

3Q23 Earnings Preview

18 October 2023

Higher inflation lifts Q3 earnings

Earnings growth accelerates as FX tailwind helps margins

- 3Q'2023 earnings season starts this week with the first release from ARCLK on Friday. Deadline for reporting period is October 30th for non-consolidated companies and November 9th for consolidated financials.
- In line with the depreciation in Turkish Lira (USDTRY average rate for Q3 up by 49% y/y) and rising inflation, aggregate revenue growth for our coverage (non-financials) is expected to accelerate to 47% in Q3. We also expect aggregate earnings for non-financials coverage to increase by 44% y/y, whereas banks are seen reporting 13% y/y earnings growth.
- Banks** set to report 24% higher q/q earnings thanks to higher NII with higher CPI-linker yields as well as solid fee income. We forecast **private banks** to report 10% earnings growth q/q, implying 43%, 37% and 48% quarterly ROE for AKBNK, GARAN and YKBNK, respectively. We estimate **state banks** to report 562% earnings growth q/q on low base in the previous quarter, implying 9% and 24% quarterly ROE for HALKB and VAKBN, respectively.
- (+) **KCHOL&SAHOL** earnings look remarkable with most of subsidiaries having strong operating performance, which would make valuation multiples of both conglomerates more attractive.
- (+) **TUPRS** is set to report record earnings thanks to robust refining margins.
- (+) **YKBNK** is expected to deliver highest earnings growth among private banks and strongest ROE in the banking sector in Q3, while **VAKBN** is expected to deliver highest earnings growth on low base in Q2.
- (+) **RYGYO** is expected to maintain its strong margin at c.95% thanks to higher rents.
- (+) **ENJSA** is expected to post strong bottom-line due to deferred tax income.
- (+) **GLCVY** will post solid results on strong collection performance parallel to higher inflation trend.
- (+) **Automotive** sector in general experienced another strong quarter in terms of margins. We expect FROTO and TTRAK results to be strong, in particular.
- (+) **AKCNS** is expected to maintain strong margins while enjoying higher volumes in 3Q.
- (+) **Aviation** stocks have likely benefited from strong season in 3Q. **TAVHL** could stand out with a one-off gain also supporting its bottom-line.
- (+) **AEFES & CCOLA** also continued to enjoy solid volume trends in Turkey and we expect to see strong results from both.
- (-) **Among negative highlights; EREGL&KRDM** is set to report weak bottom-line due to FX and tax effects. **KORDS** continues to face competitive challenges, resulting in weak margins.

Summary of Aggregate Earnings

YF Coverage Universe 3Q23 Expected Results					
TLmn	3Q23	3Q22	Y/Y Δ	2Q23	Q/Q Δ
Non-Financials					
Net Sales	1,059,284	720,917	47%	808,721	31%
EBIT DA	210,404	151,835	39%	164,011	28%
Net Profit	180,025	124,748	44%	114,352	57%
Financials					
Net Profit	68,392	60,730	13%	54,980	24%
Total					
Net Profit	248,417	185,478	34%	169,332	47%

Source: Yatirim Finansman Research

YF Coverage - Earnings Estimates

Ticker	Company Name						Net Profit				
		3Q23	3Q22	Y/Y Δ	2Q23	Q/Q Δ	3Q23	3Q22	Y/Y Δ	2Q23	Q/Q Δ
AKBNK	Akbank	19,294	8,047	140%	21,801	-11%					
GARAN	Garanti Bankası	18,129	8,210	121%	19,902	-9%					
HALKB	Halk Bankası	2,763	2,025	36%	5,849	-53%					
VAKBN	Vakıflar Bankası	8,532	3,002	184%	8,407	1%					
YKBNK	Yapı Kredi Bankası	17,784	7,258	145%	17,429	2%					
ANSGR	Anadolu Sigorta	1,889	197	860%	635	197%					
Financials Total		68,392	60,730	13%	54,980	24%					

Ticker	Company Name	Net Sales					EBITDA					Net Profit				
		3Q23	3Q22	Y/Y Δ	2Q23	Q/Q Δ	3Q23	3Q22	Y/Y Δ	2Q23	Q/Q Δ	3Q23	3Q22	Y/Y Δ	2Q23	Q/Q Δ
AEFES	Anadolu Efes Biracılık	48,635	29,767	63%	38,002	28%	10,842	6,662	63%	8,303	31%	3,203	2,082	54%	2,872	12%
AKCNS	Akcansa	4,230	2,586	64%	3,316	28%	1,241	394	215%	977	27%	1,157	825	40%	885	31%
ALARK	Alarko Holding											3,085	4,220	-27%	3,090	0%
ARCLK	Arcelik	59,895	34,255	75%	46,948	28%	6,648	2,915	128%	5,006	33%	1,298	336	287%	492	164%
ASELS	Aselsan	14,522	6,887	111%	9,770	49%	3,757	1,402	168%	2,487	51%	3,813	1,956	95%	3,146	21%
BIMAS	Bim Birlesik Magazalar	72,312	41,026	76%	57,878	25%	5,423	2,801	94%	4,292	26%	2,965	1,775	67%	2,845	4%
CCOLA	Coca Cola Icecek	31,887	17,413	83%	23,273	37%	6,882	3,729	85%	5,012	37%	3,286	1,819	81%	2,388	38%
CIMSA	Cimsa	3,342	2,431	37%	3,049	10%	817	387	111%	741	10%	756	1,992	-62%	1,007	-25%
DOAS	Dogus Otomotiv	31,450	11,858	165%	27,142	16%	6,076	2,378	155%	5,874	3%	4,595	2,698	70%	5,135	-11%
EKGYO	Emlak G.M.Y.O.	2,468	2,496	-1%	4,037	-39%	523	393	33%	1,154	-55%	617	699	-12%	881	-30%
ENKAI	Enka Insaat	20,501	20,198	2%	14,891	38%	4,978	4,567	9%	3,688	35%	704	1,873	-62%	2,458	-71%
ENJSA	Enerjisa	33,196	24,325	36%	29,476	13%	4,166	2,403	73%	3,861	8%	7,633	1,201	536%	1,984	285%
EREGL	Eregli	43,146	36,723	17%	37,346	16%	5,695	5,365	6%	3,823	49%	-1,760	2,565	n.m.	-3,999	n.m.
FROTO	Ford Otosan	82,390	50,127	64%	73,553	12%	9,592	4,853	98%	8,449	14%	9,882	3,816	159%	6,727	47%
GLCVY	Gelecek Varlık Yönetimi	708	294	141%	536	32%	457	184	148%	330	38%	206	117	76%	191	8%
KCHOL	Koç Holding											28,750	19,860	45%	20,600	40%
KORDS	Kordsa Teknik Tekstil	6,298	4,962	27%	5,012	26%	441	487	-9%	378	17%	33	324	-90%	-83	n.m.
KOZAL	Koza Altin Isletmeleri	1,975	1,968	0%	1,438	37%	559	1,073	-48%	301	86%	1,433	1,320	9%	1,514	-5%
KARDM	Kardemir	10,345	6,828	52%	7,889	31%	1,846	442	317%	1,554	19%	35	103	-66%	558	-94%
MGROS	Migros	41,238	21,819	89%	32,951	25%	2,808	2,037	38%	2,183	29%	1,237	807	53%	1,500	-18%
MPARK	Medical Park	4,456	2,476	80%	3,693	21%	1,003	590	70%	896	12%	624	462	35%	687	-9%
OTKAR	Otokar	5,488	1,471	273%	3,864	42%	1,016	36	2685%	435	134%	570	58	887%	281	103%
OZKGY	Özak GYO	222	993	-78%	317	-30%	62	462	-87%	51	22%	674	4,247	-84%	5,203	-87%
PETKM	Petkim	13,520	14,201	-5%	10,612	27%	665	687	-3%	19	3371%	780	1,495	-48%	134	480%
PGSUS	Pegasus Hava Tasimaciligi	27,872	17,840	56%	15,109	84%	11,714	8,189	43%	4,748	147%	7,085	4,838	46%	1,925	268%
SAHOL	Sabancı Holding											12,550	10,873	15%	13,313	-6%
SISE	Şişecam	35,830	26,047	38%	30,069	19%	6,272	5,814	8%	5,245	20%	3,863	4,801	-20%	5,705	-32%
TAVHL	Tav Havalimanlari	12,141	5,925	105%	6,926	75%	4,750	2,416	97%	2,324	104%	4,523	1,574	187%	887	410%
TCELL	Turkcell	26,847	14,203	89%	20,915	28%	11,813	6,105	93%	9,732	21%	3,892	2,396	62%	3,161	23%
THYAO	Turk Hava Yollari	170,170	108,537	57%	107,633	58%	56,837	34,161	66%	25,623	122%	42,701	27,118	57%	13,754	210%
TKFEN	Tekfen Holding	11,193	8,223	36%	8,811	27%	938	682	38%	856	10%	461	736	-37%	496	-7%
TOASO	Tofas Otomobil Fab.	27,890	16,022	74%	23,366	19%	4,367	2,682	63%	4,367	0%	4,677	2,059	127%	4,939	-5%
TTKOM	Turk Telekom	21,498	12,552	71%	17,947	20%	7,339	4,674	57%	5,962	23%	2,445	1,171	109%	-601	n.m.
TTRAK	Turk Traktor	12,450	5,736	117%	10,805	15%	2,870	920	212%	2,692	7%	2,661	653	308%	2,181	22%
TUPRS	Tupras	178,125	150,609	18%	104,405	71%	27,322	17,735	54%	15,105	81%	18,979	11,554	64%	7,217	163%
KMPUR	Kimpur	2,171	1,177	84%	1,982	10%	231	106	118%	350	-34%	221	177	25%	447	-51%
BIOEN	Biotrend Enerji	528	301	75%	391	35%	127	75	70%	85	50%	29	62	-54%	115	-75%
RYGYO	Reysaş GYO	345	175	97%	246	40%	327	138	137%	233	40%	362	86	321%	316	15%
Non-Financials Total		1,059,284	720,917	47%	808,721	31%	210,404	151,835	39%	164,011	28%	180,025	124,748	44%	114,352	57%

* All figures in TL million

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