Tupras

An even better year ahead

We retain our upbeat view of Tupras, which we expect to post 15% 2016E EBITDA growth. Key drivers are higher CUR and resilient refining margins, supported by the full-year impact of the residuum upgrade plant completed back in May'15. As we assume yoy flat oil prices for 2016 and softer Med benchmark refining margins, our EBITDA growth estimate reflects mainly a better product mix and improved efficiency. Furthermore, we expect robust 4Q15E results, which should pave the way for a large dividend payout with an estimated 8.4% yield. We raise our target price by 6% to TRL101/share, while maintaining our BUY/OUTPERFORM ratings.

- **Hedging to boost 4Q15E net income -** We expect Tupras to post 4Q15E net earnings of TRL950mn, thanks to an estimated US$150mn gain on crude oil inventory hedging, which should more than compensate for inventory losses on easing oil prices.
- **Favourable operating dynamics intact in 2016E -** Solid demand conditions, attractive gasoline spreads, improving diesel yield (+3pp yoy) and higher CUR (+100%) are foreseen to support the net refining margin, which we expect to remain stable at US$6.7/bbl, despite easing oil prices and softer Med benchmark refining margins (-US$1/bbl). Competition among oil suppliers also underpins margin outlook for Tupras, which could potentially benefit from higher purchases from Iran, as sanctions are removed.
- **Resuming dividends with a hefty payout -** We raise our cash dividend estimate by 10% to TRL6.2/share, on higher 4Q15E NI, and payout expectations, implying an 8.4% yield at current levels, attractive compared to the historical average of 7%.
- **Major recovery in FCF; multiples still low -** Along with declining capex and a boost in EBITDA, FCF/EV corresponds to 15%, while the stock is trading at 7.0x P/E and 5.5x EV/EBITDA for 2016, at around 20% discount to the 5-year average.

Consolidated Financials and Multiples (TRL)

	2014	Δ	2015E	Δ	2016E	Δ	2017E	Δ
Revenue	39,723	-3%	36,491	-8%	29,093	-20%	36,393	25%
EBITDA	789	-22%	3,617	358%	4,297	19%	4,559	6%
Net Income	1,459	22%	2,685	84%	2,638	-2%	2,932	11%
Adj. NI	167	n.m.	2,044	n.m.	2,438	19%	2,782	14%
P/E	12.6		6.9		7.0		6.3	
EV/EBITDA	26.9		7.3		5.5		4.6	
FCF / EV	1.9%		-11.7%		15.1%		12.3%	
Div. Yield	2.2%		0.0%		8.4%		11.5%	

Ratings & Actions

L/T Rating	**BUY** (Maintained)
S/T Rating	**OUTPERFORM** (Maintained)

Target

Target Price	**TRL101.0**
Upside (Downside)	**38%**

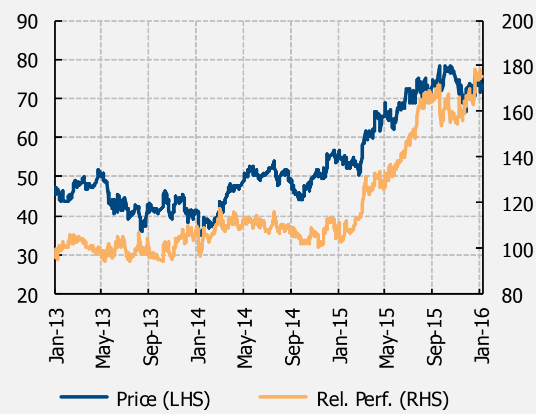
Share Data

Ticker	**TUPRS.TI / TUPRS.IS**
Close Price	TRL73.45
Current MCap. (TRL/US$ mn)	18,393 / 6,111
Number of Shares (mn)	250.4192
Free Float	49%
3m Avg. Daily Turnover (TRL/US$ mn)	85.55 / 29.26

Trading Range (High / Low)

1-month	76.10 / 69.60
1-year	78.45 / 50.35
Ytd	76.10 / 69.60

Performance	Absolute	Relative
1-month	0%	6%
3-month	-4%	8%
1-year	34%	68%
Ytd	6%	7%



as of January 25, 2016
Relatives are against the BIST-100 Total Return Index

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Income Statement (TRL mn)	2014	2015E	2016E	2017E
Revenues	**39,723**	**36,491**	**29,093**	**36,393**
COGS	-38,460	-32,448	-24,440	-31,441
Gross Profit	**1,263**	**4,044**	**4,652**	**4,952**
Operational expenses	-732	-881	-959	-1,024
EBIT	**531**	**3,163**	**3,693**	**3,928**
EBITDA	**789**	**3,617**	**4,297**	**4,559**
Profit/loss from subsidiaries	-16	66	100	107
Net Other & Financial Income	-331	-1,092	-922	-772
Profit before tax	184	2,137	2,872	3,263
Tax	1,286	556	-230	-326
Profit from continuing operations	1,470	2,693	2,642	2,937
Minority interest	11	8	4	4
Reported net earnings	**1,459**	**2,685**	**2,638**	**2,932**
Reported EPS	5.83	10.72	10.53	11.71
DPS	1.58	0.00	6.20	7.73

Balance Sheet (TRL mn)	2014	2015E	2016E	2017E
Cash & Equivalents	3,898	2,386	3,813	3,803
Receivables	201	3,421	2,746	3,434
Inventories	2,371	2,442	2,294	2,951
Fixed Assets	10,663	11,483	11,679	11,699
Other Assets	4,800	6,347	6,505	7,051
Total Assets	**21,933**	**26,080**	**27,037**	**28,939**
Total Debt	7,755	10,550	10,660	10,090
Payables	7,680	6,987	6,733	8,188
Other Liabilities	285	311	323	340
Minority Interest	56	57	61	66
Shareholders' Equity	**6,157**	**8,175**	**9,259**	**10,256**
Net Debt	**3,857**	**8,164**	**6,847**	**6,286**

Cash Flow Summary (TRL mn)	2014	2015E	2016E	2017E
Net earnings	1,459	2,685	2,638	2,932
Depreciation	258	455	604	631
Δ in WCR	1,725	-5,301	637	-517
CAPEX	-2,099	-789	-612	-651
Dividend paid	-396	0	-1,553	-1,936
Δ in borrowing	1,233	2,795	110	-570
Other cash in/out	-1,945	-1,358	-397	101
Cash generated during the year	235	-1,512	1,427	-10
Cash at the end of the year	**3,898**	**2,386**	**3,813**	**3,803**

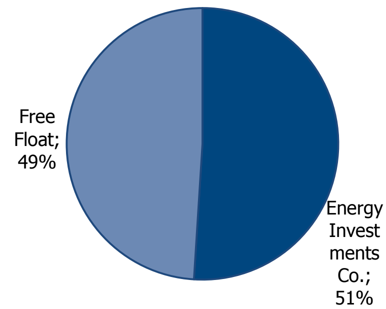
Growth	2014	2015E	2016E	2017E
Sales	-3%	-8%	-20%	25%
EBITDA	-22%	358%	19%	6%
Net earnings	22%	84%	-2%	11%

Key financial ratios	2014	2015E	2016E	2017E
ROE	25.9%	37.5%	30.3%	30.1%
EBITDA Margin	2.0%	9.9%	14.8%	12.5%
Free cash flow margin	10.4%	-4.5%	12.3%	7.2%
Net Margin	3.7%	7.4%	9.1%	8.1%
Net debt/Equity	62.6%	99.9%	73.9%	61.3%
Net debt/EBITDA	488.7%	225.7%	159.3%	137.9%
Equity/Total Assets	28.1%	31.3%	34.2%	35.4%
Pay-out Ratio	33%	0%	58%	73%

Company Description

Commanding an annual refining capacity of 28.1mn tonnes, Tupras is Turkey's largest industrial company and sole refinery, with four refining assets across the country. Tupras's refinery complexity, one of the major indicators of the refinery technical rating, reached 9.9 according to the Nelson Complexity Index, a high level of refinery complexity, following the launch in Izmit Refinery of the residuum upgrade unit, which converts surplus fuel oil production into white products. Tupras also has a 40% stake in fuel distributor OPET, the 2nd largest player in the market.

Ownership Structure

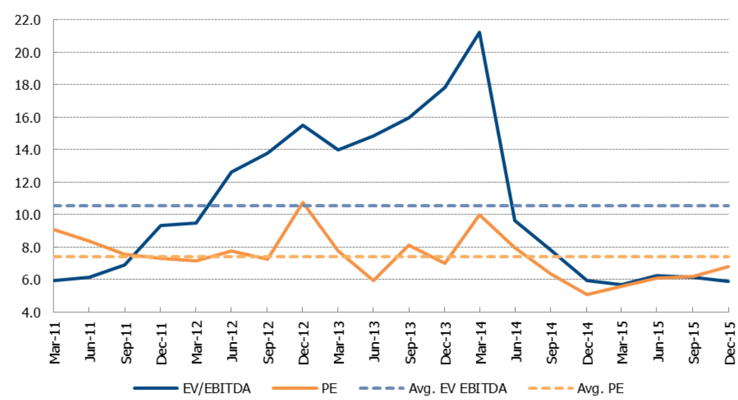


Highlights

We retain our bullish opinion of Tupras, which we expect to post strong results for 4Q15, and throughout 2016. With the full-year impact of the residuum upgrade plant (RUP), we estimate 15% yoy growth in EBITDA. Our upbeat view is predicated on resilient net refining margins, despite easing oil prices, and an expected normalisation in Mediterranean benchmark refining margin, which reached multi-year highs in 2015.

We think the current stock price is unjustified, trading at 5.5x EV/EBITDA and 7.0x P/E for 2016, at a 20% discount to 5-year averages, particularly given attractive EBITDA growth. Note that any uptick in oil prices would present further upside to our estimates.

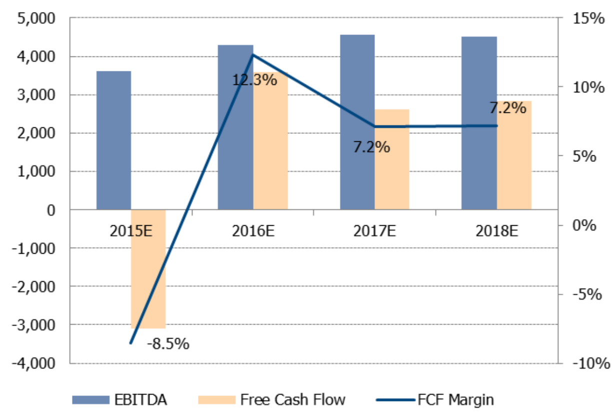
Exhibit 1: 12-month forward P/E and EV/EBITDA



Source: Burgan Securities

Declining capex prompting a surge in FCF margin - We expect capex to decline to US$200mn in 2016, with the Company having spent around US$800mn on average since 2011 on RUP investment. Along with a recovering EBITDA, this should lead to around 15% FCF/EV for 2016.

Exhibit 2: Free Cash Flow Evolution (TRLmn)

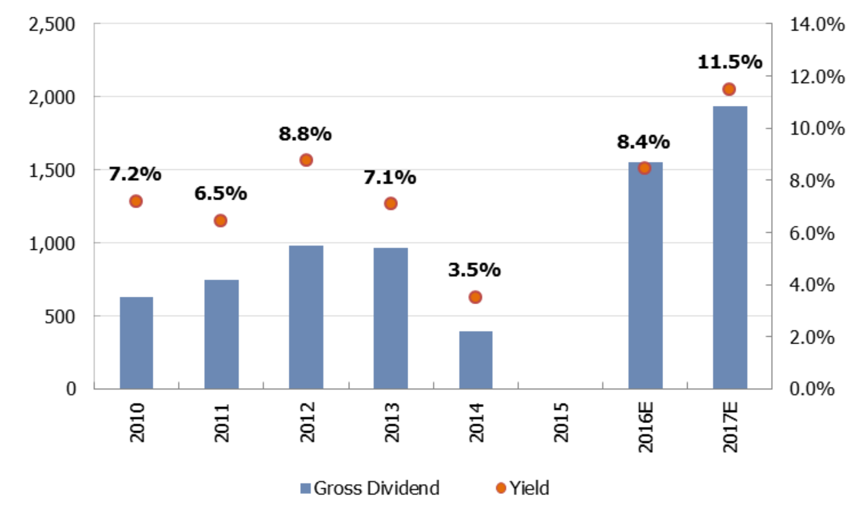


Source: Burgan Securities

Robust 4Q15E results will allow a larger dividend payout - We expect Tupras to post TRL950mn in net earnings for 4Q15, which will be driven both by a strong operating performance (EBITDA of TRL1,023mn) and financial gains. Tupras's decision to hedge 8.5mn bbl of inventory at an average US$50.8/bbl by the end of 3Q15 is of particular significance. We reckon Tupras may have raised the hedging amount further in October, potentially generating an estimated US$150mn in hedging gains, as oil prices dropped to US$37/bbl by YE15.

We expect statutory financials to include around TRL1.1bn less net earnings, due to difference in depreciation accounting (35 years in IFRS vs. 15 years in statutory) and deferred tax gains. Statutory accounts will not have the estimated TRL650mn deferred tax gains by YE15. This, coupled with a lower depreciation expense compared to IFRS (c.TRL400mn p.a.) should lead to c.TRL1.6bn in profits in statutory financials, which would be the limit for dividend distribution.

Exhibit 3: Dividend Yield Estimate

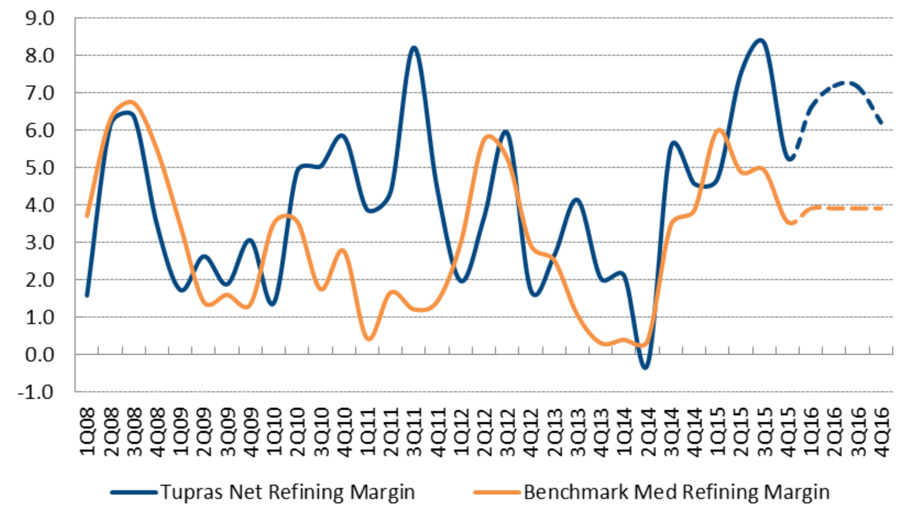


Source: Burgan Securities

We expect Tupras to resume dividends with a TRL6.2/share payout, implying an 8.4% yield at current levels - attractive compared to the historical average of 7%. For 2016, we assume the difference between IFRS and statutory financials easing to TRL600mn, due to less deferred tax income compared to 2015. This should lead to a dividend distribution of TRL7.7/share, implying an 11.5% yield.

2016E net refining margin of US$6.7/bbl for Tupras, flat yoy - Despite softer oil prices and an expected normalisation in Med benchmark refining margin from the highs in 2015, we expect Tupras to preserve its refining margin, owing to 1) Favourable demand dynamics and higher capacity utilisation; 2) Strong middle distillate yield particularly after the launch of the RUP; 3) High gasoline product ratios; and 4) Competition among oil producing countries.

Exhibit 4: Med Benchmark Refining Margin vs. Tupras's Net Refining Margin ($/bbl)



Source: Tupras, Burgan Securities

We estimate a flat net refining margin of US$6.7/bbl for Tupras, despite a US$0.9/bbl decline in Med benchmark refining margin, while assuming no inventory impact from oil prices. We forecast a US$5.4/bbl net refining margin for Tupras in 4Q15, with the qoq contraction due to a stronger TRL; seasonally higher opex; a weaker refining margin environment in the region; and last but not least the US$1.1/bbl negative inventory impact, as oil slid to US$37/bbl.

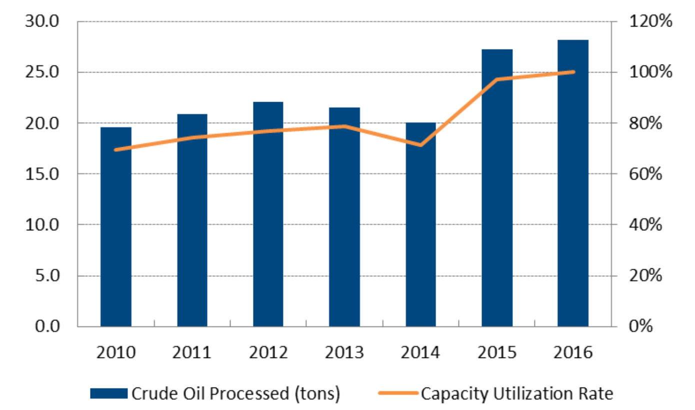
Exhibit5: Refining Margin Assumptions

US$/bbl	2013	2014	2015	2016E
Med Benchmark Refining Margin	1.7	2.0	4.8	3.9
Tupras Gross Refining Margin	9.6	10.6	12.0	12.0
Spread	8.0	8.6	7.2	8.1
Tupras Clean Net Margin	2.2	3.7	7.2	6.7
Inventory Effect	0.2	-0.5	-0.5	0.0
Tupras Net Refining Margin	2.5	3.2	6.7	6.7

Source: Tupras, Burgan Securities

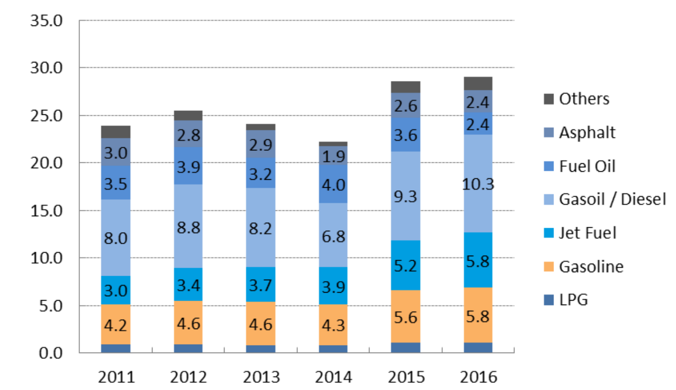
Higher capacity utilisation thanks to RUP - We expect capacity utilisation to increase further thanks to the RUP. The ability to process additional fuel oil has resulted in a CUR boost at Izmir and Kirikkale plants as well, contributing to consolidated CUR.

Exhibit 6: Capacity Utilization vs Crude Oil Processed



Source: Tupras, Burgan Securities

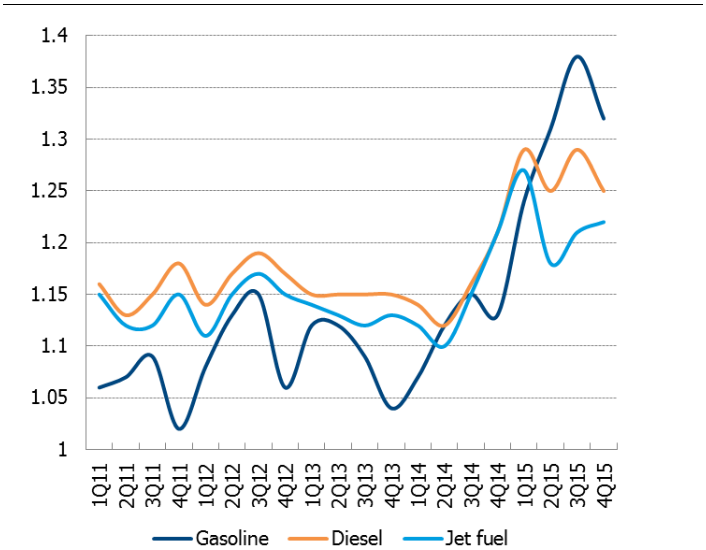
Exhibit 7: Tupras Sales Mix



Source: Tupras, Burgan Securities

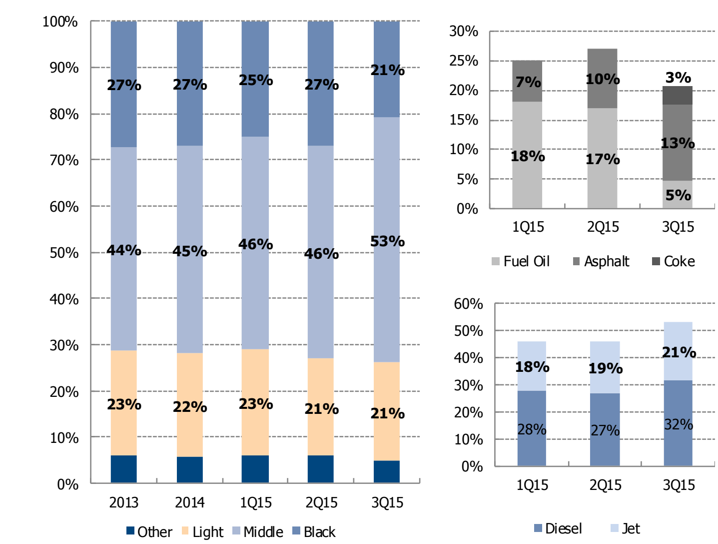
Higher gasoline ratios and middle distillate yields supporting margins - With the full-year impact of the RUP, middle distillate yields are expected to increase by another 6pp to almost 60%, which, along with favourable product ratios, should be supportive of refining margins. Tupras's diesel sales are estimated to be up by 36% yoy to 9.2mn tonnes, now satisfying around 50% of domestic consumption. We expect diesel sales to reach 10.3mn tonnes in 2016, with 11% yoy growth, mostly due to a low base in 1H15. Jet fuel demand was solid in 2015 with an estimated 32% yoy growth to 5.1mn tonnes. With the uptrend intact, we estimate jet fuel sales volumes reaching 5.8mn tonnes in 2016, up by 14%. On the other hand, we forecast a rather modest 5% growth in gasoline sales volumes for 2016, following an estimated 28% in 2015, supported by low oil prices.

Exhibit 8: Evolution of Product Ratios



Source: Tupras

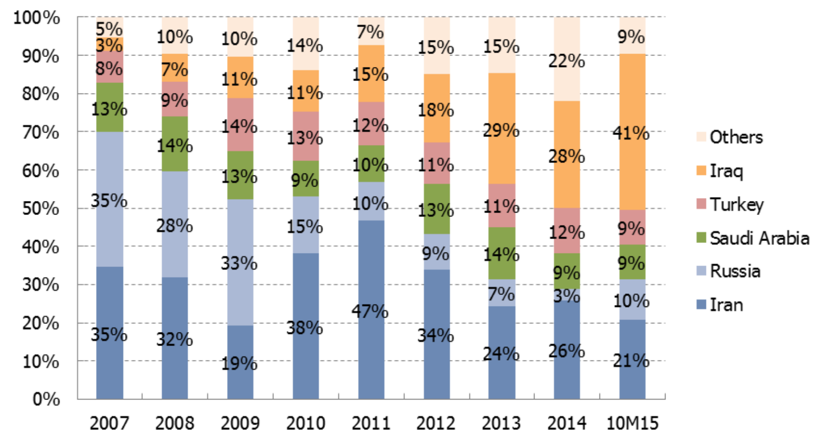
Exhibit 9: Product Yields



Source: Tupras

Share of Iran in procurement to increase following lifting of sanctions - International sanctions imposed on Iran have been scrapped, after the Atomic Energy Agency acknowledged that Iran had complied with the requirements stipulated in the agreement reached back in July 2015. The removal of sanctions on Iran is expected to prompt improvements in Turkey's trade relations with this country. Iran's daily oil exports could increase by 500k/bbl per day to almost 2mn/bbl day at the initial stage. Export capacity over the long term could rise to around 800k/bbl per day, or 300mn bbl a year, of which around 60% is likely to be sold to the Mediterranean region.

Exhibit 10: Oil Procurement by Country



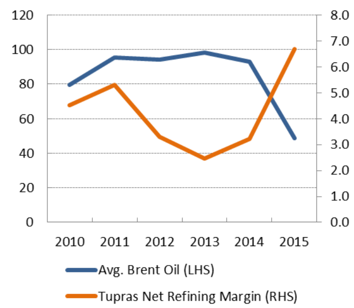
Source: Tupras

Lifting of sanctions could be positive for Tupras in long term - Prior to the initiation of the sanctions, Iran was Tupras's largest supplier of crude oil with 9.7mn tonnes in 2011, representing 47% of total supply. Crude oil imports from Iran subsequently dropped to an estimated 20% by FY15. Hence, we expect the share of Iran in oil procurements to increase back, which could have a positive impact on Tupras's margins, as Iran could offer slight discounts to gain market share. Med benchmark margin could also be positively affected, since it is based on Urals crude as cost item.

Still more time for STAR to come online - SOCAR will invest US$5.7bn to build a 10mn-tonne refinery in Aliaga, Izmir. The refinery will not only fulfil Petkim's naphtha (1.6mn tonnes) and mixed-xylene (270k tonnes) needs but also produce more than 6mn tonnes of diesel and jet fuel, which will be sold in the domestic market and partially close the demand deficit. The US$3.3bn project finance portion of the investment has been signed with 23 local and international financial institutions in May'14 and the plant is expected to begin production by 2018. Once complete, the refinery may put some pressure particularly on diesel yields in the domestic market.

Valuation

Exhibit 11: Brent vs. Tupras Net Refining Margin (US$/bbl)



Source: Tupras, Burgan Securities

We value Tupras through DCF to enterprise method and adjust with FY16 net debt and value of participations. Underlying assumptions are the following:

Volumes: Total sales volumes of 28.2mn tonnes are estimated to increase to 29.1mn tonnes in 2016 and remain flat until the end of the forecast period.

Oil: We assume oil prices at US$37/bbl by YE16, increasing to US$47/bbl until 2022. Note that net refining margins and oil prices are not directly correlated, as shown in Exhibit 11. Our oil price assumption is rather conservative, any upside to which would be slightly positive on EBITDA due to inventory gains.

Refining Margin: We factor in US$6.7/bbl for 2016, which we conservatively reduce to US$6/bbl in the long term, on a softer Med margin.

Tax: Effective tax rate should remain at around 8% for the next three years due to investment incentives, which we increase gradually to 20%.

Working Capital: The increase in working capital in 2015 is due to terminated usage of factoring for receivables, which we expect to be the case in the coming years as well.

WACC: With an RfR of 10% and an equity risk premium of 5.5%, our CoE yields 15.5%. D/E of 1.2 declines gradually, yielding an average 13.3% WACC.

Exhibit 12: Valuation

Consolidated DCF	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**
Revenues	**36,491**	**29,093**	**36,393**	**39,470**	**42,553**	**45,759**	**48,979**	**52,425**
EBIT	3,163	3,693	3,928	3,847	4,007	4,151	4,259	4,366
Taxes on EBIT (-)	633	739	786	769	801	830	852	873
NOPLAT	2,530	2,955	3,142	3,078	3,206	3,321	3,407	3,493
D&A	455	604	631	660	690	722	754	789
Capex (-)	789	612	651	677	712	748	782	817
Change in WC (-)	5,301	-637	517	215	221	229	229	245
Free Cash Flow	**-3,105**	**3,584**	**2,606**	**2,846**	**2,962**	**3,065**	**3,150**	**3,220**
EBITDA	**3,617**	**4,297**	**4,559**	**4,507**	**4,697**	**4,872**	**5,013**	**5,155**
EBITDA Margin	*9.9%*	*14.8%*	*12.5%*	*11.4%*	*11.0%*	*10.6%*	*10.2%*	*9.8%*
WACC	13.0%	13.1%	13.3%	13.4%	13.3%	13.2%	13.3%	13.4%
Discounted FCF		3,584	2,433	2,302	2,078	1,866	1,664	1,472
PV of FCF (2017-2022)	11,815							
Nom. Terminal Growth	5%							
Term. Disc.	13.4%							
NPV of TV	18,373							
EV (2Q16)	**30,188**							
Net Cash @YE16	-6,847							
Participations	400							
Target Equity Value	**23,741**							
2016E Dividends	1,553							
# of Shares (mn)	250							
Equity / Share	94.8							
Dividend /Share	6.20							
Target / Share	**101.0**							

Source: Burgan Securities

Tupras Background

Tupras is Turkey's largest industrial company and sole refiner with an annual refining capacity of 28.1mn, with four refining assets across the country. Tupras's refinery complexity, one of the major indicators of a refiner's efficiency, reached 9.9 according to the Nelson Complexity Index, at par with major global refiners. This followed the completion at the Izmit refinery of the residuum upgrade unit, which transforms surplus fuel oil production into white products. With a complexity of 14.5, Izmit plant commands the highest complexity among global refineries.

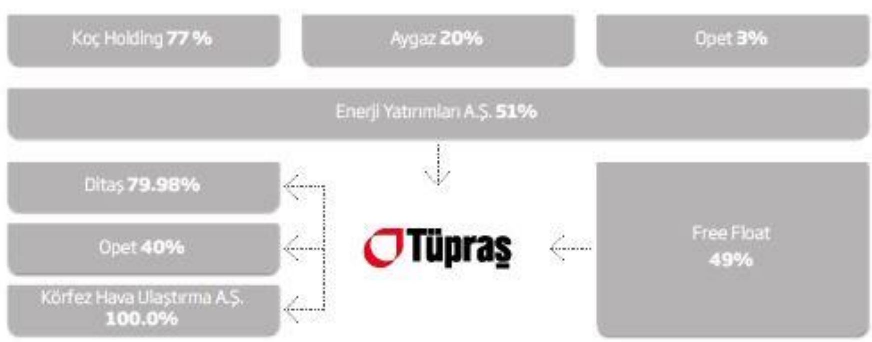
Exhibit 13: Tupras's Refining Assets

Refineries	Refining Capacity (mn tonnes)	Storage (mn tonnes)	Complexity
Izmit	11.0	2.9	14.5
Izmir	11.0	2.4	7.7
Kirikkale	5.0	1.4	6.3
Batman	1.1	0.3	1.8
Total	**28.1**	**7.0**	**9.9**

Source: Tupras

Of Tupras's shares, 51% are held by Energy Investments, whose major shareholders with 77% and 20% respective stakes are Koc Holding and Aygaz. The remaining 49% is the free float. Tupras owns 80% of the marine transport business Ditas and 40% of the distributor OPET.

Exhibit 14: Shareholding Structure

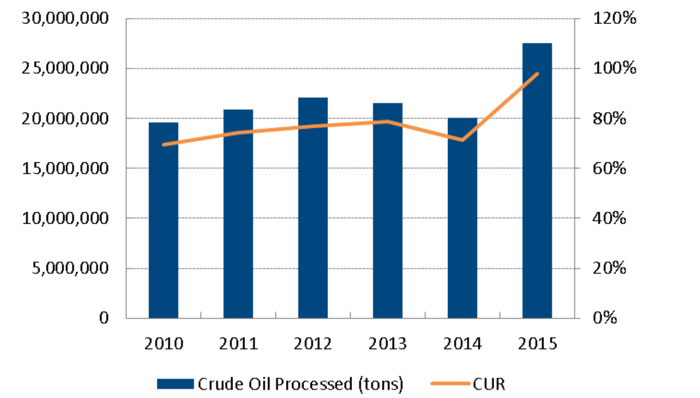


Source: Tupras

Residuum Upgrade Plant (RUP) – The unit converts low-value black products with relatively lower demand to high-value white products (diesel, gasoline, jet fuel and LPG). The investment, which had been launched back in 2008, has started contributing to the financials as of May'15. A total of US$3.0bn in investment has been undertaken, including supplementary infrastructure, of which US$2.1bn was financed by a consortium of international banks, and the rest with equity. The project is expected to yield around US$550mn in additional EBITDA, according to management guidance, which we think could prove conservative.

Upon completion of the project, around 4.2mn tonnes of high-sulphur fuel oil and various heavy products will be converted to roughly 2.9mn tonnes of diesel/jet fuel, 522k tonnes of gasoline, and 69k tonnes of LPG. Alongside these 3.5mn of white products, 690k tonnes of petroleum coke and 86k tonnes of sulphur will be produced.

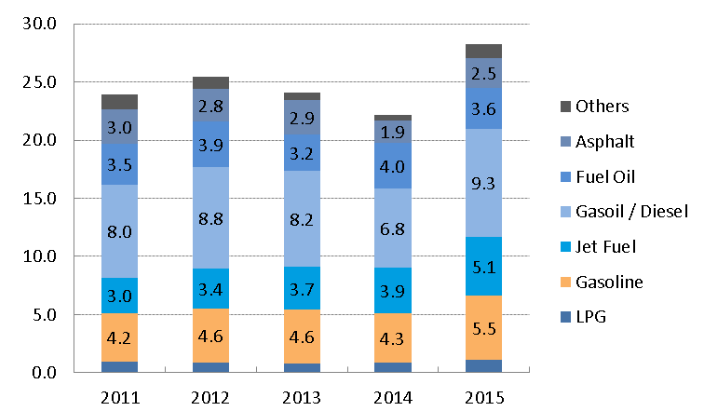
Exhibit 15: Crude Oil Processed vs. CUR



Source: Tupras, Burgan Estimates

Not only does the facility improve the sales mix but also optimises the operations of other Tupras refineries, particularly Izmir and Kirikkale - currently operating on higher capacity utilisation - and provides additional raw materials to be processed at the Izmit plant. This will allow all refineries to attain higher product flexibility and capacity utilisation.

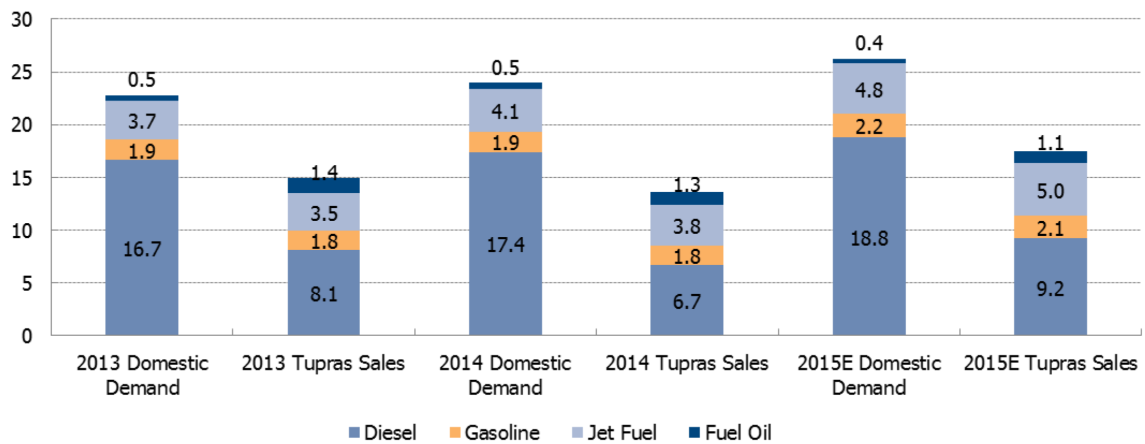
Exhibit 16: Sales volume breakdown



Source: Tupras, Burgan Estimates

Capacity Utilisation boosted by RUP – Over the past five years, Tupras has processed around 20mn tonnes of crude oil per annum, with capacity utilisation varying in a tight range of 75-80%. Following commissioning of the RUP in May'15, Tupras is estimated to have increased oil processed to 27mn tonnes by YE15, with capacity utilisation reaching 98%. Along with better efficiency, the ability to convert fuel oil in Izmit plant has led to higher capacity utilisation in Izmir and Kirikkale, supporting consolidated CUR.

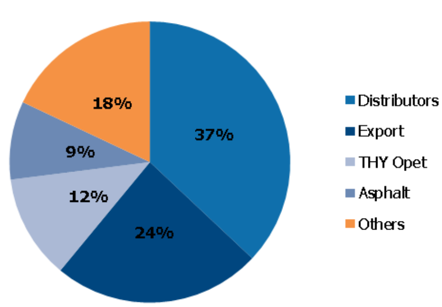
Exhibit 17: Domestic Market Demand vs. Tupras Sales (mn tonnes)



Source: Tupras, Burgan Securities

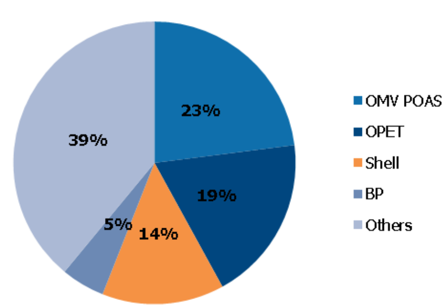
Sales volume growth driven by diesel and jet fuel - With the rise in white product yield from 73% in 3Q14 to 78% in 3Q15 driven by the RUP and higher oil processed, we estimate Tupras to have raised the sales of middle distillates by 35% yoy to 14mn tonnes in FY15. Tupras's ability to meet diesel demand should increase from c.40% in 2014 to an estimated 50% as of YE15. With the full-year contribution of the RUP in 2016, we expect Tupras to meet 60% of Turkey's diesel needs.

Exhibit 18: Breakdown by Customer



Source: Tupras

Exhibit 19: Breakdown of Distribution Customers

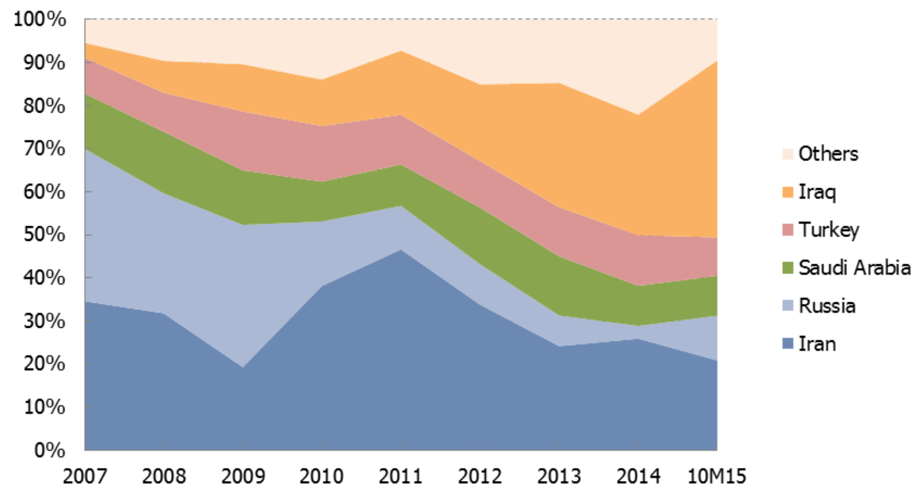


Source: Tupras

Fuel distributors have the lion's share of sales - As of FY14, 37% of the 22.2mn tonnes of sales have been made to fuel distribution companies, by far the leading customer group. Among the fuel distributors, OMV Petrol Ofisi has a 23% share, followed by Tupras's subsidiary OPET with a 19% share.

Exports accounted for 24% of Tupras's sales as of YE14, with around 5.3mn tonnes, composed mostly of excess gasoline (2.5mn tonnes) and fuel oil (2.1mn tonnes). Meanwhile, THY OPET, a 50% JV of THY and OPET, has a 12% share in Tupras's sales, comprised entirely of jet fuel.

Exhibit 20: Tupras Oil Procurement by Country



Source: Tupras

Diversified fuel procurement sources - As of 2014, Iraq (5.7mn tonnes) and Iran (5.3mn tonnes) are Tupras's primary crude oil suppliers, with respective shares of 28% and 26% in total. Procurements from Iran, which had peaked in 2011 at 9.7mn tonnes (47% of the total), dropped sharply by 4.6mn tonnes until 2013, on the back of US sanctions. In this period, the reduction in imports from Iran was counterbalanced by higher imports from Iraq, up 14pp, and Saudi Arabia, up 4pp. We estimate the share of Iranian oil in total procurements to be around 20%, which will likely increase as the sanctions on Iran have been removed.

OPET (40% Stake) - OPET conducts retail and wholesale operations in the fuel distribution sector, alongside production and marketing of lube oil. OPET is consolidated through equity pick-up method in Tupras's consolidated financials. As of Nov'15, OPET is the second-largest fuel distributor in the white products segment following Petrol Ofisi, through a network of 1,424 stations countrywide. OPET contributed TRL41mn to Tupras's consolidated pre-tax profit as of 3Q15, which we estimate to have risen to TRL66mn by FY15.

Burgan Securities - Equity Rating System

12-month Rating:

Our 12-month rating system comprises the following designations: BUY (B), HOLD (H), SELL (S). The absolute upside to target value implied by the current market capitalisation is the main determinant of our rating system. Valuation tools employed most frequently are Discounted Cash Flow (DCF) and international peer group comparison, though other metrics such as historical relative valuation, price to book, return on equity, replacement value are also used wherever appropriate. Our analysts set the fair/target values with a 12-month investment horizon. Comparing the upside in a specific stock with the market's upside (determined through the aggregate upside of our coverage based on free float Mcaps), in addition to taking other yardsticks into consideration, analysts recommend BUY (B), HOLD (H), SELL (S) based on their 12-month total return views.

Sector Rating

Our investment horizon for industry ratings is again 12 months. This rating gives an indication as to how the analyst sees that particular industry for the next 12-month period in terms of growth, profitability, pricing power, competitive dynamics etc. The rating in this category thus reflects our analyst's assessment of the conjunctural outlook for the industry, without involving any specific benchmarks. The ratings employed are **Overweight (OW), Neutral (N), Underweight (UW).**

Overweight (OW): Due to improving sector related fundamentals and/or attractive valuations, the sector index is expected to perform better than the BIST-100 in the next 12-months

Neutral (N): The sector index is expected to perform in line with the BIST-100 in the next 12-months

Underweight (UW): Due to worsening sector related fundamentals and/or expensive valuations, the sector index is expected to perform worse than the BIST-100 in the next 12-months

Short-term Rating:

Our short-term rating system comprises the following designations: OUTPERFORM (OP), MARKETPERFORM (MP), UNDERPERFORM (UP). Considering possible triggers, catalysts, and/or company, sector & market views, we rate the stocks as:

S/T Stock Rating Summary	Relative Return
Outperform (OP)	>=10%
Marketperform (MP)	<+10% & >-10%
Underperform (UP)	<=-10%

Outperform (OP): If 3-month total return is expected to exceed the BIST-100 (sector index if specified) by more than 10%

Marketperform (MP): If 3-month total return is expected to be in line (+/- 10%) with the BIST-100 (Peerperform if sector index is specified)

Underperform (UP): If 3-month total return is expected to be below the BIST-100 (sector index if specified) by more than 10%

*To have a more balanced distribution of ratings, Burgan Securities has requested that analysts maintain **at least 20% of their ratings as Underperform** and **no more than 25% as Outperform**, subject to change depending on market conditions.*

Other Qualifiers Utilised:

NR: Not Rated

NC: Not Covered

UR: Under Review

Market Call

Our equity **market call** has an investment horizon of 3-12 months. **Our market calls are** BUY, NEUTRAL, SELL.

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Burgan Securities is a prominent investment firm active in the fields of brokerage, corporate finance and asset management in Turkish capital markets. Our firm, a member of Burgan Group, one of the leading financial institutions of Kuwait, caters to the entirety of domestic/international retail/institutional investor spectrum. Supporting our corporate finance and institutional sales activities is a highly qualified research team that offers premium quality and timely research products covering a broad array of sectors and companies. Our corporate finance activities comprise mergers and acquisitions, as well as private and public equity and debt transactions. Our new product development activities are centred around derivative products, along with online trading platforms for retail clients.

Burgan Securities' goal is to be the investment firm of choice in Turkey through exemplary service and product quality, with a view to becoming a regional player.

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