



**ŞİŞECAM**  
**CHEMICALS**

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2Q 2016

SODA SANAYİİ

Investor Presentation

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# SODA SANAYİİ A.Ş. OPERATIONAL RESULTS & FINANCIAL PERFORMANCE

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# 2Q 2016 Highlights

- ◆ Mersin plant's 30K tons/year-newly added capacity has been operational since the beginning of 2Q 2016
- ◆ In line with the company's strategy of increased operational efficiency, modernization and energy saving investments continued at soda ash and chromium facilities in 2Q 2016
- ◆ Soda Sanayii maintained its market share in soda and chromium businesses
- ◆ Soda Sanayii distributed TRY 330 Million dividend - TRY 240 Million in cash and TRY 90 Million in kind
- ◆ Soda Sanayii and Petrol-İş negotiated for the renewal of labor union contracts for a two-year term
- ◆ Soda Sanayii's free float increased to 39% (incl. shares held by IFC) following the stake sale of Anadolu Cam and Trakya Cam in May 2016

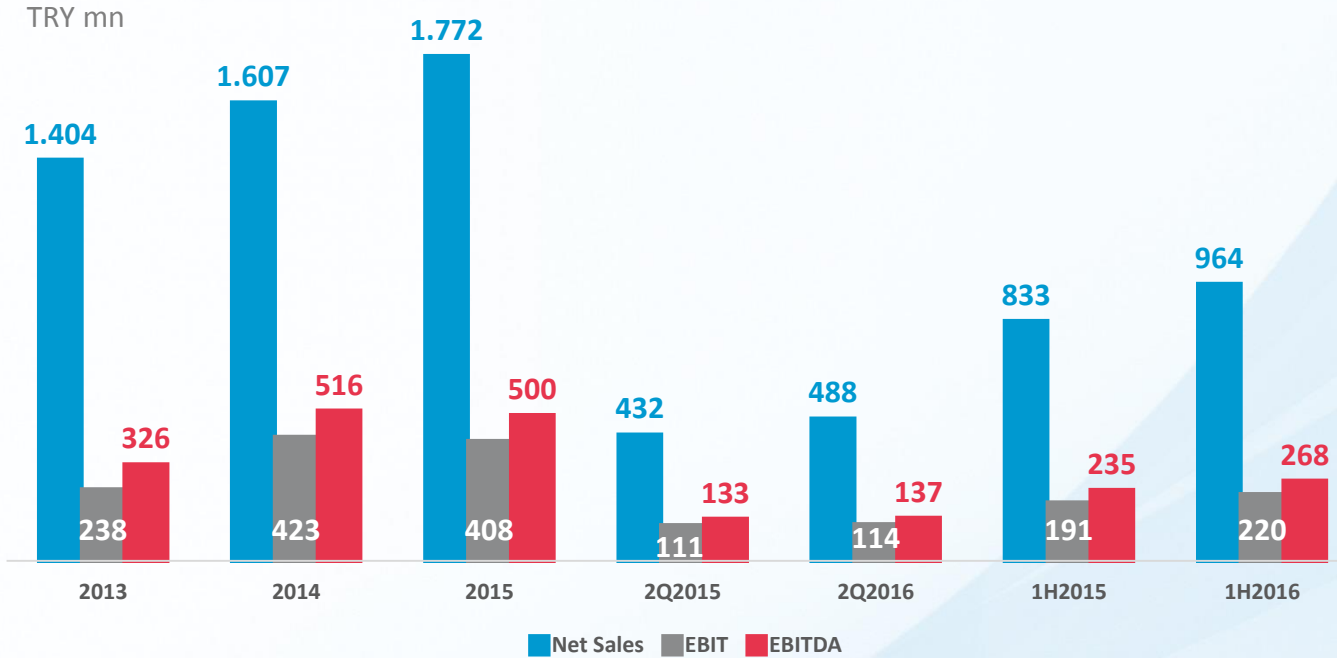
# Key Financial Indicators

<i>TRY Million</i>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>1H2015</b>	<b>1H2016</b>	<b>YoY Growth</b>
<b>Sales</b>	<b>872</b>	<b>1.182</b>	<b>1.404</b>	<b>1.607</b>	<b>1.772</b>	<b>833</b>	<b>964</b>	16%
<b>Gross Profit</b>	<b>250</b>	<b>243</b>	<b>288</b>	<b>397</b>	<b>475</b>	<b>217</b>	<b>276</b>	27%
<i>Margin</i>	29%	21%	21%	25%	27%	26%	29%	
<b>EBITDA</b>	<b>232</b>	<b>224</b>	<b>326</b>	<b>516</b>	<b>500</b>	<b>235</b>	<b>268</b>	14%
<i>Margin</i>	27%	19%	23%	32%	28%	28%	28%	
<b>Adjusted EBITDA*</b>	<b>232</b>	<b>224</b>	<b>326</b>	<b>423</b>	<b>500</b>	<b>235</b>	<b>268</b>	14%
<i>Margin</i>	27%	19%	23%	26%	28%	28%	28%	
<b>EBIT</b>	<b>178</b>	<b>155</b>	<b>237</b>	<b>423</b>	<b>408</b>	<b>191</b>	<b>220</b>	15%
<i>Margin</i>	20%	13%	17%	26%	23%	23%	23%	
<b>Adjusted EBIT*</b>	<b>178</b>	<b>155</b>	<b>237</b>	<b>330</b>	<b>408</b>	<b>191</b>	<b>220</b>	15%
<i>Margin</i>	20%	13%	17%	21%	23%	23%	23%	
<b>Total Net Income</b>	<b>184</b>	<b>133</b>	<b>208</b>	<b>388</b>	<b>441</b>	<b>207</b>	<b>198</b>	-4%
<i>Margin</i>	21%	11%	15%	24%	25%	25%	21%	
<b>Net Debt</b>	<b>42</b>	<b>44</b>	<b>-34</b>	<b>-341</b>	<b>-547</b>	<b>-381</b>	<b>-371</b>	-3%

\* Excluding non recurring income from asset sales

# Soda Sanayii – Financial Results

## Consolidated Financial Results\*

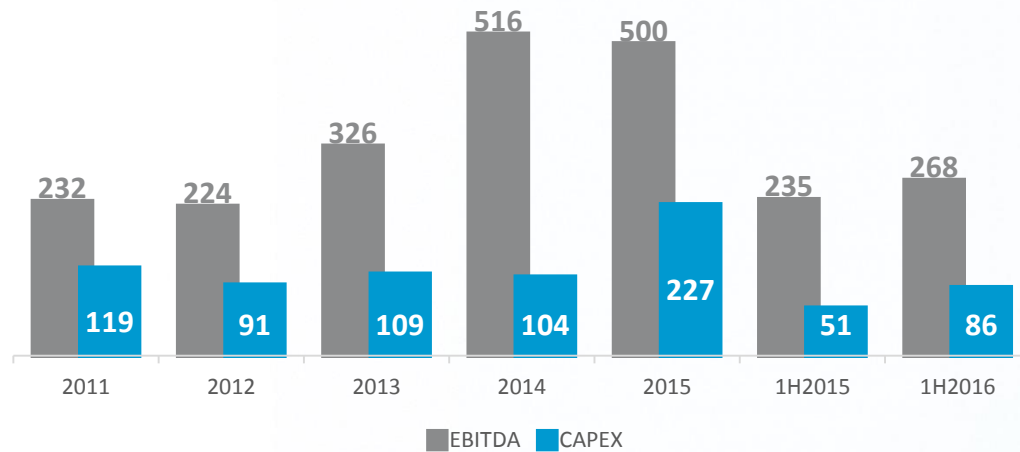


Gross Margin	21%	25%	27%	29%	29%	26%	29%
EBIT Margin	17%	26%*	23%*	26%	23%	23%	23%
EBITDA Margin	23%	32%*	28%*	31%	28%	28%	28%

# Soda Sanayii – Financial Results

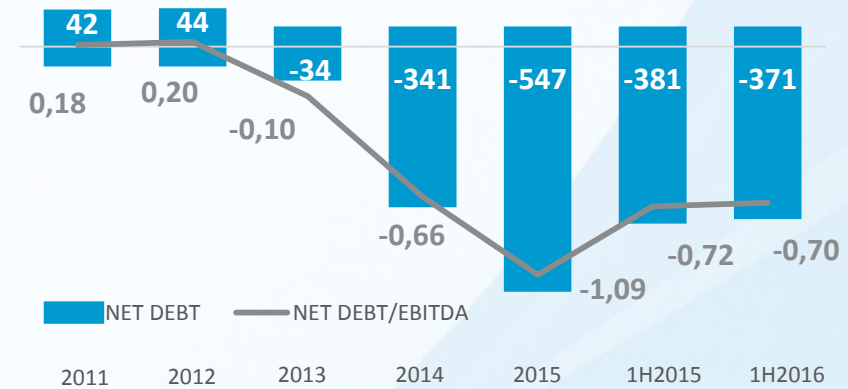
## Consolidated EBITDA & CAPEX

TRY mn

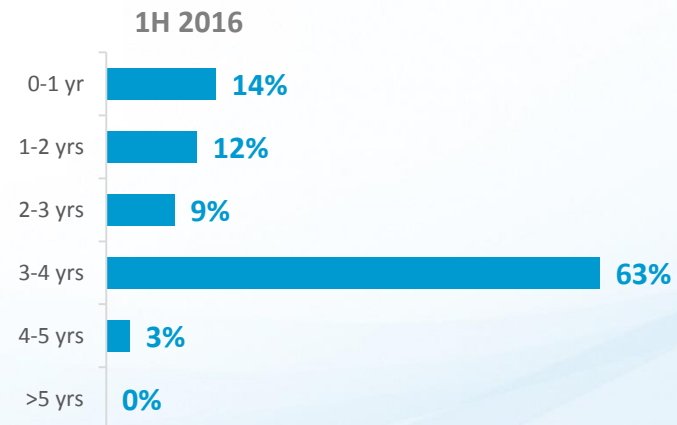


## Consolidated 1-Year Trailing EBITDA & NET DEBT

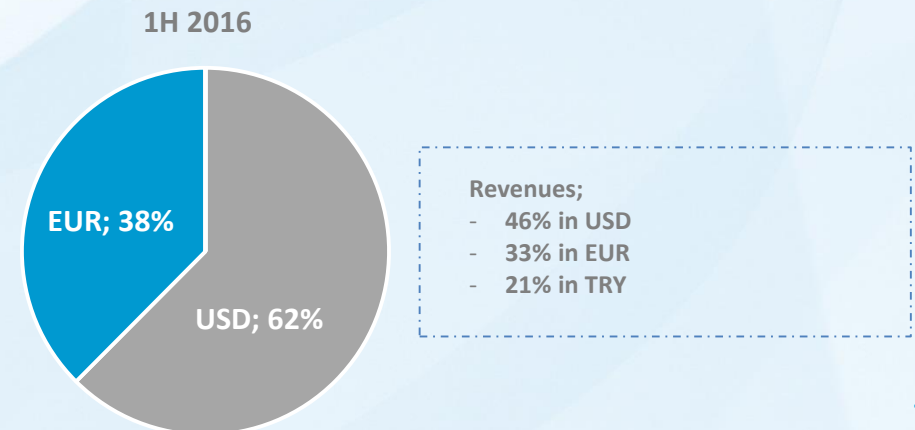
TRY mn



## Maturity Breakdown of Debt

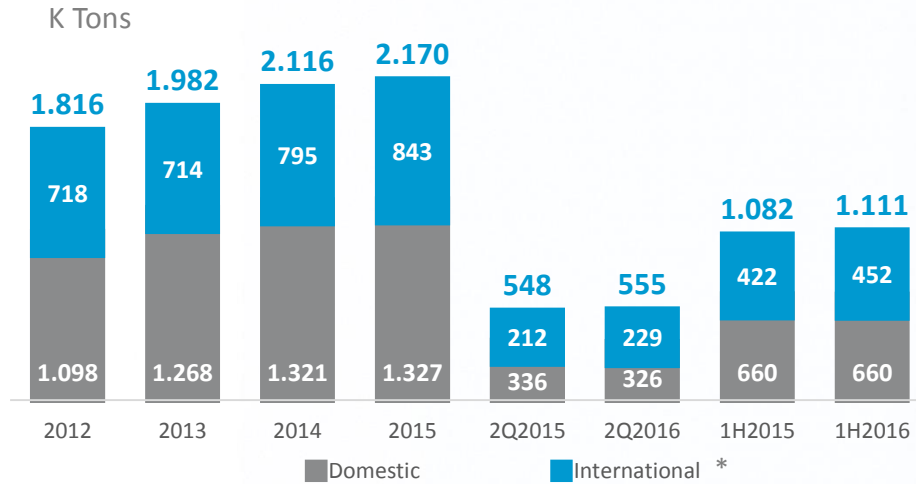


## Currency Breakdown of Debt

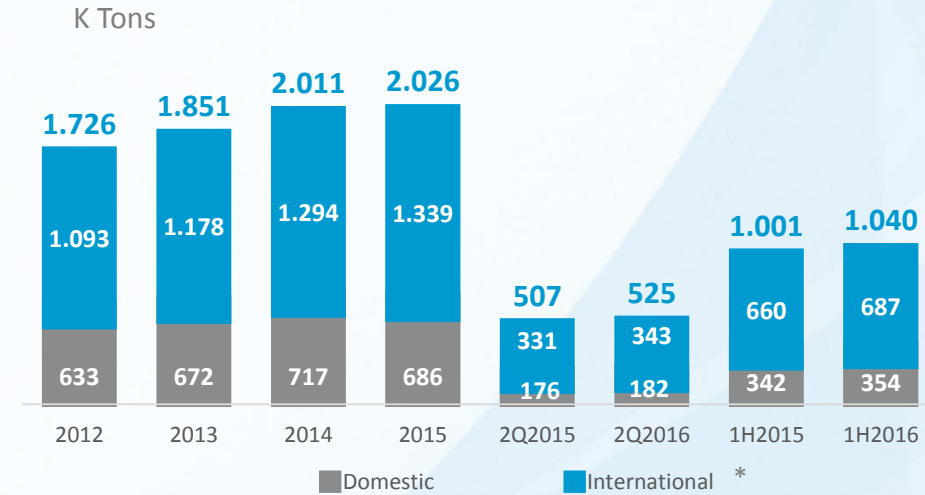


# Soda Sanayii – Operational Results

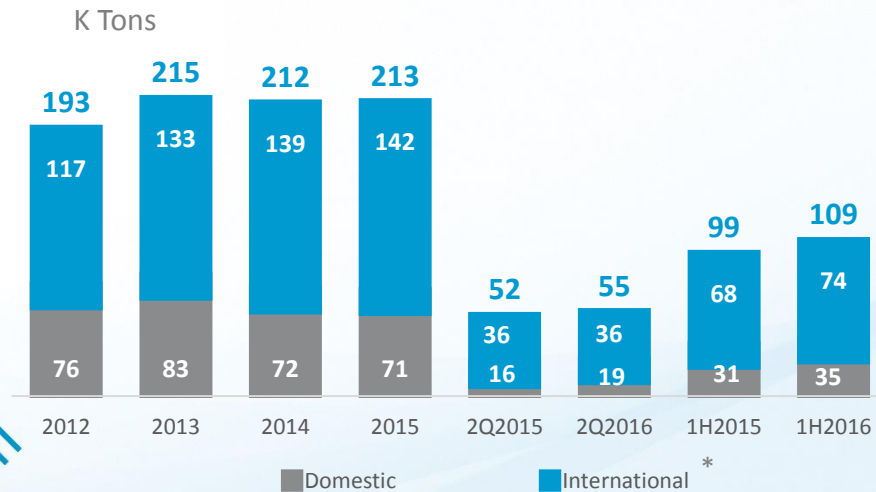
## Soda Production Breakdown



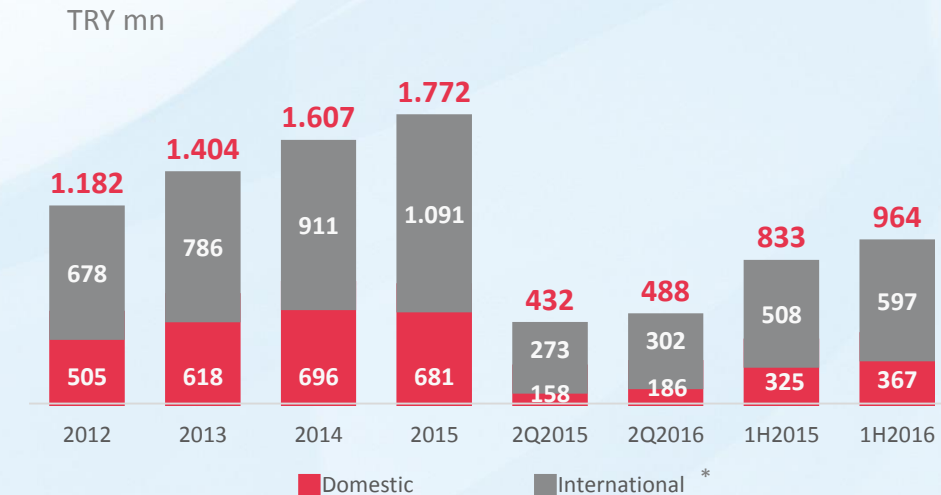
## Soda Sales Breakdown



## Chromium Chemicals Sales Breakdown



## Soda Sanayii Consolidated Revenues Breakdown

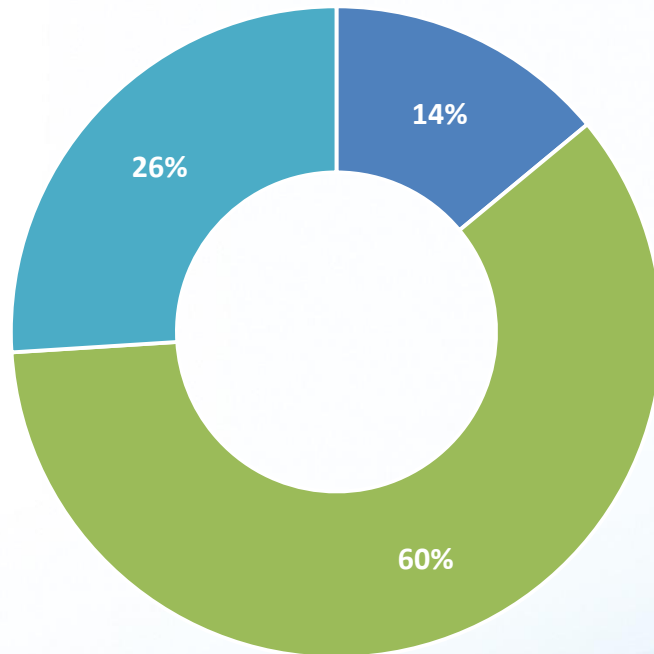




# Soda Sanayii – Soda Sales Breakdown

by Geography (in volume terms)\*

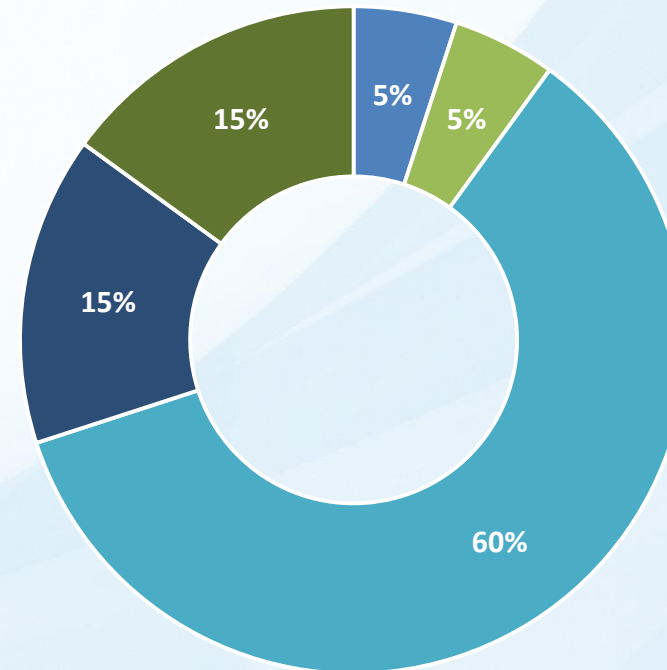
1H 2016



■ Domestic ■ Europe ■ Rest Of the World

by Segment (in volume terms)

1H 2016

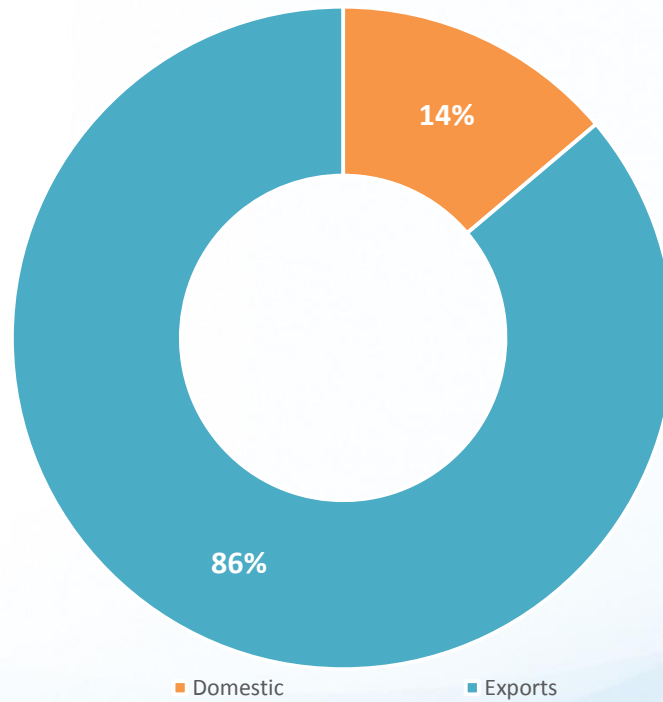


■ Textile ■ Chemicals ■ Glass ■ Detergent ■ Others

# Soda Sanayii – Chromium Sales Breakdown

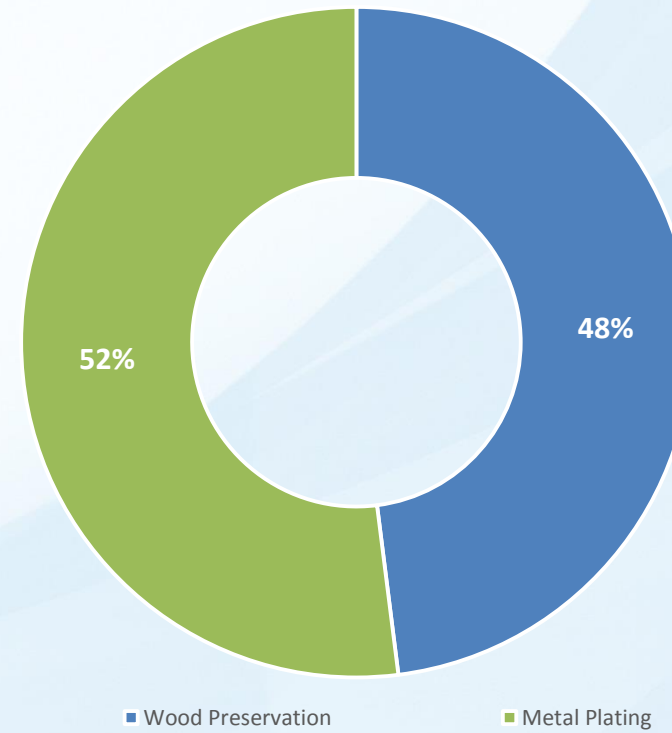
by Geography (in value terms)

1H 2016

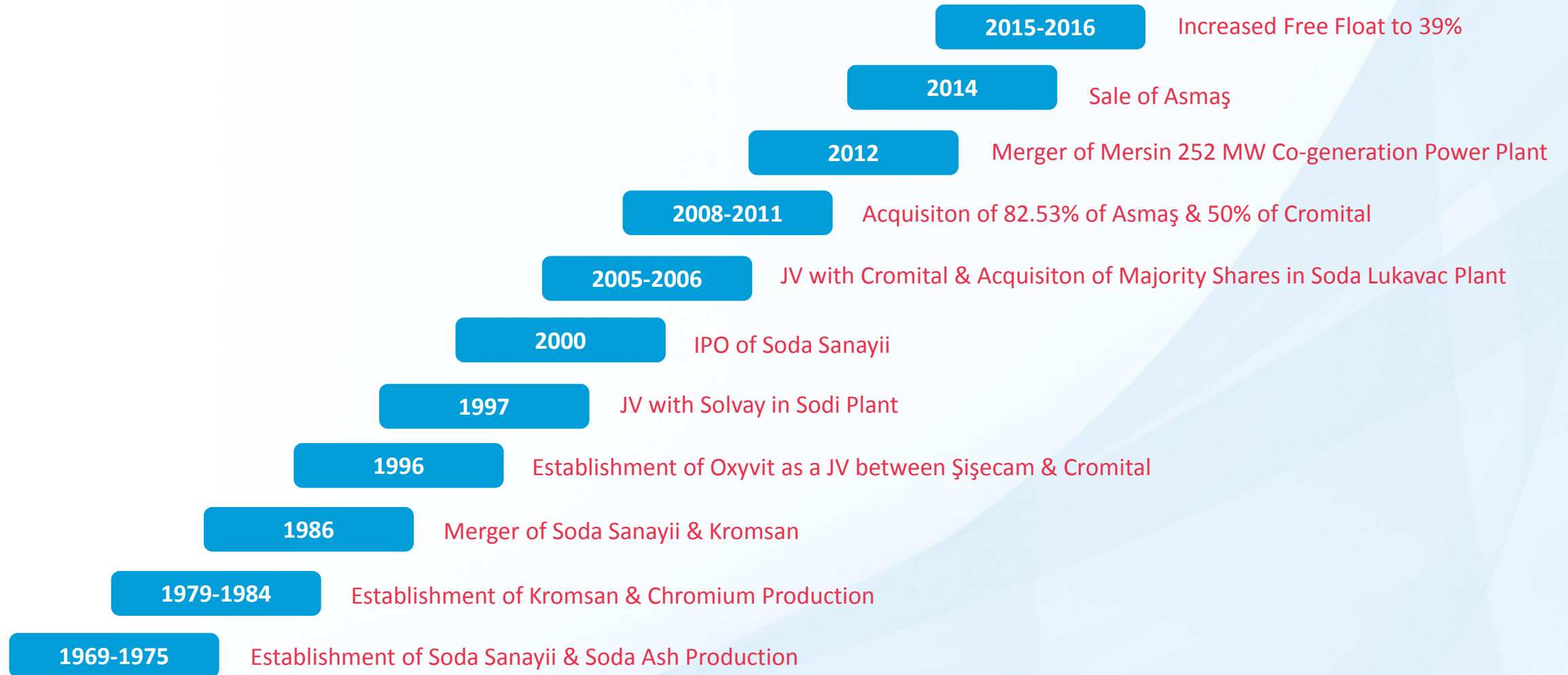


Chromic Acid Sales by Segment (in volume terms)

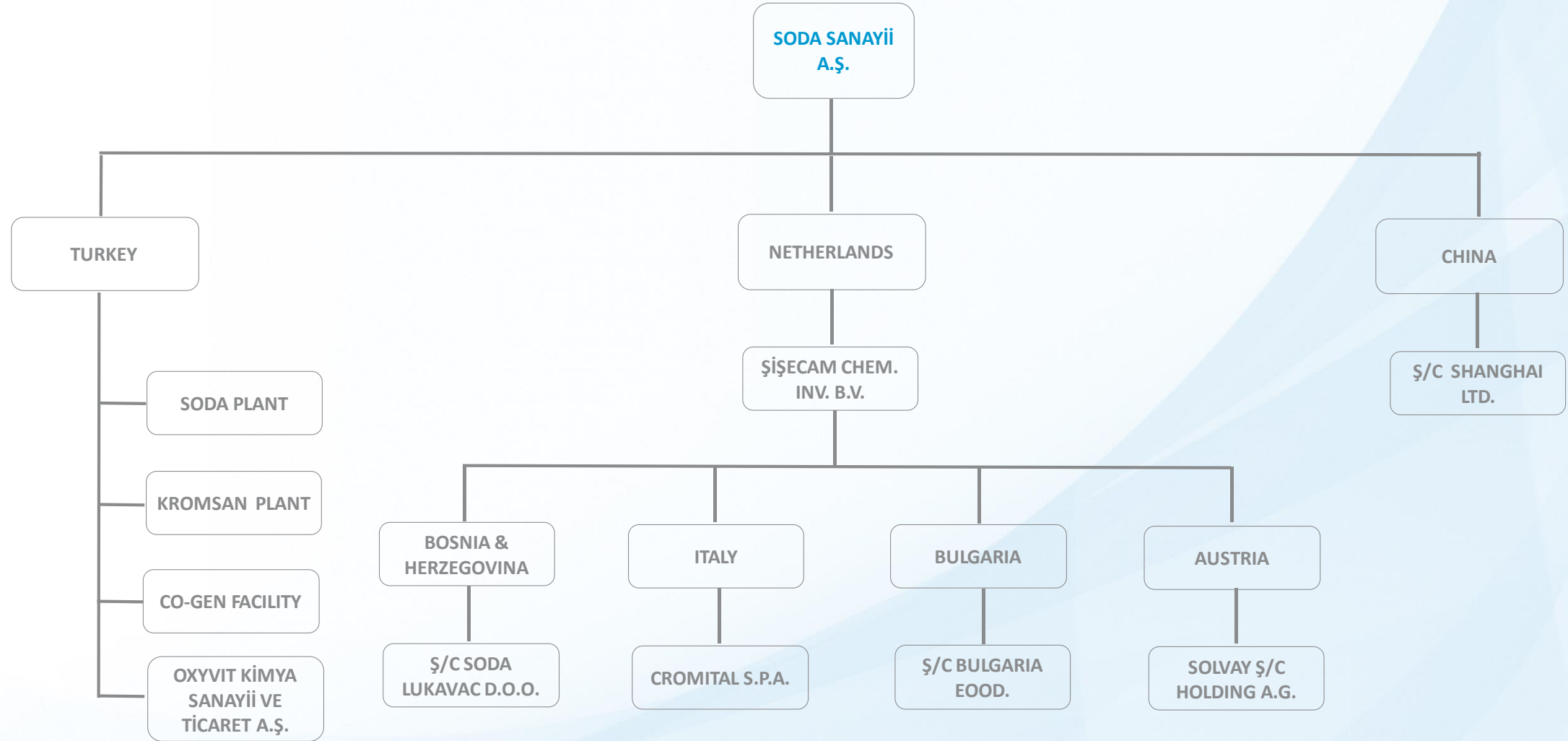
1H 2016



# 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

## Co-generation in Mersin

- Invested in two cogeneration units in 2006 and 2009 to source steam economically (USD 120 Million investment)
- 252 MW / year electricity generation and over 4 Million tons / year steam capacity

## Raw material reserves near Mersin with Long Remaining Life

- Soda has secured its key raw materials for the long-term with significant reserve life and high quality limestone and brine

## Co-location with Şişecam's Glass Packaging and Flat Glass Plant and Rail Access within Turkey

- Production facilities of some of the other key Şişecam Group companies and consumers of Soda Sanayii products, Trakya Cam, Anadolu Cam and Paşabahçe are in close proximity to Soda Sanayii
- This provides for low transportation costs, short transportation times and continuous supply capabilities

## Cost Efficient Exports Through Mersin Port

- Mersin Port, the largest port in the Eastern Mediterranean region, is only 16km away from the plant, providing low transportation costs and short transportation times

## On the Ground Presence and Access to European Markets

- SSL Plant (Bosnia & Herzegovina): The level of supply in the European Market enables Soda Sanayii to compete with European soda producers
- Sodi (Varna-Bulgaria): Being close to Şişecam's Flat Glass and Glassware plants in Targovishte-Bulgaria enables low transportation costs, short transportation times and continuous supply capabilities

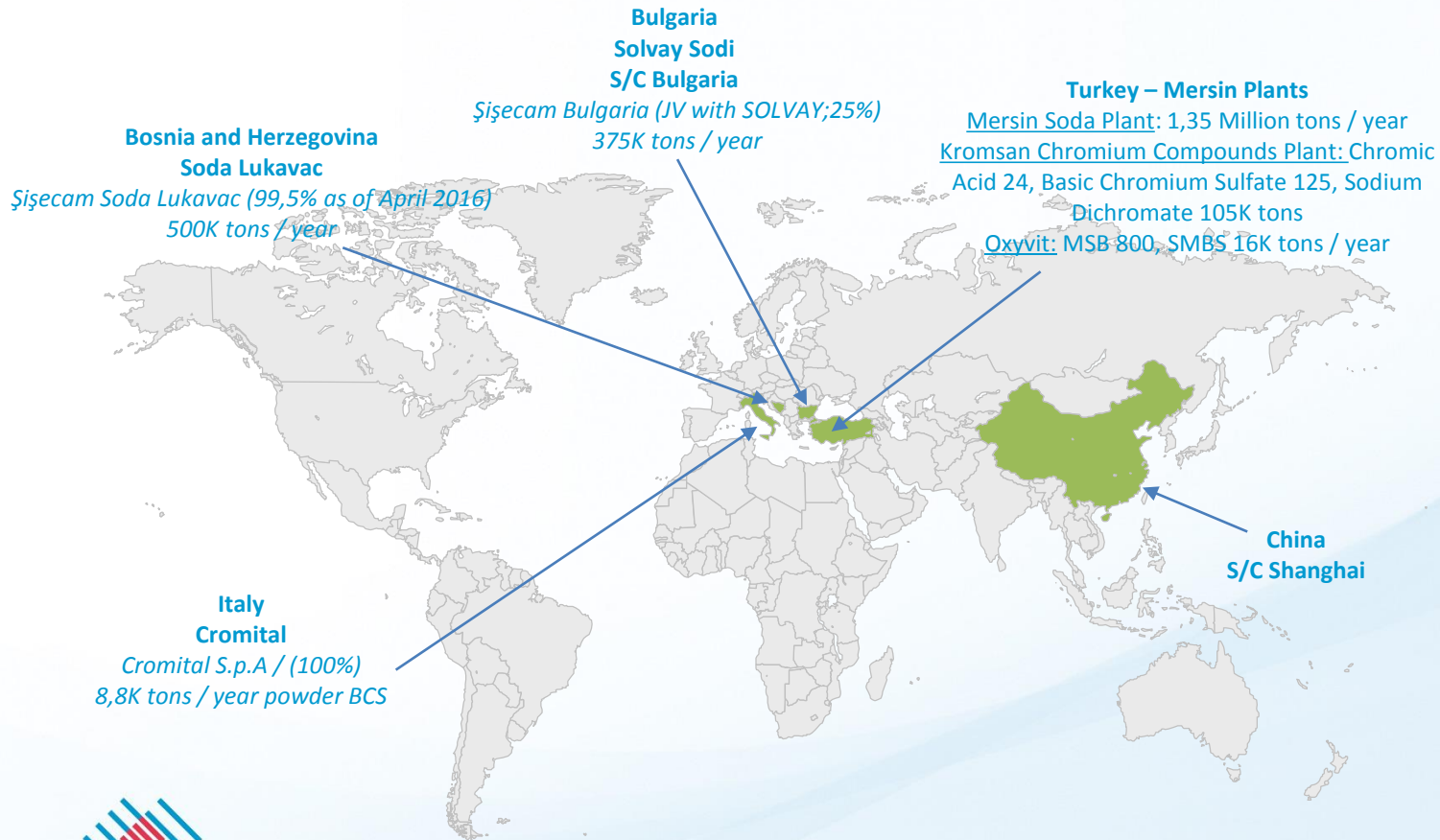
# CHEMICALS BUSINESS SEGMENT OVERVIEW

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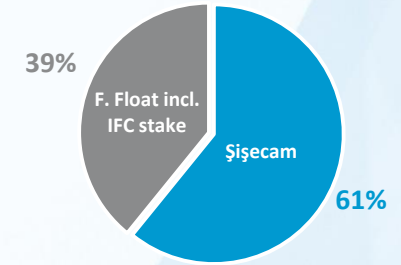
# Chemicals – Soda Sanayii

## Operations & Global Presence

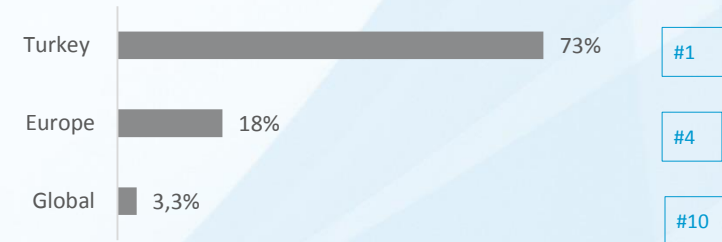
Soda Sanayii, being the flagships chemical company of the group, is a leading soda and chromium chemicals producer operational in 4 different facilities and exporting products to +75 countries around the World



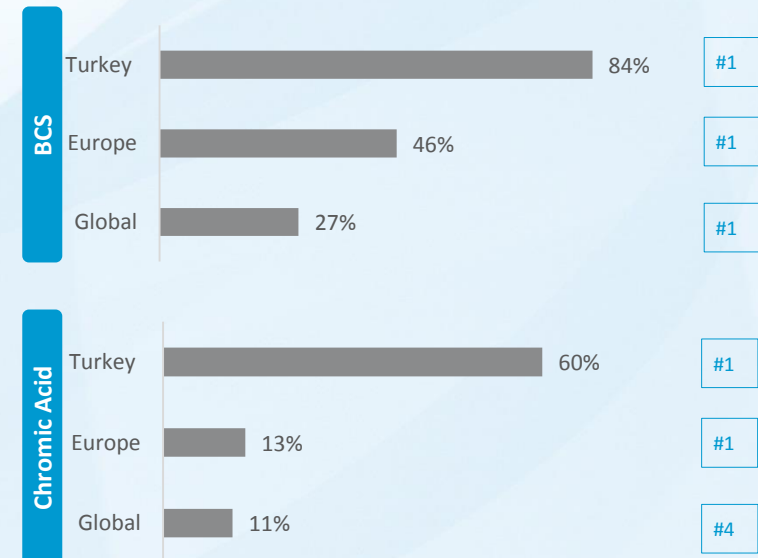
## SHAREHOLDERS



## Soda Ash Market Shares



## Chromium Market Shares

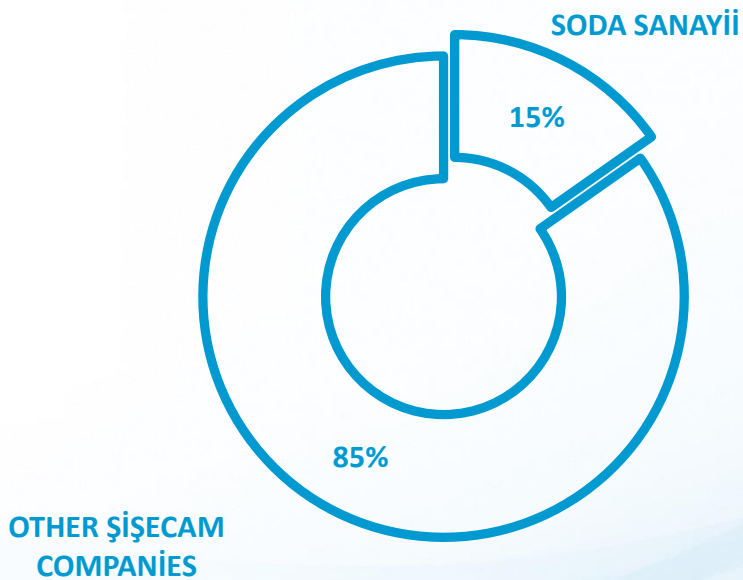




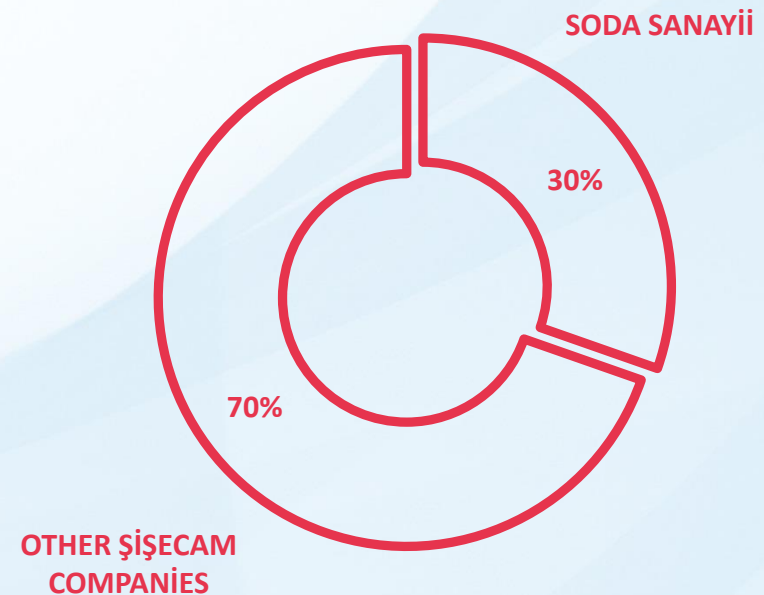
# Chemicals – Soda Sanayii

In 2Q 2016, Chemicals Segment accounted for 19% of Şişecam revenues and 34% of its EBITDA  
Soda Sanayii's contribution to Şişecam revenues with its non-group sales was 15%, while its EBITDA accounted for 30% of the group's consolidated EBITDA figure

Contribution to Şişecam Consolidated Revenues  
2Q 2016



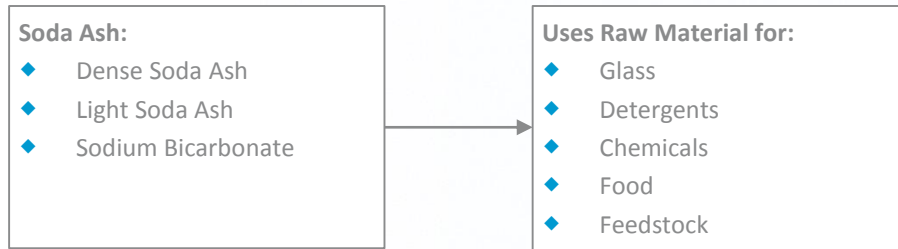
Contribution to Şişecam Consolidated EBITDA  
2Q 2016



# Soda Ash Market

## Industry Dynamics

- ◆ 56,6 Million tons production / demand globally
- ◆ 75% synthetic, 25% natural
- ◆ Demand drivers: growing flat glass, container glass and detergents sectors
- ◆ Balanced market in Europe, oversupply in China, strong demand from developing regions on the back of fast growing construction, automotive and detergent sectors
- ◆ Average global capacity utilization rate at 86%



## Regional Breakdown of Global Soda Ash Production Capacity

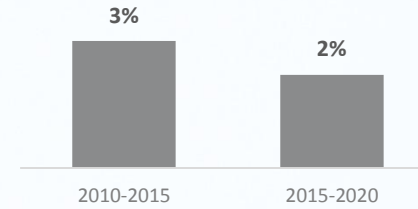
2Q 2016



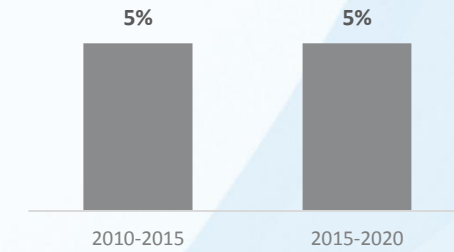
## Consumption Growth

CAGR

### Global

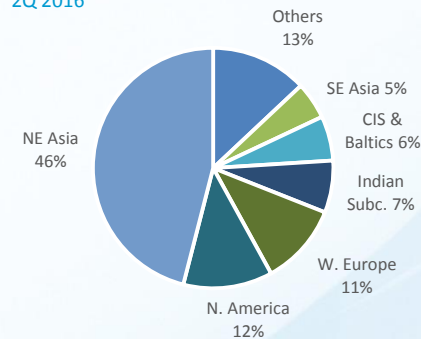


### Turkey



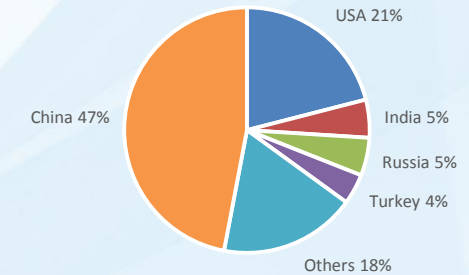
## Demand by Region

2Q 2016



## Production By Country

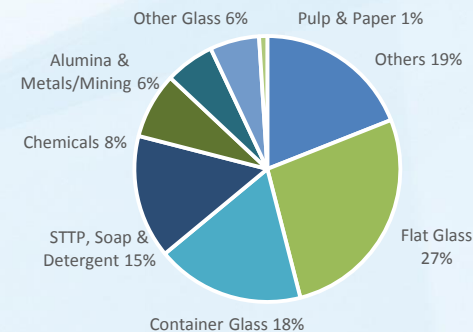
2Q 2016



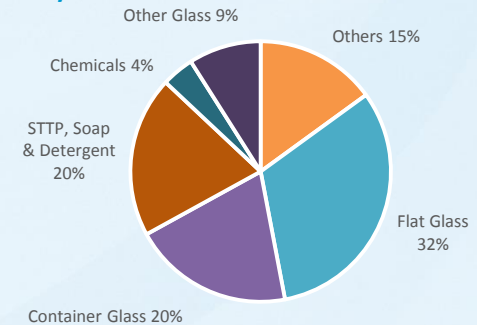
## Demand by Segment

2Q 2016

### Global



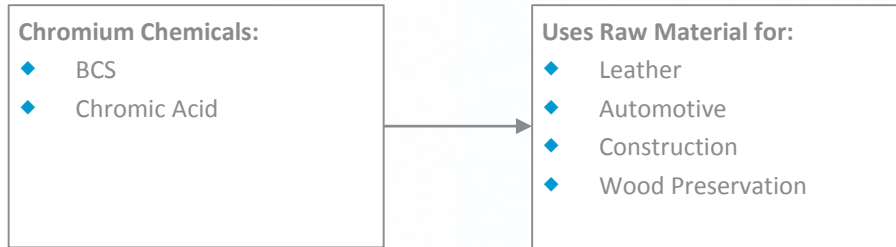
### Turkey



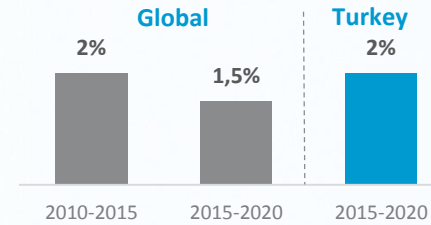
# Chromium Market

## Industry Dynamics

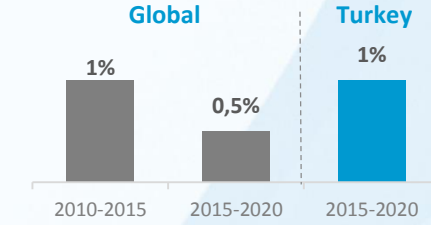
- ◆ 410K tons Basic Chromium Sulphate (“BCS”) global market, 165K tons Chromic Acid global market
- ◆ Demand drivers: leather, automotive, construction, wood preservation
- ◆ Largest consumers are China and Brazil
- ◆ Global capacity surplus leading to a prices pressure
- ◆ Global capacity utilization of BCS at 55% and Chromic Acid at 57%



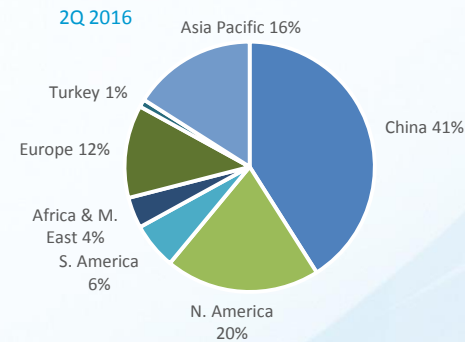
### Consumption Growth Chromic Acid



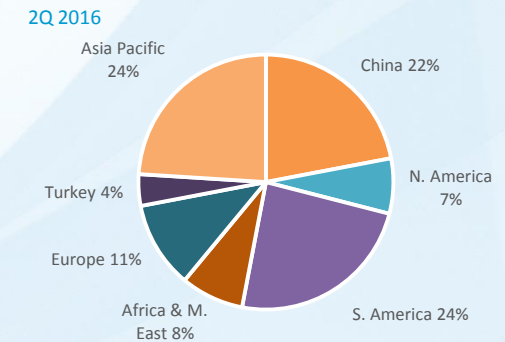
### BCS



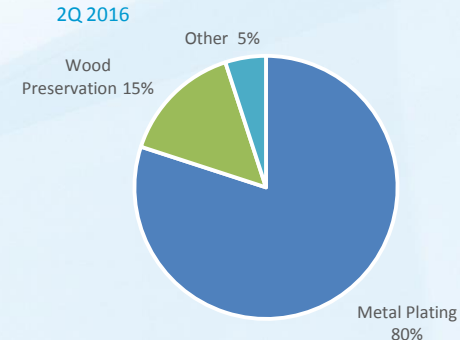
### Global Chromic Acid Market



### Global BCS Market



### Global Chromic Acid Consumption by Segment



### Global BCS Consumption by Segment



# ŞİŞECAM GROUP OVERVIEW

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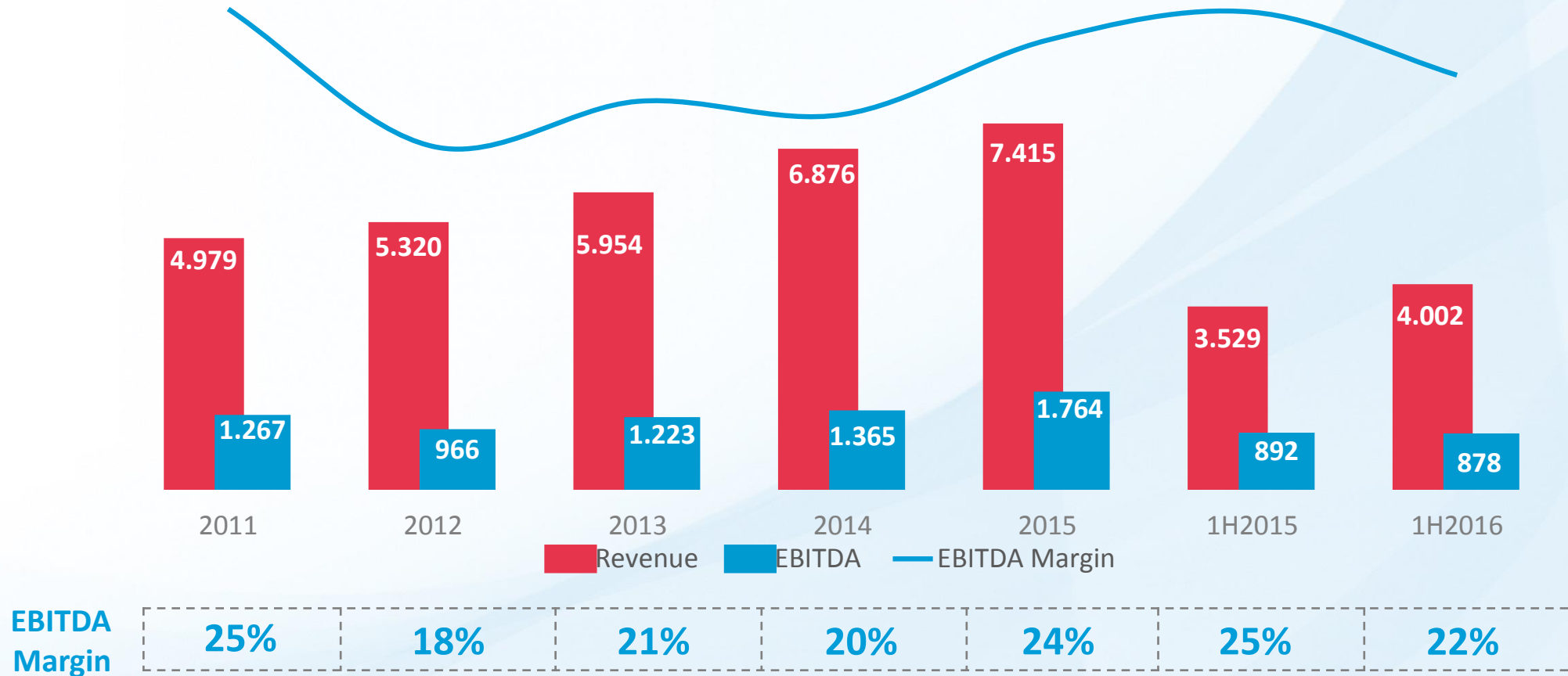
# Executive Summary

- ◆ 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 more than 130 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

## Sustained Growth in Revenue with Preserved EBITDA Margin

TRY mn

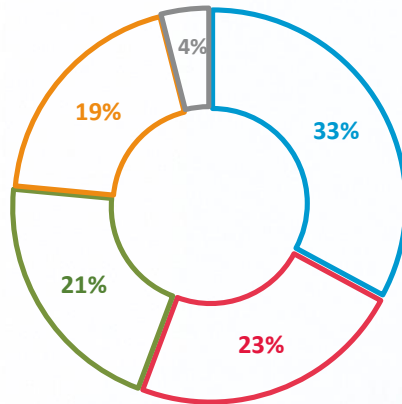


# Revenue & Cash Generation

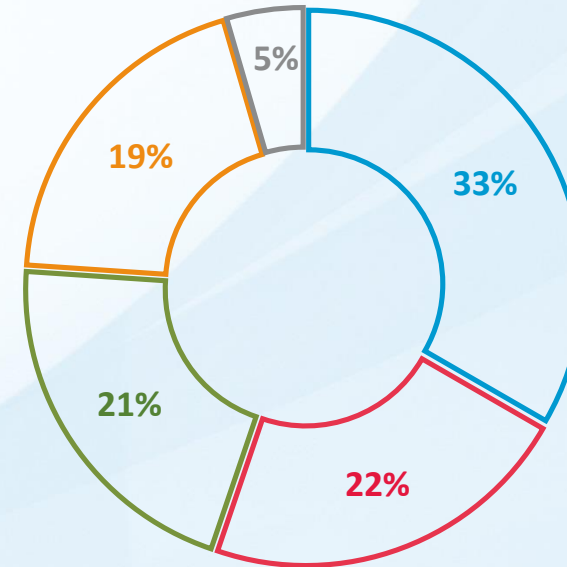
## Segments' Contribution to Revenue

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

1H2015



1H2016



■ Flat Glass

■ Glassware

■ Glass packaging

■ Chemicals

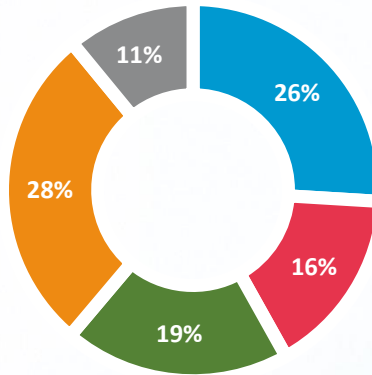
■ Other\*

# Revenue & Cash Generation

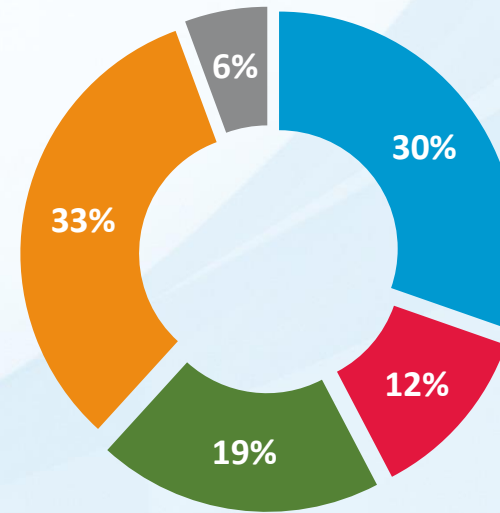
## Segments' Contribution to EBITDA

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

1H2015



1H2016



■ Flat Glass

■ Glassware

■ Glass packaging

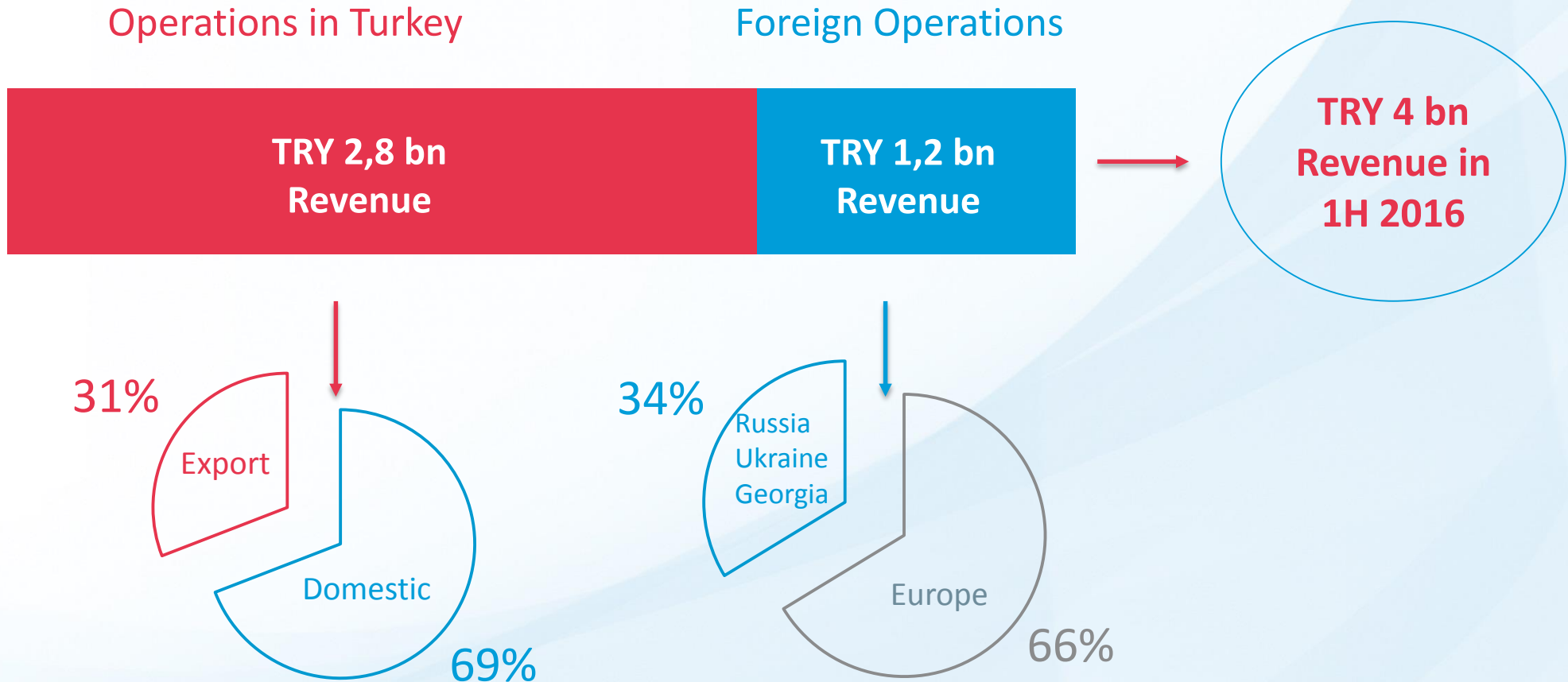
■ Chemicals

■ Other\*



# Revenue & Cash Generation

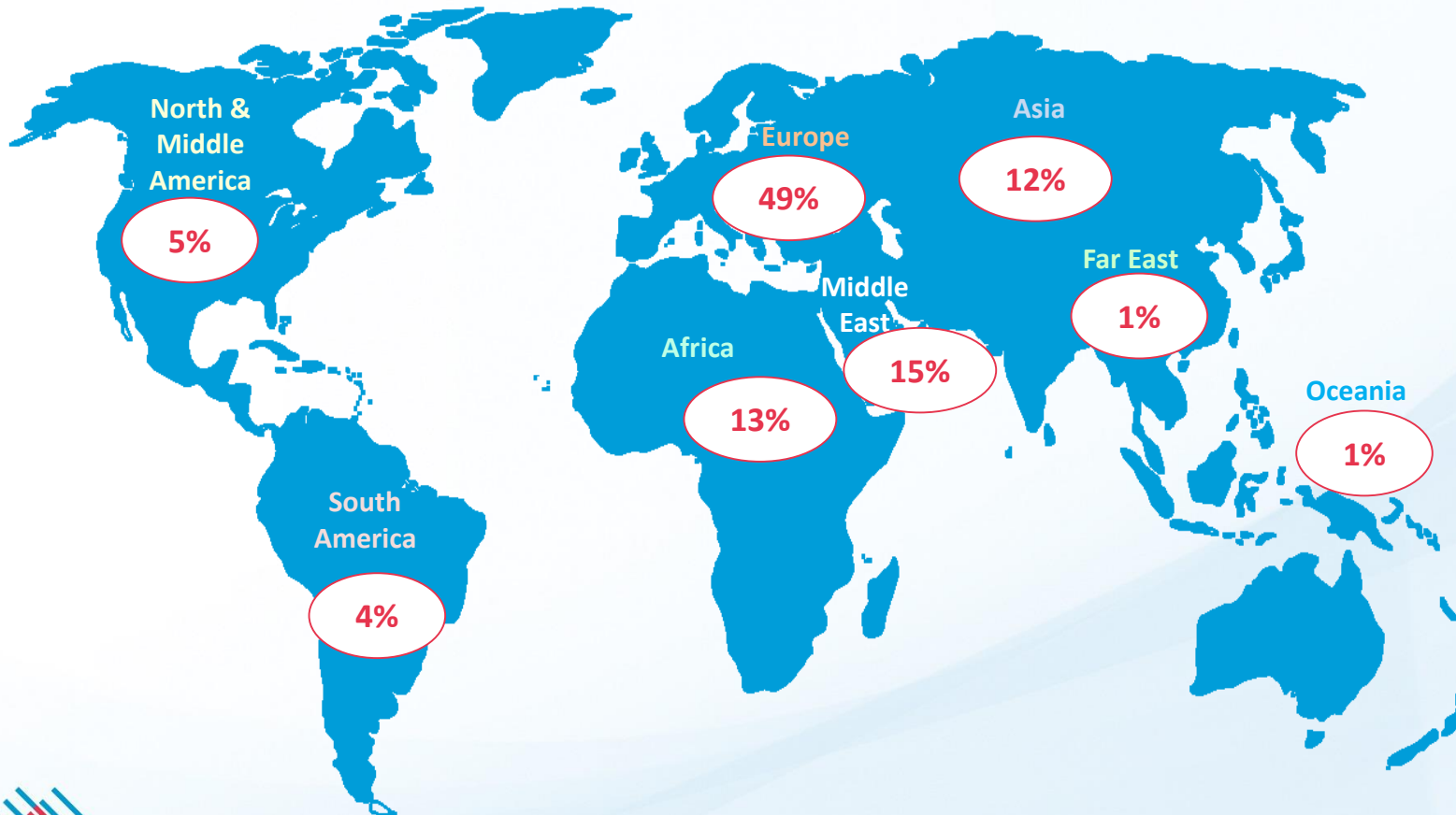
## Geographical Contribution to Revenue



# Revenue & Cash Generation

## Exports from Turkey

Exports of USD 338 Million in 1H 2016 to more than 130 countries

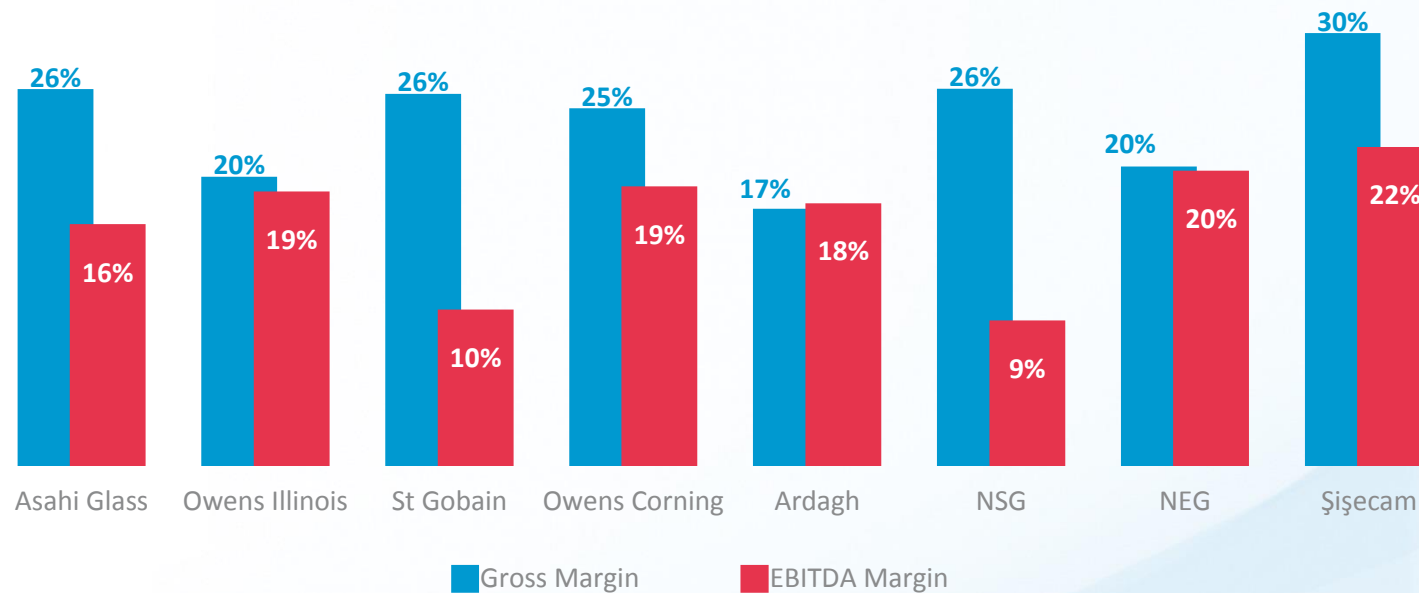


## Top 10 Countries

Italy	13%
Egypt	7%
China	5%
France	5%
Bulgaria	5%
Saudi Arabia	4%
UK	4%
Germany	4%
USA	4%
Spain	4%

# Global Presence

## Strong Global Player with Competitive Profitability



### % of Glass Sales in Total Revenues

NEG	100%
Owens Illinois	100%
NSG	100%
Şişecam	76%
Owens Corning	64%
Ardagh	61%
Asahi Glass	55%
St Gobain	25%

# Operating Territories

## Şişecam Group Production Plants in Turkey

### ŞİŞECAM FLAT GLASS

<b>Trakya Cam San. A.Ş.</b>	Trakya Polatlı Plant - Ankara Trakya Plant - Lüleburgaz Otocam Plant - Lüleburgaz Mersin Plant
<b>Trakya Yenişehir Cam San. A.Ş.</b>	Yenişehir Plant - Bursa

### ŞİŞECAM GLASSWARE

<b>Paşabahçe Cam San. ve Tic. A.Ş.</b>	Kırklareli Plant Mersin Plant Eskişehir Plant
<b>Denizli Cam San. ve Tic. A.Ş.</b>	Denizli Plant
<b>Camiş Ambalaj Sanayii A.Ş.</b>	Tuzla Plant - İstanbul Eskişehir Plant

### ŞİŞECAM GLASS PACKAGING

<b>Anadolu Cam San. A.Ş.</b>	Mersin Plant
<b>Anadolu Cam Yenişehir San. A.Ş.</b>	Yenişehir Plant - Bursa
<b>OMCO-İstanbul Kalıp San. ve Tic. A.Ş.</b>	Gebze Plant - Kocaeli
<b>Anadolu Eskişehir San. ve Tic. A.Ş.</b>	Eskişehir Plant

### ŞİŞECAM CHEMICALS

<b>Soda San. A.Ş.</b>	Soda Plant - Mersin Kromsan Chromium Compounds Plant - Mersin
<b>Camiş Madencilik A.Ş.</b>	The provinces where the company operates: Aydın, Balıkesir, Bilecik, İstanbul, Karabük, Kırklareli, Mersin
<b>Cam Elyaf San. A.Ş.</b>	Gebze Plant - Kocaeli
<b>Oxyvit Kimya San. ve Tic. A.Ş.</b>	Mersin Plant

\* As at year-end 2015, Şişecam Group has production facilities in the following countries: Turkey, Russia, Georgia, Ukraine, Bulgaria, Bosnia&Herzegovina, Italy, Romania, Egypt, Germany, Hungary, Slovakia, India.



# 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

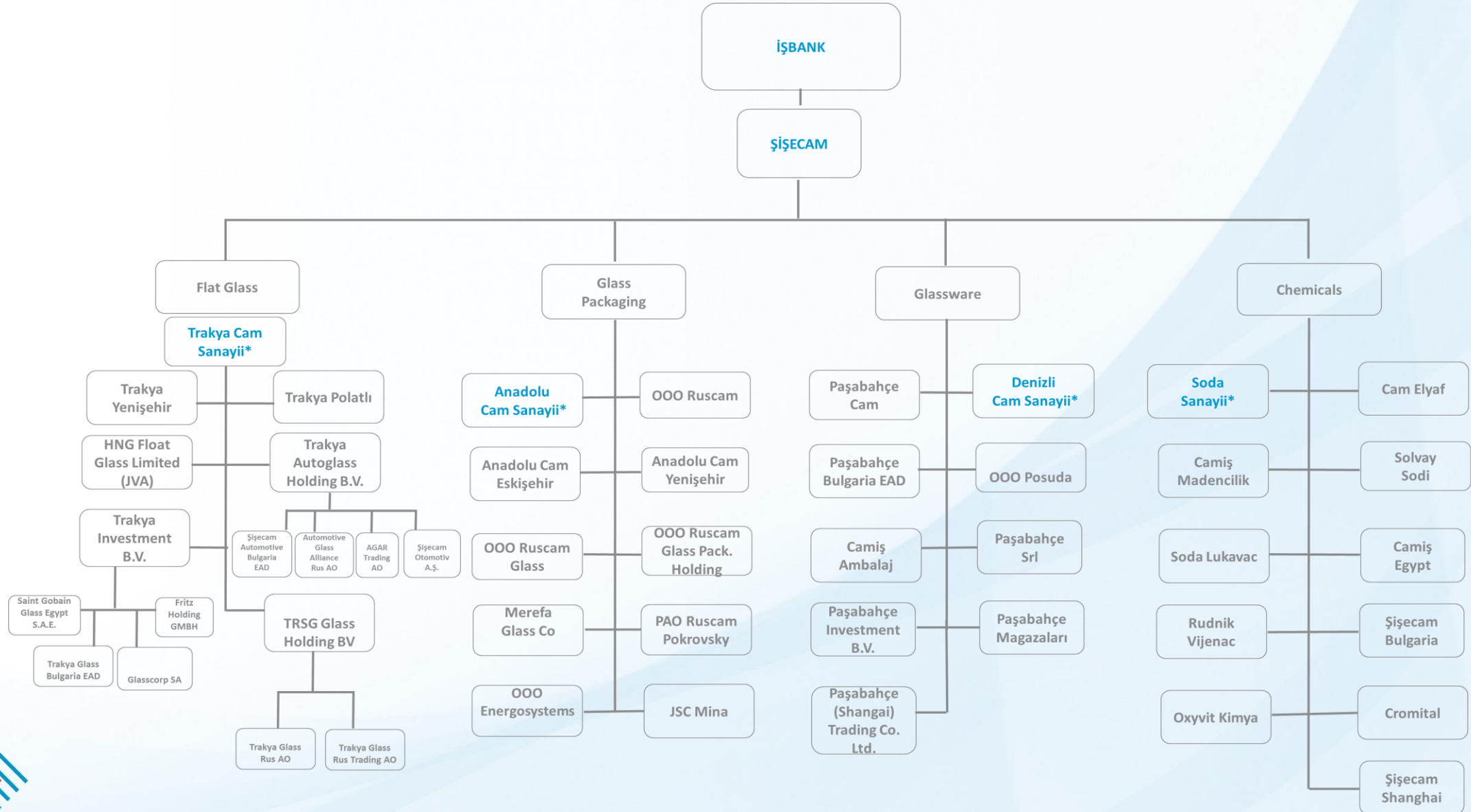
**1960-1990**  
**Strong Growth**

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** on 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-overview-and-governance/corporate-governance-policies>

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



# Disclaimer

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## FX Rates

	2011	2012	2013	2014	2015	1H2015	1H2016
<b>USD/TL</b>							
Period End	1,89	1,78	2,13	2,32	2,91	2,69	2,89
Period Average	1,67	1,79	1,90	2,19	2,72	2,56	2,92
<b>EUR/TL</b>							
Period End	2,44	2,35	2,94	2,82	3,18	2,98	3,20
Period Average	2,32	2,30	2,53	2,90	3,02	2,86	3,26

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