ŞİŞECAM
FLAT GLASS

COMMENTS ON TRAKYA CAM SANAYİ A.Ş. 2016 Q4 CONSOLIDATED FINANCIAL STATEMENTS

Based on 2016 Q4 IFRS results,

Consolidated Financials (TRY mn)	2015	2016	YoY Growth	4Q 2015	3Q 2016	4Q 2016	QoQ Growth	YoY Growth
Revenue	2.118	3.016	42%	625	704	963	37%	54%
Gross Profit	565	888	57%	179	201	289	44%	61%
Gross Margin	27%	29%	275 bps	29%	29%	30%	149 bps	132 bps
EBIT	216	721	235%	75	96	185	93%	147%
EBIT Margin	10%	24%	1.374 bps	12%	14%	19%	561 bps	722 bps
EBITDA	391	976	149%	119	158	256	62%	114%
EBITDA Margin	18%	32%	1.386 bps	19%	22%	27%	410 bps	748 bps
Net Income***	159	547	243%	57	66	95	44%	67%
Net Income Margin***	8%	18%	1.061 bps	9%	9%	10%	52 bps	78 bps
Capex	286	250	-13%	113	53	86	62%	-24%
Capex/Sales	14%	8%	-521 bps	18%	8%	9%	140 bps	-908 bps
Adjusted EBIT*	216	358	66%	103	87	115	31%	11%
Adjusted EBIT Margin*	10%	12%	169 bps	16%	12%	12%	-52 bps	-459 bps
Adjusted EBITDA*	391	612	58%	147	150	185	24%	26%
Adjusted EBITDA Margin*	18%	20%	182 bps	24%	21%	19%	-203 bps	-433 bps
Adjusted Net Income*	159	251	58%	57	62	87	41%	54%
Adjusted Net Income Margin*	8%	8%	81 bps	9%	9%	9%	30 bps	1 bps
Analyst EBIT**	98	223	127%	30	62	60	-3%	96%
Analyst EBIT Margin**	5%	7%	277 bps	5%	9%	6%	-255 bps	133 bps
Analyst EBITDA**	274	478	74%	75	124	130	5%	74%
Analyst EBITDA Margin**	13%	16%	289 bps	12%	18%	14%	-406 bps	158 bps

***Excluding one-off effects: Income from Soda Stake Sale amounting to TRY 284 Million in Q2'16, Building Sale income amounting to TRY 3.8 Million in Q3'16, TRY 7.4 Million revaluation gain on assets in Q4'16, revaluation gain on fixed income instruments amounting to TRY 5 Million in Q3'16 (included in net income) and TRY 63 Million in Q4'16 (included in net income)**

****Excluding other income/expense from operations, investing activities, investments in associates and joint ventures**

***** Net income after controlling interest**

Important Notice: Year-End and Quarterly Balance Sheet & P&L Items starting from 2016 includes full consolidation of Trakya Bulgaria EAD & Sisecam Automotive Bulgaria EAD

In the last quarter of 2016, Trakya Cam posted a remarkable **topline growth** of 54% y o y, reaching to TRY 963 Million which is driven by; a) full consolidation of Bulgarian operations in 2016 (not included in 2015 year end and 2015 fourth quarter results), excluding Bulgaria - growth would be 22%, b) increase in domestic sales considering the ease off in import pressure and rallied domestic demand thanks to increased construction activities and change in the product mix as a result of increase in capacity utilization rate in coated and laminated glass from 85% in 2015 to 95% in 2016, also improved price levels combining with %4 price hike made in December 2015 and 6% price hike made in October 2016. Please also note that, Trakya Cam made another price hike by 10%-12% in February 2017 c) material contribution from Russia where prices edged up 58% in TRY, %60 in RUR terms at the end of 2016 as RUR appreciated 1% against TRY, d) growing demand conditions in Europe thanks to momentum gain in both construction and auto industries, also increase in price levels especially in Western Europe combining with improved capacity utilization rate in our flat and auto glass production facilities in Europe - Bulgaria & Romania e) takeover of the assets of Italian flat glass company-Sangalli of which contribution to consolidated revenue in fourth quarter of 2016 is 5% - TRY 46 Million revenue generated from this company. If Sangalli was taken over in the beginning of 2016, its full year revenue would be TRY 275 Million f) revenue generated from encapsulation business in the last quarter of 2016 recorded at 45 Million EUR with 39% growth rate y o y in EUR terms-25% coming from volume as TRY depreciated against EUR by 11% in the last quarter of 2016 compared to last year's fourth quarter (encapsulation revenue came in at EUR 154 Million in whole year-2016)

Gross margin improved by 1% over the last year's fourth quarter as a consequence of lower input cost compared to last quarter of 2015 thanks to decrease in natural gas prices in Bulgaria but despite the increase in soda ash prices in Russia. Please note that, the effect of increase in Soda ash prices in Russia on consolidated cost of goods sold of the company is negligible due to lower share of Russian operations in total cost of goods sold.

In the last quarter of 2016, **main operating expenses** to revenues came in line with last year's fourth quarter albeit surged quarter on quarter, which increased to 24% from %20 mainly due to one-off payment for transaction tax expense amounting to TRY 11 Million related with takeover of Sangalli. In addition to that, higher provision expenses for doubtful receivables were booked in the last quarter of 2016, adopting a more prudent approach for 2017 outlook

The company's **net other income from operations to total revenue** increased to 4,5% in the last quarter of 2016 from 3,6% in the last quarter of 2015 mainly due to increase in interest income on other main operations and increase in government subsidy related with Bulgarian and Romanian operations despite noticeable increase in provision expenses booked under net other expense.

Investments in associates and joint ventures decreased to TRY 18 million in the last quarter of 2016 from TRY 25 Million in the last quarter of 2015 including TRY 22 Million net income coming from Bulgarian operations (in 2015, Bulgarian operations was treated as equity pick-up). Net income attributable to Trakya Cam from Çayırova Sanayi A.Ş was TRY 14.3 Million in the last quarter of 2015 which came in at TRY 7.8 Million in the fourth quarter of 2016. Revaluation gain amounting to TRY 7.4 Million was realized in the last quarter of 2016 from Çayırova land.

Contribution of the operations in India & Egypt increased by TRY 16 Million in the last quarter of 2016 compared last year's fourth quarter

Net income from investing activities came in at TRY 64 Million as Trakya Cam booked a revaluation gain amounting to TRY 63 Million on its long and short term USD denominated fixed income instruments with an effective rate of 5.41% and semi-annual coupon payments in the fourth quarter of 2016.

Company's **EBIT** came in at TRY 115 Million after excluding TRY 63 Million revaluation gain on fixed income securities from operational figures in the last quarter of 2016, representing an EBIT margin of 12%.

Amortization recorded as TRY 71 Million in the last quarter of 2016, its share in EBITDA after adjusted figures increased to 37% in the last quarter of 2016 from %30 in the last quarter of 2015 as a result of full consolidation of Bulgarian operations including the amortization regarding the second float line investment and takeover of Sangalli.

Consequently, Trakya Cam posted TRY 185 Million **EBITDA** with 19% **EBITDA Margin**.

Trakya Cam posted TRY 87 Million **net income after non-controlling interest**, representing 9% margin. Effective tax rate decreased to 9% in the last quarter of 2016 compared to 10% in the last quarter of 2015 due to the increase in deferred tax asset after the finalization of cold repair in Mersin facility. **Net financial expense** which came in at TRY 86 Million, increased as a result of less recorded FX income on cash and cash equivalents

Trakya Cam's **gross debt** came in at TRY 2.5 Billion in 2016 as 97% of total gross debt is denominated in hard currency – rest is in TRY. Please also note that EUR 32 Million loan was taken over from Sangalli, was included in the long term financial liabilities. EUR 37 mn was paid within the last quarter - EUR 15 will be paid in 2017 recorded as other payables. Trakya Cam's net debt came in at TRY 814 Million equivalent of USD 231 increased by 13% excluding Eurobond investments amounting to USD 122 Million in 2016.

The company's **net long FX position** which was TRY 84 Million at the end of 2015 increased to TRY 372 Million at the end of 2016, mainly due to increase in EUR denominated financial liabilities

Capital expenditures were TRY 86 Million, excluding takeover of Sangalli assets, capex to sales ratio decreased to 9% from prior year's fourth quarter level of 18%.

TÜRKİYE ŞİŞE ve CAM FABRİKALARI A.Ş.

ŞİŞECAM

Şişecam Genel Merkezi

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

Türkiye

Sezgi Ayhan +90 850 206 37 91
Hande Özbörçek Kayaer +90 850 206 33 74

SC_IR@sisecam.com