Company Update

ARCLK

22 July 2024

Time to take on long distance glasses

We update our valuation & estimates for Arcelik following completion of Whirlpool deal in Europe. We think current stock price assigns very little value to Arcelik's international business (with c.EUR8bn annual revenue after Whirlpool merger) due to its currently distressed profit margins. This offers an ideal risk-reward situation where Arçelik's core domestic business offers downside protection with a wide moat, while turnaround of int'l business offers significant upside to the valuation as we expect the company will be able to create more synergies/cost savings in Europe than the market anticipates. We believe the stock is undervalued trading at EV/EBITDA multiples of 4.1 in '25E and 3.0 in '26E (exc. IAS-29), which doesn't fairly reflect Arcelik's superior growth profile and margin expansion potential. We raise our TP to TL376/share and also add Arcelik to our top-picks with this report.

Europe to account for c.50% of revenue post-Whirlpool merger

Arçelik has reached another milestone in its journey towards becoming a top global player in the appliance industry as European operations of the company and Whirlpool have officially merged as of April 2024. The merger will be adding EUR3bn to Arcelik's revenues, bringing total revenue to EUR11.8bn in 2025E, implying 16% CAGR over the last 5 years. Europe will be the largest region with c.50% share in Arcelik's total revenue, followed by 30% Turkey, 20% Asia and Africa. We expect the transaction to support Arcelik's market position in Europe expanding presence in premium and built-in product segment and bringing scale benefits. With an aim of creating cost synergies, company management will likely focus on production relocation, opex optimization and procurement. Although integration process will take time and some short-term margin dilution is likely, we see a large room for value creation through medium-to-long term turnaround. We expect Arcelik to restore its EBITDA margin including Whirlpool to c.9.5% by 2028E (exc. IAS-29), implying 10.4% CAGR in EBITDA in EUR terms for the next 4 years.

Growth to pick up on the back of signs of recovery in global demand, shortening replacement cycle and Arcelik's EM exposure

Global consumer demand was pressured by high interest rates over the last 18-months, but we see signs of recovery in both global and European markets. The fact that home appliances now has a shorter replacement cycle also supports market demand. Arcelik is also well positioned to capture growth potential in EMs where white goods penetration is already low and markets stand to benefit from a secular growth trend. Countries like Pakistan (200mn population, c.50% refrigerator penetration level) & Bangladesh (220mn population, c.50% penetration level), and market rank of BEKO in these regions (market leader in both countries) demonstrate long-term growth potential. Given all of these factors, we expect Arcelik to deliver 11.7% revenue CAGR over the next 5 years, which is much stronger than international peers.

Industry margins likely to trend higher amid global consolidation, potential trade barriers could be another boost in Europe.

We see appliance industry consolidation as a positive driver of long term margin improvement as it helps to eliminate excess capacity. Arcelik also gained significant economies of scale and would stand to benefit from normalization in pricing in a consolidated industry. Ongoing discussion in the EU about imposing import tariffs on consumer goods could be another boost that would favor local producers like Arcelik.

Risks Slower than expected recovery in global demand, execution risk related to inorganic growth strategy, weak EUR against USD are main risks to our valuation.

Rating: Outperform

(maintained)

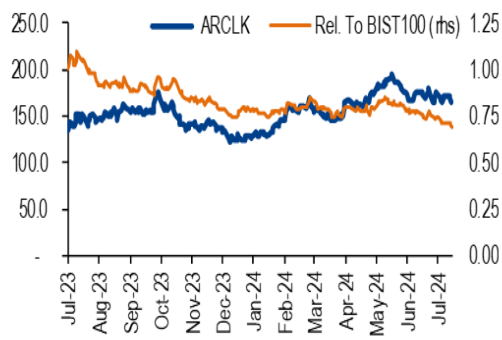
Target Price	**TL376.0**
Current Price (19/07/2024)	TL166.0
Return Potential	127%
Bloomberg Ticker	ARCLK TI
Market Cap. (TLmn)	112,171
Free Float	15%
# of Shares (mn)	676
Avg. Trading Vol. (3m, TLmn)	627

Price Performance	1M	3M	12M
Nominal (TL)	-5%	2%	11%
Nominal (USD)	-7%	1%	-10%
Relative to BIST100	-8%	-12%	-34%

Estimates (TLmn)	2023	2024E	2025E	2026E
Revenues	257,104	376,693	507,263	646,462
EBITDA	20,331	29,125	39,751	51,162
% margin	7.9%	7.7%	7.8%	7.9%
Net Income	7,667	5,621	12,045	18,672
% margin	3.0%	1.5%	2.4%	2.9%

Valuation	2023	2024E	2025E	2026E
P/E	14.6	20.0	9.3	6.0
EV/EBITDA	8.4	5.9	4.3	3.3
P/BV	1.8	1.7	1.4	1.2
Dividend Per Share	0	0	0	0
Dividend Yield (%)	0%	0%	0%	0%

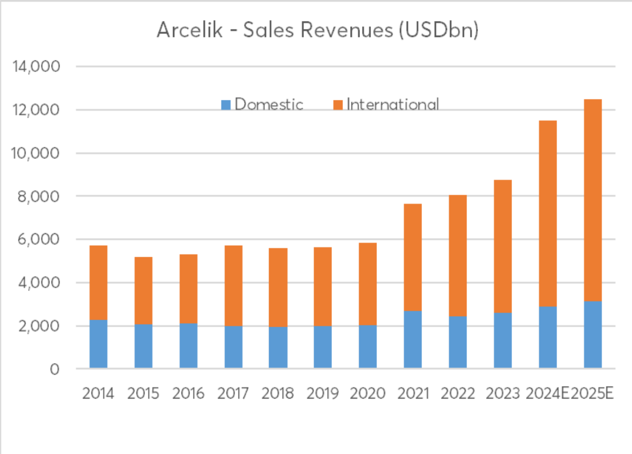
Price Chart



Emre Duman
+90 (212) 334 98 58
emre.duman@yf.com.tr

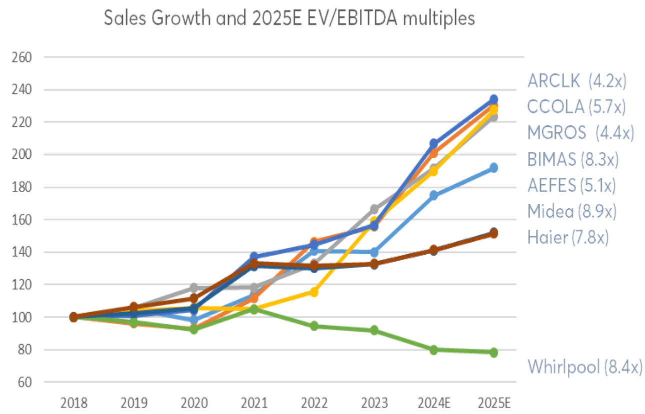
Key Charts

Int'l revenue share to reach 70% after merger



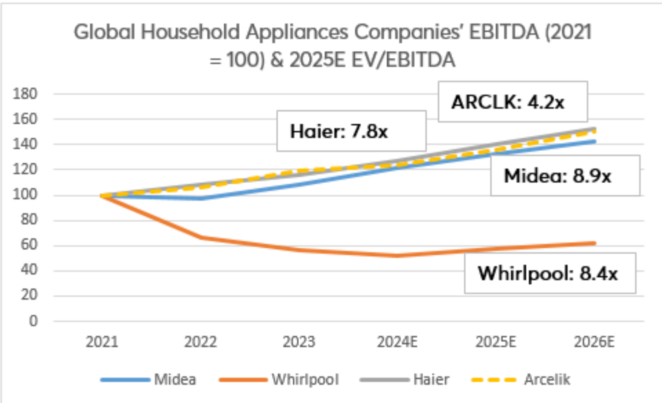
Source: Company Data, YF Research
*2024E and 2025E based on YF Research estimates

Robust topline growth at bargain price



Source: Company Data, YF Research
2024E and 2025E based on YF Research estimates

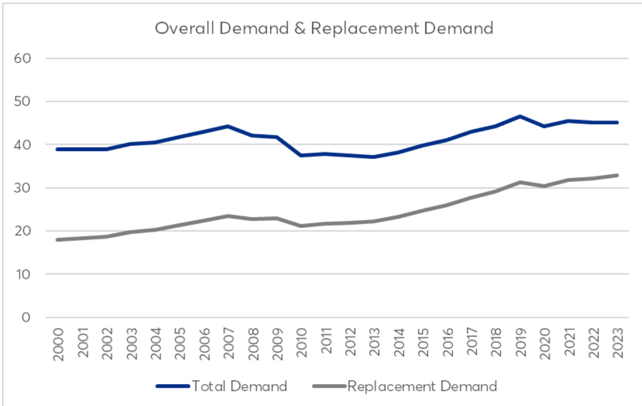
Deep Discount versus int'l peers…



Source: Bloomberg, YF Research
* ARCLK based on YF Research estimates

Limited downside risk in developed countries

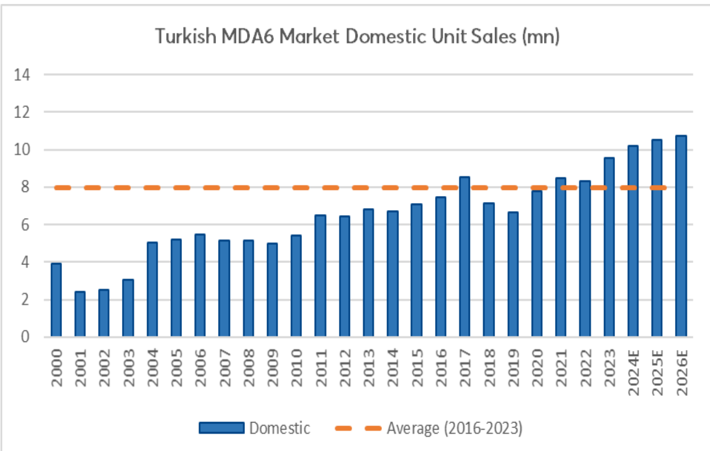
Driven by high share of replacement demand



Source: GFK, YF Research

Strong demand environment in Turkish MDA market

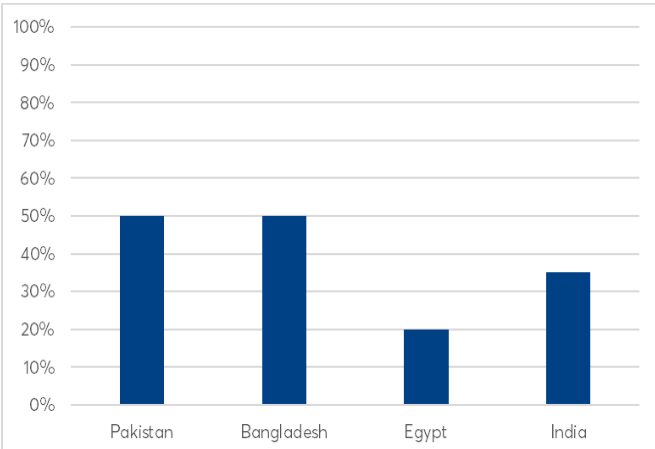
will continue with slower pace



Source: TURKBESD, YF Research

Low penetration levels lead to sustainable growth

Household appliances penetration levels

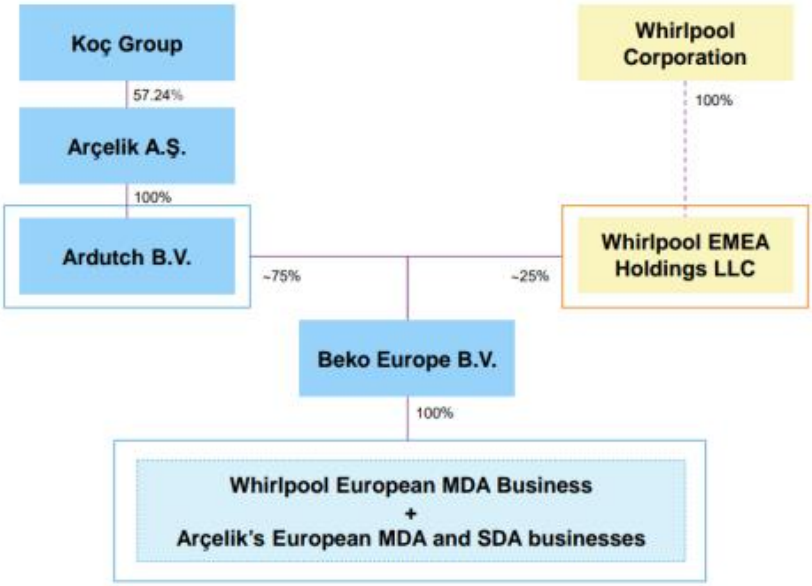


Source: YF Research

Investment Thesis

In the beginning of April 2024, Arçelik management decided to transform its corporate name to Beko across all geographies and re-located its top management to Amsterdam. On the other hand, Türkiye sales operations maintained as Arçelik Türkiye. As of 1 April 2024, European operations of Arcelik and Whirlpool have officially merged under a new established company, called Beko Europe. According to agreement, Beko Europe's financials will be consolidated under Arcelik financials from 2Q24.

Post-Merger structure chart



Source: CMA

The merger transaction have supported company's market leader position in Europe while lifting its global market rank from 8th to 2nd position. This transaction is expected to add EUR3.0bn (c.38% of ARCLK 2023 revenue) per annum to ARCLK's topline.

Whirlpool EMEA Financial Performance*									
USDmn	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unit sales (thousands)	25145	24671	22998	20051	20019				
Net Sales	5601	5148	4881	4536	4296	4389	5088	4023	3601
EBITDA	340	354	178	98	157	179	258	76	60
EBITDA Margin (%)	6%	7%	4%	2%	4%	4%	5%	2%	2%
EBIT	141	150	-19	-106	-30	2	100	-58	56
Depreciation	199	204	197	204	187	177	158	134	4

Source: Whirlpool 10-K report

*The figures includes MDA and SDA business.

The figures above presents key financials of Whirlpool EMEA (MDA and SDA) that includes also Russia operations between 2015 and 2021 and excludes it between 2022 and 2023.

On the other hand, we remind that Arçelik also acquired white good production plant of Whirlpool's Russia operations and sales & marketing of these good in Russia, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Armenia, Georgia, Azerbaijan, Kazakhstan, Belarus and Mongolia by acquiring 100% stake of Indesit International JSC and Whirlpool RUS LLC with upper limit of EUR261.4mn in 2022 (The payment will be made by Arçelik in 10 year period depends on operational conditions)

According to Whirlpool EMEA 2023 financials, net sales revenues decreased by 10% y/y similar to 6% y/y sales unit contraction in European MDA market. EBITDA margin of Whirlpool EMEA (including SDA) was flat at 2% in 2023 compared to a year ago. At first look EBITDA margin of Whirlpool EMEA may have seen far from Arçelik's historical EBITDA margin (10.5%).

At this point, we believe the transaction has several outcomes for Arçelik as 1) supporting its market leader position in Europe 2) directly access to Whirlpool's effective product portfolio on premium segment and built-in appliances market. 3) Further economies of scale advantages following optimizations. With aim of creating cost synergies, company management will focus on optimization through procurement, logistics and opex.

According to nominal figures (w/o IAS29), we forecast company's EBITDA to reach from EUR812mn in 2024E to EUR1.1bn by 2027 with CAGR of 11.3%. In addition to organic and inorganic robust topline growth, we forecast recovery in ARCLK's EBITDA margin by gradually when integration is complete.

We consider the current position as good entry level for ARCLK due to i) high discount (2025E: 49% discount on EV/EBITDA) versus it's int'l peers ii) high growth potential with low downside risk iii) Arcelik's strong track record for optimization iv) Diversified revenue portfolio by geographically that provides company to benefit from recovery in global consumer demand. V) Effective pricing capability when increase in raw material costs (such as steel and plastics) thanks to its strong brand portfolio and global market position.

Currently Arcelik trades at 4.1x EV/EBITDA (exc-IAS29) on our 2025 estimates while we note that company's historical average was at 6.5x between 2014 and 2023. We also highlight that EV/EBITDA of acquisitions made by Arçelik were at range of 7.5x-8x.

Global Footprint of Arçelik

Source: Company's 2023 activity report, Pre-Merger

Well positioned ahead of rebound in global consumer demand

As being a pioneer global player from Türkiye, Arçelik started to growth inorganically at the beginning of 2000's with acquisitions of Elektrabregenz, Blomberg, Leisure, Flavel and Arctic. In 2011, Arçelik acquired Defy in South Africa and continued its strong growth momentum by acquiring Dawlance in Pakistan (2016), Singer in Bangladesh (2019), Whirlpool's Turkey facilities (2021), Whirlpool's Russian assets (2022), Asogem NV (2022) and finally Whirlpool's European operations and MENA subsidiaries (2023).

Addition to acquisitions company has also made several greenfield investments to expand its global footprint such as Thailand Refrigerator plant (Groundbreaking date: 2015), India refrigerator plant (Groundbreaking date: 2018) and Egypt plant (Groundbreaking date: 2022).

Mergers & Acquisitions	Region	Stake	Year	Implied EV (USDmn)	EV/EBITDA
Defy	South Africa	100.00%	2011	326	7.2
Dawlance	Pakistan	100.00%	2016	288	6.4
Singer	Bangladesh	57.00%	2019	162	8.4
Whirlpool Türkiye	Türkiye	100.00%	2021	78.3	-
Hitachi GLS	Japan	60%	2021	584	8.3
Whirlpool's Russia Assets	Russia	100.00%	2022	261.4	-
Asogem NV	Netherlands	100.00%	2022	-	-
Whirlpool's MENA Assets	MENA	100.00%	2024	40.8	-
Whirlpool's Europe Assets	Europe	75%*	2024	-	-

Source: Company data, YF Research

* Arçelik has 75% share in Beko Europe

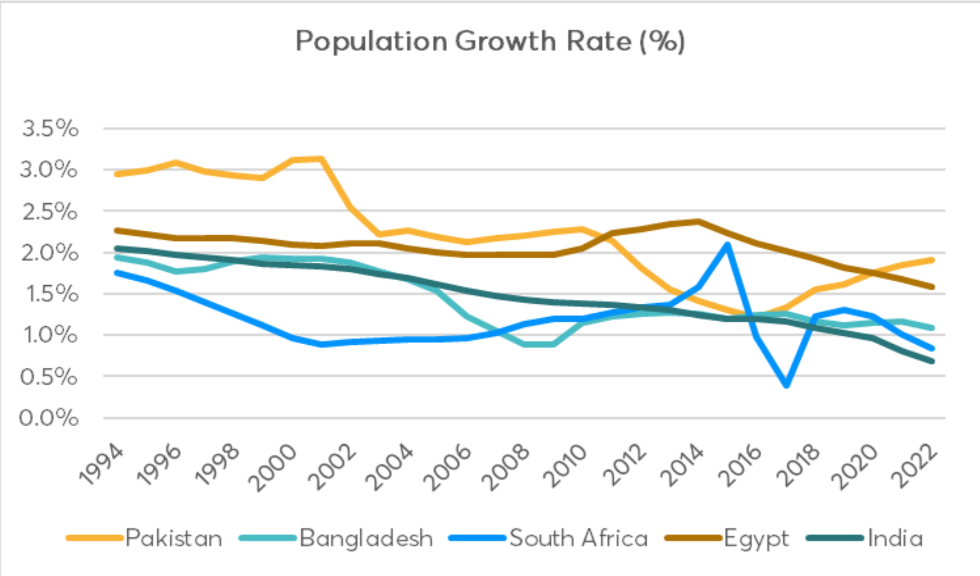
Including Beko Europe, company operates 22 brands, c.55k employees on its 45 production plants around the world. Thanks to acquisitions and greenfield investments, company's int'l revenue share reached from 51% in 2010 to 63% in 2023 (70% in 2022). On the other hand, we note that robust performance of domestic MDA6 market and weakness in global market shadowed int'l share in total revenue which we expected to reach +70% after the merger in 2024E and 74% by 2027.

Generally, European MDA market's demand environment has not expected to change like last 2 year due to (c. 60-65% of total demand) high share of replacement related demand. Even its rare to see, Western European MDA market contracted by high single digit in 2022 and 6% in 2023. On the Eastern European side, demand decreased by 10% in 2022 and then slightly improved by low single digit in 2023 mainly due to low base of 2022. Tightening steps from global central banks and sharp inflation weighed on European consumer demand in last 2 years. Nevertheless contraction in European market (Especially in Eastern Europe) narrowed as contraction view turned to more flattish changes on y/y in 1Q24.

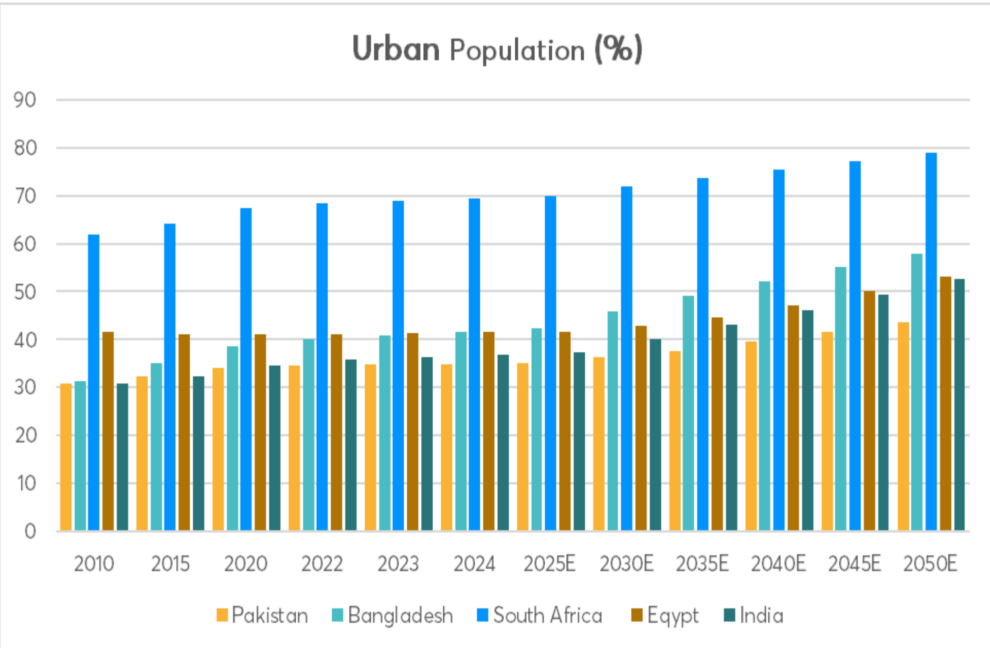
We think rate cut from global central banks and softer political tension may boost demand environment again in developed markets. This would also limit effect of Asian companies' competitive pricing strategies thanks to more balanced supply & demand environment worldwide.

In addition to European market, company has also notable exposure in Africa & Middle East (8% share in 2023 consolidated sales revenue), APAC (14% share in 2023 consolidated sales revenue), and EMEA regions. These regions have higher growth potential than developed markets thanks to lower penetration levels.

Pakistan and Bangladesh are some of the regions BEKO's serve which have 200mn and 220mn population while the refrigerator penetration level were only at c.50% in both countries. BEKO has market leader position in both countries. Company's the latest greenfield investment in Egypt also has rapid growth potential with country's 111mn population. As of 2024, the urban population in total are at 35% in Pakistan, 42% in Bangladesh, %70 in South Africa, 42% in Egypt, 37% in India that expected to reach 42%, 55%,77%, 50%,%49 by 2045E, respectively. As thinking company's exposure with its high market shares in these areas, the topline growth would stay dynamic despite higher share of Europe in total sales revenues in long term.



Source: United Nations, YF Research



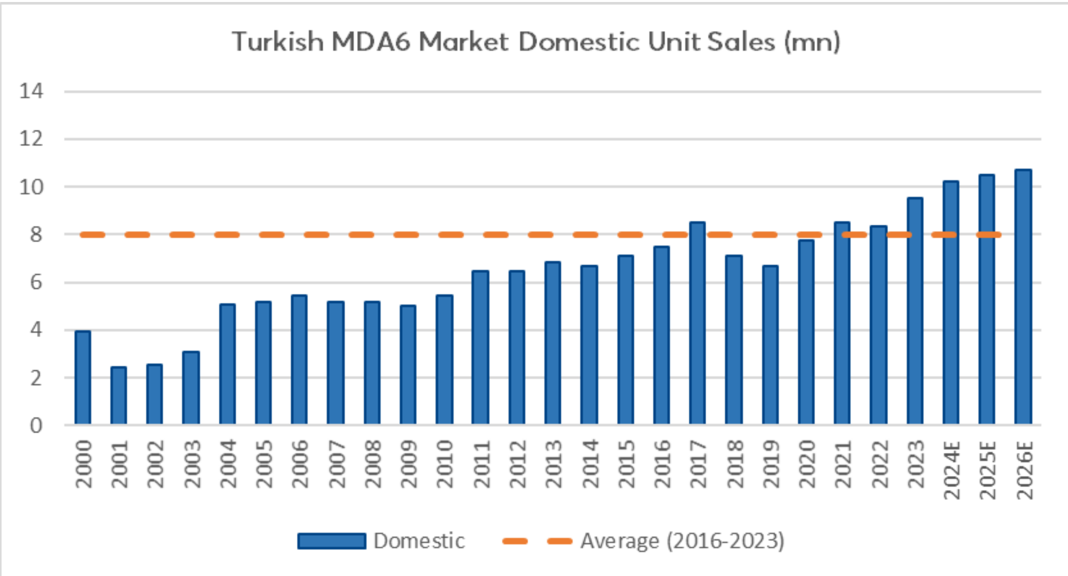
Source: United Nations, YF Research

Overview of Turkish MDA market

Türkiye is the second largest white good producer worldwide with its 7% share in global production. Sector has 60K directly and 600K indirectly employee with yearly 33mn unit production (value of c.USD4.0bn). The production mostly comes from domestic companies while int'l companies like BSH, Franke and Haier have also plant in Türkiye.

According to the latest investment in Türkiye, Vestel made drying machine investment in Manisa production plant which has capacity of 750K unit in 2018 that followed by Haier's acquisition of Candy Hoover's Eskisehir production facility and expansion investment (with total amount of TL850mn). In 2021, Haier also acquired washing production factory in Eskişehir with EUR40mn investment and Arçelik acquired Whirlpool Manisa facility for EUR78.3mn in same year. Western Europe is the biggest export market for the players that followed by Russia and Egypt.

In unit term, Turkish MDA market increased with CAGR of 3.5% between 2016 and 2023 and reached 9.5mn unit in 2023. In 1Q24, the market maintained its solid performance with +28% y/y increase while the yearly growth rate were at +3% and %4 in April and May 2024, respectively. Although we forecast -2% y/y contraction domestic sales unit in 2H24, the growth rate would be 7% for 24FY thanks to strong performance of 1Q24. We consider Arçelik's market share to be maintained at current level during projection period. Addition to company's well diversified brand portfolio, strong after sales performance also differentiates Arçelik from its competitors which may create upside risk to our flat market share assumption in mid-term, in our view.



Source: TURKBESD

We forecast that unit sales growth to be below GDP growth with 2.5% in 2025 due to strong demand environment in 2024. Despite our conservative estimate Turkish MDA market should still attractive in terms of growth metrics in FX terms thanks to relatively strong TL. On the other hand, higher int'l revenue share in total would limit negative impact on consolidated results for sharp slowdown risk in domestic demand for 2H24.

Valuation

We used EUR based DCF on pre-IAS29 financials as valuation method with assumption of 13.0% CoE (8% risk free rate), 0.9 beta, 5% equity risk premium) and 1.0% terminal growth rate. We adjust net debt of company with excluding lease related liabilities and including value of buy-back shares (68.9mn shares, TL10.2bn) at 31.03.2024.

Arcelik DCF Analysis -EURmn	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal
Revenues	10,587	11,885	12,239	12,469	12,716	12,926	13,183	13,448	13,583
Growth		*12%*	*3%*	*2%*	*2%*	*2%*	*2%*	*2%*	1.0%
EBITDA	812	890	981	1,120	1,205	1,225	1,249	1,274	1,287
EBITDA margin	*7.7%*	*7.5%*	*8.0%*	*9.0%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*
Taxes (on EBIT)	141	155	176	209	228	231	235	240	242
Change in working capital	620	312	85	55	59	50	62	64	64
Capex	350	520	520	225	225	225	225	225	225
Free cash flow	(299)	(96)	200	631	693	718	727	746	756
Discount factor	*1.00*	*0.95*	*0.87*	*0.79*	*0.72*	*0.66*	*0.60*	*0.55*	*0.55*
PV of Free cash flow	-299	-92	174	500	501	473	436	408	413

Sum of PV of FCF (2024-2031)	2,100
Terminal Value @ 1% terminal growth	4,718
Target EV	7,668
Adjusted Net Debt*	1,300
- Adj. Minorities	547
+ Participations	65
Target mcap (EURmn)	5,886
1yr fwd (EUR/TRY rate)	43
Target mcap (TLm)	253,084
Current mcap (TLm)	112,171
Target price (TL)	**376.0**
Current price (TL)	166.00
Upside / (downside)	126%
Risk-free rate	8%
Beta	*0.90*
Equity risk premium	5%
Cost of equity	13%
Cost of debt	10%
Tax rate	25%
Debt/equity	55%
WACC	10%
Terminal growth rate	1.0%

* Net Debt adjusted with excluding lease related liabilities and including value of buyback shares at 31.03.2024

* Capex presented with integration related one-off outflows which we expoected to be total of EUR590mn in next 2 years

*Minorities adjusted with the merger impact

** Pre - IAS, Post merger

During projection period (2024-2031), we kept ARCLK's WC/Sales ratio at 24% while highlighting further improvement possibility with further synergies in long term. On the other hand we add EUR75mn CAPEX to company's current maintenance capex level of EUR150mn per annum. We adjusted net debt of company with excluding lease liabilities while adding value of buy-back shares (68.9mn) at 31.03.2024. According to company's buyback program, Arçelik bought its 68.9mn nominal shares with total amount of TL3.1bn (USD265.4mn) between 2021 and 2022. Considering the exchange rates at the time of the share buybacks, the Company spent approximately TL44.95 (USD3.86) per share.

Peer Company Name	P/E 2024E	P/E 2025E	P/E 2026E	EV/EBITDA 2024E	EV/EBITDA 2025E	EV/EBITDA 2026E
De' Longhi Spa	16.8	15.5	14.4	9.1	8.3	7.7
Electrolux Ab	n.a.	8.4	6.5	6.6	4.5	4.1
Midea Group Co Ltd	11.9	10.8	9.8	9.7	8.9	8.3
Whirlpool Corp	8.9	8.0	7.1	9.3	8.4	7.8
Haier Smart Home Co Ltd	12.3	10.9	9.8	8.7	7.8	7.2
Daikin Industries Ltd	25.6	24.3	21.7	11.5	11.0	10.0
Average	**15.1**	**13.0**	**11.5**	**9.1**	**8.1**	**7.5**
Arcelik	**20.0**	**9.3**	**6.0**	**5.7**	**4.2**	**3.2**
Premium/(discount)	**32%**	**-28%**	**-48%**	**-38%**	**-49%**	**-57%**

Source: Bloomberg, YF Research

Revenue & EBITDA Forecast

EURmn	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Pre - Merger and Pre - IAS Arcelik cons. rev.	**7,696**	**8,003**	8,337	8,765	9,026	9,192	9,372	9,515	9,705	9,900
The merger impact			2250	3120.0	3213.6	3277.9	3343.4	3410.3	3478.5	3548.1
Post - Merger, Pre - IAS Arçelik cons. rev.	7,696	8,003	**10,587**	**11,885**	**12,239**	**12,469**	**12,716**	**12,926**	**13,183**	**13,448**
Revenue Growth (%)										
Pre Merger		4%	4%	5%	3%	2%	2%	2%	2%	2%
Post Merger			32%	12%	3%	2%	2%	2%	2%	2%
Revenue Breakdown (Post Merger)										
Domestic share in total (%)	30%	37%	30%	28%	27%	26%	25%	25%	24%	24%
int'l share in total	70%	63%	70%	72%	73%	74%	75%	75%	76%	76%

Source: YF Research

Excluding merger effect, we forecast 4% (in EUR terms) topline growth for 2024 mainly thanks to strong performance of domestic market. The consolidated revenue growth rate would be at double digit thanks to full year impact of merger in 2025. After the transaction we expect int'l share in total revenue to reach from 63% to 70% in 2024 and 74% in 2027.

EURmn	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Pre - Merger and Pre - IAS Arçelik EBITDA	693	781	800	859	885	956	1,022	1,037	1,058	1,079
The merger impact			11	31	96	164	184	188	191	195
Post-Merger Arçelik EBITDA		**781**	**812**	**890**	**981**	**1,120**	**1,205**	**1,225**	**1,249**	**1,274**
Pre Merger - IAS EBITDA margin	9%	9.8%	9.6%	9.8%	9.8%	10.4%	10.9%	10.9%	10.9%	10.9%
Post Merger - Pre IAS EBITDA margin			**7.7%**	**7.5%**	**8.0%**	**9.0%**	**9.5%**	**9.5%**	**9.5%**	**9.5%**

Source: YF Research

Our EBITDA margin assumption stand at 7.7% and 7.5% in 2024 and 2025 with c.2.0pt dilution impact of merger. We are assuming +0.2pt EBITDA margin expansion for pre-merger operations while our -0.2pt contraction expectation mainly due to full year contribution of the merger.

Valuation Metrics	2023	2024E	2025E	2026E
P/E	14.6x	20.0x	9.3x	6.0x
EV/EBITDA	8.1x	5.7x	4.2x	3.2x
P/BV	1.8x	1.7x	1.4x	1.2x
FCF Yield	-7.7%	-7.3%	-9.9%	-7.0%
Dividend Yield	0.0%	0.0%	0.0%	0.0%

Income Statement (TLmn)	2023	2024E	2025E	2026E
Revenues	**257,104**	**376,693**	**507,263**	**646,462**
Gross profit	75,378	111,170	151,074	194,022
Gross margin	29.3%	29.5%	29.8%	30.0%
Operating expenses	-63,762	-95,303	-128,337	-163,555
Opex /Revenues	-24.8%	-25.3%	-25.3%	-25.3%
EBIT	11,616	15,867	22,736	30,467
EBIT margin	4.5%	4.2%	4.5%	4.7%
EBITDA	**20,331**	**29,125**	**39,751**	**51,162**
EBITDA margin	7.9%	7.7%	7.8%	7.9%
Other+ financial inc. (exp.)	-4,457	-7,196	-4,156	-1,665
PBT	7,158	8,671	18,580	28,802
Net Profit	**7,667**	**5,621**	**12,045**	**18,672**
Net margin	3.0%	1.5%	2.4%	2.9%

Growth rates	2023	2024E	2025E	2026E
Revenue growth	0%	47%	35%	27%
EBITDA growth	25%	43%	36%	29%
Net income growth	22%	-27%	114%	55%

Cash flow	2023	2024E	2025E	2026E
EBITDA	20,331	29,125	39,751	51,162
Taxes paid (on EBIT)	-2,904	-3,967	-5,684	-7,617
Capital expenditures	-13,145	-11,069	-14,691	-17,971
NCW (cash flow)	-12,906	-22,256	-30,517	-33,438
Free cash flow	**-8,624**	**-8,166**	**-11,142**	**-7,864**
Dividends paid	0	0	0	0
Dividend payout ratio	0%	0%	0%	0%

Balance Sheet (TLmn)	2023	2024E	2025E	2026E
Current assets	**197,129**	**243,998**	**310,017**	**398,120**
Cash & marketable securitie	56,142	48,260	48,467	66,307
Accounts receivables	76,541	106,300	142,034	181,009
Inventory	54,596	74,201	99,538	126,435
Other current assets	9,851	15,238	19,979	24,368
Non-current assets	**99,894**	**152,225**	**197,196**	**237,751**
Total Assets	**297,023**	**396,224**	**507,213**	**635,871**
Short Term Liabilities	**158,559**	**216,553**	**273,071**	**330,806**
Short term debt	66,102	81,713	93,741	106,136
Accounts payables	62,370	89,477	120,031	152,466
Other short term payables	30,087	45,362	59,299	72,204
Long Term Liabilities	**69,928**	**104,838**	**145,816**	**195,822**
Long term debt	51,159	75,803	107,748	149,391
Other long term liabilities	18,770	29,035	38,067	46,431
Minority interest	7,357	8,032	9,481	11,726
Shareholders' equity	**61,179**	**66,800**	**78,846**	**97,518**
Total Liab. & equity	**297,023**	**396,224**	**507,213**	**635,871**
Adj. Net Debt	**60,956**	**88,869**	**132,635**	**168,833**
Working Capital	**68,767**	**91,023**	**121,540**	**154,979**

Ratios	2023	2024E	2025E	2026E
Net Debt / EBITDA	3.0x	3.1x	3.3x	3.3x
Net Debt / Equity	1.0x	1.3x	1.7x	1.7x
Capex/Revenues	-5%	-3%	-3%	-3%
ROE	13%	9%	17%	21%
ROIC	11%	11%	12%	13%

Per Share Data	2023	2024E	2025E	2026E
EPS	11.35	8.32	17.83	27.63
DPS	0.00	0.00	0.00	0.00
BVPS	90.5	98.9	116.7	144.3

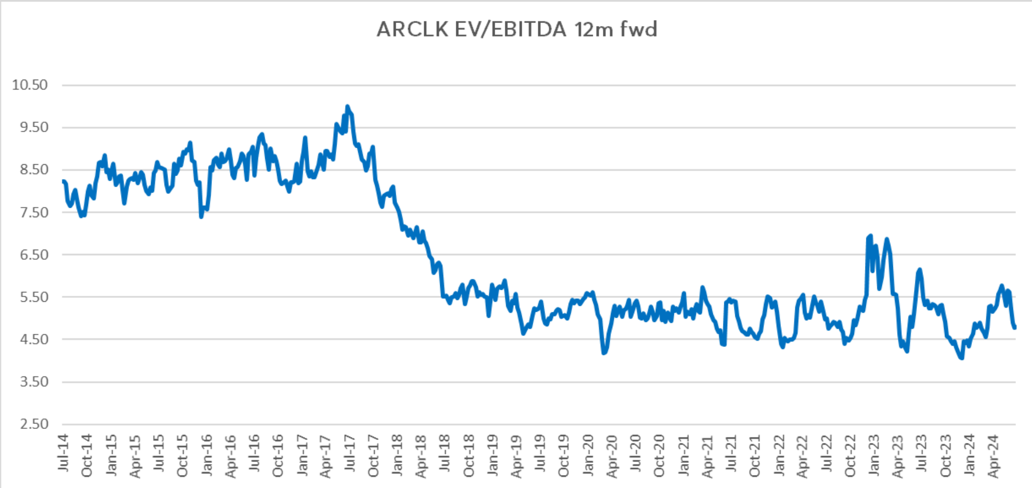
Source: Company data, YF Estimates

Post IAS-29, Pre-Merger

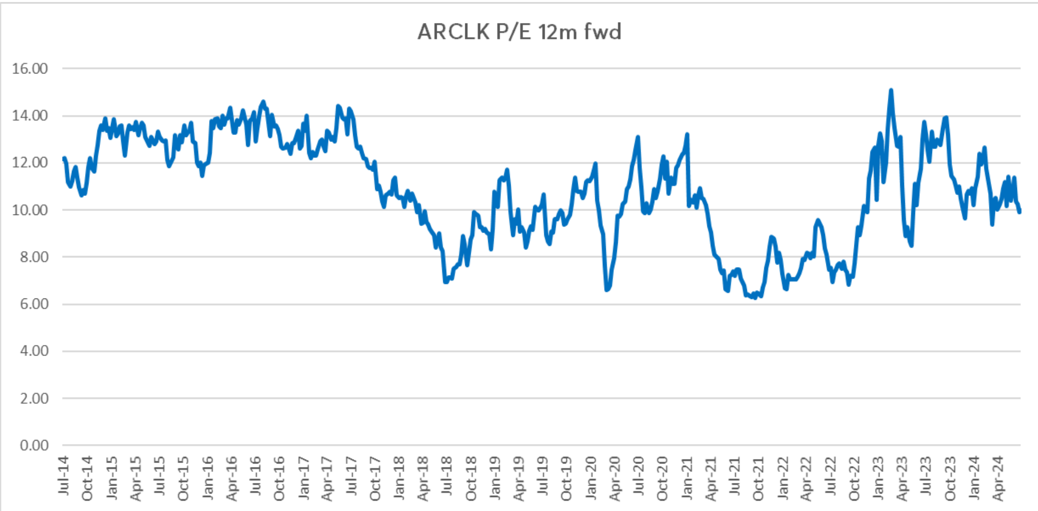
2Q24 Earnings Preview

In 2Q24, we expect company to report TL55mn net loss on bottom line mainly due to lower net monetary gain compared to a quarter ago. Our topline and EBITDA estimates stand at TL99.04bn (EUR2.8bn) and EBITDA TL5.45bn (EUR456mn), respectively. Our estimates including post - merger and IAS29 impacts, points to EBITDA margin of 5.5% in the quarter. The EBITDA margin was at 8% in the 1Q24 results while we expect c.2.5ppt dilution impact in the quarter. On the other hand, we believe the weak bottom line expectation in 2Q24 priced in. The company is expected announce its 2Q24 financials at 30 July 2024.

Appendix



Source: Bloomberg



Source: Bloomberg

Meclis - i Mebusan Caddesi No: 81 Fındıklı
Beyoğlu / İstanbul 34427
TURKEY

Tel: +90 (212) 317 69 00
Fax: +90 (212) 282 15 50 - 51
Bloomberg: YATF
www.yf.com.tr

Levent Durusoy	Executive Vice President	levent.durusoy@yf.com.tr	+90 (212) 334 98 33
Institutional Sales			
Burak Demircioğlu	Head of Sales & Trading	burak.demircioglu@yf.com.tr	+90 (212) 334 98 42
Levent Mutlu	Trading Director	levent.mutlu@yf.com.tr	+90 (212) 334 98 40
Nil Tola	Sales Trader	nil.tola@yf.com.tr	+90 (212) 334 98 51
İlkay Demirci	Sales Trader	ilkay.demirci@yf.com.tr	+90 (212) 334 98 45
Mehmet Ali Sukuşu	Senior Settlements Officer	mehmetali.sukusu@yf.com.tr	+90 (212) 317 68 42
Equity Research			
Serhat Kaya	Research Manager	serhat.kaya@yf.com.tr	+90 (212) 334 98 36
Emre Duman	Research Analyst	emre.duman@yf.com.tr	+90 (212) 334 98 58
M. Kemal Karaköse	Research Analyst	mkemal.karakose@yf.com.tr	+90 (212) 317 69 00
Alp Derya	Research Analyst	alp.derya@yf.com.tr	+90 (212) 334 98 64
Berkay Memnun	Research Analyst	berkay.memnun@yf.com.tr	+90 (212) 334 98 89
Macroeconomic Research			
Erol Gürcan	Chief Economist	erol.gurcan@yf.com.tr	+90 (212) 317 98 37

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