Monthly Equity Strategy

February 2025

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US President Donald Trump has taken office…

US President Trump took office on January, 20. Despite his market-friendly rhetoric, newly-imposed tariffs are set to increase import prices, especially from China, making things difficult for the Fed. The Fed cut the policy rate by 100bbps in 2024 and skipped a January meeting. Bond markets are pricing that it will postpone the next rate cut (maximum 50 basis points) to the second half of the year due to uncertainties in inflation. In the Eurozone, which has weaker macro data and lower inflation data than the US, the ECB is expected to continue reducing rates in the near future.

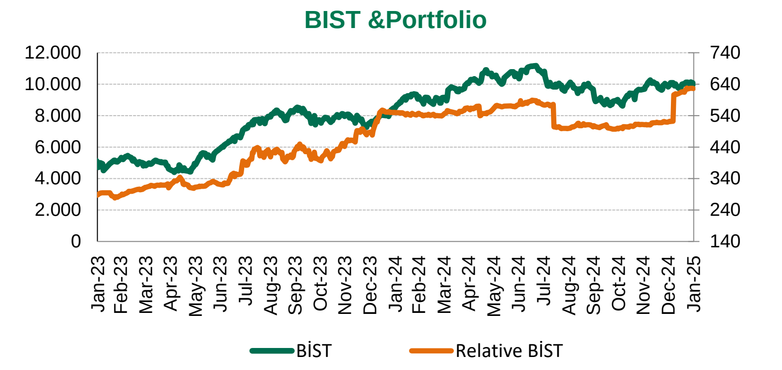
Domestically, the CBRT continued its rate cuts cycle it started in December due to the improvement in the inflation outlook in January. Due to the 30% rise in the minimum wage and the managed and guided price increases, inflation figures are expected to be above average in the first two months of the year, but the downward trend is set to continue due to the base effect. In the last MPC meeting, the CBRT changed its statement, which had been long maintained, that the tight stance would be maintained until a permanent and significant easing in monthly inflation and price stability are achieved. The CBRT is expected to continue rate cuts in March.

In February, when there are no Fed and ECB meetings, global markets will try to find direction with the UK's rate decision, macro data from the US and Europe, and the steps that President Trump will take regarding export tariffs. In addition, the impact of the trade wars on artificial intelligence and electric vehicles, especially on technology companies that have dominated the markets in recent years, will be closely monitored. On the other hand, Trump's stance on the conflicts in Russia-Ukraine and the Middle East, based on his "we will end the conflicts" discourse will also be closely monitored.

The CBRT, which has reduced its number of meetings from 12 to 8, will not hold a meeting in February. The focus will be on the first Inflation Report of the year to be announced on February, 7, and other upcoming macro data. In addition, the effects of the recently heated domestic politics and the overthrow of the Assad regime, and developments in Syria are also being followed by the markets.

Facts & Figures	Close*	MoM	YtD
BIST - 100, TRY	10.004	1,77%	1,8%
BIST - 100, USD	280	0,4%	0,4%
MSCI Turkey	303.814	1,6%	1,6%
MSCI EMEA	213	4,5%	4,5%
MSCI EM	1.093	1,7%	1,7%
Benchmark Bond	38,16%	-240bps	-511bps
USD/TL	35,7630	1,37%	1,37%
EUR/TL	37,1461	1,12%	1,12%
P/E			
Banking	6,6		
Industrial	10,6		
Iron&Steel	11,9		
REIT	3,9		
Telecom	5,5		
2025E P/E	6,6		

*Close as of January 31, 2025



CBRT will continue to cut rates… Rating: BUY

After the interim peak of 10,262 points in December, BIST 100 index followed a fluctuating course in the 9,600-10,150 band in January, and closed the month with a 1.77% rise at 10,004.38 points. While the industrial index was down by 3.13% decrease, the Banking Index continued its positive divergence with a 2.62% rise.

As we stated in our annual strategy report published on January 7, we maintain our expectation that the CBRT will continue to cut rates throughout the year depending on the course of inflation, and that investor appetite for risky assets will increase in 2025. In global markets, although the Fed's monetary easing cycle has slowed down due to Trump uncertainty, we believe that major central banks' continual easing in monetary policy throughout 2025 will continue to support risk appetite. In addition, if Trump reduces geopolitical risks such as Russia and Ukraine, the decline in energy prices contributing to global inflation may also support risk appetite.

It is expected that the monetary policy, which continues to fight inflation domestically, will contribute to the adjustments in fiscal policy and that the improvement in macro data and domestic demand will also lead to a gradual improvement in the real sector. In addition to these developments, it is expected that the rating agencies will continue to upgrade in the second half of the year, which will increase foreign interest in the BIST 100.

We maintain our 12M target of 15,000 points for the BIST 100 and our BUY recommendation due to the potential for a 50% return. The MSCI Turkey index 2025T is traded at a 45.2% and 44.7% discount to the EM MSCI index with 6.63x and 0.88x P/E and P/BV ratios.

We make no changes to our model portfolio this month.

Main Market Risks

President Trump's aggressive stance on tariffs affecting global trade and growth,

Despite disinflationary policies implemented domestically, the expected decline in inflation is not occurring,

Despite expectations of a soft landing, the risk of recession becoming evident, especially in major economies, and rate cuts accelerating with higher volatility,

The upward trend in global inflation seen in recent months continuing, and inflation becoming more sticky than expected,

The rise in geopolitical risks, especially the ongoing tension between Israel-Palestine-Iran and Russia-Ukraine.

Model Portfolio

Top Picks	Close	Target	Pot.	MoM	Relative
AKBNK.TI	64,85	96,62	49,0%	0,0%	-1,7%
ASELS.TI	88,70	102,00	15,0%	22,3%	20,2%
CIMSA.TI	53,35	67,20	26,0%	14,5%	12,5%
FROTO.TI	929,50	1.491,00	60,4%	-0,8%	-2,5%
ISCTR.TI	14,16	21,47	51,6%	4,6%	2,8%
MGROS.TI	585,00	794,50	35,8%	6,9%	5,1%
SAHOL.TI	99,90	164,00	64,2%	4,1%	2,3%
TCELL.TI	108,10	148,48	37,4%	16,5%	14,5%
THYAO.TI	317,00	495,50	56,3%	12,8%	10,9%
YKBNK.TI	30,72	49,47	61,0%	0,3%	-1,4%
Average				9,0%	7,1%

*Close as of January 31, 2025

Add

-

Remove

-

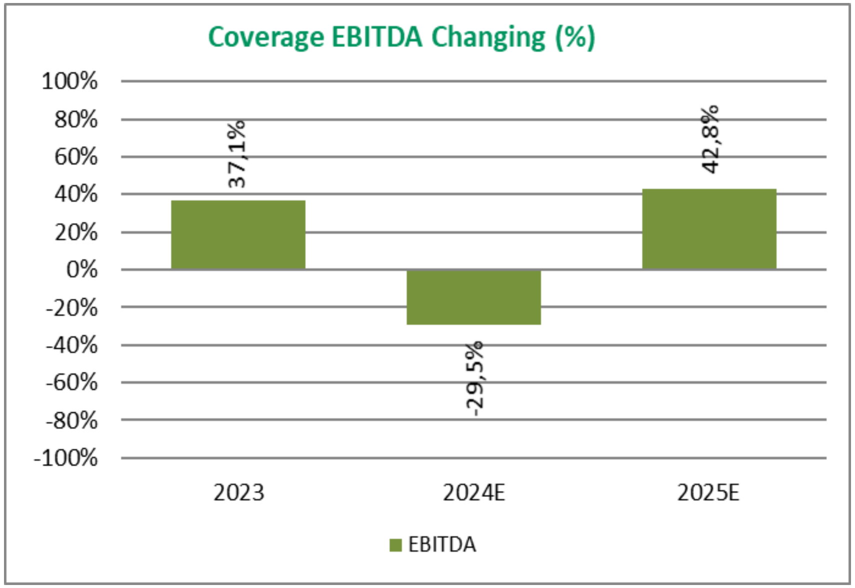
Maintain

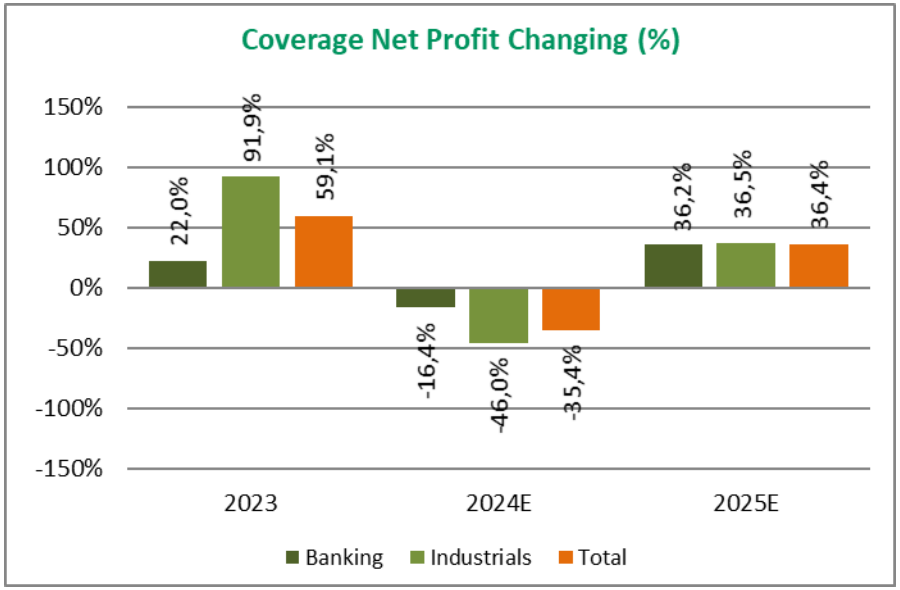
AKBNK
ASELS
CIMSA
FROTO
ISCTR
MGROS
SAHOL
TCELL
THYAO
YKBNK

Favourite Sectors

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

This will be a year of recovery…





In 2024, we expect the earnings and EBITDA of the industrials we follow to decline by 46,0% and 29.5% YoY. For banks earnings should decline by 16,4%.

In 2025, with the expected rebound, industrials should deliver 36,5% and 42,8% YoY net income and EBITDA growth YoY, while we expect the banks' earnings to increase by 36,2% YoY.

Returns compared to peers

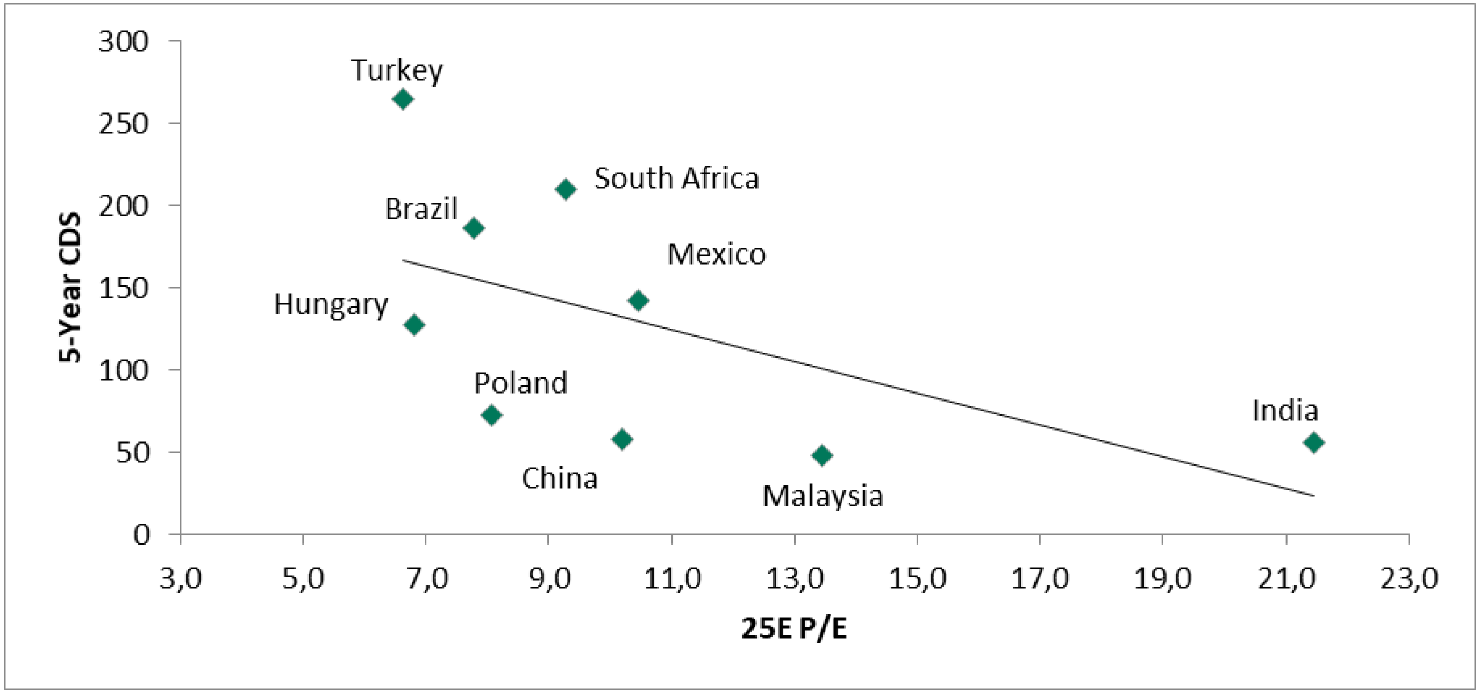
- The MSCI Turkiye Index has risen by 5.1% in absolute terms over the past 12 months. But, it has underperformed the MSCI EM, and the MSCI EMEA index by 6.6%, and 2.1%, respectively during same period.

Absolute Change	1m	3m	12m	YtD
MSCI Turkey	1,6%	8,5%	5,1%	1,7%
MSCI EM	1,7%	-2,3%	12,0%	1,6%
MSCI EMEA	4,5%	3,4%	7,4%	4,4%
MSCI Eastern Europe	12,4%	10,9%	8,4%	12,4%
MSCI World	3,5%	5,2%	19,7%	3,5%

Relative to MSCI Turkey	1m	3m	12m	YtD
MSCI EM	0,04%	-10,0%	6,6%	-0,1%
MSCI EMEA	2,8%	-4,7%	2,1%	2,7%
MSCI Eastern Europe	10,6%	2,2%	3,1%	10,6%
MSCI World	1,8%	-3,1%	13,8%	1,8%

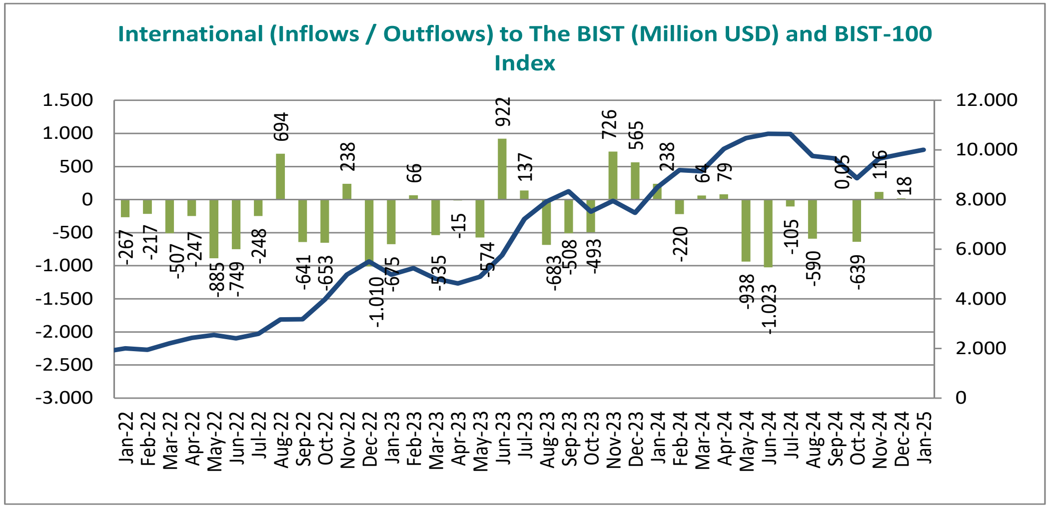
As of January 31, 2025

5-Year CDS

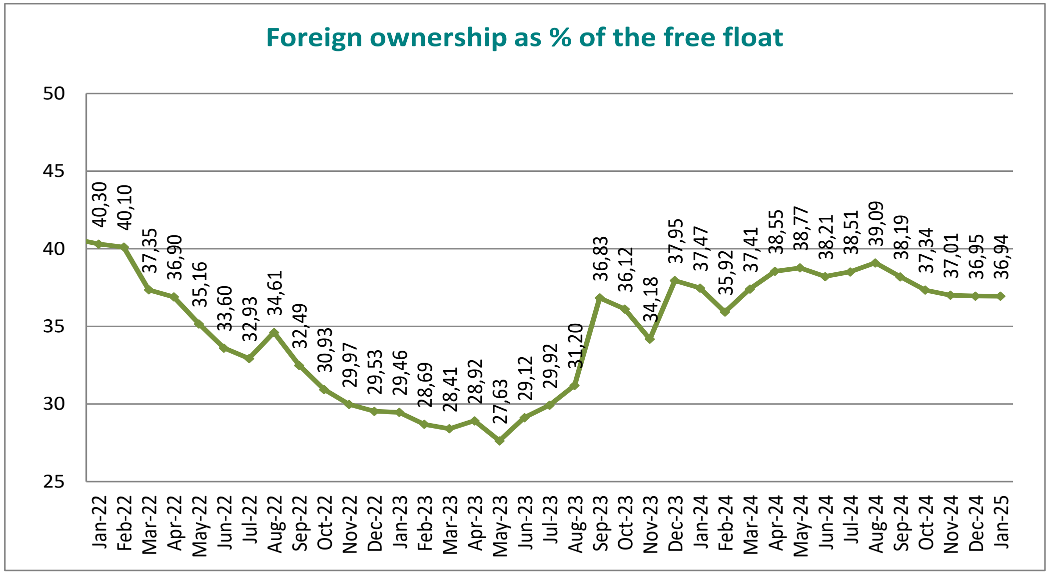


As of January 31, 2025

Int. flow and foreign ownership

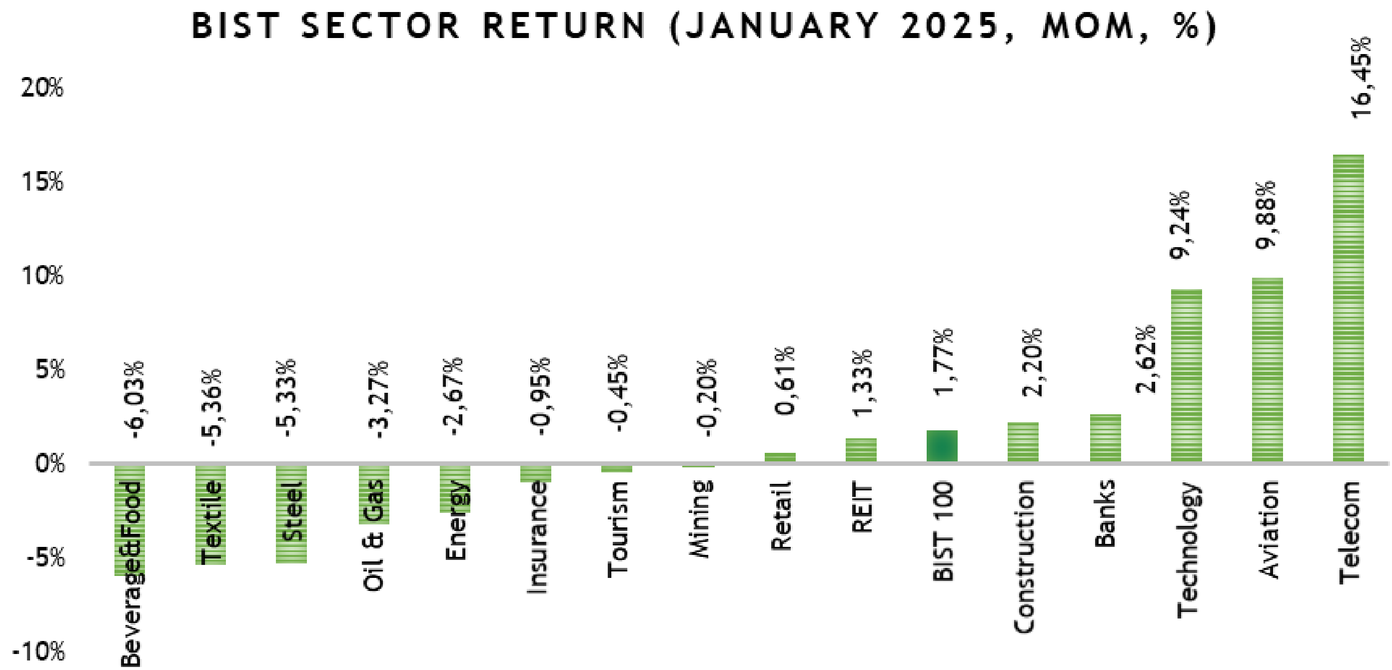


➢ Overall in 2024, foreign investors were net sellers of USD 3,01 bn.



➢ Foreign ownership has decreased to 36.94% in January 2025 (2023: 37.95%)

Sector performances



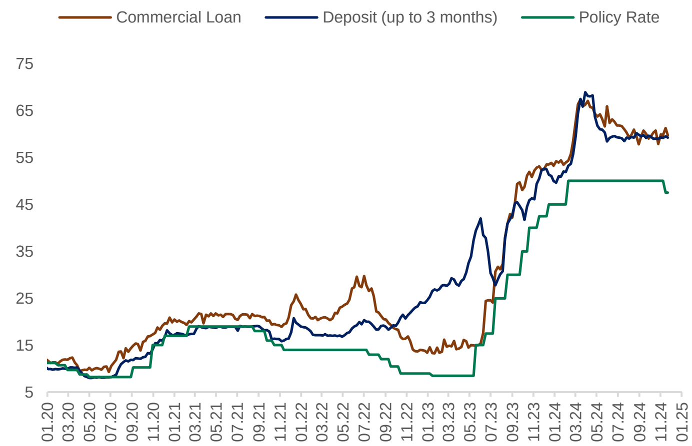
As of January 31, 2025

Macroeconomic Outlook

CBRT Rate Decision - January

The CBRT's Monetary Policy Committee (MPC) cut the policy rate by 250 basis points to 45% at this month's meeting, in line with expectations. The CBRT opted for a tone in the policy statement matching December's, with some minor changes. Chief among these was the emphasis on services inflation and the ongoing inflation rigidity due to backward indexation. Core goods inflation, on the other hand, remains low. Another important change was made in the closely monitored indicator for the monetary policy stance. For a long time, the threshold for a tight monetary stance had been "until monthly inflation has been permanently and significantly reduced." In the new text, this has been changed to "permanent disinflation and price stability." From this point of view, we understand that interest rates can be cut even in periods of high monthly volatility and that the general trend will be taken into account. The last important change is that additional measures may be taken to sterilize liquidity. In this context, we expect a period in which macroprudential policies will be used more effectively. Apart from these fundamental changes, the policy text contains similar emphasis to the previous text. The importance of the coordination of fiscal policy is reiterated and the contribution of fiscal discipline to price stability is underlined. It is reemphasized that the policy rate will be adjusted so as to ensure that inflation realizations, the underlying trend and expectations support disinflation. Although inflation expectations have improved, they remain a risk factor. In case of a deterioration in the inflation outlook, it was reemphasized that monetary policy tools would be used effectively instead of monetary tightening. We observe that the overall tone of the decision text was in line with December's message. Despite the rate cut, it was declared that the tight stance would be maintained and price stability would not be compromised. The verbal guidance mechanism was actively transformed into a monetary policy tool and it was reiterated that the policy rate would be adjusted to the extent required by disinflation. Moreover, it was stated that decisions would be taken on a meeting-by-meeting basis, and it was emphasized that price pressures caused by unexpected developments would be evaluated at each meeting. Accordingly, we expect the rate cuts to continue gradually as long as the underlying trend of inflation remains intact.

Policy, Loan and Deposit Rates (%)

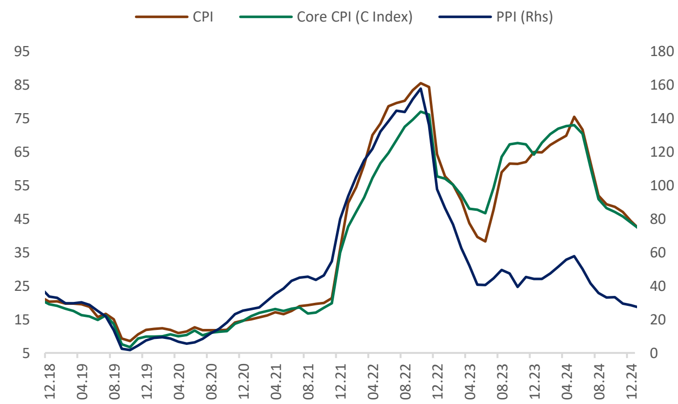


Macroeconomic Outlook

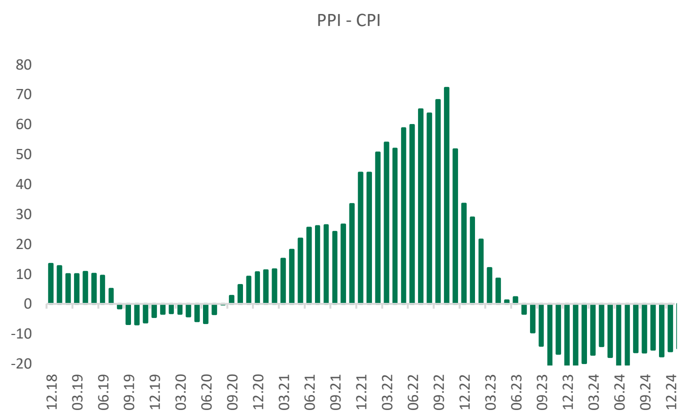
Inflation - January

CPI increased by 5.03% mom in January, while annual inflation was realized as 42.12%. The first inflation rate of the new year, which was higher than the market and our expectations, draws attention to price rigidities, especially in the services sector. The average of food, housing, and transportation inflation, which has a weight of 55.2% in the index, rose by 44.05% yoy. Considering the impact across income groups, the price increase in the core expenditure items of lower-income groups still hovers above the headline inflation. In the same period, monthly inflation in the Special CPI Aggregate B index (core inflation) was realized as 5.47%, while annual inflation was realized as 42.08%. The course of core inflation is strictly monitored by the CBRT as it is closely related to monetary policy room for maneuver. When monthly developments are evaluated, the pressure from health and miscellaneous goods/services especially reduced the pace of annual disinflation. Producer prices increased by 3.06% mom in January, while the annual change in PPI was realized as 27.2%. When we look at the sub-indices of PPI, annual changes in main industrial groups were realized as a 23.27% increase in intermediate goods, 37.44% increase in durable consumer goods, 37.42% increase in non-durable consumer goods, 18.05% increase in energy and 25.61% increase in capital goods. We see that the long-lasting low course of monthly producer prices has revived. Cost pressures will gradually increase despite their low course. We expect that the recent tariff-driven pressures on global trade will put additional pressure on producer prices. If February inflation continues to exceed expectations, we expect the pace of interest rate cuts to slow down. On the other hand, although monthly dynamics create pressure, we are entering a period where we will feel the base effect strongly. In this context, even if economic activity picks up in the first half, annual inflation will decline significantly. Inflation realization in February will guide the CBRT's decision in March. We do not foresee any change in our base scenario, but the CBRT may be more cautious about interest rate cuts due to the course of inflation.

CPI, PPI and Core CPI (YoY %)



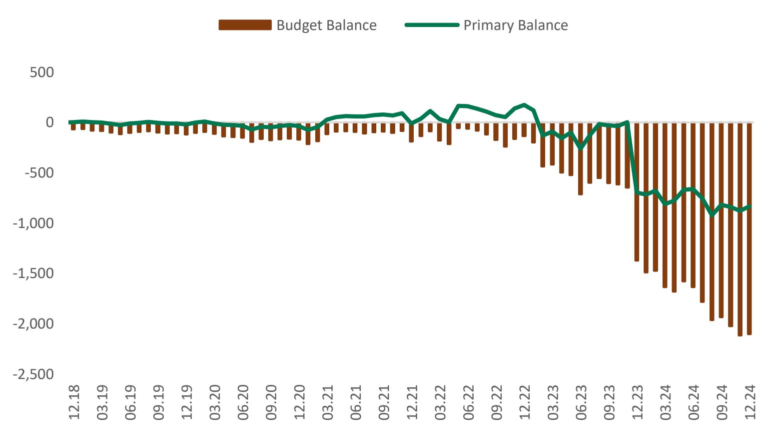
PPI - CPI Spread



Budget Balance - December

According to the December central government budget data released by the Ministry of Treasury and Finance, budget revenues and budget expenditures were realized as TRY 877.6 billion and TRY 1,706.8 billion, respectively. In the same period, primary budget expenditures were realized as TRY 1,631.5 billion. Against this background, the budget deficit amounted to TRY 829.2 billion, while the primary balance posted a deficit of TRY 754 billion. Three points were noteworthy in terms of budget expenditures at the end of the year. First, while personnel expenditures retreated compared to the previous month, purchases of goods and services nearly doubled (TRY 70 billion). Interest expenditures both fell behind the eleven-month average and retreated compared to the previous month (TRY 75 billion). The second point is that the increase in current transfers outpaced the decline in these two expenditures (TRY 86 billion). The last and most important point is the astronomical increase in capital expenditures and transfers. Capital expenditures increased by approximately TRY 130 billion compared to the previous month. As for capital transfers, the "Capital Transfers to Other Unclassified Institutions, Enterprises, and Households" item increased by TRY 548 billion compared to the previous month. Transfers to Elektrik Üretim A.Ş. amounted to TRY 15.3 billion, and TRY 213.7 billion was transferred in 2024. While TRY 37 billion in transfers were made to BOTAŞ due to the winter season, the total for 2024 reached TRY 66 billion. A tax collection policy that can cover the increase in personnel expenditures and current transfers will be among the crucial issues on the 2025 agenda. The change in the pension system, the earthquake disaster, and continued high inflation are the key items limiting the budget recovery. The twelve-month cumulative budget deficit is TRY 2.1 trillion, about nine times the average of the past decade. The rigidity in budget expenditures, despite the adjustments in tax collection and rising expenditures despite the measures taken, has evolved into a chronic budget deficit. We remind readers that the desired level of tightness in fiscal policy has yet to be achieved, and additional pressure on inflation may come from the budget deficit. Having focused on monetary policy, the economic administration has recently increased its fiscal policy measures. We believe that monetary policy alone will take time to bring about price stability in the current conjuncture, and fiscal policy should be emphasized

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

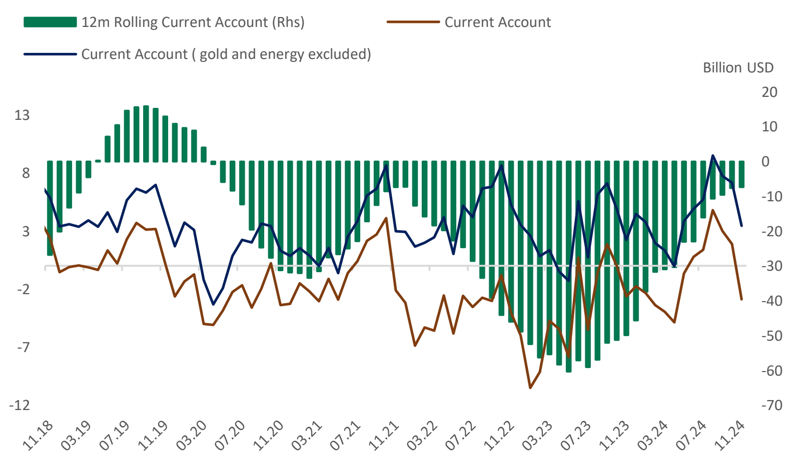


Macroeconomic Outlook

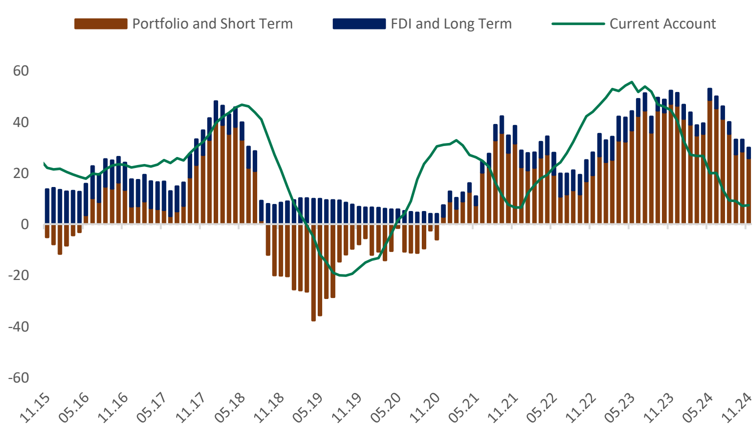
Balance of Payments - November

According to balance of payments statistics, the current account balance posted a surplus of USD 2,871 million in November. As a result, the twelve-month current account deficit was realized as USD 7,372 million (previous USD 7,125 million). The current account balance data, which was in line with our expectations, also broke the monthly surplus streak that had continued between May-November. Nevertheless, when the monthly and cumulative effect is evaluated, there is a significant improvement in the deteriorated balance of payments outlook since the pandemic. This was mainly driven by the realization of the balance of payments-defined foreign trade deficit of USD 5,235 million and services inflows of USD 3,725 million. Twelve-month cumulative balance of payments-defined foreign trade deficit was realized as USD 54.6 billion, while inflows from services balance were at USD 60.9 billion. Travel revenues continued to improve, albeit at a slower pace, and were realized as USD 2,630 million. Services inflows have entered the period when seasonal effects will be felt significantly and this effect will continue until the first quarter of the year. Although global interest rate cuts have been interrupted by the FED, they continue in Europe. For external demand, we are closely monitoring the interest rate cuts and the vitality in economic activity here. Domestic demand, on the other hand, is likely to slow down as a result of the tight monetary policy until November. When all these developments are evaluated together, the improvement in the current account balance has gained momentum above expectations. As of 2025, we continue to expect a revival in economic activity following the interest rate cuts and a decline in the current account balance through import demand. The current account excluding gold and energy posted a surplus of USD 3,443 million for the month. Gold imports remained strong, while downward pressure on energy prices boosted demand. The current account deficit, which tested historic highs due to the change in the monetary policy stance, fell below the target values throughout 2024. Barring a sudden and aggressive easing in the monetary policy stance, we expect the balance of payments to continue to contribute positively to the stability of both exchange rates and price dynamics.

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



Finance of Current Account Deficit (Billion USD)

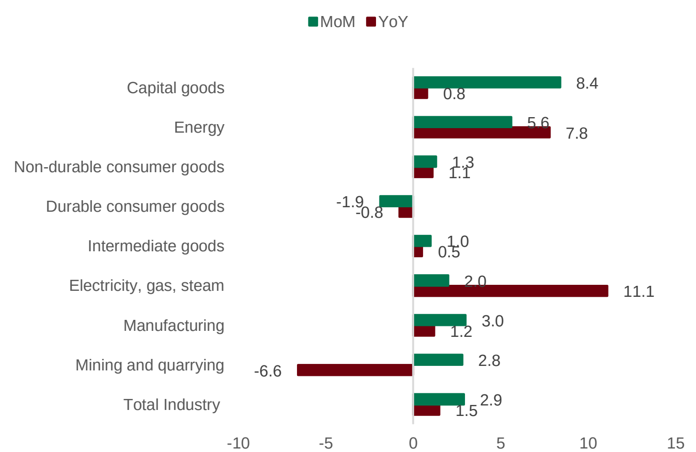


Macroeconomic Outlook

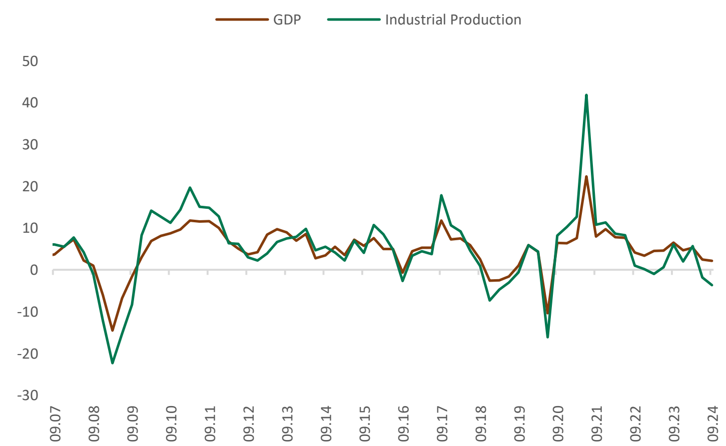
Industrial Production- November

According to industrial production index data, seasonally- and calendar-adjusted production increased by 2.9% mom in November. Thus, annual production growth was realized as 1.5% (previous 3.1% contraction). We expected a limited recovery in monthly production data and a strong base effect in annual production data. We note that the data was in line with our expectations. Although the tight monetary policy did not affect pricing behaviour at the expected pace, it had negative repercussions on production data. In this context, we will again see the positive reflections of the shift in monetary policy stance and interest rate cuts on industrial production. 2024 can be considered a lost year in terms of production. 2025 is a candidate for recovery where these losses are partially recovered. If foreign demand also contributes positively to the positive domestic mood, production data may improve beyond the forecasts. Current indicators suggest that this scenario is not remote. In particular, the measures taken to support production in Europe are an indication of this. The slowdown in economic activity and domestic demand has decelerated to expected levels, and interest rate cuts have paved the way for supporting production-side economic activities. The privilege enjoyed by commercial loan growth will also contribute to production activity. Throughout 2024, production indicators were sacrificed to ensure disinflation, while 2025 will be a year when production recovers and contributes to price dynamics. For a long time, we have experienced a period of negative divergence of industrial companies in financial markets, which has had a compounded effect of both financing costs and weakening production. We anticipate that this cycle will reverse as of the first months of 2025, and that we will enter a period in which industry decouples positively with the revival in economic activity. If the CBRT continues the interest rate cut cycle in line with market expectations, the manufacturing and industrial sectors will close the year with a significant recovery in profit margins and sales volumes.

Industrial Production Rate of Change (%)



Industrial Production and GDP Growth (YoY)



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

Upside: 49%

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%, the lowest among private peers banks, which provides a cost optimization advantage.

Akbank posted TRY9,227mn net income (+2% QoQ) in its 4Q24 bank-only results. For FY25E, the bank is targeting >30% ROAE (Seker: 24%).

We model 47% YoY earnings growth (Bloomberg consensus 73%) for 2025E. Our TP of TRY96.62 offers 49% upside. We also maintain our "Outperform" recommendation. The bank is trading at a 2025E P/E of 5.4x and P/BV of 1.20x (9% premium to domestic peers) with a ROAE of 24%.

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 86%, slightly above the sector average of 79%.

Strong collection performance. Despite an strong NPL collection performance, the NPL ratio is 2.9%, the second highest among its peers. However, the weight of the Stage 2 loans is only 6.7%.

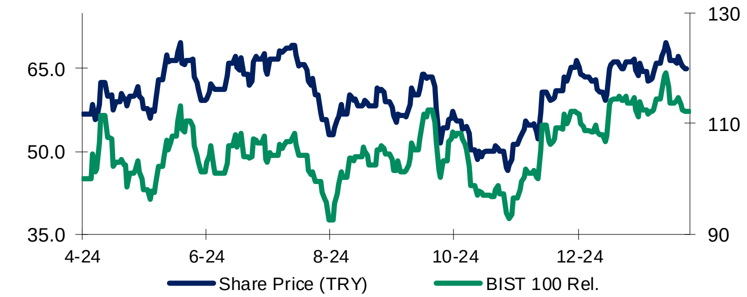
Upside and downside risks. Higher-than-expected asset quality worsening, and a worse-than-expected easing in funding costs are the main downside risks.

Mcap (TRYmn)	337,220	Beta (12M)	1.52
Mcap (USDmn)	9,440	Avr. Daily Vol. (TRYm)	4,362
Close	64.85	Foreign Ownership in FF	48.7%
Last 12M High	70.75	Free Float (%)	52.0%
Last 12M Low	36.42	Weight	6.22%

Quick Facts (TRY Mn)	2023A	2024A	2025E	2026E
Net interest income	63,547	65,045	88,659	115,278
% Change, YoY	*-17.3%*	*2.4%*	*36.3%*	*30.0%*
Net fee income	30,832	69,162	103,744	147,316
% Change, YoY	*198.9%*	*124.3%*	*50.0%*	*42.0%*
Net income	66,479	42,366	62,633	86,353
% Change, YoY	*10.8%*	*-36.3%*	*47.8%*	*37.9%*

Ratios	2023A	2024A	2025E	2026E
NPL ratio	2.4%	2.9%	3.4%	3.5%
CoR (net) Exc. Currency	1.1%	1.3%	2.1%	1.7%
NIM (Swap adj.)	5.5%	2.6%	5.2%	4.0%
ROAA	4.6%	2.0%	2.2%	2.3%
ROAE	36.4%	18.8%	24.0%	27.6%

Multiples	2023A	2024A	2025E	2026E
P/E	2.9	7.8	5.4	3.9
P/BV	0.90	1.38	1.20	0.98



Return	1M	3M	6M	12M
TRY Return (%):	-3.9	27.5	5.7	69.2
US$ Return (%):	-5.2	21.9	-2.2	43.4
BIST-100 Relative (%):	-1.4	15.3	12.7	49.2

Source: Bank financials, Seker Invest Research

Aselsan (OP, 12M TP: TRY 102.00) Upside: 15%

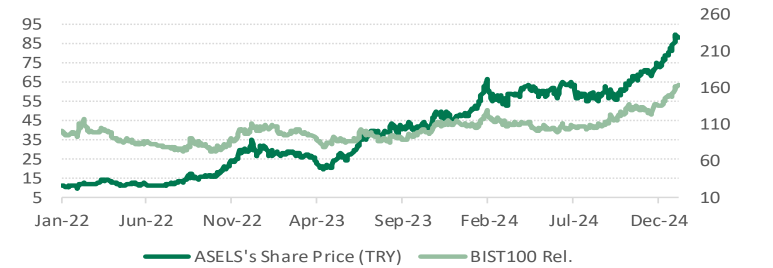
We maintain our Outperform call

We expect ASELSAN to continue to grow in its backlog orders and for its export performance to be in an upward trend in the coming period. On the other hand, we believe that increasing geopolitical tensions and global increases in defense spending will accelerate the company's growth. **We maintain our 12-month target price of TRY 102.00/share and 'Outperform' recommendation for ASELS.** Our target price has a 15% potential gain based on ASELSAN's closing share price on January 31, 2025. **As of January 31, 2025, ASELSAN shares have increased by 22.3% in the last month. When we look at it relatively; ASELSAN has outperformed the BIST 100 index by 20.2% in the last month.**

The company's total order amount was USD 12.6 billion in the first 9 months of the year. (1H24: USD 12.3 billion, 2Q23: USD 10.9 billion). Considering the publicly announced orders, the company undertook USD 3.2 billion worth of new projects as of 9M24 (1Q24: USD 1 billion, 2Q24: USD 1.6 billion, 3Q24 total: USD 0.6 billion). The company also received USD 535 million worth of orders from abroad as of 9M24. 95% of the company's total order amount as of 9M24 consists of defense projects, while 5% consists of non-defense projects. In addition, while 49% of total orders as of 9M24 were in USD, 33% were in Euro, and 18% were in TL. On the other hand, considering the business agreements that ASELSAN has notified to the Public Disclosure Platform (KAP), approximately USD 520 million worth of contracts were signed in January.

Aselsan Elektronik Sanayi ve Ticaret A.Ş. announced that it achieved a significant capacity and efficiency increase with the Radar Integration Center, which it put into operation at the beginning of this year with an investment of 50 million US Dollars. The company announced that it experienced a significant increase in international orders in particular and that therefore, the construction of an additional facility that will triple its production capacity in the radar field has begun this year. The company announced that this facility, which will have a total indoor area of 73 thousand m2, is targeted to be completed by the end of 2027. Aselsan emphasized that as a company, they have made significant progress in AESA-based radar technologies in recent years and have become one of the world's leading radar design and production centers. In this context, it was stated that a serious momentum has been gained especially in international orders.

Code	ASELS.TI	Close		88,70
MCAp (TRY m)	404.472	Last 12M High		90,60
MCAp (US$ m)	11.310	Last 12M Low		50,82
EV (TRY m)	434.260	Beta		0,89
EV (US$ m)	12.183	Avg. daily trading vol. (US$ m)		70,6
Free float (%)	26,00	Foreign ownership in FF (%)		31,9%
Key figures	**2022***	**2023***	**2024E**	**2025E**
Revenues	96.532	106.252	118.200	138.085
Growth		*10,1%*	*11,2%*	*16,8%*
EBITDA	20.271	23.140	29.500	39.825
EBITDA margin	*21,0%*	*21,8%*	*25,0%*	*28,8%*
Net profit	1.851	10.526	13.800	14.967
EPS	0,81	2,31	3,03	3,28
Dividend yield	0,4%	0,3%	0,3%	0,3%
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%	10,7%	10,9%
ROAA		4,9%	6,3%	6,7%
Valuation metrics	**2022***	**2023***	**2024E**	**2025E**
P/E	218,5	38,4	29,3	27,0
EV/EBITDA	2,5	18,8	14,7	10,9
EV/Sales	0,5	4,1	3,7	3,1
P/BV	5,1	3,2	3,1	2,8
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	17,5	38,0	21,3	72,2
US$ Return (%):	16,0	32,0	19,6	46,1
BIST-100 Relative (%):	20,5	24,8	21,4	51,9



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: 26%

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%).

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 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.

As of January 31, 2025, CIMSA stock had posted a return of 14.5% over the previous month. Regarding returns relative to the BIST 100, the stock had outperformed by 12.5% over the previous month.

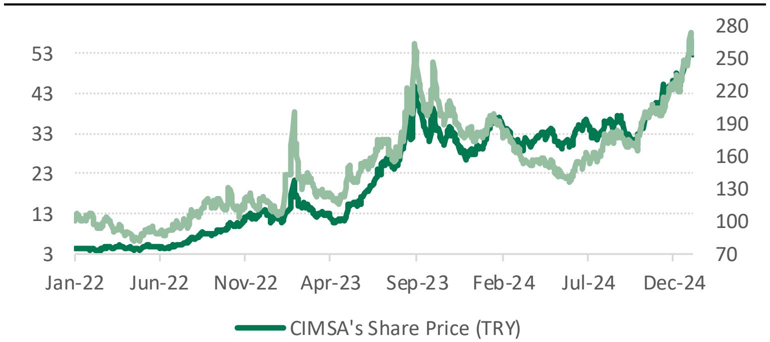
We maintain our 12-month target price of TRY 67.20/share and 'Outperform' recommendation for CIMSA. Our TP has 26% upside potential compared to the share closing price on January 31, 2025.

Code	CIMSA.TI	Close	53,35
MCAp (TRY m)	50.447	Last 12M High	57,40
MCAp (US$ m)	1.411	Last 12M Low	28,50
EV (TRY m)	53.598	Beta	1,00
EV (US$ m)	1.503	Avg. daily trading vol. (US$ m)	12,7
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%	1,6%	3,9%
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	8,6	10,3	12,5	6,2
EV/EBITDA	1,7	7,5	9,5	5,7
EV/Sales	0,2	1,8	2,2	1,4
P/BV	3,2	1,9	6,0	3,8

Return	1M	3M	YtD	YoY
TRY Return (%):	14,5	53,0	14,5	67,5
US$ Return (%):	12,9	46,6	12,9	42,1
BIST-100 Relative (%):	12,5	35,6	12,5	42,3



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

Ford Otosan (OP, 12M TP: TRY 1,491.00) Upside: 60%

We maintain our TP for Ford Otosan of **TRY 1,491.00/sh**, and our "**OUTPERFORM**" recommendation. Based on the January 31, 2025 closing price, Ford Otosan trades at 2025E 6.9x EV/EBITDA and 2025E P/E of 6.2x, indicating a potential return of 60%. We are incorporating Ford Otosan into our model portfolio, driven by its robust story, and significant investment initiatives within the electrification period.

According to ADMA, Ford Otosan's LCV sales surged by 58.5% YoY in December, reaching 12,179 units (December 2023: 7,684 units). During the January to December 2024 period, its retail sales of LCVs rose by 5.3% YoY, rising from 71,444 units last year to 75,245 units this year. In terms of market share, Ford Otosan's market share in December 2024 rose by 2.5 pp YoY to 10.1%. Ford Otosan's market share in 12M24 rose by 0.2 pp YoY to 8.5%.

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 also commend Ford Otosan's consistent dividend distribution policy, which has been in place since 2004. For 2025, we estimate a dividend yield of 6.4%.

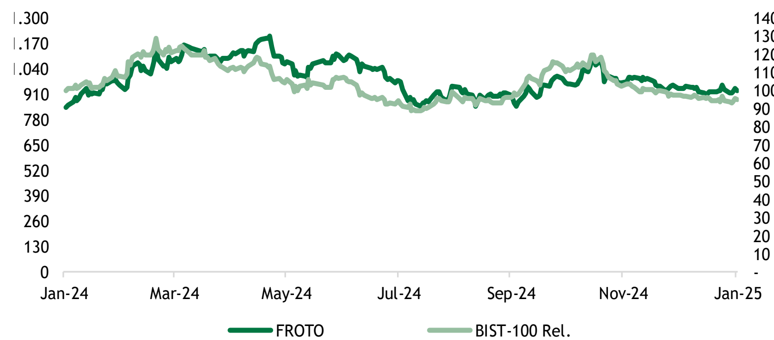
2024 & 2025 Expectations: We forecast Ford Otosan to achieve TRY 597.5 billion in net sales revenue, TRY 42.6 billion in EBITDA, and TRY 37.3 billion in net profit by the end of 2024. For 2025, we project net sales revenue of TRY 779.9 billion, EBITDA of TRY 62.1 billion, and net profit of TRY 52.4 billion.

Code	FROTO TI/FROTO IS	Close	929,50
MCap (TRY mn)	326.171	Last 12M High	1.231,50
MCap (US$ mn)	9.120	Last 12M Low	836,85
EV (TRY mn)	425.367	Beta	0,87
EV (US$ mn)	12.028	Avg. Daily Trading Vol. (US$ m)	32,6
Free Float (%)	20,31	Foreign Ownership in FF (%)	32,49

Key Figures (TRY mn)	* 2022	* 2023	2024E	2025E
Revenues	465.703	594.704	597.542	779.864
Growth (%)		*27,7%*	*0,5%*	*30,5%*
EBITDA	49.763	72.307	42.635	62.078
EBITDA Margin (%)	*10,7%*	*12,2%*	*7,1%*	*8,0%*
Net Profit	40.036	70.826	37.303	52.431
EPS	114,09	201,84	106,30	149,41
Dividend Yield	8,1%	7,5%	4,6%	6,4%
Net Debt/EBITDA (x)	-1,32	-1,20	-2,53	-2,32
Net Debt/Equity (x)	-0,89	-0,83	-1,09	-1,05
ROAE (%)		79,0%	36,6%	44,4%
ROAA (%)		25,1%	11,6%	12,9%

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

Return	1M	3M	YtD	YoY
TRY Return (%):	-0,8	-3,7	-0,8	10,8
US$ Return (%):	-2,2	-7,7	-2,2	-6,0
BIST-100 Relative (%):	-2,5	-14,6	-2,5	-5,9



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

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

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

Upside: 52%

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 96%) for 2025E. Our target price of TRY21.47 has 52% upside potential. We maintain our "Outperform" recommendation. The stock is trading at 2025E 5.1x 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.

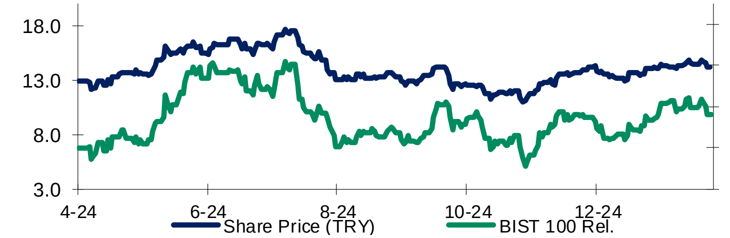
Upside and downside risks. Higher-than-expected asset quality worsening, and a lower-than-expected easing in funding costs are the main downside risks.

Mcap (TRYmn)	354,000	Beta (12M)	1.30
Mcap (USDmn)	9,910	Daily Volume (12M)	5,382
Close	14.16	Foreign Ownership in FF	25.8%
Last 12M High	17.77	Free Float (%)	31.0%
Last 12M Low	9.55	Weight	3.80%

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	7.5	5.1	3.5
P/BV	0.87	1.11	0.96	0.78



Return	1M	3M	6M	12M
TRY Return (%):	-3.6	13.6	-8.6	36.3
US$ Return (%):	-4.9	8.6	-15.5	15.5
BIST-100 Relative (%):	-1.1	2.8	-2.6	20.2

Source: Bank financials, Seker Invest Research

Migros (OP, 12M TP: TRY 794.50) Upside: 36%

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

We maintain our "Outperform" recommendation for Migros, with our 12M TP of TRY 794.50. As of the closing price on January 31, 2025, the stock is trading at 2025E EV/EBITDA of 5.1x and 2025E P/E of 10.1x, implying an upside potential of 36%.

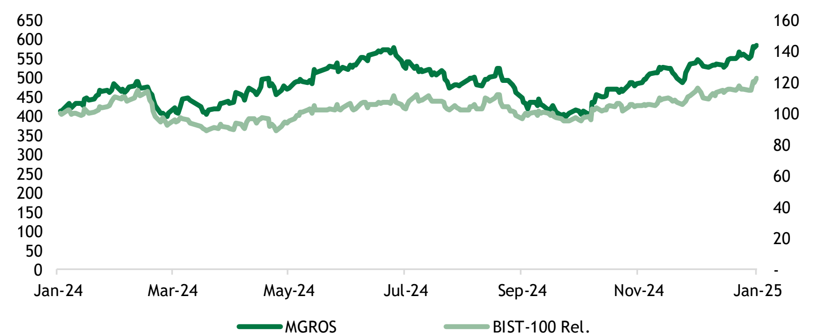
Considering the Company's FMCG market share trajectory; in the modern FMCG market, it had a 16.9% (9M23: 16.3%) market share in 9M24, and 9.8% (9M23: 9.4%) of the total FMCG market thanks to price investments, and its omni & multi format growth strategy. We note that with the significant growth opportunity in online channels, the Company has reached 81 cities through online operations. The potential rise in online operations and store growth will positively affect net sales and operational profitability in the medium-to-long term. With the rising number of stores & growth of sales area, solid growth in customer traffic & basket size, and the positive contribution of online sales channels, we maintain our positive outlook for Migros. Thanks to strong cash flow created by the operations, we maintain our positive outlook for Migros. The Company has no hard-currency exposure. At the end of 9M24, the Company's total financial debt (Inc. IAS-29) was at TRY 1,585mn (9M23: TRY 4,015mn). As of 3Q24, the Company succeeded to maintain its net cash position.

Migros expects the net sales growth estimate of 10-12% (Inc. IAS 29), and it expects its EBITDA margin around 5.0%. At the same time, it targets opening new stores to ~350 overall by the end of 2024, and plans for TRY 8,000mn of investment expenditure. The Company also expects its net sales growth estimate of +76-78% (Exc. IAS 29), and it expects its EBITDA margin growth estimate of ~9.0%. We appreciate the current strategy of boosting the private label portfolio and focusing on strategic store openings. Meanwhile, the Company has been able to increase its FMCG market share despite competitive market conditions in a high inflation environment. Moreover, we expect the business lines created by Migros with its various subsidiaries that use online channels effectively to increasingly contribute in the future.

2024&2025 Expectations: We forecast approximately TRY 293,6bn of revenues for Migros in 2024, while estimating TRY 392.2bn of revenues for 2025. We anticipate an EBITDA of TRY 14,5bn for 2024, climbing to TRY 20bn in 2025. We expect the Company to close 2024 with a TRY 6.6bn 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	585,00
MCap (TRY mn)	105.917	Last 12M High	593,50
MCap (US$ mn)	2.962	Last 12M Low	394,48
EV (TRY mn)	101.499	Beta	0,93
EV (US$ mn)	2.832	Avg. Daily Trading Vol. (US$ m)	23,9
Free Float (%)	50,82	Foreign Ownership in FF (%)	29,07

Key Figures (TRY mn)	* 2022	* 2023	2024E	2025E
Revenues	202.823	262.299	293.562	392.163
Growth (%)		*29,3%*	*11,9%*	*33,6%*
EBITDA	5.430	4.650	14.528	20.010
EBITDA Margin (%)	*2,7%*	*1,8%*	*4,9%*	*5,1%*
Net Profit	13.196	12.747	6.638	10.472
EPS	72,88	70,40	36,66	57,84
Dividend Yield	1,6%	1,9%	0,6%	1,0%
Net Debt/EBITDA (x)	0,53	1,15	0,55	0,33
Net Debt/Equity (x)	0,07	0,10	0,15	0,10
ROAE (%)		27,8%	12,8%	18,0%
ROAA (%)		10,2%	4,7%	6,6%
Valuation Metrics	*** 2022**	*** 2023**	**2024E**	**2025E**
P/E	8,0	8,3	16,0	10,1
EV/EBITDA	18,7	21,8	7,0	5,1
EV/Sales	0,5	0,4	0,3	0,3
P/BV	2,7	2,0	2,0	1,6
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	6,9	44,7	6,9	46,3
US$ Return (%):	5,5	38,6	5,5	24,1
BIST-100 Relative (%):	5,1	28,2	5,1	24,2



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

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

Sabanci Holding (OP, 12M TP: TRY 164.00) Upside: 64%

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.

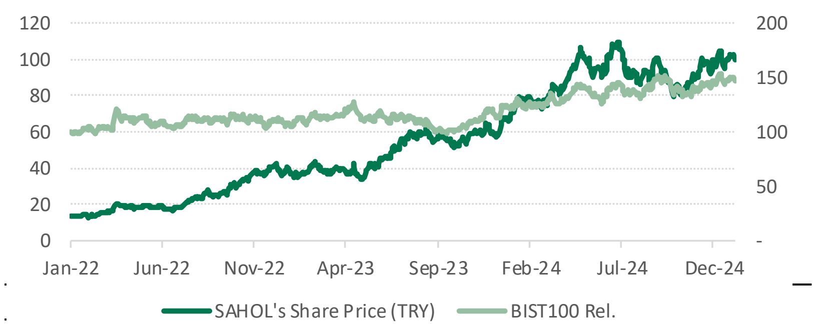
Sabancı Holding's net asset value is composed of 42% banking and financial services, 33% energy and climate technologies, 14% material technologies, 6% digital technologies and others, and 5% mobility solutions. Revenue-wise, 58% comes from banking and financial services, 20% from energy, 4% from mobility 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 our expectations, we maintain our target price for Sabancı Holding (SAHOL) for TRY 164.00. As our target price carries 64% upside potential based on the closing price of January 31, 2025, we maintain our OUTPERFORM recommendation for the stock.

Code	SAHOL.TI	Close		99,90
MCAp (TRY m)	209.828	Last 12M High		111,00
MCAp (US$ m)	5.867	Last 12M Low		70,29
EV (TRY m)	268.582	Beta		1,12
EV (US$ m)	7.589	Avg. daily trading vol. (US$ m)		58,2
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	3,7	9,4		27,9
EV/Sales	0,2	1,4		1,9
P/BV	1,0	0,7		0,7
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	4,1	20,0	4,1	42,1
US$ Return (%):	2,6	14,9	2,6	20,6
BIST-100 Relative (%):	2,3	6,3	2,3	20,7



Source: PDP, Finnet, Seker Invest Research estimates

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

Turkcell (OP, 12M TP: TRY 148.48) Upside:37%

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.

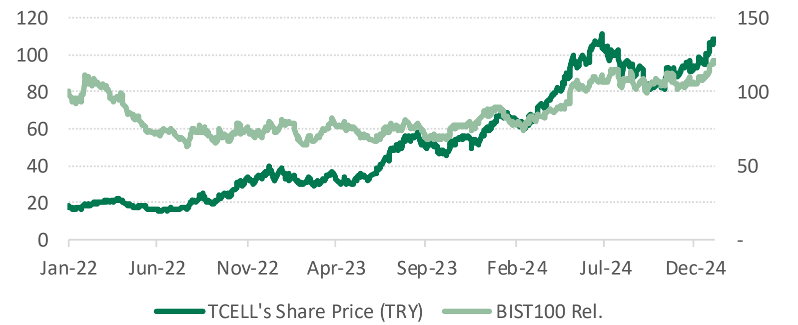
Since unused line closures occured in 4Q, we expect subscriber losses on the prepaid side along with a decline. Despite the competitive pricing environment we expect price increases reflected on tariffs to continue supporting real ARPU growth and revenues. In 4Q24, we expect to see TRY 44,011mn renevues with growth of 16% YoY. We expect 4Q24 EBITDA and net profit to reach TRY 17,857mn and TRY 2,930mn, respectively. 4Q24 financials are expected to be released in the last week of February.

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 maintain our 12-month target price for TRY 148.48/share. As our target price carries a 37% return potential based on the closing price of January 31, 2025, we maintain our OUTPERFORM recommendation.

Code	TCELL.TI	Close	108,10
MCAp (TRY m)	237.820	Last 12M High	111,81
MCAp (US$ m)	6.650	Last 12M Low	59,10
EV (TRY m)	256.858	Beta	1,01
EV (US$ m)	7.208	Avg. daily trading vol. (US$ m)	64,7
Free float (%)	54,00	Foreign ownership in FF (%)	60,4%

Key figures	2022*	2023*	2024E	2025E
Revenues	134.975	154.653	165.788	229.082
Growth		*14,6%*	*7,2%*	*38,2%*
EBITDA	52.854	63.349	69.963	98.505
EBITDA margin	*39,2%*	*41,0%*	*42,2%*	*43,0%*
Net profit	9.934	18.125	24.773	23.188
EPS	4,52	8,24	11,26	10,54
Dividend yield	3,5%	6,6%	2,5%	2,4%
Net debt / EBITDA	1,04	0,58	1,47	1,35
Net debt / Equity	0,35	0,21	20,97	27,40
ROAE		10,8%	27,3%	475,0%
ROAA		5,2%	13,7%	307,2%
Valuation metrics	**2022***	**2023***	**2024E**	**2025E**
P/E	23,9	13,1	9,6	10,3
EV/EBITDA	1,1	4,1	3,7	2,6
EV/Sales	0,4	1,7	1,5	1,1
P/BV	2,2	1,3	48,4	49,0
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	16,5	31,5	16,5	62,6
US$ Return (%):	14,9	26,0	14,9	38,0
BIST-100 Relative (%):	14,5	16,5	14,5	38,1



Source: PDP, Finnet, Seker Invest Research estimates

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

Turkish Airlines (OP, 12M TP: TRY 495.50) Upside: 56%

Balanced Growth Through Operational Diversity…

➢ We maintain our target share price for Turkish Airlines (THYAO) **of TRY 495.50/sh**. 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 our maintained target price—based on the January 31, 2025, closing price—offering an attractive **56% upside potential**. THY is currently trading at 2025E P/E of 3.80x and 2025E EV/EBITDA of 4.08x.

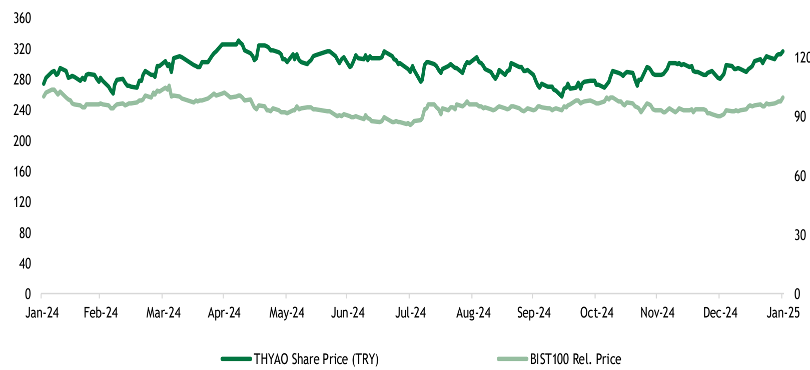
➢ **Cargo operations continue at a strong and steady pace -** THY's PAX rose by 5.3% YoY for December 2024. The rise was mainly due to both increase of domestic & int'l passenger number when compared to December 2023. THY's total PAX in December 2024 was at 6.44mn. Meanwhile, in December 2024, the share of international PAX in total PAX was 67.1%. The total load factor rose by 0,8 pp at 80.7% in December 2024. The carrier's international PAX rose by 6.5% YoY to 4.3mn in December 2024; domestic PAX increased by 3.0% YoY to 2.12mn in December 2024. THY's cargo operations volume was positive, up 3.7% YoY in December 2024. In 2024, THY's total PAX rose by 2.1% to 85.2mn. Meanwhile, in 2024, the share of international PAX in total PAX was 64.1%. The total load factor slightly declined by 0,4 pp at 82.2% in 2024. The carrier's international PAX rose by 2.9% YoY to 54.6mn in 2024; domestic PAX increased by 0.7% YoY to 30.6mn in 2024. THY's cargo operations volume was positive, up 20.6% YoY in 2024.

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

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

Code	THYAO.TI/THYAO.IS	Close	317,00
MCAp (TRY mn)	437.460	Last 12M High	332,00
MCAp (US$ mn)	12.232	Last 12M Low	257,50
EV (TRY mn)	719.654	Beta	0,98
EV (US$ mn)	20.503	Avg. Daily Trading Vol. (US$ mn)	275,9
Free Float (%)	50,55	Foreign Ownership in FF (%)	28,00

Key Figures (USD mn)	2022	2023	2024E	2025E
Revenues	18.426	20.942	22.528	24.048
Growth (%)	*72,4%*	*13,7%*	*7,6%*	*6,7%*
EBITDA	4.947	5.533	4.962	5.023
EBITDA Margin (%)	*26,8%*	*26,4%*	*22,0%*	*20,9%*
Net Profit	2.725	6.021	3.499	3.220
EPS	1,97	4,36	2,54	2,33
Net Debt/EBITDA (x)	1,7	1,3	1,2	1,9
Net Debt/Equity (x)	0,9	0,5	0,3	0,4
ROAE	32,9%	47,6%	20,2%	15,5%
ROAA	9,5%	18,1%	9,1%	7,2%
Valuation Metrics	**2022**	**2023**	**2024E**	**2025E**
P/E	4,49	2,03	3,50	3,80
EV/EBITDA	4,14	3,71	4,13	4,08
EV/Sales	1,11	0,98	0,91	0,85
P/BV	1,17	0,73	0,59	0,51
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	12,81	16,33	12,81	16,22
US$ Return (%):	11,24	11,41	11,24	-1,40
BIST-100 Relative (%):	10,85	3,07	10,85	-1,29



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

Yapi Kredi Bank (OP, 12M TP: TRY49.47) Upside: 61%
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 solid YoY growth in core banking revenues in 2024 amid support of payment systems.

Yapi Kredi Bank posted TRY6,611mn net income (+32% QoQ) in its 4Q24 results. For FY25E, the bank is targeting rather cautious mid-20%s ROTE.

We model the highest earnings growth for Yapi Kredi Bank for 2025E at a solid 79% YoY (Bloomberg consensus 126%). Our target price of TRY49.47 offers 61% upside. We maintain our "Outperform" recommendation. The stock is trading at 2025E 5.0x P/E and 1.08x P/B multiples (2% discount to peers) with ROAE of 24%.

Leader in demand deposit market share gain. The bank is the leader among private banks with its 10 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 102%, a rather stretched level and the highest among peers.

Prudent cost management policy. The fee to OPEX coverage is strong at 95%, 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 67% YoY in 2024 with the prudent cost management policy, behind the private banks average.

Total coverage ratio is 3.8%, the highest among private banks. The NPL ratio is 3.1% with new additions in unsecured retail loans, also the highest. However, collections on commercial loans are strong and coverage for consumer loans has increased significantly in 2024.

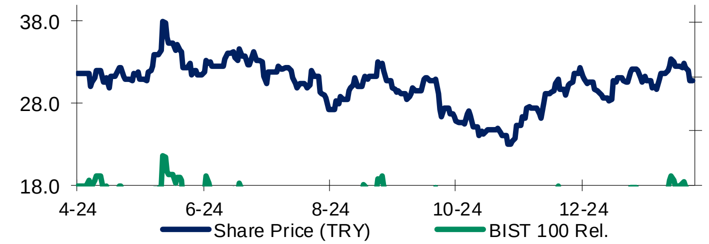
Upside and downside risks. A better-than-expected course of funding costs is the main positive trigger. A worse-than-expected asset quality deterioration is the main downside risk.

Mcap (TRYmn)	259,493	Beta (12M)	1.44
Mcap (USDmn)	7,264	Daily Volume (12M)	4,665
Close	30.72	Foreign Ownership in	33.5%
Last 12M High	39.46	Free Float (%)	39.0%
Last 12M Low	19.97	Weight	3.5%

Quick Facts (TRY Mn)	2023A	2024A	2025E	2026E
Net interest income	72,902	75,914	94,892	111,972
% Change, YoY	*-5.3%*	*4.1%*	*25.0%*	*18.0%*
Net fee income	34,482	73,097	98,682	126,312
% Change, YoY	*144.0%*	*112.0%*	*35.0%*	*28.0%*
Net income	68,009	29,017	51,912	80,580
% Change, YoY	*1238.9%*	*-57.3%*	*78.9%*	*55.2%*

Ratios	2023A	2024A	2025E	2026E
NPL ratio	3.0%	3.1%	3.6%	3.4%
CoR (Net) (Exc. currency)	0.1%	0.6%	1.9%	1.4%
NIM (Swap adjusted)	6.2%	0.9%	3.9%	3.1%
ROAA	4.8%	1.4%	1.9%	2.3%
ROAE	44.6%	15.6%	24.0%	29.9%

Multiples	2023A	2024A	2025E	2026E
P/E	2.4	8.5	5.0	3.2
P/BV	0.92	1.28	1.08	0.87



Return	1M	3M	6M	12M
TRY Return (%):	-9.2	21.4	-6.3	36.8
US$ Return (%):	-10.5	16.1	-13.4	16.0
BIST-100 Relative (%):	-6.9	9.8	-0.1	20.7

Source: Bank financials, Seker Invest Research

Recommendations List

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Recommendation List

February 3, 2025

BANKING	Close (TRY)	Rating	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
AKBNK	64,85	OP	96,62	337.220	502.401	49,0%	7,96	1,40
GARAN	127,30	OP	178,86	534.660	751.224	40,5%	5,80	1,62
HALKB	20,38	MP	22,88	146.426	164.417	12,3%	11,03	1,06
ISCTR	14,16	OP	21,47	354.000	536.761	51,6%	6,45	1,22
TSKB	13,61	OP	18,66	38.108	52.261	37,1%	4,21	1,30
VAKBN	27,46	MP	32,65	272.291	323.787	18,9%	7,31	1,35
YKBNK	30,72	OP	49,47	259.493	417.850	61,0%	8,94	1,35

HOLDING	Close (TRY)	Rating	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
KCHOL	169,80	OP	299,18	430.595	758.698	76,2%	9,93	0,84
SAHOL	99,90	OP	164,00	209.828	344.463	64,2%	29,62	0,76
TAVHL	277,75	OP	392,20	100.901	142.479	41,2%	11,48	1,66

INDUSTRIAL	Close (TRY)	Rating	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
AKCNS	208,20	OP	251,20	39.859	48.091	20,7%	20,53	2,18
AKSEN	41,10	OP	55,00	50.403	67.450	33,8%	9,70	1,31
ARCLK	127,00	OP	195,65	85.817	132.209	54,1%	50,81	1,28
ASELS	88,70	OP	102,00	404.472	465.120	15,0%	44,21	3,26
BIMAS	550,00	OP	766,10	333.960	465.176	39,3%	15,51	3,31
CCOLA	57,05	OP	78,30	159.630	219.079	37,2%	7,91	2,98
CIMSA	53,35	OP	67,20	50.447	63.544	26,0%	10,95	2,03
DOAS	188,10	OP	301,90	41.382	66.418	60,5%	3,97	0,81
EREGL	22,44	OP	35,77	157.080	250.408	59,4%	8,41	0,69
FROTO	929,50	OP	1.491,00	326.171	523.205	60,4%	6,39	3,22
KRDMD	27,30	OP	40,79	21.300	31.824	49,4%	13,03	0,64
MGROS	585,00	OP	794,50	105.917	143.847	35,8%	16,65	1,96
PETKM	17,49	MP	25,42	44.327	64.419	45,3%	2,28	0,72
PGSUS	234,50	OP	361,20	117.250	180.600	54,0%	5,06	1,56
SELEC	69,80	MP	92,00	43.346	57.132	31,8%	32,55	2,08
SISE	38,02	OP	60,70	116.463	185.941	59,7%	6,30	0,65
TCELL	108,10	OP	148,48	237.820	326.666	37,4%	5,49	1,36
THYAO	317,00	OP	495,50	437.460	683.795	56,3%	2,40	0,71
TOASO	222,50	OP	299,40	111.250	149.698	34,6%	9,25	2,52
TTKOM	50,55	OP	74,82	176.925	261.865	48,0%	6,89	1,31
TUPRS	141,20	OP	230,64	272.064	444.392	63,3%	4,32	1,13
VESBE	15,17	OP	26,64	24.272	42.619	75,6%	15,26	0,85
ZOREN	4,08	MP	5,40	20.400	27.000	32,4%	1,42	0,34

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