

09 June 2020

Istanbul Calling

Event Diary:

- Today – Dogus Oto IQ20
(NI est: Unlu Menkul: TLI14m, cons: TL93m)
- Today – Mavi IQ20
(NI est: Cons: N/A)
- Tomorrow – Unemployment (March)
- 12 June – Industrial Production (April)
- 12 June – Current Account Deficit (April)

Company Update:

- Enerjisa - Superior real return structure & scope for deleveraging at a discount. Initiating coverage at Buy

Earnings Previews and Reviews:

- Dogus Otomotiv IQ20 Preview
- Mavi IQ20 Preview

Sector and Company News:

- Passenger traffic at Turkish Airports declined by 99.5% y/y in May

Research team

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Market snapshot

BIST indices	Close	Change	Vol.(\$m)
BIST 30	128,045	-0.48%	1,338
BIST 100	109,637	-0.35%	1,934

BIST 30 futures	Settl.	Change	Vol.(\$m)
Jun-20	128	-0.99%	3,417
Aug-20	128	-0.85%	84

BIST 30 top gainers	Daily (TL)	Vol.(\$m)
EKGYO	6.1%	159.84
FROTO	1.4%	3.55
ARCLK	1.3%	36.50

BIST 30 top losers	Daily (TL)	Vol.(\$m)
BIMAS	-2.7%	32.43
KOZAA	-2.2%	10.51
TOASO	-1.6%	3.96

Global equity markets performance

Emerging markets	Daily	3M	Ytd
BIST 100	-0.3%	0.0%	-1.4%
MSCI EM	0.5%	20.9%	-9.0%
Hang Seng	1.8%	9.4%	-9.5%
Brasil-Bovespa	3.2%	37.2%	-14.6%
Russia-RTS	0.2%	33.3%	-15.4%
India-Sensex 30	0.9%	10.5%	-16.8%
China-Shanghai	0.6%	6.0%	-1.6%
S. Africa-JSE	-0.1%	35.0%	-4.7%

Developed Markets

Dow Jones	1.7%	36.6%	-2.8%
S&P 500	1.2%	35.5%	0.8%
FTSE 100	-0.2%	20.6%	-14.5%
Euro Stoxx 50 Pr	-0.5%	37.4%	-10.0%
DAX	-0.2%	46.6%	-3.0%
CAC 40	-0.4%	33.3%	-13.3%
IBEX	0.3%	29.3%	-17.9%
Nikkei	-0.5%	35.7%	-3.3%

Commodities

* futures	Price	Daily	Ytd
Brent (\$/bbl)*	40.8	-3.5%	-38.3%
Gold (\$/oz)	1698.3	1.3%	15.2%
Silver (\$/t oz)	17.9	2.4%	3.3%
Copper (\$/lb)	260.8	2.7%	-8.4%

Foreign exchange rates

	Rate	Daily	Ytd
USD/TL	6.78	0.21%	14.5%
EUR/USD	1.13	-0.5%	1.6%
TL basket	7.23	-0.1%	8.1%

Interest Rates

	Yield	Change	Vol. (\$m)
Policy rate (sa)	8.25%		
Benchmark (20-Oct-21)	8.89%	-1.8%	0.07

Eurobonds

	Price	Yield	Spread
TR (15-Jan-30)	139.183	6.4%	5.6%
US (10-year)		0.8%	0.0%

Source: Rasyonet, Bloomberg

Company Update:

Enerjisa - Superior real return structure & scope for deleveraging at a discount:

Initiating coverage at Buy: We are initiating coverage of Enerjisa Enerji A.S., Sabanci Holding's electricity distribution JV with E.ON, with a Buy rating and a 12M total return target of TL10.60/share (including a DPS of TL0.76, implying a yield of 9.1%), corresponding to total return potential of 27%. Enerjisa shares have outperformed the BIST-100 by 29% YTD and 64% since the IPO on 8 February 2018, translating to nominal TL returns of 24% and 57%, respectively. The strong performance was led by: **1)** increased investor appetite for assets with high real return structures; **2)** management's successful execution of its operational and dividend targets; and **3)** valuation appeal vs peers. We believe the momentum of the aforementioned factors are intact, and despite the outperformance, we perceive the current price level as a viable entry point for the shares. Our conviction is driven by: **1)** EMRA's supportive regulatory framework, with a substantially higher real return component (2015-2020: 13.6%) that is likely to be sustained in the next regulatory period (2020E-2025E: 12.0%), **2)** c.TL4bn in reimbursement for a capex overspend expected to be received in cash in 2021, significantly lowering leverage; **3)** lower net debt, lower financing costs (via lower interest rates and nominal leverage) and tax rates leading to a CAGR of c.34% for net income growth over 2019-2022, on our estimates; **4)** strong dividend growth (CAGR of c.30% over 2019-2022) and yield (9.1% cash yield in 2021; 2021-2023 avg cash yield of 12.1%); **5)** income structure that protects real returns from volatility in the CPI at the operating level; **6)** continued RAB growth (albeit at a slower pace in FY20E and FY21E on our estimates); **7)** absence of FX-denominated leverage insulating Enerjisa's earnings from TL volatility; **8)** solid shareholder structure allowing competitive financing and other synergies; and **9)** shares trading at a deep discount vs peers.

Please click [here](#) for the report

Earnings Previews and Reviews:

Dogus Otomotiv IQ20 Preview: Dogus Otomotiv is expected to announce its IQ20 financial results today after the market close. In IQ20, we expect the company to report TL3,631m net sales, TL251m EBITDA and TL114m net income, while consensus estimates are TL3,531m net sales, TL230m EBITDA and TL93m net income. We assume sales volume to jump 89% y/y in IQ20, while revenue to double supported by price increases. Dogus Otomotiv's EBITDA margin should be strong y/y, due to management's focus on profitability and the strong recovery in the domestic market that allowed better pricing. Meanwhile, decline in borrowing costs should support the bottomline earnings.

Conference call details: Management will hold a conference call tomorrow (June 10th, Wed) at 15:00 (Istanbul time). Dial in: +44 (0) 203 984 9844, +1 718 866 4614, +44 (0) 203 984 9844. Pin#: 411404, Web-dial in - <https://mm.closir.com/slides?id=411404>

Preview: Dogus Otomotiv

TLmn	ÜnlüCo					Cons IQ20e
	IQ19	4Q19	IQ20e	y/y	q/q	
Revenues	1,809	3,722	3,631	101%	-2%	3,531
EBITDA	109	206	251	129%	22%	230
EBITDA margin	6.0%	5.5%	6.9%	0.9pp	1.4pp	6.5%
Net profit	-69	79	114	-264%	45%	93
Net margin	-3.8%	2.1%	3.1%	7.0pp	1.0pp	2.6%

Source: Company data, Unlu Menkul estimates, Research Turkey survey

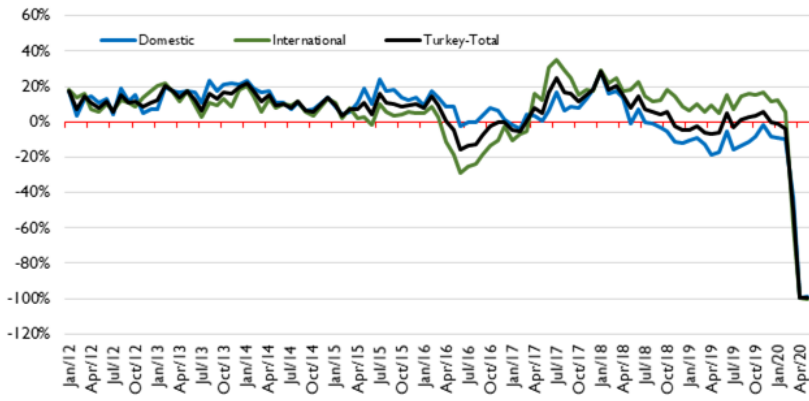
Mavi IQ20 Preview: Mavi IQ20 results to be announced today after the market close. According to company survey, market expects Mavi to report TL391m (-40% y/y) net sales, TL41m (-45% y/y) EBITDA and TL54m net loss, excluding the impact of IFRS-16.

Conference call details: Management will hold a conference call on June 10th (Wed) at 4:00pm (TR time). Dial in: TR +90 212 375 5127; UK +44 207 194 3759; USA +1 646 722 4916; Pin: 96144442#.

Sector and Company News:

Passenger traffic at Turkish Airports declined by 99.5% y/y in May: State Airports Authority (DHMI) announced preliminary May passenger traffic data. Accordingly, the domestic passenger traffic contracted by 99.0% y/y in May, while international passenger traffic decreased by 100.0% y/y. As a result, total passenger traffic contracted by 99.5% y/y in May 2020 (April: -99.5%; March: -49.4%). This brings YTD 2020 passenger traffic decline to 54.5% (domestic: -51.7%, international: -57.8%).

Comment: Recall that by the end of March all flights were suspended in Turkey. We see the news neutral for aviation stocks.



Source: State Airport Authority

Figure 1: Turkish Equities announced cash dividend distribution list

Company name	Ticker	Ex-date	Gross cash dividend (TLm)	DPS (TL)	Dividend yield (%)
Ulker	ULKER	30-Jun-20	135	0.39	1.7%
Aselsan	ASELS	17-Jul-20	112	0.10	0.3%
Tekfen Holding	TKFEN	24-Sep-20	213	0.38	2.5%
Tekfen Holding	TKFEN	24-Sep-20	213	0.19	1.3%
Anadolu Cam	ANACM	30-Sep-20	29	0.04	0.9%
Aselsan	ASELS	16-Oct-20	112	0.10	0.3%
Aselsan	ASELS	18-Dec-20	112	0.10	0.3%
Bizim Toptan Satis Magazalari	BIZIM	TBC	17	0.28	1.7%
Eregli Demir Celik	EREGL	TBC	875	0.25	2.9%

Source: Public Disclosure Platform

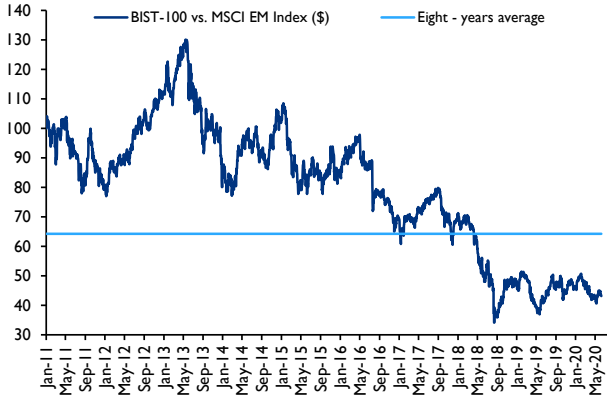
Figure 2: Turkish Equity Coverage buyback programs

Company	Ticker	Buyback announcement date	Last buyback date	Buyback status	Maximum number of shares for buyback (m)	Maximum funds to allocate (TLm)	Total buyback so far (m shares)	Total amount paid so far (TLm)
Halkbank	HALKB	29-Aug-18	17-Mar-20	Active	70	450	54	292
Vakifbank	VAKBN	17-Mar-20	19-Mar-20	Active	100	500	10	44
Enka Insaat	ENKAI	25-Feb-20	26-Mar-20	Active	10	90	10	60
TAV Airports	TAVHL	12-Mar-20	13-May-20	Active	36	200	2	27
Turkcell	TCELL	30-Jan-17	19-Mar-20	Active	no info	450	13	287
Sisecam	SISE	25-Dec-19	16-Apr-20	Active	no info	300*	24	107
Is Gayrimenkul	ISGYO	25-Dec-19	27-Mar-20	Active	no info	300*	2	2
Is Menkul Degerler	ISMEN	25-Dec-19	17-Mar-20	Active	no info	300*	2	9
Anadolu Hayat	ANHYT	25-Dec-19		Active	no info	300*	No buyback yet	No buyback yet
Is Leasing	ISFIN	25-Dec-19		Active	no info	300*	No buyback yet	No buyback yet
Soda Sanayii	SODA		20-Apr-20	Active	no info	no info	10	51
Trakya Cam	TRKCM		17-Apr-20	Active	no info	no info	16	51
Anadolu Cam	ANACM		17-Apr-20	Active	no info	no info	7	19
Turkish Airlines	THYAO	09-Mar-20		Active	10% of paid in capital	1,500	No buyback yet	No buyback yet
Eregli Demir Celik	EREGL	05-Mar-20		Awaiting approval from AGM	6.9% of paid in capital	no info	No buyback yet	No buyback yet

Source: Public Disclosure Platform, *Total funds allocated to share buybacks in subsidiaries by Isbank <ISCTR TI>

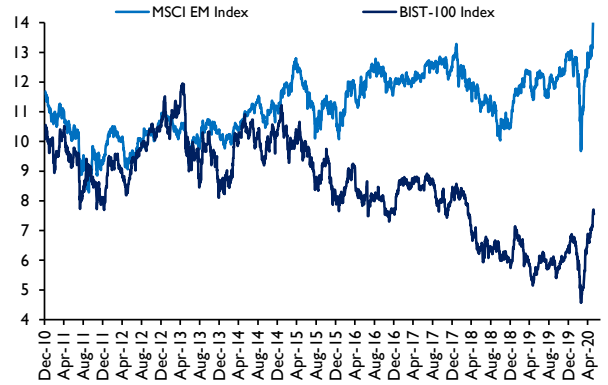
Key charts

Figure 3: BIST-100 Index vs. MSCI EM Index price performance (in USD terms)



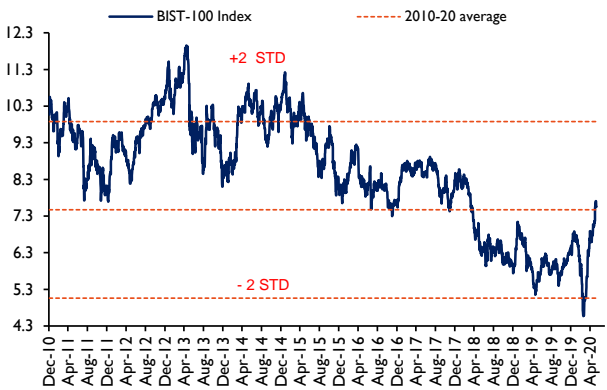
Source: Bloomberg Finance LP

Figure 4: One-year forward looking P/E multiple (BIST-100 Index vs. MSCI EM Index)



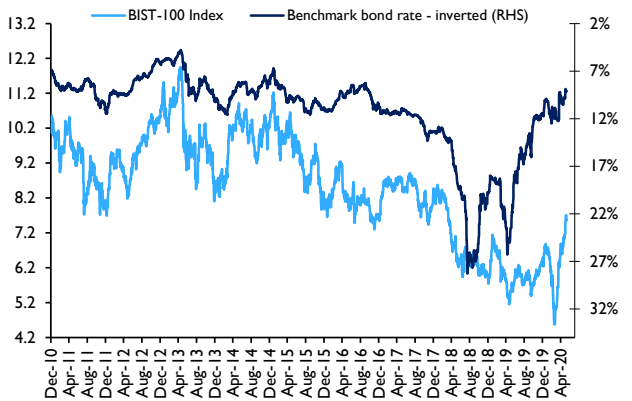
Source: Bloomberg Finance LP

Figure 5: BIST-100 Index one-year forward looking P/E evolution



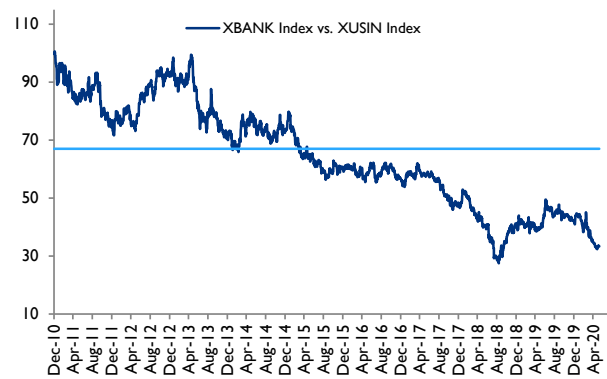
Source: Bloomberg Finance LP

Figure 6: BIST-100 Index one-year forward looking P/E vs. benchmark bond yield



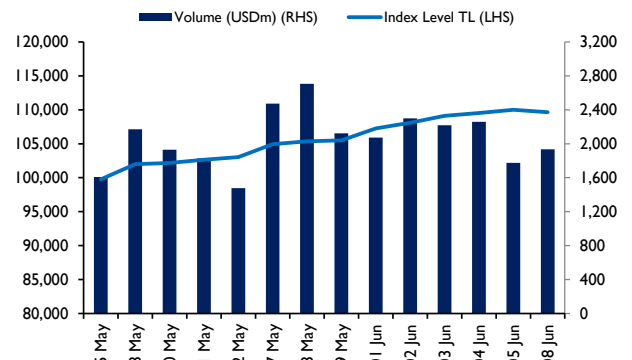
Source: Bloomberg Finance LP

Figure 7: Banks vs. Industrials Index



Source: Bloomberg Finance LP

Figure 8: BIST-100 Index level vs. daily trading volume



Source: Rasyonet

Figure 9: Turkish Equity Coverage

Company Name	Ticker	Current price* (TL)	TP (TL)	Upside (%)	Rating	MCAP (USDm)	Free float (%)	Avg. vol. (USDm)	Dividend	P/E		EV/EBITDA**	
									Yield 20E	20E	21E	20E	21E
Banks									0.0	4.6	4.1	0.5	0.4
Akbank	AKBNK	5.90	7.90	34%	Buy	4,531	52%	50.4	0.0	4.9	3.8	0.5	0.5
Garanti Bank	GARAN	8.26	11.25	36%	Buy	5,123	48%	148.8	0.0	4.4	3.7	0.6	0.5
Halkbank	HALKB	5.56	6.18	11%	Hold	2,031	23%	29.8	0.0	5.0	7.9	0.2	0.2
Isbank	ISCTR	5.14	5.80	13%	Hold	3,416	31%	27.8	0.0	4.1	2.9	0.4	0.3
TSKB	TSKB	1.15	1.49	30%	Buy	476	39%	11.3	0.0	4.0	3.1	0.5	0.5
Vakifbank	VAKBN	4.86	6.00	24%	Buy	2,803	16%	35.3	0.0	5.2	7.4	0.3	0.3
Yapi Kredi	YKBNK	2.42	3.00	24%	Buy	3,019	30%	48.2	0.0	4.5	3.7	0.5	0.4
TMT									10.5	8.9	7.2	3.5	3.0
Turk Telekom	TTKOM	7.62	8.50	12%	Buy	3,939	13%	18.9	6.7	9.0	6.9	3.5	3.2
Turkcell	TCELL	14.47	18.00	24%	Buy	4,701	49%	24.3	11.4	8.8	7.3	3.5	3.0
Contractors									3.9	10.6	13.3	3.4	4.5
Enka Insaat	ENKAI	5.55	6.70	21%	Hold	4,590	12%	1.8	5.0	12.2	12.9	7.1	8.3
Tekfen Holding	TKFEN	15.17	17.60	16%	Buy	829	48%	16.7	2.4	8.4	14.0	2.5	3.7
Conglomerates									2.8	7.6	5.8	nm	nm
Koc Holding	KCHOL	17.96	21.30	19%	Buy	6,726	27%	14.5	2.0	10.0	7.5	nm	nm
Sabanci Holding	SAHOL	9.10	11.70	29%	Buy	2,742	44%	12.3	3.9	4.1	3.4	nm	nm
Precious Metals									0.0	5.1	6.3	2.1	3.0
Koza Gold	KOZAL	73.55	104.00	41%	Buy	1,656	29%	26.0	0.0	5.5	6.6	2.2	3.0
Koza Anadolu	KOZAA	11.80	15.20	29%	Buy	676	44%	29.0	0.0	4.6	5.8	2.1	3.0
Steel									4.4	12.4	7.4	9.0	5.7
Erdemir	EREGL	8.71	10.60	22%	Buy	4,502	48%	30.6	5.2	16.4	8.2	8.3	5.4
Kardemir	KRDMD	2.63	2.61	-1%	Hold	447	89%	40.4	0.0	-9.4	3.1	12.7	6.9
Oil & Gas									0.5	28.8	7.5	9.5	6.0
Aygaz	AYGAZ	11.40	10.99	-4%	Hold	505	24%	1.6	4.4	18.0	11.6	7.8	5.9
Petkim	PETKM	3.78	4.87	29%	Buy	1,179	44%	52.1	0.9	6.7	4.5	8.1	6.9
Tupras	TUPRS	89.35	120.13	34%	Buy	3,304	49%	43.5	0.0	36.7	8.2	10.1	5.7
Utilities									3.9	6.9	5.4	4.9	3.9
Enerjisa	ENJSA	8.34	10.60	27%	Buy	1,455	20%	6.9	9.1	6.9	5.4	4.9	3.9
Autos & White Goods									5.3	13.0	8.2	7.3	5.0
Arcelik	ARCLK	16.90	18.20	8%	Hold	1,686	25%	17.1	3.1	16.1	8.4	6.9	4.6
Dogus Otomotiv	DOAS	11.11	9.30	-16%	Hold	361	15%	3.6	3.3	9.1	6.3	4.4	3.3
Ford Otosan	FROTO	68.25	75.60	11%	Buy	3,537	18%	4.5	5.1	14.8	9.8	9.2	6.1
Tofas	TOASO	23.28	28.40	22%	Buy	1,719	24%	6.0	8.3	7.3	5.7	4.8	3.9
Turk Traktor	TTRAK	66.60	77.00	16%	Buy	525	24%	2.1	5.0	14.1	9.0	8.3	5.8
Defence									1.7	8.9	8.7	8.2	8.0
Aselsan	ASELS	31.70	30.00	-5%	Hold	5,337	26%	129.2	1.7	8.9	8.7	8.2	8.0
Retailers									2.4	27.2	22.0	7.9	6.9
Bim	BIMAS	64.60	59.30	-8%	Hold	5,793	60%	32.1	2.9	23.8	20.8	8.9	7.8
Bizim Toptan	BIZIM	16.39	15.20	-7%	Buy	145	46%	10.4	2.0	25.7	16.9	2.7	2.2
Sok Marketler	SOKM	12.00	14.80	23%	Buy	1,084	42%	18.9	0.0	73.4	26.9	3.3	2.6
Migros	MGROS	33.64	39.80	18%	Buy	899	36%	32.4	0.0	nm	29.0	4.5	4.1
Glass and materials									4.6	6.0	5.5	4.9	4.0
Anadolu Cam	ANACM	4.37	4.85	11%	Hold	484	20%	4.1	2.9	7.0	6.3	5.0	4.3
Sise Cam	SISE	5.04	6.40	27%	Buy	1,675	34%	13.5	4.7	6.4	5.5	5.3	4.2
Soda Sanayii	SODA	5.78	6.50	12%	Hold	854	39%	7.8	5.3	4.2	5.1	3.9	3.5
Trakya Cam	TRKCM	3.35	3.80	13%	Hold	618	28%	5.6	4.0	7.5	5.9	5.8	3.8
Aviation									0.0	143.4	6.0	19.9	6.9
Pegasus Airlines	PGSUS	58.35	45.40	-22%	Hold	882	36%	55.5	0.0	nm	nm	19.4	7.2
TAV Airports	TAVHL	20.02	24.30	21%	Buy	1,074	40%	15.1	0.0	679.1	14.8	11.8	7.2
Turkish Airlines	THYAO	12.64	9.70	-23%	Hold	2,576	50%	134.7	0.0	nm	4.5	22.7	6.7
Food and Beverages									4.8	14.0	11.1	6.5	5.3
Anadolu Efes	AEFES	19.68	23.30	18%	Buy	1,721	32%	10.1	5.4	18.5	14.5	6.9	5.2
Coca Cola Icecek	CCOLA	40.80	42.00	3%	Hold	1,533	25%	5.9	4.1	12.2	9.8	6.9	5.4
Ulker Biskuvi	ULKER	23.48	30.00	28%	Buy	1,186	39%	5.8	4.7	10.0	8.3	5.8	5.3

Source: UNLU Menkul estimates, Bloomberg. *last trading day's closing price, ** P/BV for financials.

Disclosure Appendix

Important Global Disclosures

The information and opinions in this research report was prepared by UNLU Menkul Degerler A.S ("UNLU Menkul").

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please contact UNLU Menkul Research and / or Compliance - +90 212 367 3636.

For valuation methodology and risks associated with any price targets referenced in this research report, please email: UnluResearch@unluco.com with a request for valuation methodology and risks on a particular stock.

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Please refer to Fig 9 for all other companies mentioned.

UNLU Menkul distribution of stock rating is:

Ratings Distribution as of the date of this report	BUY	Hold	Sell	RESTRICTED
All Recommendations (%)	63	37	0	0

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This report covers the Turkish Daily Financial Markets Updates. All other companies were used for illustrative purposes only. We are not commenting on the investment merit of the securities of these companies

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Potential Conflicts

Company	Disclosure
Anadolu Cam	D
BiM	G
Bizim Toptan	D
Sok Marketler	D
Ulker Biskuvi	D
Koc Holding	G

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B: The company beneficially owns 5% or more of the equity shares of UNLU Menkul as at date of this report

C: UNLU Menkul beneficially owns 1% or more of the equity shares of the company

D: The Company is a client of UNLU Menkul

E: UNLU Menkul has lead managed or co-lead managed a public offering of securities in the Company or any related derivatives in the last 12 months

F: UNLU Menkul has received compensation for investment banking services from the company within the last 12 months

G: UNLU Menkul expects to receive, or intends to seek, compensation for investment banking services from the company during the next 3 months

H: UNLU Menkul has sent extracts of this research report to the subject company prior to publication for the purpose of verifying factual accuracy. Based on information provided by the subject company, factual changes have been made as a result.

I: Analyst or a member of their household holds long or short personal positions in a class of common equity securities of this company

J: UNLU Menkul is a market maker or liquidity provider in the financial instruments of the relevant issuer or any related derivatives

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M: UNLU Menkul beneficially owns 5% or more of the equity shares of the Company

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