Şeker Invest

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Cimsa

Margin Expansion and Better-than-Expected Net Income Despite Top-Line Pressure...

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OUTPERFORM
TP: TRY 70.55
Previous TP: TRY 70.55
Upside: 56.9%

Çimsa has reported TRY 1,329mn net income attributable to equity holders of the parent in 2Q26, based on its consolidated financial statements adjusted for inflation accounting. The reported net income came in well above our estimate of TRY 722mn and the market consensus (median: TRY 759mn). The Company had posted TRY 947mn net income attributable to equity holders of the parent in the same quarter of last year. Accordingly, net income increased by 40.3% YoY, while the net margin expanded by 3.6pp to 10.2%.

The strong increase in net income in 2Q26 was mainly driven by the rise in net monetary position gain from TRY 201mn to TRY 650mn YoY and the 22.4% decline in net financial expenses to TRY 503mn. Meanwhile, although tax expenses increased YoY, the deferred tax impact arising from the discontinuation of inflation accounting in the statutory financials was offset by the positive impact of asset revaluations carried out under Article 298/Ç and related tax regulations.

The Company's Türkiye sales volume declined by 6.8% YoY in 2Q26 due to persistently weak domestic demand conditions, while international sales volume increased by 7.8%, supported by the contribution of the US grey cement grinding facility. As a result, consolidated sales volume grew by 0.9% YoY. Cement and clinker consumption in Türkiye declined by 5.5% in the first four months of the year and by 18.3% in the regions where Çimsa operates, indicating that weakness in domestic demand persisted.

Net sales revenues declined by 9.7% YoY to TRY 13,000mn in 2Q26, coming in slightly below our expectation of TRY 13,325mn and broadly in line with the market median expectation of TRY 13,048mn. During the same period, gross profit decreased by 11.6% YoY to TRY 2,682mn, while the gross margin contracted by 0.5pp to 20.6%.

	TRY	US$
Close	44,96	0,95
BIST 100	13.411	283
US$/TRY (CB Bid Rate):	47,4497	
52 Week High:	59,00	1,31
52 Week Low:	41,38	0,95
Bloomberg/Reuters Ticker:	CIMSA.TI / CIMSA.IS	

Number of Shares (Mn):	945,59	
	(TRY Mn)	**(US$ Mn)**
Current Mcap :	42.514	898
Free Float Mcap:	19.131	404

	1 M	YOY	YTD
TRY Return (%):	-7,5	-10,4	-1,8
US$ Return (%):	-9,0	-23,3	-11,1
BIST 100 Relative (%):	-0,6	-28,2	-17,6
Avg. Daily Vol. (TRY Mn):	481,44		
Avg. Daily Vol. (US$ Mn):	11,15		

Beta	0,90
Volatility (Stock)	0,73
Volatility (BIST 100)	0,27

Shareholder Structure	%
Hacı Ömer Sabancı Holding	54,54
Akçansa Çimento	8,98
Other	36,48
Total	**100,00**

EBITDA declined by 2.3% YoY to TRY 2,619mn, supported by savings in operating expenses, sustainability-focused cost management and high alternative fuel utilisation rates. Reported EBITDA came in slightly above our expectation of TRY 2,581mn and the market median expectation of TRY 2,535mn. The EBITDA margin expanded by 1.5pp YoY to 20.2%, supported by the 13% decline in operating expenses.

On the balance sheet side, Çimsa's consolidated net debt increased to TRY 24,571mn as of 30 June 2026, while the Net Debt/EBITDA ratio declined from 2.82x to 2.54x, supported by strong EBITDA generation. The working capital-to-sales ratio improved slightly compared to year-end, standing at 14%, while the capex-to-sales ratio declined by 4.8pp to 8.9%. Nevertheless, the decline in cash and cash equivalents from TRY 11,466mn at year-end to TRY 4,805mn, together with negative operating cash flow of TRY 1,592mn in 1H26, stands out as a key balance sheet item to monitor.

Overall, we view Çimsa's 2Q26 results positively from an operational perspective. Despite weak domestic demand and the decline in revenues in real terms, the volume contribution from international operations and savings in operating expenses supported operational profitability and led to an improvement in the EBITDA margin. The increase in net monetary position gain and the decline in financial expenses lifted net income well above expectations. On the other hand, negative operating cash flow and the decline in the cash position indicate that strong profitability has not translated into cash generation to the same extent and remain the key items to monitor in the short term.

We maintain our 12-month target price at TRY 70.55 per share and reiterate our "OUTPERFORM" recommendation, implying a 56.9% upside potential based on the closing price as of 3 August 2026.

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

TRY Million	1H25	1H26	YoY	2Q25	2Q26	YoY
Revenues	**26.864**	**25.447**	**-5,3%**	**14.394**	**13.000**	**-9,7%**
Gross Profit	**4.960**	**4.469**	**-9,9%**	**3.035**	**2.682**	**-11,6%**
Gross Profit Margin	*18,5%*	*17,6%*	*-0,9 pp*	*21,1%*	*20,6%*	*-0,5 pp*
EBIT	**2.097**	**1.784**	**-14,9%**	**1.615**	**1.447**	**-10,4%**
EBIT Margin	*7,8%*	*7,0%*	*-0,8 pp*	*11,2%*	*11,1%*	*-0,1 pp*
EBITDA	**4.212**	**4.192**	**-0,5%**	**2.680**	**2.619**	**-2,3%**
EBITDA Margin	*15,7%*	*16,5%*	*+0,8 pp*	*18,6%*	*20,2%*	*+1,5 pp*
Net Profit	**1.327**	**2.015**	**51,8%**	**947**	**1.329**	**40,3%**
Net Profit Margin	*4,9%*	*7,9%*	*+3,0 pp*	*6,6%*	*10,2%*	*+3,6 pp*

Source: PDP, Finnet, Şeker Invest Research

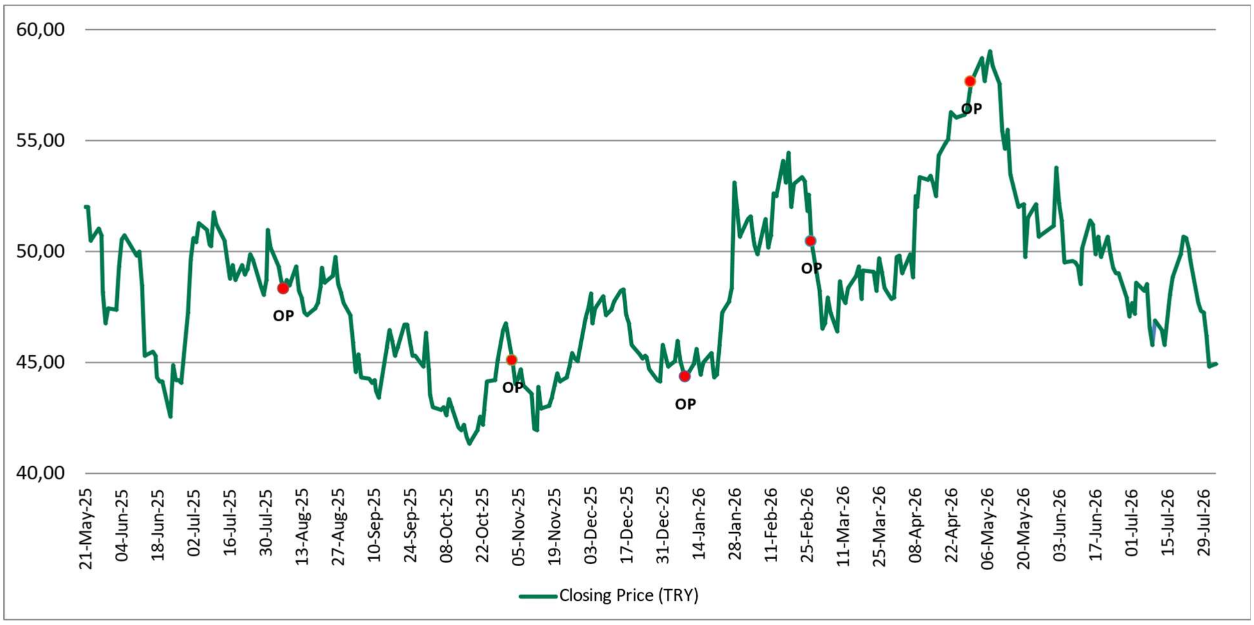
Table 2: Key Financial Tables (including TAS 29 effects)

BALANCE SHEET (TRY Mn)	2025/12	2026/06	Change %
PP&E	50.541	49.007	-3,0%
Intangibles	22.514	20.298	-9,8%
Other Non-Current Assets	6.554	6.028	-8,0%
Trade Receivables	9.211	9.874	7,2%
Cash&Equivalents	11.466	4.805	-58,1%
Other Current Assets	8.759	9.304	6,2%
Total Assets	**109.045**	**99.316**	**-8,9%**
Long Term Debt	25.609	20.917	-18,3%
Other Non current liabilities	5.589	3.639	-34,9%
Short Term Debt	4.819	3.735	-22,5%
Trade Payables	10.070	10.342	2,7%
Other current liabilities	11.787	13.222	12,2%
Total Liabilities	57.874	51.856	-10,4%
Total Equity	51.171	47.461	-7,2%
Total Equity&Liabilities	**109.045**	**99.316**	**-8,9%**

INCOME STATEMENT (TRY Mn)	2025/06	2026/06	Change %
Revenues	26.864	25.447	-5,3%
COGS	21.905	20.979	-4,2%
Gross Profit/(Loss)	4.960	4.469	-9,9%
Operating Expenses	2.863	2.684	-6,2%
Operating Profit/(Loss)	2.097	1.784	-14,9%
Net Other Ope. Rev./(Exp.)	511	263	-48,6%
Net Investing Activities Gain/(Loss)	-683	11	N.M.
Financial Income/(Expense)	-1.086	-803	N.M.
Gains (losses) on net monetary positions	1.213	1.976	63,0%
Profit Before Tax (Loss)	**2.052**	**3.232**	**57,5%**
Tax	-466	-894	N.M.
Net Profit (Loss)	**1.585**	**2.338**	**47,5%**
Minority Interest	258	323	25,3%
Majority Interest	**1.327**	**2.015**	**51,8%**

Source: PDP, Finnet, Şeker Invest Research

Figure 1: Historical Recommendations and Target Prices



Date	Rec	Target Price (TRY)
6-Aug-25	Outperform (OP)	63,00
3-Nov-25	Outperform (OP)	63,00
9-Jan-26	Outperform (OP)	68,00
27-Feb-26	Outperform (OP)	70,55
30-Apr-26	Outperform (OP)	70,55

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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