Turkey Equity Strategy

December, 2019

Re-rating still in the making

İŞ INVESTMENT

Turkey: Equity Strategy

Improving macro outlook yet to be reflected on prices

Economic activity is gaining momentum, following the sharp adjustment in external balance

The last 17 months saw substantial progress in rebalancing and stabilizing the economy. Current account balance improved from a deficit of USD 58bn to a surplus of USD 6bn. An equally impressive adjustment took place in banks and corporate balance sheets. Net short FX position of non-financial companies declined by USD 40bn to USD 183bn. Banking sector and corporates redeemed USD 33bn external debt in an orderly way, while maintaining their foreign currency liquidity.

More importantly, the sharp adjustment in external balance was not at the expense of sudden stop in the economy. But rather a soft landing in economic activity took place, with economic growth slowing down from 2.8% in 2018 to a probable 0.5% in 2019.

Slowdown in domestic demand coupled with tight monetary policies led to a strong disinflation period, down from a peak of 25% to an estimated 11.5% at the end of 2019.

GDP growth estimated to accelerate to 3% in 2020E, mainly driven by the rebound in domestic consumption

Going forward, we expect economic activity to gain momentum starting from Q419. With front-loaded massive rate-cuts from the CBRT (totalling 1,000bps over the past four months), we forecast GDP growth to accelerate to 3% in 2020 and 3.5% in 2021. Falling financing costs, pent-up demand and rebounding consumer confidence are expected to be the key drivers behind the pick-up in GDP growth.

High unemployment, levered corporate balance sheets, limited room for fiscal stimulus, high dollarization and geo-political risks are the key challenges

We expect a limited relief in unemployment rate in 2020, close to 14% according to latest data (July 2019). Levered balance sheets of the private sector, low capacity utilization rates, and high dollarization are the main impediments for private sector's investment appetite and consumer confidence. Budget deficit estimated to reach close to 4% of GDP at 2019YE, excluding one-off revenues, leaves little room for manoeuvre in 2020.

Following President Erdogan's US visit both parties agreed to set-up a study group commission regarding S-400 issue. During the mean time, US Senate's Syria's sanction bill, and S-400 related sanctions seems to have been postponed. Going forward, S-400 related sanction bill making its way to Senate's agenda and approved, may negatively impact the economic outlook, depending on the scope and extent of sanctions. Adverse developments regarding the on-going Halkbank case in US court is another potential risk factor.

Four Reasons to BUY Turkish Equities

1. Strong Earnings Momentum: We project 35% aggregate 2020E EPS growth for our coverage list

We project an aggregate 2020E EPS growth of 35% for our coverage list. Financials, mainly banks, are expected to post 45% net income growth in aggregate terms, due to low base year effect, improving margins and recovering loan growth. Non-financials are projected to post 30% earnings growth, driven by the recovery in domestic demand and falling interest burden.

We forecast 3% GDP growth in 2020. Private consumption will be the leading driver of the recovery with 4% growth (+2.3 pp contribution). We reckon private investments and net exports to contribute +0.7pp and -0.6pp to the headline GDP growth in our base scenario.

2. Attractive valuations when compared to both peers and historical averages

MSCI Turkey index trades at 50% discount with respect to MSCI EM, based on 12m forward P/E ratio (6.2x), compared with the past five years average discount of 32%. Similarly, banks trade at 50% discount, compared to the past 5 years average discount of 33%, with respect to their EM peers.

When compared with historical averages, a sizeable part of our coverage trade below their average (or even close to Avg-2STDV) 12m trailing P/E and EV/EBITDA multiples. (Details can be seen starting page 6)

3. Foreign flows to equities have been limited so far this year

Foreign flows to Turkish equities have only been US$ 471mn, so far year to date (with US$419mn inflows in November alone), indicating very limited foreign institutional participation yet to the recent rally at BIST.

4. Equities lagged other asset classes during the recovery

The yield on 10 year TL bonds used as a proxy for risk free rate in our DCF valuations @12.5% eased back to levels seen at the beginning of 2018, whereas BIST 100 is currently trading 10% below its level at the beginning of 2018 (117K).

The divergence is more striking in dollar terms. Turkish Eurobonds delivered 5% return since the beginning of 2018, while BIST-100 index is 40% lower despite the recent rally.

How to play the re-rating ?

Beneficiaries of falling rates, accelerating loans, domestic demand driven GDP growth

Banks : Strong 2020E EPS growth, supported by low base year effect and still attractive valuations

(**GARAN.IS, VAKBN.IS)**

REICs : Recovery in residential sales, rent incomes supported by growing retail sales, and falling interest burden. Trading on average @61% discount to NAV, REICs offer good reward/risk.

(TRGYO.IS)

Consumer staples and durables to benefit from growing consumption

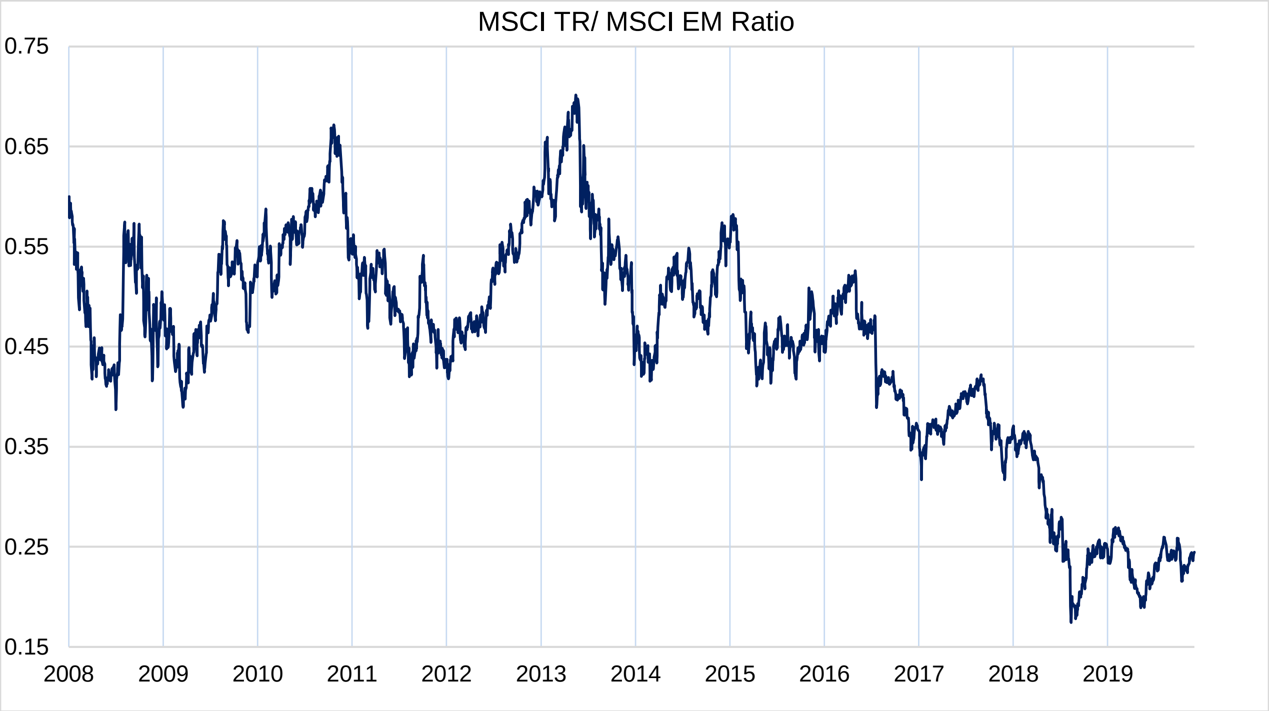
(ULKER.IS, YATAS.IS, AGHOL.IS)

Over punished names offering EPS growth @ deep discount

(TTKOM.IS, EREGL.IS)

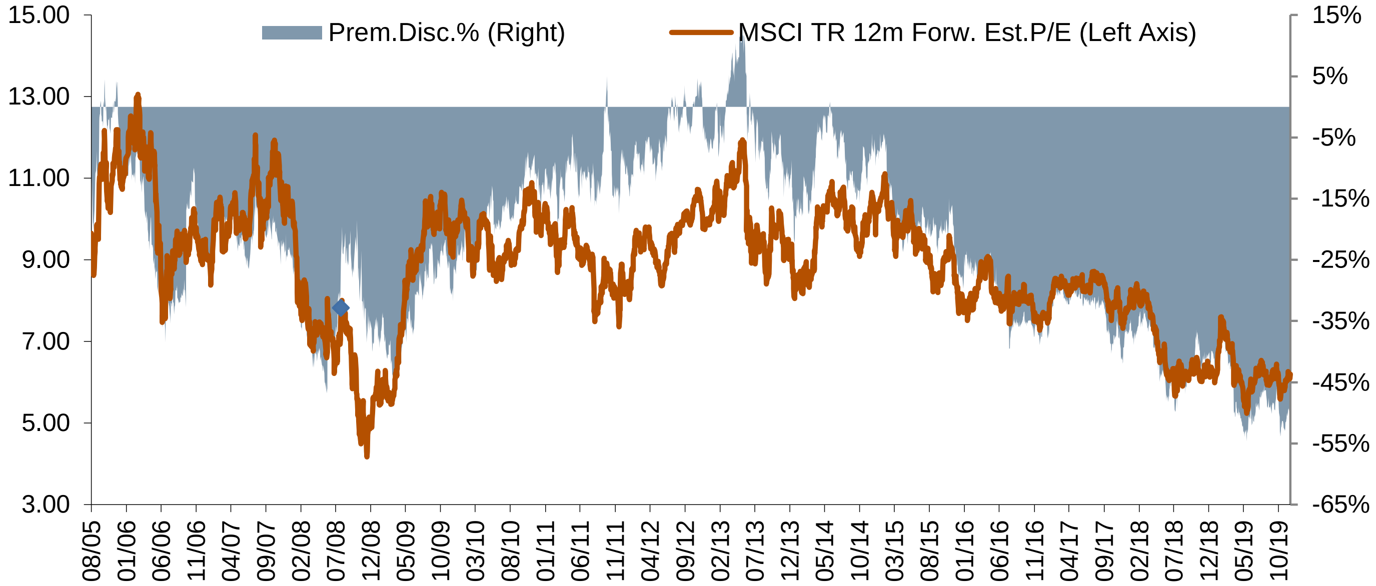
We expect further re-rating in MSCI TR /MSCI EM ratio

MSCI TR / MSCI EM



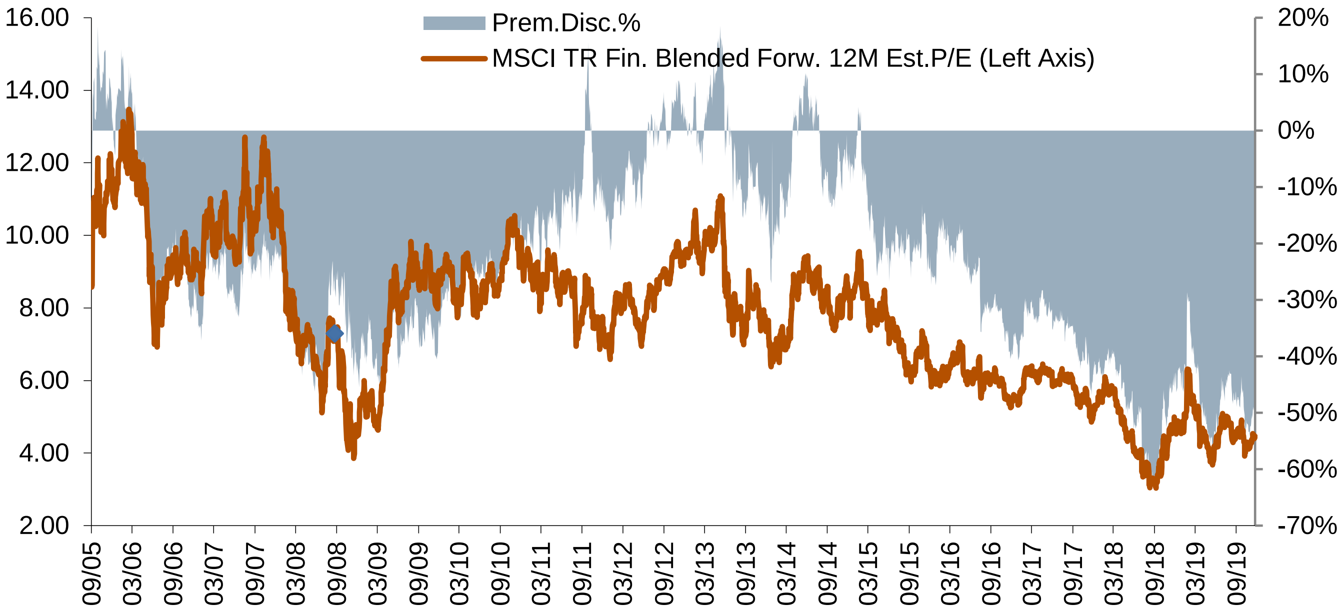
MSCI Turkey trades at 50% discount with respect to MSCI EM

MSCI TR P/E & Discount to MSCI EM



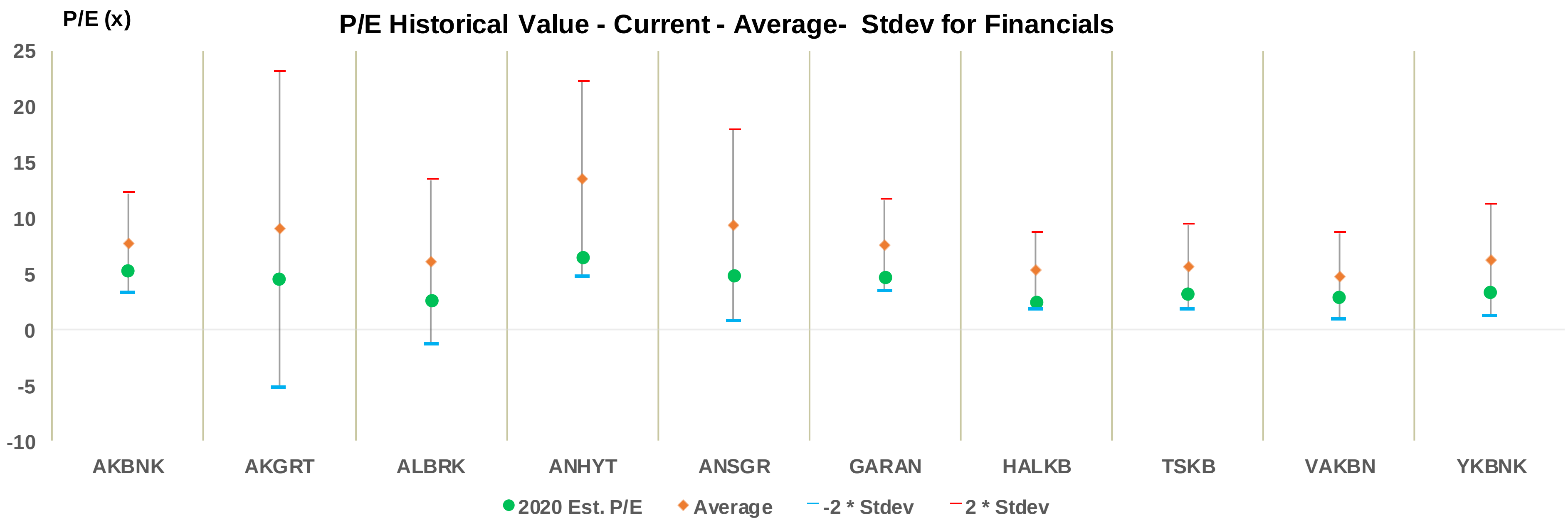
MSCI Turkey Financials trades at similar 50% discount

MSCI TR Financials P/E & Discount to MSCI EM

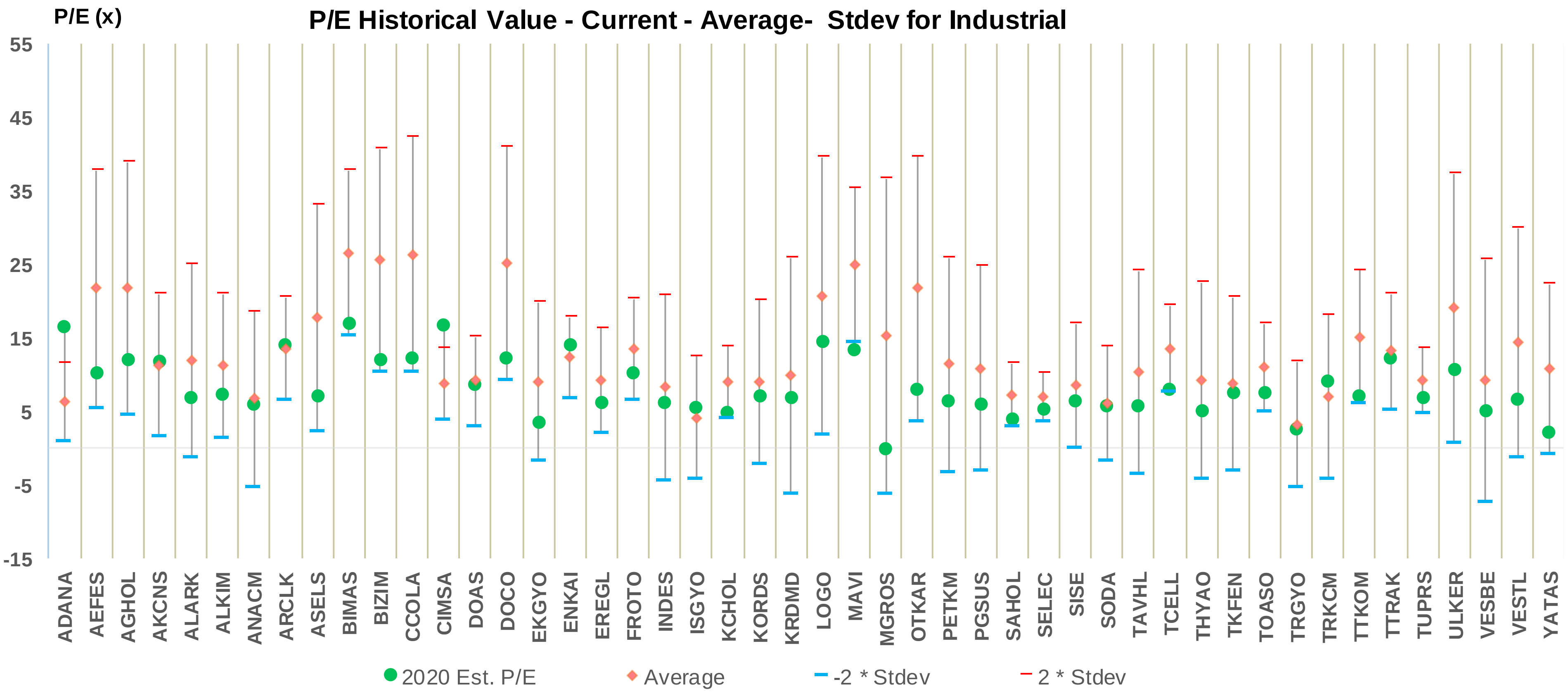


Current P/E and EV/EBITDA ratios below historical averages

Financials –Historical P/E Ratios (5 yrs Average +/- 2std vs trailing)



Non Financials – Historical P/E Ratios (5 yrs Average +/- 2stdv vs trailing)



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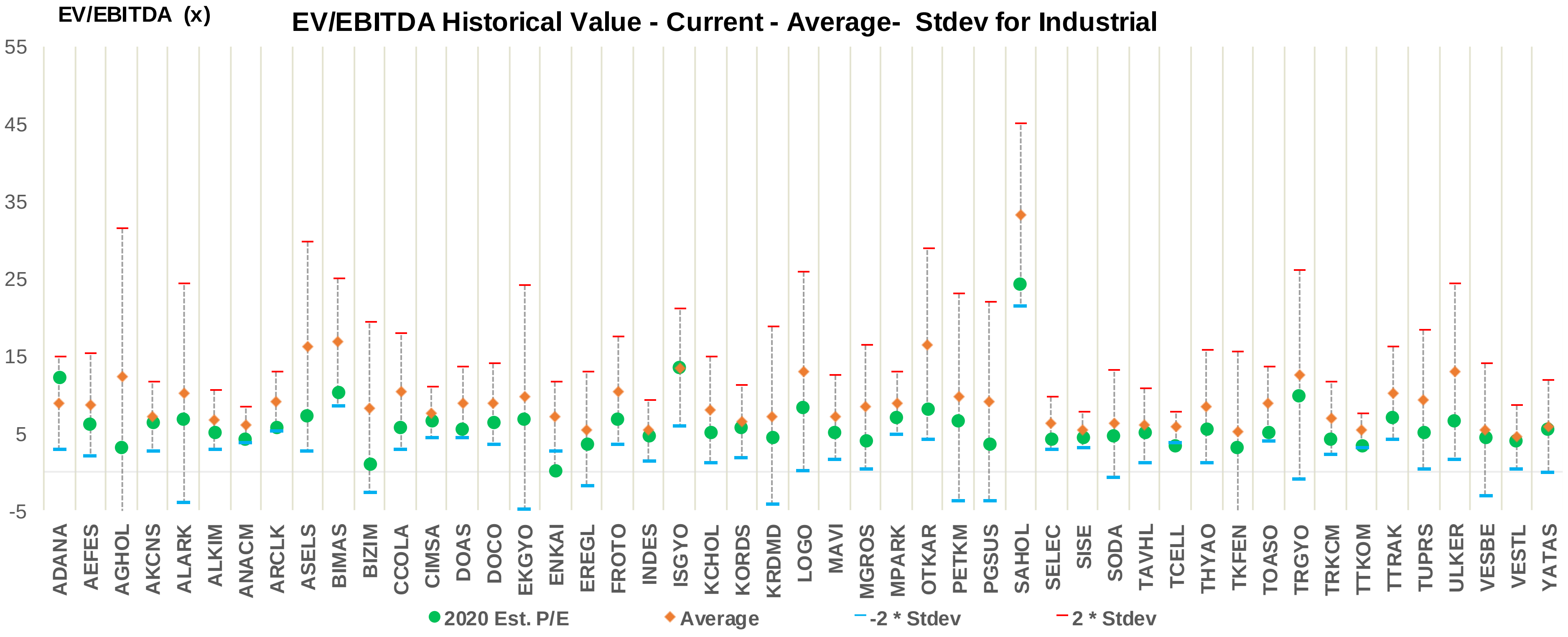
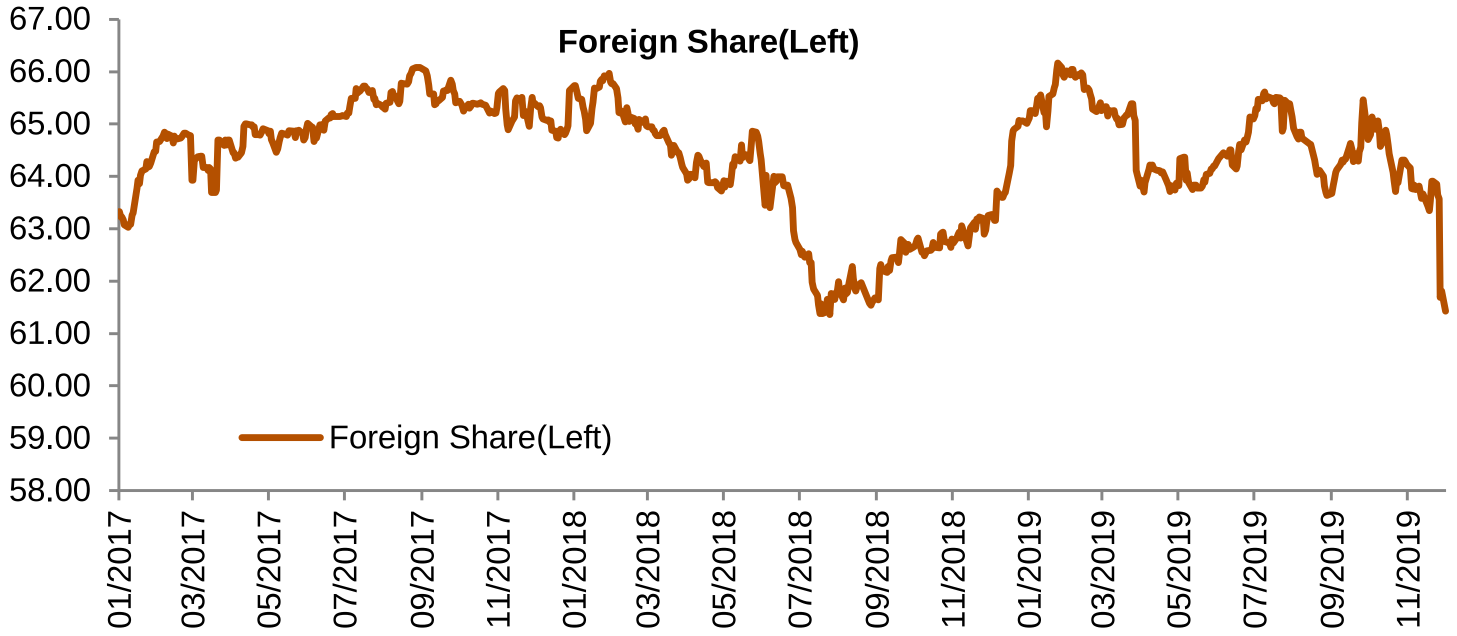
Non Financials – Historical EV/EBITDA Ratios (5 yrs Average +/- 2stdv vs 12m trailing)



Limited foreign flows to equities so far



Yields on 10YR TRY bonds fell back to the levels seen at the start of 2018

Yields on 10YR TRY bonds & BIST 100

Turkey: Equity Strategy

Target Price and Estimate Revisions - NS/NI/EBITDA

							New						Old					
	Target Price (₺)				Recom.		2019E (TL mn)			2020E (TL mn)			2019E (TL mn)			2020E (TL mn)		
Stock	Old	New	Chn(%)	Upside%	Old	New	Net Sales /NII	EBITDA	NI	Net Sales /NII	EBITDA	NI	Net Sales /NII	EBITDA	NI	Net Sales /NII	EBITDA	NI
DOAS	5.65	12.75	126%	39%	HOLD	BUY	9,848	644	97	12,306	740	229	8,366	536	-6	9,659	576	122
TTRAK	40.60	66.75	64%	37%	HOLD	BUY	3,837	368	78	4,637	509	211	3,677	332	72	4,287	435	130
AKCNS	7.89	11.23	42%	20%	HOLD	HOLD	1,889	279	85	2,140	375	151	1,880	356	138	2,133	412	204
TOASO	24.15	32.20	33%	32%	BUY	BUY	18,755	2,514	1,426	21,014	2,809	1,610	17,990	2,409	1,462	20,468	2,466	1,413
AKGRT	6.00	8.00	33%	44%	BUY	BUY			308			373			225			248
ALKIM	34.50	45.40	32%	41%	BUY	BUY	695	166	111	758	173	109	758	183	125	887	209	140
TRGYO	2.60	3.27	26%	36%	BUY	BUY	1,017	601	850	1,374	688	930	1,019	550	430	1,243	739	1,231
YATAS	7.59	9.50	25%	47%	BUY	BUY	1,152	172	90	1,455	224	127	1,190	177	101	1,353	203	112
EKGYO	1.51	1.88	25%	27%	HOLD	BUY	4,530	823	666	5,046	1,425	1,602	4,914	895	640	4,080	850	920
LOGO	50.00	61.70	23%	17%	BUY	BUY	399	128	71	506	167	91	404	127	74	479	157	93
ANACM	3.90	4.80	23%	32%	BUY	BUY	4,295	1,026	504	5,076	1,198	456	4,194	967	498	4,826	1,096	444
OTKAR	155.50	189.00	22%	25%	BUY	BUY	2,635	500	410	2,934	544	449	2,459	405	335	2,950	480	417
ANSGR	5.40	6.50	20%	45%	BUY	BUY			383			464			360			418
MAVI	51.60	62.00	20%	34%	BUY	BUY	2,857	400	129	3,455	532	195	2,936	418	133	3,455	517	186
FROTO	67.12	80.00	19%	24%	HOLD	BUY	41,029	3,504	1,944	45,117	3,853	2,197	39,752	3,399	2,132	44,375	3,803	2,319
CIMSA	8.49	10.11	19%	15%	HOLD	HOLD	1,781	322	53	1,952	387	70	1,851	372	9	2,035	419	161
TTKOM	7.60	9.00	18%	30%	BUY	BUY	23,443	11,007	2,348	26,458	12,364	3,382	23,530	11,008	2,226	25,469	11,947	3,601
THYAO	15.80	18.70	18%	35%	BUY	BUY	73,655	11,179	2,689	87,181	14,739	3,746	75,624	11,591	1,728	92,514	15,136	3,089
ADANA	6.81	8.03	18%	14%	HOLD	HOLD	328	41	64	374	52	37	385	56	88	488	101	91
PGSUS	86.20	99.72	16%	35%	BUY	BUY	10,700	3,435	1,237	12,535	3,902	1,275	10,625	3,192	1,123	13,180	3,932	1,097
BIZIM	10.43	12.00	15%	15%	BUY	HOLD	4,586	207	41	5,355	229	52	4,679	202	39	5,389	219	37
ISGYO	1.18	1.35	14%	16%	HOLD	HOLD	460	169	111	380	180	204	621	175	176	371	185	198
TSKB	1.23	1.40	14%	35%	BUY	BUY	1,998		688	2,130		897	2,041		689	2,071		851
INDES	10.10	11.40	13%	16%	BUY	BUY	3,968	117	78	4,557	134	89	4,253	126	75	4,704	139	82
AKBNK	8.90	10.00	12%	29%	BUY	BUY	15,537		5,726	17,683		7,537	15,299		5,715	18,916		8,608
VESBE	19.30	21.65	12%	24%	BUY	BUY	6,905	902	579	7,860	941	643	6,794	943	661	7,908	982	729
ENKAI	6.09	6.79	12%	17%	HOLD	HOLD	10,287	2,442	3,624	11,078	2,287	2,068	10,192	2,571	2,345	13,894	3,003	2,366
GARAN	12.20	13.60	11%	34%	BUY	BUY	19,206		6,434	21,761		8,924	19,013		6,949	21,196		8,658
ALARK	4.85	5.40	11%	6%	HOLD	HOLD	1,356	255	276	1,753	261	324	1,711	235	225	2,034	278	335
MGROS	26.50	29.50	11%	32%	BUY	BUY	23,130	1,426	12	26,966	1,565	8	23,312	1,397	-322	27,385	1,600	-66

*The estimates are based on pre-IFRS16 for BIMAS, MGROS, BIZIM, MPARK, MAVI and DOCO

Target Price and Estimate Revisions - NS/NI/EBITDA ∆

							New						Old					
	Target Price (₺)				Recom.		2019E (TL mn)			2020E (TL mn)			2019E (TL mn)			2020E (TL mn)		
Stock	Old	New	Chn(%)	Upside%	Old	New	Net Sales /NII	EBITDA	NI	Net Sales /NII	EBITDA	NI	Net Sales /NII	EBITDA	NI	Net Sales /NII	EBITDA	NI
VAKBN	7.20	8.00	11%	54%	BUY	BUY	13,000		2,375	16,275		4,497	13,098		2,118	18,057		4,534
MPARK	17.69	19.61	11%	28%	BUY	BUY	3,694	559	-41	4,252	672	120	3,815	592	-69	4,370	727	71
SELEC	5.90	6.50	10%	14%	HOLD	HOLD	17,561	774	689	20,466	723	664	17,619	645	543	20,995	640	519
HALKB	8.00	8.80	10%	52%	BUY	BUY	10,503		1,662	13,764		2,902	10,181		1,503	11,703		3,031
TAVHL	34.76	38.15	10%	41%	BUY	BUY	4,859	2,184	954	5,431	2,586	1,712	4,788	2,161	558	5,431	2,586	1,712
TKFEN	25.35	25.35	9%	34%	HOLD	BUY	14,872	2,171	1,690	10,081	989	925	14,872	2,171	1,690	10,081	989	925
YKBNK	3.30	3.60	9%	50%	BUY	BUY	15,448		4,118	17,477		5,992	15,369		4,327	18,718		7,506
ANHYT	8.25	9.00	9%	48%	BUY	BUY			307			408			274			305
SAHOL	11.60	12.60	9%	38%	BUY	BUY	62,919	9,440	3,739	74,436	11,330	4,721	64,249	10,804	4,619	76,011	12,931	5,624
KRDMD	3.17	3.43	8%	39%	BUY	BUY	4,057	450	130	4,614	648	279	4,589	576	55	5,817	815	311
TRKCM	3.75	4.00	7%	20%	BUY	BUY	6,803	1,192	648	7,819	1,363	769	7,114	1,294	702	8,284	1,487	685
KCHOL	22.30	23.50	5%	14%	BUY	HOLD	156,668	10,781	4,324	179,343	14,709	10,577	165,272	14,406	5,500	194,778	18,753	9,817
VESTL	12.25	12.90	5%	14%	HOLD	HOLD	17,593	2,346	315	19,861	2,325	578	17,633	2,391	666	19,622	2,005	190
EREGL	10.76	11.30	5%	37%	BUY	BUY	27,037	5,883	3,918	31,390	7,777	4,641	30,318	6,604	4,152	33,388	6,929	3,950
ULKER	27.74	29.10	5%	34%	BUY	BUY	7,658	1,270	815	8,701	1,427	686	7,548	1,235	855	8,657	1,421	709
KORDS	17.10	17.80	4%	43%	BUY	BUY	5,117	738	329	5,757	828	336	5,487	849	378	6,740	980	430
ALBRK	1.55	1.61	4%	19%	HOLD	HOLD			358			467			358			467
TCELL	17.44	18.00	3%	34%	BUY	BUY	25,120	10,384	3,284	28,784	11,795	3,640	24,975	10,042	3,236	28,481	11,080	3,352
AGHOL	23.50	24.00	2%	48%	BUY	BUY	44,553	5,335	-118	59,775	6,507	325	45,413	5,536	-62	60,814	6,819	483
ARCLK	21.15	21.50	2%	5%	HOLD	SELL	32,015	3,415	905	36,309	3,875	975	33,138	3,477	840	39,779	4,154	980
DOCO	706.03	711.20	1%	38%	BUY	BUY	6,218	591	300	9,012	855	406	5,684	570	243	8,884	912	412
CCOLA	43.50	43.00	-1%	21%	BUY	BUY	12,234	2,181	818	13,578	2,180	730	13,147	2,396	752	14,835	2,398	782
AEFES	30.00	29.50	-2%	34%	BUY	BUY	23,478	3,845	988	26,727	4,304	1,260	24,433	4,104	732	27,729	4,695	1,042
BIMAS	53.90	53.00	-2%	15%	HOLD	HOLD	40,711	2,166	1,451	49,605	2,473	1,648	41,083	2,154	1,438	49,605	2,473	1,626
PETKM	4.30	4.20	-2%	16%	HOLD	HOLD	10,513	1,531	941	11,043	1,813	1,177	11,289	1,681	1,058	12,572	2,111	1,307
ASELS	25.95	25.00	-4%	33%	HOLD	HOLD	12,884	2,621	2,889	15,437	3,092	3,024	12,648	2,597	3,065	16,243	3,271	3,475
SODA	7.80	7.50	-4%	28%	BUY	BUY	4,126	944	1,133	4,706	1,091	1,007	4,229	985	1,016	5,028	1,183	1,148
SISE	6.17	5.80	-6%	15%	HOLD	BUY	18,553	3,761	1,770	21,318	4,353	1,755	19,275	3,797	1,818	22,629	4,384	1,895
TUPRS	182.00	170.00	-7%	38%	BUY	BUY	94,159	5,025	1,199	104,919	7,777	4,467	96,997	7,496	3,521	110,327	10,362	6,987

*The estimates are based on pre-IFRS16 for BIMAS, MGROS, BIZIM, MPARK, MAVI and DOCO

Macro Projections (NEW)

	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
GDP growth, %	0.0	3.0	3.5	3.5	4.0	4.0	4.0	4.0	4.0
Consumption Growth, %	-1.0	4.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Export Growth, %	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
CPI Inflation (e.o.p.), %	11.5	11.0	10.0	9.5	9.0	9.0	8.5	8.5	8.0
CPI Inflation (average), %	15.2	11.3	10.5	9.8	9.3	9.0	8.8	8.5	8.3
CAD, % of GDP	0.7	-1.0	-2.0	-2.3	-2.5	-2.5	-2.5	-2.5	-2.5
Money market rates %	13.0	12.0	11.0	10.5	10.0	10.0	9.5	9.5	9.0
TL Risk Free Rate (10YRS), %	13.0	13.0	12.0	12.0	12.0	12.0	11.5	11.5	11.0
US$ Risk Free Rate (30YRS), %	7.0	7.0	7.0	7.0	6.5	6.5	6.5	6.5	6.5
TL/$ (average)	5.55	6.08	6.55	7.02	7.50	7.98	8.52	9.08	9.67
TL/$ (eop)	5.83	6.33	6.77	7.28	7.71	8.25	8.79	9.36	9.97
TL/€ (average)	6.40	6.78	7.33	7.87	8.39	8.94	9.54	10.17	10.83
TL/€ (eop)	6.47	7.09	7.58	8.15	8.64	9.24	9.85	10.48	11.17
Euro/dollar parity (average)	1.13	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
Euro/Dollar parity (eop)	1.11	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12

Turkey: Equity Strategy

Sectoral Outlook - Banking

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield Est.	P/E		P/BV		P/NII		ROE		ROA	
AKBNK	7.74	40,248	10.00	8.90	29	BUY	M	11	1.5	57	50	64	2%	20%	0%	7.0	5.3	0.8	0.7	2.6	2.3	12%	13%	19%	18%
ALBRK	1.35	1,215	1.61	1.55	19	HOLD	M	12	1.7	5	21	30	3%	14%	2%	3.4	2.6	0.4	0.3			11%	13%		
GARAN	10.14	42,588	13.60	12.20	34	BUY	M	9.3	-0.4	134	50	75	2%	19%	0%	6.6	4.8	0.8	0.7	2.2	2.0	13%	16%	18%	16%
HALKB	5.80	7,250	8.80	8.00	52	BUY	M	12	1.7	53	48	40	2%	9%	0%	4.4	2.5	0.2	0.2	0.7	0.5	6%	9%	2%	2%
ISCTR	6.16	27,720				N.R		5.1	-4.2	27	31	60	3%	22%											
TSKB	1.04	2,912	1.40	1.23	35	BUY	M	17	6.5	4.6	39	40	2%	18%	0%	4.2	3.2	0.5	0.5	1.5	1.4	14%	15%		
VAKBN	5.18	12,950	8.00	7.20	54	BUY	M	20	9.3	35	25	69	1%	5%	0%	5.5	2.9	0.4	0.4	1.0	0.8	8%	14%	6%	5%
YKBNK	2.40	20,273	3.60	3.30	50	BUY	M	4.4	-4.9	22	18	48	2%	16%	0%	4.9	3.4	0.5	0.4	1.3	1.2	10%	14%	9%	8%
Banking																**4.9**	**3.2**	**0.5**	**0.4**	**1.4**	**1.3**	**11%**	**14%**	**9%**	**8%**

Coping with the NPL cycle. Turkish banks have been putting the growth and high profitability into backburner throughout 2019 in an effort to cope with the reminisces of the currency shock experienced back in 2018, which resurfaced the hidden vulnerabilities in the economy and prompted an immediate and massive de-leveraging especially on the FX part of the balance sheet in the country. This, in turn, led to a profitability erosion especially for banks, state banks in particular, and more importantly it triggered a relatively massive asset quality deterioration. We estimate that that banks will finish 2019 with a 12% drop in their bottom lines on annual basis which apparently has been more destructive for state banks as we pencil in 40% contraction in their earnings for 2019 on annual comparisons.

NPL cycle to reach its peak in 2020, normalization set to begin in 2H20. Yet, BRSA's directive to classify TL 46bn loan as NPL until the end of 2019 led banks to recognize these loans in a frontloaded fashion rather than spreading this process over time changed the picture dramatically. This, in turn, has accelerated the NPL inflows and will lead the NPL ratios to reach above 6% on average at the end of the year. We also estimate that NPL cycle will reach its climax in 2020 with some of the restructured loans will be the new casualties feeding into the NPL inflows within the next couple of years. However, starting from 2020 onward, we will likely witness a downward trend in NPL ratios and start of normalization on asset quality metrics with the support of the stronger loan growth.

Margin expansion and base year effect to spur NI growth in 2020. For 2020, we forecast 46% bottom line growth on annual basis, mainly induced by margin expansion and ensuing NII growth backed by stronger loan volume generation coupled with lighter provision and swap costs which have been destructive on banks' earnings for the last two years.

Sectoral Outlook - Banking

Full normalization or healing the wounds?

We see 2020 as a period of healing the wounds rather than experiencing a full-fledged recovery. A visible normalization in NPL inflows and CoR will likely be traced starting from 2021 onwards, which will again be rather in a gradual mode instead of a V-shaped recovery. Hence, we pencil in 35bps recovery in net CoRs for banks on average in 2020 vs. 2019 print as we expect aging pressure of the newly recognized NPLs will lead to an increasing coverage levels, which will necessitate incremental provisioning next year.

CBRT's massive rate cuts which we estimate that the total will reach some 1300bps until the end of 2020 will have further repercussions on margins in 2020. Based on our estimates, swap adjusted NIMs are poised to increase c. 40bps on average annual basis. TL loan growth will gain momentum as demand for TL loans especially from retail segments started to show robust incremental upward direction as the rates have been slashed over 1000bps. This will be further reinforced by the incentives on RR ratios and remuneration for banks whose TL loan book growth exceeds 10% annually. We pencil in c.15% TL loan growth on average for the banks that we cover. We estimate low single digit growth in net fees for private banks and singled digit growth rates for state banks next year.

Our favorite names are GARAN.IS and VAKBN.IS, which we expect them to outperform on the back of robust earnings momentum, their relative higher buffers and faster RoAE recovery. You may see more detailed information regarding Garanti on page 70 and for Vakifbank on page 75.

Sectoral Outlook - Banking

Akbank (AKBNK.IS): We foresee 32% bottom line growth for Akbank next year on the back of stronger NII and margins as well as 70bps decline in net CoR. The management targets mid-teen TL loan growth next year which will also support the fee income evolution. The bank has been rather conservative in recognizing NPL and in provisioning which will give them a relative breather as the NPL inflows will be phasing down. Although there is no quick fix in TTKOM sale, improvement in market sentiment and TTKOM's financial performance will help this issue to move in positive direction, yet we should not expect it to be resolved prior to 2021. We are upping our TP to. TL 10 from TL 8.9 per share driven mainly by lower CoE and upward revision in short to mid-term earnings expectations.

Yapı ve Kredi Bankası (YKBNK.IS) Yapı Kredi has been facing rather a harsher NPL headwinds owing to its relatively higher footsteps in project financing, however management's neatly devised strategy to improve the retail base to elevate the sustainability of earnings will also help to structural progress in its asset quality. Although the NPL inflow accelerated in 2019 due to problems in energy and BRSA's directive, we pencil in 75bps recovery in net CoR in 2020, which will, coupled with stronger NII and margins, will fuel the growth in net earnings. We increase our TP to TL 3.6 from TL 3.30 per share. Unicredit's stake sale may continue to be an overhang but the major we think that some investors will likely grab this opportunity to build longer term position.

Halk Bankası (HALKB.IS): The margins and spreads dipped in 2019 and they are bound to increase gradually in the periods to come as we pencil in c. 50bps swap adj. NIM recovery in 2020. With the expected participation of private banks into the loan growth equation, Short term funding to total ratios is expected to gradually come back under the peak levels of 50%. Still, Halk will be one the bank to benefit most from the ongoing rate cut cycle. The bank's stronghold is the diversity of its loan book, which generates lower NPL and CoRs. This will be trending lower in 2020 as well. We expect the bottom line to surge 75% on annual basis. Our TP was revised up to TL 8.80 from TL8 per share.

TSKB (TSKB.IS): TSKB had to classify a few files from its energy book as NPL throughout 2019, triggered by the company specific risks and BRSA's directives. Overall, the bank's asset quality remains comparatively much higher given to its lower exposure to the risky sectors and segments and its quality clientele. TSKB's net CoR will likely go back to double digit figure at the end of 2020, which will be a factor for the upward earning momentum next year. The core earnings remain strong on solid loan spreads, which will be accompanied with stronger new loan placements. The bank's cheaper funding base continues to be major edge and TSKB weathered this volatile times as almost unscratched in terms of accessing to supra-national funding. We are increasing our TP to TL 1.4 from TL 1.2 per share.

Sectoral Outlook - Glass

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
ANACM	3.65	2,738	4.80	3.90	32	BUY	M	9	-0.7	1.8	23	47	3%	23%	6%	5.4	6.0	1.0	0.9	4.9	4.2	20%	16%	9%	7%
SISE	5.06	11,385	5.80	6.17	15	HOLD	M	17	6.3	18	32	33	3%	25%	3%	6.4	6.5	0.8	0.7	5.1	4.4	13%	12%	6%	5%
SODA	5.84	5,840	7.50	7.80	28	BUY	M	7	-2.5	13	38	37	4%	31%	6%	5.2	5.8	1.0	0.9	5.0	4.3	22%	17%	16%	13%
TRKCM	3.33	4,163	4.00	3.75	20	HOLD	D	16	6.1	8.9	30	40	3%	27%	4%	8.3	9.1	1.6	1.4	5.4	4.6	13%	16%	6%	7%
Glass																**5.9**	**6.2**	**1.0**	**0.9**	**5.1**	**4.4**	**17%**	**16%**	**8%**	**7%**

Flat Glass: We expect weak demand conditions in Turkey to continue in 2020 as new building permits, measured by area, contracted by 58% in 9M19. We pencilled in 12% contraction in domestic sales volume of Trakya Cam in 2020 following %20 contraction in 2019. Therefore, we do not expect to see positive impact of declining interest rate environment on flat glass demand in 2020. In addition to that at the current TL levels, we do not see a lot of room for Trakya Cam to increase domestic sales prices mainly due to widening price gap between Turkey and nearby geographies (Europe, Iran and Russia) and prevailing weakness in demand conditions. In Europe, we see weaker demand conditions and pricing environment in 2020 mainly due to increased installed capacity and sluggish economic growth. Please note that Trakya Cam's sales prices came down by high single digits in Europe in EUR terms, based on our rough estimates.

Trakya Cam (TRKCM.IS): Despite the weak outlook, we expect Trakya Cam to post 15%/14% revenue/EBITDA growth in 2020 thanks to completion of cold repair in Bulgaria and 190k capacity going online in Macedonia. Finally, we expect Trakya Cam to deliver negative FCF in 2020 mainly due to continued capacity expansion in its Polatlı plant. We pencilled in EUR 160mn capex for 2020.

Downgraded to HOLD: We lifted our DCF based to TL4.0 from previous TRY3.75 on the back of lower WACC assumptions, but downgraded our recommendation to HOLD due to limited upside potential and weak 2020 outlook.

Sectoral Outlook - Glass

Glass Packing: Domestic demand for glass packaging was weak in 1H19, down by high double digits YoY, which adversely impacted by mid-single digit contraction in domestic beer sales and overall weakness in beverage industry with respect to reduced purchasing power. In 3019, domestic demand recovered slightly by low-single digits thanks to base impact and strong tourism activity. Anadolu Cam managed to more than compensate weak domestic sales with increasing exports from Turkey which is almost doubled YoY in value terms, benefiting from +50%/+30% volume/price&mix impact based on our rough estimates.

Anadolu Cam (ANACM.IS): As for 2020, we foresee 4% increase in domestic sales volume of Anadolu Cam thanks to low base impact of 1H19 and improving economic dynamics. On the exports side, we expect 30% growth in volumes in 2020 thanks to increased production capacity in Turkey and company's continued efforts on searching new markets and customers. In int. operations, we expect a mere 1% volume growth and stable YoY EBITDA margin. We expect Anadolu Cam's EBITDA margin to come down by 30bps on increasing share of Turkey in total revenues. Overall we expect Anadolu Cam to post 18%/17% revenue/EBITDA growth in 2020E. Anadolu Cam is our top-pick in glass coverage universe thanks to i) its ability to increase exports in a profitable manner and high capacity utilization in int operations thanks to strong demand conditions in Russia.

BUY maintained: We lifted our DCF based PT to TL4.8 from previous TL3.9 on the back of lower WACC and higher long-term EBITDA margin assumptions. We maintain our BUY recommendation.

Chemicals: 2019 was a difficult years for chemicals segment mainly due to i) high base impact of chromium chemicals segment on double digit price increases in USD terms, ii) slower than expected ramp-up in glass fibre segment with weaker than expected demand conditions and ii) strong 45% YoY increase in natural gas prices in Turkey. In addition to these, average 32% increase in USD/TRY in 2018 had created a significant operating leverage for Soda, which was not the case in 2019.

Soda Sanayii (SODA.IS): In 2020, we expect tight demand conditions in soda ash market to allow Soda to increase its prices by 2%. We expect average price in chromium chemicals segment to decline by mid-single digits mainly due to continued normalization after 2018 peak. In glass fibre, we expect USD45mn/USD4mn revenue/EBITDA contribution in 2020. Overall, we expect Soda to deliver 14%/16% revenue/EBITDA growth in 2020 with 0.3ppt improvement in EBITDA margin, benefiting from relatively easing cost pressures on energy front from high base of 2018 and expected slight pick-up in glass fibre segment.

BUY maintained: We revised down our DCF based PT to TL7.5 from previous TL7.8 on the back of stronger TL assumptions. In addition to that we decided to added capex spend for U.S investments to our valuation as an asset until inclusion of the investment to our valuation. Please note that we decided not include U.S investment to our valuation until the expected closing of financing deal in 2021.

Sectoral Outlook - Glass

Şişe ve Cam Fabrikaları (SISE.IS): We maintain our HOLD recommendation for Sise with downwardly revised TP to TL5.8 from TL6.2 mainly due to downward revision in our Paşabance valuation with respect to weaker than expected 9M19 realizations and addition of EUR153mn liability to solo holding cash position after the exercise of EBRD’s put option for 14.85% of Pasabahce shares. 7%/23% upward revision in our valuation for Trakya Cam and Anadolu Cam respectively, prevented higher downward revision in our TP. We see a greater upside in listed subsidiaries of Sise as it’s trading at 10% premium to its current NAV. In our NAV assumptions, we value Pasabahce at TL1.4bn at target 6.5x 2020E EBITDA. We attached 30% discount to land value available for sale. Sise has 821mn solo net debt including 153mn liability to EBRD. We also increased Sisecam’s stake to 100% in Pasabahce.

Şişecam announced on November 11, 2019 that EBRD decided to exercise its put option on 14.85% Paşabahçe shares at a price of EUR153mn. Recall that EBRD invested EUR125mn for the acquisition of an equity stake of 14.85 % in Paşabahçe Cam on 21 October 2014. Put/call option agreements were signed between Şişecam and EBRD on 10 November 2014 and 24 October 2014. The agreement granted a put option to EBRD and a call option to Şişecam. In 3Q19 financials, Şişecam increased recognized liability for EBRD's put option to TL937mn in 3Q19 from TL622mn in 2Q19. There will be no P&L impact due to the exercise of the option.

Sectoral Outlook - Cement

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
ADANA	7.02	619	8.03	6.81	14	HOLD	M	6.4	-3	0.8	58	4.4	13%	87%	10%	9.7	16.5	2.3	2.5	14.4	11.4	23%	15%	17%	12%
AKCNS	9.37	1,794	11.23	7.89	20	HOLD	M	41	28	0.3	20	19	8%	88%	4%	21.0	11.9	1.7	1.6	7.5	5.6	8%	14%	4%	7%
CIMSA	8.77	1,185	10.11	8.49	15	HOLD	M	12	1.9	1.6	36	25	8%	66%	0%	22.6	16.9	0.9	0.8	7.6	6.3	4%	5%	1%	2%
Cement & Concrete																**21.0**	**16.5**	**1.7**	**1.6**	**7.6**	**6.3**	**8%**	**14%**	**4%**	**7%**

2019 has been a challenging year for cement producers due to poor domestic demand, weak pricing environment and elevated energy costs. Domestic consumption contracted by 40% in 1H19 and expected to be down by 30% YoY in 2019 on the back of deteriorated macro conditions and significant slowdown in the construction activity. As a result, the sharp decrease in domestic demand triggered a price competition, enabling cement players to pass the cost inflation on to cement prices. Average electric prices increased by 48% YoY while US$ based petcock prices remained elevated. Some players was also challenged by high interest expenses, especially the ones that recently completed their investment cycle with high leverage. Consequently, listed cement manufacturers’ EBITDA and net profit margins were down by 13ppt and 12ppt YoY, respectively in 9M19.

In 2020, we project 5-10% decrease in domestic market. Although residential sales are strengthening on the back of reduced monthly mortgage rates down to 1% levels, a recovery in the domestic demand will come with a delay considering the prevailing oversupply in the residential market, in our view. That being said, we expect slight improvement in 2020 margins on the back of more stable cost inflation and limited increase in cement prices. Moreover, exporters that are able to divert their excess supply to international markets will continue to be more resilient compare to sole domestic producers.

Sectoral Outlook - Cement

Akçansa Çimento (AKCNS.IS): Akcansa is our favorite name among our cement coverage as we find it more resilient against the challenging conditions at home thanks to its ability to easily shift its excess capacity to export markets, relatively lower leverage and 63% EPS growth expectation in 2020. We believe Akcansa will continue to benefit from its export capabilities in 2020 (exports more than doubled in 9M19) and increase its profitability by switching from clinker exports to more value added cement exports. Therefore, we project %26 YoY EBITDA growth with 2pp margin improvement in 2020. We also believe that effective working capital management and no major capex requirement will continue to support cash flow generation. We upped our 12m TP to TL11.2/share from previous 7.89TL/share with our revised macro assumptions. However, we remain on HOLD considering stock's massive outperformance of 32% over the BIST-100 for the last one week. Our updated TP points out to %20 upside potential.

Çimsa Çimento (CIMSA.IS): Although we like Cimsa's future growth prospects, lucrative white cement segment and export network, its levered balance sheet with 3.1x Net debt/EBITDA have been depressing cash generation and NI. Company recently announced that it has reached to an agreement to buy Cemex Espana's Buñol White Cement Plant located in Spain, for US$180mn. The new plant will increase Cimsa's white cement capacity by 40%, putting Cimsa in global leadership position in white cement production. Transaction is expected to be completed in 4Q19 or 1Q20 following the approval of several competition boards. At this stage, we do not include the new capacity into our valuation due to the lack of information on KPI figures and source of financing. Considering Cimsa's current mcap of US$197mn, we believe such a sizable investment will be positive for company's long term prospects. However it may raise concerns over increasing indebtedness in the near-term.

Adana Çimento (ADANA.IS): Adana is another exporter that stand out with its white cement capacity, regular dividend payments and debt-free balance sheet with a net cash position thanks to recent gains from stake sales of its subsidiaries Omsan Lojistik and OYKA Kagit. Despite the sluggish demand outlook, we project slight improvement in company's operational performance on the back of higher export volumes. Yet, following the recent outperformance of % over the last three months, ADANA appears to be an expensive stock with 16.5x P/E and 11.4x EV/EBITDA multiples.

Sectoral Outlook – Consumer Durables

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
ARCLK	20.42	13,798	21.50	21.15	5	SELL	D	16	5.4	7.6	25	73	3%	44%	2%	15.2	14.1	1.5	1.4	6.5	5.7	10%	10%	3%	3%
VESBE	17.47	3,319	21.65	19.30	24	BUY	M	17	6.5	0.6	4.8	9.8	9%	72%	16%	5.7	5.2	1.8	1.7	4.4	4.2	32%	34%	12%	13%
VESTL	11.32	3,797	12.90	12.25	14	HOLD	M	12	2.5	8.6	15	8.4			0%	12.0	6.6	1.1	0.9	3.9	4.0	9%	15%	2%	3%
Consumer Durables																**12.0**	**6.6**	**1.5**	**1.4**	**4.4**	**4.2**	**10%**	**15%**	**3%**	**3%**

During 10M19, domestic WG sales (6 main products) dropped to 5.3mn units, down by 10% Y/Y and WG exports remained flattish at 15.9mn units. Recovery in domestic WG sales was started in October, registering 26% Y/Y growth on weak base year impact. We revised up our domestic WG sales contraction estimate to 7% from previous 15% for 2019, while maintaining our 5% growth estimate for 2020. We believe that increasing competition both in domestic and export markets will limit price increases, leading to flattish margins despite easing raw material prices in 2020.

We foresee flattish domestic TV market for 2020. Selling prices are expected to be under pressure due to competition supported by easing panel prices.

Risks to our call (i) weaker than expected Turkish and European TV and home appliance markets; (ii) higher raw material prices, putting pressure on margins; (iii) weakness in TL and € against US$; (iv) possibility of hard Brexit; (v) increasing competition from Chinese rivals if transportation times shorten.

VESBE.IS is our sector pick considering its attractive valuation and eye-catching dividend yield.

Vestel Beyaz Eşya (VESBE.IS): We expect Vestel Beyaz to have high single digit volume growth in 2020 on partially regaining m/s in domestic market and expected strong export performance on competitive costs. Due to weak domestic market demand, Vestel Group focused on export markets and lost some m/s in 2019. Domestic prices are expected to rise in-line with inflation while export prices are projected to decline due to rising competition from Chinese competitors. In 2020, we forecast 14% top-line growth with 1.1ppt drop in EBITDA margin. We didn’t pencil in any hedge gains on gross profit level. We expect VESBE to continue its generous dividend payment in 2020 as well. We forecast 15.7% dividend yield for 2020, assuming 90% dividend pay-out ratio. Our DCF driven PT of TL21.65/share offers 24% upside potential. With its 2020E 4.2x EV/EBITDA and 5.2x P/E, VESBE trades at discount compared to international peers’ median of 7.0x and 12.3x, respectively. We reiterate our BUY rating for VESBE.

Sectoral Outlook – Consumer Durables

Vestel Elektronik (VESTL.IS): We foresee Vestel Elektronik to achieve 13% consolidated revenue growth in 2020 on high single digit WG volume growth and low single digit TV volume growth. We forecast the company to regain m/s both in domestic WG and TV market in 2020 over 2019. Despite easing raw material prices, we project 1.6ppt decline in EBITDA margin in 2020. We didn't pencil in any hedge gains on gross profit level. Ca%50 of Company's gross debt was TL denominated with average interest rate of ca26% as of 9M19-end. We project strong earnings growth in 2020 driven by lower interest expenses and lower f-x losses. We maintain our HOLD rating with our revised PT of TL12.90/share for VESTL shares.

Arçelik (ARCLK.IS): We project low single digit volume growth for Arcelik's Turkey operations below our domestic WG market growth estimate of 5% for 2020 due to expected m/s losses. Please note that, Arcelik was able to increase its m/s in domestic WG market by ca8ppt during 10M19 due to rivals' product inavalability. We forecast flattish international WG sales volume for 2020. Fierce competition in both domestic market and international markets is expected to create pressure on average WG selling prices. Consumer electronics segment is also not expected to be strong in 2020 considering flattish domestic TV segment margins under pressure on increasing competition. All in all, we envisage 13% TL denominated consolidated revenue growth in 2020 over expected 19% top-line growth in 2019. Despite easing raw material prices, we foresee flattish margins in 2020 considering selling prices under pressure on rising competition. 40% of Arcelik's consolidated gross debt is TL denominated as of 9M19end. However, 30% of TL denominated debt has fixed interest rates (ie. TL denominated bonds have average fixed rate at 19.1% through interest rate swaps). Hence, together with the projected increase in debt, we expect decline in borrowing rates to have limited positive impact on interest expenses as well as the bottom-line in 2020. We also forecast TL24mn f-x losses in 2020E compared to estimated TL218mn f-x gains in 2019. Consequently, we only project 8% earnings growth for 2020E.

Our revised blended (75% (€ denominated) DCF; 25% peer analysis) PT of TL21.50/share for ARCLK offers limited upside potential of 5%. The stock trades at discount with its 5.7x 2020E EV/EBITDA compared to its international peers' median of 7.0x but at premium with is 14.1x 2020E P/E over peers' median of 12.3x. We forecast 2% dividend yield for 2020, assuming 30% dividend pay-out ratio. We downgrade ARCLK to SELL from HOLD.

Sectoral Outlook – Iron Steel

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
EREGL	8.27	28,945	11.30	10.76	37	BUY	M	27	16	36	48	70	9%	88%	11%	7.4	6.2	0.5	0.5	4.6	3.5	9%	8%	9%	10%
KRDMD	2.46	1,919	3.43	3.17	39	BUY	M	21	9.9	43	92	22	9%	32%	0%	14.8	6.9			6.5	4.5				
Iron Steel																**11.1**	**6.6**	**0.5**	**0.5**	**5.5**	**4.0**	**9%**	**8%**	**9%**	**10%**

In 9M19, Turkish steel consumption dropped by 25% to 19mn tons, whereas exports grew by 9% to 16.5mn tons, bringing down total production volume to 25.3mn tons down by 10% Y/Y. We expect high single digit growth in domestic steel consumption in 2020 thanks to the recovery at domestic demand, especially in automotive and construction sectors, driven by easing interest rates.

In 9M19, decline in steel prices (-15% Y/Y) along with steep increase in iron ore prices (+37% Y/Y) pressured margins of steel manufacturers. A recovery in steel prices was observed after the lows observed back in October. We project low single digit decline in average steel prices in 2020 over 2019.

The sharp increase in iron prices in 9M19 was due to supply disruptions resulting from accidents, maintenance and extreme weather events affecting major companies around the world and knocking out millions of tons of capacity. After hitting US$110/ton in July, iron ore prices currently hover around US$85/ton. We project iron prices to drop to US$85/ton in 2020 from the average US$90/ton in 2019. A downward trend in coking coal prices was also observed during 2019, falling to US$160/ton in October from US$198/ton in early 2019.

Breaking-up of trade talks and additional trade barriers from EU and US and worse than expected recovery in domestic economy are the major risks for the sector. Our favorite name is EREGL.IS thanks to its hefty upside potential and high dividend yield.

Sectoral Outlook – Iron Steel

Ereğli Demir Çelik (EREGL.IS): We anticipate Erdemir's consolidated volume to reach 9mn tons in 2020, up by 8% YoY, over estimated 8.4mn tons in 2019. Top-line is expected to increase to US$5.1bn in 2020, up by 6% YoY, below volume increase on lower average selling prices. We project EBITDA margin to improve to 24.8% in 2020 from estimated 21.8% in 2019 thanks to easing in raw material prices. In late October, Erdemir announced a total of US$1.36bn investment in its Erdemir and Isdemir plants in order to increase efficiency, with no additional capacity. The planned cap-ex schedule was announced as 30% of total in 2020, 40% in 2021 and 30% in 2022. Please note that, the announced investments do not include company's regular maintenance cap-ex of US$200mn per annum. The investment will not change company's dividend policy.

Our equally (50% DCF; 50% peer analysis) blended PT of 11.30TL/share for EREGL offers 37% upside potential. We forecast 10.8% dividend yield for 2020E, assuming 80% dividend pay-out ratio. The stock trades at discount with its 2020E EV/EBITDA of 3.5x and P/E of 6.2x compared to its international peers' average of 6.4x and 10.0x, respectively.

Kardemir (KRDMD.IS): We project Kardemir to have 2.4mn tons consolidated sales volume in 2020, up by 7% over 2019. We forecast consolidated revenues to reach US$1.1bn in 2020, up by 4% YoY, below volume increase on lower average selling prices. We project EBITDA margin to improve to 14% in 2020E, from estimated 11.1% in 2019, thanks to easing raw materials. Our equally (50% DCF; 50% peer analysis) blended PT of 3.43TL/share for KRDMD offers 39% upside potential. The stock trades at discount with its 2020E EV/EBITDA of 4.5x and P/E of 6.9x compared to its international peers' average of 6.4x and 10.0x, respectively.

Sectoral Outlook – Industrial Textile

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
KORDS	12.44	2,420	17.80	17.10	43	BUY	M	7.1	-2.4	2.2	29	45	5%	51%	2%	7.4	7.2	1.2	1.0	6.4	5.7	17%	15%	6%	5%
Industrial Textiles																**7.4**	**7.2**	**1.2**	**1.0**	**6.4**	**5.7**	**17%**	**15%**	**6%**	**5%**

Kordsa (KORDS.IS): Weak demand conditions in global auto industry, especially in China started to put pressure on operating performance of Kordsa in 2H18, mainly due to relatively low global capacity utilization rates in tire-reinforcement market and aggressive pricing strategies of some large players in Asia. Weaker price&volume outlook and relatively strong TL pushed the company's 3Q19 EBITDA margin to 13.9%, despite the positive contribution from consolidation impact of Axiom materials. After the weak 3Q19 realizations, Kordsa revised its 2019YE guidance downward. The company kept its revenue growth guidance at 10%-15% in USD basis but revised EBITDA growth guidance down to 2%-4% from 10%-15%.Please also note that company s previous guidance does not include contribution of Axiom Materials acquisition (completed in July 24 2019) which is expect to make around USD20mn revenue USD5mn EBITDA contribution to 2019YE numbers. So Kordsa expects around 1%-4% contraction in its comparable EBITDA in 2019.

As for the 2020, the management sees very slight recovery in demand thanks to positive contribution from tire replacement market. We expect weak pricing environment to continue in 2020, mainly due to slow market recovery. Accordingly, we expect tire reinforcement segment's revenues to contact by 2% in USD terms in 2020. On a consolidated basis, we expect full year contribution of Axiom to carry consolidated revenue growth to 2% in 2020.

Sectoral Outlook – Food & Beverage

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
AEFES	22.08	13,074	29.50	30.00	34	BUY	M	14	3.7	3.8	32	80	2%	29%	5%	13.2	10.4	1.1	1.0	7.0	6.2	9%	10%	2%	3%
CCOLA	35.50	9,030	43.00	43.50	21	BUY	M	12	2.3	2.9	28	93	1%	12%	6%	11.0	12.4	1.5	1.4	5.9	5.9	14%	12%	6%	5%
ULKER	21.64	7,401	29.10	27.74	34	BUY	M	16	5.5	2.7	40	94	2%	39%	3%	9.1	10.8	1.8	1.6	7.4	6.6	22%	16%	7%	5%
TATGD	5.97	812		4.48		U.R	U	28	17	0.9	41	19	3%	37%		12.7	11.7	1.5	1.4	9.7	7.9	12%	12%	7%	7%
Food & Beverages																**11.9**	**11.2**	**1.5**	**1.4**	**7.2**	**6.4**	**13%**	**12%**	**6%**	**5%**

Weak domestic volume outlook to continue for both soft drink and beer in 2020: The lower economic activity, high inflation and deteriorating purchasing power continued to have a negative impact on beverage volumes in 9M19, despite the positive impact of stronger tourism. The slight recovery in recent economic activity and low base may lead to only slight improvements, if any, in domestic volumes in 2020, due to the affordability issues, in our view. Indeed, sales/volume increased by 30% YoY in 9M19 for Anadolu Efes and 21% for Coca Cola İçecek. It was also the main driver of the domestic topline growth of the companies. On the profitability side, the negative impact of weak volumes was compensated by the positive impact of stronger pricing, lower raw material cost and timely hedging activities. However, strong pricing this year, the current disinflationary environment and possible excise tax increase (likely to exceed inflation) may leave less room for price increases in 2020. Therefore, lack of volume growth along with lower pricing power may have a negative impact on operational margins in Turkey in 2020. For Anadolu Efes, on top of the strong contraction in domestic beer market, market share losses (albeit at a lower rate) had a further negative impact on growth and margins in 2019 in Turkey. In 2020, we expect flattish domestic beer market and do not expect further market share lost for Anadolu Efes. Note that, following the merger with ABI in Russia and Ukraine, Turkey’s volume share decreased to as low as 15%.

Slow recovery in international volumes for soft drink especially in 1H20: We saw contraction in international volumes in 9M19 for Coca Cola İçecek, due to the economic turbulence in Pakistan and production stoppage in Turkmenistan this year. The unfavorable regulations and fierce competition in Pakistan had also further negative impact on operations. We do not expect a strong recovery in volumes and margins in international operations in 2020 especially in 1H due to the continued challenging market conditions, fierce competition and possible further unfavorable regulatory changes in Pakistan, ongoing production stoppage in Turkmenistan and political unrest in Iraq since the beginning of the fourth quarter.

Sectoral Outlook – Food & Beverage

Strong international beer volumes along with improving margins in 2020: On the positive side, the international beer volumes enjoyed very strong growth in Russia and Ukraine thanks to the strong economic activity, lack of unfavorable governmental intervention and market share gains following the merger. The improving economies of scale and merger synergies boosted operational margins. Despite strong base, we expect international volumes to continue to enjoy strong volume growth in 2020 (albeit at a lower rate) and international margins continue to improve thanks to the further synergies and improving economies of scale.

Prefer Anadolu Efes (AEFES.IS) over Coca Cola İçecek (CCOLA.IS): We have a constructive view on CCOLA over the long term on the back of relatively strong growth in sparkling, increasing share of IC vs FC, accelerating demand for no/low sugar products and higher growth of more profitable Central Asian region should be supportive for margins going forward. The Management's efforts to improve opex efficiency should continue to support operational margins. Indeed, they achieve one of best opex/sales ratio among coca cola bottlers. Strong operational cash generation and deleveraging is also in track. However, there are many headwinds in short term both in Turkey (makes 50% of volume) and in Pakistan (makes 25% of volume) as mentioned earlier. Therefore we prefer AEFES over CCOLA due to the better outlook for its international business driven by strong volume growth in Russia and further merger synergies to be unlocked in 2020. We expect the strong operational cash generation and deleveraging process to continue in 2020 along with a better dividend outlook in 2020 for both names. Our DCF/peer 50-50% blended valuation for AEFES also provide higher upside potential compared to CCOLA. Anadolu Efes trades at 6.2x 2020E EV/EBITDA, signaling 48% discount to its international peers while Coca Cola İçecek trades at 5.9x 2020E EV/EBITDA, implying 40% discount to its international peers.

Sectoral Outlook – Food & Beverage

Ülker (ULKER.IS): Ülker delivered 36%/46% YoY revenue/EBITDA growth in 9M19, benefiting from 4% consolidated volume growth, 27% avg. price increase in domestic market and positive fx conversion impact from international operations. In 2020E, we expect positive impact from international operations to fade away mainly due to more stable TL outlook. In domestic market we expect average price per tonne to increase in line with the inflation. We foresee 15% revenue growth with 0.2ppt EBITDA contraction mainly due to increasing revenue share of Turkey operations.

We believe that Ülker offers an attractive investment case on i) increasing EBITDA contribution from margin accretive and fast growing international operations, iii) undisputed leader position in Turkish Confectionary market with very strong presence in traditional retail channel, iii) fully hedged balance sheet, enjoying positive carry and iii) expected deleveraging over the next two years with partial normalization of working capital and strong EBITDA generation.

In 2020, we expect partial easing in working capital requirement, along with continuation of strong EBITDA generation, to translate into TL1.3bn operating cash flow. In addition to that, we expect company’s capital expenditures to stay at 2.5% of the revenues in 2020E as Ülker completed major modernization investments in Turkey. Strong operating cash flow generation coupled with mild cap-ex growth and dividend income from Godiva Belgium (our estimate is USD120mn) should bring Ülker’s 2020 net debt to EBITDA ratio to only 0.4x (including derivative positions).

BUY maintained: We lifted our blended (50% DCF / 50% target 8.5x 2020E EV/EBITDA peer multiple analysis) TP to TL29.1 on back of lower WACC and slightly lower net debt in 2020.

Sectoral Outlook - REIC

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield Est.	P/E		P/BV		EV/EBITDA		ROE		ROA	
EKGYO	1.48	5,624	1.88	1.51	27	BUY	U	23	12	20	51	57	4%	34%	1%	8.4	3.5	0.5	0.4	11.8	6.8	5%	12%	3%	7%
ISGYO	1.16	1,112	1.35	1.18	16	HOLD	M	23	13	1.8	44	27	5%	21%	3%	10.1	5.5	0.3	0.3	14.3	13.4	3%	5%	2%	4%
TRGYO	2.40	2,400	3.27	2.60	36	BUY	M	40	27	5.1	21	34	2%	8%	2%	2.8	2.6	0.3	0.3	10.9	9.5	11%	10%	7%	7%
REITs																**8.4**	**3.5**	**0.3**	**0.3**	**11.8**	**9.5**	**5%**	**10%**	**3%**	**7%**

Following the CBRT's rate cut of 1000bps since July 2019 and state bank's mortgage campaigns decreasing the monthly mortgage rates below 1% threshold, first-hand sales more than doubled in the past five months after hitting rock bottom in June 2019. We expect this recovery in the house sales momentum to continue in 2020 thanks to low interest environment, pent-up demand and depleting house stock. We believe further rate cuts will increase private banks lending appetite to follow state banks on lower mortgage rates as we expect CBRT to decrease policy rates by 200-300bps in the coming 12 months.

Sharp downward trend in number of construction permits since 2H18 (-63% YoY in 9M19) together with the expected revival in the new house market is to lead to an acceleration in the decrease in unsold house stock in the coming periods. Based on cumulative difference between first hand sales and number of occupancy permits in the past 7years, we calculate there is around 1.25 million unsold house stock, which can be consumed in 3 years. This rebalancing between supply/demand dynamics in the market is expected to reduce the pressure on house prices and eventually encourage potential house buyers with investment purposes who wants to take advantage of discounts in house prices up to 30% in a lower deposit rate environment. Note that constructors have failed to pass %20 YoY increase in construction costs in 9M19 into their prices resulting new home prices to be down by 1.4% YoY in Turkey and 8.8% YoY in Istanbul in real terms. On the other hand, we believe the demand will remain sensitive to the volatility in the markets and the currency movements.

Sectoral Outlook - REIC

Emlak GYO (EKGYO.IS): We revised our estimates and target price for EKGYO on the back of lower long term risk free assumptions and additional value we attached to new revenue sharing model that will be developed with TOKI under the scope of the new protocol they signed together. New model will allow Emlak to develop RSM projects on TOKI's land plots without purchasing them and support cash flow generation of the company. The income to be generated from the projects will be shared between TOKI and Emlak Konut where Emlak's share will be 15% and TOKI will have 85%. Accordingly, we upped our TP to 1.88TL/share from 1.51TL/share previously. We are upgrading our recommendation to BUY from HOLD for EKGYO on decent upside potential of 27% and improved outlook.

We believe, being a sole residential developer, Emlak will be the main beneficiary of the potential recovery in the residential market, going forward. As we expect to see faster recovery in the cheap residential market, strong demand in Emlak's new Arnavutkoy Project (50/50 partnership with THY) – a turn-key which will be located near the new airport will support pre-sale performance in 2020. The tendering process of the first phases is expected to start in 2020. Considering company's TL base debt position amounting to TL4.1bn, Emlak will also benefit from lower interest expenses on lower borrowing costs providing some relief on bottom-line. At its current market value, the stock trades at 74% discount to its NAV.

Sectoral Outlook - REIC

Torunlar GYO (TRGYO.IS): Torunlar is our favorite name among our REIT coverage on i) significant decrease in its short fx position, hence reduced fx exposure, ii) strong and recurring cash flows from leased mall&office portfolio and iii) expected deleveraging over the next two years with solid EBITDA growth supported by the expected acceleration of the sale performance in 5. Levent and Torun Center Projects and positive contribution of MoI Hotel and Convention Center which is expected to become operational at the end of 1H 2020, bringing an additional EUR3mn of rental revenue per year. Torunlar decreased its short fx position to 2.2bn (US$183mn and EUR191mn) as of end-3Q19 from TL3.4bn (US$382mn and EUR198mn) as of end-2Q19, switching big portion of its hard currency debt to TL, as interest rates go through easing cycle. We expect to see more pronounced deleveraging in the coming periods on the back of above inflation rental revenue growth (+13% YoY in 2020 inc. common areas), lower financial expense burden, higher unit sales and no immediate capex requirement as ongoing projects are close to completion. Accordingly, we revise up our TP to TL3.27 /share as we upped our house and office sale expectations and decrease our long-term rf assumptions. At its current market value, the stock trades at 68% discount to its NAV.

Is GYO (ISGYO.IS): We expect the recovery in Is REIT's residential sales to lag behind due to structure of its project portfolio. Unsold units left in Company's Manzara Adalar and Ege Perla Projects are rather large and expensive units and we believe it will take some time to sale performance to pick up considering oversupply in the project locations. As for the rental asset portfolio, we expect to see an increase in the occupancy rates in Is Tower 3 and Maslak Office in 2020 as the management is constantly negotiating with potential new tenants. However, we expect the weak performance in retail assets to continue due to continuing ramp-up process in newly opened malls (Ege Perla) and retail areas. Accordingly, we expect rental revenue growth of 11.3% YoY in 2020, in line with our average inflation estimate. Moreover, although decrease in the interest rates will affect company's profitability positively, we don't expect to see a meaningful decrease in the indebtness of the company unless there is an asset sale. Our revised TP of TL1.36/share indicates 17% upside potential. We keep our HOLD rating for the stock on limited upside. At its current market value, the stock trades at 69% discount to its NAV

Sectoral Outlook – Aviation

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
DOCO	515.00	5,018	711.20	706.03	38	BUY	M	-3.4	-12	0.2	50	81	1%	37%	1%	16.7	12.4			9.6	6.6			7%	8%
PGSUS	73.75	7,545	99.72	86.20	35	BUY	M	16	5.6	35	36	51			0%	6.1	5.9	1.5	1.2	4.0	3.5	28%	23%	7%	5%
TAVHL	27.10	9,845	38.15	34.76	41	BUY	M	6.3	-3.1	8.3	44	96	5%	55%	5%	10.3	5.8	1.4	1.1	5.9	5.0	14%	22%	5%	8%
THYAO	13.89	19,168	18.70	15.80	35	BUY	M	20	9.4	257	49	44			0%	7.1	5.1	0.5	0.5	7.2	5.4	8%	10%	2%	3%
Airlines&Services																**8.7**	**5.8**	**1.4**	**1.1**	**6.6**	**5.2**	**14%**	**22%**	**6%**	**7%**

General Directorate of State Airports Authority projects total passenger traffic as 170.7mn (+4% to 114.4mn international; +14% to 56.3mn domestic) in 2020, registering 7% growth over 2019.

Risks to our call are: rising security concerns hurting traffic growth, worse than expected yields due to increased competition, sharp increase in fuel prices and depreciation of € against US$.

THYAO. IS is the preferred name in our aviation coverage universe, considering its hefty upside potential, positive outlook for cost management and strong underperformance year to date in 2019.

Sectoral Outlook – Aviation

Türk Hava Yolları (THYAO. IS): We expect THY to attain 9.5% ASK growth in 2020 on the back of 31 A/C (net 12 A/Cs) deliveries and 6% increase in ASL. THY targets for long haul routes for 2020, targeting Far East and America. Indeed, THY recently announced its code sharing agreement with Malaysian Airlines. We assume THY's total pax to increase to 78.15mn in 2020 from our estimate of 75.08mn for 2019, up by 4% Y/Y. We project 2% decline in RASK in 2020 due to increasing long haul routes. We project the Airline to generate US$14.3bn consolidated revenues in 2020, registering 8% growth over estimated US$13.2bn in 2019. We forecast 1.6ppt improvement in EBITDAR margin for 2020 thanks to 3.3% decline in CASK ahead of RASK decline driven by cost cutting measures. Please note that, THY management has announced US$100mn cost savings in 4Q19 and also continuation of cost cutting measures in 2020. The CASK decline is expected driven by i) the decline in fuel consumption on lowering taxi time with the opening of 3rd runway, increasing long haul routes and delivery of cost efficient aircrafts ii) utilization of excess personnel with the delivery of new aircrafts iii) potential decline in airport fees. The Management is keen on demanding discount from all its business partners for 2020. Consequently, we project 20% EBITDA and 18% EBITDAR growth in US$ terms in 2020 over 2019.

We used 5.7x (Prev:5.4x) target EV/EBITDA multiple for valuing THY core businesses and P/E multiples for valuing subsidiaries. Our revised PT of 18.70TL/share offers 35% upside potential. We reiterate our BUY recommendation for stock. The stock trades at slight discount with its 2020E 5.4x EV/EBITDA multiple compared to the average of its international peers' average of 5.7x. While any potential operational disturbance in the first winter season in Istanbul New Airport might be a downside risk, potential of Boeing MAXs return to service before our projection of 2020 year end and higher than expected decline in costs are the upside risks for the stock.

Pegasus (PGSUS.IS): Pegasus Airlines has 16 A/C (net 10 A/Cs) deliveries in 2020. We penciled in 15% ASK growth for 2020, in-line with Pegasus management's guidance together with slight 0.2ppt decline in LF. We project the share of international routes in total capacity to slightly increase to 76% in 2020 from expected 74% in 2019. We forecast flattish € denominated yield in 2020 but slight increase in ancillary revenue per pax to €15.21 in 2020 from expected €14.95 in 2019. We envisage flattish ex-fuel CASK but 2% decline in CASK mainly due to rising share of fuel efficiency aircrafts (NEOs) in fleet in 2020. We expect 1ppt erosion in EBITDA margin in 2020 due to projected 4% decline in RASK. All in all, we foresee 10% revenue growth and 7% EBITDA growth in € terms in 2020 over 2019.

We used 4.5x target (Prev:4.1x) EV/EBITDA multiple for valuing Pegasus Airlines. Our revised PT of TL 99.72/share offers 35% upside potential. We reiterate our BUY recommendation for stock. The stock trades at discount with its 2020E 3.5x EV/EBITDA multiple compared to the average of its international LCC peers' average of 6.0x and THY's EV/EBITDA of 5.4x. Higher than expected yields and ancillary per pax might be an upside risk for our EBITDA estimate as well as PT.

Sectoral Outlook – Aviation

TAV Havalimanları (TAVHL. IS): We expect 7% passenger traffic growth in all TAV operating airports for 2020 over 2019. We project 7% top-line growth and 11% EBITDA growth in € terms in 2020 over 2019. We anticipate 70% € denominated bottom-line growth in 2020 thanks to the contribution of 1st installement of compensation fee. The discussions between TAV and State Airports Authority related to the compensation amount on loss of profit due to Istanbul Ataturk Airport's early closure is expected to finalize by end of 2019. The news flow related to compensation amount, payment schedule and payment method are the major catalysts to affect the stock's performance, in our view. We calculate compensation payment as €400mn (after tax €312mn) with two installments €160mn in 2020 and €240mn in 2021. We don't see any risk of payment. Cash payment or netting of TAV Airport's concession rent to Government (appx. €110mn per annum) might the probable payment methods.

Our valuation of TAVHL is based on sum of the parts approach, valuing each asset with € denominated DCFs. Our revised PT of TL38.15/share offers 41% hefty upside potential. Any positive outcome of airport tender projects in or out of Turkey might be a catalyst for the stock as the market is looking forward to hearing any tenders/acquisitions to compensate loss of Istanbul Ataturk Airport. Balkans, CIS (Commonwealth of Independent States) North Africa and Eastern Europe are the regions that TAV is interested. Indeed, TAV and VPE Capital started negotiations with the owner of Kazakhstan Almaty International Airport regarding the potential acquisition of the asset on early November. Almaty Airport served approximately 6 million passengers in 2018.

DO&CO Aktiengesellschaft (DOCO.IS): We did not make any major change in our TP as lower EUR/TRY assumptions offset by higher top-line growth expectations in 2019 and 2020. The management expects revenues to reach EUR1bn in 2019/20 and EUR1.3bn in 2020/21 as the new deals with BA & Iberia and Iberia Express, the renewal of the contract with Turkish Airlines, intensifying cooperation with Cathay Pacific and various new lounge businesses will create a boost in revenues going forward. DO & CO reached an agreement with British Airways for the catering services procurement for flights leaving from London Heathrow Airport starting April 2020 and with Iberia for flights leaving from Madrid Barajas Airport. Both agreements are valid for 10 years and expected to bring EUR250mn additional revenues per year. Accordingly, we slightly raise our TP to TL711/share from TL706/share previously. We reiterate our BUY rating for DOCO shares.

Sectoral Outlook - Conglomerates

Price and Key Ratios

Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield Est.	P/E		P/BV				ROE		ROA	
															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
ALARK	5.11	2,223	5.40	4.85	6	HOLD	M	7.4	-2.1	11	30	30	4%	8%	3%	8.1	6.9	1.6	1.4			22%	22%	9%	9%
ENKAI	5.79	28,950	6.79	6.09	17	HOLD	M	3.6	-5.6	1.7	12	66	3%	49%	3%	8.0	14.0	0.8	0.8			11%	6%	9%	5%
KCHOL	20.70	52,493	23.50	22.30	14	HOLD	D	12	1.8	13	26	84	2%	19%	2%	12.1	5.0	1.4	1.1			12%	26%	3%	7%
SAHOL	9.11	18,588	12.60	11.60	38	BUY	M	9.1	-0.5	16	48	69	2%	14%	3%	5.0	3.9	0.6	0.5			12%	14%	1%	1%
SISE	5.06	11,385	5.80	6.17	15	HOLD	M	17	6.3	18	32	33	3%	25%	3%	6.4	6.5	0.8	0.7			13%	12%	6%	5%
TKFEN	18.88	6,986	25.35	25.35	34	BUY	M	14	3.7	18	51	60	3%	40%	8.0%	4.1	7.6	1.3	1.2			35%	16%	14%	8%
AGHOL	16.21	3,948	24.00	23.50	48	BUY	M	8.1	-1.5	3.4	29	28	1%	n.a	1%	-33.5	12	0.8	0.8			-2%	6%	0%	0%
Conglomerates																**6.4**	**6.9**	**0.8**	**0.8**			**12%**	**14%**	**6%**	**5%**

Koç Holding (KCHOL.IS): We continue to like the story of Koç Holding in long term as it renders an almost picture-perfect cocktail and offers a rare mixture of thriving and stamina poising to be a winner both in up and down markets. However in relatively shorter term, due to the increasing premium to both its current NAV and listed NAV and limited upside potential to our SOTP type target valuation, we downgrade the name to HOLD. Following 24% outperformance ytd over the market, the share offers only 14% upside potential to our upward revised 12M PT of TL23.5. The share currently trades at 6% premium to its current NAV vs 1Y/3Y average discounts of 5%/7% and trades at 25% premium to its listed portfolio vs. 1Y/3Y averages of 16%/7% premium. The weak outlook of its refining business in short term (which is likely to deliver lower dividend yield in 2020) and the overhang risk at Yapı Kredi as Unicredit is likely to divest its stake in medium to long term also limits further gains on NAV front.

Sabancı Holding (SAHOL.IS): The current NAV discount increased to 43% vs 1Y/3Y averages of 41%/37%. Its Premium to AKBNK, which makes 50% of current NAV, is also good indicator for the valuation of the Holding. Currently, the market value of the Holding is 13% higher than the market value of its stake at Akbank compared to 1Y/3Y averages of 21%/26% (adjusted with capital increase), implying lower value attached to the non-bank portfolio currently by the investors. However, the Management is strategically restructuring the portfolio via IPOs and divestures of non-core assets. The deleveraging process, especially in energy, also continue on the back of improving profitability and stronger cash generation. The possible IPO of its electricity generation arm in upcoming periods may further accelerate the operational/financial performance of the asset and further increase the transparency of the NAV, which may lead to reversal of the discount, in our view. Therefore, we maintain our BUY recommendation for SAHOL shares offering 38% upside potential to our 12M PT of TL12.6. The current high level of the NAV discount also signals a good entry point, in our view.

Sectoral Outlook - Conglomerates

Alarko Holding (ALARK.IS): The strong improvement in profitability of its electricity generation arm, solid operational profitability and free cash flow generation of its electricity distribution business and new project additions in contracting arm lead to significant 124% ytd outperformance over the market. Following the strong performance, the upside potential to our revised 12M PT of TL5.3/share decreased to 6% and the discount to NAV narrowed to 40% compared to YE18 discount of 67% and 3Y average discount of 50%. Despite the current electricity/coal prices, more stable TL against hard currencies, strong project pipeline and higher margin expectations of the Management for the new projects in contracting segment pose upside risk to our valuation, we stick to our HOLD recommendation due to the deteriorating risk/reward profile. Depreciation of TL against hard currencies due to high Fx leverage, unfavorable changes in the spread of NG and imported coal plants' marginal costs, any additional regulatory burden on imported coal PPs or unfavorable regulatory changes for its electricity distribution business remain the major downside risk factors to our valuation.

Tekfen Holding (TKFEN.IS): We didn't make any revision in PT following our recently published report on November 20th. We think that recent underperformance of the stock offers an attractive entry point, given its undemanding valuation multiples and prospective project additions in contracting segment as the company submitted bids for over 30 projects in various regions. Tekfen has been closely looking into opportunities in countries such as Kazakhstan and Russia, where oil and gas industry offers sizable opportunities. Therefore, we project the company to secure US$1bn new contracts in 2020. On agri-industry front, we expect a stable outlook in 2020 with a slight decrease in margins as we expect moderate increase in both domestic and export volumes, yet, softer pricing environment due to i) high base of 2019, ii) declining affordability of the farmers and iii) supply/demand imbalances in export markets. The stock trades at 2020E EV/EBITDA and P/E of 3.2x and 7.6x, respectively.

Sectoral Outlook - Conglomerates

Enka İnşaat ve Sanayi (ENKAI.IS): Enka’s current backlog volume of US$2.35bn is to reach to US$3.6bn with the new awards about to be finalized in the coming periods. HEPP Project in Georgia with a capacity of 433MW which will be operated by Enka for 15 years under BOO agreements and state guarantees after the completion, is expected to be included into backlog in 2020. Serbian Government had already announced another project of Bechtel-Enka JV as the winning consortium of Morava Corridor motorway project, which will be included into the order book following the final agreement with the government. Additionally, a power plant project in Russia and US Embassy projects are among the other projects that potentially to be added portfolio. As for the Russian real-estate business, improving outlook in the Russian economy is likely to have a positive impact on the performance of Enka's real estate portfolio in Russia. On the other hand, energy business remains uncertain with lack of earnings visibility as production in all three power plants has halted after the termination of the BOO contracts. The Company decided to shut down the plants that started to operate under free market conditions where spark speeds fell down to inefficient levels after the %118 hike in natural gas prices in the last two years. Therefore we don’t expect zero contribution from energy business in 2020. We slightly increase our TP to TL6.8/share from TL6.1/share previously. Negative impact of lower USD/TL assumptions is largely compensated by increase in our rental rate projections. We maintain our HOLD recommendation on limited upside potential and lack of catalyst as above mentioned contributions in to the backlog size were already expected by the market. The stock trades at 2020E EV/EBITDA and P/E of 4.2x and 14x, respectively.

Anadolu Grubu Holding (AGHOL.IS) is our top pick: Please see page 66 for details

Sectoral Outlook - Communications

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
TCELL	13.44	29,568	18.00	17.44	34	BUY	M	8.4	-1.2	17	49	89	9%	139%	6%	9.0	8.1	1.6	1.5	7.0	6.6	19%	19%	7%	8%
TTKOM	6.92	24,220	9.00	7.60	30	BUY	M	15	5	30	15	71	5%	85%	7%	10.3	7.2	2.5	2.1	3.6	3.2	27%	32%	6%	8%
Communications																**9.7**	**7.6**	**2.0**	**1.8**	**5.3**	**4.9**	**23%**	**25%**	**7%**	**8%**

Benign price competition: We see that price competition will stay benign among mobile operators in 2020 mainly due to Turkcell's and Turk Telekom's strategic aim to deliver FCF generation, following the weak 2015-2018 period mainly due to 4G license payments and weak TL (additional burden on capex) particularly in 2018. Although Turkcell management indicated in its 3 year plan that it will put greater focus on subscriber additions compared to past years, it continues to see above inflation price increases as one of the main drivers of revenue growth.

Inflationary price adjustments to drive growth: Both Turkcell and Turk Telekom has become quite successful in delivering above inflation price increases in 2019. This was particularly case for Turkcell in the mobile segment for and for Turk Telekom in broadband. Turkcell's mobile ARPU growth benefits from digital services, increasing share of value added post-paid subscribers and Turkcell's superior best-in class network quality. Turk Telekom's mobile growth depends on balance mix of subscriber additions and ARPU growth. On the broad band front, on the other hand, upgrades to unlimited internet packages and faster internet speeds continue to support ARPU growth.

New regulation on customer registration — ICTA required operators to cancel subscribers without resident permits until first of December 2019. Turk Telekom and Turkcell disconnected 283k and 70k subscribers with no or low ARPU generation respectively, in 3Q19. Almost all of the cancelled subscribers were prepaid. In 4Q19, Turk Telekom expects to disconnect lower number of subscribers compared to 3Q19. Turkcell is likely to cancel much more users in 4Q19 given its market leader position. Operators expects at least half of the cancelled subscriptions to come to market in 2020.

Sectoral Outlook - Communications

Turkcell (TCELL.IS): 2020-2022 strategy update: Turkcell expects CAGR of 13%-16% in sales, EBITDA margin of 39%-42% and EBIT margin of 18%-21% and operational capex (excluding license fees) over sales ratio of 16%- 18%.

Turkcell continues to see inflationary price adjustments as the main driver of strong 13%-16% top-line growth. That being said, Turkcell management indicated in its 3 year plan that it will put greater focus on subscriber additions compared to past years. The company expects to add 1 million new subscribers p.a over the in 2020-2022, which we find a bit aggressive, given the company's premium prices. In this context, the company aims to increase its market share in residential broadband to 22% from current 17%. Turkcell also sees higher growth in techfin solutions and energy business with estimated CAGR of 16%-19% in 2020-2022.

In 2020E, we foresee 14.6% revenue growth with 30bps lower YoY EBITDA margin mainly due to i) higher growth in relatively less profitable business, expected decline in share of international operations with stabilizing TL and no contribution from margin rich betting business which was expired back in August.

BUY maintained: We lifted our DCF based valuation to TRY18.0 from previous TRY17.4. The Increase resulted from lift up in our EBITDA estimates by 8.7% on average following the company's 3 year guidance update, ii) lower risk free rate and cost of debt assumptions. In addition to we no longer use peer comparison method in our valuation, as IFRS 16 adjustments made it difficult to compare telecom universe based on short-term multiples, due to different length and size of lease contracts of peers as well as different discount rates applied to the contracts. Removal of peer comparison form the valuation had a negative impact to PT.

Sectoral Outlook - Communications

Türk Telekom (TTKOM.IS): We expect Turk Telekom to deliver 13.2% revenue growth with 30bps contraction in EBITDA margin on the back of normalizing op-ex growth. We see broadband as the main driver of the growth on i) relatively lower fixed broadband penetration compared to European peers, ii) the company's unique market position, bringing strong pricing power and ii) changing sales composition towards more expensive unlimited packages after the removal of fair usage quota in the beginning of the year. As for the mobile, Turk Telekom's has room to increase to its blended mobile ARPU as Turkcell aims to increase ARPU above inflation. We think that the company's growing scale advantages will allow it to maintain its profitable growth in mobile.

Hedged balance sheet: As of 9M19, Türk Telekom increased its hedge ratio to 87% which significantly reduced vulnerability of the bottom-line to fx movements. We expect company to maintain this level of hedge as around 50% to 60% of company's capex is in hard currency.

Resumed dividends in 2020: We expect Turk Telekom to distribute TL1.64bn dividend in 2020 with 70% pay-out ratio. In the recent earning call, the management stated that Turk Telekom's strong cash flow generation should allow it to resume dividend payments in 2020, but the decision is up to the new shareholders.

We revised up our DCF based price target to TL9.0 from previous TRY8.5. Increase in our valuation resulted from the lift up in EBITDA estimates by 2.8% on average for 2020E-2022E and ii) lower risk free rate and TL cost of debt assumptions. In addition we no longer use peer comparison method in our valuation, as IFRS 16 adjustments made it difficult to compare telecom universe based on short-term multiples, due to different length and size of lease contracts of peers as well as different discount rates applied to the contracts. Removal of peer comparison form the valuation had a negative impact to PT.

Sectoral Outlook - Chemicals

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
PETKM	3.61	7,624	4.20	4.30	16	HOLD	M	5.3	-4.1	48	48	18	6%	73%	9%	8.1	6.5	1.4	1.3	7.8	6.6	20%	20%	7%	9%
ALKIM	32.28	798	45.40	34.50	41	BUY	M	6.8	-2.6	0.5	38	18	5%	58%	7%	7.2	7.3	2.2	1.9	5.3	5.0	32%	28%	23%	21%
Chemicals																**7.7**	**6.9**	**1.8**	**1.6**	**6.5**	**5.8**	**26%**	**24%**	**15%**	**15%**

Petkim (PETKM.IS): Narrowing ethylene and naphta spreads, driven by weak demand global demand conditions, have been pressuring Petkim's operating margins. Our revised 2020E EBITDA and Net Income projections point to a limited 18% and 25% YoY growth figures, as we project a limited improvement in product spreads, remaining at depressed levels in 4Q19 to date, despite the positive margin impact due to the full year naphta production at Star refinery. We maintain our HOLD recommendation for the stock.

Alkim (ALKIM.IS): We lifted our DCF based PT to TL45.4 from previous TL34.5 on the back of inclusion of long waited potassium sulphate investment to our valuation. Alkim recently announced that its Board decided to pursue long awaited potassium sulphate investment. Alkim plans to produce potassium sulphate by combining imported potassium chloride with natural sodium sulphate produced in its Acıgöl Facility where the new production facility will be integrated. The company foresees 18 month investment period with total investment of EUR14m. The investment will have initial production capacity of 50k tonnes but the company plans to increase capacity gradually to 100k tonne depending on the demand conditions.

According to Turkstat, Turkey imported 21.8k and 27.0k tons of potassium sulfate in 2017 and 2018 with average price of USD493 per tonne and USD523 per tonne, respectively. There are two types of potassium sulphate available which includes more than 52% potassium oxide (K2O) and less than 52% K2O. Alkim is going to produce potassium sulfate with +52% K2O content which has a better quality and a higher price. The average import price of +52% K2O sodium sulphate was USD561 and USD736 in 2017 and 2018. However, 86% of Turkey's potassium sulphate imports included less than 52% K2O content in 2019. Therefore, in our assumptions, we assumed USD500 per tonne sales price for Alkim's product. In that sense, high quality product coupled with reasonable price is likely to increase domestic demand and allow Alkim to export this product to nearby geographies in time.

Sectoral Outlook - Chemicals

We expect new potassium sulphate business line to generate 22% EBITDA margin at the initial year and then gradually increase to 30% on the back of higher capacity utilization and improving operational efficiency. Our margin assumption is driven from expected USD500 price for potassium sulphate fertilizer price and USD326 cash cost per tonne for production. (exc. transportation). We expect Alkim to use 0.9 tonnes of potassium chloride and 0.8 tonnes of sodium sulphate in order to produce a tonne of potassium sulphate. According to TURKSAT, Turkey imported 205.2k tonnes of potassium chloride (40% K2o =<62%) at an average price of USD263 and we calculate USD55 per tonne production cash cost for sodium sulphate for Alkim. On the top of these, we included USD45 additional cash cost for other production expenses (exc. transportation). As a result, we expect Alkim to generate USD177 cash gross profit per tonne sale of potassium sulphate.

Our main assumptions for new potassium sulphate investment are as follows:

Capacity: We assumed initial 50k tones capacity to remain unchanged until the end of projection horizon. We expect new investment to become operational in the beginning of 2H19 and capacity utilization to start at 70% and then gradually increase to 95%

Pricing: We assumed USD500 per tonne price for potassium sulfate in 2021 and increased prices by 1% in USD terms.

EBITDA margin: We expect new potassium sulphate business line to generate 22% EBITDA margin at the initial year and then gradually increase to 30% with higher capacity utilization and better efficiency.

Working Capital: We expect new business line to have slightly longer cash cycle than chemicals division.

Free cash flow: We expect Alkim to have additional TL72mn and TL29mn capex in 2020 and 2021 respectively. We forecast negative free cash flow contribution from investment in 2021/2022 mainly due to initial investment to working capital.

Dividends: We expect Alkim to continue to distribute dividends at 50% pay-out ratio in 2020 and 2021 thanks to its healthy balance sheet and strong cash generation from the chemicals division.

Sectoral Outlook - Furniture

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
YATAS	6.45	966	9.50	7.59	47	BUY	M	4.5	-4.7	2.2	58	39			0%	10.8	7.6	2.4	1.8	6.9	5.3	25%	28%	11%	13%
Furniture																**10.8**	**7.6**	**2.4**	**1.8**	**6.9**	**5.3**	**25%**	**28%**	**11%**	**13%**

Yataş (YATAS.IS): We see Yatas as a key beneficiary of relatively low interest rate and inflation environment which are likely to support demand and accelerate pace of franchise expansion, in our view. We revised up our number of franchise store openings from 10 to 25 for the 2020/2021 period and incorporated opening of 40 new Divan stores in 2020 to our model. Accordingly, we lifted our 2019/2020 revenue estimates by 8%/9% for 2020/2021 period.

We think that Yatas is likely to deliver 50bps margin improvement in 2019 thanks to year-end inflation linked wage increases but sticky product price hikes, expected operating leverage on accelerating sales and declining input costs pressure with relatively stronger TL in 2020. We expect 20bps improvement to come from gross margin and other 30bps from coming down opex to sales ratio. We see 15.5% EBITDA margin for Yatas sustainable under our current macro assumptions.

BUY maintained: We lifted our DCF based PT to TL9.5 from previous TL7.8 on the back of lower WACC and higher long-term EBITDA margin (from 15% to 15.5%) and growth assumptions. Yatas is trading at undemanding 2020E 5.1x EV/EBITDA and 7.7x P/E.

Sectoral Outlook – Automotive & Tractors

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
DOAS	9.15	2,013	12.75	5.65	39	BUY	U	18	7.9	11	15	14	8%	87%	5%	20.7	8.8	1.6	1.4	6.3	5.4	8%	17%	2%	5%
FROTO	64.30	22,564	80.00	67.12	24	BUY	U	1	-8	4.5	18	77	5%	69%	7%	11.6	10.3	5.0	4.3	7.5	6.8	46%	45%	13%	13%
OTKAR	151.50	3,636	189.00	155.50	25	BUY	M	8.3	-1.3	1.3	28	34	3%	84%	5%	8.9	8.1	6.1	4.2	9.1	8.4	83%	61%	16%	15%
TOASO	24.40	12,200	32.20	24.15	32	BUY	M	11	1.1	5.3	24	79	5%	61%	5%	8.6	7.6	2.9	2.3	5.7	5.1	36%	34%	11%	10%
Automotive & Parts																**10.2**	**8.5**	**3.9**	**3.3**	**6.9**	**6.1**	**41%**	**40%**	**12%**	**12%**
TTRAK	48.80	2,604	66.75	40.60	37	BUY	U	14	3.8	1.5	25	52	7%	100%	4%	33.2	12.4	3.6	3.1	9.5	6.9	11%	27%	3%	7%
Tractors																**33.2**	**12.4**	**3.6**	**3.1**	**9.5**	**6.9**	**11%**	**27%**	**3%**	**7%**

We revised up our domestic LV market estimates to 475K units (Prev: 370K) for 2019 and 545K (Prev: 390K) units for 2020. We now project 15% growth in domestic LV market for 2020, following an estimated 23% contraction in 2019. We forecast domestic auto market to reach its pre-crisis levels by 2023. Easing borrowing rates and stabilized €/TL rates as well as expected increase in auto demand from fleet companies are the major drivers for upward revision in our market assumptions. We project flattish export volume for 2020 considering the sluggish Eurozone growth.

Average vehicle prices in domestic auto market rose by 17% Y/Y in 10M19. We project domestic vehicle prices to increase in-line with inflation in 2020. Moderate projected TL deprecation slightly lagging inflation is expected to lead to mid-single export revenue growth in TL terms in 2020.

Slight decline in steel prices as well as rising CUR may have positive impact on domestic margins, whereas not affecting export margins as Turkish auto manufacturers’ have cost+markup export agreements.

We also revised up our domestic tractor market assumptions to 24K units (Prev: 23K) for 2019 and 29K units for 2020 (Prev:24K) mainly driven by the decline in interest rates, expected increase in farmers’ purchasing power on higher crop yields (except for wheat) and remarkable 29% increase in Government’s agricultural supports for 2020. Please note that, Ziraat Bank reduced its base interest rate to 12.0% from 17.4% on November 2019 on new tractor purchases without changing 50% interest subsidy level. We project flattish tractor exports in 2020. We expect improvement in margins in 2020 due to rising share of more profitable domestic sales, improving CUR and easing raw material prices.

Sectoral Outlook – Automotive & Tractors

Upward revision in our PTs mainly comes from lower TL denominated risk free rate assumptions (no change in € denominated risk free rate assumptions), upward revision in domestic auto market assumptions, updated peer group multiples and carrying forward our DCF valuations for three months.

Risks to our call are (i) weaker than expected Turkish and European automotive (tractor) market ; (ii) higher raw material prices, putting pressure on margins ; (iii) rising borrowing costs to hurt domestic vehicle demand iv) volatility in TL against €.

TOASO.IS is our sector pick thanks to its attrcative valuation and its competitive posiition in domestic market.

Tofaş Fabrika (TOASO:IS): We project Tofas Fabrika to post 12% revenue growth on 4% volume growth (+15% domestic volume, flattish export volume), better pricing in domestic market and modest currency impact on export revenues in 2020. As a local manufacturer of both PC and LCVs, Tofas has competitive advantage over importers when TL weakens. We believe that Tofas will maintain its strong 15.5% domestic m/s share in 2020 similar to 2019 which is expected to rise by 4.5ppt over 2018. We foresee company's EBITDA margin and PBT margin to remain flat at 13.4% and 7.5% in 2020, respectively. Take or pay accruals on export agreements will continue to be a buffer on margins in case of deterioration in Euro-zone auto market. We expect Tofas to announce its new generation Doblo investment in early 2020 behind schedule probably due to ongoing merger negotiations between FCA and PSA.

Our revised blended (50% DCF (€ denominated): 50% peer multiple analysis) PT of 32.20TL offers 33% upside potential. We forecast 5.3% dividend yield for 2020, assuming 45% dividend pay-out ratio. The stock trades at discount with its 5.1x 2020E EV/EBITDA and 7.6x 2020E P/E multiples compared to its global peers' average of 6.7x and 11.1x, respectively. We reiterate our BUY rating for TOASO shares.

Ford Otomotiv (FROTO.IS): We expect Ford Otosan to achieve 10% top-line growth in 2020 driven by limited 2% volume growth (+15% domestic sales volume, flattish export volume), price increases in domestic market and moderate currency impact on export revenues. We don't expect Ford Otosan to regain its expected 0.7ppt m/s loss (due to weak imported PC sales in 2019) in 2020, due to its focus on profitability rather than m/s. We penciled in 8.5% EBITDA margin for 2020 similar to 2019. As Transit Family product cycle ends in 2022-2024, we expect Ford Otosan to announce its new Transit Custom investment as well as the details of VW-Ford LCV strategic partnership in 2020.

Sectoral Outlook – Automotive & Tractors

Our revised blended (50% DCF (€ denominated): 50% peer multiple analysis) PT of 80.00TL offers 24% upside potential. We project 6.9% dividend yield for 2020 assuming 80% dividend pay-out ratio. The stock trades at par with its 6.8x 2020E EV/EBITDA multiple over its international peers but discount with its 10.3x 2020E P/E multiple compared to its global peers' average of 11.1x. We believe that potential additional capacity and synergies to be announced VW-Ford partnership might be a catalyst for the stock. We upgrade our rating to BUY from HOLD for FROTO shares.

Doğuş Otomotiv (DOAS.IS): Having only domestic market exposure as a result of its sole import & distribution operations, Dogus Otomotiv will be the main beneficiary from the recovery in domestic auto market in 2020. We expect Dogus Otomotiv to achieve 20% volume growth ahead of our market growth estimate, indicating 0.6ppt m/s gain in 2020 over 2019. Please note that, company's overall m/s dropped sharply to 16% in 2019E and 16.8% in 2018 from 19.1% in 2017, suffering from the weak TL as a sole importer. We project the Company to attain respective 25% revenue and 15% EBITDA growth in 2020 over 2019. The projected 0.5ppt decline in EBITDA margin in 2020 is due to declining share of more profitable after sales business in turnover as vehicle sales grow. We forecast an eye-catching earnings growth of 2.35 folds in 2020 over 2019 thanks to superior operating performance, lower interest expenses on lower borrowing costs, and higher subsidiary income in 2020 over 2019.

We value DOAS based on sum of the parts approach. We use DCF analysis (TL denominated) for distribution business and TUV Turk MVIS operations, and book values for other subsidiaries. As our revised PT of 12.75TL/share offers 39% upside potential, we upgraded our rating for DOAS to BUY from HOLD. We forecast 5% dividend yield for 2020, assuming 103% dividend pay-out ratio. The stock outperformed the BIST-100 by ca90% YTD driven by VW Group's potential investment announcement in Turkey as well as the recovery expectations for domestic auto market. Remission of VW Group's investment decision in Turkey might be a downside risk for DOAS.

Türk Traktör (TTRAK.IS): We expect Turk Traktor to attain 21% turnover increase in 2020 driven by 13% volume growth (+25% domestic; +4% export), better pricing on domestic market and moderate currency impact on export revenues. We project an EBITDA margin of 11% in 2020, up by 1.4ppt Y/Y, primarily due to rising share of domestic sales in turnover and improved CUR. We forecast more than two folds jump in company's net earnings in 2020 thanks to lower borrowing rates, lower interest expenses and superior operating performance.

Our revised blended (50% DCF (TL denominated): 50% peer multiple analysis) PT of 66.75TL/share offers 37% upside potential. We forecast 3.8% dividend yield for 2020, assuming 107% dividend pay-out ratio. The stock trades at discount with its 6.9x 2020E EV/EBITDA and 12.4x 2020E P/E multiples compared to its global peers' median of 8.3x and 13.5x, respectively. We upgrade our rating for TTRAK to BUY from HOLD.

Sectoral Outlook – Automotive & Tractors

Otokar (OTKAR.IS): Otokar's armored vehicle deliveries to United Arab Emirates are expected to continue with a increasing pace in 2020 over 2019. We expect the vehicle deliveries related to remaining US$335mn backlog as of 9M19-end to be completed till the end of 2021 prior the initial schedule of 2023. Thanks to strong armored vehicle deliveries, we project 12% top-line growth with an EBITDA margin of 18.5%, down by 0.5ppt Y/Y, for 2020. The company is forecasted to post 10% net profit growth in 2020.

Our peer analysis based PT of TL189/share for OTKAR now offers 25% upside potential. We reiterate our BUY recommendation for OTKAR. We forecast 5.1% dividend yield for 2020, assuming 45% dividend pay-out ratio. New armored vehicle orders might be the catalyst for the stock.

Sectoral Outlook – Retail Trade

Price and Key Ratios

Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
BIMAS	46.22	28,065	53.00	53.90	15	HOLD	M	-0.5	-9.2	16	68	69	2%	66%	3%	19.3	17.0	6.6	5.7	12.0	10.5	37%	36%	15%	14%
BIZIM	10.45	627	12.00	10.43	15	HOLD	D	24	13	0.8	44	13	1%	31%	3%	15.4	12.0	4.1	3.4	0.9	0.8	29%	31%	4%	5%
MGROS	22.40	4,056	29.50	26.50	32	BUY	M	5.5	-3.9	5.8	36	39			0%	348.7	510	6.3	6.2	4.3	3.9	2%	1%	0%	0%
Retail Trade																**19.3**	**17.0**	**6.3**	**5.7**	**4.3**	**3.9**	**29%**	**31%**	**4%**	**5%**

Strong store expansion & increasing competition: The organized food retail market has been growing at the expense of traditional retail in Turkey. In last five years, Şok and A101 have more than tripled their store numbers, while Bim and Migros has almost doubled. Despite this significant growth, the share of organized retail is still low in Turkey compared to its EM peers signaling further growth opportunities for nationwide players. The discount segment will continue to capture higher market share in growing modern retail trade, satisfying consumer demands for price and proximity as well as benefitting from down-trade due to the deteriorating purchasing power. Despite the relatively lower growth in supermarket segment, Migros is also gaining market share through organic store expansion and acquisitions. We expect the discount players to reach 10-11k stores each in 3-4 years suggesting 9-10% annual space growth on average for the discount segment. We also expect Migros to accelerate its store expansion to 4-5% levels in upcoming years following the completion of space optimization efforts in Kipa stores. However, as a result of strong space growth, we expect the competition to heighten over this period putting pressure on customer traffic and other store KPIs.

Disinflationary environment will take its toll on growth and margins: Lower average inflation in 2020 (IS Inv: 11.5%) compared to 2019 (15.2%) will continue to curb topline growth of the industry. Disinflationary environment will also lead to contraction in operational margins due to the lower inventory gains in 2020. On top of that, lower interest rates will also narrow interest expenses on trade payables, which results in lower operational margins for the companies with higher payables day like Migros, Sok and Bizim. Yet, it will not have any impact on net profit as it will be compensated by a commensurate decrease in net financial expenses. Still, lower borrowing rates will provide a relief in financial expenses and support bottom-line growth.

*The multiples are based on pre-IFRS16

E-commerce – opportunity or threat?: Despite its low share in total retail market, e-commerce has been growing tremendously in Turkey, in a market with a fairly high internet and mobile penetration. Due to the attractiveness of the industry there are many newcomers backed by very strong shareholders leading to a bigger pie. As a result, e-commerce in food retail industry has been growing 2-3x of overall food retail market in the recent years. Acceleration of the penetration poses further growth opportunities for companies like Migros (pioneer and market leader at online channel) whereas being a threat for traditional stores in terms of customer traffic and basket size. Note that online channel has already captured 3% share in overall Migros sales, while reached to 10% levels in total sales in the cities where the online service offered.

Migros (MGROS.IS) is our preferred name in retail universe: Operating in supermarket segment, Migros is in a better position compared to the discounters (BIM, A101 and SOK) due to the relatively lower competition in the supermarket segment, in our view. Moreover, its wide product range (up to 19,000 SKUs) compared to discounters (700 SKUs at BIM, 1,000 SKUs at A101 and 1,500 SKUs at Sok) enables the Company to compete with the discounters via price matching for similar SKUs and enjoy higher margin for the rest. Wide product range also provides better shopping experience for customers and leads to strong purchasing power over suppliers of branded products which have difficulty to promote their products through discounters due to their private label focus. Therefore, we believe Migros is well positioned to maintain its robust operational profitability and strong cash conversion cycle. However, we expect a slight negative impact of lower inflation and interest rates on operational margins in 2020, which will be only partially compensated by improving margins of existing Kipa stores. Regarding the leverage, which is the main concern of the investors, we expect the ongoing deleveraging process to continue in 2020 on the back of strong operational cash generation, relatively stable currency and lower interest rates. Possible divesture of real estate portfolio, more likely in a low interest rate environment, may further accelerate the deleveraging process. Lastly, the share of BC Partners decreased to 11.8% following the recent divestures of 11.1% stake at TL22.5. Despite the continuing overhang risk, the remaining amount is relatively small compared to the current free float. Migros currently trades at 3.9x 2020E EV/EBITDA, suggesting 56% discount to its international peers and 63% discount to market leader BIM. High euro denominated net debt and overhang risk have been overly punished by the market in our view, offering a good entry point at these levels.

Sectoral Outlook – Retail Trade

Bim (BIMAS.IS), as a market leader in food-retail universe with a proven business model and strong management track record, will continue to be the winner of increasing penetration of modern retail space in Turkey, in our view. However, the lower inflationary environment will take its toll on topline growth and operational margins as it is for all players. The increasing competition in hard discount segment may also pressure customer traffic figures and store KPIs in medium term. We expect relatively strong topline growth (albeit at a lower rate due to the lower inflation ~21% CAGR 2020-2022 vs average 27% growth in last 3-year), stable operational margins (~5% 2020-2022 vs 5.3% in last 3 year), high ROIC (+40% 2020-2022) and decent cash generation (~5.5% free cash flow yields in 2020-2022). It strong net cash position and limited FX exposure (mainly related to operations in Egypt and Morocco) further strengthen its investment case. The Company trades at 2020E EV/EBITDA of 10.5x and P/E of 17x, implying roughly 15-20% discount to past three year averages.

Bizim Toptan (BIZIM.IS) is the top performer in food retail universe ytd (over performed the market by 36%) thanks to the continuation of strong growth and improvement in operational profitability this year as well, boosting investors' confidence following the restructuring of the business after the Management change. The strong growth of its franchise operations also boosted its overall growth. Franchise operations are expected to post another 50% growth in 2020. However, the negative impact of lower inflation and interest rates on payables will be more visible on operational margins of the Company in 2020 compared to other players (albeit the negative impact may be mitigated by lower growth in low margin tobacco&sugar sales compared to main category sales in 2020). We downgrade the name to HOLD with this note as the share offers limited upside potential to our upward revised PT, following the strong share performance.

Sectoral Outlook – Oil & Gas

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
TUPRS	123.40	30,902	170.00	182.00	38	BUY	M	-2.4	-11	39	49	79	8%	75%	5%	25.8	6.9	2.3	1.9	7.9	5.1	10%	30%	3%	8%
Oil & Gas																**25.8**	**6.9**	**2.3**	**1.9**	**7.9**	**5.1**	**10%**	**30%**	**3%**	**8%**

Tüpraş (TUPRS.IS): The company downgraded its 2019 year end net refining margin expectation from US$6-6.5/bbl down to US$4-4.5/bbl, on weak 3Q19 results, following a poor 1H19. Although, positive impacts of IMO regulation, banning HSFO use at vessels starting January 2020, was visible in diesel cracks in 3Q19, the narrowing differential between light and heavy crude oil took its toll from Tupras' net refining margin in 3Q19 (US$4.1/bbl in 3Q19 vs US$10.4/bbl in 3Q18). The factors behind the contraction in the crude differential (light-heavy) in 3Q19, which had been an important driver of Tupras' profitability, were high (%120) compliance with OPEC supply cut, expiring wavers on Iran, concerns over global slowdown, Venezuela crude exports and drone attacks to Aramco oil fields in September. October and November figures regarding crude differentials are not encouraging, while diesel cracks remain elevated.

We project Tupras net refining margins to rebound to US$5.9/bbl in 2020E from 2019E of US$4.21/bbl, driven by strong middle distillate cracks and some improving, in crude differentials to US$1.5/bbl level on average. Decreased use of HSFO, lowering the demand for heavy crude oil after IMO becomes effective at the beginning of 2020, will be the major driver for the crude differentials to normalize and get closer to the historical levels. The main risk behind our estimates is lower than expected crude differentials in 2020, driven by factors such as further OPEC cuts and slowdown in consumption, overriding the positive impact due to IMO. The latest November figures pointing to +1US$/bbl Ural-Brent differential is not very encouraging in this sense.

Accordingly, we project a 55%/270% YoY increases in Tupras' 2020E EBITDA and Net Income estimates, driven by improving margins and low base year impact. Our dividend yield estimate for 2020 is lowered to 5.05% due to the downward revision in our 2019E Net Income. Our revised 12m PT @ TL 170 /share, still implies 38% upside potential and we maintain our BUY rating for the stock.

Sectoral Outlook - Health

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
MPARK	15.30	3,183	19.61	17.69	28	BUY	M	5	-4.3	0.7	33	82			0%	-77.6	26.4	7.3	5.7	8.5	7.0	-9%	24%	-1%	3%
SELEC	5.68	3,527	6.50	5.90	14	HOLD	M	-1.1	-9.8	0.5	15	60	2%	19%	3%	5.1	5.3	1.1	1.0	3.8	4.1	25%	20%	10%	8%
Health																**-36.2**	**15.9**	**4.2**	**3.4**	**6.1**	**5.6**	**8%**	**22%**	**4%**	**11%**

MLP Sağlık (MPARK.IS): We expect MLP Care to achieve 15% revenue growth in 2020 driven by i) volume growth that will be supported by the recovery in the economy and company's dominant position in growing top-up insurance segment ii) better pricing environment and iii) strong marketing efforts on medical truism that will also positively affected by the moderate currency impact. We project 20% EBITDA growth with an EBITDA margin of 15.8% in 2020 (vs. %15.1 in 2019E) thanks to continuing ramp-up in the newly opened hospitals and better operating leverage over easing inflationary pressures. We forecast significant improvement in Company's profitability in 2020 and finally see net profit figure comparing to net losses recorded in the past four years. We expect MLP Care to post 120mn net income in 2020 thanks to lower interest burden with the decline in the interest rates. We estimate Net debt/EBITDA to drop to 1.9x at the end of 2020, vs. 2.7x as of 9M19. Note that, we exclude IFRS16 impacts in our estimates. Accordingly, we raise our TP to TL19.6/share from TL17.7/share previously. Lower long term risk free rate assumptions was the main driver of the upward revision in TP. We reiterate our BUY rating for MPARK shares.

Sectoral Outlook - Health

Selçuk Ecza Deposu (SELEC.IS): Selcuk's operating performance in 9M19 was exceptionally strong thanks to 26.4% increase in regulated drug prices from 20/02/2019 and major turnaround in company's working capital structure with meaningful improvement in receivables and inventory days. Strong increase in drug prices allowed Selcuk Ecza to deliver 96% EBITDA growth in 9M19, benefiting from inventory gains and leveraged opex in a lesser extent, while strong cash accumulation from operations coupled with high TL rates supported bottom-line further with increased investment income and lower financial expenses. As for 2020/2021 we expect relatively limited 12.9%/6.4% price increases (based on our new EUR/TL estimates) which is likely to lead EBITDA to contract over the next two years mainly due to high base year impact of inventory gains in 2019. In addition to that we expect some normalization in working capital structure in 2020 from strong base of 2019. That being said the company's net cash position is likely to increase going forward mainly due to expected limited dividend distribution. We pencil-in TL100mn dividend in 2020 from 2019 earnings (15% pay-out ratio).

HOLD maintained: We lifted our DCF based PT to TL6.5 from previous TL5.9 on the back of lower WACC and better cash cycle assumptions but, maintained our HOLD recommendation due to limited upside potential.

Sectoral Outlook - Defense

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
ASELS	18.79	21,421	25.00	25.95	33	HOLD	M	2.2	-6.9	66	26	25	1%	12%	1%	7.4	7.1	1.7	1.4	8.3	7.1	25%	21%	13%	11%
Defense Techology																**7.4**	**7.1**	**1.7**	**1.4**	**8.3**	**7.1**	**25%**	**21%**	**13%**	**11%**

As being the 2nd biggest army in NATO, Turkey has healthy growth rate of defense budget. Historically, Turkey spends more than 2% of GDP for the military purposes. In 2019, the total military spending is expected to reach US$21bn (2.7% of GDP) compared to US$19bn in 2018 (2.5% of GDP) and average of US$17.7bn in last five years (2.1% of GDP). In upcoming 5 years, we expect the military spending to stay in US$20-21bn levels in dolar terms corresponding to 2.4% of our GDP estimates.

The revenues of the domestic defense sector reached to US$8.8bn in 2018 (+31% YoY), US$5.7bn (+35% YoY) of which is domestic share and US$2.2bn (+20% YoY) is export revenues. Aselsan's market share further improved to 24% (+1.5pp YoY) in 2018 in terms of revenues thanks to the stronger project additions in past 5-year paving the way for stronger topline growth compared to overall industry. The total project additions of the industry reached to US$12.2bn (+52% YoY) in 2018 compared to past 5-year average of US$10.1bn. Aselsan's share significantly increased to 33% (+7ppt YoY) in 2018 compared to 5-year average of 23%. The increasing capabilities of the Company and strong balance sheet pave the way for higher market share in new project additions, in our view.

Of US$12.2bn total project awards of the industry in 2018, US$10.6bn was domestic projects, US$9.4bn of which was from end-customers. The project awards from the domestic end-customers significantly increased to 49% of total military spending of Turkey in 2018 compared to last 3-year average of 40%. The increasing share is partially attributable to improving domestic procurement as a result of the improving capabilities and increasing product range of domestic industry. However, higher project pipeline relative to total military budged may also signal higher leverage in the industry in upcoming years, in our view.

Aselsan (ASELS.IS): Undemanding valuation yet still cautious on operational cash flow outlook in near term: The backlog of Aselsan stands at US$9.8bn as of end-3Q19, signaling strong topline growth in medium term. We expect 9-10% annual growth in dolar terms in next 3 years, 80% of which is already secured by existing projects based on our calculations. On top of that, the increasing capabilities of the Company, its focus on non-military technologies and its increasing competitiveness in international markets signal further growth opportunities in the long term. Despite we are positive for long term growth prospects of Aselsan and find the current valuation undemanding, we remain HOLD mainly due to the weak cash flow outlook in near term. Note that since our downgrade back in Oct 16, 2018, the share price decreased by 31% and underperformed the market by 37%. Following this weak performance, the share currently trades at 42% discount to its global peers median 50-50% blended 2020E EV/EBITDA and 2020E P/E.

Sectoral Outlook - Insurance

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield Est.	P/E		P/BV		P/NII		ROE		ROA	
AKGRT	5.56	1,701	8.00	6.00	44	BUY	M	13	2.6	0.3	28	71	8%	73%	7%	5.5	4.6	1.8	1.5				36%		
ANHYT	6.10	2,623	9.00	8.25	48	BUY	M	11	1.5	0.2	15	59	5%	64%	7%	8.5	6.4	2.2	2.0			28%	32%		
ANSGR	4.47	2,235	6.50	5.40	45	BUY	M	7.7	-1.8	0.1	35	20	3%	32%	5%	5.8	4.8	0.9	0.8			20%	17%		
Insurance																**5.8**	**4.8**	**1.8**	**1.5**			**24%**	**32%**		

Following a massive rate cuts deployed throughout the year and possibly with some further cuts in early 2020, non-life insurers will be experiencing a drop in their investment returns next year when compared to the averages of 2019. This will compel the insurers to re-focus technical profitability at the expense of market shares. We estimate inflation+2/3% premium growth next year with a relatively slow activity in number of policies evolution. The trend in lower loss frequencies in motor branches continues which is a good print for improving combined ratios going forward, yet loss density also remains a hangover for technical profitability. We expect better technical results next year amidst declining investment returns. Our picks are Aksigorta and Anadolu Sigorta.

Life&pension sector remains one of our favorite sectors both in short and long haul as growth and profitability dynamics support the gradual re-rating. Following a vast lapse frenzy in private pension schemes for the last two years caused by the slump in the economy, auto enrollments and the recent visible slowdown in exit rates have rejuvenated the growth figures in the industry, where AuMs have also been augmenting with lower interest rates and reflation impact. Life segment will also be catalyst for the profitability of life and pension insurers in 2020 as expected pick up in retail lending will be bolstering the life premiums, which is a structurally high margin business. Even in this recent crises, life segment premiums have not stalled at all because banks preferred their restructured to be bundled with life policies, which eventually helped the technical profitability throughout 2019. Our pick is Anadolu Hayat.

Sectoral Outlook - Insurance

Anadolu Sigorta (ANSGR.IS): Anadolu sigorta will be focusing on lowering its relatively higher combined ratio which hovers around 107-108% range recently. Although this is going to be a rather slow process as we expect it to be around 105% in 2020, the management will have to be working on improving the technical profitability. Higher premium prices at the expense of lower policies in the risky areas will be the first priority in our view, although a sharp drop in market shares should not be expected. Return on investment income will be lower but investment portfolio volumes have been augmenting liming the impact of lower interest rates. We continue to rate the insurer as BUY as its RoAE levels should be stabilizing at 20% levels in the mid-cycle.

Aksigorta (AKGRT.IS): We forecast 20% bottom line growth in 2020 with RoE to stay at 35% level. Although the insurer gained market shares in the loss making MTPL branch, the combined ratio has been held below 100% thank to the company's strong corporate business which is mostly in lucrative segments. We are increasing our TP to TL 8 on the back of lower CoE and higher sustainable RoE assumptions.

Anadolu Hayat Emeklilik (ANHYT.IS): Our favorite sector in insurance is the pension and life segment, where we pencil in 30% AuM growth in 2020 and 25% life premium growth for the life segment. Anadolu is perfectly positioned to capitalize growth in these segments as it is ranked as one of the leading private pension companies to have higher market shares in auto enrollment, where the growth basically stems for the pension sector. We expect positive regulatory changes that will pull down the lapse ratios in the periods to come. We foresee 32% bottom line growth for Anadolu Hayat in 2020.

Sectoral Outlook - Technology

Price and Key Ratios

Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
LOGO	52.80	1,320	61.70	50.00	17	HOLD	D	36	24	0.4	66	61	2%	54%		18.7	14.5	3.6	3.0	10.4	7.9	21%	23%	12%	13%
INDES	9.85	552	11.40	10.10	16	HOLD	D	40	27	1	49	63	6%	55%		7.1	6.2	1.3	1.1	5.0	4.4	19%	19%	5%	5%
Technology																**12.9**	**10.4**	**2.4**	**2.1**	**7.7**	**6.2**	**20%**	**21%**	**8%**	**9%**

Logo Yazılım (LOGO.IS): Bright 2020/2021 outlook: Long-awaited e-government solutions communique, published in October 19, which requires companies with annual revenues higher than TL5mn to issue e-invoices starting from 01/07/2020. The previous revenue limit was TL10mn. In addition to that the new legislation requires these firms to keep e-archive. Logo expects new legislation to double current market size of c. 90k active users where Logo has c.22% market share. E-government services makes up 36%/22% of Logo Turkey’s recurring/total revenues as of 9M19.

We expect growing market size in e-government business to impact LOGO through i) one-time module sales which will allow new customers to issue e-documents and ii) recurring coin usage. After the new legislation market size in terms of number of customers is likely to double in 2020 from c. 90k users to c. 180k users. That being said, average recurring revenue per user is likely to decline as business scale of new customers should be relatively smaller compared to the existing base. We expect TL26mn/TL32mn incremental revenue contribution from e-logo services in 2020/2021. Our 2020 estimates includes one-time module sales. Accordingly, we raised our 2020E/2021E EBITDA estimates by 7%/16%. In addition to that TL5mn revenue limit is likely to remain unchanged which will require increasing number of companies to issue e-invoice and e-archive due to impact of relatively high inflation in revenues.

Downgraded to HOLD: We lifted our DCF based to TL61.7 from previous TRY50.0 on lower WACC and higher contribution form e-government services. However, we are downgrading our recommendation to HOLD due to limited upside potential.

İndeks Bilgisayar (INDES.IS): We expect weak demand conditions for mobile phones to continue in 2020 mainly due to increased taxation in the beginning of May this year and reduced purchasing power. We expect Index to post 13%/14% revenue/EBITDA growth in 2020.

Downgraded to HOLD: We lifted our DCF based to TL11.3 from previous TRY10.1 on the back of LOWER WACC assumptions but, downgraded our recommendation to HOLD due to limited upside potential.

Sectoral Outlook - Textile

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	P/E		P/BV		EV/EBITDA		ROE		ROA	
MAVI	46.36	2,302	62.00	51.60	34	BUY	M	2.5	-6.6	1.2	73	88	1%	30%	2%	17.8	11.8	5.0	3.7	6.9	5.2	32%	36%	8%	10%
Textile																**17.8**	**11.8**	**5.0**	**3.7**	**6.9**	**5.2**	**32%**	**36%**	**8%**	**10%**

Mavi Giyim (MAVI.IS): We see strong operating outlook for Mavi in 2020E based on our new macro estimates thanks to i) slightly picking up domestic consumption, lower long-term inflation assumptions, relatively stable USD/TRY and easing TL interest rates. We expect Mavi to deliver 130bps adjusted EBITDA margin improvement benefiting from positive impact on stronger TL on gross margin and lower inflation estimates which should make positive contribution to KPI's of Turkey retail operations (personnel cost/sales & rent /sales) as transaction growth is the main driver of the LfL for Mavi but most of the personnel and rent costs are linked to inflation. Accordingly, we lifted our 2020E/2021E adjusted EBITDA assumptions by 5% and 7% thanks to better operating leverage.

2019 guidance revised down as expected: Mavi made downward revision to its 2019YE guidance. Accordingly, the company revised down year-end revenue growth guidance to 21% from previous 25% and EBITDA margin guidance 14.0% from previous 14.5%. Turkey Retail LFL growth guidance, on the other hand, revised up to 20% from previous 18%. We think that the main reason behind the miss in guidance is the deviations in company’s initial macro assumptions on USD/TL and TL interest rates. Stronger than expected TL lead to lower than expected contribution from international operations and lower than expected TL rates had negative impact on headline EBITDA margin due to COGS adjustments for interest expense for purchases. Unhanged store openings guidance and revised up LfL expectations for Turkey retail also confirms this. We think that downward revision in guidance should be widely expected given the 3Q19 consensus estimates and current USD/TL rate.

New macro estimates had also a very positive contribution to our net income forecasts trough significantly lower cost of TL funding which we estimate will decline from effective %23 in 2019 to 14% in 2020. (Previous 18%). Declining credit and 10 year bond spreads had also positive impact on our cost of debt assumptions going forward. Accordingly we raised our net income estimates for 5%/9% for 2020/2021. We expect Mavi to deliver superior net income CAGR of 43% in 2019-2021. Our current numbers excludes IFRS16 adjustment.

Turkey: Equity Strategy

Market Outlook

Target Price Revisions

Sectoral Outlooks

Most Recommended List

Coverage List

BIST Chartbook

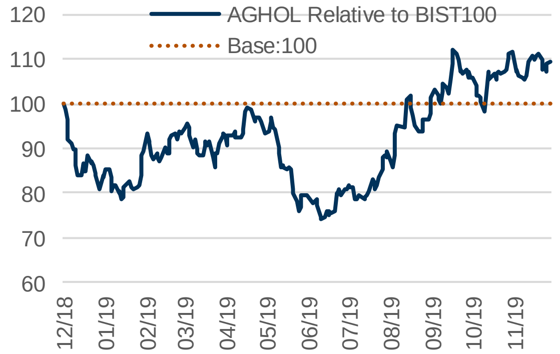
Most Recommended List

Most Recommended List						2020E				From date of Entry Rel.%
Stock	Entry	Price(TRY)	Target Price(TRY)	M.Cap(TRY)	Upside(%)	P/E	P/BV	EV/EBITDA	Weight(%)	
AGHOL	08/11/2018	16.21	24.00	3,948	48%	12.46	0.77	3.03	12	14.0%
EREGL	03/12/2019	8.27	11.30	28,945	37%	6.08	0.50	3.40	12	
GARAN	31/05/2019	10.14	13.60	42,588	34%	4.66	0.67	-	15	8.2%
TRGYO	12/11/2019	2.4	3.27	2,400	36%	2.58	0.26	9.51	11	16.3%
TTKOM	09/05/2019	6.92	9.00	24,220	30%	7.20	2.11	3.25	12	30.9%
ULKER	17/09/2019	21.64	29.10	7,401	34%	10.71	1.60	6.56	12	0.9%
VAKBN	17/09/2019	5.18	8.00	12,950	54%	2.83	0.38	-	15	-8.1%
YATAS	03/12/2019	6.45	9.50	966	47%	7.62	1.85	5.27	11	

Most Rec. List: https://www.isyatirim.com.tr/en-us/analysis/Pages/top-picks.aspx

AGHOL			BUY
Price ₺	16.21	3M Vol.mn ₺	3.4
Target Price ₺	24.00	YTD Rel.	35%
Upside	48%	F.Ownership	28%
Abs.Figures ₺	**2018A**	**2019E**	**2020E**
Net Income	-1,114	-118	325
EBITDA	3,376	5,335	6,507
Total Assets	47,472	69,413	80,519
Key Ratios	**2018A**	**2019E**	**2020E**
P/E	-3.5	-33.5	12.1
P/BV	0.8	0.8	0.8
ROE	-21%	-2%	6%
Growth	**19/18%**	**20/19%**	**18/21 CAGR%**
Net Income	n.m	n.m	n.m
Equity	-2%	6%	5%
Total Assets	46%	16%	25%
Global Peer (Disc/Prem)		**2019**	**2020**
P/E			
EV/EBITDA			

*The estimates are based on pre-IFRS 16



Anadolu Grubu Holding

Investment Case

Anadolu Group is a well known and respected Holding dedicated to retail market having exposure to listed Anadolu Efes, Coca-Cola İçecek and Migros. Given its highly transparent (+95% listed) blue-chip retail oriented portfolio, we believe the current 40% discount to CNAV is unjustified. In addition, its listed underlying assets also offer sizable appreciation potential which, in turn, suggests further gains on NAV front. Among three major assets in the portfolio, we have BUY recommendations for all MGROS, CCOLA and AEFES with sizeable upside potential.

Catalyst

The ongoing deleveraging process in all group companies, strong beer volume growth in Russia along with synergies from the merger of Anadolu Efes and In BEV's Russian operations, re-rating of Migros and expected value crystallization from possible real estate sales and non-core asset divestures such as Mc Donald's, could be potential catalysts.

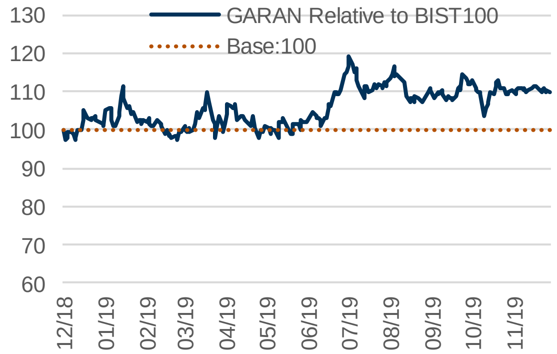
Valuation

The share still trades at a significant 40% discount to its current NAV although we attached negative value to its unlisted assets in our NAV calculation. It also trades at 42% discount to the listed+cash NAV, which enhanced by 20ppt in a year period. High FX debt of the Holding and negative outlook for its unlisted car leasing, real estate and energy operations are major concerns for the investors. However, current market value of the Holding (US$686mn) and its stakes at listed assets (US$1.18bn including solo cash/debt position) implies that the market attaches US$490mn negative value to its unlisted portfolio and its holding structure, which is unjustified in our view.

Key risks

Combined net debt of the Holding decreased to TL11.6bn while net debt/EBITDA ratio improved to 2x as of end-3Q19. A significant 71% of its combined gross debt is in hard currency and 35% is in short-term. Nevertheless, over 1/3 of the combined operational profit consist of international operations providing partial natural hedge against TL weakness for the Holding.

GARAN			BUY
Price ₺	10.14	3M Vol.mn ₺	134.5
Target Price ₺	13.60	YTD Rel.	8%
Upside	34%	F.Ownership	75%
Abs.Figures ₺	**2018A**	**2019E**	**2020E**
Net Income	6,707	6,434	8,924
Net Int.Income	19,110	19,206	21,761
Deposit	218,058	234,949	270,862
Equity	46,887	53,011	61,936
Key Ratios	**2018A**	**2019E**	**2020E**
P/E	6.4	6.6	4.8
P/BV	0.9	0.8	0.7
P/Deposit	n.a	n.a	n.a
P/NII	2.2	2.2	2.0
ROE	15%	13%	16%
Growth	**19/18%**	**20/19%**	**18/21 CAGR%**
Net Income	-4%	39%	16%
Equity	13%	17%	14%
Net Int.Income	1%	13%	8%
Deposit	8%	15%	13%
Global Peer (Disc/Prem)		**2019**	**2020**
P/E		-26%	-42%
P/BV		-28%	-33%



Garanti Bank

Investment Case

Garanti is perfectly positioned for a low interest rate higher growth environment especially assuming that this growth will be spearheaded by consumer segments. The bank's liquidity position, funding composition and above peer group average Tier I of 17% set a good ramp to capitalize this growth. We pencil in c. 30bps adj NIM improvement next year and roughly 50bps CoR improvement, all of which should translate into 300bps RoE improvement. The bank has stronger buffers and stricter recognition practices for the problematic loans in comparison with that of the sector and the peer group. Also, Garanti has TL 2.35bn free provisions that could be channeled to earnings when faced with high volatility in the markets. We upped the TP to TL 13.6 from TL 12.2. for Garanti with an improved earnings outlook, faster RoE progression and lower CoE.

Catalyst

The bank will likely target above 10% TL loan growth next year, which will lead the bank to benefit from incentives for TL RRs. Also, the process for TTKOM resolution will likely expedite although a possible sale will not happen before 2021. Still, the news flow will support the share price.

Valuation

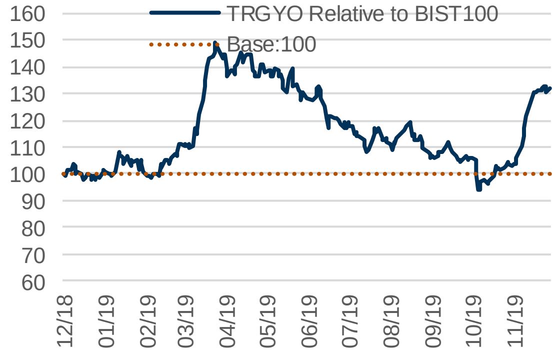
The stock trades at 4.8x 20E P/E and 0.7x to its estimated 2020 BV based on our estimates, corresponding to 42% discount to MSCI EM Banks.

Key risks

The bank is exposed to slowdown in economic activity through asset quality channel and may face harsher competition in the periods to come.

https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/company-card.aspx?hisse=GARAN

TRGYO			BUY
Price ₺	2.4	3M Vol.mn ₺	5.1
Target Price ₺	3.27	YTD Rel.	34%
Upside	36%	F.Ownership	34%
Abs.Figures ₺	**2018A**	**2019E**	**2020E**
Net Income	1,288	850	930
EBITDA	829	601	688
Total Assets	12,271	13,311	13,801
Key Ratios	**2018A**	**2019E**	**2020E**
P/E	1.9	2.8	2.6
P/BV	0.3	0.3	0.3
ROE	18%	11%	10%
Growth	**19/18%**	**20/19%**	**18/21 CAGR%**
Net Income	-34%	9%	0%
Equity	11%	10%	12%
Total Assets	8%	4%	5%
Global Peer (Disc/Prem)		**2019**	**2020**
P/E		n.m	n.m
P/BV		n.m	n.m



Torunlar REIT

Investment Case

Torunlar REIT is offers a segmentally and geographically well-diversified proxy to the Turkish real estate and lease market. We continue to like Torunlar on i) significant decrease in its short fx position, hence reduced fx exposure, ii) strong and recurring cash flows from leased mall&office portfolio and iii) expected deleveraging over the next two years with solid EBITDA growth supported by the expected acceleration of the sale performance in 5.Levent and Torun Center Projects and positive contribution of MoI Hotel and Convention Center which is expected to become operational at the end of 1H20, bringing an additional EUR3mn of rental revenue per year. Torunlar decreased its short fx position to 2.2bn as of end-3Q19 from TL3.4bn as of end-2Q19, switching big portion of its hard currency debt to TL, as interest rates go through easing cycle. We expect to see more pronounced deleveraging in the coming periods on the back of above inflation rental revenue growth (13% in 2020), lower financial expense burden, higher unit sales and no immediate capex requirement as ongoing projects are close to completion.

Catalyst

Revival in new housing demand, acceleration in deleveraging process and launch of new projects on the pipeline could be potential catalysts for the stock. That being said, we don't expect pre-sales in the big ticket Pasabahce Project to start before 2021 as it is awaiting for the hotel agreement which has been processing slowly. Third phase of the 5.Levent Project, on the other hand, might start sooner depending on the sale performance in the first two phases this year.

Valuation

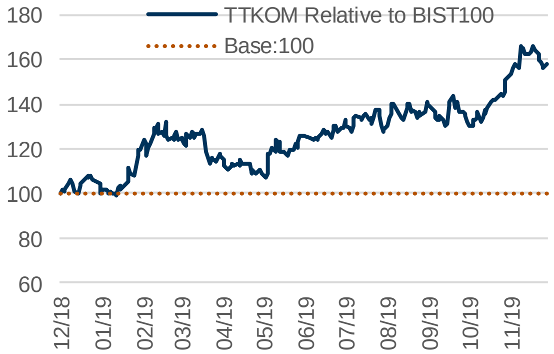
Our SOTP based valuation suggests 12m TP of TL3.27/share, implying 36% upside potential. At its current market value, the stock trades at 68% discount to its NAV, higher than its historic NAV discount of 56% and sector average of 61%.

Key risks

Until the deleveraging is completed, the company will remain vulnerable to potential currency shocks as the Company still has high short fx position. Deterioration in macro environment and another rate hike cycle that would relapse the housing demand and delay new projects pose downside risk to our valuation.

https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/company-card.aspx?hisse=TRGYO

TTKOM			BUY
Price ₺	6.92	3M Vol.mn ₺	29.8
Target Price ₺	9.00	YTD Rel.	50%
Upside	30%	F.Ownership	71%
Abs.Figures ₺	**2018A**	**2019E**	**2020E**
Net Income	-1,391	2,348	3,382
Net Sales	20,431	23,443	26,458
EBITDA	8,557	11,007	12,364
Net Debt	15,427	-14,795	-14,302
Key Ratios	**2018A**	**2019E**	**2020E**
P/E	-17.4	10.3	7.2
EV/EBITDA	4.7	3.6	3.2
EV/Sales	1.96	1.71	1.51
ROA	-4%	6%	8%
ROE	-23%	27%	32%
Net Debt/EBITDA	1.80	-1.34	-1.16
Net Debt/Equity	2.07	-1.51	-1.24
Growth	**19/18%**	**20/19%**	**18/21 CAGR%**
Net Income	n.m	44%	n.m
EBITDA	29%	12%	17%
Net Sales	15%	13%	13%
Global Peer (Disc/Prem)		**2019**	**2020**
P/E		-31%	-52%
EV/EBITDA		-44%	-47%



Turk Telekom

Investment Case

In 2020, We expect Turk Telekom to deliver 13.2% revenue growth with 30bps contraction in EBITDA margin on the back of normalizing op-ex growth. We see broadband as the main driver of the growth on i) relatively lower fixed broadband penetration compared to European peers, ii) the company's unique market position, bringing strong pricing power and ii) changing sales composition towards more expensive unlimited packages after the removal of fair usage quota in the beginning of the year. As for the mobile, Turk Telekom's has room to increase to its blended mobile ARPU as Turkcell aims to increase ARPU above inflation. We think that the company's growing scale advantages will allow it to maintain its profitable growth in mobile.

Catalyst

New era in fixed broadband business has started by lifting fair usage quotas for unlimited tariffs and launched high capacity offers. Türk Telekom will continue its strategy to drive penetration via affordable entry-level penetration and regional campaigns.

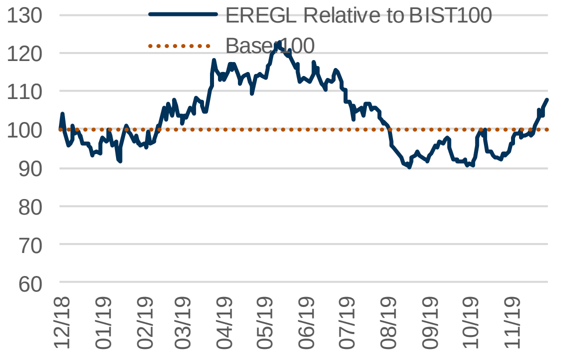
Valuation

The stock is trading undemanding 2020E EV/EBITDA multiple of 3.2x

Key risks

Main risks to our valuation can ben counted as lower than estimated increase at prices, irrational competition at the mobile side and contraction in macroeconomic outlook.

EREGL			BUY
Price ₺	8.27	3M Vol.mn ₺	36.1
Target Price ₺	11.30	YTD Rel.	15%
Upside	37%	F.Ownership	70%
Abs.Figures ₺	**2018A**	**2019E**	**2020E**
Net Income	5,598	3,918	4,641
Net Sales	27,015	27,037	31,390
EBITDA	8,630	5,883	7,777
Net Debt	-2,599	-3,232	-231
Key Ratios	**2018A**	**2019E**	**2020E**
P/E	5.2	7.4	6.2
EV/EBITDA	3.2	4.6	3.5
EV/Sales	1.01	1.01	0.87
ROA	16%	9%	10%
ROE	24%	9%	8%
Net Debt/EBITDA	-0.30	-0.55	-0.03
Net Debt/Equity	-0.09	-0.06	0.00
Growth	**19/18%**	**20/19%**	**18/21 CAGR%**
Net Income	-30%	18%	-2%
EBITDA	-32%	32%	1%
Net Sales	0%	16%	9%
Global Peer (Disc/Prem)		**2019**	**2020**
P/E		-22%	-54%
EV/EBITDA		-24%	-43%



Eregli Demir Celik

Investment Case

Improvement in operating performance driven by easing raw material prices (iron ore and coak) and recovery in domestic economy is the primary reason for our postive stance for Erdemir. We expect high single digit growth in domestic steel consumption in 2020 thanks to the recovery at domestic demand, especially in automotive and construction sectors, driven by easing interest rates.

Catalyst

We anticipate Erdemir's consolidated volume to reach 9mn tons in 2020, up by 8% YoY, over estimated 8.4mn tons in 2019. Top-line is expected to increase to US$5.1bn in 2020, up by 6% YoY, below volume increase on lower average selling prices. We project EBITDA margin to improve to 24.8% in 2020 from estimated 21.8% in 2019 thanks to easing in raw material prices. In late October, Erdemir announced a total of US$1.36bn investment in its Erdemir and Isdemir plants in order to increase efficiency, with no additional capacity. The planned cap-ex schedule was announced as 30% of total in 2020, 40% in 2021 and 30% in 2022. Please note that, the announced investments do not include company's regular maintenance cap-ex of US$200mn per annum.

Valuation

Our equally (50% DCF; 50% peer analysis) blended PT of 11.30TL/share for EREGL offers 37% upside potential. The investment will not change company's dividend policy. We forecast 10.8% dividend yield for 2020E, assuming 80% dividend pay-out ratio. The stock trades at discount with its 2020E EV/EBITDA of 3.5x and P/E of 6.2x compared to its international peers' average of 6.4x and 10.0x, respectively.

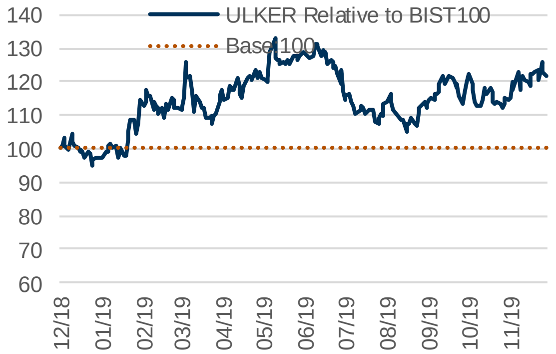
Key risks

Breaking-up of trade talks and additional trade barriers from EU and US, worse than expected recovery in domestic economy and apprecation of TL are the major risks for the stock.

https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/company-card.aspx?hisse=EREGL

Ulker Biskuvi

ULKER			BUY
Price ₺	21.64	3M Vol.mn ₺	2.7
Target Price ₺	29.10	YTD Rel.	25%
Upside	34%	F.Ownership	94%
Abs.Figures ₺	**2018A**	**2019E**	**2020E**
Net Income	701	815	686
Net Sales	5,956	7,658	8,701
EBITDA	939	1,270	1,427
Net Debt	1,866	2,136	817
Key Ratios	**2018A**	**2019E**	**2020E**
P/E	10.6	9.1	10.8
EV/EBITDA	10.0	7.4	6.6
EV/Sales	1.58	1.23	1.08
ROA	7%	7%	5%
ROE	25%	22%	16%
Net Debt/EBITDA	1.99	1.68	0.57
Net Debt/Equity	0.57	0.52	0.18
Growth	**19/18%**	**20/19%**	**18/21 CAGR%**
Net Income	16%	-16%	6%
EBITDA	35%	12%	20%
Net Sales	29%	14%	18%
Global Peer (Disc/Prem)		**2019**	**2020**
P/E		-65%	-53%
EV/EBITDA		-59%	-55%



Investment Case

We believe that Ülker offers an attractive investment case on i) increasing EBITDA contribution from margin accretive and fast growing international operations, iii) undisputed leader position in Turkish Confectionary market with very strong presence in traditional retail channel, iii) fully hedged balance sheet, enjoying positive carry and iii) expected deleveraging over the next two years with partial normalization of working capital and strong EBITDA generation.

Catalyst

In 2020, we expect partial easing in working capital requirement, along with continuation of strong EBITDA generation, to translate into TL1.3bn operating cash flow. In addition to that, we expect company's capital expenditures to stay at 2.5% of the revenues in 2020E as Ülker completed major modernization investments in Turkey. Strong operating cash flow generation coupled with mild cap-ex growth and dividend income from Godiva Belgium (our estimate is USD120mn) should bring Ülker's 2020 net debt to EBITDA ratio to only 0.4x (including derivative positions).

Valuation

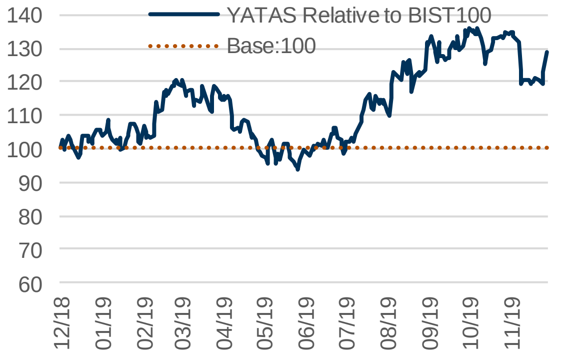
At /6.6x 2020E EV/EBITDA Ülker is trading at 55% discount with respect to its international peers. Ulker's deep EV/EBITDA discount is likely to widen in 2020 thanks to expected divided income from Godiva and strong cash generation from operations.

Key risks

i) further deterioration in net working capital from this levels and thus weaker than expected operating cash flow, ii) any rapid rise in cocoa and palm oil, wheat and sugar prices, escalating political tension between Saudi Arabia and Iran and more aggressive pricing strategies of competitors.

https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/company-card.aspx?hisse=ULKER

YATAS			BUY
Price ₺	6.45	3M Vol.mn ₺	2.2
Target Price ₺	9.50	YTD Rel.	22%
Upside	47%	F.Ownership	39%
Abs.Figures ₺	**2018A**	**2019E**	**2020E**
Net Income	76	90	127
Net Sales	943	1,152	1,455
EBITDA	145	172	224
Net Debt	143	143	132
Key Ratios	**2018A**	**2019E**	**2020E**
P/E	12.8	10.8	7.6
EV/EBITDA	8.1	6.9	5.3
EV/Sales	1.25	1.02	0.81
ROA	12%	11%	13%
ROE	28%	25%	28%
Net Debt/EBITDA	0.99	0.83	0.59
Net Debt/Equity	0.46	0.36	0.25
Growth	**19/18%**	**20/19%**	**18/21 CAGR%**
Net Income	19%	42%	27%
EBITDA	19%	30%	24%
Net Sales	22%	26%	23%
Global Peer (Disc/Prem)		**2019**	**2020**
P/E		n.m	n.m
EV/EBITDA		n.m	n.m



Yatas

Investment Case

We see Yatas as a key beneficiary of relatively low interest rate and inflation environment which are likely to support demand and accelerate pace of franchise expansion, in our view. We revised up our number of franchise store openings from 10 to 25 for the 2020/2021 period and incorporated opening of 40 new Divan stores in 2020 to our model. Accordingly, we lifted our 2019/2020 revenue estimates by 7%/9% for 2020/2021 period.

Catalyst

We think that Yatas is likely to deliver 50bps margin improvement in 2019 thanks to year-end inflation linked wage increases but sticky product price hikes, expected operating leverage on accelerating sales and declining input costs pressure with relatively stronger TL in 2020. We expect 20bps improvement to come from gross margin and other 30bps from coming down opex to sales ratio. We see 15.5% EBITDA margin for Yatas sustainable under our current macro assumptions.

Valuation

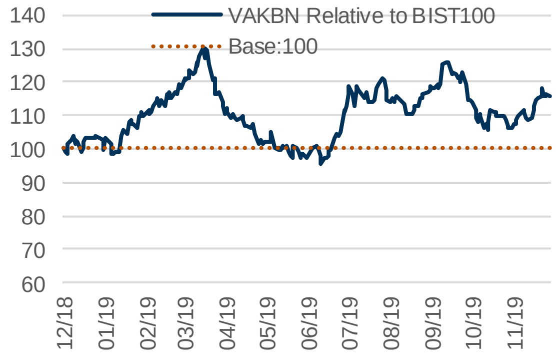
We lifted our DCF based PT to TL9.5 from previous TL7.8 on the back of lower WACC and higher long-term EBITDA margin (from 15% to 15.5%) and growth assumptions. Yatas is trading at undemanding 2020E 5.1x EV/EBITDA and 7.7x P/E.

Key risks

Main risks to our PT are slower than estimated store openings, sharp downturn in domestic demand, entrance of aggressive competitors in market and higher than expected raw material prices.

Most Recommended List

VAKBN			BUY
Price ₺	5.18	3M Vol.mn ₺	34.8
Target Price ₺	8.00	YTD Rel.	12%
Upside	54%	F.Ownership	69%
Abs.Figures ₺	**2018A**	**2019E**	**2020E**
Net Income	4,604	2,375	4,497
Net Int.Income	10,841	13,000	16,275
Deposit	179,408	233,950	270,413
Equity	29,106	29,203	33,700
Key Ratios	**2018A**	**2019E**	**2020E**
P/E	2.8	5.5	2.9
P/BV	0.4	0.4	0.4
P/Deposit	n.a	n.a	n.a
P/NII	1.2	1.0	0.8
ROE	17%	8%	14%
Growth	**19/18%**	**20/19%**	**18/21 CAGR%**
Net Income	-48%	89%	9%
Equity	0%	15%	11%
Net Int.Income	20%	25%	17%
Deposit	30%	16%	20%
Global Peer (Disc/Prem)		**2019**	**2020**
P/E		-39%	-65%
P/BV		n.m	n.m



Vakifbank

Investment Case

Vakifbank suffered from the aggressive loan growth it realized in a high interest rate environment like other state banks did which resulted in significant blows taken to the margins in 1H19. This is set to be reversing starting from second half of 2019 with CBRT's massive and front-loaded rate cuts. We think that NIM expansion will be no less than 50bps next year with plunging TL funding costs for a TL heavy balance sheet like that of Vakifbank. The bank has been partially compensating the relatively low loan yields with fee income growth that reached 75% annual growth in 2019. One of the benign evolution in Vakifbank's core earnings has been the fee income outlook, which will be sustained in the periods to come albeit at lower growth rates. Although the bank has been facing a hefty NPL inflow driven by the BRSA directive as well, its higher coverage ratios and stabilizing NPL inflows call for a lower CoR next year. We raised the TP to TL 8.0 from TL 7.20 on the back of lower CoEs and improving RoE outlook. We think that state-deposit anchored low cost deposit funding will remain as one of the key competitive advantage for Vakifbank.

Catalyst

A possible share transfer to the Treasury or to Wealth Fund could re-ignite the interest as there will be new valuation while share transfer occurs. The government and regulators are keen on supporting state banks in terms of funding and other burdens, which put them at a visible advantage against the competition.

Valuation

The stock trades at 2.9x 20E P/E and 0.4x to its estimated 2020 BV based on our estimates, corresponding to 65% discount to MSCI EM Banks in terms of P/E metric.

Key risks

The bank is exposed to slowdown in economic activity through asset quality channel and facing higher earnings volatility.

https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/company-card.aspx?hisse=VAKBN

Most/Least Rec. List: https://www.isyatirim.com.tr/en-us/analysis/Pages/top-picks.aspx

Turkey: Equity Strategy

Coverage List - Coverage List Companies

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	Net Income ₺		Net Sales ₺		EBITDA ₺		Equity ₺		P/E		P/BV		EV/EBITDA		ROE		ROA	
DOCO	515.00	5,018	711.20	706.03	38	BUY	M	-3.4	-12	0.2	50	81	1%	37%	1%	300	406	6,218	9,012	591	855			16.7	12.4			9.6	6.6			7%	8%
PGSUS	73.75	7,545	99.72	86.20	35	BUY	M	16	5.6	35	36	51			0%	1,237	1,275	10,700	12,535	3,435	3,902	4,990	6,265	6.1	5.9	1.5	1.2	4.0	3.5	28%	23%	7%	5%
TAVHL	27.10	9,845	38.15	34.76	41	BUY	M	6.3	-3.1	8.3	44	96	5%	55%	5%	954	1,712	4,859	5,431	2,184	2,586	6,980	8,672	10.3	5.8	1.4	1.1	5.9	5.0	14%	22%	5%	8%
THYAO	13.89	19,168	18.70	15.80	35	BUY	M	20	9.4	257	49	44			0%	2,689	3,746	73,655	87,181	11,179	14,739	35,975	41,389	7.1	5.1	0.5	0.5	7.2	5.4	8%	10%	2%	3%
Airlines&Services																								**8.7**	**5.8**	**1.4**	**1.1**	**6.6**	**5.2**	**14%**	**22%**	**6%**	**7%**
DOAS	9.15	2,013	12.75	5.65	39	BUY	U	18	7.9	11	15	14	8%	87%	5%	97	229	9,848	12,306	644	740	1,264	1,393	20.7	8.8	1.6	1.4	6.3	5.4	8%	17%	2%	5%
FROTO	64.30	22,564	80.00	67.12	24	BUY	U	1	-8	4.5	18	77	5%	69%	7%	1,944	2,197	41,029	45,117	3,504	3,853	4,553	5,195	11.6	10.3	5.0	4.3	7.5	6.8	46%	45%	13%	13%
OTKAR	151.50	3,636	189.00	155.50	25	BUY	M	8.3	-1.3	1.3	28	34	3%	84%	5%	410	449	2,635	2,934	500	544	599	863	8.9	8.1	6.1	4.2	9.1	8.4	83%	61%	16%	15%
TOASO	24.40	12,200	32.20	24.15	32	BUY	M	11	1.1	5.3	24	79	5%	61%	5%	1,426	1,610	18,755	21,014	2,514	2,809	4,252	5,221	8.6	7.6	2.9	2.3	5.7	5.1	36%	34%	11%	10%
Automotive & Parts																								**10.2**	**8.5**	**3.9**	**3.3**	**6.9**	**6.1**	**41%**	**40%**	**12%**	**12%**
TTRAK	48.80	2,604	66.75	40.60	37	BUY	U	14	3.8	1.5	25	52	7%	100%	4%	78	211	3,837	4,637	368	509	727	838	33.2	12.4	3.6	3.1	9.5	6.9	11%	27%	3%	7%
Tractors																								**33.2**	**12.4**	**3.6**	**3.1**	**9.5**	**6.9**	**11%**	**27%**	**3%**	**7%**
AEFES	22.08	13,074	29.50	30.00	34	BUY	M	14	3.7	3.8	32	80	2%	29%	5%	988	1,260	23,478	26,727	3,845	4,304	11,967	12,628	13.2	10.4	1.1	1.0	7.0	6.2	9%	10%	2%	3%
CCOLA	35.50	9,030	43.00	43.50	21	BUY	M	12	2.3	2.9	28	93	1%	12%	6%	818	730	12,234	13,578	2,181	2,180	6,137	6,367	11.0	12.4	1.5	1.4	5.9	5.9	14%	12%	6%	5%
ULKER	21.64	7,401	29.10	27.74	34	BUY	M	16	5.5	2.7	40	94	2%	39%	3%	815	686	7,658	8,701	1,270	1,427	4,112	4,598	9.1	10.8	1.8	1.6	7.4	6.6	22%	16%	7%	5%
TATGD	5.97	812		4.48		U.R	U	28	17	0.9	41	19	3%	37%		64	69	1,552	1,857	103	126	557	601	12.7	11.7	1.5	1.4	9.7	7.9	12%	12%	7%	7%
Food & Beverages																								**11.9**	**11.2**	**1.5**	**1.4**	**7.2**	**6.4**	**13%**	**12%**	**6%**	**5%**
ADANA	7.02	619	8.03	6.81	14	HOLD	M	6.4	-3	0.8	58	4.4	13%	87%	10%	64	37	328	374	41	52	264	251	9.7	16.5	2.3	2.5	14.4	11.4	23%	15%	17%	12%
AKCNS	9.37	1,794	11.23	7.89	20	HOLD	M	41	28	0.3	20	19	8%	88%	4%	85	151	1,889	2,140	279	375	1,026	1,104	21.0	11.9	1.7	1.6	7.5	5.6	8%	14%	4%	7%
CIMSA	8.77	1,185	10.11	8.49	15	HOLD	M	12	1.9	1.6	36	25	8%	66%	0%	53	70	1,781	1,952	322	387	1,377	1,448	22.6	16.9	0.9	0.8	7.6	6.3	4%	5%	1%	2%
Cement & Concrete																								**21.0**	**16.5**	**1.7**	**1.6**	**7.6**	**6.3**	**8%**	**14%**	**4%**	**7%**
TCELL	13.44	29,568	18.00	17.44	34	BUY	M	8.4	-1.2	17	49	89	9%	139%	6%	3,284	3,640	25,120	28,784	5,601	5,894	18,328	20,326	9.0	8.1	1.6	1.5	7.0	6.6	19%	19%	7%	8%
TTKOM	6.92	24,220	9.00	7.60	30	BUY	M	15	5	30	15	71	5%	85%	7%	2,348	3,382	23,443	26,458	11,007	12,364	9,802	11,540	10.3	7.2	2.5	2.1	3.6	3.2	27%	32%	6%	8%
Communications																								**9.7**	**7.6**	**2.0**	**1.8**	**5.3**	**4.9**	**23%**	**25%**	**7%**	**8%**
ARCLK	20.42	13,798	21.50	21.15	5	SELL	D	16	5.4	7.6	25	73	3%	44%	2%	905	975	32,015	36,309	3,415	3,875	9,087	9,791	15.2	14.1	1.5	1.4	6.5	5.7	10%	10%	3%	3%
VESBE	17.47	3,319	21.65	19.30	24	BUY	M	17	6.5	0.6	4.8	9.8	9%	72%	16%	579	643	6,905	7,860	902	941	1,821	1,943	5.7	5.2	1.8	1.7	4.4	4.2	32%	34%	12%	13%
VESTL	11.32	3,797	12.90	12.25	14	HOLD	M	12	2.5	8.6	15	8.4			0%	315	578	17,593	19,861	2,346	2,325	3,572	4,180	12.0	6.6	1.1	0.9	3.9	4.0	9%	15%	2%	3%
Consumer Durables																								**12.0**	**6.6**	**1.5**	**1.4**	**4.4**	**4.2**	**10%**	**15%**	**3%**	**3%**

Coverage List: https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/coverage-list.aspx#page-1

Coverage List - Coverage List Companies

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield	Net Income ₺		Net Sales ₺		EBITDA ₺		Equity ₺		P/E		P/BV		EV/EBITDA		ROE		ROA	
ANACM	3.65	2,738	4.80	3.90	32	BUY	M	9	-0.7	1.8	23	47	3%	23%	6%	504	456	4,295	5,076	1,026	1,198	2,678	2,983	5.4	6.0	1.0	0.9	4.9	4.2	20%	16%	9%	7%
SISE	5.06	11,385	5.80	6.17	15	HOLD	M	17	6.3	18	32	33	3%	25%	3%	1,770	1,755	18,553	21,318	3,761	4,353	14,066	15,367	6.4	6.5	0.8	0.7	5.1	4.4	13%	12%	6%	5%
SODA	5.84	5,840	7.50	7.80	28	BUY	M	7	-2.5	13	38	37	4%	31%	6%	1,133	1,007	4,126	4,706	944	1,091	5,651	6,318	5.2	5.8	1.0	0.9	5.0	4.3	22%	17%	16%	13%
TRKCM	3.33	4,163	4.00	3.75	20	HOLD	D	16	6.1	8.9	30	40	3%	27%	4%	504	456	4,295	5,076	1,026	1,198	2,678	2,983	8.3	9.1	1.6	1.4	5.4	4.6	13%	16%	6%	7%
Glass																								**5.9**	**6.2**	**1.0**	**0.9**	**5.1**	**4.4**	**17%**	**16%**	**8%**	**7%**
EREGL	8.27	28,945	11.30	10.76	37	BUY	M	27	16	36	48	70	9%	88%	11%	3,918	4,641	27,037	31,390	5,883	7,777	57,135	56,295	7.4	6.2	0.5	0.5	4.6	3.5	9%	8%	9%	10%
KRDMD	2.46	1,919	3.43	3.17	39	BUY	M	21	9.9	43	92	22	9%	32%	0%	130	279	4,057	4,614	450	648			14.8	6.9			6.5	4.5				
Iron Steel																								**11.1**	**6.6**	**0.5**	**0.5**	**5.5**	**4.0**	**9%**	**8%**	**9%**	**10%**
TUPRS	123.40	30,902	170.00	182.00	38	BUY	M	-2.4	-11	39	49	79	8%	75%	5%	1,199	4,467	94,159	104,919	5,025	7,777	13,680	16,587	25.8	6.9	2.3	1.9	7.9	5.1	10%	30%	3%	8%
Oil & Gas																								**25.8**	**6.9**	**2.3**	**1.9**	**7.9**	**5.1**	**10%**	**30%**	**3%**	**8%**
BIMAS	46.22	28,065	53.00	53.90	15	HOLD	M	-0.5	-9.2	16	68	69	2%	66%	3%	1,451	1,648	40,711	49,605	2,166	2,473	4,235	4,940	19.3	17.0	6.6	5.7	12.0	10.5	37%	36%	15%	14%
BIZIM	10.45	627	12.00	10.43	15	HOLD	D	24	13	0.8	44	13	1%	31%	3%	41	52	4,586	5,355	207	229	154	186	15.4	12.0	4.1	3.4	0.9	0.8	29%	31%	4%	5%
MGROS	22.40	4,056	29.50	26.50	32	BUY	M	5.5	-3.9	5.8	36	39			0%	12	8	23,130	26,966	1,426	1,565	645	652	348.7	510	6.3	6.2	4.3	3.9	2%	1%	0%	0%
Retail Trade																								**19.3**	**17.0**	**6.3**	**5.7**	**4.3**	**3.9**	**29%**	**31%**	**4%**	**5%**
ASELS	18.79	21,421	25.00	25.95	33	HOLD	M	2.2	-6.9	66	26	25	1%	12%	1%	2,889	3,024	12,884	15,437	2,621	3,092	12,892	15,626	7.4	7.1	1.7	1.4	8.3	7.1	25%	21%	13%	11%
Defense Techology																								**7.4**	**7.1**	**1.7**	**1.4**	**8.3**	**7.1**	**25%**	**21%**	**13%**	**11%**
PETKM	3.61	7,624	4.20	4.30	16	HOLD	M	5.3	-4.1	48	48	18	6%	73%	9%	941	1,177	10,513	11,043	1,531	1,813	5,493	5,999	8.1	6.5	1.4	1.3	7.8	6.6	20%	20%	7%	9%
ALKIM	32.28	798	45.40	34.50	41	BUY	M	6.8	-2.6	0.5	38	18	5%	58%	7%	111	109	695	758	166	173	366	416	7.2	7.3	2.2	1.9	5.3	5.0	32%	28%	23%	21%
Chemicals																								**7.7**	**6.9**	**1.8**	**1.6**	**6.5**	**5.8**	**26%**	**24%**	**15%**	**15%**
MPARK	15.30	3,183	19.61	17.69	28	BUY	M	5	-4.3	0.7	33	82			0%	-41	120	3,694	4,252	559	672	433	554	-77.6	26.4	7.3	5.7	8.5	7.0	-9%	24%	-1%	3%
SELEC	5.68	3,527	6.50	5.90	14	HOLD	M	-1.1	-9.8	0.5	15	60	2%	19%	3%	689	664	17,561	20,466	774	723	3,096	3,657	5.1	5.3	1.1	1.0	3.8	4.1	25%	20%	10%	8%
Health																								**-36.2**	**15.9**	**4.2**	**3.4**	**6.1**	**5.6**	**8%**	**22%**	**4%**	**11%**
LOGO	52.80	1,320	61.70	50.00	17	HOLD	D	36	24	0.4	66	61	2%	54%		71	91	399	506	128	167	365	435	18.7	14.5	3.6	3.0	10.4	7.9	21%	23%	12%	13%
INDES	9.85	552	11.40	10.10	16	HOLD	D	40	27	1	49	63	6%	55%		78	89	3,968	4,557	117	134	430	488	7.1	6.2	1.3	1.1	5.0	4.4	19%	19%	5%	5%
Technology																								**12.9**	**10.4**	**2.4**	**2.1**	**7.7**	**6.2**	**20%**	**21%**	**8%**	**9%**
YATAS	6.45	966	9.50	7.59	47	BUY	M	4.5	-4.7	2.2	58	39			0%	90	127	1,152	1,455	172	224	397	524	10.8	7.6	2.4	1.8	6.9	5.3	25%	28%	11%	13%
Furniture																								**10.8**	**7.6**	**2.4**	**1.8**	**6.9**	**5.3**	**25%**	**28%**	**11%**	**13%**
MAVI	46.36	2,302	62.00	51.60	34	BUY	M	2.5	-6.6	1.2	73	88	1%	30%	2%	129	195	2,857	3,544	400	532	463	620	17.8	11.8	5.0	3.7	6.9	5.2	32%	36%	8%	10%
Textile																								**17.8**	**11.8**	**5.0**	**3.7**	**6.9**	**5.2**	**32%**	**36%**	**8%**	**10%**
KORDS	12.44	2,420	17.80	17.10	43	BUY	M	7.1	-2.4	2.2	29	45	5%	51%	2%	329	336	5,117	5,757	738	828	2,096	2,375	7.4	7.2	1.2	1.0	6.4	5.7	17%	15%	6%	5%
Industrial Textiles																								**7.4**	**7.2**	**1.2**	**1.0**	**6.4**	**5.7**	**17%**	**15%**	**6%**	**5%**

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Coverage List - Coverage List Companies

Price and Key Ratios														2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield Est.	Net Income ₺		Net Sales ₺		EBITDA ₺		Equity ₺		P/E		P/BV		EV/EBITDA		ROE		ROA
EKGYO	1.48	5,624	1.51	1.81	2	HOLD	M	23	12	20	51	57	4%	34%	1%	666	1,602	4,530	5,046	823	1,425	12,483	13,419	8.4	3.5	0.5	0.4	11.8	6.8	5%	12%	3%	7%
ISGYO	1.16	1,112	1.35	1.18	16	HOLD	M	23	13	1.8	44	27	5%	21%	3%	111	204	460	380	169	180	3,718	3,932	10.1	5.5	0.3	0.3	14.3	13.4	3%	5%	2%	4%
TRGYO	2.40	2,400	3.27	2.60	36	BUY	M	40	27	5.1	21	34	2%	8%	2%	850	930	1,017	1,374	601	688	8,474	9,354	2.8	2.6	0.3	0.3	10.9	9.5	11%	10%	7%	7%
REITs																								**8.4**	**3.5**	**0.3**	**0.3**	**11.8**	**9.5**	**5%**	**10%**	**3%**	**7%**

Price and Key Ratios														2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield Est.	Net Income ₺		Deposit ₺		NII ₺		Equity ₺		P/E		P/BV		P/NII		ROE		ROA
AKBNK	7.74	40,248	10.00	8.90	29	BUY	M	11	1.5	57	50	64	2%	20%	0%	5,726	7,537	211,480	229,731	15,537	17,683	53,581	61,118	7.0	5.3	0.8	0.7	2.6	2.3	12%	13%	19%	18%
ALBRK	1.35	1,215	1.61	1.55	19	HOLD	M	12	1.7	5	21	30	3%	14%	2%	358	467					3,258	3,720	3.4	2.6	0.4	0.3			11%	13%		
GARAN	10.14	42,588	13.60	12.20	34	BUY	M	9.3	-0.4	134	50	75	2%	19%	0%	6,434	8,924	234,949	270,862	19,206	21,761	53,011	61,936	6.6	4.8	0.8	0.7	2.2	2.0	13%	16%	18%	16%
HALKB	5.80	7,250	8.80	8.00	52	BUY	M	12	1.7	53	48	40	2%	9%	0%	1,662	2,902	304,961	343,453	10,503	13,764	30,917	33,819	4.4	2.5	0.2	0.2	0.7	0.5	6%	9%	2%	2%
ISCTR	6.16	27,720				N.R		5.1	-4.2	27	31	60	3%	22%																			
TSKB	1.04	2,912	1.40	1.23	35	BUY	M	17	6.5	4.6	39	40	2%	18%	0%	688	897			1,998	2,130	5,407	6,304	4.2	3.2	0.5	0.5	1.5	1.4	14%	15%		
VAKBN	5.18	12,950	8.00	7.20	54	BUY	M	20	9.3	35	25	69	1%	5%	0%	2,375	4,497	233,950	270,413	13,000	16,275	29,203	33,700	5.5	2.9	0.4	0.4	1.0	0.8	8%	14%	6%	5%
YKBNK	2.40	20,273	3.60	3.30	50	BUY	M	4.4	-4.9	22	18	48	2%	16%	0%	4,118	5,992	221,375	256,296	15,448	17,477	39,785	45,160	4.9	3.4	0.5	0.4	1.3	1.2	10%	14%	9%	8%
Banking																								**4.9**	**3.2**	**0.5**	**0.4**	**1.4**	**1.3**	**11%**	**14%**	**9%**	**8%**
AKGRT	5.56	1,701	8.00	6.00	44	BUY	M	13	2.6	0.3	28	71	8%	73%	7%	308	373					931	1,140	5.5	4.6	1.8	1.5				36%		
ANHYT	6.10	2,623	9.00	8.25	48	BUY	M	11	1.5	0.2	15	59	5%	64%	7%	307	408					1,212	1,326	8.5	6.4	2.2	2.0			28%	32%		
ANSGR	4.47	2,235	6.50	5.40	45	BUY	M	7.7	-1.8	0.1	35	20	3%	32%	5%	383	464					2,476	2,956	5.8	4.8	0.9	0.8			20%	17%		
Insurance																								**5.8**	**4.8**	**1.8**	**1.5**			**24%**	**32%**		

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Coverage List - Coverage List Companies

Price and Key Ratios															2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Ticker	Price ₺	M.Cap. ₺	Target Price	Prev.TP	Upside Pot.%	Rec.	Rec.Change	1M TL Perf.	1M Rel. Perf.	ADV 3M	Float %	Foreign	5Y Avg.Div.Y.	5Y Avg.Pay.%	Div.Yield Est.	Net Income ₺		Net Sales ₺		EBITDA ₺		Equity ₺		P/E		P/BV				ROE		ROA	
ALARK	5.11	2,223	5.40	4.85	6	HOLD	M	7.4	-2.1	11	30	30	4%	8%	3%	276	324	1,356	1,753	255	261	1,375	1,623	8.1	6.9	1.6	1.4			22%	22%	9%	9%
ENKAI	5.79	28,950	6.79	6.09	17	HOLD	M	3.6	-5.6	1.7	12	66	3%	49%	3%	3,624	2,068	10,287	11,078	2,442	2,287	34,645	36,359	8.0	14.0	0.8	0.8			11%	6%	9%	5%
KCHOL	20.70	52,493	23.50	22.30	14	HOLD	D	12	1.8	13	26	84	2%	19%	2%	4,324	10,577	156,668	179,343	10,781	14,709	36,600	46,225	12.1	5.0	1.4	1.1			12%	26%	3%	7%
SAHOL	9.11	18,588	12.60	11.60	38	BUY	M	9.1	-0.5	16	48	69	2%	14%	3%	3,739	4,721	62,919	74,436	9,440	11,330	32,417	36,526	5.0	3.9	0.6	0.5			12%	14%	1%	1%
SISE	5.06	11,385	5.80	6.17	15	HOLD	M	17	6.3	18	32	33	3%	25%	3%	1,770	1,755	18,553	21,318	3,761	4,353	14,066	15,367	6.4	6.5	0.8	0.7			13%	12%	6%	5%
TKFEN	18.88	6,986	25.35	23.16	34	BUY	U	14	3.7	18	51	60	3%	40%	8.0%	1,690	925	14,872	10,081	2,171	989	5,430	5,797	4.1	7.6	1.3	1.2			35%	16%	14%	8%
AGHOL	16.21	3,948	24.00	23.50	48	BUY	M	8.1	-1.5	3.4	29	28	1%	n.a	1%	-118	325	44,553	59,775	5,335	6,507	4,956	5,245	-33.5	12	0.8	0.8			-2%	6%	0%	0%
Conglomerates																								**6.4**	**6.9**	**0.8**	**0.8**			**12%**	**14%**	**6%**	**5%**

İŞ INVESTMENT

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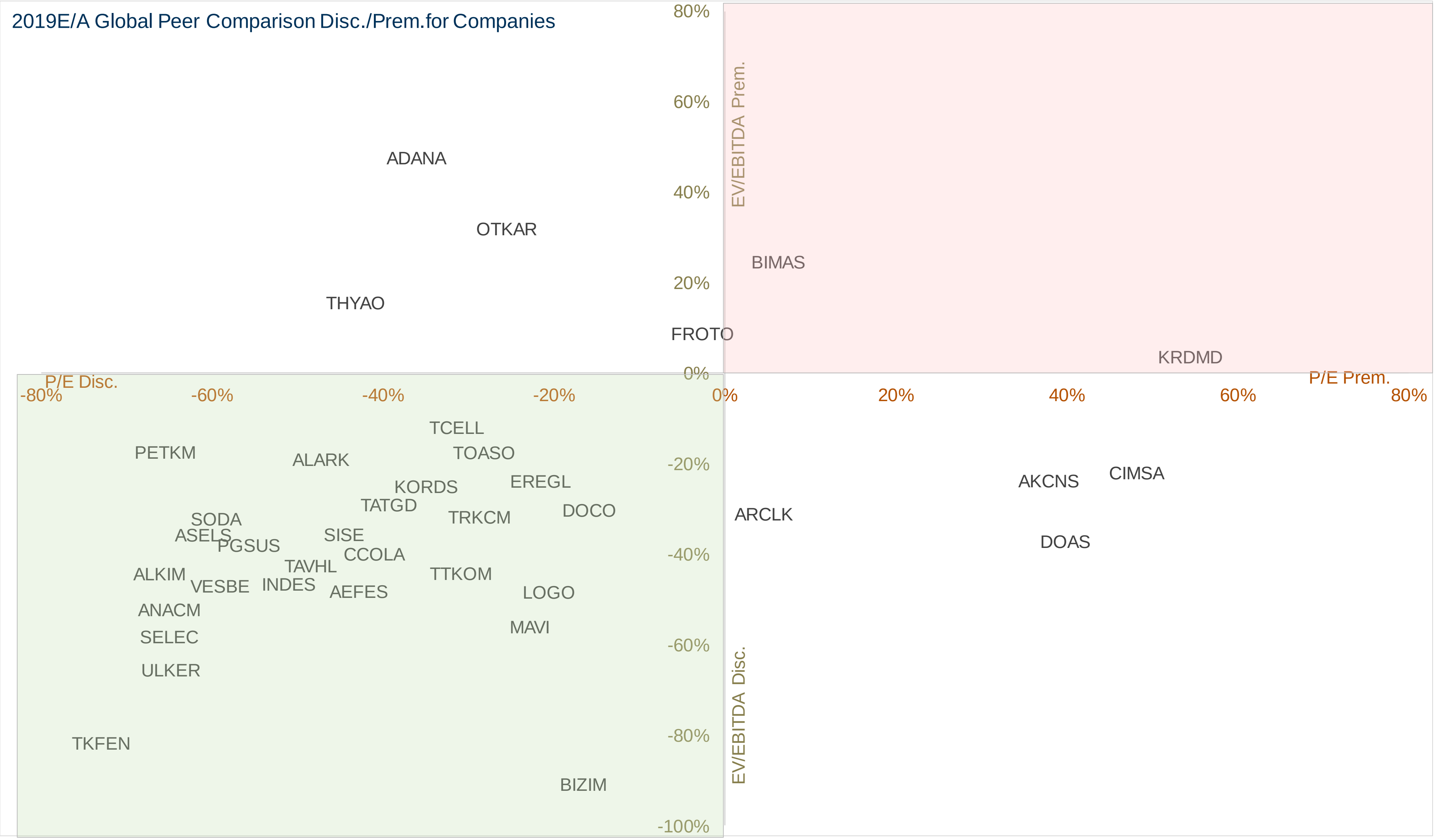
Turkey: Equity Strategy

BIST Chartbook – Global Peer Comparison Disc / Prem (2019E/A)

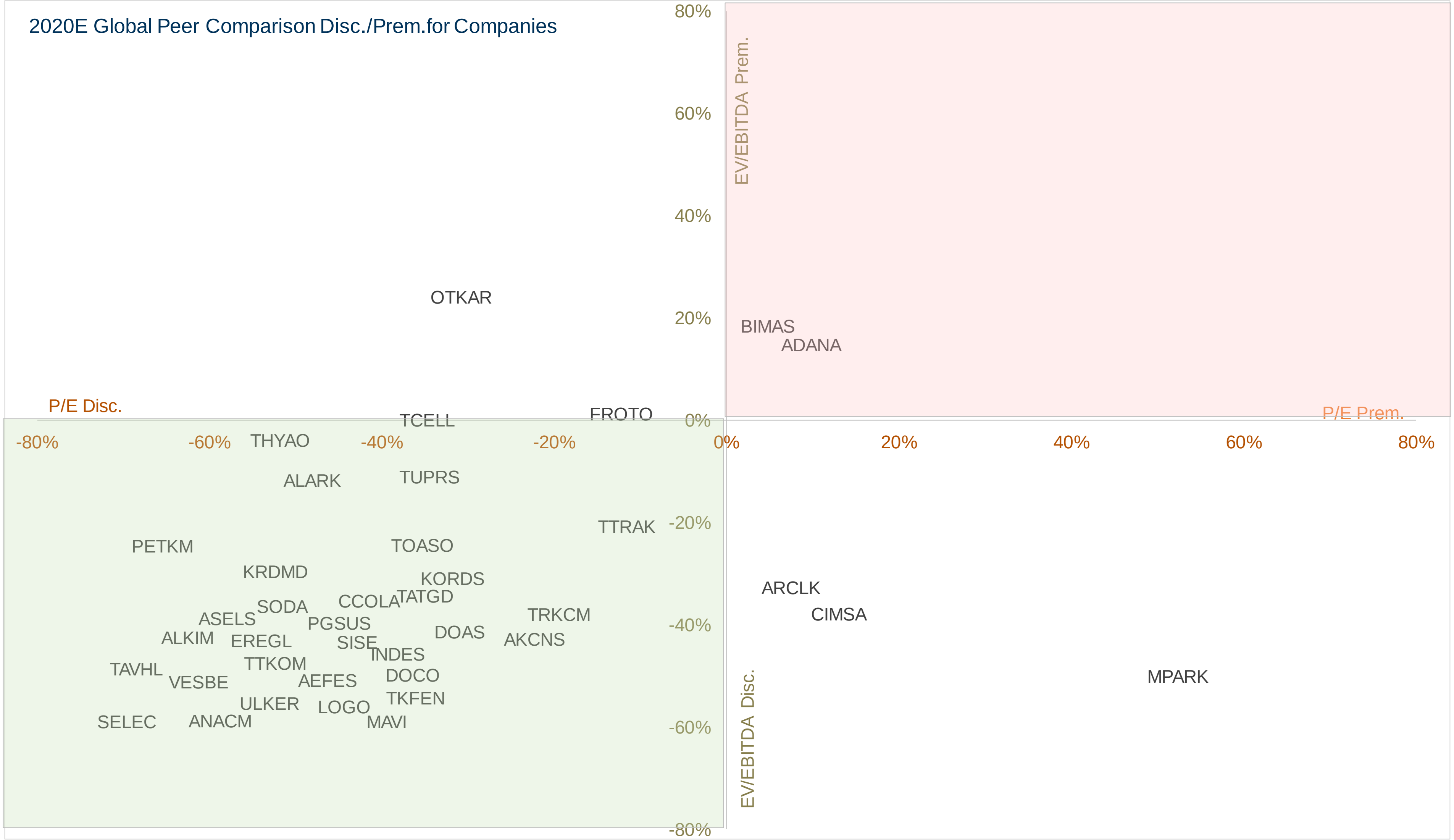
2019E/A Global Peer Comparison Disc./Prem.for Companies



Global Peer Comparison Disc./Prem. for multiples greater than %80 and below -%80 were not included in graph.

Stock Screener : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/stock-screener.aspx

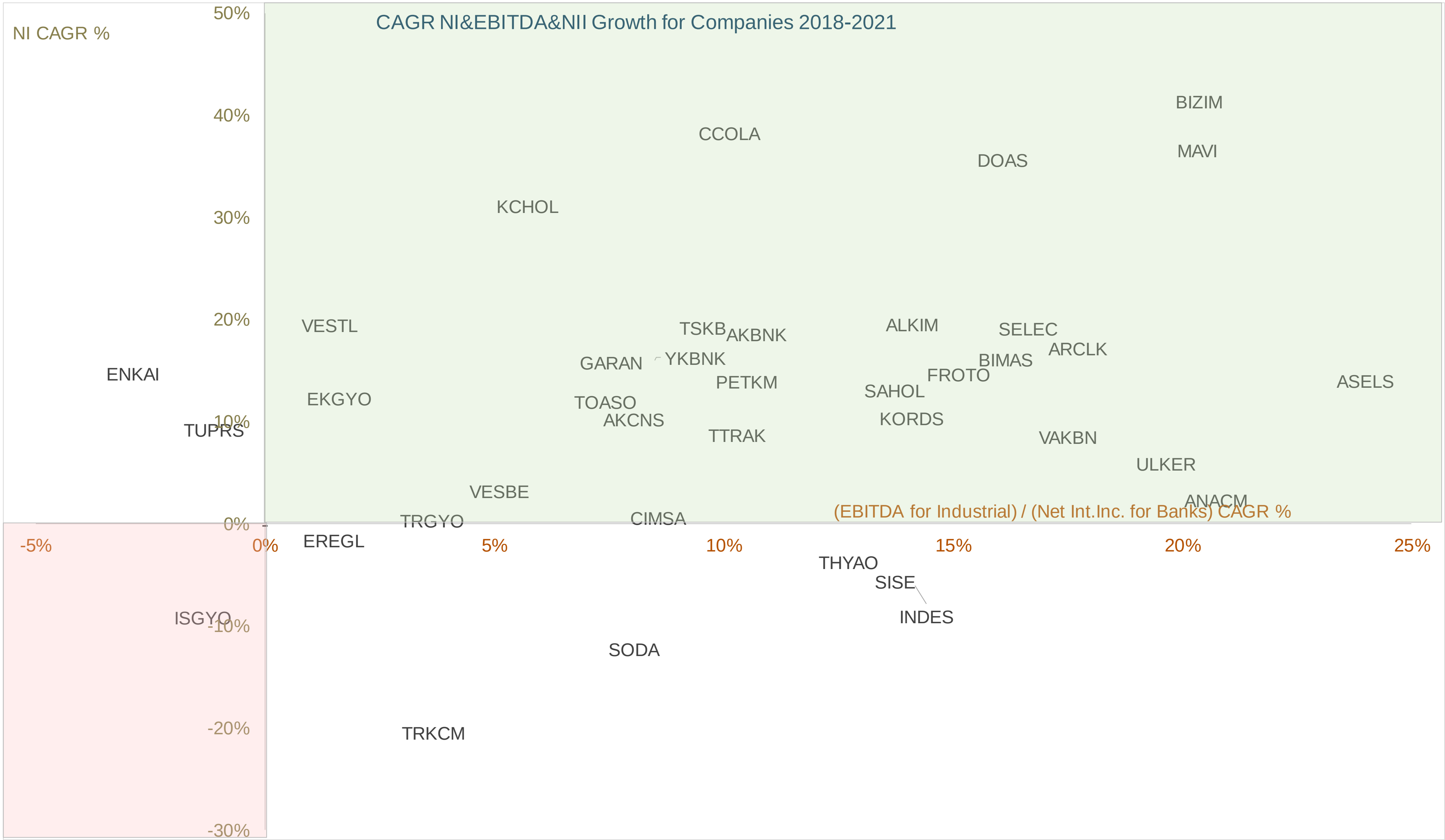
BIST Chartbook - Global Peer Comparison Disc / Prem (2020E)



Global Peer Comparison Disc./Prem. for multiples greater than %80 and below -%80 were not included in graph.

Stock Screener : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/stock-screener.aspx

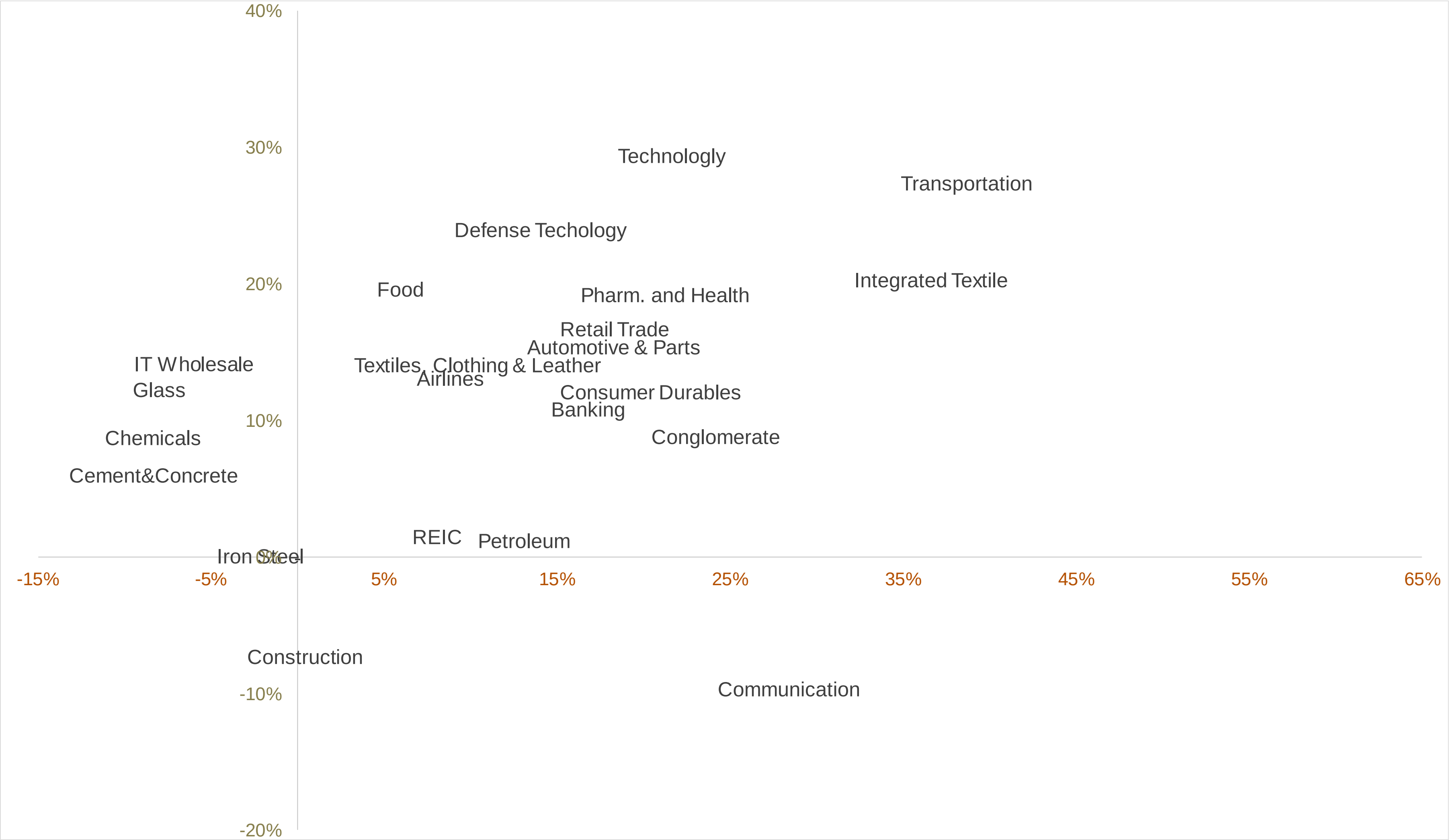
BIST Chartbook - NI, NII and EBITDA CAGR (2018A-2021E)



NI CAGR greater than %50 and EBITDA/NII CAGR greater than %25 and were not included in graph.

Stock Screener : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/stock-screener.aspx

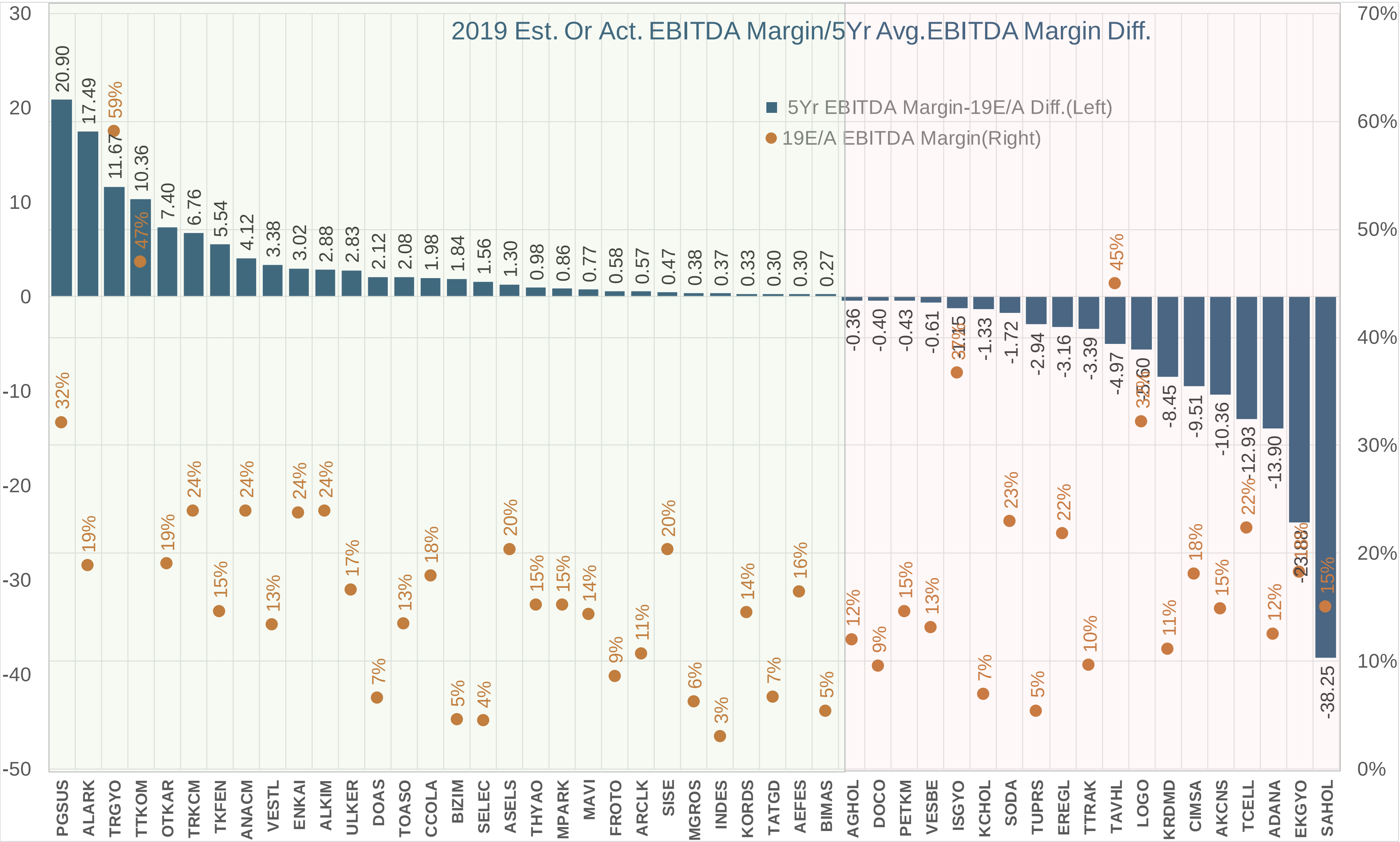
BIST Chartbook - NI, NII and EBITDA CAGR (2018A-2021E)



NI CAGR greater than %50 and EBITDA/NII CAGR greater than %25 and were not included in graph.

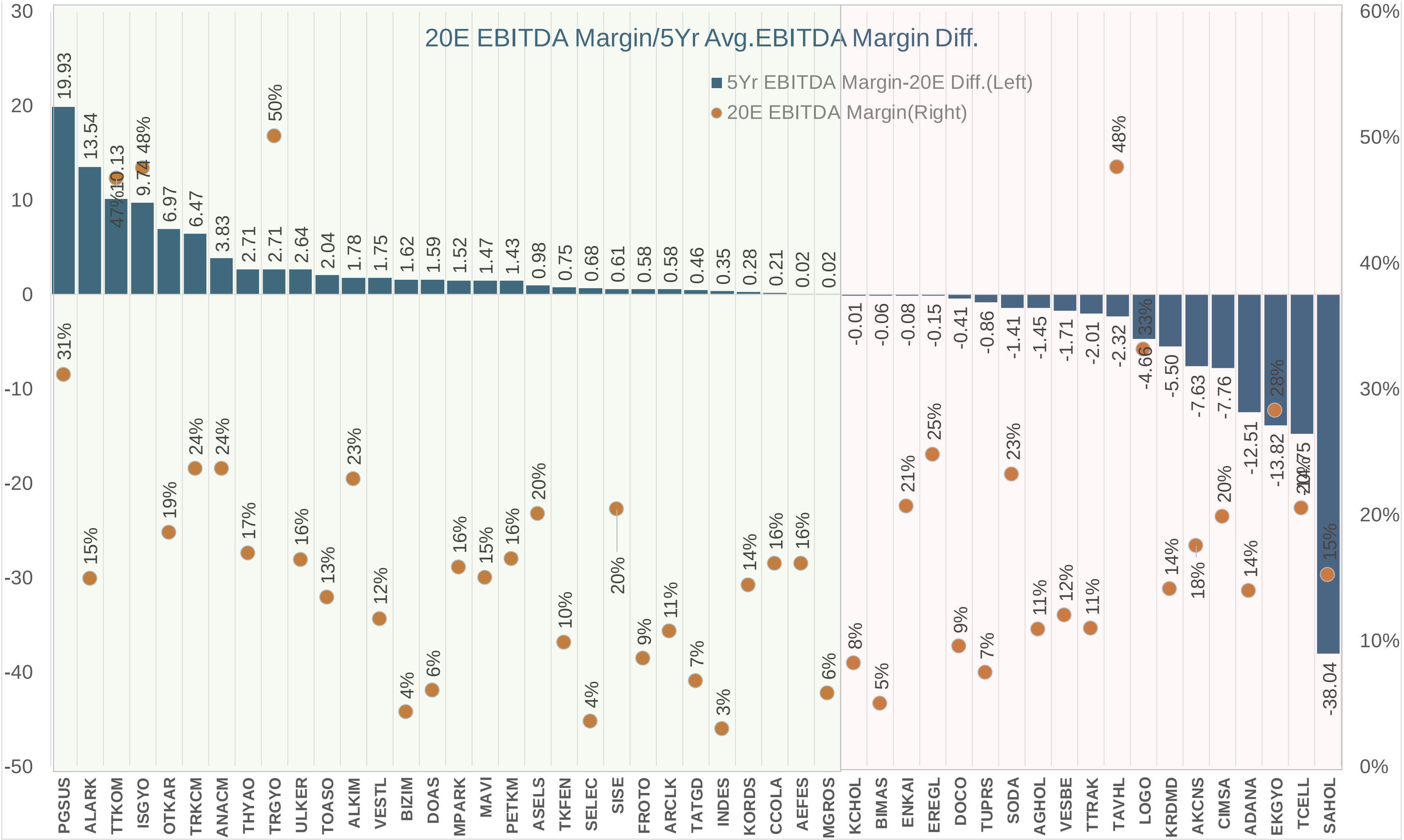
Stock Screener : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/stock-screener.aspx

BIST Chartbook – 2019E/A Margins vs Historical Averages



Stock Screener : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/stock-screener.aspx

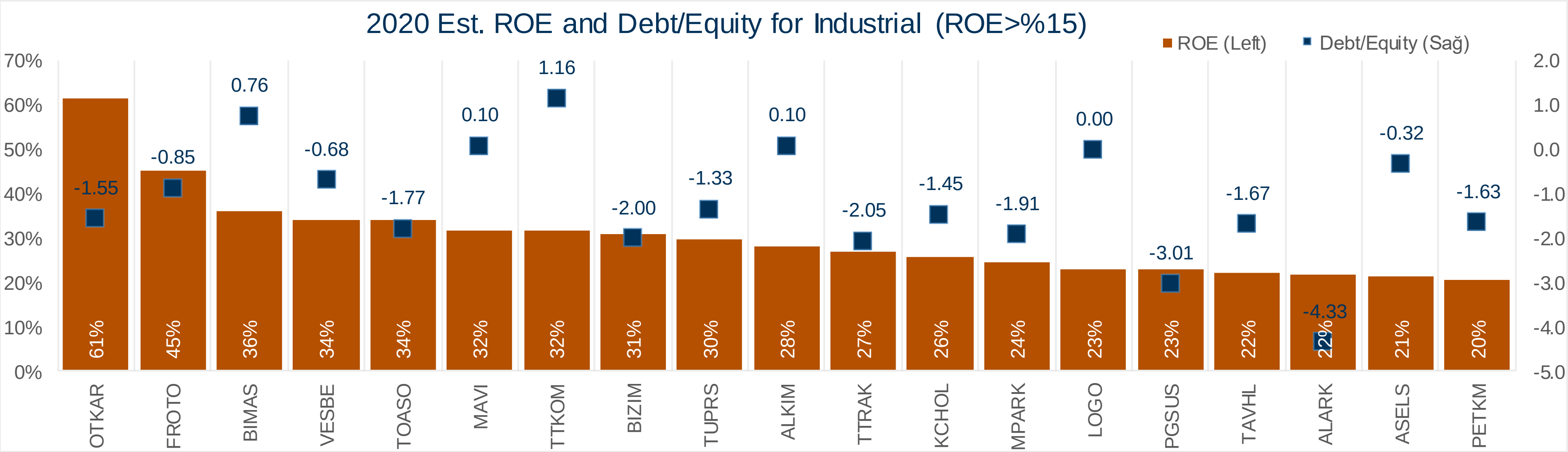
BIST Chartbook - 2020E Margins vs Historical Averages



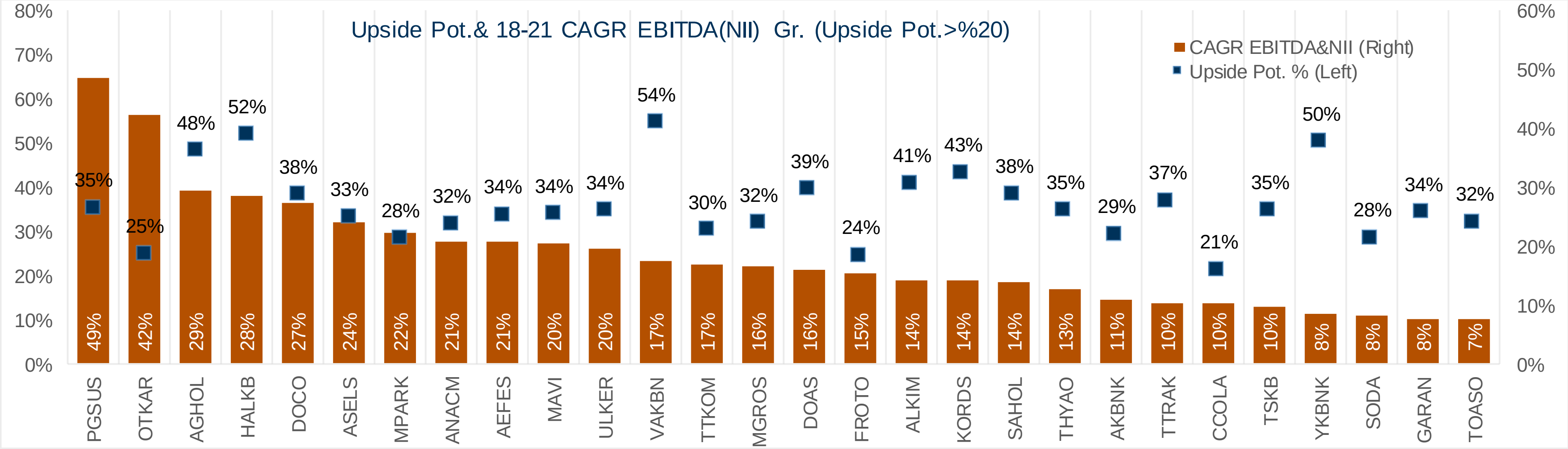
İŞ INVESTMENT

Stock Screener : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/stock-screener.aspx

BIST Chartbook – Leverage Ratios and Profit Momentum



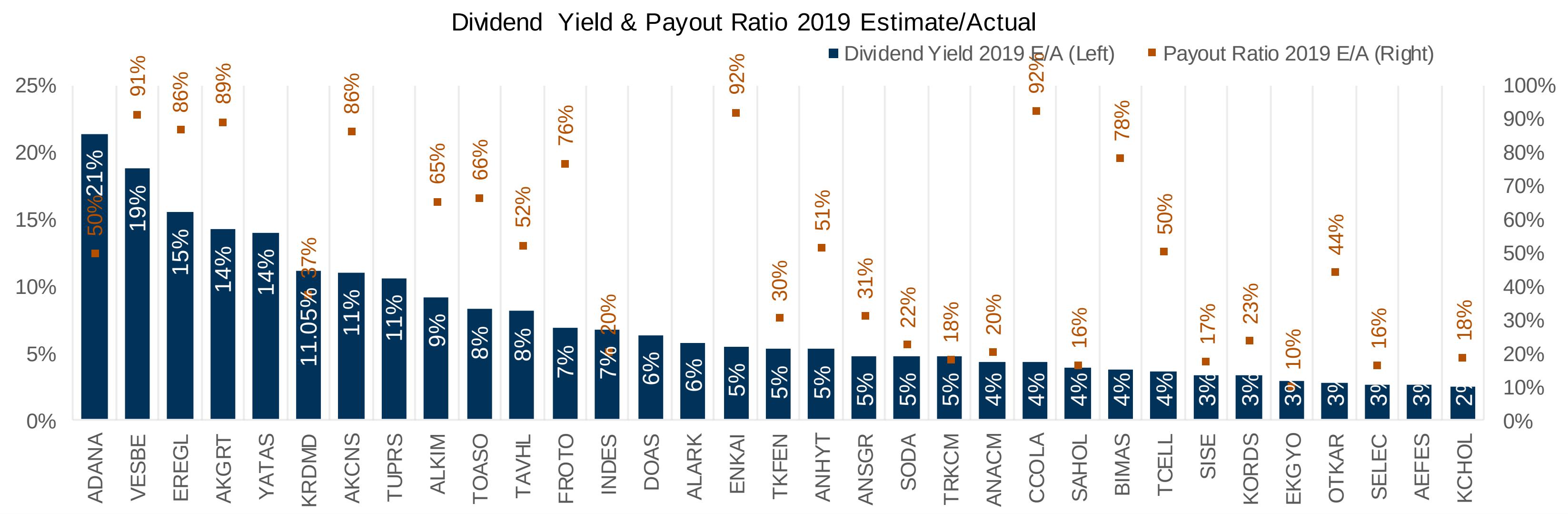
2020 Est. ROE and Debt/Equity for Industrial (ROE>%15)

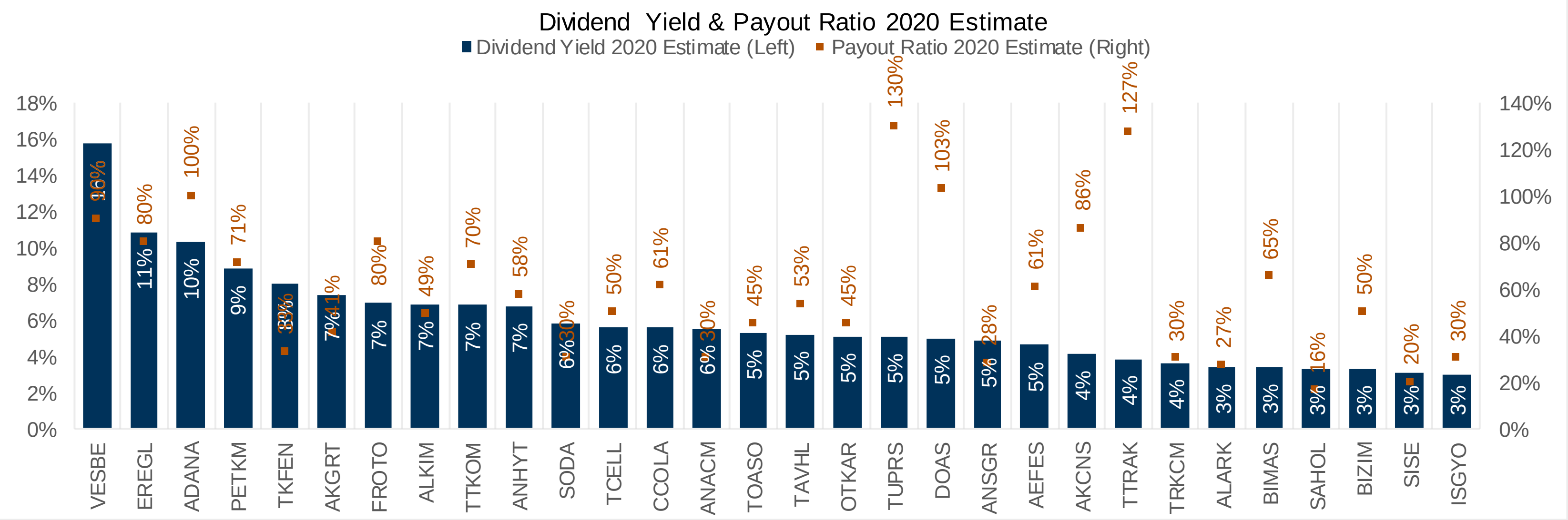


Upside Pot.& 18-21 CAGR EBITDA(NII) Gr. (Upside Pot.>%20)

Stock Screener : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/stock-screener.aspx

BIST Chartbook – Dividend Yield Estimates


Dividend Yield & Payout Ratio 2019 Estimate/Actual


Dividend Yield & Payout Ratio 2020 Estimate

* Including the estimated 2nd tranche, FROTO's dividend yield for 2017 reaches to 6%

Dividend Est.Screen : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/coverage-list.aspx#page-5

BIST Chartbook - Historic Average Prem./Disc. for P/E

2019 Est./Act. P/E vs P/E Hist. Avg. Disc.			
Ticker	Hist Avg.PE	19E/A P/E	19E/A P/E & Hist.Avg.Disc.
YATAS	10.75	1.92	-82%
OTKAR	21.79	8.87	-59%
ASELS	17.82	7.42	-58%
CCOLA	26.42	11.04	-58%
TKFEN	8.79	4.13	-53%
ULKER	19.13	9.08	-53%
ALBRK	6.14	3.39	-45%
PGSUS	10.90	6.10	-44%
BIZIM	25.64	15.38	-40%
AEFES	21.75	13.23	-39%
AKGRT	9.04	5.53	-39%
VESBE	9.27	5.73	-38%
ANSGR	9.39	5.83	-38%
ANHYT	13.59	8.55	-37%
ALKIM	11.23	7.20	-36%
ENKAI	12.34	7.99	-35%
TCELL	13.61	9.00	-34%
DOCO	25.22	16.74	-34%
ALARK	12.03	8.06	-33%
SAHOL	7.33	4.97	-32%
TTKOM	15.19	10.32	-32%
MAVI	24.96	17.27	-31%
PETKM	11.40	8.10	-29%
SELEC	7.10	5.12	-28%
BIMAS	26.67	19.34	-27%
SISE	8.56	6.43	-25%
TSKB	5.62	4.23	-25%
THYAO	9.27	7.13	-23%
TOASO	11.05	8.56	-23%
YKBNK	6.26	4.92	-21%
EREGL	9.30	7.39	-21%
ANACM	6.76	5.43	-20%
KORDS	9.06	7.36	-19%

2019 Est./Act. P/E vs P/E Hist. Avg. Disc.			
Ticker	Hist Avg.PE	19E/A P/E	19E/A P/E & Hist.Avg.Disc.
HALKB	5.31	4.36	-18%
VESTL	14.40	12.05	-16%
SODA	6.12	5.15	-16%
INDES	8.25	7.05	-15%
FROTO	13.53	11.61	-14%
TRGYO	3.25	2.83	-13%
GARAN	7.59	6.62	-13%
LOGO	20.80	18.66	-10%
AKBNK	7.83	7.03	-10%
EKGYO	9.11	8.44	-7%
TAVHL	10.39	10.32	-1%

Historic Disc./Prem. : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/bist-data-table.aspx#page-4

BIST Chartbook - Historic Average Prem./Disc. for EV/EBITDA

2019 Est./Act. EV/EBITDA & Hist.Avg. Disc.			
Ticker	Hist.Avg. EV/EBITDA	19E EV/EBITDA	19E/A P/E&Hist.Avg.Disc.
ENKAI	7.13	-0.20	-103%
BIZIM	8.21	0.91	-89%
TKFEN	5.19	1.47	-72%
AGHOL	12.39	3.68	-70%
PGSUS	9.12	4.02	-56%
MGROS	8.37	4.29	-49%
ASELS	16.17	8.33	-48%
OTKAR	16.45	9.10	-45%
ULKER	12.97	7.40	-43%
CCOLA	10.29	5.89	-43%
SELEC	6.30	3.80	-40%
ALARK	10.05	6.48	-36%
TOASO	8.79	5.69	-35%
TTKOM	5.31	3.64	-31%
DOAS	8.90	6.26	-30%
ARCLK	9.12	6.49	-29%
BIMAS	16.81	12.04	-28%
FROTO	10.44	7.50	-28%
ALKIM	6.69	5.25	-21%
TRKCM	6.88	5.42	-21%
LOGO	12.98	10.36	-20%
PETKM	9.67	7.81	-19%
AEFES	8.62	6.99	-19%
TATGD	11.94	9.73	-19%
SODA	6.15	5.01	-19%
ANACM	6.01	4.93	-18%
VESBE	5.39	4.42	-18%
EREGL	5.44	4.62	-15%
TUPRS	9.28	7.89	-15%
THYAO	8.42	7.18	-15%
TRGYO	12.53	10.91	-13%
SAHOL	33.22	29.13	-12%
VESTL	4.44	3.93	-11%

2019 Est./Act. EV/EBITDA & Hist.Avg. Disc.			
Ticker	Hist.Avg. EV/EBITDA	19E EV/EBITDA	19E/A P/E&Hist.Avg.Disc.
KCHOL	8.00	7.09	-11%
KRDMD	7.21	6.45	-10%
TTRAK	10.17	9.53	-6%
MAVI	7.05	6.62	-6%
SISE	5.41	5.11	-5%
INDES	5.29	5.02	-5%
MPARK	8.85	8.47	-4%
TAVHL	5.99	5.94	-1%
CIMSA	7.64	7.63	0%

Historic Disc./Prem. : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/bist-data-table.aspx#page-4

BIST Chartbook - Foreign Shares

Foreign Share Change					
Ticker	Current Share	1M Foreign ShareΔ >0 (bps)	Upside Pot. % >5	2019E NI Δ >0	1M Relative Perf. %
OTKAR	33.6	3.18	25%	149%	-1.28
AKBNK	63.6	1.58	29%	0%	1.53
ANACM	47.0	1.37	32%	12%	-0.67
ULKER	94.1	0.85	34%	16%	5.50
TOASO	79.3	0.79	32%	7%	1.11
ALKIM	18.0	0.66	41%	27%	-2.62
PGSUS	50.6	0.52	35%	144%	5.63
TCELL	89.4	0.39	34%	62%	-1.19
CCOLA	93.0	0.33	21%	150%	2.29
ARCLK	73.2	0.05	5%	6%	5.42

Foreign Ownership : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/bist-data-table.aspx#page-3

BIST Chartbook – High Yield at a Reasonable Price

2019E/A Div.Yield (%) >%5

Upside Pot. >%15

ADANA

CIMSA ISGYO MGROS TRKCM
TTRAK VAKBN MPARK

AKCNS
DOAS KRDMD TUPRS

AKGRT ALKIM ANHYT ENKAI EREGL
FROTO INDES TAVHL TKFEN TOASO VESBE YATAS

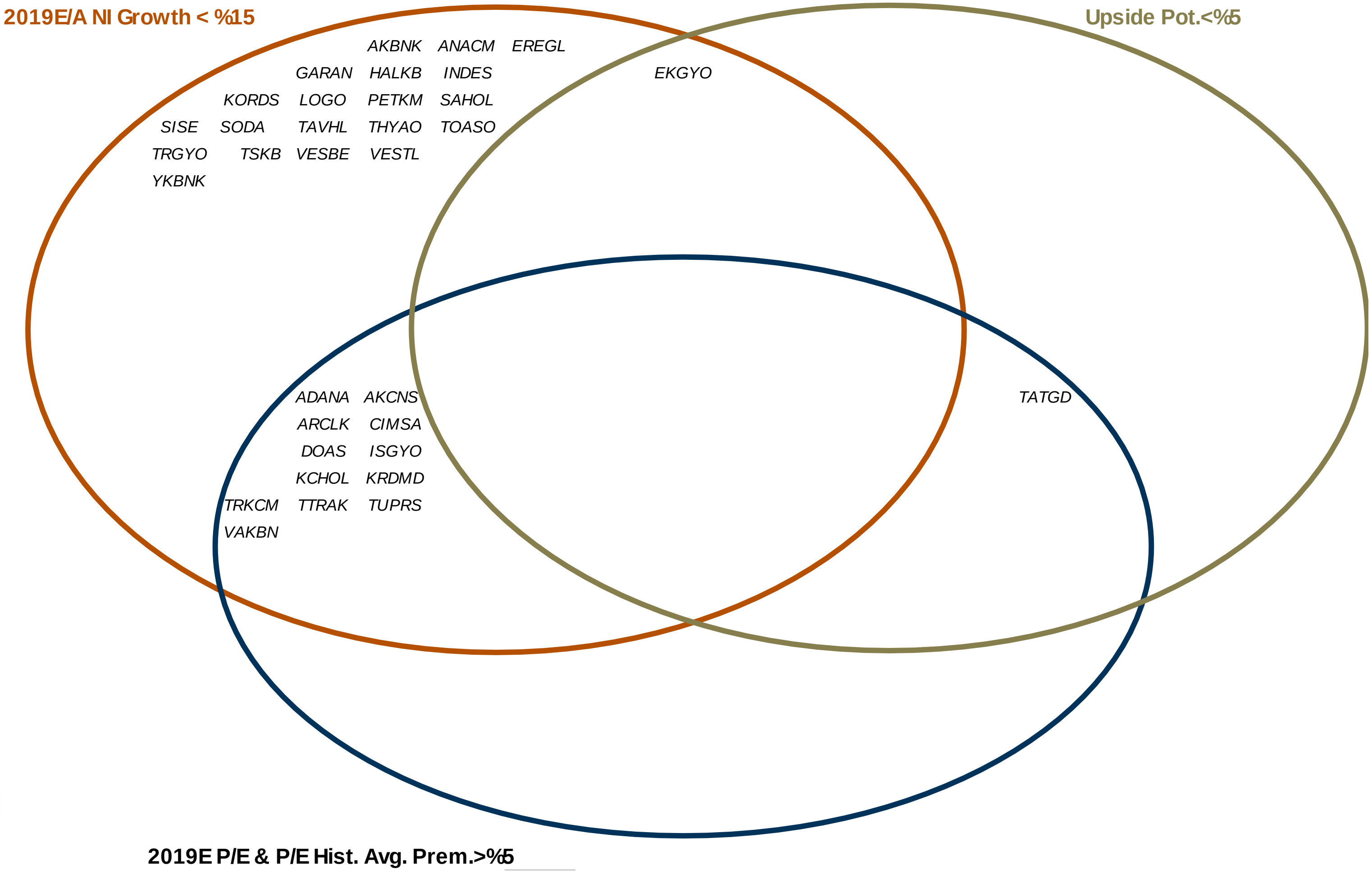
ALARK

AEFES
AKBNK ALBRK
ANACM ANSGR
ASELS CCOLA
DOCO GARAN HALKB
LOGO OTKAR PETKM PGSUS
SODA TCELL THYAO TRGYO
TTKOM ULKER YKBNK MAVI AGHOL

2019E P/E & P/E Hist. Avg. Disc.>%15

Stock Screener : https://www.isyatirim.com.tr/en-us/analysis/stocks/Pages/stock-screener.aspx

BIST Chartbook – Growth at a Premium



2019E/A NI Growth < %15

Upside Pot.<%5

AKBNK ANACM EREGL
GARAN HALKB INDES
KORDS LOGO PETKM SAHOL
SISE SODA TAVHL THYAO TOASO
TRGYO TSKB VESBE VESTL
YKBNK

EKGYO

ADANA AKCNS
ARCLK CIMSA
DOAS ISGYO
KCHOL KRDMD
TRKCM TTRAK TUPRS
VAKBN

TATGD

2019E P/E & P/E Hist. Avg. Prem.>%5

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İŞ INVESTMENT Stock Recommendation Methodology

Upside Potential >20% : BUY
5< Upside potential < 20% : HOLD
Upside potential < 10% : SELL

+/- 5% Analyst judgment at each boundary