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Türk Hava Yolları

Net profit exceeded expectations in 3Q25...

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Turkish Airlines reported a net profit of US\$ 1,378mn in 3Q25, which came in 13.1% above the market consensus and 9.4% above our estimate, despite a 10.8% YoY decline (3Q24: US\$ 1,544mn net profit) (Seker.: US\$ 1,260mn; Market Consensus: US\$ 1,218mn). In 3Q25, rising costs and lower cargo revenues weighed on operating profitability, while the accounting effect of the weakened US Dollar and the increase in tax expenses were the main reasons behind the 10.8% YoY decline in earnings during the quarter.

Turkish Airlines' total PAX volume rose by 11.1% YoY to 27,2 million in 3Q25, while total cargo volume edged up by 10.4% YoY growth. Despite the strong increase in passenger numbers and corresponding growth in passenger revenues, cargo revenues declined by 7.2% YoY to US\$ 845mn due to slowing global trade and rising competition from sea freight. As a result, Turkish Airlines' revenue grew by 4.9% YoY to US\$ 6,953mn (Seker.: US\$ 6,984mn; Avg. Consensus: US\$ 6,944mn). The Company's 3Q25 EBITDA declined by 13.7% YoY to US\$ 1,871mn due to cost pressures and weak cargo performance (Seker.: US\$ 1,830mn; Market Consensus: US\$ 1,853mn). While the Company's operational results were in line with expectations, net profit came in above forecasts.

The EBITDAR margin declined by 5.6 pp YoY to 29.6% in 3Q25. The total passenger count for 3Q25 rose 11.1% on an annual basis, with passenger LF at 85.6%, up 0.6 pp from 3Q24. PAX yields decreased by 2.6% YoY to US\$9.25 in 3Q25. Cargo volume rose by 10.4% YoY, cargo revenue fell 7.2% YoY to US\$ 845mn. RASK2 also declined 4% YoY to US\$8.26 in 3Q25 (3Q24: US\$8.00). Passenger RASK declined by 1.9% YoY to US\$7.92 in 3Q25. Total CASK increased by 2.8% YoY to US\$8.10, despite a 8.3% YoY reduction in fuel unit costs (3Q24: US\$2.42, 3Q25: US\$2.22) driven by lower jet fuel prices. Non-fuel CASK rose due to higher personnel expenses stemming from new fee structures at major European airports and wage increases (3Q24: US\$1.76; 3Q25: US\$2.00; +13.5% YoY). EBITDAR in USD terms narrowed by 11.9% YoY to US\$ 2,055n in 3Q25, while the EBITDAR margin contracted by 5.6 pp YoY to 29.6%, reflecting cost pressures.

THY expects its passenger capacity to increase by 7-8% YoY in 2025 (previously 6-8%), with passenger numbers exceeding 91mn. The company forecasts total revenue to rise by 5-6% YoY (Previous: 6-8%), with an EBITDAR margin in the range of 22-24%. Ex-fuel unit cost is projected to increase in the mid-single-digit range, while the fleet is expected to expand to 525-530 aircraft (Previous: 515-525 aircraft) by the end of 2025.

Following the results, we maintain our TP of "TRY 495.50/share" for THY, and our "OP" recommendation. We evaluate the financial results announced after 3Q25 as slightly positive for the Company's shares in the short term. The company's operational and financial performance reflects a solid outlook in the long term, sustained both domestic and international passenger growth and strength in cargo operations for 2025. The current share price of TRY 292.50 has upside potential of 69% according to the target share price.

Risks - Another pandemic, natural disaster or rising geopolitical risk presents downside risks to our traffic and profitability assumptions. Also, a swift increase in jet fuel prices would introduce a downside risk to our valuation, and *vice versa*.

OUTPERFORM
TP: TRY 495.50
Upside potential: 69%
Previous TP: TRY 495.50

	TRY	US\$
Close	292,50	6,96
BIST 100	11.073	263
US\$/TRY (CB Bid Rate):	42,0426	
52 Week High:	342,72	9,11
52 Week Low:	246,66	6,22
Bloomberg/Reuters Ticker:	THYAO.TI / THYAO.IS	

Number of Shares (Mn): 1.380

	(TRY mn)	(US\$ mn)
Current Mcap :	403.650	9.601
Free Float Mcap :	201.825	4.800

	1 M	YoY	YtD
TRY Return (%)	-4,3	0,9	6,6
US\$ Return (%)	-5,4	-11,9	-10,7
BIST 100 Relative (%)	-7,2	-19,3	-5,4
Avg. Daily Vol. (TRY m):	9.467		
Avg. Daily Vol. (US\$ m):	247		

Beta	0,91
Volatility (Stock)	0,32
Volatility (BIST 100)	0,25

Shareholder Structure	%
Turkey Wealth Fund	49,12
Other	0,33
Free Float	50,55
Total	100,00

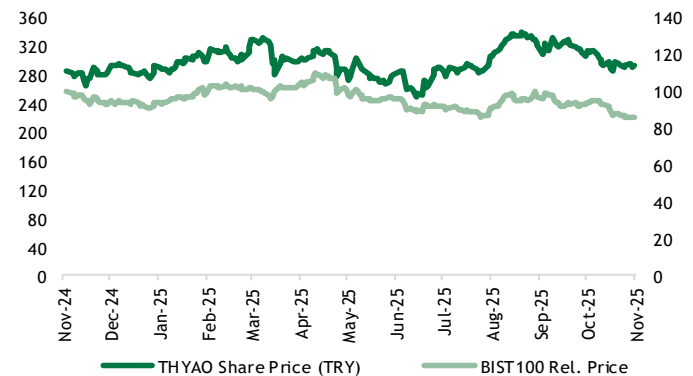


Table 1: Summary P&L

US\$ Million	9M24	9M25	YoY	3Q24	3Q25	YoY
Revenues	17.060	17.820	4,5%	6.630	6.953	4,9%
Gross Profit	3.435	3.011	-12,3%	1.820	1.537	-15,5%
Gross Profit Margin	20,1%	16,9%	-3.2 pp	27,5%	22,1%	-5.3 pp
EBIT	2.366	1.988	-16,0%	1.612	1.261	-21,8%
EBIT Margin	13,9%	11,2%	-2.7 pp	24,3%	18,1%	-6.2 pp
EBITDA	3.995	3.745	-6,3%	2.167	1.871	-13,7%
EBITDA Margin	23,4%	21,0%	-2.4 pp	32,7%	26,9%	-5.8 pp
Net Profit	2.713	2.028	-25,2%	1.544	1.378	-10,8%
Net Profit Margin	15,9%	11,4%	-4.5 pp	23,3%	19,8%	-3.5 pp

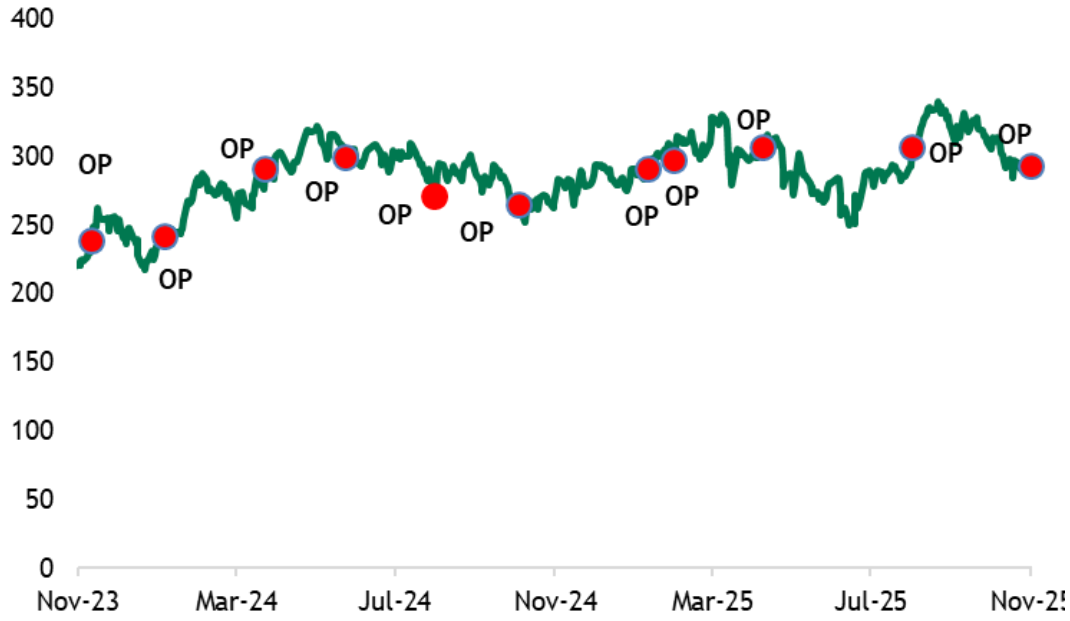
Source: Turkish Airlines, Finnet, Seker Invest Res.

Table 2: Key Financials

Assets (mn USD)	2021	2022	2023	2024	30.09.2025
Cash and Cash Eq. & Short-Term Financial Investments	2.682	4.701	6.027	6.067	6.248
Trade Receivables	925	995	856	905	1.150
Pre-delivery Payment Receivables (PDP)	546	511	305	837	599
Other Current Assets	785	1.018	1.407	1.884	2.257
Total Current Assets	4.938	7.225	8.595	9.693	10.254
Net Fixed Assets	4.364	4.723	6.118	7.098	8.123
Rights of Use of Assets	15.110	16.577	16.928	17.625	5.222
Pre-delivery Payment Receivables (PDP)	279	291	501	566	680
Other Non-Current Assets	16.956	18.705	20.457	22.317	24.174
Total Non-Current Assets	21.599	23.719	27.076	29.981	32.977
Total Assets	26.537	30.944	35.671	39.674	43.231
Liabilities (mn USD)	2021	2022	2023	2024	30.09.2025
Lease Obligations	10.244	10.766	11.812	11.966	13.727
Bank Borrowings	4.659	3.273	2.435	1.895	1.775
Passenger Flight Liabilities	1.216	2.291	2.656	2.659	3.249
Accounts Payable	891	1.200	1.291	1.494	1.737
Other Liabilities	2.690	3.672	1.914	2.346	2.370
Total Liabilities	19.700	21.202	20.108	20.360	22.858
Total Shareholders Equity	6.837	9.742	15.563	19.314	20.373
Total Liabilities & Shareholders Equity	26.537	30.944	35.671	39.674	43.231

Source: Turk Hava Yolları, Seker Invest, PDP, Finnet

Historical Recommendations and target prices



Date	Recommendation	Target Price (TRY)
2-Nov-23	Outperform (OP)	358,50
*16-Jan-24	Outperform (OP)	402,60
4-Apr-24	Outperform (OP)	402,60
23-May-24	Outperform (OP)	475,40
6-Aug-24	Outperform (OP)	475,40
5-Nov-24	Outperform (OP)	475,40
7-Jan-25	Outperform (OP)	495,50
28-Feb-25	Outperform (OP)	495,50
29-Apr-25	Outperform (OP)	495,50
6-Aug-25	Outperform (OP)	495,50
7-Nov-25	Outperform (OP)	495,50

Basis for 12m equity ratings

Outperform:	The total return is expected to exceed the return of the BIST 100 by more than 10%.
Underperform:	The total return is expected to fall below the return of the BIST 100 by more than 10%.
Market Perform:	The total return is expected to be in line with the return of the BIST 100.

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