

Tupras (TUPRS T/TUPRS.IS)

Outperform

3Q24 Review: Better than expected results...

- **Based on TFRS 29 financial statements, Tupras reported TL7.7bn net income for 3Q24, better than our estimate of TL6.1bn (and consensus of TL6.2bn based on 5 estimates)** thanks to the lower-than-expected tax expenses and higher than expected financial income. EBITDA of TL15.0bn was in line with our expectation of TL14.8bn, yet 15% above the consensus of TL13.1bn.
- **Despite the dividend distribution and rise in working capital, net cash was up 4% q/q to TL57.7bn** thanks to the solid EBITDA generation. Note that the remaining portion of the dividend payment worth US\$316mn and the down payment of US\$700mn Eurobond in October is not included in the net cash figure.
- **The company maintains its full-year guidance for crack margin at US\$12/bbl (9M24: US\$11.7/bbl) and capex guidance at US\$400mn (9M24: US\$261mn).** Other guidance was also unchanged at 26mn tons of production (9M24: 20.0mn tons), 30mn tons of sales (9M24: 22.9mn tons), 85-90% average CUR (9M24: 92.3%). **Our full-year estimates are all in line with the company guidance. We keep our full year EBITDA estimate at US\$1.6bn.**
- **Overall, we view 3Q24 financials as positive, especially considering the strong CUR after the RUP maintenance and the improvement in net cash position despite the dividend distribution. Despite weaker seasonality, we receive positive signals for 4Q24 given the improving trend in product margins, widening in differentials and still strong CUR. We keep our Outperform rating for the company shares which trade at 3.6x and 3.5x EV/EBITDA on our 2024 and 2025 estimates, respectively, at around 15% discount to global peers.**

Stock Data	
Current Price (TL)	141.10
Mcap (TL mn)	271,871
Mcap (US\$ mn)	7,930
Target Price (TL)	235.00
Upside Potential (incl. Cash div.)	66.5%
Free float (%)	49%
6M Average Daily Turnover (TL mn)	3,579

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EBITDA was down by 69% y/y due to lower cracks and narrower differentials. Tupras generated 8.1mn tons of sales in 3Q24, down by 4% y/y due to a fall in exports. Domestic gasoline sales reached an all-time high level of 1.4mn tons. CUR was 101%, marking the highest level since 3Q19, thanks to the completion of RUP maintenance, which improved energy efficiency. Strong utilization has allowed Tupras to improve operational profitability despite weaker cracks q/q. TL2.2bn inventory gains were recorded in 3Q24, down by 61% y/y.

Entek's electricity generation improved slightly y/y. The electricity business generated 375 GWh sales in 3Q24, up by 2% y/y, and TL533mn (-24% y/y) operating profit, which made up 5% of Tupras' consolidated operating profit.

Net income fell by 22% y/y. Despite higher financial income and lower net monetary losses, net income fell by 22% y/y due to the 72% decline in operating profit. In addition, Opet's contribution declined by 61% y/y to TL487mn. On the other hand, the net income was up by 42% q/q thanks to higher financial income and lower taxes.

Financials (TL mn)	Cons.	Ata Est.	Realised		y/y Δ	2Q24	q/q Δ
	3Q24E	3Q24E	3Q24	3Q23			
Net Sales	209,177	204,298	-4%	196,223	-33%	207,690	-6%
EBITDA	13,097	14,759	2%	15,005	-69%	13,959	7%
Net Income	6,235	6,121	27%	7,744	-22%	5,449	42%
EBITDA Margin	6.3%	7.2%	42 bps	7.6%	-878 bps	6.7%	93 bps
Net Margin	3.0%	3.0%	95 bps	3.9%	56 bps	2.6%	132 bps

Source: Company data, Ata Invest Estimates

The numbers are based on purchasing power of the TL at 30 September 2024

Tupras – 3Q24 Earnings Review

<i>purchasing power as of end 3Q24</i>	Consensus	Ata Estimate	Realized				
Financials (TL mn)	3Q24E	3Q24E	3Q24	3Q23	y/y	2Q24	q/q
Net Sales	209,177	204,298	196,223	292,612	-33%	207,690	-6%
Cost of Sales		-184,437	-177,438	-239,814	-26%	-188,706	-6%
Gross Profit		19,861	18,785	52,798	-64%	18,983	-1%
Marketing & Selling expenses		-4,191	-1,721	-2,717	-37%	-4,260	-60%
General Adm. Expenses		-3,073	-4,170	-3,513	19%	-3,124	33%
R&D expenses		-86	-115	-69	67%	-87	32%
EBIT		12,512	12,779	46,499	-73%	11,512	11%
Income from other operations		4,430	2,660	3,874	-31%	4,713	-44%
Expenses from other operations		-4,420	-3,856	-8,755	-56%	-4,703	-18%
EBIT (incl. others)		12,522	11,583	41,618	-72%	11,522	1%
Income from investments		0	-10	235	-104%	-3	196%
Income from subsidiaries		0	487	1,260	-61%	0	n.m.
Profit before financial expenses		12,522	12,060	43,113	-72%	11,518	5%
Financial income		6,210	7,965	5,619	42%	6,652	20%
Financial expenses		-5,108	-5,514	-9,254	-40%	-5,452	1%
Net monetary gain/loss		-2,687	-3,049	-7,251	-58%	-2,926	4%
Profit before taxes		10,937	11,462	32,227	-64%	9,792	17%
Taxes		-4,768	-3,609	-22,226	-84%	-4,269	-15%
Income taxes		-1,758	-741	-6,658	-89%	-1,583	-53%
Deferred tax income/(expenses)		-3,010	-2,868	-15,568	-82%	-2,685	7%
Net Income before Minority Interest		6,169	7,854	10,000	-21%	5,523	42%
Minority Interests		48	110	97	13%	73	51%
Net Income	6,235	6,121	7,744	9,903	-22%	5,449	42%
Depreciation expense		2,247	2,226	1,560	43%	2,447	-9%
EBITDA	13,097	14,759	15,005	48,059	-69%	13,959	7%
Gross Margin		9.7%	9.6%	18.0%	-8.5%	9.1%	0.4%
Opex/Net Sales		-3.6%	-3.1%	-2.2%	-0.9%	-3.6%	0.5%
EBITDA Margin	6.3%	7.2%	7.6%	16.4%	-8.8%	6.7%	0.9%
PBT Margin		5.4%	5.8%	11.0%	-5.2%	4.7%	1.1%
Net Margin	3.0%	3.0%	3.9%	3.4%	0.6%	2.6%	1.3%
Sales Volume (mn tons)			8.1	8.4	-4%	7.8	4%
Domestic			6.9	6.7	3%	5.7	21%
Exports			1.2	1.7	-29%	2.1	-43%
Net Sales			196,223	292,612	-33%	207,689	-6%
Refining			193,512	290,019	-33%	205,067	-6%
Electricity			2,711	2,593	5%	2,621	3%
Operating Profit			11,583	41,617	-72%	11,521	1%
Refining			11,051	40,919	-73%	11,269	-2%
Electricity			533	698	-24%	252	112%
Operating Margin			5.9%	14.2%	-8.3%	5.5%	0.4%
Refining			5.7%	14.1%	-8.4%	5.5%	0.2%
Electricity			19.7%	26.9%	-7.3%	9.6%	10.1%
Net Income (before minority interest)			7,854	10,000	-21%	5,522	42%
Refining			7,545	10,017	-25%	5,526	37%
Electricity			309	-17	n.m.	-3	n.m.

Source: Company data

The numbers are based on purchasing power of the TL at 30 September 2024

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