

2018 Dividend Watch

c.36% YoY increase in gross dividends

BIST has begun to distribute dividends as of March 21. We calculate that during 2018 c.TRY21.6bn gross dividends will be distributed by our coverage companies, c.36% higher than the previous year's TRY15.9bn. The remarkable YoY increase in gross dividends is mainly driven by high profitability of FY17. We only expect TUPRS to deliver above 10% dividend yield in 2018, while DOAS, EREGL, TTRAK, EKGYO and TOASO are the candidates that are to generate gross yields between 5 to 10%. Among those, it should also be noted that TUPRS and EREGL are within our most preferred stocks for 1H18. Separately, considering banks in our coverage, ISCTR (4.04%), AKBNK (3.93%) and GARAN (3.73%) should generate the highest yields in 2018.

Support from dividends highly likely in 1H18

As the 4Q17 earnings season has just ended, the proposed dividends figures have started to materialize following the General Assemblies. Accordingly, based on the current prices, from our coverage universe we only expect TUPRS to deliver above 10% dividend yield in 2018, while DOAS, TTRAK, EREGL, EKGYO and TOASO are the candidates that are to generate gross yields between 5 to 10%. Among those, it should also be noted that TUPRS and EREGL are within our most preferred stocks for 1H18. The companies that are expected to distribute dividends in our coverage are tabulated in Table 1. We believe dividend payments should provide some support in 1H18's volatile market conditions for stocks that have a dividend yield above 5%.

Most of the dividends should yield between 2 to 4%

c.73% of stocks in our coverage universe have either announced or are expected to pay dividends in 2018. Among these stocks i) 10% should yield higher than 7%, ii) 15% should yield 4 to 7%, iii) 41% should yield 2 to 4% and iv) 7% should yield lower than 2% at current price levels. Also, c.77% of dividend paying stocks in our coverage have announced gross dividend amount and payment date. For the remainder, we use previous year ex-dates as a guideline for 2018. According to our study, most of the dividends should be distributed by the end of April, based on announced and expected dividend payment dates.

Coverage banks pay-out ratio at c.18%

For our banking sector coverage, all of the banks except HALKB and VAKBN have announced gross dividend to be paid from FY17 earnings. The materialized dividend figures indicate c.22% pay-out ratio on average for AKBNK, ALBRK, GARAN, ISCTR, TSKB and YKBNK (no dividend). However, due to our relatively lower pay-out expectation for state banks, the coverage banks' pay-out figures should materialize at c.18%. Coverage banks NI have increased by c.26% YoY in FY17. In tandem, we expect c.41% increase in gross dividends, mainly on the back of up-lifted pay-out policies and high profitability. Among banks in our coverage ISCTR (4.04%), AKBNK (3.93%) and GARAN (3.73%) should generate the highest yields in 2018.

2018E dividend yield of 7 to 12%

Ticker	Gross Div Yield	DPS (TRY)	Ex-Date
TUPRS	11.50%	13.60	**4th week of March
DOAS	8.07%	0.65	***1st week of April
TTRAK	7.60%	5.62	**3rd week of March
EREGL	7.56%	0.84	*1st week of April

2018E dividend yield of 4 to 7%

Ticker	Gross Div Yield	DPS (TRY)	Ex-Date
EKGYO	6.91%	0.18	**3rd week of April
TOASO	5.90%	1.60	**3rd week of March
SODA	4.76%	0.25	**4th week of May
TAVHL	4.51%	1.12	**4th week of March
PETKM	4.46%	0.36	*1st week of May
ISCTR	4.04%	0.29	**1st week of April

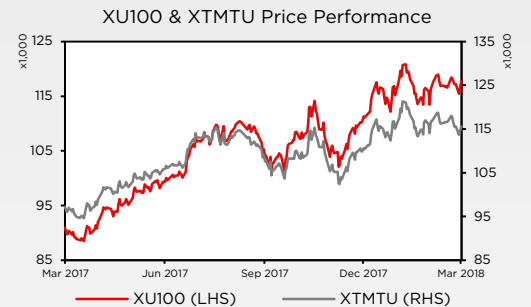
2018E dividend yield of 3 to 4%

Ticker	Gross Div Yield	DPS (TRY)	Ex-Date
AKBNK	3.93%	0.40	**4th week of March
GARAN	3.73%	0.42	**3rd week of April
FROTO	3.67%	2.28	*1st week of April
TCELL	3.66%	0.56	*2nd week of June
ENKAI	3.63%	0.20	*2nd week of April
TKFEN	3.59%	0.63	**1st week of April
ARCLK	3.46%	0.64	**3rd week of March
HALKB	3.20%	0.30	*1st week of June
ALBRK	3.18%	0.05	**1st week of April
TRKCM	3.05%	0.15	**4th week of May

* 2017 distribution date as a guideline for 2018

** Announced dividend distribution date

*** No dividend distribution in 2017. Given dates are our estimates



All share price data as at close on 21-Mar-2018.

Source: Global Securities, Company Data

Performance (XTMTU)	1M	3M	6M	12M
Absolute	-1%	5%	7%	19%
Relative \$	-2%	-1%	-5%	-8%

Research Director

Sertan Kargin
+90 850 201 94 48
sertank@global.com.tr
Global Securities

Analyst

Kerem Mimaroglu
+90 850 201 94 84
keremm@global.com.tr
Global Securities

Utku Uygur, Ph. D.
+90 850 201 94 89
utkuu@global.com.tr
Global Securities

Evren Gezer
+90 850 201 94 82
evreng@global.com.tr
Global Securities

Cem Unal
+90 850 201 94 49
cemu@global.com.tr
Global Securities

Research contact for general inquiry

+90 212 244 55 66
research@global.com.tr
www.global.com.tr

Yesilce Mah. Eski Buyukdere Cad.
No: 65 Kat: 1 34418 Istanbul Turkey
Global Menkul Degerler

Table 1 Estimated (or Announced) 2018E DPS figures for stocks in our coverage

#	Ticker†	Fair value (TRY)	Last price (TRY)	Rating	2018E Dividend Yield	2018E Gross Div (TRYmn)	2018E DPS (TRY)	Expected (or Announced) dividend Ex-date	2018E P/E	2018E EV/EBITDA	2018E P/BV
1	TUPRS	150.20	113.20	Hold	11.50%	3,406	13.60	4th week of March**	7.01	5.68	2.22
2	DOAS	9.80	8.81	Hold	8.07%	143	0.65	1st week of April***	8.04	10.09	1.76
3	TTRAK	84.66	78.50	Hold	7.60%	300	5.62	3rd week of March**	8.65	6.48	1.95
4	EREGL	11.91	10.23	Buy	7.56%	2,940	0.84	1st week of April	11.14	6.35	2.04
5	EKGYO	2.94	2.46	Hold	6.91%	667	0.18	3rd week of April**	4.73	5.12	0.70
6	TOASO	25.83	30.60	Hold	5.90%	800	1.60	3rd week of March**	12.04	8.58	3.29
7	SODA	6.00	4.95	Buy	4.76%	225	0.25	4th week of May**	6.79	5.48	1.28
8	TAVHL	22.90	22.68	Hold	4.51%	406	1.12	4th week of March**	8.45	5.73	1.75
9	PETKM	9.10	7.88	Buy	4.46%	540	0.36	1st week of May**	8.03	6.74	2.87
10	ISCTR	8.00	7.39	Hold	4.04%	1,327	0.29	1st week of April**	5.66	n.a.	0.70
11	AKBNK	11.75	10.42	Buy	3.93%	1,600	0.40	4th week of March**	6.25	n.a.	0.92
12	GARAN	13.30	11.68	Buy	3.73%	1,750	0.42	3rd week of April**	6.79	n.a.	1.05
13	FROTO	61.53	58.40	Hold	3.67%	800	2.28	1st week of April*	13.79	9.36	5.23
14	TCELL	17.54	15.37	Buy	3.66%	1,240	0.56	2nd week of June*	14.17	5.73	1.60
15	ENKAI	6.05	5.57	Hold	3.63%	901	0.20	2nd week of April*	12.52	4.71	1.18
16	TKFEN	19.54	17.83	Buy	3.59%	233	0.63	1st week of April**	11.34	4.30	2.04
17	ARCLK	21.45	19.00	Hold	3.46%	435	0.64	3rd week of March**	8.10	6.29	1.76
18	HALKB	13.75	9.69	Hold	3.20%	373	0.30	1st week of June	2.92	n.a.	0.42
19	ALBRK	1.50	1.57	Hold	3.18%	45	0.05	1st week of April**	4.66	n.a.	0.53
20	TRKCM	5.50	4.64	Buy	3.05%	170	0.15	4th week of May**	7.91	6.43	1.27
21	SAHOL	12.05	10.51	Buy	2.84%	612	0.30	1st week of April**	6.25	n.a.	0.79
22	SISE	5.41	4.86	Buy	2.57%	300	0.13	4th week of May**	14.62	n.a.	2.13
23	BIMAS	70.20	74.05	Hold	2.55%	577	1.90	1st week of June*	21.78	14.03	7.83
24	TSKB	1.85	1.62	Buy	2.52%	96	0.04	3rd week of March**	5.71	n.a.	0.96
25	ULKER	24.00	22.60	Buy	2.16%	172	0.50	1st week of April	18.02	12.94	3.60
26	CCOLA	43.00	32.46	Buy	2.09%	200	0.79	3rd week of May**	14.13	6.88	3.16
27	KCHOL	19.28	17.59	Buy	2.06%	876	0.96	1st week of April**	8.23	n.a.	1.35
28	TRGYO	3.56	3.06	Hold	1.94%	57	0.06	1st week of June	2.28	12.53	0.43
29	AEFES	29.10	25.90	Buy	1.59%	250	0.24	4th week of May**	31.14	7.95	1.65
30	VAKBN	8.00	7.13	Buy	1.09%	188	0.08	1st week of June	4.25	n.a.	0.69
31	ZOREN	2.33	2.02	Buy	0.00%	0	0.00	No dividends	22.43	10.07	3.62
32	YATAS	35.54	24.00	Buy	0.00%	0	0.00	No dividends	10.24	6.25	3.75
33	TTKOM	7.01	6.19	Hold	0.00%	0	0.00	No dividends	17.20	3.31	3.43
34	THYAO	15.80	17.18	Hold	0.00%	0	0.00	No dividends	7.97	8.43	0.99
35	PGSUS	37.00	34.72	Hold	0.00%	0	0.00	No dividends	75.89	15.88	2.18
36	MGROS	35.20	24.02	Buy	0.00%	0	0.00	No dividends	63.45	6.64	4.11
37	GUBRF	4.03	4.44	Reduce	0.00%	0	0.00	No dividends	16.13	6.02	1.22
38	DGKLB	4.54	3.10	Buy	0.00%	0	0.00	No dividends	13.95	6.24	7.08
39	BIZIM	N/A	7.19	U/R	0.00%	0	0.00	No dividends	14.18	3.32	2.12
40	BAGFS	8.56	9.63	Reduce	0.00%	0	0.00	No dividends	10.41	11.51	0.69
41	YKBNK	4.75	4.82	Hold	0.00%	0	0.00	No dividends	5.26	n.a.	0.63

* All data are per 21.03.18 closing. * Dividends to be distributed in multi tranches ** Announced dividend amount & distribution date *** Analyst expectation

Source: Global Securities, Company Data

Date of completion of this report: 23.03.2018 09:50 UTC+3

Date of email-distribution of this report: 23.03.2018 09:55 UTC+3

Explanation of Rating System

12-MONTH RATING DEFINITION

BUY: Buy stocks are expected to have a total return of at least 15% and are the most attractive stocks in our coverage universe on a 12-month horizon.

HOLD: Hold stocks are expected to deliver a positive total return of up to 15% within a 12-month period.

REDUCE: Reduce stocks are expected to achieve a negative total return up to -10% within a 12-month period.

SELL: Sell stocks are expected to post a negative total return of more than -10% within a 12-month period.

ANALYST CERTIFICATION

We, Sertan Kargin, Kerem Mimaroglu, Evren Gezer, Utku Uygur and Cem Unal, hereby certify that the views expressed in this research report accurately reflect our personal views about the market and, in conjunction with the named analysts, the subject securities and issuers. We also certify that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

IMPORTANT DISCLOSURE INFORMATION

This material was produced by Global Menkul Değerler A.Ş. ("GMD") or its Affiliates, solely for information purposes and for the use of the recipient. It is not to be reproduced under any circumstances and is not to be copied or made available to any person other than the recipient. It is distributed in the world by GMD or an authorised affiliate of GMD (such entities and any other entity, directly or indirectly, controlled by GMD, the "Affiliates"). This document does not constitute an offer of, or an invitation by or on behalf of GMD or its Affiliates or any other company to any person, to buy or sell any security. The information contained herein has been obtained from published information and other sources which GMD or its Affiliates consider to be reliable. None of GMD or its Affiliates accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document.

Emerging securities markets may be subject to risks significantly higher than more established markets. In particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. By accepting this document, you agree to be bound by all the foregoing provisions.

GMD or its Affiliates have not recently been the beneficial owners of 1% or more of the securities mentioned in this report; GMD or its affiliates have not managed or co-managed a public offering of these securities, or received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months. However, one or more of GMD or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon either on their own account or on behalf of their clients. GMD or its Affiliates may, to the extent permitted by law, act upon or use the above material or the conclusions stated above or the research or analysis on which they are based before the material is published to recipients and from time to time provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.



Special additional Regulations for the United States of America:

This report and any recommendation (including any opinion, projection, forecast or estimate; hereinafter referred to as "Report" or "Document") contained herein have been prepared by Global Menkul Değerler A.Ş. or any of its affiliated companies (Global Menkul Değerler A.Ş shall hereinafter be referred to as "GMD") and are distributed in the United States by RB International Markets (USA) LLC ("RBIM"), a broker-dealer registered with FINRA® and Raiffeisen Centrobank AG (a non-US affiliate of RBIM). This Report constitutes the current judgment of the author as of the date of this Report and is subject to change without notice. GMD and/or its employees have no obligation to update, modify or amend or otherwise notify a recipient of this Report if the information or recommendation stated herein changes or subsequently becomes inaccurate. The frequency of subsequent reports, if any, remains in the discretion of the author and GMD. This Report was prepared outside the United States by one or more analysts who may not have been subject to rules regarding the preparation of reports and the independence of research analysts comparable to those in effect in the United States. The analyst or analysts who prepared this research Report (i) are not registered or qualified as research analysts with the Financial Industry Regulatory Authority ("FINRA") in the United States, and (ii) are not allowed to be associated persons of RBIM and are therefore not subject to FINRA regulations, including regulations related to the conduct or independence of research analysts.

GMD's Rating and Risk Classification System (please consider the definition given before)

This Report does not constitute an offer to purchase or sell securities and neither shall this Report nor anything contained herein form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. The information contained herein is not a complete analysis of every material fact regarding the respective company, industry or security. This Report may contain forward-looking statements, which involve risks and uncertainties, does not guarantee future performances whatsoever and is, accordingly, subject to change. Though the information and opinions contained in this Report are based on sources believed to be reliable, neither GMD nor Raiffeisen Centrobank AG nor RBIM has independently verified the facts, assumptions and estimates contained in this report. Accordingly, no representation or warranty, expressed or implied, is made to, and reliance should not be placed on, the fairness, accuracy, completeness or correctness of the information and opinions contained in this Report. Although the opinions and estimates stated reflect the current judgment of Raiffeisen Centrobank AG and RBIM, opinions and estimates are subject to change without notice. This Report is being furnished to you for informational purposes only and investors should consider this Report as only a single factor in making their investment decision. Investors must make their own determination of the appropriateness of an investment in any securities referred to in this Report based on the tax, or other considerations applicable to such investor and its own investment strategy.

Investment Risks

Investments in securities generally involve various and numerous risks and may even result in the complete loss of the invested capital. This Report does not take into account the investment objectives, financial situation or particular needs of any specific client of RBIM. Before making an investment decision on the basis of this Report, the recipients of this Report should consider whether this Report or any information contained herein are appropriate or suitable with regard to their own investment needs, objectives and suitability. Any recommendation contained in this Report may not be suitable for all investors. Past performance of securities and other financial instruments are not indicative of future performance. RBIM can be neither a price guarantor nor an insurer of market conditions.

This Report may cover numerous securities, some of which may not be qualified for sale in certain states and may therefore not be offered to investors in such states. This Document should not be construed as providing investment advice. Investing in non-U.S. securities, including ADRs, involves significant risks such as fluctuation of exchange rates that may have adverse effects on the value or price of income derived from the security. Securities of some foreign companies may be less liquid and prices more volatile than securities of U.S. companies. Securities of non-U.S. issuers may not be registered with or subject to Securities and Exchange Commission reporting requirements; therefore, information regarding such issuers may be limited. Securities which are not registered in the United States may not be offered or sold, directly or indirectly, within the United States or to U.S. persons (within the meaning of Regulation S under the Securities Act of 1933 [the "Securities Act"]), except pursuant to an exemption under the Securities Act. This Report and the contents therein are the copyright product, and property of, RBIM or Raiffeisen Centrobank AG. It is intended solely for those to whom RBIM directly distributes this Report. Any reproduction, republication dissemination, and/or other use of this Report by any recipient of it, or by any third party, without the express written consent of RBIM, is strictly prohibited.



U.S. persons receiving the research and wishing to effect any transactions in any security discussed in the Report should do so through RBIM, and not the issuer of the research. RBIM can be reached at 1133 Avenue of the Americas, 16th Floor, New York, NY 10036, 212-600-2588.

GMD is a stock corporation, incorporated under the laws of the Republic of Turkey and, headquartered at Yesilce Mah. Eski Buyukdere Cad. No: 65 Kat: 1 34418 Istanbul, Turkey, with a share capital of 40.000.000,00-TL, registered at Istanbul Trade Registry. Global Menkul Değerler A.Ş “Global Securities” is a leading financial services firm and an investment bank in Turkey established in 1990, providing a full range of corporate finance advisory, sales & trading, and equity research services with 142 people in its offices throughout Turkey. The shares of Global are listed on Borsa Istanbul.

Responsible supervisory authorities of GMD:

Capital Markets Board (CMB)

Disclosure Aspects

The following disclosures apply to the security when stated under the applicable disclosures section

(Global Menkul Değerler A.Ş hereinafter referred to as “GMD”):

- 1. GMD, or an affiliate, has acted as manager, co-manager, or underwriting participant of a public offering for this company in the past 12 months.*
- 2. GMD or an affiliate, has performed investment banking, capital markets, or other comparable services for this company or its officers in the past 12 months.*
- 3. GMD, or an affiliate, expects to receive or intends to seek compensation for investment banking services from the subject company in the next 3 months.*
- 4. Securities, or derivatives thereof, of this company are owned either directly by the securities analyst or an affiliate, covering the stock, or a member of his/her team, or indirectly by the household family members.*
- 5. An officer, or a household family member of an officer, of GMD or an affiliate, is a director or an officer of the company.*
- 6. GMD, or an affiliate, beneficially owns 1% or more of any class of this company(ies) common equity.*

Applicable disclosures No Disclosure

© 2018 Global Menkul Değerler A.Ş.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior consent of Global Menkul Değerler A.Ş.

