TURKISH EQUITIES

Strategy Update

April 2026

Equity Market Outlook

TERA YATIRIM

- Down but not out
  - ✓ Iran conflict has disrupted Turkish equities' near-perfect start to 2026. Our base case assumes the conflict is resolved in 2Q26 but still has meaningful macro implications, including lower growth, wider C/A deficit, higher inflation, and higher interest rates. Looking ahead to the remainder of 2026, we expect normalization to take hold in 2H26 and pencil in cumulative CBT rate cuts of 5ppts, alongside still-decent earnings growth, albeit with elevated uncertainty and downside risks. We are already seeing rising interest from foreign investors, who have been structurally underweight Turkish equities and are now rebuilding positions. We prefer stocks with strong fundamentals and relatively low exposure to war-related volatility. Stocks that we like include: **Anadolu Holding, Akbank, Aksigorta, Astor Enerji, Coca-Cola Icecek, Ebebek, Koc Holding, MLP Care, Tofas, Turkcell, and Yapi Kredi Bank**.
- Despite the downward revision, strong earnings growth remains in place for 2026
  - ✓ We have revised our earnings estimates in the wake of the Iran conflict. While our work is not yet fully complete, we pencil in a 12% earnings cut for banks, up to a 50% cut for aviation heavyweights, and a mid-single-digit decline for other non-financial companies, except for refining (Tupras), where a substantial increase is expected. Overall, we revise our 2026 earnings estimates downward by approximately 7%. We now expect earnings growth of 46% for banks and 105% for non-financial companies, while forecasting a 15% decline for companies with functional currencies in US$ or EUR, largely due to downward revisions in airline earnings for 2026.
- Wartime valuations
  - ✓ We expect earnings momentum to weaken in 2Q26 across the board due to war-related effects, but to recover in 2H26. We estimate that Turkish equities are currently trading at 8.1x one-year forward inflation-adjusted earnings. Our 12-month BIST100 target stands at 16,300, implying approximately 20% upside potential based on current prices.
- Risks
  - ✓ Later-than-expected resolution in Iran conflict, higher-than-expected inflation, lower-than-expected foreign portfolio flows, high short FX position among corporates, domestic politics.

Macro implications of the Iran conflict

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- Turkey's exposure to the region is meaningful but manageable
  - ✓ Turkey's economic exposure to countries in the war region is meaningful but not dominant, with exports accounting for 11% of total (US$31bn), led by Iraq (4.5%) and the UAE(3.4%), while imports totalled US$22bn, resulting in a US$9bn trade surplus. The main risk from the region is price volatility rather than structural reliance. Beyond trade, the region is also relevant for services and capital flows: it contributes 10% of Turkey's tourism revenues (US$6.3bn), largely driven by Iranian visitors, and plays a growing role in financing, with Middle Eastern investors accounting for 4% of FDI stock and around 7% of Eurobond issuances.
- Key macro effects include lower growth, higher inflation and a wider C/A deficit
  - ✓ Our base case assumes the Iran conflict is resolved in 2Q26 but still has meaningful macro implications for 2026. We revise our GDP forecast down by 0.8ppts to 3.2% from 4%, as war-related price increases and likely weakness in tourism should lead to a slowdown, particularly in 2Q26. We also raise our CPI expectation by 3ppts to 27%, driven by higher energy, fertilizer, and packaging costs. With a deterioration in the trade balance and weaker tourism revenues, we project the C/A deficit to widen to US$56bn or 3.2% of GDP, assuming an average Brent price of US$84/barrel. The budget deficit should remain manageable despite energy price subsidies in 2Q26, the effects of which are expected to gradually fade. We expect the CBT to resume its rate-cutting cycle in June, bringing the policy rate down to 32%, though this is 3ppts higher than our previous estimate. In our base case, we expect the CBT to maintain control over the TL, with basket depreciation at around 23% versus 27% CPI by YE26.
- A not-so-good scenario
  - ✓ If the conflict lasts longer, extending into 3Q26, with oil prices averaging above US$100 in 2026, this could lead to a 0.4% decline in GDP growth, inflation remaining above 30%, and no meaningful rate cuts from the CBT. The currency would remain the weak link in this scenario, as the CBT is likely to struggle to meet both domestic and foreign demand amid a widening current account deficit.

Turkey’s trade relation with the war region

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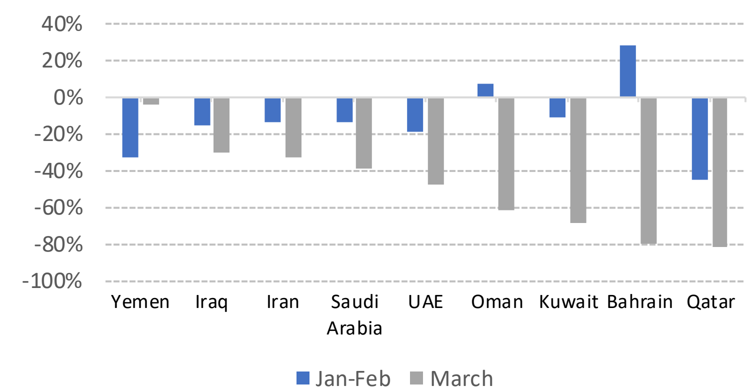
- Countries in the war region account for 11.3% of Turkey’s exports, with the highest share belonging to Iraq (4.5%). It is also worth to note that some 18% of Turkey’s exports to the region is gold. Agricultural products constitute a significant portion of exports while Turkey’s geographic proximity and its partial reliance on land transport (around 32% of exports) provide a relative advantage in sustaining trade flows compared to peers, especially amid disruptions to maritime routes.
- On the other hand, Turkey’s imports from the region stood at US$22bn, of which 36% is gold. Other large items include refined petroluem, chemicals and aluminum. As such, Turkey has a US$9bn trade surplus with the region.
- Negative export trends with the region throughout early 2026 worsened significantly in March, signaling a severe disruption in regional trade dynamics.

Country	Export (US$ mn)	Export Share (%)	Net Export (US$ mn)
Iraq	12,378	4.5%	10,416
UAE	9,281	3.4%	-393
Saudi Arabia	3,807	1.4%	394
Iran*	3,058	1.1%	-1,768
Yemen	714	0.3%	696
Qatar	580	0.2%	-102
Kuwait	574	0.2%	379
Oman	346	0.1%	-693
Bahrain	147	0.1%	-9
Total	**30,886**	**11.3%**	**8,921**

** Natural gas imports are included*

Source: TurkStat, Ministry of Trade, Tera Yatirim

Annual Export Change by Country (%)



Source: TurkStat, Ministry of Trade, Tera Yatirim

Turkey's tourism income from the war region

- Turkey received 5.4 million visitors from the countries in the war region, accounting for <u>10.3% of total tourists, generating an estimated US$6.3bn revenues</u>.
- Tourists from Iran account for more than half of the number of tourists but around 32% of revenues at US$2.0bn.

Country	Total Visitor	Share	Revenue (US$ mn)
Iran	3,050,195	5.8%	2,004
Saudi Arabia	921,726	1.7%	1,897
Iraq	1,031,257	2.0%	1,522
Kuwait	209,921	0.4%	432
UAE	101,460	0.2%	209
Bahrain	53,445	0.1%	110
Qatar	50,794	0.1%	105
Yemen	30,203	0.1%	62
Total	**5,449,001**	**10.3%**	**6,341**

Source: TurkStat, Ministry of Culture and Tourism, Tera Yatirim

FDI and Eurobond investments from war region

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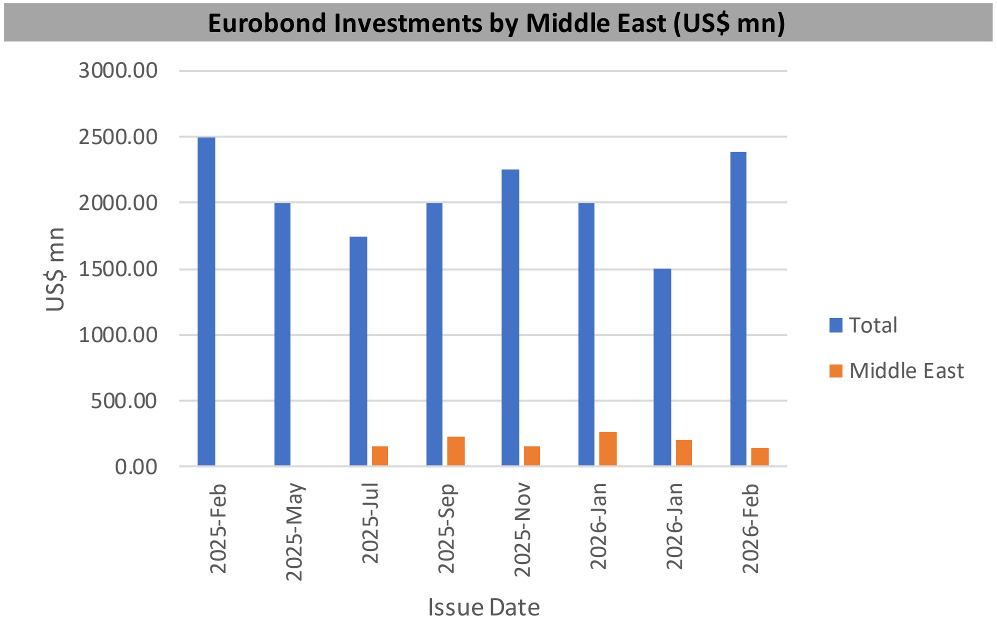
- Foreign direct investment from Qatar, the UAE, Kuwait, and Saudi Arabia to Turkey totaled US$424mn since the beginning of 2025, accounting for 4% of the total FDI received by Turkey over that period.
- Middle Eastern investors directly purchased 6.9% of Turkey's Eurobond issuances since the beginning of 2025, with a total investment of US$1.1bn. However, the region is likely to have purchased higher amounts via the UK and continental Europe.
- It is also worth to mention that the Middle East's contribution to Turkish banks' issuances have increased over the past couple of years.



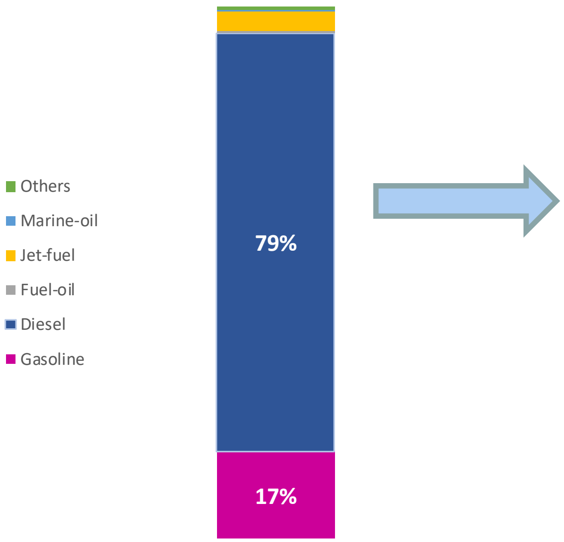
Source: Ministry of Treasury and Finance, Tera Yatirim

Rising oil price implications

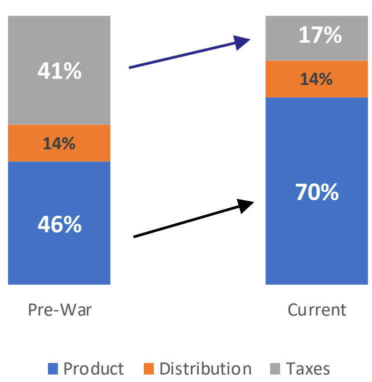
- Turkey is a major importer of crude oil and refined petroleum products. In 2025, the country imported 32mn tons of crude oil and 18mn tons of refined products, primarily diesel. Of total domestic fuel consumption of 35mn tons, diesel accounts for 79%, followed by gasoline at 17%. Net diesel imports totaled approximately 10mn tons in 2025.
- Prior to the Iran conflict, taxes (Special Consumption Tax and VAT) represented around 41% of the diesel pump price. Following the onset of the war, the government chose to partially shield consumers by passing through only 25% of the increase in global diesel prices, with the remainder absorbed via adjustments to the Special Consumption Tax. As of March 20, this buffer has been depleted, and global price increases have begun to be fully reflected at the pump.
- Diesel prices have risen by 38% YTD and are likely to exert upward pressure on inflation. The CBT estimates that an oil price of US$90/bbl would add 1.6ppts to CPI over the next 12 months, assuming subsidies remain in place. However, at current diesel price levels, we estimate a higher impact of around 3ppts is more likely, particularly given the depletion of the subsidy buffer.

Turkey Fuel Consumption -2025

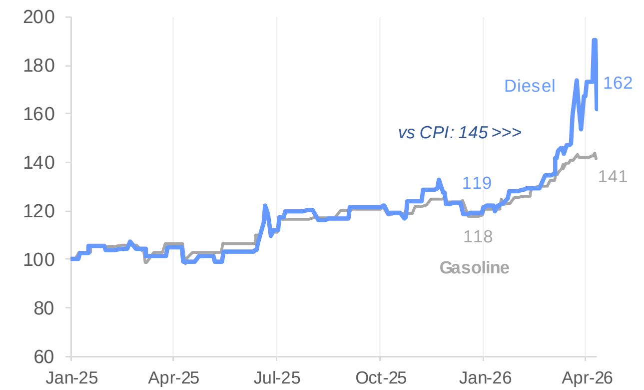
as% of total



Diesel product price breakdown



Retail Fuel Prices *(Jan25=100,TL)*

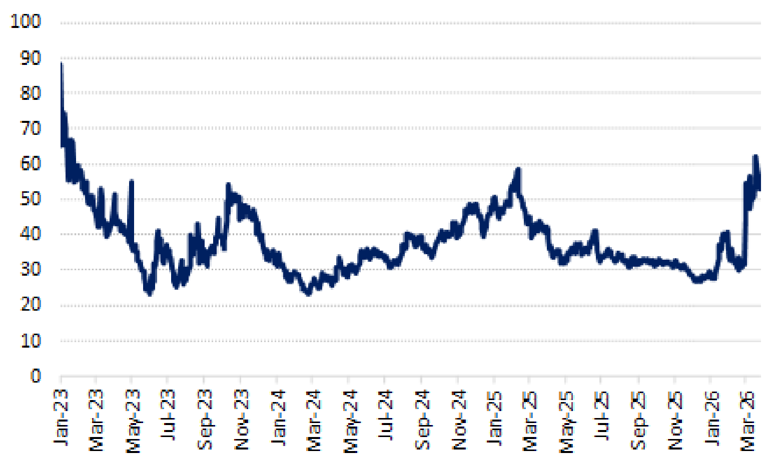


Source: Turkish Energy Regulator EPDK, Tera Yatirim

Natural gas prices

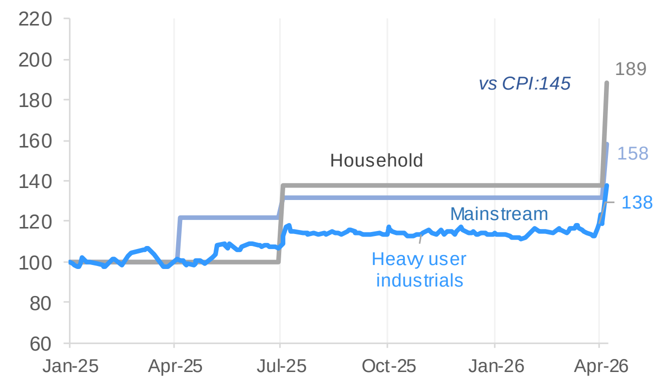
- **Iran stops natural gas exports to Turkey…** Iran has halted gas flows to Turkey following last week's Israeli strike on the South Pars field, removing 7 bcm of annual supply (13% of Turkey's of 58 bcm imports in 2025). While directionally negative, the impact appears manageable in the near term given continued inflows from Russia and Azerbaijan, alongside relatively full storage levels (6.3 bcm) that can buffer short-term demand.
- **Turkey's gas mix remains balanced, with increasing spot flexibility…** In 2025, pipeline gas accounted for about 68% of supply, while spot LNG made up 32%, highlighting Turkey's increasing reliance on flexible LNG to meet marginal demand. By source, Russia remained the largest supplier (38%), followed by Azerbaijan (21%), the US (16%), Iran (13%) and Algeria (8%).
- **European Natural Gas prices (TTF) jump on geopolitical risk, but remain well below 2022 peaks…** European gas prices have risen sharply to EUR54/MWh in Mar-26, up 80% m/m following the Iran-related supply shock, reflecting tighter LNG balances and elevated risk premiums. However, current levels remain significantly below the extreme dislocations seen during the 2022 energy crisis, when TTF briefly exceeded EUR300/MWh.
- On April 6, the government raised natural gas prices by 25% for households, 19% for industrial users, and power generation companies.

EU Natural Gas Price (TTF) (EUR/MWh)



Source: Bloomberg

Natural Gas Prices *(Jan25=100, TL)*



Source: Turkish Energy Regulator EPDK, Tera Yatirim

Electricity prices

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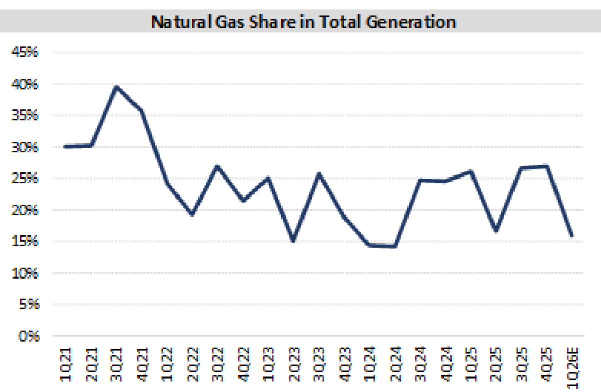
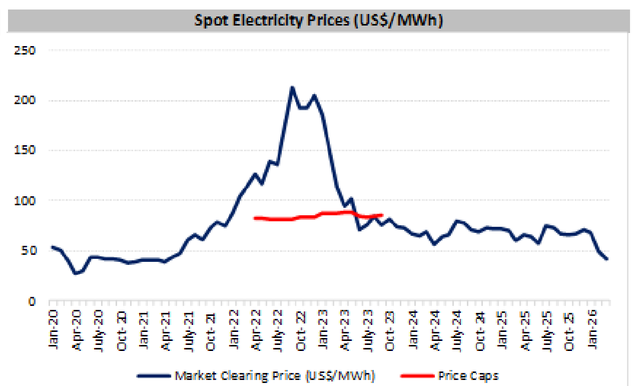
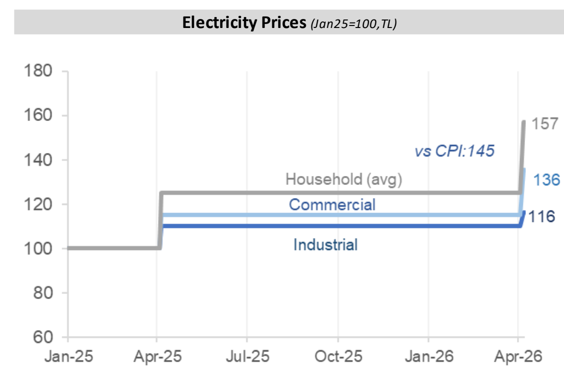
- **Share of natural gas in electricity production rises typically in 3Q and 4Q…** Natural gas (NG) generation in Turkey exhibits a clear seasonal and cyclical pattern, with its share in total electricity output consistently declining in 1Q–2Q and rebounding in 3Q–4Q.
- **Rising spot LNG prices provide a clear upside risk to Turkish electricity prices**, as LNG remains the marginal molecule in the gas system and therefore the key driver of power price formation when gas is in the stack. With TTF moving back to EUR50–55/MWh (US$60+/MWh gas basis), the implied gas-fired generation cost rises to US$130–150/MWh (using the 2–2.2x conversion), well above current electricity price levels (US$40–70). While prices are currently suppressed by strong hydro and renewables, any normalization in hydro output or increase in demand would force gas back into the merit order, at which point the system rapidly reprices toward LNG-driven marginal costs.
- On April 6, <u>the government raised electricity prices by 25% for household and 18% for commercial but only 6% for industry</u>.



Source: EPIAS



Source: EPIAS



Source: Turkish Energy Regulator EPDK, Tera Yatirim

Sector implications

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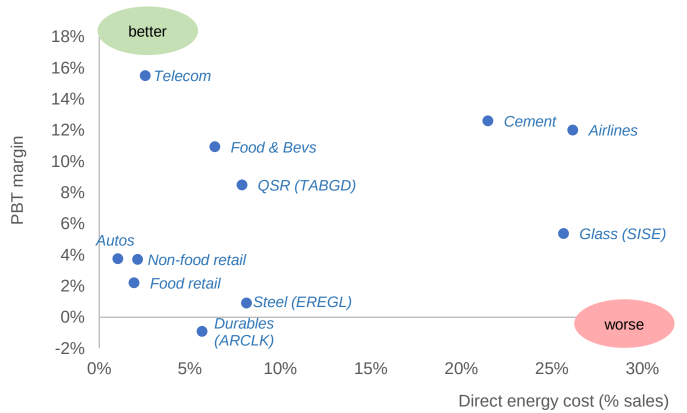
- We present below the estimated direct energy cost of key sectors in Borsa Istanbul and our relevant remarks on recent developments. *Please refer to our note on Turkish Non-financials: Mid-crisis update published on April 2, 2026 for details.*

Our average estimated "direct" energy cost as % of sales and PBT (2025)



Source: Tera Yatirim

Subsector	Our remarks
Food retail	High competition, though food inflation might help sentiment
Non-food retail	Apparel pricing already been tight for some time
Food & Bevs	Natural hedge w/ assets in energy exporting countries (Ru, CIS); however negative tourism exposure
QSR	44% franchise restaurants, where franchisee assumes energy costs; tourism exposure
Cement	Energy intensive
Glass	Energy intensive
Airlines	THY: higher Asia-EU fares. Fuel cost w/ 3-4wk lag (2Qe). 36% fuel hedge in THY, 61% in PGS
Autos	Exports cost-plus; however secondary effects could be through parts availability, rising interest rates
Durables	Steel, aluminium, plastics inputs also higher. Already price competitive Europe
Telecoms	Service sectors better positioned
Steel	Copper, Al, Plastic inputs higher. Already price competitive Europe

Key issues in domestic politics

- **Election-free period for the next two years…** Parliamentary and presidential elections are scheduled to be held in May-28 while local elections will be held in Mar-29. Following the arrest of Istanbul Mayor Imamoglu, CHP has been pushing for elections to be held in late 2025 or early 2026. However, parliamentary arithmetic would not allow snap elections to be held unless AKP deputies support it. We expect early elections to be held in 4Q27.
- **Next steps in the "terror-free Türkiye" initiative….** PKK leader Ocalan called on the PKK to disarm and dissolve, leading to a formal PKK dissolution in May-25. In July, PKK laid down arms and President Erdogan launched the "terror-free Türkiye" initiative. Parliament then established a cross-party commission to draft proposals on reintegration, rights, and reforms. The committee now considers whether to enact a special law or to manage the reintegration of former PKK members within existing counterterrorism and criminal legislation.
- **Work on the new constitution may begin in 2026…** The new 'terror-free Türkiye' initiative is likely to require constitutional amendments, which could also pave the way for changes to the clause on presidential term limits. The Cumhur Alliance currently holds around 329 seats in parliament but would need the support of 30 additional deputies to reach the 360-seat threshold required either to call early elections or to submit the proposed constitutional changes to a public referendum. Following the introduction of the initiative, DEM's 56 deputies may opt to support the proposed amendments.
- **The main opposition party CHP under pressure…** A heavy trial load awaits both the party and Imamoglu in 2026. Supreme Court Prosecutor will assess whether to initiate formal proceeding against CHP following Istanbul municipality indictment. In addition, 18 CHP mayors have been detained across Turkey on corruption and bribery charges. Recent polls show no significant advantage for either CHP or AKP, both at around 30-32% of the popular vote.

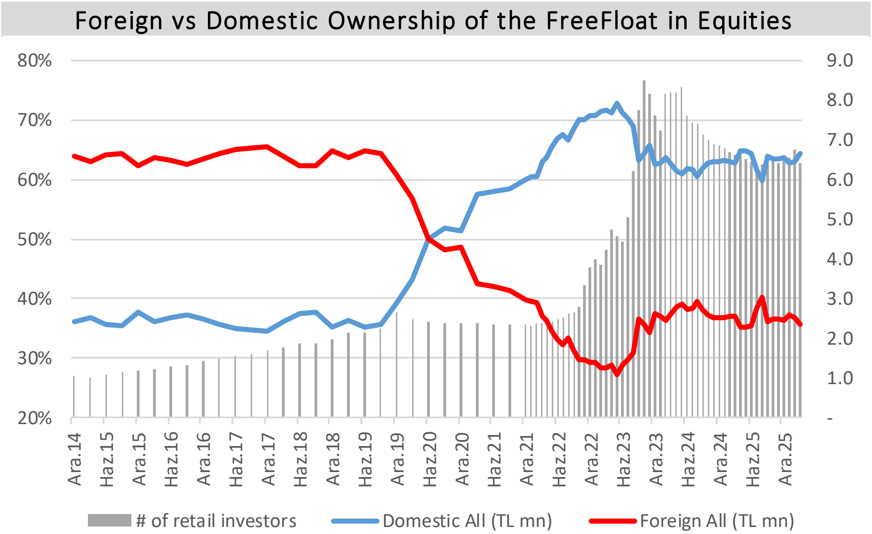
Breakdown of seats in the parliament

Alliance /Party	Apr-26
Cumhur (AKP+MHP+YRP)	**329**
AKP	275
MHP	46
YRP	4
HUDAPAR	4
Millet (CHP+IYI+SP+DEVA+GP)	**188**
CHP	138
IYI	30
SP+DEVA+GP	20
HDP	56
Others	19
Total	**592**

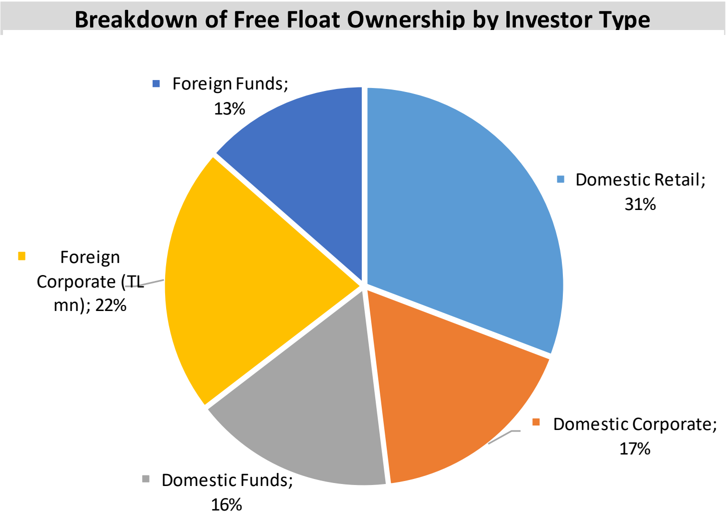
Source: Turkish Parliament

Number of domestic investors continues to slide

- After reaching a peak of 8.2mn in Apr-24, the number of retail investors continued to slide throughout 2025, falling to 6.4mn in Mar-26 - still almost 3x higher than the 2.3mn recorded in Dec-21. Despite strong IPO activity in early 2025, retail investors appear to be reducing their equity exposure and using it as a source of liquidity amid high interest rates.
- Inflows into Turkish equities by foreign investors reached US$2.4bn in Jan and Feb 26; however, Iran conflict resulted some of these flows to reverse(US$1.3bn) in Mar-26, bringing net inflows to US$1.1bn in 1Q26. Foreign investors' share in free float remained at 36% in Mar-26.



Source: Central Registry

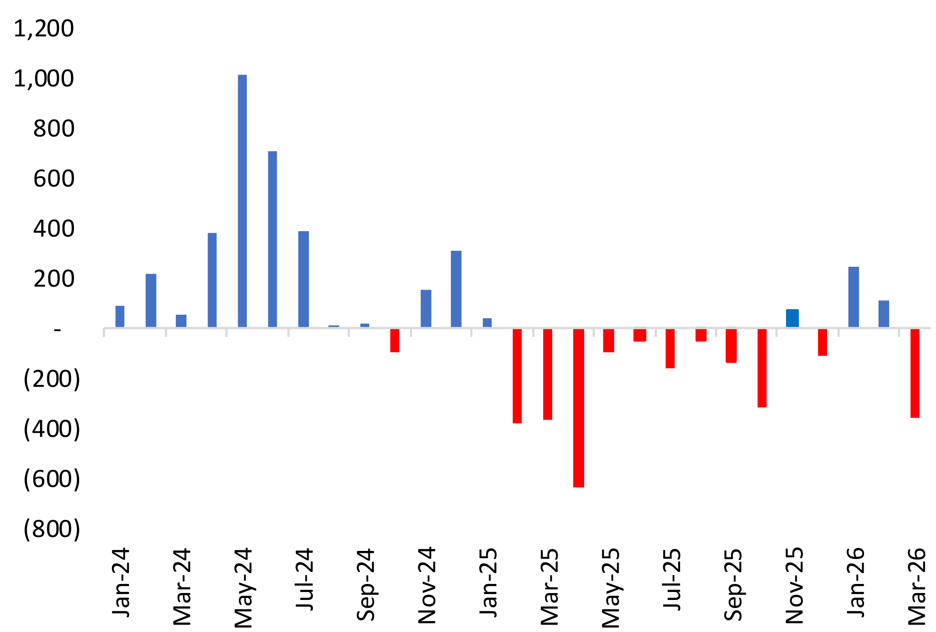


Source: Central Registry

Retail investors sold equity funds in Mar-26

- Net outflows by retail investors from local equity funds have reached US$2.2bn in 2025.
- Net inflows reached US$62mn in 1Q26 due to large outflows of US$292mn in Mar-26 amid Iran conflict.

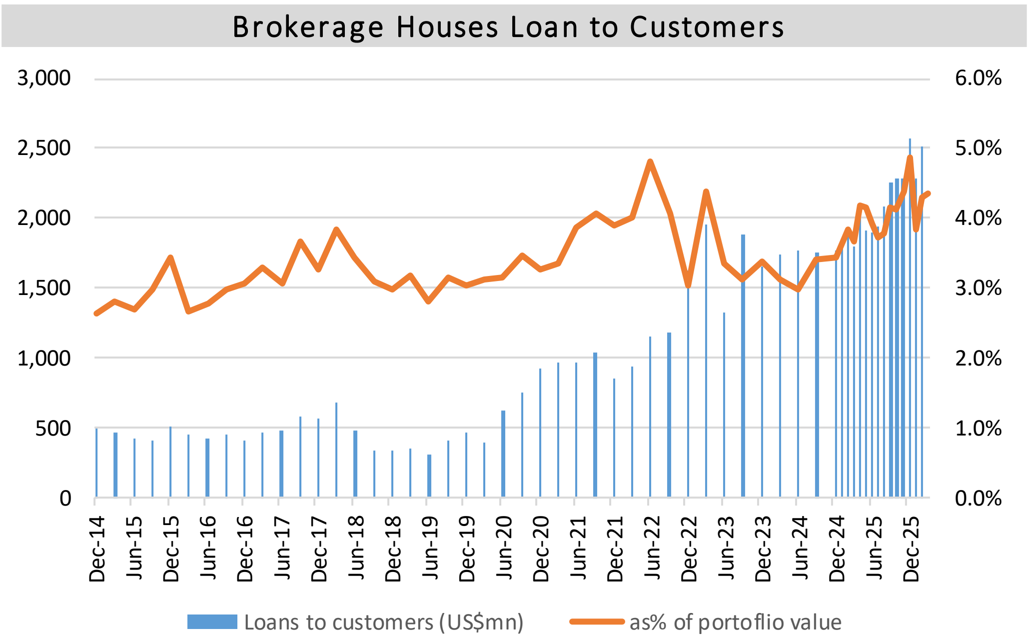
Local Equity Funds - Retail Investor flow (US$mn)



Source: Takasbank

Credit to domestic investors remains elevated

- Brokerage houses extend credit to domestic retail investors. The size of the outstanding credit has been rising parallel to the equity market, brokers' balance sheet, as well as retail investors' rising interest in equities. As of Mar-26, the total credit to domestic investors has risen by 65% ytd to TL111.7bn (or US$2.5bn), corresponding to about 4.4% (peak at 4.8% in Jun-22) of the portfolio value of domestic retail investors. About 45k retail investors use credit from brokerage houses up from 38k in 2022.
- The derivative products including single stock and index futures also provide a decent leverage of about 6x. The average daily trading volume is also comfortably high at US$972mn for single stocks and US$832mn for index futures vs spot market of US$4,552mn.

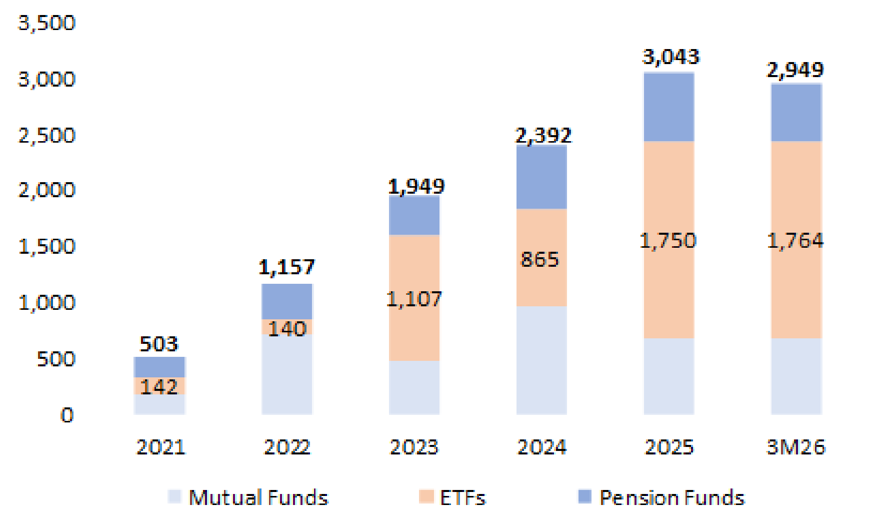


Source:Turkish Capital Markets Association, Tera Yatirim

Local Turkey equity passive funds stand at US$3.0bn

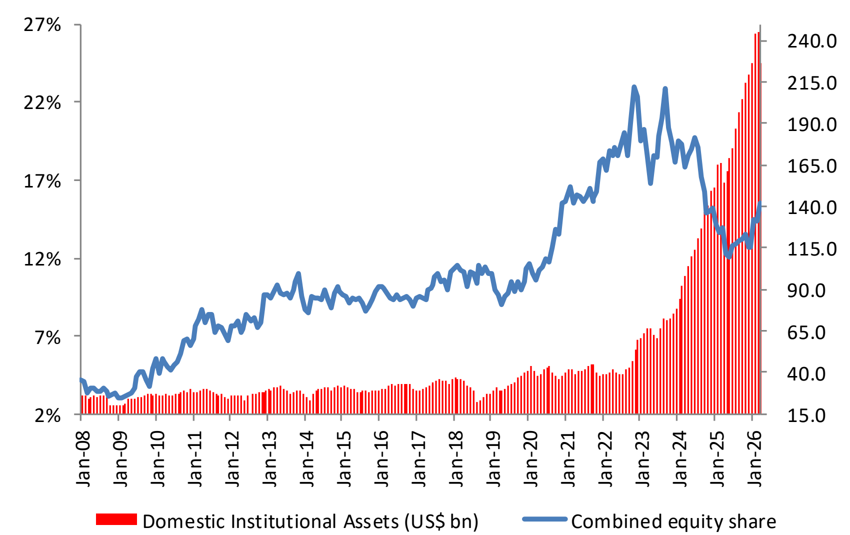
- Domestic institutional asset managers have grown rapidly in size driven by the structural changes in the pension system as well as the new regulations introduced after the Feb-23 earthquake. The total assets under management reached to US$226bn or about 16% of the GDP as of Mar-26.
- Meanwhile, local Turkey passive equity funds have risen to US$3.0bn in size vs foreign Turkey ETFs dropping to US$0.5bn. The government's decision to raise state contribution funds' equity share to 30% from 10% is the key reason for the significant increase in local Turkey ETF size.
- Domestic funds have also doubled their exposure to equities, holding about as high as 22% of their assets in equities. That said, sharp rise in money market funds in 2025 reduced the equity share to about 13% in Dec-25, which rose to 16% in Mar-26. Domestic funds still account for only 16% of the free float compared with 31% of domestic retail, 17% domestic corporate, and 36% foreign investors (fund+corporate).

Growth of Passive Equity Funds (US$mn)



Source:Tefas, Tera Yatirim

Domestic Institutional Assets under Management vs Equity exposure

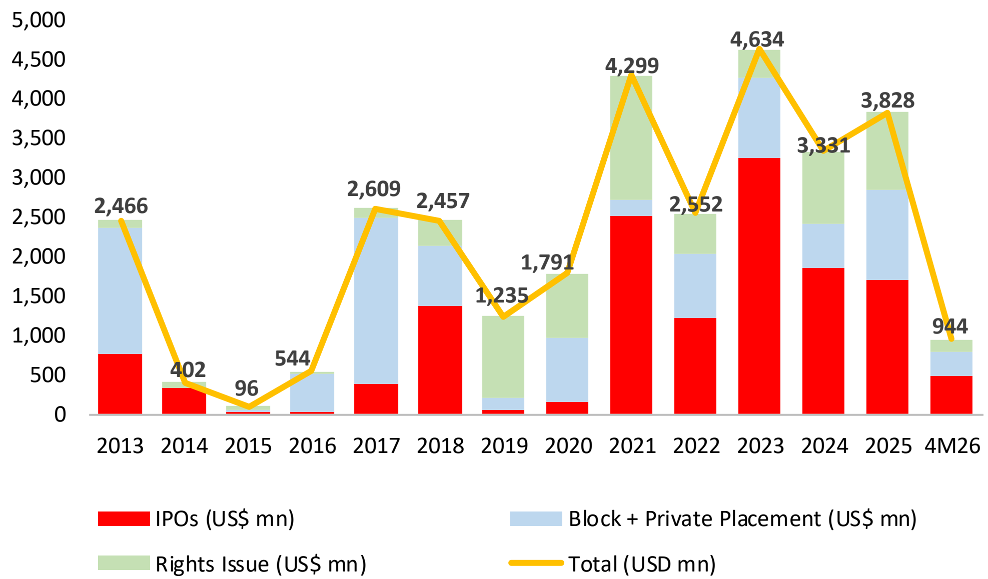


Source :CMB, Tera Yatirim

Equity supply stood at US$0.9bn in 4M26

- In 2025, equity supply reached US$3.8bn, increasing by 15% y/y thanks to sharp rise in block and private placements of US$1.2bn (+100% y/y). Large placements included that of MedicalPark (US$237mn), Astor (US$238mn), Vakifbank (US$106mn), Sasa (US$142mn) and Kontrolmatik (US$70mn). The demand for IPOs remained 8% lower y/y at US$1.7bn with only 17 companies being listed. Rights issues rose to a sizeable US$1.0bn in 2025 thanks to US$0.5bn cash injection into three listed football companies.
- In 4M26, total equity supply stood at US$0.9bn, driven by US$0.5bn of IPOs, US$0.3bn SPOs and US$0.1bn of rights issues.

Equity supply in perspective (US$mn)

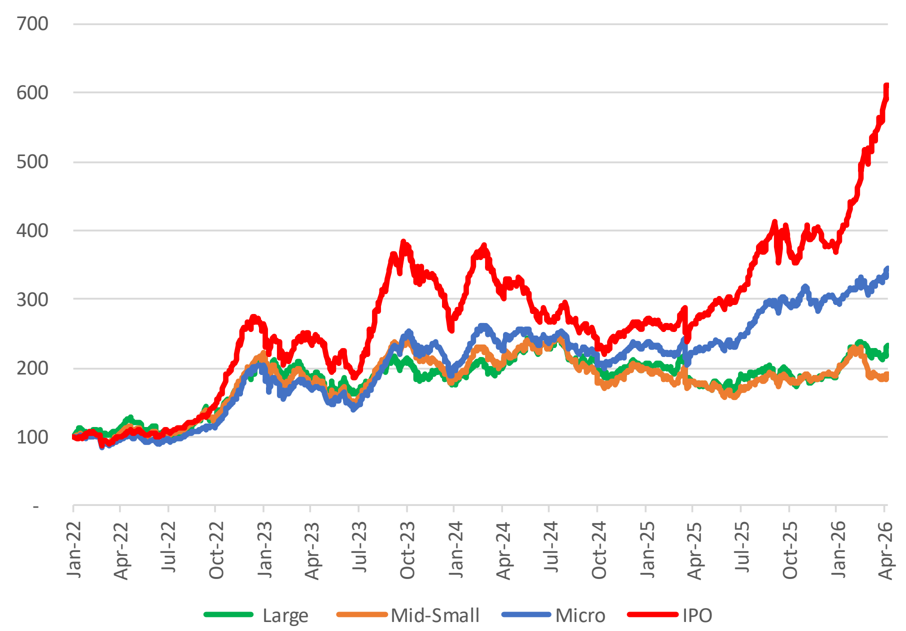


Source: CMB,TCMA,CapitalIQ, Tera Yatirim

IPO index takes off again in 2026

- IPO index and Micro cap stocks have outperformed BIST100 in 2025. Over the long term, micro cap and IPO index have risen by 99% and 147% in US$ terms, respectively, over the past three years. As for 2026, IPO index has risen by 65% in US$ terms, outperforming all key indices, including Large caps, Mid-Small cap, and Micro indices.
- In terms of the valuation, Micro caps and IPO stocks are still richly valued.

Price Performances of Large /Mid-Small & Micro Caps



Source: Rasyonet, Tera Yatirim

BIST Multiples

LTM as of 3Q25	EV/EBITDA	P/E	P/BV
Median			
BIST30 - Large Caps	11.9	13.1	1.6
BIST70 - Mid - Small caps	7.9	27.6	1.8
BIST Others* - Micro caps	11.0	33.4	1.6
BIST IPO	8.8	26.4	2.4

Source: Rasyonet, Tera Yatirim

**main market stocks excluding BIST100 constituents*

Large/Mid-Small/Micro Cap Price Performance

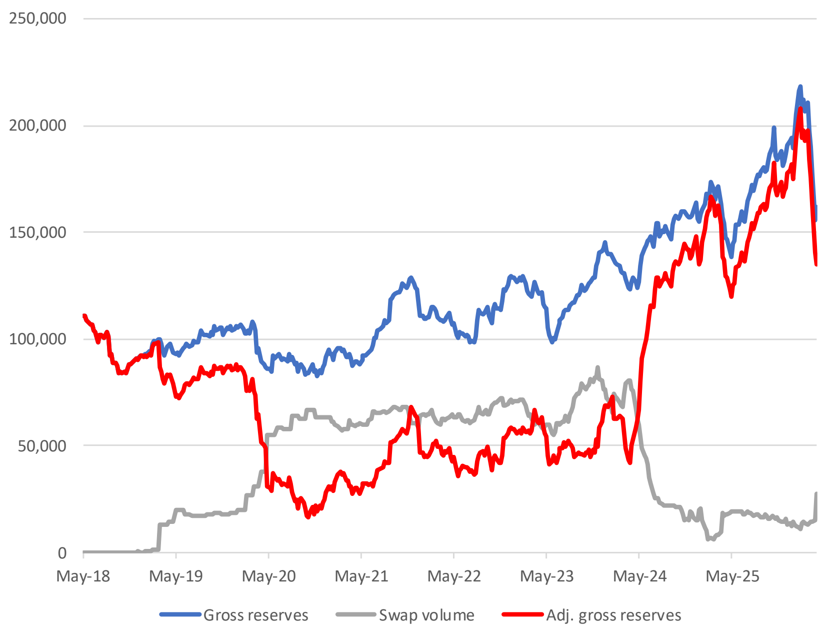
US$	YTD	3Y	5Y
Large	17%	16%	80%
Mid-Small	1%	4%	37%
Micro	17%	99%	124%
IPO	65%	147%	363%

Source: Rasyonet, Tera Yatirim

Central Bank reserves – yet another challenge

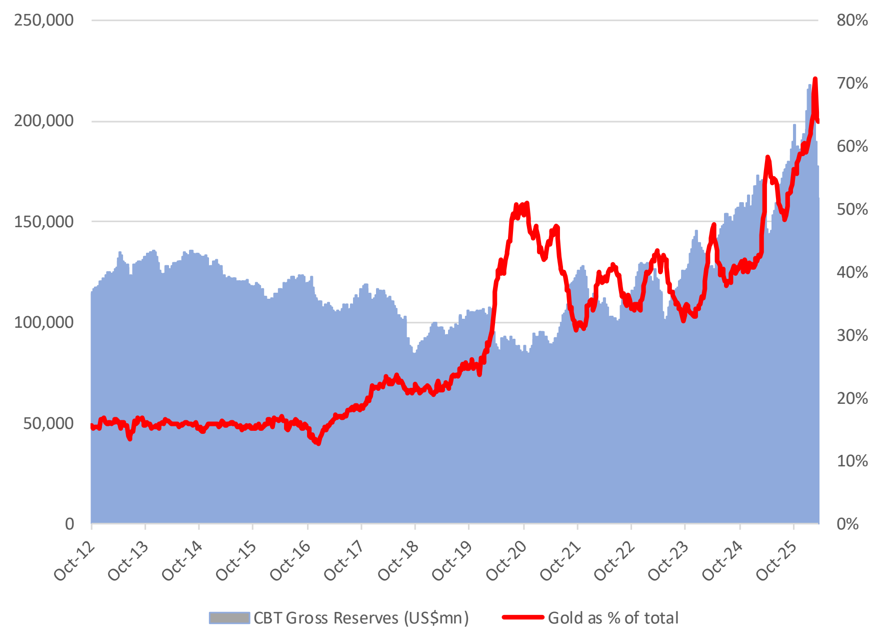
- CBT's gross reserves rose to a record high of US$219bn in Jan-26, driven by higher gold prices, corporate FX borrowing, and foreign investors' swap positions. However, gross reserves declined to US$162bn (US$103bn in gold and US$58bn in FX) in Apr-26 in the aftermath of the Iran conflict. Similarly, swap-adjusted net reserves peaked at US$80bn in Jan-26 but fell to US$18bn as of Apr-26 following the conflict, the details of which are presented on the next page.
- In 2017, the CBT began increasing the share of gold in its total foreign reserves. The share of gold rose to 65% in Feb-26 from 13% in Jan-17. As of Feb-26, the CBT held 823 tons of gold reserves worth US$136bn, compared to US$73bn in non-gold FX reserves. Following the onset of the Iran conflict, the CBT has reportedly generated around US$20bn in US$ liquidity through 57 tons of gold sales and 76 tons of gold swaps to support the TL.

CBT Gross reserves vs Swap volume (US$ mn)



Source: CBT,Tera Yatirim

CBT Gross reserves vs Gold as % of total (US$ mn)

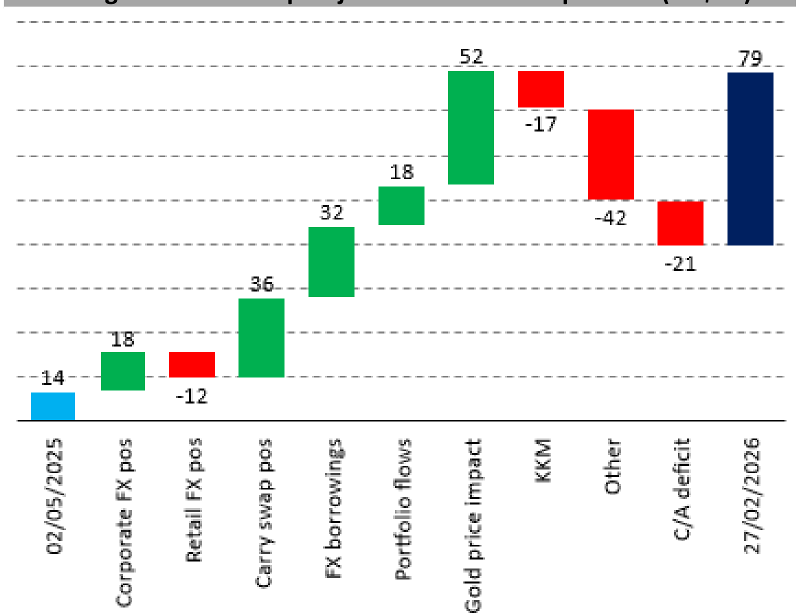


Source: CBT,Tera Yatirim

In/Outflow dynamics of CBT FX reserves

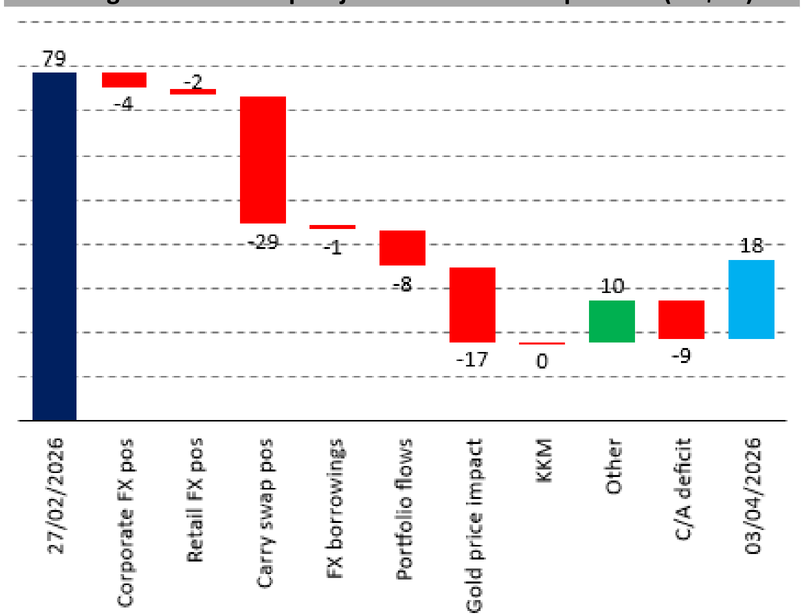
- We illustrate the drivers behind the recovery in CBT reserves over the previous ten months since the domestic political turmoil in Mar'25 and the recent decline over the past month driven by the Iran war. Following the digestion of Imamoglu news, CBT's swap-adjusted net reserves recovered by US$65bn to US$79bn, 80% of which is explained by the surge in the gold price. Other drivers of the improvement were carry swap positions (US$36bn), FX borrowings from abroad as well as the widening in the corporates' short FX position (US$32bn + US$18bn), and portfolio inflows (US$18bn), partially offset retail FX purchases (US$12bn), unwinding of KKM (US$17bn), C/A deficit (US$21bn), and other unknown outflows (US$42bn).
- Since the beginning of the Iran war, CBT's swap adjusted net reserves dropped by US$60bn back to US$18bn, 29% of which is attributed to the decline in the gold price. The main drivers of the outflows were carry swap positions (-US$29bn), C/A deficit (-US$9bn), and portfolio flows (-US$8bn).

Changes in CBT's swap-adjusted net reserves position (US$bn)



Source: BRSA, CBT, Tera Yatirim estimates

Changes in CBT's swap-adjusted net reserves position (US$bn)

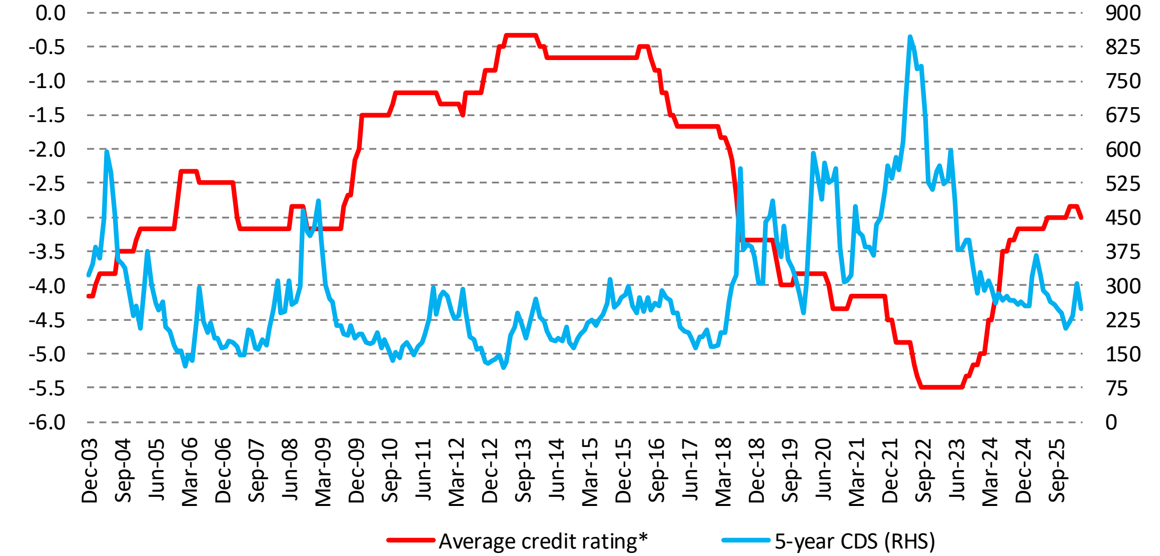


Source: BRSA, CBT, Tera Yatirim estimates

Sovereign ratings to remain stable in the near term

- The chart below illustrates the historical CDS levels vs Turkey's average sovereign rating. We do not expect a meaningful change in Turkey's sovereign rating over the next one-year period, given the Stable outlooks in all three rating agencies.

Turkey's credit rating vs. CDS history



**Average of three rating agencies' ratings and outlooks. 0 = investment grade, every 1 interval is a notch.*

Source: Bloomberg, Rating Agencies, Tera Yatirim

Turkey's sovereign ratings		
S&P	**Moody's***	**Fitch Ratings**
BB- (Oct 25)	Ba3 (Jan 26)	BB- (Apr 26)
Stable	Stable	Stable
	Scheduled assessment dates for 2026	
17-Apr-26	23-Jan-26	23-Jan-26
16-Oct-26	24-Jul-26	17-Jul-26

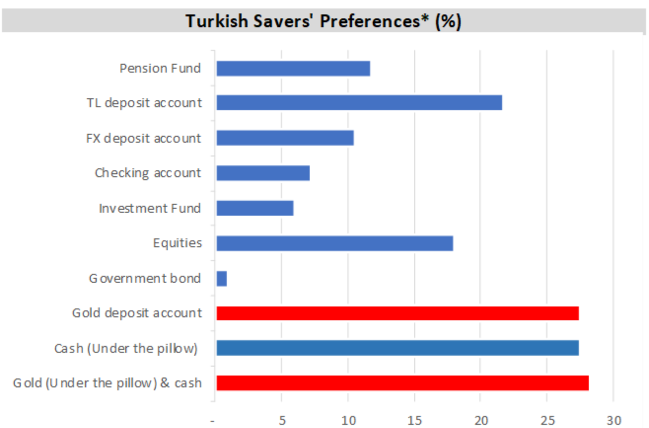
*Source: Rating agencies. *Ba3 is equivalent of BB-.*

Soaring gold price supports consumption

Gold is important in Turkey… Gold is primarily used as a savings instrument to hedge against inflation. It is also used traditionally as a gift at weddings and child birth to support future spending. Those given as a gift usually remain in unregistered form in private safes or "under-the-pillow" and does not appear in Turkey's financial system or in saving rates. the returns of gold-denominated products have significantly exceeded that of traditional TL deposits and government bonds over the past five years.

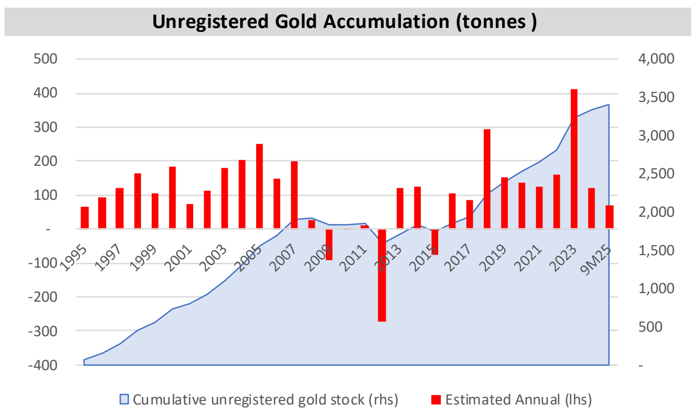
Wealth effect of rising gold prices… Central Bank of Turkey (CBT) released a study on the wealth effect of surging gold prices on households. The study argues that this increased demand and pushed up prices in the relatively inelastic housing market, while it has also led to higher sales in the automobile market where supply is more elastic.

Estimated size of unregistered gold savings… We estimate that about 3,415 tons of gold worth US$410bn or 19% GDP could potentially be saved in unregistered form between '95 and '25. This translates into about 40 grams per capita (US$5k) or about 18 gold coins per household (US$16k).



Source: IPSOS, Bilkent University, ING, Tera Yatirim

*- *2Q25 LTM average - the total is more than 100% as the figures correspond to ownership/choice rates*



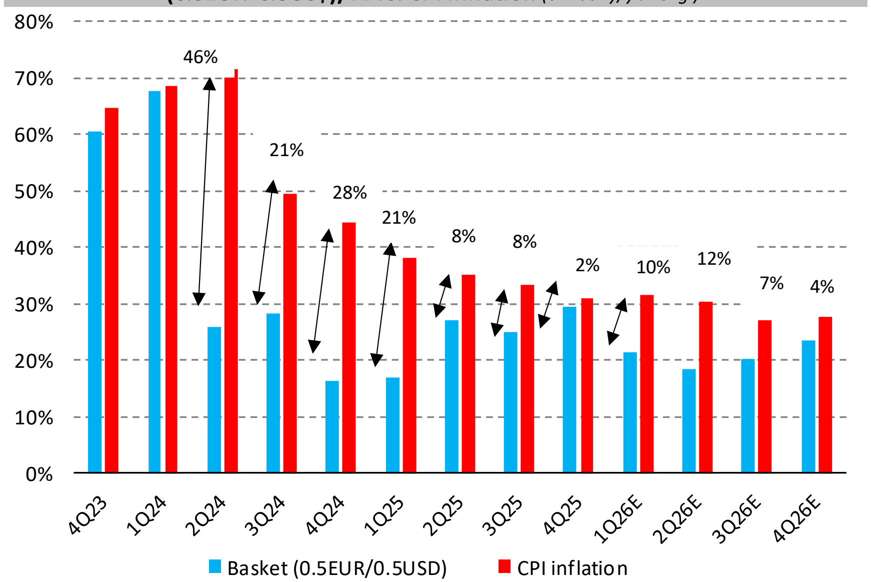
Source: CBT, Borsa Istanbul, Tera Yatirim

Inflation accounting pains to continue

TERA YATIRIM

- **TL appreciated in real terms in 1Q26, signalling inflation accounting woes…** The spread between TL's depreciation and CPI appears to have a significant effect on inflation adjusted financials. Companies with FX denominated revenues suffer in an environment when TL appreciates. The spread came down from a peak of 46% in 2Q24 to single digit levels in 2Q25 and onwards. In 1Q26, TL depreciated by 21% y/y against the equally weighted basket vs annua CPI of 31% leading to a spread of 10ppts. We expect the spread to be around 12% in 2Q26, falling to 7% in 3Q26 and 4% in 4Q26.
- **With annual CPI hovering at around 30% by 26YE, inflation accounting may continue in IFRS based financials in 2027…** Inflation accounting in tax financials has been discontinued in 2025, 2026 and 2027. However, <u>IFRS based financials should continue to be based on inflation accounting principles</u> as the cumulative inflation over the past three years will remain above 100%, and the one-year inflation rate will exceed 10% in 2026. As for 2027, the Public Accounting Authority may decide to continue inflation accounting in IFRS financials as three-year cumulative will not fall below 100% threshold in 2027.

(0.5EUR+0.5US$)/TL vs. CPI inflation *(annual y/y % chg.)*



Source: Tera Yatirim

Earnings growth remains strong for 2026

- **A 7% downward revision in 2026 earnings estimates…** We have revised our earnings estimates in the wake of the Iran conflict. We have reduced our 2026 NIM estimate for banks by c.50bps and raised our CoR estimate by c.10bps, reflecting a c.3.5ppts higher TL interest rate assumption for the annual average. With broadly offsetting upside revisions in fees and opex, we have cut our 2026 earnings estimates by 12% on average, implying a 3ppts reduction in ROE to around 25%. While our work is not yet fully complete, we pencil in up to a 50% cut for aviation heavyweights and a mid-single-digit decline for all other non-financial companies, except for refining (Tupras), where a substantial increase is expected. Overall, we revise our 2026 earnings estimates downward by approximately 7%.
- **Still strong earnings growth expected in 2026…** Low base in 2024 distorted the earnings growth picture in 2025. After a terrible performance in 2024, corporate earnings continued to be under pressure in 2025. Following a 39% earnings growth in 2025, banking sector should post a 46% growth in 2026 on improving margins. Despite the challenging environment, rate cuts, albeit less aggressively should support consumer demand in the latter part of 2026 and non-financial companies' real earnings growth should reach 105% in 2026. Even if we strip out Tupras, real earnings growth in non-financials should reach 85% in 2026. Companies with functional currency in US$ or EUR should post 15% drop in earnings largely due to bottomline revision in airlines in 2026.

BIST50				
EBITDA *Performance (y/y % chg.)*	**2023**	**2024**	**2025**	**2026E**
Functional Currency - *US$ or EUR* *	-11%	-8%	-1%	-2%
Non financial - *Inflation Adjusted (real)* **	-7%	-37%	11%	12%
Net Earnings *Performance (y/y % chg.)*	**2023**	**2024**	**2025**	**2026E**
Banks - *NOT Inflation Adjusted*	22%	-16%	39%	46%
Functional Currency - *US$ or EUR* *	178%	-19%	0%	-15%
Non financial - *Inflation Adjusted (real)* **	-62%	-69%	-25%	105%

Source: Rasyonet, Tera Yatirim

**growth figures in functional currency, aviation and steel companies primarily*

***2025 and 2026E growth figures are adjusted for inflation (ie previous years figures are restated)*

Calculating the market multiples

- Calculating even the simple market multiple is a challenging task in an environment where banks and insurance companies do not publish their inflation adjusted figures. We have categorized the companies in our sample (extended BIST50 universe) into three groups: financials (primarily banks in our case), non-financial companies with a functional currency other than TL (and therefore not subject to inflation accounting), and all other non-financial companies that are required to publish inflation-adjusted financials.
- As of 4Q25, non-financial companies' LTM P/E currently stands at 38.7x. We estimate that inflation adjustment would have reduced banks' nominal earnings by 35% in 2025. Hence, we calculate that the overall market currently trades at 17.6x 4Q25 LTM inflation adjusted earnings.
- As for 2026, we calculate non-financials to trade at 10.5x. We reduce banks' earnings by 25% in 2026 to adjust for 2026 inflation and estimate the inflation adjusted 2026 market P/E at 8.7x.

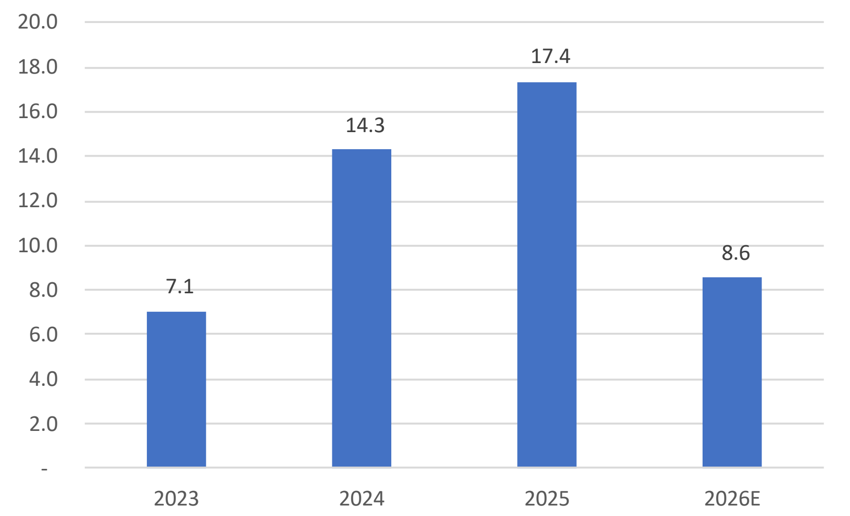
Market Multiples*	**2025**	**2026**	**2025**	**2026**	**1-year**
	IA adj.	**IA adj.**	**IA adj.**	**IA adj.**	**forward**
Extended BIST-50 stocks	**EV/EBITDA**	**EV/EBITDA**	**P/E**	**P/E**	**P/E**
Financials - *NIA***			9.0	5.3	
Functional Cur. Not TL *NIA***	5.3	4.7	6.9	8.7	
Non-financial - *IA****	12.1	6.1	38.7	10.5	
Market Combined (Banks NIA)	**10.5**	**5.8**			
Market Combined (Banks IA)***			**17.6**	**8.7**	**8.1**

*Source: Tera Yatirim, * Free Float Adjusted **NIA (Not Inflation Adjusted), ***IA (Inflation Adjusted)*

Adjusted Market P/E and EV/EBITDA

- Market P/Es including inflation adjusted banking sector earnings and Market EV/EBITDA are expected to fall on the back of improvement in corporate earnings in 2026.

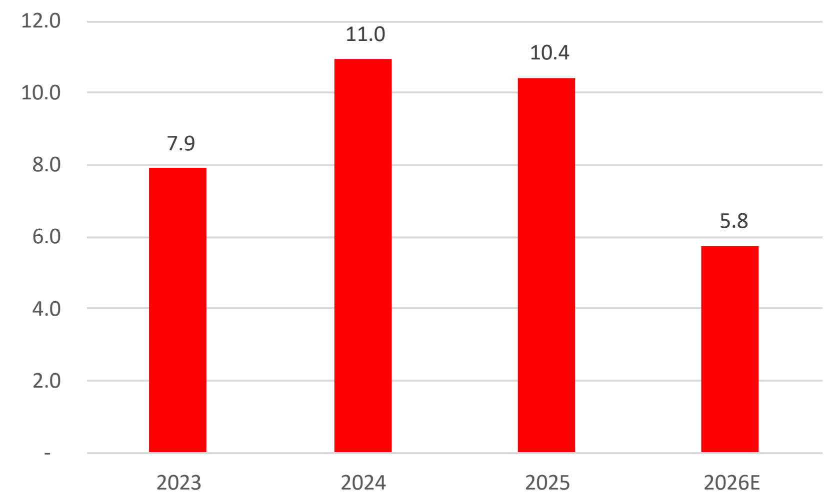
Adjusted Market P/E *



Source: Rasyonet, Tera Yatirim

**Including inflation adjusted banking sector earnings - free float adjusted*

Adjusted Market EV/EBITDA *



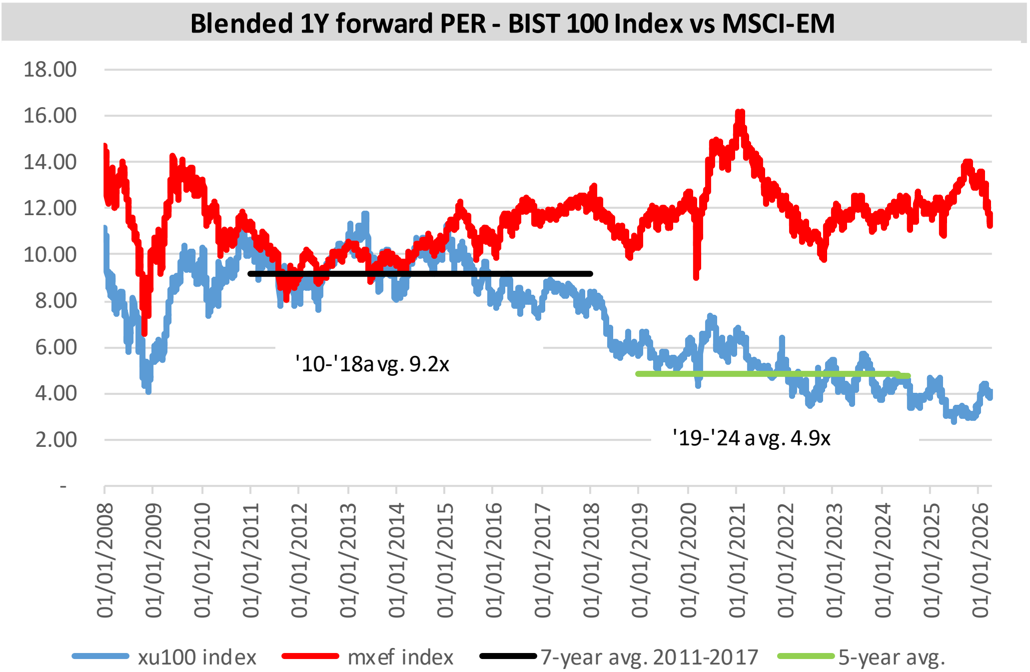
Source: Rasyonet, Tera Yatirim

**Free float adjusted*

Valuation amid war uncertainty

- Turkish equities saw foreign portfolio inflows of about US$2.4bn in the first two months of 2026. Despite Iran conflict-related concerns, equity outflows remained relatively limited at US$1.3bn in March, as many investors expect the conflict to be resolved in April or May and view its effects as temporary rather than long-lasting. Our base case assumes the CBT will resume its rate-cutting cycle in June and end 2026 at 32%, around 300bps higher than previously expected.

- We expect earnings momentum to weaken in 2Q26 across the board due to war-related effects, but to recover in 2H26. Turkish equities are currently trading at around 8.1x forward one-year earnings. Accordingly, our 12-month target for the BIST100 index stands at 16,300, implying approximately 20% upside potential.

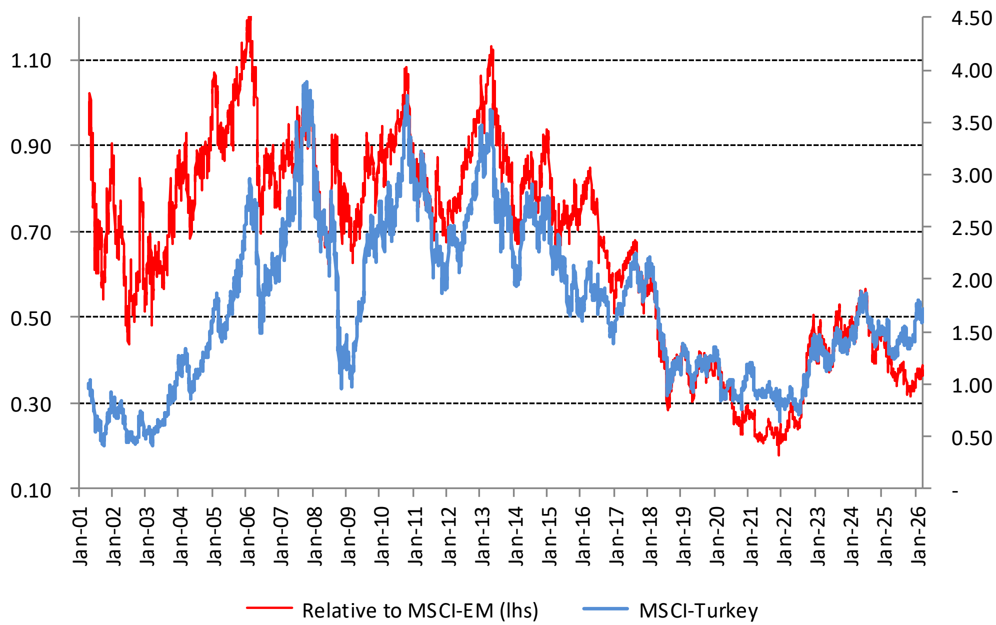


Source : Bloomberg

Foreign portfolio flows helped in 2026

- Over the past two decades, Turkish equities' relative performance over MSCI-EM has been volatile.
- The market failed to repeat a strong or weak performance two years in a row up until 2014.
- However, political events and macro blues led to poor performance of Turkish equities from 2015 to 2021.
- In 2022, the experimental macro economic policies helped MSCI-Turkey outperform MSCI- EM by 137%.
- In 2023, the excesses of 2022 were reversed ahead of elections and the market plunged. After elections, Turkish equities gained the lost ground but closed the year in negative territory (-15%) yet again.
- Domestic politics and global turmoil weighed on Turkish equities in 2025 ytd.

Relative performance MSCI-Turkey vs MSCI- EM



Source: Bloomberg

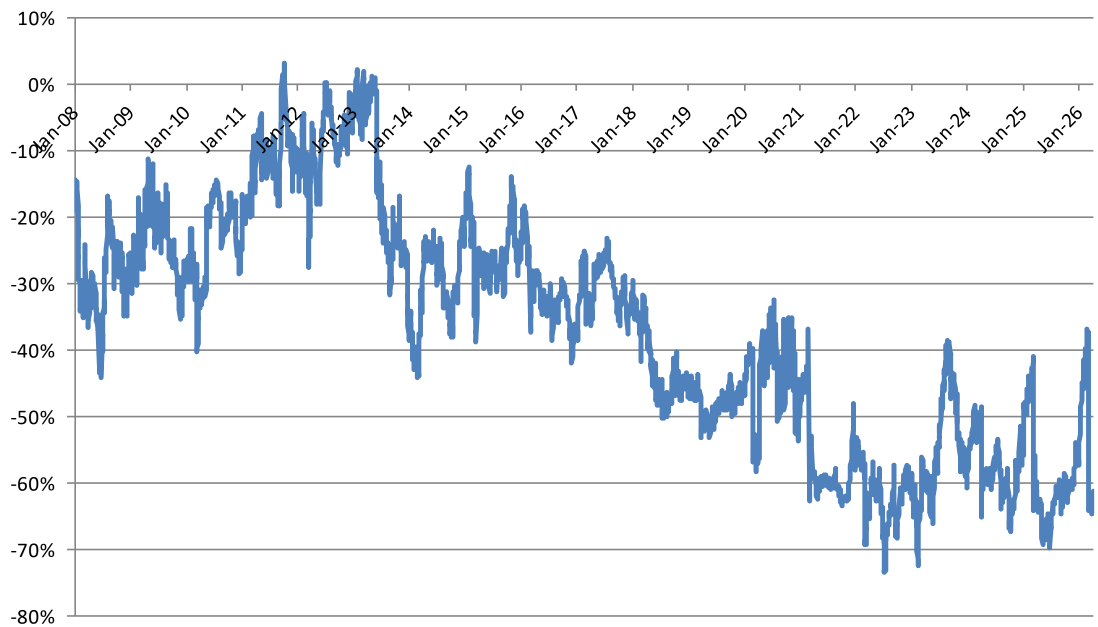
Year	MSCI-Turkey	MSCI-EM	Relative Performance
2005	52%	30%	16%
2006	-9%	29%	-30%
2007	70%	36%	25%
2008	-64%	-55%	-20%
2009	86%	73%	7%
2010	23%	17%	6%
2011	-37%	-20%	-21%
2012	61%	15%	40%
2013	-28%	-4%	-25%
2014	17%	-5%	22%
2015	-34%	-17%	-20%
2016	-11%	9%	-18%
2017	34%	34%	0%
2018	-44%	-17%	-32%
2019	7%	15%	-7%
2020	-10%	16%	-22%
2021	-31%	-5%	-28%
2022	84%	-22%	137%
2023	-9%	7%	-15%
2024	14%	5%	9%
2025	-5%	30%	-27%
2026	21%	10%	11%

Source: Bloomberg

GEM Valuation multiples

- Turkish equities' discount to GEM average had gradually declined between 2007 and 2013, narrowing down to 5% late 2012.
- The discount has then widened back substantially to above 50% levels by end-2019.
- In Dec-25, the discount to GEM average narrowed down slightly and currently stands in excess of 60%.

Turkey vs GEM * PER discount to median



*Source: Bloomberg - * Excluding Egypt &Argentina*

GEM Valuation Multiples

EMEA	PER '26 (x)	PER '27 (x)
Hungary	8.7	8.3
Poland	10.8	10.0
Czech Rep	12.6	11.9
Greece	10.5	9.7
Egypt	6.1	5.3
Saudi Arabia	15.5	13.9
South Africa	15.3	9.8
Turkey	4.4	3.4
Qatar	10.8	9.8
UAE	9.0	7.9
Average	*10.4*	*9.0*
Latam		
Brazil	9.9	9.1
Chile	13.4	12.0
Colombia	7.8	7.2
Mexico	14.3	13.2
Peru	15.0	14.6
Average	11.9	10.7
Asia		
China	16.5	13.7
Taiwan	18.5	15.5
South Korea	8.6	7.0
India	18.9	16.5
Thailand	15.3	14.4
Indonesia	11.4	10.1
Philippines	9.3	8.5
Malaysia	14.7	13.9
Average	14.2	12.4
GEM Average	***12.1***	***10.6***
GEM Median	***11.4***	***9.9***
Turkey Discount vs. Average	*-63%*	*-68%*
Turkey Discount vs. Median	*-61%*	*-66%*

Source: Bloomberg, Tera Yatirim

Current macroeconomic themes

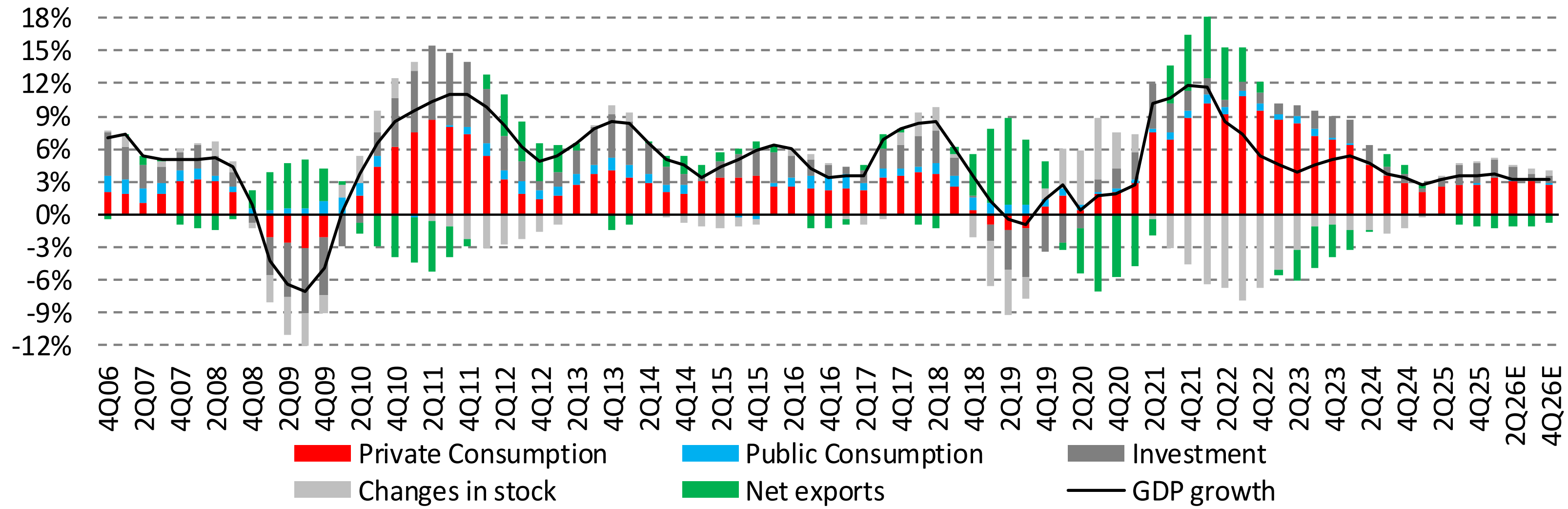
TERA YATIRIM

- **Muddle-through continues as activity expected to weaken in the near term**
  - ✓ Turkey's GDP had recovered strongly since Covid-19, thanks to a historic credit impulse on deeply negative real interest rates. Economic activity has been remaining below trend since 2Q24, as loan demand & supply have been constrained by rate hikes, quantitative tightening, and macroprudential measures. We expect a further slowdown in the near term on risen commodity prices and likely pressure on tourism.
- **External balances to continue deteriorating**
  - ✓ Slower economic activity, downward normalization in commodity prices, lower net gold imports, and higher tourism income had helped facilitate a drop in the C/A deficit from a peak of 5.6% of GDP by Feb'23 to a trough of 0.7% by Oct'24. The gradual deterioration since is set to continue to above 3%, driven by higher energy prices and likely stagnation in tourism revenues.
- **Disinflation to remain slow necessitating tighter-for-longer policy**
  - ✓ Tightened monetary policy, slowdown in demand, real TL appreciation, and base effect had led the drop in annual inflation to 31% by end-2025. However, with the underlying trend already stuck close to 30% since Aug'24 and the pressures that are set to come from the Iran war, there should be limited further disinflation to 27% by end-2026, requiring tighter-for-longer monetary policy and fiscal support.
- **Budget deficit is relatively high but manageable**
  - ✓ Budget deficit, which had increased driven by the slowdown in economic activity, cost of new pensioners, earthquake spending, and surge in interest expenses, has been gradually coming down supported by better tax collection efforts and spending cuts. Energy subsidies will lead to some deterioration in the near term but the deficit should be contained at around 3%, accompanied by an almost par primary position.
- **Central Bank likely to continue its rate-cut cycle as of June 2026**
  - ✓ CBT has delivered an effective 300bps rate hike in response to the Iran war and is likely to remain put in the near term. Depending on the easing of the geopolitical tension, the Bank may initially allow the O/N rates to converge back to its 37% policy rate in May and then start cutting by 100bps as of June, so that the policy rate reaches 32% at end-2026, indicating c.5% ex-post real rate.

GDP growth to slow down in 2Q26

Below-trend GDP growth continues on tight monetary policy… Turkey's GDP had been recovering sharply since Covid, thanks to a historic credit impulse, world-leading negative real rates, and an unconventional macroprudential policy set pulling forward consumer demand as well as encouraging production and exports. Following the changes in the economy team in the aftermath of the elections, there have been substantial rate hikes as well as quantitative tightening limiting loan growth, which are gradually re-balancing economic activity. As such, GDP growth dropped below 3% from mid-24 to mid-25. Earthquake-related construction demand has been driving growth, with manufacturing and private consumption gradually picking up, supported by rate cuts as of 2H25. Output nevertheless has been remaining below potential as positive real rates and loan growth caps persist. Meanwhile, Iran-war related price increases and likely weakness in tourism should lead to a further slowdown in 2Q26, in particular. As such, we forecast GDP to grow by 3.2% in 2026, vs. the 3.6% growth in 2025.

Components of GDP growth (4QMA)

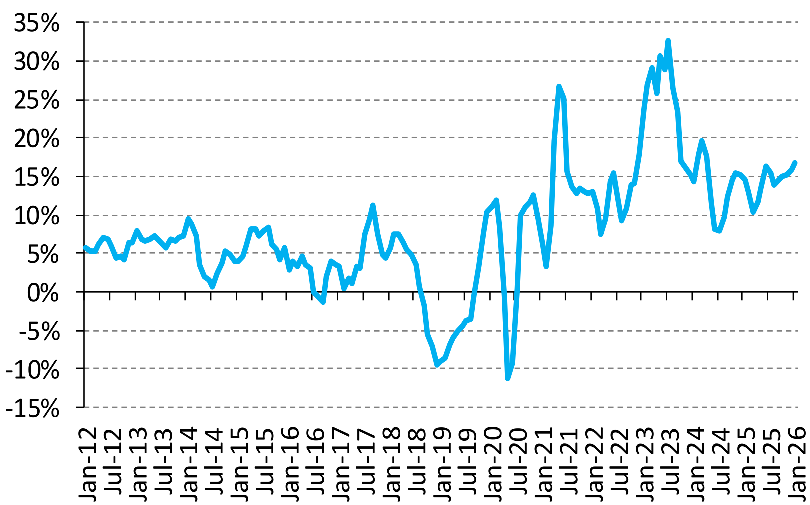


Source: Turkstat, Tera Yatirim estimates

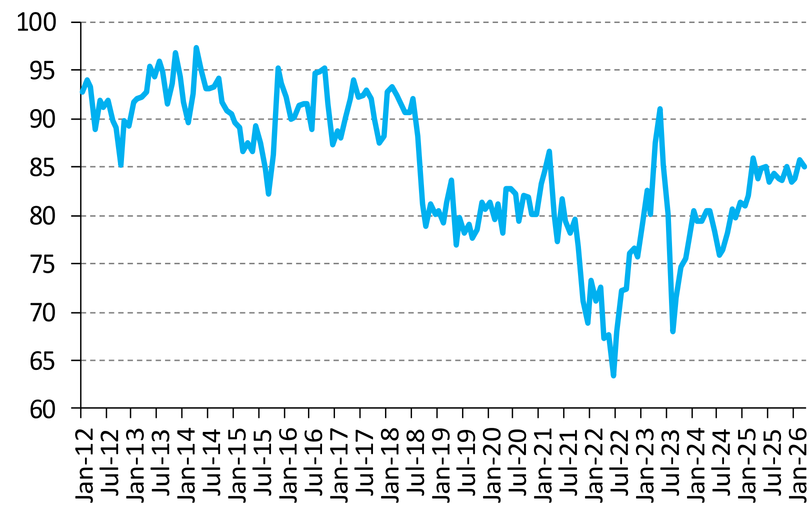
Retail sales normalizing very gradually

Headline retail sales growth holds up strongly… Consumption makes up some 60% of Turkey's GDP, i.e. retail sales is the main driver of growth. Retail sales, which had decreased by some 18% y/y in the peak Covid months of April and May 2020, have been recovering sharply since, on ample loan availability and deeply negative real interest rates. Despite some normalization on sharply-risen interest rates, retail sales still grew robustly on the combination of relatively higher inflation expectations, real appreciation of TL, and the accompanied improvement in confidence levels. The drop in March on political turmoil proved to be a blip, followed by a strong recovery in 2Q25. Meanwhile, it is worth to note that a higher credit card penetration may be somewhat overstating the headline retail sales growth. Nevertheless, we believe that the energy price hikes and food price pressures will be more visible in 2Q26, which combined with high nominal interest rates, should lead to a more visible deterioration in confidence levels and private consumption, despite the strong TL.

Retail sales index, 3MMA, y-o-y % change



Official Consumer Confidence

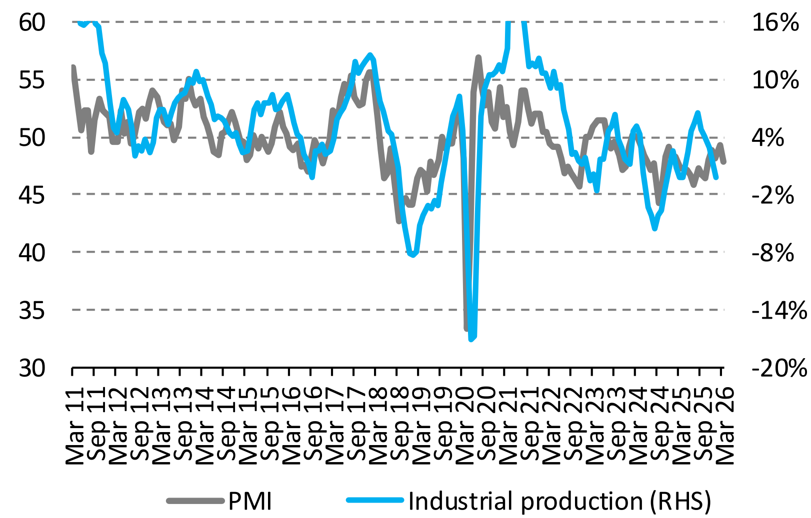


Source: Turkstat, Tera Yatirim

Real sector momentum has been much weaker

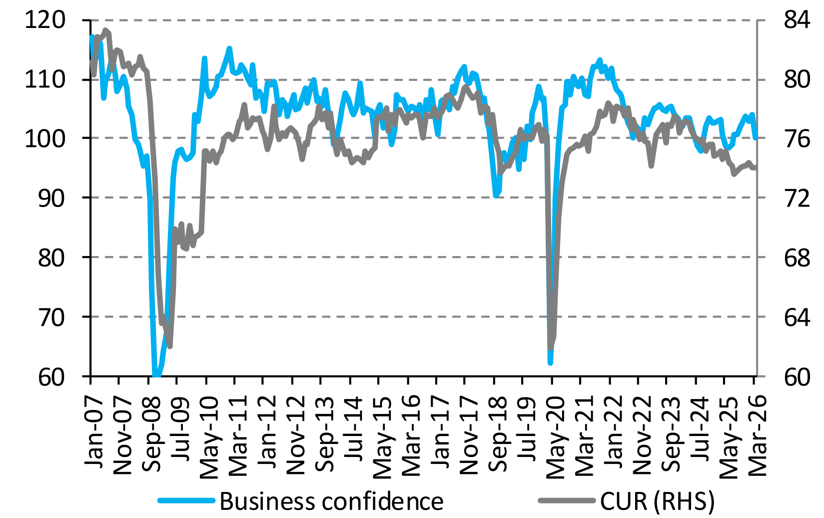
Real sector activity weakened more visibly… Investments make up some 20% of Turkey's GDP, i.e. IP and PMI are good indicators for growth. Following some 25% y/y collapse in industrial production in the peak Covid months of April and May 2020, there has been a strong rebound, supported by a historic credit growth as well as robust export momentum. A gradual loss of momentum has been observed since early-2022, which got reinforced in the aftermath of the elections and normalization in economic policies, as loan supply is being constraint, funding costs remain elevated, and both domestic & foreign demand weakening, while certain sectors also feel the heat of rising personnel costs and a currency that has been appreciating in real terms. As such, PMI has been remaining below the 50 mark for almost the entire time since mid-2023, capacity utilization has been steadily declining, and industrial production growth has been limited to an average of a mere 2%. Despite selective credit packages, growth should remain at low single digits, given the sharp rise in raw material costs and likely further weakening in demand.

PMI vs. industrial production, 3MMA, y-o-y % change



Source: Istanbul Chamber of Industry, Turkstat, Tera Yatirim

Capacity utilization and real sector confidence (SA)

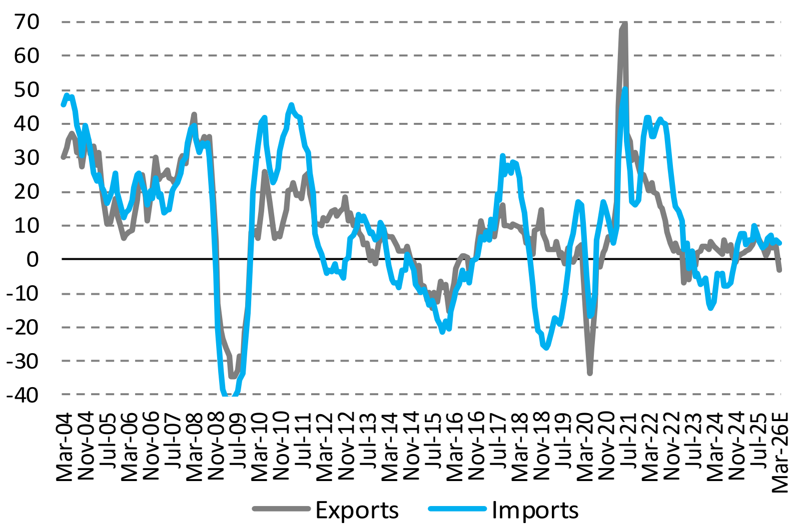


Source: CBT, Tera Yatirim

C/A deficit to continue widening

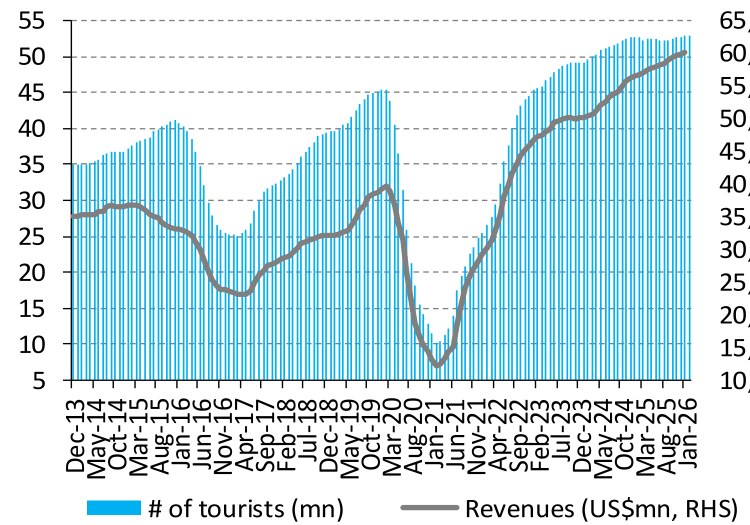
C/A deficit to increase further... Turkey's C/A deficit had widened sharply between end-2021 and May 2023, on a combination of factors including a wider goods deficit due to higher imports on ample loan availability and highly elevated commodity prices, as well as massive net gold imports on a shift in savings preferences, given the sharply negative real interest rates in TL savings instruments. Tight monetary policy since, partial normalization in commodity prices and gold demand, as well as the robust growth in tourism & transportation income, have allowed for a gradual decline in the C/A deficit from a peak of 5.6% of GDP to 0.5% as of October 2024. There has been a widening since, as TL has been appreciating in real terms, gold demand picked up, and commodity prices increased. The deterioration is set to continue, driven by the recent surge in energy prices due to the Iran war and the likely slight weakening in tourism revenues. Accordingly, we project the C/A deficit to increase to US$56bn in 2026, accounting for 3.2% of GDP, with an average Brent price assumption of US$84/barrel.

3MMA Y/Y growth of exports and imports



Source: CBT, Commerce Ministry, Tera Yatirim

# of tourists and revenues (12M-rolling, US$mn)



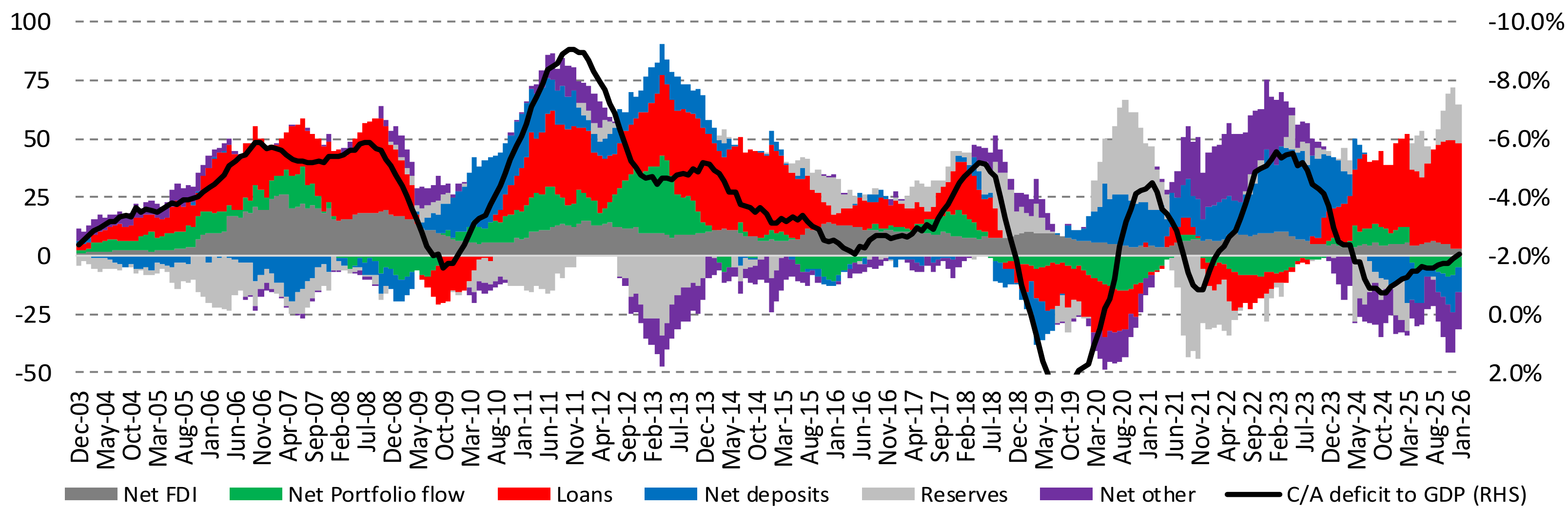
Source: Tourism Ministry, CBT, Tera Yatirim

Financial account has a mixed picture

TERA YATIRIM

Credit borrowing channels remain open amid short-term portfolio outflows... Net errors & omissions, reserve losses, and funding obtained by the Central Bank via bilateral deals had been the main funding sources of the C/A deficit in 2022 and 1H23, while portfolio investments, FDI other than real estate purchases, and credit had been mostly absent. Attracting foreign capital has been one of the priorities of the new economy management, which has initially led to the repatriation of local funds left ahead of elections, while the drop in Turkey's CDS levels have also improved the foreign funding conditions. Accordingly, private sector's external debt rollover exceeded 130% since, while sizeable portfolio flows came via swaps and bonds, accompanied by some in the form of equities and FDI. The carry trade position had significant volatility, showing material outflows in Mar-Apr'25, followed by a full recovery, and a renewed exit in Mar'26 due to the Iran war. On the other hand, borrowing activity is still continuing, albeit less frequently than before.

Composition of C/A deficit financing (US$bn)

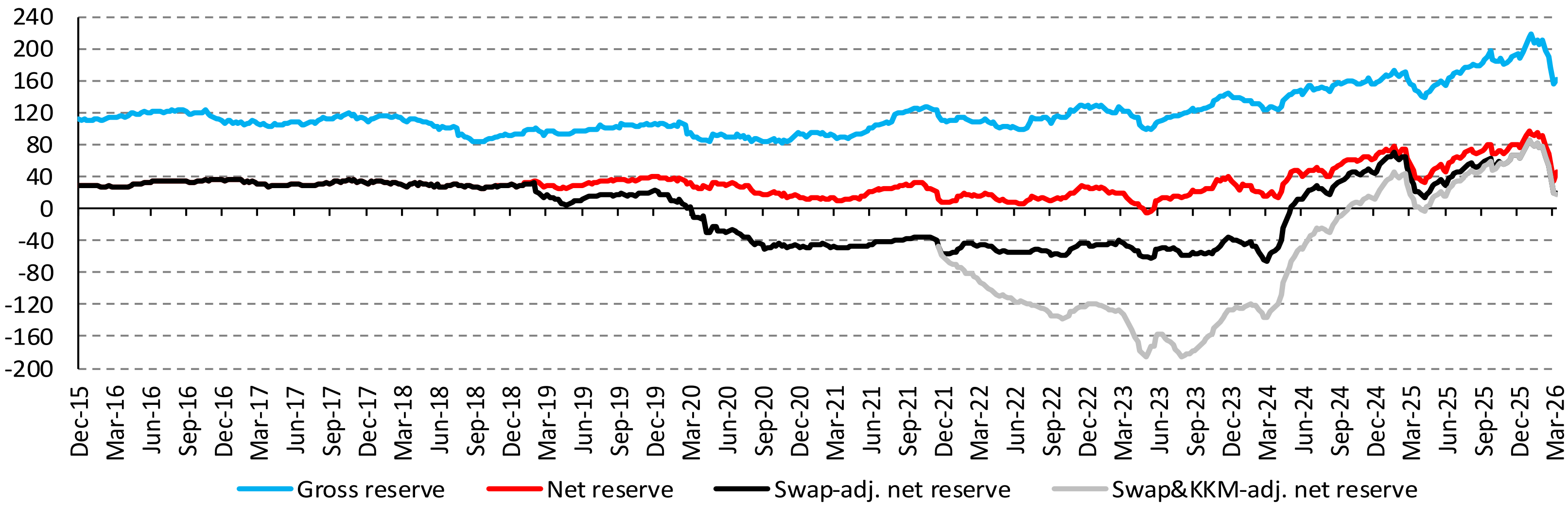


Source: CBT, Turkstat, Tera Yatirim estimates

FX reserves dropped once again

CBT's reserves decreased significantly since the start of the war... The gradual closure of the swap market to foreigners in the aftermath of the sharp TL depreciation in August 2018 had necessitated the CBT to sell in excess of US$120bn in 2019 and 2020, meeting the demand of both international and domestic investors, which has been on a pause & repeat trend since as necessary. CBT remains the largest player in the FX market, constantly recycling FX with exporters and forcing banks to achieve de-dollarization via macroprudential measures. Since local elections, increase in foreign capital inflows, de-dollarization, and re-shifting of the short FX position back to the private sector have helped the CBT build net reserves by some US$111bn in swap- and gold price-adjusted net terms. The market turmoil in Mar'25 had led to some US$62bn reserve losses until late-April, with the subsequent recovery having been led mainly by the surge in gold. Since the Iran war, we estimate that gold-adjusted reserve losses reached US$45bn, mainly driven by US$29bn reduction in carry-trade positions.

CBT reserves (US$bn)

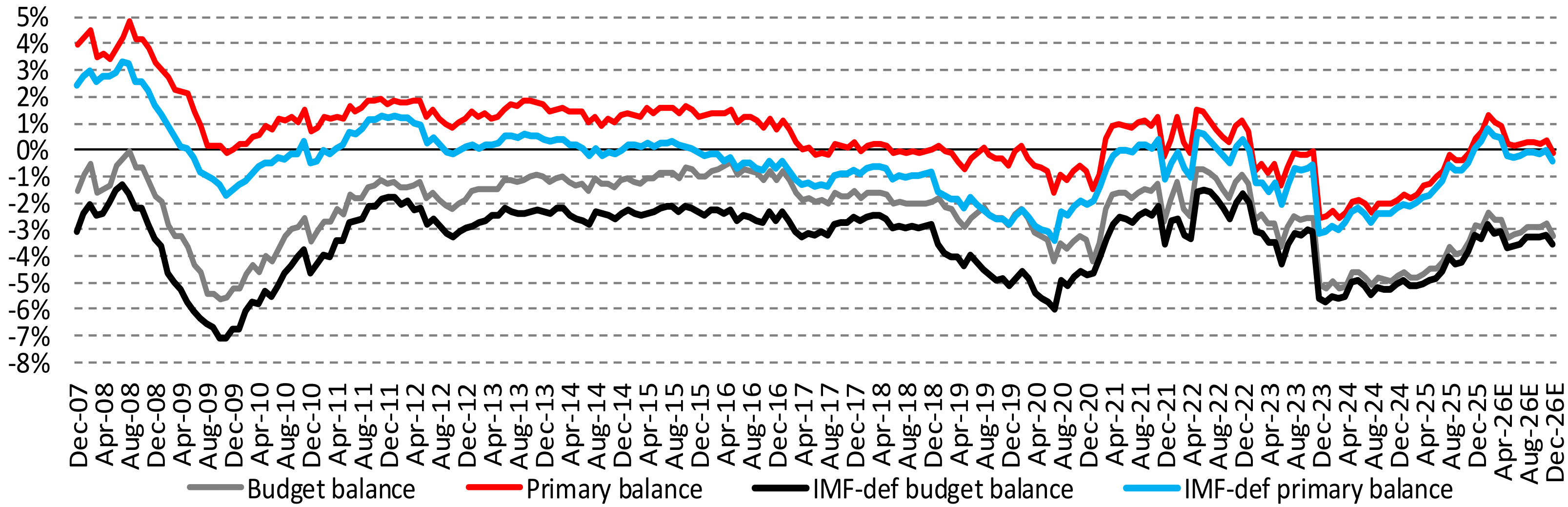


Source: CBT, Rasyonet, Tera Yatirim

Budget deficits are manageable

Fiscal discipline improved but interest burden to remain high… Budget balances have been deteriorating over the five-year election cycle from 2015 to 2019, with the main deterioration having happened in 2019 as budget spending was required to support the weak economic activity. Afterwards, Covid-19 supports in 1H20 led to a peak in the headline deficit at 4.3% of GDP by July 2020. Yet, this was followed by a surge in revenues on the combination of the recovery in economic activity, gradual collection of deferred payments, introduction of new restructurings, as well as the runaway inflation and TL depreciation. As such, headline deficit hit a low of 0.6% in May 2022, accompanied by a primary surplus of 1.7%. Deficits surged in Dec'23 on non-cash provisions but has been improving since on improved tax collection efforts and spending cuts, despite the cost of the new pensioner scheme & other contingent liabilities, earthquake spending, and surge in interest expenses. A slight deterioration is set to happen in 2Q26, on energy price subsidies, effect of which should gradually fade away afterwards.

Budget and primary balance to GDP (12-month rolling)

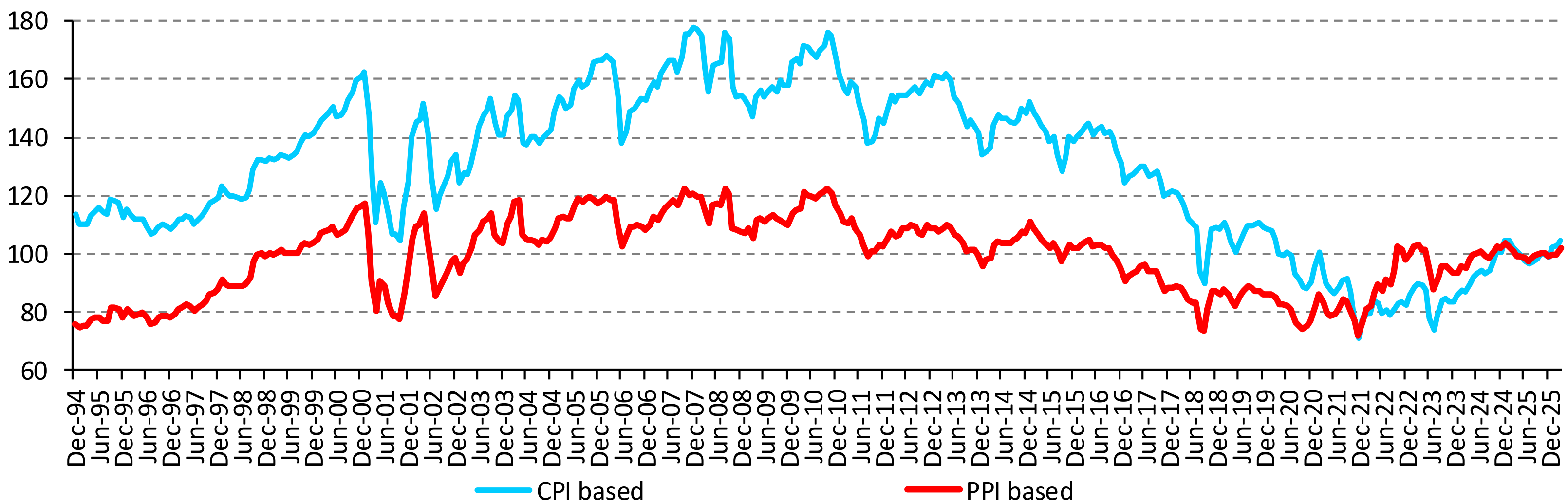


Source: Ministry of Finance, Turkstat, Tera Yatirim estimates

TL has been appreciating in real terms

Slight real depreciation should be in the cards... TL had been continuously depreciating between 2010 and 2022 on the combination of chronically high C/A deficit and inflation, along with excessive loan growth, rising budget deficit, and surging risk premia exacerbated by geopolitical issues. Supported by the FX-protected TL deposit scheme and sales from reserves, TL had been allowed to appreciate significantly ahead of the elections and depreciate sharply in the immediate aftermath. TL remains a managed float, as the increase in foreign portfolio flows, access to borrowings, robust tourism revenues, and de-dollarization as a result of the sharply-raised TL interest rates all make it easier for the CBT to control the nominal depreciation. In order not to disturb the disinflation program and not allow a renewed dollarization, CBT has been limiting the volatility in US$/TL rate, which in turn led to a significant real appreciation in basket terms. Going forward, we think that the Bank may allow for a slight real depreciation, in order not to deteriorate exporters' and tourism's competitiveness too greatly and contain the pressure on the C/A.

Real effective exchange rate indices (2003=100)

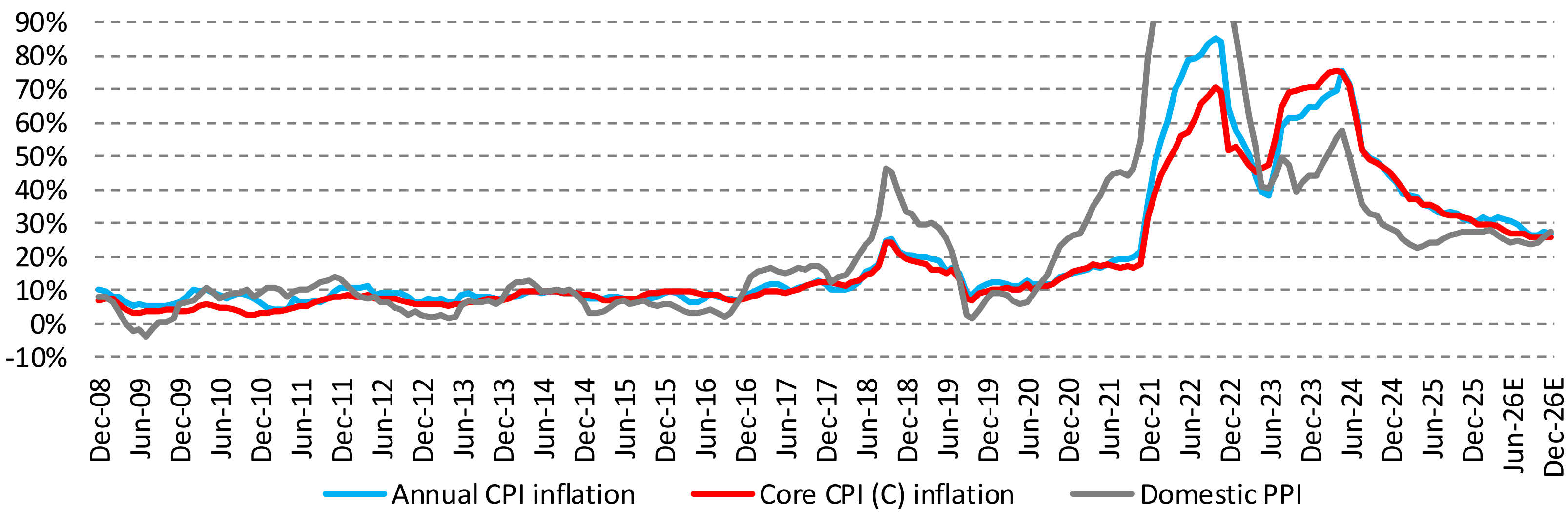


Source: CBT, Tera Yatirim

Gradual disinflation trend continues

Annual inflation to continue coming down gradually after April... After years of revolving around 8%, breadth of volatility of inflation surged as TL depreciated, budget deficit widened, and consumption picked un on a historic credit impulse, with CPI inflation exceeding 85% and PPI 155% by Sep’22. Base effect and contained TL helped facilitate a drop to below 40% around the elections in 2023. However, normalization in TL, wage adjustments, new pensioner scheme, rollback of major energy price subsidies, new taxes, and chronic problems in the food supply chains have pushed annual inflation towards another peak in May’24 at 75%. Thereafter, gradual slowdown in economic activity, real appreciation of TL, and base effect have been leading the drop in annual CPI inflation to 31% as of Mar’26. A pick-up in April seems inevitable, given the surge in energy prices (despite the sliding scale mechanism), sizeable increases in other inputs such as fertilizers and packaging, electricity, natural gas, and medicine price hikes. A gradual drop should be possible in case of a normalization in energy prices, so that CPI ends the year at 27%.

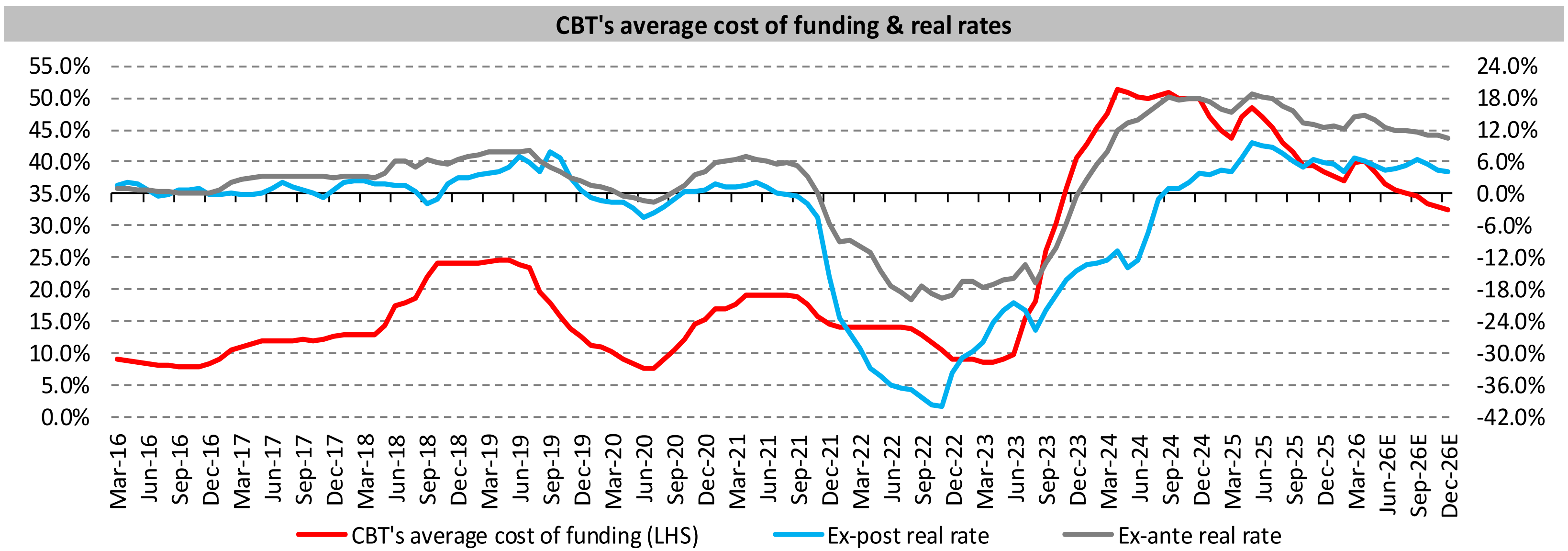
Turkey annual inflation



Source: Turkstat, Tera Yatirim estimates

CBT to remain tight in the near term

CBT to remain put in April at the least... Following elections CBT has kicked off a gradual rate-hike cycle while also raising reserve requirements to mop up extra TL liquidity, and at the same time has been gradually simplifying and improving the macroprudential policy set, in order to achieve de-dollarization and constrain the loan supply. Ex-post real rate reached positive territory as of Sep'24 and the CBT has started its rate-cut cycle as of Dec'24 after the ex-ante rate peaked at 18%. Having delivered 750bps of cuts in Dec'24-1Q25, CBT had to do an effective 650bps rate hike in total to raise the O/N rates back to 49% to deal with the political turmoil. The Bank had resumed its rate-cut cycle as of Jul'25, having delivered a total 900bps of easing, but needed to stop in Mar'26 due to the Iran war ad indeed has done an effective 300bps rate hike. We think that the Bank will await the ongoing turbulence and possibly start to first allow the O/N rates to converge to the policy rate in May before resuming its rate-cuts cycle with 100bps in each meeting starting from June so that the policy rate reaches 32%, unless the war lasts longer than expected.

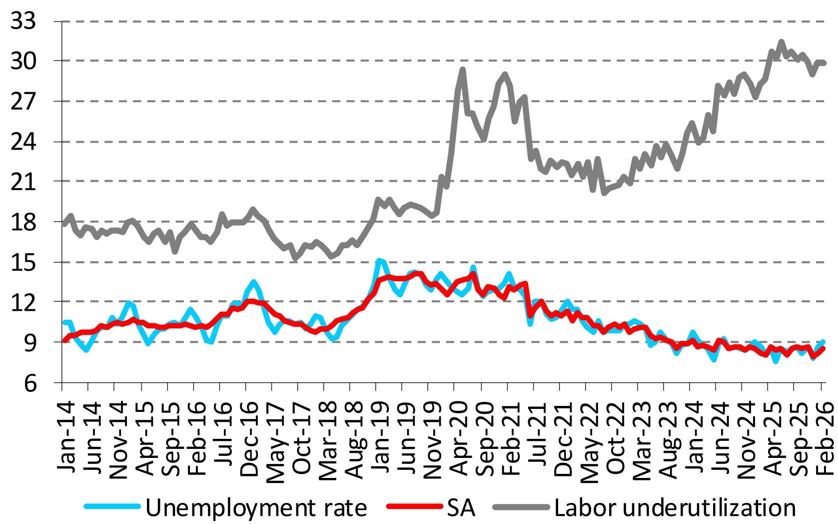


Source: CBT, Tera Yatirim estimates

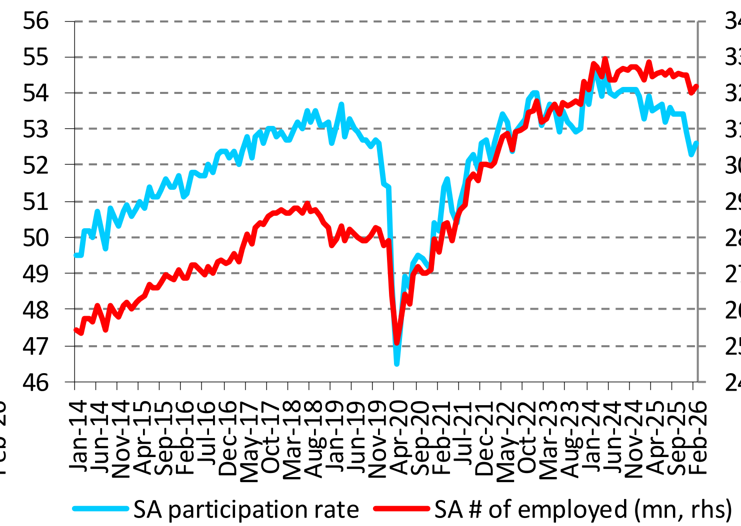
Unemployment to pick up slightly

Employment market to weaken slightly... Slower economic growth with boom-bust cycles, lack of investments, and unregistered refugee employment had been raising unemployment ratio since mid-2012, despite the Government's ongoing employment supports. Peaked at just above 14% in Sep'19, seasonally adjusted unemployment reached a new high of 23% in the peak Covid months, adjusted for the sharp drop in the participation rate. Once the Covid scare got tamed, employment started to pick up strongly, supported by the recovery in tourism, while companies were encouraged to increase employment via loans linked to such targets. As such, number of employed returned back to its trend growth, with the seasonally adjusted unemployment rate still standing close to 20-year lows at 8.5% as of Feb'26. Yet, labor underutilization shows a truer picture being close to historic highs at 30%, as the headline benefits from a sharp decline in participation. A slight deterioration is inevitable, as both industry and services employment should remain under pressure, given the sharp rise in energy prices and likely weakness in the tourism season.

Unemployment Rate in Turkey (%)



Participation & number of employed



Source: Turkstat, Tera Yatirim

MACRO FORECASTS

Macro Forecasts		2022	2023	2024	2025	2026F	2027F
1-Week Repo Rate	(year-end, %)	9.00	42.50	47.50	38.00	32.00	24.00
Effective Funding Rate of CBT	(average, %)	12.96	18.31	49.06	43.80	36.13	28.00
Benchmark Bond Yield	(year-end, %)	9.80	38.12	42.36	37.96	31.99	24.55
Benchmark Bond Yield	(average, %)	19.85	20.07	42.60	41.16	35.26	28.74
USD/TRY Rate	(year-end)	18.70	29.44	35.28	42.85	53.00	64.78
Change	*(y/y)*	*40%*	*57%*	*20%*	*21%*	*24%*	*22%*
USD/TRY Rate	(average)	16.56	23.76	32.80	39.46	47.31	58.86
EUR/TRY Rate	(year-end)	19.93	32.57	36.74	50.29	62.00	75.79
Change	*(y/y)*	*32%*	*63%*	*13%*	*37%*	*23%*	*22%*
EUR/TRY Rate	(average)	17.38	25.71	35.49	44.68	55.32	68.86
Exchange Basket (EUR+USD)	(year-end)	19.32	31.01	36.01	46.57	57.50	70.29
Change	*(y/y)*	*36%*	*61%*	*16%*	*29%*	*23%*	*22%*
GDP Growth	(real % change)	5.4	5.0	3.3	3.6	3.2	4.8
CPI Inflation	(y/y % change)	64.3	64.8	44.4	30.9	27.1	20.0
Average Brent oil price	(average, US$)	98	82	79	68	84	75
Current Account Balance	(annual, US$ bn)	-47	-42	-13	-30	-56	-47
C/A Balance as % of GDP	(annual)	-5.1	-3.7	-1.0	-1.9	-3.2	-2.6
Budget Balance as % of GDP	(annual)	-0.9	-5.1	-4.7	-2.9	-3.2	-3.4
Primary Balance as % of GDP	(annual)	1.1	-2.6	-1.9	0.4	-0.1	0.2
Unemployment Rate	(average, %)	10.5	9.4	8.7	8.4	8.6	8.5

Source: CBT, Treasury, Turkstat, Matriks, Rasyonet, Tera Yatirim estimates

Stock Picks

Tera Yatirim Top Picks List								
Company Name	Ticker	Mcap (US$mn)	Avg. Vol (US$mn)	Price (TL/shr)	'26 P/E	'26 EV/EBITDA '26 P/B (financials)	Target Price (TL/shr)	Upside (%)
Ag Anadolu Grubu Holding	AGHOL	1,590	4.5	29.06	6.6	3.8	55.00	89%
Akbank	AKBNK	8,797	214.1	75.30	4.4	1.0	107.10	42%
Aksigorta	AKGRT	268	2.6	7.40	4.0	1.1	11.94	61%
Astor Enerji	ASTOR	4,623	139.8	206.20	16.1	12.7	311.20	51%
Coca Cola Icecek	CCOLA	4,460	10.9	70.95	8.4	5.4	116.60	64%
Ebebek Magazacilik	EBEBK	232	1.0	64.45	12.5	2.2	100.20	55%
Koc Holding	KCHOL	11,372	158.3	199.60	6.8	6.2	373.20	87%
Mlp Saglik Hizmetleri	MPARK	1,890	7.0	440.50	12.0	4.5	610.20	39%
Tofas Otomobil Fab.	TOASO	3,117	28.2	277.50	10.6	13.4	480.90	73%
Turkcell	TCELL	5,654	71.5	114.40	10.0	2.6	176.30	54%
Yapi ve Kredi Bankasi	YKBNK	7,143	171.2	37.64	4.0	0.9	51.78	38%

Source: Rasyonet, Tera Yatirim estimates

Anadolu Group Holding

- **Discounted exposure to Turkish consumer staples.** AGHOL offers opportunity to own Turkey's high-quality, defensive consumer names in one basket (Efes, CCI and Migros). In addition to its wide 41% NAV discount, one of its core NAV constituents, Efes, offers an option for a long-term resolution in its Russian conflict. Plus, we see further upside for the CCOLA shares as an indirect contributor to AGHOL's value.

- **Lighter debt deserves tighter NAV discount.** AGHOL's asset portfolio has become less leveraged and more balanced over the past 5Y. The deconsolidation of cash-positive Russian beer operations led to an optical increase in the consolidated debt, although AGHOL -via AEFES- continues to carry this asset as a US$640m (net) non-current investment. The holding solo-net debt has been down to US$76m (4Q25) from US$380m four years ago, warranting a tighter discount.

- **Sharp increase in the fuel prices incentivizing EV-substitution.** AGHOL's 23% stake at TOGG has been generating an average ~TL-500m quarterly loss since mid-2025 (and TL-1bn prior to that). In line with some international markets, we expect a stronger interest for EV cars in Turkey. That would potentially help TOGG moving towards a 60k+ annual production, thus benefitting from economies of scale.

- Taking out the CCOLA stake and the 75%-risked appraisal value for Russia, we calculate Anadolu Efes' remaining beer assets are at 4.4x 2026E EV/EBITDA (and only 2.4x without adding any Russia-risk, *that's after reflecting the rally on 10-Apr post news of temporary ceasefire*). Efes' has inorganic growth plans for the beer-unit, which sets a growth catalyst for AGHOL as well.

- **Short-term drivers:** 1) A resolution in Efes-Russia. 2) Bolt-on acquisitions either at subsidiary level or directly by the holdco. 3) Growing consumer confidence in Pakistan over a low base for CCI between 2Q and 4Q25.

- **Valuation:** The current NAV discount of 41% is closer to the low-end of the wide 5-yr range [-8%/-51%]. Holdco's deleveraging in the recent years, finally turning its face to inorganic options justify a lower target discount (25% target on our est.).

TERA YATIRIM

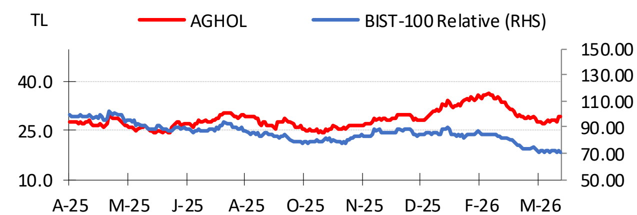
Price Data	
Current Price (TL)	29.06
Current Mcap (TLmn)	70,771
12-mth Target Price (TL/share)	55.00
12-mth Target Mcap (TLmn)	133,944
12-mth Upside Potential (TL)	89%
Dividend yield	2%

Financials (TL mn)	2024	2025	2026E	2027E
Net Sales	563,783	707,202	931,515	1,128,852
% ch y/y		*25%*	*32%*	*21%*
EBITDA	56,368	68,188	90,397	131,538
% ch y/y		*21%*	*33%*	*46%*
Net Income	5,181	2,506	10,644	11,397
% ch y/y		*-52%*	*325%*	*7%*
Margins (%)	**2024**	**2025**	**2026E**	**2027E**
EBITDA Margin	10.0	9.6	9.7	11.7
Net Margin	0.9	0.4	1.1	1.0
Gross Dividend Yield	1%	2%	2%	3%
Ratios	**2024**	**2025**	**2026E**	**2027E**
P/E (TL, x)	14.9	27.5	6.6	6.2
EV/EBITDA (TL, x)	4.7	5.1	3.8	2.8
Net Debt/EBITDA (x)	0.6	1.1	0.7	0.7
ROE (%)	5.8	2.2	8.7	8.6

Stock Data		
Ticker	AGHOL.IS	AGHOL TI
Sector		Conglomerates
# of Shares (mn)		2,435
3M Av. Trd. Vol. (mn)		US$4.3
52-week Range	TL24.30 -	TL36.26

Market Data	
BIST-100	13,689
TL/US$	44.5102

Price Chart



Price Performance	1M	3M	YTD	YoY
TL Absolute	0%	-6%	1%	4%
BIST-100 Relative	-7%	-17%	-17%	-29%

Akbank

TERA YATIRIM

Better geared towards rate cuts…

- Akbank has been focusing on sustainable earnings, proving its resilience throughout ever-changing economic conditions, holding onto the second highest margins among private bank peers over the past couple of years, steadily gaining fee market share, improving provisioning and capital levels, all while maintaining a lean cost structure.
- Over the past two years, Akbank has been gaining market share in consumer loans including mortgages and auto loans, with relatively lighter overdraft and credit card exposures. In the meantime, the bank has been complying with the regulatory measures asking for de-dollarization the most aggressively, which makes the bank one of the most geared to the paused but eventually ongoing rate-cut cycle, in our view.

Strong capital and provisioning positions...

- Akbank boasts the second strongest ROA profile among peers, thanks to the combination of a strong revenue yield and cost efficiency. On the other hand, strong capital ratios should allow the bank to gradually increase leverage via both market share gains and higher dividend payouts, so that the bank's ROE retains a premium over peers in the longer-term.
- Akbank has been widening its TL duration mismatch, which coupled with a peer-high share of TL IBL to IEA at 50% should make the bank relatively better geared to the paused but eventually ongoing rate-cut cycle. Akbank's total loan coverage has improved from a private-peer-low level at end-2023 to a peer-high 4.0% at the end of 4Q25. The bank also ranks a close second in terms of capital position, with a consolidated pre-BRSA forbearance CET-I ratio of 12.5% as at end-4Q25, which should allow for loan market share gains, going forward, as well as the continuation of higher-than-peers dividend payments.

Not too-stretched multiples…

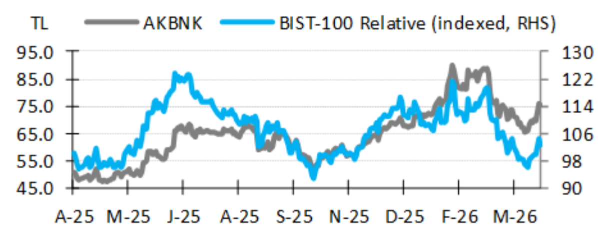
- Akbank currently trades at 0.98x 2026E P/B and 4.4x 2026E P/E while our 12M TP indicates 1.1x 2027E P/B and 4.8x 2027E P/E. We believe that the continuation of the disinflation trend, albeit slower-than-expected, resumption of reserve accumulation, and eventual re-start of the rate-cut cycle may facilitate a re-decrease in Turkey's CDS levels, which would justify the slight re-rating we have assumed.

Risks…

- The bank is prone to macroeconomic risks such as higher rates, TL depreciation, and slower growth.

Price Data				
Current Price (TL)				75.30
Current Mcap (TLmn)				391,560
12-mth Target Price (TL/share)				107.10
12-mth Target Mcap (TLmn)				556,900
12-mth Return Potential				42%
Dividend yield				3%
Financials (TL mn)	**2024**	**2025**	**2026E**	**2027E**
Swap-adj. NII	41,765	64,242	111,304	150,130
% ch y/y		*54*	*73*	*35*
Net income	42,366	57,247	89,791	117,158
% ch y/y		*35*	*57*	*30*
Margins (%)	**2024**	**2025**	**2026E**	**2027E**
Swap-adj. NIM	2.1	2.4	3.2	3.4
Cost/income	64	61	56	55
Cost of risk	148	238	203	161
Ratios	**2024**	**2025**	**2026E**	**2027E**
P/E (TL, x)	6.7	5.7	4.4	3.3
P/B (TL, x)	1.19	1.05	0.98	0.77
ROAE (TL,%)	19.0	21.5	25.9	26.4
Stock Data				
Ticker		AKBNK.IS		AKBNK TI
3M Av. Trd. Vol. (mn)				US$212.2

Price Chart



Price Performance	1M	3M	6M	YoY
TL Absolute	6%	7%	36%	57%
BIST-100 Relative	-2%	-6%	6%	7%

Aksigorta

Ongoing transformation story…

- Aksigorta has been undergoing a strategic transformation since Jun’24, i) optimizing its portfolio via market share gains in profitable businesses, ii) enforcing disciplined underwriting and technical profitability, and iii) maintaining a strong capital adequacy of above 150%. Towards these goals, Aksigorta has been i) navigating away from the negative MTPL margins, ii) improving its digital, analytics, and people capabilities, and iii) leveraging distribution potential.

Growth resumes…

- Gross premium growth had slowed down sharply in 2H24 and contracted in 1H25, before starting to turn positive as of Jul’ 25. In 1Q26, GWP increased by 33% y/y, driven by general losses (+83%) and MTPL (+90%), MOD (+64%), and health (+38%); whereas, there was a slight contraction in the fire & natural disaster (-5%) segment. Note that Aksigorta had reduced its market share in the ever-loss-making MTPL segment to a mere 2.1% in FY25.

Profitability improved…

- The profitability focus has been bearing fruit, with the combined ratio gradually decreasing to 120% in FY25, despite hefty provisioning in 4Q25. Non-motor segments’ ratio improved to 93%, while that of MOD worsened to 105% and of MTPL improved to 178%. Assets under management grew by 34% in FY25, with an effective average annualized yield of c.35%. Accordingly, Aksigorta’s net income grew by 34% y/y in FY25 for an ROE of 39%. Meanwhile, capital adequacy ratio has improved to 166% as at end-4Q25.

Ambitious 2026 targets…

- Aksigorta targets to gradually go back to double-digit market share in premiums, resuming growth in motor segments with a profitability focus. Underwriting margins in non-motor are targeted to improve, with more efficient utilization of the bancassurance channel and further improvements in operational efficiency. As such, Aksigorta will be targeting a premium growth of well above inflation in 2026, accompanied by a slight improvement in the combined ratio and above inflation growth in AuM, resulting in an above inflation EPS growth and an ROE above CoE.

Undemanding multiples…

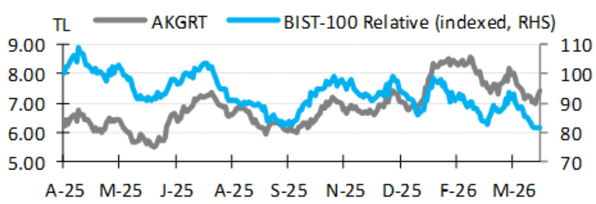
- We estimate a downward normalization in ROE to a still quite-strong 33% in 2026, indicating that the stock trades at undemanding multiples of 1.1x 2026E P/B and 4.0x 2026E P/E.

Risks…

- Aksigorta is prone to macroeconomic risks such as weak growth, as well as regulatory and catastrophic event risks.

Price Data				
Current Price (TL)				7.40
Current Mcap (TLmn)				11,929
12-mth Target Price (TL/share)				11.94
12-mth Target Mcap (TLmn)				19,243
12-mth Return Potential				61%
Dividend yield				0%
Financials (TL mn)	**2024**	**2025**	**2026E**	**2027E**
Gross Written Premiums	34,872	35,101	49,510	68,340
% ch yoy		*1*	*41*	*38*
Technical Profit	-2,265	-2,255	-2,803	-3,171
% ch yoy		*n.m.*	*n.m.*	*n.m.*
Net Investment Income	4,462	5,441	6,993	8,810
% ch yoy		*22*	*29*	*26*
Net income	1,857	2,486	2,967	3,842
% ch yoy		*34*	*19*	*29*
Shareholders equity	5,092	7,646	10,614	14,455
% ch yoy		*50*	*39*	*36*
Ratios	**2024**	**2025**	**2026E**	**2027E**
Combined Ratio	122%	120%	115%	112%
P/E (TL, x)	5.6	4.3	4.0	3.1
P/B (TL, x)	2.1	1.4	1.1	0.8
ROAE (TL,%)	46%	39%	33%	30%
Stock Data				
Ticker		AKGRT.IS		AKGRT TI
3M Av. Trd. Vol. (mn)				US$2.6

Price Chart



Price Performance	1M	3M	6M	YoY
TL Absolute	1%	7%	19%	18%
BIST-100 Relative	-6%	-6%	-7%	-20%

Astor

- **Capacity expansion and export demand continue to drive growth.** Astor's US$150mn greenfield investment (Phase 3–4) is expected to increase transformer capacity from 32k to 100k MVA. At full utilization, management guides for c.US$1bn incremental revenue and c.US$350mn EBITDA. Completion is targeted by end-2026. Growth remains export-led, with strong demand from the U.S. and Europe, supported by structural tailwinds from grid investments, renewable integration and data center-related power demand.

- **Export-led growth with U.S. and YEKA-related demand upside.** The company continues to expand exports, with the export share expected to rise from ~50% toward 60% in the coming years.

- **Earlier capacity contribution lifts 2027 estimates; backlog underpins near-term visibility.** We had previously taken a conservative stance in our 2027 forecasts, assuming no contribution from the new facility until 2028. We now incorporate partial production from the new plant starting in 2027, resulting in a material upward revision to our estimates for 2027 (revenue +37% to US$1.6bn; EBITDA +39% to US$518mn). Our 2026 forecasts remain broadly unchanged at c.US$1.1bn, supported by c.US$1.1bn of U.S. backlog, providing strong revenue visibility.

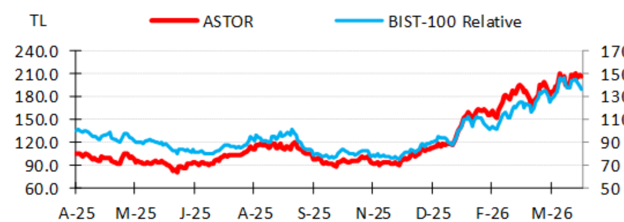
- **Margins resilient; valuation uplift driven by earlier cash flow generation.** EBITDA margins remain sustainable at c.32%, supported by export mix and operating leverage. The forward shift in capacity ramp-up brings cash flows earlier in our DCF, resulting in a c.8% increase in our target price, further supported by higher global peer multiples. As a result, we raise our target price by 20%. Additionally, net cash position of US$175mn as of 4Q25 provides financial flexibility.

- **Short term drivers & Risks:** i) Announcement of large contracts especially from USA & post-conflict markets (Syria, Ukraine reconstruction), ii) Sales of premium power transformers iii) Start of Phase 3-4 construction (High Power Transformer & Mechanical) in 2026 iv) Potential strategic partnerships in Europe / USA. v) Delivery lead-time advantage vs. European peers (1y vs. 2–3y). vi) Capacity utilization upside; higher production levels driving operating leverage and margin expansion. **Key risks** include potential delay in investment plans, potential block sale creating near-term overhang on the stock.

- **Valuation:** 12.7x '26 and 16.1x '26 EV/EBITDA and '26 P/E, 8.2x '26E and 10.0x 27' EV/EBITDA and P/E in USD basis. We use 13.3x target EV/EBITDA(12M fwd) for '26 and 11.0x for '27, representing a 30% discount to global peers. We value Astor based on 50% USD-based DCF and 50% EV/EBITDA target multiples.

Price Data				
Current Price (TL)				206.20
Current Mcap (TLmn /US$ mn)			205,788	4,623
12-mth Target Price (TL/share)				311.2
12-mth Return Potential (TL)				51%
Expected Dividend Yield (%)				1.1%
Financials (US$m)	**2024**	**2025**	**2026E**	**2027E**
Revenues	756	823	1,092	1,596
% ch y/y		*9%*	*33%*	*46%*
EBITDA	226	259	350	518
% ch y/y		*14%*	*35%*	*48%*
Net Income	143	179	286	464
% ch y/y		*25%*	*60%*	*62%*
Margins (%)	**2024**	**2025**	**2026E**	**2027E**
EBITDA Margin	29.9	31.5	32.0	32.5
Net Margin	18.9	21.7	26.2	29.1
Gross Dividend Yield	1.2%	1.4%	1.1%	2.1%
Ratios	**2024**	**2025**	**2026E**	**2027E**
P/E (US$, x)	32.4	25.8	16.1	10.0
EV/EBITDA (US$, x)	13.5	17.1	12.7	8.2
Net Debt/EBITDA (US$, x)	-0.7	-0.7	-0.5	-0.8
ROE (TL,%)	24.1	23.0	35.3	43.8
Stock Data				
Ticker	ASTOR.IS			ASTOR TI
Sector				Power Equipment
# of Shares (mn)				998
3M Av. Trd. Vol. (mn)				US$139.1
52-week Range			TL80.75 -	TL210.20
Market Data				
BIST-100				13,689
TL/US$				44.59

Price Chart



Price Performance	1M	3M	YTD	YoY
TL Absolute	14%	77%	76%	99%
BIST-100 Relative	6%	56%	45%	36%

Coca-Cola Icecek

- **Scope for sustaining margin growth in 1H26:** CCI's postponed price hikes in 1H last year led to –3.9ppt drop in operating margins. A more rational price/mix afterwards turned the margin curve upwards starting from 3Q25 (+2.4ppt). The follow-up pricing actions (incl the latest Dec'25 hike) and the emphasis on better discount management should help sustain better margins y/y while cycling a weak base during the most of 1H26.

- There is strong historical evidence that the relative share price closely tracks the y/y margins, instead of pure volumes. The correlation has held for most of the time over the past 5Y; but more evidently did so during the distinct characteristics of the half-years of 2025. We expect the strong margin performance to help shares outperform in 1H26 at least.

- **More resilient to Middle-East tension this time.** Although Pakistan, Bangladesh, Turkey and Jordan have historically been sensitive to the Middle East concerns, we felt less of such negative publicity during the most recent Iranian war. We expect a resilient 1Q26 trading despite the adverse weather and December pricing in Turkey.

- **Oil-exporter regions as a natural hedge against the global packaging costs:** The high resin hedge contracts might defend CCI's 1H cost outlook whereas Iraq, Kazakhstan and Azerbaijan economies might see positive oil prices being reflected to their overall consumption. The most recently added Uzbekistan franchise has been a success story. Having grown by 40%+ in recent quarters, UZB is now one of the top-contributors to CCI volumes. We see the drivers as structural and expect a strong 1H as well.

- **Short-term drivers:** 1) Sustaining high growth in international. 2) Margin expansion, esp. in 1H26. 3) weak base-comps of Pakistan volumes from 2Q to 4Qe.

- **Valuation:** With our +6% volume growth and flattish margins despite the low-base of 1H, we see the shares are at 5.4x adj. EV/EBITDA for 2026E, 8.4x P/E.

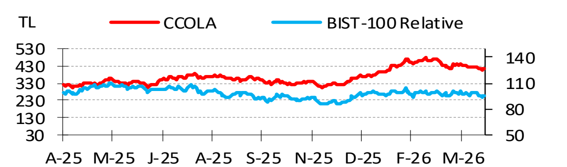
Price Data	
Current Price (TL)	70.95
Current Mcap (TLmn)	198,524
12-mth Target Price (TL/share)	116.60
12-mth Target Mcap (TLmn)	326,256
12-mth Upside Potential (TL)	64%
Dividend yield	2%

Financials (TL mn)	2024	2025	2026E	2027E
Net Sales	137,683	187,185	248,384	296,432
% ch y/y		*36*	*33*	*19*
EBITDA	24,143	32,910	43,888	56,456
% ch y/y		*36*	*33*	*29*
Net Income	14,813	14,072	23,593	31,076
% ch y/y		*-5*	*68*	*32*
Margins (%)	**2024**	**2025**	**2026E**	**2027E**
EBITDA Margin	17.5	17.6	17.7	19.0
Net Margin	10.8	7.5	9.5	10.5
Gross Dividend Yield	1%	2%	2%	3%
Ratios	**2024**	**2025**	**2026E**	**2027E**
P/E (TL, x)	11.4	10.4	8.4	6.4
EV/EBITDA (TL, x)	8.4	5.6	5.4	4.0
Net Debt/EBITDA (x)	1.1	0.8	0.6	0.3
ROE (%)	27.6	18.6	25.1	26.3

Stock Data		
Ticker	CCOLA.IS	CCOLA TI
Sector		Beverages
# of Shares (mn)		2,798
3M Av. Trd. Vol. (mn)		US$0.0
52-week Range	TL45.50 -	TL79.90

Market Data	
BIST-100	13,689
TL/US$	43.99

Price Chart



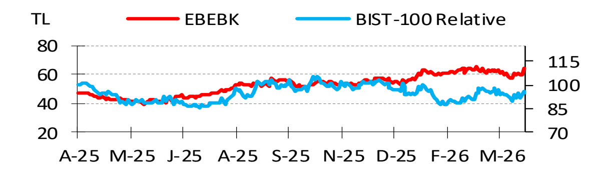
Price Performance	1M	3M	YTD	YoY
TL Absolute	-5%	32%	19%	34%
BIST-100 Relative	-3%	10%	0%	-3%

Ebebek

- **Positive 1Q trading:** Ebebek's store traffic rose 14% y/y in March, online visitors were up 19% y/y. Overall, 19% y/y unit growth for the month was a small sequential easing from an overshooting January (27%); yet it implies a superior 1Q momentum compared to the rest of the consumer space in Turkey.
- **Attractive base for 2026E EPS growth.** EBEBK's earnings this year will reflect the suspension of a production facility last year (Tuna Cocuk), which caused ~TL-230m non-recurring loss in 2025, including a TL-65m goodwill write-off in 4Q. With a likely operating leverage, we expect EBEBK's bottom-line to significantly improve this year from only TL+55m reported in 2025.
- **First-birth child matters more than the headline birth rates and that's quite resilient.** We believe EBEBK's key spending cohort is more skewed towards the first child born in the population. The national birth statistics indicate the number of first-borns increased slightly in 2024 vs 2021, vs a -14% drop in the total number of new-births.
- **Strong asset supervision, cash-focus,** evident from the sharp W/C improvement in 2024-25A, suspension of Tuna Cocuk and recently reversing a capital-intensive DC investment in Usak. EBEBK posted a better-than-expected net debt of TL333m in 4Q (TL+0.9bn cash, excl. lease liabilities) even after >10% store growth in the recent quarters. We expect a more gradual- still positive - progress in 2026E.
- **Options abroad:** EBEBK opened its first store in the northern Iraq in Dec'25. The proximity and EBEBK's brand name in southeastern Turkey could be a major advantage. It has opened three stores in the UK since Dec'24, where -we think- the geographical synergies could be harder to achieve. The company board is evaluating efficiency measures to extract more value from this affluent market.
- **Strong parent with deep industry background.** Topbas family, which controls Turkish hard-discounter, BIM, holds a 60% stake in EBEBK. Although there is no organic connection in between, we believe the owners' deep local knowhow is a major asset.
- **Short term drivers:** 1) Sustaining high revenue growth, 2) 2026 showing better profit margins given the scale advantage, absence of potential losses from Tuna Cocuk. 3) Progress in Iraq expansion.
- **Valuation:** With our 2026 estimates broadly in-line with company outlook, we are looking at a 4.0x 2026E adj. EV/EBITDA (net of imputed interest charges) vs core EV/EBITDA=2.2x, which compares well vs our industry average – that's despite EBEBK's superior sales growth profile.

Price Data				
Current Price (TL)				64.45
Current Mcap (US$mn/TLmn)			232	10,312
12-mth Target Price (TL/share)				100.20
12-mth Target Mcap (TLmn)				16,032
12-mth Upside Potential (TL)				55%
Dividend yield				2%
Financials (TL mn)	**2024**	**2025**	**2026E**	**2027E**
Revenues	18,322	27,675	37,302	49,240
% ch y/y		*51%*	*35%*	*32%*
EBITDA	2,154	3,540	4,824	6,387
% ch y/y		64%	36%	32%
Adj. EBITDA	567	1,681	2,673	4,269
% ch y/y		*196%*	*27%*	*28%*
Net Income	116	55	824	966
% ch y/y		*-52%*	*1384%*	*17%*
Margins (%)	**2024**	**2025**	**2026E**	**2027E**
EBITDA Margin	11.8	12.8	12.9	13.0
Adj. EBITDA Margin	3.1	6.1	7.2	8.7
Net Margin	0.6	0.2	2.2	2.0
Gross Dividend Yield	1.0%	1.0%	1.9%	2.0%
Ratios	**2024**	**2025**	**2026E**	**2027E**
Rep. P/E (TL, x)	70.8	148.6	12.5	10.7
EV/EBITDA (TL, x)	3.8	2.4	2.2	1.9
Adj. EV/EBITDA (TL, x)	14.3	5.1	4.0	2.8
ROE (TL,%)	4%	1%	17%	17%
Stock Data				
Ticker		EBEBK.IS		EBEBK TI
Sector				Baby products retailer
# of Shares (mn)				160
3M Av. Trd. Vol. (mn)				US$1.0
52-week Range		TL39.75 -		TL65.00
Market Data				
BIST-100				13,689
TL/US$				44.51

Price Chart



Price Performance	1M	3M	YTD	YoY
TL Absolute	6%	13%	16%	38%
BIST-100 Relative	-2%	-1%	-5%	-5%

Koc Holding

- **NAV discount of 35%** vs two-year average of 30%. Shares used to trade at much tighter discount range of [-15%,+5%] before acquiring the full controlling stake at Yapi Kredi Bank (pre-2020).

- **High solo-holding cash:** A higher holding-cash implies higher chances of Koc engaging in new positive-NPV projects. Solo-cash was as high as ~US$815m in 4Q25, i.e. prior to the recent US$207m stake-sale in Tupras. We expect strong dividend influx to continue in 2026E given TUPRS' strong distribution plan (~US$730m, of which US$440m already paid-out). Its automotive-JVs historically demonstrating high pay-out character even during the capex cycles.

- **Tupras – the biggest NAV & dividend contributor – sees extraordinarily high benchmark margins.** Those benchmark margins were record-high in March given the refinery disruptions during the Iran war. We think it will take time for them to normalize, leaving Tupras with positive cash earnings opportunity that could feed into its parent as well (25% NAV contributor to KCHOL post-ABB)

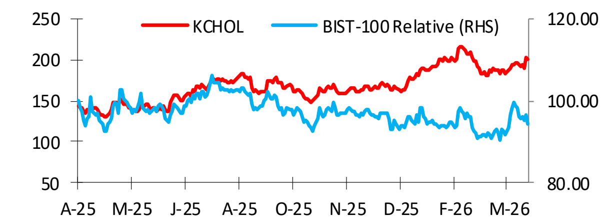
- **Catalyst-rich industrial subsidiaries:** Koc's exporter subsidiaries have their own bottom-up catalysts. Arcelik is working on streamlining ex-Whirlpool's European assets and has recently taken additional measures to unlock capital (Thailand, Grundig, buyback sales). Tofas is expected to announce details of a new model due 1H27 (our est), FROTO is already reflecting its VW-sales to the top-line and we expect a better reflection at the bottom-line in 2026; plus it's just been granted EUR600m state-aid for a new truck project. Koc offers an opportunity to own these catalysts in one basket.

- **Short term drivers:** 1) Automotive JVs progressing on growth capex, 2) Tofas potentially engaging in production of new model(s), as well as extracting synergies from Stellantis-Turkey acquisition. 3) Tupras sustaining >95% utilization while product cracks remaining strong. 4) The new CFO, Mr. Korkmaz, comes with strong credentials from Tupras & formerly Arcelik – the recent ABB in Tupras marks a proactive start.

- **Valuation:** Koc's current NAV discount of 35% might appear tighter compared to those in SAHOL (55%) or AGHOL (41%). We remind, KOC's discount has historically been lower; plus, it looks into extraordinarily superior outlook for cash build, esp. through Tupras.

Price Data				
Current Price (TL)				199.60
Current Mcap (TLmn)				506,165
12-mth Target Price (TL/share)				373.20
12-mth Target Mcap (TLmn)				946,397
12-mth Upside Potential (TL)				87%
Dividend yield				3%
Financials (TL mn)	**2024**	**2025**	**2026E**	**2027E**
Net Sales	2,317,907	2,757,295	3,759,086	4,512,818
% ch y/y		*19*	*36*	*20*
EBITDA	136,399	212,362	301,466	232,082
% ch y/y		*56*	*42*	*-23*
Net Income	1,306	22,001	74,367	43,548
% ch y/y		*1585*	*238*	*-41*
Margins (%)	**2024**	**2025**	**2026E**	**2027E**
EBITDA Margin	5.9	7.7	8.0	5.1
Net Margin	0.1	0.8	2.0	1.0
Gross Dividend Yield	4%	5%	3%	6%
Ratios	**2024**	**2025**	**2026E**	**2027E**
P/E (TL, x)	378.5	19.0	6.8	11.6
EV/EBITDA (TL, x)	9.8	8.2	6.2	8.3
Net Debt/EBITDA (x)	3.8	4.3	3.1	4.3
ROE (%)	0.2	3.2	10.2	5.9
Stock Data				
Ticker		KCHOL.IS		KCHOL TI
Sector				Conglomerates
# of Shares (mn)				2,536
3M Av. Trd. Vol. (mn)				US$158.0
52-week Range		TL130.13 -		TL215.93
Market Data				
BIST-100				13,689
TL/US$				44.51

Price Chart



Price Performance	1M	3M	YTD	YoY
TL Absolute	10%	13%	23%	40%
BIST-100 Relative	2%	0%	1%	-5%

MLP Care

- **Positive pricing outlook for FY26.** The pricing backdrop for 2026 is shaped by the ~30% SUT tariff increase as announced in Dec-25 and applied from Jan-26. This followed the previous revision of a major 51% in May-24 marking an unexpectedly positive roll-out impact into 2026E. A separate 17% tariff increase by the Turkish Physicians' Association (TTB) provided another positive pricing input. We do not rule out a second half-year adjustment in 2H26.

- **Patient volumes improving:** MLP's patient traffic turned positive in 4Q25 after negative prints in previous quarters. Its domestic patient revenues were up 9% in 4Q25. The improvement was more visible in outpatient revenues, supported by a better payer mix and the initial contribution of new capacity. For 2026, the volume growth should remain a key top-line driver as the hospitals added in late 2025 will gradually ramp up. Growth remains domestically driven; foreign medical tourism is kept under tighter cost optimization as pressures persist though y/y declines are gradually narrowing

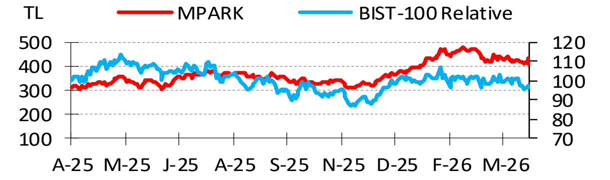
- **Inorganic growth intact:** MPARK's 5Y expansion plan points to c.2 hospital additions and c.400 bed additions annually (from 7,200+ currently). The growth plan is supported by both greenfield projects and bolt-on acquisitions. For 2026E, Canakkale and Bursa remain the key projects in the pipeline, with c.100-150 additional beds and c.200-250, respectively. Meanwhile the four hospitals added in 2025 will continue their ramp-ups. Capex/sales should follow a normalization path back toward c.10% in 2026 (from 20.4% in 2025, which was temporarily inflated by a concentrated cycle of hospital acquisitions, strategic license buyouts, and land costs). We expect a more gradual stabilization in the c.10% range thereafter, as this intensive investment phase matures.

- **Catalysts & risks:** Main catalysts are the forward impact of SUT and TTB pricing, improving patient volumes, ramp-up of newly added hospitals both volume-wise and profit-wise, ongoing efficiency measures and Turkven's remaining exit scheduled by Sep'26. Capex normalization should also support FCF generation over time. The main risk is the Jul-26 physician payrolling regulation, which may create cost pressure in 2H26 offsetting part of the ongoing productivity measures.

- **Valuation:** Our valuation implies 12.0x P/E for 2026 and 4.5x EV/EBITDA, translating into a TL610.0 TP.

Price Data				
Current Price (TL)				440.50
Current Mcap (US$mn/TLmn)			1,873	83,281
12-mth Target Price (TL/share)				610.20
12-mth Target Mcap (TLmn)				116,556
12-mth Upside Potential (TL)				39%
Dividend yield				0%
Financials (TL mn)	**2024**	**2025**	**2026E**	**2027E**
Revenues	39,690	55,093	73,091	90,997
% ch y/y		*39%*	*33%*	*24%*
EBITDA	10,203	15,328	20,393	25,153
% ch y/y		50%	33%	23%
Net Income	5,210	5,537	7,017	8,590
% ch y/y		6%	27%	22%
Margins (%)	**2024**	**2025**	**2026E**	**2027E**
EBITDA Margin	25.7	27.8	27.9	27.6
Net Margin	13.1	10.0	9.6	9.4
Gross Dividend Yield	0.0%	0.0%	0.0%	0.0%
Ratios	**2024**	**2025**	**2026E**	**2027E**
Rep. P/E (TL, x)	11.1	12.0	12.0	9.8
EV/EBITDA (TL, x)	6.3	5.2	4.5	3.5
ROE (TL,%)	23.0	15.9	17.0	17.2
Stock Data				
Ticker		MPARK.IS		MPARK TI
Sector				Healthcare
# of Shares (mn)				191
3M Av. Trd. Vol. (mn)				US$7.0
52-week Range		TL305.00 -		TL478.50
Market Data				
BIST-100				13,537
TL/US$				44.45

Price Chart



Price Performance	1M	3M	YTD	YoY
TL Absolute	5%	10%	15%	36%
BIST-100 Relative	-1%	-2%	-5%	-4%

Tofas

- **Confident on >90% utilization target by 2027-28E**. Although it has been a management wish for long, we note Tofas sounding more confident about a full utilization scenario at Bursa plant. It has been officially declared on the company presentation for the first time in September 2025. Given the lead-time to launch new models, we expect 1H26 could be a reasonable time period to expect a hypothetical new project.

- **Flexible production line enables launching new models at a moderate capex**, evident from both K0 and K9 van models as of late. We think potential new model(s) could be of similar nature.

- **Upcoming synergies from Stellantis-TUR merger,** which includes both revenue opportunities and cost savings. Tofas notes EUR25m incremental CF gains from year-1. It looks into a stronger 'independent spare parts' business (EUROREPAR), claiming this segment as US$4bn white space. The second-hand business (SPOTICAR) is stated as another area of growth.

- **Domestic woes might be oversold:** The shares have underperformed by 9% since mid-March when the initial news of a weaker domestic pull was first reported by the local media. We run our numbers with a deeper -15% market contraction forecast than the guided -1%ish and with a PBT of 3.2% (vs 3-4% guidance that was even considered as conservative by some 4Q-webcast participants). At our forecast set, we see the shares attractively valued at 10.6x short-term P/E, 7.2% dividend yield.

- **Rich in catalysts:** 1) **Stellantis** recently addressing its gap models and strengthening its market position in Europe. 2) Any progress on new model production mandates from Stellantis. 3) Domestic market sustaining its 1m+ annual sales track record. 4) Margin uptick through start of 'new-Doblo' production (3Q26E).

- **Valuation:** TOFAS shares are at 10.6x P/E for 2026 (much lower for 2027) despite a stronger catalyst pipeline through new models or Stellantis-Turkey synergies.

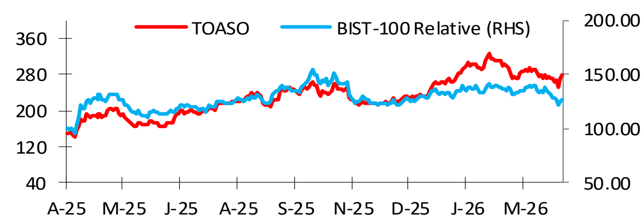
Price Data	
Current Price (TL)	277.50
Current Mcap (TLmn)	138,750
12-mth Target Price (TL/share)	480.90
12-mth Target Mcap (TLmn)	240,450
12-mth Upside Potential (TL)	73%
Dividend yield	7%

Financials (TL mn)	2024	2025	2026E	2027E
Net Sales	120,267	319,414	519,214	686,869
% ch y/y		*166*	*63*	*32*
EBITDA	9,280	9,998	15,123	35,321
% ch y/y		*8*	*51*	*134*
Net Income	5,221	8,354	13,068	26,301
% ch y/y		*60*	*56*	*101*
Margins (%)	**2024**	**2025**	**2026E**	**2027E**
EBITDA Margin	7.7	3.1	2.9	5.1
Net Margin	4.3	2.6	2.5	3.8
Gross Dividend Yield	8%	5%	7%	7%
Ratios	**2024**	**2025**	**2026E**	**2027E**
P/E (TL, x)	23.9	13.1	10.6	5.3
EV/EBITDA (TL, x)	14.3	14.3	13.4	6.3
Net Debt/EBITDA (x)	0.9	3.4	4.2	2.4
ROE (%)	11.1	13.9	20.9	33.3

Stock Data		
Ticker	TOASO.IS	TOASO TI
Sector		Automotive Industry
# of Shares (mn)		500
3M Av. Trd. Vol. (mn)		US$28.2
52-week Range	TL141.45 -	TL325.80

Market Data	
BIST-100	13,689
TL/US$	44.51

Price Chart



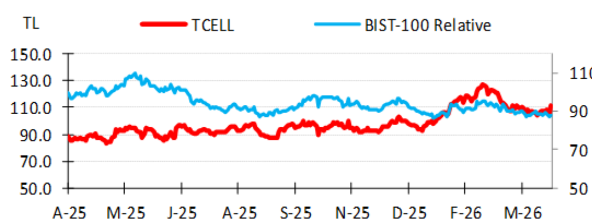
Price Performance	1M	3M	YTD	YoY
TL Absolute	-3%	7%	20%	86%
BIST-100 Relative	-6%	-5%	-1%	27%

Turkcell

- **Positive 2026E ARPU outlook.** We forecast a robust 7% real revenue growth for 2026, supported by postpaid-driven ARPU expansion, reflecting the lagged inflation pass-through and a moderate base of 2025, in addition to pricing + upselling initiatives. Turkcell is expected to implement segment-based tariff adjustments primarily at contract renewals, with continued focus on postpaid subscribers, thus supporting ARPU quality.
- **Competition shows early signs of normalization following aggressive campaigns in 2025**. The reduced promotional activity supports pricing discipline and margin stability for all market participants. With all major players facing 5G-tender payments (& TTKOM additionally its concession outcome), we foresee a more price-rationale market structure over the medium term. If materialised, this could lift one of the major investor concerns about the industry margins, in our view.
- **We already incorporate a temporary 5G rollout dilution to our cash flow forecasts.** In the face of upcoming 5G roll-out marketing expenses, device ecosystem investments and spectrum payments (~US$1.2bn) create near-term pressure on our cash flows forecasts. We remain conservative on our 2026E EBITDA estimate of 40.8% margin. Strong operating leverage and disciplined cost management should help absorb incremental investments over time.
- **Google Cloud partnership:** The strategic agreement with Google Cloud represents a key structural growth driver. Turkcell targets to double data center capacity and grow data & cloud revenues ~6x to c.US$450mn by 2032, lifting cloud revenue contribution from ~1% to ~5%.
- **Solid balance sheet.** We expect net debt/EBITDA to remain around 0.7x in 2026, providing sufficient balance sheet flexibility to fund 5G and data center investments without undue pressure on earnings. We believe the worst could be over at the end of 1Q26 in terms of leverage.
- **Short-term drivers:** 1) Sustaining post-paid subscriber growth. 2) Holding up >40% margin for 2026. 3) Easing FX losses 4) High utilization in data centers, 4) 5G rollout preparation (network upgrades vs)
- **Valuation:** We value the stock with an undemanding target EV/EBITDA of 3.3x, P/E of 6.5x, and EV/Sales of 1.3x on a 12M-fwd basis, equally weighted with a TL-based DCF

Price Data				
Current Price				114.40
Current Mcap (TLmn /USD mn)			251,680	5,654
12-mth Target Price (TL/share)				176.3
12-mth Return Potential (TL)				54%
Expected Dividend Yield (%)				3.7%
Financials (TL mn)	**2024**	**2025**	**2026E**	**2027E**
Revenues	166,671	241,471	330,014	412,896
% ch y/y (real)		*11%*	*7%*	*3%*
Co defined EBITDA	69,802	104,017	134,733	166,236
% ch y/y (real)		*14%*	*2%*	*4%*
Net Income	23,523	17,604	25,231	41,999
% ch y/y (real)		*-43%*	*12%*	*40%*
Margins (%)	**2024**	**2025**	**2026E**	**2027E**
EBITDA Margin	41.9	43.1	40.8	40.3
Net Margin	14.1	7.3	7.6	10.2
Gross Dividend Yield	3.3%	2.9%	3.7%	3.7%
Ratios	**2024**	**2025**	**2026E**	**2027E**
P/E (TL, x)	10.7	14.3	10.0	6.0
EV/EBITDA (TL, x)	2.9	2.2	2.6	2.4
Net Debt/EBITDA (TL, x)	0.2	0.1	0.7	0.9
ROE (TL,%)	12.6	6.8	9.2	13.7
Stock Data				
Ticker	TCELL.IS			TCELL TI
Sector				Telecommunication
# of Shares (mn)				2,200
3M Av. Trd. Vol. (mn)				US$72.1
52-week Range	TL83.21 -			TL127.50
Market Data				
BIST-100				13,689
TL/US$				44.59

Price Chart



Price Performance	1M	3M	YTD	YoY
TL Absolute	7%	16%	22%	33%
BIST-100 Relative	-1%	2%	-1%	-10%

Yapi Kredi Bank

Successfully reshaped business model…

- Yapi Kredi Bank continues to successfully deliver on the strategic plan the bank had laid out back in 2018, as the management continues to focus on 1) intelligent growth with an optimization of market share & profitability, increased focus on demand deposits, and transactional banking; 2) contained cost growth via digital and service-channel transformations; and 3) reduction in CoR thanks to betterment of underwriting policies, collection efforts, and stock management.
- The bank has been delivering on all fronts, albeit margin volatility due to macroeconomic developments. YKB has reached by far the strongest demand deposit share and has been seeing relatively lower net NPL inflows in FY25.
- Following the miss in 2024, YKB is one of the few banks to meet its budget in 2025 (with the exception of the unexpected tax burden) and similarly has the safest budget for 2026, in our view. Given the upward normalization in margins in 2026, coupled with likely better growth prospects as of 2H26 should allow the bank to raise its ROE towards mid-to-high-twenties, as the bank should be able to deliver returns above inflation in the medium- to long-term.

Earnings and book value will be strong in 2026...

- YKB's earnings should increase by a strong 67% in 2026E on top of the 62% growth in 2025, driven by further NIM expansion and relatively contained CoR.
- Meanwhile, it is worth to note that we expect YKB to deliver a strong book value growth in excess of 35% in 2026, supported by MTM gains on top of the improvement in ROE. YKB has a higher leverage, which should translate the expected pick-up in ROA into a stronger improvement of ROE, while an update to the IRB methodology should help address the relative capital shortfall while providing a cushion against the expected Basel-IV adoption.

Likely convergence of multiples...

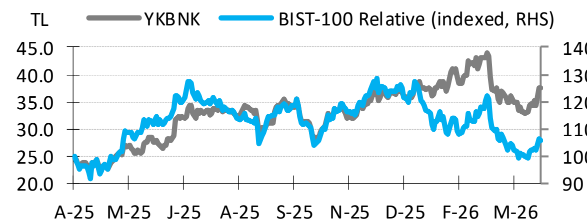
- YKB is trading at 0.92x 2026E P/B and 4.0x 2026E P/E, which rank third among private banks. With ROE gaps to diminish, we would also expect a further convergence of multiples. Our 12M TP indicates 0.9x 2027E P/B and 4.1x 2027E P/E.

Risks…

- The bank is prone to macroeconomic risks such as higher rates, TL depreciation, and slower growth.

Price Data				
Current Price (TL)				37.64
Current Mcap (TLmn)				317,947
12-mth Target Price (TL/share)				51.78
12-mth Target Mcap (TLmn)				437,363
12-mth Return Potential				38%
Dividend yield				0%
Financials (TL mn)	**2024**	**2025**	**2026E**	**2027E**
Swap-adj. NII	13,860	55,536	113,215	166,871
% ch y/y		*301*	*104*	*47*
Net income	29,017	47,090	78,804	107,216
% ch y/y		*62*	*67*	*36*
Margins (%)	**2024**	**2025**	**2026E**	**2027E**
Swap-adj. NIM	0.7	2.2	3.6	4.2
Cost/income	71	61	62	61
Cost of risk	80	209	199	153
Ratios	**2024**	**2025**	**2026E**	**2027E**
P/E (TL, x)	8.2	5.5	4.0	3.0
P/B (TL, x)	1.24	1.01	0.92	0.68
ROAE (TL,%)	15.7	21.1	26.4	26.5
Stock Data				
Ticker			YKBNK.IS	YKBNK TI
3M Av. Trd. Vol. (mn)				US$171.4

Price Chart



Price Performance	1M	3M	6M	YoY
TL Absolute	8%	0%	21%	61%
BIST-100 Relative	0%	-12%	-5%	9%