Earnings Update
Cement Sector
October 31, 2024

Akcansa

Despite lower sales revenue, net profit increases

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Akcansa's 3Q24 financial results have been adjusted for inflation accounting by applying the TAS 29 "Financial Reporting in Hyperinflationary Economies" Standard. The financial statements in question and all comparative amounts from previous periods have been adjusted according to changes in the general purchasing power of the Turkish Lira per TAS 29. Unless otherwise stated, data adjusted per these principles has been used in this note.

Akcansa has posted a 3Q24 net profit of TRY 508mn, compared to a net profit of TRY 481mn in 3Q23. While net income was up 5.6% y-o-y. Consistent with the second quarter of 2024, the impact of market dynamics, the positive development of total sales volumes and the stability of energy prices continued to have a positive impact on the financial results.

Sales revenue of TRY 5,385mn was down 20.8% y-o-y in 3Q24 (3Q23: TRY 6,797mn). Strong domestic demand in Akcansa's core markets continued, resulting in domestic cement and derivatives sales volume growth of approximately 68% y-o-y in 9M24. Total cement and derivatives and ready-mix concrete sales volumes increased by 3% y-o-y in 9M24.

TRY 1,143mn of quarterly EBITDA was generated (3Q23: TRY 1,632mn), where the EBITDA margin narrowed 2.8pp to 21.2% (3Q23: EBITDA margin: 24.0%).

The Company’s stock has posted a return of 0.3% over the previous three months. In terms of returns relative to the BIST100, the stock has outperformed the Index by 19.1% over the previous three months.

We maintain our 12-month TP of **TRY 210.60**/share and **“Outperform”** rating. Our target price implies 36.8% upside potential as of October 30, 2024.

OUTPERFORM
TP: TRY 210.60
Previous TP: TRY 210.60
Upside: 36.8%

	TRY	US$
Close	154,00	4,50
BIST 100	9.007	263
US$/TRY(CB Bid Rate):	34,27	
52 Week High:	179,69	5,87
52 Week Low:	117,23	4,02
Bloomberg/Reuters Ticker:	AKCNS.TI / AKCNS.IS	

Number of Shares (Mn):	191	
	(TRY Mn)	**(US$ Mn)**
Current Mcap	29.483	860
Free Float Mcap	5.602	164

	1 M	YOY	YTD
TRY Return (%):	-0,1	-7,9	12,6
US$ Return (%):	-0,4	-24,3	-3,2
BIST 100 Relative (%):	7,2	-21,2	-6,6
Avg. Daily Vol. (TRY Mn):	129,9		
Avg. Daily Vol. (US$ Mn):	4,2		

Beta	0,80
Volatility (Stock)	0,49
Volatility (BIST 100)	0,29

Shareholder Structure	%
Sabancı Holding	39,7
HeidelbergCement AG	39,7
Free Float and others	20,6
Total	**100,0**

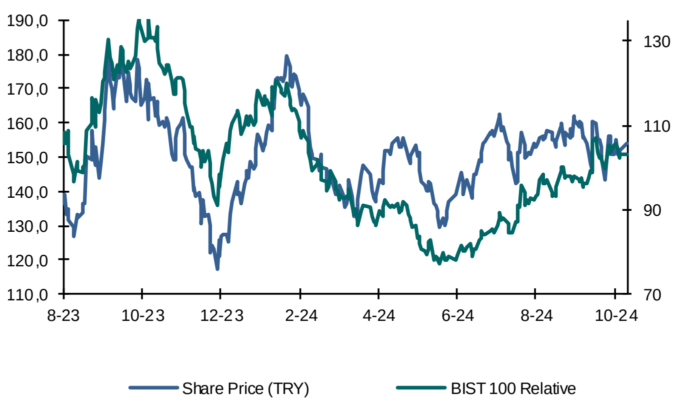


Figure 1: Financials

TRY Million	9M23	9M24	YoY	3Q23	3Q24	YoY
Revenues	**19.356**	**15.587**	**-19,5%**	**6.797**	**5.385**	**-20,8%**
Gross Profit	**4.441**	**2.677**	**-39,7%**	**1.655**	**1.127**	**-31,9%**
Gross Profit Margin	*22,9%*	*17,2%*		*24,3%*	*20,9%*	
EBIT	**3.722**	**1.970**	**-47,1%**	**1.410**	**893**	**-36,7%**
EBIT Margin	*19,2%*	*12,6%*		*20,7%*	*16,6%*	
EBITDA	**4.548**	**2.862**	**-37,1%**	**1.632**	**1.143**	**-30,0%**
EBITDA Margin	*23,5%*	*18,4%*		*24,0%*	*21,2%*	
Net Profit	**2.521**	**1.241**	**-50,8%**	**481**	**508**	**5,6%**
Net Profit Margin	*13,0%*	*8,0%*		*7,1%*	*9,4%*	

Figure 2: Key financials

BALANCE SHEET (TRY Mn)	2022/12*	2023/12	2024/09	%Chg
PP&E	1.224	8.867	8.777	494,6
Intangibles	190	2.810	2.822	N.M
Other Non-Current Assets	2.277	4.392	3.935	(20,0)
Trade Receivables	1.871	3.873	3.578	36,9
Cash&Equivalents	1.356	3.695	3.349	40,6
Other Current Assets	1.144	3.007	2.848	67,5
Total Assets	**8.062**	**26.644**	**25.308**	**90,7**
Long Term Debt	164	315	266	33,4
Other Non current liabilities	275	288	535	151,3
Short Term Debt	1.801	3.197	2.745	39,0
Other Short Term Payables	2.154	4.099	3.448	41,0
Total Liabilities	4.394	7.898	6.995	44,8
Total Equity	3.667	18.745	18.313	117,0
Total Equity&Liabilities	**8.062**	**26.644**	**25.308**	**90,7**

INCOME STATEMENT (TRY Mn)	2022/12*	2023/12*	2023/09	2024/09	%Chg
Net Sales	8.899	25.439	19.356	15.587	(19,5)
COGS	7.407	20.035	14.915	12.910	(13,4)
Gross Profit (Loss)	1.492	5.404	4.441	2.677	(39,7)
Operating Expenses	280	1.171	719	708	(1,5)
Operating Profit/(Loss)	1.212	4.232	3.722	1.970	(47,1)
Net Other Ope. Rev./(Exp.)	(58)	(356)	(218)	(112)	N.M.
Financial Expenses	(216)	229	179	(106)	N.M.
Gain / (Loss) From Inv. Activities	-	(27)	119	(27)	(122,7)
Gains (Losses) On Net Monetary Position					
Profit Before Tax (Loss)	**958**	**4.276**	**4.015**	**1.827**	(54,5)
Tax	(563)	1.055	1.495	586	N.M.
Net Profit (Loss)	**1.521**	**3.222**	**2.521**	**1.241**	(50,8)
Minority Interest	-	-	-	-	N.M.
Parent Company	**1.521**	**3.222**	**2.521**	**1.241**	(50,8)

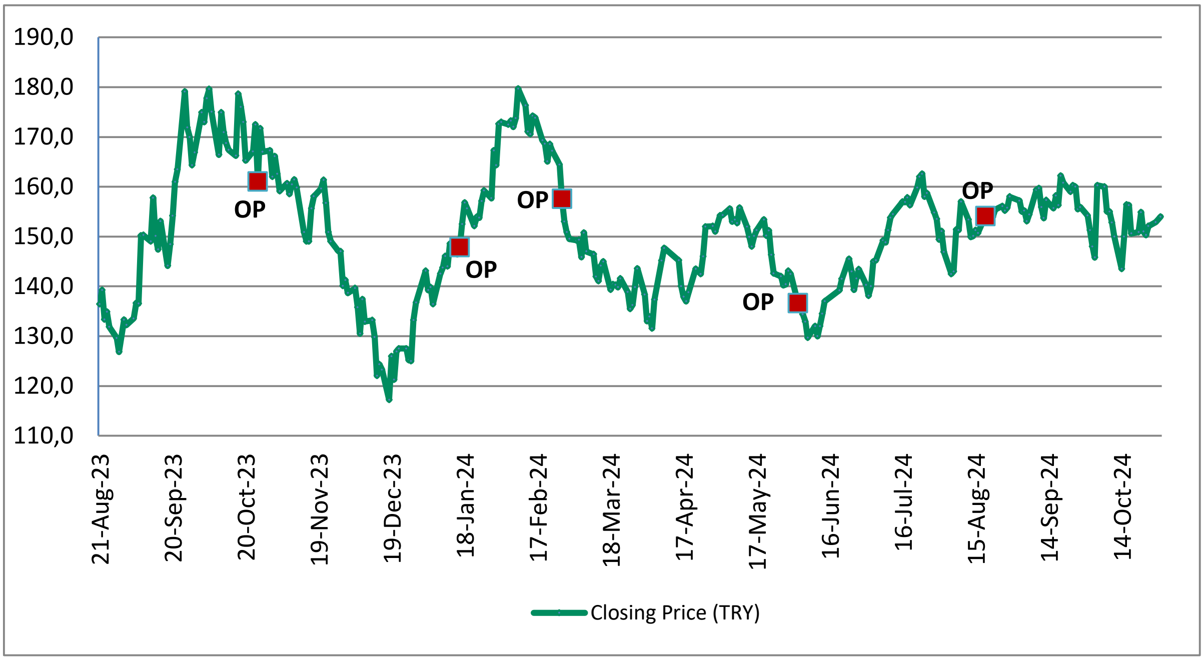
** Not indexwd until 30/09/2024*   *Source: Şeker Invest*

Figure 3: Key ratios

KEY RATIOS	2022/12	2023/12	2023/09	2024/09
ROAE	79,4%	28,7%	39,1%	10,6%
ROAA	36,9%	18,6%	16,5%	10,1%
Gross Profit Margin	16,8%	21,2%	22,9%	17,2%
Net Profit Margin	17,1%	12,7%	13,0%	8,0%
EBITDA Margin	18,2%	21,0%	23,5%	18,4%
Total Debt/Equity	53,6%	18,7%	25,8%	16,4%

** Not indexwd until 30/09/2024* Source : Şeker Invest

Historical Recommendations and target prices



Date	Rec	Target Price (TRY)
1-Aug-23	Outperform (OP)	125,60
8-Aug-23	Outperform (OP)	138,30
25-Oct-23	Outperform (OP)	214,40
16-Jan-24	Outperform (OP)	210,60
27-Feb-24	Outperform (OP)	210,60
3-Jun-24	Outperform (OP)	210,60
19-Aug-24	Outperform (OP)	210,60

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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