

## Daily View

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Good morning. The U.S. 25% tariffs on Canada and Mexico take effect today, while tariffs on China have been raised from 10% to 20%. Reciprocal tariffs will begin on April 2, leading to even higher effective rates. U.S. stock markets saw declines of 1.5% to 2.6% yesterday, though futures are slightly positive this morning. In contrast, European markets gained yesterday, but futures are negative today. Meanwhile, all major Asian markets are trading lower. On the BIST, banks led a 2.6% rally yesterday, accompanied by one of the highest trading volumes of the past year. Foreign inflows and capital movements were notable. From a technical perspective, all key exponential moving averages (5, 10, 22, 50, 100, and 200-day) have been surpassed, while momentum and relative strength indicators have improved. Additionally, medium-term trend indicators, such as MACD, have started generating buy signals. Overall, we observe a significant improvement in the technical outlook for BIST. From a fundamental standpoint, the 12-month average target for the BIST 100 index stands at approximately 14,200, implying a 43% upside potential at the index level. This figure surpasses potential currency and deposit returns, as well as both reported and expected inflation rates. Following inflation data that came in below expectations, expectations for rate cuts from the Monetary Policy Committee (PPK) have strengthened again, further supporting BIST. We believe this support will continue. Today's economic calendar is relatively quiet. Turkey's 5-year CDS starts the day at 252 basis points.

## Macro and Politics

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\* **The CBT will release February Real Effective Exchange Rate (REER) today @14:30 local time.** Considering the inflation data and the average Basket/TRY change for February, we expect the REER to rise slightly to 75.5 in February from the previous month's 75.4, implying a limited appreciation of the Turkish lira. If the release aligns with our estimate, this would represent the lowest real appreciation of the lira since August.

\* **TURSTAT will release February seasonally adjusted CPI and special CPI aggregates today @16:00 local time.** Based on our calculations, we forecast the seasonally adjusted monthly CPI change for February to be approximately 2.1%. We expect a similar outcome in today's adjusted figures.

\* **The CBT will release the Monthly Price Developments report for February today @18:00 local time.** The report is a technical one and does not contain a policy message. Still, the assessment of trend core inflation will be monitored closely.

\* **The CPI recorded a monthly increase of 2.3% in February, with the annual CPI easing further to 39.05% from 42.1%. The realization is below both our house forecast and market median estimate.** The PPI, moreover, increased by 2.1% m/m, with the annual PPI sliding from 27.2% to 25.2%. The February CPI rise was below both our in-house forecast of 3.1% and the median expectation of 3%. It's worth noting that following the recent retroactive reduction in medical examination copayments, which had been imposed in mid-January and significantly contributed to the sharp rise in January CPI figures as well as the upward revision of the CBT's year-end inflation forecasts, inflation expectations for February experienced a notable decline towards 3% from approximately 4%. The outcome, coming even below expectations, has been positively priced by the markets, strengthening the expectations for a 250bps cut at Thursday's MPC meeting. We continue to anticipate a 250bps cut at both the March and April meetings. Our year-end CPI forecast stands at 28%, and we expect the policy rate to be at 30%.

\* **Following the weak performance observed in leading indicators in January, the data for February point to a renewed improvement in activity.** The Istanbul Chamber of Industry (ICI) Turkey Manufacturing PMI rose slightly to 48.3 from 48 in February. However, the index remained below the critical 50 threshold for the 11<sup>th</sup> consecutive month, continuing to signal contraction. Recall that after rising to 49.1 in December, the PMI sharply declined to 48 in January. While the index showed a modest improvement in February, it is important to highlight that, on the whole, activity in the manufacturing sector continues to exhibit a contractionary trend. Meanwhile, the Bloomberg HT Consumer Confidence Index, one of the key leading indicators for growth, climbed 6.3% m/m to 77.1 in February, recovering from a decline in January. Additionally, the MUSIAD SAMEKS (PMI) Index, which we also monitor for growth dynamics, increased by 3.1 points to 51.9 in February. In light of the weak performance in leading indicators in January, the data for February suggest a renewed improvement in activity. Our baseline scenario for 2025 foresees a decline in annual growth in the first quarter, followed by a recovery in activity starting from the second quarter, with a projected growth rate of 2.6% for the year. However, the preliminary data to date suggests that the expected weakness in growth during the first quarter may not materialize, and the trajectory of growth dynamics may continue to pose a risk factor for the disinflation process.

## Sector and Company News

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- **AKSEN (Slightly Negative)** announced its 4Q24 financial results, reporting a net loss of TL441mn, while the market expectation was a net profit of TL758mn. EBITDA generation in this period was 20% below market expectations. TL894mn in net financial expenses, TL572mn in tax expenses, and TL612mn in investment-related expenses created pressure on the results. The company announced its 2025 guidance as TL36.9bn in revenue, TL11bn in EBITDA, and TL23.2bn in capital expenditures.
- **ASTOR (Neutral)** announced its 4Q24 financial results, reporting a net profit of TL1.34bn. The announced net profit contracted by 39% q/q and 68% y/y. In this period, the company's revenue was 8% lower y/y. Operational profitability weakened slightly due to rising costs. TL618mn in other operating expenses, TL 737 million in net financial expenses, and TL788mn in net monetary loss adjustments created pressure on net profit.
- **ATAKP (Slightly Negative)** reported a net profit of TL173mn for 4Q24, while full-year net profit stood at TL183mn, reflecting a 57% YoY decline. In 2024, net sales reached TL3.3bn, marking a 12% YoY contraction. Although EBITDA improved QoQ to TL124mn, it still recorded a 37% YoY decline. On a positive note, the EBITDA margin rose to 21.6%. The company allocated a portion of its cash position to short-term investments, which may enhance financial income potential in the future. Meanwhile, equity increased by 5% YoY to TL4.7bn, with return on equity standing at 4%.

- **DERİM** announced its 4Q24 financial results with a net profit of TL34mn. The reported net profit declined by 16% YoY and 18% QoQ. During the same period, the company's revenue contracted by 3% YoY and 32% QoQ, reaching TL824mn.
- **DESA (Neutral)** announced its 4Q24 financial results with a net profit of TL25mn. The reported net profit declined by 94% YoY and 77% QoQ. In the same period, the company's revenue contracted by 7% YoY but increased by 1% QoQ, reaching TL776mn. Thanks to effective cost control, the gross profit margin increased by 6.1pp QoQ to 58.1%. The EBITDA margin improved by 1.3pp QoQ to 27.5%. The company reported a TL206mn monetary loss in 4Q and a net profit of TL25mn. On a full-year basis, the company recorded a net profit of TL328mn in 2024 (2023 net profit: TL716mn).
- **DESPC** announced its 4Q24 financial results with a net profit of TL2mn. The company had reported a net profit of TL29mn in the same period last year and a TL16mn loss in the previous quarter. During the same period, the company's revenue increased by 41% YoY and 55% QoQ, reaching TL2.59bn. Although sales increased both annually and quarterly, high costs led to margin contraction.
- **GRSEL (Neutral)** announced its 4Q24 financial results, reporting a net profit of TL438mn. In this period, the company's revenue contracted by 10% y/y, while EBITDA increased by 58% y/y to TL864mn by effective cost management.
- **GRTHO** announced its 4Q24 financial results with a net profit of TL140mn. The reported net profit contracted by 71% YoY and 65% QoQ. In the same period, the company's revenue increased by 69% YoY and 56% QoQ, reaching TL1.26bn.
- **IZENR** announced its 4Q24 financial results, reporting a net profit of TL63mn. In this period, the company's revenue contracted by 16% y/y, while EBITDA remained flat y/y due to effective cost management. TL332mn in net financial expenses, TL300mn in net monetary loss adjustments, and TL245mn in investment-related expenses created pressure on the results.
- **KAREL (Negative)** announced its 4Q24 financial results, reporting a net loss of TL667mn. While the company's revenue remained flat y/y, an operational loss was recorded due to rising costs.

- **KBORU (Neutral)** announced its 4Q24 financial results, reporting a net profit of TL217mn. The announced net profit was supported by TL285mn in financial income and TL301mn in net monetary gain adjustments.
- **LMKDC (Slightly Positive)** reported a net profit of TL494mn for 4Q24, bringing the total net profit for 2024 to TL2.2bn. The reported net profit increased both QoQ and YoY, with the full-year figure close to 2023 levels. Net sales and gross profit improved in 2024, with the gross profit margin maintained at 42%, while the EBITDA margin slightly declined to 41%. Although return on equity showed a slight decrease, the positive trend in net profit and the company's relatively lower P/E ratio compared to sector peers were notable positive factors.
- **OYAKC (Slightly Negative)** announced its 4Q24 financial results with a net profit of TL1.5bn, slightly below our expectations. The reported net profit declined by 28% QoQ and 43% YoY compared to 3Q23. In full-year 2024, the company recorded a net profit of TL7.2bn, marking a 39% YoY decline. While quarterly sales revenues aligned with expectations, annual sales remained flat at TL44.3bn. Throughout 2024, the company generated a gross profit of TL12.6bn, maintaining its gross profit margin despite a 6% YoY decline. However, due to a high base effect from the previous quarter, the EBITDA margin reverted to its historical average. The company demonstrated strong operational cash generation, benefiting from positive developments in working capital. In 2024, the company increased its equity by 18% to TL45.6bn, though its return on equity slightly declined to 17%.
- **PEHOL** announced its 4Q24 financial results with a net profit of TL544mn. The reported net profit increased by 17% YoY and 371% QoQ.
- **SAHOL (Slightly Negative)** announced its 4Q24 financial results with a net loss of TL3.65bn, missing expectations (Market: TL1.65bn loss). During the same period, the company's revenue increased by 2% YoY and 7% QoQ, reaching TL51.04bn. The gross profit margin remained stable at 17.3% compared to the previous quarter. With a slight decrease in operating expenses/sales ratio, the EBITDA margin improved by 2.3pp QoQ to 22.9%. As a result, the company reported a TL11.87bn monetary loss and a net loss of TL3.65bn. Looking at the full year, the company recorded a net loss of TL15.48bn in 2024 (2023 net profit: TL22.27bn). Additionally, the company

announced a decision to distribute a gross dividend of TL3 per share, with a gross dividend yield of 2.98%.

- **SASA (Negative)** reported a net loss of TL93mn in 4Q24, compared to a net profit of TL16.9 billion in the same period last year and TL2.5 billion in the previous quarter. We assess the company's financial performance in the last quarter as negative.
- **TABGD (Slightly Negative)** reported a net profit of TL282mn for 4Q24, representing a 48% QoQ and 71% YoY decline from 4Q23. The significant drop was primarily due to a high base effect. In full-year 2024, net profit fell 46% YoY to TL1.9bn. Net sales showed a slight YoY increase, reaching TL32bn for the year. While gross profit and EBITDA margins experienced only minor declines, the primary reason behind the net profit contraction was the increase in financial expenses. As a result, return on equity also declined slightly to 12.8%.
- **VESBE (Slightly Negative)** reported a net loss of TL64 million in 4Q24, compared to the market expectation of a TL558 million net loss. Net sales declined by 16% YoY to TL17.9 billion, while EBITDA decreased by 69% YoY to TL1,029 million. Pricing and cost pressures persisted throughout the last quarter of the year, resulting in a net loss in line with consensus estimates.
- **ALFAS** announced that the 3,746 kWp solar power plant installed on the roof of the Güney Factory in Kırıkkale Yahşihan has completed its acceptance procedures and started electricity production.
- **AYGAZ** announced a decision to distribute a gross dividend of TL12.55 per share. The company's gross dividend yield was 8.68%.
- **DGNMO** announced that it expects to generate TL14.4bn  $\pm$  3% in sales revenue in 2025.
- **EBEBK** announced that three new stores were opened in February, bringing the total number of stores to 271 as of February 28.
- **EREGL** decided to distribute a gross dividend of TL0.25 per share, implying a dividend yield of 1%.

- **IHLAS** announced that it has signed an agreement to acquire a 30% stake in Orta Asya Investment Holding, which operates in the energy sector in Kyrgyzstan, at nominal value.
- **NETAS** announced that it has started a strategic partnership with Turkcell to develop Turkey's first domestic cloud server, which will be used in Turkcell's infrastructure.
- **SISE** announced a decision to distribute a gross dividend of TL0.65 per share. The company's gross dividend yield was 1.83%.

## Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
GEDIK		GEDIK	Buyback	94.848	6.92	0.32%
LKMNH		LKMNH	Buyback	55.100	19.43	0.53%
MERKO		MERKO	Buyback	55.000	13.82	1.88%
KRVGD		KRVGD	Buyback	100.000	2.12	1.54%

# Important Disclosures

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