

# Aksa Energy

## Analyst meeting notes

OUTPERFORM  
TP: TRY 3.24

We attended Aksa Energy's Analyst Meeting on December 26, 2016 (Monday) in Istanbul. The minutes summary is as follows:

- Aksa Energy has announced the closure of 2016 on total electricity sales of approximately 15.4 TW, while electricity sales have decreased to 12.4bn by end-2017 due to asset sales.
- The company expects sales revenue of ~TRY 3.2bn in YE16. The sales revenue at YE17 should remain at around TRY 3bn.
- The company expects its average sales price at TRY 164/Mwh in YE16 increased to TRY 241 due to higher African sales prices (vs. expected average market prices of TRY 140)
- Aksa Energy's total CAPEX in 2017 should remain at around TRY 290mn.
- Aksa Energy targets EBITDA of TRY 725mn for YE17 (there may be a change depending on the dollar exchange rate). It has also announced the closure of 2016 with EBITDA of approximately TRY 450-460mn (lower than the company's FY2016 EBITDA guidance of TRY 480mn due to decreased electricity prices and contracting margins).
- The company's sales revenue will be 66% TRY based and 34% USD based for FY17, while on the EBITDA side, 82% USD based and 18% TRY based for FY17.
- The company also plans net financial debt of TRY 2.039mn for YE17 and a net financial debt/EBITDA ratio of 2.8x in YE17 (9M16: 6.7x)
- Recall that the company had agreed to sell its 6 WEPPs with a total installed capacity of 232MW (Sebenoba (60MW), Manisa Karakurt (11MW), Balıkesir Samli (114MW), Ayvacık (5MW), Kapıdağ (24MW) and Belen/Atik (18MW) WEPP) for USD 259mn. It plans to use its sales income to pay its short-term debts. USD 120mn bank loans are to be paid off.
- Also, the company had reached an agreement to sell its Kozuku HPP with an installed capacity of 81MW for USD89mn. The Energy Market Regulatory Authority (EMRA) has approved the sales of Kozbuku. Accordingly, the sales process has been completed. USD 55mn bank loans are to be paid off. The company will record a one-off gain from these sales in 4Q16 financials.

### African Project Guidance

- Ghana (370 MW) HFO:** Ghana HFO Plant (370MW) operations are due to commence at the end of January, or February 2017 (previously December 2016). Ghana has a new government following recent elections. Thus, the commissioning of the plant could be delayed due to possible changes in the Authorities.

	TRY	US\$
Close	2,81	0,80
BIST 100	77.028	21.982
US\$/TRY(CB Bid Rate):	3,5041	
52 Week High:	2,91	1,03
52 Week Low:	2,04	0,66
Bloomberg/Reuters Ticker:	AKSEN.TI/ AKSEN.IS	

Number of Shares (Mn): 613,2

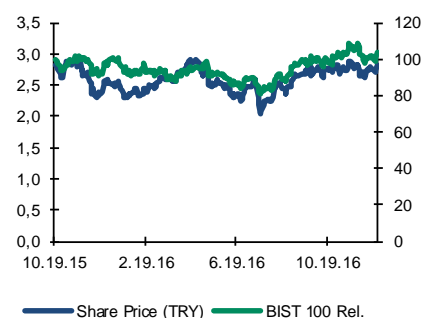
	(TRY Mn)	(US\$ Mn)
Current Mcap:	1.723	492
Free Float Mcap:	362	103

	1 M	YOY	YTD
TRY Return (%):	0,0	9,3	10,6
US\$ Return (%):	-2,9	-9,0	-8,3
BIST 100 Relative (%):	-3,5	5,3	3,0
Avg. Daily Vol. (TRY Mn):	7,65		
Avg. Daily Vol. (US\$ Mn):	2,54		

Beta	0,71
Volatility (Stock)	0,35
Volatility (BIST 100)	0,21

Shareholder Structure	%
Kazancı Holding	61,9
Goldman Sachs	16,6
Free Float	21,5

Total 100,0



Burak Demirbilek  
Analyst

[bdemirbilek@sekeryatirim.com](mailto:bdemirbilek@sekeryatirim.com)

- It is planned to become fully operational in May 2017 the base case scenario.
- The company expects this plant to have a production volume of 1.61 TW and make a USD 115mn contribution to EBITDA in 2017. Recall that electricity generated is to be sold in full to Ghana with a purchase guarantee, and in USD.
- The Ghana plant's total CAPEX is USD 110mn and CAPEX in 2017 at USD 12.5mn left.
  
- **Madagascar (120 MW) HFO:** The plant's construction began in 4Q16. It is expected to commence the first phase of operations with 60MW capacity in June 2017. The second phase, also 60MW, is planned to become operational in 2018.
- Expected guaranteed sales of 700,000 MWh/year.
- The company aims this plant to have a production volume of 0.2 TW and make a USD 24mn contribution to EBITDA in 2017.
- The Ghana plant's total CAPEX is USD 22mn, with USD 5mn spent in 2016.
  
- **Mali (40 MW) HFO:** It is expected to commence operations in June 2017.
- The company aims this plant to have a production volume of 0.21 TW and make a Euro 13.6mn contribution to EBITDA in 2017.
- The Ghana plant's total CAPEX is USD 15.8mn, with USD 1.93mn spent in 2016.
- A 3-year contract has been signed with Electricite du Mali for the guaranteed sale of energy generated. Land, fuel supply, licenses and permits are provided by Electricite du Mali.
  
- The company plans to sign a power purchase agreement with one or two African countries in the next term like Ghana, Madagascar and Mali provided that investments are shifted out of 2017.
  
- Recall that TETAS had purchased 6bn KWh of electricity from lignite PPs for TL185/MWh in the Aug-Dec 2016 period. TETAS has stated that it would purchase electricity from lignite PPs for TRY185/MWh for 2017. However, TETAS has yet to announce the amount. And meanwhile, negotiations on the price between the sector players are ongoing.

Figure 3: Key financials

BALANCE SHEET (TRY Mn)	2013	2014	2015	2015/09	2016/09	%Chg
PP&E	2.064	2.685	3.032	2.977	3.075	3,3
Intangibles	12	10	10	10	6	-43,0
Other Non-Current Assets	282	233	172	226	164	-27,4
Trade Receivables	142	89	183	80	334	316,6
Cash&Equivalents	22	34	48	85	79	-7,4
Other Current Assets	355	410	615	644	560	-13,1
<b>Total Assets</b>	<b>2.879</b>	<b>3.460</b>	<b>4.061</b>	<b>4.022</b>	<b>4.217</b>	<b>4,8</b>
Long Term Debt	1.138	1.380	1.664	1.730	1.510	-12,7
Other Non current liabilities	124	141	237	94	437	364,0
Short Term Debt	452	651	970	1.082	1.101	1,7
Trade Payables	178	265	400	337	514	52,3
Total Liabilities	1.892	2.438	3.271	3.244	3.562	9,8
Total Equity	987	1.022	789	778	655	-15,8
<b>Total Equity&amp;Liabilities</b>	<b>2.879</b>	<b>3.460</b>	<b>4.061</b>	<b>4.022</b>	<b>4.217</b>	<b>4,8</b>

INCOME STATEMENT (TRY Mn)	2013	2014	2015	2015/09	2016/09	%Chg
Net Sales	1.786	1.957	2.320	1.608	2.212	37,6
COGS	1.566	1.711	2.002	1.337	1.988	48,6
Gross Profit/(Loss)	220	247	318	270	224	-17,0
Operating Expenses	20	24	27	17	26	52,2
Operating Profit/(Loss)	200	222	291	253	199	-21,6
Net Other Ope. Rev./(Exp.)	(4)	(15)	(3)	(7)	3	N.M.
Net Investing activities Gain/Losses	(1)	1	29	31	(2)	N.M.
Financial Expenses	(346)	(182)	(551)	(558)	(289)	N.M.
<b>Profit Before Tax/(Loss)</b>	<b>(151)</b>	<b>27</b>	<b>(235)</b>	<b>(280)</b>	<b>(89)</b>	<b>N.M.</b>
Tax	(17)	(13)	(6)	(40)	(8)	N.M.
<b>Net Profit/(Loss)</b>	<b>(133)</b>	<b>39</b>	<b>(228)</b>	<b>(240)</b>	<b>(82)</b>	<b>N.M.</b>
Minority Interest	(2)	(0)	(2)	(3)	2	N.M.
Majority Interest	(132)	40	(227)	(237)	(84)	N.M.

Source: Şeker Invest

Figure 4: Key ratios

KEY RATIOS	2013	2014	2015	2015/09	2016/09
ROAE	-12,7%	3,9%	-25,2%	-28,0%	-10,8%
ROAA	-4,6%	1,2%	-6,1%	-6,4%	-1,8%
Gross Profit Margin	12,3%	12,6%	13,7%	16,8%	10,1%
Net Profit Margin	-7,5%	2,0%	-9,8%	-14,7%	-3,8%
EBITDA Margin	17,5%	17,6%	18,8%	22,3%	15,3%
T.Fin. Debt/Equity	156,8%	191,4%	322,9%	349,7%	370,3%

Source: Şeker Invest



Şeker Yatırım Menkul Değerler A.Ş.  
Buyukdere Cad. No:171 Metrocity  
A Blok Kat 4-5 34330 SİSLİ /İST  
TURKEY

TEL: +90 (212) 334 33 33  
Fax: +90 (212) 334 33 34  
E-mail: [research@sekeryatirim.com](mailto:research@sekeryatirim.com)  
Web: <http://www.sekeryatirim.com/english/index.aspx>

### For additional information, please contact:

#### Research

Kadir Tezeller	Head	+90 (212) 334 33 81	<a href="mailto:ktezeller@sekeryatirim.com">ktezeller@sekeryatirim.com</a>
Burak Demirbilek	Utilities, Mining	+90 (212) 334 33 33-128	<a href="mailto:bdemirbilek@sekeryatirim.com">bdemirbilek@sekeryatirim.com</a>
Ovunc GURSOY, CFA	Banking & Insurance	+90 (212) 334 33 33-228	<a href="mailto:ogursoy@sekeryatirim.com">ogursoy@sekeryatirim.com</a>
R. Fulin Onder	Aviation, Cons. Dur., Telcos, Iron &Steel, Oil &Gas	+90 (212) 334 33 33-245	<a href="mailto:fonder@sekeryatirim.com">fonder@sekeryatirim.com</a>
Fatih Tomakin	Technical Analyst	+90 (212) 334 33 33-251	<a href="mailto:ftomakin@sekeryatirim.com">ftomakin@sekeryatirim.com</a>
Engin Degirmenci	Glass, Cement	+90 (212) 334 33 33-201	<a href="mailto:edegirmenci@sekeryatirim.com">edegirmenci@sekeryatirim.com</a>

#### Economy

Hilmi Yavas	Economist	+90 (212) 334 91 04	<a href="mailto:hyavas@sekeryatirim.com">hyavas@sekeryatirim.com</a>
-------------	-----------	---------------------	--

#### Institutional Sales

Batuhan Alpman	Head	+90 (212) 334 91 01	<a href="mailto:balpman@sekeryatirim.com">balpman@sekeryatirim.com</a>
Deniz Keskin	Trader	+90 (212) 334 33 36	<a href="mailto:dkeskin@sekeryatirim.com">dkeskin@sekeryatirim.com</a>

## DISCLAIMER

I, Burak Demirbilek hereby certify that the views expressed in this research accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

This report has been prepared by the Şeker Yatırım Menkul Değerler A.Ş. (Şeker Invest, Inc.) Research Team. The information and opinions contained herein have been obtained from and are based upon public sources that Şeker Invest considers to be reliable. No representation or warranty, express or implied, is made that such information is accurate or complete and should not be relied upon, as such. All estimates and opinions included in this report constitute our judgments as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. Şeker Invest may, from time to time, have a long or short position in the securities mentioned in this report and may solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) for any company referred to in this report and may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis upon which it is based, before its publication. This report is for the use of intended recipients and may not be reproduced in whole or in part or delivered or transmitted to any other person without the prior written consent of Şeker Invest. By accepting this document you agree to be bound by the foregoing limitations.

Copyright © 2016 Şeker Invest