

TUPRAS

Still Juicy

We initiate coverage of Tuptas with BUY rating and target price of TL145 per share. We think that Tuptas' current level of profitability is the "new normal" for the refiner following the completion of RUP and it looks sustainable, as the positive outlook in global refinery environment appears to continue in the foreseeable future. Further strength in refining margins in 3Q17, recent rise in oil prices and the 1H17 financials suggest that there is still significant upside risk to the consensus estimates. With a dividend yield of 13% and 17E P/E of 6.6x (7.7x on 2018E), the stock still appears attractive in our view.

The current level of profitability appears as the "new normal" for Tuptas and should be sustainable: Historically, Tuptas generates EBITDA of ~USD900mn a year, and Residuum Upgrade Project (RUP) was expected to generate USD550mn of additional EBITDA. In that context, USD1.66bn (TL5.9bn) of EBITDA in 2017, on our estimates, appears strong but not as an outlier. Rather, the level appears as "the new normal" for the refiner following the completion of its RUP. Unless the global refining environment deteriorates substantially, which we do not expect, Tuptas' earnings should not decline significantly in the coming years.

Global backdrop for the refining environment is positive: Decent demand for refinery products supported by low oil prices and economic growth; upcoming change in marine bunker specification changes by 2020; and the concerns over the oil demand with the advent of electric cars that curbs the long-term capacity growth enthusiasm in the sector globally suggest that positive outlook in the refinery environment may continue in the foreseeable future.

Consensus estimates are still too conservative: 3Q17 is likely to show even a stronger set of results, as regional refining margins have strengthened in 3Q17, owing to refinery shutdowns in Europe and US. Further strength in refining margins in 3Q17 and the ongoing strong refining market environment suggest that there is still significant upside risk to the consensus estimates. Our 2017 EBITDA and net income estimate is 11% and 26% respectively higher than the consensus.

Dividend yield of 13%: Tuptas' strong earnings in 2017 suggest a hefty dividend payment in Apr18. We expect a dividend distribution of TL3.8bn in 2018, which implies a dividend yield of 13%.

Valuation is still attractive: Tuptas currently trades at 2017E P/E of 6.6x (7.7x on 2018E), which is lower than its historic average (10y) of 9x.

Rating	BUY
Target Price	TL145
Return potential	21%

Share Data

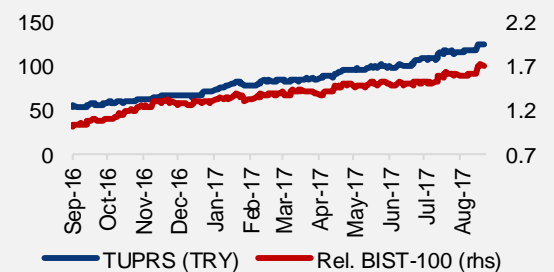
Ticker:	TUPRS TI
Share price (as of 25-09-2017)	119.6
Share price (52 week range)	52.5 / 124.9
Market cap. (TL mn - USD mn)	29,950 - 8,518
# of shares (mn) & free float	250.4 - 49%

Avg. trading volume	1M	3M	12M
USD mn	40.1	34.0	25.9

Price performance	1M	3M	Y-t-D
TL	1%	20%	79%
USD	0%	19%	79%
Rel. to BIST-100	7%	15%	35%

Forecasts (TL mn)	2016	2017E	2018E
Revenues	35,024	53,850	57,169
EBITDA	3,210	5,930	5,202
Net Earnings	1,802	4,517	3,880

Valuation	2016	2017E	2018E
P/E	16.6x	6.6x	7.7x
P/BV	3.7x	2.8x	3.0x
EV/EBITDA	11.0x	5.6x	6.5x
EV/Sales	1.0x	0.6x	0.6x
Dividend Yield	5.2%	12.6%	11.7%



Erol Danış, Ph.D, CFA

+90 212 355 2675

erol.danis@tacirler.com.tr

Table of Contents

Investment Case	3
Strong earnings in recent quarters	5
however, in real terms, recent profitability appears strong, but not as an outlier	5
Indeed, the level of profitability in 2017 is the “New Normal” post the RUP	6
Global outlook for refineries is positive	7
Earnings estimates	9
Valuation	11
We value Tupras as TL145 per share; initiating with a Buy	11
International peer comparison.....	12
Historical multiples.....	13
Risks.....	13
Projected Financials	14
Important Disclosures	15

Investment Case

We are starting coverage of Tupras with BUY rating and target price of TL145/s. We think Tupras' current level of profitability is the "new normal" for the refiner following the completion of RUP and it looks sustainable, as the positive outlook in global refinery environment appears to continue in the foreseeable future. Further strength in refining margins in 3Q17, recent rise in oil prices and the 1H17 financials suggest that there is still significant upside risk to the consensus estimates. With a dividend yield of 13% and 17E P/E of 6.6x(7.7x on 2018E), the stock still appears attractive in our view.

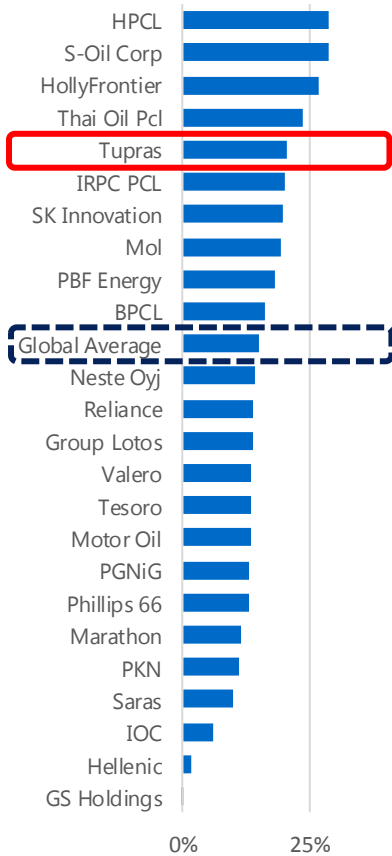
The current level of profitability appears as the "new normal" for Tupras and should be sustainable: We sense that Tupras' high level of EBITDA in recent quarters does not appear as an outlier and unsustainable. Looking at the EBITDA in USD terms and the gross refining margins, while we admit that the earnings trend in recent quarters is stronger than the average, we can argue that the level of profitability is not an outlier compared to the historic trends. Indeed, factoring in the impact of Residuum Upgrade Project (RUP), which was fully ramped up by late 2015, the level of EBITDA generation in 2017 appears as the "new normal" for Tupras. Historically, Tupras generates EBITDA of about USD900mn a year, and RUP was expected to generate USD550mn of additional EBITDA. Therefore, USD1.66bn (TL5.9bn) of EBITDA in 2017, on our estimates, does not appear as an outlier level for Tupras, rather it's "the new normal" for the refinery following the completion of its RUP. Unless the global refining environment deteriorates substantially, which we do not expect, Tupras' earnings should not decline significantly in the coming years.

Global backdrop is positive: Decent demand for refinery products supported by low oil prices and economic growth; upcoming change in marine bunker specification changes by 2020; and the concerns over the petroleum demand with the advent of electric cars that curbs the long-term capacity growth enthusiasm in the sector suggest that positive outlook in the refinery environment may continue in the foreseeable future.

Consensus estimates are still too conservative: 3Q17 is likely to show even a stronger set of results for Tupras, as regional refining margins have strengthened in 3Q17 (Med margins were \$5.4/bbl in 1H17 vs. \$6.2/bbl in July-August), owing to refinery shutdowns in Europe (fires) and US (Hurricane Harvey). Accordingly, we estimate Tupras to report an EBITDA of TL5.9bn in 2017 and TL5.2bn in 2018. Meanwhile, net income should jump to TL4.5bn in 2017 and TL3.9bn in 2018. Our 2017 EBITDA and net income estimate is 11% and 26% respectively higher than the consensus.

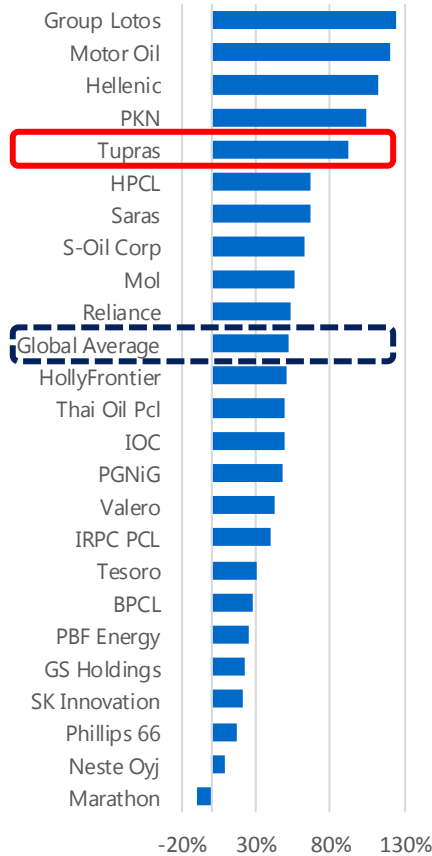
Share performance of Tupras has mainly followed the international peers: Tupras' share performance over the past 2 years has mainly followed its international peer group, as the improvement in refining environment has boosted the share performances of the refineries.

Stock performances: 3m (USD)



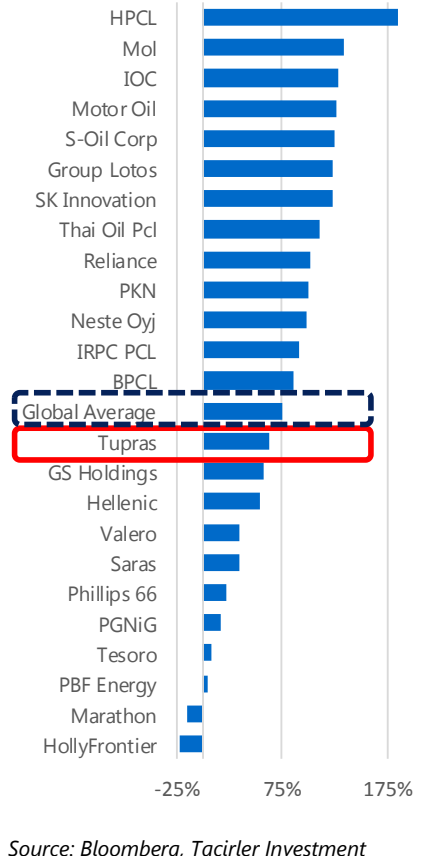
Source: Bloomberg, Tacirler Investment

Stock performances: 1 year (USD)



Source: Bloomberg, Tacirler Investment

Stock performances: 2 years (USD)



Source: Bloomberg, Tacirler Investment

We value Tupras at TL145 per share, using our DCF model (WACC of ~8.7% and terminal growth rate of 0%). Given 21% upside potential to our price target, we initiate Tupras with a Buy rating. Our target price implies EV/EBITDA and P/E multiples of 7.7x and 9.3x based on 2018 estimates.

Tupras currently trades at 2017e EV/EBITDA multiple of 5.6x (vs. 10 year historic average of 7.6x) and P/E of 6.6x (vs. 9x). Meanwhile, compared to its international peer group, it is trading at 49% and 24% discounts to the average 2017e P/E and EV/EBITDA multiples of the company's emerging market peers.

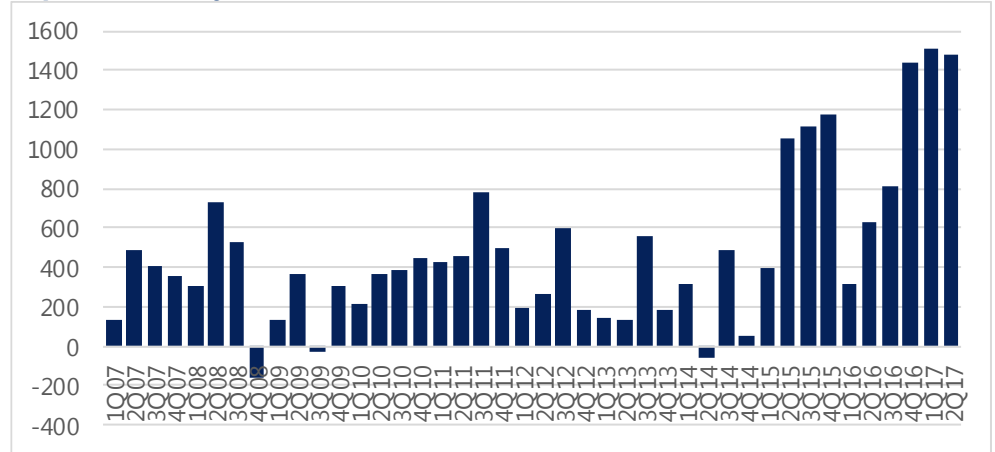
Dividend yield of 13%: Tupras' strong earnings in 2017 suggest a hefty dividend payment in Apr18. We expect a dividend distribution of TL3.8bn in 2018, which implies a dividend yield of 13%.

Strong earnings in recent quarters....

TL denominated financials are inflated by TL depreciation

Tupras' EBITDA has grown strongly in recent quarters, boosting the share price of the company. Specifically, the EBITDA (in TL terms) grew by 216% yoy in 1H17, leading to a sharp rise in the company's TL denominated share price (up 87% year-to-date).

Tupras: Quarterly EBITDA (TLmn)

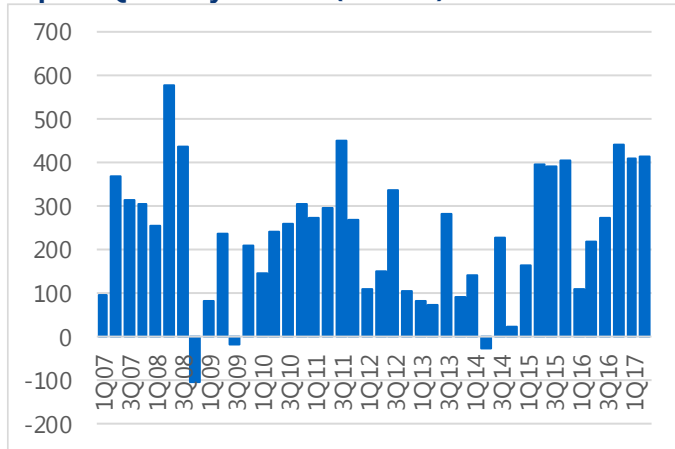


Source: Company data, Tacirler Invest

however, in real terms, recent profitability appears strong, but not as an outlier

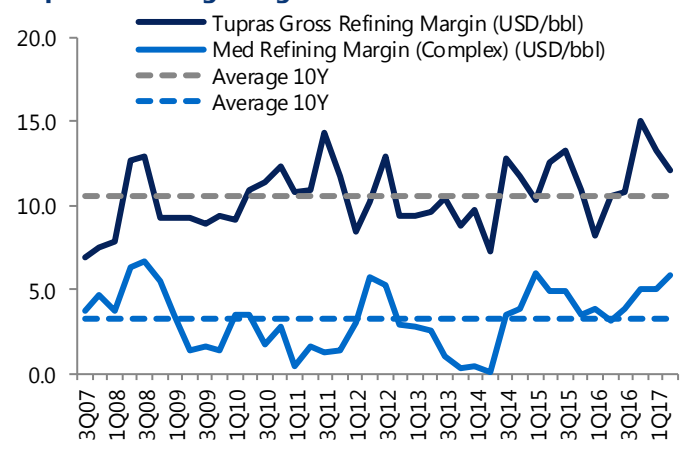
The high level of quarterly EBITDA in recent quarters however does not appear as an outlier and unsustainable. Looking at the EBITDA in USD terms and the gross refining margins, while we admit that the earnings trend in recent quarters is stronger than the average, we can argue that the level of profitability is not an outlier compared to the historic trends.

Tupras: Quarterly EBITDA (USDmn)



Source: Company data, Tacirler Investment

Tupras: Refining margin



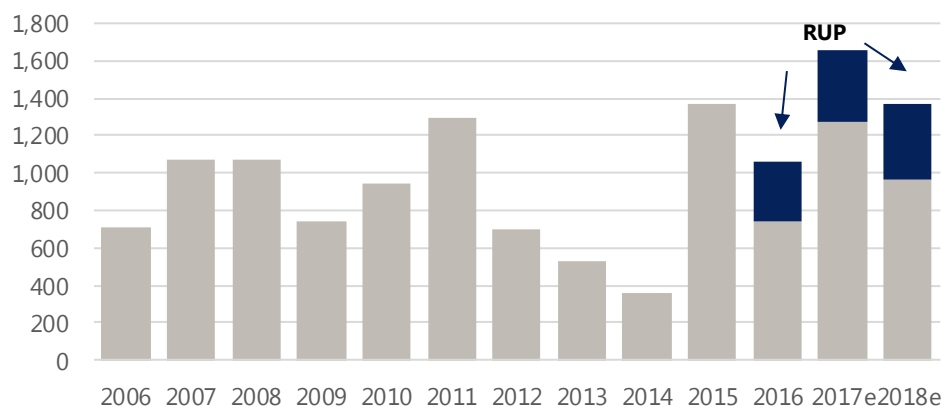
Source: Company data, Tacirler Investment

Indeed, the level of profitability in 2017 is the “New Normal” post the RUP

Indeed, factoring in the impact of Residuum Upgrade Project (RUP), which was fully ramped up by late 2015, the level of EBITDA generation in 2017 is likely to be the “new normal” for Tupras. Historically, Tupras generates EBITDA of about USD900mn a year, and RUP was expected to generate USD550mn of additional EBITDA. Therefore, USD1.66bn (TL5.9bn) of EBITDA in 2017, on our estimates, does not appear as an outlier level for Tupras, rather it’s “the new normal” for the refinery following the completion of its RUP. Unless the global refining environment deteriorates substantially, which we do not expect, Tupras’ earnings should not decline significantly in the coming years.

On our estimates, RUP generated EBITDA of USD313mn in 2016 and is likely to generate USD381mn in 2017. Note that EBITDA generation of RUP also depends on the price of oil and therefore the recent rise in oil prices improves the profitability of Tupras.

Tupras: Annual EBITDA (USD mn), contribution of RUP

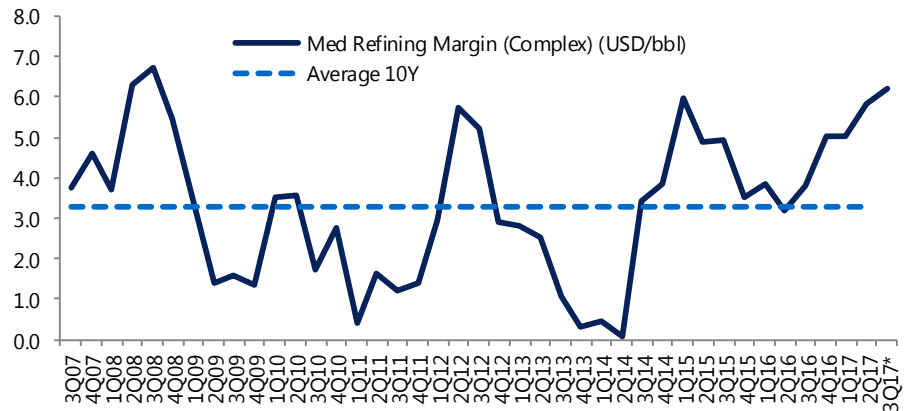


Source: Company data, Tacirler Investment estimates

Global outlook for refineries is positive

Looking forward, outlook for global refining environment appears positive, thanks to improved demand supply balance in the sector, upcoming change in marine bunker specification changes by 2020, and limited enthusiasm for refinery investment for the long term.

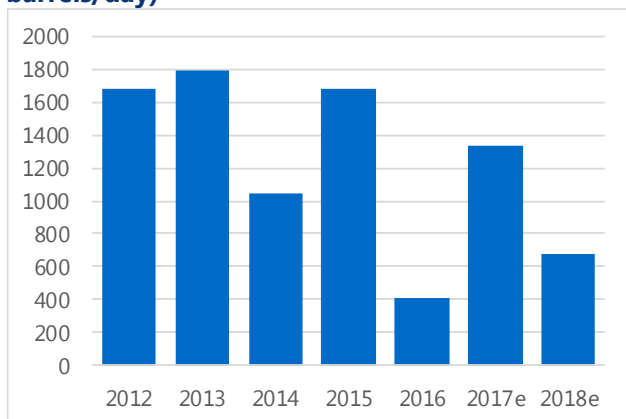
Mediterranean refining margins



Source: Company data, Tacirler Investment *Data for 3Q17 is average of July-August

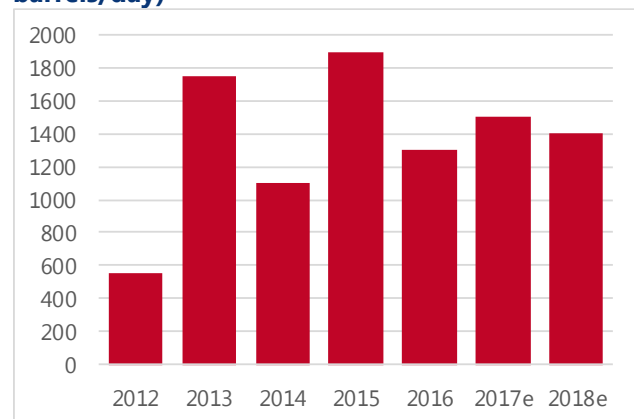
Improved supply-demand balance: Demand for refinery products has improved in 2017, thanks to the recovery in the world economy and low oil prices. IEA projects that global demand for oil will rise by 1.6 million barrels/day in 2017 and 1.4 million in 2018 vs. 1.3 million in 2016. On the supply side, however, global refinery capacity additions in 2017 is estimated to rise by 1.3 million in 2017 and 0.7 million in 2018. The supply demand projections suggest that refining margins are likely to remain strong in the foreseeable future.

World: Gross Refinery Capacity Additions (000 barrels/day)



Source: Tuptas estimates, Tacirler Investment

World: Annual change in Oil demand (000 barrels/day)



Source: IAE, Tacirler Investment

Rise of electric vehicles and renewable energy should curb the long-term refinery capacity additions: As for the longer term, refinery capacity additions are likely to remain subdued. With the rise of electric vehicles and renewable energy,

enthusiasm for refinery investments is likely to remain limited globally and the existing players should see less competitive pressures. That said, however, we assume the demand for refinery products to continue growing in the next few decades on the back of economic and population growth. Note that OPEC foresees 16% growth in oil demand by 2040 to 109.4mb/d, with the growth is mainly driven by the developing countries and population growth.

International Maritime Organization (IMO)'s marine bunker specification

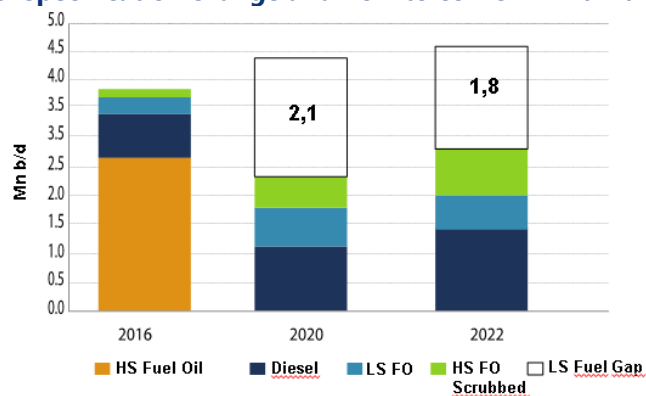
changes to boost refinery margins: In October 2016, IMO announced that by the beginning of 2020, marine bunkers must use marine fuels with a Sulphur content of no more than 0.5% against the current limit of 3.5% in an effort to reduce greenhouse gas emissions. The upcoming change in marine fuels will have a significant impact on the refinery sector, as marine bunker fuels account for ~5% of global oil demand and 40% of oil related Sulphur emissions.

In order to conform with the new specifications, there are four different alternatives, namely:

- i) Use of lower Sulphur blendstocks like ULSD (Diesel)
- ii) Low Sulphur fuel oil production with light crudes,
- iii) Use Sulphur fuel reduction systems (Scrubbers)
- iv) Use of LNG.

The regulation will potentially boost margins for complex refineries, such as Tüpraş, as majority of shipping industry is expected to switch to diesel and low Sulphur fuel oil. The regulation is also likely to widen the heavy/light crude differentials, as demand for light crudes increase, and potentially benefit Tüpraş, which mainly uses heavy crude. We do not factor in a change in refinery margins in our Tüpraş model as a result of the upcoming regulatory change, as IMO may well decide to postpone the implementation of new specifications. However, if it's implemented on time, it will have a significant impact on Tüpraş' profitability starting 2020.

Marine Bunker specification change and how to conform with it



Source: Tüpraş presentation, IEA, Tacirler Investment

Earnings estimates

3Q17 is likely to show even a stronger set of results for Tüpraş, as regional refining margins have strengthened in 3Q17 (Med margins were \$5.4/bbl in 1H17 vs. \$6.2/bbl in July-August), owing to refinery shutdowns in Europe (fires) and US (Hurricane Harvey). Accordingly, we estimate Tüpraş to report an EBITDA of TL5.9bn in 2017 and TL5.2bn in 2018. Meanwhile, net income should jump from TL1.8bn in 2016 to TL4.5bn in 2017 and TL3.8bn in 2018.

Tüpraş: Key operational and financial highlights

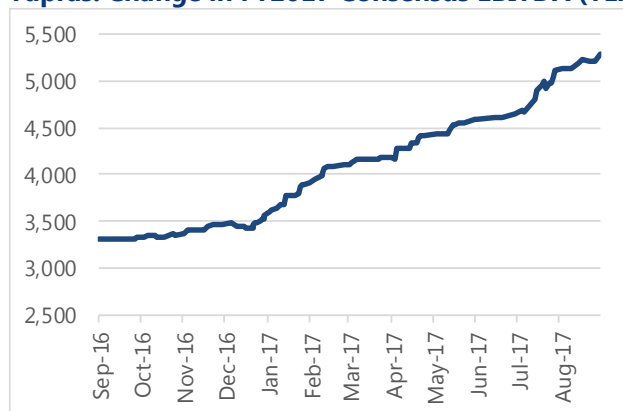
	2013	2014	2015	2016	2017e	2018e	2019e
Brent (\$/bbl)	109	99	52	44	53	56	61
Tüpraş- Gross refining margin (\$/bbl)	9.6	10.6	11.9	11.2	13.1	12.0	12.0
Med Margin (\$/bbl)	1.67	1.95	4.83	3.97	5.60	4.50	4.50
Sales Volume (000 tons)	24,083	22,194	28,739	30,255	31,073	30,269	30,269
USDmn							
Revenues (\$mn)	21,589	18,149	13,552	11,527	15,062	15,094	16,204
EBITDA (\$mn)	533	361	1,372	1,057	1,659	1,373	1,374
EBITDA margin	2.5%	2.0%	10.1%	9.2%	11.0%	9.1%	8.5%
Net Income (\$mn)	629	667	937	593	1,263	1,024	1,010
Net margin	2.9%	3.7%	6.9%	5.1%	8.4%	6.8%	6.2%
TLmn							
Net Sales	41,114	39,708	36,876	35,024	53,850	57,169	64,828
Gross Profit	1,475	1,262	4,124	3,667	6,527	5,799	6,122
OPEX	- 700	- 732	- 877	- 1,000	- 1,209	- 1,247	- 1,318
EBIT	774	531	3,248	2,667	5,318	4,551	4,805
EBIT margin	1.9%	1.3%	8.8%	7.6%	9.9%	8.0%	7.4%
EBITDA	1,015	789	3,734	3,210	5,930	5,202	5,498
EBITDA margin	2.5%	2.0%	10.1%	9.2%	11.0%	9.1%	8.5%
Income from Other Operations (net)	- 651	- 112	- 425	- 138	107	114	129
Financial Expenses (net)	- 110	- 235	- 599	- 575	- 485	- 370	- 385
Minority Interests	- 2	- 11	- 14	- 20	- 30	- 32	- 36
Profit before Tax	11	172	2,211	1,934	4,910	4,263	4,513
Taxation on Income	1,187	1,286	338	- 132	- 393	- 384	- 474
Net Profit	1,198	1,458	2,549	1,802	4,517	3,880	4,039
Net Debt	1,077	997	2,773	3,857	6,905	6,142	4,238
Net Debt/EBITDA	1.1	1.3	0.7	1.2	1.2	1.2	0.8
Exchange rates							
Average USD/TRY	1.90	2.19	2.72	3.04	3.58	3.79	4.00
Ending USD/TRY	2.06	2.32	2.91	3.54	3.63	3.90	4.10

Source: Company data, Tacirler Investment estimates

Consensus estimates are still too conservative:

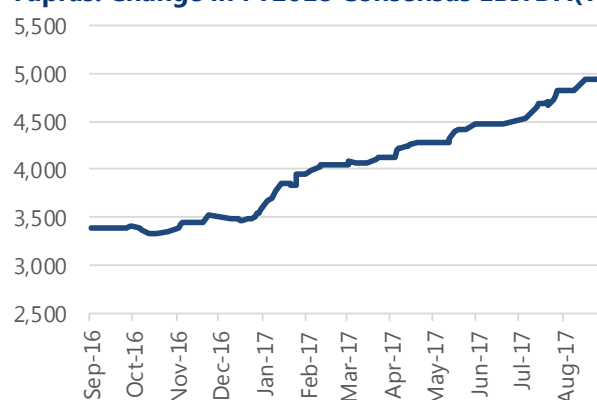
We feel that there is still a significant upside potential to the consensus earnings expectations. Consensus expects Tupras to report EBITDA and net income of TL5.4bn (TL2.99bn in 1H17) and TL3.6bn (TL2.3bn in 1H17) respectively in 2017. However, year to date earnings (1H17 net income is already 65% of 2017 estimate) and the ongoing strong refining market environment suggest that there is still significant upside risk to the consensus estimates.

Tupras: Change in FY2017 Consensus EBITDA (TLmn)



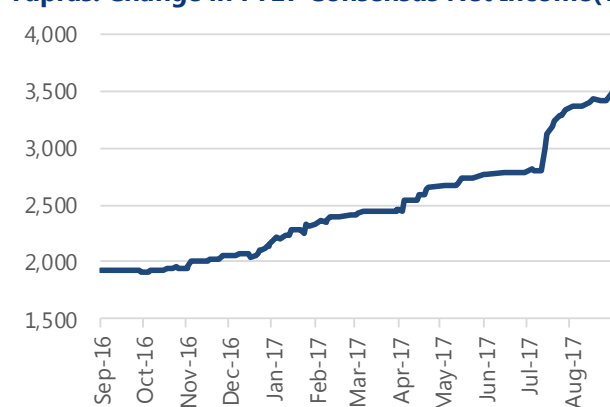
Source: Bloomberg, Tacirler Investment

Tupras: Change in FY2018 Consensus EBITDA(TLmn)



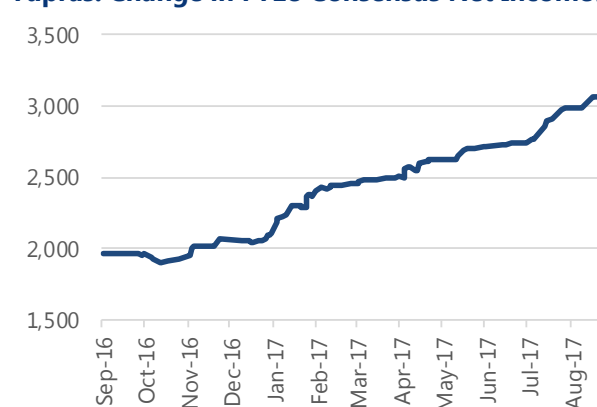
Source: Bloomberg, Tacirler Investment

Tupras: Change in FY17 Consensus Net Income(TLmn)



Source: Bloomberg, Tacirler Investment

Tupras: Change in FY18 Consensus Net Income(TLmn)



Source: Bloomberg, Tacirler Investment

Our EBITDA and net income estimate for FY2017 are 11% and 26% respectively higher than the consensus estimates.

Tupras: Tacirler vs. Consensus

TLm	Tacirler		Consensus		Tacirler vs. Cons	
	2017	2018	2017	2018	2017	2018
Revenues	53,850	57,169	51,382	55,990	5%	2%
EBITDA	5,930	5,202	5,358	5,078	11%	2%
Net Income	4,517	3,880	3,574	3,148	26%	23%

Source: Tacirler Investment estimates, Bloomberg

Valuation

We value Tupras as TL145 per share; initiating with a Buy

We value Tupras at TL145 per share, using our USD based DCF model. We have chosen DCF as our primary valuation methodology as it allows us to capture the company's long-term growth potential and investments. We use a risk-free rate of 5.5%; an equity risk premium of 5.5%; and a beta of 0.90x. In so doing, we arrive at a WACC of ~8.7%. We use 0% terminal growth.

Given 21% upside potential to our price target, we initiate Tupras with a Buy rating. Our target price implies an EV/EBITDA multiple of 7.7 based on 2018 estimates.

Tupras: DCF (USD)

(USDm)	2017E	2018E	2019E	2020E	2021E	2022E	2023E
Revenues	15,062	15,094	16,204	16,870	16,870	16,870	16,870
Sales growth, %	31%	0%	7%	4%	0%	0%	0%
EBITDA	1,659	1,373	1,374	1,375	1,375	1,375	1,375
EBITDA margin, %	11.0%	9.1%	8.5%	8.2%	8.2%	8.2%	8.2%
Taxes	-297	-240	-240	-243	-244	-244	-244
Change in working capital	-6	28	16	8	0	0	0
Capex	-350	-250	-250	-250	-250	-250	-350
Free cash flow	1,005	911	900	891	881	881	781
WACC	8.6%	8.6%	8.6%	8.7%	8.8%	8.8%	8.9%
PV of Free cash flow		911	829	754	686	631	513
EV 2018E-2023E							4,324
EV terminal (@ 0.0% growth)							5,774
EV total							10,098
+ Participations							275
- Net debt							1,168
+ Deferred tax assets							926
Target mcap (USDm)							10,131
Target share price (TL)							145
Current share price (TL)							120
Upside Potential (%)							21%

Source: Tacirler Investment estimates

International peer comparison

Tupras shares are trading at a 49% and 24% discounts to the average 2017E P/E and EV/EBITDA multiples of the company's global peers.

International peer comparison

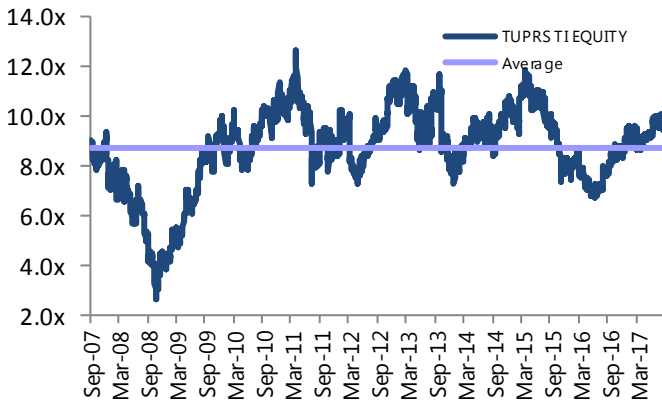
	Mcap US\$mn	P/E		EV/EBITDA		Dividend Yield		Stock Performance (US\$)			
		2017E	2018E	2017E	2018E	2017E	2018E	1M	3M	1Y	2Y
Europe											
Motor Oil	2,573	6.7	9.4	4.4	4.7	5.6%	5.5%	4%	13%	121%	127%
Hellenic Petroleum	2,612	6.1	8.2	5.2	5.8	4.6%	4.8%	-4%	1%	112%	55%
Mol	9,572	8.5	9.1	4.6	4.5	2.6%	2.8%	2%	19%	56%	134%
Saras	2,450	10.8	13.4	3.7	4.2	5.7%	4.6%	11%	10%	66%	34%
Group Lotos	2,989	10.0	10.0	5.8	5.4	1.5%	2.8%	5%	14%	124%	124%
PKN	14,362	9.1	11.4	5.8	6.3	2.6%	2.8%	7%	11%	104%	100%
Neste Oyj	11,411	14.1	14.3	7.8	8.0	3.5%	3.6%	6%	14%	9%	99%
PGNiG	10,722	10.7	10.9	5.1	4.8	3.4%	4.3%	3%	13%	48%	17%
Average		9.5	10.8	5.3	5.5	3.7%	3.9%	4%	12%	80%	86%
Asia											
Reliance Industries	82,017	17.2	16.9	14.9	12.4	0.7%	0.8%	3%	14%	53%	103%
IOC	29,740	9.6	10.0	6.9	7.0	3.7%	3.5%	-6%	6%	49%	129%
SK Innovation	15,486	7.9	7.9	4.9	4.7	3.8%	3.9%	4%	20%	21%	123%
BPCL	16,221	12.4	11.5	9.0	9.2	3.3%	3.2%	-4%	16%	28%	86%
S-Oil Corp	11,940	13.0	10.5	10.3	8.0	4.7%	5.4%	2%	29%	62%	125%
GS Holdings Corp	5,256	6.4	6.4	6.9	6.4	2.7%	2.9%	-5%	-2%	22%	59%
HPCL	9,947	10.8	10.3	7.7	8.5	3.4%	3.2%	-7%	29%	67%	186%
Thai Oil Pcl	5,703	10.2	10.7	6.3	6.2	4.4%	4.2%	4%	24%	49%	112%
IRPC PCL	3,921	13.2	10.9	9.1	7.5	3.5%	4.2%	11%	20%	40%	92%
Average		11.2	10.6	8.5	7.7	3.3%	3.5%	0%	17%	43%	113%
US											
Marathon Petroleum Corp	11,141	n.a.	n.a.	7.2	6.1	1.5%	1.5%	16%	11%	-10%	-15%
HollyFrontier	6,198	22.8	16.3	8.9	7.0	3.8%	3.9%	18%	27%	51%	-23%
PBF Energy	2,928	31.4	12.9	9.8	6.3	4.5%	4.4%	29%	18%	25%	5%
Valero	33,103	17.1	13.6	7.2	6.4	3.7%	4.0%	10%	14%	43%	35%
Tesoro	16,376	18.0	14.4	8.8	6.9	2.2%	2.3%	10%	13%	30%	9%
Phillips 66	46,230	20.7	15.5	10.1	8.6	3.0%	3.3%	7%	13%	17%	23%
Average		22.0	14.5	8.7	6.9	3.1%	3.2%	15%	16%	26%	6%
Grand Average		13.0	11.6	7.4	6.7	3.4%	3.6%	6%	15%	52%	76%
Tupras	8,378	6.6	7.7	5.6	6.5	12.6%	11.7%	2%	20%	92%	63%
Premium/discount to grand average		-49%	-33%	-24%	-4%	269%	228%				

Source: Bloomberg, Tacirler Investment

Historical multiples

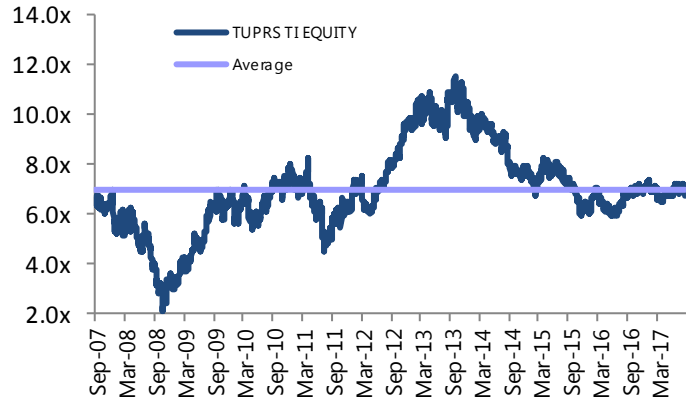
On our estimates, Tupras is currently trading at 2017E P/E of 6.6x (7.7x on 2018E), which is lower than its historic averages (10year average of 9x). Note the the below charts are based on consensus figures which are lower than our expectations, as discussed earlier.

Tupras: P/E



Source: Bloomberg, Tacirler Investment

Tupras: EV/EBITDA



Source: Bloomberg, Tacirler Investment

Risks

Decline in the refining margins, a narrowing light/heavy crude differentials, regulatory risks and competition are the main risks.

Projected Financials

Balance Sheet	2015	2016	2017E	2018E	2019E	Income statement	2015	2016	2017E	2018E	2019E
Cash	3,019	6,078	7,760	7,432	7,301	Revenues	36,876	35,024	53,850	57,169	64,828
Accounts receivables	2,533	3,195	4,284	4,619	5,206	Gross profit	4,124	3,667	6,527	5,799	6,122
Inventory	2,096	3,625	4,771	5,260	5,975	Operating expenses	877	1,000	1,209	1,247	1,318
Other current assets	1,070	831	876	1,011	1,114	Operating profit	3,248	2,667	5,318	4,551	4,805
Current assets	8,719	13,728	17,691	18,321	19,596	EBITDA	3,734	3,210	5,930	5,202	5,498
Financial investments	766	928	1,021	1,123	1,235	Other income, net	-425	-138	107	114	129
Net fixed assets	11,449	11,794	12,443	12,748	13,063	Financial income, net	-599	-575	-485	-370	-385
Intangible assets	59	55	55	55	55	Earnings before taxes	2,224	1,953	4,940	4,296	4,549
Other non-current assets	4,408	4,852	4,741	4,598	4,481	Tax expense	-338	132	393	384	474
Non-current assets	16,683	17,630	18,260	18,525	18,834	Net earnings	2,549	1,802	4,517	3,880	4,039
Total assets	25,401	31,358	35,951	36,846	38,430	Cashflow statement					
Short-term financial loans	1,898	1,995	2,047	2,203	2,313	EBITDA	3,734	3,210	5,930	5,202	5,498
Accounts payables	3,850	7,019	9,239	10,185	11,570	Taxes Paid	650	533	1,064	910	961
Other short-term payables	3,056	3,703	3,799	4,082	4,283	Capital expenditures	958	888	1,251	947	1,000
Current liabilities	8,804	12,717	15,085	16,470	18,166	Chg. in NWC	3,461	-1,865	-35	-271	-181
Long-term financial loans	8,026	10,222	9,947	10,115	10,007	Free cashflows to firm	-1,335	3,654	3,650	3,615	3,718
Other long-term payables	225	216	221	238	250	Growth & margins					
Non-current liabilities	8,251	10,438	10,168	10,353	10,256	Revenues	-7%	-5%	54%	6%	13%
Shareholders' equity	8,346	8,204	10,698	10,023	10,008	EBITDA	373%	-14%	85%	-12%	6%
Parent company	8,283	8,125	10,617	9,936	9,916	Net earnings	75%	-29%	151%	-14%	4%
Minorities	63	79	81	87	92	Gross margin	11.2%	10.5%	12.1%	10.1%	9.4%
Total liabilities & equity	25,401	31,358	35,951	36,846	38,430	Operating margin	8.8%	7.6%	9.9%	8.0%	7.4%
Net debt	6,905	6,139	4,234	4,886	5,018	EBITDA margin	10.1%	9.2%	11.0%	9.1%	8.5%
Net working capital	-1,207	-3,072	-3,107	-3,378	-3,558	Net margin	6.9%	5.1%	8.4%	6.8%	6.2%
Net working capital (Operating)	779	-200	-184	-307	-389	Free cashflow margin	-3.6%	10.4%	6.8%	6.3%	5.7%
Invested Capital	10,301	8,778	9,391	9,426	9,559	Per share (TL)					
Ratios						EPS	10.18	7.20	18.04	15.49	16.13
Profitability						BVPS	33.33	32.76	42.72	40.02	39.96
ROE	35.1%	21.8%	47.8%	37.4%	40.3%	DPS	6.50	6.22	15.06	13.94	14.52
Net margin	6.9%	5.1%	8.4%	6.8%	6.2%	Valuation					
Asset turnover	1.6x	1.2x	1.6x	1.6x	1.7x	P/E	11.7x	16.6x	6.6x	7.7x	7.4x
Leverage	3.3x	3.4x	3.6x	3.5x	3.8x	P/BV	3.6x	3.7x	2.8x	3.0x	3.0x
ROA	10.8%	6.3%	13.4%	10.7%	10.7%	EV/EBITDA	9.7x	11.0x	5.6x	6.5x	6.1x
ROIC	31.8%	22.4%	46.8%	38.7%	40.5%	EV/Sales	1.0x	1.0x	0.6x	0.6x	0.5x
Leverage						Dividend Yield	5.4%	5.2%	12.6%	11.7%	12.1%
Financial debt/Total assets	39%	39%	33%	33%	32%	Free cashflow yield	-4.5%	12.2%	12.2%	12.1%	12.4%
Net debt/Equity	0.83	0.75	0.40	0.49	0.50						
Net debt/EBITDA	1.85	1.91	0.71	0.94	0.91						

Source: Company data, Tacirler Investment

* All figures are stated in millions of TL unless otherwise stated.

Important Disclosures

Rating Methodology

Stock ratings are based on absolute return potential of the stock, which is defined as the percentage change in target price from the current share price. All recommendations and target prices are set with a 12-month horizon. Target prices are set by using one or more of the following methodologies: DCF, Net Asset Valuation, sum of the parts model and multiple comparison.

Rating Definition

Strong Buy: The stock is expected to generate a return of more than 25% in TL terms.

Buy: The stock is expected to generate a return of 15-25% in TL terms.

Hold: The stock is expected to generate a return of less than 15% in TL terms.

Sell: The stock is expected to generate a negative return within the forecast horizon.

Disclaimer

This document was produced by Tacirler Yatırım Menkul Değerler A.Ş. ("Tacirler Investment"), solely for information purposes and for the use of the recipient. It is not to be reproduced under any circumstances and is not to be copied or made available to any person other than the recipient.

This document does not constitute an offer of, or an invitation by or on behalf of Tacirler Investment to any person to buy or sell any security. The information contained herein has been obtained from published information and other sources which Tacirler Investment considers to be reliable. Tacirler Investment does not accept any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document.

Recipients of this document are urged to base their investment decisions upon their own appropriate investigations that they deem necessary and they should make their own independent decisions as to whether an investment or instrument is proper or appropriate based on their own individual judgment and their risk-tolerance. Any loss or other consequence arising from the use of the material contained in this publication shall be the sole and exclusive responsibility of the investor and Tacirler Investment accepts no liability for any such loss or consequence. Not all investment strategies are appropriate at all times, and past performance is not necessarily a guide to future performance.

Tacirler Investment may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or their derivative securities thereon either on their own account or on behalf of their clients.

Tacirler Investment may perform or seek to perform securities, investment banking or other services for such issuer or its affiliates presented in this document.