

COMMENTS ON TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş. 2016 Q1 CONSOLIDATED FINANCIAL STATEMENTS

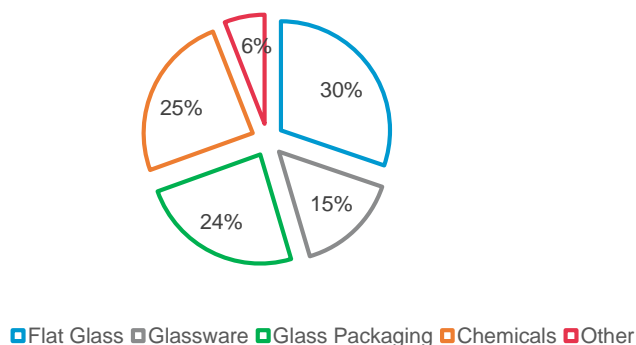
Based on 2016 Q1 IFRS results,

Financial	1Q 2015	1Q 2016	Growth
Revenue	1,627	1,874	15%
Gross Profit	483	595	23%
Gross Margin	30%	32%	
EBIT	203	237	17%
EBIT Margin	13%	13%	
Analyst EBIT*	147	194	32%
Analyst EBIT Margin*	9%	10%	
EBITDA	372	432	16%
EBITDA Margin	23%	23%	
Analyst EBITDA*	316	388	23%
Analyst EBITDA Margin*	19%	21%	
Net Income	164	161	-2%
Net Income Margin	10%	9%	
Capex	168	253	51%
Capex/Sales	10%	14%	
*Excluding other income/expense from operations, investing activities, investments in associates and joint ventures			

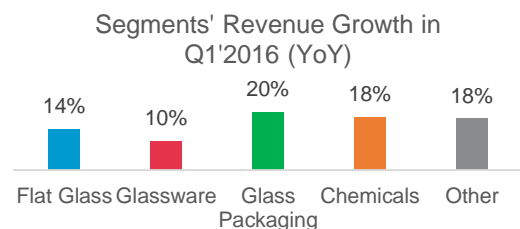
33% of the net revenues were generated from flat glass division, 23% from glassware business, 18% from glass packaging unit, 20% from chemicals segment and the remaining 5% from other operations.

Based on a regional breakdown, it was concluded that 71% of the net revenues were generated from the company's operations in Turkey, 20% from the operations in Europe and 9% from the operations in Russia, Ukraine and Georgia. 0.1% remaining balance were generated from the operations located in regions other than the above-mentioned ones.

Segments Contribution
in 15% YoY Revenue Growth of SISE



Net revenues were TRY 1,874mn, up by 15% compared to the first quarter of 2015 thanks to the continued increase of net sales Şişecam's all divisions-recording double-digit growth.



The ratio of cost of goods sold to revenues decreased from 70% to 68% YoY in the first quarter of 2016. Gross profit came in at TRY 595mn, up by 23% on a year-on-year basis. 2016 Q1 gross profit margin was 32%, while the gross margin of the previous first quarter was 30%.

Operating expenses (Sales & Marketing, General Administrative and R&D expenses) increased by 20%, from TRY 335mn to TRY 401mn. The ratio of operating expenses to revenues remained flat at 21% compared to first quarter of 2015. The reason behind the increase in sales & marketing expenses is mainly due to the transportation costs arising from higher level of exports and marketing efforts parallel to the increase in sales volumes of the divisions.

Net income from other operations decreased by 42% YoY due to the decrease in FX gains in relation with the operations are booked under "other operating income and expenses", increase in rediscount expenses and loss on sales of raw materials. Şişecam's net income from investing activities came in at TRY (2.3) mn.

Consequently, the company's EBIT was TRY 237mn, representing an EBIT margin of 13%, versus TRY 203mn in the first quarter of 2015. Based on a total depreciation and amortization expense of TRY 194mn, Şişecam's EBITDA was TRY 432mn, representing an EBITDA margin of 23%, same with prior year's first quarter EBITDA level.

Due to the increase in net financial expense (up from TRY 7mn (2015 Q1) to TRY 37mn (2016 Q1)) and tax expense (up from TRY 32mn (2015 Q1) to TRY 40mn (2016 Q1)), the company recorded a slight decrease in net income of TRY 161mn versus TRY 164mn in the first quarter of 2015, representing a net margin of 9% in 2016 Q1.

Net financial expense increased significantly due to the decrease in FX gain on trade receivables, debt instruments and cash. Şişecam had a net debt position of TRY 1,377mn as of 2016 Q1, with corresponding net debt to EBITDA of 0.76x.

Şişecam maintained its net long FX position with TRY 271mn positive balance.

Şişecam had a total capital expenditure of TRY 253mn in the first quarter of 2016 versus TRY 168mn in the first quarter of 2015.

Şişecam IR Team



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