

AT - A GLANCE

May 25, 2011

Market Comment

Local equities posted a good recovery. Yet the mkt is still trading below its 200-day MOV (65,434) and needs further cash inflow to rise above it. We expect a flat to neg. opening following yesterday's rise and drop in global mkt. The tech. reaction still has room up to the 200-day MOV. Res. @ 65,000 and 65.434. Sup. @ 64.000 and 63.200.

Sector News

- RWE plans to increase presence in Turkish market...
- Firms participating in electricity grid privatizations demand additional period...

Macro News

- May Capacity Utilization...

Company News

- Turk Telekom <TTKOM TI> All agenda items at AGM approved...
- Sabanci Holding <SAHOL TI> subsidiary Enerjisa may take over Akdeniz electricity distribution operations...
- THY <THYAO TI> has taken over Bosnia Airlines' management...

Market Data

Indices	Last	Daily	Weekly	YTD	Vol. *	Mcap *
ISE 100	▲ 64,561	2.1%	-1.3%	-2.2%	2.3	351
ISE 30	▲ 78,876	2.3%	-1.4%	-3.0%	1.5	274
Financials	▲ 94,664	2.6%	-1.7%	-5.0%	1.5	228
Industrials	▲ 56,907	1.7%	-1.0%	8.4%	0.8	100
Banking	▲ 130,676	3.2%	-1.8%	-9.1%	1.0	171

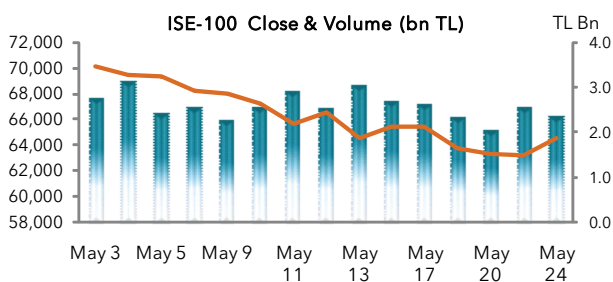
Most Active	Perf.	Vol.	Best	Worst
GARAN	▲ 4.1%	379	AFYON 18.3%	TSPOR -10.2%
ISCTR	▲ 2.8%	218	GOLTS 11.1%	ITTFH -5.7%
IHLAS	▲ 0.8%	117	GUBRF 9.6%	FENER -4.1%
ITTFH	▼ -5.7%	99	IHEVA 8.5%	GSRAY -2.7%
MGROS	▼ -1.0%	96	BAGFS 7.5%	SISE -1.4%

* in TLbn

Key Valuation Parametrics

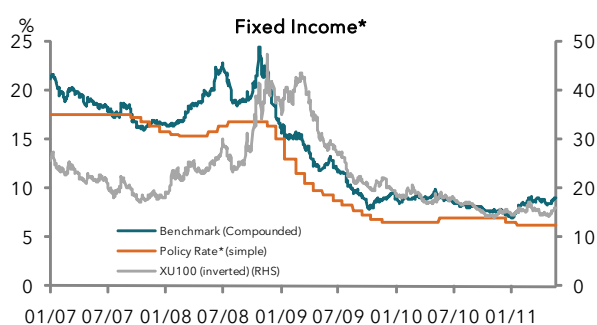
Multiples *	2010E	2011E	2012E	Growth	2011E
P/E	11.0	10.1	9.2	Net Earnings	10%
EV/EBITDA	8.4	7.1	6.3	EBITDA	19%
EV/Sales	1.2	0.9	0.9	Sales	22%
P/BV(Banks)	1.5	1.4	1.2	BV	9%

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



Agenda

- 25.05 • MPC Rate Decision
- 27.05 • International Reserves and FX Liquidity for April
- Deadline to apply for tax amnesty
- 31.05 • Foreign Trade Statistics for April
- Financial Stability Report
- 1.06 • MPC Meeting Minutes
- Turkish PMI for May
- TEA Exports for May
- ICC Retail Sales for May
- 3.06 • CPI & PPI for May
- 27.06 • Deadline to submit bids for Hamitabat privatisation



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

What the Day Heralds

May Capacity Utilization... The capacity utilization rate (CUR) rose by 1.9 points y/y to 75.2% in May, thus, exceeding the 2010 average CUR of 72.6%. CUR of around 75% implies that current levels are still low compared to pre-crisis levels. May's figure signals that inflationary pressures may start to kick in during the upcoming period when CUR exceeds the pre-crisis average for 2008 of around 79%. Seasonally-adjusted capacity utilization was realized at 74.8%, hence lower than the April 2010 level of 75.9%.

According to the main industry groupings, durables declined by 1.2%, while intermediate goods remained flat at 0.6% and investment goods displayed annual growth of 6% in May. However, non-durables and consumer goods remained flat, while food & beverages displayed an annual contraction of 0.7%.

Comment: The continued monthly increase in CUR means that economic activity is at full speed, and therefore contributing positively to economic growth. Healthy CUR combined with widening credit growth is likely to pressure inflationary dynamics in the upcoming periods. In an effort to curb these pressures, to limit widening credit growth and to a curb widening current account deficit, the CBT recently increased reserve requirements on both TL and FX-denominated deposits, and seems determined to take further related actions. However, we do not expect the Bank to rush at rate hikes until capacity utilization reaches its pre-crisis levels. (*See our Macro*

Note: - Capacity Utilization: Strong but not at Pre-crisis level, of May 24).

RWE plans to increase presence in Turkish market... RWE Turkey CEO Andreas Radmacher has stated that a € 160 bn investment is needed over 20 years in order to meet electricity demand growth. He expressed their willingness to capture a slice of the growing local market, so long as it becomes more secure and deeper without revealing their own investment target. Additionally, he stated RWE's interest in the Baskent NG DisCo, and the production & distribution assets of Akenerji <AKENR TI>. Currently, RWE and Turcas are establishing a 775 MW natural gas fired combined cycle power plant in Denizli, Turkey.

Firms participating in electricity grid privatizations demand additional period... Six of the 7 firms to have submitted the highest bids in the electricity grid privatizations have demanded an additional period, while Park Elektrik has withdrew from the privatization of the Mediterranean Distribution grid, forfeiting US\$ 10mn in assurance. Yet, the company has maintained its existing rights in the Bogazici and Toroslar distribution grids, where it submitted the third and second best offers, respectively.

Company News

Turk Telekom	MARKETPERFORM	Share Price: TL 8.14
TTKOM TI	P/E: 10.8x	Target Share Price: TL 8.1
Telecom	EV/EBITDA: 6.1x	Upside Potential: 0%

Turk Telekom <TTKOM TI> All agenda items at AGM approved...

Turk Telekom's Annual General Assembly convened yesterday, and all agenda items were approved. The company is to start distributing a TL 2,224 mn cash dividend on May 30, which implies a gross TL 0.64113 per share (net TL 0.54496), suggesting a 7.9% gross dividend yield (6.7% net) according to yesterday's stock closing. Recall that the company's AGM could not be held on April 25 due to the absence of Government Commissioners.

Sabanci Holding	OUTPERFORM	Share Price: TL 7.44
SAHOL TI	P/E: 10x	Target Share Price: TL 8.35
Conglomerates	EV/EBITDA: 3.5x	Upside Potential: 12%

Sabanci Holding <SAHOL TI> subsidiary Enerjisa may take over Akdeniz electricity distribution operations...

According to a statement made by Energy Minister Mr. Yildiz, Enerjisa (a 50-50 JV between Sabanci Holding and Verbund) is to continue with the takeover process of the Akdeniz electricity distribution tender, following the decision of the highest bidder, Park Holding, to withdraw.

At the next stage, official notification from the Privatization High Council will be sent to Sabanci Holding. The management has expressed serious interest in Akdeniz electricity Distribution Company.

Note that at the tender held back in December 2010, Park Holding was the best bidder with a US\$ 1,165 mn price tag, while Enerjisa was second best with its offer of US\$ 1,128 mn. The Akdeniz region

has 1.5 mn subscribers consuming 6.6 TWh of electricity.

Enerjisa already operates Baskent electricity distribution operations (3.1 mn subscribers & 12.2 TWh electricity consumption), and aims to increase its exposure to distribution business. However today's news flow does not mean a definite takeover of Akdeniz DisCo at the current stage, and yet the company will be seriously interested in acquiring the region's operating rights.

Turkish Airlines	OUTPERFORM	Share Price: TL 4.35
THYAO TI	P/E: 10x	Target Share Price: TL 6.56
Aviation	EV/EBITDA: 7.4x	Upside Potential: 51%

THY <THYAO TI> has taken over Bosnia Airlines' management...

According to the dailies, THY's chairman Mr. Topcu stated that the company has recently taken over Bosnia Airlines' management. Furthermore, THY plans to form a strategic partnership with Spanair and use Barcelona as a hub in Spain. He added that they would shortly hold an aircraft purchase tender.

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)		
Bizim Toptan	BIZIM	14	0.34	1.2%				25-May	26.12
Adana Cimento	ADANA	32	0.36	6.9%				31-May	
Adana Cimento (B)	ADBGR	21	0.25	7.4%				31-May	
Adana Cimento (C)	ADNAC	6	0.04	4.1%				31-May	
Alarko Holding	ALARK	5	0.02	0.6%				31-May	
Anadolu Cam	ANACM	26	0.07	2.1%				31-May	
Anadolu Efes	AEFES	216	0.48	2.2%				27-May	
Anadolu Hayat	ANHYT				20.0%		300		
Bolu Cimento	BOLUC	11	0.08	4.7%				31-May	
Coca Cola Icecek	CCOLA	70	0.28	1.2%				26-May	
Dogan Yayin Holding	DYHOL					100.0%	2,000		
Eregli Demir Celik	EREGL	450	0.28	5.0%				31-May	
Halk Bank	HALKB	395	0.32	2.7%				27-May	
Hektas	HEKTS	12	0.16	8.1%				30-May	
Koza Gold	KOZAL	25	0.15	0.7%				30-May	
Mardin Cimento	MRDIN	71	0.65	8.3%				31-May	
Netas	NETAS	18	2.75	1.7%				30-May	
Sekerbank	SKBNK	13	0.02	1.1%	3%		775		
Sinpas REIC	SNGYO	30	0.06	3.0%	20%		600		
Sise Cam	SISE	46	0.04	0.9%				31-May	
Tekfen Holding	TKFEN	53	0.14	2.4%				27-May	
Trakya Cam	TRKCM	45	0.08	2.1%				31-May	
Turk Telekom	TTKOM	2,244	0.64	8.1%				30-May	
Turkish Airlines	THYAO				20.0%		1,200		
Ulker Biskuvi	ULKER	13.9	0.05	0.9%				27-May	
Unye Cimento	UNYEC	45	0.37	7.8%				27-May	
Vakif Bank	VAKBN	34	0.01	0.4%				31-May	

Bizim <BIZIM T> Toptan will pay out TL 0.338 per share gross dividend today, with a TL 26.10 reference price.

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