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OYAK Cement

Weak Demand Conditions and High Tax Expenses Weighed on Profitability...

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OYAK Cement has reported a net profit attributable to the equity holders of the parent of TRY 103mn for 1Q26 based on its consolidated financials prepared in accordance with inflation accounting (TMS-29). The reported net profit came in significantly below both our estimate of TRY 588mn and the market consensus (median: TRY 556mn). The Company had reported a net profit of TRY 1,304mn in the same quarter of the previous year. Accordingly, net profit declined by 92.1% year-on-year, while the net profit margin contracted by 8.7 percentage points to 1.0%.

The sharp decline in net profit in 1Q26 was mainly driven by higher deferred tax expenses following the discontinuation of inflation accounting in statutory financials under the new Tax Procedure Law (VUK) regulation. Meanwhile, elevated monetary losses continued to weigh on net profitability. On the other hand, the increase in financial income—supported by the Company’s strong net cash position and effective working capital management—partially offset the pressure on net profit.

Net sales decreased by 21.0% year-on-year to TRY 10,710mn in 1Q26, coming in slightly below our estimate of TRY 10,861mn and below the market consensus (median: TRY 11,288mn). In the same period, gross profit declined by 34.3% year-on-year to TRY 2,291mn, while the gross profit margin contracted by 4.4 percentage points to 21.4%.

According to Turkish Cement Manufacturers’ Association (TÜRKCİMENTO) data, domestic cement production contracted by 11.8% year-on-year in the first two months of 2026, while above-seasonal precipitation and the normalization of demand in the earthquake-affected region weighed on the sector outlook. In line with the weak sectoral environment, OYAK Cement’s cement sales volume declined by 12% year-on-year in 1Q26, while ready-mix concrete (RMC) sales volume decreased by 24%. On the other hand, export volume increased by 28% year-on-year, with the share of exports in total revenues rising to 10% in 1Q26 from 9% in 1Q25.

OUTPERFORM
TP: TRY 33.35
Previous TP: TRY 33.35
Upside: 33.4%

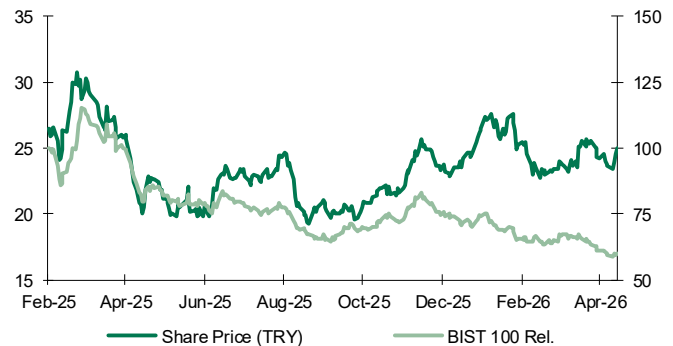
	TRY	US\$
Close	25,00	0,55
BIST 100	15.040	333
US\$/TRY (CB Bid Rate):	45,1436	
52 Week High:	27,62	0,64
52 Week Low:	19,25	0,47
Bloomberg/Reuters Ticker:	OYAKC.TI/OYAKC.IS	

	(TRY Mn)	(US\$ Mn)
Number of Shares (Mn):	4.862	
Current Mcap:	121.541	2.692
Free Float Mcap:	29.170	646

	1 M	YOY	YTD
TRY Return (%):	6,3	24,8	8,5
US\$ Return (%):	4,8	6,5	3,0
BIST 100 Relative (%):	-8,7	-24,7	-18,8
Avg. Daily Vol. (TRY Mn):	450,5	609,9	554,3
Avg. Daily Vol. (US\$ Mn):	10,1	14,6	12,7

Beta	0,98
Volatility (Stock)	0,32
Volatility (BIST 100)	0,23

Shareholder Structure	%
TCC OYAK AMSTERDAM HOLDINGS B.V.	80,05
OTHER	19,95
Total	100,00



EBITDA declined by 29.8% year-on-year to TRY 2,386mn in 1Q26, despite effective cost management and high alternative fuel utilization, amid volume contraction and pricing pressure driven by weak domestic demand conditions. The reported EBITDA came in below both our estimate of TRY 2,518mn and the market consensus (median: TRY 2,541mn). Although the EBITDA margin contracted by 2.8 percentage points year-on-year to 22.3%, it remained above sector averages.

The Company maintained its focus on sustainability and energy efficiency in 1Q26. The alternative fuel utilization rate reached 27.4%, remaining well above the Turkish sector average of 13%. In addition, we expect the 115 MW Beypazarı Solar Power Plant, which was commissioned in April 2026, to contribute to more efficient energy cost management and support operational profitability in the coming periods. With this investment, approximately 70% of the energy needs of the Bolu and Ünye plants is expected to be met through renewable energy sources, while the share of renewable energy in total energy consumption is projected to reach 25%. Meanwhile, waste heat recovery (WHR) investments with a total installed capacity of 13.5 MW are ongoing.

On the balance sheet side, OYAK Cement continued to maintain its strong cash generation capacity. As of 31 March 2026, the Company reported a net cash position of TRY 10,075mn, while total cash and cash equivalents stood at TRY 11,096mn. We believe the strong net cash position continues to support financial income in the current high interest rate environment.

Overall, despite weak demand conditions in the domestic market, driven by adverse weather conditions and the normalization of demand in the earthquake-affected region, and continued pricing pressure remaining below inflation, OYAK Cement managed to maintain its operational margins at relatively solid levels in 1Q26. In particular, the high alternative fuel utilization rate, renewable energy investments, and strong net cash position continued to support the Company's operational resilience. We also expect the Beypazarı Solar Power Plant, commissioned in April, to contribute positively to energy cost management and operational profitability in the coming periods. On the other hand, the weaker-than-expected net profit performance due to elevated tax expenses may create limited pressure on share performance in the short term. Nevertheless, we believe the Company's strong balance sheet structure and ongoing efficiency-focused investments continue to support the medium-term outlook.

We maintain our 12-month target price at TRY 33.35 per share and reiterate our "OUTPERFORM" recommendation, implying a 33.4% upside potential based on the closing price as of 07 May 2026.

Table 1: Summary Income Statement (including TAS 29 effects)

TRY Million	1Q25	1Q26	YoY	4Q25	QoQ
Revenues	13.551	10.710	-21,0%	15.637	-31,5%
Gross Profit	3.489	2.291	-34,3%	4.237	-45,9%
<i>Gross Profit Margin</i>	25,7%	21,4%	-4,4 pp	27,1%	
EBIT	2.559	1.379	-46,1%	3.025	-54,4%
<i>EBIT Margin</i>	18,9%	12,9%	-6,0 pp	19,3%	
EBITDA	3.399	2.386	-29,8%	4.012	-40,5%
<i>EBITDA Margin</i>	25,1%	22,3%	-2,8 pp	25,7%	
Net Profit	1.304	103	-92,1%	1.280	-92,0%
<i>Net Profit Margin</i>	9,6%	1,0%	-8,7 pp	8,2%	

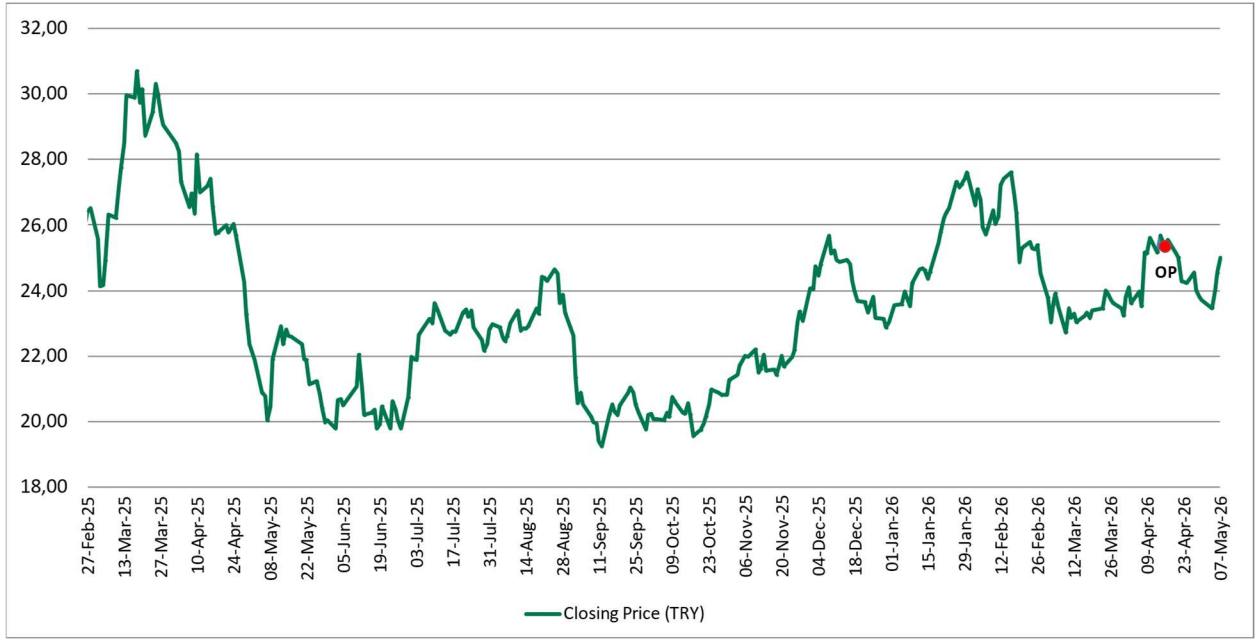
Source: Finnet, Şeker Invest Research

Table 2: Key Financial Tables (including TAS 29 effects)

BALANCE SHEET (TRY Mn)	2025/12	2026/03	Change %
PP&E	39.022	40.358	3,4%
Intangibles	8.291	8.329	0,5%
Other Non-Current Assets	5.156	3.921	-23,9%
Trade Receivables	9.791	8.706	-11,1%
Cash&Equivalents	15.207	11.096	-27,0%
Other Current Assets	10.893	12.946	18,9%
Total Assets	88.359	85.357	-3,4%
Long Term Debt	1.555	206	-86,7%
Other Non current liabilities	1.546	1.517	-1,8%
Short Term Debt	0	0	N.M.
Trade Payables	8.191	6.741	-17,7%
Other current liabilities	7.795	7.498	-3,8%
Total Liabilities	19.087	15.963	-16,4%
Total Equity	69.273	69.394	0,2%
Total Equity&Liabilities	88.359	85.357	-3,4%

INCOME STATEMENT (TRY Mn)	2025/03	2026/03	Change %
Revenues	13.551	10.710	-21,0%
COGS	10.062	8.418	-16,3%
Gross Profit/(Loss)	3.489	2.291	-34,3%
Operating Expenses	930	912	-2,0%
Operating Profit/(Loss)	2.559	1.379	-46,1%
Net Other Ope. Rev./ (Exp.)	203	185	-8,7%
Net Investing Activities Gain/(Loss)	319	132	-58,5%
Financial Income/(Expense)	181	496	174,3%
Gains (losses) on net monetary positions	-1.015	-839	N.M.
Profit Before Tax (Loss)	2.247	1.353	-39,8%
Tax	-943	-1.250	N.M.
Net Profit (Loss)	1.304	103	-92,1%
Minority Interest	0	0	N.M.
Majority Interest	1.304	103	-92,1%

Source: Finnet, Şeker Invest Research

Figure 1: Historical Recommendations and Target Prices

Date	Rec	Target Price (TRY)
16-Apr-26	Outperform (OP)	33,35

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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