

### Agenda

#### 28 Monday

- BIST will be open until noon.

#### 29 Tuesday

- BIST will be closed.
- U.S., August Case-Shiller home price
- U.S., October CB Consumer Confidence

#### 30 Wednesday

- Germany, October unemployment
- Germany, October CPI
- Germany, 3Q24 GDP growth rate
- Eurozone, 3Q24 GDP growth rate
- U.S., October ADP employment
- U.S., 3Q24 GDP growth rate
- U.S., September pending home sales

#### 31 Thursday

- China, October Markit mfg. & non-mfg. PMI
- BoJ, interest rate decisions
- Germany, September retail sales
- Eurozone, October CPI
- U.S., September personal income and spending
- U.S., jobless claims
- U.S., October Chicago PMI

#### 01 Friday

- China, October Caixin non-mfg. PMI
- U.S., October unemployment rate and average hourly wages
- U.S., October non-farm payrolls
- U.S., September construction spendings
- U.S., October ISM mfg. PMI
- U.S., October Markit mfg. PMI

### Outlook:

The BIST100 Index started Wednesday on a positive trend, maintaining its course to end the day at 9,006.55, up 0.68%. The Industrial Index gained 0.30% and the Banking Index rose 0.40%. Reaction purchases starting from the lowest levels the BIST has seen in the past 8 months, and with the lifting of the short selling ban on the BIST50 on the agenda, as well as expectations regarding the S&P evaluation due on Friday, sustain optimistic pricing at the BIST. We think that the positive outlook may be strengthened if macro data such as PMI and inflation to be announced in the coming days beat expectations and strengthen the interest rate cut expectation. Otherwise, the recent rise will remain reactionary in nature. On the global side, the U.S. and European stock markets closed yesterday with declines. While the balance sheet period is being followed in global markets, the future evaluations of technology stocks in the USA do not satisfy the market. Asian stock markets are mixed this morning, and the U.S. futures and German DAX futures are priced negatively. We think that global markets may fluctuate in the short term due to uncertainties such as the U.S. election and the Fed meeting. The VIOP30 Index lost 0.22% in the evening session. Locally, we expect the Benchmark Index to start Thursday flat and maintain its uptrend during the day if any profit sales are met with purchases. SUPPORT: 8,850 - 8,750 RESISTANCE: 9,200 - 9,400.

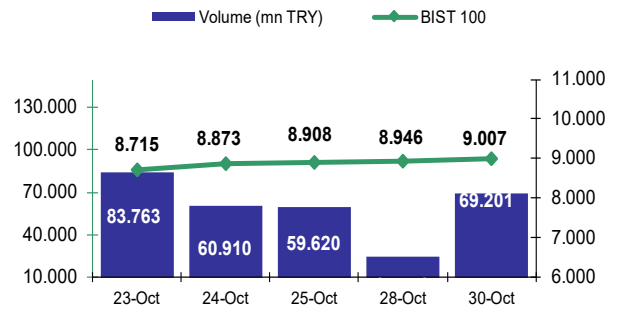
### Money Market:

The Lira was positive yesterday, gaining 0.01% against the USD to close at 34.2833. The currency also depreciated by 0.25% against a basket of \$0.50 and €0.50. Meanwhile, the local fixed income markets were negative. The ten-year benchmark bond yield fluctuated between a range of 30.44%-30.64%, closing the day at 30.62%, up 39 bps from the previous close.

### Sector News:

**Strong 128% monthly increase in sector profit in September, better-than-expected 8.8% QoQ earnings decline in 3Q24.** According to monthly BRSA data, Turkish banking sector net income soared by a strong 128% monthly to 77.6 billion TL in September, boosted by the strong recovery in net interest income. Cumulative earnings growth on an annual basis weakened from 9.2% in August to 4.9% in September. 9-month profit reached 460.4 billion TL. The sector's ROAE improved by 119 basis points on a monthly basis to 26.7%.

**In a quarterly comparison, banks posted 8.8% earnings decline in 3Q24 QoQ following the 4.5% earnings growth in 2Q24.** This is a better performance than our expectation of a 22% QoQ earnings decline for the banks we follow. TRY5bn trading gain significantly boosted the profitability while NII fell by 4.1% QoQ in 3Q24. Fee income growth also slowed slightly, declining from 12.4% in 2Q24 to 11.4%. On the positive side, profitability was significantly supported by a trading profit of 4.7 billion TL in 3Q24, vs. a trading loss of 62.6 billion TL in 2Q24. A sharp 29% rise in ECL and a 13.5% QoQ increase in operating expenses weighed on the bottom line. Subsidiary income also normalized and fell by 46% QoQ. The effective tax rate rose to 19.1% from 11.6% in 2Q24. State and foreign deposit banks posted relatively strong performance with limited 0.9% and 0.2% earnings decline QoQ, respectively. Private deposit banks booked 35.3% earnings decline QoQ amid sharp decline in NII... **(Neutral)**.



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	8,908	9,007	1.10%	20,57%
BIST 30	9,877	9,968	0.92%	24,28%
BIST-Financial	10,055	10,188	1.33%	29,17%
BIST-Industrial	12,063	12,188	1.03%	5,69%
BIST-Services	8,792	8,912	1.36%	30,30%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
KIMMR	10,00	PSDTC	-9,98	THYAO	4.117.611.496
PATEK	9,99	IHAAS	-9,96	BIMAS	3.716.989.326
PKART	9,97	AVGYO	-5,55	GARAN	3.619.523.309
LINK	9,96	MARKA	-4,95	EREGL	3.483.482.708
EDIP	9,95	SKTAS	-4,26	AKBNK	3.294.806.593

Money Market	Previous	Last	Chg.	YTD
O/N Repo (%)	48,54	48,54	0,00	16,54%
Bond (Benchmark, %)	42,98	42,95	0,00	8,24%

Currency	Previous	Last	Chg.	YTD
US\$	34,2731	34,2618	-0,03%	16,55%
Euro	37,23785	37,30339	0,18%	14,10%
Euro/Dolar	1,0865	1,085	-0,14%	-2,44%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	71,0	72,6	2,26%	-5,49%
Gold (Ounce, \$)	2,773,5	2,787,4	0,50%	35,12%
Silver (XAG, \$)	34,46	33,78	-1,96%	41,98%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portfoy Şekerbank Money Market	5,347989	5,354890	0,13%	47,97%
Fiba Portfoy Şekerbank Short T. Debt	0,057655	0,057727	0,12%	43,73%

\* Prices as of 31-Oct-24

Turkdex (Set. Price)	Previous	Last	Chg.	YTD
INX30 (October 24)	9,948	10,031	0,83%	17,69%
USD (October 24)	34,3202	34,256	-0,19%	9,20%
EURO (October 24)	37,1428	37,153	0,03%	6,98%
GOLD (October 24)	3013,01	3061,65	1,61%	45,24%

### Company News:

\*\*\* **Akcansa (AKCNS.TI; UR)** has announced its 3Q24 financial results, adjusted for inflation accounting by applying the TAS 29 "Financial Reporting in Hyperinflationary Economies" Standard. Accordingly, the Company has posted a 3Q24 net profit of TRY 508mn, compared to a net profit of TRY 481mn in 3Q23. While net income was up 5.6% y-o-y. Sales revenue of TRY 5,385mn was down 20.8% y-o-y in 3Q24 (3Q23: TRY 6,797mn). TRY 1,143mn of quarterly EBITDA was generated (3Q23: TRY 1,632mn), where the EBITDA margin narrowed 2.8pp to 21.2% (3Q23: EBITDA margin: 24.0%).

\*\*\* **Aselsan (ASELS.TI; OP)** and STM have signed a sales contract with a total value of EUR 58.6mn (~ USD 63.3mn), - for the use of a country in the Asia – Pacific region regarding the export of payloads including electronic warfare suite, radar systems, friend-or-foe recognition systems and remote-controlled weapon systems. The latest contract represents ~0.5% of the company's total backlog (**Positive**).

\*\*\* According to energy company **Astor's (ASTOR.TI; N/C)** financials with inflation accounting (TMS-29 effect), net profit rose by 30% compared to the same period of last year to TL 2,071 million (3Q23: TL 1,593 million) in 3Q24. The company's net profit was supported by a TL 267 million net monetary gain. (3Q23: -TL 1,874 million). Despite the decrease in gross profit due to the 32% rise in sales costs, the decrease in operational profitability due to the fall in sales revenues, as opposed to TL 340 million net investment activity income in 3Q23, and net investment activity expense due to fund sales loss in 3Q24 suppressed profitability.

		World Indices			
		Previous	Last	Chg.	YTD
<b>America</b>					
Dow Jones (US)		42.233	42.142	-0,22%	11,81%
Nasdaq (US)		18.713	18.608	-0,56%	23,96%
S&P 500 (US)		5.833	5.814	-0,33%	21,88%
<b>Europe</b>					
Dax (Germany)		19.478	19.257	-1,13%	14,96%
FTSE 100 (UK)		8.220	8.160	-0,73%	5,51%
CAC 40 (France)		7.511	7.428	-1,10%	-1,52%
PSI20 (Portugal)		6.439	6.392	-0,73%	-0,08%
<b>Asia</b>					
Nikkei (Japan)		38.904	39.277	0,96%	17,37%
Hang Seng (Hong Kong)		20.701	20.381	-1,55%	22,43%
Shanghai Comp. (China)		3.286	3.266	-0,61%	9,79%
Sensex (India)		80.105	79.942	-0,20%	10,66%

Portfolio Recommend.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Türk Hava Yolları	12.01.24	251,00	277,50	10,6%	-2,0%
Turkcell	11.01.23	32,59	87,80	169,4%	41,4%
Sabancı Holding	11.01.23	35,51	85,65	141,2%	26,6%
Migros	12.01.24	370,91	416,00	12,2%	-0,5%
Akbank	20.01.22	6,60	51,00	672,7%	72,8%
Bim	09.06.22	77,26	486,50	529,7%	79,8%
Kardemir D	03.07.23	23,18	24,94	7,6%	-28,1%
Şişecam	18.01.21	7,27	40,24	453,5%	-4,3%
Isbank	12.01.24	10,12	12,05	19,1%	5,6%
TAV Airports	01.08.22	56,60	228,70	304,1%	19,2%
Portfolio Yield (yoy)				52,4%	29,6%
Portfolio Yield (mom)				-10,5%	-7,0%

The production of Power Transformers continues to increase. The company focuses particularly on the production of large transformers. Production in power transformers reached 19,473mVA in 9M24. (9M23:10,973mVA) The Company's net sales revenues increased by 17% compared to the previous year's period in dollar terms, reaching \$543mn. As of 9M24, power transformers have the largest share in total sales with 45%. Those are followed by distribution transformers with 33%. The share of export revenues in the total sales of the Company, which exports its products to over 90 countries, has increased to 38%. Total sales increased by 17% compared to the same period of the previous year, reaching TL18.5 billion, domestic sales increased by 9% to TL11.4 billion, and international sales increased by 34% to TL7.1 billion.

Along with shrinking gross profitability in 3Q24, there was also pressure on operational operating profitability. EBITDA decreased by 29.4% compared to the previous year, reaching TL2,224mn, due to the effect of decreasing net sales revenues. (3Q23: 3,152mn TL). The gross profit margin decreased by 13.7 bps annually to 41.7% in 3Q24 due to increased sales costs, while the EBITDA margin decreased by 10.5 bps to 36.7%.

The company meets all of its electricity needs from the energy it produces from renewable sources. The 14 Mwe capacity solar power plant investment, which was started in Ankara – Bala in 2023, was completed. This investment, which was completed with an investment cost of 10 million dollars, was put into operation and its contribution to turnover is around USD 2.3 million and it has started to contribute positively to profitability.

The company started its investments in Capacity Increase and Insulated Copper, Aluminum Production, CTC. The company has a factory investment of USD 100 million and a conductor production facility of USD 50 million. After the USD 100 million factory investment, a 100% capacity increase is expected in all production units, while the initial phase is expected to be commissioned in the first quarter of 2025. With its USD 50 million conductor production facility, the Company aims to produce copper and aluminum conductors, which are approximately 30% of the input for distribution and power transformers. This investment is planned to be commissioned by the end of 2025. In addition, we anticipate that this situation will provide an advantage to the Company through raw material management, as higher amounts of raw material will be purchased thanks to the additional capacity increase investment.

According to the renewable energy 2035 roadmap, the aim is to increase the solar and wind energy installed capacity, which is currently approximately 30 thousand megawatts, by 4 times to reach 120 thousand megawatts by 2035. We expect the increased demand for transformers and distribution channels due to the rise in energy investments to have a positive impact on ASTOR.

Astor continues to pursue its 2024 goals.

The company's 2024 year-end turnover target is USD 826 million. In 2025, it expects a turnover of USD 1,013 million.

- 2024 turnover expectation: USD 826 million
- 2025 turnover expectation: USD 1,013 million
- 2024 export target: 48%
- 2025 export target: 51%

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\*\*\* Within the scope of the share buyback program, **Bim (BIMAS.TI; OP)** has announced that 27,087 shares were bought back on 30 October 2024 and BIMAS shares owned by the Company reached 10,427,087 units (1.7172% of total share capital) **(Positive)**.

\*\*\* **Garanti BBVA (GARAN.TI; OP)** posted TRY22,095mn net income (-2% QoQ) in its 3Q24 bank-only financial statements. This result slightly beats our TRY20,963mn call and the TRY21,191mn RT consensus estimate by 5% and 4%, respectively. 9M profit of TRY66,934mn also rose 16% YoY (AKBNK: -36% YoY). 9M ROAE eased to 32.9% (AKBNK: 20.2%) from 34.3% in 6M24, in line with the budgeted mid-30s%.

**The main drivers of deviation from the estimated figures are: a positive surprise in fee income, trading gain, ECL, and a negative surprise in other income and subsidiary income.** The bank posted a TRY3.7bn trading gain vs. a TRY3.3bn trading loss in 2Q24 amid plummeting swap funding costs. The fee income growth rate improved to 18.1% from 14.8% in 2Q24 due to the recovery in growth. The bank stands out with its improving core NIM. CoR (net) reached 103bps, below the budget expectation of 125bps.

For FY24, the bank has maintained its mid-30s% ROAE target with a downside risk for a flattish NIM budget. **There should be a slightly positive market reaction to the results. We raise our target price to TRY166.5 from TRY138.3 having revised our NI estimates for FY24-27E upward. Our new TP offers 53% upside. For FY24, we model 25% earnings growth YoY. We maintain our "Outperform" recommendation. The bank is trading at a 2025E P/E of 2.8x and P/BV of 0.93x (26% premium to domestic peers) with a ROAE of 38.4% (Slightly Positive).**

\*\*\* **TSKB (TSKB.TI; OP)** is expected to announce its 3Q24 earnings results today after the market close. Among the banks we follow, we expect the only earnings increase from TSKB on both a quarterly and annual basis. Our 3Q24 net income estimate of TRY2,525mn indicates 2% QoQ and 36% YoY growth with solid ROAE of 42%, exceeding that of its competitors. The Research Turkey market consensus is at TRY2,523mn **(Positive)**.

\*\*\* **TSKB (TSKB.TI; OP)** has authorized its management to sell the publicly-traded shares of TSKB REIT, of which it owns 88.74%, up to a nominal amount of TRY25mn within one year, without any definitive commitment.

\*\*\* **TSKB (TSKB.TI; OP)** has authorized its management to issue up to USD500mn of debt abroad, including Tier 2 debt. **The coupon rate was 7.125% for the bank's last 5-year maturity Eurobond issue of USD350mn.**

\*\*\* **According to inflation accounting provisions (IAS-29), Vestel Beyaz (VESBE.TI; OP)** has announced a TRY 418mn net loss for 3Q24. (3Q23: TRY 3,131mn net profit). As a result of cost pressures and high operational expenses, a limited main operating profit of TRY 55mn was booked. Despite recording a net financial expense of TRY 1,300mn, the loss position was mitigated by a monetary gain of TRY 804mn and tax income of TRY 23mn.

**The company booked a net sales revenue of TRY 19,260mn including the IAS-29 effect, 9% down YoY.** On the other hand, sales revenue increased by 5% quarterly, thanks to improvements in export markets. In the domestic market, demand contracted due to the effects of tight monetary policy and a high base effect. With recovery in export markets and contraction in the domestic market, the share of exports rose to 71% this quarter, compared to 67% in 3Q23 and 65% in 2Q24.

The rise in raw materials and logistics costs suppressed operational profitability. The gross margin was at 8.6% in 3Q24 (3Q23: 21%).

**EBITDA came in at TRY 931mn, down 76% YoY, including the effect of IAS-29. The EBITDA margin was 4.8% in 3Q24 (3Q23: 18).**

**The net debt position increased:** The net debt position rose to TRY 10,556mn for 2024/09 from TRY 6,047mn at the end of 2024/06. The Net Debt/EBITDA ratio rose to 1.54x from 0.59x.

We expect domestic demand to continue contracting due to the high base effect and the impact of tight monetary policy. On the global front, we expect demand for white goods to continue recovering, especially as interest rate cuts accelerate in the primary export market of Europe-UK.

\*\*\* A Share Purchase and Sale Agreement (Agreement) has been signed by **Türk Traktör (TTRAK.TI; N/C)** for the acquisition of all shares of Kayhan Ertuğrul Makina Sanayi ve Ticaret A.Ş. (which owns all of the shares of Kayhan Ertuğrul Tarım Sanayi ve Ticaret A.Ş.) and all shares of Terramak Tarım Makinaları Dış Ticaret A.Ş.

Pursuant to the Agreement, the total transfer price is determined as USD 65,548,187, taking into account the total value of the companies considered as USD 57,500,000 and the combined net cash totals of USD 8,048,187, to be paid in cash and in TL upon completion of the share transfer transactions ("Closing Date"). The amount is subject to adjustment according to the net cash and net working capital amounts in the financial statements to be prepared based on the Closing Date. If there is an increase of 10% to 30% in the exchange rate by the closing, the total of company values will be reduced by half of the portion of the increase above 10%. If there is an increase of more than 30%, the Agreement grants the right to renegotiate the base purchase price, or else terminate the agreement. If the closing takes longer than 3 months due to the Competition Authority's approval process, the mentioned rates will be applied as 15% to 35%. The completion of the share transfer transaction is subject to certain closing conditions, including obtaining approval from the Competition Authority, and the closing is targeted to occur within 4 months. If the approval is not obtained by the specified date, the targeted closing date will be extended by 3 months on a one-time basis and if the approval cannot be obtained within the specified period, the parties have the right to terminate the agreement.

\*\*\* **Yapi Kredi Bank (YKBNK.TI; OP)** posted TRY5,001mn net income (-30% QoQ) in its 3Q24 bank-only financial statements. This is 1% and 0.6% above our TRY4,928mn call and the TRY4,971mn RT consensus estimate. The bank's 9M profit of TRY22,405mn also fell severely by 54% YoY. 9M ROTE declined to 16.4% from 19.5% in 2Q24, the lowest level among banks that have disclosed their financials so far, and below the budgeted mid-high 20s%. (GARAN: 32.9%, AKBNK: 20.2%).

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The main drivers of deviation from the estimated figures are: a positive surprise in ECL and a negative surprise in trading loss and other revenues.

An elevated TRY9.5bn trading loss despite lower swap funding costs severely dented profitability. Fee and commission income growth rate slowed in line with our expectations to 4.4% in 3Q24, the weakest among peers. Annual growth is at 145%. NIM (adj.) was flat at 0.3%. The bank differentiates negatively from its competitors with a very sharp 16.8% quarterly decline in net interest income. The sharp rise in loan provisions is negative. The cost of risk rose to 23 basis points on a cumulative basis, on heavy new NPL formation, especially on the consumer side (**Slightly Negative**).

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