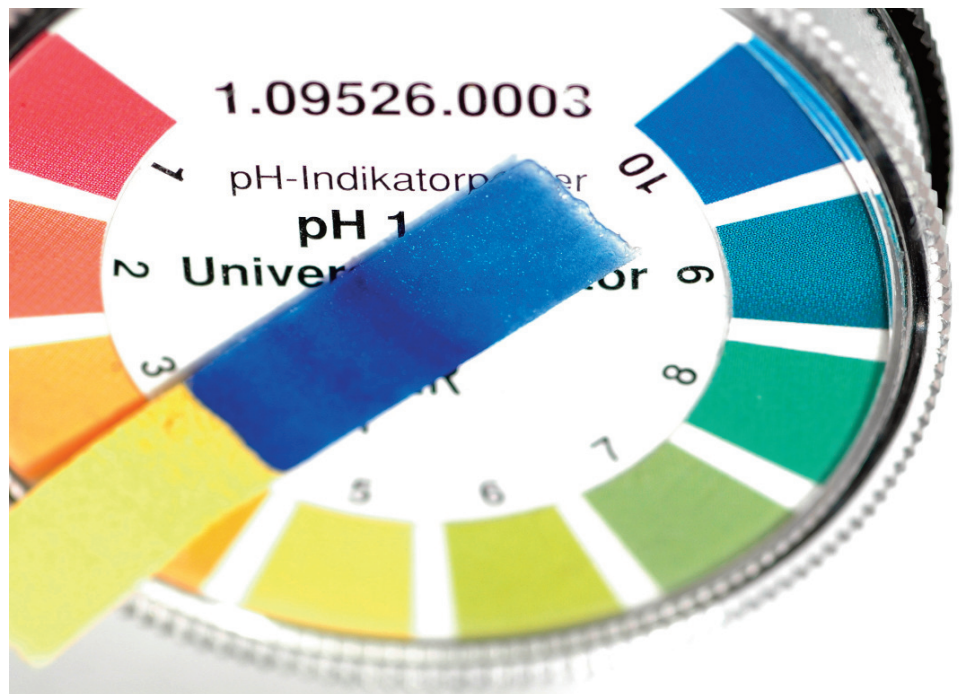


Pessimism rules  
Private Equity  
Confidence Survey  
(PECS)



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## About our Corporate Finance Group

Deloitte Corporate Finance Group in Turkey is a highly specialised team that is dedicated to advising clients involved in private equity transactions. We advise both private equity investors and companies.

Our clients include large companies to SMEs and the private equity funds themselves.

### Contacts

For further information about this survey or to find out more about our Corporate Finance team please contact our partners listed below. Suggestions for issues to be addressed in future Private Equity Confidence Surveys are welcome.

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If you or one of your colleagues did not receive a copy of the Private Equity in Turkey report or the Private Equity Confidence Survey and would like to participate in next quarter's survey, please contact:

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## About PECS

The Deloitte PECS provides a comprehensive snapshot of PE investors' expectations for the next six months and acts as an indicator of changing confidence levels in:

- economic climate
- deal activity
- availability of funding and investment focus.

The results produce a forward looking measure of the overall sentiment in the Turkish private equity community, which is extremely relevant to immediate deal flow.

This, our fifth survey, is modelled on similar half year/quarter surveys carried out by our colleagues in the United Kingdom, North America, Europe and elsewhere. In the course of time, this study will facilitate comparisons of trends and views expressed by the global venture capital community with our domestic marketplace.

This survey for the first half of 2009 was conducted in January 2009 amongst a population of approximately 40 PE investors investing in Turkish companies and includes projected views on the next six months. The next questionnaire is due to be distributed in July 2009.

Other countries and regions preparing PECS include:

- United Kingdom
- France
- Canada
- Czech Republic
- Israel
- Slovakia
- Germany / Austria / Switzerland
- Hong Kong / China
- Benelux

# Introduction

Welcome to the latest edition of our Deloitte Turkey Private Equity Confidence Survey (PECS), which has been mapping expectations of private equity professionals in Turkey since 2007. This fifth survey covers the outlook for the first half of 2009.

In line with the daily coverage in the financial press, this survey shows that confidence of private equity investors has further declined compared to summer 2008. Investors are now more pessimistic than in any of our previous surveys. No investors at all responded that they expect an improving economic environment, and only 21% believe it will be unchanged.

Despite the overall current lack of optimism, difficult times may present the best buying opportunity. Private equity investors continue to see Turkey as a country for new and add-on investments with the expectation that seeds sown in 2009 may lead to great rewards. 92% of investors responded that they expect to be net buyers in the next six months. This percentage has been high in all the previous surveys, but 92% is equal highest with the summer 2008 results. The overall view is that deal volumes will remain about the same, but that transaction multiples will be lower than previous surveys. However there is a clear change in expectations towards higher entry IRRs.

The results of this publication are based on a survey concluded in the first half of January 2009.

## Key findings

In line with 2008, survey participants expect that the overall economic climate will continue to decline; nobody expects improvement.

Nobody expects the performance of their investee companies to improve in the coming six months, and 63% expect declining performance.

Debt availability expected to contract further. Only 4% expect easier conditions for raising new funds or debt finance.

When it comes to overall transaction volumes for the coming months, participants expect increasing market activity in small to mid-market deals.



# Private Equity Deals

## January 2007 - January 2008 Private Equity Investments

No	Buyer	Target Company	Sector	Ownership	Estimated Invested Amount (USD mil.)	Exits
1	<b>Global Environment Fund (GEF)</b>	Dentistanbul	Health	Majority	n/a	No
2	<b>Citigroup Venture Capital</b>	Boyner Department Stores	Retail	Minority	46	No
3	<b>Citigroup Venture Capital</b>	Beymen	Retail	50-50	143	No
4	<b>İs Venture Capital</b>	Ode Yatırım	Building Materials	Minority	5	No
5	<b>National Bank of Kuwait</b>	Yudum	Edible Oil Production	Majority	15	No
6	<b>Colony Capital</b>	Mars Entertainment	Entertainment	Majority	7	No
7	<b>Odien</b>	Saran Holding	Media	Minority	12	No
8	<b>Templeton Strategic Emerging Markets Fund</b>	TAT Konserve A.Ş.	Food	Minority	18	No
9	<b>Ahlström Capital</b>	Elbi Elektrik	Electrical Accessories	50/50	10	No
10	<b>Abraaj Capital</b>	Acibadem Hospitals	Hospital	Minority	600	No
11	<b>Citigroup Venture Capital</b>	Opus Securities	Finance	Majority	1	No
12	<b>KKR</b>	U.N Ro-Ro	Marine Transportation	Majority	1240	No
13	<b>Julius Baer</b>	Şafak Hospitals	Hospital	Majority	60	No
14	<b>Global Investment House</b>	FFK Fon Leasing (Yıldız Holding)	Rental and Leasing Services	Majority	120	No
15	<b>Great Circle Fund</b>	Balnak Logistics	Transportation	Minority	50	No
16	<b>Turkven</b>	Provus	Payment Systems	Majority	20	No
17	<b>HAL Investments</b>	Fahri Kuz Optik	Eyewear	Majority	20	No
18	<b>Bancroft Group</b>	Eko Finans Faktoring	Factoring	n/a	5	No
19	<b>İs Venture Capital</b>	Turkmed	Medical Equipment	Minority	3	No
20	<b>İs Venture Capital</b>	Ortopro Tibbi Aletler	Medical Equipment	Minority	6	No
21	<b>Eastpharma</b>	Saba ilaç	Pharmaciudical	Minority	10	
22	<b>Velios</b>	AFM	Entertainment	Majority	29	No
23	<b>Actera</b>	Mey İçki	Beverage	Minority	81	No
24	<b>Deutsche Bank</b>	Doğan Gazetecilik	Media	Minority	88	No
25	<b>Bosphorus Real Estate Fund</b>	Neo Shopping Center	Real Estate	Full	94	No

n/a: net applicable

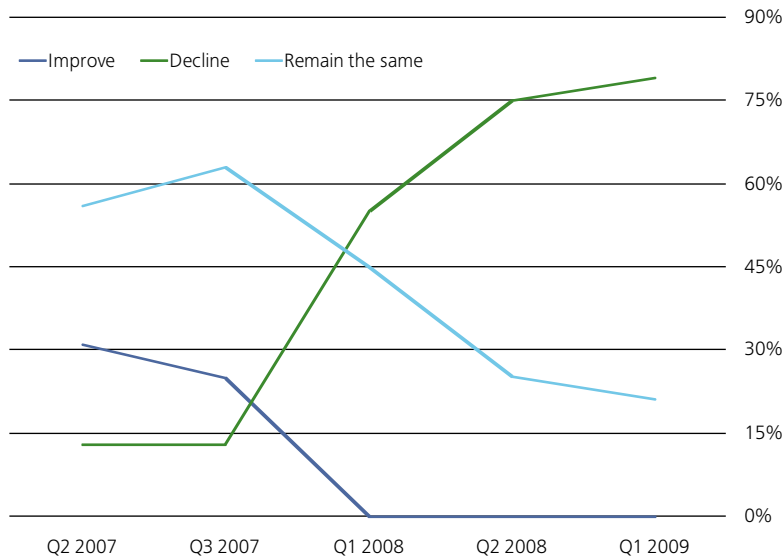
## January 2008 - January 2009 Private Equity Investments

No	Buyer	Target Company	Sector	Ownership	Estimated Invested Amount (USD mil.)	Exits
1	<b>BC Partners, DeA Capital, Turkven</b>	Migros	Retail Chain	Majority	1700	No
2	<b>Manara Investments</b>	ACT Airlines	Cargo Carrier	Minority	n/a	No
3	<b>Abraaj Capital</b>	Acibadem Sağlık Hizmetleri	Health Care	Majority	587	No
4	<b>RP Capital Group</b>	Bimeks	Electronic Retail	Minority	n/a	No
5	<b>Asian Debt Management (ADM)</b>	STFA Holding	Construction	Minority	65	No
7	<b>Morgan Stanley &amp; Co Int. Plc</b>	Ege Seramik	Ceramic Tiles	Minority	27	No
8	<b>M1 Group</b>	Keyland Hotel	Tourism	Full	12	No
10	<b>UniCredit Group</b>	Martur	Automobile Parts	Minority	n/a	No
11	<b>Global Yatırım Holding &amp; ABN AMRO Capital Consortium</b>	Başkent Doğalgaz	Energy	Full	1610	No
12	<b>European Founders</b>	Yemek Sepeti	Services	Minority	n/a	No
13	<b>Ashmore Group</b>	Arzum Elektrikli Ev Aletleri	Household Appliances	Minority	n/a	No
14	<b>Turkven</b>	Tekin Acar Kozmetik	Cosmetics Retail	50/50	n/a	No
15	<b>Actera</b>	News Outdoor	Media	n/a	n/a	No
16	<b>Swicorp</b>	Step Halıcılık	Retail	Minority	7	No
17	<b>Ashmore Group</b>	Exotic Meyve Suları	Food & Beverage	n/a	n/a	No
18	<b>Gryphon Holdings</b>	Mobilera	IT	Minority	n/a	No
19	<b>The Carlyle Group</b>	TVK Gemi	Ship building	50/50	n/a	No
20	<b>Odien Group</b>	İhlas Madencilik	Mining	Minority	n/a	No
21	<b>Abraaj Capital</b>	Numarine	Motor yacht builder	50/50	n/a	No
22	<b>Turkven</b>	Mavi Jeans	Retail	Majority	50	No
23	<b>Actera</b>	G2M	Catering	50/50	n/a	No
24	<b>Lehman Brothers</b>	Istanbul Doors	Entertainment	Minority	46	No
25	<b>Standart Unlu PE</b>	Bizim Toptan Satış	Retail	Minority	n/a	No
26	<b>İş Girişim Sermayesi</b>	Dr. F. Frik İlaç San	Pharmaceutical	Minority	13.4	No
27	<b>Lusail Int. Media</b>	Turkuvaz Radyo Televizyon	Media	Minority	n/a	No
28	<b>Cogentrix Energy (Goldman Sachs)</b>	Taşyapı Enerji Grubu	Energy	50/50	n/a	No
29	<b>Bedminster Capital</b>	Ana Gıda	Food & Beverage	Minority	n/a	No
30	<b>Partners in Life Sciences</b>	Betasan	Medical Supply	Full	n/a	No

n/a: net applicable

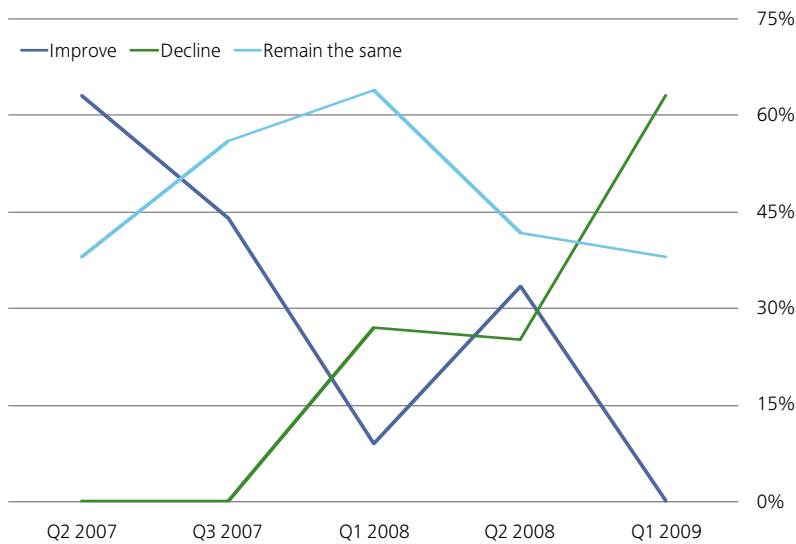
# Survey results of 1st half of 2009

## What is your expectation of the overall economic climate for the next six months?



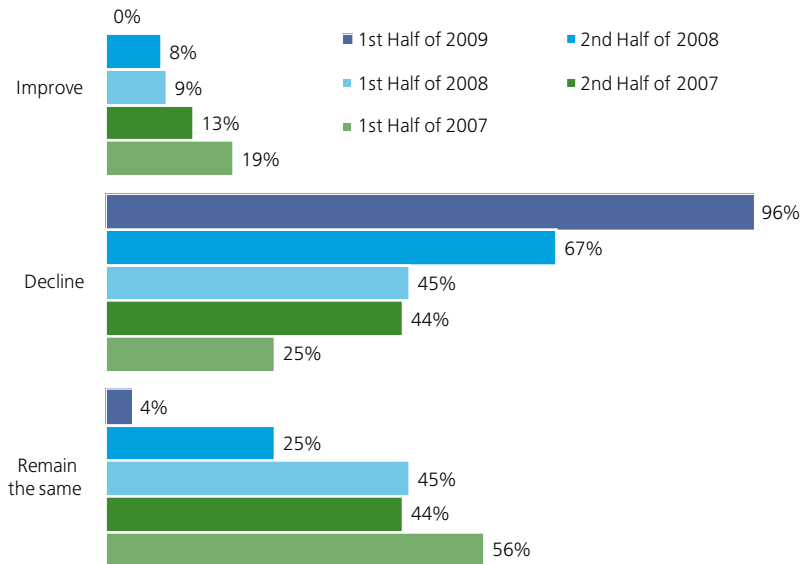
79% of PE investors expect a declining overall economic climate in the next 6 months (first half of 2008: 55%) whereas 21% expect that it will remain the same.

## What is your expectation of the investee companies' financial performance for the next six months?



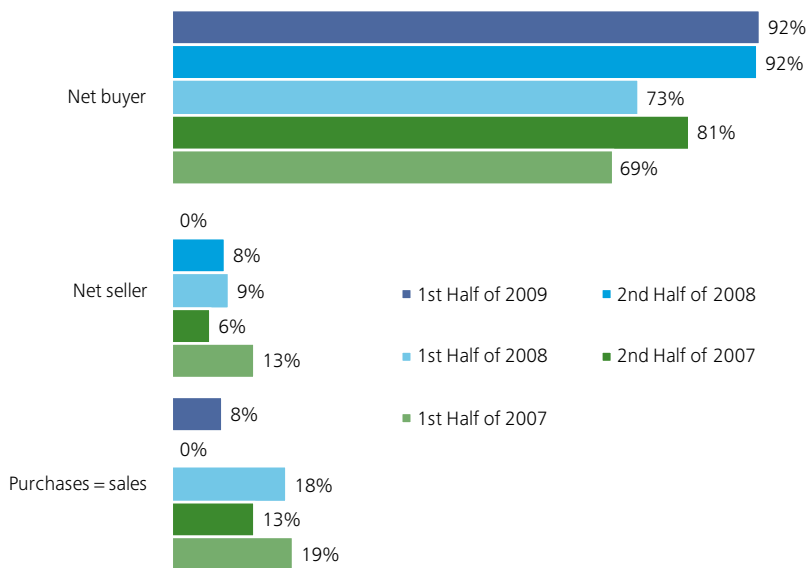
Eighteen months ago nobody expected that their investee companies' performance would decline; now 63% expect a decline, sharply up from 25% in the last survey.

**What is your expectation of the transaction entry multiples for the next six months?**



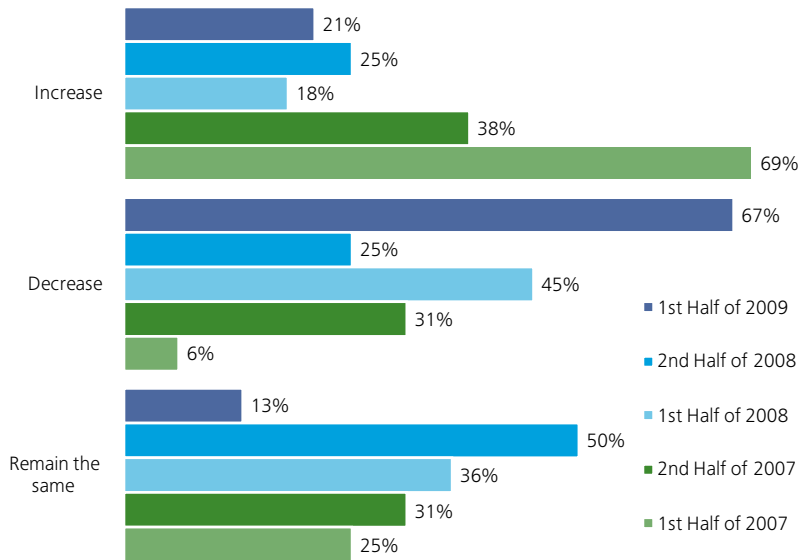
In Turkey as in other countries there is an almost unanimous view that purchase prices will drop; that is, that transaction entry multiples will fall. This probably reflects a feeling that vendors have not yet fully adjusted to the new cold realities in the market.

**What is your business strategy on positioning yourself for the next six months?**



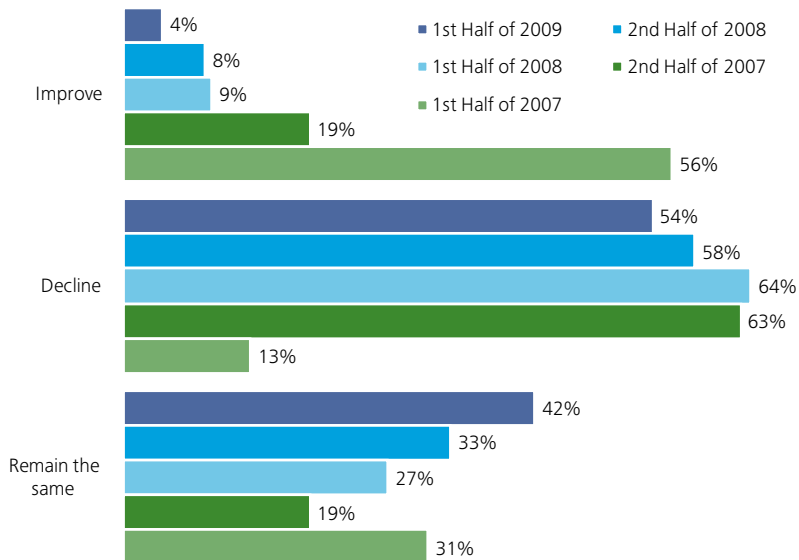
Unsurprisingly, PE funds expect (92%) to be net buyers in the period ahead, considering that acquisitions now could show substantial future growth in value.

**What is your expectation on volume of transactions over the next six months?**



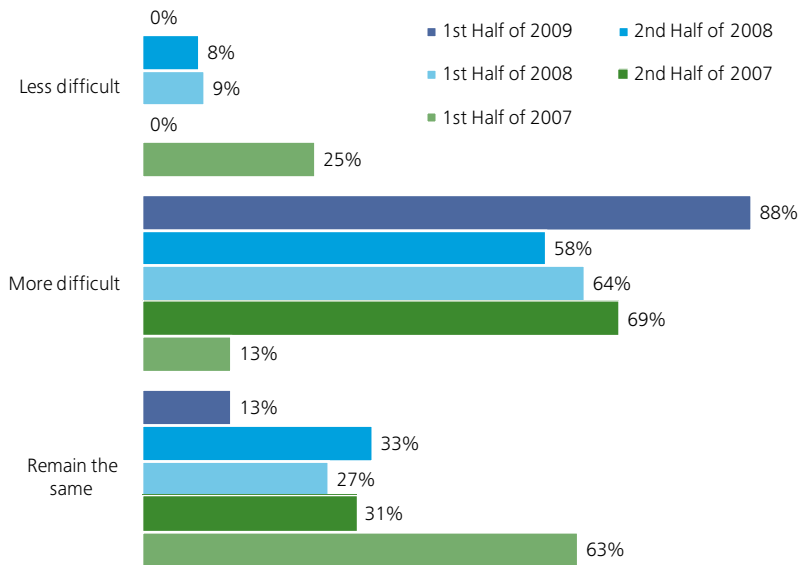
More investors (67%) now expect a decrease in transaction volume over the coming six months, although a significant minority (21%) continue to expect an increase. Taking this question together with the previous one, we see that many investors would like to acquire in the coming six months but actually expect to see fewer transactions

**What is your expectation on availability of debt finance?**



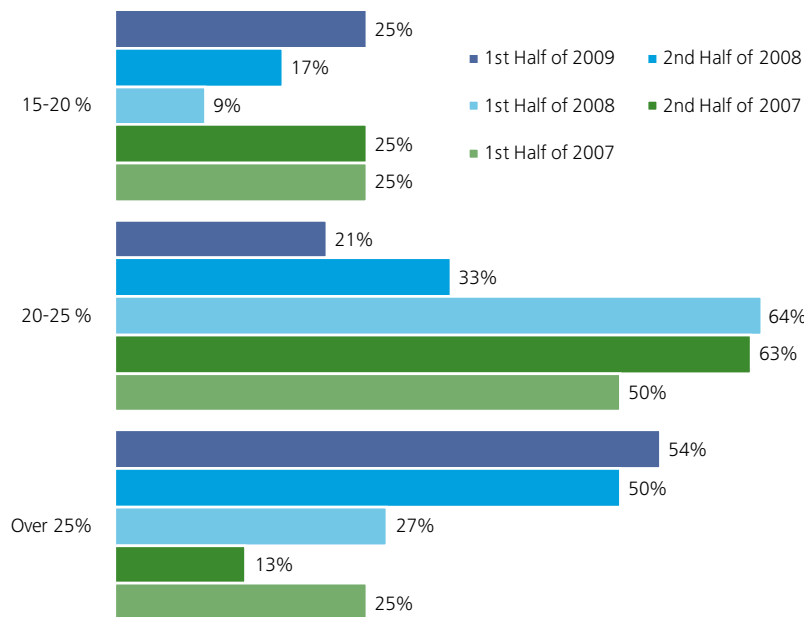
Debt availability is expected to remain bad (as at present) or contract further. Only 4% expect easier conditions.

**What is your expectation on raising new funds for investment for the next six months?**



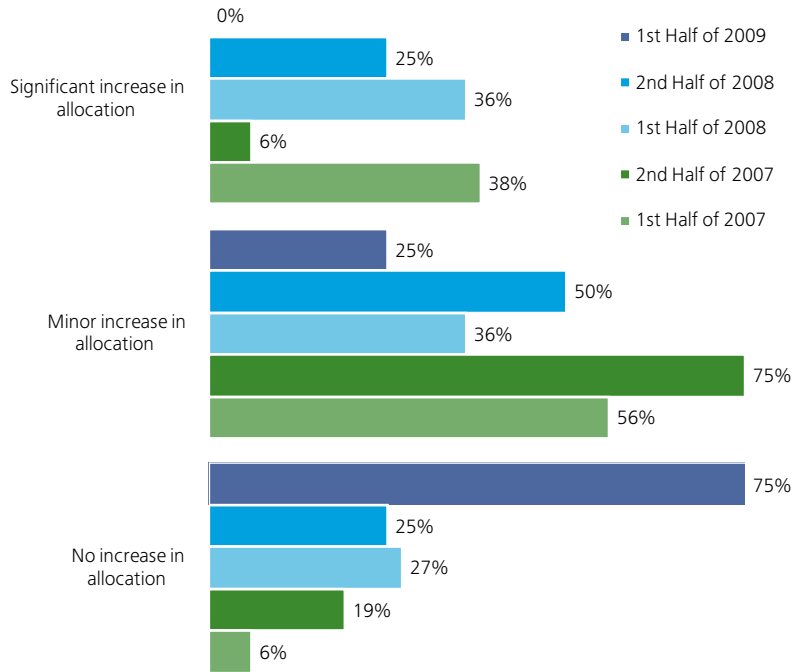
Parallel to previous surveys, views on raising new funds for investment are similar to views on raising debt finance: that is, a majority of 88% expects more difficulty.

**What type of entry IRRs do you foresee in the next 6 months?**



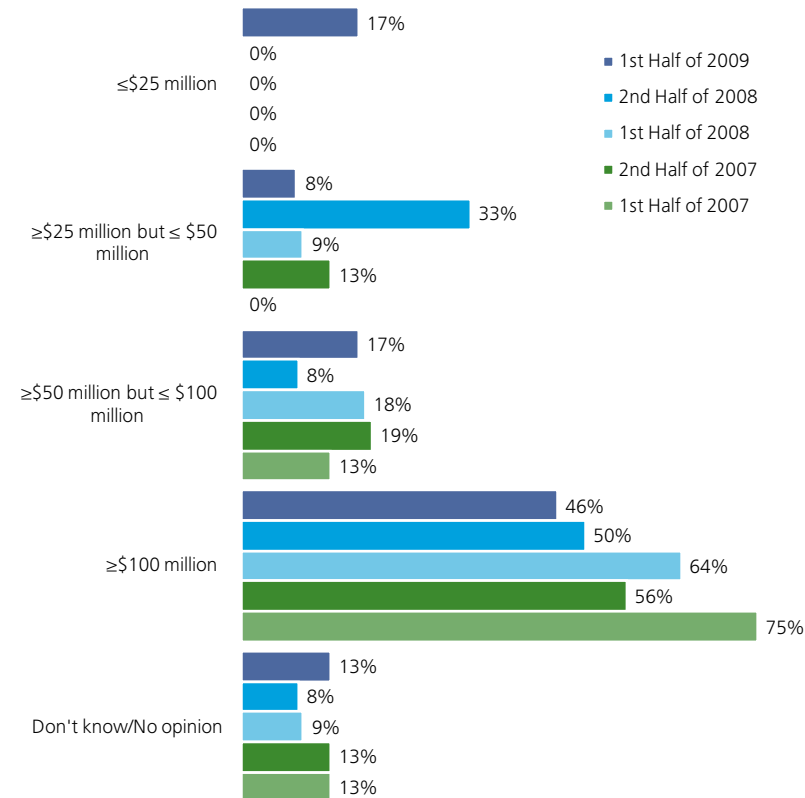
The upward trend in entry IRRs continues. More than half of the investors now expect IRRs to be over 25%. Previously the majority expected IRRs of 20-25%.

**Given the attractive results generated by Global funds over past years, how do you anticipate funds will be directed towards Turkish opportunities over the next 12 months?**



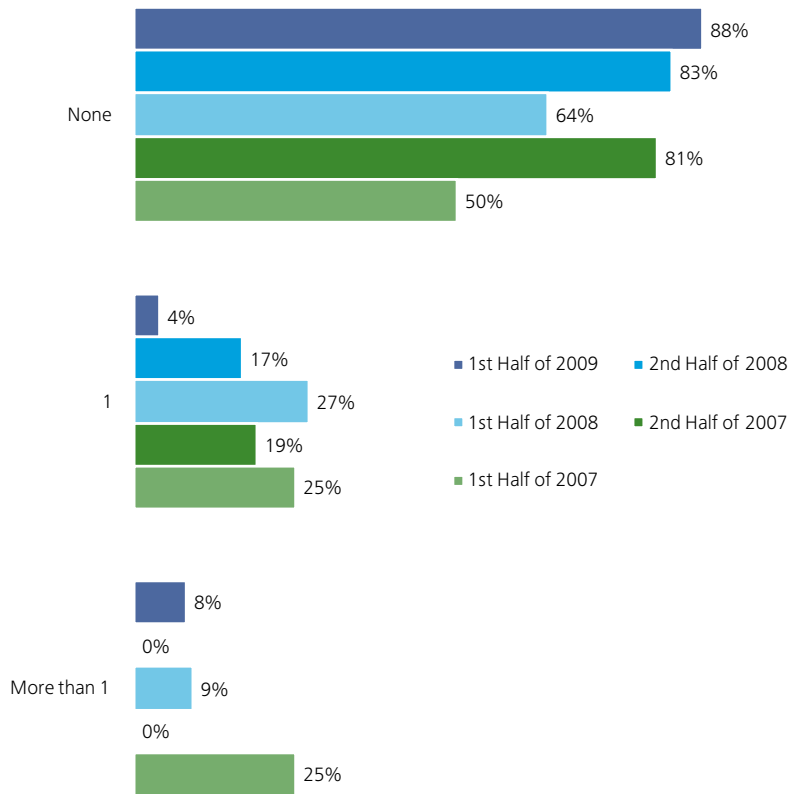
Even in this area, where a majority of respondents remained optimistic six months ago, the responses are now more negative, with 75% anticipating no increase in allocation of funds to be directed toward Turkey over the next 12 months. Only 25% expect a minor increase in allocation

**What is your expectation on the total funds invested in Turkish companies in the next 6 months?**



A little less than half of the PE investors still expect that their total funds invested in Turkish companies over the next six months will exceed US\$ 100 million. For the first time, some investors are now expecting the lower range of total funds invested to be under US\$25 million.

**How many exits are you planning over the next 6 months?**



Even more clearly than in previous surveys, very few investors are planning exits in the next six months: 88% plan no exit, 8% plan more than one exit.

**Key findings**

In this latest survey, 92% of PEs position themselves as net buyers. 88% plan no exits and 96% expect declining entry multiples.

More than half of the investors now expect IRRs to be over 25%.

For the first time, investors are now expecting the lower range of total funds invested to be under US\$25 million. Parallel to that, 75% of respondents anticipate no increase in funds allocation over the next 12 months.

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