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Turkish Equity Research

3Q23 Preview

- 3Q23 earnings season to kick off this week on October 20th:** 3Q23 earnings season for companies under our coverage is set to start on October 20th with Arcelik and last until November 9th. Based on our projections, banks will show 14% y/y EPS increase (up 21% q/q) in 3Q23. As for non-banks, we estimate 121% y/y EPS expansion (up 166% q/q), while EBITDA should increase 98% y/y (up 82% q/q). Overall, we expect Turkish equities we cover to post 84% y/y EPS growth for 3Q23 (up 111% q/q).
- Banks: Net income to rise on stronger NIM and lower CoR:** We expect banks in our coverage to report aggregate net income of TL87.4bn for 3Q23, up 21% q/q and 14% y/y. Swap-adjusted NIM is set to rise by 140bps on average for the banks in our coverage, mainly due to the higher CPI linker income, though average TL core spread is also expected to expand by 60bps. On the other hand, we estimate net CoR to decline by 125bps q/q to 90bps, as the impact of currency depreciation was more limited. We forecast TL27.1bn trading gains vs TL64.8bn in the previous quarter, with the normalization in core trading gains. We foresee fee income up by 34% q/q and 137% y/y and we forecast 119% y/y growth in opex. Loan and deposit growths were 7% and 14% q/q respectively in the sector. We expect **Yapi Kredi** to report the highest q/q earnings growth, along with state banks (**Halkbank** and **Vakifbank**) which had very weak 2Qs.
- Non-banks: Forecasting 121% y/y EPS expansion (up 166% q/q) for 3Q23:** As for non-banks, we estimate 121% y/y EPS expansion (up 166% q/q) and 98% y/y growth in EBITDA (up 82% q/q) in 3Q23. Despite the ongoing global economic slowdown and the recent economic tightening measures implemented by the government, non-financial companies' operating performances have improved in 3Q, as the impact of earthquakes and the election uncertainties are lifted. Also, FX losses were very limited in 3Q, as TL depreciated by mere 6% q/q in 3Q against USD during the quarter. That said, 5pp increase in corporate taxes, which will also be applicable for 1H23, is likely to put a dent on the earnings.
- Relatively strong performers:** **Autos** and **Aviation** will continue to report strong set of results, although to a lesser extent compared to the previous quarters. **TAV Airport**'s bottomline to be boosted by one-off stake sale, while **Turkish Airlines**' earnings continue to be strong, despite the rise in oil prices. **Ford Otosan**'s profitability is likely appear stronger, thanks to FX impact on export margins and inventory gains. **Food Retailers** in general should record q/q improvement in profitability, as gross margins improve following the product price hikes. **Tupras** should announce strong results, given the strong operating environment and higher CUR. **Aygaz** should benefit from seasonality, inventory gains and higher income from Tupras. Energy and finance segment performance should support **Koc**'s consolidated metrics. **Coca-Cola Icecek** and **Anadolu Efes** should record strong earnings growth on effective pricing and cost strategy. **Turk Traktor** should benefit from buoyant tractor demand, higher pricing, and income from net cash position. **Aselsan** should record USD based revenue growth on new contract awards. **Ulker** should see operational improvement as well as lower FX losses.
- Relatively weak performers:** Tighter demand conditions and lower margins resume for **Kordsa**. We expect **Erdemir** to post a tangible net loss related primarily to higher corporate tax rate, while non-cash FX losses related to hedge accounting could pressure **Kardemir**'s bottom-line, despite a moderate operating performance. **Sisecam** should continue to be affected by weaker demand, margin compression and higher tax rate.

	TLm	3Q22	2Q23	3Q23E	y/y	q/q
Non-Banks						
Revenues		831,144	963,654	1,461,070	76%	52%
EBITDA		171,648	186,814	340,267	98%	82%
Net Income		145,275	120,638	320,393	121%	166%
Banks						
Net Income		76,769	72,313	87,399	14%	21%
Total						
Net Income		222,043	192,951	407,791	84%	111%

Source: Company data, Unlu & Co estimates

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3Q23 estimates

Figure 1: Banks

TL m	3Q23E			y/y change			q/q change			Expected Release Date
	Loans	NIM	Net Income	Loans	NIM	Net Income	Loans	NIM	Net Income	
Banks										
Akbank	762,349	6.94%	20,458	56%	-243 bps	20%	11%	328 bps	1%	October 26
Garanti	944,376	4.53%	17,361	62%	-556 bps	-1%	9%	-6 bps	-6%	October 30
Halkbank	1,231,967	1.15%	2,904	70%	-663 bps	-33%	3%	29 bps	316%	Week of November 13 (TBC)
Isbank	995,912	2.97%	19,519	45%	-338 bps	30%	5%	-58 bps	5%	November 7-8 (TBC)
Vakifbank	1,378,735	2.34%	8,357	74%	-232 bps	49%	9%	206 bps	730%	November 9 (TBC)
Yapi Kredi	759,395	6.25%	16,981	40%	-281 bps	5%	8%	314 bps	48%	October 24
TSKB	113,497	7.08%	1,818	56%	-52 bps	62%	4%	-49 bps	3%	October 31 (TBC)

Figure 2: Non-Banks

TL m	3Q23E			y/y change			q/q change			Expected Release Date
	Revenues	EBITDA	Net Income	Revenues	EBITDA	Net Income	Revenues	EBITDA	Net Income	
TMT										
Turk Telekom	22,552	8,119	994	80%	61%	-15%	26%	35%	NM	November 6
Turkcell	25,948	11,083	2,228	77%	85%	-7%	20%	16%	-30%	November 7
Logo	560	98	60	46%	-20%	-47%	-2%	-44%	-77%	2nd week of November
Hiit	173	68	42	93%	111%	246%	35%	28%	291%	November 8
Contractors										
Enka Insaat	26,234	5,874	3,135	30%	29%	67%	76%	59%	28%	1st half of Nov.
Tekfen Holding	9,463	674	475	15%	-1%	-35%	7%	-21%	-4%	1st week of Nov.
Conglomerates										
Koc Holding			29,723			50%			44%	October 26
Sabanci Holding			12,721			17%			-4%	November 8
Alarko Holding			3,563			-16%			15%	1st half of Nov.
Precious Metals										
Koza Gold	2,366	731	1,613	20%	-27%	22%	65%	1968%	7%	October 30
Steel										
Erdemir	46,635	5,896	-2,087	27%	10%	NM	25%	54%	-48%	last week of Oct.
Kardemir	12,665	1,816	122	85%	310%	19%	61%	17%	-78%	1st week of Nov.
Oil & Gas										
Aygaz	12,166	482	1,710	16%	79%	11%	25%	48%	136%	October 25
Petkim	15,141	770	775	7%	12%	-48%	43%	3918%	477%	1st half of Nov.
Tupras	174,101	24,621	17,102	16%	39%	48%	67%	63%	137%	October 25
Utilities										
Enerjisa	32,748	3,962	8,599	40%	65%	616%	11%	3%	333%	November 6
Autos & White Goods										
Arcelik	57,934	6,094	1,019	69%	109%	203%	23%	22%	107%	October 20
Dogus Otomotiv	36,090	7,023	5,242	204%	195%	94%	33%	20%	2%	November 9
Ford Otosan	86,576	10,301	9,346	73%	112%	145%	18%	22%	39%	October 25
Tofas	26,029	4,209	4,441	62%	57%	116%	11%	-4%	-10%	October 25
Turk Traktor	12,401	2,815	2,513	116%	206%	285%	15%	5%	15%	October 24
Kordsa	6,458	450	8	30%	-7%	-98%	29%	19%	NM	November 3-6
Defence										
Aselsan	11,311	2,771	2,476	64%	98%	27%	16%	11%	-21%	October 31
Retailers										
Bim	73,847	5,547	3,097	81%	98%	74%	28%	29%	9%	November 7
Bizim Tiptan	6,239	267	29	62%	49%	-5%	25%	54%	NM	November 9 (TBC)
Sok Marketler	29,921	2,211	876	75%	69%	-27%	22%	28%	-2%	November 9
Migros	41,456	2,760	1,355	90%	35%	68%	26%	26%	-10%	November 1
Glass and materials										
Sise Cam	35,490	6,124	3,826	36%	5%	-20%	18%	17%	-33%	1st week of November
Aviation										
Pegasus Airlines	28,093	11,695	6,839	57%	43%	41%	86%	146%	255%	November 8
TAV Airports	12,566	4,775	5,082	104%	91%	186%	80%	105%	495%	October 24
Turkish Airlines	170,976	53,123	45,437	58%	56%	68%	59%	107%	230%	November 1
Food and Beverages										
Anadolu Efes	47,662	10,943	3,523	60%	63%	69%	25%	34%	23%	November 1
Coca Cola Icecek	31,065	7,212	3,734	78%	90%	105%	33%	42%	56%	October 31
Ulker Biskuvi	11,765	2,306	501	61%	84%	NM	24%	20%	NM	November 9
Kervan Gida	2,283	370	202	60%	74%	56%	40%	32%	439%	1st week of November
Healthcare										
MLP Care	4,626	1,015	502	87%	72%	9%	25%	13%	-27%	November 7
Insurance										
Ak Sigorta			88			73%			-81%	October 31
Anadolu Sigorta			1,712			1304%			-43%	October 31
Turkiye Sigorta			2,140			NM			-8%	last week of October

Source: UNLU & Co estimates, Company data

Figure 3: UNLU & Co estimates and comments

TL m	3Q22	2Q23	3Q23E	y/y	q/q	Comment
Akbank						Announcement date: October 26
Performing Loans	488,055	685,104	762,349	56%	11%	We anticipate a 328bps sequential expansion in swap-adjusted NIM, higher than the sector average, with the help of the higher CPI linker income and a 100bps rise in the TL core spread. We project core trading gains to come down from the very high level seen in 2Q, though remain at an elevated level at TL9.3bn, supporting the bottom line. Fee income is estimated to have risen 44% q/q and 220% y/y, supported by higher payment systems fees. We foresee a 145% y/y opex growth. We forecast net CoR to come down from 218bps in 2Q to 125bps, thanks to the lower currency impact. Excluding the currency impact, we estimate 106bps q/q decline in net CoR with limited NPL inflows.
NII	21,299	10,012	22,962	8%	129%	
NIM	9.38%	3.66%	6.94%	-243 bps	328 bps	
Net CoR	0.53%	2.18%	1.25%	72 bps	-93 bps	
Net Income	17,066	20,302	20,458	20%	1%	
ROE	59.6%	50.2%	45.3%	-1,435 bps	-495 bps	
Garanti						Announcement date: October 30
Performing Loans	584,608	865,541	944,376	62%	9%	We foresee 6bps sequential contraction in swap-adjusted NIM, mainly due to estimated 30bps q/q drop in TL loan/deposit spread. We expect Garanti posting a 31% q/q and 110% y/y growth in fee income. Opex growth is estimated to be 102% y/y. We foresee net CoR at 105bps, down 341bps compared to the previous quarter, as the impact of currency depreciation was lower. Excluding this, net CoR is expected to rise up 11bps q/q to 68bps.
NII	25,671	15,416	18,159	-29%	18%	
NIM	10.09%	4.58%	4.53%	-556 bps	-6 bps	
Net CoR	2.60%	4.46%	1.05%	-155 bps	-341 bps	
Net Income	17,511	18,470	17,361	-1%	-6%	
ROE	57.6%	40.9%	35.3%	-2,232 bps	-556 bps	
Halkbank						Announcement date: Week of November 13 (TBC)
Performing Loans	723,493	1,195,340	1,231,967	70%	3%	We foresee a 29bps swap-adjusted NIM expansion on the back of higher CPI linker yields. We project 240bps decline in the TL loan/deposit spread, with 700bps rise in avg. TL deposit cost. Net CoR is expected to have risen by 13bps, though remained at the negative territory as reversals are forecasted to continue to exceed new provisions. We foresee fee income to have risen by 15% q/q and 99% y/y and we estimate 129% y/y growth in opex. Loan growth is expected to be lower than the sector average at 3%.
NII	23,363	4,837	9,461	-60%	96%	
NIM	7.78%	0.87%	1.15%	-663 bps	29 bps	
Net CoR	8.12%	-0.48%	-0.35%	-847 bps	13 bps	
Net Income	4,304	699	2,904	-33%	316%	
ROE	24.2%	2.4%	9.8%	-1,443 bps	742 bps	
Isbank						Announcement date: November 7-8 (TBC)
Performing Loans	689,192	945,720	995,912	45%	5%	We expect 58bps sequential NIM contraction in 3Q23, in contrast to the expansion trend in the sector, as we foresee a more limited increase in CPI linker income due to Isbank's accounting methodology. TL loan/deposit spread is estimated to have expanded by 220bps q/q. We foresee 51% q/q and 169% y/y rise in net fee income. We forecast TL6.9bn in net trading gains, excluding swap costs and ECL hedges, slightly up from TL6.5bn gains in the previous quarter. We estimate 5% q/q and 102% y/y opex growth in 3Q23. We project a normalization in income from participations following a very strong 2Q (2Q23: TL10.9bn, 3Q23: TL7.2bn). We expect net CoR to decline by 247bps to 17bps, mainly due to the lower currency impact and a one-off collection.
NII	20,449	15,238	16,439	-20%	8%	
NIM	6.34%	3.54%	2.97%	-338 bps	-58 bps	
Net CoR	2.34%	2.64%	0.17%	-217 bps	-247 bps	
Net Income	15,038	18,595	19,519	30%	5%	
ROE	44.3%	36.7%	35.8%	-854 bps	-92 bps	
Vakifbank						Announcement date: November 9 (TBC)
Performing Loans	794,467	1,270,028	1,378,735	74%	9%	We forecast a 206bps sequential NIM expansion mainly due to higher CPI linker income. We project a 80bps q/q expansion in TL loan/deposit spread, thanks to upwards repricing in the loan book. We forecast TL8.3bn of net trading gains (excl. swaps), down from TL9.7bn in the previous quarter. We estimate a 125% y/y increase in net fees, and we project a 145% y/y growth in opex. Net CoR is expected to rise by 134bps q/q to 249bps.
NII	15,670	1,762	15,248	-3%	765%	
NIM	4.66%	0.28%	2.34%	-232 bps	206 bps	
Net CoR	0.71%	1.15%	2.49%	179 bps	134 bps	
Net Income	5,592	1,007	8,357	49%	730%	
ROE	26.1%	2.9%	23.6%	-253 bps	2,068 bps	
Yapi Kredi						Announcement date: October 24
Performing Loans	541,011	702,765	759,395	40%	8%	We estimate a 314bps sequential NIM expansion, with the help of a 140bps rise in TL core spread and a higher CPI linker income. We foresee core trading gains (excl. swaps and hedging gains) to be TL3.8bn vs. TL7.9bn in the previous quarter. We forecast a 107% y/y increase in fee income, and 112% y/y growth in opex. We expect net CoR to be 76bps, indicating a decline of 219bps q/q, mainly due to the currency impact.
NII	20,705	7,601	21,771	5%	186%	
NIM	9.06%	3.11%	6.25%	-281 bps	314 bps	
Net CoR	-1.50%	2.95%	0.76%	227 bps	-219 bps	
Net Income	16,135	11,476	16,981	5%	48%	
ROE	62.4%	33.9%	45.4%	-1,701 bps	1,144 bps	
TSKB						Announcement date: October 31 (TBC)
Performing Loans	72,759	108,927	113,497	56%	4%	We expect loans to have remained flat in FX-adjusted terms. We forecast 49bps sequential decline in swap-adjusted NIM, due to lower FX loan yields. We estimate a 497bps q/q drop in net CoR, normalizing from a very high figure in the previous quarter. We foresee a 209% y/y increase in the fee income, supported by IPO revenues. We expect 58% y/y opex growth in 3Q23. Overall, we expect TSKB's bottom line to be higher by 3% q/q, which should translate into a 42% RoE.
NII	1,916	2,299	2,461	28%	7%	
NIM	7.60%	7.57%	7.08%	-52 bps	-49 bps	
Net CoR	4.48%	5.62%	0.65%	-383 bps	-497 bps	
Net Income	1,123	1,765	1,818	62%	3%	
ROE	50.6%	46.3%	41.8%	-878 bps	-444 bps	

Source: UNLU & Co estimates, Company data

Figure 3: UNLU & Co estimates and comments (continued)

TMT	3Q22	2Q23	3Q23E	y/y	q/q	Comment
Turk Telekom						
Revenues	12,552	17,947	22,552	80%	26%	Announcement date: November 6
EBITDA	5,035	6,036	8,119	61%	35%	We expect the margin pressure to continue due to lagged effect of price increases executed in July. A lower net earnings estimate stems from expectation of a tax expense in 3Q23, vs. tax income reported in 3Q22.
EBITDA margin	40.1%	33.6%	36.0%	-411 bps	237 bps	
Net Income	1,171	-601	994	-15%	n.m.	
Turkcell						
Revenues	14,662	21,651	25,948	77%	20%	Announcement date: November 7
EBITDA	5,990	9,523	11,083	85%	16%	We expect accelerated ARPU growth to be the main driver behind EBITDA growth. On the other hand, Turkcell will report one-off expense of TL1.75bn, associated with the earthquake donations.
EBITDA margin	40.9%	44.0%	42.7%	186 bps	-127 bps	
Net Income	2,396	3,161	2,228	-7%	-30%	
Logo						
Revenues	383	572	560	46%	-2%	Announcement date: 2nd week of November
EBITDA	122	174	98	-20%	-44%	Limited price increases in the ERP segment, margin weakness in Turkey and Romania operations should lead to lower earnings y/y.
EBITDA margin	31.9%	30.4%	17.4%	-1,448 bps	-1,295 bps	
Net Income	113	268	60	-47%	-77%	
Hitit						
Revenues	90	128	173	93%	35%	Announcement date: November 8
EBITDA	32	53	68	111%	28%	FX based revenue growth and margin accretion should contribute to an improvement in bottomline y/y in 3Q23.
EBITDA margin	35.8%	41.2%	39.0%	327 bps	-219 bps	
Net Income	12.2	10.8	42.1	246%	291%	
Contractors						
Enka Insaat						
Revenues	20,198	14,891	26,234	30%	76%	Announcement date: 1st half of Nov.
EBITDA	4,567	3,688	5,874	29%	59%	We expect contracting segment performance to be favourable, electricity generation output to improve q/q from a low base. We expect limited impact from investment income to Enka's consolidated bottom-line
EBITDA margin	22.6%	24.8%	22.4%	-22 bps	-237 bps	
Net Income	1,873	2,458	3,135	67%	28%	
Tekfen Holding						
Revenues	8,223	8,811	9,463	15%	7%	Announcement date: 1st week of Nov.
EBITDA	682	856	674	-1%	-21%	We expect relatively muted volumes at the fertilizer segment in the quarter, that is likely to be reflected at Tekfen's consolidated bottom-line as well.
EBITDA margin	8.3%	9.7%	7.1%	-117 bps	-259 bps	
Net Income	736	496	475	-35%	-4%	
Conglomerates						
Koc Holding						
Announcement date: October 26						
Energy and finance segment performance should be supportive of consolidated metrics						
Net Income	19,860	20,600	29,723	50%	44%	
Sabanci Holding						
Announcement date: November 8						
Moderation in banking segment profitability growth is likely to reflect on Sabanci's consolidated results						
Net Income	10,873	13,313	12,721	17%	-4%	
Alarko Holding						
Announcement date: 1st half of Nov.						
We expect a q/q improvement in CENAL's contribution to Alarko's consolidated financials following the completion of maintenance activity coupled with potential FX gains at the entity. Tourism segment, albeit small, should have a positive contribution to consolidated metrics as well.						
Net Income	4,220	3,090	3,563	-16%	15%	
Precious Metals						
Koza Gold						
Announcement date: October 30						
Revenues	1,968	1,438	2,366	20%	65%	We expect weaker volumes y/y and margin compression on the back of higher cash costs y/y.
EBITDA	1,002	35	731	-27%	1968%	
EBITDA margin	50.9%	2.5%	30.9%	n.m.	2,844 bps	
Net Income	1,320	1,514	1,613	22%	7%	

Source: Unlu & Co estimates, Company data

Figure 3: UNLU & Co estimates and comments (continued)

Steel	3Q22	2Q23	3Q23E	y/y	q/q	Comment
Erdemir						Announcement date: last week of Oct.
Revenues	36,723	37,346	46,635	27%	25%	We expect sequential improvement in volumes following the earthquakes with sales of c.2m tonnes in 3Q23 (vs. 1.85m in 2Q23, 1.84m 3Q22). We expect a similar EBITDA/tonne on a q/q basis. Bottom-line is likely to be pressured by tangibly higher corporate tax rate. We are not anticipating any tangible insurance claims to be booked in the quarter.
EBITDA	5,365	3,823	5,896	10%	54%	
EBITDA margin	14.6%	10.2%	12.6%	-197 bps	240 bps	
Net Income	2,565	-3,999	-2,087	n.m.	n.m.	
Kardemir (All shares)						Announcement date: 1st week of Nov.
Revenues	6,828	7,889	12,665	85%	61%	We expect Kardemir's EBITDA/tonne to register at c. USD110 in 3Q23 faring better on a y/y basis (vs. USD50 in 3Q22) while remaining below the high base of 2Q23 (USD159). We expect strong sales volume, at c. 600k tonnes in 3Q23 (vs. 488k in 3Q22 & 472k in 2Q23). However, tangible non-cash FX losses related to hedge accounting is likely to exert pressure on its bottom-line
EBITDA	442	1,554	1,816	310%	17%	
EBITDA margin	6.5%	19.7%	14.3%	786 bps	-536 bps	
Net Income	103	558	122	19%	-78%	
Oil & Gas						
Tupras						Announcement date: October 25
Revenues	150,609	104,405	174,101	16%	67%	We expect the strength in product cracks observed in the quarter, mild inventory gains and higher utilization to lead to a strong set of results for Tupras.
EBITDA	17,735	15,105	24,621	39%	63%	
EBITDA margin	11.8%	14.5%	14.1%	237 bps	-33 bps	
Net Income	11,554	7,217	17,102	48%	137%	
Aygaz						Announcement date: October 25
Revenues	10,522	9,715	12,166	16%	25%	We expect Aygaz's 3Q23 core LPG operating performance to be favourable, led by partial continuation of operating momentum observed in the previous quarter, supported by seasonality and inventory gains. We expect strong net income contribution from Tupras to be supportive of Aygaz's bottom-line as well.
EBITDA	269	326	482	79%	48%	
EBITDA margin	2.6%	3.4%	4.0%	141 bps	61 bps	
Net Income	1,538	724	1,710	11%	136%	
Petkim						Announcement date: 1st half of Nov.
Revenues	14,201	10,612	15,141	7%	43%	We expect weakness at Petkim's core spreads with theoretical ethylene naphtha spread averaging at USD86/tonne in 3Q23 (down 69% y/y, down 67% q/q) to overcompensated by tangible inventory gains, with the Platts index having risen by 18% in the quarter. Below EBIT gains, such as revaluation of real estate assets, could be supportive of its bottom line.
EBITDA	687	19	770	12%	3918%	
EBITDA margin	4.8%	0.2%	5.1%	25 bps	490 bps	
Net Income	1,495	134	775	-48%	477%	
Utilities						
Enerjisa						Announcement date: November 6
Revenues	23,391	29,476	32,748	40%	11%	We expect Enerjisa core operating performance and underlying net income trajectory to be within the annual guidance range. That said, a sizable deferred tax income, related to higher corporate tax rate, should lead to a significant non-cash boost at Enerjisa's reported net income in the quarter.
EBITDA	2,403	3,861	3,962	65%	3%	
EBITDA margin	10.3%	13.1%	12.1%	n.m.	-100 bps	
Net Income	1,201	1,984	8,599	616%	333%	
Autos & White Goods						
Arcelik						Announcement date: October 20
Revenues	34,255	46,948	57,934	69%	23%	Despite the slowdown in global appliance demand, strong demand in domestic market, led to a decent revenue growth that is boosted by the TL depreciation. We project the company to report EBITDA margin of 10.5%, which will be slightly lower than 2Q23 (10.7%), due to rising opex (minimum wage hike). Higher financial expenses and rise in tax expense should temper the growth in bottomline.
EBITDA	2,915	5,006	6,094	109%	22%	
EBITDA margin	8.5%	10.7%	10.5%	201 bps	-15 bps	
Net Income	336	492	1,019	203%	107%	
Dogus Otomotiv						Announcement date: November 9
Revenues	11,858	27,142	36,090	204%	33%	Sales volume increased by 85% y/y, due to a low base and increased availability. Revenues to rise by 204% y/y, thanks to TL depreciation and better pricing. EBITDA margin should slightly decline q/q from its peak in 2Q23, due to increased supply and some softness in demand. Rise in tax expense should put pressure on net margin.
EBITDA	2,378	5,874	7,023	195%	20%	
EBITDA margin	20.1%	21.6%	19.5%	-60 bps	-218 bps	
Net Income	2,698	5,135	5,242	94%	2%	
Ford Otosan						Announcement date: October 25
Revenues	50,127	73,553	86,576	73%	18%	We assume sales volume to rise 2% y/y, as exports decline 3%, while domestic sales increase by 33% y/y. Despite the relatively weak volumes, Ford Otosan's EBITDA margin should improve, thanks to higher export margins post the sharp TL depreciation and inventory gains.
EBITDA	4,853	8,449	10,301	112%	22%	
EBITDA margin	9.7%	11.5%	11.9%	222 bps	41 bps	
Net Income	3,816	6,727	9,346	145%	39%	
Tofas						Announcement date: October 25
Revenues	16,022	23,366	26,029	62%	11%	We assume sales volume to decline 11% y/y, as exports slump by 48% (mainly due to end of Doblo exports), while domestic sales increase by 20% y/y. Unit prices to rise 82% y/y due to weak TL, leading to 62% y/y growth in revenues. Profitability should slightly decline q/q, due to rising supply and competition in the domestic market.
EBITDA	2,682	4,367	4,209	57%	-4%	
EBITDA margin	16.7%	18.7%	16.2%	-57 bps	-252 bps	
Net Income	2,059	4,939	4,441	116%	-10%	
Turk Traktor						Announcement date: October 24
Revenues	5,736	10,805	12,401	116%	15%	We expect the improvement in operational profitability and working capital to continue in 3Q23.
EBITDA	920	2,692	2,815	206%	5%	
EBITDA margin	16.0%	24.9%	22.7%	666 bps	-222 bps	
Net Income	653	2,181	2,513	285%	15%	
Kordsa						Announcement date: November 3-6
Revenues	4,962	5,012	6,458	30%	29%	Margin pressures carry on into 3Q, sluggish demand will keep revenue in check while we expect the EBITDA margin to decline, on high inventory costs and pricing adjustments. Composite segment grow on ex-aviation areas, with still no positive sign of attaining pre-covid levels in aviation in the short-term.
EBITDA	487	378	450	-7%	19%	
EBITDA margin	9.8%	7.6%	7.0%	-284 bps	-58 bps	
Net Income	324	-83	8	-98%	n.m.	

Source: UNLU & Co estimates, Company data

Figure 3: UNLU & Co estimates and comments (continued)

Defence	3Q22	2Q23	3Q23E	y/y	q/q	
Aselsan						Announcement date: October 31
Revenues	6,887	9,770	11,311	64%	16%	We expect USD based revenue growth and a higher EBITDA margin y/y. This notwithstanding net income should be lower y/y, due to tax income recorded in 3Q22.
EBITDA	1,402	2,487	2,771	98%	11%	
EBITDA margin	20.4%	25.5%	24.5%	415 bps	-96 bps	
Net Income	1,956	3,146	2,476	27%	-21%	
Retailers						
Bim						Announcement date: November 7
Revenues	40,874	57,878	73,847	81%	28%	Following a muted y/y revenue growth in 2Q23 (+70%), revenue growth is likely to accelerate in 3Q23 (+81%), despite a strong base effect. We expect EBITDA margin to improve very slightly q/q. Higher tax expense is likely to put pressure on the bottomline.
EBITDA	2,801	4,292	5,547	98%	29%	
EBITDA margin	6.9%	7.4%	7.5%	66 bps	9 bps	
Net Income	1,775	2,845	3,097	74%	9%	
Bizim Toptan						Announcement date: November 9 (TBC)
Revenues	3,848	4,985	6,239	62%	25%	Following a weak 2Q, which was impacted by tough competition and negative price trends in certain product categories, Bizim is likely to report an improved set of results in 3Q23.
EBITDA	179	174	267	49%	54%	
EBITDA margin	4.7%	3.5%	4.3%	-38 bps	80 bps	
Net Income	31	-30	29	-5%	n.m.	
Sok Marketler						Announcement date: November 9
Revenues	17,098	24,615	29,921	75%	22%	Revenue growth is likely to decelerate due to the strong base of 3Q22. Meanwhile, profitability should improve q/q due to rise in gross margin. Sok's bottomline will be supported by interest income and insurance compensation income (earthquake related) recorded.
EBITDA	1,308	1,722	2,211	69%	28%	
EBITDA margin	7.6%	7.0%	7.4%	-26 bps	40 bps	
Net Income	1,195	892	876	-27%	-2%	
Migros						Announcement date: November 1
Revenues	21,819	32,951	41,456	90%	26%	Migros' revenue growth is likely to remain strong compared to its peers, thanks to its ongoing price investments to gain market share. Meanwhile, profitability should improve very slightly q/q. Bottomline should be supported by Competition Board penalty provision reversal (TL194m)
EBITDA	2,037	2,183	2,760	35%	26%	
EBITDA margin	9.3%	6.6%	6.7%	-268 bps	3 bps	
Net Income	807	1,500	1,355	68%	-10%	
Glass and Materials						
Sise Cam						Announcement date: 1st week of November
Revenues	26,047	30,069	35,490	36%	18%	Downswing in architectural glass and soda ash pricing coupled with a lower CUR should result in a revenue growth below inflation and margin squeeze y/y.
EBITDA	5,814	5,245	6,124	5%	17%	
EBITDA margin	22.3%	17.4%	17.3%	-507 bps	-19 bps	
Net Income	4,801	5,705	3,826	-20%	-33%	
Aviation						
Pegasus Airlines						Announcement date: November 8
Revenues	17,840	15,109	28,093	57%	86%	Pegasus' pax number rose 14% y/y, while load factor slightly declined 0.5pp y/y. In 3Q23, passenger yields to decline compared to the very strong base of 3Q22, which was an outlier. We also assume FX losses (EUR26m) to be recorded, due to weakening in EUR against USD.
EBITDA	8,189	4,748	11,695	43%	146%	
EBITDA margin	45.9%	31.4%	41.6%	-428 bps	1,020 bps	
Net Income	4,838	1,925	6,839	41%	255%	
TAV Airports						Announcement date: October 24
Revenues	111,456	157,836	366,551	229%	132%	We assume TAV's passenger traffic to rise by 16% y/y. Bottomline is likely to be boosted by one-off income recorded (EUR70m) for the sale of Madinah's 24% stake.
EBITDA	45,118	52,598	139,289	209%	165%	
EBITDA margin	40.5%	33.3%	38.0%	-248 bps	468 bps	
Net Income	32,106	19,296	148,223	362%	668%	
Turkish Airlines						Announcement date: November 1
Revenues	108,537	107,633	170,976	58%	59%	THY's passenger numbers rose by 10% y/y, while RPK and ASK increased 8%, leading to flattish load factor compared to 3Q22. Passenger yields are likely to remain resilient; costs are controlled; while the rise in oil prices should have limited impact on the profitability.
EBITDA	34,161	25,623	53,123	56%	107%	
EBITDA margin	31.5%	23.8%	31.1%	-40 bps	726 bps	
Net Income	27,118	13,754	45,437	68%	230%	

Source: UNLU & Co estimates, Company data

Figure 3: UNLU & Co estimates and comments (continued)

Food and Beverages	3Q22	2Q23	3Q23E	y/y	q/q	
Anadolu Efes						Announcement date: November 1
Revenues	29,774	38,002	47,662	60%	25%	Revenue growth in all segments and margin gain in soft drinks segment should drive earnings growth in 3Q23.
EBITDA	6,716	8,144	10,943	63%	34%	
EBITDA margin	22.6%	21.4%	23.0%	40 bps	153 bps	
Net Income	2,082	2,872	3,523	69%	23%	
Coca Cola Icecek						Announcement date: October 31
Revenues	17,413	23,273	31,065	78%	33%	Price increases to cover cost inflation in Turkey and Pakistan, volume growth in Turkey, Uzbekistan and Iraq, as well as prudent cost management should drive earnings growth y/y.
EBITDA	3,786	5,064	7,212	90%	42%	
EBITDA margin	21.7%	21.8%	23.2%	147 bps	146 bps	
Net Income	1,819	2,388	3,734	105%	56%	
Ulker Biskuvi						Announcement date: November 9
Revenues	7,302	9,512	11,765	61%	24%	We factor in a better bottomline on a y/y and q/q basis, due to the operational improvement and lower FX losses.
EBITDA	1,254	1,915	2,306	84%	20%	
EBITDA margin	17.2%	20.1%	19.6%	243 bps	-53 bps	
Net Income	-217	-1,692	501	n.m.	n.m.	
Kervan Gida						Announcement date: 1st week of November
Revenues	1,427	1,632	2,283	60%	40%	The improvement in export revenues and FX effect should be the main elements of growth in 3Q23.
EBITDA	213	281	370	74%	32%	
EBITDA margin	14.9%	17.2%	16.2%	129 bps	-102 bps	
Net Income	129	37	202	56%	439%	
Healthcare	3Q22	2Q23	3Q23E	y/y	q/q	
MLP Care						Announcement date: November 7
Revenues	2,476	3,693	4,626	87%	25%	We expect a 51% growth in profit before tax y/y, thanks to improved traffic, revenue per visit/protocol and foreign medical tourism revenues. We think y/y contraction in EBITDA margin should be temporary, owing to SUT price increases in Sep'23.
EBITDA	590	896	1,015	72%	13%	
EBITDA margin	23.8%	24.3%	21.9%	-188 bps	-232 bps	
Net Income	462	687	502	9%	-27%	
Insurance	3Q22	2Q23	3Q23E	y/y	q/q	
Aksigorta						Announcement date: October 31
						We expect an increase in combined ratio and a decline in investment income due to relatively lower FX gains. Consequently, we foresee 81% q/q earnings decline.
Net Income	51	454	88	73%	-81%	
Anadolu Sigorta						Announcement date: October 31
						While we expect a lower FX gains compared to 2Q, financial income will remain robust thanks to rising interest rates. We anticipate a decline in combined ratio as the company will reflect the impact of the rise in the discount rate used in the calculation of provisions (~TL700-800m) this quarter.
Net Income	122	3,027	1,712	1304%	-43%	
Türkiye Sigorta						Announcement date: last week of October
						We anticipate a rise in claims ratio and consequently in combined ratio due to increase in attorney fee tariffs. Financial income is expected to remain strong. earnings growth.
Net Income	203	2,333	2,140	n.m.	-8%	

Source: UNLU & Co estimates, Company data

Figure 4: Turkish Equity Coverage

Company Name	Ticker	Current price* (TL)	TP (TL)	Upside (%)	Rating	MCAP (USDm)	Free float (%)	Avg. vol. (USDm)	Dividend Yield 23E (%)	P/E 23E	24E	EV/EBITDA** 23E	24E
Banks									1.4	3.6	2.4	0.9	0.7
Akbank	AKBNK	31.60	39.20	24%	Buy	5,923	52%	159.7	1.7	3.0	2.4	0.8	0.6
Garanti Bank	GARAN	48.60	55.40	14%	Hold	7,357	14%	112.8	1.5	3.4	2.4	0.9	0.7
Halkbank	HALKB	15.14	13.60	-10%	Sell	3,921	9%	53.4	0.0	6.8	2.6	0.6	0.4
Isbank	ISCTR	24.00	20.00	-17%	Hold	8,651	31%	194.3	1.4	3.6	2.5	0.9	0.7
TSKB	TSKB	7.85	7.11	-9%	Hold	792	39%	24.4	1.5	3.3	2.7	1.1	0.8
Vakifbank	VAKBN	17.11	15.00	-12%	Hold	6,115	6%	55.2	0.0	7.4	3.0	0.8	0.5
Yapi Kredi	YKBK	18.70	20.60	10%	Buy	5,693	39%	205.8	1.5	3.4	2.3	1.0	0.7
TMT									2.5	10.5	6.9	4.7	3.1
Turk Telekom	TTKOM	20.54	30.20	47%	Buy	2,591	13%	92.2	0.2	n.m.	7.9	4.1	2.5
Turkcell	TCELL	53.00	78.60	48%	Buy	4,203	54%	89.1	2.9	11.0	6.4	4.2	2.8
Logo	LOGO	75.25	81.00	8%	Hold	271	65%	4.8	3.2	13.4	6.1	5.3	3.5
Hitit	HTTBT	60.00	60.00	0%	Buy	276	28%	0.8	0.0	36.0	21.3	21.9	13.7
Contractors									2.1	12.0	9.1	4.4	2.5
Enka Insaat	ENKAI	32.12	37.30	16%	Hold	6,946	12%	84.0	2.3	14.1	10.8	5.1	3.0
Tekfen Holding	TKFEN	48.90	52.40	7%	Buy	652	48%	21.1	1.6	6.3	4.5	2.3	1.2
Conglomerates									2.0	4.5	3.7	n.m.	n.m.
Koc Holding	KCHOL	146.30	191.20	31%	Buy	13,372	27%	118.3	1.4	5.3	4.4	n.m.	n.m.
Sabanci Holding	SAHOL	57.05	90.20	58%	Buy	4,196	49%	98.4	3.2	3.2	2.5	n.m.	n.m.
Alarko Holding	ALARK	115.50	128.00	11%	Hold	1,811	30%	54.0	1.6	4.4	4.4	n.m.	n.m.
Precious Metals									0.0	11.1	8.2	17.0	6.6
Koza Gold	KOZAL	27.34	25.60	-6%	Hold	3,156	29%	155.5	0.0	11.8	8.7	14.4	5.5
Koza Anadolu	KOZAA	68.10	80.50	18%	Buy	953	44%	72.5	0.0	9.5	7.2	22.7	9.0
Steel									7.5	8.5	6.3	5.8	4.7
Erdemir	EREGL	42.30	40.00	-5%	Hold	5,336	48%	217.4	9.7	9.0	6.5	6.9	5.5
Kardemir	KRDMD	28.38	22.50	-21%	Hold	1,132	89%	120.6	2.0	7.4	5.8	3.1	2.8
Oil & Gas									9.6	7.2	7.9	5.9	5.4
Aygaz	AYGAZ	147.60	144.20	-2%	Hold	1,169	24%	9.1	0.9	7.7	7.0	23.5	17.3
Petkim	PETKM	24.00	14.80	-38%	Hold	2,192	47%	134.4	1.2	11.1	12.3	10.5	8.1
Tupras	TUPRS	146.50	172.00	17%	Hold	10,174	49%	215.7	11.8	6.4	7.0	3.9	4.2
Utilities									5.5	11.9	8.1	4.8	4.0
Enerjisa	ENJSA	53.60	51.60	-4%	Hold	2,282	20%	34.2	5.5	11.9	8.1	4.8	4.0
Autos & White Goods									5.7	11.5	8.8	7.4	5.6
Arcelik	ARCLK	157.40	168.00	7%	Hold	3,834	15%	39.4	2.4	20.9	13.8	7.2	5.5
Dogus Otomotiv	DOAS	260.00	316.00	22%	Hold	2,062	34%	46.3	11.2	3.6	3.2	2.3	1.9
Ford Otosan	FROTO	880.00	1329.30	51%	Buy	11,130	18%	59.6	4.6	9.9	7.6	9.0	6.5
Tofas	TOASO	279.90	400.00	43%	Buy	5,044	24%	66.5	6.3	7.9	5.1	6.9	5.1
Turk Traktor	TTRAK	864.50	315.00	-64%	Hold	3,118	24%	18.5	6.8	21.9	19.3	8.7	7.5
Kordsa	KORDS	92.40	99.20	7%	Hold	648	29%	10.1	0.2	11.2	10.0	7.3	5.8
Defence									1.2	13.0	9.5	12.0	11.7
Aselsan	ASELS	42.60	47.00	10%	Hold	7,002	26%	161.4	1.2	13.0	9.5	12.0	11.7
Retailers									3.3	16.8	9.2	8.5	4.6
Bim	BIMAS	320.00	387.00	21%	Buy	7,003	60%	67.5	3.8	18.2	9.8	10.4	5.7
Bizim Tiptan	BIZIM	50.80	58.00	14%	Hold	110	46%	3.1	0.3	79.4	14.9	2.4	1.3
Sok Marketler	SOKM	65.70	88.00	34%	Buy	1,405	51%	21.5	2.5	11.9	7.3	5.1	2.7
Migros	MGROS	375.80	530.00	41%	Buy	2,452	51%	26.4	1.8	16.3	9.7	6.2	2.9
Mavi	MAVI	101.70	168.00	65%	Buy	728	73%	11.1	4.1	7.5	5.2	4.2	2.3
Glass and materials									1.1	10.1	7.6	6.7	5.7
Sisecam	SISE	51.90	50.00	-4%	Hold	5,730	49%	166.5	1.1	10.1	7.6	6.7	5.7
Aviation									2.3	5.4	4.1	5.2	3.9
Pegasus Airlines	PGSUS	727.10	1231.30	69%	Buy	2,681	43%	69.6	0.0	5.1	3.2	5.8	4.3
TAV Airports	TAVHL	123.60	202.00	63%	Buy	1,618	48%	32.2	0.1	9.3	10.7	8.0	7.6
Turkish Airlines	THYAO	222.20	351.00	58%	Buy	11,052	50%	369.7	3.1	4.9	3.3	4.7	3.4
Food and Beverages									2.1	8.8	7.9	6.0	4.2
Anadolu Efes	AEFES	106.30	137.00	29%	Buy	2,269	32%	13.2	2.8	10.6	7.6	5.4	4.1
Coca Cola Icecek	CCOLA	371.00	457.00	23%	Buy	3,402	25%	8.8	2.6	11.7	7.5	6.6	4.5
Ulker Bisküvi	ULKER	84.00	95.00	13%	Buy	1,118	39%	39.9	0.0	n.m.	9.7	5.5	4.0
Kervan Gıda	KRVGD	21.94	35.00	60%	Buy	190	28%	3.7	2.8	9.8	4.8	7.3	4.1
Healthcare									1.5	13.8	10.8	8.2	5.2
MLP Care	MPARK	146.00	160.00	10%	Buy	1,095	35%	4.1	1.5	13.8	10.8	8.2	5.2
Insurance									1.7	7.0	5.0	3.2	2.0
AkSigorta	AKGRT	6.82	8.80	29%	Buy	396	28%	15.1	0.0	11.1	5.9	3.7	2.3
Anadolu Sigorta	ANSGR	56.25	74.00	32%	Buy	1,014	35%	7.6	1.0	5.1	4.0	2.5	1.5
Türkiye Sigorta	TURSG	40.34	52.00	29%	Buy	1,689	18%	9.8	3.2	7.7	6.0	3.8	2.5
Coverage									3.5	8.4	6.2	6.9	4.9

Source: Unlu & Co estimates, Company data, * last trading day's closing price ** P/BV for financials

Disclosure Appendix

Important Global Disclosures

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Anadolu Sigorta	D
Bizim Toptan	D
Hitit Bilgisayar	D
Logo Yazılım	D
Pegasus Airlines	D
Sok Marketler	D
Turkiye Sigorta	D
Ulker Biskuvi	D

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