COMMENTS ON TRAKYA CAM SANAYİ A.Ş. 1Q 2017 CONSOLIDATED FINANCIAL STATEMENTS

Based on 1Q 2017 IFRS results,

Consolidated Financials (TRY mn)	1Q 2016	4Q 2016	1Q 2017		QoQ Growth	YoY Growth
Revenue	627	963	956		-1%	53%
Gross Profit	186	289	312		8%	68%
Gross Margin	30%	30%	33%		261 bps	297 bps
EBIT	84	185	187		1%	124%
EBIT Margin	13%	19%	20%		35 bps	624 bps
EBITDA	145	256	265		4%	83%
EBITDA Margin	23%	27%	28%		117 bps	456 bps
Net Income after non-controlling interest	65	95	115		21%	77%
Net Income Margin	10%	10%	12%		215 bps	167 bps
Capex	38	86	34		-61%	-11%
Capex/Sales	6%	9%	4%		-536 bps	-249 bps
Adjusted EBIT*	59	115	163		42%	175%
Adjusted EBIT Margin*	9%	12%	17%		511 bps	756 bps
Adjusted EBITDA*	121	185	240		30%	99%
Adjusted EBITDA Margin*	19%	19%	25%		592 bps	588 bps
Adjusted Net Income*	40	87	115		31%	184%
Adjusted Net Income Margin*	6%	9%	12%		292 bps	557 bps
Analyst EBIT**	43	60	126		111%	194%
Analyst EBIT Margin**	7%	6%	13%		698 bps	635 bps
Analyst EBITDA**	104	130	204		57%	95%
Analyst EBITDA Margin**	17%	14%	21%		780 bps	467 bps

***Excluding dividend income from Soda Sanayii A.Ş. in Q1'16, revaluation gain on assets in Q4'16, revaluation gain on fixed income instruments in Q4'16 and Q1'17 (included in net income)**

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

Important Notice: Balance Sheet & P&L Items starting from 2017 includes financials of Italian Flat Glass Company, Şişecam Flat glass ItalySrl, which was took over assets of Sangalli in November, 2016

Trakya Cam have made a solid start to 2017 and posted robust **topline growth of 53% YoY**, reaching TRY 956 Million (USD 259 Million).

a) Şişecam Flat Glass Italy – recently took over the assets of Sangalli (not fully included in 2016 results) generated €22 Million revenue in the first quarter; **excluding Italy**, **like-for-like increase in consolidated revenue would be 38% YoY**

b) Excluding revenue coming from Italian operations, growth was mainly driven by 13% YoY growth in total volume, 15% positive currency impact, 10% positive price effect

c) Price hike made back in October 2016 and in February 2017 boosted domestic revenue growth YoY in the first quarter while hard currency linked domestic auto sales also positively contributed as a result of depreciation of TL against EUR by 21% in terms of period average rates

d) Starting 2017, demand in European markets was strong even in winter conditions as unit flat glass prices was flat QoQ

e) Material contribution to topline growth from Russian operations continued in this quarter thanks to fast recovery in the country with continuously increasing flat glass demand; additionally strengthened Ruble against TL also positively contributed to consolidated topline performance

f) Revenue generated from encapsulation business which was recorded at €43 Million EUR in Q1’17 with 22% growth rate - 11% coming from volume

g) Share of international sales increased to 57% in Q1’17 vs %53 in Q1’16. Share of basic glass in revenue mix increased to 64% from 59% YoY as a result of consolidation of Italian operations

Gross profit increased by 68% YoY mainly thanks to the consolidation of Italian operations **while gross margin** improved by ~300 bps over the last year’s first quarter as operational leverage improved as a consequence of improving unit sales price especially in domestic side. Capacity utilization rate in auto-glass business improved over the quarter especially in domestic side, also pushed up the gross profit margin level which generates hard currency linked revenue while having local currency cost structure

In the first quarter of 2017, **main operating expenses** to revenues also improved, decreasing to 19% from %23 thanks to strong topline/base effect while operating expenses increased by 30% YoY mainly due to higher marketing & G&A expenses after the consolidation of Italian operations. G&A expenses increased by 36% YoY due to changes in the transfer pricing policies in line with the amendments in OECD legislation effective 2017.

The company’s **net other income from operations** increased to TRY 24,7 Million from TRY 10,7 Million YoY mainly due to increase in foreign currency exchange gain on revenue as a consequence of increase in international sales after taken over Italian operations and increased portion of exports compared to first quarter of 2016

Investments in associates and joint ventures increased by 29% YoY to TRY 7,4 Million TRY from TRY 5,9 Million thanks to material increase in income recorded from Egyptian operations thanks to strong demand conditions in the region and price hikes more than currency devaluation rate was introduced to the market. Deterioration in the profitability of Indian operations was mainly due to increase in input cost in the first quarter of this year

Net income from investing activities increased to TRY 29 Million from TRY 26 Million Q1’16. Last year TRY 24 Million dividend income from Soda Sanayii A.Ş. was recorded which is no longer a subsidy of Trakya Cam after the sale of its shares in 2016. TRY 25 Million revaluation gain on fixed income securities recorded in this quarter as Company increased the amount of investment in bonds by TRY 120 Million in Q1’17.

Company’s **EBIT** came in at TRY 187 Million in the first quarter of 2017, almost doubling up last years’ first quarter EBIT with a margin of 20%. Excluding the revaluation gain on financial instruments, **margin would be 17%** in Q1’17**.**

Amortization recorded as TRY 78 Million in the first quarter of 2017, increased by 26% YoY - TRY 6 Million coming from Italian operations

Consequently, Trakya Cam posted a historically high quarterly EBITDA at TRY 265 Million with 28% EBITDA Margin - **TRY 240 Million EBITDA with 25% margin was recorded after the one-time adjustments with 99% YoY increase**

Trakya Cam posted TRY 115 Million **net income after non-controlling interest**, representing 12% margin. Effective tax rate increased to 19% compared to 15% in the first quarter of 2016 in line with the increase in profitability. **Net financial expense** which came in at TRY 39 Million, increased as a result of short position in EUR denominated liabilities with much recorded FX loss compared to Q1’16

Trakya Cam's **gross debt** came in at TRY 2.7 Billion in the first quarter of 2017 with an increase of 9% as 97% of total gross debt was denominated in hard currency – rest is in TRY. Please also note that EUR 32 Million loan taken over from Italian operations was included in the long term financial liabilities. Trakya Cam’s net debt came in at TRY 818 Million equivalent of USD 224 Million (USD/TRY=3.6386) excluding total of Eurobond investments amounting to USD 147 Million.

The company’s **net long FX position** which was TRY 362 Million at the end of 2016 decreased to TRY 258 Million in the first quarter mainly due to increase in investments in corporate bond (including TRY denominated Is Bank bond amounting to TRY 19 Million)

Capital expenditures were TRY 34 Million - %28 was attributed to maintenance while the rest mainly belongs to small sized line investments in Bulgaria (laminated glass), Turkey (Yenişehir coated glass) and Romania (quarter window glass). Capex to sales ratio decreased to 4% from prior year’s first quarter level of 6%.

Trakya Cam proposed to distribute TRY 106 Million cash dividend, TRY 0,97 per share. Ex-date will be May, 30 2017.

Important Events after the Reporting Period

- Kristal-İş Union adopted a strike decision during the collective labor agreement process carried out for Trakya Cam San. A.S. Trakya Factory, Mersin Factory, Şişecam Otomotiv A.S. and Otocam Factory, Trakya Yenişehir Cam San. A.S. Yenişehir Factory. Implementation date of the strike was announced as the 24th of May. Process for the collective labor agreements is still ongoing.

TÜRKİYE ŞİŞE ve CAM FABRİKALARI A.Ş.

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