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## Operationally strong results

### Operationally strong; investment gains down

Anadolu Hayat posted 1Q25 net income of TL1,043mn (-16% q/q, +8% y/y), in line with both our estimate (TL1,004mn) and market consensus (TL1,026mn). Strong growth in both life and pension business lines supported earnings this quarter. Life premiums grew 82% y/y and pension AUM expanded 54% y/y in 1Q25. Reflecting these, technical income rose 27% q/q and 98% y/y. Investment income, on the other hand, fell 65% q/q and 58% y/y due mainly to weak stock market returns. Trailing ROE dropped slightly q/q to 50% in 1Q vs 51% in 4Q and 60% a year ago. This is indeed one of the highest ROEs in our financial coverage universe. We expect 23% earnings growth from ANHYT in 2025 with a ROE of 46%.

### Contribution of the investment portfolio to earnings should rise

According to our calculations, Anadolu Hayat has a diversified investment portfolio of around TL13bn as of 1Q25. We expect its portfolio size to reach TL19bn till 25YE. Based on market data on TEFAS, ANHYT reduced its stock market investments significantly after 1Q as returns of money market instruments became more favorable after March. Thus, we foresee strong investment returns from ANHYT over the coming quarters in 2025 thanks to prevailing high interest rate environment.

### FY25E earnings revised; OP maintained

Anadolu Hayat trades at a compelling 25E P/BV of 3.1x and 7.4x P/E, while 25E ROE stands at 46%. We revised our 25E earnings estimate downwards by 7% to TL5bn post 1Q results as we reduced our 25E investment income estimate by 26%. We raised our risk-free rate assumption by 3ppt to 24%. Reflecting all, we cut our TP for ANHYT to TL138.30 from TL162.00, implying 60% upside potential. We maintain our "Outperform" recommendation for the stock.

### ANHYT TI / ANHYT.IS

Current Rating			Outperform
Expected Market Reaction		➡	Neutral
Analyst Action		⬇	Price Revision
Price	TL86.55	Mcap (mnTL)	37,217
Target Price	TL138.30	Mcap (mn\$)	969
Upside	60%	Prev. Target Price	TL162.00
High /Low 30Day	14.1 / 79.6	Free Float	15%

### BB 2025FY Consensus

Estimate Revisions	1W	4W	3M
EPS	0.0%	-0.1%	-0.1%
# of Buy/Hold/Sell	4/1/0	3/1/0	3/1/0
Rel Perf. XU030	10.4%	-3.8%	-8.0%
ADV (USDmn)	4.7	4.3	3.4

### OYAK vs BB consensus (25E TLmn)

	OYAK	Cons.	% Diff
NI	5,025	5,375	-7%

### Multiples & Ratios (OYAK Est)

	2023	2024	2025E
P/E	13.40x	9.14x	7.41x
P/B	5.91x	3.85x	3.10x
RoE	57.4%	51.0%	46.3%
(TLmn)	2023	2024	2025E
Net income	2,778	4,070	5,025
Equity	6,293	9,676	12,007

### ANHYT - 1Q25 Earnings Review

TLmn	1Q24	4Q24	1Q25	ΔQ/Q	ΔY/Y
Life premiums	2,419	3,668	4,395	20%	82%
Pension contributions	5,197	8,244	9,580	16%	84%
Pension AUM	148,318	203,591	227,922	12%	54%
Life - Tech. net income	277	550	621	13%	125%
Pension - Tech. net income	128	82	182	123%	41%
Net income	962	1,235	1,043	-16%	8%
Life - Technical NIM (%)	11.4	15.0	14.1	-0.9	2.7
Pension - Technical NIM (%)	2.5	1.0	1.9	0.9	-0.6
Technical NIM (%)	5.3	5.3	5.7	0.4	0.4
NIM (%)	12.6	10.4	7.5	-2.9	-5.2
Four Quarter Trailing ROE (%)	60	51	50	-1.7	-10.3

\* NIM stand for net income margin; changes are in pp for ratios

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