Emlak Konut

Improving Operating Margins Despite Tax Pressure on Net Income...

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Emlak Konut has reported net income attributable to the parent company of TRY 380mn in 3Q26, based on its inflation-adjusted consolidated financial results. Although net income increased by 50.7% YoY, supported by a low base in the same period of the previous year, the improvement in operating profitability was only partially reflected in the bottom line.

While profit before tax reached TRY 4,439mn, profitability was weighed down by a tax expense of TRY 4,059mn, including TRY 3,662mn in deferred tax expenses. Net financial expenses increased by 37.1% YoY to TRY 5,314mn, while the increase in net monetary gains from TRY 246mn to TRY 2,067mn partially offset this pressure.

Consolidated revenues declined by 6.0% YoY in real terms to TRY 17,334mn in 3Q26, while the revenue mix improved significantly. Revenues from land-for-revenue-sharing (ASKGP) projects increased to TRY 9,076mn from TRY 6mn in the same period of the previous year, while revenues from residential and commercial unit sales declined by 59.8% to TRY 3,513mn. Supported by the increased contribution of higher-margin ASKGP revenues, gross profit rose by 42.2% to TRY 8,069mn, while the gross profit margin improved by 15.8pp to 46.5%. However, gross losses of TRY 683mn from residential and commercial unit sales and TRY 1,042mn from direct land sales highlight the sensitivity of profitability to the project and delivery mix.

EBITDA increased by 57.4% YoY to TRY 6,092mn, while the EBITDA margin improved by 14.2pp to 35.1%. Despite a 12.6% increase in general administrative expenses, the 5.1% decline in marketing expenses, together with higher gross profit, supported the recovery in operating profitability.

On the pre-sales front, the Company recorded TRY 56.8bn in pre-sales, excluding VAT, across 3,269 independent units in 9M26, bringing total pre-sales, including land sales, to TRY 62.3bn. The average selling price per square meter for independent units reached TRY 129,273, standing 22.0% above the 2025 average. As of end-September, the Company had achieved 42.9% of its full-year pre-sales target of TRY 145.45bn and 21.9% of its net income target of TRY 13.1bn, making fourth-quarter performance decisive for achieving these targets. While management indicates that sales are typically concentrated in the final quarter, the recognition of pre-sales in the income statement only upon delivery increases the sensitivity of profitability to project completion schedules.

OUTPERFORM
TP: TRY 32.84
Previous TP: TRY 32.84
Upside potential: 86.0%

	TRY	US$
Close	17,66	0,35
BIST 100	11.483	230
US$/TRY (CB Bid Rate):	49,96	
52 Week High:	25,49	0,58
52 Week Low:	16,19	0,33
Bloomberg/Reuters Ticker:	EKGYO.TI/EKGYO.IS	

Number of Shares (Mn):	3.800

	(TRY Mn)	(US$ Mn)
Current Mcap:	67.108	1.343
Free Float Mcap:	34.225	685

	1 M	YOY	YTD
TRY Return (%):	-10,6	-11,6	-11,1
US$ Return (%):	-12,2	-25,7	-23,7
BIST 100 Relative (%):	-3,6	-14,8	-12,8
Avg. Daily Vol. (TRY Mn):	1663,1	2792,1	2734,5
Avg. Daily Vol. (US$ Mn):	33,6	62,0	59,9

Beta	1,29
Volatility (Stock)	0,42
Volatility (BIST 100)	0,24

Shareholder Structure	%
HOUSING DEVELOPMENT ADMINISTRATION OF THE REPUBLIC OF TÜRKİYE (TOKİ)	49,34
OTHER	50,66
Total	100,00



Regarding the project portfolio, the 12 land-for-revenue-sharing tenders finalized in the first nine months of the year represented total projected sales revenues of TRY 268.9bn and a minimum guaranteed company share of TRY 108.6bn. Following the Ümraniye İnkılap Phase 2 tender finalized in October, after the reporting period, these figures increased to TRY 315.0bn and TRY 127.0bn, respectively. As revenues from tenders conducted under cooperation protocols are shared with landowners, these amounts are not entirely attributable to Emlak Konut. The Company's share included in net asset value (NAV) from 11 contracted protocol projects amounts to TRY 27.4bn.

On the balance sheet front, cash and cash equivalents stood at TRY 53,407mn and net financial debt at TRY 61,519mn, while the net debt/EBITDA ratio declined to 2.08x from 2.48x in the previous quarter. The increase in inventories to TRY 325.4bn raised the financing requirements of ongoing projects, while short-term deferred revenues of TRY 136.5bn highlight the importance of pre-sales collections. Although operating activities generated a net cash outflow of TRY 7,885mn in the first nine months, this represented a significant improvement compared to the TRY 55,313mn outflow recorded in the same period of the previous year. Nevertheless, the TRY 47,902mn cash inflow from financing activities indicates that the financing requirements of ongoing projects remain substantial. While the USD 650mn international sukuk issuance diversified the Company's funding sources, higher interest and foreign exchange expenses continued to weigh on net income.

Overall, stronger margins supported by revenue-sharing projects, an expanding project portfolio, and increasing NAV underpin the long-term outlook. And yet, we assess the short-term share price impact of the financial results as slightly negative, given the tax pressure on net income, the concentration of pre-sales target achievement in the final quarter, and rising financial expenses. Looking ahead, faster project deliveries, normalization of margins in residential sales, and lower working capital requirements will be key to translating the improvement in operating profitability into stronger cash flow.

We maintain our 12-month target price of TRY 32.84 per share for Emlak Konut (EKGYO.TI) and reiterate our OUTPERFORM recommendation. Based on the closing share price on November 6, 2026, our target price implies an upside potential of 86.0%.

Table 1: Summary Income Statement (including TAS 29 effects)

TRY Million	9M25	9M26	Yıllık	3Q25	3Q26	Yıllık
Revenues	85.228	73.603	-13,6%	18.437	17.334	-6,0%
Gross Profit	26.772	25.080	-6,3%	5.673	8.069	42,2%
Gross Profit Margin	*31,4%*	*34,1%*	*+2,7 pp*	*30,8%*	*46,5%*	*+15,8 pp*
EBIT	21.310	18.145	-14,8%	3.685	5.935	61,1%
EBIT Margin	*25,0%*	*24,7%*	*-0,4 pp*	*20,0%*	*34,2%*	*+14,3 pp*
EBITDA	21.726	18.662	-14,1%	3.870	6.092	57,4%
EBITDA Margin	*25,5%*	*25,4%*	*-0,1 pp*	*21,0%*	*35,1%*	*+14,2 pp*
Net Profit	13.410	2.869	-78,6%	252	380	50,7%
Net Profit Margin	*15,7%*	*3,9%*	*-11,8 pp*	*1,4%*	*2,2%*	*+0,8 pp*

Source: Finnet, Şeker Invest Research

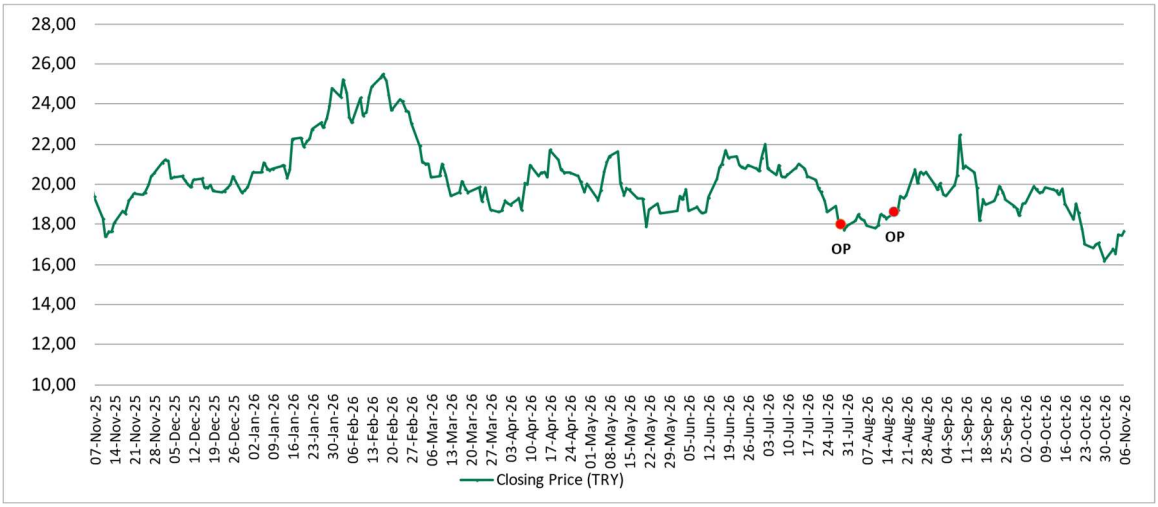
Table 2: Key Financial Tables (including TAS 29 effects)

BALANCE SHEET (TRY Mn)	2025/12	2026/09	Change %
PP&E	3.315	3.657	10,3%
Intangibles	275	303	9,9%
Other Non-Current Assets	36.814	29.706	-19,3%
Trade Receivables	44.837	55.665	24,2%
Cash&Equivalents	18.341	53.407	191,2%
Inventories	302.634	325.399	7,5%
Other Current Assets	10.483	26.486	152,7%
Total Assets	**416.699**	**494.623**	**18,7%**
	0	0	
Long Term Debt	32.795	62.721	91,3%
Other Non current liabilities	28.966	34.561	19,3%
Short Term Debt	26.205	39.959	52,5%
Trade Payables	41.641	42.682	2,5%
Deferred Income	109.234	136.501	25,0%
Other current liabilities	16.609	16.539	-0,4%
Total Liabilities	255.449	332.963	30,3%
Total Equity	161.250	161.659	0,3%
Total Equity&Liabilities	**416.699**	**494.623**	**18,7%**

INCOME STATEMENT (TRY Mn)	2025/09	2026/09	Change %
Revenues	85.228	73.603	-13,6%
COGS	58.456	48.524	-17,0%
Gross Profit/(Loss)	26.772	25.080	-6,3%
Operating Expenses	5.463	6.935	26,9%
Operating Profit/(Loss)	21.310	18.145	-14,8%
Net Other Ope. Rev./(Exp.)	8.256	5.403	-34,5%
Net Investing Activities Gain/(Loss)	0,00	366	N.M.
Financial Income/(Expense)	1.749	8.419	381,4%
Gains (losses) on net monetary positions	2.255	7.397	228,0%
Profit Before Tax (Loss)	19.993	14.190	**-29,0%**
Tax	6.583	11.321	72,0%
Net Profit (Loss)	13.410	2.869	**-78,6%**
Minority Interest	0	0	N.M.
Majority Interest	13.410	2.869	**-78,6%**

Source: Finnet, Şeker Invest Research

Figure 1: Historical Recommendations and Target Prices



Date	Rec	Target Price (TRY)
29-Jul-26	Outperform (OP)	32,84
17-Aug-26	Outperform (OP)	32,84

Basis for 12m equity ratings

Outperform: The total return is expected to exceed the return of the BIST 100 by more than 10%.
Underperform: The total return is expected to fall below the return of the BIST 100 by more than 10%.
Market Perform: The total return is expected to be in line with the return of the BIST 100.

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