

# Is Yatirim Menkul Degerler

H117 results

Increasing estimates again

Is Yatirim (ISY) produced a very strong result in H117 against the backdrop of an improved political and economic environment in Turkey, which has seen a strong improvement across capital markets. With the benefit of leading market positions, ISY has seen revenues increase across all product areas with particular strength in interest and trading. Meanwhile, costs have been kept under tight control and below the level of inflation, which is running in excess of 9% pa. We have significantly increased our forecasts for the current year, while prudently making little change to FY18 given the inherently uncertain nature of capital markets.

Year end	Revenue (TRYm)	PBT (TRYm)	EPS (Kr)	DPS (Kr)	P/E (x)	Yield (%)
12/15	377.5	33.7	11.4	10.0	16.0	5.5
12/16	438.9	54.3	15.1	12.7	12.0	7.0
12/17e	561.9	134.1	29.5	24.0	6.2	13.2
12/18e	566.6	133.6	24.8	20.0	7.3	11.0

Note: Earnings as reported under IFRS.

## Investment banking driving increased forecasts

H117 consolidated net income, including subsidiaries and after minority interests, more than doubled compared with H116 (+169% from TRY26.2m to TRY70.6m) and was also up significantly on the TRY27.7m reported in H216. The main driver was Is Investment, the core investment bank which, excluding foreign and domestic subsidiaries saw an 86% increase in net income from TRY48.4m to TRY90.1m. Group revenues grew 40% y-o-y with interest and trading income up 60%, while costs grew 5% (cost-income ratio 61% vs 81% in H116). These trends were particularly evident at Is Investment with revenue growth of 48%, cost growth of 3% and the cost-income ratio falling to 55% (from 79%).

## Estimates increased again

H117 performance was much stronger than implied by our full-year forecasts and, with the Turkish political environment looking more settled, with signs of economic improvement, and with a positive recent tone to capital markets, we again increase our estimates. Driven by Is Investment, FY17e group revenues are increased by 11% and EPS by one-third. Given the inherent uncertainty to capital markets-driven earnings, we are leaving our FY18 estimates largely unchanged for now. Our new forecasts give FY17 ROE of 16.5% with FY18 tentatively forecast at 13.8%.

Assuming a similar high payout ratio to recent years, our DPS forecasts for both this year and next year are increased significantly.

## Valuation: FY17 earnings supporting price gains

The year-long rise in ISY's share price has continued following the H117 results and although the shares, at c 1.0x, now command a P/BV premium to peers (at c 0.8x), this appears justified by the low P/E, high yield and high returns on equity and assets versus peers (see page 6).

### Financial services

14 August 2017

**Price** **TRY1.82**
**Market cap** **TRY646m**

£1/TRY4.60

Attributable equity (TRYm) at 30 June 2017 598

Shares in issue 355m

Free float 28.2%

Code ISMEN

Primary exchange BIST

Secondary exchange N/A

### Share price performance



% 1m 3m 12m

Abs 20.5 30.9 75.0

Rel (local) 16.3 16.4 29.3

52-week high/low TRY1.8 TRY1.0

### Business description

Is Yatirim Menkul Degerler is a leading Turkey-based brokerage group established by Turkiye Is Bankasi Yatirim Menkul Degerler. In addition to its core investment banking operations, offering brokerage, corporate finance, investment advisory and portfolio management services, the group includes four subsidiaries engaged in portfolio management, non-performing loan management and private equity, and an investment trust.

### Next events

Q3 results November 2017

### Analysts

Martyn King +44 (0)20 3077 5745

Julian Roberts +44 (0)20 3077 5748

[financials@edisongroup.com](mailto:financials@edisongroup.com)
[Edison profile page](#)

**Is Yatirim Menkul Degerler is a research client of Edison Investment Research Limited**

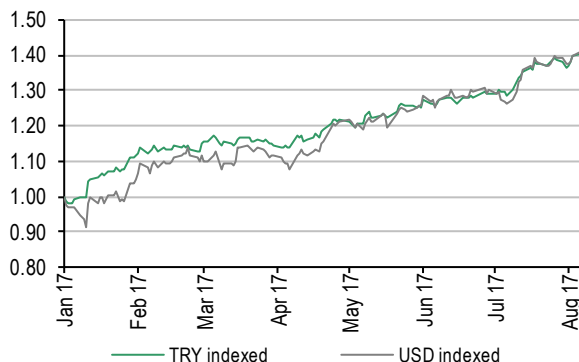
## Leading Turkish investment banking group

Is Yatirim Menkul Degerler (Is Yatirim or ISY) is a leading Turkey-based brokerage group established by Turkiye Is Bankasi Yatirim Menkul Degerler (İşbank), which is Turkey's largest private bank by assets. İşbank and its affiliates own c 72% of Is Yatirim's shares. ISY's core is its investment banking division, which commands leading high market shares in many areas of investment banking in Turkey, including equity and derivatives trading and debt securities issuance. Through its subsidiaries, ISY is also active in asset management, non-performing loan management and private equity.

## More positive Turkish market environment

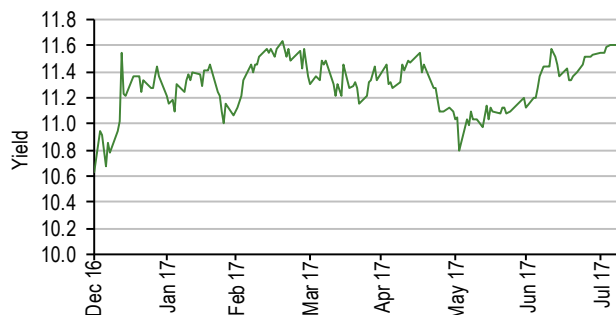
Following the turbulent political climate of 2016 and with the result of April's constitutional referendum settled, the BIST 100 index, the main Turkish equity index, has continued to climb (Exhibit 1). With relative stability returning to the FX markets, the gains year to date are broadly similar in both Turkish lira and US dollars. Interest rates are being held at high levels until there are signs of an improvement in inflation and two-year bond yields have recently increased towards year-high levels once again. Positively, the annual CPI rate moderated in July to 9.8% compared with a monthly average of 10.9% during the first six months of the year.

**Exhibit 1: BIST 100 index**



Source: Bloomberg. Note: 2 January 2017 = 1.

**Exhibit 2: Turkish two-year government bond yield**



Source: Bloomberg

A number of forecasters have recently lifted their growth expectations for Turkey in 2017, although there are quite wide differences in forecasts. GDP growth rebounded to 5.0% in Q1, supported by government incentives to stimulate the economy (tax holidays, credit guarantee fund), as well as improved exports and domestic consumption, and there are indicators that this growth continued through Q2. Fitch has upgraded its 2017 GDP growth forecast to 4.7% from 2.3%, although the IMF has maintained its 3.6% growth expectation while noting Turkey's improved export performance.

## Summary of H117 results

ISY produced a very strong set of results in H117, with revenue growth driven by a significant increase in interest and trading income, while costs have been kept under tight control. In this section we examine operational performance in each area, summarised in Exhibit 3, before looking at segmental revenues, costs and profits. The key highlights in H117 were:

- The group's H117 consolidated net income, including subsidiaries and after minority interests, more than doubled compared with H116 (up 169% from TRY26.2m to TRY70.6m) and was up a similar amount on the TRY27.7m reported in H216.
- Non-consolidated net income, representing Is Investment only, excluding the subsidiary results and foreign-based subsidiaries, increased by 86% to TRY90.1m from TRY48.4m in H116 (TRY39.4m in H216).
- During H117 (March 2017) ISY paid a dividend of TRY12.68 per share, amounting to TRY45m.
- After payment of dividends, shareholders' equity (excluding minority interests) increased to TRY598m or TRY1.68 per share (December 2016: TRY573m or TRY1.61 per share). We estimate the Q217 ROE (based on annualised income and average quarterly equity) to have reached 30.1% compared with 19.3% in Q117, making 24.8% for H117 as a whole. On the same basis, we estimate an ROE of 9.4% for FY16. Management's own calculation of trailing ROE over the past four quarters, a more lagging indicator designed to smooth out quarterly fluctuations, reached 17.0% for H117 compared with 12.6% in Q117 and 9.5% in FY16.
- Divisionally, the investment bank, asset management and the investment trust showed strong progress.

**Exhibit 3: Breakdown of consolidated net profit**

TRYm	H116	Q117	Q217	H117	H117/H116
IS Investment only	48.4	46.0	44.1	90.1	86%
IS Investment foreign-based subsidiaries	-0.6	-1.7	-0.8	-2.5	317%
IS Investment Trust	2.8	1.7	2.2	3.9	39%
IS Private Equity	-4.9	-2.3	-3.1	-5.4	10%
IS Asset Management	5.2	3.4	3.7	7.1	37%
Efes NPL Asset Man.	-5.7	-3.9	-1.2	-5.1	-11%
Elimination adjustments*	-19.0	-16.0	-1.5	-17.5	-8%
Consolidated Net Profit	26.2	27.2	43.4	70.6	169%

Source: Company data. Note: \*Dividend and revenue eliminations between subsidiaries.

The H117 non-consolidated result for Is Investment was driven by underlying earnings, with a broadly similar contribution from subsidiary dividend payments year-on-year. These are contained in the eliminations line of Exhibit 3, with the significant decline in the elimination adjustment between Q217 and Q117 reflecting the usual seasonal timing of payments. The Is Investment solo performance, adjusted for the loss generated by its foreign subsidiaries and the internal group dividends received from subsidiaries and other eliminations, represents almost the entire group consolidated net adjusted profit. In aggregate, the H117 subsidiary contribution was TRY0.5m, a marked improvement on the TRY2.6m loss recorded in H116.

In Exhibit 4 we show a summary of the key operational performance metrics for the group.

**Exhibit 4: Key operational performance data**

Performance by market area	ISY			Market size			Market share		
	H116	H117	y-o-y (%)	H116	H117	y-o-y (%)	H116	H117	change (pp)
Derivatives trading (TRYbn)	62.0	111.1	79	609	758	24	10.2%	14.7%	4.5
Equities trading (TRYbn)	86.5	102.9	19	1,111	1,276	15	7.8%	8.1%	0.3
Debt private	5.8	6.1	5	30.5	48.1	58	19.0%	12.7%	-6.3
Debt IPOs	4.3	4.7	9	13.3	8.8	(34)	32.3%	53.4%	21.1
Debt securities issuance (TRYbn)	10.1	10.8	7	43.8	56.9	30	23.1%	19.0%	-4.1
M&A deals closed (number)	5	3		N/A	N/A		N/A	N/A	
Equity margin trading loans o/s (TRYm)	288	277	(4)	993.1	1259.1	27	29%	22%	-7.0
Assets under management (TRYbn)	23.2	29.1	25						
of which:									
Mutual funds	9.5	10.4	9	41.2	46.6	13	23.1%	22.3%	-0.7
Pension funds	10.0	13.0	30	54.8	69.6	27	18.2%	18.7%	0.4
Other funds	3.7	5.7	54						

Source: Company data

ISY has performed very strongly in derivatives trading in H117. Q1 saw an exceptional increase of 110% in ISY's traded volume (TYR59.3bn) and Q2 (TRY51.8bn) was another excellent quarter. For H117 as a whole, ISY trading volume is up 79% y-o-y compared with 24% growth in the overall market, increasing ISY's market share by 4.5pp to 14.7%, more than 2pp ahead of its nearest competitor. ISY's equity market trading performance has also been strong with H117 volume growing 19% y-o-y compared with 15% growth for the market. ISY is number two in the market rankings by volume with a share of 8.1%. As well as benefiting from higher volumes, we understand that ISY has been able to widen its commission margins slightly, partially compensating for increased exchange costs, after two years of margin pressure.

In market debt securities issuance ISY intermediated 66 issues in H117 with a volume of TRY10.8bn. In debt public offerings ISY leads the market with a very high market share and has grown H117 volume by c 9% y-o-y to TRY4.7bn, while overall market public offerings volumes have declined by around one-third to TRY8.8bn. The overall debt securities issuance market is currently being driven by a strong growth in private placement activity, which grew by 58% to TRY48.1bn. Private placement activity is dominated by the large banks and although ISY saw growth in this area (c 5% to TRY6.1bn) and retained its leadership position in debt issuance overall, its market share has slipped to 19% compared with 23% in H116. The size of the equity margin trading business increased slightly in Q217 compared with Q117, with a loan size of TRY277m vs TRY262m. Although the y-o-y decline is 4%, this may indicate that the steady decline from a high of TRY433m at the end of FY15 is at or near an end. ISY has maintained a strong market share of c 22% (FY15 high of 29%) and indicates that it has been able to increase its interest rates on equity margin. In other capital markets activity ISY participated in two M&A transactions in Q217, bringing the total to three ytd. Management expects to complete two further M&A deals before year-end and is also working on a potential IPO.

The Turkish pension and mutual funds markets continue to grow in size, up 27% and 13% y-o-y in H117 to TRY69.6bn and TRY46.6bn respectively. ISY grew market share in pension funds with its AUM increasing by 30% y-o-y, although 9% mutual fund growth slightly trailed the market. The mix shift from mutual fund assets to pension assets should be a positive for the average fee margin. Other AUM includes private assets, alternative investments and assets managed for IS Investment Trust. These grew by 54% to TRY5.7bn.

#### Exhibit 5: Revenue analysis

TRY000s	H116	Q117	Q217	H117	y-o-y (%)
Interest and trading income	106,017	78,338	91,624	169,962	60
Commission revenues*	104,021	64,890	56,186	121,076	16
of which:					
Brokerage	71,968	47,079	33,568	80,647	12
Corporate finance	12,902	8,197	11,804	20,001	55
Asset management	17,661	11,362	12,155	23,517	33
Other commissions	1,490	280	437	717	(52)
<b>Total revenue</b>	<b>210,038</b>	<b>143,228</b>	<b>147,810</b>	<b>291,038</b>	<b>39%</b>

Source: Company data. Note: \*Includes FX margin and trading revenue.

Turning to revenues, growth interest and trading revenues (+60%) were the main driver of the 39% increase in total operating revenues. Commission revenue growth of 16% was also healthy and includes, within brokerage, a contribution from FX margin trading volumes. Although up 12% y-o-y in H117, the decline in brokerage revenues from Q117 to Q217 reflects weaker FX revenues as a result of the introduction of new regulations in February 2017 that have capped leverage levels and reduced investor appetite in this area. Corporate finance and asset management revenues showed strong growth.

**Exhibit 6: Cost analysis**

TRY000s	H116	Q117	Q217	H117	y-o-y (%)
Marketing sales and distribution	47,687	30,927	22,784	53,711	13
General administration	120,959	64,052	59,605	123,657	2
Other operating expenses	1,557	1,007	950	1,957	26
Total costs	170,203	95,986	83,339	179,325	5
% of revenue	81%	66%	56%	61%	

Source: Company data

Costs have been well maintained and have increased considerably less than revenues, despite a greater sales and marketing spend. Total costs grew 5% y-o-y in H117 and were lower than the TRY185.6m recorded in H216. Costs tend to be seasonally higher in H2. The monthly average level of Turkish CPI was 10.9% during H117. As a result of the positive gap between revenue and cost growth, the operating margin reached 39% in H117 compared with 19% in H116 and was a very high 44% in Q217.

At the net profit level, the factors detailed above explain the sharp increase in profit performance at Is Investment and the (70%-owned) asset management subsidiary (net attributable profit +37% to TRY7.1m). Is Investment Trust (28.9%-owned) saw a 39% increase in H117 contribution compared with H116 and Q217 improved on Q117. The result mainly reflects mark-to-market movements in the assets of the Investment Trust, which are substantially comprised of fixed-income investments (c 62% at the end of 2016) as well as cash, equities and other investments.

Accounting rules mean that Is Investment consolidates the investee companies of (29.1%-owned) Is Private Equity. The continuing losses that it reports for the subsidiary therefore reflect its share of the trading performance of these investee companies, predominantly consumer-facing businesses in a difficult market, and the administrative costs of the private equity subsidiary itself.

The turbulence experienced in the Turkish economy over the past 18 months has inhibited (74%-owned) Efes NPL's ability to collect loans and interest, leading to losses. In Q217 there are signs of improvement, with the loss narrowing to TRY1.2m from TRY3.9m in Q1. For H117 as a whole, the loss is reduced by 11% to TRY5.1m.

## Changes to estimates

The strong year to date result from the core investment banking operations of Is Investment leads us to materially increase our FY17 estimates, although we have made only minimal changes to FY18. Our dividend forecast for both years increase materially, as discussed below. The changes to our net attributable profit estimates by division are shown in Exhibit 7.

For Is Investment we have increased the FY17 revenue forecast from TRY361.4m to TRY378.3m or TRY180.0m in H217 compared with TRY198.3m in H117. Although we assume what we would consider to be a more normal cost-income ratio of 77.5% in H217, an increase from the 54.7% reported in H117, the forecast full-year ratio drops from 75.0% to 65.5%. Given the lack of visibility in global markets activity we have made no material change to FY18.

In FY17 the increased Is Investment forecast is only partially offset by reduced estimates for Is PE and Is Asset Management. Although Is Asset Management continues to show good levels of AUM growth, we feel that the improvement in operating margin previously implied by our forecasts may be difficult to achieve.

**Exhibit 7: Change in divisional net attributable profit estimates**

TRYm	FY17			FY18		
	Old	New	Change (%)	Old	New	Change (%)
IS Investment Only	93.1	123.2	32.3	97.5	99.5	2.0
IS Investment Trust	7.1	7.3	2.9	7.7	7.9	3.1
IS Private Equity	(8.4)	(10.5)	N/M	(8.4)	(8.4)	0.0
IS Asset Management	15.5	13.9	(10.6)	19.5	15.8	(19.3)
Efes NPL Asset Management	(9.2)	(9.2)	0.0	(8.9)	(7.6)	(15.4)
Elimination Adjustments	(19.6)	(20.0)	1.9	(19.6)	(19.1)	(2.5)
Group total	78.5	104.7	33.3	87.8	88.1	0.3

Source: Edison Investment Research

Exhibit 8 summarises the key changes to our forecasts on a group basis, a striking feature of which is the increases that we have made to forecast DPS for both this year and next. With relatively little need for capital retention, the company has a policy of paying out a high proportion of distributable earnings, which are themselves a high proportion of reported earnings. For FY16, ISY distributed 91% of distributable earnings (three-year average 88%), which is equivalent to an 84% payout of reported net earnings/EPS (three-year average 82%). Given the more settled tone to markets in Turkey, we now assume that FY17 and FY18 distributions will follow a similar pattern with a c 81% payout of reported earnings in both years.

**Exhibit 8: Changes to estimates**

	Revenue (TRYm)			Attributable profit (TRYm)			EPS (Kr)			DPS (Kr)		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
2017e	508.2	561.9	10.6	78.5	104.7	33.3	22.1	29.5	33.3	12.7	24.0	89.0
2018e	535.0	566.6	5.9	87.8	88.1	0.3	24.7	24.8	0.3	12.7	20.0	57.0

Source: Edison Investment Research

## Valuation

In the absence of other investment banks with the same geographic and business profile, we continue to benchmark our valuation of ISY with that of a basket of European banks, which each have substantial investment banking operations. Although the year-long strong rise in ISY's share price has continued since publication of the H117 results, ISY continues to have the lowest P/E despite having the highest forecast yield and prospective returns on equity and assets. In terms of price to book value (P/BV), the shares now command a premium to the average of the group.

**Exhibit 9: Peer valuation**

	P/E (x)		P/BV (x)		Dividend yield (%)		Return on equity (%)		Return on assets (%)	
	2017e	2018e	2017e	2018e	2017e	2018e	2017e	2018e	2017e	2018e
Is Yatirim	6.1	7.3	1.0	1.0	13.2	11.1	16.5	13.8	1.6	1.3
<b>Average</b>	<b>13.6</b>	<b>10.7</b>	<b>0.8</b>	<b>0.8</b>	<b>2.9</b>	<b>3.9</b>	<b>5.7</b>	<b>7.2</b>	<b>0.3</b>	<b>0.4</b>
BNP Paribas	11.0	10.5	0.9	0.9	4.3	4.5	8.1	8.2	0.4	0.4
UBS	12.5	11.6	1.2	1.1	3.9	4.5	8.2	9.7	0.4	0.6
Credit Suisse	19.9	12.6	0.8	0.8	2.4	3.6	4.4	7.1	0.2	0.3
Société Générale	11.2	10.1	0.8	0.7	4.4	4.9	6.6	7.3	0.3	0.3
Barclays	12.3	9.3	0.6	0.6	1.4	3.3	3.9	6.3	0.1	0.6
Deutsche Bank	14.8	10.1	0.5	0.5	0.9	2.7	2.8	4.7	0.1	0.2

Source: Bloomberg, Edison Investment Research. Note: Prices as at close of business on 8 August 2017.

We use our ROE/COE model to deduce the implied cost of equity that investors appear to be applying to ISY and to the wider group. Looking first at the wider group of peers, by assuming a long-term growth rate of 4% and an estimated ROE of 7% for the peers, we derive an implied COE of 7.9%, a similar level to our last [note](#) in May 2017. Performing the same calculation for ISY but using an assumed long-term growth rate of 5% and an ROE of 13% (slightly below our estimate for



FY18), we derive an implicit COE of 13.4%, down from 15.4% in May 2017, still well above the peer average but now very slightly below the 13.8% COE calculated by Bloomberg.

An alternative way to consider the current valuation of ISY is to look at the c 1.0x current P/BV ratio, implying that the market expects the ROE to at least match the COE. Using the Bloomberg estimated COE of 13.8% and 5% long-term growth suggests the market is anticipating a 14.0% ROE. We note that this is similar to the 13.8% that we tentatively forecast for FY18 and is noticeably below the 16.5% that we expect for FY17.

<b>Exhibit 10: Financial summary</b>					
TRYm	2014	2015	2016	2017e	2018e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>					
Revenue	372.4	377.5	438.9	561.9	566.6
Operating expenses	(266.5)	(314.5)	(355.8)	(394.5)	(435.0)
Other income/expense (net)	(2.1)	(8.5)	(11.4)	(.2)	(1.0)
Operating profit	103.8	54.6	71.7	167.2	130.6
Share of profit of equity accounted investees	(.3)	(.7)	(4.0)	(7.2)	(4.0)
Net financials	(3.0)	(20.1)	(13.3)	(25.9)	7.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	100.5	33.7	54.3	134.1	133.6
Profit Before Tax (FRS)	100.5	33.7	54.3	134.1	133.6
Tax	(7.9)	(11.3)	(20.8)	(32.5)	(25.9)
Profit After Tax (norm)	92.6	22.4	33.5	101.6	107.8
Profit After Tax (FRS)	92.6	22.4	33.5	101.6	107.8
Minority interest	29.7	(18.1)	(20.2)	(-3.1)	19.7
Net income (norm)	62.9	40.5	53.8	104.7	88.1
Net income (FRS)	62.9	40.5	53.8	104.7	88.1
Average Number of Shares Outstanding (m)	355.0	355.0	355	355	355
EPS - normalised fully diluted (kr)	17.7	11.4	15.1	29.5	24.8
EPS - IFRS (kr)	17.7	11.4	15.1	29.5	24.8
Dividend per share (Kr)	13.24	10.00	12.68	24.00	20.00
<b>By Operating entity</b>					
IS Investment Only	44.7	48.3	85.1	123.2	99.5
IS Investment Trust (28.9%)	7.6	1.7	5.6	7.3	7.9
IS Private Equity (29.1%)	2.2	(7.3)	(9.1)	(10.5)	(8.4)
IS Asset Management (70.0%)	7.9	9.2	11.6	13.9	15.8
Efes NPL Asset Management (74%)	16.6	12.9	(17.7)	(9.2)	(7.6)
Elimination Adjustments (B)	(15.5)	(18.6)	(21.6)	(20.0)	(19.1)
Foreign based subsidiaries	(0.6)	(5.7)	0.0	0.0	0.0
Net income	62.9	40.5	53.9	104.7	88.1
<b>BALANCE SHEET</b>					
Current assets	5,186.4	5,586.4	6,327.6	6,421.0	6,133.4
Fixed assets	168.8	194.8	190.3	150.7	150.7
Total assets	5355.1	5781.2	6517.9	6571.6	6284.0
Current liabilities	(4,295.0)	(4,697.5)	(5,427.8)	(5,516.3)	(5,206.2)
Non-current liabilities	(102.2)	(175.5)	(209.8)	(135.3)	(135.3)
Total liabilities	(4,397.2)	(4,873.0)	(5,637.6)	(5,651.6)	(5,341.4)
Net assets	957.977	908.2	880.326	920.027	942.607
Non-controlling interests	400.6	350.0	307.7	286.8	306.5
Shareholders' equity	557.3	558.2	572.6	633.2	636.1
Net assets per share	2.70	2.56	2.48	2.59	2.66
Shareholders' equity per share (NAV)	1.57	1.57	1.61	1.78	1.79
ROE	11.3%	7.3%	9.4%	16.5%	13.8%
ROA	1.2%	0.7%	0.8%	1.6%	1.4%
Cost/income ratio	71.6%	83.3%	81.1%	70.2%	76.8%
Equity (inc NCI)/Assets	17.9%	15.7%	13.5%	14.0%	15.0%
Tax rate	8%	34%	38%	24%	19%

Source: Edison Investment Research

Edison is an investment research and advisory company, with offices in North America, Europe, the Middle East and AsiaPac. The heart of Edison is our world-renowned equity research platform and deep multi-sector expertise. At Edison Investment Research, our research is widely read by international investors, advisers and stakeholders. Edison Advisors leverages our core research platform to provide differentiated services including investor relations and strategic consulting. Edison is authorised and regulated by the [Financial Conduct Authority](#). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison and is not regulated by the Australian Securities and Investment Commission. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. [www.edisongroup.com](http://www.edisongroup.com)

#### DISCLAIMER

Copyright 2017 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Is Yatirim Menkul Degerler and prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Aus and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.