

COMMENTS ON ANADOLU CAM SANAYİİ A.Ş. 1Q2016 CONSOLIDATED FINANCIAL STATEMENTS

Financials (TRY mn)	1Q2015	1Q2016	YoY Growth
Revenue	288	345	20%
Gross Profit	58	69	19%
Gross Margin	20%	20%	
EBIT	93	280	202%
EBIT Margin	32%	81%	
Adjusted EBIT*	20	16	-18%
Adjusted EBIT Margin*	6,9%	4,7%	
EBITDA	141	337	139%
EBITDA Margin	49%	98%	
Adjusted EBITDA*	68	73	8%
Adjusted EBITDA Margin*	24%	21%	
Net Income	59	254	329%
Net Income Margin	21%	74%	
Capex	44	122	178%
Capex/Sales	15%	35%	
*Excl. Revenues from Soda shares sales (TRY 72.9mn in 1Q2015 and TRY 264mn in 1Q2016)			

Based on 1Q2016 IFRS results,

70% of the revenues were generated from the operations in Turkey while the remaining 30% were generated from the operations in Russia, Ukraine and Georgia regions.

Parallel to the company's strategy of increasing the exports' share in its sales mix, based on a y-o-y comparison and in value terms, percentage of exports from Turkey increased by ~149%, reaching 10% of the gross revenues generated from Turkey operations while only 4% of the gross revenues were composed of export sales in 1Q2015

In the same period, exports from Russia's share in gross sales were 14%, down from 16% in 1Q2015, whereas exports from Georgia increased by 173%, reaching 26% of gross revenues generated from the region compared with 17% share recorded last year in the same period.

Net revenues were TRY 345mn, up by 20% compared with the revenues recorded in the first quarter of 2015 thanks to product price increases Anadolu Cam implemented for its Russian operations (~%17), unit price increase resulting from the change in product portfolio towards a higher level of value added product mix, and the growth in sales volume (7% on a y-o-y basis).

Cost of goods sold were TRY 276mn, up by 19% on a year-on-year basis. The ratio of cost of goods sold to revenues remained almost same compared to 20151Q at 80%. Gross profit figure for 1Q2016 was TRY 69mn, up by 19% on a year-on-year basis and 1Q2016 gross profit margin stayed in the same level with 1Q2015 results.

In the first quarter of 2016, operating expenses increased by 21%, from TRY 55mn to TRY 67mn compared to the same period last year. The ratio of operating expenses to revenues, on the other hand, increased by only 20 bps to 19,1%. Breakdown of operating expenses were nearly unchanged with general and

administrative expenses corresponding to 12% of revenues, while sales and marketing expenses and R&D expenses ratios to the revenues were 7% and 1%, respectively.

Anadolu Cam recorded a net other income from operations of TRY 2.5mn in 1Q2016 compared to TRY 7mn in 1Q2015, mainly due to the decline in net foreign currency exchange gains on trade receivables. (It should be noted that, based on the current regulations, FX gains and losses in relation with the operations are booked under “other operating income and expenses”).

In 1Q2016, USD appreciated by 20% on average against Turkish Lira to 2.9409 (1Q2015 average rate was 2.4571), while EUR appreciated by 17% on average against Turkish Lira to 3.2420 (1Q2015 average rate was 2.7709).

1Q2016 period-end USD/TRY exchange rate was 2.8334, up by 9%, versus 2.6102 at the end of 1Q2015, while the increase in average USD/TRY was 20% in 1Q2016 compared with the same period of the previous year. Meanwhile, 1Q2016 period-end EUR/TRY exchange rate was 3.2081, up by 13%, versus 2.8309 last year same period.

Anadolu Cam’s income from investing activities were TRY 273mn, up from TRY 82mn in 1Q2015. However, it is noteworthy that, in 1Q2016, the company executed a partial sale of its stake in Soda Sanayii A.Ş. for a total consideration of TRY 288mn and recorded TRY 264mn net as non-recurring income. Anadolu Cam had carried out another asset sale in 1Q2015, which resulted in TRY 73mn one-off gain.

The company’s EBIT was TRY 280mn, representing an EBIT margin of 81%, versus TRY 93mn and 32% in 1Q2015, respectively.

Based on a total depreciation and amortization expense of TRY 57mn in 1Q2016, Anadolu Cam’s EBITDA was TRY 337mn, representing an EBITDA margin of 98% versus TRY 141mn and 49%, respectively, last year in the same period.

Please be noted that:

- 1- In the first quarter of 2015, ANACM recorded TRY 73mn as one-off gain from the sale of Soda Sanayii shares.
- 2- In 1Q2016, the company generated TRY 264mn non-recurring income from the sale of 64mn Soda Sanayii shares.

Based on the above, Adjusted EBIT for 1Q2016 was TRY 16mn, representing an Adjusted EBIT Margin of 5% compared to Adjusted EBIT of TRY 20mn and Adjusted EBIT Margin of 7% for 1Q2015.

Adjusted EBITDA for 1Q2016 was TRY 73mn, representing an Adjusted EBITDA Margin of 21% compared to Adjusted EBITDA of TRY 68mn and Adjusted EBITDA Margin of 24% for 1Q 2015.

At the end of 1Q2016, Anadolu Cam's net financial expense was TRY 15mn, down from TRY 34mn last year in the same period.

As of 1Q2016, the company recorded a net income of TRY 254mn and a net margin of 74% versus TRY 59mn and 21%, respectively in 1Q2015. Excluding non-recurring income figures, Anadolu Cam had recorded net losses at the end of both 1Q2015 and 1Q2016.

Anadolu Cam had a net debt position of TRY 734mn as of 1Q2016, down from a net debt position of TRY 1,002mn in at the end of 2015. The company recorded a net short FX position of TRY 251mn compared to TRY 375mn-net long FX position seen on 2015YE financials due to the increase in USD deposits and loan repayments.

Anadolu Cam had a total capital expenditure of TRY 122mn in 1Q2016 versus TRY 44mn in 1Q2015. The reasons behind 178% YoY increase are cold repair in Russia and modernization expenditures in Turkey

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