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Tupras

Better-than-expected results…

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OUTPERFORM
TP: 395,00 TRY
Previous TP: 355,76 TRY
Upside: %36

Tupras reported a net profit of TRY 45,878mn in 2Q26 under inflation-adjusted (TAS-29) financials. This figure exceeded our estimate of TRY 29,853mn by 53.7% and the market median expectation of TRY 30,674mn by 49.6%. Net profit increased by 290.9% YoY and rose by TRY 41,908mn from TRY 3,970mn in 1Q26. The strong increase in net profit was mainly driven by the impact of higher product margins on operational profitability, while the decline in the effective tax rate from 63.3% in 1Q26 to 7.5% and the decrease in monetary loss from TRY 2,634mn to TRY 812mn also supported the bottom line. In the notes to its financial statements, the company stated that the reduction in the corporate tax rate applicable to manufacturing activities from 25% to 12.5% as of 2027 under Law No. 7582 was reflected in deferred tax calculations.

Tupras generated EBITDA of TRY 54,343mn in 2Q26. The figure exceeded our estimate of TRY 30,408mn by 78.7% and the market median expectation of TRY 39,210mn by 38.6%. EBITDA increased by 196.2% YoY and 221.5% QoQ, while the EBITDA margin rose to 14.1%. The strong EBITDA performance was mainly driven by higher product crack margins, particularly diesel and jet fuel margins supported by refinery outages in the Middle East and Russia and disruptions to trade flows through the Strait of Hormuz, as well as the net refining margin reaching USD 21.4/bbl. The capacity utilization rate of 96% and sales volume of 7.9mn tons enabled the strong margin environment to be reflected in the financial results. Meanwhile, heavy crude differentials trading at a premium limited profitability, while supply optimization largely offset this negative impact. The limited positive inventory effect of TRY 546mn indicates that the increase in EBITDA was mainly driven by operational performance and product margins.

Tupras posted 2Q26 net sales of TRY 386,420mn, 20.0% above our estimate of TRY 321,095mn and 3.2% above the market median expectation of TRY 374,549mn. Net sales increased by 59.7% YoY and 39.8% QoQ. The increase in revenue was mainly driven by the strong trend in refined product prices and the 3.9% YoY increase in sales volume to 7.9mn tons. Domestic sales increased by 5%, supported by higher diesel and gasoline sales, while international sales volume remained flat. Although net sales came in close to the market median expectation, the strong positive deviation in EBITDA indicates that the market underestimated the impact of higher product margins on profitability rather than the volume and revenue performance.

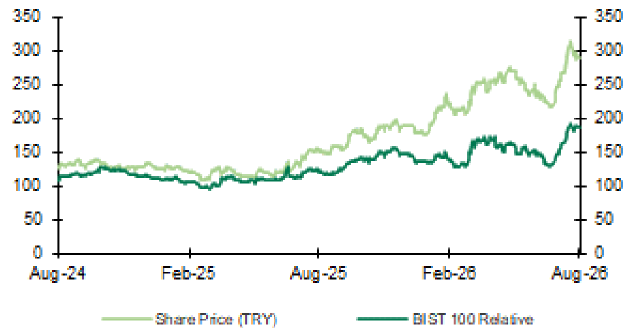
	TRY	US$
Close	290,25	6,40
BIST 100	13.637	287
US$/TRY (CB Bid Rate):	47,57	
52 Week High:	314,50	6,67
52 Week Low:	147,80	3,63
Bloomberg/Reuters Ticker:	TUPRS.TI /TUPRS.IS	

	(TRY Mn)	(US$ Mn)
Number of Shares (Mn):	1.926,8	
Current Mcap:	585.746	12.335
Free Float Mcap:	287.015	6.044

	1 M	YOY	YTD
TRY Return (%):	22,5	98,6	71,6
US$ Return (%):	20,3	69,8	55,0
BIST 100 Relative (%):	29,0	57,5	41,2
Avg. Daily Vol. (TRY Mn):	5.701,55		
Avg. Daily Vol. (US$ Mn):	129,65		

Beta	0,59
Volatility (Stock)	0,35
Volatility (BIST 100)	0,23

Shareholder Structure	%
Enerji Yatırımları A.Ş.	46,40
Koç Holding A.Ş.	6,35
Companies Owned By Koc Family Members	0,47
Public Float	46,78
Total	100,00



Operational developments… Tupras' net refining margin stood at USD 21.4/bbl in 2Q26, significantly above USD 5.3/bbl in 2Q25 and USD 9.4/bbl in 1Q26. The diesel product margin reached USD 49.3/bbl, while jet fuel and gasoline margins stood at USD 52.0/bbl and USD 24.3/bbl, respectively. The HSFO margin remained weak at USD -21.0/bbl. Middle distillate margins were the main driver of operational profitability, supported by supply disruptions, temporary refinery outages and logistical constraints. Although the less supportive trend in heavy crude differentials limited the margin contribution, supply optimization partially offset this impact.

Tupras produced 6.9mn tons and recorded sales volume of 7.9mn tons in 2Q26 with a capacity utilization rate of 96%. Production declined by 1.4% YoY, while sales volume increased by 3.9%. Domestic sales rose by 5% YoY to 6.1mn tons, while white product yield reached 83%. The absence of planned maintenance shutdowns during the quarter enabled the strong margin environment to be reflected in production and sales volumes.

Cash flow and balance sheet… Tupras generated TRY 132,366mn in cash flow from operating activities in 1H26. Free cash flow, based on the company's definition, stood at USD 2,280mn, while capital expenditures amounted to USD 245.9mn. The net cash position increased to TRY 130,718mn as of June 30, 2026, while the working capital requirement stood at TRY -33.6bn. Strong cash generation and the increased in the net cash position supported the balance sheet outlook.

Dividend plan… Under Tupras' previously announced total dividend distribution plan of TRY 33bn, the first installment of TRY 20bn was paid on March 16, 2026. The remaining second installment of TRY 13bn is due to be paid on September 30, 2026. The company's net cash position and cash generation capacity provide a supportive outlook for financing the remaining dividend payment and capital expenditures.

Company Guidance for 2026... Following the strong 2Q26 results, Tupras raised its 2026 net refining margin guidance from USD 6–7/bbl to USD 13–15/bbl. The company maintained its targets of approximately 29mn tons of production, approximately 30mn tons of total sales, average capacity utilization of 95–100% and consolidated capital expenditures of around USD 700mn. Although the net refining margin of USD 21.4/bbl realized in 2Q26 was above the revised guidance range, the normalization of product crack margins, heavy crude differentials and the 4Q26 maintenance schedule will be the main factors affecting the margin and volume outlook in the second half of the year.

Overall, we view the 2Q26 results as clearly positive from both an operational and financial perspective. Strong refinery product margins, the high net refining margin, increased sales volume and uninterrupted production performance were the key drivers of the above-expectation EBITDA and net profit. Strong cash generation and the increase in the net cash position further supported the balance sheet outlook, while the trend in product margins in the second half of the year will be the key factor to monitor regarding the sustainability of the results.

Following the 2Q26 financial results, we raise our 12-month target price for Tupras from TRY 355.76 per share to TRY 395.00 per share. Our target implies a 36% upside potential over the last closing price, and we reiterate our "OUTPERFORM" recommendation for the stock.

Figure 1: Financials (Including IAS -29)

TRY Million	1H25	1H26	YoY	2Q25	2Q26	YoY
Revenues	**464.119**	**662.788**	**42,8%**	**241.976**	**386.420**	**59,7%**
Gross Profit	**41.988**	**84.126**	**100,4%**	**23.551**	**61.037**	**159,2%**
Gross Profit Margin	*9,0%*	*12,7%*		*9,7%*	*15,8%*	
EBIT	**23.451**	**62.374**	**166,0%**	**14.000**	**49.900**	**256,4%**
EBIT Margin	*5,1%*	*9,4%*		*5,8%*	*12,9%*	
EBITDA	**32.005**	**71.246**	**122,6%**	**18.349**	**54.343**	**196,2%**
EBITDA Margin	*6,9%*	*10,7%*		*7,6%*	*14,1%*	
Net Profit	**11.872**	**49.848**	**319,9%**	**11.736**	**45.878**	**290,9%**
Net Profit Margin	*2,6%*	*7,5%*		*4,9%*	*11,9%*	

Source: Finnet, Seker Invest Research

Figure 2: Key Financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2025/12K	2026/06K	Chg%
PP&E	348.858	350.570	0
Intangibles	11.929	11.232	(6)
Other Non-Current Assets	57.304	58.705	2
Trade Receivables	62.120	78.748	27
Cash&Equivalents	126.280	195.841	55
Other Current Assets	90.604	164.892	82
Total Assets	**697.097**	**859.988**	**23**
Long Term Debt	33.477	36.443	9
Other Non current liabilities	28.225	34.868	24
Short Term Debt	25.696	31.758	24
Trade Payables	124.250	209.432	69
Other Current Liabilities	49.946	84.179	69
Total Liabilities	261.595	396.681	52
Total Equity	435.502	463.307	6
Total Equity&Liabilities	**697.097**	**859.988**	**23**

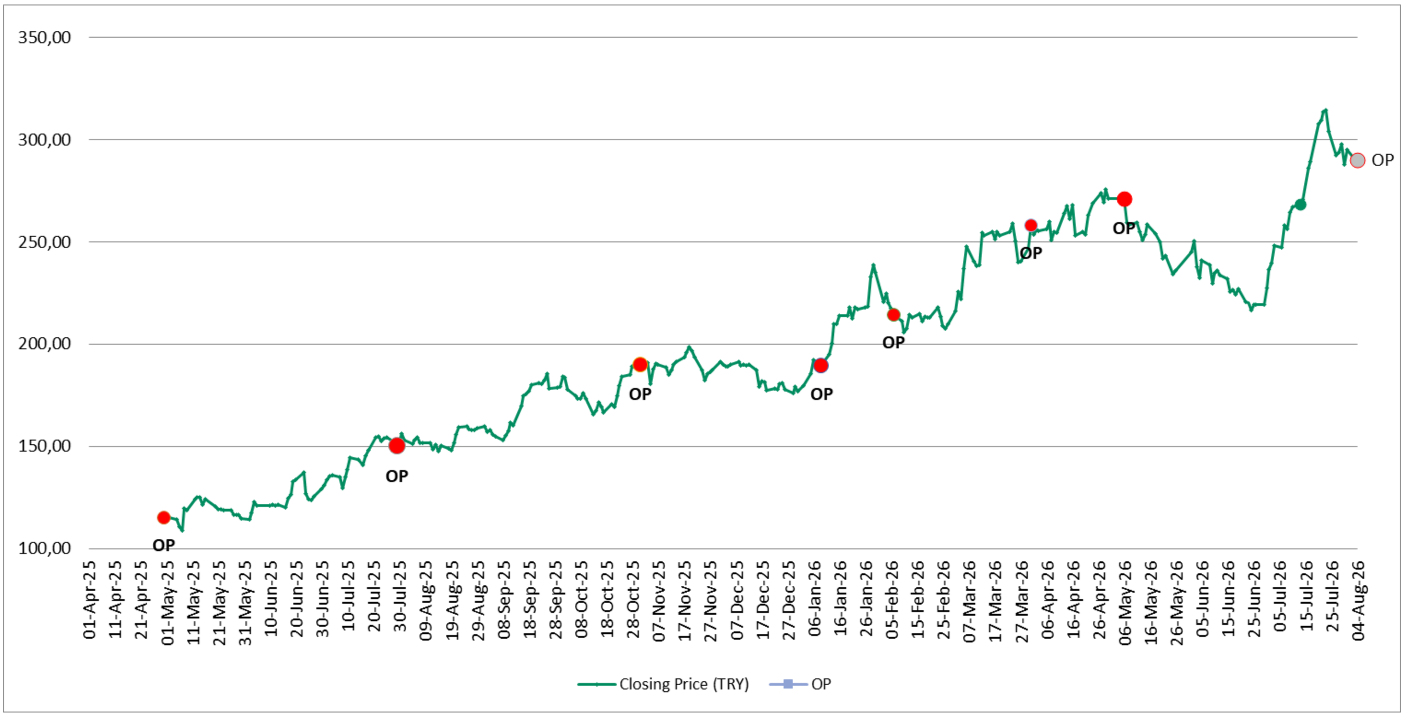
Source: Finnet, Seker Invest

INCOME STATEMENT (TRY Mn)	2025/06K	2026/06K	Chg%
Net Sales	464.119	662.788	43
COGS	422.131	578.662	37
Gross Profit/(Loss)	41.988	84.126	100
Operating Expenses	18.537	21.752	17
Operating Profit/(Loss)	18.161	59.025	225
Net Other Operational Gain/(Loss)	(5.290)	(3.349)	N.M.
Income/(Loss) from Investing Activities	45	(11)	N.M.
Financial Income/(Expense)	1.723	4.790	178
Monetary Gain/Loss	(2.571)	(3.447)	N.M.
Share of profit of equity accounted investments	747	673	(10)
Profit Before Tax (Loss)	**18.105**	**61.030**	**237**
Tax	6.123	10.757	76
Net Profit/(Loss)	**11.982**	**50.272**	**320**
Minority Interest	109	425	289
Parent Equity	11.872	49.848	319,9

TUPRS

Source: Finnet, Seker Invest

Historical Recommendations and Target Price



Date	Recommendation	Target Price (TRY)
30-Apr-25	Outperform (OP)	192,27
29-Jul-25	Outperform (OP)	237,80
31-Oct-25	Outperform (OP)	237,80
9-Jan-26	Outperform (OP)	283,79
6-Feb-26	Outperform (OP)	283,79
31-Mar-26	Outperform (OP)	355,76
6-May-26	Outperform (OP)	355,76
4-Aug-26	Outperform (OP)	395,00

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.

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