

TURKISH CEMENT SECTOR

Grey constituent of growth



June 2014

TABLE OF CONTENTS

INVESTMENT THEME	3
ADANA CEMENT	14
AKCANSAN	17
BOLU CEMENT	20
CIMSA	23
MARDIN CEMENT	26
UNYE CEMENT	29
APPENDIX	32

INVESTMENT THEME

The cement sector started the year buoyed by the mild winter, large scale infrastructure projects and urban transformation projects. According to data released by TCMA (Turkish Cement Manufacturers' Association), domestic sales surged by 26% YoY in 1Q14 while exports slumped by 44% YoY. The decrease in exports mainly stemmed from the fact that cement companies prefer to sell cement to domestic market when domestic cement demand is strong. Robust demand helped whittle down clinker inventories while supporting prices. Meanwhile, costs generally remained stable. There were no hikes to electricity prices at home. Pet-coke prices remained stable as well, while coal prices declined in the global market.

Consequently, in 1Q14, the net sales of cement companies in our coverage rose by an average of 31% YoY with a 10.4pp improvement in their EBITDA margin. We forecast that the overall net sales of the cement companies among our coverage will increase by 12.7% YoY for the 2014 full year.

In the long term, continuing housing demand, large scale infrastructure projects, increasing public spending and the growth prospects of Turkish economy will be the main drivers for cement sector. However, the sector may be affected by regional overcapacity following ongoing investments. On the cost front, we project a c.10% hike in electricity tariffs in the 4th quarter with coal and pet-coke prices expected to remain stable.

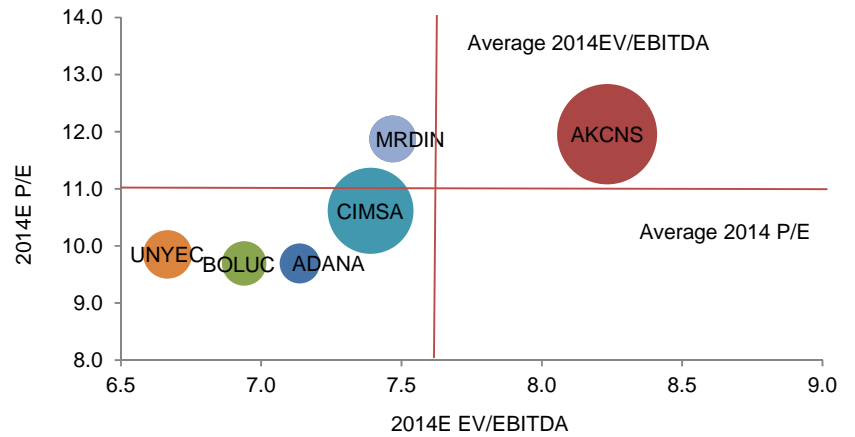
With this report, we re-initiate our cement coverage. We maintain our Outperform recommendation for BOLUC and Market Perform recommendations for ADANA, AKCNS, MRDIN and UNYEC. Meanwhile, we upgrade CIMSA's recommendation from Market Perform to Outperform. Our cement coverage trades at a 2014E EV/EBITDA of 7.6x and P/E of 11x, at a discount to global peers. We prefer **BOLUC** and **CIMSA** among our cement coverage. **BOLUC** come to the fore thanks to buoyant demand in its operating region and expected improvement to come from its new capacity investment in Ankara. We upgrade **CIMSA** to Outperform as the Company will continue to benefit from its operational diversification and wide product range. We maintain **ADANA's** Market Perform recommendation, as the Company will continue to be effected by increasing competition in the Mediterranean region. Our recommendation for **AKCNS** remains at Market Perform, since we believe positives are mostly in the price despite strong demand in Marmara region. In the meantime, we maintain our Market Perform recommendation for **UNYEC**, as the Company is dealing with increased competition which puts pressure on its margins. Also we maintain our Market Perform recommendation for **MRDIN**, which will continue to be hit by the downturn in exports mainly due to turmoil in Iraq.

Ticker	Recom.		Last Close (TL)	12M Target Price (TL)	Upside Potential	EV/EBITDA		P/E		Div.Yield 2014E	BIST-100 Rel. Perf. YTD	#of Plants	# of Grinding Fac.	Clinker Capacity (mn tons)
	New	Old				2014E	2015E	2014E	2015E					
ADANA	MP	MP	4.46	5.50	23%	7.1	7.1	9.7	9.0	9.3%	7%	1	2	2.3
AKCNS	MP	MP	12.85	14.70	14%	8.2	8.2	12.0	11.5	7.5%	1%	3	-	6.5
BOLUC	OP	OP	3.38	4.60	36%	6.9	5.6	9.7	8.7	4.1%	18%	1	2	1.5
CIMSA	OP	MP	13.45	17.00	26%	7.4	6.9	10.6	9.5	8.0%	12%	5	1	5.5
MRDIN	MP	MP	4.93	5.35	9%	7.5	6.9	11.9	10.2	7.6%	0%	1	-	2
UNYEC	MP	MP	4.73	5.00	6%	6.7	6.5	9.9	9.3	9.1%	-26%	1	-	1.5

Valuation Method

Our 12M target prices are derived from weighted average of DCF analysis (Risk-free rate 9%, market risk premium 5.5%) domestic peer comparison (adjusted to their historic discounts) and international peer comparison. Please note that weightings of DCF analysis, domestic peer comparison and international peer comparison are 50%, 25% and 25%, respectively. Our cost of equity assumption stands at 13.4%. We also use a 10% small cap discount for companies with low trading volume and free float.

2014E Multiples, Balloon Size MCap



Source: Garanti Securities Estimates

Cement Sector Overview

Regulatory authorities closely monitor mergers and acquisitions activities. There are currently 49 integrated plants and 18 grinding stations with a total 69mn tons of clinker and 107mn tons of cement production capacity per annum. The cement sector has a fragmented structure due to the high level of transportation costs and high level of initial investment. As a rough guide, transportation costs to locations more than 250km away tend to exceed marginal revenues that come from cement sales to those regions.

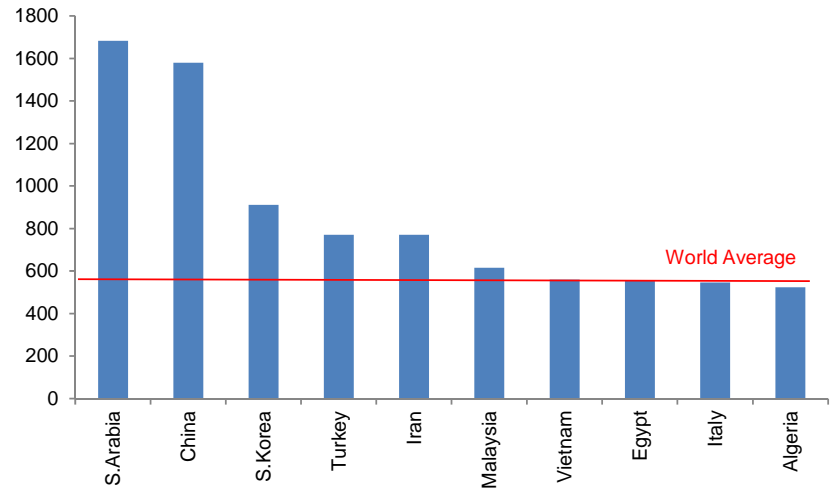
Cement Plants in Turkey



Source: TCMA, *Grinding facilities

Turkey ranks number four in the world regarding cement consumption per capita. According to International Cement Review data, as of 2012 cement consumption per capita in Turkey stands at 771kg, higher than the world average of 550kg.

Cement Consumption per capita in 2012 (kg)

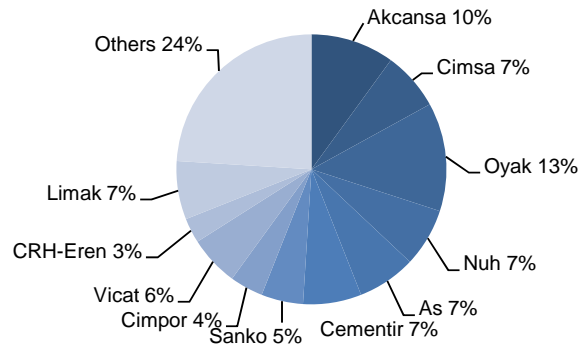


Source: International Cement Review

Market Structure

The fragmented structure of the industry is also reflected in the market shares. No individual player dominates the cement market, which instead is dominated by regional oligopolistic competition. As a group, OYAK Cement Group has 12% market share in total whereas Akcansa enjoys 10% market share on company basis and followed by Cimsa (8% market share).

Clinker Capacity

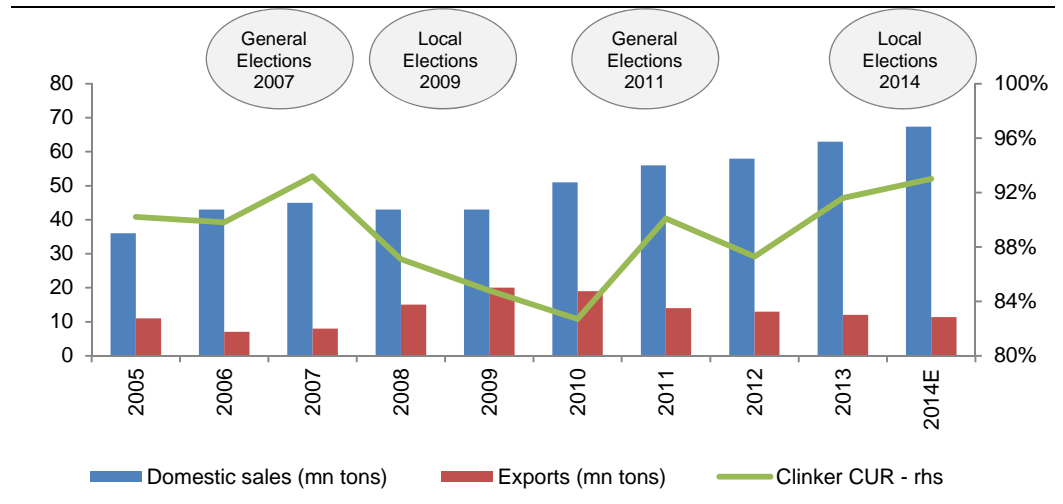


Source: TCMA

Domestic cement sales volumes realized at 63mn tonnes in 2013, up by 10.5% YoY. The cement sector made a good start to 2014. According to TCMA 2014 March data, domestic cement sales volumes increased by 26% YoY in 1Q14 period due to the mild winter and ongoing infrastructure projects. While domestic sales roared ahead, exports plunged by 44%; leading to a 11.8% increase in total sales volume.

On a regional basis, demand increased by 23% in the Marmara region, 32% in the Mediterranean region and 36% in the Black Sea region on a YoY basis. For 2014, we expect domestic sales volume to increase by 7% while exports to plunge by 5% in 2014. We project CUR of the sector to be 93% in 2014.

Cement Sales volumes and Clinker CUR



Source: TUIK, TCMA

Growth Drivers

Highlights of the urban transformation program and several large scale infrastructure projects planned for the upcoming periods are summarized below:

Urban Transformation: Buildings with a total of 6.5mn homes are planned to be rebuilt over the next 20 years, marking the reconstruction of an average of 325,000 homes per year. More than 253k units were transformed in 2013 and it is projected, by Ministry of Environment and Urban Planning, 500k units will be renewed in 2014. An average of 30mn tons of ready mix concrete is required for the urban transformation program each year.

Urban transformation has begun to take place mostly in suburbs of cities rather than city centers. Within urban transformation projects, Ready Mix Concrete (RMC) is supplied to minor projects, in which property owners negotiation powers are low. Companies highly involved in urban transformation projects, such as AKCNS, will enjoy higher margins going forward.

Infrastructure projects:

➤ **3rd Bridge and European Highway Project:** The 3rd Bridge will be the highest suspension bridge in the world. It will be a bigger replica of Bridge Normandy. Construction began in May 2013 and the bridge will be built over 3 years at an estimated cost of US\$2.5bn. An 8 lane motorway and 2 track railway will also be built within the scope of the European Highway project. Akcansa provides ready mix concrete to the project.

- **3rd Airport:** In line with the government's target of Istanbul being an international hub for air travel, a tender for a 3rd airport in Istanbul was held in May 2013, where the Cengiz-Kolin-Limak-Mapa-Kalyon consortium submitted the winning bid, offering a total of €22,152mn as rent (€26,139mn including 18% VAT) over a period of 25 years (€1,046mn per annum). The airport will be located on the European side of Istanbul, estimated cost of construction is around US\$9bn. The new airport will be completed in four phases. A groundbreaking ceremony was held on June 6, 2014. PM Erdogan announced that the first phase of the new airport will be completed by October 29, 2017.

Istanbul's Third Airport	1st phase	2nd phase	3rd phase	4th phase*	Total
Terminal capacity/pax per annum	70mn	20mn	30mn	30mn	150mn
# of terminals	2		1	1	4
Runways	3	1	1	1	6
Taxiways	8	3	2	3	16
Aircraft parking capacity					500

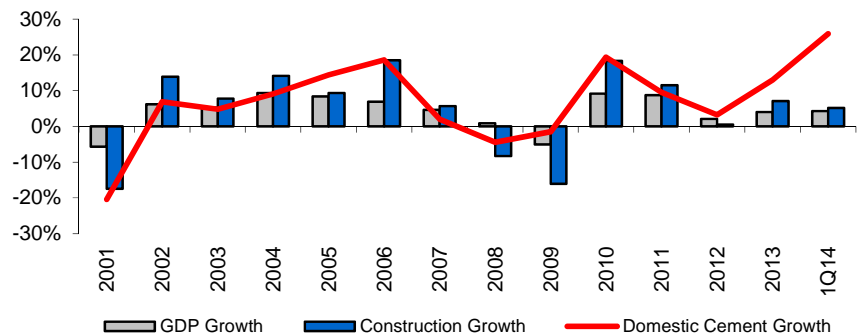
Source: Turkish Airlines *Phase 4 to be completed by 2027

- **İzmir-Gebze Highway:** The highway will connect Izmir and Gebze and aims to cut the Istanbul-Izmir journey time to 3½ hours. The length of the motorway will be 421km and will involve the construction of 4 tunnels and 30 viaducts. The project is scheduled to be completed by 2016. Winning consortium consists of 6 firms; Makyol, Nuro, Özaltın, Astaldi, Göçay and Yüksel. Estimated cost of the project is around TL11bn. BOLUC is the cement provider for 2,800 meters long Gebze Suspension Bridge.
- **Nuclear power plants:** There are plans to construct two nuclear power plants, which will be built in Mersin and Sinop, south and north of Turkey, at an estimated cost of US\$20bn and US\$21bn respectively.
- **The Bosphorus Canal (Canal Istanbul):** Canal Istanbul will be constructed on the European side of Istanbul and is planned to be opened in 2023. The project is estimated to have a cost of around US\$20bn. However, neither project financing process completed, nor the project details have been announced yet.

Construction Sector vs. GDP Growth

There is a high correlation between construction growth and GDP. In 1Q14, Turkey recorded 4.3% GDP growth, with 5.2% YoY growth in the construction sector. We expect the Turkish cement sector to continue to perform well with the urban transformation and infrastructure projects during an election cycle. Presidential elections and general elections will be held in August 2014 and in June 2015, respectively. Elections have always been catalysts for construction and cement sector companies due to high level of investment in infrastructure projects.

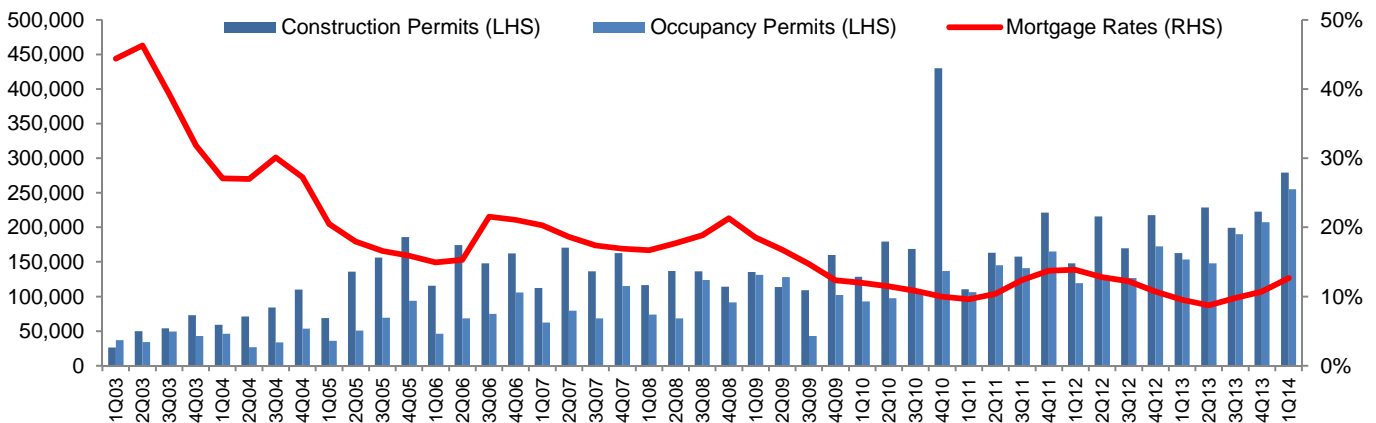
Construction & GDP Growth vs. Cement Growth



Source: TURKSTAT, Garanti Securities Estimates

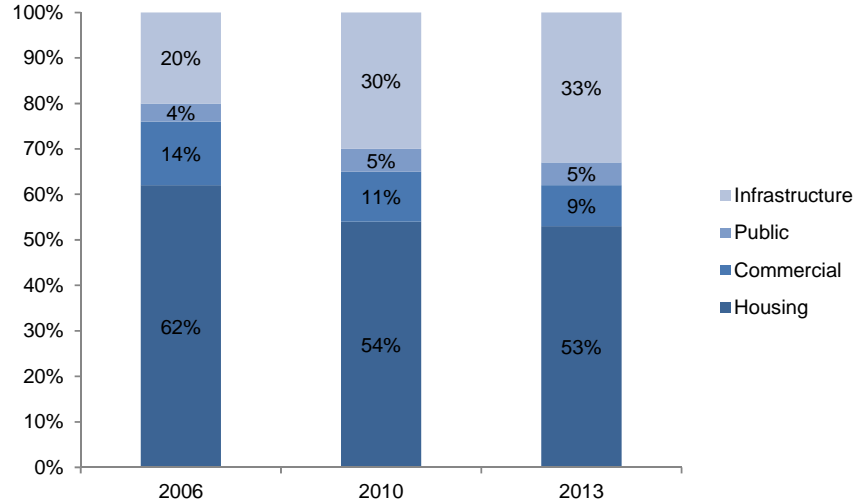
At the end of 2013, housing contributed 53% to total cement demand with a 33% contribution from infrastructure projects, while housing's contribution was 62% in 2006. Contribution from large scale infrastructure projects to total cement demand will increase going forward, which will be positive for the sector. During periods of economic slowdown, government spending tends to support the sector. On the housing side, there are undercapacity problems in some regions regarding housing in Turkey. In 1Q14, number of construction permits and occupancy permits increased by 76.8% and 87.1% YoY respectively. Population growth, immigration and urban transformation will continue to support housing demand going forward.

Mortgage Rates vs. Construction Permits



Source: TUIK, CBRT

Breakdown of Cement Usage in Construction Sector

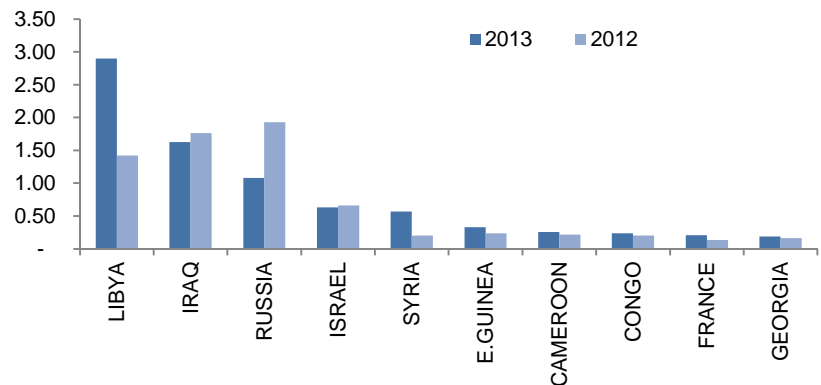


Source: Sabanci Cement Group, TCMA

Tumbling Exports

In 2013, exports to Libya more than doubled due to the stabilization in the country following “Arab Spring”. Meanwhile, exports to Russia tumbled by 44% YoY despite high expectations from 2014 Sochi Winter Olympics. We think that, sanctions being imposed on Russia regarding the Ukraine crisis could put further pressure on export volumes to Russia going forward. In 1Q14, the Turkish cement sector suffered a steep 44% YoY decline in exports, with total export volume realized at 1.6mn tons, down from the 2.9mn tons in 1Q13. The ongoing conflict in Syria has also been hurting those companies exporting to the region; however, a prospective resolution to the conflict in Syria poses upside potential. Please note that ADANA is exposed to Libya and Syria markets, meanwhile UNYEC is exposed to Russian market. In the Iraqi market, rising political tension led exports to Iraq come to a halt. We believe MRDIN will mostly be negatively effected from the crisis. Recall that exports almost constitutes 30% of the total sales of Mardin Cement, most of which goes to Iraq.

Export volumes (tons)

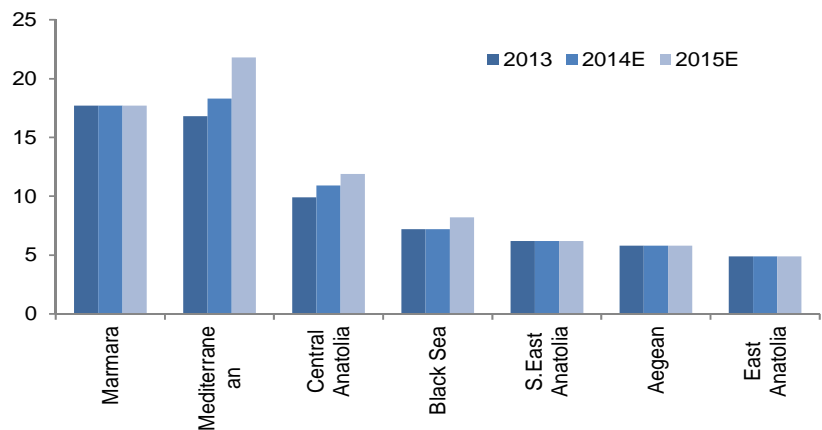


Source: TCMA

New Capacity Additions Intensifies Regional Competition

Turkey commanded a total of 69mn tonnes in clinker capacity at the end of 2013. There are a number of investment projects which will raise total clinker capacity to 77.1mn tonnes within next 2 years; Bolu Ankara (1mn tonnes), Limak Kırklareli (1.1mn tonnes), Eren Holding Mersin: (3.5mn tonnes), Sancim Adana (1.5mn tonnes) and Limak Balıkesir (1mn tonnes). Overcapacity has been a structural problem for several regions such as the Mediterranean and Black Sea regions, so new capacity additions will put pressure on the pricing power of cement companies and squeeze their margins. We think regional competition will tighten on the back of new capacity increases; among our coverage, ADANA and UNYEC stand to be particularly affected by the fiercer competition. However, Cimsa's exposure to the Central Anatolia region and export capabilities offer the Company with some resilience in the face of regional competition in Mediterranean region.

Clinker Capacities (mn tons) by region



Source: TCMA, Garanti Securities

Ready Mix Concrete Operations

Ready mix concrete (RMC), generally low margin end of cement sales, supports sales. Due to low entry barriers, there are numerous players in the market and most of the housing contractors work with noname RMC companies. Yet, in large scale housing projects and in infrastructure projects with special demands, contractors use well-known brands due to their high reliability; i.e. Akcansa provides RMC for 3rd Bridge and Oyak Beton provides RMC for Gebze Suspension Bridge. Therefore both Groups' presence in the market, which is mostly unrecorded, is low in terms of market share. Oyak Group companies use their Group Company – Oyak Beton – for RMC facilities, which recorded a TL17mn net loss in 2013. However, Sabanci Group cement companies, Akcansa and Cimsa, both run and consolidate their own RMC operations, resulting in lower EBITDA margins. RMC sales constituted 36% of Akcansa's net sales and 20% of Cimsa's sales in 1Q14. Both companies aim to target more profitable RMC sales, which will result in lower RMC sales volume going forward. Meanwhile Akcansa recorded TL1.6mn loss before tax and Cimsa recorded TL27mn loss before tax from their RMC operations in 2013.

Holcim-Lafarge Merger

Two large cement producers, the France-based Lafarge and the Switzerland-based Holcim, announced that they had agreed to the terms of a merger on 7th April. The merger is expected to be completed by mid-2015. There is a strong likelihood that divestments totaling €5bn will occur due to antitrust regulations. Two thirds of the divestments are expected to take place in Western Europe, while there are also overlapping operations in India, China, Canada and Brazil. Cement groups and companies under our coverage are known to be interested in takeovers, with Oyak Group and Sabanci Cement Group seeking inorganic growth opportunities at home and abroad; Oyak Group holds US\$3bn cash and has aggressive inorganic growth plans in North Africa and Eastern Europe. We believe a takeover by Oyak Group would not have any direct effect on cement companies in the group, but could pave the way for export opportunities for group companies. Sabanci Group companies have also expressed an interest in inorganic growth opportunities. In the previous years, Sabanci Cement Group analyzed various projects. Group aims to purchase assets located in target markets and regions. Mehmet Gocmen, President of Sabanci Cement Group, stated that Sabanci Cement Group could spend up to TL1-1.5bn for new acquisitions. Their EV/EBITDA multiple limit for acquisitions is 4-4.5x; however, because of special case of Holcim-Lafarge merger, this limit may be reconsidered. There are no details expressed yet regarding Holcim-Lafarge merger; hence it is not clear which assets will be sold-off and timing of the sales.

In addition to the opportunities for expansion which will arise as a result of the Holcim-Lafarge merger, Oyak Group and Sabanci Group companies are seeking new takeover opportunities in the domestic market. In case of a company takeover, we believe Oyak Group would establish a new company rather than taking over assets through one of its companies. We believe, Sabanci Group would conduct purchases through Cimsa, due to Holding's higher control and decision making ability over the company. Undertaking strategic purchases might be harder for Akcansa because Heidelberg, which holds a 39.72% stake in Akcansa, must also be convinced for the acquisition. Heidelberg might be less interested in acquisition targets located in Heidelberg's current operating region.

It should be considered that the price/tons of clinker capacity multiple has averaged €150 for mergers and acquisitions during last 5 years. The net cash (debt) positions of cement companies under our coverage at the end of 1Q14 are as follows:

(TL mn)	2014E EBITDA	Net Cash (as of 1Q14)	Net Debt/2014E EBITDA
Akcansa	328	-241	0.7x
Cimsa	273	-199	0.7x
Adana Cement*	98	53	n.m.
Bolu Cement	72	-19	0.3x
Mardin Cement	71	8	n.m.
Unye Cement	80	-2	n.m.
Oyak Group	n.m.	3bn	n.m.

Source: Garanti Securities Estimates, *Adana Cement: Full company

Risks to Our Valuation

- Demand for cement is highly correlated with GDP growth. An unexpected deterioration in macroeconomic outlook would pose a downside risk to our assumptions.
- Any unexpected increase in interest rates would force the financial sector to trim volume of loans granted to the construction sector, which will eventually lead to a decrease in demand for cement.
- Clinker overcapacity is a problem for some regions such as Eastern Anatolia, the Mediterranean and East Black Sea regions. Companies located in these places, such as Adana Cement, Cimsa and Unye Cement may face an overcapacity risk going forward which would reduce their pricing power.
- Any bouts of harsh weather would risk cement demand, given the seasonality in construction activity depending on the weather.
- The Competition Board initiated a sector investigation in the cement industry on 8 May 2014. However, aim of this investigation is to analyze and understand the sector and sector dynamics rather than legal proceeding. It is not a regulatory inquiry that may end up with competition fines. However, it should be noted that Competition Board often conducts investigations regarding cement sector companies in view of the sector's fragmented structure. A possible fine to companies might hurt their bottom line, thus stock prices.

Generous Dividend Payers

Cement companies are generous dividend payers in general, and we expect the cement sector companies under our coverage to continue distributing regular and substantial dividends going forward. Note that BOLUC will not distribute a dividend from its 2013 net income, due to its ongoing investment.

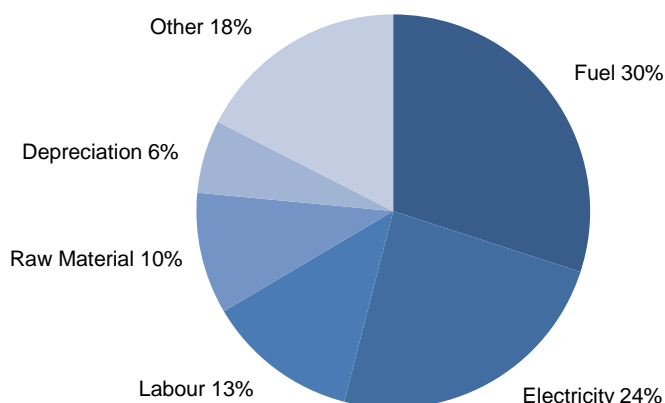
Dividend Expectations (TLmn)

Ticker	2013 NI	2013 Dividend	Payout Ratio	2014E NI	2014E Dividend	Exp. Payout Ratio	2014E Yield
ADANA	68	63	93%	75	68	91%	9.3%
AKCNS	158	144	91%	203	186	92%	7.5%
BOLUC	45	-	-	48	19	40%	4.1%
CIMSA	302	156	51%	168	144	81%	8.0%
MRDIN	52	50	96%	54	45	94%	7.6%
UNYEC	55	51	93%	58	52	91%	9.1%

Cost Breakdown

Fuel and electricity account for the lion's share in the cost of cement production. These two inputs constitute almost 55% of the total cost. Labour costs have a 13% share of total costs, which varies between cities and regions.

Cost Breakdown



Source: Garanti Securities Estimates, OYAK Cement Group

1Q14 Financials

In 1Q14, the companies under our coverage recorded 31% rise YoY in net sales, and a 10.4pp improvement in EBITDA margin. At the bottom line, cement companies' net income boosted by 151% YoY.

Mild weather conditions was the main theme in 1Q14. All cement companies under our coverage saw sharp increases in net sales, EBITDA and net income. On a company basis, Mardin Cement displayed the strongest improvement in EBITDA margin with a 17.5pp YoY improvement, thanks to the strong demand and better pricing due to mild weather conditions. Along with Mardin Cement, all of the cement companies under our coverage saw their EBITDA increased on a YoY basis. BOLUC and AKCNS are also shining stars in terms of 1Q14 operating results. UNYEC lagged behind regarding rise in EBITDA mainly due to intensifying competition and overcapacity, which put pressure on pricing power in the Black Sea region.

Company	1Q13				1Q14				YoY Change			
	Net Sales	EBITDA	EBITDA Margin	Net Income	Net Sales	EBITDA	EBITDA Margin	Net Income	Net Sales	EBITDA	EBITDA Margin	Net Income
ADCIM	83.8	15.6	18.6%	9.3	96.1	27.1	28.2%	30.9	14.7%	73.6%	9.5pp	230.5%
AKCNS	234.3	33.9	14.5%	22.1	324.9	85.4	26.3%	68.2	38.7%	151.9%	11.8pp	209.1%
BOLUC	45.8	6.0	13.2%	3.2	76.0	22.5	29.6%	17.1	65.9%	273.9%	16.5pp	439.0%
CIMSA	189.9	34.1	17.9%	24.5	225.5	59.3	26.3%	35.6	18.7%	73.9%	8.3pp	45.2%
MRDIN	37.6	5.8	15.5%	3.5	51.6	17.1	33.0%	13.1	37.2%	192.8%	17.5pp	269.5%
UNYEC	46.0	10.8	23.5%	6.2	58.6	13.9	23.6%	8.4	27.4%	28.0%	0.1pp	34.7%
TOTAL	637.5	106.2	16.7%	68.9	832.8	225.2	27.0%	173.2	30.6%	112.0%	10.4pp	151.5%

Adana Cement Market Perform

Turkey - Equity - Cement
Company Update

- **We maintain our Market Perform recommendation for ADANA. Our 12-month target share price of TL5.50 indicates 23% upside potential.**
- **Intense competition in the Mediterranean region is likely to put pressure on regional cement prices.**
- **ADANA trades at 2014E EV/EBITDA of 7.0x, at a discount to its local peers. Despite attractive valuation, low domestic growth and volatile export markets pose risks for the stock.**

Competitive pressure is increasing

Sancim's Adana facility is scheduled to enter operation in 2015 with Eren Holding's 3.5mn tonnes of clinker production capacity expected to come on-stream in 2H15. Adana Cement will be hard pressed to reflect a possible hike in electricity prices to its cement prices due to intensifying competition in the region. In the meantime, the contribution from sales of RMC, slag and slag cement has been increasing.

Exports plunged

Adana Cement's exports tumbled by 34.6% YoY in 1Q14 mainly due to political tension in the Middle East. Export volume to Syria remains low. We foresee sluggish export performance throughout 2014.

New projects in the region

Work has recently started on the Cukurova Airport project, in which Adana Cement provides concrete cement. Work on the nuclear power plant project is also expected to start in 2016. There are also Public Private Partnership (PPP) hospital projects planned in Adana and Mersin.

Growth broadly in line with our sector forecast

We project a 6% increase in ADANA's domestic sales volume in 2014. Increase in sales prices will be subdued compared to cement sector average, mainly due to weak pricing capability.

Financials and Ratios	2012	2013	2014E	2015E
Net Sales (TLmn)	290	396	425	457
EBITDA (TLmn)	71	98	99	99
Net Profit (TLmn)	89	68	75	81
EBITDA Margin	24.4%	24.7%	23.2%	21.7%
P/E (x)	8.4	11.0	9.9	9.2
EV/EBITDA (x)	9.8	7.1	7.0	7.0
EV/Sales (x)	2.39	1.75	1.63	1.52
EPS (TL)	0.54	0.41	0.46	0.50
DPS (TL)	0.30	0.39	0.41	0.45

*Financials reflect full company

Current Price TL	4.46TL
Target Price TL (12 Month)	5.50TL
Potential Return TL	23%
Current Mcap (TLmn)	393
Current EV (TLmn)	379
Current Mcap (US\$m)	185

Price Performance (TL)



Stock Market Data

Bloomberg/Reuters:	ADANA.TI / ADANA.IS		
Relative Performance:	1 mth	3 mth	12mth
	4%	3%	0%
52 Week Range (TL):	3.35 / 4.58		
Average Daily Vol (US\$m) 3 mth:	0.3		
YTD TL Return:	24%		
Shares Outstanding (mn):	88		
Free Float:	58%		
Foreign Ownership in Free Float:	7%		

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The Company in Brief

Adana Cement is the largest OYAK Cement Group company, operating in the Mediterranean region. Adana Cement has 2.3mn tonnes of clinker capacity. The Company has 1 cement plant in Adana, 2 grinding facilities in Iskenderun, 2 terminals in Kahramanmaraş and Cyprus, and a grinding-packaging facility in Iskenderun. In 2013, the Company has generated 21% of its revenues from export operations.

Shareholders

OYAK Group 57.77%
Others 42.23%

Share Types and Properties

Share Type, Ticker	Claim on Equity	Claim on Dividends	Free Float	Voting Rights	Historical Mcap %
A , ADANA	26%	54%	86%	2	54%
B , ADBG	25%	36%	14%	1	31%
C , ADNAC	49%	10%	48%	1	15%

Source: The Company, Garanti Securities Estimates

SUMMARY FINANCIALS

Income Statement	2012	2013	2014E	2015E	2014E/2013
Net Sales	290	396	425	457	7%
Cost Of Sales	-202	-271	-293	-317	8%
Gross Profit (Loss)	88	125	132	139	6%
Operating Expenses	-38	-47	-53	-59	12%
Operating Profit	50	77	79	80	2%
Consolidated EBITDA	71	98	99	99	1%
Net Other Income/ Expense	2	19	10	10	-49%
Profit (Loss) from Subsidiaries	3	-17	2	2	n.m.
Net financial Income/ Expense	-7	-1	4	10	n.m.
Profit (Loss) before Tax	101	87	94	102	8%
Tax	-12	-19	-19	-20	-1%
Minority Interests	0	0	0	0	n.m.
Net Income	89	68	75	81	11%
Ratios					
Gross Profit Margin	30.2%	31.5%	31.0%	30.5%	-0.5 pp
EBIT Margin	17.2%	19.5%	18.5%	17.5%	-1 pp
EBITDA Margin	24.4%	24.7%	23.1%	21.6%	-1.6 pp
Net Income Margin	30.5%	17.1%	17.6%	17.8%	0.6 pp
Balance Sheet					
Current Assets	225	220	261	291	19%
Cash and Cash Equivalents	69	49	70	115	42%
Short-Term Trade Receivables	86	118	125	116	6%
Inventories	68	50	64	58	26%
Other Current Assets	3	2	3	3	28%
Long Term Assets	506	501	491	482	-2%
Total Assets	731	721	752	773	4%
Short Term Liabilities	97	50	61	58	21%
Short-Term Financial Loans	61	1	1	1	0%
Short-Term Trade Payables	25	36	47	42	29%
Other Short-Term Liabilities	11	13	13	15	1%
Long Term Liabilities	15	17	17	17	0%
Long-Term Financial Loans	0	2	2	2	0%
Other Long-Term Liabilities	15	15	15	15	0%
Shareholders Equity	620	654	675	698	3%
T. Liabilities & S.holders Equity	731	721	752	773	4%

Valuation and Quarterly Financials

Adana Cement Valuation Summary (TLmn)

	Target Value	Weight	Contribution
DCF Analysis	824	1/2	412
International peer comparison	1,015	1/4	254
Domestic peer comparison	860	1/4	215
Total valuation			881
Small Cap Discount (10%)			-88
Target Value			793
12M Target			899
ADANA Target share price (TL)*			5.50
Current share price (TL)			4.46
Upside (Downside) Potential			23%

Source: Garanti Securities estimates

Valuation Assumptions

WACC:	12.3%
Beta:	0.8
Terminal Growth:	2.0%
Cost of Equity:	13.4%
Hist. P/E discount	-19%
Hist. EV/EBITDA discount	15%

* Adana Cement has 3 types of stocks currently trading on the BIST, (ADANA.IS, A type; ADBGR, B Type; ADNAC, C Type). The valuation represents the full company. We assign 54% weight for A type shares in valuation.

TLmn	2014E	2015E	2016E	2017E	2018E	2019E
Revenues	425	457	486	515	542	580
Growth	7%	7%	6%	6%	5%	7%
Operating Profit	79	80	83	85	87	90
Taxes	-16	-16	-17	-17	-17	-18
Depreciation	20	19	18	18	17	16
Change in WCR	-6	0	-7	-7	-6	-9
Capex	-10	-10	-10	-11	-11	-16
Free Cash Flow	50	73	67	68	69	63
EBITDA	98	99	101	103	104	106
<i>EBITDA Margin</i>	<i>23%</i>	<i>22%</i>	<i>21%</i>	<i>20%</i>	<i>19%</i>	<i>18%</i>

Adana Cement Summary Financials (mn TL)					1Q14	Change	
	1Q13	2Q13	3Q13	4Q13		1Q14/1Q13	1Q14/4Q13
Net Sales	84	107	107	98	96	15%	-2%
Gross Profit	22	33	36	35	32	48%	-7%
Operating Profit	10	19	24	24	22	109%	-9%
EBITDA	16	25	29	29	27	74%	-7%
Net Other Income/Expense	2	2	12	3	2	18%	n.m.
Financial Inc./ Exp. (net)	0	0	0	0	0	n.m.	101%
Tax	-2	-4	-8	-5	-5	n.m.	n.m.
Net Income	9	21	17	20	31	230%	54%
Net Cash	27	-15	27	46	53		
Working Capital	121	135	133	133	151		
Shareholders Equity	642	628	644	654	620		
Ratios							
Gross Margin	26.0%	30.6%	33.1%	35.4%	33.5%	7.5 pp	-1.9 pp
Operating Margin	12.3%	18.2%	22.2%	24.3%	22.5%	10.1 pp	-1.8 pp
EBITDA Margin	18.6%	23.0%	26.8%	29.6%	28.2%	9.5 pp	-1.4 pp
Net Profit Margin	11.1%	19.8%	15.9%	20.5%	32.1%	21 pp	11.6 pp

Akcansa Market Perform

Turkey - Equity - Cement
Company Update

- **Our 12-month target share price of TL14.70 indicates 14% upside potential. AKCNS trades at 2014E EV/EBITDA of 8.2x, at a premium over its local peers.**
- **We believe the Company's pricing power will remain strong as high demand in the region continues.**
- **We maintain our Market Perform recommendation as we believe positives have been already reflected in the share price.**

Benefiting from robust demand in Marmara region

Demand growth is expected to be vigorous due to the clement weather, upcoming elections, urban transformation projects, and big ticket infrastructure projects. Akcansa is the RMC provider for Istanbul's 3rd bridge. The Company will provide 2.5mn tonnes of RMC and 750,000 tonnes of cement for the 3rd Bridge and the Marmara Highway. We project a 10% expansion in Akcansa's domestic sales volume in 2014.

Rise in cement sales prices supports margins

Domestic cement prices increased by 11% YoY in 2013 while Akcansa's cement prices rose above inflation at the beginning of the year and there may be a second surge going forward. As far as costs are concerned, Akcansa started to buy electricity from the spot market in March; however, the Company now turned back to tariff due to expectation of an increase in spot electricity prices. In addition, use of waste heat to generate electricity pushes down the Company's electricity costs.

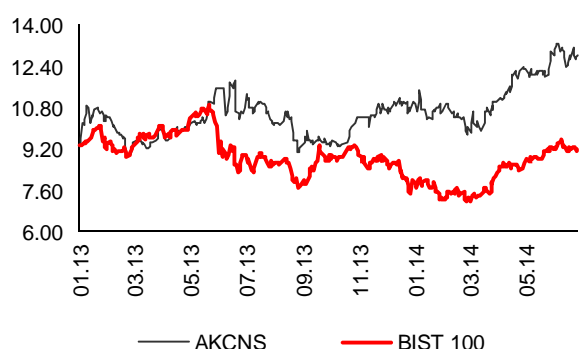
Margins to improve in 2014

We project a 13% rise in AKCNS' net sales in 2014. Meanwhile, we project a 1.6pp increase in EBITDA margin in 2014 because of rising sales and better pricing conditions in Marmara region.

Financials and Ratios	2012	2013	2014E	2015E
Net Sales (TLmn)	1,056	1,202	1,359	1,450
EBITDA (TLmn)	215	270	328	331
Net Profit (TLmn)	120	158	206	214
EBITDA Margin	20.4%	22.5%	24.1%	22.8%
P/E (x)	20.5	15.6	12.0	11.5
EV/EBITDA (x)	12.6	10.0	8.2	8.2
EV/Sales (x)	2.56	2.25	1.99	1.86
EPS (TL)	0.63	0.82	1.07	1.12
DPS (TL)	0.62	0.75	0.97	1.01

Current Price TL	12.85TL
Target Price TL (12 Month)	14.70TL
Potential Return TL	14%
Current Mcap (TLmn)	2,460
Current EV (TLmn)	2,701
Current Mcap (US\$m)	1,159

Price Performance (TL)



Stock Market Data

Bloomberg/Reuters:	AKCNS.TI / AKCNS.IS		
Relative Performance:	1 mth	3 mth	12mth
	4%	3%	16%
52 Week Range (TL):	9.06 / 13.3		
Average Daily Vol (US\$m) 3 mth:	0.6		
YTD TL Return:	17%		
Shares Outstanding (mn):	191		
Free Float:	19%		
Foreign Ownership in Free Float:	33%		

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The Company in Brief

Akcansa was established in 1996 after the merger of Akcimento and Canakkale Cement. The Company operates in Marmara, Aegean and Black Sea regions. Akcansa owns 3 cement plants and 5 cement terminals. Akcansa has 6.5mn tonnes of clinker and 9.5mn tonnes of cement capacity.

Shareholders

Sabancı Holding 39.72%
Heidelberg Cement 39.72%
Others 20.57%

SUMMARY FINANCIALS

Income Statement	2012	2013	2014E	2015E	2014E/2013
Net Sales	1,056	1,202	1,359	1,450	13%
Cost Of Sales	-851	-938	-1,033	-1,117	10%
Gross Profit (Loss)	205	265	326	334	23%
Operating Expenses	-47	-58	-64	-68	11%
Operating Profit	158	207	262	265	27%
Consolidated EBITDA	215	270	328	331	21%
Net Other Income/ Expense	-2	-3	6	7	n.m.
Profit (Loss) from Subsidiaries	0	0	0	0	n.m.
Net financial Income/ Expense	-18	-18	-10	-3	-46%
Profit (Loss) before Tax	148	197	259	270	32%
Tax	-27	-38	-52	-54	38%
Minority Interests	1	2	2	2	0%
Net Income	120	158	206	214	30%
Ratios					
Gross Profit Margin	19.4%	22.0%	24.0%	23.0%	2 pp
EBIT Margin	14.9%	17.2%	19.3%	18.3%	2.1 pp
EBITDA Margin	20.4%	22.5%	24.1%	22.8%	1.7 pp
Net Income Margin	11.4%	13.1%	15.1%	14.8%	2 pp
Balance Sheet	2012	2013	2014E	2015E	2014E/2013
Current Assets	441	479	508	571	6%
Cash and Cash Equivalents	14	16	24	57	53%
Short-Term Trade Receivables	288	327	330	355	1%
Inventories	121	117	130	137	11%
Other Current Assets	19	19	24	22	22%
Long Term Assets	947	999	996	995	0%
Total Assets	1,389	1,477	1,504	1,566	2%
Short Term Liabilities	398	381	348	358	-9%
Short-Term Financial Loans	224	149	114	94	-23%
Short-Term Trade Payables	147	193	200	219	4%
Other Short-Term Liabilities	27	39	34	45	-13%
Long Term Liabilities	67	96	74	73	-23%
Long-Term Financial Loans	0	30	8	7	-73%
Other Long-Term Liabilities	67	66	66	66	0%
Shareholders Equity	923	1,000	1,082	1,135	8%
T. Liabilities & S.holders Equity	1,389	1,477	1,504	1,566	2%

Valuation and Quarterly Financials

Akcansa Valuation Summary (TLmn)

	Target Value	Weight	Contribution
DCF Analysis	2,200	1/2	1100
International peer comparison	2,659	1/4	665
Domestic peer comparison	2,871	1/4	718
Total valuation			2,482
Target Value			2,482
12M Target			2,815
AKCNS Target share price (TL)			14.70
Current share price (TL)			12.85
Upside (Downside) Potential			14%

Valuation Assumptions

WACC:	12.3%
Beta:	0.8
Terminal Growth:	2.5%
Cost of Equity:	13.4%
Hist. P/E discount	41%
Hist. EV/EBITDA discount	11%

Source: Garanti Securities estimates

DCF (TLmn)	2014E	2015E	2016E	2017E	2018E	2019E
Revenues	1359	1450	1553	1664	1775	1872
Growth	13%	7%	7%	7%	7%	5%
Operating Profit	262	265	292	321	343	361
Taxes	-52	-53	-58	-64	-69	-72
Depreciation	66	66	65	66	66	67
Change in WCR	1	-11	-18	-19	-20	-18
Capex	-64	-64	-67	-69	-72	-67
Free Cash Flow	160	203	214	234	248	271
EBITDA	328	331	357	387	409	428
EBITDA Margin	24%	23%	23%	23%	23%	23%

Akcansa Summary Financials (mn TL)					1Q14	Change	
	1Q13	2Q13	3Q13	4Q13		1Q14/1Q13	1Q14/4Q13
Net Sales	234	312	329	327	325	39%	-1%
Gross Profit	31	73	86	74	86	174%	17%
Operating Profit	19	59	75	55	69	268%	27%
EBITDA	34	74	91	71	85	152%	20%
Net Other Income/Expense	-1	-2	1	-1	-1	n.m.	n.m.
Financial Inc./ Exp. (net)	-4	-5	-6	-4	-5	n.m.	n.m.
Tax	-4	-10	-13	-10	-13	n.m.	n.m.
Net Income	22	41	56	39	68	209%	75%
Net Cash	-285	-256	-263	-163	-241		
Working Capital	285	284	341	251	293		
Shareholders Equity	857	923	976	1,000	920		
Ratios							
Gross Margin	13.3%	23.5%	26.3%	22.5%	26.4%	13 pp	3.9 pp
Operating Margin	8.1%	18.7%	22.7%	16.7%	21.4%	13.3 pp	4.7 pp
EBITDA Margin	14.5%	23.7%	27.6%	21.8%	26.3%	11.8 pp	4.4 pp
Net Profit Margin	9.4%	13.1%	17.0%	11.9%	21.0%	11.6 pp	9.1 pp

Bolu Cement Outperform

Turkey - Equity - Cement
Company Update

- **We maintain our Outperform recommendation for Bolu Cement as a result of strong demand in West Black Sea and Marmara regions. The Company is expanding its capacity in order to further increase its integrated structure in Ankara region.**
- **Our 12-month target share price of TL4.60 indicates 36% upside potential. BOLUC trades at 2014E EV/EBITDA of 6.9x, at a discount to its local peers.**

New capacity will be in effect by 2015

Bolu Cement is building 1mn tonnes of new clinker capacity and 1mn tonnes of additional grinding capacity at its Ankara plant, which will enter operation by 2015. With the new capacity in Ankara, the Company will be able to decrease its transportation costs and improve its margins. The Company will not distribute dividend in 2014 due to ongoing investments.

Waste heat recovery system to cut costs

Waste heat recovery system investment which costs TL20mn is expected to be in operation by 3Q14. Electricity consumption will be cut by 20% after the waste heat recovery system becomes operational.

Strong demand in the Western Black Sea region

The Izmir-Gebze Highway project and hydroelectric power plant projects in the Black Sea region will boost demand for cement. Additionally, the Company supplies high margin tailor made products developed from its R&D operations to its customers. Bolu Cement utilizes Ereğli Demir Celik's furnace slag and ground slag to produce slag cement, which commands a high margin.

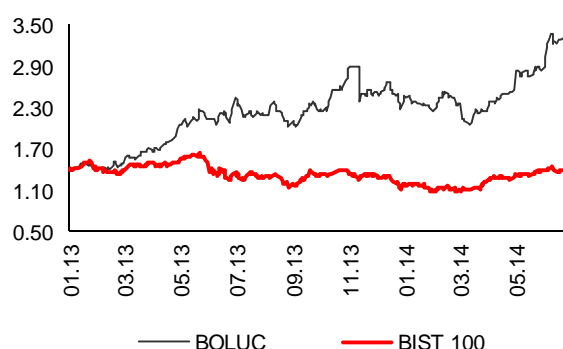
Margins to improve in 2015, following a stable year

We expect BOLUC's domestic sales volume to increase by 7% in 2014. Domestic cement price increases will be in line with inflation rate. We project EBITDA margin to remain stable in 2014. Going forward, we estimate a 2.3pp YoY improvement at EBITDA margin in 2015, on the back of new plant being operational.

Financials and Ratios	2012	2013	2014E	2015E
Net Sales (TLmn)	201	256	293	335
EBITDA (TLmn)	38	63	73	91
Net Profit (TLmn)	25	45	50	56
EBITDA Margin	18.9%	24.6%	24.7%	27.0%
P/E (x)	19.6	10.8	9.7	8.7
EV/EBITDA (x)	13.2	8.0	6.9	5.5
EV/Sales (x)	2.50	1.97	1.72	1.50
EPS (TL)	0.17	0.31	0.35	0.39
DPS (TL)	0.15	0.00	0.14	0.31

Current Price TL	3.38TL
Target Price TL (12 Month)	4.60TL
Potential Return TL	36%
Current Mcap (TLmn)	484
Current EV (TLmn)	503
Current Mcap (US\$m)	228

Price Performance (TL)



Stock Market Data

Bloomberg/Reuters:	BOLUC.TI / BOLUC.IS		
Relative Performance:	1 mth	3 mth	12mth
	17%	32%	44%
52 Week Range (TL):	2.03 / 3.38		
Average Daily Vol (US\$m) 3 mth:	0.4		
YTD TL Return:	37%		
Shares Outstanding (mn):	143		
Free Float:	26%		
Foreign Ownership in Free Float:	16%		

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The Company in Brief

Bolu Cement has 1.5mn tonnes of clinker and 4mn tons of cement capacity and operates in Western Black Sea region. Bolu Cement has 1 cement plant and 2 grinding facility. Bolu Cement uses Ereğli Demir Çelik's furnace slag to produce slag cement and granulated slag with high profitability. The Company mainly sells its products to domestic market with limited port access.

Shareholders

OYAK Group 50.00%
Others 50.00%

SUMMARY FINANCIALS

Income Statement	2012	2013	2014E	2015E	2014E/2013
Net Sales	201	256	293	335	15%
Cost Of Sales	-153	-182	-208	-235	15%
Gross Profit (Loss)	48	74	85	100	15%
Operating Expenses	-18	-20	-23	-27	15%
Operating Profit	29	54	62	74	14%
Consolidated EBITDA	38	63	73	91	15%
Net Other Income/ Expense	4	8	8	9	7%
Profit (Loss) from Subsidiaries	-2	-4	-4	-4	8%
Net financial Income/ Expense	-1	-2	-4	-9	150%
Profit (Loss) before Tax	31	57	62	70	10%
Tax	-6	-12	-12	-14	4%
Minority Interests	0	0	0	0	n.m.
Net Income	25	45	50	56	12%
Ratios					
Gross Profit Margin	23.7%	29.0%	29.0%	30.0%	0 pp
EBIT Margin	14.5%	21.0%	21.0%	22.0%	0 pp
EBITDA Margin	18.9%	24.6%	24.7%	27.0%	0.1 pp
Net Income Margin	12.3%	17.4%	17.0%	16.6%	-0.4 pp
Balance Sheet					
Current Assets	107	118	151	205	28%
Cash and Cash Equivalents	13	11	35	75	209%
Short-Term Trade Receivables	69	80	86	99	7%
Inventories	25	25	30	30	16%
Other Current Assets	1	1	1	2	-29%
Long Term Assets	136	173	279	356	61%
Total Assets	244	291	431	562	48%
Short Term Liabilities	28	37	41	48	12%
Short-Term Financial Loans	0	0	0	0	0%
Short-Term Trade Payables	24	30	35	39	17%
Other Short-Term Liabilities	4	6	6	8	-12%
Long Term Liabilities	9	24	106	192	336%
Long-Term Financial Loans	0	15	97	183	549%
Other Long-Term Liabilities	9	9	9	9	0%
Shareholders Equity	207	230	283	322	23%
T. Liabilities & S.holders Equity	244	291	431	562	48%

Valuation and Quarterly Financials

Bolu Cement Valuation Summary (TLmn)

	Target Value	Weight	Contribution
DCF Analysis	670	1/2	335
International peer comparison	664	1/4	166
Domestic peer comparison	577	1/4	144
Total valuation			645
Small Cap Discount (10%)			-65
Target Value			581
12M Target			659
BOLUC Target share price (TL)			4.60
Current share price (TL)			3.38
Upside (Downside) Potential			36%

Valuation Assumptions

WACC:	12.3%
Beta:	0.8
Terminal Growth:	2.0%
Cost of Equity:	13.4%
Hist. P/E discount	2%
Hist. EV/EBITDA discount	-1%

Source: Garanti Securities estimates

DCF (TLmn)	2014E	2015E	2016E	2017E	2018E	2019E
Revenues	293	335	426	494	547	606
Growth	15%	14%	27%	16%	11%	11%
Operating Profit	62	74	96	119	131	140
Taxes	-12	-15	-19	-24	-26	-28
Depreciation	11	17	19	18	18	18
Change in WCR	-5	-7	-12	-10	-3	-3
Capex	-117	-94	-11	-12	-12	-18
Free Cash Flow	-47	-25	73	91	108	108
EBITDA	73	91	115	137	149	157
<i>EBITDA Margin</i>	<i>25%</i>	<i>27%</i>	<i>27%</i>	<i>28%</i>	<i>27%</i>	<i>26%</i>

Bolu Cement Summary Financials (mn TL)					1Q14	Change	
	1Q13	2Q13	3Q13	4Q13		1Q14/1Q13	1Q14/4Q13
Net Sales	46	71	73	66	76	66%	16%
Gross Profit	9	21	25	19	26	173%	35%
Operating Profit	4	16	20	14	20	424%	42%
EBITDA	6	18	22	17	23	274%	35%
Net Other Income/Expense	1	1	4	2	2	173%	n.m.
Financial Inc./ Exp. (net)	0	0	0	-1	0	n.m.	n.m.
Tax	-1	-3	-5	-3	-5	n.m.	n.m.
Net Income	3	13	19	9	17	439%	84%
Net Cash	12	-10	9	-4	-19		
Working Capital	75	85	88	76	82		
Shareholders Equity	189	202	221	230	247		
Ratios							
Gross Margin	20.6%	29.1%	34.0%	29.1%	33.9%	13.3 pp	4.8 pp
Operating Margin	8.4%	22.6%	26.9%	21.6%	26.5%	18.1 pp	4.9 pp
EBITDA Margin	13.2%	25.8%	30.0%	25.4%	29.6%	16.5 pp	4.3 pp
Net Profit Margin	6.9%	18.3%	26.2%	14.2%	22.5%	15.5 pp	8.3 pp

Cimsa

Outperform (previously MP)

Turkey - Equity - Cement
Company Update

- **We upgrade our recommendation for CIMSA to Outperform from Market Perform on the back of attractive valuation. We expect the Company to continue its growth, while maintaining profitability, thanks to wide product mix and operational diversification.**
- **Our 12-month target share price of TL17.00 indicates 26% upside potential. CIMSA trades at 2014E EV/EBITDA of 7.4x, in line with its local peers.**

Operational diversification

Cimsa's exposure to the Central Anatolian region and its export capabilities place the Company in a resilient position with respect to the regional competition. Also, the diversified product mix supports the bottom line. Profit margins in the white cement segment, in which the Company operates, are higher than that of the grey cement and RMC segments, and Cimsa plans to increase its white cement production and sales going forward.

Investment plans at Afyon plant

Cimsa acquired 51% stake in Afyon Cement in May 2012. Cimsa plans to double Afyon Cement's clinker capacity. However, details regarding capacity expansion have not been disclosed. We therefore did not incorporate any capacity increase into our valuation model.

Improvement in margins in 2014

We project that domestic grey cement sales volume and cement prices will increase by 4% and 9% in 2014, respectively. Cimsa brought its waste heat recovery system into operation in Mersin and alternative fuel usage systems at its Eskisehir plants, leaving the Company more resilient to potential cost increases compared to its peers.

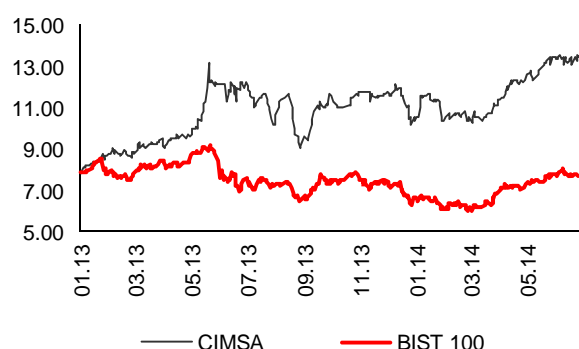
We foresee a flat EBITDA margin in 2015

Eren Holding's upcoming capacity in Mersin, is a risk for Cimsa's Mediterranean region sales. Yet, Cimsa will distinguish itself among the competition via its wide product range. Also the plants opening might be delayed, as there are no official announcement made to the public regarding the investment.

Financials and Ratios	2012	2013	2014E	2015E
Net Sales (TLmn)	857	954	1,080	1,154
EBITDA (TLmn)	210	236	273	292
Net Profit (TLmn)	115	302	171	192
EBITDA Margin	24.5%	24.8%	25.3%	25.3%
P/E (x)	15.8	6.0	10.6	9.5
EV/EBITDA (x)	9.6	8.5	7.4	6.9
EV/Sales (x)	2.35	2.11	1.87	1.75
EPS (TL)	0.85	2.24	1.27	1.42
DPS (TL)	0.73	1.15	1.08	1.21

Current Price TL	13.45TL
Target Price TL (12 Month)	17.00TL
Potential Return TL	26%
Current Mcap (TLmn)	1,817
Current EV (TLmn)	2,016
Current Mcap (US\$m)	856

Price Performance (TL)



Stock Market Data

Bloomberg/Reuters:	CIMSA.TI / CIMSA.IS		
Relative Performance:	1 mth	3 mth	12mth
	2%	6%	7%
52 Week Range (TL):	9.07 / 13.5		
Average Daily Vol (US\$m) 3 mth:	1.0		
YTD TL Return:	30%		
Shares Outstanding (mn):	135		
Free Float:	25%		
Foreign Ownership in Free Float:	60%		

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The Company in Brief

Cimsa is one of the cement companies of Sabanci Group that manufactures grey and white cement, clinker and ready-mixed concrete. The Company has 5 integrated plants in Mersin, Eskisehir, Kayseri, Nigde and Afyon; 1 grinding station in Ankara, 2 cement packing terminals in Marmara and Malatya and 28 RMC plants as of 2013. Clinker capacity of the Company stands at 5.50mn tons per year.

Shareholders

Sabanci Holding 49.43%
Others 30.88%
Akcansa 8.98%
Aberdeen Asset Managers 5.59%
Adana Cement 5.12%

SUMMARY FINANCIALS

Income Statement	2012	2013	2014E	2015E	2014E/2013
Net Sales	857	954	1,080	1,154	13%
Cost Of Sales	-646	-722	-807	-856	12%
Gross Profit (Loss)	211	232	273	298	18%
Operating Expenses	-47	-50	-58	-62	15%
Operating Profit	165	182	216	236	19%
Consolidated EBITDA	210	236	273	292	15%
Net Other Income/ Expense	-19	-2	-2	-3	-9%
Profit (Loss) from Subsidiaries	5	39	5	5	-87%
Net financial Income/ Expense	-23	-23	-5	1	-80%
Profit (Loss) before Tax	139	340	214	239	-37%
Tax	-27	-38	-43	-48	13%
Minority Interests	-4	0	0	0	0%
Net Income	115	302	171	192	-43%
Ratios					
Gross Profit Margin	24.7%	24.3%	25.3%	25.8%	1 pp
EBIT Margin	19.2%	19.1%	20.0%	20.5%	0.9 pp
EBITDA Margin	24.5%	24.8%	25.3%	25.3%	0.5 pp
Net Income Margin	13.5%	31.7%	15.8%	16.6%	-15.9 pp
Balance Sheet					
Current Assets	330	370	427	445	15%
Cash and Cash Equivalents	18	40	43	67	7%
Short-Term Trade Receivables	195	213	237	244	11%
Inventories	106	105	121	109	16%
Other Current Assets	12	12	26	25	121%
Long Term Assets	1,240	1,070	1,055	1,042	-1%
Total Assets	1,570	1,440	1,482	1,487	3%
Short Term Liabilities	368	223	246	204	10%
Short-Term Financial Loans	258	82	77	42	-6%
Short-Term Trade Payables	90	114	144	132	26%
Other Short-Term Liabilities	20	27	26	31	-6%
Long Term Liabilities	168	90	85	75	-6%
Long-Term Financial Loans	109	41	36	26	-13%
Other Long-Term Liabilities	59	49	49	49	0%
Shareholders Equity	1,033	1,127	1,152	1,208	2%
T. Liabilities & S.holders Equity	1,570	1,440	1,482	1,487	3%

Valuation and Quarterly Financials

Cimsa Valuation Summary (TLmn)

	Target Value	Weight	Contribution
DCF Analysis	2,033	1/2	1016
International peer comparison	2,256	1/4	564
Domestic peer comparison	1,801	1/4	450
Total valuation			2,031
Small Cap Discount (10%)			
Target Value			2,031
12M Target Value			2,297
CIMSA Target share price (TL)			17.00
Current share price (TL)			13.45
Upside (Downside) Potential			26%

Valuation Assumptions

WACC:	12.3%
Beta:	0.8
Terminal Growth:	2.5%
Cost of Equity:	13.4%
Hist. P/E discount	-7%
Hist. EV/EBITDA discount	-7%

Source: Garanti Securities estimates

DCF (TLmn)	2014E	2015E	2016E	2017E	2018E	2019E
Revenues	1080	1154	1240	1332	1413	1490
Growth	13%	7%	7%	7%	6%	5%
Operating Profit	216	236	254	273	296	320
Taxes	-43	-47	-51	-55	-59	-64
Depreciation	57	56	55	54	53	53
Change in WCR	-2	-9	-15	-21	-18	-18
Capex	-42	-43	-45	-46	-48	-53
Free Cash Flow	139	193	199	205	224	238

EBITDA	273	292	309	327	350	373
EBITDA Margin	25%	25%	25%	25%	25%	25%

Cimsa Summary Financials (mn TL)					1Q14	Change	
	1Q13	2Q13	3Q13	4Q13		1Q14/1Q13	1Q14/4Q13
Net Sales	190	279	270	215	225	19%	5%
Gross Profit	33	70	74	55	58	77%	6%
Operating Profit	21	58	62	41	45	112%	10%
EBITDA	34	72	75	55	59	74%	7%
Net Other Income/Expense	-1	-6	3	2	0	n.m.	n.m.
Financial Inc./ Exp. (net)	-7	-6	-4	-6	-5	n.m.	n.m.
Tax	-3	-16	-12	-7	-9	n.m.	n.m.
Net Income	25	193	51	33	36	45%	7%
Net Cash	-350	-194	-138	-83	-199		
Working Capital	224	270	258	204	266		
Shareholders Equity	978	1,043	1,093	1,127	1,007		
Ratios							
Gross Margin	17.3%	25.2%	27.4%	25.5%	25.8%	8.5 pp	0.3 pp
Operating Margin	11.2%	20.6%	23.0%	19.1%	20.1%	8.8 pp	1 pp
EBITDA Margin	17.9%	25.7%	28.0%	25.7%	26.3%	8.3 pp	0.6 pp
Net Profit Margin	12.9%	69.3%	19.0%	15.5%	15.8%	2.9 pp	0.3 pp

Mardin Cement Market Perform

Turkey - Equity - Cement
Company Update

- **We maintain our Market Perform recommendation for Mardin Cement. Despite robust domestic demand, deterioration in exports continues to pose risk due to ongoing tension in the Middle East.**
- **Our 12-month target share price of TL5.35 indicates 9% upside potential. MRDIN trades at 2014E EV/EBITDA of 7.5x, in line with its local peers.**

Downturn in exports

Exports to Iraq were one of the key drivers for Mardin Cement. In recent years, Iranian cement producers, supported by significantly lower production costs, penetrated the Iraqi market and Mardin's position has deteriorated. Also, political crisis in Iraq is intensifying. In 1Q14, Mardin Cement's exports decreased by 29% YoY in TL terms. As of 1Q14 end, export revenues comprise c.30% of total sales, down from 56% in 1Q13. Possible reconstruction activities in Syria would support the Company's sales.

Robust domestic demand in 1Q14

Although Mardin Cement lost its advantageous position in export markets, the rise in demand due to the mild winter and infrastructure projects in the South East of Anatolia led to an eye catching EBITDA margin improvement of 17.5pp YoY in 1Q14, best performance among our coverage. Infrastructure projects in the region include three new airports, regional construction and irrigation canals, new residential housing, the Ilisu HPP project and prospective GAP related projects.

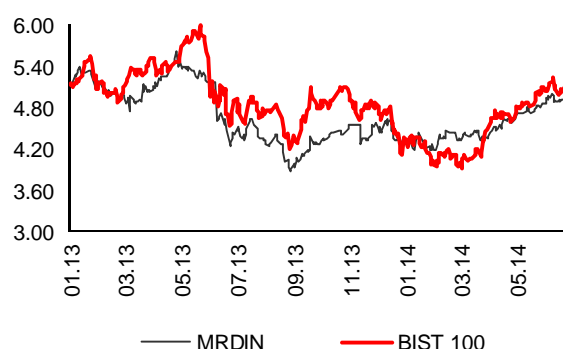
Growth to continue

We expect domestic sales volume of the Company to increase by 4% in 2014 and prices to rise in line with inflation rate. Exports to Iraqi market which constitutes 30% of the Company's total sales halted. Going forward, we do not project a recovery in export volume. We project, Mardin Cement's EBITDA margin to improve by a mere 0.2pp in 2014.

Financials and Ratios	2012	2013	2014E	2015E
Net Sales (TLmn)	202	198	230	256
EBITDA (TLmn)	53	61	71	77
Net Profit (TLmn)	37	52	45	53
EBITDA Margin	26.2%	30.8%	31.0%	30.0%
P/E (x)	14.4	10.3	11.9	10.2
EV/EBITDA (x)	10.1	8.7	7.5	6.9
EV/Sales (x)	2.64	2.68	2.31	2.08
EPS (TL)	0.34	0.48	0.42	0.49
DPS (TL)	0.31	0.46	0.37	0.44

Current Price TL	4.93TL
Target Price TL (12 Month)	5.35TL
Potential Return TL	9%
Current Mcap (TLmn)	540
Current EV (TLmn)	532
Current Mcap (US\$m)	254

Price Performance (TL)



Stock Market Data

Bloomberg/Reuters:	MRDIN.TI / MRDIN.IS		
Relative Performance:	1 mth	3 mth	12mth
	2%	-1%	7%
52 Week Range (TL):	3.87 / 4.99		
Average Daily Vol (US\$m) 3 mth:	0.2		
YTD TL Return:	16%		
Shares Outstanding (mn):	110		
Free Float:	33%		
Foreign Ownership in Free Float:	14%		

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The Company in Brief

Mardin Cement, part of OYAK Cement Group started operating in 1975. The Company has 1 cement plant. In August 2007, clinker capacity reached 2mn tonnes and cement capacity to 3mn tonnes.

Shareholders

OYAK Group 54.86%
Others 45.14%

SUMMARY FINANCIALS

Income Statement	2012	2013	2014E	2015E	2014E/2013
Net Sales	202	198	230	256	16%
Cost Of Sales	-139	-131	-149	-166	14%
Gross Profit (Loss)	63	67	80	90	19%
Operating Expenses	-23	-20	-23	-26	15%
Operating Profit	40	47	57	64	21%
Consolidated EBITDA	53	61	71	77	16%
Net Other Income/ Expense	3	22	-1	-1	n.m.
Profit (Loss) from Subsidiaries	4	1	1	1	8%
Net financial Income/ Expense	-4	-7	-1	2	-84%
Profit (Loss) before Tax	46	65	57	66	-13%
Tax	-9	-13	-11	-13	-12%
Minority Interests	0	0	0	0	n.m.
Net Income	37	52	45	53	-13%
Ratios					
Gross Profit Margin	31.3%	34.0%	35.0%	35.0%	1 pp
EBIT Margin	20.1%	23.9%	25.0%	25.0%	1.1 pp
EBITDA Margin	26.2%	30.8%	31.0%	30.0%	0.1 pp
Net Income Margin	18.6%	26.3%	19.8%	20.8%	-6.6 pp
Balance Sheet	2012	2013	2014E	2015E	2014E/2013
Current Assets	126	130	140	158	7%
Cash and Cash Equivalents	33	33	28	38	-15%
Short-Term Trade Receivables	55	55	66	69	18%
Inventories	32	33	37	39	13%
Other Current Assets	6	9	9	11	-4%
Long Term Assets	177	173	165	159	-4%
Total Assets	303	303	305	317	1%
Short Term Liabilities	70	52	56	52	7%
Short-Term Financial Loans	54	30	25	21	-18%
Short-Term Trade Payables	11	14	24	21	77%
Other Short-Term Liabilities	5	8	7	10	-19%
Long Term Liabilities	8	8	8	8	0%
Long-Term Financial Loans	0	0	0	0	n.m.
Other Long-Term Liabilities	8	8	8	8	0%
Shareholders Equity	225	243	241	256	-1%
T. Liabilities & S.holders Equity	303	303	305	317	1%

Valuation and Quarterly Financials

Mardin Cement Valuation Summary (TLmn)

	Target Value	Weight	Contribution
DCF Analysis	554	1/2	277
International peer comparison	635	1/4	159
Domestic peer comparison	552	1/4	138
Total valuation			574
Small Cap Discount (10%)			-57
Target Value			516
12M Target			586
MRDIN Target share price (TL)			5.35
Current share price (TL)			4.93
Upside (Downside) Potential			9%

Source: Garanti Securities estimates

Valuation Assumptions

WACC:	12.3%
Beta:	0.8
Terminal Growth:	1.0%
Cost of Equity:	13.4%
Hist. P/E discount	-3%
Hist. EV/EBITDA discount	3%

DCF (TLmn)	2014E	2015E	2016E	2017E	2018E	2019E
Revenues	230	256	278	299	316	334
Growth	16%	11%	9%	8%	6%	6%
Operating Profit	57	64	71	78	84	88
Taxes	-11	-13	-14	-16	-17	-18
Depreciation	14	13	12	11	11	10
Change in WCR	-2	-6	-9	-5	-3	-4
Capex	-6	-6	-7	-7	-7	-10
Free Cash Flow	39	51	53	62	67	67
EBITDA	71	77	83	89	95	99
EBITDA Margin	31%	30%	30%	30%	30%	30%

Mardin Cement Summary Financials (mn TL)					1Q14	Change	
	1Q13	2Q13	3Q13	4Q13		1Q14/1Q13	1Q14/4Q13
Net Sales	38	58	50	53	52	37%	-2%
Gross Profit	9	21	17	21	19	122%	-9%
Operating Profit	2	17	11	17	14	456%	-22%
EBITDA	6	20	14	21	17	193%	-18%
Net Other Income/Expense	2	4	14	4	1	-24%	n.m.
Financial Inc./ Exp. (net)	-1	-2	-2	-2	-1	n.m.	n.m.
Tax	-1	-4	-5	-3	-3	n.m.	n.m.
Net Income	4	14	18	16	13	269%	-18%
Net Cash	-21	-43	-18	3	8		
Working Capital	80	86	86	75	86		
Shareholders Equity	194	209	227	243	206		
Ratios							
Gross Margin	23.0%	36.3%	33.0%	40.3%	37.2%	14.2 pp	-3.1 pp
Operating Margin	6.5%	28.4%	22.1%	33.1%	26.4%	19.9 pp	-6.7 pp
EBITDA Margin	15.5%	34.4%	28.9%	39.7%	33.0%	17.5 pp	-6.7 pp
Net Profit Margin	9.4%	24.1%	36.2%	30.4%	25.4%	16 pp	-5.1 pp

Unye Cement Market Perform

Turkey - Equity - Cement
Company Update

- **We maintain our Market Perform recommendation for Unye Cement. Current price levels does not provide an attractive upside potential.**
- **Our 12-month target share price of TL5.00 indicates 6% upside potential. UNYEC trades at 2014E EV/EBITDA of 6.7x, at a discount to its local peers.**

Regional competition is to make pressure on prices

Unye Cement has the highest capacity in the Eastern Black Sea region, which is an isolated market. Unye Cement has benefited from higher prices until 2013. Askale opened a new cement plant with a 1.3mn tonne clinker capacity in Gumushane and capacity additions in the Eastern Black Sea region will make pressure on Unye Cement's pricing ability.

Low cost production

Despite the pressure on prices, the prices in the region is still higher than other regions. Unye Cement is able to produce cement at low cost; thus, the Company enjoys higher EBITDA margins than its peers. However, the capacity of its cement plant is limited, constraining the potential growth in sales volumes, and there is no plan for a capacity increase in the near future.

Projects in the region

The Sinop nuclear power plant and Samsun-Mersin highway are large scale projects in the East Black Sea region. It is also estimated that Artvin and Ayvali HPP projects will lead to an increase in cement demand of 350,000-400,000 tonnes per year.

Growth projections

We expect domestic sales volume of the company to increase by 4% in 2014 and prices to rise below inflation rate. Unye Cement's EBITDA margin will deteriorate by 1pp in 2014, on back of higher competition.

Financials and Ratios	2012	2013	2014E	2015E
Net Sales (TLmn)	243	232	262	276
EBITDA (TLmn)	82	74	80	83
Net Profit (TLmn)	59	55	59	63
EBITDA Margin	33.7%	31.7%	30.7%	30.0%
P/E (x)	9.9	10.6	9.9	9.3
EV/EBITDA (x)	6.5	7.3	6.7	6.5
EV/Sales (x)	2.21	2.30	2.04	1.94
EPS (TL)	0.48	0.45	0.48	0.51
DPS (TL)	0.44	0.41	0.43	0.46

Current Price TL	4.73TL
Target Price TL (12 Month)	5.00TL
Potential Return TL	6%
Current Mcap (TLmn)	585
Current EV (TLmn)	536
Current Mcap (US\$m)	275

Price Performance (TL)



Stock Market Data

Bloomberg/Reuters:	UNYEC.TI / UNYEC.IS		
Relative Performance:	1 mth	3 mth	12mth
	-5%	-12%	-1%
52 Week Range (TL):	4.3 / 5.52		
Average Daily Vol (US\$m) 3 mth:	0.1		
YTD TL Return:	-14%		
Shares Outstanding (mn):	124		
Free Float:	8%		
Foreign Ownership in Free Float:	1%		

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The Company in Brief

Unye Cement part of OYAK Cement Group, started operating in 1974. Currently the Company has 1.5mn tonnes of clinker capacity and 2.6mn tonnes of cement capacity in Eastern Black Sea region. Unye Cement has 1 cement plant in Unye and the plant is 2km away from the port, with a high export capacity. The Company owns one packaging facility in Rize and one terminal in Romania.

Shareholders

OYAK Group 51.33%
Nuh Real Estate 23.72%
Nuh Beton 16.31%
Others 8.64%

SUMMARY FINANCIALS

Income Statement	2012	2013	2014E	2015E	2014E/2013
Net Sales	243	232	262	276	13%
Cost Of Sales	-158	-155	-174	-184	13%
Gross Profit (Loss)	85	78	87	92	13%
Operating Expenses	-19	-21	-23	-25	13%
Operating Profit	66	57	64	67	12%
Consolidated EBITDA	82	74	80	83	9%
Net Other Income/ Expense	6	12	5	5	-61%
Profit (Loss) from Subsidiaries	-2	-4	-4	-4	8%
Net financial Income/ Expense	2	2	9	11	274%
Profit (Loss) before Tax	74	70	74	79	6%
Taxation on Continuing Operations	-15	-15	-15	-16	1%
Minority Interests	0	0	0	0	n.m.
Net Income	59	55	59	63	8%
Ratios					
Gross Profit Margin	35.0%	33.4%	33.4%	33.4%	0 pp
EBIT Margin	27.2%	24.5%	24.4%	24.4%	0 pp
EBITDA Margin	33.7%	31.7%	30.7%	30.0%	-1 pp
Net Income Margin	24.3%	23.7%	22.7%	22.9%	-1 pp
Balance Sheet	2012	2013	2014E	2015E	2014E/2013
Current Assets	164	159	192	207	20%
Cash and Cash Equivalents	48	44	73	79	66%
Short-Term Trade Receivables	79	78	82	90	5%
Inventories	36	26	34	26	33%
Other Current Assets	1	11	2	12	-78%
Long Term Assets	151	154	146	137	-5%
Total Assets	315	313	338	344	8%
Short Term Liabilities	32	26	37	28	42%
Short-Term Financial Loans	10	4	5	4	25%
Short-Term Trade Payables	14	16	25	16	59%
Other Short-Term Liabilities	7	7	7	7	9%
Long Term Liabilities	11	10	10	10	0%
Long-Term Financial Loans	0	0	0	0	n.m.
Other Long-Term Liabilities	11	10	10	10	0%
Shareholders Equity	272	277	291	306	5%
T. Liabilities & S.holders Equity	315	313	338	344	8%

Valuation and Quarterly Financials

Unye Valuation Summary (TLmn)

	Target Value	Weight	Contribution
DCF Analysis	539	1/2	270
International peer comparison	732	1/4	183
Domestic peer comparison	595	1/4	149
Total valuation			601
Small Cap Discount (10%)			-60
Target Value			541
12M Target			618
UNYEC Target share price (TL)			5.00
Current share price (TL)			4.73
Upside (Downside) Potential			6%

Valuation Assumptions

WACC:	12.4%
Beta:	0.8
Terminal Growth:	1.0%
Cost of Equity:	13.4%
Hist. P/E discount	0%
Hist. EV/EBITDA discount	-11%

Source: Garanti Securities estimates

DCF (TLmn)	2014E	2015E	2016E	2017E	2018E	2019E
Revenues	262	276	299	317	335	355
Growth	13%	5%	8%	6%	6%	6%
Operating Profit	64	67	74	81	85	90
Taxes	-13	-13	-15	-16	-17	-18
Depreciation	16	15	14	13	12	12
Change in WCR	5	-6	-8	-6	-6	-7
Capex	-8	-6	-7	-7	-7	-10
Free Cash Flow	48	57	59	65	67	67
EBITDA	80	83	89	94	98	102
<i>EBITDA Margin</i>	<i>31%</i>	<i>30%</i>	<i>30%</i>	<i>30%</i>	<i>29%</i>	<i>29%</i>

Unye Cement Summary Financials					Change		
(mn TL)	1Q13	2Q13	3Q13	4Q13	1Q14	1Q14/1Q13	1Q14/4Q13
Net Sales	46	70	57	60	59	27%	-2%
Gross Profit	13	25	20	19	16	26%	-15%
Operating Profit	7	20	16	14	10	43%	-32%
EBITDA	11	24	20	19	14	28%	-26%
Net Other Income/Expense	1	1	7	2	0	-91%	n.m.
Financial Inc./ Exp. (net)	0	0	0	4	1	197%	-72%
Tax	-2	-4	-5	-3	-3	n.m.	n.m.
Net Income	6	18	19	12	8	35%	-33%
Net Cash	48	24	40	40	49		
Working Capital	89	89	95	88	92		
Shareholders Equity	225	243	263	277	235		
Ratios							
Gross Margin	28.4%	35.6%	35.8%	32.2%	28.1%	-0.3 pp	-4.1 pp
Operating Margin	14.8%	28.6%	27.8%	24.0%	16.7%	1.9 pp	-7.3 pp
EBITDA Margin	23.5%	34.6%	35.1%	31.3%	23.6%	0.1 pp	-7.7 pp
Net Profit Margin	13.5%	25.5%	32.7%	20.8%	14.3%	0.8 pp	-6.5 pp

APPENDIX

Bloomberg vs. Our Estimates

ADANA (TLmn)	Bloomberg		Garanti		Difference	
	2014E	2015E	2014E	2015E	2014E	2015E
Net Sales	432	468	425	457	-1.6%	-2.3%
EBITDA	108	116	98	99	-9.2%	-14.7%
Net Profit	80	83	75	81	-6.2%	-2.6%
EBITDA Margin	25.0%	24.7%	23.1%	21.6%	-1.9 pp	-3.1 pp
Net Profit Margin	18.5%	17.7%	17.6%	17.8%	-0.9 pp	+0.1 pp
Target Share Price	4.99		5.50		10%	

AKCNS (TLmn)	Bloomberg		Garanti		Difference	
	2014E	2015E	2014E	2015E	2014E	2015E
Net Sales	1,317	1,422	1,359	1,450	0.6%	-1.5%
EBITDA	304	330	328	331	-7.4%	-11.8%
Net Profit	185	195	206	214	11.3%	9.7%
EBITDA Margin	23.1%	23.2%	24.1%	22.8%	1 pp	-0.4pp
Net Profit Margin	14.0%	13.7%	15.1%	14.8%	1.1 pp	1.1 pp
Target Share Price	13.52		14.70		8.7%	

BOLUC (TLmn)	Bloomberg		Garanti		Difference	
	2014E	2015E	2014E	2015E	2014E	2015E
Net Sales	285	332	293	335	2.8%	1%
EBITDA	67	106	73	91	7.4%	-14%
Net Profit	49	55	50	56	2%	1.8%
EBITDA Margin	23.6%	32.0%	24.7%	27.0%	1.1pp	-5.0pp
Net Profit Margin	17.1%	16.6%	17.2%	16.6%	0.1pp	0.0pp
Target Share Price	3.72		4.60		23%	

CIMSA (TLmn)	Bloomberg		Garanti		Difference	
	2014E	2015E	2014E	2015E	2014E	2015E
Net Sales	1,041	1,122	1,080	1,154	3.7%	2.8%
EBITDA	256	272	273	292	6.6%	7.3%
Net Profit	160	168	171	192	6.8%	14.3%
EBITDA Margin	24.6%	24.2%	25.3%	25.3%	0.7pp	1.1pp
Net Profit Margin	15.3%	15.0%	15.8%	16.6%	0.5pp	1.6pp
Target Share Price	14.33		17.00		18.6%	

MRDIN (TLmn)	Bloomberg		Garanti		Difference	
	2014E	2015E	2014E	2015E	2014E	2015E
Net Sales	223	268	230	256	3%	-4.4%
EBITDA	66	73	71	77	7.6%	5.5%
Net Profit	47	52	45	53	-4%	1.9%
EBITDA Margin	29.6%	27.2%	31.0%	30.0%	1.4 pp	2.8 pp
Net Profit Margin	21.0%	19.4%	19.8%	20.8%	-1.2pp	1.4 pp
Target Share Price	5.38		5.35		-1%	

UNYEC (TLmn)	Bloomberg		Garanti		Difference	
	2014E	2015E	2014E	2015E	2014E	2015E
Net Sales	264	282	262	276	6.9%	15.7%
EBITDA	79	87	80	83	-10.8%	1.9%
Net Profit	62	64	59	63	-21.4%	-20.0%
EBITDA Margin	29.8%	30.8%	30.7%	30.0%	0.9 pp	-0.8 pp
Net Profit Margin	23.3%	22.7%	22.7%	22.9%	-0.6 pp	0.2 pp
Target Share Price	5.62		5.00		-11%	

Source: Garanti Securities estimates, Bloomberg

Summary Forecasts

	2012	2013	2014E	2015E
Domestic Sales (mn tons)				
ADCIM	2.24	2.49	2.64	2.72
AKCNS	3.90	4.70	5.17	5.38
BOLUC	1.57	1.76	1.88	2.05
CIMSA	4.60	4.90	5.15	5.40
MRDIN	1.17	1.14	1.19	1.23
UNYEC	1.76	1.61	1.67	1.69
Export Sales (mn tons)				
ADCIM	0.27	0.59	0.53	0.56
AKCNS	2.35	1.80	1.69	1.78
BOLUC	0.00	0.00	0.00	0.00
CIMSA	0.60	0.50	0.50	0.50
MRDIN	0.58	0.59	0.59	0.65
UNYEC	0.20	0.20	0.20	0.20
Net Sales (TL mn)				
ADCIM	290	396	425	457
AKCNS	1,056	1,202	1,359	1,450
BOLUC	201	256	293	335
CIMSA	857	954	1,080	1,154
MRDIN	202	198	230	256
UNYEC	243	232	262	276
EBITDA (TL mn)				
ADCIM	71	98	99	99
AKCNS	215	270	328	331
BOLUC	38	63	73	91
CIMSA	210	236	273	292
MRDIN	53	61	71	77
UNYEC	82	74	80	83
EBITDA Margin				
ADCIM	24.4%	24.7%	23.2%	21.7%
AKCNS	20.4%	22.5%	24.1%	22.8%
BOLUC	18.9%	24.6%	24.7%	27.0%
CIMSA	24.5%	24.8%	25.3%	25.3%
MRDIN	26.2%	30.8%	31.0%	30.0%
UNYEC	33.7%	31.7%	30.7%	30.0%
Net Income (TL mn)				
ADCIM	89	68	75	81
AKCNS	120	158	206	214
BOLUC	25	45	50	56
CIMSA	115	302	171	192
MRDIN	37	52	45	53
UNYEC	59	55	59	63
Dividend (TL mn)				
ADCIM	49	63	68	73
AKCNS	119	144	185	193
BOLUC	21	0	20	45
CIMSA	98	156	145	163
MRDIN	34	50	41	48
UNYEC	54	51	53	57

BIST Cement Stocks Comparison Table

as of 27 June 2014

TLmn Company	Recom.	Mcap	Net Debt	EV	Clinker Cap. (1,000 tonnes)	EV/EBITDA			P/E			EV/Clinker Cap. (TL/ton)
						2012	2013	2014E	2012	2013	2014E	
Adana	MP	747	-53	694	2,300	9.8	7.1	7.0	8.4	11.0	10.0	302
Afyon		157	-4	153	550	n.m.	27.2	21.0	n.m.	77.5	51.5	278
Akcansa	MP	2,460	241	2,701	6,700	12.6	10.0	8.2	20.5	15.6	12.0	403
Aslan		2,212	49	2,260	1,250	74.7	48.5	37.4	58.8	67.4	51.3	1808
Bastas		329	-65	264	1,320	5.1	4.4	4.0	10.4	9.3	8.5	200
Bolu	OP	484	19	503	1,500	13.2	8.0	6.9	19.6	10.8	9.7	335
Batisoke		157	8	165	1,000	28.5	7.5	4.3	30.2	17.7	8.8	165
Baticim		567	127	695	2,150	22.4	7.7	5.8	32.5	14.3	9.2	323
Bursa		563	36	599	1,400	45.7	10.5	6.9	41.8	18.3	12.2	428
Cimsa	OP	1,817	199	2,016	5,500	9.6	8.5	7.4	15.8	6.0	10.6	366
Cimentas		659	41	700	4,100	10.1	6.4	5.0	51.7	19.2	14.2	171
Goltas		387	110	497	2,100	9.0	6.4	5.4	21.4	14.2	11.1	237
Konya		1,301	-99	1,203	1,500	24.8	22.3	17.7	34.8	37.6	30.5	802
Mardin	MP	540	-8	531	2,000	10.1	8.7	7.5	14.4	10.3	11.9	266
Nuh		1,477	232	1,709	4,400	14.8	8.1	6.9	22.9	16.8	13.8	388
Unye	MP	585	-49	536	1,500	6.5	7.3	6.7	9.9	10.6	9.9	357
Sector Average						14.0	9.9	8.2	21.4	14.3	13.8	388
Coverage Average *						10.4	8.7	7.6	14.9	9.8	11.0	358

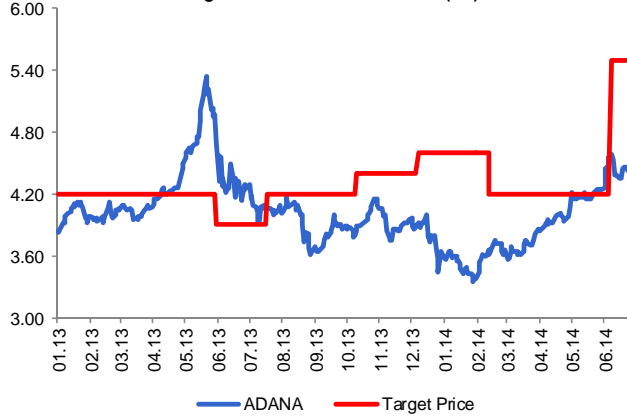
*Adana: Whole company

Global Peers Company	Country	Mcap (US\$m)	2014			2015	
			EV/EBITDA	P/E	EV/EBITDA	P/E	
Ambuja Cements	INDIA	5,914	8.98	23.35	7.47	20.47	
Buzzi Unicem	ITALY	3,407	8.08	30.02	6.90	18.03	
Cementir Holding	ITALY	1,363	7.69	19.77	6.69	13.87	
Ciments Francais	FRANCE	3,822	6.25	21.02	5.49	13.13	
CRH PLC	IRELAND	21,276	10.90	24.99	9.35	18.35	
Holcim Ltd	SWITZERLAND	29,751	9.31	18.85	8.26	14.96	
Lafarge SA	FRANCE	26,045	9.57	22.16	8.47	16.20	
Misr Cement Co	EGYPT	277	5.04	8.12	5.06	8.21	
TPI Polene PCL	THAILAND	802	7.45	19.40	6.80	17.60	
Ultratech Cement	INDIA	12,808	15.71	29.04	12.61	22.17	

*Please note that, we transferred our cement sector coverage from Kerim Gokoz to Cem Emre Bilgin with this report.

Recommendation History

Target Price vs. Raw Stock Price (TL)



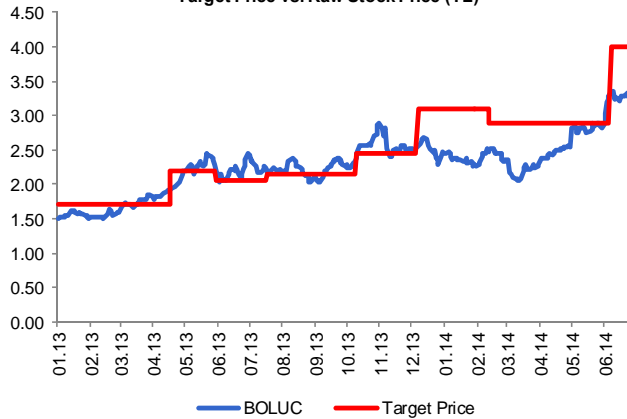
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1	02.01.13	MP	4.20
2	31.05.13	MP	3.90
3	18.07.13	MP	4.20
4	10.10.13	MP	4.40
5	09.12.13	MP	4.60
6	13.02.14	MP	4.20
7	09.06.14	MP	5.50

Target Price vs. Raw Stock Price (TL)



	Date	Rec.	TP
1	02.01.13	MP	9.70
2	15.02.13	MP	10.65
3	29.03.13	MP	10.08
4	18.04.13	MP	10.30
5	18.07.13	MP	10.60
6	10.10.13	MP	10.70
7	09.12.13	MP	12.50
8	13.02.14	MP	11.30
9	28.03.14	MP	10.55
10	31.03.14	MP	10.55
11	09.06.14	MP	15.15

Target Price vs. Raw Stock Price (TL)



	Date	Rec.	TP
1	02.01.13	MP	1.70
2	18.04.13	MP	2.20
3	31.05.13	MP	2.05
4	18.07.13	MP	2.15
5	10.10.13	MP	2.45
6	09.12.13	OP	3.10
7	13.02.14	OP	2.90
8	09.06.14	OP	4.00

Recommendation History

Target Price vs. Raw Stock Price (TL)



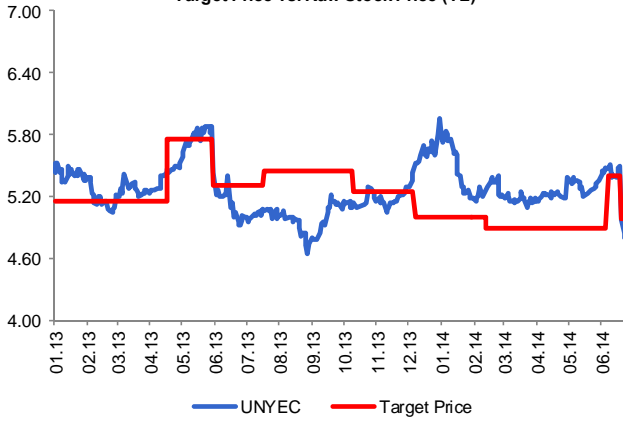
	Date	Rec.	TP
1	02.01.13	MP	10.00
2	01.03.13	MP	11.00
3	01.04.13	MP	10.27
4	18.04.13	MP	11.10
5	18.07.13	MP	14.20
6	10.10.13	MP	13.20
7	09.12.13	MP	13.10
8	13.02.14	MP	12.30
9	28.03.14	MP	11.15
10	31.03.14	MP	11.15
11	09.06.14	MP	14.10

Target Price vs. Raw Stock Price (TL)



	Date	Rec.	TP
1	02.01.13	MP	5.50
2	18.04.13	MP	4.90
3	31.05.13	MP	4.59
4	18.07.13	MP	4.70
5	10.10.13	MP	4.60
6	13.02.14	MP	4.56
7	09.06.14	MP	5.55

Target Price vs. Raw Stock Price (TL)



	Date	Rec.	TP
1	02.01.13	MP	5.15
2	18.04.13	MP	5.75
3	31.05.13	MP	5.31
4	18.07.13	MP	5.45
5	10.10.13	MP	5.25
6	09.12.13	MP	5.00
7	13.02.14	MP	4.90
8	09.06.14	MP	5.40
9	20.06.14	MP	4.99

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Definition of Stock Ratings

OUTPERFORM (OP) The stock's return is expected to exceed the return of the BIST100 over the next 12 months.

MARKET PERFORM (MP) The stock's return is expected to be in line with the BIST100 over the next 12 months.

UNDERPERFORM (UP) The stock's return is expected to fall below the return of the BIST100 over the next 12 months.
