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TAV Airports Holding

Financial results were in line with the expectations in 4Q24...

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TAV Airports Holding (TAVHL.TI; OP) reported a €1.9mn net loss in 4Q24, in line with the RT market consensus expectation of a €1mn net loss (Seker: +€5mn) (4Q23: €73mn net profit). Despite strong revenue growth, a 23% YoY increase in EBITDA, and a decline in net financial expenses (4Q23: -€34.3mn, 4Q24: -€4.2mn), the €49mn impairment expense (€30.5mn for Tunisia, €18.5mn for Gazipaşa) and the one-off tax income of €75.4mn recorded in 4Q23 due to inflation accounting led to a shift from net profit in the same period of last year to a net loss in 4Q24. On the other hand, although operating expenses increased due to a rise in personnel costs in this quarter, TAV Airports was able to achieve an annual 23% increase in EBITDA to €78.1mn in 4Q24 (4Q23: €63.4mn) (RT Market Consensus: €76mn, Seker: €79.0mn) thanks to strong sales revenue growth of 31% YoY. The Group's total sales revenue in 4Q24 grew by 31% YoY to €428.5mn (4Q23: €327.7mn). The strong passenger traffic, a 12% YoY increase in aviation revenues, a 28% YoY growth in ground handling revenues, and an 80% increase in lounge services revenues were the key factors driving TAV's strong sales revenue performance this quarter (RT Market Consensus: €379mn, Seker: €385mn).

EBITDA continued to recover driven by strong top-line growth. - The total number of passengers served by TAV increased by 10.6% YoY in 4Q24, reaching 23.4mn (4Q23: 21.2mn). The operational contributions from international airports such as Almaty (YoY +15.4%, +385.3k passengers), Tunisia (YoY +32.8%, +133k passengers), and Georgia (YoY +30.7%, +311k passengers), along with domestic airports such as Antalya (YoY +10.6%, +494k passengers) and Izmir (YoY +11.1%, +269.2k passengers), and the continued growth in international traffic led to a 31% YoY increase in net sales revenue to €428.5mn in 4Q24. EBITDA, supported by strong revenue growth and the contribution of Almaty & Georgia Airports (which saw a 66% YoY increase in EBITDA and accounted for 37% of consolidated EBITDA in 4Q24, totaling €28.6mn), reached €78.1mn in 4Q24 (4Q23: €63.4mn). At the end of 4Q24, TAV Airports' net debt increased by 3.2% YoY, reaching €1.722.8mn (4Q23: €1.669.7mn, 3Q24: €1.613.7mn).

(€ m)	2023	2024	2025E
Revenues	1.310	1.660	1.806
EBITDA	385	489	574
Net Income	249	183	178
Net Debt/EBITDA (x)	4,3	3,5	3,0

OUTPERFORM
TP: TRY 392.20
Previous TP: 392.20
Upside potential: 47.6%

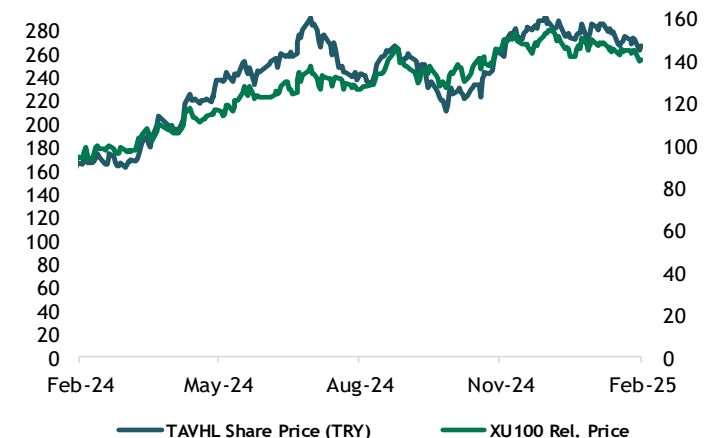
	TRY	US\$
Close	265,75	7,34
BIST 100	9.917	274
US\$/TRY (CB Bid Rate):	36	
52 Week High:	294,75	8,9
52 Week Low:	161,6	4,9
Bloomberg/Reuters Ticker:	TAVHL.TI / TAVHL.IS	
Number of Shares (Mn):	363,3	

	(TRY m)	(US\$ m)
Current Mcap :	96.542	2.667
Free Float Mcap :	46.340	1.280

	1 M	YoY	YtD
TRY Return (%):	-6,75	59,61	-3,01
US\$ Return (%):	-8,70	35,52	-5,50
BIST 100 Relative (%):	-6,18	48,88	-3,86
Avg. Daily Vol. (TRY m):	581		
Avg. Daily Vol. (US\$ m):	17,5		

Beta	0,95
Volatility (Stock)	0,34
Volatility (BIST 100)	0,22

Shareholder Structure	%
Tank ÖWA Alpha GmbH	46,12
Tepe İnşaat Sanayi A.Ş.	4,06
Free Float	49,82
Total	100



TAV Airports Holding expects the new terminal at Antalya Airport to open for passenger traffic in April 2025 (previously: 1Q25). As of 4Q24, 96% of the construction has been completed, and upon completion, the airport will have the capacity to serve 65 million passengers. Additionally, TAV stated that the Ankara Esenboğa Airport project is planned for completion in 2Q25 (4Q24: 98% completed). With the start of the new concession period, the company expects higher tariffs and increased revenue compared to the previous concession, given the same number of passengers served in 2024 and the end of the passenger guarantee/IFRIC 12 impact. TAV anticipates that Ankara's revenue will reach approximately €100mn in 2025. TAV expects the Almaty Investment Plan to be implemented over three to four years between 2025 and 2028, with an estimated investment of €150mn to €300mn. The company emphasized that positive outcomes from tariff increase negotiations will be a key factor in determining the investment scale. TAV considers that current tariffs in Almaty are significantly lower than those of comparable airports. If the company's base scenario tariff proposal is approved, TAV expects a permanent EBITDA increase of 13-15% at Almaty starting from the second half of 2025. Additionally, the company continues the construction of solar power plants in Bodrum and Izmir, and plans to start construction in Ankara soon.

The Company's 2025 Expectations: For 2025, the company expects net sales revenue in the range of €1.750mn - €1.850mn (previous guidance: 14-18% CAGR (2022-2025)), total passenger traffic in the range of 110mn - 120mn (previous guidance: 10-14% CAGR (2022-2025)), and international passenger traffic in the range of 75mn - 83mn. TAV forecasts 2025 EBITDA in the range of €520mn - €590mn (previous guidance: 14-20% CAGR (2022-2025)) and expects the Net Debt/EBITDA ratio to be in the range of 2.5-3.0 by the end of 2025. The company anticipates capital expenditures of €140mn - €160mn+ in 2025, with a planned update in the April 2025 Board of Directors meeting. Additionally, TAV expects Almaty Airport's EBITDA to reach €119.5mn in 2025 without any tariff increases under the Almaty Investment Plan. Furthermore, the company does not anticipate 2025 net profit to be higher than that of 2024.

We maintain our "Outperform" rating, and our 12M TP at TRY 392.20/sh - We view the operational and financial results announced after 4Q24 as slightly positive, in line with our valuation of the Group's shares. Considering the increase in terminal capacity resulting from investments and the ability to serve more passengers, we regard the continuation of these investments as a strong catalyst for TAV. The Almaty Investment Program is expected to be financed through Almaty's operational cash flow and project finance investment loan limits, without the need for an equity shareholder loan, which indicates that Almaty can sustain strong operational results in the coming periods. The company is currently bidding for the operation and maintenance contract of Kuwait International Airport Terminal 2, and potential positive developments from this bid could present an upside risk for TAV shares. However, in the short to medium term, we acknowledge that if geopolitical risks escalate, the downside risks for the aviation sector outlook could become more pronounced. We maintain our target share price of TRY 392.20, and given the potential return offered by our target price, we reiterate our "OUTPERFORM" recommendation. Currently, TAV shares trade at a 47.6% discount compared to our target price.

Table 1: Summary P&L

€ mn	Q4 2019	Q4 2023	Q4 2024	24/19 % Change	YoY, % Change
Revenues	165,5	327,7	428,5	158,9%	30,7%
Aviation Income	35,3	138,1	154,8	337,9%	12,1%
Ground Handling Income	42,2	65,6	83,9	98,8%	27,8%
Commission from Sales of Duty Free Goods	9,6	13,7	19,8	105,6%	45,0%
Catering Services Income	25,5	31,9	50,5	97,7%	58,3%
Income from Lounge Services and Loyalty Card	0,8	0,5	1,2	40,7%	139,3%
Other Operating Revenues	10,4	18,3	27,6	164,8%	50,5%
EBITDA	46,0	63,4	78,1	69,6%	23,1%
EBITDA Margin	27,8%	19,4%	18,2%	-9.6 pp	-1.1 pp
Net Profit*	223,0	73,0	-1,9	-100,8%	-102,6%
Net Profit Margin	134,7%	22,3%	-0,4%	-135.2 pp	-22.7 pp

Source: TAV Airports Holding, Şeker Invest

* Attributable to the equity holders of the Company

Table 2: Income Statement (€ mn)

Income Statement (€ m)	4Q19	4Q21	4Q22	4Q23	4Q24	24/19 % Change	24/23 YoY % Change
Total Revenue	165,5	166,3	298,9	327,7	428,5	158,9%	30,7%
Aviation Income	35,3	60,6	120,5	138,1	154,8	337,9%	12,1%
Ground Handling Income	42,2	41,2	55,7	65,6	83,9	98,8%	27,8%
Commission from the Sale of Duty-Free Goods	9,6	6,9	11,7	13,7	19,8	105,6%	45,0%
Catering Services Income	25,5	18,4	28,5	31,9	50,5	97,7%	58,3%
Income from Car Parking Operations	4,6	3,2	4,2	5,3	7,1	54,5%	33,8%
Area Allocation, Sublease and Advertising	9,9	7,3	9,6	14,5	13,6	38,4%	-6,1%
<i>Area Allocation Income</i>	7,0	6,0	7,5	9,0	10,0	43,4%	12,1%
<i>Rent Income from Sublease</i>	1,5	0,5	1,1	1,8	1,6	11,0%	-11,3%
<i>Advertising Income</i>	1,4	0,7	1,0	3,8	2,0	42,2%	-47,2%
Bus Services Income	2,9	1,2	2,1	2,9	3,1	7,0%	5,0%
Income from Lounge Services, Loyalty Card & Prime Class	16,6	8,6	16,1	23,9	43,0	158,4%	80,0%
<i>Loyalty Card Income</i>	0,9	0,2	0,3	0,5	1,2	26,4%	139,3%
<i>Prime Class Income</i>	15,8	9,6	13,6	23,4	41,8	164,7%	78,7%
<i>Income from Lounge Services</i>	-0,1	-1,2	2,2	0,0	0,0		
Software Sales	8,4	8,9	32,4	13,4	25,2	198,2%	87,2%
Other Operating Revenues	10,4	10,1	18,1	18,3	27,6	164,8%	50,5%
<i>Security Services Income</i>	2,6	2,5	3,4	4,3	8,9	250,0%	106,0%
<i>Retail Income</i>	-0,2	0,0	0,0	0,0	0,0	N.M.	N.M.
<i>Other Operating Revenue</i>	4,0	5,0	11,9	12,0	16,4	305,9%	37,3%
<i>Ticket Sales Income</i>	0,9	0,0	0,0	0,0	0,0		N.M.
<i>Operating Financial Revenue</i>	1,8	1,2	0,6	0,0	0,0		
<i>Utility and General Participation Income</i>	1,2	0,6	1,1	0,9	0,9	-22,7%	1,3%
<i>Hotel and Reservation Income</i>	0,1	0,8	1,0	1,1	1,3	779,7%	17,3%
Operating Expenses	-126,7	-133,9	-249,0	-265,1	-361,5	185,2%	36,4%
Cost of Catering Inventory Sold	-7,6	-7,1	-9,4	-10,6	-15,7	105,3%	48,6%
Cost of Services Rendered	-18,9	-17,4	-37,4	-30,9	-49,9	164,2%	61,7%
Construction Expenses	0,0	0,0	0,0	0,0	0,0	N.M.	N.M.
Cost of Duty Free Inventory Sold	0,0	0,0	0,0	0,0	0,0	N.M.	N.M.
Cost of Fuel	0,0	-22,9	-60,8	-57,6	-60,3	N.M.	4,7%
Personnel Expenses	-69,1	-55,9	-81,4	-100,7	-150,3	117,4%	49,3%
Concession Rent Expenses	2,1	0,0	-0,3	-0,5	-0,5	-123,2%	3,6%
Other Operating Expenses	-33,2	-30,5	-59,7	-65,0	-84,8	155,7%	30,6%
Other Operating Income	7,2	-0,1	5,3	0,8	11,1	53,3%	1210,1%
EBITDA	46,0	32,3	55,2	63,4	78,1	69,6%	23,1%
Depreciation and Amortization and Impairment Expenses	-25,4	-21,9	-25,1	-38,3	-87,4	244,5%	128,0%
Equity Pick-up	-6,5	-10,5	5,7	73,4	16,9	N.M.	-76,9%
EBIT (Operating Profit)	14,2	-0,1	35,8	98,5	7,6	-46,0%	-92,2%
Net Interest Expense	-16,1	-15,4	-22,9	-17,5	-13,7	-15,2%	-22,0%
Discount Expense	-8,2	-10,4	-12,0	-5,7	-0,5	-93,9%	-91,1%
FX	-1,7	-5,1	-8,2	-10,3	5,8	N.M.	N.M.
Other	-3,7	-1,6	3,4	-0,8	4,2	N.M.	N.M.
Net Finance Income/Expense	-29,8	-32,5	-39,8	-34,3	-4,2	-86,0%	-87,8%
Monetary Position Gain	0,0	0,0	1,4	-1,6	1,9	N.M.	N.M.
Tax Payable	-1,6	-7,7	-11,1	-11,1	-6,7	314,1%	-39,3%
Deferred Tax	-4,8	-0,8	8,7	23,6	2,8	N.M.	-88,1%
Income Tax Expense	-6,5	-8,5	-2,4	12,5	-3,9	-39,7%	N.M.
Profit from Continuing Activities	-22,1	-41,1	-5,0	75,0	1,5	N.M.	-98,0%
Profit from Discontinued Operations	247,9	-0,6	-0,2	-0,1	-0,1	N.M.	N.M.
Profit for the Period, Attributable to:							
Owners of the Company	223,0	-43,4	-6,8	73,0	-1,9	N.M.	N.M.
Non-controlling Interest	-2,7	-1,7	-1,6	-2,0	-3,3	N.M.	62,8%

Source: TAV Airports Holding, Seker Invest

Table 3: Balance Sheet (€ m)				
Balance Sheet (€ m)	12M21	12M22	12M23	12M24
TOTAL ASSETS	3.444,7	4.277,7	4.753,1	4.863,1
Total Current Assets	447,2	752,3	1.030,7	850,4
Cash and Cash Equivalents	92,9	258,0	538,9	352,6
Restricted Bank Balances	82,2	105,6	99,8	88,6
Trade Receivables	85,5	113,8	114,3	127,1
Due from Related Parties	34,4	20,1	16,3	18,7
Inventories	20,7	50,2	33,8	44,7
Financial Assets	0,0	45,5	80,9	65,3
Other Receivables and Current Assets	131,4	159,3	146,8	153,4
Total Noncurrent Assets	2.997,5	3.525,4	3.721,4	4.012,0
Noncurrent Trade Receivables	9,7	0,0	0,0	0,0
Noncurrent due from Related Parties	204,3	144,0	86,0	134,5
Equity Accounted Investees	319,2	755,9	754,4	725,5
Goodwill	213,4	219,2	216,4	223,4
Property and Equipment	371,0	487,3	677,7	961,4
Intangible Assets	12,2	19,9	21,6	35,6
Airport Operation Right	1.680,9	1.652,2	1.573,4	1.453,1
Right of Use Assets	58,3	56,8	68,4	122,8
Derivative Financial Instruments	0,0	53,6	42,2	57,3
Deferred Tax Asset	18,5	28,6	44,2	54,9
Other Non-Current Assets	110,1	107,9	237,2	243,5
TOTAL EQUITY AND LIABILITIES	3.444,7	4.277,7	4.753,1	4.863,1
Total Liabilities	2.434,1	3.053,1	3.326,3	3.240,0
Total Current Liabilities	487,4	731,2	887,9	808,4
Bank Overdraft	0,4	0,4	0,3	0,0
Loans and Borrowings	344,1	387,7	532,0	461,9
Trade Payables	41,9	70,4	55,1	74,3
Due to Related Parties	0,6	0,7	0,3	13,1
Derivative Financial Instruments	0,0	0,2	0,0	0,0
Current Tax Liabilities	3,3	10,8	12,1	4,8
Provisions	5,1	6,9	9,6	13,0
Other Liabilities	88,6	208,2	263,8	230,5
Deferred Income	3,3	45,9	14,5	10,8
Provision for Employee Benefit	0,0	0,0	0,0	0,0
Other Current Provisions	0,0	0,0	0,0	0,0
Total Noncurrent Liabilities	1.946,7	2.321,8	2.438,4	2.431,7
Long Term Borrowings	847,6	1.007,7	1.254,5	1.386,5
Trade Payables	0,0	0,0	0,0	0,0
Provision for Employee Benefit	11,0	24,0	23,3	38,8
Due to Related Parties	153,6	465,3	465,4	300,0
Derivative Financial Instruments	24,5	0,0	10,5	0,0
Other Liabilities	732,1	710,0	589,0	594,9
Deferred Tax Liabilities	74,6	93,6	77,1	88,3
Deferred Income	13,2	11,7	14,6	16,6
Liabilities from Equity Accounted Investees	90,1	9,5	4,1	6,5
EQUITY	1.010,7	1.224,7	1.426,4	1.622,9
Total Equity Attributable to Equity Holders	995,7	1.204,7	1.411,2	1.607,7
Share Capital	162,4	162,4	162,4	162,4
Share Premium	220,3	220,3	220,3	220,3
Translation Reserves	-65,0	-38,4	-85,9	-69,2
Legal Reserves	122,0	122,0	122,0	122,0
Other Reserves	-52,5	-74,3	-74,3	-75,7
Treasury Reserves	-4,3	0,0	0,0	0,0
Cash Flow Hedge Reserve	-17,9	46,9	40,4	32,0
Purchase of Shares of Entities Under Common Control	40,1	40,1	40,1	40,1
Retained Earnings	590,7	725,8	986,3	1.175,9
Profit/Loss for the Period	0,0	0,0	0,0	0,0
Minority Interest	15,0	20,0	15,2	15,2

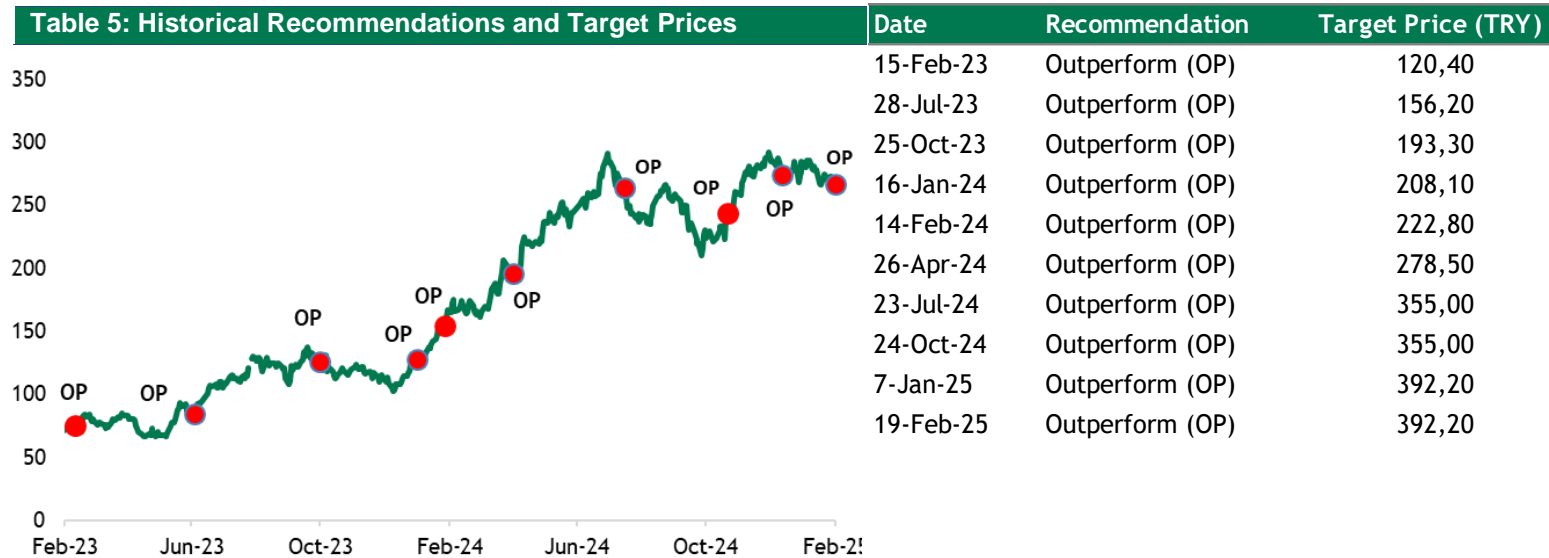
Source: TAV Airports Holding, Şeker Invest

Table 4: TAV Airports Holding, Quarterly PAX, Revenues & Adj. EBITDA

Airports	Pax (mn)			Revenues (€ mn)			EBITDA (€ mn)			EBITDA Margin (%)		
	4Q 2019	4Q 2023	4Q 2024	4Q 2019	4Q 2023	4Q 2024	4Q 2019	4Q 2023	4Q 2024	4Q 2019	4Q 2023	4Q 2024
Ankara Esenboga	3,16	2,94	3,05	9,7	16,0	19,1	1,3	8,6	1,9	13,0%	53,7%	9,7%
Izmir	2,82	2,44	2,69	18,2	19,4	23,5	10,4	11,5	11,4	57,1%	59,4%	48,3%
Gazipaşa	0,18	0,19	0,21	1,2	1,0	1,3	0,1	-0,4	-1,1	7,0%	-37,0%	-84,3%
Milas-Bodrum	0,55	0,57	0,63	4,7	4,9	6,3	2,0	2,1	1,7	43,2%	43,2%	26,3%
Tunisia (Monastir & Enfidha)	0,39	0,40	0,54	6,1	6,8	9,0	10,7	2,2	3,1	175,9%	31,5%	34,7%
Georgia (Tblisi & Batumi)	0,82	1,03	1,32	19,0	24,7	32,2	13,3	16,8	23,0	70,2%	67,8%	71,4%
Macedonia (Skopje & Ohrid)	0,62	0,79	0,74	8,2	11,0	11,5	2,6	3,8	3,0	31,8%	34,5%	26,4%
Almaty	1,64	2,50	2,89	0,0	108,9	126,5	0,0	17,3	28,6		15,9%	22,6%
Services												
Havas				40,6	51,7	65,5	6,5	3,1	-1,4	16,0%	6,1%	-2,1%
BTA				30,0	26,5	43,9	-5,9	0,8	-0,4	-19,8%	3,1%	-1,0%
Others				51,0	56,8	89,6	5,1	-2,4	8,4	10,0%	-4,1%	9,3%
Total				188,7	327,7	428,5	46,0	63,4	78,1	24,4%	19,4%	18,2%
Eliminations				-23,1	0,0	0,0	0,0	0,0	0,0			
Consolidated, adj.				165,5	327,7	428,5	46,0	63,4	78,1	27,8%	19,4%	18,2%
ATU (50%)					61,7	76,0		6,9	4,7		11,2%	6,2%
TGS (50%)					35,7	97,7		0,4	10,8		1,1%	11,1%

Source: TAV Airports Holding, Seker invest

Table 5: Historical Recommendations and Target Prices



Basis for 12m equity ratings

Outperform: The total return is expected to exceed the return of the BIST100 by more than 10%.

Underperform: The total return is expected to fall below the return of the BIST100 by more than 10%.

Market Perform: The total return is expected to be in line with the return of the BIST100.

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