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2015 YE

SODA SANAYİİ

Investor Presentation

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# SODA SANAYİİ OVERVIEW

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# 2015 Highlights

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- ◆ 80K tons/year capacity expansion investment of Soda Lukavac Plant was completed at 2015 YE
- ◆ The process of new boiler configuration continued in Soda Lukavac Plant
- ◆ 80K tons/year capacity expansion investment of Mersin Plant continued in 2015
- ◆ In line with the company's profitable growth target, modernization and energy saving investments continued at soda ash and chromium facilities throughout 2015

# Key Financial Indicators

TRY mn	2014	2015	Growth
Revenue	1.607	1.772	10%
Gross Profit	397	475	20%
EBIT	423	408	-4%
Adjusted EBIT	330	408	23%
EBITDA	516	500	-3%
Adjusted EBITDA	423	500	18%
Net Income	388	441	14%
Adjusted Net Income	295	441	50%
Capex	104	227	118%

## Margins:

Gross Profit	25%	27%	209 bps
EBIT	26%	23%	-330 bps
Adjusted EBIT	21%	23%	245 bps
EBITDA	32%	28%	-391 bps
Adjusted EBITDA	26%	28%	186 bps
Net Income	24%	25%	77 bps
Adjusted Net Income	18%	25%	654 bps
Capex/Sales	6%	13%	632 bps

## One-off items

### 2014

- ◆ TRY 92.7mn: Sale of Paşabahçe shares and two subsidiaries

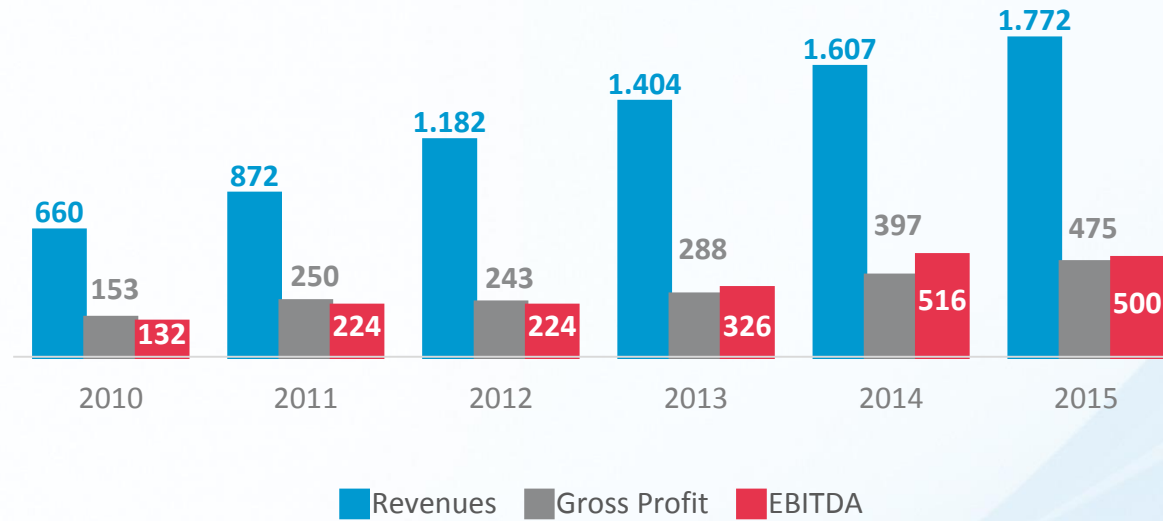
### 2015

- ◆ TRY 0.40mn: Sale of Denizli Cam shares

# Soda Sanayii – Financial Results

TRY mn

## Consolidated Financial Results\*



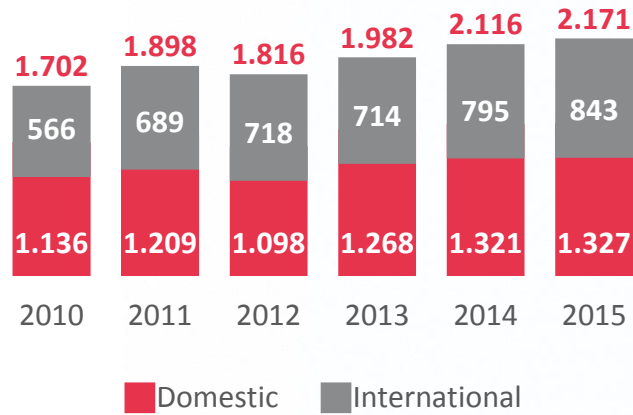
Gross Margin	23%	29%	21%	21%	25%	27%
EBIT Margin	13%	20%	13%	17%	26%*	23%
EBITDA Margin	20%	26%	19%	23%	32%*	28%

\*In 2014, SODA had TRY 92.7mn one-off income from the sale of two subsidiaries and Paşabahçe shares. Adjusted EBIT and EBITDA margins are 21% and 26%, respectively.

# Soda Sanayii – Financial Results

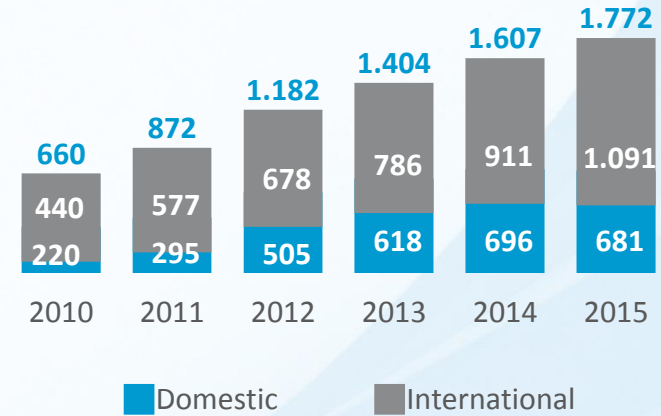
## Soda Production Breakdown

K Tons



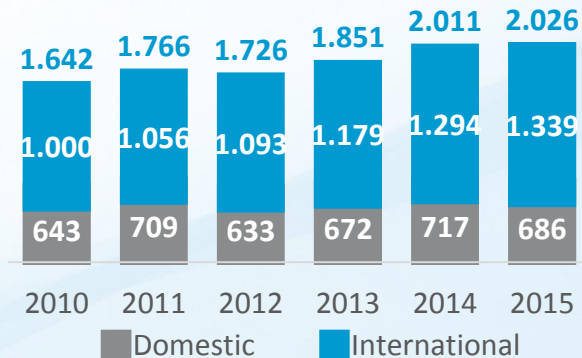
## Soda Sanayii Consolidated Revenues Breakdown

TRY mn



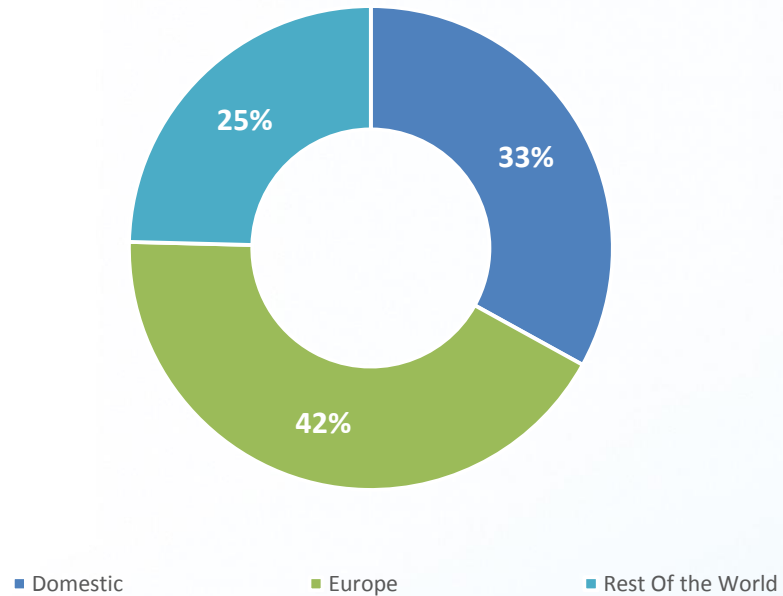
## Soda Sales Breakdown

K Tons

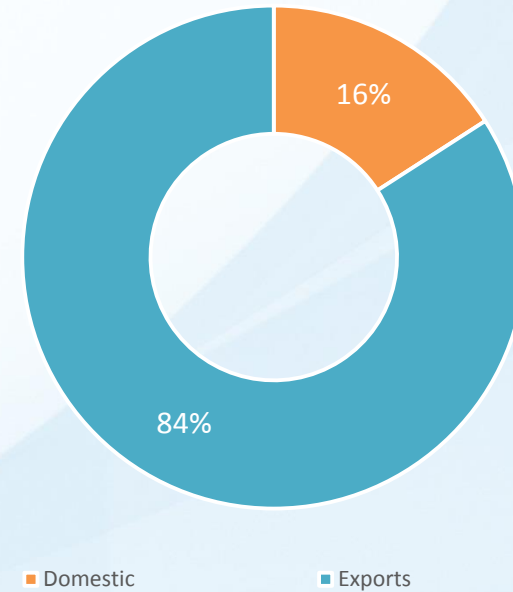


# Soda Sanayii – Sales Breakdown

Soda Sales by Geography (in volume terms)

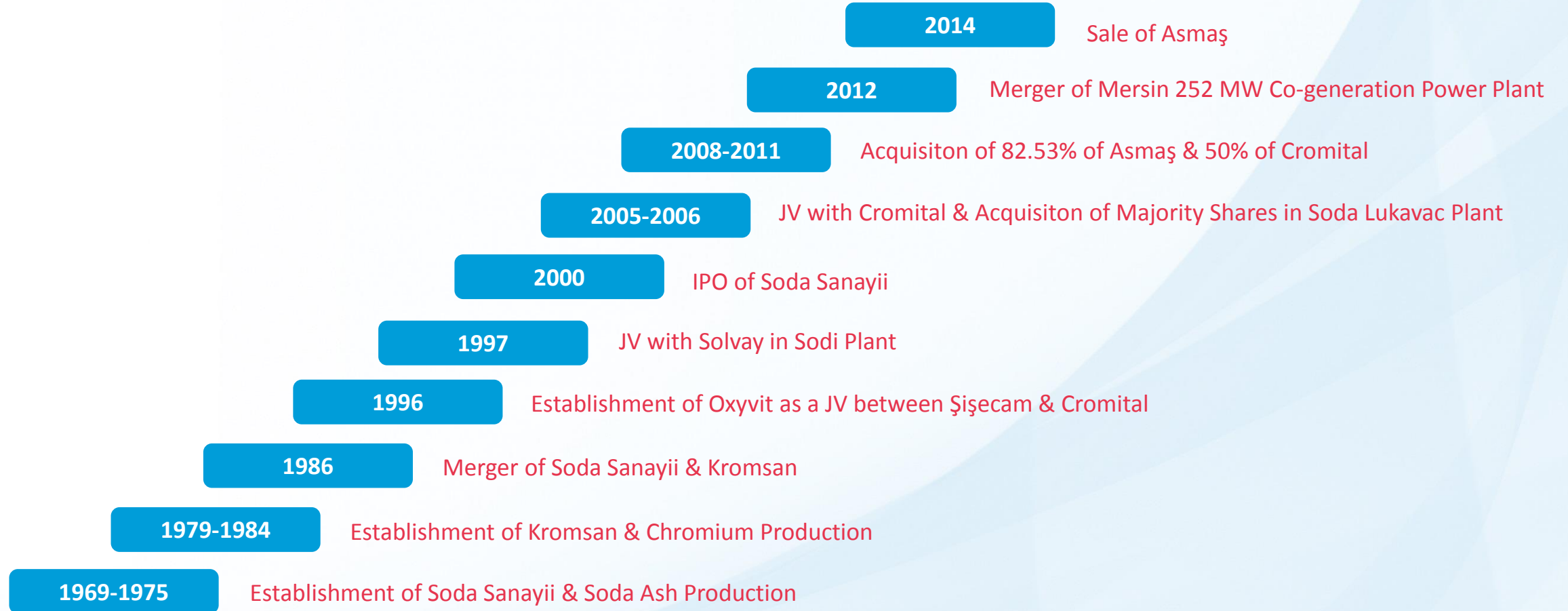


Chromium Sales by Geography (in value terms)

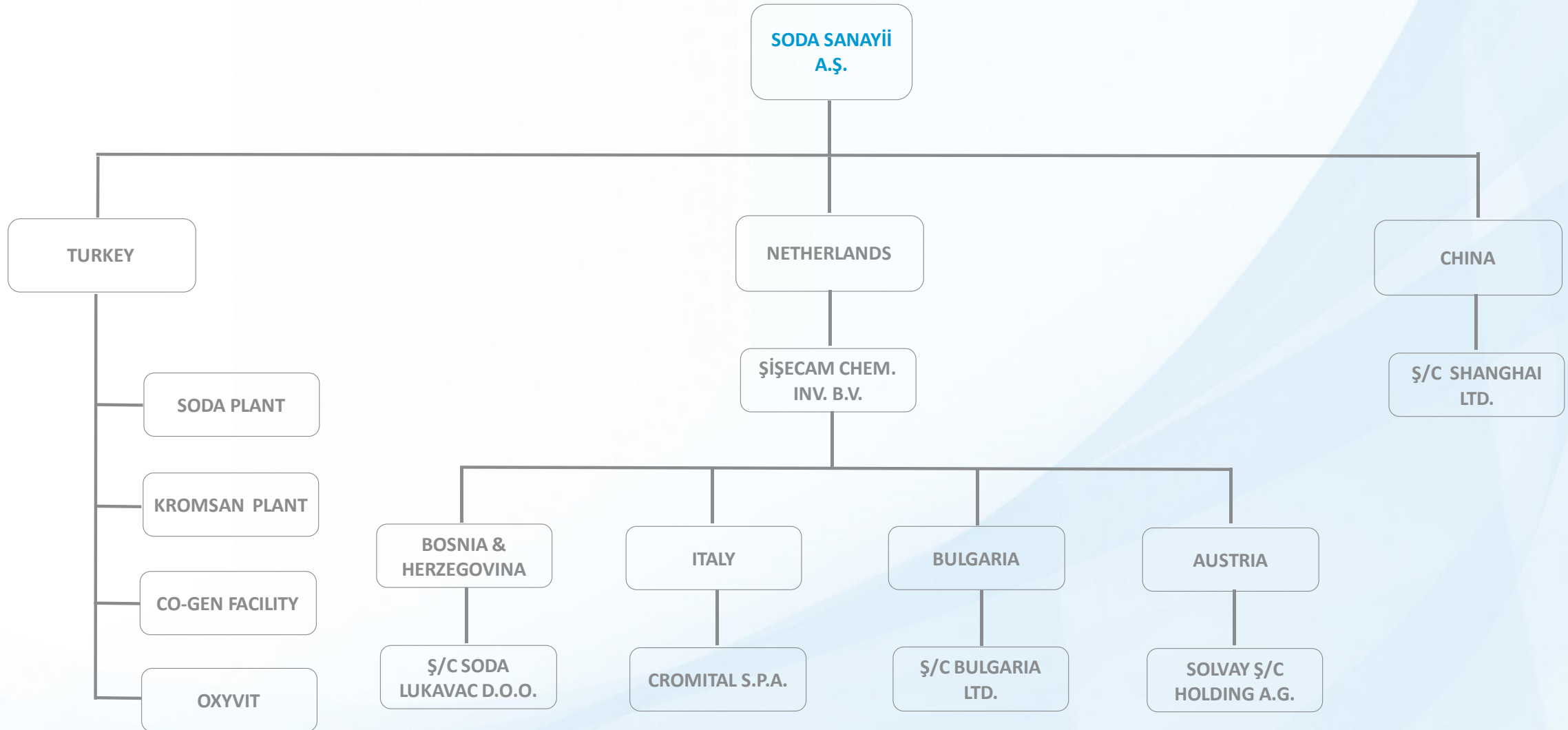




# Soda Sanayii History



# Corporate Structure



# Vision & Strategy

## VISION

- ◆ Strengthen current position in global soda ash market
- ◆ Target strong leadership in its all activities in global chromium chemicals market

## STRATEGY

- ◆ Maintain sustainable & profitable growth
- ◆ Strengthen the position among leading players
- ◆ Continue to expand geographically
- ◆ Creating synergies from acquisitions and strategic partnerships
- ◆ Supporting profitability with continuous cost reduction
- ◆ Improving the product portfolio with value added products
- ◆ Partnership approach and reliable solution provider for customers

# Competitive Advantage

## COMPETITIVE ADVANTAGE

- ◆ Strong technological know-how
- ◆ Financial strength
- ◆ Market creation experience
- ◆ Wide distribution channels
- ◆ Consistent high quality products and services
- ◆ Experienced and qualified technical teams
- ◆ Own raw material supply for Soda Ash production
- ◆ Environmentally friendly processes and high HSE performances

**SODA SANAYİİ will continue to be one of the most reliable global suppliers.**

# CHEMICALS BUSINESS SEGMENT OVERVIEW

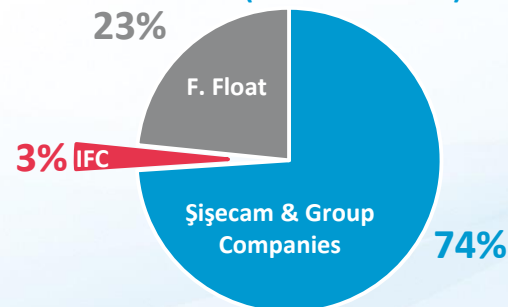
# Chemicals – Soda Sanayii

## SODA's Footprints

2.2mn tons of aggregate Soda chemicals production capacity in 3 different countries & Chromium chemicals production capacity in Italy and in Turkey.



OWNERSHIP (As of March 18)



## Operations & Global Presence

- ◆ Involved in the production of Soda Ash, Soda Chemicals and Chromium Chemicals
- ◆ Presence in 4 countries with production facilities located in Turkey, Bulgaria (JV with Solvay), Bosnia and Herzegovina and Italy
- ◆ 4th largest soda chemicals producer in Europe and #10 producer in the World
- ◆ Leading producer of chromium chemicals in the world.
- ◆ Exporting products to +75 countries

## Industry Dynamics

- ◆ **Soda chemicals:** mainly used in glass, powder detergent and other chemical-related industries
- ◆ Overall positive global demand growth. Estimated growth rate of 3-4% p.a. Oversupply in China. Balanced market in Europe. Growing demand triggered by increasing construction activity in developing countries.
- ◆ **Chromium chemicals:** mainly used in leather, metal finishing, wood preservation and pigment-related industries
- ◆ Global chromium chemicals demand is expected to increase by 1% p.a.

# Chemicals – Soda Sanayii

In 2015, Chemicals Segment accounted for 20% of Şişecam revenues.

Soda Sanayii, being the flagship chemicals company, contributed 17% of Şişecam Revenues with its non-group sales.



# Chemicals – Soda Sanayii

In 2015, Chemicals Segment accounted for 28% of Şişecam EBITDA.

Soda Sanayii contributed 27% of Şişecam EBITDA.



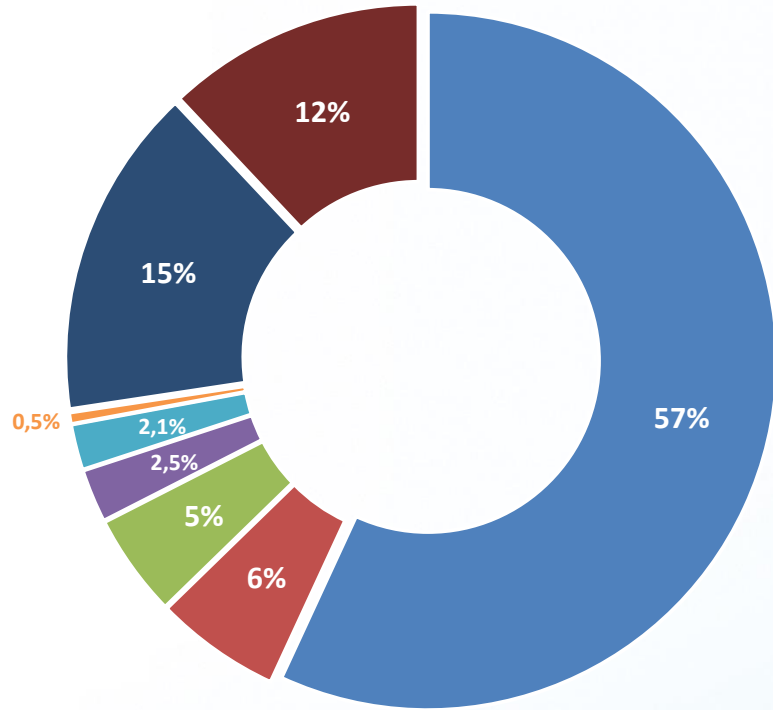


# Global Soda Ash Production Capacities



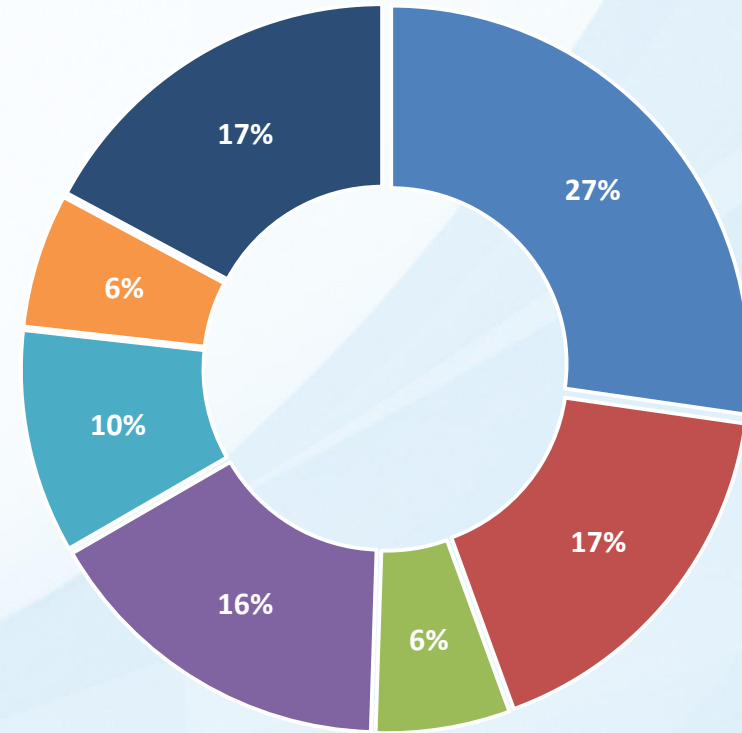
# Global Soda Ash Demand

## Geographical Breakdown



■ Asia ■ CIS ■ South America ■ Middle East ■ Africa ■ Australia ■ Europe ■ North America

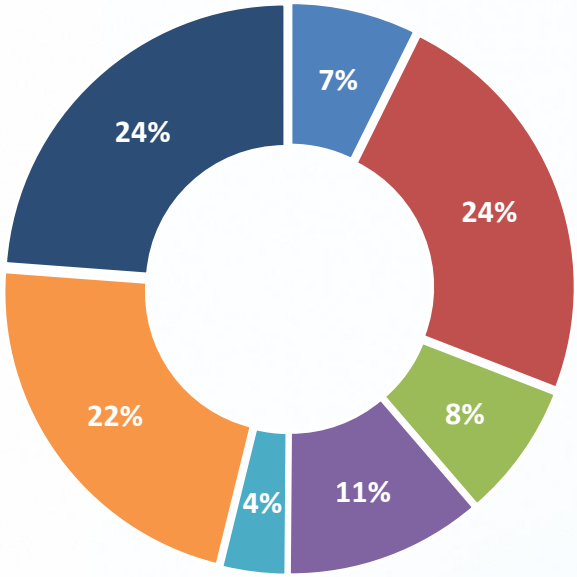
## Industrial Breakdown



■ Flat Glass ■ Glass Packaging ■ Other Glass Industries ■ Detergent ■ Chemicals ■ Metals&Mining ■ Other

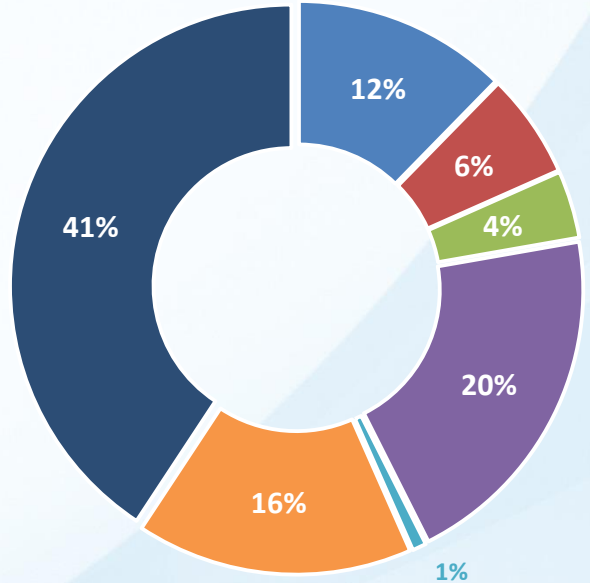
# Global Chromium Chemicals Demand

Geographical Breakdown of Basic Chromic Sulphate



■ N. America ■ S. America ■ Africa & M. East ■ Europe ■ Turkey ■ China ■ Asia Pacific

Geographical Breakdown of Chromic Acid



■ Europe ■ S. America ■ Africa & M. East ■ N. America ■ Turkey ■ Asia Pacific ■ China

# ŞİŞECAM GROUP OVERVIEW

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# Executive Summary

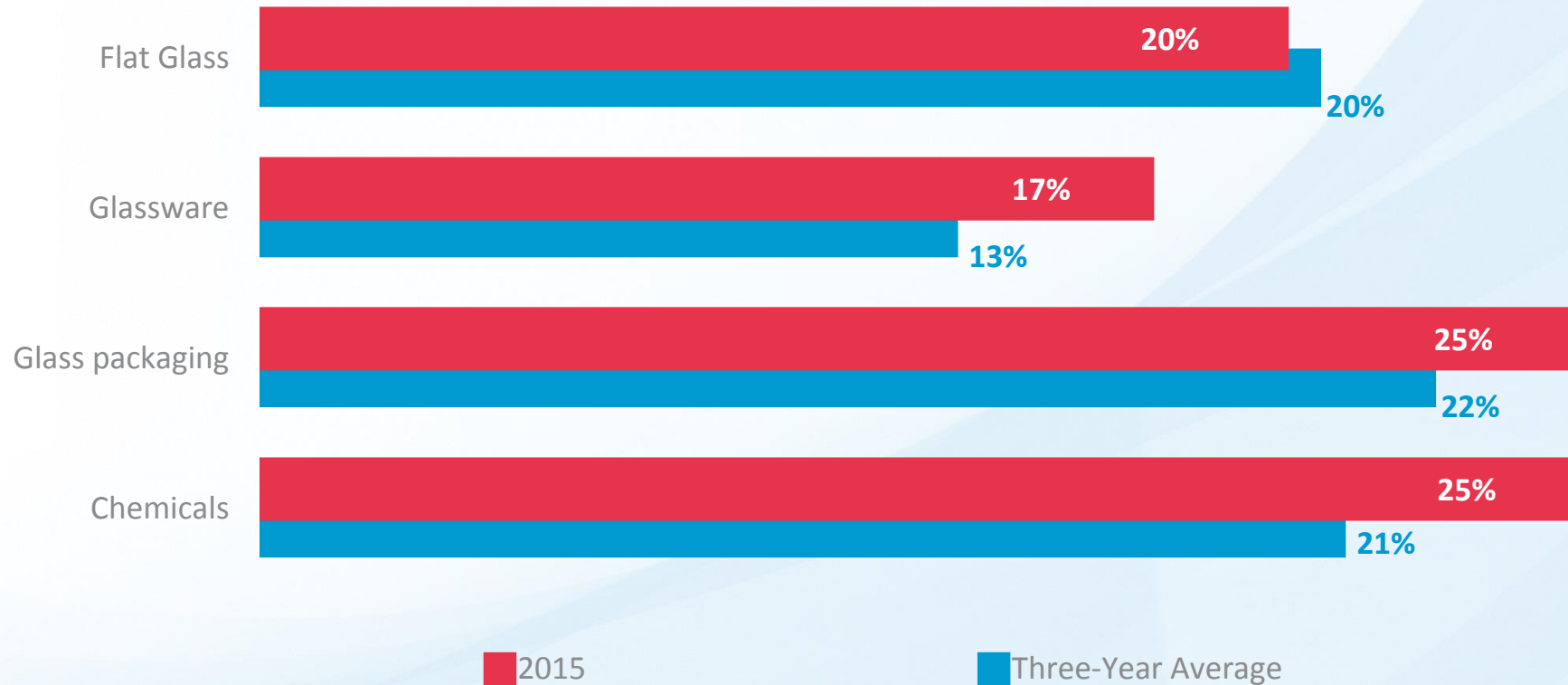
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- ◆ Şişecam is a conglomerate in Turkey, founded by İşbank in 1935
- ◆ Operational in: Flat glass , Glass Packaging, Glassware and Chemicals
- ◆ Present in 13 countries: Turkey, Russia, Bulgaria, Egypt, Georgia, Bosnia Herzegovina, Romania, Ukraine, Italy, Germany, Slovakia, Hungary and India with exports to 140 countries
- ◆ Annual production of approx. 4.2 Million tons of Glass and 2.2 Million tons of Soda Ash
- ◆ Annual Sales reaching USD 3 Billion
- ◆ Alliances with global players
- ◆ Rated by Ba1/BB+ by Moody's and S&P

# Revenue & Cash Generation

## Sustainable & Improving Margins

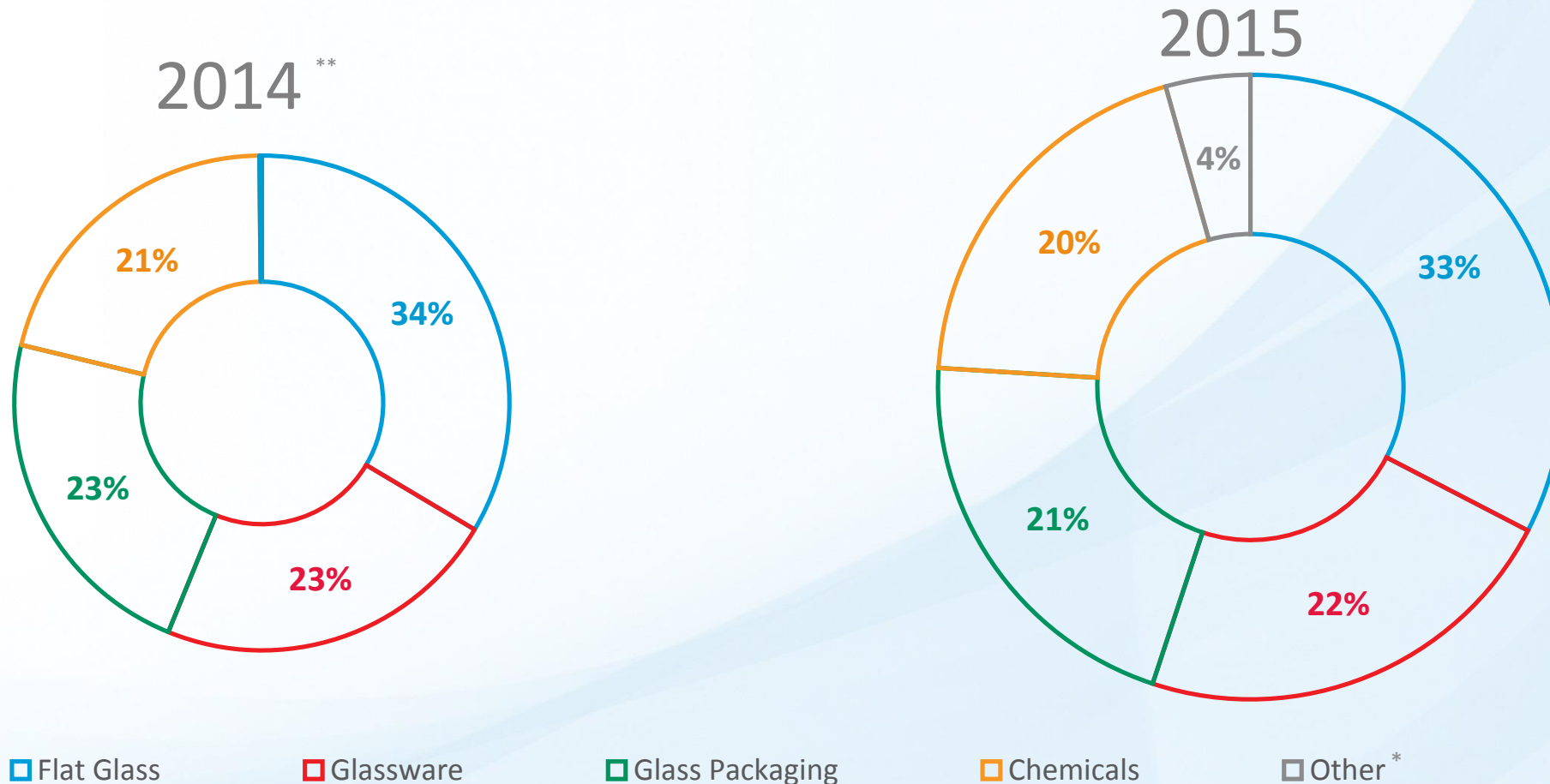
EBITDA Margins



# Revenue & Cash Generation

## Segments' Contribution to Revenue

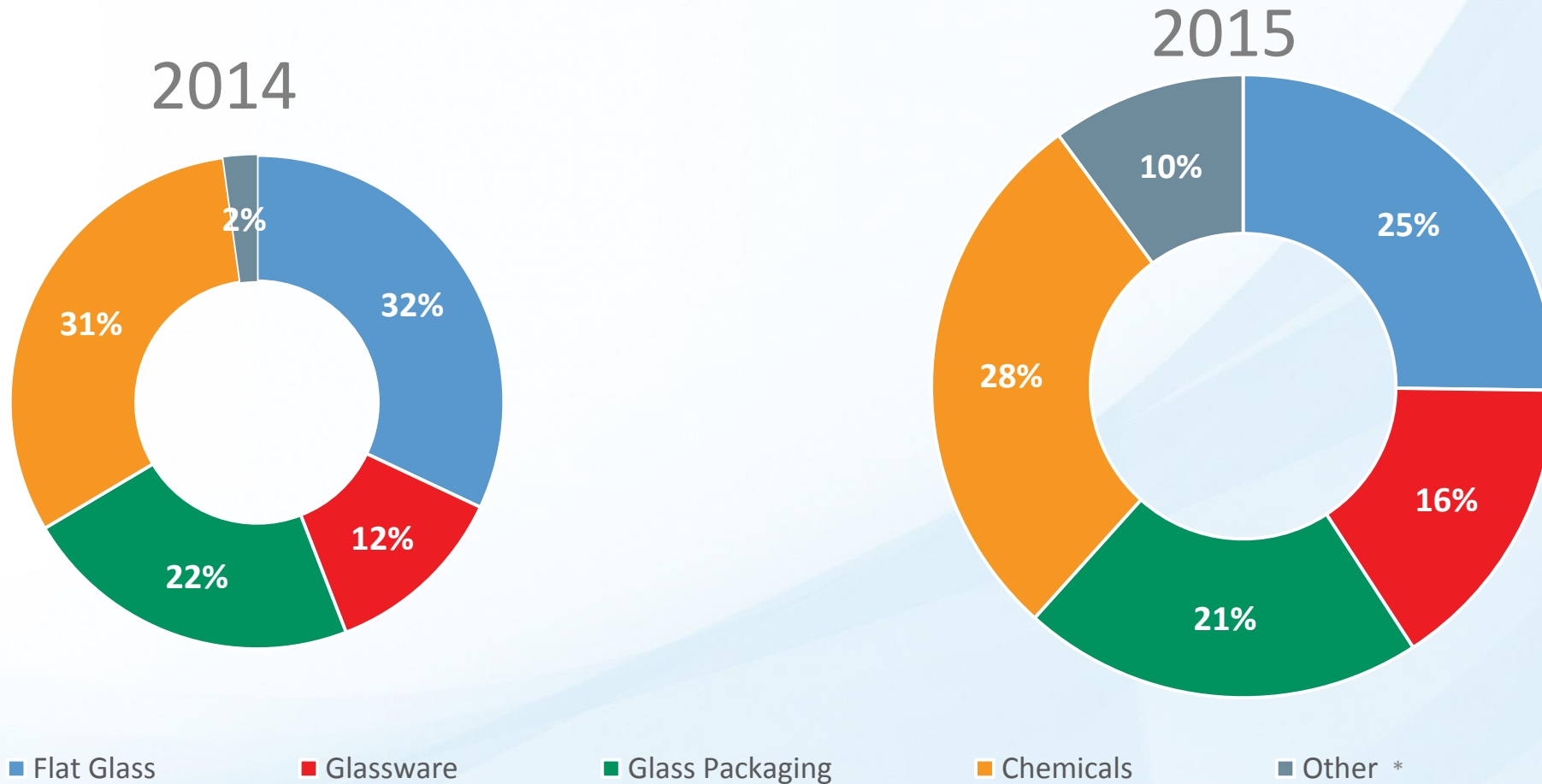
Balanced Contribution of the Segments in Conformity with Previous Years' Results



# Revenue & Cash Generation

## Segments' Contribution to EBITDA

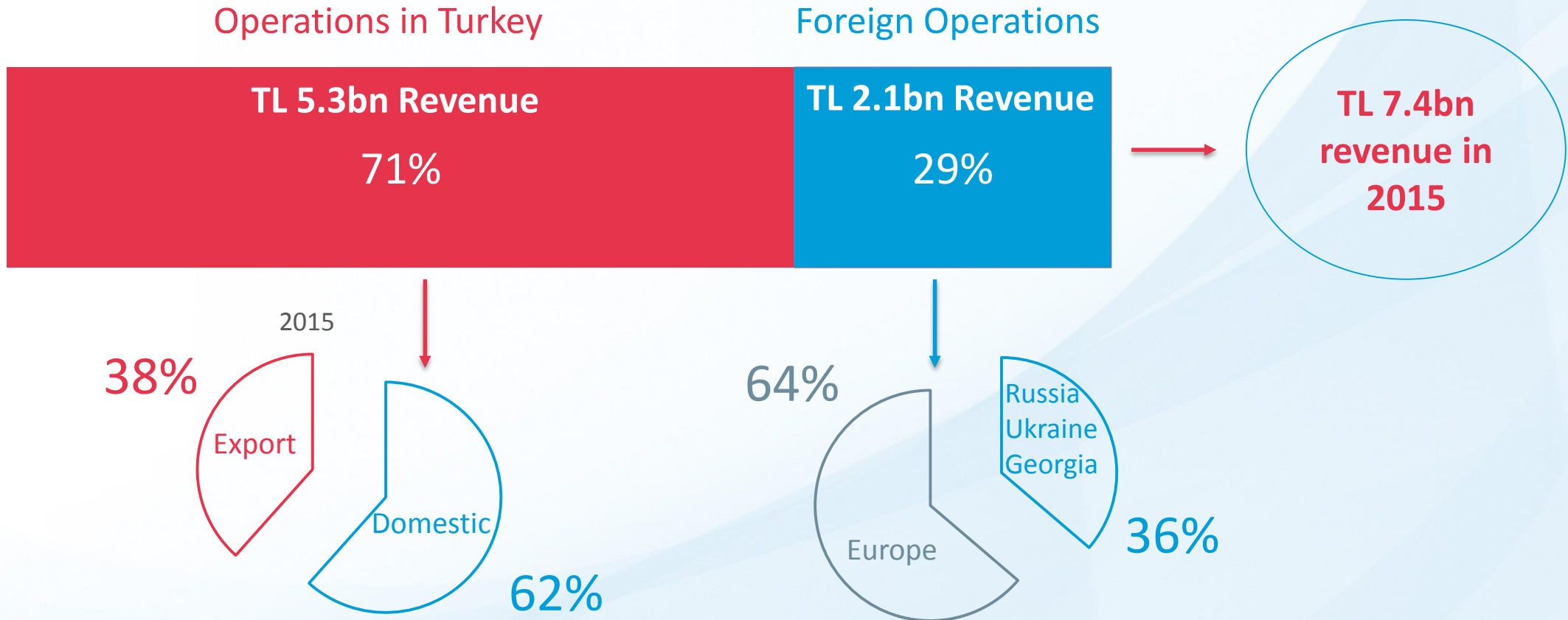
Balanced Contribution of the Segments in Conformity with Previous Years' Results





# Revenue & Cash Generation

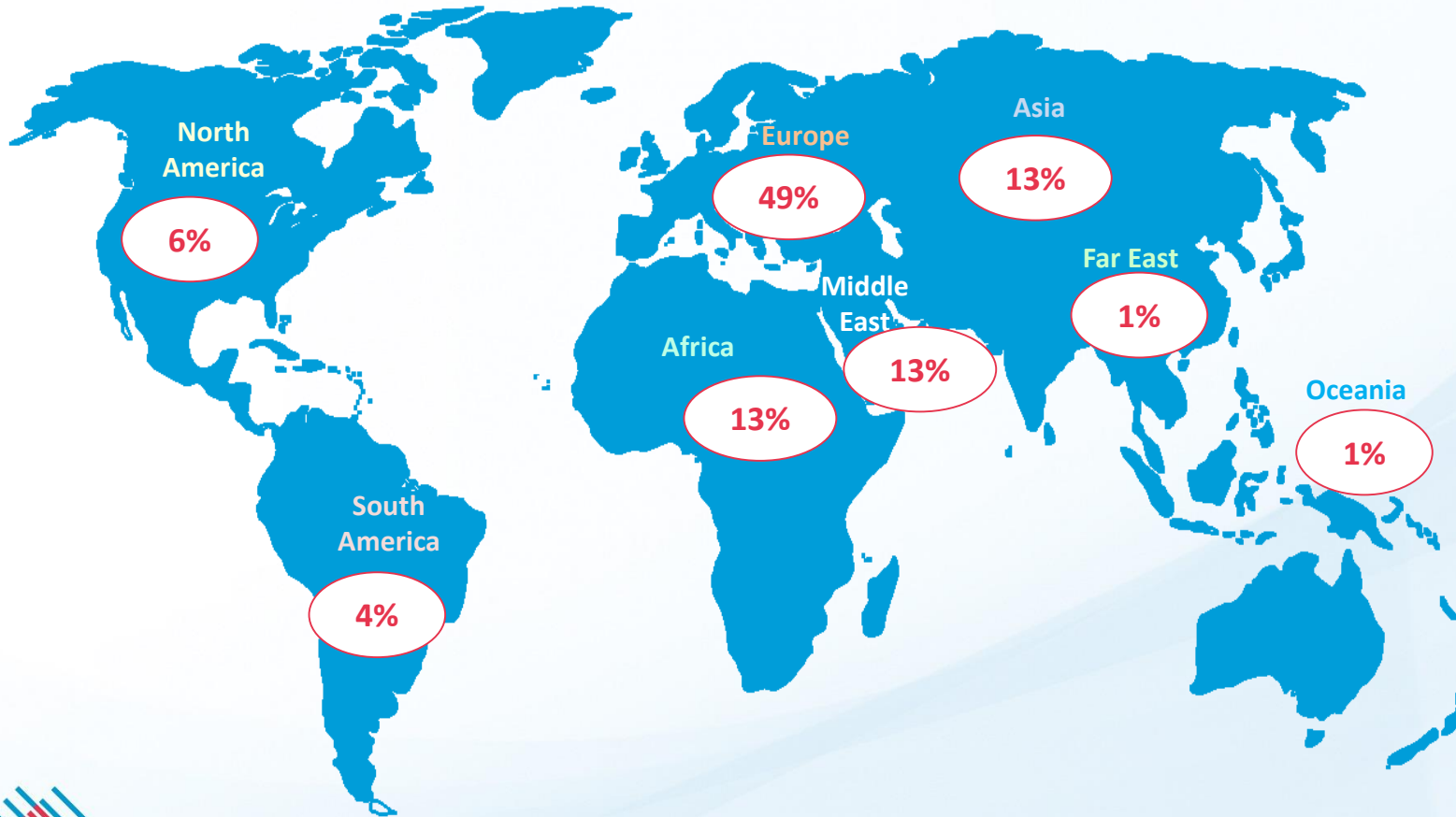
## Geographical Contribution to Revenue



# Revenue & Cash Generation

## Exports from Turkey

Exports of USD 715mn in 2015 to more than 140 countries

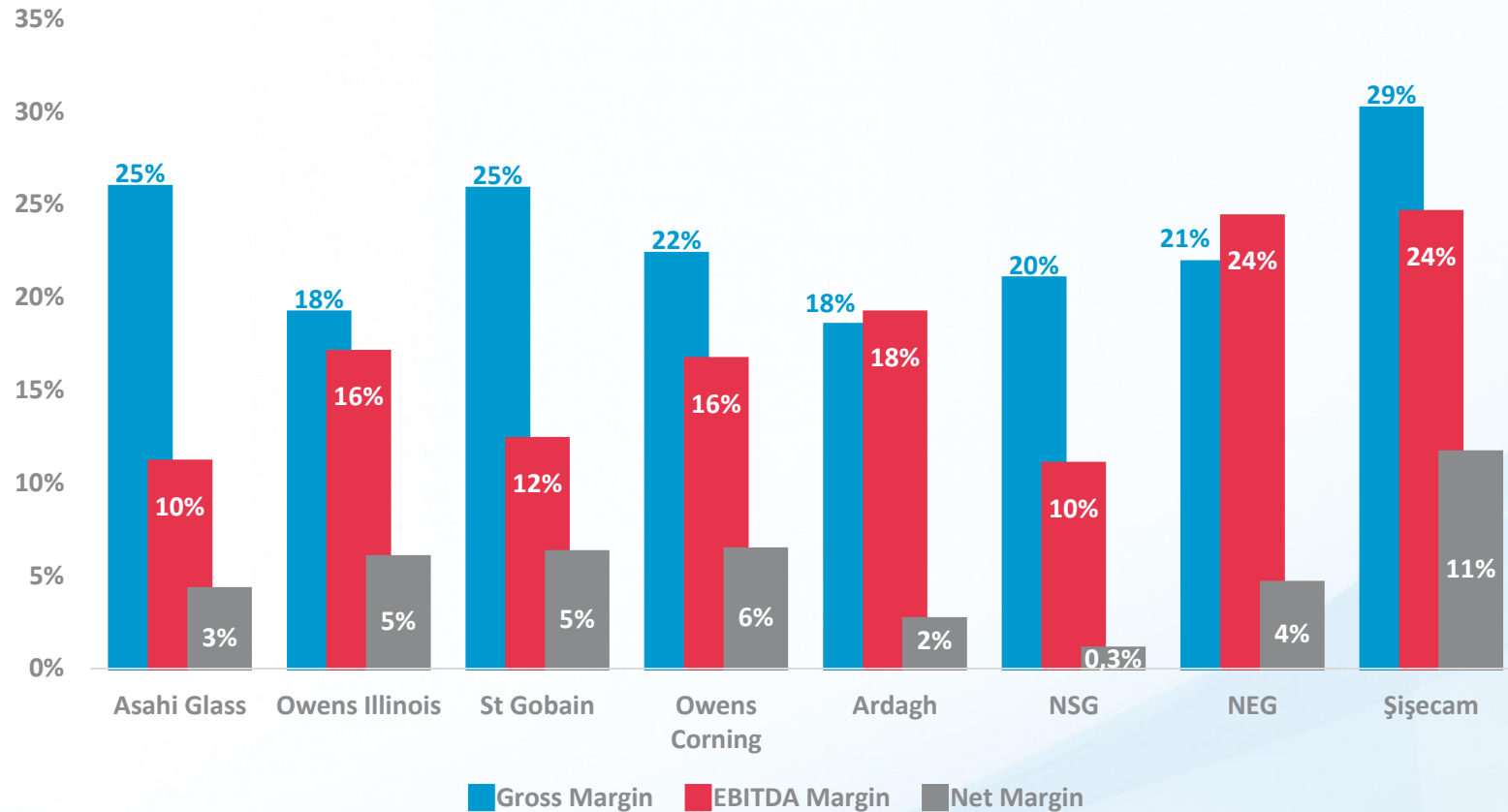


## Top 10 Countries

Italy	12%
Egypt	9%
Bulgaria	5%
France	5%
UK	5%
US	4%
China	4%
Germany	4%
Spain	4%
Lebanese	4%

# Global Presence

## Strong Global Player with Competitive Profitability



### % of Glass Sales in Total Revenues

Asahi Glass	52%
Owens Illinois	100%
St Gobain	13%
Owens Corning	69%
Ardagh	60%
NSG	99%
NEG	100%
Şişecam	76%

Calculations were made based on 2015 YE financials except for Ardagh (most available data were 9M2015)

Sources: Bloomberg & Companies Websites

# Operating Territories

## Şişecam Group Production Plants in Turkey

### THE FLAT GLASS GROUP

Trakya Cam San. A.Ş.	Trakya Polatlı Plant - Ankara Trakya Plant - Lüleburgaz Otocam Plant - Lüleburgaz Mersin Plant
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Trakya Yenişehir Cam San. A.Ş.	Yenişehir Plant - Bursa
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### THE GLASSWARE GROUP

Camış Ambalaj Sanayii A.Ş.	Tuzla Plant - İstanbul Eskişehir Plant
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Denizli Cam San. ve Tic. A.Ş.	Denizli Plant
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Paşabahçe Cam San. ve Tic. A.Ş.	Kırklareli Plant Mersin Plant Eskişehir Plant
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### THE GLASS PACKAGING GROUP

Anadolu Cam San. A.Ş.	Mersin Plant
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Anadolu Cam Yenişehir San. A.Ş.	Yenişehir Plant - Bursa
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OMCO-İstanbul Kalıp San. ve Tic. A.Ş.	Gebze Plant - Kocaeli
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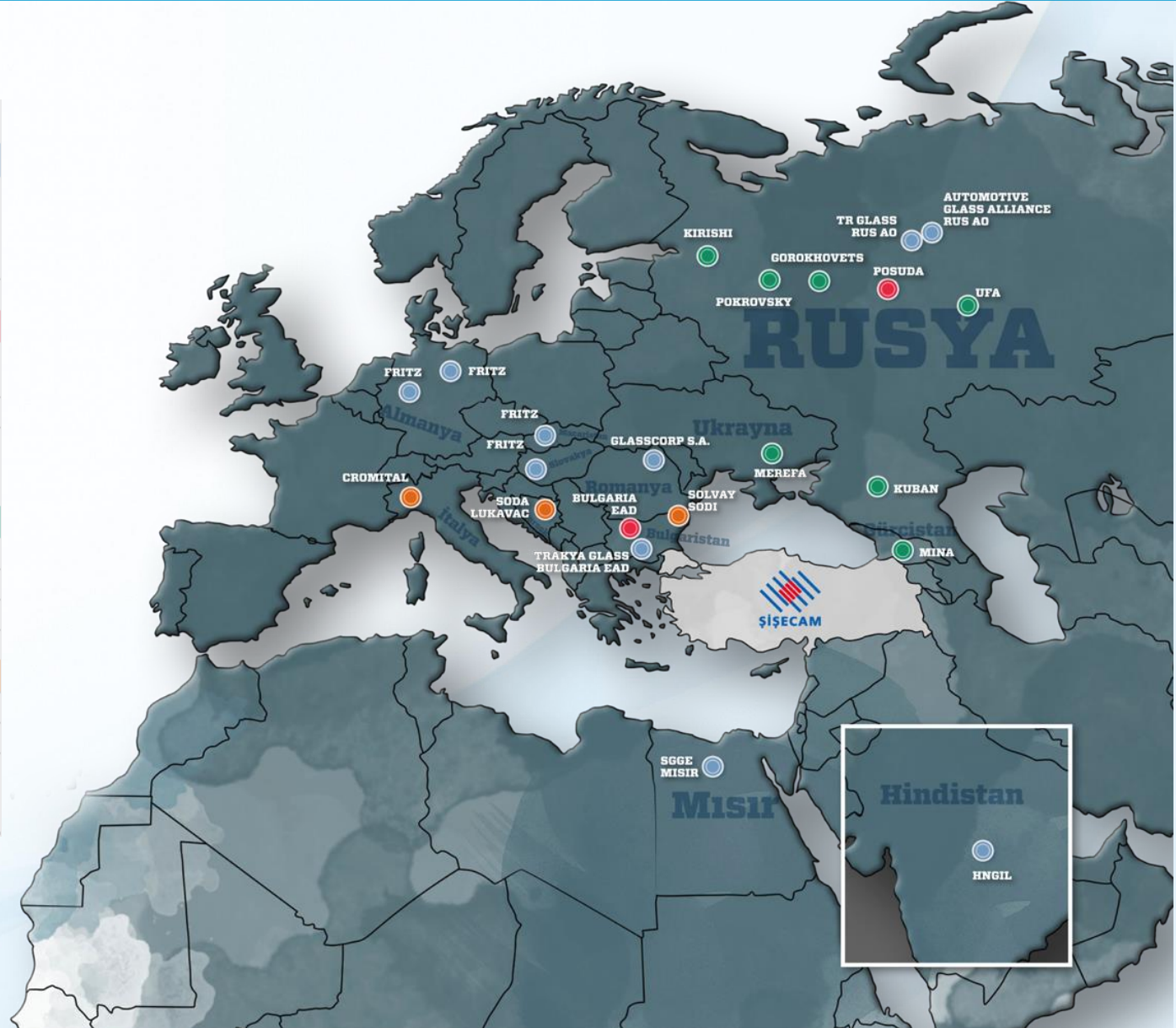
Anadolu Eskişehir San. ve Tic. A.Ş.	Eskişehir Plant
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### THE CHEMICALS GROUP

Cam Elyaf San. A.Ş.	Gebze Plant - Kocaeli
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Oxyvit Kimya San. ve Tic. A.Ş.	Mersin Plant
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Soda San. A.Ş.	Soda Plant - Mersin Kromsan Chromium Compounds Plant - Mersin
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# Şişecam History

**2014's Onwards**  
**To Be Among The Top 3 Producers**  
**Globally**

**2000's**  
**Global Vision**

Regional leadership achieved  
Higher market share regionally

**1990's**  
**Investment Structuring**

Reaching World glass volumes  
Efficient Management Structure  
Investments Abroad

**1960-1990**  
**Strong Growth**

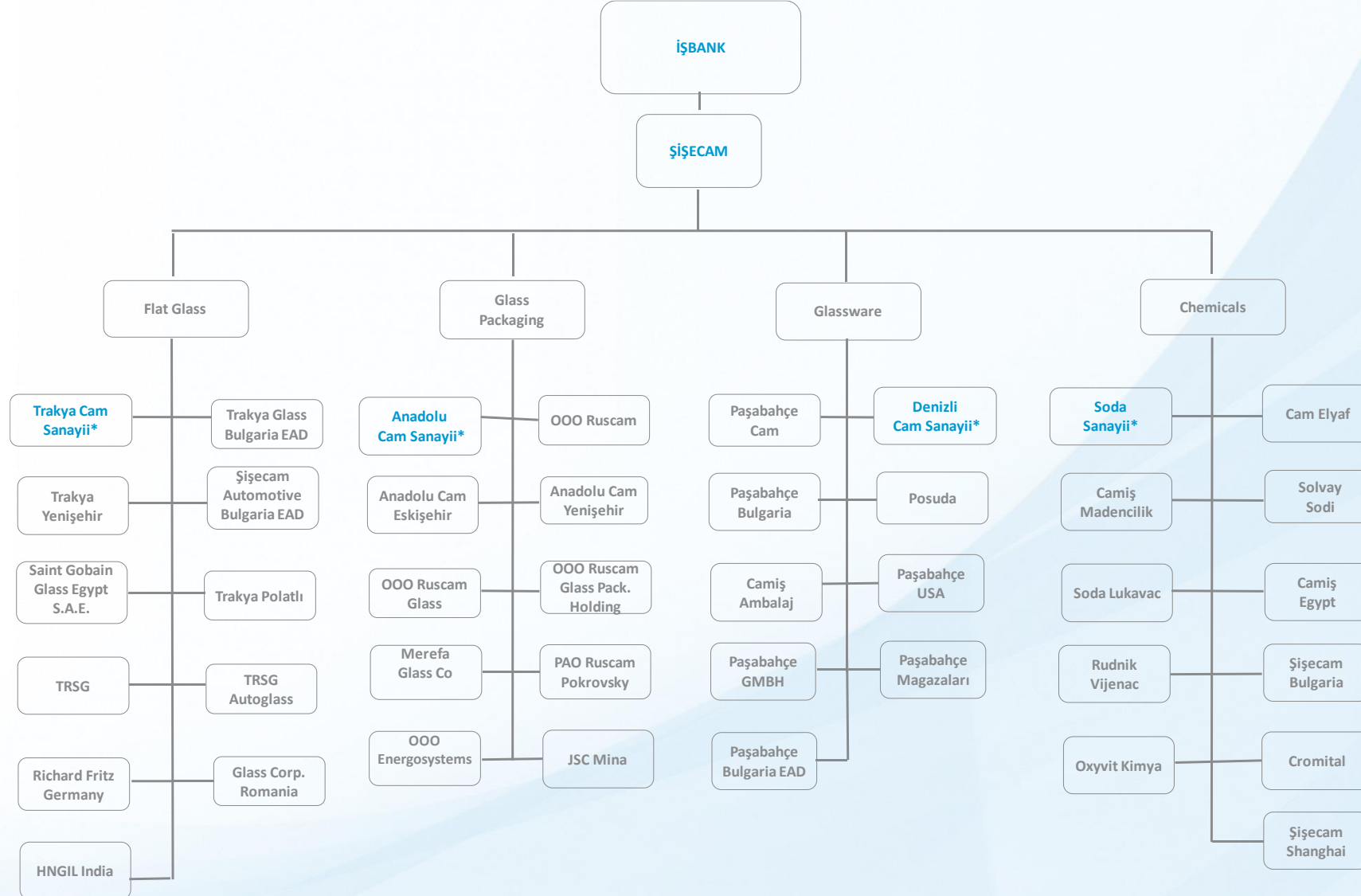
Expansion of product range  
State of the art Technologies, institutional R&D  
«The World is our Market»

**1935-1960**  
**Establishment and Single Plant Stage**

Glassware and container production – Paşabahçe  
Modest Growth



# Group Corporate Structure



# Prudent Risk Management Policies

## Leverage

Leverage with conservative NET DEBT / EBITDA levels

## Liquidity

Maintain sufficient liquidity to meet short-term funding and finance equity portion of Capex

## FX Position

FX position limited to +/- 25% of shareholder's equity

## Counterparty

Not only a diversified relationship banks portfolio, but also access to international debt capital and loan markets at favorable rates.

## Interest Rate

Balanced fixed and variable rate loan book

## Derivatives

Limited to hedging only, no speculative trading

# Credit & Corporate Governance Ratings

## Credit Ratings

<b>MOODY'S</b>	<b>LT FCY Rating</b>	<b>Ba1</b>	<b>Stable</b>
<b>S&amp;P</b>	<b>LT FCY Rating</b>	<b>BB+</b>	<b>Negative</b>

## Corporate Governance & Sustainability

Corporate Governance Rating of Sisecam was revised to **9.35** from **9.28** in December 2015.

As a Corporate Policy, Şişecam continues to strive for reaching the highest level of Corporate Governance practices, where its heritage of «good corporate governance practices» has already been evidenced by the recent rating received.

Sustainability remains at the core of operations and strategy, with continuously improved practices.

<http://www.sisecam.com.tr/en/investor-relations/corporate-management/>

<http://www.sisecam.com.tr/en/our-group/environment/sustainability-reports/>



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<b>FX Rates</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>USD/TL</b>						
Period End	1,55	1,89	1,78	2,13	2,32	2,91
Period Average	1,50	1,67	1,79	1,90	2,19	2,72
<b>EUR/TL</b>						
Period End	2,05	2,44	2,35	2,94	2,82	3,18
Period Average	1,99	2,32	2,30	2,53	2,90	3,02

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