

Daily View

Good morning. Following Friday's sell-off, U.S. and European markets are starting the new week on a positive note, while Asia presents a more mixed outlook. On Friday, Borsa Istanbul experienced a pullback exceeding 2%, retreating to the 200-day exponential moving average around the 9,600 level. However, we expect the new week to begin with a rebound. Following the sharp decline in Borsa Istanbul on Friday, reports indicate that the Capital Markets Board (SPK) and the Istanbul Chief Public Prosecutor's Office have launched an investigation, making developments in this area worth watching. The 12-month average target for the BIST 100 index remains around 14,200, implying a potential return of approximately 48% at the index level. Given this high potential and the limited economic reasons that could justify sharp declines, we believe downside risks in Borsa Istanbul are limited, and accumulation-based transactions will continue. On today's agenda, domestic data includes real sector confidence and capacity utilization, while inflation data in Europe and growth-related figures in the U.S. will be in focus. Meanwhile, Turkey's 5-year credit default swaps (CDS) start the day at 255 basis points.

Macro and Politics

*** The Social Security Institution (SGK) amended the Healthcare Implementation Communiqué, as announced in the Official Gazette yesterday.** Accordingly, a retroactive reduction was applied to a portion of the increases in medical examination copayments, which had been imposed in mid-January and had significantly contributed to the sharp rise in January CPI figures. Notably, the CBT Governor Karahan also highlighted this increase when revising the year-end inflation forecasts. We estimate that this adjustment will lead to a downward revision of approximately 0.9 – 1 ppts in February inflation forecasts and reinforce expectations of a 250bps rate cut in March. We anticipate that February's monthly inflation, which we had previously projected to approach 4%, could now decline towards 3%. In this case, we foresee annual CPI inflation falling toward 40% in February and dropping below 39% in March. We maintain our expectation of a 250bps rate cut in March.

*** The CBT will release the February Real Sector Confidence Index and Capacity Utilization Rate @ 10:00 local time today.** The Real Sector Confidence Index (RSCI) ameliorated to 100.9 level from 99.1 as of January, surpassing the 100-threshold once again. As a reminder, the index had slid to 99.1 from 100.4 back in December, sliding below the 100-threshold for the first time since September and indicating a pessimistic outlook to the economic activity by the real sector agents covered by the Survey. The seasonally adjusted RSCI, moreover, dropped merely to 102.6 level from 102.7 as of January. In addition, the unadjusted Capacity Utilization Rate (CUR) decreased to 74.6% from 75.8%, while the adjusted CUR eased to 74.8% from 75.6% in January. Despite the observed increase in the unadjusted RSCI in January, leading indicators have shown signs of weakening on a monthly basis in the first month of the year. Following weak signals from the January data, the initial leading indicators for February suggest a potential recovery. As we await the release of the Real Sector Confidence Index today and the Economic Confidence Index later this week, we will continue to gather signals for the first quarter. After forecasting positive quarterly growth and an annual growth rate close to 3% in the final quarter of 2024, we expect economic activity to weaken once again in the first quarter of 2025. We foresee a significant decline in annual growth in 1Q25, followed by a modest recovery in 2Q25 and a more substantial rebound in the second half of the year. Overall, we forecast GDP growth for the year to be 2.6%.

***Survey results are beginning to take shape ahead of the release of Turkey's 4Q24 GDP growth figures, slated for this Friday.** According to a survey conducted by ForInvest (previously known as Foreks), the median forecast for Turkey's annual GDP growth in 4Q24 stands at 2.8%. We also contributed to the survey, maintaining our own annual growth projection of 2.8% y/y for the final quarter of 2024. Although the median forecast aligns precisely with our in-house estimate, it is important to highlight the considerable spread in survey projections, which range widely from 2.2% to 4.7%.

Sector and Company News

- **BRSAN** posted its financial results with TL538mn net loss in 4Q24. During this period, profitability was pressured by several factors, including limited capacity utilization due to weak demand, rising production costs driven by inflation, the real appreciation of the Turkish lira impacting costs and operational expenses, increased competition, and weaker pricing power amid sluggish demand. Additionally, higher financial expenses due to increased working capital needs contributed to the negative results. Particularly, the Industrial & Construction and Energy segments experienced revenue declines compared to 2023 due to weak demand affecting pricing power. The company stated that the challenges faced in 2024 are expected to persist in 2025. Accordingly, 2025 guidance includes sales volume of 1.05 – 1.20mn tons, sales revenue of USD1.6 – 1.8bn, and an EBITDA margin of 5% - 7%.
- **DERHL (Neutral)** announced its Q4 2024 financial results with a profit of TL4mn. The reported net profit shrank by 96% year-on-year, although it improved quarter-on-quarter. In the same period, the company's turnover increased by 2% year-on-year while it decreased by 25% quarter-on-quarter, reaching TL736mn. Effective cost control led to a 2.3-point increase in the gross profit margin, though the rising operating expenses-to-sales ratio put pressure on the operating margins. For the full year, the net profit for 2024 was recorded as TL4mn (2023 net profit: TL736mn).
- **IMASM** posted its financial results with TL90mn net profit in 4Q24. The announced net profit declined by 9% q/q and 53% y/y. During this period, the company's revenue decreased by 20% q/q and 17% y/y.
- **OZGYO (Negative)** reported a Q4 2024 net loss of TL730mn, bringing the total net loss for the year to TL732mn. The net loss was mainly driven by a TL438mn impairment loss on investment properties on a yearly basis. Additionally, the company's deferred tax liability stood at TL592mn as of the end of Q4.

- **SELVA (Slightly Negative)** reported Q4 2024 financial results with a net profit of TL81.2mn, bringing the full-year net profit to TL34.5mn, marking an 86% year-on-year decline. The company recorded an operating loss of TL24mn in this period. Net sales dropped by 30% year-on-year to TL1.4bn. In 2024, the company's equity grew by 2% year-on-year to TL1.8bn, while return on equity (ROE) stood at 1.93%.
- **TKNSA (Slightly Positive)** reported a loss of TL260mn in its Q4 2024 financial results. In the same period last year, the company recorded a profit of TL568mn, and in the previous quarter, a loss of TL392mn was reported. During the same period, the company's revenue declined by 63% year-on-year and increased by 12% quarter-on-quarter, reaching TL19.0bn. With successful cost and operating expense control, the gross profit margin increased by 2.0 percentage points and the EBITDA margin by 2.6 percentage points. For the full year, a loss of TL1.42bn was recorded in 2024 (2023 net profit: TL1.08bn).
- **ZRGYO (Neutral)** reported Q4 2024 financial results with a net profit of TL2.3bn, bringing the full-year net profit to TL3.1bn despite a 49% year-on-year decline. In 2024, the company increased its equity by 5% year-on-year to TL55.1bn, while return on equity (ROE) stood at 5.7%. Based on the reported financials, the P/B ratio was recorded at 1.41.
- **SAFKR** released 4Q24 earnings with a TL16mn net income, up by 86% YoY and 18% QoQ decline.
- **USAK** released 4Q24 earnings with a TL223mn net profit, down by 70% YoY. (3Q24: 77mn net loss.)
- **BIST closed the week down 2.09% at 9,602pts, mainly driven by sell-offs near the session close.**
 - After the session, SPK announced an investigation into the unusual price movements on BIST, stating that transactions across all institutions are under review in coordination with Borsa Istanbul.
 - Later, Istanbul Chief Public Prosecutor's Office launched an ex officio investigation into deliberate and misleading reports causing unusual price and volume movements on BIST.

- The decline in BIST is attributed to political developments and related speculations. Meanwhile, 4Q earnings season continues with corporate performance remaining weak in line with expectations.

No significant political events occurred over the weekend.

- **ADEL** announced that it will release its 4Q24 financial results on March 3.
- **EKGYO** announced that it has obtained building permits for a total of 84 residential units located in Parcel 3, Block 649, as part of the İstanbul Başakşehir Hoşdere 7th Stage Revenue Sharing Model for Land Sale Project.
- **ESCOM** announced that the Capital Markets Board (SPK) approved its application to increase the company's issued capital from TL4mn—entirely from internal resources—by 1310% to TL736mn.
- **GLYHO** announced that its 200% bonus share issuance application was approved by the Capital Markets Board (SPK). Additionally, the company shared January 2025 port traffic data. In January 2025, the number of ships arriving at ports increased by 80% y/y, while passenger movements were 53% higher compared to January 2024. Port occupancy rates on a consolidated basis reached 95% in December 2024.
- **IHLAS** announced that it has signed a memorandum of understanding to form a strategic partnership with Sungen Enerji and China Energy as part of renewable energy investments in Turkey. The parties aim to establish a joint project company for the development, construction, and operation of a renewable energy project with a total capacity of 250 MW. Additionally, it was announced that the Capital Markets Board (SPK) has approved the request for the issuance prospectus concerning the shares to be issued due to the increase of the issued capital of İhlas Girişim Sermayesi Yatırım Ortaklığı—from TL4mn to TL736mn.
- **PEHOL** announced that official negotiations have begun to acquire a portion of the shares of Barikat Internet Security Information Technology, held by the Tech Invest Technology Venture Capital Investment Fund, which was founded by Pera Holding, Tera Yatırım Holding, Tera Girişim Sermayesi Yatırım Ortaklığı, and Tera Portföy Yönetimi.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
MERKO		MERKO	Buyback	140.000	13.97	1.02%
GEDİK		GEDİK	Buyback	200.000	6.80	0.25%
BIGCH		BIGCH	Buyback	200.000	33.34	0.72%
AHGAZ		AHGAZ	Buyback	1.100.000	20.01	1.66%
GUBRF		GUBRF	Buyback	160.000	261.67	0.24%
LKMNH		LKMNH	Buyback	100.000	19.64	0.35%
EMNİYET TİCARET VE SANAYİ A.Ş.		AKSA	Market	500.000	13.03	24.27%

Important Disclosures

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