

COMMENTS ON TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş. 2016 Q3 CONSOLIDATED FINANCIAL STATEMENTS

Based on 2016 Q3 IFRS results,

	3Q 2015	2Q 2016	3Q 2016	QoQ Growth	YoY Growth	9M 2015	9M 2016	Growth
Revenue	1.860	2.128	2.005	-6%	8%	5.389	6.007	11%
Gross Profit	533	617	609	-1%	14%	1.579	1.821	15%
Gross Margin	29%	29%	30%	138 bps	170 bps	29%	30%	101 bps
EBIT	227	252	317	26%	39%	765	806	5%
EBIT Margin	12%	12%	16%	396 bps	357 bps	14%	13%	-79 bps
Adjusted EBIT*						703	806	15%
Adjusted EBIT Margin*						13%	13%	37 bps
Analyst EBIT**	167	196	210	7%	26%	506	600	19%
Analyst EBIT Margin**	9%	9%	10%	126 bps	152 bps	9%	10%	60 bps
EBITDA	412	446	515	16%	25%	1.305	1.393	7%
EBITDA Margin	22%	21%	26%	474 bps	352 bps	24%	23%	-102 bps
Adjusted EBITDA*						1.242	1.393	12%
Adjusted EBITDA Margin*						23%	23%	14 bps
Analyst EBITDA**	352	391	409	5%	16%	1.046	1.188	14%
Analyst EBITDA Margin**	19%	18%	20%	20 bps	15 bps	19%	20%	37 bps
Net Income	217	230	248	8%	14%	639	638	0%
Net Income Margin	12%	11%	12%	157 bps	67 bps	12%	11%	-122 bps
Adjusted Net Income*						576	638	11%
Adjusted Net Income Margin*						11%	11%	-1 bps
Capex	271	325	221	-32%	-18%	798	799	0%
Capex/Sales	15%	15%	11%	-42 bps	-35 bps	15%	13%	-15 bps
*Excluding Beyoğlu Building Sale income amounting to TRY 62 million in Q2'15 from 9M'15								
**Excluding other income/expense from operations, investing activities, investments in associates and joint ventures								

Türkiye Şişe ve Cam Fabrikaları A.Ş., a global player of glass and chemicals manufacturing and one of the most powerful industrial companies of Turkey, reported financial results for the third quarter ended September 30, 2016.

Third Quarter 2016 Financial Summary vs. Same Year-Ago Quarter

- **Sales of 2 Billion, up 8% y-o-y (USD 677 million in constant currency, up 3%).**
- **Gross margin of 30%, gross profit is up by 14% year-on-year**
- **Share of operational expenses came in at 20% in the third quarter while net other income/expenses decreased by 30%. EBIT margin came in at 16%, levered up compared to last year's third quarter level of 12%.**
- **EBITDA came in at TRY 515 million with 26% margin**
- **Net income increased by 8% TRY 248 million compared to last year's third quarter**

In the third quarter of 2016, 30% of the net revenues were generated from flat glass division, 17% from glassware business, 21% from glass packaging unit, 25% from chemicals segment and the remaining 7% from other operations.

Net revenues were TRY 2,005 million, up by 14% compared to the third quarter of 2015 thanks to the continued increase in Şişecam's all divisions' revenues.

The ratio of cost of goods sold to revenues decreased to 70% q-o-q in the third quarter of 2016 mainly due to improvement in glassware segment's gross profit as a result of decreasing domestic production. The ratio of operating expenses to revenues remained flat at 20% compared to third quarter of 2015.

Company's EBIT was TRY 317 million, representing an EBIT margin of 16%, versus TRY 227 million in the third quarter of 2015. EBIT Margin recorded a remarkable increase compared to last years' third quarter level of 12% as a result of 170 bps increase in gross margin, %34 growth in net other income from operations and high contribution of investing activities

Net other income from main operations increased by 34% y-o-y mainly due to the high amount of fire insurance indemnity payments for Paşabahçe –Eskişehir facility compared to payment of last year's third quarter and increase in net discount gains. Şişecam's net income from investing activities came in at TRY 19 million in the third quarter of 2016, TRY 11 million coming from revaluation gain on financial assets.

Consequently, Şişecam's EBITDA was TRY 515 million, representing an EBITDA margin of 26%.

Company's net income came in at TRY 248 million, representing a net margin of %12. Attributed net income to equity holders of the parent company was TRY 162 million with 13% y-o-y decrease due to increase in net financial expense and increase in the non-controlling interests as a result of Soda shares sold by Anadolu Cam and Trakya Cam

TRY 34 million net financial expense was recorded in this quarter versus last years' third quarter number of TRY 33 million net financial income due to decrease in FX gains on time deposits compared to last years' third quarter. Effective tax rate became 12%, less than last years' third quarter level of 16%

Şişecam had a net debt position of TRY 2,142 million as of third quarter, with corresponding net debt to EBITDA of 1.16x. Şişecam maintained its net long FX position with TRY 421 million positive balance.

Şişecam had a total capital expenditure of TRY 221 million in the third quarter of 2016 versus TRY 271 million in the third quarter of 2015.

TÜRKİYE ŞİŞE ve CAM FABRİKALARI A.Ş.

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