

Financials (TRY mn)	2015	2016	YoY Growth	4Q2015	3Q2016	4Q2016	YoY Growth	QoQ Growth
Revenue	1.552	1.767	14%	397	491	441	11%	-10%
Gross Profit	328	394	20%	74	115	92	25%	-20%
Gross Margin	21%	22%		19%	23%	21%		
EBIT	178	502	182%	2	66	35	1311%	-47%
EBIT Margin	11%	28%		1%	13%	8%		
Adjusted EBIT*	105	134	27%	2	64	10	319%	-84%
Adjusted EBIT Margin*	7%	8%		1%	13%	2%		
Analyst EBIT**	72	95	32%	4	52	5	35%	-90%
Analyst EBIT Margin**	5%	5%		1%	11%	1%		
EBITDA	393	747	90%	61	127	101	65%	-21%
EBITDA Margin	25%	42%		15%	26%	23%		
Adjusted EBITDA*	320	378	18%	61	126	76	25%	-40%
Adjusted EBITDA Margin*	21%	21%		15%	26%	17%		
Analyst EBITDA**	287	340	19%	62	113	71	14%	-37%
Analyst EBITDA Margin**	18%	19%		16%	23%	16%		
Net Income	31	465	1385%	-58	40	38	165%	-5%
Net Margin	2%	26%		N.M.	8%	9%		
Adjusted Net Income***	-42	123	396%	-58	40	38	165%	-5%
Adjusted Net Margin***	N.M.	7%		N.M.	8%	9%		
Capex	323	332	3%	70	65	74	6%	14%
Capex/Sales	21%	19%		17%	13%	17%		
*Excluding one-off gains/losses								
**Excluding other income/expense from operations, investing activities, investments in associates and joint ventures								
***Net income is adjusted to proceeds from asset/subsidiary sale, it includes revaluation gain on fixed income securities investment								

COMMENTS ON ANADOLU CAM SANAYİİ A.Ş. 4Q2016 CONSOLIDATED FINANCIAL STATEMENTS

Based on gross revenue figures provided by the company,

In line with the strategy of increasing exports' share in its sales mix, exports from Turkey, which more than doubled in value terms, accounted for **19%** of revenues generated by the region per se while exports' contribution to revenues was only **8%** in 4Q2015.

In the same period, share of exports to its regional revenues was **13%** in Russia, whereas exports from Georgia accounted for **9%** of revenues generated by the region.

Based on 4Q2016 IFRS results,

Net revenues, supported by a) the price increases implemented in Russia and in Turkey, b) rising international sales volume with record high export volumes from all operating regions and c) change in product portfolio towards a higher level of value added sales mix, increased by **11%** on a y-o-y basis to **TRY 441mn**.

55% of the consolidated net revenues were composed of international sales (including exports from Turkey) whereas domestic sales contributed the remaining **45%**.

Turkey operations composed **60%** of the net revenues while the remaining **40%** were generated by Russia, Ukraine (continues to be shut down temporarily) and Georgia regions.

Cost of goods sold were **TRY 349mn**, up by **8%** on a y-o-y. Thanks to the efficiency measures investments carried out, ratio of cost of goods sold to revenues was kept at **79%**, which is more than 200 bps below the level recorded in 4Q2015. Gross profit figure for the quarter was **TRY 92mn**, up by **25%** on a y-o-y basis and the gross margin was at **21%** level.

Compared with 4Q2015, Anadolu Cam's operating expenses increased by **25%** to **TRY 87mn**, which was mainly a result of escalated selling and marketing expenses parallel to the rise in sales volumes. As a result OPEX/sales ratio went up to **20%**.

Based on the financial reporting principles, interest and FX income and expenses in relation with the operations are booked under "other operating income and expenses". Anadolu Cam recorded other income from main operations of **TRY 32mn** in 4Q2016 compared to **TRY 7mn other income** generated in the previous quarter mainly as interest income. On the other, the company's other expenses in relation with the main operations increased from **TRY 4mn** in 3Q2016 to **TRY 29mn** in this quarter due to mainly litigation provisions debited in order to recognize potential risks in relation with ongoing court cases and negative impact of tax amnesty. Accordingly, net other income from main operations figure for the quarter stood at **TRY 3mn**.

In 4Q2016, TRY depreciated against USD by **11%** on a q-o-q and by **13%** on y-o-y basis. Q-o-q and y-o-y increases in EUR/TRY were **7%** and **11%**, respectively. Parallel to the company's revenue breakdown in currency terms, TRY depreciation did not have significant impact on the company's income/expenses from main operations.

In addition to the Eurobond investment Anadolu Cam made in 3Q2016, the company enlarged its investment portfolio by further purchasing **TRY 78mn** equivalent USD-denominated long-term fixed income securities with semi-annual coupon payments. The company recorded **TRY 25mn** as revaluation gain on the fixed income securities, which is the sum of coupon payments debited to its account until the reporting date and discounted value of future coupon payments and face value of the Eurobonds. Accordingly, Anadolu Cam's net income from investing activities including share in net profit of associates increased to **TRY 27mn**.

It is noteworthy that the revaluation gain on the fixed income securities portfolio does not have a direct link with the company's main operations. Therefore, TRY 25mn revaluation gain should be excluded while evaluating the company's profitability. There were no one-off gains booked in 4Q2015.

Excluding the revaluation gain, adjusted EBIT related to the period was **TRY 10mn** and EBITDA was **TRY 76mn** while the margins were **2% (up from 0,6% in 4Q2015)** and **17% (up from 15% in 4Q2015)**, respectively.

As a consequence of interest rate and currency swap between EUR-USD and RUB loans, thanks to lower foreign currency losses on those borrowing instruments, Anadolu Cam's financial income slightly surpassed its financial expenses and in turn the company recorded **TRY 85K** net financial income in this quarter compared to **TRY 77mn** net financial losses seen in the 4Q2015.

As of 4Q2016, the company had a net income of **TRY 38mn** and a net margin of **9%** versus **TRY 58mn net loss** booked in 4Q2015.

Compared with 2015 year-end net short FX position of **TRY 325mn**,

- Anadolu Cam recorded **USD 16mn** increase in USD net long position as a result of a) USD-denominated fixed income securities included in the portfolio and b) decline in USD-denominated financial liabilities
- The company's EUR net short position including forward contracts came down by **EUR 121mn** in line with a) currency and interest rate swap on EUR liabilities b) increase in EUR-denominated assets c) decrease in EUR-denominated liabilities
- Other currencies net long position increased by **TRY 13mn**
- Accordingly, the company recorded a net long FX position of **TRY 109mn**.

Anadolu Cam's capital expenditures amounted to **TRY 74mn** in 4Q2016, and in turn the company's total capital expenditures for the year 2016 increased to **TRY 332mn**.

On a year-on year comparison, the company's gross debt increased by **TRY 394 mn** to **TRY 2bn** while, scaled up by **TRY 649m**, cash&cash equivalents' balance stood at **TRY 1.3bn**. Accordingly, net debt of **TRY 1bn** at the end of 2015 contracted to **TRY 747mn**.

Şişecam IR Team



TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Şişecam Genel Merkezi

D-100 Karayolu Cad.

No:44A 34947

Tuzla/Istanbul

Türkiye

P +90 850 206 50 50

D +90 850 206 33 74

sc_ir@sisecam.com