

COMMENTS ON TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş. 2016 Q2 CONSOLIDATED FINANCIAL STATEMENTS

Based on 2016 Q2 IFRS results,

	2Q 2015	1Q 2016	2Q 2016	YoY Growth	QoQ Growth
Revenue	1.903	1.874	2.128	12%	14%
Gross Profit	564	595	617	9%	4%
Gross Margin	30%	32%	29%	-6 bps	-28 bps
EBIT	334	237	252	-25%	6%
EBIT Margin	18%	13%	12%	-58 bps	-8 bps
Adjusted EBIT*	272	237	252	-8%	6%
Adjusted EBIT Margin*	14%	13%	12%	-25 bps	-8 bps
Analyst EBIT**	192	194	196	2%	1%
Analyst EBIT Margin**	10%	10%	9%	-1 bps	-4 bps
EBITDA	520	432	446	-14%	3%
EBITDA Margin	27%	23%	21%	-64 bps	-21 bps
Adjusted EBITDA*	458	432	446	-3%	3%
Adjusted EBITDA Margin*	24%	23%	21%	-31 bps	-21 bps
Analyst EBITDA**	378	388	391	3%	1%
Analyst EBITDA Margin**	20%	21%	18%	-15 bps	-24 bps
Net Income	257	161	230	-11%	43%
Net Income Margin	14%	9%	11%	-27 bps	22 bps
Adjusted Net Income*	195	161	230	18%	43%
Adjusted Net Income Margin*	10%	9%	11%	6 bps	22 bps
Capex	360	253	325	-10%	28%
Capex/Sales	19%	14%	15%	-37 bps	17 bps
*Excluding Beyoğlu Building Sale income amounting to TRY 62 million in Q2'15					
**Excluding other income/expense from operations, investing activities, investments in associates and joint ventures					

Türkiye Şişe ve Cam Fabrikaları A.Ş., a global player of glass and chemicals manufacturing and one of the most powerful industrial companies of Turkey, reported financial results for the second quarter ended June 30, 2016.

Second Quarter 2016 Financial Summary vs. Same Year-Ago Quarter

- Sales of 2.1 Billion, up 12% (USD 735 million in constant currency, up 4%).
- Gross margin of 29%, gross profit is up by 9% year-on-year
- Share of operational expenses in total revenue remained at the same level – 20% in Q2'16. Net other income/expenses decreased by 60% due to increase in foreign exchange loss from main operations and rediscount interest expense on operating activities, depressed EBIT margin level to 12%. Adjusting prior years' EBIT by excluding Beyoğlu building sale income, year-on-year decline in EBIT decreases to 8% from 25%
- EBITDA came in at TRY 446 million with 21% mainly due to the above-mentioned decrease in net other income/expenses account.
- Net income increased to TRY 230 million compared to adjusted income in Q2'15 thanks to the improvement in net financial income

In Q2'16, 33% of the net revenues were generated from flat glass division, 21% from glassware business, 23% from glass packaging unit, 19% from chemicals segment and the remaining 4% from other operations.

Based on a regional breakdown, it was concluded that 49% of the net revenues were generated from the company's operations in Turkey, 20% of the net revenues coming from exports from Turkey, 20% from the operations in Europe and 11% from the operations in Russia, Ukraine and Georgia.

Net revenues were TRY 2,128 million, up by 12% compared to the second quarter of 2015 thanks to the continued increase in Şişecam's all divisions' revenues.

The ratio of cost of goods sold to revenues is 71% in the second quarter of 2016 while gross profit came in at TRY 617 million, up by 9% on a year-on-year basis. Q2'16 gross profit margin was 29%, while the gross margin of the prior year's second quarter was 30%.

The ratio of operating expenses to revenues remained flat at 20% compared to second quarter of 2015. Net other income from main operations decreased by 60% YoY due to the decrease in FX gains in relation with the operations accounted under "other operating income and expenses", increase in rediscount expenses and loss on sales of raw materials. Şişecam's net income from investing activities came in at TRY 7 million in the second quarter of 2016.

Consequently, the company's EBIT was TRY 252 million, representing an EBIT margin of 12%, versus TRY 272 million (excluded from Beyoğlu building sale income in Q2'15) in the second quarter of 2015. Based on a total depreciation and amortization expense of TRY 194 million, Şişecam's EBITDA was TRY 446 million, representing an EBITDA margin of 21%. Şişecam recorded a remarkable increase in net income of TRY 230 million versus TRY 195 million (excluded from Beyoğlu building sale income in Q2'15) in the second quarter of 2015, representing a net margin of 11% in Q2'16.

Positive net financial expense recorded thanks to the increase in FX gain on financial instruments. Şişecam had a net debt position of TRY 1,578 million as of Q2'16, with corresponding net debt to EBITDA of 0.90x.

Şişecam maintained its net long FX position with TRY 234 million positive balance.

Şişecam had a total capital expenditure of TRY 325 million in the second quarter of 2016 versus TRY 360 million in the second quarter of 2015.

Conference Call

ŞİŞECAM is pleased to invite you to its 2016H1 Financial Results Audio Webcast Call held on Wednesday, August 17th, 2016 at 18:30 (İstanbul), 16:30 (London) and 11:30 (New York).

To join the conference-call, please dial in through one of the following telephone numbers:

Turkish Toll Access Number: +90 216 217 1202
UK Toll Access Number: +44 203 043 2439
UK Toll Free Access Number: +44 (0) 808 238 1775
US Toll Free Access Number: +1 855 402 7761

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