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February 4, 2013

TOP PICKS

PORTFOLIO UPDATE

Our Top Picks model portfolio has gained 4.3% in value since the last portfolio reshuffle dated Dec 24, 2012, thus having outperformed the ISE-100 Total Return Index† by 0.5%. **Moreover, our model portfolio has gained an impressive 57% over the past 12-month period.**

In this reshuffle, we add **Turkcell** to our model portfolio, while dropping **Arcelik**, given the 4% outperformance of the latter since we included it in our Top Picks list in our previous update. Moreover, we downgrade Arcelik to MARKETPERFORM (S/T) from Outperform.

The sell-off in **Turkcell** shares that ensued the Privy Council's disclosure was unwarranted, in our view, as the decision essentially eased the uncertainty posed by this lingering dispute. We expect a resolution to the shareholder conflict before end-1H13, and the keenly-awaited dividend payout to take place in 2Q13 or in 3Q13. We believe the current price level offers an opportune entry point.

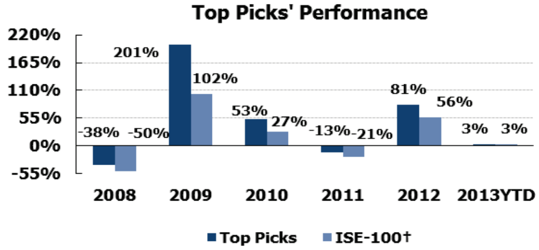
While our **Small Cap Picks** list remains unchanged, **Coca-Cola Icecek** and **TAV Airports** replace **Ulker Biskuvi** and **Enka Insaat** in our **Least Favoured Stocks** list this month.

Trading at 2013E 14.1x EV/EBITDA, at a 32% premium to international peers, we consider **Coca-Cola Icecek** to be expensive. We expect the stock to underperform in the near term following its 9% outperformance of the Index ytd.

We view **TAV Airports** as another stock poised to underperform in the near term, given persisting uncertainties regarding its prospects in Istanbul, as the tender date for the 3rd airport draws closer. In our view, the Company is one of the strongest candidates for the new airport; however, costs could be elevated, and profits would be less in comparison to the current TAV Istanbul Airport, given our expectations of an intensely competitive bidding process.

	Top Picks	ISE-100†	Relative†
Since Last Update	4.3%	3.8%	0.5%
1m	3.3%	2.6%	0.8%
3m	16.5%	10.6%	5.3%
12m	57.2%	38.7%	13.4%
YTD	3.3%	2.6%	0.8%

Top Picks' Performance



Top Picks

Ticker	Stock	Recom.* L/T	Recom.* S/T	Perf. Adj. Weight % Start	Perf. Adj. Weight % End	Weight % New	Weight % Chg
VAKBN	Vakifbank	B	OP	13.6	15.2	13.0	-0.6
HALKB	Halkbank	B	OP	6.2	6.2	12.6	6.3
TKFEN	Tekfen H.	B	MP	5.3	5.1	11.4	6.1
MGROS	Migros	B	OP	10.9	10.1	11.2	0.2
TCELL	Turkcell	H	OP	-	-	10.7	-
YKBNK	Yapi Kredi	B	OP	12.7	12.4	10.7	-2.0
TRKCM	Trakya C.	B	MP	6.2	6.4	8.8	2.6
KOZAA	Koza A.	B	OP	11.4	10.2	7.9	-3.5
TOASO	Tofas	B	OP	12.0	11.7	7.4	-4.6
ISCTR	Isbank	B	OP	11.6	12.0	6.3	-5.3
				Previous		New	
Banks' Weight				44%		43%	

*:"B","H","MP","OP": Pls refer to p.12 for abbreviations.

Portfolio Adjustments	Top Picks	Small Picks	Least Favourite
IN	TCELL	-	CCOLA, TAVHL
OUT	ARCLK	-	ENKAI, ULKER

Small Cap Picks

Ticker	Stock	Recom.* L/T	Recom.* S/T	Share Price (TRL)	Target Price (TRL)	12M Target Upside
AKFEN	Akfen H.	B	OP	11.10	14.00	26%
ALARK	Alarko H.	B	OP	5.38	5.60	4%
ALBRK	Albaraka	B	MP	1.91	2.23	17%
CIMSA	Cimsa	B	MP	10.30	12.00	17%

*:"B","H","MP","OP": Pls refer to p.12 for abbreviations.

Least Preferred Stocks

Ticker	Stock	Recom.* L/T	Recom.* S/T	Share Price (TRL)	Target Price (TRL)	12M Target Upside
EREGL	Eregli	H	UP	2.49	2.15	-14%
EKGYO	Emlak R.	H	UP	3.20	3.10	-3%
KILER	Kiler	S	UP	2.90	2.50	-14%
TAVHL	Tav Air.	H	UP	10.90	11.00	1%
CCOLA	Coca Cola	H	UP	41.50	40.00	-4%

*:"B","H","MP","OP": Pls refer to p.12 for abbreviations.
* S/T ratings of all Least Favoured Stocks are Underperform.

Top Picks

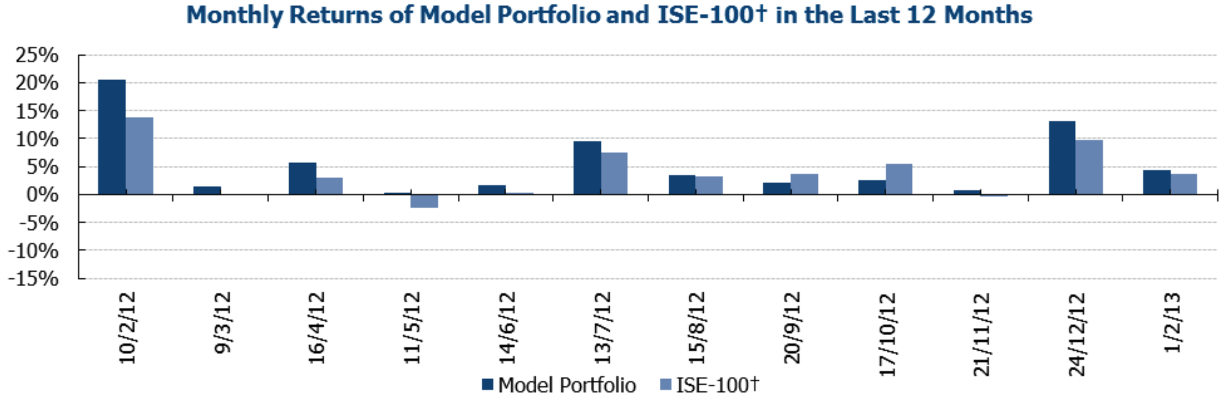
Ticker	Stock	Perf. Adj. Weight % Start	Perf. Adj. Weight % End	Weight % New	Weight % Chg	Share Price (TRL)	Target Price (TRL)	12M Target Upside	Market Cap (US$bn)	3-mth ADV (US$mn)	P / E (TRL) 13E	P / E (TRL) 14E	Key Multiple ** (TRL) 13E	Key Multiple ** (TRL) 14E	Relative Perf. 1M†	Relative Perf. YTD†
VAKBN	Vakifbank	13.6	15.2	13.0	-0.6	5.38	6.45	20%	7.70	88.8	7.7	6.7	1.0	0.9	14%	14%
HALKB	Halkbank	6.2	6.2	12.6	6.3	18.15	22.00	21%	12.99	136.2	8.7	7.9	1.7	1.4	1%	1%
TKFEN	Tekfen H.	5.3	5.1	11.4	6.1	7.38	8.20	11%	1.56	4.7	9.4	8.5	5.1	4.7	-1%	-1%
MGROS	Migros	10.9	10.1	11.2	0.2	20.80	26.00	25%	2.12	34.4	21.8	20.0	9.3	7.3	-6%	-6%
TCELL	Turkcell	-	-	10.7	-	10.80	11.50	6%	13.61	53.7	10.5	9.3	5.2	4.3	-9%	-9%
YKBNK	Yapi Kredi	12.7	12.4	10.7	-2.0	5.28	6.63	26%	13.14	66.1	9.4	8.0	1.3	1.2	-1%	-1%
TRKCM	Trakya C.	6.2	6.4	8.8	2.6	2.71	3.30	22%	1.08	9.0	17.6	11.2	8.8	5.8	8%	8%
KOZAA	Koza A.	11.4	10.2	7.9	-3.5	5.14	8.30	61%	1.14	39.2	5.8	6.6	1.4	1.0	-11%	-11%
TOASO	Tofas	12.0	11.7	7.4	-4.6	10.60	13.00	23%	3.04	9.0	11.4	9.8	6.1	5.1	-1%	-1%
ISCTR	Isbank	11.6	12.0	6.3	-5.3	6.66	7.56	14%	17.16	139.9	8.7	8.2	1.2	1.1	5%	5%
Small Cap Picks																
AKFEN	Akfen H.	-	-	-	-	11.10	14.00	26%	0.92	6.7	20.8	15.5	12.6	10.5	16%	16%
ALARK	Alarko H.	-	-	-	-	5.38	5.60	4%	0.69	1.6	8.8	8.1	5.0	4.3	2%	2%
ALBRK	Albaraka	-	-	-	-	1.91	2.23	17%	0.98	1.4	7.7	7.1	1.2	1.0	10%	10%
CIMSA	Cimsa	-	-	-	-	10.30	12.00	17%	0.80	1.4	11.0	8.5	7.7	6.0	10%	10%

** * EV / EBITDA for non-financials, P/B for financials; all prices are as of Feb 01, 2012*

Historic Performance (TRL)

Ticker	Status	Entry Date	Since Entry Abs	Since Entry Rel	Since Last Update (Dec 24, 2012) Abs	Since Last Update (Dec 24, 2012) Rel	Since Interim Update (Dec 31, 2012) Abs	Since Interim Update (Dec 31, 2012) Rel
VAKBN	Contin.	24-Dec-12	17%	13%	17%	13%	17%	14%
YKBNK	Contin.	15-Aug-12	33%	7%	2%	-1%	2%	-1%
TOASO	Contin.	20-Sep-12	13%	-6%	2%	-2%	1%	-1%
ISCTR	Contin.	10-Feb-12	74%	26%	8%	5%	8%	5%
KOZAA	Contin.	24-Dec-12	-6%	-9%	-6%	-9%	-9%	-11%
MGROS	Contin.	12-Jan-12	74%	11%	-3%	-7%	-3%	-6%
ARCLK	Out	24-Dec-12	8%	4%	8%	4%	4%	2%
TRKCM	Contin.	31-Dec-12	11%	8%	-	-	7%	4%
HALKB	Contin.	21-Nov-12	16%	2%	5%	1%	4%	1%
TKFEN	Contin.	9-Mar-12	32%	-4%	0%	-3%	2%	-1%
					4.3%	**0.5%**	**3.3%**	**0.8%**

Monthly Returns of Model Portfolio and ISE-100† in the Last 12 Months

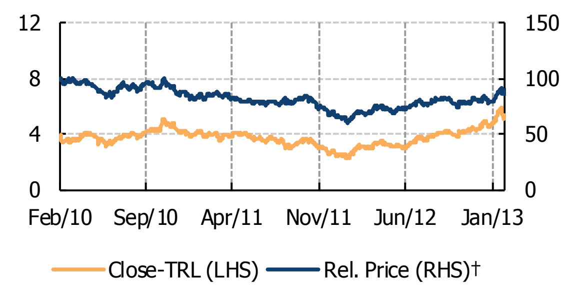


TOP PICKS

Vakifbank: As implied by its 9M12 figures, changes in fee income accounting in 2012 took the heaviest toll on Vakifbank, though a recovery seems in the cards for 2013, in our view. Prospective limitations to fee charges, we think, should not be as negative for the Bank, given the relatively small scale of its credit card business and the limited variety of its fee charges. Vakifbank's TRL-heavy balance sheet (75% of deposits and 70% of loans in TRL) helps the Bank to sustain an above average L/D spread, but also renders it more sensitive to volatility in TRL deposit costs. Thus, Vakifbank should be one of the key beneficiaries of the easing pressure on TRL deposit costs. Moreover, the Bank has been realigning its balance sheet and growth strategy towards more profitable products and segments like consumer and SME loans, which bodes well for profitability, going forward. Vakifbank is trading at 1.0x 13E BV, the least among large cap banks. While its ROE is traditionally lower than its peers, it deserves a higher multiple considering its new focus on profitability. It also commands the lowest 13E P/E among Tier-I banks at 7.7x.

Share Capitalization Data (TRLmn)	VAKBN TI
Close Price	TRL5.38 / $3.08
Current MCap. (TRL/US$ mn)	13,450 / 7,702
Target Price	TRL6.45
Upside (Downside)	20%
Number of Shares	2,500 mn
3M Avg. Daily Turnover (TRL/US$ mn)	158 / 89

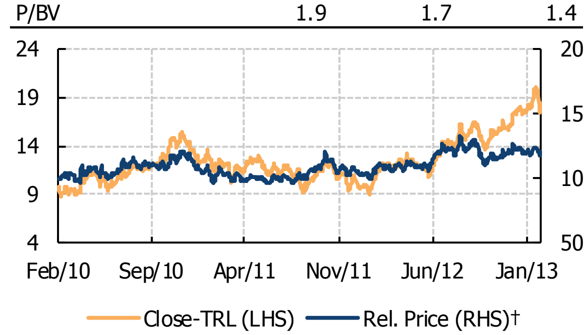
Financials & Multiples (TRLmn)	2012E	2013E	2014E
Loans	67,064	78,495	91,091
Deposits	65,094	73,367	83,452
Net Earnings	1,410	1,752	2,002
Sh. Equity	11,438	13,062	14,871
P/E	9.5	7.7	6.7
P/BV	1.2	1.0	0.9



Halkbank: With the placement successfully concluded, the stock price is relieved from the SPO pressure. The new free float of 49% makes the Bank's free float Mcap the third largest of the ISE, which is to prompt a substantial increase in its share in both the ISE indices and the MSCI Turkey Index. This, per se, should make Halkbank one of the key proxies for the Turkish banking sector and the ISE, going forward. On the operational front, the Bank's outstanding volume growth early in 2012 has normalised during the year; but still we expect it to close the year with above average loan and deposit growth. With a better L/D spread and recovery in the yields of CPI linkers, we expect the Bank to deliver the highest NIM among the top tier banks in 4Q12 and in full-year 2012. This strong margin performance should underpin sequential earnings growth. For 40% higher ROE, the Bank's 1.7x 2013E P/BV is only at a 16% premium to peers, while the P/E ratio (8.7x) is at a discount to the sector average of 9.5x. Solid asset quality, increased liquidity and above average margins, we reckon, justify a higher premium.

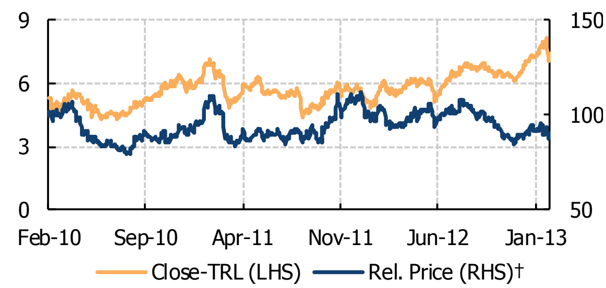
Share Capitalization Data (TRLmn)	HALKB TI
Close Price	TRL18.15 / $10.39
Current MCap. (TRL/US$ mn)	22,688 / 12,992
Target Price	TRL22.00
Upside (Downside)	21%
Number of Shares	1,250 mn
3M Avg. Daily Turnover (TRL/US$ mn)	242 / 136

Financials & Multiples (TRLmn)	2012E	2013E	2014E
Loans	65,805	76,899	90,015
Deposits	78,003	87,486	98,357
Net Earnings	2,647	2,598	2,863
Sh. Equity	11,885	13,599	15,881
P/E	8.6	8.7	7.9
P/BV	1.9	1.7	1.4



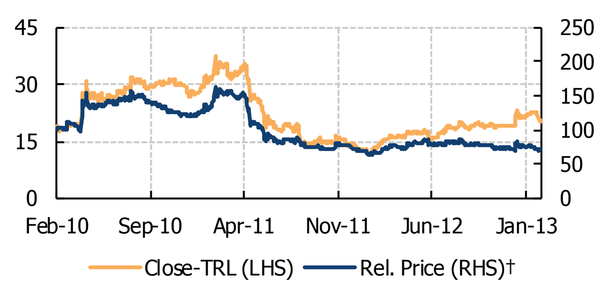
Tekfen Holding: Tekfen's construction arm is set to post strong results yoy in the next several quarters, benefiting from a higher average backlog, as well as a weaker TRL in yoy terms. Construction backlog now stands at US$2.3bn, a record level for the Company. In fertilisers, increasing input costs will continue to hurt margins in 4Q12, albeit to a milder extent, while volume growth should finally pick up. With the Eurobank Tekfen deal already priced in, the next catalyst to watch could be Socar's selection of the main contractor for the construction of its refinery in Izmir. Tekfen shares, at around 2013E 9.4x P/E and 5.1x EV/EBITDA, trade at a c.10% discount to the historical average.

Share Capitalization Data (TRLmn)			TKFEN TI
Close Price			TRL7.38 / $4.23
Current MCap. (TRL/US$ mn)			2,731 / 1,564
Target Price			TRL8.20
Upside (Downside)			11%
Number of Shares			370 mn
3M Avg. Daily Turnover (TRL/US$ mn)			8 / 5
Financials & Multiples (TRLmn)			
	2012E	**2013E**	**2014E**
Sales	3,929	4,246	4,431
EBITDA	330	428	465
Net Earnings	368	289	323
P/E	7.4	9.4	8.5
EV/EBITDA	6.8	5.1	4.7



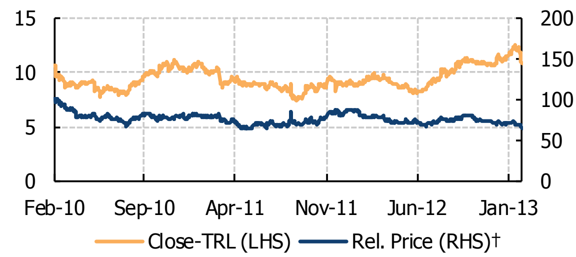
Migros: The Company had a very robust 3Q12 operationally, with no slowdown in revenue growth, unlike most other retailers. Revenue growth in 9M12 was 14% yoy. We believe growth should continue in 2013 as well. Migros is set to expand its net sales area by 17% in 2012, to be followed by another 15% yoy sales area growth in 2013. The Company opened 137 stores in 2012, just below the full year guidance of 150 new stores. Margins were very strong in 3Q12, and we expect an EBITDA margin of 6.5% for the full year (9M12: 6.7%), on the back of reinvestment into prices, offsetting efficiency gains from scale and supermarket focus. The strength of the TRL in 2012 should be positive on FX gains, causing a huge swing at the bottom line from a TRL163mn loss in 2011. The 80.5% stakeholder BC Partners is planning to sell a further stake in the Company, which we believe would not take place at current price levels (Apr'11 SPO price was 21% above the current price). We reckon the owners would improve operations and profitability before selling more of their stake in the Company. The stock is trading at an attractive 2013E 9.3x EV/EBITDA, at 54% discount to BIM, and 27% discount to Bizim Toptan.

Share Capitalization Data (TRLmn)			MGROS TI
Close Price			TRL20.80 / $11.91
Current MCap. (TRL/US$ mn)			3,703 / 2,121
Target Price			TRL26.00
Upside (Downside)			25%
Number of Shares			178 mn
3M Avg. Daily Turnover (TRL/US$ mn)			61 / 34
Financials & Multiples (TRLmn)			
	2012E	**2013E**	**2014E**
Sales	6,519	7,641	9,052
EBITDA	421	521	626
Net Earnings	102	170	185
P/E	36.3	21.8	20.0
EV/EBITDA	12.0	9.3	7.3



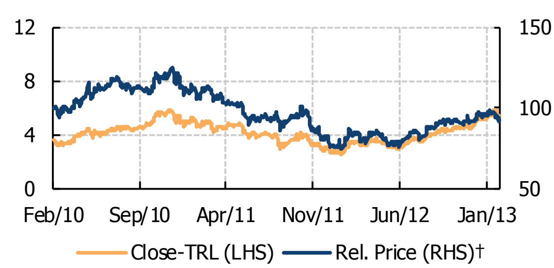
Turkcell: The long-awaited decision by The Privy Council in London regarding the dispute between Alfa Telecom and Cukurova Group enables the latter to reclaim the 51% stake in Cukurova Telecom Holdings, which was held as collateral by Alfa Telecom in exchange for a loan granted back in 2005. The sell-off in Turkcell shares that ensued the Privy Council's disclosure was unwarranted, in our view, as the decision essentially eased the uncertainty posed by this lingering dispute. We expect a resolution to the shareholder conflict before end-1H13, and the keenly-awaited dividend payout to take place in 2Q13 or in 3Q13. The payout, which could be in the vicinity of TRL2.3bn, would correspond to a dividend yield of more than 9%. We believe the current price level offers an opportune entry point for TCELL shares.

Share Capitalization Data (TRLmn)			TCELL TI
Close Price			TRL10.80 / $6.18
Current MCap. (TRL/US$ mn)			23,760 / 13,607
Target Price			TRL11.50
Upside (Downside)			6%
Number of Shares			2,200 mn
3M Avg. Daily Turnover (TRL/US$ mn)			95 / 54
Financials & Multiples (TRLmn)			
	2012E	**2013E**	**2014E**
Sales	10,372	11,213	11,984
EBITDA	3,153	3,428	3,705
Net Earnings	2,090	2,262	2,556
P/E	11.4	10.5	9.3
EV/EBITDA	6.3	5.2	4.3



Yapi Kredi Bank: Having the highest L/D ratio, YKB is seen among the top beneficiaries of an easier monetary policy by the CBT, along with a low interest rate environment. Reduced pressure on CAR is also very supportive of the Bank's growth prospects. 1H12 marked a challenging period for YKB on various grounds: Having one of the highest L/D ratios, YKB suffered more from the high interest rate environment than its peers. Moreover, being one of the top players in terms of fee income generation, YKB was also hurt the most by the regulatory change, while the lagged impact of increased general provisions on GP loans exacerbated its difficulties in 1H12. However, in 2H12, the prevailing low interest rate environment will be more favourable for YKB, as indicated by the Bank's 3Q12 financials, which delivered the highest qoq earnings growth among the large cap banks. Fee income, which is expected to be strong in 4Q12 underpinned by seasonal account fees, should also bolster the Bank's earnings. We expect to hear on the insurance asset disposal in 1H13, where the transaction value is likely to be higher than the current market value; thus, should add further to the Bank's equity.

Share Capitalization Data (TRLmn)			YKBNK TI
Close Price			TRL5.28 / $3.02
Current MCap. (TRL/US$ mn)			22,952 / 13,144
Target Price			TRL6.63
Upside (Downside)			26%
Number of Shares			4,347 mn
3M Avg. Daily Turnover (TRL/US$ mn)			117 / 66
Financials & Multiples (TRLmn)			
	2012E	**2013E**	**2014E**
Loans	74,917	88,879	103,365
Deposits	68,997	79,771	90,509
Net Earnings	1,900	2,453	2,869
Sh. Equity	14,914	17,227	19,749
P/E	12.1	9.4	8.0
P/BV	1.5	1.3	1.2

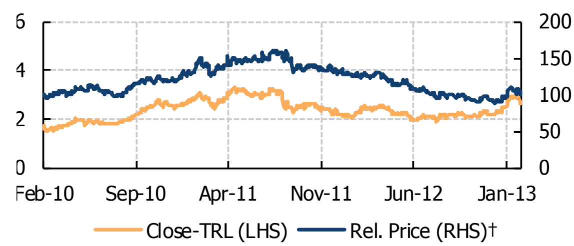


BURGAN SECURITIES

Trakya Cam: Our decision to include Trakya Cam in our Top Picks list is predicated on the Company's strong growth prospects, along with a forecast sharp rebound in earnings. We foresee 17% and 33% CAGR in topline and EBITDA, respectively, for Trakya Cam within 2013-2015, driven by i) prospective recovery in flat glass prices; ii) new investments by the Company in Russia, Bulgaria and Romania; and iii) milder cost pressure from natural gas. We maintain our BUY (L/T) rating, with our TRL3.3/share target price implying 22% upside potential.

Share Capitalization Data (TRLmn)	TRKCM TI
Close Price	TRL2.71 / $1.55
Current MCap. (TRL/US$ mn)	1,880 / 1,077
Target Price	TRL3.30
Upside (Downside)	22%
Number of Shares	694 mn
3M Avg. Daily Turnover (TRL/US$ mn)	16 / 9

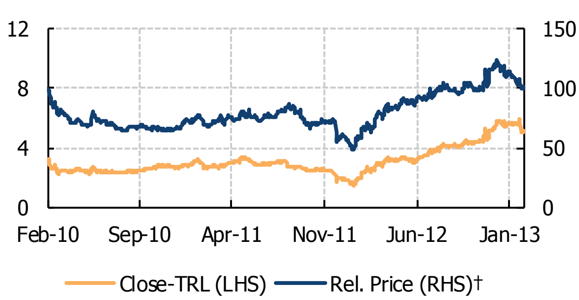
Financials & Multiples (TRLmn)	2012E	2013E	2014E
Sales	1,241	1,447	1,831
EBITDA	218	303	452
Net Earnings	80	107	168
P/E	23.5	17.6	11.2
EV/EBITDA	8.9	8.8	5.8



Koza Anadolu: We view the recent share price pullback as an opportunity for investors to buy the compelling growth prospects of copper and gold mining in Turkey. We have revised our target price up by 4% to TRL8.30/share, which corresponds to 61% upside potential, along with a revision to our target price for Koza Gold, of which Koza Anadolu owns 46%. Our upward target price adjustment for Koza Gold to TRL47/share is driven by a 28% increase in its reserves as of Jan'13. Furthermore, we attach US$220mn value to Koza Anadolu's stake in Konak Copper Project, based on its 1.174mn-tonne copper and 1.148mn-ounce gold content. We reckon ongoing drillings at the mine in 2013 might reveal an even larger resource potential. All in all, we expect Koza Anadolu's discount to current NAV to narrow from 45% to 20% in the long term, as the lucrative growth prospects of the Turkish mining sector put the stock in the limelight.

Share Capitalization Data (TRLmn)	KOZAA TI
Close Price	TRL5.14 / $2.94
Current MCap. (TRL/US$ mn)	1,995 / 1,142
Target Price	TRL8.30
Upside (Downside)	61%
Number of Shares	388 mn
3M Avg. Daily Turnover (TRL/US$ mn)	70 / 39

Financials & Multiples (TRLmn)	2012E	2013E	2014E
Sales	1,136	1,294	1,423
EBITDA	760	889	938
Net Earnings	215	342	304
P/E	9.3	5.8	6.6
EV/EBITDA	2.1	1.4	1.0

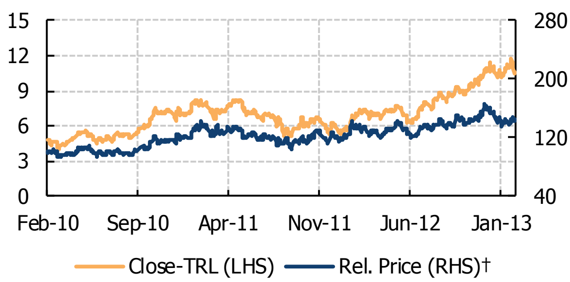


Tofas: We believe the domestic market promises a better performance in 2013, supported by the low interest rate environment and an improved macro outlook. Europe continues to be a drag, as more than half of Tofas's production is channelled to this market. Tofas's exports declined by 16% yoy in 9M12; however, the Company recorded 120bp yoy growth in EBITDA margin to 12.5%, thanks to receipt of take-or-pay revenues. Tofas's exports are almost entirely protected by take-or-pay contracts. We estimate TRL375mn in dividends for Tofas as of Apr'13 (7.1% dividend yield). We also expect an average 8% dividend yield over the next three years at the current price, given relatively stronger cash generation in the next few years with less capex. Positive news flow on a local brand car and scrap incentives could serve as near term catalysts. The stock is trading at 2013E 6.1x EV/EBITDA, well below Ford Otosan's 9.7x and Dogus Oto's 8.4x.

Share Capitalization Data (TRLmn)	TOASO TI
Close Price	TRL10.60 / $6.07
Current MCap. (TRL/US$ mn)	5,300 / 3,035
Target Price	TRL13.00
Upside (Downside)	23%
Number of Shares	500 mn
3M Avg. Daily Turnover (TRL/US$ mn)	16 / 9

Financials & Multiples (TRLmn)

	2012E	2013E	2014E
Sales	6,854	7,861	8,883
EBITDA	840	912	1,048
Net Earnings	423	466	541
P/E	12.5	11.4	9.8
EV/EBITDA	6.8	6.1	5.1

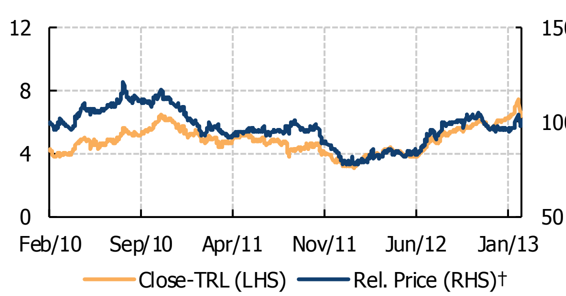


Isbank: The Bank's strong operating performance for four consecutive quarters has outstripped seasonal norms. With this strong performance, 9M12 net income growth reached 30% yoy. We remain of the view that Isbank's more proactive new management style will serve to sustain the steady improvement in profitability and efficiency ratios. Looking at previous easing cycles, we see Isbank acting more cautiously in reducing lending rates, which we reckon should not be different in this easing cycle either, potentially underpinning L/D spreads in upcoming quarters. The stock trades at 1.2x 2013E BV, which is at 13% discount to peers, while the ROE has converged to the average of peers (Akbank, Garanti and YKB) vs. the double-digit lower ROE we used to see in the past. We think Isbank's multiples should gradually converge to the average of its peers.

Share Capitalization Data (TRLmn)	ISCTR TI
Close Price	TRL6.66 / $3.81
Current MCap. (TRL/US$ mn)	29,970 / 17,163
Target Price	TRL7.56
Upside (Downside)	14%
Number of Shares	4,500 mn
3M Avg. Daily Turnover (TRL/US$ mn)	248 / 140

Financials & Multiples (TRLmn)

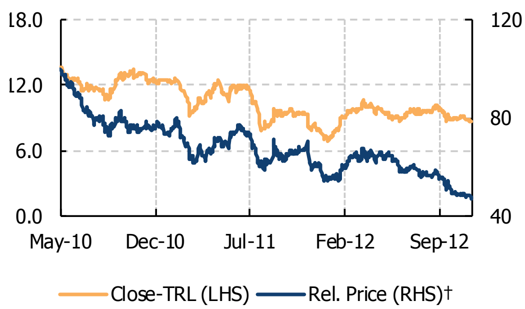
	2012E	2013E	2014E
Loans	105,965	122,989	142,613
Deposits	102,910	121,758	137,234
Net Earnings	3,039	3,426	3,643
Sh. Equity	21,619	24,189	26,774
P/E	9.9	8.7	8.2
P/BV	1.4	1.2	1.1



SMALL CAP PICKS

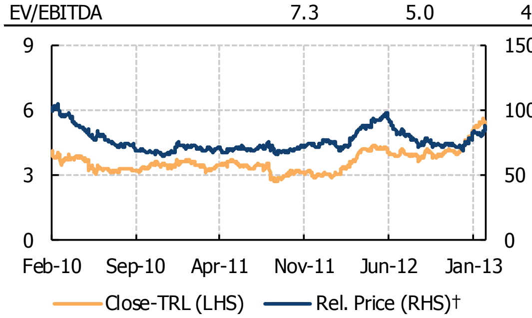
Akfen Holding: Following the disposal of stakes at TAV Airports and TAV Investments, the holding-only net debt position, which was a predominant concern for investors, has flipped to a slight net cash position. We project around 12% EBITDA CAGR for the next three years for existing businesses (Mersin port; Istanbul Ferries, hydro plants and REIT), which continue to grow notably in terms of both sales and EBITDA, thanks mainly to efficiency gains post-privatisation, on the back of higher capacity utilisation, as well as better cost control. The current share price represents a 38% discount to target NAV, which is unjustifiably low, in our opinion, given strong EBITDA growth prospects.

Share Capitalization Data (TRLmn)			AKFEN TI
Close Price			TRL11.10 / $6.36
Current MCap. (TRL/US$ mn)			1,615 / 925
Target Price			TRL14.00
Upside (Downside)			26%
Number of Shares			146 mn
3M Avg. Daily Turnover (TRL/US$ mn)			12 / 7
Financials & Multiples (TRLmn)			
	2012E	**2013E**	**2014E**
Sales	1,063	1,001	1,122
EBITDA	296	315	370
Net Earnings	667	78	104
P/E	2.4	20.8	15.5
EV/EBITDA	13.4	12.6	10.5



Alarko Holding: The stock is among the re-rating stories of 2013, in our view. Construction segment has made a giant leap, securing new contracts worth in excess of US$1.7bn within 2011-2012, bringing the current backlog to US$1.55bn, one of the highest levels of the past decade. Furthermore, thanks to expected new contracts, the Company targets US$1.5bn by YE13, depending on the outcome of potential tenders worth US$2bn, as well as additions to current works at hand. We expect construction revenues to almost double in 2013 from 2012, given a larger portfolio of works at hand, which should be supportive of consolidated bottom line growth. The story in the energy segment is mainly driven by new investments including the ongoing 76MW hydro plant, as well as the upcoming 1,500MW coal-fired thermal plant investments. Following completion of these investments by 2017, profits from energy generation will have increased more than ten-fold on conservative assumptions. The stock, at around 2013E 8.8x P/E and 5.0x EV/EBITDA, appears highly attractive, considering the Company's growth potential. Meanwhile, we raise our target price to TRL5.60/share, thanks to higher revenue and earnings expectations for the Company after it was awarded a US$633mn mine project in Kazakhstan.

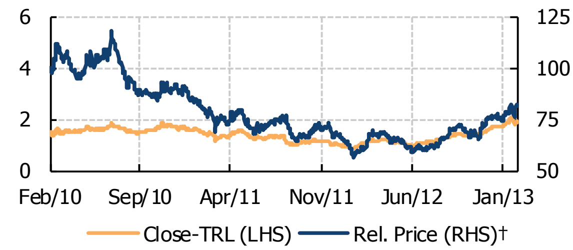
Share Capitalization Data (TRLmn)			ALARK TI
Close Price			TRL5.38 / $3.08
Current MCap. (TRL/US$ mn)			1,202 / 688
Target Price			TRL5.60
Upside (Downside)			4%
Number of Shares			223 mn
3M Avg. Daily Turnover (TRL/US$ mn)			3 / 2
Financials & Multiples (TRLmn)			
	2012E	**2013E**	**2014E**
Sales	1,591	1,992	2,171
EBITDA	142	192	207
Net Earnings	97	137	149
P/E	12.3	8.8	8.1
EV/EBITDA	7.3	5.0	4.3



Albaraka: We expect Albaraka to outgrow the sector in deposits in the coming quarters, as participation banks tend to increase their market shares in declining interest rate environments. Higher deposit growth would also help the Bank to notch up decent loan growth. On the other hand, the Turkish Treasury has started to issue sukuk bonds as of September. These issuances provide Albaraka with an alternative other than loans to invest in, whilst helping liquidity management. As the risk weighting of TRL sukuks is 0%, increasing share of securities should also help the Bank's CAR. Albaraka booked TRL13mn income from P/L sharing projects in 3Q12, and we expect income from such projects to continue in the coming quarters. Albaraka has the lowest CAR among the banks in our coverage at 12.5%. We believe a successful completion of the subordinated borrowing expected for this year should serve to relieve CAR worries. The stock is currently trading at 1.2x 13E P/B and 7.7x 13E P/E, at a discount to sector averages of 1.4x and 9.5x, respectively.

Share Capitalization Data (TRLmn)	**ALBRK TI**
Close Price	TRL1.91 / $1.09
Current MCap. (TRL/US$ mn)	1,719 / 984
Target Price	TRL2.23
Upside (Downside)	17%
Number of Shares	900 mn
3M Avg. Daily Turnover (TRL/US$ mn)	3 / 1

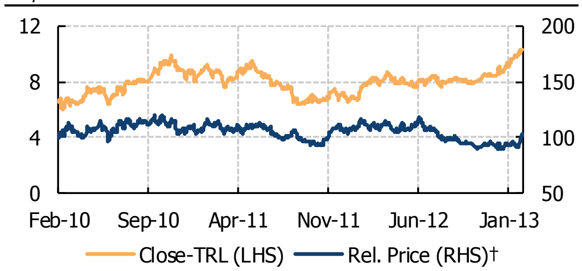
Financials & Multiples (TRLmn)	**2012E**	**2013E**	**2014E**
Loans	9,002	10,361	12,038
Deposits	9,065	10,147	11,729
Net Earnings	201	222	243
Sh. Equity	1,206	1,434	1,677
P/E	8.6	7.7	7.1
P/BV	1.4	1.2	1.0



Cimsa: Our BUY call for Cimsa is predicated fundamentally on i) the recovery in the Turkish cement sector with an estimated 5% volume growth for 2013, driven by infrastructure investments prior to the upcoming municipal and presidential elections in 2014; along with ii) consolidation of Afyon Cimento since Jun'12. We forecast 13% CAGR in EBITDA and 19% CAGR in bottom line for the Company through 2012-2015. We think the Cimsa stake disposal by Adana Cimento has been the main reason for Cimsa's 5% underperformance of the ISE-100 since YE11. We do not expect Adana Cimento to offload its remaining c.5% Cimsa stake, until the dividend payout expected for Apr'13. Cimsa's multiples represent a c.20% discount to our cement sector coverage.

Share Capitalization Data (TRLmn)	**CIMSA TI**
Close Price	TRL10.30 / $5.90
Current MCap. (TRL/US$ mn)	1,391 / 797
Target Price	TRL12.00
Upside (Downside)	17%
Number of Shares	135 mn
3M Avg. Daily Turnover (TRL/US$ mn)	2 / 1

Financials & Multiples (TRLmn)	**2012E**	**2013E**	**2014E**
Sales	851	923	1,013
EBITDA	202	236	274
Net Earnings	102	126	165
P/E	13.7	11.0	8.5
EV/EBITDA	8.1	7.7	6.0



Least Preferred Stocks*

Eregli [EREGL TI] *(Close: TRL2.49/US$1.43, Mcap: US$4,406mn, 3-mth ADV: US$34.31mn)* -- Erdemir's 3Q12 financials were weak, although stronger sequentially. We expect the yoy contraction in operating profitability that started in 1Q12 to continue in 4Q12 due to lower steel prices. Post 3Q12 financials, Company management guided for at least 1.6mn tonnes of steel sales (flat yoy) for 4Q12 and 7.0mn tonnes (+6% yoy) for the full year. The management refrained from providing any guidance for profitability in view of high volatility in steel prices and mounting pressure from imports. They expect the year 2013 to prove as tough as 2012 for the steel market. Although we foresee the EBITDA improving by an average 22% in 2013-2014 on volume growth, along with some easing in raw material costs, our estimates imply 7.2x EV/EBITDA, above those of global peers, as well as the Company's historical averages. In addition, the lock-up period for the share sale of ArcelorMittal (18.5% stakeholder of Erdemir) expires in March, which might prompt some pressure on Erdemir shares.

Emlak REIT [EKGYO TI] *(Close: TRL3.20/US$1.83, Mcap: US$4,581mn, 3-mth ADV: US$25.16mn)* -- Despite significantly lower mortgage rates in yoy terms, Emlak's sales momentum has remained below our earlier expectations, as well as the management guidance. Although the low interest rate story should linger on for some time, it seems priced in, we believe. Emlak REIT shares have priced in most of the positive expectations regarding the market. Furthermore, we believe overall profit margins in the coming years will likely trail the last decade's levels, since the low-cost land inventory is rapidly being replaced by new land acquired at higher valuations. We reckon the stock is due for a breather in the short term.

Kiler [KILER TI] *(Close: TRL2.90/US$1.66, Mcap: US$224mn, 3-mth ADV: US$0.88mn)* -- We continue to view Kiler as expensive. The stock (2013E 11.9x EV/EBITDA) is trading at large premiums to international peers, with a weak balance sheet and no prospect of profits in the near term. Kiler is the only retailer in our coverage that has an unfavourable net working capital position, and we see no improvement in the near future, as the Company has built up substantial inventories in recent years to receive extra discounts from its suppliers. While this has helped its gross margin in recent years, it has hurt cash generation, which happens to be the worst among the listed retailers.

TAV Airports [TAVHL TI] *(Close: TRL10.90/US$6.24, Mcap: US$2,268mn, 3-mth ADV: US$10.39mn)* -- We reckon TAV Airports could underperform in the near term, given persisting uncertainties regarding its prospects in Istanbul, as the tender date for the 3rd airport draws closer. The State Airports Authority announced that TAV Airports would be compensated for any losses once the new airport became operational. However, we believe the amount in question would be less than ideal for the Company. In our view, the Company is one of the strongest candidates for the new airport; however, costs could be higher than currently anticipated. Moreover, profits would be less in comparison to the current TAV Istanbul Airport, given our expectations of an intensely competitive bidding process.

Coca Cola [CCOLA TI] *(Close: TRL41.50/US$23.77, Mcap: US$6,045mn, 3-mth ADV: US$2.35mn)* -- We believe the stock is expensive, trading at 2013E 14.1x EV/EBITDA, at a 32% premium to international peers. 4Q12 results, which should be weak in line with seasonal norms, are unlikely to have any major impact on the share price performance. 2013 should prove better; however, we expect the stock to underperform in the near term following its 9% outperformance of the Index ytd. The stock is up 12% ytd.

Methodology

"Top Picks" comprises a monthly updated portfolio recommendation of our analysts. Through meetings, analysts try to convince each other on their picks. A stock that does not receive a vote from at least two analysts does not make it to the portfolio. The contribution of each stock and each analyst to the overall performance is closely monitored and used in the performance appraisal of the team members. Each analyst chooses a weight of 0, 5%, 7.5% or 10% for each stock from our recommendation list, and the stocks that receive the highest ten scores enter the "Top Picks" portfolio.

We provide our picks, the changes, as well as our performance through a monthly report. Our picks are limited to our coverage of 56 stocks, or c.76% of the whole market. Since our list covers 93% of the ISE-100 and stocks that are under coverage but not part of the ISE-100 constitute only 3% of our coverage, we use the ISE-100 as our benchmark.

For a stock to be eligible for inclusion in the Top Picks portfolio, it should be accorded a "BUY" (L/T) or an "OUTPERFORM" (S/T) rating.

To make things more realistic: 1) We exclude stocks that we classify as "small cap / illiquid" from our model portfolio, as well as our least preferred list. We define a stock as small cap or illiquid if its market cap and average daily trading volume are below US$400mn and US$2mn, respectively. 2) Trade executions take place at the average price of the first session following our portfolio announcement. For this reason, we provide our recommendations and performance report before the session opening, based on the prior day closing prices, but correct them the following month in line with the executions.

For those stocks that do not satisfy either the trading volume or the minimum market cap requirement, yet have received sufficient votes from research team members, we have also devised a **"Small Cap Picks"** list.

† Relatives are against the ISE-100 Total Return Index, which is calculated with the assumption of "reinvested dividends", rather than the ISE-100 Price Index, which is calculated in effect with the assumption of "wasted dividends". We have decided to use the ISE-100 Total Return Index as the benchmark in April 2012, instead of the ISE-100 Price Index, effective January 1, 2008. As long as one or more of the constituent stocks for the ISE-100 pay dividends, it is more difficult for a portfolio of stocks to outperform the ISE-100 Total Return Index than the ISE-100 Price Index due to the latter's assumption of "wasted dividends". The ISE-100 Total Return Index has outperformed the ISE-100 Price Index by 2.4% per annum from 2008 through 2011.

Burgan Securities - Equity Rating System

12-month Rating:

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

Sector Rating

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

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

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

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

Short-term Rating:

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

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

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

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

S/T Stock Rating Summary	Relative Return
Outperform (OP)	>=10%
Marketperform (MP)	<+10% & >-10%
Underperform (UP)	<=-10%

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

Other Qualifiers Utilised:

NR: Not Rated

NC: Not Covered

UR: Under Review

Market Call

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

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

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