

Doğuş Otomotiv

Despite a decline on an annual basis, we view the better-than-expected quarterly profitability performance and satisfactory dividend performance as positive for DOAS. In line with our updated forecasts, we have revised our 12-month target price for DOAS to TL259.00 from TL253.00 per share. The revised target price, indicating a 36% upside potential, is in line with our index expectations and reflects our view that margin recovery across the sector will be gradual. Accordingly, we reiterate our 'HOLD' recommendation. Based on our 2025 projections, the stock is trading at a P/E ratio of 3.7x and an EV/EBITDA multiple of 1.3x.

Declining on an annual basis, yet outperforming expectations in net profitability... DOAS released a net profit of TL1,250mn for 4Q24, indicating a 74% decrease YoY. Our institutional estimate was TL554 million, while the average market consensus was TL637 million in net income. The better-than-expected net profitability was primarily driven by the volume increase in the last quarter and the positive contribution of pricing to operational revenues. Additionally, the positive turnaround in the contribution from affiliates during the final quarter and the relatively controlled impact of one-off expenses were other key factors supporting net profitability. As a result, while the net profit for the last quarter showed a significant improvement compared to the TL298 million recorded in the previous quarter, it still remained weak on an annual basis. **Despite the weakness throughout the year, sales in the last quarter held up in real terms.** The company's net sales for 4Q24 reached TL60.2 billion, indicating an 8% real growth YoY while the full year completed with a 13% decline to TL188.4 billion. On the operational profitability front, both the pressure on gross profit margins and high costs continued to exert downward pressure. EBITDA, which came in at TL2,780 million, above market expectations, recorded a 33% decrease YoY. The EBITDA margin for 4Q24 fell to 4.6%, compared to 7.4% in 4Q23 and 5.8% in 3Q24. For the full year 2024, the company's total EBITDA decreased by 53% YoY, reaching TL16,740mn, with an EBITDA margin of 8.9%.

The contribution of affiliates to net profit turned positive again in the last quarter... In 4Q24, the net profit contribution from affiliates amounted to TL272 million, while the total contribution for 2024 decreased to TL878 million due to the weak performance in the first nine months of the year. The decline in affiliate profitability for the year was mainly driven by the poor performance of VDF Servis and Yüce Oto. TÜVTÜRK's contribution to net profit for 2024 decreased by 12% YoY, reaching TL830 million. Additionally, we have removed the impact of TÜVTÜRK's valuation on our model for 2027 and beyond.

2025 Outlook... The company anticipates the total domestic vehicle market, which closed 2024 at 1.28mn units, to contract to c.1mn units in 2025 (**Tacirler Investment estimate:** 1.09mn units). Doğuş Otomotiv's sales, excluding Skoda, are expected to reach 115,000 units (**Tacirler Investment estimate:** 135,000 units). We project DOAS's 2025 revenues to increase by a nominal 36%, reaching TL218.4 billion, while EBITDA is forecasted to generate TL20.5 billion with a 9.4% margin. The company is expected to close 2024 with a net profit of TL7.6 billion, and we forecast a net profit of TL11.3 billion for 2025.

Rating

HOLD

Target Price

TL 259

Return potential

36%

Share Data

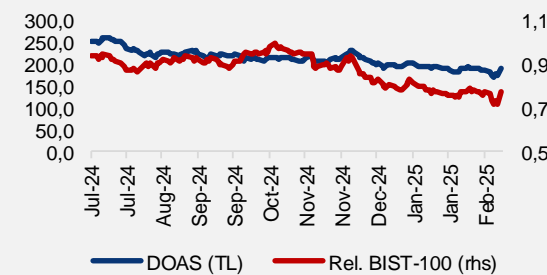
Ticker:	DOAS TI
Share price (as of 03.03.2025)	190,30
Share price (52 week range)	171 / 260
Market cap. (TL mn - USD mn)	41.866 - 1.150
# of shares (mn) & free float	220 - 39%
Foreign Ownership Rate	11.70%
Market	Star
Industry	Automotive

Avg. trading volume	1M	3M	12M
USD mn	10,2	12,0	10,1

Price performance	1M	3M	Y-t-D
TL	4%	-15%	-2%
USD	2%	-19%	-5%
Rel. to BIST-100	2%	-15%	-3%

Forecasts (TL mn)	2023	2024	2025E
Revenues	215.478	188.375	218.382
EBITDA	35.627	16.740	20.470
Net Earnings	28.330	7.592	11.298

Valuation	2023	2024	2025E
P/E	1,5x	5,5x	3,7x
P/BV	0,7x	0,8x	0,6x
EV/EBITDA	1,7x	1,5x	1,3x
EV/Sales	0,2x	0,2x	0,2x
Dividend Yield	23%	31%	14%



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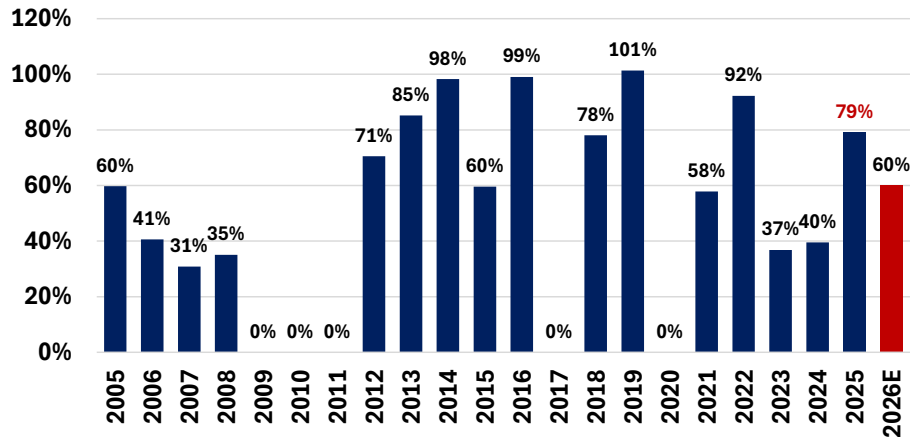
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Dividend

Stable dividend performance continues... Following the year-end financial results, the company has decided to distribute a gross dividend of TL27.27 per share from its 2024 profit. The dividend distribution proposal will be submitted for approval at the general assembly, and based on the latest closing price, the dividend yield stands at **14.33%**

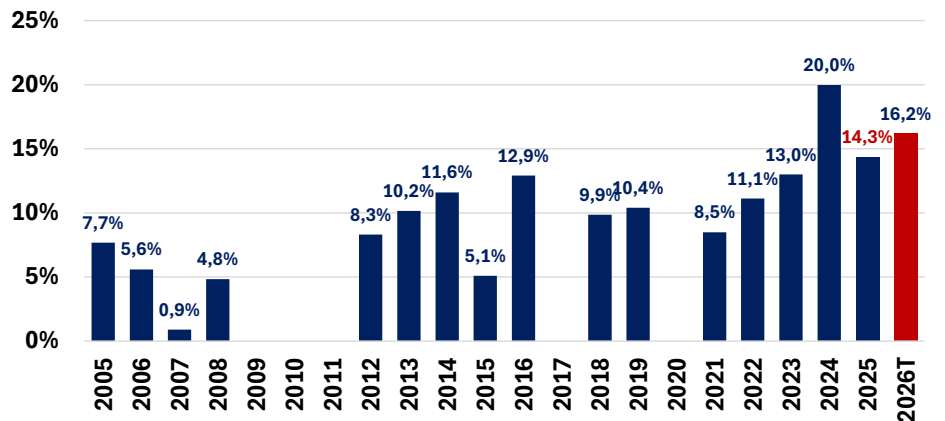
Doğuş Otomotiv has paid dividends in 16 out of the 21 years since its IPO in 2004. Over this period, the company has provided an average dividend payout ratio of **66%**, offering a dividend yield of **9.6%**, significantly above the BIST average. We expect the company to maintain a dividend payout ratio of around **60%** in 2026, continuing its strong dividend performance

DOAS Payout Ratios (%)



We forecast a dividend yield of 16.19% in 2026... Our net profit estimate for Doğuş Otomotiv in 2025 is TL11.3 billion. Based on a 60% dividend payout ratio, we project the company to distribute a gross dividend of TL30.81 per share in 2025, resulting in a dividend yield of 16.19% based on current share prices.

DOAS Dividend Yields (%)



Valuation

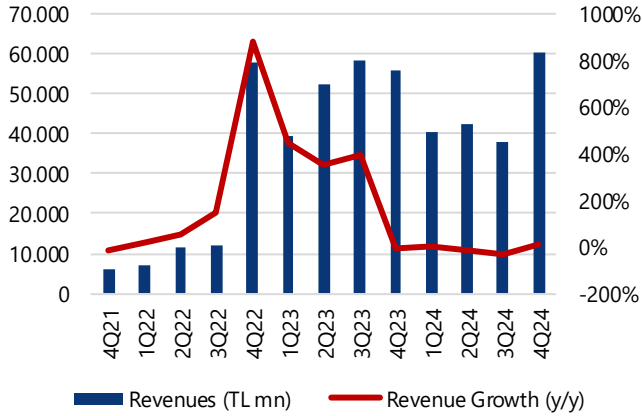
We are revising our estimates...

We value DOAS using the discounted cash flow (DCF) method, with a 12-month target price of TL259.00 per share. This target price indicates a potential upside of 36% relative to the latest closing price

(TL mln)	2024	2025E	2026E	2027E	2028E	2029E
Revenues	188.375	218.382	263.546	309.694	356.932	401.088
Growth%	-12,6%	15,9%	20,7%	17,5%	15,3%	12,4%
EBITDA	16.740	20.470	26.266	31.046	35.933	40.762
Growth%	-53,0%	22,3%	28,3%	18,2%	15,7%	13,4%
<i>EBITDA Margin</i>	8,9%	9,4%	10,0%	10,0%	10,1%	10,2%
Taxes paid on EBIT	-5.055	-7.092	-6.681	-7.695	-8.580	-9.459
CAPEX	-3.763	-5.301	-7.188	-9.066	-11.163	-13.346
Change in Net Working Capital	-4.739	9.140	4.356	3.463	3.149	2.387
Free cash flow from operations	12.662	-1.063	8.041	10.821	13.041	15.570
FCFF Margin	6,7%	-0,5%	3,1%	3,5%	3,7%	3,9%
WACC	27%	27%	27%	27%	27%	27%
DFC	12.662	-835	4.966	5.258	4.981	4.673
Terminal growth rate	5%					
Terminal Value	127.998					
PV of Terminal Value	11.435					
PV of FCFF	35.592					
Enterprise Value	47.026					
Latest Net Debt	2.691					
Equity Value	44.336					
Target Mcap (mn TL)	57.087					
# of shares outstanding (mn)	220					
Fair Value per share (12-mth fwd)	259,00					
Current share price	190,30					
Upside / (Downside)	36%					

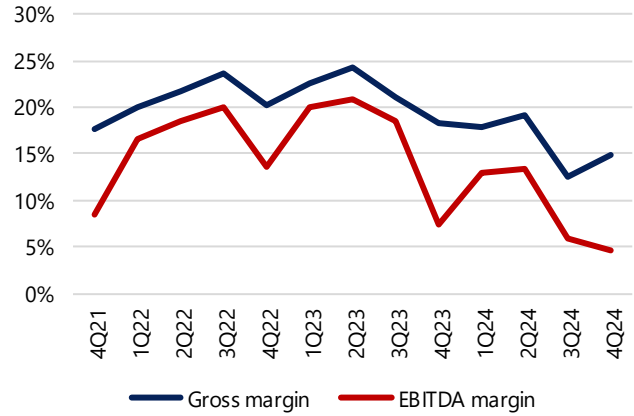
Key Financial Indicators (Quarterly)

Revenue trends



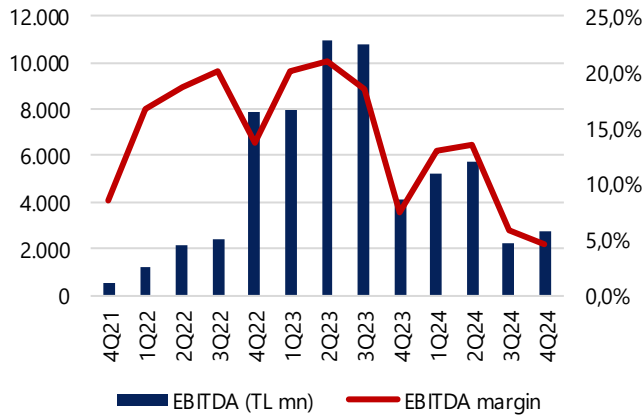
Source: Tacirler Investment

Operating margin evolution



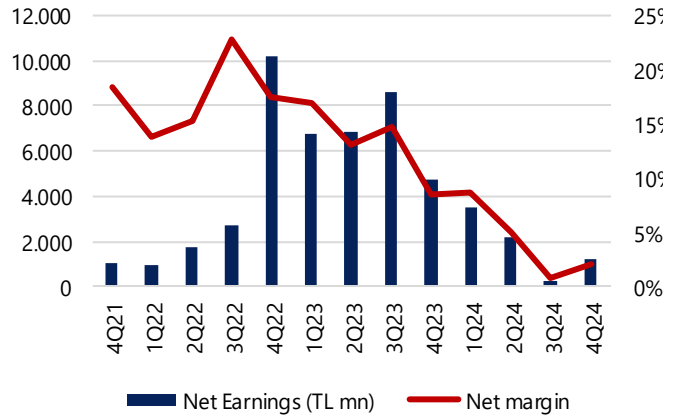
Source: Tacirler Investment

EBITDA trends



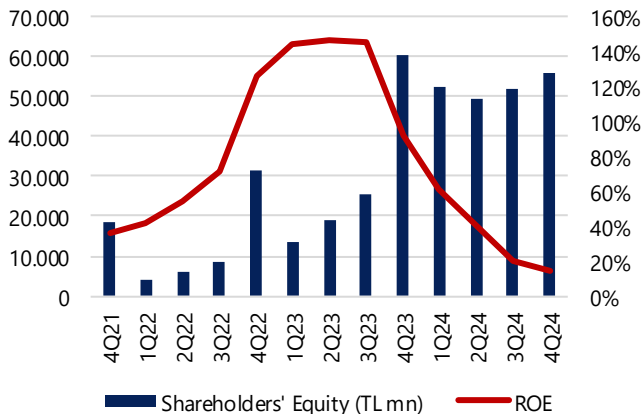
Source: Tacirler Investment

Net earnings trends



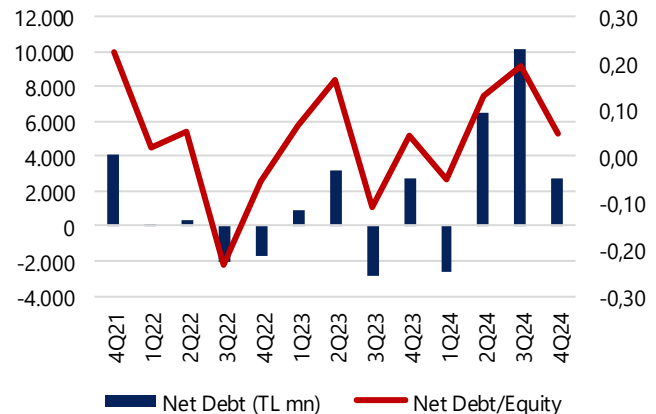
Source: Tacirler Investment

Profitability trends



Source: Tacirler Investment

Trends in financial leverage



Source: Tacirler Investment

Projected Financials

Balance Sheet	2022	2023	2024	2025E	Income statement	2022	2023	2024	2025E
Cash	8.048	11.036	9.414	8.447	Revenues	127.757	215.478	188.375	218.382
Accounts receivables	7.978	18.595	15.853	24.773	Gross profit	26.670	46.389	30.232	35.840
Inventory	10.307	15.376	15.410	19.536	Operating expenses	-8.404	-12.517	-15.696	-18.412
Financial investments	4.838	1.816	0	0	Operating profit	18.267	33.872	14.536	17.428
Fixed assets	13.413	17.675	20.889	25.391	EBITDA	19.613	35.627	16.740	20.470
Other non-current assets	27.015	33.487	30.643	34.154	Other income, net	5.866	4.577	1.708	2.334
Total assets	71.599	97.985	92.209	112.300	Financial income, net	-1.899	-7.657	-3.252	-3.390
Short-term financial loans	6.155	6.634	6.200	6.241	Earnings before taxes	25.547	37.366	12.698	18.396
Accounts payables	8.775	12.302	14.335	19.763	Tax expense	-2.642	-8.833	-5.055	-7.092
Long-term financial loans	4.208	8.931	5.904	6.023	Net earnings	22.542	28.330	7.592	11.298
Other long-term payables	7.336	10.434	10.814	14.020	Cashflow statement				
Non-current liabilities	26.474	38.301	37.253	46.046	EBITDA	19.613	35.627	16.740	20.470
Shareholders' equity	45.125	59.685	54.956	66.255	Taxes on EBIT	-2.642	-8.833	-5.055	-7.092
Paid in Capital	318	220	220	220	Capital expenditures	-3.317	-1.111	-3.763	-5.301
Other Equity	44.807	59.465	54.736	66.035	Chg. in NWC	4.429	12.159	-4.739	9.140
Total liabilities & equity	71.599	97.985	92.209	112.300	Free cashflows to firm	9.225	13.524	12.662	-1.063
Net debt	2.315	4.529	2.691	3.817	Growth & margins				
Net working capital	9.509	21.668	16.929	24.546	Revenues	426%	69%	-13%	16%
					EBITDA	725%	82%	-53%	22%
					Net earnings	867%	26%	-73%	49%
					Gross margin	20,9%	21,5%	16,0%	16,4%
					Operating margin	14,3%	15,7%	7,7%	8,0%
					EBITDA margin	15,4%	16,5%	8,9%	9,4%
					Net margin	17,6%	13,1%	4,0%	5,2%
					Free cashflow margin	7,2%	6,3%	6,7%	-0,5%
					Valuation				
					P/E	1,9x	1,5x	5,5x	3,7x
					P/BV	0,9x	0,7x	0,8x	0,6x
					EV/EBITDA	2,2x	1,7x	1,5x	1,3x
					EV/Sales	0,3x	0,2x	0,2x	0,2x
					Dividend Yield	13,8%	22,9%	31,4%	14,3%
					Free cashflow yield	22,0%	32,3%	30,2%	-2,5%

Source: Company Data, Tacirler Investment

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

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