

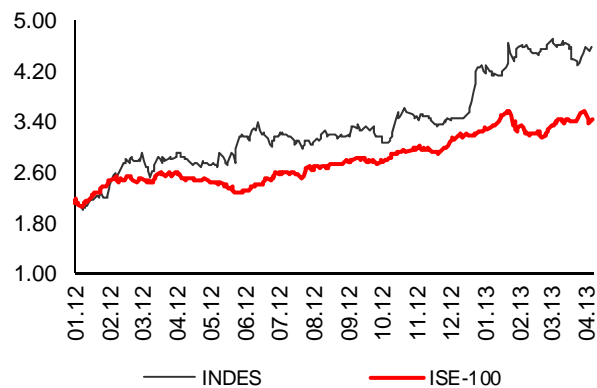
**Indeks Bilgisayar (OP)**

Current Price / MCap: TL4.56 / TL255mn

4Q12 Financial Results - Neutral

2013-end Target Price / MCap: TL6.62 / TL371mn

4Q12	Announced	Consensus	Garanti Estimate
Net Sales (TLmn)	435	n.a	441
EBITDA (TLmn)	11.8	n.a	12.4
EBITDA Margin (%)	2.7%	n.a	2.8%
Net Profit (TLmn)	2.1	n.a	5.2

**Price Performance (TL)**

**Stock Market Data**

Bloomberg/Reuters:	INDES.TI/INDES.IS		
Relative Performance:	1 mth	3 mth	12 mth
	-1%	5%	18%
52 Week Range (TL):	2.67 - 4.7		
Avg. Daily Vol (TLmn) 3 mth:	2.1		
YTD TL Return:	6%		
Shares Outstanding (mn):	56		
Free Float (%):	41%		

Financials & Ratios	2011	2012	2013E
Net Sales (TLmn)	1,514	1,412	1,834
EBITDA (TLmn)	58	39	56
Net Profit (TLmn)	18	17	33
EBITDA Margin (%)	3.8%	2.7%	3.0%
P/E (x)	13.8	15.3	7.8
EV/EBITDA (x)	4.0	6.0	4.2
EV/Sales (x)	0.15	0.17	0.13
EPS (TL)	0.33	0.30	0.58

Source: Bloomberg estimates, Company data

**Bottom line hurt by non-operating items**

Indeks Computer announced a net profit of TL2.1mn in 4Q12, down by 54% YoY and 52% QoQ. The result was lower than our estimate of TL5.2mn, despite our top line and EBITDA estimates being in line with the announced figures. The deviation stemmed from the sharp increase in net financial expenses in 4Q12. The YoY and QoQ declines are also attributable to net financial expenses. INDES's bottom line cumulated to TL16.6mn in FY12, down by 10% YoY.

**We maintain our positive stance for INDES as,**

- The 4Q12 results at the top line and EBITDA level are in line with expectations; the non-operating items led to deviations.
- INDES signed distributorship agreement with Apple on October 2012; we expect to see a higher contribution from the Apple deal to sales and margins in 2013.
- We believe the share buyback program launched on March 28 to buy up to 1,680,000 shares (corresponding to 3% of the paid in capital) at a price of up to TL6.00 will also support the share price performance.
- Furthermore, the partnership with MCI Management will present an opportunity for INDES to become a regional IT player.
- Finally, following the signing a revenue sharing agreement for its Ayazaga land, the Company announced that the profit would be utilized for its operations and also distributed as a dividend. Therefore, INDES is set to be one of the most generous dividend players on the ISE over next three years.

**We maintain our Outperform recommendation for INDES while raising our 2013 year-end target price from TL4.74 to TL6.62 on the back of the higher than expected revenue generation from the Ayazaga project as well as a slimmer small cap discount.**

- INDES estimates approximately US\$88.5mn in revenues from the Ayazaga project which is higher than our assumption of TL110mn.
- Furthermore, when we initiated our coverage of INDES back in October, we had applied a 40% small cap discount to our target price due to its lower trading volume. INDES's average monthly trading volume has since quadrupled, and we therefore believe the trading volume has now reached a level which justifies the reducing of the small cap discount to 25%, leading to a new target price of TL6.62 (previously TL4.74).

**Revenues...** INDES registered TL435mn of revenues in 4Q12, indicating an increase of 33% QoQ but down by 3% YoY, in line with our estimate of TL441mn. With the inclusion of the 4Q12 revenue figure, the Company's FY12 consolidated revenues reached TL1,412mn - down by 7% YoY.

**Consolidated EBITDA...** INDES booked TL11.8mn of EBITDA in 4Q12, down by 1% YoY but up by 42% QoQ, and in line with our own EBITDA estimate of TL12.4mn. The EBITDA margin improved by 0.1pp YoY and 0.2pp QoQ and was realized at 2.7% in 4Q12. The FY12 EBITDA cumulated to TL38.8mn, down by 33% YoY with a margin of 2.7%, down by 1.1pp YoY due to higher COGS and OPEX.

**Financial expenses...** INDES booked TL8.8mn of net financial expenses in 4Q12 compared to net financial expenses of TL3mn in 3Q12 and TL2.6mn in 4Q11. The Company's net cash position declined slightly from TL24mn in 3Q12 to TL22mn in 4Q12.

Indeks Bilgisayar Summary Financials								Change		
(mn TL)	4Q11	1Q12	2Q12	3Q12	4Q12	12M11	12M12	4Q12/4Q11	4Q12/3Q12	12M12/12M11
<b>Net Sales</b>	450	335	315	327	435	1,514	1,412	-3%	33%	-7%
<b>Gross Profit</b>	23.2	18.8	17.4	17.9	24.3	92.7	78.4	5%	36%	-15%
<b>Operating Profit</b>	11.6	8.6	9.6	7.9	11.5	56.7	37.6	-1%	45%	-34%
<b>EBITDA</b>	11.9	8.9	9.8	8.3	11.8	57.8	38.8	-1%	42%	-33%
Net Other Income/Expense	-0.5	-0.2	0.0	0.1	0.3	-0.8	0.2	n.m.	344%	n.m.
Financial Inc./ Exp. (net)	-2.6	0.6	-6.7	-3.0	-8.8	-27.5	-17.9	n.m.	n.m.	n.m.
Tax	-2.6	-0.7	-0.4	-0.5	-0.6	-7.3	-2.3	n.m.	n.m.	n.m.
<b>Net Income</b>	4.6	7.7	2.5	4.4	2.1	18.4	16.6	-54%	-52%	-10%
Net Cash	19	-1	12	24	22	19	22			
Working Capital	112	119	89	69	88	112	88			
Shareholders Equity	138	139	137	139	140	138	140			
<b>Ratios</b>										
Gross Margin	5.2%	5.6%	5.5%	5.5%	5.6%	6.1%	5.6%	0.4 pp	0.1 pp	-0.6 pp
Operating Margin	2.6%	2.6%	3.0%	2.4%	2.6%	3.7%	2.7%	0.1 pp	0.2 pp	-1.1 pp
<b>EBITDA Margin</b>	<b>2.6%</b>	<b>2.7%</b>	<b>3.1%</b>	<b>2.5%</b>	<b>2.7%</b>	<b>3.8%</b>	<b>2.7%</b>	<b>0.1 pp</b>	<b>0.2 pp</b>	<b>-1.1 pp</b>
Net Profit Margin	1.0%	2.3%	0.8%	1.3%	0.5%	1.2%	1.2%	-0.5 pp	-0.9 pp	0 pp

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OUTPERFORM (OP)      The stock's return is expected to exceed the return of the ISE-100 by more than 10% by 2013-end.

MARKET PERFORM (MP)      The stock's return is expected to be within 10% of the ISE-100 by 2013-end.

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