

## Powering Growth in Construction and Energy

We initiate our coverage of Enka İnşaat with an “outperform” rating and a target price of 72.00 TRY per share.

Enka İnşaat distinguishes itself through its large-scale construction, energy, real estate, and other commercial activities. The company has been steadily growing through both domestic and international projects.

As of 1Q24, the company’s construction business has a backlog of \$5.0B. Also, in 2Q24 the company secured two significant projects worth €880M and \$175M, respectively. With its advanced engineering team, Enka undertakes various projects in fields like infrastructure, power plants and other commercial buildings. We estimate the company will have a backlog of \$5.3B by the end of 2024. Most of the ongoing projects are in emerging markets.

Enka possesses a total installed capacity of 4.0 GW in Türkiye, capable of supplying approximately 10% of the country’s annual electricity consumption. Additionally, the company is constructing two new power plants. The first, with an installed capacity of 850 MW, is expected to commence production by the end of 2025. The second, with a capacity of 45 MW, is scheduled to start production by the end of this year. We anticipate a significant increase in energy revenue over the next three years.

As of 1Q24, Enka’s real estate portfolio has a book value of \$1.8B. The company owns various office and hotel buildings that generate a stable cash flow. The average operational profit from rental of these properties was \$220M over the past decade.

Furthermore, the company has \$5.3 billion in financial investments and cash as of 1Q24. Most of these assets are invested in U.S. government and corporate bonds, providing a strong hedge against its ongoing projects in emerging markets.

The stock has underperformed the XU100 index of Türkiye by 16,7% over the past year. Compared to MSCI Construction and Engineering Index, Enka’s 2024 P/E and 2025 P/E are discounted by 37% and 49%, respectively.

Major risk factors include ongoing global political issues involving Russia, potential depreciation of the USD index, and the low efficiency rate of Enka’s gas-fired combined cycle plants.

## Enka İnşaat

65% Upside Potential

### Listing Details and View

Bloomberg Ticker	ENKA1 TI
<b>View</b>	<b>Outperform</b>
Price per Share, TRY	43.62
<b>Target Price per Share, TRY</b>	<b>72.00</b>
Upside	65%
Free Float	8.43%
Market cap, TRY mln	261,720
Market cap, USD mln	7,944
BIST-100 Index Weight	0.70%
BIST All Shares Index Weight	0.54%
Foreign Share	27.39%
Pension Funds Share	3.83%
Mutual Funds Share	5.38%

Source: Matriks, PhillipCapital Research  
Price & Market Cap. as of 23-Jul

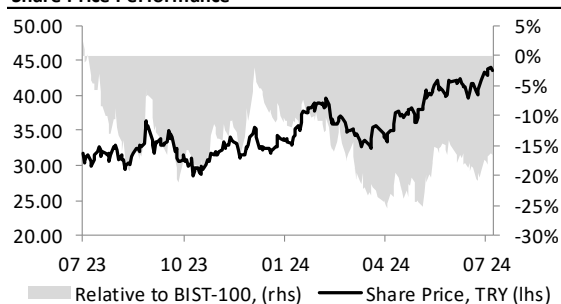
Key Financials, USD mln	2023	2024E	2025E	2026E
Revenues	3,226	3,167	3,689	3,903
Revenue Growth	-14%	-2%	16%	6%
Operating Profit	546	656	719	751
Operating Profit Growth	-24%	20%	10%	4%
Operating Profit Margin	16.9%	20.7%	19.5%	19.2%
Net Profit	744	697	957	834
Net Profit Growth	4509%	-6%	37%	-13%
Net Profit Margin	23.1%	22.0%	25.9%	21.4%
Net Cash	5,073	5,088	5,174	5,361
P/E	10.8	11.4	8.3	9.5
P/B	1.1	1.0	1.0	0.9

Source: Company Data, PhillipCapital Research

Shareholder Structure	Shares (million)	Rate
Tara Holding AŞ	2,988	49.8%
Vildan Gülçelik	480	8.0%
Sevda Gülçelik	386	6.4%
Enka Vakfı	352	5.9%
Free Float	506	8.4%
<b>Total</b>	<b>6,000</b>	

Source: Company Data

### Share Price Performance



Source: BIST, Rasyonet

	1m	3m	6m	1y
Nominal	3.1%	24.7%	32.3%	38.1%
Relative	0.1%	9.3%	-5.2%	-16.7%
Trd. Vol. USD mln	23.0	23.3	26.1	41.3

Source: BIST, Finnet

**Murat İbrahim ŞENCAN**

[murat.sencan@phillipcapital.com.tr](mailto:murat.sencan@phillipcapital.com.tr)

**Sadrettin BAĞCI**

[sadrettin.bagci@phillipcapital.com.tr](mailto:sadrettin.bagci@phillipcapital.com.tr)

## Company Overview and Analysis Strategy

Enka's financial statements are significantly influenced by the valuation changes in its financial investments. Particularly, financial statements in TRY are not ideal for assessing the company's performance, given that most of the revenue and investments are denominated in USD and EUR. The company publishes its financial statements with USD as the primary currency. We will continue our valuation in USD to obtain the most accurate results.

As of July 23, 2024, the company has a market capitalization of 262B TRY (\$7.94B). Given that the difference between equity attributable to the parent company and total equity is only about 1.3%, we will proceed with our analysis without accounting for minority interests. Due to the impact of financial investments on the net profit margins, we find it more accurate to examine the company under two main categories: financial investments and operational activities. Considering the company's financial investments and cash position valued at \$5.31B, the market values the company's operational activities at \$2.63B.

After separately analyzing the main business lines, we determined our operational profit forecasts. Additionally, we calculated our net profit expectations by incorporating return expectations from the US bond and stock markets. Using the company's assets and free cash flow statement, we projected a value for 12 months ahead.

## Financial Investments

As of 1Q24, Enka's financial investments, both short and long-term, amount to a total of \$4.08B. The table below details the breakdown of the company's short and long-term financial investments in both TRY and USD. Specifically, 58% of these investments are in foreign government bonds, 7.5% in corporate bonds, 25% in equities, 5.4% in investment funds, and 4.1% in Turkish government bonds. Furthermore, the company's cash and cash equivalents have reached \$1.23B.

Financial Investments	31.03.2024 (Mn TL)	31.03.2024 (Mn \$)
Private sector bonds	9,938	308
Foreign government bonds	76,274	2,362
Equity Securities	32,914	1,019
Mutual Funds	7,153	222
TR Government Bonds	5,389	167
<b>Total</b>	<b>131,668</b>	<b>4,078</b>

The following table presents the year-end positions of Enka's financial investments since 2015. Through consistent investments in various financial assets, the company has successfully built a substantial investment portfolio. These financial investments have supported the company's stable growth in addition to its operational income.

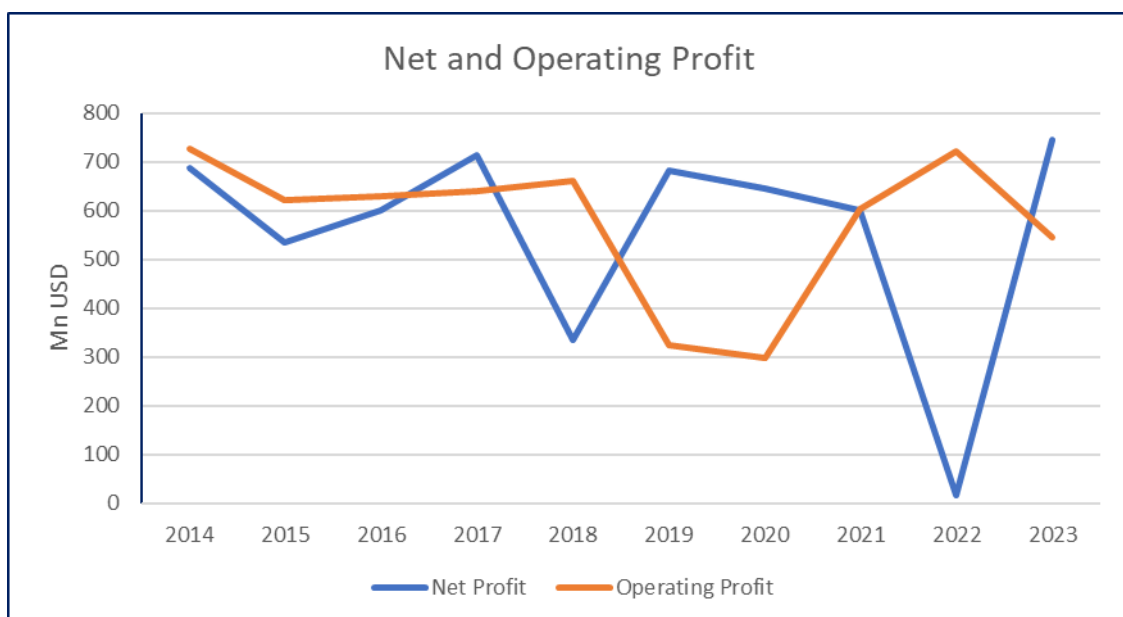
Financial Investments (Mn \$)	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Short-term</b>									
Private sector bonds	13	59	108	16	22	77	42	41	19
Foreign government bonds	618	196	102	102	482	353	100	268	340
Equity Securities	972	1,049	1,723	1,228	613	429	323	273	309
Mutual Funds	202	174	276	131	49	41	113	103	107
<b>Short-term total</b>	<b>1,805</b>	<b>1,478</b>	<b>2,208</b>	<b>1,476</b>	<b>1,166</b>	<b>900</b>	<b>579</b>	<b>684</b>	<b>775</b>
<b>Long-term</b>									
Private sector bonds	299	349	769	1,428	1,535	1,418	1,744	1,466	1,174
Foreign government bonds	1,563	1,443	12	116	213	294	358	15	26
Mutual Funds	297	300	214	36	29	13	16	29	26
<b>Long-term total</b>	<b>2,160</b>	<b>2,093</b>	<b>996</b>	<b>1,579</b>	<b>1,777</b>	<b>1,725</b>	<b>2,118</b>	<b>1,510</b>	<b>1,226</b>
<b>Total</b>	<b>3,965</b>	<b>3,571</b>	<b>3,204</b>	<b>3,055</b>	<b>2,943</b>	<b>2,625</b>	<b>2,697</b>	<b>2,194</b>	<b>2,001</b>

The table reveals that the company began significantly investing in foreign government bonds starting in 2022. A detailed examination of Enka’s quarterly financial statements shows that these bond investments started in the second quarter of 2022 and continued through the first quarter of 2023. Notably, U.S. bond prices began to decline in 2022, with the long-term U.S. bond ETF, TLT, dropping nearly 40% from its peak during this bond bear market. During this period, as the bond market hit new lows and interest rates were high, the company's acquisitions of government and corporate bonds could potentially be profitable long-term investments.

Enka, renowned for its projects in emerging markets, primarily holds financial investments denominated in USD. This strategic positioning provides the company with a robust hedge against currency risks in the diverse countries where it operates.

## Operational Activities

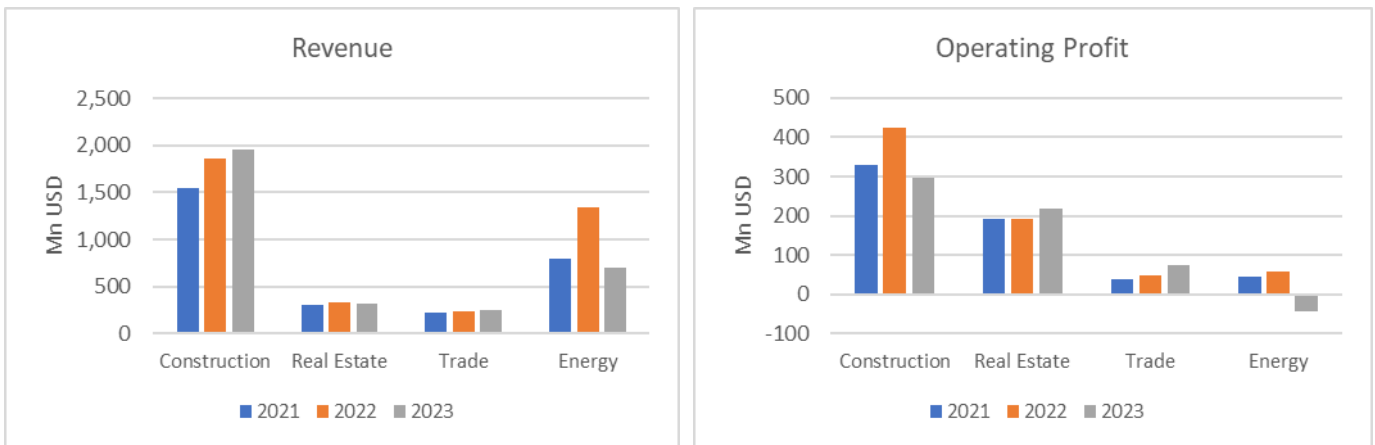
Below, you can find the charts depicting Enka’s net profit and operating profit in USD over the past 10 years.



According to the graph above, Enka has maintained a stable operating profit in USD, except for the years 2019 and 2020. The average operating profit over the past decade was \$577M annually. If we exclude the particularly weak years of 2019 and 2020, this average rises to \$643M. The operating profit for 2023, reported at \$545M, falls below this long-term average, primarily due to the negative impact on profitability from the energy segment in 2023.

The company generates its income from 4 distinct business segments. We will analyze each revenue line individually for a more accurate valuation. As noted at the beginning of this report, net profit is heavily affected by valuation changes in financial investments. Among these four main business segments, construction and real estate revenues are the most affected by these valuation differences.

The two charts below present the revenue and core operating profit of the four main business segments over the past three years.



### **Construction**

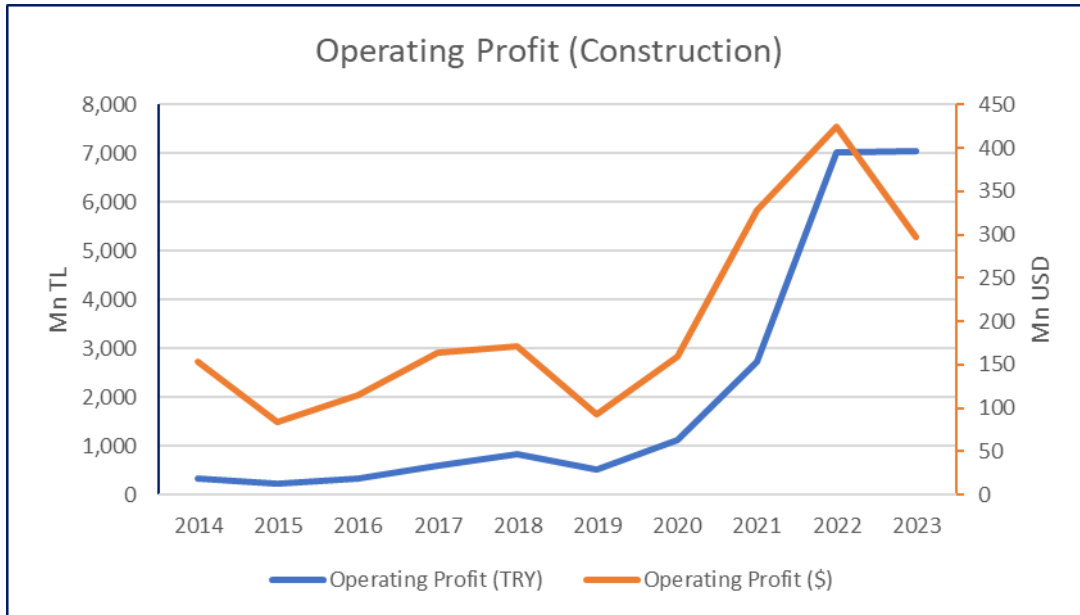
Enka distinguishes itself from other construction firms through its engagement in advanced, large-scale projects. With a highly skilled engineering team, the company designs and constructs various structures across numerous countries. Notable ongoing projects include:

- €2.1B highway project in Serbia (Enka’s share 50%),
- €1.45B corridor and highway project in North Macedonia (Enka’s share 50%),
- £277M power island for the Hinkley Point C nuclear power plant in the UK,
- €229M combined heat and power plant in Dradenau, Germany,
- €331M simple cycle power plant in Libya, scheduled for completion this year

In addition to these, Enka's construction activities encompass a diverse range of projects, including factories, office buildings, medical complexes, ports, hotels, shopping centers, and oil fields.

In 2023, Enka's construction segment revenue increased by 5.2%, rising from \$1.86B in 2022 to \$1.96B. However, operating profit decreased by 30% to \$297M due to higher costs of goods sold and administrative expenses. Despite this decline in operating profit, net profit showed significant improvement, reaching \$575M, compared to a loss of \$136M in the previous year. This improvement in net profit, despite the reduction in operating profit, is attributed to valuation changes in financial investments. Therefore, for our analysis of the construction segment, we will focus on operating profit. Furthermore, conducting our analysis in the company's primary currency, USD, minimizes the impact of exchange rate fluctuations.

The graph below presents construction business’s operating profit both in TRY and USD for the past decade. From 2014 to 2020, Enka maintained a stable operating profit in USD, averaging \$135M annually. Starting in 2021, the company exceeded this long-term average by significantly increasing its revenue in the construction business. The average operating profit for the years 2021, 2022, and 2023 rose to \$350M.



The outstanding success of Enka’s operational profits in the construction business prompts the intelligent investor to question the sustainability of this performance. In order to gain a clearer understanding, we must examine the company’s ongoing projects. The company has a backlog of \$5.0B as of 4Q23 and is expected to complete over \$2.0B of this during 2024. The table below presents changes in backlog and construction revenue at the end of each year.

The last two rows, highlighted in grey, shows our projections for backlog and construction revenue. We have formulated these expectations by combining the average backlog, revenue growth, estimated completion dates of ongoing projects and GDP growth expectations. Based on our analysis, we anticipate Enka to have a backlog of \$5.27B by the end of 2024.

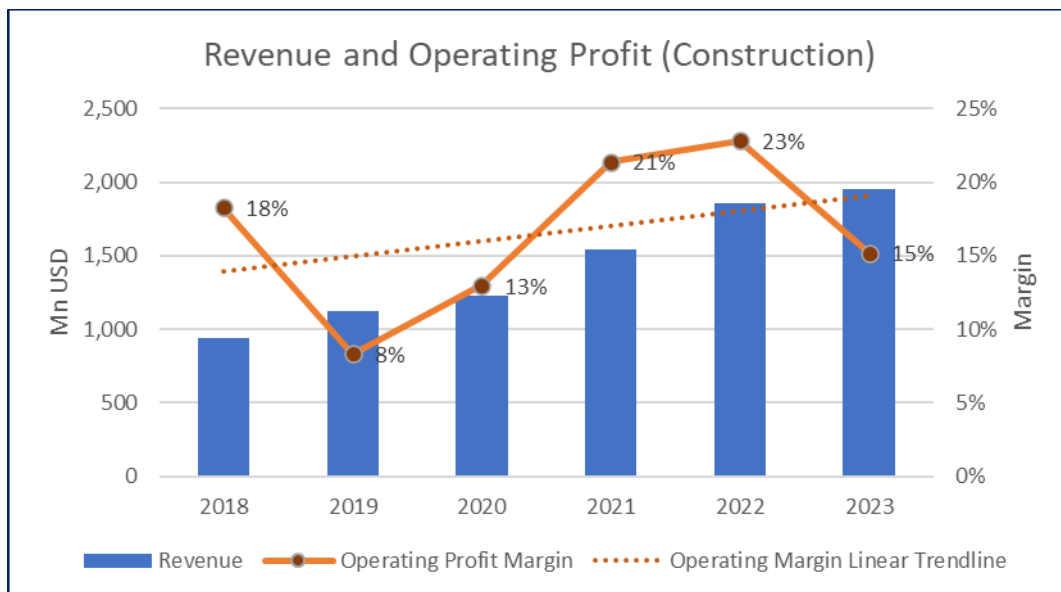
Date	Backlog (Mn \$)	Construction Revenue (Mn \$)
31.12.2018	2,783	939
31.12.2019	2,816	1,121
31.12.2020	3,039	1,230
31.12.2021	4,194	1,538
31.12.2022	4,122	1,860
31.12.2023	4,968	1,956
31.12.2024E	5,266	2,259
31.12.2025E	-	2,435

The table below presents the breakdown of backlog based on countries.

Country	31.12.2023	31.03.2024
Special Projects	1,053	1,016
North Macedonia	771	767
Serbia	644	601
United Kingdom	571	592
Saudi Arabia	237	238
Kazakhstan	192	166
USA	178	178
Germany	171	375
Mongolia	98	76
Türkiye	69	87
Libya	52	46
Others	932	899
<b>Total</b>	<b>4,968</b>	<b>5,041</b>

The company announced two new major projects in recent months (during 2Q24) in addition to the list above. The first of these projects, announced on May 27, 2024, is the Libya North Benghazi 1320 MW Simple Cycle Power Plant Project valued at €880M. The project is expected to be completed in approximately 50 months. The second is the \$175 million Tüpraş Propylene Splitter Unit Project, announced on April 24, 2024, with a planned completion timeline of 32 months.

An examination of Enka’s historical data reveals that the company maintains a more stable and controlled profitability compared to many other construction firms. Over the past six years, Enka's operating profit margin has averaged 17% in USD terms. Additionally, the company's dollar-based revenue has grown at an average annual rate of 16% during the same period. Notably, the linear operating profit margin graph shows an upward trend. This indicates that as the company expands its revenue, it is also enhancing its operational efficiency and increasing its profitability.



The table below provides the IMF's GDP growth forecasts for the countries where Enka operates. The GDP growth projections, particularly in the emerging markets where Enka is active, highlight the company's strong business potential. For the calculation of the average GDP growth, equal weight was given to each country. However, when we calculate a weighted average based on the countries with Enka's active construction projects, we estimate a GDP growth of approximately 3.6% for 2024. This figure is slightly above the overall 2024 average of 3.3%.

<b>Real GDP Growth (%)</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Germany	-0.3	0.2	1.3	1.5	1.1	0.8
Kazakhstan	5.1	3.1	5.6	2.2	3.7	2.3
Libya	10.2	7.8	6.9	4.2	2.0	2.1
Mongolia	7.0	6.5	6.0	5.5	5.4	5.2
North Macedonia	1.0	2.7	3.7	3.9	3.9	3.8
Russia	3.6	3.2	1.8	1.2	1.3	1.2
Saudi Arabia	-0.8	2.6	6.0	4.0	3.5	3.0
Serbia	2.5	3.5	4.5	4.0	4.0	4.0
Türkiye	4.5	3.1	3.2	3.3	3.4	3.5
United Kingdom	0.1	0.5	1.5	1.7	1.7	1.6
United States	2.5	2.7	1.9	2.0	2.1	2.1
<b>Average</b>	<b>3.2</b>	<b>3.3</b>	<b>3.9</b>	<b>3.0</b>	<b>2.9</b>	<b>2.7</b>
<b>Median</b>	<b>2.5</b>	<b>3.1</b>	<b>3.7</b>	<b>3.3</b>	<b>3.4</b>	<b>2.3</b>

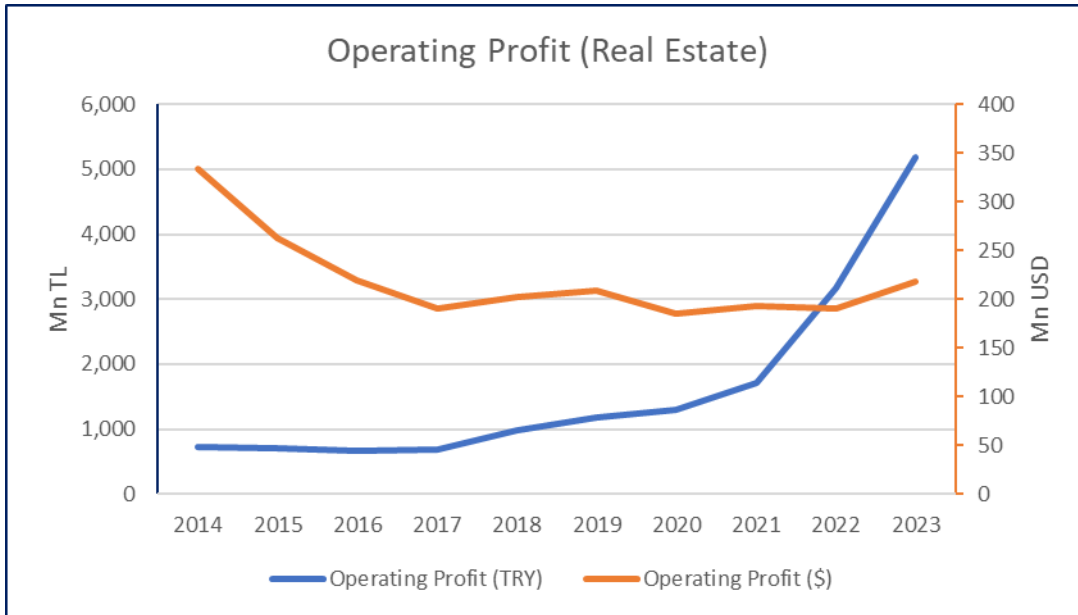
*The data was obtained from the International Monetary Fund (IMF) website on July 11, 2024.*

### **Real Estate**

Enka's extensive real estate portfolio comprises shopping centers, office buildings, and hotel properties, primarily located in Russia. These properties generate stable and increasing rental income through company-managed operations. However, the ongoing political tensions between Russia and Western countries pose a risk due to potential fluctuations in the Russian ruble. Although long-term rental contracts are denominated in foreign currencies, payments are made in rubles.

In its Q1 2024 balance sheet, the company valued its "investment properties" at \$1.8B. This valuation was calculated by independent valuation firms. Rather than relying solely on the book value in the balance sheet, we find it more accurate to incorporate a discounted cash flow analysis. Direct comparisons and evaluations based on square meter prices of such diverse and large-scale properties may not yield realistic results. Therefore, it is more appropriate to view these properties as a "business model" and evaluate them based on potential earnings.

We see that Enka's dollar-based real estate income was in a downward trend from 2014 to 2017 and then remained stable. According to World Bank data, the real effective exchange rate of the Russian ruble fell from 107 in 2013 to 79.3 in 2016. The approximately 26% real depreciation in the ruble, along with the decrease in per square meter rents of office and commercial spaces in Russia, appears to have negatively impacted Enka's real estate rental profits. In 2014, the core operating profit from real estate rentals was \$334M, but it dropped by 34% to \$220M in 2016.

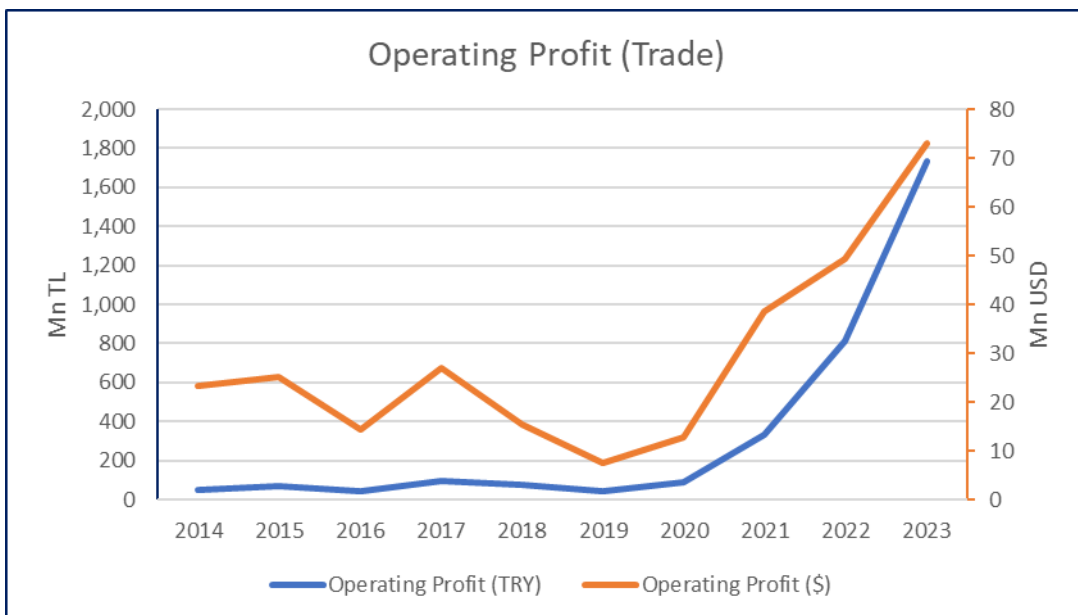


Enka's real estate leasing segment has maintained an average operating profit of \$220M. In 2023, the company reported a operating profit of \$218M, closely aligning with this historical average. Given Enka's consistently high occupancy rate of over 90%, we anticipate rental income growth that mirrors USD-based economic growth in the coming years. It is also worth noting that the company currently has no plans to expand its real estate portfolio.

**Trade**

A smaller but highly profitable division within the company's revenue is the supply of construction and industrial machinery, travel organizations/systems, and air taxi operations, classified under trade business. A significant portion of the revenue and profit in this segment is generated from the sales of machinery imported from Japan and China to Turkey.

Following the earthquake disaster in February 2023, there was a substantial increase in demand for construction machinery, leading to significant growth in both revenue and operational profit. Furthermore, the rise in construction and real estate investments during 2021 and 2022 positively impacted the company's machinery trade.





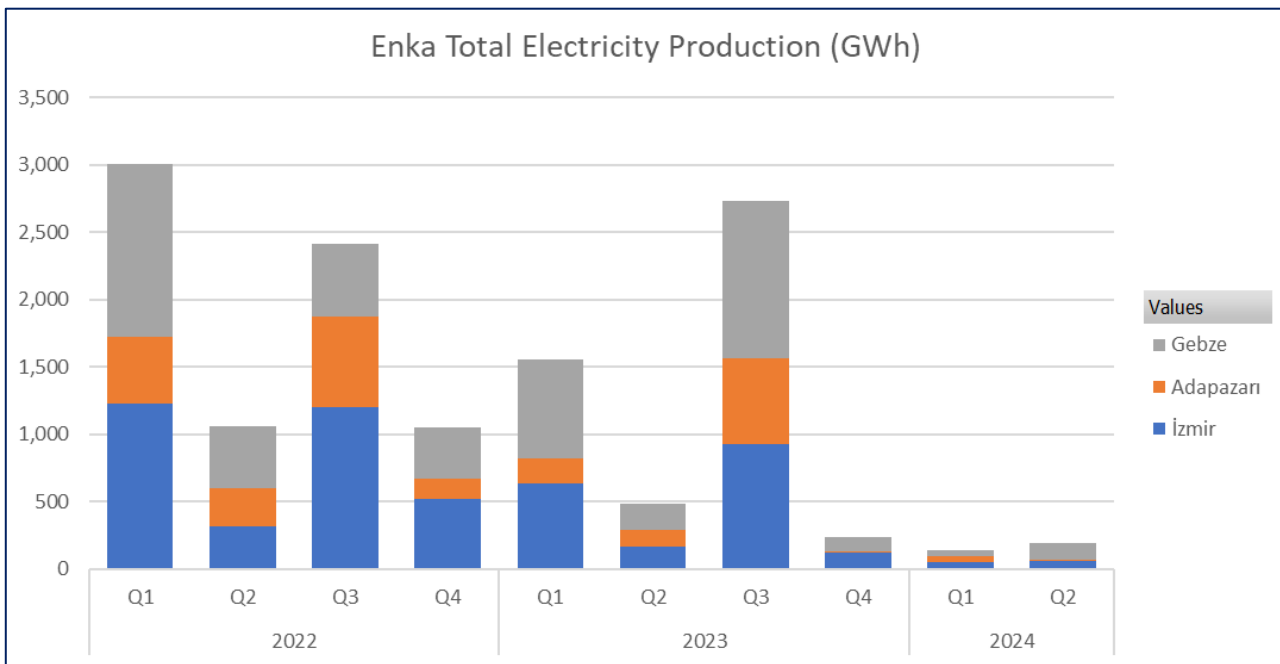
Over the past decade, Enka’s trade activities have experienced substantial growth in both TRY and USD terms. In 2014, this segment accounted for only 3.2% of the company's operating profit; by 2023, it had increased to 13.4%. The higher profitability of the trade segment, compared to the construction segment, has positively impacted the overall consolidated profitability. However, following the post-earthquake surge in demand, a slight decline in revenue for 2024 is anticipated.

**Energy**

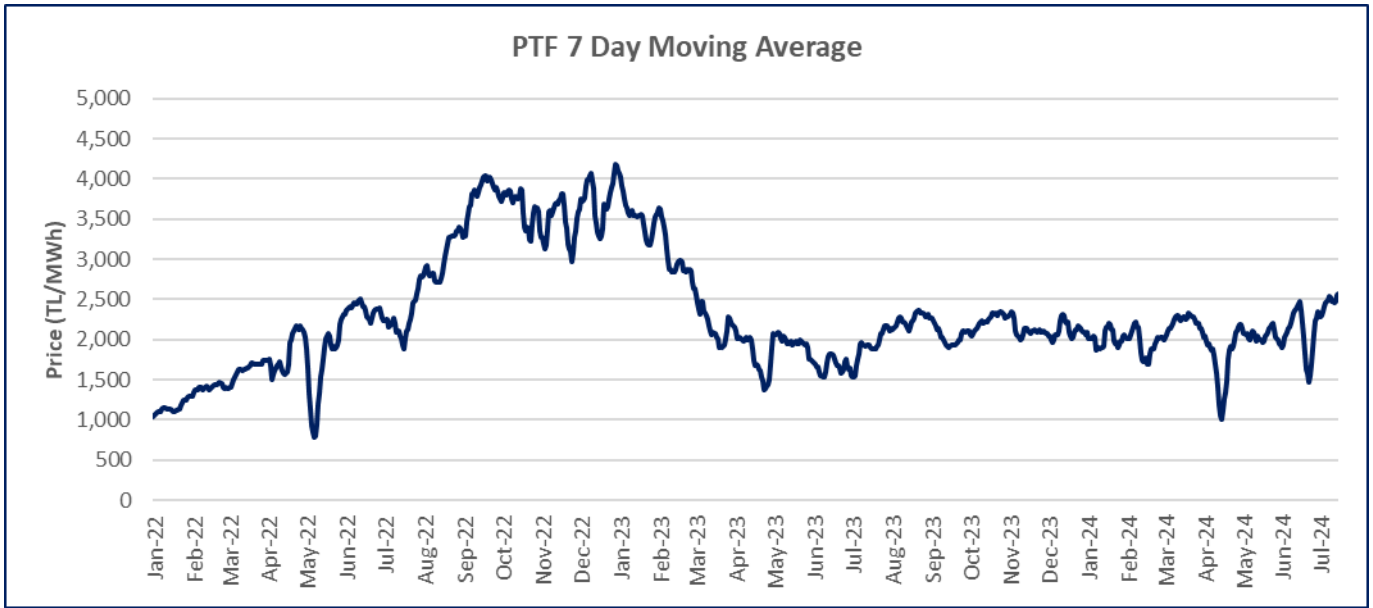
Enka, with an electricity generation capacity of approximately 4.0 GW, holds the highest capacity among non-government companies in Türkiye. This capacity enables the company to produce up to 32,000 GWh annually, meeting about 10% of Türkiye's energy needs.

However, starting from Q4 2023, there has been a significant decline in the company's energy revenue. This production-related decline continued into the second quarter of 2024, according to current electricity generation data. The electricity market clearing price (PTF) dropped from 3,431 TRY/MWh in January 2023 to an average of 1,623 TRY/MWh in June 2023. In the first half of 2024, the PTF averaged 2,001 TRY, which is insufficient for the company to achieve profitable production. The reduction in energy production is a strategic decision by the company, opting to operate its power plants at reduced capacity.

The chart below illustrates Enka’s quarterly total production volume. The company operates three natural gas power plants (Adapazarı, Gebze, İzmir), with production levels differentiated by color for each plant.



In June 2024, the electricity market clearing price (PTF) began to rise significantly. Effective July 1, 2024, substantial price hikes were implemented across various subscriber groups: a 38% increase for residential subscribers, a 30% increase for agricultural activities, and for the public and private sectors, a 38% increase for low-tier usage and a 20% increase for high-tier usage. As a result of these adjustments, the PTF also experienced an upward trend. In the first 14 days of July 2024, the PTF increased by 21% compared to the previous month, reaching 2,528 TRY/MWh. This increase in the market clearing price is expected to positively impact Enka, given that the company sells its electricity at market prices. Consequently, we anticipate that Enka will respond to the higher PTF by increasing its electricity production, thereby enhancing both its revenue and profitability.

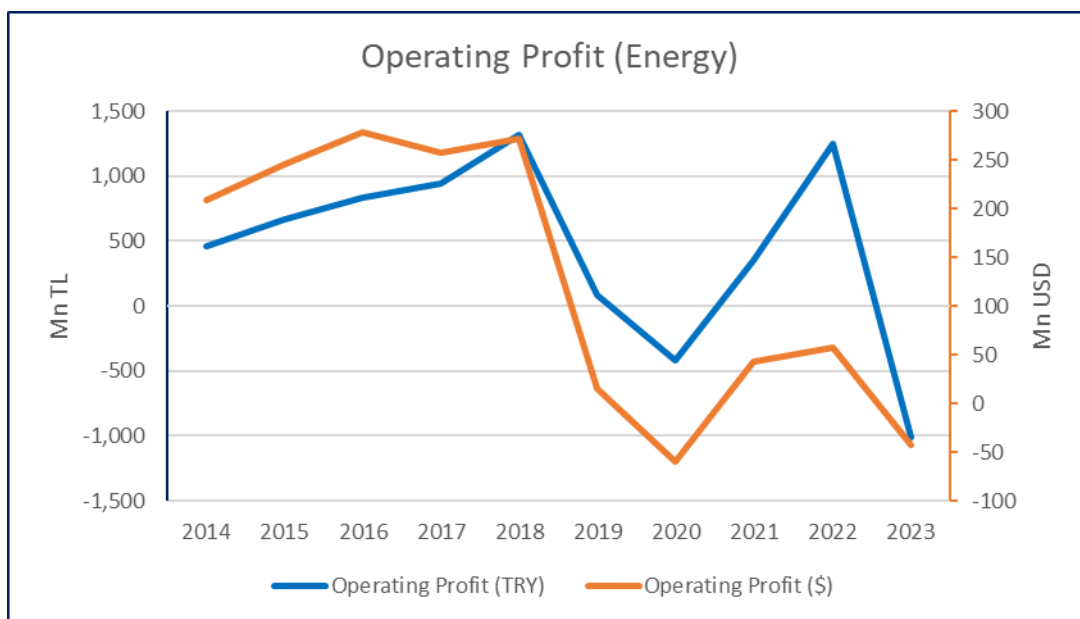


Source: EPIAŞ Transparency Platform.

Enka is strategically enhancing its energy production capacity with the development of two new power plants. The first project is an 850 MW natural gas combined cycle power plant in Kırklareli, currently under construction. With a contract value of \$462M, this project is scheduled for completion by the end of Q3 2025. Additionally, Enka is making its foray into renewable energy with a 45 MW solar power plant in Bulgaria, expected to be operational by December 2024. Consequently, by the end of 2025, Enka's annual electricity production capacity is anticipated to increase to approximately 39,000 GWh, marking a significant positive shift in its energy segment.

The Kırklareli plant is projected to generate 6,800 GWh annually, potentially contributing an additional \$510M in revenue. To achieve this, the electricity market clearing price (PTF) would need to maintain an average of \$75. Similarly, the new solar plant in Bulgaria is expected to offer an annual production capacity of 63 GWh.

Assuming these new plants operate at 75-80% of their capacity and the electricity is sold at an average price of \$75, we forecast a substantial increase in Enka's energy segment revenue. Specifically, we project an increase of approximately \$386M-\$412M in 2026, resulting in a total revenue of \$1.072B for the energy segment.



## 2024 First Quarter Financial Results

Enka's total revenue decreased by 36.4%, from \$928M in 1Q23 to \$590M in 1Q24. Similarly, operating profit declined by 35.0%, falling to \$77.2M from the previous year's figures. Net profit for the period also dropped by 25.8%, amounting to \$157M, with approximately \$152M attributable to the parent company's equity.

Examining the performance by business segments, the primary driver of this change was the energy sector. Revenue from the energy segment plummeted from \$325M in 1Q23 to \$19.3M in 1Q24. The main cause of this significant decline was the more than 50% drop in the electricity market clearing price (PTF) in USD terms compared to the previous year. Enka, which generates electricity from natural gas, was unable to achieve a positive gross profit during periods of low electricity prices. That is why the company preferred to limit its electricity production.

Looking at the company's other main business segments, construction revenue also decreased by 7.0% in 1Q24. The net profit of the construction segment fell by approximately 19.6%, reaching \$134M. In the real estate rental business, revenue saw a limited decline, but net profit increased by 19.3%, reaching \$38.1M. Lastly, while there was slight growth in revenue from trade operations, net profit saw a substantial increase of 96.4%, amounting to \$7.9M.

## Valuation

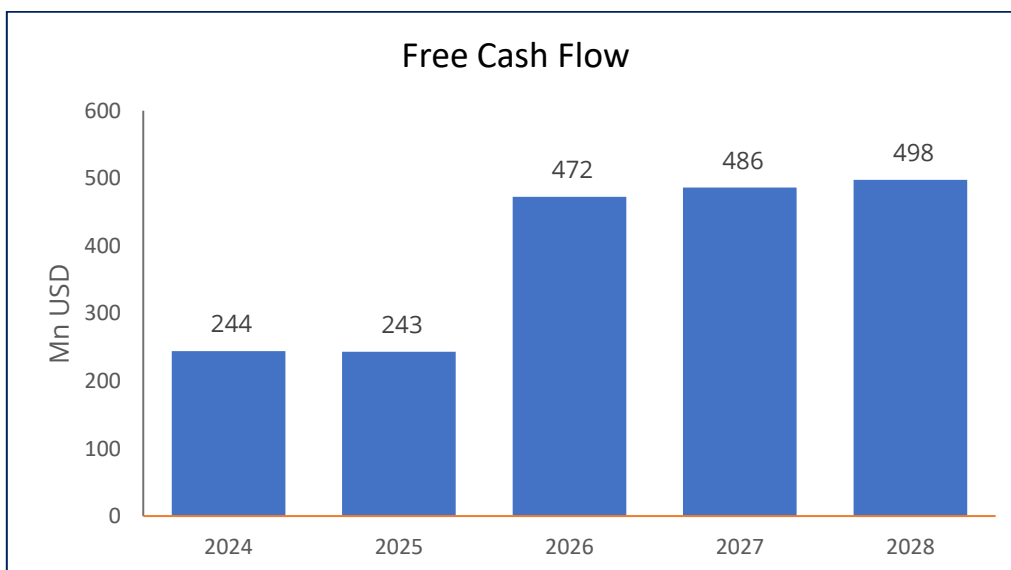
The assumptions used in our valuation model are presented in the table below. The 12-month forward USD/TRY exchange rate forecast was determined based on the Central Bank surveys and our research team's expectations.

Assumptions	
Tax Rate	25%
Discount Rate	13%
Perpetual Growth Rate	2%
USDTRY (Current)	32.83
USDTRY 12M Target	42.00

The table below illustrates Enka's revenue and operating profit across its four main business segments. It includes actual data from 2018 to 2023, as well as our projections for the period from 2024 to 2028. These projections are based on a comprehensive analysis of Enka's historical performance and its future strategic objectives.

	2018	2019	2020	2021	2022	2023	2024T	2025T	2026T	2027T	2028T
<b>Revenue (Mn USD)</b>	<b>2,881</b>	<b>1,893</b>	<b>1,659</b>	<b>2,859</b>	<b>3,770</b>	<b>3,226</b>	<b>3,167</b>	<b>3,689</b>	<b>3,903</b>	<b>3,991</b>	<b>4,080</b>
Construction	939	1,121	1,230	1,538	1,859	1,956	2,259	2,435	2,230	2,275	2,320
Real Estate	328	346	289	304	334	320	328	341	355	369	384
Energy	1,457	318	0	797	1,336	701	348	674	1,072	1,093	1,115
Trade	157	108	139	219	240	248	232	239	246	254	261
<b>Operational Profit (Mn USD)</b>	<b>661</b>	<b>325</b>	<b>297</b>	<b>603</b>	<b>721</b>	<b>546</b>	<b>656</b>	<b>719</b>	<b>751</b>	<b>771</b>	<b>791</b>
Construction	172	93	160	329	424	297	384	414	379	387	394
Real Estate	202	209	185	193	191	218	205	213	221	230	239
Energy	272	15	-60	43	57	-42	26	50	107	109	112
Trade	15	7	13	39	49	73	41	42	43	45	46
Depreciation & Amortization	95	111	90	83	107	102	108	111	115	118	118
Capital Expenditures	137	151	110	153	77	115	286	326	120	122	124
Change in Net Working Capital	-198	385	17	674	-554	20	70	81	86	88	90
Free Cash Flow	651	-181	185	-293	1,125	377	244	243	472	486	498

The chart below provides our five-year forecast for free cash flow, based on the estimates outlined above. Given that the first half of 2024 has already concluded, our valuation focuses exclusively on the projected free cash flow for the second half of the year.



Calculating Target Price (Mn USD)	
Enterprise Value	3,946
Cash (+)	1,230
Financial Investments (+)	4,078
Debt (-)	122
Fair Value	9,132
12M Target Market Cap	10,319
Shares Outstanding	6,000,000,000

12M Target Price (USD)	1.72
<b>12M Target Price (TL)</b>	<b>72.00</b>
Current Price (USD)	1.33
Current Price (TL)	43.62
Upside Potential	65%

*Cash, financial investments and debt as of 1Q24 financial statements*

## ENKAI

### Financial Data

USD mln	2022	2023	2024E	2025E	2026E
Revenues	3,770	3,226	3,167	3,689	3,903
Revenue Growth	31.8%	-14.4%	-1.8%	16.5%	5.8%
Operating Profit	721	546	656	719	751
Operating Profit Growth	20%	-24%	20%	10%	4%
Operating Profit Margin	19%	17%	21%	19%	19%
Depreciation	107	102	108	111	115
EBITDA	828	648	764	830	866
EBITDA Growth	20.8%	-21.7%	17.8%	8.7%	4.3%
EBITDA Margin	22.0%	20.1%	24.1%	22.5%	22.2%
Investing Activities Income	-576	366	297	581	388
Other Income/Expenses	-34	-15	-24	-25	-26
Pre-Tax Profit	111	896	929	1,276	1,113
Tax Expense	95	152	232	319	278
Net Income	16	744	697	957	834
Net Income Growth	-97.3%	4508.6%	-6.3%	37.3%	-12.8%
Net Income Margin	0.4%	23%	22%	26%	21%
Dividend			418	574	501
Dividend Payment			5%	7%	6%
Equity	6,904	7,423	7,702	8,085	8,419
Net Cash	4,409	5,073	5,088	5,174	5,361
Change in NWC	-554	20	70	81	86
P/E	393.2	10.8	11.4	8.3	9.5
P/B	0.9	1.1	1.0	1.0	0.9
RoAE	0.2%	10%	9%	12%	10%

*Source: Company data, PhillipCapital Research*

## Methodology

The target value of a stock represents the value that the analyst expects to be reached at the end of our 12-month performance period.

### Outperform (OP)

If this decision is made for a company, it indicates that better returns are expected for the stock compared to the index in the medium and long term. However, this decision does not guarantee that the stock will rise or outperform the index. Any changes in market conditions, developments in the macroeconomy, global economic developments, or news about the company after the report is published can change this decision.

### In-Line with Index (IL)

If the decision of "In-Line with Index" is made for the relevant stock, there can be various reasons for this. This decision may have been made if the company's recent data and future estimates do not show significant differences compared to the past. The stock price of the company may be at levels close to what it should be in terms of valuations. Making an "In-Line with Index" decision for a stock does not mean that the stock will not move up or down. Generally, this decision indicates that in the medium and long term, a return similar to the index is expected for the stock. However, every new piece of news and change in market conditions can alter this decision.

### Underperform (UP)

If the decision of "Underperform" is made for a stock, it indicates that weaker returns are expected in the medium and long term compared to the index. Even if the "Underperform" decision has been made for a stock, short-term price increases for the stock or short-term technical indicators giving a buy signal are possible. In some cases, even if returns are not expected from the stock in the medium and long term, short-term "Outperform" or "In-Line with Index" returns can be achieved when there is significant news, temporary profit increase news, or developments that will lead to a positive short-term price trend.

PhillipCapital analysts review their valuations in line with developments related to companies and may change their recommendations for stocks when deemed necessary. However, there are times when a stock's target return may deviate from the rating ranges we anticipate due to price fluctuations. In such cases, the analyst may choose not to change their recommendation.

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