

Daily View

Good morning. Global markets are displaying a cautious and sideways trend ahead of this evening's Fed rate decision and tomorrow's BoJ meeting. Meanwhile, last-minute developments on the trade front are capping optimism. U.S. Treasury Secretary Bessent, during talks held in Stockholm, stated that a preliminary agreement had been reached with China to delay tariffs, but emphasized that the final decision rests with President Trump. Should Trump withhold approval, the tariffs may revert to their April 2 levels. Bessent also noted that no summit is planned between Xi and Trump, that the 90-day extension is merely an option, and that a new meeting may be scheduled after that period. This ongoing uncertainty is contributing to a mildly positive tone in U.S. and European futures, while Asian markets are seeing limited recoveries following earlier profit-taking. Nonetheless, the overall picture in Asia remains mixed. The Fed is expected to keep interest rates unchanged. However, messages from the dot plot and Powell's tone could influence not only today's market pricing but also shape global risk sentiment for the remainder of the week. Turning to domestic markets, the BIST 100 index delivered a weak performance over the first two trading days of the week amid continued capital outflows, closing yesterday down 0.52% at 10,487 points. This marks the lowest closing level since July 18, with daily trading volume recorded at TRY 85.8 billion. However, we observed a slight deceleration in net outflows as of yesterday. The release of Q2 2025 earnings after market close—mostly exceeding expectations—along with the ongoing option for a 90-day extension in China-U.S. trade talks, may prompt a rebound attempt in the index today and support a retest of the 10,700 resistance level. That said, weak overall expectations for the second quarter continue to pose a challenge. Therefore, more robust catalysts will be needed for any upward move to be sustained. Initial resistance stands at 10,700, followed by 10,800 points. On the downside, if the index falls below 10,500, we will be monitoring the 10,450–10,300 range as the key support zone. From a long-term valuation perspective, the 13,900–14,000 point target range remains in place. Turkey's 5-year CDS premium begins the day at 275 basis points.

Macro and Politics

*** June Employment figures will be released @ 10:00 local time.** The adjusted unemployment rate eased a tad from 8.6% to 8.4% in May. As per the broad-based unemployment calculations: The rate of composite measure of labor underutilization – including time related underemployment, potential labor force and unemployment – decreased slightly from 32.1% to 31% and remained elevated. Moreover, the combined rate of time-related underemployment and unemployment rose stood at 20.7%, while the combined rate of unemployment and potential labor force materialized at 20.2%. Despite the decline in May, we interpret the fact that the rate of composite measure of labor underutilization remains above 30% and hovers near record-high levels as a sign of continued cooling in the labor market. Rather than the headline unemployment rate, we focus more closely on the broad-based unemployment calculations, which we expect to remain elevated in the period ahead.

***TURKSTAT will release July Economic Confidence Index @ 10:00 local time.** The Economic Confidence Index recorded only a marginal increase in June, edging up from 96.65 to 96.71. It is worth recalling that the index had climbed to 100.8 in March, marking its highest level since June 2023 and surpassing the 100-threshold for the first time since March 2024. However, amid rising domestic political tensions and idiosyncratic concerns since March 19, the index has remained below the 100-threshold since April, indicating that perceptions regarding the overall economic outlook have continued to hover in pessimistic territory. According to the sub-components of the June data: the Consumer Confidence Index rose by 0.3% to 85.1, while the Real Sector Confidence Index declined by 0.2% to 98.4. The Services Confidence

Index posted a 0.4% increase to 110.9, whereas the Retail Trade Confidence Index dropped by 2.5% to 108.5. Lastly, the Construction Confidence Index fell by 1.7% to 86.9 in June compared to the previous month.

Sector and Company News

- **AKBNK (Neutral)** reported a net profit of TL 11.1 billion in 2Q, falling 4% short of market expectations. Compared to the previous quarter (TL 13.7 billion), net profit declined by 19%, and rose only 2% YoY (2Q24: TL 10.9 billion). Along with the results, the bank revised its full-year guidance downward. While the TL loan growth expectation remained above 30%, FX loan growth was revised down from high double digits to mid-single digits. The net interest margin forecast was lowered from 5% to the 3–3.5% range, and the return on equity target was cut from above 30% to above 25%. On the other hand, the growth expectation for net fee and commission income was raised from 40% to 60%, while expectations for opex growth (~40%) and NPL ratio (~3.5%) remained unchanged.
- **AYGAZ** reported a net profit of TL 963 mn in 2Q25, versus TL 347 mn in the same period last year and TL 13 mn in the previous quarter. Revenue fell 16 % y/y and 3 % q/q to TL 20.0 bn. The gross margin rose 0.7 ppt q/q and 3.2 ppt y/y to 10.1 %, while the EBITDA margin increased to 3.1 % (up 2.8 ppt y/y and 0.4 ppt q/q).
- **GARFA** announced its Q2 2025 financial results with a net profit of TL 553 million, bringing its net profit for the first half of 2025 to TL 962 million. Net profit increased by 39% compared to the same period last year, while average return on equity stood at 52%.
- **ISFIN** announced its Q2 2025 financial results with a net profit of TL 967 million, bringing its net profit for the first half of 2025 to TL 1.6 billion. Net profit increased by 58% compared to the same period last year, while average return on equity stood at 29%.
- **TUPRS (Slightly Positive)** reported revenues of TL 183.2 bn, EBITDA of TL 13.9 bn and net profit of TL 8.9 bn in 2Q25. Net profit exceeded the consensus estimate by 32 %, largely thanks to a reduction in one-off expenses. While margins recovered sharply on a quarterly basis, revenue and EBITDA declined 29% and 20% year-on-year, respectively. The company's net cash position rose to TL 49 bn and free cash flow remained strong. Management kept its 2025 guidance for refining margin, capacity utilisation and capital expenditure unchanged.
- **RAYSG (Positive)** announced a net profit of TL 1.31 billion in 2Q, driven by a strong recovery in technical profit and an improvement in loss/premium ratio. This corresponds to a 761% YoY and 61% QoQ increase (2Q24: TL 152 million, 1Q: TL 813 million). The loss ratio decreased by 6.3 points QoQ to 71%, and despite an increase in the expense ratio, the combined ratio improved to 96%, indicating operational efficiency. The risk retention ratio rose from 55% to 72%, supporting profitability. Shareholders' equity doubled YoY to TL 6.5 billion, resulting in a return on equity of 72%.
- **TAVHL (Slightly Negative)** generated TL 19.5 billion in revenue in 2Q, slightly below expectations, but EBITDA came in at TL 6.35 billion, 4% above consensus, with a solid 32.5% EBITDA margin. However, due to high FX-related financial expenses and tax burden, the company posted a net loss of TL 192 million versus the market expectation

of TL 840 million net profit. Full-year guidance was reiterated: EUR 1.75–1.85 billion in revenue, 110–120 million total passengers, EUR 590 million in EBITDA, and EUR 140–160 million in capex (excluding Almaty), with Net Debt/EBITDA guidance of 2.5–3.0x. Additionally, TAV announced a simplified merger of its fully-owned subsidiary TAV Esenboğa Yatırım through full asset and liability transfer. As no capital increase is required, the process will be finalized by board resolution without a general assembly.

- **OTKAR (Positive)** reported TL 11.4 billion in revenue in 2Q, up 10% YoY and 35% QoQ. EBITDA turned positive, reaching TL 1.44 billion and beating estimates by 148%, with a margin of 12.6%. Net profit also returned to positive territory at TL 412 million, exceeding consensus nearly ninefold (2Q24: -TL 1.24 billion, 1Q: -TL 491 million). The strong performance was driven by high-volume deliveries in the defense segment and FX-backed pricing, which boosted gross profitability.,
- **KCHOL** announced that its 75%-owned subsidiary Tek-Art has signed an agreement with Yıldız Holding and Sağlam İnşaat to acquire Göcek Village Port Marina for a total consideration of USD 160 mn.
- **MAVI** disclosed that it repurchased 200k shares at TL40.92 per share. Following this transaction, treasury shares now correspond to approximately 0.10% of the company's share capital.
- **MEDTR** announced that it has resolved to participate in the planned paid capital increase of its 34%-owned subsidiary, S&Mohr İplik Fabrikaları A.Ş., whose current capital of TL42.1mn will be increased by TL68.6mn to TL 110.7mn.
- **BORLS** applied to the Capital Markets Board for the issuance of debt instruments totaling TL 7.5 billion to be sold to qualified domestic investors and/or via private placement.
- **KATMR**: On July 28, Bank of America traded KATMR shares in the TL 2.78–2.82 range, with nominal purchases of TL 44.95 million and sales of TL 64.38 million. As a result, 19.42 million net shares were sold, and its indirect ownership decreased from 5.13% to 4.22%.
- **SNICA** signed sales agreements totaling TL 218.1 million with its existing dealers across Turkey.
- **BOBET** signed a ready-mix concrete supply contract worth approximately TL 750 million with the Akyapı–Avd Dudullu OSB Joint Venture.
- **ONCSM** announced that it submitted the most favorable bid in a TL 115.5 million chemotherapy drug preparation tender held by Samsun City Hospital.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	70.000	17.28	3.68%
OFSYM		OFSYM	Buyback	11.010	54.41	0.39%
AHGAZ		AHGAZ	Buyback	100.000	28.75	1.38%
ENERY		ENERY	Buyback	200.000	8.16	2.40%
MAVI		MAVI	Buyback	200.000	40.92	0.10%

Important Disclosures

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