

INITIATING COVERAGE

## ROYAL HALI

### Weaving Value

We initiate coverage of Royal Hali (Royal), a leading carpet and yarn manufacturer in Turkey, with **BUY (L/T)** and **MARKETPERFORM (S/T)** ratings. Our target price of **TRL3.7/share** implies **24% upside potential**. Royal Hali is set to register **double-digit 2014E EBITDA** and net income growth, through capacity expansion in both carpet and yarn segments. The dividend payout we expect from the Company corresponds to a **5% dividend yield**. The stock is trading at **2014E 4.5x EV/EBITDA** and **5.6x P/E**, at **c.50% discounts to international peers**.

- A pioneer in Turkish carpet market --** Being the second largest carpet manufacturer in Turkey, Royal Hali is a subsidiary of Naksan Holding, which is involved mainly in plastics and carpets manufacturing. Royal Hali is specialised in manufacturing of acrylic, wool and polypropylene (PP) based carpets and yarns. Royal, which generates around 50% of its revenues from exports, plans to expand both its carpet and yarn capacity by 11% in 2014.
- 20% net income CAGR by 2016 --** We project substantial earnings recovery, especially in 2014, driven by capacity expansion; a minor price increase in the domestic market; higher export revenues in TRL; muted raw material costs in US\$; and a TRL6mn one-off gain through sale of counters. In a bearish scenario with a year-end US\$/TRL rate of 2.35, 2014E net income would be lower by 12%.
- Risks --** Intensifying competition in the domestic market; perils of a slowdown in the economy heightened by the cyclical nature of the business; higher oil prices and FX-based raw material costs; and further TRL weakness are key sources of risk to our valuation.

#### Consolidated Financials and Multiples (TRL)

	2013E	Δ	2014E*	Δ	2015E	Δ	2016E	Δ
Revenue	249	12%	280	13%	302	8%	327	9%
EBITDA	44	-3%	49	10%	53	10%	58	8%
Net Income	18	-57%	32	81%	26	-18%	30	15%
P/E	10.1		5.6		6.8		5.9	
EV/EBITDA	4.9		4.5		3.9		3.4	
EV/SALES	0.9		0.8		0.7		0.6	
Div. Yield	0.0%		4.7%		8.5%		7.0%	
FCF Yield	-8.8%		0.0%		20.5%		17.3%	

\*TRL6mn one-off income through the sale of counters

#### Ratings & Actions

<b>L/T Rating</b>	<b>BUY</b> (Initiated)
<b>S/T Rating</b>	<b>MARKETPERFORM</b> (Initiated)

#### Target

<b>Target Price</b>	<b>TRL3.7</b>
<b>Upside (Downside)</b>	<b>24%</b>

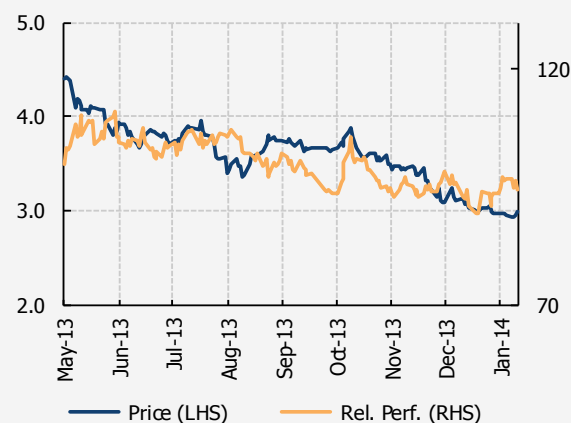
#### Share Data

Ticker	ROYAL.TI / ROYAL.IS
Close Price	TRL3.00
Current MCap. (TRL/US\$ mn)	180 / 81
Number of Shares (mn)	60
Free Float	29%
3m Avg. Daily Turnover (TRL/US\$ mn)	0.24 / 0.12

#### Trading Range (High / Low)

1-month	3.14 / 2.93
1-year	4.45 / 2.93
Ytd	3.25 / 2.93

Performance	Absolute	Relative
1-month	-4%	1%
3-month	-21%	-7%
Since Launch	-33%	-8%
Ytd	-8%	-3%



as of February 06, 2014  
Relatives are against the BIST-100 Total Return Index

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Income Statement (TRL mn)	2012	2013E	2014E	2015E	2016E
<b>Revenues</b>	<b>222</b>	<b>249</b>	<b>280</b>	<b>302</b>	<b>327</b>
COGS	-157	-178	-205	-223	-242
<b>Gross Profit</b>	<b>65</b>	<b>71</b>	<b>75</b>	<b>78</b>	<b>85</b>
Operational expenses	-29	-37	-37	-39	-41
<b>EBIT</b>	<b>36</b>	<b>34</b>	<b>38</b>	<b>40</b>	<b>44</b>
<b>EBITDA</b>	<b>46</b>	<b>44</b>	<b>49</b>	<b>53</b>	<b>58</b>
Other income, net	6	-0	7	1	1
Financial income, net	1	-12	-4	-7	-6
Profit before tax	44	22	40	33	38
Tax	-2	-5	-8	-7	-8
<b>Reported net earnings</b>	<b>42</b>	<b>18</b>	<b>32</b>	<b>26</b>	<b>30</b>
Reported EPS	0.83	0.30	0.54	0.44	0.51
DPS	0.00	0.00	0.14	0.26	0.21

Balance Sheet (TRL mn)	2012	2013E	2014E	2015E	2016E
Cash & Equivalents	2	19	15	33	48
Receivables	59	82	92	99	108
Inventories	32	46	53	57	63
Fixed Assets	105	114	139	127	123
Goodwill & Intangibles	7	6	6	6	6
Other Assets	26	44	49	53	57
<b>Total Assets</b>	<b>230</b>	<b>311</b>	<b>354</b>	<b>374</b>	<b>404</b>
Total Debt	28	57	56	59	62
Payables	29	41	59	63	69
Other Liabilities	36	21	24	26	28
<b>Shareholders' Equity</b>	<b>137</b>	<b>191</b>	<b>215</b>	<b>226</b>	<b>244</b>
<b>Net Debt</b>	<b>27</b>	<b>37</b>	<b>41</b>	<b>27</b>	<b>14</b>

Cash Flow Summary (TRL mn)	2012	2013E	2014E	2015E	2016E
Net earnings	42	18	32	26	30
Depreciation	9	10	10	14	14
Δ in WCR	-16	-25	-0	-7	-8
CAPEX	-2	-28	-41	-2	-10
Dividend paid	0	0	-8	-15	-13
Rights issue	3	10	0	0	0
Δ in borrowing	-36	28	-1	3	3
Other cash in/out	2	5	3	-2	-2
Cash generated during the year	1	18	-5	18	15
<b>Cash at the end of the year</b>	<b>2</b>	<b>19</b>	<b>15</b>	<b>33</b>	<b>48</b>

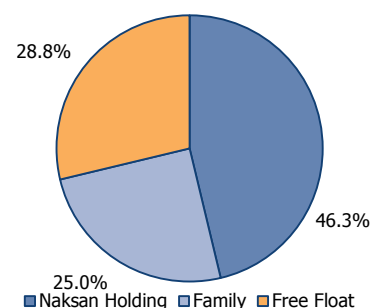
Growth	2012	2013E	2014E	2015E	2016E
Sales	5%	12%	13%	8%	9%
EBITDA	13%	-3%	10%	10%	8%
Net earnings	n.m.	-57%	81%	-18%	15%

Key financial ratios	2012	2013E	2014E	2015E	2016E
ROE	34.1%	10.9%	15.9%	12.0%	13.0%
ROIC	21.1%	11.9%	11.9%	12.6%	13.5%
EBITDA Margin	20.5%	17.8%	17.4%	17.7%	17.6%
Free cash flow margin	11.3%	-6.3%	0.0%	12.2%	9.5%
Net Margin	18.7%	7.2%	11.5%	8.8%	9.3%
Net debt/Equity	0.2	0.2	0.2	0.1	0.1
Net debt/EBITDA	0.6	0.8	0.8	0.5	0.3
ST borrowings/T. borrowings	2.4	0.2	0.2	0.2	0.2
Equity/Total Assets	59.4%	61.6%	60.9%	60.5%	60.6%
Current Ratio	1.6	3.2	2.6	2.9	3.0
Pay-out Ratio	0%	0%	48%	48%	48%

### Company Description

Established in 2000 in Gaziantep, Royal Hali is Turkey's second largest carpet manufacturer. Royal Hali is a subsidiary of Naksan Holding, which is involved mainly in plastics and carpets manufacturing. Naksan Plastik, the plastics production arm of the conglomerate, is also Petkim's largest customer. Royal Hali is specialised mainly in acrylic, wool and polypropylene (PP) based carpet and yarn manufacturing. The Company, which generates around 50% of its revenues from exports, plans to expand both its carpet and yarn capacity by 11% in 2014. A total of 71% of Royal Hali's shareholding pertains to Naksan Holding and to Nakiboglu family -- owner of the latter -- while the free float is 29%. Royal Hali shares were floated in May'13 at TRL4.45 each. A-type shares (5mn of the total 60mn) are granted no privileges other than voting rights.

### Ownership Structure



## Company Overview

Established in 2000, Royal Hali is Turkey's second largest carpet manufacturer. Based in Gaziantep (a province in southeast Turkey), the Company is a subsidiary of Naksan Holding, key business lines of which are plastics, carpet manufacturing and energy. Naksan Plastik, the plastics manufacturing arm of the conglomerate, is Petkim's largest customer. The Holding is also constructing a lignite coal fired plant with 290MW electricity capacity under its subsidiary Adularya Energy, expected to start operations by YE14.

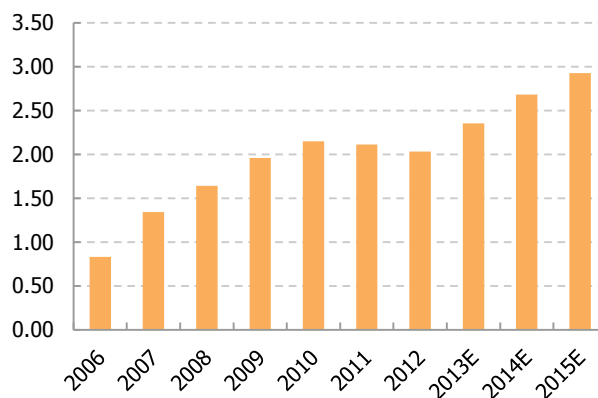
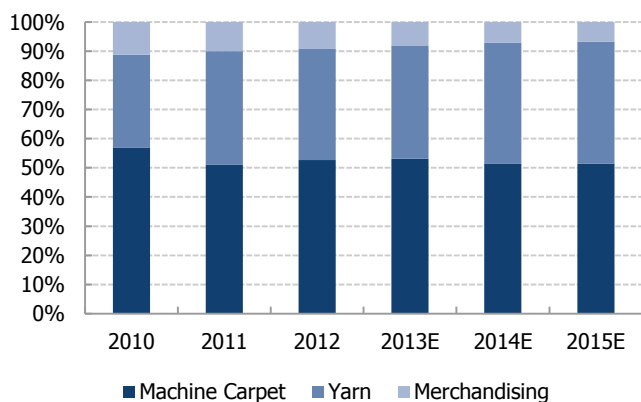
Royal Hali is specialised mainly in acrylic, wool and polypropylene (PP) based carpet and yarn manufacturing. The Company, which generates around 50% of its revenues from exports, plans to expand both its carpet and yarn capacity by 11% in 2014.

## Carpet Operations

Machine carpet revenues constitute 53% of Royal Hali's topline, followed by yarn (39%) and merchandising (8%) revenues. Of the carpet revenues, exports account for around 20%, with MENA and Europe being the main export regions. Royal Hali registered 16% CAGR in sales volumes within 2006-2013E, supported by market share gains in the domestic market, as well as growth in export markets.

Exhibit 1: Breakdown of Revenues

Carpet sales (mn sqm)



Source: Royal Hali and Burgan Research

The Company manufactures carpets in three different brands targeting different segments: Pierre Cardin and Atlas Hali for the higher end and Royal Hali for the lower end. While Pierre Cardin and Atlas Hali are priced above Royal Hali, gross margins tend to be similar (40% gross margin for Pierre Cardin and Royal Hali; 38% gross margin for Atlas Hali). The Company aims to increase its topline through capacity expansion at Pierre Cardin and Atlas

Hali, which represent 20% and 7% of total revenues, respectively, as of 2013E.

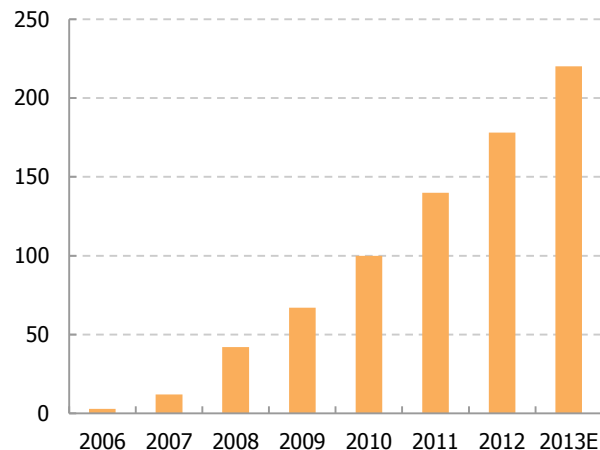
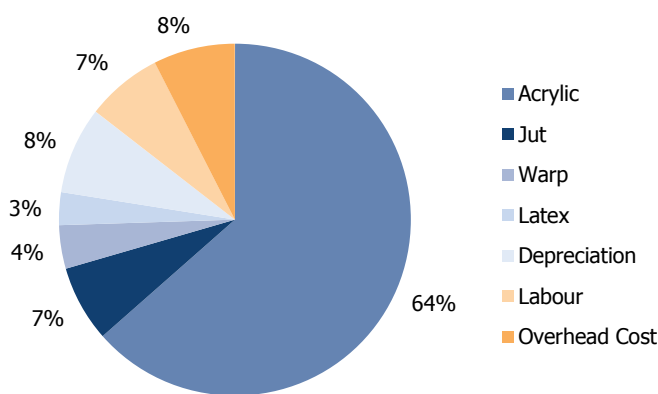
Royal Hali distributes its products via 18 regional dealers, 1,360 local dealers, and 220 showrooms across Turkey, with showrooms in northwest Turkey representing 35% of the total. The Company, which contributes only to decoration expenses at the opening of showrooms, has no other obligations to the dealers. Days in receivable with dealers are around 110-120 days.

The Company operates in the machine carpet segment through a total of 23 counters, raised from 19 as of 3Q13, which it aims to raise to 26 by Aug'14. Through this capacity increase, Royal Hali seeks to capture market share especially in western Turkey. Furthermore, the Company aims to gain a foothold in the US, Brazil, Libya and Algeria.

CoGS features mainly US\$ and oil based raw material products, while fixed costs constitute 23% of the CoGS, highlighting Royal Hali's vulnerability to a weak TRL. We linked our acrylic cost assumption to oil prices, which we expect to remain stable in 2014. The Company makes its raw material purchases on a monthly basis from local manufacturers or sister company Naksan Plastik, and reflects cost hikes to product prices within a month.

**Exhibit 2: Breakdown of COGS in Carpet Segment**

**Number of Showrooms**



Source: Royal Hali

### Yarn Operations

Royal Hali produces bulk continuous filament (BCF) yarn derived from polypropylene and paint, and exports c.90% of its output to the largest tufting carpet producers in Europe, such as the Belgium-based Balta Group and Associated Weavers. The yarn produced is used mainly in tufted carpet, car and bathroom mats, and sofa furnishings.

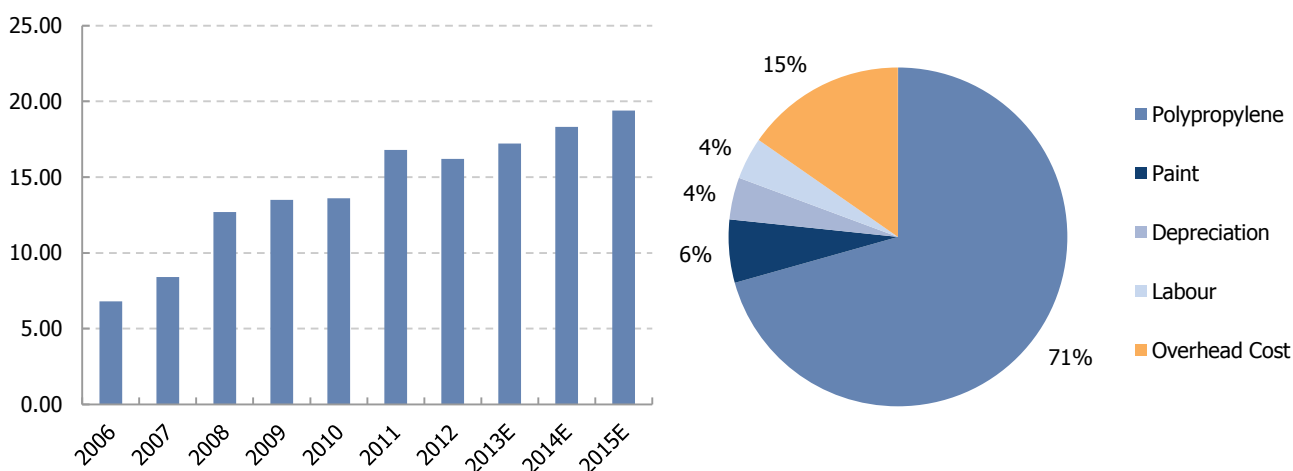
Royal Hali registered 15% CAGR in yarn sales volumes within 2006-2013E, supported by capacity increases and market share gains in Europe. The

Company, which operates 6 counters producing 18.5K tonnes of yarn, will increase its capacity by 11% to 20.5K tonnes until YE14. Yarn prices are mainly EUR based.

Raw material costs represent 77% of the CoGS, comprising oil-based propylene (71%) and paint (6%). The Company procures propylene on a monthly basis in US\$ terms from Petkim and the MENA region.

**Exhibit 3: Yarn Sales (K tonnes)**

**Breakdown of COGS in Yarn Segment**



Source: Royal Hali and Burgan Research

### Financials & Forecasts

- **Carpet Operations:** We project 3% and 5% growth in sales volumes for 2014 and 2015, respectively, thanks to a planned capacity increase of 11% in Aug'14. Given historically below-inflation price increases by the Company, driven by stiff competition in the domestic market, we assume a 3% price hike each for 2014 and 2015. Consequently, we project an 8% increase in net sales for both 2014 and 2015.
- **Yarn Operations:** We forecast 6% volume growth for both 2014 and 2015, and assume prices remaining flat in EUR. Given TRL weakness and c.90% export driven revenues, we foresee 22% and 8% growth at the topline. The Company will increase its yarn capacity by 11% in 4Q14.
- On a consolidated basis, we project TRL280mn and TRL302mn in revenues for 2014 and 2015, respectively, up 13% and 8%. We project a somewhat steady EBITDA margin at 17.5-17.7%, as price increases both in exports and the domestic market offset raw material cost rises due to TRL weakness.

- This notwithstanding, further TRL depreciation would pose a downside risk to margins, as c.50% of the revenues are FX-based, compared to 70% of the CoGS. Also worth mentioning is that the Company has a TRL24mn short FX position, given its EUR-denominated debt. In a bearish scenario where the US\$/TRL reaches 2.35 by YE14, the Company might book a TRL4mn FX loss, resulting in 12% lower 2014E net income.
- We estimate 81% earnings growth for 2014, driven by revenue growth through capacity increases, as well as a low base set by 2013 given FX losses. We also estimate TRL6mn one-off income through sale of counters in 1Q14. In our base case scenario, we project no FX losses for the Company in 2014, given our assumption of stable FX rates.
- We assume TRL43mn capital expenditure in 2014, on the back of 3 carpet and 1 yarn counter installations.
- All in all, we expect the ROE to improve from 11% to 12% within 2014-2015 and net debt/EBITDA ratio to fall from 0.8x to 0.5x.
- We expect the Company to distribute 50% of its net income as cash dividend in 2014, corresponding to a 5% dividend yield. Note that the BoD had approved an amendment to the Articles of Association to distribute 80% of the Company's distributable net income as of 2013 either as dividend or a bonus issue. Therefore, we also expect a bonus issue in 2014, corresponding to 30% of the distributable income. The payout ratio determined for both 2014 and 2015 incomes is 50%.

## Valuation

We base our valuation solely on DCF analysis, which yields TRL3.7/share target price, implying 24% upside potential. Given a limited number of peers and the absence of major carpet producers in the list, we have not included international peer comparison in our valuation. According to the peer analysis, Royal Hali trades at 2014E 5.6x P/E and 4.5x EV/EBITDA, at c.50% discounts to international peers.

**Exhibit 4: Royal Target Valuation**

TRLmn	Price
<b>Valuation Method</b>	
<b>Target Mcap (TRLmn)</b>	<b>224</b>
Number of Shares (mn)	60
<b>Target Price (TRL)</b>	<b>3.7</b>
Current Price	3.0
<b>Upside Potential</b>	<b>24%</b>

*Source: Burgan Research*

In our DCF analysis, we subtracted 20% (TRL24mn) of the EUR41.5mn mortgage provided to Naksan Holding for its loan in Naksan Plastik, in order to partially factor in the default risk, despite its being unlikely. Based on the

numbers we received for Naksan Holding, debt-to-equity and net debt/EBITDA ratios for 2012 were 1.8x and 9x, respectively. Although Naksan Holding may seem highly indebted with a TRL1.6bn net debt position given its investments in the energy sector, once the lignite coal fired plant is operational in 2015, we believe the financing needs of the Holding will diminish.

**Exhibit 5: Royal Hali Discounted Cash Flow Analysis**

TRLmn	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
<b>Revenues</b>	<b>280</b>	<b>302</b>	<b>327</b>	<b>355</b>	<b>384</b>	<b>416</b>	<b>451</b>	<b>489</b>	<b>530</b>
Carpet	142	154	167	183	199	217	237	258	281
Yarn	118	127	139	151	163	176	191	206	223
Merchandise	20	21	21	22	23	23	24	25	25
<b>EBITDA</b>	<b>49</b>	<b>53</b>	<b>58</b>	<b>63</b>	<b>68</b>	<b>74</b>	<b>80</b>	<b>86</b>	<b>93</b>
<i>EBITDA Margin</i>	17.4%	17.7%	17.6%	17.6%	17.7%	17.7%	17.7%	17.7%	17.6%
<b>Taxes on EBIT</b>	-8	-8	-9	-9	-10	-11	-12	-13	-14
<b>Δ in Working Capital</b>	0	-7	-8	-8	-9	-10	-11	-12	-13
<b>Capital Expenditures</b>	-43	-4	-12	-4	-42	-7	-15	-44	-25
<b>Free Cash Flows</b>	<b>-2</b>	<b>35</b>	<b>29</b>	<b>40</b>	<b>7</b>	<b>47</b>	<b>42</b>	<b>17</b>	<b>42</b>
Discount Factor	1.00	1.15	1.33	1.53	1.77	2.04	2.35	2.71	3.13
Discounted FCF		30	22	26	4	23	18	6	13
PV of Free Cash Flow	142								
PV of Terminal Value @ 5%	135								
Estimated EV	277								
- Net Debt (2014)	41								
- Mortgage to Naksan Holding	24								
Real Estate	3								
<b>Fair Value</b>	<b>224</b>								

Source: Burgan Research

**Exhibit 6: WACC Analysis**

	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Risk Free Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Turkish Equity Risk Premium	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Unlevered Beta	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Levered Beta	1.84	1.84	1.84	1.83	1.83	1.82	1.82	1.81	1.76
Cost of Equity	20.1%	20.1%	20.1%	20.1%	20.1%	20.0%	20.0%	19.9%	19.7%
Weight of Debt	40%	40%	40%	40%	40%	39%	39%	39%	37%
Weight of Equity	60%	60%	60%	60%	60%	61%	61%	61%	63%
Tax	20%	20%	20%	20%	20%	20%	20%	20%	20%
Cost of Debt	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>WACC (TRL)</b>	<b>15.3%</b>	<b>15.3%</b>	<b>15.3%</b>	<b>15.3%</b>	<b>15.3%</b>	<b>15.3%</b>	<b>15.3%</b>	<b>15.3%</b>	<b>15.4%</b>

Source: Burgan Research

**Exhibit 7: International Peer Comparison**

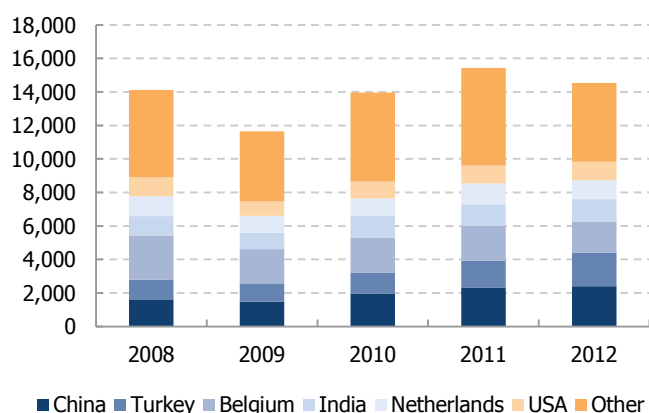
Company	Country	Mcap (US\$m)	P/E			EV/EBITDA			Change in EBITDA		
			13E	14E	15E	13E	14E	15E	13E	14E	15E
Mohawk Indus.	USA	10,286	21.8	17.2	14.7	12.9	10.5	9.4	43%	23%	11%
Interface	USA	1,288	28.0	19.4	15.3	12.1	9.6	8.1	5%	26%	19%
Cav NZ	New Zealand	100	17.3	12.4	8.8	10.4	9.0	7.0	31%	16%	29%
Oriental Weavers	Egypt	478	9.9	7.7	6.6	6.5	5.9	5.3	12%	11%	11%
<b>Median</b>			<b>19.6</b>	<b>14.8</b>	<b>11.8</b>	<b>11.3</b>	<b>9.3</b>	<b>7.5</b>	<b>21%</b>	<b>20%</b>	<b>15%</b>
<b>Royal Hali</b>	Turkey	81	10.1	5.6	6.8	4.9	4.5	3.9			
<b>Premium / Discount to Peers</b>			-48%	-63%	-42%	-56%	-51%	-49%	-3%	10%	10%

Source: Bloomberg, Burgan Research

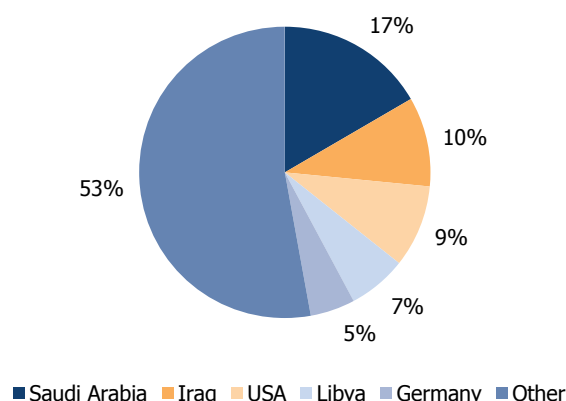
### Carpet Sector Outlook

Turkey has become a global player in the carpet sector, ranking 2<sup>nd</sup> in the world after China, and accounting for 14% of global carpet exports (8% in 2008). Turkish carpet exports registered 15% CAGR within 2008-2012 in US\$ terms (US\$2bn in 2012), representing one of the highest compounded rates of increase across the globe, followed by China with 10%. Belgium, on the other hand, lost market share, due to 9% negative CAGR. Growth in India was moderate compared to the aforementioned countries. Although Egypt registered 23% CAGR within the same period, its share in exports was only 3%. Saudi Arabia, Iraq, the US and Libya feature among Turkey's main carpet export destinations, with respective shares of 17%, 10%, 9% and 7% in total exports.

**Exhibit 8: Global Carpet Exports (US\$m)**



**Turkish Export Distribution by Country**



Source: Trade Competitiveness Map

In Turkish carpet exports, woven-backed carpets constitute 85% of the total, while tufted and knotted ones account for 9% and 7%, respectively. Of Royal



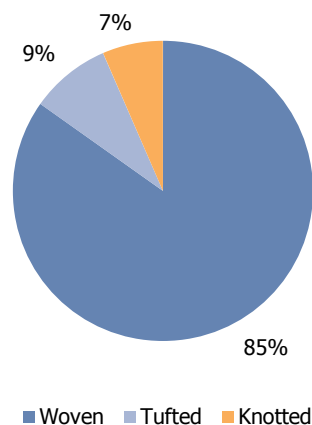
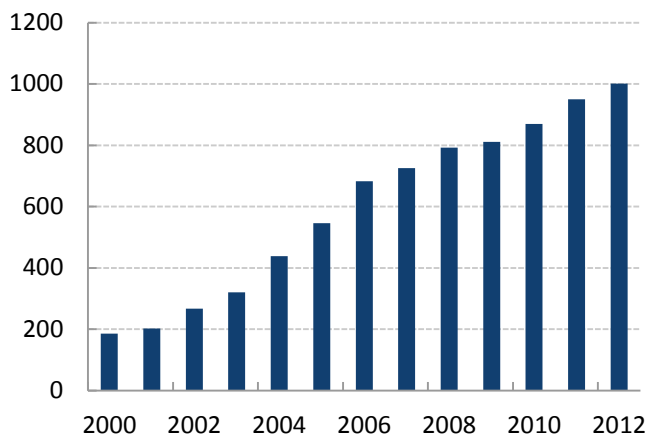
Hali's exports, acrylic-backed woven carpets account for the largest share, while polypropylene-backed tufted or woven products represent a much lower portion. Although oil and FX-based polypropylene and acrylic command around 70% of the costs, Turkish exports have managed to gain a foothold in the global arena, thanks to qualified labour at comparatively lower costs, and the emergence of Gaziantep as a hub for carpet manufacturing, hence lower average carpet prices.

Domestic carpet manufacturing in Turkey is highly fragmented, featuring 200 manufacturers (170 located in Gaziantep), which manufactured 300mn sqm of carpets in 2012. Number of carpet counters has recorded 15% CAGR since 2000, reaching 1,001 in 2012. According to media sources, the scale of Turkey's registered domestic machine carpet market is estimated at around US\$700mn, implying an 8% market share for Royal Hali.

Merinos, a local player, is the largest carpet manufacturer with TRL477mn revenues as of 2012, followed by Royal Hali, Kasmir, Kartal, Eruslu and Saray Hali. Merinos is the leading player in northwest, western and central Turkey, where Royal Hali aims to expand its presence.

**Exhibit 9: Number of Carpet Counters in Turkey**

**Turkish Export Distribution by Type**



Source: Trade Competitiveness Map and Istanbul Textile and Apparel Exporters Association

Carpet demand has been cyclical globally, in view of its sensitivity to GDP and population growth, thus housing demand. However, despite a 17% decline in global carpet exports in 2009, Turkish carpet exports contracted only by 7% in US\$ terms, thanks to market share gains. In the same year, Royal Hali expanded its carpet manufacturing by 20% on capacity expansion.

Carpet business tends to be highly seasonal, with 2Q and 4Q being typically the best quarters. Sales and margins are quite volatile on a quarterly basis, given promotional discounts. The seasonality impact is somewhat mitigated in Royal Hali's case, given its FX-based yarn exports.

## **Burgan Securities - Equity Rating System**

### **12-month Rating:**

**Our 12-month rating system comprises the following designations: BUY (B), HOLD (H), SELL (S).** The absolute upside to target value implied by the current market capitalisation is the main determinant of our rating system. Valuation tools employed most frequently are Discounted Cash Flow (DCF) and international peer group comparison, though other metrics such as historical relative valuation, price to book, return on equity, replacement value are also used wherever appropriate. Our analysts set the fair/target values with a 12-month investment horizon. Comparing the upside in a specific stock with the market's upside (determined through the aggregate upside of our coverage based on free float Mcaps), in addition to taking other yardsticks into consideration, analysts recommend BUY (B), HOLD (H), SELL (S) based on their 12-month total return views.

### **Sector Rating**

Our investment horizon for industry ratings is again 12 months. This rating gives an indication as to how the analyst sees that particular industry for the next 12-month period in terms of growth, profitability, pricing power, competitive dynamics etc. The rating in this category thus reflects our analyst's assessment of the conjunctural outlook for the industry, without involving any specific benchmarks. The ratings employed are **Overweight (OW), Neutral (N), Underweight (UW).**

**Overweight (OW):** Due to improving sector related fundamentals and/or attractive valuations, the sector index is expected to perform better than the BIST-100 in the next 12-months

**Neutral (N):** The sector index is expected to perform in line with the BIST-100 in the next 12-months

**Underweight (UW):** Due to worsening sector related fundamentals and/or expensive valuations, the sector index is expected to perform worse than the BIST-100 in the next 12-months

### **Short-term Rating:**

Our short-term rating system comprises the following designations: OUTPERFORM (OP), MARKETPERFORM (MP), UNDERPERFORM (UP). Considering possible triggers, catalysts, and/or company, sector & market views, we rate the stocks as:

**Outperform (OP):** If 3-month total return is expected to exceed the BIST-100 (sector index if specified) by more than 10%

**Marketperform (MP):** If 3-month total return is expected to be in line (+/- 10%) with the BIST-100 (Peerperform if sector index is specified)

**Underperform (UP):** If 3-month total return is expected to be below the BIST-100 (sector index if specified) by more than 10%

*To have a more balanced distribution of ratings, Burgan Securities has requested that analysts maintain **at least 20% of their ratings as Underperform** and **no more than 25% as Outperform**, subject to change depending on market conditions.*

### **Other Qualifiers Utilised:**

**NR:** Not Rated

**NC:** Not Covered

**UR:** Under Review

### **Market Call**

Our equity **market call** has an investment horizon of 3-12 months. **Our market calls are BUY, NEUTRAL, SELL.**

<b>S/T Stock Rating Summary</b>	<b>Relative Return</b>
<b>Outperform (OP)</b>	$\geq 10\%$
<b>Marketperform (MP)</b>	$< +10\% \ \& \ > -10\%$
<b>Underperform (UP)</b>	$\leq -10\%$



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**Burgan Securities' goal is to be the investment firm of choice in Turkey through exemplary service and product quality, with a view to becoming a regional player.**

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