

Daily View

Good morning. Following the higher-than-expected CPI data in the U.S. yesterday, expectations for a Fed rate cut have been pushed back to the last quarter of 2025. As we have frequently mentioned before, as growth, employment, and inflation-focused data continue to emerge in the U.S., expectations for a "rate cut" from the Fed will increasingly be shelved. In fact, by mid-year, discussions about a potential "rate hike" by the Fed may become more prominent. Global markets are in good spirits this morning. U.S. and European futures, along with Asian markets, are trading in positive territory. Despite the BIST index declining by 1% yesterday, dropping below 9,800, institutional inflows remain active. Notably, in the last hour of the session, a significant amount of capital entered the market, with positions being taken from the day's lowest levels. We anticipate a positive opening for BIST this morning. Profit-taking may occur in short-term positions around the 9,850 – 9,900 resistance zone. On today's agenda, domestic data releases include the current account balance and the CBRT's weekly foreign transactions report. According to monthly data published by Borsa Istanbul, foreign investors remained net buyers in January, following net purchases in both November and December. In January, foreigners made a net purchase of \$253 million in equities, with THYAO, TCELL, and ASTOR being the most acquired stocks, while AEFES, MAVI, and EREGL saw net selling. Externally, U.S. PPI data will be closely monitored. Meanwhile, Turkey's 5-year CDS premiums start the day at 253 basis points.

Macro and Politics

*** We expect the December Current Account Balance to post a deficit of USD3.5bn, below the median estimate of USD4.1bn according to the survey conducted by Foreks.** Accordingly, we anticipate an annual current account deficit of around USD9bn (0.7% of GDP) for 2024. For 2025, our year-end current account deficit forecast stands at USD15bn (1% of GDP), with upside risks attached.

*** The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of January 31 – February 7 today @ 14:30 local time.** Based on our calculations from the CBT's analytical balance sheet, we estimate that during the week of January 31 – February 7, the net international reserves increased by USD650mn to USD72.32bn and the gross FX reserves climbed by USD1.5bn to USD167.6bn. To recall the data from the previous week: During the week of January 24 – 31, the equity market experienced a modest foreign inflow of USD89.1mn, while foreign investors emerged as net sellers in the bond market (excluding repo transactions) with a net outflow of USD682.8mn, reversing the trend of four consecutive weeks of inflows. Accordingly, the foreigners' share in the total bond stock retreated merely from 8.7% to 8.6%. On an annual basis, the equity market recorded a cumulative foreign outflow of USD2.7bn, whereas the bond market (excluding repo transactions) saw a cumulative foreign inflow of USD17.5bn. Besides, the residents' FX deposits decreased by USD1.2bn (gold accounts excluded, EUR/USD parity adjusted) in the period of January 24 – 31, while the residents' total FX deposits (including gold, price adjusted) slid by USD1.2bn. The CBT's gross FX reserves dropped by USD1.6bn to USD166.1bn, while net international reserves decreased by USD2bn to USD71.7bn. Net reserves excluding swaps, moreover, rose by USD2.3bn to USD65.2bn.

Sector and Company News

- **EREGL (Slightly Negative)** announced 4Q24 financial results with a TL2.7bn net profit, in line with expectations. The reported net profit was supported by a one-time income from insurance compensation related to the earthquake. The company's revenue exceeded expectations, reaching TL55bn. In 4Q24, total sales volume grew 4% y/y to 2.2mn tons. Despite increasing sales volumes, EBITDA per ton was at its second weakest level since 1Q23, marking one of the weakest quarters since 2020. As of January 2025, global steel prices have shown some recovery, and we expect this rebound, combined with the company's continued volume growth, to support 2025 financial results.
- **ISCTR (Slightly Positive)** reported Q4 2024 financial results with a net profit of TL10.8bn, exceeding both market expectations (TL7.45bn) and the institution's estimate (TL7.86bn). However, net profit declined by 37% year-on-year, bringing total net profit for 2024 to TL45.5bn. The bank's profitability was primarily driven by subsidiary income related to its holding structure rather than core banking operations. Interest income surged by 139% year-on-year to TL530.9bn, while interest expenses increased by 219% to TL496.5bn. Net fee and commission income rose by 115% year-on-year to TL91.4bn. Net operating profit stood at TL274mn in Q4 2024, compared to TL43.1bn in the same period last year. Regarding margins and ratios, the net profit/interest income ratio declined to 8.57% compared to the previous year. The net interest income/loans ratio was recorded at 2.08%, the loans/assets ratio stood at 49.85%, and the equity/liabilities ratio was 9.58%. The average return on equity (ROE) was 15.53%. The bank expects around 35% TL loan growth, a 2% cost of risk, an NPL ratio of ~3%, and an increase in net interest margin (NIM) to ~4.5%.
- **ISDMR (Neutral)** reported TL6bn net profit in 4Q24, remaining flat compared to the same period last year. The reported net profit was supported by a one-time insurance compensation income related to the earthquake. However, revenue declined by 20% y/y.
- **PEKGY** reported Q4 2024 financial results with a net loss of TL236mn, bringing its full-year net profit to TL106mn. The company's cash and cash equivalents declined by 36% year-on-year, while equity decreased by 27% over the same period. The average return on equity (ROE) was recorded at approximately 2.80%.

- **TOASO (Negative)** reported a net loss of TL121mn in 4Q24, significantly below the market expectation of TL511mn net profit. The company had posted a net profit of TL7.4bn in the same period of the previous year and TL332mn in the previous quarter. As a result, TOASO ended 2024 with a total net loss of TL5.2bn. In 4Q24, the company generated TL27.7bn in revenue, falling short of the market forecast of TL28.7bn. While sales revenue declined by 45% YoY, it recorded a 22% QoQ increase. Despite some improvement in operational profitability compared to the previous quarter, the company ended the year significantly weaker than the same period last year. TOASO's 2024 targets were 170k units in domestic sales and 65k units in exports. However, actual figures remained below expectations, with domestic sales dropping 28% YoY to 144k units (2023: 200k units) and exports falling 45% YoY to 33k units (2023: 60k units). According to the company's management, the weaker-than-expected financial results were primarily driven by increased domestic competition, low-capacity utilization, and the negative impact of inflation accounting. Additionally, the approval process for the acquisition of Stellantis Otomotiv is in its final stage. For 2025, the company anticipates a contraction in the domestic market while maintaining a growth outlook for exports. Management attributes part of the expected export growth to the low base effect following a weak 2024 performance.
- **DOAS** announced that 4Q24 financial results will be disclosed to the public on February 28.
- **GRSEL** announced that it signed a non-binding Memorandum of Understanding (MoU) with Saudi Arabia Engineering Consultants. The MoU covers Gürsel Turizm's role as a sub-consultant in the "Supervision of Makkah Buses Operations and Phase 2 Feasibility Study" project, which was tendered by the Royal Commission for Makkah City and Holy Sites.
- **IMASM** has been included in the TURQUALITY Brand Support Program run by the Turkish Ministry of Trade. This program aims to accelerate the company's branding process and enhance its competitiveness in international markets.
- **PGSUS** announced that it will release its 4Q24 financial results on March 4.
- **SMRTG** received a B Management Level rating in its first participation in the Carbon Disclosure Project (CDP) Climate Change Reporting. CDP is an international platform that measures

companies' environmental impact and provides transparent information to investors, facilitating access to sustainable financing.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	20.000	20.13	0.15%
BIGCH		BIGCH	Buyback	75.000	34.11	0.07%
GEDIK		GEDIK	Buyback	200.000	7.00	0.12%
ORGE		ORGE	Buyback	10.000	81.00	1.23%
KAYSE		KAYSE	Buyback	550.000	20.71	0.32%
ALKLC		ALKLC	Buyback	300.000	30.94	1.33%

Important Disclosures

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