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Cimsa

Lower financial expenses and higher monetary gains supported net profit growth

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The 3Q24 results and all comparatives include the effects of business combinations (related to the acquisition of shares in Sabancı Building Solutions BV) and the effects of inflation accounting (applying IAS 29 "Financial Reporting in Hyperinflationary Economies"). Unless otherwise stated, data adjusted per these principles has been used in this note.

Cimsa has announced a net profit of TRY 1,163mn for 3Q24. In 3Q23, net profit had been at TRY 464k. Net income increased significantly due to higher operating profitability, lower financial expenses, and higher monetary income.

Cimsa maintained its high capacity utilization in the first nine months of the year, while sales volumes in tons increased by 3.2% y-o-y in the same period. Despite the high capacity utilization and increased sales volumes, sales revenues decreased by 6.3% y-o-y to TRY 5,928mn in 3Q24 (3Q23: TRY 6,328mn).

The company recorded a quarterly EBITDA of TRY 1,661mn (3Q23: TRY 850mn). The EBITDA margin improved by 14.6pp y-o-y to 28.0% (3Q23: EBITDA margin: 13.4%) due to higher sales volumes and lower energy and fuel prices.

CIMSA stock had lost 15.4% over the previous three months. In terms of returns relative to the BIST100, the stock has outperformed by 4.8% over the period.

Following the 3Q24 financials results, we maintain our 12-month target price of TRY 41.94/share and "Outperform" recommendation for CIMSA. Our target price has 38.5% upside potential compared to the stock's closing price on October 24, 2024.

OUTPERFORM
TP: TRY 41.94
Previous TP: TRY 41.94
Upside: 38.5%

	TRY	US\$
Close	30,28	0,89
BIST 100	8.873	260
US\$/TRY (CB Bid Rate):	34,19	
52 Week High:	39,20	1,39
52 Week Low:	26,62	0,87
Bloomberg/Reuters Ticker:	CIMSAT.I / CIMSAT.IS	

	946	
Number of Shares (Mn):	(TRY Mn)	(US\$ Mn)
Current Mcap:	28.632	837
Free Float Mcap:	12.885	377

	1 M	YOY	YTD
TRY Return (%):	-19,3	-16,8	6,6
US\$ Return (%):	-19,7	-31,9	-8,4
BIST 100 Relative (%):	-8,8	-25,1	-10,2
Avg. Daily Vol. (TRY Mn):	387,6		
Avg. Daily Vol. (US\$ Mn):	12,5		

Beta	1,10
Volatility (Stock)	0,54
Volatility (BIST 100)	0,29

Shareholder Structure	%
Sabancı Holding	54,5
Akcansa	9,0
Free Float and others	36,5
Total	100,0



Figure 1: Financials

TRY Million	9M23	9M24	YoY	3Q23	3Q24	YoY
Revenues	20.022	18.490	-7,7%	6.328	5.928	-6,3%
Gross Profit	3.690	4.386	18,8%	906	1.773	95,7%
Gross Profit Margin	18,4%	23,7%		14,3%	29,9%	
EBIT	2.343	2.745	17,2%	537	1.293	140,8%
EBIT Margin	11,7%	14,8%		8,5%	21,8%	
EBITDA	3.413	3.898	14,2%	850	1.661	95,5%
EBITDA Margin	17,0%	21,1%		13,4%	28,0%	
Net Profit	1.762	2.983	69,3%	0,5	1.163	N.M.
Net Profit Margin	8,8%	16,1%		0,0%	19,6%	

Figure 2: Key financials

BALANCE SHEET (TRY Mn)	2022/12*	2023/12	2024/09	%Chg
PP&E	13.441	21.098	22.044	730,2
Intangibles	5.124	7.288	6.518	2.568,4
Other Non-Current Assets	4.310	7.345	6.001	24,5
Trade Receivables	2.772	3.185	4.031	34,0
Cash&Equivalents	6.912	8.568	19.867	1.139,7
Other Current Assets	5.261	4.667	4.025	52,5
Total Assets	37.820	52.151	62.486	317,4
Long Term Debt	4.555	6.845	6.043	398,8
Other Non current liabilities	1.401	1.408	1.599	259,1
Short Term Debt	5.347	4.902	16.974	641,1
Trade Payables	3.559	4.346	3.635	185,3
Total Liabilities	16.593	20.314	30.818	405,3
Total Equity	21.227	31.838	31.668	257,0
Total Equity&Liabilities	37.820	52.151	62.486	317,4

INCOME STATEMENT (TRY Mn)	2022/12*	2023/12*	2023/09	2024/09	%Chg
Net Sales	8.582	20.505	20.022	18.490	(7,7)
COGS	7.103	16.475	16.332	14.105	(13,6)
Gross Profit (Loss)	1.479	4.029	3.690	4.386	18,8
Operating Expenses	401	1.508	1.347	1.640	21,8
Operating Profit/(Loss)	1.078	2.521	2.343	2.745	17,2
Net Other Ope. Rev./ (Exp.)	221	844	829	526	(36,5)
Financial Expenses	(273)	(1.279)	(1.263)	(857)	N.M.
Gains (Losses) On Net Monetary Posit	-	392	25	902	N.M.
Net Investment Activities Profit/(Loss)	1.749	416	540	456	(15,4)
Profit(Loss) From Invst. Val. under Equ	487	43	(94)	-	N.M.
Profit Before Tax (Loss)	3.261	2.937	2.381	3.773	58,5
Tax	(301)	(141)	481	468	(2,8)
Net Inc./Los. Dis. Oper. Bef. Min. Int.	-	-	-	-	N.M.
Net Profit (Loss)	3.432	2.491	1.762	2.983	69,3

* Not indexed until 30/09/2024

Source: Şeker Invest

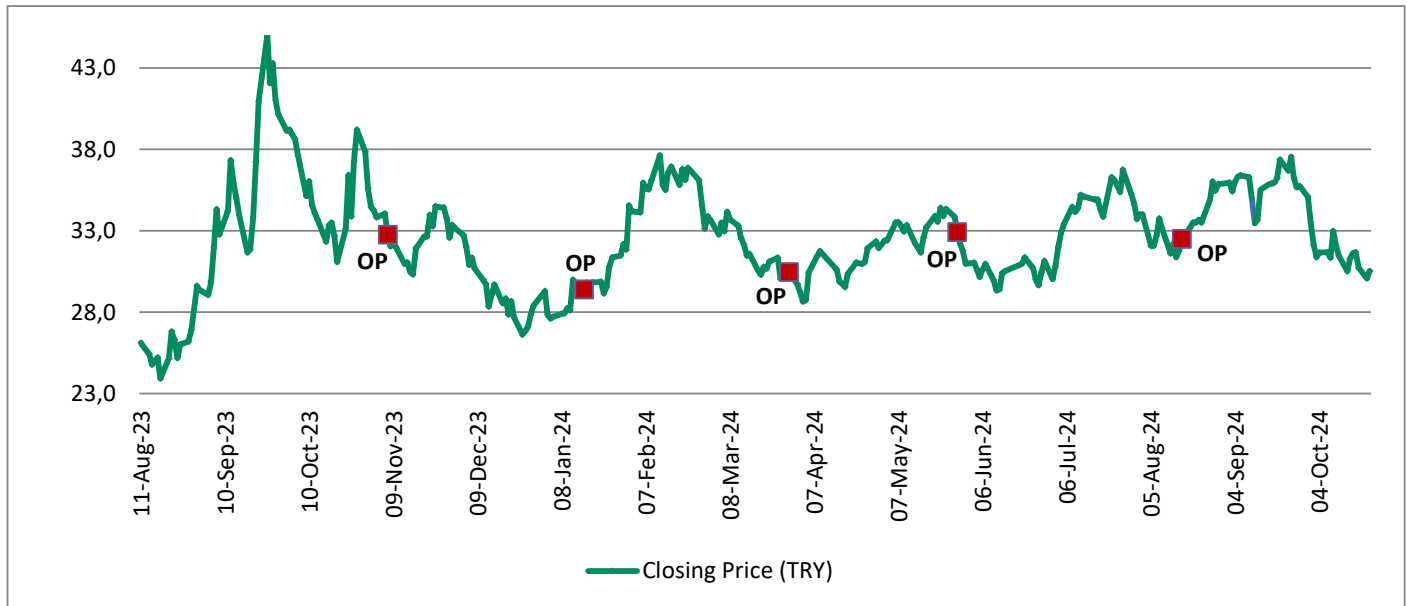
Figure 3: Key ratios

KEY RATIOS	2022/12	2023/12	2023/09	2024/09
ROAE	36,7%	15,8%	34,7%	17,6%
ROAA	19,7%	9,3%	20,5%	8,9%
Gross Profit Margin	17,2%	19,7%	18,4%	23,7%
Net Profit Margin	40,0%	12,1%	8,8%	16,1%
EBITDA Margin	24,9%	24,2%	17,0%	21,1%
Total Debt/Equity	46,6%	36,9%	39,5%	72,7%

* Not indexed until 30/09/2024

Source: Şeker Invest

Historical Recommendations and Target Prices



Date	Rec	Target Price (TRY)
1-Aug-23	Outperform (OP)	30,40
8-Aug-23	Outperform (OP)	30,60
7-Nov-23	Outperform (OP)	38,84
16-Jan-24	Outperform (OP)	41,94
29-Mar-24	Outperform (OP)	41,94
28-May-24	Outperform (OP)	41,94
16-Aug-24	Outperform (OP)	41,94

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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