

12 AUGUST 2016

RESULTS FLASH

TUPRAS

TURKEY / OIL & GAS

TUPRS TI

HOLD

TARGET PRICE	TRY67.50
CLOSE	TRY61.95
UP/DOWNSIDE	+9.0%
PRIOR TP	TRY67.50
CHANGE IN TP	UNCHANGED

HOW WE DIFFER FROM CONSENSUS		MARKET RECS	
TARGET PRICE (%)	(14.6)	POSITIVE	13
EPS 2016 (%)	(16.3)	NEUTRAL	9
EPS 2017 (%)	(26.1)	NEGATIVE	1

Below expectations on weak margin

■ Earnings worse on weaker than expected EBITDA

Tupras realised earnings of TRY331m in 2Q16 (down 53% y-y, BNPPe: TRY473m, Research Turkey consensus: TRY453m) on EBITDA of TRY688m (down 34% y-y, BNPPe: TRY817m, Research Turkey consensus: TRY735m). Clean gross/net refinery production margin was USD9.7 per bbl/3.2 per bbl in 2Q16, down from USD12.1 per bbl/USD4.9/bbl a year ago in the same quarter.

■ Throughput below our estimates on weak margins

Tupras processed 6.64m tonnes of crude oil in 2Q16, indicating a capacity utilisation rate of 94%, but below our estimate of 7.50m tonnes and 4.5% less than in 2Q15. The management attributed the throughput decline to weak cracks in middle distillates discouraging higher output.

■ Margin guidance cut on weakness in middle distillate cracks

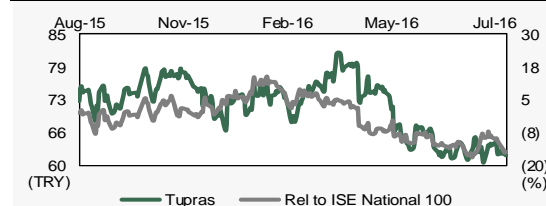
The management kept its USD3.5-4.0/bbl Mediterranean complex refining margin guidance, but reduced the net refinery production margin guidance from USD5.5-60/bbl to USD4.5-5.0/bbl. Tupras's net refinery margin was USD4.0/bbl in 1H16, down from US6.2/bbl in 1H15.

■ Management sees margin weakness as temporary

The management said they did not expect the weakness in middle distillate cracks to be sustained for too long, attributing the weakness since 1Q16 to a number of factors, including new Middle Eastern refining capacities, reduced consumption on El Nino and increased production by simple refineries in China. However, we think margins are unlikely to recover on a sustained basis before 2018, given high levels of crude oil and product inventories globally and slowing demand growth in oil products. We maintain our HOLD rating for Tupras.

KEY STOCK DATA

YE Dec (TRY m)	2015A	2016E	2017E	2018E
Revenue	36,893	35,491	47,009	58,884
Rec. net profit	2,078	1,647	1,643	2,209
Recurring EPS (TRY)	8.30	6.58	6.56	8.82
Prior rec. EPS (TRY)	8.30	6.58	6.56	8.82
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	834.7	(20.8)	(0.2)	34.4
Recurring P/E (x)	7.5	9.4	9.4	7.0
Dividend yield (%)	0.0	10.5	9.0	9.6
EV/EBITDA (x)	5.6	7.8	7.3	6.1
Price/book (x)	1.9	1.9	1.9	1.7
Net debt/Equity (%)	82.4	101.9	99.3	88.3
ROE (%)	28.7	20.1	20.1	25.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.4	(8.4)	(14.3)
Relative to country (%)	1.5	(7.4)	(14.8)
Mkt cap (USD m)	5,245		
3m avg daily turnover (USD m)	33.2		
Free float (%)	49		
Major shareholder	Enerji Yatirimlari (51%)		
12m high/low (TRY)	81.25/60.60		
3m historic vol. (%)	26.9		
ADR ticker	-		
ADR closing price (USD)	-		
Issued shares (m)	250		

Sources: FactSet estimates; TEB Investment/BNP Paribas estimates



Alper Paksoy

alper.paksoy@tebyatirim.com.tr

+90 216 6364524

Our research is available on Thomson One, Bloomberg, S&P Global, FactSet and on <http://eqresearch.bnpparibas.com/index>. Please contact your salesperson for authorisation. Please see the important notice on the back page.

TEB INVESTMENT
BNP PARIBAS JOINT VENTURE

BNP PARIBAS

The bank for a changing world

PREPARED AND PUBLISHED BY NON-US BROKER-DEALER(S): TEB INVESTMENT. THIS REPORT IS DISTRIBUTED IN TURKEY BY TEB INVESTMENT AND OUTSIDE TURKEY JOINTLY BY TEB INVESTMENT AND BNP PARIBAS. THIS MATERIAL HAS BEEN APPROVED FOR U.S. DISTRIBUTION. ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT APPENDIX ON PAGE 5

Exhibit 1: Announced Financials

Year-end 31 Dec	2Q16	1Q16	2Q15	----- Change -----		1H16	1H15	Change
	(TRY m)	(TRY m)	(TRY m)	(q-q %)	(y-y %)	(TRY m)	(TRY m)	(y-y %)
Profit and Loss								
Net sales	8,453	6,191	10,601	37	(20)	14,645	17,549	(17)
Domestic	7,137	4,697	8,164	52	(13)	11,834	13,300	(11)
International	1,418	1,551	2,431	(9)	(42)	2,969	4,259	(30)
Others, net	(102)	(57)	6	79	nm	(159)	(10)	nm
COGS	(7,728)	(5,701)	(9,472)	36	(18)	(13,512)	(15,925)	(15)
Gross profit	725	491	1,129	48	(36)	1,132	1,624	(30)
EBITDA	688	321	1,048	115	(34)	1,009	1,437	(30)
Operating expenses	(228)	(227)	(192)	1	19	(455)	(364)	25
Operating profit	497	264	938	88	(47)	678	1,261	(46)
Net other income	(4)	10	(68)	nm	(94)	89	(287)	nm
Income from associates	54	15	32	266	68	69	9	nm
Net financial expenses	(148)	(192)	(192)	(23)	(23)	(341)	(303)	13
Taxes	(64)	(13)	4	nm	nm	(76)	311	nm
Discontinued operations	0	0	0	nm	nm	0	0	nm
Minority interest	(4)	(4)	(3)	7	42	(9)	(6)	38
Net profit	331	79	710	nm	(53)	409	985	(58)
Operating performance								
Gross margin (%)	8.6	7.9	10.7	0.7 ppt	(2.1 ppt)	7.7	9.3	(1.5 ppt)
EBITDA margin (%)	8.1	5.2	9.9	3.0 ppt	(1.7 ppt)	6.9	8.2	(1.3 ppt)
Operating margin (%)	5.9	4.3	8.8	1.6 ppt	(3.0 ppt)	4.6	7.2	(2.6 ppt)
Eff. tax rate (%)	16.0	13.3	nm	2.6 ppt	nm	15.5	nm	nm
Net margin (%)	3.9	1.3	6.7	2.6 ppt	(2.8 ppt)	2.8	5.6	(2.8 ppt)
Net debt/equity (%)	96	76	100	20 ppt	(4 ppt)	83	63	20 ppt
Receivable days	28	29	15	(1)	13	32	17	15
Inventory days	30	36	27	(5)	4	35	32	3
Payable days	57	55	44	2	13	65	51	14
Net working capital days	1	9	(2)	(8)	4	2	(2)	4
Cash flow								
Free cash flow	1,455	163	(430)	nm	nm	1,618	(1,976)	nm
Net cash from operations	1,606	384	(240)	nm	nm	1,990	(1,467)	nm
Net cash from investments	(151)	(222)	(190)	(32)	(20)	(373)	(509)	(27)
Balance sheet								
Balance sheet	2Q16	1Q16	2Q15	----- Change -----		1H15	1H14	Change
	(TRY m)	(TRY m)	(TRY m)	(q-q %)	(y-y %)	(TRY m)	(TRY m)	(YTD %)
Cash & mkt. sec.	4,600	4,638	2,787	(1)	65	3,028	3,898	(22)
Finance debt	11,518	11,035	9,710	4	19	9,919	7,755	28
Net debt	6,918	6,397	6,923	8	(0)	6,892	3,857	79
Accounts receivable	2,595	1,955	1,690	33	54	2,540	170	nm
Inventories	2,582	2,225	2,783	16	(7)	2,102	2,371	(11)
Accounts payable	4,837	3,441	4,528	41	7	3,878	5,610	(31)
LT assets	16,868	16,750	16,095	1	5	16,795	14,941	12
LT liabilities	8,300	8,527	8,557	(3)	(3)	8,273	7,159	16
Total assets	27,279	26,158	24,341	4	12	25,470	21,933	16
Equity (cont. int.)	7,233	8,467	6,919	(15)	5	8,305	6,157	35

Sources: Company; TEB Investment/BNP Paribas

Financial statements

Tupras

Profit and Loss (TRY m) Year Ending Dec	2014A	2015A	2016E	2017E	2018E
Revenue	39,723	36,893	35,491	47,009	58,884
Cost of sales ex depreciation	(38,243)	(32,323)	(31,334)	(42,452)	(53,518)
Gross profit ex depreciation	1,480	4,570	4,157	4,557	5,366
Other operating income	(21)	(40)	(61)	(67)	(73)
Operating costs	(703)	(801)	(1,121)	(1,224)	(1,397)
Operating EBITDA	756	3,729	2,976	3,266	3,896
Depreciation	(258)	(486)	(554)	(583)	(615)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	498	3,243	2,422	2,683	3,282
Net financing costs	(243)	(1,088)	(521)	(666)	(559)
Associates	(16)	70	50	54	57
Recurring non operating income	(16)	70	50	54	57
Non recurring items	1,237	472	0	0	0
Profit before tax	1,475	2,697	1,951	2,070	2,780
Tax	(5)	(133)	(293)	(414)	(556)
Profit after tax	1,470	2,564	1,659	1,656	2,224
Minority interests	(11)	(14)	(12)	(13)	(16)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,459	2,550	1,647	1,643	2,209
Non recurring items & goodwill (net)	(1,237)	(472)	0	0	0
Recurring net profit	222	2,078	1,647	1,643	2,209
Per share (TRY)					
Recurring EPS *	0.89	8.30	6.58	6.56	8.82
Reported EPS	5.83	10.18	6.58	6.56	8.82
DPS	1.58	0	6.50	5.57	5.95
Growth					
Revenue (%)	(3.3)	(7.1)	(3.8)	32.5	25.3
Operating EBITDA (%)	(23.2)	393.3	(20.2)	9.7	19.3
Operating EBIT (%)	(33.1)	551.5	(25.3)	10.8	22.3
Recurring EPS (%)	(11.8)	834.7	(20.8)	(0.2)	34.4
Reported EPS (%)	21.9	74.8	(35.4)	(0.2)	34.4
Operating performance					
Gross margin inc depreciation (%)	3.1	11.1	10.2	8.5	8.1
Operating EBITDA margin (%)	1.9	10.1	8.4	6.9	6.6
Operating EBIT margin (%)	1.3	8.8	6.8	5.7	5.6
Net margin (%)	0.6	5.6	4.6	3.5	3.8
Effective tax rate (%)	0.0	0.0	0.0	0.0	0.0
Dividend payout on recurring profit (%)	178.2	0.0	98.8	84.9	67.5
Interest cover (x)	2.0	3.0	4.7	4.1	6.0
Inventory days	27.8	25.3	28.9	28.7	13.0
Debtor days	9.8	13.4	28.1	26.5	12.0
Creditor days	59.2	53.6	48.0	44.0	20.1
Operating ROIC (%)	-	-	-	-	-
ROIC (%)	-	-	-	-	-
ROE (%)	4.0	28.7	20.1	20.1	25.7
ROA (%)	-	-	-	-	-
*Pre exceptional pre-goodwill and fully diluted					
Revenue By Division (TRY m)					
Refining	39,723	36,893	35,491	47,009	58,884
Marketing	0	0	0	0	0

Sources: Tupras; TEB Investment/BNP Paribas estimates

Financial statements

Tupras

Cash Flow (TRY m) Year Ending Dec	2014A	2015A	2016E	2017E	2018E
Recurring net profit	222	2,078	1,647	1,643	2,209
Depreciation	258	486	554	583	615
Associates & minorities	16	(70)	(50)	(54)	(57)
Other non-cash items	(662)	(1,111)	(420)	(4)	101
Recurring cash flow	(165)	1,383	1,731	2,168	2,868
Change in working capital	1,582	(3,240)	(844)	2	(90)
Capex - maintenance	-	-	-	-	-
Capex - new investment	(2,130)	(1,319)	(819)	(832)	(1,084)
Free cash flow to equity	(713)	(3,177)	69	1,338	1,694
Net acquisitions & disposals	0	0	0	0	0
Dividends paid	(396)	0	(1,628)	(1,394)	(1,490)
Non recurring cash flows	0	0	0	0	0
Net cash flow	(1,109)	(3,177)	(1,559)	(56)	204
Equity finance	0	0	0	0	0
Debt finance	1,233	2,164	(489)	(723)	(817)
Movement in cash	124	(1,012)	(2,048)	(779)	(613)

Per share (TRY)					
Recurring cash flow per share	(0.66)	5.52	6.91	8.66	11.45
FCF to equity per share	(2.85)	(12.69)	0.27	5.34	6.76

Balance Sheet (TRY m) Year Ending Dec	2014A	2015A	2016E	2017E	2018E
Working capital assets	3,093	5,647	6,217	8,264	0
Working capital liabilities	(7,784)	(6,957)	(6,573)	(8,511)	0
Net working capital	(4,691)	(1,309)	(356)	(247)	0
Tangible fixed assets	10,663	11,480	11,740	11,985	12,450
Operating invested capital	5,973	10,170	11,385	11,738	12,450
Goodwill	189	189	189	189	189
Other intangible assets	(129)	(130)	48	46	50
Investments	-	-	-	-	-
Other assets	859	1,283	1,283	1,283	1,283
Invested capital	7,627	12,283	13,705	14,089	14,791
Cash & equivalents	(3,898)	(3,028)	(1,089)	(420)	83
Short term debt	777	1,871	2,024	1,933	1,842
Long term debt *	6,978	8,048	7,406	6,775	6,048
Net debt	3,857	6,892	8,341	8,287	7,973
Deferred tax	(2,623)	(3,203)	(3,100)	(2,888)	(2,604)
Other liabilities	5	31	71	111	151
Total equity	6,157	8,305	8,107	8,261	8,922
Minority interests	56	63	75	88	104
Invested capital	7,627	12,283	13,705	14,089	14,791

* includes convertibles and preferred stock which is being treated as debt

Per share (TRY)					
Book value per share	24.59	33.16	32.37	32.99	35.63
Tangible book value per share	24.34	32.93	31.43	32.05	34.67

Financial strength					
Net debt/equity (%)	62.1	82.4	101.9	99.3	88.3
Net debt/total assets (%)	20.0	31.0	39.0	36.0	54.0
Current ratio (x)	0.8	1.0	0.8	0.8	(0.0)
CF interest cover (x)	6.8	n/a	2.7	4.3	6.0

Valuation	2014A	2015A	2016E	2017E	2018E
Recurring P/E (x) *	69.8	7.5	9.4	9.4	7.0
Recurring P/E @ target price (x) *	76.0	8.1	10.3	10.3	7.7
Reported P/E (x)	10.6	6.1	9.4	9.4	7.0
Dividend yield (%)	2.6	0.0	10.5	9.0	9.6
P/CF (x)	(94.0)	11.2	9.0	7.2	5.4
P/FCF (x)	(21.7)	(4.9)	226.2	11.6	9.2
Price/book (x)	2.5	1.9	1.9	1.9	1.7
Price/tangible book (x)	2.5	1.9	2.0	1.9	1.8
EV/EBITDA (x) **	25.0	5.6	7.8	7.3	6.1
EV/EBITDA @ target price (x) **	26.9	6.0	8.3	7.7	6.4
EV/invested capital (x)	2.5	1.8	1.7	1.7	1.6

* Pre exceptional & pre-goodwill and fully diluted

** EBITDA includes associate income and recurring non operating income

Sources: Tupras; TEB Investment/BNP Paribas estimates

Disclaimers and Disclosures

APPENDIX

DISCLAIMERS AND DISCLOSURES APPLICABLE TO NON-US BROKER-DEALER(S): TEB INVESTMENT

ANALYST(S) CERTIFICATION

Alper Paksoy, TEB Investment, +90 216 6364524, alper.paksoy@tebyatirim.com.tr

The TEB Investment Analysts mentioned in this disclaimer are employed by a non-US affiliate of BNP Paribas Securities Corp., and are not registered/qualified pursuant to NYSE and/or FINRA regulations

The individual(s) identified above-certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

IMPORTANT DISCLOSURES REQUIRED IN THE UNITED STATES BY FINRA RULES AND OTHER JURISDICTIONS

"BNP Paribas" is the marketing name for the global banking and markets business of BNP Paribas Group. No portion of this report was prepared by BNP Paribas Securities Corp (US) personnel, and it is considered Third-Party Affiliate research under NASD Rule 2711. The following disclosures relate to relationships between companies covered in this research report and the BNP entity identified on the cover of this report, BNP Securities Corp., and other entities within the BNP Paribas Group (collectively, "BNP Paribas").

The disclosure column in the following table lists the important disclosures applicable to each company that has been rated and/or recommended in this report:

Company	Ticker	Disclosure (as applicable)
Tupras	TUPRS TI	2, 3, 4

BNP Paribas represents that:

1. Within the past year, it has managed or co-managed a public offering for this company, for which it received fees.
2. It had an investment banking relationship with this company in the last 12 months.
3. It received compensation for investment banking services from this company in the last 12 months.
4. It expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the next 3 months.
5. It beneficially owns 1% or more of any class of common equity securities of the subject company.
6. It makes a market in securities in respect of this company.
7. The analyst(s) or an individual who assisted in the preparation of this report (or a member of his/her household) has a financial interest position in securities issued by this company. The financial interest is in the common stock of the subject company, unless otherwise noted.
8. The analyst (or a member of his/her household) is an officer, director, or advisory board member of this company or has received compensation from the company.

IMPORTANT DISCLOSURES REQUIRED IN KOREA

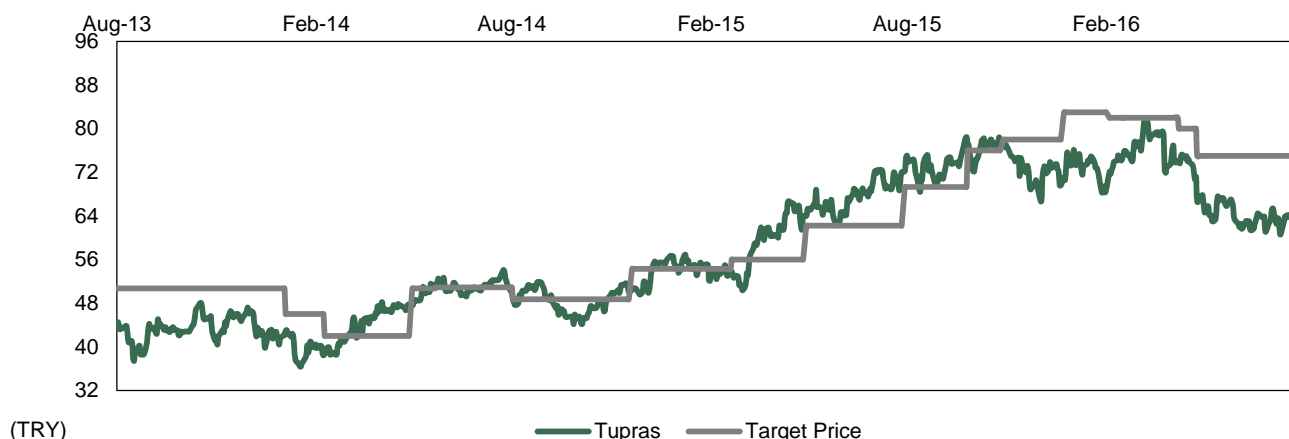
The disclosure column in the following table lists the important disclosures applicable to each Korea listed company that has been rated and/or recommended in this report:

Company	Ticker	Price (as of 10-Aug-2016 closing price)	Interest
N/A	N/A	N/A	N/A

1. The performance of obligations of the Company is directly or indirectly guaranteed by BNP Paribas Securities Korea Co. Ltd ("BNPPSK") by means of payment guarantees, endorsements, and provision of collaterals and/or taking over the obligations.
2. BNPPSK owns 1/100 or more of the total outstanding shares issued by the Company.
3. The Company is an affiliate of BNPPSK as prescribed by Item 3, Article 2 of the Monopoly Regulation and Fair Trade Act.
4. BNPPSK is the financial advisory agent of the Company for the Merger and Acquisition transaction or of the Target Company whereby the size of the transaction does not exceed 5/100 of the total asset of the Company or the total number of outstanding shares.
5. BNPPSK has taken financial advisory service regarding listing to the Company within the past 1 year.
6. With regards to the tender offer initiated by the Company based on Item 2, Article 133 of the Financial Investment Services and Capital Market Act, BNPPSK acts in the capacity of the agent for the tender offer designated either by the Company or by the target company, provided that this provision shall apply only where tender offer has not expired.
7. The listed company which issued the stocks in question in case where 40 days has not passed since the new shares were listed from the date of entering into arrangement for public offering or underwriting-related agreement for issuance of stocks
8. The Company that has signed a nominated advisor contract with BNPPSK as defined in Item 2 of Article 8 of the KONEX Market Listing Regulation.
9. The Company is recognized as having considerable interests with BNPPSK in relation to No.1 to No. 8.
10. The analyst or his/her spouse owns (including delivery claims of marketable securities based on legal regulations and trading and misc. contracts) the following securities or rights (hereinafter referred to as "Securities, etc." in this Article) regardless of whose name is used in the trading.
 - 1) Stocks, bond with stock certificate, and certificate of pre-emptive rights issued by the Company whose securities dealings are being solicited.
 - 2) Stock options of the Company whose securities dealings are being solicited.
 - 3) Individual stock future, stock option, and warrants that use the stocks specified in Item 1) as underlying.

History of change in investment rating and/or target price

Tupras (TUPRS TI)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Aug-13	Hold	50.70	01-Dec-14	Hold	54.30	04-Jan-16	Buy	83.00
15-Jan-14	Hold	46.00	03-Mar-15	Hold	56.00	15-Feb-16	Buy	82.00
20-Feb-14	Hold	42.00	11-May-15	Hold	62.20	19-Apr-16	Buy	80.00
12-May-14	Hold	50.70	10-Aug-15	Hold	69.30	06-May-16	Hold	75.00
03-Jun-14	Hold	50.90	07-Oct-15	Hold	76.00			
13-Aug-14	Hold	48.70	09-Nov-15	Hold	78.00			

Alper Paksoy started covering this stock from 31 Aug 2012

Price and TP are in local currency

Sources: FactSet; BNP Paribas

Company	Ticker	Price	Rating	Valuation & Risks
Tupras	TUPRS TI	TRY 61.95	Hold	Tupras is valued using DCF and P/E comparison with its peers. Upside/downside risks to our forecasts are strong recovery/further weakness in middle distillate cracks, strong/weak demand growth for world oil products demand, oil prices declining/increasing substantially on supply related issues.

Sources: FactSet; BNP Paribas

GENERAL DISCLAIMER

This report was produced by TEB Investment, member company(ies) of the BNP Paribas Group.

This report is for the use of intended recipients only and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without our prior written consent. By accepting this report, the recipient agrees to be bound by the terms and limitations set forth herein.

This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Customers are advised to use the information contained herein as just one of many inputs and considerations prior to engaging in any trading activity. This report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any securities or other investments. This report is not intended to provide the sole basis of any evaluation of the subject securities and companies mentioned in this report.

Information and opinions contained in this report are published for reference of the recipients and are not to be relied upon as authoritative or without the recipient's own independent verification, or taken in substitution for the exercise of judgment by the recipient. Additionally, the products mentioned in this report may not be available for sale in certain jurisdictions.

As an investment bank with a wide range of activities, BNP Paribas may face conflicts of interest, which are resolved under applicable legal provisions and internal guidelines. You should be aware, however, that BNP Paribas may engage in transactions in a manner inconsistent with the views expressed in this document, either for its own account or for the account of its clients.

Australia: This report is being distributed in Australia by BNP Paribas Sydney Branch, registered in Australia as ABN 23 000 000 117 at 60 Castlereagh Street Sydney NSW 2000. BNP Paribas Sydney Branch is licensed under the Banking Act 1959 and the holder of Australian Financial Services Licence no. 238043 and therefore subject to regulation by the Australian Securities & Investments Commission in relation to delivery of financial services. By accepting this document you agree to be bound by the foregoing limitations, and acknowledge that information and opinions in this document relate to financial products or financial services which are delivered solely to wholesale clients (in terms of the Corporations Act 2001, sections 761G and 761GA; Corporations Regulations 2001, division 2, reg. 7.1.18 & 7.1.19) and/or professional investors (as defined in section 9 of the Corporations Act 2001).

Canada: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence.

Hong Kong: This report is prepared for professional investors and is being distributed in Hong Kong by BNP Paribas Securities (Asia) Limited to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or agent. BNP Paribas Securities (Asia) Limited, a subsidiary of BNP Paribas, is regulated by the Securities and Futures Commission for the conduct of dealing in securities, advising on securities, dealing in futures contracts and advising on corporate finance. For professional investors in Hong Kong, please contact BNP Paribas Securities (Asia) Limited (address: 63/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong; tel:2909 8888; fax: 2845 2232) for all matters and queries relating to this report.

India: In India, this document is being distributed by BNP Paribas Securities India Pvt. Ltd. ("BNPPSIPL"), having its registered office at 5th floor, BNP Paribas

House, 1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, INDIA (Tel. no. +91 22 3370 4000 / 6196 4000, Fax no. +91 22 6196 4363). BNPPSIPL is registered with the Securities and Exchange Board of India ("SEBI") as a research analyst (Regn. No. INH000000792) and as a stockbroker in the Equities and the Futures & Options segments of National Stock Exchange of India Ltd. ("NSE") and BSE Ltd. and in the Currency Derivatives segment of NSE (SEBI Regn. Nos.: INB/INF/NSF/NSE231474835, INB/INF011474831; CIN: U74920MH2008FTC182807; Website: www.bnpparibas.co.in). No material disciplinary action has been taken against BNPPSIPL by any regulatory or government authority.

Indonesia: This report is being distributed by PT BNP Paribas Securities Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT BNP Paribas Securities Indonesia, having its registered office at Menara BCA, 35th floor, Grand Indonesia, J.L. M.H. Thamrin No.1, Jakarta 10310, Indonesia, is a subsidiary company of BNP Paribas SA and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT BNP Paribas Securities Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

Japan: This report is being distributed to Japanese based firms by BNP Paribas Securities (Japan) Limited or by a subsidiary or affiliate of BNP Paribas not registered as a financial instruments firm in Japan, to certain financial institutions defined by article 17-3, item 1 of the Financial Instruments and Exchange Law Enforcement Order. BNP Paribas Securities (Japan) Limited is a financial instruments firm registered according to the Financial Instruments and Exchange Law of Japan and a member of the Japan Securities Dealers Association, the Financial Futures Association of Japan and the Type II Financial Instruments Firms Association. BNP Paribas Securities (Japan) Limited accepts responsibility for the content of a report prepared by another non-Japan affiliate only when distributed to Japanese based firms by BNP Paribas Securities (Japan) Limited. Some of the foreign securities stated on this report are not disclosed according to the Financial Instruments and Exchange Law of Japan.

Malaysia: This report is issued and distributed by BNP Paribas Capital (Malaysia) Sdn Bhd. The views and opinions in this research report are our own as of the date hereof and are subject to change. BNP Paribas Capital (Malaysia) Sdn Bhd has no obligation to update its opinion or the information in this research report. This publication is strictly confidential and is for private circulation only to clients of BNP Paribas Capital (Malaysia) Sdn Bhd. This publication is being provided to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of BNP Paribas Capital (Malaysia) Sdn Bhd.

Philippines: This report is being distributed in the Philippines by BNP Paribas Manila Branch, an Offshore Banking Unit (OBU) of BNP Paribas whose head office is in Paris, France. BNP Paribas Manila OBU is registered as an offshore banking unit under Presidential Decree No. 1034 (PD 1034), and regulated by the Bangko Sentral ng Pilipinas. This report is being distributed in the Philippines to qualified clients of OBUs as allowed under PD 1034, and is qualified in its entirety to the products and services allowed under PD 1034.

Singapore: This report is distributed in Singapore by BNP Paribas Securities (Singapore) Pte Ltd ("BNPPSSL") and may be distributed in Singapore only to an Accredited or Institutional Investor, each as defined under the Financial Advisers Regulations ("FAR") and the Securities and Futures Act (Chapter 289) of Singapore, as amended from time to time. In relation to the distribution to such categories of investors, BNPPSSL and its representatives are exempted under Regulation 35 of the FAR from the requirements in Section 36 of the Financial Advisers Act of Singapore, regarding the disclosure of certain interests in, or certain interests in the acquisition or disposal of, securities referred to in this report. For Institutional and Accredited Investors in Singapore, please contact BNP Paribas Securities (Singapore) Ptd Ltd (company registration number: 199801966C; address: 10 Collyer Quay, 34/F Ocean Financial Centre, Singapore 049315; tel: (65) 6210 1288; fax: (65) 6210 1980) for all matters and queries relating to this report.

South Africa: In South Africa, BNP Paribas Securities South Africa (Pty) Ltd is a licensed member of the Johannesburg Stock Exchange and an authorised Financial Services Providers and subject to regulation by the Financial Services Board. BNP Paribas Securities South Africa (Pty) Ltd does not expressly or by implication represent, recommend or propose that the financial products referred to in this report are appropriate to the particular investment objectives, financial situation or particular needs of the recipient. This document does not constitute advice as contemplated in the Financial Advisory and Intermediary Services Act, 2002.

South Korea: BNP Paribas Securities Korea is registered as a Licensed Financial Investment Business Entity under the FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT and regulated by the Financial Supervisory Service and Financial Services Commission. This document does not constitute an offer to sell to or the solicitation of an offer to buy from any person any financial products where it is unlawful to make the offer or solicitation in South Korea.

Switzerland: This report is intended solely for customers who are "Qualified Investors" as defined in article 10 paragraphs 3 and 4 of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA) and the relevant provisions of the Swiss Federal Ordinance on Collective Investment Schemes of 22 November 2006 (CISO). "Qualified Investors" includes, among others, regulated financial intermediaries such as banks, securities dealers, fund management companies and asset managers of collective investment schemes, regulated insurance companies as well as pension funds and companies with professional treasury operations. This document may not be suitable for customers who are not Qualified Investors and should only be used and passed on to Qualified Investors. For specification purposes, a "Swiss Corporate Customer" is a Client which is a corporate entity, incorporated and existing under the laws of Switzerland and which qualifies as "Qualified Investor" as defined above." BNP Paribas (Suisse) SA is authorised as bank and as securities dealer by the Swiss Federal Market Supervisory Authority FINMA. BNP Paribas (Suisse) SA is registered at the Geneva commercial register under No. CH-270-3000542-1. BNP Paribas (Suisse) SA is incorporated in Switzerland with limited liability. Registered Office: 2 place de Hollande, CH-1204 Geneva.

Taiwan: This report is being distributed to Taiwan based clients by BNP Paribas Securities (Taiwan) Co., Ltd or by a subsidiary or affiliate of BNP Paribas. Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decision. **Information on securities that do not trade in Taiwan is for informational purposes only** and is not to be construed as a recommendation or a solicitation to trade in such securities. BNP Paribas Securities (Taiwan) Co., Ltd. may not execute transactions for clients in these securities. **This publication may not be distributed to the public media or quoted or used by the public media without the express written consent of BNP Paribas.**

Thailand: Research relating to Thailand and Thailand based issuers is produced pursuant to an arrangement between BNP PARIBAS ("BNPP") and Finansia Syrus Securities Public Company Limited ("FSS"). FSS International Investment Advisory Securities Co Ltd ("FSSIA") prepares and distributes research under the brand name "BNP PARIBAS/FSS". BNPP is not an affiliate of FSSIA or FSS. FSS also publishes a different research product under the brand name "FINANSIA SYRUS," which is prepared by research analysts who are not part of FSSIA and who may cover the same securities, issuers, or industries that are the subject of this report. The ratings, recommendations, and views expressed in this report may differ from the ratings, recommendations, and views expressed by other research analysts or research teams employed by FSS. This report is being distributed outside Thailand by members of BNP Paribas.

Turkey: This report is being distributed in Turkey by TEB Investment (TEB YATIRIM MENKUL DEĞERLER A.Ş., Teb Kampus D Blok Saray Mah. Kucuksu Cad. Sokullu Sok., No:7 34768 Umranıye, İstanbul, Turkey, Trade register number: 358354, www.tebyatirim.com.tr) and outside Turkey jointly by TEB Investment and BNP Paribas. Information, comments and suggestions on investment given in this material are not within the scope of investment consulting. The investment consulting services are rendered tailor made for individuals by competent authorities considering the individuals' risk and return preferences. However the comments and recommendations herein are based on general principles. These opinions may not be consistent with your financial status as well as your risk and return preferences. Therefore, making an investment decision only based on the information provided herein may not bear consequences in parallel with your expectations. This material issued by TEB Yatirim Menkul Değerler A.Ş. for information purposes only and may be changed without any prior notification. All rights reserved. No part of this material may be copied or reproduced in any manner without the written consent of TEB Yatirim Menkul Değerler A.Ş. Although TEB Yatirim Menkul Değerler A.Ş. gathers the presented material that is current as possible, it does not undertake that all the information is accurate or complete, nor should it be relied upon as such. TEB Yatirim Menkul Değerler A.Ş. assumes no responsibility whatsoever in respect of or arising out or in connection with the content of this material to third parties. If any third party chooses to use the content of this material as reference, he/she accepts and approves to do so entirely at his/her own risk.

United States: This report may be distributed in the United States only to U.S. Persons who are "major U.S. institutional investors" (as such term is defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) and is not intended for the use of any person or entity that is not a "major U.S. institutional investor". U.S. persons who wish to effect transactions in securities discussed herein must do so through BNP Paribas Securities Corp., a US-

registered broker dealer and member of FINRA, SIPC, NFA, NYSE and other principal exchanges.

Certain countries within the European Economic Area: This document may only be distributed in the United Kingdom to eligible counterparties and professional clients and is not intended for, and should not be circulated to, retail clients (as such terms are defined in the Markets in Financial Instruments Directive 2004/39/EC ("MiFID")). This document will have been approved for publication and distribution in the United Kingdom by BNP Paribas London Branch, a branch of BNP Paribas SA whose head office is in Paris, France. BNP Paribas SA is incorporated in France with limited liability with its registered office at 16 boulevard des Italiens, 75009 Paris. BNP Paribas London Branch (registered office: 10 Harewood Avenue, London NW1 6AA; tel: [44 20] 7595 2000; fax: [44 20] 7595 2555) is lead supervised by the European Central Bank (ECB) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR). BNP Paribas London Branch is authorised by the ACPR and the Prudential Regulation Authority (PRA) and subject to limited regulation by the Financial Conduct Authority and PRA. Details about the extent of our authorisation and regulation by the PRA, and regulation by the Financial Conduct Authority are available from us on request. This report has been approved for publication in France by BNP Paribas, a credit institution licensed as an investment services provider by the ACPR whose head office is 16, Boulevard des Italiens 75009 Paris, France. This report is being distributed in Germany either by BNP Paribas London Branch or by BNP Paribas Niederlassung Frankfurt am Main, regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

Other Jurisdictions: The distribution of this report in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this report comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions. This report is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in any locality, state, country, or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

All research reports are disseminated and available to all clients simultaneously through our internal client websites. For all research available on a particular stock, please contact the relevant BNP Paribas research team or the author(s) of this report.

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports available on our website: <http://eqresearch.bnpparibas.com>, or you can contact the analyst named on the front of this note or your BNP Paribas representative.

All share prices are as at market close on 10 August 2016 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock Ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

** In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.*

Industry Recommendations

Improving (↑): The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Stable (previously known as Neutral) (↔): The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Deteriorating (↓): The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

RATING DISTRIBUTION (as at 12 August 2016)

Total BNP Paribas coverage universe	497	Investment Banking Relationship	(%)
Buy	289 (58.1%)	Buy	29.76
Hold	143 (28.8%)	Hold	36.36
Reduce	65 (13.1%)	Reduce	24.62

Should you require additional information concerning this report please contact the relevant BNP Paribas research team or the author(s) of this report.

© 2016 BNP Paribas Group