Turkiye Sigorta 2Q26 Earnings Review

Türkiye Sigorta delivered a very strong performance in the first half of 2026; 2Q26 net income of TL 7 billion rose 46% YoY, beating market expectations by 15%. Due to the effect of the normalization in the effective tax rate, the QoQ increase in net income was more limited, at 9%. ROAE came in at 48%, while the combined ratio improved by 900bps YoY to 88%, coming in 400bps better than consensus.

Premium production rose 30% YoY to TL 94.2 billion (+30% nominal, 14 points of real growth above insurance inflation of 16%, and +9% in USD terms); this result reinforced the company's sector leadership position with a TL 18 billion lead over the second-ranked player.

Equity rose 67% YoY to TL 61.1 billion, driven by the 100% bonus capital increase (alongside a separate 5% secondary share sale conducted by the Türkiye Wealth Fund); this led to a mechanical decline in ROAE from 58% to 48%, without any deterioration in per-unit-of-capital profitability. The capital adequacy ratio remained very strong at 213%, comfortably funding the TL 3 billion cash dividend to be distributed in August, while the investment portfolio was directed toward TL government securities (from 34% to 42%) in a defensive approach as the rate-cut cycle continued.

For full-year 2026, alongside 30% annual premium production growth, we expect the combined ratio to rise somewhat in the second half due to a partial normalization in the loss ratio of non-motor segments. That said, with TL government securities now reaching a 42% weight within total securities, a return above inflation could be expected to be preserved in the second half of the year despite a partial decline in interest rates. Based on our forward 1-year estimates, the stock is trading at multiples of 42% ROAE, 4.2x P/E, and 1.48x P/B.

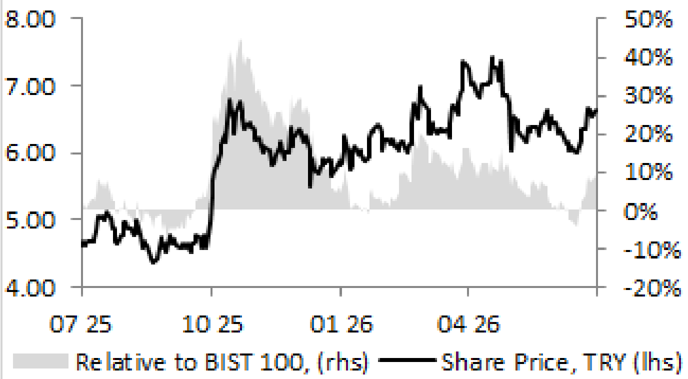
Recommendation and Target Price	
Bloomberg Ticker	**TURSG TI**
Recommendation	**BUY**
Price per Share, TRY	6.65
Target Price per Share, TRY	**10.50**
Upside	58%
Free Float	24%
Market cap, TRY mln	133,000

Price & Market Cap. as of 20-Jul

Key Financial Data

TRY mln	2024	2025	2026E	2027E
Gross Premiums	101,366	147,117	190,983	243,503
Gross Premiums Grc	70%	45%	30%	28%
Operating Income	17,260	22,695	31,176	34,321
Operating Margin	68.1%	61.7%	65.3%	56.4%
Net Income	12,720	19,425	28,274	35,578
Net Income Growth	106.7%	52.7%	45.6%	25.8%
Dividend Payout Rat	16%	15%	15%	15%
Dividend Yield	1.5%	2.2%	3.2%	4.0%
Equity	28,723	51,605	76,506	109,193
RoAE	59%	51%	45%	39%
P/E	5.36	3.51	4.70	3.74
P/BV	2.38	1.32	1.74	1.22

Share Price Performance



	1m	3m	6m	1y
Nominal	1.4%	-0.9%	13.4%	44.5%
Relative	6.8%	-0.9%	-1.7%	9.0%
Trd. Vol. TRY mln	439	562	582	543

Source: Company data, PhillipCapital Research

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Turkiye Sigorta

Standalone financials, TRY mln

	06 25	09 25	12 25	03 26	06 26	q/q	y/y
Gross Premium Generation	31,277	32,456	41,982	53,806	40,407	*-25%*	*29%*
Retained Premiums	14,530	17,481	22,395	22,649	20,237	*-11%*	*39%*
Retention Ratio	*46.5%*	*53.9%*	*53.3%*	*42.1%*	*50.1%*		
Claims Paid	-8,618	-10,575	-11,945	-11,107	-11,526	*n.a.*	*n.a.*
Basic Claims Ratio	*-59.3%*	*-60.5%*	*-53.3%*	*-49.0%*	*-57.0%*		
Operational Expenses	-3,447	-4,037	-5,041	-4,258	-4,702	*n.a.*	*n.a.*
Commissions	-4,028	-4,263	-4,422	-4,603	-5,468	*n.a.*	*n.a.*
Other Expenses/Revenues	581	227	-619	345	766	*122%*	*32%*
Expense Ratio	*-12.9%*	*-13.1%*	*-10.5%*	*-8.6%*	*-13.5%*		
Provisions	-1,931	-2,639	-4,737	-5,580	-1,354	*n.a.*	*n.a.*
Provisions/Gross Premiums	*-13.3%*	*-15.1%*	*-21.1%*	*-24.6%*	*-6.7%*		
Other Technical Income/Expense	461	373	623	287	249	*-13%*	*-46%*
Investment Income Transfer	6,066	4,675	3,740	4,901	6,656	*36%*	*10%*
Operating (Technical Income)	**7,061**	**5,277**	**5,036**	**6,891**	**9,560**	*39%*	*35%*
Operating (Technical) Margin	*22.6%*	*16.3%*	*12.0%*	*12.8%*	*23.7%*		
	3.2%	1.9%	3.1%	3.7%	7.2%		
Financial Income	**6,932**	**7,283**	**6,535**	**6,222**	**8,253**	***33%***	***19%***
Interest Income	6,693	7,319	6,258	6,114	7,672	*25%*	*15%*
Net FX Gain/Loss	94	8	384	176	435	*147%*	*363%*
Net Derivative Gain/Loss	0	0	0	0	0	*n.a.*	*n.a.*
Dividend Income	184	0	0	0	221	*n.a.*	*20%*
Depreciation	-40	-44	-108	-69	-75	*n.a.*	*n.a.*
Other Income/Loss	-1,460	-548	-322	-1,251	-920	*n.a.*	*n.a.*
Pre-Tax Income	6,467	7,337	7,509	6,960	10,236	*47%*	*58%*
Net Income	**4,811**	**5,010**	**5,081**	**6,430**	**7,021**	***9%***	***46%***
Cash and Banks	17,159	13,513	11,163	13,591	12,918	*-5%*	*-25%*
Securities Portfolio	67,639	83,677	86,507	92,469	98,173	*6%*	*45%*
Other Short-Term Assets	45,007	45,504	44,147	62,951	67,081	*7%*	*49%*
Long-Term Assets	9,552	9,701	15,159	15,135	15,157	*0%*	*59%*
Total Assets	139,357	152,395	156,976	184,146	193,330	*5%*	*39%*
Provisions	59,385	61,953	66,608	72,082	73,307	*2%*	*23%*
Other Short-Term Liabilities	41,628	47,360	36,999	52,213	56,178	*8%*	*35%*
Long-Term Liabilities	1,800	1,481	1,764	3,162	2,788	*-12%*	*55%*
Equity	**36,544**	**41,602**	**51,605**	**56,689**	**61,056**	***8%***	***67%***
RoAE	*55.2%*	*51.3%*	*43.6%*	*47.5%*	*47.7%*		

Source: Company data, PhillipCapital Research

Turkiye Sigorta

Standalone financials, TRY mln

	2024	2025	2026E	2027E	2028E	2024 y/y	2025 y/y	2026 y/y	2027 y/y	2028 y/y
Gross Premium Generation	101,366	147,117	190,983	243,503	304,379	*70%*	*45%*	*30%*	*28%*	*25%*
Retained Premiums	48,170	73,470	91,270	121,751	152,189	*43%*	*53%*	*24%*	*33%*	*25%*
Retention Ratio	*47.7%*	*49.9%*	*48.0%*	*50.0%*	*50.0%*					
Claims Paid	-24,554	-38,531	-48,277	-66,963	-83,704	*145%*	*57%*	*25%*	*39%*	*25%*
Basic Claims Ratio	*-50.7%*	*-53.0%*	*-53.0%*	*-55.0%*	*-55.0%*					
Operational Expenses	-9,264	-15,560	-19,255	-25,412	-32,091	*78%*	*68%*	*24%*	*32%*	*26%*
Commissions	-10,800	-16,135	-20,715	-26,785	-33,482	*96%*	*49%*	*28%*	*29%*	*25%*
Other Expenses/Revenues	1,536	574	1,460	1,374	1,391	*413%*	*-63%*	*154%*	*-6%*	*1%*
Expense Ratio	*-10.8%*	*-11.2%*	*-11.0%*	*-11.0%*	*-11.0%*					
Provisions	-14,237	-17,907	-19,030	-27,394	-30,438	*-30%*	*26%*	*6%*	*44%*	*11%*
Provisions/Gross Premiums	*-29.7%*	*-23.7%*	*-20.3%*	*-22.5%*	*-20.0%*					
Other Technical Income/Expense	773	2,000	1,343	1,741	1,738	*95%*	*159%*	*-33%*	*30%*	*0%*
Investment Income Transfer	16,371	19,224	25,126	30,597	38,227	*78%*	*17%*	*31%*	*22%*	*25%*
Operating (Technical Income)	**17,260**	**22,695**	**31,176**	**34,321**	**45,921**	*118%*	*31%*	*37%*	*10%*	*34%*
Operating (Technical) Margin	*17.1%*	*15.9%*	*16.8%*	*14.3%*	*15.3%*					
	0.9%	2.4%	3.2%	1.5%	2.5%					
Financial Income	**17,487**	**26,676**	**31,864**	**40,780**	**50,114**	***80%***	***53%***	***19%***	***28%***	***23%***
Interest Income	15,372	25,873	30,705	40,215	49,948	*116%*	*68%*	*19%*	*31%*	*24%*
Net FX Gain/Loss	851	848	1,238	657	269	*-47%*	*0%*	*46%*	*-47%*	*-59%*
Net Derivative Gain/Loss	1,217	0	0	0	0	*18%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Dividend Income	166	184	221	243	267	*459%*	*11%*	*20%*	*10%*	*10%*
Depreciation	-119	-229	-299	-335	-370	*65%*	*92%*	*31%*	*12%*	*10%*
Other Income/Loss	-1,754	-3,194	-2,187	-32	-32	*131%*	*82%*	*-32%*	*-99%*	*0%*
Pre-Tax Income	16,621	26,954	35,726	44,472	57,777	*117%*	*62%*	*33%*	*24%*	*30%*
Net Income	**12,720**	**19,425**	**28,274**	**35,578**	**46,221**	***107%***	***53%***	***46%***	***26%***	***30%***
Cash and Banks	25,228	11,163	16,140	23,878	31,125	*-20%*	*-56%*	*45%*	*48%*	*30%*
Securities Portfolio	34,327	86,507	118,885	166,560	226,807	*57%*	*152%*	*37%*	*40%*	*36%*
Other Short-Term Assets	27,747	44,147	90,605	115,521	144,401	*66%*	*59%*	*105%*	*28%*	*25%*
Long-Term Assets	9,228	15,159	15,924	17,577	19,402	*29%*	*64%*	*5%*	*10%*	*10%*
Total Assets	96,531	156,976	241,554	323,536	421,735	*25%*	*63%*	*54%*	*34%*	*30%*
Provisions	48,951	66,608	85,403	112,797	143,235	*40%*	*36%*	*28%*	*32%*	*27%*
Other Short-Term Liabilities	17,746	36,999	75,878	96,745	120,931	*-33%*	*108%*	*105%*	*28%*	*25%*
Long-Term Liabilities	1,111	1,764	3,766	4,801	6,002	*154%*	*59%*	*113%*	*28%*	*25%*
Equity	**28,723**	**51,605**	**76,506**	**109,193**	**151,567**	***86%***	***80%***	***48%***	***43%***	***39%***
RoAE	*60.9%*	*52.2%*	*45.4%*	*39.4%*	*36.4%*					

Source: Company data, PhillipCapital Research

Report Methodology
The target value of a stock represents the value the analyst expects it to reach at the end of our 12-month performance horizon.

Outperform (OP)
Where this rating is assigned, it indicates that the stock is expected to deliver superior returns relative to the index over the medium to long term. This rating does not, of course, guarantee that the stock will appreciate or outperform the index. Any change in market conditions, macroeconomic developments, global economic trends, or company-specific news following the publication of this report may cause us to revise this rating.

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Underperform (UP)
Where a stock is assigned an "Underperform" rating, it indicates that the stock is expected to deliver weaker returns relative to the index over the medium to long term. Even where an "Underperform" rating has been assigned, the stock may still experience short-term technical rallies or generate short-term buy signals based on technical indicators. In certain cases, even where no medium- to long-term return is expected from the stock, short-term "Outperform" or "Market Perform" returns may be observed in response to significant news, a temporary earnings upgrade, or other developments that could cause the stock price to move favorably in the near term.

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