

# Dogus Otomotiv

## Modeling in the Motor Vehicle Inspection Stations

### Automotive

#### Operating rights to Motor Vehicle Inspection Stations (MVIS) officially transferred to Dogus Otomotiv and its consortium

- Following the approval of the Council of State, on August 15<sup>th</sup> Dogus Otomotiv and its consortium signed the official agreement transferring the operating rights of MVIS in Turkey for 20 years.
- In this report, we are updating our model for the MVIS following the company's official guidance.

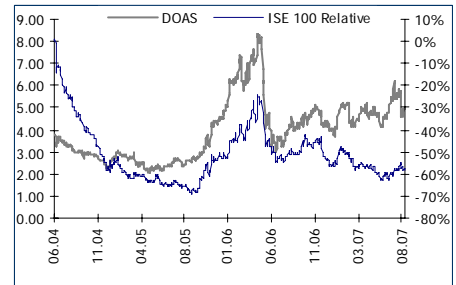
#### The new business should improve the Company's business model substantially and create US\$223mn additional value.

- The MVIS is a cash cow business and should help to diversify Dogus Otomotiv's very cyclical business model. We estimate the business to comprise 25% of total net income when the business normalizes.
- 85% of the business will be franchised, while the Company will be running the inspections in Istanbul.
- We derive an estimated US\$223mn NPV for the MVIS business. This is almost double our initial valuation of US\$102mn which we had deemed to be fairly conservative.

#### Raising our target value, reiterating Buy recommendation – 63% upside

- Based on our updated valuation, we are raising our target price for the stock from TRY9.39/share to TRY10.85/share.
- On top of this value added new business, we continue to believe that the stock is one of the best vehicles to play the recovery in the local auto demand in 2008.

Re-Iterated  
**Buy**



#### Stock Data

|                            |                      |
|----------------------------|----------------------|
| Bloomberg                  | DOAS.TI              |
| Reuters                    | DOAS.IS              |
| Close (YTL)                | 6.65                 |
| Target Price (YTL)         | 10.85                |
| Mkt cap (USDm)             | 559                  |
| Free float (%)             | 34.5                 |
| Key Owners                 | Dogus Holding-35.21% |
| International Holders as a |                      |
| % of Free Float            | 46.7                 |
| Shares Outstanding         | 110,000,000          |
| Avg. 6m Daily Vol. (\$m)   | 7.2                  |
| ISE-100 (TRY)              | 47,914               |

| Performance  | 1M   | 3M  | 12M   |
|--------------|------|-----|-------|
| Absolute (%) | -5.7 | 5.6 | 12.9  |
| Relative (%) | 1.5  | 3.5 | -13.2 |

| Key Ratios (%)  | 2006  | 2007E | 2008E |
|-----------------|-------|-------|-------|
| EBITDA margin   | 2.8   | 3.1   | 4.1   |
| Net Debt/equity | -12.5 | -4.1  | -7.2  |
| ROA             | 2.0   | 3.1   | 5.9   |
| ROIC            | 26.6  | 29.8  | 53.1  |
| ROE             | 4.5   | 6.9   | 12.5  |

**Pinar Sahin**

[pinar.sahin@teb.com.tr](mailto:pinar.sahin@teb.com.tr)

+90 (212) 345 11 11 (x5529)

#### TEB Investment Institutional Sales

Direct: +90 (212) 345 08 80

Fax: +90 (212) 345 07 45

Mail: [teb.icm@teb.com.tr](mailto:teb.icm@teb.com.tr)

[tebicom@bloomberg.net](mailto:tebicom@bloomberg.net)

| USD mn      | FY 2006 | FY 2007E | FY 2008E | FY 2009E |
|-------------|---------|----------|----------|----------|
| Revenues    | 1,766   | 1,785    | 2,088    | 2,266    |
| EBITDA      | 50      | 55       | 85       | 99       |
| Net Profit  | 15      | 24       | 48       | 62       |
| Net Profit* | 15      | -156     | 109      | 99       |
| Book Value  | 340     | 360      | 401      | 449      |
| P/E         | 35.4    | 23.1     | 11.7     | 9.1      |
| P/E*        | 35.4    | n.m.     | 5.1      | 5.6      |
| EV/EBITDA   | 10.7    | 9.8      | 6.3      | 5.4      |
| P/BV        | 1.6     | 1.6      | 1.4      | 1.2      |
| P/Sales     | 0.3     | 0.3      | 0.3      | 0.2      |

\* Including earnings generated from the MVIS business.

**Additional US\$223mn, value to be created from the operating rights of the Motor Vehicle Inspection Stations (MVIS).** Motor Vehicle Inspection Station (MVIS) operations in Turkey have been privatized with a tender bid held on December 19th, 2004. Yet the transfer of the rights had been held up in the courts for the past 3 years. Finally on July 11<sup>th</sup>, Council of State approved the transfer of the rights related to the construction and operation of new vehicle inspection stations for a 20 year long concession to TUVTURK, the Dogus-Akfen-TUVSUD consortium each with a 33% stake. The final agreement was signed on August 15<sup>th</sup>, which marks the official transfer of the rights. **Starting from 2008, the MVIS business should improve the Company's business model substantially as it is a cash cow business and will help to diversify Dogus Otomotiv's very cyclical business model. The business should start to contribute to the bottom line in 2008, comprising a normalized 25% of net income. We value Dogus Otomotiv's one third share in the business at a NPV of US\$223mn. This is almost double our initial valuation of US\$102mn, which we had deemed to be fairly conservative and provides 40% additional value to the current market value.** The Company will not consolidate the business, but rather its share (33%) in the consortium using an equity-pickup method. With the help of the NPV from the MVIS our target price for Dogus Otomotiv shoots up by 32% to TRY10.85/share (US\$912mn) from US\$689m. Hence we are re-iterating our Buy recommendation for Dogus Otomotiv. The shares have generally been a market performer over the last 3 months. However, once the global markets and confidence on the emerging countries' currencies settle (a stable TRY is key for Dogus Otomotiv's core business as it is an importer), we are confident that the stock will outperform the ISE-100 as the business is at the bottom of the cycle with substantial room to improve profitability. For further information on our view for the core business, please see our coverage initiation report dated July 12<sup>th</sup>, 2007, "On the Verge of a New Era".

| Exhibit 1: Dogus Otomotiv – Key Figures |               |               |               |               |                |                |                |                |                |
|---|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
|   | 2007E         | 2008E         | 2009E         | 2010E         | 2011E          | 2012E          | 2013E          | 2014E          | 2015E          |
| <b>Revenues - Core Business</b>         | <b>1,785</b>  | <b>2,088</b>  | <b>2,266</b>  | <b>2,388</b>  | <b>2,521</b>   | <b>2,643</b>   | <b>2,771</b>   | <b>2,878</b>   | <b>2,990</b>   |
| Growth (%)                              | 1%            | 17%           | 9%            | 5%            | 6%             | 5%             | 5%             | 4%             | 4%             |
| <b>Total Unit Sales</b>                 | <b>70,953</b> | <b>83,011</b> | <b>89,935</b> | <b>94,854</b> | <b>100,485</b> | <b>105,348</b> | <b>110,453</b> | <b>114,742</b> | <b>119,202</b> |
| Growth (%)                              | -9%           | 17%           | 8%            | 5%            | 6%             | 5%             | 5%             | 4%             | 4%             |
| Domestic                                | 70,432        | 81,511        | 88,435        | 92,854        | 97,485         | 102,348        | 107,453        | 111,742        | 116,202        |
| Exports                                 | 521           | 1,500         | 1,500         | 2,000         | 3,000          | 3,000          | 3,000          | 3,000          | 3,000          |
| <b>EBITDA - Core Business</b>           | <b>55</b>     | <b>85</b>     | <b>99</b>     | <b>109</b>    | <b>124</b>     | <b>130</b>     | <b>136</b>     | <b>142</b>     | <b>148</b>     |
| Growth (%)                              | 8%            | 57%           | 16%           | 10%           | 14%            | 5%             | 5%             | 4%             | 4%             |
| <b>EBITDA Margin</b>                    | <b>3.1%</b>   | <b>4.1%</b>   | <b>4.4%</b>   | <b>4.6%</b>   | <b>4.9%</b>    | <b>4.9%</b>    | <b>4.9%</b>    | <b>4.9%</b>    | <b>4.9%</b>    |
| <b>Units inspected</b>                  |               |               |               |               |                |                |                |                |                |
| TUVTURK                                 | 7,554         | 8,748         | 9,574         | 10,203        | 10,874         | 11,589         | 12,351         | 13,037         | 13,762         |
| ISTANBUL                                | 1,488         | 1,723         | 1,886         | 2,010         | 2,142          | 2,283          | 2,433          | 2,568          | 2,711          |
| <b>Net Income - TUVTURK*</b>            | -161          | 96            | 30            | 15            | 16             | 17             | 19             | 20             | 21             |
| <b>Net Income - ISTANBUL*</b>           | -19           | -35           | 7             | 6             | 7              | 8              | 10             | 11             | 12             |
| <b>Net Income - Core Business</b>       | <b>24</b>     | <b>48</b>     | <b>62</b>     | <b>70</b>     | <b>82</b>      | <b>90</b>      | <b>96</b>      | <b>103</b>     | <b>107</b>     |
| <b>Total Net Income</b>                 | <b>-156</b>   | <b>109</b>    | <b>99</b>     | <b>90</b>     | <b>105</b>     | <b>116</b>     | <b>124</b>     | <b>134</b>     | <b>141</b>     |
| Growth (%)                              |               | n.m.          | n.m.          | n.m.          | 16%            | 11%            | 7%             | 8%             | 5%             |

Source: TEB Research

\* Dogus Otomotiv's stake 33.3% for TUVTURK, 31.66% for TUVTURK Istanbul.

## The MVIS Business

**Operation of Motor Vehicle Inspection Stations (MVIS) in Turkey – a key segment to diversify the business model:** Dogus Otomotiv was part of the consortium that won the tender for the operating rights of motor vehicle inspection stations (MVIS) in Turkey for 20 years. The total bid was US\$613.5mn, of which US\$552mn will be paid in cash, with a 10% discount. The consortium comprised of three parties, where Dogus Otomotiv partnered with TUVSUD (Germany) and Akfen Holding, each having an equal stake, and setup the new company called TUVTURK. Given that only 60% of vehicles in Turkey have regular inspections, growth potential in this business area is undeniably high. Following the official approval of the rights transfer, the Company held a meeting in order to guide the street on the actual value of the new business. As mentioned, based on the Company's guidance we estimated an US\$223mn additional value to be generated from the operating rights of MVIS. Following are the details of the business, on which we base our valuation.

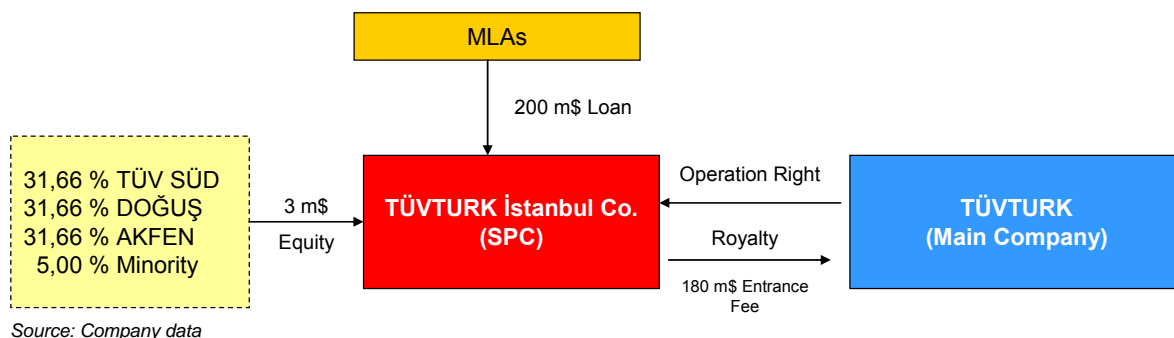
**The benefit of the business to Dogus Otomotiv:** MVIS operating rights could help to diversify the business model and raise bottom line by a 10 year CAGR of 25%. As an importer Dogus Otomotiv is remarkably cyclical and exposed to interest and exchange rate volatility. Following the foreign currency volatility in May 06, high-interest rates resulted in a substantially weaker auto market, where local sales declined by 28% YoY in H206 (Dogus Otomotiv 35%). The trend remained weak in H107 with a 28% YoY decline (Dogus Otomotiv 33%). Hence, Dogus Otomotiv shares have underperformed the ISE-100 by 13.2% over the last 12 months. We believe, this new business will decrease the company beta and make profitability relatively less geared to the currency and the local auto demand, as it is a cash cow business to provide constant cash flows regardless of the swings in auto demand.

### The terms of the business:

**(1) Revenue sharing:** For the first 3 years, the consortium will pay 30% of revenues generated to the government, between the 4<sup>th</sup> and 10<sup>th</sup> year 40% of revenues will be transferred, and going forward 50% of revenues generated will be handed over to the government.

**(2) Station requirements:** Based on the privatization tender requirement the consortium is expected to build 189 stationary and 38 mobile inspection stations around Turkey within 18 months, which can either be owned by the consortium or operated by third parties under a franchise agreement. Based on the aforementioned conditions, the consortium chose to predominantly operate under the TUVTURK Business Associate System (a franchising agreement). This is a simple structure, generates easy cash, and is a low risk income opportunity with available project finance. Within this system, each Business Associate (BA) is rewarded the operating rights within one city or region. Initially each BA will pay the necessary license fee for their area (25% cash at the signing of the BA contract, and the remaining 75% at the delivery of the station) in addition to the construction, machinery, equipment, and training costs. Once operational, they will then pay royalty from their revenues (7% for the first 10 year period followed by 20% for the second 10 years). BA's are expected to account for 85% of the entire system, including Istanbul, the rest will be operated by TUVTURK itself.

- **TUVTURK Istanbul:** TUVTURK Istanbul (Exhibit 2), which is a separate entity set up and operated by the same three parties (TUVSUD, Akfen and Dogus Otomotiv with a 31.66% each and minorities owning the remaining 5% stake) will be responsible for operating the inspection stations in Istanbul. The BA will open a total of 12 stations, 72 lanes. TUVTURK Kuzey, will give the sub operator rights of Istanbul to TUVTURK Istanbul for a license fee of US\$180mn, and TUVTURK Istanbul will pay royalty to TUVTURK, at a respective 7% between years 1-10 and 20% between years 11-20, as all other BAs. In order to finance its operations, TUVTURK Istanbul will use a loan of US\$200mn with a maturity of 12 years. Note that, similar to its TUVTURK operations, Dogus Otomotiv will also book this under the equity pick-up method; hence its impact will be directly on the bottom line.

**Exhibit 2: Istanbul Business Associate – TUVTURK Istanbul**


**(3) Payment terms:** The consortium will finance the amount through issuing debt, and the long term borrowing is to be made by TUVTURK and TUVTURK Istanbul, hence will not be consolidated under Dogus Otomotiv's financials. Dogus Otomotiv will only act as a guarantor. TUVTURK will finance the project through a non-recourse project financing loan of US\$352mn with a 12 year term, but the Company expects to pay the loan back within the first year with the license proceeds received from its BA's. On the other hand, TUVTURK Istanbul will also use a US\$200mn line of credit with a 12 year maturity, with which it will pay its US\$180mn license fee to TUVTURK (main) and necessary investment costs. Hence, all in all, by the end of 2008 when this structure normalizes the business should have a debt position of US\$200mn with a 12 year maturity.

**(4) Car park & capture rate:** In our model, we assumed that out of the current car park of 12.590mn vehicles, approximately 60% actually get inspected. Going forward we expect both the car park and the capture rate to increase. The overall car park should grow by a 20yr CAGR of 4.9% (compared to a historical CAGR of 7.3% between 1992-2006), while the capture rate should start from 60% and gradually reach 80% towards the end of the 20 year period. All in all, the total number of vehicles inspected should grow by a 20yr CAGR of 6.4%. Note, Dogus Otomotiv assumes a 20yr CAGR of 7% for the car park and an average capture rate of 65% at the beginning, gradually reaching 85%.

**(5) Inspection Period:** Determined by law:

**Private Passenger Vehicles :** At the end of first 3 years, every 2 years thereafter.

**Official Passanger Vehicles (state owned):** At the end of first 2 years, every 2 years thereafter.

**Tractors:** Every 3 years.

**2 and 3 wheeled vehicles:** At the end of the first 3 years, every 2 years thereafter.

**All other motor vehicles:** Every year.

Source: Company data

**(6) Inspection Prices:** The price is also determined by law, in TRY terms. Going forward, we do not expect prices to change from its current levels in USD terms. Based on our 2007 USDTRY exchange rate forecast, our price assumptions for each category are listed below (Exhibit 3).

**Exhibit 3: Inspection Prices**

|                       | TRY | FX Rate | USD |
|-----------------------|-----|---------|-----|
| PC                    | 88  | 1.33    | 66  |
| Minibus               | 88  | 1.33    | 66  |
| Bus                   | 117 | 1.33    | 88  |
| LCV                   | 88  | 1.33    | 66  |
| Trucks                | 117 | 1.33    | 88  |
| Motorcycles           | 46  | 1.33    | 35  |
| Multi Purpose Vehicle | 88  | 1.33    | 66  |
| Tractor               | 46  | 1.33    | 35  |

Source: Company data

**How much is the MVIS business worth?** Based on the guidance provided by the Company and our assumptions we value the business at a NPV of US\$223mn, or 40% additional value to the current market value. We expect that the MVIS should generate approximately US\$964mn free cash for Dogus Otomotiv (80% from TUVTURK and 20% from TUVTURK Istanbul) approximately US\$48mn p.a. over the 20 year concession period. The estimated total investment required for the 20 year period, including franchises and parent Company, is estimated at US\$200mn, met by TUVTURK, and an additional US\$40mn, which will be met by the BA's. Based on the fact that the Company will consolidate the business using an equity pick-up method; we included the operating rights for MVIS in Dogus Otomotiv's valuation based on SOTP, as such reached an estimated NPV for the MVIS business separately. We valued the entire project, TUVTURK and TUVTURK Istanbul, at US\$139mn and US\$84mn, respectively, and overall Dogus Otomotiv's share at US\$223mn.

**Exhibit 4: Net Present Value of TUVTURK**

|                                      | 2007E          | 2008E         | 2009E         | 2010E         | 2015E         | 2020E         | 2027E         |
|--------------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Turkish Car Park ('000 units)</b> | <b>12,590</b>  | <b>14,364</b> | <b>15,488</b> | <b>16,262</b> | <b>20,362</b> | <b>24,773</b> | <b>32,600</b> |
| PC                                   | 6,290          | 7,202         | 7,778         | 8,167         | 10,225        | 12,441        | 16,371        |
| Minibus                              | 365            | 427           | 465           | 488           | 611           | 744           | 979           |
| Bus                                  | 181            | 211           | 232           | 244           | 306           | 372           | 489           |
| LCV                                  | 1,787          | 2,091         | 2,258         | 2,371         | 2,969         | 3,612         | 4,753         |
| Truck                                | 717            | 839           | 915           | 960           | 1,202         | 1,463         | 1,925         |
| Motorcycles                          | 1,906          | 2,182         | 2,357         | 2,475         | 3,099         | 3,770         | 4,961         |
| MPV                                  | 36             | 38            | 40            | 42            | 53            | 64            | 84            |
| Tractor                              | 1,309          | 1,374         | 1,443         | 1,515         | 1,897         | 2,308         | 3,037         |
| <i>Capture Rate</i>                  | 60%            | 61%           | 62%           | 63%           | 68%           | 73%           | 80%           |
| Revenues                             | 12             | 114           | 125           | 133           | 180           | 357           | 510           |
| Operating Costs (-)                  | 14             | 63            | 67            | 78            | 99            | 153           | 211           |
| License Fee Expense (-)              | 552            | 0             | 0             | 0             | 0             | 0             | 0             |
| License Fee Income (BA) (+)          | 104            | 311           | 55            | 0             | 0             | 0             | 0             |
| EBIT                                 | -451           | 362           | 113           | 56            | 81            | 204           | 299           |
| Interest expense (-)                 | 33             | 0             | 0             | 0             | 0             | 0             | 0             |
| PBT                                  | -484           | 362           | 113           | 56            | 81            | 204           | 299           |
| Tax (-)                              | 0              | 72            | 23            | 11            | 16            | 41            | 60            |
| <b>Net Earnings</b>                  | <b>-484</b>    | <b>289</b>    | <b>90</b>     | <b>44</b>     | <b>65</b>     | <b>163</b>    | <b>239</b>    |
| EBITDA                               | -449           | 372           | 123           | 66            | 91            | 214           | 309           |
| Tax                                  | 0              | 72            | 23            | 11            | 16            | 41            | 60            |
| Gross Cash Flow                      | -449           | 299           | 100           | 54            | 75            | 173           | 249           |
| - Capital Expenditures,              | 50             | 150           | 0             | 0             | 0             | 0             | 0             |
| - Increase / (Decrease) in WC        | 0              | 1             | 1             | 1             | 2             | 4             | 5             |
| <b>Free Cash Flow (FCF)</b>          | <b>-499</b>    | <b>148</b>    | <b>99</b>     | <b>53</b>     | <b>72</b>     | <b>169</b>    | <b>244</b>    |
| <b>DCF Results</b>                   | <b>US\$ mn</b> |               |               |               |               |               |               |
| <b>Total PV of FCFs</b>              | 418            |               |               |               |               |               |               |
| <b>Dogus Otomotiv's Stake</b>        | 33%            |               |               |               |               |               |               |
| <b>Dogus Otomotiv's Stake</b>        | 139            |               |               |               |               |               |               |

Source: TEB Research

**Exhibit 5: Net Present Value of TUVTURK Istanbul**

|                                       | 2007E          | 2008E        | 2009E        | 2010E        | 2015E        | 2020E        | 2027E        |
|---------------------------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Istanbul Car Park ('000 units)</b> | <b>2,480</b>   | <b>2,830</b> | <b>3,051</b> | <b>3,204</b> | <b>4,011</b> | <b>4,880</b> | <b>6,422</b> |
| PC                                    | 1,239          | 1,419        | 1,532        | 1,609        | 2,014        | 2,451        | 3,225        |
| Minibus                               | 72             | 84           | 92           | 96           | 120          | 146          | 193          |
| Bus                                   | 36             | 42           | 46           | 48           | 60           | 73           | 96           |
| LCV                                   | 352            | 412          | 445          | 467          | 585          | 711          | 936          |
| Truck                                 | 141            | 165          | 180          | 189          | 237          | 288          | 379          |
| Motorcycles                           | 375            | 430          | 464          | 488          | 610          | 743          | 977          |
| MPV                                   | 7              | 7            | 8            | 8            | 10           | 13           | 17           |
| Tractor                               | 258            | 271          | 284          | 298          | 374          | 455          | 598          |
| <i>Capture Rate</i>                   | 60%            | 61%          | 62%          | 63%          | 68%          | 73%          | 80%          |
| Revenues                              | 0              | 103          | 113          | 121          | 163          | 213          | 307          |
| Operating Costs (-)                   | 0              | 63           | 67           | 83           | 107          | 185          | 261          |
| License Fee (-)                       | 45             | 135          | 0            | 0            | 0            | 0            | 0            |
| EBIT                                  | -45            | -94          | 46           | 38           | 56           | 28           | 47           |
| Interest Expense (-)                  | 16             | 17           | 17           | 15           | 8            | 0            | 0            |
| PBT                                   | -61            | -111         | 29           | 23           | 48           | 28           | 47           |
| Tax (-)                               | 0              | 0            | 6            | 5            | 10           | 6            | 9            |
| <b>Net Earnings</b>                   | <b>-61</b>     | <b>-111</b>  | <b>24</b>    | <b>18</b>    | <b>38</b>    | <b>22</b>    | <b>37</b>    |
| EBITDA                                | -45            | -85          | 55           | 47           | 65           | 37           | 56           |
| Tax                                   | 0              | 0            | 6            | 5            | 10           | 6            | 9            |
| Gross Cash Flow                       | -45            | -85          | 49           | 42           | 55           | 31           | 46           |
| - Capital Expenditures,               | 0              | 0            | 0            | 0            | 0            | 0            | 0            |
| - Increase / (Decrease) in WC         | 3              | 1            | 1            | 1            | 2            | 2            | 3            |
| <b>Free Cash Flow (FCF)</b>           | <b>-48</b>     | <b>-86</b>   | <b>48</b>    | <b>41</b>    | <b>53</b>    | <b>29</b>    | <b>43</b>    |
| <b>DCF Results</b>                    | <b>US\$ mn</b> |              |              |              |              |              |              |
| <b>Total PV of FCFs (2007-2026)</b>   | 265            |              |              |              |              |              |              |
| <b>Dogus Otomotiv's Stake</b>         | 32%            |              |              |              |              |              |              |
| <b>Dogus Otomotiv's Stake</b>         | 84             |              |              |              |              |              |              |

Source: TEB Research

## Valuation

**Our target price shoots up to TRY10.85/share, an upside of 63%, when we factor in the potential value to be generated from the MVIS.** We derive to our fair value estimate from a sum-of parts valuation. On the core business, we employed a blended valuation approach and assigned equal weights to the international peer group comparables and our DCF. Accordingly, our target value for the core business is US\$689mn, or TRY8.20/share, corresponding to an upside potential of 23% for the stock. On the MVIS front, the Company is expected to start its operations in 2007 and become fully operational in 2008, establishing a total of 189 fixed and 38 mobile inspection stations. **Based on the information provided by the Company, we value the business at a NPV of US\$223mn, or 40% additional value to the current market value.** The Company will not consolidate the revenues, but rather its share (33%) in the consortium using an equity-pickup method. With the help of the NPV from the MVIS our target price shoots up to TRY10.85/share (US\$912mn).

**The stock is cheap on 2009 multiples, as this is when the Company will start to reap the rewards from its upcoming projects.** Dogus Otomotiv trades at 11.7x P/E in 2008, an 8% premium to its international peers, yet with 9.1x P/E in 2009, a 12% discount. When the earnings from MVIS is factored in, the Company trades at 5.1x P/E in 2008 and 5.6x in 2009 (Exhibit 9). Moreover, the stock trades at a respective 10% and 9% discount to the international peer group on its 2008 and 2009 EV/EBITDA multiples, coming in at 6.3x and 5.4x. Our target value estimate based on the international distributors' peer group multiples alone, is US\$633mn, corresponding to a 13% upside. Note that we have not included the earnings expected to be generated from the MVIS business when valuing Dogus Otomotiv compared to its peer group, as we are utilizing the peer group comparison to value the Company's core business alone.

**Exhibit 6: Valuation Summary (US\$mn)**

| Method   | Equity Value<br>(US\$ mn) | Weight | Weighted Equity Value<br>(US\$ mn) |
|--|---------------------------|--------|------------------------------------|
| DCF  | 746                       | 50%    | 373                                |
| Peer Group Comparison                          | 633                       | 50%    | 316                                |
| <b>Estimated Equity Value (excluding MVIS)</b> |                           |        | <b>689</b>                         |
| MVIS value                                     | 223                       | 100%   | 223                                |
| <b>Estimated Equity Value (including MVIS)</b> |                           |        | <b>912</b>                         |
| <b>Current Market Cap. (US\$ mn)</b>           |                           |        | <b>559</b>                         |
| <b>Upside Potential (excluding MVIS)</b>       |                           |        | <b>23%</b>                         |
| <b>Upside Potential (with MVIS)</b>            |                           |        | <b>63%</b>                         |

Source: TEB Research

**Exhibit 7: Peer Group Comparison**

| Company   | Country  | Market Cap.<br>US\$ mn | EV/EBITDA |       |       | P/E   |       |       | EV/Sales |       |       |
|---|----------|------------------------|-----------|-------|-------|-------|-------|-------|----------|-------|-------|
|   |          |                        | 2007E     | 2008E | 2009E | 2007E | 2008E | 2009E | 2007E    | 2008E | 2009E |
| <b>International Distributors' Average</b>      |          |                        |           |       |       |       |       |       |          |       |       |
| Billia AB *                                     | Sweden   | 370                    | 7.2       | 5.9   | 5.4   | 18.1  | 12.9  | 10.6  | 0.2      | 0.2   | 0.2   |
| Inchcape *                                      | UK       | 4,250                  | 7.9       | 7.3   | 6.7   | 12.9  | 11.9  | 10.7  | 0.4      | 0.4   | 0.3   |
| SAG *   | Portugal | 475                    | 5.6       | 5.1   | 3.8   | 10.7  | 9.7   | 10.8  | 0.5      | 0.4   | 0.4   |
| Asbury Automotive Group *                       | US       | 757                    | 10.6      | 9.8   | 7.9   | 10.1  | 9.0   | 9.0   | 0.3      | 0.3   | 0.3   |
| <b>International Distributors' Average</b>      |          |                        | 7.8       | 7.0   | 6.0   | 12.9  | 10.9  | 10.2  | 0.3      | 0.3   | 0.3   |
| <b>Turkish Producers' Average</b>               |          |                        |           |       |       |       |       |       |          |       |       |
| Ford Otosan **                                  | Turkey   | 3,512                  | 6.4       | 5.6   | 5.2   | 6.1   | 5.4   | 4.9   | 0.7      | 0.6   | 0.6   |
| Anadolu Isuzu **                                | Turkey   | 126                    | 4.5       | 4.0   | 3.8   | 9.1   | 8.2   | 8.1   | 0.4      | 0.4   | 0.4   |
| Otokar **                                       | Turkey   | 363                    | 6.0       | 5.2   | 4.4   | 7.1   | 6.3   | 5.7   | 0.8      | 0.7   | 0.6   |
| Tofas **  | Turkey   | 2,253                  | 9.8       | 5.0   | 4.8   | 17.3  | 10.7  | 10.4  | 0.8      | 0.5   | 0.5   |
| <b>Turkish Producers' Average</b>               |          |                        | 6.7       | 4.9   | 4.5   | 9.9   | 7.7   | 7.3   | 0.7      | 0.6   | 0.5   |
| <b>Dogus Otomotiv **</b>                        | Turkey   | 559                    | 9.8       | 6.3   | 5.4   | 23.1  | 11.7  | 9.1   | 0.3      | 0.3   | 0.2   |
| <b>Peer Group Average</b>                       |          |                        | 7.3       | 6.0   | 5.3   | 11.4  | 9.3   | 8.8   | 0.5      | 0.4   | 0.4   |
| <b>Dogus Otomotiv's premium / (discount) to</b> |          |                        |           |       |       |       |       |       |          |       |       |
| <i>International Distributors</i>               |          |                        | 25%       | -10%  | -9%   | 78%   | 8%    | -12%  | -13%     | -21%  | -25%  |
| <i>Turkish Producers</i>                        |          |                        | 47%       | 27%   | 19%   | 133%  | 53%   | 25%   | -56%     | -54%  | -55%  |
| <b>Peer Group Average</b>                       |          |                        | 36%       | 5%    | 3%    | 102%  | 27%   | 3%    | -41%     | -42%  | -44%  |

\* IBES consensus estimates

\*\* TEB Research estimates

Note: - Results do not include income expected to be generated from Motor Vehicle Inspection Station (MVIS) operations.

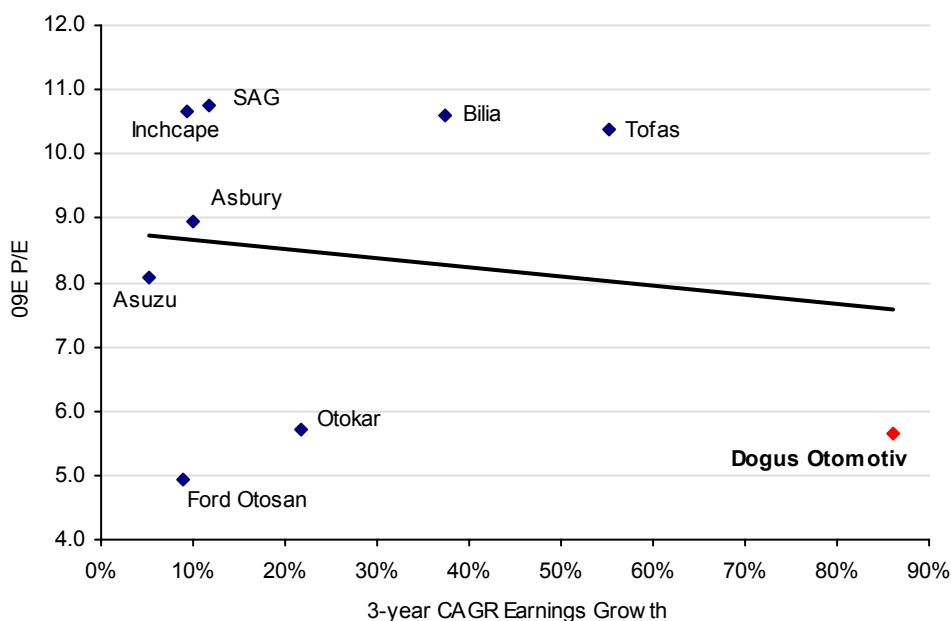
- Our fair value estimate derived from peer group comparison is based on Dogus Otomotiv's premium/(discount) to international distributors' multiples only.

**Exhibit 8: EBITDA & Net Margin compared to peers**

| Company                       | Country  | EBITDA Margin (%) |       |       | Net Margin (%) |       |       |
|-------------------------------|----------|-------------------|-------|-------|----------------|-------|-------|
|                               |          | 2007E             | 2008E | 2009E | 2007E          | 2008E | 2009E |
| Billia AB *                   | Sweden   | 3.0               | 3.5   | 3.7   | 0.9            | 1.2   | 1.5   |
| Inchcape *                    | UK       | 4.8               | 4.9   | 5.1   | 2.8            | 2.9   | 3.0   |
| SAG *                         | Portugal | 8.2               | 8.7   | 11.2  | 4.3            | 4.6   | 4.0   |
| Asbury Automotive Group *     | US       | 3.0               | 3.0   | 3.8   | 1.3            | 1.3   | 1.4   |
| Dogus Otomotiv **             | Turkey   | 3.1               | 4.1   | 4.4   | 1.4            | 2.3   | 2.7   |
| <b>International peer avg</b> |          | 4.8               | 5.0   | 5.9   | 2.3            | 2.5   | 2.4   |
| <b>Dogus Otomotiv **</b>      |          | 3.1               | 4.1   | 4.4   | 1.4            | 2.3   | 2.7   |

\* IBES consensus estimates

\*\* TEB Research estimates

**Exhibit 9: P/E to 3-year CAGR (Including MVIS)**

**Exhibit 10: DCF Analysis**

| WACC Assumptions           | 2007E | 2008E | 2009E | 2010E | 2011E | 2012E | 2013E | 2014E | 2015E | 2016E |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Risk-Free Rate (%)         | 7.5   | 7.5   | 7.5   | 7.5   | 7.5   | 7.5   | 7.5   | 7.5   | 7.5   | 7.5   |
| Beta                       | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   |
| Levered Beta               | 1.1   | 1.1   | 1.1   | 1.1   | 1.1   | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   |
| Tax Rate (%)               | 20.0  | 20.0  | 20.0  | 20.0  | 20.0  | 20.0  | 20.0  | 20.0  | 20.0  | 20.0  |
| Equity Risk Premium (%)    | 5.0   | 5.0   | 5.0   | 5.0   | 5.0   | 5.0   | 5.0   | 5.0   | 5.0   | 5.0   |
| Cost of Equity (%)         | 12.5  | 12.5  | 12.5  | 12.5  | 12.5  | 12.5  | 12.5  | 12.5  | 12.5  | 12.5  |
| Cost of Debt after tax (%) | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     |
| Weight-Equity (%)          | 89.2  | 89.2  | 90.2  | 91.6  | 92.8  | 93.9  | 94.9  | 94.7  | 95.7  | 96.2  |
| Weight-Debt (%)            | 10.8  | 10.9  | 9.8   | 8.4   | 7.2   | 6.1   | 5.1   | 5.3   | 4.3   | 3.8   |
| WACC (%)                   | 11.8  | 11.8  | 11.9  | 12.0  | 12.0  | 12.1  | 12.2  | 12.2  | 12.2  | 12.3  |
| Perpetual Growth (%)       | 3.0   |       |       |       |       |       |       |       |       |       |

| Free Cash Flow (US\$ mn)      | 2007E | 2008E | 2009E | 2010E | 2011E | 2012E | 2013E | 2014E | 2015E | 2016E |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| EBITDA                        | 55    | 85    | 99    | 109   | 124   | 130   | 136   | 142   | 148   | 153   |
| - Tax                         | 6     | 12    | 16    | 18    | 20    | 21    | 23    | 24    | 25    | 26    |
| Gross Cash Flow               | 48    | 74    | 84    | 91    | 104   | 109   | 114   | 118   | 123   | 128   |
| - Capital expenditure         | 78    | 39    | 20    | 15    | 15    | 15    | 15    | 15    | 15    | 15    |
| - Increase / (Decrease) in WC | -12   | 9     | 6     | 6     | 7     | 8     | 9     | 10    | 11    | 13    |
| Free Cash Flow (FCF)          | -17   | 26    | 57    | 70    | 81    | 85    | 90    | 94    | 97    | 100   |

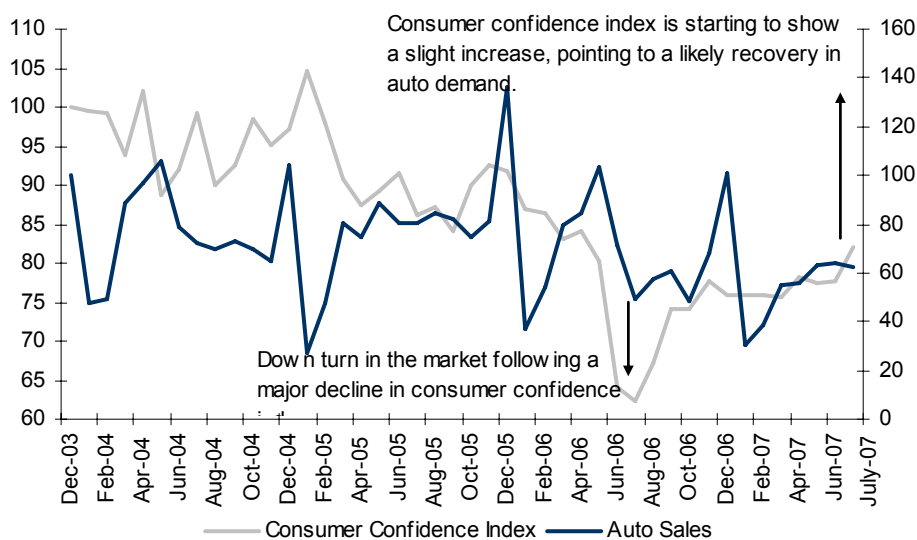
| DCF Results                        | US\$ mn |
|------------------------------------|---------|
| +Present value of FCFs (2007-2016) | 342     |
| +Present value of terminal value   | 382     |
| % of Terminal Value in Firm Value  | 53%     |
| Enterprise Value                   | 724     |
| -Net Debt (2007/03)                | -22     |
| Estimated Fair Value               | 746     |

Source: TEB Research

## Reiterating Our View on the Local Auto Sector

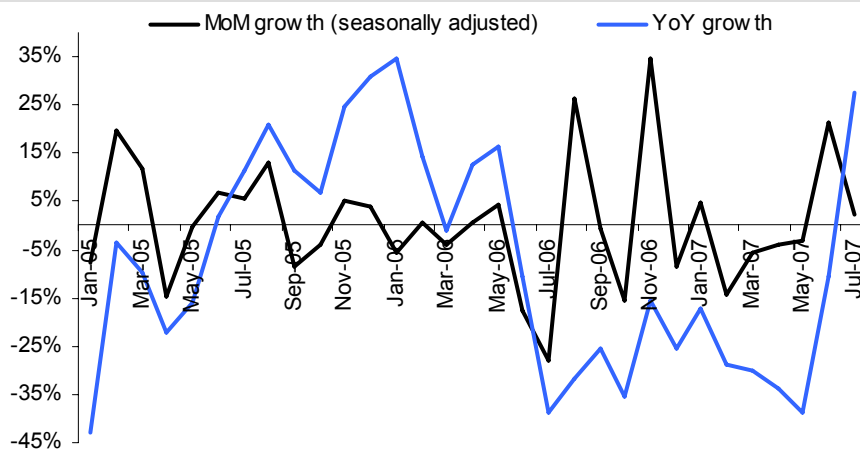
**Rising consumer confidence and the lower interest rate outlook is leading to a recovery in Turkish auto market – Supported by June & July data we estimate a 10% and 15% YoY recovery in the higher margin local sales in H207 and 2008.** Following the currency volatility in May 06, high-interest rates resulted in a substantially weaker auto market, where local sales declined by 28% YoY in H206 (Dogus Otomotiv 35%). The trend remained weak in H107 with a 28% YoY decline (Dogus Otomotiv 33%). However subsequent to July 07 data we can conclude that the Turkish auto market is showing signs of recovery. Seasonally adjusted monthly data confirms that demand has not only bottomed out, but also started to improve (up by respective 20% and 2.5% in June and July on MoM). Also, with a 27% YoY increase in domestic demand, July data showed the first YoY improvement in 13 months (Exhibit 11 and 12). Going forward we estimate local sales to grow by 10% YoY in H207 and by 15% in 2008.

**Exhibit 11: Consumer confidence index & auto sales**



Source: Cnbc-e, AMA, TEB Research

**Exhibit 12: Seasonally adjusted MoM auto data & estimates**



Source: AMA, TEB Research

## DOGUS OTOMOTIV - FINANCIAL STATEMENTS

### Dogus Otomotiv - Income Statement – IFRS – US\$mn – (2005-2009E)

|                      | 2005    | 2006    | 2007E   | 2008E   | 2009E   |
|----------------------|---------|---------|---------|---------|---------|
| Net sales            | 1,827   | 1,766   | 1,785   | 2,088   | 2,266   |
| COGS                 | (1,563) | (1,563) | (1,567) | (1,826) | (1,982) |
| Gross profit         | 264     | 202     | 218     | 262     | 285     |
| Operating expenses   | (153)   | (160)   | (179)   | (196)   | (206)   |
| Operating profit     | 111     | 42      | 38      | 66      | 78      |
| EBITDA               | 120     | 50      | 55      | 85      | 99      |
| Other income         | 20      | 5       | 10      | 11      | 11      |
| Net Financial income | (13)    | (30)    | (18)    | (17)    | (12)    |
| Minority Interest    | 1       | 2       | 0       | 0       | 0       |
| Profit before tax    | 118     | 19      | 30      | 60      | 78      |
| Taxation             | (35)    | (3)     | (6)     | (12)    | (16)    |
| Net profit           | 83      | 15      | 24      | 48      | 62      |
| Net Profit with MVIS | 83      | 15      | (156)   | 109     | 99      |

Source: TEB Research

### Dogus Otomotiv – Margins – (2005-2009E)

|                      | 2005   | 2006   | 2007E  | 2008E  | 2009E  |
|----------------------|--------|--------|--------|--------|--------|
| Net sales            | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| COGS                 | -85.5% | -88.5% | -87.8% | -87.4% | -87.4% |
| Gross profit         | 14.5%  | 11.5%  | 12.2%  | 12.6%  | 12.6%  |
| Operating expenses   | -8.4%  | -9.1%  | -10.0% | -9.4%  | -9.1%  |
| Operating profit     | 6.1%   | 2.4%   | 2.2%   | 3.2%   | 3.5%   |
| EBITDA               | 6.6%   | 2.8%   | 3.1%   | 4.1%   | 4.4%   |
| Net Financial income | -0.7%  | -1.7%  | -1.0%  | -0.8%  | -0.5%  |
| Other income         | 1.1%   | 0.3%   | 0.6%   | 0.5%   | 0.5%   |
| Minority Interest    | 0.0%   | 0.1%   | 0.0%   | 0.0%   | 0.0%   |
| Profit before tax    | 6.5%   | 1.1%   | 1.7%   | 2.9%   | 3.4%   |
| Tax Rate             | 29.9%  | 18.4%  | 20.0%  | 20.0%  | 20.0%  |
| Net profit           | 4.5%   | 0.9%   | 1.4%   | 2.3%   | 2.7%   |
| Net Profit with MVIS | 4.5%   | 0.9%   | -8.8%  | 5.2%   | 4.4%   |

Source: TEB Research

### Dogus Otomotiv – Growth Rates – (2005-2009E)

|                      | 2005 | 2006 | 2007E  | 2008E | 2009E |
|----------------------|------|------|--------|-------|-------|
| Net Sales            | 6%   | -3%  | 1%     | 17%   | 9%    |
| EBITDA               | 23%  | -58% | 8%     | 57%   | 16%   |
| Net Income           | 90%  | -81% | 58%    | 97%   | 30%   |
| Net Income with MVIS | 90%  | -81% | -1117% | -170% | -9%   |

Source: TEB Research

| <b>Dogus Otomotiv – Balance Sheet – IFRS – US\$mn – (2005-2009E)</b> |             |             |              |              |              |
|--|-------------|-------------|--------------|--------------|--------------|
|  | <b>2005</b> | <b>2006</b> | <b>2007E</b> | <b>2008E</b> | <b>2009E</b> |
| Cash and Banks   | 94          | 86          | 58           | 78           | 125          |
| Marketable Securities  | 0           | 0           | 0            | 0            | 0            |
| Short Term Trade Rec.  | 102         | 102         | 89           | 104          | 113          |
| Other Short Term Rec.  | 23          | 18          | 19           | 20           | 21           |
| Inventories  | 273         | 300         | 239          | 279          | 303          |
| Other Current Assets   | 6           | 8           | 9            | 9            | 10           |
| <b>Current Assets</b>  | <b>498</b>  | <b>514</b>  | <b>415</b>   | <b>490</b>   | <b>572</b>   |
| LT Receivables   | 0           | 0           | 0            | 0            | 0            |
| Other LT Rec.  | 2           | 2           | 3            | 3            | 3            |
| LT Financial Assets  | 176         | 200         | 200          | 200          | 200          |
| Net PPE  | 73          | 77          | 139          | 159          | 158          |
| Intangible assets  | 5           | 4           | 4            | 4            | 4            |
| Other non-current assets   | 1           | 4           | 4            | 4            | 5            |
| <b>Non-Curret Assets</b>   | <b>257</b>  | <b>288</b>  | <b>350</b>   | <b>370</b>   | <b>369</b>   |
| <b>Total Assets</b>  | <b>755</b>  | <b>802</b>  | <b>764</b>   | <b>860</b>   | <b>941</b>   |
| Short Term Fin. Debt   | 16          | 22          | 22           | 22           | 22           |
| Accounts Payable   | 289         | 344         | 283          | 330          | 358          |
| Other Short-Term Payables  | 35          | 38          | 40           | 42           | 44           |
| ST Advances Received   | 5           | 2           | 3            | 3            | 3            |
| Other current liabilities  | 31          | 24          | 25           | 26           | 27           |
| <b>Current Liabilities</b>   | <b>375</b>  | <b>431</b>  | <b>372</b>   | <b>422</b>   | <b>454</b>   |
| Long Term Fin. Debt  | 21          | 22          | 22           | 27           | 27           |
| LT Trade Payables  | 0           | 0           | 0            | 0            | 0            |
| Other LT Liabilities   | 5           | 6           | 6            | 6            | 7            |
| <b>Total Long Term Liabilities</b>                                   | <b>26</b>   | <b>28</b>   | <b>28</b>    | <b>33</b>    | <b>34</b>    |
| Minority interest  | 5           | 3           | 3            | 4            | 5            |
| Total paid-in capital  | 82          | 78          | 78           | 78           | 78           |
| Adjustments to share capital   | (0)         | (0)         | (0)          | (0)          | (0)          |
| Reserves and Other Items   | 120         | 147         | 147          | 147          | 148          |
| Retained Earnings  | 64          | 100         | 111          | 128          | 161          |
| Current year income/(loss)   | 83          | 15          | 24           | 48           | 62           |
| <b>Total Equity</b>  | <b>349</b>  | <b>340</b>  | <b>360</b>   | <b>401</b>   | <b>449</b>   |
| <b>Total Lia. &amp; Equity</b>                                       | <b>755</b>  | <b>802</b>  | <b>764</b>   | <b>860</b>   | <b>941</b>   |
| <b>Net Debt / (Cash)</b>   | <b>(57)</b> | <b>(43)</b> | <b>(15)</b>  | <b>(29)</b>  | <b>(76)</b>  |

Source: TEB Research

| <b>TEB Investment Macro Estimates</b> | <b>2006</b> | <b>2007E</b> | <b>2008E</b> | <b>2009E</b> |
|---------------------------------------|-------------|--------------|--------------|--------------|
| TRY/US\$ (average; CB Bid rate)       | 1.4311      | 1.3320       | 1.3980       | 1.4520       |
| TRY/US\$ (end of period;CB Bid rate)  | 1.4131      | 1.3325       | 1.4250       | 1.4650       |
| Benchmark Rate (end-%)                | 21.15       | 16.90        | 15.90        | 14.20        |
| O/N rate (end of period;YTDav-%)      | 17.50       | 16.75        | 15.50        | 14.00        |
| CPI (annual-%)                        | 9.60        | 9.01         | 6.80         | 5.65         |
| GDP (US\$ mn)                         | 400,046     | 491,829      | 524,024      | 556,778      |

#### **TEB Investment: Stock Rating Definitions**

| <b>TEB Rating</b> | <b>Definition</b>                        | <b>Investment Horizon</b> |
|-------------------|--|---------------------------|
| BUY               | Stock return is > 20%                    | 1 year                    |
| HOLD              | Stock return ranges between -10% and 20% | 1 year                    |
| SELL              | Stock return is < -10%                   | 1 year                    |

## TEB Investment

Eski Buyukdere Cad. Park Plaza 22 Kat:4 Maslak, 34398, Istanbul / Turkey

Phone : +90 (212) 345 11 11 Fax : +90 (212) 345 07 46

### Institutional Sales and Trading

|                         |                          |                                  |                     |
|-------------------------|--------------------------|----------------------------------|---------------------|
| Ismail Erdem            | Executive Vice President | ismail.erdem@teb.com.tr          | +90 (212) 345 08 96 |
| Tunc Ural               | Director                 | tunc.ural@teb.com.tr             | +90 (212) 345 08 80 |
| Oguzhan Buyukbayram     | Director                 | oguzhan.buyukbayram@teb.com.tr   | +90 (212) 345 00 68 |
| Hasan Sevkett Colakoglu | Manager                  | hasansevket.colakoglu@teb.com.tr | +90 (212) 345 09 99 |
| Bulent Levi             | Manager                  | bulent.levi@teb.com.tr           | +90 (212) 345 08 88 |
| Kunt Atay               | Assistant Manager        | kunt.atay@teb.com.tr             | +90 (212) 345 11 34 |

### Research

|                     |   |                           |                              |
|---------------------|---|---------------------------|------------------------------|
| Ali Kerim Akkoyunlu | Head of Research,<br>Conglomerates, Strategy                                | ali.akkoyunlu@teb.com.tr  | +90 (212) 345 09 86          |
| Sertan Kargin       | Chief Economist   | sertan.kargin@teb.com.tr  | +90 (212) 345 11 11 (x 5525) |
| Kenan Cosguner      | Transportation & Airlines,<br>Food & Beverage, Media,<br>Telecommunications | kenan.cosguner@teb.com.tr | +90 (212) 345 11 11 (x 5527) |
| Volkan Kurt         | Financials  | volkan.kurt@teb.com.tr    | +90 (212) 345 11 11 (x 5530) |
| Ebru Eroglu         | Energy, Oil and All<br>Commodity Related                                    | ebru.eroglu@teb.com.tr    | +90 (212) 345 11 11 (x 5521) |
| Pinar Sahin         | Automotive, Retail,<br>Consumer Durables                                    | pinar.sahin@teb.com.tr    | +90 (212) 345 11 11 (x 5529) |
| Ozgur Guler         | Cement, Real Estate,<br>Construction Materials                              | ozgur.guler@teb.com.tr    | +90 (212) 345 11 11 (x 5518) |
| Ozkan Ozkaynak      | Quantitative Research   | ozkan.ozkaynak@teb.com.tr | +90 (212) 345 11 11 (x 5512) |
| Baris Depecik       | Database Management   | baris.depecik@teb.com.tr  | +90 (212) 345 11 11 (x 5520) |

The information and opinions in this report were prepared by TEB Investment solely for information purposes, based on information available as of the date of this report. TEB Investment does not undertake to advise you of changes in the information or opinions set forth herein subsequent to such date.

TEB Investment and entities or persons associated with it may make markets or may trade heavily in the securities of companies mentioned in this report. TEB Investment and entities or persons associated with it may have positions in and effect transactions in securities of companies mentioned in this report and may also perform or seek to perform investment banking services for those companies. TEB Investment and/or their affiliates or their employees may, from time to time, have a long or short position in any one of the securities mentioned herein and may buy or sell those securities or options thereon either for its own account or on behalf of its clients.

The investments discussed in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and in reliance on an offering circular or prospectus approved by the issuer, their own investigations and the advice of such independent advisers as they deem appropriate. Investors should not make their investment decisions on the basis of this report and construe the contents of this report as legal, tax or financial advice. Where an investment is denominated in a currency other than the investor's currency, changes in rates of exchange may have an adverse effect on the value, price of, or income derived from the investment. Past performance is not indicative of future results. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may increase or decrease against the interest of investors resulting in the loss of invested capital. Investors should have the financial ability and be willing to bear the risks associated with the investments discussed in this report.

This report is based on publicly available information and other sources which TEB Investment considers to be reliable. TEB Investment does not make any representations or warranties, express or implied, for the accuracy, completeness or fairness of any such information or any estimates, conclusions or opinions based thereon, and does not accept any liability or responsibility whatsoever, including without limitation liability for any direct/indirect damages, financial/moral loss suffered by any party. This report does not constitute an offer to sell or a solicitation of an offer to buy any securities and may not be used or relied upon in connection with any offer or sale of securities.

This report reflects the personal views of the analyst who prepared it regarding the subject securities and issuer. No part of the analyst's compensation, was, is, or will be directly or indirectly related to the specific recommendations or views in this report.

This report is not intended to be distributed in the United States except when distributed to major U.S. institutional investors as defined in Rule 15a-6 of the United States Exchange Act of 1934, as amended. Any US Person (as defined in the US Securities Act of 1933, as amended and regulations promulgated thereby) that accepts this report thereby certifies that it is a major U.S. institutional investor. The distribution of this report in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report you acknowledge and agree to be bound by the foregoing instructions. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior consent of TEB Investment.

**Notice Published in accordance with "Communiqué Regarding the Principles on Investment Consultancy Activities and the Investment Consultancy Institutions" Series: V, No: 55 issued by the Capital Markets Board**

The investment related information, commentary and recommendations contained herein does not constitute investment consultancy services. Investment consultancy services are provided in accordance with investment consultancy agreements executed between investors and brokerage companies or portfolio management companies or non-deposit accepting banks. The commentary and recommendations contained herein are based on the personal views of the persons who have made such commentary and recommendations. These views may not conform to your financial standing or to your risk and return preferences. Therefore, investment decisions based solely on the information provided herein may fail to produce results in accordance with your expectations.