

Daily View

Good morning. There is a mixed outlook in global markets. Yesterday, the U.S. markets saw declines exceeding 2%, while futures are positive this morning. In Europe, there were gains yesterday, but futures are weak today. In Asia, Japan is in negative territory, whereas other regional markets are trading higher. Borsa Istanbul closed yesterday with a nearly 3% increase, with the BIST 100 index finishing the day at 10,459, closing the gap that had formed since August 5. We observe a strong inflow of funds, foreign purchases, and one of the highest trading volumes in recent times. Supported by momentum and trend indicators, the technical outlook remains positive. We believe that the positive trend in Borsa Istanbul will continue, driven by the momentum carried over from previous days. However, the weak outlook in global markets may lead to a loss of momentum. Today's agenda includes European growth data and U.S. employment figures. Turkey's 5-year CDS starts the day at 258 basis points.

Macro and Politics

*** The CBT will release the results of the February Market Participants' Expectations Survey today @ 10:00 local time.** Following the CBT's upward revision of its year-end inflation forecasts in the 1Q25 Inflation Report presentation, the February survey results indicated a rise in market participants' expectations for 2025. The year-end inflation expectation, which stood at 27% in the January survey, increased to 28.3% in February. However, we believe that partial retroactive reduction of the medical examination copayment increases and February inflation realizations coming in below expectations at 2.3% could limit any further upward revisions in inflation forecasts by market participants. In addition to year-end projections, today's survey results will also be closely watched for participants' expectations regarding March's monthly inflation increase.

*** The Treasury and Finance Ministry will release January cash budget figures @ 17:30 local time.** The central government budget recorded a deficit of TL139.3bn in January, while the primary balance posted a surplus of TL23.8bn. Accordingly, the 12-month cumulative budget deficit remained at TL2.1tn, while the primary deficit narrowed to TL782.3bn. Recall that the Treasury's cash balance posted a deficit of TL204.9bn in January, while the primary balance recorded a deficit of TL54.1bn during the same period, reflecting a persistent divergence between accrual-based and cash budget outcomes. While cash-based performance is likely to remain weak, we foresee non-tax revenues and interest expenditures emerging as the key drivers of fiscal performance in the months ahead. In the absence of a forthcoming improvement in the cash budget, we believe that upside risks to growth could intensify. As 2025 is set to be the year of a decisive battle against inflation, the effective implementation of fiscal policy in greater coordination and the achievement of fiscal consolidation will be critical in striking a balance between inflation and growth. In this context, we maintain our 2025 budget deficit forecast at TRY 1.61 trillion (2.7% of GDP). However, we believe that risks to our forecast are increasingly skewed to the upside.

*** The Monetary Policy Committee (MPC) continued its easing cycle by cutting the policy rate for the third time, reducing it by 250bps to 42.5%, in line with our house estimate and market consensus.** The partial retroactive reduction of the medical examination copayment increases, followed by February inflation coming in below expectations at 2.3%, had recently fueled speculation in the markets about the possibility of a rate cut exceeding 25bps. However, given the still-resilient demand dynamics and our expectation that the decline in annual inflation will moderate relatively

in the second half of the year, we do not anticipate rate cuts exceeding 250bps in the coming period. We expect the MPC to continue its rate cuts with a 250-bps reduction at its upcoming meeting on April 17th. Yet, given that the supportive impact of base effects will wane in the second half of the year and that leading indicators for 1Q25 suggest resilient than expected economic activity, we anticipate a slower pace of easing, starting from the June meeting. We project that rate cuts will persist throughout 2025, bringing the policy rate to 30% by year-end. Our 2025YE inflation forecast for 2025 stands at 28%.

*** During the week of February 21 – 28, the bond market (excluding repo transactions) experienced a modest foreign inflow of USD53.5mn, while foreign investors emerged as net sellers in the equity market with a net outflow of USD107.7mn.** On an annual basis, the equity market recorded a cumulative foreign outflow of USD2.5bn, whereas the bond market (excluding repo transactions) saw a cumulative foreign inflow of USD18bn. In ytd terms, there has been a foreign inflow of USD222.5mn and USD2.2bn to the equity and the bond market (excluding repo transactions), respectively. Moreover, following a cumulative increase of nearly USD5bn in corporates' FX deposits over the past three weeks, this upward trend reversed during the week of February 21 – 28. Hence, during the mentioned period, the resident's FX deposits dropped by USD1.3bn (including gold, price adjusted), saw a palpable decrease of USD1.3bn. Besides, the CBT's gross FX reserves dropped by USD4.6bn to USD165.5bn, while net international reserves eased by USD3.6bn to USD68.3bn. Net reserves excluding swaps tumbled by USD5bn to USD60.6bn, while swap stock increased by USD1.4bn to USD7.7bn.

Sector and Company News

- **AKENR** announced its 4Q24 financial results, reporting a net loss of TL4.3bn. A TL5bn expense from investment activities created pressure on financial results. Operational profitability declined due to increasing operational expenses.
- **AKFGY (Slightly Negative)** reported a 4Q24 net profit of TL6mn, bringing its full-year 2024 net profit to TL1.5bn, marking a 38% YoY increase. EBITDA for 4Q24 declined by 28% QoQ to TL242mn, while for the full year, it decreased by 24% YoY to TL1.1bn. During this period, cash and cash equivalents declined slightly, while liabilities also decreased moderately. The company managed to grow its shareholders' equity by 3% YoY to TL23.2bn, with a ROE of 6.3%.
- **AKSGY (Positive)** reported a 4Q24 net profit of TL2.2bn, exceeding expectations. Full-year 2024 net profit totaled TL4bn. Quarterly net sales saw a slight increase, reaching TL898mn, while EBITDA stood at TL619mn. In 2024, shareholders' equity grew by 9% YoY to TL31.9bn, with a ROE of 13.1%.
- **BIZIM (Negative)** reported a 4Q24 net loss of TL656mn, falling below industry expectations. As a result, full-year 2024 net loss amounted to TL1.7bn. Over the year, net sales contracted by 18% YoY, while gross profit grew by 15% YoY, reaching TL5.2bn.
- **FONET** reported a net profit of TL57mn for 4Q24. The company had posted TL211mn in the same period last year and TL12mn in the previous quarter. During the same period, revenue increased by 48% YoY but declined by 3% QoQ to TL102mn. Higher costs and operating expenses led to margin contraction, while deferred tax income supported net profit.

- **GENTS** reported a net loss of TL62mn for 4Q24. The company had recorded TL67mn profit in the same period last year and TL1mn in the previous quarter. During the same period, revenue declined by 5% YoY and 10% QoQ to TL969mn. While gross profitability improved on a quarterly basis, rising operating expenses led to margin contraction.
- **GLYHO** announced its 4Q24 financial results, reporting a net profit of TL2.15bn. During this period, the company increased its revenue by 49% YoY, while EBITDA grew by 20% YoY to TL1.9bn. The announced net profit was supported by TL1.46bn in deferred tax income.
- **TKFEN** reported a net profit of TL380mn for 4Q24. The company had posted TL1.32bn in the same period last year and TL19mn in the previous quarter. During the same period, revenue declined by 6% YoY but improved by 2% QoQ, reaching TL12.86bn. While gross profitability improved YoY and remained stable QoQ, rising operating expenses led to a 2.2 percentage point decline in EBITDA margin to 2.9% in 4Q. Additionally, the company announced a decision to distribute a gross dividend of TL0.33 per share.
- **BERA** announced that a 'Provisional Acceptance Certificate' has been received regarding the completion of the TL730mn construction contract signed between TOKİ and its subsidiary, Komyapı İnşaat.
- **ENKAI** announced a decision to distribute a gross dividend of TL2.00 per share. The company's gross dividend yield is 3.73%.
- **KCHOL** announced a decision to distribute a gross dividend of TL6.88 per share. The company's gross dividend yield stands at 4.06%.
- **MGROS** announced its decision to establish Moneypay Finansal Teknoloji ve Yapay Zeka A.Ş., a joint-stock company with TL70mn in initial capital, to operate in the corporate payment services sector. MGROS will hold a 55% stake, while its subsidiary will own a 10% stake in the company.
- **MNDTR** announced that the title deed sale and transfer process for an idle property in Tekirdağ has been completed for TL290mn.
- **OYAKC** stated that all necessary approvals and permits for the increase in the registered capital ceiling have been obtained and will be submitted to the General Assembly for approval. Also announced that it will propose a gross dividend of TL1.00 per share (net TL0.85) for payment on October 30, 2025, subject to General Assembly approval.
- **RUBNS** announced that it signed cash sales contracts worth a total of TL142mn with eight different domestic companies between January 2 – March 6, 2025, and that shipments are ongoing.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
GEDIK		GEDIK	Buyback	135.940	7.13	0.35%
LKMNH		LKMNH	Buyback	47.500	19.55	0.62%
YYLGD		YYLGD	Buyback	131.396	8.93	0.85%
INVES		INVES	Buyback	4.000	226.67	0.54%
ALKLC		ALKLC	Buyback	50.000	31.24	2.26%
ATAKP		ATAKP	Buyback	20.865	40.48	0.19%
MERKO		MERKO	Buyback	47.716	14.28	2.01%
EMNİYET TİCARET VE SANAYİ A.Ş.		AKSA	Market	1.750.000	13.18	24.36%

Important Disclosures

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