Daily View

Good morning. Although the Trump–Putin summit did not yield a concrete "ceasefire" or "lasting peace," efforts to bring the Russia–Ukraine war to an end continue. Today, Ukrainian President Zelensky is expected to meet with European leaders in Washington, D.C., under U.S. auspices. While global markets monitor these developments, equities are starting the new week on a slightly optimistic note. On Friday, Borsa Istanbul found support at the 10,800 level and rebounded up to 10,870, with notable capital inflows, though the buying was not broad-based. This morning, in line with the positive sentiment abroad, we may also see a constructive start domestically. From a technical perspective, the BIST 100 Index faces resistance at the 11,000–11,100 range and at 11,250, while 10,800 and 10,500 remain key support levels. On today's agenda, the Housing Price Index will be released domestically, the trade balance data will be monitored in Europe, and the New York Fed's Services Activity Index will be published in the U.S. The meetings in Washington will also be closely watched by markets. Later in the week, attention will turn to macro data, particularly Thursday's PMI releases in Europe and the U.S., as well as the start of the Jackson Hole Symposium on the same day. The event, attended by central bank governors and other key global policymakers, is expected to provide critical signals regarding the Federal Reserve's rate path. Turkey's 5-year CDS premiums opened the day at 270 basis points.

Macro and Politics

*** The CBT extended the loan growth measurement period from four weeks to eight, with credit growth limits remaining unchanged.** By doubling the assessment horizon, banks will operate under a more flexible framework, as they are granted additional time to align credit expansion with regulatory thresholds. We also view the extension as a step that will allow credit growth to be monitored in a more stable and sustainable manner. That said, we underline that this adjustment does not constitute a relaxation of credit conditions, given that the underlying limits remain intact. We will continue to closely monitor any additional measures the CBT may introduce in this area.

***The Treasury will hold a 7y FRN auction today.** After today's single auction, the Treasury will hold 4y TLREF & 5Y fixed coupon bond auctions tomorrow and the direct sales of 1y USD-denominated bond & 1y USD-denominated lease certificate on August 21, finalizing its domestic borrowing program for August. According to its three-month (August – October 2025) domestic borrowing program, the Treasury faces a hefty domestic redemption of TL339bn in August, while in return it plans to borrow TL440.8bn in total throughout the month, indicating a roll-over ratio of 130%. The Treasury's total domestic borrowing for this month has reached TL136.1bn. Hence, it is likely to borrow around TL305bn this week.

*** The CBT will release June short-term external debt stock figures @ 10:00 local time.** The short-term external debt stock in May materialized at USD170.3bn, up by 1.2% m/m. In terms of short-term debt statistics, we believe that "debt stock on a remaining maturity basis," calculated based on the external debt maturing within 1 year or less regarding the original maturity, is rather critical, which is at USD222.3bn as of May 2025. Of this total, USD25.6bn is attributed to loans taken by resident banks and private sector affiliates from their branches and affiliates abroad. Stripping this amount from the total results in USD196.7bn. We also add 12-month forward-looking CAD expectations on this amount so as to reach Turkey's annual external financing need (EFN). Accordingly, we calculate EFN as of February 2025 around USD220bn.

*** According to the results of the CBT's August Market Participants' Survey, the year-end 2025 inflation expectation edged slightly higher to 29.69%, after easing from 29.86% to 29.66% in July, ending a two-month decline.** 12-month ahead CPI expectations fell from 23.39% to 22.84%, while the 24-month expectations eased from 17.08% to 16.92%. Participants' median expectation for August CPI stands at 1.7%. Although we have not finalized our house forecast, our price compilations so far point to a monthly CPI increase of around 1.9% for August. Such an outcome would bring annual CPI down from 33.5% to 32.8%. We maintain our year-end inflation forecast at 31%, while assessing risks as tilted to the downside. Moreover, survey participants expect the MPC to cut the policy rate by 300bps at its September 11 meeting, bringing it to 40%. They anticipate a slower pace thereafter, with 226bps of rate cut in October and a further 218bps in December, ending the year at 35.57%. We expect the MPC to proceed with a 300bps cut in September, followed by 200bps reductions in both October and December, taking the policy rate to 36% at year-end.

*** The central government budget posted a TL23.9bn deficit in July, while the primary balance recorded a surplus of TL110.7bn.** In the same period last year, the budget had registered a TL96.8bn deficit alongside a TL4.2bn primary deficit. With the July figures, the 12-month cumulative budget deficit remained broadly unchanged at TL2.3tn, whereas the 12-month primary deficit narrowed from TL532bn to TL417bn. For the January – July period, the budget deficit reached around TL1tn, corresponding to 52% of the government's full-year projection, while the primary balance posted a surplus of TL241.7bn. The persistent divergence between the cash-based and accrual-based budget indicators continues to point to a loose fiscal stance. We expect this divergence to remain in place over the rest of the year. We maintain our year-end budget deficit forecast at TL1.9tn (around 3% of GDP), while assessing risks as skewed to the upside.

Sector and Company News

- **AYEN** generated TL 3.5 bn in sales revenue in the first half of 2025, down 3% compared to the same period last year. Gross profit fell 6% to TL 926 mn, and operating profit declined 10% to TL 768 mn. EBITDA contracted 23% to TL 1.1 bn, while the company, which recorded a net monetary gain last year, posted a TL 389 mn loss this year. As a result, net profit dropped sharply by 65% to TL 237 mn. Overall, the decline in sales and operational profitability, coupled with the significant fall in net profit, indicates a weakening in the company's financial performance in the first half of 2025.

- **BIOEN** reported a net loss of TL 234 million in Q2 2025, compared to a loss of TL 687 million in the same quarter last year. Revenue was reported at TL 674 million, down 16% year-over-year. The company reported EBITDA of TL 103 million, versus negative TL 15 million in the same period last year. Net debt increased by 4% quarter-over-quarter to TL 4.7 billion, and the net debt/EBITDA ratio stood at 11x.

- **DESA** reported 1.0 billion TL in revenue, 207 million TL EBITDA and 115 million TL net profit in 2Q25. Domestic demand and the retail network drove growth, while exports contracted (–29% year-on-year in TL terms), which was the weak link. "Made in Italy" production is critical for positioning the brand in the upper segment and diversifying foreign-currency income; for the remainder of 2025, FX sensitivity and European demand will be decisive. In Türkiye, the company operates 108 stores (53 DESA, 36 DESA Samsonite, 14 Samsonite JV, 3 Tumi, 1 DESA franchise, 1 overseas franchise) plus 4 online stores; it also has 97 points of sale under the "1972 DESA" label. Total retail area is 14,545 m^2. Production continues in Poppi, Italy, bearing the "Made in Italy" tag.

- **ENKAI (Slightly Positive)** reported 34.5 billion TL in revenue, 9.1 billion TL EBITDA and 11.7 billion TL net profit in 2Q25. The market had expected 32 billion TL in revenue, 7 billion TL EBITDA and 7 billion TL net profit. While revenue came in below expectations, EBITDA and net profit exceeded. Both gross and operating margins improved year-on-year and quarter-on-quarter. In addition, the company announced it will distribute an interim cash dividend of gross 0.83 TL and net 0.71 TL per share. The ex-dividend date is October 8 and the payment date is October 10. In 2Q25, solid operating profitability from construction and real estate, together with high investment income, strengthened the bottom line; despite weakness in the energy segment, strong liquidity and low leverage support dividend capacity/flexibility and visibility for new projects.

- **HOROZ** reported a net loss of approximately TL 46.6 mn in the first half of 2025, compared to a net profit of TL 293.2 mn in the same period last year. Sales revenue declined 2% year-on-year to TL 5.028 bn, while gross profit fell 38% to TL 501.5 mn. Operating profit dropped dramatically by 95% to TL 18.3 mn, and EBITDA decreased 46% to TL 620.5 mn. Net monetary gains also declined 82% to TL 82.3 mn. On the balance sheet, current assets increased 8% quarter-on-quarter to TL 3.076 bn, and total assets rose 3% to TL 8.045 bn. Financial debt grew 7% to TL 2.837 bn, while net debt increased 8% to TL 2.109 bn. Shareholders' equity fell 2% to TL 3.423 bn. Overall, despite the sharp declines in sales and profitability, the growth in assets, rising financial leverage, and declining equity indicate a cautious financial outlook for the company's performance in the first half of 2025.

- **KARTN** reported a net loss of TL 240 million in Q2 2025, compared to a loss of TL 105 million in the same quarter of the previous year. Revenue stood at TL 897 million, down 21% year-over-year. EBITDA came in at negative TL 256 million, worsening from negative TL 71 million in the same period last year.

- **KATMR** announced its financial results for the first half of 2025. The company's net sales declined 2% year-on-year to TL 1.08 bn. Gross profit rose 21% to TL 501 mn, while operating profit increased 58% to TL 483 mn. EBITDA grew 106% to TL 343 mn, and net profit surged 120% to TL 433 mn. These positive developments indicate an improvement in the company's operational efficiency and profitability.

- **ORGE** reported a net profit of TL 95.4 mn in the second quarter of 2025, bringing its total net profit for the first half of the year to TL 187.1 mn, down 25% compared to the same period last year. Although the company's Q2 revenues declined 15%, the limited decreases in operating profit and EBITDA indicate that operational performance was maintained. On the balance sheet, the 29% increase in financial debt and the continued negative net debt are notable, while the 6% rise in shareholders' equity supports the company's financial structure. Overall, ORGE Enerji's Q2 2025 results show year-on-year changes in revenue and profitability, while the balance sheet presents a balanced view of the company's financial position.

- **PRKME** reported a net profit of TL 45 million in Q2 2025, marking a 40% year-over-year increase, compared to a net loss of TL 13 million in Q1 2025. Revenue was reported at TL 143 million, down 15% from the same quarter last year. EBITDA came in at TL 54 million, representing a 53% decline year-over-year.

- **SAHOL** announced that Sabancı Renewables, a wholly owned subsidiary of Sabancı Climate Technologies, has acquired 100% of Lucky Solar Farm LLC, which holds the development rights for a 130 MWdc solar power plant in the state of Texas, USA.

- **SISE (Slightly Positive)** reported 52.6 billion TL in revenue, 5.3 billion TL EBITDA and 2.7 billion TL net profit in 2Q25. The market had expected 50 billion TL in revenue, 3.2 billion TL EBITDA and 413 million TL net profit. In 2Q, the company's gross margin was 29.4%, while the EBITDA margin was 10%. Operating margins improved both year-on-year and quarter-on-quarter, driven by lower costs and operating expenses versus the same period last year. Globally, as gradual rate cuts continue through 2025, the OECD has trimmed its 2025 global growth forecast to 2.9%; geopolitical risks and indebtedness remain headwinds. In Türkiye, growth in 1Q25 was 2% year-on-year, with construction and finance acting as supportive sectors.

- **SMRTG** showed a marked weakening in its financial performance in the second quarter of 2025. The company reported a net loss of TL 475.1 mn in the first half of 2025, compared to a net profit of TL 222.3 mn in the same period last year. Sales revenue declined 25% year-on-year to TL 4.24 bn, while gross profit fell 31% to TL 867.1 mn. Operating profit decreased 60% to TL 532.2 mn, and EBITDA dropped 20% to TL 696 mn. On the balance sheet, financial debt increased 17% quarter-on-quarter to TL 8.89 bn, net debt rose 26% to TL 8.65 bn, and shareholders' equity declined 4% to TL 3.64 bn. Overall, SMRTG's Q2 2025 results highlight a decline in operational profitability and rising leverage, suggesting a negative financial outlook. Measures to improve operational efficiency and manage debt levels will be crucial for enhancing the company's performance.

- **SUNTK:** Sun Tekstil reported 2Q25 revenue of TL 3.2bn, EBITDA of TL 531mn, and net profit of TL 188mn. In 1H25, net sales were TL 5.85bn, down 22% y/y, while the gross margin widened by 4pp to 21%; EBITDA reached TL 798mn (14% margin; +4pp) and net profit rose to TL 202mn (3% margin). Despite the contraction in the top line, the improvement in margins and profitability is positive; given the export-heavy mix, FX and European demand will remain the key drivers.

- **YATAS** reported a net loss of TL 50.6 mn in the second quarter of 2025, bringing its total loss for the first half of the year to TL 91.5 mn, compared to a net profit of TL 123.7 mn in the same period last year. Q2 sales revenue declined 4.5% year-on-year to TL 9.37 bn, while gross profit increased 7% to TL 3.26 bn due to lower costs. Operating profit rose 12% to TL 854.6 mn, and EBITDA increased 3% to TL 936.9 mn, with net monetary gains also up 14% to TL 758.4 mn. On the balance sheet, a quarterly 11% increase in financial debt and a 10% rise in net debt to TL 4.97 bn created pressure, while a 3% increase in shareholders' equity to TL 9.42 bn provided limited support to the financial structure. Overall, while operational profitability improved, the net loss and rising leverage present a balanced but cautious financial outlook for the company.

- **OZATD** announced that it has signed three ship repair, maintenance, and overhaul contracts worth USD 7.5 mn. Within the scope of these agreements, the repair, maintenance, and overhaul works of the vessels were completed and delivered. With additional requests from the companies, the final contract value reached USD 10.07 mn.

- **KONTR** stated that through its subsidiaries Pomega and Esbesa, it received an order worth USD 5.5 mn (excluding taxes) for the supply and commissioning of energy storage systems within licensed solar power plant projects in Eskişehir and Kırıkkale.

- **IMASM** announced that it signed sales contracts with its customers in the former Commonwealth of Independent States (CIS) countries and Africa totaling USD 4.2 mn for flour mill plants, wheat silos, conveying systems, and mill spare parts.

- **SAYAS** declared that its offers submitted to its customer Enercon GmbH have been approved, and that the delivery of an order consisting of 20 towers worth EUR 844 thousand is planned to be completed in the fourth quarter of 2025.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	60.869	17.30	4.07%
VERTU		VERTU	Buyback	3.181	44	1.03%

Important Disclosures

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