

Financials (TRY mn)	2Q2015	1Q2016	2Q2016	YoY Growth	QoQ Growth
Revenue	432	476	488	13%	2,5%
Gross Profit	126	132	143	14%	8%
Gross Margin	29%	28%	29%		
EBIT	111	106	114	3%	7%
EBIT Margin	26%	22%	23%		
Analyst EBIT*	87	92	96	11%	5%
Analyst EBIT Margin	20%	19%	20%		
EBITDA	133	131	137	3%	4%
EBITDA Margin	31%	28%	28%		
Analyst EBITDA*	109	117	119	9%	2%
Analyst EBITDA Margin	25%	25%	24%		
Net Income	111	87	111	0%	28%
Net Income Margin	26%	18%	23%		
Capex	33	29	58	77%	101%
Capex/Sales	8%	6%	12%		
*Excluding other income/expense from operations, investing activities, investments in associates and joint ventures					

## COMMENTS ON SODA SANAYİİ A.Ş. 2Q2016 CONSOLIDATED FINANCIAL STATEMENTS

Based on 2Q2016 IFRS results,

63% of the revenues were generated from the sale of soda chemicals and other products while the contribution of chromium chemical business to the consolidated revenues was 24%. Revenues generated from electricity sales accounted for the remaining 13%.

75% of the revenues were generated from the company's operations in Turkey while the remaining 25% were generated from European operations.

Based on the company guidance; 62% of the revenues were generated from international sales while the remaining 38% were generated from domestic sales.

Net revenues were TRY 488mn, up by 13% on a year on year basis mainly as a result of the appreciation of hard currencies against Turkish Lira and sales volume growth. In 2Q2016, USD appreciated by 9% on average against Turkish Lira to 2.8931 (2Q2015 average rate was 2.6663), while EUR appreciated by 11% on average against Turkish Lira to 3.2695 (2Q2015 average rate was 2.9461). Compared with the same period of the prior year, in volume terms, Soda Sanayii increased its consolidated soda sales by 4% and its chromium sales by 6%. In 2Q2016, the company recorded 58% increase in electricity sales volume from 289mn kWh to 455mn kWh while revenues generated were only up by 24% due to the decrease in electricity sales prices as a result of the significant decline in period average oil prices (down from USD 69/barrel in 2Q2015 to USD 48/barrel in 2Q2016).

Cost of goods sold were TRY 345mn, up by 13% on a year-on-year basis, while the ratio of cost of goods sold to revenues was unchanged.

The company recorded a gross profit of TRY 143mn, pointing out a 14% increase on a year-on-year basis and ending up in a gross profit margin of 29%, which is in line with the margin recorded in 2Q2015.

68% of the gross profit were generated from the sale of soda chemicals, energy and other products, while chromium chemicals business' contribution to the gross profit was 32%.

In 2Q2016, operating expenses increased by 18% on a year-on-year basis from TRY 40mn to TRY 47mn. Ratio of operating expenses to revenues slightly increased by 40 bps to 9,6%; G&A and R&D expenses shares in revenues were pretty much in line with the ratios seen in 2Q2015, while there was a slight increase in the ratio of S&M expenses to sales.

Based on the financial reporting principles, FX gains and losses in relation with the operations are booked under "other operating income and expenses". In 2Q2016, Soda Sanayii's net other income from main operations was TRY 2mn whereas the company had recorded TRY 14mn net other income in the previous quarter. The increase in net foreign currency exchange losses on trade receivables due to fluctuating FX rates had a decreasing impact on the net other income from main operations.

Soda Sanayii's share in profit/loss of associates were TRY 15mn in 2Q2016, up from TRY 10mn last year in the same period.

Consequently, the company's EBIT was TRY 114mn, representing an EBIT margin of 23%, versus TRY 111mn and 26% in 2Q2015. Based on the depreciation and amortization expenses of TRY 23mn in the related period, Soda Sanayii's EBITDA was TRY 137mn, representing an EBITDA margin of 28% versus TRY 133mn and 31% recorded last year in the same period.

Soda Sanayii had no one-off gains/loss recorded in 2Q2016 or in the same period of 2015.

Soda Sanayii had a net financial income of TRY 17mn in 2Q2016.

In 2Q2016, the company recorded a net income of TRY 111mn and net margin of 23% versus TRY 111mn and 26% seen in the same period last year.

The company's net long FX position, which was TRY 658mn at the end of 2Q2015, decreased to TRY 535mn at the end of 2Q2016, mainly due to the reduction in foreign currency denominated assets (USD 37mn and EUR 19mn) and increased EUR liabilities allocated to the distribution of cash dividends (TRY 240mn) and for the financing of capital expenditures.

Soda Sanayii had a total capital expenditure of TRY 58mn in 2Q2016 for capacity expansion and operational efficiency investments. The company's total capital expenditures were TRY 33mn in 2Q2015.

Soda Sanayii had a net cash position of TRY 371mn at the end of 2Q2016, while the company's net cash was TRY 381mn at the end of 2Q2015.

## **MAJOR DEVELOPMENTS**

30 K ton/year-capacity expansion in Mersin plant has been online since the beginning of the second quarter.

Soda Sanayii distributed TRY 330 Million dividend, of which TRY 240 Million was in cash and the remaining TRY 90 Million in kind.

Soda Sanayii finalized the negotiations with Petrol-iş Labor Union by successfully renewing the contracts for a two year-term.

## **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  
US Toll Free Access Number: +1 855 402 7761

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