Equity Strategy:

2025 is expected to be a year of recovery, and rate cuts are expected to raise the appetite for risky assets...

January 2025

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Global Fund Flows

We can argue that developed Central Banks, which have entered a cycle of rate cuts since mid-2024, have had a successful year in combating inflation. With the exception of Japan, almost all developed countries have gradually brought inflation closer to their targeted levels. Although prices in basic goods have eased to targeted levels, inflation in the services sector continues its stubborn course. We believe that the real success in combating inflation will begin after this point. Inflation, which even rose to double digit levels in developed markets after the pandemic, has evolved onto a calm path since temporary shocks and the base effect disappeared. However, we believe that at these levels it has been sticky and that a patient course is required, since it reflects the delayed effect of wage changes.

The Fed, which has been monitoring recent price developments, triggered uncertainty in global markets with a rather hawkish tone in December, unlike its September meeting. Having considered the strong course in the growth and employment markets, the Fed lowered the number and amount of rate cut expectations, while updating future estimates upwards. We predict that this will limit capital flows, especially to developing markets, unless there are new developments.

In the European Union, the recovery in economic activity has yet to reach the desired level despite rate cuts. The addition of political uncertainties led by Germany to economic uncertainty is increasing concerns in regional economies and pressuring the EUR/USD parity. However, while the recovery is spreading over time, expectations signal a rebound from the bottom for the region in 2025. In particular, the deadlock in the Russia-Ukraine crisis and the implementation of a diplomatic solution and reduction of sanctions should help ease the tension and positively contribute to manufacturing activity.

We estimate that CPI in Japan, while a risk factor, will be controllable with effective monetary and fiscal policy tools. We consider the probability of a shock wave similar to August 2024 to be low. However, downside risks remain valid for China in terms of both PMI/production and growth/inflation. Although fiscal incentives will partially address the problem, we estimate that the real recovery will be delayed until 2026 and beyond.

Main risk for the global markets

- The longer-than-expected tightness in global monetary policy and delayed improvement in the CPI outlook,
- Uncertainties in global debt levels and monetary policy triggering repricing in financial markets,
- Volatility in commodity prices increasing upward risks on prices amid geopolitical risks and regional conflicts,
- Trump and the new economic administration expanding regulations such as tariffs/quotas that restrict trade and raise the prices,
- The recovery in economic activity in the European Union spreading over time despite rate cuts,
- The slowdown in the Chinese real estate sector deepening despite incentives and expansionary policies.

Turkiye: Risks and Expectations

The CBRT delivered its first rate cut after a long spell in December 2024. We expect the CBRT to continue with gradual rate cuts depending on the inflation outlook in 2025 while to maintain a tight monetary stance. A year awaits us in which market interest rates will be shaped around the policy rate as in a narrow band. This will be adjusted so as to contain upward risks in inflation.

We are closing inflation at 44.4% in 2024, slightly above the central bank forecast. If there is no additional pressure from administered/guided prices in the first months of the year, we expect inflation to stabilize at 35% in 1H25 and reach 25-27% by end-2025. Assuming that rate cuts will continue cautiously and that we will close 2025 with a policy rate of 30-32%, positive real interest rates will continue.

We expect developments in financial markets to be closely monitored on the path to price stability such that loan/deposit pricing will be adjusted to maintain price stability. The balancing in economic activity and production indicators should support growth, without disrupting pricing behavior, specifically for selective loans.

The lack of a major currency volatility and the attractiveness of TL deposits will prevail throughout 2025. The termination of the KKM in 2025 is among the targets of the monetary and exchange rate policy. In this context, excess liquidity should be sterilized with appropriate tools, and no volatility will be allowed in rates or on the currency front. We expect a significant easing in both short and long-term bond yields with rate cuts and declining CPI. In this context, an attractive year awaits fixed-income securities investors.

The balance of payments has improved significantly in 2024. We estimate that the current account deficit will reach USD 13-14 billion by end-2024, which should be followed by USD 25 billion in 2025. The share of short-term and portfolio investments in the financing of the current account deficit is quite high, which continues to create vulnerability. Falling rates should limit short-term investments, which will be followed by a slight improvement in the share of foreign direct investment amid strengthening economic activity.

In 2024, industrial production and output growth were sacrificed. With expected rate cuts in 2025, we foresee recovery in industrial production and nearly flattish growth. In particular, weak domestic demand and balancing in economic activity will be at the forefront.

Main local market risks

- Inflation rigidity lasting longer than expected and tight monetary policy continuing,
- Risk of regional geopolitical risk spreading,
- Sharp rise in commodity prices, especially oil,
- Shocks to inflation beyond the scope of monetary policy control, such as administered/guided prices,
- Turkish Lira losing its relative attractiveness due to higher-than-expected rates in similar countries.

This will be a year of recovery…

2025 offers risks and opportunities for financial markets. Risky asset investments have lagged behind risk-free returns that have long been high. We expect investor risk appetite for such investments to improve with the revival of economic activity led by production.

Although inflation remains rigid, led by the services sector, disinflation will continue gradually.

While the central bank maintains its tight stance, falling rates will reduce the tendency to hold cash and trigger risk appetite. We expect a year in which sectors and companies of high interest sensitivity will stand out positively.

The attractiveness of a valuable TL in real terms will continue for some time yet. We anticipate that sharp currency attacks will be stabilized with appropriate monetary policy tools throughout 2025.

In the first quarter of the year, markets will focus on the course of both local and global inflation. Central banks will continue to gradually cut rates depending on inflation developments. Risky assets will offer significant return potential amid lower interest rates, especially in the second half of the year.

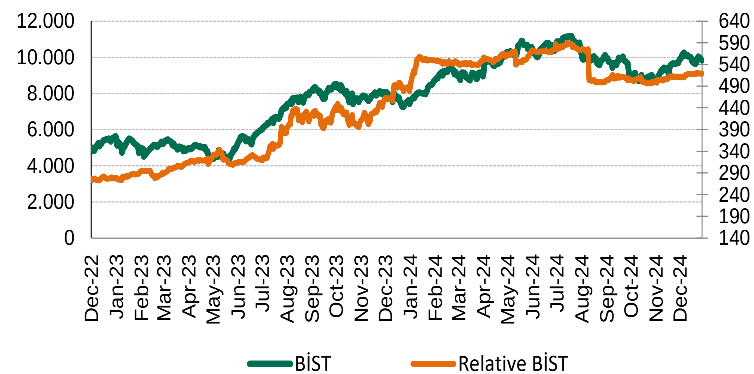
For both domestic and foreign investors, 2025 offers the possibility of a rally on the fixed income and equity fronts. If inflation expectations improve in line with estimates, fixed-income securities will enter a new cycle with the decline in interest rates. Investors who prefer risky assets will also enjoy their share of the transformation in monetary policy, and sectors/companies with high leverage in particular will take a breather. During this period, keeping cash will be limited in portfolio distributions and higher equity and fixed-income weights will be gaining priority both locally and globally.

The rate cut cycles of global central banks will be the main theme for financial markets. In 2025, the policies that US President-elect Donald Trump will follow and their geopolitical reflections will also be closely followed.

Facts & Figures	Close*	YtD	YE24 Close	YE23 Close	YoY
BIST - 100, TRY	10.075	2,5%	9.831	7.470	31,6%
BIST - 100, USD	286	2,5%	279	254	9,8%
MSCI Turkey	308.813	3,3%	298.957	261.952	14,1%
MSCI EMEA	206	0,8%	204	202	1,1%
MSCI EM	1.073	-0,2%	1.075	1.024	5,1%
Benchmark Bond	39,97%	-59bps	40,56%	39,68%	+88bps
USD/TL	35,2710	-0,03%	35,2803	29,4382	19,8%
EUR/TL	36,2762	-1,25%	36,7362	32,5739	12,8%
BIST - 100	7,6				
Industrial	10,6				
Iron&Steel	11,9				
REIT	3,9				
Telecom	5,5				
2025E P/E	6,3				

*Close as of January 03, 2025

BIST &Portfolio



Foreign fund inflow will increase… Rating: BUY

The main dynamics set to shape the BIST 100 in 2025 are the course of inflation and the rate cut cycle, as well as developments in the European economy, which is our main export market. In addition, inflation accounting, which continues to be applied, excluding banks and certain financial institutions, and geopolitical risks in the nearby geography will remain closely monitored.

Following the transition to rational policies, last year all three rating agencies upgraded Turkiye's credit rating by two notches. If the implemented policies are strictly followed, we believe that new rating upgrades may follow in the year. This should combine with the continuing easing in CDS, which have declined from 700 levels to stabilize at around 250.

We expect foreign capital flows, which occurred in the form of a degree of hot money inflow last year, to continue increasing this year, mostly in the medium and long term.

We expect the banking sector, which is exempt from inflation accounting in 2025, to continue its outperformance amid the expected rate cuts. Insurance, REIT, construction, and cement sectors will be the primary beneficiaries of rate cuts. In the second half of the year, with the declining financing expenses of industrial companies, we expect food-retail, iron-steel, main metal industry (auto, white goods), defense, aviation, retail, telco, and energy companies to stand out.

In line with our macro revisions we reduce our average RfR rate assumption from 20.0% to 18.0%, while maintaining the market risk premium at 5.50%. Our 12-month target value for the BIST-100 index is 15,000. We maintain our BUY recommendation which offers a 49% upside potential.

While we retain AKBNK, ISCTR, MGROS, SAHOL, TCELL and THYAO in our medium and long-term portfolio, we remove BIMAS, TAVHL, SISE and add ASELS, CIMSA,FROTO and YKBNK to our portfolio.

Model Portfolio

Top Picks	Close	Target	Pot.
AKBNK.TI	66,20	96,62	46,0%
ASELS.TI	74,85	102,00	36,3%
CIMSA.TI	47,26	67,20	42,2%
FROTO.TI	951,50	1.491,00	56,7%
ISCTR.TI	14,08	21,47	52,5%
MGROS.TI	529,50	794,50	50,0%
SAHOL.TI	102,10	164,00	60,6%
TCELL.TI	98,50	148,48	50,7%
THYAO.TI	298,00	495,50	66,3%
YKBNK.TI	32,18	49,47	53,7%

*Close as of January 03, 2025

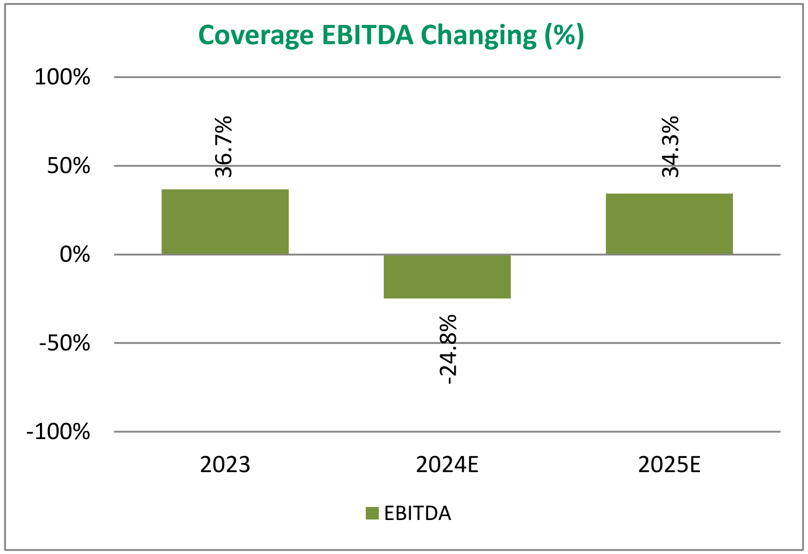
Add
ASELS
CIMSA
FROTO
YKBNK

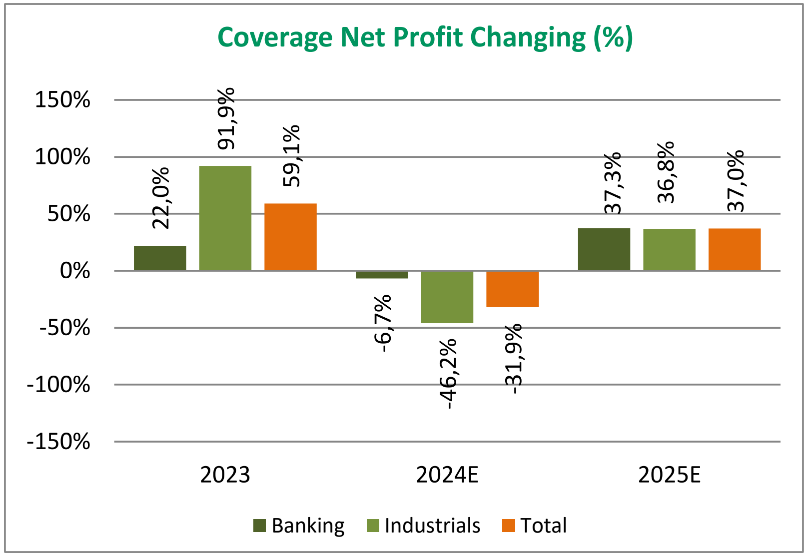
Remove
BIMAS
TAVHL
SISE

Maintain
AKBNK
ISCTR
MGROS
SAHOL
TCELL
THYAO

Favourite Sectors
Banks
Insurance
REIT
Construction-Cement
Food&Beverage
Iron-Steel
Main Metal Industry
Defense
Aviation
Food Retail
Telecommunication
Energy

Cherry-picking stocks is necessary…





In 2024, we expect the earnings and EBITDA of the industrials we follow to decline by 46,2% and 24.8% YoY. For banks earnings should decline by 6,7%.

In 2025, with the expected rebound, industrials should deliver 36,8% and 34,3% YoY net income and EBITDA growth YoY, while we expect the banks' earnings to increase by 37,3% YoY.

The BIST 100 is trading at attractive multiples compared to its peers. The MSCI Turkiye index is trading at a 48% and 39% discount, vs. the MSCI EM index for 2025E with P/E and P/BV multiples of 6.10x and 0.92x, respectively.

Recommendations List

Şeker Invest

Recommendation List

January 6, 2025

BANKING	Close (TRY)	Rating	Old TP (TRY)	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
AKBNK	66,20	OP	70,14	96,62	344.240	502.401	45,9%	7,15	1,49
GARAN	129,10	OP	166,46	178,86	542.220	751.224	38,5%	5,61	1,79
HALKB	17,28	MP	21,44	22,88	124.153	164.417	32,4%	9,35	0,90
ISCTR	14,08	OP	17,65	21,47	352.000	536.761	52,5%	6,41	1,21
TSKB	12,79	OP	18,18	18,66	35.812	52.261	45,9%	3,96	1,23
VAKBN	24,24	MP	26,43	32,65	240.362	323.787	34,7%	6,45	1,19
YKBNK	32,18	OP	36,44	49,47	271.826	417.850	53,7%	6,52	1,42

HOLDING	Close (TRY)	Rating	Old TP (TRY)	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
KCHOL	186,50	OP	308,72	299,18	472.945	758.698	60,4%	10,91	0,93
SAHOL	102,10	OP	146,55	164,00	214.448	344.463	60,6%	30,27	0,78
TAVHL	272,50	OP	355,00	392,20	98.994	142.479	43,9%	11,27	1,63

INDUSTRIAL	Close (TRY)	Rating	Old TP (TRY)	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
AKCNS	177,60	OP	210,60	251,20	34.001	48.091	41,4%	17,51	1,86
AKSEN	40,84	OP	55,00	55,00	50.084	67.450	34,7%	9,64	1,30
ARCLK	145,00	OP	267,50	235,52	97.981	159.149	62,4%	109,91	1,30
ASELS	74,85	OP	72,00	102,00	341.316	465.120	36,3%	37,31	2,75
BIMAS	531,00	OP	743,00	766,10	322.423	465.176	44,3%	14,97	3,20
CCOLA	59,10	OP	76,60	78,30	165.366	219.079	32,5%	8,19	3,09
CIMSA	47,26	OP	41,94	67,20	44.689	63.544	42,2%	9,70	1,80
DOAS	196,20	OP	347,00	301,90	43.164	66.418	53,9%	4,14	0,84
EREGL	24,72	OP	33,42	35,77	173.040	250.408	44,7%	9,26	0,77
FROTO	951,50	OP	1.320,00	1.491,00	333.891	523.205	56,7%	6,54	3,29
KRDMD	28,36	OP	39,15	40,79	22.127	31.824	43,8%	13,54	0,67
MGROS	529,50	OP	685,00	794,50	95.868	143.847	50,0%	15,07	1,77
PETKM	18,35	MP	26,00	25,42	46.506	64.419	38,5%	2,39	0,75
PGSUS	223,70	OP	328,00	361,20	111.850	180.600	61,5%	4,82	1,48
SELEC	82,20	MP	84,50	92,00	51.046	57.132	11,9%	38,33	2,45
SISE	42,54	OP	68,30	60,70	130.309	185.941	42,7%	7,05	0,73
TCELL	98,50	OP	145,20	148,48	216.700	326.666	50,7%	5,00	1,24
THYAO	298,00	OP	475,40	495,50	411.240	683.795	66,3%	2,26	0,66
TOASO	209,40	OP	341,90	299,40	104.700	149.698	43,0%	8,71	2,37
TTKOM	45,58	OP	69,05	74,82	159.530	261.865	64,1%	6,21	1,18
TUPRS	150,00	OP	238,46	230,64	289.019	444.392	53,8%	4,59	1,20
VESBE	16,99	OP	30,55	26,64	27.184	42.619	56,8%	17,09	0,95
ZOREN	4,49	MP	4,80	5,40	22.450	27.000	20,3%	1,56	0,38

BIST Dividend Player

BIST Ticker	Mcap (TRYmn)	2024E Net Profit (TRY mn)	Pay Out Ratio	Gross Pay Out (TRY mn)	Dividend Yield
DOAS	43.164	7.148	45%	3.217	7,5%
EREGL	173.040	17.682	69%	12.254	7,1%
TUPRS	289.019	20.205	80%	16.164	5,6%
FROTO	333.891	38.884	40%	15.554	4,7%
GARAN	542.220	106.711	15%	16.007	3,0%
TCELL	216.700	23.451	25%	5.863	2,7%
TOASO	104.700	6.897	40%	2.759	2,6%
YKBNK	271.826	41.435	15%	6.215	2,3%
AKBNK	344.240	48.250	15%	7.238	2,1%
BIMAS	322.423	21.421	30%	6.426	2,0%
ISCTR	352.000	44.976	15%	6.746	1,9%
CIMSA	44.689	4.030	20%	818	1,8%
AKCNS	34.001	1.935	32%	619	1,8%
AKSEN	50.084	4.300	20%	860	1,7%
THYAO	411.240	114.274	5%	5.714	1,4%
VESBE	27.184	1.080	25%	270	1,0%
CCOLA	165.366	14.314	10%	1.431	0,9%
SELEC	51.046	880	50%	440	0,9%
SISE	130.309	11.500	9%	1.035	0,8%
MGROS	95.868	6.864	10%	686	0,7%
ASELS	341.316	11.728	15%	1.759	0,5%

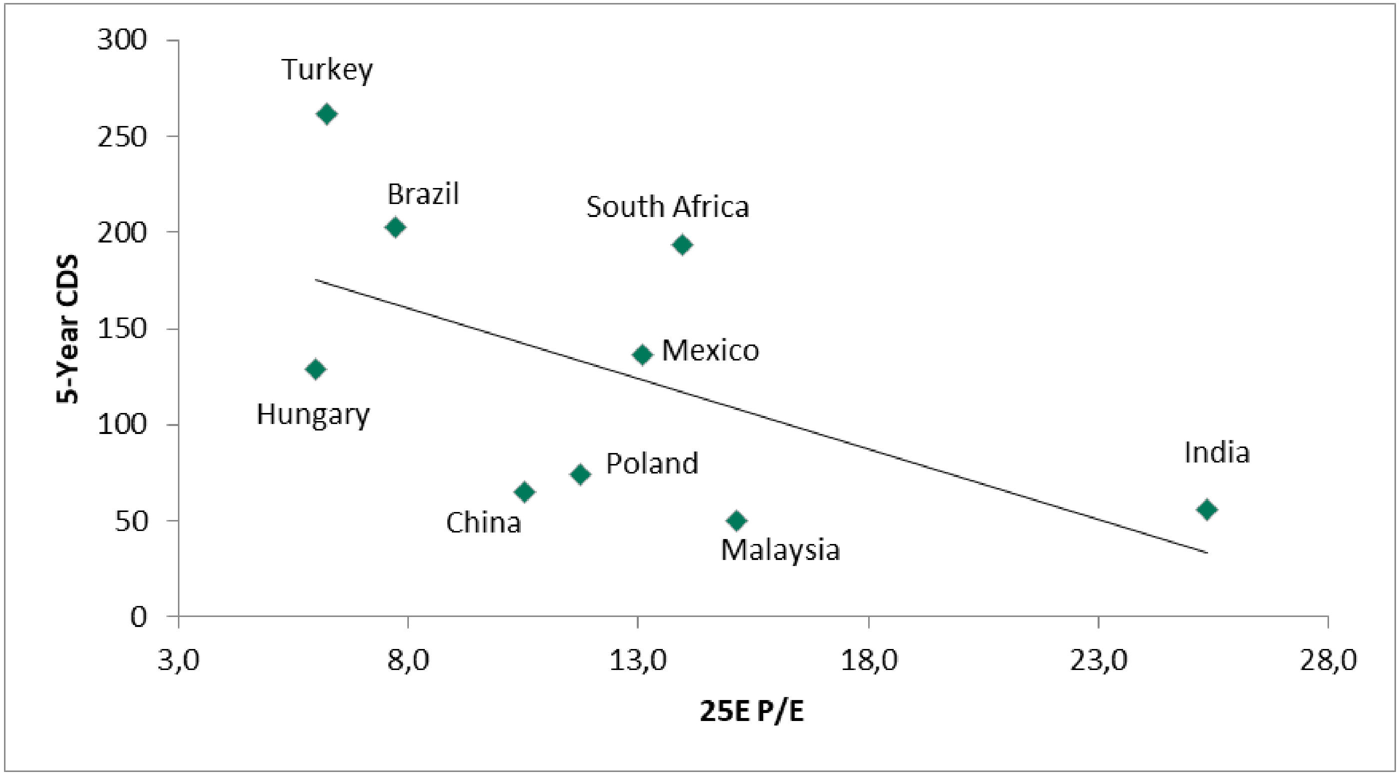
Returns compared to peers

- The MSCI Turkiye Index has risen by 20.2% in absolute terms over the past 12 months. Thus, it has outperformed the MSCI EM, and the MSCI EMEA index by 11.0%, and 13.1%, respectively during same period.

Absolute Change	1m	3m	12m	YtD
MSCI Turkey	0,8%	8,5%	20,2%	3,3%
MSCI EM	-2,2%	-8,5%	7,0%	-0,3%
MSCI EMEA	0,5%	-0,8%	4,4%	0,7%
MSCI Eastern Europe	-0,9%	-3,9%	-2,5%	1,1%
MSCI World	-2,4%	1,7%	20,0%	0,8%
Relative to MSCI Turkey	**1m**	**3m**	**12m**	**YtD**
MSCI EM	-2,99%	-15,7%	-11,0%	-3,5%
MSCI EMEA	-0,3%	-8,6%	-13,1%	-2,6%
MSCI Eastern Europe	-1,7%	-11,4%	-18,8%	-2,1%
MSCI World	-3,2%	-6,3%	-0,2%	-2,4%

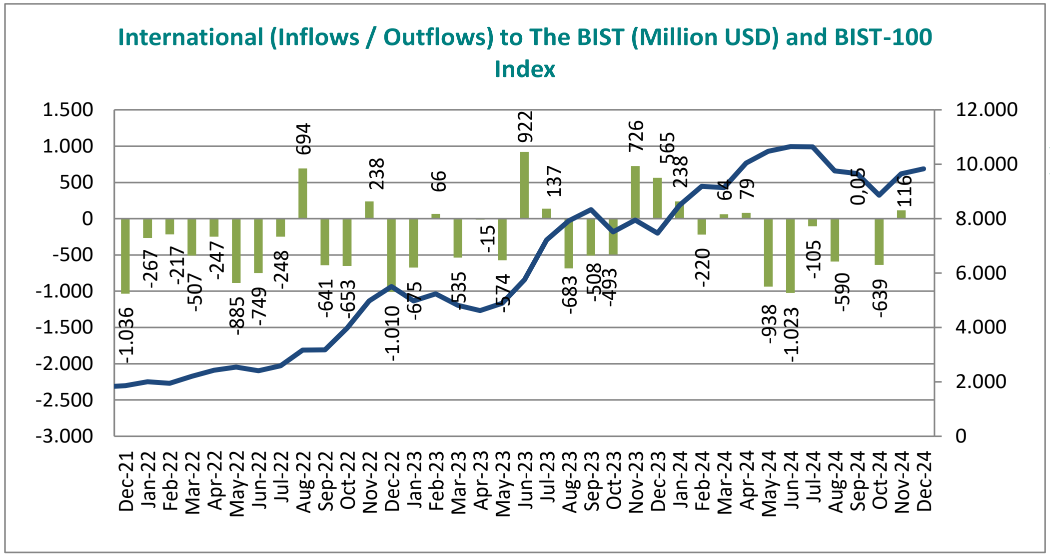
As of January 03, 2025

5-Year CDS

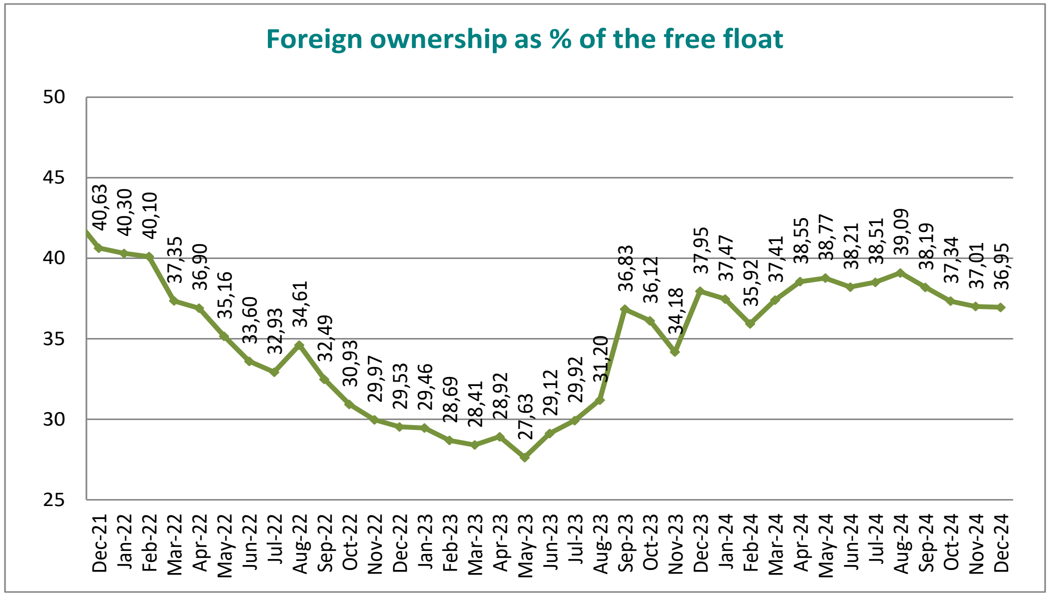


As of January 03, 2025

Int. flow and foreign ownership



- Overall in 9M24, foreign investors were net sellers of USD 3,02 bn.



- Foreign ownership has decreased to 36.95% in 2024 (2023: 37.95%)

Important Dates

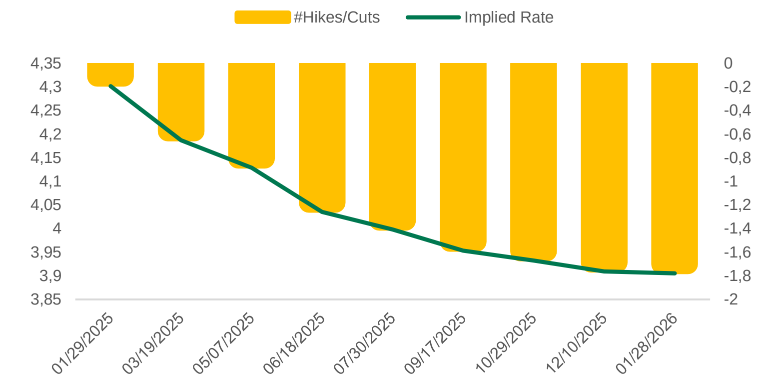
MEETING DATES OF CENTRAL BANKS IN 2025 / IMPORTANT DATES											
COUNTRY	TURKEY			US	EU	UK	JAPAN	Credit Rating Review Dates			MSCI Index Change
CENTRAL BANKS	CBRT	Inflation Report	Financial Stability Report	FED	ECB	BOE	BOJ	MOODY'S	S&P	FİTCH	
JANUARY	23			29	30		24	24		31	
FEBRUARY		7				6					
MARCH	6			19*	6	20	19				3
APRIL	17				17				25		
MAY		22	30	7		8	1				
JUNE	19			18*	5	19	17				2
JULY	24			30	24		31	25		25	
AUGUST		14				7					
SEPTEMBER	11			17*	11	18	19				1
OCTOBER	23			29	30		30		17		
NOVEMBER		7	28			6					25
DECEMBER	11			10*	18	18	19				

* Meeting associated with a Summary of Economic Projections

2025 Macro Outlook

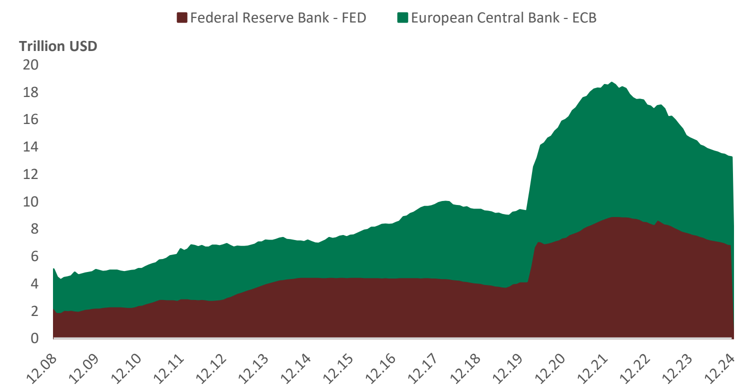
Global Financial Market Indicators

Number of Rate Hike/Cut and Implied Policy Rate



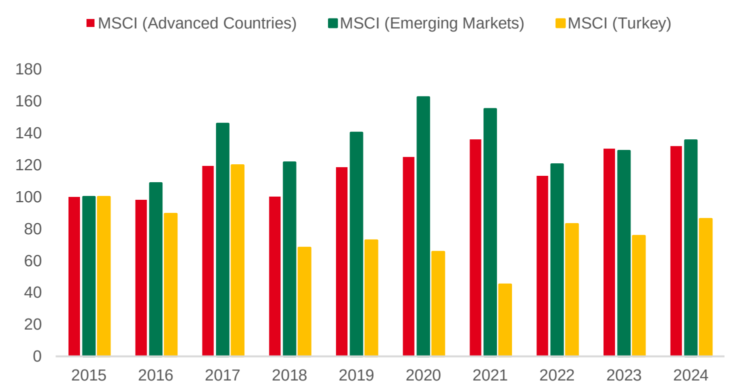
FED, whose hawkish tone strengthens after the December meeting, seems to maintain its tight stance for a while longer. With two rate cuts expected until the end of the year, the implied year-end interest rate is around 3.9%.

Balance Sheets of Main Central Banks (Trillion USD)



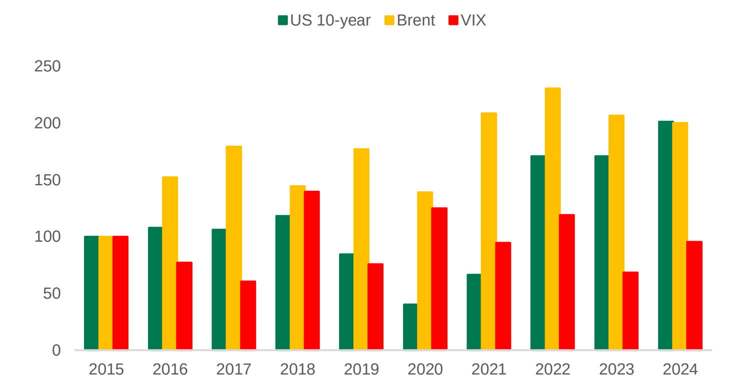
While the European Central Bank (ECB) has been sharper in reducing its balance sheet, the FED has been more cautious... Given the sensitivity of global markets to FED assets, we can say that we will see a more moderate reduction throughout 2025.

MSCI Indices (2008 normalized as 100)



An analysis of the 2024 performance of the MSCI index reveals a very limited increase in both developed and emerging economies. In the same period, Turkiye's USD-denominated performance diverged positively due to the calm course of the exchange rate. We expect this trend to continue in 2025.

Selected Financial Market Indicators (2008 normalized as 100)

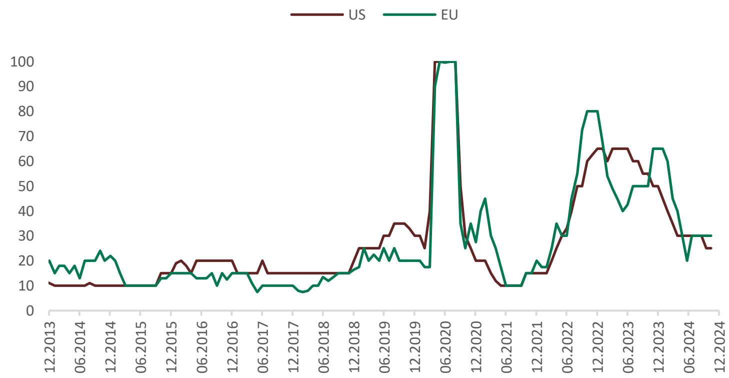


While oil posts a limited decline during 2024 compared to the previous year, the US 10-year bond yield and volatility (VIX) rises significantly due to the developments in August, the current monetary stance and expectations for risk appetite. We expect the decline in risk appetite to continue in 2025 amid global uncertainties.

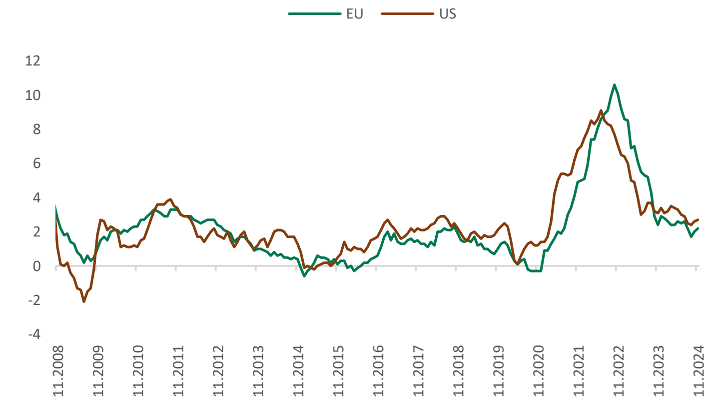
Source: CBRT, SEKER Invest, Turkiye Data Monitor

Global Real Market Indicators

Probability of Recession



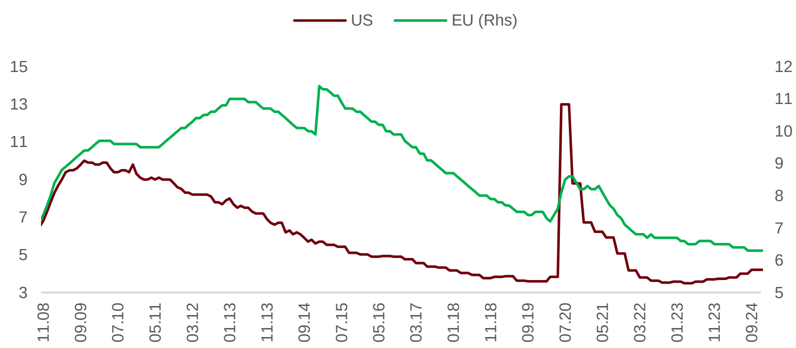
Inflation Rates (%)



After the rate cuts that started in June 2024, the probability of recession has converged to pre-Covid levels in the US and Europe. Throughout 2025, we think that the probability of recession will remain weak with gradual rate cuts.

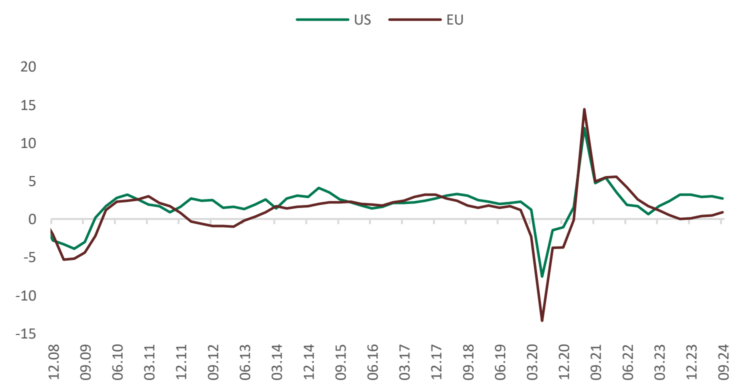
Inflation in Europe has reached target levels, while in the US it is slightly above the Fed's target thanks to strong employment data. 2025 will witness an inflation-oriented rate cut cycle for both economies.

Unemployment Rates (%)



Unemployment rates, which had fallen to historically low levels in the US, started to rise during 2024 as the economy cooled, while the gradual decline continues in Europe. We think that the second most important indicator that will affect the interest rate path will continue to increase in the US and decrease in Europe in 2025, stabilizing around 5%.

GDP Growth (YoY, %)



US growth will gradually stabilize in the 2-2.5% band throughout 2025, as the US continues its tight monetary policy in a more hawkish tone. Growth in Europe will take time and we expect it to converge to pre-Covid levels in the 2026-2027 period.

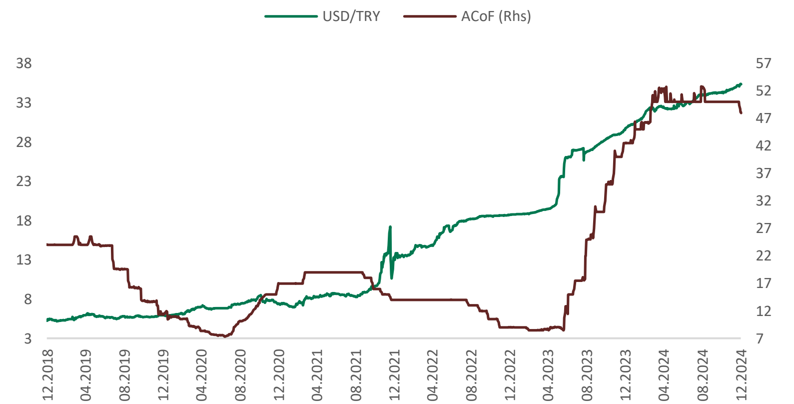
Source: CBRT, SEKER Invest, Turkiye Data Monitor

Monetary Policy and Inflation Outlook

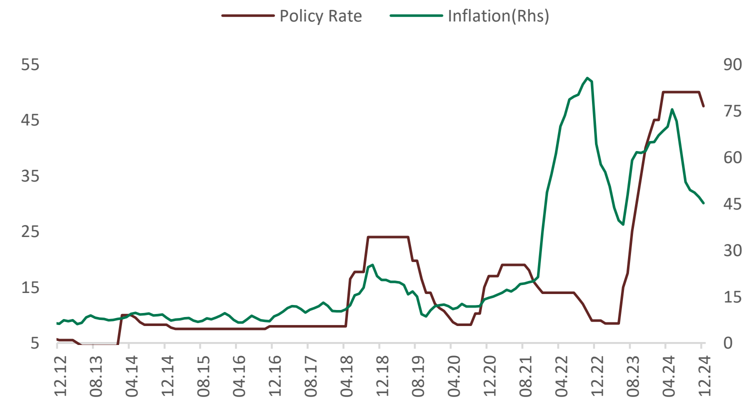
The 2025 monetary and exchange rate policy will have a price stability-targeted structure that decisively continues the disinflation process. Credit, deposit and FX market volatility will be closely monitored without compromising financial stability. In this context, the interest rate hikes that started in mid-2023 continued gradually and this cycle was completed in the first quarter of 2024, with the market funded at 50% for about nine months. The carry trade opportunities created by the high interest rate environment and tight monetary policy led to significant capital inflows, and the USDTRY exchange rate remained calm. The high capital inflows are sterilized by the CBRT through reserve accumulation, preventing downward movements in the exchange rate. The high economic cost of the CPD practice has lost its attractiveness with appropriate instruments and is planned to be phased out gradually over 2025. The resulting excess liquidity will continue to be sterilized with appropriate instruments. We expect the real appreciation of the exchange rate to continue throughout 2025 and the policy rate to stabilize at 30-32%.

Having tested a new peak in mid-2024, the inflation level entered a downtrend and ended the year at 44.4% thanks to the tight monetary policy. With the disinflation process established, CBRT started to cut interest rates in December 2024 and the policy rate was cut by 250 basis points to 47.5%. In addition, the corridor around the policy rate was narrowed from -/+300 basis points to -/+150 basis points. CBRT, which indexed its rate cuts during the year to the pace of disinflation, is sending a clear message to the market with its latest policies: even if I cut interest rates, I will maintain a tight stance for a long time, until inflation falls to sustainable levels... In this context, we estimate that the tight stance will be maintained throughout the year, with a 8-10 percentage point rate cut in the first half of the year depending on the inflation trend. We expect year-end inflation to stabilize at 26.4%.

Average Cost of Funding (ACoF) and USD/TRY



Inflation and Policy Rate



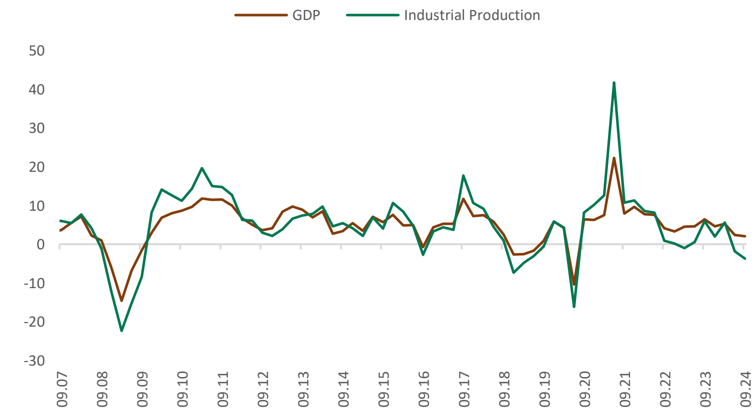
Source: CBRT, SEKER Invest, Turkiye Data Monitor

Growth and External Balance

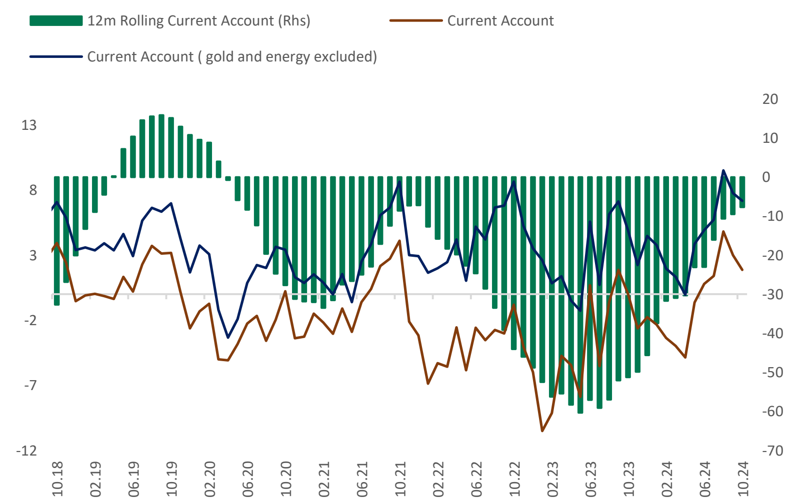
2024 was destined to be a year in which price stability was achieved without compromising growth. Although the final growth figures for the year are not yet available, we see that domestic demand and consumption have retreated significantly. Although investments remain calm after the tight stance, the limited decline continues. In fiscal policy, the contribution to growth from government expenditures has weakened, but the weak course in the budget continues due to inflation. The most positive contribution this period came from net exports, and economic activity continues to be buoyant even though growth has fallen below potential. The main negative impact is seen in production indicators. The correlation between industrial production and growth has deteriorated and the main contribution to growth has come from services. The contraction in industrial production became more pronounced and the tight monetary policy had its main impact on production indicators. Throughout 2025, and especially in the second half of the year, we expect the recovery in economic activity to accelerate following the interest rate cuts and production to return to its normal course.

The balance of payments declined to 2021 levels throughout 2024 on the back of strong capital inflows and declining domestic demand. The deteriorating foreign trade balance recovered and improvements in the capital and financial accounts became more evident. Portfolio investments and short-term inflows are still the main source of financing the current account deficit, but reserve accumulation has reduced this vulnerability. Indicators in the core current account balance remain positive. Through 2025, we expect the balance of payments performance to experience a limited pullback due to import demand and declining interest rates. The recovery in our global trading partners may offset this decline through external demand. We look forward to a year of reduced macro financial fragility and limited exchange rate pressure.

GDP Growth and Industrial Production (YoY, %)



Current Account Balance (Billion USD)



Source: CBRT, SEKER Invest, Turkiye Data Monitor

2025 macro scenario - Macro Forecasts

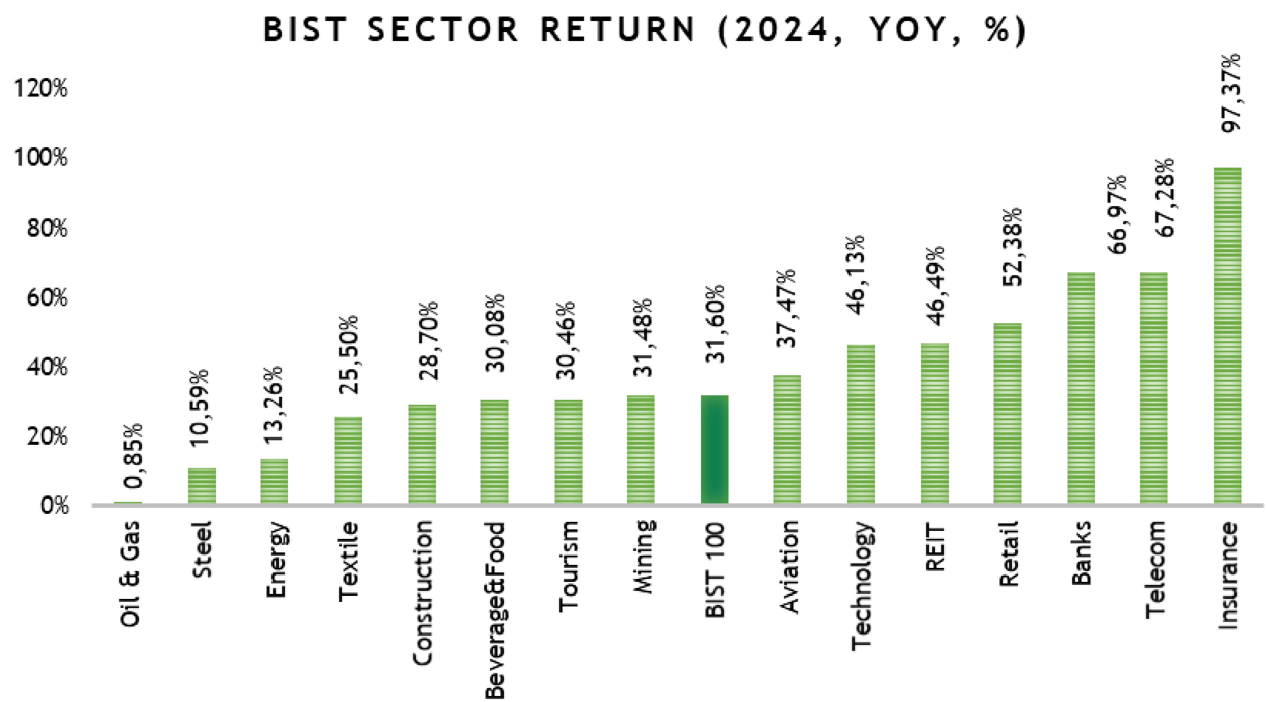
Most of the 2024 realization and 2025 estimates for the baseline line scenarios under those assumptions are as follows:

		2024	2025
USD/TRY	End of Period	35,367	42,928
	Period Average	32,946	39,196
EUR/TRY	End of Period	36,626	45,504
	Period Average	35,695	41,151
EUR/USD	End of Period	1,035	1,060
	Period Average	1,084	1,050
CPI Inflation	End of Period	44,4%	26,4%
	Period Average	60,5%	34,9%
Core Inflation	End of Period	43,9%	24,4%
	Period Average	58,5%	32,9%
10 YR Bond Yield	End of Period	27,5%	17,8%
Policy Rate	End of Period	47,50%	32,00%
GDP Growth	Full Year	3,5%	3,2%
GDP (Billion TRY)	Full Year	38.857	50.351
GDP (Billion USD)	Full Year	1.179	1.285
Unemployment Rate	End of Period	9,5%	9,0%
Budget Balance	% of GDP	-5,8%	-3,5%
Primary Balance	% of GDP	-0,4%	-0,4%
C/A Balance	% of GDP	-1,1%	-2,2%

Sectors & Companies:

January 2025

Sector performances



As of January 03, 2025

Banks 2025: Strong margin recovery in a lower rate environment

- **In 2023, Turkish banks posted 43.8% earnings growth YoY, supported by unprecedented trading gains in a highly volatile environment, and historically high fee and commission income growth.**
- **In 2024, all-time-high swap funding costs was the main factor to significantly dent profitability.** Margins weakened significantly due to macroprudential measures, a slowdown in growth and high funding costs. Earnings growth (in November) slowed down to 8.9% YoY due to deterioration in asset quality, a tighter monetary stance that lasted longer than expected and elevated operating costs. On the positive side, the annual increase in fee and commission income was outstanding at 111% YoY, supported by customer penetration, despite the economic slowdown. This boosted profitability by offsetting the negative impact of a sharp 76% YoY rise in operating expenses.
- **In 2025, a visible recovery in margins is set to bolster profitability materially in a low interest rate environment.** We model swap adj. margins improving visibly from 2Q25 onwards and a strong 200bps rebound YoY. Swap funding costs, which had reached peak levels in 2024, are set to decline significantly in 2025 and balance out the pressure created by the high course of operating expenses. **We model 37% and 46% YoY earnings growth for 2025E and 2026E, respectively. ROAE should reach 25.5% by the end of 2025E, from 22.9% in 2024.**
- In 2025, those banks that 1) position their balance sheets well in a falling interest rate environment, 2) extend the maturity of their loan portfolios, 3) with favorable TL liquidity and 4) strong collection performance are to stand out with sustainable profitability. The main positive is that the exit process from the KKM has been largely completed. A lower-than-expected easing in TL funding costs and a worse-than-expected deterioration in asset quality are important risk factors.
- **Main themes for 2025:**
  - Growth in TRY loans in line with CPI level, decelerated FX loan growth, TRY deposit growth below TRY loan growth,
  - A significant recovery in margins YoY,
  - A slowdown in fee and commission income growth but an increase above the inflation level,
  - CoR rising to 150-250 basis points, manageable deterioration in asset quality,
  - A relatively high course in operating expenses and an increase above average inflation.

Banks remain attractive in terms of valuation

- XBANK has soared by as much as 78% in the last 12M, significantly outperforming the BIST100, which edged 36% higher. It is trading at 2025E P/E and P/B multiples of 6.3x and 1.0x, respectively, with a ROAE of 25.5%. MSCI emerging market banks are trading at 2025E P/E and 1.06x P/B multiples of 8.7x.
- **The P/B discount of Turkish banks to MSCI EM banks has narrowed significantly, as stocks bounced back from summer lows, falling from 44% in March 2024 to 6%.** Turkish banks' 1.0x P/B for 2025E is at a premium to the 5Y average P/B of 0.57x. However, we believe that banks are still valued at very attractive levels vs the historical high of 2.5x P/B, and that there is a re-rating potential.
- In the medium term, the continuity of the economic management's normalization steps, the course to be followed regarding possible rate cuts and the evaluations of rating agencies may be shaping stock performances. We believe that any pullbacks in the banking index should be evaluated as a buying opportunity.
- Following the change we made in the RfR (revised from 20% to 18%), macro expectations and revisions in our balance sheet expectations, we revise our target prices upwards by an average of 18%. Our new TP's for the banks we follow offers 42% upside on average.
- **Recommendation changes.** We maintain our **BUY** recommendation for Akbank, Garanti BBVA, Is Bank, Yapi Kredi Bank and TSKB, and our **HOLD** recommendation for HalkBank and VakifBank. We are adding Yapi Kredi Bank to our model portfolio that also includes Akbank and Is Bank.

Revisions to target prices and recommendations

(BRSA Bank-only, TRY) Banks	Old TP	New TP	Change	Current Price	Upside	Old Rating	New Rating
AKBNK	70.14	96.62	38%	66.20	46%	Outperform	Outperforn
GARAN	166.46	178.86	7%	129.10	39%	Outperform	Outperforn
HALKB	21.44	22.88	7%	17.28	32%	Marketperform	Marketperfo
ISCTR	17.65	21.47	22%	14.08	52%	Outperform	Outperforn
VAKBN	26.43	32.65	24%	24.24	35%	Marketperform	Marketperfo
YKBNK	36.44	49.47	36%	32.18	54%	Outperform	Outperforn
Tier I Banks	**338.56**	**401.95**	**19%**	**283**	**42%**		
TSKB	18.18	18.66	3%	12.79	46%	Outperform	Outperforn
Tier II Banks	**18.18**	**18.66**	**3%**	**12.79**	**46%**		
Coverage	**356.74**	**420.62**	**18%**	**295.87**	**42%**		

Source: Seker Invest Research. Market prices are as of Jan 03, 2025.

Top picks

- In the falling interest rate environment in 2025 we favor selective names with 1) relatively long maturity of loan portfolios with market share gains in mortgage loans, 2) the ability to sustain fee base with customer penetration, 3) high weight of TRY deposits and strong demand deposit base, 4) the ability to deliver cost efficiency, 5) a well-diversified loan portfolio, prudent collateral policy, strong collection performance, 6) a strong capital base against possible currency shocks and growth potential.
- **We are adding Yapi Kredi Bank to our model portfolio. Our model portfolio includes Akbank, Is Bank and Yapi Kredi Bank.**
- Following its organic growth strategy, **Akbank** stands out with its focus of improving customer profitability in 2025 and is in an advantageous position in maintaining the strong course in core banking revenues in a falling interest rate environment. We maintain our **BUY** recommendation considering its solid capital structure, strategic TL loan growth focused on increasing the maturity structure and high-yielding private sector bonds weight.
- **Is Bank** stands out with its leading position in the mortgage loan market share gains in 2024, strong demand deposit base, disciplined cost management, relatively low risk concentration in retail loans and favorable TL liquidity.
- **For Yapi Kredi Bank,** we maintain our **BUY** recommendation considering its leading position in demand deposit market share gain over the past 1 year, widespread deposit customer base, prudent cost management policy, strong loan provision ratios, widespread deposit customer base reaching 16.5 million and customer penetration.

Seker Invest, vs. Bloomberg consensus earnings estimates

(BRSA Bank-only, TRYmn)	2024E			2025E			2026E		
Banks	Seker Invest	Consensus	Diff %	Seker Invest	Consensus	Diff %	Seker Invest	Consensus	Diff %
AKBNK	48,250	54,747	-12%	71,008	93,358	-24%	97,987	109,993	-11%
GARAN	106,711	84,188	27%	129,047	127,298	1%	183,540	122,029	50%
HALKB	20,913	13,618	54%	21,387	30,997	-31%	33,249	37,368	-11%
ISCTR	44,976	53,001	-15%	70,039	93,410	-25%	101,046	132,860	-24%
VAKBN	41,610	40,224	3%	54,020	69,117	-22%	86,296	60,610	42%
YKBNK	41,435	35,729	16%	74,342	69,675	7%	114,884	88,237	30%
Tier I Banks	**303,897**	**281,506**	**8%**	**419,844**	**483,855**	**-13%**	**617,002**	**551,096**	**12%**
TSKB	9,962	9,847	1%	11,176	12,486	-10%	13,215	n.a	n.a
Tier II Banks	**9,962**	**9,847**	**1%**	**11,176**	**12,486**	**-10%**	**13,215**	**n.a**	**n.a**
Coverage	**313,859**	**291,353**	**8%**	**431,020**	**496,341**	**-13%**	**630,217**	**551,096**	**0**

Source: Bloomberg, Seker Invest Research

Akbank (OP, 12M TP: TRY96.62)
Well-positioned balance sheet

Upside: 46%

Following its organic growth strategy, the bank stands out with its focus of increasing customer profitability in 2025 and is in a favorable position in maintaining the strong course in core banking revenues in a declining interest rate environment. We maintain our Outperform recommendation considering its solid capital structure, strategic TL loan growth focused on increasing the maturity structure, and high yielding private sector bonds weight.

Strong capital structure and advantage in cost optimization. The bank is a leader among its rival deposit banks with its strong CAR ratio of 20.5%. LDR on the TL side is at 83.5%, the lowest among private peers banks, which provides a cost optimization advantage.

We model 47% YoY earnings growth (Bloomberg consensus 71%) for 2025E. We raise our TP to TRY96.62 from TRY70.14, which offers 46% upside. We also maintain our "Outperform" recommendation. The bank is trading at a 2025E P/E of 4.8x and P/BV of 1.10x (9% premium to domestic peers) with a ROAE of 25.3%.

Favorable position in a lower rate environment with strong market share gains in mortgage loans. The bank ranks second with a market share gain of 370 bps in mortgage loans in 2024. The share of CPI-indexed bonds in TL securities has been strategically reduced by 19 pp since 2022. The weight of high-yield private sector bonds in TL securities, which has reached 9%, stands out. We anticipate strategic TL loan growth, proactive market share gains in FC loans, and extension of the maturity structure and support margins.

Striking improvement in Fee/OPEX coverage. Fee/OPEX ratio has significantly recovered and increased to 84%, slightly above the sector average of 79%.

Strong collection performance in asset quality. Despite an NPL collection performance being above its competitors in 2024, the NPL ratio is 2.7%, the second highest among its peers. However, the weight of the Stage 2 loans is at 6.2%, the lowest among private banks.

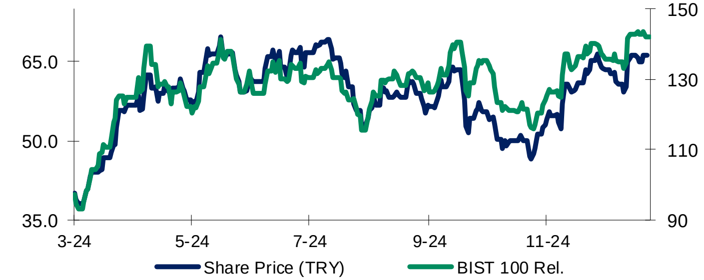
Upside and downside risks. Higher-than-expected asset quality worsening, and a worse-than-expected easing in funding costs are the main downside risks.

Mcap (TRYmn)	344,240	Beta (12M)	1.51
Mcap (USDmn)	9,765	Avr. Daily Vol. (TRYm)	4,227
Close	66.20	Foreign Ownership in FF	49.3%
Last 12M High	70.75	Free Float (%)	52.0%
Last 12M Low	35.82	Weight	6.31%

Quick Facts (TRY Mn)	2023A	2024E	2025E	2026E
Net interest income	63,547	73,632	99,044	125,239
% Change, YoY	*-17.3%*	*15.9%*	*34.5%*	*26.4%*
Net fee income	30,832	68,116	102,173	143,043
% Change, YoY	*198.9%*	*120.9%*	*50.0%*	*40.0%*
Net income	66,479	48,250	71,008	97,987
% Change, YoY	*10.8%*	*-27.4%*	*47.2%*	*38.0%*

Ratios	2023A	2024E	2025E	2026E
NPL ratio	2.4%	2.9%	3.4%	3.6%
CoR (net) Exc. Currency	0.7%	1.2%	2.0%	1.7%
NIM (Swap adj.)	5.5%	3.0%	5.0%	4.1%
ROAA	4.6%	2.3%	2.5%	2.7%
ROAE	36.4%	21.0%	25.3%	27.5%

Multiples	2023A	2024E	2025E	2026E
P/E	2.9	7.1	4.8	3.5
P/BV	0.90	1.39	1.10	0.86



Return	1M	3M	6M	12M
TRY Return (%):	1.5	21.9	-0.7	88.0
US$ Return (%):	-0.3	17.9	-8.5	58.5
BIST-100 Relative (%):	1.4	10.1	6.8	42.2

Source: Bank financials, Seker Invest Research

Garanti BBVA (OP, 12M TP: TRY178.86) Upside: 39%
Sustainable and customer-focused growth

Garanti BBVA has delivered the best-in-class 16% earnings growth YoY in 2024 among private banks, bolstered by the rather high-weight of the loan book in its balance sheet with yields above its competitors. We maintain our Outperform recommendation considering its peer-leading profitability, the high weight of TL deposits, the strong demand deposit base and the customer-focused sustainable growth strategy. The bank is the leader among rival private banks with the 81% YoY growth in core banking revenues over the last year.

We model 21% YoY earnings growth (Bloomberg consensus 51%) for 2025E. We revise our TP to TRY178.86 from TRY166.46 which offers 39% upside. We maintain our "Outperform" recommendation. The bank is trading at a 2025E P/E of 4.2x and P/BV of 1.19x (17% premium to domestic peers) with a ROAE of 32.0% %.

The relatively high weight of TL deposits is an advantage in a falling interest rate environment. The weight of TL deposits is 67%, the highest among its competitors and provides an advantage in margin development in a falling interest rate environment. The weight of demand deposits is 40.9%, the second-highest among peers, which should help maintain the advantageous position in deposit pricing.

Leading position in fee and commission income growth. The bank is the best in its class with annual 168% fee growth. The fee coverage of operating expenses is 104%, the highest among the peer group and indicates high efficiency criteria. However, this ratio is set to normalize and decline to 85-90% due to pressure that may continue in operating expenses in 2025.

Protected structure in asset quality management. Despite the high weight of retail loans, the NPL ratio is 2.2%, the second lowest among its competitors. The total coverage ratio is 3.9%, the highest among them. 7.9% of total loans are commercial installment loans, the lowest among peers. This indicates a low concentration vs. the sector average of 12.9% and provides an advantage for any asset quality deterioration in this segment.

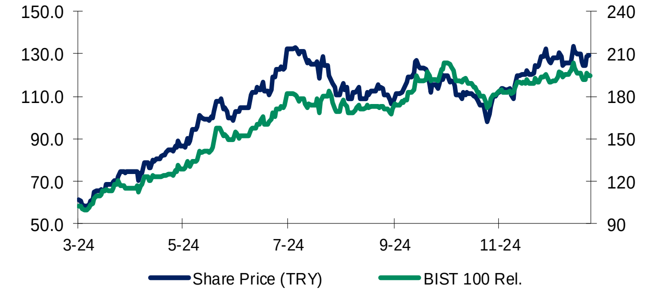
Upside and downside risks. Higher-than-expected asset quality worsening, and lower-than-expected easing in funding costs are the main downside risks.

Mcap (TRYmn)	542,220	Beta (12M)	1.16
Mcap (USDmn)	15,381	Daily Volume (12M)	2,421
Close	129.10	Foreign Ownership in FF	7.8%
Last 12M High	138.30	Free Float (%)	14.0%
Last 12M Low	55.76	Weight	2.69%

Quick Facts (TRY Mn)	2023A	2024E	2025E	2026E
Net interest income	74,836	99,532	126,406	158,007
% Change, YoY	*-10.2%*	*33.0%*	*27.0%*	*25.0%*
Net fee income	40,764	95,795	142,734	196,973
% Change, YoY	*145.2%*	*135.0%*	*49.0%*	*38.0%*
Net income	87,332	106,711	129,047	183,540
% Change, YoY	*49.3%*	*22.2%*	*20.9%*	*42.2%*

Ratios	2023A	2024E	2025E	2026E
NPL ratio	2.0%	2.5%	2.9%	3.1%
CoR (net) Exc. Currency	0.7%	1.1%	2.1%	1.5%
Core NIM	2.8%	1.7%	3.3%	3.3%
ROAA	5.7%	4.6%	4.2%	4.6%
ROAE	43.9%	35.8%	32.0%	34.5%

Multiples	2023A	2024E	2025E	2026E
P/E	1.4	2.3	4.2	3.0
P/BV	0.52	0.70	1.19	0.89



Return	1M	3M	6M	12M
TRY Return (%):	0.9	12.4	6.0	136.4
US$ Return (%):	-0.8	8.7	-2.3	99.4
BIST-100 Relative (%):	0.9	1.5	14.1	78.9

Source: Bank financials, Seker Invest Research

HalkBank (MP, 12M TP: TRY22.88) TRY focused deposit base

Upside: 32%

HalkBank is negatively differentiated with its steep market share losses in TRY loans and above-average deterioration in asset quality in 2024. Given its rather weak capital structure, margin pressure and high risk concentration in commercial installment loans, we maintain our MarketPerform recommendation.

The CET1 ratio is at the weakest level of 9.5% which may pressure the growth potential. Despite the TL deposit-focused funding structure, the TL loan-deposit ratio is quite favorable at 67.7%.

We model only 2% YoY earnings growth (Bloomberg consensus 128%) for 2025E on high base impact. We revise our TP to TRY22.88 from TRY21.44. Our new TP target price has 32% upside. We maintain our “MarketPerform” recommendation. The stock is trading at 2025E P/E of 5.8x and P/BV of 0.79x (18% discount to peers) with ROAE of 14.0%.

The bank has been negatively differentiated with a rather sharp 280bps market share loss in TRY loans in 2024. The fee to OPEX ratio is 66%, marking the second weakest level among the banks we follow.

The weight of demand deposits is 26.3%, the lowest among the banks we follow. On the positive side, the TL LDR is 67.7%, the second lowest level among its competitors, and provides an advantage in margin development.

High risk concentration in commercial installment loans. Despite the very low weight of retail loans, the NPL ratio rose by as much as 49bps to 2% in 2024. The Stage 3 coverage ratio is 62.4%, behind its competitors. Contrary to the sector trend, the weight of commercial installment loans in the lending mix fell by 40 bps YoY to 19.5%. However, it is still the second highest level among the banks we follow and increases vulnerability to possible deterioration in asset quality.

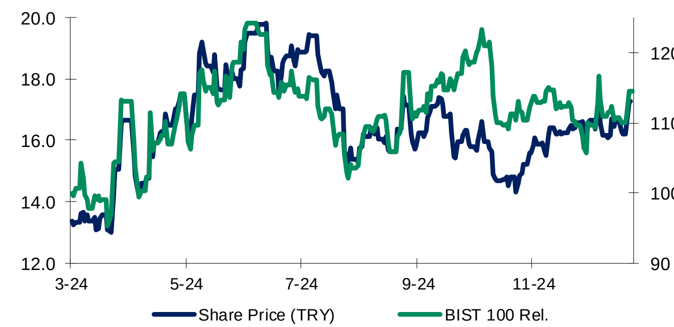
Upside and downside risks. Higher-than-expected asset quality worsening, and a lower-than-expected easing in funding costs are the main downside risks.

Mcap (TRYmn)	124,153	Beta (12M)	1.09
Mcap (USDmn)	3,522	Avr. Daily Vol. (TRYmn)	949
Close	17.28	Foreign Ownership in FF	0.8%
Last 12M High	20.24	Free Float (%)	9.0%
Last 12M Low	12.19	Weight	0.39%

Quick Facts (TRY Mn)	2023A	2024E	2025E	2026E
Net interest income	41,384	41,798	58,099	72,624
% Change, YoY	*-39.4%*	*1.0%*	*39.0%*	*25.0%*
Net fee income	18,947	36,000	46,800	59,904
% Change, YoY	*123.9%*	*90.0%*	*30.0%*	*28.0%*
Net income	10,112	20,913	21,387	33,249
% Change, YoY	*-33.8%*	*106.8%*	*2.3%*	*55.5%*

Ratios	2023A	2024E	2025E	2026E
NPL ratio	1.5%	2.5%	2.9%	3.0%
CoR (Net)	-0.4%	-0.1%	2.1%	1.2%
NIM (Swap adj.)	1.4%	0.3%	2.4%	2.1%
ROAA	0.6%	0.9%	0.7%	0.9%
ROAE	9.3%	15.1%	14.0%	19.8%

Multiples	2023A	2024E	2025E	2026E
P/E	8.5	5.9	5.8	3.7
P/BV	0.67	0.84	0.79	0.70



Return	1 M	3M	6M	12M
TRY Return (%):	4.2	8.1	-8.0	42.1
US$ Return (%):	2.5	4.5	-15.3	19.8
BIST-100 Relative (%):	4.2	-2.4	-1.1	7.5

Source: Bank financials, Seker Invest Research

Isbank (OP, 12M TP: TRY21.47)

Upside: 52%

Outstanding cost management

We maintain our Outperform recommendation considering the bank's leading position in mortgage loan market share gains in 2024, strong demand deposit base, disciplined cost management, relatively low risk concentration in retail loans and favorable TL liquidity.

Favorable position in a lower rate environment with strong market share gains in mortgage loans. The bank is in a leading position with a 380bps market share gains in housing loans in 2024. We expect this strategy to extend the maturity structure of the balance sheet and support margins in a lower rate environment.

We model above-average 56% YoY earnings growth (Bloomberg consensus 76%) for 2025E. We revise our target price to TRY21.47 from TRY17.65. Our new TP has 52% upside potential. We maintain our "Outperform" recommendation. The stock is trading at 2025E 5.0x P/E and 0.96x P/B (6% discount to peers) and ROTE of 20.9%.

Strong position in demand deposit base, favorable TL liquidity. The weight of demand deposits in total deposits is quite strong at 40.8%. On the liquidity side, the TL LDR is 86% and the second lowest among peers.

The extension of the average maturity in installment commercial loans is positive. 12.6% of the loans consist of commercial installment loans. The average maturity of this segment increased from 8 months to over 1 year in 2024. The strong growth in mortgage loans also provides an advantage in the falling interest rate environment.

Solid fee growth YoY. The annual increase is 155%, the second-best among peers. However, the fee coverage ratio of operating expenses is 78%, below the competitor average. The annual increase in operating expenses is 62%, the lowest level among private banks.

Relatively low risk concentration in retail loans. The NPL ratio is 1.9%, the lowest among peers. The weight of retail loans is 29.1%, also the lowest among competitors, and provides protection against possible asset quality deterioration. The Stage 3 coverage ratio is 73%, the best among peers.

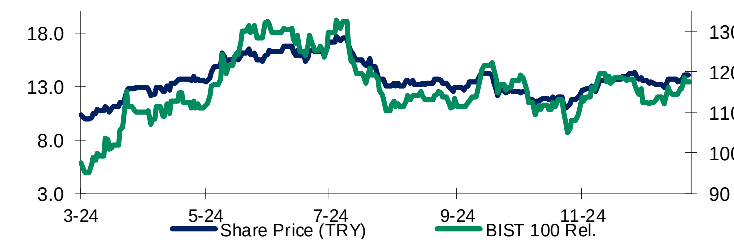
Upside and downside risks. Higher-than-expected asset quality worsening, and a lower-than-expected easing in funding costs are the main downside risks.

Mcap (TRYmn)	352,000	Beta (12M)	1.29
Mcap (USDmn)	9,985	Daily Volume (12M)	5,180
Close	14.08	Foreign Ownership in FF	28.0%
Last 12M High	17.77	Free Float (%)	31.0%
Last 12M Low	9.16	Weight	3.85%

Quick Facts (TRY Mn)	2023A	2024E	2025E	2026E
Net interest income	67,073	41,638	72,867	96,913
% Change, YoY	*-10.8%*	*-37.9%*	*75.0%*	*33.0%*
Net fee income	42,438	91,257	127,760	172,476
% Change, YoY	*162.8%*	*115.0%*	*40.0%*	*35.0%*
Net income	72,265	44,976	70,039	101,046
% Change, YoY	*17.4%*	*-37.8%*	*55.7%*	*44.3%*

Ratios	2023A	2024E	2025E	2026E
NPL ratio	2.1%	2.3%	2.6%	2.9%
CoR (Net)	1.0%	1.8%	2.4%	1.9%
NIM (Swap adj.)	3.7%	-0.2%	2.3%	1.8%
ROAA	3.7%	1.5%	1.8%	2.0%
ROTE	31.6%	15.8%	20.9%	24.7%

Multiples	2023A	2024E	2025E	2026E
P/E	3.2	7.8	5.0	3.5
P/BV	0.87	1.15	0.96	0.77



Return	1M	3M	6M	12M
TRY Return (%):	-0.4	11.5	-12.9	56.1
US$ Return (%):	-2.1	7.8	-19.7	31.7
BIST-100 Relative (%):	-0.5	0.7	-6.3	18.1

Source: Bank financials, Seker Invest Research

VakifBank (MP, 12M TP: TRY32.65) Upside: 35%
High risk concentration

The bank stands out with an eye-catching 140% YoY rebound in NII in 2024, supported by a rather high weight of CPI linkers in its balance sheet. Considering the relatively weak capital adequacy and the high concentration in commercial installment loans and possible asset quality deteriorations, we maintain our MarketPerform recommendation.

The bank has lost 90bps of market share in TRY loans in 2024. The CET1 ratio is 10.7%, the second weakest among its competitors and may pressure growth potential. The high weight of TRY deposits is positive for margin development.

We model 30% YoY earnings growth (Bloomberg consensus 72%) for 2025E. We are revising our target price to TRY32.65 from TRY26.43. Our new TP has a 35% increase potential. We maintain our "MarketPerform" recommendation. The stock is trading with 2025E P/E of 4.4x and P/BV of 0.90x (12% discount to peers) and ROAE of 22.4%.

Relatively weak fee and commission income growth YoY. The annual increase of 104% is the weakest among its competitors. The ratio of fee and commission income to operating expenses is 65%, well behind the competitor average.

Despite its relatively weak demand deposit base, it stands out with its TRY-heavy funding structure. The weight of demand deposits is 28.3%, the second weakest among the banks we follow. However, the weight of TRY deposits is quite high at 69.3%, an advantage in a falling rate environment. TRY LDR is 73.9%, the most favorable level among its competitors. The increase in the share of retail deposits to 47% from 39% in 2023 is positive.

High concentration in installment commercial loans is a possible risk factor in asset quality deteriorations. 26.3% of the loans consist of commercial installment loans, indicating a very high concentration. Stage 3 coverage is strong at 68.9%.

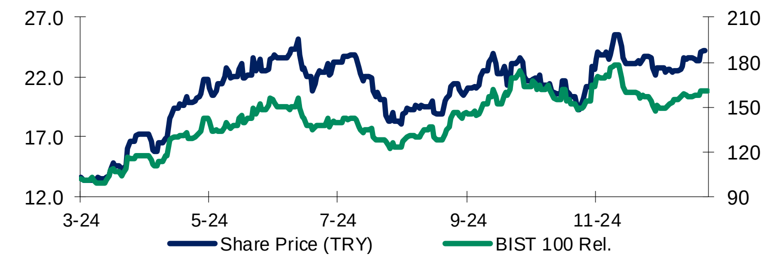
Higher-than-expected asset quality worsening and worse-than-expected funding costs are the main downside risks. A better-than-expected margin and asset quality evolution are the main upside risks.

Mcap (TRYmn)	240,362	Beta (12M)	1.05
Mcap (USDmn)	6,818	Daily Volume (12M)	814
Close	24.24	Foreign Ownership in FF	1.1%
Last 12M High	26.08	Free Float (%)	6.0%
Last 12M Low	13.18	Weight	0.5%

Quick Facts (TRY Mn)	2023E	2024E	2025E	2026E
Net interest income	51,955	88,324	113,054	144,709
% Change, YoY	*-29.5%*	*70.0%*	*28.0%*	*28.0%*
Net fee income	25,746	46,343	61,636	78,894
% Change, YoY	*138.5%*	*80.0%*	*33.0%*	*28.0%*
Net income	25,046	41,610	54,020	86,296
% Change, YoY	*4.3%*	*66.1%*	*29.8%*	*59.7%*

Ratios	2023E	2024E	2025E	2026E
NPL ratio	1.3%	2.2%	2.4%	2.5%
CoR (Net)	3.4%	2.7%	2.3%	1.5%
NIM (Swap adj.)	2.3%	2.2%	4.3%	3.2%
ROAA	1.1%	1.3%	1.4%	1.7%
ROAE	18.0%	21.6%	22.4%	28.0%

Multiples	2023E	2024E	2025E	2026E
P/E	5.1	5.8	4.4	2.8
P/BV	0.74	1.13	0.90	0.69



Return	1M	3M	6M	12M
TRY Return (%):	2.4	5.4	8.8	70.2
US$ Return (%):	0.7	1.9	0.2	43.5
BIST-100 Relative (%):	2.4	-4.8	17.0	28.7

Source: Bank financials, Seker Invest Research

Yapi Kredi Bank (OP, 12M TP: TRY49.47) Upside: 54%
Leader in demand deposit market share gains

We maintain our Outperform recommendation considering its leading position in demand deposit market share gain in the last year, widespread deposit customer base reaching 16.5mn, customer penetration prudent cost management policy, strong coverage ratios. It ranks second with its 51% YoY growth in core banking revenues in 2024 amid support of payment systems.

We model the highest earnings growth for Yapi Kredi Bank for 2025E at a solid 79% YoY (Bloomberg consensus 95%). We revise our target price to TRY49.47 from TRY36.44. Our new TP offers a 54% upside potential. We maintain our "Outperform" recommendation. The stock is trading at 2025E 3.7x P/E and 0.96x P/B multiples (6% discount to peers) with ROAE of 29.8%.

Leader in demand deposit market share gain. The bank is the leader among private banks with its 20 bps market share gain in demand deposits in the past 1 year. The weight of demand deposits is 45%, the highest among peers and provides an advantage in deposit pricing. The widespread deposit customer base, which has reached 16.5 million, is also an important advantage. However, the TRY LDR is 101%, a rather stretched level and the highest among peers.

Prudent cost management policy. The fee to OPEX coverage is strong at 97%, well above the sector average of 79%. With the increase in customer penetration and the number of transactions, the support of payment systems to commission income is positive. Costs rose only 76% YoY in 2024 with the prudent cost management policy, behind the private banks average.

Total coverage ratio is 3.7%, the second-best among private banks. The NPL ratio is 3.1% with new additions in unsecured retail loans, the highest among its competitors. However, collections on commercial loans are strong and coverage for consumer loans has increased significantly in 2024.

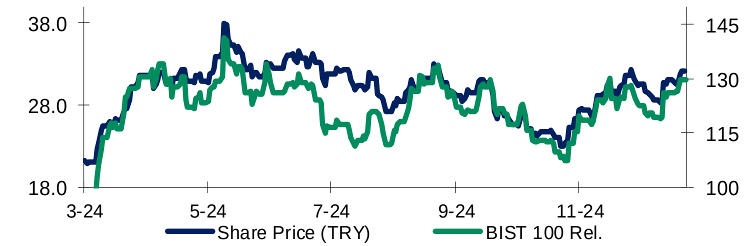
Upside and downside risks. A better-than-expected course of funding costs is the main positive trigger. A worse-than-expected asset quality deterioration is the main downside risk.

Mcap (TRYmn)	271,826	Beta (12M)	1.40
Mcap (USDmn)	7,711	Daily Volume (12M)	4,546
Close	32.18	Foreign Ownership in	33.5%
Last 12M High	39.46	Free Float (%)	39.0%
Last 12M Low	19.51	Weight	3.7%

Quick Facts (TRY Mn)	2023A	2024E	2025E	2026E
Net interest income	72,902	78,005	100,627	120,752
% Change, YoY	*-5.3%*	*7.0%*	*29.0%*	*20.0%*
Net fee income	34,482	72,757	101,860	137,511
% Change, YoY	*144.0%*	*111.0%*	*40.0%*	*35.0%*
Net income	68,009	41,435	74,342	114,884
% Change, YoY	*1238.9%*	*-39.1%*	*79.4%*	*54.5%*

Ratios	2023A	2024E	2025E	2026E
NPL ratio	3.0%	3.6%	4.1%	3.9%
CoR (Net) (Exc. currency)	0.1%	1.2%	2.3%	1.7%
NIM (Swap adjusted)	6.2%	1.2%	3.7%	3.1%
ROAA	4.8%	2.0%	2.7%	3.3%
ROAE	44.6%	21.0%	29.8%	34.3%

Multiples	2023A	2024E	2025E	2026E
P/E	2.4	6.5	3.7	2.4
P/BV	0.92	1.26	0.96	0.70



Return	1M	3M	6M	12M
TRY Return (%):	1.2	17.3	-3.4	67.4
US$ Return (%):	-0.5	13.5	-11.0	41.1
BIST-100 Relative (%):	1.2	6.0	3.9	26.6

Source: Bank financials, Seker Invest Research

TSKB (OP, 12M TP: TRY 18.66)
Normalized fee generation

Upside: 46%

With the support of its FX-heavy balance sheet structure, TSKB posted the second best performance among the banks we follow with 39.9% earnings growth YoY in 9M24, with a peer-leading ROAE of 37.4%. Solid subsidiary income boosts profitability in the medium term.

The bank has a long-term and FX-heavy funding mix and, contrary to the trend in deposit banks, margins may remain stable in a falling interest rate environment. On the positive side, there is no retail loan exposure and the bank is more resilient against legal regulations and possible deterioration in asset quality. In 2025, with the high base effect, we expect the ROAE to decline to 30-35%, yet remain above its competitors.

We model 12% YoY earnings growth for 2025E. We are revising our target price to TRY18.66 from TRY18.18. Our new TP has a 46% upside potential. We maintain our "Outperform" recommendation. The stock trades at 2025E P/E of 3.2x and 0.90x P/BV (12% discount to peers) with ROAE of 31.8%.

Normalized fee growth in 2024. Fee income rose by 43.6% YoY in 2024, on top of record high 186% YoY growth in 2023, with a slowdown in corporate banking/M&A volumes. This is well behind deposit banks and below the 83% YoY growth in operating expenses.

Stable margins in 2025. Due to the FX-heavy and long-term funding structure, we model stable margins in a declining interest rate environment, contrary to the trend in deposit banks. Loans are repriced faster than funds raised. The weight of loans on the balance sheet is also quite high at 76%.

Best-in-class coverage ratio. The Stage 3 and total coverage ratios are 83.9% and 5.2%, respectively, the highest among the banks we follow.

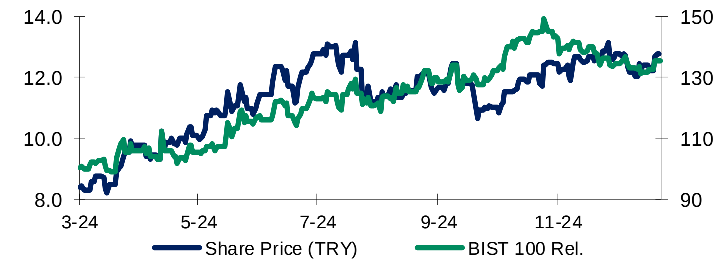
Worse-than-expected asset quality deterioration is the main downside risk.

Mcap (TRYmn)	35,812	Beta (12M)	1.08
Mcap (USDmn)	1,016	Daily Volume (12M)	267
Close	12.79	Foreign Ownership in FF	21.2%
Last 12M High	13.22	Free Float (%)	39.0%
Last 12M Low	7.15	Weight	0.50%

Quick Facts (TRY Mn)	2023A	2024E	2025E	2026E
Net interest income	10,234	15,352	16,273	19,527
% Change, YoY	*52%*	*50%*	*6%*	*20%*
Net fee income	453	702	948	1,233
% Change, YoY	*186%*	*55%*	*35%*	*30%*
Net income	7,041	9,962	11,176	13,215
% Change, YoY	*74%*	*41%*	*12%*	*18%*

Ratios	2023A	2024E	2025E	2026E
NPL ratio	3.0%	2.5%	2.6%	2.4%
CoR (Net)	1.1%	-0.4%	1.7%	0.9%
NIM (Swap adj.)	4.2%	4.1%	4.0%	3.7%
ROAA	4.8%	4.9%	4.1%	3.7%
ROAE	41.2%	38.5%	31.8%	28.9%

Multiples	2023A	2024E	2025E	2026E
P/E	2.6	3.6	3.2	2.7
P/BV	0.86	1.20	0.90	0.69

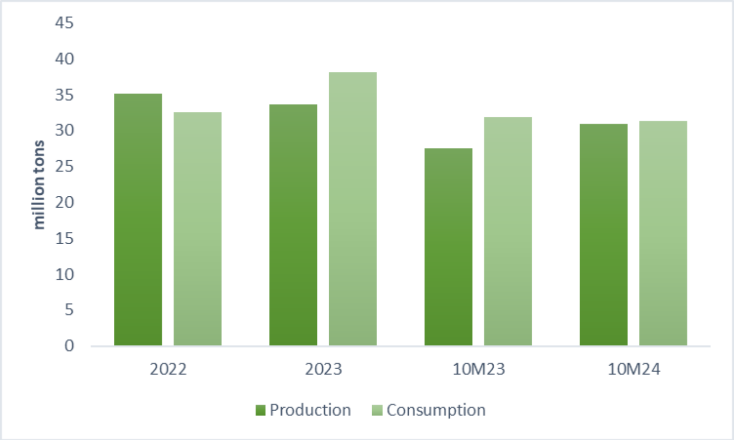


Return	1 M	3M	6M	12M
TRY Return (%):	0.8	18.9	6.5	84.6
US$ Return (%):	-0.9	15.0	-1.9	55.7
BIST-100 Relative (%):	0.7	7.4	14.6	39.7

Source: Bank financials, Seker Invest Research

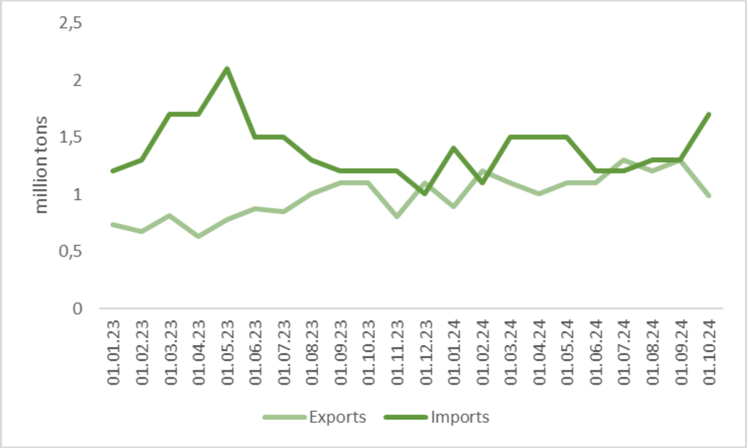
Steel Sector

Turkiye Steel Production/Consumption Data



Source: Turkish Steel Producers Association

Steel Industry Foreign Trade Data



Source: Turkish Steel Producers Association

In 2024, the steel industry faced various challenges globally due to the continued tight monetary policy. While the feared recession at the start of the year did not materialize, steel demand and production worldwide remained weak despite the soft landing theme. Product prices continued to decline from the peak levels seen in 2022, remaining in line with 2023 averages. In 2024, the main raw materials, coal, iron, and scrap metal, followed a balanced trend throughout the year, easing pressure on margins. According to Worldsteel data, global steel production declined by 4% in 10M24, while domestic steel production increased by 12% compared to last year (recall that the low base effect from the first half of 2023, due to the earthquake, positively impacted the annual increase). However, despite strengthened demand in the latter part of the year, domestic steel consumption shrank by 2%.

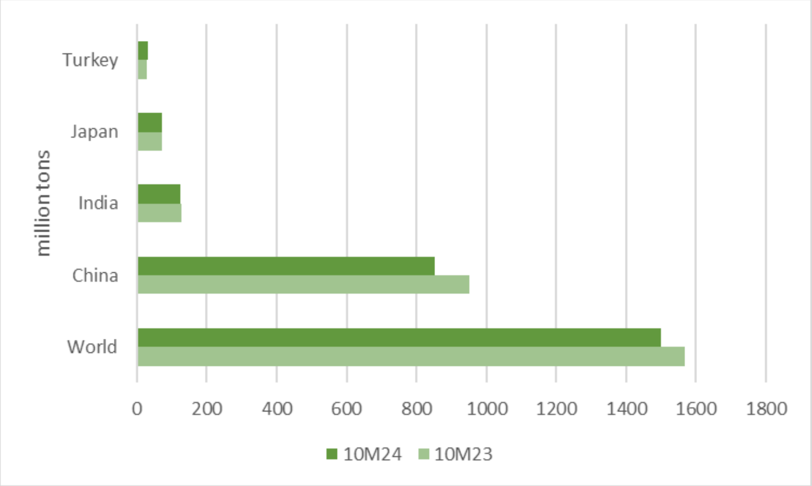
On the export side, strong demand from Europe resulted in a 32% increase in volume compared to the previous year, while domestic consumption weakened and, influenced by anti-dumping measures, imports decreased by 7%. The export-to-import coverage ratio rose from 54% in the same period of the previous year to 77%. In terms of value, exports reached USD 8.2bn in 10M24, reflecting a 19% increase, while imports decreased by 16% to USD 10.7bn during the same period.

Steel Sector

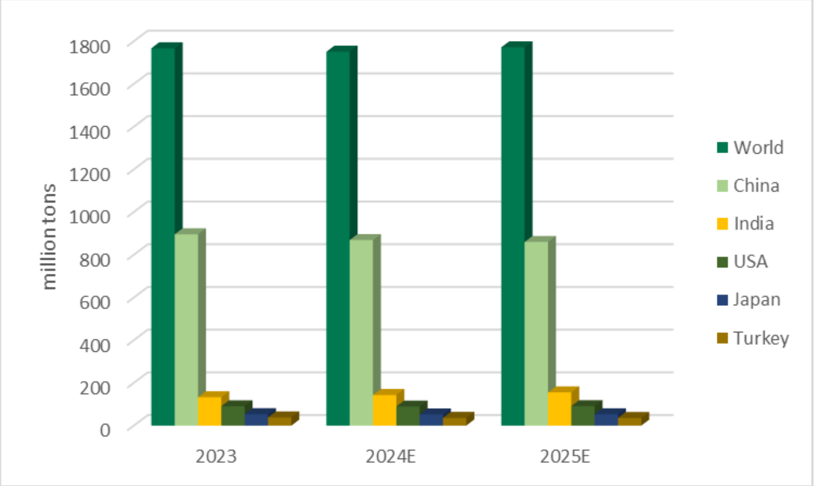
In 2025, China's macroeconomic outlook—the country holds a net exporter position and an average global market share of 55%—will be closely monitored in relation to the sector. Despite the government's stimulus measures, particularly aimed at the real estate and housing sectors, key drivers of economic growth in China, weak global steel demand has led to an oversupply, with China, in turn selling dumped products abroad. With the global monetary easing process accelerating, we expect steel consumption to rise, although due to the oversupply, this may take some time to reflect in prices. Additionally, given prevailing upward inflation risks, we note that major central banks, particularly the Fed, are taking a cautious stance on interest rate cuts.

On the other hand, Donald Trump, set to assume the U.S. presidency for a second term on January 20, has indicated that tariffs will be reinstated during his presidency. As a result, a resumption of the Trade War between China and the U.S. is anticipated, which could lead to commodity price fluctuations similar to those observed in the past.

World Steel Production Data



World Steel Demand Data



Source: Turkish Steel Producers Association

Erdemir (OP, 12M TP: TRY 35.77) Upside: 45%

A tough year is behind us, and a better year lies ahead.

In the first half of the year, Erdemir reported strong sales revenues, supported by the low base effect from the previous year, whereby its operational profit margins strengthened. Despite declining product prices, the strengthening of domestic flat steel demand supported sales revenues, while the balanced prices of key raw materials—iron, coal, and scrap—helped maintain operational margins. In the third quarter, the pressure on product prices became more evident, and EBITDA per ton reached its lowest level since 1Q23 when the effects of the earthquake were most severe. In 9A24, EBITDA per ton was around $98.

As published in the *Official Gazette* dated October 11, 2024, "hot-rolled flat steel" imports from China, India, Japan, and Russia are subject to anti-dumping measures ranging from 6.1% to 43.31% on the CIF value. We expect this development to alleviate the pressure on domestic flat steel prices and indirectly have a positive effect on Erdemir.

2024 Expectations: We expect Erdemir to achieve a total sales revenue of TRY 206,724mn with a sales tonnage slightly above 8 million tons (below the initial expectation of 8.2 million tons). Our EBITDA expectation is for TRY 25,948mn, with EBITDA per ton expected to be around $96 (below the initially anticipated $100-$110 range).

2025 Expectations: With the global economic recovery expected in the second half of the year, we anticipate better financial results supported by product prices. On the other hand, the expected resurgence of trade wars may lead to fluctuations in both product and raw material prices. In summary, we forecast sales tonnage to improve to 8.2 million tons in 2025. We expect total sales revenue of TRY 290,573mn and EBITDA of TRY 51,244mn, resulting in an EBITDA per ton of $149. Additionally, the company is in ongoing discussions regarding insurance compensation for the earthquake of February 8, 2023. Any new advances from this source are expected to strengthen cash flow.

Ongoing capacity expansion efforts at Erdemir, the pellet plant expected to be operational in 4Q26, and green transformation investments are catalysts for our long-term positive expectations.

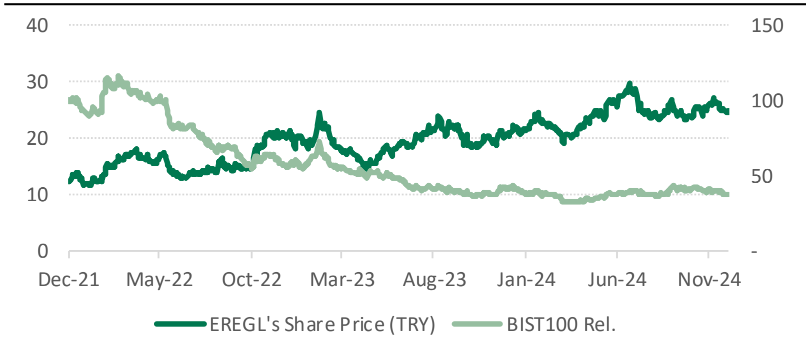
Due to changes in macroeconomic variables and our expectations for the company, we are increasing our target price from 33.42/share to TRY 35.77/share. Since our target price carries 45% upside potential based on the closing price as of January 3, we maintain our OUTPERFORM recommendation.

Code	EREGL.TI	Close	24,72
MCAp (TRY m)	173.040	Last 12M High	30,13
MCAp (US$ m)	4.906	Last 12M Low	18,88
EV (TRY m)	241.639	Beta	0,76
EV (US$ m)	6.916	Avg. daily trading vol. (US$ m)	162,9
Free float (%)	48,00	Foreign ownership in FF (%)	16,5%

Key figures	2022	2023	2024E	2025E
Revenues	127.783	147.900	198.058	272.033
Growth		*15,7%*	*33,9%*	*37,4%*
EBITDA	26.655	15.573	24.822	36.019
EBITDA margin	*20,9%*	*10,5%*	*12,5%*	*13,2%*
Net profit	18.005	4.033	17.682	21.125
EPS	5,14	1,15	5,05	6,04
Dividend yield	0,0%	1,1%	5,1%	6,1%
Net debt /EBITDA	0,51	2,69	2,76	4,53
Net debt /Equity	0,12	0,23	0,30	0,62
ROAE		2,7%	8,6%	8,6%
ROAA		1,7%	4,9%	5,3%

Valuation metrics	2022	2023	2024E	2025E
P/E	9,6	42,9	9,8	8,2
EV/EBITDA	3,5	15,5	9,7	6,7
EV/Sales	0,7	1,6	1,2	0,9
P/BV	1,5	0,9	0,8	0,7

Return	1M	3M	YtD	YoY
TRY Return (%):	-4,9	-1,1	1,3	21,1
US$ Return (%):	-6,6	-4,2	1,2	1,9
BIST-100 Relative (%):	-7,3	-12,7	-1,1	-10,9



Source: PDP, Finnet, Seker Invest Research estimates

Kardemir D (OP, 12M TP: TRY 40.79)

Upside: 44%

In 2024, while domestic demand for long steel products maintained its strength, the weak economic outlook in global markets pressured product prices. The oversupply in China led to dumped exports in international markets, and our forecast for a recovery in the second half of 2024 did not materialize due to delayed interest rate cuts. Domestically, delayed restructuring efforts due to the implementation of a savings package also led to a postponement of our expectations for increased demand for long steel products. Additionally, the impact of inflation accounting on stock policy negatively affected operational profitability, and a high monetary loss position further pressured net profit. (At this point, since results without inflation accounting were not shared, we note that there is no comparison available.) In 2024, the positive effects were largely driven by increased rail demand.

For the full year of 2024, we expect the company to generate sales revenue of TRY 59.403mn, EBITDA of TRY 4.194mn (per ton USD 55), and a net loss of TRY 1.538mn (including inflation accounting).

In 2025, given the upward inflation risks globally and the cautious stance maintained by major central banks, particularly the Fed, on interest rate cuts, we believe global recovery may not materialize until the second half of the year. In China, with the government's announcement of a plan for local governments to purchase vacant homes at reasonable prices (with 300 billion yuan, or USD 41.5 billion, to be provided to real estate companies as credit at a 1.75% interest rate), and possible new incentives, we expect product prices to strengthen again. The expected revival of the Trade War between the U.S. and China in 2025 could lead to fluctuations in commodity prices, which will be another factor we closely monitor.

Domestically, with inflation under control and interest rate cuts starting, we expect a faster pace of restructuring/urban transformation steps and a strengthening of domestic demand for long steel products. In addition to the recent recovery in housing sales data, we believe the postponed demand may support the sector as interest rates decrease.

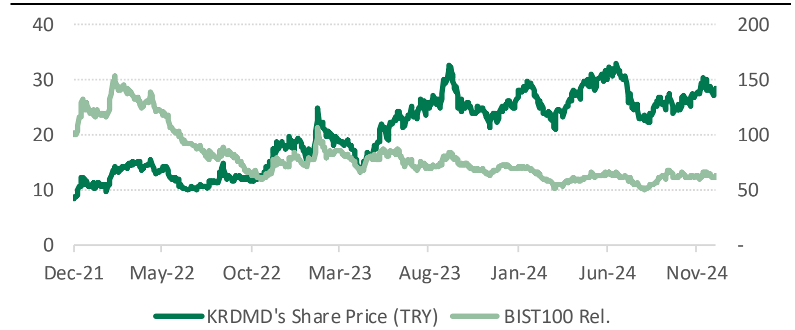
In 2025, while we expect a revival in product prices, we anticipate that key raw material costs, such as coal and iron, will remain balanced. This could lead to a recovery in margins. For the full year of 2025, we expect the company to achieve sales revenue of TRY 79.366mn, EBITDA of TRY 8.074mn (per ton USD 82), and a net profit of TRY 3.190mn (including inflation accounting).

Risks: The deepening slowdown in China's real estate sector, higher-than-expected raw material costs, and weaker-than-expected product prices are the main downside risk factors for our valuation.

In line with our expectations, we revise our 12-month target price from We have raised our target price for Kardemir's group D shares from TRY 39.15/share to TRY 40.79/share. Since our target price carries 44% upside potential based on the closing price as of January 3, we maintain our OUTPERFORM recommendation.

Code	KRDMD.TI	Close	28,36
MCAp (TRY m)	22.127	Last 12M High	33,88
MCAp (US$ m)	627	Last 12M Low	21,02
EV (TRY m)	22.793	Beta	1,06
EV (US$ m)	647	Avg. daily trading vol. (US$ m)	43,3
Free float (%)	89,00	Foreign ownership in FF (%)	12,7%

Key figures	2022*	2023*	2024E	2025E
Revenues	78.209	74.530	59.403	79.366
Growth		*-4,7%*	*-20,3%*	*33,6%*
EBITDA	7.370	4.635	4.194	8.074
EBITDA margin	*9,4%*	*6,2%*	*7,1%*	*10,2%*
Net profit	1.600	2.293	-1.538	3.190
EPS	2,05	2,94	-1,97	4,09
Dividend yield	1,6%	0,0%	0,0%	1,2%
Net debt /EBITDA	0,13	-0,54	0,23	0,17
Net debt /Equity	0,02	-0,06	0,02	0,03
ROAE		5,0%	-3,5%	6,2%
ROAA		2,5%	-1,9%	3,7%
Valuation metrics	**2022***	**2023***	**2024E**	**2025E**
P/E	13,8	9,7		6,9
EV/EBITDA	0,7	4,9	5,4	2,8
EV/Sales	0,1	0,3	0,4	0,3
P/BV	0,6	0,6	0,5	0,4
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	2,4	11,5	4,6	17,3
US$ Return (%):	0,6	8,0	4,6	-1,3
BIST-100 Relative (%):	-0,1	-1,5	2,1	-13,7



Source: PDP, Finnet, Seker Invest Research estimates

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

Telecommunications

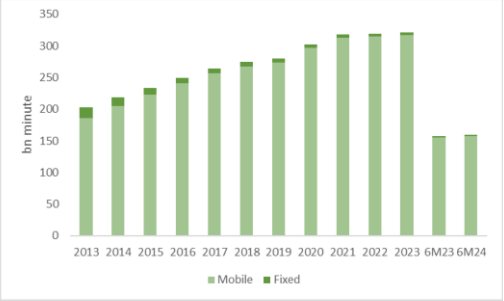
Disinflation has started, but ARPU growth continues in real terms.

In 2024, telecommunications was among the sectors that continued real growth, in line with our forecasts shared at the start of the year. The characteristic low demand elasticity, the widespread structure of contract-based products, and the fact that price hikes made during the inflationary period reflect on consumers and, consequently, on financials with a delay was a catalyst for the sector remaining defensive during the disinflationary period, despite decreased purchasing power.

According to ICTA (Information and Communication Technologies Authority) data, by the end of June 2024, the number of fixed-line phone subscribers was approximately 9.4 million, and the number of mobile subscribers was approximately 93.3 million. Regarding broadband data, the total broadband internet subscriber count reached 92.6 million, with approximately 19.9 million fixed subscribers and 72.7 million mobile subscribers, marking a 0.5% decrease compared to the same period of the previous year.

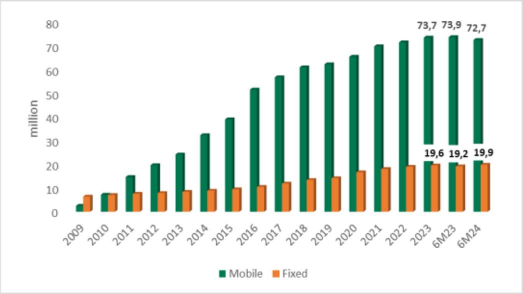
In 2025, we expect the telecommunications sector to continue its real growth despite continued disinflation. After the inflationary years of 2021 and 2022, during which it was difficult to reflect inflation to consumers, ARPU growth accelerated in 2023-2024, and margins approached the average levels of previous years. We expect operational profitability to continue expanding in 2025 as well.

Total Annually Call Traffic (bn mt)



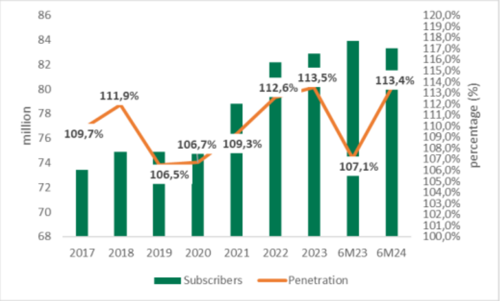
Source: ICTA

Broadband Internet Subscribers (mn)



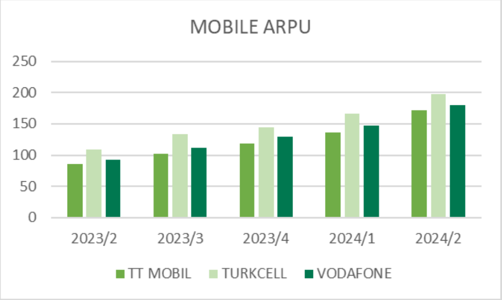
Source: ICTA

Mobile Subscribers and Penetration



Source: ICTA

Mobile Subscribers and Penetration



Source: ICTA

Turkcell (OP, 12M TP: TRY 148.48) Upside: 51%

Due to the contract-based product structure, with price increases gradually being reflected to consumers, Turkcell continued to grow in real terms, even in the disinflationary process that started in 2024. In 9M24, net subscriber acquisition was 1 million, and the total number of subscribers increased from 42.5 million at the end of 2023 to 43.5 million. The expanding subscriber base and strong ARPU growth supported sales revenues, laying the foundation for real growth.

Shorter contract periods: In the fixed broadband segment, the strategy of directing subscribers to 12-month commitment packages aims to make price increases more easily reflected to them. As a result of this strategy, the share of subscribers in 12-month commitment packages among individual fiber subscribers reached 74%, and individual fiber ARPU grew by 13.7% on a year-over-year basis.

Net debt: Thanks to the one-time income of TRY 11.214mn from the transferred Ukraine operations, net debt had decreased from TRY 39.765 at the end of June 2024 to TRY 19.038mn by the end of September 2024.

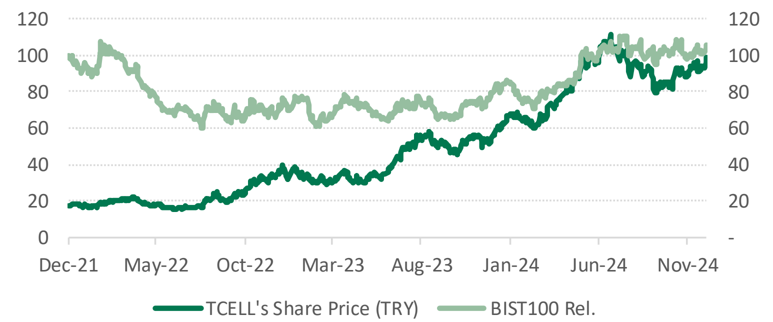
2024 Expectations: The company expects 7% real revenue growth for 2024. Turkcell also expects approximately a 42% EBITDA margin and around a 23% operational expenses/revenue ratio. Our expectations align with the company's expectations in terms of revenue growth and EBITDA margin.

In 2025, considering the recent slowdown in mobile ARPU, we expect normalization in both ARPU and revenue growth, although real growth will continue due to the disinflationary process and competitive pricing environment. Alternative communication methods, such as e-SIM, pose a risk to the expansion of the mobile subscriber base. However, we believe the expanding postpaid subscriber base and success in upselling customers to higher packages can balance these risks.

In line with our expectations, we revise our 12-month target price from TRY 145.20/share to TRY 148.48/share. As our target price carries a 51% return potential based on the closing price of January 3, 2025, we maintain our OUTPERFORM recommendation.

Code	TCELL.TI	Close	98,50
MCAp (TRY m)	216.700	Last 12M High	111,81
MCAp (US$ m)	6.144	Last 12M Low	55,56
EV (TRY m)	235.738	Beta	1,01
EV (US$ m)	6.702	Avg. daily trading vol. (US$ m)	64,1
Free float (%)	54,00	Foreign ownership in FF (%)	60,4%

Key figures	2022*	2023*	2024E	2025E
Revenues	134.975	154.653	167.245	229.082
Growth		*14,6%*	*8,1%*	*37,0%*
EBITDA	52.854	63.349	71.033	98.505
EBITDA margin	*39,2%*	*41,0%*	*42,5%*	*43,0%*
Net profit	9.934	18.125	23.480	23.188
EPS	4,52	8,24	10,67	10,54
Dividend yield	3,5%	6,6%	2,7%	2,7%
Net debt /EBITDA	1,04	0,58	0,27	-0,08
Net debt /Equity	0,35	0,21	0,11	-0,06
ROAE		10,8%	13,4%	14,7%
ROAA		5,2%	6,9%	7,3%
Valuation metrics	**2022***	**2023***	**2024E**	**2025E**
P/E	21,8	12,0	9,2	9,3
EV/EBITDA	1,1	3,7	3,3	2,4
EV/Sales	0,4	1,5	1,4	1,0
P/BV	2,0	1,2	1,2	1,5
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	8,2	16,8	6,1	76,0
US$ Return (%):	6,3	13,2	6,1	48,2
BIST-100 Relative (%):	5,5	3,2	3,6	29,5



Source: PDP, Finnet, Seker Invest Research estimates

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

Turk Telekom (OP, 12M TP: TRY 74.82) Upside: 64%

In 2024, Turk Telekom continued to grow thanks to an expanding subscriber base, shorter contract durations in the fixed broadband segment, and the ability to implement price hikes more frequently, with price increases gradually reflected to subscribers. In 9M24, revenues grew in real terms by 10%. The total number of subscribers, which was 52.9 million at the end of 2023, had reached 53.2 million by the end of September 2024, with a net increase of 400,000 (2023: +146,000). Strong subscriber acquisition, along with a robust ARPU performance across business segments, was the key factor driving the acceleration in revenue.

ARPU (revenue per user) in broadband increased by 21.2% annually, while the mobile mixed segment saw a 17.5% annual increase, supporting revenue. In Q324, the subscriber base increased by a net 59,000 in fixed broadband and by a net 651,000 in the mobile segment. Total net subscriber acquisition was 800,000, bringing the net subscriber base to 53.2 million.

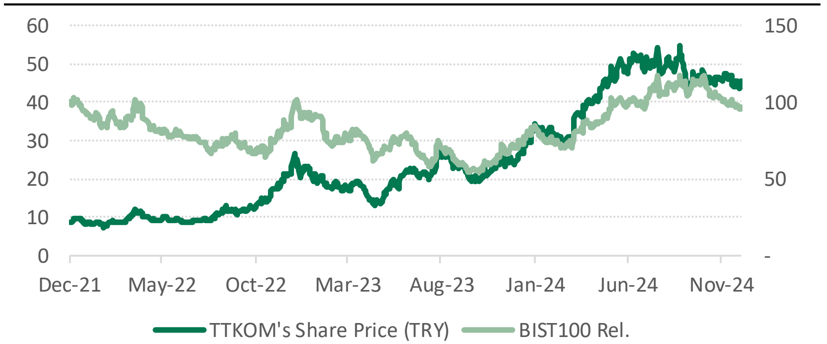
2024 Expectations: The company expects an EBITDA margin for 2024 of around 38% and 11-13% of revenue growth. It also expects the ratio of investment expenditures to sales at around 27-28%. The company's targets are based on the assumption that annual CPI will reach 42% by the end of 2024. Despite inflation exceeding the company's expectations, the targets remain achievable.

With competitive pricing steps taken in the fixed broadband segment and the implementation of shorter contract periods, ARPU has gained momentum. We expect strong contributions to revenue from the fixed broadband segment to continue in the coming period. The telecommunications sector remains among the more resilient during inflationary periods. Yet, we anticipate that despite the start of disinflation, growth will continue to impact inflation due to price increases being implemented as contracts are renewed.

In line with our expectations, we revise our 12-month target price per share from TRY 69.05 to TRY 74.82. As our target price carries a 64% return potential based on the closing price of January 3, 2025, we maintain our OUTPERFORM recommendation.

Code	TTKOM.TI	Close	45,58
MCAp (TRY m)	159.530	Last 12M High	57,80
MCAp (US$ m)	4.523	Last 12M Low	24,72
EV (TRY m)	213.391	Beta	1,04
EV (US$ m)	6.102	Avg. daily trading vol. (US$ m)	28,4
Free float (%)	13,00	Foreign ownership in FF (%)	23,2%

Key figures	2022*	2023*	2024E	2025E
Revenues	131.964	144.645	160.808	217.488
Growth		*9,6%*	*11,2%*	*35,2%*
EBITDA	52.555	48.400	60.603	84.060
EBITDA margin	*39,8%*	*33,5%*	*37,7%*	*38,7%*
Net profit	9.976	23.710	5.611	7.971
EPS	2,85	6,77	1,60	2,28
Dividend yield	0,0%	0,0%	0,0%	2,5%
Net debt /EBITDA	1,44	1,33	0,99	1,60
Net debt /Equity	0,65	0,45	0,49	0,93
ROAE		18,3%	4,2%	6,0%
ROAA		8,6%	2,2%	3,7%
Valuation metrics	**2022***	**2023***	**2024E**	**2025E**
P/E	16,0	6,7	28,4	20,0
EV/EBITDA	1,1	4,4	3,5	2,5
EV/Sales	0,4	1,5	1,3	1,0
P/BV	2,0	1,1	1,3	1,1
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	-1,3	-2,2	4,8	82,6
US$ Return (%):	-3,0	-5,2	4,7	53,7
BIST-100 Relative (%):	-3,7	-13,6	2,3	34,3



Source: PDP, Finnet, Seker Invest Research estimates

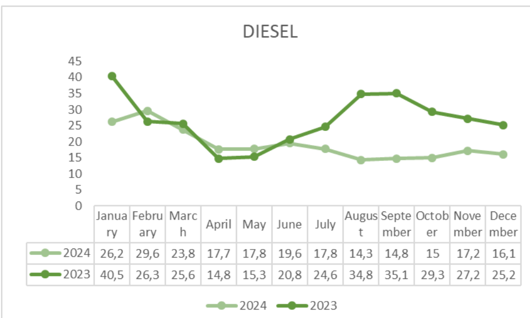
**2023 and 2024 financials are Indexed according to 2024 with IAS -29*

Refinery

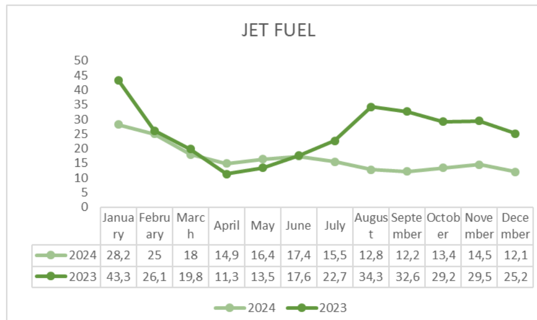
Brent crude oil in 2024 was supported by the ongoing Russia-Ukraine war, conflict in the Middle East, and OPEC+ members' decisions to cut supply. Meanwhile, non-OPEC supply fluctuated throughout the year, negatively impacted by weak global economic conditions. The average Brent crude price for 2024 was $80.76. Except for HFO, product cracks remained below both 2023 levels and the five-year average for much of the year, reflecting continued normalization from the record highs reached in 2022.

For 2025, we expect global demand trends to remain similar to those in 2024. OPEC+ supply decisions and geopolitical developments in the Middle East are anticipated to be key factors influencing Brent crude prices and product cracks. Additionally, we expect elevated global inventory levels to continue to exert pressure on prices.

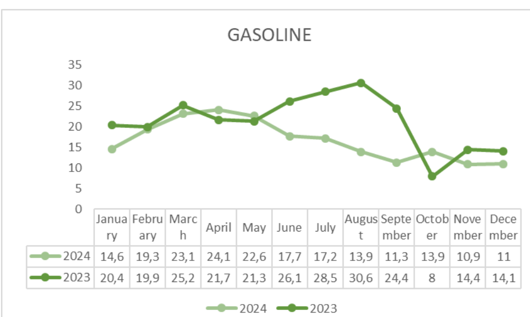
Refinery Cracks



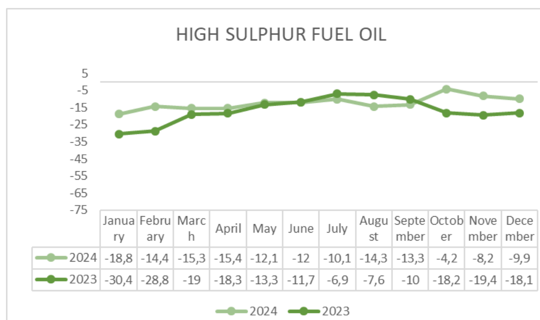
	January	February	March	April	May	June	July	August	September	October	November	December
2024	26,2	29,6	23,8	17,7	17,8	19,6	17,8	14,3	14,8	15	17,2	16,1
2023	40,5	26,3	25,6	14,8	15,3	20,8	24,6	34,8	35,1	29,3	27,2	25,2



	January	February	March	April	May	June	July	August	September	October	November	December
2024	28,2	25	18	14,9	16,4	17,4	15,5	12,8	12,2	13,4	14,5	12,1
2023	43,3	26,1	19,8	11,3	13,5	17,6	22,7	34,3	32,6	29,2	29,5	25,2

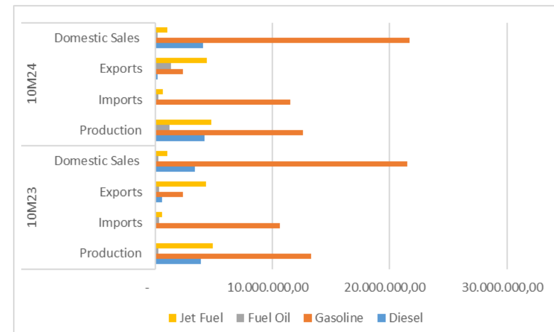


	January	February	March	April	May	June	July	August	September	October	November	December
2024	14,6	19,3	23,1	24,1	22,6	17,7	17,2	13,9	11,3	13,9	10,9	11
2023	20,4	19,9	25,2	21,7	21,3	26,1	28,5	30,6	24,4	8	14,4	14,1



	January	February	March	April	May	June	July	August	September	October	November	December
2024	-18,8	-14,4	-15,3	-15,4	-12,1	-12	-10,1	-14,3	-13,3	-4,2	-8,2	-9,9
2023	-30,4	-28,8	-19	-18,3	-13,3	-11,7	-6,9	-7,6	-10	-18,2	-19,4	-18,1

Turkiye Oil Market Overview



Tupras (OP, 12M TP: TRY 230.64) Upside: 54%

Despite lower capacity utilization rates in the first half of the year due to planned maintenance shutdowns, Tüpraş achieved a sales volume of 22.9 million tons in 9M24, representing a 4% year-on-year increase, thanks to higher capacity utilization during the peak season in Q3. While weak global demand negatively impacted product margins in 2024, Tüpraş's product margin stood at $11.7/bbl during the first nine months.

2024 Expectations: For 2024, Tüpraş expects a refinery margin of approximately $12/bbl, a capacity utilization rate of 85-90%, around 26 million tons of production, and approximately 30 million tons of sales volume. Additionally, a refinery investment expenditure of about USD400 million is anticipated.

Net Cash Position: As of 09/2024, Tüpraş holds a net cash position of TRY +58bn. Supported by this strong cash position, Tüpraş is expected to distribute approximately TRY 16bn in dividends from its 2024 earnings.

What to Expect in 2025: We believe the energy efficiency improvements provided by the completed RUP maintenance in 2024 will continue to support production. While product cracks are expected to remain weak in the first half of 2025, partly due to the low season, global demand could rise in the second half, potentially leading to a recovery in product margins. Moreover, OPEC+ production cut decisions, geopolitical developments in the Middle East, and changes in global inventory levels will be critical factors affecting product cracks.

Based on our expectations, we raise our 12-month target price per share for TUPRS shares from TRY 238.46/share to TRY 230.64/share. As our target price carries 54% upside potential based on the closing price as of January 3, 2025, we maintain our OUTPERFORM recommendation.

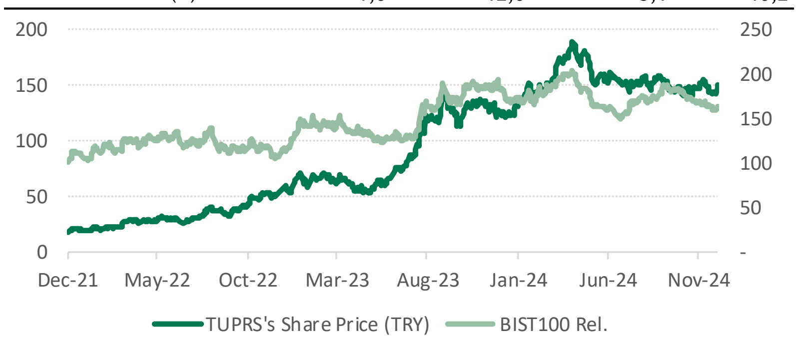
Risks - Downside risks to our target price and estimates include weaker-than-expected product margins, weaker demand, appreciation of the Turkish Lira, and changes in macroeconomic variables.

Code	TUPRS.TI	Close	150,00
MCAp (TRY m)	289.019	Last 12M High	189,77
MCAp (US$ m)	8.194	Last 12M Low	119,95
EV (TRY m)	231.364	Beta	1,08
EV (US$ m)	6.505	Avg. daily trading vol. (US$ m)	107,8
Free float (%)	49,00	Foreign ownership in FF (%)	10,9%

Key figures	2022*	2023*	2024E	2025E
Revenues	1.323.594	991.201	860.810	949.044
Growth		*-25,1%*	*-13,2%*	*10,3%*
EBITDA	149.002	138.950	57.010	66.433
EBITDA margin	*11,3%*	*14,0%*	*6,6%*	*7,0%*
Net profit	102.405	82.479	20.205	39.596
EPS	372,03	42,81	10,49	20,55
Dividend yield	24,7%	21,5%	5,6%	11,0%
Net debt /EBITDA	-0,26	-0,65	-0,44	-0,34
Net debt /Equity	-0,15	-0,31	-0,14	-0,11
ROAE		30,2%	8,5%	19,8%
ROAA		16,0%	4,3%	8,7%

Valuation metrics	2022*	2023*	2024E	2025E
P/E	2,8	3,5	14,3	7,3
EV/EBITDA	0,3	1,7	4,1	3,5
EV/Sales	0,0	0,2	0,3	0,2
P/BV	1,6	1,0	1,6	1,3

Return	1M	3M	YtD	YoY
TRY Return (%):	0,9	-0,3	5,7	22,0
US$ Return (%):	-0,9	-3,4	5,6	2,7
BIST-100 Relative (%):	-1,6	-12,0	3,1	-10,2



Source: PDP, Finnet, Seker Invest Research estimates

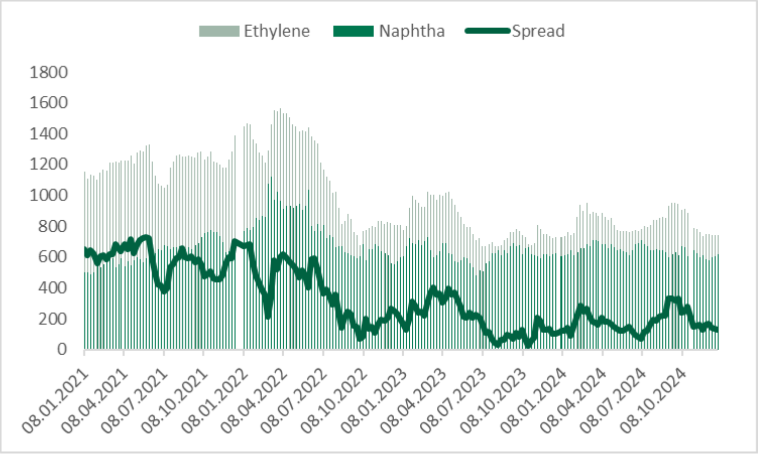
**2023 and 2024 financials are Indexed according to 2024 with IAS -29*

Petrochemicals

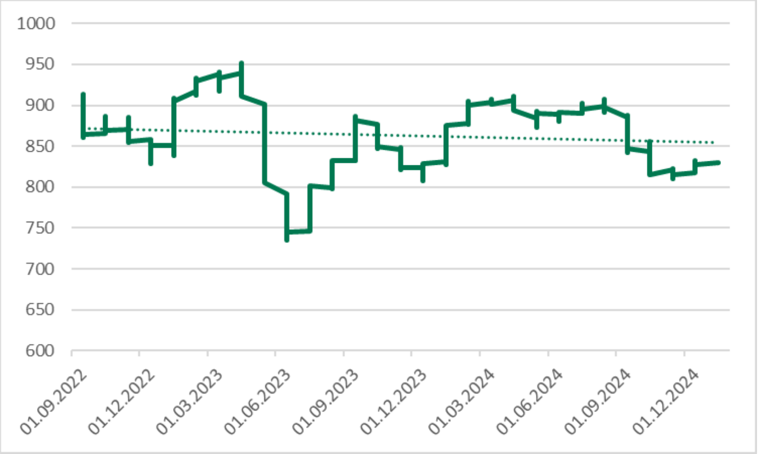
In 2024, the global economic slowdown negatively affected the demand outlook for petrochemical products, and product spreads remained weak. The decline in demand negatively impacted product prices, while energy costs were volatile due to OPEC+ production cuts and ongoing tension in the Middle East. Additionally, the surplus supply emerging from China and its dumped sales to markets like Turkiye further strained domestic sellers.

While the interest rate cuts by major central banks, such as the Fed and the European Central Bank, have increased optimism regarding the sector, we believe that due to the continued weak global economic outlook, the first half of 2025 at least may follow a similar trend to 2024. Even if the demand outlook improves in the latter half of the year, we expect the ongoing oversupply in the sector, particularly in China, to continue pressuring product prices. Given that China accounts for 60% of total petrochemical demand, its economic outlook is crucial for the sector, and we are closely monitoring the stimulus measures announced by the Chinese government.

Etylen - Naphta Spread



Platts Petrochemicals Index



Petkim (MP, 12M TP: TRY 25.42) Upside: 39%

In 2024, Petkim's revenues were negatively impacted both by low sales volume and product prices, reflecting the weak demand outlook in the sector. Additionally, due to weak product spreads, Petkim faced no cost advantage for certain products, leading the company to maintain its strategic production stance, especially in the fiber segment, throughout the year. The capacity utilization rate in 9M24 was 60.5% (compared to 67% in 9M23).

STAR Refinery: STAR Refinery, in which Petkim holds an indirect 12% stake, positively contributed to net profit due to the better outlook in the refining sector. Furthermore, the sale of products like naphtha and aromatics, which create synergy between STAR and Petkim, also had a positive impact. STAR Refinery initiated its first planned downtime in September, running to the end of October. In this context, the production capacity was increased by 2.5%.

Master Plan: In December, Petkim announced completing the initial feasibility study for its Master Plan, which includes the establishment of new process units (ethylene, polypropylene, high-density/linear low-density polyethylene) and the modernization of existing aromatic complexes, phthalic anhydride, low-density polyethylene units, and utility facilities. Petkim plans to move into the Pre-FEED (Pre-Front End Engineering Design) phase, followed by FEED (Front End Engineering Design), for detailed technical and commercial analysis.

We expect the Master Plan investment to add value to the company in terms of capacity expansion and production efficiency. However, given that the investment's official approvals have yet to be obtained, we expect the completion of the project to take place over a few years, considering Petkim's current cash position.

2025 Outlook: In 2025, Petkim is foreseen to continue its strategic production orientation in the fiber segment throughout the year. Therefore, the demand for aromatic products could be a determining factor for company performance. Meanwhile, we believe that improved expectations for the refining sector will help mitigate Petkim's weak results, thanks to the contributions from STAR Refinery. Furthermore, the outlook for the European economy, where Petkim generates around 35% of its sales, is expected to be another key factor determining company performance.

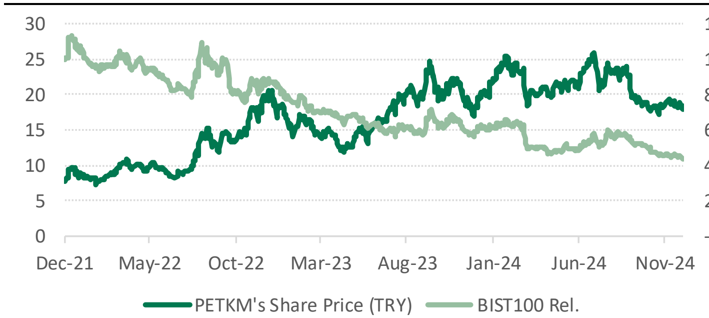
In line with our expectations, we are revising our 12-month target price per share to TRY 25.42 from TRY 26.00. As our target price carries 39% upside potential based on the closing price as of January 3, 2025, we revised our OUTPERFORM recommendation to MARKETPERFORM.

Code	PETKM.TI	Close	18,35
MCAp (TRY m)	46.506	Last 12M High	26,20
MCAp (US$ m)	1.319	Last 12M Low	17,12
EV (TRY m)	82.473	Beta	1,03
EV (US$ m)	2.373	Avg. daily trading vol. (US$ m)	50,6
Free float (%)	47,00	Foreign ownership in FF (%)	10,9%

Key figures	2022*	2023*	2024E	2025E
Revenues	141.285	87.264	73.464	89.260
Growth		*-38,2%*	*-15,8%*	*21,5%*
EBITDA	820	-3.062	-1.284	3.106
EBITDA margin	*0,6%*	*-3,5%*	*-1,7%*	*3,5%*
Net profit	-1.849	10.670	-939	2.679
EPS	-0,73	4,21	-0,37	1,06
Dividend yield	0,0%	0,0%	0,0%	0,0%
Net debt /EBITDA	41,46	-12,33	-28,00	19,51
Net debt /Equity	0,53	0,51	0,58	0,86
ROAE		15,5%	-1,4%	4,0%
ROAA		7,4%	-0,8%	2,2%

Valuation metrics	2022*	2023*	2024E	2025E
P/E		4,4		17,4
EV/EBITDA	34,3			26,5
EV/Sales	0,2	0,9	1,1	0,9
P/BV	1,0	0,6	0,8	0,7

Return	1M	3M	YtD	YoY
TRY Return (%):	-2,6	-6,1	1,4	1,1
US$ Return (%):	-4,3	-9,0	1,3	-14,9
BIST-100 Relative (%):	-5,0	-17,1	-1,1	-25,6



Source: PDP, Finnet, Seker Invest Research estimates

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

Energy Sector

EMRA increases spot electricity ceiling price. The increase in the hourly ceiling price of 2700TL/MWh in the electricity market to 3000TL/MWh as of July 1, 2024 positively impacted producers selling at spot prices, especially natural gas and coal power plants. We expect a spot electricity ceiling price increase in 2025.

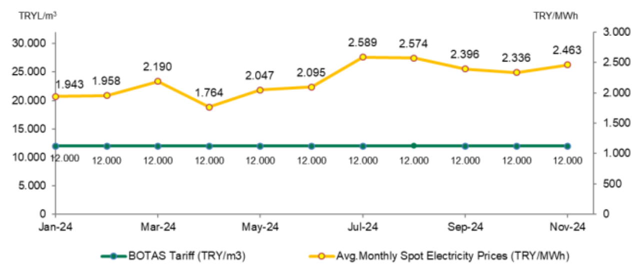
Installed Power - As of the end of November 2024, Turkiye's installed power reached 115,144 MW. While 21.4% (24,674 MW) of the total installed power generated at the end of November 2024 is provided by natural gas and LNG fuel type power plants, 20.7% (23,863 MW) is provided by dam hydraulic power plants. These fuel types are followed by domestic coal power plants with a rate of 10.0% (11,475 MW) and imported coal power plants with a rate of 9.0% (10,404 MW). While stream-type hydraulic power plants have a rate of 7.2% (8,340 MW), wind power plants constitute 10.9% (12,554 MW) of the total installed power. 16.8% (19,314 MW) of the total installed power consists of solar power plants, 1.5% (1,728 MW) comprises geothermal power plants, and 2.3% (2,703 MW) is formed by other thermal power plants.

Electricity and Natural Gas Prices - In 2024, BOTAŞ kept the price of one thousand cubic meters of natural gas constant at 12 thousand liras in the tariff for electricity production purposes. A gas purchase unit price of 12 TL/Sm3 will be applied in January for all consumption amounts related to the use of natural gas for electricity production purposes. Effective July 1, 2024, the spot price ceiling was increased from 2,700 TL/MWh to 3,000 TL/MWh. As a result, there was a 28% increase in quarterly spot prices (3Q24 average: 2,520 TL/MWh vs. 2Q24 average: 1,969 TL/MWh).

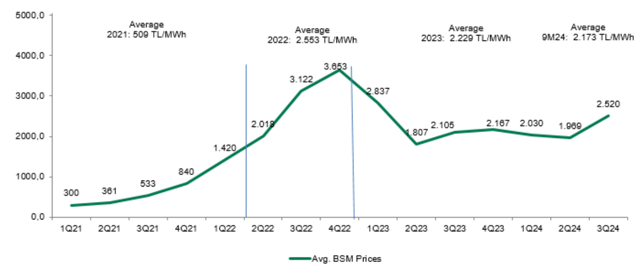
Capacity mechanism support will continue for coal and natural gas power plants for 2025. To ensure sustainability and supply security in electricity, in addition to domestic and imported coal-burning thermal power plants, certain natural gas cycle power plants also benefit from imported fuels due to their system balancing characteristics. The annual capacity mechanism support budget announced by TEİAŞ for 2024 increased from 5 billion TL to 13 billion TL. In addition, an additional payment of 1/3 of the royalty fee was given to domestic coal power plants within the scope of the capacity mechanism.

Turkiye is entering a significant transformation process in the field of renewable energy. Turkiye is expected to reach a total installed power target of 120 thousand megawatts in wind and solar energy by 2035 in terms of renewable energy. AKSEN is set to increase the share of renewable energy in its total installed power to 28% in 2030 through renewable energy investments. Therefore, we expect investments and incentives related to renewable energy to make a positive contribution to AKSEN.

Spot Electricity and Natural Gas Prices



BSM Prices by quarterly (TRY / Mwh)



Source: BOTAS, EPIAS

Aksa Energy (OP, 12M TP: TRY 55.00) Upside: 35%

We expect new investments to come into play quickly and create EBITDA...

We continue to recommend Aksa Energy due to its ongoing overseas investments, while maintaining our target price of TRY 55.00. **We expect the Talimercan investment to contribute USD 50 million to EBITDA in 2025, and an additional USD 20 million to EBITDA when the machine conversions are completed within the scope of the dual-fuel conversion project in Ghana.** In this context, we expect both the nominal EBITDA and EBITDA margin to be improved in 2025 compared to 2024. In line with the company's 2030 targets, EBITDA is expected to increase from USD 268 million in 2023 to USD 1.11 billion in 2030. The company aims to increase the EBITDA margin, which was 27% in 2023, by twenty-five points to 52% by 2030. We expect the investment targets determined within the scope of the 2030 global strategy to make Aksa Energy a much larger and more effective player in Turkiye and globally. In line with its strategic roadmap, the company plans to for investment expenditure of USD 4.9 billion between 2024-2030 and to create 5,297 MW of new installed capacity. In this context, the plan is to increase Aksa Energy's installed capacity to 7,850 MW by the end of 2030, thus threefold its current capacity. We may also state that renewable energy investments will make a significant contribution to this increase.

The current total installed capacity is 2,578 MW - Aksa Energy currently has one natural gas (900 MW) power plant in Antalya, one fuel-oil (188 MW) power plant in Cyprus and one lignite power plant (270 MW) in Bolu in Turkiye, with a total electricity generation capacity of 1,358 MW in Turkiye. The company has two power plants in Africa with an installed capacity of 430 MW (Ghana-370 MW dual fuel power plant (fuel and natural gas) and Mali-60 MW (fuel)). The company also has three natural gas power plants with a capacity of 790 MW in Uzbekistan (Bukhara-298 MW and Tashkent A-240, Tashkent B-252 MW). The commissioning of the 430 MW Talimercan natural gas power plant in Uzbekistan is planned to be completed in early 2025. The 240 MW natural gas-fired combined heat and power plant planned to be built in Kyzylorda, Kazakhstan in Central Asia is scheduled to be commissioned in the first quarter of 2026. On the other hand, the capacity of the company's pre-licenses for wind and solar power plants with storage reached 891.41 MW as of the end of 2024. The company has sold its 66 MW fuel power plant in Madagascar as part of its strategy to focus on renewable energy investments. The power plant will be operated by Aksa Energy for an operating fee income for another two years. It's work on renewable energy investments continues, and it is expected that the share of renewable energy in installed capacity will reach 28% in 2030.

Ongoing Investments - Turkiye 926 MW (Storage RES&SPP: 891 MW Bolu SPP: 35 MW), Kazakhstan 240 MW (Kızılorda Natural Gas Combined Heat and Power Plant), Senegal 255 MW (Saint Louis NCPP: 255 MW), Uzbekistan 430 MW (Talimercan NCPP: 430 MW), Ghana 350 MW (Kumasi NCPP: 350 MW)

The net debt/EBITDA ratio is expected to decline to 2.17. With the EBITDA contributions to be brought by the investments, the Net Debt/EBITDA multiplier is expected to decline to 2.17 by 2030 (3.55x in 9M24). The main reason for this improvement is that the new investments to be made will come into play quickly and generate EBITDA.

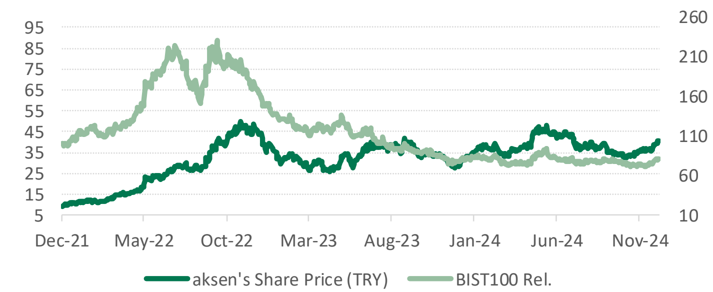
2025 Expectations – We expect Aksa Energy to complete 2024 with a net sales revenue of TRY 27,215 million and an EBITDA of TRY 7,212 million. We estimate net sales revenue rising to TRY 34,018 million and EBITDA reaching TRY 10,860 million in 2025. We expect the Company to complete 2024 with a net profit of TRY 4,300 million and we estimate a net profit of TRY 5,375 million in 2025.

Code	aksen.TI	Close	40,84
MCAp (TRY m)	50.084	Last 12M High	48,58
MCAp (US$ m)	1.420	Last 12M Low	29,29
EV (TRY m)	73.794	Beta	0,76
EV (US$ m)	2.115	Avg. daily trading vol. (US$ m)	6,8
Free float (%)	21,00	Foreign ownership in FF (%)	5,3%

Key figures	2022*	2023*	2024E	2025E
Revenues	125.756	50.781	27.215	34.018
Growth		*-59,6%*	*-46,4%*	*25,0%*
EBITDA	17.866	15.600	7.212	10.860
EBITDA margin	*14,2%*	*30,7%*	*26,5%*	*31,9%*
Net profit	8.059	7.936	4.300	5.375
EPS	6,57	6,47	3,51	4,38
Dividend yield	2,3%	5,7%	1,7%	1,9%
Net debt /EBITDA	0,98	1,09	3,47	3,11
Net debt /Equity	0,41	0,37	0,52	0,66
ROAE		17,9%	9,1%	10,8%
ROAA		9,9%	5,3%	6,6%

Valuation metrics	2022*	2023*	2024E	2025E
P/E	6,2	6,3	11,6	9,3
EV/EBITDA	0,9	4,7	10,2	6,8
EV/Sales	0,1	1,5	2,7	2,2
P/BV	1,7	1,1	1,0	1,0

Return	1M	3M	YtD	YoY
TRY Return (%):	12,0	15,9	4,2	39,8
US$ Return (%):	10,1	12,1	4,1	17,9
BIST-100 Relative (%):	12,0	4,7	1,6	5,7



Source: PDP, Finnet, Seker Invest Research estimates

**2022 and 2023 financials are Indexed according to 2024 with IAS -29*

Zorlu Energy (MP, 12M TP: TRY 5.40)

Upside: 20%

Focused on renewable energy sources

Market Perform maintained-We maintain our "Market Perform" recommendation for the company with a target price of TRY 5.40/share (pre. 4.80/shr). Zorlu Energy's current price is at TRY 4.49/share, while our target value represents 20% upside potential. The stock trades at a 8.4x 25E EV/EBITDA multiple compared to international and local peers' 10.2x.

Current total installed capacity of 881 MW as of YE24- 608 MW in Turkiye, 56 MW in Pakistan, 215 MW (stake-adjusted) in Israel, and 1.5 MW in Palestine. The company currently has 2 natural gas PPs with a total capacity of 264,5 MW, 2 wind PPs with a capacity of 191 MW, 7 hydroelectric PPs with a capacity of 119 MW, and 4 Geothermal PPs with a total capacity of 305 MW as well as 1 solar PP with 1.5 MW. Total production capacity (domestic and abroad) is made up of 30% natural gas, 70% renewables (14% hydro – 22% wind, and 35% geothermal and solar energy sources.

The sale of its subsidiaries continued in 2024 - The company sold its 100% stake in Gas Distribution companies for USD 200mn in March 2024. It is now planning to focus on new investment targets in the field of energy technologies and storage with attention to renewable energy sources. The company also completed the sale of its shares in Israel's Ashdod and Ramat Negev Natural Gas Power Plants for ~USD 38.6 million in 2024. Work to remove the Dorad Natural Gas Power Plant from the company's portfolio continues.

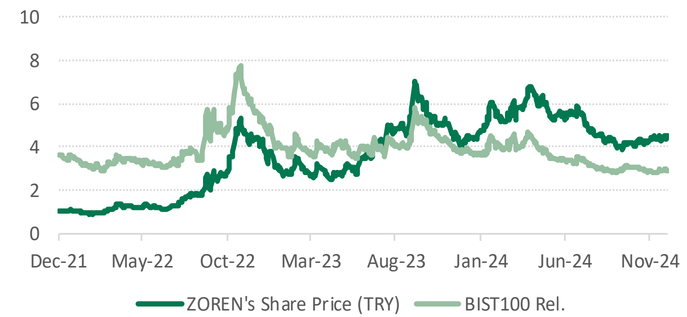
Zorlu Renewable Energy's IPO postponed - Zorlu Energy has postponed the approval process of the Prospectus for the public offering of Zorlu Yenilenebilir's shares. The postponement will be reevaluated after the closing of the sustainable debt financing process and in light of market conditions in the periods ahead.

Improvement in net debt continues - Zorlu Energy's financial debt decreased to USD 1,124 million as of 9M24 (from USD 1,601mn in YE24) due to the share sale of gas supply and distribution companies and the sale Zorlu Energy's stake in Ezotech (indirectly in Ashdod and Ramat).

What to expect in 2025 - We expect TRY 29,520 million in revenues for 2024, rising to TRY 32,462 million in 2025, according to inflation accounting provisions (IAS-29). We expect the company to generate EBITDA of TRY 6,421 million in 2024 and TRY 7,240 million in 2025 (IAS-29).

Code	ZOREN.TI	Close	4,49
MCAp (TRY m)	22.450	Last 12M High	6,94
MCAp (US$ m)	637	Last 12M Low	3,87
EV (TRY m)	60.779	Beta	0,97
EV (US$ m)	1.760	Avg. daily trading vol. (US$ m)	28,5
Free float (%)	36,00	Foreign ownership in FF (%)	12,2%

Key figures	2022*	2023*	2024E	2025E
Revenues	56.028	39.389	29.520	32.462
Growth		*-29,7%*	*-25,1%*	*10,0%*
EBITDA	11.655	12.708	6.412	7.240
EBITDA margin	*20,8%*	*32,3%*	*21,7%*	*22,3%*
Net profit	13.707	15.768	3.116	718
EPS	5,48	3,15	0,62	0,14
Dividend yield	0,0%	0,0%	0,0%	0,0%
Net debt / EBITDA	6,41	4,56	6,35	5,34
Net debt / Equity	1,50	1,05	0,63	0,57
ROAE		29,9%	5,2%	1,1%
ROAA		10,7%	2,2%	0,6%
Valuation metrics	**2022***	**2023***	**2024E**	**2025E**
P/E	1,6	1,4	7,2	31,3
EV/EBITDA	2,3	4,8	9,5	8,4
EV/Sales	0,5	1,5	2,1	1,9
P/BV	0,4	0,4	0,3	0,3
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	2,0	13,1	3,0	7,7
US$ Return (%):	0,3	9,6	2,9	-9,4
BIST-100 Relative (%):	-0,5	-0,1	0,5	-20,8



Source: PDP, Finnet, Seker Invest Research estimates

**2022 and 2023 financials are Indexed according to 2024 with IAS -29*

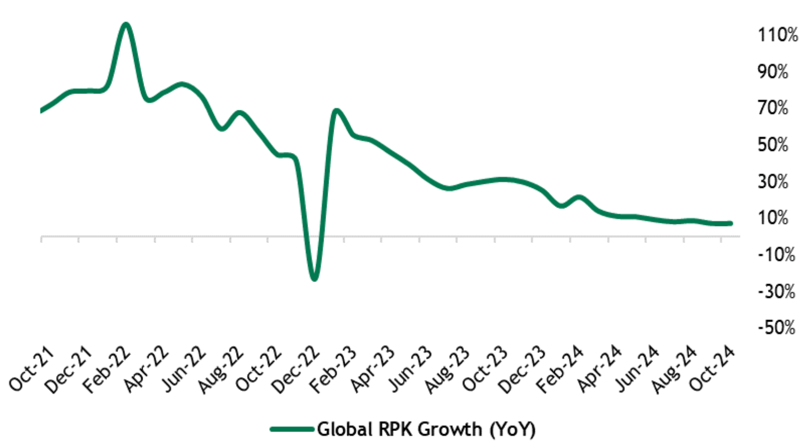
Aviation

High travel demand keeps the aviation industry flying high…

In 2024, the global aviation sector successfully overcame the negative impacts of the COVID-19 pandemic, achieving full recovery in terms of both passenger RPK and PLF. According to IATA data, in 10M24, global ASK grew by 9.3% YtD, while RPK expanded by 10.8% YtD. Factors such as the increased ticket demand during the Chinese New Year at the start of the year, robust performance during the high-demand summer season, and stable passenger demand during the fall contributed significantly to the growth of both international and domestic passenger traffic in 2024. Although the effects of the pandemic were resolved later in China, the Asia-Pacific region emerged as a leader in international traffic growth, driven by the low base effect. Throughout the year, LF increased significantly, reaching new peaks in several months. During the summer, load factors remained high, supported by deferred travel demand from the pandemic era, strong travel appetite, capacity constraints caused by delays in new aircraft deliveries, and the expansion of airline seat capacities for new routes. As of 10M24, the global PLF reached 83.5%, representing a 1.2 ppt YtD increase.

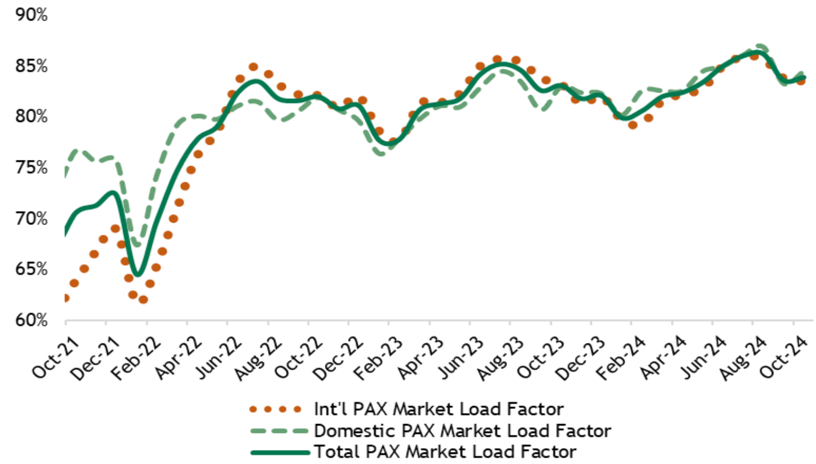
Global Cargo: According to IATA data, global ACTK expanded by 8.1% YtD, while CTK grew by 12.2% YtD. CLF improved by 1.7 ppt YtD, reaching 45.4%. Key drivers of demand included e-commerce growth, which continued to fuel air cargo demand, particularly on Asia-Pacific routes, and shipping constraints, as high costs and capacity limitations in ocean freight redirected some shippers to air transport. Another favorable factor was the decline in jet fuel prices, which alleviated cost pressures on airlines and provided a competitive edge for air cargo. Higher freight rates and a growing trend of cargo shifting from ocean to air due to rising online commerce positioned air transport as a more competitive option in 2024.

Global RPK Growth (%) (YoY)



Source: *IATA, Seker Invest*

Global Passenger LF (%) (YoY)



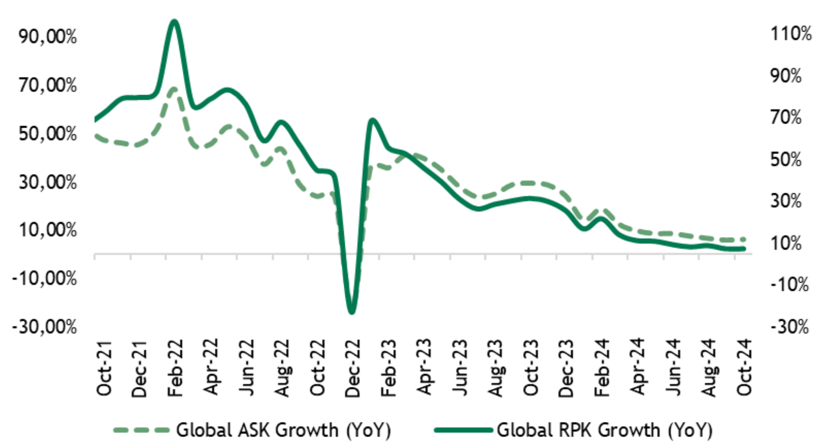
Source: *IATA, Seker Invest*

Aviation

Winter tourism and holiday demand, particularly around Christmas and New Year's, are expected to boost ticket sales and maintain strong passenger demand through the end of the year. With jet fuel prices remaining favorable, airlines are unlikely to face significant cost pressures. PLF are projected to remain high, exceeding 85%, driven by robust demand and the expansion of airline operations in emerging markets. Inflation, delays in new aircraft deliveries (resulting in higher operating costs for older aircraft), and potential supply-demand imbalances may pose downside risks. Despite a gradual deceleration, ACTK and CTK are expected to continue growing in 2025, supported by e-commerce expansion and ongoing challenges in ocean freight. According to IATA projections, global passenger numbers are expected to grow at an average annual rate of 3.8% until 2043. This translates to a net increase of 4.1 billion passengers compared to 2023, with total passenger numbers forecasted to reach 7.9 billion by 2043.

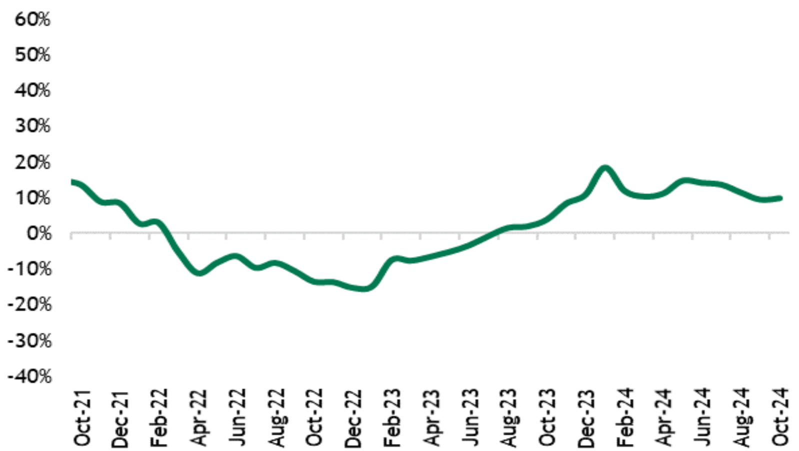
Across Turkiye, total passenger traffic grew by 7.6% YoY, reaching 214.4 million passengers as of 11M24, according to DHMI data. Passenger traffic is projected to reach 230.2 million by the end of 2024, 237.7 million in 2025, and 245.1 million in 2026. We expect that efficient utilization of Istanbul Airport and the opening of the second runway at Istanbul Sabiha Gokcen Airport will continue to boost Istanbul's air passenger capacity. We believe that Istanbul's proximity to key global cities and its advantage as a hub for long-haul flights will continue to attract traffic. We think Pegasus & Turkish airlines' fleet expansion strategies will support future capacity growth. In 2025, we expect favorable weather conditions and robust tourism activity to bolster passenger numbers. Turkiye's relatively untapped aviation market, supported by its young population, will provide a long-term growth opportunity.

Global RPK & ASK Growth (%) (YoY)



Source: *IATA, Seker Invest*

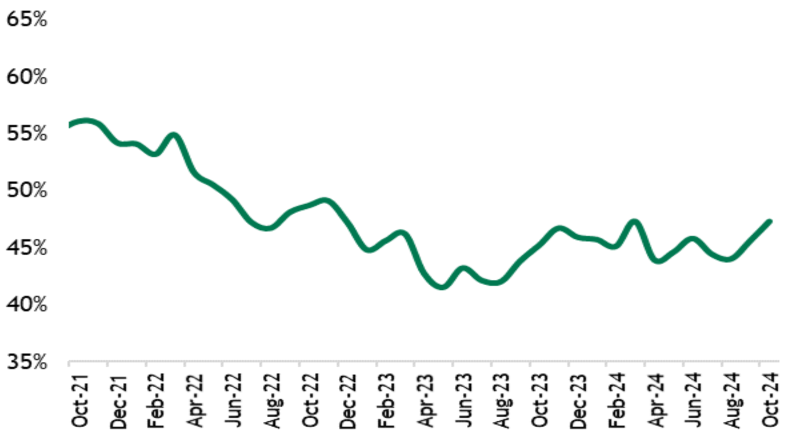
Global CTK Growth (YoY) (%)



Source: *IATA, Seker Invest*

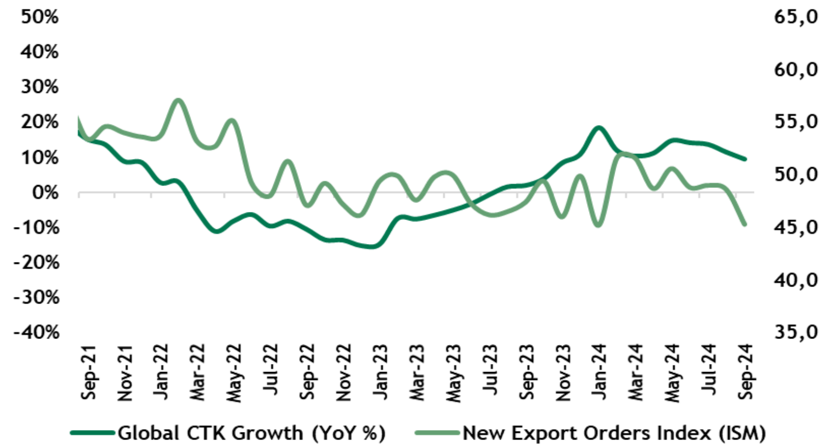
Aviation

Global Cargo Load Factor (%)



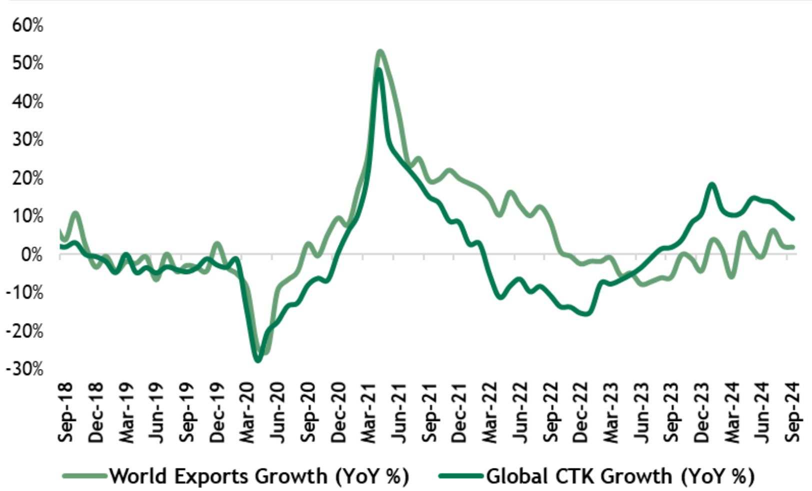
Source: *IATA, Seker Invest*

Global CTK Growth vs. Global New Export Orders



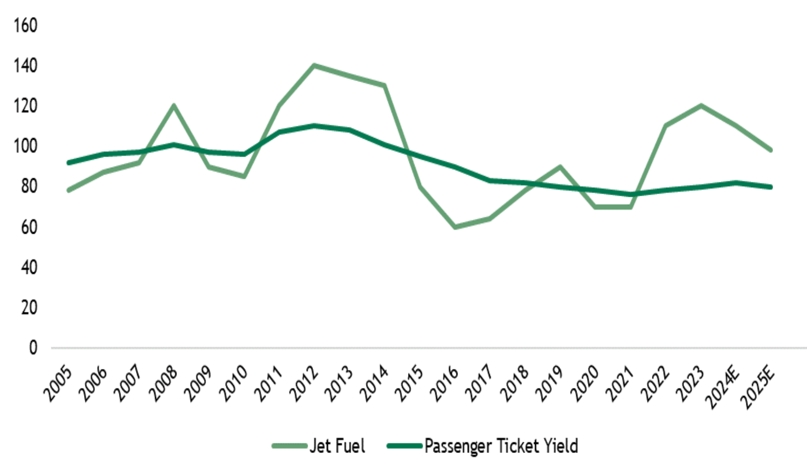
Source: *IATA, ISM, Seker Invest*

Global CTK Growth vs. World Exports Growth (%) (YoY)



Source: *IATA, ISM, Seker Invest*

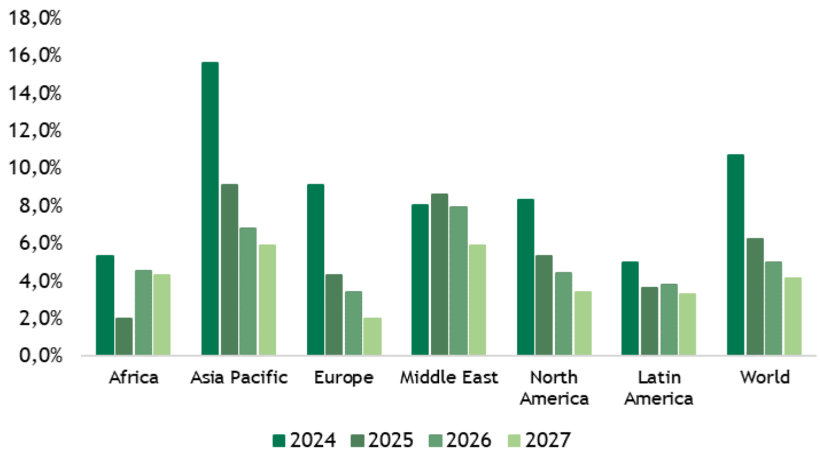
Passenger Ticket Yield & Jet Fuel Price, Index, 2010=100



Source: *Platts, IATA, Seker Invest*

Aviation

Regional PAX Growth (%) (YoY)



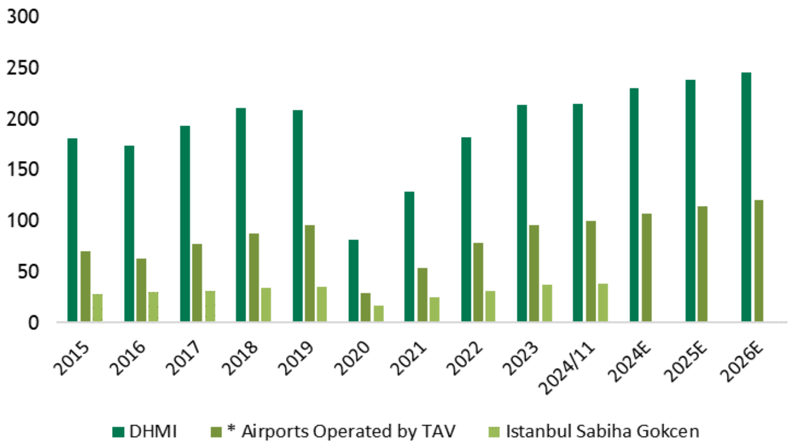
Source: *IATA, Seker Invest*

CAGR, & Net Growth in PAX, 2023-2043

Region	CAGR (23-43)	Add. PAX by 2043, mn
Africa	3,7%	182
Asia Pacific	5,1%	2.609
Europe	2,3%	662
Middle East	4,1%	314
North America	3,0%	763
Latin America	3,0%	200
World	**3,8%**	**4.138**

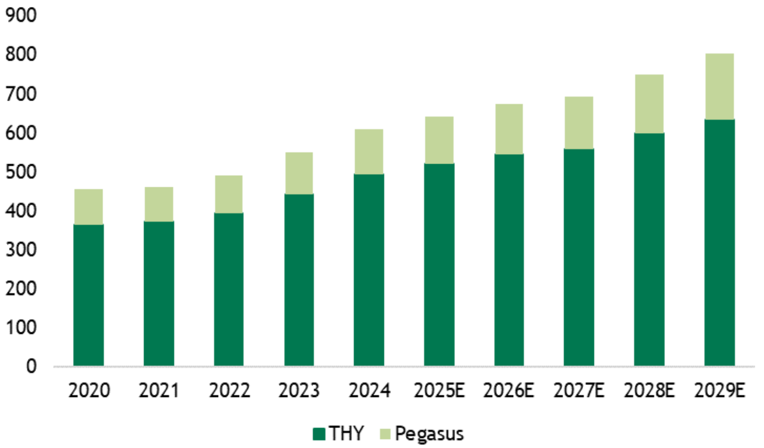
***Source:** IATA, Seker Invest*

Total # of PAX (mn) of Airports



***Source:** DHMI, TAV Airports Holding, Seker Invest (* 24/11 & before, TAV's PAX traffic data, After 24/11 - SKY estimates)*

Total # of Aircraft in Fleet



***Source:** Pegasus, THY, Seker Invest*

Pegasus Airlines (OP, 12M TP: TRY 361.20) Upside: 61%

Soaring High with Strategic Moves…

➢ In light of revised macroeconomic and currency forecasts, alongside updates to operational metrics, we have upgraded our target share price for Pegasus Airlines from **TRY 328.00/sh to TRY 361.20/sh**. Our valuation methodology incorporates a weighted approach of 60% DCF and 40% international LCC peers. The RfR in our model is maintained at 7.5%, aligned with Turkiye's long-term Eurobond yield. Pegasus' robust EBITDA margin, which surpasses that of its peers, and its sustainably low net debt-to-EBITDA ratio, underscore the Company's balanced and resilient long-term projections. Reflecting its fleet optimization strategy, we anticipate continued fleet expansion from 2028 onwards, coupled with a strong operational outlook in 2025, supported by PAX growth, and solid LF rates. Consequently, we reiterate our **"OUTPERFORM"** recommendation, with the revised target price indicating a **61% upside potential**, based on the January 3, 2025, closing price. Pegasus currently trades at **2025E P/E of 8.5x** and **EV/EBITDA of 6.0x**.

➢ **Expanding Network and Fleet Development -** Pegasus operates a comprehensive flight network across 144 destinations, comprising 109 international routes spanning 53 countries, and 35 domestic routes within Turkiye. As of 9M24, the airline's fleet comprises 112 aircraft, including 51 next-generation A321NEO and 46 A320NEO models. By the end of 2029, the Company plans to incorporate 58 additional A321NEO aircraft into its fleet. In addition to its existing orders, Pegasus has placed a firm commitment for 100 Boeing 737-10 aircraft, with deliveries scheduled to commence in 2028. The airline also retains an option for an additional 100 Boeing 737-10 aircraft, enhancing its strategic flexibility. This fleet expansion aligns with Pegasus' objectives to increase its destination portfolio, thereby boosting PAX volumes. Furthermore, the operational efficiency of these new-generation aircraft—marked by lower fuel consumption and reduced maintenance costs—will bolster the airline's long-term growth trajectory. By year-end 2024, we estimate Pegasus' fleet size having reached 118 aircraft, further increasing to 127 aircraft by 2025.

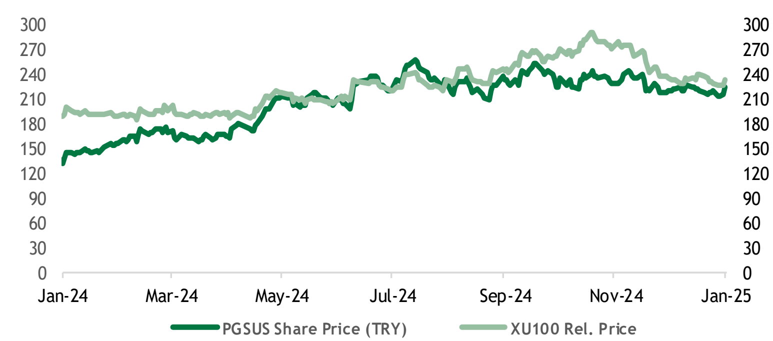
➢ **Favorable KPIs Amid Robust Travel Demand in 2024 -** The resurgence in travel demand positions Pegasus for robust growth in its KPIs through 2024 and 2025. We expect the airline's total PAX volume to rise by 16.8% YoY in 2024, reaching 37.3mn, and further grow by 10.4% YoY in 2025 to 41.16mn PAX volume. ASK are forecast to expand by 14% YoY in 2024 to 66.4bn (Pegasus: 12%-14%), with an additional increase of 11.8% YoY in 2025. Passenger LF are expected to remain elevated, reaching 87.9% in 2024 (+3.1 pp YoY), before slightly normalizing to 87.7% in 2025.

➢ We projected ancillary revenue per passenger to grow by 9.8% YoY in 2024, reaching €27.9 (Pegasus: high single-digit growth), and to increase further to €28.9 in 2025. Total ancillary revenues are expected to hit €1,040mn in 2024. We anticipate Pegasus' RASK to remain stable at €¢4.64 in 2024, (Pegasus: slightly higher YoY), with a slight decline projected for 2025. We forecast the sales revenue to grow by 11.5% YoY in 2025, reaching €3,434 million, following a €3,080mn revenue estimate for 2024. In terms of costs, we expect the CASK to rise by 3.5% YoY in 2024, reaching €¢3.82, while our ex-fuel CASK forecast is to grow by 10% YoY to €¢2.49 (Pegasus: low double-digit growth). We estimate EBITDA at €878mn in 2024, with a €979mn forecast for 2025, maintaining a stable EBITDA margin of 28.5% for both years (Pegasus 2024E: 28%-30%). Net profit estimates stand at €342mn in 2024 and €373mn in 2025. The opening of the second runway at ISG enhances capacity, supporting Pegasus' operational growth. However, we emphasize that a new terminal is critical to fully alleviate capacity constraints. The potential construction of a second terminal could become operational within three years, this would coincide with the delivery of new Boeing aircraft in 2028. This would serve as a catalyst for continued operational growth and efficiency improvements.

➢ **Downside Risks:** Potential delays in aircraft deliveries, a slowdown in global GDP, natural disasters, geopolitical risk, rising competition at ISG, volatility in jet fuel prices, and fluctuations in the €/USD.

Code	PGSUS.TI/PGSUS.IS	Close	223,70
MCAp (TRY mn)	111.850	Last 12M High	260,00
MCAp (US$ mn)	3.171	Last 12M Low	132,58
EV (TRY mn)	213.803	Beta	0,92
EV (US$ mn)	6.159	Avg. Daily Trading Vol. (US$ mn)	62,2
Free Float (%)	45,37	Foreign Ownership in FF (%)	26,70

Key Figures (€ mn)	2022	2023	2024E	2025E
Revenues	2.449	2.670	3.080	3.434
Growth (%)	139,1%	9,0%	15,3%	11,5%
EBITDA	835	838	878	979
EBITDA Margin (%)	34,1%	31,4%	28,5%	28,5%
Net Profit	431	790	342	373
EPS	0,86	1,58	0,68	0,75
Dividend Yield	0,0%	0,0%	0,0%	0,0%
Net Debt/EBITDA (x)	2,45	2,88	3,02	2,76
Net Debt/Equity (x)	2,26	1,44	1,31	1,12
ROAE	62,8%	61,2%	18,5%	16,8%
ROAA	10,2%	14,4%	5,0%	4,8%
Valuation Metrics	**2022**	**2023**	**2024E**	**2025E**
P/E	7,36	4,01	9,26	8,50
EV/EBITDA	6,24	6,66	6,63	6,00
EV/Sales	2,13	2,09	1,89	1,71
P/BV	3,50	1,89	1,56	1,32
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	1,50	-0,80	5,02	68,34
US$ Return (%):	-0,26	-3,89	4,94	41,67
BIST-100 Relative (%):	-1,00	-12,39	2,47	23,84



Source: PDP, Pegasus, Finnet, Seker Invest Research Estimates

TAV Airports Holding (OP, 12M TP: TRY 392.20) Upside: 44%

Investments Drive TAV's Upside…

➢ In our valuation of TAVHL shares, employing a blend of the SOTP methodology (80%) and international peer multiples (20%), we have upwardly revised **our 12-month target price from TRY 355.00/sh to TRY 392.20/sh**. This revision reflects updates to our macro and FX forecasts, as well as adjustments to operational metrics. We reiterate our **"OUTPERFORM"** recommendation. Our model assumes a 10-year risk-free rate of 7.5%, in line with Turkiye's long-term Eurobond yield. The robust performance of TAV's Almaty operations and the announcement of the "2025-2028 Almaty Investment Plan" underpin compelling growth prospects. Additionally, ongoing inorganic growth opportunities and anticipated revenue expansion, driven by terminal upgrades at the New Ankara and New Antalya Airports, support our conviction in TAV's ability to sustain its positive momentum and deliver a strong operational performance. The Group's diversified and expanding portfolio remains a key catalyst for its shares. As of the closing price on January 3, 2025, our revised target price implies an **upside potential of 44%**. The stock currently trades at a 2025E P/E of 10.97x and a 2025E EV/EBITDA of 6.93x, offering an attractive valuation.

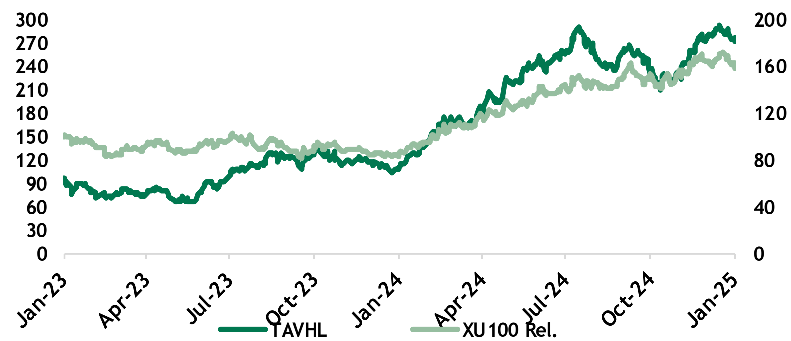
➢ **2024 & 2025 TAV's Guidance -** TAV's 2024 revenue guidance stands at €1,500–1,570mn, with 2025 revenues projected to grow by 14-18% CAGR (2022-2025), reflecting the contribution of the New Ankara Esenboğa concession (effective 2025). The Company forecasts total PAX traffic of 100–110mn in 2024, with int'l passengers accounting for 67–73mn. EBITDA is expected to range between €430–490mn for 2024, with an expected EBITDA margin of >30.6% in 2025. The Net Debt/EBITDA ratio is anticipated to improve to 2.5-3.0x in 2025 (from 3.5-4.5x in 2024). The 2024 CapEx is forecast at €260-300mn, moderating to €140-160+ mn in 2025.

➢ **Investment Strategy and Key Catalysts:** TAV plans to commence operations at the new terminal of Antalya Airport in Q1 2025, with an expected passenger capacity of 65 million. The Ankara Esenboğa expansion, slated for completion in Q2 2025, is projected to generate approximately €100mn in annual revenue. Meanwhile, the "2025-2028 Almaty Investment Plan" envisages capital expenditures of €150–300mn, phased over 3–4 years. Notably, TAV views current tariff levels at Almaty as substantially below those of comparable airports. If its tariff adjustment proposal is approved, the Company expects a 13-15% sustainable EBITDA uplift from 2H25 onward.

➢ The completion of Almaty's new international terminal has doubled passenger capacity, positioning the asset to capitalize on increased duty-free revenues and premium lounge spending. The "New Almaty Investment Plan", alongside tariff adjustments, is poised to strengthen the Company's financial and operational profile over the long term. Additionally, TAV's expectations of higher per-passenger retail spending at Antalya's new terminal further enhance its growth narrative. The completion of capacity expansion projects at Antalya and Ankara Esenboğa airports reinforces our bullish long-term view, as these investments unlock incremental value creation opportunities. Furthermore, TAV's active participation in the tender for the operation and maintenance of Kuwait International Airport Terminal 2 introduces a significant upside risk for its shares, contingent on favorable developments. We estimate total passenger traffic to rise by 11.6% YoY to 106.6mn in 2024. Our revenue forecasts indicate an increase of 23.4% YoY to €1,617mn in 2024, followed by a further 10% YoY growth to €1,772mn in 2025. We project EBITDA at €486mn for 2024 and €578mn for 2025, with margins improving to 32.6% in 2025 (from 30% in 2024). Our net profit forecast is at €201mn in 2024 and €256mn in 2025, reflecting the Company's robust profitability trajectory.

Code	TAVHL.TI/TAVHL.IS	Close	272,50
MCAp (TRY mn)	98.994	Last 12M High	294,75
MCAp (US$ mn)	2.807	Last 12M Low	109,20
EV (TRY mn)	139.771	Beta	0,97
EV (US$ mn)	4.002	Avg. Daily Trading Vol. (US$ mr	17,5
Free Float (%)	47,66	Foreign Ownership in FF (%)	50,06

Key Figures (€ mn)	2022	2023	2024E	2025E
Revenues	1.051	1.310	1.617	1.772
Growth (%)	101,39%	24,57%	23,43%	9,64%
EBITDA	322	385	486	578
EBITDA Margin (%)	30,6%	29,4%	30,0%	32,6%
Net Profit	122	249	201	256
EPS	0,34	0,69	0,55	0,70
Dividend Yield	0,0%	0,0%	0,0%	0,0%
Net Debt/EBITDA (x)	4,98	4,34	3,50	3,00
Net Debt/Equity (x)	1,33	1,18	1,06	0,92
ROAE	11,1%	19,0%	13,3%	14,6%
ROAA	3,2%	5,5%	4,0%	4,6%
Valuation Metrics	**2022**	**2023**	**2024E**	**2025E**
P/E	22,97	11,27	13,98	10,97
EV/EBITDA	12,42	10,40	8,24	6,93
EV/Sales	3,81	3,06	2,48	2,26
P/BV	2,33	1,99	1,75	1,49
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	-1,62	16,90	-0,55	148,18
US$ Return (%):	-3,32	13,26	-0,63	108,86
BIST-100 Relative (%):	-4,05	3,25	-2,96	82,58



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

Turkish Airlines (OP, 12M TP: TRY 495.50) Upside: 66%

Balanced Growth Through Operational Diversity…

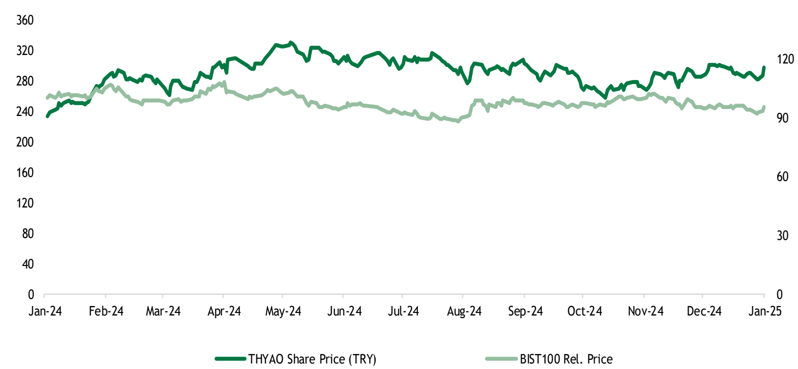
➢ We have revised our target share price for Turkish Airlines (THYAO) **upward from TRY 475.40/sh to TRY 495.50/sh**, reflecting updates to our macroeconomic and FX assumptions as well as revisions to operational metrics. Our valuation approach combines a DCF analysis (60%) and international peer multiples (40%). In line with Turkiye's long-term Eurobond yields, we maintain a risk-free rate assumption of 7.5% in our model. Turkish Airlines presents a compelling growth trajectory, supported by its robust operational fleet structure and the planned addition of new aircraft over the coming years. We anticipate its cargo operations will continue to bolster the Company's operational and financial profile. Furthermore, the geographically diversified revenue base provides a natural hedge against FX volatility, underpinning revenue resilience. Consequently, we reiterate our **"OUTPERFORM"** recommendation, with the new target price—based on the January 3, 2025, closing price—offering an attractive **66% upside potential**. THY is currently trading at 2025E P/E of 3.90x and 2025E EV/EBITDA of 3.84x, positioning it attractively within its global peer group.

➢ **THY** currently operates a fleet of 492 aircraft, which is expected to evolve into a younger, more fuel-efficient, and higher-capacity fleet, enabling a more agile operational posture. By the end of 2024, we estimate the fleet size to reach 493 aircraft, expanding further to 519 aircraft in 2025 with the planned additions.

➢ PAX traffic is projected to grow by 3.5% YoY in 2024, reaching 86.3mn passengers. This modest growth reflects the normalization of demand following previously elevated levels driven by pent-up demand, alongside headwinds from geopolitical risks in the Middle East and increased competition from low-cost domestic carriers. However, we foresee a robust recovery in international traffic in 2025, with passenger numbers climbing 14.6% YoY to reach 98.9mn. Passenger LF are expected to stabilize at 82.2% in 2024, and improve marginally to 82.4% in 2025. We estimate that total ASK will grow by 7.5% YoY in 2024, reaching 252.5bn, and increase by 11.6% in 2025. For cargo operations, we anticipate total cargo volume to reach 1.966mn tons in 2024, with an additional 13% growth expected in 2025. We forecast Turkish Airlines' cargo revenues to surge by 34.6% YoY in 2024, amounting to $3,495mn, followed by a 20% increase in 2025. Total revenues are forecast to grow by 8.1% YoY in 2024 to reach $22,643mn, with a further 7.5% YoY growth in 2025. Passenger RASK is expected to contract slightly to 7.29 US¢ in 2024 and further soften to 7.00 US¢ in 2025. Total R/Y are forecast at 8.87 US¢ in 2024 and 8.48 US¢ in 2025. Despite declining fuel CASK, we expect the overall CASK to rise by 4.8% YoY in 2024 to 8.15 US¢, driven by increased personnel costs and issues related to GTF engines. Consequently, we forecast EBITDA of $5,077mn in 2024 and $5,185mn in 2025, with EBITDA margins of 22.4% and 21.3%, respectively. Our net profit estimation is at $3,142mn for 2024, and $2,992mn for 2025.

Code	THYAO.TI/THYAO.IS	Close	298,00
MCAp (TRY mn)	411.240	Last 12M High	332,00
MCAp (US$ mn)	11.659	Last 12M Low	229,70
EV (TRY mn)	693.434	Beta	0,98
EV (US$ mn)	19.930	Avg. Daily Trading Vol. (US$ mn)	279,0
Free Float (%)	50,55	Foreign Ownership in FF (%)	26,34

Key Figures (USD mn)	2022	2023	2024E	2025E
Revenues	18.426	20.942	22.643	24.341
Growth (%)	*72,4%*	*13,7%*	*8,1%*	*7,5%*
EBITDA	4.947	5.533	5.077	5.185
EBITDA Margin (%)	*26,8%*	*26,4%*	*22,4%*	*21,3%*
Net Profit	2.725	6.021	3.142	2.992
EPS	1,97	4,36	2,28	2,17
Dividend Yield	0,00%	0,00%	0,05%	0,04%
Net Debt/EBITDA (x)	1,7	1,3	1,2	1,8
Net Debt/Equity (x)	0,9	0,5	0,3	0,4
ROAE	32,9%	47,6%	18,3%	14,8%
ROAA	9,5%	18,1%	8,1%	6,7%
Valuation Metrics	**2022**	**2023**	**2024E**	**2025E**
P/E	4,28	1,94	3,71	3,90
EV/EBITDA	4,03	3,60	3,93	3,84
EV/Sales	1,08	0,95	0,88	0,82
P/BV	1,17	0,73	0,61	0,52
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	3,83	10,88	6,05	29,51
US$ Return (%):	2,04	7,43	5,96	8,99
BIST-100 Relative (%):	1,28	-2,07	3,48	-4,72



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

Automotive Sector

- **Overview of 2024:** We believe that the automotive sector in 2024 performed relatively better than the expectations at the beginning of the year. The electrification process brought diversity to the product range, offering electric vehicles produced/imported to consumers, and the growing presence of new foreign players in the sector played a leading role in the sector's performance exceeding expectations. The high-interest rate environment following domestic monetary tightening steps and high inflation that reduced individuals' purchasing power were the main reasons for the sector's challenges in 2024. The limited depreciation of the Turkish Lira against the Euro and USD, alongside increased competition from Far Eastern players, pressured local players' pricing strategies. High loan interest rates throughout the year made access to financing difficult for consumers. The trend of consumers turning to the vehicle market as an investment to hedge against macroeconomic shocks in 2023 was replaced by a shift toward high deposit rates, which significantly changed last year's dynamics.

Figure 01: Domestic Auto Market (unit sales, thousand)

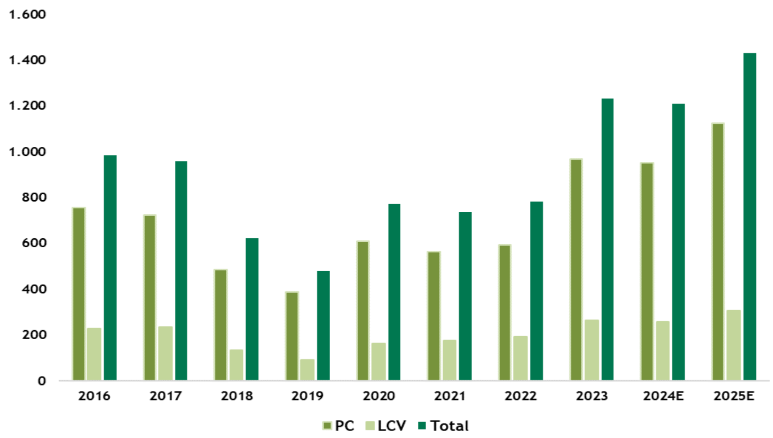
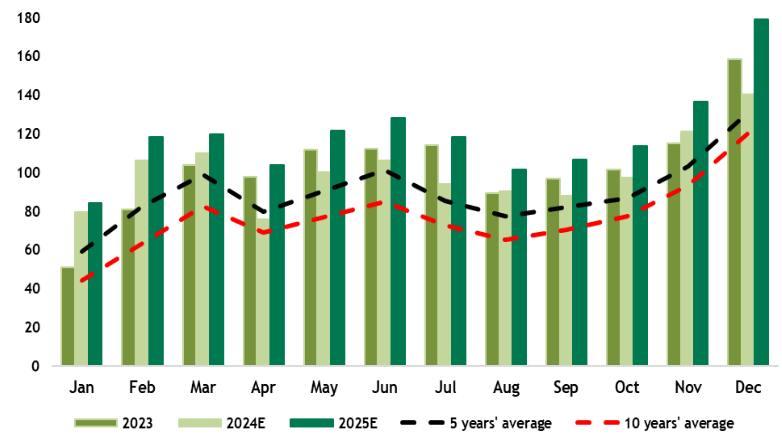


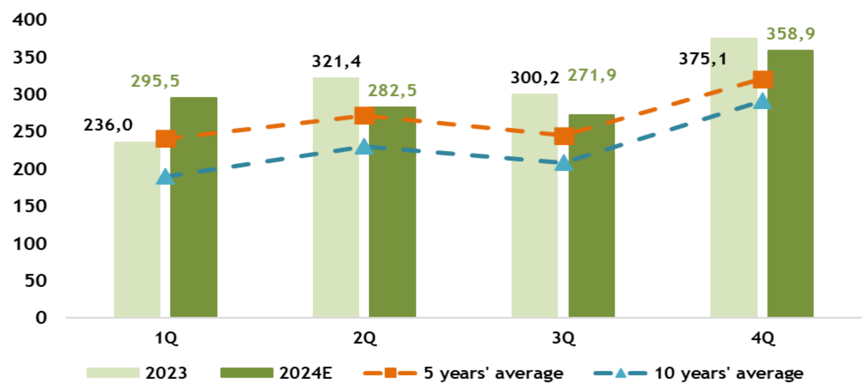
Figure 02: Monthly Domestic (PC + LCV: unit sales, thousand)



Source: Automotive Manufacturers Association, Automotive Distributors' & Mobility Association, Seker Invest

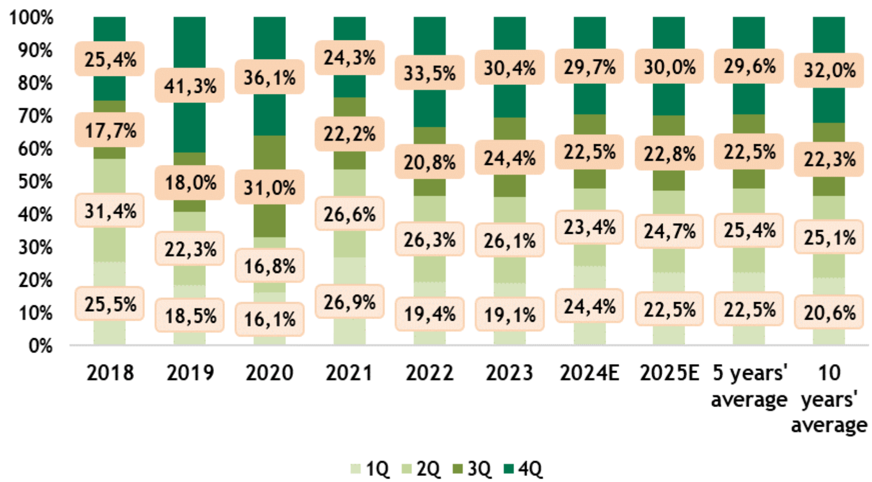
Automotive Sector

Figure 03: Quarterly Domestic (PC + LCV: unit sales, thousand)



Source: Automotive Manufacturers Association, Automotive Distributors' & Mobility Association

Figure 04: Quarterly Sales Distribution (PC + LCV) (%)



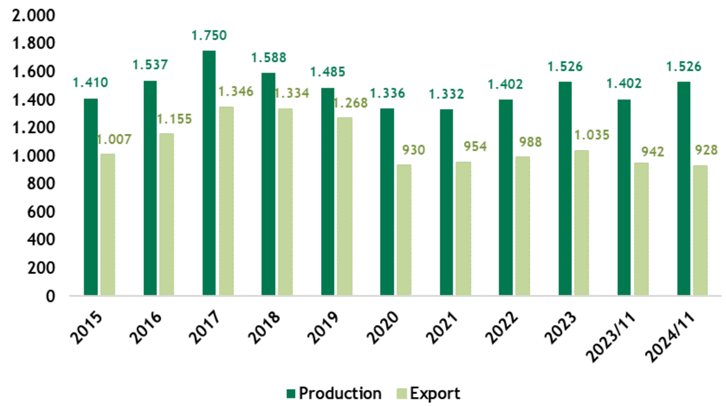
Source: Automotive Manufacturers Association, Automotive Distributors' & Mobility Association

In 1H24, despite the high base of 2023, factors such as the positive impact of pent-up demand, tax-exempt sales for disabled citizens, limited price increases by automotive players, and campaigns conducted under GSR II regulations helped domestic PC and LCV sales grow by 3.7% YoY to approximately 578k. However, in the first five months of 2H24, domestic demand balanced out. High credit interest rates and difficulties in accessing financing led to a 5.1% YoY decline in domestic PC and LCV sales to approximately 490k units.

Total production of PC, LCV, and HCV showed an 8.4% YoY decline as of 11M24. Total production reached 1.28 million units (11M23: 1.4 million units), while PC production fell to 822k units (11M23: 876k units). Total exports dropped slightly by 1.5% YoY to 927,9k units in 11M24 from 942,6k units in 11M23. Domestic retail market vehicle sales (PC + LCV) declined by 0.5% YoY to 1.068 million units from 1.074 million units due to a 4% contraction in LCV sales, despite a slight 1% growth in PC sales.

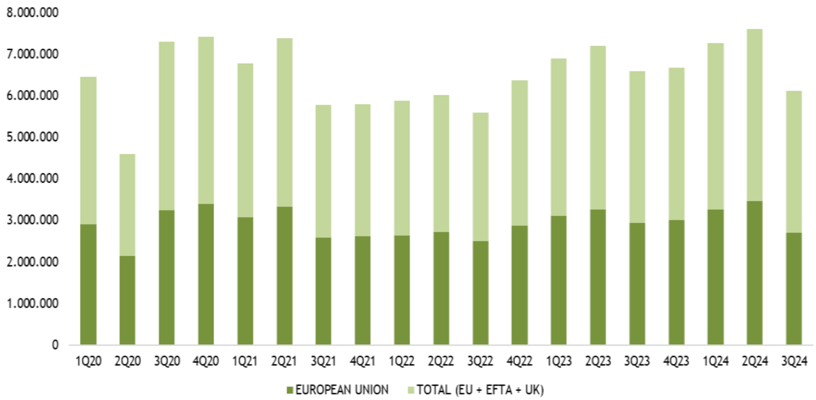
Automotive Sector

Figure 05: Production and Export (Unit, thousand)



Source: Automotive Manufacturers Association

Figure 06: EU PC + LCV Registration (Unit)



Source: The European Automobile Manufacturers' Association

- PC car sales in the European market grew by only 0.62% YoY according to ACEA data, due to stagnation/contractions in automotive markets in major EU markets (including the U.K., EU, and EFTA). PC sales in the EU grew by 0.4% YoY while the U.K. market saw 2.8% YoY growth, and EFTA countries experienced a 5% YoY contraction in PC sales. Commercial vehicle sales, according to ACEA data, grew by 5.3% YoY in the EU in the first nine months of the year, while the U.K. grew by 2.8% YoY, leading to total growth of 4.9% YoY across the U.K., EU, and EFTA. The weak performance in EU markets appears to be due to the inability of major markets to contribute to growth. Factors like green transformation, the electrification process, and increased competition from Far Eastern players created vulnerabilities for the EU automotive sector. Transitioning to zero-emission policies, adopting lithium-ion battery-based electric vehicles, and shifting production systems from internal combustion engines to electric vehicles are critical for the transformation of EU markets. For both EU and Turkish automakers, China's cost advantages in electric vehicle production, larger production capacity, and workforce remain risk factors for 2024 and the 2025 outlook.

Expectations for 2025: With inflation slowing down and the Turkish Lira showing less volatility against the Euro and USD under tight monetary policies, we anticipate more normalized market conditions. For 2025, especially in the second half, we expect interest rate cuts to ease market conditions, enabling consumers to access financing more easily and revitalizing domestic demand compared to 2024. New model launches by domestic and foreign players, along with the introduction of electric vehicles, will support growth in the automotive sector. We predict domestic PC and LCV sales in total to grow by 18.4% YoY in 2025. Moreover, we expect the impact of investments in electrification by domestic automakers to be significant in the coming periods. Challenges posed by Chinese competitors intensifying market competition, deteriorating pricing dynamics, difficulties in consumer access to financing, and stagnation in the European automotive sector will create downward risks for the sector, particularly for export-oriented companies.

Dogus Otomotiv (OP, 12M TP: TRY 301.90) Upside: 54%

Electrified Future Fueled by Market Gains...

We have marginally revised our target price for Doğuş Otomotiv downward from **TRY 347.00/sh to TRY 301.90/sh**, reflecting updates to our valuation model, while maintaining our **"OUTPERFORM"** recommendation. As of the closing price on January 3, 2025, the stock is trading at 2025E EV/EBITDA of 2.7x and 2025E P/E of 3.3x, implying an upside potential of 54%.

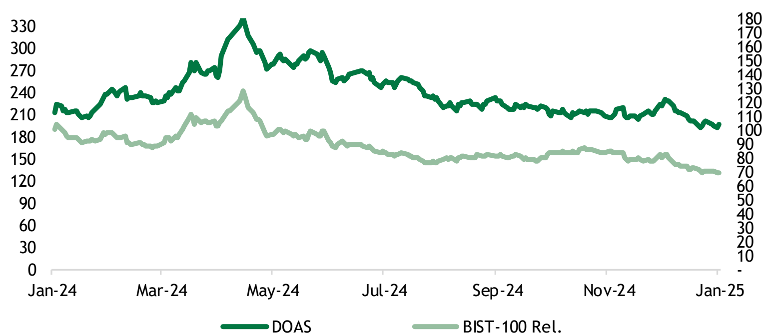
Doğuş Otomotiv's total vehicle sales rose by 4.6% YoY to 163k units in 11M24. Total market share improved by 1.2 ppt to 14.8% YoY. Given that the domestic automotive market (PCs+ LCVs) posted marginal 0.5% YoY growth during the same period, Doğuş Otomotiv's performance, which outpaced the overall market, is commendable. For 2024E, we forecast PC, and LCV volumes (excluding Škoda) at 145,6k units, while total sales volumes (inclusive of Škoda) are projected to reach 186,3k units.

The Company encountered a pronounced contraction in operating profitability due to earthquake donations made to the Hatay Region, equity-method losses from affiliates, elevated tax expenses, and net monetary position losses, resulting in a sharp decline in net profit and EBITDA for 9M24. We estimate that Doğuş Otomotiv's total sales revenue will reach TRY 182.6bn in 2024, reflecting a real decline of 15.2% YoY, followed by a rebound of 14.9% YoY growth in 2025 to TRY 209.8bn. EBITDA is expected to contract to TRY 12.9bn in 2024, before recovering significantly to TRY 20.1bn in 2025, driven by lower operating expense growth relative to sales revenue. The EBITDA margin, which we projected to decline by 9.6 ppt in 2024, is anticipated to recover by 2.5 ppt to 9.6% in 2025. Our net profit forecasts stand at TRY 7.15bn for 2024 and TRY 13.2bn for 2025, reflecting a robust recovery trajectory.

We expect 2025 to mark a turning point for the automotive sector, buoyed by a potential easing in monetary policy. The Company's market share gains in 2024 are expected to be sustained into 2025, underpinned by a strategic focus on profitability and market penetration. We view the Company's alignment with electrification trends as a critical advantage, bolstered by its strategy to introduce at least one electric model across its brand portfolio. Moreover, we foresee the continued growth of TÜVTÜRK's contributions to the Company's financials, supported by: • An increasing number of vehicles entering the market annually, • Mandatory inspection intervals (three years for passenger cars and one year for commercial vehicles), and • Annual adjustments to TÜVTÜRK pricing. In the longer term, the Company's extensive dealership network and after-sales services are expected to materially enhance profitability margins. Additionally, other business lines, including the expanding REIT portfolio and the D-Charge electric vehicle charging network, are likely to provide incremental value to Doğuş Otomotiv's operational ecosystem. We also project a dividend yield of 7.5% based on the Company's 2024 earnings, reinforcing its attractiveness for income-oriented investors. This outlook underscores our conviction in Doğuş Otomotiv's robust positioning, its ability to navigate macroeconomic headwinds, and its potential to deliver compelling shareholder returns in 2025 and beyond.

Code	DOAS TI/DOAS IS	Close	196,20
MCap (TRY mn)	43.164	Last 12M High	356,24
MCap (US$ mn)	1.224	Last 12M Low	190,00
EV (TRY mn)	53.276	Beta	0,76
EV (US$ mn)	1.520	Avg. Daily Trading Vol. (US$ m)	20,6
Free Float (%)	39,50	Foreign Ownership in FF (%)	22,20

Key Figures (TRY mn)	* 2022	* 2023	2024E	2025E
Revenues	127.757	215.478	182.627	209.753
Growth (%)		*68,7%*	*-15,2%*	*14,9%*
EBITDA	19.613	35.627	12.912	20.078
EBITDA Margin (%)	*15,4%*	*16,5%*	*7,1%*	*9,6%*
Net Profit	22.542	28.330	7.148	13.191
EPS	102,46	128,77	32,49	59,96
Dividend Yield	8,7%	18,3%	7,5%	13,8%
Net Debt/EBITDA (x)	-0,13	-0,08	-0,87	-0,71
Net Debt/Equity (x)	-0,06	-0,05	-0,20	-0,20
ROAE (%)		54,1%	12,2%	20,4%
ROAA (%)		33,4%	7,4%	12,2%
Valuation Metrics	*** 2022**	*** 2023**	**2024E**	**2025E**
P/E	1,9	1,5	6,0	3,3
EV/EBITDA	2,7	1,5	4,1	2,7
EV/Sales	0,4	0,2	0,3	0,3
P/BV	1,0	0,7	0,8	0,6
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	-11,9	-6,0	1,2	-6,2
US$ Return (%):	-13,4	-9,0	1,2	-21,1
BIST-100 Relative (%):	-14,1	-17,0	-1,2	-31,0



Source: PDP, Dogus Otomotiv, Finnet, Seker Invest Research Estimates

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

Ford Otosan (OP, 12M TP: TRY 1,491.00) Upside: 57%

We are revising our TP for Ford Otosan upward from **TRY 1,320.00/sh to TRY 1,491.00/sh**, driven by updates to our model and adjusting the 10-year average risk-free rate to 18%. We maintain our "**OUTPERFORM**" recommendation. Based on the January 3, 2025 closing price, Ford Otosan trades at 2025E 7.0x EV/EBITDA and 2025E P/E of 6.4x, indicating a potential return of 57%. We are incorporating Ford Otosan into our model portfolio, driven by its robust story, and significant investment initiatives within the electrification period.

Ford Otosan's total production capacity has reached 746,000 units, with plans to exceed 900,000 units through electrification and the introduction of new models. We anticipate that Ford Otosan's planned investment programs will have a long-term positive impact on its stock, particularly as part of its electrification strategy. These investments are expected to support the company's export-driven business model and profitability-focused domestic strategy, enhancing both operational and financial performance. We also expect the favorable changes in the product mix and the benefits of cost-plus export agreements to have a meaningful impact on both sales volumes and profitability.

Ford Otosan aims to offer electric options for all its models by 2025 as part of its electrification strategy. Additionally, the aging fleets in Europe and Turkiye, coupled with increasing maintenance costs and downtime, are driving the need for fleet and vehicle renewal. In this context, Ford Otosan's updated product portfolio and its diversified electric vehicle production position it well to meet the rising demand for fleet renewal. Furthermore, the introduction of the next-generation Custom model and the collaboration with Volkswagen for the production of the 1-ton medium commercial vehicle are expected to significantly bolster Ford Otosan's export volumes in 2025. We expect the Company's total export volume to increase by 15.7% YoY to 631,450 units in 2025.

We also commend Ford Otosan's consistent dividend distribution policy, which has been in place since 2004. For 2025, we estimate a dividend yield of 6.3%.

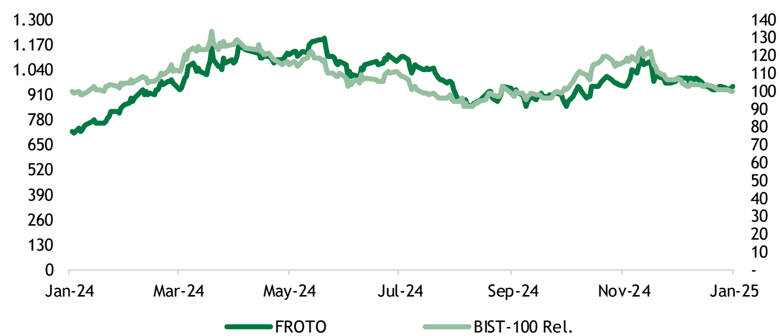
2024 & 2025 Expectations: We forecast Ford Otosan to achieve TRY 585.2 billion in net sales revenue, TRY 44.6 billion in EBITDA, and TRY 38.9 billion in net profit by the end of 2024. For 2025, we project net sales revenue of TRY 779.9 billion, EBITDA of TRY 62.1 billion, and net profit of TRY 52.4 billion.

Code	FROTO TI/FROTO IS	Close	951,50
MCap (TRY mn)	333.891	Last 12M High	1.231,50
MCap (US$ mn)	9.466	Last 12M Low	697,53
EV (TRY mn)	433.087	Beta	0,88
EV (US$ mn)	12.374	Avg. Daily Trading Vol. (US$ m)	32,7
Free Float (%)	20,31	Foreign Ownership in FF (%)	33,92

Key Figures (TRY mn)	* 2022	* 2023	2024E	2025E
Revenues	465.703	594.704	585.180	779.864
Growth (%)		*27,7%*	*-1,6%*	*33,3%*
EBITDA	49.763	72.307	44.615	62.078
EBITDA Margin (%)	*10,7%*	*12,2%*	*7,6%*	*8,0%*
Net Profit	40.036	70.826	38.884	52.431
EPS	114,09	201,84	110,81	149,41
Dividend Yield	8,1%	7,5%	4,7%	6,3%
Net Debt/EBITDA (x)	-1,32	-1,20	-2,41	-2,32
Net Debt/Equity (x)	-0,89	-0,83	-1,09	-1,05
ROAE (%)		79,0%	38,1%	44,4%
ROAA (%)		25,1%	12,1%	12,9%

Valuation Metrics	* 2022	* 2023	2024E	2025E
P/E	8,3	4,7	8,6	6,4
EV/EBITDA	8,7	6,0	9,7	7,0
EV/Sales	0,9	0,7	0,7	0,6
P/BV	4,5	3,2	3,4	2,4

Return	1M	3M	YtD	YoY
TRY Return (%):	-4,3	12,1	1,5	35,2
US$ Return (%):	-6,0	8,7	1,5	13,8
BIST-100 Relative (%):	-6,7	-1,0	-0,9	-0,5



Source: PDP, Ford Otosan, Finnet, Seker Invest Research Estimates

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

Tofas (OP, 12M TP: TRY 299.40) Upside: 43%
Underperforming, Yet Positioned to Rebound…

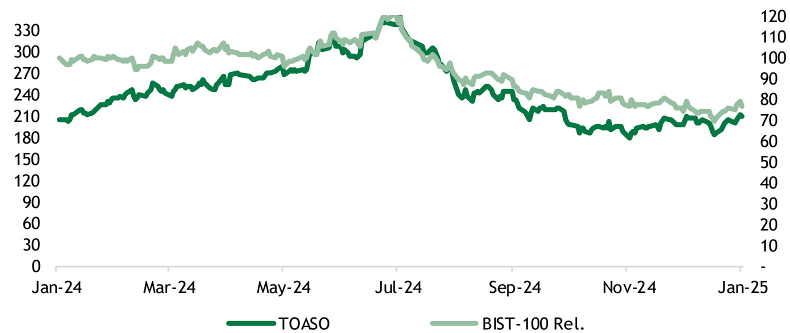
We are revising our target share price for Tofas slightly downward from TRY 341.90/sh to TRY 299.40/sh due to updates in our model, while maintaining our "OUTPERFORM" recommendation. Based on the closing price as of January 3, 2025, Tofas is trading at 2025E 6.3x EV/EBITDA and 2025E P/E of 10.1x, indicating a 43% upside potential.

We view Tofas's financial resilience, supported by its take-or-pay agreements, and the brand strength derived from FCA's portfolio as positive factors. However, Tofaş's 2024 performance has been weak, primarily due to the aging product portfolio negatively affecting vehicle sales, the sharp decline in LCV production and sales following the transfer of Doblo production to Spain, which collectively led to a contraction in market share. From 2025 onward, we believe that the collaboration with Stellantis will present a medium- to long-term upside risk for Tofaş's shares. This includes the production and sales rights for the new K0 model, a light commercial and combi vehicle, for five Stellantis brands in Turkiye. Currently, Tofas holds distribution rights for Fiat-branded vehicles produced in Turkiye. If Stellantis Otomotiv shares are acquired by Tofas, the distribution rights for other Stellantis brands in Turkiye will also be transferred to the company. Additionally, the ongoing acquisition process of Stellantis Otomotiv Pazarlama has the potential to be a catalyst for Tofas, pending a positive outcome. We appreciate Tofaş's consistent dividend policy. The company has been distributing dividends regularly since 2005. For 2025, we estimate a dividend yield of 4.0%.

As for 2024 and 2025 expectations, we project Tofaş to generate TRY 125.6 billion in net sales revenue, TRY 11.4 billion in EBITDA, and TRY 6.9 billion in net profit for the full year of 2024. For 2025, we expect the company to achieve TRY 209.4 billion in net sales revenue, TRY 16.3 billion in EBITDA, and TRY 10.4 billion in net profit.

Code	TOASO TI/TOASO IS	Close	209,40
MCap (TRY mn)	104.700	Last 12M High	353,75
MCap (US$ mn)	2.968	Last 12M Low	179,50
EV (TRY mn)	102.929	Beta	0,98
EV (US$ mn)	2.917	Avg. Daily Trading Vol. (US$ m)	34,2
Free Float (%)	24,52	Foreign Ownership in FF (%)	25,47

Key Figures (TRY mn)	* 2022	* 2023	2024E	2025E
Revenues	179.057	184.229	125.630	209.380
Growth (%)		*2,9%*	*-31,8%*	*66,7%*
EBITDA	23.886	25.910	11.417	16.258
EBITDA Margin (%)	*13,3%*	*14,1%*	*9,1%*	*7,8%*
Net Profit	13.534	21.777	6.897	10.363
EPS	27,07	43,55	13,79	20,73
Dividend Yield	3,4%	8,9%	2,6%	4,0%
Net Debt/EBITDA (x)	0,62	0,73	-1,07	-0,98
Net Debt/Equity (x)	0,40	0,35	-0,30	-0,32
ROAE (%)		48,1%	14,7%	22,7%
ROAA (%)		19,8%	7,0%	10,0%
Valuation Metrics	*** 2022**	*** 2023**	**2024E**	**2025E**
P/E	7,7	4,8	15,2	10,1
EV/EBITDA	4,3	4,0	9,0	6,3
EV/Sales	0,6	0,6	0,8	0,5
P/BV	2,8	2,0	2,6	2,1
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	6,2	6,3	2,1	4,9
US$ Return (%):	4,4	3,0	2,0	-11,7
BIST-100 Relative (%):	3,6	-6,1	-0,4	-22,8



Source: PDP, Tofas, Finnet, Seker Invest Research Estimates

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

Şeker Invest

Retail Sector

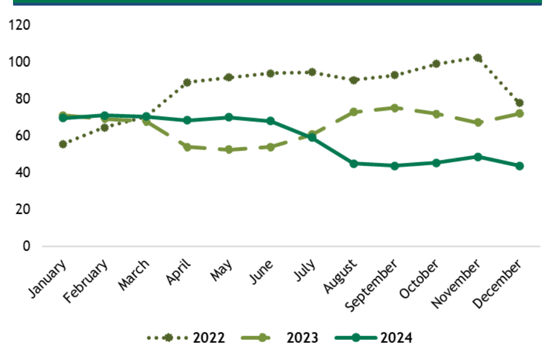
General view and 2025 expectations

- In 2024, under the prevailing inflationary pressures, the food retail sector demonstrated resilience by capitalizing on the shift in consumer consumption patterns towards basic goods and food products. The erosion of consumer purchasing power due to persistently high inflation, coupled with the absence of any mid-year adjustment to the minimum wage, prompted a significant pivot toward cost-efficient and discount retail channels. This trend compelled retail companies to strategically deploy price promotions, sales campaigns, and private-label offerings to align with evolving consumer preferences. The increased penetration of private-label products within consumer shopping baskets not only sustained but also bolstered demand for basic goods and food items, serving as a pivotal driver of sectoral growth. Retail companies have leveraged digital platforms, including online sales channels, meal delivery services, and packaged ready-to-eat food production, to reinforce their operations and maintain a multi-channel growth trajectory. The resurgence of in-store foot traffic, the continued expansion in store openings, inflation-driven increases in per-store sales revenues, and the strategic diversification of online service offerings have collectively underpinned the robust operational performance of the food retail sector in 2024.
- Looking ahead to 2025, we anticipate a moderation in the rate of price increases across food and fast-moving consumer goods (FMCG), relative to prior periods. Such a stabilization in inflationary pressures is expected to bolster consumer confidence, potentially supporting retail sector activity. We foresee retail companies maintaining robust customer traffic growth, sustaining momentum in store openings, and leveraging online sales channels to further reinforce their revenue streams. However, several downside risks warrant consideration:
- 1. Labor Costs: The 30% increase in the minimum wage for 2025, given the sector's reliance on minimum-wage employees, is likely to exert short-term upward pressure on personnel expenses.
- 2. Input Costs: Inflationary dynamics may drive further increases in input costs, posing challenges to operational margins.
- 3. Energy and Rental Expenses: Escalating energy prices and upward adjustments in rental rates are expected to contribute to higher store operating costs.

Figure 1: Consumer Confidence and Retail Sales

Source: TurkStat

Figure 2: Food and Non-Alcoholic Beverages Inf. (YoY %)



Source: TurkStat

Bim (OP, 12M TP: TRY 766.10) Upside: 44%

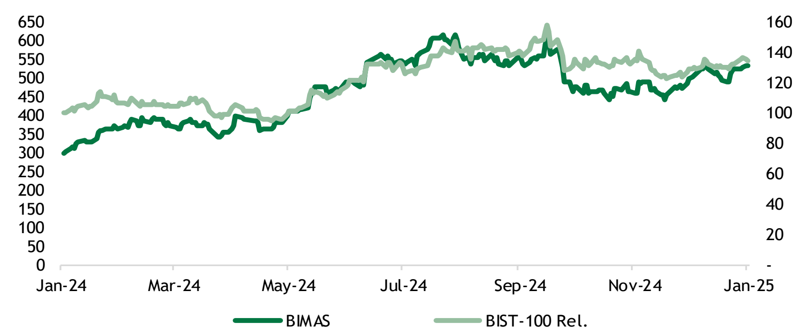
The strong outlook continues with a solid financial structure & high store opening trend…

We have marginally revised our target price for Bim upward from TRY 743.00/sh **to TRY 766.10/sh**, reflecting updates to our valuation model, using our 10-year risk-free rate average as 18%, while maintaining our **"OUTPERFORM"** recommendation. As of the closing price on January 3, 2025, the stock is trading at 2025E EV/EBITDA of 9.4x and 2025E P/E of 11.7x, implying an upside potential of 44%. 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 are; Improving customer traffic, A strong trend in store openings, Changed consumer trends caused by the inflationary environment & the rise in store basket size due to rising demand for basic need products and foods, and Increased LfL sales.

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. We also project a dividend yield of 2.6% based on the Company's 2025 earnings, reinforcing its attractiveness for income-oriented investors. The rise in personnel expenses after the one-off 30.0% increase in the minimum wage for 2025 will create short-term downside risk for the Company. We note, too, 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. We assume TRY 521.6bn in revenues for Bim in 2024, while estimating TRY 734.2bn of revenues in 2025. We anticipate Bim posting an EBITDA of TRY 21.8bn for 2024, climbing to TRY 36bn in 2025. We foresee the Company closing 2024 with a TRY 21.4bn net profit, rising to a net profit of TRY 27.5bn for 2025.

Code	BIMAS TI / BIMAS IS	Close	531,00
MCap (TRY mn)	322.423	Last 12M High	620,95
MCap (US$ mn)	9.141	Last 12M Low	285,63
EV (TRY mn)	336.872	Beta	0,91
EV (US$ mn)	9.565	Avg. Daily Trading Vol. (US$ m)	55,4
Free Float (%)	71,80	Foreign Ownership in FF (%)	48,34

Key Figures (TRY mn)	* 2022	* 2023	2024E	2025E
Revenues	403.182	474.200	521.623	734.202
Growth (%)		*17,6%*	*10,0%*	*40,8%*
EBITDA	19.854	19.682	21.847	35.985
EBITDA Margin (%)	*4,9%*	*4,2%*	*4,2%*	*4,9%*
Net Profit	23.961	22.294	21.421	27.537
EPS	39,46	36,72	35,28	45,35
Dividend Yield	3,3%	3,0%	2,0%	2,6%
Net Debt/EBITDA (x)	-0,67	-0,80	-0,84	-0,59
Net Debt/Equity (x)	-0,16	-0,16	-0,17	-0,14
ROAE (%)		24,1%	20,7%	21,5%
ROAA (%)		11,3%	9,7%	10,2%
Valuation Metrics	*** 2022**	*** 2023**	**2024E**	**2025E**
P/E	13,5	14,5	15,1	11,7
EV/EBITDA	17,0	17,1	15,4	9,4
EV/Sales	0,8	0,7	0,6	0,5
P/BV	3,8	3,2	3,0	2,2
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	6,6	12,1	0,5	85,3
US$ Return (%):	4,8	8,6	0,4	55,9
BIST-100 Relative (%):	4,0	-1,0	-2,0	36,3



Source: PDP, Bim, Finnet, Seker Invest Research Estimates

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

Migros (OP, 12M TP: TRY 794.50) Upside: 50%

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

We have revised our target price for Migros upward from TRY 685.00/sh to TRY 794.50/sh, reflecting updates to our valuation model, using our 10-year risk-free rate average as 18%, while maintaining our **"OUTPERFORM"** recommendation. As of the closing price on January 3, 2025, the stock is trading at 2025E EV/EBITDA of 4.6x and 2025E P/E of 9.2x, implying an upside potential of 50%.

We view Migros' ability to increase or maintain its market share in the modern and total FMCG market, despite competitive market conditions and a high inflationary environment, positively, thanks to its price reductions and multi-channel growth strategy. We believe that Migros' effective use of online channels and the business lines created through its various subsidiaries will continue to contribute more significantly in the coming periods. Strong FCF, real sales growth, an increasing EBITDA margin, and significantly lower total financial debt compared to previous years further support our positive outlook for the company.

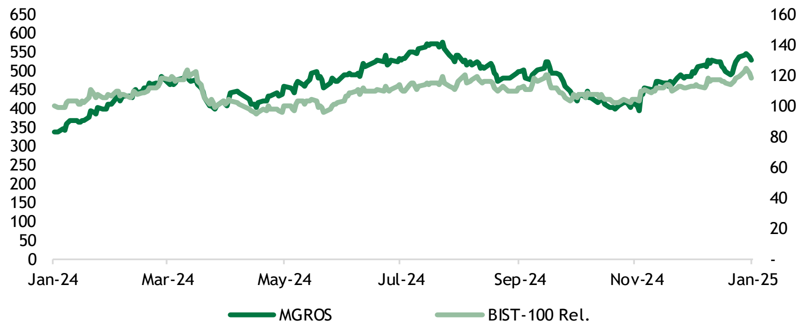
Downside risk for Migros - The rise in personnel expenses after the one-off 30.0% increase in the minimum wage for 2025 will create short-term downside risk for the Company. We add that the rise in input costs due to inflationary pressures, & rising energy prices, are likely to create downside risks.

2024&2025 Expectations: We forecast approximately TRY 291,8bn of revenues for Migros in 2024, while estimating TRY 392.2bn of revenues for 2025. We anticipate an EBITDA of TRY 14,2bn for 2024, climbing to TRY 20bn in 2025. We expect the Company to close 2024 with a TRY 6.9bn net profit, rising to a net profit of TRY 10.5bn for 2025.

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 / MGROS IS	Close	529,50
MCap (TRY mn)	95.868	Last 12M High	580,29
MCap (US$ mn)	2.718	Last 12M Low	325,73
EV (TRY mn)	91.451	Beta	0,94
EV (US$ mn)	2.589	Avg. Daily Trading Vol. (US$ m)	23,7
Free Float (%)	50,82	Foreign Ownership in FF (%)	28,84

Key Figures (TRY mn)	* 2022	* 2023	2024E	2025E
Revenues	202.823	262.299	291.868	392.163
Growth (%)		*29,3%*	*11,3%*	*34,4%*
EBITDA	5.430	4.650	14.215	20.010
EBITDA Margin (%)	*2,7%*	*1,8%*	*4,9%*	*5,1%*
Net Profit	13.196	12.747	6.864	10.472
EPS	72,88	70,40	37,91	57,84
Dividend Yield	1,6%	1,9%	0,7%	1,1%
Net Debt/EBITDA (x)	0,53	1,15	0,56	0,33
Net Debt/Equity (x)	0,07	0,10	0,15	0,10
ROAE (%)		27,8%	13,2%	18,0%
ROAA (%)		10,2%	4,9%	6,6%
Valuation Metrics	*** 2022**	*** 2023**	**2024E**	**2025E**
P/E	7,3	7,5	14,0	9,2
EV/EBITDA	16,8	19,7	6,4	4,6
EV/Sales	0,5	0,3	0,3	0,2
P/BV	2,4	1,8	1,8	1,5
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	6,9	26,3	-3,2	62,3
US$ Return (%):	5,0	22,3	-3,3	36,6
BIST-100 Relative (%):	4,2	11,5	-5,5	19,4

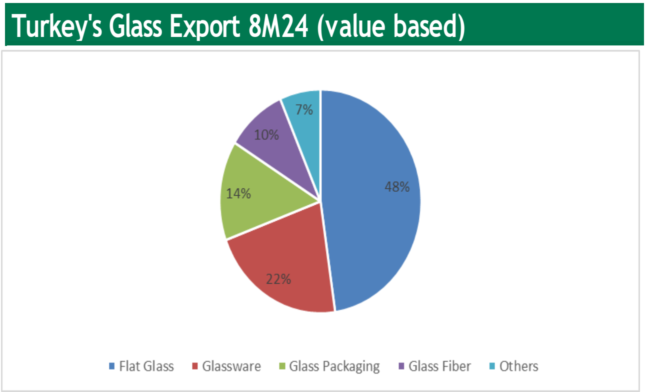


Source: PDP, Migros, Finnet, Seker Invest Research Estimates

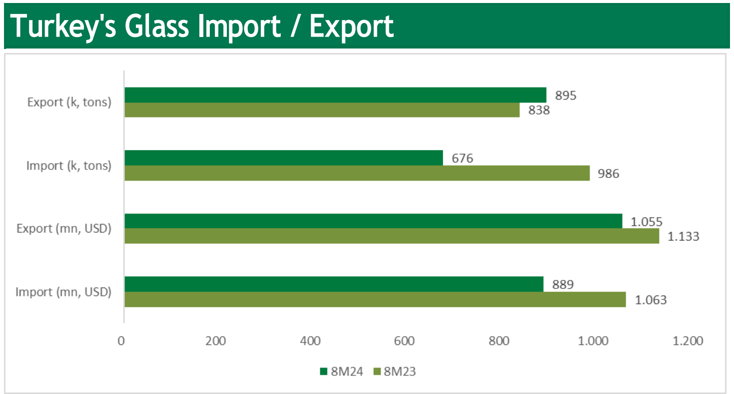
**2023 and 2024 financials are Indexed according to 2024 with IAS-29*

Seker Invest

Glass Sector



Source: Sisecam



Source: Sisecam

The glass sector is one of the basic industrial areas that supplies glass to main manufacturers operating in many sectors with the products it produces, and is of great importance for national economies. The glass sector is also affected by developments and dynamics affecting sectors such as automotive, construction, white goods and tourism, to which it is a supplier. In the first 9 months of the year, the Turkish economy grew by 3.2% on an annual basis. In Turkiye's glass foreign trade, exports and imports decreased in value in the first eight months of 2024 compared to the same period of the previous year. Glass imports decreased by 32% in quantity and 16% in value during this period compared to the same period of the previous year. Turkiye's glass exports increased by 7% in quantity compared to the same period of the previous year, but decreased by 7% in value. When the first eight months of 2024 are compared to the same period of the previous year; glass imports decreased by 32% in quantity to 676 thousand tons, and by 16% in value to 889 million USD. In the same period, glass exports increased by 7% in quantity to 895 thousand tons and decreased by 7% in value to USD 1,055 million. As in other sectors, the glass sector is also likely to be affected by factors such as market imbalances and energy crises. It is anticipated that current production will continue in Turkiye, and as in many energy-intensive industries globally, the importance given to renewable energy resources in the glass industry is expected to increase every year. However, we believe that natural gas prices will not create significant pressure on profitability in 2025, except for geopolitical risks. In 2024, due to the impact of tight monetary policies, there was a decrease in demand, especially in sectors such as glass industry products (construction, white goods, automotive and tourism) that receive input. Therefore, it also created an indirect risk element for the glass sector that supplies these sectors. In 2025, although the interest rate cuts that started globally in the second half of 2024, the expectation that the interest rate cuts from the ECB and then the FED will continue in 2025, and the monetary easing process that will continue domestically are potential signals for economic recovery, we expect the weak demand environment to continue in the first half of 2025 in sectors such as construction, white goods, automotive and tourism, to which the glass sector is a supplier. On the other hand, we think that the glass sector may be positively affected if a strong recovery trend occurs in economies after the second half of the year.

Sisecam (OP, 12M TP: TRY 60.70) Upside: 43%

We do not expect market conditions to change significantly in 2025...

As a result of the changes we have made to our expectations for Şişecam combined with our macro revision, we revise our target share price downward from TRY 68.30 to TRY 60.70, and maintain our recommendation at Outperform. Our target share price for the company has a 43% return potential based on the share price on January 3, 2025. In the first nine months of 2024, Şişecam's net sales revenues decreased by 14% YoY to TRY 136 billion. During this period, the share of international sales in total sales was 59%, while exports were recorded as USD 730 million. In the same period, glass production in 9A24 increased by approximately 9% on an annual basis to 4.2 million tons, soda production increased by approximately 1% on an annual basis to 3.5 million tons, and 2.8 million tons of industrial raw material were produced.

Despite the lower pricing environment due to weak demand conditions in the first nine months of the year, the volume side remained strong in the domestic glass packaging and architectural glass segment. In 3Q24, the glass packaging business contributed to annual sales growth thanks to the positive demand environment in Turkiye and Russia, whereby the total sales volume of the glass packaging segment increased by 11% YoY. Architectural Glass segment revenues achieved 2% volume growth. In 3Q24, Şişecam's consolidated soda ash production increased by 1% YoY due to the low base effect given planned maintenance works at the Wyoming facility, increasing by 6% QoQ. Although the incentive packages implemented to stimulate the economy in China caused fluctuations in soda ash prices, margins remained under pressure due to the excess supply of soda ash and the resulting increase in stocks. Among the sectors that receive input domestically, glass, construction and automotive sectors in particular, the effects of tightening financing policies were also felt in the first nine months of 2024. The expectation that rate cuts from the ECB and then the FED will continue in 2025, and the monetary easing process set to continue domestically are potential signals of economic recovery. Yet we expect the weak demand environment to continue in the first half of 2025 in the glass sector, construction, white goods, automotive and tourism sectors to which it is a supplier. However, we believe that a rapid recovery in demand and the sector after the second half of the year could be an important catalyst.

While almost half of Şişecam's costs are in Turkish Lira, it is 47% in reserve currency (EUR+USD) and 40% in TRY within sales revenues. In this respect, the appreciation of foreign currencies has a positive effect on the Company's revenues. However, within the scope of our macro estimates for 2025, we think that the limited and balanced increase in the Dollar and Euro exchange rates against the Turkish Lira will continue this year.

Planned launches for 2025; The aim is to complete the coated glass line with a capacity of 7 million m2/year in the Tarsus flat glass facility, the coated glass line with a capacity of 6.5 million m2/year at the Northern Italy flat glass facility, and the coated glass line with a capacity of 6 million m2/year at the Bulgaria flat glass facility with a total investment cost of USD 114 million including working capital, and to increase the number of architectural glass coating lines of Şişecam worldwide to seven, and the coated glass capacity, which is currently at 22 million m2/year according to the average product mix, to 41.5 million m2/year. Also the annual production capacity of the ground glass furnace to be put into operation in Mersin/Tarsus to 288 thousand gross tons and the annual processing capacity of the energy glass line to 26.6 million m2. As a result of these investments, it is anticipated that Şişecam's installed ground glass production capacity in Turkiye will reach 396 thousand tons gross/year.

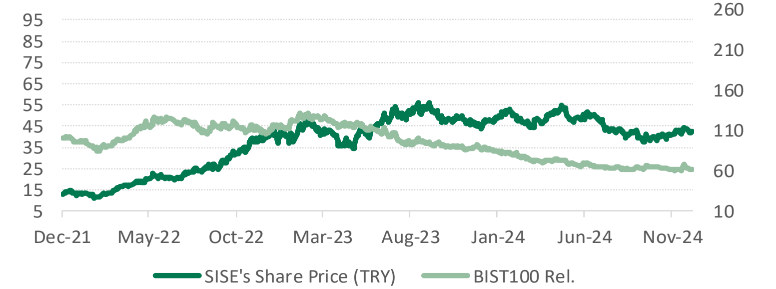
Şişecam signed an agreement on December 26, 2024 to purchase all shares of Ciner Group, with which it is a partner in soda ash investments and operations in the United States. With this investment, we expect Şişecam to achieve a stronger position in the global soda ash market. On the other hand, we believe that the green field investments at the Tarsus flat glass (line with a gross capacity of 432 thousand tons/year) and Hungary glass packaging (2 furnaces with a total gross capacity of 396 thousand tons/year) facilities planned to be commissioned in 2025, together with the natural soda ash capacity increase investment in the United States, offer long-term growth potential. However, we expect the weak demand environment to continue in the first half of 2025. We predict that if there is a rapid recovery in demand and the sector after the second half of the year, it may contribute positively to the stock performance.

Code	SISE.TI	Close	42,54
MCAp (TRY m)	130.309	Last 12M High	55,64
MCAp (US$ m)	3.695	Last 12M Low	37,48
EV (TRY m)	206.561	Beta	0,91
EV (US$ m)	5.929	Avg. daily trading vol. (US$ m)	49,0
Free float (%)	49,00	Foreign ownership in FF (%)	14,7%

Key figures	2022*	2023*	2024E	2025E
Revenues	246.390	219.447	180.200	225.250
Growth		*-10,9%*	*-17,9%*	*25,0%*
EBITDA	48.768	40.657	12.500	15.625
EBITDA margin	*19,8%*	*18,5%*	*6,9%*	*6,9%*
Net profit	32.830	24.720	11.500	14.490
EPS	10,72	8,07	3,75	4,73
Dividend yield	2,1%	2,0%	0,8%	1,0%
Net debt /EBITDA	0,87	1,44	6,12	5,54
Net debt /Equity	0,21	0,28	0,37	0,42
ROAE		12,0%	5,6%	7,0%
ROAA		5,9%	2,7%	3,4%

Valuation metrics	2022*	2023*	2024E	2025E
P/E	4,0	5,3	11,3	9,0
EV/EBITDA	1,1	5,1	16,5	13,2
EV/Sales	0,2	0,9	1,1	0,9
P/BV	0,9	0,6	0,6	0,6

Return	1M	3M	YtD	YoY
TRY Return (%):	1,2	6,0	1,5	-6,7
US$ Return (%):	-0,5	2,5	1,4	-21,3
BIST-100 Relative (%):	1,2	-4,3	-1,1	-29,5



Source: PDP, Finnet, Seker Invest Research estimates

**2022 and 2023 financials are Indexed according to 2024 with IAS -29*

Cement Sector

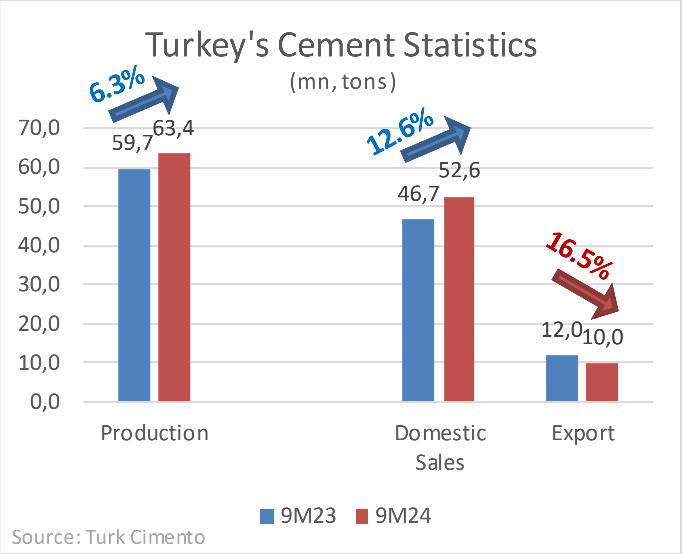
The Turkish cement sector is a major player in the global cement market, with a total production capacity of 120mn tons across 56 integrated and 21 grinding plants nationwide. This makes it not only the largest cement producer in Europe but also the fifth largest globally. The sector's commitment to adhering to international standards has earned it a reputation for excellence, positioning it as a second-largest exporter of cement and clinker worldwide.

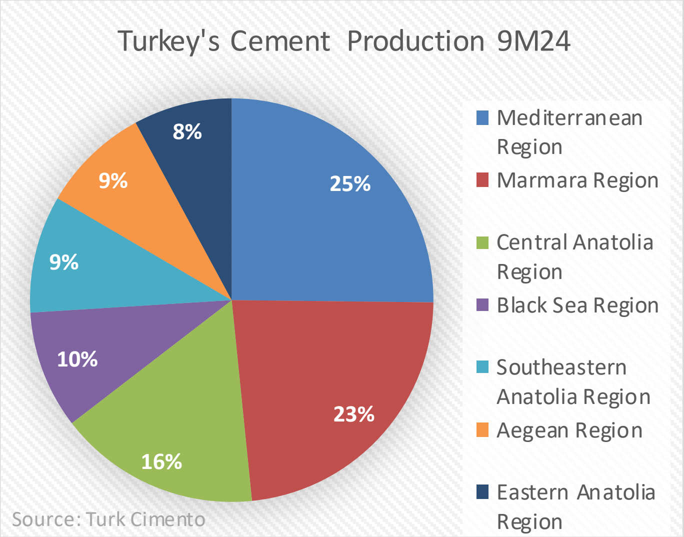
The construction sector is the largest consumer of cement, and dynamics such as the growth rate of the sector, investment projects and urban transformation have a direct impact on cement demand. Infrastructure, housing and industrial projects play a crucial role in the operational performance of the cement sector.

In 1Q24, the construction sector expanded by 11.1%, marking the most rapid quarterly growth since 3Q17. This growth can be attributed to ongoing reconstruction activities in the earthquake zone, accelerated urban transformation and other construction activities prior to the local elections, and ongoing economic recovery. In 2Q24, the construction sector grew 6.9%. The sector has now expanded for eight consecutive quarters, with growth of 9.2% in 3Q24. In parallel with the growth in infrastructure investments, the construction sector is expected to follow a growth trend beyond 2024. This growth in the construction sector has had a supporting effect on domestic cement demand.

The Turkish cement sector concluded 2023 with 20% growth, achieving a significant domestic market increase in the first quarter of 2024. This was largely due to the base effect created by the earthquake of 2023 and the local elections. However, there was a decline in exports. According to data from TURKCIMENTO, total cement sales increased by 6.6% YoY to 62.7mn tons in the first nine months of the year between January and September. Conversely, cement exports experienced a 16.5% decrease YoY to 10.0mn tons, while domestic cement sales rose by 12.6% YoY to 52.6mn tons. In 9M23, 20.1% of total sales were subject to exports, while this ratio declined to 15.8% in 2024. In 9M24, the cement production of TURKCIMENTO members increased by 6.3% YoY to 63.4mn tons, and clinker production rose by 7.3% YoY to 58.2mn tons.

We believe that the impact of economic policy implementation on housing loans, ongoing reconstruction in the earthquake zone and accelerated urban transformation activities in other regions could assist continued balanced growth in the domestic market in 2025. Conversely, we foresee that the diminishing share of the export market will progressively be offset over the years, owing to the pivotal role of the Turkish cement sector in the reconstruction process of the region following the regime change in Syria. In addition to these expectations, we expect the improved costs of cement sector companies due to the use of alternative fuels to positively impact their profit margins.





Akcansa (OP, 12M TP: TRY 251.20) Upside: 41%

Higher sales volumes had a limited impact on profitability

Akcansa's sales revenues totaled TRY 5.4bn in 3Q24 and TRY 15.6bn in 9M24. In 9M24, nominal sales revenues increased by 31.4% YoY compared to the same period of last year, while indexed sales revenues decreased by 19.5% YoY. The increase in nominal sales revenues can be attributed to the impact of third-quarter pricing. However, the suspension of price increases in the first-quarter and a lower export contribution led to a decline in indexed sales revenues.

The ongoing contraction in export markets, as well as the decline in exports to Israel, led to a decline in the share of exports in total revenues for the cement sector. However, Akcansa's extensive distribution network enabled it to capitalize on strong domestic demand in its core market. The company's sales volume experienced a substantial increase, driven by robust demand for cement and ready-mixed concrete. In 9M24, cement sales volume increased by 2.5% YoY to 5.42mn tons and ready-mixed concrete sales volume increased by 2.1% YoY to 2.16mn m^3.

The Company is working to offset fuel and electricity costs by using local coal and alternative fuels. As of 9M24, alternative fuel utilization stands at 21%. Akcansa generated an EBITDA of TRY 1.14bn in 9M24 (9M23: TRY 1.63bn), while the EBITDA margin contracted by 2.8pp YoY to 21.2% (9M23: EBITDA margin: 24.0%). The use of alternative fuels has led to a reduction in energy costs, which, when coupled with prudent pricing and cost management, has enabled the EBITDA margin to approach last year's levels on a quarterly basis.

We anticipate that the balanced growth in the domestic market will continue in 2025, supported by the impact of economic policy implementations on housing loans, and the forecast that the construction sector will be in a growth trend in 2025. We expect Akcansa to benefit from robust domestic demand, thanks to its extensive distribution network. In terms of energy costs, prices have been on a downtrend for some time, and this trend is expected to continue in 2025. We also predict that the use of alternative fuels may have a positive impact on profitability by supporting margins.

Company shares have returned 27.6% over the past one year. This represents a 6.2% relative underperformance of the BIST 100 index over the same period.

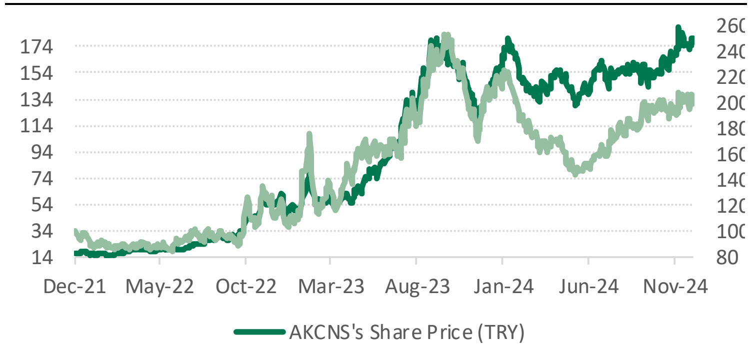
In addition to these expectations, with the revision made to our macro forecasts, we have revised our 12-month target price from TRY 210.60/share to **TRY 251.20**/share. We maintain our '**Outperform**' recommendation as our target price has 41% upside potential as of January 03, 2025.

Code	AKCNS.TI	Close	177,60
MCAp (TRY m)	34.001	Last 12M High	189,59
MCAp (US$ m)	964	Last 12M Low	128,00
EV (TRY m)	33.664	Beta	0,82
EV (US$ m)	954	Avg. daily trading vol. (US$ m)	3,8
Free float (%)	19,00	Foreign ownership in FF (%)	20,3%

Key figures	2022*	2023*	2024E	2025E
Revenues	24.088	27.034	20.960	26.030
Growth		*12,2%*	*-22,5%*	*24,2%*
EBITDA	2.339	7.709	3.683	6.221
EBITDA margin	*9,7%*	*28,5%*	*17,6%*	*23,9%*
Net profit	2.794	4.651	1.935	3.893
EPS	14,59	24,29	10,11	20,34
Dividend yield	2,7%	5,5%	1,8%	3,7%
Net debt / EBITDA	0,39	-0,17	0,58	0,12
Net debt / Equity	0,06	-0,07	0,12	0,03
ROAE		25,6%	10,2%	19,5%
ROAA		16,9%	7,1%	13,0%

Valuation metrics	2022*	2023*	2024E	2025E
P/E	12,2	7,3	17,6	8,7
EV/EBITDA	1,7	4,4	9,1	5,4
EV/Sales	0,2	1,2	1,6	1,3
P/BV	3,0	1,7	1,9	1,6

Return	1M	3M	YtD	YoY
TRY Return (%):	6,3	21,8	-1,3	27,6
US$ Return (%):	4,4	18,0	-1,4	7,3
BIST-100 Relative (%):	3,7	7,6	-3,7	-6,2



Source: PDP, Finnet, Seker Invest Research estimates
**2022 and 2023 financials are Indexed according to 2024 with IAS -29*

Cimsa (OP, 12M TP: TRY 67.20) Upside: 42%

Transformation into a global building materials company

Cimsa demonstrated consistent capacity utilization in the initial nine months of 2024, with sales volume showing a 3.2% YoY increase during the period. Notwithstanding the sustained high capacity utilization rate and the augmented sales volume, sales revenues experienced a contraction of 7.7% YoY to TRY 18.5bn in 9M24 and of 6.3% YoY to TRY 5.9bn in 3Q24.

Margins were boosted by higher sales volume, proactive cost management and lower energy costs. In 9M24, the Company recorded an EBITDA of TRY 3.9bn (9M23: TRY 3.4bn). The EBITDA margin improved by 4.1pp YoY to 21.1% (9M23: EBITDA margin: 17.0%). As part of its environmental sustainability strategy, Cimsa has successfully increased its alternative fuel utilization rate from 12% in 2021 to 30% by 2023. The Eskisehir Plant is expected to meet approximately 40% of its electricity needs from self-generated electricity once the solar power plant (SPP) and waste heat electricity generation investment is fully commissioned in the first quarter of 2025. We anticipate that the use of alternative fuels and electricity generated from renewable energy sources will be part of the Company's energy efficiency and emission reduction targets, while supporting the increase in profitability.

Cimsa has undergone the transformation from a traditional cement company into a global building materials company, focusing on diversified building materials with a product diversification and global expansion strategy. As a result, the Company has become the World's second largest white cement producer, with a global market share of 7.2% in white cement, a profitable and export-oriented product. In addition, it has become the third largest producer of calcium aluminate cement (CAC), a value-added product offering stability against macroeconomic fluctuations and high profitability in the construction chemicals market. We foresee the capacity increase in calcium aluminate cement—a high value and specialized product—making a significant contribution to profitability. In line with the Company's growth strategy in sustainable building materials, the majority shares of Mannok Holdings DAC were acquired in September 2024, adding precast, roofing, insulation and packaging business lines in the Irish and UK markets. The acquisition strategy has enabled diversification across geographies and sectors, contributing to a notable increase in foreign currency-based revenues from 60% to over 70% of total revenues. We anticipate that Cimsa will carry its operational performance to a stronger position in the coming periods with these strategic developments and investments.

We expect the Company to maintain its high capacity utilization in 2025 and increase its sales volume in line with our expectation of recovery in the construction sector with the decline in housing loans. We expect proactive cost management, alternative fuel utilization and newly-commissioned power generation investments to expand margins and improve the Company's operational efficiency. Following the full consolidation of Mannok Holdings DAC, whose majority shares were acquired in 2024, we expect to see a notable increase in foreign currency-based revenues.

Company shares have returned 69.8% over the past one year, outperforming the BIST 100 index by 24.9% in the same period.

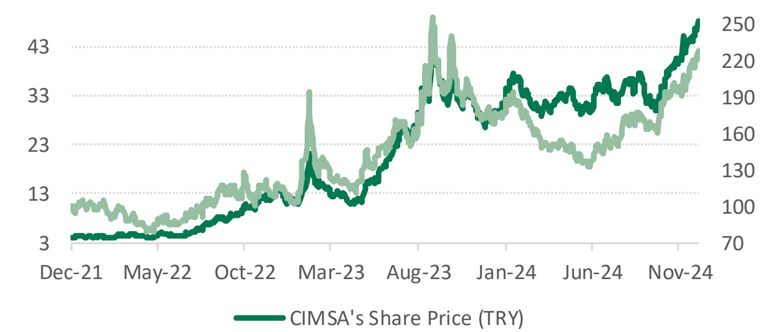
Following a review of our valuation and macro forecasts, we have revised our 12-month target price per share for Cimsa upwards from TRY 41.94/share to **TRY 67.20**/share. We maintain our '**Outperform**' recommendation as our target price has a 42% return potential as of January 03, 2025.

Code	CIMSA.TI	Close	47,26
MCAp (TRY m)	44.689	Last 12M High	48,96
MCAp (US$ m)	1.267	Last 12M Low	27,26
EV (TRY m)	47.839	Beta	1,00
EV (US$ m)	1.359	Avg. daily trading vol. (US$ m)	12,2
Free float (%)	45,00	Foreign ownership in FF (%)	17,4%

Key figures	2022*	2023*	2024E	2025E
Revenues	30.060	29.604	24.915	37.444
Growth		*-1,5%*	*-15,8%*	*50,3%*
EBITDA	3.080	7.179	5.672	9.412
EBITDA margin	*10,2%*	*24,2%*	*22,8%*	*25,1%*
Net profit	5.887	4.886	4.030	8.178
EPS	43,58	5,17	4,26	8,65
Dividend yield	3,8%	4,7%	1,8%	4,4%
Net debt /EBITDA	0,59	0,47	-0,70	-0,83
Net debt /Equity	0,08	0,13	-0,48	-0,59
ROAE		19,7%	22,9%	75,0%
ROAA		8,9%	9,6%	24,7%

Valuation metrics	2022*	2023*	2024E	2025E
P/E	7,6	9,1	11,1	5,5
EV/EBITDA	1,7	6,7	8,4	5,1
EV/Sales	0,2	1,6	1,9	1,3
P/BV	2,8	1,7	5,3	3,3

Return	1M	3M	YtD	YoY
TRY Return (%):	18,1	50,6	1,4	69,8
US$ Return (%):	16,0	45,9	1,3	42,9
BIST-100 Relative (%):	15,2	33,0	-1,0	24,9



Source: PDP, Finnet, Seker Invest Research estimates
**2022 and 2023 financials are Indexed according to 2024 with IAS -29*

Consumer Durables

There may be a brighter outlook in the second half of the year

The domestic white goods industry gave a weak performance in 2024 due to high interest rates/ low purchasing power, installment restrictions and demand brought forward in the previous term. In export markets, although the contraction that began in 2023 eased slightly, it persisted due to the ongoing environment of high interest rates and low purchasing power. According to TURKBESD data, domestic demand increased by 7% in the first 11 months of 2024, while exports declined by 3% compared to the previous year due to weakness in global markets. As a result, total sales in the first ten months of the year remained flat compared to the previous year. During this period, production decreased by 2%.

Domestic demand maintained its dynamism in 2024 due to demand brought forward before the elections, the anticipation of persistently high inflation, and year-end purchases by retailers. On the other hand, global white goods demand continued to contract, albeit at a slower pace, in line with our expectations, driven by the low base effect of 2023.

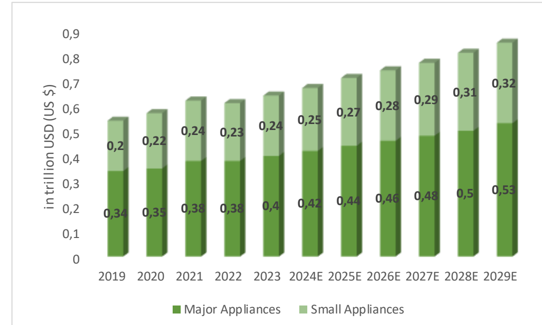
On the other hand, raw material costs remained relatively stable in 2024, helping to balance the margins.

Although interest rate cuts have begun in export markets, demand remains weak. We expect demand in those markets to provide limited support until rate cuts accelerate and purchasing power improves, though the contraction is likely to be modest due to the low base effect. In the domestic market, we anticipate a gradual recovery in demand as the CBRT accelerates interest rate cuts and the disinflation process bolsters purchasing power. However, potential additional installment restrictions and a prolonged high-interest-rate environment pose downside risks to our expectations.

Raw material costs are expected to remain at levels that support margins despite fluctuations caused by trade wars. Yet, we are closely monitoring the Euro-Dollar exchange rate as a downside risk for the industry due to the sector's revenue being predominantly in Euros, while raw material costs are valued in Dollars, making declines in the Euro-Dollar parity a potential concern.

The global home appliances sector, which grew by 5% in 2023, is expected to achieve similar growth in 2024. However, the combination of weakened purchasing power due to high inflation, the interest rate hike cycle, and demand suppressed by elevated interest rates negatively impact the sector's outlook. Following interest rate cuts, a revival in global economic growth and a subsequent rebound in sectoral demand are anticipated. The global white goods market is expected to grow 5% annually in USD terms between 2024 and 2029. For 2024, the market is expected to grow by 1.7% in volume terms.

Expectations of Global Home Appliances Industry



Source: Statista

Turkish White Goods Industry Data

6 Main Products (Refrigerator, Washing Mach., Dish Mach., Oven, Deep Frezer, Oven)

(unit)	Jan-November 23	Jan-November 24	Change
PRODUCTION	30.147.820	29.694.014	-2%
DOMESTIC SALES	8.918.433	9.563.571	7%
EXPORTS	21.250.829	20.697.687	-3%
IMPORTS	495.901	689.984	39%

Source: TURKBESD (White Goods Manufacturers Association of Turkey)

Arcelik (OP, 12M TP: TRY 235.52) Upside: 62%

The recovery in Europe and Whirlpool's cost transformation process could provide support this year, especially in the second half of the year.

In 9M24, Arçelik saw strong demand in the domestic market during the early months of the year and weak demand in export markets for the full year in line with the industry. Despite these challenges, the company managed to increase its revenues by 14% in real terms compared to the same period of the previous year. However, it operated with lower operational margins compared to the previous year due to the negative impact of inflation accounting on profitability and the cost disadvantages arising from the Whirlpool merger (EBITDA margin of 8.6% in 9M24 compared to 5.5% in 9M23).

The Whirlpool merger began to reflect in financials on April 1, 2024: Whirlpool's and Arçelik's operations in Europe are now reflected under the Beko umbrella. Idle factory and office operations post-acquisition have negatively impacted on Arçelik's profitability. The UK factory will be closed this year, and also, in 2025, three factories in Poland are expected to be closed, followed by three factories in Italy beyond 2025, leading to the shedding of approximately 6,000 employees. With the closure of idle factories and office operations, synergies resulting from the merger are expected to gradually emerge. We expect the merger to reflect an annual turnover of EUR 3bn to Arçelik's financials.

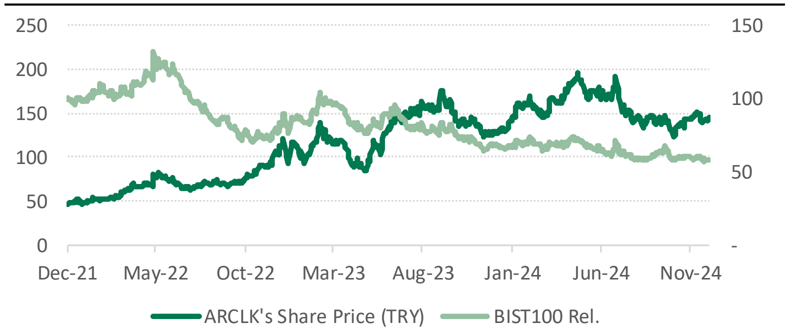
The company's expectations for 2024: The company expects stable real growth in the domestic market and a revenue increase of approximately 50%+ in export markets in foreign currency terms. The expected EBITDA margin is around 5.8%-6.0%, and EUR 400mn investment expenditure is anticipated. Our expectations are for 17% revenue growth and a 5.2% EBITDA margin for 2024.

What are we expecting for 2025? We expect the first half of 2025 to be in line with 2024, while in the second half, we anticipate a recovery in both the domestic and export markets, especially in Europe, the main market, after interest rate cuts. We expect Arçelik's performance to move in parallel with sectoral dynamics. Additionally, with the closure of idle operations related to Whirlpool, we expect cost management to become more effective and margins to gradually improve. As a result, we expect improvements in both sales revenue and operational profitability. In summary, we may see better results for Arçelik in the second half of 2025. For 2025, we expect revenues of TRY 582.404mn and an EBITDA margin of 7.4%.

As a result of changes in macroeconomic variables and our expectations for the company, we raise our target price to 235.52/share TRY from 267.50/share TRY. Our target price carries 62% upside potential based on the closing price as of January 3, 2025.

Code	ARCLK.TI	Close	145,00
MCAp (TRY m)	97.981	Last 12M High	196,10
MCAp (US$ m)	2.778	Last 12M Low	123,00
EV (TRY m)	193.590	Beta	0,98
EV (US$ m)	5.580	Avg. daily trading vol. (US$ m)	15,3
Free float (%)	15,00	Foreign ownership in FF (%)	15,4%

Key figures	2022*	2023*	2024E	2025E
Revenues	371.302	371.203	434.110	582.404
Growth		*0,0%*	*16,9%*	*34,2%*
EBITDA	23.419	29.354	22.628	43.188
EBITDA margin	*6,3%*	*7,9%*	*5,2%*	*7,4%*
Net profit	9.075	11.070	-1.126	3.038
EPS	13,43	16,38	-1,67	4,50
Dividend yield	3,3%	0,0%	0,0%	0,0%
Net debt /EBITDA	2,73	2,61	5,26	3,34
Net debt /Equity	0,84	1,00	1,59	1,53
ROAE		14,5%	-1,5%	3,6%
ROAA		3,1%	-0,3%	0,6%
Valuation metrics	**2022***	**2023***	**2024E**	**2025E**
P/E	10,8	8,9		32,3
EV/EBITDA	2,1	6,6	8,6	4,5
EV/Sales	0,1	0,5	0,4	0,3
P/BV	1,9	1,3	1,3	1,0
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	1,5	4,5	2,1	15,0
US$ Return (%):	-0,2	1,3	2,0	-3,2
BIST-100 Relative (%):	-1,0	-7,7	-0,4	-15,4



Source: PDP, Finnet, Seker Invest Research estimates

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

Vestel Beyaz Esya (OP, 12M TP: TRY 26.64) Upside: 57%

With the economic outlook in Europe improving, growth could accelerate.

The weak demand outlook in export markets in 2024 led to a weak performance for the company, which derives an average of 70% of its revenues from exports. Although a recovery in the third quarter somewhat balanced the weak export market trend in the first two quarters, the share of exports in total sales decreased to 66% in 9M24, compared to 69% in 9M23. As a result of tight monetary policy, the contraction in purchasing power both domestically and internationally negatively affected demand in the durable goods sector, which is highly demand-elastic. In consequence, sales volume in 9M24 declined by 4% YoY. Due to the company's export-oriented structure, a decline in the Euro-Dollar parity and the real appreciation of the Turkish lira has also pressured revenues.

The new dishwasher factory has been commissioned: As of April 1, 2024, Vestel Beyaz brought the new dishwasher factory's building investment online as planned. Duly, the annual production capacity has reached 16.2 million units.

We expect at least the first half of 2025 to follow a similar trend to 2024. Although the monetary easing process has started both in Europe and domestically, we anticipate a gradual recovery in purchasing power and white goods demand, with a delayed impact. As a result, we expect to see better financials in the second half of the year.

We expect the company's new stores abroad, agreements with new brands, and production capacity investments to contribute to inorganic growth.

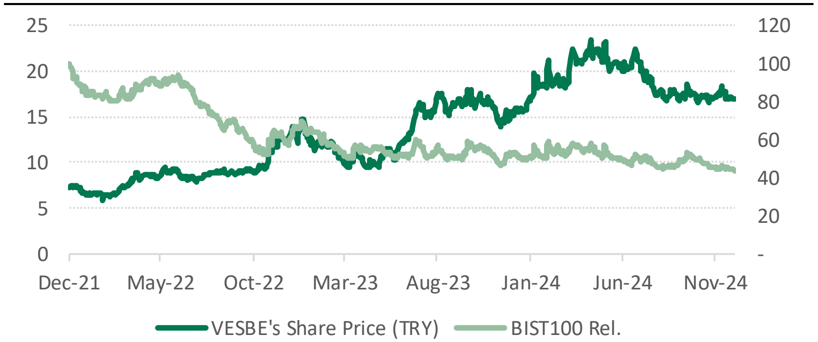
In line with our expectations, we revise our 12-month target price per share from TRY 30.55 to TRY 26.64. As our target price carries a 57% return potential based on the closing price of January 3, 2025, we maintain our OUTPERFORM recommendation

Code	VESBE.TI	Close	16,99
MCAp (TRY m)	27.184	Last 12M High	23,95
MCAp (US$ m)	771	Last 12M Low	15,08
EV (TRY m)	37.416	Beta	0,75
EV (US$ m)	1.071	Avg. daily trading vol. (US$ m)	5,9
Free float (%)	19,00	Foreign ownership in FF (%)	13,0%

Key figures	2022*	2023*	2024E	2025E
Revenues	86.025	88.172	79.376	96.214
Growth		*2,5%*	*-10,0%*	*21,2%*
EBITDA	4.157	11.400	7.369	10.777
EBITDA margin	*4,8%*	*12,9%*	*9,3%*	*11,2%*
Net profit	306	6.820	1.080	4.418
EPS	0,19	4,26	0,67	2,76
Dividend yield	2,1%	5,9%	1,0%	3,3%
Net debt /EBITDA	3,20	0,49	1,39	0,81
Net debt /Equity	0,68	0,18	0,36	0,26
ROAE		26,9%	3,6%	14,3%
ROAA		9,8%	1,5%	6,4%

Valuation metrics	2022*	2023*	2024E	2025E
P/E	88,9	4,0	25,2	6,2
EV/EBITDA	3,3	3,3	5,1	3,5
EV/Sales	0,2	0,4	0,5	0,4
P/BV	2,0	0,9	1,0	0,8

Return	1M	3M	YtD	YoY
TRY Return (%):	-0,6	0,2	0,2	11,7
US$ Return (%):	-2,4	-2,9	0,2	-6,0
BIST-100 Relative (%):	-3,1	-11,5	-2,2	-17,9



Source: PDP, Finnet, Seker Invest Research estimates

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

Other Companies:

January 2025

Aselsan (OP, 12M TP: TRY 102.00) Upside: 36%

We maintain our Outperform call

We are revising our target price for ASELSAN shares from TRY 72.00 up to **TRY 102.00**, and maintaining our **Outperform** recommendation. We expect ASELSAN, Turkiye's leading high-tech and defense company, to continue to grow in its backlog orders and to see an upward trend in its export performance in the coming period. We believe that mounting geopolitical tension and the global increase in defense spending will accelerate the company's growth.

We expect Aselsan to close 2024 with a backlog of over USD13 billion. Total order value was USD 12.6 billion in 9M24 (1H24: USD 12.3 billion, YE23: USD 10.9 billion). Considering the orders announced the company has undertaken new projects worth USD 3.2 in 9M24 (1Q24: USD 1 billion, 2Q24: USD 1.6 billion, 3Q24 total: USD 0.6 billion). The company has also received new orders worth USD 535 mn from abroad as of 9M24. 95% of the company's total order amount as of 9M24 consists of defense and 5% of non-defense projects. In addition, since 49% of the total orders as of 9M24 are in USD, 33% in Euro and 18% in TRY, the increase in foreign exchange rates contributes positively to the financials. As observed from defense companies worldwide, which provide the vast majority of all equipment used domestically for the modernization of existing equipment and the development of new applications, ASELSAN's largest customer in Turkiye is the Turkish Armed Forces. Accordingly, we expect all decisions taken and to be taken regarding defense industry expenditures in the coming periods to positively affect ASELSAN. The Presidency of Defense Industries aims to increase the efficiency of the cash flows of enterprises by providing loans with guarantee support and grace period opportunities to enterprises operating in the Defense Industry sector. Therefore, this support received may enable ASELSAN to manage its cash flows more effectively in the coming period.

ASELSAN's new step towards high value-added mass production. ASELSAN has achieved a significant capacity increase with its Electro-Optic FLIR Production Facility, which it has implemented with an investment of USD 40 Million. This modern facility, which has a production area of 7 thousand square meters, stands out with the feature of having the largest clean room under a single roof in Europe. In order to respond to the increasing demand, the facility will manufacture electro-optic systems developed for aircraft, primarily ASELFLIR, TOYGUN and KARAT product families. One of the five main goals of the aselsaneXt Transformation Program carried out at ASELSAN is to increase mass production. In this context, an additional investment of 30 million dollars is planned to be made in the FLIR production facility in the next 3 years. We expect the mass production of these high-tech products, whose export value per kilogram exceeds 20 thousand dollars, to increase ASELSAN's global competitive power, support qualified employment and play a critical role in the Company's achieving of its sustainable growth targets.

The Company's net debt position continues to increase. Due to investments in its mass production infrastructure and R&D expenses, the company's net debt position has increased to TRY 29,788 million in 9M24 (1H24 including TMS-29 effect: TRY 27,196 million, YS23: TRY 18,099 million). This number remains below the average of its international competitors.

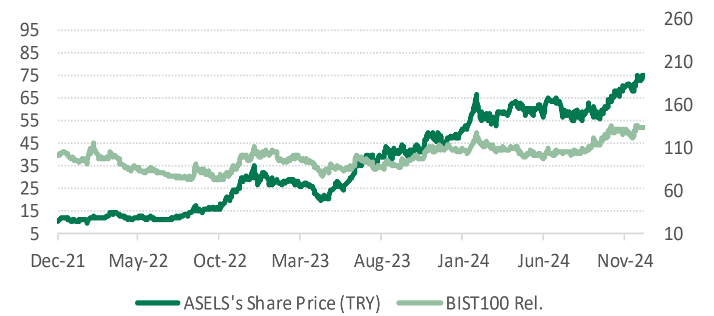
2025 Expectations – We expect Aselsan to complete 2024 with a net sales revenue of TRY 121,128 million and an EBITDA figure of TRY 29,500 million. We estimate that the company's net sales revenues rising by 14% in 2025 in parallel with project deliveries, reaching TRY 138,085 million, and the EBITDA figure reaching TRY 39,825 million. We expect the company to complete 2024 with a net profit figure of TRY 11,728 million, and estimate a net profit of TRY 14,967 million in 2025.

Code	ASELS.TI	Close	74,85
MCAp (TRY m)	341.316	Last 12M High	75,35
MCAp (US$ m)	9.677	Last 12M Low	46,14
EV (TRY m)	371.104	Beta	0,92
EV (US$ m)	10.550	Avg. daily trading vol. (US$ m)	71,9
Free float (%)	26,00	Foreign ownership in FF (%)	31,9%

Key figures	2022*	2023*	2024E	2025E
Revenues	96.532	106.252	121.128	138.085
Growth		*10,1%*	*14,0%*	*14,0%*
EBITDA	20.271	23.140	29.500	39.825
EBITDA margin	*21,0%*	*21,8%*	*24,4%*	*28,8%*
Net profit	1.851	10.526	11.728	14.967
EPS	0,81	2,31	2,57	3,28
Dividend yield	0,4%	0,3%	0,4%	0,4%
Net debt /EBITDA	0,60	0,83	1,02	0,81
Net debt /Equity	0,11	0,15	0,23	0,23
ROAE		8,7%	9,1%	10,9%
ROAA		4,9%	5,4%	6,7%

Valuation metrics	2022*	2023*	2024E	2025E
P/E	184,4	32,4	29,1	22,8
EV/EBITDA	2,5	16,0	12,6	9,3
EV/Sales	0,5	3,5	3,1	2,7
P/BV	4,3	2,7	2,6	2,4

Return	1M	3M	YtD	YoY
TRY Return (%):	5,3	22,8	3,4	58,2
US$ Return (%):	3,5	18,7	3,2	33,5
BIST-100 Relative (%):	5,2	10,9	0,8	19,7



Source: PDP, Finnet, Seker Invest Research estimates

**2022 and 2023 financials are Indexed according to 2024 with IAS -29*

Coca-Cola Icecek (OP, 12M TP: TRY 78.30) Upside: 32%

Fragilities in Key Markets Weighed on 2024 Performance

We are revising our target share price for CCI slightly upward from TRY 76.60/sh to TRY 78.30/sh, driven by slightly updates to our model and adjusting the 10-year average risk-free rate to 18%. We maintain our "**OUTPERFORM**" recommendation. Based on the closing price as of January 3, 2025, CCI is trading at 2025E 6.5x EV/EBITDA and 2025E P/E of 8.9x, implying a potential return of 32%.

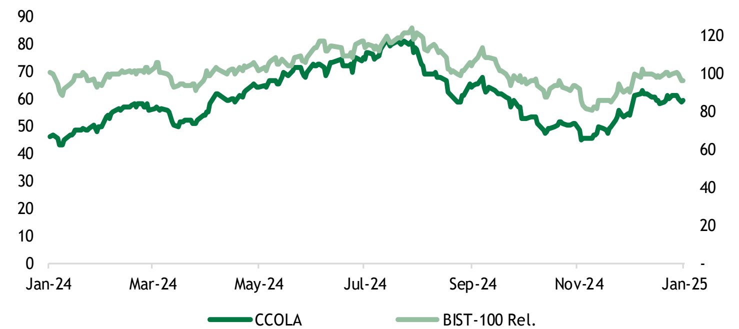
Increased geopolitical challenges in the Middle East, continued contraction in Pakistan's operations due to macroeconomic difficulties, the absence of an additional minimum wage adjustment in Turkiye despite weakened consumer demand under high inflation, and the limited growth in tourist arrivals during the summer have collectively led to a 4.1% YoY decline in CCI's total consolidated sales volume for 9M24. While Turkiye operations saw a 3.2% YoY decline in sales volume, international operations experienced a 4.6% YoY contraction. For 2025, we anticipate sales revenues to reach TRY 132,8 billion by year-end 2025, marking a 30.1% YoY increase, slightly above inflation expectations. Our 2025 EBITDA forecast is at TRY 29,3 billion, while we estimate a net profit of TRY 18,6 billion for the year. We expect CCI's EBITDA margin to narrow by 0.7 ppt by the end of 2025. The recovery in CCI's key markets—Pakistan and Turkiye—remains critical to achieving its 2025 performance targets.

For 2024, CCI expects its consolidated sales volume to decline in the low- to mid-single-digit range, primarily due to high inflation, persistent geopolitical risk in the Middle East, and weakening purchasing power in its core markets, Turkiye and Pakistan. The company forecasts flat to low-single-digit volume declines for Turkiye operations and mid-single-digit declines for international operations. CCI anticipates FX-neutral net sales revenue growth in the high teens to low twenties for 2024. The company maintains its EBIT margin guidance as slightly down or flat on last year.

Upside risks include better-than-expected volume growth, favorable weather conditions, strong tourism activity, and recovery in Pakistan&Turkiye operations, and the addition of new international operations. Downside risks include rising raw material prices, weakening consumer confidence, supply chain disruptions in raw material procurement, and further depreciation of the Turkish lira against the U.S. dollar.

Code	CCOLA TI/CCOLA IS	Close	59,10
MCap (TRY mn)	165.366	Last 12M High	83,82
MCap (US$ mn)	4.688	Last 12M Low	42,53
EV (TRY mn)	190.083	Beta	0,69
EV (US$ mn)	5.413	Avg. Daily Trading Vol. (US$ m)	13,8
Free Float (%)	29,65	Foreign Ownership in FF (%)	79,55

Key Figures (TRY mn)	* 2022	* 2023	2024E	2025E
Revenues	134.546	145.884	132.791	172.773
Growth (%)		*8,4%*	*-9,0%*	*30,1%*
EBITDA	22.318	26.222	23.501	29.314
EBITDA Margin (%)	*16,6%*	*18,0%*	*17,7%*	*17,0%*
Net Profit	20.035	29.713	14.314	18.589
EPS	78,76	116,81	56,27	73,08
Dividend Yield	1,4%	1,4%	0,9%	1,1%
Net Debt/EBITDA (x)	-0,65	-0,82	-1,30	-1,21
Net Debt/Equity (x)	-0,25	-0,38	-0,65	-0,51
ROAE (%)		51,4%	27,6%	31,9%
ROAA (%)		18,9%	9,5%	11,8%
Valuation Metrics	*** 2022**	*** 2023**	**2024E**	**2025E**
P/E	8,3	5,6	11,6	8,9
EV/EBITDA	8,5	7,2	8,1	6,5
EV/Sales	1,4	1,3	1,4	1,1
P/BV	2,8	2,9	3,5	2,4
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	9,1	11,8	-1,4	28,8
US$ Return (%):	7,3	8,3	-1,5	8,4
BIST-100 Relative (%):	6,5	-1,2	-3,8	-5,3



Source: PDP, Coca-Cola Icecek, Finnet, Seker Invest Research Estimates

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

Koc Holding (OP, 12M TP: 299.18 TRY) Upside: 60%

In 9M24, Koç Holding, according to inflation accounting results, reported a revenue of TRY 1,765mn and a consolidated loss of TRY 2,024mn. Energy and automotive segments contributed positively to net profit, while durable goods, finance, and other segments made a negative contribution. The finance segment, with a loss of TRY 12,082mn, reflected the negative effects of a high cash position in the inflation accounting adjustment, making it the most negatively contributing sector to the consolidated profit.

Within Koç Holding's structure, the Energy segment accounts for 20% of the Net Asset Value, Automotive for 37%, Durable Goods for 6%, Finance for 22%, and Other for 14%. As of 09/2024, 37% of revenues come from energy, 26% from automotive, 13% from durable goods, 20% from finance, and 4% from other segments.

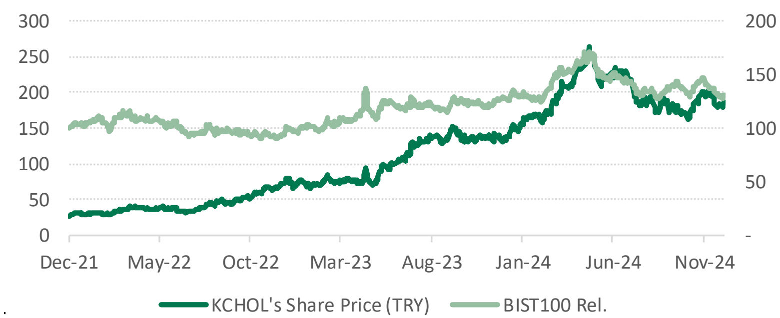
Regular Dividends: Koç Holding has paid uninterrupted dividends every year since 2010. In 2024, a gross dividend of TRY 8.00 per share (net TRY 7.20) was distributed with a payout ratio of 28%. The dividend yield was 3.7%. Additionally, the cash position is supported by strong dividend yields from subsidiaries. In 9M24, the Holding earned TRY 29.7 billion in dividend income from its subsidiaries. This amount is expected to reach TRY 38.5 billion by the end of Q424. As of 09/2024, the Holding's solo net cash was USD 853mn, with USD 650mn in foreign currency, and the net debt/EBITDA ratio stood at a low 0.9x.

In 2025, given the export-oriented structure of its subsidiaries in the industrial sector, we believe that the economic conditions in export markets, primarily in Europe, will be a significant factor influencing the Holding's revenues. (The share of foreign currency/internationally sourced income in total revenue is 48%.) Despite ongoing interest rate cuts in Europe, economic recovery has not yet been reflected in the data, and we do not expect a recovery at least in the first quarter of the year. In the financial sector, the banking and insurance activities, due to their high cash position, are among the sectors most negatively affected by inflation accounting. Since inflation accounting will continue to be applied in 2025, we expect weak contributions to net profit from the financial services segment. However, considering the foreign investor rate of the stock, we believe that Koç Holding will be one of the most attractive stocks for foreign investors once their interest in Borsa Istanbul increases.

In line with changes in the valuation of subsidiaries, we raise our target price for Koç Holding (KCHOL) from 308.72 TRY to TRY 299.18/share. As our target price carries 60% upside potential based on the closing price as of January 3, 2025, we maintain our OUTPERFORM recommendation for the stock.

Code	KCHOL.TI	Close	186,50
MCAp (TRY m)	472.945	Last 12M High	270,75
MCAp (US$ m)	13.409	Last 12M Low	133,47
EV (TRY m)	899.828	Beta	1,26
EV (US$ m)	25.920	Avg. daily trading vol. (US$ m)	93,0
Free float (%)	22,00	Foreign ownership in FF (%)	50,7%

Key figures	2022*	2023*	2023/09*	2024/09
Revenues	2.020.540	1.760.010	1.294.935	1.233.165
Finance Sector Revenues	456.915	556.759	399.238	531.464
Total Revenues	2.477.456	2.316.770	1.694.173	1.764.629
Growth		*-6,5%*		*4,2%*
Consalidated net profit	104.909	104.285	56.182	-2.024
EPS	41,37	41,12	22,15	-0,80
Dividend yield	2,8%	7,7%		
Net debt /Equity	0,91	0,69		0,84
ROAE		18,7%		
ROAA		2,5%		
Valuation metrics	**2022***	**2023***	**2023/09***	**2024/09**
P/E	4,5	4,5		10,3
EV/Sales	0,1	0,5		0,7
P/BV	1,3	0,8		0,9
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	-4,2	8,7	4,4	39,6
US$ Return (%):	-5,9	5,4	4,3	17,5
BIST-100 Relative (%):	-6,6	-4,0	1,9	2,7



Source: PDP, Finnet, Seker Invest Research estimates

**2023, 2024 and 2023/09 financials are Indexed according to 2024 with IAS -29*

Sabanci Holding (OP, 12M TP: TRY 164.00) Upside: 61%

The high banking share within NAD may continue to support the stock performance in 2025.

Sabancı Holding generated a combined revenue of TRY 859,211mn in 9A24, with a combined EBITDA of TRY 92,384mn. However, due to negative impacts from a TRY 7,757mn loss in the banking segment and a TRY 3,677mn loss in the other segment, the company reported a consolidated loss of TRY 11,12mn.

Sabancı Holding's net asset value is composed of 42% banking and financial services, 33% energy and climate technologies, 14% material technologies, 6% digital technologies and others, and 5% mobility solutions. Revenue-wise, 58% comes from banking and financial services, 20% from energy, 4% from mobility solutions, 7% from material technologies, 6% from digital services, and 5% from other segments.

2025 Expectations: We believe that the banking and financial services segment, which accounts for a significant 58% of the Holding's revenue, will be positively affected by interest rate cuts in 2025. However, due to its high cash position, it is expected to continue being negatively impacted by inflation accounting.

Enerjisa Üretim's IPO could materialize in 2025: In October, Bloomberg reported that Sabancı Holding, which holds an equal share in Enerjisa Üretim with German energy company E.ON SE, had authorized Citigroup, JPMorgan, and Morgan Stanley to oversee its public offering. The sale is expected to take place in the spring of 2025, with the timing of the public offering depending on international investor interest. Therefore, we believe the IPO of Enerjisa Üretim could be realized in the second half of 2025.

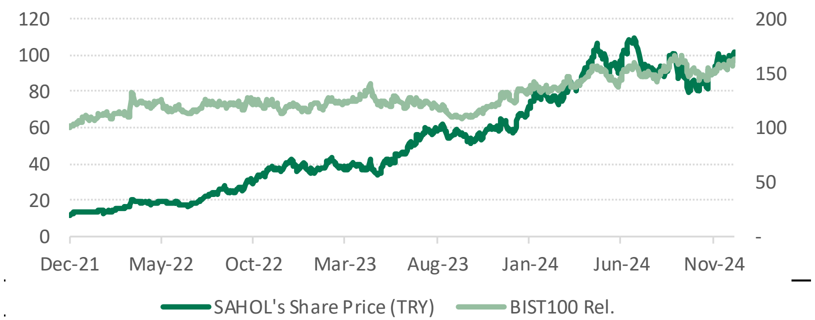
In line with changes in the valuation of subsidiaries, we raise our target price for Sabancı Holding (SAHOL) from TRY 146.55 to TRY 164.00. As our target price carries 61% upside potential based on the closing price of January 3, 2025, we maintain our OUTPERFORM recommendation for the stock.

Code	SAHOL.TI	Close	102,10
MCAp (TRY m)	214.448	Last 12M High	111,00
MCAp (US$ m)	6.080	Last 12M Low	56,83
EV (TRY m)	273.203	Beta	1,12
EV (US$ m)	7.802	Avg. daily trading vol. (US$ m)	59,4
Free float (%)	51,00	Foreign ownership in FF (%)	39,5%

Key figures	2022*	2023*	2023/09*	2024/09
Revenues	178.442	197.812	147.779	144.057
Finance Sector Revenues	450.866	568.501	405.452	520.668
Total Revenues	629.308	766.313	553.230	664.725
Growth		*10,9%*		*-2,5%*
Consalidated net profit	56.916	22.274	2.918	-11.826
EPS	27,89	10,92	1,43	-5,63
Dividend yield	5,0%	6,5%		
Net debt /Equity	0,08	0,10		0,21
ROAE		7,0%		
ROAA		0,7%		

Valuation metrics	2022*	2023*	2023/09*	2024/09
P/E	3,8	9,6		28,5
EV/Sales	0,2	1,4		1,9
P/BV	1,0	0,7		0,7

Return	1M	3M	YtD	YoY
TRY Return (%):	9,3	17,2	6,4	78,9
US$ Return (%):	7,4	13,6	6,3	50,6
BIST-100 Relative (%):	6,6	3,5	3,8	31,6



Source: PDP, Finnet, Seker Invest Research estimates

**2023, 2024 and 2023/09 financials are Indexed according to 2024 with IAS -29*

Selcuk Ecza Deposu (MP, 12M TP: TRY 92.00) Upside: 12%

Top-line to improve on higher drug prices

We maintain our Market Perform recommendation on the company's shares - We revise Selçuk Ecza's target share price from TRY 84.50 to TRY 92.00 in line with our macro estimates and the update to the risk-free return rate.

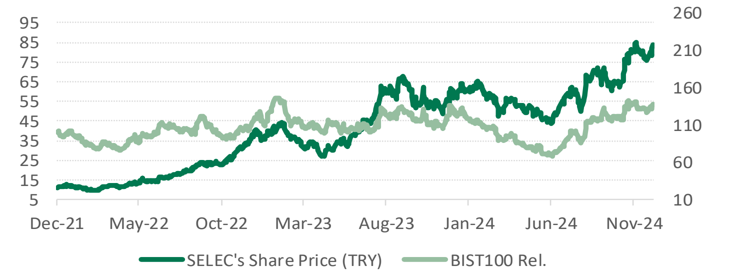
Market share in the pharmaceutical distribution sector is at 36.25% - Selçuk Ecza, which has a market share of 36.25% (YS23: 37.64%) in the Turkish pharmaceutical sector in TRY terms as of 9M24, sells medicines to over 26 thousand pharmacies from a total of 111 warehouses, including 26 main warehouses and 85 regional branches.

Increasing drug prices are positively reflected in net sales revenues - The company is affected by the adjustments made in drug prices. In the drug distribution sector, profit margins are also determined by regulation, and fixed profit margins are applied according to drug price ranges. In addition, another factor affecting profitability is the stock profits obtained during the periods when price changes are announced. As you may recall, the Euro value of the Turkish Lira to be used in pricing human medical products was increased by 23.50% from TRY 17.5483 to TRY 21.6721 as of October 25, 2024. Turkish drug prices were increased by 25% in December 2023, 30.5% in July, and 36.77% in 2023. The 2024 EUR/TRY reference rate for drug prices is at TRY 21.67. We believe that new price increases may occur in 2025 due to the exchange rate being markedly below the current rate, and given ongoing problems in the drug market. We believe that the increase in drug prices will positively impact on the company's net sales revenues in 2025.

2025 Expectations - We expect the Company to complete 2024 with a net sales revenue of TRY 125,4 billion and an EBITDA of TRY 5,875 million. We estimate that the Company's net sales revenue will increase to TRY 156,5 billion with an EBITDA of TRY 7,500 million in 2025. While we expect the Company to complete 2024 with a net profit of TRY 880 million, we estimate it announcing a net profit of TRY 1,500 million in 2025.

Code	SELEC.TI	Close	82,20
MCAp (TRY m)	51.046	Last 12M High	85,25
MCAp (US$ m)	1.447	Last 12M Low	42,78
EV (TRY m)	45.069	Beta	0,65
EV (US$ m)	1.272	Avg. daily trading vol. (US$ m)	3,8
Free float (%)	15,00	Foreign ownership in FF (%)	16,3%

Key figures	2022*	2023*	2024E	2025E
Revenues	123.006	141.086	125.400	156.500
Growth		*14,7%*	*-11,1%*	*24,8%*
EBITDA	7.388	9.659	5.875	7.500
EBITDA margin	*6,0%*	*6,8%*	*4,7%*	*4,8%*
Net profit	918	322	880	1.500
EPS	1,48	0,52	1,42	2,42
Dividend yield	0,8%	0,5%	0,9%	0,9%
Net debt /EBITDA	-0,20	-0,50	-0,37	-0,28
Net debt /Equity	-0,07	-0,22	-0,10	-0,09
ROAE		1,5%	4,0%	6,8%
ROAA		0,5%	1,3%	2,0%
Valuation metrics	**2022***	**2023***	**2024E**	**2025E**
P/E	55,6	158,4	58,0	34,0
EV/EBITDA	0,8	4,7	7,7	6,0
EV/Sales	0,0	0,3	0,4	0,3
P/BV	3,4	2,3	2,3	2,3
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	-0,5	18,5	4,4	45,3
US$ Return (%):	-2,2	14,6	4,3	22,6
BIST-100 Relative (%):	-0,6	7,0	1,8	9,9



Source: PDP, Finnet, Seker Invest Research estimates

**2022 and 2023 financials are Indexed according to 2024 with IAS -29*

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