

SODA SANAYI

HOLD

(Prev. HOLD)

3Q15: Operationally below estimates

▪ **EBITDA is 5% below consensus.** Soda Sanayi posted TRY162mn in 3Q15 net profit, above our TRY137mn estimate and TRY140mn consensus. However, the company's TRY113mn EBITDA was below estimates (YKYe: TRY126mn, consensus: TRY119mn). Beat on net profit stemmed from higher than expected FX gain.

▪ **Revenues up 21% yoy.** Soda ash revenues increased by 23% yoy, implying a high-single digit contraction in sales volume, given 5% price hike in 1Q15 and c.32% yoy TRY depreciation. On the other hand, chromium products revenues rose by 32% yoy in 3Q15, which we attribute to TRY depreciation, as volume contraction is likely to remain due to rising environmental concerns. Soda Sanayi's electricity revenues remained almost flat yoy. The company's TRY462mn 3Q15 top-line exceeded estimates (YKYe: TRY445mn, consensus: TRY454mn).

▪ **EBITDA margin is strong thanks to weaker TRY.** Soda Sanayi's 3Q15 EBITDA margin improved by 4.3pp yoy, mainly due to TRY depreciation, as the company benefits from TRY weakness thanks to its TRY-denominated cost base, with 62% share vs. 19% in revenues. 3Q15 EBITDA margin of 24.4% remained below our 28.3% estimate and consensus of 26.2%.

▪ **One-offs support bottom-line.** The company recorded TRY91mn net FX gain in 3Q15 (YKYe: TRY77mn).

▪ **Hold maintained.** 3Q15 results may cause limited negative impact on the share price. Fine tuning our estimates, we raise TP to TRY5.08 from TRY4.92. Considering 4% upside potential, we maintain our Hold rating for Soda Sanayi.

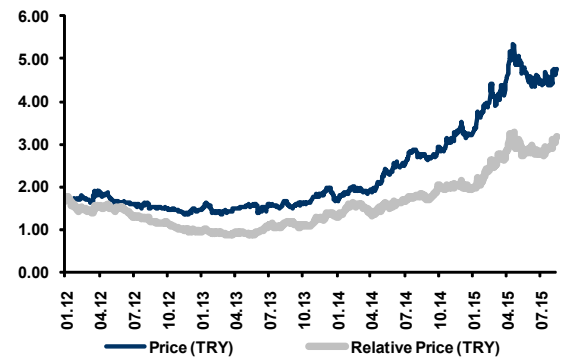
| TRYmn | 2012 | 2013 | 2014 | 2015E | 2016E |
|--------------------|-------|-------|-------|-------|-------|
| Sales | 1,182 | 1,404 | 1,607 | 1,776 | 1,873 |
| EBITDA | 207 | 257 | 352 | 434 | 399 |
| Net income | 132 | 206 | 384 | 479 | 345 |
| EPS reported (TRY) | 0.3 | 0.5 | 0.8 | 0.7 | 0.5 |
| DPS (TRY) | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 |
| P/E (x) | 7.2 | 5.4 | 8.8 | 7.0 | 9.8 |
| EV/EBITDA (x) | 2.1 | 2.3 | 8.1 | 6.6 | 7.1 |
| Div. yield (%) | 3.4 | 4.2 | 2.6 | 3.2 | 2.3 |
| ROE (%) | 14.8 | 18.6 | 27.8 | 26.7 | 15.9 |

Stock Data 7 November 2015

| | |
|---------------|--------------|
| Current price | TRY 5.04 |
| Target price | TRY 5.08 |
| Dividend | TRY 0.16 |
| Total Return | 4% |
| Current Mcap | TRY 3,326 mn |

| | |
|------------------------------------|-------------|
| Bloomberg Ticker | SODA TI |
| Cost of Equity | 10.36 |
| Number of outstanding shares (mn) | 660 |
| High / Low Price Range (12M) | 3.02 - 5.42 |
| 3-m Average Daily Turnover (\$ mn) | 1.2 |

| Price Performance (%) | 1M | 3M | 6M | YtD |
|-----------------------|-----|-----|-----|------|
| Return | 5.8 | 7.4 | 2.8 | 57.6 |
| Relative to BIST100 | 2.2 | 2.6 | 5.3 | 64.9 |



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| Soda Sanayi - IFRS - TRYmn | | | | | | | | |
|----------------------------|------------|------------|-------------|--------------|--------------|-------------|------------|-------------|
| Income statement | 3Q15 | 3Q14 | Chg yoy (%) | 9M15 | 9M14 | Chg yoy (%) | 2Q15 | Chg qoq (%) |
| Revenues | 462 | 382 | 21 | 1,295 | 1,185 | 9 | 432 | 7 |
| COGS | -333 | -295 | 13 | -949 | -881 | 8 | -305 | 9 |
| Gross profit | 129 | 87 | 47 | 346 | 305 | 14 | 126 | 2 |
| OPEX | -39 | -33 | 18 | -114 | -102 | 12 | -40 | -2 |
| Net Operating profit | 90 | 54 | 64 | 232 | 203 | 14 | 87 | 3 |
| EBITDA | 113 | 77 | 47 | 300 | 271 | 11 | 109 | 3 |
| Other income, net | 34 | 20 | 75 | 83 | 42 | 95 | 24 | 42 |
| Financial income, net | 73 | 14 | <i>n.m.</i> | 126 | 17 | <i>n.m.</i> | 19 | 280 |
| Minority interest | 2 | 1 | 108 | 5 | 2 | 129 | 1 | 47 |
| Taxes | -34 | -13 | 156 | -71 | -39 | 83 | -19 | 77 |
| Net profit | 162 | 87 | 85 | 366 | 236 | 55 | 110 | 48 |

| Margins (%) | 3Q15 | 3Q14 | | 9M15 | 9M14 | | 2Q15 | |
|-------------|------|------|---------|------|------|--------|------|---------|
| Gross | 27.8 | 22.9 | 5.0 pp | 26.7 | 25.7 | 1.0 pp | 29.3 | -1.5 pp |
| EBITDA | 24.4 | 20.1 | 4.3 pp | 23.2 | 22.9 | 0.3 pp | 25.3 | -0.9 pp |
| Net | 35.0 | 22.9 | 12.2 pp | 28.2 | 19.9 | 8.3 pp | 25.4 | 9.6 pp |

| Balance Sheet | 3Q15 | 3Q14 | Chg yoy (%) | 9M15 | 9M14 | Chg yoy (%) | 2Q15 | Chg qoq (%) |
|---------------------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|-------------|
| Cash and cash equivalents | 846 | 470 | 80 | 846 | 470 | 80 | 700 | 21 |
| Trade receivables | 346 | 240 | 44 | 346 | 240 | 44 | 311 | 11 |
| Inventories | 160 | 126 | 27 | 160 | 126 | 27 | 161 | -1 |
| LT assets | 1,162 | 974 | 19 | 1,162 | 974 | 19 | 1,020 | 14 |
| Total assets | 2,590 | 1,930 | 34 | 2,590 | 1,930 | 34 | 2,283 | 13 |
| Financial debt | 337 | 298 | 13 | 337 | 298 | 13 | 303 | 11 |
| Trade payables | 188 | 137 | 38 | 188 | 137 | 38 | 159 | 18 |
| LT liabilities | 290 | 257 | 13 | 290 | 257 | 13 | 256 | 13 |
| Equity | 1,933 | 1,407 | 37 | 1,933 | 1,407 | 37 | 1,714 | 13 |
| Total liabilities | 2,590 | 1,930 | 34 | 2,590 | 1,930 | 34 | 2,283 | 13 |

| Financial ratios | 3Q15 | 3Q14 | Chg yoy (%) | 9M15 | 9M14 | Chg yoy (%) | 2Q15 | Chg qoq (%) |
|--------------------------|------|------|-------------|------|------|-------------|------|-------------|
| Net debt | -510 | -171 | <i>n.m.</i> | -510 | -171 | <i>n.m.</i> | -396 | <i>n.m.</i> |
| Debt/equity | 25 | 27 | -1.7 pp | 25 | 27 | -1.7 pp | 25 | 0.4 pp |
| Receivable days | 68 | 57 | 11 | 73 | 55 | 18 | 66 | 3 |
| Inventory days | -44 | -39 | -5 | -46 | -39 | -7 | -48 | 4 |
| Payable days | -51 | -42 | -9 | -54 | -42 | -12 | -48 | -4 |
| Net working capital days | 76 | 60 | 15 | 81 | 58 | 23 | 65 | 11 |

Coverage Cluster

| Company | Ticker | Analyst |
|---------------------------------|--------|-----------------------------------|
| BUY | | |
| Akbank | AKBNK | Murat Borekci - Sezgi Bice Ozener |
| Aksa Enerji | AKSEN | Elvin Akbulut Daglier |
| Alarko REIT | ALGYO | Elvin Akbulut Daglier |
| Aygaz | AYGAZ | Elvin Akbulut Daglier |
| Cimsa | CIMSA | Akif Moroglu |
| Coca-Cola | CCOLA | Akif Moroglu |
| Dogan Holding | DOHOL | Akif Moroglu |
| Emlak Konut REIT | EKGYO | Elvin Akbulut Daglier |
| Enka Insaat | ENKAI | Elvin Akbulut Daglier |
| Ford Otosan | FROTO | Mehmet Aydin Agyuz |
| Isbank | ISCTR | Murat Borekci - Sezgi Bice Ozener |
| Is REIT | ISGYO | Elvin Akbulut Daglier |
| Migros | MGROS | Murat Borekci |
| Otokar | OTKAR | Mehmet Aydin Agyuz-Efe Cetinel |
| Park Madencilik | PRKME | Mehmet Aydin Agyuz |
| Pinar Et | PETUN | Gizem Celik |
| Sabancı Holding | SAHOL | Elvin Akbulut Daglier |
| Tekfen Holding | TKFEN | Elvin Akbulut Daglier |
| Torunlar REIT | TRGYO | Elvin Akbulut Daglier |
| TSKB | TSKB | Murat Borekci - Sezgi Bice Ozener |
| Turk Hava Yollari | THYAO | Gorkem Goker |
| Turk Telekom | TTKOM | Mehmet Aydin Agyuz |
| Turk Traktor | TTRAK | Mehmet Aydin Agyuz |
| HOLD | | |
| Adana Cimento | ADANA | Akif Moroglu |
| Akcansa | AKCNS | Akif Moroglu |
| Akfen Holding | AKFEN | Gizem Celik |
| Anadolu Cam | ANACM | Akif Moroglu |
| Anadolu Hayat | ANHYT | Sezgi Bice Ozener |
| BIM | BIMAS | Murat Borekci |
| Celebi | CLEBI | Gorkem Goker |
| Eczacibasi Ilac | ECILC | Gizem Celik |
| Erdemir | EREGL | Akif Moroglu |
| Garanti Bankasi | GARAN | Murat Borekci - Sezgi Bice Ozener |
| Kardemir (D) | KRDMD | Akif Moroglu |
| Kiler Gida | KILER | Murat Borekci |
| Mardin Cimento | MRDIN | Akif Moroglu |
| Pinar Sut | PNSUT | Gizem Celik |
| Selcuk Ecza | SELEC | Gizem Celik |
| Sinpas REIT | SNGYO | Elvin Akbulut Daglier |
| Sise Cam | SISE | Akif Moroglu |
| Soda Sanayi | SODA | Akif Moroglu |
| Tat Gida | TATGD | Gizem Celik |
| Tofas | TOASO | Mehmet Aydin Agyuz |
| Trakya Cam | TRKCM | Akif Moroglu |
| Tupras | TUPRS | Elvin Akbulut Daglier |
| Turkcell | TCELL | Mehmet Aydin Agyuz |
| Ulker Biskuvi | ULKER | Gizem Celik |
| UNDERPERFORM | | |
| Ak Enerji | AKENR | Elvin Akbulut Daglier |
| Albaraka Turk | ALBRK | Murat Borekci - Sezgi Bice Ozener |
| Arcelik | ARCLK | Mehmet Aydin Agyuz |
| Avivasa | AVISA | Sezgi Bice Ozener |
| Ayen Enerji | AYEN | Elvin Akbulut Daglier |
| Bizim | BIZIM | Murat Borekci |
| Halkbank | HALKB | Murat Borekci - Sezgi Bice Ozener |
| Pegasus | PGSUS | Gorkem Goker |
| TAV Havalimanlari | TAVHL | Gorkem Goker |
| Tumosan | TMSN | Mehmet Aydin Agyuz-Efe Cetinel |
| Vakifbank | VAKBN | Murat Borekci - Sezgi Bice Ozener |
| UNDER REVIEW / NOT RATED | | |
| Aksigorta | AKGRT | - |
| Anadolu Sigorta | ANSGR | - |
| Koza Altin | KOZAL | Mehmet Aydin Agyuz |

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Rating System

| As from 31/12/2012 , the formula is: | As from 12/10/2015 , the formula is: |
|--|---|
| Buy: expected total returns of 10% or more over the next 6-12 months | Buy: expected total returns of 15% or more over the next 6-12 months |
| Hold: expected total returns of +/- 10% over next 6-12 months | Hold: expected total returns of 0-15% over next 6-12 months |
| Underperform: expected total returns of - 10% or less over the next 6-12 months | Underperform: expected total returns of 0% or less over the next 6-12 months |

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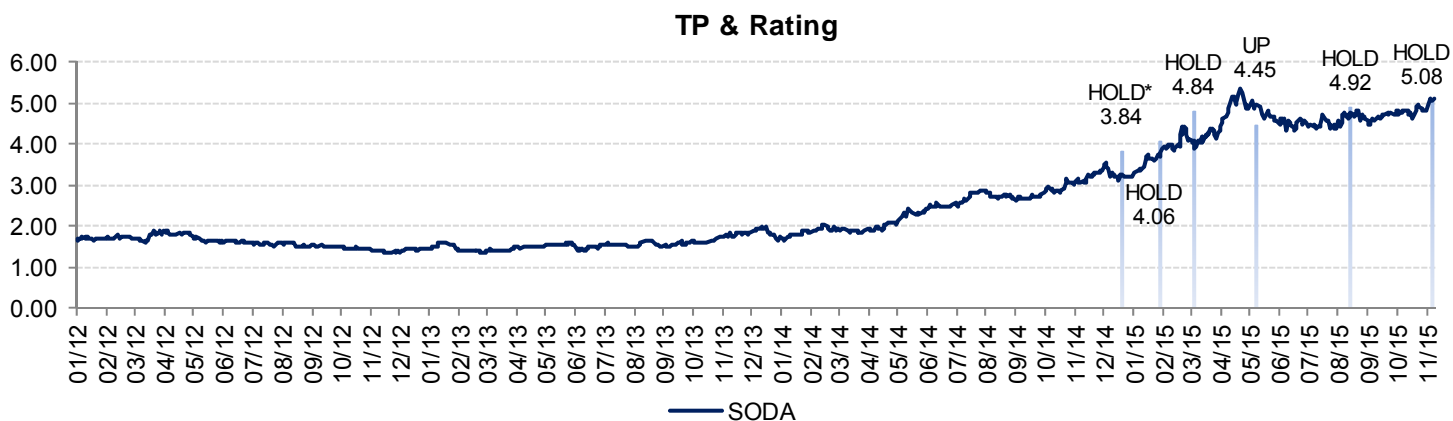
| Coverage Universe | Count | Percent | Percent Inv. Banking Relationships | Count | Percent |
|---------------------|-------|---------|------------------------------------|-------|---------|
| Buy | 23 | 38% | 0% | 0 | 0 |
| Hold | 24 | 39% | 0% | 0 | 0 |
| Underperform | 11 | 18% | 0% | 0 | 0 |
| Not Rated | 1 | 2% | 0% | 0 | 0 |
| Under Review | 2 | 3% | 0% | 0 | 0 |

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