

Daily View

Good morning. Despite the U.S. PPI data released yesterday coming in well above expectations, markets continue to price in a Fed rate cut on September 17. In addition, expectations surrounding the Trump–Putin Summit, scheduled to take place tonight at 10:30 p.m. Turkish time in Alaska, are also supporting global equities. U.S. and European futures, as well as Asian markets, are broadly trading higher this morning. In Borsa Istanbul, however, political developments at home and the failure to hold above the 11,000 level have led to a pullback toward the 10,800 support. The 10,500–10,800 range represents a critical support area and can be monitored as a stop-loss zone on an index basis, while the 11,000–11,100 range serves as the first resistance zone. On today's macroeconomic agenda, the CBRT's Sectoral Inflation Expectations Survey and budget balance will be followed domestically. In the U.S., a crowded calendar includes retail sales, import and export price indices, industrial production, capacity utilization, and confidence indices. Turkey's 5-year CDS premiums start the day at 270 basis points.

Macro and Politics

*** The CBT will release the August Sectoral Inflation Expectations survey @ 10:00 local time.** According to the results of the July Sectoral Inflation Expectations Survey, 12 month ahead inflation expectations fell by 1.2pp to 23.4% for market participants and by 0.8pp to 39% for the real sector, while rising by 1.5pp to 54.5% for households. We estimate that the escalation of tensions and the outbreak of war between Israel and Iran have filtered through to July survey results, exerting upward pressure on household inflation expectations during the period. Our year-end inflation forecast stands at 31%, though we assess that CPI could close the year slightly below this projection, in the 29.5–30% range. Looking 12-month ahead, our headline CPI forecast stands at 25.1%.

*** The Treasury and Finance Ministry will release July central government budget figures @ 11:00 local time.** In July, the Treasury recorded a cash deficit of TL68.5bn, while the primary balance posted a surplus of TL54.6bn. Cash budget figures are indicative for today's central government budget data. We forecast the 2025 budget deficit at TL1.9tn, corresponding to 3% of GDP, with upside risks attached.

*** The CBT unveiled the 3rd Quarterly Inflation Report of the year, and the Governor Karahan stated that they have decided to revise the framework for medium-term inflation forecasts.** Under the new approach, in addition to the Inflation Report projections, interim year-end-oriented targets will be announced to serve as commitments and anchors. These interim targets will remain unchanged unless extraordinary developments in inflation occur. Under this revised policy framework, inflation is projected to register within a range of 25% to 29% by end-2025, and 13% to 19% by end-2026. Interim targets have been set at 24%, 16%, and 9% for 2025, 2026, and 2027, respectively. Governor Karahan underlined that, starting with this meeting, forecasts and interim targets would be delineated separately. He further stressed that, barring extraordinary developments in inflation, the interim targets will remain unchanged. Although our August CPI calculation has not yet been finalized, we so far estimate a monthly CPI of approximately 1.9% for the month. A realization in line with our estimate would reduce the annual CPI from 33.5% to 32.8%. Barring any unforeseen shocks, we anticipate that the CBT will continue to cut the policy rate by 300 bps in September, subsequently moderating the pace to 200 bps in October and December meetings, ultimately bringing the policy rate down to 36% by year-end.

***During the week of 1–8 August, foreigners registered a limited net inflow of USD78mn into the equity market, while recording USD417mn in net sales in the bond market (excluding repo transactions).** Meanwhile, their share in the total bond stock stood at 6.4% during the same week. Moreover, the residents' total FX deposits (including gold, price adjusted) surged by USD1.5bn during the week of 1 – 8 August. As per the CBT's reserves, gross FX reserves climbed by USD5.4bn to USD174.5bn and net international reserves rose by USD4.4bn to USD67.5bn, while net reserves excluding swaps increased by USD5.9bn to USD49.7bn.

Sector and Company News

- **A1CAP** announced 2Q25 net profit of TL233mn, versus TL49mn in the same period last year and TL580mn in the previous quarter.
- **AGHOL** reported TL 169.4 billion in revenue, TL 17.8 billion in EBITDA, and TL 428 million in net profit in 2Q25. Revenue grew 27% y/y and 19% q/q. Operating margins narrowed slightly y/y but improved q/q.
- **ALVES** announced 2Q25 net profit of TL42mn, compared to TL127mn net loss in the same period last year and TL12mn net profit in the previous quarter.
- **BIMAS (Slightly Negative)** announced its 2Q25 financial results with a net profit of TL2.7bn, significantly below expectations, while the market consensus was TL4bn. The company's net profit for the first half of the year declined by 53% year-on-year to TL5.6bn. On the other hand, net sales were in line with market expectations at TL153.5bn, bringing first-half net sales to TL309.8bn, representing a 3% year-on-year increase. EBITDA came in 44% above market expectations at TL9.4bn. The EBITDA margin for the first half of the year was 4.9%, showing an improvement compared to last year. Despite the strong operational performance, the significant shortfall in net profit may have a negative impact on the stock's performance. During this period, the company increased its equity by 53%, while the average return on equity (ROE) was 13.8%.
- **EGGUB** announced 2Q25 net profit of TL176mn, down 31% y/y, but up 117% q/q.
- **KOTON (Positive)** posted TL 7.1 billion in revenue, TL 2.3 billion in EBITDA, and TL 341 million in net profit in 2Q25. The EBITDA margin rose by 2.6 pps y/y to 32%, while the gross margin was 65%. The quarter signaled a clear recovery in profitability thanks to dynamic pricing, inventory efficiency, and prudent cost management, with free cash flow turning positive. The store network continued to expand: following post-2Q openings, total stores reached 456 across 34 countries; roughly 10 openings are planned in the GCC in 2H25. As part of the strategy to grow the e-commerce channel, a company was incorporated in the U.S. in July. 2025 guidance is maintained: low single-digit sales growth (including TMS-29), >50% gross margin, and >14 net new stores. The 2Q25 results confirm domestic margin normalization and the positive impact of cost discipline on profitability; abroad, faster USD-based recovery, normalization in the exchange rate, and e-commerce scaling are supportive for the 2H25 outlook. **There is no change in our stance; we keep our target price at TL 27.00 and maintain our BUY recommendation.**

- **POLHO** reported TL 1.5 billion in revenue, TL 258 million in EBITDA, and a net loss of TL 105 million in 2Q25. Revenue declined 6% y/y but increased 10% q/q. Operating margins narrowed y/y while improving q/q.
- **SAFKR:** In the first half of 2025, despite a ~9% year-on-year decline in sales revenues, the company recorded a notable improvement in operational profitability. Gross profit increased by 19% to TL 227.1mn, operating profit rose by 9% to TL 87.1mn, and EBITDA grew by 26% to TL 139.5mn. The net monetary position expense decreased from TL 24.2mn to TL 14.3mn, easing the pressure from financial expenses. As a result, net profit surged by 51% to TL 47.8mn. Strengthening operational margins and the decline in financial expenses led to a better profitability outlook compared to last year.
- **SUWEN (Slightly Positive)** reported TL 1.4 billion in revenue, TL 361 million in EBITDA, and TL 190 million in net profit in 2Q25. Revenue rose 3% y/y and 29% q/q. Operating margins narrowed slightly y/y but improved markedly q/q. As of 2Q, the company had 199 stores domestically and abroad, with a total sales area of approximately 24,718 m² (2Q24: 22,259 m²). The improvement in period profit was mainly driven by a significant increase in net monetary position gains (2Q25: TL 126 million; 2Q24: ~TL 1 million) and relatively flat financing expenses. Results are largely in line with our model; no revisions are needed to our FY25 assumptions. **Accordingly, we keep our target price at TL 19.80 and maintain our BUY recommendation.**
- **TNZTP** reported a net profit of TL 248 million in 2Q25, compared to TL 1.33 billion in the same quarter last year, with one-off gains from investment activities contributing to the bottom line in 2Q24. Revenue reached TL 725 million, up 22% year-over-year. EBITDA came in at TL 327 million, marking a 72% increase from the same period of the previous year.
- **YGGYO** announced 2Q25 net profit of TL731mn, up 112% y/y, compared to TL36mn net loss in the previous quarter.
- **BFREN** started negotiations with Robert Bosch GmbH to produce a new product for commercial vehicle systems in Türkiye. Investment orders will be placed following program and design approvals, with mass production targeted for 2027.
- **CEMAS** announced that the TL188.9mn mortgage on its factory and land in Kırşehir was lifted today.
- **EFORC** will distribute a gross cash dividend of TL0.14 per share today, corresponding to a dividend yield of 0.1% based on the last closing price.
- **ENDAE's** individual shareholders applied for the conversion of approximately 9.3mn shares, representing 4.3% of the company's capital, into a tradable form on the stock exchange.
- **FZLGY** will increase its paid-in capital from TL318mn to TL1.25bn through a 293% bonus issue, fully funded from internal resources. The start date for exercising bonus share rights is set as August 18, 2025.

- **HRKET** announced that it has signed a contract for the transportation services of turbines, generators, and related components forming the gas and steam lines for the natural gas combined-cycle power plant project to be constructed in the Navoi region of Uzbekistan. The project is expected to be completed within 5 months, and the total value of the signed contract is USD 4.9 mn.
- **INDES** started distributorship negotiations with Huawei for the distribution of notebook, tablet, wearable technology, accessory, and router products in Türkiye.
- **ISCTR** collected TL998.5mn by selling TL5.05bn of receivables from its non-performing loans portfolio to nine asset management companies.
- **ISSEN** will distribute a gross cash dividend of TL0.09 per share today, corresponding to a dividend yield of 1.1% based on the last closing price.
- **KARSN** delivered its autonomous e-ATAK vehicle to the city of Arbon, marking its first autonomous vehicle delivery to Switzerland.
- **MAVI** announced the repurchase of 197 thousand shares at TL 39.92 per share. Following the transaction, the ratio of treasury shares to capital rose to approximately 0.30%.
- **TEHOL** announced that, following the Competition Authority's approval on August 7, 2025, it signed share purchase agreements today for 32,700,000 shares representing a 32.7% stake in Barikat İnternet Güvenliği. The share transfers are targeted to be completed on August 18, 2025.
- **TEZOL** will install a 7 MWp solar power plant to meet part of its electricity needs.
- **USAK**'s individual shareholder sold 18.3mn shares at TL4.77–4.94 per share, reducing their stake from 5.01% to 3.49%.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	60.000	17.14	4.04%
VERTU		VERTU	Buyback	33.000	44.17	1.02%
OFSYM		OFSYM	Buyback	30.500	56.35	0.45%
MAVI		MAVI	Buyback	197.185	39.92	0.30%

Important Disclosures

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