

Financials (TRY mn)	2015	2016	YoY Growth	4Q2015	3Q2016	4Q2016	YoY Growth	QoQ Growth
Revenue	1.772	1.983	12%	477	492	527	11%	7%
Gross Profit	475	588	24%	129	153	160	24%	5%
Gross Margin	27%	30%		27%	31%	30%		
EBIT	408	531	30%	93	138	173	86%	25%
EBIT Margin	23%	27%		20%	28%	33%		
Adjusted EBIT*	408	518	27%	93	137	160	73%	17%
Adjusted EBIT Margin*	23%	26%		20%	28%	30%		
Analyst EBIT**	320	416	30%	88	113	115	31%	2%
Analyst EBIT Margin	18%	21%		18%	23%	22%		
EBITDA	500	629	26%	116	162	200	71%	24%
EBITDA Margin	28%	32%		24%	33%	38%		
Adjusted EBITDA*	499	616	23%	116	161	187	61%	16%
Adjusted EBITDA Margin*	28%	31%		24%	33%	35%		
Analyst EBITDA**	411	514	25%	111	136	142	27%	4%
Analyst EBITDA Margin	23%	26%		23%	28%	27%		
Net Income	441	577	31%	71	133	246	248%	85%
Net Income Margin	25%	29%		15%	27%	47%		
Capex	227	170	-25%	101	49	35	-66%	-29%
Capex/Sales	13%	9%		21%	10%	7%		
*Excluding non-recurring income/expense								
**Excluding other income/expense from operations, investing activities, investments in associates and joint ventures								

COMMENTS ON SODA SANAYİİ A.Ş. 4Q2016 CONSOLIDATED FINANCIAL STATEMENTS

Based on company guidance; **60%** of the revenues were generated from international sales while the remaining **40%** were generated from domestic sales.

As stated in 4Q2016 IFRS results; 76% of the revenues were generated from the company's operations in Turkey while European operations generated the remaining **24%**.

63% of the revenues were generated from the sale of soda chemicals and other products whereas contribution of chromium chemical business to the consolidated revenues was **24%**. Revenues generated from electricity sales accounted for the remaining **13%**.

Net revenues were **TRY 527mn**, up by **11%** on a y-o-y basis mainly as a result of sales volume growth seen in soda chemicals business and TRY depreciation. Compared with the same period of the prior year;

- Soda Sanayii increased its consolidated soda chemicals sales by **5%** in volume terms, which translated into **21%** higher revenues from this business segment coupled with the impact of TRY depreciation.
- The company experienced a **7%** contraction in chromium sales, while revenues generated from the segment were **flat**, which pointing out the fact that USD-based average unit price decline seen in chromium chemicals was partially offset by the devaluation of TRY.
- Electricity sales volume were **1%** higher (**up 462mn kWh to 467mn kWh**), meanwhile revenues generated from electricity sales were down by **9%** as TRY-based average electricity price per unit sold was down by **10%**.

- USD appreciated by **13% (USD/TRY increased from 2,9053 to 3,2771)** and EUR appreciated by **11% (EUR/TRY increased from 3,1843 to 3,5358)** on average against Turkish Lira.

Cost of goods sold were **TRY 367mn**, up by **6%** on a y-o-y basis as a result of sales volume growth in soda chemicals. However, the company's local currency biased cost structure, which enables it to be less prone to currency fluctuations, leads the ratio of cost of goods sold to revenues to come down from **73%** seen in 4Q2015 to **70%**.

TRY 160mn gross profit generated by Soda Sanayii, pointed out to a **24%** y-o-y increase and ending up in a gross profit margin of **30%**, which was more than **300 bps** above 4Q2015 gross profit margin.

Compared with the same period of 2015, gross profit generated from soda and other products grew by **34%** thanks to significant rise in segmental revenues most of which was a result of FX rate increase. Meanwhile, even though there was a contraction in volume wise chromium chemicals sales, with the rise in FX rates, both revenues and cost of goods sold in relation with this business segment were **flat** on a y-o-y basis. Accordingly, contribution of soda chemicals and other products sales to the company's consolidated gross profit was increased from 62% to **69%**, while chromium segment's share declined from **38%** to **31%**.

Operating expenses recorded in this quarter were **8%** higher than the expenses seen in the same period 2015 (**TRY 45mn vs TRY 41mn**), and being recorded at **8,5%**, OPEX/net sales ratio was **nearly unchanged**.

Based on the financial reporting principles, FX gains and losses in relation with the operations are booked under "other operating income and expenses". In 4Q2016, Soda Sanayii's net other income from main operations was **TRY 26 mn** whereas the company recorded **TRY 4mn** net other income in the previous quarter. Q-o-Q devaluation of TRY against USD was **11%** in 4Q2016 and **2%** in 3Q2016. Similarly, TRY depreciated by **7%** against EUR on a q-o-q basis in 4Q2016 and **1%** in 3Q2016. Consequently, the company recorded a significant upswing in net other income from main operations.

In addition to the Eurobond investments Soda Sanayii made in 3Q2016, the company enlarged its investment portfolio by further purchasing **TRY 46mn** equivalent USD-denominated long-term fixed income securities with semi-annual coupon payments and consequently the portfolio's **effective interest rate** increased to **5,484%**. The company recorded **TRY 13mn** 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. The company's share in profit/loss of associates were **TRY 19mn** in 4Q2016, up from **TRY 17mn** last year in the same period. Accordingly, Soda Sanayii's net income from investing activities including share in net profit of associates increased from **TRY 14mn** in 4Q2015 to **TRY 32mn** in 4Q2016.

It is noteworthy that the revaluation gain on the fixed income portfolio does not have a direct link with the company's main operations. Therefore, TRY 13mn revaluation gain should not be taken into account while evaluating the company's profitability on the EBIT&EBITDA levels. There were no one-off gains booked in 4Q2015.

Soda Sanayii's operational performance enabled the company to achieve record high profitability levels seen throughout its history. Excluding the aforementioned revaluation gain, Adjusted EBIT related to the period was **TRY 160mn** and EBITDA was **TRY 187mn** while the margins were **30% (up from 20% in 4Q2015)** and **35% (up from 24% in 4Q2015)**, respectively.

Soda Sanayii had a net financial income of **TRY 91mn** in 4Q2016 compared with **TRY 24mn** net financial losses recorded last year in the same period thanks to both increase in foreign currency deposits and rising FX rates.

In 4Q2016, the company recorded a net income of **TRY 246mn** and net margin of **47%** versus **TRY 71mn** and **15%** seen in the same period last year.

In 4Q2016 on a y-o-y comparison, Soda Sanayii's USD-denominated net long position decreased by **USD 92mn** (USD 88mn decline in total assets and USD 4mn increase in total liabilities), meanwhile EUR-denominated net long position grew by **EUR 78mn** (EUR 77mn increase in total assets and 1mn decrease in total liabilities). Accordingly, the company's net long FX position increased to **TRY 849mn** at the end of 2016 from **TRY 727mn** at the end of 2015.

Soda Sanayii had a total capital expenditure of **TRY 35mn** in 4Q2016 for capacity expansion, operational efficiency and maintenance and repair investments on top of **TRY 135mn** spent in the first 9 months of the year.

Soda Sanayii's gross debt increased by **TRY 39mn** from **TRY 345mn** in 4Q2015 to **TRY 384mn** and its cash&cash equivalents' balance increased by **TRY 222mn** to **TRY 1.115 mn**. Consequently, the company recorded a net cash of **TRY 731mn**, which is **TRY 183mn** higher than it was at the end of 2015.

Soda Sanayii's steam generation investment was finalized and the new boiler came online in December 2016. The company also completed Mersin plant capacity expansion investment at the end of the year.

As an important event after the reporting period, Soda Sanayii announced its decision to invest in fiber glass industry through a newly-established fully-owned subsidiary.

Şişecam IR Team



TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Şişecam Genel Merkezi

D-100 Karayolu Cad.
No:44A 34947
Tuzla/İstanbul
Türkiye

P +90 850 206 50 50
D +90 850 206 33 74

sc_ir@sisecam.com