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TOASO (OP) 1Q25 Financial Results – Neutral

1Q25	Announced	Consensus	Garanti
Net Sales (TLmn)	24,204	23,875	23,688
EBITDA (TLmn)	699	455	424
EBITDA Margin (%)	2.9%	1.9%	1.8%
Net Profit (TLmn)	-140	-153	-13

Net Loss

- Tofas announced a net loss of TL 140mn in 1Q25, in line with market expectation of TL 153mn. Similar to 4Q24; the decline in domestic sales volumes mainly due to low capacity utilisation, competitive pricing environment in the market, negative impact of IAS29 and relatively weak exchange rate were also effective in the negative performance, again.
- In 1Q25, Tofas' domestic market sales decreased by 37% to 26.5k units (2024: 30% decrease), while foreign market sales decreased by 62% to 6.5k units (2024: 45% decrease). According to these results, total sales decreased by 44% to 33k units (2024:33% decrease).
- The company registered an EBITDA of TL699mn (our estimate: TL424mn) in 1Q25, with an EBITDA margin of 2.9%. The market expectation had been for a 1.9% EBITDA margin and TL455mn EBITDA. There was 89% shrinkage in EBITDA and a 10.5pp sharp decrease in the EBITDA margin yoy.
- Net sales were down 48% yoy at TL24,204mn in 1Q25, parallel with the consensus of TL23,875mn.

2025 Guidance:

- Following 1Q25 results, no revision was made in guidance, while EBIT margin was stated as “to be announced after the closing of Stellantis-Turkey acquisition”.
- In the guidance published after 4Q24 results, guidance for 2025 was as follows:
 - Domestic Light Vehicle Market: 0.9-1.1mn units (2024: 1.24mn)
 - Tofaş Domestic Retail Sales: 110k-130k units (2024: 143.7k)
 - Export Shipments: 70k-90k units (2024: 33.6k)
 - Production Volume: 150k-170k units (2024: 140.5k)
 - Investments: EUR150mn (2024: EUR138mn)
 - PBT margin: > 5%(2024: 4.1%)

We expect a neutral market reaction

- The results announced by TOASO are weak as expected before. So, we expect the quarterly print to have a neutral impact on the share price.
- We maintain our **Outperform (OP)** recommendation for TOASO with a new target price of **TL286.9** (Previous: TL255.0). Reduced risks after the approval of the Competition Authority and the clarification of the new investment were the main factors that carried our valuation upwards.
- The company will hold an analyst meeting today at 17:00 pm local time.

Tofas Otomobil Fab. Summary Financials (mn TL)	Quarterly Part					Change	
	1Q24	2Q24	3Q24	4Q24	1Q25	1Q25/ 4Q24	3M25/ 3M24
Net Sales	46,485	30,278	25,086	30,520	24,204	-21%	-48%
Cost Of Sales	-39,391	-26,800	-23,993	-29,216	-23,175	n.m.	n.m.
Gross Profit	7,463	3,875	1,566	1,813	1,499	-17%	-80%
Operating Profit	4,178	1,614	-1,240	-1,161	-960	n.m.	n.m.
Other Inc (Exp) Before Operating Profits	0	0	0	0	0	n.m.	n.m.
EBITDA	6,202	3,465	311	236	699	196%	-89%
Net Other Inc/Exp	300	436	-28	439	85	n.m.	-72%
Profit (Loss) from Subsidiaries	0	0	0	0	0	n.m.	n.m.
Income from Invest. Act.	-9	114	174	155	211	36%	n.m.
Financial Inc./Exp.(net)	-391	-1,146	1,700	248	475	92%	n.m.
Financial Income	3,571	2,262	3,300	1,785	2,814	58%	-21%
Fin. Exp. (incl. Monetary g/l)	-3,962	-3,409	-1,600	-1,537	-2,339	n.m.	n.m.
Monetary Gain/Loss	-2,725	-2,410	501	-668	-1,336	n.m.	n.m.
PBT	4,078	1,017	606	-319	-188	n.m.	n.m.
Tax	-203	622	-241	186	48	-74%	n.m.
Minority Interests	0	0	0	0	0	n.m.	n.m.
Net Income	3,875	1,640	365	-133	-140	n.m.	n.m.
Net Cash	11,987	663	1,771	-8,919	-3,052		
Working Capital	-9,107	-10,729	-9,219	-20,080	-14,015		
Shareholders Equity	35,741	39,970	44,117	51,841	44,955		
Ratios							
Gross Margin	16.1%	12.8%	6.2%	5.9%	6.2%	0.3 pp	-9.9 pp
Operating Margin	9.0%	5.3%	-4.9%	-3.8%	-4.0%	-0.2 pp	-13 pp
EBITDA Margin	13.3%	11.4%	1.2%	0.8%	2.9%	2.1 pp	-10.5 pp
Net Profit Margin	8.3%	5.4%	1.5%	n.m.	n.m.	n.m.	n.m.
PBT margin	8.8%	3.4%	2.4%	n.m.	n.m.	n.m.	n.m.

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