

Turkish Airlines

We evaluate Turkish Airlines' 4Q25 results as slightly positive. The company reported TL37.1bn in net profit, exceeding our estimate by 61%, while operational performance came largely in line with our expectations. The strong deviation on the bottom line was mainly driven by income from investment activities and one-off items, whereas operationally the company continued to deliver growth despite the relatively low seasonal environment. On the other hand, the recent increase in geopolitical risks, particularly developments in the Middle East has led to higher volatility in the stock's pricing. For Turkish Airlines, which continues to grow supported by strong traffic momentum and scale advantages, we maintain our 12 month TP of TL414 and reiterate our BUY recommendation, while keeping the stock in our Model Portfolio.

Despite the stronger-than-expected net profit in the final quarter, operational performance came largely in line with our expectations. The company generated TL264.6bn in revenue in 4Q25, while EBITDA reached TL39.4bn. The reported EBITDA figure was broadly in line with our estimate of TL39.3bn but came in below the market consensus of TL44.7bn. On the bottom line, the strong increase in income from investment activities and other one-off items were the main drivers of net profit. Despite the relatively low seasonal environment, we believe the continued revenue growth and effective cost management supported a gradual improvement in operational performance.

Demand remained resilient while revenue growth continued to be supported by passenger operations. In 2025, Turkish Airlines increased total passenger numbers by 8.8% YoY to 92.6 million, while passenger capacity expanded by 7.5%, with the load factor improving by 1pp to 83.2%. According to Eurocontrol data, the company maintained its position as the airline operating the highest number of flights among European network carriers in 2025. During the same period, total revenues increased by 6.3% YoY to USD24.1bn, while passenger revenues grew by 7.4%. Due to the limited decline in unit revenues and ongoing cost pressures, operating profit decreased by 7.9% YoY to USD2.2bn, while EBITDAR reached USD5.7bn with a margin of 23.7%, remaining within the company's long-term target range.

We closely monitor the impact of geopolitical developments on the aviation sector. In particular, rising tensions in the Middle East could lead to periodic airspace closures or longer flight routes, potentially putting pressure on operational costs. In addition, sharp increases in Brent oil prices may weigh on profitability through higher fuel expenses. The Middle East accounts for roughly 10% of the company's network, making regional developments relevant for traffic flows. However, Turkish Airlines' extensive destination network and strong transfer passenger model provide significant flexibility to redirect traffic to alternative routes when needed. Moreover, the company's fuel hedge ratio of around 36% for 2026 stands out as a factor that could partially mitigate the impact of potential volatility in oil prices on costs.

THYAO

BUY

Target Price TL 414
Return potential 44%

Share Data

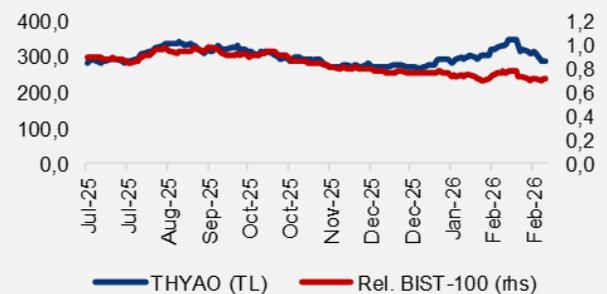
Ticker:	THYAO TI
Share price (as of 04.03.2026)	287,75
Share price (52 week range)	249 / 348
Market cap. (TL mn - USD mn)	397.095 - 9.047
# of shares (mn) & free float	1.380 - 50%
Foreign Ownership Rate	20.14%
Market	Star
Industry	Aviation

Avg. trading volume	1M	3M	12M
USD mn	473,2	359,0	292,0

Price performance	1M	3M	Y-t-D
TL	-10%	7%	7%
USD	-11%	3%	5%
Rel. to BIST-100	-4%	-10%	-7%

Forecasts (TL mn)	2024	2025	2026E
Revenues	745.430	955.472	1.186.810
EBITDA	136.256	158.217	197.739
Net Earnings	113.378	118.208	138.169

Valuation	2024	2025	2026E
P/E	3,5x	3,4x	2,9x
P/BV	0,6x	0,4x	0,4x
EV/EBITDA	5,2x	4,5x	3,6x



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Financial Statements

Balance Sheet	2024	2025	2025E
Cash	95.992	86.035	111.964
Accounts receivables	31.908	45.791	66.808
Inventory	23.661	41.472	53.500
Financial investments	118.030	182.732	267.538
Fixed assets	252.852	370.340	509.826
Other non-current assets	877.163	1.270.375	1.432.585
Total assets	1.399.606	1.996.745	2.442.220
Short-term financial loans	130.410	162.436	184.101
Accounts payables	52.792	78.640	106.999
Long-term financial loans	359.529	601.817	818.765
Other long-term payables	176.988	242.630	282.964
Non-current liabilities	719.719	1.085.523	1.392.830
Shareholders' equity	679.887	911.222	1.049.391
Paid in Capital	1.380	1.380	1.380
Other Equity	678.507	909.842	1.048.011
Total liabilities & equity	1.399.606	1.996.745	2.442.220
Net debt	393.947	678.218	890.903
Net working capital	2.777	8.623	13.309

Per share (TL)

EPS	82,16	85,66	100,12
BVPS	492,67	660,31	760,43
DPS	0,00	6,49	0,00

Ratios

Profitability

ROE	19,9%	14,9%	14,1%
Net margin	15,2%	12,4%	11,6%
Asset turnover	0,6x	0,6x	0,5x
Leverage	2,2x	2,1x	2,3x
ROA	9,3%	7,0%	6,2%

Leverage

Financial debt/Total assets	35%	38%	41%
Net debt/Equity	0,58	0,74	0,85
Net debt/EBITDA	2,89	4,29	4,51

Income statement	2024	2025	2026E
Revenues	745.430	955.472	1.186.810
Gross profit	142.908	155.560	199.513
Operating expenses	-78.958	-92.025	-121.320
Operating profit	63.950	63.535	78.193
EBITDA	136.256	158.217	197.739
Other income, net	16.443	26.594	29.881
Financial income, net	-17.731	-11.580	-22.846
Earnings before taxes	121.421	137.578	154.900
Tax expense	-8.064	-19.461	-16.633
Net earnings	113.378	118.208	138.169

Cashflow statement

EBITDA	136.256	158.217	197.739
Taxes on EBIT	71.716	-8.064	-19.461
Capital expenditures	-24.549	-43.499	-76.816
Chg. in NWC	-2.889	3.334	5.846
Free cashflows to firm	165.453	81.359	56.094

Growth & margins

Revenues	48%	28%	24%
EBITDA	18%	16%	25%
Net earnings	-30%	4%	17%
Gross margin	19,2%	16,3%	16,8%
Operating margin	8,6%	6,6%	6,6%
EBITDA margin	18,3%	16,6%	16,7%
Net margin	15,2%	12,4%	11,6%
Free cashflow margin	22,2%	8,5%	4,7%

Valuation

P/E	3,5x	3,4x	2,9x
P/BV	0,6x	0,4x	0,4x
EV/EBITDA	5,2x	4,5x	3,6x

Source: Company Data, Tacirler Investment

*All figures are stated in millions of TL unless otherwise stated.

Important Disclosures

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