

Enka Insaat

10/11/2025

Review of 3Q25 Financials

BUY

Upside Potential 31%

Actual vs Estimates

Strong 3Q25 results. Slightly above market expectations, Enka posted TL10.7bn net profits (IS Investment: TL11.9bn, Consensus: TL10.1bn) in 3Q25, up by 69.8% YoY. Despite higher tax expenses and lower gross profitability, the YoY bottom-line growth was mainly due to solid top-line growth, higher mark-to-market gains incurred from the revaluation of financial investments and fx-gains from investing activities. Income from investing activities contributed TL7.5bn to the bottom-line in 3Q25, representing a 48.1% YoY increase but a 14.1% QoQ decline. Lower-than-expected gross profitability and higher-than-expected tax expenses were the main reasons for the deviation from our 3Q25 bottom-line estimate. Beating the estimates, Enka posted TL44.6bn net revenues in 3Q25, (IS Investment: TL36.8bn, Consensus: TL38.6bn), representing a 65.6% YoY growth. The deviation from our top-line estimate was primarily attributable to revenues in the energy segment that were well above our expectations. Consolidated EBITDA was up by 43.8% YoY, reaching TL8.4bn in 3Q25 (IS Investment: TL7.7bn; Consensus: TL8.8bn), reflecting an EBITDA margin of 18.9% and a margin contraction of 2.9 ppt.

Highlights of the Quarter

Consolidated revenues were realized at \$1,108mn, up by 36.8% YoY in USD terms. In 3Q25, the contracting segment's revenues were \$659mn, representing a 30.9% YoY growth in USD terms. Energy segment's revenues reached \$275mn, recording a 114.3% YoY increase and a 315.3% QoQ increase in 3Q25, driven by higher energy production in 3Q25 and the low base effect from the same period last year and the previous quarter. The contribution of the energy segment to consolidated revenues rose from 7.4% in 2Q25 to 24.8% in 3Q25. Meanwhile, the real estate segment maintained its high occupancy rates, with revenues reaching \$101mn, up by 14.1% YoY. The trade segment recorded revenues of \$73mn, down by 18.8% YoY in USD terms.

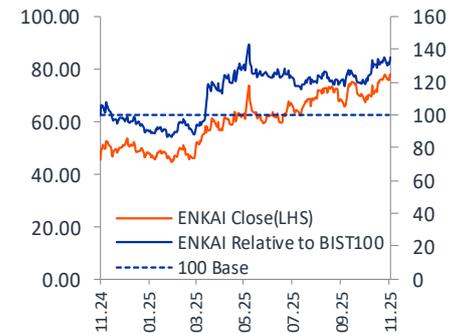
Consolidated EBITDA reached \$213mn, representing a 22.6% YoY increase in USD terms. Contracting segment recorded a 35.9% YoY increase in EBITDA and generated \$122mn in EBITDA in 3Q25, with the EBITDA margin improving by 0.9 ppt. The energy and real estate segments reported EBITDA of \$10mn and \$60mn, with EBITDA margins of 3.6% and 59.7%, respectively. Meanwhile, the trade segment's EBITDA margin expanded by 9.0 ppt YoY to 27.7%, with EBITDA of \$20 million in 3Q25.

Stock Data	TL
Price	77.90
Target Price*	102.00
Prev.TP	96.17
Mcap (mn)	467,400
Float Mcap (mn)	38,654
Avg.Daily Volume (3M, mn)	961.0
No. of Shares Outstanding (mn)	6,000
Free Float (%)	8
Foreign Share (%)	27

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	13.4	68.3	57.8
US\$	12.3	41.2	28.3
Rel.to BIST-100	12.3	51.4	29.2

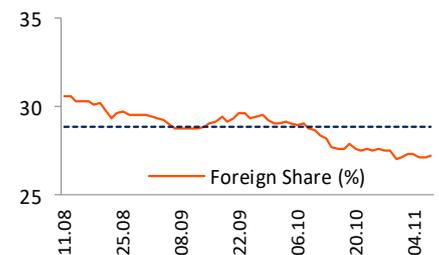
Multiples	2024	2025	2026
P/E	15.1	14.8	9.5
P/BV	1.3	1.3	1.0
EV/EBITDA	14.0	21.0	17.2

Price / Relative Price



52 Week Range (Close TL) 44.57 77.90

Foreign Share (%) Cur.(%) : 27.18



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Backlog. Backlog size of the construction segment soared to \$8.7bn from \$7.9bn a quarter ago. The new contract awards were \$1.5bn in 3Q25, representing a book-to-bill ratio of 2.2x as of end of 9M25-end.

Improvement in net cash position. Stronger operating cash flow (3Q25: TL7.6bn, 3Q24: TL1.7bn) supported free cash flow, which improved from TL-1.1bn in 3Q24 to TL7.8bn in 3Q25. As of end-3Q25, the Holding had a net cash position (including long-term financial investments) of \$5.79bn, up from \$5.45bn at end-2Q25, representing 52.2% of Enka’s current market capitalization.

Comment/Valuation. We may expect a slightly positive market reaction to the results. Even though the bottom-line was slightly above market expectations, we view the strong YoY growth in revenues and net income, and robust backlog growth as positive. We maintain our BUY recommendation for ENKAI, which is also in our model portfolio, and increase our TP for ENKAI to TL102/share from previous TL96/share. As of 9M25-end, Enka secured \$4.7bn in new orders and we project the Company to close 2025 with \$5.5bn in new contracts and a backlog of \$8.8bn. For the contracting segment, we have revised our revenue forecasts to \$2.6bn for 2025 and \$3.2bn for 2026, implying YoY revenue growth of 19.2% in 2025 and 24.1% in 2026 in USD terms.

Financial Highlights

	TL mn	9 Month Period			Quarterly					Cons. 3Q25E	IS Inv. 3Q25E
		9M25	9M24	YoY ?	3Q25	3Q24	YoY ?	2Q25	QoQ ?		
3Q25 EARNINGS RESULTS	Revenues	108,967	68,845	58%	44,603	26,940	66%	34,497	29%	38,591	36,830
	Gross Profit	26,179	16,579	58%	8,665	6,054	43%	9,489	-9%		
	Gross Margin	24.0%	24.1%	-0.1ppt	19.4%	22.5%	-3.0ppt	27.5%	-0.3ppt		
	Op-ex	-6,084	-4,774	27%	-1,746	-1,489	17%	-1,694	3%		
	Op-ex/Sales	-5.6%	-6.9%	1.4ppt	-3.9%	-5.5%	1.6ppt	-4.9%	-0.2ppt		
	EBIT	20,095	11,806	70%	6,918	4,564	52%	7,796	-11%		
	Inc./Exp. From Investing Activities, net	16,022	11,214	43%	7,493	5,059	48%	8,719	-14%		
	Depreciation	3,895	2,976	31%	1,491	1,284	16%	1,290	16%		
	EBITDA	23,990	14,782	62%	8,409	5,848	44%	9,086	-7%	8,807	7,653
	EBITDA Margin	22.0%	21.5%	0.5ppt	18.9%	21.7%	-2.9ppt	26.3%	-0.3ppt	22.8%	20.8%
	Financial Inc. (Exp.), net	1,347	320	321%	296	221	34%	391	-24%		
	Monetary Gain/Loss	-1,005	-998	1%	-482	-625	-23%	-117	n.m.		
	PBT	37,022	22,704	63%	14,574	9,171	59%	16,979	-14%		
	PBT Margin	34.0%	33.0%	1.0ppt	32.7%	34.0%	-1.4ppt	49.2%	-0.3ppt		
	Tax Inc./Exp.	-9,214	-4,589	101%	-3,193	-2,463	30%	-4,811	-34%		
	Net Income	26,278	17,361	51%	10,711	6,307	70%	11,703	-8%	10,130	11,913
Net Margin	24.1%	25.2%	-1.1ppt	24.0%	23.4%	0.6ppt	33.9%	-0.3ppt	26.2%	32.3%	

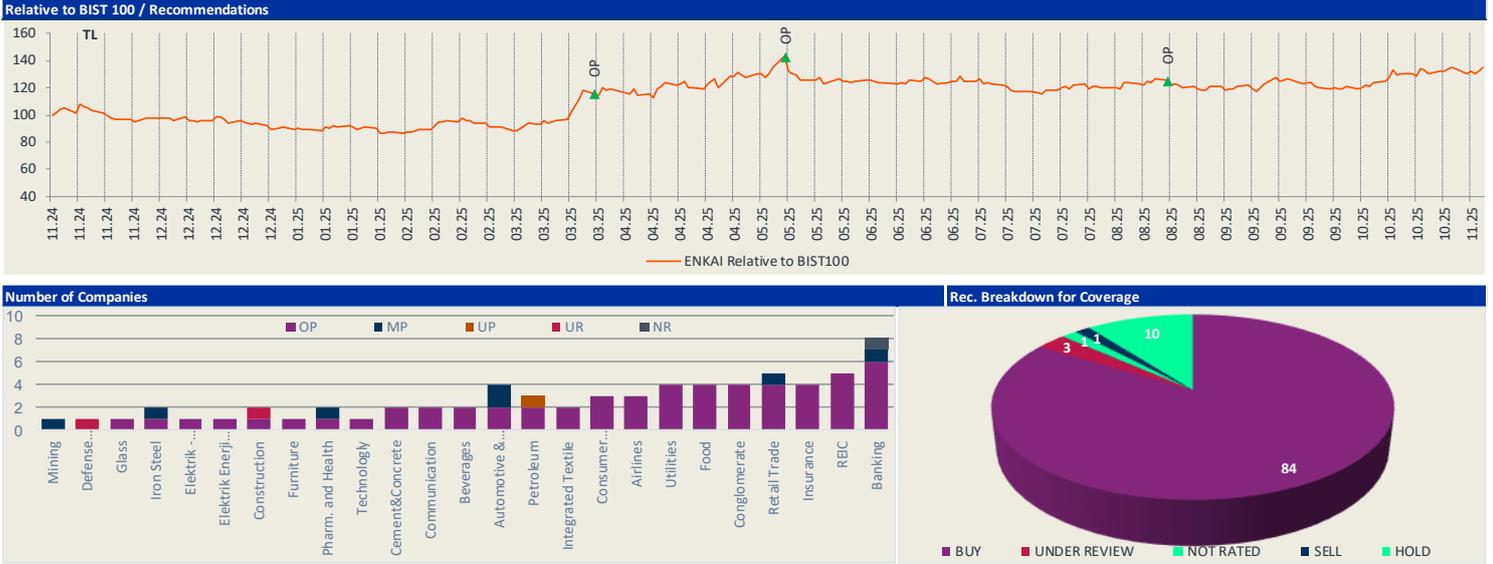
Source: Is Investment & Enka

Enka Insaat

Shareholder Structure (%)		Company Description
Tara Holding Anonim Şirket	49.8	Enka Insaat ve Sanayi AS is a Turkey-based construction company active in the manufacturing and trade, energy, retail, and real estate sectors.
Diğer	29.91	
Vildan Gülçelik	7.99	
Sevda Gülçelik	6.43	
Enka Spor Eğitim Vesosyal Yardım Vakfi	5.87	

Income Statement (mn \$)	2023A	2024A	2025E	2026E	2027E	Balance Sheet (mn \$)	2023A	2024A	2025E	2026E	2027E
Net Sales	3,226	3,065	3,784	4,749	5,678	Current Assets	4,048	4,527	4,532	5,121	5,693
Gross Profit (Loss)	668	771	934	1,155	1,360	Cash and Cash Equivalents	3,035	3,335	3,207	3,455	3,698
Operating Expenses	161	199	228	273	331	Short-Term Trade Receivable	363	439	453	568	679
Core Operating Profit	507	572	706	882	1,029	Inventories	286	390	424	535	643
Non-operating Income (Exp.)	38	17	-24	-5	-5	Other Current Assets	363	363	448	563	673
Net Financial Income (Exp.)	-15	-49	-18	0	2	Long Term Assets	5,360	5,776	6,474	7,119	7,857
PBT	896	1,064	1,120	1,414	1,585	Investments with Equity Meth	0	0	0	0	0
Tax Expense (Income)	152	267	280	354	396	Tangible Fixed Assets	1,290	1,685	1,793	1,778	1,772
Net Profit	714	752	798	1,027	1,159	Intangible Fixed Assets	15	49	53	52	52
Recurring Net Profit	714	752	798	1,027	1,159	Other Long-Term Assets	4,055	4,042	4,629	5,289	6,032
NOPAT	421	428	530	662	772	Total Assets	9,408	10,304	11,006	12,241	13,550
EBITDA	609	699	845	1,040	1,212	Short Term Liabilities	1,420	1,558	1,874	2,355	2,818
Growth & Operating Perf.	2023A	2024A	2025E	2026E	2027E	Short-Term Financial Loans	4	4	5	7	8
Growth						Short-Term Trade Payables	291	356	390	492	591
Net Sales	-	-5.0%	23.4%	25.5%	19.6%	Other Short-Term Liabilities	1,125	1,198	1,479	1,856	2,219
EBIT	-	13%	23%	25%	17%	Long Term Liabilities	564	717	879	981	1,151
EBITDA	-	15%	21%	23%	17%	Long-Term Financial Loans	117	112	132	137	142
Net Profit	-	5%	6%	29%	13%	Other Long-Term Liabilities	447	605	747	844	1,009
Operating Performance						Equity	7,423	8,028	8,253	8,906	9,581
Gross Margin	20.7%	25.1%	24.7%	24.3%	23.9%	Parent Shareholders Capital	7,326	7,920	8,142	8,786	9,452
EBIT Margin	15.7%	18.7%	18.7%	18.6%	18.1%	Reserves and Other Items	6,408	6,997	7,173	7,588	8,122
EBITDA Margin	18.9%	22.8%	22.3%	21.9%	21.3%	Current Year Income (Losses)	714	752	798	1,027	1,159
Effective Tax Rate	17.0%	25.1%	25.0%	25.0%	25.0%	Minority Interests	98	108	111	120	129
Net Profit Margin	22.1%	24.5%	21.1%	21.6%	20.4%	Total Liabilities & Equity	9,408	10,304	11,006	12,241	13,550
ROE	-	9.9%	9.9%	12.1%	12.7%	Cash Flow (mn \$)	2023A	2024A	2025E	2026E	2027E
ROA	-	7.6%	7.5%	8.8%	9.0%	Net Cash from Operations	422	474	966	1,094	1,252
ROIC	-	22.1%	23.3%	27.7%	30.9%	Earnings Before Adjustments	744	797	840	1,061	1,189
OCF / Sales	13.1%	15.5%	25.5%	23.0%	22.1%	Depreciation & Amortisation	102	127	139	158	183
FCF / Sales	8.9%	9.1%	18.9%	20.0%	18.9%	Change in Working Capital	20	-26	-14	-124	-120
						Other Operating Cash Flow	-511	-770	270	488	524
						Cash from Inv. Operations	-134	-196	-251	-143	-177
						Capital Expenditures	-115	-253	-251	-143	-177
						Other Inv. Cash Flow	-19	57	0	0	0
						Free Cash Flow	288	278	715	951	1,075
						Cash from Fin. Operations	-151	-308	-555	-377	-486
						Change in Financial Debt	53	0	21	6	7
						Dividends Paid	-122	-346	-576	-383	-493
						Other Financing Cash Flow	-82	38	0	0	0
						Net Change in Cash	204	316	-110	85	65

Enka Insaat



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