

1 July 2022

### Continues to enjoy the energy rally

We organized a meeting with Aksa Enerji on Monday. Regarding the latest updates in our meeting, surging electricity prices and change in macro conditions & FX rates, we decided to revise our estimates upwards and accordingly target price for AKSEN. The main drivers behind our revisions are i) increase in our FX assumptions since our latest revision (according to the company guidance 64% of EBITDA is expected to come from operations in Africa & Uzbekistan), ii) upward adjustment in our energy price assumptions, iii) higher terminal growth rate assumption. Thus, we raise our TP to TL33.10/share from TL26.05/share following 10% and 19% upward revisions in our 2022 and 2023 EBITDA forecasts, respectively. Our new TP corresponds to 38% upside potential and thus we maintain our Outperform rating. AKSEN shares trade at 5.0x EV/EBITDA and 6.2x P/E multiples based on our FY2022 forecasts.

### Uzbekistan operations to get stronger in 2Q

In 1Q22, Uzbekistan operations of Aksa Enerji generated around TL76mn EBITDA which mostly came from the partial generation in Tashkent A and Buhara plants (both began gradual operations in January 14, 2022). In 2Q22, we anticipate generation to increase along with the initiation of production in Tashkent B (Tashkent B began its gradual generation in March 30, 2022). We expect, c. TL268mn EBITDA contribution from Uzbekistan operations in 2Q22 and TL1,185mn EBITDA for FY2022.

### Recent macro developments necessitated a revision since Aksa Enerji's revenues are mostly USD denominated

Since our last AKSEN update on May 10, 2022, USD has appreciated by 17% against TL on average. In addition, natural gas supply problems are growing due to the ongoing Russia - Ukraine war. Market Clearing Electricity prices on Energy Exchange Istanbul (EXIST) have averaged USD125/MWh in 2Q22 on top of the USD102 /MWh in 1Q22. Although, Bolu plant was subject to a price ceiling of TL1,200/MWh in Apr'22 and TL 1,278/MWh in May'22 whereas Antalya and Sanliurfa plants were subject to TL2,500/MWh in Apr'22 and TL 2,513/MWh in May'22, we deem that there is still a room for Aksa Enerji to improve its domestic sales.

### Dividend payment is planned to be made on July 20, 2022

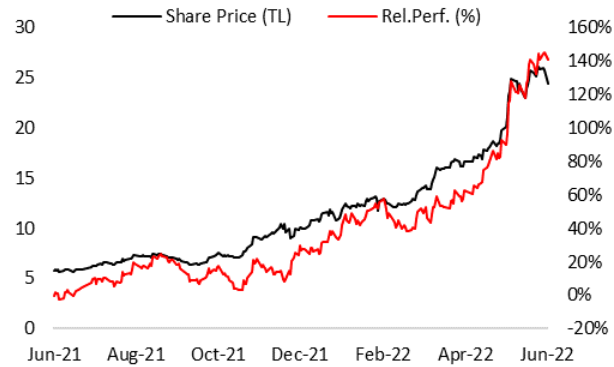
Despite its Uzbekistan investment Aksa Enerji announced that a dividend payment will take place on July 20, 2022 for the first time since the company went public in 2010. Dividend yield corresponds to 2.3% with a payout ratio of 42%.

### We raise our TP to TL33.10/share and maintain our OP rating

Following the aforementioned revisions in our estimates and assumptions we increase our EBITDA forecast to TL7.2bn (from TL6.7bn) and TL9bn (from TL7.6bn) for FY2022 and FY2023, respectively. We maintain our Outperform rating for the company shares with a target price of TL33.10/share. The company shares trade at 5.0x EV/EBITDA and 6.2 P/E on our 2022 forecasts.

#### AKSEN

Bloomberg/Reuters Code	AKSEN TI / AKSEN.IS				
Current Price TL	24.04				
Target Price TL	33.10				
Upside Potential	38%				
Market Cap (TL mn)	29,481				
Free Float (%)	21%				
12M high/low (TRL)	26.10 / 5.64				
ADV (3M avg - \$mn)	12.2				
Net Debt (TLmn)	6,071				
Minority Shares (TL mn)	1,037				
EV (TL mn)	36,590				
Summary Financials	2018	2019	2020	2021	2022E
Net Sales	4,669	5,579	7,231	13,887	32,312
EBITDA	1,060	1,404	1,536	2,474	7,252
% margin	22.7%	25.2%	21.2%	17.8%	22.4%
Net Income	26	329	470	1,680	4,780
% margin	0.6%	5.9%	6.5%	12.1%	14.8%
RoE	2%	9%	11%	17%	29%
EV/EBITDA	5.0x	3.9x	4.7x	14.8x	5.0x
P/E	63.0x	7.1x	9.7x	17.6x	6.2x
P/B	1.00	0.67	1.08	6.8x	5.5x
		1M	3M	12M	YTD
Rel. Performance		21%	56%	135%	86%
Absolute		14%	68%	316%	141%



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## Financials' Summary

Income Statement (TL mn)	2018	2019	2020	2021	2022E
Revenues	4,669	5,579	7,231	13,887	32,312
COGS	3,934	4,563	6,033	11,809	26,643
Gross Profit	736	1,015	1,198	2,079	5,668
Operating Expenses	70	97	127	173	355
Operating Profit	666	918	1,071	1,906	5,313
<b>EBITDA</b>	<b>1,060</b>	<b>1,404</b>	<b>1,536</b>	<b>2,474</b>	<b>7,252</b>
Other non-operating income, net	-16	58	-28	154	0
Financial income, net	-462	-430	-325	357	933
Taxes	29	96	149	565	1,050
<b>Net Income</b>	<b>26</b>	<b>329</b>	<b>470</b>	<b>1,680</b>	<b>4,780</b>
EPS	0.0	0.5	0.8	1.4	3.9
Growth	2018	2019	2020	2021	2022E
Sales	30%	19%	30%	92%	133%
EBITDA	119%	32%	9%	61%	193%
Net Income	-93%	1162%	43%	257%	185%
Balance Sheet (TRY mn)	2018	2019	2020	2021	2022E
Cash & Marketable Securities	53	122	314	525	798
Accounts Receivables	1,516	1,933	2,706	5,328	10,362
Inventory	351	284	138	225	508
<b>Current Assets</b>	<b>2,431</b>	<b>2,684</b>	<b>3,464</b>	<b>7,129</b>	<b>12,191</b>
<b>L/T Assets</b>	<b>4,007</b>	<b>5,817</b>	<b>6,039</b>	<b>13,520</b>	<b>18,541</b>
<b>Total Assets</b>	<b>6,438</b>	<b>8,501</b>	<b>9,503</b>	<b>20,650</b>	<b>30,731</b>
S/T Financial Loans	1,898	2,007	2,025	3,159	4,862
S/T Account Payables	552	600	780	2,020	1,823
<b>Short Term Liabilities</b>	<b>2,828</b>	<b>2,944</b>	<b>3,298</b>	<b>6,272</b>	<b>8,523</b>
L/T Financial Loans	1,587	1,168	910	2,503	3,027
<b>Long Term Liabilities</b>	<b>1,793</b>	<b>1,738</b>	<b>1,580</b>	<b>3,793</b>	<b>4,643</b>
<b>Total Liabilities</b>	<b>4,620</b>	<b>4,682</b>	<b>4,877</b>	<b>10,065</b>	<b>13,167</b>
<b>Shareholders' Equity</b>	<b>1,818</b>	<b>3,819</b>	<b>4,625</b>	<b>10,584</b>	<b>17,565</b>
<b>Total Liab. &amp; equity</b>	<b>6,438</b>	<b>8,501</b>	<b>9,503</b>	<b>20,650</b>	<b>30,731</b>
Net Debt / (Cash)	3,692	3,142	2,632	4,545	6,923
Net debt/EBITDA	3.5x	2.2x	1.7x	1.8x	1.0x
Ratios	2018	2019	2020	2021	2022E
Gross Margin	15.8%	18.2%	16.6%	15.0%	17.5%
EBT Margin	3.9%	9.9%	9.8%	17.3%	19.3%
EBITDA Margin	22.7%	25.2%	21.2%	17.8%	22.4%
Net Income Margin	0.6%	5.9%	6.5%	12.1%	14.8%
ROE	1.6%	9.4%	11.1%	17.4%	29.5%
ROA	0.4%	3.9%	4.9%	8.1%	15.6%
Current ratio	0.9x	0.9x	1.1x	1.1x	1.4x
ST borrowing/T. Borrowings	54%	63%	69%	56%	62%
Equity/Total Liab. & Equity	28%	45%	49%	51%	57%

Source: The Company and OYAK Estimates

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Price target for a stock represents the value analyst expects the stock to reach during our performance horizon, which is 12 months. For stocks with an OUTPERFORM recommendation, target return must exceed the EMR by at least 10% over the next 12 months. For a stock to be classified as UNDERPERFORM, the stock must be expected to underperform the EMR more than 10% over the next 12 months. Stocks that an analyst expects to perform parallel to the EMR within a band of +/- 10% are rated as MARKETPERFORM.