OYAK Cement

Operating Profitability Remains Under Pressure Despite Net Income Exceeding Expectations...

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OYAK Cement has reported net income attributable to the parent company of TRY 2,988mn in 3Q26, based on its inflation-adjusted consolidated financial statements. Reported net income exceeded our estimate of TRY 2,299mn by 30.0% and the market median expectation of TRY 2,350mn by 27.2%. Net income declined by 32.1% YoY, while the net profit margin narrowed by 5.2pp to 16.8%.

The YoY decline in net income was driven by weaker operating profitability, lower investment income and higher monetary losses. Operating profit excluding other operating income and expenses declined by 20.5% YoY to TRY 3,856mn, while net income from investment activities decreased from TRY 517mn to TRY 202mn and net financial income fell from TRY 581mn to TRY 497mn. Monetary losses increased from TRY 296mn to TRY 669mn, while the decline in tax expenses from TRY 1,416mn to TRY 1,223mn partially supported profitability. In addition, insurance compensation income increased from TRY 29mn to TRY 148mn, boosting other operating income, which is excluded from our EBITDA calculation. Accordingly, net income exceeding expectations does not indicate a comparable improvement in underlying operating performance.

Net sales declined by 11.1% YoY in real terms to TRY 17,763mn in 3Q26, broadly in line with our estimate of TRY 17,682mn and the market median expectation of TRY 17,716mn. Nevertheless, revenues increased by 7.9% QoQ, supported by strong sales performance in the Marmara and Aegean regions, a more favorable product mix and a 6% QoQ increase in cement sales volumes. Cement segment revenues declined by 4.6% YoY to TRY 12,363mn, while ready-mix concrete revenues decreased by 23.1% to TRY 5,400mn, reflecting the normalization of demand in earthquake-affected regions and subdued construction activity. Ready-mix concrete sales volumes contracted by 3% QoQ, while the share of exports in total revenues declined to 8.5% amid higher freight costs.

OUTPERFORM
TP: TRY 31.60
Previous TP: TRY 33.35
Upside: 63.5%

	TRY	US$
Close	19,33	0,39
BIST 100	11.478	230
US$/TRY (CB Bid Rate):	49,9094	
52 Week High:	27,62	0,64
52 Week Low:	17,88	0,36
Bloomberg/Reuters Ticker:	OYAKC.TI/OYAKC.IS	
Number of Shares (Mn):		4.862
	(TRY Mn)	(US$ Mn)
Current Mcap:	93.976	1.882
Free Float Mcap:	17.855	358

	1 M	YOY	YTD
TRY Return (%):	-7,6	-11,0	-16,1
US$ Return (%):	-9,4	-25,2	-27,9
BIST 100 Relative (%):	-1,2	-15,4	-17,7
Avg. Daily Vol. (TRY Mn):	162,1	473,5	442,3
Avg. Daily Vol. (US$ Mn):	3,3	10,6	9,8

Beta	0,92
Volatility (Stock)	0,33
Volatility (BIST 100)	0,24

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



Gross profit declined by 16.7% YoY to TRY 4,990mn, while the gross profit margin contracted by 1.9pp to 28.1%. On a segmental basis, the cement gross profit margin narrowed by approximately 4.0pp YoY to 40.2%, while the ready-mix concrete gross profit margin declined by 3.3pp to 0.4%. Although total general administrative, marketing and R&D expenses decreased by 0.7% YoY, this was insufficient to offset the pressure from the price-cost dynamics.

EBITDA declined by 14.7% YoY to TRY 5,080mn in 3Q26, coming in below both our estimate of TRY 5,393mn and the market median expectation of TRY 5,149mn. The EBITDA margin narrowed by 1.2pp YoY to 28.6%, although it recovered by 4.0pp QoQ from 24.6% in the previous quarter. Higher cement volumes, more favorable pricing conditions and efficiency gains in energy costs supported the sequential improvement, while YoY margin pressure persisted. In 9M26, EBITDA declined by 13.6% to TRY 11,820mn, while the EBITDA margin decreased by 0.5pp to 25.5%.

The 115 MW Beypazarı Solar Power Plant, which became fully operational in April, generated approximately 112,000 MWh of electricity by the end of September, while the alternative fuel substitution rate reached 28.2% in 9M26. Together with the ongoing waste heat recovery investments totaling 13.5 MW, we expect these developments to support energy cost efficiency and the medium-term margin outlook.

On the balance sheet side, the Company maintained a strong net cash position of approximately TRY 14,049mn, including financial investments and excluding lease liabilities. However, operating cash flow declined by 35.1% YoY to TRY 4,632mn in 9M26, while working capital-related cash outflows increased from TRY 2,711mn to TRY 4,865mn. Although cash outflows for purchases of property, plant and equipment and intangible assets decreased by 23.0% to TRY 4,822mn, free cash flow remained negative at approximately TRY 191mn.

Overall, we expect OYAK Cement's 3Q26 financial results to have a neutral short-term impact on its share performance. While above-expectation net income, the sequential recovery in operating margins and the strong net cash position are positive, EBITDA falling short of expectations, the YoY contraction in real revenues and profitability, and weak cash generation balance the overall outlook. Over the medium to long term, we view the Company's energy efficiency investments and solid balance sheet positively, while continuing to monitor a sustainable improvement in the price-cost balance and developments in ready-mix concrete operations.

We revise our 12-month target price for OYAK Cement downward to TRY 31.60 per share from TRY 33.35 and maintain our "OUTPERFORM" recommendation, as our revised target price implies an upside potential of 63.5% based on the closing share price on November 4, 2026.

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

TRY Million	9M25	9M26	YoY	3Q25	3Q26	YoY
Revenues	52.577	46.327	-11,9%	19.982	17.763	-11,1%
Gross Profit	13.966	11.774	-15,7%	5.993	4.990	-16,7%
Gross Profit Margin	*26,6%*	*25,4%*	*-1,1 pp*	*30,0%*	*28,1%*	*-1,9 pp*
EBIT	10.446	8.145	-22,0%	4.852	3.856	-20,5%
EBIT Margin	*19,9%*	*17,6%*	*-2,3 pp*	*24,3%*	*21,7%*	*-2,6 pp*
EBITDA	13.678	11.820	-13,6%	5.953	5.080	-14,7%
EBITDA Margin	*26,0%*	*25,5%*	*-0,5 pp*	*29,8%*	*28,6%*	*-1,2 pp*
Net Profit	9.447	5.305	-43,9%	4.403	2.988	-32,1%
Net Profit Margin	*18,0%*	*11,5%*	*-6,5 pp*	22,0%	*16,8%*	*-5,2 pp*

Source: PDP, Finnet, Şeker Invest Research

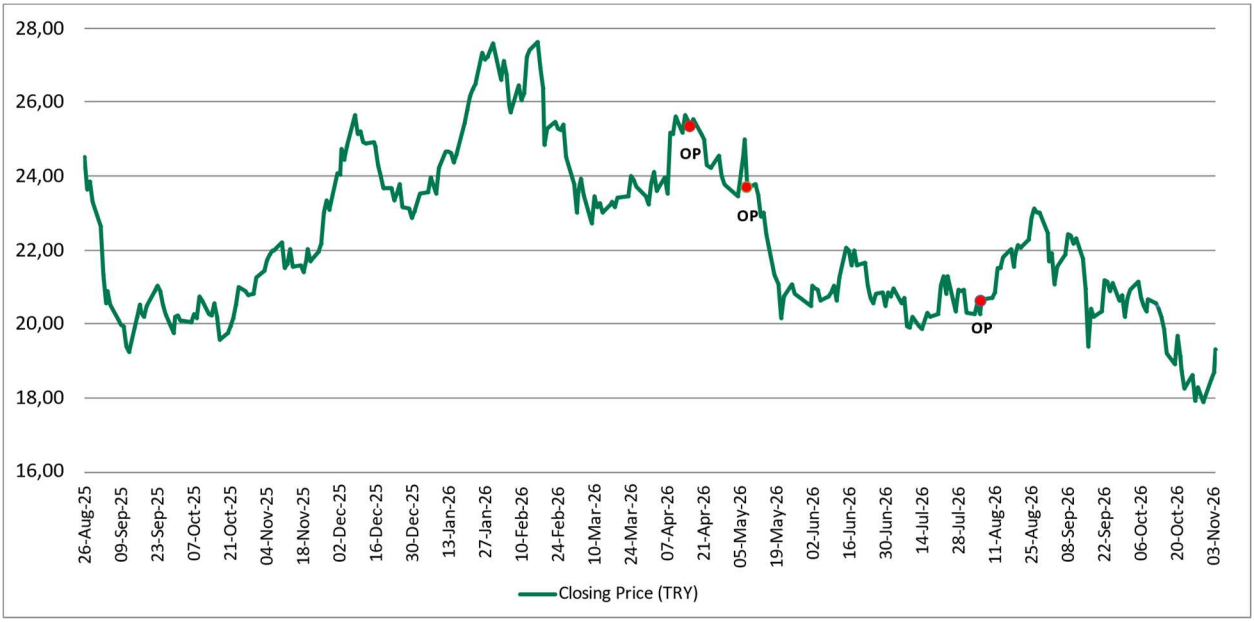
Table 2: Key Financial Tables (including TAS 29 effects)

BALANCE SHEET (TRY Mn)	2025/12	2026/09	Change %
PP&E	44.084	46.179	4,8%
Intangibles	9.366	9.448	0,9%
Other Non-Current Assets	5.824	3.839	-34,1%
Trade Receivables	11.062	13.700	23,9%
Cash&Equivalents	17.180	10.044	-41,5%
Other Current Assets	12.306	17.746	44,2%
Total Assets	**99.823**	**100.957**	**1,1%**
Long Term Debt	1.756	247	-86,0%
Other Non current liabilities	1.746	1.902	8,9%
Short Term Debt	0	0	N.M.
Trade Payables	9.254	7.955	-14,0%
Other current liabilities	8.806	7.423	-15,7%
Total Liabilities	21.563	17.526	-18,7%
Total Equity	78.260	83.431	6,6%
Total Equity&Liabilities	**99.823**	**100.957**	**1,1%**

INCOME STATEMENT (TRY Mn)	2025/09	2026/09	Change %
Revenues	52.577	46.327	-11,9%
COGS	38.611	34.553	-10,5%
Gross Profit/(Loss)	13.966	11.774	-15,7%
Operating Expenses	3.520	3.629	3,1%
Operating Profit/(Loss)	10.446	8.145	-22,0%
Net Other Ope. Rev./(Exp.)	413	563	36,2%
Net Investing Activities Gain/(Loss)	1.510	589	-61,0%
Financial Income/(Expense)	826	1.549	87,6%
Gains (losses) on net monetary positions	-1.717	-1.960	N.M.
Profit Before Tax (Loss)	**11.478**	**8.886**	**-22,6%**
Tax	-2.030	-3.582	N.M.
Net Profit (Loss)	**9.447**	**5.305**	**-43,9%**
Minority Interest	0	0	N.M.
Majority Interest	**9.447**	**5.305**	**-43,9%**

Source: PDP, Finnet, Şeker Invest Research

Figure 1: Historical Recommendations and Target Prices



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