



ŞİŞECAM

2018 Results

Earnings Review

February 4, 2019

Economic Climate

Macro Outlook

- ♦ Global growth expectations of IMF for 2018 is 3,7%. Global GDP growth for 2019 and 2020 are estimated at 3,5% and 3,6%.

- ♦ Decline in U.S. growth expectation in the near term

IMF's growth forecast remains unchanged at 2,9% for 2018

Expectations for 2019 and 2020 are 2,5% and 1,8%

- ♦ Economic activity is weakening in Eurozone

IMF's growth forecast decreased to 1,8% for 2018, 1.6% for 2019 and expected to increase to 1,7% in 2020

Growth rates have been marked down in many economies, notably in Germany, Italy and France

Slowdown in economic activity in Turkey

Decline in GDP growth rate (Q1'18: **7,3%** Q2'18: **5,2%** and Q3'18: **1,6%**)

Surge in inflation, recorded at **20,3%**

IMF's growth forecast for 2018 and for 2019 are **3,5%** and **0,4%**

TL's (on average) depreciation against **USD (by 33%)** and **EUR (by 38%)**

Downgrade cycle in Turkey's sovereign ratings:

Moody's: Ba3/Negative

S&P: B+/Stable

Fitch Ratings: BB/Negative

Glass Industry & 2018 Trends in Related Industries

Glass Industry

- ♦ Average growth rate in worldwide glass industry is expected to be 5-6% annually
- ♦ 73% of total glass production capacity in Turkey belongs to Şişecam
- ♦ In terms of volume, Turkey's glass exports increased by 20% YoY by 2018 YE, while glass imports decreased by 13%

Related Industries

- ♦ **Construction Industry**
Industry growth rate in Q3'18 was -5,3% YoY.
Contraction in construction industry is expected in 2018 (between 1% and 2%)
- ♦ **Automotive Industry**
Contraction in market in 2018 was 1% YoY in terms of export, 8,6% YoY in production terms and 35% in sales
- ♦ **White Goods Industry**
Industry growth rate was 0,4% YoY in terms of production and 7% YoY in exports, while domestic sales contracted by 17% in 2018
- ♦ **Tourism**
Tourism revenues increased by 12,3% YoY, while number of tourists increased by 18,1% YoY, in 2018

Major Developments at Şişecam Group in 2018

Jan.

- ◆ Decision made on 8th float line investment in Turkey/Polatlı with 220K ton p.a. production capacity
- ◆ 13.6% Natural Gas Price Hike by Botas

Feb.

- ◆ Bidding process began for float, laminated, coated and satine lines of Sangalli Manfredonia in Italy
- ◆ Negotiate began with the JV partner at HNG Float Glass to acquire the remaining 50% stake

Mar.

- ◆ Moody's affirmed long-term issuer rating of Sisecam as Ba1 with "Stable" outlook

Apr.

- ◆ 9.7% Natural Gas Price Hike by Botas
- ◆ Şişecam obtained CMB approval to raise up to 750mn USD from debt capital markets
- ◆ Petrol-İş Union's decision on going on a strike at May 23, 2018

May

- ◆ S & P downgraded Şişecam's LT FCY from "BB" to "BB-" in line with the action on the sovereign while keeping the outlook «Stable"
- ◆ Postponement of Petrol-İş Union's strike commencement for 60 days in accordance with the decision of the Council of Ministers
- ◆ Şişecam and Group Companies' Cash Dividend Distributions
- ◆ Collective Labor Agreement reached with Petrol-İş Union

Jun.

- ◆ Moody's took Şişecam's rating under review for downgrade following the initiation of review for downgrade of Turkey's sovereign credit rating
- ◆ Acquisition of the 49.8% stake of HNG Float Glass Limited for an amount of USD 85.4 million by Trakya Cam
- ◆ Trakya Cam acquired Sangalli Manfredonia in Italy for USD 15.7 million

Major Developments at Şişecam Group in 2018

July

- ♦ Fitch Ratings assigned BB+/Stable to Şişecam's LT FCY issuer rating and its outstanding 500 million USD Eurobond as BB+ with "Stable" outlook
- ♦ Soda Sanayii's share capital increased to TRY 1 billion through bonus share issuance
- ♦ Fitch affirmed Sisecam's rating as BB+ while changing the outlook from "Stable" to «Negative»
- ♦ Anadolu Cam completed its 4th furnace investment in Eskişehir Plant
- ♦ Trakya Cam's share capital increased to TRY 1,25 billion through bonus share issuance

Aug.

- ♦ 14% natural gas price hike for industrials and 49.5% for electricity producers
- ♦ S&P's downgraded long-term issuer rating of Sisecam to B+ with "Negative" outlook
- ♦ Moody's downgraded long-term issuer rating of Sisecam to Ba2 with "Negative" outlook

Sep.

- ♦ 14% natural gas price hike for industrials
- ♦ Natural gas price per m3 usage is fixed to USD 270 for electricity producers with a fixed USD/TRY rate of 6.30
- ♦ Termination of Cam Elyaf Sanayii A.Ş.'s operations
- ♦ Decision made for a furnace investment in Anadolu Cam's Mersin Plant with 80K ton p.a. production capacity

Oct.

- ♦ 18.5% natural gas price hike for industrials

Nov.

- ♦ %9 natural gas price discount for electricity producers

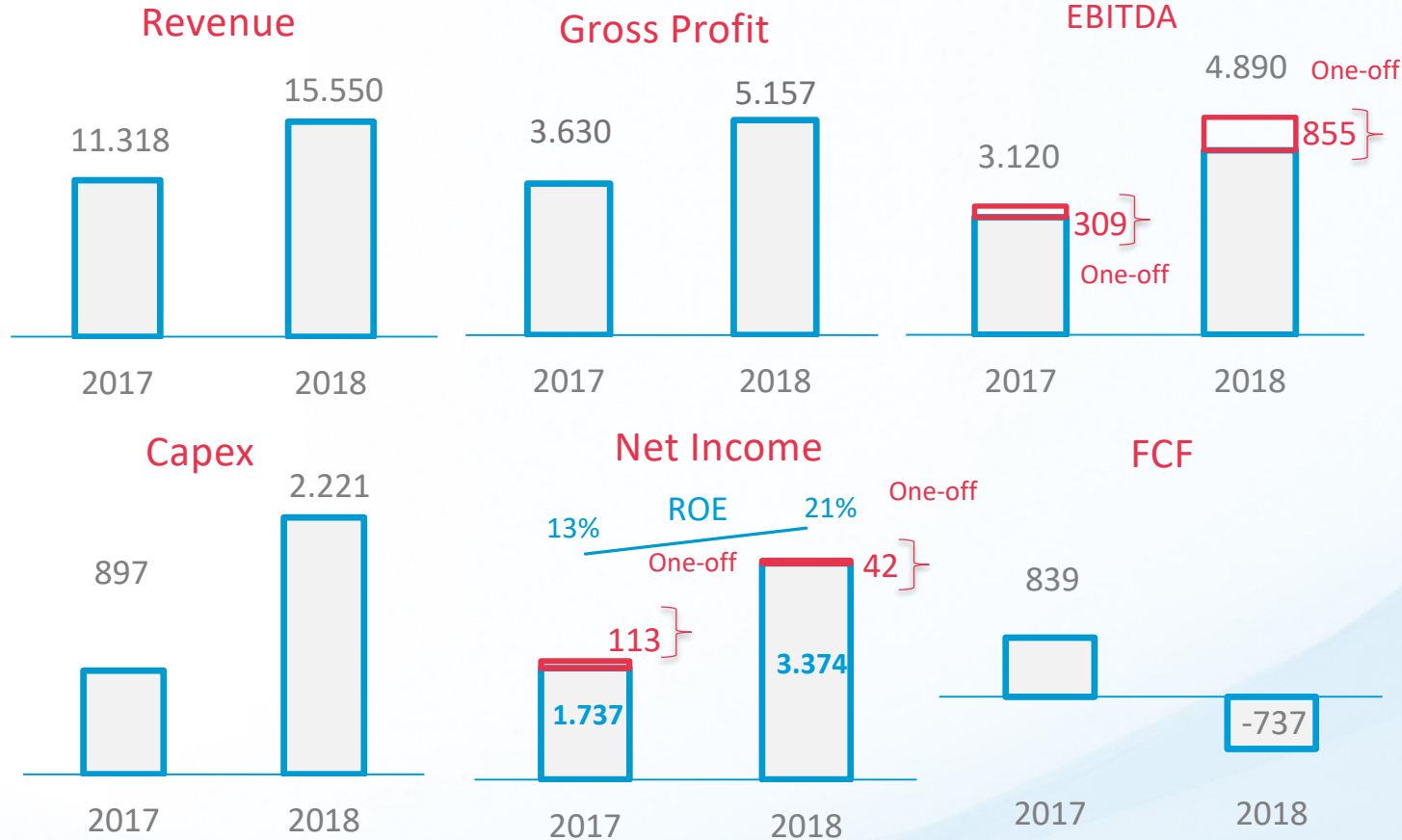
Jan. 2019

- ♦ Sisecam Elyaf Sanayii A.Ş.'s new glass fiber production facility with 70K tons p.a. capacity has become fully-operational
- ♦ Trakya Cam Sanayii's and Anadolu Cam Sanayii's Collective Bargaining Agreements with Kristal-İş Union expired. Negotiations continue with the Union

Financial Highlights

Key Financial Indicators:

TRY mn



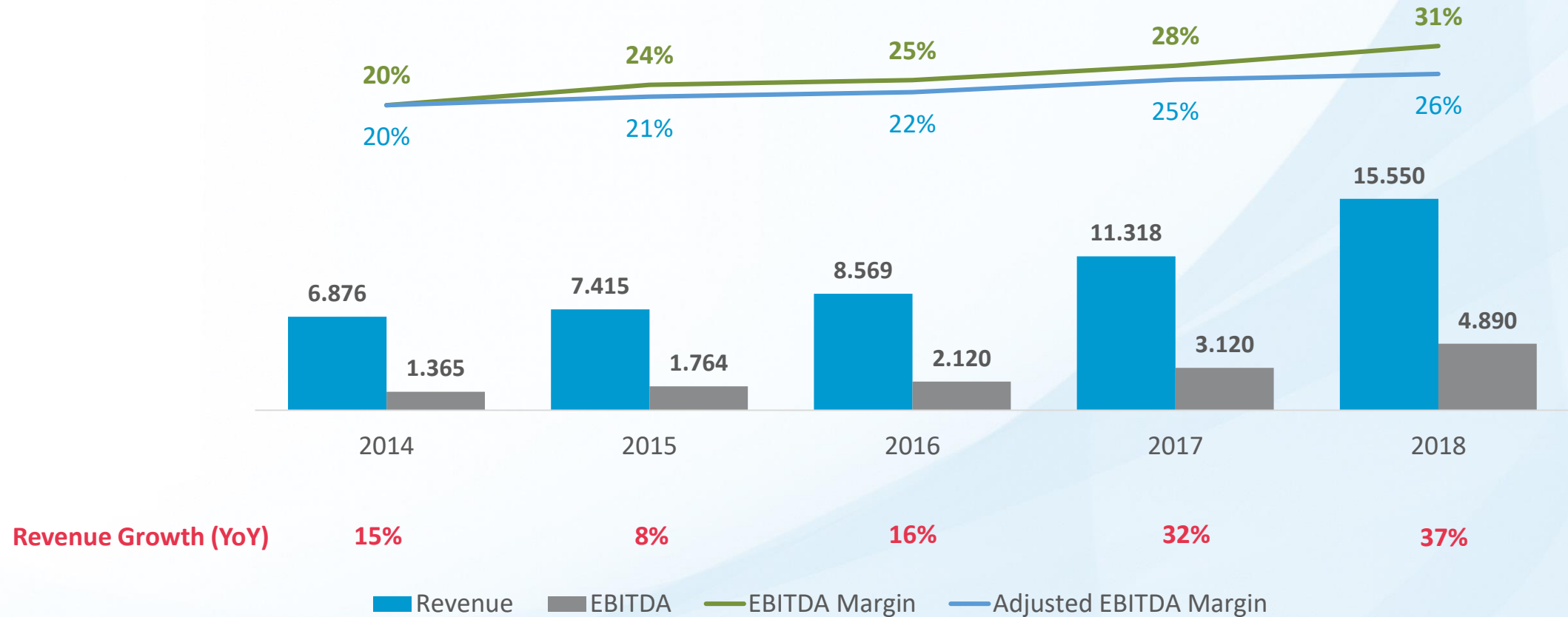
2018 Financial Highlights Y-o-Y Comparison

Revenue	↑	37%
Gross Profit	↑	42%
Gross Margin		33%
EBITDA	↑	57%
Adjusted EBITDA	↑	44%
One-off adjustments in 2018		TRY 855 Million in 2018
Revaluation gain on fixed income securities		TRY 876 Million
Income regarding acquisition of HNG		TRY 152 Million
Impairment on intangible assets of India		-TRY 96 Million
Revaluation loss on financial investments in order to comply with IFRS 9		-TRY 60 Million
Impairment loss on tangible assets & revaluation gain/loss on assets held for sale		-TRY 17 Million
One-off adjustments in 2017		TRY 309 Million in 2017
Revaluation gain on fixed income securities		TRY 191 Million
Income from sale of Eskişehir Oluklu Corrugated Plant		TRY 66 Million
Income from sale of OMCO		TRY 32 Million
Impairment loss on tangible assets & revaluation gain/loss on assets held for sale		TRY 20 Million
EBITDA Margin		31%
Adjusted EBITDA Margin		26%
Adjusted Net Income	↑	105%
One-off adjustments in 2018		TRY 42 Million in 2018
One-off adjustments in 2017		TRY 113 Million in 2017
Capex	●	148%
FCF		-TRY 737 Million

Financial Highlights

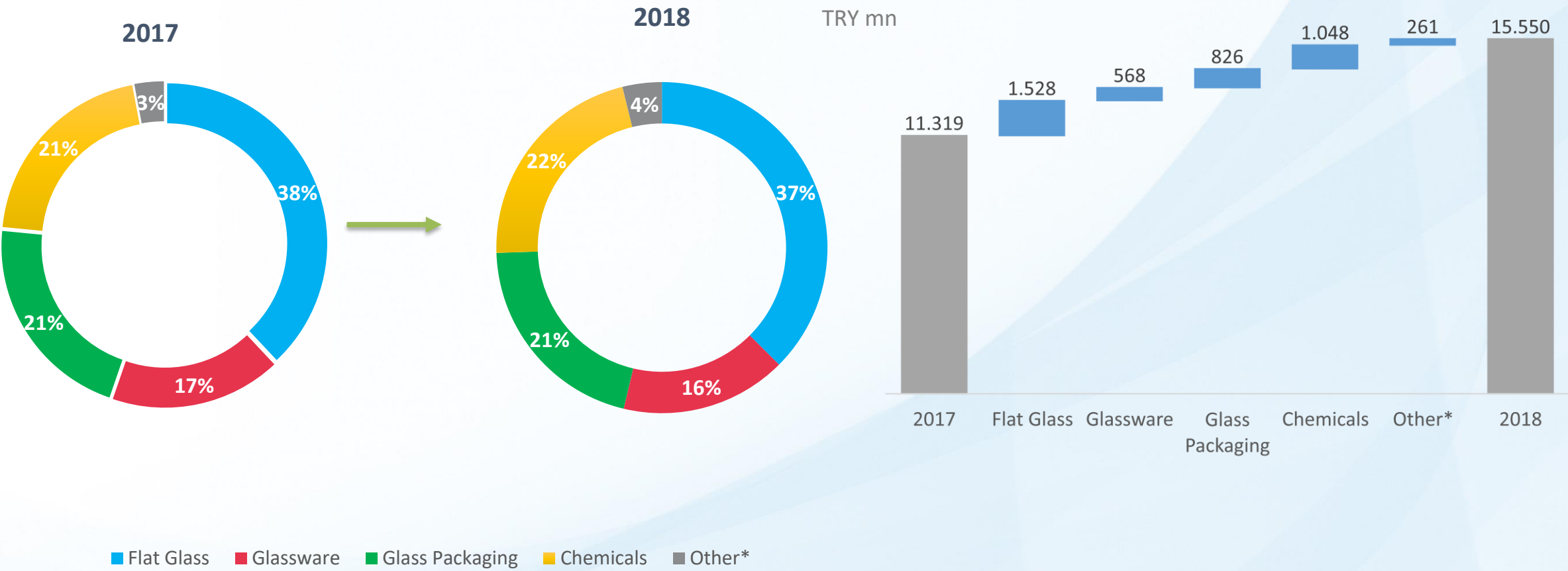
Sustained Growth in Revenue with Improving EBITDA Margin

TRY mn



Financial Highlights - Revenue

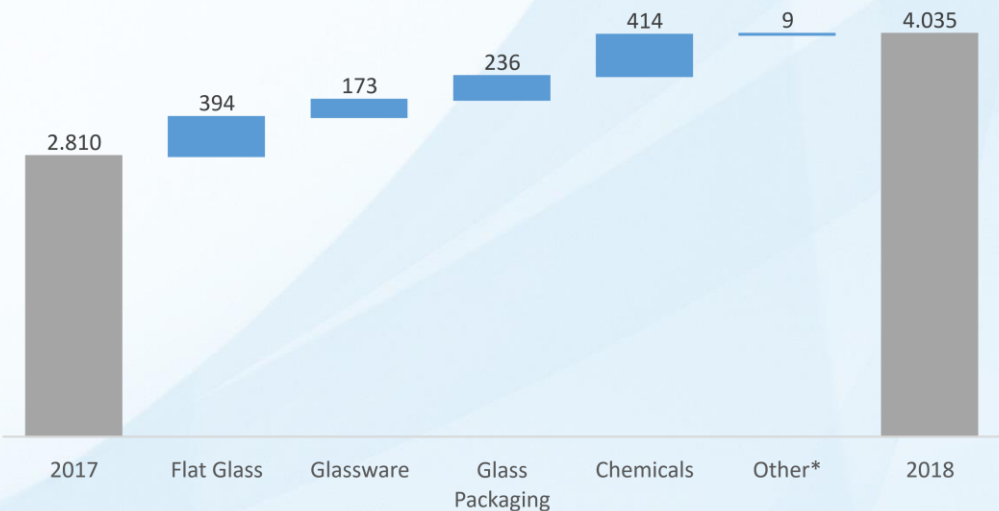
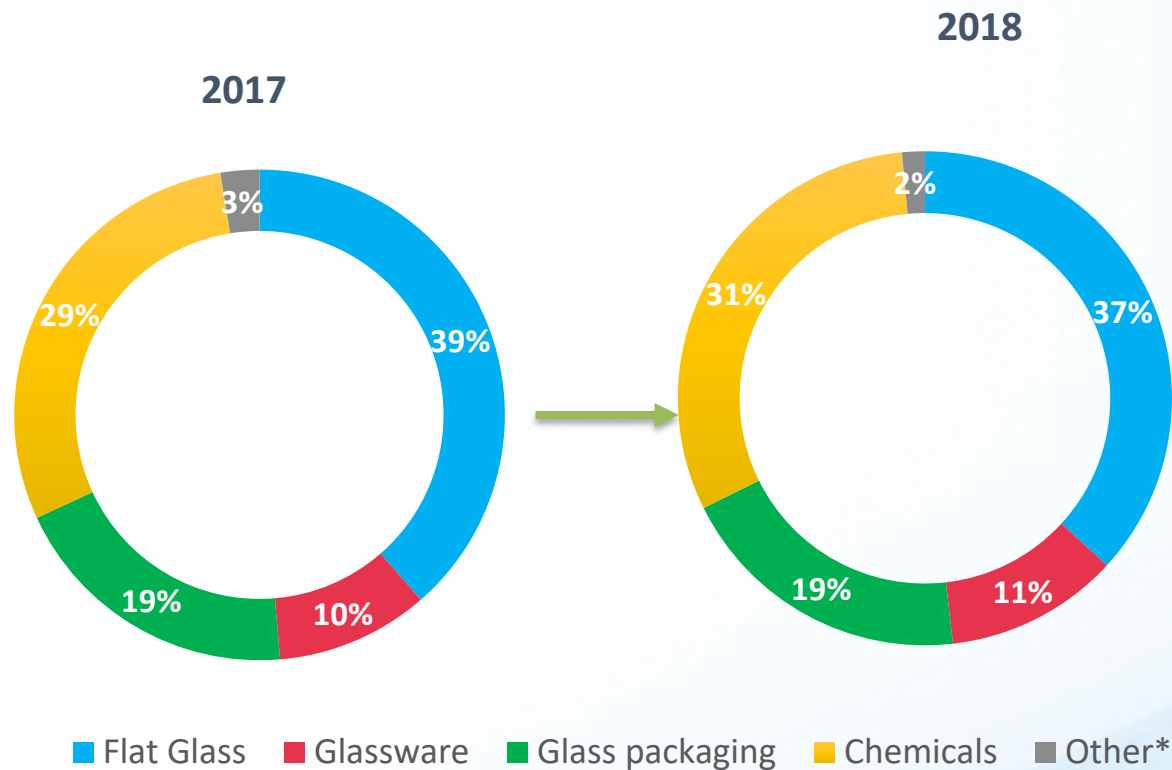
Segments' Contribution to Revenue



* Consists of energy trade of Şişecam

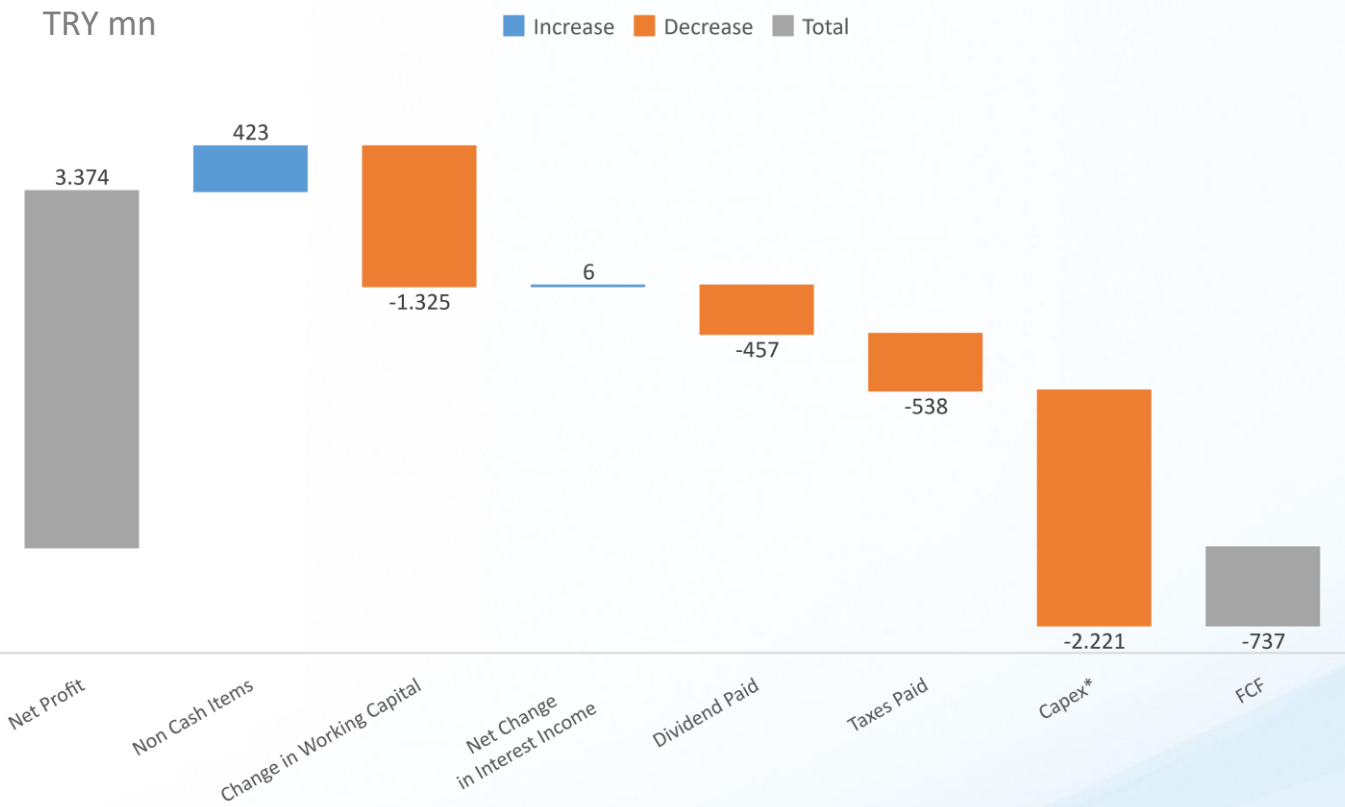
Financial Highlights - EBITDA

Segments' Contribution to EBITDA**



Free Cash Flow

FCF Generation in 2018



Net Change in Cash Position in 2018

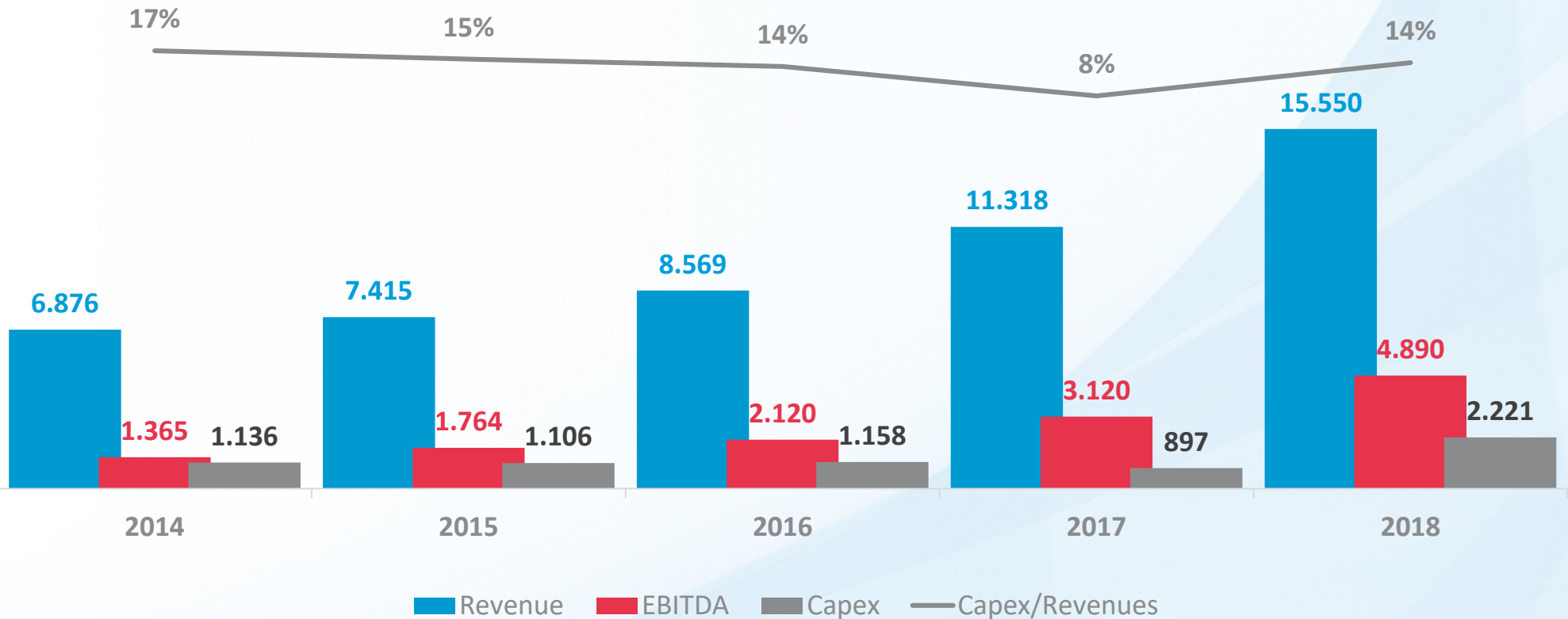
TRY mn

FCF	-737
Sale of property, plant and equipment	83
Employee Termination Benefits	-46
Net Change in Financial Liabilities	-278
Cash payments regarding acquisitions	-467
Foreign Currency Translation Effect	1,132
Dividend received	119
Other	-102
Net Change in Cash & Cash Equivalents	-296

Capex Analysis

Investments continue diligently

TRY mn

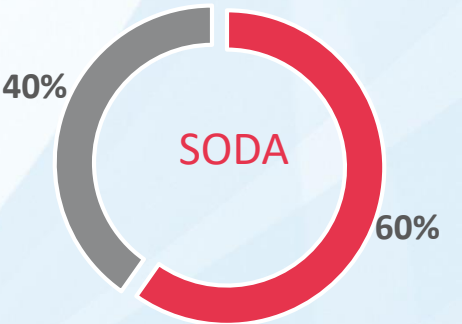
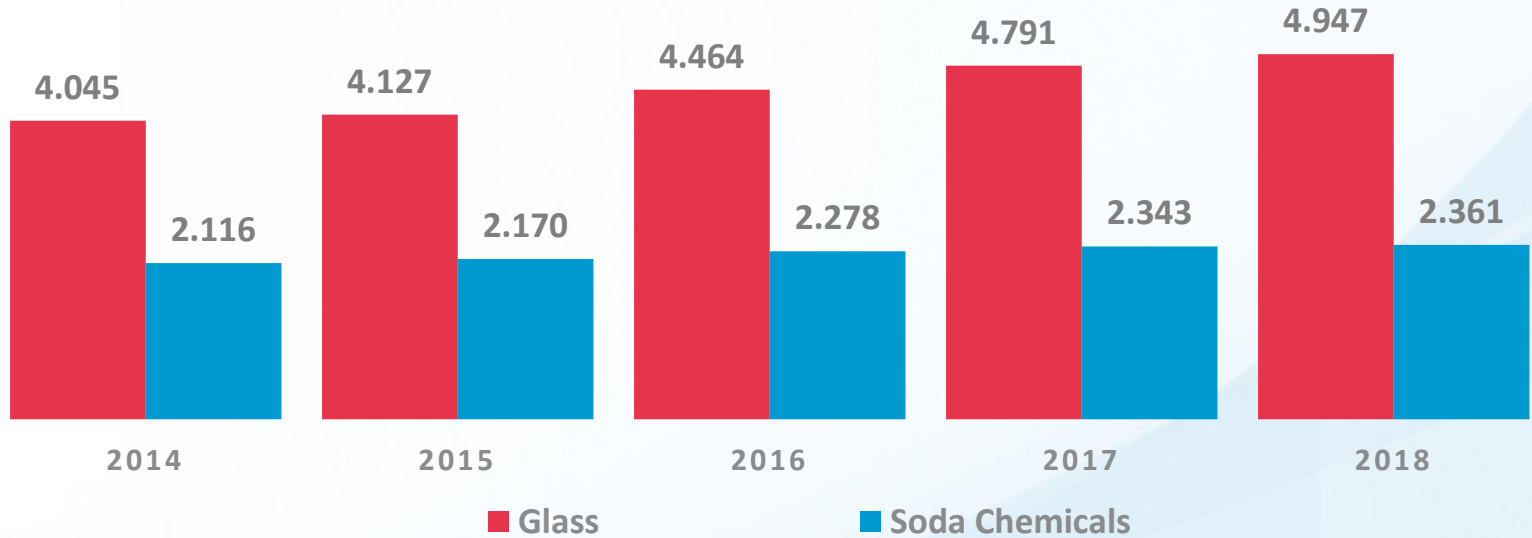


EBITDA/Capex 1,20 1,60 1,83 3,48 2,20

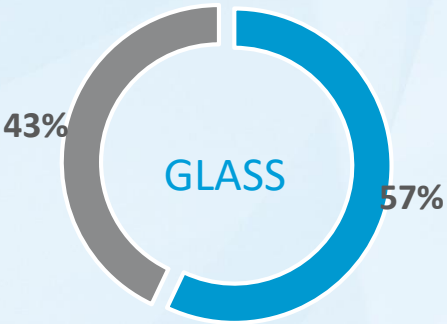
Operational Excellence

Increasing Production In Line with Capex Undertaken

K tons



■ Domestic ■ International*



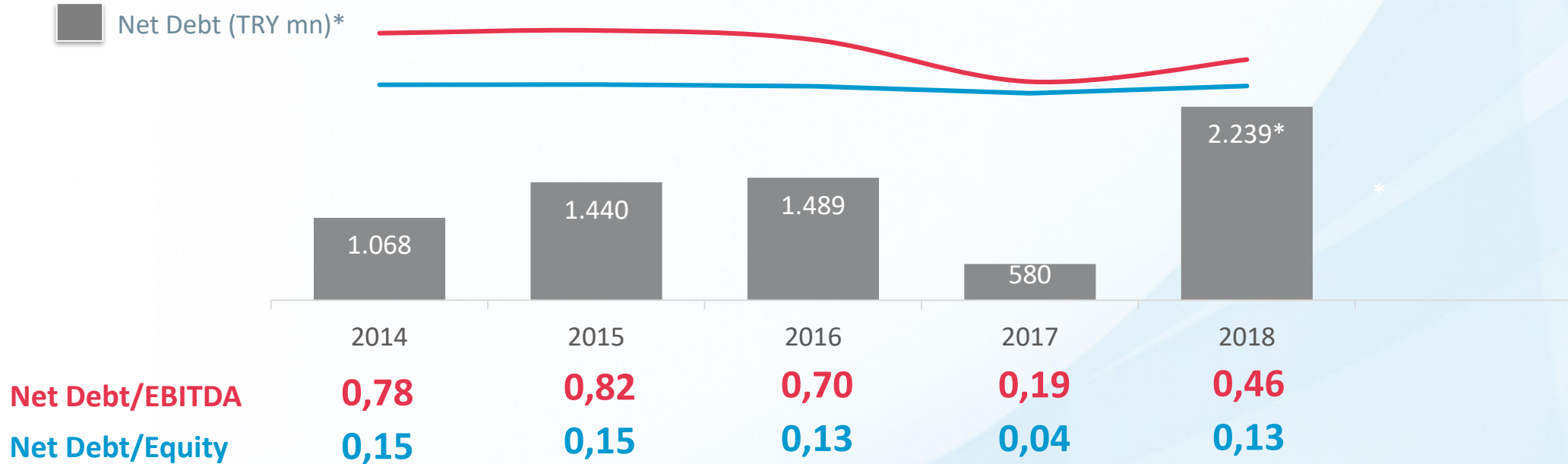
■ Domestic ■ International*

*Production numbers are adjusted with fully consolidating HNG operations retrospectively

Financial Highlights - Leverage

Sustained Capital Base & Conservative Leverage

Net Debt / EBITDA continues to remain within the comfort zone of 1,25

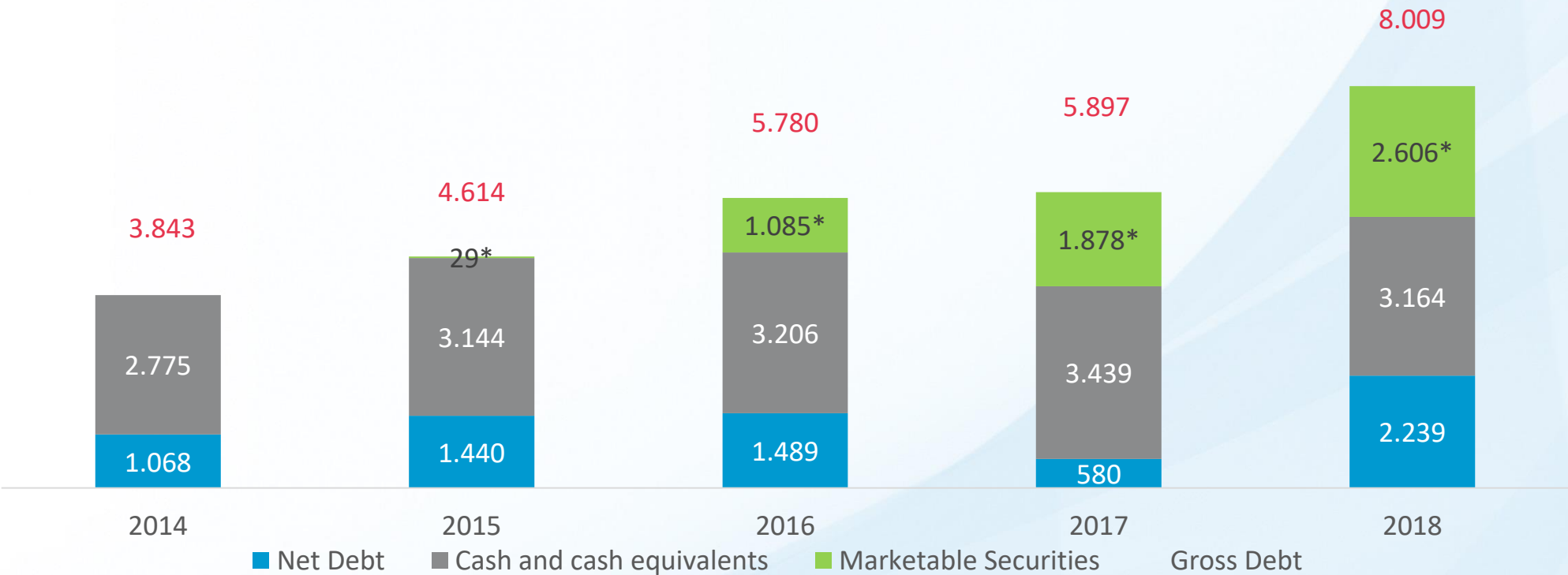


We continuously review our funding and maturity profile. We are considering opportunities to access the US\$ international bond markets in 144A/RegS format over the course of 2019 to raise general corporate funding and / or potentially partially refinance our US\$500mm 4.250% Eurobond maturity due in May 2020. We have already obtained the relevant CMB authorizations in 2018, to allow us to complete a benchmark sized issuance

Financial Highlights - Liquidity

Solid Liquidity

TRY mn



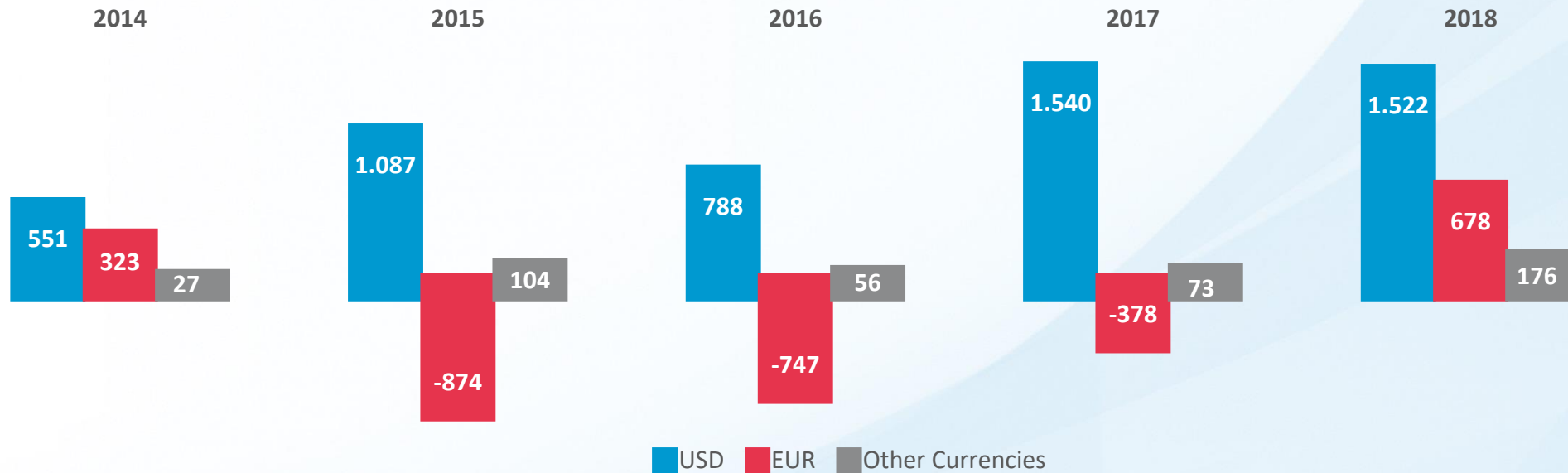
(*) Marketable securities (Eurobond investments + time deposits) amounting to USD 500 Million (TRY 2,63 Billion)

FX Position

On Balance Sheet

Benefiting from USD 452 million net long FX position in 2018 as most of cash is held in hard currencies

TRY mn



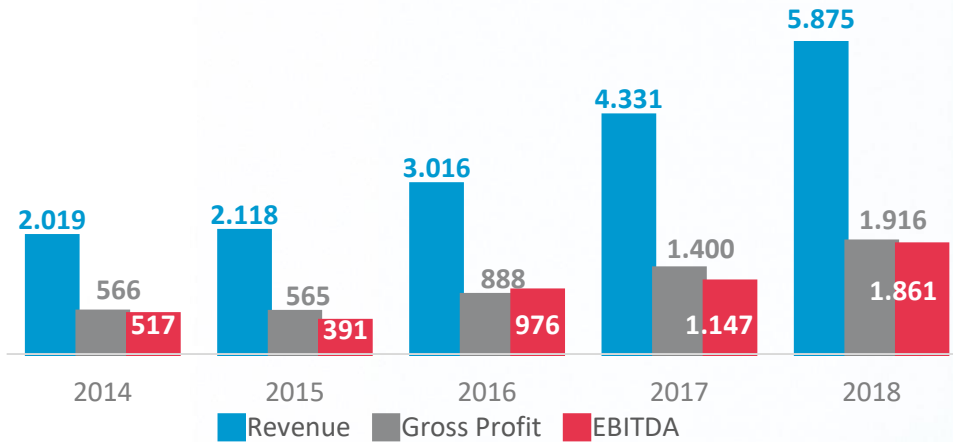
Segments' Profile

- Flat Glass
- Glassware
- Glass Packaging
- Chemicals

Flat Glass – Trakya Cam

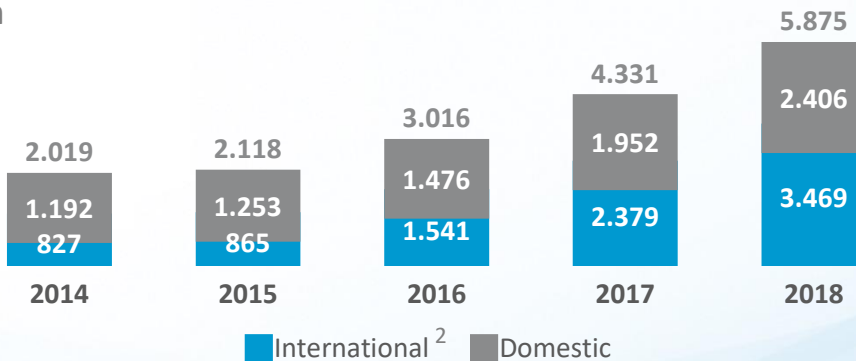
Consolidated Financial Results¹

TRY mn



Revenue Breakdown¹

TRY mn



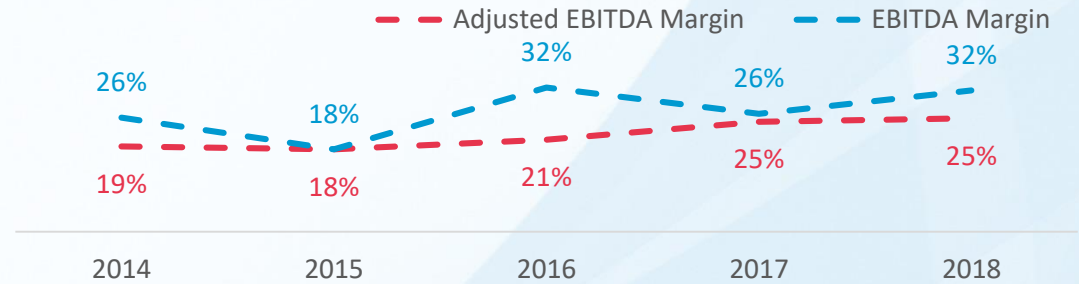
Excluding;

2014: TRY 129,7 Million TRY 129,7 mn one-off gain from the sale of Paşabahçe and SODA shares

2016: TRY 352 Million TRY 284 mn one-off gain from the sale of SODA shares, TRY 68 mn revaluation gain on fixed income securities

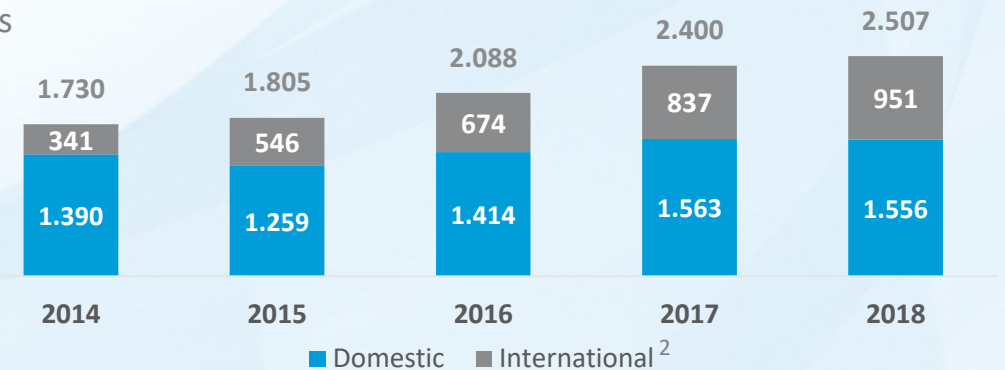
2017: TRY 80 Million TRY 80 mn revaluation gain on fixed income securities

2018: TRY 367 Million Revaluation gain on fixed income instruments amounting to TRY 344 Mn, income regarding acquisition of HNG amounting to TRY 152 Mn, impairment loss on intangible assets of India amounting to TRY 96 Mn, revaluation loss on financial investments in order to comply with IFRS 9 amounting to TRY 23 Mn, revaluation gain/loss on tangible assets amounting to TRY 10 mn



Production Breakdown

K Tons

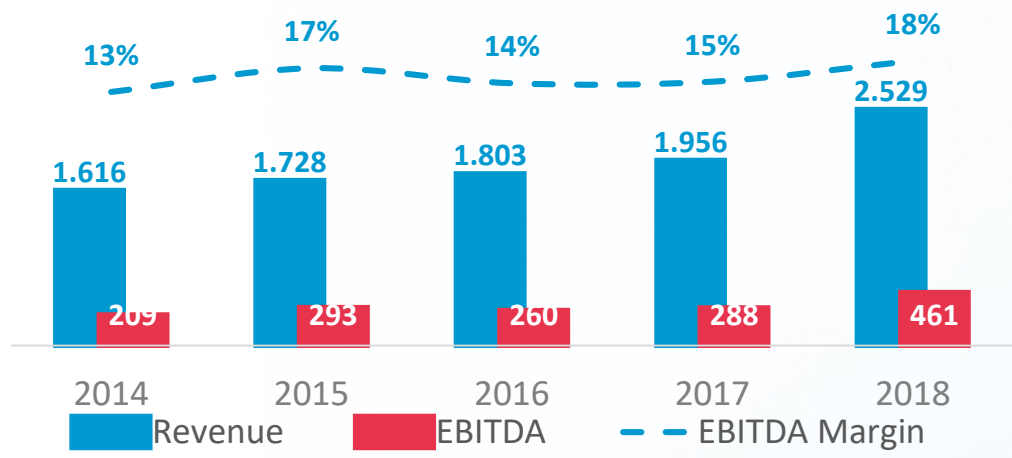


1) Bulgaria, India & Egypt were accounted with equity-pick up method between 2012-2015. Starting 2016, full consolidation of Bulgarian operations has begun, thus only India & Egypt are treated with equity pick-up. In November 2016, takeover of Italian Sangalli Vetro Porto Nogaro was finalized, Sangalli's financials are consolidated to Trakya Cam for the last 2 months of 2016. Starting September 2018, Indian operations are fully consolidated following acquiring the remaining share of JV

2) International Sales include sales from foreign operations + export from foreign operations + export from Turkey

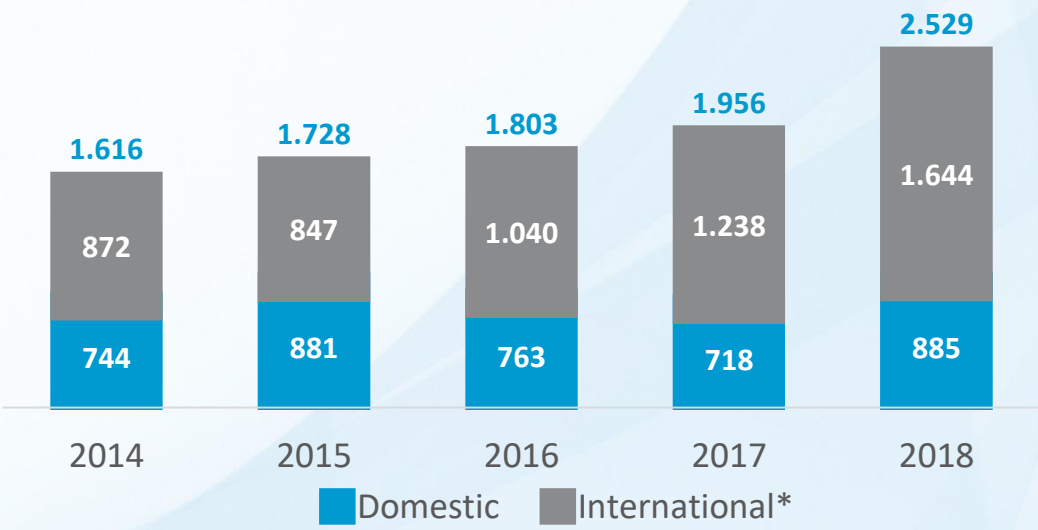
Consolidated Financial Results

TRY mn



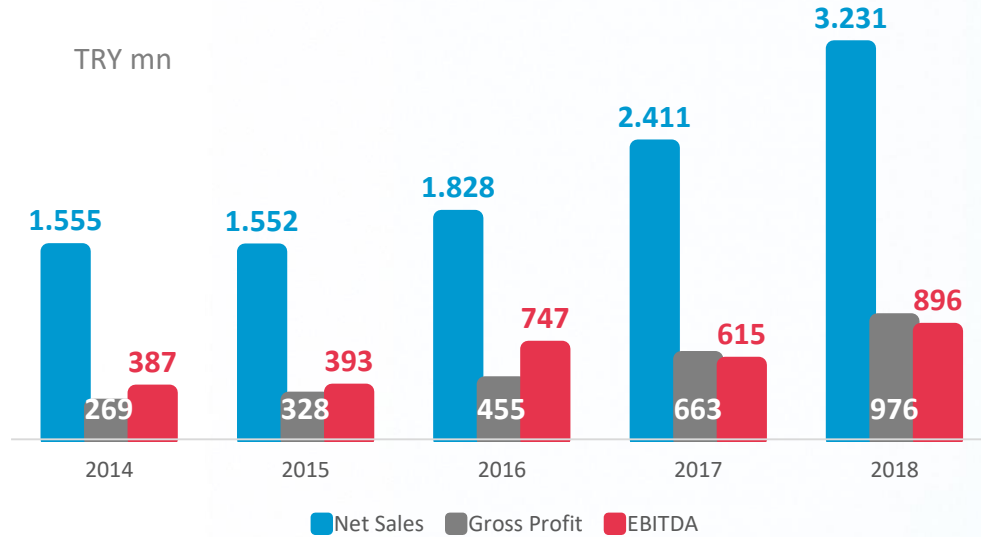
Geographical Revenues Breakdown

TRY mn



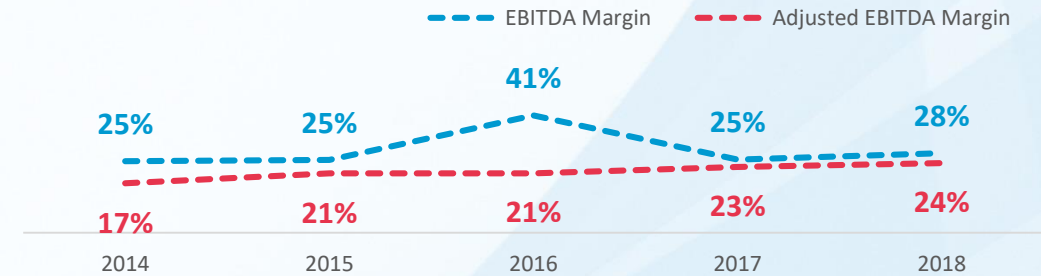
Glass Packaging – Anadolu Cam

Consolidated Financial Results

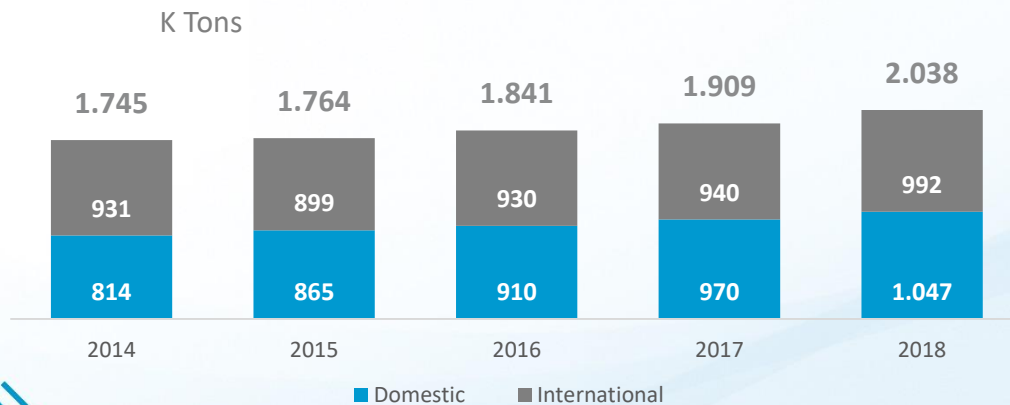


Excluding;;

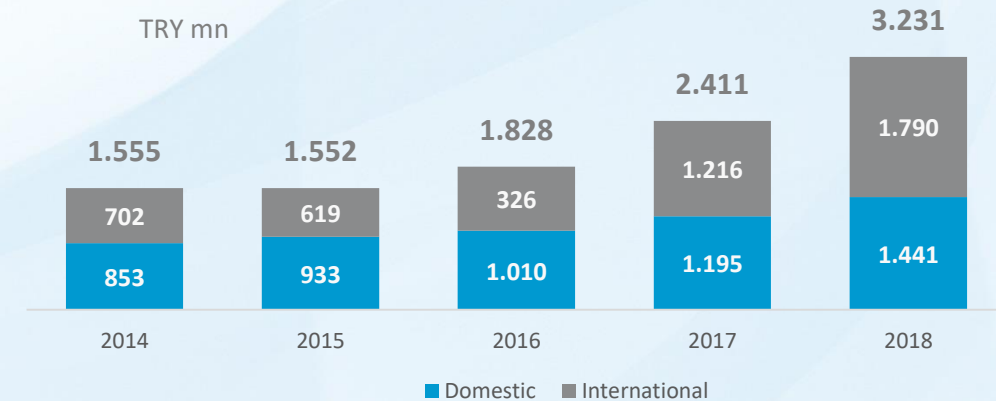
- 2013: TRY 100mn (Topkapı land)
- 2014: TRY 120mn (Paşabahçe & Soda shares)
- 2015: TRY 73mn (Soda shares)
- 2016: TRY 342mn (Soda shares) + TRY 27mn (Revaluation gain on Eurobond investments)
- 2017: TRY 32mn (OMCO shares) + TRY 30mn (Revaluation gain on Eurobond investments))
- 2018: TRY 119mn (Revaluation gain on Eurobond investments)



Glass Packaging Production Breakdown



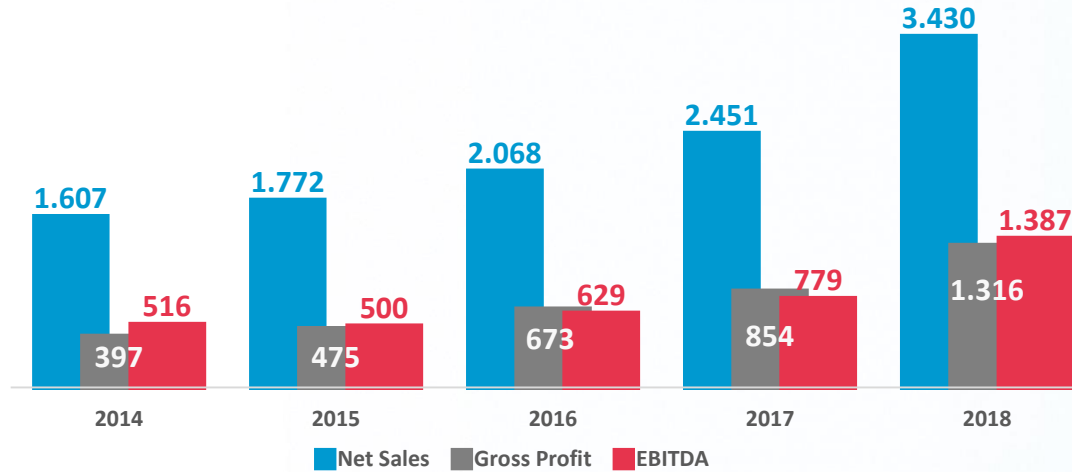
Anadolu Cam Consolidated Revenues Breakdown



Chemicals - Soda Sanayii

Consolidated Financial Results

TRY mn

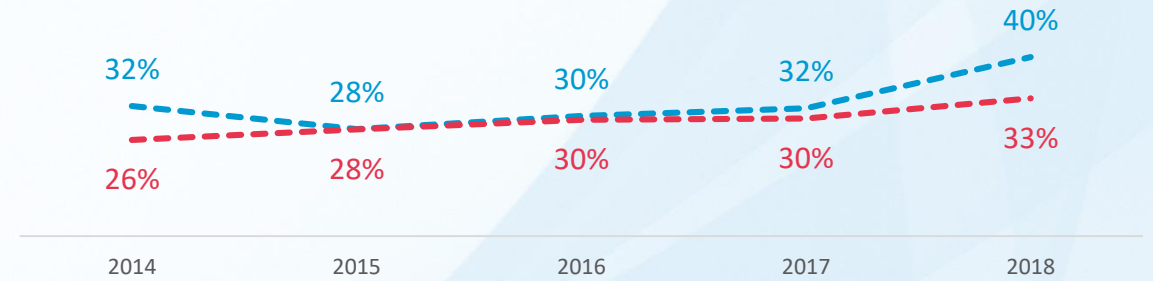


Excluding:

- 2014: TRY 92,7mn (subsidy/share sale; Dost Gaz & Asmaş & Paşabahçe shares)
- 2015: TRY 0,4mn (Denizli Cam shares sale)
- 2016: TRY 13,5mn (Revaluation gain on Eurobond investments)
- 2017: TRY 43mn (Revaluation gain on Eurobond investments)
- 2018: TRY 96mn (Revaluation gain on Eurobond investments)

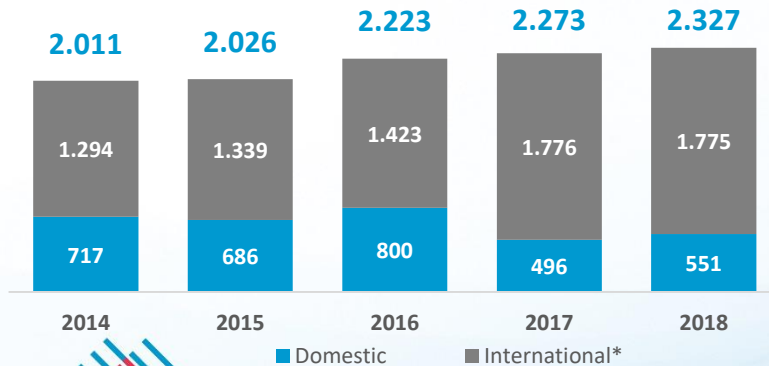
EBITDA Margins

Adjusted EBITDA Margins



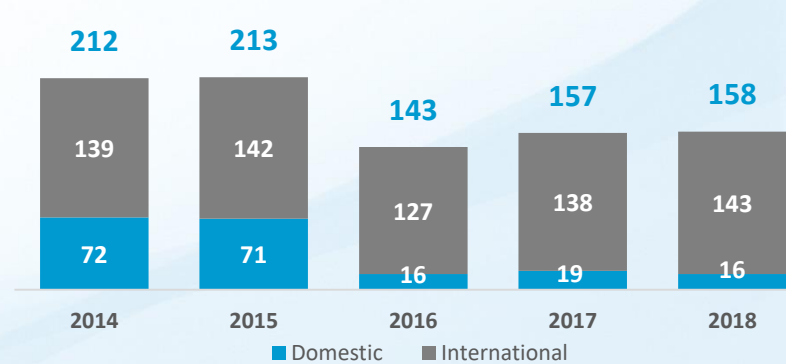
Soda Sales Breakdown

K Tons



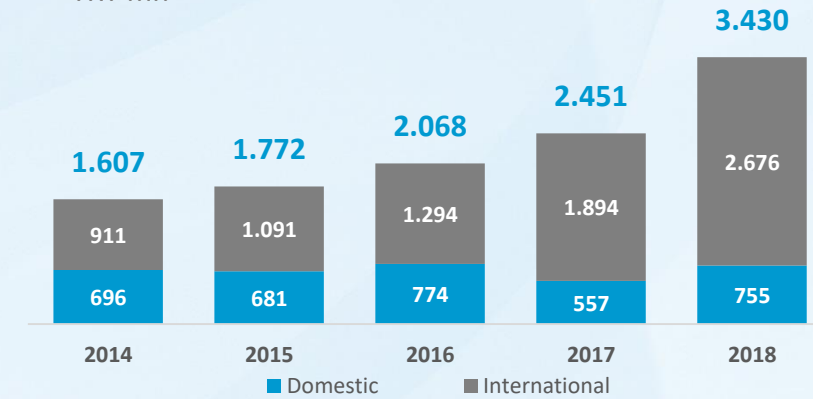
Chromium Chemicals Sales Breakdown

K Tons



Soda Sanayii Consolidated Revenues Breakdown

TRY mn



Key Takeaways

- ◆ Remarkable growth in revenues with solid EBITDA performance as a result of well-positioning in the regions that Şişecam operates
- ◆ Continued strong cash position & conservative leverage
- ◆ Continuous focus on operational excellence leading to smart cost management
- ◆ Above industry average profitability compared with global peers
- ◆ Continuous focus on M&A opportunities on a selective basis

Disclaimer

This information in this document has been obtained by T. Şişe ve Cam Fabrikaları A.Ş. ("Şişecam" from sources believed to be reliable , however, Şişecam cannot guarantee the accuracy , completeness, or correctness of such information. This document has been issued for information purposes only . The financial reports and statements announced by Şişecam to the public and the relevant corporations are accepted to be the sole material. Şişecam does not accept any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents due to the misleading information in this document. All estimations contained in this document are the opinions of Şişecam and can be subject to change without notice. This document cannot be interpreted as an advice to the investors and Şişecam cannot be held responsible for the results of investment decisions made on account of this document. This document has been issued specially to the person, whom the document is concerned and may not be reproduced , distributed or shared with third parties for any purpose.

FX Rates

	2013	2014	2015	2016	2017	2018	4Q 2017	4Q 2018
USD/TL								
Period End	2,13	2,32	2,91	3,52	3,77	5,26	3,77	5,26
Period Average	1,90	2,19	2,72	3,02	3,64	4,83	3,80	5,51
EUR/TL								
Period End	2,94	2,82	3,18	3,71	4,52	6,03	4,52	6,03
Period Average	2,53	2,90	3,02	3,34	4,11	5,68	4,47	6,29

T. Şişe ve Cam Fabrikaları
Şişecam Genel Merkezi
D-100 Karayolu Cad. No:44A
34947 Tuzla/İstanbul Turkey
Tel : (+90) 850 206 32 62
Fax: (+90) 850 206 40 40

Contact Details

Görkem Elverici, Chief Financial Officer
gelverici@sisecam.com Tel: (+90) 850 206 3885
Başak Öge, Investor Relations Director
boge@sisecam.com Tel :(+90) 850 206 3262

Investor Relations Team
SC_IR@sisecam.com
Hande Özbörçek
hozborcek@sisecam.com, Tel: (+90) 850 206 3374
Sezgi Eser Ayhan
seayhan@sisecam.com, Tel: (+90) 850 206 3791
İpek İyisan
iiyisan@sisecam.com, Tel: (+90) 850 206 3714