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Sisecam

Weak Operational Results

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Sisecam reported a net loss of TRY1,528mn including TMS-29 impact in 4Q24, well below the market expectation of TRY358mn and our expectation of TRY397mn (4Q23: TRY13,150mn). In 4Q24, due to the erosion in margins, high financing expenses and lower deferred tax income as a result of weak operational performance and increased cost pressures, the Company reported a net loss contrary to expectations in 4Q24. In 4Q24, Sisecam achieved a net sales revenue of TRY40,730mn, slightly above the market expectation of TRY42,770mn and in line with our expectation of TRY40,341mn, down 19.3% YoY (4Q23: TRY50,486mn). Despite a lower pricing environment due to weak demand conditions, volumes remained strong in the architectural glass and glass packaging segment. Architectural Glass business revenues decreased by 8% YoY to TRY9,538mn despite 13% volume growth. Glass packaging segment increased by 3% YoY to TRY8,752mn with 10% volume growth. On the other hand, the energy segment was among the weakest business segments due to both volume contraction and weak pricing effect. Sisecam's consolidated soda ash production in 4Q24 decreased by 10% YoY, mainly due to planned maintenance works at Wyoming facility and inventory optimization effect at EU-based facilities. Global demand for soda ash remained under pressure due to ongoing uncertainty in macroeconomic conditions and geopolitical risks, and ample supply to major soda ash customer industries in almost all key regions. Soda ash prices, on the other hand, remained almost flat compared to the previous quarter, but decreased by 14% YoY in USD terms considering market dynamics. EBITDA including TMS-29 effect was announced as TRY 944 million in 4Q24, well below our TRY 2,317 million and the market's TRY 2,702 million expectation. The inability to generate turnover above its costs was effective in the decrease in the EBITDA figure (4Q23: TRY 4,073 million). Margins narrowed due to increasing operational costs. Sisecam's profit margins all decreased in 4Q24. Gross profit margin was 20.77%, EBITDA margin was 2.32% and net profit margin was -3.75%. (23.09%, 8.07%, 26.05% in 4Q23 respectively) **2024 results** - The company achieved TRY 185,589 million net sales revenue in 2024, a decrease of 15.4% on an annual basis. The share of international sales, which represent the total of exports from Turkey and sales from production facilities outside Turkey, in consolidated sales was 59%. The Company's EBITDA in 2024 decreased by 63.5% annually to TRY 10,822 million. Sisecam's total investments in 2024 were TRY 30 billion, and its exports were USD 962 million. During this period, Sisecam, which produced 5.6 million tons of glass, produced 4.6 million tons of soda ash and 3.8 million tons of industrial raw materials. The increase in net debt position continued. The Company's net debt position increased to TRY 73,795 million in YE24 (YE23: TRY 58,361 million). Thus, the net debt/EBITDA ratio was 6.82x in YE24 (YE23: 1.97x). Sisecam had decided to plan the cold repair and long stoppage of the float line in the Northern Italy Flat Glass Plant as of February 7, and to stop the laminate line production in the same plant as of February 13, with the aim of restarting it as soon as possible. These actions are expected to contribute approximately 8-10 million Euros positively to the profitability at the EBITDA level, thanks to the capacity utilization increases to be achieved in other facilities in Europe. As a result, we would like to state that although we expect the ongoing weakness in operational performance in addition to the increase in the Company's debt to have a "negative" effect on the Company's shares in the short term, it is difficult to talk about any recovery in the financials. Following the financial results that were below our expectations, we are revising our model. In this context, we are revising our 12-month target price for Sisecam from TRY 60.70 to TRY 54.00; we maintain our recommendation of 'Outperform'

OUTPERFORM

TP: TRY 54.00

Previous: TRY 60.70

Upside: %48

	TRY	US\$
Close	36,54	0,98
BIST 100	9.690	266
US\$/TRY (CB Bid Rate):	36,3652	
52 Week High:	54,50	1,70
52 Week Low:	35,46	0,98
Bloomberg/Reuters Ticker:	SISE.TI / SISE.IS	

Number of Shares (Mn):	3.063	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	108.622	2.987
Free Float Mcap:	53.225	1.464

	1 M	YOY	YTD
TRY Return (%):	-7	-29	-15
US\$ Return (%):	-8	-39	-17
BIST 100 Relative (%):	-4	-33	-13
Avg. Daily Vol. (TRY Mn):	1486		
Avg. Daily Vol. (US\$ Mn):	44,4		

Beta	0,95
Volatility (Stock)	0,33
Volatility (BIST 100)	0,26

Shareholder Structure	%
Türkiye İş Bankası	52,1
Other	38,6
Efes Holding	7,0
Share buyback	2,3
Total	100,0

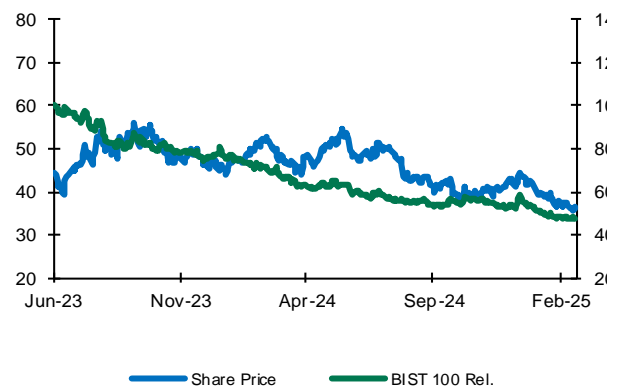


Figure 1: Financials

TRY Million	YE23	YE24	YoY	4Q23	4Q24	YoY
Revenues	219.447	185.589	-15,4%	50.486	40.730	-19,3%
Gross Profit	60.371	42.025	-30,4%	11.659	8.460	-27,4%
<i>Gross Profit Margin</i>	<i>27,5%</i>	<i>22,6%</i>		<i>23,1%</i>	<i>20,8%</i>	
EBIT	14.853	-4.269	N.M.	-187	-2.691	N.M.
<i>EBIT Margin</i>	<i>6,8%</i>	<i>-2,3%</i>		<i>-0,4%</i>	<i>-6,6%</i>	
EBITDA	29.682	10.822	-63,5%	4.073	944	-76,8%
<i>EBITDA Margin</i>	<i>13,5%</i>	<i>5,8%</i>		<i>8,1%</i>	<i>2,3%</i>	
Net Profit	24.789	5.022	-79,7%	13.150	-1.527	N.M.
<i>Net Profit Margin</i>	<i>11,3%</i>	<i>2,7%</i>		<i>26,0%</i>	<i>-3,8%</i>	

Source: Şeker Invest

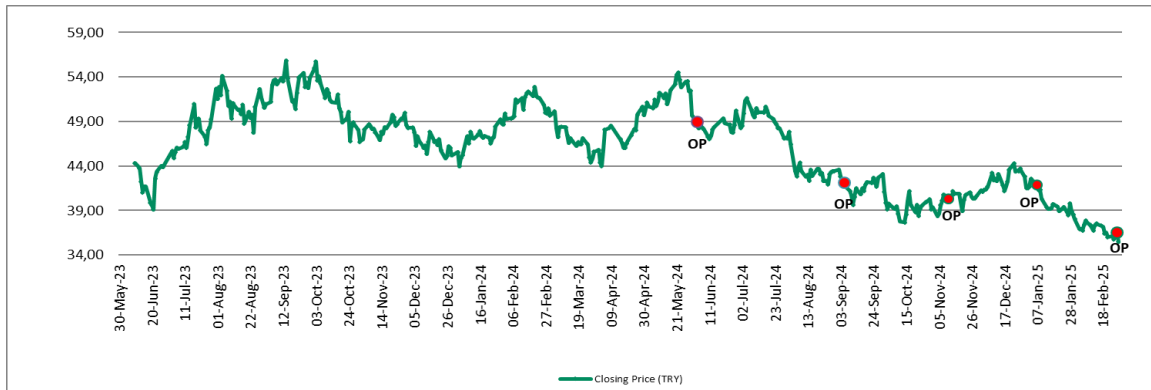
Figure 2: Key Financials

BALANCE SHEET (TRY Mn)	2023/12	2024/12	%Chg
PP&E	168.405	174.129	3,4%
Intangibles	51.061	48.806	-4,4%
Other Non-Current Assets	38.230	41.884	9,6%
Trade Receivables	39.662	26.096	-34,2%
Cash&Equivalents	54.517	53.659	-1,6%
Other Current Assets	68.764	54.453	-20,8%
Total Assets	420.638	399.028	-5,1%
Long Term Debt	66.441	97.232	46,3%
Other Non current liabilities	17.140	14.113	-17,7%
Short Term Debt	41.847	12.437	-70,3%
Trade Payables	24.432	24.289	-0,6%
Other current liabilities	30.053	42.846	42,6%
Total Liabilities	179.913	190.917	6,1%
Total Equity	240.725	208.110	-13,5%
Total Equity&Liabilities	420.638	399.028	-5,1%

INCOME STATEMENT (TRY Mn)	2023/12	2024/12	%Chg
Revenues	219.447	185.589	-15,4%
COGS	159.077	143.564	-9,8%
Gross Profit (Loss)	60.371	42.025	-30,4%
Operating Expenses	45.518	46.294	1,7%
Operating Profit/(Loss)	14.853	(4.269)	N.M.
Net Other Ope. Rev./(Exp.)	6.022	1.666	-72,3%
Income/(Loss) from Investing Activities	7.897	833	-89,5%
Financial Expenses	(2.369)	(11.439)	N.M.
Gains (losses) on net monetary positions	6.073	15.851	161,0%
Profit Before Tax (Loss)	34.067	3.227	-90,5%
Tax	(6.598)	2.016	N.M.
Net Profit (Loss)	27.469	5.243	-80,9%
Minority Interest	2.681	220	-91,8%
Majority Interest	24.789	5.022	-79,7%

Source: Şeker Invest

Historical Recommendations and target prices



Date	Recommendation	Target Price (TRY)
3-Jun-24	Outperform (OP)	78,70
5-Sep-24	Outperform (OP)	68,30
11-Nov-24	Outperform (OP)	68,30
7-Jan-25	Outperform (OP)	60,70
28-Feb-25	Outperform (OP)	54,00

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.

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