

Daily View

Good morning. Rising oil prices, negative comments on artificial intelligence companies and reports of security vulnerabilities in the PHP infrastructure, which is widely used particularly in e-commerce, are bringing selling to global equity markets. U.S. and European futures and Asian markets are starting the day in negative territory by notable percentages. This weakness in global risk appetite may also have an impact on Borsa Istanbul, which gained momentum the day before but could not maintain it yesterday. While the BIST 100 Index fell 1.9% to 11,577 points yesterday, the companies contributing to the index were ASELS, TAVHL, AKSA, BIMAS, BIMAS, while those with a negative impact on the index were THYAO, ASTOR, AKBNK, KCHOL, TUPRS. Companies standing out with steady fund inflows over the past week were TAVHL, ALARK, AKFYE, ENTRA, PGSUS, LIDFA. From a technical perspective, the 11,350 / 11,400 support can be monitored as the nearest level for the XU100 index, but as long as the index remains below 11,900, the risk of a pullback to the 10,500 / 11,000 area persists. 11,800 can be monitored as the first resistance. We think that 12,300 needs to be exceeded for a lasting relief in the index. On today's agenda, the CBT Monetary Policy Committee meeting and interest rate decision stand out domestically. We expect a 100 basis point cut in the policy rate, which currently stands at 37%. The general market consensus is also in line with our expectation, but let us also note that there are views that there should be no rate cut at all, or that there could be a cut of 150 or 200 basis points. Turkey's 5-year CDS premium starts the day at 251 basis points.

Macro and Politics

*** The Monetary Policy Committee (MPC) decision will be announced today at 14:00 local time.** We expect the MPC to cut the policy rate by 100bps to 36%, in line with the market consensus. We believe that the decline in annual inflation as of September, coupled with growing signs of cooling domestic demand, will provide room for further monetary easing in the final quarter of the year. Accordingly, we anticipate 100bp rate cuts at both the October and December MPC meetings, bringing the policy rate to 35% by year-end. Nevertheless, should the inflation outlook fail to improve to the extent we anticipate, we believe the scope for further rate cuts could become more limited.

*** TURKSTAT will release October Consumer Confidence Index at 10:00 local time.** The Consumer Confidence Index rose from 90.8 to 91.9 in September, while its three-month moving average increased from 89.5 to 90.8. Across the sub-components, the financial situation of households at present edged lower, while the financial situation expectation of households and the general economic situation expectation over the next 12 months both improved. The assessment on spending money on durable goods over the next 12 months posted the strongest increase among the sub-components, rising by 3.6% m/m. Following the more pronounced weakening in household consumption in the second quarter, we view the recent improvement in consumer confidence and the September increase in households' propensity to spend on durable goods as a limited correction at this stage. We will continue to monitor incoming consumption indicators to assess whether

*** The CBT will release weekly foreign portfolio flows, money and banking statistics, and international reserves for the October 9 – 16 period today at 14:30 local time.** Based on our calculations using the CBT's analytical balance sheet, we estimate that gross reserves declined by USD2.5bn to USD169.1bn during the October 9–16 week, while net reserves fell by USD6.3bn to USD51.4bn. We expect the CBT's official reserve figures, due to be released today, to confirm a decline broadly in line with our analytical balance sheet-based calculations. To recall the previous week's data: Foreign investors recorded net sales of USD248.2mn in equities during the October 2–9 week, while purchasing USD451.1mn in bonds (excluding repo transactions). Residents' FX deposits (excluding gold and adjusted for the EUR/USD parity effect) increased by USD294mn during the October 2–9 week, while total FX deposits (including gold, adjusted for the price effect) increased by USD324mn. The CBT's gross reserves rose by USD4.2bn to USD171.6bn during the October 2–9 week, ending a six-week

streak of declines. Net reserves increased by USD4bn to USD57.7bn. Meanwhile, the swap stock fell by USD2.4bn to USD13.5bn, lifting net reserves excluding swaps by USD6.4bn to USD44.1bn.

*** The unadjusted Real Sector Confidence Index (RSCI) declined by 2.2 points to 99.8 in October, falling below the 100 threshold for the first time since December 2024, while the seasonally adjusted RSCI decreased by 1.4 points to 101.1.** Among the index components, assessments of current stocks of finished products, fixed investment expenditures, employment and export orders over the next three months contributed positively to the index. By contrast, assessments of the general course of business, production over the next three months, and overall order books for both the past three months and the current period weighed on confidence. Notably, the 5.1-point decline in production expectations for the next three months, coupled with a deterioration in expectations for domestic order books, points to weakening demand conditions in manufacturing. Meanwhile, the Capacity Utilization Rate (CUR) edged up to 74.5% from 74.2%, while the seasonally adjusted CUR increased to 74.3% from 74.1%. Despite the modest improvement in capacity utilization, the deterioration in real sector confidence, particularly in production and domestic order expectations, suggests a weakening outlook for manufacturing activity heading into 4Q26. Recent indications of a pronounced cooling in household demand, driven by tighter financial conditions, liquidity developments and negative wealth effects, further reinforce our assessment that the slowdown in domestic demand could deepen. We maintain our 2026 GDP growth forecast at 3.2% for now, although we believe downside risks to our outlook have become increasingly pronounced.

Sector and Company News

- **TAVHL** released its 3Q26 financial results with TL9,087mn net profit, above the market expectation of TL7.3bn and our estimate of TL6.8bn. The above-expectation net profit was driven by strong operational performance, lower net financial expenses and improved contribution from associates. Revenues increased by 5% YoY in EUR terms to EUR593.8mn and by 21% YoY in TL terms to TL32.6bn. Despite revenues coming in slightly below our estimate, the EBITDA margin improved by 2.3pp YoY to 43.1%, supported by higher non-aviation revenue contribution and lower fuel costs offsetting rising personnel expenses. Accordingly, EBITDA reached TL14.1bn, exceeding our estimate by 7.7%. Strong contributions from BTA, Havas and Ankara offset the revenue contraction in Almaty, supporting high-season profitability and cash generation. While we positively view the margin improvement and declining net debt, the company's decision to maintain its downward-revised 2026 passenger traffic and EBITDA guidance announced in July indicates a continued cautious outlook for the remainder of the year. Overall, we view TAV Airports' 3Q26 results positively. The stock remains in our model portfolio with a BUY recommendation and a 12-month target price of TL430 per share. We plan to share our detailed analysis later today following our model update.
- **AHGAZ** repurchased 685K shares at an average price of TL45.47 per share under its share buyback program. The ratio of repurchased shares to capital reached 3.39%.
- **AKMGY** announced that two annulment lawsuits filed by the company were rejected by the court and that it will appeal the decisions.
- **ALCTL** raised its total revenue expectation from its telecom infrastructure cooperation to EUR85mn, including an additional EUR55mn, after reaching the initial EUR30mn revenue target ahead of schedule.
- **ALFAS** completed its Ercis SPP project and started electricity generation.
- **ALNUS** announced that it failed to make the principal and second coupon payments on its TL100mn nominal financing bill due on October 21 due to financial conditions.

- **BLSMD** announced that the CMB temporarily suspended Bulls Yatirim's operations as of October 21 due to a capital adequacy shortfall, while efforts to address the shortfall are ongoing.
- **BRKVV** announced that a detention order was issued for its Chairman of the Board, while the legal proceedings are unrelated to the company's operations.
- **BVSAN** signed a contract worth EUR765k.
- **EKGYO** received building permits for 194 residential units and 23 commercial units in its Dora Yasam Evleri project in Istanbul Esenler, while three bidders participated in the first session of the Kucukcekmece Halkali West 3rd Stage tender.
- **GRTHO** announced that it is assessing the potential impact on the financial position and balance sheet of its 49%-owned affiliate Ral Enerji, following the initiation of concordat proceedings by **RALYH**, the affiliate's majority shareholder.
- **HRKET** signed three contracts worth a total of USD8.3mn.
- **MAVI** repurchased 350K shares at an average price of TL35.22 per share under its share buyback program. The ratio of total repurchased shares to capital reached 2.39%.
- **MCARD** denied reports of financial ties with Tera, stating that neither the company nor its shareholders have any investments, receivables or payables in the investment funds subject to liquidation.
- **MEYSU** announced that the preliminary hearing in its compensation lawsuit seeking at least TL2.21bn in material damages was scheduled for February 25, 2027.
- **MIATK** announced that it has no shareholding or commercial relationship with a similarly named company undergoing concordat proceedings.
- **NETGL** won a tender worth TL31.6mn and signed the contract.
- **OBAMS** received new orders worth around USD15mn at a trade fair held in Paris.
- **RUBNS** announced that it signed cash sales agreements worth TL105mn with four domestic companies between September 15 and October 20.
- **RUBNS** signed sales contracts worth a total of TL105mn.
- **RYGYO** received a building permit for its 98.3k sqm warehouse project in Tuzla, with completion planned for September 2027.
- **SARAE** signed a high-voltage electricity transmission line construction contract worth around EUR31mn.
- **SISE** completed and commissioned the second flat glass line investment at Saint Gobain Glass Egypt, in which it holds a 30% stake. The investment doubles Şişecam's installed production capacity in Egypt and raises its flat glass line count there to two.

- **SKBNK** received CMB approval for its 40% rights issue, with the pre-emptive rights exercise period starting today and ending on November 5.
- **SMRTG** signed a contract worth USD23.5mn.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
KRVGD		KRVGD	Buyback	150.000	2.10	2.10%
TABGD		TABGD	Buyback	30.000	200.73	0.14%
MAVI		MAVI	Buyback	350.000	35.22	2.39%
ENERY		ENERY	Buyback	2.800.000	13.44	4.69%
AHGAZ		AHGAZ	Buyback	685.000	45.47	3.39%
DAGI		DAGI	Buyback	1.100.000	5.49	13.03%
ORGE		ORGE	Buyback	2.300.000	19.61	2.06%
YYLGD		YYLGD	Buyback	75.000	6.89	0.20%
ATATP		ATATP	Buyback	5.000	212.81	0.26%
ALBTN		ALBTN	Buyback	116.000	18.99	0.33%
KLRHO		KLRHO	Buyback	150.000	10.78	0.12%
CVKMD		CVKMD	Buyback	2.525.000	11.96	0.42%
BOBET		BOBET	Buyback	102.270	14.00	3.79%
GIPTA		GIPTA	Buyback	30.000	23.85	0.29%
LMKDC		LMKDC	Buyback	260.000	20.10	0.48%
TRALT		TRALT	Buyback	2.487.148	40.64	4.89%

Important Disclosures

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