Equity / Large Cap. / Conglomerate

Company Update

31 May 2011

OUTPERFORM

Sabanci Holding

Upside Potential* 30%

Bloomberg: SAHOL TI **Reuters: SAHOL IS**

Redealing the cards for betting on energy

- **We have upgraded our call to Outperform with a new target price of TL8.94**. We have raised our 12-mth target price to TL8.94 from TL8.59 following the revisions in the f/x expectations coupled with new investments in Enerjisa despite the downward revision in target mcap of Akbank due to the negative environment deriving from the central bank's restrictive measures on banking industry, which has limited the upside for the shares. The holding shares currently offer 30% upside and trade with 33% and 41% discount to its current and target NAVs respectively, which is strictly higher than the holding universe figures of 25% and 29% respectively.

- **Robust loan growth of Akbank will back the limited contraction in NIM.** We forecast 26% loan growth for Akbank where retail loans will be the driving force for TL loan growth, while foreign trade and project financing will be pushing the FX loan growth. Our projections also point to 40bps net interest margin contraction for Akbank in 2011 whilst the low interest rate environment will continue to hurt the bank's NII growth momentum.

- **Enerjisa Generation will post a better topline performance with improved margins in 2011 after the Bandirma Project.** We estimate that Enerjisa Genco's EBITDA will reach to US$150mn (FY10: US$66mn); implying a 17.6% EBITDA margin, which is higher than the last year's margin of 14% thanks to the improved efficiency of Bandirma Project, whose efficiency ratio is much higher than its peers with 54%.

- **New opportunities in the electricity distribution market appear with question marks due to high transaction multiples.** After the withdrawal of Park Holding, Enerjisa has become the strongest candidate for the acquisition of Akdeniz Region; which is also compatible with the company's long term strategy in distribution business. However, Akdeniz's transaction multiples are higher than Enerjisa paid for Baskent Region and historical transactions' average; raising concerns regarding the feasibility of the deal amid the ambiguity in the price regulation mechanism.

- **The contribution of other segments will be more visible in 2011.** Sabanci Retail Group projects 20% growth in 2011, following 13% in 2010, where the holding may be interested in potential acquisitions for organic growth of Carrefoursa while the IPO of Teknosa is also in the pipeline. Cement segment is expected to display a top line growth of around 10-15%, while the automotive group implies a 35% growth on YoY basis with better earning margins thanks to the positive contribution of Temsa.

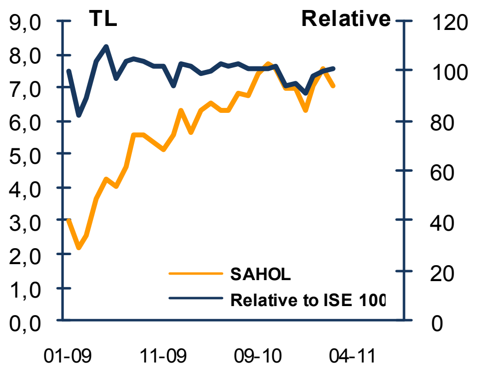
- **Our revised 2011 financial estimates offer stronger industrial top line with a slight downward revision in total bottom-line.** The company is estimated to attain 11% growth in top-line on the back of strong contribution from energy, retail and cement segments, while the finance segment impedes bottom-line growth due to the restrictive measures on the banking industry.

Stock Data	TRY	US$
Price at 30 05 2011	6.88	4.30
12-Month Target Price	8.94	5.72
Mcap (mn)	14,038	8,765
Float Mcap (mn)	6,177	3,857
No. of Shares Outstanding		2040 mn
Free Float (%)		44.00
Avg.Daily Volume (3M, mn)	31.5	21.1

Market Data	TRY
ISE 100	61,492
US$ Spot Rate	1.6016
US$ 12-Month Forward	1.6485

Price Performance (%)	1 Mn	3 Mn	12 Mn
TRY	-14	9	7
US$	-18	10	4
Relative to ISE-100	-3	7	-4

Price / Relative Price



52 Week Range (Close TRY)	6.14	8.06

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SAHOL - Summary of Key Financials (TL mn)

Summary of Key Financials (TL mn)				
Income Statement (TL mn)	**2009A***	**2010A***	**2011E**	**2012E**
Revenues	6,825	7,997	10,362	12,953
Revenues with banking industry	18,848	19,541	21,765	25,165
EBITDA	3,831	4,252	4,345	4,916
Depreciation & Amortisation	431	450	536	602
EBIT	3,885	4,290	4,203	4,759
Other income (expense), net	67	392	394	445
Financial expenses, net	8	(56)	(56)	(64)
Minority Interests	1,783	1,824	1,929	2,126
Income before tax	1,867	2,483	4,324	4,892
Taxation on Income	(608)	(820)	(802)	(864)
Net income	1,258	1,663	1,592	1,902
Cash Flow Statement (TL mn)				
Net Income	1,258	1,663	1,592	1,902
Depreciation & Amortisation	431	450	536	602
Indemnity Provisions	22	62	0	0
Change in Working Capital	585	33	480	(54)
Cash Flow from Operations	2,296	2,208	2,608	2,450
Capital Expenditure	1,503	1,224	1,879	1,737
Free Cash Flow	794	984	729	714
Rights Issue	0	0	0	0
Dividends Paid	135	204	306	300
Other Cash Inflow (Outflow)	11,044	(13,230)	2,924	(523)
Change in net cash	11,703	(12,450)	3,347	(110)
Net Cash	12,844	394	3,741	3,631
Balance Sheet (TL mn)				
Tangible Fixed Assets	4,112	4,865	5,998	6,931
Other Long Term Assets	18,955	29,769	36,189	43,059
Intangibles	1,057	1,077	1,287	1,488
Goodwill	706	725	867	1,002
Long-term financial assets	29,301	38,484	43,456	47,847
Inventories	823	970	1,019	1,092
Trade receivables	1,568	1,588	1,310	1,514
Cash & equivalents	23,425	16,246	22,340	24,335
Other current assets	31,248	35,533	43,026	52,434
Total assets	111,926	130,060	155,493	179,703
Long-term debt	4,570	7,235	8,287	9,204
Other long-term liabilities	2,531	2,926	3,572	4,141
Short-term debt	6,012	8,618	10,312	11,500
Trade payables	996	1,195	1,447	1,670
Total Debt	10,581	15,852	18,599	20,704
Other short-term liabilities	75,460	83,859	103,707	120,993
Total liabilities	91,238	105,414	127,325	147,508
Minority Interest	9,741	11,577	13,506	15,632
Total equity	10,947	13,069	14,661	16,563
Paid-in capital	1,900	2,040	2,040	2,040
Total liabilities & equity	111,926	130,060	155,493	179,703
Valuation Metrics				
EV/Sales (x)	3.9x	5.0x	4.7x	4.1x
EV/EBITDA (x)	19.0x	22.9x	23.7x	21.0x
EV/IC (x)	11.1x	13.3x	12.6x	11.0x
P/E (x)	6.6x	8.3x	9.0x	7.6x
FCF yield (%)	0.1x	0.1x	0.1x	0.0x
Dividend yield (%)	2%	2%	2%	2%

*based on average Mcap during the year

Source: Company's Financial Statements & Is Investment

Valuation & Recommendation

Revisions in estimates of major assets

F/X Assumptions

- We have revised our f/x assumptions for YE11 assuming a more rapid depreciation of TL against other currencies. As an example, our $/TL expectation for the year-end has been changed to 1.56 from the previous 1.51.

New investments of Enerjisa has raised target NAV despite downward revision in Akbank.

Enerjisa

- We have included Bandirma II Natural Gas power plant project into our valuation model, whose financing agreements are already completed and the environmental impact assessment report has been approved. The generation license is expected to be obtained in 2H11. Bandirma II is the twin plant of NGPP Bandirma I with an installed capacity of 930MW; implying annual generation capacity of 6,045 GWh. The project is going to commence its operations by 1Q14.
- We have revised our efficiency assumptions for energy projects based on the company guidance. Accordingly, we set a higher efficiency ratio for Bandirma I-II, which is 54% thanks to its state of the art technology.
- On the distribution side, we revised our EBITDA assumptions from 4.5% to 5% between 2013-2015 and from 5.5% to 6% after 2015 thanks to the improvement in earning margins already recorded in 2010 results, which seem to prevail in upcoming years.
- Accordingly, we value Sabanci's 50% share in generation and distribution assets of EnerjiSA for around US$1.65bn, while our prior valuation implies US$1.3bn; corresponding to a 27% increase on $ basis.

We revised our target price from TL8.59 to TL8.94; offering 30% upside currently.

Akbank

- We lowered our Target NAV for Akbank from TL37.0bn to TL32.8bn (Sabanci's portion:TL15.1bn and TL13.4bn) due to the negative environment deriving from the central bank's restrictive measures on the banking industry. Sharp rises in reserve requirement ratio, which is far beyond our initial forecasts led to a downward revision of sustainable ROE assumptions; and thereby lowered our target valuation for the bank.

Target Price Revision

Target NAV (US$mn)	Old	New
Akbank	9,273	8,956
EnerjiSA Generation	926	1,213
Enerjisa Distibution	361	438
Others	3,896	3,970
Total Target NAV	**14,456**	**14,576**
Total Target Mcap *	**11,565**	**11,661**
Total Target NAV (TLmn)	**17,524**	**18,242**
Implied price / share	**8.59**	**8.94**

* after applying 20% conglomerate discount

Source: Is Investment Estimates

2011 Expectations

Banking

Akbank

Robust loan growth in 2011 with limited contraction in NIM while other income lines are getting weaker

Akbank's free-equity rich balance sheet implies robust loan growth in 2011. We forecast 26% loan growth for Akbank and assume that the bank will have ample funds invested in its huge securities book to convert into loans. We witnessed that the bank has successfully utilized securities redemptions in 1Q loan growth. To cope with the headwinds regarding higher reserve requirement rates, Akbank will focus on retail segments to support its margins while foreign trade and project financing will be pushing the FX loan growth.

Our projections also point to 40bps net interest margin contraction for Akbank in 2011 to be primarily affected by back loaded rate hikes (150bps), re-pricing securities book and the bank's expected aggressiveness in loan pricing. Still, the NII is forecasted to grow 3% in annual readings to be driven by rapid change in asset mix in favor of loans. The strong loan volume growth will hinder further margin erosion, yet we remain skeptic about the bank's possible aggressive pricing on the lending front.

On the other hand, trading gains and NPL reversals are poised to come down markedly, posting 7% and 30% respective drop annually in 2011. The revenue gap on the non-interest income side will be partially filled by the fee income, which is forecast to grow 7% over the same period. Loan growth and asset management will be the main sources for the fee income growth.

Our projections point to 3% net income drop in 2011.

On the cost of risk side, we see no reason a major pick up in the bank's gross NPL stock in 2011 and the new NPL formation is expected to slide by 4% on nominal yearly comparisons.

The low interest rate environment will continue to hurt the bank's NII growth momentum as securities re-pricing continues and low inflation rates also gives a low earning momentum for the CPI linkers. Our projections point to 3% net income drop in 2011 on YoY comparisons.

Energy Generation

Enerjisa Genco

Enerjisa will display a better top line performance with improved margins in 2011 thanks to the incorporation of Bandirma Project into the generation asset portfolio.

Enerjisa Genco has launched Canakkale wind power plant project and Hacinninoglu hydro power plant project with 30MW and 142MW installed capacities respectively. Please recall that Enerjisa's natural gas fired Combined Cycle Plant in Bandirma also started its operations in 4Q10 with a production capacity of 920MW. The plant is estimated to generate at least 6bn kWh of electricity in 2011, which is going to supply 70% of total demand of Bursa, Balikesir and Çanakale cities with a targeted efficiency of 60%, a very high level for NGPPs.

Bandirma plant is the largest project in the energy portfolio of the conglomerate as it will constitute 68% of the total installed capacity of Enerjisa as of 2011, while its revenue contribution at around US$550mn will also help the company with Canakkale and Hacinninoglu projects together to reach a total revenue of US$850mn in 2011; up by 80% compared to that of last year's US$470mn. We also estimate that Enerjisa's EBITDA will reach US$150mn (FY10: US$66mn); implying 17.6% EBITDA margin, which is 3pp higher than the last year's margin of 14% thanks to the improved efficiency.

Energy Distribution

After withdrawal of Park Holding, Enerjisa became the strongest candidate for the acquisition of Akdeniz Region; which is also compatible with the company's long term strategy in distribution business.

After the withdrawal of Park Holding from Akdeniz Electricity Distribution Region tender, EnerjiSA has become the preferred bidder to takeover the region with its second highest bid of US$1.12bn. According to the statements of Minister of Energy, Taner Yildiz, Turkey's Privatization Authority will officially offer Sabanci Holding to acquire Akdeniz Elektrik from 31 May onwards.

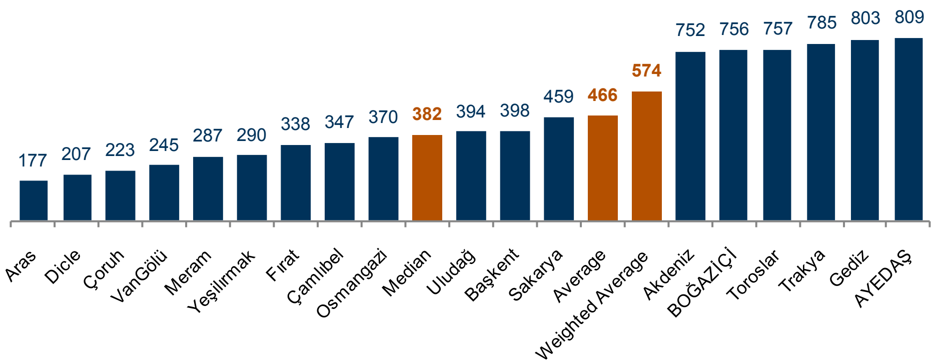
Sabanci Holding has been looking for opportunities on the distribution side in order to match with its 5,000MW generation capacity target securing a 6mn customer base with two or three distribution regions. The possible acquisition of Akdeniz region will carry total subscriber number of Enerjisa to 4.8mn level. Therefore, we could think that the Holding's interest towards Akenerji's generation and distribution assets (Sedas) (which have been put on sale for a few months) may be still valid since the Sedas is estimated to have 1.4mn subscriber bringing total Sabanci's customer base to 6.2mn level.

It should be also noticed that Akdeniz Electricity Distribution Region has 1.56mn subscribers with an annual consumption amount of 5,928GWh, while Sabanci's offer implies a value per consumption multiple of 189$/kWh and value per subscriber multiple of 723$/subscriber, which is higher than both the weighted average of previous distribution tenders' multipliers of 127$ and 574$ respectively.

Akdeniz's transaction multiples are higher than Baskent; raising concerns regarding the feasibility of the deal amid the ambiguity in the price regulation mechanism

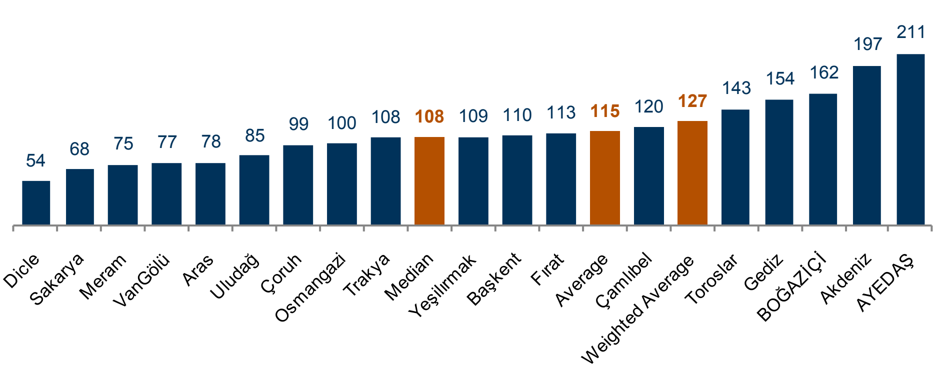
Please remember that Sabanci Holding purchased Baskent Region with a deal value of US$1,225mn; corresponding to respective consumption and subscriber multiples of 110$ and 398$. That means, Akdeniz Region will be more costly compared to the Baskent and other regions acquisitions. Our DCF valuation implies a total Mcap of US$875mn for Baskent region. We think that takeover of additional regions at these high multiples do not seem to add much value to the holding if the current pricing mechanism and distribution margins prevail.

Turkey Electricity Distribution Privatization Multipliers - Value per Subscriber



Source: Is Investment Estimates

Turkey Electricity Distribution Privatization Multipliers - Value per Subscriber



Source: Is Investment Estimates

Cement

Akcansa

We expect Akcansa to generate TL934mn revenues and TL91mn net income in 2011, up by 15% and 52% respectively thanks to better pricing and higher sales volumes in Marmara region.

Akcansa expects significant sales growth in the domestic market and has continuing growth expectations for the construction business. Prices in Marmara region started to recover both in cement and RMC. Akcansa is evaluating possible inorganic growth opportunities, which may bring an upside in the midterm. The company commenced alternative energy investments in Çanakkale plant followed by the sudden increase in raw material prices such as petcoke and coal. Thus, Waste Heat project in Çanakkale plant will reduce electricity costs significantly after mid 2011. Sabanci Cement companies will continuously invest on alternative fuel usage in order to decrease their dependency on petcoke and coal price hikes. We expect Akcansa to generate TL934mn of revenues and TL91mn of net income in 2011, up by 15% and 52% respectively thanks to better pricing and higher sales volumes in Marmara region.

Cimsa

Steep increase in the raw materials costs are the main culprits for the deterioration in the bottom-line for the cement makers in 2010. Çimsa also has investments regarding alternative energy sources. Although petcoke and coal prices loosen up in the first quarter of 2011, it is still too high for cement makers. We expect Çimsa to generate TL765mn of turnover in 2011, up by 10% YoY and post a net income of TL123mn in the same period.

Retail

Sabanci Retail Group projects 20% growth in 2011, following 13% in 2010.

Sabanci Retail Group projects 20% growth in 2011, following 13% in 2010. Total revenues of the retail segment has reached to TL5 bn in 2010, while the group demands to reach TL6bn corresponding to a 20% growth via 340 new stores with an investment budget of TL207mn in 2011. The group currently has 1400 stores; while 900 of them belong to Diasa, Teknosa and Carrefoursa both own around 250 stores.

Carrefoursa

Holding may be interested in potential acquisitions for the organic growth of Carrefoursa whilst IPO of Teknosa is in the pipeline.

The Holding may be interested in potential acquisitions for the organic growth of Carrefoursa whilst they have no significant attempt to buy any particular chain currently. The company does not refrain from expressing its disappointment related to the current partnership structure with Carrefoursa due to the weak earning margins of the chain. The holding may also follow other opportunities in the market; independently from Carrefoursa. Migros acquisition is one of the spoken-out opportunities; while buying the remaining shares of Carrefoursa from the French partner is another.

Teknosa

Teknosa; the leader electronics retail chain offering consumer electronics, telecom and IT products, targets to increase its revenues by 20% and reach TL1.7bn level in 2011. The consumer electronics market has grown by 40% in 1Q11; supporting the aggressive growth argument of the company. Teknosa expects that the consumer electronics market will attain 10% growth in 2011. The company will also increase its market share to 14% in 2011 from the current 13% level. Please note that Sabanci Holding also plans to launch the IPO process of Teknosa in 2012.

Automotive

Automotive group plans to attain TL3.7bn of revenues in 2011; implying a 35% growth on YoY basis with better earning margins thanks to the positive contribution of Temsa.

Tire & Automotive group attained consolidated revenues of TL2.6bn in 2010 with an EBITDA of TL195mn; corresponding to an EBITDA margin of %7.5. The group (Temsa, Brisa, Kordsa) plans to tap TL3.7bn of revenues in 2011 (implying a 35% growth on YoY basis) with a total investment budget of TL110mn with around 10% consolidated EBITDA margin thanks to the contribution of Temsa in 2011 deriving from better operational results after the change of the top management in the company..

Brisa

In 2011, raw material prices in the tire market are predicted to maintain current high levels. Therefore, we anticipate Brisa to reflect these raw material costs onto sales prices in order to maintain its gross margin level. We estimate TL1.2bn sales revenue in 2011 (compatible with the company's projections) on the back of price hikes and improvement in sales volume. Accordingly, we estimate Brisa's EBITDA to be TL143mn in 2011 from estimated TL110mn in 2010, implying 30% growth y-o-y.

Revision of Estimates

The company is estimated to attain 11% growth in top-line on the back of strong contribution from energy, retail and cement market

Finance segment impedes bottom-line growth due to the restrictive measures on the banking industry.

Revisions in Estimates for 2011 and 2012

- In line with our 2011 operational expectations for main subsidiaries of the conglomerate and 1Q11 results, we have revised our financial estimates for Sabanci Holding.
- Strong top-line contribution from energy segment coupled with aggressive growth targets in retail and cement segments will push our net revenue expectation excluding the banking industry from TL8.3bn to TL10.3bn for 2011 and from TL9.1bn to TL13.0bn for 2012.
- However, due to the restrictive measures on banking industry via hike in reserve requirement rates, top-line contribution of the banking segment will remain weaker than last year, which will limit the growth in consolidated revenues of Sabanci Holding. Our new projections imply 11% and 16% top-line growth for 2011 and 2012; corresponding to a total revenue figure of TL21.8bn and TL25.1bn respectively.
- Due to the heavy weight of the finance segment on the bottom-line performance (please note that 87% of EBITDA comes from finance related companies), the deterioration in the net margin of Akbank will impair profitability of the holding considerably. According to our revised estimates, Sabanci Holding will reach a bottom-line of TL1.6bn in 2011; implying 4% decline on YoY basis while our prior estimates were pointing out a flat net income compared to last year with TL1.7bn.
- We think that the earning contribution of other segments; mainly energy, cement and retail, will be felt on the medium and long term in line with a more balanced NAV portfolio of the conglomerate starting as of 2015. Nevertheless, It is important to note that the contribution of energy segment will be more effective on consolidated earnings compared to other segments with €700mn of EBITDA target; aiming to grab 20-25% of the total consolidated EBITDA of the holding while this ratio was only 7% as of 2010.

Revision in Financial Estimates (2011)

FY11 (TLmn)	Old	New
Net Sales w/o banking	8,258	10,362
Net Sales with banking	23,324	21,765
EBITDA	4,766	4,345
Net Income	1,702	1,592

Source: Is Investment Estimates

Revision in Financial Estimates (2012)

FY12 (TLmn)	Old	New
Net Sales w/o banking	9,084	12,953
Net Sales with banking	26,513	25,165
EBITDA	5,462	4,916
Net Income	1,981	1,902

Source: Is Investment Estimates

Review of 1Q11 Financials

Akbank still sets the rule, energy segment started to contribute on EBITDA level

Worse bottom line in 1Q11 compared to last year parallel to Akbank.

- Sabanci Holding posted a consolidated net income of TL401mn; both below the market consensus of TL453mn and last year's net income of TL497mn. The main reason behind the weak bottom-line in this quarter is the deterioration of the earning margins of the financial segment despite the improving contribution of energy and automotive segments compared to the last year. Increasing net financial expenses due to declining f/x gains should be also noted as another important factor for the worse than expected bottom-line.

Top-line remained robust in line with the growths attained in energy, automotive and retail segments.

- The holding's total consolidated revenues reached to TL5,4bn; 10% higher than the last year's figure of TL4.9bn. Although the revenues coming from the financial segment remained stable on YoY basis, the contribution of energy, automotive and retail segments; which posted respective increases of 41%, 36%, and 22%, pushed the top-line above TL5bn level in this quarter. Total contribution of the finance segment to consolidated revenues has declined from 64% to 58%; which may be regarded as a positive news for the holding since it determines its long-term strategy to reduce the weight of finance segment in the total net asset portfolio.

Consolidated EBITDA margin is down by 7pp due to the contraction in finance margins despite the promising energy segment.

- Sabanci Holding disclosed a net EBITDA TL1,2bn; 12% down on YoY basis. The EBITDA figure implies an EBITDA margin of 22%; 7pp lower than the last year mainly due to the contracting NIM of Akbank. On the other hand, the improvement in EBITDA margins of the energy segment; rising from 7% to 15% with corresponding EBITDA levels of TL22mn and TL69mn respectively, keeps the morale up for the future. The improvement seems to be related to the high efficient 900MW Bandirma NGPP, which became operational in 4Q11. Please note that holding aims to put the energy segment into the second rank in total EBITDA contribution with a target rate between 30%-35% in its 5-years plan.

- Sabanci Holding's net cash position has been increased to TL930mn from TL625mn after the 30.99% stake in Aksigorta to the Brussels-based Ageas International at a price tag of US$220mn. The Holding's net financial expenses have been increased drastically from TL1.6mn to TL55mn mainly due to the declining f/x gains compared to the last year. Please note that the holding has a long $ position and short € position with corresponding values of TL176mn and TL-375mn, respectively.

SAHOL - Earnings Summary (1Q11)

SAHOL (TL mn)	1Q11	1Q10	YoY	4Q10	QoQ
Revenues	5,391.8	4,914.6	**9.7%**	5,184.7	**4.0%**
Gross Margin	37.9%	42.9%	**-5.0pp**	41.4%	**-3.5pp**
Operating Profit	1,056.5	1,224.5	**-13.7%**	1,097.8	**-3.8%**
Operating Margin	19.6%	24.9%	**-5.3pp**	21.2%	**-1.6pp**
EBITDA	1,176.4	1,330.6	**-11.6%**	1,157.5	**1.6%**
EBITDA Margin	21.8%	27.1%	**-5.3pp**	22.3%	**-0.5pp**
Financial Expenses (net)	-55.0	-1.6	**n.a.**	-53.5	**n.a.**
Net Profit	401.5	497.4	**-19.3%**	476.9	**-15.8%**
Net Margin	7.4%	10.1%	**-2.7pp**	9.2%	**-1.8pp**

Source: Company's Financial Statements

Appendix

SAHOL - Segmental Financials (as of 1Q11)

Sabanci Holding (TLmn)	1Q11	1Q11	YoY	4Q10	QoQ
Revenues					
Financial Services	3,145	3,179	-1.1%	3,046	3.2%
Automotive & Tire	777	571	36.1%	726	7.1%
Cement	232	200	15.6%	265	-12.5%
Retailing	705	575	22.6%	687	2.6%
Energy	467	332	40.8%	391	19.4%
Other	105	79	32.0%	106	-1.2%
Consolidated	5,392	4,915	9.7%	5,185	4.0%
Revenue Contribution					
Financial Services	58%	64%	-6.5pp	58%	-0.4pp
Automotive & Tire	14%	12%	2.7pp	14%	0.4pp
Cement	4%	4%	0.2pp	5%	-0.8pp
Retailing	13%	12%	1.3pp	13%	-0.2pp
Energy	9%	7%	1.9pp	7%	1.1pp
Other	2%	2%	0.3pp	2%	-0.1pp
EBITDA					
Financial Services	984	1,313	-25.1%	1,035	-5.0%
Automotive & Tire	95	57	67.2%	13	n.a.
Cement	46	39	19.1%	50	-8.7%
Retailing	21	3	n.a.	22	-6.3%
Energy	69	22	211.1%	39	75.6%
Other	-6	1	n.a.	-3	n.a.
Consolidated	1,209	1,434	-15.7%	1,157	4.4%
EBITDA Margin					
Financial Services	31%	41%	-10.0pp	34%	-2.7pp
Automotive & Tire	12%	10%	2.3pp	2%	10.4pp
Cement	20%	19%	0.6pp	19%	0.8pp
Retailing	3%	0%	2.5pp	3%	-0.3pp
Energy	15%	7%	8.1pp	10%	4.8pp
Other	-6%	1%	-7.0pp	-3%	-3.2pp
Consolidated	22%	29%	-6.8pp	22%	0.1pp
EBITDA Contribution					
Financial Services	81%	92%	-10.2pp	89%	-8.1pp
Automotive & Tire	8%	4%	3.9pp	1%	6.7pp
Cement	4%	3%	1.1pp	4%	-0.5pp
Retailing	2%	0%	1.5pp	2%	-0.2pp
Energy	6%	2%	4.2pp	3%	2.3pp
Other	-1%	0%	-0.6pp	0%	-0.3pp

Source: Company's Financial Statements & Is Investment

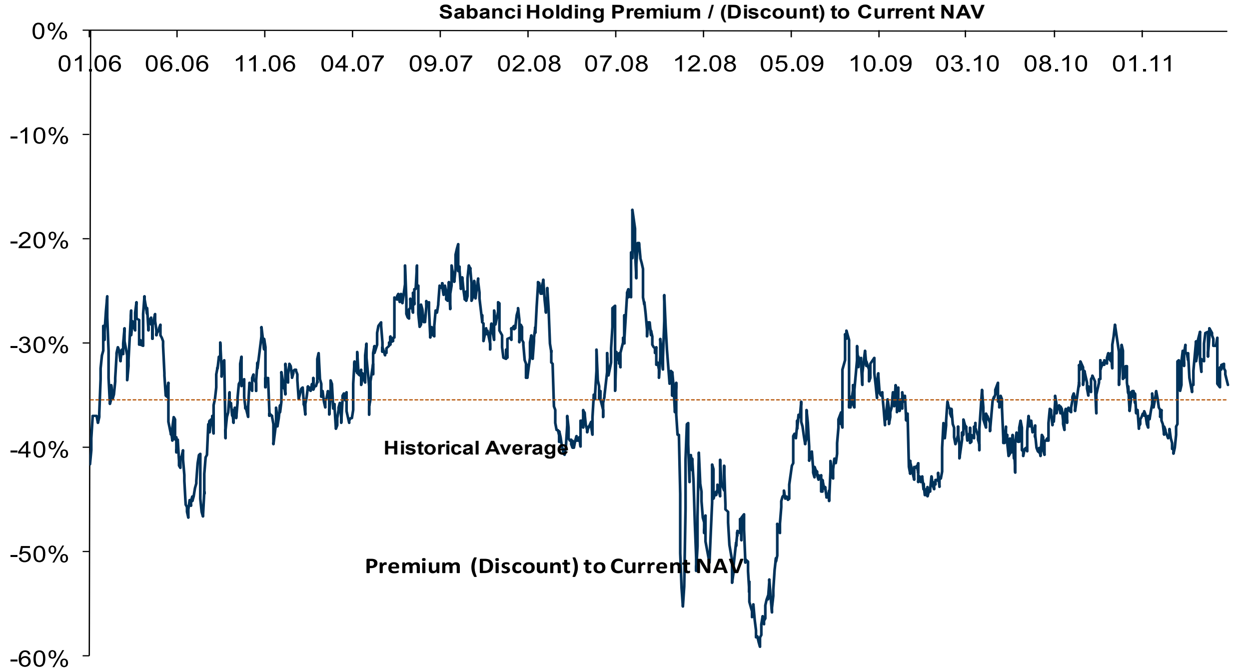
SAHOL - NAV Table

Business Segment / Company		Sabanci Holding's Stake (%)	Current Value (US$mn)	Current NAV	% of Current NAV	Valuation Method	Target Mcap (US$mn)	Target NAV	% of Target NAV
Financial Services			**18,551**	**7,593**	**58.0**		**21,920**	**8,956**	**61.4**
Akbank	AKBNK	40.9	17,732	7,244	55.3	Target Mcap	20,967	8,565	58.8
Aksigorta	AKGRT	31.0	311	97	0.7	Target Mcap	446	138	0.9
Avivasa		49.8	507	253	1.9	Domestic Peer Multiples	507	253	2
Automotive & Tire			**1,540**	**965**	**7.4**		**1,436**	**920**	**6.3**
Temsa		48.7	255	124	0.9	2011 Domestic Peer Multiples	255	124	0.9
Brisa	BRISA	43.6	695	303	2.3	Target Mcap	591	258	1.8
Kordsa Global	KORDS	91.1	590	538	4.1	Current Mcap	590	538	3.7
Cement			**1,611**	**714**	**5.5**		**2,154**	**962**	**6.6**
Cimsa	CIMSA	49.4	769	380	2.9	Target Mcap	1,095	541	3.7
Akcansa	AKCNS	39.7	842	334	2.6	Target Mcap	1,059	421	2.9
						Transaction Value			
Food & Retailing			**1,701**	**737**	**5.6**		**1,701**	**737**	**5.1**
Carrefoursa	CARFA	38.8	1,202	466	3.6	Current Mcap	1,202	466	3.2
	CARFB		609						
Diasa		40.0	263	105	0.8	0.4x 2011 EV/Sales	263	105	0.7
Teknosa		70.3	236	166	1.3	10E Global Peer Multiples	236	166	1.1
Energy			**3,301**	**1,650**	**12.6**		**3,301**	**1,650**	**11.3**
Enerjisa Generation		50.0	2,426	1,213	9.3	Target Mcap	2,426	1,213	8.3
Enerjisa Distribution		50.0	875	438	3.3	Target Mcap	875	438	3.0
Others			**4,831**	**1,444**	**11.0**		**4,827**	**1,440**	**9.9**
Philsa		25.0	4,241	1,060	8.1	2011 Global Peer Multiples	4,241	1,060	7.3
Yunsa	YUNSA	57.9	58	34	0.3	Current Mcap	58	34	0.2
Other Subsidiaries			532	350	2.7		528	346	2.4
Adjustment for Vaksa and BoD shares				609				692	
Net Cash (debt)				**604**		**Target NAV**		**14,576**	
Current NAV				**13,099**		**% Prem / (Disc) to Target NAV**		**(39.6)**	
Current Mcap				**8,807**		**Target Mcap**		**11,661**	
% Prem / (Disc) to Current NAV				**(32.8)**					

all figures are in US$mn terms
** after applying 20% conglomerate discount*

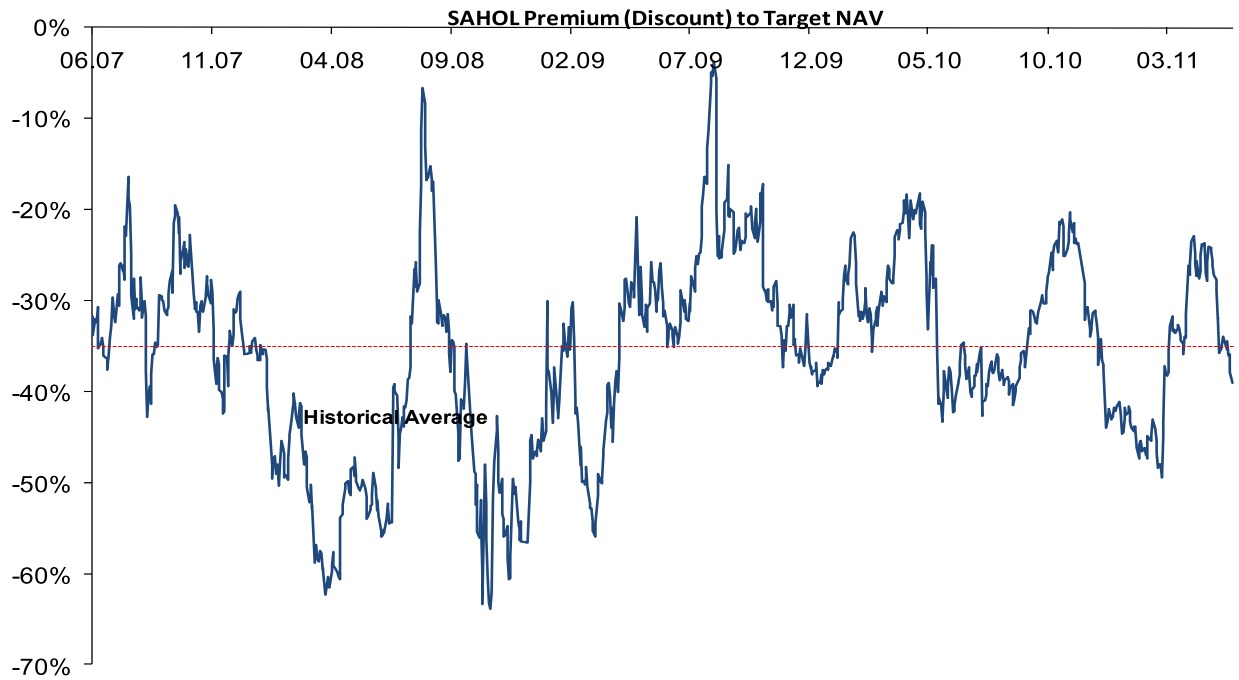
Source: Is Investment

SAHOL - Historical Discount Levels to Current NAV



Source: Is Investment

SAHOL - Historical Discount Levels to Target NAV



Source: Is Investment

Domestic Electricity Distribution Privatization Multipliers

Distribution Company	Buy Side	Date	Privatization Value (USD)	# of subs.*	Consumption (MWh)*	Value/ Subs.	Value / Cons.	Loss-Theft Ratio	Status
Başkent EDAŞ	Sabancı - Verbund	July. 08	1,225.00	3,078,870	11,161,478	398	110	8.3%	Transfered to the owners
Sakarya EDAŞ	Akkök-Cez	July. 08	600.00	1,307,982	8,760,455	459	68	6.3%	Transfered to the owners
Meram EDAŞ	Alarko	Sep.08	440.00	1,530,509	5,858,905	287	75	8.4%	Transfered to the owners
Aras EDAŞ	Kiler	Sep.08	128.50	725,151	1,655,806	177	78	27.2%	Pending for approval
Çoruh EDAŞ	Aksa	Nov.09	227.00	1,017,555	2,295,105	223	99	11.5%	Transfered to the owners
Osmangazi EDAŞ	Eti Gümüş	Nov.09	485.00	1,311,267	4,846,186	370	100	6.1%	Transfered to the owners
Yeşilırmak EDAŞ	Çalık Enerji	Nov.09	441.50	1,521,182	4,049,650	290	109	10.6%	Transfered to the owners
VanGölü EDAŞ	Aksa	Feb.10	100.10	408,620	1,300,787	245	77	55.6%	Waiting to be transfered to
Fırat EDAŞ	Aksa	Feb.10	230.25	680,237	2,032,633	338	113	13.6%	Transfered to the owners
Çamlıbel EDAŞ	Kolin	Feb.10	258.50	746,002	2,146,351	347	120	7.7%	Transfered to the owners
Uludağ EDAŞ	Limak	Feb.10	940.00	2,388,421	11,049,990	394	85	5.6%	Transfered to the owners
BOĞAZİÇİ EDAŞ	IS-Kaya -MMEKA Consortium	Aug.10	2,990.00	3,954,871	18,434,621	756	162	9.7%	Pending for approval
Gediz EDAŞ	IS-Kaya -MMEKA Consortium	Aug.10	1,920.00	2,389,838	12,436,056	803	154	7.7%	Pending for approval
Trakya EDAŞ	Aksa	Aug.10	622.00	792,766	5,780,809	785	108	6.4%	Pending for approval
Dicle EDAŞ	Karavil-Ceylan Consortium	Aug.10	228.00	1,100,754	4,190,977	207	54	73.0%	Pending for approval
AYEDAŞ	MMEKA	Dec.10	1,813.00	2,242,139	8,582,325	809	211	7.5%	Pending for approval
Toroslar EDAŞ	Yıldızlar SSS	Dec.10	2,075.00	2,742,119	14,538,958	757	143	8.3%	Pending for approval
Akdeniz EDAŞ	Park Holding	Dec.10	1,165.00	1,550,026	5,927,658	752	197	9.2%	Pending for approval
Minimum						**177**	**54**	**6%**	
Median						**382**	**108**	**8%**	
Average						**466**	**115**	**16%**	
Weighted Average						**574**	**127**	**11%**	
Maximum						**809**	**211**	**73%**	

*We used 2008 and 2009 data for the deals which took place before and after 2009 respectively.

Source: TEDAS