Equity / Large Cap. / Conglomerate

Alarko Holding

2/5/2026

Meeting Notes & Target Price Revision

BUY

Upside Potential 68%

Alarko Post Break-up

We observe that Alarko is proceeding step-by-step towards a greener portfolio with the electricity distribution arm assuming a much more critical role and the coal power plant set to exit the portfolio. With the commencement of the 5th implementation period in the electricity distribution and the realization of full ownership in the distribution business line—where we see serious growth in asset bases due to increasing investments—we foresee that the resulting simplicity and transparency, alongside the growth in the asset base, should narrow the holding discount in the coming periods.

Following the updates we made to our model in light of the asset base projection shared by the Company for the distribution business line and developments in other business lines, we raise our 12-month target price to TL 185/share (previously TL 158/share) with 68% upside potential and maintain our BUY recommendation.

Farewell to coal. A preliminary protocol was signed last month stating that Alarko would take over Alcen, which includes distribution and renewable energy power plants, in exchange for the entirety of Cengiz's Cenal Karabiga Coal Power Plant. We learned that negotiations for the swap transactions are still ongoing and could be finalized in June. Although we do not have numerical details about the agreement, the Company clearly emphasized that there will be no cash outflow from Alarko. An important detail mentioned was that the coal power plant is responsible for 96% of the Holding's carbon emissions. Thus, with full ownership to be achieved in distribution, the aim is to attract the interest of foreign funds with a more transparent and predictable outlook as well as significantly reduced carbon emissions. When we asked whether the distribution business line would be offered to the public (IPO) after the swap agreement, we received a clear answer that they do not have such a thought for the next 2 years.

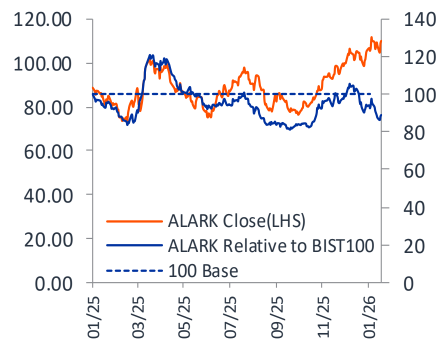
The Regulated Asset Base (RAB) is expected to reach $1.5 billion in 2030. Following the Company closing 2025 with a $754 mn asset base, it is expected to reach a $1.5 billion asset base in 2030 by investing approximately $2 billion in the 5th implementation period. With the WACC determined by EMRA increasing from 12.3% to 13.49%, the distribution business line is expected to generate an average annual EBITDA of $355 mn over the next 5 years alongside increasing

Stock Data	TL
Price	110.20
Target Price*	184.89
Prev.TP	158.57
Mcap (mn)	47,937
Float Mcap (mn)	17,770
Avg.Daily Volume (3M, mn)	
No. of Shares Outstanding (mn)	435
Free Float (%)	37
Foreign Share (%)	14

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	8.4	8.0	32.0
US$	7.3	6.6	9.2
Rel.to BIST-100	-6.2	-12.4	-6.8

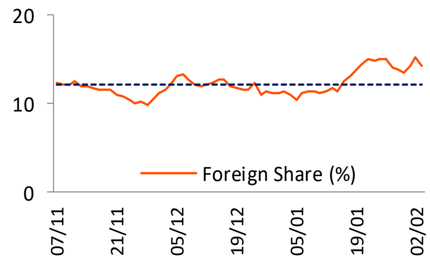
Multiples ($)	2024	2025	2026
P/E	2.6	2.6	-
P/BV	0.7	0.7	-
EV/EBITDA	47.8	46.7	-

Price / Relative Price



3M Range (Close TL)	85.95	111.80

Foreign Share (%) Cur.(%) : 14.29



Alihan Gürleyen
agurleyen@isyatirim.com.tr
+90 212 350 25 00

CAPEX reimbursements. According to the Company, the total contribution of the increase in RRR to EBITDA for the next 5 years is $80 mn. Thus, we estimate that the main contribution will come from the growth in the asset base with investments increasing by 103% in real terms.

A slow year for agriculture investments. The Company stated that 2025 was a slow year for agricultural investments due to rising financing costs. For this reason, they noted that the equity ratio increased from 30% to the 50% level. In addition to this, a decrease was observed in the internal rate of return (IRR), especially with the increase in labor costs in Turkey. The company also underlined that while greenhouses constructed were expected to amortize themselves in 5 years in feasibility studies conducted in 2023, this period is currently 7-8 years. Looking at the EBITDA side, they stated that the margin is currently hovering at levels of 10% due to rising costs in this period, but they maintain their expectations at the 25% level in the coming periods. They also added that a portion of the production planned for this year's summer period has shifted to the winter of 2026 and we will see this shift in EBITDA. Among the developments mentioned were the start of micro-granule exports in 2026 and the commencement of commercial marketing on the seed side this year. There is no significant development on the dried products yet. Regarding Kazakhstan, it was mentioned that production started on 400 decares of land and another 400 decares will be added in 2026. Of course, at this point, we see on the figures that investments have slowed down. Although 10 thousand decares are targeted for 2028, we prefer to remain more prudent following these developments and project 10 thousand decares for the year 2029 in our model.

Chinese competition is quite critical on the battery side. Although a move was made by signing an agreement for cell and electricity storage battery production last year, we still do not have new details on the production and feasibility side. However, according to the Company, a "Hit30" invitation has been received for the project. This invitation is of great importance for battery production because, according to the Company, it is not possible to compete with the Chinese at this circumstances without government support. Another important development mentioned by the Company is the "Made in Europe" legislation. Emergence of favorable legislations against the Chinese could accelerate battery investments. However, the bureaucratic process regarding both Hit30 support and "Made in Europe" legislation continues, and the fate of investments seems entirely dependent on these developments.

The first sale on the aviation side is expected to take place at the end of 2026. As far as we understand, the modification of the first cargo aircraft will be completed in March 2026. Subsequently, inspections will be carried out by the European Union Aviation Safety Agency (EASA). Following the inspection, the first sale is planned to be made at the end of 2026. In the long term, the modification of 12 aircraft per year is targeted. Here, too, we still do not have new details on the figures side. Although it poses an upside risk for our target price, we continue to exclude it from our valuation.

Other developments: We learned that the sale of the 82MW Kırklareli Natural Gas Power Plant, whose license was cancelled before, is also planned. Although no figure was shared for the sales price, we estimate that it could be sold at a price of $10-12 mn with a straight-forward calculation.

It was shared that total assets in the asset management reached the level of $125 mn, and the expectation is for it to reach $515 mn in 2030, but we based our valuation on $125 mn.

They announced that they have launched a performance-based stock ownership program for employees. A positive development in terms of governance.

They expect the electricity price to be at the $60 level for this year.

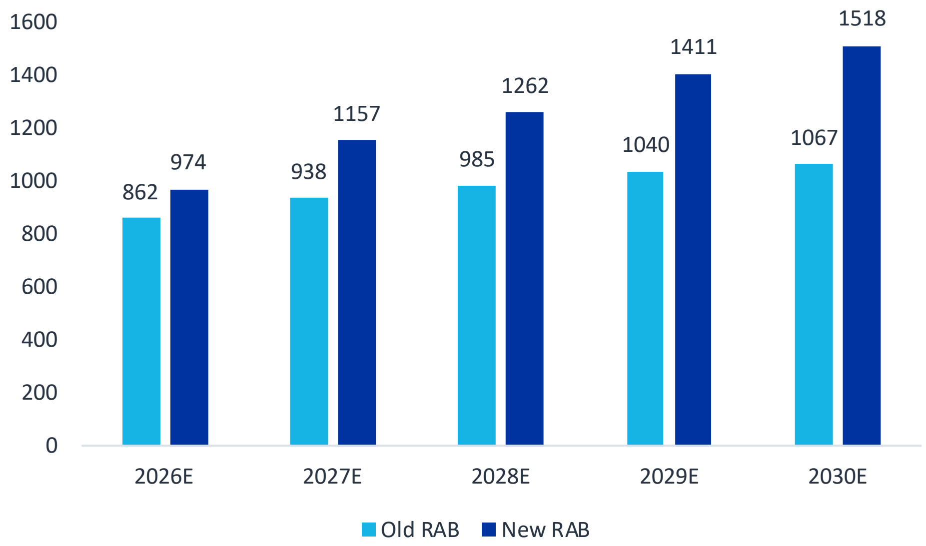
Table 1: Net Asset Value

Business Segments/Company	Ticker	ALARK's Stake	Current Valuation Method	Current Value	ALARK's Stake	Weight in NAV	Target Valuation Method	Target Value	ALARK's Stake	Weight in NAV
Contrating				**5**	**5**	**0%**		**5**	**5**	**0%**
Alsim		100.0%	Book Value	5	5	0%	Book Value	5	5	0%
Energy				**3609**	**1888**	**42%**		**4059**	**2167**	**82%**
Meram (Retail&Distribution)		49.9%	DCF	1596	797	35%	DCF	1795	896	34%
Altek (Karakuz+Gönen)		100.0%	DCF	170	170	7%	DCF	194	194	7%
Cenal (Karabiga)		50.0%	DCF	1843	921	40%	DCF	2069	1035	39%
Panel Enerji (Solar)		50.0%	DCF	72	36	2%	DCF	83	41	2%
Agriculture				**252**	**252**	**11%**		**281**	**281**	**11%**
		100.0%	50% DCF & 50% 8x EV/EBITDA	252	252	11%	DCF	281	281	**11%**
Real Estate				**358**	**235**	**6%**		**375**	**244**	**9%**
Alarko REIT	ALGYO	51.0%	Current Mcap	250	128	6%	Current Mcap*(1+CoE)	268	137	5%
Land		100.0%	Appraisal Value @ 40% Discount	108	108	5%	Appraisal Value @ 35% Discount	108	108	4%
Investment				**125**	**125**	**5%**		125	125	**5%**
ALSER		100.0%		125	125	5%		125	125	5%
Industry&Trade				**218**	**94**	**4%**		**233**	**100**	**4%**
Alarko Carrier	ALCAR	43.0%	Current Mcap	218	94	4%	Current Mcap*(1+CoE)	233	100	4%
Tourism				**71**	**71**	**3%**		**84**	**84**	**3%**
Attas		100.0%	@ 13.75x 1YF EV/EBITDA	71	71	3%	@ 13.75x 1YF EV/EBITDA	84	84	3%
Total Value From Participations					**2,671**	**100%**	**Total Value From Participations**		**3,006**	**100%**
Listed					221	8%	Listed		237	8%
Unlisted					2,449	92%	Unlisted		2,769	92%
Holding Only Net Cash					-378	-16%	Holding Only Net Cash		-378	-14%
Current NAV					**2,293**		**Target NAV**		**2,628**	
Prem / (Disc) to Current NAV					**-51.9%**		**Prem / (Disc) to Target NAV**		**-40.0%**	
Historical Average Discount (one year)					**n.a.**		**Historical Average Discount**		**n.a.**	
Current Mcap					1,102		**Target Mcap		1,571	
					1		**Target Share Price (US$)**		**3.61**	
							Target Share Price (TL)		**184.87**	

Source: Is Investment

We are updating our model assumptions following the announcement of the 5th implementation period parameters in the distribution business line. As the WACC rises from 12.3% to the 13.49% level, we expect the asset base to reach the $1.5 billion level in 2030. We continue to maintain the holding discount at the 40% level. As a result of our USD-based Net Asset Value (NAV) valuation, which we converted using our 2026 year-end USD/TRY estimate of 51 after integrating current macro assumptions into the model, **we raise our 12-month target price to TL 185/share (previously TL 158/share) with 68% upside potential and maintain our BUY recommendation.**

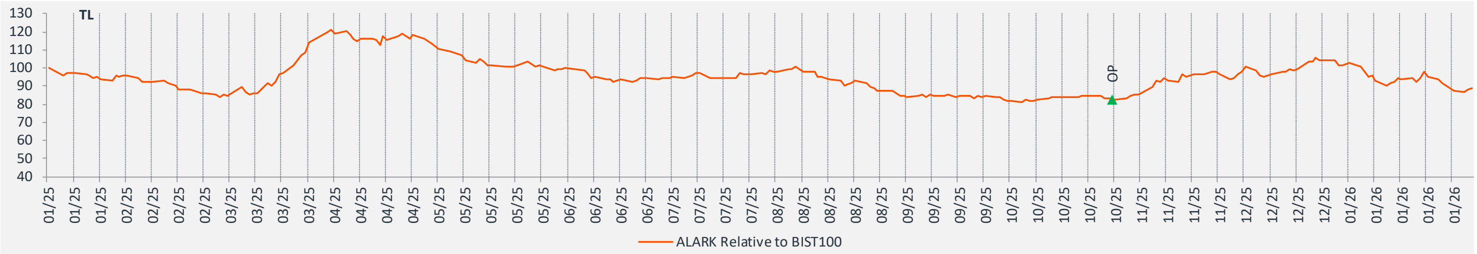
Table 2: Updated RAB Assumptions (mn USD)



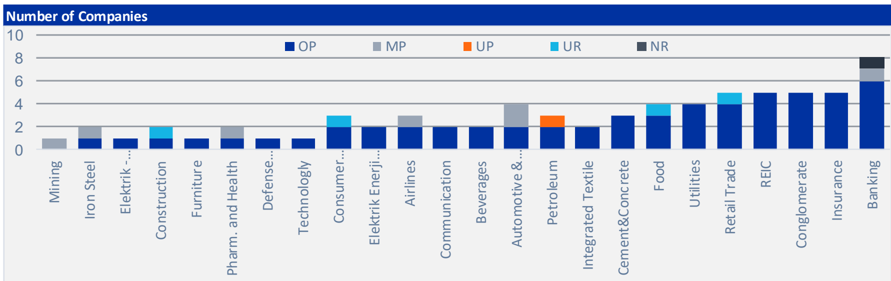
Source: Is Investment

Alarko Holding

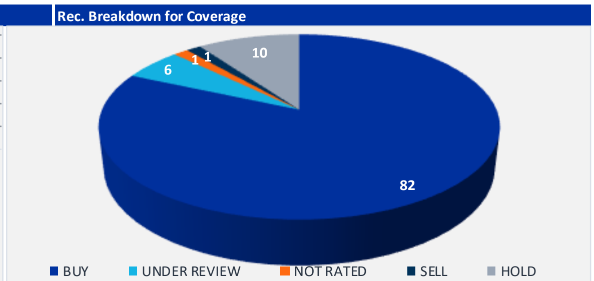
Relative to BIST 100 / Recommendations



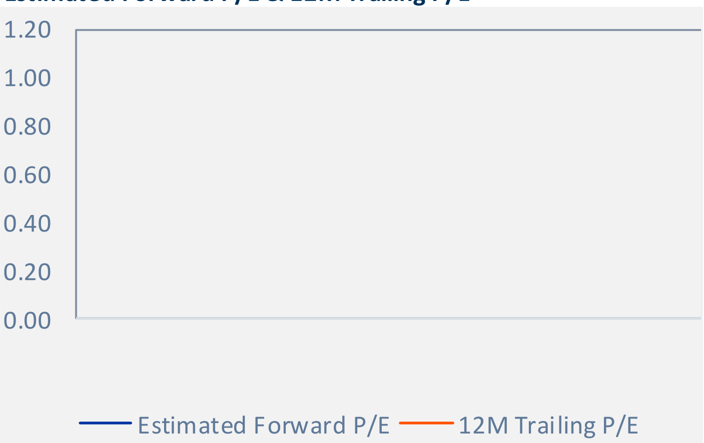
Number of Companies



Rec. Breakdown for Coverage



Estimated Forward P/E & 12M Trailing P/E



Estimated Forward P/BV & Current P/BV