

Financials (TRY mn)	3Q2015	2Q2016	3Q2016	YoY Growth	QoQ Growth
Revenue	421	489	491	17%	0%
Gross Profit	91	116	115	27%	-1%
Gross Margin	22%	24%	23%		
EBIT	30	120	66	121%	-45%
EBIT Margin	7%	25%	13%		
Adjusted EBIT*	30	43	66	121%	54%
Adjusted EBIT Margin*	7%	9%	13%		
Analyst EBIT**	27	35	52	89%	47%
Analyst EBIT Margin**	7%	7%	11%		
EBITDA	84	181	127	52%	-30%
EBITDA Margin	20%	37%	26%		
Adjusted EBITDA*	84	104	127	52%	23%
Adjusted EBITDA Margin*	20%	21%	26%		
Analyst EBITDA**	82	96	113	39%	18%
Analyst EBITDA Margin**	19%	20%	23%		
Net Income	-2	133	40	N.M	-70%
Net Margin	N.M.	27%	8%		
Adjusted Net Income*	-2	55	40	N.M	-28%
Adjusted Net Margin*	N.M.	11%	8%		
Capex	55	71	65	18%	-9%
Capex/Sales	13%	15%	13%		
*Excluding non-recurring income from subsidiary & asset sales					
**Excluding other income/expense from operations, investing activities, investments in associates and joint ventures					

COMMENTS ON ANADOLU CAM SANAYİİ A.Ş. 3Q2016 CONSOLIDATED FINANCIAL STATEMENTS

Based on 3Q2016 IFRS results,

In line with the company's strategy of increasing exports' share in the sales mix, based on a y-o-y comparison and in value terms, percentage of exports from Turkey increased by approximately **50%**, reaching out to **10%** of gross revenues generated by the region per se while exports sales' contributions to gross revenues was only **8%** in 3Q2015.

In the same period, share of exports to the gross revenue in Russia was **15%**, whereas exports from Georgia accounted for **29%** of gross revenue generated by the region.

Operations carried out by Turkish operations accounted for **65%** of the revenues while the remaining **35%** were generated by Russia, Ukraine (continues to be shut down temporarily) and Georgia regions.

Domestic sales accounted for **60%** of consolidated revenues while the remaining **40%** were the proceeds from international sales.

Net revenues, reinforced with a) the price increases implemented in Russia and in Turkey, b) growth in consolidated sales volume (**9%**) and c) change in product portfolio towards a higher level of value added sales mix, increased by **17%** on a y-o-y basis to **TRY 491mn**.

Cost of goods sold were **TRY 376mn**, up by **14%** on a y-o-y. Ratio of cost of goods sold to revenues was kept at **77%**, which is **~200 bps** lower than figure recorded in 3Q2015 while in line with the previous quarter's result. Gross profit figure for the quarter was **TRY 115mn**, up by **27%** on a y-o-y basis.

Accordingly, the company's profitability increased from **22%** to **23%** on an annual basis on the gross level while it was slightly above compared with the gross profit margin reached in 2Q2016.

Operating expenses were very close to the levels seen in the third quarter of 2015. Combined with the significant growth in revenues, percentage of the operating expense to net sales decreased by **more than 200 bps** to **13%**. Ratio of S&M expenses to revenues was slightly above the ratio seen in 3Q2015, while there were decent improvements in the ratios of G&A and R&D expenses thanks to the operational efficiency investments made and intensive R&D programs carried out by the company since the beginning of the year.

Based on the financial reporting principles, FX gains and losses in relation with the operations are booked under "other operating income and expenses". Anadolu Cam recorded a net other income from main operations of **TRY 9mn** in 3Q2016 compared to **TRY 1mn net other expenses** seen in 3Q2015. The company benefited from the domestic currency depreciation, which was slower compared to the devaluation seen in 3Q2015. In 3Q2016, on a y-o-y basis,

- Average USD/TRY exchange rate increased by **4%** (**from 2,8459 to 2,9561**), whereas it appreciated by **32%** in 3Q2015 (**from 2,1601 in 3Q2014 to 2,8459**).
- Average EUR/TRY exchange rate increased by **4%** (**from 3,1695 to 3,3013**), whereas it appreciated by **11%** in 3Q2015 (**from 2,8649 in 3Q2014 to 3,1695**).

In 3Q2016, Anadolu Cam purchased TRY 118mn equivalent USD-denominated long-term and short-term fixed income securities with **semi-annual coupon payments**. The company recorded TRY 2mn as revaluation gain on the fixed income securities. Accordingly, Anadolu Cam's net income from investing activities including share in net profit of associates increased to **TRY 5mn**.

The company's EBIT was **TRY 66mn**, representing an EBIT margin of **13%**, versus TRY **30mn** and **7%**, respectively, in 3Q2015.

Based on a total depreciation and amortization expense of **TRY 61mn** recorded in 3Q2016, Anadolu Cam's EBITDA was TRY **127mn**, pointing out to an EBITDA margin of **26%** versus TRY **84mn** and **20%**, respectively, last year in the same period.

With the increase in net foreign currency exchange gains the company was able to record net financial expenses of **TRY 14mn** down from **TRY 34mn** recorded last year in the third quarter.

As of 3Q2016, the company had a net income of **TRY 40mn** and a net margin of **8%** versus **TRY 2mn net loss** booked in 3Q2015.

As of 3Q2016-end, on a y-o-y comparison,

- Anadolu Cam recorded **USD 92mn** increase in USD net long position including forward contracts as a result of a) purchase of short-term and long-term USD denominated fixed income securities and b) decline in USD-denominated financial liabilities.
- The company's EUR net short position including forward contracts narrowed by **EUR 43mn** as a result of a) the currency and interest rate swap on EUR and RUB denominated liabilities in June and b) addition on EUR-denominated long forward contracts in 1H2016.
- Other currencies net long position increased by **TRY 57mn** following EUR-RUB swap transaction.
- Accordingly, the company recorded **TRY 118mn** equivalent net long FX position compared to the net short FX position of **TRY 367mn** at the end of 3Q2015.

Anadolu Cam made a total capital expenditure of **TRY 65mn** in 3Q2016 for operational efficiency investments. The company's total capital expenditures were **TRY 55mn** in 3Q2015.

At the end of the third quarter, on a y-o-y basis, the company's gross debt increased by **TRY 201mn** to **TRY 1,9bn** while there was a **TRY 208mn** increase in its cash&cash equivalents' balance. Accordingly, the company's net debt of **TRY 873mn** at the end of 3Q2015 decreased to **TRY 867mn** as of 3Q2016.

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