

The deadline for the disclosure of unconsolidated financial statements of industrial companies is October 30th, 2023, and the consolidated financial statements will be announced by November 9th, 2023, at the latest. Banks are also expected to announce their unconsolidated (solo) results by the same date.

In general terms, we expect banks to maintain the profit levels they announced in the previous quarter in 3Q23. While there are some differences among banks, we estimate that YKBNK will differentiate positively from other banks in this quarter. Recall that net interest margins continued to erode in most banks in the previous quarter. However, banks achieved very strong results with the commercial profits related with the exchange rate movements. Looking at the third quarter, we predict that the valuation of CPI-linkers has been revised upwards, as the year-end inflation forecast is anchored at 65% and the last announced September inflation is at 61.5%. We estimate that bonds, which were valued at a range between 35% and 40% in the first half, will appreciate at an average of 60% in this quarter. This development stands out as a factor that will accelerate the profitability of banks in an upward direction. In addition, we expect a slight recovery to be seen in banks' loan-deposit spread, which has deepened on the negative side, as the policy rate increased by approximately 1500 basis points during the third quarter, reaching 30%. Specifically, we highlight YKBNK's positive divergence in this quarter due to the improvement in CPI-linkers and net interest margin. Additionally, we expect TSKB to maintain its strong net interest margin. We estimate that net interest income at GARAN and ISCTR will continue to shrink on a quarterly basis in the third quarter. On the net fee and commissions side, strong quarterly increases can be seen in AKBNK, ISCTR and TSKB.

Looking at the industrial companies, we generally expect topline increases in line with inflation. Despite the slightly more moderate impact of energy costs, personnel expenses parallel to the minimum wage increase may put partial pressure on operational profit margins. The increase in the corporate tax rate and the tax difference regarding 1H23 may lead to an increase in the effective tax rate for some companies, while the increase in valuation rates parallel to the rising inflation rate may increase the contribution of deferred tax income in some companies.

Our predictions for the third quarter of the year are listed below.

Among the banks, we expect the highest quarterly growth in net profitability in YKBNK with 53%, and the annual growth in TSKB with 61%.

Among industrials, the top five companies that we expect to achieve the highest annual growth on a net profit basis are TTKOM, FROTO, CCOLA, TUPRS, and TCELL. Based on EBITDA, the top five companies that are expected to achieve the highest annual growth can be listed as KRDMD, FROTO, TCELL, CCOLA, and TTKOM.

	3Q22	2Q23	3Q23E	YoY (%)	QoQ (%)	Exp. Release Date
AKBNK						
Net Income	17.066	20.302	19.358	13%	-5%	26.10.2023
GARAN						
Net Income	17.511	18.470	18.255	4%	-1%	30.10.2023
ISCTR						
Net Income	15.037	18.594	18.947	26%	2%	6-7 November
TSKB						
Net Income	1.123	1.765	1.806	61%	2%	31.10.2023
YKBNK						
Net Income	16.135	11.476	17.571	9%	53%	24.10.2023

Source: Fintel, Global Securities Research

	3Q22	2Q23	3Q23E	YoY (%)	QoQ (%)	Exp. Release Date
CCOLA						
Net Sales	17,413	23,273	30,283	74%	30%	
EBITDA	3,729	5,012	6,726	80%	34%	31.10.2023
Net Income	1,819	2,388	3,157	74%	32%	
FROTO						
Net Sales	50,127	73,553	86,712	73%	18%	
EBITDA	4,853	8,449	10,305	112%	22%	25.10.2023
Net Income	3,816	6,727	8,657	127%	29%	
TUPRS						
Net Sales	150,609	104,405	160,897	7%	54%	
EBITDA	17,735	15,105	23,597	33%	56%	25.10.2023
Net Income	11,554	7,217	16,772	45%	132%	
SISE						
Net Sales	26,047	30,069	35,255	35%	17%	
EBITDA	5,814	5,245	6,208	7%	18%	Week of October 30th
Net Income	4,801	5,705	3,357	-30%	-41%	
TCELL						
Net Sales	14,203	20,915	25,929	83%	24%	
EBITDA	6,105	9,732	11,256	84%	16%	7.11.2023
Net Income	2,396	3,161	3,215	34%	2%	
TTKOM						
Net Sales	12,552	17,947	23,099	84%	29%	
EBITDA	4,674	5,962	8,308	78%	39%	6.11.2023
Net Income	1,171	-601	3,170	171%	n.m.	
KRDMD						
Net Sales	6,828	7,889	9,616	41%	22%	
EBITDA	303	1,064	1,622	436%	53%	2-3 November
Net Income	103	558	102	-1%	-82%	
PGSUS (MIn TRY)						
Net Sales	17,840	15,109	28,460	60%	88%	
EBITDA	8,189	4,748	11,279	38%	138%	8.11.2023
Net Income	4,838	1,925	6,206	28%	222%	
PGSUS (MIn EUR)						
Net Sales	987	672	982	0%	46%	
EBITDA	453	211	389	-14%	84%	8.11.2023
Net Income	268	86	214	-20%	150%	
SAHOL						
Net Income	10,873	13,313	12,504	15%	-6%	8.11.2023

Source: Finnet, Global Securities Research



Date of completion of this report: 17.10.2023

Date of email-distribution of this report: 17.10.2023

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BUY: Buy stocks are expected to have a total return of at least 15% and are the most attractive stocks in our coverage universe on a 12-month horizon.

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