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Subject	Eurobond / EMTN — Primer for Turkish Corporate Issuers	Prepared by	NN Capital Advisory

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1. INTERNATIONAL BOND MARKETS — MARKET CONTEXT

Turkish corporates have traditionally relied on domestic bank financing and syndicated loans for long-term funding. Since mid-2023, the reopening of international bond markets has materially expanded the financing alternatives available to larger Turkish issuers. Primary markets reopened alongside a broader recovery in emerging market risk appetite and declining global rates volatility, and 2024 saw record issuance volumes across sovereign, quasi-sovereign and corporate segments.

A Eurobond is a bond issued by a borrower in international capital markets, outside its domestic market, and distributed to international investors. The term refers to the location and method of distribution rather than the currency of issuance. In the Turkish context, Eurobonds are predominantly USD-denominated, fixed-rate, senior unsecured notes, typically listed on the London Stock Exchange or Euronext Dublin and settled through Euroclear or Clearstream.

Eurobonds are distinct from domestic bond markets: they are regulated under English law, marketed to institutional investors globally, and subject to international securities law requirements rather than Turkish CMB rules alone.

2. STANDALONE EUROBOND VS. EMTN PROGRAMME

Issuers accessing the international debt markets have two principal structural options: a standalone bond issue, or issuance under a Medium-Term Note (EMTN) programme.

	Standalone Eurobond	EMTN Programme
Structure	Single transaction; bespoke documentation each time	Pre-approved shelf programme; individual issuances drawn down under the programme
Documentation	Full OM prepared for each transaction; higher per-deal cost	Programme prospectus prepared once; individual series issued via Pricing Supplement — significantly lower repeat issuance cost
Flexibility	Suitable for a single discrete transaction	Enables multiple issuances across currencies, tenors and formats under one umbrella
Time to market	4-6 months for first transaction	Initial programme setup similar to standalone; subsequent issuances can price within days
Listing	Single bond listed; typically London or Irish Stock Exchange	Programme listed; each series draws from the same listing
Typical use	First-time issuers; one-off large transactions	Repeat issuers; treasuries seeking ongoing market access; corporates with regular refinancing needs
Turkish market practice	Most Turkish corporate debuts are standalone Reg S	Larger repeat issuers (banks, sovereign) typically operate EMTN programmes

For a first-time issuer, a standalone Reg S transaction is the natural starting point. An EMTN programme becomes relevant once a regular issuance cadence is established — typically after a successful debut and when treasury needs justify the programme overhead.

3. REGULATION S VS. RULE 144A — KEY DIFFERENCES

International bond offerings by non-US issuers are typically structured under one or both of two US securities law exemptions:

	Regulation S (Reg S)	Rule 144A
Investor universe	Non-US institutional investors only; US persons excluded during the 40-day distribution compliance period	US Qualified Institutional Buyers (QIBs) included from launch
Market access	European, Asian and EM institutional investors	Adds US asset managers, insurance, pension funds — the deepest pool of capital
Documentation	Offering Memorandum (OM); lighter disclosure vs 144A	Information Memorandum equivalent to SEC-level disclosure; more onerous
Typical use	First-time or smaller issuers; EM corporates without US investor base	Issuers seeking maximum orderbook depth and US investor diversification
Liquidity	Good for EM issuers; standard for Turkish market	Typically better secondary liquidity; broader holder base
Cost / timeline	Faster and cheaper to prepare	Additional 4-6 weeks; higher legal costs due to US counsel and disclosure standard
Turkish market practice	Majority of Turkish corporate issuances are Reg S only	Larger issuers (THY, Koç Holding) have used combined 144A/Reg S

For a first issuance, most Turkish corporates begin with a Reg S-only transaction. 144A is typically added in subsequent offerings once a US investor base has been developed and the additional disclosure burden is justified by orderbook size.

4. PREPARATION REQUIREMENTS AND TIMELINE

A Eurobond issuance involves several parallel workstreams that can be initiated well before a formal investment bank mandate is in place. Early preparation — financial statements, rating strategy, governance and disclosure readiness — is the phase where an independent advisor adds the most value, as these decisions shape the mandate terms and the investor positioning later. From mandate award to pricing, the typical timeline is 3-5 months, though this can compress to 8-10 weeks for issuers with audited IFRS financials and an existing rating.

Phase	Key Activities
Phase 1: Pre-Mandate Preparation	Confirm audited IFRS financial statements are in place (minimum 3 years; Big Four preferred). Engage a rating agency for a preliminary shadow assessment. Appoint legal counsel (English and Turkish law) and auditors. Define target investor profile, structure and tenor. This phase can begin independently of investment bank selection and is where strategic positioning decisions are made.
Phase 2: Mandate and Documentation	Select and appoint lead manager(s) / bookrunner(s). Draft and negotiate Offering Memorandum (OM), indenture/trust deed, subscription agreement. Rating agency formal presentation and Q&A; process. Comfort letter procedures with auditors. CMB notification and BDDK approval where applicable. Legal opinions (English and Turkish law).
Phase 3: Marketing	Investor roadshow and one-on-one meetings: typically 2-5 days, covering London, Frankfurt, Zurich, Abu Dhabi and/or New York (if 144A). Management presentations to institutional investors. Investor education completed before formal launch.
Phase 4: Launch, Bookbuilding and Closing	Transaction announced with Initial Price Thoughts (IPT). Books open; leads collect orders from institutional investors. Guidance tightens as demand is confirmed. Final pricing set; books close. Allocations made to investors. Settlement via Euroclear/Clearstream typically T+5.

5. EUROBOND VS. BANK FINANCING — COMPARATIVE ASSESSMENT

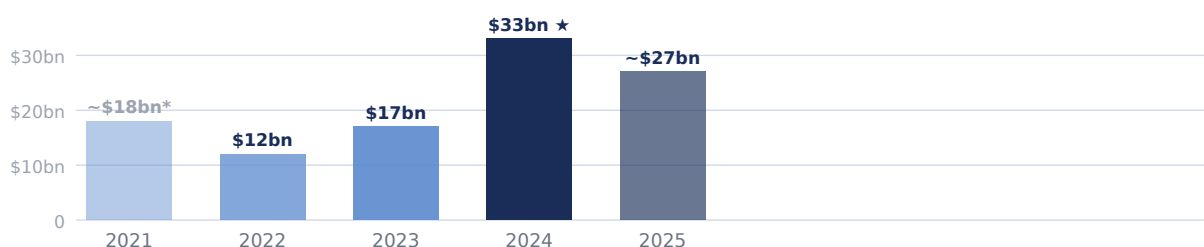
Dimension	Eurobond	Bank Financing
Tenor	5-10 years typical; bullet repayment at maturity	2-5 years typical; amortising or balloon
Cost	Fixed rate; all-in cost transparent at issuance. For a typical 5-year USD Eurobond, Turkish corporate bonds currently price at a premium to the sovereign; rated issuers in the 7-9% range depending on credit quality	Floating rate (SOFR/EURIBOR + spread); all-in cost can be materially lower than bonds, particularly for well-rated bank borrowers. Subject to repricing at each rollover
Flexibility	Bullet structure — no amortisation; preserves cash flow during life of bond	Amortisation schedule reduces refinancing risk but creates annual debt service obligations
Covenants	Typically incurrence-based (lighter); limited ongoing financial maintenance covenants	Maintenance covenants standard; financial ratios tested regularly
Refinancing risk	Single bullet maturity creates concentration risk at redemption; requires active liability management and ideally pre-financing well ahead of maturity	Rolling maturities spread refinancing needs. Banks have no contractual right to call loans; however, non-renewal requests or informal pressure to repay are observable in the current Turkish bank environment given regulatory loan growth constraints
Investor diversification	Broadens funding base away from bank dependency; strategic benefit	Single or small group of counterparties; concentration risk
Disclosure	Significant ongoing disclosure obligations; annual reports, material events, IR function required	Information sharing bilateral and confidential
Rating requirement	Not strictly required, but unrated issuance significantly limits investor universe and increases cost	Not required; relationship-driven
Minimum size	Market convention USD 300-500m for benchmarks; smaller private placements possible from USD 100m	No minimum; scalable to borrower need

6. SELECTED TURKISH CORPORATE & QUASI-SOVEREIGN EUROBOND ISSUERS

The table below lists verified outstanding Turkish corporate Eurobonds (USD and EUR, non-bank issuers) with ISIN references. Matured and redeemed bonds are excluded. All data reflects original issuance terms; secondary market prices and yields will differ and should be verified independently. Following record issuance volumes in 2024 (~\$33bn) and an estimated ~\$27bn in 2025, the market has demonstrated consistent depth for Turkish borrowers since the policy normalisation of mid-2023. The sovereign ceiling (B1/BB-/BB-) constrains ratings for most Turkish corporates.

Chart 1: Turkish Eurobond Issuance — Annual Volume (USD bn equivalent, all issuers)

All issuers: sovereign + quasi-sovereign + banks + corporates



Sources: bne IntelliNews (2022-2024). 2025 represents market estimates based on public deal flow and issuer disclosures; no consolidated official figure is available at the time of publication. * 2021 is indicative and not directly comparable due to data limitations.

Issuer	Sector	Coupon	Maturity	CCY	Size	ISIN
ENERGY / UTILITIES / INFRASTRUCTURE						
Zorlu Enerji Elektrik	Energy	11.000%	23-Apr-2030	USD	\$1,100m	XS2926261426
LimakPort (Limak İskenderun)	Port / Infra	9.500%	10-Jul-2036	USD	\$370m	XS2339789732
Limak Yenilenebilir Enerji	Renewables	9.625%	12-Aug-2030	USD	\$450m	XS2989570945
Aydem Yenilenebilir Enerji	Renewables	7.750%	02-Feb-2027	USD	\$750m	XS2368781477
ICA İçtaş Altyapı (YSS Bridge)	Infrastructure	7.536%	31-Oct-2027	USD	\$405m	XS2924873719
Coca-Cola İçecek	Beverages (IG)	4.500%	20-Jan-2029	USD	\$500m	XS2434515313
CONSUMER / INDUSTRIALS						
Anadolu Efes	Beverages	3.375%	29-Jun-2028	USD	\$500m	XS2355105292
Şişecam	Industrials	6.950%	14-Mar-2026	USD	\$700m	XS1961010987
Arçelik	Consumer durables	3.000%	27-May-2026	EUR	€350m	XS2346972263
Turkcell İletişim	Telecom	5.800%	11-Apr-2028	USD	\$500m	XS1803215869
Türkiye Varlık Fonu (TVF)	Quasi-sovereign	6.950%	23-Jan-2030	USD	\$1,000m	XS2911679004

Note: All bonds outstanding as of 11 May 2026; matured and redeemed bonds excluded. Coupons and maturities reflect original issuance terms — secondary market prices and yields will differ. ISINs provided for reference and independent verification. Ratings not shown; Turkish corporate issuers are predominantly sub-investment-grade and constrained by the sovereign ceiling (B1/BB-/BB-). Coca-Cola İçecek is one of the few Turkish corporates with investment-grade ratings.

7. SECONDARY MARKET PRICING — INDICATIVE SNAPSHOT (8 MAY 2026)

The table below shows indicative secondary market levels for selected Turkish corporate Eurobonds as of 8 May 2026, based on composite public sources. These are not executable bid/offer levels. Turkish corporate bonds trade OTC; actual levels depend on ticket size, counterparty and settlement format (Reg S vs 144A). Live pricing should be verified with a trading desk or via Bloomberg/Reuters prior to any commercial use.

Bond	Price (~)	YTM (~)	Comment
Turkcell İletişim 5.80% 2028	~100.4	~5.6%	Tightest spread among listed Turkish HY corporates
Coca-Cola İçecek 4.50% 2029	~98-99.5	~4.7-5.1%	Investment-grade / strong HY crossover; trades close to par
Anadolu Efes 3.375% 2028	~88.4	~6.9%	Discount bond — low coupon vs current USD rates
LimakPort 9.50% 2036	~102.4	~9.0%	Long-dated infra / port; single-B style, above par
Limak Yenilenebilir 9.625% 2030	~100	~9.3-9.4%	Recently issued; still at/near par
Aydem Yenilenebilir 7.75% 2027	~98.5-100	~8.1-8.4%	Partially redeemed Sep 2025; limited liquidity
ICA İçtaş Altyapı 7.536% 2027	n/a	n/a	Project bond; dealer-driven, no transparent secondary price

Observations: Secondary yields range from ~5% (investment-grade crossover) to ~9-10% (infra / high-yield). The spread between Turkcell (~5.6%) and LimakPort (~9.0%) illustrates the wide dispersion within Turkish corporate credit by sector and structure. A new issuance would price at a premium to secondary levels to ensure successful bookbuilding. Arçelik (EUR, maturing May 2026) and Zorlu Enerji are excluded from this table — the former is at maturity, the latter is trading materially wider than its 11% coupon reflecting credit-specific factors rather than the broader market.

Chart 2: Indicative Secondary Market Yield Dispersion (May 2026)

YTM (%) — indicative composite from public sources; not executable levels



Indicative composite prices from public sources as of May 2026. Not executable. ICA İçtaş excluded — no transparent secondary price. Global IG/HY boundary shown at ~4% for reference.

8. TYPICAL PREREQUISITES FOR A FIRST-TIME ISSUER

- **Audited IFRS financial statements** — minimum 3 years; Big Four or equivalent auditor preferred by investors.
- **Credit rating** — not mandatory for Reg S, but an unrated bond will face a significantly smaller investor universe and wider pricing. Most Turkish corporates engaging the market now seek at least one rating (Fitch or Moody's).
- **English law documentation** — the bond will be governed by English law; English and Turkish law counsel required.
- **Minimum scale** — a benchmark USD bond requires minimum USD 300–500m of issuance. Smaller amounts (USD 100–200m) are possible via private placement or Reg S only, but at a significant liquidity premium.
- **FX revenue or cash flow** — investors in USD bonds look for natural FX alignment. Companies with predominantly TRY revenues face additional FX risk premium in pricing.
- **Investor Relations infrastructure** — post-issuance, the issuer is subject to ongoing disclosure obligations, analyst coverage and periodic investor engagement.

What Determines Pricing for a Turkish Corporate Eurobond?

WHAT DETERMINES PRICING?	
• Sovereign spread anchor	All Turkish corporate pricing references the sovereign curve; tighter sovereign spreads create room for tighter corporate levels.
• Rating and leverage	Rated issuers price materially tighter than unrated; leverage, debt coverage and FX revenue profile drive the rating agency assessment.
• Sector	Infrastructure and project finance credits typically carry a premium over consumer or telecom names; sector liquidity and covenant complexity affect investor appetite.
• Deal size and liquidity	Benchmark-sized transactions (\$300m+) attract a broader investor base and price tighter; smaller deals require a liquidity concession.
• Market technicals	Investor inflows, EM risk appetite and primary market windows materially affect achievable pricing at launch.

9. SUMMARY OBSERVATIONS

The Eurobond market has remained active and liquid for Turkish issuers through 2024 and 2025, with issuance volumes of ~\$33bn and ~\$27bn respectively. The market accommodates a wide range of credits — from large rated conglomerates at sub-8% to debut issuers in the 9–11% range.

For first-time Turkish corporate issuers, a realistic sequencing would typically be: first, conduct a structured readiness and market positioning assessment covering financial reporting, rating prospects and investor positioning; second, confirm audited IFRS financials are in place; third, engage a rating agency for a preliminary shadow assessment to understand where the credit would land relative to the sovereign ceiling; fourth, if the rating outcome is constructive, consider a smaller Reg S-only transaction (USD 250–300m) to establish a market presence and investor base before progressing to a benchmark issue. This graduated approach — readiness assessment, rating, smaller debut, eventual benchmark — is the path most Turkish corporates have followed successfully.

The execution process itself is well established in the market, though outcomes depend materially on investor positioning, rating trajectory and readiness well ahead of a formal mandate. Independent advice in the pre-mandate phase can materially improve execution outcomes by aligning issuer positioning, rating strategy and investor messaging before the bookrunners are formally engaged.