

Raise TP to TL88.0 for TRCAS
November 7, 2025

It got cash machines (JVs). Strong cash generation of Turcas JVs continued in 2025 and we expect them to continue to return more capital to TRCAS. Accelerating cash inflows from JVs, which now hold a combined net cash position of c.TL8bn (\$190mn), is likely to attract growing investor interest for the stock by crystalizing the valuation discount. TRCAS itself also resumed dividends, paying out a total of USD16mn over the last 12M (c.6.5% of current Mcap), after completing deleveraging process (turning to \$11mn net cash as of Q3'25 vs. net debt position of >\$100mn 5-years ago). We update our NAV valuation and raise our TP from TL62.0 to TL88.0, offering 116% upside potential. Our TP is based on 40% conglomerate discount assumption to our NAV estimate of \$0.8bn for TRCAS.

Fuel retail margins remain robust. Earnings of Shell-Turcas JV kept improving trend in 9M'25 as fuel retail business is not much sensitive to high interest rates and real appreciation of Turkish Lira lends support to profit margins. According to EMRA data (Turkish energy market regulator body), fuel distribution&retail markups have reached the highest in US\$ terms since 2016, reaching \$153/m3 in Q3'25 vs. last 5-year average of around \$102/m3. Fuel demand in Türkiye also remains robust with 17% growth in gasoline and 3% increase in diesel consumption in the first 8M period of 2025, supported by rising car/2-wheeler ownership. Shell-Turcas JV maintains market leadership with the highest revenue per station, while non-fuel retail business line also continues to grow. Shell-Turcas reported TL10.3bn EBITDA (\$249mn) with a margin of 4.0% in 9M'25, implying 21% growth in real terms (adjusted for inflation) and margin improvement of 140 bps vs. last year same period. The JV is now in a strong net cash position of TL4.5bn (\$109mn) as of Q3'25, reflecting strong cash generation performance despite intensive contract renewals with franchisees in 2025. Thanks to deleveraging, net income performance is even stronger as 9M'25 net profit jumped to TL3.2bn (\$78mn) with real growth rate of 112% y/y. We estimate EBITDA of Shell-Turcas to reach USD329mn in 2025. Based on 7.0x EBITDA multiple, we value TRCAS stake in the JV at \$0.7bn.

Steady operating performance of RWE-Turcas overshadowed by inflation accounting impact. Power generation volume of RWE-Turcas increased 22% y/y to 2.8 mn MWh in 9M'25 with a capacity utilization rate of 56% vs. 46% last year. Due to weaker spreads, EBITDA performance was 14% lower in real terms in 9M period, but we estimate FY25 figure to be flattish compared to last year in US\$ terms at the level of \$34mn. The bottom-line was negative at TL-0.5bn in 9M'25 but this was mainly due to impact of non-cash deferred taxes (TL-0.7bn) and monetary loss from inflation accounting practice (TL-0.7bn). The JV maintains its net cash position of TL3.3bn (\$78mn) as of Q3'25 and Turcas management expects to receive more cash inflow from RWE-Turcas. \$8mn solar investment kicked off in October this year, expected to be online by mid-2026, which would increase the installed capacity from 800 to 820 MWh. Capacity of solar project is sufficient to cover internal consumption of the power plant, therefore it is expected to improve profitability of the JV. Based on 7.0x EBITDA multiple, we value TRCAS stake in the JV with RWE at \$94mn. However, we note that asset-based valuation of the power plant could be much higher as growing demand for gas power in the world, driven by data center investments, already lifted capex/MWh prices for new turbines and even resulted in wait lists extending to 2028.

TRCAS
Outperform
(maintained)
Target Price
TL88.00

Current Price (TL)

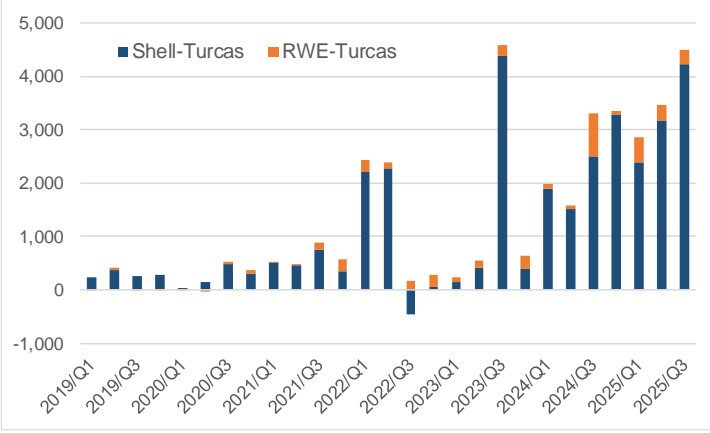
TL40.78

Return Potential

116%

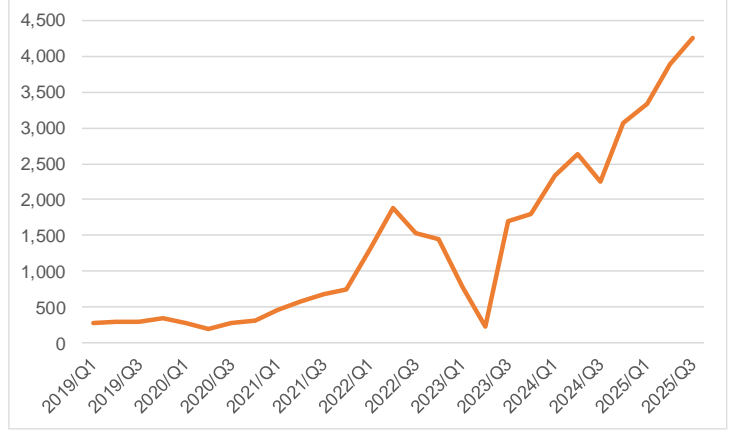
| Estimates (TLmn) | 2023 | 2024 | 2025E |
|--|-------|-------|-------|
| Adjusted EBITDA (Turcas share of JVs) | 2,352 | 3,171 | 4,429 |
| Net Income | 826 | 898 | 1,217 |
| Valuation | 2023 | 2024 | 2025E |
| P/E | 12.6x | 11.6x | 8.6x |
| Adj. EV/ Adj. EBITDA | 3.3x | 2.4x | 1.7x |
| P/BV | 1.5x | 1.0x | 0.7x |
| Dividend Per Share | 0.00 | 0.57 | 1.84 |
| Dividend Yield (%) | 0.0% | 1.4% | 4.5% |

Quarterly EBITDA of JVs (TL million)



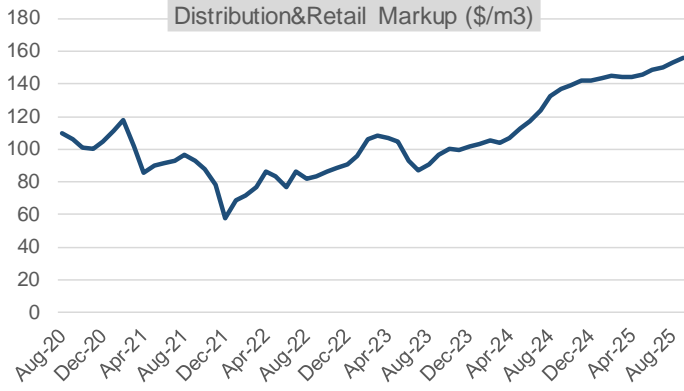
Source: Company presentations

Turcas share in combined EBITDA of JVs (12M trailing)



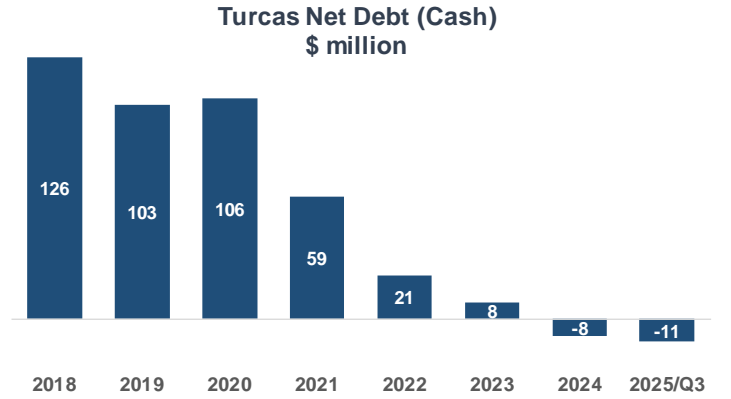
Source: Company presentations

Monthly average fuel product margins (\$/m3)



Source: EMRA database

Turcas completed deleveraging



Source: Company financials

Turcas – Valuation

| (USD million) | Shell-Turcas | RWE-Turcas |
|--------------------------|--------------|------------|
| EBITDA - 2024 | 285 | 32 |
| EBITDA - 2025E | 329 | 34 |
| EBITDA - 2026E | 340 | 35 |
| <i>Average 2024-26E</i> | <i>318</i> | <i>34</i> |
| Target EBITDA Multiplier | 7.0 | 7.0 |
| Net Cash (\$ mn) 3Q25 | 109 | 78 |
| Implied Valuation | 2,336 | 314 |
| Turcas Ownership | 30% | 30% |
| Value of Turcas' Stake | 701 | 94 |

Turcas - Sum of the Parts Valuation (\$ million)

| | |
|---|--------------|
| Value of Shell-Turcas stake (30%) | 701 |
| Value of RWE-Turcas stake (30%) | 94 |
| Ataş (Fuel Storage - 5% stake) | 5.0 |
| Net Other Assets | 22 |
| Net Cash (3Q'25) | 11 |
| Net Asset Value | 833 |
| Target Mcap (after 40% conglomerate & minority discount) | 500 |
| Current Mcap | 247 |
| Discount to the NAV | -70% |
| Discount to the target NAV | -50% |
| Target Price in TRY (forward \$/TL 45) | 88.00 |
| Current Stock Price in TRY | 40.78 |
| <i>Upside Potential</i> | 116% |

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