Daily View

Good morning. Global equity markets are starting the new week on a positive note. Despite ongoing tensions, expectations for more conciliatory steps in the U.S.–China dispute, the continued pricing in of a potential Fed rate cut in June, stimulus and spending packages in Europe and Asia, and positive Q1 earnings results are supporting market sentiment. This morning, U.S. and European futures, along with Asian markets, are generally trading in positive territory. At Borsa Istanbul, the 9,500 resistance level was tested once again last Friday but was not breached. Nevertheless, momentum continues to improve on a daily basis, and capital inflows remain steady. According to CBRT data, following a net foreign outflow of $1.83 billion over the four weeks after March 19, a net foreign inflow of $269 million was recorded during the week of April 14–18. For the BIST 100 index, resistance levels are monitored at 9,500 and 9,580, while support zones are noted at 9,250/9,280 and 9,000/9,100. Today's macroeconomic data calendar is relatively quiet; however, the agenda includes a Cabinet meeting and the release of important earnings reports from companies such as GARAN, OTKAR, TOASO, and THYAO after the market close. Later in the week, domestic earnings reports and key international indicators such as European inflation and growth data, along with U.S. employment figures, will be in focus. Based on the average 12-month BIST 100 index target price, which currently stands around 14,400 as calculated from domestic and international institutions' target prices, we may observe some minor downward revisions following earnings releases. Nevertheless, we expect the index's potential return to remain in the 40%–45% range. Turkey's 5-year CDS premium starts the day at 340 basis points.

Macro and Politics

*** Credit rating agency S&P affirmed Turkey's long-term sovereign credit rating at 'BB-' with a "stable" outlook, in line with our house estimate and the market consensus. S**&P stated that its affirmation reflects the view that, despite recent increases in exchange rate volatility and a decline in foreign exchange reserves, Turkish authorities are expected to maintain policies aimed at reducing inflation and curbing dollarization. The agency also noted that recent protests in March — triggered by the detention of opposition leaders — could pose a long-term risk to investor and household confidence, as well as to currency stability and economic growth. Having upgraded Turkey's credit rating twice last year, in its May and November reviews, S&P's next scheduled assessment for this year is set for October 17. Meanwhile, Turkey's upcoming credit rating review is expected to be conducted by Fitch on July 25.

***The CBT has introduced a change in the calculation method for interest payments on required reserves.** According to the implementation guidelines sent to banks, the CBT will now calculate the interest paid on required reserves based on the weighted average cost of funding (WACF), rather than the policy rate as previously applied. Currently, the WACF stands at 48.55%, approximately 2.5 percentage points above the 46% policy rate. As a result, this adjustment effectively increases the interest remuneration on banks' required reserve holdings.

*** According to the results of the April Sectoral Inflation Expectations Survey, the escalation in political tensions since March 19 has led to an upward revision in inflation expectations among market participants and the real sector, while household expectations have remained unchanged.** Hence, as per the April survey results, 12-month-ahead annual inflation expectations have increased by 1 percentage point to 25.6% for market participants and by 0.6 percentage points to 41.7% for the real sector, while remaining unchanged at 59.3% for households.

*** During the week of April 11 – 18, foreign investors recorded a net purchase of USD269.1mn in the equity market, while they were net sellers in the bond market (excluding repo transactions), registering an outflow of USD970mn, which led to a decline in their share of the total bond stock to 4.8% from 5.2%.** In annual terms, the equity experienced a cumulative foreign outflow of USD4bn, while the bond markets (excluding the repo transactions) saw a cumulative foreign inflow of USD10.8bn. In ytd terms, the foreign portfolio flow in the equity and bond market experienced a net outflow of USD646mn and USD5.1bn, respectively. Besides, in the mentioned week, the residents' total FX deposits (including gold, price adjusted) surged by USD2.4bn.

Sector and Company News

- **ANSGR (Slightly Positive)** reported TL17.4bn in technical income for 1Q25, up 31% YoY and flat QoQ. Net income declined by 21% YoY and 25% QoQ to TL2.3bn, coming in above the market median estimate of TL1.9bn.

- **ANHYT (Slightly Positive)** reported TL7.7bn in technical income for 1Q25, up 58% YoY and 19% QoQ. Net income increased by 8.4% YoY but declined by 16% QoQ to TL1bn, broadly in line with the market median estimate of TL1.02bn.

- **ARCLK (Slightly Negative)** reported a 1Q25 net loss of TL1,490mn, significantly wider than the market consensus of a TL885mn loss, and compared to a net profit of TL2,204mn in 1Q24.
  Net sales increased by 9% y/y to TL99,141mn but missed the consensus estimate of TL111,411mn.
  International revenues rose by 24.8% y/y in USD terms, raising their share in total sales to 66% (1Q24: 57%).
  EBITDA declined by 27% y/y to TL5,200mn, below the market expectation of TL5,749mn, with the EBITDA margin contracting by 266bps y/y to 5.2%.
  The company maintained its full-year 2025 guidance following the 1Q25 financial results:
    - A flat outlook in domestic sales,
    - Approximately 15% growth in international sales in EUR terms,
    - EBITDA margin around 6.5%,
    - Net working capital-to-sales ratio below 20%,
    - Around EUR300mn in capital expenditures.

- **AKBNK (Slightly Positive)** posted a 1Q25 net income of TL13,184mn, 6% above the market consensus (TL12,913mn) and broadly in line with our estimate (TL13,102mn). The bank maintained its 2025 full-year guidance following the results:
    - TL loan growth above 30% (1Q25: 4%),
    - High-teens USD-based loan growth (1Q25: 0.3%),
    - Net interest margin around 5% (1Q25: 2.3%),
    - Net fee and commission growth of approximately 40% (1Q24: 61.7%),
    - Mid-40% range operating expenses growth (1Q25: 34.8%),
    - Low-40% operating expenses-to-revenue ratio (1Q25: 51.1%),
    - NPL ratio around 3.5% (1Q25: 3.3%),
    - Net cost of risk of 150–200bps excluding FX impact (1Q25: 197bps),

  - Return on equity above 30% (1Q25: 22.7%).

- **GARFA (Positive)** reported TL409.5mn in net income for 1Q25, representing an increase of 47% YoY and 14.4% QoQ. The loan portfolio grew by 60.5% YoY and 44.6% QoQ to reach TL18.8bn. Operating profit over the last 12 months was TL2.5bn, compared to TL2.3bn in the same period last year. The net fee and commission income/expense ratio stood at 22.3 in 1Q25, down from 50.0 in the same period last year. The operating profit margin improved from 29.9% to 35.4% YoY.

- **YKBNK (Positive)** reported 1Q25 net income of TL11.4bn, above both the sector consensus of TL9.412mn and our estimate of TL9.860mn, representing a 73% QoQ increase. Net fee and commission income rose by 46% YoY to TL22.8bn. During the period, the net income/interest income margin slightly narrowed compared to the same quarter last year, and the net interest income/loans ratio declined from 7.7% to 5.9%. Meanwhile, shareholders' equity increased by 14% YoY, with ROE realized at 15.6%.

- **BIST Participation Index May–September Review:**

  Changes to the indices have been announced. Accordingly:
  - In the **BIST Participation 30 Index**, CIMSA, GESAN, GLRMK, KONTR, KUYAS, and PASEU have been included, while BINHO, BSOKE, DOAS, KCAER, MIATK, and OYAKC have been excluded.
  - In the **BIST Participation Dividend Index**, AYEN, BUCIM, CIMSA, and TUPRS have been added.

- **DITAS** announced that it has decided to carry out a 200% rights issue.

- **TCELL** announced that it will release its 1Q25 financial results on May 9.

- **VBTYZ** announced that it has reached an agreement to invest USD2mn in exchange for a 20% stake in Wood Teknoloji.

- **ANSGR** applied to the CMB to increase its paid-in capital from TL500mn to TL2bn through a bonus issue funded from 2024 profits. Following approvals, the newly issued TL1.5bn shares will be distributed to existing shareholders free of charge.

- **NTGAZ** will distribute a gross cash dividend of TL0.58 per share today, implying a dividend yield of 7.2% based on the last closing price.

- **YUNSA** will distribute a gross cash dividend of TL0.04 per share today, implying a dividend yield of 0.7% based on the last closing price.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
HRKET		HRKET	Buyback	150.000	61.74	0.46%
MACKO		MACKO	Buyback	50.000	34.88	0.53%
DCTTR		DCTTR	Buyback	48.000	36.88	0.30%
FRIGO		FRIGO	Buyback	40.000	7.16	1.46%
AVGYO		AVGYO	Buyback	198.473	9.08	2.69%
AHGAZ		AHGAZ	Buyback	590.000	21.92	2.12%
INVES		INVES	Buyback	3.647	224.98	0.61%
ENERY		ENERY	Buyback	1.250.000	4.24	1.69%
SASA		SASA	Buyback	16.000.000	4.12	0.36%
ALARK		ALARK	Buyback	684.852	99.07	4.58%
OZGYO		OZGYO	Buyback	302.000	5.25	5.00%
PCILT		PCILT	Buyback	67.368	12.81	0.85%

Important Disclosures

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