TACİRLER YATIRIM

Turkish Airlines

We evaluate Turkish Airlines' 3Q25 financial results as neutral. While margin pressure in operational profitability persisted, strong passenger traffic and an expanding flight network continued to support revenue growth. Although net profit exceeded expectations during the period, the cost pressures seen on the EBITDA side limited profitability outlook. We maintain our 12-month target price of TL 439 per share and our "BUY" recommendation, keeping Turkish Airlines in our model portfolio due to its long-term growth potential and strategic roadmap.

Net profit came in above expectations in 3Q25. The company reported revenue of TL 282.8 billion, up 27% YoY. EBITDA reached TL 62.5 billion, increasing by 6% YoY but coming in about 11% below the market consensus of TL 70.4 billion. The EBITDA margin declined by 452 bps YoY to 22.1%. In contrast, net profit rose to TL 56.1 billion, exceeding both the market consensus and our estimate of TL 50.1 billion by 12%. Net profit increased by 9% YoY and 109% QoQ, with the net margin improving by 220 bps to 19.8%. On the cost side, a weaker USD and higher operating expenses exerted pressure on margins, while an 11% YoY decline in unit fuel costs partially offset this impact.

Traffic data reflected the company's operational resilience. As of the end of September 2025, total passenger numbers rose by 6.6% YoY to 69.4 million. The passenger load factor improved by 0.6 pp to 82.9%, while the fleet size increased by 8.4% to 506 aircraft. Updated figures released for October indicated that strong operational momentum continued. During the month, total passenger numbers increased by 19.1% YoY to 8.5 million, with the load factor rising by 2 pp to 84.7%. The growth in passenger volume was observed across both domestic (+14.5%) and international (+21.4%) routes, while the number of flights operated rose by 20.3% and available seat capacity increased by 11.7%. Despite capacity expansion, maintaining high load factors demonstrates the company's ability to sustain efficiency and revenue growth in a robust demand environment.

2025 guidance was maintained. The company targets a 7–8% increase in passenger capacity, a 5–6% rise in total revenue, and an EBITDAR margin in the 22–24% range for the year. Excluding fuel, unit costs are expected to grow at a mid–single–digit rate, while the fleet size is projected to reach 525–530 aircraft by year-end. The company continues to maintain its disciplined balance sheet management, with the net debt/EBITDA ratio improving to 2.63x, indicating stronger financial leverage and a healthier balance sheet position.

THYAO	BUY
Target Price	**TL 439**
Return potential	**50%**

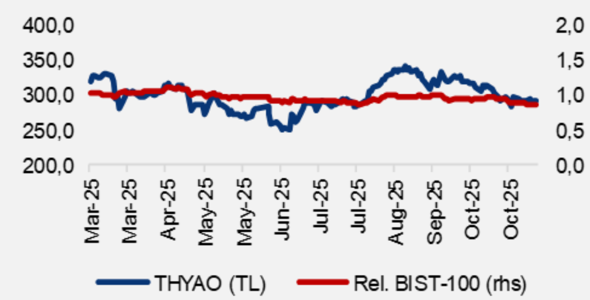
Share Data	
Ticker:	**THYAO TI**
Share price (as of 06.11.2025)	292,50
Share price (52 week range)	249 / 340
Market cap. (TL mn - USD mn)	403.650 - 9.601
# of shares (mn) & free float	1.380 - 50%
Foreign Ownership Rate	26.03%
Market	Star
Industry	Aviation

Avg. trading volume	1M	3M	12M
USD mn	269,8	267,2	240,1

Price performance	1M	3M	Y-t-D
TL	-4%	-4%	7%
USD	-5%	-8%	-11%
Rel. to BIST-100	-7%	-6%	-5%

Forecasts (TL mn)	2023	2024	2025E
Revenues	504.398	745.430	953.171
EBITDA	115.397	136.256	157.924
Net Earnings	163.003	113.378	108.980

Valuation	2023	2024	2025E
P/E	2,5x	3,6x	3,7x
P/BV	0,9x	0,6x	0,5x
EV/EBITDA	2,9x	2,3x	1,9x



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Financial Statements

Balance Sheet	2023	2024	2025E
Cash	20.115	95.992	119.015
Accounts receivables	25.192	31.908	54.625
Inventory	12.311	23.661	43.487
Financial investments	157.311	118.030	174.931
Fixed assets	181.406	252.852	379.415
Other non-current assets	652.608	877.163	1.139.207
Total assets	**1.048.943**	**1.399.606**	**1.910.680**
Short-term financial loans	109.810	130.410	163.690
Accounts payables	38.060	52.792	79.726
Long-term financial loans	310.362	359.529	543.098
Other long-term payables	133.454	176.988	252.312
Non-current liabilities	**591.686**	**719.719**	**1.038.825**
Shareholders' equity	**457.257**	**679.887**	**871.855**
Paid in Capital	1.380	1.380	1.380
Other Equity	455.877	678.507	870.475
Total liabilities & equity	**1.048.943**	**1.399.606**	**1.910.680**
Net debt	400.057	393.947	587.772
Net working capital	-557	2.777	18.386

Per share (TL)			
EPS	118,12	82,16	78,97
BVPS	331,35	492,67	631,78
DPS	0,00	0,00	0,00

Ratios			
Profitability			
ROE	51,0%	19,9%	14,0%
Net margin	32,3%	15,2%	11,4%
Asset turnover	0,6x	0,6x	0,6x
Leverage	2,5x	2,2x	2,1x
ROA	20,0%	9,3%	6,6%
Leverage			
Financial debt/Total assets	40%	35%	37%
Net debt/Equity	0,87	0,58	0,67
Net debt/EBITDA	3,47	2,89	3,72

Income statement	2023	2024	2025E
Revenues	**504.398**	**745.430**	**953.171**
Gross profit	119.446	142.908	160.579
Operating expenses	-52.523	-78.958	-98.834
Operating profit	66.923	63.950	61.744
EBITDA	**115.397**	**136.256**	**157.924**
Other income, net	4.502	16.443	21.092
Financial income, net	-9.381	-17.731	-8.285
Earnings before taxes	91.282	121.421	128.491
Tax expense	71.716	-8.064	-19.659
Net earnings	**163.003**	**113.378**	**108.980**

Cashflow statement			
EBITDA	**115.397**	**136.256**	**157.924**
Taxes on EBIT	71.716	-8.064	-19.659
Capital expenditures	-24.549	-43.499	-70.314
Chg. in NWC	-2.889	3.334	5.626
Free cashflows to firm	**165.453**	**81.359**	**62.324**

Growth & margins			
Revenues	62%	48%	28%
EBITDA	47%	18%	16%
Net earnings	244%	-30%	-4%
Gross margin	23,7%	19,2%	16,8%
Operating margin	13,3%	8,6%	6,5%
EBITDA margin	22,9%	18,3%	16,6%
Net margin	32,3%	15,2%	11,4%
Free cashflow margin	32,8%	10,9%	6,5%

Valuation			
P/E	2,5x	3,6x	3,7x
P/BV	0,9x	0,6x	0,5x
EV/EBITDA	2,9x	2,3x	1,9x

Source: Company Data, Tacirler Investment

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

Important Disclosures

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