

Aksa Energy

Weak operational performance coupled with rising net financial expenses suppressed profitability...

Başak Kamber

Analyst

bkamber@sekeryatirim.com

According to Aksa Energy's financials with inflation accounting (TMS-29 effect), net profit decreased by 18% on an annual basis to TL661 million (3Q23: TL805 million) in 3Q24. The Company's decreased net sales revenues due to domestic electricity generation market conditions and the reduction in energy trading activities in 3Q24, including the TMS-29 effect, the decline EBITDA to TL1,715 million (3Q23: TL2,699 million), net financing income of TL236 million in the 3Q23 period, and net financing expense due to the increased exchange rate difference in 3Q24 suppressed profitability. On the other hand, net other income realized at TL53 million (3Q23: TL10 million) in 3Q24, the decrease in net monetary loss position and net tax expense in 3Q24 were the developments supporting profitability. The Company's total electricity sales volume (excluding Africa and Asia) decreased by 26% yoy to 4,473 Gwh in 3Q24, while average spot electricity prices increased by 21% yoy to 2,520 TL/Mws in 3Q24 (3Q23: 2,078 TL/Mws). The Company's net sales revenues decreased by 28% yoy to 8,200 million TL in 3Q24 due to decreasing spot electricity prices and energy trading activities - including the impact of TAS-29. The Company's domestic sales revenues decreased by 26% yoy to TL6,409 million in 3Q24, while the total sales revenues of its overseas power plants (Africa and Uzbekistan) decreased by 36% yoy to 1,790 million TL. Decreased operational profitability in parallel with decreasing sales revenues has suppressed margins. The Company's total EBITDA figure decreased by 37% YoY to TL1,715 million in parallel with the decline in net sales revenues. Gross and EBITDA margins, which were 22.4% and 23.7% in 3Q23, decreased to 19.5% and 20.9% in 3Q24, respectively. The net debt position increased to TL23,710 million in 9M24 (1H24 including TMS-29 impact: TL22,895 million, Thus, the net debt/EBITDA ratio was 3.55x in 9M24. Due to the Company's weak operational performance in 3Q24 in parallel with the decline in sales revenues, the market's short-term reaction to the results may be negative compared to the same period of the previous year. However, we believe that the increase in new installed capacity abroad in the medium and long term may have a catalytic effect on operational profitability. Therefore, we maintain our "BUY" recommendation for AKSEN with a target share price of TL 55.00 after the Company's 3Q24 results. Our target share price for Aksa Energy carries a 65% premium potential compared to the current share price.

OUTPERFORM
TP: TRY 55.00
Previous TP: TRY 55.00
Upside: %65

	TRY	US\$
Close	33,44	0,98
BIST 100	8.862	259
US\$/TRY (CB Bid Rate):	34,1841	
52 Week High:	48,14	1,49
52 Week Low:	27,73	0,94
Bloomberg/Reuters Ticker:	AKSEN.TI / AKSEN.IS	

Number of Shares (Mn):	1.226	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	41.009	1.196
Free Float Mcap:	8.612	251

	1 M	YOY	YTD
TRY Return (%):	-5	-5	16
US\$ Return (%):	-6	-21	-1
BIST 100 Relative (%):	-2	-16	-3
Avg. Daily Vol. (TRY Mn):	227		
Avg. Daily Vol. (US\$ Mn):	7,2		

Beta	0,92
Volatility (Stock)	0,37
Volatility (BIST 100)	0,24

Shareholder Structure	%
Kazancı Holding	80,13
Free Float	19,77
Share buyback	0,10
Total	100,0

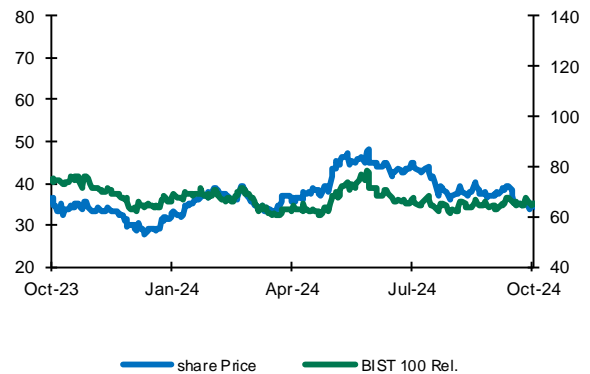


Figure 1: Financials (1Q24)

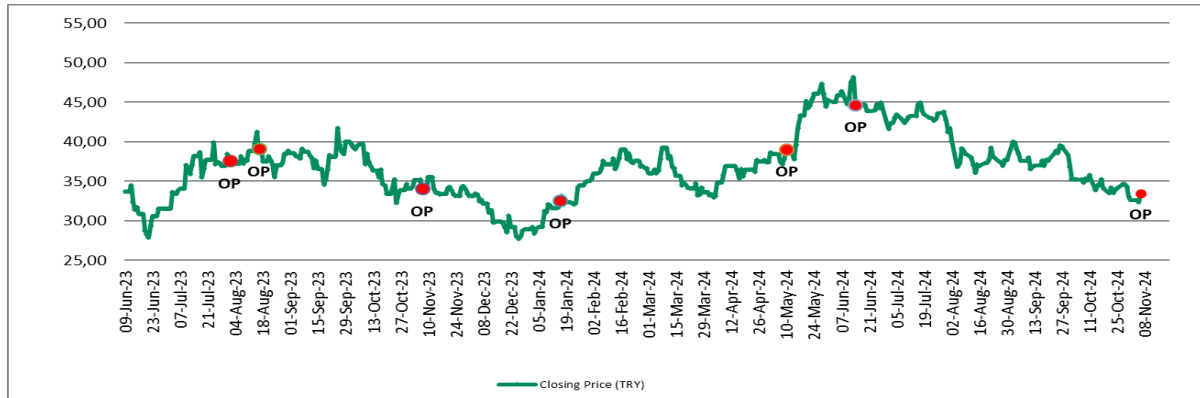
TRY Million	9M23	9M24	YoY	3Q23	3Q24	YoY
Revenues	38.579	21.633	-43,9%	11.395	8.200	-28,0%
Gross Profit	8.223	4.311	-47,6%	2.551	1.598	-37,3%
Gross Profit Margin	21,3%	19,9%		22,4%	19,5%	
EBIT	7.394	3.252	-56,0%	2.251	1.243	-44,8%
EBIT Margin	19,2%	15,0%		19,8%	15,2%	
EBITDA	8.928	4.811	-46,1%	2.699	1.715	-36,5%
EBITDA Margin	23,1%	22,2%		23,7%	20,9%	
Net Profit	4.578	2.304	-49,7%	805	661	-17,9%
Net Profit Margin	11,9%	10,6%		7,1%	8,1%	

Figure 2: Key financials

BALANCE SHEET (TRY Mn)	2022/12K	2023/12K	2024/09
PP&E	35.283	47.574	52.967
Intangibles	741	1.503	1.324
Other Non-Current Assets	373	3.522	8.266
Trade Receivables	15.188	18.382	9.215
Cash&Equivalents	1.544	1.080	792
Other Current Assets	2.075	3.757	3.582
Total Assets	55.204	75.818	76.146
Long Term Debt	6.369	7.108	11.650
Other Non current liabilities	3.265	2.951	1.532
Short Term Debt	3.948	4.022	6.282
Trade Payables	3.511	4.538	6.691
Other current liabilities	5.696	10.142	7.922
Total Liabilities	22.789	28.762	34.077
Total Equity	32.414	47.056	42.069
Total Equity&Liabilities	55.204	75.818	76.146

INCOME STATEMENT (TRY Mn)	2022/12K	2023/12K	2023/09	2024/09	%
Revenues	87.102	47.785	38.579	21.633	-44%
COGS	76.511	37.982	30.356	17.322	-43%
Gross Profit (Loss)	10.591	9.803	8.223	4.311	-48%
Operating Expenses	612	1.100	829	1.060	28%
Operating Profit/(Loss)	9.979	8.703	7.394	3.252	-56%
Net Other Ope. Rev./(Exp.)	459	507	164	348	112%
Income/(Loss) from Investing Activities	(2.357)	(56)	91	350	286%
Financial Expenses	709	2.285	1.266	803	-37%
Gains (losses) on net monetary positions	(455)	(1.158)	(902)	(533)	-41%
Profit Before Tax (Loss)	8.157	9.702	7.392	4.364	-41%
Tax	1.880	1.407	2.185	1.109	-49%
Net Profit (Loss)	6.277	8.295	5.208	3.255	-38%
Minority Interest	695	828	630	951	51%
Majority Interest	5.582	7.468	4.578	2.304	-50%

Historical Recommendations and target prices



Date	Recommendation	Target Price (TRY)
1-Aug-23	Outperform (OP)	50,00
16-Aug-23	Outperform (OP)	50,00
7-Nov-23	Outperform (OP)	50,00
16-Jan-24	Outperform (OP)	47,50
10-May-24	Outperform (OP)	47,50
14-Jun-24	Outperform (OP)	55,00
7-Nov-24	Outperform (OP)	55,00

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.

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
Buyukdere Cad. No:171 Metrocity
A Blok Kat 4-5 34330 SİSLİ /İST
TURKEY

TEL: +90 (212) 334 33 33
Fax: +90 (212) 334 33 34
E-mail: research@sekeryatirim.com
Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com
Burak Demirbilek	Utilities, Defense Industry	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com
Sevgi Onur	Banks	+90 (212) 334 33 33-150	sonur@sekeryatirim.com
Engin Degirmenci	Glass, Cement	+90 (212) 334 33 33-201	edegirmenci@sekeryatirim.com
A. Can Tuglu	Food & Beverages, Retail, Automotive	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com.tr
Esra Uzun Ozbaskin	Telcos, Iron & Steel, Cons. Dur., Oil&Gas	+90 (212) 334 33 33-245	euzun@sekeryatirim.com
Basak Kamber	Glass, Utilities	+90 (212) 334 33 33-251	bkamber@sekeryatirim.com
Burak Can Coklar	Pharmaceutical	+90 (212) 334 33 33-228	bcoklar@sekeryatirim.com

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com
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Institutional Sales

Batuhan Alpman	Head	+90 (212) 334 33 70	balpman@sekeryatirim.com
Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com
Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com.tr

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