

Indeks Computer (OP)

3Q15 Financial Results - Positive

A strong 3Q15 bottom line

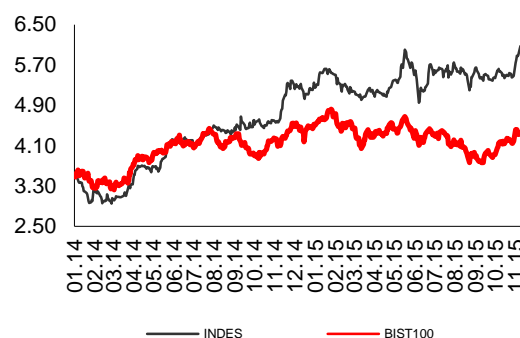
- **Indeks disclosed a net profit of TL10mn in 3Q15, up by 143% YoY and 35% QoQ. The figure exceeded our net profit estimate of TL7mn.**
- **The deviation at the bottom line stemmed mainly from the lower than expected non-operating expenses.**
- **On a YoY basis, the 63% YoY increase at the top line (thanks to the higher contribution from DGATE) with the decline in the OPEX/Sale ratio and higher EBITDA generation (up by 86% YoY) were the main factors behind the significant surge at the bottom line.**
- **Compared to previous quarter, an improvement below the operating line (TL5mn of net other expenses and TL2mn in net financial income in 3Q15, vs TL2mn net other income and TL9mn net financial expenses in 2Q15) were the main reasons behind the 35% QoQ increase at the bottom line.**
- **INDES's 3Q15 results were strong and exceeded our expectations (no consensus estimates are available) at the bottom line. Thus, we expect a positive market reaction. We maintain our Outperform recommendation for INDES with a 12 month target price of TL7.55, implying 24% upside potential.**

Financials and Ratios	2013	2014	2015E	2016E
Net Sales (TLmn)	1,615	2,206	2,921	3,276
EBITDA (TLmn)	47	56	84	94
Net Profit (TLmn)	5	25	37	44
EBITDA Margin	2.9%	2.6%	2.9%	2.9%
P/E (x)	65.5	13.5	9.3	7.7
EV/EBITDA (x)	14.6	12.2	8.1	7.3
EV/Sales (x)	0.42	0.31	0.23	0.21
EPS (TL)	0.09	0.45	0.66	0.79

Current Price (TL)	6.07
12M Target Price (TL)	7.55
Potential Return	24%
Current Mcap (TLmn)	340

3Q15	Ann.	Cons.	GS
Net Sales (TLmn)	766	n.a	777
EBITDA (TLmn)	20	n.a	21
EBITDA Margin (%)	2.6%	n.a	2.7%
Net Profit (TLmn)	10	n.a	7

Price Performance (TL)



Stock Market Data

Bloomberg/Reuters:	INDES.TI / INDES.IS		
Rel. Performance:	1 mth	3 mth	12 mth
	5%	4%	26%
52 Week Range (TL):	4.56 / 6.07		
Aver. Daily Vol. (US\$m) 3 mth:	0.1		
YTD TL Return:	13%		
Shares Outstanding (mn):	56		
Free Float (%):	41		

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INDES disclosed TL766mn of revenues in 3Q15, up by 63% YoY but down by 1% QoQ and in line with our expectation of TL777mn. INDES booked TL20mn in EBITDA, with an EBITDA margin of 2.6% in 3Q15 up by 0.3pp YoY but down by 0.1pp QoQ.

INDES recorded TL2mn of net financial income in 3Q15 vs. the TL6mn of net financial expenses in 2Q14 and TL9mn in 2Q15. The company's net debt position declined from TL355mn at the beginning of 3Q15 to TL345mn by the end.

Summary Financials

Indeks Bilgisayar Summary Financials (mn TL)					3Q15	9M14	9M15	Change		
	3Q14	4Q14	1Q15	2Q15				3Q15/3Q14	3Q15/2Q15	9M15/9M14
Net Sales	470	853	748	774	766	1,353	2,287	63%	-1%	69%
Gross Profit	22	37	38	37	34	65	109	57%	-6%	67%
Operating Profit	10	23	24	20	19	31	63	92%	-3%	103%
EBITDA	11	23	24	21	20	33	65	86%	-3%	98%
Net Other Income/Expense	3	-2	-3	2	-5	6	-7	n.m.	n.m.	n.m.
Financial Inc./ Exp. (net)	-6	-4	-4	-9	2	-18	-11	n.m.	n.m.	n.m.
Tax	-1	-4	-3	-2	-3	-4	-9	n.m.	n.m.	n.m.
Net Income	4	11	11	7	10	14	28	143%	35%	99%
Net Cash	-45	-21	-271	-355	-345	-45	-345			
Working Capital	175	123	380	425	438	175	438			
Shareholders Equity	158	172	186	175	188	158	188			
Ratios										
Gross Margin	4.7%	4.4%	5.1%	4.8%	4.5%	4.8%	4.8%	-0.2 pp	-0.3 pp	-0.1 pp
Operating Margin	2.2%	2.7%	3.2%	2.6%	2.5%	2.3%	2.8%	0.4 pp	-0.1 pp	0.5 pp
EBITDA Margin	2.3%	2.7%	3.3%	2.7%	2.6%	2.4%	2.9%	0.3 pp	-0.1 pp	0.4 pp
Net Profit Margin	0.9%	1.3%	1.4%	1.0%	1.3%	1.0%	1.2%	0.4 pp	0.4 pp	0.2 pp

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OUTPERFORM (OP)	The stock's return is expected to exceed the return of the BIST100 over the next 12 months.
MARKET PERFORM (MP)	The stock's return is expected to be in line with the BIST100 over the next 12 months.
UNDERPERFORM (UP)	The stock's return is expected to fall below the return of the BIST100 over the next 12 months.
