

Tofas

Better than expected net profit in 2Q25...

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According to inflation accounting provisions (IAS-29), Tofas (TOASO.TI; OP) exceeded both the RT consensus average net profit estimate of TRY 1,023mn and our estimate of TRY 1,224mn, posting a net profit of TRY 1,751mn (2Q24: TRY 1,738mn). While cost pressures arising from low-capacity utilization, increased operating expenses, and higher FX losses from operating activities weighed on profitability, the recognition of monetary gains compared to the same period last year, improved net financial income, and stronger operational performance following the Stellantis merger were key drivers behind the strong bottom-line result.

The Company printed a net sales revenue of TRY 69,440mn, up 116.4% YoY, including the IAS-29 effect, compared to 2Q24 (2Q24: TRY 32,096mn) (RT consensus: TRY 65,581mn; Seker: TRY 65,952mn). Domestic sales volume reached 71,996 units in 2Q25 (2Q24: 32,628 units; +120.7% YoY), driven by the positive contribution from K0 Scudo sales and the continued strong impact of the Stellantis merger. Meanwhile, export volume increased to 10,913 units in 2Q25 (2Q24: 9,231 units; +18.2% YoY). EBITDA declined by 34% YoY (including IAS-29 impact) to TRY 2,420mn (2Q24: TRY 3,673mn) (Seker est.: TRY 2,473mn; RT consensus: TRY 2,532mn). EBITDA margin contracted by 8.0 ppts YoY, falling from 11.4% in 2Q24 to 3.5% in 2Q25. The company's net debt rose to TRY 19,866mn, largely due to a TRY 6.4bn dividend distribution and increased financial leverage stemming from the Stellantis integration.

2025 expectations: Tofas has revised its 2025 guidance. The company expects the domestic retail market to be in the range of 1.1mn-1.2mn units (previous: 0.9mn-1.1mn). Tofas-branded domestic vehicle sales are forecast to reach 300k-330k units (previous: 110k-130k units), driven by Stellantis integration. Export volumes are expected at 70k-80k units (previous: 70k-90k units). Planned CapEx target for 2025 are projected at EUR 150mn. Total production is expected to be in the 150k-160k unit range (previous: 150k-170k units). Pre-tax profit margin guidance stands at 3% for 2025, with a long-term target of 5%-7% by 2028.

We view positively Tofas'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, Tofas aims to produce a total of 1 million units between 2024 and 2032. More recently, with the Tofas's acquisition of Stellantis Otomotiv shares, as part of the associated strategic investment plan, Tofas has 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, Tofas 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 Tofas shares over the medium to long term. Given that the 2Q25 earnings exceeded expectations, we expect the market reaction to be positive. We maintain our target price of TRY 284.70, and our “OUTPERFORM” recommendation, implying a 32% upside potential.

“OUTPERFORM”

TP: TRY 284.70

Previous: TRY 284.70

Upside Potential: 32%

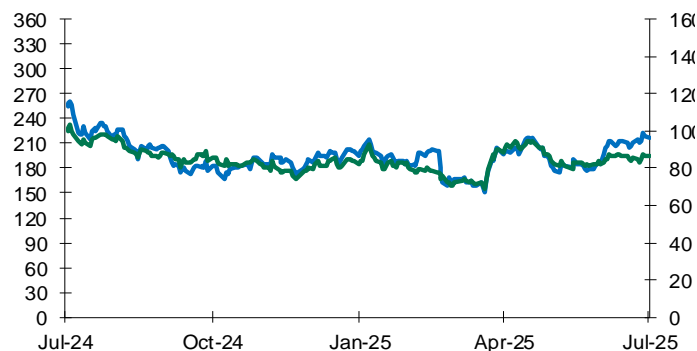
	TRY	US\$
Close	217,20	5,37
BIST 100	10.542	260
US\$/TRY (CB Bid Rate):	40,44	
52 Week High:	261,22	7,90
52 Week Low:	151,20	3,97
Bloomberg/Reuters Ticker:	TOASO.TI / TOASO.IS	

Number of Shares (Mn):	500	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	108.600	40,4434
Free Float Mcap:	26.064	644

	1 M	YOY	YTD
TRY Return (%):	17,5	-17,7	13,5
US\$ Return (%):	15,5	-32,8	-1,0
BIST 100 Relative (%):	4,9	-15,0	5,9
Avg. Daily Vol. (TL Mn):	1.279,8		
Avg. Daily Vol. (US\$ Mn):	35,1		

Beta (2 years, daily)	1,06
Volatility (Stock)	0,44
Volatility (BIST 100)	0,26

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



— Share Price (TRY) — BIST 100 Relative

Table 1: Summary Financial Statements

	30.06.2025	31.12.2024	%
Current Assets			
Cash & Cash Equivalents	16.068	23.098	-30,4%
Inventories	27.939	10.152	175,2%
Trade Receivables	39.411	24.367	61,7%
Receivables from Finance Sector Operations	13.966	14.315	-2,4%
Other Current Assets	583	1.241	-53,0%
Non-Current Assets			
Propoerty, Plant & Equipment	17.730	16.900	4,9%
Intangible Assets	11.464	4.857	136,0%
Receivables from Finance Sector Operations	5.301	5.381	-1,5%
Other Non-Current Assets	8.372	6.632	26,2%
Total Assets	140.833	106.943	31,7%
Current Liabilities			
Short-Term Borrowings	3.467	0	
Short-Term Portion of Long-Term Borrowings	12.265	12.761	-3,9%
Trade Payables	42.886	13.233	224,1%
Other Current Liabilities	12.170	4.943	146,2%
Non-Current Liabilities			
Long-Term Borrowings	20.201	19.793	2,1%
Long-Term Provisions	1.604	1.258	27,5%
Total Equity	48.239	54.955	-12,2%
Total Liabilities & Equity	140.833	106.943	31,7%

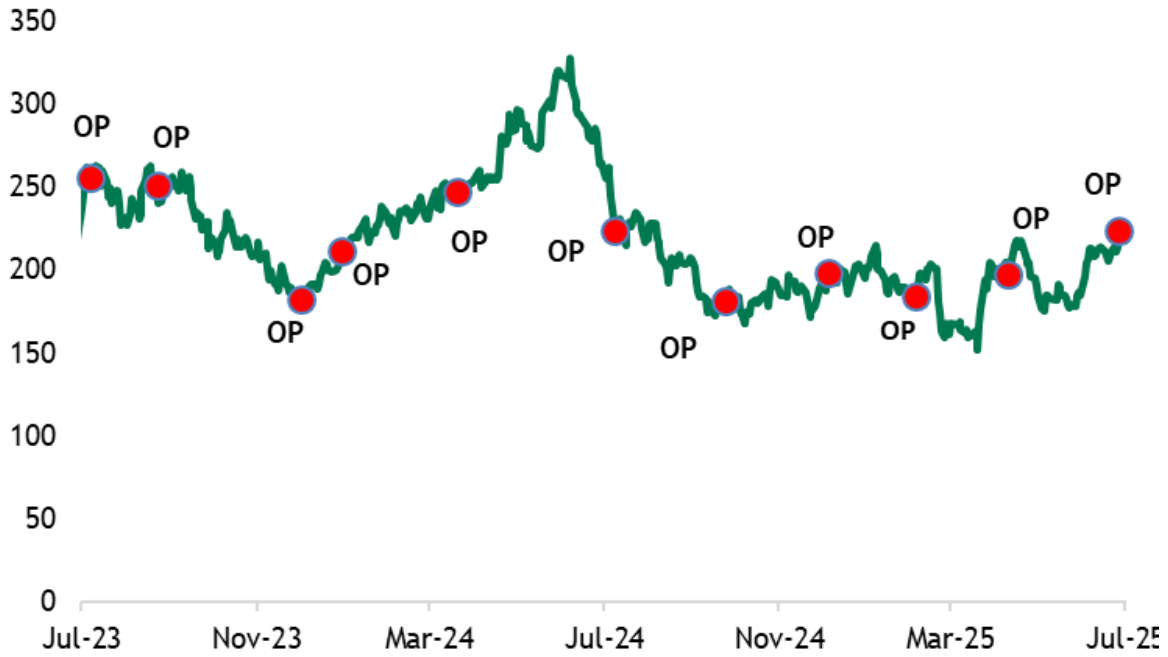
Source: Tofas, Seker Invest Research, Audit Reports

Table 2: High level P&L

TRY mn	IAS-29 Inc.					
	6M24	6AM5	%	2Q24	2Q25	%
Net Sales Revenue	81.373	95.098	16,9%	32.096	69.440	116,4%
Gross Profit	12.019	6.669	-44,5%	4.108	5.080	23,7%
<i>Gross Profit Margin (%)</i>	14,8%	7,0%	-7.8 p.p.	12,8%	7,3%	-5.5 p.p.
Operating Profit	6.140	-377	-106,1%	1.711	641	-62,5%
<i>Operating Profit Margin (%)</i>	7,5%	-0,4%	-7.9 p.p.	5,3%	0,9%	-4.4 p.p.
EBITDA	10.247	3.161	-69,2%	3.673	2.420	-34,1%
<i>EBITDA Margin (%)</i>	12,6%	3,3%	-9.3 p.p.	11,4%	3,5%	-8.0 p.p.
Profit Before Tax	5.401	1.265	-76,6%	1.078	1.465	35,8%
<i>PBT Margin (%)</i>	6,6%	1,3%	-5.3 p.p.	3,4%	2,1%	-1.3 p.p.
Net Profit	5.846	1.602	-72,6%	1.738	1.751	0,7%
<i>Net Profit Margin (%)</i>	7,2%	1,7%	-5.5 p.p.	5,4%	2,5%	-2.9 p.p.

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
29-Jul-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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