

## Şişecam Glass Packaging

# Operational excellence and new technology investments

### INCREASE IN ŞİŞECAM GLASS PACKAGING NET SALES REVENUE

# 139%

Europe's and the  
World's 5<sup>th</sup> Largest  
Glass Packaging  
Manufacturer

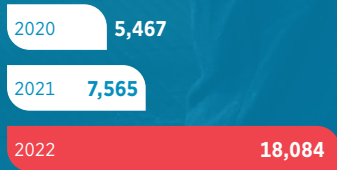
### AN OVERVIEW OF 2022

Looking at the glass packaging sector, the beverage (alcoholic and non-alcoholic) sector drove the market the most globally.

Especially in the European region, the energy crisis increased cost pressures on glass packaging manufacturers. While industry players focused on product mitigation projects, operational excellence, and efficiency efforts in order to achieve sustainable profitability levels as a result of rising energy and input prices, investments in digitalization and sustainability areas, which become increasingly important in the sector, continued without slowing down.

At this stage, the glass packaging market in Türkiye, which is still our main operating geography, was positively affected by factors such as the increase in hygiene awareness and the orientation towards packaged and healthy food, as well as demand from tourism and the sectors served, especially beverage, despite the difficulties caused by high inflation, increasing energy, and input costs in the economy in 2022.

### Şişecam Glass Packaging Net Sales Revenue (TRY million)



Şişecam Glass Packaging recorded net sales revenue of TRY 18,084 million as of year-end 2022.



# Continuous production, growing sales

In 2022, Şişecam Glass Packaging's net sales revenue increased by 139% compared to the previous year.

## ACHIEVEMENTS IN 2022 AND GOALS FOR THE FUTURE

Despite all its challenges, in 2022, when macroeconomic and geopolitical fluctuations prevailed, Şişecam successfully pursued its goals with its transformation capabilities, investments, and practices that create sustainable value. Şişecam Glass Packaging, with the experience it attained, continued its growth moves in 2022 by accurately evaluating risks and opportunities in an environment where sharp and frequent fluctuations were observed.

Automation, operational excellence, new technology investments, digital transformation efforts, and, of course, a competent and qualified workforce were the biggest competitive advantages for Şişecam Glass Packaging in 2022 as well.

Operating as a global company, Şişecam Glass Packaging's human resources are equipped with the knowledge and skills to fulfill the requirements of its business in all regions it serves.

Şişecam Glass Packaging realized its sales in 2022 by using the right planning methods for its capacity, with the impact of the worldwide recovery and positive industry trends.

Şişecam Glass Packaging maintained its position as the market leader in Türkiye and Russia while developing its activities as a supplier of major global companies.

With the removal of the temporary glass packaging customs duty on imports in order to serve the increase in demand experienced in the Turkish beverage industry in 2022, customers were supported at a maximum level by procuring products from Şişecam Glass Packaging's Russian facilities.



Şişecam Glass Packaging has carried out its production activities uninterruptedly despite all the uncertainties experienced during the pandemic since 2020. The company manages its service quality in the most efficient way in all regions where it operates, except for global distresses such as the container crisis. With its strategies developed in 2021 and 2022, Şişecam Glass Packaging gained the necessary knowledge and awareness against similar situations that may be encountered in coming years.

In 2022, Şişecam Glass Packaging's net sales revenue increased by 139% compared to the previous year and amounted to TRY 18,084 million.

## NEW INVESTMENTS, NEW CAPACITIES

As the market leader in Türkiye and Russia in glass packaging, Şişecam ranks among the top five manufacturers in Europe and worldwide. One of the leading players in the global glass packaging market with its customer-oriented approach and innovative designs, Şişecam sustains its large-scale investments in order to further strengthen its competitive position in global markets.



Operating in glass packaging in a total of four countries - Türkiye, Georgia, Russia, and Ukraine - Şişecam started to invest in its Hungary facility in 2022 in line with its strategy of positioning itself as a local manufacturer in Europe. As the first step of the strategy to produce in new geographies in glass packaging, Şişecam expanded its current production footprint with the Hungarian facility planned to have a net production capacity of 330 thousand tons per year. With this investment, it will meet the glass packaging demands of both Hungary and foreign markets faster, manage risks that may arise due to global disruptions in the supply chain more easily, and strengthen its position in the European market. The Hungary facility, which is compatible with Şişecam's smart factory vision and will use the latest technologies, will also support its sustainability strategy with its technical features and environment-friendly infrastructure.

Having decided to invest in a new furnace with an annual capacity of 155 thousand tons at the Eskişehir Glass Packaging Production Facility, which currently operates with four furnaces, Şişecam continued its capital investment efforts in 2022 as well. With this investment, Şişecam's installed production capacity in Türkiye will increase to 1.5 million tons per year, effectively utilizing its growth potential in the glass packaging market.

#### **NEW PRODUCT WORKS**

Thanks to its unique and innovative designs, Şişecam is a leader in glass packaging domestically and globally. Şişecam's glass packaging design activities are conducted by the Şişecam Science, Technology and Design Center.

In 2022, the Center made 353 designs and 121 analyzes for 108 product projects. Forty-nine of them were carried out as improvement and mitigation work.

#### **GROSS PROFIT**

TRY **5.4** Billion

Şişecam Glass Packaging posted gross profit of TRY 5.4 billion as of year-end 2022.

# Advanced production technologies

Heavily investing in automation and advanced production technologies, Şişecam remains committed to boosting operational efficiency in all aspects of its operations.

## ENERGY AND RAW MATERIAL SAVINGS

# 17.3%

With the project to produce an ultra-light mineral water bottle with a weight of 110g, Şişecam recorded a 17.3% savings in energy and raw material consumption.

Şişecam operates in line with its vision to become a global glass packaging manufacturer that adds value to people and the environment. Toward these ends, Şişecam has received 77 awards, including 18 presented by organizations outside Türkiye, since 2006. As the creator of so many award-winning designs, Şişecam Science, Technology and Design Center is committed to adding new ones to its collection of innovative, high-quality and user-friendly designs.

### **110g Ultra-Light Mineral Water Bottle Project**

In the market, average 20cl mineral water bottles are produced with 130-135g weights. The aim of this project is to reduce these weights and encourage the use of standard products, while lowering the amount of raw materials and energy consumed. The accomplishments of the project to produce an ultra-light mineral water bottle with a weight of 110g are as follows:

- 17.3% savings in energy and raw material,
- 19% reduction in production-induced carbon dioxide emissions,
- 14% reduction in carbon dioxide emissions due to transfer,
- Logistics cost advantage due to a reduction in pallet inner number (-50 per year).

The bottle design was shaped by analysis studies and the experience of our technical teams.

Produced by reducing the use of energy and natural resources with a sustainability vision, Türkiye's lightest mineral water bottle was introduced to consumers and mineral water producers.

In line with efforts to raise consumer awareness on glass packaging, the Şişecam continued to share a wide range of glass-related content under the topics of environment, health, life, and taste through its social media channel.

Şişecam Glass Packaging participated in the 27<sup>th</sup> Eurasia Packaging Fair organized at TUYAP Fair Convention and Congress Center between November 12-15, 2022. At the fair, Şişecam informed visitors about safe packaging, the characteristics of glass packaging, glass packaging production methods, and glass packaging products developed with innovative technologies, and exhibited its wide product portfolio for various industries from food to pharmaceuticals.

## **EXPECTATIONS AND OBJECTIVES FOR 2023**

The year 2023 comes with concerns about the prospect of a global recession. In addition, geopolitical developments are expected to remain a major risk factor that can put pressure on economic activity.

It is anticipated that the world trade volume of goods and services will lose momentum in 2023, under the shadow of geopolitical tensions that



Türkiye's first 110g  
Ultra Light Mineral Water Bottle

limit global trade in addition to supply chain disruptions, and international logistics issues.

Intertwined factors such as the ongoing Russia-Ukraine war, US-China trade tensions, the transition from globalization to a multipolar world order, access to energy resources, and pricing issues increase the uncertainties. The current uncertainty makes it difficult to globally collaborate on issues such as the sustainability of the environment, combating the environment and climate change, and supply security.

Despite all these issues, the rise of health and hygiene awareness due to the pandemic increased the tendency to consume packaged food and beverages.

The consumer's adaptation to the new normal and the point consumption habits reached indicate that the risks anticipated for 2023 will have a relatively limited impact on glass packaging consumption.

Şişecam Glass Packaging aims to maintain its presence in existing export markets while keeping its market leadership in Türkiye, Russia, and Georgia, where it operates in line with its operational excellence target. In addition, toward its goal of becoming a global player, it will keep expanding into new potential export markets. While the capacity increase in Türkiye will help create resources to achieve this, with the commissioning of the Hungarian investment, Şişecam Glass Packaging will strengthen its position in export markets with its settled production capacity in Europe.

Şişecam Glass Packaging aims to continue playing a key role in the future of all its stakeholders, particularly employees and customers, as was the case in the past.

Efforts will be maintained to invest in high automation and advanced production technologies, to standardize operations between facilities, and to increase operational efficiency in all areas through data science applications. While digital infrastructure transformation and sustainability projects in all its functions are continued in order to become the preferred glass packaging supplier, the subjects of operational excellence, end-to-end effective management of the supply chain, customer loyalty, and total quality management will be among the most important focus areas in 2023.

Şişecam Glass Packaging uses its existing capacity in the most efficient way to create a rational commercial structure and creates an effective product and customer portfolio without ignoring the company's profitability. This will continue to contribute positively to both the commercial relations of the company with its stakeholders and its service quality in 2023.