

Türkiye Q4 2024

Q4 2024 earnings preview

Equities Türkiye

- ◆ We present our Q4 2024 forecasts for Türkiye coverage
- ◆ We expect total non-bank net profit to decline 25% y-o-y and banks' profit to decline 45% y-o-y but increase 12% q-o-q
- ◆ Stand-outs in a positive way are aviation, telcos, defense, insurance and select retailers, in our view

We expect aggregate non-bank profits to decline 25% y-o-y and 27% q-o-q. Q4 reporting season will begin for companies under our coverage with Arcelik reporting as the first on 31 January. The reporting deadline is 11 March for banks and others (3 March for companies with no consolidation).

For non-banks, we expect aggregate profit to decline 25% y-o-y and 27% q-o-q driven mainly by slowing domestic demand and a difficult pricing environment which was already signalled by the 3Q24 results for many sectors. In addition, higher inflation compared to TRY depreciation (quarterly inflation was 6.3% vs USD/TRY change of 3.4%) and a weakening of the EUR/USD parity built further pressure for exporters without fixed margin contracts, in our view.

A mixed quarter once again. Q4 looks to have been another mixed quarter in terms of financial performance on both the sector and company level. In broader terms, despite record breaking vehicle sales, we expect the weak margin trend for autos continued in Q4 as well as for consumer durables. Aviation had a strong winter season and positive Q4 financial performance, in our view, barring the seasonality effect as well as the one-off tax impact of switching to the inflation accounting standard in 4Q23.

Among consumer companies, we think Migros stood out in 4Q24 with higher sales growth and slightly better margin profile (supported by higher imputed interests) than other food retailers in the region. For some other retailer and food companies, we believe EBITDA margin pressure remained high in Q4 (on an inflation unadjusted basis) on account of pricing challenges and wage-related opex pressure.

Other stand-outs in Q4 at a sector level were telcos in our view, defense and insurance (both elementary and life & pension) as far as the companies under our coverage are concerned in these industries.

For banks, we expect seasonally higher provision and operating expenses to mute the limited improvement in NIM. Garanti continues to generate the highest bottom-line and ROE among peers with its 4Q24 NI higher than the aggregate of Isbank, YKB and Akbank. Focus will be on FY25 budgets that banks will disclose.

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4Q24 results preview – non-banks (TRYm) (IAS29)

Company Name	Revenues					EBITDA					Net profit				
	4Q24e	4Q23#	y-o-y chg	3Q24#	q-o-q chg	4Q24e	4Q23#	y-o-y chg	3Q24	q-o-q chg	4Q24e	4Q23#	y-o-y chg	3Q24#	q-o-q chg
AgeSA *	-	-	-	-	-	-	-	-	-	-	1,152	567	103%	1,030	12%
Anadolu Efes	42,434	40,578	5%	66,095	-36%	7,916	3,724	113%	13,950	-43%	3,350	6,485	-48%	5,951	-44%
Arcelik	110,865	90,631	22%	112,000	-1%	6,098	4,851	26%	5,117	19%	-4,401	6,267	n.m.	-5,315	n.m.
Aselsan	53,417	49,951	7%	23,179	130%	13,126	9,648	36%	5,234	151%	6,637	6,224	7%	2,130	212%
BIM	137,964	122,565	13%	133,835	3%	5,951	2,366	152%	5,775	3%	6,730	8,159	-18%	4,624	46%
Coca-Cola Icecek	24,483	24,175	1%	39,013	-37%	4,035	2,324	74%	7,893	-49%	3,211	6,287	-49%	5,497	-42%
DO & CO * (in EURm)	550	478	15%	580	-5%	63	54	17%	65	-2%	24	17	38%	26	-6%
Dogus Otomotiv	59,168	55,755	6%	40,307	47%	2,356	4,133	-43%	2,357	0%	969	4,740	-80%	298	225%
Emlak Konut REIT	4,480	10,477	-57%	8,991	-50%	4,219	1,730	144%	2,458	72%	1,123	-200	n.m.	2,577	-56%
Enerjisa Enerji	56,316	52,483	7%	55,373	2%	11,006	7,688	43%	10,548	4%	864	-345	n.m.	958	-10%
Enka Insaat *	26,445	21,028	26%	26,940	-2%	5,626	4,526	24%	5,848	-4%	6,711	6,943	-3%	6,307	6%
Ford Otosan	170,508	155,943	9%	150,615	13%	12,377	6,425	93%	10,328	20%	10,552	26,997	-61%	9,099	16%
Hepsiburada *	16,645	11,406	46%	11,905	40%	1,052	556	89%	901	17%	236	-331	n.m.	-141	n.m.
Is REIC	364	712	-49%	1,078	-66%	806	1,056	-24%	-62	n.m.	1,344	573	134%	-276	n.m.
Mavi **	10,704	10,412	3%	9,851	9%	1,941	1,326	46%	1,902	2%	772	133	482%	784	-2%
Medical Park	10,569	9,160	15%	10,396	2%	2,409	2,858	-16%	2,785	-14%	664	3,413	-81%	2,222	-70%
Migros	74,144	65,703	13%	79,157	-6%	3,705	57	n.m.	6,041	-39%	1,249	1,151	9%	3,355	-63%
Pegasus *	26,242	17,180	53%	40,082	-35%	6,042	5,815	4%	16,311	-63%	229	1,069	-79%	10,824	-98%
Petkim	19,397	n/a	n.m.	18,299	6%	650	n/a	n.m.	-609	n.m.	-1,949	n/a	n.m.	-3,208	n.m.
Sok	50,775	45,955	10%	53,935	-6%	2,586	1,550	67%	-407	n.m.	992	-298	n.m.	32	n.m.
TAV Airports *	14,506	10,616	37%	18,365	-21%	2,674	2,324	15%	7,207	-63%	-658	17	n.m.	3,821	n.m.
Tofas	28,732	51,008	-44%	22,793	26%	457	6,362	-93%	282	62%	546	7,456	-93%	332	65%
Torunlar REIT	5,701	1,587	259%	1,779	220%	14,396	12,240	18%	1,400	n.m.	16,196	12,731	27%	2,311	n.m.
Turk Telekom	45,279	37,902	19%	42,883	6%	17,186	12,373	39%	17,502	-2%	3,046	n/a	n.m.	1,216	150%
Turk Traktor	13,031	21,458	-39%	13,709	-5%	2,329	5,527	-58%	2,148	8%	1,349	4,888	-72%	985	37%
Turkcell	43,388	39,569	10%	42,690	2%	18,614	16,076	16%	18,870	-1%	4,636	n/a	n.m.	3,258	42%
Turkish Airlines *	191,476	145,617	31%	221,815	-14%	35,069	30,409	15%	72,500	-52%	15,656	3,619	333%	51,540	-70%
Turkiye Sigorta *	-	-	-	-	-	-	-	-	-	-	3,100	1,040	198%	3,082	1%
Ulker Biskuvi	22,232	20,945	6%	19,337	15%	3,845	3,613	6%	3,084	25%	3,159	1,702	86%	500	n.m.
Total ***	1,151,201	1,034,002	11%	1,160,550	-1%	150,022	120,883	24%	183,601	-18%	81,731	109,227	-25%	112,524	-27%

Source: HSBC estimates; Note: # comparable figures after inflation indexation; * Not subject to IAS29 and 4Q23 net profit for aviation companies have been adjusted for one-off impacts of IAS29 ** 4Q24 ending Jan 2025; *** Total excludes DO&CO, Petkim, Turk Telekom and Turkcell due to lack of comparable y-o-y figures

4Q24 results preview – banks (TRYm) (non-IAS29)

Bank Name	NII					Provisions					Net profit				
	4Q24e	3Q23	y-o-y chg	3Q24	q-o-q chg	4Q24e	3Q23	y-o-y chg	3Q24	q-o-q chg	4Q24e	3Q23	y-o-y chg	3Q24	q-o-q chg
Akbank	11,620	12,543	-7%	9,026	29%	6,407	1,996	221%	3,440	86%	9,240	15,018	-38%	9,031	2%
Garanti Bank	24,142	20,255	19%	18,896	28%	9,268	2,104	340%	5,393	72%	23,569	29,754	-21%	22,095	7%
Isbank	2,000	5,790	-65%	-5,768	n.m.	4,000	6,558	-39%	6,528	-39%	7,350	20,219	-64%	5,534	33%
Yapi Kredi	9,531	16,204	-41%	1,376	n.m.	4,516	-817	n.m.	2,340	93%	6,407	19,307	-67%	5,001	28%
Total	47,293	54,792	-14%	23,530	101%	24,191	9,841	146%	17,701	37%	46,566	84,298	-45%	41,661	12%
Private Banks	45,293	49,002	-8%	29,298	55%	20,191	3,283	n.m.	11,173	81%	39,216	64,079	-39%	36,127	9%

Source: HSBC estimates

HSBC Türkiye coverage universe

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Aselsan	ASELS	85.15	Buy	Petkim	PETKM	18.11	Reduce
BIM	BIMAS	514.00	Buy	Sabancı Holding	SAHOL	102.00	Buy
Coca-Cola Icecek	CCOLA	59.90	Buy	Sisecam	SISE	39.36	Hold
DO & CO	DOCO	7,087.50	Buy	Sok	SOKM	39.34	Buy
Dogus Otomotiv	DOAS	195.00	Hold	TAV Airports	TAVHL	285.25	Buy
Emlak Konut REIT	EKGYO	14.60	Buy	Tekfen Holding	TKFEN	63.75	Hold
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Ford Otosan	FROTO	932.50	Buy	Türk Traktor	TTRAK	690.50	Hold
Garanti	GARAN	132.30	Buy	Turkcell	TCELL	106.40	Buy
Halkbank	HALKB	18.33	Reduce	Turkish Airlines	THYAO	309.00	Buy
Hepsiburada**	HEPS	3.12	Hold	Türkiye Sigorta	TURSG	16.86	Buy
Is Bankasi	ISCTR	14.50	Buy	Ulker Biskuvi	ULKER	120.70	Buy
Is REIC	ISGYO	19.74	Buy	Vakifbank	VAKBN	25.92	Hold
Koc Holding	KCHOL	179.00	Buy	Yapi Kredi	YKBNK	32.46	Hold

* Priced in TRY as of 24 Jan 2025

** Priced in USD as of 24 Jan 2025

Source: HSBC, Bloomberg

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