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IPO in Turkey and Listing on Borsa İstanbul

March 2013

Sections

- 1. Why doing business in Turkey**
- 2. Why doing business with Borsa İstanbul**
- 3. IPO and what it brings to a company**
- 4. IPO and listing process in Turkey**

Section 1

Why doing business in Turkey

Turkey: A Booming Economy



- Regional “Leader”
- Strategic geographical location
- Member of NATO, OECD, G-20
- Young population (median age 29)
- GDP per Capita: \$10,000
- EU candidate
- Istanbul Financial Centre project

- “The only OECD country with an improved growth rate after the financial crisis” (*OECD Turkey Report, September, 2010*)

- One of very few countries during the crisis, where there was no “quantitative easing” or additional deposit insurance for banks

- Granted the investment grade by Fitch (BBB-)

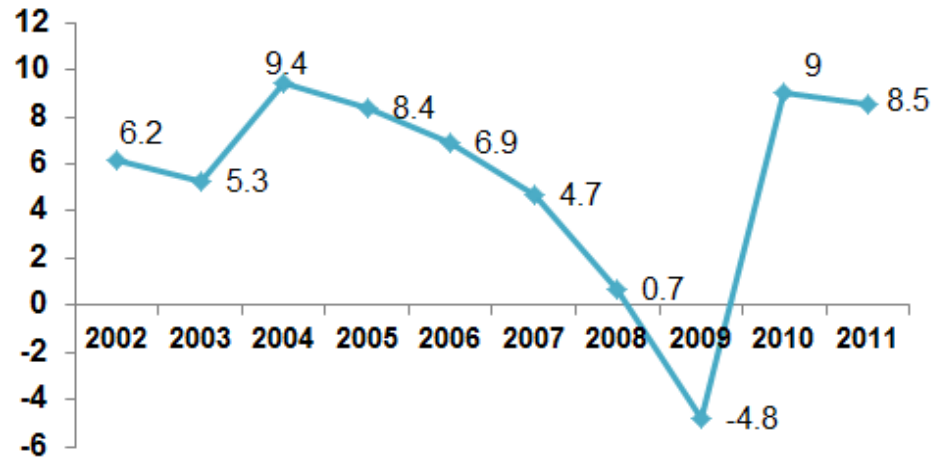
Key Facts: Gross Domestic Product

Top 20 GDPs (purchasing power parity) (Billion US\$)

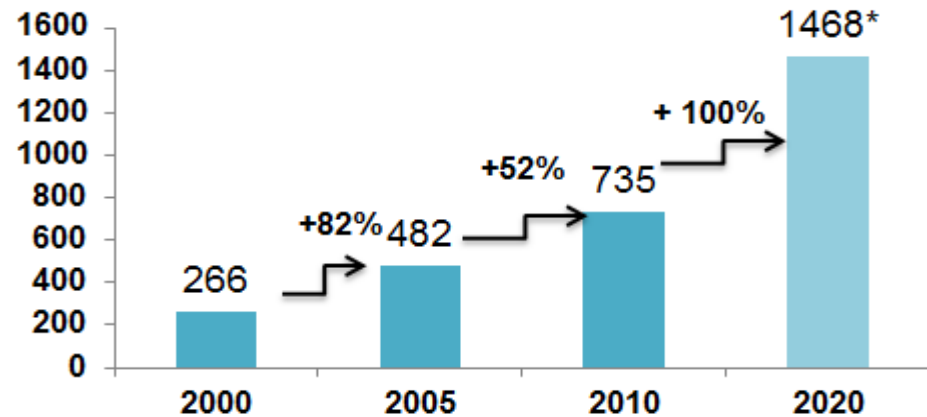
| | | |
|----|----------------|--------|
| 1 | United States | 15,040 |
| 2 | China | 11,290 |
| 3 | India | 4,463 |
| 4 | Japan | 4,389 |
| 5 | Germany | 3,085 |
| 6 | Russia | 2,373 |
| 7 | Brazil | 2,284 |
| 8 | United Kingdom | 2,250 |
| 9 | France | 2,214 |
| 10 | Italy | 1,826 |
| 11 | Mexico | 1,657 |
| 12 | Korea, South | 1,549 |
| 13 | Spain | 1,411 |
| 14 | Canada | 1,389 |
| 15 | Indonesia | 1,121 |
| 16 | Turkey | 1,053 |
| 17 | Iran | 928.9 |
| 18 | Australia | 917.7 |
| 19 | Taiwan | 885.3 |
| 20 | Poland | 765.6 |

Source: CIA World Fact book (2011 est.)

Turkey - GDP Growth Rate (%)



GDP expected to double by 2020



* Data for 2020 is EIU prediction

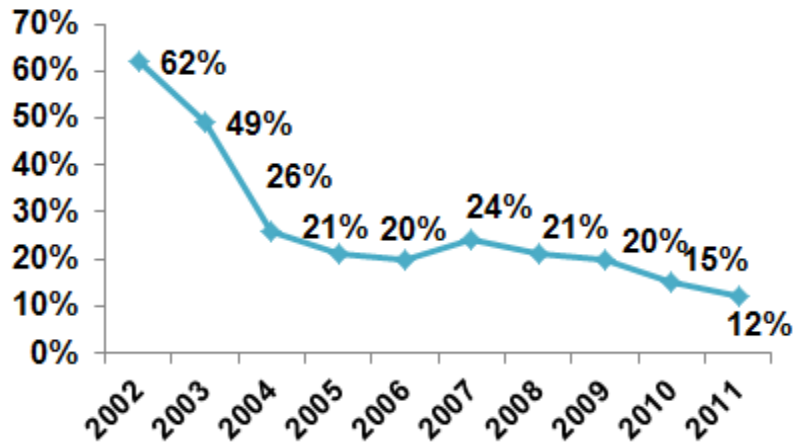
Source: IMF World Economic Outlook, EIU, CIA World Fact book, BCG analysis



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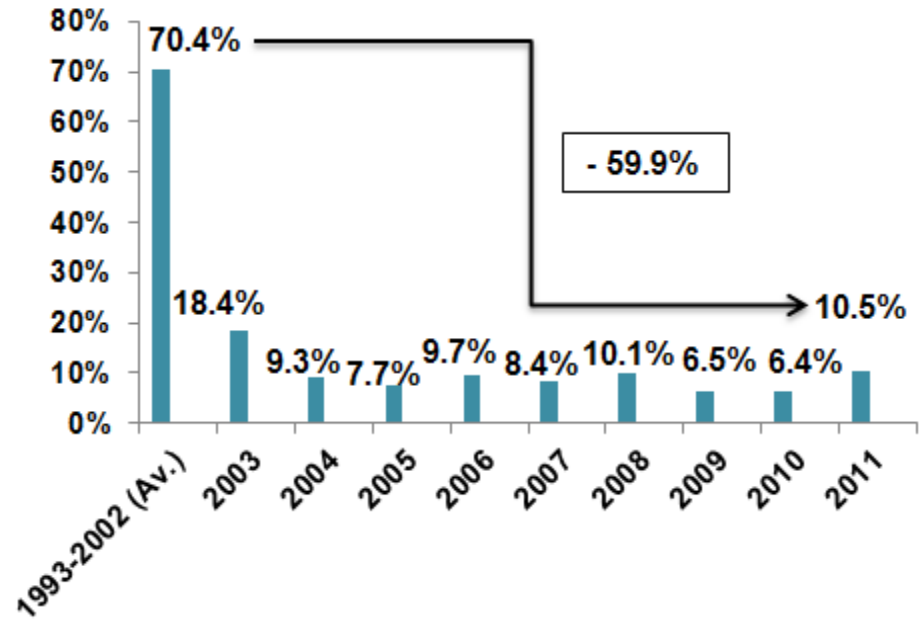
Key economic indicators improving and stabilizing...

Interest rates decreasing significantly over the last 10 years...



Weighted average of 12 month deposits
Source: Central Bank of the Republic of Turkey, IMF

...coupled with inflation stabilization



Source: Turkish Treasury

Key macroeconomic indicators yield a positive picture for Turkey, with major stabilization over the last 5 years



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Section 2

Why doing business with Borsa İstanbul

Turkish Equity Market – Good Things to Know

Market and Regulatory Environment

- Capital Markets Board and Borsa İstanbul Market Supervision department actively monitor market
- Fair and non-prejudicial treatment of minority shareholders
- No foreign ownership restrictions
- No restrictions on repatriation of capital and income
- Free and well-developed foreign exchange market
- Simple registration process for foreign investors

Custody and Settlement

- Rare incidence of failed trades
- Sufficient competition to ensure high quality custodian services
- T+2 settlement
- Equity lending is possible
- Free delivery settlement available

Dealing Landscape

- Brokerage - Sufficient competition to ensure high quality broker services
- Liquidity – Sufficient broad market liquidity to support sizeable global investment
- Transaction costs – reasonable and competitive
- Short sales possible
- Efficient trading mechanism
- Transparency – market depth information / visibility and timely trade reporting



FTSE Global Equity Index Series Country Classification

| | |
|---------------------------|---|
| Developed | Australia, Austria, Belgium/Luxembourg, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, South Korea, Spain, Sweden, Switzerland, UK, USA |
| Advanced Emerging | Brazil, Czech Republic, Hungary, Malaysia, Mexico, Poland, South Africa, Taiwan, Thailand, TURKEY |
| Secondary Emerging | Chile, China, Colombia, Egypt, India, Indonesia, Morocco, Pakistan, Peru, Philippines, Russia, UAE |
| Frontier | Argentina, Bahrain, Bangladesh, Botswana, Bulgaria, Ivory Coast, Croatia, Cyprus, Estonia, Ghana, Jordan, Kenya, Lithuania, Macedonia, Malta, Mauritius, Nigeria, Oman, Qatar, Romania, Serbia, Slovakia, Slovenia, Sri Lanka, Tunisia, Vietnam |

Borsa İstanbul Fact Sheet

| | |
|---|---|
| Started operations in | 1985 (27 years) |
| Staff number | 500 |
| Markets | <ul style="list-style-type: none"> - Equities Market - Emerging Companies Equities Market - Debt Instruments Market |
| Equities markets listed companies | 400 |
| Number of ETFs | 16 |
| Daily average traded value (USD million) | <ul style="list-style-type: none"> - Equities Markets: 1,300 - Debt Instruments Market: 15,000 * Repo & reverse repo: 14,200 * Purchase and sale: 800 |
| Market cap (USD million) | 297,886 |
| Market cap / GDP | 26% |
| Equities markets trade distribution | <ul style="list-style-type: none"> Retail (75%) Institutional-International (16%) Institutional-Local (9%) |
| Equities held in custody | <ul style="list-style-type: none"> 64% (Foreign investors) 36% (Local investors) |
| Trading Hours (Equities) | <ul style="list-style-type: none"> 09.30-12.30 14.00-17.40 |
| Trading Hours (Debt securities) | <ul style="list-style-type: none"> 09.30-12.00 13.00-17.00 |

Approach to Foreign Issuers

- **No additional requirements compared to local issuers**
- **Regulatory body and Borsa İstanbul management support to boost the foreign listing business**
- **A separate department allocated to develop and promote foreign listing business**

Section 3

IPO and what it brings to a company

Initial Public Offering

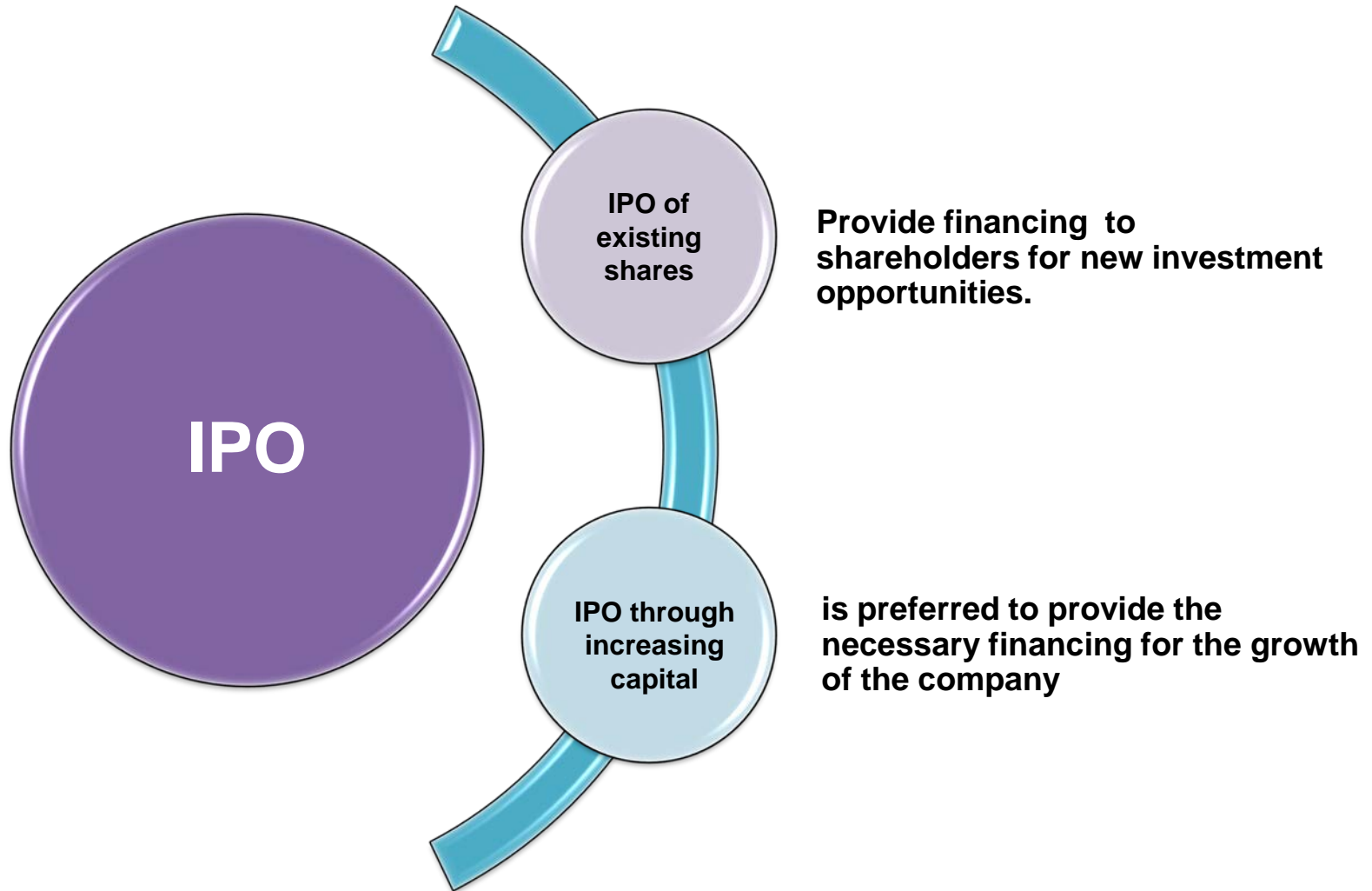
is the first offer of a company's shares to the public through a stock exchange listing

Why IPO?

- Brand name publicity
- Opportunity to communicate with a broad audience



Methods of IPO



Critical Factors for a Successful IPO



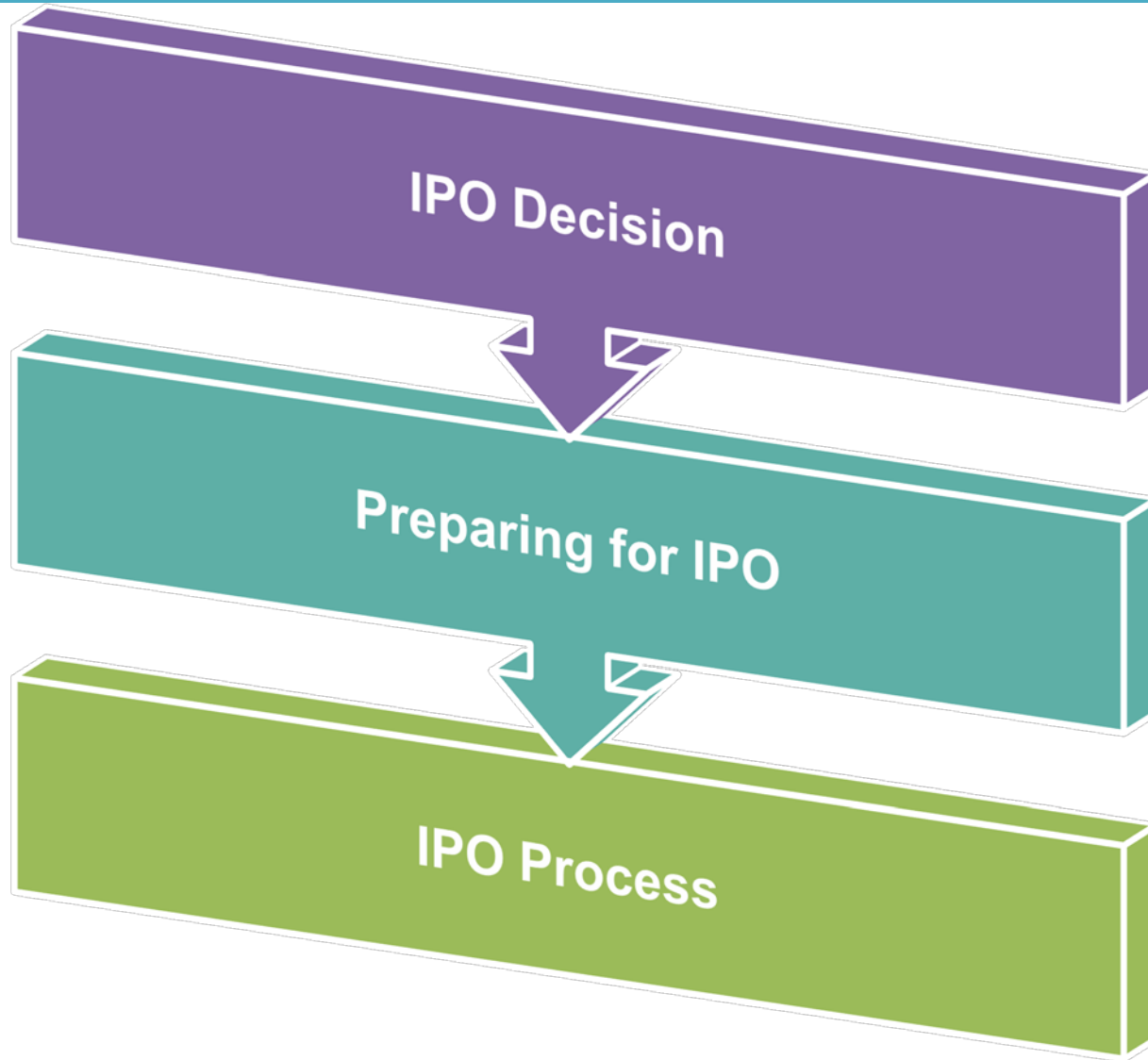
A Successful IPO



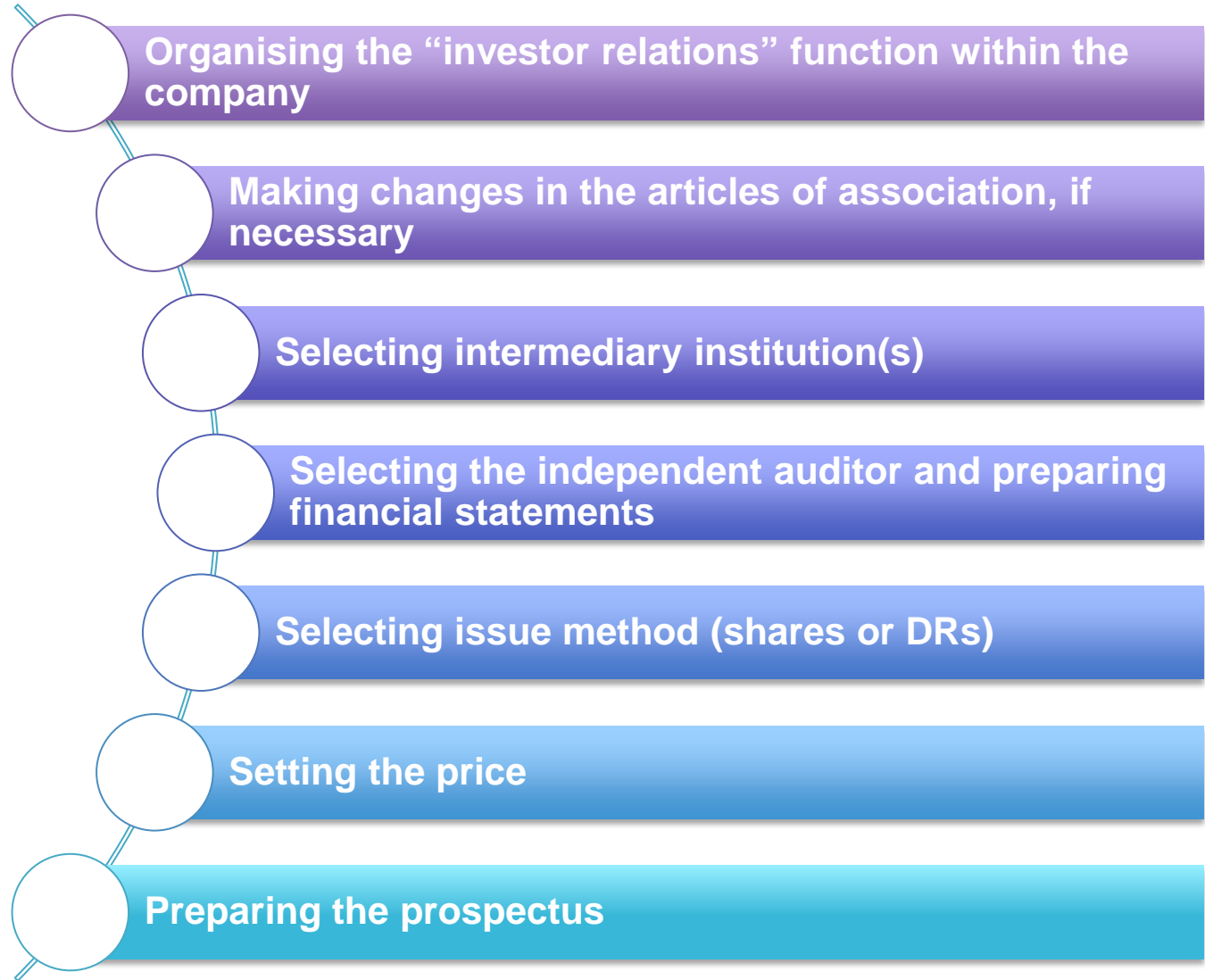
Section 4

IPO and listing process in Turkey

IPO Road Map



Preparing for the IPO



IPO Process



Application to Capital Markets Board and Borsa İstanbul

Running the marketing campaign, as desired

Examination of the company by specialists
(CMB and Borsa İstanbul Specialists)

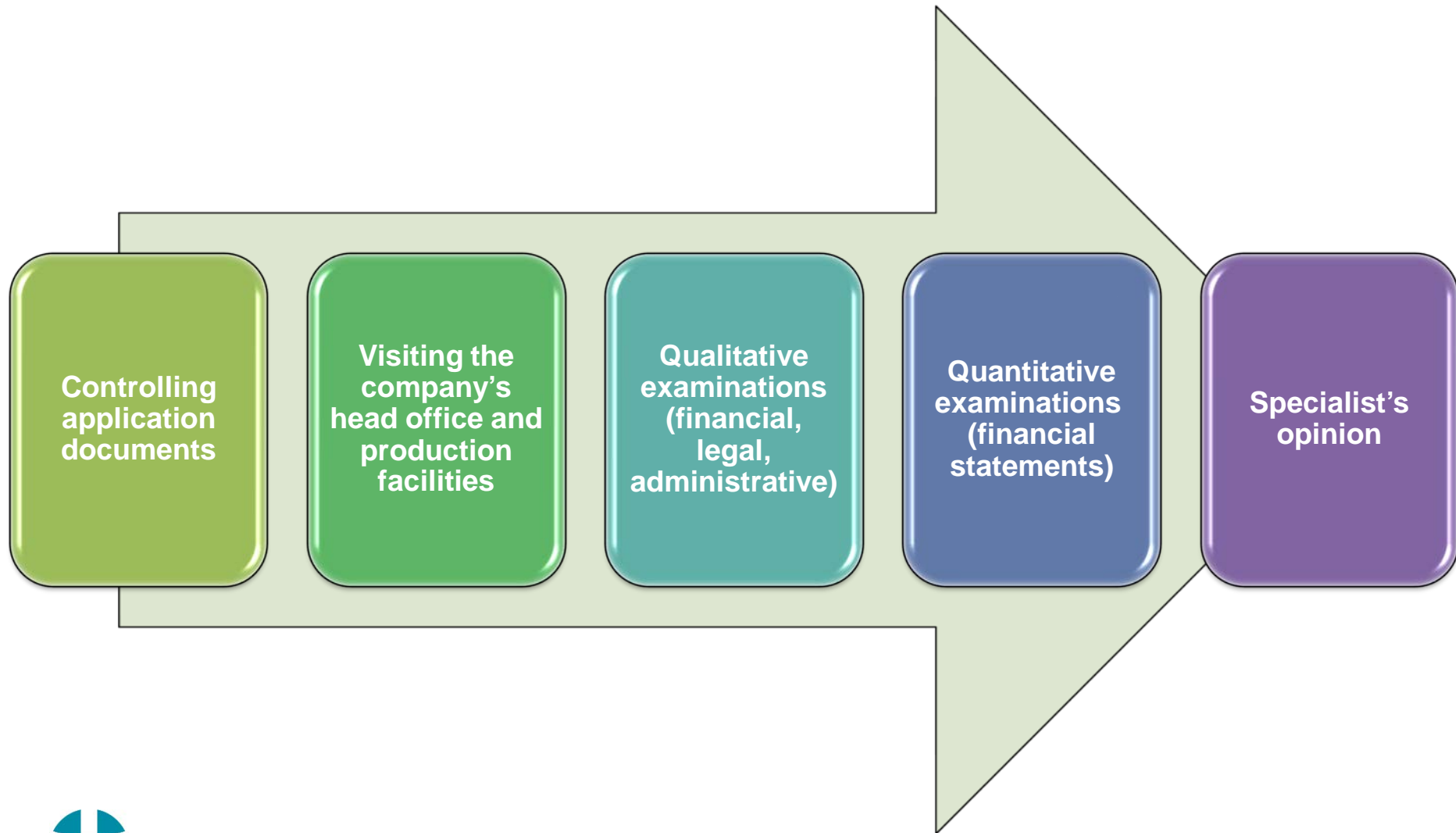
Registration of shares or DR's by CMB

IPO

- Book Building or
- Sale on Stock Exchange

Listing on Borsa İstanbul and Trading

Examination of the company (Borsa İstanbul)



Criteria - National Market



Criteria - National Market

Quantitative Criteria

| | Group 1 | Group 2 | Group 3 |
|--|------------------------------------|------------------------------------|-------------------------|
| Market value of shares offered to public | Minimum ₺ 122.000.000 | Minimum ₺ 61.000.000 | Minimum ₺ 30.500.000 |
| Profit before tax | At least one of the last two years | At least one of the last two years | Last two years |
| Free float | - | Minimum % 5 | Minimum% 25 |
| Shareholders' equity | Minimum ₺ 30.500.000 | Minimum ₺ 19.500.000 | Minimum ₺ 12.200.000 |

Second National Market

Companies which can not meet the National Market listing criteria

Market value of public offered shares and free float
Minimum of ₺ 6.100.000 and free float rate 15%
or
Minimum of ₺ 12.200.000 and 5%

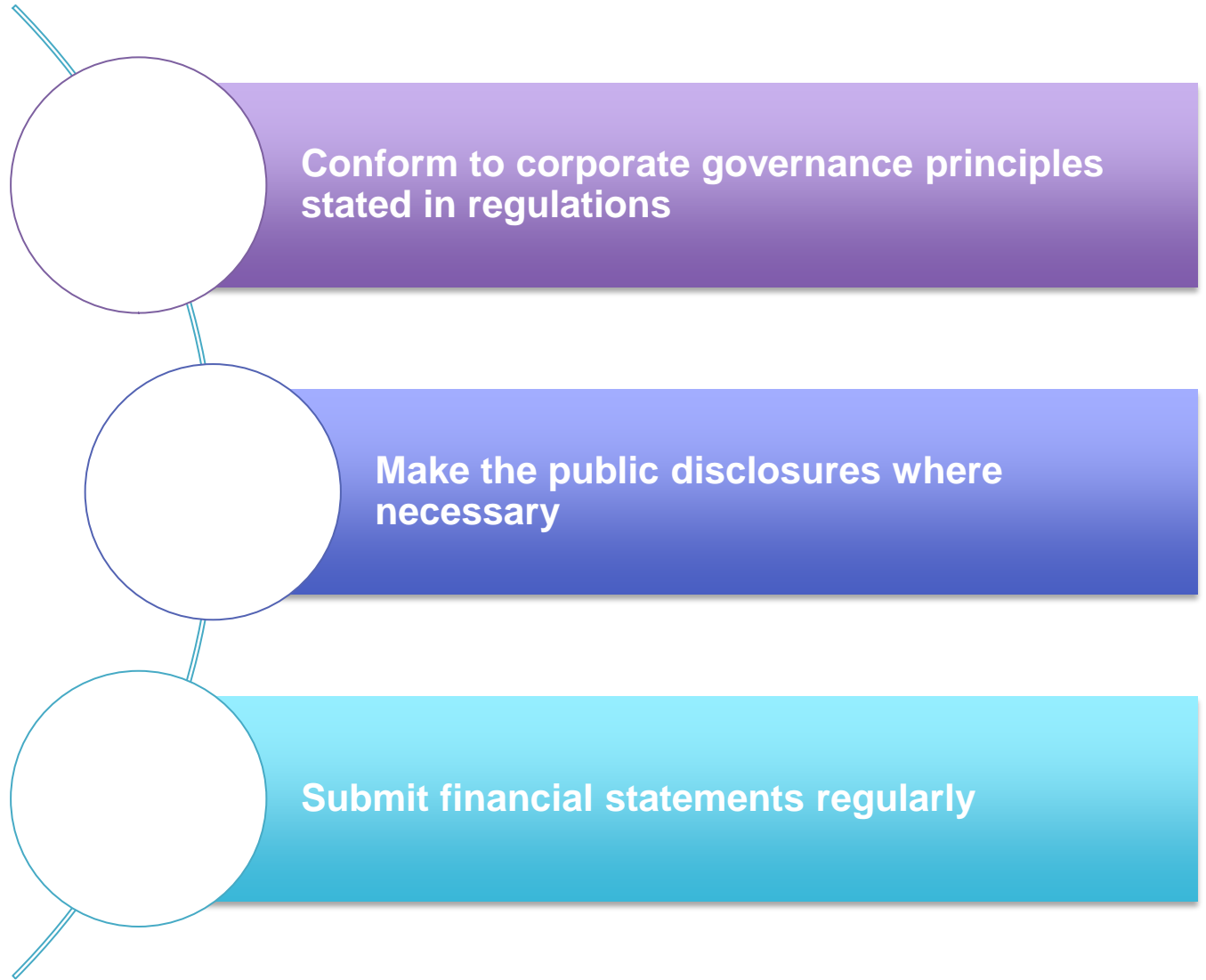
Companies not to have halted operations more than 3 months in the last 1 year

IPO Calendar Following Application

| Process | 1. Week | | | | | | | 2. Week | | | | | | | 3. Week | | | | | | | 4. Week | | | | | | | 5. Week | | | | | | | 6. Week | | | | | | | 7. Week | | | | | | | 8. Week | | | | | | | | |
|--|---------|---|---|---|---|---|---|---------|---|---|---|---|---|---|---------|---|---|---|---|---|---|---------|---|---|---|---|---|---|---------|---|---|---|---|---|---|---------|---|---|---|---|---|---|---------|---|---|---|---|---|---|---------|---|---|---|---|---|---|--|--|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | |
| Application to CMB and Borsa İstanbul | █ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Examinations of CMB and Borsa İstanbul Specialists | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Decision of Borsa İstanbul Board | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Registration at CMB | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Registration of Prospectus | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Announcement of Prospectus and Circular | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Book Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sale Results | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Settlement and Custody Transactions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Decision of Borsa İstanbul Board on trading | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trading at Borsa İstanbul | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



Later: Becoming a public company, the issuer has to:



Conform to corporate governance principles stated in regulations

Make the public disclosures where necessary

Submit financial statements regularly

