

Koc Holding (KCHOL.IS) - Outperform

Current/Target Price: TL3.98/4.83

Upside: 21%

Summary Financials & Ratios

(TLmn)	2007	2008	2009E	2010E
Net Sales	46,802	55,631	41,245	44,132
EBITDA	4,528	5,976	3,825	3,575
Net Income	2,295	2,024	1,320	1,456
EBITDA Margin	9.7%	10.7%	9.3%	8.1%
Net Margin	4.9%	3.6%	3.2%	3.3%

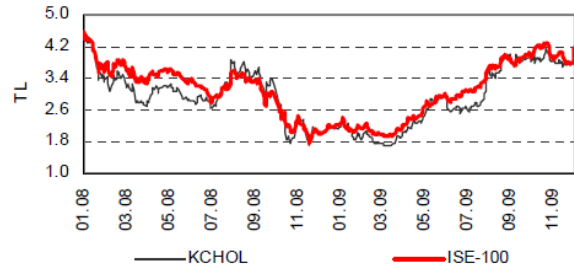
Valuation Multiples

P/E	4.2	4.8	7.3	6.6
P/Sales	0.2	0.2	0.2	0.2
P/EBITDA	2.1	1.6	2.5	2.7

Stock Market Data

Relative Performance:	1mth	3mths	12mths
	-3.2%	-6.1%	-2.4%
52 Week Range (TL):	1.7 - 4.1		
Current Mcap (TLmn)/(US\$m)	8,984		
Average Daily Vol 3 mth (TLmn):	53.6		
YTD TL Return(%):	75		
Free float (%):	20%		

Koc Holding (2008-2009)



Our 2010-end target Mcap for Koc Holding of US\$8bn indicates 21% TL based upside potential. Koc Holding trades at an attractive 16% discount to its current NAV.

Still cheap on the basis of valuation multiples. Trading at a 6.6x P/E based on our 2010 forecasts, compared with 9x P/E for the Turkish market, we believe Koc Holding still offers an low price alternative as a one-stop-shop for Turkey. Our 4Q09 estimates are conservative as we expect seasonality and the lack of incentives to undermine the Holding's bottom line by the year-end.

With its US\$720mn stand-alone net cash position, Koc Holding is still well positioned to embark on a new acquisition spree. Depressed asset prices may offer some lucrative opportunities to enter new businesses, which may even fuel further growth for Koc Holding. The Holding recently declared its interest to grow in the energy business.