

## COMMENTS ON TRAKYA CAM SANAYİ A.Ş. 2016 Q2 CONSOLIDATED FINANCIAL STATEMENTS

Based on 2016 Q2 IFRS results,

Consolidated Financials (TRY mn)	2015 Q2	2016 Q1	2016 Q2	QoQ Growth	YoY Growth
Revenue	525	627	723	15%	38%
Gross Profit	134	186	212	14%	59%
Gross Margin	25%	30%	29%	-3 bps	39 bps
EBIT	50	84	357	326%	618%
EBIT Margin	9%	13%	49%	360 bps	399 bps
EBITDA	95	145	417	187%	339%
EBITDA Margin	18%	23%	58%	345 bps	395 bps
Net Income	29	68	325	378%	1034%
Net Income Margin	5%	11%	45%	341 bps	395 bps
Capex	73	38	73	94%	0%
Capex/Sales	14%	6%	10%	41 bps	-38 bps
Adjusted EBIT*	50	84	73	-13%	46%
Adjusted EBIT Margin*	9%	13%	10%	-33 bps	6 bps
Adjusted EBITDA*	95	145	133	-9%	40%
Adjusted EBITDA Margin*	18%	23%	18%	-48 bps	2 bps
Analyst EBIT	27	43	59	39%	118%
Analyst EBIT Margin	5%	7%	8%	14 bps	30 bps
Analyst EBITDA	73	104	119	14%	65%
Analyst EBITDA Margin	14%	17%	17%	-1 bps	27 bps

**\*Excluding one-off stake sale in Soda Sanayii amounting to TRY 284 Million- TRY 271 Million impact on net income**

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

Revenue came in at TRY 723 Million in Q2'16, recording 38% growth driven by the strong performance both in domestic and international operations. The increase in the revenue is mainly driven by growth in sales from foreign operations which grew by 159% year-on-year in Q2'16, not only coming from the effect of full consolidation of Bulgarian operations but also the increased price levels in Europe consistent with the recovery in the market. Excluding the Bulgarian operations in Q2'16, consolidated revenue grew by 17% - %7 coming from total sales volume increase year-on-year.

In this quarter, revenue contribution of Russia to consolidated revenue increased to 5% while almost doubling compared to prior years' second quarter as a consequence of recovery in Russian flat glass prices.

Revenue generated from Turkey including exports was %76 in the second quarter of 2015. In this period it has decreased to %57, still taking the lion's share as a result of rapid recovery in the construction industry (61% of the sales coming from construction). Change in the product mix also helped to move the sales prices upward while Turkey revenues grew by 9% year-on-year in the second quarter as value added glasses took 30% share from Turkey's revenue. An anti-dumping tax of 27% was imposed on imports from Chinese mirror in the beginning of this quarter, which is expected to improve the pricing environment in Turkey. In addition, Ministry of Finance announced that it started an investigation against glasses imported from Russia.

Since the beginning of this year, Trakya Cam has gradually improved its **gross margin** level as COGS to sales level decreased to 70% in the first half of 2016 on average from 73% recorded in prior years' average.

Furthermore, owing to 23% cut on Bulgarian natural gas prices in April, around one percent point increase was recorded on the consolidated gross margin.

**Operating expenses** increased by 43% year-on-year keeping the ratio of operating expenses to revenues at 29% since fourth quarter of 2015. Marketing expenses took the largest share in operating expenses in this quarter.

The company's **net other income from operations/revenue** decreased by %60 year-on-year mainly coming from the significant decrease in foreign currency exchange rate gains booked on trade receivables.

**Investments in associates and joint ventures** came in at TRY 286 Million as Trakya Cam sold all of its Soda shares amounting to TRY 284 Million.

Consequently, the company's **EBIT** was TRY 357 Million including the sale of Soda stake. Excluding this, EBIT would be TRY 73 Million representing an EBIT margin of 10%.

**Amortization** recorded as TRY 60 Million in Q2'16, with 33% year-on-year increase as a result of full consolidation of Bulgarian operations including the amortization regarding the second float line investment in Bulgaria.

Trakya Cam posted TRY 417 Million **EBITDA** including one-off stake sale in Soda Sanayii amounting to TRY 284 Million. Excluding this, adjusted EBITDA came in at TRY 133 Million with 18% EBITDA Margin.

The company's net long **FX position** which was TRY 84 Million at the end of 2015 increased to TRY 245 Million at the end of Q2'16, mainly due to the reduction in foreign currency denominated assets and slightly increased short term EUR liabilities.

**Capital expenditures** were TRY 73 Million, capex to sales ratio decreased to 10% from prior year's second quarter level of 14%.

Trakya Cam posted TRY 325 Million net income including one-off stake sale in Soda Sanayii amounting to TRY 284 Million. Excluding this, TRY 41 Million net income was recorded with 43% year-on-year growth. Limited growth in net income is due to the increase in net financial expense which came in at TRY15 Million as a result of less recorded FX income. Effective tax rate in Q2'16 decreased to %28 from %32.

Trakya Cam's net debt came in at TRY 639 Million, decreased by 11% compared to 2015YE.

### 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

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