

Daily View

Good morning. Global markets are balanced, with cautious optimism stemming from expectations that U.S. President Trump may soften tariffs on the automotive sector. Domestically, rising interest rates continue to increase financing costs, and combined with weak balance sheets and ongoing risks, this has sustained the consolidation in Borsa Istanbul within the 9250–9500 range for the past month. Momentum indicators, which had shown signs of recovery until yesterday, have turned negative following a 1.3% decline. In BIST, the 9250 and 9000/9100 levels should be monitored as support zones. In the case of a recovery, resistance levels to watch include 9390, 9500, and 9580. We are currently in a period of intense Q1 2025 financial disclosures. Although banks and insurance companies have generally reported results above expectations, weak outlooks for Q2 remain a limiting factor, especially for the banking sector. In the industrial and services segments, although only a few Q1 results have been announced so far, the season has not started off on a strong note. Weak balance sheets and rising interest rates may lead to further downward revisions in company target prices, a trend we have already started to observe. Given the weak outlook on both technical and fundamental fronts, we maintain our view to stay defensive and keep risk exposure limited in BIST. In addition to Q1 2025 earnings, a dense data calendar is on the agenda, which could increase volatility depending on the results. Turkey's 5-year CDS spreads start the day at 357 basis points.

Macro and Politics

*** March Employment figures will be released @ 10:00 local time.** The adjusted unemployment rate dropped from 8.4% to 8.2% in February. As per the broad-based unemployment calculations: The rate of composite measure of labor underutilization – including time related underemployment, potential labor force and unemployment— dropped from 28.2% to 24%, which stands for the lowest level since February 2024. The combined rate of time-related underemployment and unemployment decreased from 18.8% to 16.2%, while the combined rate of unemployment and potential labor force edged down from 18.9% to 17.2%.

***TURKSTAT will release April Economic Confidence Index @ 10:00 local time.** The Economic Confidence Index ameliorated by 1.6% in March to 100.8 level, climbing to its highest level since June 2023 and rising above the 100-threshold for the first time since March 2024. As per the sub-indices of March data: the Consumer Confidence Index increased by 4.6%, reaching 85.9; the Real Sector Confidence Index rose by 0.4%, reaching 103.2; the Services Confidence Index increased by 0.2%, reaching 114.4; the Retail Trade Confidence Index decreased by 2.5%, reaching 113.4; and the Construction Confidence Index decreased by 0.5%, reaching 88.9 in March compared to the previous month. The Economic Confidence Index, which ranges between 0 and 200, reflects a pessimist outlook regarding the general economic outlook when it falls below the 100-threshold. The adverse impacts of rising domestic political angst as of March 19 and the increasing market volatility began to manifest in leading indicators starting from April. Accordingly, we assess that the economic confidence index, after its strong rise in March, may decline below the 100 threshold once again in April.

Sector and Company News

- **AKGRT (Slightly Positive)** reported 1Q25 net income of TL352mn. Technical income rose by 8% YoY while technical expenses remained flat, leading to an improvement in the technical margin, though still below 4Q24 and 3Q24 levels. Shareholders' equity grew by 50% during the period, and ROE was realized at 43%.
- **ALCTL** announced its 1Q25 financial results with a net profit of TL68mn. The company had posted a profit of TL61mn in the same period last year and a loss of TL39mn in the previous quarter. During the same period, the company's revenues increased by 22% year-on-year but declined by 21% quarter-on-quarter to TL1.1bn. The gross profit margin rose by 9.7 percentage points compared to the previous quarter to 14.0%. Operating margins improved.
- **GARAN (Positive)** reported 1Q25 net income of TL25.3bn, exceeding the sector median expectation of TL23bn and our estimate of TL24.4bn. During the period, interest income increased by 66% YoY to TL161bn, while loans grew by 40%. The net interest income/loans ratio slightly improved YoY to 6.5%. Shareholders' equity expanded by 33% during the period, and ROE was realized at 32%.
- **ISFIN (Positive)** announced 1Q25 net income of TL630mn, reflecting a 22% YoY increase. Factoring revenues grew by 25% and leasing revenues by 29% during the period. The gradual recovery in both factoring and leasing revenues presents a positive outlook. Factoring receivables rose by 74% and leasing receivables by 33% YoY. The receivables/assets ratio stood at 88%. Shareholders' equity grew by 37%, and ROE was realized at 26%.
- **KLSYN** announced its 1Q25 financial results with a net profit of TL10mn. The company had recorded a profit of TL109mn in the same period last year and TL232mn in the previous quarter. During the same period, revenues increased by 39% year-on-year but declined by 18% quarter-on-quarter to TL472mn. Due to uncontrollable costs, the gross profit margin contracted by 24.5 percentage points compared to the previous quarter to 43.4%. Operating margins declined.
- **LILAK** reported a net loss of TL1mn in 1Q25. The company had posted a net profit of TL167mn in the same period last year and TL133mn in the previous quarter. During the same period, revenues declined by 16% year-on-year but improved by 12% quarter-on-quarter to TL3.0bn. Operating margins were maintained on an annual basis and improved quarter-on-quarter.
- **THYAO (Negative)** posted a net loss of TL1,818 million in 1Q25, significantly below our estimate of a TL566 million loss and the market consensus of a TL505 million net profit. In the same period last year, the company had reported a net profit of TL6,931 million. Net revenues came in at TL176,712 million, broadly in line with market expectations and marking a 20% YoY increase. However, EBITDA declined by 34% YoY to TL10,167 million, well below the market expectation of TL17,410 million. The increase in personnel expenses as a share of cost of sales pressured the gross margin and limited EBITDA generation. Given the seasonally weak first quarter and the underperformance relative to expectations, we consider the results negative.
 - The company maintained its full-year 2025 guidance:

- 6–8% increase in passenger capacity vs. 2024,
 - Over 91 million total passengers,
 - 6–8% increase in total revenues,
 - 22–24% EBITDAR margin,
 - Mid-single-digit increase in unit costs excluding fuel,
 - Total fleet size of 515–525 aircraft by year-end.
- **TOASO (Negative)** reported a net loss of TL140 million in 1Q25, slightly better than the market expectation of a TL181 million net loss. In the same period last year, the company had posted a net profit of TL3,875 million. Net sales declined 45% YoY to TL26,674 million. EBITDA stood at TL699 million, marking an 89% YoY decline, but still above the market estimate of TL435 million. EBITDA margin dropped by 1,045 bps YoY to 2.9%
- **OTKAR (Slightly Negative)** posted a net loss of TL463 million in 1Q25, wider than the market expectation of a TL332 million net loss. In the same period last year, it had reported a TL576 million net loss. Net sales grew 18% YoY to TL7,960 million, beating the market estimate of TL7,392 million. International sales increased 16% YoY in USD terms and accounted for 53% of total revenues (1Q24: 54%). EBITDA was in line with the market expectation at approximately -TL198 million. As of 1Q25, the company's total backlog reached TL37.6 billion.
- **FONET** announced that it submitted the best bid of TL32.6mn for the "36-Month Health Information Management System Service Procurement" tender organized by the Antalya Provincial Health Directorate.
- **MIATK** announced that the first progress payment of €3.3mn was collected under the contract signed between the joint venture in which the company participates and the NATO Communication and Information Agency.
- **ONRYT** announced that discussions with the Presidency of Defence Industries regarding a new contract are ongoing, and details will be disclosed upon finalization.
- **TKNSA** announced that the Turkish Competition Authority decided to initiate an investigation involving the company and several other suppliers operating in the consumer electronics market.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
HRKET		HRKET	Buyback	100.000	62.07	0.55%
MACKO		MACKO	Buyback	50.000	34.49	0.58%
DCTTR		DCTTR	Buyback	36.082	36.94	0.33%
AVGYO		AVGYO	Buyback	100.000	9.08	2.78%
AHGAZ		AHGAZ	Buyback	200.000	21.67	2.13%
INVES		INVES	Buyback	19.092	225.40	0.62%
ENERY		ENERY	Buyback	5.762.547	4.14	1.76%
SASA		SASA	Buyback	20.000.000	4.11	0.40%
ENDAE		ENDAE	Buyback	174.000	14.72	0.16%
MAKIM		MAKIM	Buyback	29.445	16.96	0.11%
MERCN		MERCN	Buyback	32.051	15.60	0.13%
AKFIS		AKFIS	Buyback	60.084	20.04	0.08%
KAYSE		KAYSE	Buyback	150.000	17.99	0.58%
GLYHO		GLYHO	Buyback	150.000	6.90	0.32%
AKFGY		AKFGY	Buyback	400.000	1.89	0.07%

Important Disclosures

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