

# Tupras

**OVERWEIGHT**

## December indicators: Crude differentials offset most of weaker seasonality

**December 31, 2024**

Our monthly margin estimator for Tupras points to a minor m/m decline in Dec'24; however q/q averages are flattish. A seasonal decline in jet cracks is offset by wide heavy-crude differentials. Fuel-oil remains supportive on lower supply.

**December product dynamics:** The seasonal drop in jet fuel cracks was more notable this year (-22% m/m) however gasoline compensated most of the decline (+21%). Diesel (gasoil) cracks were flattish on average (+2%) yet the trend was positive from first-week to last-week of Dec'24 along with heating-demand (probably a positive start to Jan'25). Fuel-oil cracks have already been favorable since Sep'24, partly on lower Russian supply (incl. maintenance); 1Q25 could be a more reliable benchmark.

Positive crude differentials, esp. Arabian heavy, reflects higher non-OPEC supply sustained. Tupras' high-complexity units can crack these lower grade crudes and provide cost advantage through its 200+ mbbl of annual processing capacity.

Switch to "product crack margin guidance", from "net refining margin" understates gain from crude discounts qtd. Along with inflation accounting complexities of 2024, Tupras replaced its usual refining margin projection with "crack margin" outlook, which rather focusses on each product's spread to Brent. While this has provided a good sense of rolling EBIT/bbl, it theoretically neglects contribution from the wider crude differentials lately.

We expect Tupras to provide its own calculation of monthly cracks and crude diffs in its January investor presentation later this week.

We maintain positive view on **Tupras (O/W, TP: 234.40)** for its i) resilient margins qtd, ii) high cash-build ahead of dividend season, iii) weak base of 2023/24 utilization (due to maintenance), offering room for better operating leverage in 2025, iv) company's ambitious clean energy targets -both in SAF products and solar generation- that are underemphasized by street, in our opinion.

Tupras shares are trading at 11.4x/6.9x 2024/25E P/E, including the front-loaded monetary loss and tax expenses in 2024E. Shares are at 15% dividend yield on actual 2024A, offering 11% on our 2025E.

### Price Data

Current Price (TL)	144.20			
Current Mcap (TLmn)	277,844			
12-mth Target Price (TL/share)	234.40			
12-mth Target Mcap (TLmn)	451,641			
12-mth Upside Potential (TL)	63%			
Dividend yield	15%			

Financials (TL mn)	2023	2024E	2025E	2026E
Net Sales	686,529	844,741	1,080,994	1,245,212
% ch y/y		23	28	15
EBITDA	96,240	59,015	65,800	74,330
% ch y/y		-39	11	13
Net Income	53,577	24,409	40,551	57,243
% ch y/y		-54	66	41

Margins (%)	2023	2024E	2025E	2026E
EBITDA Margin	14.0	7.0	6.1	6.0
Net Margin	7.8	2.9	3.8	4.6
Gross Dividend Yield	10%	15%	11%	15%

Ratios	2023	2024E	2025E	2026E
P/E (TL, x)	3.8	11.4	6.9	4.9
EV/EBITDA (TL, x)	1.5	3.6	2.6	2.0
Net Debt/EBITDA (x)	-0.7	-1.1	-1.6	-1.7
ROE (US\$,%)	26.1	8.8	14.6	20.6

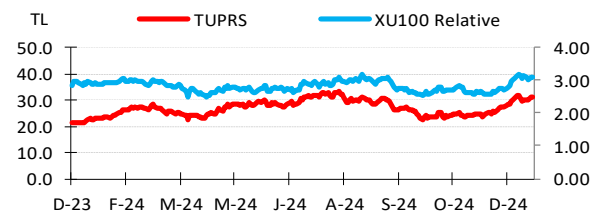
### Stock Data

Ticker	TUPRS.IS	TUPRS TI
Sector		Oil & Gas
# of Shares (mn)		1,927
3M Av. Trd. Vol. (mn)		US\$67.9
52-week Range	TL120.82 -	TL189.68

### Market Data

BIST-100	10,025
TL/US\$	35.1368

### Price Chart

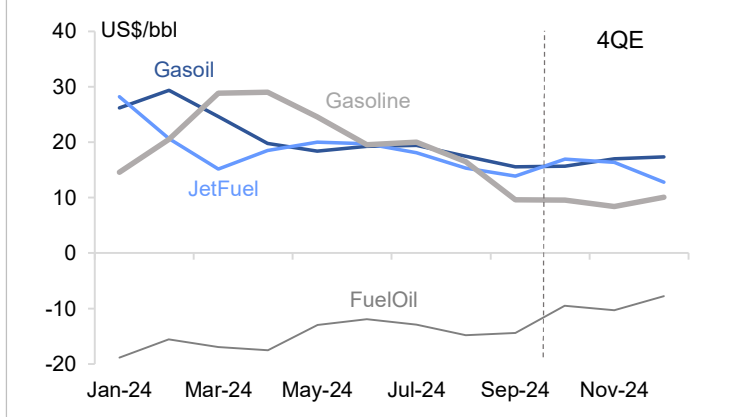


### Price Performance

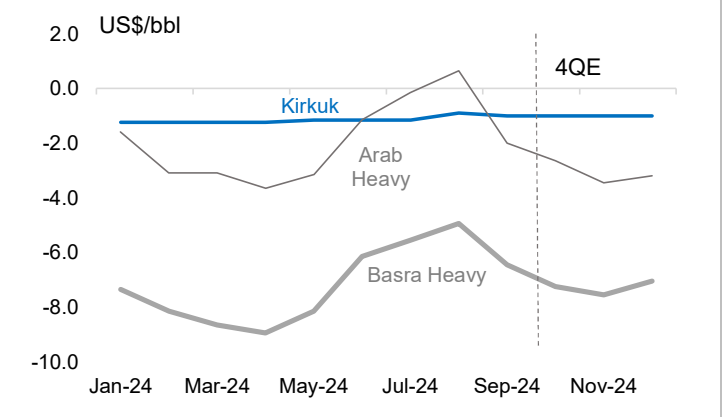
	1M	3M	YTD	YoY
TL Absolute	-2%	-9%	15%	14%
BIST-100 Relative	-5%	-11%	-14%	-16%

### Major Shareholders

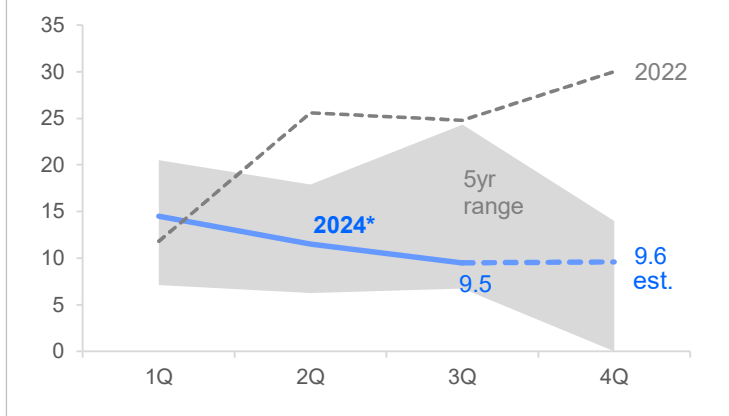
Enerji Yatırımları	46.4%
Koc Holding	6.4%
Free Float & others	47.3%

**Our monthly product crack indicators**


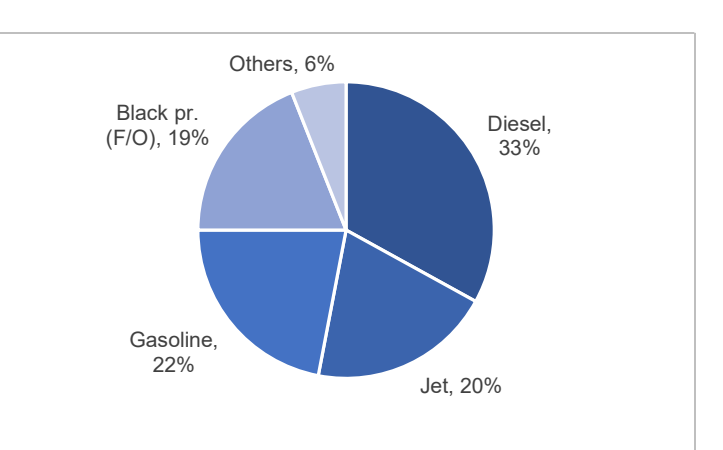
Source: Tera Yatirim

**Crude differential indicators**


Source: Tera Yatirim

**Tupras' reported gross refining margin – except 'indicative product cracks' for 2024**


\*Company switched to product crack reporting along with inflation accounting in 2024; Source: Tera Yatirim, Company

**Tupras: Product mix 3Q24**


Source: Company, Tera Yatirim

### Tera Yatirim Stock Ratings

Rating	Definition
OVERWEIGHT	The analyst expects that the stock will generate a return above that of the BIST-100 index over the next twelve months.
MARKETWEIGHT	The analyst expects that the stock will generate a return in line with that of the BIST-100 index over the next twelve months.
UNDERWEIGHT	The analyst expects that the stock will generate a return below that of the BIST-100 index over the next twelve months.

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