

Common	GLYHO TI
Recommendation	BUY
Last price	TRY1.87
Target price	TRY2.55
Upside	36%
Free float	54%
Market cap	\$131 mln
Enterprise value	TRY1,867 mln
ADT, 100 days	\$1.3 mln

Prices as of November 9, 2015

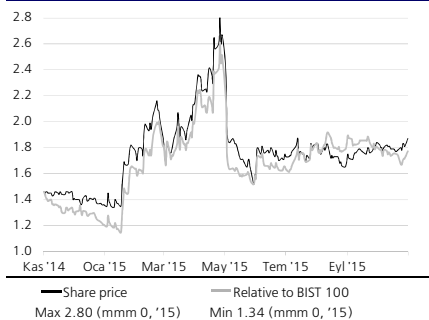
Key data

	2014	2015E	2016E	2017E
Financials (IFRS), TRY mln				
Revenues	354	491	611	715
EBITDA	80	157	229	271
EBIT	(15)	44	100	134
Net income	(73)	(73)	(11)	16
Adjusted EPS, TRY	(0.34)	(0.36)	(0.05)	0.08
Profitability				
EBITDA margin	23%	32%	37%	38%
EBIT margin	-4%	9%	16%	19%
Net margin	-21%	-15%	-2%	2%
Price ratios				
P/S	1.1	0.8	0.6	0.5
EV/EBITDA	22.2	11.9	7.8	6.1
P/E	neg	neg	neg	23.2
P/CF	5.7	neg	3.6	3.1
Growth				
Revenues	45%	39%	24%	17%
EBITDA	31%	97%	45%	19%
Adjusted EPS	-	-	-	-

Price performance, %

	1m	3m	6m	YTD
Common	1.6	2.7	-29.2	32.6
Relative to BIST 100	-1.9	-1.8	-27.4	38.6

Price performance, TRY



Source: Bloomberg, Deniz Invest Research

Global Investment Holdings

Value-Unlocking Deals to Follow Strong Results

Global Investment Holdings (GIH) arranged an analyst meeting yesterday. Our key observation is that the management is dedicating itself to unlocking the hidden value of Global Ports Holding (GPH), its 100% subsidiary. Having last week gotten approval from the Competition Board, the sale of a 10.8% stake in GPH to the EBRD is now about to be closed. The company continues to negotiate with other strategic and financial investors regarding selling a certain amount of parent shares as well. The IPO of GPH in international financial markets will be on the agenda next year after certain passenger targets are met with the acquisitions. The company also continues to grow in energy and real estate without any further cash injection requirement from the holding. The strong 3Q results also indicate that our 2015 and 2016 projections are achievable. Therefore, we maintain our BUY recommendation for the stock without any change in our target price of TRY2.55 per share, offering 36% upside potential.

■ **EBRD's stake purchase from GPH expected to be completed soon.** On September 28, GIH announced having agreed to sell the EBRD a 10.8% stake in GPH, approval for which has now been received from the Competition Board. We expect the transaction to be finalized soon. We expect the deal to be settled at an equity value of the previously abandoned IPO. The deal value of \$480 mln, the lowest level at which they would have carried out the IPO, has potential to increase total NAV of the conglomerate by 20%. Other than that, GIH is also continuing negotiations with certain strategic funds to sell another 5-15% stake of GPH, the proceeds from which will go to GIH.

■ **Proceedings from stake sale to EBRD to finance ports in the pipeline.** The company plans to complete the majority ownership of Dubrovnik, Valletta, Livorno and several other ports in Italy in the next 12 months, which will increase the GPH's combined passenger figure from 3.8 mln to 5.0-6.0 mln. We estimate a total acquisition and investment cost of around \$60-80 mln.

■ **IPO of Global Ports on LSE is slated for 2016-17.** After reaching the 5.0 mln passenger target, the company plans to re-initiate the IPO process for either GPH or a new entity that will spin-off from GPH that would encompass only cruise operations. We expect the IPO plans will be put on the table again starting from 2H16.

■ **Growth plans pursued in alternative arms of energy sector.** The company plans a partial exit (IPO and/or minority stake sale to strategic/financial investors) from the CNG business. In addition, the company targets to generate \$8-10 mln EBITDA from feldspar through its subsidiary Straton Maden and power sales through Tres Energy in the next year, which will help to cover opex at the holding level.

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- **We keep our target price unchanged with a BUY recommendation.** The company nearly tripled its 3Q EBITDA over last year (TRY67 mln versus TRY25 mln), thanks to the positive impact of the acquisition of Creuers (which owns majority stakes of ports in Barcelona and Malaga), 8% y-o-y like-for-like passenger growth, a tariff increase in both commercial and cruise ports as well as lira depreciation, 62% increase in CNG sales volume and 46% increase in feldspar volumes. The positive 3Q15 results indicate our 2015 and 2016 projections are achievable.

GIH NAV, \$ mln										
	Ticker	Stake	Current valuation method	Current Mcap	Current NAV	Weight	Target valuation method	Target Mcap	Target NAV	Weight
Port business										
Global Ports Holding										
		100.0%		332	332	97.4%	Peer Group : SOTP (50:50)	413	413	82.9%
		100.0%	n.a				Peer Group Comparison	414	414	
		100.0%	SOTP	332	332		SOTP	412	412	
		99.8%	Transaction value	436	435	65.8%	DCF	448	447	51.2%
		72.5%	Transaction value	134	97	14.7%	DCF	138	100	11.4%
		60.0%	Transaction value	11	7	1.0%	DCF	11	7	0.8%
		62.1%	Transaction value	34	21	3.2%	DCF	78	48	5.5%
		62.0%	Transaction value	136	84	12.7%	DCF	197	122	14.0%
		100.0%		-34	-34			-34	-34	
		100.0%		-278	-278			-278	-278	
Energy and mining										
Global energy										
		100.0%		-4	-4	-1.1%	SOTP-Net debt	59	59	11.8%
		80.0%	Transaction value	51	41	-1.0%	DCF	119	95	10.2%
		75.0%	Transaction value	8	6	-0.1%	DCF	19	14	1.5%
		100.0%		-50	-50			-50	-50	
Real estate										
					8	2.4%			22	4.4%
	PEGYO	47.8%	Current Mcap	12	6	1.7%	Current Mcap	12	6	1.1%
		100.0%	Transaction value	2	2	0.7%	Book value at 30% discount	16	16	3.3%
Financial										
		71.0%	Current Mcap	7	5	1.4%	Current Mcap	7	5	1.0%
Net cash										
Current NAV										
Current Mcap										
Discount to Current NAV										
Target NAV										
Target Mcap (after 50% discount)										
Target price, \$ per share										
Target price, TRY per share										
Current price, TRY per share										
Upside										

Source: Company, Deniz Invest Research

Analyst certification

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