €148mn and our forecast of €144mn. This EBITDA growth was supported by positive contributions from international airports, including strong performance from Havaş and BTA's service operations, as well as favorable results in Georgia and Almaty. Notably, Almaty Airport accounted for 21% of total Group EBITDA, contributing €30.5mn in 2Q25. As of the end of 2Q25, TAV's net debt remained broadly flat, rising only 2.3% YoY to €1,778.7mn (2Q24: €1,738.5mn; 4Q24: €1,722.8mn).

OUTPERFORM
TP: TRY 371.00
Previous TP: 371.00
Upside potential: 49.3%

	TRY	US\$	
Close	248,50	6,14	
BIST 100	10.487	259	
US\$/TRY (CB Bid Rate):	40		
52 Week High:	293,25	8,4	
52 Week Low:	210,0	5,4	
Bloomberg/Reuters Ticker:	TAVHL.TI / TAVHL.IS		
Number of Shares (Mn):	363,3		
	(TRY m)	(US\$ m)	
Current Mcap :	90.275	2.229	
Free Float Mcap :	43.332	1.070	
	1 M	YoY	YtD
TRY Return (%):	-2,17	-7,71	-9,31
US\$ Return (%):	-4,03	-24,84	-21,07
BIST 100 Relative (%):	-12,26	-5,54	-14,99
Avg. Daily Vol. (TRY m):	597		
Avg. Daily Vol. (US\$ m):	16,4		
Beta	0,87		
Volatility (Stock)	0,34		
Volatility (BIST 100)	0,26		
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. In Ankara Esenboğa Airport 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.

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 our 12M TP at TRY 371.00/sh - Given that the operational results were in line with expectations, but the net loss was driven by one-off non-cash items within the financial results, we believe the overall impact on the stock performance may be slightly negative in the short term for the Group shares. 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. Currently, TAV shares trade at a 49.3% discount compared to our target price.

Table 1: Summary P&L

€ mn	Q2 2023	Q2 2024	Q2 2025	YoY, % Change
Revenues	309,2	411,4	445,0	8,2%
Aviation Income	132,1	159,8	163,8	2,5%
Ground Handling Income	73,3	93,1	103,0	10,6%
Commission from Sales of Duty Free Goods	14,9	18,6	23,4	25,4%
Catering Services Income	30,1	44,6	54,4	22,1%
Income from Lounge Services and Loyalty Card	0,5	0,9	1,0	12,5%
Other Operating Revenues	12,4	21,6	21,0	-2,7%
EBITDA	103,0	129,3	146,6	13,3%
EBITDA Margin	33,3%	31,4%	32,9%	1.5 pp
Net Profit*	37,8	72,1	-4,4	-106,1%
Net Profit Margin	12,2%	17,5%	-1,0%	-18.5 pp

Source: TAV Airports Holding, Şeker Invest

* Attributable to the equity holders of the Company

Table 2: Income Statement (€ mn)

Income Statement (€ m)	2Q23	2Q24	2Q25	25/24 YoY % Change
Total Revenue	309,2	411,4	445,0	8,2%
Aviation Income	132,1	159,8	163,8	2,5%
Ground Handling Income	73,3	93,1	103,0	10,6%
Commission from the Sale of Duty-Free Goods	14,9	18,6	23,4	25,4%
Catering Services Income	30,1	44,6	54,4	22,1%
Income from Car Parking Operations	5,1	7,2	6,5	-9,8%
Area Allocation, Sublease and Advertising	10,7	13,0	19,6	50,1%
<i>Area Allocation Income</i>	8,3	9,6	10,5	10,0%
<i>Rent Income from Sublease</i>	1,3	2,4	6,9	186,3%
<i>Advertising Income</i>	1,0	1,1	2,2	101,1%
Bus Services Income	2,8	4,2	3,5	-15,0%
Income from Lounge Services, Loyalty Card & Prime Class	21,2	40,7	41,1	1,1%
<i>Loyalty Card Income</i>	0,2	0,9	1,0	12,5%
<i>Prime Class Income</i>	20,7	39,8	40,1	0,9%
<i>Income from Lounge Services</i>	0,3	0,0	0,0	
Software Sales	6,7	8,6	8,8	1,6%
Other Operating Revenues	12,4	21,6	21,0	-2,7%
<i>Security Services Income</i>	3,1	6,1	8,0	30,8%
<i>Retail Income</i>	0,0	0,0	0,0	
<i>Other Operating Revenue</i>	7,6	13,0	10,7	-18,2%
<i>Ticket Sales Income</i>	0,0	0,0	0,0	
<i>Operating Financial Revenue</i>	0,2	0,1	0,0	
<i>Utility and General Participation Income</i>	0,9	1,0	0,9	-7,4%
<i>Hotel and Reservation Income</i>	0,5	1,4	1,4	4,4%
Operating Expenses	-206,2	-282,2	-300,4	6,5%
Cost of Catering Inventory Sold	-10,0	-12,3	-14,9	20,8%
Cost of Services Rendered	-30,5	-45,3	-37,4	-17,4%
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	-56,8	-63,9	-56,7	-11,3%
Personnel Expenses	-67,3	-106,2	-125,4	18,0%
Concession Rent Expenses	-0,5	-0,3	-0,3	18,6%
Other Operating Expenses	-41,1	-54,1	-65,7	21,4%
Other Operating Income	0,1	0,1	2,0	1297,9%
EBITDA	103,0	129,3	146,6	13,3%
Depreciation and Amortization and Impairment Expenses	-29,5	-38,9	-49,3	26,9%
Equity Pick-up	22,0	11,7	-27,6	N.M.
EBIT (Operating Profit)	95,6	102,1	69,7	-31,7%
Net Interest Expense	-18,7	-10,8	-17,4	60,7%
Discount Expense	-9,6	-7,8	-8,4	8,1%
FX	-4,8	-2,0	-18,6	836,6%
Other	-4,7	-1,2	-0,4	-63,3%
Net Finance Income/Expense	-37,8	-21,8	-44,8	105,9%
Monetary Position Gain	-0,9	2,4	0,2	-93,5%
Tax Payable	-10,5	-14,4	-9,0	-37,8%
Deferred Tax	-6,2	7,5	-16,4	-319,6%
Income Tax Expense	-16,7	-6,9	-25,4	266,1%
Profit from Continuing Activities	40,2	75,8	-0,3	N.M.
Profit from Discontinued Operations	-0,1	0,0	0,0	N.M.
Profit for the Period, Attributable to:				
Owners of the Company	37,8	72,1	-4,4	N.M.
Non-controlling Interest	-2,3	-3,8	-4,1	7,9%

Source: TAV Airports Holding, Seker Invest

Table 3: Balance Sheet (€ m)

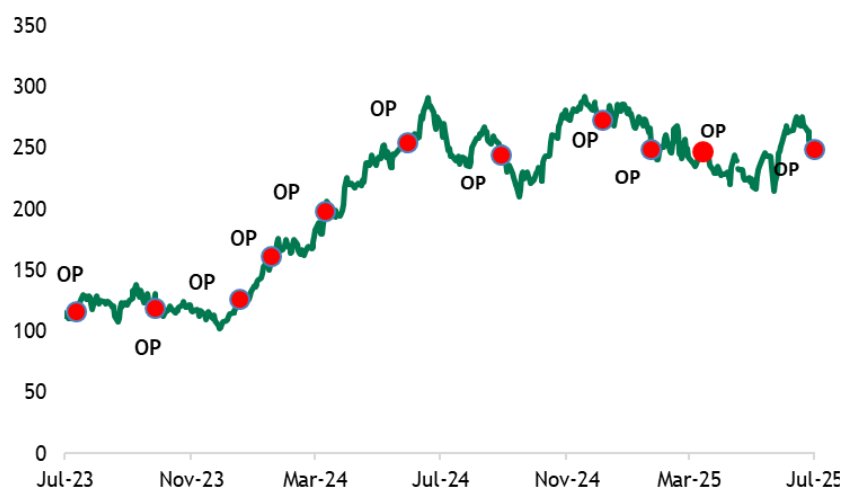
Balance Sheet (€ m)	6M23	6M24	6M25
TOTAL ASSETS	4.350,6	4.898,6	4.901,6
Total Current Assets	721,9	986,1	847,2
Cash and Cash Equivalents	230,1	513,7	305,3
Restricted Bank Balances	53,3	33,5	75,5
Trade Receivables	124,9	149,1	177,5
Due from Related Parties	20,8	17,3	24,2
Inventories	40,5	48,2	47,3
Financial Assets	84,3	59,7	58,8
Other Receivables and Current Assets	168,0	164,4	158,7
Total Noncurrent Assets	3.585,8	3.911,6	4.053,6
Noncurrent Trade Receivables	0,0	0,0	0,0
Noncurrent due from Related Parties	77,9	104,0	153,6
Equity Accounted Investees	687,7	738,0	665,7
Goodwill	217,4	220,6	213,6
Property and Equipment	566,0	808,7	689,3
Intangible Assets	18,8	23,1	33,8
Airport Operation Right	1.626,3	1.542,4	1.935,7
Right of Use Assets	70,4	121,4	182,3
Derivative Financial Instruments	50,2	54,9	33,0
Deferred Tax Asset	23,4	54,4	50,4
Other Non-Current Assets	247,7	243,9	96,2
TOTAL EQUITY AND LIABILITIES	4.350,6	4.898,6	4.901,6
Total Liabilities	3.165,8	3.369,4	3.373,0
Total Current Liabilities	820,5	1.042,5	1.091,8
Bank Overdraft	0,5	0,3	0,0
Loans and Borrowings	488,5	512,4	433,0
Trade Payables	63,3	80,4	80,8
Due to Related Parties	0,7	155,6	306,9
Derivative Financial Instruments	0,0	0,0	0,0
Current Tax Liabilities	9,4	9,1	10,3
Provisions	7,4	12,4	13,6
Other Liabilities	230,8	260,2	239,0
Deferred Income	20,0	12,1	8,1
Provision for Employee Benefit	0,0	0,0	0,0
Other Current Provisions	0,0	0,0	0,0
Total Noncurrent Liabilities	2.345,3	2.326,9	2.281,2
Long Term Borrowings	1.139,3	1.315,2	1.369,8
Trade Payables	0,0	0,0	0,0
Provision for Employee Benefit	22,6	22,8	28,1
Due to Related Parties	455,0	300,0	0,0
Derivative Financial Instruments	0,0	0,0	31,4
Other Liabilities	613,4	581,9	735,6
Deferred Tax Liabilities	91,1	85,5	92,1
Deferred Income	14,0	16,1	18,6
Liabilities from Equity Accounted Investees	9,8	5,2	5,7
EQUITY	1.184,7	1.528,9	1.528,2
Total Equity Attributable to Equity Holders	1.166,0	1.511,1	1.511,4
Share Capital	162,4	162,4	162,4
Share Premium	220,3	220,3	220,3
Translation Reserves	-70,8	-82,3	-140,2
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	45,1	47,0	43,6
Purchase of Shares of Entities Under Common Control	40,1	40,1	40,1
Retained Earnings	717,0	1.076,0	1.138,9
Profit/Loss for the Period	0,0	0,0	0,0
Minority Interest	18,7	17,7	16,8

Source: TAV Airports Holding, Şeker Invest

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

Airports	Pax (mn)			Revenues (€ mn)			EBITDA (€ mn)			EBITDA Margin (%)		
	2Q	2Q	2Q	2Q	2Q	2Q	2Q	2Q	2Q	2Q	2Q	2Q
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Ankara Esenboga	3,05	3,44	3,43	11,2	16,6	18,6	3,1	8,6	9,3	27,4%	51,7%	50,1%
Izmir	2,71	3,08	3,15	20,8	24,8	26,9	14,4	15,8	16,8	69,2%	64,0%	62,2%
Gazipaşa	0,21	0,29	0,27	1,0	1,7	1,8	0,0	0,2	0,2	4,3%	13,3%	9,2%
Milas-Bodrum	1,12	1,26	1,23	8,9	10,8	10,7	6,2	6,9	6,0	69,4%	64,1%	56,1%
Tunisia (Monastir & Enfidha)	0,61	0,79	0,87	9,0	12,6	14,3	4,4	7,2	9,4	48,8%	57,5%	65,7%
Georgia (Tblisi & Batumi)	1,01	1,44	1,63	23,2	32,9	35,9	16,3	25,7	28,5	70,4%	78,0%	79,3%
Macedonia (Skopje & Ohrid)	0,84	0,82	0,90	11,3	11,7	13,9	5,9	4,9	7,3	52,3%	41,7%	52,4%
Almaty	2,28	2,75	3,03	98,0	114,4	119,4	20,9	19,5	30,5		17,0%	25,5%
Services												
Havas				59,6	75,6	80,8	18,1	21,4	22,4	30,4%	28,3%	27,7%
BTA				25,2	38,0	52,8	4,6	4,2	2,7	18,4%	11,1%	5,1%
Others				41,0	72,1	69,9	9,1	14,8	13,7	22,1%	20,6%	19,5%
Total				309,2	411,4	445,0	103,0	129,3	146,6	33,3%	31,4%	32,9%
Eliminations				0,0	0,0	0,0	0,0	0,0	0,0			
Consolidated, adj.				309,2	411,4	445,0	103,0	129,3	146,6	33,3%	31,4%	32,9%
ATU (50%)					76,4	105,2		6,5	8,8		8,5%	8,4%
TGS (50%)					80,0	79,0		9,9	7,4		12,4%	9,4%

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
30-Jul-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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