Turning the Wind in Its Favor

We initiate our coverage of Akfen Yenilenebilir Enerji A.S. with an "outperform" rating and a target price of TRY 23.00 per share with an upside potential of 42%.

Akfen Yenilenebilir Enerji, a prominent renewable energy player in Türkiye, operates under Akfen Holding, a conglomerate established in 1976 by Hamdi Akın. Akfen Holding is active in sectors including infrastructure, energy, transportation, and real estate. Akfen Yenilenebilir Enerji was established in 2007 and began trading on Borsa İstanbul fairly recently, in March 2023.

The company boasts an installed capacity of **783 MW** across hydroelectric, solar, wind, and hybrid technologies, as well as two notable investment plans that will propel them to **1198 MWs** by the end of 2027. Currently, 73% of their portfolio is under YEKDEM coverage – Türkiye's renewable energy incentive program – which secures electricity sales at a fixed dollar-indexed tariff and **guarantees revenue during periods of economic contraction.** Additonally, its operating environment spans many regions of Türkiye, defending the company from **climate-related disruptions.**

Recently, Akfen turned its focus to hybrid installations, combining solar and wind technologies to **utilize current project sites more** and benefit from the **natural synergy between the resources**. Their latest investment plan incorporates an **integrated battery storage system –** an important first step in building a more self sustaining portfolio in the long term.

With strong long term investment plans, solid YEKDEM coverage guaranteeing tariff-based income, and a future-proof portfolio of hybrid installations, Akfen is en route to calculated acceration after years of stable revenue generation.

AKFYE has underperformed the BIST index by 37% in the past year. Based on our USD-based blended forward P/E and EV/EBITDA evaluation, the company currently has an average discount of 40% compared to its global peers.

Key risks for Akfen include potential changes in regulation and policy, uncertainties around the evolving legal framework for storage-integrated projects, and environmental factors such as droughts impacting hydropower output. Electricity price volatility and financing challenges may also affect long-term returns. Nonetheless, Akfen's diversified asset base, ongoing investment with development, and relatively low leverage position it well against these risks, especially compared to peers with higher debt exposure and less operational maturity.

Akfen Yenilenebilir Enerji

42% Upside Potential

Listing Details and View	
Bloomberg Ticker	**AKFYE TI**
Rating	**Outperform**
Price per Share, TRY	16.19
Target Price per Share, TRY	**23.00**
Upside	42%
Free Float	28.43%
Market cap, TRY mln	19,379
Market cap, USD mln	488
BIST-100 Index Weight	0.00%
BIST All Shares Index Weight	0.13%
Foreign Share	40.39%
Pension Funds Share	0.00%
Mutual Funds Share	17.23%

Source: Matriks, Finnet, PhillipCapital Research
Market Data as of 01/07/2025

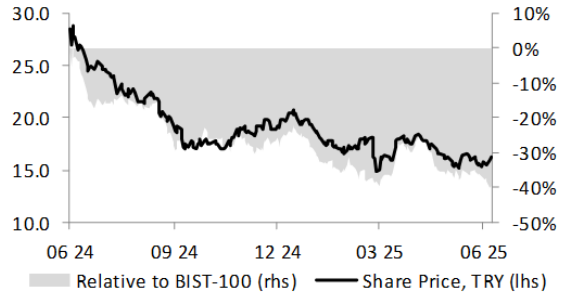
Key Financials, USD mln	2023	2024	2025E	2026E
Revenue	148	144	152	173
Revenue Growth	-2%	-3%	5%	14%
Gross Profit	75	56	65	74
Gross Profit Margin	50%	39%	43%	43%
EBITDA	95	82	103	118
EBITDA Margin	64%	57%	68%	69%
Net Profit	154	5	31	37
Net Profit Margin	104%	3%	20%	21%
Net Debt	295	196	196	99
Net Debt / EBITDA	3.1	2.4	1.9	0.8
P/E	3.2	138.9	15.8	13.3
P/B	0.7	0.6	0.5	0.4
EV/EBITDA	8.3	10.5	6.9	6.0

Source: Company Data, PhillipCapital Research

Shareholder Structure	Shares (million)	Ratio
Akfen Holding A.Ş.	676	56.4%
Akfen International Holding B.V.	181	15.1%
Others	340	28.4%
Total	**1,197**	

Source: Company Data

Share Price Performance



Source: BIST, Finnet

	1m	3m	6m	1y
Nominal	3.8%	-0.7%	-15.7%	-38.9%
Relative	-7.1%	-4.3%	-19.1%	-37.3%
Trd. Vol. USD mln	1.1	1.8	2.0	2.7

Source: BIST, Finnet

Analysts:
Sadrettin BAĞCI
Murat İbrahim ŞENCAN
Alp İSBİR
arastirma@phc.com.tr

Financials

Balance Sheet (USD Mn)	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Assets								
Current Assets	**76.1**	**57.8**	**69.3**	**58.3**	**159.3**	**105.3**	**141.2**	**150.7**
Cash and Cash Equivalents	48.3	38.7	32.8	32.7	129.7	76.3	103.5	114.8
Trade Receivables	24.1	15.9	13.5	15.2	19.5	19.1	24.8	23.7
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	3.7	3.2	22.9	10.4	10.0	9.8	12.8	12.2
Non-Current Assets	**876.0**	**1,114.7**	**1,334.6**	**1,372.8**	**1,324.1**	**1,611.3**	**1,551.5**	**1,494.8**
Fixed Assets	855.2	1,083.4	1,297.4	1,335.6	1,286.9	1,574.1	1,514.3	1,457.6
Other	20.8	31.3	37.2	37.2	37.2	37.2	37.2	37.2
Total Assets	**952.2**	**1,172.5**	**1,403.9**	**1,431.1**	**1,483.4**	**1,716.5**	**1,692.7**	**1,645.5**
Liabilities								
Current Liabilities	**127.9**	**106.6**	**81.9**	**78.4**	**94.0**	**132.4**	**136.2**	**123.3**
Short-Term Debt	84.0	81.4	46.0	46.0	46.0	86.1	76.1	66.1
Trade Payables	27.7	13.9	27.4	21.6	31.2	30.1	39.0	37.2
Other	16.2	11.2	8.6	10.8	16.9	16.2	21.1	20.1
Non-Current Liabilities	**448.8**	**373.2**	**294.4**	**294.4**	**294.4**	**454.2**	**414.2**	**374.3**
Long-Term Debt	323.4	252.2	182.8	182.8	182.8	342.6	302.7	262.7
Other	125.4	120.9	111.6	111.6	111.6	111.6	111.6	111.6
Total Liabilities	**576.7**	**479.7**	**376.3**	**372.8**	**388.4**	**586.6**	**550.4**	**497.6**
Shareholders Equity	**375.5**	**692.8**	**1,027.6**	**1,058.3**	**1,095.0**	**1,129.9**	**1,142.2**	**1,147.9**

Income Statement (USD Mn)	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Revenue	**150.4**	**147.9**	**144.2**	**151.6**	**172.6**	**169.2**	**219.8**	**209.3**
Revenue Growth	*3.5%*	*-1.6%*	*-2.5%*	*5.1%*	*13.9%*	*-2.0%*	*29.9%*	*-4.8%*
Cost of Goods Sold	61.5	73.3	87.8	86.4	98.4	94.7	123.1	117.2
Gross Profit	**88.9**	**74.6**	**56.4**	**65.2**	**74.2**	**74.4**	**96.7**	**92.1**
Gross Margin	***59.1%***	***50.4%***	***39.1%***	***43.0%***	***43.0%***	***44.0%***	***44.0%***	***44.0%***
Operating Expenses	4.1	4.7	7.2	7.6	8.6	8.0	9.9	8.9
Operating Expenses Growth	*9.0%*	*16.6%*	*51.7%*	*5.5%*	*13.9%*	*-6.9%*	*23.1%*	*-10.0%*
EBIT	**84.8**	**69.9**	**49.2**	**57.6**	**65.6**	**66.4**	**86.8**	**83.2**
EBIT Margin	***56.4%***	***47.2%***	***34.1%***	***38.0%***	***38.0%***	***39.3%***	***39.5%***	***39.8%***
Other Operating Income/Expense	9.3	65.7	-38.6	0.0	0.0	0.0	0.0	0.0
Operating Profit	94.2	135.6	10.6	57.6	65.6	66.4	86.8	83.2
Operating Margin	*62.6%*	*91.6%*	*7.3%*	*38.0%*	*38.0%*	*39.3%*	*39.5%*	*39.8%*
Financial Income/Expense	-59.5	-66.8	-59.5	-16.7	-16.7	-19.8	-28.5	-23.1
Other Income/Expense	0.0	44.9	21.3	0.0	0.0	0.0	0.0	0.0
Profit Before Tax	38.5	115.2	-29.9	40.9	48.9	46.6	58.3	60.1
Tax Rate	-10%	-34%	116%	25%	25%	25%	25%	25%
Tax Expense	-3.8	-39.1	-34.7	10.2	12.2	11.6	14.6	15.0
Net Profit	**42.3**	**154.3**	**4.8**	**30.7**	**36.7**	**34.9**	**43.7**	**45.1**
Net Profit Margin	*28.2%*	*104.3%*	*3.3%*	*20.3%*	*21.3%*	*20.7%*	*19.9%*	*21.5%*
Depreciation	30.5	25.5	32.8	45.5	52.8	50.7	65.9	62.8
EBITDA	**115.4**	**95.4**	**82.1**	**103.1**	**118.4**	**117.1**	**152.7**	**146.0**
EBITDA Margin	***76.7%***	***64.5%***	***56.9%***	***68.0%***	***68.6%***	***69.3%***	***69.5%***	***69.8%***

Cash Flow Statement (USD Mn)	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Cash Opening	5.5	12.1	4.1	32.8	32.7	129.7	76.3	103.5
Net Earnings	42.3	154.3	4.8	30.7	36.7	34.9	43.7	45.1
Cash Flow from Core Operations	**132.3**	**73.7**	**28.5**	**83.5**	**101.1**	**84.5**	**114.8**	**106.8**
Adjustments to Net Earnings	130.6	-62.1	38.0	45.5	52.8	50.7	65.9	62.8
Depreciation	30.5	25.5	32.8	45.5	52.8	50.7	65.9	62.8
Change in Working Capital	40.6	18.4	14.3	-7.3	-11.6	1.2	-5.2	1.1
Cash from Investment Operations	**2.3**	**-5.4**	**-56.0**	**-83.6**	**-4.1**	**-337.9**	**-6.2**	**-6.2**
Cash from Financial Operations	**-128.0**	**-79.1**	**18.1**	**0.0**	**0.0**	**200.0**	**-81.4**	**-89.4**
Change in Financial Debt	-99.4	-58.1	-50.5	0.0	0.0	200.0	-50.0	-50.0
Dividends Paid	0.0	0.0	0.0	0.0	0.0	0.0	-31.4	-39.4
Total Cash Flow	7.6	-8.7	1.1	-0.1	97.0	-53.4	27.2	11.3
Cash at the End of the Quarter	13.1	3.4	32.8	32.7	129.7	76.3	103.5	114.8

Ratio Analysis (USD Mn)	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
P/E	0.0	3.2	138.9	15.8	13.3	13.9	11.1	10.8
EV/EBITDA	3.1	8.3	10.5	6.9	6.0	6.1	4.6	4.9
P/B	0.0	0.7	0.6	0.5	0.4	0.4	0.4	0.4
ROE	10.6%	28.9%	0.6%	2.9%	3.4%	3.1%	3.9%	3.9%
ROIC	8.1%	6.1%	3.3%	3.5%	4.0%	3.7%	4.5%	4.5%
NWC / Sales	-10.7%	-4.1%	0.3%	-4.5%	-10.7%	-10.2%	-10.2%	-10.2%
Current Ratio	0.6	0.5	0.8	0.7	1.7	0.8	1.0	1.2
Net Debt	359.1	295.0	196.0	196.1	99.0	352.5	275.2	214.0
Net Debt / EBITDA	3.1	3.1	2.4	1.9	0.8	3.0	1.8	1.5
Net Debt / Shareholders Equity	1.0	0.4	0.2	0.2	0.1	0.3	0.2	0.2
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.5%	8.1%

Source: Company Data, Finnet, PhillipCapital Research

Operational Outlook

Akfen Yenilenebilir Enerji, founded in 2007, is a subsidiary of Akfen Holding, one of Türkiye's most established conglomerates. Founded in 1976 by Hamdi Akın, Akfen Holding has nearly fifty years of experience across key sectors of the Turkish economy, including infrastructure, construction, energy, transportation, and real estate. Over time, it has also expanded into specialized areas such as port management, maritime transport, tourism, mining, and waste management, providing a strong foundation for its renewable energy investments.

Akfen Yenilenebilir Enerji is a renewable energy infrastructure platform that has gained momentum in the last five years, utilizing Türkiye's rich natural resources and benefitting from the increased support for renewable energy in Türkiye. Their services include the development, acquisition, and operation of electricity generation facilities. The company produces electricity from hydro, solar, and wind energy power plants, and sells the generated power and/or capacity to customers.

The company's energy generation portfolio includes:

- **Hydroelectric Power Plant Operations (HPPs)**
- **Solar Power Plant Operations (SPPs)**
- **Wind Power Plant Operations (WPPs) and Hybrid Solar-Wind Installations**

From 2007 to 2014, Akfen worked with a homogenous portfolio of hydroelectric power plants. From 2014 to 2024, the company invested in solar and wind power plants, capitalizing on Türkiye's windy and sunny mediterranean climate. For the first time in 2025, it started developing hybrid solar-wind installations - a well-suited business plan considering the large amounts of land it has acquired until now. In a span of 16 years, Akfen has grown its installed capacity from a modest hydroelectric powered **7 megawatts (MW)** to multi-resource powered **783.09 MW.**

Power Plant Overview

- **Hydroelectric Plants (HPPs)** are inexpensive on the long run work best in areas with steady water flow.
- **Solar Plants (SPPs)** work best during daylight hours and have low maintenance needs.
- **Wind Plants (WPPs)** typically convert the most energy and work best in elevated or coastal areas.
- **Hybrid Installations** integrate solar and wind plants. Benefitting from the seasonality of solar and wind systems, hybrid installations promote efficient land use and smooth variability in energy output. These setups **maximize returns from infrastructure** and **balance supply across timeframes.**

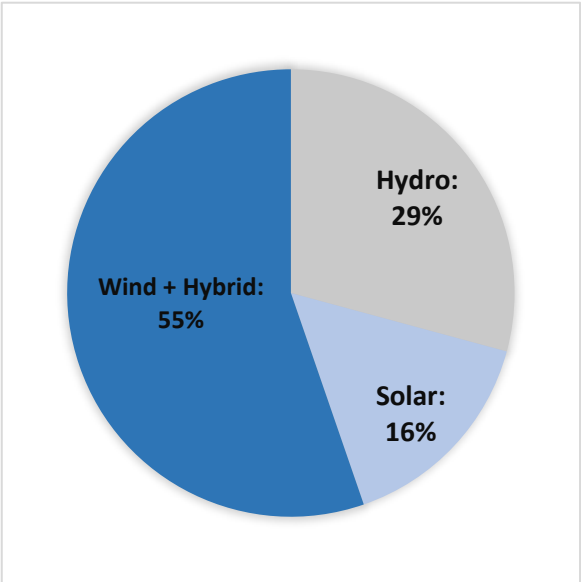


Figure 1: Portfolio Breakdown (May 2025)

Wind and solar energy are complements because wind production is typically higher in the winter and at night time, while solar energy is higher during summer and at daylight time.

Portfolio Overview

Akfen Renewable Energy manages **59 power plants** with a **total installed capacity of 783.09 MW**. Its assets are:

- **Hydroelectric Power Plants: 228.75 MW**
  Includes 12 licensed plants with Mersin, Sakarya, Kayseri, Sivas, and Giresun producing most of the power. YEKDEM coverage for HPPs gradually phase out until 2027.
- **Solar Power Plants: 121.41 MW**
  Includes licensed and unlicensed plants, with 79% of the installed capacity coming from licensed plants. Licensed SPPs with high power capacities have longer YEKDEM support, ranging from the end of 2028 until the end of 2030, while the terms for unlicensed plants expire earlier.
- **Wind Power Plants: 348.90 MW**
  Located exclusively in Çanakkale, Osmaniye, and Denizli. WPPs with the strongest power production have YEKDEM support up until the end of 2029, ensuring revenue visibility in the medium term as the largest power production of the company comes from wind energy.
- **Hybrid SPPs (Integrated with WPPs): 84.03 MW**
  Co-located with the three wind power plant regions, these projects are licensed and fall under YEKDEM through 2026–2029. Hybrid SPPs provide a respectable amount of energy, considering they began operation in 2025.

At the time of this report, **73%** of the company's capacity is backed by Türkiye's renewable energy support program **YEKDEM**, ensuring fixed tariff income between **2026 and 2030** - the amount winding down as eligibility periods expire. In addition to this, the company is pursuing wind and solar projects with integrated battery storage, bringing in an additional **310 MW** installed capacity by **2028**. AKFEN power plants' geographic diversity, coupled with an increased composition of hybrid installations, allows the company to **mitigate seasonal volatility** and **ensure steady energy production**.

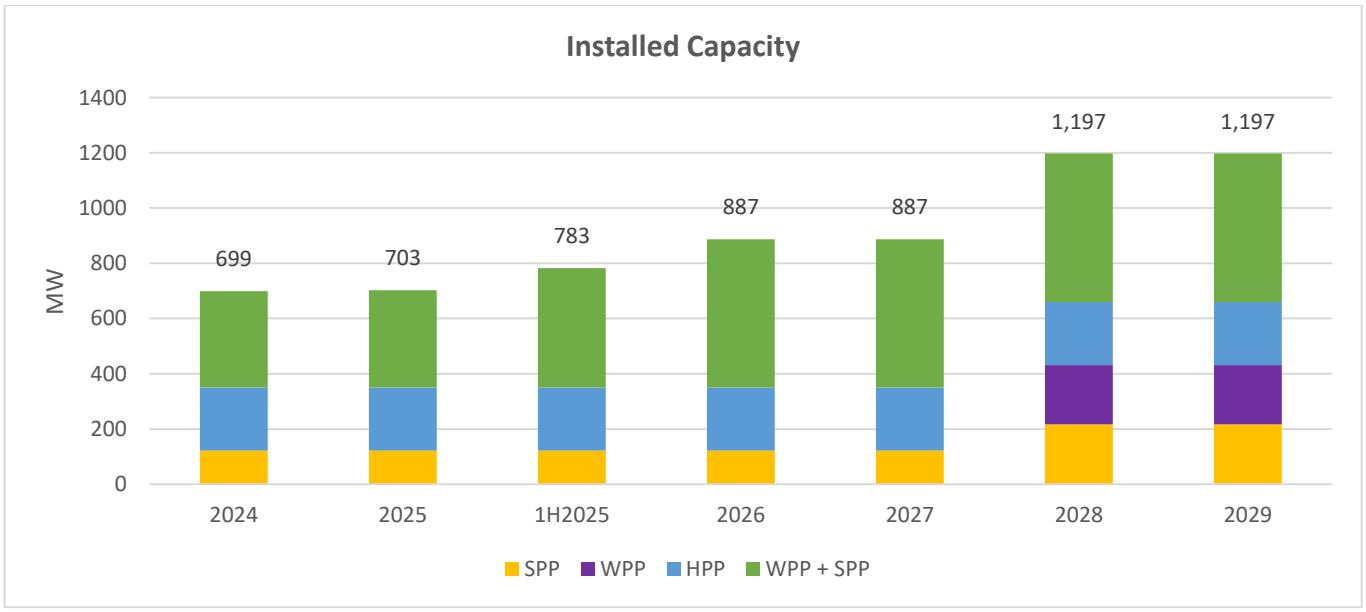


Figure 2: Installed Capacity Projection

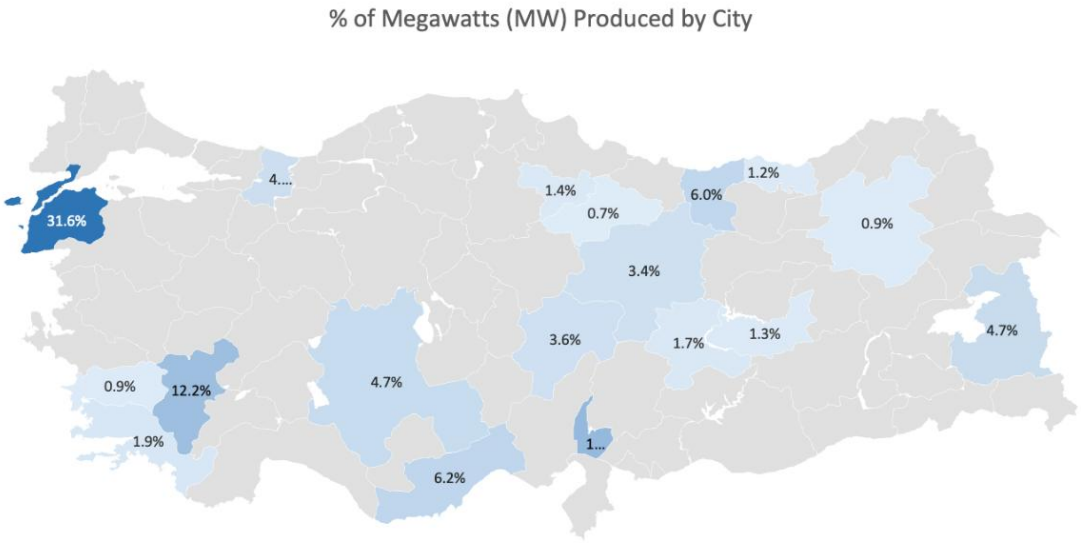


Figure 3: 2025 Year End Installed Capacity Breakdown by Region

Installed Capacity

This installed capacity per plant sheet is the basis for the installed capacity projection graph.

By the end of 2025, several wind plants will be **1**) converted into hybrid installations by implementing 86 MWs of SPPs– of which a small 2 MW enters operation in 2026 – and **2)** boosted in capacity by 102 MWs, though this boost will not enter operation until 2026. By 2026, AKFYE grows its installed capacity by **188.1 MW within the existing projects.**

The significant jump in capacity from 2028 onward reflects the expected commissioning of the company's 310 MW solar and wind energy pipeline with an integrated battery storage, which we assume will **be in operation by 2028**. We also assume that Akfen will **continue to renew licenses for existing assets**, at least maintaining its current installed capacity.

Installed Capacity (MW)

Plant Name	2024	2025	2026E	2027E	2028E	2029E
Amasya SPP	11.2	11.2	11.2	11.2	11.2	11.2
ÇALIKOBASI HPP	18.1	18.1	18.1	18.1	18.1	18.1
ÇAMLICA3 HPP	28.5	28.5	28.5	28.5	28.5	28.5
DEMİRCİLER HPP	8.7	8.7	8.7	8.7	8.7	8.7
DEMİRCİLER WPP + SPP	23.3	23.3	36.6	36.6	36.6	36.6
Denizli (SPP)	7.4	7.4	7.4	7.4	7.4	7.4
DENİZLİ WPP + SPP	74.8	74.8	105.2	105.2	105.2	105.2
DOĞANÇAY HPP PAMUKOVA	31.6	31.6	31.6	31.6	31.6	31.6
DORUK HPP	28.9	28.9	28.9	28.9	28.9	28.9
SPP With Battery	0.0	0.0	0.0	0.0	95.0	95.0
WPP With Battery	0.0	0.0	0.0	0.0	215.0	215.0
GELİNKAYA HPP	7.1	7.1	7.1	7.1	7.1	7.1
HASANOBA WPP + SPP	51.0	51.0	88.9	88.9	88.9	88.9
İOTA M.FIRINCI SPP	13.0	13.0	13.0	13.0	13.0	13.0
Karine SPP	0.6	0.6	0.6	0.6	0.6	0.6
KAVAKÇALI HPP	11.4	11.4	11.4	11.4	11.4	11.4
KOCALAR WPP + SPP	30.6	30.6	65.1	65.1	65.1	65.1
ME-SE SPP	12.1	12.1	12.1	12.1	12.1	12.1
MT SPP	12.1	12.1	12.1	12.1	12.1	12.1
OMİCRON ENGİL208 SPP	12.1	12.1	12.1	12.1	12.1	12.1
OMİCRON ERCİŞ SPP	12.1	12.1	12.1	12.1	12.1	12.1
OTLUCA HPP MERSİN	48.8	48.8	48.8	48.8	48.8	48.8
PSİ ENGİL 207 SPP	13.0	13.0	13.0	13.0	13.0	13.0
SARAÇBENDİ HPP	26.3	26.3	26.3	26.3	26.3	26.3
SARITEPE WPP + SPP	57.0	61.0	79.6	79.6	79.6	79.6
SEKİYAKA HPP	3.5	3.5	3.5	3.5	3.5	3.5
SIRMA HPP	6.7	6.7	6.7	6.7	6.7	6.7
SOLENTEGRE SPP	9.1	9.1	9.1	9.1	9.1	9.1
Solentegre SPP	0.6	0.6	0.6	0.6	0.6	0.6
Tokat (SPP)	5.6	5.6	5.6	5.6	5.6	5.6
ÜÇPINAR WPP + SPP	112.2	112.2	161.7	161.7	161.7	161.7
YAĞMUR HPP	9.2	9.2	9.2	9.2	9.2	9.2
YAYSUN SPP	12.1	12.1	12.1	12.1	12.1	12.1
Yaysun SPP	0.6	0.6	0.6	0.6	0.6	0.6
Total (MW)	**699.1**	**703.0**	**887.2**	**887.2**	**1,197.2**	**1,197.2**

*Installed capacity at the beginning of the Year

Capacity Factors

This sheet details capacity factors by plant and year, forming the basis of our revenue generation forecasts. In the foreseeable future, the average capacity factor remains **stable between 22–23%.** The ramp-up in 2028 corresponds to the commissioning of the battery energy storage system (BESS) SPP and WPP plants, the former entering the system with a 45% capacity factor and the latter with 21% - immediately boosting average efficiency. Over time, the gradual decline in capacity factors reflects declining asset performance and conservative assumptions around resource variability. The average capacity factor of the portfolio is **maintained** due to the **diversification of the power plants** and the **high capacity factors of the new equipments.**

Capacity Factors

Plant Name	2024	2025E	2026E	2027E	2028E	2029E
Amasya SPP	0.173	0.166	0.165	0.164	0.163	0.163
ÇALIKOBASI HPP	0.083	0.204	0.203	0.202	0.201	0.200
ÇAMLICA3 HPP	0.104	0.100	0.099	0.099	0.098	0.098
DEMİRCİLER HPP	0.179	0.206	0.205	0.204	0.203	0.202
DEMİRCİLER WPP + SPP	0.256	0.259	0.257	0.256	0.255	0.254
Denizli (SPP)	0.188	0.178	0.178	0.177	0.176	0.175
DENİZLİ WPP + SPP	0.279	0.298	0.297	0.295	0.294	0.292
DOĞANÇAY HPP PAMUKOVA	0.280	0.372	0.371	0.369	0.367	0.365
DORUK HPP	0.200	0.321	0.319	0.318	0.316	0.314
SPP With Battery	0.000	0.000	0.000	0.000	0.210	0.209
WPP With Battery	0.000	0.000	0.000	0.000	0.450	0.448
GELİNKAYA HPP	0.145	0.203	0.202	0.201	0.200	0.199
HASANOBA WPP + SPP	0.296	0.288	0.286	0.285	0.284	0.282
İOTA M.FIRINCI SPP	0.177	0.178	0.177	0.176	0.175	0.174
Karine SPP	0.186	0.183	0.183	0.182	0.181	0.180
KAVAKÇALI HPP	0.206	0.225	0.224	0.223	0.222	0.221
KOCALAR WPP + SPP	0.413	0.419	0.417	0.415	0.413	0.411
ME-SE SPP	0.173	0.179	0.178	0.177	0.177	0.176
MT SPP	0.191	0.189	0.188	0.187	0.186	0.185
OMİCRON ENGİL208 SPP	0.198	0.196	0.195	0.194	0.193	0.192
OMİCRON ERCİŞ SPP	0.199	0.196	0.195	0.194	0.193	0.192
OTLUCA HPP MERSİN	0.341	0.242	0.241	0.239	0.238	0.237
PSİ ENGİL 207 SPP	0.200	0.202	0.201	0.200	0.199	0.198
SARAÇBENDİ HPP	0.215	0.248	0.246	0.245	0.244	0.243
SARITEPE WPP + SPP	0.294	0.292	0.291	0.289	0.288	0.286
SEKİYAKA HPP	0.401	0.375	0.373	0.371	0.370	0.368
SIRMA HPP	0.099	0.105	0.104	0.104	0.103	0.102
SOLENTEGRE SPP	0.173	0.173	0.172	0.171	0.170	0.169
Solentegre SPP	0.175	0.163	0.162	0.161	0.161	0.160
Tokat (SPP)	0.170	0.170	0.169	0.168	0.167	0.166
ÜÇPINAR WPP + SPP	0.339	0.345	0.343	0.342	0.340	0.338
YAĞMUR HPP	0.254	0.240	0.238	0.237	0.236	0.235
YAYSUN SPP	0.187	0.184	0.183	0.182	0.182	0.181
Yaysun SPP	0.114	0.110	0.110	0.109	0.109	0.108
Average	**0.215**	**0.225**	**0.224**	**0.223**	**0.228**	**0.227**

*Estimates of PhillipCapital Research

Electricity Production and Carbon Revenue

Once capacity factors are estimated, forecasting electricity production becomes a straightforward process. Multiplying installed capacity with the capacity factor will give us average estimated electricity production per hour. Multiplying this number with 8760 (24 hours x 365 days) yields the estimated amount.

$$Electricity\ \text{Production} = Installed\ Capacity \times Capacity\ Factor \times 8760$$

The use of a full-year standard assumes continuous operation. In reality, local grid congestions or regulatory limitations could result in partial generation loss. We expect energy production to be up in 2026E and 2028E, the former reflecting conversions of existing wind plant sites into hybrid installations, and the latter reflecting commissioning of the company's 310 MW solar and wind energy pipeline. We incorporate a gradual, year-to-year **decrease in production due to loss in efficiency as time passes.**

The table on the next page shows the expected electricity generation for each year.

It should be noted that the forecast data can show differences in the short-term due to vastly changing climate and environmental factors. However, over the medium term (3+ years) the forecast should be relatively accurate.

Higher production levels from renewable sources positively impact carbon revenue. Increasing production in existing power plants further supports long-term revenue expectations, creating a healthy incentive for renewable energy producers to increase their efficiency.

Electricity Production (GWh)

Plant Name	2024	2025E	2026E	2027E	2028E	2029E
Amasya SPP	17.0	16.3	16.2	16.1	16.1	16.0
ÇALIKOBASI HPP	13.2	32.3	32.1	32.0	31.8	31.7
ÇAMLICA3 HPP	25.9	24.9	24.8	24.7	24.5	24.4
DEMİRCİLER HPP	13.6	15.7	15.6	15.5	15.5	15.4
DEMİRCİLER WPP + SPP	52.2	82.8	82.4	82.0	81.6	81.2
Denizli (SPP)	12.2	11.6	11.5	11.5	11.4	11.4
DENİZLİ WPP + SPP	183.1	207.1	273.2	271.9	270.5	269.1
DOĞANÇAY HPP PAMUKOVA	77.6	103.1	102.6	102.1	101.6	101.1
DORUK HPP	50.7	81.2	80.8	80.4	80.0	79.6
SPP With Battery	0.0	0.0	0.0	0.0	174.8	173.9
WPP With Battery	0.0	0.0	0.0	0.0	847.5	843.3
GELİNKAYA HPP	9.0	12.6	12.5	12.5	12.4	12.3
HASANOBA WPP + SPP	132.5	149.8	223.1	222.0	220.8	219.7
İOTA M.FIRINCI SPP	20.1	20.2	20.1	20.0	19.9	19.8
Karine SPP	0.9	0.9	0.9	0.9	0.9	0.9
KAVAKÇALI HPP	20.6	22.6	22.5	22.4	22.3	22.2
KOCALAR WPP + SPP	110.7	130.5	237.5	236.3	235.2	234.0
ME-SE SPP	18.4	19.0	18.9	18.8	18.7	18.6
MT SPP	20.2	20.0	19.9	19.8	19.7	19.6
OMİCRON ENGİL208 SPP	21.0	20.8	20.7	20.6	20.5	20.4
OMİCRON ERCİŞ SPP	21.0	20.8	20.7	20.6	20.5	20.4
OTLUCA HPP MERSİN	145.8	103.3	102.8	102.3	101.8	101.2
PSİ ENGİL 207 SPP	22.7	22.9	22.8	22.7	22.6	22.4
SARAÇBENDİ HPP	49.5	57.0	56.7	56.4	56.1	55.9
SARITEPE WPP + SPP	147.0	179.1	202.6	201.6	200.6	199.6
SEKİYAKA HPP	12.4	11.6	11.5	11.5	11.4	11.4
SIRMA HPP	5.8	6.1	6.1	6.0	6.0	6.0
SOLENTEGRE SPP	13.7	13.7	13.6	13.6	13.5	13.4
Solentegre SPP	0.9	0.8	0.8	0.8	0.8	0.8
Tokat (SPP)	8.3	8.3	8.3	8.2	8.2	8.1
ÜÇPINAR WPP + SPP	333.5	460.1	486.7	484.2	481.8	479.4
YAĞMUR HPP	20.4	19.3	19.2	19.1	19.0	18.9
YAYSUN SPP	19.8	19.5	19.4	19.3	19.2	19.1
Yaysun SPP	0.6	0.6	0.6	0.6	0.6	0.6
Total (GWh)	**1,600**	**1,894**	**2,187**	**2,176**	**3,188**	**3,172**

*Estimates of PhillipCapital Research

Sales Prices

The company's asset positioning appears favorable as most plants are in regions with relatively higher electricity sales prices. Regardless, uncertainty surrounding BESS solar (SPP) and wind (WPP) plant prices has led us to adopt conservative estimates.

Our long-term electricity market price (PTF) assumption is fixed at USD 67/MWh.

Electricity Sales Price (USD/MWh)

Plant Name	2024	2025E	2026E	2027E	2028E	2029E
Amasya SPP	133	133	133	133	67	67
ÇALIKOBASI HPP	73	73	73	73	67	67
ÇAMLICA3 HPP	68	67	67	67	67	67
DEMİRCİLER HPP	68	67	67	67	67	67
DEMİRCİLER WPP + SPP	73	73	73	67	67	67
Denizli (SPP)	133	133	67	67	67	67
DENİZLİ WPP + SPP	79	73	73	73	73	73
DOĞANÇAY HPP PAMUKOVA	73	67	67	67	67	67
DORUK HPP	73	67	67	67	67	67
SPP With Battery	0	0	0	0	50	50
WPP With Battery	0	0	0	0	50	50
GELİNKAYA HPP	68	67	67	67	67	67
HASANOBA WPP + SPP	79	73	73	73	73	73
İOTA M.FIRINCI SPP	137	137	133	133	133	133
Karine SPP	133	133	133	133	67	67
KAVAKÇALI HPP	68	67	67	67	67	67
KOCALAR WPP + SPP	79	73	73	73	73	73
ME-SE SPP	133	133	133	133	133	67
MT SPP	133	133	133	133	133	67
OMİCRON ENGİL208 SPP	133	133	133	133	133	67
OMİCRON ERCİŞ SPP	133	133	133	133	133	67
OTLUCA HPP MERSİN	68	67	67	67	67	67
PSİ ENGİL 207 SPP	137	133	133	133	133	133
SARAÇBENDİ HPP	68	67	67	67	67	67
SARITEPE WPP + SPP	73	73	73	67	67	67
SEKİYAKA HPP	73	73	67	67	67	67
SIRMA HPP	68	67	67	67	67	67
SOLENTEGRE SPP	133	133	133	67	67	67
Solentegre SPP	133	133	133	133	67	67
Tokat (SPP)	133	133	133	133	67	67
ÜÇPINAR WPP + SPP	79	73	73	73	73	67
YAĞMUR HPP	68	67	67	67	67	67
YAYSUN SPP	133	133	133	133	133	67
Yaysun SPP	68	67	67	67	67	67

*Estimates of PhillipCapital Research

Revenue Estimation

To estimate revenue, we **1)** multiply each plant's annual electricity production (GWh) by 1,000 to convert it to MWh, **2)** multiply by the relevant electricity sales price (USD/MWh), and **3)** divide by 1,000,000 to express the result in USD millions. After simplifying the constants, the formula is as follows:

$$\text{Revenue} = \text{Electricity Generated} \times \text{Electricity Sales Price} / 1000 + \text{Carbon}$$

Estimated Revenues (USD Mn)

Plant Name	2025E	2026E	2027E	2028E	2029E
Amasya SPP	2.2	2.2	2.1	1.1	1.1
ÇALIKOBASI HPP	2.4	2.3	2.3	2.1	2.1
ÇAMLICA3 HPP	1.7	1.7	1.7	1.6	1.6
DEMİRCİLER HPP	1.1	1.0	1.0	1.0	1.0
DEMİRCİLER WPP + SPP	6.0	6.0	5.5	5.5	5.4
Denizli (SPP)	1.5	0.8	0.8	0.8	0.8
DENİZLİ WPP + SPP	15.1	19.9	19.8	19.7	19.6
DOĞANÇAY HPP PAMUKOVA	6.9	6.9	6.8	6.8	6.8
DORUK HPP	5.4	5.4	5.4	5.4	5.3
SPP With Battery	0.0	0.0	0.0	8.7	8.7
WPP With Battery	0.0	0.0	0.0	42.4	42.2
GELİNKAYA HPP	0.8	0.8	0.8	0.8	0.8
HASANOBA WPP + SPP	10.9	16.3	16.2	16.1	16.0
İOTA M.FIRINCI SPP	2.8	2.7	2.7	2.6	2.6
Karine SPP	0.1	0.1	0.1	0.1	0.1
KAVAKÇALI HPP	1.5	1.5	1.5	1.5	1.5
KOCALAR WPP + SPP	9.5	17.3	17.3	17.2	17.1
ME-SE SPP	2.5	2.5	2.5	2.5	1.2
MT SPP	2.7	2.6	2.6	2.6	1.3
OMİCRON ENGİL208 SPP	2.8	2.8	2.7	2.7	1.4
OMİCRON ERCİŞ SPP	2.8	2.8	2.7	2.7	1.4
OTLUCA HPP MERSİN	6.9	6.9	6.9	6.8	6.8
PSİ ENGİL 207 SPP	3.0	3.0	3.0	3.0	3.0
SARAÇBENDİ HPP	3.8	3.8	3.8	3.8	3.7
SARITEPE WPP + SPP	13.1	14.8	13.5	13.4	13.4
SEKİYAKA HPP	0.8	0.8	0.8	0.8	0.8
SIRMA HPP	0.4	0.4	0.4	0.4	0.4
SOLENTEGRE SPP	1.8	1.8	0.9	0.9	0.9
Solentegre SPP	0.1	0.1	0.1	0.1	0.1
Tokat (SPP)	1.1	1.1	1.1	0.5	0.5
ÜÇPINAR WPP + SPP	33.6	35.5	35.3	35.2	32.1
YAĞMUR HPP	1.3	1.3	1.3	1.3	1.3
YAYSUN SPP	2.6	2.6	2.6	2.6	1.3
Yaysun SPP	0.0	0.0	0.0	0.0	0.0
Total Electricity Sales	**147.4**	**167.8**	**164.4**	**212.8**	**202.3**
Carbon Certificates Sales	**4.2**	**4.8**	**4.8**	**7.0**	**7.0**
Total Revenue	**151.6**	**172.6**	**169.1**	**219.8**	**209.4**

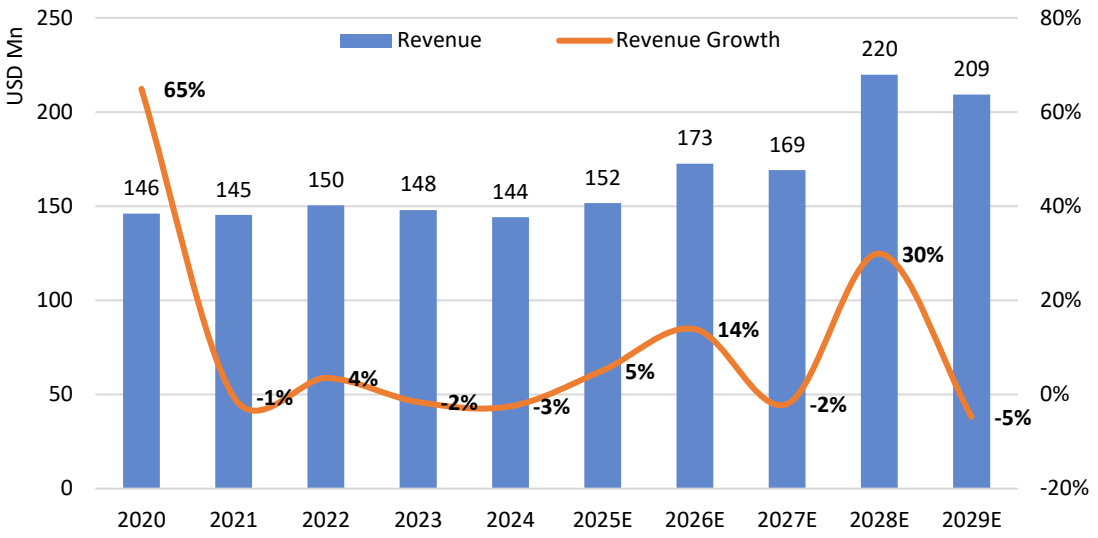


Figure 4: Revenue and Revenue Growth Trends

Revenue growth accelerates in 2026E and 2028E, breaking from the trend of small fluctuations since 2020. 2020-2024 Revenues remained stable, hovering around the USD 145–152 million range as the fixed tariff structure under YEKDEM balanced the limited capacity expansion of the company, where supply shocks negatively affected Türkiye's industrial sector and therefore energy usage.

The increase in 2026E marks the first impact of higher-yield hybrid integrations, while 2028E reflects the full revenue contribution from newly commissioned capacity. As we do not anticipate that interest rates will remain as high for long, AKFYE's hard days are soon to be over and its **plans to increase their installed capacity remain feasible**. For this reason, we argue that these **sharp increases in revenue are credible**.

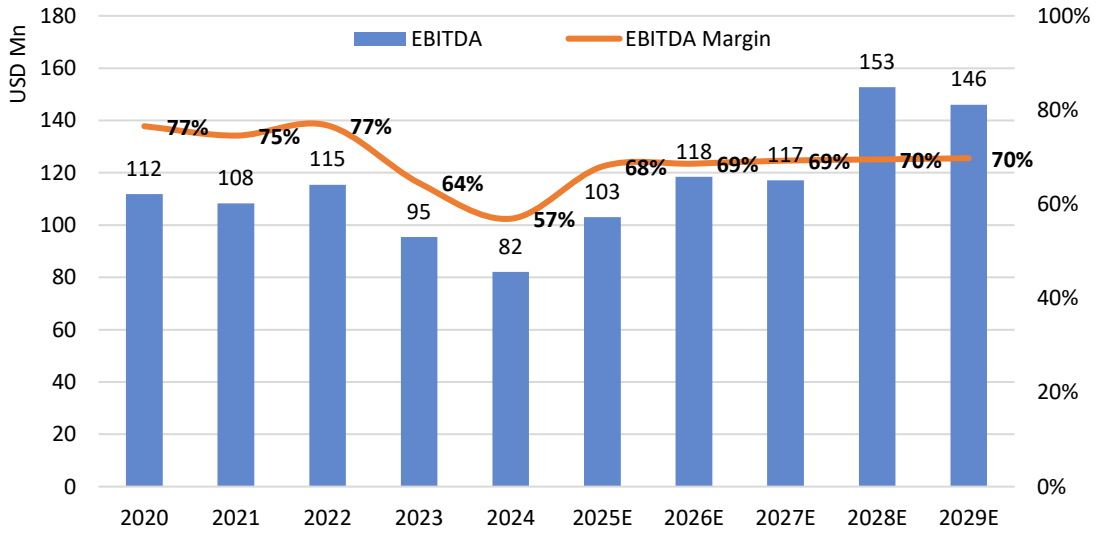


Figure 5: EBITDA and EBITDA Margin Trends

EBITDA remained stable from 2020 to 2022 before declining in 2023–2024, triggered largely by lower-than-expected spot electricity prices, and inflationary accounting effects, causing distortions. We expect rebound to start in 2025 as hybrid plants contribute without adding significant operational costs. EBITDA climbs in 2026 with new capacity, and peaks in 2028 following full commissioning of the 310 MW expansion. Assuming easing rates and stable regulation, we expect that **margins will gradually recover in the following years**, hovering around 70% until new investments follow.

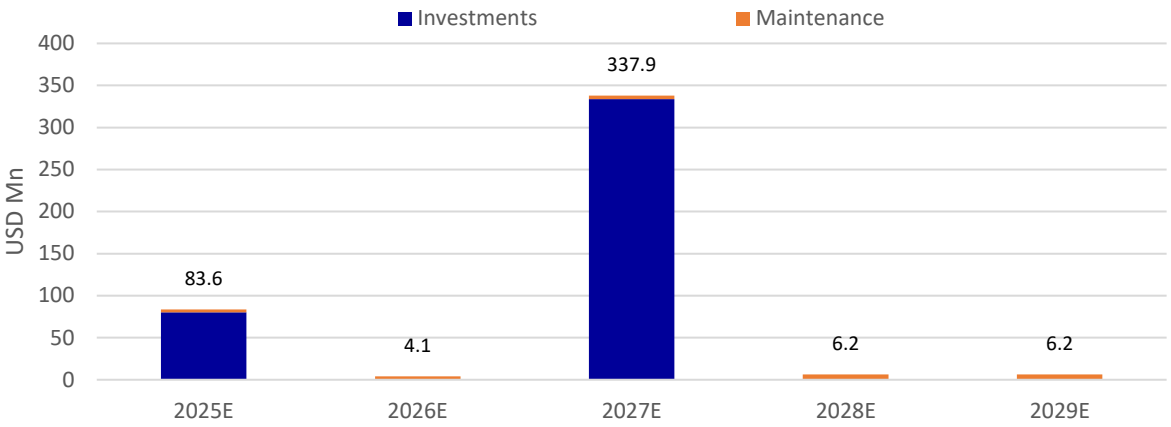


Figure 6: Future Capital Expenditure

Renewable energy firms are capital-intensive upfront because investments require purchasing of expensive industrial parts and large acres of land – as well as construction costs during development. After entering operation, the assets have low maintenance costs, which make their long-term cost structure relatively predictable.

To calculate investment costs, we obtained data from the company about their cost projections. SPPs **cost 500k USD per MW**, WPPs cost **1 million USD per MW**, and integrated battery systems cost **230K USD per MWh.**

Assuming a 1 year investment-to-rollout time, Akfen's capital expenditure spikes in 2025E with the spending for hybrid systems, and in 2027E with the spending for the 310 MW wind and solar plants. Here, spending peaks at **USD 83.6 million in** 2025E and **USD 337.9 million in 2027E**; beyond that, CapEx is expected to hover around **USD 6 million**. This stability in cash flow post-expansion, alongside a stable EBITDA margin, **points to Akfen's strong financial position in the near future.**

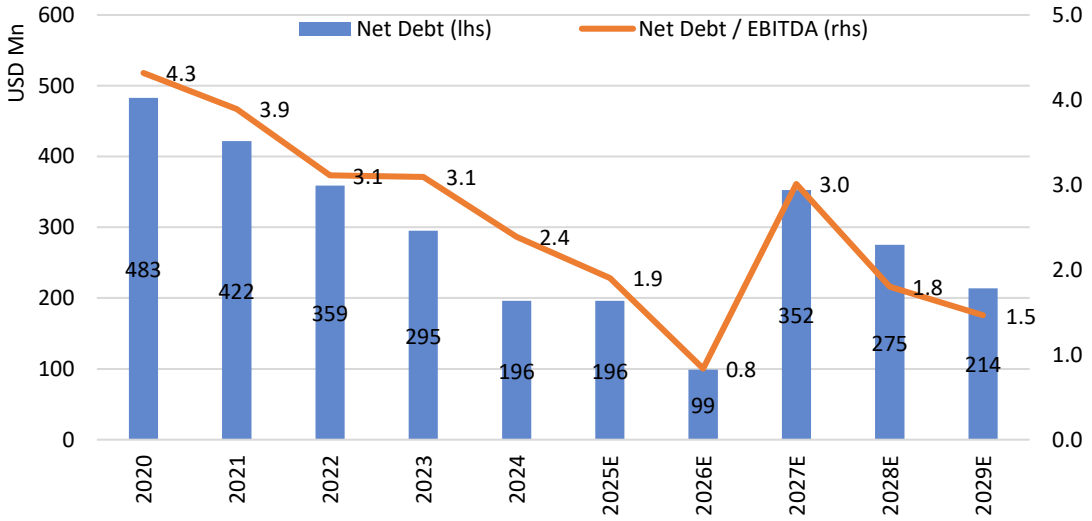


Figure 7: Net Debt and Net Debt / EBITDA Trends

Net debt/EBITDA declining to 1.9x in 2025 indicates **smart debt leveraging** for the hybrid system expansion. The sharp increase in 2027 is rationalized as the company plans to finance a healthy chunk of its 310 MW investment through debt. We would like to highlight the **1) steep drop in Net Debt/EBITDA** from **3.0x** in 2027 to **1.5x** in 2029, and **2) notably faster pace of deleveraging** post-2027 compared to 2020-2024, which signal **strong cash generation** as well as **careful capital allocation** in these projects. With major development plans completed by the end of 2027 and leverage on a clear downward trend, the company is expected to **initiate dividend distributions starting in 2028.**

Peer Comparison

Due to significant regulatory differences in electricity production across countries, we did not include a peer comparison in our valuation. However, we believe it is still important to consider Akfen's position relative to its global peers. Based on our peer comparison, AKFYE currently trades at a 45% discount based on a blended forward P/E ratio and a 35% discount based on a blended forward EV/EBITDA.

			P/E		EV/EBITDA	
Company	Country	Market Cap (USD Mn)	2025E	2026E	2025E	2026E
Audax Renovables Sa	Spain	800	11.9	9.7	8.0	7.1
Brookfield Renewable Corp	United States	11,065	-	-	13.9	12.7
Clearvise Ag	Germany	131	77.9	51.0	11.0	9.7
Clearway Energy Inc-C	United States	6,358	41.7	29.5	14.0	13.1
Edp Renovaveis Sa	Spain	12,082	29.4	22.7	11.3	10.5
Encavis Ag	Germany	3,335	-	-	-	-
Enefit Green As	Estonia	1,045	26.0	21.1	14.2	12.3
Polaris Renewable Energy Inc	Canada	183	-	12.5	5.5	5.0
Renova Inc	Japan	408	31.1	22.8	12.1	11.2
Serena Energia Sa	Brazil	1,320	-	71.3	9.6	9.1
Galata Wind Enerji As	Türkiye	297	-	-	4.3	3.7
Absolute Clean Energy Pcl	Thailand	398	13.1	7.3	8.4	5.4
Average (Trimmed 20% - 80%)			28.3	24.2	10.6	9.3
AKFYE		**486**	**15.8**	**13.3**	**6.9**	**6.0**
Premium / Discount			**-44%**	**-45%**	**-35%**	**-36%**

Valuation

The tables below display our unlevered free cash flow calculations and WACC assumptions until 2034.

WACC Assumptions	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Risk Free Rate	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Equity Risk Premium	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Weight of Debt	17.8%	17.3%	27.5%	24.9%	22.3%	19.5%	16.5%	13.3%	9.9%	6.3%
Weight of Equity	82.2%	82.7%	72.5%	75.1%	77.7%	80.5%	83.5%	86.7%	90.1%	93.7%
Debt / Equity	21.6%	20.9%	37.9%	33.2%	28.6%	24.2%	19.8%	15.4%	11.0%	6.7%
Beta	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Cost of Debt	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Cost of Equity	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%
WACC	**10.6%**	**10.7%**	**10.1%**	**10.2%**	**10.4%**	**10.5%**	**10.7%**	**10.9%**	**11.1%**	**11.3%**

Valuation (USD Mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
EBIT	57.6	65.6	66.4	86.8	83.2	80.5	80.1	79.7	79.3	85.6
Depreciation	45.5	52.8	50.7	65.9	62.8	60.7	60.1	59.8	59.5	64.2
EBITDA	103.1	118.4	117.1	152.7	146.0	141.2	140.1	139.4	138.7	149.8
Cash Taxes	10.2	12.2	11.6	14.6	15.0	15.5	16.5	17.5	18.5	21.2
Capital Expenditure	83.6	4.1	337.9	6.2	6.2	6.2	6.2	6.2	6.2	19.8
Change in Net Working Capital	-7.3	-11.6	1.2	-5.2	1.1	0.7	0.2	0.1	0.1	-1.6
Unlevered Free Cash Flow (FCFF)	16.6	113.7	-233.6	137.2	123.8	118.9	117.3	115.7	114.0	110.5
Discount Rate	10.6%	10.7%	10.1%	10.2%	10.4%	10.5%	10.7%	10.9%	11.1%	11.3%
Present Value of FCFF	7.5	92.9	-173.4	92.4	75.5	65.6	58.5	52.0	46.1	40.2

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	
Perpetual Growth Rate	1%
USDTRY (Current)	39.84
USDTRY 12M Target	47.00

Calculating Target Price (Mn USD)	
Enterprise Value	753
Cash and Cash Equivalents (+	56
Debt (-)	276
Minority Interest (-)	3
Fair Value	530
12M Target Market Cap	586
Shares Outstanding (Mn)	1,197

Current Price (USD)	0.41
Current Price (TL)	16.19
12 Month Target Price (USD)	0.49
12 Month Target Price (TL)	**23.00**
Upside Potential (TL)	42%

The table below shows how our target price changes for varying electricity market prices and terminal growth rates.

Projected Target Price (TRY)		Electricity Market Price (USD/MWh)		
		64	67	70
Terminal Growth Rate	0%	20.10	21.30	22.60
	1%	21.70	**23.00**	24.40
	2%	23.60	25.10	26.50

Despite conservative assumptions (perpetual growth of 1%), Akfen Enerji remains undervalued. This is supported by a sensitivity analysis that shows little downside risks. In our worst-case scenario, with electricity prices at 64 USD/MWh and a 0% terminal growth rate, the stock still offers a 24% upside potential. On the contrary, if electricity prices reach 70 USD/MWh with a 2% growth rate, the upside expands to 64%.

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.

Disclaimer

The investment information, comments, and recommendations provided here are not within the scope of investment consultancy. Investment consultancy services are provided within the framework of an investment consultancy agreement to be signed between intermediary institutions, portfolio management companies, non-deposit-taking banks, and customers. The comments and analyses provided here are of a general nature. These recommendations may not be suitable for your financial situation and risk and return preferences. Therefore, making investment decisions based solely on the information presented here may not yield results in line with your expectations.

All comments and recommendations consist of forecasts, estimates, and price targets. Changes may be made to these comments and recommendations due to changes in market conditions over time. All views and information in this report have been compiled from sources believed to be reliable, but their accuracy has not been independently verified. Therefore, PhillipCapital Securities Inc. and its employees are not responsible for any damages that may arise from the incompleteness or inaccuracy of this information. For this reason, it is recommended that readers verify the accuracy of the information before acting on the information obtained from these reports, and they are responsible for the decisions they make based on this information. PhillipCapital is not responsible in any way for the lack and inaccuracy of the information. In addition, PhillipCapital and all employees do not have any responsibility for damages arising from information in any way.

There are no known relationships or conditions that could affect the objectivity of the comments and recommendations presented here in a way that could affect the objectivity of the company, and great care and attention have been taken to prepare it in a way that will not give rise to significant conflicts of interest that may arise between our Company and customers.

The information provided here is not an investment recommendation, a buy/sell recommendation for an investment instrument, or a promise of return, and is not included in the scope of Investment Consultancy. This report, in whole or in part, cannot be reproduced, published, or shown to third parties without the written permission of PhillipCapital Menkul Değerler A.Ş. and cannot be used for commercial purposes.