

Financials (TRY mn)	4Q2017	3Q2018	4Q2018	YoY Growth	QoQ Growth	2017	2018	YoY Growth
Revenue	655	958	988	51%	3%	2.451	3.430	40%
Gross Profit	221	435	331	50%	-24%	854	1.316	54%
Gross Margin	34%	45%	34%			35%	38%	
EBIT	208	634	62	-70%	-90%	643	1.237	92%
EBIT Margin	32%	66%	6%			26%	36%	
Adjusted EBIT*	168	422	166	-1%	-61%	601	997	66%
Adjusted EBIT Margin*	26%	44%	17%			24%	29%	
Analyst EBIT**	122	293	194	59%	-34%	480	807	68%
Analyst EBIT Margin	19%	31%	20%			20%	24%	
EBITDA	243	675	101	-59%	-85%	779	1.387	78%
EBITDA Margin	37%	70%	10%			32%	40%	
Adjusted EBITDA*	203	463	205	1%	-56%	736	1.147	56%
Adjusted EBITDA Margin*	31%	48%	21%			30%	33%	
Analyst EBITDA**	158	333	233	48%	-30%	616	958	55%
Analyst EBITDA Margin	24%	35%	24%			25%	28%	
Net Income	239	818	82	-66%	-90%	662	1.557	135%
Net Margin	36%	85%	8%			27%	45%	
Capex	62	316	279	352%	-12%	133	822	518%
Capex/Sales	9%	33%	28%			5%	24%	
*Excl. non-recurring income/expense								
**Calculated by deducting the sum of COGS and OPEX from Revenues								

COMMENTS ON SODA SANAYİİ A.Ş. 4Q2018 CONSOLIDATED FINANCIAL STATEMENTS

Important Notice Regarding Accounting Policy Change:

Şişecam Group Companies used to report third party logistic expenses by deducting them from gross revenues. Starting from 4Q2017, these expenses are now booked under S&M expenses. Comments on the year-on-year changes in 4Q2018 financial results were derived from 4Q2017 restated results.

TOPLINE CONTRIBUTORS

4Q2018 vs. 4Q2017

- 1% increase in soda chemicals sales volume
- Average unit price increase of 1% in USD terms in soda chemicals sales
- 4% increase in chromium chemicals sales volume
- Strong pricing in USD terms in chromium chemicals sales
- 83% increase in average unit price of electricity sales in LCY
- 45% increase in USD/TRY based on period average rates (5,5145 vs. 3,7963)
- 41% increase in EUR/TRY (6,2946 vs. 4,4707)

KEY PRODUCTION FIGURES

In 4Q2018, on a y-o-y basis, consolidated soda chemicals output declined **0,6% (591K tons vs. 595K tons)**, while chromium chemicals production grew by **3%**, from **82K tons** to **84K tons** and the unit of electricity generated by the Co-gen facility was up by **4% (259,2mn Kwh vs. 249,1mn Kwh)**.

KEYS TO OPERATIONAL PERFORMANCE & REVIEW OF 4Q2018 IFRS RESULTS ON A Y-O-Y BASIS

Soda Sanayii recorded **TRY 988mn** net revenues, up by **51%**.

Share of international sales in consolidated revenues decreased from **77%** to **75%** while contribution of intra-group sales to consolidated revenues declined by **500 bps** to **10%**. FCY share in consolidated revenues stood at **86%**.

I) Comments on Segmental breakdown of Consolidated IFRS Revenues

a) Soda Chemicals, Energy and Other Products Segment

Soda Sanayii's consolidated soda chemicals sales volume increased by **1%** (up from **568K tons** to **574K tons**) in gross terms. Meanwhile, average per ton prices increased by **1%** in USD terms mainly due to the decline in EUR/USD parity (down by **3%**) and the sales mix. Having generated **88%** of soda chemicals' revenues in hard currencies led to a **45%** rise in soda chemicals' topline (**TRY 625mn** vs **TRY 430mn**).

Even though, electricity sales volume was down by **18%** (**222mn kWh** vs. **270mn kWh**), with **83%** rise in average electricity price per unit sold in LCY, revenues generated from electricity sales went up by **50%** (from **TRY 38mn** to **TRY 57mn**).

Combined with electricity sales revenues, corresponding to **6%** of the consolidated topline, soda segment revenues' share in consolidated sales stood at **69%**.

b) Chromium Chemicals Segment

Chromium chemicals sales volume increased by **4%** (up from **39,5K tons** to **41K tons**) in gross terms and product pricing continued to be strong. Having generated **95%** of segmental revenues in hard currencies led to a **64%** rise in chromium chemicals' topline (**TRY 306mn** vs **TRY 186mn**) on a y-o-y basis. Oxyvit's contribution to the segmental topline stood at **TRY 25mn**, up by **5%**.

Chromium chemicals business line's contribution to consolidated revenues was **31%**.

II) Comments on Segmental breakdown of Consolidated IFRS COGS & Gross Profit

Consolidated cost of goods sold was **TRY 657mn**, up by **51%**, mainly due to natural gas tariff hikes implied by the national gas provider at decent rates and LCY depreciation. Soda chemicals' segment COGS increased by **46%** whereas there was a **68%** rise on the chromium chemicals side.

Thanks to lower share of FCY denominated costs (**57%**) compared to the share of FCY in consolidated revenues, the company continued to be naturally hedged against LCY depreciation. In addition to that, savings attained with the combined usage of coal-fired steam boiler and Co-gen facility in soda ash segment and higher capacity utilization rate under chromium chemicals segment of operations enabled the company to maintain its COGS/Revenues ratio at **66%** levels.

TRY 331mn gross profit, generated by Soda Sanayii, pointed out to a **50%** increase in absolute terms and resulted in a gross profit margin of **34%**, which is parallel to the profitability recorded in 4Q2017.

Gross profit generated by soda chemicals, energy and other products segment and chromium chemicals business line grew by **46%** and **58%**, respectively. As a result, chromium chemicals' contribution to the consolidated gross profit increased from **35%** to **37%**, leaving the rest attributable to soda chemicals, energy and other products segment.

Segment-specific gross profit margins were flat at **31%** for soda segment and **40%** (down by **150 bps**) for chromium chemicals business line.

III) Comments on the Consolidated IFRS P/L Accounts Below Gross Profitability

Operating expenses were up by **39%** (**TRY 137mn** vs **TRY 98mn**), due to especially the rise in S&M expenses, on which growing sales and LCY depreciation have a direct impact. OPEX/Revenues ratio came in at **14%** (**115bps lower** compared to 4Q2017).

Based on the financial reporting principles, FX gains and losses in relation with commercial receivables and payables are booked under "other operating income and expenses". As the company's DSO and DPO terms are less than 3 months, comments in relation with these accounts were derived on a q-o-q basis. Due to LCY appreciation seen in 4Q2018, Soda Sanayii recorded a net other **expense** from main operations of **TRY 39mn** (vs. **TRY 98mn income** in 3Q2018). Please note that based on average FX rates, on a q-o-q basis, LCY appreciated by **2%** against USD and **4%** against EUR.

As a result of **12%** q-o-q decline in period-end USD/TRY rate (**5,2609** vs. **5,9902**), Soda Sanayii recorded **TRY 96mn** revaluation loss (vs **TRY 40mn gain** in 4Q2017) on its investment portfolio, which is composed of **TRY 750mn** equivalent USD-denominated long-term fixed income securities with semi-annual coupon payments and **5,684%** effective interest rate.

The company recorded a net expense from investing activities of **TRY 94mn**, including revaluation losses on fixed income securities, share in net profit of associates (**TRY 21mn**, up by **7%** y-o-y) and provisions for potential losses in relation with IFRS 9 standards (**TRY 8,8mn**, of which **TRY 8,3mn** was in relation with the investment portfolio).

Excluding gains/losses and provisions on the fixed income securities investment portfolio recorded in the last quarters of 2017 and 2018, adjusted EBIT declined by **1%** while adjusted EBITDA grew by **1%**. Based on **TRY 166mn EBIT** and **TRY 205mn EBITDA** figures; 4Q2018 margins were **17%** and **21%**, respectively. 4Q2017 adjusted EBIT and EBITDA margins were **26%** and **31%**.

Further dragged down by **TRY 108mn** net financial expense (vs. **TRY 32mn income** in 4Q2017), Soda Sanayii recorded a net income of **TRY 82mn** (vs. **TRY 239mn** in 4Q2017) and net margin of **8%**. Soda Sanayii had a deferred tax income of **TRY 121mn** in 4Q2018 thanks to its glass fiber investment, on which it is entitled to get corporate tax discount incentive.

Capital expenditures recorded at **TRY 279mn**, of which **TRY 238mn** was in relation with the glass fiber investment while the rest was used for development and maintenance investments.

Compared to 2017 year-end, Soda Sanayii's USD-denominated net long position increased by **USD 18mn** (**USD 13mn** increase in total assets and **USD 5mn** decrease in total liabilities), meanwhile EUR-denominated net long position increased by **EUR 21mn** (**EUR 20mn** increase in total assets and **EUR 1mn** decrease in total liabilities). As a result, the company's net long FX position was recorded at **TRY 2bn** (up from **TRY 1,3bn**).

Compared with 2017 year-end, Soda Sanayii's gross debt increased to **TRY 894mn** (up by **TRY 574mn**). Cash&cash equivalents' balance (incl. financial investments and other receivables from related parties)

were recorded at **TRY 2bn** (up by **TRY 683mn**). Accordingly, Soda Sanayii recorded a net cash position of **TRY 1,15bn** (vs. **TRY 1,04bn**).

Important events after the reporting period

Glass Fiber facility became operational in January.

Şişecam IR Team



TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Şişecam Genel Merkezi

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

P +90 850 206 50 50
D +90 850 206 33 74

sc_ir@sisecam.com