

## Initiation of Coverage

# Indeks Bilgisayar

### Switch it on

**Market leader in IT distribution with a network of 7,500 companies...** Founded in 1989, Indeks Bilgisayar distributes more than 200 internationally renowned IT brands to a vast network of more than 7,500 companies. Through its subsidiaries, the Group supplies OEM, PC parts, electronics and network products as well as providing IT logistics. Total revenue of Indeks Bilgisayar has amounted to USD1,026mn in 2009, thus representing an 18% of market share.

**Emerging markets are the key drivers for PC sales...** Worldwide PC market grew by 24.2% y/y in 1Q10 and 22.4% y/y in 2Q10, propelled by emerging markets according to International Data Corporation (IDC). Turkish IT sector implies a significant growth potential among emerging markets since International Telecommunication Union (ITU) indicates that Turkey has 34.4 internet users per 100 inhabitants, below emerging markets average of 38.5 in 2008.

**We believe Indeks will rank among the first companies to reap the fruits of the growth in the IT sector...** According to IDC, Turkish IT market grew by 12% CAGR in the last 10 years and reached a turnover of USD5.7bn in 2009. Looking forward, the sector is expected to grow by 15% in CAGR between 2009 and 2012. Due to its position as the market leader, Indeks will reap the benefit of this high growth environment. As a result, we expect Indeks Bilgisayar's net sales to rise by 10% y/y to USD773mn in 2010 and 7% y/y to USD 823mn in 2011.

**Indeks aims to tap into higher value-added businesses to utilize its distribution network...** As effective from 4Q10, Indeks Group has entered into small electrical household goods sector and launched the 'Homend' brand. Homend products will be distributed by Indeks' subsidiary Neotech. An additional strategy for the Company is to set up an after-sales technical service company in 2011.

**Resolving ownership issues with Greek partner may escalate value...** Athens based Pouliadis & Associates has a 35.6% stake in Indeks Bilgisayar. Pouliadis & Associates had issued its stake to 5 Greek banks as collateral for its corporate notes, however then had difficulty to meet its obligations. Currently, voting and dividend rights of the stocks belong to the 5 banks, whereas ownership still remains with Pouliadis & Associates. We believe resolving the partnership issue would propel the Company value and remove the pressure on the stock that trades with a discount to its peers.

**Initiated with 'Outperform' recommendation...** Our DCF and multiple-driven hybrid valuation refers to a target share price of TL3.52, implying an upside potential of 34%. Please note that we haven't included the hidden value of Indeks Bilgisayar's headquarters in Istanbul, Ayazaga that rests on a 40K sqm of land, where Istanbul Municipality has a draft residential-urban transition project. Shares of Indeks are currently trading at 3.8x 2010E EV/EBITDA while its peers are trading at an average multiple of 6.1x, thus pointing to a 38% discount. On the light of a bright outlook in the Turkish IT market, we believe that Indeks will be an attractive small-cap IT pick.

19 October 2010

Initiated

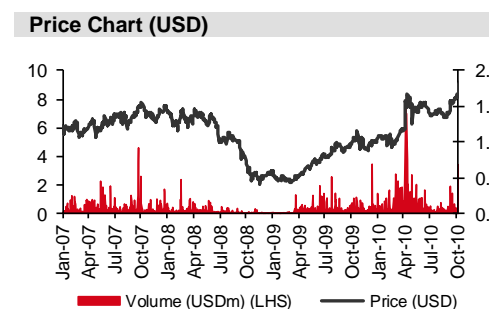
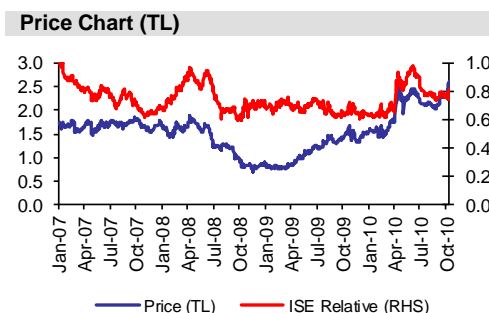
## Outperform

Trading Data	as of October 18
Sector	IT Distribution
Bloomberg	INDES.TI
Reuters	INDES.IS
EV (TLm)	158
Mkt cap (TLm)	147
Free float (%)	23%
# of shares (m)	56
Ave. Daily Vol. (TLm)	1.1
ISE-100 (TL)	70,458
IPO Date	24.06.2004

Ownership	Stake (%)
Nevres Erol Bilecik	41.1
Pouliadis and Associates S.A.	35.6
Ayşe İnci Bilecik	2.4
Others	21.0

Price (TL)	1M	3M	12M
ISE-100	63,862	57,729	49,791
Share Price	2.27	2.12	1.49
Absolute (%)	15%	24%	76%
Relative (%)	5%	1%	25%

Share Price	Current	Target
USD	1.85	2.48
TL	2.62	3.52
Upside Potential		34%



Key Financials and Ratios	2008A	2009A	2010E	2011E	2012E
Net Sales (TL mn)	928	1,087	1,190	1,323	1,528
EBITDA (TL mn)	27	41	48	51	58
Net Profit (TL mn)	5	16	18	22	26
Net Debt (TL mn)	32	30	21	15	12
EBITDA Margin (%)	2.9%	3.8%	4.0%	3.9%	3.8%
P/E (x)	26.5	10.0	8.8	7.6	6.5
EV/EBITDA (x)	5.6	4.4	3.8	3.6	3.3
EV/Sales (x)	0.16	0.17	0.15	0.14	0.12

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## INVESTMENT SUMMARY

- **Market leader IT distributor...**

Founded in 1989, Indeks Bilgisayar Sistemleri Muhendislik Sanayi ve Ticaret A.S., so called '*Indeks Bilgisayar*', '*Indeks*', is the market leader IT distributor in Turkey with an 18% market share. Indeks Bilgisayar distributes more than 200 internationally renowned IT brands to a vast network of more than 7,500 companies including traditional dealers, system integrators, value added dealers and retailers. Through its subsidiaries, the Group also supplies OEM, PC components, consumer & home electronics and network products. In addition to core distribution operations, the Group also provides companies with ADSL and communication solutions and conducts logistics services of both Group companies and other IT companies. Total revenue of Indeks Group Companies has amounted USD1,026mn in 2009, thus representing a market share of 18%.

- **Index will rank among the first companies to reap the fruits of the growth in the IT sector...**

According to International Data Corporation (IDC), Turkish IT market has grown by 12% CAGR between 1999 & 2009 and reached a turnover of USD5.7bn in 2009. The only contraction in Turkish IT sector was realized in 2001 when the sector turnover plunged by 49% y/y to USD1.2bn, due to the economic crisis. Following the crisis, recovery enabled private companies and Turkish Government to re-initiate its previously postponed investment plans. Turkish IT market grew by 7% y/y in 2009, with the reduction of VAT for IT products from 18% to 8%, that was initiated in April and lasted for 6 months. As IDC expects Turkish IT market to grow by 15% CAGR in USD basis between 2009 and 2012, Indeks is definitely among the first companies to reap the fruits from the robust growth in the industry.

- **Turkish IT market provides significant opportunities among emerging markets...**

Worldwide PC market grew by 24.2% y/y in 1Q10 and 22.4% y/y in 2Q10, propelled by emerging markets according to IDC. Turkish IT sector promises a significant potential among emerging markets since International Telecommunication Union (ITU) indicates that Turkey has 34.4 internet users per 100 inhabitants, below the emerging markets average of 38.5 in 2008. Additionally, according to the results of 2010 Households IT Usage Survey conducted by the Turkish Statistical Institute (Turkstat) in April 2010, 41.6% of households has internet access at home. According to the same survey, computer and internet usage is 43.2% and 41.6%, respectively. TurkStat and ITU's data indicates that Turkish IT market implies a significant growth potential.

- **Lucrative logistic business will support Indeks Bilgisayar's margins...**

On the back of a positive stance in the Turkish IT market, we expect net sales of Indeks Bilgisayar to increase by 10% and 7% y/y in 2010 and 2011, respectively. We forecast EBITDA margin to rise to 4.0% in 2010, on the back of an increased contribution from the Group's logistic company, Teklos Lojistik. Although net sales of Teklos constituted less than 1% of total sales in 2009, EBITDA contribution of the Company was 7% with its significant EBITDA margin of 59%. We expect the EBITDA contribution from Teklos to rise to a lucrative 10% levels in 2010 on the back of new logistic contract additions in 2010 such as one with Turk Telekom. For the Group, we expect the change in the compensation scheme of the sales

employees favouring profitability and an increased focus on common sales channels to further support margins. The Company has changed its compensation scheme favouring profitability rather than revenues. On the other hand, sales via common sales channels provide better margins by excluding intermediaries. The Company expects revenue contribution via this channel to rise to 10% levels in 2010 from 5% the year before and to 20% in the medium term.

- **Large-scale distribution network enables Indeks to tap into new businesses...**  
For the 4Q10, Indeks Group has entered in the small electrical household goods sector and launched the 'Homend' brand. Homend products will be distributed by Neotech, a 80% subsidiary of Indeks Bilgisayar. Although the implication of this business as a new vendor will be insignificant in the near future, the set-up indicates the Group's ability to penetrate into new operations, leveraged by its distribution network. Additionally, Indeks Bilgisayar aims to set up or acquire an after-sales technical service company in 2011. Acquiring an already operating service company is the most likely option for the Company. Indeks Bilgisayar will benefit from above mentioned potential new businesses in terms of increasing revenues and better operating margins.
- **A Hidden value ...**  
The Company would be selling their real estate, including their headquarter and warehouse, located on a land of 40K sqms with a book value of USD15mn. Note that Istanbul Municipality has a plan to construct a residential-social urban project on the land. Although we did not include the value from these assets into our valuation, the sale of its real estate does constitute as a positive aspect to our valuation.
- **Resolving the partnership issue with the Greek partner may elevate Company's value...** Since the insolvency issue of the Athens based Pouliadis & Associates (shareholder of Indeks with 35.6% stake) had issued its stake to 5 Greek banks as collateral for its corporate notes, possession and voting rights of the stocks belong to 5 Greek banks as ownership does still remain at Pouliadis & Associates. We believe resolving the partnership issue would propel the Company value and remove the pressure on the stock that trades with a discount to its peers.
- **Investment risks...**  
Since IT products are generally imported or purchased locally via hard currency, mostly USD, steep depreciation of TL stands as a systemic risk as it may sharply lower the demand for IT products. Secondly, considering the size of its revenue, any increase in doubtful receivables might be a risk. Although we do not expect such a sell-off to occur in the short term, Pouliadis and Associates' possible stake sale constitutes another risk.
- **Initiated with OUTPERFORM recommendation...**  
**Target share price is TL3.52 with a 34% upside potential...**  
Our DCF and multiple (EV/EBITDA & P/E) driven hybrid valuation refers to a target share price of TL3.52, thus implying an upside potential of 34%. Indeks Bilgisayar (INDES) shares are currently trading at 3.8x 2010E EV/EBITDA while its peers are trading at an average multiple of 6.1x, implying 38% discount for Indeks Bilgisayar (INDES). On the back of a favourable outlook in the Turkish IT market, we believe that INDES will be an attractive small-cap IT pick.

## VALUATION

### Initiated with 'OUTPERFORM' recommendation...

Our calculation indicates the Company's value at USD139mn. As shown in the below table, we have assigned a 60% weight to the USD139mn value derived from the DCF model, plus a 20% from the EV/EBITDA multiple driven value of USD160mn and finally a 20% weight to P/E multiple driven value of USD118mn. Our hybrid valuation refers to a target share price of TL3.52, implying an upside potential of 34%.

Figure 1 - Valuation Summary	Fair Value	Weight	Contribution
<b>USD mn</b>			
DCF	139	60%	83
Peer Comparison - EV/EBITDA	160	20%	32
Peer Comparison - P/E	118	20%	24
<b>Target Mcap</b>			<b>139</b>
<b>Current Mcap</b>			<b>104</b>
Shares Outstanding (mn)			56
USD			1.4175
<b>Share Price (TL)</b>			<b>2.62</b>
<b>Target Share Price (TL)</b>			<b>3.52</b>
<b>Upside Potential</b>			<b>34%</b>

Source: Indeks Bilgisayar, YF Securities...

\* as of October 18, 2010...

### DCF ANALYSIS

Our DCF analysis yields a value of USD139mn for Indeks Bilgisayar (INDES). We employed a 5% equity risk premium and 5.45% risk free rate for our WACC calculation. We set a terminal growth rate of 1%.

Figure 2 - DCF	2007	2008	2009	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
USD mn														
<b>Revenues</b>	<b>788</b>	<b>714</b>	<b>703</b>	<b>773</b>	<b>828</b>	<b>935</b>	<b>1,001</b>	<b>1,051</b>	<b>1,103</b>	<b>1,158</b>	<b>1,216</b>	<b>1,277</b>	<b>1,341</b>	<b>1,408</b>
Growth (%)	25%	-9%	-2%	10%	7%	13%	7%	7%	5%	5%	5%	5%	5%	5%
<b>EBITDA</b>	<b>22</b>	<b>21</b>	<b>27</b>	<b>31</b>	<b>32</b>	<b>35</b>	<b>37</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>	<b>40</b>	<b>40</b>	<b>41</b>
Margin (%)	2.7%	2.9%	3.8%	4.0%	3.9%	3.8%	3.7%	3.5%	3.4%	3.3%	3.2%	3.1%	3.0%	2.9%
<b>EBIT</b>	<b>21</b>	<b>20</b>	<b>26</b>	<b>30</b>	<b>31</b>	<b>34</b>	<b>36</b>	<b>36</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>38</b>
Effective tax rate (%)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Tax on EBIT	-4.2	-4.1	-5.2	-6.1	-6.3	-6.9	-7.1	-7.2	-7.3	-7.4	-7.5	-7.5	-7.6	-7.6
<b>NOPAT</b>	<b>17</b>	<b>16</b>	<b>21</b>	<b>24</b>	<b>25</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>31</b>
Capital expenditures	9.3	0.4	0.6	0.7	0.8	0.9	1.1	1.3	1.5	1.7	2.0	2.4	2.8	3.3
Depreciation & Amortization	0.8	0.5	0.5	0.5	0.6	0.8	0.9	1.0	1.1	1.3	1.6	1.9	2.2	2.6
% in D&A / Sales	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
Change in Working Capital		-15.6	16.0	5.4	8.3	10.5	14.6	12.3	13.5	14.2	15.2	18.7	19.5	21.0
% in WC / Sales		-2%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
<b>Free-cash-flow (FCF)</b>				<b>18.7</b>	<b>16.6</b>	<b>16.8</b>	<b>13.6</b>	<b>16.2</b>	<b>15.4</b>	<b>15.0</b>	<b>14.2</b>	<b>10.9</b>	<b>10.3</b>	<b>8.8</b>
Discount factor			1.00	0.98	0.90	0.82	0.75	0.69	0.63	0.58	0.53	0.49	0.45	0.41
<b>NPV</b>				<b>18.4</b>	<b>14.9</b>	<b>13.9</b>	<b>10.2</b>	<b>11.2</b>	<b>9.7</b>	<b>8.7</b>	<b>7.5</b>	<b>5.3</b>	<b>4.6</b>	<b>3.6</b>
NPV of FCF	108													
NPV of Terminal Value	44													
Terminal growth rate	1%													
<b>NPV of Operations</b>	<b>153</b>													
Net Debt	7													
Participation Portfolio	-6													
<b>Current Mcap (USD mn)</b>	<b>104</b>													
<b>Implied Value (USD mn)</b>	<b>139</b>													

Source: Indeks Bilgisayar, YF Securities...

\* as of October 18, 2010...

WACC Assumptions

Beta	0.79
Risk-free rate	5.5%
Equity risk premium	5.0%
Tax rate	20.0%
Target Equity / Total Asset	80.0%
Cost of Equity	9.4%
Cost of Debt*(1-T)	10.5%
<b>WACC</b>	<b>9.2%</b>

## PEER COMPARISON

Indeks Bilgisayar (INDES) shares are currently trading at 3.8x 2010E EV/EBITDA while its peers are trading at an average multiple of 6.1x, thus implying a 38% discount for INDES. On the other hand, 2010E P/E of Indeks is attractive at 8.8x, referring 12% discount compared to peers average of 10.0x.

Using peers' equally weighted 2010E & 11E EV/EBITDA and 2010E & 11E P/E, we arrive at fair value of USD160mn and USD118mn, respectively.

Figure 3 - Peer Comparison

	Mcap	EV	EV/EBITDA						P/E					
			2007	2008	2009	2010E	2011E	2012E	2007	2008	2009	2010E	2011E	2012E
AGILYSYS INC	168	119	1.6	10.2	4.6	10.0	-	-	5.7	45.6	-	-	-	31.7
AVNET INC	4,224	4,413	5.9	5.5	7.8	6.3	4.8	4.5	10.2	8.9	14.3	10.5	8.1	7.6
ESPRINET SPA	513	574	4.9	8.6	6.8	6.8	6.2	5.9	9.4	18.5	11.3	11.1	9.5	8.8
INGRAM MICRO INC-CL A	2,781	2,371	4.3	5.4	6.1	4.3	3.9	3.6	10.2	12.7	14.2	9.5	8.4	7.3
SYNNEX CORP	1,039	1,277	9.7	7.6	7.1	5.9	5.3	4.7	15.4	12.0	11.0	9.0	8.3	7.2
TECH DATA CORP	1,964	1,448	6.7	5.2	5.4	4.9	4.1	3.7	33.7	17.1	20.5	13.3	10.7	9.7
ARENA BILGISAYAR	67	82	7.2	6.9	5.6	4.8	5.0	-	4.8	11.6	-	6.7	7.3	-
<b>PEERS AVERAGE</b>	<b>1,107</b>	<b>1,053</b>	<b>5.8</b>	<b>7.0</b>	<b>6.2</b>	<b>6.1</b>	<b>4.9</b>	<b>4.5</b>	<b>11.9</b>	<b>18.0</b>	<b>14.3</b>	<b>10.0</b>	<b>8.7</b>	<b>12.1</b>
<b>INDEKS BILGISAYAR</b>	<b>104</b>	<b>117</b>	<b>5.4</b>	<b>5.6</b>	<b>4.4</b>	<b>3.8</b>	<b>3.6</b>	<b>3.3</b>	<b>10.6</b>	<b>26.5</b>	<b>10.0</b>	<b>8.8</b>	<b>7.6</b>	<b>6.5</b>
<b>Premium / Discount (-) to Peers</b>			<b>-6%</b>	<b>-20%</b>	<b>-29%</b>	<b>-38%</b>	<b>-25%</b>	<b>-26%</b>	<b>-11%</b>	<b>47%</b>	<b>-30%</b>	<b>-12%</b>	<b>-13%</b>	<b>-46%</b>

Source: Bloomberg, YF Securities Estimates...

\* as of October 18, 2010...

## INVESTMENT RISKS

- **A systemic risk, FX risk: Steep depreciation of TL might affect demand negatively...**

IT products are generally imported or purchased locally via prices based on hard currencies, mostly USD. Despite its efforts to sell its products in hard currencies, Indeks Bilgisayar is still highly sensitive to depreciation in TL due to the nature of its business. In case of a sudden and steep depreciation in TL, demand for IT products might be adversely affected. However, the Company tries to minimize the risk by setting its functional currency as USD and hedging via forward transactions.

- **Considering the size of its revenue, increase in doubtful receivables is a risk...**

Indeks Bilgisayar conducts business with more than 7,500 companies and any deficiency in the receivables might harm Company's cash flow. In order to manage the risk, the Company has a separate department to watch its receivables and has solid management track record in the area.

- **Possible stake sale from Pouliadis and Associates' may pressure the stock...**

Pouliadis and Associates, holds 35.6% stake in Indeks Bilgisayar. Since insolvent Pouliadis Group issued its stake to Greek banks as collateral for its corporate notes,

possession of the stake belongs to 5 Greek banks (Bank EFG Eurobank Ergasias S.A., National Bank of Greece S.A., Emporiki Bank S.a., Alpha Bank S.A. and Laiki Bank (Hellas) S.A). Possible sale of this stake in the ISE might put some pressure on the stock, although we don't expect such a case to occur in the short term. Meanwhile, Pouliadis & Associates' share acquisition cost stands above the current levels of share price. On the other hand, these shares do not have any controlling right. Accordingly, any change in the ownership of these shares will not change the Management.

## PROSPECTS

- Indeks Group has initiated a new business of small electrical household goods and launched the 'Homend' brand in the 4Q2010. The products of Homend will be distributed by Neotech, 80% subsidiary of Indeks Bilgisayar. Although we think that the new business will not affect Indeks Bilgisayar's financials significantly, we welcome the launch of Homend as a new vendor. On the other hand, launch of Homend indicates Indeks Group's ability to penetrate into new businesses, utilizing its distribution network. Meanwhile Indeks Group expects Homend to generate net sales of TL8mn in 2010, TL30mn in 2011 and TL60mn in 2012.
- Indeks Bilgisayar plans to set up or acquire an after-sales technical service company in 2011. The most likely case for the Company is to acquire an existing after sales company. Indeks Bilgisayar will benefit from the new businesses in terms of increased revenues and improved operating margins.
- Indeks Bilgisayar would be selling their real estate, including headquarter and warehouse, located on a land of 40K sqms. Note that Istanbul Municipality has a plan to build up a residential area on the land that Indeks Bilgisayar's warehouse and headquarter is located. As the land has a book value of USD15mn, sale of its real estate also stands as a positive prospect for the Company. **Note that we did not include the value from these prospects into our valuation.**

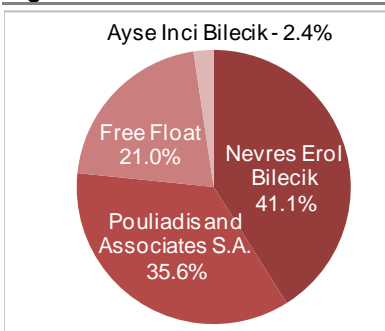
## COMPANY OVERVIEW

### İNDEKS BİLGİSAYAR

...an indispensable player of IT sector with a large scale, highly organized distribution network...

Founded in 1989, Indeks Bilgisayar Sistemleri Muhendislik Sanayi ve Ticaret A.S., so called '*Indeks Bilgisayar*', '*Indeks*', '*İNDES*' and '*the Company*', is the market leader IT distributor in Turkey as the Company holds 18% market share in terms of revenues. Indeks Bilgisayar provides its business partners with a wide spectrum of IT products supplied both from Turkey and abroad.

**Figure 4- Shareholder Structure**



Source: Indeks Bilgisayar

Indeks Bilgisayar distributes around 200 internationally renowned IT brands to a network of more than 7,500 companies, so called 'business partners' including traditional dealers, system integrators, value added dealers and retailers such as big techno-markets. As Indeks Bilgisayar's business model does not cover the direct delivery of IT products to end-users, highly organized distribution network of the Company which has diffused all around Turkey with a large scale makes Indeks an indispensable player in IT sector. As of June 30, 2010, Indeks Bilgisayar has an average of 311 personnel, all staffed in administrative functions. Indeks Bilgisayar's headquarter, functioning as the operation center, is located in Sisli, Istanbul and the Company has 5 more branches based in Ankara, Izmir, Diyarbakir, Elazig and Istanbul Ataturk Airport Free Zone. Offering 15.34% of its shares to public, Indeks Bilgisayar is listed in ISE since June 2004. Chairman of Indeks Bilgisayar, Mr. Erol Bilecik is the majority shareholder of the Company as Mr. Bilecik holds 41.06% stake in Indeks Bilgisayar while the other majority shareholder, Athens based Pouliadis and Associates S.A.'s stake is 35.6%.

**Figure 5 – Board of Directors**

Board of Directors	Title
Nevres Erol Bilecik	Chairman
Salih Bas	Deputy Chairman
Atilla Kayalioglu	Board Member
Ayse Inci Bilecik	Board Member
Halil Duman	Board Member

Source: Indeks Bilgisayar

**Figure 6 – SWOT Analysis**

Strengths	Weaknesses
- organized distribution network	- weak margins due to business nature
- large scale	- vulnerable to FX fluctuations
- one back office for all Group Companies	
Opportunities	Threats
- new businesses leveraged by distribution network	- diffusion of techno-markets in Anatolia
- potential reveal of hidden asset (land) value	- appreciation of hard currencies against TL

Source: YF Securities

...a holding-alike structure that reveals synergy...

### Holding 6 subsidiaries under the same roof...

Indeks Bilgisayar has direct stake in 5 companies, named as Datagate Bilgisayar Malzemeleri (59%), Neotech Teknolojik Urunler Dagitim (80%), Teklos Teknoloji Lojistik Hizmetleri (99%), Neteks Iletisim Urunleri Dagitim (50%) and Infin Bilgisayar Ticaret (99%) which operates in separate areas of IT products and services. Since Neteks Iletisim Urunleri Dagitim holds 99% stake in Neteks Dis Ticaret, Indeks Bilgisayar has an indirect share of 49.5% in Neteks Dis Ticaret. Holding 6 companies under the same roof, Indeks Bilgisayar enjoys highly integrated holding-alike company structure since the Group Companies conduct their operations in separate but deeply related areas. Such a structure enables Indeks Bilgisayar to minimize operating expenses via sharing the back-office such as warehouse among Group Companies and accordingly leading to synergy.

**Figure 7 - Indeks Group Companies & Subsidiaries**

Company	Business Distribution Model	% Stake	Capital (TR)
Indeks Bilgisayar <sup>1</sup>	Broadliner distributor	100.00%	56,000,000
Datagate Bilgisayar Malzemeleri <sup>2</sup>	OEM components & PC parts distributor	59.24%	10,000,000
Neotech Teknolojik Urunler Dagitim	Consumer & home electronics distributor	80.00%	1,000,000
Teklos Teknoloji Lojistik Hizmetleri	IT logistics & service	99.99%	5,000,000
Neteks Iletisim Urunleri Dagitim <sup>3</sup>	Networks products distributor	50.00%	1,100,000
Infin Bilgisayar Ticaret	Trade	99.80%	50,000
Neteks Dis Ticaret	Foreign trade & network products distributor	49.5% <sup>4</sup>	5,000

Source: Indeks Bilgisayar

<sup>1</sup>Listed in ISE since 24.06.2004

<sup>2</sup>Listed in ISE since 09.02.2006

<sup>3</sup>50% of its shares acquired by Westcon Group on May 5, 2007

<sup>4</sup>Indirect stake since Neteks Dis Ticaret is 99% subsidiary of Neteks Iletisim Urunleri Dagitim

Indeks Bilgisayar consolidates 'Datagate Bilgisayar Malzemeleri A.S.', 'Neotech Teknolojik Urunler Dagitim A.S.', 'Teklos Teknoloji Lojistik Hizmetleri A.S.' via 'full consolidation' and 'Neteks Iletisim Urunleri A.S.' via 'partial consolidation' method. 'Infin Bilgisayar Ticaret A.S.' and 'Neteks Dis Ticaret Ltd. Sti.' is not consolidated in the financials since the operations and the businesses are insignificant to be considered in the consolidation.

**Figure 8 – Consolidation Method of Indeks Group Companies & Subsidiaries**

Company	Consolidation Method
Indeks Bilgisayar	--
Datagate Bilgisayar Malzemeleri	Full consolidation
Neotech Teknolojik Urunler Dagitim	Full consolidation
Teklos Teknoloji Lojistik Hizmetleri	Full consolidation
Neteks Iletisim Urunleri Dagitim	Partial consolidation
Infin Bilgisayar Ticaret <sup>1</sup>	Not consolidated
Neteks Dis Ticaret <sup>2</sup>	Not consolidated

Source: Indeks Bilgisayar

1-2: not consolidated due to insignificant size of the operations...



### Indeks Bilgisayar

Indeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret A.S., founded in July 10, 1989, distributes nearly 200 globally recognized brands and operates with more than 7,500 business partners. Indeks Bilgisayar is the broadliner distributor of PCs, notebooks, softwares and peripherals. The Company is listed in the ISE since June 24, 2010.



### Datagate Bilgisayar Malzemeleri

Datagate Bilgisayar Malzemeleri Ticaret A.S. represents, sells, distributes, markets and provides logistics and after sales services of IT companies which supply IT components such as hard disks, monitors, motherboards, memory units and backup units. Datagate, the OEM components distributor, was established in 1992 and were offered public in February 09, 2006. The stock trades with the ticker of 'DGATE.IS' / 'DGATE TI'. Indeks Bilgisayar holds 59.24% stake in Datagate. The Company recorded net sales of TL295mn and profit of TL4.3mn in 2009.



### Neteks İletişim Ürünleri Dağıtım

Neteks İletişim Ürünleri Dağıtım A.S. was established in 1996 and operates as the distributor of network and communication products. The company provides corporate networking and telephone systems, distributes structural cable products and network security solutions. Additionally, the Company distributes the products of Airties and Linksys and provides SMEs with ADSL and communication solutions. Neteks Dis Ticaret is 99% subsidiary of Neteks İletişim Dağıtım.



### Neotech Teknolojik Ürünler Dağıtım

Neotech Teknolojik Ürünler Dağıtım A.S., founded in 2005, is a wholesale marketer of consumer electronics and communication devices. The Company distributes home electronic products of Sony, Hitachi, Toshiba and LG and ADSL/SME communication solutions via Airties, Zyxell, D-Link and Linksys.



### Infin Bilgisayar Ticaret

Infin Bilgisayar Ticaret A.S., founded in 2001, assists retailers within the scope of investment operations under incentive certificates for their sales and export operations.



### Teklos Teknoloji Lojistik

Teklos Teknoloji Lojistik A.S. provides logistics services to IT companies. The company is located on a land of 39,761 square meters and occupies an indoor area of 18.969 square meters. Indeks Group purchased Karadeniz Orme A.S. in 2006 and converted the Company's field of activity as 'logistics' as changing its name to Teklos Teknoloji Lojistik. Teklos has distributed 515K of packages and 10.3mn IT products in 2009.

Indeks Group Companies concentrate on IT distribution in different areas. As Indeks Bilgisayar is the broadliner distributor, Datagate distributes mainly OEM components and PC parts.

**Figure 9 - Product Portfolio of Indeks Group Companies**

INDEKS	DATAGATE	NETEKS
PC Notebooks Printers Servers Peripherals Software	Micro Processor Hard Disk Main Board Display Card Monitors Optical Products Server Products Memory Products Notebooks Desktops	Corporate Network Systems Network Equipment Structured Cabling Products Private Exchange Systems Network Security Solutions ADSL Solutions SME Communication Solutions
NEOTECH	Backup Units Network Products Accessories Security Products Laser Printers Network (Modem - USB - Adaptor) Products	TEKLOS
Consumer Electronics Communication Equipment Alternative Electronic Products		Logistics Transportation

Source: Indeks Bilgisayar

Major distributorships of Indeks Bilgisayar and Indeks Group Companies for the main product types are as follows:

**Figure 10 - Major Distributorships**

PC Products	OEM	Printer & Peripherals	Network Products	Software Products	Household Electronics	Memory and Medium Sized Systems
APPLE ASUS DELL FJS HP LENOVO LG MSI SONY VAIO TOSHIBA	ALPS BELKIN FJS INTEL IOMEGA KINGSTON LITE-ON NEC PHILIPS SAMSUNG SEAGATE VIEWSONIC WD	APC CANON EPSON HP IBM OKI PANASONIC XEROX	3COM ALIED TL AVAYA CHECKPOINT CISCO HCS HP IBM ISS NEWBRID NORTELL PANDUIT TREND MICRO	IBM LOTUS MICROSOFT NOVELL SYMANTEC TIVOLI	AIRTIES APPLE HITACHI LG NOKIA PANASONIC SONY VIEWSONIC	HP IBM LACIE SEAGATE WD

Source: Indeks Bilgisayar

As the share of PC products and OEM products in total products distributed have decreased by around 2 bps y/y each in 1H10, distribution in consumer electronics increased from 9.5% in 1H09 to 14.9% in 1H10. PC, OEM and consumer electronics products constitute around 80% of total products distributed in 1H10.

**Figure 11 – Product Categories\***

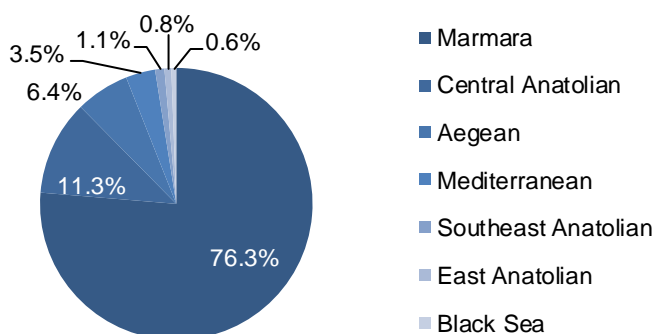


Source: Indeks Bilgisayar

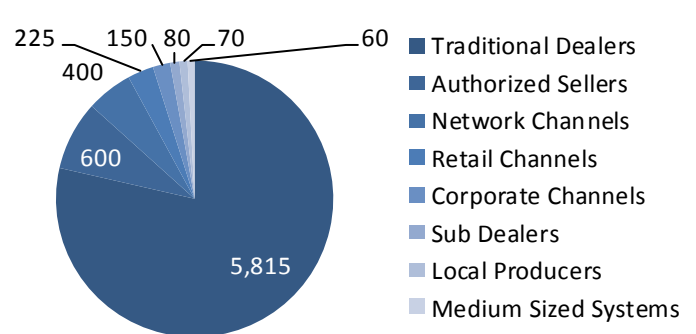
\*Distribution based product categories...

Indeks Bilgisayar’s major operation region is Marmara where 76% of 1H10 revenues derives. As the Company contracted in Izmir and Ankara regions in 2008 – 2009 period due to the financial turmoil, share of these regions in total revenues will increase for the next periods. On the other hand, in 2009, Indeks Bilgisayar worked with around 7,400 business partners, 79% of which were traditional dealers. Indeks Bilgisayar benefits from higher share in traditional dealers channel since the Company obtains higher margins in this channel due to value added services.

**Figure 12 – Geographical Revenue Breakdown, 1H10**



**Figure 13– Business Partners, 2009**



Source: Indeks Bilgisayar

## BUSINESS MODEL

### Solid and well-organized intermediary between the vendors and end users...

Indeks Group Companies distributes IT products of vendors to the end users via different channels. The vendors include global manufacturers with / without operations in Turkey. Suppliers prefer to work with IT distributors in order to focus on their customers and marketing. Through the distribution process, vendors support distributors in marketing, advertising and financing of big projects. While delegating the responsibility and workforce of collecting and distributing IT products to IT distributor companies, vendors monitor the operations and business progress of their distributors. Indeks Group Companies distribute IT products through System Integrating Dealers Channel, Value Added Dealers Channel, Regular Dealers and Retail Channel.

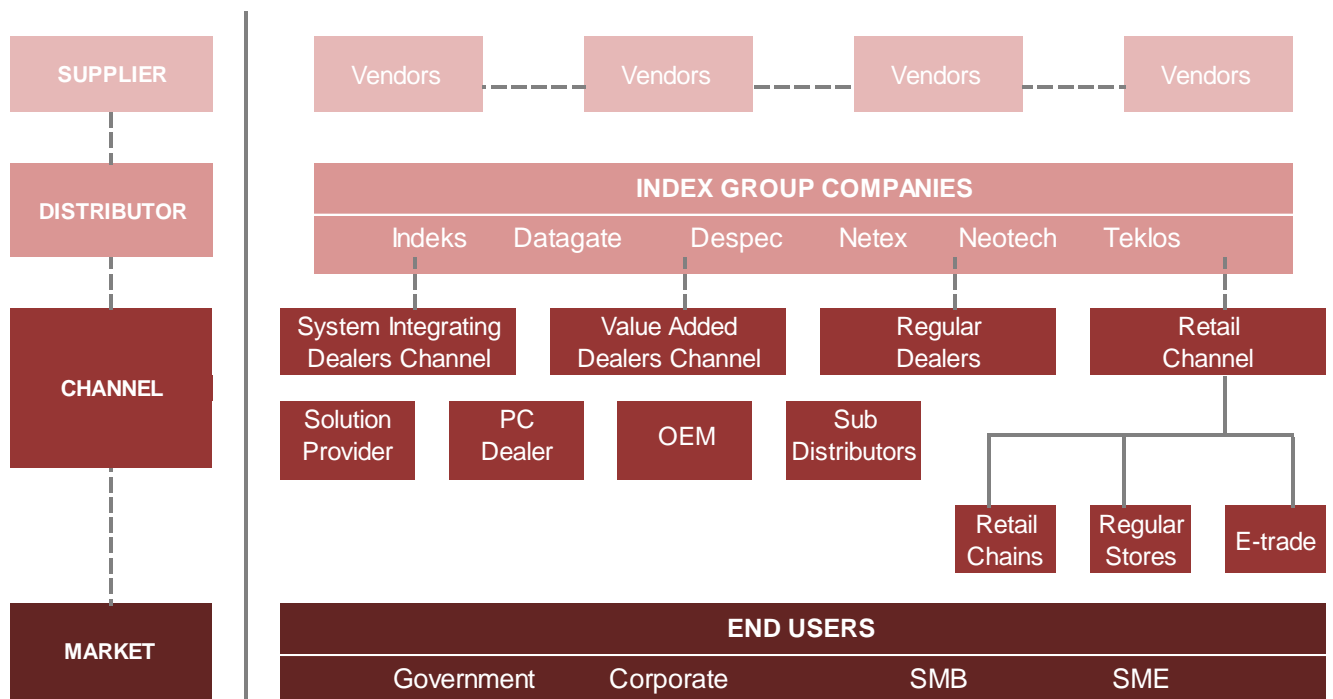
**System Integrating Dealers Channel**, 'System Integrators', adopts new technologies to corporate clients, involving manufacturers and distributors into the system design.

**Value Added Dealers Channel** are dynamic resellers that monitor technological advancements closely and do not prefer to participate in big projects. They target multinationals with a unique location as customers.

**Regular Dealers**, as having a low level of know-how with their scarce resources, runs their operations with the support of distributor companies. As targeting SMEs and households, they mainly sell OEM products and peripherals.

**Retail Channel** includes retail chains such as Teknosa, Bimeks, Media Markt, Vatan and Gold Bilgisayar, regular computer stores and e-retail. Note that while supporting the top-line of distributor companies, retail channel provide lower operating margins compared to other sorts of channels.

Figure 14 - Business Model



Source: Indeks Bilgisayar

## SECTOR OVERVIEW

### **Turkish IT market grew by 12% CAGR in 10 years since 1999...**

According to International Data Corporation (IDC), Turkish IT market has grown by 12% CAGR between 1999 and 2009 and reached a turnover of USD5.7bn in 2009. The only contraction in Turkish IT sector was realized in 2001 when the sector turnover plunged by 49% to USD1.2bn over a year ago. The main reason behind the steep contraction was the economic crisis which arose at the end of 2000 and intensified in 2001. Accordingly, private companies and the Government postponed a significant portion of its IT investments during 2000-2001 period. Turkish IT market managed to catch its pre-crisis level in 4 years while reaching a turnover of USD2.4bn in 2004. Note that Turkish IT market surged by 19% CAGR during 2004 – 2009, performed far better than the pre-2004 period (CAGR 1999 – 2004: 6%). Recovery after the 2001 economic crisis enabled private companies and Turkish Government to realize their previously postponed investment plans. Accordingly, with a significant growth of 12% CAGR in 10 years, total turnover of the Turkish IT market has reached USD5.7bn in 2009. Major reasons behind this outstanding performance could be significant developments in the IT, personal computers, internet usage and telecommunications.

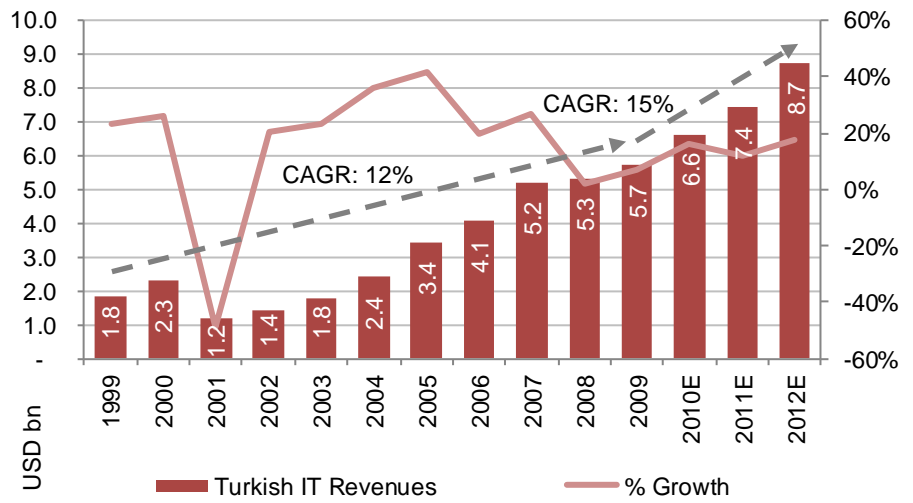
During the global economic turmoil in 2008 and 2009, Turkish IT market managed to grow by 2% and 7% y/y, respectively. Despite the fall in consumer demand, backed by depreciation of TL during the global economic turmoil, Turkish IT market continued to grow, albeit at a slower pace, unlike the crisis in 2001. As IT companies tried to increase demand for IT products with attractive campaigns, the Government's tax incentive enabled Turkish IT market to recover with a growth of 7% y/y in 2009. As might be remembered, Turkish Government reduced VAT for IT products to 8% from previous 18%, for 6 months, starting from April till the end of September 2009. Accordingly, sharp fall in demand due to global economic turmoil has been decelerated.

### **Indeks will definitely reap the benefits from the robust growth in the sector...**

As IDC expects the Turkish IT market to grow by 16% in 2010 and 12% in 2011 (y/y, in USD terms), Indeks Bilgisayar is definitely among the first companies which will reap the fruits from the robust growth in the industry. Within this environment, we expect net sales of Indeks Bilgisayar to increase by 10% and 7% y/y in 2010 and 2011, respectively.

IDC expects Turkish IT market to grow by a CAGR of 15% during 2009-12...

Figure 15 - Turkish IT Market Size

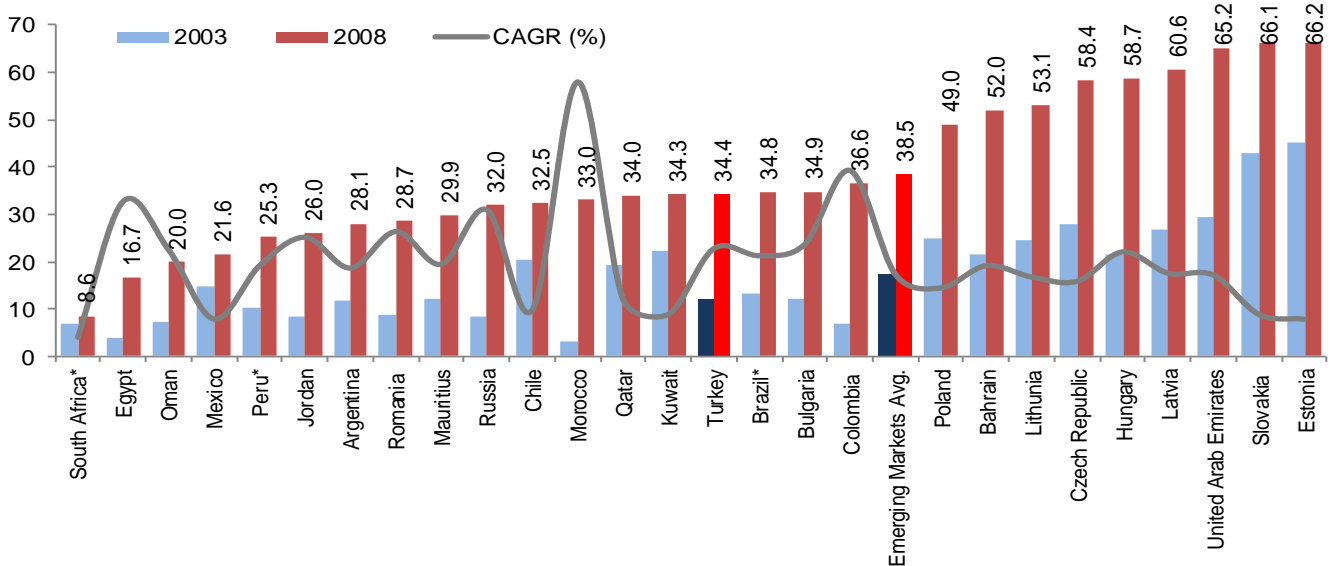


Source: IDC 2010, Indeks Bilgisayar

**Turkish IT market implies a significant growth potential considering its low internet usage level among emerging market countries...**

According to International Telecommunication Union (ITU)'s report named 'Information Society Statistical Profiles 2009', Turkey has 34.4 internet users per 100 inhabitants in 2008, below emerging markets average of 38.5. Note that, Turkey's internet users per 100 inhabitants have increased by 23% CAGR to 34.4 in 2008 from 12.3 in 2003. On the other hand, internet users per 100 inhabitants in emerging markets on average rose by 17% CAGR to 38.5 in 2008 from 17.4 in 2003. Below graph indicates that Turkey promises a fair growth potential in terms of IT market considering its internet usage level.

Figure 16 - Internet Users per 100 Inhabitants

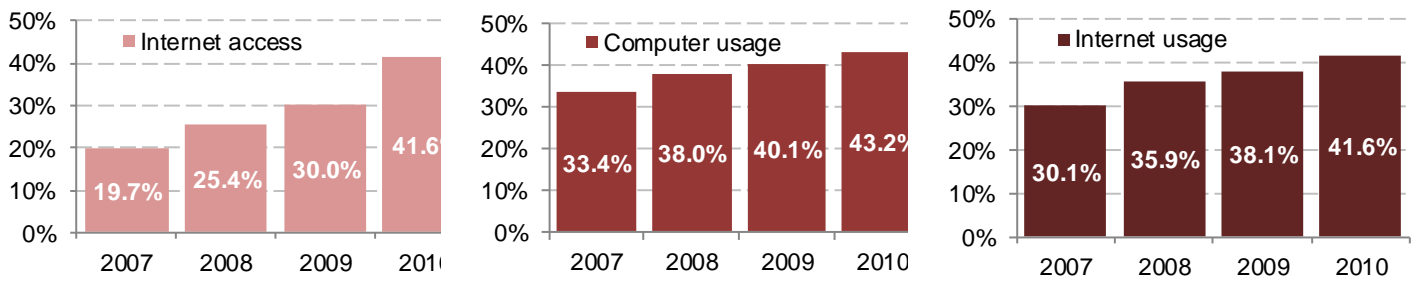


Source: ITU World Telecommunication / ICT Indicators Database  
\*figures are estimates or refer to years other than those specified...

**TurkStat data indicates upward trend in IT usage, yet still implies room to grow...**

According to the results of 2010 Households IT Usage Survey conducted by the Turkish Statistical Institute TurkStat in April 2010, 42% of households have internet access. ADSL is the common internet connection with a share of 73.3%. According to the survey which was conducted with 16-74 year olds, computer and internet usage is 43.2% and 41.6%, respectively. Survey indicates that computer usage of men and women is 53.4% and 33.2%, respectively. On the other hand, 51.8% of men uses internet while the ratio is 31.7% for women. Survey indicates that the highest computer and internet usage ratios stand for households whose ages are within 16-24. Despite the impressive growth in IT usage indicated by TUIK data, Turkish IT market still implies ample room to grow.

**Figure 17 - Household IT Usage Survey Results– Turkey\***



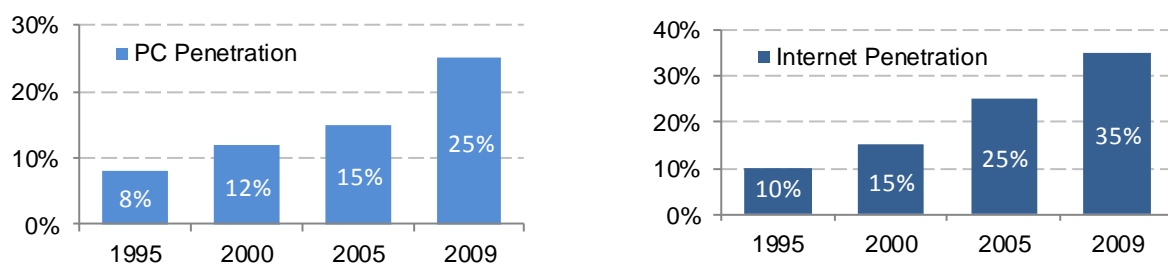
Source: Turkish Statistical Institute (Turkstat)

\*Computer and Internet usage is for individuals whose age is between 16-74...

**Turkey has low levels of PC & Internet penetrations...**

According to Turkstat’s survey, 72.8% of internet users have identified their main usage area as sending & receiving e-mails, 58.8% as reading newspapers and magazines, 64.2% as chatting and sending instant messages while 51.2% stated their internet usage purpose as downloading or playing games, music, film and video. 55.7% of internet users stated that they used the web for searching information on products and services.

**Figure 18 - Turkey PC & Internet Penetrations**

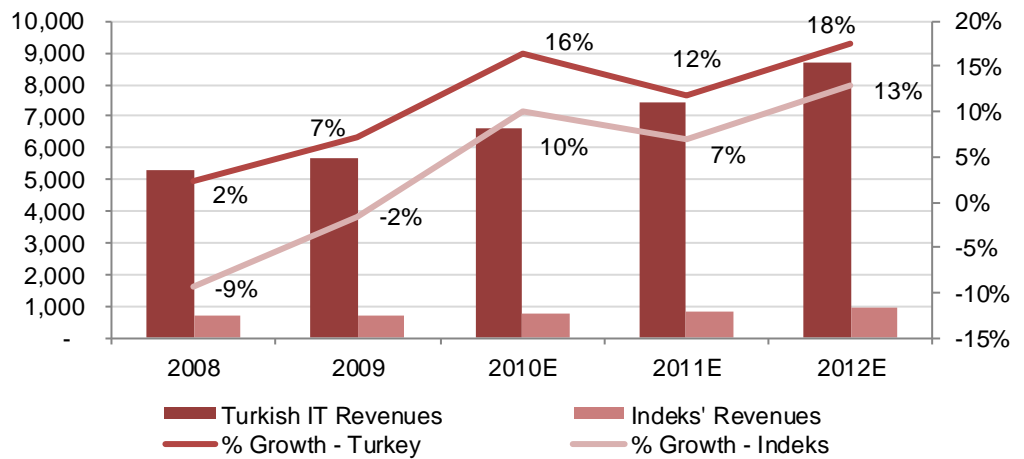


Source: Indeks Bilgisayar

**Indeks will reap the fruits from the promising growth in Turkish IT market...**

IDC expects that Turkish IT market will grow by 16% and 12% y/y in 2010 and 2011, respectively. Accordingly, we expect Indeks' revenues to rise by 10% y/y to USD773mn in 2010 and 7% y/y to USD828mn in 2011. Note that, below market growth does not necessarily mean market share loss for Indeks Bilgisayar as our estimates are based on consolidated figures versus IDC's data which is not adjusted for inter-group revenues of IT companies.

**Figure 19 - Turkish IT & Indeks Bilgisayar Turnover, USD mn**

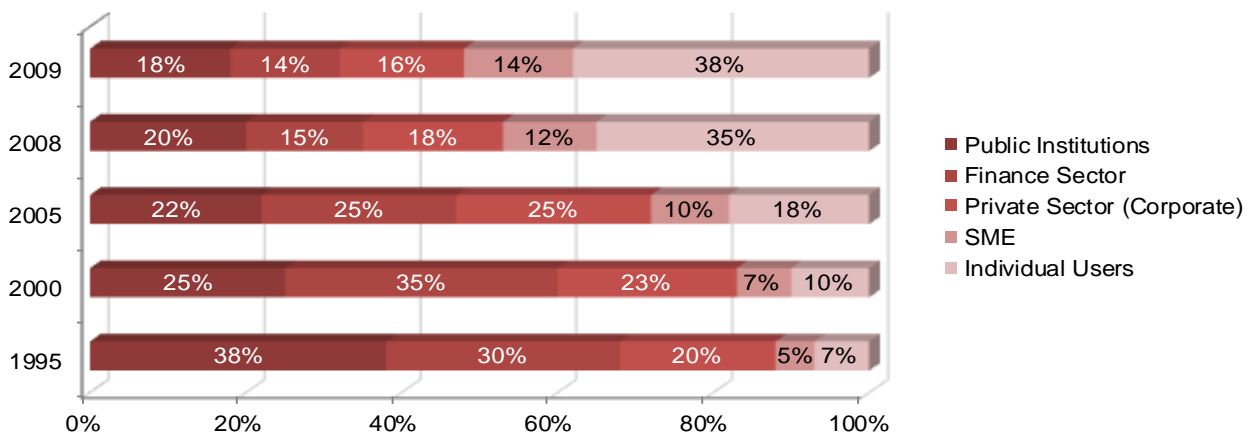


*Source: IDC 2010, Indeks Bilgisayar, YF Securities Estimates*

**Global financial turmoil has altered the market structure since public & private sector lost market share as end users...**

Turkish IT market dynamics have changed in terms of market share of end users as share of public institutions fell from 38% levels in 1995 to 18% levels in 2009. Contrary to that, share of individual users has significantly increased from 7% levels to 38% levels during the same period. In 2008 and 2009, global financial turmoil has accelerated the transition in the market dynamics since public institutions, finance sector and private sector –corporates have postponed their IT investments. Forward looking, we expect public & private institutions to gain market share as end users. Accordingly, Indeks Bilgisayar will acquire more business from public and private sector in the remainder of 2010.

**Figure 20 – Market Share of End Users**



Source: Indeks Bilgisayar

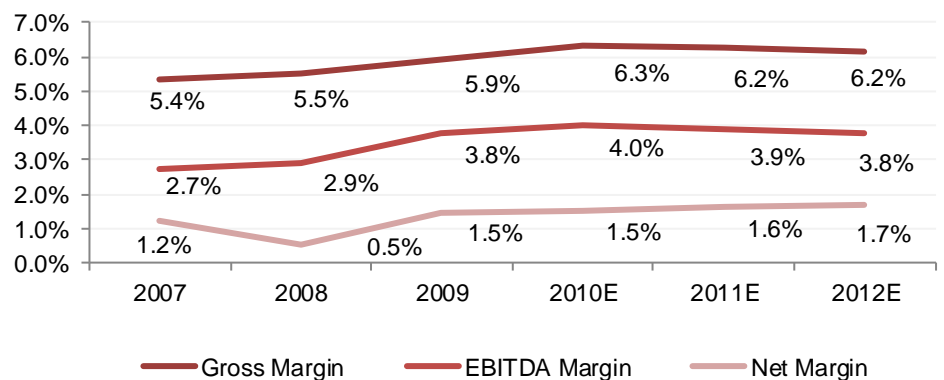
**No exclusivity in IT products distribution...**

IT products are being distributed by more than one distributor, generally by 2-3 distributors. As IT distributors do not possess any exclusivity right to vendors, IT companies have the option to distribute brands of competitors. On the other hand, contracts are being renewed every year, automatically by nature. Considering Indeks Bilgisayar’s large scale of distribution network, in our view, non-renewal of the contracts do not constitute a risk for the Company. Given the Company’s extensive know-how and experience on this business, Indeks Bilgisayar is the one of the last names to face such a failure in renewing the existing contracts.

## FINANCIAL ANALYSIS

Indeks Bilgisayar improved its EBITDA margin to 3.8% in 2009 from 2.9% in 2008, mainly due to lower opex / sales ratio. Share of operating expenses in total sales fell to 2.2% in 2009 from 2.7% in 2008, on the back of lower personnel expenses. Personnel expenses, the main operating expense item as constituting 55% of total op-ex, decreased by 15% y/y in 2009. The main reason behind significant decrease in personnel expenses is that Indeks Bilgisayar downsized its operations in Ankara and Izmir regions in 2009 amid financial turbulence.

**Figure 21 - Indeks Bilgisayar's Margins**



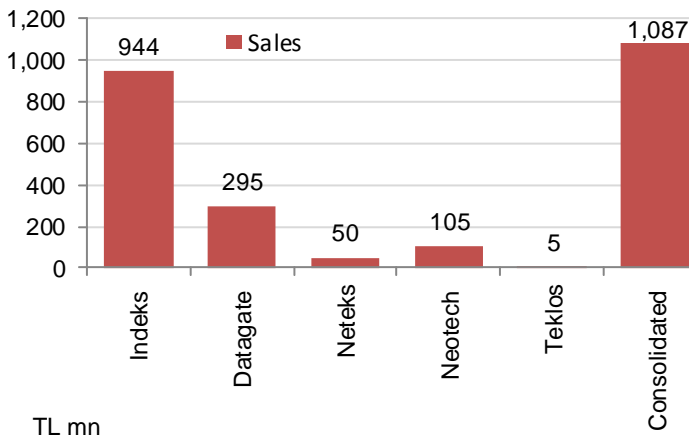
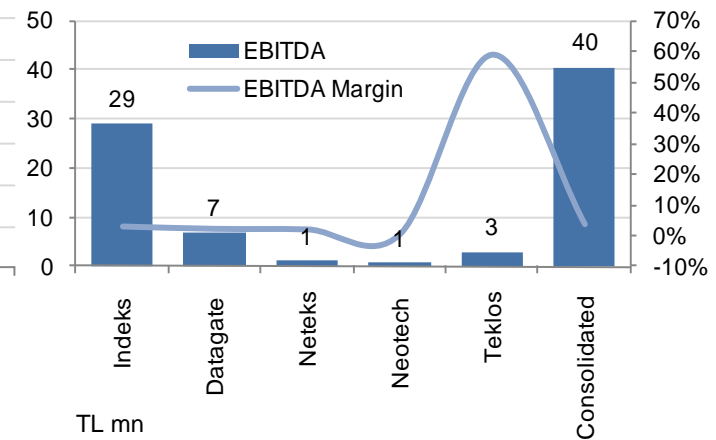
*Source: Indeks Bilgisayar, YF Securities Estimates*

### We expect margin improvement in 2010...

We expect Indeks Bilgisayar's margins to improve in 2010, on the back of (1) higher contribution from the high margin logistics business via its logistics company, Teklos (2) rearrangement of sales personnel's compensation scheme and (3) increasing weight of mobile sales channels in total revenues.

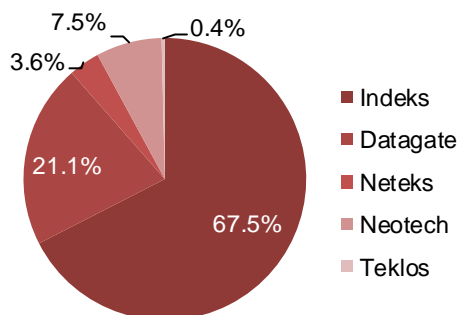
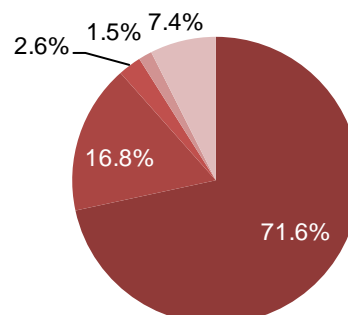
### Teklos will support the margins via its impressive EBITDA margin of ~59%...

Although net sales of Teklos constituted less than 1% of total sales in 2009, EBITDA contribution of the Company was around 7% with its significant EBITDA margin of 58.7%. Considering new contracts signed in 2009 including logistic of IT products to Turk Telekom branches, we expect the EBITDA contribution of Teklos to rise to 10% levels in 2010. Accordingly, we expect EBITDA margin of Indeks Bilgisayar to rise to 4.0% in 2010.

**Figure 22 – Sales, Indeks Group Companies, 2009**

**Figure 23 – EBITDA, Indeks Group Companies, 2009**


Source: Indeks Bilgisayar

Indeks Group Companies recorded a total revenue of TL1,400mn in 2009. Indeks Bilgisayar, as having a turnover of TL944mn during the same period, constituted 67.5% of total group revenues in 2009. Revenue share of Datagate in total turnover stands at 21%. Although net sales of Teklos constituted less than 1% of total sales in 2009, EBITDA contribution of the Company was 7% with its significant EBITDA margin of 59%.

**Figure 24 - Revenue Breakdown, 2009**

**Figure 25 - EBITDA Breakdown, 2009**


Source: Indeks Bilgisayar

### Compensation scheme of sales-team rearranged favouring profitability...

Indeks Bilgisayar has altered its compensation scheme, specifically bonuses of the sales personnel, to favour profitability rather than revenues. Accordingly, the sales-team is encouraged to sell more profitable products rather than aiming to increase turnover and hence collect better bonuses. Note that bonuses compromise nearly 40% of total compensation package of sales personnel.

### Common sales channel provides better margins...

Sales via direct mobile (common) sales teams provide better margins by excluding intermediaries. The Company expects revenue contribution via this channel to rise to 10% in 2010 from 5% in 2009. On the medium term, Indeks aims to increase the revenue contribution of direct sales channels to 20%. Note that, in case big techno markets diffuse into Anatolia, Indeks Bilgisayar will suffer from margin pressure from those techno markets which will try to eliminate the value added services of Indeks. Moreover, techno markets presence in Anatolia will put direct mobile sales channel out of action.

### Financial Liabilities

Indeks Bilgisayar managed to decrease its net debt position to TL11.6mn in 1H10 from TL30.1mn in 2009. As total financial debt of the Company fell by TL9.1mn, cash position increased by TL9.4mn during the same period. The Company will pay USD130 per month till 2016 for the Karadeniz Orme Sanayi purchased in 2006 at a price of USD15mn. In 2H10, Indeks Bilgisayar plans to pay a loan of TL8mn. The debt repayment schedule is comprised of TL7.6mn repayment in 2011 and TL10.8mn repayment during 2012 – 2016. On the other hand, leverage ratio has declined to 20% level in 1H10 from 43% levels in 2008. We expect the ratio to further fall to 18% levels due to further loan repayments.

Figure 26 – Net Debt Profile

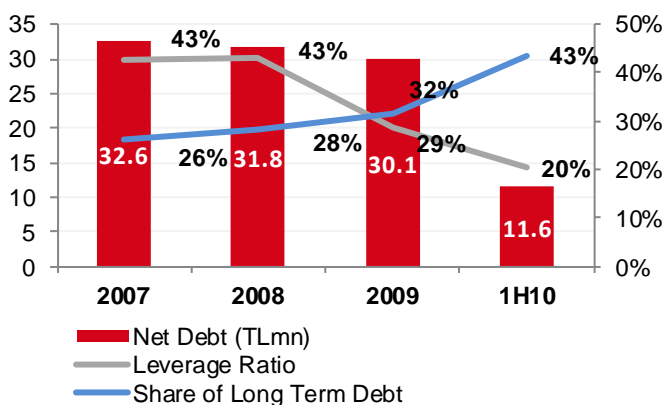
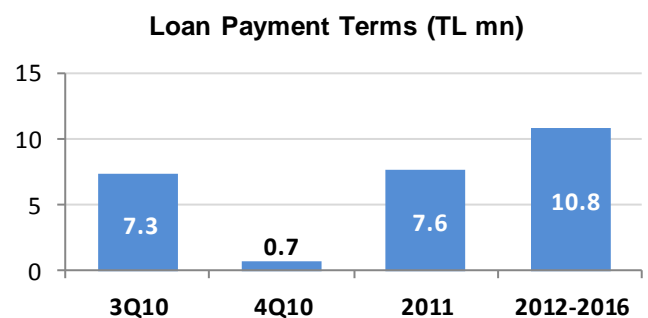


Figure 27 – Range of Loan Payment Terms



Source: Indeks Bilgisayar

## FINANCIALS

**Figure 28 – 1H10 Financial Results**

TL mn	2Q10	2Q09	y/y Δ	1Q10	q/q Δ	1H10	1H09	y/y Δ
Net Sales	248.2	272.0	-9%	301.9	-18%	550.1	487.5	13%
Gross Profit	15.5	16.0	-3%	19.1	-19%	34.6	31.8	9%
Operating Profit	8.9	11.5	-22%	12.6	-29%	21.5	21.9	-2%
EBITDA	9.1	11.7	-22%	12.9	-29%	22.0	22.4	-2%
Net Income	2.8	3.7	-24%	4.7	-41%	7.5	7.0	7%
Gross Margin	<b>6.2%</b>	<b>5.9%</b>	37 bps	<b>6.3%</b>	-9 bps	<b>6.3%</b>	<b>6.5%</b>	-24 bps
Operating Margin	<b>3.6%</b>	<b>4.2%</b>	-63 bps	<b>4.2%</b>	-58 bps	<b>3.9%</b>	<b>4.5%</b>	-59 bps
EBITDA Margin	<b>3.7%</b>	<b>4.3%</b>	-61 bps	<b>4.3%</b>	-59 bps	<b>4.0%</b>	<b>4.6%</b>	-59 bps
Net Margin	<b>1.1%</b>	<b>1.4%</b>	-23 bps	<b>1.57%</b>	-44 bps	<b>1.4%</b>	<b>1.4%</b>	-8 bps

Source: Indeks Bilgisayar

**Figure 29- Currency Assumptions**

	2007	2008	2009	2010E	2011E	2012E
TL/\$ - year end	1.1593	1.5218	1.4873	1.5974	1.6369	1.6778
TL/\$ - average	1.3003	1.2994	1.5467	1.5384	1.5989	1.6340
TL/EURO - year end	1.7060	2.1332	2.1472	1.8849	2.0461	2.2651
TL/EURO - average	1.7774	1.9006	2.1502	1.9515	1.9779	2.2059
EURO/\$ - year end	1.4716	1.4018	1.4437	1.1800	1.2500	1.3500
EURO/\$ - average	1.3669	1.4627	1.3902	1.2685	1.2371	1.3500

Source: The Company, YF Securities Estimates

**Figure 30- Income Statement**

TL mn	2007	2008	2009	2010E	2011E	2012E
<b>Net Sales</b>	<b>1,025</b>	<b>928</b>	<b>1,087</b>	<b>1,190</b>	<b>1,323</b>	<b>1,528</b>
Cost of Goods Sold	-970	-877	-1,023	-1,115	-1,240	-1,434
Service Revenues (Net)	0	0	0	0	0	0
<b>Gross Profit (Loss)</b>	<b>55</b>	<b>51</b>	<b>64</b>	<b>75</b>	<b>83</b>	<b>94</b>
Operating Expenses	-28	-25	-24	-29	-32	-38
<b>Operating Profit</b>	<b>27</b>	<b>26</b>	<b>40</b>	<b>47</b>	<b>50</b>	<b>56</b>
Other Income (Net)	1	0	-1	-1	-1	-1
Financial Expenses	-13	-19	-17	-21	-20	-19
<b>PBT</b>	<b>15</b>	<b>7</b>	<b>22</b>	<b>25</b>	<b>30</b>	<b>36</b>
Taxation on Income	-2	-2	-5	-5	-6	-7
<b>Net Profit after Tax</b>	<b>13</b>	<b>5</b>	<b>18</b>	<b>20</b>	<b>24</b>	<b>29</b>
Minority Interest	1	0	2	2	2	3
<b>Net Income</b>	<b>13</b>	<b>5</b>	<b>16</b>	<b>18</b>	<b>22</b>	<b>26</b>
<b>EBITDA</b>	<b>28</b>	<b>27</b>	<b>41</b>	<b>48</b>	<b>51</b>	<b>58</b>
<b>Net Debt</b>	<b>33</b>	<b>32</b>	<b>30</b>	<b>21</b>	<b>15</b>	<b>12</b>
<b>Margins</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>
Gross Margin	5.4%	5.5%	5.9%	6.3%	6.2%	6.2%
EBIT Margin	2.6%	2.8%	3.7%	3.9%	3.8%	3.7%
EBITDA Margin	2.7%	2.9%	3.8%	4.0%	3.9%	3.8%
PBT Margin	1.5%	0.7%	2.1%	2.1%	2.3%	2.4%
Net Margin	1.2%	0.5%	1.5%	1.5%	1.6%	1.7%

Source: Indeks Bilgisayar, YF Securities Estimates

Figure 31- Balance Sheet	2007	2008	2009	2010E	2011E	2012E
<b>TL mn</b>						
<b>CURRENT ASSETS</b>	<b>317.3</b>	<b>304.6</b>	<b>405.7</b>	<b>438.7</b>	<b>497.1</b>	<b>574.5</b>
Liquid Assets	7.1	9.1	2.3	2.0	11.5	17.0
Short-Term Trade Receivables	181.2	183.6	229.5	253.2	282.8	326.6
Inventories	100.5	80.2	138.9	152.1	169.8	196.2
Other Current Assets	28.5	31.7	35.0	31.4	33.0	34.7
<b>LONG TERM ASSETS</b>	<b>31.6</b>	<b>31.1</b>	<b>31.1</b>	<b>28.7</b>	<b>29.5</b>	<b>30.3</b>
Long-Term Trade Receivables	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Financial Assets	0.2	0.2	0.1	0.1	0.1	0.1
Tangible Fixed Assets	28.0	27.8	28.0	25.6	26.4	27.2
Intangible Fixed Assets	0.1	0.1	0.1	0.1	0.1	0.1
Other Long-Term Assets	3.3	3.0	2.9	2.9	2.9	2.9
<b>TOTAL ASSETS</b>	<b>348.9</b>	<b>335.7</b>	<b>436.7</b>	<b>467.4</b>	<b>526.5</b>	<b>604.8</b>
<b>SHORT TERM LIABILITIES</b>	<b>244.8</b>	<b>228.4</b>	<b>313.0</b>	<b>329.9</b>	<b>368.2</b>	<b>422.7</b>
Short-Term Financial Loans	29.3	29.3	22.2	12.5	13.8	15.1
Short-Term Trade Payables	201.8	182.5	265.1	285.8	316.5	365.8
Other Short-Term Liabilities	13.8	16.6	25.8	31.6	38.0	41.8
<b>LONG TERM LIABILITIES</b>	<b>10.9</b>	<b>12.1</b>	<b>11.0</b>	<b>11.3</b>	<b>13.5</b>	<b>14.9</b>
Long-Term Financial Loans	10.5	11.6	10.3	10.6	12.8	14.0
Long-Term Trade Payables	0.0	0.0	0.0	0.0	0.0	0.0
Other Long-Term Liabilities	0.5	0.5	0.6	0.7	0.8	0.9
<b>MINORITY INTERESTS</b>	<b>6.9</b>	<b>7.0</b>	<b>8.8</b>	<b>10.7</b>	<b>13.0</b>	<b>15.8</b>
<b>SHAREHOLDERS EQUITY</b>	<b>93.2</b>	<b>95.1</b>	<b>112.8</b>	<b>126.2</b>	<b>144.8</b>	<b>167.2</b>
<b>TOTAL LIABILITIES AND S.HOLDERS EQUITY</b>	<b>348.9</b>	<b>335.7</b>	<b>436.7</b>	<b>467.4</b>	<b>526.5</b>	<b>604.8</b>
<b>Financial Ratios</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>
Debt/Equity	43%	43%	29%	18%	18%	17%
ROAA	4%	2%	5%	4%	5%	5%
ROAE	16%	5%	17%	17%	18%	19%
Trade receivables day	64	71	76	77	77	77
Inventory days	37	33	49	49	49	49
Trade payables day	75	75	93	92	92	92
<b>Cash Cycle</b>	<b>26</b>	<b>29</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>34</b>

Source: Indeks Bilgisayar, YF Securities Estimates

Figure 32- Income Statement	2007	2008	2009	2010E	2011E	2012E
<b>USD mn</b>						
<b>Net Sales</b>	<b>788</b>	<b>714</b>	<b>703</b>	<b>773</b>	<b>828</b>	<b>935</b>
Cost of Goods Sold	-746	-675	-661	-725	-776	-877
Service Revenues (Net)	0	0	0	0	0	0
<b>Gross Profit (Loss)</b>	<b>42</b>	<b>39</b>	<b>42</b>	<b>49</b>	<b>52</b>	<b>58</b>
Operating Expenses	-22	-19	-15	-19	-20	-23
<b>Operating Profit</b>	<b>21</b>	<b>20</b>	<b>26</b>	<b>30</b>	<b>31</b>	<b>34</b>
Other Income (Net)	1	0	0	0	0	0
Financial Expenses	-10	-15	-11	-14	-12	-12
<b>PBT</b>	<b>12</b>	<b>5</b>	<b>14</b>	<b>16</b>	<b>19</b>	<b>22</b>
Taxation on Income	-1	-1	-3	-3	-4	-4
<b>Net Profit after Tax</b>	<b>10</b>	<b>4</b>	<b>11</b>	<b>13</b>	<b>15</b>	<b>18</b>
Minority Interest	1	0	1	1	1	2
<b>Net Income</b>	<b>10</b>	<b>4</b>	<b>10</b>	<b>12</b>	<b>14</b>	<b>16</b>
<b>EBITDA</b>	<b>22</b>	<b>21</b>	<b>27</b>	<b>31</b>	<b>32</b>	<b>35</b>
<b>Net Debt</b>	<b>28</b>	<b>21</b>	<b>20</b>	<b>13</b>	<b>9</b>	<b>7</b>
<b>Margins</b>						
Gross Margin	5.4%	5.5%	5.9%	6.3%	6.2%	6.2%
EBIT Margin	2.6%	2.8%	3.7%	3.9%	3.8%	3.7%
EBITDA Margin	2.7%	2.9%	3.8%	4.0%	3.9%	3.8%
PBT Margin	1.5%	0.7%	2.1%	2.1%	2.3%	2.4%
Net Margin	1.2%	0.5%	1.5%	1.5%	1.6%	1.7%

Source: The Company, YF Securities Estimates

Figure 33- Balance Sheet	2007	2008	2009	2010E	2011E	2012E
<b>USD mn</b>						
<b>CURRENT ASSETS</b>	<b>273.7</b>	<b>200.2</b>	<b>272.7</b>	<b>274.7</b>	<b>303.7</b>	<b>342.4</b>
Liquid Assets	6.2	6.0	1.6	1.2	7.0	10.1
Short-Term Trade Receivables	156.3	120.7	154.3	158.5	172.8	194.7
Inventories	86.7	52.7	93.4	95.2	103.7	116.9
Other Current Assets	24.6	20.8	23.5	19.6	20.2	20.7
<b>LONG TERM ASSETS</b>	<b>27.2</b>	<b>20.4</b>	<b>20.9</b>	<b>17.9</b>	<b>18.0</b>	<b>18.0</b>
Long-Term Trade Receivables	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Financial Assets	0.2	0.1	0.0	0.0	0.0	0.0
Tangible Fixed Assets	24.1	18.3	18.8	16.0	16.1	16.2
Intangible Fixed Assets	0.1	0.1	0.0	0.0	0.0	0.0
Other Long-Term Assets	2.9	2.0	2.0	1.8	1.8	1.8
<b>TOTAL ASSETS</b>	<b>301.0</b>	<b>220.6</b>	<b>293.7</b>	<b>292.6</b>	<b>321.7</b>	<b>360.5</b>
<b>SHORT TERM LIABILITIES</b>	<b>211.2</b>	<b>150.1</b>	<b>210.5</b>	<b>206.5</b>	<b>224.9</b>	<b>251.9</b>
Short-Term Financial Loans	25.2	19.3	14.9	7.8	8.4	9.0
Short-Term Trade Payables	174.0	119.9	178.2	178.9	193.3	218.0
Other Short-Term Liabilities	11.9	10.9	17.3	19.8	23.2	24.9
<b>LONG TERM LIABILITIES</b>	<b>9.4</b>	<b>8.0</b>	<b>7.4</b>	<b>7.1</b>	<b>8.3</b>	<b>8.9</b>
Long-Term Financial Loans	9.0	7.7	6.9	6.7	7.8	8.4
Long-Term Trade Payables	0.0	0.0	0.0	0.0	0.0	0.0
Other Long-Term Liabilities	0.4	0.3	0.4	0.4	0.5	0.5
<b>MINORITY INTERESTS</b>	<b>6.0</b>	<b>4.6</b>	<b>5.9</b>	<b>6.7</b>	<b>8.0</b>	<b>9.4</b>
<b>SHAREHOLDERS EQUITY</b>	<b>80.4</b>	<b>62.5</b>	<b>75.8</b>	<b>79.0</b>	<b>88.4</b>	<b>99.7</b>
<b>TOTAL LIABILITIES AND S.HOLDERS EQUITY</b>	<b>301.0</b>	<b>220.6</b>	<b>293.7</b>	<b>292.6</b>	<b>321.7</b>	<b>360.5</b>
<b>Financial Ratios</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>
Debt/Equity	43%	43%	29%	18%	18%	17%
ROAA	4%	2%	4%	4%	5%	5%
ROAE	16%	6%	16%	17%	18%	19%
Trade receivables day	64	71	76	77	77	77
Inventory days	37	33	49	49	49	49
Trade payables day	75	75	93	92	92	92
<b>Cash Cycle</b>	<b>26</b>	<b>29</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>34</b>

Source: The Company, YF Securities Estimates

## ABBREVIATIONS

- IDC:** International Data Corporation  
**ITU:** International Telecommunication Union  
**TUIK:** Turkish Statistical Institute  
**VAT:** Value Added Tax

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