14 FEBRUARY 2018

EQUITIES RESEARCH

TURKEY MARKET OUTLOOK

Cutting banks to Marketweight

In this reshuffle we are cutting down the banks to Neutral from Overweight following the XBANK Index's 20% surge from the beginning of December 2017, outperforming the BIST100 by 9pp. On top of reducing the banks' weighting, we are boosting the number of stocks in our model portfolio to an all-time high of 14. Besides KRDMD, the other six new inclusions are relatively illiquid in terms of daily trading volume. We attempted to make the weights of the new inclusions relatively low so that fund managers could replicate the portfolio.

We still see value in select banks, and we push Akbank and Garanti to the top of our list on sound profitability, improving efficiency, high provisioning levels as well as appealing valuations. TSKB is in due to its competitive asset quality, immunity to rising deposit rates and sector-topping sustainable profitability. We are adding Vakifbank to our least favourites list as we think that the bank's liquidity and profitability might get hurt from the recent draft law as we have explained in our downgrade report.

On the non-financials side we are adding the six names on various themes:

Anadolu Cam: Recovering Russian economy, easing raw material prices and 36% discount to international peers' EV/EBITDA.

Avivasa: Upward earnings momentum on the back of top line and margin expansion that we expect to lead to an outstanding 41% ROE for 2018.

Coca Cola Icecek: Upcoming de-leveraging, profitability improvement and pick-up in top-line growth. Trades at a mere 7.4x 2018E EV/EBITDA corresponding to a 22% discount to that of international peers.

GSD Holding: Trades at a 67% discount to NAV. The value of each of the 3 segments - finance, shipping and energy are higher than the company's market cap and on top of this the company has US$38m in net cash.

Indes: Potential real estate sales, fast growth of its subsidiary Datagate and 7% dividend yield for next 2 years.

Kardemir: Improving steel EBITDA margin, solid earnings momentum and improved cash generation capability through value-added products.

Key Idea Portfolio

Portfolio	Weight (%)	BIST-100 weight (%)	Mkt Cap (USD m)	3m ADV (USD m)	Upside (%)
Akbank	10.6	8.7	10,917	60.4	16
Garanti Bank	10.3	9.5	13,140	118.7	14
Erdemir	9.9	6.6	8,872	33.9	24
Petkim	9.0	2.0	3,003	49.7	16
Kardemir	8.4	0.9	666	85.4	10
TSKB	7.9	0.6	1,040	3.9	9
Anadolu Cam	7.2	0.2	609	1.9	7
Turk Traktor	6.7	0.4	1,033	1.5	17
Arcelik	6.5	1.3	3,337	13.3	33
Coca-Cola Icecek	5.9	0.9	2,180	3.6	32
Indeks Bilgisayar	5.8		227	1.3	17
Aksigorta A.S.	4.5		324	1.0	15
AvivaSA Emeklilik	4.1		540	0.3	27
GSD Hldg	3.3	0.1	97	1.9	52
	Portfolio	BIST-100			
Banks Weight (%)	28.7	28.8			
Key Ideas					
In	ANACM TI	AVISA TI	CCOLA TI	GSDHO TI	INDES TI
	KRDMD TI	TSKB TI			
Out	TAVHL TI	THYAO TI	VAKBN TI		
Least Preferred	VAKBN TI	ISCTR TI			
In	VAKBN TI				
Out	CCOLA TI	YKBNK TI			
Performance	Key Ideas (%)	BIST-30 Rel. (%)	BIST-100 Rel. (%)		
12 Jan-12 Feb*	1.4	1.2	0.8		

*Since portfolio creation
Sources: Rasyonet; TEB Investment/BNP Paribas estimates

Mete Yuksel
mete.yuksel@tebyatirim.com.tr
+90 216 636 4536

Exhibit 1: Detailed View (revised portfolio)

Name	BBG code	Weight (%)	BIST-30 weight (%)	BIST-100 weight (%)	Mkt Cap (USD m)	Curr. price (TRY)	TP (TRY)	Upside (%)	Free float (%)	3m ADV (USD m)	2- Year β (weekly) (rel. BIST-100)
BIST-100	XU100	-	-	-	187,955	114,822	-	-	35	1,706.6	-
Key Ideas Portfolio	-	-	-	-	45,984	-	-	19	45	376.8	0.95
Akbank	AKBNK TI	10.6	10.6	8.7	10,917	10.39	12.09	16	52	60.4	1.14
Garanti Bank	GARAN TI	10.3	11.7	9.5	13,140	11.91	13.55	14	48	118.7	1.15
Erdemir	EREGL TI	9.9	8.1	6.6	8,872	9.65	11.98	24	48	33.9	1.01
Petkim	PETKM TI	9.0	2.5	2.0	3,003	7.62	8.86	16	44	49.7	0.85
Kardemir	KRDMD TI	8.4	1.1	0.9	666	3.25	3.58	10	89	85.4	1.21
TSKB	TSKB TI	7.9		0.6	1,040	1.65	1.80	9	39	3.9	1.12
Anadolu Cam	ANACM TI	7.2		0.2	609	3.09	3.30	7	20	1.9	0.82
Turk Traktor	TTRAK TI	6.7		0.4	1,033	73.65	86.00	17	24	1.5	0.68
Arcelik	ARCLK TI	6.5	1.6	1.3	3,337	18.80	25.00	33	25	13.3	0.85
Coca-Cola Icecek	CCOLA TI	5.9		0.9	2,180	32.62	43.00	32	25	3.6	1.01
Indeks Bilgisayar	INDES TI	5.8			227	15.40	18.00	17	42	1.3	0.79
Aksigorta A.S.	AKGRT TI	4.5			324	4.03	4.62	15	28	1.0	0.50
AvivaSA Emeklilik	AVISA TI	4.1			540	17.42	22.05	27	20	0.3	0.60
GSD Holding	GSDHO TI	3.3		0.1	97	0.82	1.25	52	56	1.9	0.97

Prices as on 12 Feb 2018
Sources: TEB Investment/BNP Paribas estimates

Exhibit 2: Previous portfolio

	Weight (%)	12/1/2018 (Close,TRY)	12/2/2018 (Close,TRY)	Abs Perf (%)	BIST-100 TR rel (%)	BIST-30 TR rel (%)
EREGL	16.5	10.00	9.65	(3.5)	(3.6)	(4.0)
PETKM	14.2	7.95	7.62	(4.2)	(4.3)	(4.7)
AKBNK	10.5	9.80	10.39	6.0	5.9	5.4
THYAO	10.4	15.50	17.18	10.8	10.7	10.2
GARAN	10.0	10.59	11.91	12.5	12.3	11.8
VAKBN	9.4	6.85	6.92	1.0	0.9	0.5
AKGRT	8.6	3.73	4.03	8.0	7.9	7.4
ARCLK	7.8	20.44	18.80	(8.0)	(8.2)	(8.5)
TAVHL	6.7	21.96	21.40	(2.6)	(2.7)	(3.1)
TTRAK	5.9	79.37	73.65	(7.2)	(7.4)	(7.7)
BIST-100 TR		180,788	181,067	0.2		
BIST-30 TR		217,880	219,088	0.6		
BIST-Banks TR		248,182	264,611	6.6		
BIST- Manufacturing TR		259,543	248,254	(4.3)		
Key Ideas				1.4	1.2	0.8

Prices as on 12 Feb 2018
Source: TEB Investment/BNP Paribas estimates

Exhibit 3: Previous least preferred portfolio

	Weight (%)	12/1/2018 (Weighted price,TRY)	12/2/2018 (Close,TRY)	Abs Perf (%)	BIST-100 TR rel (%)	BIST-30 TR rel (%)
CCOLA	33.3	35.50	32.62	(8.1)	(8.3)	(8.6)
ISCTR	33.3	7.00	7.58	8.2	8.1	7.6
YKBNK	33.3	4.37	4.56	4.4	4.2	3.8
BIST-100 TR		180,788	181,067	0.2		
BIST-30 TR		217,880	219,088	0.6		
Least Preferred				1.5	1.3	0.9

Prices as on 12 Feb 2018
Source: TEB Investment/BNP Paribas estimates

Exhibit 4: Relative performance since first inclusion

BBG code	Inclusion date	Entry price (weighted avg, TRY)	12/2/2018 (Close,TRY)	Abs Perf (%)	BIST-100 TR rel (%)
TTRAK	12/1/2018	79.37	73.65	(7.2)	(7.4)
EREGL	7/12/2017	8.88	9.65	8.7	0.6
VAKBN	7/12/2017	5.79	6.92	19.6	10.7
AKGRT	7/12/2017	3.2	4.0	25.9	16.5
THYAO	11/10/2017	8.83	17.18	94.6	75.5
PETKM	11/10/2017	6.28	7.62	21.4	9.5
ARCLK	13/6/2017	25.91	18.80	(27.4)	(37.6)
TAVHL	13/6/2017	18.1	21.4	18.1	1.5
GARAN	15/7/2016	8.1	11.9	46.7	2.6
AKBNK	5/1/2016	6.3	10.4	66.2	(3.1)

Prices as on 12 Feb 2018
Sources: TEB Investment/BNP Paribas estimates

Key ideas portfolio

Akbank (AKBNK TI; BUY; CP: TRY10.39; TP: TRY12.1)

Ovunc Gursoy, +90 216 636 43 35, ovunc.gursoy@tebyatirim.com.tr

Akbank has one of the best in class metrics and growth prospects among the banks in our coverage. EPS momentum appears strong at Akbank. As such we forecast 8% y-y earnings growth in 2018E and 17% in 2019E. Akbank is the best positioned bank for the IFRS9 transition that will start in 1Q18. Its coverage ratio will come down to 80% with IFRS 9 transition, which has a 40bps positive impact on ROE and totally offset the negative impact of higher tax rate on earnings. The bank has TRY700m of free provisions at its disposal for potential asset quality risks in 2018, while its NPL rate is as low as 2.3%. Akbank has the lowest loans to deposits ratio at 105% as of 17YE with a high 17% CAR. We expect such a low LTD ratio coupled with strong CAR to help it grow when opportunities arise. Akbank will distribute TRY0.40/sh dividend in 30/03/2018, which indicates 26.5% dividend pay-out ratio with 3.8% dividend yield.

Akbank trades at a 2018E P/B of 0.9x and P/E of 6.4x, while 2018E ROE stands at 15.2% with a 3-year (2017-20E) EPS CAGR at 11%. Our 12M-forward TP of TRY12.09 for Akbank is derived from a Gordon Growth model.

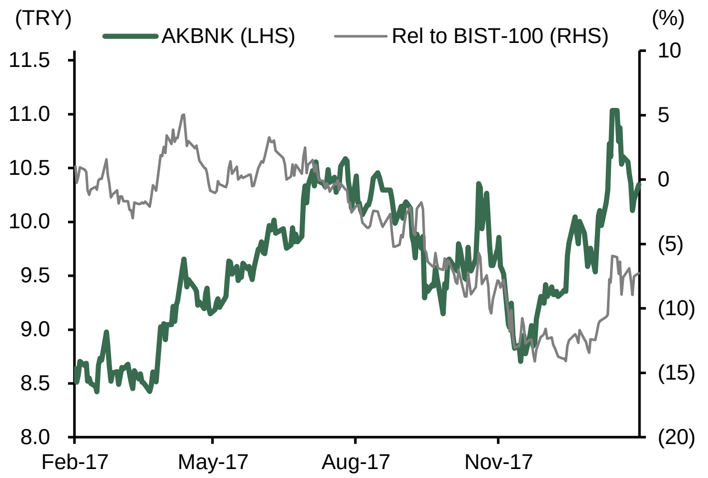
Downside risks to our GGM-based TP are 1) slower than anticipated GDP growth leading to worse than expected NPL formation and, 2) a sudden rise in interest rates causing higher cost of funding, lower NIM and trading losses, 3) stake sales of Sabanci family members creating an overhang on the stock, and 4) potential default of the OTAS loan, where Akbank has USD1.5b exposure.

Exhibit 5: Key data – AKBNK

YE Dec (TRY m)	2016	2017E	2018E
Operating profit	5,990	7,517	8,513
Recurring net profit	4,786	6,039	6,541
Recurring EPS (TRY)	1.20	1.51	1.64
EPS Growth (%)	59.8	26.2	8.3
Recurring P/E (x)	8.7	6.9	6.4
Price/book (x)	1.3	1.0	0.9
ROE (%)	16.2	16.6	15.2
Share Price Perf.	1 Month	3 Month	12 Month
Absolute (%)	6.0	7.8	23.6
Relative to BIST-100 (%)	5.9	2.3	(5.9)
Mkt cap (TRY m / USD m)			41,560 / 10,917
Crnt / trgt price (TRY, 22 Nov)			10.39 / 12.09
3m ADT (USD m)			60.4
Free Float (%)			52
12m high / low (TRY)			11.08 / 8.47

Sources: Akbank; Factset; TEB Investment/BNP Paribas

Exhibit 6: Price performance – AKBNK



Sources: Akbank; Factset; TEB Investment/BNP Paribas

Garanti Bank (GARAN TI; BUY; CP: TRY11.91; TP: TRY13.55)

Ovunc Gursoy, +90 216 636 43 35, ovunc.gursoy@tebyatirim.com.tr

Garanti has one of the highest ROE (16.5% as of 17YE) and CAR (18.7% as of 17YE) among the banks in our coverage. With high CAR and leverage as low as 7.9x, we think Garanti has more room to grow and pay more dividends than peers. Garanti will distribute TRY0.42/sh dividend in 26/04/2018, which indicates 27.5% dividend pay-out ratio with 3.5% dividend yield. We expect Garanti to perform better in asset quality versus peers as it has one of the lowest NPL ratios (2.5% as of 17YE) with TRY1.1b of free provisioning buffer and 81% NPL coverage. We forecast 8% y-y earnings growth in 2018E and 26% in 2019E.

Our 12M-forward TP of TRY13.55 for Garanti is derived from a Gordon Growth model. The bank trades at a 2018E P/B of 1.1x and P/E of 7.3x. We estimate its 2018 ROE at 15.5% and its three-year (2017-20E) EPS CAGR at 12%.

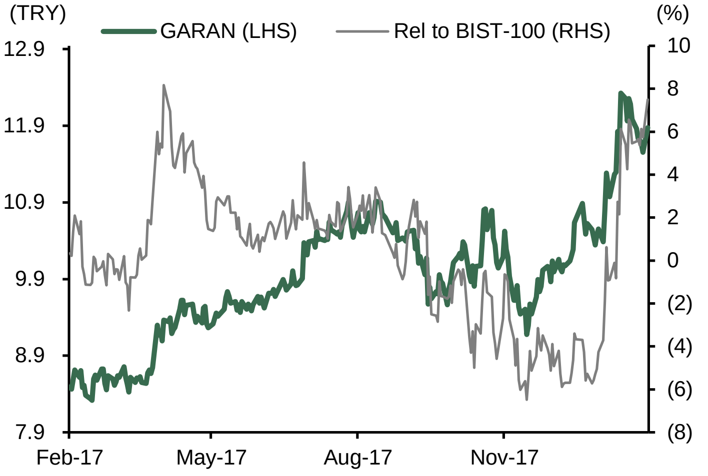
Major downside risks are 1) slower than anticipated GDP growth rate leading to worse than expected NPL formation, 2) a sudden rise in interest rates causing higher cost of funding, lower NIM and trading losses, and 3) potential default of the OTAS loan, where Garanti has USD950m exposure.

Exhibit 7: Key data – GARAN

YE Dec (TRY m)	2016A	2017E	2018E
Operating profit	6,293	8,151	8,781
Recurring net profit	5,071	6,344	6,829
Recurring EPS (TRY)	1.21	1.51	1.63
EPS Growth (%)	48.8	25.1	7.6
Recurring P/E (x)	9.9	7.9	7.3
Price/book (x)	1.4	1.2	1.1
ROE (%)	15.2	16.5	15.5
Share Price Perf.	1 Month	3 Month	12 Month
Absolute (%)	12.5	18.2	42.4
Relative to BIST-100 (%)	12.3	12.1	8.5
Mkt cap (TRY m / USD m)			50,022 / 13,140
Crnt / trgt price (TRY, 22 Nov)			11.91 / 13.55
3m ADT (USD m)			118.7
Free Float (%)			48
12m high / low (TRY)			12.36 / 8.35

Sources: Garanti Bank; Factset; TEB Investment/BNP Paribas

Exhibit 8: Price performance – GARAN



Sources: Garanti Bank; Factset; TEB Investment/BNP Paribas

Erdemir (EREGL TI; BUY; CP: TRY9.65; TP: TRY11.98)

Erdem Kayli, +90 216 636 45 29, erdem.kayli@tebyatirim.com.tr

We reiterate our BUY call on Erdemir. Environmental measures in China to cut steel production capacity are paving the way for higher steel making margins, and as a result we expect Erdemir to post strong set of earnings near term. We expect the company to generate USD1.4b EBITDA and USD946m net income in 2018, respectively.

So far in 1Q18, average domestic prices for HRC, Erdemir's main product, has been up by 8% q-q (+17% y-y) in USD terms, whereas domestic rebar prices are up 7% q-q in USD terms. Thanks to strong cash generation capabilities and a favourable outlook for steel making business, we estimate a dividend yield of 10.7% from 2017 profit, which is higher than its four-year average of 7.4%. The stock trades at 5.9x EV/EBITDA on our 2018 forecast, a 13% discount to emerging peers on 2018 estimates. More importantly, even though the final decision has not been taken yet, we think Erdemir would increase steelmaking capacity and bolster cash generation capability via improved efficiency and higher sales volumes.

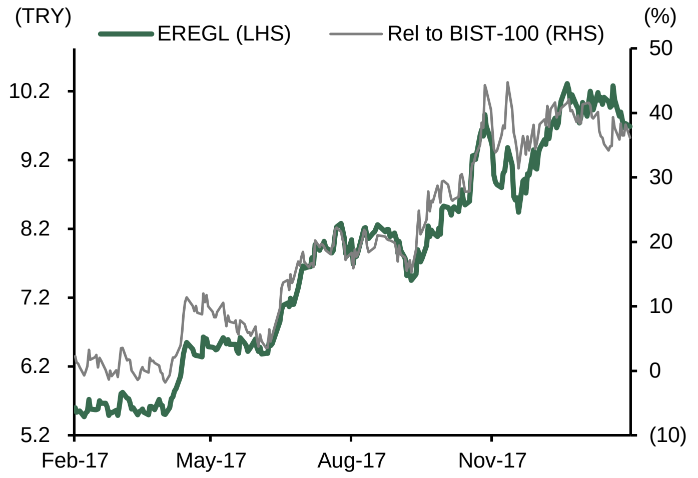
Our valuation is based on a weighted average of DCF and international peer multiple (P/E and EV/EBITDA) comparison, adjusted for a 12-month target price. The main downside risks to our call are weak growth in world economy, high raw material prices, increasing steel exports from China and ArcelorMittal taking action in selling its 12.08% financial stake in Erdemir.

Exhibit 9: Key data – Erdemir

YE Dec (TRY m)	2016	2017E	2018E
Revenue	11,637	18,644	19,800
EBITDA	2,687	5,383	5,405
Rep. net profit	1,516	3,754	3,694
Net debt	(667)	(2,545)	(2,797)
Rep. EPS Growth (%)	34.7	147.5	(1.6)
EV/EBITDA (x)	12.6	6.1	5.9
Rep. P/E (x)	22.3	9.0	9.1
Dividend Yield (%)	3.1	10.3	10.1
Price/book (x)	2.2	1.8	1.7
Net debt/EBITDA (x)	(0.2)	(0.5)	(0.5)
ROE (%)	11.0	22.2	19.3
Share Price Performance	1 Month	3 Month	12 Month
Absolute (%)	(3.5)	(0.1)	80.8
Relative to BIST-100 (%)	(3.6)	(5.2)	37.7
Mkt cap (TRY m / USD m)			33,775 / 8,872
Crnt / trgt price (TRY, 22 Nov)			9.65 / 11.98
12m high / low (TRY)			10.27 / 5.43
3m ADT (USD m)			33.9
Free Float (%)			48

Sources: Erdemir; Factset; TEB Investment/BNP Paribas estimates

Exhibit 10: Price performance – Erdemir



Sources: Erdemir; Factset; TEB Investment/BNP Paribas estimates

Petkim (PETKM TI; BUY; CP: TRY7.62; TP: TRY8.86)

Erdem Kayli, +90 216 636 45 29, erdem.kayli@tebyatirim.com.tr

We believe Petkim offers an appealing transformation story long term, as once its ongoing investments are completed it will become an integrated petrochemical producer with resilient cash generation capability. Parent company Socar and Petkim are due to complete all their value-add projects next year. We estimate these projects will contribute USD146m to EBITDA by 2019.

Backed by recent fall in crude oil prices, we believe that solid earnings momentum would be maintained for 2018, thanks to robust ethylene/naphtha spread and supportive sub-product pricing. Accordingly, ethylene/naphtha spread improved by 50% y-y to USD660/ton in January (vs. USD600/ton in 4Q17) on solid demand. The stock trades at 8.2x EV/EBITDA and 11.4x P/E on our 2018 forecasts, implying 8% premium but 18% discount to peers, respectively. Given its decent outlook and transformation story, we believe that Petkim deserves to trade at a premium to its peers. Also, our 9.0% dividend yield forecast is higher than its 4-year avg. of 4.4% from 2017 profit.

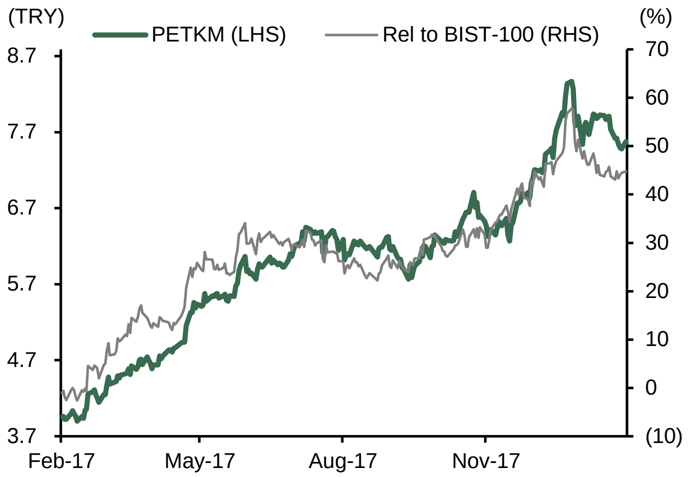
Our sum-of-the-parts (SoTP) methodology points in a 12m TP of TRY8.86/share for Petkim, implying 18% upside potential. We value its petrochemical operations at TRY11.7b, derived from a blended valuation approach. In our valuation, we assign a 75% weight to a DCF methodology and 25% to an international peer comparison for core operations. Since we expect to see the positive impact of cost-cutting projects starting by 2019, we give more weight to our DCF model. We value the ports business at TRY2.2b using our DCF-driven methodology. Main downside risks to our SOTP-based valuation and forecasts are 1) change in ethylene/naphtha spread, 2) lower than expected cost savings from the investments and 3) delays on ongoing projects.

Exhibit 11: Key data – PETKM

YE Dec (TRY m)	2016	2017E	2018E
Revenue	4,533	7,226	7,410
EBITDA	881	1,733	1,534
Rep. net profit	726	1,273	1,005
Net debt	423	997	1,088
Rep. EPS Growth (%)	15.9	75.5	(21.1)
EV/EBITDA (x)	13.2	7.0	8.2
Rep. P/E (x)	15.7	9.0	11.4
Dividend Yield (%)	5.2	9.0	7.1
Price/book (x)	3.8	3.3	3.5
Net debt/EBITDA (x)	0.5	0.6	0.7
ROE (%)	25.3	39.3	29.6
Share Price Performance	1 Month	3 Month	12 Month
Absolute (%)	(4.2)	14.6	89.4
Relative to BIST-100 (%)	(4.3)	8.7	44.3
Mkt cap (TRY m / USD m)			11,430 / 3,003
Crnt / trgt price (TRY, 22 Nov)			7.62 / 8.86
12m high / low (TRY)			8.41 / 3.94
3m ADT (USD m)			49.7
Free Float (%)			44

Sources: Petkim; Factset; TEB Investment/BNP Paribas estimates

Exhibit 12: Price performance – PETKM



Sources: Petkim; Factset; TEB Investment/BNP Paribas estimates

Kardemir (KRDMD TI; BUY; CP: TRY3.25; TP: TRY3.58)

Erdem Kayli, +90 216 636 45 29, erdem.kayli@tebyatirim.com.tr

We have a positive stance on Kardemir given promising earnings momentum and improved cash generation via value-added product and supportive long steel making margins. Though it owns no significant mining assets, it enjoys high margins due to its ability to procure most raw materials domestically at prices significantly lower than international prices.

Average domestic billet prices, Kardemir's main product, was up by 5% q-q in USD terms, whereas domestic rebar prices are up 7% q-q in USD terms so far this quarter. On top of that, we believe the company would have better earnings momentum near term as the company procures c.75% of its iron ore from the domestic market. We assume that Kardemir's iron ore procurement have 15% discount to global iron ore prices. The stock (D-type) trades at 4.8x EV/EBITDA on our 2018 forecast, a 25% discount to emerging peers on 2018 estimates.

Our 12-month DCF-based TP of TRY3.58 for Kardemir (D-class) implies 15% upside. We value Kardemir's overall equity using a DCF methodology. In valuing the D-class shares, we take into account board privileges assigned to A- and B-class shares, assuming full control of Kardemir's board is worth a 20% premium and finding a fair price for a hypothetical Kardemir share ("neutral share") with no say on board appointments. We add the estimated per share control premium for each class of share on the neutral share price. We assume the control premium for each share class by allocating the 20% control premium among the three share classes based on respective board control. Our USD-based DCF model results in a target value of USD942m (TRY4.0b). We use a cost-of-equity of 15.0% derived from a risk-free rate of 6.5% and an equity-risk premium of 5.5%. We assign a four-year beta of 1.0x and terminal growth of 1%. Our WACC is 11.1%

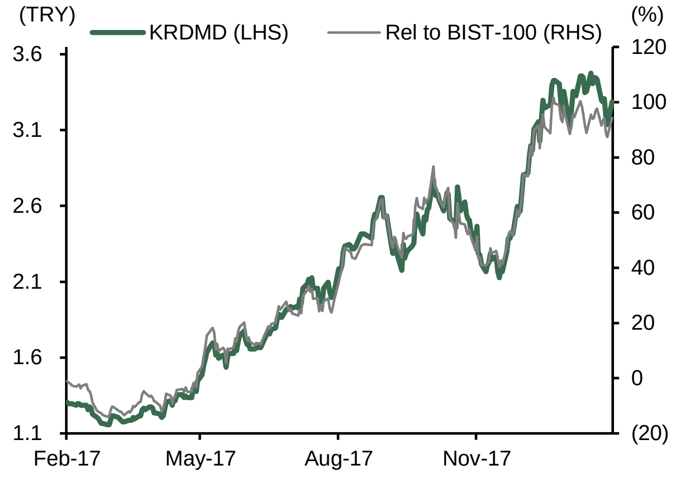
The main downside risks to our call are TRY weakness (for the near-term earnings), weakening global economic growth, higher competition from Chinese or CIS steel makers and a severe/quicker-than-expected weakening of steel prices.

Exhibit 13: Key data – KRDMD

YE Dec (TRY m)	2016	2017E	2018E
Revenue	2,337	3,937	4,320
EBITDA	314	706	859
Rep. net profit	(124)	225	544
Net debt	1,771	1,034	843
Rep. EPS Growth (%)	(480.2)	281.5	142.1
EV/EBITDA (x)	16.9	6.2	4.8
Rep. P/E (x)	nm	14.8	6.1
Dividend Yield (%)	0.0	0.0	3.7
Price/book (x)	1.7	1.5	1.3
Net debt/EBITDA (x)	5.6	1.5	1.0
ROE (%)	nm	9.6	20.4
Share Price Performance	1 Month	3 Month	12 Month
Absolute (%)	(0.3)	35.4	157.9
Relative to BIST-100 (%)	(0.5)	28.5	96.5
Mkt cap (TRY m / USD m)			2,536 / 666
Crnt / trgt price (TRY, 22 Nov)			3.25 / 3.58
12m high / low (TRY)			3.44 / 1.12
3m ADT (USD m)			85.4
Free Float (%)			89

Sources: Kardemir; Factset; TEB Investment/BNP Paribas estimates

Exhibit 14: Price performance – KRDMD



Sources: Kardemir; Factset; TEB Investment/BNP Paribas estimates

TSKB (TSKB TI; BUY; CP: TRY1.65; TP: TRY1.81)

Ovunc Gursoy, +90 216 636 43 35, ovunc.gursoy@tebyatirim.com.tr

We think TSKB is positioned more favourably than its peers to address the short term negative impact of interest rate hikes on earnings thanks to its long-term low-cost funding structure. On top of that, TSKB has almost nil currency mismatches and unlike deposit banks it is immune to potential hikes in deposit costs. TSKB has strong asset quality with an NPL ratio of 0.2% as of 17YE. The share of restructured loans in total loans is minimal. The only risk we see at TSKB is that it is vulnerable to the volatility in repo funding costs. Note that repo funds 5% of TRY securities and 65% of TRY loans. However, TSKB's TRY loan book has a relatively short duration, so the bank reflects changes in cost of funding to loans faster. We foresee TSKB's 18E swap adjusted NIM sliding by an average 26bps, being impacted by lower 2018E CPI-linker yields. Note that every 10% depreciation in TRY would affect earnings positively by c.2% as the bank borrows and lends in FX, yet reports in local currency.

TSKB is trading at an undemanding 2018E 1.0x P/B and 6.3x P/E multiples. Considering TSKB' low risk profile and sustainable high ROE, we forecast 10% y-y earnings growth in 2018E and 18% in 2019E.

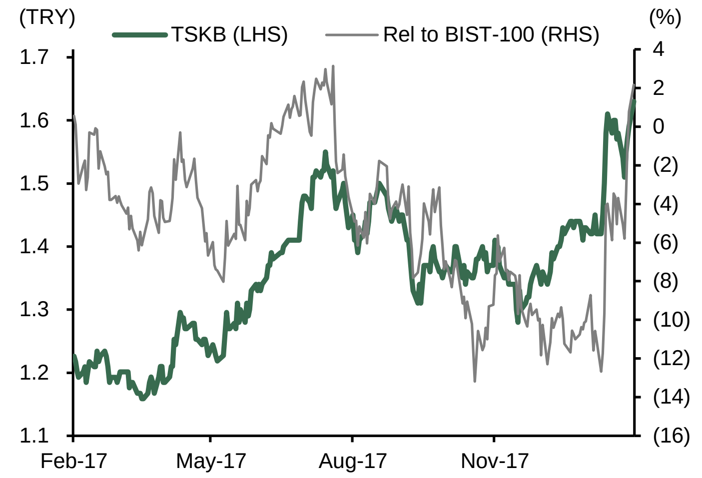
Our 12m TP of TRY1.80 for TSKB is derived from a Gordon Growth model. Downside risks to our GGM-based TP are 1) slower than anticipated GDP growth rate leading to worse than expected NPL formation, 2) a slower than expected loan growth due to weak investment demand, and 3) higher than expected increase in repo costs hurt margins as 65% of TRY loans funded by repo.

Exhibit 15: Key data – TSKB

YE Dec (TRY m)	2016	2017E	2018E
Operating profit	593	727	849
Recurring net profit	476	596	657
Recurring EPS (TRY)	0.23	0.24	0.26
EPS Growth (%)	(0.0)	4.6	8.1
Recurring P/E (x)	7.1	6.8	6.3
Price/book (x)	1.2	1.1	1.0
ROE (%)	17.6	18.4	17.3
Share Price Perf.	1 Month	3 Month	12 Month
Absolute (%)	13.8	18.7	33.3
Relative to BIST-100 (%)	13.6	12.6	1.6
Mkt cap (TRY m / USD m)			3,960 / 1,040
Crnt / trgt price (TRY, 22 Nov)			1.65 / 1.80
3m ADT (USD m)			3.9
Free Float (%)			39
12m high / low (TRY)			1.65 / 1.18

Sources: TSKB; Factset; TEB Investment/BNP Paribas estimates

Exhibit 16: Price performance – TSKB



Sources: TSKB; Factset; TEB Investment/BNP Paribas estimates

Anadolu Cam (ANACM TI; BUY; CP: TRY3.09; TP: TRY3.3)

Akif Dasiran, +90 216 636 45 33, akif.dasiran@tebyatirim.com.tr

After an outstanding rise in oil prices in 2H17, the Russian economy is staging a rapid recovery, while Anadolu Cam benefits from increasing food and beverage consumption and a demand shift from PET to glass packaging in the country. Russia will host the FIFA World Cup Championship in 2018 and we expect alcoholic beverage consumption to be boosted by the tournament. In addition, an appreciating RUB against TRY may boost the contribution of Russian operations in total sales and EBITDA in TRY terms.

Anadolu Cam's major competitor in Turkey, Park Cam, entered the market in 2013 and increased capacity in 2015, but there has been no additional capacity increase since then. Thanks to an improving competitive environment and steady demand growth in Turkey, Anadolu Cam announced that it will increase its production capacity by 15% in Turkey in 2018, lifting its total capacity by 7%.

On the cost side, we expect a 10% decline in soda ash prices in 2018, after a substantial capacity increase by Turkish natural soda ash producer Eti Soda in 1Q18. We estimate that every 10% decline in soda ash prices in Turkey increases the EBITDA margin of ANACM's Turkey operations by 72bp, thus lifting consolidated EBITDA margin by 47bp. Yet, we expect a flattish EBITDA margin in 2018 due to the ramp-up period of Anadolu Cam's new capacity. We estimate a 16% y-y increase in EBITDA in 2018, following 36% growth in 2017.

In our valuation, we allocate 80% weight to our DCF valuation and 20% to a peer comparison. Our 12M TP is TRY3.30. ANACM trades at a 36% discount to its international peers on 2018E EV/EBITDA, at 5.5x, and at a 14% discount on 2018E P/E, at 12.9x.

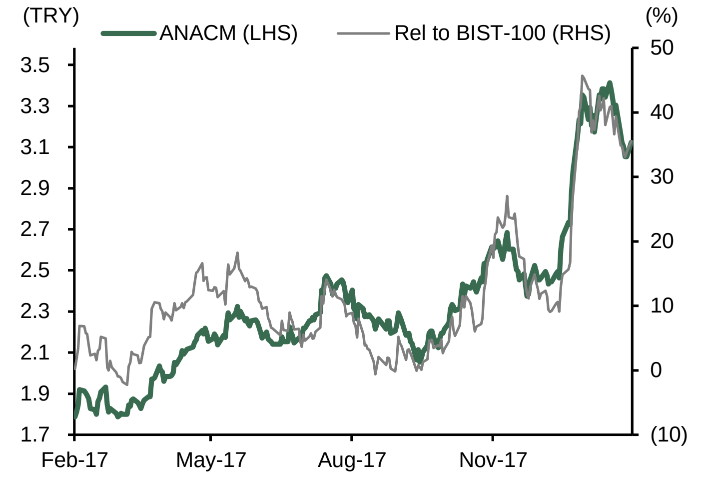
ANACM's Pokrov factory has been closed since July 2013, due to weak demand. We assume it will be operational again in 2019, as the company's capacity utilisation rate (CUR) reached 95% in Russia in 2017. A later than expected re-opening of the facility is a downside risk to our estimates.

Exhibit 17: Key data – ANACM

YE Dec (TRY m)	2016	2017E	2018E
Revenue	1,767	2,188	2,563
EBITDA	340	464	539
Rep. net profit	457	185	179
Net debt	931	651	586
Rep. EPS Growth (%)	785.4	(59.4)	(3.3)
EV/EBITDA (x)	9.8	6.8	5.5
Rep. P/E (x)	5.1	12.5	12.9
Dividend Yield (%)	2.2	1.6	1.5
Price/book (x)	1.3	1.1	1.1
Net debt/EBITDA (x)	2.7	1.4	1.1
ROE (%)	26.5	9.6	8.5
Share Price Performance	**1 Month**	**3 Month**	**12 Month**
Absolute (%)	(6.6)	22.6	76.2
Relative to BIST-100 (%)	(6.8)	16.3	34.2
Mkt cap (TRY m / USD m)			2,318 / 609
Crnt / trgt price (TRY, 22 Nov)			3.09 / 3.30
12m high / low (TRY)			3.38 / 1.75
3m ADT (USD m)			1.9
Free Float (%)			20

Sources: Anadolu Cam; Factset; TEB Investment/BNP Paribas estimates

Exhibit 18: Price performance – ANACM



Sources: Anadolu Cam; Factset; TEB Investment/BNP Paribas estimates

Turk Traktor (TTRAK TI; BUY; CP: TRY73.65; TP: TRY86)

Akif Dasiran, +90 216 636 45 33, akif.dasiran@tebyatirim.com.tr

The government budget implies a 16% y-y increase in financial support for the agriculture sector in 2018. Looking in detail, fertilizer support would decline by 31% y-y in 2018 while fuel support would increase by 171% y-y, according to the budget figures. Subsidy level for farm tractor loans was 50% for TRY50K portion of tractor and 25% for the remaining part in 2017. The government recently increased the threshold for 50% subsidy to TRY75K from TRY50K. In our view, increasing financial support of the government to the farmers will underpin tractor demand in Turkey in 2018.

Turk Traktor's market share rose to 49% in Turkey in 2017 from 47% in 2016, thanks to 22% import tax implemented to tractors from non-EU countries. In 2018, we expect European tractor producers' costs to increase due to upgrade to tier 4 engines. Thus, we expect that Turk Traktor's competitive edge will improve for the Turkish market where tier 3 engines are still allowed. Accordingly, we expect Turk Traktor's strong market share to continue in the near term.

Turk Traktor EBITDA margin was under pressure in 2017 due to rapid increase in costs with depreciating TRY. In addition to a back-loaded 18% price hike in 2017, the company increased prices by 5% in January 2018 and another 5% is planned for April. Therefore, we estimate a gradual improvement in EBITDA margin throughout the year of 2018. Our estimates indicate 14% CAGR for EBITDA between 2017 and 2019.

The government has started to evaluate a potential scrappage scheme for farm tractors in the medium term, offering an incentive to replace 1m old farm tractors with more fuel efficient newer models (to be effective by 2019). Such an incentive would be a major upside risk to our estimates as we have not yet reflected its potential impact in our numbers. Even with our current conservative estimates, Turk Traktor trades at a 29% discount to international peers on 2019E P/E of 9.9x and at a 14% discount on 2019E EV/EBITDA of 7.3x (based on 2018 estimates, it trades at a 22% discount on P/E and 12% discount on EV/EBITDA).

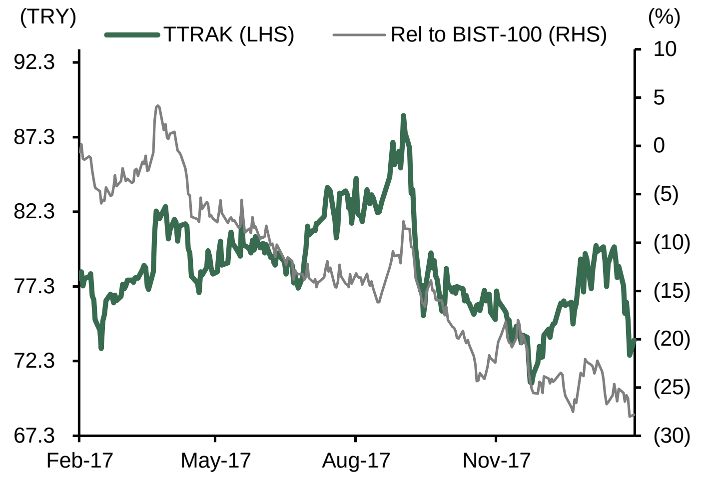
The major downside risks to our call are 1) further increases in costs, either through TRY depreciation or commodity price hikes, and 2) lower accrual of government support compared with the 2018 budget.

Exhibit 19: Key data – TTRAK

YE Dec (TRY m)	2016	2017E	2018E
Revenue	3,443	4,176	4,647
EBITDA	512	483	553
Rep. net profit	370	284	330
Net debt	720	616	608
Rep. EPS Growth (%)	44.0	(23.2)	16.3
EV/EBITDA (x)	8.8	9.5	8.2
Rep. P/E (x)	10.6	13.8	11.9
Dividend Yield (%)	6.4	4.9	5.7
Price/book (x)	5.6	5.4	4.5
Net debt/EBITDA (x)	1.4	1.3	1.1
ROE (%)	54.7	39.6	41.1
Share Price Performance	1 Month	3 Month	12 Month
Absolute (%)	(6.9)	(2.5)	(4.1)
Relative to BIST-100 (%)	(7.0)	(7.5)	(27.0)
Mkt cap (TRY m / USD m)			3,931 / 1,033
Crnt / trgt price (TRY, 22 Nov)			73.65 / 86.0
12m high / low (TRY)			88.7 / 70.8
3m ADT (USD m)			1.5
Free Float (%)			24

Sources: Turk Traktor; Factset; TEB Investment/BNP Paribas estimates

Exhibit 20: Price performance – TTRAK



Sources: Turk Traktor; Factset; TEB Investment/BNP Paribas estimates

Arcelik (ARCLK TI; BUY; CP: TRY18.8; TP: TRY25)

Akif Dasiran, +90 216 636 45 33, akif.dasiran@tebyatirim.com.tr

Based on Bloomberg estimates, Arcelik is trading at long-term trough forward-looking P/E and EV/EBITDA multiples at the moment after underperforming BIST-100 by 31% in the past 12 months. Cost pressure due to weak TRY and higher raw material prices was the main reason for the repressed share price performance, particularly in 2H17. On the other hand, we look for a gradual improvement in margins in 2018, with recently implemented price hikes.

Turkey's construction permits rose 57% y-y in 9M17. Considering 6-18 months of construction period, house supply should be on the rise in 2018. Thanks to increasing popularity of built-in kitchens in new houses (installed by construction firms), increasing house supply implies strong white goods demand in 2018, whether new houses are sold to end client or not. Despite a high base, we estimate a meager 4% contraction in white goods demand in Turkey in 2018, on potentially strong demand for new house supplies.

Following a 29% y-y growth in 2017, we estimate Arcelik's revenues will increase by 19% y-y in 2018. Our estimates are based on 5% y-y increase in domestic revenues and 28% y-y growth in export revenues in TRY terms. BNPP's macro team's estimates indicate a16% depreciation in TRY against EUR, in average terms in 2018. Accordingly, almost half of our export revenue growth estimate comes from TRY depreciation. Note that, export revenues account for 60% of Arcelik's total revenues.

Arcelik has strong pricing power in Turkey as it has c.50% market share. Nevertheless, price hikes lags rapid depreciation of TRY and increase in raw materials. Therefore, we expect a gradual improvement in profitability in 2018. We estimate 110bp y-y improvement in EBITDA margin, which implies 31% y-y EBITDA growth in 2018.

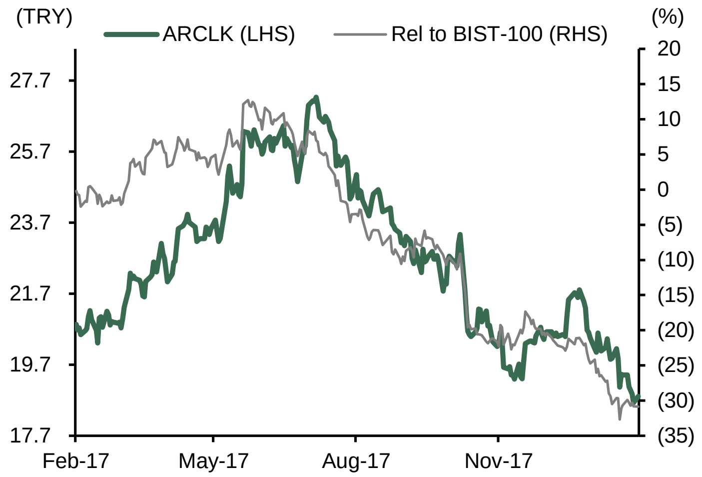
ARCLK trades at 10.1x 2018E P/E, a 34% discount vs. peers at 15.2x and at 7.0x 2018E EV/EBITDA, a 21% discount vs peers at 8.8x. Downside risk to our DCF-based TP are sharper than expected contraction in Turkish white goods demand, a major hike in raw material prices, USD appreciation vs the EUR and PKR devaluation (Pakistan revenues account for 5% of revenues and 9% of EBITDA).

Exhibit 21: Key data – ARCLK

YE Dec (TRY m)	2016	2017E	2018E
Revenue	16,096	20,841	24,815
EBITDA	1,636	1,920	2,521
Rep. net profit	1,300	843	1,259
net debt	3,216	4,794	5,007
Rep. EPS Growth (%)	45.9	(35.2)	49.3
EV/EBITDA (x)	9.8	8.7	7.0
Rep. P/E (x)	9.8	15.1	10.1
Dividend Yield (%)	3.3	2.7	5.0
Price/book (x)	2.1	1.8	1.6
Net debt/EBITDA (x)	2.0	2.5	2.0
ROE (%)	24.4	13.1	17.1
Share Price Performance	1 Month	3 Month	12 Month
Absolute (%)	(8.0)	(7.6)	(9.8)
Relative to BIST-100 (%)	(8.2)	(12.3)	(31.3)
Mkt cap (TRY m / USD m)			12,704 / 3,337
Crnt / trgt price (TRY, 22 Nov)			18.80 / 25.0
12m high / low (TRY)			27.22 / 18.62
3m ADT (USD m)			13.3
Free Float (%)			25

Sources: Arcelik; Factset; TEB Investment/BNP Paribas estimates

Exhibit 22: Price performance – ARCLK



Sources: Arcelik; Factset; TEB Investment/BNP Paribas estimates

Coca-Cola Icecek (CCOLA TI; BUY; CP: TRY32.62; TP: TRY43.0)

Akif Dasiran, +90 216 636 45 33, akif.dasiran@tebyatirim.com.tr

In our view, the current Coca Cola Icecek (CCI) share price offers an attractive entry point ahead of expected balance sheet de-leveraging and profitability improvement. After underperforming the ISE National 100 by 33% in the past 12 months, the stock is now trading at 7.4x 2018E EV/EBITDA, a 22% discount to international peers and at 6.4x 2019E EV/EBITDA, a 27% discount.

We forecast 13% revenue growth in 2018 on 4.3% sales volume growth. We estimate 28bp EBITDA margin improvement in 2018 on better sales mix in Turkey, inflationary pricing in major markets and lower sugar costs. We forecast 15% y-y EBITDA growth in 2018 vs a 10% CAGR in the last four years (2014-17). CCI is not heavily leveraged, with a 1.5x net debt to EBITDA ratio at end-3Q17. Yet, FX exposure curbs its bottom line performance when the TRY depreciates against hard currencies. Given ongoing free cash flow improvement, we forecast its net debt to EBITDA will ease to 1.3x in 2018 and 0.9x in 2019. Thus, we forecast substantial bottom-line improvement over the next few years with a 68% EPS CAGR between 2017 and 2019.

Despite improved EBITDA and EPS growth, the stock trades at long-term trough multiples for both 12M forward looking P/E and EV/EBITDA. The stock trades at a 40% discount to its past six year average 12M forward looking EV/EBITDA and a 22% discount to its past six year average 12M forward looking P/E.

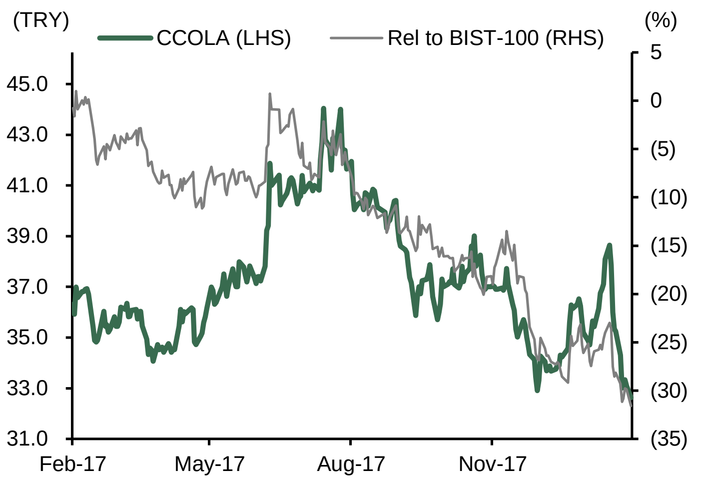
Our DCF based target price offers an attractive 32% return potential. Downside risks are weak consumer sentiment, regulatory changes on sugar consumption, increased raw material prices and devaluation of local currencies in operating markets.

Exhibit 23: Key data – CCOLA

YE Dec (TRY m)	2016	2017E	2018E
Revenue	7,050	8,393	9,469
EBITDA	1,053	1,291	1,482
Rep. net profit	-27	209	443
Net debt	2,293	2,201	1,885
Rep. EPS Growth (%)	(123.1)	866.9	112.3
EV/EBITDA (x)	10.6	8.6	7.4
Rep. P/E (x)	nm	39.1	18.4
Dividend Yield (%)	0.6	0.8	1.6
Price/book (x)	1.9	1.8	1.7
Net debt/EBITDA (x)	2.2	1.7	1.3
ROE (%)	nm	4.8	9.5
Share Price Performance	1 Month	3 Month	12 Month
Absolute (%)	(8.7)	(13.2)	(12.7)
Relative to BIST-100 (%)	(8.6)	(17.5)	(32.4)
Mkt cap (TRY m / USD m)			8,170 / 2,152
Crnt / trgt price (TRY, 22 Nov)			32.12 / 43.0
12m high / low (TRY)			44.04 / 32.12
3m ADT (USD m)			3.7
Free Float (%)			25

Sources: Coca-Cola Icecek; Factset; TEB Investment/BNP Paribas estimates

Exhibit 24: Price performance – CCOLA



Sources: Coca-Cola Icecek; Factset; TEB Investment/BNP Paribas estimates

Indeks Bilgisayar (INDES TI; BUY; CP: TRY15.4; TP: TRY18)

Kurthan Atmaca, +90 216 636 45 31, kurthan.atmaca@tebyatirim.com.tr

As Turkey's largest IT distributor, Indeks should benefit from the strong sector growth and a diverse portfolio. Thanks to signing new distribution agreements, Indesk had achieved 30% revenue CAGR between 2012-16, and we expect this revenue growth to remain strong given the continued robust contributions from its subsidiary Datagate. Furthermore, the recently signed distribution agreement with Samsung is expected to support the company's top line. We forecast revenue and net profit CAGRs to be 15% and19%, respectively, in 2016-20.

We expect strong 4Q17 results (NI up 385% y-y) given: 1) real estate income (net) of TRY80m in the quarter, 2) robust contribution from fully consolidated Datagate, and 3) additional revenue (roughly TRY50m) from the recently signed Samsung agreement. Supported by real-estate income and a robust operational performance, we expect company's dividend payment to rise 95% y-y to TRY60m in 2018 (7.0% yield), and forecast another generous dividend payment of TRY60m in 2019. The stock trades at 5.5x EV/EBITDAand 10.2x P/E (4.6x P/E including real-estate income) on our 2018 forecasts, 26% and 1% discounts to those of international peers. We believe these discounts are excessive given Indeks's strong presence in the domestic market, sound balance sheet and generous dividends.

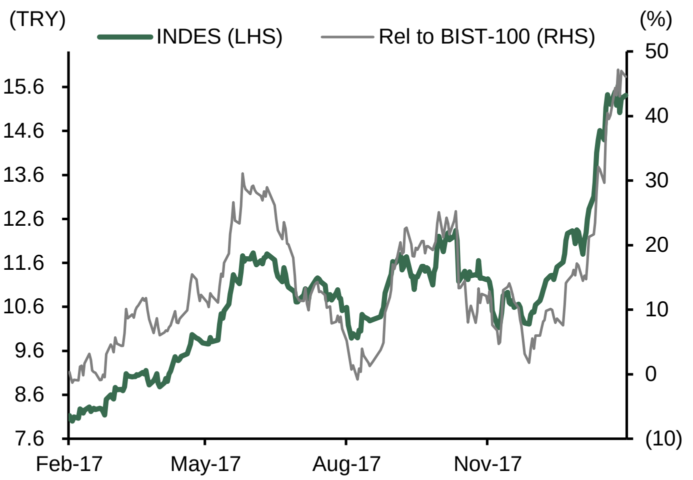
The main risk to our DCF based TP is a possible downturn in GDP growth and a sharp depreciation of the TRY resulting in a decrease in IT spending, which would put pressure on the company's operational performance.

Exhibit 25: Key data – INDES

YE Dec (TRY m)	2016	2017E	2018E
Revenue	3,794	4,550	5,410
EBITDA	95	112	134
Rep. net profit	52	147	187
Net debt	(53)	(120)	(213)
Rep. EPS Growth (%)	15.2	184.5	27.1
EV/EBITDA (x)	10.1	7.2	5.5
Rep. P/E (x)	16.7	5.9	4.6
Dividend Yield (%)	3.5	3.6	7.0
Price/book (x)	4.5	2.8	1.9
Net debt/EBITDA (x)	(0.6)	(1.1)	(1.6)
ROE (%)	27.8	26.7	20.8
Share Price Performance	1 Month	3 Month	12 Month
Absolute (%)	25.2	36.9	90.0
Relative to BIST-100 (%)	25.0	29.9	44.7
Mkt cap (TRY m / USD m)			862 / 227
Crnt / trgt price (TRY, 22 Nov)			15.40 / 18.0
12m high / low (TRY)			15.62 / 7.99
3m ADT (USD m)			1.3
Free Float (%)			42

Sources: Indeks Bilgisayar; Factset; TEB Investment/BNP Paribas estimates

Exhibit 26: Price performance – INDES



Sources: Indeks Bilgisayar; Factset; TEB Investment/BNP Paribas estimates

Aksigorta A.S. (AKGRT TI; BUY; CP: TRY4.03; TP: TRY4.62)

Ovunc Gursoy, +90 216 636 43 35, ovunc.gursoy@tebyatirim.com.tr

We expect earnings to rise from TRY127m in 2017 to TRY208m in 2018, with the combined ratio sliding to 96% in 2018 from 97% in 2017 thanks to declining reserving and contained costs. We forecast underwriting profit to rise from TRY40m in 2017 to TRY65m in 2018, indicating a margin of 1.5% in 2017 and 2.2% in 2018. We expect ROE to rise from 23% in 2017 to an eye-catching 30% in 2018 with a long-term ROE of 25.5%.

Aksigorta wants to increase its market share in MTPL insurance to 8% from 3.3% as of Sep-17. We expect its new growth strategy in MTPL to result in its investment portfolio recording a 3-year EPS CAGR (2017-20E) of 19%. We foresee 44% y-y growth in net investment income in 2018 thanks to rising deposit rates. Aksigorta paid no dividend in the last two years due to MTPL-related IBNR deficits, and it will distribute TRY0.36/sh dividend in 20 March 2018, indicating a 9% dividend yield. This is in line with our expectations, while positive for the stock performance. Aksigorta is trading at 5.9x 2018E P/E and 1.7x P/B for a 3-year EPS CAGR (2017-20E) of 22% and a 2018E ROE of 30%.

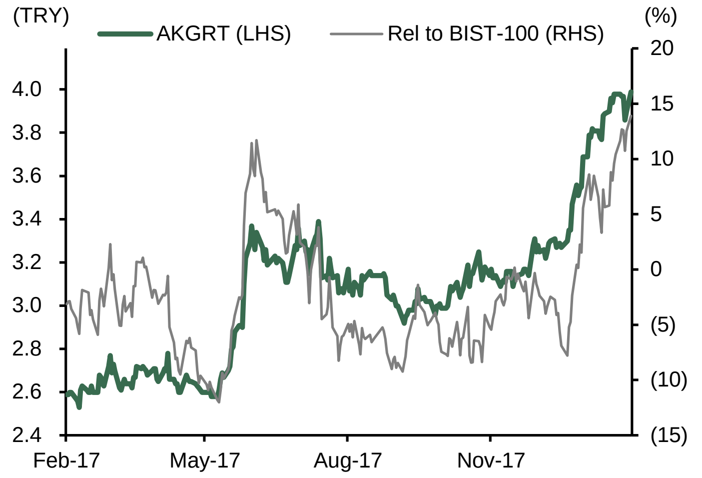
Our 12M TP of TRY4.62 for Aksigorta is derived from a Gordon Growth model. Downside risks are a lower-than-expected GDP growth, less consumption, slower investment and banking activities. A potential cap on MTPL prices and other adverse regulatory changes in MTPL also constitutes a downside risk.

Exhibit 27: Key data – AKGRT

YE Dec (TRY m)	2016	2017E	2018E
Operating profit	57	167	267
Recurring net profit	57	127	208
Recurring EPS (TRY)	0.19	0.41	0.68
EPS Growth (%)	141.9	122.4	63.8
Recurring P/E (x)	21.6	9.7	5.9
Price/book (x)	2.5	2.0	1.7
ROE (%)	13.6	22.6	30.3
Share Price Perf.	1 Month	3 Month	12 Month
Absolute (%)	8.0	25.2	48.7
Relative to BIST-100 (%)	7.9	18.8	13.3
Mkt cap (TRY m / USD m)			1,233 / 324
Crnt / trgt price (TRY, 22 Nov)			4.03 / 4.62
3m ADT (USD m)			1.0
Free Float (%)			28
12m high / low (TRY)			4.03 / 2.57

Sources: Aksigorta A.S.; Factset; TEB Investment/BNP Paribas

Exhibit 28: Price performance – AKGRT



Sources: Aksigorta A.S.; Factset; TEB Investment/BNP Paribas

AvivaSA Emeklilik (AVISA TI; BUY; CP: TRY17.42; TP: TRY22.05)

Ovunc Gursoy, +90 216 636 43 35, ovunc.gursoy@tebyatirim.com.tr

We expect earnings to rise from TRY107m in 2017 to TRY133m in 2018. Both life and pension segments should contribute to earnings. We project pension segment profit to grow from TRY9m in 2017 to TRY28m in 2018, implying a margin of 0.5% in 2017 and 1.0% in 2018. Additionally, we forecast life segment's profit will rise from TRY69m in 2017 to TRY78m in 2018, with a margin of 17.2% and 18.2%, respectively. Over the next three years (2017-20) we foresee an average investment yield of 9.7% and an average operating margin of 22%. We estimate an eye-catching ROE of 41% in 2018 with a long-term ROE of 32%. Our GGM-based 12M TP for AvivaSa is TRY22.05/sh assuming 32% long-term ROE, 17.1% CoE and 14.5% long-term growth rate. AvivaSa is trading at a 15.4x 2018E P/E and 5.4x P/B for a 3-year EPS CAGR of 26% and a 2018E ROE of 41%.

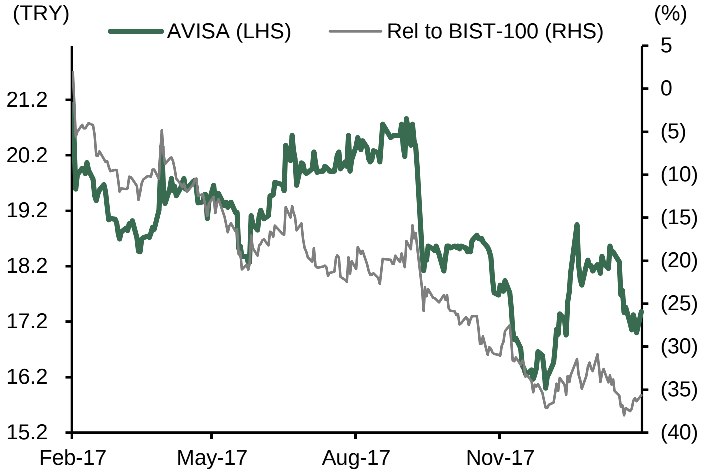
Our 12M-forward TP of TRY22.05 for AvivaSa is derived from a Gordon Growth model. Major downside risks are as follows: Lower-than-expected GDP growth, less consumption, slower investment and banking activities would decrease life premium and pension AUM growth. A potential adverse regulatory change in pensions may reduce asset management fees and technical profitability. Disruptions to, or cuts in state contribution, up to 25% of the annual minimum wage, relating to potential budget imbalances lead to higher lapses, and would, in turn, prompt us to cut our estimates. Potentially higher agency commissions in the life segment pose downside risks to our estimates as well.

Exhibit 29: Key data – AVISA

YE Dec (TRY m)	2016	2017E	2018E
Operating profit	73	139	171
Recurring net profit	63	107	133
Recurring EPS (TRY)	0.54	0.91	1.13
EPS Growth (%)	254.6	69.8	24.3
Recurring P/E (x)	32.5	19.1	15.4
Price/book (x)	11.1	7.6	5.4
ROE (%)	37.2	47.0	41.0
Share Price Perf.	1 Month	3 Month	12 Month
Absolute (%)	(4.0)	(1.9)	(17.0)
Relative to BIST-100 (%)	(4.2)	(6.9)	(36.8)
Mkt cap (TRY m / USD m)			2,056 / 540
Crnt / trgt price (TRY, 22 Nov)			17.42 / 22.05
3m ADT (USD m)			0.3
Free Float (%)			20
12m high / low (TRY)			21.16 / 16.04

Sources: AvivaSA Emeklilik; Factset; TEB Investment/BNP Paribas

Exhibit 30: Price performance – AVISA



Sources: AvivaSA Emeklilik; Factset; TEB Investment/BNP Paribas

GSD Holding (GSDHO TI; BUY; CP: TRY0.82; TP: TRY1.25)

Ovunc Gursoy, +90 216 636 43 35, ovunc.gursoy@tebyatirim.com.tr

We expect EPS to grow 22% y-y in 2018 and 25% y-y in 2019. The biggest supporter of EPS growth is the finance segment. Both GSD Investment Bank and GSD Factoring are profitable businesses. GSD Bank delivered a ROE of 23% as of 3Q17, which is far above the peer average and the sector. GSD Factoring delivered even higher ROE (25%) with better efficiency than peers and a strong margin.

There are five ships operating under GSD Marin. Revenues look set to increase, in our view, with improving global growth expectations and rising rental prices for dry bulk carriers. GSD Shipping has signed a contract with Itochu Corporation in Japan to build a dry bulk carrier with 63k DWT capacity. This ship should be added to the fleet in 2018, according to management, and contribute to revenue generation soon thereafter.

GSD Holding trades at a 2018E EV/EBITDA of 5.4x and P/B of 0.4x. The company has net cash of USD38m and trades at a 67% NAV discount. Our BUY case on GSD is based not only on valuation but also on its diversified and growing business lines.

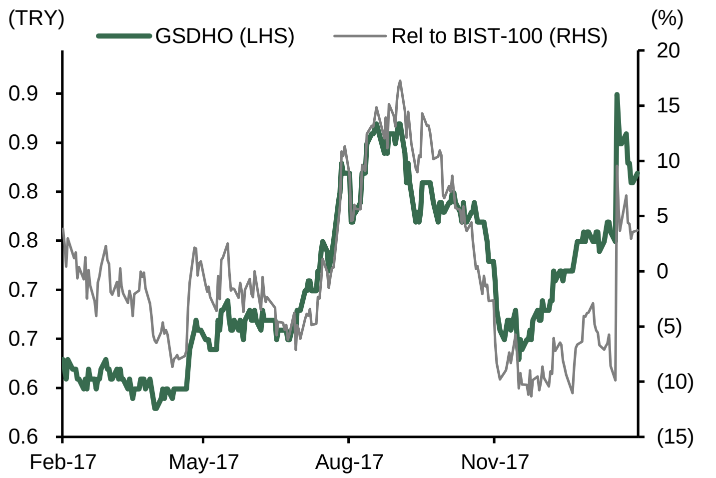
Our 12M-forward looking TP of TRY1.25 is derived from a SOTP model. Major downside risks are lower-than-expected GDP growth and slowdown in investment activity. Higher-than-expected appreciation of the lira against USD causes net earnings erosion as TRY is the reporting currency. Higher-than-expected drop in ship rental prices for dry bulk carriers and unfavourable demand conditions for international freight business cause contraction in marine revenues and poses downside risk to our TP. Any potential adverse regulations on factoring transactions pose also downside risk to our TP. Another significant downside risk is an acquisition for inorganic growth at a too high price.

Exhibit 31: Key data – GSDHO

YE Dec (TRY m)	2016	2017E	2018E
Revenue	199	194	242
EBITDA	57	56	71
Rep. net profit	91	28	34
Net debt	(20)	(10)	(20)
Rep. EPS Growth (%)	(77.1)	(69.5)	22.2
EV/EBITDA (x)	5.4	6.7	5.4
Rep. P/E (x)	4.1	13.3	10.9
Dividend Yield (%)	13.8	0.0	0.0
Price/book (x)	0.4	0.4	0.4
Net debt/EBITDA (x)	(0.4)	(0.2)	(0.3)
ROE (%)	11.1	3.1	3.5
Share Price Performance	1 Month	3 Month	12 Month
Absolute (%)	7.9	12.3	36.7
Relative to BIST-100 (%)	7.7	6.6	4.1
Mkt cap (TRY m / USD m)			369 / 97
Crnt / trgt price (TRY, 22 Nov)			0.82 / 1.25
12m high / low (TRY)			0.9 / 0.58
3m ADT (USD m)			1.9
Free Float (%)			56

Sources: GSD Holding; Factset; TEB Investment/BNP Paribas

Exhibit 32: Price performance – GSDHO



Sources: GSD Holding; Factset; TEB Investment/BNP Paribas

Our least preferred list

Vakifbank (VAKBN TI; HOLD; CP: TRY6.92; TP: TRY7)

Ovunc Gursoy, +90 216 636 43 35, ovunc.gursoy@tebyatirim.com.tr

We think Vakifbank should be treated separately from state banks given its quasi-state structure and on-going fundamental turnaround. We expect a 15.7% ROE in 2018, in line with the average of the banks in our coverage. The CAR of the bank is high at 15.5% as of 17YE, but we expect the bank to come under more pressure with the phasing in of Basel III capital thresholds by 2019. It has the highest LDR among peers, indicating limited growth potential. Vakifbank's 2018-19E NIM should benefit from relatively low-cost state deposits (18% of total deposits) and fast re-pricing SME loan book (26% of total loans). However, according to a draft law, all state deposits will be managed from one account opened at the CBRT (Central Bank of the Republic of Turkey) and deposit allocations will be made by the Treasury considering the liquidity needs of state banks. If this law is enacted, we estimate Vakifbank's share of state deposits could fall below 18%. We forecast 6% y-y earnings growth in 2018 and 12% in 2019.

Our 12M-forward TP of TRY7.03 for Vakifbank is derived from a Gordon Growth model. Vakifbank trades at a 2018E P/B of 0.6x, P/E of 4.4x and ROE of 15.7%.

Downside risks are 1) slower-than-anticipated GDP growth rate leading to worse-than-expected NPL formation, 2) a sudden rise in interest rates causing higher cost of funding, lower NIM as well as trading and MTM losses, 3) lower-than-expected depreciation in the lira pressurizing EPS and TP as Vakifbank has a relatively high long FX to equity ratio among top-tier peers, 4) news flow regarding the potential SPO of the stake of Directorate of Foundations (58.4%) in Vakifbank, and 5) any potential drop in the share of state deposits in total deposits.

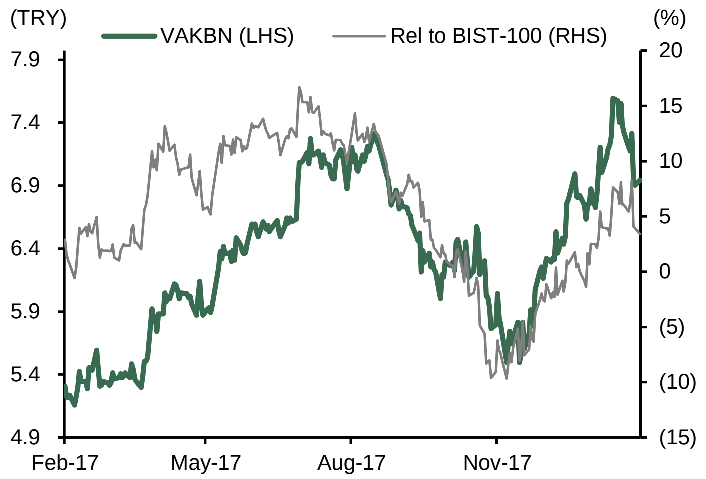
Upside risks to our GGM-based TP are 1) higher-than expected GDP growth containing NPL formation, 2) slower-than-expected FED rate hikes preventing potential increases in funding costs.

Exhibit 33: Key data – VAKBN

YE Dec (TRY m)	2016	2017A	2018E
Operating profit	3,396	4,675	5,132
Recurring net profit	2,703	3,723	3,938
Recurring EPS (TRY)	1.08	1.49	1.58
EPS Growth (%)	40.0	37.7	5.8
Recurring P/E (x)	6.4	4.6	4.4
Price/book (x)	0.9	0.7	0.6
ROE (%)	15.0	17.5	15.7
Share Price Perf.	1 Month	3 Month	12 Month
Absolute (%)	1.0	20.6	36.8
Relative to BIST-100 (%)	0.9	14.4	4.2
Mkt cap (TRY m / USD m)			17,300 / 4,544
Crnt / trgt price (TRY, 22 Nov)			6.92 / 7.03
3m ADT (USD m)			20.9
Free Float (%)			26
12m high / low (TRY)			7.57 / 5.13

Sources: Vakifbank; Factset; TEB Investment/BNP Paribas

Exhibit 34: Price performance – VAKBN



Sources: Vakifbank; Factset; TEB Investment/BNP Paribas

Isbank (ISCTR TI; HOLD; CP: TRY7.58; TP: TRY7.4)

Ovunc Gursoy, +90 216 636 43 35, ovunc.gursoy@tebyatirim.com.tr

Isbank is one of our least preferred banks with a relatively high portion of bonds invested at fixed rates and at the long end, which would face the biggest hit from a rise in yields in 2018. We do not think the bank is well-positioned for the prevailing environment, not only due to long-term fixed-rate bonds but also due to it having (relative to peers): 1) the highest net short FX position, that hurts when TRY loses value, 2) the highest duration mismatch, that pulls down spreads as interest rates rise, and 3) the strongest opex growth, that weighs on ROE. Increase in problematic loans including Group II is the highest for Isbank both y-y and q-q so far this year which may hurt profitability as these loans further age. We forecast 9% y-y earnings growth in 2018 and 14% in 2019.

Our 12M-forward TP of TRY7.40 for Isbank is derived from a Gordon Growth model. The stock trades at a 2018E P/B of 0.7x and a P/E of 5.9x. We estimate its 2018 ROE at 12.8% and its three-year (2017-20E) EPS CAGR at 8%.

Downside risks to our GGM-based TP are 1) slower-than-anticipated GDP growth rate leading to worse-than-expected NPL formation, 2) a sudden rise in interest rates causing higher cost of funding, lower NIM, trading and MTM losses, 3) higher-than-expected depreciation in the lira pressurizing EPS and TP as Isbank has a relatively high short FX to equity ratio among top-tier peers, and 4) potential increase in the pension fund deficit requiring additional provisioning.

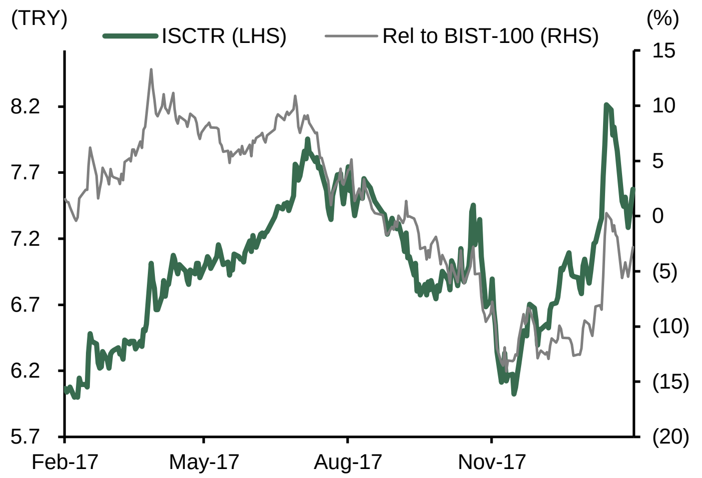
Upside risks are 1) higher-than-expected GDP growth containing NPL formation, 2) slower-than-expected FED rate hikes preventing potential increases in funding costs, and 3) successful resolution of the OTAS loan issue, where the bank has USD500m exposure.

Exhibit 35: Key data – ISCTR

YE Dec (TRY m)	2016	2017E	2018E
Operating profit	5,754	6,549	7,328
Recurring net profit	4,701	5,308	5,780
Recurring EPS (TRY)	1.04	1.18	1.28
EPS Growth (%)	52.5	12.9	8.9
Recurring P/E (x)	7.3	6.4	5.9
Price/book (x)	0.9	0.8	0.7
ROE (%)	13.8	13.4	12.8
Share Price Perf.	**1 Month**	**3 Month**	**12 Month**
Absolute (%)	7.5	13.3	28.3
Relative to BIST-100 (%)	7.4	7.5	(2.3)
Mkt cap (TRY m / USD m)			34,110 / 8,960
Crnt / trgt price (TRY, 22 Nov)			7.58 / 7.40
3m ADT (USD m)			49.6
Free Float (%)			31
12m high / low (TRY)			8.22 / 6.01

Sources: Isbank; Factset; TEB Investment/BNP Paribas

Exhibit 36: Price performance – ISCTR



Sources: Isbank; Factset; TEB Investment/BNP Paribas

Reasons for removal from our Key Ideas portfolio

TAV Airports (TAVHL TI; BUY; CP: TRY21.4; TP: TRY28.3)

Erdem Kayli, +90 216 636 45 29, erdem.kayli@tebyatirim.com.tr

Even though we maintain our BUY call as we see decent upside potential thanks to continued recovery in the Turkish aviation market, we remove TAV Airports from our top-pick list due to lack of near term catalysts.

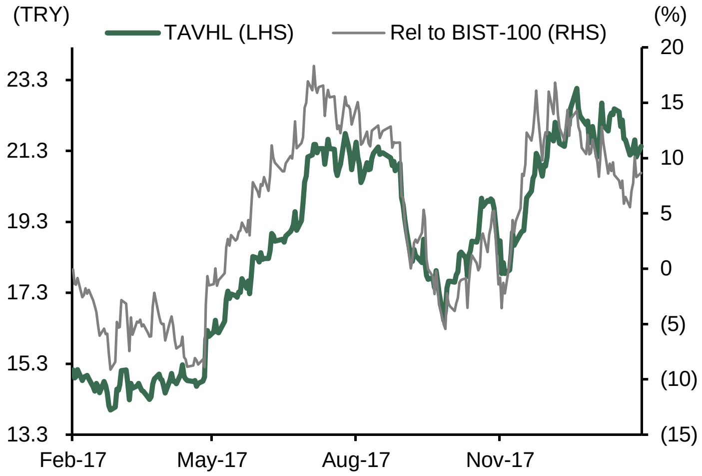
Our 12M TP of TRY28.30 suggests 30% upside potential. The stock currently trades at 4.3x 2018E EV/EBITDA, implying a hefty 62% discount to the average EV/EBITDA multiple of its global peers based on Bloomberg consensus. We value the company using SOTP. While the underlying individual businesses are discounted via DCF with no terminal value, we assign an overall terminal value to the group to account for new projects, which we believe will be won or acquired in the long term. Downside risks to our TP are from the slowdown in regional, especially Turkish air travel growth on changing economic or political conditions and significantly higher fares (on higher fuel prices) and significant weakening of EUR/USD exchange rate.

Exhibit 37: Key data – TAVHL

YE Dec (EUR m)	2016	2017E	2018E
Revenue	1,092	1,186	1,230
EBITDA	445	485	496
Rep. net profit	205	201	187
Net debt	761	581	352
Rep. EPS Growth (%)	(30.0)	(1.9)	(7.1)
EV/EBITDA (x)	5.5	4.8	4.3
Rep. P/E (x)	8.1	8.3	8.9
Dividend Yield (%)	6.5	3.8	6.0
Price/book (x)	2.1	1.8	1.6
Net debt/EBITDA (x)	1.7	1.2	0.7
ROE (%)	25.4	23.0	18.9
Share Price Performance	1 Month	3 Month	12 Month
Absolute (%)	(2.6)	8.8	40.7
Relative to BIST-100 (%)	(2.7)	3.2	7.2
Mkt cap (TRY m / USD m)			7,774 / 2,042
Crnt / trgt price (TRY, 22- Nov)			21.40 / 28.30
12m high / low (TRY)			23.04 / 13.97
3m ADT (USD m)			7.8
Free Float (%)			40

Sources: TAV Airports; Factset; TEB Investment/BNP Paribas

Exhibit 38: Price performance – TAVHL



Sources: TAV Airports; Factset; TEB Investment/BNP Paribas

Turkish Airlines (THYAO TI; BUY; CP: TRY17.18; TP: TRY17.1)

Erdem Kayli, +90 216 636 45 29, erdem.kayli@tebyatirim.com.tr

The stock has outperformed the BIST-100 by 76% since October 11, 2017 with a nominal return of 95%. We believe that the associated strong prospects are priced-in. However, we keep our positive stance on Turkish Airlines as we expect the company to deliver strong financials in the near term, thanks to strong aviation demand and continuous yield recovery. The higher-than-expected aviation demand may serve as upside risks to our forecasts.

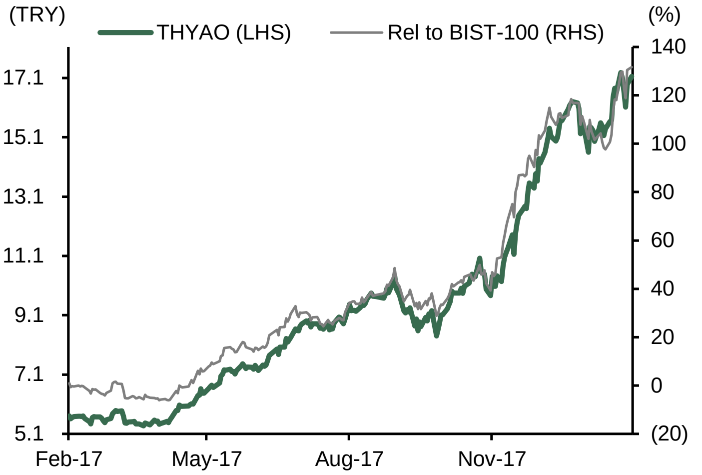
We assign equal weights to DCF methodology and the target EV/EBITDAR of 6.4x on 2018 estimates. Downside risks are: 1) any weaknesses in aviation demand due to regional risks; 2) major increases in oil prices; and 3) the JPY gaining against the USD.

Exhibit 39: Key data – THYAO

YE Dec (TRY m)	2016	2017E	2018E
Revenue	29,468	38,547	44,423
EBITDA	2,446	6,686	8,129
Rep. net profit	(47)	1,146	2,467
Net debt	29,661	26,370	25,520
Rep. EPS Growth (%)	(101.6)	2539.0	115.2
EV/EBITDA (x)	19.7	7.7	6.1
Rep. P/E (x)	nm	20.7	9.6
Dividend Yield (%)	0.0	0.0	0.0
Price/book (x)	1.3	1.1	1.0
Net debt/EBITDA (x)	12.1	3.9	3.1
ROE (%)	nm	5.9	10.9
Share Price Performance	1 Month	3 Month	12 Month
Absolute (%)	10.8	71.6	207.9
Relative to BIST-100 (%)	10.7	62.9	134.6
Mkt cap (TRY m / USD m)			23,708 / 6,228
Crnt / trgt price (TRY, 22 Nov)			17.18 / 17.10
12m high / low (TRY)			17.31 / 5.4
3m ADT (USD m)			261.2
Free Float (%)			50

Sources: Turkish Airlines; Factset; TEB Investment/BNP Paribas

Exhibit 40: Price performance – THYAO



Sources: Turkish Airlines; Factset; TEB Investment/BNP Paribas

Reasons for removal from our least preferred portfolio

Yapi Kredi Bank (YKBNK TI; HOLD; CP: TRY4.56; TP: TRY4.74)

Ovunc Gursoy, +90 216 636 43 35, ovunc.gursoy@tebyatirim.com.tr

We believe most negatives for Yapi Kredi have already been priced in. Hence, we remove it from our least preferred portfolio. As of 17YE, Yapi Kredi had the highest specific net CoR and NPL ratios (1.1% and 4.5% respectively) among the large cap private banks we cover. Yapi Kredi's ROE (17YE: c13%), on the other hand, is one of the lowest among peers. On top of all, Yapi Kredi has the lowest Tier-1 ratio (10.8% as of 17YE) among the large cap banks.

We foresee earnings growing 7% in 2018 and 11% in 2019. Yapi Kredi trades at a 2018E P/B of 0.6x, P/E of 5.1x and ROE of 12%.

Downside risks to our GGM-based TP are 1) slower-than-anticipated GDP growth rate leading to worse-than-expected NPL formation, 2) a sudden rise in interest rates causing higher cost of funding, lower NIM, trading and MTM losses, 3) its high risk exposure to construction and energy sectors poses risk to asset quality and earnings in case of defaults, 4) higher-than-expected depreciation in the lira pushing its peer-low Tier I ratio further down, and 5) any potential rights issue to support capital may be an overhang on the stock price.

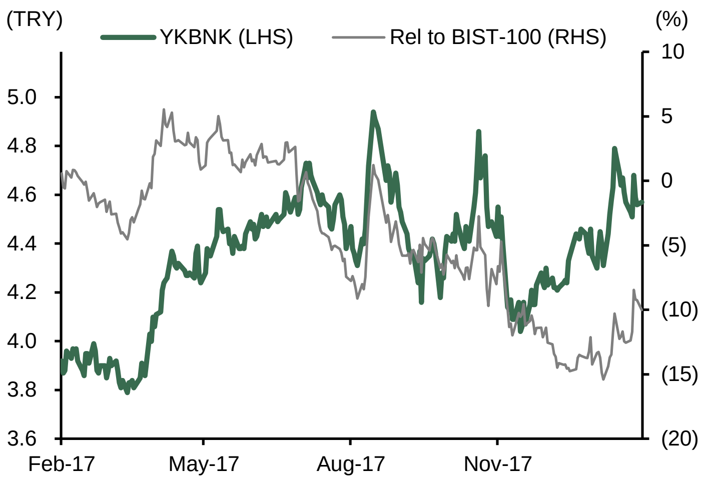
Upside risks are 1) higher-than-expected GDP growth containing NPL formation, 2) slower-than-expected FED rate hikes preventing potential increases in funding costs, 3) successful resolution of the OTAS loan issue, where the bank has USD200m exposure, 4) potential decrease in CIR through increasing digitalisation efforts, leading to higher earnings and TP.

Exhibit 41: Key data – YKBNK

YE Dec (TRY m)	2016	2017E	2018E
Operating profit	3,645	4,473	4,966
Recurring net profit	2,933	3,614	3,880
Recurring EPS (TRY)	0.67	0.83	0.89
EPS Growth (%)	57.6	23.2	7.4
Recurring P/E (x)	6.8	5.5	5.1
Price/book (x)	0.8	0.7	0.6
ROE (%)	11.9	12.9	12.1
Share Price Perf.	1 Month	3 Month	12 Month
Absolute (%)	5.1	1.8	18.8
Relative to BIST-100 (%)	4.9	(3.4)	(9.5)
Mkt cap (TRY m / USD m)			19,823 / 5,207
Crnt / trgt price (TRY, 22 Nov)			4.56 / 4.74
3m ADT (USD m)			24.7
Free Float (%)			18
12m high / low (TRY)			4.93 / 3.78

Sources: Yapi Kredi Bank; Factset; TEB Investment/BNP Paribas

Exhibit 42: Price performance – YKBNK



Sources: Yapi Kredi Bank; Factset; TEB Investment/BNP Paribas

Disclaimers and Disclosures

APPENDIX

DISCLAIMERS AND DISCLOSURES APPLICABLE TO NON-US BROKER-DEALER(S): TEB INVESTMENT

ANALYST(S) CERTIFICATION

Mete Yuksel, TEB Investment, +90 216 636 4536, mete.yuksel@tebyatirim.com.tr

The TEB Investment Analysts mentioned in this disclaimer are employed by a non-US affiliate of BNP Paribas Securities Corp., and are not registered/ qualified pursuant to NYSE and/or FINRA regulations

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

IMPORTANT DISCLOSURES REQUIRED IN THE UNITED STATES BY FINRA RULES AND OTHER JURISDICTIONS

"BNP Paribas" is the marketing name for the global banking and markets business of BNP Paribas Group. No portion of this report was prepared by BNP Paribas Securities Corp (US) personnel, and it is considered Third-Party Affiliate research under FINRA Rule 2241. The following disclosures relate to relationships between companies covered in this research report and the BNP entity identified on the cover of this report, BNP Securities Corp., and other entities within the BNP Paribas Group (collectively, "BNP Paribas").

The disclosure column in the following table lists the important disclosures applicable to each company that has been rated and/or recommended in this report:

Company	Ticker	Disclosure (as applicable)
N/A	N/A	N/A

BNP Paribas represents that:
1. Within the past year, it has managed or co-managed a public offering for this company, for which it received fees.
2. It had an investment banking relationship with this company in the last 12 months.
3. It received compensation for investment banking services from this company in the last 12 months.
4. It expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the next 3 months.
5. It beneficially owns 1% or more of any class of common equity securities of the subject company.
6. It makes a market in securities in respect of this company.
7. The analyst(s) or an individual who assisted in the preparation of this report (or a member of his/her household) has a financial interest position in securities issued by this company. The financial interest is in the common stock of the subject company, unless otherwise noted.
8. The analyst (or a member of his/her household) is an officer, director, employee or advisory board member of this company or has received compensation from the company.

IMPORTANT DISCLOSURES REQUIRED IN KOREA

The disclosure column in the following table lists the important disclosures applicable to each Korea listed company that has been rated and/or recommended in this report:

Company	Ticker	Price (as of 13-Feb-2018 closing price)	Interest
N/A	N/A	N/A	N/A

1. The performance of obligations of the Company is directly or indirectly guaranteed by BNP Paribas Securities Korea Co. Ltd ("BNPPSK") by means of payment guarantees, endorsements, and provision of collaterals and/or taking over the obligations.
2. BNPPSK owns 1/100 or more of the total outstanding shares issued by the Company.
3. The Company is an affiliate of BNPPSK as prescribed by Item 3, Article 2 of the Monopoly Regulation and Fair Trade Act.
4. BNPPSK is the financial advisory agent of the Company for the Merger and Acquisition transaction or of the Target Company whereby the size of the transaction does not exceed 5/100 of the total asset of the Company or the total number of outstanding shares.
5. BNPPSK has taken financial advisory service regarding listing to the Company within the past 1 year.
6. With regards to the tender offer initiated by the Company based on Item 2, Article 133 of the Financial Investment Services and Capital Market Act, BNPPSK acts in the capacity of the agent for the tender offer designated either by the Company or by the target company, provided that this provision shall apply only where tender offer has not expired.
7. The listed company which issued the stocks in question in case where 40 days has not passed since the new shares were listed from the date of entering into arrangement for public offering or underwriting-related agreement for issuance of stocks
8. The Company that has signed a nominated advisor contract with BNPPSK as defined in Item 2 of Article 8 of the KONEX Market Listing Regulation.
9. The Company is recognized as having considerable interests with BNPPSK in relation to No.1 to No. 8.
10. The analyst or his/her spouse owns (including delivery claims of marketable securities based on legal regulations and trading and misc. contracts) the following securities or rights (hereinafter referred to as "Securities, etc." in this Article) regardless of whose name is used in the trading.
    1) Stocks, bond with stock certificate, and certificate of pre-emptive rights issued by the Company whose securities dealings are being solicited.
    2) Stock options of the Company whose securities dealings are being solicited.
    3) Individual stock future, stock option, and warrants that use the stocks specified in Item 1) as underlying.

GENERAL DISCLAIMER

This report was produced by TEB Investment, member company(ies) of the BNP Paribas Group.

This report is for the use of intended recipients only and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without our prior written consent. By accepting this report, the recipient agrees to be bound by the terms and limitations set forth herein.

This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Customers are advised to use the information contained herein as just one of many inputs and considerations prior to engaging in any trading activity. This report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any securities or other investments. This report is not intended to provide the sole basis of any evaluation of the subject securities and companies mentioned in this report. Information and opinions contained in this report are published for reference of the recipients and are not to be relied upon as authoritative or without the recipient's own independent verification, or taken in substitution for the exercise of judgment by the recipient. Additionally, the products mentioned in this report may not be available for sale in certain jurisdictions.

As an investment bank with a wide range of activities, BNP Paribas may face conflicts of interest, which are resolved under applicable legal provisions and internal guidelines. You should be aware, however, that BNP Paribas may engage in transactions in a manner inconsistent with the views expressed in this document, either for its own account or for the account of its clients.

Affiliates of BNP Paribas may have issued other publications that may or may not be consistent with the views expressed in this report.

Australia: This report is being distributed in Australia by BNP Paribas, acting through its Sydney Branch, registered in Australia as ABN 23 000 000 117 at 60 Castlereagh Street Sydney NSW 2000. BNP Paribas, acting through its Sydney Branch is licensed under the Banking Act 1959 and the holder of Australian Financial Services Licence no. 238043 and therefore subject to regulation by the Australian Securities & Investments Commission in relation to delivery of financial services. By accepting this document you agree to be bound by the foregoing limitations, and acknowledge that information and opinions in this document relate to financial products or financial services which are delivered solely to wholesale clients (in terms of the Corporations Act 2001, sections 761G and 761GA; Corporations Regulations 2001, division 2, reg. 7.1.18 & 7.1.19) and/or professional investors (as defined in section 9 of the Corporations Act 2001).

Canada: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence.

Hong Kong: This report is prepared for professional investors and is being distributed in Hong Kong by BNP Paribas Securities (Asia) Limited to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or agent. BNP Paribas Securities (Asia) Limited, a subsidiary of BNP Paribas, is regulated by the Securities and Futures Commission for the conduct of dealing in securities, advising on securities, dealing in futures contracts and advising on corporate finance. For professional investors in Hong Kong, please contact BNP Paribas Securities (Asia) Limited (address: 63/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong; tel:2909 8888; fax: 2845 2232) for all matters and queries relating to this report.

India: In India, this document is being distributed by BNP Paribas Securities India Pvt. Ltd. ("**BNPPSIPL**"), having its registered office at 8th floor, BNP Paribas House, 1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, INDIA (Tel. no. +91 22 3370 4000 / 6196 4000, Fax no. +91 22 6196 4363). BNPPSIPL is registered with the Securities and Exchange Board of India ("**SEBI**") as a research analyst; and as a stockbroker in the Equities and the Futures & Options segments of National Stock Exchange of India Ltd. ("**NSE**") and BSE Ltd. and in the Currency Derivatives segment of NSE (SEBI Regn. Nos.: INZ000161834, INH000000792; CIN: U74920MH2008FTC182807; Website: www.bnpparibas.co.in). No material disciplinary action has been taken against BNPPSIPL by any regulatory or government authority. BNPPSIPL or its associates may have received compensation or other benefits for brokerage services or for other products or services, from the company(ies) that have been rated and/or recommended in the report and / or from third parties.

Indonesia: This report is being distributed to Indonesia based clients by the publishing entity shown on the front page of this report. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

Japan: This report is being distributed to Japanese based firms by BNP Paribas Securities (Japan) Limited or by a subsidiary or affiliate of BNP Paribas not registered as a financial instruments firm in Japan, to certain financial institutions defined by article 17-3, item 1 of the Financial Instruments and Exchange Law Enforcement Order. BNP Paribas Securities (Japan) Limited is a financial instruments firm registered according to the Financial Instruments and Exchange Law of Japan and a member of the Japan Securities Dealers Association, the Financial Futures Association of Japan and the Type II Financial Instruments Firms Association. BNP Paribas Securities (Japan) Limited accepts responsibility for the content of a report prepared by another non-Japan affiliate only when distributed to Japanese based firms by BNP Paribas Securities (Japan) Limited. Some of the foreign securities stated on this report are not disclosed according to the Financial Instruments and Exchange Law of Japan.

Malaysia: This report is issued and distributed by BNP Paribas Capital (Malaysia) Sdn Bhd. The views and opinions in this research report are our own as of the date hereof and are subject to change. BNP Paribas Capital (Malaysia) Sdn Bhd has no obligation to update its opinion or the information in this research report. This publication is strictly confidential and is for private circulation only to clients of BNP Paribas Capital (Malaysia) Sdn Bhd. This publication is being provided to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of BNP Paribas Capital (Malaysia) Sdn Bhd.

Philippines: This report is being distributed in the Philippines by BNP Paribas, acting through its Manila Branch, an Offshore Banking Unit (OBU) of BNP Paribas whose head office is in Paris, France. BNP Paribas Manila OBU is registered as an offshore banking unit under Presidential Decree No. 1034 (PD 1034), and regulated by the Bangko Sentral ng Pilipinas. This report is being distributed in the Philippines to qualified clients of OBUs as allowed under PD 1034, and is qualified in its entirety to the products and services allowed under PD 1034.

Singapore: This report is distributed in Singapore by BNP Paribas, acting through its Singapore Branch, and may be distributed in Singapore only to an Accredited or Institutional Investor, each as defined under the Financial Advisers Regulations ("FAR") and the Securities and Futures Act (Chapter 289) of Singapore, as amended from time to time. In relation to the distribution to such categories of investors, BNP Paribas, acting through its Singapore Branch, and its representatives are exempted under Regulation 35 of the FAR from the requirements in Section 36 of the Financial Advisers Act of Singapore, regarding the disclosure of certain interests in, or certain interests in the acquisition or disposal of, securities referred to in this report. For Institutional and Accredited Investors in Singapore, please contact BNP Paribas, acting through its Singapore Branch (company registration number: S71FC2142G; address: 10 Collyer Quay, 34/F Ocean Financial Centre, Singapore 049315; tel: (65) 6210 1288; fax: (65) 6210 1980) for all matters and queries relating to this report.

South Africa: In South Africa, BNP Paribas Securities South Africa (Pty) Ltd is a licensed member of the Johannesburg Stock Exchange and an authorised Financial Services Providers and subject to regulation by the Financial Services Board. BNP Paribas Securities South Africa (Pty) Ltd does not expressly or by implication represent, recommend or propose that the financial products referred to in this report are appropriate to the particular investment objectives, financial situation or particular needs of the recipient. This document does not constitute advice as contemplated in the Financial Advisory and Intermediary Services Act, 2002.

South Korea: BNP Paribas Securities Korea is registered as a Licensed Financial Investment Business Entity under the FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT and regulated by the Financial Supervisory Service and Financial Services Commission. This document does not constitute an offer to sell to or the solicitation of an offer to buy from any person any financial products where it is unlawful to make the offer or solicitation in South Korea.

Switzerland: This report is intended solely for customers who are "Qualified Investors" as defined in article 10 paragraphs 3 and 4 of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA) and the relevant provisions of the Swiss Federal Ordinance on Collective Investment Schemes of 22 November 2006 (CISO). "Qualified Investors" includes, among others, regulated financial intermediaries such as banks, securities dealers, fund management companies and asset managers of collective investment schemes, regulated insurance companies as well as pension funds and companies with professional treasury operations. This document may not be suitable for customers who are not Qualified Investors and should only be used and passed on to Qualified Investors. For specification purposes, a "Swiss Corporate Customer" is a Client which is a corporate entity, incorporated and existing under the laws of Switzerland and which qualifies as "Qualified Investor" as defined above." BNP Paribas (Suisse) SA is authorised as bank and as securities dealer by the Swiss Federal Market Supervisory Authority FINMA. BNP Paribas (Suisse) SA is registered at the Geneva commercial register under No. CH-270-3000542-1. BNP Paribas (Suisse) SA is incorporated in Switzerland with limited liability. Registered Office: 2 place de Hollande, CH-1204 Geneva.

Taiwan: This report is being distributed to Taiwan based clients by BNP Paribas Securities (Taiwan) Co., Ltd or by a subsidiary or affiliate of BNP Paribas. Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decision. **Information on securities that do not trade in Taiwan is for informational purposes only** and is not to be construed as a recommendation or a solicitation to trade in such securities. BNP Paribas Securities (Taiwan) Co., Ltd. may not execute transactions for clients in these securities. **This publication may not be distributed to the public media or quoted or used by the public media without the express written consent of BNP Paribas**. The recipient(s) should not provide the reports to others, including but not limited to related parties, affiliated companies and any other third parties, or engage in any activities in connection with the reports which may involve conflicts of interests.

Thailand: Research relating to Thailand and Thailand based issuers is produced pursuant to an arrangement between BNP PARIBAS ("BNPP") and Finansia Syrus Securities Public Company Limited ("FSS"). FSS International Investment Advisory Securities Co Ltd ("FSSIA") prepares and distributes research under the brand name "BNP PARIBAS/FSS". BNPP is not an affiliate of FSSIA or FSS. FSS also publishes a different research product under the brand name "FINANSIA SYRUS," which is prepared by research analysts who are not part of FSSIA and who may cover the same securities, issuers, or industries that are the subject of this report. The ratings, recommendations, and views expressed in this report may differ from the ratings, recommendations, and views expressed by other research analysts or research teams employed by FSS. This report is being distributed outside Thailand by members of BNP Paribas.

Turkey: This report is being distributed in Turkey by TEB Investment (TEB YATIRIM MENKUL DEGERLER A.S., Teb Kampus D Blok Saray Mah. Kucuksu Cad. Sokullu Sok., No:7 34768 Umraniye, Istanbul, Turkey, Trade register number: 358354, www.tebyatirim.com.tr) and outside Turkey jointly by TEB Investment and BNP Paribas. Information, comments and suggestions on investment given in this material are not within the scope of investment consulting. The investment consulting services are rendered tailor made for individuals by competent authorities considering the individuals' risk and return preferences. However the comments and recommendations herein are based on general principles. These opinions may not be consistent with your financial status as well as your risk and return preferences. Therefore, making an investment decision only based on the information provided herein may not bear consequences in parallel with your expectations. This material issued by TEB Yatırım Menkul Değerler A.Ş. for information purposes only and may be changed without any prior notification. All rights reserved. No part of this material may be copied or reproduced in any manner without the written consent of TEB Yatırım Menkul Değerler A.Ş. Although TEB Yatırım Menkul Değerler A.Ş. gathers the presented material that is current as possible, it does not undertake that all the information is accurate or complete, nor should it be relied upon as such. TEB Yatırım Menkul Değerler A.Ş. assumes no responsibility whatsoever in respect of or arising out or in connection with the content of this material to third parties. If any third party chooses to use the content of this material as reference, he/she accepts and approves to do so entirely at his/her own risk.

United States: This report may be distributed in the United States only to U.S. Persons who are "major U.S. institutional investors" (as such term is defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) and is not intended for the use of any person or entity that is not a "major U.S. institutional investor". U.S persons who wish to effect transactions in securities discussed herein must do so through BNP Paribas Securities Corp., a US-registered broker dealer and member of FINRA, SIPC, NFA, NYSE and other principal exchanges.

Certain countries within the European Economic Area: This document may only be distributed in the United Kingdom to eligible counterparties and professional clients and is not intended for, and should not be circulated to, retail clients (as such terms are defined in the Markets in Financial Instruments Directive 2004/39/EC ("MiFID")). This document will have been approved for publication and distribution in the United Kingdom by BNP Paribas, acting through its London Branch, a branch of BNP Paribas SA whose head office is in Paris, France. BNP Paribas SA is incorporated in France with limited liability with its registered office at 16 boulevard des Italiens, 75009 Paris. BNP Paribas, acting through its London Branch (registered office: 10 Harewood Avenue, London NW1 6AA; tel: [44 20] 7595 2000; fax: [44 20] 7595 2555) is lead supervised by the European Central Bank (ECB) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR). BNP Paribas, acting through its London Branch is authorised by the ACPR and the Prudential Regulation Authority (PRA) and subject to limited regulation by the Financial Conduct Authority and PRA. Details about the extent of our authorisation and regulation by the PRA, and regulation by the Financial Conduct Authority are available from us on request. This report has been approved for publication in France by BNP Paribas, a credit institution licensed as an investment services provider by the ACPR whose head office is 16, Boulevard des Italiens 75009 Paris, France. This report is being distributed in Germany either by BNP Paribas, acting through its London Branch or by BNP Paribas Niederlassung Frankfurt am Main, regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

Other Jurisdictions: The distribution of this report in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this report comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions. This report is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in any locality, state, country, or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

All research reports are disseminated and available to all clients simultaneously through our internal client websites. For all research available on a particular stock, please contact the relevant BNP Paribas research team or the author(s) of this report.

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports available on our website: http://eqresearch.bnpparibas.com, or you can contact the analyst named on the front of this note or your BNP Paribas representative.

All share prices are as at market close on 13 February 2018 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock Ratings
Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.
BUY (B). The upside is 10% or more.
HOLD (H). The upside or downside is less than 10%.
REDUCE (R). The downside is 10% or more.
Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
** In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.*
Industry Recommendations
Improving (↑): The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.
Stable (previously known as Neutral) (←→): The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.
Deteriorating (↓): The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.
Country (Strategy) Recommendations
Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.
Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.
Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

RATING DISTRIBUTION (as at 14 February 2018)

Total BNP Paribas coverage universe	358	Investment Banking Relationship	(%)
Buy	228 (63.7%)	Buy	28.95
Hold	97 (27.1%)	Hold	30.93
Reduce	33 (9.2%)	Reduce	57.58

Should you require additional information concerning this report please contact the relevant BNP Paribas research team or the author(s) of this report.