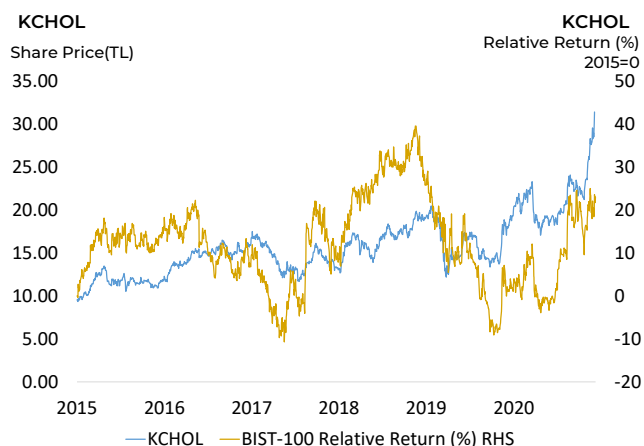


8 December 2021

Stock Data

	Holding
Sector	KCHOL TI
Bloomberg Ticker	32.46
Last Price (TL) (09.08.2021)	32.46
52-week price range (TL)	16.7 - 32.46
Market Cap (TL mn)	82,315
Market Cap (USD mn)	6,023
Floating Market Cap (TL mn)	18,109
Floating Market Cap (USD mn)	1,325
No. of shares (mn)	2,536
Free Float (%)	22
EV (TL mn)	560,586
EV (USD mn)	41,018
Net Debt (TL mn)	478,271
Net Debt (USD mn)	34,995
Avg. Volume (3m TL mn)	422.1
Avg. Volume (3m USD mn)	41.1
Avg. Volume (3m TL mn)/MCAP (%)	0.5
Avg. Volume (3m TL mn)/Free Float MCAP (%)	2.3
Avg. Price (3m TL)	24.6



Volume	1w	1m	3m
Average Daily Volume (mn share)	19.0	23.2	16.6
Average Daily Volume (TL mn)	577.9	657.9	422.1
Average Daily Volume (USD mn)	42.7	57.4	41.1
Average Daily Price (TL)	30.9	28.4	24.6

Stock Performance	1w	1m	3m
KCHOL Return (%)	11	25	45
BIST-100 Return (%)	7	23	36
KCHOL Relative Return (%)	4	2	6

Financials	2019	2020	2021/2Q	2020/3Q	2021/3Q
Net Sales (TL mn)	152,907	142,536	59,216	40,227	73,751
Income from Other Operations (TL mn)	21,585	44,331	15,329	13,854	18,182
Operating Profit (TL mn)	7,471	13,865	7,228	5,461	9,657
EBITDA (TL mn)	10,696	25,393	9,266	9,016	11,590
Net Financial Expenses (TL mn)	-4,926	-6,566	-1,835	-1,806	-2,532
Net Earnings (TL mn)	4,391	9,273	3,198	2,305	4,106
Total Financial Debt (TL mn)	60,296	458,978	535,887	468,369	556,622
ST Debt (TL mn)	21,286	345,826	409,242	352,741	428,660
LT Debt (TL mn)	39,010	113,153	126,645	115,628	127,962
Net Financial Debt (TL mn)	22,480	392,491	456,052	407,628	478,271

Source: Equity RT

TL 39.50 Price Target With 22% Return

With its four key subsidiaries -Ford Otosan, Arcelik, Tofas and Tupras- listed among Top Ten with 7% share in Turkey's total exports, Koc Holding fits local buyers focus on seeking exposure to companies that stand to benefit from upgrade in trade outlook. 50% of Holding's revenues are from international, exports and FX revenue linked businesses. The positive impact of TL weakness on financial performances of the said subsidiaries has reflected on the share prices, with weighted average market capitalization of all listed assets rising 66% year-to-date, whereas parent Koc Holding lagged with 48% increase during the same period. We expect the parent to close the gap, which has increased since September on the back of energy price and exchange rate movements, resulting in subsidiary share prices reaching over consensus targets. We expect the 37% discount to current NAV (calculated from Mcaps of listed subs and unlisted portfolio as of 6 December) to converge towards the three-year average of 23% (TL 96bn). Taking into account the Holding only cash reserves, we set our target Mcap as TL100bn or TL39.50/share. Koc Holding has announced a TL700m share buyback plan in July and has only bought TL19m worth of shares (0.0351% of capital) so far.

Valuation	2019	2020	2021/2Q	2020/3Q	Current
P/E	11.7	5.8	4.6	4.7	6.9
P/BV	1.4	1.2	0.9	0.9	1.5
F/Sales	0.3	0.4	0.2	0.3	0.4
EV/EBITDA	6.9	17.6	14.9	21.3	15.4

Profitability	2019	2020	2021/2Q	2020/3Q	2021/3Q
Gross Margin (%)	14.1	31.1	25.9	34.4	24.7
EBITDA Margin (%)	7.0	17.8	15.6	22.4	15.7
Net Margin (%)	2.9	6.5	5.4	5.7	5.6
ROA (%) - TTM	3.1	1.8	1.6	1.9	1.7
ROE (%) - TTM	12.8	22.4	21.9	20.1	24.3

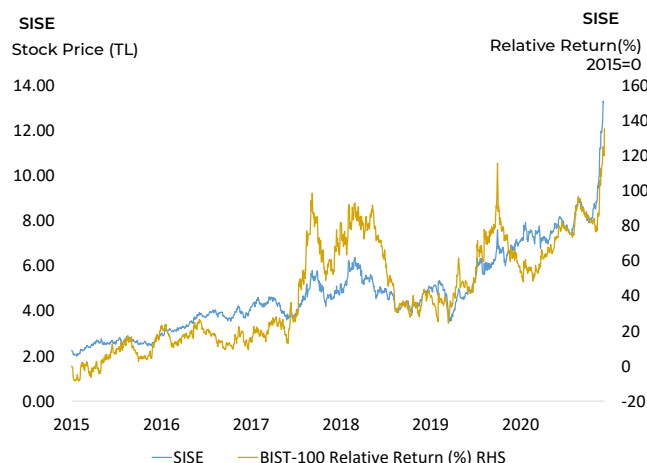
Financial Health	2019	2020	2021/2Q	2020/3Q	2021/3Q
Working Capital (TL mn)	-9,976	-10,091	-15,227	-17,341	-16,659
Debt/Equity (x)	2.05	6.15	6.60	6.52	6.45
Net Debt/EBITDA (x)	2.10	15.46	13.52	19.49	13.17
Total Equity (TL mn)	49,652	88,071	96,923	83,580	104,188

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Stock Data

Sector	Glass
Bloomberg Ticker	SISE TI
Last Price (TL) (09.08.2021)	14.67
52-week price range (TL)	6.31 - 14.67
Market Cap (TL mn)	44,937
Market Cap (USD mn)	3,288
Floating Market Cap (TL mn)	22,019
Floating Market Cap (USD mn)	1,611
No. of shares (mn)	3,063
Free Float (%)	49
EV (TL mn)	48,688
EV (USD mn)	3,563
Net Debt (TL mn)	3,751
Net Debt (USD mn)	274
Avg. Volume (3m TL mn)	1,060.5
Avg. Volume (3m USD mn)	100.7
Avg. Volume (3m TL mn)/MCAP (%)	2.4
Avg. Volume (3m TL mn)/Free Float MCAP (%)	4.8
Avg. Price (3m TL)	9.4



Volume	1w	1m	3m
Average Daily Volume (mn share)	193.4	161.3	105.8
Average Daily Volume (TL mn)	2,629.8	1,857.4	1,060.5
Average Daily Volume (USD mn)	193.3	158.4	100.7
Average Daily Price (TL)	13.5	11.4	9.4

Stock Performance	1w	1m	3m
SISE Return (%)	13	64	70
BIST-100 Return (%)	7	23	36
SISE Relative Return (%)	6	33	24

Financials	2019	2020	2021/2Q	2020/3Q	2021/3Q
Net Sales (TL mn)	18,059	21,341	7,091	5,798	8,236
Income from Other Operations (TL mn)	5,880	6,661	2,617	1,888	2,880
Operating Profit (TL mn)	2,831	3,246	1,505	1,099	1,435
EBITDA(TL mn)	3,831	4,405	1,855	1,267	1,986
Net Financial Expenses (TL mn)	-897	-1,083	14	-280	-117
Net Earnings (TL mn)	1,905	2,138	1,395	866	1,353
Total Financial Debt (TL mn)	15,846	17,142	18,311	18,346	18,554
ST Debt (TL mn)	5,251	4,651	5,428	4,905	5,160
LT Debt (TL mn)	10,595	12,492	12,883	13,441	13,394
Net Financial Debt (TL mn)	7,051	5,627	4,564	7,015	3,751

Source: Equity RT

TL 19.10 Price Target With 30% Return

In end-November, Sisecam has announced an USD4bn investment plan for soda ash production business in US jointly owned by the Ciner Group, to increase soda ash production capacity from 2.5m tons to 10m tons; and become world's largest producer by 2027. The Company has also raised its partnership stake to 60% by paying Ciner Group USD450m. Sisecam expects its stake adjusted EBITDA to increase by USD500-600m (c50%) on return from the US investment. We regard the announcement as positive, given the cost/carbon footprint advantages of the proprietary production method over synthetic. Moreover, soda ash expansion may pave the way for further investments in the core glass manufacturing business in the US market. In the meanwhile, the 400k tons p.a. in Turkey flat glass and 300k tons p.a. in Hungary glass packaging investments would further support the organic growth and profitability improvement in next three-year period. Taking into account the above developments and the positive impact of the recent surge in FX rates, we raise our Target Price from TL12.10 to TL19.10, implying 30% upside potential. Our revised 2022 revenue, analyst EBITDA and net income are TL48.8bn, TL11.2bn and TL7.9bn. 2002E EV/EBITDA and P/E are 3.8x and 6.0x.

Valuation	2019	2020	2021/2Q	2020/3Q	Current
P/E	6.2	10.5	5.4	8.5	9.3
P/BV	0.8	1.0	0.9	0.8	1.7
F/Sales	0.7	1.0	0.9	0.8	1.6
EV/EBITDA	4.9	6.4	4.7	6.1	7.2

Profitability	2019	2020	2021/2Q	2020/3Q	2021/3Q
Gross Margin (%)	32.6	31.2	36.9	32.6	35.0
EBITDA Margin (%)	21.2	20.6	26.2	21.8	24.1
Net Margin(%)	10.5	10.0	19.7	14.9	16.4
ROA (%) - TTM	5.6	5.1	9.6	4.8	10.1
ROE (%) - TTM	14.0	12.1	20.0	12.1	20.1

Financial Health	2019	2020	2021/2Q	2020/3Q	2021/3Q
Working Capital (TL mn)	-5,310	-6,088	-8,095	-6,658	-8,363
Debt/Equity (x)	1.03	0.97	0.93	1.02	0.90
Net Debt/EBITDA (x)	1.84	1.28	0.76	1.81	0.56
Total Equity (TL mn)	19,133	22,491	26,070	22,164	27,447

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