Monthly Equity Strategy

July 2024

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Şeker Invest

ECB starts its rate cut cycle...

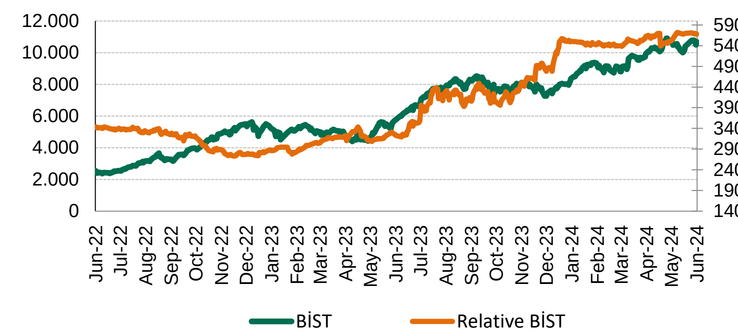
Rating: BUY

- After the ECB cut rates for the first time in five years and reduced the benchmark interest rate by 25bps on June 6, the Fed on June 12 and the BOE on June 20 kept the rates on hold, as expected. In the forecast set announced after the meeting of the Fed members, the number of rate cuts for 2024 was reduced from 3 to 1, while the 2024 inflation forecast was raised from 2.4% to 2.6%. Chairman Powell's statements after the meeting, while maintaining his cautious stance and leaving the door open for two rate cuts, was perceived as dovish. After the ECB started its monetary easing cycle, markets prefer to price in optimism that the Fed may start reducing rates before the last quarter of the year.
- Domestically, the CBRT kept the benchmark rate constant in line with market expectations at its June meeting. In the MPC notes, strong messages continued to be given that the tight stance would be maintained until the main trend of monthly inflation eases to the forecast path. Expecting the disinflation process to accelerate in June, the economic management is preparing a tax reform package planned to be enacted before the Parliament goes into recess, following the tight monetary policy and public sector savings measures.
- The strengthening belief in the normalization process, which continues to be implemented decisively and proactively since the elections, and is supported by reform packages, raises the interest of global investors in TL assets and the transition of domestic investors from foreign currency to TL, while causing a rapid recovery in the CBRT's FX reserves. The removal of Turkey from the Gray List of the FATF for "countries under surveillance" on June 28 should also lead global interest in Turkish assets to increase, accelerating rating upgrades, and helping Turkey's CDS, at 280, to continue declining.
- In July, domestic markets will closely follow the Central Bank's interest rate decision, the measures to be announced within the framework of the implemented economic program and liraization strategy, the upcoming decision on any changes to the minimum wage, and macro data to be announced, especially inflation. Additionally, rating agency Moody's is expected to publish its assessment of Turkey on July 19.

Facts & Figures	Close*	MoM	YtD
BIST - 100, TRY	10.648	2,38%	42,5%
BIST - 100, USD	324	0,2%	27,8%
MSCI Turkey	357.134	0,1%	36,3%
MSCI EMEA	201	3,7%	-0,3%
MSCI EM	1.086	3,6%	6,1%
Benchmark Bond	41,59%	-2bps	191bps
USD/TL	32,8262	2,15%	11,51%
EUR/TL	35,1284	0,86%	7,84%
P/E			
BIST - 100	7,9		
Banking	7,7		
Industrial	13,0		
Iron&Steel	18,0		
REIT	3,9		
Telecom	12,3		
2024E P/E	7,0		

*Close as of June 28, 2024

BIST &Portfolio



Expectations that the disinflation process will accelerate support the markets…

- As for abroad, in July, the markets will be closely following messages regarding the rate decisions and rate cuts of the Fed and other central banks, as well as the upcoming macro data and developments regarding geopolitical risks in Russia-Ukraine and the Middle East, which tend to increase. In addition, the results of the first round of snap elections on June 30, and the second round to be held on July 7 in France, suddenly decided on after the European parliamentary elections, will be closely followed by the markets combined with the early election on July 4 in England.
- The BIST 100 Index, which started its rebound in April with the expectation that rational policies would continue after the local elections, reached 11,000 levels on May 21. Facing a correction process, it fell below the 10,000 level on June 11 amid news of a potential tax levy on the stock market. The index started to gain momentum again after announcements that the tax implementation was removed from the agenda, and market rose by 2.38% MoM to 10,647.91 While the industrial index rose 1.11%, the Banking Index was up by 0.45% MoM.
- The French And England early elections, the postponement of the Fed's rate cut and rising geopolitical risks weighing on global risk appetite. Yet, we maintain our positive medium-term view for the BIST, in line with expectations that the economy will be balanced with rational policies implemented domestically, the exit from the gray list, and new upgrades from rating agencies.
- We maintain our 12-month target of 13,000 for the BIST 100 and our BUY recommendation which offers 22% upside. The MSCI Turkey index 2024E is trading at 47% and 18% discounts vs. the EM MSCI index, with P/E and P/BV ratios of 6.98x and 1.50x, respectively.
- We make no changes to our model portfolio this month.

Main market risks

- Inflation remains rigid and global central banks postpone their rate reduction cycles to next year,
- Despite the disinflation policies implemented domestically, the expected easing in inflation not occurring,
- Despite the expectations of a soft landing, the risk of recession becoming evident, especially in major economies, and higher volatility amid accelerated rate cuts,
- Volatility in commodity prices remaining high due to geopolitical risk and measures taken on a country basis,
- The far-right bloc increasing its votes in French snap elections.

Model Portfolio

Top Picks	Close	Target	Pot.	MoM	Relative
AKBNK.TI	64,05	74,85	16,9%	-3,5%	-5,8%
BIMAS.TI	545,00	660,80	21,2%	13,5%	10,9%
ISCTR.TI	15,85	18,52	16,8%	-1,6%	-3,9%
KRDMD.TI	31,50	43,62	38,5%	8,3%	5,8%
MGROS.TI	530,00	595,00	12,3%	11,5%	8,9%
SAHOL.TI	96,50	146,55	51,9%	-1,2%	-3,5%
SISE.TI	50,20	78,70	56,8%	1,1%	-1,3%
TAVHL.TI	259,50	278,50	7,3%	7,8%	5,3%
TCELL.TI	100,60	116,50	15,8%	1,0%	-1,3%
THYAO.TI	308,75	475,40	54,0%	2,0%	-0,4%
Average				3,9%	1,5%

*Close as of June 28, 2024

Add
-

Remove
-

Maintain
AKBNK
BIMAS
ISCTR
KRDMD
MGROS
SAHOL
SISE
TAVHL
TCELL
THYAO

Favourite Sectors
Banks
Food&Beverage
Food Retail
Tourism
Aviation
Telecommunication
Construction
Cement
Steel
Glass

Returns compared to peers

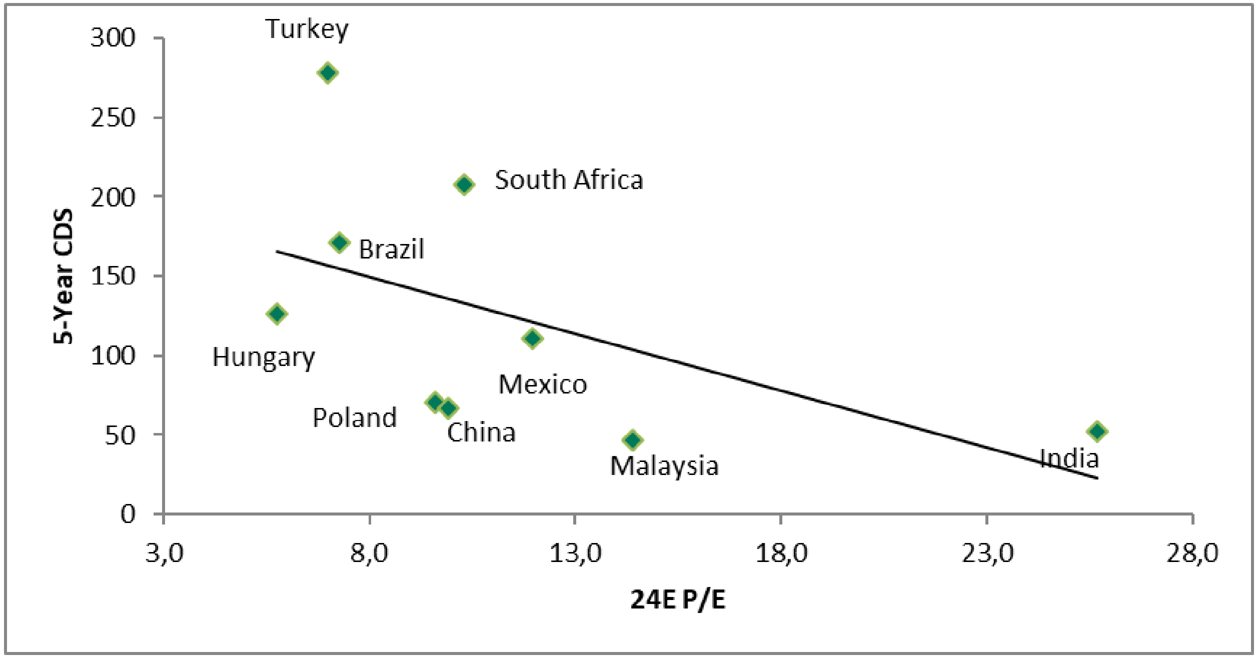
- The MSCI Turkey Index has risen by 57.3% in absolute terms over the past 12 months. Thus, it has outperformed the MSCI EM Index by 30.2%, and has outperformed the MSCI EMEA Index by 33.0%, during same period.

Absolute Change	1m	3m	12m	YtD
MSCI Turkey	0,1%	19,5%	57,3%	36,3%
MSCI EM	3,6%	4,1%	9,8%	6,1%
MSCI EMEA	3,7%	0,3%	5,4%	-0,3%
MSCI Eastern Europe	0,7%	4,0%	22,3%	5,5%
MSCI World	1,9%	2,2%	18,4%	10,8%

Relative to MSCI Turkey	1m	3m	12m	YtD
MSCI EM	3,47%	-12,8%	-30,2%	-22,2%
MSCI EMEA	3,7%	-16,0%	-33,0%	-26,8%
MSCI Eastern Europe	0,6%	-12,9%	-22,2%	-22,6%
MSCI World	1,9%	-14,5%	-24,7%	-18,7%

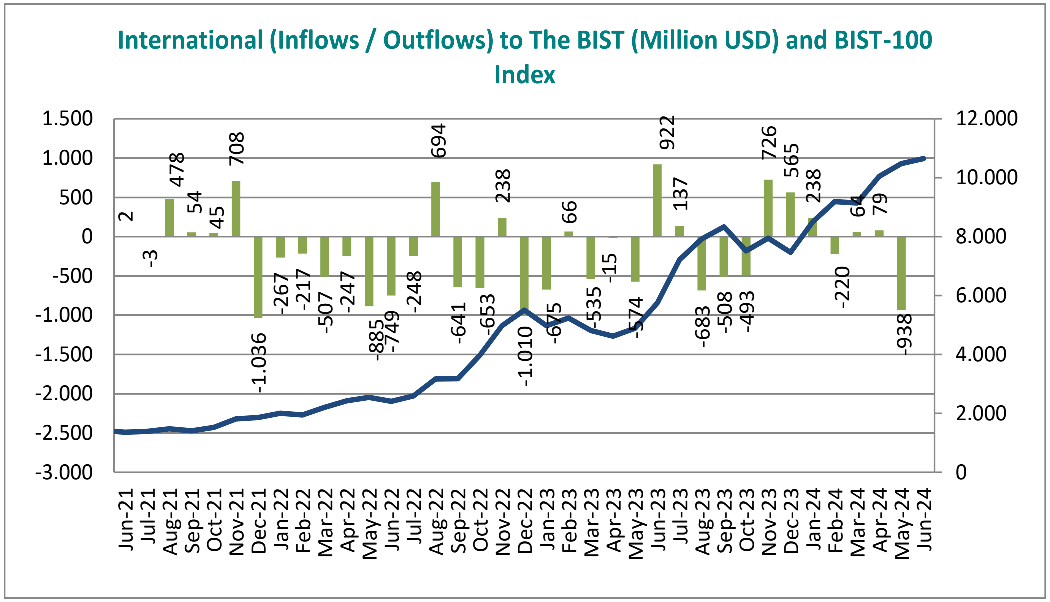
As of June 28, 2024

5-Year CDS

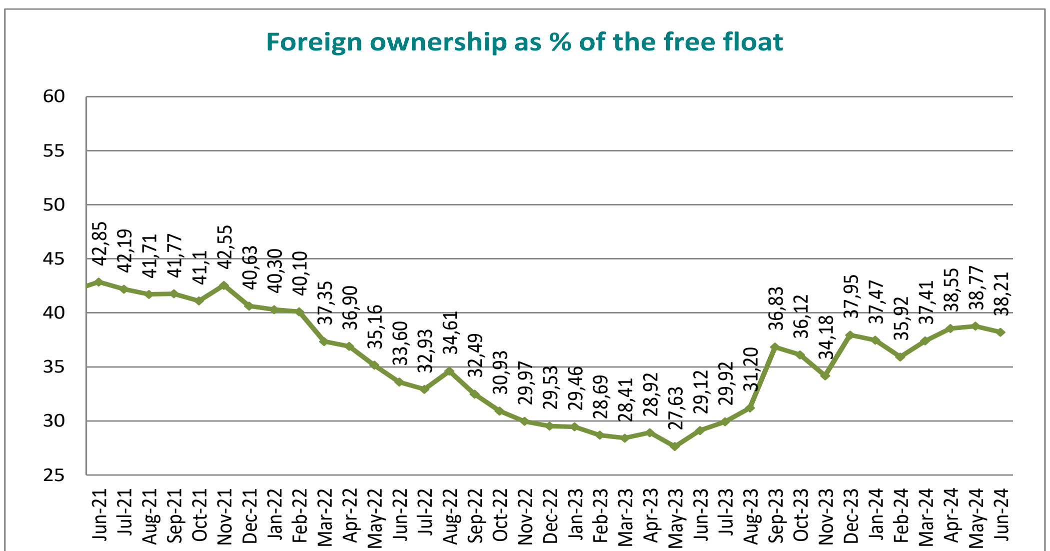


As of June 28, 2024

Int. flow and foreign ownership

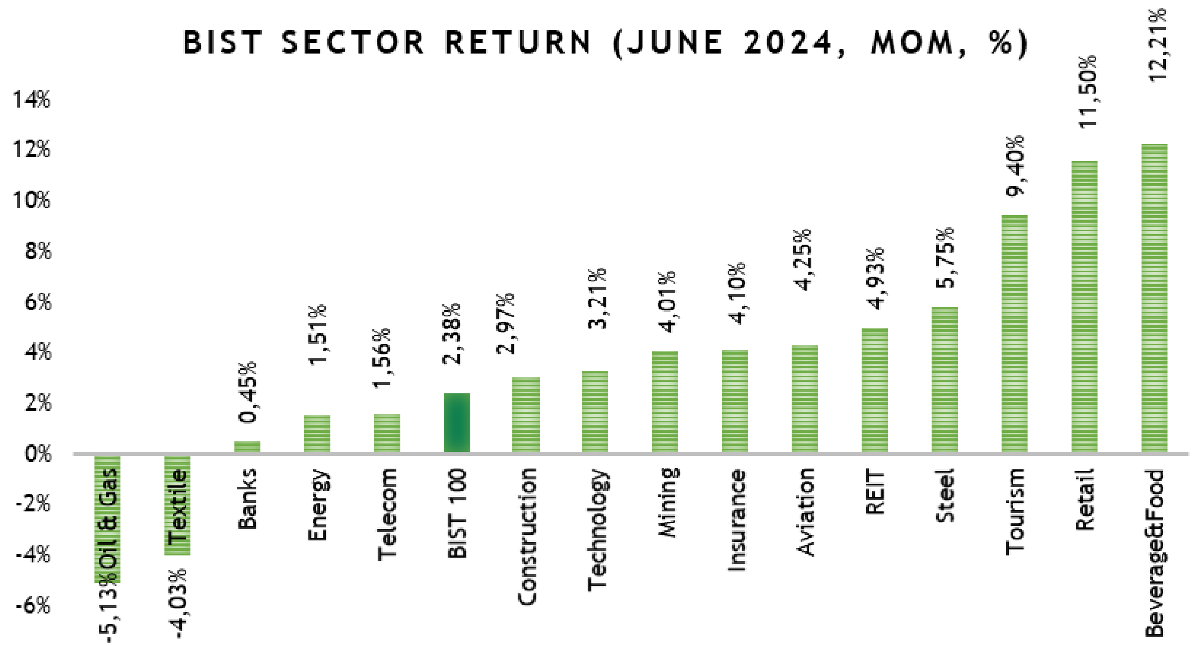


- In May 2024, foreign investors were net sellers at the BIST of USD 938mn.



- Foreign ownership has sligthly decreased to 38.21% in June 2024.

Sector performances



As of June 28, 2024

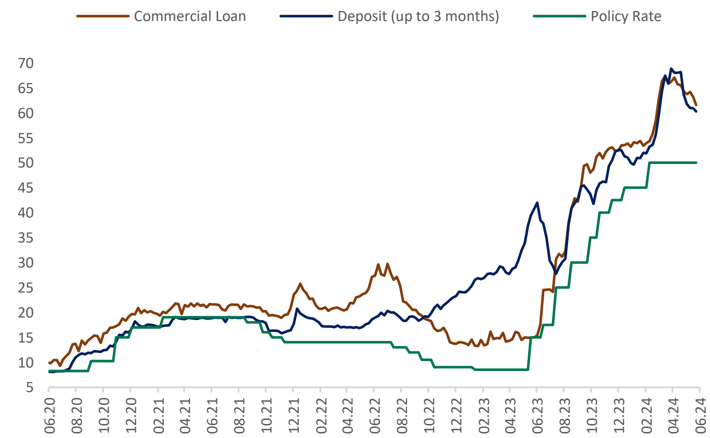
Macroeconomic Outlook

CBRT Rate Decision - June

The CBRT Monetary Policy Committee (MPC) has kept the policy rate unchanged at 50% at this month's meeting, in line with expectations. The MPC's decision, which broadly echoed the text of the May decision, was subject to some minor changes. The main ones were the temporary rise in inflation in May and the signs of a slowdown in the underlying trend of inflation. In addition, the paragraph on macroprudential measures was substantially amended and it was stated that sterilization tools would be used effectively when necessary. Having simplified macroprudential policies to a large extent, the CBRT stated that it would support monetary transmission with additional prudential measures in case of unexpected developments in credit and deposit markets. As emphasized in previous policy decisions, the CBRT stated that the tight stance will be maintained until monthly inflation falls significantly and permanently and inflation expectations are in line with CBRT forecasts. Assuming that the underlying trend of inflation improves but remains elevated, we expect a decline in risk premium, and volatility in exchange rate and bond yields in the second half of the year. The CBRT clearly stated that the excess liquidity to arise from the demand for Turkish Lira will be sterilized by additional measures.

Despite the tight stance, the fact that the interest rates on deposits of 1 year and above remain below the policy rate reduces the effectiveness of the transmission mechanism. In particular, the excess liquidity arising from reserve accumulation and the unraveling of the RRR also suppresses deposit rates. Once this effect is sterilized in the near future, the impact of the tight stance will become more evident. In this context, we are looking forward to 2024, when we will see a TL with both rising costs and reduced liquidity. The CBRT maintains its decisive stance in the fight against inflation, both by effectively using its main policy instrument and by adjusting liquidity through complementary macroprudential measures. In this context, we believe that interest rate cuts will not be initiated until a significant decline in inflation is achieved and inflation expectations are in line with the forecast path.

Policy, Loan and Deposit Rates (%)

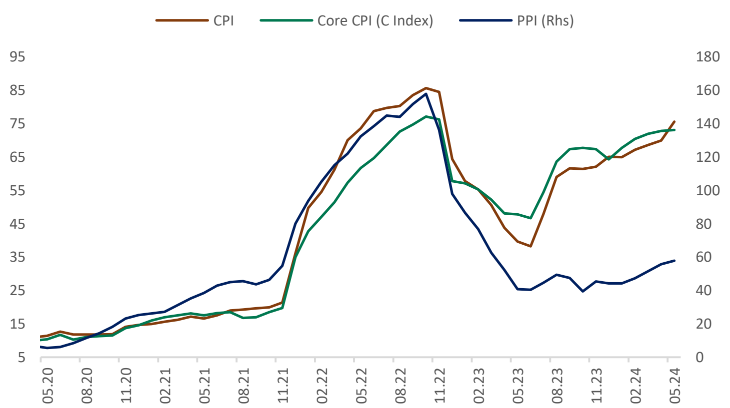


Macroeconomic Outlook

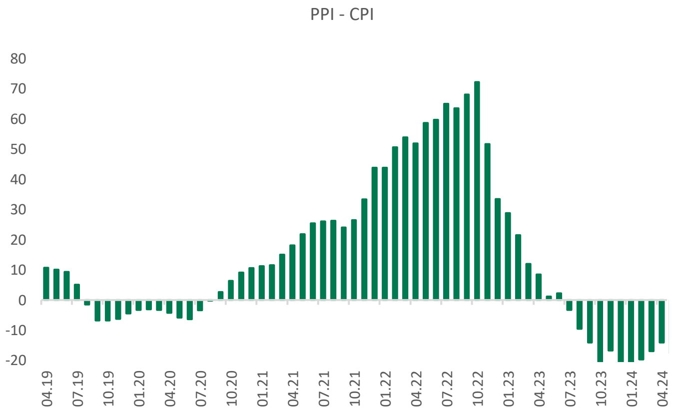
Inflation - May

CPI rose 3.37% mom in May, while annual inflation rose to 75.45% (previous 69.8%). All market expectations were that inflation would peak in May. The realized inflation rate, on the other hand, exceeded market and our expectations, indicating that domestic demand remains buoyant. In the first five months of the year, the cumulative inflation rate was 20.94%. With May's realization, inflation developments in the first half of the year are above the CBRT's forecast path. The fact that the disinflation process has not started, especially in monthly inflation dynamics, shows that domestic demand remains buoyant. In the current conjuncture, we can say that the tight monetary stance will continue for a while yet. The average of food, housing and transportation inflation, which has a weight of 57% in the index, rose by 78.69% yoy. In the same period, monthly inflation in the Special CPI Aggregate B index (core inflation) was realized as 3.77% while annual inflation was realized as 72.99%. The monthly trend in core inflation indicators followed a parallel course with general inflation. Core inflation indicators fell behind the headline inflation after a long spell. Although annual inflation remains high due to the base effect, we will start to see a downward trend in annual inflation as of June with the decline in monthly inflation and the weakening of the base effect. Producer prices, on the other hand, rose by 1.96% mom in May, while the annual change in PPI was 57.68%. When we consider the sub-indices in PPI, annual changes in main industrial groups were realized as a: 55.48% increase in intermediate goods, 64.91% increase in durable consumer goods, 66.12% increase in non-durable consumer goods, 43.74% increase in energy, and 63.51% increase in capital goods. As the level of monetary tightening continues decisively, demand inflation will gradually decline and inflation will return to a course in line with the forecast.

CPI, PPI and Core CPI (YoY %)



PPI - CPI Spread



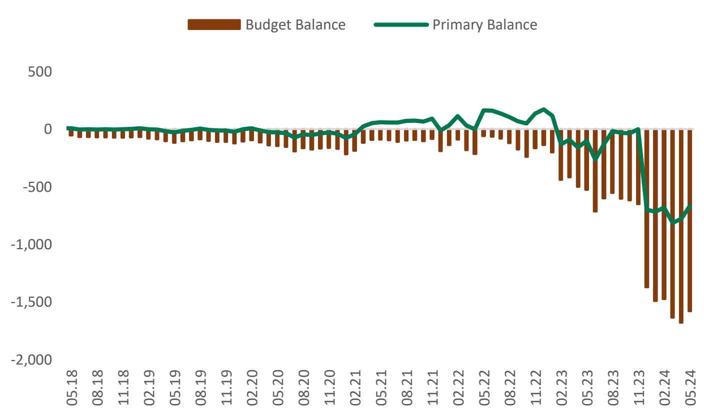
Macroeconomic Outlook

Budget Balance - May

According to the May central government budget data released by the Ministry of Treasury and Finance, budget revenues and budget expenditures were realized as 1,007 billion TRY and 787.7 billion TRY, respectively. In the same period, non-interest budget expenditures were realized as 677.1 billion TRY. According to these figures, budget surplus was 219.4 billion TRY while primary balance posted a surplus of 330 billion TRY. Transfers to Electricity Generation Co. amounted to 11.2 billion TRY in May and 86.7 billion TRY in January-May period. Having posted a deficit of 177.8 billion TRY in April led by current transfers, the budget posted a periodic surplus in May thanks to the 403.9 billion TRY collection in corporate tax. The almost flat course in expenditure items will be on a downward trend in the coming period due to the austerity policies in the public sector. The improvement in personnel wages due to inflation and current transfers to institutions due to cost increases keep the pressure on the budget alive. If price stability is achieved, both the inflation pressure on the budget will decrease and the effectiveness of fiscal policy will increase. We have already emphasized the importance of a tight fiscal policy supporting a tight monetary policy. Under the expectation that monetary policy will remain tight until the end of the year, the contribution of fiscal policy to monetary policy has become even more important.

Although the budget experienced a periodic recovery in May with the corporate tax collection, the overall outlook is still negative. Especially in expenditure items, inflation-induced personnel wage increases coupled with earthquake and infrastructure subsidies have led to a deviation from the fiscal discipline target. Last year, some of the burdens on monetary policy implementations were borne by the Treasury, which put negative pressure on the budget. We anticipate that the austerity measures supporting the Turkish Lira will contribute to the budget by reducing both exchange rate and inflation pressures. We believe that the tight monetary and fiscal policy stance supported by macro/micro prudential measures will start to contribute positively to both price stability and fiscal discipline as of the second half of the year. We anticipate that the budget performance and fiscal discipline outlook of the pre-Covid period can be achieved by 2025-2026.

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

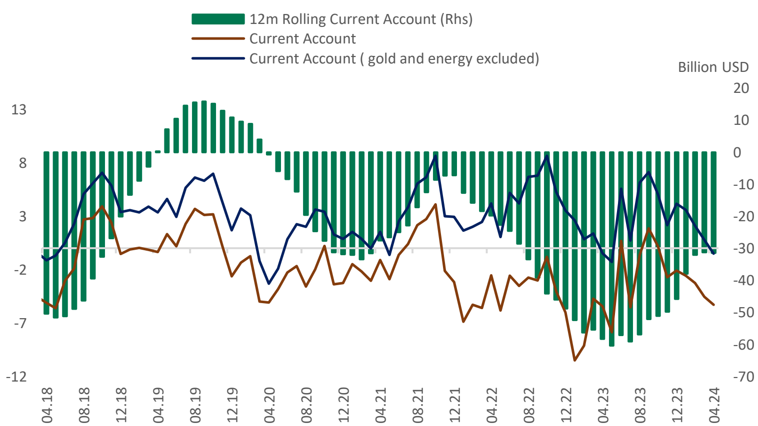


Macroeconomic Outlook

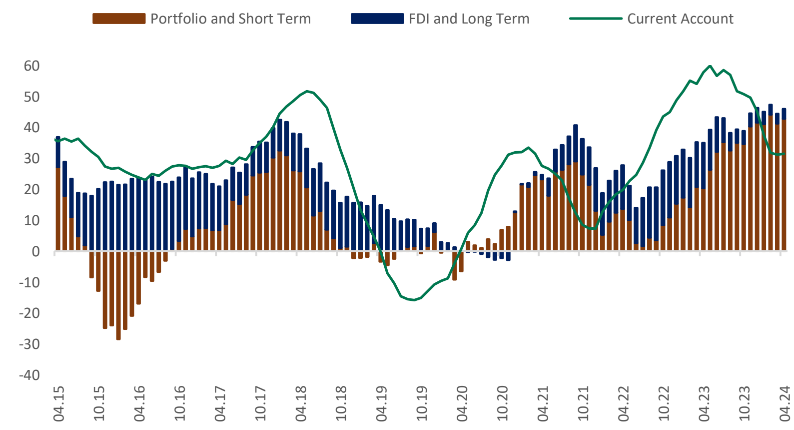
Balance of Payments - April

According to balance of payments statistics, the current account balance posted a deficit of USD 5,285 million in April. As a result, the twelve-month current account deficit increased to 31,462 million US dollars (31,264 million USD previously). The current account balance, which was realized well below the market expectations (6.7 billion USD deficit), indicates that the improvement in the balance of payments has advanced as envisaged. This development was mainly driven by the realization of balance of a payments-defined foreign trade deficit of USD 7,649 million and services inflows of USD 3,110 million. The 12-month cumulative foreign trade deficit declined to USD 93 billion (May 2023 peak was USD 122 billion) thanks to the tightening steps that started after June 2023. Although the foreign trade deficit made a negative start to the second quarter, we expect this effect to be compensated by the services sector in the summer season. The current account balance will follow a positive course in 2024 as recovery in the trade balance following the decisive monetary policy stance is accompanied by positive developments in the services balance. The monetary policy committee, which closely monitors developments in the balance of payments, will not allow developments in the trade balance to pressure the exchange rate and price stability. The current account excluding gold and energy posted a deficit of USD 497 million this month. 2023 Core indicators, which posted a deficit for the first time since May, point to the increased demand for core trade products, especially with the calm course of the exchange rate. Following the positive developments in CBRT reserves throughout May, we expect a more volatile course in the exchange rate compared to the first quarter of the year. The Central Bank, which effectively converted the capital inflows and the thawing in the KKM into reserves, may monitor the depreciation of the Turkish Lira in line with inflation for the rest of the year.

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



Finance of Current Account Deficit (Billion USD)



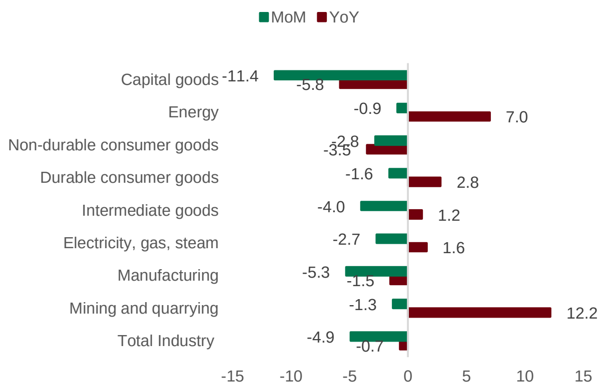
Macroeconomic Outlook

Industrial Production- April

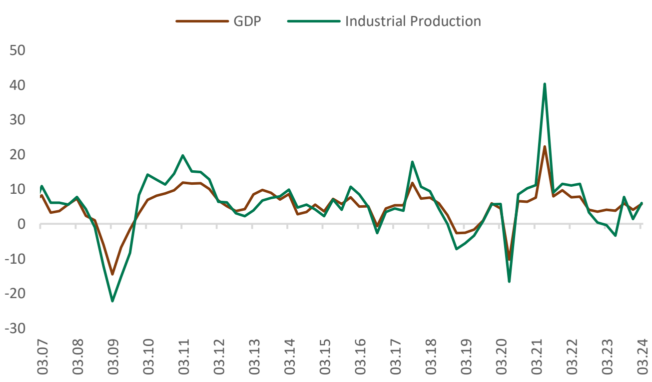
According to the Industrial Production Index, seasonally- and calendar-adjusted production decreased by 4.9% mom in April. Thus, annual production contraction was realized as 0.7% (previous 4.3% increase). The monetary policy stance remains reflected on production indicators more sharply than expected. Although domestic consumption and import demand did not slow down as much as expected, producers were forced to cut production, especially due to costs and financing conditions. Developments in sub-indices in particular suggest that production activity may slow down further in the rest of the year. Downwardly-revised growth indicators in global economies, political uncertainty and the fact that 2024 will be an election year across the world also trigger a slowdown in production activity. In Turkey, where growth dynamics have exceeded the potential level in line with the price stability target, overheated economic conditions have entered a rebalancing cycle. The output gap turning negative as of the second half of the year will support this prediction. Critical production areas will be prioritized and some production activities will be sacrificed on the road to price stability. Especially from the second half of the year onwards, we anticipate that credit facilities for specific sectors may be expanded in line with the outlook for inflation. 2024 will be a year in which economic growth will be more balanced and price stability will converge to forecast levels.

We expect the slowdown in both domestic and external demand to gradually yield the expected results on inflation. The alternative cost of achieving the price stability target, or at least a cooling cycle in an overheated economy, would be to sacrifice growth targets. While year-end growth forecasts remain below potential growth, the slowdown in certain sectors will become more pronounced. Weakening production and recession concerns in global markets may mitigate the impact of the slowdown in domestic production. Industrial companies that actively use Turkish Lira borrowing facilities and have high leverage and low exports will face a difficult period for the rest of 2024.

Industrial Production Rate of Change (%)



Industrial Production and GDP Growth (YoY)



Seker Invest

Akbank (OP, 12M TP: TRY 74.85) Upside: 17%

Commercially successful market share gains

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

Strong capital base to withstand shocks. Akbank is well positioned to continue its market share gains with its solid capital adequacy ratio of 20.2%. This also helps to position favorably against possible volatility and grow its franchise further in profitable segments.

Akbank posted TRY13,184mn net income (-12% QoQ) in its 1Q24 bank-only financial statements. We model 23% YoY earnings growth (Bloomberg consensus 16%) for 2024E. Our target price of TRY74.85 offers 17% upside. We maintain our “Outperform” recommendation. The bank is trading at a 2024E P/E of 4.1x (1% discount to domestic peers) and P/BV of 1.18x with a ROAE of 33.2%.

Profitability-oriented loan growth, superior market share gains in credit cards. The bank is in a leading position with a 250bps market share gain in credit cards in 2023. We expect this strategy to support margins. The CPI linker to equity book ratio is 78% and the sensitivity of margin development to inflation is high. Its market share in FX-protected deposits is 8.7%, the second lowest among private banks. The weight of demand deposits is at 32%, below the sector average.

Peer-leading position in fee income growth YoY. The bank is the leader with a record high annual increase of 217% YoY in 2023. Fees cover 76% of OPEX.

Strong track record in asset quality management. The Stage 2 loan book rose by 51% in 2023, a rather high figure. However, the weight of these loans is 6.8%, the lowest among private banks.

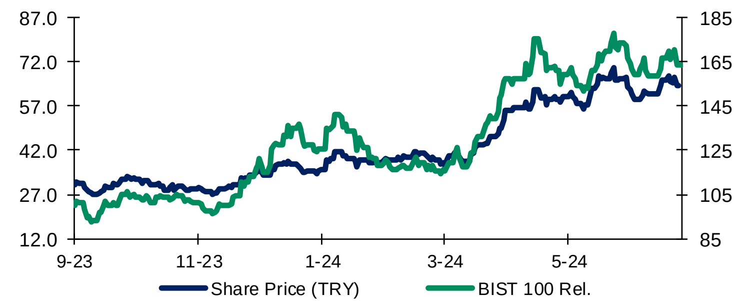
Upside and downside risks. Higher-than-expected asset quality worsening, and a worse-than-expected rise in funding costs are the main downside risks. A benign performance in bad loan formation is the main upside risk.

Mcap (TRYmn)	333,060	Beta (12M)	1.06
Mcap (USDmn)	10,141	Avr. Daily Vol. (TRYm)	4,043
Close	64.05	Foreign Ownership in FF	54.5%
Last 12M High	70.75	Free Float (%)	52.0%
Last 12M Low	19.38	Weight	5.93%

Quick Facts (TRY Mn)	2022A	2023A	2024E	2025E
Net interest income	76,872	63,547	100,347	130,088
% Change, YoY	*236.6%*	*-17.3%*	*57.9%*	*29.6%*
Net fee income	10,316	30,832	61,665	95,580
% Change, YoY	*97.1%*	*198.9%*	*100.0%*	*55.0%*
Net income	60,023	66,479	81,912	116,846
% Change, YoY	*395.0%*	*10.8%*	*23.2%*	*42.6%*

Ratios	2022A	2023A	2024E	2025E
NPL ratio	3.0%	2.4%	3.5%	3.2%
CoR (net) Exc. Currency	0.5%	1.0%	1.5%	1.0%
NIM (Swap adj.)	8.8%	5.5%	6.0%	6.8%
ROAA	6.7%	4.6%	3.8%	4.1%
ROAE	52.3%	36.4%	33.2%	34.9%

Multiples	2022A	2023A	2024E	2025E
P/E	1.7	2.9	4.1	2.9
P/BV	0.66	0.90	1.18	0.86



Return	1M	3M	6M	12M
TRY Return (%):	-8.2	36.9	85.4	230.9
US$ Return (%):	-10.2	34.1	65.7	160.2
BIST-100 Relative (%):	-8.0	16.8	28.8	79.0

Source: Bank financials, Seker Invest Research

Bim (OP, 12M TP: TRY 660.80)

Upside: 21%

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

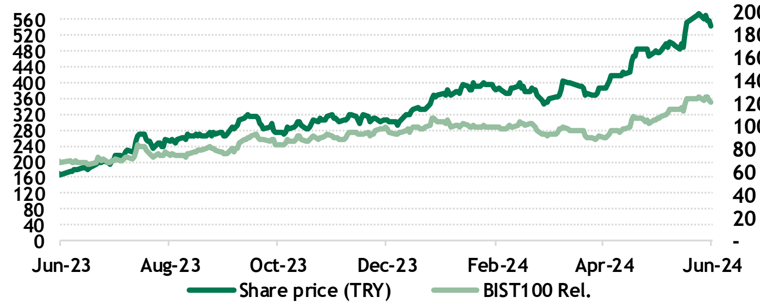
- **We maintain our "Outperform" recommendation for Bim with our TRY 660.80 target price, implying 21% upside as at June 28, 2024.**
- We have a **positive outlook for Bim**, one of the companies that has managed to stand out in the food retail sector, which has been performing strongly since the start of the year. Key factors in Bim's strong performance were; 1) Improving customer traffic, 2) Strong trend in store openings, 3) Changed consumer trends caused by the inflationary environment & the rise in store basket size due to rising demand for basic needs products and foods, and 4) Increased like-for-like sales with the positive effect of high inflation.
- **At the end of 1Q24, thanks to strong store openings, the Company** reached 12,791 stores in total, including 11,471 Bim Turkey stores (1Q23: 10,352 stores) and 244 File (1Q23: 211 stores) stores in the domestic market; and 711 Bim Morocco stores (1Q23: 641 stores) & 365 Bim Egypt stores (1Q23: 321 stores) in its int'l operations.
- **Always at a premium to its peers on strong organic growth and a debt-free financial structure already appreciated by investors.** In parallel with sustainable growth in net profit and the maintenance of targeted EBITDA levels, overseas operations approaching maturity, rising growth appetite domestically and internationally, and a successful business model, we continue to favor Bim's shares. We appreciate BIMAS as the Company is debt free, has no FX risk, and has a strong cash-flow to equity ratio. Moreover, maintained strong market share performance, the contribution of File operations to growth through customer traffic and online channels, the high share of the Company's own branded products in sales, and macroeconomic conjunctures remaining supportive of the food retail industry are key factors in maintaining our positive outlook for the Company.
- **Downside risk for Bim -** We note that the rise in input costs on inflationary pressure, rising energy prices and construction costs that may rise due to FX fluctuations are downside risks for Bim.
- **2024 Expectations:** Bim expects sales growth of around 75% (±5%) in 2024 (exc. IAS 29). Bim's EBITDA margin expectation is around 7.5%-8.0%, including the IFRS-16 (exc. IAS 29). The Company expects the Capex to sales to be around 3.0% - 3.5%. The company aims to open +100 stores in Morocco & +70 stores in Egypt in 2024.

Code	BIMAS TI/BIMAS.IS	Close	545,00
MCAp (TRY m)	330.924	Last 12M High	583,50
MCAp (US$ m)	10.081	Last 12M Low	170,11
EV (TRY m)	348.473	Beta	0,95
EV (US$ m)	10.625	Avg. daily trading vol. (US$ m)	51,3
Free float (%)	71,6%	Foreign ownership in FF (%)	51,58

Key figures	2022	2023
Revenues	279.253	328.442
Growth	*295,0%*	*17,6%*
EBITDA	13.632	13.751
EBITDA margin	*4,9%*	*4,2%*
Net profit	16.596	15.441
EPS	27,33	25,43
Dividend yield	0,9%	1,8%
Net debt /EBITDA	0,93	1,28
Net debt /Equity	0,22	0,22
ROAE	50,8%	22,5%
ROAA	21,2%	10,4%

Valuation metrics	2022	2023
P/E	19,9	21,4
EV/EBITDA	25,6	25,3
EV/Sales	1,2	1,1
P/BV	5,7	4,2

Return	1M	3M	YtD	YoY
TRY Return (%):	13,1	55,0	81,2	222,8
US$ Return (%):	10,7	51,9	62,2	148,2
BIST-100 Relative (%):	13,4	32,2	27,1	74,6



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

*** IAS-29 Included**

Isbank (OP, 12M TP: TRY 18.52) Upside: 17%
Strong demand deposits

Outperform is maintained given its eye-catching demand deposit base, disciplined cost management, loan portfolio dominated by high-yielding commercial loans and favorable TRY liquidity. By transferring the shares in subsidiaries and affiliates to a newly-established joint stock company, the aim is to centralize strategic portfolio management and increase efficiency.

Contrary to the trend seen at other private banks, the bank has lost 80bps market share in TRY loans in 2023. Yet, its in a favorable position with its strong capital adequacy ratio of 18.5% for market share gains.

We model 39% YoY earnings growth (Bloomberg consensus 27% YoY) for 2024E. We maintain our TP at TRY18.52, offering 17% upside. We also maintain “Outperform”. The bank is trading at a 2024E P/E of 3.9x (%4 discount to domestic peers) and a P/BV of 1.10x with a ROTE of 32.1%.

Strong demand deposit base, favorable TRY liquidity. The weight of demand deposits is strong at 43%, and the weight of TRY deposits is low at 48%, providing a buffer for high interest rates. On the liquidity side, TRY loan-deposit ratio is second highest level among its competitors at 100%.

High-yielding loan portfolio. 12.5% of the loans consists of commercial instalment loans, the highest level among private banks, and indicating a loan portfolio with lucrative returns in a high interest rate environment. CPI indexed bonds to equity is relatively low at 41% and the sensitivity of margins to CPI is rather limited.

Strong rebound in fee income YoY. The annual increase is 215% YoY in 2023, the second highest among peers. However, the fee to OPEX ratio is 76%, below the competitors.

Effective cost management. In a high inflation environment, the bank was able to contain costs, and the annual rise in OPEX is 51% YoY, the lowest among peers.

Best-in-class Stage 3 coverage. The bank also stands out with its 75.7% Stage 3 coverage ratio, the highest among peers.

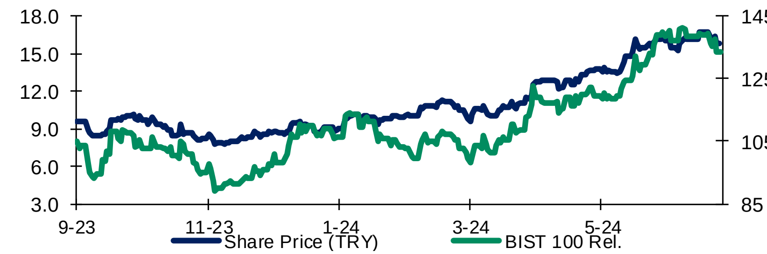
Upside and downside risks. Better-than-expected easing of funding costs is the main upside risk. Greater-than-expected asset quality worsening, and worse-than-expected funding costs pose downside risks.

Mcap (TRYmn)	396,250	Beta (12M)	1.04
Mcap (USDmn)	12,065	Daily Volume (12M)	4,775
Close	15.85	Foreign Ownership in FF	37.4%
Last 12M High	16.98	Free Float (%)	31.0%
Last 12M Low	5.34	Weight	4.20%

Quick Facts (TRY Mn)	2022A	2023A	2024E	2025E
Net interest income	75,203	67,073	90,549	114,997
% Change, YoY	*143.1%*	*-10.8%*	*35.0%*	*27.0%*
Net fee income	16,147	42,438	89,120	120,312
% Change, YoY	*111.9%*	*162.8%*	*110.0%*	*35.0%*
Net income	61,538	72,265	100,599	124,023
% Change, YoY	*356.9%*	*17.4%*	*39.2%*	*23.3%*

Ratios	2022A	2023A	2024E	2025E
NPL ratio	3.0%	2.1%	3.2%	2.5%
CoR (Net)	0.6%	1.0%	1.8%	0.9%
NIM (Swap adj.)	7.4%	3.7%	3.7%	4.5%
ROAA	5.3%	3.7%	3.5%	3.2%
ROTE	44.5%	31.6%	32.1%	30.0%

Multiples	2022A	2023A	2024E	2025E
P/E	2.1	3.2	3.9	3.2
P/BV	0.67	0.87	1.10	0.85



Return	1M	3M	6M	12M
TRY Return (%):	0.1	44.8	79.9	189.2
US$ Return (%):	-2.1	41.8	60.7	127.4
BIST-100 Relative (%):	0.3	23.5	25.0	56.4

Source: Bank financials, Seker Invest Research

Kardemir D (OP, 12M TP: TRY 43.62) Upside: 38%

We maintain our 12-month target price for KRDMD of TRY 43.62/share and OUTPERFORM recommendation. Our target price has 38% upside potential compared to the stock's closing price on June 28, 2024.

Incentive for the real estate sector in China: The Chinese government has announced that local governments will purchase empty houses at affordable prices to support the real estate sector. With the plan, 300 billion yuan (USD41.5 billion) of loans will be provided to local government-owned real estate companies at an interest rate of 1.75%. Thus, housing sales are expected to revive.

Strong domestic demand continued to support product prices thanks to the reconstruction theme. We foresee a recovery in global steel demand and prices once central banks, led by the Fed, enter an interest rate reduction process in the second half of 2024. On the cost side, we expect the decline in iron ore and coal prices since the start of the year to reflect in financials in the coming period due to the inventory holding policy.

According to inflation-accounting provisions (IAS-29), Kardemir reported a loss of TRY 832mn (1Q23:TRY 1,739mn loss) in 1Q24. High costs suppressed net profit while TRY 2,101mn of expenses from other activities (TRY 1.7 billion of which consists of foreign exchange differences) contributed to a TRY 25mn operating loss. The company booked a rather low TRY 9mn monetary gain and TRY 433mn tax expenses. In 1Q24, Kardemir booked TRY 12,209mn in revenues (1Q23: TRY 15,986mn -24% YoY), including inflation-accounting provisions (IAS-29). Sales volume of 563k tons was down 9% on the 611k tons of 1Q23. The company printed a TRY 1,428mn EBITDA for 1Q24 (1Q23: -311mn). The EBITDA margin was 11.7% and EBITDA per ton was USD 82.

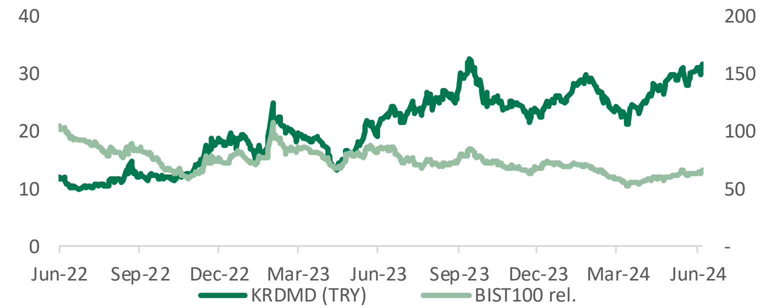
Net cash position. Kardemir's net cash position rose to 2,368mn at the end of 20024/03 from 2,011mn at the end of 2023.

Risks... A later-than-expected start to the global monetary easing process, a further slowdown in China's real estate sector, plus higher raw material costs and weaker product prices than we expect are the main downside risk factors for our valuation.

Code	KRDMD.TI / KRDMD.IS	Close	31,50
MCAp (TRY m)	24.577	Last 12M High	33,00
MCAp (US$ m)	749	Last 12M Low	20,71
EV (TRY m)	22.209	Beta	0,85
EV (US$ m)	675	Avg. daily trading vol. (US$ m)	68,9
Free float (%)	92	Foreign ownership in FF (%)	13%

Key figures (TRY, mn)	2022	2023
Revenues	54.169	51.621
Growth		-5%
EBITDA	5.105	3.210
EBITDA margin	*9,4%*	*6,2%*
Net profit	1.108	1.588
EPS	1,42	2,04
Dividend yield	3,13	5,7%
Net debt /EBITDA	0,19	-0,80
Net debt /Equity	0,05	-0,32
ROAE		5,9%
ROAA		3,2%
Valuation metrics	**2022**	**2023**
P/E	22,2	15,5
EV/EBITDA	2,9	5,1
EV/Sales	0,3	0,3
P/BV	2,5	0,6

Return	1M	3M	YtD	YoY
TRY Return (%):	6,6	37,9	32,6	43,2
US$ Return (%):	4,3	35,1	18,7	10,1
BIST-100 Relative (%):	6,9	17,6	-7,0	-22,6



Source: PDP, Finnet, Seker Invest Research estimates

* IAS-29 Included

Migros (OP, 12M TP: TRY 595.00) Upside: 12%

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 595.00, implying 12% upside potential as of June 28, 2024.

Considering the Company's FMCG market share trajectory; in the modern FMCG market, it had a 15.7% (1Q23: 15.7%) market share in 1Q24, and 9.5% (1Q23: 9.4%) of the total FMCG market thanks to price investments, and its omni & multi format growth strategy. In addition, its store number rose by 396 compared to 1Q23 to 3,387 stores in total in 1Q24. Sales area rose by 6.8%. 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, which has significantly reduced its EUR-based debt. In addition, the Company has no hard-currency exposure. At the end of 1Q24, the Company's total financial debt (Inc. IAS-29) was at TRY 1,580mn (1Q23: TRY 4,178mn). As of 1Q24, the Company succeeded to maintain its net cash position.

The Company has announced its net sales growth estimate of high single digit growth(Inc. IAS 29), and it expects its EBITDA margin to improve. At the same time, it targets opening new stores to +250 overall by the end of 2024, and plans for TRY 8,500mn of investment expenditure. The Company also expects its net sales growth estimate of +70% (Exc. IAS 29), and it expects its EBITDA margin growth estimate of ~7.5%-8.0%. We appreciate the current strategy of boosting the private label portfolio and focusing on strategic store openings. We note that Migros has no hard-currency exposure, and has a net cash position as of 2023. Meanwhile, the Company has been able to increase its FMCG market share despite competitive market conditions in a high inflation environment. Moreover, we expect the business lines created by Migros with its various subsidiaries that use online channels effectively to increasingly contribute in the future.

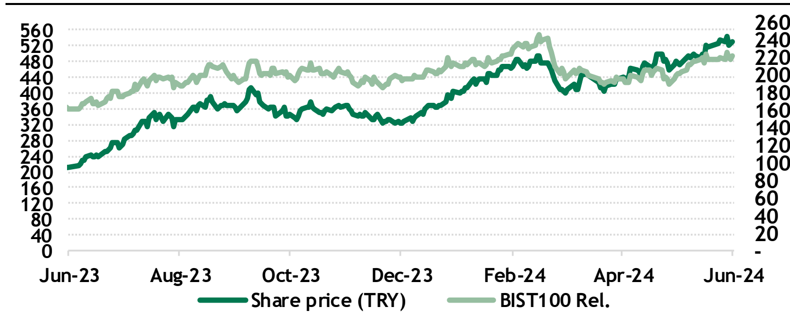
Downside risk for Migros - The rise in personnel expenses after the one-off 49.0% increase in the minimum wage for 2024 will create short-term downside risk for the Company. We add that the rise in input costs due to inflationary pressures, & rising energy prices, are likely to create downside risks.

Code	MGROS TI/MGROS.IS	Close	530,00
MCAp (TRY m)	95.959	Last 12M High	547,00
MCAp (US$ m)	2.923	Last 12M Low	210,43
EV (TRY m)	94.505	Beta	0,93
EV (US$ m)	2.878	Avg. daily trading vol. (US$ m)	23,7
Free float (%)	50,8%	Foreign ownership in FF (%)	47,52

Key figures	2022	2023
Revenues	140.480	181.674
Growth	*287,3%*	*29,3%*
EBITDA	3.761	3.221
EBITDA margin	*2,7%*	*1,8%*
Net profit	9.140	8.829
EPS	50,48	48,76
Dividend yield	0,5%	1,3%
Net debt /EBITDA	-0,27	-0,91
Net debt /Equity	-0,04	-0,07
ROAE	65,4%	25,6%
ROAA	18,3%	9,4%

Valuation metrics	2022	2023
P/E	10,5	10,9
EV/EBITDA	25,1	29,3
EV/Sales	0,7	0,5
P/BV	3,5	2,3

Return	1M	3M	YtD	YoY
TRY Return (%):	10,1	31,8	60,6	153,1
US$ Return (%):	7,7	29,1	43,8	94,6
BIST-100 Relative (%):	10,4	12,4	12,7	36,9



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

*** IAS-29 Included**

Sabanci Holding (OP, 12M TP: TRY 146.55) Upside: 52%

We remain our 12-month target price for Sabancı Holding (SAHOL.TI) for TRY 146.55/share. The stock has 52% upside potential compared to its closing price on June 28, 2024. We maintain our OUTPERFORM recommendation.

Sabanci Holding has booked a TRY 5,366mn consolidated loss in 1Q24, according to inflation accounting provisions (IAS-29). While the industrial and building materials segments supported profitability, business lines in the energy, financial services, digital and other segments, especially banking, were effective in recording consolidated losses. Banking and financial services segments recorded high monetary losses due to an elevated monetary asset position. Sabanci Holding printed TRY 171,767mn of revenues (including the financial sector) in 1Q24.

The Holding's solo net cash position rose to TRY 14.4bn doubling from TRY 7bn at the end of 2023 with the impact of the Exsa merger and dividend inflows. Net Debt/EBITDA was 0.9x, well below the Holding's midterm target of a maximum 2.0x

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

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

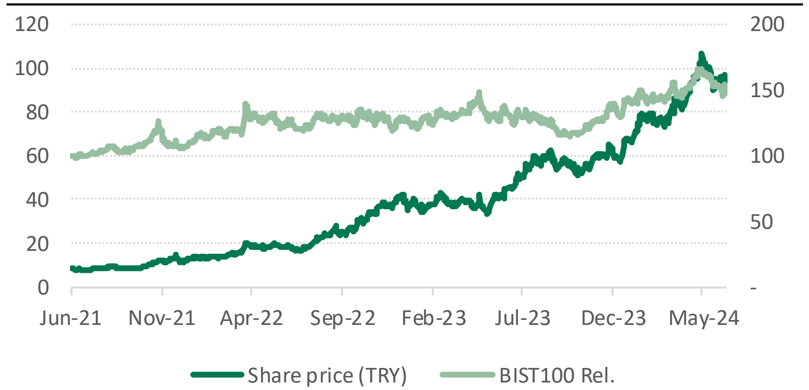
In line with targetting increased foreign currency revenues, the group is focused on overseas investments. The Holding targets 30% foreign currency revenues especially through investments in the energy industry. Accordingly, a new company called Sabancı İklim Teknolojileri A.Ş. has been established. That company, along with Safar Partners (one of America's leading venture capital fund managers) has formed a strategic partnership. With this partnership, Sabancı İklim Teknolojileri A.Ş. will invest in start-ups in the Safar Partners network and funds.

Code	SAHOL.TI/SAHOL.IS	Close	96,50
MCAp (TRY m)	202.686	Last 12M High	110,40
MCAp (US$ m)	6.175	Last 12M Low	43,97
EV (TRY m)	244.443	Beta	1,09
EV (US$ m)	7.468	Avg. daily trading vol. (US$ m)	76,4
Free float (%)	49,61	Foreign ownership in FF (%)	46

Key figures	2022	2023
Revenues (non-bank)	123.593	137.009
Growth		*10,9%*
Net profit	39.421	15.427
EPS	19,32	7,56
ROAE		6,5%
ROAA		0,7%

Valuation metrics	2022	2023
P/E	5,0	12,8
P/BV	0,4	0,5

Return	1M	3M	YtD	YoY
TRY Return (%):	-4,5	20,2	64,9	116,6
US$ Return (%):	-6,6	17,8	47,6	66,5
BIST-100 Relative (%):	-4,3	2,5	15,7	17,2



Source: PDP, Finnet, Seker Invest Research estimates

* IAS-29 Included

Sisecam (OP, 12M TP: TRY 78.70)

Upside: 57%

Share buyback continued

Sisecam has announced its 1Q24 financial results, adjusted for inflation accounting by applying the TAS 29 "Financial Reporting in Hyperinflationary Economies" Standard at the end of May. Accordingly, The company has announced a net profit of TRY 2,355mn for 1Q24, and 1Q23 net profit of TRY 5,324mn, down 55% y-o-y. The company recorded a net gain from investment activities of TRY 482mn (1Q23: TRY 300mn) while incurring a net financial expense of TRY 1,196mn (1Q23: TRY 982mn) in 1Q24.

Sales revenue of TRY 40,584mn was down 16% y-o-y in 1Q24 (1Q23: TRY 48,556mn). International sales, the sum of exports from Turkey and sales from production outside Turkey, accounted for 61% of consolidated sales.

Sisecam achieved TRY 3,133mn of EBITDA in 1Q24 (1Q23: TRY 8,595mn), where the EBITDA margin narrowed 10.0pp to 7.7% (1Q23: EBITDA margin: 17.7%).

The company repurchased 5,850,000 nominal shares (total price of TRY 283,768,000) within the average price range of TRY 47.96 - TRY 48.88 per share at the stock exchange in June. With the exception of the block sale on November 2022 and May 2023, the shares of SISE held by the company reached 65,778,416 nominal shares (total repurchased shares other than block sales correspond to 2.147% of the company's capital). Prior to June, Sisecam had last buyback shares in March. Shares acquired under the buyback program could positively support the share performance.

As of June 28, 2024, SISE stock had lost 6.2% over the previous month. Regarding returns relative to the BIST 100, the stock had underperformed by 5.9% over the previous month.

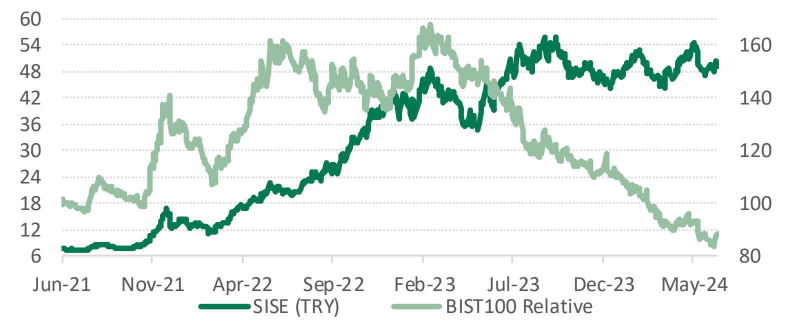
We maintain our 12-month target of **TRY 78.70**/share and **'Outperform'** recommendation for SISE by giving a 70% weight to the discounted cash flow (DCF) analysis and 30% weight to the valuation of comparable international peer company multiples. Our TP has 56% upside potential compared to the share closing price on June 28, 2024.

Code	SISE.TI / SISE.IS	Close	50,20
MCAp (TRY m)	153.773	Last 12M High	56,67
MCAp (US$ m)	4.684	Last 12M Low	43,74
EV (TRY m)	205.848	Beta	0,83
EV (US$ m)	6.297	Avg. daily trading vol. (US$ m)	89,8
Free float (%)	49	Foreign ownership in FF (%)	20%

Key figures (TRY, mn)	2022	2023
Revenues	170.655	151.994
Growth		*-10,9%*
EBITDA	33.778	20.727
EBITDA margin	*19,8%*	*13,6%*
Net profit	22.739	17.121
EPS	7,42	5,59
Dividend yield	1,7%	1,4%
Net debt /EBITDA	0,87	2,24
Net debt /Equity	0,21	0,28
ROAE		11,2%
ROAA		5,5%

Valuation metrics	2022	2023
P/E	5,8	8,2
EV/EBITDA	4,8	9,0
EV/Sales	0,9	1,2
P/BV	0,9	0,9

Return	1M	3M	YtD	YoY
TRY Return (%):	-6,2	7,4	8,8	12,2
US$ Return (%):	-2,7	5,6	-2,5	-13,7
BIST-100 Relative (%):	-5,9	-5,5	-21,8	-37,9



Source: PDP, Finnet, Seker Invest Research estimates

* IAS-29 Included

TAV Airports Holding (OP, 12M TP: TRY 278.50) Upside: 7%

Expanding portfolio is a catalyst for the stock…

➢ **Thanks mainly to the solid performance of Almaty operations, its prospective inorganic growth opportunities and continuing operational growth, we expect TAV's positive outlook for 2024 to persist.** We expect the Group's expanding portfolio to act as a catalyst for the stock. **We maintain our "Outperform" recommendation for TAV with our TP of TRY 278.50, implying 7% upside as at 28 June, 2024.**

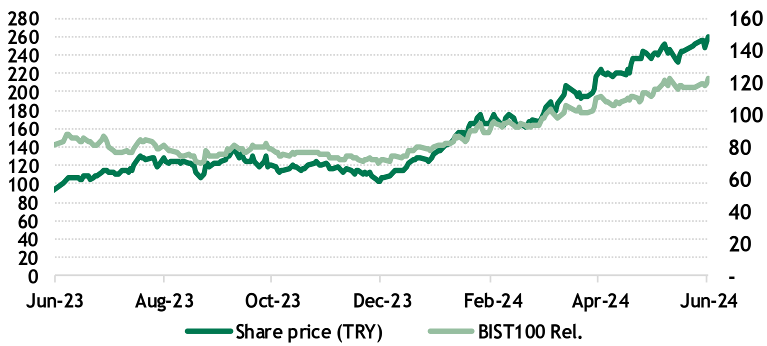
➢ **The Company's 2024 & 2025 Expectations:** The Company has announced its guidance for 2024 & 2025. It expects sales revenue of around €1,500-1,570mn for 2024. It anticipates total PAX at 100-110mn for 2024 (Int' PAX: 67-73mn). The Company also expects EBITDA of around €430-490mn, and €230-270mn CapEx for 2024. The net debt/EBITDA target is expected at 3.5-4.5x for 2024. The Company foresees net sales revenue of around 14-18% CAGR (2022-2025) & total passenger traffic of around 10-14% CAGR (2022-2025) in 2025 (including the New Ankara (2025+) Esenboga concession). The Company has an EBITDA margin expectation in 2025 above that achieved in 2022. It expects a Net Debt/EBITDA ratio of around 2.5-3.0 by the end of 2025. TAV's EBITDA expectation for 2025 is around 14-20% CAGR (2022-2025). The Company expects €90-110mn CapEx for 2025.

➢ **We expect operations to remain stronger in 2024E -** The Company has completed 94% of the construction of Almaty Airport's new international terminal as of 1Q24. The Company expects the new terminal to open in June 2024, foreseeing a doubling in the number of passengers with the capacity investment (approximately over 14 million passengers per year). With the new terminal, the Company expects duty-free sales revenues and customers' lounge spending to increase. Since the seasonality effect at Almaty Airport is less than at other airports, it is one of the key facilities supporting the Company's consolidated EBITDA. The strong course of international flights at Almaty Airport and the positive impact of international cargo operations will remain positive for the Company going forward. In addition, the Company expects the new terminal of Antalya Airport to be opened in 1Q25 (77% completed as of 1Q24). It expects the new terminal to make a positive contribution to retail expenditure per passenger through the capacity investment made. Currently, the acquisition of Almaty International Airport, and the recovery & increase to be observed in the total number of domestic and international passengers of the Group's airports operated by TAV pose upside risk for the Company. Granting concessions for additional investments to increase the capacity of Antalya & Ankara Esenboğa Airport will continue to provide added value.

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

Code	TAVHL.TI/TAVHL.IS	Close	259,50
MCAp (TRY mn)	94.271	Last 12M High	261,50
MCAp (US$ mn)	2.872	Last 12M Low	96,80
EV (TRY mn)	137.541	Beta	1,01
EV (US$ mn)	4.212	Avg. Daily Trading Vol. (US$ mn)	22,0
Free Float (%)	47,66	Foreign Ownership in FF (%)	70,26

Key Figures (TRY mn)	2022	2023	2024E	2025E
Revenues	18.308	34.433	55.929	70.868
Growth	235,36%	88,07%	62,43%	26,71%
EBITDA	5.515	10.200	17.195	21.898
EBITDA Margin	30,1%	29,6%	30,7%	30,9%
Net Profit	1.899	7.530	6.955	8.844
EPS	5,23	20,73	19,15	24,35
Dividend Yield	0,0%	0,0%	0,0%	0,0%
Net Debt/EBITDA (x)	5,05	3,41	4,05	3,20
Net Debt/Equity (x)	1,20	0,76	1,16	0,95
ROAE	9,9%	21,8%	13,1%	13,2%
ROAA	2,8%	6,3%	4,0%	4,2%
Valuation Metrics	**2022**	**2023**	**2024E**	**2025E**
P/E	49,64	12,52	13,55	10,66
EV/EBITDA	24,94	13,48	8,00	6,28
EV/Sales	7,51	3,99	2,46	1,94
P/BV	4,07	2,05	1,56	1,27
Return	**1M**	**3M**	**YtD**	**YoY**
TRY Return (%):	7,99	45,79	141,40	177,99
US$ Return (%):	5,65	42,78	116,08	113,73
BIST-100 Relative (%):	8,29	24,32	69,35	50,35



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

Turkcell (OP, 12M TP: TRY 116.50) Upside: 16%

We maintain our 12-month target price for TCELL for TRY 116.50/share. The stock has 16% upside potential compared to its closing price on June 28, 2024. We maintain our OUTPERFORM recommendation.

According to inflation accounting provisions (IAS-29), Turkcell announces TRY 2.635mn net profit in 1Q24 (1Q23: TRY 269mn loss). TRY 6,916mn of net financial expenses and TRY 1,320mn in tax expenses shaped net income negatively, while TRY 3,614mn of other income and a TRY 2,648mn TL monetary gain supported net profit. The net profit margin was 9%.

Turkcell booked a net sales revenue of TRY 30,822mn including the IAS-29 effect, with a 12% rise YoY. A strong rise in ARPU and net 333k subscriber adds support revenues. ARPU has increased 17% YoY in the mobile segment thanks to successful price adjustments and performance in subscribers upgrading their packages.

In the fixed broadband segment the company aims to reflect price adjustments more easily to subscribers by directing them to 12-month commitment packages. With this strategy, the subscriber share of 12-month committed tariffs among individual fiber subscribers reached 74% and individual fiber ARPU rose 13.7% YoY.

EBITDA came in at TRY 10,354mn, up 23% YoY, including the effect of IAS-29. The EBITDA margin was 41.4% in 1Q24 (1Q23: 37.6%).

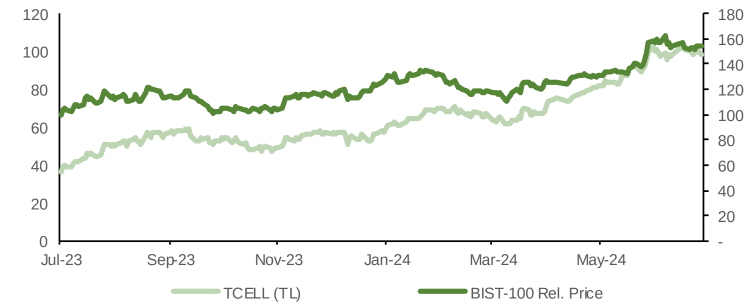
2024 revenue guidance has risen: Turkcell revised it’s 2024 revenue expectation from high single-digit growth to low double-digit revenue growth. The company retains it’s expectation of a 42% EBITDA margin and operational capex/sales of 23% in 2024.

We expect the telecommunications sector to remain among the sheltered sectors during the inflationary process in 2024. Additionally, even if deflation begins, we anticipate that ARPU growth will increase above inflation as contracts are renewed and price increases come into effect.

Code	TCELL TI/TCELL.IS	Close	100,60
MCap (TRY m)	221.320	Last 12M High	107,10
MCap (US$ m)	6.742	Last 12M Low	36,32
EV (TRY m)	260.313	Beta	0,97
EV (US$ m)	7.950	Avg. daily trading vol. (US$ m)	73,2
Free float (%)	54,00	Foreign ownership in FF (%)	73,81

Key figures (TRY mn)	2022	2023
Revenues	93.487	102.963
Growth (%)		10,1%
EBITDA	36.608	43.877
EBITDA margin (%)	*39,2%*	*42,6%*
Net profit	6.880	12.554
EPS (TRY)	3,13	8,83
Net debt /Equity (x)	0,35	0,51
ROAE (%)		10,0%
ROAA (%)		4,8%
P/E	32,2	11,4
EV/EBITDA	4,2	4,1
EV/Sales	1,6	1,7
P/BV	1,6	1,6

Return	1M	3M	YtD	YoY
TRY Return (%):	-1,5	45,9	74,9	175,4
US$ Return (%):	-3,2	43,5	56,6	116,7
BIST-100 Relative (%):	-1,5	28,4	25,6	52,5



Source: PDP, Finnet, Seker Invest Research estimates

* IAS-29 Included

Turkish Airlines (OP, 12M TP: TRY 475.40) Upside: 54%

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

➢ We believe that Turkish Airlines offers a strong and operational fleet structure and significant growth potential with the aircraft to be added to the fleet in the future. Turkish Airlines has outpaced its peers in increasing its capacity in 2023, while at the same time, normalizing cargo operations still supports profitability. We expect cargo operations to continue supporting THY's operational structure. We underline that the Company's regional revenue distribution provides THY with a natural hedge against FX volatility and is supportive of the Company's revenues. We expect the Company to carry 92 million passengers in 2024E. We calculate that ASK can grow by 10.4% YoY in 2024E. We value the carrier's shares through a DCF (60%) and peer comparison analysis (40%), our 12M TP indicates upside potential of 54%. **We maintain our "Outperform" rating, as the company is apt to pioneer a new era that will broaden the growth horizons in Turkish aviation.**

➢ **Operations continue to recover amid strong PAX growth -** THY's PAX slightly declined at 1.7% YoY for May 2024 due to the decrease in domestic passengers compared to May 2023. THY's total PAX in May 2024 was at 7.25mn. Meanwhile, in May 2024, the share of international PAX in total PAX was 63.1%. The total load factor was down, at 79.8% in May 2024. The carrier's international PAX rose by 2.5% YoY to 4.57mn in May 2024; domestic PAX declined by 8.2% YoY to 2.68mn in May 2024. Also, THY's cargo operations volume was positive, up 28.8% YoY in May 2024.

➢ We expect Turkish Airlines' operationally successful results to continue in 2024E, with the suppressed flight demand of previous quarters being compensated by a strong recovery trend in 2023 and the effect of the strong improvement in the number of passengers, especially in international routes. We expect passenger demand to remain relatively strong in the following periods. We estimate that passenger traffic, sales revenues, and EBITDA will maintain their uptrend in 2024E. We expect Turkish Airlines' total number of passengers to rise by approximately 10.2% YoY, to 92 million.

➢ 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.

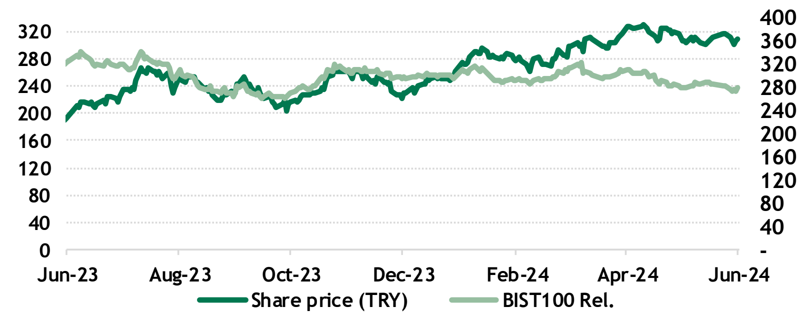
➢ **Risks -** The major downside risks are slower than expected global growth, rising protectionism and geopolitical risk, i.e., lower than expected demand growth, higher-than expected capacity growth leading to lower yields, higher-than-expected jet fuel prices hurting demand and profitability, and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

Code	THYAO TI/THYAO.IS	Close	308,75
MCAp (TRY m)	426.075	Last 12M High	332,00
MCAp (US$ m)	12.980	Last 12M Low	201,20
EV (TRY m)	674.553	Beta	1,04
EV (US$ m)	20.676	Avg. daily trading vol. (US$ m)	338,0
Free float (%)	50,5%	Foreign ownership in FF (%)	39,72

Key figures	2022	2023
Revenues	311.169	504.398
Growth	*219,5%*	*62,1%*
EBITDA	78.684	115.397
EBITDA margin	*25,3%*	*22,9%*
Net profit	47.429	163.003
EPS	34,37	118,12
Dividend yield	0,0%	0,0%
Net debt /EBITDA	2,23	2,10
Net debt /Equity	0,97	0,53
ROAE	34,9%	51,0%
ROAA	10,2%	20,0%

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

Return	1M	3M	YtD	YoY
TRY Return (%):	-1,0	3,7	35,1	59,4
US$ Return (%):	-3,2	1,6	20,9	22,6
BIST-100 Relative (%):	-0,8	-11,6	-5,2	-13,8



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

* IAS-29 Included

Recommendations List

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Recommendation List

July 1, 2024

BANKING	Close (TRY)	Rating	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
AKBNK	64,05	OP	74,85	333.060	389.246	16,9%	4,83	1,56
GARAN	112,40	OP	114,00	472.080	478.784	1,4%	5,03	1,85
HALKB	18,25	MP	21,44	131.122	154.046	17,5%	12,28	0,99
ISCTR	15,85	OP	18,52	396.250	462.946	16,8%	5,40	1,44
TSKB	11,72	OP	12,13	32.816	33.978	3,5%	4,34	1,41
VAKBN	22,04	MP	26,43	218.547	262.030	19,9%	6,71	1,18
YKBNK	33,80	OP	39,06	285.510	329.931	15,6%	4,35	1,58

HOLDING	Close (TRY)	Rating	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
KCHOL	226,80	OP	308,72	575.142	782.891	36,1%	9,15	1,25
SAHOL	96,50	OP	146,55	202.686	307.801	51,9%	16,32	0,81
TAVHL	259,50	OP	278,50	94.271	101.172	7,3%	10,78	1,88

INDUSTRIAL	Close (TRY)	Rating	TP (TRY)	Mcap TRY mn	Target Mcap TRY mn	Upside Potential	P/E	P/BV
AKCNS	143,40	OP	210,60	27.454	40.319	46,9%	15,86	1,75
AKSEN	44,06	OP	55,00	54.032	67.450	24,8%	11,70	1,50
ARCLK	174,40	OP	217,97	117.847	147.290	25,0%	17,40	2,00
ASELS	58,60	OP	72,00	267.216	328.298	22,9%	27,67	2,62
BIMAS	545,00	OP	660,80	330.924	401.240	21,2%	18,23	3,97
CCOLA	826,00	OP	998,00	210.110	253.863	20,8%	10,45	4,73
CIMSA	31,14	OP	41,94	29.446	39.658	34,7%	11,62	1,43
DOAS	264,00	OP	360,00	58.080	79.200	36,4%	3,44	1,12
EREGL	53,25	OP	56,13	186.375	196.458	5,4%	19,53	0,90
FROTO	1.124,00	OP	1.320,00	394.423	463.200	17,4%	7,91	4,39
KRDMD	31,50	OP	43,62	24.577	34.032	38,5%	14,39	0,85
MGROS	530,00	OP	595,00	95.959	107.726	12,3%	12,51	2,26
PETKM	21,74	OP	28,30	55.098	71.732	30,2%	4,76	0,96
PGSUS	227,90	OP	259,84	113.950	129.920	14,0%	6,33	2,06
SELEC	44,70	MP	61,50	27.759	38.190	37,6%	-	1,58
SISE	50,20	OP	78,70	153.773	241.075	56,8%	10,87	0,98
TCELL	100,60	OP	116,50	221.320	256.301	15,8%	14,32	1,54
THYAO	308,75	OP	475,40	426.075	656.051	54,0%	2,57	0,83
TOASO	340,00	OP	387,00	170.000	193.501	13,8%	11,22	4,76
TTKOM	48,30	MP	56,78	169.050	198.717	17,5%	10,42	1,49
TUPRS	165,50	OP	238,46	318.885	459.470	44,1%	6,24	1,40
VESBE	21,40	OP	30,55	34.240	48.887	42,8%	8,10	1,33
ZOREN	5,53	MP	4,80	27.650	23.990	-13,2%	2,53	0,72

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