

IS YATIRIM

OVERWEIGHT

Better-than-expected results with a 128% ROE

August 3, 2023

Is Yatirim reported TL2,854mn consolidated net income in 2Q23, well above the TL1,461mn consensus and TL1,427mn Tera estimates. Even adjusted for the TL1,288bn gains arising from the revaluation of venture capital investment funds, results were slightly ahead of expectations, thanks to higher-than-estimated equity loan interest income and lower-than-forecast opex. Is Yatirim's net income grew by 303% y/y and 104% q/q in 2Q23 for an ROE of 128%. Is Yatirim reported TL3,980mn gross profit (+155% y/y) in 2Q23, which surged on elevated trading volumes as well as Is Yatirim's market share gains, along with the above-mentioned revaluation gains.

Is Yatirim moved up to the 2nd position in equities with a 125% y/y increase in volume for a 10.8% market share (up from 9.9% in 1Q23) and maintained the 2nd position in derivatives with a 50% increase in volume for an 11.3% market share in 2Q23 (up from 9.9% in 1Q23). Meanwhile, Is Yatirim's size of debt security issuances rose by 26% y/y as the company ranked 2nd with a 13.0% market share in 1H23. The company's equity loan size slightly pulled back q/q to TL3.9bn as at end-2Q23, growing by 82% y/y while we estimate that the average yield surged to 56% in 2Q23 from 44% in 1Q23 and 33% in 2Q23. Finally, Is Asset Management's AuM reached TL229bn, rising by 24% q/q and 102% y/y.

We should note that average daily trading volume in Turkish equities has surged by 110% q/q so far in 3Q23 to TL171bn, rising 41% above the highs seen in 4Q22. We believe that activity will remain strong as the new economy team seems determined to continue to operate with a significant negative real yield.

We maintain our Overweight rating for Is Yatirim with our 12M TP of TL35.90/share, offering a 44% return potential. We estimate another 86% growth in net income in 2023, indicating some 79% ROE in 2023E without assuming additional revaluation gains in 4Q23, and think that the stock is trading at undemanding multiples of 4.2x 2024E P/E and 1.7x 2023E P/B with a 4% dividend yield.

TLmn	2Q22	1Q23	2Q23	Y/Y	Q/Q
Gross profit	1,265	2,425	3,980	215%	64%
Operating expenses	-300	-625	-536	79%	-14%
Net other/financial income	7	64	17	136%	-74%
Profit before tax	972	1,864	3,461	256%	86%
Net tax expense	-221	-420	-518	134%	23%
Net income	751	1,444	2,943	292%	104%
Parent shares	707	1,399	2,854	303%	104%
Minority interest	43	46	89	105%	95%
ROE (% ,pts)	83%	79%	128%	45	50

Source: Rasyonet, Tera Yatirim

Price Data

Current Price (TL, 02-Aug-23)	24.90
Current Mcap (TLmn)	37,350
12-mth Target Price (TL/share)	35.90
12-mth Target Mcap (TLmn)	53,849
12-mth Return Potential	44%

Financials (TL mn)	2021	2022	2023E	2024E
Gross profit	2,386	7,613	13,888	17,415
% ch yoy		219	82	25
Operating expenses	719	1,323	3,032	4,354
% ch yoy		84	129	44
Net income	1,171	4,332	8,048	8,863
% ch yoy		270	86	10
Shareholders equity	2,762	6,797	14,157	21,612
% ch yoy		146	108	53

Ratios	2021	2022	2023E	2024E
Cost/income	30%	17%	22%	25%
P/E (TL, x)	5.1	2.2	4.6	4.2
P/B (TL, x)	2.1	1.4	2.6	1.7
ROAE (TL, %)	52%	104%	79%	51%
Dividend yield	6%	4%	2%	4%

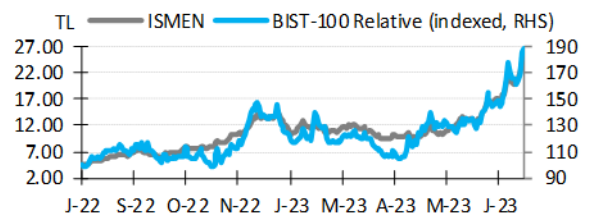
Stock Data

Ticker	ISMEN.IS	ISMEN TI
Sector		Brokerage
# of Shares (mn)		1,500
3M Av. Trd. Vol. (mn)		US\$7.1
52-week Range	TL5.13 -	TL24.90

Market Data

BIST-100	7,259
TL/US\$	26.9382

Price Chart



Price Performance	1M	3M	YTD	YoY
TL Absolute	68%	164%	69%	385%
BIST-100 Relative	34%	64%	29%	77%

Major Shareholders

Isbank Group	71%
Free float	29%

Cagdas Dogan

cdogan@terayatirim.com

Tel: +90 212 365 1081

Tera Yatirim Stock Ratings

Rating	Definition
OVERWEIGHT	The analyst expects that the stock will generate a return above that of the BIST-100 index over the next twelve months.
MARKETWEIGHT	The analyst expects that the stock will generate a return in line with that of the BIST-100 index over the next twelve months.
UNDERWEIGHT	The analyst expects that the stock will generate a return below that of the BIST-100 index over the next twelve months.

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