

Daily View

Good morning. U.S. President Trump's announcement that tariffs on Mexico and Canada will take effect next week (Tuesday, March 4) and that existing tariffs on China, currently at 10%, will be increased by an additional 10% is triggering a sell-off in global markets. While U.S. stock markets experienced declines of up to 3% yesterday, futures are flat this morning. In Europe, stock markets closed flat yesterday, but futures are down nearly 1% this morning. Meanwhile, in Asia, we are seeing declines of up to 3% again this morning. In Borsa Istanbul, a strong rebound supported by capital inflows has been taking place for the past two days. The BIST 100 index closed yesterday at 9,741, thereby reclaiming its position above the 200-day exponential moving average, which currently stands at 9,600. We maintain our view that the index will not remain below the 200-day average for an extended period; however, volatility is expected to persist depending on news flow. As today marks the last trading session of February, position closures for arbitrage purposes may add further pressure on BIST. On today's agenda, domestic unemployment rates and Q4 2024 growth data will be monitored. We estimate that after contracting for two consecutive quarters on a quarterly basis in Q2 and Q3 2024, the Turkish economy returned to growth in Q4 2024, thereby exiting a technical recession. Our annual growth forecast for Q4 2024 is 2.8%, while our full-year growth estimate for 2024 stands at 3.1%. In the U.S., core personal consumption expenditures will be closely watched today. Turkey's 5-year CDS starts the day at 251 basis points.

Macro and Politics

***TURKSTAT will release 4Q24 GDP figures today @ 10:00 local time.** We expect the Turkish economy to return to positive sequential growth in the final quarter of 2024, after two consecutive quarters of contraction, while we anticipate annual growth to reach 2.8%. Accordingly, we estimate full-year growth for 2024 to come in at 3.1%. According to a survey conducted by ForInvest (previously known as Foreks), the median forecast also stands at 2.8%. While 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%.

*** January Employment figures will be released @ 10:00 local time.** The adjusted unemployment rate edged down to 8.5% from 8.6% in December, yet the broad-based unemployment calculations remained higher as the rate of composite measure of labor underutilization – including time related underemployment, potential labor force and unemployment— posted no change at 28.2%, which stands for the highest level since January 2021. The combined rate of time-related underemployment and unemployment slid barely to 18.4% from 18.5%, while the combined rate of unemployment and potential labor force rose slightly to 19.5% from 19.4%. We expect growth dynamics to gain some momentum starting in the second half of 2025 after a stagnant period, although we forecast GDP growth for 2025 to be lower than in 2024, at 2.6%. As a result, we anticipate that the unemployment rate could rise towards 10% in 2025 and more importantly, we assess that the high levels of composite measure of labor underutilization to sustain its rising tendency.

***The Economic Confidence Index dropped merely by 0.5% m/m in February, easing to 99.2 level and continuing to remain below the 100-threshold.** It's worth noting that the index level has remained below the critical threshold value of 100 since March. 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 preliminary data for February so far signal a renewed recovery trend in economic activity. Examining the monthly changes in the subcomponents of the

February data: Consumer confidence index increased by 1.4% to 82.1, real sector confidence index rose by 0.2% to 102.8, services confidence index dropped by 1.9% to 114.2, retail trade confidence index climbed by 1.6% to 116.3 and construction confidence index slid by 2.7% to 89.3 in February compared to the previous month.

* **TURKSTAT released January foreign trade figures and imports rose by 9.6% y/y to USD28.7bn and exports increased by 5.8% y/y to USD21.1bn.** As a result, the trade deficit narrowed from USD8.8bn to USD7bn, while the annual deficit widened from USD82.1bn to USD83.4bn. We expect the current account balance to post a deficit around USD4.5bn in January. Assuming that the real appreciation of the TL will persist in 2025, albeit to a lesser extent than in 2024, and that weak demand conditions in key export markets will continue, we are revising our year-end 2025 current account deficit forecast from USD15bn (1% of GDP) to USD22bn (1.5% of GDP).

* **The equity and the bond market (excluding repo transactions) experienced a net foreign inflow of USD74mn and USD180mn, respectively, in the week of February 14 – 21.** On an annual basis, the equity market recorded a cumulative foreign outflow of USD2.5bn, whereas the bond market (excluding repo transactions) saw a cumulative foreign inflow of USD17.9bn. In ytd terms, there has been a foreign inflow of USD330mn and USD2.1bn to the equity and the bond market (excluding repo transactions), respectively. During the week of February 14 – 21, the resident's FX deposits experienced the sharpest increase since August 2023 as the FX deposits surged by USD3.3bn (gold accounts excluded, EUR/USD parity adjusted), while total FX deposits (including gold, price adjusted) saw a palpable increase of USD3.7bn. The CBT's gross FX reserves dropped by USD3.2bn to USD170bn, while net international reserves slid by USD6.2bn to USD72bn. The CBT's net reserves excluding swaps, moreover, decreased by USD5.7bn to USD65.7bn.

Sector and Company News

- **AVPGY** reported a net loss of TL2.3bn in Q4 2024, compared to a net profit of TL13.2bn in the same period last year. Despite this, full-year net profit increased by 57% year-on-year to TL7.4bn. The company grew its equity by 5% to TL31bn, while return on equity (ROE) stood at 24.30%.
- **CIMSA (Slightly Negative)** reported Q4 2024 financial results with a net loss of TL482mn, bringing the full-year net profit to TL2.7bn, marking a 25% decline compared to 2023. Revenue contracted by 5% in 2024, reaching TL28.2bn.
- **GOODY (Negative)** released a net loss of TL329mn in 4Q24. This compares to a net loss of TL781mn in the same period last year and TL366mn in the previous quarter.
- **GWIND (Slightly Negative)** announced its 4Q24 financial results, reporting a net profit of TL191mn. The reported net profit increased by 18% q/q but declined by 54% y/y. During this period, the company's revenue decreased by 7% y/y, while EBITDA declined by 21% y/y. A deferred tax expense of TL70mn created pressure on net profit.

- **KRGYO** reported Q4 2024 financial results with a net profit of TL19.2mn, bringing full-year net profit to TL66.8mn, marking a 66% decline compared to 2023.
- **LOGO** announced a net profit of TL14mn in 4Q24, compared to TL9mn in the same period last year. Revenue increased 69% YoY to TL1.24bn. In 4Q24, the EBITDA margin stood at 26.5%. Looking at the full year, the company recorded a net profit of TL363mn in 2024 (2023 net profit: TL188mn), with an EBITDA margin of 37% (2023 EBITDA margin: 29%). Recurring revenues increased by 21%, with their share in invoiced revenues reaching 80%. Total Soft was consolidated only at the net profit level in the financials as of December 31, 2024, and will be included in financial statements through equity management in 2025. The company also announced its 2025 guidance, expecting 7% invoiced revenue growth, 11% IFRS revenue growth, and a 35% EBITDA margin for Logo Turkey. For Total Soft, 2% Euro revenue growth and a 23% EBITDA margin are projected. According to the company, Romanian operations were not included in the revenue and EBITDA figures of the financial statements for the 12-month period ending in December 2024.
- **PNLSN (Negative)** announced its 4Q24 financial results, reporting a net profit of TL2mn. The reported net profit declined by 85% q/q and 99% y/y. During this period, the company's revenue decreased by 21% y/y, while net financial expenses of TL105mn and a net monetary loss adjustment of TL113mn created pressure on net profit.
- **SISE (Slightly Negative)** reported a net loss of TL1.53bn in 4Q24, falling short of market expectations (Market expectation: TL358mn net profit). The company had posted a net profit of TL13.15bn in the same period of the previous year and TL845mn in the previous quarter. During the same period, revenue declined 19% YoY and 11% QoQ, coming in at TL40.73bn, below market expectations (Market expectation: TL42.77bn). In 4Q24, the gross profit margin fell by 2.3 percentage points, while the EBITDA margin contracted by 4.8 percentage points to 2.3% due to increased operating expenses (Market expectation: 6.3%). Looking at the full year, the company recorded a net profit of TL5.02bn in 2024 (2023 net profit: TL24.79bn). Additionally, the company announced a decision to increase its registered capital ceiling from TL5bn to TL20bn.

- **TCELL (Slightly Negative)** announced its 4Q24 financial results, reporting a net profit of TL1.68bn, which was below market expectations. During this period, the company's revenue and EBITDA generation were in line with expectations, but operating expenses, non-operating expenses, and net monetary loss adjustments created pressure on net profit. We evaluate TCELL's 4Q24 financial results as Slightly Negative and continue to hold it in our model portfolio with a target price of TL156.30, implying a 45% upside potential.
- **THYAO (Neutral)** announced its 4Q24 financial results, reporting a net profit of TL24.5bn, slightly above market expectations. During this period, the company's revenue was in line with expectations, while EBITDA generation was 18% below expectations. Increased operational expenses put pressure on EBITDA, but net other operating income of TL7.2bn supported net profit. Additionally, the company decided to distribute a gross dividend of TL 6.88 per share, with a dividend yield of 2%. We evaluate THYAO's 4Q24 financial results as Neutral and continue to hold it in our model portfolio with a target price of TL428, implying a 36% upside potential.
- **ATATP** has announced that it will disclose its 4Q24 financial statements on March 4.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
GEDIK		GEDIK	Buyback	102.045	6.83	0.30%
AHGZ		AHGZ	Buyback	800.000	19.98	1.78%
LKMNH		LKMNH	Buyback	50.000	18.93	0.49%
MERKO		MERKO	Buyback	247.000	13.85	1.53%
ALKLC		ALKLC	Buyback	200.000	31.70	2.17%
KRVGD		KRVGD	Buyback	950.000	2.15	1.53%

Important Disclosures

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