

# Turkiye Sise ve Cam Fabrikalari AS

## Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BB-	Stable	Affirmed 24 Jun 21

[Click here for full list of ratings](#)

The affirmation reflects Turkiye Sise ve Cam Fabrikalari AS's (Sisecam) stable business risk profile and solid capital structure, which Fitch Ratings believes will remain commensurate with the rating in the medium term.

Despite our expectations of negative free cash flow (FCF) between 2021 and 2023, we forecast average funds from operations (FFO) gross leverage of 2.4x between 2021 and 2024, which maps to the 'bbb' rating category under our Building Products Navigator. Sisecam's negative FCF is mainly driven by high capex and investment in its new US soda ash JV, which we believe will increase diversification away from emerging geographies.

The ratings remain constrained by Turkey's Country Ceiling of 'BB-'. Sisecam's underlying standalone rating is weakening due to the coronavirus crisis, but is higher than the Turkish Country Ceiling (BB-). We assess Sisecam's Standalone Credit Profile (SCP) unchanged at 'bb+'.

## Key Rating Drivers

**Limited Pandemic Impact:** Despite the pandemic's impact on construction and auto sectors, Sisecam's EBITDA margins remained solid at end-2020, at around 21% of revenues. We continue to forecast slower demand from the auto glass segment, and increasing price pressure from raw materials in 2021 and 2022. Nevertheless, we expect Sisecam to maintain FFO margins above 17% in the next four years, which maps against an 'a' rating median in our navigator, and is strong compared with higher-rated peers.

**Cost Pressures:** Similar to peers, Fitch expects cost pressures to increase in the medium term as soda ash prices continue to increase. We believe this will be compounded for Sisecam as local energy prices in Turkey will jump in line with Turkish lira depreciation. Historically, Sisecam has generally been able to pass through price increases to end-customers; and as shown by YE20 results, management's successful cost control programme has also supported profitability. The cost increases are embedded in our forecast assumptions and our expectations of an EBITDA margin of 21%-22% over the next four years.

**Negative FCF Expectations:** Fitch forecasts that Sisecam's FCF will turn negative in 2021 driven by continuous investments and increased working capital requirements for the year. We expect capex to increase slightly in the short term due to investments in Hungary, and expect that it will remain around 10%-13% of revenues, mirroring the capital-intensive nature of Sisecam's business. However, Sisecam's leverage metrics and capital structure remain solid, with FFO gross leverage around 2.5x. This is commensurate with investment-grade medians and higher-rated peers.

Fitch also assumes that Sisecam's maintenance capex will remain around TRY500 million a year, and believes that the company's substantial expansionary capex plans could be partially postponed under a severe economic downturn.

**US Expansion Plans:** Despite delays driven by the pandemic, Sisecam is continuing investments in the US with its JV partner Ciner to build a soda ash plant in Wyoming. This is in line with its geographic diversification plans, which have historically been a rating constraint. Once the greenfield investment is completed, Fitch expects it to improve diversification and profitability margins. However, the investment currently falls beyond our forecast period of four years and has no impact on the ratings.

## Applicable Criteria

[Corporate Rating Criteria \(December 2020\)](#)  
[Corporates Recovery Ratings and Instrument Ratings Criteria \(April 2021\)](#)  
[Parent and Subsidiary Linkage Rating Criteria \(August 2020\)](#)

## Related Research

[EMEA Div. Industrials, Capital Goods Outlooks to Improve \(Jul 2021\)](#)  
[What Investors Want to Know: EMEA Diversified Industrials & Capital Goods in 2021 \(March 2021\)](#)  
[Fitch Ratings 2021 Outlook: EMEA Building Materials & Building Products \(Dec 2020\)](#)

## Analysts

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**Strong End-Market Diversification:** Sisecam supplies products to a variety of end-markets that are affected by different macro drivers' cyclicalities. The product diversification reduces volatility in revenue and profitability margins. Sisecam has exposure to both cyclical (autos/construction/white goods) and defensive sectors (food and beverage/consumer goods). The diversification allows the group to reduce earnings volatility and optimise capital allocation by moving cash from cash-generative businesses into other divisions where capex needs are higher.

However, we view Sisecam's geographic diversification as weaker than its investment-grade peers such as Compagnie de Saint-Gobain (SGO; BBB/Stable). This is expected to change following the US investment, but this is beyond our current rating case forecasts.

**Limited FX Exposure:** FX exposure on Sisecam's balance sheet is limited, but the company's income statement has moderate exposure to FX movements. Fitch believes that this risk is mitigated by increasing export revenue, international sales, hard currency cash balances and derivatives. Fitch forecasts that Sisecam's income statement and leverage metrics could be modestly affected by the current weaker Turkish lira rates. However, leverage metrics should remain commensurate with the ratings.

**Standalone Assessment:** In applying its Parent and Subsidiary Linkage Rating Criteria, Fitch concluded that the legal, operational and strategic ties between Sisecam and owner Turkiye Is Bankasi A.S. (B+/Negative) are weak enough to rate Sisecam on a standalone basis. This reflects Fitch's general approach towards Turkish banks and their industrial subsidiaries.

## Financial Summary

### Turkiye Sise ve Cam Fabrikalari AS

(TRYm)	Dec 19	Dec 20	Dec 21F	Dec 22F
Gross revenue	18,059	21,341	25,728	28,292
Operating EBITDAR margin (%)	21.6	21.2	21.2	21.9
FFO margin (%)	18.5	17.5	17.1	18.1
FFO fixed-charge coverage (x)	4.6	3.9	4.3	5.0
FFO adjusted leverage (x)	4.2	3.8	3.1	2.5

F - Forecast  
Source: Fitch Ratings, Fitch Solutions

## Rating Derivation Relative to Peers

Sisecam has a strong financial profile, comparable with higher rated peers such as SGO (BBB/Stable) and Arcelik A.S. (BB+/Stable) and significantly better than lower-rated peers such as HESTIAFLOOR 2 (B+/Negative). We expect Sisecam to maintain average FFO net leverage of 1.95x in 2021 and 2022 compared with 2.1x, 1.8x and 7.0x for SGO, Arcelik and Hestiafloor 2, respectively.

Sisecam also has a higher FFO margin than its peers thanks to its low cost base and leading position in its core markets (Turkey, Russia and Eastern Europe). Sisecam recorded an FFO margin of 17.5% in 2020, compared with 7.5% for SGO, 11.7% for Arcelik and 11% for Ardagh Group S.A. (B+/Stable).

In Fitch's view, Sisecam has a healthy geographical diversification and exposure to several industries such as construction, auto, and healthcare. However, the company is still significantly smaller in size than higher-rated peers and generates the majority of its revenue from emerging markets, notably Turkey.

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Positive Rating

#### Action/Upgrade:

- We do not expect the ratings to be upgraded while they are constrained by Turkey's Country Ceiling.

### Factors that Could, Individually or Collectively, Lead to Negative Rating

#### Action/Downgrade:

- A lowering of Turkey's Country Ceiling.
- FFO margin below 10% (2020: 17.6%).
- FFO net leverage above 3.5x on a sustained basis.

## Liquidity and Debt Structure

**Adequate Liquidity:** As of end-2020, Sisecam had TRY8,929 million of cash available, after restricting TRY426 million to account for intra-year working capital swings. Available cash is sufficient to cover our forecast negative FCF for 2021 of around TRY1,890 million and debt maturities of TRY4,570 million.

Fitch forecasts that Sisecam will have a liquidity score of 1.5x in 2021, which is adequate for the rating. Similar to other Turkish blue-chip companies, liquidity is undermined by the absence of committed revolving credit facilities (RCFs) and high dependency on short-term funding compared with international peers.

Liquidity risk is mitigated by Sisecam's available uncommitted bank lines with Turkish banks of USD1.5 billion. Sisecam is considered a national blue-chip entity with strong bank relations. Fitch considers that these lines would remain available in a stress scenario.

## ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

## Liquidity and Debt Maturities

### Turkiye Sise ve Cam Fabrikalari AS – Liquidity Analysis

(TRYm)	2021F	2022F	2023F	2024F
<b>Available liquidity</b>				
Beginning cash balance	8,929	2,471	-2,225	-5,186
Rating-case FCF after acquisitions and divestitures	-1,888	-42	-594	485
<b>Total available liquidity (A)</b>	<b>7,041</b>	<b>2,429</b>	<b>-2,819</b>	<b>-4,701</b>
<b>Liquidity uses</b>				
Debt maturities	-4,570	-4,654	-2,367	-303
<b>Total liquidity uses (B)</b>	<b>-4,570</b>	<b>-4,654</b>	<b>-2,367</b>	<b>-303</b>
<b>Liquidity calculation</b>				
Ending cash balance (A+B)	2,471	-2,225	-5,186	-5,004
Revolver availability	0	0	0	0
<b>Ending liquidity</b>	<b>2,471</b>	<b>-2,225</b>	<b>-5,186</b>	<b>-5,004</b>
Liquidity score (x)	1.5	0.5	-1.2	-15.3

F – Forecast

Source: Fitch Ratings, Fitch Solutions, Turkiye Sise ve Cam Fabrikalari AS

Scheduled debt maturities (TRYm)	Original 31 December 2020
2021	4,570
2022	4,654
2023	2,367
2024	303
2025	15
Thereafter	4,912
<b>Total</b>	<b>16,821</b>

Source: Fitch Ratings, Fitch Solutions, Turkiye Sise ve Cam Fabrikalari AS

## Key Assumptions

- Average growth of 12% a year in revenues between 2021 and 2024
- EBITDA margin of 21% in 2021 and improving to 22.4% by 2024
- Capex of TRY12.2 billion between 2021 and 2024; excluding US soda ash JV investment
- Dividend payout of 20% of net profit between 2021 and 2024

## Financial Data

### Türkiye Sise ve Cam Fabrikalari AS

(TRYm)	Historical			Forecast		
	Dec 18	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23
<b>Summary income statement</b>						
Gross revenue	15,550	18,059	21,341	25,728	28,292	31,105
Revenue growth (%)	37.4	16.1	18.2	21.0	10.0	10.0
Operating EBITDA (before income from associates)	3,566	3,848	4,473	5,386	6,105	6,834
Operating EBITDA margin (%)	22.9	21.3	21.0	20.9	21.6	22.0
Operating EBITDAR	3,586	3,906	4,534	5,459	6,186	6,922
Operating EBITDAR margin (%)	23.1	21.6	21.2	21.2	21.9	22.3
Operating EBIT	2,518	2,527	2,865	3,288	3,694	4,205
Operating EBIT margin (%)	16.2	14.0	13.4	12.8	13.1	13.5
Gross interest expense	-359	-1,117	-1,437	-1,166	-1,103	-1,131
Pretax income (including associate income/loss)	3,462	2,596	3,255	3,063	3,532	4,016
<b>Summary balance sheet</b>						
Readily available cash and equivalents	2,853	8,008	8,929	5,371	3,075	4,200
Total debt with equity credit	8,009	15,721	16,946	15,876	14,222	15,940
Total adjusted debt with equity credit	8,106	16,011	17,250	16,463	14,867	16,649
Net debt	5,156	7,713	8,017	10,505	11,147	11,740
<b>Summary cash flow statement</b>						
Operating EBITDA	3,566	3,848	4,473	5,386	6,105	6,834
Cash interest paid	-392	-778	-1,124	-1,166	-1,103	-1,131
Cash tax	-538	-337	-497	-306	-353	-402
Dividends received less dividends paid to minorities (inflow/outflow)	119	140	133	125	125	125
Other items before FFO	4	117	419	0	0	0
Funds flow from operations	3,044	3,331	3,739	4,388	5,124	5,777
FFO margin (%)	19.6	18.5	17.5	17.1	18.1	18.6
Change in working capital	-1,030	-610	-694	-1,865	-1,180	-482
Cash flow from operations (Fitch defined)	2,013	2,721	3,045	2,523	3,944	5,296
Total non-operating/non-recurring cash flow	0	0	0	0	0	0
Capital expenditure	-2,221	-2,890	-1,873	-3,366	-2,933	-3,234
Capital intensity (capex/revenue) (%)	14.3	16.0	8.8	13.1	10.4	10.4
Common dividends	-457	-620	-519	-397	-482	-569
Free cash flow	-664	-789	653	-3,763	-3,414	-3,803
Net acquisitions and divestitures	-391	29	71	-648	-571	-2,085
Other investing and financing cash flow items	1,096	413	2,437	0	0	0
Net debt proceeds	-278	5,662	-1,988	-1,070	-1,654	1,718
Net equity proceeds	-59	-108	-159	-600	-600	0
Total change in cash	-296	5,208	1,014	-3,558	-2,296	1,125
<b>Leverage ratios</b>						
Total net debt with equity credit/operating EBITDA (x)	1.4	1.9	1.7	1.9	1.8	1.7
Total adjusted debt/operating EBITDAR (x)	2.2	4.0	3.7	3.0	2.4	2.4
Total adjusted net debt/operating EBITDAR (x)	1.4	2.0	1.8	2.0	1.9	1.8
Total debt with equity credit/operating EBITDA (x)	2.2	3.9	3.7	2.9	2.3	2.3
FFO adjusted leverage (x)	2.6	4.2	3.8	3.1	2.5	2.5
FFO adjusted net leverage (x)	1.7	2.1	1.8	2.1	2.0	1.9
FFO leverage (x)	2.5	4.2	3.7	3.1	2.4	2.4
FFO net leverage (x)	1.6	2.1	1.8	2.0	1.9	1.8
<b>Calculations for forecast publication</b>						
Capex, dividends, acquisitions and other items before FCF	-3,068	-3,481	-2,321	-4,411	-3,985	-5,887
Free cash flow after acquisitions and divestitures	-1,055	-759	3,045	-1,888	-42	-594
Free cash flow margin (after net acquisitions) (%)	-6.8	-4.2	3.4	-7.3	-0.2	-1.9
<b>Coverage ratios</b>						
FFO interest coverage (x)	8.0	4.8	4.0	4.5	5.3	5.8
FFO fixed-charge coverage (x)	7.7	4.6	3.9	4.3	5.0	5.5
Operating EBITDAR/interest paid + rents (x)	9.0	4.8	3.9	4.5	5.3	5.8
Operating EBITDA/interest paid (x)	9.4	5.1	4.1	4.7	5.7	6.2
<b>Additional metrics</b>						
CFO-capex/total debt with equity credit (%)	-2.6	-1.1	6.9	-5.3	7.1	12.9
CFO-capex/total net debt with equity credit (%)	-4.0	-2.2	14.6	-8.0	9.1	17.6

Source: Fitch Ratings, Fitch Solutions

#### How to Interpret the Forecast Presented

The forecast presented is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

## Ratings Navigator

## Turkiye Sise ve Cam Fabrikalari AS

ESG Relevance:



## Corporates Ratings Navigator Building Products

Factor Levels	Sector Risk Profile	Operating Environment	Business Profile					Financial Profile			Issuer Default Rating
			Management and Corporate Governance	Market Position	Diversification	Product Portfolio Profile	Industry Profile	Profitability	Financial Structure	Financial Flexibility	
aaa											AAA
aa+											AA+
aa											AA
aa-											AA-
a+											A+
a											A
a-	■	■	■	■				■			A-
bbb+	■	■	■	■				■	■	■	BBB+
bbb	■	■	■	■	■	■	■	■	■	■	BBB
bbb-	■	■	■	■	■	■	■	■	■	■	BBB-
bb+	■	■	■	■	■	■	■	■	■	■	BB+
bb	■	■	■	■	■	■	■	■	■	■	BB
bb-	■	■	■	■	■	■	■	■	■	■	BB- Stable
b+	■	■									B+
b	■	■									B
b-	■	■									B-
ccc+											CCC+
ccc											CCC
ccc-											CCC-
cc											CC
c											C
d or rd											D or RD

Bar Chart Legend:			
Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colours = Relative Importance		↑	Positive
■	Higher Importance	↓	Negative
■	Average Importance	↕	Evolving
■	Lower Importance	□	Stable

#### Operating Environment

a-	Economic Environment	bb	Below average combination of countries where economic value is created and where assets are located.
bbb+	Financial Access	bbb	Average combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	bbb	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'bbb'.
b-			
ccc+			

#### Market Position

a-	Market Position	bbb	Top-five player in core product and service offerings.
bbb+	Product and Service Offerings	bbb	Good range of products serving various construction end-markets.
bbb			
bbb-			
bb+			

#### Product Portfolio Profile

bbb	Brand Strength	bbb	Strong brand equity but alternative products exist that could somewhat limit premium pricing.
bbb-	Innovation	bb	Some competitive advantages in product innovation but could be replicated by competitors.
bb+	Barriers to Entry	bb	Moderate barriers to entry. Incumbents are generally strongly established but successful new entrants have emerged over time.
bb			
bb-			

#### Profitability

a-	FFO Margin	a	11%
bbb+	EBIT Margin	a	10%
bbb	FCF Margin	b	Neutral to negative FCF margin.
bbb-	Volatility of Profitability	bbb	Volatility of profits in line with industry average.
bb+			

#### Financial Flexibility

bbb+	Financial Discipline	bbb	Financial policies less conservative than peers but generally applied consistently.
bbb	Liquidity	bbb	One year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb-	FFO Interest Coverage	bbb	6.0x
bb+	FX Exposure	bb	FX exposure on profitability and/or debt/cash flow match. Some hedging in place but only partly effective.
bb			

**How to Read This Page:** The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

#### Management and Corporate Governance

a-	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb+	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb	Group Structure	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
bbb-	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bb+			

#### Diversification

bbb	End-Market Diversification	bb	Somewhat balanced exposure to various construction end-markets with somewhat meaningful revenue exposure to the new-construction market.
bbb-	Geographic Diversification	bbb	Moderate geographic exposure within countries or regions.
bb+	Distribution Channels	bbb	Product and service offerings are sold across a moderate range of distribution channels.
bb			
bb-			

#### Industry Profile

bbb+	Long-Term Growth Potential	bb	Mature industry. Traditional markets may be under some pressure but opportunities arise in new markets.
bbb	Raw Material Volatility	bb	Volatility of input costs can result in moderate margin compression due to limited ability to pass through input cost inflation.
bbb-	Industry Capacity	bbb	Industry utilization rates fluctuate in line with overall construction spending, resulting in somewhat volatile pricing.
bb+			
bb			

#### Financial Structure

bbb+	FFO Leverage	bb	4.0x
bbb	FFO Net Leverage	bbb	2.0x
bbb-	(CFO-Capex)/Total Net Debt With Equity Credit	bbb	20%
bb+	Total Debt With Equity Credit/Op. EBITDA	bbb	2.5x
bb			

#### Credit-Relevant ESG Derivation

Türkiye Sise ve Cam Fabrikalari AS has 6 ESG potential rating drivers				Overall ESG	
key driver	0	issues	5		
driver	0	issues	4		
potential driver	6	issues	3		
not a rating driver	6	issues	2		
	2	issues	1		

For further details on Credit-Relevant ESG scoring, see page 3.

### Credit-Relevant ESG Derivation

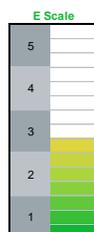
Türkiye Sise ve Cam Fabrikalari AS has 6 ESG potential rating drivers

- ➔ Türkiye Sise ve Cam Fabrikalari AS has exposure to waste & impact management risk and supply chain management risk but this has very low impact on the rating.
- ➔ Türkiye Sise ve Cam Fabrikalari AS has exposure to labor relations & practices risk but this has very low impact on the rating.
- ➔ Governance is minimally relevant to the rating and is not currently a driver.

				Overall ESG Scale	
key driver	0	issues	5		
driver	0	issues	4		
potential driver	6	issues	3		
not a rating driver	6	issues	2		
	2	issues	1		

### Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	2	Emissions from production, manufacturing and distribution	Diversification; Competitive Position; Profitability
Energy Management	2	Energy use in production, manufacturing, product	Diversification; Competitive Position; Profitability
Water & Wastewater Management	2	Water usage in production and manufacturing	Diversification; Competitive Position; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of product lifecycle and end-of-life materials; supply chain management -products	Diversification; Competitive Position; Profitability
Exposure to Environmental Impacts	2	Effect of extreme weather scenarios on PPE, inventory, and/or profitability	Diversification; Competitive Position; Profitability



#### How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

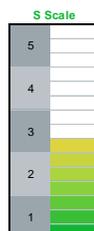
The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

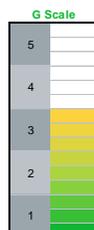
### Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Product quality and safety	Diversification; Competitive Position; Profitability; Financial Flexibility
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Diversification; Competitive Position; Industry Dynamics; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Diversification; Competitive Position; Industry Dynamics; Profitability
Exposure to Social Impacts	1	n.a.	n.a.



### Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance



### CREDIT-RELEVANT ESG SCALE

#### How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

## **Simplified Group Structure Diagram**

n.a.

## Peer Financial Summary

Company	IDR	Financial statement date	Gross revenue (USDm)	Operating EBITDA (USDm)	FFO margin (%)	FFO interest coverage (x)	FFO leverage (x)
Türkiye Sise ve Cam Fabrikalari AS	BB-						
	BB-	2020	3,051	639	17.5	4.0	3.7
	BB-	2019	3,189	680	18.5	4.8	4.2
	BB+	2018	3,275	751	19.6	8.0	2.5
Arcelik A.S.	BB+						
	BB	2020	5,843	705	11.7	4.3	2.7
	BB+	2019	5,641	523	7.5	2.6	3.5
	BB+	2018	5,666	573	7.6	3.4	3.5
Compagnie de Saint-Gobain	BBB						
	BBB	2020	43,438	4,272	7.5	12.4	4.2
	BBB	2019	47,656	4,634	6.9	12.5	4.0
	BBB	2018	49,284	4,596	6.9	11.0	3.4
Ardagh Group S.A.	B+						
	B+	2020	6,731	1,043	11.0	3.7	8.8
		2019	6,660	1,090	8.4	2.4	8.3
		2018	6,676	1,115	10.3	2.7	9.1
LSF11 Skyscraper Holdco Sarl	B+						
		2019	2,858	373	13.0	0	0
		2018	2,908	321	11.0	0	0
		2017	2,796	362	12.9	0	0
HESTIAFLOOR 2	B+						
		2019	1,104	158	8.6	7.5	4.9
		2018	1,109	160	8.3	7.0	5.9
		2017	958	149	12.5	13.5	4.2

Source: Fitch Ratings, Fitch Solutions

## Fitch Adjusted Financials

### Fitch Adjustments and Reconciliation Table for Türkiye Sise ve Cam Fabrikalari AS

(TRYm)	Notes and Formulas	Reported Values	Sum of Adjustments	Other Adjustments	Adjusted Values
31 December 2020					
<b>Income Statement Summary</b>					
Revenue		21,341			21,341
Operating EBITDAR		4,540	-6	-6	4,534
Operating EBITDAR After Associates and Minorities	(a)	4,673	-6	-6	4,667
Operating Lease Expense	(b)	0	61	61	61
Operating EBITDA	(c)	4,540	-67	-67	4,473
Operating EBITDA After Associates and Minorities	(d) = (a-b)	4,673	-67	-67	4,606
Operating EBIT	(e)	2,889	-24	-24	2,865
<b>Debt and Cash Summary</b>					
Total Debt with Equity Credit	(f)	17,142	-196	-196	16,946
Lease-Equivalent Debt	(g)	0	304	304	304
Other Off-Balance-Sheet Debt	(h)	0			0
Total Adjusted Debt with Equity Credit	(i) = (f+g+h)	17,142	108	108	17,250
Readily Available Cash and Equivalents	(j)	9,355			9,355
Not Readily Available Cash and Equivalents		0			0
<b>Cash Flow Summary</b>					
Operating EBITDA After Associates and Minorities	(d) = (a-b)	4,673	-67	-67	4,606
Preferred Dividends (Paid)	(k)	0			0
Interest Received	(l)	335			335
Interest (Paid)	(m)	-1,148	24	24	-1,124
Cash Tax (Paid)		-497			-497
Other Items Before FFO		419			419
Funds from Operations (FFO)	(n)	3,782	-43	-43	3,739
Change in Working Capital (Fitch-Defined)		-694			-694
Cash Flow from Operations (CFO)	(o)	3,088	-43	-43	3,045
Non-Operating/Nonrecurring Cash Flow		0			0
Capital (Expenditures)	(p)	-1,873			-1,873
Common Dividends (Paid)		-519			-519
Free Cash Flow (FCF)		696	-43	-43	653
<b>Gross Leverage (x)</b>					
Total Adjusted Debt/Operating EBITDAR <sup>2</sup>	(i/a)	3.7			3.7
FFO Adjusted Leverage	(i)/(n-m-l-k+b)	3.7			3.8
FFO Leverage	(i-g)/(n-m-l-k)	3.7			3.7
Total Debt with Equity Credit/Operating EBITDA <sup>2</sup>	(i-g)/d	3.7			3.7
(CFO-Capex)/Total Debt with Equity Credit (%)	(o+p)/(i-g)	7.1%			6.9%
<b>Net Leverage (x)</b>					
Total Adjusted Net Debt/Operating EBITDAR <sup>2</sup>	(i-j)/a	1.7			1.7
FFO Adjusted Net Leverage	(i-j)/(n-m-l-k+b)	1.7			1.7
FFO Net Leverage	(i-g-j)/(n-m-l-k)	1.7			1.7
Total Net Debt with Equity Credit/Operating EBITDA <sup>2</sup>	(i-g-j)/d	1.7			1.7
(CFO-Capex)/Total Net Debt with Equity Credit (%)	(o+p)/(i-g-j)	15.6%			15.4%
<b>Coverage (x)</b>					
Operating EBITDA/(Interest Paid + Lease Expense) <sup>3</sup>	a/(-m+b)	4.1			3.9
Operating EBITDA/Interest Paid <sup>3</sup>	d/(-m)	4.1			4.1
FFO Fixed-Charge Coverage	(n-l-m-k+b)/(-m-k+b)	4.0			3.9
FFO Interest Coverage	(n-l-m-k)/(-m-k)	4.0			4.0

<sup>2</sup>EBITDA/R after dividends to associates and minorities.

Source: Fitch Ratings, Fitch Solutions, Türkiye Sise ve Cam Fabrikalari AS

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