

TURKISH BULLETIN

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ECONOMY & MARKET

MARKETS

At Monday's close, market situation was:

O/N for ISE Repo market & TLR Interbank market		TRY/USD
6.50%		1.5236
Most actively traded T-Bills		
Date	Maturity	C/Rate
30/03/10	16/11/11	8.83%
ISE-100 index		ISE- 100 Ref \$
56,668		37,194

Auctions between 16th Mar. – 30th March 10

Issue	Mat.	Bid TRL mn	Sales TRL mn	Net sales mn	Ann. Comp Yield

Budget deficit reached a level of TL2.3bn in Feb10, from a deficit of TL7.4bn in Feb09 and of TL3.1bn in Jan10. Primary Budget posted a surplus of TL2.3bn in Feb10 vs. a surplus of TL2.5bn in Feb09.

- In Feb10, revenues posted a -1%/y decrease in real terms mainly because of a drop in non-tax revenues. Tax income improved by 6%/y thanks to an increase in VAT collection (+10%/y) and in corporate taxes (+7%/y).

- Non-interest expenditures increased by a slight 1%/y in Feb10.
- The Jan-Feb10 Budget posted an overall deficit of TL5.2bn, down by 52%/y and a primary surplus of TL5.2bn, up by 47%/y.

CBT: Monetary Policy Council kept the O/N borrowing rate on hold at 6.5% for the fourth meeting in a row, arguing about a modest recovery in domestic demand but underlining that it could shift to a tighter policy in case of a deterioration in inflation expectation.

Central Gov't debt stock increased to TL452.7bn as of month-end Feb10, up by 12.2%/m (1.8%/m in real terms). FX share in debt stock was recorded at 28.2%.

Consumer confidence index increased for the third consecutive month by 3.3%/m to 81.85 in Feb10.

Capacity Utilization rate stood flat at 68% for the third consecutive month.

POLITIC, DOMESTIC & INTERNATIONAL AFFAIRS

Constitutional Amendments: The Gov't unveiled its draft package of constitutional changes which included the modification of 26 articles and focused mainly on juridical matters. The number of members in the Constitutional Court and in the Supreme Board of Judges & Prosecutors should be increased; a party closure case is expected to be subject to the approval of a parliamentary committee; bargaining rights would be extended to Civil servants; and it would be possible to sue Military officers (including the authors of the 1980 Coup) before civilian courts.

- The AKP Gov't won't be able to secure a two-third majority in the parliament to push for direct approval of the package. Yet, it should have the necessary three-fifth majority to take the constitutional amendments to a referendum.
- Opposition party (CHP) threatened to bring the package to the Constitutional Court for revision. This could lead the ruling party to call for early elections if the Court cancels the changes.

SECTOR NEWS & PRIVATISATION

Oil exploration: ExxonMobil will drill its first exploration well in the Turkish Black Sea by 1H2011.

Tourism: number of foreign tourists increased by 6.1%/y in Feb10 and by 6.9%/y in Jan-Feb. Net tourist receipts fell at the same time by 8.3%/y in Jan10.

Privatization

Electricity Distribution: The Gov't launched tenders for the privatization of 4 electricity distribution companies: Bogazici (Istanbul European Side, 3.7mn subscribers), Trakya (Thrace, 0.7mn subscribers), Gediz (Aegean coast, 2.3mn subscribers) and Dicle (South-eastern Turkey, 1mn subscribers and the highest loss/theft ratio with 65%). Proceeds from the sales should turn around US\$2.5-3.0bn.

- Of the 20 electricity grids to be privatized, 4 have already been fully transferred to private investors, 1 is blocked for legal reasons, 7 are awaited to be transferred following attribution of tender, 4 are being currently auctioned and finally 4 are still on the waiting list for privatization.

COMPANY NEWS

Akbank secured a dual tranche syndicated loan of US\$438mn and €585mn. Rollover ratio was recorded at 200% whereas cost was set at 150bps above benchmark.

Vakifbank secured a dual tranche syndicated loan of US\$170mn & €567mn, priced at Libor/Euribor +150bps. The loan replaced the US\$535mn syndicated facility which had matured in Dec09.

Ford Otosan will invest more than US\$150mn in 2010 which will be allocated to the renewal of the "Transit" model.

Gama signed with State-owned Latvian power utility "Latvenergo" an EPC contract of €368mn to build up a 270MW gas-fired power plant in Riga.

Petkim expects sales' volumes to increase to 1.6mn tons in 2010 (from 1.5mn tons in 09) and Ebitda margin to stay at 8.5% levels. The company's total investment expenditure will amount to US\$70mn the same year. Socar & Turcas expects to secure the financing for the new refinery by 2011 and start construction in 2012.

Ziraat Bank: according to a daily, the Treasury has started to work on a potential IPO for the State-owned and Country's largest Bank.

M&A

Sabancı Holding mandated Citigroup and Ak Yatirim in order to find out a strategic partnership for its insurance company "AkSigorta".

Debt Capital Market: BRSA declined one commercial bank's application (Finansbank) to issue domestic bonds, on the grounds that fund raising through fixed income-like securities and tradable instruments was not "appropriate for commercial banking practice".

Enka posted a US\$162mn net income in 4Q09, up by 117%/y/y but down by 9%/q/q. Company's revenues declined by 26%/y/y but increased by 2%/q/q to US\$1.23bn. Ebitda went up by 63%/y/y and 3%/q/q to US\$253mn, mainly thanks to sustainable profitability in the construction (19% Ebitda margin), energy (15.7% Ebitda margin) and real estate segments (76.1% Ebitda margin).

- FY 09 results came in at US\$527.6mn, down by 11%/y/y. Ebitda was recorded at a level of US\$887mn, up by 4%/y/y while blended Ebitda margin improved by 5.1 pts to 17.3%, mainly on the back of higher profitability in the retail & construction segments. Net Cash position was at US\$400mn as of year-end 09.

Sabancı Holding's net income in 4Q09 increased by 12%/y/y but declined by 19%/q/q to TL202mn. Revenues reached TL4.4bn in 4Q09 (flat y/y and -9%/q/q) and Ebitda was recorded at a level of TL899mn (+51%/y/y; -20%/q/q) while Ebitda margin dwindled by 2.8pts q/q to 20.6%.

- FY09 result reached TL1.26bn in 2009, up by 6%/y/y. Revenues remained almost flat at TL18.8bn while Ebitda grew by 53%/y/y to TL3.9bn.