

Daily View

Good morning. Negotiations aimed at ending the Ukraine-Russia war are providing support to global markets. Although the process is expected to take time, risk assets are reacting positively to recent developments. In European markets, expectations of ECB rate cuts and an increase in defense spending of up to 500 billion EUR have driven new record highs. Meanwhile, in the U.S., a less aggressive approach to tariffs than initially suggested has pushed Wall Street indices back to peak levels. Borsa Istanbul gained 0.82% yesterday, moving above 9,900. Capital inflows from active institutions continue. Today, with the support of the positive global outlook, we expect the index to continue targeting the 9,950, 9,980, and 10,000 resistance levels. Given the recent tight consolidation in the index, all key moving averages and technical support/resistance levels have converged. With continued capital inflows and positive momentum, this region could be breached, and if optimism regarding the resolution of the Ukraine-Russia war persists, the index may target the main resistance zone at 10,200 – 10,300. The 9,810, 9,750, and 9,620 levels should be monitored as support. Today's agenda is relatively quiet. We do not expect significant market-moving messages from the Fed minutes to be released this evening. Turkey's 5-year CDS starts the day at 244 basis points, marking a prolonged period of pricing below 250 basis points.

Macro and Politics

*** The CBT will release December short-term external debt stock figures @ 10:00 local time.** Short-term external debt stock in November materialized at USD178.8bn, down by 0.8% m/m. In terms of short-term debt statistics, we believe that "debt stock on a remaining maturity basis," calculated based on the external debt maturing within one year or less regarding the original maturity, is rather critical, which is at USD232.7bn as of November 2024. Out of this figure, USD23.8bn is debt to the resident banks and private sectors to the banks' branches and affiliates abroad. Stripping this amount from the total results in USD208.9bn. We also add 12-month forward-looking CAD expectations on this amount so as to reach Turkey's annual external financing need (EFN). Accordingly, we calculate EFN as of November 2024 around USD230bn.

***The Residential Property Price Index (RPPI) registered a monthly rise of 4.7% and an annual increase of 32% in February, reaching a level of 165.9.** Yet, in real terms, RPPI dropped by 7.1% y/y. We would like to highlight that while the annual real depreciation in housing prices has persisted since February 2024, the 7.1% annual decrease observed in January marked the most moderate contraction since March, with the pace of annual decline slowing since October. Despite persistently high mortgage rates, the sharp annual increase in mortgage-backed home sales appears to be driven by expectations that housing prices, which have been declining in real terms since February 2024, will rise in the coming period.

*** The Treasury tapped the domestic markets at an amount of TL69.2bn (including non-competitive sales) through yesterday's 3y CPI-linked and 5y fixed coupon bond auctions and finalized its domestic borrowing program for February.** Accordingly, the Treasury's domestic borrowing since the beginning of the month totaled TL241.4bn, above the initial projection of TL180.1bn. The Treasury will release its next three-month (March – May 25') domestic borrowing strategy on February 28th @ 17:30 local time. According to the previous program (February – April 25'), the Treasury has a domestic redemption of TL111.3bn in March, while in return plans to borrow TL179.5bn throughout the month.

Sector and Company News

- **KCHOL (Neutral)** reported its 4Q24 financial results, exceeding expectations by announcing a net profit of TL3.3bn (Market expectation: a loss of TL821mn). While the reported net profit decreased by 94% on a yearly basis, it showed improvement quarter-on-quarter. In the same period, the company's revenue was announced at TL378.32bn, down 19% year-on-year and 9% quarter-on-quarter. Although gross profit in TL terms decreased by 23% compared to the previous quarter, the gross profit margin was maintained. A slight increase in the operating expenses-to-sales ratio led to a decline in operating margins. EBITDA was supported by depreciation. As a result, the company reported a net financial gain of TL2.6bn along with a net profit of TL3.3bn. For the full year, net profit for 2024 was recorded at TL1.3bn (2023 net profit: TL108bn). The net cash position increased to USD911mn (2023 net cash: USD795mn).
- **ONCSM** reported a TL6mn net loss for 4Q24. The company had posted a TL11mn net loss in the same period last year and a TL9mn net profit in the previous quarter. During the quarter, sales revenue declined 9% YoY and 29% QoQ, reaching TL79mn.
- **TAVHL** reported a TL69mn net loss for 4Q24. During this period, EBITDA generation came in 16% below market expectations, while revenue generation was in line with expectations. However, an increase in personnel expenses slightly pressured operational profitability.
 - For 2025, the company expects:
 - Revenue: €1.75 – €1.85bn
 - Passenger Traffic: 110 – 120mn
 - EBITDA: €520 – €590mn
 - Capital Expenditures: €140 – €160mn, with an additional €150 – €300mn investment in Almaty expected between 2025 – 2028.

We view TAVHL's 4Q24 financials as **"Slightly Negative"**. However, January passenger traffic grew by 11% y/y, and given the strong growth in both domestic and international traffic, we had previously rated TAVHL's passenger traffic data as "Positive". We maintain our BUY recommendation on TAV Airports, with a target price of TL396, reflecting a 49% upside potential, and continue to hold it in our model portfolio.
- **ANHYT** reported a total gross premium production of TL1.3bn in January.

- **BEYAZ** announced that it has signed a letter of intent with Stellantis Türkiye for authorized sales and service dealership of Peugeot, Opel, and Citroen brands at the upcoming plaza in Balıkesir. Additionally, the company reported the acquisition of a 2,857 m² land in Balıkesir-Havran for TL70mn, where a new plaza building is planned for dealership and service operations.
- **BTCİM** announced that it has increased its paid-in capital to TL5.85bn through a 3,000% bonus issue, temporarily exceeding its registered capital ceiling. In this context, the company decided to apply to the CMB and the Ministry of Trade to raise the registered capital ceiling to TL10bn for the 2025–2029 period and amend its articles of association accordingly.
- **FONET** announced that it signed a contract worth TL39mn with the Karabük Provincial Health Directorate.
- **GUBRF** announced the repurchase of 170,000 shares within the price range of TL265.00-268.00. As a result of the transaction, the repurchased shares correspond to 0.1787% of the company's capital.
- **KOZAL** announced that, with the expansion of operations at Çukuralan and Kaymaz Gold Mines, along with the Ağrı Mollakara project in 2026, the company aims to reach a total gold production of 250,000 ounces. Koza targets a more than 150% increase in gold production in 2026 compared to 2024.
- **MEDTR** announced that it has won the "2025 Chemotherapy Supplies Procurement" tender by 9 Eylül University with a TL22.79mn bid.
- **SMRTG** announced that its share buyback program expired on February 15, 2025, in compliance with regulations after one year. Under the buyback program, 520k shares were repurchased for a total of TL23.8mn, with an average purchase price of TL45.74. The repurchased shares account for 0.09% of the company's capital.
- **SNICA** reported receiving orders for USD338K and EUR301K worth of radiator and pipe group products under contracts signed with overseas customers.

Share Transactions

| Acquirer | Seller | Company | Type (Buyback / From Market) | # of lots | Transaction Price (TL) | Share in Capital after transaction |
|--------------------------------|--------|---------|------------------------------|-----------|------------------------|------------------------------------|
| MERKO | | MERKO | Buyback | 100.000 | 13.85 | 0.10% |
| GEDİK | | GEDİK | Buyback | 160.770 | 6.83 | 0.19% |
| GUBRF | | GUBRF | Buyback | 170.000 | 266.41 | 0.18% |
| LKMNH | | LKMNH | Buyback | 19.000 | 20.01 | 0.19% |
| INVES | | INVES | Buyback | 10.500 | 212.77 | 0.53% |
| OYLUM | | OYLUM | Buyback | 11.693 | 7.99 | 0.63% |
| EMNİYET TİCARET VE SANAYİ A.Ş. | | AKSA | Market | 2.150.000 | 11.58 | 24.07% |
| FMR LLC | | ASTOR | Market | 881.334 | 107.96 | 5,07% |

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