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Sisecam

In 1Q25, the company reported a net profit, compared to the market's expectation of a net loss.

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In 1Q25, Sisecam reported a net profit of TRY 1,254mn including the impact of TMS-29 (1Q24: TRY 3,193mn net profit) against our expectation of a loss of TRY 1,439mn and the market expectation of a loss of TRY 1,394mn. The main reason for the deviation in net profit from expectations was the recording of TRY 58mn deferred tax income in 1Q25 (vs. TRY 2.63 billion deferred tax expense in 1Q24), against our expectation of a higher tax expense in 1Q25. On the other hand, the continuing weak operational performance (declining top-line and EBITDA) coupled with increasing cost pressures, resulting in losses from EBIT (1Q25: TRY -1.6 billion -1Q24: TRY -67mn) and the increase in net financial expenses to TRY 4.7 billion in 1Q25 (from TRY 1.65 billion in 1Q24) were the factors that suppressed net profitability. On the other hand, the Company recorded a net monetary gain of TRY 6.63 billion in 1Q25 (1Q24: TRY 6.33 billion).

The Company's net sales revenues decreased by 18.9% YoY to TRY45,464 million in 1Q25 (1Q24: TRY56,049 million). Şişecam's net sales revenues fell short of our expectations of TRY44,839 million and market estimates of TRY47,080 million. Despite challenging market conditions and seasonal factors, volumes in the architectural glass and glass packaging segment remained strong. Architectural Glass business revenues decreased by 9% YoY to TRY10,856 million despite 7% volume growth. The glass packaging segment decreased by 7% YoY to TRY9,126 million with 1% volume growth. On the other hand, the energy segment saw a decline due to both volume contraction and weak pricing. In 1Q25, Şişecam's consolidated soda ash production decreased by 6% YoY, mainly due to planned maintenance activities at its Sodi, Bulgaria and Mersin plants and inventory optimization impact at its Bosnia plant. Demand in Europe remained weak, resulting in a gradual shutdown and reduction in production at soda ash plants in the region. Despite the negative demand conditions, Şişecam's consolidated soda ash segment recorded almost flat sales volume (-1%) in 1Q25, driven by the sales performance of its Wyoming and Bosnia plants. Soda ash prices remained almost flat compared to the previous quarter, but decreased by 5% in USD terms in 1Q25, given market dynamics.

Including the TMS-29 effect, EBITDA decreased by 34% YoY to TRY 2,691 million in 1Q25 - Decreased sales revenues and increased OPEX were effective in the decrease of EBITDA (1Q25: TRY 4,090 million). The announced EBITDA figure was above our expectation of TRY 2,221 million and the market expectation of TRY 1,955 million. While Şişecam's gross profit margin increased to 23.7% in 1Q25, EBITDA margin decreased to 5.9% and net profit margin decreased to 2.8% (22.6%, 7.3%, 5.7% in 1Q24, respectively).

Şişecam's net debt exceeded TRY 100 billion as of 1Q25 (YE24: TRY 81,221 million). Thus, net debt/EBITDA ratio increased to 9.53x in 1Q25 (4Q24: 6.82x).

As a result, in addition to the increase in debt, the weakness in operational performance continues. However, we expect the company to announce a profit, which will have a positive impact on the share price in the short term, despite the market's expectation of a net loss.

OUTPERFORM

TP: TRY 50.00

Previous: TRY 50.00

Upside: 46.4%

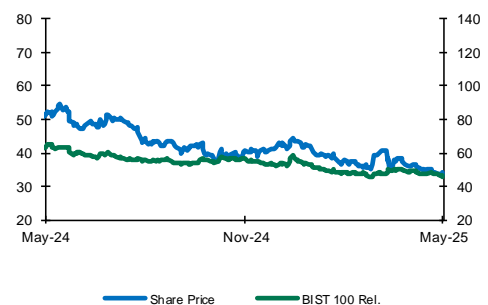
	TRY	US\$
Close	34,16	0,89
BIST 100	9.391	243
US\$/TRY (CB Bid Rate):	38,5725	
52 Week High:	54,50	1,70
52 Week Low:	33,04	0,86
Bloomberg/Reuters Ticker:	SISE.TI / SISE.IS	

Number of Shares (Mn):	3.063	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	104.639	2.714
Free Float Mcap:	51.273	1.330

	1 M	YOY	YTD
TRY Return (%):	-6	-33	-18
US\$ Return (%):	-7	-44	-25
BIST 100 Relative (%):	-7	-27	-14
Avg. Daily Vol. (TRY Mn):	1439		
Avg. Daily Vol. (US\$ Mn):	41,7		

Beta	0,98
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



After the announced 1Q25 financial results, we remain our 12-month target price of TRY “50.00/shr” and maintain our “OUTPERFORM” recommendation.

Figure 1: Financials

TRY Million	1Q24	1Q25	YoY	4Q24	QoQ
Revenues	56.049	45.464	-18,9%	44.829	1,4%
Gross Profit	12.651	10.765	-14,9%	9.311	15,6%
<i>Gross Profit Margin</i>	22,6%	23,7%		20,8%	
EBIT	-675	-1.641	143,1%	-2.962	N.M.
<i>EBIT Margin</i>	-1,2%	-3,6%		-6,6%	
EBITDA	4.090	2.691	-34,2%	1.039	158,9%
<i>EBITDA Margin</i>	7,3%	5,9%		2,3%	
Net Profit	3.193	1.254	-60,7%	-1.681	N.M.
<i>Net Profit Margin</i>	5,7%	2,8%		-3,8%	

Source: Şeker Invest

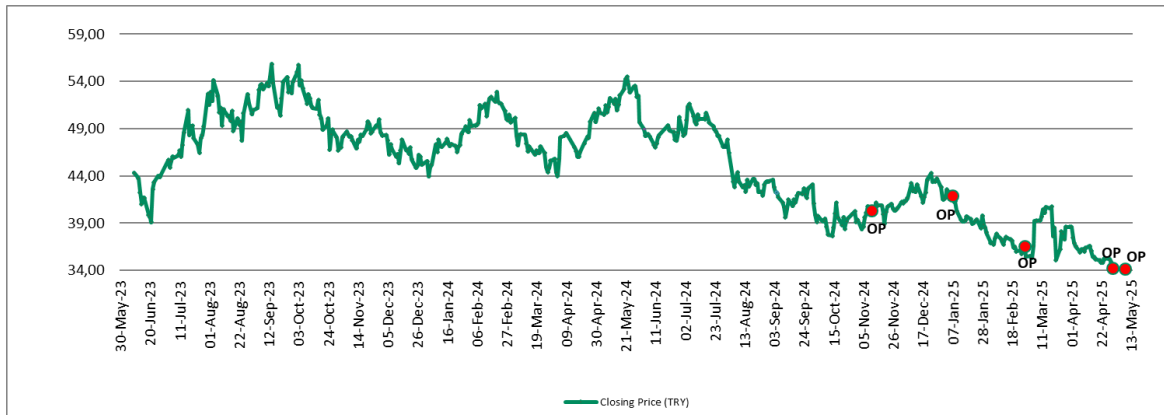
Figure 2: Key Financials

BALANCE SHEET (TRY Mn)	2024/12	2025/03	%Chg
PP&E	191.652	197.794	3,2%
Intangibles	53.717	52.077	-3,1%
Other Non-Current Assets	46.099	45.298	-1,7%
Trade Receivables	28.722	33.624	17,1%
Cash&Equivalents	59.059	36.126	-38,8%
Other Current Assets	59.933	55.390	-7,6%
Total Assets	439.182	420.309	-4,3%
Long Term Debt	107.017	82.615	-22,8%
Other Non current liabilities	15.533	17.303	11,4%
Short Term Debt	13.688	16.430	20,0%
Trade Payables	26.733	20.839	-22,0%
Other current liabilities	47.158	55.279	17,2%
Total Liabilities	210.129	192.466	-8,4%
Total Equity	229.053	227.843	-0,5%
Total Equity&Liabilities	439.182	420.309	-4,3%

INCOME STATEMENT (TRY Mn)	2024/03	2025/03	%Chg
Revenues	56.049	45.464	-18,9%
COGS	43.398	34.699	-20,0%
Gross Profit (Loss)	12.651	10.765	-14,9%
Operating Expenses	13.326	12.406	-6,9%
Operating Profit/(Loss)	(675)	(1.641)	N.M.
Net Other Ope. Rev./(Exp.)	985	1.031	4,6%
Income/(Loss) from Investing Activities	666	41	-93,9%
Financial Expenses	(1.652)	(4.709)	N.M.
Gains (losses) on net monetary positions	6.328	6.635	4,9%
Profit Before Tax (Loss)	6.262	1.504	-76,0%
Tax	(2.976)	(175)	N.M.
Net Profit (Loss)	3.286	1.328	-59,6%
Minority Interest	92	74	-19,5%
Majority Interest	3.193	1.254	-60,7%

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
2-May-25	Outperform (OP)	50,00
12-May-25	Outperform (OP)	50,00

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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