

## ŞİŞECAM GLASSWARE



INCREASE  
IN ŞİŞECAM  
GLASSWARE  
SALES REVENUES

**52%**

EUROPE'S AND  
THE WORLD'S  
2<sup>ND</sup> LARGEST  
GLASSWARE  
MANUFACTURER

### AN OVERVIEW OF 2021

The Covid-19 pandemic continued to affect the entire world in 2021. Supply chain disruptions were experienced worldwide due to the ongoing pandemic. While the blow to the global supply chain impacted all sectors, Şişecam saw demand grow in its glassware business thanks to its wide product range, effective sales network, and strong infrastructure. As always, Şişecam recorded sustainable profit with its customer satisfaction and digital-oriented communication approach and effective pricing strategies.

During the year, Şişecam carried out new product launches, various digital and traditional communication activities, and R&D studies aimed at target groups. With its globalization approach at the forefront, Şişecam participated in the Milan Fair – one of the world's largest HoReCa fairs. Showcasing its Nude and Paşabahçe brands, Şişecam met industry professionals in-person for the first time since the onset of the pandemic at this fair.

Due to normalization steps, demand in the home segment, which has remained strong since 2020, was supported by robust demand from the catering and B2B channels in 2021. This dynamic resulted in a rapid increase in sales. In the glass product group, sales jumped by 12% on a tonnage basis and by 52% on a TRY basis. With the right methods and strategies, normalization proceeded in a strong, stable, and sustainable manner.

### ACHIEVEMENTS IN 2021

Şişecam successfully exited 2021 with its focus on operational excellence and lean business processes while moving forward with its digitalization efforts. By ramping up its digital transformation, Şişecam aims to manage its glassware operations more efficiently, quickly, and with higher quality output. In a prime example of digital transformation, the Tuzla Showroom was transferred to the digital environment and opened for customer use, generating great interest.

Şişecam Glassware continued efforts to improve its distribution capabilities in target markets with supply chain improvements in 2021. With these improvements, Şişecam aims to enhance brand loyalty in Turkey and globally. Effective strategies related to key customer management and focused on sales and operational planning enable Şişecam to achieve an optimal balance of production, sales and inventory. In 2021, Şişecam began to see positive results of its operational efficiency and simplification efforts. The company expanded the share of upper segment and profitable products in the current portfolio. Thanks to this modification, the upper segment accounted for a larger share of total sales with a positive impact on overall profitability.

### Şişecam Glassware Sales Revenues (TRY million)

2019	3,080
2020	3,205
2021	4,878

**In 2021, Şişecam extended its track record of success in glassware and boosted its sales to over TRY 4.8 billion.**



## ŞİŞECAM GLASSWARE



### THE LAUNCH OF THE WORLD'S FIRST ANTIMICROBIAL COATED GLASSWARE WITH V-BLOCK TECHNOLOGY ATTRACTED GREAT INTEREST AND ATTENTION.

#### **Antimicrobial V-Block**

Şişecam Glassware conducts innovative and value-added product development efforts by using technology efficiently in line with consumer needs. In 2021, Şişecam attracted great interest and attention globally with the launch of the world's first antimicrobial coated glassware products with V-Block Technology. Providing 24/7 ultra-hygiene, this special formula is 94.1% effective against the Covid-19 virus, as independently confirmed by certified laboratories and the Republic of Turkey Ministry of Health. With the antimicrobial V-Block initiative, Şişecam aims to accelerate the post-pandemic normalization process in the fight against Covid-19. These innovative products were presented to customers in 63 countries around the world. As a result, Şişecam boosted exports and Turkey's economy with this revolutionary offering.

#### **Aware Collection: Made of 100% Recycled Glass**

Şişecam Glassware places a priority on sustainability and environmental awareness, while conducting its manufacturing activities with recyclable production techniques. In line with

its sustainability strategy, Şişecam aims to raise awareness on sustainability and the environment with its 100% Recycled Glassware initiative. This effort also incorporates the concept of 100% recycled glass into Şişecam Glassware products. Some 21% less natural gas is consumed while manufacturing the products in this innovative series. This collection has been presented to customers in 49 countries, resonating with environmentally aware consumers around the globe.

#### **DESIGN ACTIVITIES**

In 2021, Şişecam Glassware developed 346 designs for 105 automatic product projects; set mold approval was granted for 48 of these. As a pattern project, Şişecam prepared 572 designs; 352 of these designs were commercialized. In hand-made products, 258 designs were developed for 50 projects. In the packaging design department, Şişecam developed 1,675 designs and implemented 457 projects.

In the automatic product group, Şişecam Glassware introduced Lidded Midi Borcam Products, which were lacking in this highly popular range. The new Frezya series was further expanded by adding plates and bowls.



## ŞİŞECAM GLASSWARE INTERNATIONAL SALES

# 2.9 TRY billion

## ŞİŞECAM CONDUCTED PRODUCT RANGE RATIONALIZATION TO SUPPORT OPERATIONAL EXCELLENCE AND SIMPLICITY EFFORTS IN THE SUPPLY CHAIN.

Ilo candle stands were developed in three sizes for different usage scenarios and candle types in the handmade group. The stands were designed with a medium and large size plate and feature a glass dome. The tealight size was introduced as a single piece. Ozan Özalp's design for the Nude brand was deemed worthy of the German Design Award '22 Excellence Product Design in the "Tableware" category.

In the handmade group, Valley incense burners were designed as an interior object that can be personalized with two different types of incense. This inventive product was nominated for the IF Design Award. The Belly footed glass series, designed by Umut Sinan Karaca with the world's lightest and most durable footed glass concept, garnered the Design Turkey award. The design was also submitted to the Red Dot international competition.

Under the Nude brand, flute champagne glasses were designed for the Chinese market as part of the Wedding Gift concept. The popularity of the product grew with the application of a PVD coating.

Under the consultancy of color specialist Ümit Ünal, Şişecam Glassware held presentations and workshops on trends of the coming year and 2022/23 colors of early and indefinite use. In December, an online one-day workshop was held with Makers company as part of Design-Focused Thinking and Innovation. The workshop focused on two main topics - Innovative Glassware and Sustainable Packaging Solutions - in the post-pandemic period. During the workshop, a focus group study with 16 persons was conducted with the participation of Şişecam's design and innovation teams.

Work for the Digital Pattern Library to be built with the MDG application was carried out during the year. The library is planned to be opened as pilot

project in January 2022. As part of Glassware and Glass Packaging Synergy projects, Şişecam conducted different design studies in patterns and products. As a product design effort, Şişecam developed bowl designs that will be produced as glass packaging on IS machinery and then sold under the Paşabahçe brand.

On the decoration side, Şişecam performed design and accessory work on three different molded cobalt colored bottles, which are produced as three different mold egg jars in Glass Packaging. The aim is to sell the products in the glassware category as empty, allowing them to be used with different functions.

### CATEGORY MANAGEMENT ACTIVITIES

#### Pricing

Value-oriented pricing studies that commenced in 2020 were adopted in the Russian market in 2021, after Turkey. In the next stage of the effort, Şişecam completed optimization studies for the European region price lists; the lists are planned to be implemented in 2022. As a result, the wide product range will support the current market share by covering all price segments.

#### Product Range Management

Şişecam conducted product range rationalization project studies to support operational excellence and simplicity efforts in the supply chain while taking into account customer needs by providing a high service level.

While serving the entire household, catering and business segments, projects specific to product ranges were implemented to automate the packaging process of products with the aim of saving costs and providing fast service.

A separate study was carried out for the commonization of packaging needs of various sectors.

## ŞİŞECAM GLASSWARE



### E-Pack

The E-Pack online packaging project was developed and implemented to provide better and faster service to customers who sell online due to the growing e-commerce volume during the pandemic.

### Digital Data Platform

The Digital Data Platform initiative was launched to improve marketing, sales and digital product management processes. Standard and current product information with the same quality on all digital platforms will be fed to the website, dealer and online sales points. All processes related to the product were completed during the year.

### Drinkware Category

As a major innovation, Şişecam introduced the world's first antimicrobial coated V-Block products. V-Block was applied to products in best-selling glass series – such as Casablanca, Timeless, Iconic, Allegra, and Bistro – and in highly popular tea glasses and tea plates – such as Aida, İncebelli, Heybeli, and Üsküdar.

As a result of segmentation studies that included the Paşabahçe product range and competitive analyzes, Şişecam conducts new product studies in line with four main goals. These goals are: boosting product variety in the middle-upper segment; expanding successful series with new products; and developing products that will create a cost advantage in the entry price segment via featured products.

### Kitchen and Tableware Categories

Global demand for Borcam products, serving multi-purposes such as cooking, storage, presentation and gifts, was maintained in 2021. The functionality of the 1-1.5 liter Midi Borcam series, which meets the needs of smaller families, was increased by developing a plastic lid.

The Bake & Store food storage container development, positioned at the upper segment of the storage container line, was readied for production for 2022. The plastic lid mold renewal work of the series with eight different volumes was completed.

Under the Arda Türkmen collaboration, cake molds were added to the portfolio with both plain and nonstick coatings.

It was launched in the storage container category, with 600 cc and 1,000 cc volumes, together with a central sectioned alternative, with a locked lid. It is offered in green and gray lid colors as part of the Lockie Lock series.

Varied color and volume combinations of Chef's and Snowbox series, in which plastic lids were renewed in simple lidded storage containers, were prepared as 3-4-5 piece sets in the Combo Set concept.

In the home canning category, Şişecam conducted promotion and sales activities in wholesale and retail channels and export markets for its single jar, can lid and lidded jar product ranges, under the Paşabahçe brand.

In the Patisserie bell-shaped lidded bowl category, where Şişecam is the global leader, the Villa Patisserie series, which saves space with its stacking ability, was launched in small volume sizes. In the plate category, Petite Patisserie was developed and launched for medium-size (6-8 person) pastry presentations.



## ŞİŞECAM GLASSWARE INVESTMENTS

# 497 TRY million

**NEW PRODUCT  
GROUPS – SUCH AS  
GOBLET, CARAFE,  
JAR AND CUP SETS  
– WERE ADDED  
TO THE AWARE  
COLLECTION,  
WHICH IS  
PRODUCED FROM  
100% RECYCLED  
GLASS.**

The Madlen series was developed in crystalline form to provide both medium service and personalized use in table presentations that consumers care about when hosting guests. The Elysia series, a popular range in the upper segment of footed serving plates, introduced crystalline sugar bowls and ice cream cups in the ice cream goblets category.

### **Value-Added Products Category**

Şişecam added new product groups – such as goblet, carafe, jar and cup sets – to the Aware Collection series, produced from 100% recycled glass. Aware first launched last year and relaunched with a wider 25-product collection in 2021. The collection, prepared in environmentally friendly packaging, was introduced to a wide geography abroad.

Upper segment products – such as Timeless glasses and Estrella series plates and bowls – stand out with their engraved structure in turquoise and gray colors. These products were added to the feeder product range, one of Şişecam Glassware's production capabilities. Nova and Leia series drinkware products, mid-segment innovations, were launched with a wide range of products in turquoise, gray, purple, and pink color options.

In the decorated and colored product category, Şişecam developed a wide product range by making use of competitive

analysis outputs and external trend forecasts. Products fed from molds to be supplied regularly were added to the portfolio. Diversified products were developed for different segments in line with market needs.

Within the standard portfolio, the Golden Touch series featuring glittering gold rims in the decorated products category were enriched during the year. This offering was expanded by Iconic, Amphora, Timeless, and Elysia series products in additional sizes. These are popular, best-selling series in the middle and upper segments.

Licensed collaborations for the retail channel: The Organic-colored Glass project developed in conjunction with Coca-Cola, was presented to the European retail market. Licensed sales increased in the Turkish market with the product mix in different categories – such as glasses, mugs, plates, and carafes – developed jointly with Warner Bros. to commemorate special days and periods.

### **MARKETING ACTIVITIES**

In 2021, Şişecam carried out campaign and product communication activities to support its sales targets in parallel with ever-evolving sector and consumer needs and trends impacted by the ongoing pandemic.

Communication and engagement activities with channels, customers, and end users were conducted to boost sales and deepen brand loyalty in the domestic market and to improve brand awareness and increase market share in target markets abroad. In addition to traditional channels such as TV, radio, print, and outdoor, Şişecam focused on digital media-oriented communication activities to include influencer efforts. Digital-based communication channels were used in Turkey and target countries.

A repositioning study of the Paşabahçe brand was performed and shaped by consumer research outputs. As a result, Şişecam formulated a new brand strategy and completed brand identity work. Along with the new brand positioning inspired by the concept of "Living Well," Şişecam started using the "Live Beautiful" slogan in its communication activities. Channel and consumer communications emphasized that the brand is with users at every moment of their lives.

## ŞİŞECAM GLASSWARE



In February, Şişecam launched antimicrobial-coated Paşabahçe products with V-Block Technology that is effective against viruses and bacteria, developed by Şişecam Science Technology and Design Center. V-Block was designed as a solution to the growing hygiene needs due to the pandemic. This innovation, a first of its kind in the world, was announced to business partners and consumers with effective channel planning. V-Block communication activities continued in the Russia, Germany, Spain, China, and Italy markets, as well as in Turkey. With the awareness of its corporate social responsibility, Şişecam presented V-Block cups to healthcare workers on Medicine Day under the coordination of the Ministry of Health, General Directorate of Public Hospitals.

On Mother's Day, one of the most active periods for retail sales, Şişecam Glassware boosted its sales volume at online and retail points of sale with the "Mommy, Let's Take a Break" campaign. The special campaign reminded shoppers that Paşabahçe had the best gifts to add joy to mothers' break times, whose responsibilities increased due to the pandemic.

On Father's Day, Şişecam's communications focused on the fact that fathers took more responsibility at home during the pandemic. Paşabahçe products that would accompany fathers in their spare time were positioned as gifts. Communication activities of the "Daddy, You're Unique" campaign were carried out in online and retail chains.

In parallel with its sustainability strategy, Şişecam launched the Aware collection, produced from 100% recycled glass, in 2020. The collection was expanded in 2021 and communication efforts were conducted in October. Communication activities that encourage consumers to recycle glass for a sustainable life and raise awareness about sustainability were carried out in Turkey, Russia, Spain, Germany, Italy, France, Portugal, Egypt, Canada, Qatar, Greece, Iraq, and the Netherlands.

In 2021, Şişecam focused on the coffee product group. Communication activities were conducted for the "The Key to Fine Coffee: Paşabahçe" campaign, and "The Most Beautiful Tastes Are Much Better at Paşabahçe" campaign for the Patisserie product group.

During the Christmas season, one of the peak sales periods in retail, Şişecam introduced the communication campaign "Gift a Paşabahçe for the Best Moments of 2022." The campaign positioned Paşabahçe as a gift option that inspired living well. The successful promotional campaign appeared in outdoor and digital channels, in addition to sales points, and significantly boosted sales.

Paşabahçe Turkey and global Instagram accounts were actively managed to boost interactions with consumers and execute campaign communications in Turkey and abroad. Paşabahçe Instagram Professional account was actively managed to increase brand awareness and promote products globally for the catering segment. Influencer communications for consumers and professionals were conducted in Turkey and via global accounts.

Şişecam Glassware performed comprehensive marketing activities including social media, digital marketing, magazine advertisements, sponsorships, customer catalog works, and point of sale support. These efforts aimed to raise brand awareness and support sales in Turkey, Russia, Italy, England, Germany, Spain, and China throughout the year.



In September, Şişecam participated in the Household Fair in Russia, a major fair in the region. In October, Şişecam participated in the Host Fair in Italy, a key fair of the catering industry. At both events, Şişecam made sales contacts with business partners and potential customers. During September-December, Şişecam attended the 50Best, Housefair Düsseldorf, and Züçder events for the household sector, and Gastromasa and Sommelier Selection events for the catering industry. In December, Şişecam assessed the year at global distributor meetings in Turkey and shared expectations and plans with attendees.

In July, the 490 m<sup>2</sup> Bodrum Showroom, featuring the product portfolios of the Paşabahçe and Nude brands, was launched to meet the needs of tourism businesses in the south for catering professionals.

#### **NUDE**

In 2021, Şişecam recorded total global sales revenue (including Turkey) of Nude-branded products of USD 16.6 million, up 56% on a USD basis compared to the previous year.

Despite the negative impacts of the ongoing pandemic in target markets in the household and catering channels, Şişecam posted 46% growth on a USD basis in China, 21% in Italy, 11% in Germany, 60% in the USA, 259% in the UK, and 61% in the Turkish market.

In 2021, the Nude brand was sold at Bloomingdale's, Saks Fifth Avenue, Neiman Marcus, Nordstrom's, John Lewis and Fenwick stores. Macy's, Hudson Bay and West Elm were also added as new sales points during the year. Negotiations commenced with Pottery Barn (USA) and Selfridges (UK).

Sales through Nudeglass.com, which delivers Nude brand products to more than 100 countries worldwide, grew by 52% year-on-year.

In 2021, Şişecam introduced three new collections and 14 gift sets. Twelve sets were stocked during the year. Five collections were expanded by adding new products and color options. The hand-made llo candle stand series, designed by Nude Design Team/Ozan Özalp, won the German Design Award '22 - Excellence Product Design in the "Tableware" category. The series is one of the Nude innovation products of 2022.

Ghost Zero belly footed glass series, designed by Nude Design Team/Umut Sinan Karaca and featuring the world's lightest and most durable footed glass, garnered the Design Turkey 2021 award.

Şişecam conducted product range rationalization project studies to support operational excellence and simplicity efforts in the supply chain while taking into account customer needs by providing a high service level.

Sales of the Nude Stem Zero collection - a standout with its lightness, thinness, and Ion Shielding technology - increased by 232% on a unit basis. A new production line is planned to be put into operation in 2022 for the Stem Zero collection, highly demanded by upper segment restaurants in 2021, aimed at doubling the production capacity.

In 2021, Şişecam sponsored the "World's Best Female Chef" category at the World's 50 Best Restaurants awards ceremony. The sponsorship resulted in a high degree of brand awareness with the participation of more than 150 top restaurants and 140 members of the press from all over the world at the awards ceremony. As part of sponsorship communications, Şişecam introduced the Hepburn collection to leading press figures in London's catering industry via a collaboration with Lyaness, one of the World's Top 50 Bars. The event was part of the London Design Festival held in September in England.

#### **RETAIL STORE ACTIVITIES**

After starting well under the grip of the Covid-19 pandemic, 2021 saw a decrease in coronavirus case numbers, especially after the second quarter of the year. Together with the rollout of mass vaccination efforts and the easing of restrictive measures across Turkey, the retail sector rebounded. Thanks to the positive impact of strategic initiatives focused on cost optimization and profitability targets, Şişecam recorded significantly higher retail sales, especially in the second half of the year, that approached its targets for 2021.

## ŞİŞECAM GLASSWARE



In first quarter 2021, efficiency was the focus in Şişecam's retail business strategy. Şişecam opened its first experience store in Istanbul's Tibaş Erenköy building, which was reconstructed due to urban transformation. By closing and combining the Suadiye and Caddebostan stores on Istanbul Bağdat Avenue, Şişecam launched this new flagship location. Erenköy Experience Store features modern architectural approaches, brand new architectural detail solutions and contemporary technologies/applications. Customers are provided with mobile experiences along with digital services and solutions. Erenköy Experience Store sets an example for the experience retailing concept with both its operational efficiency and customer feedback. Efforts are underway to disseminate the experience store concept, which serves as a retail model of the future with its flagship store features. In October 2021, Şişecam opened its second experience store at İstinye Park İzmir making use of outputs from the Erenköy location.

Due to both weakened demand from the pandemic and the economic embargo, the commercial activities of the Riyadh franchise store in Saudi Arabia were ceased on December 31. At end-2021, Şişecam operated a total portfolio of 49 stores, including 46 stores in 13 provinces in Turkey, two franchise stores in Qatar, and one online store.

As part of efforts to transform and further develop its retail business in addition to the store channel, Şişecam focused on developing alternative sales points. Specialty retailing collaborations were cultivated in Turkey and abroad. These collaborations were with companies and museums representing a diverse range of sectors, including jewelry, chocolate and patisserie, flowers, and especially furniture, with selections from the customized product range. The corporate sales channel targets official institutions and organizations and focuses on corporate gifts, special product studies, invitation and organization collaborations, and HoReCa. In 2021, corporate sales boosted its share of total sales to 5% with its proactive approach.

The pandemic deeply affected the business environment as well as the lives of individuals, resulting in enduring changes in consumer habits. These shifts – such as “home” becoming the consumption focus, greater personalization in products and services, and increased digitalization – were also reflected in the design of the Paşabahçe Stores mobile application. Şişecam launched the new mobile app to customers this year. Using the mobile application, customers can access detailed information on carefully selected products, create lists by selecting their favorite products, and share their lists with others. Paşabahçe Stores mobile application has been downloaded and used by more than 50 thousand persons to date.

During the year, Şişecam enriched its retail product range in line with home-oriented consumption. Redesigned visual arrangements provided inspiration for customers, so that they can replicate in their homes what they see in retail stores.



## EXPECTATIONS AND OBJECTIVES FOR 2022

With the start of normalization in 2021, the retail sector rebounded and recent losses from the pandemic were recovered to a certain extent. The positive impacts of this recovery are expected to continue in 2022. Şişecam Glassware aims to effectively manage production, keep sales and stock in balance, boost exports, and maintain its current market position in Turkey. With the return to a “new normal,” demand for glassware is expected to rise due to the removal of pandemic restrictions in sectors such as travel-tourism, food-beverage, and retail.

Şişecam sees operational excellence as its main target for every process in the supply chain – from production to sales. With this approach, Şişecam expects to boost its exports by improving service with the positive impact of operational excellence.

After achieving most of its digital transformation goals in 2021, Şişecam aims to continue its digitization and Industry 4.0 efforts with a lean management approach in 2022.

Şişecam is focused on increasing its market share and generating sustainable profit with its lean product portfolio, value-added products and value-based pricing. In parallel with consumption needs and new trends, Şişecam plans to emphasize investment and product development processes once again in 2022. Thanks to the already elevated customer satisfaction, Şişecam will further expand its existing customer portfolio. With its strong marketing and sales strategy, Şişecam expects to achieve its ambitious customer acquisition goals in targeted sectors.

In fourth quarter 2021, Şişecam introduced the Mask series, to great customer interest. In ancient times, masks were thought to protect the place they were hung, keep evil and diseases away, and create a sense of privacy. The Mask series was developed with the mastery and modern approach of Paşabahçe Stores.

In 2021, the Paşabahçe Stores website recorded about 8 million individual logins with over 4 million unique visitors. E-commerce sales jumped by 43% year-on-year. Online sales channels constituted 5% of total sales at year’s end.

In July, Şişecam launched the “360 Degree Virtual Store Tour.” Customers were now able to take a virtual tour of the Erenköy Experience Store, review the store aisles and products, view prices and features of the products they were interested in as if they were physically present in the store. In addition, visitors can complete their shopping via the e-store by adding the products they liked to their online shopping basket. The 360 Degree Virtual Store Tour has been visited by about 48 thousand individual users to date.

In 2021, some 76 thousand new customers became members of the KULÜP Card loyalty program. The total registered KULÜP Card membership exceeded 300 thousand by year’s end.

Various collaboration initiatives were implemented during the year to boost visibility on social media and use these channels more effectively. These efforts, especially those on the Instagram channel, increased the number of followers of the Paşabahçe Stores Instagram account to nearly 1.3 million by the end of the year.

Paşabahçe Stores is committed to providing a high level of customer satisfaction and high quality service. In 2021, Paşabahçe Stores aimed to further improve its customer support services in line with customer trends and expectations. To this end, a “Live Help” feature was added to both the mobile application and the website during the year.

In parallel with developments in the retail sector, Paşabahçe Stores undertakes efforts aimed at growth and development in its fields of activity, especially on digital and global retail channels.