Monthly Equity Strategy

December 2024

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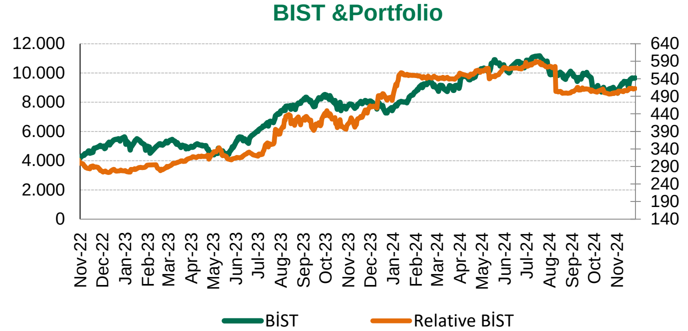
Former US President Trump has made a strong comeback…

Rating: BUY

- Donald Trump, who lost the 2021 election, was re-elected president in November elections with more votes than expected. The Republican Party gained the majority in both the Senate and the House of Representatives. President Trump is expected that to increase import prices, especially from China, with new tariffs in line with his campaign promises, making things difficult for the Fed, which is struggling with inflation in the US. After the 50 bps cut in September, the Fed continued with a 25 bps cut in November. Although it may follow with another 25 bps rate cut in December depending on future data, the new President is expected slowdown the rate cut cycle on January 20 and implement his policies. In the Eurozone, which has weaker macro data than the US, the ECB is expected to continue to cut rates with more frequent steps.
- In the local market, the CBRT raised its 2024-2025-2026 year-end inflation forecasts to 44%, 21% and 12% (previously 38%, 14% and 9% respectively) in its last inflation report of the year. It was stated that the deviation was due to items that were not within the scope of monetary policy. While the CBRT kept the policy rate at 50% in line with expectations at its November meeting, it switched to a dovish tone, stating that targets in line with monetary policy were achieved in demand and cost inflation, and signaling that rate cuts could be initiated if there were no surprises in November inflation.
- In December, we expect global markets to continue finding direction from the statements of incoming President Trump regarding tariffs and cabinet candidates, macro data and central bank meetings. In global markets, which are pricing in expectations of a soft landing being achieved without entering a recession along with monetary easing, it will continue to be important for macro data to support this theme in terms of maintaining the strength of risk appetite. In addition, it is expected that mounting tension regarding Ukraine's long-range missile attacks on Russia will evolve. Developments in the Middle East will continue to pressure markets as they pose an upward risk to energy prices as we enter the winter months.
- In December, the November inflation data on December 3 and other macro data will be closely monitored in terms of the CBRT's ability to initiate rate cuts in December and the direction of the markets. The markets will also closely monitor how the pressure on the real economy will be managed amid the transition to rational policies, as the easing of inflation and rate cuts begins.

Facts & Figures	Close*	MoM	YtD
BIST - 100, TRY	9.652	8,89%	29,2%
BIST - 100, USD	279	7,6%	10,0%
MSCI Turkey	300.068	7,2%	14,6%
MSCI EMEA	203	-1,8%	0,3%
MSCI EM	1.079	-3,7%	5,4%
Benchmark Bond	40,80%	-215bps	112bps
USD/TL	34,5794	1,17%	17,46%
EUR/TL	36,5473	-1,55%	12,20%
P/E			
BIST - 100	7,4		
Banking	7,3		
Industrial	11,0		
Iron&Steel	10,8		
REIT	4,0		
Telecom	8,6		
2024E P/E	7,8		

*Close as of November 29, 2024



CBRT opens the door to interest rate cuts in December…

- Borsa Istanbul 100 Index rose 8.89% MoM to 9,652 in November. This follows the continuing efforts to bottom at 8,550 levels, Donald Trump's re-election as US President on November 5 and the TCMB signaling that rate cuts could begin at the next meeting in its VI. Inflation report. The rally that started with the banking sector has spread to the general market with the support of the increasing transaction volumes. The Industrial index rose 5.69% MoM while the Banking Index diverged positively with a solid 17.12% increase MoM.
- Following the higher-than-expected October inflation, rate cut expectations postponed to 2025 were brought back to December with the CBRT's dovish tone. The BIST, which declined to its January 2024 levels, has faced reactionary purchases.
- We believe that if there is no rise in geopolitical risk, along with the ongoing monetary easing cycle in global markets, risk appetite for the BIST will continue to improve, offering higher upside amid the rate cut cycle in 2025. We maintain our view that any corrections should be considered a buying opportunity for medium-term investors.
- We expect the higher money flow to developing markets on higher risk appetite, rate cut cycles, and positive rating assessments on rating agencies to contribute to this momentum.
- We maintain our 12-month target of 13,000 points for the BIST 100 Index with 35% return potential and our BUY recommendation. The MSCI Turkey index is trading at a 52% and 31% discount to the EM MSCI at 12.69x and 1.69x P/E and P/BV ratios for 2024E.
- We make no changes to our model portfolio this month.

Main market risks

- Incoming President Trump's aggressive stance on tariffs affecting global trade and growth,
- Despite disinflationary policies implemented domestically, the expected easing of inflation is not occurring,
- Despite expectations of a soft landing, the risk of recession becoming evident, especially in major economies, accelerated rate cuts with higher volatility,
- The rise in geopolitical risk, especially Israel-Palestine-Iran and Russia-Ukraine,

Model Portfolio

Top Picks	Close	Target	Pot.	MoM	Relative
AKBNK.TI	60,85	70,14	15,3%	20,3%	10,4%
BIMAS.TI	473,50	743,00	56,9%	1,5%	-6,8%
ISCTR.TI	13,63	17,65	29,5%	15,9%	6,4%
MGROS.TI	483,25	685,00	41,7%	19,6%	9,8%
SAHOL.TI	90,50	146,55	61,9%	8,7%	-0,2%
SISE.TI	40,56	68,30	68,4%	3,6%	-4,8%
TAVHL.TI	274,25	355,00	29,4%	19,1%	9,4%
TCELL.TI	90,55	145,20	60,4%	6,8%	-1,9%
THYAO.TI	285,00	475,40	66,8%	4,6%	-4,0%
Average				11,1%	2,0%

*Close as of November 29, 2024

Add
-

Remove
-

Maintain
AKBNK
BIMAS
ISCTR
MGROS
SAHOL
SISE
TAVHL
TCELL
THYAO

Favourite Sectors
Banks
Food Retail
Tourism
Aviation
Telecommunication
Construction
Cement
Glass

Returns compared to peers

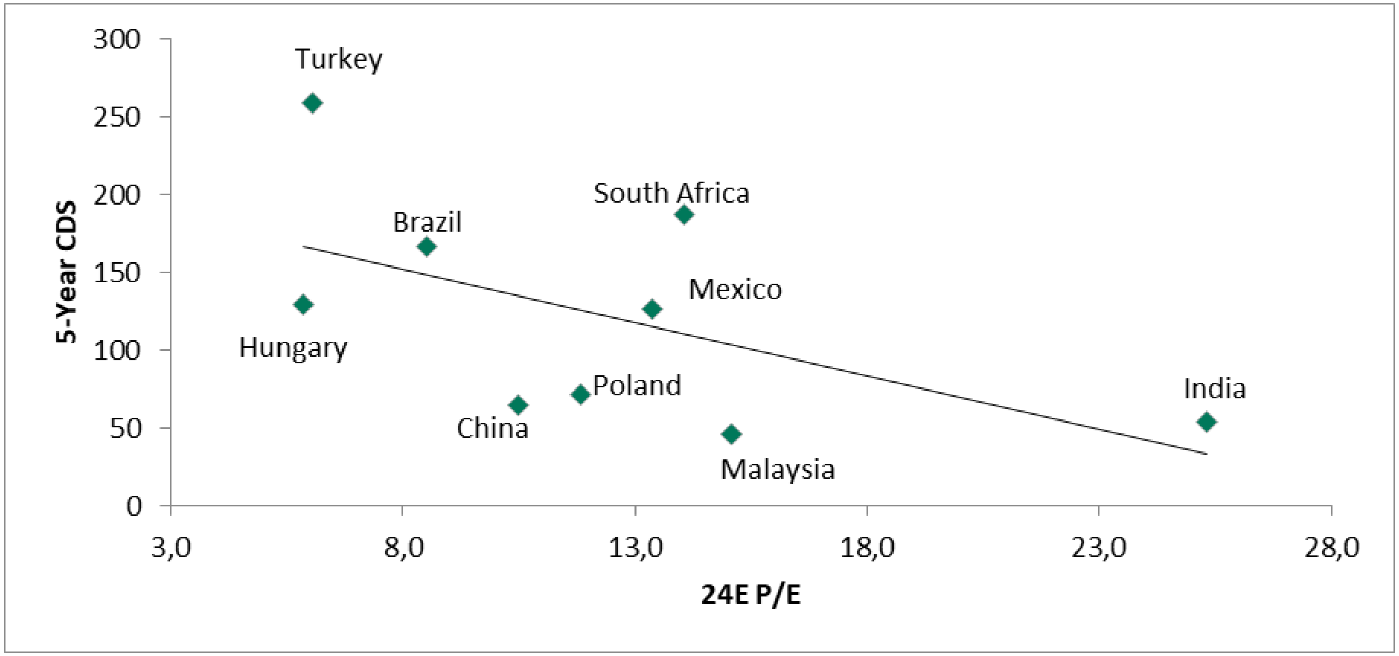
- The MSCI Turkey Index has risen by 7.0% in absolute terms over the past 12 months. Thus, it has underperformed the MSCI EM Index by 2.6%, and has outperformed the MSCI EMEA Index by 1.3%, during same period.

Absolute Change	1m	3m	12m	YtD
MSCI Turkey	7,2%	-5,1%	7,0%	14,6%
MSCI EM	-3,7%	-1,9%	9,3%	5,4%
MSCI EMEA	-1,8%	-3,2%	5,6%	0,3%
MSCI Eastern Europe	-0,6%	-9,8%	0,8%	-5,5%
MSCI World	4,5%	4,1%	26,0%	20,2%

Relative to MSCI Turkey	1m	3m	12m	YtD
MSCI EM	-10,11%	3,3%	2,1%	-8,0%
MSCI EMEA	-8,4%	2,0%	-1,3%	-12,4%
MSCI Eastern Europe	-7,3%	-5,0%	-5,8%	-17,5%
MSCI World	-2,5%	9,6%	17,7%	5,0%

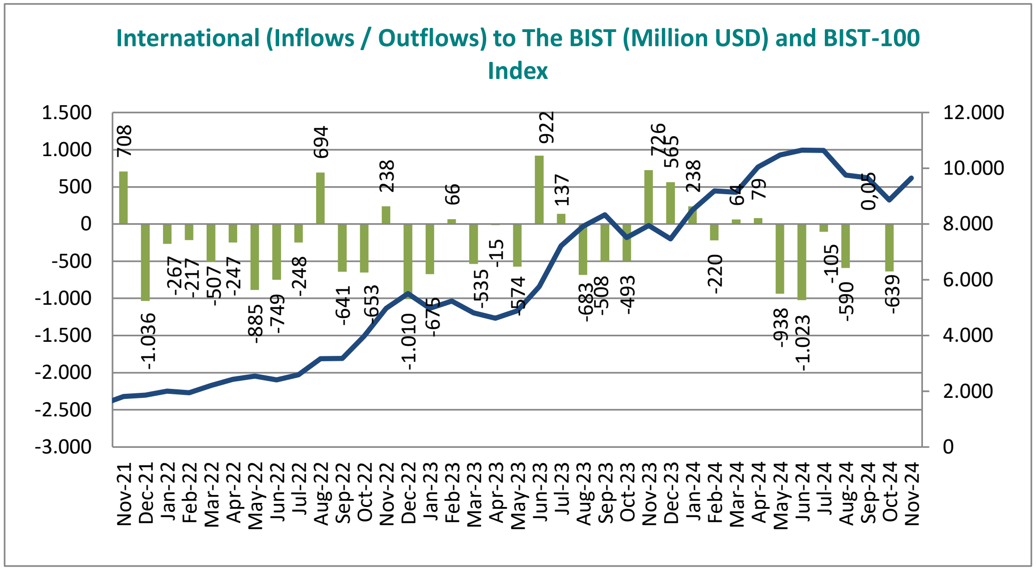
As of November 29, 2024

5-Year CDS

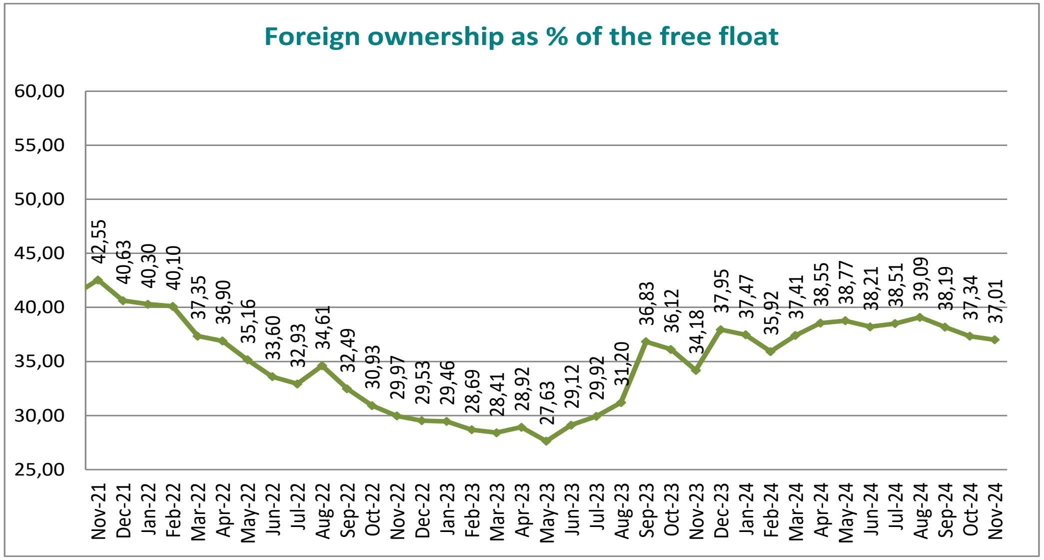


As of November 29, 2024

Int. flow and foreign ownership

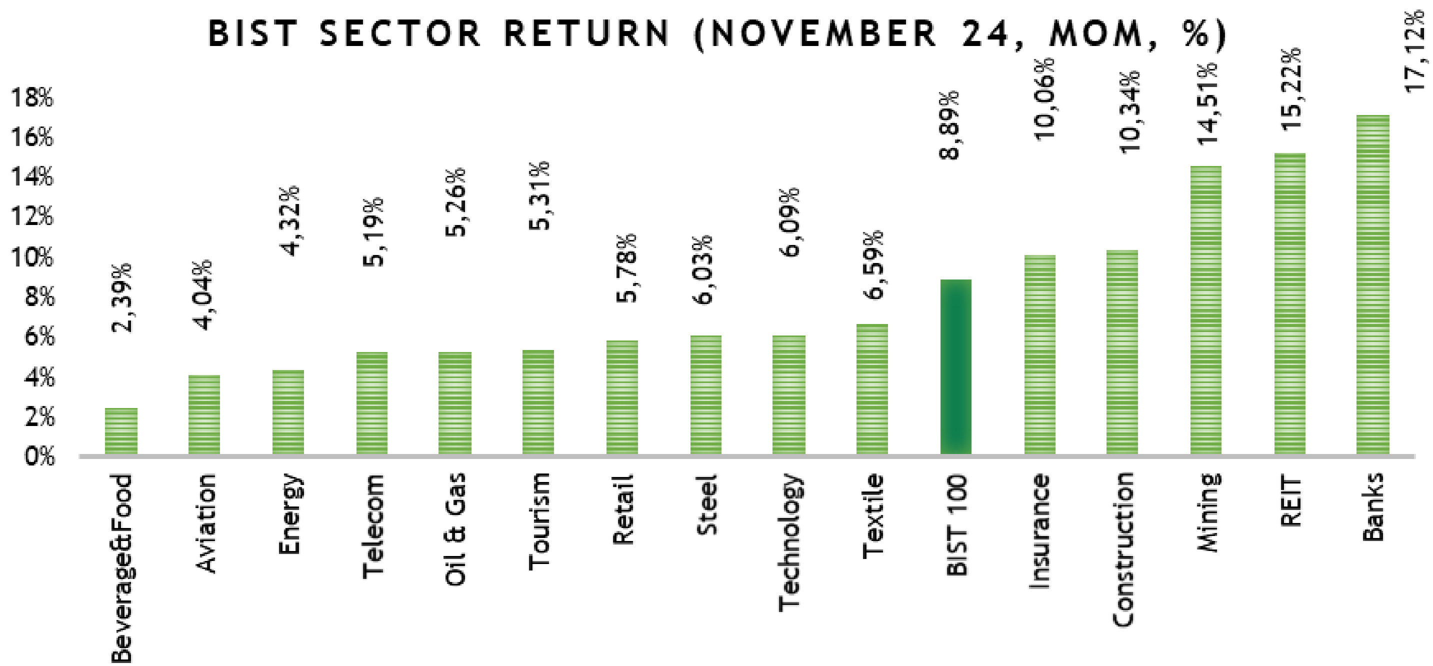


- In November 2024, foreign investors were net sellers at the BIST of USD 639mn.



- Foreign ownership has realized to 37.01% in November 2024.

Sector performances



As of November 29, 2024

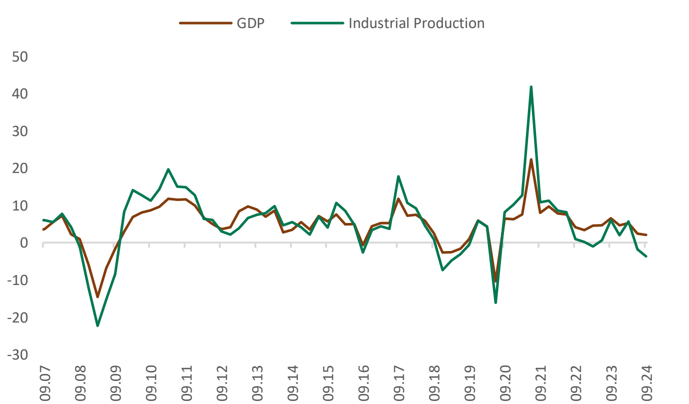
Macroeconomic Outlook

GDP/2024-Q3

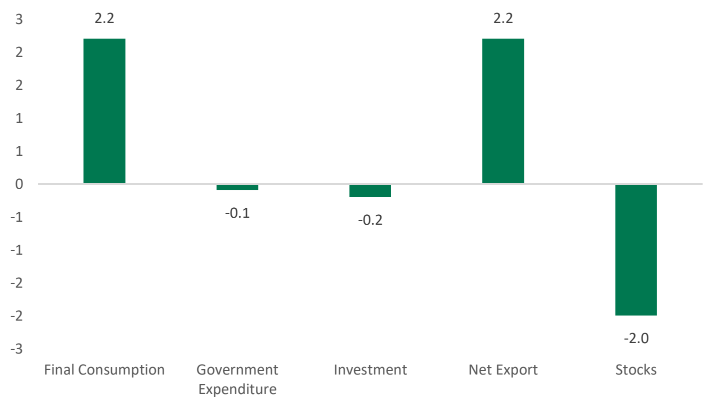
Turkish economy grew by 2.1% yoy in the third quarter of the year. The seasonally- and calendar-adjusted GDP chained volume index decreased by 0.2% compared to the previous quarter. The calendar-adjusted GDP chained volume index increased by 1.9% in the third quarter of 2024 compared to the same quarter of the previous year. In the third quarter of 2024, GDP at current prices increased by 53.3% compared to the same quarter of the previous year and reached 11 trillion 893 billion 252 million TL. The third quarter value of GDP was realized as 357 billion 989 million in USD terms at current prices. Labor payments increased by 76.3% in the third quarter of 2024 compared to the same quarter of the previous year. Net operating surplus/mixed income increased by 45.7%. While the share of labor payments in Gross Value Added at current prices was 31.9% in the third quarter of last year, this ratio was 36.4% in 2024. The share of net operating surplus/mixed income decreased from 47.8% to 45.1%.

The lagged effects of the tight monetary policy are particularly evident in production indicators. The downward revision in the second quarter growth figures shows that the realizations are beyond the forecasts. Having contracted for the last two quarters in a row, the economy has technically entered a recession. We estimate that annualized growth will converge to zero in the first half of 2025. What makes the growth picture even worse are price dynamics, which are much more rigid despite slowing growth. While tight monetary policy has slowed production and growth, it has failed to bring inflation down at the same rate. Here we see the importance of inertia and the expectations channel. The inflation outlook, which has recently risen well above its ten-year average, limits downward movements in both consumption and investment decisions. As predicted in previous monetary policy decisions and forecasts, the output gap remained in negative territory with -2.3 in September, following -0.79 in June. From this point of view, we can say that demand-side inflation has retreated significantly. In particular, the marked improvement in the net export outlook is also a result of the tight monetary policy. While import demand is curbed by the credit policy, exports continue to recover thanks to market diversification. In order to see a healthy, sustainable and welfare-generating effect of growth, improvement is needed especially on the investment side. As the slowdown in machinery-equipment investments continues, the employment effect of growth remains limited.

Graph 1: Growth and Industrial Production (YoY %)



Graph 2: Growth and Contribution (%)

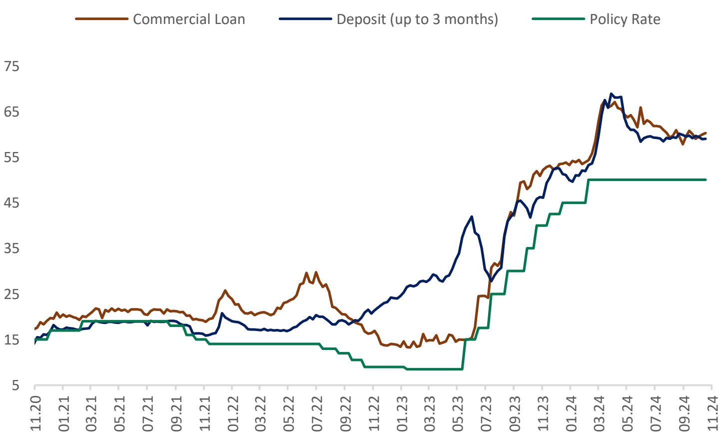


Macroeconomic Outlook

CBRT Rate Decision - November

The CBRT Monetary Policy Committee (MPC) kept the policy rate unchanged at 50% at this month's meeting in line with expectations. A dovish tone was preferred throughout the decision text. It was clearly emphasized that demand inflation has fallen to desired levels. On the other hand, it was stated that the improvement in services inflation, which was postponed to the last quarter, has become more evident in the current situation. While goods inflation remains low, unprocessed food inflation remains elevated due to supply conditions. Although inflation expectations have improved, they remain a risk factor. We believe that one of the most critical parts of the policy statement is the emphasis on the importance of coordination with fiscal policy. The CBRT implicitly implied that the variables under the control of monetary policy have reached the desired level and that fiscal policy has a greater role to play in the next phase of the fight against inflation. In case of a deterioration in the inflation outlook, the CBRT reemphasized that monetary policy tools will be used effectively instead of monetary tightening. Another important addition to the text is that the tightening of monetary policy will be adjusted by taking into account both inflation realization and expectations. This is another signal of a rate cut. Although current inflation remains high, an improvement in expected inflation may open the door to interest rate cuts. Therefore, we think that both inflation expectation surveys and November inflation realization will be the two most important factors in the CBRT's December decision. If expectations do not deteriorate and November inflation does not surprise upwards, a December rate cut seems highly likely. CBRT reiterated that it will support monetary transmission through macroprudential measures in case of unexpected developments in the credit and deposit markets. It was stated that liquidity conditions are closely monitored and sterilization tools will continue to be used effectively.

Policy, Loan and Deposit Rates (%)

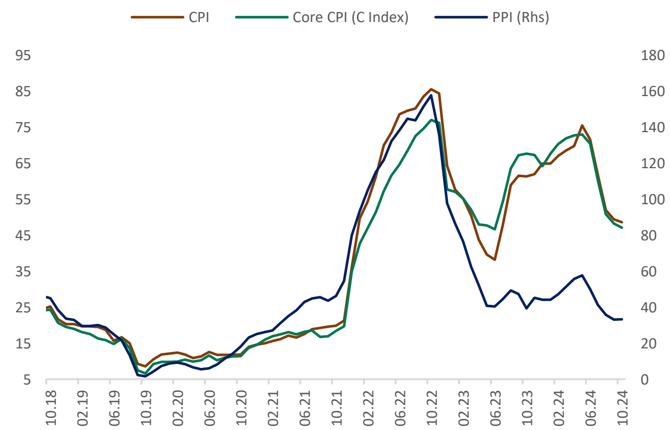


Macroeconomic Outlook

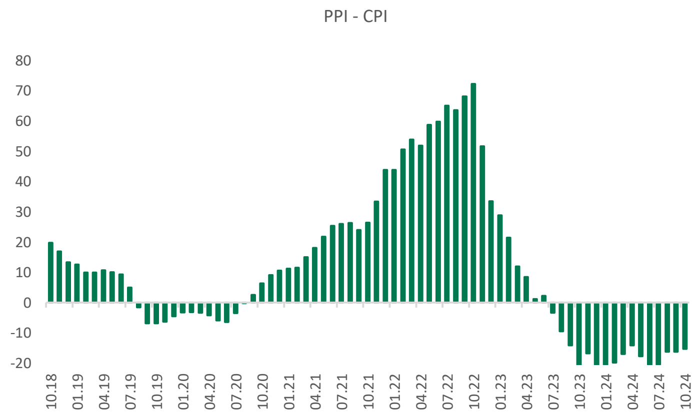
Inflation - October

CPI increased by 2.88% mom in October, while annual inflation fell to 48.58% (previously 49.38%). Market expectations were for inflation to increase by 2.53% mom and 48.07% yoy (Seker Investment a higher 2.6% mom and 48.58% yoy). The inflation figures, which are also above our expectations, indicate that the disinflation process will follow a slow and time-consuming path. The average of food, housing, and transportation inflation, which has a weight of 56.5% in the index, rose by 50.48% yoy. Inflation in households' basic expenditures remains high. In the same period, monthly inflation in the Special CPI Aggregate B index (core inflation) was 2.69%, while annual inflation was realized as 47.1%. Both core and headline figures are close to the upper band of the CBRT's forecast path. Producer prices, on the other hand, rose by 1.29% mom in October, while the annual change in PPI was realized as 32.24%. When we consider the sub-indices in PPI, annual changes in main industrial groups were realized as a 31.79% increase in intermediate goods, 39.17% increase in durable consumer goods, 41.48% increase in non-durable consumer goods, 14.54% increase in energy, and 33.84% increase in capital goods. The long-lasting calm course in producer prices has been limiting cost-driven consumer inflation. On the other hand, the pressure on services inflation is changing the pricing behavior of producers and consumers. Even under the currently tight monetary policy, the course of consumer inflation is not at the targeted level. For price stability, the monthly inflation level should first stabilize below 2% and gradually stabilize within the 1.2-1.5% band. The CBRT's final inflation report of the year, to be published this week, will be closely monitored for the monetary policy stance and expectations for the last quarter and 2025. Considering the level of realized inflation and the fact that monthly inflation developments are the most important criterion for the monetary policy stance, a rate cut in the last quarter is very unlikely. For 2025, the timing and frequency of the rate cut will depend on November-December inflation developments.

CPI, PPI and Core CPI (YoY %)



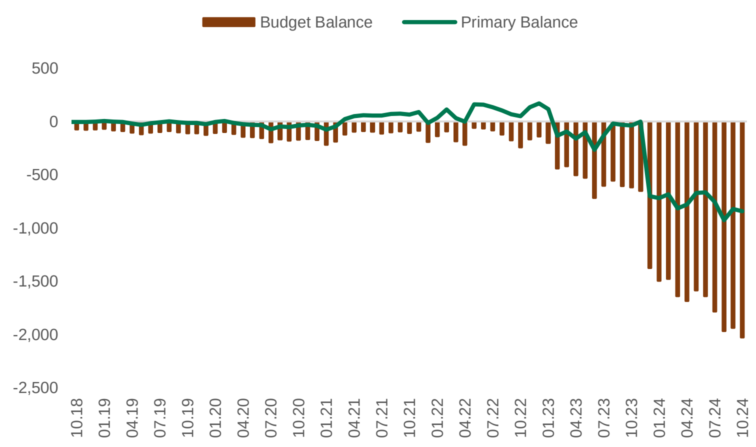
PPI - CPI Spread



Budget Balance - October

According to the October central government budget data released by the Ministry of Treasury and Finance, budget revenues and budget expenditures were realized as 769.3 billion TRY and 955.5 billion TRY, respectively. In the same period, non-interest budget expenditures were realized as 819.3 billion TRY. Accordingly, budget deficit was realized as 186.3 billion TRY while primary balance posted a deficit of 50 billion TRY . Considering the course of current transfers over the last three years, current levels indicate a 300% increase. The impact of inflation on the budget should not be overlooked here. However, if this trend continues, it will be almost impossible to maintain fiscal discipline in the budget. A tax collection policy that can cover the increase in personnel expenses and current transfers will be one of the most vital issues on the 2025 agenda. Changes to the pension system, the earthquake disaster and persistent inflation are adding to budgetary pressures. The twelve-month cumulative budget deficit has exceeded two trillion liras, about nine times the average of the last decade. The rigidity in budget expenditures despite the adjustments in tax collection and the increasing expenditures despite the measures taken have evolved into a chronic budget deficit. We would like to remind that the desired level of tightness in fiscal policy has not yet been achieved and additional pressure on inflation may come from the budget deficit. Having focused on monetary policy, the economic administration has recently increased its fiscal policy measures. We believe that monetary policy alone will take time to bring price stability in the current conjuncture and fiscal policy should be emphasized. It was inevitable that the deteriorating inflation outlook, especially as a result of monetary policy, would eventually spill over into other macro indicators. Fiscal discipline has had a negative outlook for a long time due to both inflation and high expenditures... Although tax collections have improved due to seasonal effects, the overall trend continues to deteriorate. In this context, the decisive implementation of the recent austerity measures is critical for the stability of fiscal policy.

Budget and Primary Balance (12m rolling, Billion TRY)



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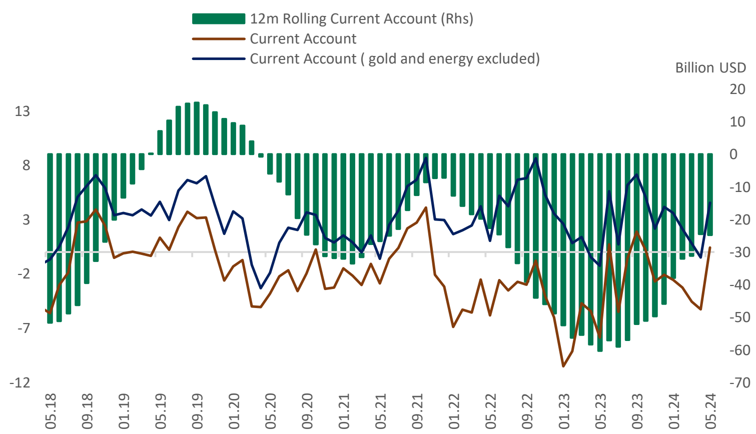
Macroeconomic Outlook

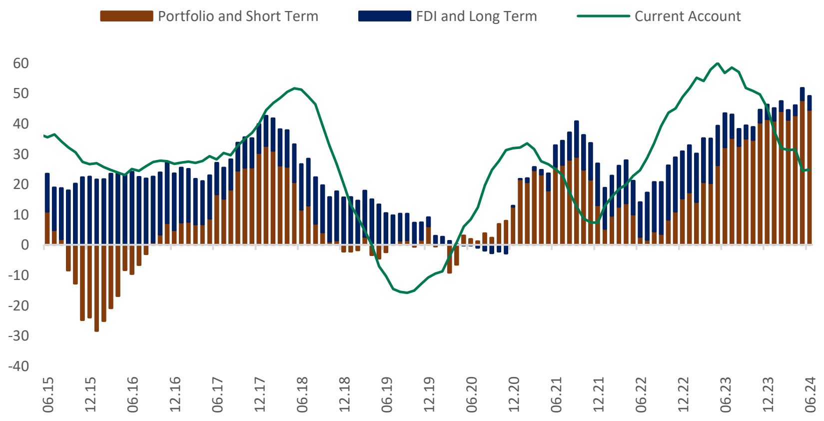
Balance of Payments - September

According to the balance of payments statistics, current account balance posted a surplus of US dollar 2,988 million in September. As a result, twelve-month current account deficit was realized as USD 9,652 million (previous 11,250 million). Monthly current account balance figures, which were in line with market expectations, pulled the annual figure down to January 2022 levels. This was mainly driven by the balance of payments-defined foreign trade deficit of US dollar 3,112 million and services inflows of US dollar 7,390 million. The 12-month cumulative foreign trade deficit narrowed to USD 78.2 billion (May 2023 peak was 122 billion USD) due to the tightening steps that started after June 2023. We observe that inflows from the services balance improved significantly when seasonal effects are taken into account. On the other hand, foreign trade balance continues to make a positive contribution to the current account balance due to the combined effect of tight monetary policy at home and interest rate cuts in the euro area. We expect the positive trend in tourism and services balance to continue until October. We expect the improvement in the balance of payments to continue at a slower pace in the last quarter. The revival in domestic demand and economic activity will support import demand, especially starting from the end of 2024, when the expectation for an interest rate cut will strengthen. In this context, the improvement in foreign demand will contribute to the current account balance led by foreign trade. The current account excluding gold and energy posted a surplus of USD 9,014 million this month. If the upward movement in oil prices as of end-September continues in the last quarter of the year, the divergence between the headline and core current account balances may become more pronounced. Despite the calm course of exchange rates, limiting import demand with monetary policy will make a relatively positive contribution to the current account balance with the easing in exchange rates.

Current Account (CA), Energy and Gold Excluded (CA), 12M Rolling CA (Billion USD)



Finance of Current Account Deficit (Billion USD)

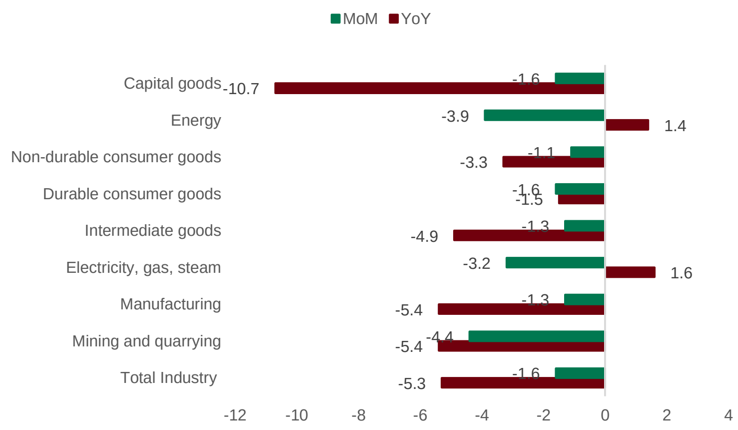


Macroeconomic Outlook

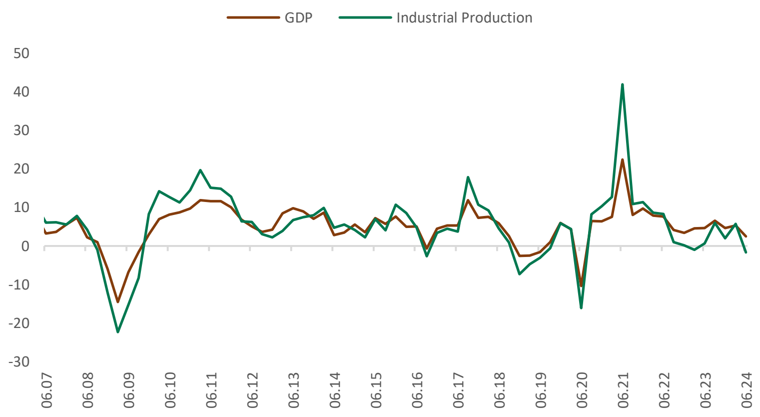
Industrial Production- August

According to industrial production index data, seasonally- and calendar-adjusted production fell by 1.6% mom in August. Thus, annual production contraction was realized as 5.3% (previous 4% contraction). We had foreseen a lower production print (-2.15%) than market expectations (-2%). The production data, which is also below our expectations, is alarming. With the current data, forecasts at the beginning of the year pointed to a negative trend in the output gap in the second half of the year. However, if the current trend continues, the output gap may narrow more than expected. We can say that the implementations, which have taken into account the slowdown in economic activity without compromising the tight monetary policy, have started to bear fruit. Both the annual course of the inflation indicator and the slowdown in production and domestic demand are indicators of this. Although monthly trends are volatile, the downward trend has become dominant in all indicators. And while pricing behavior and expectations suggest that inflation will remain above CBRT forecasts, we believe that lagged effects will pull expectations down over time. A slowdown in production, especially at these levels, will have a significant impact on inflation dynamics. Accordingly, the Turkish economy may experience unusually high inflation and sub-potential growth. The reflection of the developments in production indicators on financial markets is relatively more negative. Concern over the timing of the end of the current monetary policy stance are reflected in all economic activities, from production and orders to the supply chain. Although the latest inflation data postponed interest rate cuts for a short time, according to our base scenario, cuts may be on the agenda from the first months of 2025, depending on the course of inflation expectations.

Industrial Production Rate of Change (%)



Industrial Production and GDP Growth (YoY)



Akbank (OP, 12M TP: TRY 70.14) Upside: 17%
Commercially successful market share gains

The bank stands out with its commercially successful transformation and efficiency boost with the help of customer acquisitions over the past two years and in an advantageous position for maintaining the strong stream in core banking revenues. **We maintain Outperform** given the solid capital structure, dynamic and profitability-oriented asset growth.

Strong capital base to withstand shocks. Akbank is well positioned to continue its market share gains with its solid capital adequacy ratio of 20.5%. This also helps to position favorably against possible volatility and grow its franchise further in profitable segments.

It posted TRY9,031mn net income (-17% QoQ) in its 3Q24 bank-only results. For FY24, mid-high 20% ROAE budget maintained. There is a clear downside risk for ROAE, NIM and NPL ratio budget. We model 9% YoY earnings decline (Bloomberg consensus: -13%) for 2024E. Our TP of TRY70.14 offers 17% upside. We maintain our “Outperform” recommendation. The bank is trading at a 2025E P/E of 3.2x and P/BV of 0.90x (1% premium to local peers) with a ROAE of 31.8%.

Profitability-oriented loan growth, superior market share gains in consumer loans. The loan-deposit spread recovered by 30bps QoQ in 3Q24. However NIM tightened by 20bps to 2.2% amid pressure of repo funding costs, below the budget expectation of ~3%. Yet it is in a leading position with a 190bps market share gain in consumer loans in 2024, which should support margins. The CPI linker to equity book ratio is 80% and the sensitivity of margins to inflation is high. The weight of demand deposits is at 30%, below the sector average.

Payment systems boost fee income growth. Annual growth is strong at 148% YoY, vs the budgeted >100% and boosted by the astonishing growth in payment systems. The fee to OPEX ratio improved to 84% from 80% in 2Q24.

Strong track record in asset quality management. CoC (net) reached 87 bps from 47bps in 2H24, below the budget expectation of ~100 basis points.

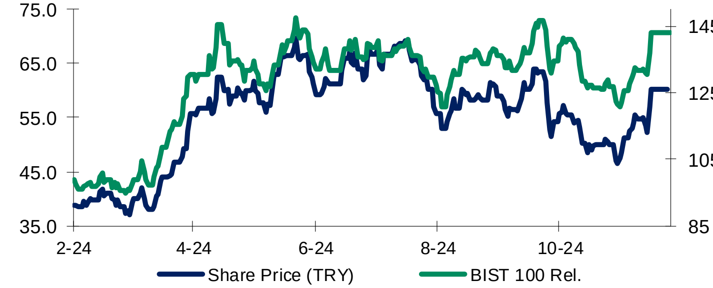
Upside and downside risks. Higher-than-expected asset quality worsening, and a worse-than-expected rise in funding costs are the main downside risks. A benign performance in bad loan formation is the main upside risk.

Mcap (TRYmn)	312,520	Beta (12M)	1.37
Mcap (USDmn)	9,072	Avr. Daily Vol. (TRYm)	4,104
Close	60.10	Foreign Ownership in FF	47.6%
Last 12M High	70.75	Free Float (%)	52.0%
Last 12M Low	29.55	Weight	6.14%

Quick Facts (TRY Mn)	2022A	2023A	2024E	2025E
Net interest income	76,872	63,547	74,197	120,655
% Change, YoY	*236.6%*	*-17.3%*	*16.8%*	*62.6%*
Net fee income	10,316	30,832	69,373	104,059
% Change, YoY	*97.1%*	*198.9%*	*125.0%*	*50.0%*
Net income	60,023	66,479	60,360	96,839
% Change, YoY	*395.0%*	*10.8%*	*-9.2%*	*60.4%*

Ratios	2022A	2023A	2024E	2025E
NPL ratio	3.0%	2.4%	3.0%	3.3%
CoR (net) Exc. Currency	0.5%	0.7%	1.1%	1.5%
NIM (Swap adj.)	8.8%	5.5%	3.0%	5.7%
ROAA	6.7%	4.6%	2.8%	3.4%
ROAE	52.3%	36.4%	25.6%	31.8%

Multiples	2022A	2023A	2024E	2025E
P/E	1.7	2.9	5.2	3.2
P/BV	0.66	0.90	1.20	0.90



Return	1M	3M	6M	12M
TRY Return (%):	20.4	0.9	-9.3	103.1
US$ Return (%):	19.5	-0.8	-15.3	69.5
BIST-100 Relative (%):	12.4	5.8	4.4	71.3

Source: Bank financials, Seker Invest Research

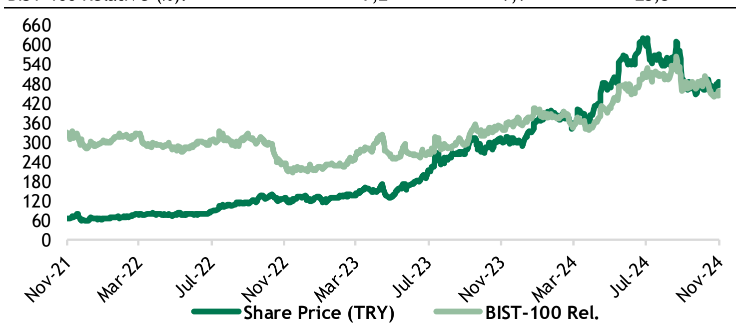
Bim (OP, 12M TP: TRY 743.00)

Upside: 57%

The strong outlook continues with solid financial structure & high store opening trend…

- **We maintain our "Outperform" recommendation for Bim with our TRY 743.00 target price, implying 57% upside as at November 29, 2024.**
- We have a **positive outlook for Bim**, one of the companies that has managed to stand out in the food retail sector, which has been performing strongly since the start of the year. Key factors in Bim's strong performance were; 1) Improving customer traffic, 2) Strong trend in store openings, 3) Changed consumer trends caused by the inflationary environment & the rise in store basket size due to rising demand for basic needs products and foods, and 4) Increased like-for-like sales with the positive effect of high inflation.
- **At the end of 3Q24, thanks to strong store openings, the Company** reached 13,377 stores in total, including 11,952 Bim Turkey stores (3Q23: 10,817 stores) and 272 File (3Q23: 223 stores) stores in the domestic market; and 759 Bim Morocco stores (3Q23: 668 stores) & 394 Bim Egypt stores (3Q23: 338 stores) in its int'l operations.
- **Always at a premium to its peers on strong organic growth and a debt-free financial structure already appreciated by investors.** In parallel with sustainable growth in net profit and the maintenance of targeted EBITDA levels, overseas operations approaching maturity, rising growth appetite domestically and internationally, and a successful business model, we continue to favor Bim's shares. We appreciate BIMAS as the Company is debt free, has no FX risk, and has a strong cash-flow to equity ratio. Moreover, maintained strong market share performance, the contribution of File operations to growth through customer traffic and online channels, the high share of the Company's own branded products in sales, and macroeconomic conjunctures remaining supportive of the food retail industry are key factors in maintaining our positive outlook for the Company.
- **Downside risk for Bim -** We note that the rise in input costs on inflationary pressure, rising energy prices and construction costs that may rise due to FX fluctuations are downside risks for Bim.
- **2024 Expectations:** Bim expects sales growth of around 75% (±5%) in 2024 (exc. IAS 29). Bim's EBITDA margin expectation is around 7.5%-8.0%, including the IFRS-16 (exc. IAS 29). The Company expects the Capex to sales to be around 3.0% - 3.5%. The company aims to open +100 stores in Morocco & +70 stores in Egypt in 2024.

Code	BIMAS.TI/IS	Close		473,50
MCAp (TRY m)	287.509	Last 12M High		625,78
MCAp (US$ m)	8.314	Last 12M Low		286,37
EV (TRY m)	301.958	Beta		0,97
EV (US$ m)	8.738	Avg. Daily Trading Vol. (US$ m)		54,0
Free Float (%)	71,80	Foreign Ownership in FF (%)		51,45
Key Figures	**2022***	**2023***	**9M23**	**9M24**
Revenues	379.394	446.222	330.891	367.459
Growth (%)		*17,6%*		*11,1%*
EBITDA	18.521	25.382	16.456	14.671
EBITDA Margin (%)	*4,9%*	*5,7%*	*5,0%*	*4,0%*
Net Profit	22.548	28.501	13.300	13.854
EPS	9,89	6,25	21,90	22,82
Dividend Yield	2,0%	1,5%		
Net Debt/EBITDA	0,93	0,71		0,53
Net Debt/Equity	0,22	0,15		0,14
ROAE		28,9%		25,0%
ROAA		15,2%		14,6%
Valuation Metrics	**2022***	**2023***		**9M24**
P/E	12,8	10,1		9,5
EV/EBITDA	2,3	11,9		11,2
EV/Sales	0,1	0,7		0,7
P/BV	5,0	3,1		2,9
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	0,2	-11,6	59,3	55,1
US$ Return (%):	-0,9	-13,1	35,5	29,5
BIST-100 Relative (%):	-7,2	-9,9	23,3	28,7



Source: Bim, PDP, Finnet, Seker Invest Research

** 2023 and 2024 financials are indexed according to 9M24 with IAS -29.*

Isbank (OP, 12M TP: TRY 17.64)
Strong demand deposits

Upside: 31%

Outperform is maintained given its eye-catching demand deposit base, disciplined cost management, loan portfolio dominated by high-yielding commercial loans and favorable TRY liquidity.

Contrary to the trend seen at other private banks, the bank has lost 80bps market share in TRY loans in 2023. Yet, its in a favorable position with its strong capital adequacy ratio of 18% for market share gains.

It posted TRY5,534mn net income (-63% QoQ) in its 3Q24 results. FY24 budget is maintained with a downside risk to the ~30% ROAE and ~2% NIM guidance, and an upside risk to the fee income growth expectation.

We model 20% YoY earnings decline (Bloomberg consensus: -17% YoY) for 2024E. We maintain our TP at TRY17.64 with 31% upside. We also maintain “Outperform”. The bank is trading at a 2025E P/E of 3.5x and a P/BV of 0.84x (%6 discount to local peers) with a ROTE of 26.6%.

Strong demand deposit base. The bank is negatively differentiated with a sharp 88% quarterly decline in NII in 3Q24. Yet the weight of demand deposits is strong at 40.8%, and the weight of TRY deposits is low at 55%, providing a buffer for high interest rates. On the liquidity side, TRY loan-deposit ratio is second-highest level among its competitors at 86%.

High-yielding loan portfolio. 12.6% of the loans consists of commercial instalment loans, the highest level among private banks, and indicating a loan portfolio with lucrative returns in a high interest rate environment. CPI indexed bonds to equity is relatively low at 48% and the sensitivity of margins to CPI is rather limited.

Strong rebound in fee income YoY. The annual increase is 155% YoY in 2024, the second-highest among peers. However, the fee to OPEX ratio is 77%, below its competitors.

Effective cost management. In a high inflation environment, the bank was able to contain costs, and the annual rise in OPEX is 62% YoY, the lowest among peers.

Best-in-class Stage 3 coverage. The bank also stands out with its 73.2% Stage 3 coverage ratio, the highest among peers.

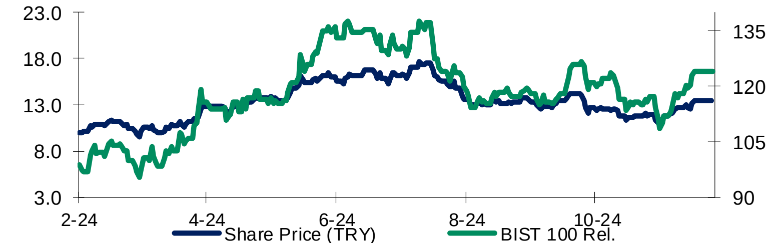
Upside and downside risks. Better-than-expected easing of funding costs is the main upside risk. Greater-than-expected asset quality worsening, and worse-than-expected funding costs pose downside risks.

Mcap (TRYmn)	337,250	Beta (12M)	1.25
Mcap (USDmn)	9,790	Daily Volume (12M)	4,934
Close	13.49	Foreign Ownership in FF	26.6%
Last 12M High	17.77	Free Float (%)	31.0%
Last 12M Low	8.12	Weight	3.95%

Quick Facts (TRY Mn)	2022A	2023A	2024E	2025E
Net interest income	75,203	67,073	45,610	77,537
% Change, YoY	*143.1%*	*-10.8%*	*-32.0%*	*70.0%*
Net fee income	16,147	42,438	89,120	133,680
% Change, YoY	*111.9%*	*162.8%*	*110.0%*	*50.0%*
Net income	61,538	72,265	57,508	95,584
% Change, YoY	*356.9%*	*17.4%*	*-20.4%*	*66.2%*

Ratios	2022A	2023A	2024E	2025E
NPL ratio	3.0%	2.1%	2.4%	2.7%
CoR (Net)	0.6%	1.0%	1.6%	2.4%
NIM (Swap adj.)	7.4%	3.7%	0.3%	2.5%
ROAA	5.3%	3.7%	2.0%	2.4%
ROTE	44.5%	31.6%	19.7%	26.6%

Multiples	2022A	2023A	2024E	2025E
P/E	2.1	3.2	5.9	3.5
P/BV	0.67	0.87	1.06	0.84



Return	1M	3M	6M	12M
TRY Return (%):	16.2	0.0	-14.4	63.2
US$ Return (%):	15.3	-1.8	-20.1	36.2
BIST-100 Relative (%):	8.5	4.8	-1.5	37.7

Source: Bank financials, Seker Invest Research

Migros (OP, 12M TP: TRY 685.00) Upside: 42%

We maintain our positive outlook on net cash position & market share development…

We maintain our “Outperform” recommendation for Migros, with our 12M TP of TRY 685.00, implying 42% upside potential as of November 29, 2024.

Considering the Company’s FMCG market share trajectory; in the modern FMCG market, it had a 16.9% (9M23: 16.3%) market share in 9M24, and 9.8% (9M23: 9.4%) of the total FMCG market thanks to price investments, and its omni & multi format growth strategy. In addition, its store number rose by 345 compared to 9M23 to 3,550 stores in total in 9M24. Sales area rose by 5.7% YoY. We note that with the significant growth opportunity in online channels, the Company has reached 81 cities through online operations. The potential rise in online operations and store growth will positively affect net sales and operational profitability in the medium-to-long term. With the rising number of stores & growth of sales area, solid growth in customer traffic & basket size, and the positive contribution of online sales channels, we maintain our positive outlook for Migros.

Thanks to strong cash flow created by the operations, we maintain our positive outlook for Migros. The Company has no hard-currency exposure. At the end of 9M24, the Company's total financial debt (Inc. IAS-29) was at TRY 1,585mn (9M23: TRY 4,015mn). As of 3Q24, the Company succeeded to maintain its net cash position.

Migros expects the net sales growth estimate of 10-12% (Inc. IAS 29), and it expects its EBITDA margin around 5.0%. At the same time, it targets opening new stores to ~350 overall by the end of 2024, and plans for TRY 8,000mn of investment expenditure. The Company also expects its net sales growth estimate of +76-78% (Exc. IAS 29), and it expects its EBITDA margin growth estimate of ~9.0%. We appreciate the current strategy of boosting the private label portfolio and focusing on strategic store openings. We note that Migros has no hard-currency exposure, and has a net cash position as of 2023. Meanwhile, the Company has been able to increase its FMCG market share despite competitive market conditions in a high inflation environment. Moreover, we expect the business lines created by Migros with its various subsidiaries that use online channels effectively to increasingly contribute in the future.

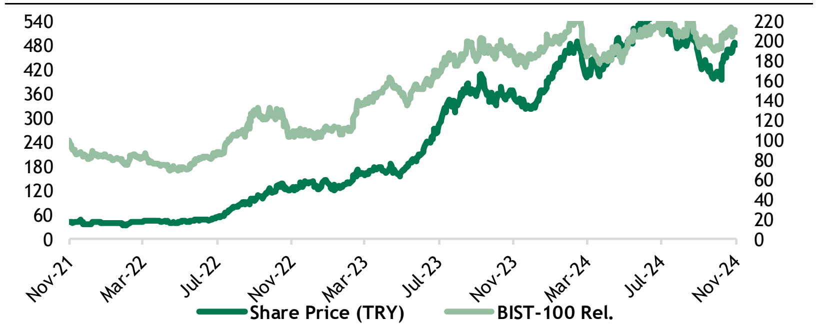
Downside risk for Migros - The rise in input costs due to inflationary pressures, & rising energy prices, are likely to create downside risks.

Code	MGROS.TI/IS	Close	483,25
MCAp (TRY m)	87.494	Last 12M High	580,29
MCAp (US$ m)	2.530	Last 12M Low	315,69
EV (TRY m)	83.077	Beta	0,96
EV (US$ m)	2.401	Avg. Daily Trading Vol. (US$ m)	23,4
Free Float (%)	51,00	Foreign Ownership in FF (%)	42,78

Key Figures	2022*	2023*	9M23	9M24
Revenues	190.857	246.823	184.998	206.300
Growth (%)		*29,3%*		*11,5%*
EBITDA	5.109	5.945	4.323	10.081
EBITDA Margin (%)	*2,7%*	*2,4%*	*2,3%*	*4,9%*
Net Profit	12.417	16.296	10.912	5.278
EPS	5,45	3,57	60,27	29,15
Dividend Yield	0,0%	0,7%		
Net Debt/EBITDA	-0,27	3,05		-0,58
Net Debt/Equity	-0,04	0,15		-0,08
ROAE		20,9%		15,0%
ROAA		10,3%		8,7%

Valuation Metrics	2022*	2023*	9M24
P/E	7,0	5,4	4,8
EV/EBITDA	1,8	14,0	10,9
EV/Sales	0,0	0,3	0,3
P/BV	3,2	1,8	1,6

Return	1M	3M	YtD	YoY
TRY Return (%):	16,5	0,4	47,4	34,8
US$ Return (%):	15,2	-1,4	25,3	12,6
BIST-100 Relative (%):	8,0	2,3	14,1	11,9



Source: Migros, PDP, Finnet, Seker Invest Research

** 2023 and 2024 financials are indexed according to 9M24 with IAS -29.*

Sabanci Holding (OP, 12M TP: TRY 146.55) Upside: %62

We remain our 12-month target price for Sabancı Holding (SAHOL.TI) for TRY 146,55/share. The stock has %62 upside potential compared to its closing price on November 29, 2024. We maintain our OUTPERFORM recommendation.

Sabanci Holding has booked a TRY 3,156mn consolidated loss in 3Q24, according to inflation accounting provisions (IAS-29). In this quarter, the building materials, energy and financial services segments contributed positively to net income. However, primarily the banking segment with a TRY 2.833mn loss position; the mobility solutions business line and the digital line, among other segments, contributed to the consolidated loss. Sabanci Holding printed TRY 215,375mn of revenues (including the banking) in 3Q24. The Holding recorded quarterly EBITDA of TRY 12,302mn.

The Holding's solo net cash position has slightly increased to TRY 12.2bn from TRY 12bn at the end of 2Q24. Net Debt/EBITDA was 1.1x, well below the Holding's mid-term target of a maximum 2.0x.

Sabancı Holding plans to invest in climate, advanced material, and digital technologies over the next five years, which will account for 75% of overall investments. 25% of investments will remain in the core business lines.

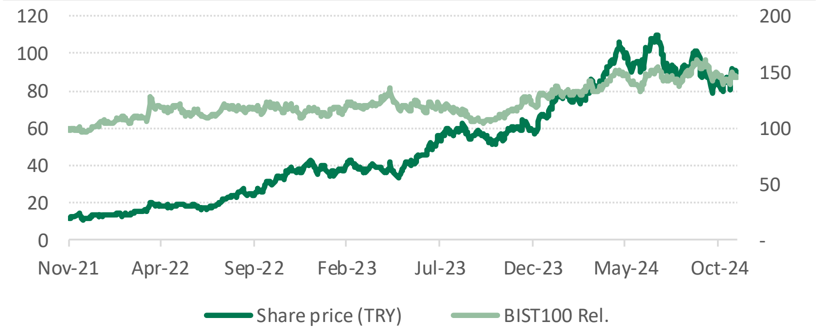
We expect the strong cash position, recent investment focus, higher FX revenue target and regular dividend policy to be ongoing catalysts of stock performance.

Code	SAHOL.TI	Close	90.50
MCAp (TRY m)	190,084	Last 12M High	111.00
MCAp (US$ m)	5,497	Last 12M Low	56.83
EV (TRY m)	248,838	Beta	1.11
EV (US$ m)	7,219	Avg. daily trading vol. (US$ m)	61.1
Free float (%)	51.00	Foreign ownership in FF (%)	30.3%

Key figures	2022*	2023*	9M23	9M24
Revenues (non bank)	167,914	186,141	139,060	135,557
Growth		*10.9%*		*-2.5%*
Consalidated net profit	53,558	20,960	2,746	-11,128
EPS	26.25	10.27	1.35	-5.30
Dividend yield	1.5%	2.6%		
Net debt /Equity	0.08	0.06		0.21
ROAE		7.0%		2.5%
ROAA		0.7%		0.2%

Valuation metrics	2022*	2023*		9M24
P/E	3.5	9.1		26.8
EV/EBITDA	0.2	1.2		1.8
EV/Sales	0.2	1.3		1.4
P/BV	0.9	0.6		0.7

Return	1M	3M	YtD	YoY
TRY Return (%):	8.5	-2.7	53.3	49.4
US$ Return (%):	7.2	-4.6	30.3	24.6
BIST-100 Relative (%):	8.5	-2.7	53.3	49.4



Source: PDP, Finnet, Seker Invest Research estimates

**2023 and 2024 financials are Indexed according to 9M24 with IAS -29*

Sisecam (OP, 12M TP TRY 68.30) Upside: 68%

Sisecam aims to reach a stronger position in the global soda ash market

According to Sisecam's financials with inflation accounting (TMS-29 effect), the Company announced a net profit of TL 795 million in 3Q24, compared to a net loss of TRY 659 million in the same period last year. In 3Q24, the monetary gain position and deferred tax income were effective in moving to net profit. In contrast, erosion in margins and high financing expenses due to increased cost pressures along with weak operational performance suppressed net profit.

Due to weak demand conditions and falling prices, sales revenues decreased by 7.2% in 3Q24 to TRY 42,867 million. (3Q23: TRY 46,186 million). Despite a 2% volume growth, Architectural Glass segment revenues decreased by 5% YoY in 3Q24 due to the decrease in product prices and the negative impact of exchange rates, reaching TRY 9,538 million. The glass packaging segment showed the best performance, increasing by 10% YoY to TRY 10,259 million. On the other hand, the energy segment was among the weakest business lines due to both volume contraction and weak pricing. Sisecam's consolidated soda ash production increased by 1% YoY due to the low base effect due to planned maintenance works at the Wyoming facility, and increased by 6% QoQ. Although the incentive packages implemented to revitalize the economy in China caused fluctuations in soda ash prices, margins continued to be under pressure due to the excess supply of soda ash and the resulting increased stocks.

Sisecam aims to reach a stronger position in the global soda ash market. With the decision of the Board of Directors dated November 29, 2024, Şisecam decided to start negotiations for the acquisition of Ciner Group's 20.4% indirect shares in Sisecam Wyoming LLC and 40% partnership shares in Pacific Soda LLC for a total consideration of 285 million 389 thousand USD including the business development fee.

In the geographical distribution of the company's sales revenues, there was a contraction in Turkey in 3Q24 and in foreign markets in 9M24. Sales revenues decreased by 7.2% in 3Q24 to TRY 42,867 million (3Q23: TRY 46,186 million). In 3Q24, sales in Europe and America decreased by 4% and 7%, respectively, while there was a 16% contraction in Turkey. In 9M24, sales revenues decreased by 14% to TRY 136,312 million. In 9M24, sales in Europe and America decreased by 13% and 19%, respectively, while there was a 14% decrease in Turkey.

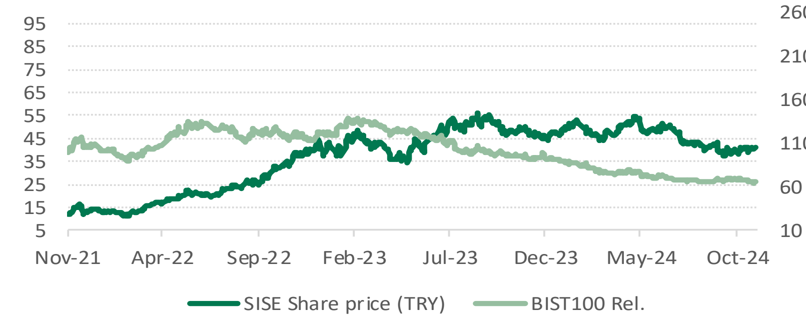
Margins narrowed due to increased operational costs. The company's EBITDA, including the impact of TMS-29, decreased by 55% to TRY 3,037 million compared to TRY 6,680 million in 3Q23. The company's gross and EBITDA margins, which were 30.05% and 14.46% in 3Q23, decreased to 23.15% and 7.08%, respectively, in 3Q24.

The increase in net debt position continued. Net debt position increased to TRY 76,251mn in 9M24 (1H24 including TMS-29 effect: TRY 71,448mn).

In addition to Sisecam's new line and furnace investments, there are ongoing natural soda ash investments in the US. Therefore, we anticipate that all these investments will have a positive impact on stock performance in the medium and long term if demand improves and the sector recovers.

We maintain our 12-month target price per share of TL 68.30 and our 'BUY' recommendation for Şisecam, by giving 70% weight to discounted cash flow (DCF) analysis and 30% weight to comparable international peer valuation multiples. Our target price has a 68% yield potential based on the closing price of the shares on November 29, 2024.

Code	SISE.TI	Close		40,56
MCAp (TRY m)	124.244	Last 12M High		55,64
MCAp (US$ m)	3.593	Last 12M Low		37,48
EV (TRY m)	200.496	Beta		0,98
EV (US$ m)	5.828	Avg. daily trading vol. (US$ m)		48,1
Free float (%)	49,00	Foreign ownership in FF (%)		30,3%
Key figures	**2022***	**2023***	**9M23**	**9M24**
Revenues	231.853	206.500	158.992	136.312
Growth		*-10,9%*		*-14,3%*
EBITDA	45.890	38.258	24.099	9.294
EBITDA margin	*19,8%*	*18,5%*	*15,2%*	*6,8%*
Net profit	30.893	31.603	10.952	6.163
EPS	13,55	6,93	3,58	2,01
Dividend yield	0,9%	1,3%		
Net debt /EBITDA	0,87	0,47		1,91
Net debt /Equity	0,21	0,15		0,43
ROAE		20,2%		27,6%
ROAA		10,6%		16,1%
Valuation metrics	**2022***	**2023***		**9M24**
P/E	4,0	3,9		3,7
EV/EBITDA	1,1	5,2		5,0
EV/Sales	0,2	1,0		0,9
P/BV	0,9	0,6		0,7
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	5,0	-5,2	-8,6	-14,4
US$ Return (%):	3,8	-7,0	-22,3	-28,7
BIST-100 Relative (%):	-3,4	-0,7	-29,3	-28,8



Source: PDP, Finnet, Seker Invest Research estimates

**2023 and 2024 financials are Indexed according to 9M24 with IAS -29*

TAV Airports Holding (OP, 12M TP: TRY 355.00) Upside: 29%

Expanding portfolio is a catalyst for the stock…

➢ **Thanks mainly to the solid performance of Almaty operations, its prospective inorganic growth opportunities and continuing operational growth, we expect TAV's positive outlook for 2024 to persist.** We expect the Group's expanding portfolio to act as a catalyst for the stock. **We maintain our "Outperform" recommendation for TAV with our TP of TRY 355.00, implying 29% upside as at 29 Novemberr, 2024.**

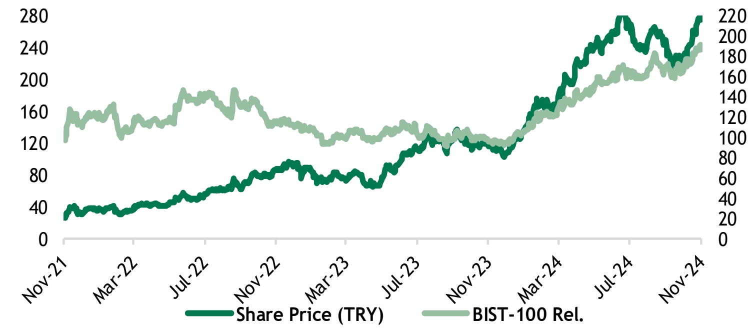
➢ **The Company's 2024 & 2025 Expectations:** The Company expects sales revenue of around €1,500-1,570mn for 2024. It anticipates total PAX at 100-110mn for this year (Int' PAX: 67-73mn). The Company also expects EBITDA of around €430-490mn, and €260-300mn (Previous: €230-270mn) CapEx for 2024. The net debt/EBITDA target is expected at 3.5-4.5x for 2024. The Company foresees net sales revenue of around 14-18% CAGR (2022-2025) & total passenger traffic of around 10-14% CAGR (2022-2025) in 2025 (including the New Ankara (2025+) Esenboga concession). The Company has an EBITDA margin expectation for 2025 above that achieved in 2022. It expects a Net Debt/EBITDA ratio of around 2.5-3.0 by the end of 2025. TAV's EBITDA expectation for 2025 is around 14-20% CAGR (2022-2025). The Company has revised its CAPEX to €140-160mn + CapEx from €90-110mn for 2025. 2025 non-Almaty capex guidance is revised upwards due mostly to BTA investment in Antalya and the Havaş warehouse investment at the Istanbul Grand Airport.

➢ **We expect operations to remain stronger in 2024E -** The Company has announced the commencement of work on the "Almaty Investment Plan," which is expected to be finalized during the Board of Directors meeting in February 2025. TAV estimates the investment plan will range between €150-€300mn, spread over 3 to 4 years from 2025 to 2028. The Company emphasized that the outcome of tariff increase negotiations will play a crucial role in determining the scope of the investment. TAV plans to finance these investments without requiring shareholder equity loans from the parent holding company. Instead, the investments will be funded through operational cash flow from Almaty and project financing credit limits allocated for the airport. The strong course of international flights at Almaty Airport and the positive impact of international cargo operations will remain positive for the Company going forward. In addition, the Company expects the new terminal of Antalya Airport to be opened in 1Q25. It expects the new terminal to make a positive contribution to retail expenditure per passenger through the capacity investment made. Currently, the acquisition of Almaty International Airport, and the recovery & increase to be observed in the total number of domestic and international passengers of the Group's airports operated by TAV pose upside risk for the Company. Granting concessions for additional investments to increase the capacity of Antalya & Ankara Esenboğa Airport will continue to provide added value. The seasonal effect of airports operated especially in regions where summer tourism is strong will make a positive contribution to TAV's continued strong performance in the short-medium term.

➢ Currently, the acquisition of Almaty International Airport, and the recovery & increase to be observed in the total number of domestic and international passengers of the Group's airports operated by TAV pose upside risk for the Company. On the other hand, slower than expected recovery in air passenger traffic, the emergence of another pandemic leading to lockdowns and flight restrictions, natural disasters, geopolitical tension, etc., leading to lower than expected growth comprise the main downside risks to our valuation.

Code	TAVHL.TI/IS	Close	274,25
MCAp (TRY m)	99.630	Last 12M High	294,75
MCAp (US$ m)	2.881	Last 12M Low	99,95
EV (TRY m)	140.407	Beta	1,04
EV (US$ m)	4.076	Avg. Daily Trading Vol. (US$ m)	17,5
Free Float (%)	48,00	Foreign Ownership in FF (%)	72,92

Key Figures	2022*	2023*	9M23	9M24
Revenues	24.874	46.781	23.817	43.440
Growth (%)		*88,1%*		*82,4%*
EBITDA	7.492	13.857	8.244	14.318
EBITDA Margin (%)	*30,1%*	*29,6%*	*34,6%*	*33,0%*
Net Profit	2.580	10.230	5.370	6.627
EPS	1,13	2,24	14,78	18,24
Dividend Yield	0,0%	0,0%		
Net Debt/EBITDA	3,57	1,31		2,62
Net Debt/Equity	0,85	0,15		0,67
ROAE		13,6%		10,0%
ROAA		6,4%		5,8%
Valuation Metrics	**2022***	**2023***		**9M24**
P/E	38,6	9,7		8,2
EV/EBITDA	3,6	10,1		9,0
EV/Sales	1,1	3,0		2,6
P/BV	4,3	2,2		1,6
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	22,7	9,7	155,1	134,2
US$ Return (%):	21,3	7,8	116,9	95,6
BIST-100 Relative (%):	13,7	11,8	97,4	94,3



Source: TAV Airports Holding, PDP, Finnet, Seker Invest Research

** 2023 and 2024 financials are indexed according to 9M24 with IAS -29.*

Turkcell (OP, 12M TP: TRY 145.20) Upside: 60%

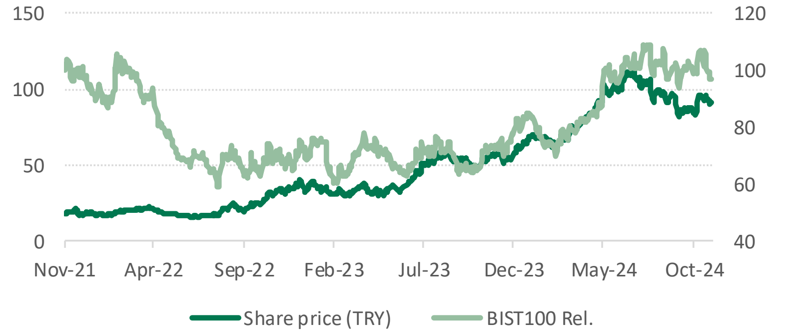
We maintain our 12-month target price for TCELL for TRY 145.20/share. The stock has 60% upside potential compared to its closing price on November 29, 2024. We maintain our OUTPERFORM recommendation.

We believe that successful price adjustments, coupled with increased mobility and user numbers due to the tourism season, will support the mobile segment, while the lower contract term strategy will support the fixed broadband segment. We expect the telecommunications sector to remain among the sheltered sectors during the inflationary process. Additionally, even if deflation begins, we anticipate that ARPU growth will increase above inflation as contracts are renewed and price increases come into effect.

According to inflation accounting provisions (IAS-29), Turkcell announces TRY 14,280mn net profit for 3Q24 (3Q23: TRY 4,495mn loss). TRY 11,214mn one-off revenue from the transferred Ukraine operations was the main reason for the high net profit. **Turkcell booked net sales revenue of TRY 40,141mn including the IAS-29 effect, with a 7% yearly rise.** Turkcell gained 322k net subscribers in 3Q24. A growing subscriber base and strong ARPU growth supported sales revenues, forming the basis for real growth. ARPU has increased 6.9% YoY in the mobile segment and 15.1% in the fixed individual fiber segment thanks to successful price adjustments and performance of subscribers upgrading their packages. Decrease in costs and interconnection expenses compared to turnover, supported EBITDA improvement. **EBITDA came in at TRY 17,757mn, up 10% from TRY 16,091mn at 3Q23, including the IAS-29 effect. The EBITDA margin was 44.2% in 3Q24 (3Q23: 42.8%).**

2024 revenue guidance revised: As a result of changing inflation expectations, the company revised its low double-digit revenue growth expectation for 2024 to approximately 7% real growth. Expectations of a 42% EBITDA margin and a 23% operating expenses/sales ratio for 2024 are maintained.

Code	TCELL.TI	Close		90.55
MCAp (TRY m)	199,210	Last 12M High		115.30
MCAp (US$ m)	5,761	Last 12M Low		51.22
EV (TRY m)	218,248	Beta		0.98
EV (US$ m)	6,319	Avg. daily trading vol. (US$ m)		64.6
Free float (%)	54.00	Foreign ownership in FF (%)		30.3%
Key figures	**2022***	**2023***	**9M23**	**9M24**
Revenues	127,012	197,715	108,295	114,592
Growth		*55.7%*		*5.8%*
EBITDA	49,736	59,611	44,485	49,031
EBITDA margin	*39.2%*	*30.2%*	*41.1%*	*42.8%*
Net profit	9,348	17,056	-5,707	20,555
EPS	4.25	7.75	-2.59	9.34
Dividend yield	1.4%	1.6%		
Net debt /EBITDA	1.04	0.58		0.30
Net debt /Equity	0.35	0.21		0.11
ROAE		10.8%		25.4%
ROAA		6.5%		16.3%
Valuation metrics	**2022***	**2023***		**9M24**
P/E	21.3	11.7		4.6
EV/EBITDA	1.2	3.7		3.4
EV/Sales	0.5	1.1		1.1
P/BV	1.8	1.2		1.1
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	5.9	-9.1	62.0	58.4
US$ Return (%):	4.7	-10.8	37.7	32.0
BIST-100 Relative (%):	-2.5	-4.8	25.4	31.7



Source: PDP, Finnet, Seker Invest Research estimates

**2023 and 2024 financials are Indexed according to 9M24 with IAS -29*

Turkish Airlines (OP, 12M TP: TRY 475.40) Upside: 67%

Strong PAX growth trend points to rising operational success in 2024E…

➢ We believe that Turkish Airlines offers a strong and operational fleet structure and significant growth potential with the aircraft to be added to the fleet in the future. Turkish Airlines has outpaced its peers in increasing its capacity in 2023, while at the same time, normalizing cargo operations still supports profitability. We expect cargo operations to continue supporting THY's operational structure. We underline that the Company's regional revenue distribution provides THY with a natural hedge against FX volatility and is supportive of the Company's revenues. We calculate that ASK can grow by 10.4% YoY in 2024E. We value the carrier's shares through a DCF (60%) and peer comparison analysis (40%), our 12M TP indicates upside potential of 67%. **We maintain our "Outperform" rating, as the company is apt to pioneer a new era that will broaden the growth horizons in Turkish aviation.**

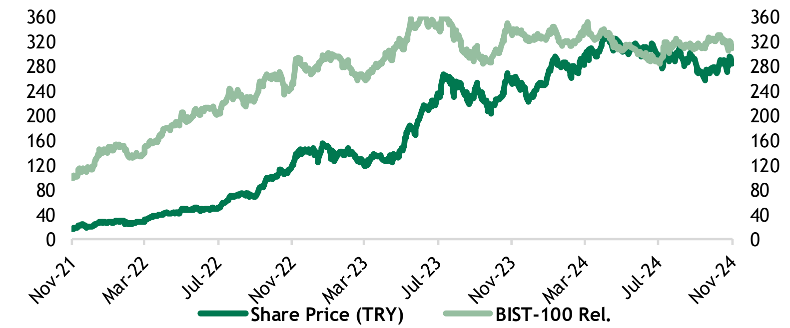
➢ **Cargo operations continue at a strong and steady pace -** THY's PAX declined by 2.9% YoY for October 2024. The fall was mainly due to both decreased of domestic & int'l passenger number when compared to October 2023. THY's total PAX in October 2024 was at 7.15mn. Meanwhile, in October 2024, the share of international PAX in total PAX was 65.8%. The total load factor was flat, at 82.7% in October 2024. The carrier's international PAX declined by 1.7% YoY to 4.70mn in October 2024; domestic PAX declined by 5.1% YoY to 2.44mn in October 2024. THY's cargo operations volume was positive, up 4.7% YoY in October 2024.

➢ We expect Turkish Airlines' operationally successful results to continue in 2024E, with the suppressed flight demand of previous quarters being compensated by a strong recovery trend in 2023 and the effect of the strong improvement in the number of passengers, especially in international routes. We expect passenger demand to remain relatively strong in the following periods. We estimate that passenger traffic, sales revenues, and EBITDA will maintain their uptrend in 2024E.

➢ The Company expects the number of aircraft under the THY brand to exceed 800 by 2033, while the number of passengers will exceed 170 million in 2033. THY predicts a net debt/EBITDA figure in the range of 1-1.5x in 2023, and potentially in the range of 2-2.5x by 2033. THY has also decided to purchase 230 aircraft on firm order and 125 aircraft with the right to purchase, for a total of 355 aircraft, within the framework of its Strategic Plan covering the years 2023-2033.

➢ **Risks -** The major downside risks are slower than expected global growth, rising protectionism and geopolitical risk, i.e., lower than expected demand growth, higher-than expected capacity growth leading to lower yields, higher-than-expected jet fuel prices hurting demand and profitability, and an unfavorable course of US$/JPY and €/US$ rates.

Code	THYAO.TI/IS	Close		285,00
MCAp (TRY m)	393.300	Last 12M High		332,00
MCAp (US$ m)	11.374	Last 12M Low		221,60
EV (TRY m)	675.494	Beta		1,05
EV (US$ m)	19.644	Avg. Daily Trading Vol. (US$ m)		282,7
Free Float (%)	50,00	Foreign Ownership in FF (%)		41,59
Key Figures	**2022***	**2023***	**9M23**	**9M24**
Revenues	422.755	685.277	358.781	551.928
Growth (%)		*62,1%*		*53,8%*
EBITDA	106.900	156.779	93.325	108.653
EBITDA Margin (%)	*25,3%*	*22,9%*	*26,0%*	*19,7%*
Net Profit	64.437	221.456	69.503	88.866
EPS	28,26	48,57	50,36	64,40
Dividend Yield	0,0%	0,0%		
Net Debt/EBITDA	2,23	0,12		1,78
Net Debt/Equity	0,97	0,15		0,46
ROAE		121,3%		184,1%
ROAA		44,7%		107,1%
Valuation Metrics	**2022***	**2023***		**9M24**
P/E	6,1	1,8		1,8
EV/EBITDA	1,8	4,3		4,3
EV/Sales	0,5	1,0		1,0
P/BV	2,2	0,9		0,6
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	2,5	-5,2	24,7	11,8
US$ Return (%):	1,4	-6,8	6,0	-6,6
BIST-100 Relative (%):	-5,0	-3,4	-3,5	-7,3



Source: Turkish Airlines, PDP, Finnet, Seker Invest Research

** 2023 and 2024 financials are indexed according to 9M24 with IAS -29.*

Recommendations List

Şeker Invest

Recommendation List December 2, 2024

BANKING	Close (TRY)	Rating	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
AKBNK	60,85	OP	70,14	316.420	364.734	15,3%	6,57	1,37
GARAN	120,50	OP	166,46	506.100	699.139	38,1%	5,23	1,67
HALKB	16,25	MP	21,44	116.753	154.046	31,9%	8,79	0,85
ISCTR	13,63	OP	17,65	340.750	441.146	29,5%	6,21	1,17
TSKB	12,68	OP	18,18	35.504	50.893	43,3%	3,92	1,22
VAKBN	23,18	MP	26,43	229.851	262.078	14,0%	6,17	1,14
YKBNK	29,64	OP	36,44	250.371	307.810	22,9%	6,00	1,31

HOLDING	Close (TRY)	Rating	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
KCHOL	200,50	OP	308,72	508.448	782.891	54,0%	11,73	1,00
SAHOL	90,50	OP	146,55	190.084	307.801	61,9%	26,83	0,69
TAVHL	274,25	OP	355,00	99.630	128.965	29,4%	11,34	1,64

INDUSTRIAL	Close (TRY)	Rating	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
AKCNS	164,70	OP	210,60	31.531	40.319	27,9%	16,24	1,72
AKSEN	35,56	OP	55,00	43.609	67.450	54,7%	8,40	1,13
ARCLK	142,90	OP	267,50	96.562	180.760	87,2%	108,31	1,28
ASELS	69,45	OP	72,00	316.692	328.298	3,7%	34,62	2,55
BIMAS	473,50	OP	743,00	287.509	451.148	56,9%	13,35	2,85
CCOLA	53,20	OP	76,60	148.858	214.340	44,0%	7,37	2,78
CIMSA	40,50	OP	41,94	38.296	39.658	3,6%	8,32	1,54
DOAS	214,00	OP	347,00	47.080	76.340	62,1%	4,51	0,92
EREGL	25,78	OP	33,42	180.460	233.926	29,6%	9,66	0,80
FROTO	967,00	OP	1.320,00	339.330	463.200	36,5%	6,64	3,35
KRDMD	27,44	OP	39,15	21.409	30.544	42,7%	13,10	0,65
MGROS	483,25	OP	685,00	87.494	124.022	41,7%	13,75	1,62
PETKM	18,34	OP	26,00	46.481	65.902	41,8%	2,39	0,75
PGSUS	217,80	OP	328,00	108.900	164.001	50,6%	4,70	1,44
SELEC	80,60	MP	84,50	50.053	52.475	4,8%	37,58	2,40
SISE	40,56	OP	68,30	124.244	209.210	68,4%	6,73	0,70
TCELL	90,55	OP	145,20	199.210	319.441	60,4%	4,60	1,14
THYAO	285,00	OP	475,40	393.300	656.051	66,8%	2,16	0,64
TOASO	198,00	OP	341,90	99.000	170.950	72,7%	8,23	2,24
TTKOM	46,04	OP	69,05	161.140	241.691	50,0%	6,28	1,19
TUPRS	147,20	OP	238,46	283.624	459.470	62,0%	4,50	1,17
VESBE	17,06	OP	30,55	27.296	48.887	79,1%	17,16	0,96
ZOREN	4,24	MP	4,80	21.200	23.990	13,2%	1,48	0,35

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