

### Agenda

#### 31 Monday

- TurkStat, June foreign trade
- Eurozone, July CPI
- U.S., July Chicago PMI
- U.S., June pending home sales
- ARCLK 2Q17 (Market: TRY 267mn, SekerE: TRY 357mn)

#### 01 Tuesday

- CBRT, inflation report (2017/III)
- Germany and Eurozone, July manufacturing PMI
- Germany and Eurozone, 2Q17 GDP
- U.S., June personal income and spending
- U.S., July manufacturing PMI and ISM

#### 02 Wednesday

- Eurozone, June PPI
- U.S., July ADP employment change

#### 03 Thursday

- TurkStat, July inflation
- Germany and Eurozone, July non-mfg PMI
- Eurozone, June retail sales
- BoE, announcement
- U.S., jobless claims
- U.S., July non-mfg PMI and ISM
- U.S., June durable goods orders and factory orders

#### 04 Friday

- CBRT, REER
- U.S., July non-farm payrolls, unemployment rate and average hourly earnings

### Outlook:

Global stock markets have been edging lower on Wednesday, and contrarily, with reactionary buying after previous day's profit takings, the BIST100 recovered 0.4% with the lead of the industrial stocks, and closed at an index level of 106,525. Total trading volume in the market was at TRY 5.9bn. Today, TurkStat will announce the July inflation figures at 10:00 IST time (UK 8:00); the market expects the CPI to increase by 0.03% on average. Elsewhere, market participants will focus on the BoE decision expected to be delivered today, where the Bank is expected to keep policy rates unchanged. Investors will nevertheless be interested in the number of votes in this decision, while looking for signs on whether the Bank is moving closer to increasing its policy rates, face with an upcoming Brexit. Additionally, US jobless claims, July non-manufacturing PMI and ISM, and June durable goods orders and factory orders data, and Germany and Eurozone July non-manufacturing PMI and Eurozone retail sales data for June will also be monitored. Asian markets have been slightly lower today, ahead of the major US employment data expected to be announced tomorrow; European markets, on the other hand, are expected to open positively. We expect the BIST to also open positively today and maintain its uptrend during the day with increasing possibility of profit takings. Meanwhile, 2Q earnings announcements continue; Tupras has announced an exceedingly better-than-expected results in 2Q17, and we expect the results to reflect positively on the refiner's share performance. RESISTANCE: 107,000 /107,600 SUPPORT: 106,300/105,700.

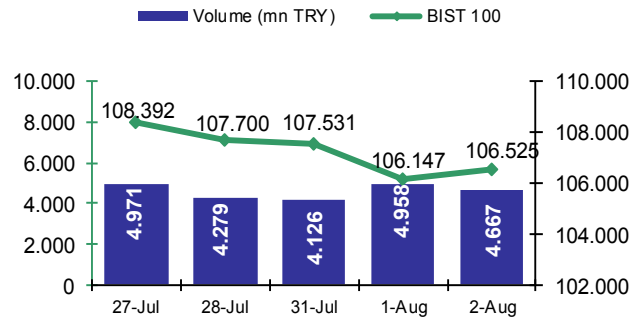
### Money Market:

The Lira was negative yesterday, weakening 0.43% against the USD to close at 3.5315. Additionally, the currency depreciated by 0.55% against the basket composed of \$0.50 and €0.50. The local fixed income markets were relatively flat. The two-year benchmark bond ended at 11.55%, unchanged from its previous close.

### Company News:

**Ford Otosan (FROTO.TI; MP)** has announced a capacity increase of Golcuk Plant (Old: 290k units/year - New: 330k units/year) which costs USD 52mn. The Company is planning to complete the capacity increase process in Sep18. Total capacity will increase from 415k units to 455k after the considered capacity increase. Note that Transit and Transit Custom model LCVs are manufactured in Golcuk Plant which have more than 70% weight in Ford's sales and capacity utilization of the Company is c. 89% as of FY16 and to be expected exceed 90% this year. The capacity will be as follow after the capacity increase: **Golcuk Plant**(Transit & Custom): 330k units/year – **Yenikoy Plant** (Courier): 110k units/year – **Inonu Plant** (Cargo): 15k units/year. **(Positive)**

**Migros (MGROS.TI; OP)** has announced a disposal of 20 stores (12 Migros stores + 8 Kipa stores) amounting to TRY 20mn + VAT (Total) to its competitor Carrefour Sabanci because of the fact that Migros has recently acquired Kipa and the "Transaction" was a subject of Competition Authority. Note that, store disposals took place in the scope of commitment that the Company has committed to Competition Authority in the process of Kipa acquisition.



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	106.147	106.525	0,36%	36,33%
BIST 30	130.375	130.724	0,27%	36,89%
BIST-Financial	136.379	136.591	0,16%	31,85%
BIST-Industrial	115.394	116.365	0,84%	39,22%
BIST-Services	67.478	67.500	0,03%	36,02%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
KOZAA	13,93	AVGYO	-20,00	THYAO	462.531.529
SONME	10,67	EGCYH	-18,18	KOZAA	460.449.820
DOHOL	9,88	EGLYO	-15,15	IPEKE	373.617.272
HDFGS	9,46	BFREN	-6,30	KOZAL	326.281.618
IPEKE	8,71	BRKSN	-4,29	GARAN	261.853.587

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	12,30	11,89	11,94	9,50
Euro Bond (30 year, \$)	159,33	159,33	158,43	147,10
Bond (Benchmark, %)	11,55	11,55	11,12	10,94

Currency	Previous	Last	Chg.	YTD
US\$	3,5165	3,5315	0,43%	-0,17%
Euro	4,1545	4,1815	0,65%	12,85%
Euro/Dolar	1,1856	1,18453	-0,09%	13,03%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	52,3	52,1	-0,25%	-8,09%
Oil (NYMEX future, \$)	49,6	49,4	-0,34%	-8,29%
Gold (Ounce, \$)	1.266,7	1.262,6	-0,32%	9,66%
Silver (XAG, \$)	16,6	16,5	-0,31%	3,82%

Şeker Funds	Previous	Last*	Chg.	YTD
Şeker Portfoy Equity Fund	0,450473	0,450730	0,06%	33,18%
Şeker Portfoy Debt Instruments	0,026000	0,025995	-0,02%	5,91%
Şeker Portfoy Money Market	1,172049	1,172399	0,03%	6,00%
Şeker Portfoy Mix Fund	0,022786	0,022693	-0,41%	15,27%
Şeker Portfoy Gold Fund	0,022019	0,022075	0,25%	7,48%
Şeker Portfoy Short T. Debt	0,014005	0,014009	0,03%	5,76%

\* Prices as of 03-Aug-17

**Aksa Energy (AKSEN.TI; OP)** has announced that its Ghana HFO Power Plant's installed capacity has increased from 192,5 MW to 280 MW and that provisional acceptance of commissioned equipment was approved by the Ministry delegation on August 01, 2017 (Positive).

**Tupras (TUPRS.TI, U/R)** Exceptionally higher net profits in 2Q. Tupras reported a net profit of TRY 1,457mn in 2Q17 (+4.4x YoY, 1.7x QoQ), outstandingly (ca.47%) higher than the market average expectation of TRY 992mn and our estimate of TRY 1,135mn, mainly due to a better-than expected operating profitability, thanks to continuing strength in crack margins, and attributable partly to higher fx translation income from its operating activities, lower net financial losses and a tax income recorded in 2Q17. Tupras' net refining margin averaged at US\$8.2/bbl in 1H17; its capacity utilization reached 111.5%, also exceeding its full capacity utilization target for the year. Tupras' revenues were at TRY 12,631mn (+49.4% YoY, +2.1% QoQ) in 2Q17, broadly in line with the market average expectation of TRY 12,060mn. Its 2Q17 EBITDA of TRY 1,480mn (2.3x YoY, -2.1% QoQ), by our calculations, was higher than the market average estimate of TRY 1,314mn (Şeker Invest E.: TRY 1,240mn), thanks to higher net refining margins. The refiner's 2Q17 EBITDA margin emerged at 11.7% (+4.2 pp YoY, -0.5 pp QoQ) ca.0.8 pp higher than the margin indicated by the market estimates. Tupras recorded TRY 140mn of net other operating income in 2Q17 (2Q16: TRY -4mn) thanks to fx translation income from its operating activities; the company's net financial expenses were also 38.2% lower YoY, at TRY 92mn in 2Q17, with the relative rise in interest gains from deposits. Tupras also recorded a TRY 29mn tax income due to its deferred tax gains in 2Q17 (2Q16: TRY -64mn). Therefore, all in, the company's net income was 4.4x higher YoY. Tupras will be holding a conference call today at 10:30 IST time (8:30 UK). We will be keenly awaiting this teleconference; Tupras has revised its net refining margin expectation up to US\$7.0/bbl-US\$7.5/bbl from US\$5.75/bbl - US\$6.25/bbl previously. We will be reviewing our estimates and valuation and sharing our note shortly after this conference call. We expect the initial market reaction to Tüpraş' much better-than-expected earnings announcement to be quite positive.

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	21.964	22.016	0,24%	11,40%	
Nasdaq (US)	6.363	6.363	0,00%	18,20%	
S&P 500 (US)	2.476	2.478	0,05%	10,66%	
Bovespa (Brasil)	66.516	67.136	0,93%	11,47%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	12.251	12.181	-0,57%	6,10%	
FTSE 100 (UK)	7.424	7.411	-0,16%	3,76%	
CAC 40 (France)	5.127	5.107	-0,39%	5,04%	
MIB30 (Italy)	21.613	21.574	-0,18%	12,16%	
PSI20 (Portugal)	5.237	5.208	-0,54%	11,31%	
ASE (Greece)	818	826	1,01%	28,34%	
RTSI (Rusia)	1.014	1.021	0,71%	-11,36%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	19.986	20.080	0,47%	5,05%	
Hang Seng (Hong Kong)	27.540	27.607	0,24%	25,48%	
Shanghai Comp. (China)	3.293	3.285	-0,23%	5,85%	
KOSPI (South Korea)	2.423	2.428	0,19%	19,80%	
Sensex (India)	32.575	32.477	-0,30%	21,97%	
Turkdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (AUGUST 17)	131,875	132,150	0,21%	37,26%	
USD (AUGUST 17)	3,6106	3,623	0,34%	1,60%	
EURO (AUGUST 17)	4,2893	4,308	0,44%	14,31%	
GOLD (AUGUST 17)	145,23	145,79	0,39%	9,37%	
Portfolio	Inclusio	Inclusio	Last	Chg.	BIST
Recommend.	Date	Price	Close	(%)	Relative
Vakıfbank	30.01.17	4,72	6,93	46,8%	15,5%
Tofaş	30.01.17	25,84	30,52	18,1%	-7,1%
İsbank	26.07.16	4,42	7,39	67,2%	15,7%
TAV Airports Holding	02.08.17	20,60	20,58	-0,1%	0,0%
Migros	09.11.15	19,05	29,40	54,3%	18,7%
Türk Telekom	02.08.17	7,08	7,12	0,6%	0,6%
Turkcell	22.02.17	11,80	12,39	5,0%	-12,3%
Portfolio Yield (yoy)				64,6%	17,6%
Portfolio Yield (mom)				5,8%	0,0%

**Turkcell (TCELL.TI, OP)** CEO Mr Terzioğlu has bought 27.8k shares of Turkcell from the market (0.001% of share capital and 0.003% of free floating shares) at an average price of TRY 12.56/sh. increasing his total stake in the company to 0.002%. Turkcell CEO's share purchase confirms the management's confidence on the company's future performance, and should therefore reflect positively on the company shares performance.

**Tüpraş (TUPRS.TI, OP)** has sent a restatement to its FY2016 cash flow statement, due to a classification error. The adjustment has no impact on Tupras' cash at the end of the period. According to this adjustment, Tupras's cash flows from FY2016 operating activities has been raised to TRY 4,650mn from TRY 2,697mn previously, and its cash flows from financing activities has declined to TRY -1,749mn from TRY 202mn, respectively. Tupras' cash and cash equivalents at the end of the FY2016 has remained unchanged at TRY 5,022mn.

According to the Jul17 ODD (Automotive Distributors' Association) domestic retail sales data;

**July Figures: (strong positive for the sector and FY17E domestic retail sales)**

**YoY:** Automotive Retail Sales **increased** by 41% YoY in Jul17. (Jul16: 59k ---- Jul17: 82k)

PC retail sales **increased** by 37% YoY in Jul17. (Jul16: 46k ---- Jul17: 62k)

LCV retail sales **increased** by 54% YoY in Jul17. (Jul16: 13k ---- Jul17: 20k)

**MoM:** Automotive Retail Sales **decreased** by 2% MoM in Jul17. (Jun17: 84k ---- Jul17: 82k)

PC retail sales **decreased** by 6% MoM in Jul17. (Jun17: 66k ---- Jul17: 62k)

LCV retail sales **increased** by 14% MoM in Jul17. (Jun17: 17k ---- Jul17: 20k)

In general, MoM Passenger Car (PC) figures **decreased** by more than 5% for all three companies (TOASO: 13% - FROTO: 8% - DOAS: 10%) but Light Vehicle Car (LCV) sales **increased** by more than 5%. (TOASO: 23% - FROTO: 17% - DOAS: 7%)

**Cumulative 7M17 Figures: (slight negative for the sector because of weak 6M17 data)**

Automotive Retail Sales **decreased** by 3% YoY in 7M17. (7M16: 497k ---- 7M 17: 483k)

PC retail sales **decreased** by 4% YoY in 7M17. (7M16: 384k ---- 7M17: 368k)

LCV retail sales **increased** by 2% YoY in 7M17. (7M16: 113k ---- 7M17: 115k)

In general, as FY17 expectations of both the sector players and analyst in the beginning of the year were at least 10% decrease in domestic retail sales, Jul17 data pushed the FY17E results, positively. >>>

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### Tofaş (TOASO.TI; OP) overall: Strong Positive

July Figures: (strong positive)

Tofaş (TOASO.TI; OP) market share **increased** from Jul16's 10.4% to 13.3%. (PC: 6.5% to 9.4% --- LCV: 23.7% to 25.6%) --- (strong positive)

Tofaş (TOASO.TI; OP) sales **increased** by 81% YoY from 6k to 11k in Jul17. --- (strong positive)

Cumulative 7M17 Figures: (still strong positive)

Tofaş (TOASO.TI; OP) market share **increased** from 7M16's 10.9% to 12.6%. (PC: 7.2% to 9.2% --- LCV: 23.4% to 23.6%) --- (still strong positive)

Tofaş (TOASO.TI; OP) sales **increased** by 12.8% YoY from 54k to 61k in 7M17. --- (still strong positive)

### Ford Otosan (FROTO.TI; MP): Positive

July Figures: (positive)

Ford Otosan (FROTO.TI; MP) market share **increased** from Jul16's 10.9% to 11.8%. (PC: 5.0% to 5.8% --- LCV: 31.6% to 30.9%) --- (neutral)

Ford Otosan (FROTO.TI; MP) sales **increased** by 53% YoY from 6k to 10k in Jul17. --- (strong positive)

Cumulative 7M17 Figures: (neutral)

Ford Otosan (FROTO.TI; MP) market share **increased** from 7M16's 11.5% to 11.8%. (PC: 6.1% to 6.0% --- LCV: 29.9% to 30.1%) --- (still neutral)

Ford Otosan (FROTO.TI; MP) sales **decreased** by 1% YoY from 57.4k to 56.8k in 7M17. --- (still neutral)

### Doğuş Otomotiv (DOAS.TI; MP): Negative

July Figures: (negative)

Doğuş Otomotiv (DOAS.TI; MP) market share **decreased** from Jul16's 23.2% to 17.9%. (PC: 25.7% to 19.9% --- LCV: 14.2% to 11.9%) --- (strong negative)

Doğuş Otomotiv (DOAS.TI; MP) sales **increased** by 9% YoY from 14k to 15k in Jul17. --- (negative)

Cumulative 7M17 Figures: (negative)

Doğuş Otomotiv (DOAS.TI; MP) market share **decreased** from 7M16's 21.1% to 18.5%. (PC: 22.8% to 20.4% --- LCV: 15.4% to 12.6%) --- (still negative)

Doğuş Otomotiv (DOAS.TI; MP) sales **decreased** by 15% YoY from 105k to 90k in 7M17. --- (still negative)