

## AT - A GLANCE

Mart 23, 2011

**SAVE THE DATE**  
Ata Invest's Investor Conference in Istanbul  
May 15-17th at Four Seasons Bosphorus  
One-on-Ones and Major Business Owners discussing Growth Strategies

### Market Comment

A slightly negative opening for the market seems possible related to global markets and latest developments. But the question is whether or not Turkey will continue to de-couple, or will finally start to see the side-effects of increasing oil prices and Libya intervention. The markets might shape up today with the CBT meeting, as well as ongoing news stories. Although we do not expect any changes in policy rates and reserves ratio, a negative surprise would trigger the sell-off.

### Macro News

- Appointment of Central Bank Governor...
- Central Bank's Expectation Survey...

### Sector News

### Company News

- Akbank <AKBNK TI> mandates international banks for US\$1.3 bn syndication loan...
- BBVA's acquisition of 24.9% stake in Garanti <GARAN TI> finalized...
- Enka Insaat <ENKAI TI> posted TL 206 mn net profit in 4Q10...
- Halkbank <HALKB TI> to acquire 46% of Halk Leasing from Oyak...
- Petrol Ofisi <PTOFS TI> to apply for delisting...
- Ford Otosan <FROTO TI> signals export of New Transit to US market...

### Agenda

- 23.03 • MPC Rate Decision - Ata Est.: No change
- 24.03 • Foreign Visitor Statistics for February
- 25.03 • Capacity Utilization for March
- 28.03 • Coca Cola İçecek <CCOLA TI> 4Q10 Earnings  
Ata Est. 4Q10: -TL 23 mn, FY10: TL 216 mn (+27% y/y)
- Hürriyet Gazetecilik <HURGZ TI> 4Q10 Earnings  
Ata Est. 4Q10: TL 8 mn, FY10: TL 29 mn
- 29.03 • Wind farm licence tenders (2nd round)
- Coca Cola İçecek <CCOLA TI> 2010 Webcast
- Anadolu Efes <AEFES TI> 4Q10 Earnings  
Ata Est. 4Q10: TL 21 mn (+57% y/y), FY10: TL 504 mn (+19% y/y)
- 30.03 • MPC Meeting Minutes

### Market Data

Indices	Daily	Weekly	YTD	Last	Vol. *	Mcap **
ISE 100	▲ 1.0%	1.0%	22.8%	64,875	2,366	351
ISE 30	▲ 1.0%	0.9%	19.0%	79,688	1,391	274
Financials	▲ 1.0%	0.2%	20.9%	96,443	1,286	228
Industrials	▲ 0.5%	2.8%	43.0%	54,199	1,079	100
Banking	▲ 1.1%	-0.3%	13.5%	135,718	646	171

### Most Active

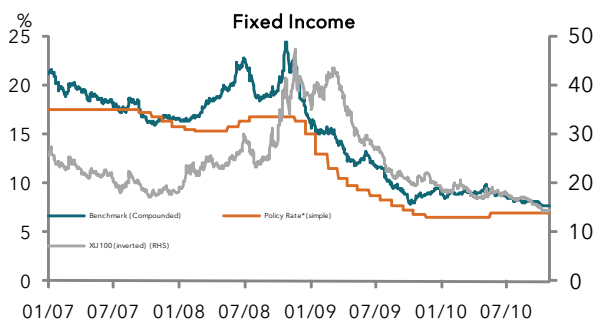
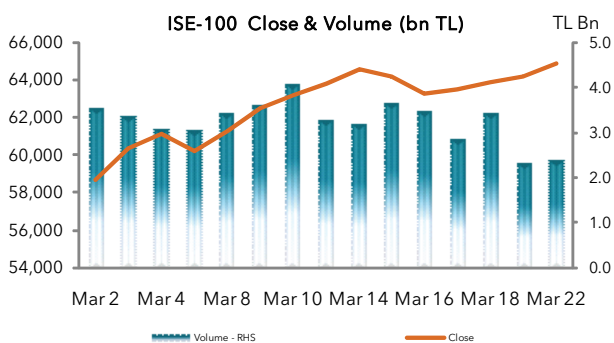
	Perf.	Vol. *	Best	Worst
GARAN	▲ 1.1%	192	ISAMB 0.0%	GOLDS -2.9%
ISCTR	▲ 1.2%	180	CCOLA 6.2%	PTOFS -2.7%
IHLAS	▲ 1.0%	167	EGSER 6.0%	EREGL -2.4%
NETAS	▲ 3.0%	73	SISE 5.9%	KARSN -2.2%
THYAO	▼ 0.0%	68	YKSGR 5.0%	KOZAL -2.0%

\* in TLMn, \*\* in TLbn

### Key Valuation Parametrics

Multiples **	2009	2010E	2011E	Growth	2010E
P/E	12.3	11.0	9.7	Net Earnings	13%
EV/EBITDA	8.9	6.1	5.5	EBITDA	13%
EV/Sales	1.2	0.9	0.8	Sales	14%
P/BV(Banks)	2.5	1.9	1.6	BV	13%

\*\* in TL, based on AtaInvest Coverage (c.82% of ISE MCap)



\*Borrowing rate until 20 May 2010, then one-week repo rate.

## What the Day Heralds

### Appointment of Central Bank Governor...

The governor is appointed by the government for a five-year term.

Minister of Economy, Mr. Babacan, will choose a candidate, who must be approved by the President.

The candidate will be named after incumbent governor Yilmaz' term expires on April 18.

#### Likely Candidates:

Erdem Basci is a deputy governor, appointed in 2003. He is seen as the favorite to succeed Yilmaz. Basci is an economics professor, and has acted as an advisor to Babacan. Basci is associated with the Bank's unorthodox monetary policy.

Ibrahim Turhan is an academician, who has sat on the bank's monetary policy committee since June 2006, and has served as one of four deputy central governors since 2008. He is a member of the advisory board of the Global Economic Forum.

Tevfik Bilgin has previously worked as manager of state-owned bank Halkbank. He has been the Chairman of Turkey's Banking Regulation and Supervision Agency (BDDK) since 2003. Bilgin supports the CBT's unorthodox monetary policy, while admitting that loan growth of above 25% would risk financial stability.

Ibrahim Canakci has served as Treasury Undersecretary since 2003, having previously worked at the BDDK and State Planning Organization. During his time as Undersecretary, Turkey has seen its borrowing costs plummet and managed to keep itself afloat during the global financial crisis without needing IMF funding. The Treasury has sought to lengthen maturities and reduce debt roll-over rates.

Can Akin Caglar has served as the General Manager of state-run Ziraat Bankasi since 2003. Caglar, previously worked as general manager of Family Finans, a participation bank from 1998 to 2003. During his time as General Manager, Ziraat established itself as Turkey's largest bank in terms of assets and profit. The bank's 2010 net profit was at a record high of TL

3.71 bn and total assets were TL 151 bn. Caglar is also seen as a possible successor to Bilgin at the BDDK.

#### Policy Impact

We do not expect a change of governor at the Central Bank to result in a change in policy. We expect the CBT to keep rates low for longer. It is likely to hike rates by 75 bps in 2H11.

We stick to our year-end inflation forecast of 6.5-7%, and policy rate of 7% compared to bank's survey average of year end inflation at 6.77%, and policy rate at 6.74% from a current 6.25%.

We expect the CBT to keep both policy rates and RRR at current levels at its March 23 MPC meeting.

In our view, early rate hikes may jeopardize Turkey's healthy recovery from global crisis and attract further FX inflows pressuring Lira appreciation. Given the unreliability of external demand conditions due to problems in the MENA region (accounting for 25% of Turkey's foreign trade) and Euro-zone (accounting for 47% of Turkey's foreign trade) Lira appreciation would deteriorate Turkey's terms of trade, leading to a widening current account deficit.

Turkey's current unorthodox monetary policy targets not only inflation, but also fiscal stability. Subsequently, it keeps policy rates low to prevent hot money flows into the country, while hiking RRR rates to prevent domestic credit growth, and therefore a bubble in asset prices. Please see our note 'Interest Rate View' on interest rates issued yesterday. (*See our Macro Note: Monetary Policy View- Monetary Policy and Next Governor of the Central Bank, of March 21*).

**Central Bank's Expectation Survey...** The Central Bank's second expectation survey for March indicates that the 12-month forward-looking CPI forecast has slightly increased to 6.76% from 6.73%, in addition to the 24-month forward looking estimate, which edged up to 6.36% from 6.30%. Year-end inflation expectations also rise to 6.85%. Our year-end CPI forecast is at 7.0%. Note too, that in the survey the Central Bank is foreseen increasing the policy rate to 7.42% within the next 12-months.

## Company News

Akbank	UNDERPERFORM	Share Price: TL 7.78
AKBNK TI	P/E: 10x	Target Share Price: TL 8.38
Banking	P/B: 1.6x	Upside Potential: 8%

**Akbank <AKBNK TI> mandates international banks for US\$1.3 bn syndication loan...**

The maturity will be one year.

Garanti Bank	MARKETPERFORM	Share Price: TL 7.6
GARAN TI	P/E: 10.3x	Target Share Price: TL 8.34
Banking	P/B: 1.9x	Upside Potential: 10%

**BBVA's acquisition of 24.9% stake in Garanti <GARAN TI> finalized...**

Garanti has announced that the acquisition process of Dogus Holding's 6.3% and GE's 18.6% stake in the bank by BBVA is now complete.

Enka Insaat	MARKETPERFORM	Share Price: TL 5.72
ENKAI TI	P/E: 14.9x	Target Share Price: TL 6.6
Conglomerates	EV/EBITDA: 9.2x	Upside Potential: 15%

**Enka Insaat <ENKAI TI> posted TL 206 mn net profit in 4Q10...**

Enka Insaat disclosed TL 206 mn net profit in its 4Q10 financials, compared to TL 240 mn a year ago. The retreat at the bottom line is attributable to the company's weak operating performance, coupled with a higher tax rate, as higher net other income could not offset the retreat in the bottom line.

On an annual basis, Enka Insaat's net earnings climbed to TL 819 mn in 2010, staying almost flat from 2009's figure of TL 816 mn. This is also above our TL 763 mn call, and the TL 796 mn CNBC-E consensus estimate, as a result of better-than-expected non-operating performance in the underlying quarter.

**Top-line performance**

Enka Insaat's consolidated revenues eased by 2% y/y to TL 1,774 mn in 4Q10, which softened the full year top line contraction to 11% y/y to TL 7.1 bn.

Looking at the segmental breakdown, revenues generated from the construction sector tumbled by 55% y/y to TL 336 mn. We mainly attribute this to the slowdown in certain projects. Also, the company's real estate segment generated TL 141 mn turnover in the underlying quarter, compared to TL 286 mn in 4Q09. On the other hand, net sales in its energy segment climbed by 35% y/y to TL 1.15 bn in the underlying quarter.

**Operating performance**

Enka Insaat's consolidated EBITDA in 4Q10 was at TL 237 mn, compared to TL 376 mn a year ago. This corresponds to a 13.3% EBITDA margin in 4Q10, compared to 20.7% in 4Q09. The contraction in EBITDA is largely due to 76% y/y erosion in construction segment EBITDA to TL 30 mn in 4Q10. Also, a 21% y/y contraction in energy segment EBITDA in 4Q10 helped EBITDA to decrease.

TL mn	4Q10	4Q09	y/y	3Q10	q/q	2010	2009	y/y
Sales	1,774	1,815	-2%	1,718	3%	7,065	7,921	-11%
EBITDA	237	376	-37%	245	-3%	1,135	1,372	-17%
Net Earnings	206	240	-14%	229	-10%	819	816	0%
<b>Margins</b>								
EBITDA Margin	13.3%	20.7%		14.2%		16.1%	17.3%	
Net Margin	11.6%	13.2%		13.3%		11.6%	10.3%	

<b>Halk Bank</b>	<b>OUTPERFORM</b>	Share Price: TL 12.2
HALKB TI	P/E: 8x	Target Share Price: TL 16.92
Banking	P/B: 1.8x	Upside Potential: 39%

***Halkbank <HALKB TI> to acquire 46% of Halk Leasing from Oyak...***

Halkbank has announced that it is to acquire a 46% stake in Halk Leasing from Oyak for TL 55.7 mn. Following the acquisition the bank's stake will reach 94.2%. The deal is expected to be finalized by June.

On a separate note, the bank is also to establish a portfolio management company that would manage the funds of newly-established Halk Pension company. The paid-in capital of the company will be TL 5 mn. Halkbank will hold a 55% stake, while the bank's subsidiaries will own the rest.

Both Halk Leasing and the portfolio management company are very small when compared to Halkbank's asset size, and thus the news flow should not have a material impact.

<b>Petrol Ofisi</b>	<b>N/R</b>	Share Price: TL 9.3
PTOFS TI	P/E: 25.5x	Target Share Price: -
Oil	EV/EBITDA: 9.1x	Upside Potential: -

***Petrol Ofisi <PTOFS TI> to apply for delisting...***

Petrol Ofisi has decided to apply to the Istanbul Stock Exchange and Capital Market Board to be delisted. Following the completion of tender call process in March 8, 2011, Petrol Ofisi's free float fell to 3.02%. Reportedly, the offer price will be TL 7.01- the same amount determined for the tender call.

<b>Ford Otosan</b>	<b>OUTPERFORM</b>	Share Price: TL 14.1
FROTO TI	P/E: 9.7x	Target Share Price: TL 17
Automotive	EV/EBITDA: 6.8x	Upside Potential: 21%

***Ford Otosan <FROTO TI> signals export of New Transit to US market...***

According to daily Hurriyet, Ford Otosan is planning to export its new generation Transit model to the US after the success of its current Transit Connect model. Transit Connect exports to US had started in May 2009, with 50K units sold since then. The new Transit will be on the road within 3 years with a total investment of US\$ 630 mn. Exporting the Transit to the US market is positive for the company in the medium term, enhancing capacity utilization rates.

## Corporate Actions

Company	Ticker	Cash Dividend Distribution			Capital Increase			Date	Ref Price (TL)
		Total (TL mn)	Gross per share (TL)	Gross Yield	Bonus Issue	Rights Issue	Post-increase Capital (TL mn)		
Adana Cimento	ADANA	32	0.358	6.8%				31-May	
Adana Cimento (B)	ADBGR	21	0.255	7.7%				31-May	
Adana Cimento (C)	ADNAC	6	0.035	4.5%				31-May	
Akbank	AKBNK	570	0.1	1.8%				23-Mar	
Akcansa	AKCNS	39	0.2	2.9%				4-Apr	
Albaraka Turk	ALBRK	13	0.0	1.1%				5-Apr	
Anadolu Hayat	ANHYT	40	0.2	3.2%				30-Mar	
Anadolu Sigorta	ANSGR	10	0.0	1.7%				30-Mar	
Arcelik	ARCLK	250	0.4	5.1%				29-Mar	
Aygaz	AYGAZ	125	0.4	4.6%				4-Apr	
Bagfas	BAGFS	20	0.1	3.7%				18-May	
Bolu Cimento	BOLUC	11	0.1	4.8%				31-May	
Cimsa	CIMSA	95	0.7	7.3%				7-Apr	
Emlak REIC	EKGYO	175	0.1	2.6%				31-Mar	
Eregli Demir Celik	EREGL	450	0.281	5.2%				31-May	
Ford Otosan	FROTO	302	0.9	6.1%				1-Apr	
Garanti Bank	GARAN	570	0.14	1.8%				11-Apr	
Halk Bank	HALKB	395	0.3	2.6%				27-May	
Hektas	HEKTS	12	0.2	10.0%				30-May	
Is Bank (C)	ISCTR	691	0.2	3.0%					
Koc Holding	KCHOL	550	0.228	3.2%				14-Apr	
Mardin Cimento	MRDIN	71	0.6	8.6%					
Netas	Netas	18	2.8	2.0%				25-May	
Sekerbank	SKBNK	13	0.02	1.0%	3%		775		
Tofas	TOASO	250	0.5	6.1%				7-Apr	
T.S.K.B.	TSKB	42	0.1	2.3%	14.3%		800		
Tupras	TUPRS	746	2.978	6.7%				4-Apr	
Turk Telekom	TTKOM	2,244	0.6	8.8%				30-May	
Turk Traktor	TTRAK	150	2.8	9.2%				1-Apr	
Unye Cimento	UNYEC	45	0.4	8.5%					
Vakif Bank	VAKBN	34	0.0	0.3%					
Yapi Kredi Sigorta	YKSGR	22	0.3	1.8%				28-Mar	



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