

# Daily Bulletin

## IN TODAY'S DAILY

- **Yunsa** tender call begins today at price of TRY4.34 per share
- BRSA announced draft regulation reducing instalments to 3 months for mobile phones prices higher than TRY3.5K
- **Automotive Sector:** Strong December light vehicle sales was encouraging

## MARKET SUMMARY

Local equities pointing to a lower open in line with global equities while intensifying geopolitical tension that would keep risk assets on defense. USD/TRY pair seen little changed in the early morning, just above 5.97 handle while macro agenda is silent for the day. Given worries over potential retaliation from Iran, local equities likely to drift lower throughout the day with supports at 113.1k - 112.6k and resistances at 114k - 114.8k for BIST-100.

## EVENTS CALENDAR

Date	Period	Data	Last
7-Jan		Budget Guidance by Akbank	
8-Jan		Budget Guidance by Garanti & Isbank	
8-Jan	Dec	Cash Budget Balance	TRY7.9bn
10-Jan	Oct	Unemployment Rate	13.8%

## COMPANY and SECTOR NEWS

**Yunsa (YUNSA TI)** announced tender call for floating shares on the BIST commence today (January 6) at price of TRY4.34 per share and will be for a period of 15 days ending on January 24. The Capital Markets Board gave approval for the tender call on January 2. Majority shares of 57.88% in Yunsa were acquired by Surmegoz Tekstil that prompted the tender call.

A new BRSA draft regulation reduces the number of monthly instalments for mobile phones with a price tag of more than TRY3,500 to three, in order to curtail imports. Once enacted the regulation will likely have some negative impact on demand and so is negative for listed mobile phone distributors **Indeks Bilgisayar (INDES TI)**, **Datagate (DGATE TI)** and **Teknosa (TKNSA TI)**.

**Automotive Sector:** According to data from Turkey's Automotive Distributors Association, total light vehicle (LV) registrations (passenger cars plus light commercial vehicles) posted 16% y/y increase to 90.5k units (well below 10y December average of 127k). Recall that Nov-Dec 2018 retail sales were supported by tax cuts (VAT on CVs was pulled down to 1% from 18%, the SCT on bulk of the PCS with engine sizes below 1,600cc was reduced by 15pt) and tailor made campaigns launched by companies to induce demand. Hence, similar to what we had seen in November, we were anticipating a

BIST Indices	3/1/20 Close (TL)	PERFORMANCE (TRY) Daily	YTD
BIST-100	113,684	-1.94%	-0.65%
BIST-30	138,025	-1.89%	-0.58%
BIST- Banks	157,181	-3.10%	-1.87%

## EQUITY MARKET DATA

BIST100 MCap (TRYmn)	780,177
Banks MCap (TRYmn)	319,215
BIST100 Volume (TRYmn -3m avg)	8,761
BIST100 Aggregate Free Float	33.8%

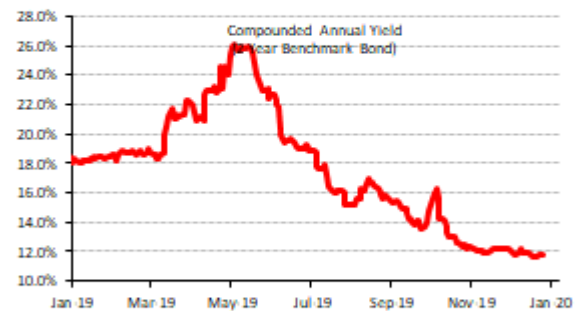
## MONEY MARKET

FX RATES (CBT Bid)	3/1/20	Daily	YTD
US\$/TRY	5.9627	0.25%	0.4%
€/TRY	6.6464	-0.25%	-0.2%



## BOND MARKET Comp. Ann. Yld. (TRY) Daily Δ (bps)

Maturity	Comp. Ann. Yld. (TRY)	Daily Δ (bps)
Aug 12, 2020	11.77%	5.0
Feb 11, 2026	12.36%	15.0



## EUROBONDS Comp. Ann. Yld (\$) Daily Δ (bps)

Maturity	Comp. Ann. Yld (\$)	Daily Δ (bps)
February 5, 2025	5.31%	7.7
March 17, 2036	6.60%	4.1
February 17, 2045	6.80%	5.5

flat y/y performance. Nevertheless, December sales brought 4Q19 and full-year LV sales volume to 198k and 479k, respectively denoting +26% and -23% y/y changes. Our take on December data is positive, particularly for **Tofas** and **Ford Otosan**. Passenger car (PC) and LCV sales were up 16% and 17% y/y to 71k and 20k units, respectively. This brings 4Q19 volumes to 159k PCs and 39k LCVs; +28% and +16% y/y rise. Against the 46% y/y plunge in overall LV sales during the 8M19 period, the sector saw a V-shaped recovery in the remaining 4-months (+33%) thanks to improving consumer confidence and easing loan rates.

- **Tofas'** sales were up 54% in Dec to 18.9k units (+62% y/y 4Q19) driven by 57% jump in PC sales. PC market share surged to 19.5% in Dec vs. 14.4% in Dec'18. We expect some normalization in Tofas' PC market share and recovery in its LCV market share in 2020.
- **Ford Otosan's** total domestic sales were up 33% y/y to 10.1k units in Dec (+41% in 4Q19). Given Ford Otosan's focus on exports and its willingness to cede market share, if necessary, to support profitability, our take on the monthly figures of the company is slightly positive.
- **Dogus Otomotiv** saw its total sales decline 15% y/y in Dec to 12.1k units (+20% in 4Q19), which we think is related to insufficient stock levels to meet unprecedented demand recovery in 4Q19.

**Valuations no longer warrant an Outperform rating for Tofas.** We are raising our TP for Tofas to TRY27.00/share (prev. TRY24.40/share) to reflect better than expected sales performance in the domestic market. However, the stock posted a 42% nominal gain and outperformed BIST 100 index by 25% since our upgrade report dated 24 September. And at 2020F EV/EBITDA of 5.6x, the stock is no longer offering a meaningful discount to its EM peers. Hence, we are cutting our rating for Tofas to Neutral (prev. Outperform).

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A key element of our rating system is the benchmarking of the 12-month expected return against the cost of equity. We apply a required rate of return for each stock, calculated on the basis of our assumed risk-free rate and equity risk premium. A stock is normally assigned an Outperform rating if the implied return over the next 12 months exceeds the required rate of return (cost of equity) by at least 10 percentage points for our larger-cap stock coverage, or by 15 percentage points for the small-cap group. As the average potential upside of the stocks in our coverage may be considerably higher or lower than the average cost of equity, we also filter stocks according to their potential upside with respect to other stocks under coverage, with the practical aim of attaching an Outperform rating to the top group (generally 30-50% of the companies under our coverage), a Neutral rating for the next 40-50% and an Underperform rating to the lowest group (no less than 10%, and typically between 10-20% of the coverage group). The expected returns on some stocks may fall outside the range of the applicable rating category, due to movements in market prices and other short-term volatility or trading patterns, or analyst discretion. While temporary deviations from the specified ranges are permitted, they would subsequently become subject to review. Note too that the analyst's short-term view may occasionally diverge from the stock's longer-term fundamental rating.

**Outperform.** An outperform rating conveys an expectation that the stock will outperform the BIST-100 Index (XU100) within the next 6 to 12 months.

**Neutral.** A neutral rating would convey an expectation that the stock will perform broadly in line with the BIST-100 (XU100) Total Return Index.

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