TURKISH MARKETS STRATEGY 2022

2022: A Year Where Anything Can Happen

Garanti BBVA Securities

14 January 2022

Index

2022: A Year Where Anything Can Happen

Humanity has been making predictions for thousands of years. Once upon a time, wars were waged according to prophecies, although fortunately in modern times predictions have become rooted in more tangible ideas. Indeed, nowadays those predictions are overwhelmingly made by machines, mostly in areas regarding consumption. The advertisements we watch, the holidays we take, the vehicles we drive, and the food we eat are seriously affected by these algorithms that many are not even aware of. Even as you read this report, many algorithms on your mobile phone, computer, and security software in the subway are busily predicting your next move...

We may not compete with machines when it comes to computational skills, but our brain is actually a pretty powerful predictor. When someone throws a ball at us, it is extremely difficult for us to immediately feed that action into a parabolic curve equation. And yet we can accurately predict where the ball will land. The human brain is great at making such predictions, but we are not so good at long-term forecasts. For example, as soon as we realize that the thing in our garden we have at first glance mistaken for a stick is a snake, we have no problem escaping any potential bite. On the other hand, we cannot predict where the snake will be the next time we go out to the garden. In fact, we almost always tend to make the wrong guess, opting to keep away from where we saw the snake last. This is one of the reasons why Nassim Taleb argues in Black Swan that, "We are really putting too much predictability on the unpredictable".

The main problem in the markets is that the economic and stock models are also “biased”. We assume that models that have predicted the future somehow correctly in the past will also predict it correctly today. But being human also requires acting unpredictably, whereby models need to be updated frequently. This is the lesson we have learned from the extraordinary events we experienced in 2020 and 2021: We make predictions with the information we have, but all these predictions can turn on a dime as conditions change.

2022 is another such year. Again... Since we see a high probability of many different scenarios on a global and local scale coming to the fore in 2022, we consider it more appropriate to focus on the early months of the year instead of adopting to a single scenario and making year-end forecasts and recommendations. For this reason, we will be keeping our investors informed at shorter intervals throughout the year.

So, what kind of markets do we expect in the near term? The world has concluded a difficult period. The second half of the year, when humanity started to adapt to the post-Covid era, actually gave us some good signals about how 2022 might unfold. First of all, the main topic of 2022 worldwide will be inflation. While supply-side inflation was persistent in all economies due to production and logistical challenges during the peak period of the pandemic, demand inflation started to make itself felt this time with the ongoing recovery. The monetary authorities began to respond to this threat by cutting off monetary easing and raising interest rates. The timing and scale of these practices will determine the direction of world markets in 2022.

Developing countries cannot be expected to follow a very different direction in a world where developed countries are undergoing through monetary tightening. For this reason, we will continue to see similar policies in many developing countries depending on the Fed's moves in 2022. At this point, the real question is whether developing countries can continue to attract money in such an environment. According to the Institute of International Finance (IIF), there was a total of USD366 bn portfolio inflows to the developing countries in the first 11 months of 2021. When we look at the second half of the year, it is seen that the rate of inflows has decelerated, which we can attribute to both the interest rate hike expectations in developed countries and concerns over how developing countries will face this problem. It is clear that these question marks will continue at least over the coming months, whereby fund flows to developing countries will remain below those of previous years for a while.

As the world economy enters such a period, we follow a different road in the Turkish economy. We see that the macroeconomic balances and volatility in the markets have not fully settled down as yet, where methods different from traditional policies are being applied. Turkey aims to become an economy producing current account surplus with the new economic model. This requires the TL to be at competitive levels, and so we expect the policy rate to be kept below inflation in the coming period. In such an environment where the TL will have difficulty in appreciating, we will see that the CBRT will seek to manage exchange rates with interventions from time to time. However, since it will be difficult to maintain this with limited FX reserves, the bulk of the efforts will be directed to keeping the FX demand of domestic investors under control by providing FX-protected deposits, forward exchange rates to institutional investors, and by diversifying products such as inflation indexed deposits/bonds.

We think that the FX protected TL deposit scheme will be a serious alternative for TL investors in the coming period due to the option included. We should note here that as Turkish inflation is likely to continue rising over the coming months, the interest rate applied to the FX protected TL deposits may be updated; it is currently limited with the CBRT policy rate +300 basis points (total of 17% currently).

On the other hand, Borsa Istanbul will again be our favorite local market in 2022. The BIST-100 index started to rise following the interest rate cuts in the last quarter of 2021, and 2022's theme will be the same: Companies that export have a long foreign exchange position, plus the power to reflect any TL depreciation on their sales prices, will be popular again this year. However, one difference of 2022 from 2021 is that we are now in a high inflation environment, and therefore this time we will see companies that manage their cash position and debts well joining the club. We expect banking stocks, which gave a weak performance in 2021 and were at their historically cheapest levels compared to peer countries, to see serious activity from time to time, due to decreasing volatility levels in the TL and positive financial results expectations.

Of course, there are many risks that may yet change the scenario we are presenting. The primary risk in the near term is the emergence of new and more dangerous variants in the epidemic, causing a re-closure of economies. And while inflation in global markets is increasing much faster than expected, the heaviness of central banks may lead to a tendency of risk avoidance in all markets. Likewise, tension between Russia and Ukraine turning into a hot war, or the emergence of various geopolitical risks as in Kazakhstan, may also create selling pressure in the markets. Domestically, any strengthening of expectations that the June 2023 elections will be brought forward may create sales pressure due to concerns over public finances. In such a scenario, volatility may again increase, while the markets face difficulty in seeing the way ahead.

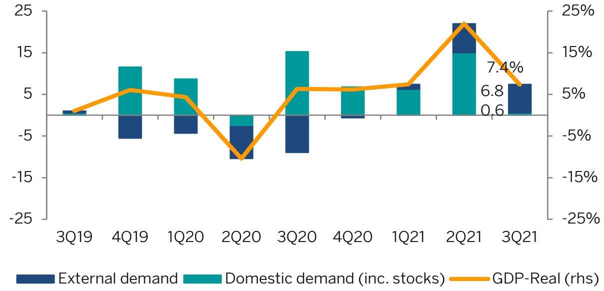
We wish all our investors a happy, healthy, successful and prosperous 2022!

ECONOMY

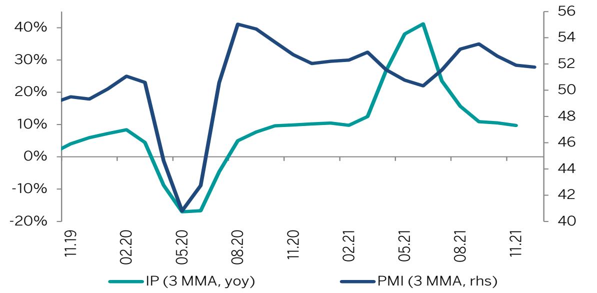
Inflation remains high in 2022

- Domestic and foreign demand, which exceeded expectations, led to a very high yoy GDP growth of 10-11% in 2021. Due to high commodity prices throughout the year, supply constraints led by the ongoing effects of Covid-19, strong demand and the significant depreciation of the TL towards the end of the year, yoy CPI inflation rose to 36.1%, its highest level of recent years.
- Taking into account the cumulative cost effects and the price hikes in energy, transportation and tobacco products announced in the first days of the year, we expect yoy CPI inflation to continue rising in the first months of 2022. We think that inflation, which would remain high throughout the year, could decline towards the end of the year due to the base effect.
- We expect the growth trend to decelerate due to normalized domestic demand and market uncertainties, and be close to its potential in 2022.
- In 2022, we expect the improvement in the current account balance to continue, thanks to the strong global growth trend, robust demand from our main trade partners, and the support of recovery in tourism revenues. Although energy imports stay elevated due to the high course of energy prices, we estimate that imports may follow a balanced course because of weakening domestic demand.
- Considering the official statements, we understand that the room extended with the positive performance in public finance in 2021 will be utilized in 2022. We estimate that the budget deficit/GDP ratio will increase with salary rises and support to social benefits and commercial enterprises. In addition, new instruments that could be introduced in the upcoming period within the new economy program could put further pressure on the budget deficit and public debt.
- According to the Financing Program for 2022 prepared in line with the 2022 budget approved by the parliament, the domestic debt rollover ratio will increase relative to 2021. In 2022, the domestic debt rollover ratio is projected at 103%, while borrowing from international markets is expected to be USD11billion. Central government total external debt redemption including interest for 2022 is estimated at USD12.8 billion.

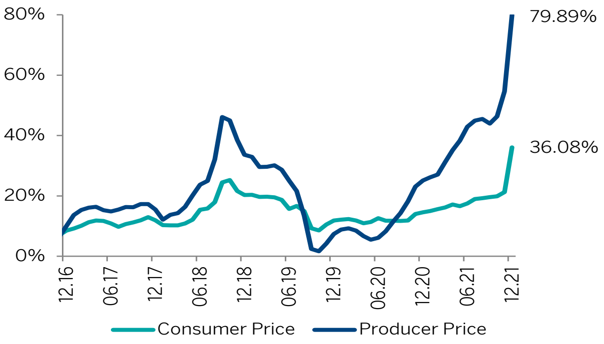
GDP Growth Contributors



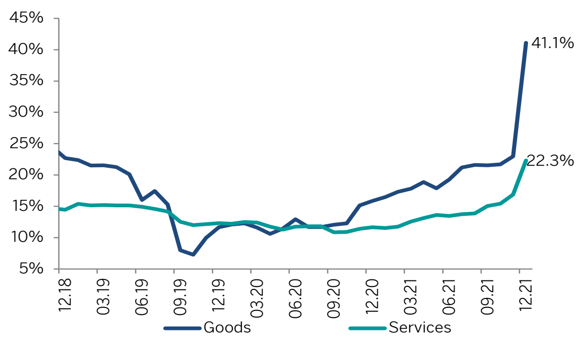
GDP Growth Indicators



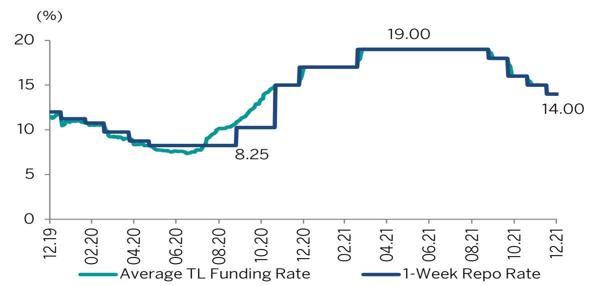
CPI & PPI Inflation (yoy)



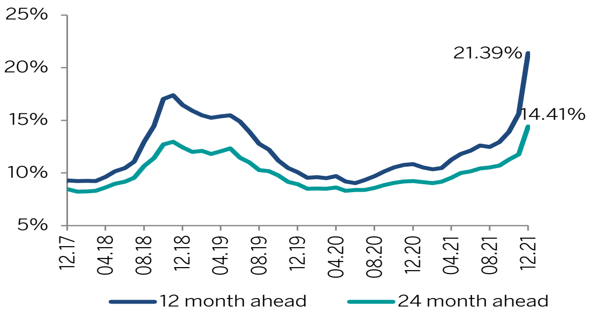
Goods & Service Inflation (yoy)



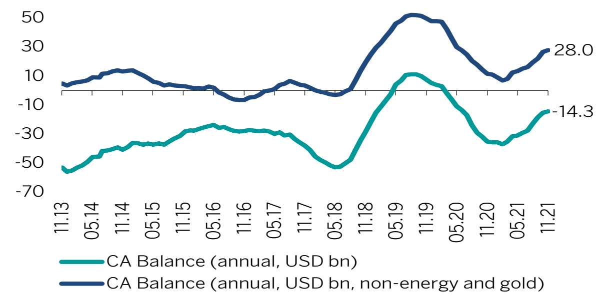
CBRT Interest Rates



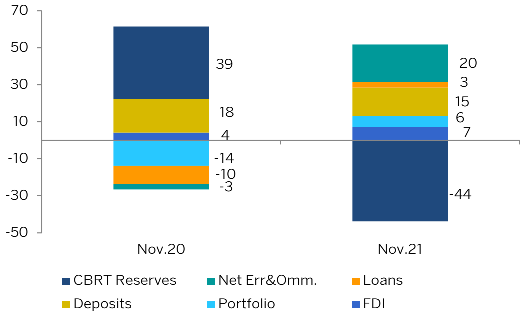
Inflation Expectations (Market Participants Survey)



Current Account Balance



Current Account Financing (12 months-USD bn)



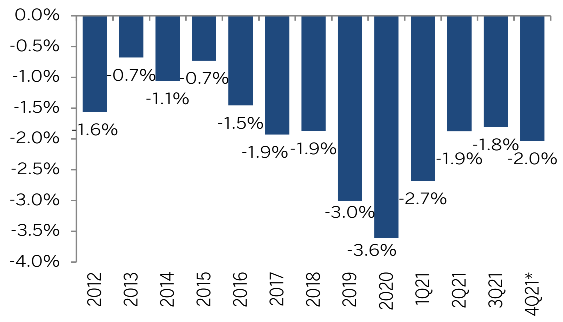
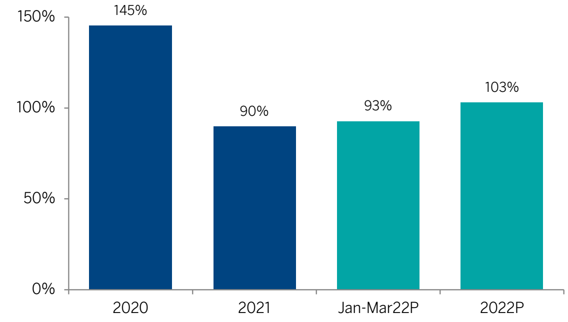
Cash Budget Balance /GDP (12 months)	Domestic Debt Roll-Over Ratio
	

Chart Sources: Turkstat, CBRT, Ministry of Treasury and Finance, Garanti BBVA Securities

* estimated GDP, P: Ministry Program

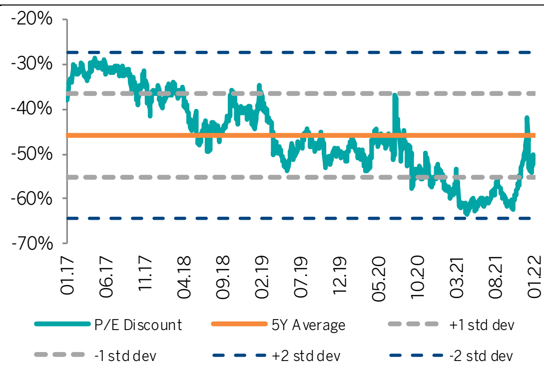
STRATEGY

BIST

In 2021, when risk appetite continued in global stock markets, those of developed countries outperformed the emerging markets by 24.6%. In the year in which emerging markets performed relatively poorly, the BIST recorded a 25% return in TL terms, while a 31% decline was recorded in US$ terms. In the year in which tighter financial conditions are adopted and the importance of Fed actions for emerging markets will increase, volatility may be seen occasionally due to foreign sources. However, we expect the opportunities presented by Borsa Istanbul to continue, where profitability is maintained in export companies, share buybacks increase, and the USD basis is traded at close to the lowest level of the past 13 years.

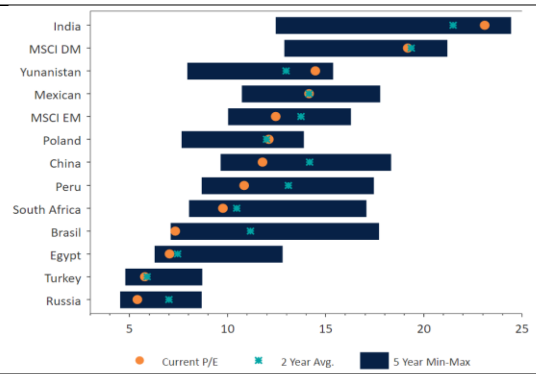
- **The discounted outlook in the Turkish stock market continues.** Deposit rates, which declined after the CBRT's interest rate cuts, made the BIST the address for investors seeking returns last year. Although rising interest in BIST provided a 60% return in TL terms in the October-December period, the discounted outlook among emerging markets did not change. Currently, the 12-month forward looking BIST P/E (5.7x) is trading at a 52% discount compared to the MSCI EM P/E ratio. The 2-year average discount is 54%, and the 5-year average discount 46%.

P/E Discount of MSCI Turkey to MSCI EM



Source: Bloomberg, Garanti Securities

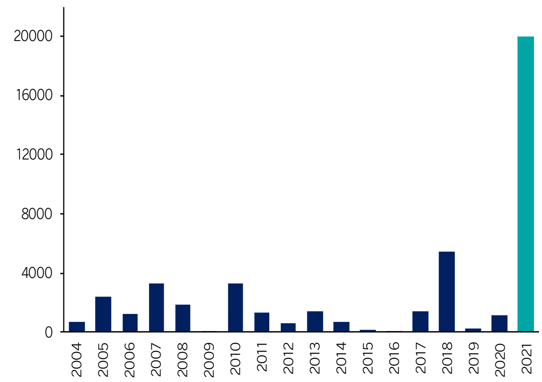
Selected Country P/E Multiples



Source: Refinitive Datastream, Garanti Securities

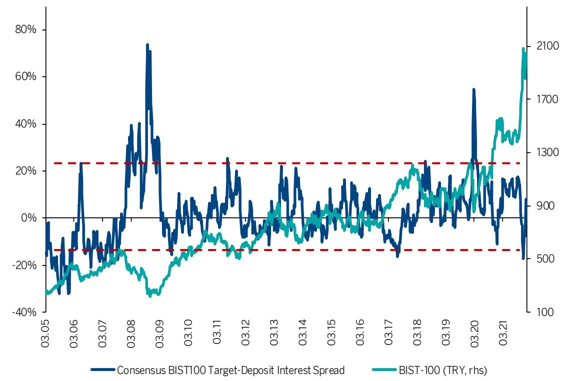
- **The change in the investor profile, which started in 2020, continued in 2021.** The number of domestic accounts, which increased by 65% in 2020, reached 2,341,923 on a rise of 18.5% in 2021. New IPO's, reaching a value of 21 billion TL, increased the interest of domestic investors in the BIST. If negative real interest rates continue in 2022, share buybacks and new IPO's may be supportive of domestic investors. Against the risk of short-term volatility, we recommend monitoring the correlation between the consensus BIST100 index expectation and deposit rates during the year.

IPO's on BIST by Years (TRY mn)



Source: BIST, Garanti BBVA Securities

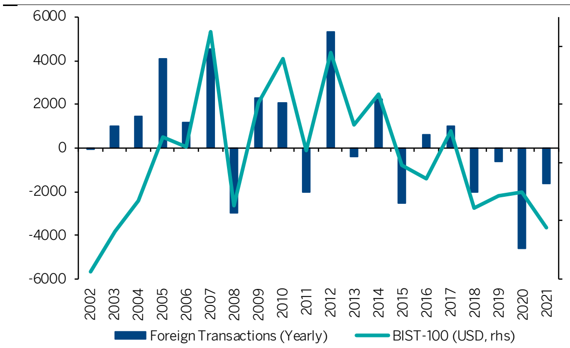
BIST-100 & Deposit Interest



Source: CBRT, Garanti BBVA Securities

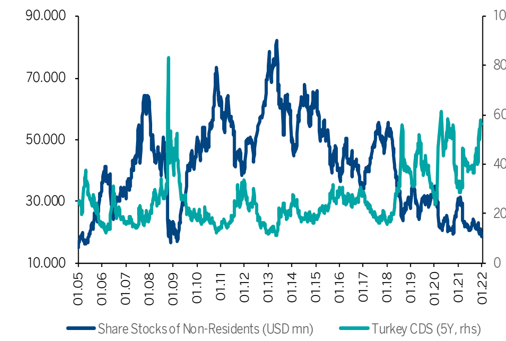
- **The equity size of foreign investors approached the lowest levels of the past 13 years.** Foreign investors' inflows to the BIST continued to weaken in 2021 as well. That investor group, which completed 2020 with net sales of approximately US$4.4 billion, also realized sales of US$1.3 billion in 2021. In the year when emerging markets performed relatively negatively, the total equity size of foreign investors in the BIST was US$ 18.4 billion, approaching the US$ 16.6 billion level of 2008. We are of the opinion that downside risks have decreased due to the historical low level of the BIST in US$ terms and the historically low positions of foreign investors. We think that there should be a decrease in the country risk premium at the point of new money inflow.

BIST-100 (USD) & Foreign Transactions (Yearly)



Source: BIST, Garanti BBVA Securities

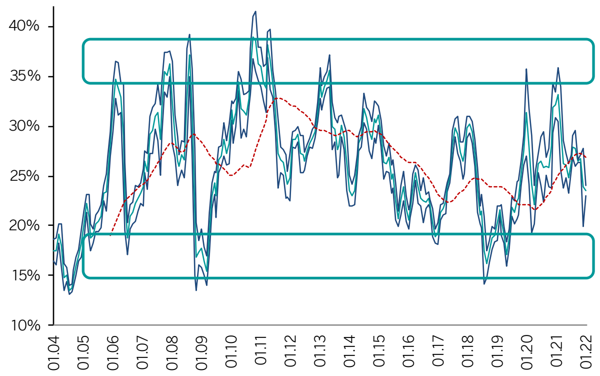
Share Stocks of Non-Residents & Turkey CDS (5Y)



Source: CBRT, Bloomberg, Garanti BBVA Securities

- **After the highest margin period of the past 10 years.** We preferred a more cautious approach in 2021, as the BIST Market Value/GDP ratio is approaching the peak levels it has tested over the past 15 years. The difference between the lowest and highest levels of the BIST-100 index reached the highest level of the past 10 years at 91%. After a year of high volatility, we see that the BIST/GDP ratio is approaching the level that we follow as 23% to 20%-15% and we argue that medium-term buying opportunities have increased. We will continue to evaluate opportunities in light of the volatility experienced throughout the year.

BIST Total Market Cap / GDP



Source: Rasyonet, Turkstat, Garanti BBVA Securities

BIST-100 (TRY, Weekly)

Source: Matriks, Garanti BBVA Securities

- **Here are the scenarios that we highlight in terms of current opportunities and risks in a year when the phrase "something changes, everything changes" may frequently be encountered:**
  - We anticipate that the negative real interest rate environment will be significant in the first quarter of 2022. We expect the BIST to maintain its attractiveness before the last quarter balance sheet period of 2021, while the discount compared to emerging markets is preserved, and appears to be supported by company financials. In this perspective, positive pricing may continue towards the 2140-2170 and 2300-2400 levels, especially for stocks with strong balance sheet expectations. If there is no fundamental change in global risk appetite in the first quarter of the year, we expect the pullbacks to provide a buying opportunity in the 1900-1700 range.

  - The theme of economic growth may continue in the global outlook. The tight monetary policies expected in the first quarter of 2022, the Fed policies abroad, and the moves to fight inflation in the country may spell a fluctuating trend. In this period, we evaluate the overshoot levels as the ranges of 1700-1600 and 2700-2900 on the basis of the 12-Month BIST-100 target price level (2652) and deposit interest correlation of our Research department. We will remain focused on any possible opportunities in our evaluations.

STRATEGY

THE TURKISH LIRA

Particularly high volatility was in evidence in the last quarter of 2021, in addition to the sharp depreciation in the TL, which eliminated the possibility of making predictions about the currency. Due to these two factors, domestic individual investors especially tended to buy foreign currency at every opportunity. The key reasons for the depreciation of the TL were the global appreciation of the USD and the lower interest rate policy implemented in the domestic markets. Among these factors, the theme of the strong USD will remain on the agenda this year too, due to the inflation dynamics in the US. We anticipate that the CBRT will continue to keep the policy rate below the inflation rate within the scope of the new economic model. At this point, we can see that the FX preference of domestic individual investors continues, as the real return of the TL will remain low.

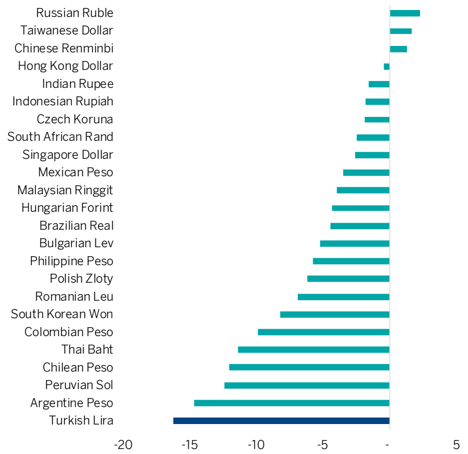
On the other hand, rather than a sharp depreciation in the TL over the coming months, as in 2021, we are more likely to see a controlled rise. The basis of this belief is the products introduced over recent weeks aimed at curbing the FX appetite of domestic investors. We estimate that the corporate demand for FX will continue this year due to need (debt payment, import cost, etc.). However, the products mentioned can ensure that volatility in the TL remains significantly lower than in the last period of 2021.

For a permanent and sustainable appreciation of the TL in the short term, foreign currency inflows from abroad must be provided. However, we can say that the demand for TL from foreign investors will also be weak, since those investors are not showing interest in TL denominated investment instruments, except for very short term opportunities. The swap balance, which was located in the TL, had decreased to USD3.5bn by the end of 2021. We think that this swap balance, which has already decreased considerably, will add no additional momentum to TL volatility unless we observe unexpected new negative events.

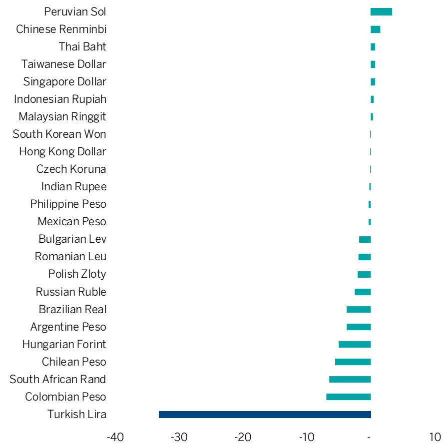
The net reserves of the CBRT, which decreased due to foreign exchange interventions and foreign outflows, may increase again this year with tourism revenues and rediscount credits. The official total amount announced in five direct CBRT interventions in December was USD7.3bn. We expect the CBRT to focus on strengthening its reserves in 2022 following these interventions, which brought the reserve debate back to the agenda. First of all, with the positive contribution of the TL, which is at a competitive level with the sharp depreciation in 2021, significant tourism revenues can be obtained in the coming summer period. In addition to the possible contribution of tourism revenues to reserves, the USD16.6bn forecast from rediscount credits in 2022 will enter the CBRT's net reserves. In 2021, the contribution of rediscount credits to CBRT reserves was USD21bn. Asuming no movement in the reserves for any other reason, gross reserves can be expected to reach approximately USD128bn by the end of the year.

At this point, let us remind you that the CBRT has a total USD400mn FX short position in VIOP (January, February and March maturity). Thus, over the coming months, the CBRT may prefer to increase its positions in the VIOP instead of direct market interventions.

Performance of EM Currencies against USD Jan-Sep

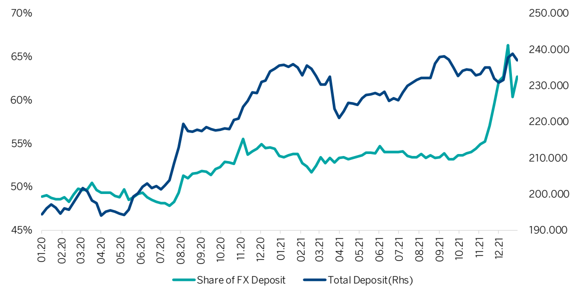


Performance of EM Currencies against USD Oct-Dec

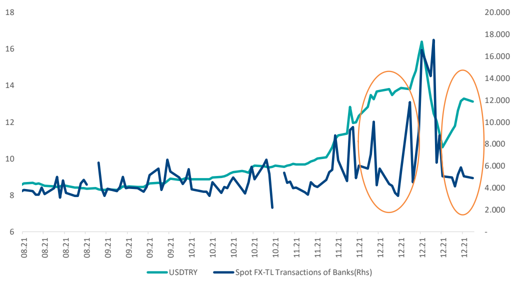


Source: Bloomberg, Garanti BBVA Securities

Total Deposit and Share of FX Deposit USD Mn

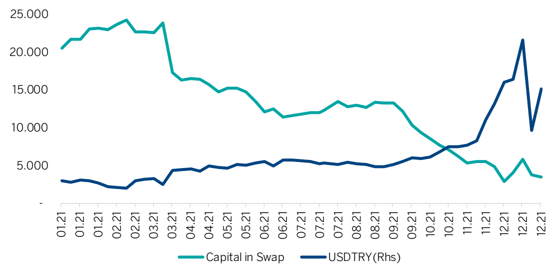


Spot FX-TL Transactions of Banks USD Mn

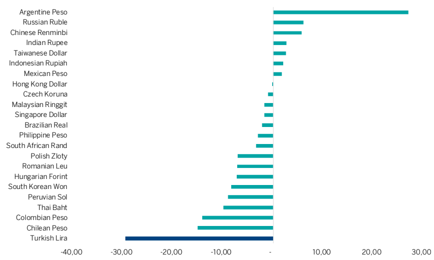


Source: CBRT, Garanti BBVA Securities

Capital in the TL with Swap Instrument USD Mn



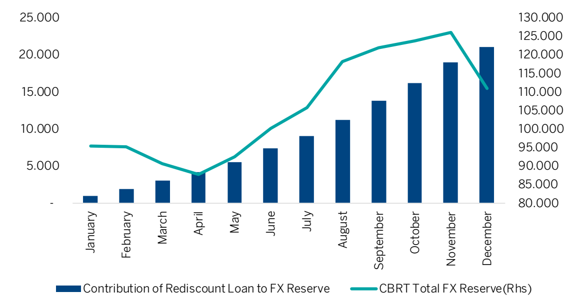
Carry Trade Returns of EM Currencies against USD in 2021



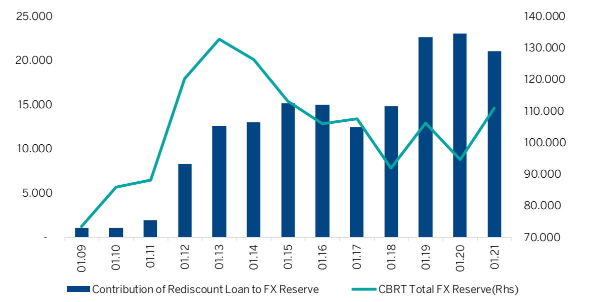
Source: CBRT,BRSA, Garanti BBVA Securities

Source: Bloomberg, Garanti BBVA Securities

Contribution of Rediscount Credits to FX Reserves in 2021



Contribution of Rediscount Credits to FX Reserves USD Mn



Source: CBRT, Garanti BBVA Securities

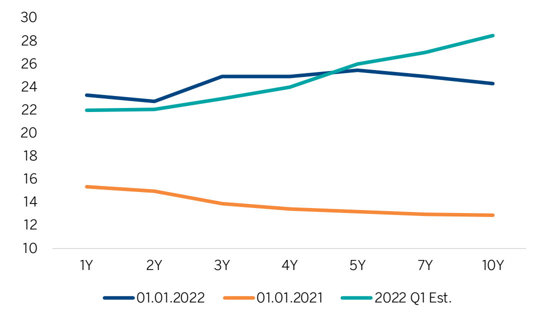
RATES

Fixed Income and Deposit Rates

In 2021, domestic borrowing costs rose due to inflation dynamics, while the average maturity of the bond stock was extended. As of the end of 2021, the average maturity of domestic borrowing was 10.9 months in zero-coupon bonds (11.8 months in the previous year), 47.5 months in fixed income (26 months in the previous year), and 53.5 months in cash borrowing (34 months in the previous year). Domestic borrowing costs increased from 9.60% to 17.94% in zero-coupon bonds, from 10.46% to 17.53% in fixed income, and from 8.82% to 14.64% in cash borrowing. While the domestic debt rollover ratio was 90.1% in 2021, it was at 145% in 2020.

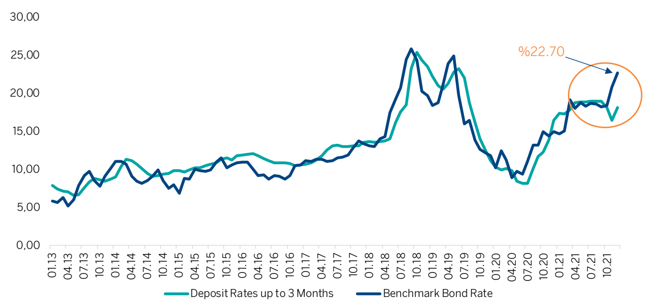
Depending on inflation movements, there may be a slight steepening in the yield curve. Monetary policy is likely to remain loose to support high employment and high growth. From this point of view, we expect no significant upward movement on the short side of the yield curve, assuming that there is no increase in the CBRT funding rate. However, it is possible for long term interest rates to increase slightly in line with inflation expectations. At this point, we foresee bond yields remaining at more advantageous levels compared to deposits.

TL Bond Yield Curve and 2022 Q1 Est. %



Source: Bloomberg, Garanti BBVA Securities

Benchmark Bond and Deposit Rates up to 3 Months %



Source: CBRT, Garanti BBVA Securities

*Our own estimate of the yield curve for Q1 is included in the chart.

Given signals that peak inflation is behind us, both domestic and foreign investors may show more interest in Turkish bonds. Although the inflation outlook is negative for the first months of the year, the market will focus on where inflation will peak for the period after mid-year. And if the market is convinced that inflation has peaked and will start to decline, an important buying opportunity may arise in the TL bonds. Thus, foreigners may show more interest in bonds, and their bond share, at 3.6%, may begin to increase.

The effect on interest rates of the CBRT's direct bond purchase from the market may be felt to a limited extent. According to the Monetary and Exchange Rate Policy for 2022, the CBRT will be able to hold treasury bonds up to 5% of the total asset size in its balance sheet. According to the latest data, the CBRT has a securities portfolio with a nominal value of TL64bn. If we compare the CBRT's asset size, the minimum securities amount for this year (we do not know how much the balance sheet can grow, and calculate based on the current size) wouuld have an TL85bn nominal value. TL64bn already exists on the balance sheet. A portion of TL15.5bn is due within the year. In addition to this, new purchases of TL20bn can be made. In other words, we conclude that the CBRT may buy a total TL35bn of bond purchases this year. Since this is a small share in total Treasury borrowing, its impact on interest rates may not be particularly felt.

FX protected TL deposits may generate additional borrowing needs for the Treasury. Since the introduction of the FX protected TL deposit product on December 21, the total value of applications has reached TL108bn. Accounts opened during this period will be evaluated at the average opening USDTRY level of 12.72. At the end of the three month period, the periodic return will be 4.25%. With this yield, the breakeven USDTRY level becomes 13.26 at maturity date. In other words, anything above this level means additional interest expenditure for the Treasury. For example, if the USDTRY level is 14 at maturity date, the Treasury will pay an additional interest of approximately TL6bn to the product owners over a balance of TL108bn. This year, the Treasury has a domestic debt service of TL391bn. TL142bn of this amount is interest payments. Therefore, with the effect of FX protected TL deposits, the Treasury may plan to issue an additional amount to roll over the total domestic debt this year.

Sample return analysis of an investor opening a FX protected TL deposit.

Maturity = 3 Months		Maturity Starts 11.01.2022	Expiration Date 11.04.2022	Annual Interest Rate	Annual Interest Earned	Quarterly Return
Probability 1	**USDTRY**	13,80	13,60	17%	17,0%	4,25%
Probability 2	**USDTRY**	13,80	14,38	17%	17,0%	4,25%
Probability 3	**USDTRY**	13,80	14,50	17%	20,3%	5,07%

Source: Garanti BBVA Securities

Increasing the deposit limit to 50% in money market funds may lower interest rates in the deposit market. While the interest rate in the money market is 14%, which is the CBRT policy rate, the interest rates in deposits are around 20%. Therefore, increasing the deposit upper limit in money market funds from 25% to 50% means that approximately TL14bn additional deposits will be created in TL53bn of total money market funds (investment and pension funds). Thus, a slight decrease in deposit rates may be observed.

The amount of Open Market Operations in total CBRT funding is TL419bn and the share of swaps with banks is USD48bn. There is a statement in the 2022 Exchange and Monetary Policy text to the effect that the share of swaps in total funding will be reduced this year. However, we do not expect the CBRT funding structure to change for now, as this would also reduce foreign exchange reserves.

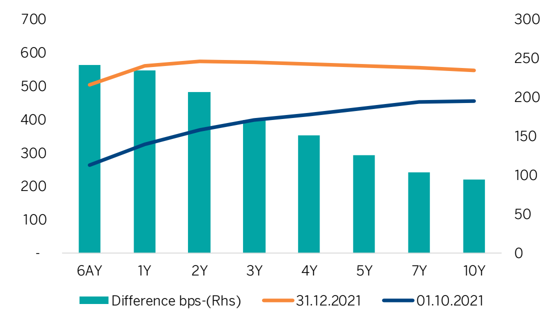
Interest in CPI linked bonds is at high levels, especially in this period when inflation is expected to rise. In these conditions, with bond yields at around 25% and deposit rates at around 20%, the demand for CPI linked bonds is high due to the expectation of an increase in inflation. However, since these bonds have already been bought due to inflationary expectations, their liquidity in the market is quite low. Therefore, we anticipate that high demand at the Treasury's CPI linked bond auctions to take place in the January-March period.

Eurobonds

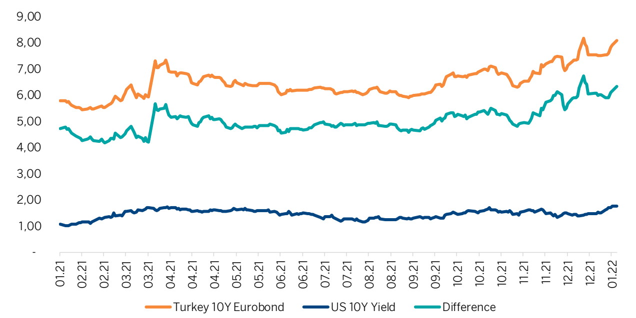
Turkish eurobonds offer value for investors who already have foreign currency. With the Fed's rate hikes, the difference between the US bond yields and Turkey Eurobond yields may decrease to some extent. Due to prevailing high inflation dynamics, the Fed is expected to increase funding rates by three or four 25 bps increments this year. This tightening would also cause an upward movement in the US bond yields. If the Fed increases the funding rate by 25 bps three times (75 bps in total), the US 10Y interest rates may rise by a similar amount during the year. Rising global USD funding costs would normally create selling pressure on Turkish eurobonds. However, in the last quarter of 2021, CDS premiums increased considerably due to Turkey's internal dynamics. Therefore, should we witness no new CDS volatility this year, US bond yields may not be expected to raise our eurobond yields by much.

The CBRT has started to implement an annual commission of 1.5% on the required reserves of banks' FX deposits in order to encourage the transition from FX to TL. This move will increase banks' USD deposit costs by 40 bps. As a result of this additional cost, banks have reduced their already low FX deposit rates. Therefore, Turkish eurobonds are the most attractive option for investors holding FX. On the yield curve, 3-5 years in the short term and 7-9 years in the medium terms seem reasonable. From this perspective, we consider the March 2025, January 2026, March 2027, April 2029, and January 2031 eurobonds attractive..

Turkey CDS Yield Curve - Bps

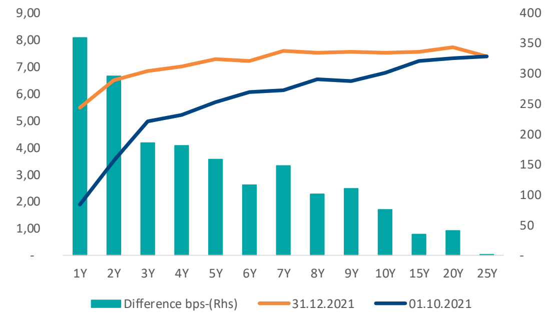


Turkey 10Y Eurobond and US 10Y Bond Yield %

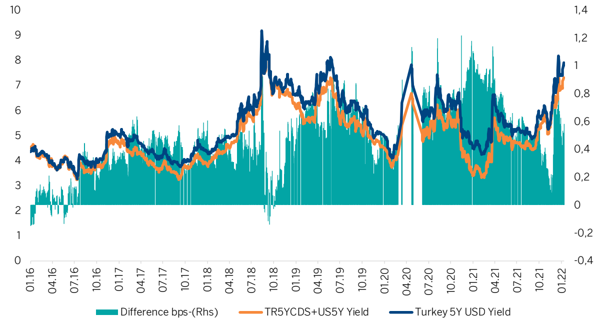


Source: Bloomberg, Garanti BBVA Securities

Turkey Eurobond Yield Curve %



Turkey 5YCDS+US5Y Yield and Turkey 5Y USD Yield %



Source: Bloomberg, Garanti BBVA Securities

Model Portfolio

We foresee a positive outlook for equity market in 2022. We think that the growth momentum will be strong especially in banks, commodity-based production companies and sectors with strong exports and FX linked earnings. Thus, we maintain our positive view on BIST. We think that the most important risk on our expectation is a sharp decrease in production and loss of employment due to the pandemic. In the domestic market, we think that the rapid economic recovery after the pandemic will continue with a lesser extend, and that the strong industrial production data and increasing external demand conditions will support the financial indicators of the companies. The main determinants of 2022 will be; i) loan conditions turn positive on the commercial side, especially with the steps taken by the regulator, ii) the attractive TL will be supportive for producers and exporters, and iii) the still strong domestic consumption which we expect to continue.

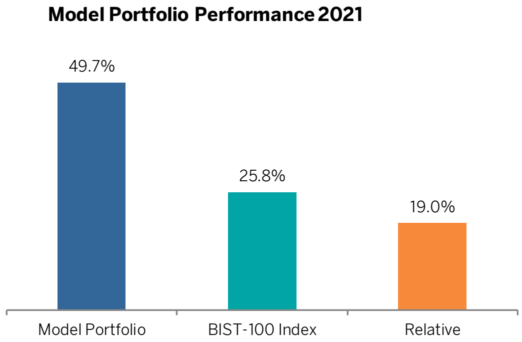
Low real interest rate environment and attractive valuation seem to be two important arguments for stock market investors. Basically, we think two strong arguments are supportive for the stock market; i) low real interest rate environment, ii) high discount limiting downside potential. In recent years, the share of the foreigners has decreased from 65% to 40% in stock market and the domestic investors started to dominate the market. Yet, despite the recent uptick in deposit rates to 20% level, there is still a negative return on deposit market for domestics. Therefore, the stock market will remain attractive with the hedges it provides against inflation. The second important issue is that the high discount levels that our stock market has reached in recent years limit the downside potential. Our stock market is traded with a 52% discount on P/E basis compared to EM peers. Considering the P/E multiplier, which we expect to converge at an average of 8x in current interest conditions, and 15% net earnings growth in the medium term, we think that the 2,650 levels for the index are fair. Our index target which is derived from company cash flows is close to this level.

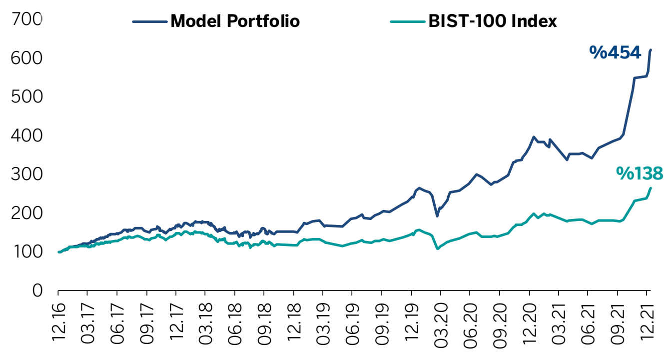
We prefer stocks that have strong demand conditions, FX linked revenue structure and that are attractive in terms of valuation. The weight of banks in our model portfolio is 2pp above the market and 16%. We like **Akbank** and **Yapi Kredi**, which have strong fundamentals in terms of capital and liquidity with solid asset quality. In addition, we find **Koc Holding** attractive, whose NAV discount has increased to 33% recently. We also include **Tupras** and **Turkish Airlines** in our model portfolio in order to take the benefits of after pandemic era along with attractive valuation. On the food retail side, which was positively affected by the inflationary environment, **Migros** is our top-pick. In addition, due to strong demand conditions and FX revenues, **Arcelik**, **Sisecam** and **Tofas** are included in our model portfolio. **Eregli**, on the other hand, is expected to be the most prominent share of the dividend payment period.

Our top picks are:

Our Model Portfolio consists of two banks and seven non-banking stocks, adding up to nine stocks in total: **AKBNK** (%7), **ARCLK** (10%), **EREGL** (%10), **KCHOL** (%11), **MGROS** (%11), **SISE** (%11), **THYAO** (%11), **TOASO** (%10), **TUPRS** (%10), **YKBNK** (%9).

- **AKBNK:** Strong capitalization and FX liquidity
- **ARCLK:** Expected increase in overseas revenues with Hitachi and Whirlpool
- **EREGL:** Solid business model, strong net cash position and bulk cash dividend expectation
- **KCHOL:** Huge discount to NAV
- **MGROS:** Improved net cash position and online sales contribution
- **SISE:** Strong demand and weak TL supportive, despite energy costs
- **THYAO:** Expectations of recovery in passenger traffic and strong cargo revenues
- **TOASO:** Strong dividend, take or pay contracts and solid export volume
- **TUPRS:** Strong 2022 prospects
- **YKBNK:** The recovery agenda on ROE continues



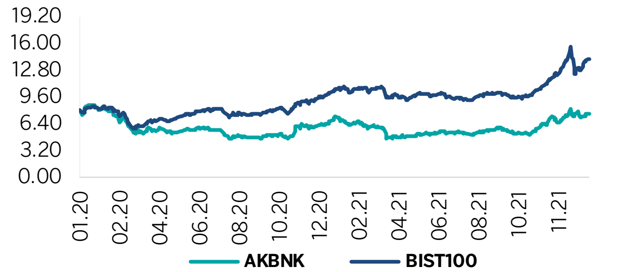


Stock	Recom.	12-M Target Price	Upside	Weights	Inclusion Price TL	Nominal return	Relative Perf	Rationale
AKBNK	OP	10.10	32%	7%	01.10.2021	44%	-2%	Strong capitalization and FX liquidity
ARCLK	OP	70.00	36%	10%	14.01.2022	0%	0%	Expected increase in overseas revenues with Hitachi and Whirlpool
EREGL	OP	41.33	31%	10%	04.01.2022	7%	2%	Solid business model, strong net cash position and bulk cash dividend expectation
KCHOL	OP	42.90	30%	11%	13.07.2021	68%	10%	Huge discount to NAV
MGROS	OP	59.66	37%	11%	14.01.2022	0%	0%	Improved net cash position and online sales contribution
SISE	OP	20.10	32%	11%	18.11.2021	41%	19%	Strong demand and weak TL supportive, despite energy costs
THYAO	OP	36.00	34%	11%	14.01.2022	0%	0%	Expectations of recovery in passenger traffic and strong cargo revenues
TOASO	OP	111.20	34%	10%	04.01.2022	-1%	-6%	Strong dividend, Take or pay contracts and solid export volume
TUPRS	OP	248.50	31%	10%	17.09.2021	74%	19%	Strong 2022 prospects
YKBNK	OP	5.05	30%	9%	04.01.2022	10%	5%	The recovery agenda on ROE continues

Source: Garanti BBVA Research

Akbank	Current/Target Price:	TL7.63 / 10.10	Upside Potential:	32%

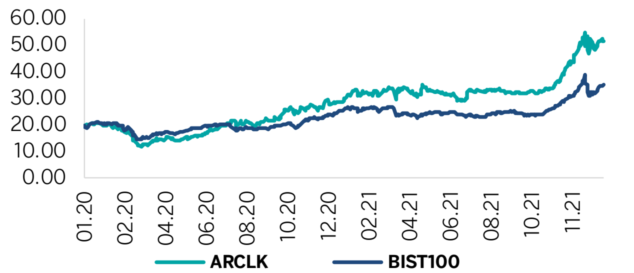
Summary Financials & Ratios				
(TLmn)	2019	2020	2021E	2022E
Net Income	5,417	6,267	10,752	13,225
Total Assets	360,502	446,101	589,381	542,485
Sh's Equity	54,382	62,919	71,127	80,926
Loans/Deposits	91%	94%	95%	97%
NIM	4.1%	4.1%	3.2%	3.4%
Cost/Income	35%	33%	35%	35%
Valuation Multiples				
P/E	7.3	6.3	3.7	3.0
P/BV	0.7	0.6	0.6	0.5
ROAE	11%	11%	15%	15%
ROAA	1.9%	2.0%	2.2%	2.2%
Stock Market Data				12.01.2022
Relative Performance:		1mth	3mths	12mths
		3%	-1%	-19%
Beta				0.89
Weight in BIST 100				2.4%
52 Week Range (TL):				4.68 - 8.22
Market Cap (TLmn):				39,676
Average Daily Vol (TLmn) 3 mth:				1081.4
YTD TL Return(%):				6
Free float (%):				42



Akbank stands out among private banks with its strong capital adequacy and FX liquidity. Akbank, which has a solid core capital ratio of 16%, is the best positioned bank against exchange rate movements. In addition, the company has a solid asset quality structure, with total Group II and Group III loans share of 15%. The company is the best performing bank with a net cost of risk of just 52bps in the first 9M21. According to our 2022 forecasts, Akbank trades with 0.5P/BV and 3.0x P/E at a discount of 15% and 20%, respectively, compared to the average of the last 5 years. We think the company's strong fundamentals deserve better multiplier levels. Our net income growth expectation for Akbank in 2022 is 23%.

Arcelik	Current/Target Price:	TL51.55 / 70.0	Upside Potential:	36%

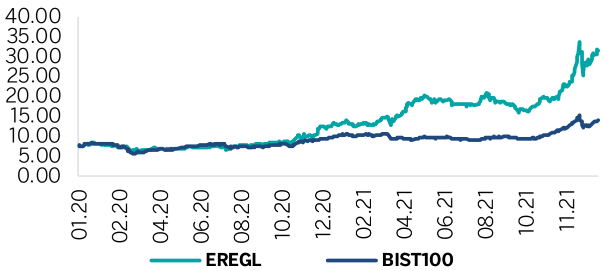
Summary Financials & Ratios				
(TLmn)	2019	2020	2021E	2022E
Net Sales	26,904	31,942	65,674	119,947
EBITDA	2,727	3,294	7,122	13,092
Net Income	852	925	3,202	6,928
EBITDA Margin	10.1%	10.3%	10.8%	10.9%
Net Margin	3.2%	2.9%	4.9%	5.8%
Valuation Multiples				
P/E	40.9	37.7	10.9	5.0
EV/Sales	1.8	1.5	0.7	0.4
EV/EBITDA	17.9	14.8	6.9	3.7
EPS (TL)	1.26	1.37	4.74	10.25
Dividend Yield	0%	0%	5%	10%
Stock Market Data				12.01.2022
Relative Performance:		1mth	3mths	12mths
		3%	7%	24%
Beta:				0.92
Weight in BIST 100				2.1%
52 Week Range (TL):				29.12 - 55.05
Market Cap (TLmn):				34,834
Average Daily Vol (TLmn) 3 mth:				263.7
YTD TL Return(%):				7
Free float (%):				25



We expect more moderate growth on the domestic demand side in 2022, and the export side will be more supportive of the sector. The share of foreign currency in Arçelik's total consolidated revenues is approximately 70%, while the share of Euro and USD is in the range of approximately 35%~40% of the total. On the cost side, the share of Euro and USD is approximately 65%. The upward movement of the EURUSD parity has a positive effect on Arçelik's gross profitability. The depreciation of the TL has a positive impact on exports. We assume the share of foreign revenues approaching 80% with the Hitachi and Whirlpool acquisitions. Arçelik's dividend policy is to distribute at least 50% of the distributable income for in cash and/or bonus shares. We calculate a 50% payout ratio, implying a gross dividend of TL2.37 in 2022.

Eregli Demir Celik	**Current/Target Price:**	**TL31.58 / 41.33**	**Upside Potential:**	**31%**

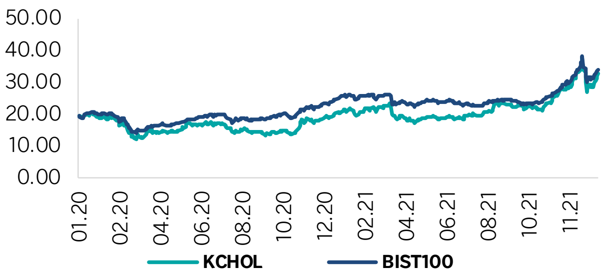
Summary Financials & Ratios				
(TLmn)	**2019**	**2020**	**2021E**	**2022E**
Net Sales	27,015	27,465	62,635	104,850
EBITDA	8,630	5,458	25,693	41,302
Net Income	5,598	3,317	16,557	26,942
EBITDA Margin	31.9%	19.9%	41.0%	39.4%
Net Margin	20.7%	12.1%	26.4%	25.7%
Valuation Multiples				
P/E	19.7	33.3	6.7	4.1
EV/Sales	4.0	4.0	1.7	1.0
EV/EBITDA	12.6	19.9	4.2	2.6
EPS (TL)	1.60	0.95	4.73	7.70
Dividend Yield	0%	0%	13%	25%
Stock Market Data				**12.01.2022**
Relative Performance:		**1mth**	**3mths**	**12mths**
		12%	23%	78%
Beta:				0.97
Weight in BIST 100				6.7%
52 Week Range (TL):				12.59 - 33.6
Market Cap (TLmn):				110,530
Average Daily Vol (TLmn) 3 mth:				1524.3
YTD TL Return(%):				12
Free float (%):				48



We like Erdemir for its solid financial structure, strong dividend payment policy and high profitability. The company's product portfolio is important for export sectors including automotive and white goods, moreover product price hikes is a pass through. Following a strong rally in steel prices in 2021, we expect some normalization in 2022 thanks to the decline in raw material prices. In the mid-long term, we expect iron ore to remain at US$100-110/ton and gross profitability to remain strong at high double digits. We expect Erdemir to continue to record strong financial results in 2022 as well, thanks to sustainable demand growth in Turkey. Erdemir is trading at 2.6x EV/EBITDA according to our 2022 forecasts and is at a discount compared to its global peers. Our estimate of EBITDA per ton is US$220/ton in 2022.

Koc Holding	**Current/Target Price:**	**TL33.10 / 42.90**	**Upside Potential:**	**30%**

Summary Financials & Ratios				
(TLmn)	**2019**	**2020**	**2021E**	**2022E**
Net Sales	142,470	152,907	235,025	282,030
EBITDA	13,540	10,696	39,010	46,800
Net Income	5,537	4,391	12,550	15,060
EBITDA Margin	9.5%	7.0%	16.6%	16.6%
Net Margin	3.9%	2.9%	5.3%	5.3%
Valuation Multiples				
P/E	15.2	19.1	6.7	5.6
EV/Sales	3.9	3.7	2.4	2.0
EV/EBITDA	41.5	52.6	14.4	12.0
EPS (TL)	2.18	1.73	4.95	5.94
Dividend Yield	0%	0%	2%	3%
Stock Market Data				**12.01.2022**
Relative Performance:		**1mth**	**3mths**	**12mths**
		-1%	4%	16%
Beta:				1.31
Weight in BIST 100				5.1%
52 Week Range (TL):				17.09 - 37.72
Market Cap (TLmn):				83,938
Average Daily Vol (TLmn) 3 mth:				602.8
YTD TL Return(%):				17
Free float (%):				22

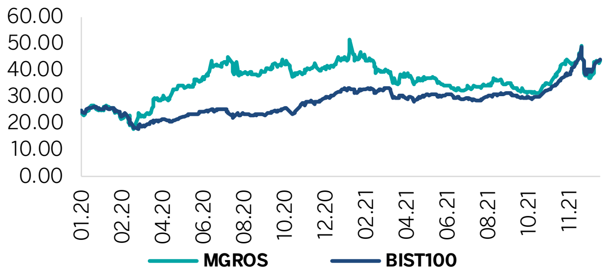


We have a positive expectation for Koc Holding due to; i) the fact that the NAV discount has increased to 33%, which is the highest level we have seen in recent years, ii) the commitment to the banking sector with rising share in Yapı Kredi which we find extremely positive for asset allocation iv) a balanced portfolio structure, strong demand conditions and companies that will perform well for the post-pandemic period.

In the last 3 months, the company lagged behind its subsidiaries and increased its discount, but we think that the volatility decline in the exchange rate will increase the interest in Koc Holding together with the interest of institutional investors. In addition, we think that the share buyback program also limits the downside potential.

Migros	Current/Target Price:	TL43.70 / 59.66	Upside Potential:	37%

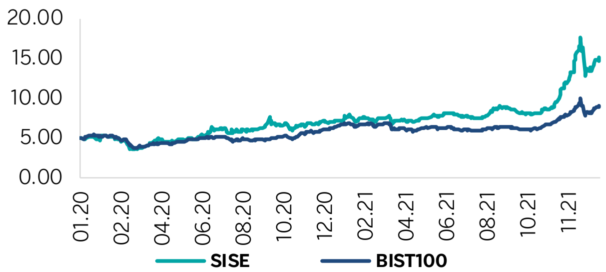
Summary Financials & Ratios				
(TLmn)	2019	2020	2021E	2022E
Net Sales	18,717	22,865	35,522	50,342
EBITDA	1,144	2,136	2,810	3,667
Net Income	-836	-461	144	775
EBITDA Margin	6.1%	9.3%	7.9%	7.3%
Net Margin	n.m.	n.m.	0.4%	1.5%
Valuation Multiples				
P/E	n.m.	n.m.	54.9	10.2
EV/Sales	0.6	0.5	0.3	0.2
EV/EBITDA	9.3	5.0	3.8	2.9
EPS (TL)	-4.61	-2.55	0.80	4.28
Dividend Yield	0%	0%	0%	0%
Stock Market Data				12.01.2022
Relative Performance:		1mth	3mths	12mths
		-1%	-4%	-26%
Beta:				0.90
Weight in BIST 100				0.5%
52 Week Range (TL):				31.22 - 51.35
Market Cap (TLmn):				7,912
Average Daily Vol (TLmn) 3 mth:				152.8
YTD TL Return(%):				15
Free float (%):				19



The negative net FX position, which had suppressed net profit in previous periods, turned positive as of February 2021. Moreover, net debt of 623mnTL in 9M20 turned into 449mnTL net cash in 9M21. Accordingly, the company is in a position to earn interest income and pay dividends in the upcoming period. In addition, online sales increased by 99% in 9M21 on an annual basis, and its share in total sales rose to 14.5%. We expect a greater contribution from online channels with the synergy created by the new subsidiary. As of 4Q21, we reflected the Competition Authority's administrative fine, which decreased to TL388mn with early payment, to our valuation. We add MGROS to our model portfolio based upon our belief that the company can achieve rapid new store openings and sustainable profitability in upcoming period despite the regulatory challnges in the sector and due to the attractive valuation.

Sise Cam	Current/Target Price:	TL15.19 / 20.10	Upside Potential:	32%

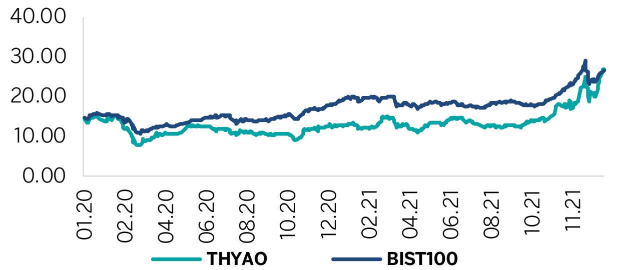
Summary Financials & Ratios				
(TLmn)	2019	2020	2021E	2022E
Net Sales	15,550	18,059	31,221	42,304
EBITDA	3,384	3,831	7,433	9,440
Net Income	2,289	1,905	6,226	7,456
EBITDA Margin	21.8%	21.2%	23.8%	22.3%
Net Margin	14.7%	10.5%	19.9%	17.6%
Valuation Multiples				
P/E	20.3	24.4	7.5	6.2
EV/Sales	3.2	2.8	1.6	1.2
EV/EBITDA	14.9	13.1	6.8	5.3
EPS (TL)	0.75	0.62	2.03	2.43
Dividend Yield	0%	0%	2%	2%
Stock Market Data				12.01.2022
Relative Performance:		1mth	3mths	12mths
		-4%	28%	52%
Beta:				1.05
Weight in BIST 100				2.8%
52 Week Range (TL):				6.79 - 17.71
Market Cap (TLmn):				46,530
Average Daily Vol (TLmn) 3 mth:				1882.4
YTD TL Return(%):				14
Free float (%):				35



We like the company's diversified business structure, both geographically and in terms of product range, helping to mitigate risk. Sise Cam benefits from the weakness of the TL thanks to its export capability and FX-based revenue stream. Sise Cam's international operations constitute 72% of its consolidated revenues as of 3Q21. 10% depreciation of the TL contributes more than TL850mn to Şise's net profit. The share of natural gas in the total cost of goods sold in Sise Cam's Turkey operations is around 10% as of 9M21. By our calculations, a 10% rise in natural gas tariffs affects Sise Cam's consolidated EBITDA margin by 0.7-0.8 points. With the support of strong demand, especially in the architectural glass segment, the company reflects the increasing costs to its product prices. with rapid new store openings and sustainable profitability.

Turkish Airlines		Current/Target Price:	TL26.88 / 36.0	Upside Potential:	34%

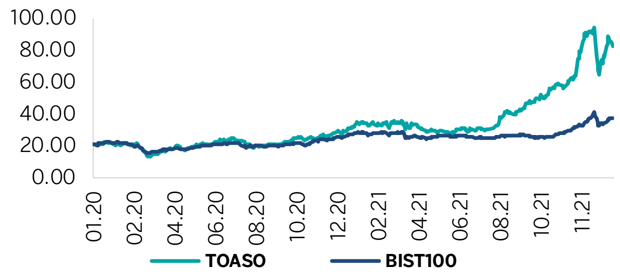
Summary Financials & Ratios				
(TLmn)	2019	2020	2021E	2022E
Net Sales	62,853	75,118	94,754	176,242
EBITDA	11,400	11,993	23,956	34,778
Net Income	4,045	4,535	4,781	7,361
EBITDA Margin	18.1%	16.0%	25.3%	19.7%
Net Margin	6.4%	6.0%	5.0%	4.2%
Valuation Multiples				
P/E	9.2	8.2	7.8	5.0
EV/Sales	2.5	2.1	1.6	0.9
EV/EBITDA	13.7	13.0	6.5	4.5
EPS (TL)	2.93	3.29	3.46	5.33
Dividend Yield	0%	0%	0%	0%
Stock Market Data				12.01.2022
Relative Performance:		1mth	3mths	12mths
		21%	29%	57%
Beta:				1.36
Weight in BIST 100				2.2%
52 Week Range (TL):				10.9 - 26.9
Market Cap (TLmn):				37,094
Average Daily Vol (TLmn) 3 mth:				2502.7
YTD TL Return(%):				34
Free float (%):				50



We think that the rise in the number of cases will increase the number of people vaccinated and that Omicron will no longer be an important risk factor for the aviation industry after the winter season. We expect tourism-oriented travel, which has become more attractive with the rapidly advancing vaccination process and the depreciation of the TL, to have a positive impact on the sector. THYAO is in our model portfolio due to our expectation of recovery in passenger traffic with the tourism season, combined with its strong cargo revenues and positive impact of TL weakness. Cargo revenues remained strong due to container problems and higher freight prices. THYAO's cargo revenue more than doubled in 9M21 compared to 2019. While approximately 90% of THYAO's revenues are in foreign currency, the figure is 76% in costs. Therefore, THYAO benefits from the weakness of the TL.

Tofas Otomobil Fab.		Current/Target Price:	TL82.85 / 111.20	Upside Potential:	34%

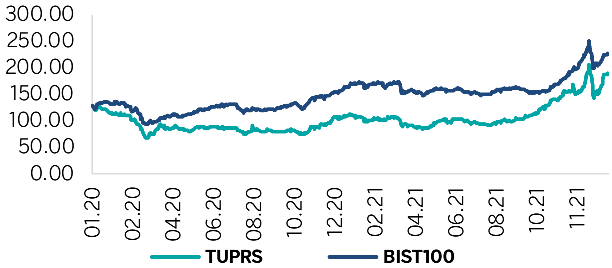
Summary Financials & Ratios				
(TLmn)	2019	2020	2021E	2022E
Net Sales	18,603	18,897	27,206	46,419
EBITDA	2,533	2,480	4,289	6,063
Net Income	1,330	1,482	2,887	4,583
EBITDA Margin	13.6%	13.1%	15.8%	13.1%
Net Margin	7.2%	7.8%	10.6%	9.9%
Valuation Multiples				
P/E	31.1	28.0	14.3	9.0
EV/Sales	2.4	2.4	1.7	1.0
EV/EBITDA	18.0	18.3	10.6	7.5
EPS (TL)	2.66	2.96	5.77	9.17
Dividend Yield	0%	0%	4%	6%
Stock Market Data				12.01.2022
Relative Performance:		1mth	3mths	12mths
		-9%	1%	76%
Beta:				1.30
Weight in BIST 100				2.5%
52 Week Range (TL):				27.68 - 94.5
Market Cap (TLmn):				41,425
Average Daily Vol (TLmn) 3 mth:				344.7
YTD TL Return(%):				9
Free float (%):				24



We like Tofaş for its strong dividend structure, its Take or Pay agreements and high export volume. In 2022, we predict an annual contraction of 6%. Domestic market dynamics do not indicate strong growth, yet we are more positive on the export front as new investments, new product launches (mainly hybrid models) and/or new collaborations may be on the agenda. The company's cost structure maintains profitability in volatile times. Tofas also distributes regular dividends. We expect the growth in the domestic market to come from low-priced vehicles with high local content, in which Tofaş is the market leader. It would not be a surprise for us to hear about new collaborations between Tofas and Stellantis in 2022.

Tupras			Current/Target Price:	TL189.20 / 248.50	Upside Potential:	31%

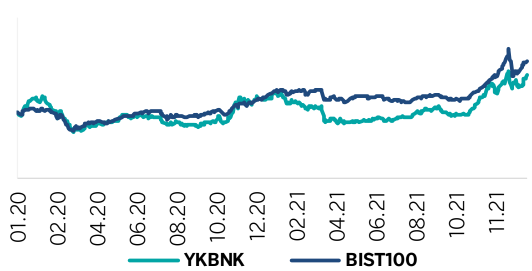
Summary Financials & Ratios				
(TLmn)	2019	2020	2021E	2022E
Net Sales	88,552	89,601	154,350	300,227
EBITDA	8,539	3,807	8,261	19,268
Net Income	3,713	526	2,183	6,633
EBITDA Margin	9.6%	4.2%	5.4%	6.4%
Net Margin	4.2%	0.6%	1.4%	2.2%
Valuation Multiples				
P/E	12.8	90.1	21.7	7.1
EV/Sales	0.6	0.6	0.4	0.2
EV/EBITDA	6.6	14.9	6.9	2.9
EPS (TL)	14.83	2.10	8.72	26.49
Dividend Yield	0%	0%	0%	13%
Stock Market Data				12.01.2022
Relative Performance:		1mth	3mths	12mths
		2%	4%	30%
Beta:				1.25
Weight in BIST 100				2.9%
52 Week Range (TL):				85 - 206.3
Market Cap (TLmn):				47,379
Average Daily Vol (TLmn) 3 mth:				958.6
YTD TL Return(%):				23
Free float (%):				49



We expect Tüpraş to remain a defensive name in the coming period with solid financial recording. We like the company due to i) improvement in middle distillate product margins, ii) attractive crude oil differentials, iii) strong EBITDA and net income generation. Demand for refinery products is expected to reach pre-Covid-19 levels by the end of 2022. We expect Tüpraş to create a sustainable EBITDA of US$1.0-1.1 billion in the upcoming period. The stock has been an outperformer in 2021 and outperformed BIST-100 since Januaary. We still find its valuation attractive. The company trades at a discount compared to its counterparts from 2.9x EV/EBITDA and 7.1x P/E according to 2022E.

Yapi Ve Kredi Bankasi			Current/Target Price:	TL3.88 / 5.05	Upside Potential:	30%

Summary Financials & Ratios				
(TLmn)	2019	2020	2021E	2022E
Net Income	3,600	5,080	10,230	12,788
Total Assets	387,496	459,732	515,200	575,007
Sh's Equity	41,188	47,564	56,669	68,125
Loans/Deposits	97%	109%	106%	106%
NIM	3.3%	3.8%	3.0%	3.3%
Cost/Income	35%	33%	35%	35%
Valuation Multiples				
P/E	9.1	6.5	3.2	2.6
P/BV	0.8	0.7	0.6	0.5
ROAE	9%	12%	19%	19%
ROAA	1.5%	1.8%	2.1%	2.1%
Stock Market Data				12.01.2022
Relative Performance:		1mth	3mths	12mths
		6%	11%	-8%
Beta				0.97
Weight in BIST 100				2.0%
52 Week Range (TL):				2.07 - 4
Market Cap (TLmn):				32,775
Average Daily Vol (TLmn) 3 mth:				1313.9
YTD TL Return(%):				15
Free float (%):				18



Yapı Kredi is trading with 0.5x P/BV and 2.6x P/E, according to our 2022 forecasts. When we compare the multiples with their peers, we still see a 6% discount despite the strong outperformance against banking index in the last year. Considering the rapid recovery in the company's ROE in the recent period, we think that Yapı Kredi should be traded at a higher premium compared to its peers. The ROE of the bank has realized at around 19% in 9M21. We expect the bank to achieve a solid margin performance in the coming period, especially with the CPI-linked bonds, which have a weight close to 10% in its balance sheet. The cost/income ratio converging to 30% and better margin performance compared to peers will continue to be the most important factors that will support the improvement in return on equity.

SECTOR UPDATE

Banking

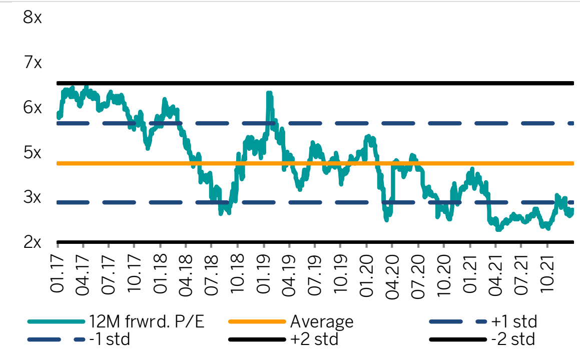
Bank balance sheet performances continue to be strong. Looking at the performance of banks on the fundamental side, the positive balance sheet developments we expect to see in the second half of the year continue. According to the BRSA October and November data, the net income average of the last quarter is 20% higher than the previous quarter. In particular, we have seen sharp decreases in deposit costs with November, which is positive for the NIM of banks. In addition, rising exchange rate volatility positively affects the trading income of banks. However, the depreciation of TL also affects banks negatively due to foreign currency-related provision expenses. In particular, the rapid increase in provision expenses in November data is due to the TL depreciation. Therefore, we can clearly state from the movements of the banking index in the recent period that the banking sector has benefited the most from the decrease in the volatility in TL. Therefore, movements in TL will continue to be the most important determinant in both the balance sheet and the outlook of the banking index. In addition, CPI linked bonds continue to support margins both in 4Q21 and the impact of these instruments, which have a weight of approximately 7% in the balance sheet, will remain significant in the upcoming period.

New deposit products can reduce the structural maturity mismatch problem of the banking sector. 51% of the banking sector's total deposits have a maturity of less than one month, and 91% of them have a maturity of less than three months. On the loan side, it is possible to say that the average maturity is close to 12 months. Therefore, the banking sector has a balance sheet structure that is adversely affected by interest rate volatility as well as the exchange rate volatility mentioned above. We think that the minimum maturity of 92 days in "Foreign Currency Protected TL Deposit" instruments opens an important window of opportunity for the banking sector. We expect deposit maturities to be lengthened in the coming period. The CBRT also announced a certain incentive mechanism for returns from FX deposits, according to which required reserve interest payments will be made and commission incentives will be applied to the amounts converted from foreign currency deposits to TL deposits. The CBRT announced that it has decided to charge an annual commission of 1.5% for deposits held in foreign currency. This commission will not be charged for banks that achieve a certain level of conversion to TL. According to our calculations, this commission increases banks' FX deposit costs by 40bps. Banks pay an average of 80bps interest on dollar deposits, so some of this cost will have an impact on lowering FX deposit interest rates.

The balance sheet expectations will be an important factor that will shape the performance of banking index in January. In the first 3 days of February, Akbank, Garanti and Yapı Kredi will announce their 2021 year-end balance sheets, respectively. Banks normally held their analyst meetings in the first week of the year, where they shared their 2022 projections and budget forecasts, but the radical effects of the volatility experienced in the last days of December on macro expectations caused these meetings to be postponed to February. We think that banks are expecting a margin increase of 30-50bps and a risk cost of around 150bps in 2022. The inflation outlook will have a serious impact on these expectations. In addition, we expect a loan growth of 20-25% to be expected in the sector.

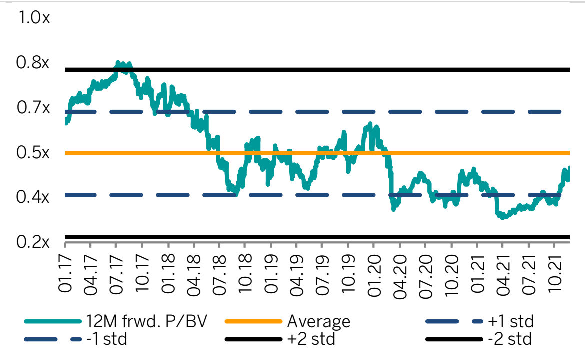
The recent valuation metrics are confirming the attractive level that we have been talking about for a long time. Banks are trading at 3.1x P/E and 0.4x P/BV based on the 2022 forecasts, and these multipliers implies 65% and 59% discounts compared to their EM peers. It is worth noting that these levels are attractive levels in terms of valuation. While the industrial index closed 2021 with a return of 46% due to the positive revenue effect of TL depreciation, the return of the banking index was limited to only 3% in this period. We think that stabilization in TL and decline in volatility will have positive impact on the banking index in the upcoming period. The foreign share of the banking index has decreased by 7pp and fell to 43% in 2021, and we think that the stabilization in TL will increase foreign interest. We continue to maintain Akbank (AKBNK) and Yapı Kredi (YKBNK) in our model portfolio.

Banking Index 12m forward P/E



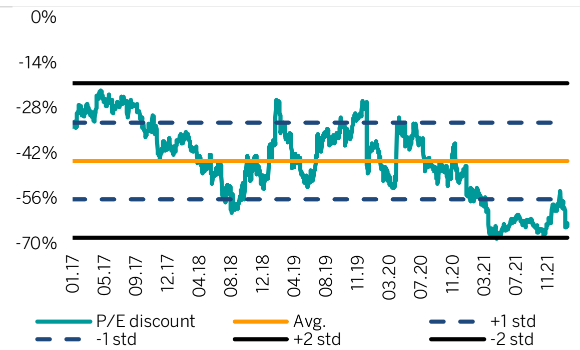
Source: Bloomberg, Garanti BBVA Securities

Banking Index 12m forward P/BV



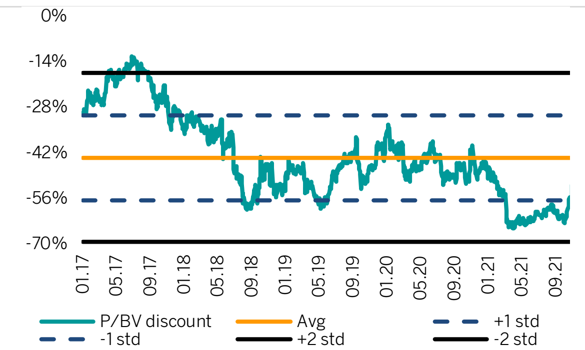
Source: Bloomberg, Garanti BBVA Securities

Turkey vs. EM banks premium (discount) P/E



Source: Bloomberg, Garanti BBVA Securities

Turkey vs. EM banks premium (discount) P/BV

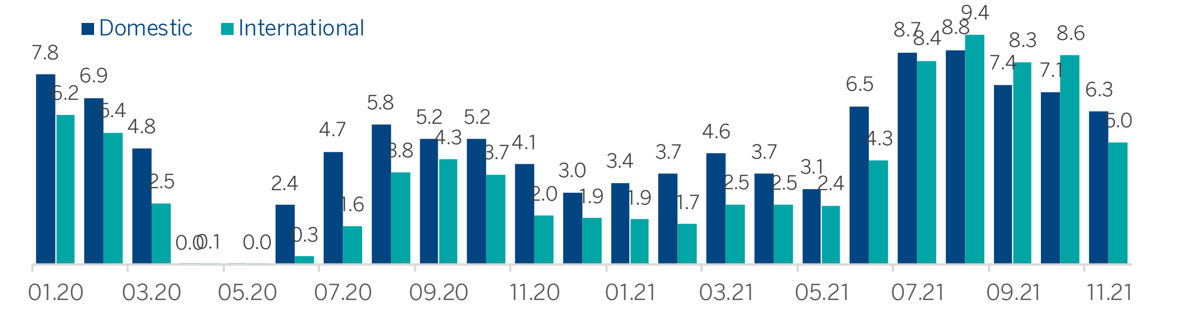


Source: Bloomberg, Garanti BBVA Securities

Airlines

- We have a positive stance on the aviation sector. We expect tourism-oriented travel, which has become more attractive with the rapidly advancing vaccination process and the depreciation of the TL, to have a positive impact on the sector. Omicron, the latest variant of Covid-19, is more contagious than other variants, causing a sharp increase in the number of cases worldwide. On the other hand, we think that the increase in the number of cases will increase the number of people vaccinated and that Omicron will no longer be an important risk factor for the aviation industry after the winter season.
- The travel restrictions around the world have not been completely lifted. The increase in the number of people vaccinated will have a direct impact on the aviation sector. Passenger traffic, which was approximately 209mn in 2019, is expected to rise above the 2019 figure in 2023. Furthermore, the sharp depreciation of the TL may have a reducing effect on the number of passengers traveling abroad from Turkey. On the other hand, considering that holiday plans abroad are generally made in the 1st and 2nd quarters, the absence of a new Covid variant and the decrease in the effect of the Omicron variant may increase the flow of foreign passengers to Turkey due to the depreciation of the TL.
- THYAO is in our model portfolio due to our expectation of recovery in passenger traffic with the tourism season, combined with its strong cargo revenues and positive impact of the TL weakness. Cargo revenues remained strong due to container problems and higher freight prices. THYAO's cargo revenue more than doubled in 9M21 compared to 2019. While approximately 90% of THYAO's revenues are in foreign currency, the figure is 76% in costs. Therefore, THYAO benefits from the weakness of the TL. We have an Outperform (OP) recommendation for PGSUS. Pegasus' business model is based on effective cost control and generating revenues from passenger transportation and various products and services associated with passenger transportation. Pegasus has updated 42 of its 100 aircraft order as A320NEO and 58 as A321NEO. In the first nine months of 2021, 4 A320NEO aircraft joined the Pegasus fleet. It is expected that 20 A321NEO will join the fleet in 2022. The fact that the new aircraft consume less fuel and have a greater seat capacity will provide a cost advantages to the company. The average number of seats at Pegasus, which was 190 in 2020, will increase to 216 in 2025.

Pax Numbers (mn)

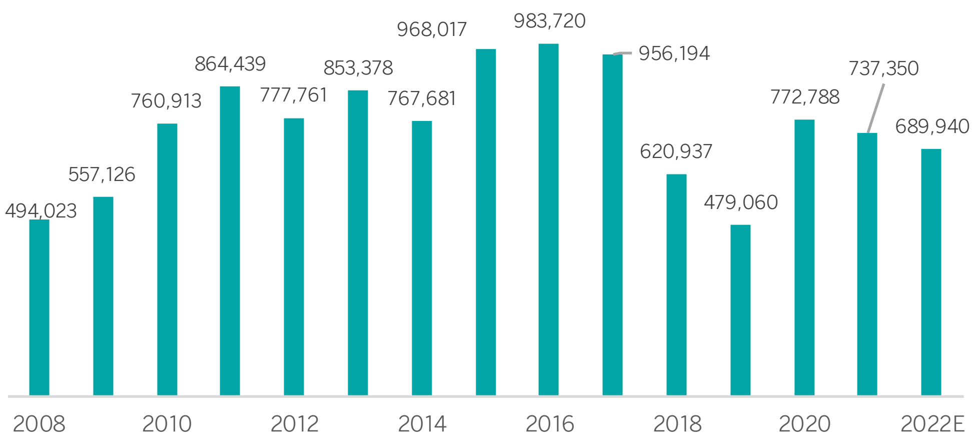


Source: DHMI, Garanti BBVA Securities

Automotive

- The depreciation of TL and the decreasing purchasing power could lead to some contraction in automotive demand in 2022. We have seen steep price increases as a result of increasing raw materials and sudden depreciation of TL which led to to price increases by the end of 2021.
- The automotive sales growth contracted uninterruptedly starting from June mainly as a result of high base effect,. Still the bulk contractions at the end 2021 was due to increased volatility and uncertainty. In 2022, we estimate a PC and LVC market size of approximately 690k units (720 thousand units with heavy commercial vehicles) implying a total contraction of 6.5% yoy.

Turkish Automotive Market in Years (Unit)



Source: Automotive Distributor's Data, Garanti BBVA Securities

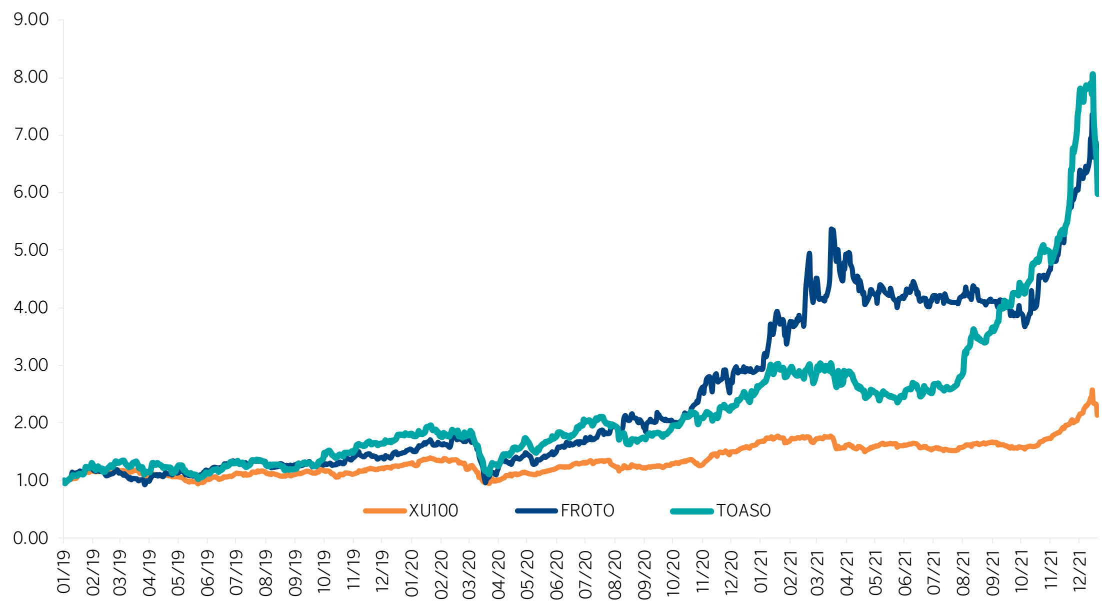
- Not only price increases, but also semiconductor supply problems have had an impact on vehicle availability in 2021. The global chip shortage will continue to be an issue in 2022 and is not forecasted to end before 2023.. However, supply issues could start to improve starting from the second half of 2022 as more capacity come into stream.
- While the domestic market dynamics do not point to a strong growth, we are more enthusiastic for export volume as new investments, new product launches (mainly hybrid models) and/or new collaborations could be on the agenda. We expect total exports to close 2021 with 935k vehicles. For 2022, we are more bullish. Our estimates point to an annual export volume growth of c. 5-10%, implying 1.0-1.1mn vehicle exports. The automotive industry comprised 13% of Turkey's total exports in 2020. Europe is an important destination account

- **We like both Tofaş and Ford Otosan as we believe both companies will be able to sustain profitability in 2022.**

  - **Ford Otosan:** We expect the company to continue leading the Turkish automotive industry on the back of i) strong sales performance both at home and in export markets in the commercial vehicle segment, ii) a growing e-commerce business that will support volume growth in 2022, iii) the outcome of collaboration between Ford Motor Co. and Volkswagen, which will fuel growth in the medium to long term, iv) its solid margin generation and v) its sustainable dividend distribution policy.

  - **Tofas:** The cost and sales model protected with Take or Pay and cost plus agreements puts the company in an exceptional positions where profitability remains solid even in hard times. The company is also a strong dividend play. We expect the growth in the domestic market to come from locally produced compact size vehicles where Tofas is a market leader. We may also expect to hear additional collaboration from Stellantis in 2022.

Ford Otosan/Tofas/BIST performance

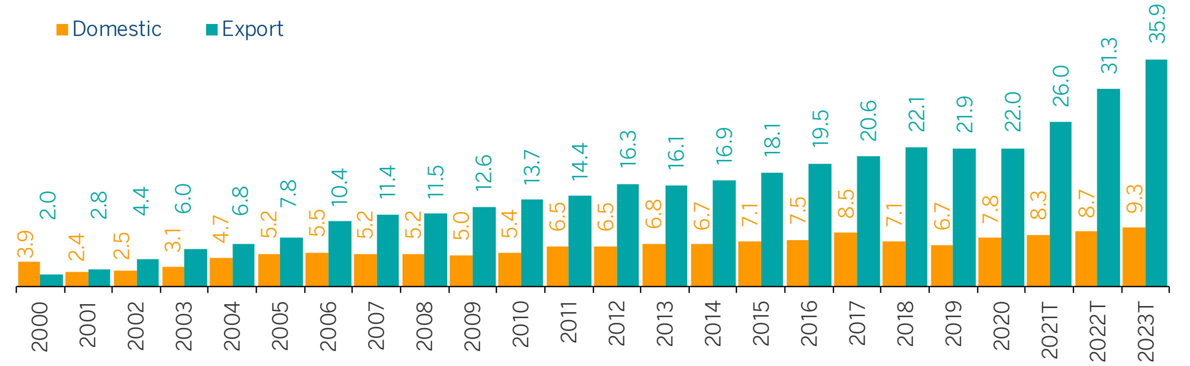


Source: Matriks, Garanti BBVA Securities

Durables

- We have a positive stance on the consumer durables sector. We think that the export capability of the sector may come to the forefront with the weak TL. The consumer durables sector, which had difficulties in 1H20 due to the Covid-19 pandemic, reached a double-digit domestic sales volume in 2H20 with the support of deferred demand and low-interest on white goods loans thanks to gradual elimination of epidemic measures. While we expect more moderate growth on the domestic demand side in 2022, the export side will be more supportive for the sector. And although we consider the increase in raw material costs a risk factor that may suppress the sector's profit margins, we believe that its export capability may come to the fore with the depreciation of the TL.
- The share of foreign currency in Arçelik's total consolidated revenues is approximately 70%, while the share of Euro and USD is in the range of approximately 35%~40% of the total. On the cost side, the share of Euro and USD is approximately 65%. The upward movement of the EURUSD parity has a positive effect on Arçelik's gross profitability. The depreciation of the TL has a positive impact on exports, but could have a negative effect where prices cannot be increased due to domestic demand conditions. Despite uncertainties in the course of the TL and inflation in 2022, Arçelik may continue to increase domestic prices and reflect the cost increases to prices in order to maintain its market leader position and maintain its profitability.
- Arçelik acquired Whirlpool's Turkey operations and Hitachi's operations outside the Japanese market in 2021. We expect that Hitachi will further strengthen Arçelik's presence in the Asia-Pacific region. We assume the share of foreign revenues approaching 80% with the Hitachi and Whirlpool acquisitions.
- Arçelik's dividend policy is to distribute at least 50% of the distributable income for in cash and/or bonus shares. The company distributed a cash dividend of TL 1500mn (53% dividend distribution rate, gross TL 2.2198 per share) from its 2020 distributable net profit on 29 March 2021. We calculate a 50% payout ratio, implying a gross dividend of TL2.37 in 2022. Within the scope of the share buyback decision taken on 1 July 21, Arçelik acquired 36.7mn shares, corresponding to 5.4356% of its paid-in capital, and is still able to purchase 30.8mn shares within the scope of the share buyback.

Domestic and Export Sales (mn Unit)

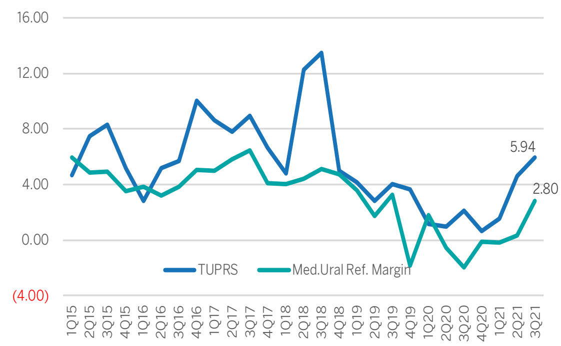


Source: White Goods Manufacturers Association (TURKBESD), Garanti BBVA Securities

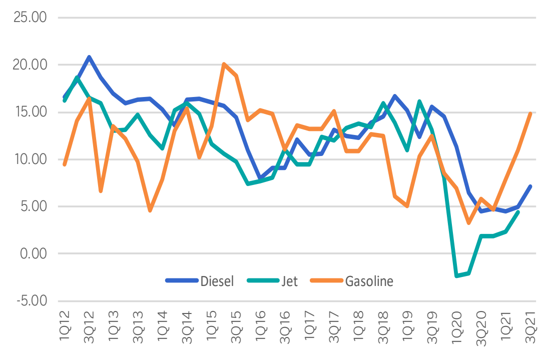
Petroleum Products

- Covid-19 was again dominant in 2021. Starting from 2Q21, the increased number of vaccination has substantially lowered the risks. On the consumption front, demand has largely returned to the pre-pandemic levels. EIA expects an average 97.5mn b/d global consumption in 2021, while forecasts a 3.3mn b/d rise in global consumption in 2022. We see an upward surge both in diesel and jet spreads thanks to significantly geared transportation and manufacturing activities. The OPEC and its allies agreed to stick to plans to raise oil output by 400,000 barrels per day (bpd) from December 2021, We, therefore do not envisage a strong oil production increase in 2022 and onwards.
- Our 2022 Brent oil price estimates hover at USD75/bbl (from USD69/bbl) in line with the EIA estimates. EIA says, growth in production from OPEC+, U.S. tight oil, and other non-OPEC countries will outpace slowing growth in global oil consumption and contribute to Brent prices.

Tupras- Med refining Margin (USD/bbl)



Diesel – Jet- Gasoline Margins (USD/bbl)



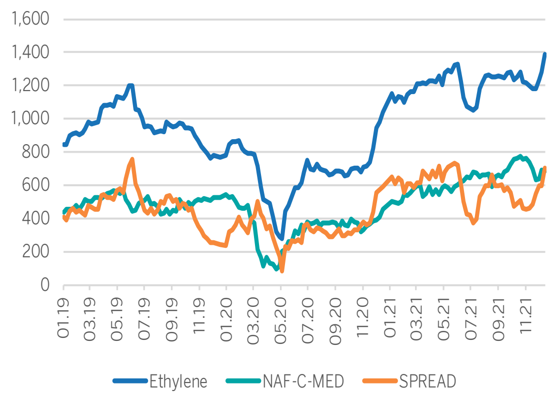
Source: Tupras, Garanti BBVA Securities

- We expect Tupras to remain a defensive name thanks to: i) recovering middle distillate crack margins, ii) better crude differentials, iii) stronger EBITDA and net income generation. The recovery in the refining margin environment and the pace of a declining pandemic with rising vaccinations supporting demand dynamics will be a key success factor for Tupras' improving financial performance. Demand is expected to reach its pre-Covid levels by the end of 2022. We expect Tupras to return back to its sustainable EBITDA generation of USD1.0-1.1bn in the upcoming period. We calculate a net refinery margin hovering at USD4.77/bbl in 2021 in line with the USD4.5-5.0/bbl range.

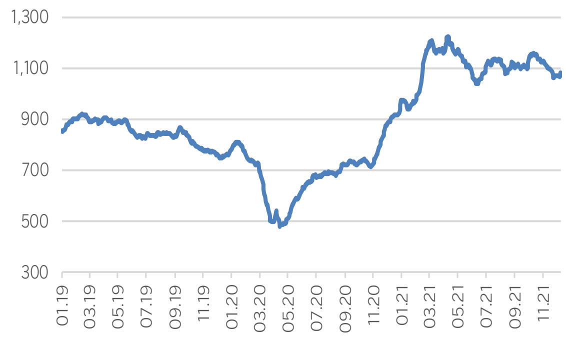
Petrochemicals

- 2021 was a profitable for petrochemicals industry, which is driven strong demand, a sequence of global unplanned outages (IDA Hurricane) globally, capacity cuts, and the global crisis in container availability. Naphtha-Ethylene prices hovered at an average of c. USD583/ton in 2021, 11% above its 5-year average of USD525 per ton. This margin level indicates solid profitability for petrochemical companies, yet we see a downside risk on the rising oil prices, hence naphtha prices.
- We anticipate some normalization both in demand and in margins in 2022 and expect spreads to remain at USD485-525 per ton level throughout the year. This margin level although lower on a yoy basis indicates solid profitability for petrochemical companies, and hence we believe that Petkim will be able to record again strong earnings. In terms of growth we expect some slowdown in the global industry growth.

Naphtha Ethylene Spread(USD/Ton)



Platts Petrochemicals Index (USD/Ton)



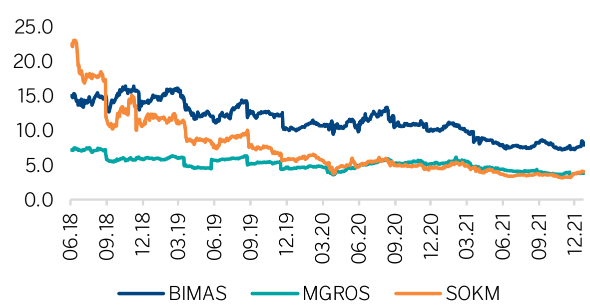
Source: Petkim, Garanti BBVA Securities

- We also note that the third installment payment (USD240mn), and hence the share transfer agreement to acquire an 18% indirect stake in STAR refinery will be made at the end of 2022 as Petkim has stated. We expect this share purchase agreement to add value to Petkim in the long run, although for the short term it may put pressure the company's financials.

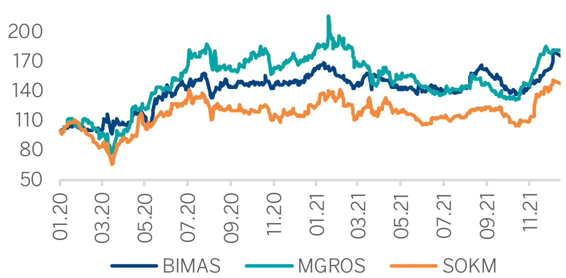
Retail

- Due to the Covid-19 pandemic, food retailing has faced extraordinary demand. The sector has been able to meet this demand during this period. Thanks to the rise in vaccination rates, in the third quarter of 2021, normalization began to be observed in the sector as well as in the wider world. The sector's growth trend continues with rapid new store openings. The fact that organized retail continues to get a share from traditional retail also supports growth. In 2020, discount markets grew by 32% and supermarkets by 22%. The negative working capital requirement, being relatively less affected by interest rates and exchange rate volatility, and increasing basket volumes during high inflation periods make the sector highly defensive in this period. Meanwhile, the Competition Authority has decided to impose administrative fines on chain stores within the scope of the exorbitant price investigation. By our estimations for BIMAS, MGROS and SOKM; we assume that the penalties will be paid with a 25% discount for early payment, and that this payment will be made in the last quarter of 2021.
- **We highlight BIMAS and MGROS.** Despite the increased popularity of online sales channels, BIMAS's proximity to its target audience makes up for this gap. In addition, the company aims to be present in the online channel with its new FILE format. To sum up, we expect BIMAS to gain more value given the sector's potential for positive divergence in the inflationary period, the continuation of strong organic growth with the contribution of the new format FILE operation, and the low-risk and regular income-generating business model.
- The basis of our appreciation of MGROS is its remarkable financial transformation. MGROS discontinued its overseas operations to concentrate on domestic business. Accordingly, the negative net FX position, which had suppressed net profit in previous periods, turned positive as of February 2021. The company's debt is also decreasing. There will also be greater contributions from the online channels thanks to the synergy to be created by new subsidiary Digital Platform. Considering all of the above, we argue that MGROS should be added to portfolios.

EV/EBITDA Trends



Share performances

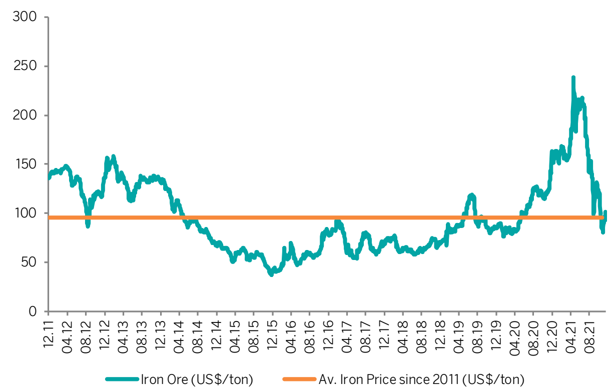


Source: Garanti BBVA Securities

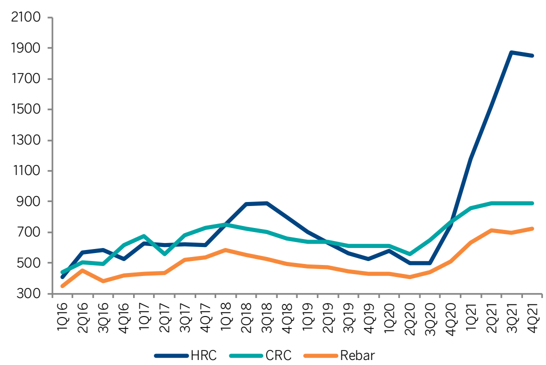
Steel

- Following a marginal growth of 0.1% last year, the World Steel Association expects global steel demand to further rise in 2022. According to Association, steel demand will rise 4.5% year-on-year to 1.86 billion tons in 2021 and see a further growth of 2.2% to 1.9 billion tons in 2022. Meanwhile, Turkey's steel demand is expected to exceed 36mn tons in 2022.
- The current forecast assumes that with the progress of vaccinations across the world, the spread of coronavirus variants will be less damaging and disruptive than seen in previous waves as said in the October report of Association. World-steel projected the steel demand of China, the world's biggest steel user, and producer, to contract by 1% in 2021 as its economy lost its strong recovery momentum after this July. In 2022, steel demand is expected to stand still in China, with the real estate sector remaining depressed.
- Steel prices have increased significantly in 2021. Turkish HRC and CRC prices have sky-rocketed, hovering at USD981 per ton and USD845 per ton, respectively at the end of 9M21. The HRC prices averaged at USD530 per ton in 2020. With the fall in iron ore prices we see some retreat in the current price levels.

Iron Ore Price (USD/ton)



Product Price Change (USD/Ton)



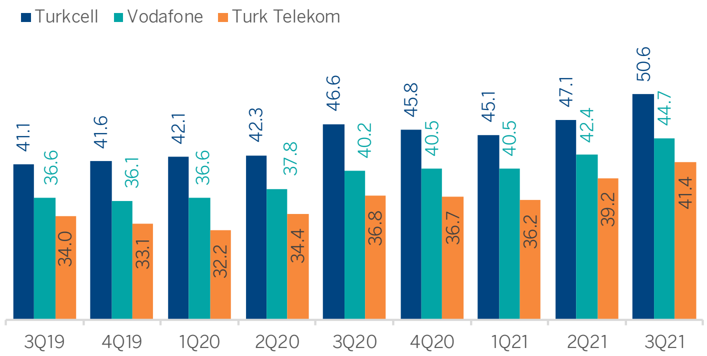
Source: Bloomberg, Garanti BBVA Securities

- Iron ore prices now hover at USD101/ton down from a record high level of USD239/ton level seen in May 2021.We expect the current iron price level to be maintained in the long-run.
- We expect the steel producers Erdemir and Kardemir to continue to enjoying solid margins in 2022 as well, thanks to the sustainable demand growth. We have an outperform recommendation for both Kardemir and Erdemir and they feature on our top-pick list. Accordingly, Erdemir and Kardemir trade at 4.6x and 4.2x 2022E EV/EBITDA, respectively at a discount compared to global peers. Our 2022 EBITDA per ton estimate hovers at USD220/ton for Erdemir and by USD145/ton for Kardemir.

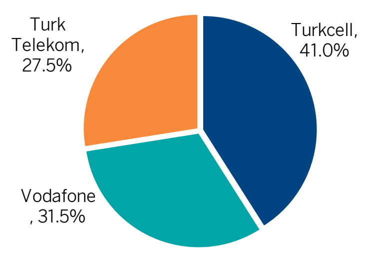
Telecommunication

- We have a neutral stance on the telecom sector in 2022. Although the Covid-19 pandemic has increased data usage, digital services and online channels and habits, we are concerned that high inflation and increasing costs will not be reflected in prices quickly due to contract subscribers.
- In Turkey 66.5% of mobile subscribers were postpaid and 33.5% were prepaid subscribers as of 3Q21. The higher weight of postpaid subscribers among total subscribers may cause operators to reflect high inflation and increased costs to their prices with a delay. In addition, the sharp depreciation of the TL may cause operators to record FX losses in the last quarter despite rising hedge ratios. Turkcell remains the market leader in terms of subscriber number with a market share of 41.0%, followed by Vodafone (31.5%), and Turk Telekom (27.5%) in 3Q21. We expect tough market conditions to prevent operators from price and market share competition and foresee operators focusing on seeking price increases and greater profitability.
- We expect news flow related to the infrastructure sharing and joint investment arrangements to become more intense due to the depreciation of the TL and the FX–based Capex. Total (all mobile and alternative operators') fiber infrastructure in Turkey rose by 10.1% yoy to 455k km as of 3Q21. Turk Telekom (TTKOM, N/R) owns approximately 77.6% of the infrastructure. We consider infrastructure sharing and joint investment arrangements key factors in reducing total capex and increasing efficiency, rather than each operator building its own infrastructure, which might be an important catalyst for Turkcell.
- Turkcell in November 2021 decided to evaluate alternatives for a partial stake sale in its fully-owned subsidiary Turkcell Odeme ve Elektronik Para Hizmetleri A.Ş. which offers payment solutions under Paycell brand. The decision has been taken to provide resources to the company pursuant to the strategy of scaling up its overall business by accelerating growth in existing and potential markets. News flows regarding Paycell could support Turkcell shares. In addition, negotiations started at the end of December for the sale of 55% of Turk Telekom's shares held by LYY Telekomunikasyon A.S.to Turkey Wealth Fund. These developments may prove important for the sector.

Average Revenue Per Users (ARPU - TL)



Market Share by Number of Subscribers



Source: ICTA, Garanti BBVA Securities

FX Sensitivity Analysis

- Among our coverage; ASELS, KOZAL, EREGL, THYAO, SISE, ENKAI, TUPRS, AYGAZ, and KORDS benefit from weakness in the TL.

Ticker	Reporting Currency	Latest announced financials	Share of FX in revenues	Share of FX in costs	Net FX Position (TL mn)	Mcap (mn TL)	Net Cash (mn TL)
SISE	TL	2021/09	67%	62%	7,683	46,530	-3,751
ARCLK	TL	2021/09	70%	65%	-2,026	34,834	-13,973
TCELL	TL	2021/09	3%	7%	-12,098	44,176	-11,510
ASELS	TL	2021/09	80%	36%	5,851	55,085	-2,678
KOZAL	TL	2021/09	100%	35%	1,460	19,901	7,569
THYAO	USD	2021/09	90%	76%	-88,596	37,094	-118,592
PGSUS	EUR	2021/09	70%	70%	-9,465	10,670	-19,062
BIMAS	TL	2021/09	0%	0%	372	43,688	-3,651
BRISA	TL	2021/09	40%	75%	-2,058	9,105	-1,554
MGROS	TL	2021/09	0%	0%	237	7,912	-2,738
SOKM	TL	2021/09	0%	0%	-6	9,179	-1,468
TKFEN	TL	2021/09	90%	90%	-245	8,858	1,129
ENKAI	USD	2021/09	95%	90%	5,376	84,280	42,543
FROTO	TL	2021/09	70%	65%	-5,394	89,096	375
TOASO	TL	2021/09	55%	60%	-2,756	41,425	-4,039
PETKM	TL	2021/09	95%	95%	-936	24,204	-4,654
TTRAK	TL	2021/09	30%	35-40%	315	11,752	-21
AYGAZ	TL	2021/09	100%	90%	-703	7,542	-589
TUPRS	TL	2021/09	100%	90%	-106	47,379	-9,266
EREGL	USD	2021/09	100%	80%	1,974	110,530	1,836
KRDMD	TL	2021/09	95%	80%	-1,215	10,182	976
KORDS	TL	2021/09	100%	90%	-696	7,198	-2,822
DOAS	TL	2021/09	25%	90%	1,522	9,605	-982

Source: Companies, Garanti BBVA Securities

Dividend Expectations

Ticker	Recom	2021E Net Income (TL mn)	Dividend (TL mn)	Payout Ratio	DPS (TL)	*Close (TL)	Dividend Yield
EREGL	OP	16,557	14,902	90%	4.26	31.58	13.5%
DOAS	MP	1,637	819	50%	3.72	43.66	8.5%
TTRAK	OP	1,120	784	70%	14.69	220.20	6.7%
PETKM	MP	4,776	1,433	30%	0.57	9.55	5.9%
FROTO	OP	6,833	5,125	75%	14.60	253.90	5.8%
TCELL	OP	4,425	2,212	50%	1.01	20.08	5.0%
ARCLK	OP	3,202	1,601	50%	2.37	51.55	4.6%
AYGAZ	MP	433	346	80%	1.15	25.14	4.6%
SAHOL	OP	9,150	1,373	15%	0.67	15.04	4.5%
BRISA	MP	494	395	80%	1.30	29.84	4.3%
BIMAS	OP	2,422	1,695	70%	2.79	71.95	3.9%
TOASO	OP	2,887	1,588	55%	3.18	82.85	3.8%
YKBNK	OP	10,230	1,023	10%	0.12	3.88	3.1%
AKBNK	OP	10,752	1,075	10%	0.21	7.63	2.7%
ISCTR	MP	9,398	940	10%	0.21	7.84	2.7%
TKFEN	MP	755	226	30%	0.61	23.94	2.6%
TSKB	MP	1,032	103	10%	0.04	1.58	2.3%
KCHOL	OP	12,550	1,883	15%	0.74	33.10	2.2%
ENKAI	OP	6,518	1,760	27%	0.31	15.05	2.1%
SISE	OP	6,226	934	15%	0.30	15.19	2.0%
ASELS	MP	5,510	1,102	20%	0.48	24.16	2.0%
EKGYO	MP	1,450	145	10%	0.04	2.38	1.6%
KORDS	MP	254	67	26%	0.34	37.00	0.9%
SOKM	OP	132	38	29%	0.06	15.00	0.4%

*: As of 12.01.2022

Source: Companies, Garanti BBVA Securities

Recommendation List

- After fine-tuning our models with our new macro estimates, we reached a 12-month BIST-100 index target of **2,652**, indicating a **28%** increase over the current BIST-100 level.
- We also discontinue fundamental equity coverage for **INDES**, **ODAS** and **QUAGR** due to reallocation of resources.

12.01.2022	Ticker	Rating	Close (TL)	Target Price*	Upside Potential	Market Cap. (TL mn)	Market Cap. (USD mn)	Avg. Vol. **	P/E 2021E	P/E 2022E	P/BV 2021E	P/BV 2022E	ROE 2021E	ROE 2022E
FINANCIALS														
Banks														
Akbank	AKBNK	OP	7.63	10.10	32%	39,676	2,892	735	3.7	3.0	0.6	0.5	15.1%	16.3%
Garanti	GARAN	-	11.85	-	-	49,770	3,627	2,344	-	-	-	-	-	-
Halkbank	HALKB	MP	4.78	5.40	13%	11,825	862	251	7.1	4.3	0.3	0.2	3.3%	8.6%
Isbank	ISCTR	MP	7.84	8.75	12%	35,280	2,571	484	3.8	3.2	0.5	0.4	13.1%	14.8%
Vakifbank	VAKBN	MP	3.84	4.25	11%	14,998	1,093	231	3.4	2.9	0.3	0.3	9.1%	11.3%
YKB	YKBNK	OP	3.88	5.05	30%	32,775	2,389	915	3.2	2.6	0.6	0.5	17.5%	18.4%
TSKB	TSKB	MP	1.58	1.80	14%	4,424	322	198	4.3	3.5	1.1	0.9	14.5%	16.0%
Insurance & Pension														
Aksigorta	AKGRT	MP	8.87	10.50	18%	2,714	198	11	8.5	8.0	43.13	32.00	39.0%	39.0%

	Ticker	Rating	Close (TL)	Target Price*	Upside Potential	Market Cap. (TL mn)	Market Cap. (USD mn)	Avg. Vol. **	P/E 2021E	P/E 2022E	Adj.NAV (TL mn)	Prem. / Disc. to adj. NAV
Conglomerates												
Koc Holding	KCHOL	OP	33.10	42.90	30%	83,938	6,118	424			159,041	-33%
Sabanci Holding	SAHOL	OP	15.04	19.50	30%	30,688	2,237	324			53,235	-37%

	Ticker	Rating	Close (TL)	Target Price*	Upside Potential	Market Cap. (TL mn)	Market Cap. (USD mn)	Avg. Vol. **	P/E 2021E	P/E 2022E	EV/EBITDA 2021E	EV/EBITDA 2022E	P/BV Trailing
REIC													
Emlak Konut REIC	EKGYO	MP	2.38	2.65	11%	9,044	659	438	6.2	5.1	7.5	6.2	0.4

	Ticker	Rating	Close (TL)	Target Price*	Upside Potential	Market Cap. (TL mn)	Market Cap. (USD mn)	Avg. Vol. **	P/E 2021E	P/E 2022E	EV/EBITDA 2021E	EV/EBITDA 2022E	EV/Sales 2021E	EV/Sales 2022E
INDUSTRIALS									11.0	6.4	6.83	4.68	1.14	0.88
Arcelik	ARCLK	OP	51.55	70.00	36%	34,834	2,539	243	10.9	5.0	6.9	3.7	0.7	0.4
Aselsan	ASELS	MP	24.16	28.40	18%	55,085	4,015	753	10.0	8.8	11.2	9.1	2.6	2.1
Aygaz	AYGAZ	MP	25.14	31.00	23%	7,542	550	21	17.4	7.5	10.4	7.5	0.8	0.4
BIM	BIMAS	OP	71.95	97.18	35%	43,688	3,184	406	18.0	11.5	7.9	6.0	0.7	0.5
Brisa	BRISA	MP	29.84	35.13	18%	9,105	664	29	18.4	17.1	10.7	10.7	2.2	2.2
Dogus Otomotiv	DOAS	MP	43.66	51.50	18%	9,605	700	68	5.9	6.2	4.8	2.8	0.4	0.3
Enka Insaat	ENKAI	OP	15.05	20.05	33%	84,280	6,142	64	12.9	5.0	12.6	-	2.3	-
Eregli Demir Celik	EREGL	OP	31.58	41.33	31%	110,530	8,056	1,055	6.7	4.1	4.2	2.6	1.7	0.9
Ford Otosan	FROTO	OP	253.90	343.00	35%	89,096	6,493	376	13.0	11.7	11.1	7.9	1.3	0.7
Kardemir	KRDMD	OP	13.05	17.14	31%	10,182	742	1,201	5.3	1.7	2.6	-	0.7	-
Kordsa Global	KORDS	MP	37.00	44.90	21%	7,198	525	80	28.4	7.9	16.3	7.0	1.6	0.8
Koza Anadolu	KOZAA	OP	21.42	28.10	31%	8,313	606	257	7.3	4.9	0.2	0.1	0.1	0.1
Koza Anadolu	KOZAL	OP	130.50	172.00	32%	19,901	1,450	579	7.5	5.1	5.2	3.2	2.9	1.9
Migros	MGROS	OP	43.70	59.66	37%	7,912	577	102	54.9	10.2	3.8	2.9	0.3	0.2
Petkim	PETKM	MP	9.55	11.97	25%	24,204	1,764	996	5.1	4.6	4.6	3.9	1.1	0.8
Pegasus	PGSUS	OP	104.30	140.20	34%	10,670	778	254	-	8.8	10.6	5.1	2.8	1.6
Sise Cam	SISE	OP	15.19	20.10	32%	46,530	3,391	1,221	7.5	6.2	6.8	5.3	1.6	1.2
Şok Marketler	SOKM	OP	15.00	19.65	31%	9,179	669	73	69.5	29.1	4.5	3.5	0.4	0.3
Tekfen Holding	TKFEN	MP	23.94	27.50	15%	8,858	646	194	11.7	4.8	6.6	2.6	0.6	0.3
Turkcell	TCELL	OP	20.08	26.10	30%	44,176	3,220	213	10.0	7.0	3.8	2.9	1.6	1.2
THY	THYAO	OP	26.88	36.00	34%	37,094	2,703	1,724	7.8	5.0	6.5	4.5	1.6	0.9
Tofas	TOASO	OP	82.85	111.20	34%	41,425	3,019	247	14.3	9.0	10.6	7.5	1.7	1.0
Turk Traktor	TTRAK	OP	220.20	290.90	32%	11,752	856	83	10.5	9.1	7.5	6.8	1.0	0.9
Tupras	TUPRS	OP	189.20	248.50	31%	47,379	3,453	750	21.7	7.1	6.9	-	0.4	-
BIST 100	**XU100**		**2,064**	**2,652**	**28%**	**1,649,272**	**120,201**	**22,886**	**8.6**	**5.6**				

*: 12M Target, **: 6 months, (mn TL), OP: Outperform, MP: Market Perform, UP: UnderPerform, UR: Under Review

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