# New Drivers to Pilot Profitability

## HİTİT BİLGİSAYAR

**57.4% Upside Potential**

**We increase our target price for Hitit Bilgisayar to TRY 75.40 per share while maintaining an "outperform" rating.**

Hitit Bilgisayar Hizmetleri A.Ş., a leading global provider of airline and travel IT solutions under its "Crane" brand, is the 2nd largest Passenger Service System (PSS) provider in Europe and 3rd worldwide. Its cloud-based SaaS platform spans reservations, loyalty, crew management, accounting, and cargo, serving 72 partners across 50 countries and more than 850 airports. The company has maintained strong renewal rates and low leverage, highlighting resilience and scalability.

The management's continued emphasis on R&D investment is complemented by its 15 global marketing partners, all former airline professionals with deep industry knowledge. This combination enables Hitit to both innovate rapidly and commercialize new solutions effectively, providing a solid foundation to capture additional market share as the aviation IT industry evolves.

### Re-Rating Motivators

- **Hitit Oxygen (OOMS):** Positioned under IATA's New Distribution Capability (NDC), Oxygen shifts distribution from ticket- to order-centric retailing. Already live with Pegasus, it places Hitit ahead of rivals Amadeus and Sabre, with first-mover advantage in a market IATA targets for 100% adoption by 2030.
- **Potential Margin Expansion:** Integrated software and economies of scope enable cost-efficient scaling. Oxygen modules are already enhancing existing SaaS products, allowing revenues to outpace costs and reinforcing competitive strength.
- **Payment Platform (HPO):** Commercial launch expected in 2026, offering dynamic optimization of payment costs. In the near term, HPO supports additional development income; longer term, it strengthens SaaS growth alongside Oxygen.
- **Financial Strength:** 1H25 revenue rose 31% YoY to \$19.8mn, EBITDA grew 29% with a 40% margin, and net profit reached \$4.7mn (23.8% margin). FY25 guidance: sales growth 33–38%, EBITDA margin 43–48%, net profit margin 25–30%.

### Downside Risks

Currency mismatch (TRY costs vs. FX revenues), client loyalty to Amadeus/Sabre, and geopolitical tensions pose downside risks. However, modular adoption enabled by Oxygen, diversified partner geography, the company's comfortable cash position, and its ability to borrow debt at lower rates than their financial investments mitigate downside scenarios.

| Listing Details and Recommendation | |
|---|---|
| **Bloomberg Ticker** | **HTTBT TI** |
| **Recommendation** | **Outperform** |
| Price per Share, TRY | 47.90 |
| **Target Price per Share, TRY** | **75.40** |
| Upside | 57.4% |
| Free Float | 26.6% |
| Market cap, TRY mln | 14,370 |
| Market cap, USD mln | 348 |
| BIST-100 Index Weight | 0.0% |
| BIST All Shares Index Weight | 0.1% |
| Foreign Share | 33.0% |
| Pension Funds Share | 19.5% |
| Mutual Funds Share | 14.8% |

*Source: Matriks, PhillipCapital Research*
*Price & Market Cap. as of 19-Sep*

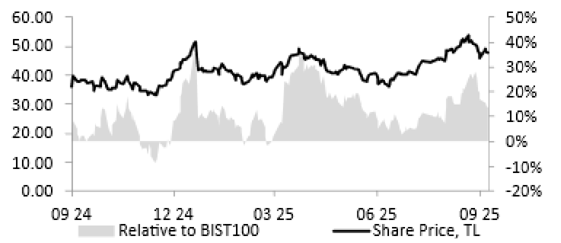
| Key Financials, USD mn | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|
| Revenue | 34.2 | 45.5 | 60.2 | 80.3 |
| Revenue Growth | 33.5% | 32.8% | 32.5% | 33.4% |
| Gross Profit | 16.5 | 23.1 | 32.4 | 45.2 |
| Gross Margin | 48.2% | 50.9% | 53.8% | 56.2% |
| Operating Profit | 7.5 | 11.2 | 16.9 | 24.9 |
| EBITDA | 13.8 | 20.1 | 28.3 | 38.9 |
| EBITDA Margin | 40.4% | 44.3% | 46.9% | 48.4% |
| Net Profit | 8.4 | 11.5 | 15.0 | 22.4 |
| Net Profit Growth | 51.8% | 35.9% | 30.8% | 48.9% |
| Net Profit Margin | 24.7% | 25.2% | 24.9% | 27.8% |
| P/E | 55.9 | 35.1 | 26.8 | 18.0 |
| EV/EBITDA | 33.8 | 19.9 | 14.2 | 10.3 |

*Source: Company Data, PhillipCapital Research*

| Shareholder Structure | Shares (mn) | Percentage (%) |
|---|---|---|
| Pegasus Hava Taşımacılığı A.Ş. | 110 | 37% |
| Fatna Nur Gökman | 70 | 23% |
| Dilek Ovacık | 14 | 5% |
| Hakan Ünlü | 13 | 4% |
| Özkan Dülger | 13 | 4% |
| Other | 80 | 27% |
| **Toplam** | **300** | **100%** |

*Source: Company Data*

**Share Price Performance**




*Source: BIST, Finnet*

| | 1m | 3m | 6m | 1y |
|---|---|---|---|---|
| Nominal | -0.1% | 29.4% | 18.4% | 26.5% |
| Relative | -3.0% | 4.3% | 3.4% | 11.7% |
| Trd. Vol. USD mln | 1.3 | 1.2 | 1.2 | 1.2 |

*Source: BIST, Finnet*

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## Re-Rating Motivators

| Revenue Breakdown (USD Mn) | 2023 | 2024 | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Application Use Income (SaaS) | 13.3 | 17.5 | 24.8 | 35.2 | 50.0 | 69.0 | 93.2 | 121.1 | 151.4 | 181.7 | 208.9 | 229.8 |
| *Growth* | *34.8%* | *31.6%* | *41.8%* | *42.0%* | *42.0%* | *38.0%* | *35.0%* | *30.0%* | *25.0%* | *20.0%* | *15.0%* | *10.0%* |
| *% of Revenue* | *51.8%* | *51.1%* | *54.5%* | *58.5%* | *62.2%* | *65.5%* | *68.6%* | *71.3%* | *73.6%* | *75.6%* | *77.2%* | *78.0%* |
| Additional Development Income | 5.0 | 6.7 | 9.3 | 12.9 | 17.5 | 22.7 | 28.4 | 34.0 | 39.1 | 43.0 | 46.1 | 48.8 |
| *Growth* | *87.0%* | *33.3%* | *39.1%* | *39.0%* | *35.0%* | *30.0%* | *25.0%* | *20.0%* | *15.0%* | *10.0%* | *7.0%* | *6.0%* |
| *% of Revenue* | *19.6%* | *19.5%* | *20.5%* | *21.5%* | *21.7%* | *21.5%* | *20.9%* | *20.0%* | *19.0%* | *17.9%* | *17.0%* | *16.6%* |
| Maintenance | 3.1 | 2.7 | 2.8 | 2.8 | 2.9 | 2.9 | 3.0 | 3.1 | 3.1 | 3.2 | 3.2 | 3.3 |
| *Growth* | *17.1%* | *-13.2%* | *3.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* |
| *% of Revenue* | *12.0%* | *7.8%* | *6.1%* | *4.7%* | *3.6%* | *2.8%* | *2.2%* | *1.8%* | *1.5%* | *1.3%* | *1.2%* | *1.1%* |
| Infrastucture Income (IaaS) | 2.5 | 4.8 | 5.5 | 6.1 | 6.7 | 7.2 | 7.6 | 7.9 | 8.1 | 8.2 | 8.4 | 8.6 |
| *Growth* | *16.6%* | *89.0%* | *15.7%* | *10.0%* | *10.0%* | *8.0%* | *6.0%* | *4.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* |
| *% of Revenue* | *9.8%* | *13.9%* | *12.1%* | *10.0%* | *8.3%* | *6.8%* | *5.6%* | *4.7%* | *3.9%* | *3.4%* | *3.1%* | *2.9%* |
| Implementation and Integration | 1.2 | 1.9 | 2.0 | 2.1 | 2.2 | 2.3 | 2.4 | 2.6 | 2.7 | 2.8 | 2.9 | 2.9 |
| *Growth* | *32.6%* | *62.7%* | *5.6%* | *5.0%* | *5.0%* | *5.0%* | *5.0%* | *5.0%* | *5.0%* | *4.0%* | *3.0%* | *2.0%* |
| *% of Revenue* | *4.5%* | *5.5%* | *4.4%* | *3.5%* | *2.7%* | *2.2%* | *1.8%* | *1.5%* | *1.3%* | *1.2%* | *1.1%* | *1.0%* |
| Other | 0.6 | 0.7 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 |
| *Growth* | *-1.8%* | *27.6%* | *51.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* |
| *% of Revenue* | *2.2%* | *2.1%* | *2.4%* | *1.9%* | *1.4%* | *1.1%* | *0.9%* | *0.7%* | *0.6%* | *0.5%* | *0.5%* | *0.4%* |
| Total Revenue | 25.6 | 34.2 | 45.5 | 60.2 | 80.3 | 105.3 | 135.8 | 169.9 | 205.6 | 240.2 | 270.8 | 294.8 |
| *Growth* | *36.4%* | *33.5%* | *32.8%* | *32.5%* | *33.4%* | *31.1%* | *28.9%* | *25.1%* | *21.0%* | *16.8%* | *12.7%* | *8.9%* |

*Source: Company Data, PhillipCapital Türkiye Research*

### Hitit Oxygen

Although briefly highlighted in our initiation report, we now recognize the full potential of Hitit's recently launched Offer and Order Management System (OOMS), branded Hitit Oxygen, in driving both revenue growth and margin expansion. Positioned under the International Air Transport Association (IATA)'s New Distribution Capability (NDC) framework, Oxygen represents Hitit's most prominent competitive edge and a key re-rating catalyst. The system enables airlines to manage multiple flights and ancillary services—including hotels, transfers, and activities—within a single order basket. By addressing long-standing industry limitations around product differentiation, time-to-market, and synchronization between airlines and agencies, OOMS effectively shifts distribution from "ticket-centric" toward "order-centric" retailing, in line with IATA's ONE Order vision.

Hitit Oxygen has potential to be a significant revenue driver through increased competitiveness. IATA's Distribution Advisory Council has set the aspirational goal of 100% Offers & Orders adoption by 2030. With Pegasus Airlines already live on Oxygen, Hitit appears well ahead of the curve. Independent research from Travel Technology Research Limited (T2RL) confirms that Oxygen is a full-scale production-ready stage, while competitor offerings remain at pilot or planning stages. First-mover advantage enhances Hitit's ability to strengthen its brand, accelerate client acquisition, and even poach from legacy providers—an increasingly important strategy as the pipeline of new airline opportunities has slowed following the post-pandemic growth spurt.

PSS platforms historically bundled reservation and ticketing into monolithic systems, creating vendor lock-in and making selective system upgrades costly and risky. OOMS decouples these functions, enabling airlines to adopt modular solutions on a piece-by-piece basis. This opens competition against entrenched players, while simultaneously raising entry barriers for new challengers given the compliance, certification, and significant levels of R&D investment required. According to McKinsey, modern retailing could unlock up to $45 billion in value for airlines by 2030, equivalent to approximately 2–3% of revenues or 15% of EBITDA per carrier. We see Hitit as structurally positioned to capture a disproportionate share of this shift, given its SaaS-native model and leaner cost base relative to larger rivals Amadeus and Sabre.

The second catalyzation effect of Hitit Oxygen on growth comes through margin expansion. Hitit benefits from economies of scope, as its integrated software architecture enables the launch of new product lines with decreasing incremental costs. While Oxygen is not yet fully commercialized, its development has already enhanced existing SaaS offerings: software modules created for Oxygen have been repurposed within current solutions, simultaneously strengthening the legacy portfolio while building the new system. This integrated approach allows cost of sales to rise more slowly than revenues, expanding margins and freeing up cash flow that can be reinvested into R&D to sustain Hitit's competitive lead.

### Catalysts beyond Oxygen

While Hitit has historically underperformed in Agency Distribution Services (ADS/GDS), largely due to high fees and entrenched competition during Amadeus' and Sabre's growth phase, the market opportunity is now shifting. ADS penetration in terms of new client additions is structurally limited, but innovation-driven cross-sell and client retention strategies offer renewed potential. Notably, Hitit's Payment Services Platform (HPO)—expected to launch commercially in 2026—could revive ADS by dynamically analyzing commission rates and recommending the lowest-cost payment channels for clients. In our segment revenue projections, we reflect HPO's initial contribution through higher additional development income from Hitit's partnership with Pegasus Airlines, while in the longer term we expect HPO to drive high-growth within the SaaS segment, further amplified by the rollout of Oxygen.

### 1H25 Financial Results

In 1H25, Hitit recorded 19.8 million USD in revenue, representing a 31% increase from 1H24, despite no partner additions, thanks to a 36% increase in passenger numbers. The company's EBITDA grew by 29% year-over-year to 7.95 million USD with a margin of 40%, while net profit increased by 20% to 4.7 million USD with a margin of 23.8%. The company's debt level remained low, with a strong cash position of 5.9 million USD at the end of 2Q25.

At the end of 2025, the company expects net sales growth to be in a range of 33 – 38%, EBITDA margin to be between 43 – 48%, net profit margin to be between 25 – 30%, and CapEx/Sales ratio to be between 30 – 35%. Our short term financial predictions largely reflect this guidance, excluding CapEx/Sales, which was set at a higher ratio considering the aggressive R&D necessary for new innovations currently being worked on, as well as future R&D expenses necessary for remaining at the forefront of the competition.

### Major Changes in Estimates and Risks

Taking into account management's consistent drive for innovation and increased industry presence, alongside the aviation technology sector's lagging retail efficiency compared to e-commerce, we now expect Hitit's top-line to sustain accelerated growth for longer than originally anticipated, particularly within its SaaS revenue stream. We forecast revenue growth in SaaS, as well as in additional development income, to be meaningfully boosted through 2026 and 2027, underpinned by the commercial rollout of Oxygen.

The IATA's target of full OOMS/NDC adoption by 2030 will inevitably draw greater competition, with Sabre and Amadeus preparing to commercialize their own offerings. While we believe Hitit's first-mover advantage will accelerate revenue growth in the medium term, we recognize the entrenched loyalty of competitors' client bases and therefore assume a deceleration in growth in later years. That said, an upside risk remains; since OOMS enables decoupling of reservation and ticketing functions, even airlines loyal to legacy providers could selectively adopt Hitit's modular solutions, potentially prolonging its growth trajectory. Furthermore, management's continued emphasis on R&D may yield additional, currently unforeseen products that delay the company's transition to a mature growth profile, creating a disconnect between our assumed 3% terminal growth rate and the possibility of sustained double-digit expansion.

On the margin side, given Hitit's currently high fixed-to-variable cost ratio, as well as the economies of scale and scope inherent in its integrated product portfolio, we have raised our forward estimates through to the bottom line. Key downside risks include a slower depreciation of the Turkish Lira relative to domestic inflation, which could raise TRY-denominated costs against predominantly FX-based revenues. However, the company's ability to borrow debt at lower rates than their financial investment yields provides a natural hedge mechanism against this risk.

## Financials

| Balance Sheet (USD Mn) | 2023 | 2024 | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assets | | | | | | | | | | | | |
| **Current Assets** | **25.2** | **25.7** | **26.4** | **31.1** | **42.8** | **52.0** | **66.2** | **82.3** | **106.5** | **139.8** | **179.8** | **225.6** |
| Cash and Cash Equivalents | 15.8 | 12.7 | 11.0 | 10.9 | 15.9 | 17.0 | 21.4 | 26.4 | 39.0 | 61.2 | 91.3 | 129.3 |
| Account Receivables | 6.3 | 9.6 | 11.2 | 14.9 | 19.8 | 26.0 | 33.5 | 41.9 | 50.7 | 59.2 | 66.8 | 72.7 |
| Prepaid Expenses | 2.1 | 3.0 | 4.2 | 5.4 | 7.1 | 9.0 | 11.4 | 14.0 | 16.8 | 19.4 | 21.7 | 23.7 |
| Other Current Assets | 1.1 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Non-Current Assets** | **33.6** | **48.5** | **61.2** | **75.3** | **91.9** | **112.3** | **136.5** | **163.5** | **191.6** | **218.6** | **242.3** | **260.7** |
| Property & Equipment | 5.2 | 4.1 | 4.5 | 4.9 | 5.4 | 5.9 | 6.4 | 6.8 | 7.1 | 7.2 | 7.2 | 7.2 |
| Intangible Assets | 25.8 | 40.5 | 52.4 | 64.8 | 79.2 | 97.0 | 118.4 | 142.2 | 167.3 | 191.5 | 212.7 | 229.1 |
| Prepaid Expenses | 2.2 | 2.7 | 4.3 | 5.6 | 7.3 | 9.3 | 11.7 | 14.4 | 17.3 | 19.9 | 22.3 | 24.3 |
| Other | 0.4 | 1.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total Assets** | **58.8** | **74.1** | **87.5** | **106.5** | **134.6** | **164.2** | **202.7** | **245.8** | **298.1** | **358.4** | **422.0** | **486.3** |
| | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| **Current Liabilities** | **5.2** | **10.8** | **16.1** | **19.9** | **25.3** | **29.4** | **34.2** | **38.8** | **43.1** | **46.4** | **53.4** | **59.9** |
| Accounts Payable | 2.4 | 2.6 | 3.4 | 4.2 | 5.3 | 6.7 | 8.3 | 10.2 | 12.1 | 14.0 | 15.7 | 17.1 |
| Bank Loans and Lease Liabilities | 0.0 | 4.7 | 10.5 | 12.7 | 16.0 | 17.5 | 19.1 | 20.1 | 20.7 | 20.4 | 24.2 | 28.1 |
| Deferred Income | 0.9 | 1.2 | 2.3 | 3.0 | 4.0 | 5.3 | 6.8 | 8.5 | 10.3 | 12.0 | 13.5 | 14.7 |
| Other | 1.8 | 2.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Non-Current Liabilities** | **2.7** | **3.9** | **5.1** | **6.5** | **8.6** | **10.8** | **13.5** | **16.3** | **19.3** | **22.0** | **25.0** | **27.4** |
| Lease Liabilities | 0.0 | 0.6 | 1.4 | 1.7 | 2.2 | 2.4 | 2.6 | 2.7 | 2.8 | 2.8 | 3.3 | 3.8 |
| Deferred Income | 2.4 | 2.9 | 3.6 | 4.8 | 6.4 | 8.4 | 10.9 | 13.6 | 16.5 | 19.2 | 21.7 | 23.6 |
| Other | 0.4 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total Liabilities** | **7.9** | **14.8** | **21.2** | **26.4** | **33.9** | **40.2** | **47.7** | **55.1** | **62.4** | **68.4** | **78.4** | **87.3** |
| | | | | | | | | | | | | |
| Shareholders Equity | | | | | | | | | | | | |
| Equity Capital | 4.3 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 |
| Other (Legal Reserves, Adjustments) | 39.5 | 37.5 | 33.0 | 31.7 | 30.0 | 27.9 | 25.5 | 22.8 | 20.1 | 17.1 | 14.3 | 11.1 |
| Retained Earnings | 7.0 | 13.4 | 24.8 | 39.8 | 62.2 | 87.7 | 121.1 | 159.3 | 207.1 | 264.3 | 320.8 | 379.4 |
| **Shareholder's Equity** | **50.9** | **59.4** | **66.3** | **80.0** | **100.8** | **124.0** | **155.1** | **190.7** | **235.7** | **290.0** | **343.7** | **399.0** |
| **Total Liabilities & Shareholder's Equity** | **58.8** | **74.1** | **87.5** | **106.5** | **134.6** | **164.2** | **202.7** | **245.8** | **298.1** | **358.4** | **422.0** | **486.3** |

| Income Statement (USD Mn) | 2023 | 2024 | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **25.6** | **34.2** | **45.5** | **60.2** | **80.3** | **105.3** | **135.8** | **169.9** | **205.6** | **240.2** | **270.8** | **294.8** |
| *Revenue Growth* | *36.4%* | *33.5%* | *32.8%* | *32.5%* | *33.4%* | *31.1%* | *28.9%* | *25.1%* | *21.0%* | *16.8%* | *12.7%* | *8.9%* |
| **Cost of Sales** | (13.2) | (17.7) | (22.3) | (27.8) | (35.2) | (44.2) | (55.2) | (67.4) | (80.3) | (92.9) | (104.1) | (113.2) |
| Personnel Expenses | (5.7) | (6.6) | (8.7) | (11.6) | (15.4) | (20.2) | (26.0) | (32.6) | (39.4) | (46.1) | (51.9) | (56.5) |
| Fixed (Software Support, Rent) | (3.6) | (6.1) | (6.9) | (7.4) | (7.8) | (8.4) | (9.0) | (9.7) | (10.4) | (11.2) | (12.0) | (13.0) |
| Variable (Amortization, Travel) | (3.9) | (5.1) | (6.7) | (8.9) | (11.9) | (15.6) | (20.1) | (25.2) | (30.5) | (35.6) | (40.1) | (43.7) |
| **Gross Profit** | **12.5** | **16.5** | **23.1** | **32.4** | **45.2** | **61.1** | **80.6** | **102.4** | **125.3** | **147.3** | **166.7** | **181.6** |
| *Gross Margin* | *48.6%* | *48.2%* | *50.9%* | *53.8%* | *56.2%* | *58.0%* | *59.4%* | *60.3%* | *60.9%* | *61.3%* | *61.5%* | *61.6%* |
| **Operating Expenses** | (6.6) | (9.0) | (11.9) | (15.5) | (20.3) | (25.8) | (32.6) | (40.1) | (48.0) | (55.4) | (62.1) | (67.6) |
| Personnel Expenses | (2.2) | (3.0) | (4.0) | (5.4) | (7.1) | (9.4) | (12.1) | (15.1) | (18.3) | (21.4) | (24.1) | (26.2) |
| Marketing and Sales | (2.1) | (2.1) | (2.7) | (3.6) | (4.8) | (6.3) | (8.2) | (10.2) | (12.4) | (14.5) | (16.3) | (17.8) |
| General Administrative | (2.7) | (4.0) | (5.1) | (6.5) | (8.3) | (10.1) | (12.3) | (14.7) | (17.3) | (19.5) | (21.6) | (23.6) |
| Other Operating Income/Expense | 0.4 | 0.1 | - | - | - | - | - | - | - | - | - | - |
| *Opex/Sales* | *25.6%* | *26.3%* | *26.2%* | *25.7%* | *25.2%* | *24.5%* | *24.0%* | *23.6%* | *23.3%* | *23.0%* | *22.9%* | *22.9%* |
| **EBIT** | **5.9** | **7.5** | **11.2** | **16.9** | **24.9** | **35.3** | **48.0** | **62.3** | **77.3** | **92.0** | **104.6** | **114.0** |
| *EBIT Margin* | *23.0%* | *22.0%* | *24.6%* | *28.0%* | *31.0%* | *33.5%* | *35.4%* | *36.7%* | *37.6%* | *38.3%* | *38.6%* | *38.7%* |
| Depreciation | 4.2 | 6.3 | 8.9 | 11.4 | 13.9 | 16.9 | 20.6 | 25.0 | 29.8 | 34.9 | 39.7 | 44.0 |
| **EBITDA** | **10.1** | **13.8** | **20.1** | **28.3** | **38.9** | **52.2** | **68.6** | **87.3** | **107.1** | **126.8** | **144.3** | **158.0** |
| *EBITDA Margin* | *39.5%* | *40.4%* | *44.3%* | *46.9%* | *48.4%* | *49.6%* | *50.5%* | *51.4%* | *52.1%* | *52.8%* | *53.3%* | *53.6%* |
| Financial Income | 3.5 | 1.9 | 1.5 | 0.4 | 0.3 | 0.4 | 0.8 | 1.0 | 1.2 | 1.8 | 2.8 | 4.1 |
| Financial Expenses | (2.1) | (0.8) | (0.6) | (1.4) | (1.7) | (2.2) | (2.4) | (2.6) | (2.7) | (2.8) | (2.8) | (3.3) |
| Profit Before Tax | 7.2 | 8.7 | 12.1 | 15.8 | 23.5 | 33.5 | 46.4 | 60.7 | 75.8 | 90.9 | 104.6 | 114.9 |
| *Profit Before Tax Margin* | *28.3%* | *25.4%* | *26.6%* | *26.2%* | *29.3%* | *31.8%* | *34.2%* | *35.7%* | *36.9%* | *37.8%* | *38.6%* | *39.0%* |
| Tax Expense | 1.7 | 0.3 | 0.6 | 0.8 | 1.2 | 1.8 | 4.8 | 6.2 | 7.7 | 9.2 | 10.5 | 17.1 |
| Net Profit | 5.6 | 8.4 | 11.5 | 15.0 | 22.4 | 31.8 | 41.8 | 54.6 | 68.2 | 81.8 | 94.2 | 97.6 |
| *Net Profit Margin* | *21.7%* | *24.7%* | *25.2%* | *24.9%* | *27.8%* | *30.2%* | *30.8%* | *32.2%* | *33.2%* | *34.1%* | *34.8%* | *33.1%* |

| Cash Flow Statement (USD Mn) | 2023 | 2024 | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash Opening | 3.1 | 7.4 | 8.6 | 11.0 | 10.9 | 15.9 | 17.0 | 21.4 | 26.4 | 39.0 | 61.2 | 91.3 |
| Net Earnings | 5.6 | 8.4 | 11.5 | 15.0 | 22.4 | 31.8 | 41.8 | 54.6 | 68.2 | 81.8 | 94.2 | 97.6 |
| Depreciation | 4.2 | 6.3 | 8.9 | 11.4 | 13.9 | 16.9 | 20.6 | 25.0 | 29.8 | 34.9 | 39.7 | 44.0 |
| Change in Working Capital | 0.6 | 3.3 | 2.6 | 3.3 | 4.5 | 5.5 | 6.7 | 7.5 | 7.8 | 7.5 | 6.7 | 5.3 |
| Adjustments to Net Earnings | (12.5) | (2.5) | - | - | - | - | - | - | - | - | - | - |
| **Cash Flow from Core Operations** | (3.4) | 8.9 | 17.8 | 23.1 | 31.8 | 43.2 | 55.7 | 72.1 | 90.2 | 109.2 | 127.2 | 136.3 |
| **Cash from Investment Operations** | 10.0 | (13.2) | (21.2) | (24.2) | (28.8) | (35.3) | (42.4) | (49.2) | (55.1) | (59.2) | (61.0) | (60.4) |
| Change in Financial Debt | (2.3) | 5.4 | 6.5 | 2.5 | 3.7 | 1.7 | 1.9 | 1.2 | 0.7 | (0.4) | 4.3 | 4.4 |
| Dividends Paid | - | | - | - | - | (6.4) | (8.4) | (16.4) | (20.5) | (24.5) | (37.7) | (39.1) |
| **Cash from Financial Operations** | (2.3) | 5.4 | 6.5 | 2.5 | 3.7 | (4.7) | (6.5) | (15.2) | (19.8) | (24.9) | (33.4) | (34.6) |
| Total Cash Flow | 4.4 | 1.1 | 3.1 | 1.3 | 6.7 | 3.3 | 6.8 | 7.6 | 15.3 | 25.1 | 32.8 | 41.3 |
| Closing Cash Balance | 7.4 | 8.6 | 11.6 | 12.3 | 17.6 | 19.1 | 23.7 | 29.0 | 41.7 | 64.0 | 94.1 | 132.6 |

| Ratio Analysis (USD Mn) | 2023 | 2024 | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 20323E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| P/E | 54.9 | 55.9 | 35.1 | 26.8 | 18.0 | 12.7 | 9.6 | 7.4 | 5.9 | 4.9 | 4.3 | 4.1 |
| EV/EBITDA | 29.5 | 33.8 | 19.9 | 14.2 | 10.3 | 7.7 | 5.8 | 4.6 | 3.7 | 3.2 | 2.8 | 2.5 |
| P/B | 4.8 | 7.4 | 6.1 | 5.0 | 4.0 | 3.2 | 2.6 | 2.1 | 1.7 | 1.4 | 1.2 | 1.0 |
| ROE | 10.9% | 14.2% | 17.3% | 18.8% | 22.2% | 25.7% | 26.9% | 28.7% | 28.9% | 28.2% | 27.4% | 24.5% |
| ROIC | 15.0% | 13.2% | 15.8% | 19.2% | 21.8% | 25.0% | 27.8% | 30.0% | 31.6% | 31.0% | 37.4% | 37.8% |
| Net Debt | (13.4) | (5.1) | 0.9 | 3.5 | 2.3 | 2.9 | 0.3 | (3.5) | (15.4) | (38.0) | (63.8) | (97.4) |
| Net Debt / EBITDA | (1.3) | (0.4) | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | (0.0) | (0.1) | (0.3) | (0.4) | (0.6) |
| Net Debt / Shareholders Equity | (0.3) | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.0) | (0.1) | (0.1) | (0.2) | (0.2) |
| Dividend Payout Ratio | 0% | 0% | 0% | 0% | 0% | 20% | 20% | 30% | 30% | 30% | 40% | 40% |

*Source: Company Data, Finnet, PhillipCapital Türkiye Research*

## Valuation

| Valuation Assumptions | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|
| USD/TRY, eop | 44.0 | 51.9 | 59.7 | 65.7 | 72.2 | 79.5 | 87.4 | 96.2 | 105.8 | 116.4 |
| USD/TRY, aop | 39.6 | 48.0 | 55.8 | 62.7 | 69.0 | 75.9 | 83.4 | 91.8 | 101.0 | 111.1 |
| Risk Free Rate | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% |
| Equity Risk Premium | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Weight of Debt | 15.6% | 15.7% | 15.4% | 13.9% | 12.4% | 10.8% | 9.1% | 7.6% | 7.6% | 6.5% |
| Weight of Equity | 84.4% | 84.3% | 84.6% | 86.1% | 87.6% | 89.2% | 90.9% | 92.4% | 92.4% | 93.5% |
| Beta | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Cost of Debt | 11.4% | 11.4% | 11.4% | 11.4% | 10.8% | 10.8% | 10.8% | 10.8% | 10.8% | 10.2% |
| Cost of Equity | 12.4% | 12.4% | 12.4% | 12.4% | 12.4% | 12.4% | 12.4% | 12.4% | 12.4% | 12.4% |
| Tax Rate | 5.0% | 5.0% | 5.0% | 5.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 15.0% |
| CapEx / Sales | 46.7% | 40.2% | 35.8% | 33.5% | 31.2% | 29.0% | 26.8% | 24.6% | 22.5% | 20.5% |
| **WACC** | 12.2% | 12.2% | 12.2% | 12.2% | 12.1% | 12.1% | 12.2% | 12.2% | 12.2% | 12.2% |

| Discounted Cash Flow Summary (USD Mn) | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|
| EBITDA | 20.1 | 28.3 | 38.9 | 52.2 | 68.6 | 87.3 | 107.1 | 126.8 | 144.3 | 158.0 |
| CapEx and Capitalized R&D | 21.2 | 24.2 | 28.8 | 35.3 | 42.4 | 49.2 | 55.1 | 59.2 | 61.0 | 60.4 |
| Tax | 0.6 | 0.8 | 1.2 | 1.8 | 4.8 | 6.2 | 7.7 | 9.2 | 10.5 | 17.1 |
| Change in Working Capital | 2.6 | 3.3 | 4.5 | 5.5 | 6.7 | 7.5 | 7.8 | 7.5 | 6.7 | 5.3 |
| Unlevered Free Cash Flow (FCFF) | (4.3) | (0.1) | 4.3 | 9.6 | 14.7 | 24.3 | 36.5 | 50.9 | 66.2 | 75.2 |
| Discount Factor | 0.9 | 0.8 | 0.8 | 0.7 | 0.6 | 0.5 | 0.5 | 0.4 | 0.4 | 0.3 |
| Discounted Cash Flow | (4.0) | (0.1) | 3.2 | 6.4 | 8.8 | 13.0 | 17.3 | 21.5 | 24.9 | 25.3 |
| DCF Present Value | 116.3 | | | | | | | | | |
| Terminal Growth Rate | 3.0% | | | | | | | | | |
| Terminal Value | 284.5 | | | | | | | | | |
| Calculated Enterprise Value | 400.8 | | | | | | | | | |
| Net Debt | (2.1) | | | | | | | | | |
| Calculated Fair Value | 402.9 | | | | | | | | | |
| 12 Month Target Market Cap (USD mn) | 452.9 | | | | | | | | | |
| **12 Month Target Market Cap (TRY mn)** | **22,617.0** | | | | | | | | | |
| Current Market Cap (TRY mn) | 14,370.00 | | | | | | | | | |
| **Upside Potential (TL)** | **57.4%** | | | | | | | | | |

*Source: Company Data, PhillipCapital Türkiye Research*

### Major Revisions

In light of recent political developments in Türkiye, we have raised our risk-free rate assumption from 7.5% to 8.0%, reflecting current Turkish eurobond yields and CDS spreads. At the same time, we reduced the company's long-term weight of debt, given its robust cash generation, which comfortably covers capital expenditures, R&D, and working capital requirements without significant reliance on leverage.

We also adjusted the company's beta upward to 0.8 (from 0.6), acknowledging that the previous estimate understated the inherent volatility of a technology business operating in a competitive and dynamic sector. In addition, we increased our tax rate assumption to 10% for the 2029–2033 period to adopt a more conservative stance, recognizing the non-negligible risk that the company's Technology Development Zone tax incentives may not be renewed beyond 2028.

The most material revision relates to our expectations for R&D and capital expenditures. As the company matures, we assume tangible CapEx will be limited to maintenance spending broadly in line with depreciation. Conversely, we expect R&D and capitalized personnel costs to remain elevated at a minimum of 20% of revenues, reflecting the innovation intensity of the PSS industry and the company's need to continually enhance its offerings to compete with larger global peers. We view the company's solid cash position as a strategic advantage, enabling it to sustain higher levels of R&D with minimal debt, which should translate into a broader and higher-quality product portfolio, sustainable growth, and margin expansion through scalability.

## Methodology

The target value of a stock represents the value that the analyst expects to be reached at the end of our 12-month performance period.

**Outperform (OP)**

If this decision is made for a company, it indicates that better returns are expected for the stock compared to the index in the medium and long term. However, this decision does not guarantee that the stock will rise or outperform the index. Any changes in market conditions, developments in the macroeconomy, global economic developments, or news about the company after the report is published can change this decision.

**In-Line with Index (IL)**

If the decision of "In-Line with Index" is made for the relevant stock, there can be various reasons for this. This decision may have been made if the company's recent data and future estimates do not show significant differences compared to the past. The stock price of the company may be at levels close to what it should be in terms of valuations. Making an "In-Line with Index" decision for a stock does not mean that the stock will not move up or down. Generally, this decision indicates that in the medium and long term, a return similar to the index is expected for the stock. However, every new piece of news and change in market conditions can alter this decision.

**Underperform (UP)**

If the decision of "Underperform" is made for a stock, it indicates that weaker returns are expected in the medium and long term compared to the index. Even if the "Underperform" decision has been made for a stock, short-term price increases for the stock or short-term technical indicators giving a buy signal are possible. In some cases, even if returns are not expected from the stock in the medium and long term, short-term "Outperform" or "In-Line with Index" returns can be achieved when there are significant news, temporary profit increase news, or developments that will lead to a positive short-term price trend.

PhillipCapital analysts review their valuations in line with developments related to companies and may change their recommendations for stocks when deemed necessary. However, there are times when a stock's target return may deviate from the rating ranges we anticipate due to price fluctuations. In such cases, the analyst may choose not to change their recommendation.

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