Cements
Turkey

HSBC Global Research

Turkish Cement

Strong domestic demand and improving EBITDA

- **Domestic Turkish cement demand stronger than we expected – up 10.7% yoy in 1H2014 but exports are down**
- **EBITDA has improved on the back of higher volumes and prices**
- **We continue to prefer Cimsa (OW, TP to TRY17.8 from TRY15) to Akcansa (N, TP to TRY16 from TRY13.2)**

Ratings and target prices

Company	Ticker	Last close TRY	Target price New	Target price Old	Rating New	Rating Old
Akcansa	AKCNS.IS	14.15	16.0	13.20	N	N
Cimsa	CIMSA.IS	14.95	17.80	15	OW	OW

Source: HSBC estimates

Domestic strength offsets export weakness

Cement demand in Turkey has been better than we had expected at the start of the year. Domestic sales are up 10.7% through June. This has been driven by solid demand in housing (which we expected to show more weakness) as well as large infrastructure projects.

We expect demand to remain strong because of infrastructure projects. Akcansa in particular should benefit from the construction of the third airport in Istanbul. Cimsa should also benefit from good domestic demand.

Exports have disappointed. Exports have fallen 31% yoy in 1H2014 because of political turmoil in key export markets for Turkey. The Black Sea (to Russia) exports are down 38%, SE Anatolia (Iraq) down 46%, Marmara (Russia/Ukraine) -45%.

But EBITDA has improved, with margins above expectations: We have raised our 2014-15 EBITDA margin estimates to around 27% for both companies. This is a return to "normal" EBITDA margins for Cimsa and an improvement in margins at Akcansa helped by cost control and stronger volumes/pricing.

Maintain Akcansa at N with new TP of TRY16.0 from TRY13.2 on the back of higher estimates and higher multiples. However, we do not believe the stock has much upside at current levels. We prefer Cimsa.

Maintain Cimsa at OW with new TP of TRY17.8 from TRY15.0 also on higher estimates and multiples.

Main risks include a deterioration in the economic environment in Turkey, lower government spending on infrastructure or a further weakening in export environment.

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Strong domestic demand

- Domestic demand has surprised on the upside, helped by warmer weather in 1H and upbeat domestic market in 1H
- Future demand helped by high infrastructure spending in particular with key big ticket projects
- EBITDA margin improvement well above expectations, on the back of volumes, pricing and cost controls

Stronger demand than expected

Domestic sales up more than 10% in 1H; total sales up c4%

The cement sector in Turkey is going through a complex time characterized by very strong domestic demand but weak exports. Domestic demand has been driven by a large infrastructure pipeline from the government. Exports, however, have been affected by the political and security issues in neighbouring countries. Major export markets for Turkish cement include Iraq, Syria and Russia. Even North Africa, which has seen steady demand in some states, has shown a drastic decline in sales for the Turkish operators.

Cement statistics for 1H2014

1H2014	Production		Domestic sales		Exports		Total sales	
	000s of tons	% yoy	000s of tons	% yoy	000s of tons	% yoy	000s of tons	% yoy
MARMARA	8,079	0.81%	7,502	10.58%	584	-45.04%	8,085	3.05%
AGEAN	3,205	0.94%	2,662	-3.78%	544	25.44%	3,206	0.18%
MEDITERRANEAN	8,563	-0.20%	6,275	19.19%	2,204	-29.25%	8,479	1.18%
BLACK SEA	4,997	10.32%	4,769	17.18%	265	-38.03%	5,034	11.93%
CENTRAL ANATOLIA	5,176	0.05%	5,176	0.56%	0	-100.0%	5,176	0.2%
EAST ANATOLIA	2,318	4.93%	2,300	5.12%	4	-72.23%	2,303	4.66%
SOUTH EAST ANATOLIA	3,780	7.30%	3,318	23.78%	447	-46.05%	3,764	7.31%
TOTAL	**36,119**	**2.60%**	**32,002**	**10.73%**	**4,047**	**-31.38%**	**36,049**	**3.59%**

Source: Turkish Cement Manufacturers Association

Domestic sales are up 10.7% through June, while exports are down 31%. Overall, though, given that the domestic market has been so strong, total sales are up 3.6%.

We believe that the domestic situation will continue to be strong because of large infrastructure projects. This is most clear in the area around Istanbul with the third bridge, the third airport and the Istanbul canal projects. However, there is some concern over the status of some of these projects, particularly the Istanbul canal and the Third Airport, neither of which have started construction. Akcansa is a beneficiary of demand in Marmara (Istanbul region), so if the projects do not come through, the stock would probably suffer. Cimsa should also benefit from strong domestic demand, albeit not as directly. As we can see in the table below, there are a large number of projects.

Turkish government 2023 Roadmap

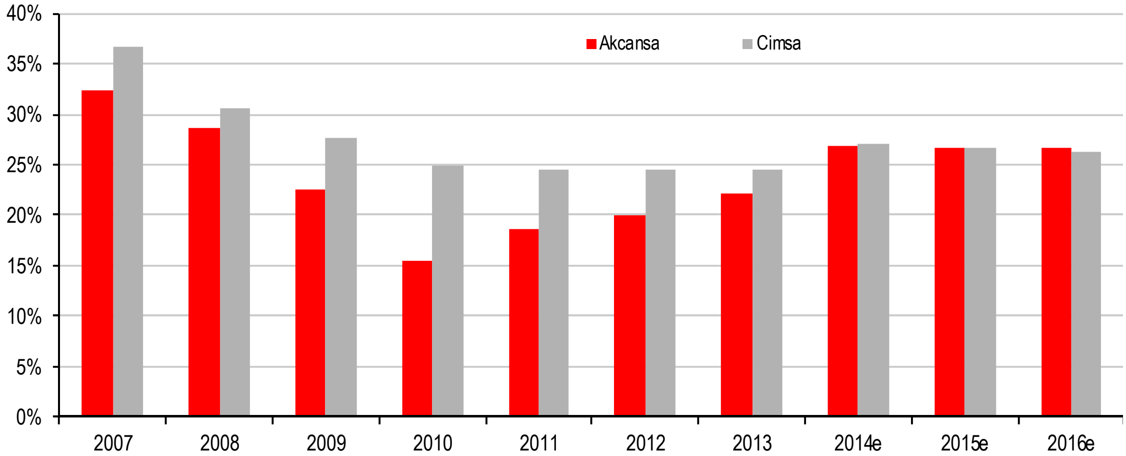
Project Name	Developer	Project status
Istanbul Third Airport	IGA Consortium	Construction expected to kick off in 2015
Akkuyu & Sinop Nuclear Power Plants	RusAtom	Environment permit (CED) awaited
Istanbul Finance Center	Halk REIT, Vakif REIT, Is Reit & others	Infrastructure works complete; construction to kick off in 2015
Istanbul Third Bridge and N. Marmara Highway	IC ICTAS-Astaldi	Bridge is expected to finish in 2Q2015
CanalIstanbul	NA	Not tendered yet
Istanbul-Izmir highway	Otoyol AS	Phase 1 is expected to be completed in 2015
High-speed rails (Ankara, Konya, Izmir, Kars)	Various	Three lines expected to be completed by 2015, 2017 & 2018
500k social houses	TOKI	On-going
Local car	TUBITAK finalists (Hema-Magna, Karsan, Isuzu, Hisarlar, Malkoclar-Derindere)	Not tendered yet

Source: Government of Turkey information, HSBC

On the export side, it is difficult to know when the political situation in the surrounding countries will improve, but we believe that the Turkish cement names should be able to take part in any of the re-building once that happens. Iraq was a country with significantly greater demand than supply, and if the political situation improves, this situation will likely recur in the short term.

EBITDA has also improved because of higher prices and good cost control. It helps that energy prices have been mostly flat (power prices have been flat, while petcoke is slightly down, and recently global oil prices have fallen). This has resulted in significant improvement in EBITDA margins for both Akcansa and Cimsa that we believe is sustainable.

EBITDA margins, 2007-2016e



Source: Company data, HSBC estimates

Akcansa

- Strong sales in 1H helped by construction around Istanbul
- EBITDA margin shows significant improvement to c27%
- Remain N but raise TP to TRY16.0 from TRY13.2

Akcansa benefiting from Istanbul demand, but expensive

Akcansa has done much better this year than we expected on both the revenue line and the EBITDA line. We expect revenues to grow 15% yoy in 2014 on the back of stronger domestic demand which should more than offset weakness in exports.

Major ongoing and new projects include the third bridge over the Bosphorus (near Istanbul) and the third airport for Istanbul. As construction activities on the third bridge continue, the height of the abutments has reached 282 meters and should top out at approximately 320m long. Akcansa will provide ready-mix concrete (RMC) to the bridge until January 2015. In 2015 and 2016, the company will provide RMC to the highway viaducts on European side.

According to management, the initial phase of the third airport project is expected to bring 2.5m tonnes of cement demand between 2015 and 2017, excluding the connecting roads and potential light rail system. This implies an annual demand of 1m tonnes for 2016 and 2017, which corresponds to c.6% of total consumption in the Marmara region.

EBITDA has benefited from lower fuel costs. Akcansa's coal and petcoke (or petroleum coke is an oil by-product used as fuel in the cement kilns) costs declined around 3-5% in 2014 y-t-d. In January 2015, Tupras will start producing high-SO petcoke and Akcansa would be able to purchase this petcoke at relatively cheaper prices, according to management. We expect prices to increase in line with costs, so EBITDA should remain relatively stable. Management believes that a10% increase in electricity tariffs is likely in Q4, and we have included this in our model. There would be further upside to our figures if electricity tariffs were not raised.

Working capital has increased, mainly because receivables for domestic sales (which have increased in the mix) are higher. Given the solid balance sheet (minimal debt and investments that are close to the debt amount), we do not believe this will be a problem for the company.

We have also seen top management changes at both companies. We believe these changes will have minimal impact since the employees have been with the companies and in the industry for some time. Sabanci Holding, which has large stakes in both announced top management changes following the departure of the Chairman of both Cimsa and Akcansa, Mr Gocmen, to EnerjiSA. Accordingly, Cimsa's CEO Mr Kamiloglu has been assigned as Akcansa's new CEO. Cimsa's CMO (ex-CFO) Ms Ozhatay has been assigned as the new CEO for Cimsa. Akcansa's CEO Mr Gurdal has been assigned as Chairman of both Akcansa and Cimsa, which is in line with how the companies have been run since Sabanci has owned them.

Changes to estimates

We have raised our estimates to reflect 1H2014 results and our belief that margins will improve on the back of higher revenues. Specifically, we have increased our revenue figures, driven by both higher volumes and prices. Going forward we look for stable margins, albeit at a slightly lower level than in 2014e. Overall, we increase our EBITDA estimates by 27% for 2014, 22% for 2015 and 23% for 2016. The main reason is because we had energy costs increasing faster than cement price increases. Prices have come in significantly above our 1% price rise estimate for the full year; we now look for a 9% increase. In addition, there are some costs that are fixed, so any additional revenue has a disproportionate impact on EBITDA. While we still expect costs to rise 3% in 2014e, this is well below the price increases, driving EBITDA margin significantly higher, from 23% to 26%. In future years, we expect relatively similar price and cost increases (around 5% each), which keeps EBITDA margin flat. However, we do believe there is potential for volume gains, meaning that revenues will growth faster than prices. Given the leverage in the model, this increases net income by 28%, 23% and 22%, respectively.

Changes to estimates (December year end)

TRYm	2013a		2014e			2015e			2016e	
	Actual	Old	New	Change	Old	New	Change	Old	New	Change
Net Sales	1,202.2	1,273.0	1,387.2	9%	1,371.1	1,486.9	8%	1,473.0	1,600.1	9%
EBITDA	266.7	293.6	372.3	27%	320.5	392.3	22%	344.0	422.8	23%
EBITDA margin	22%	23%	27%		23%	26%		23%	26%	
Net profit	157.9	182.2	233.9	28%	203.5	250.5	23%	227.5	278.3	22%
Net margin	13%	14%	17%		15%	17%		15%	17%	

Source: Company data, HSBC estimates

Valuation and risks

We use a blend of DCF, EV/tonne and peer multiple comparisons to value Akcansa. Our DCF assumptions are: an 8.5% RfR (from 9.5%, on lower long-term interest rates), a 5.5% ERP and a 0.8 beta, leading to a 11.7% WACC (from 12.4%). We assume a 2% terminal growth rate (unchanged). Our DCF model yields a valuation of TRY17.2 per share, up from TRY13.3 reflecting the higher estimates.

Akcansa is trading at an EV/tonne of USD130, which is a premium to the domestic average of USD110/t. When we apply the domestic average of USD110 to Akcansa's capacity of 9mtpa we obtain a valuation of TRY11.1 per share (up from TRY9.7). The rise in our valuation mainly reflects higher comparable valuations – we were previously using USD100/t.

On the multiples front, Akcansa is currently trading at a 11.9x 2014e PE and 11x 2015e, compared to global peer averages of 19.1x and 14.5x, respectively. The company is trading at EV/EBITDAs of 7.5x 2014e and 6.8x 2015e compared with a global peer average of 9.9x for 2014e and 8.6x for 2015e. Applying the average of the peer multiples for both EV/EBITDA and P/E for both years leads to a valuation of TRY19.8 per share (from TRY17.0). As with EV/ton above, the higher value comes from higher comparable PEs and EV/EBITDAs.

Taking the average of the three methodologies, we derive a new target price of TRY16.0 per share (from TRY13.2 previously). Under our research model, for stocks without a volatility indicator, the Neutral band is 5ppts above and below the hurdle rate for Turkish stocks of 12.5%. Our target price implies a potential return of 10%, which is within the Neutral band; therefore, we maintain our Neutral rating. Potential return equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated.

Risks

Downside: Any delays in the construction of big ticket projects in the Marmara region are a downside risks. Stronger-than-expected increases in Akcansa's raw material and fuel costs are also causes for concern.

Upside: Additional infrastructure and residential project launches and exclusive agreements to supply cement to any of these projects.

Financials & valuation: Akcansa

Neutral

Financial statements

Year to	12/2013a	12/2014e	12/2015e	12/2016e
Profit & loss summary (TRYm)				
Revenue	1,202	1,387	1,487	1,600
EBITDA	267	372	392	423
Depreciation & amortisation	-63	-65	-69	-70
Operating profit/EBIT	203	307	324	353
Net interest	-18	-17	-12	-7
PBT	197	291	311	346
HSBC PBT	197	291	311	346
Taxation	-38	-55	-59	-66
Net profit	158	234	251	278
HSBC net profit	158	234	251	278
Cash flow summary (TRYm)				
Cash flow from operations	234	244	304	330
Capex	-88	-110	-35	-30
Cash flow from investment	-88	-110	-35	-30
Dividends	-109	-111	-164	-175
Change in net debt	-47	22	-93	-118
FCF equity	90	62	198	227
Balance sheet summary (TRYm)				
Intangible fixed assets	165	163	161	159
Tangible fixed assets	665	712	680	642
Current assets	479	603	740	900
Cash & others	16	64	158	275
Total assets	1,477	1,674	1,778	1,898
Operating liabilities	232	234	249	264
Gross debt	179	249	249	249
Net debt	163	185	92	-26
Shareholders funds	987	1,111	1,197	1,300
Invested capital	1,061	1,180	1,175	1,162

Ratio, growth and per share analysis

Year to	12/2013a	12/2014e	12/2015e	12/2016e
Y-o-y % change				
Revenue	13.9	15.4	7.2	7.6
EBITDA	26.5	39.6	5.4	7.8
Operating profit	32.3	51.2	5.3	9.0
PBT	32.9	47.7	7.1	11.1
HSBC EPS	31.5	48.2	7.1	11.1
Ratios (%)				
Revenue/IC (x)	1.1	1.2	1.3	1.4
ROIC	15.9	22.4	22.4	24.6
ROE	16.6	22.3	21.7	22.3
ROA	12.6	16.4	15.9	16.5
EBITDA margin	22.2	26.8	26.4	26.4
Operating profit margin	16.9	22.2	21.8	22.1
EBITDA/net interest (x)	14.7	22.3	32.2	61.2
Net debt/equity	16.4	16.5	7.6	-2.0
Net debt/EBITDA (x)	0.6	0.5	0.2	-0.1
CF from operations/net debt	143.2	131.6	331.1	
Per share data (TRY)				
EPS Rep (fully diluted)	0.82	1.22	1.31	1.45
HSBC EPS (fully diluted)	0.82	1.22	1.31	1.45
DPS	0.57	0.58	0.86	0.92
Book value	5.16	5.80	6.25	6.79

Valuation data

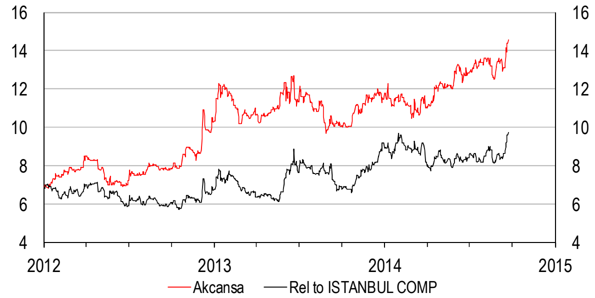
Year to	12/2013a	12/2014e	12/2015e	12/2016e
EV/sales	2.3	2.0	1.8	1.6
EV/EBITDA	10.4	7.5	6.8	6.1
EV/IC	2.6	2.4	2.3	2.2
PE*	17.6	11.9	11.1	10.0
P/Book value	2.8	2.5	2.3	2.1
FCF yield (%)	3.4	2.4	7.6	8.8
Dividend yield (%)	3.9	4.0	5.9	6.3

Note: * = Based on HSBC EPS (fully diluted)

Issuer information

Share price	(TRY)14.55	Target price	(TRY)16.00
Reuters (Equity)	AKCNS.IS	Bloomberg (Equity)	AKCNS TI
Market cap (USDm)	1,240	Market cap (TRYm)	2,786
Free float (%)	20	Enterprise value (TRYm)	2778
Country	Turkey	Sector	Construction Materials
Analyst	Patrick Gaffney	Contact	+966 1 299 2100

Price relative



Source: HSBC

Note: price at close of 22 Sep 2014

Cimsa

- Strong sales in 1H2014, although not too far above our estimates
- EBITDA margin improvement has been very strong, though
- Remain OW but raise TP to TRY17.8 from TRY15.0

Margin improvement driving outperformance

As with Cimsa, demand in 1H14 has been stronger than we had expected, although we have raised our revenue estimates for Cimsa by much less than for Akcansa given that Cimsa is already close to capacity and is a lesser beneficiary of Marmara demand. However, we have seen significant margin improvement at Cimsa, helped by higher prices (up around 10%) and flat to falling energy prices. With energy being one of the main drivers of disappointing margins over the past few years, this reversal/stability has resulted in a major improvement. We expect this to continue for some time, and have raised our EBITDA margins in future years as well due to our belief that energy prices (coke, fuel and electricity) will grow slower than price increases.

Cimsa announced that they have signed a share purchase agreement with owners of Sancim Cimento (unlisted) for USD221m. Sancim has 1.1m tonnes pa clinker and 1.4m tonnes pa cement production capacity and has become operational in 2010. The acquisition price implies USD200/t on current EV/clinker (and USD157/t of cement) which is at 25% premium to sector average of USD160/t (Cimsa trades at USD148/t) and construction cost of USD150/t.

We believe the premium to market is justified given the young age and location of the plant, but accretion will be relatively low given the premium price. The addition of Sancim Cimento will increase Cimsa's clinker capacity to 6.6m tonnes and grinding capacity to 8.4m tonnes. Sancim plant is located in Marmara close to Cimsa's Eskisehir plant, which will allow the company to tap into the lucrative Marmara market as well as improve synergies with existing Eskisehir plant. Acquisition is subject to the approval of the Competition Board. We have not included the acquisition in our numbers at this time.

Changes to estimates

We have revised our model to take into account the 1H2014 results. We have also raised our revenue figures to reflect our belief that domestic demand will continue to more than offset weak export demand. Overall, we look for 13% growth in revenues this year (up from 10%), helped by higher prices and some volume increases. Our EBITDA margin estimate rises to 27% (from 24%) on higher prices and a smaller increase in energy costs. Overall, our revenues increase by 3% in 2014 but EBITDA jumps 17% and net income a higher 23% compared to our old estimates. We see similar trends in 2015 and 2016.

HSBC

Changes to estimates

TRYm	2013a Actual	2014e Old	2014e New	2014e Change	2015e Old	2015e New	2015e Change	2016e Old	2016e New	2016e Change
Net Sales	953.7	1,051.3	1,078.9	3%	1,135.9	1,172.1	3%	1,234.0	1,273.8	3%
EBITDA	234.1	248.9	291.9	17%	272.2	311.9	15%	291.3	334.5	15%
EBITDA margin	25%	24%	27%		24%	27%		24%	26%	
Net profit	302.3	151.6	186.7	23%	168.8	195.2	16%	184.4	213.8	16%
Net margin	32%	14%	17%		15%	17%		15%	17%	

Source: Company data, HSBC estimates

Valuation and risks

We use a blend of DCF, EV/tonne and peer multiple comparisons to value Cimsa. Our DCF assumptions are: a 8.5% RfR (from 9.5% on lower long-term interest rates), a 5.5% ERP and a 0.8 beta, leading to a 11.7% (from 12.4%) WACC. We assume a 2% terminal growth rate (unchanged). Our DCF model leads to a rise in our valuation to TRY18.4 per share (from TRY15.1) due to higher long-term estimates.

Cimsa is trading at an EV/tonne of USD127, which is above the domestic average of USD110/t. We apply the domestic average of USD110/t to Cimsa's capacity of 7m tons, resulting in a valuation of TRY12.6 per share, from TRY10.9 due to a higher comparable multiple of USD100/t.

On the multiples front, Cimsa is currently trading at a 2014e PE of 10.7x and a 2015e PE of 10.2x, which is at significant discount to the global peer average of 19.1x and 14.5x, respectively. The company is trading at a 2014e EV/EBITDA of 6.6x and a 2015e EV/EBITDA of 6.0x compared with global peer averages of 9.9x and 8.6x, respectively. We applying these peer multiples for both EV/EBITDA and P/E for each of 2014e and 2015e to reach an average of the four values. This leads to a valuation of TRY22.4 per share (from TRY18.9). As with EV/t above, the peer multiples have risen since our last note.

Taking the average of the three methodologies, we arrive at our new target price of TRY17.8 per share (TRY15.0 before).

Under our research model, for stocks without a volatility indicator, the Neutral band is 5ppts above and below the hurdle rate for Turkish stocks of 12.5%. Our target price implies a potential return of 20%, which is above the Neutral band; therefore, we maintain Overweight rating. Potential return equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated.

Risks

We see the key downside risk for Cimsa as a slowdown in Turkish construction activity. A sharp increase in costs could also put pressure on margins and would be a downside risk.

Financials & valuation: Cimsa

Overweight

Financial statements

Year to	12/2013a	12/2014e	12/2015e	12/2016e
Profit & loss summary (TRYm)				
Revenue	954	1,079	1,172	1,274
EBITDA	234	292	312	335
Depreciation & amortisation	-55	-55	-57	-58
Operating profit/EBIT	179	237	255	276
Net interest	-23	-8	-16	-14
PBT	340	229	239	262
HSBC PBT	340	229	239	262
Taxation	-38	-41	-43	-47
Net profit	302	187	195	214
HSBC net profit	302	187	195	214
Cash flow summary (TRYm)				
Cash flow from operations	-230	-326	-381	-459
Capex	-70	-40	-40	-40
Cash flow from investment	-70	-40	-40	-40
Dividends	-99	-156	-168	-176
Change in net debt	-266	35	-33	-32
FCF equity	-362	-415	-479	-561
Balance sheet summary (TRYm)				
Intangible fixed assets	169	168	167	167
Tangible fixed assets	729	715	700	683
Current assets	370	515	578	644
Cash & others	40	150	183	215
Total assets	1,440	1,579	1,626	1,675
Operating liabilities	142	103	121	129
Gross debt	123	268	268	268
Net debt	83	118	85	53
Shareholders funds	1,081	1,112	1,139	1,177
Invested capital	1,086	1,145	1,142	1,149

Ratio, growth and per share analysis

Year to	12/2013a	12/2014e	12/2015e	12/2016e
Y-o-y % change				
Revenue	11.3	13.1	8.6	8.7
EBITDA	11.8	24.7	6.8	7.3
Operating profit	9.5	31.8	7.9	8.3
PBT	145.5	-32.7	4.5	9.6
HSBC EPS	162.1	-38.2	4.5	9.6
Ratios (%)				
Revenue/IC (x)	0.9	1.0	1.0	1.1
ROIC	15.1	17.4	18.3	19.8
ROE	29.2	17.0	17.3	18.5
ROA	21.5	13.5	13.5	14.3
EBITDA margin	24.5	27.1	26.6	26.3
Operating profit margin	18.8	21.9	21.8	21.7
EBITDA/net interest (x)	10.0	38.0	19.6	23.4
Net debt/equity	7.4	10.2	7.2	4.3
Net debt/EBITDA (x)	0.4	0.4	0.3	0.2
CF from operations/net debt				
Per share data (TRY)				
EPS Rep (fully diluted)	2.24	1.38	1.44	1.58
HSBC EPS (fully diluted)	2.24	1.38	1.44	1.58
DPS	0.73	1.15	1.24	1.30
Book value	8.00	8.23	8.43	8.71

Valuation data

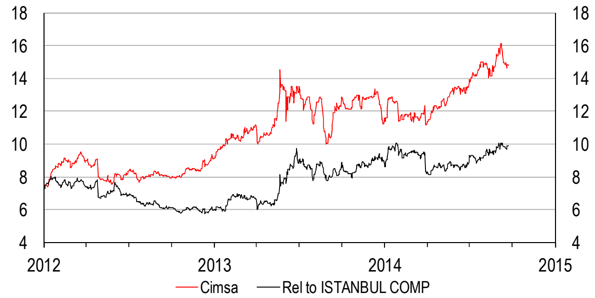
Year to	12/2013a	12/2014e	12/2015e	12/2016e
EV/sales	2.0	1.8	1.6	1.5
EV/EBITDA	8.2	6.6	6.1	5.6
EV/IC	1.8	1.7	1.7	1.6
PE*	6.6	10.7	10.2	9.4
P/Book value	1.8	1.8	1.8	1.7
FCF yield (%)	-19.8	-22.8	-26.4	-30.8
Dividend yield (%)	4.9	7.8	8.4	8.8

Note: * = Based on HSBC EPS (fully diluted)

Issuer information

Share price	(TRY)14.80	Target price	(TRY)17.80
Reuters (Equity)	CIMSA.IS	Bloomberg (Equity)	CIMSA TI
Market cap (USDm)	890	Market cap (TRYm)	1,999
Free float (%)	27	Enterprise value (TRYm)	1936
Country	Turkey	Sector	CONSTRUCTION MATERIALS
Analyst	Patrick Gaffney	Contact	+966 1 299 2100

Price relative



Source: HSBC

Note: price at close of 22 Sep 2014

Disclosure appendix

Analyst Certification

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Rating definitions for long-term investment opportunities

Stock ratings

HSBC assigns ratings to its stocks in this sector on the following basis:

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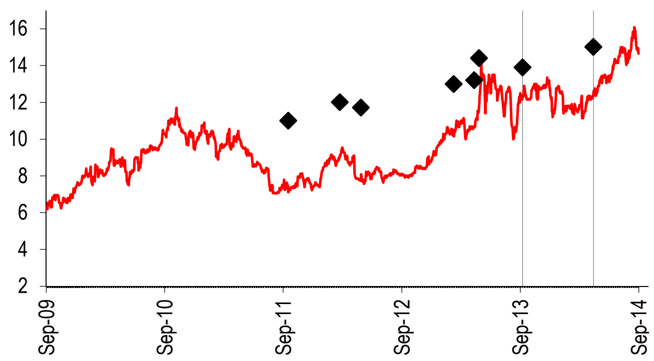
Rating distribution for long-term investment opportunities

As of 19 September 2014, the distribution of all ratings published is as follows:

Overweight (Buy)	44%	(30% of these provided with Investment Banking Services)
Neutral (Hold)	38%	(29% of these provided with Investment Banking Services)
Underweight (Sell)	18%	(21% of these provided with Investment Banking Services)

Share price and rating changes for long-term investment opportunities

Cimsa (CIMSA.IS) Share Price performance TRY Vs HSBC rating history



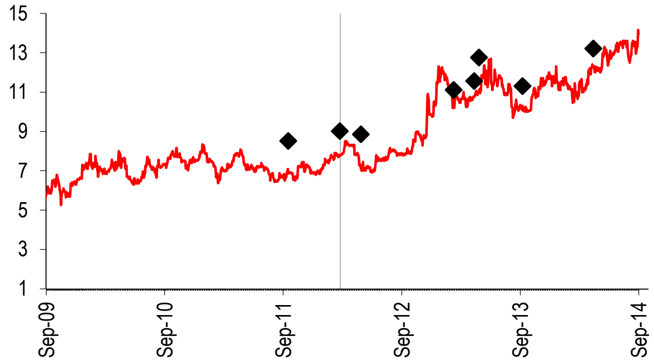
Source: HSBC

Recommendation & price target history

From	To	Date
Overweight	Neutral	26 September 2013
Neutral	Overweight	02 May 2014
Target Price	**Value**	**Date**
Price 1	11.00	05 October 2011
Price 2	12.00	12 March 2012
Price 3	11.70	16 May 2012
Price 4	13.00	26 February 2013
Price 5	13.20	30 April 2013
Price 6	14.40	15 May 2013
Price 7	13.90	26 September 2013
Price 8	15.00	02 May 2014

Source: HSBC

Akcansa (AKCNS.IS) Share Price performance TRY Vs HSBC rating history



Source: HSBC

Recommendation & price target history

From	To	Date
Overweight	Neutral	12 March 2012
Target Price	**Value**	**Date**
Price 1	8.50	05 October 2011
Price 2	9.00	12 March 2012
Price 3	8.85	16 May 2012
Price 4	11.10	26 February 2013
Price 5	11.55	30 April 2013
Price 6	12.75	15 May 2013
Price 7	11.30	26 September 2013
Price 8	13.20	02 May 2014

Source: HSBC

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