

## COMMENTS ON TRAKYA CAM SANAYİ A.Ş. 2016 Q3 CONSOLIDATED FINANCIAL STATEMENTS

Based on 2016 Q3 IFRS results,

Consolidated Financials (TRY mn)	2015 9M	2016 9M	YoY Growth	2015 Q3	2016 Q2	2016 Q3	QoQ Growth	YoY Growth
Revenue	1.493	2.054	38%	507	723	704	-3%	39%
Gross Profit	386	599	55%	126	212	201	-5%	59%
Gross Margin	26%	29%	332 bps	25%	29%	29%	-81 bps	367 bps
EBIT	140	536	282%	43	357	96	-73%	122%
EBIT Margin	9%	26%	1.670 bps	9%	49%	14%	-3569 bps	510 bps
EBITDA	272	720	165%	87	417	158	-62%	83%
EBITDA Margin	18%	35%	1.683 bps	17%	58%	22%	-3516 bps	541 bps
Net Income	108	467	333%	36	325	74	-77%	108%
Net Income Margin	7%	23%	1.553 bps	7%	45%	11%	-3448 bps	350 bps
Capex	173	164	-5%	63	73	53	-27%	-15%
Capex/Sales	12%	8%	-361 bps	12%	10%	8%	-252 bps	-478 bps
Adjusted EBIT*	140	252	80%	43	73	96	32%	122%
Adjusted EBIT Margin*	9%	12%	287 bps	9%	10%	14%	360 bps	510 bps
Adjusted EBITDA*	272	436	60%	87	133	158	19%	83%
Adjusted EBITDA Margin*	18%	21%	299 bps	17%	18%	22%	413 bps	541 bps
Adjusted Net Income*	108	196	82%	36	54	74	36%	108%
Adjusted Net Income Margin*	7%	10%	233 bps	7%	7%	11%	301 bps	350 bps
Analyst EBIT	68	164	141%	17	59	62	4%	264%
Analyst EBIT Margin	5%	8%	343 bps	3%	8%	9%	55 bps	542 bps
Analyst EBITDA	200	348	74%	60	119	124	4%	106%
Analyst EBITDA Margin	13%	17%	355 bps	12%	17%	18%	107 bps	573 bps

**\*Excluding one-off stake sale in Soda Sanayii amounting to TRY 284 Million in net sales, TRY 271 Million in net income**

*Important Notice: Quarterly Balance Sheet & P&L Items starting from 2016 includes full consolidation of Trakya Bulgaria EAD & Siseecam Automotive Bulgaria EAD*

**Revenue** came in at TRY 704 Million in the third quarter, recording 39% y-o-y growth driven by full consolidation of Bulgarian operations, remarkable increase in Russian revenues and material contribution from encapsulation business. Excluding Bulgarian operations, y-o-y revenue growth would be at 16% - out of which 6% coming from the volume increase.

In this quarter, revenue contribution of Russia to consolidated revenue increased to 8% as a consequence of recovery in Russian flat glass prices. Prices edged up about 30% q-o-q in the third quarter after the price hike announcements of local producers, Ruble devaluation also led sales to advance in export regions.

Bulgarian operations delivered further good organic growth y-o-y driven by an improved sales price levels especially in Western Europe. A further 10% decrease in natural gas prices in the region effective July had a positive contribution to the profit as well.

54% of the consolidated revenues generated from Turkey including exports, recorded a 12% y-o-y revenue growth as a result of rapid recovery in the construction industry. A slight decrease in domestic sales was

recorded compared to the second quarter of 2016 due to less number of working days in the third quarter while unit price levels continued to advance.

Total of auto, encapsulation and white goods revenues increased by 14% in the third quarter y-o-y mainly driven by the improvement in the unit price levels of Bulgarian & Fritz's operations.

Trakya Cam kept its **gross margin** level at 29% in the third quarter. Cost effective marketing activities led ratio of operating expenses to revenues continue to improve, which is recorded at 20% in the third quarter (Q2'16: 21%, Q1'16:22%)

The company's **net other income from operations/revenue** decreased by %10 year-on-year mainly coming from the decrease in net FX gains booked on trade receivables related with international sales.

**Investments in associates and joint ventures** came in at TRY 8.5 Million as Trakya Cam sold one of its buildings amounting TRY 3.8 million and booked a revaluation gain amounting to TRY 4.7 million on its long and short term USD denominated fixed income instruments with an effective rate of 5,443% and semi-annual coupon payments.

Consequently, the company's **EBIT** was TRY 96 Million representing an EBIT margin of 14%.

**Amortization** recorded as TRY 62 Million in Q3'16, with 44% year-on-year increase as a result of full consolidation of Bulgarian operations including the amortization regarding the second float line investment in Bulgaria.

Trakya Cam posted TRY 158 Million **EBITDA** with 22% EBITDA Margin.

Trakya Cam posted TRY 74 Million **net income**. Net financial expense which came in at TRY14 Million, increased as a result of less recorded FX income on time deposits. Effective tax rate in Q3'16 decreased to %10 from 27% in the Q3'15.

The company's net long **FX position** which was TRY 84 Million at the end of 2015 increased to TRY 242 Million at the end of Q3'16, mainly due to increase in USD and EUR denominated financial liabilities

**Capital expenditures** were TRY 53 Million, capex to sales ratio decreased to 8% from prior year's third quarter level of 12%.

Trakya Cam's **net debt** came in at TRY 641 Million excluding TRY 296 Million investment in long and short term USD denominated fixed income instruments.

Şişecam IR Team



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