

# ŞİŞECAM

Analyst & Investor Call 2023

March 5, 2024

## Content



### 2023 Key Financial Results

**Liquidity & Capital Allocation** 

Key Financials w/o IAS 29

**Ongoing Investments** 

Sustainability

## Important Notice for Inflation Accounting (IAS 29)



- Turkey has economic conditions that require reporting entities in the country to follow the methodology set out in International Accounting Standards ('IAS') 29 'Financial Reporting in Hyperinflationary Economies'.
- Pursuant to the decision dated December 12, 2023, and numbered 10744 by the BRSA, banks, financial leasing, factoring, financing, savings financing, and asset management companies are not subject to inflation adjustments required under TAS-29 in their financial statements as of December 31, 2023.
- IAS 29 requires the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy to be restated for changes in the general purchasing power of that currency. Comparative figures for prior period(s) should be restated into the same current measuring unit.
- According to IAS 29.3, hyperinflation is indicated by the characteristics of an economy, which include but are not limited to the followings:
  - o The cumulative inflation rate over three years is approaching, or exceeds, 100 percent.
  - o The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency
  - oThe general population regards monetary amounts in terms of a relatively stable foreign currency
  - o Pricing of credit compensates for the expected loss of purchasing power, even in short credit periods
  - o Interest rates, wages and prices are linked to a price index
- Pursuant to the Capital Markets Board Decision dated 28.12.2023 and numbered 81/1820, Sisecam is subject to IAS 29 inflationary accounting provisions, starting from its 2023-year end earnings disclosure. Thus, 2023 and comparative 2022 year-end financial results, stated in this presentation, contain Sisecam's audited financial information prepared according to Turkish Financial Reporting Standards by application of IAS-29 inflation accounting provisions.
  - Non-monetary assets and liabilities are restated
  - Non-monetary items carried at current value are not restated
  - o Monetary items (ie cash, financial assets) are not subject to indexation and thus not restated
  - All items in P&L are expressed by monthly indexation through consumer price index from the dates when the incomes and expenses accounted and up until the
    reporting date. Cost of goods sold, depreciation, and deferred tax items are subject to recalculation based on respective restated B/S items.
- Application of IAS-29 inflationary accounting provisions of Sisecam's financial figures is expected to continue until Türkiye's economic conditions no longer met the above stated IAS 29 criteria.
- Please refer to slide 13 of this presentation for Sisecam's unadited key financials without IAS 29 impact.

# Şişecam Segmental Reporting



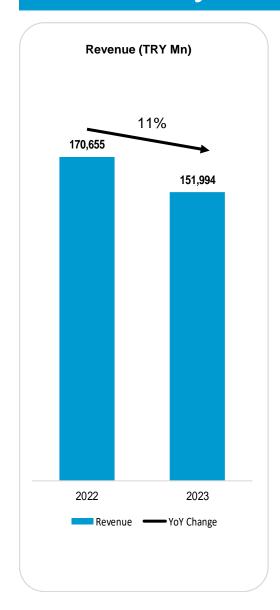
New	Architectural	Industrial	Glassware	Glass Packaging	Chemicals	Energy	Other
	Architectural	Automotive Glass	Glassware	Glass Packaging	Soda Ash	Electric (Cogen.)	Mining
		Encapsulations			Chrome	Energy Trading	Oxyvit
		Home Appliances			Port Management		Offset Packaging
		Glass Fiber					Refractory Mat.
							Holding Services*

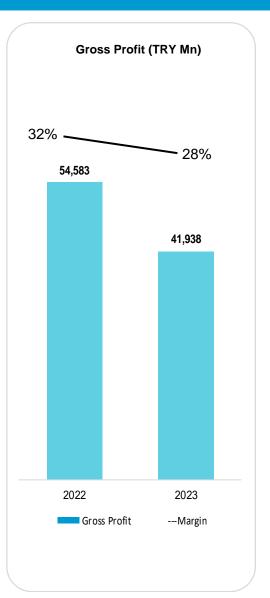
	Architectural	Auto Glass	Glassware	Glass Packaging	Chemicals	Other	
	Architectural	Automotive Glass	Glassware	Glass Packaging	Soda Ash	Energy Trading	
	Home Appliances	Encapsulations	Offset Packaging		Chrome	Refractory Mat.	
					Electric (Cogen)	Holding Services*	
					Mining		
					Glass Fiber		
					Oxyvit		

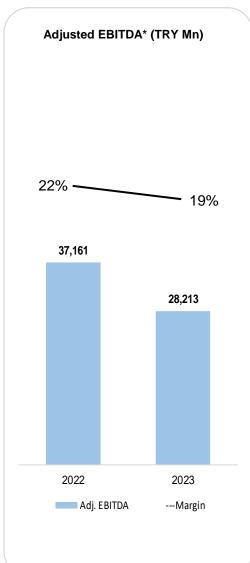
<sup>\*</sup>Consist of subsidiaries operating in recycling of packaging waste and non-hazardous waste, insurance agency services, and foreign trade activities

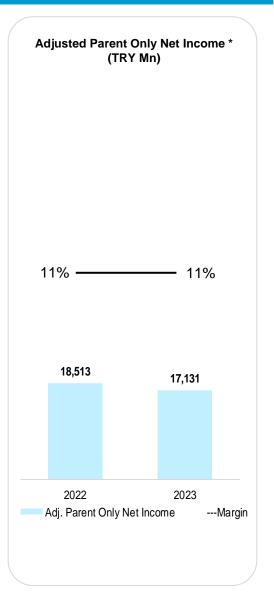
## 2023 Key Financial Results







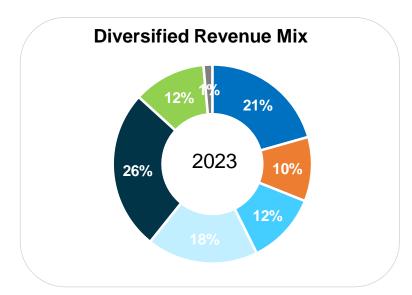


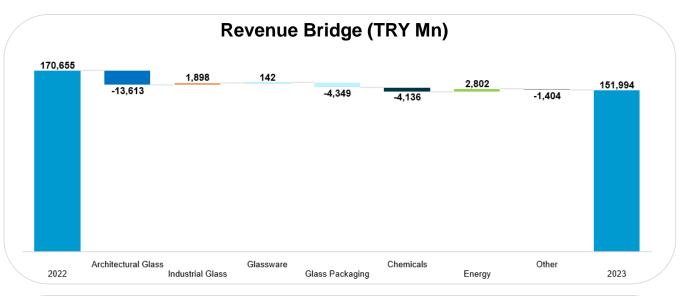


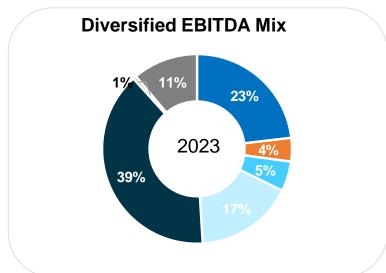
<sup>\*</sup>EBITDA and Parent Only Net Income are adjusted to one-off items

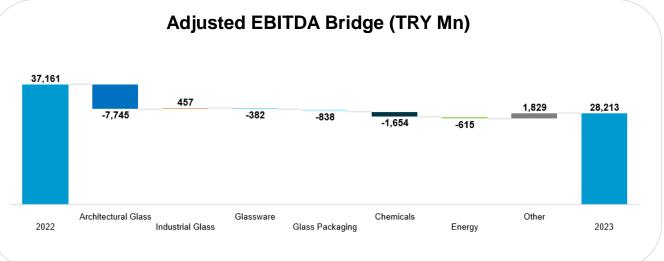
## 2023 Segmental Revenue and EBITDA





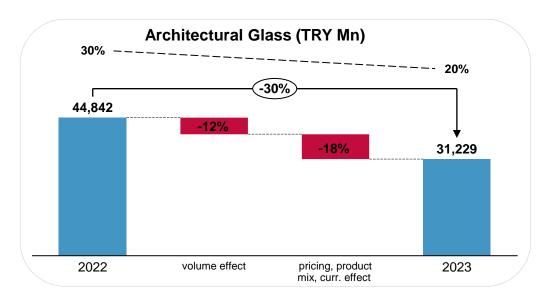


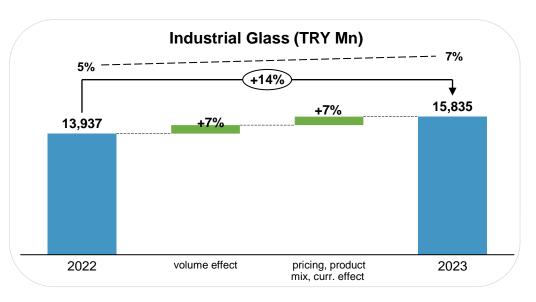


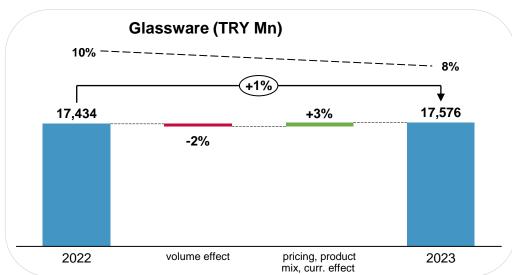


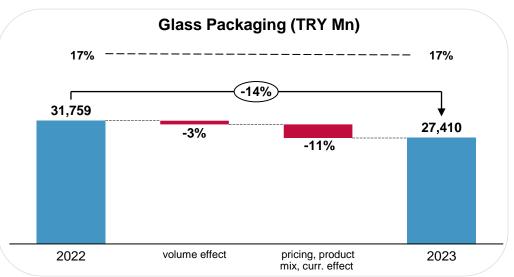
## 2023 Segmental Revenue and EBITDA Margin







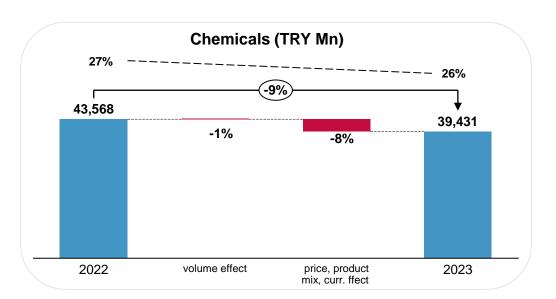


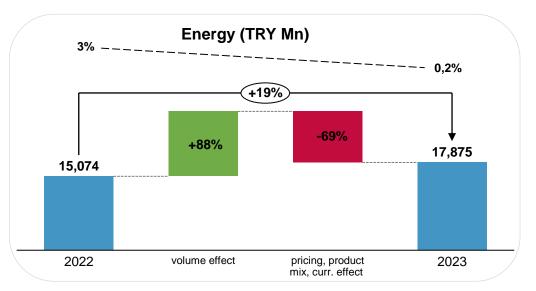


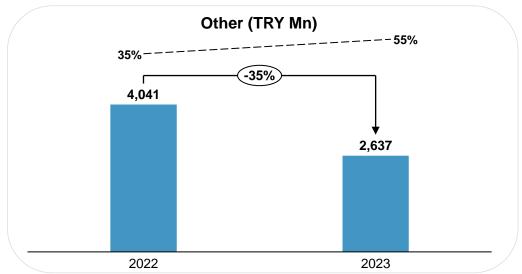
- · All revenue figures showing net external sales
- EBITDA Margins derived from one-off gain/loss adjusted figures

## 2023 Segmental Revenue and EBITDA Margin





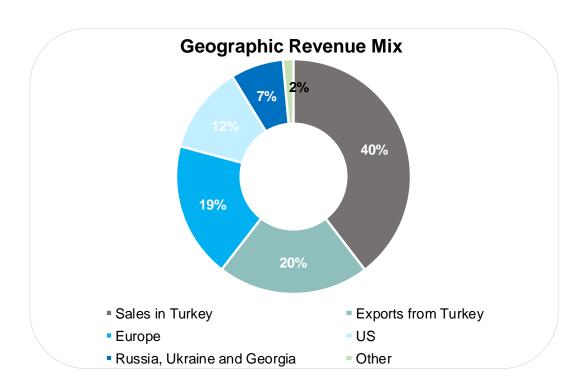


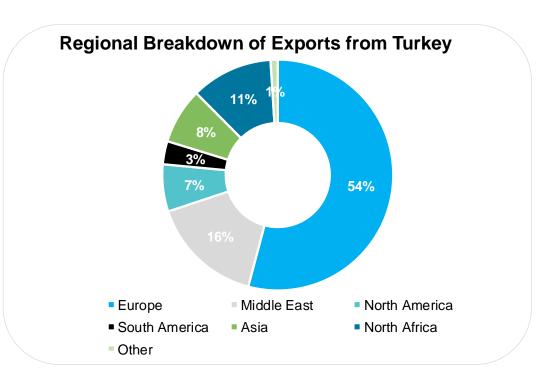


- All revenue figures showing net external sales
- EBITDA Margins derived from one-off gain/loss adjusted figures

## 2023 Regional Results







Top 10 Export Countries Italy, Egypt, USA, France, Spain, Israel, UK, Germany, Bulgaria, Brazil

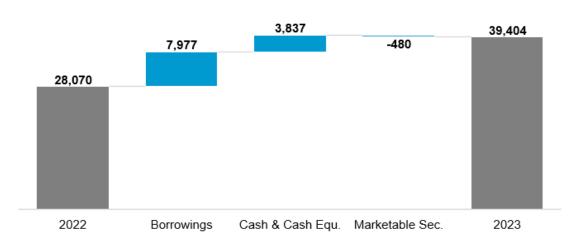
USD 1.1 Bn exports revenue

Exports to 150+ Countries

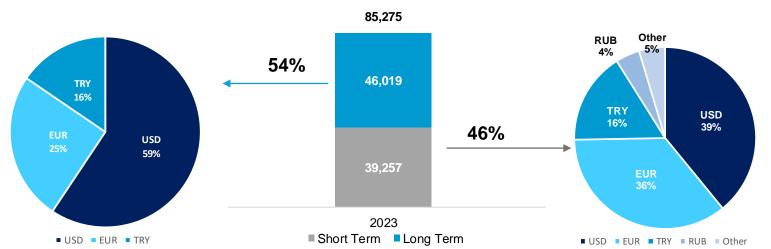
### **Debt Position**



### **Net Debt Bridge (TRY Mn)**



**Term Structure of Gross Debt (TRY Mn)** 



Net Debt: USD 1.3 Bn

Net Debt/EBITDA

1.3x

Fixed / Variable
Interest Rate
76% / 24%

Net Long Fx Position TRY 10.7 Bn

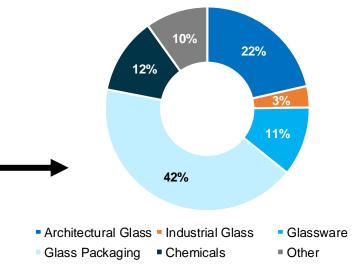
<sup>\*</sup>USD 1.6bn equivalent long-term liabilities include USD 700Mn Eurobond issued in March 2019

# FCF & Capex



(TRY Mn)	2022	2023	Change	
Net Profit	24,033	18,978	-5,055	
Non Cash Items	5,736	11,064	5,328	
Changes in Working Capital	-4,989	9,980	14,968	
Cashflow from operations	24,780	40,022	15,241	
Interest received,net	-1,793	-5,071	-3,278	
Dividend paid,net	-4,072	-4,712	-640	
Taxes paid	-4,953	-2,370	2,583	
Capex	-12,900	-20,991	-8,092	
Monetary Gain/Loss on CCE	-13,566	-16,352	-2,785	
FCF	-12,504	-9,474	3,030	- Arc
				- CI





Working Capital/Revenue 29%

CAPEX/Revenue 14%

Adjusted EBITDA/CAPEX 1.3x

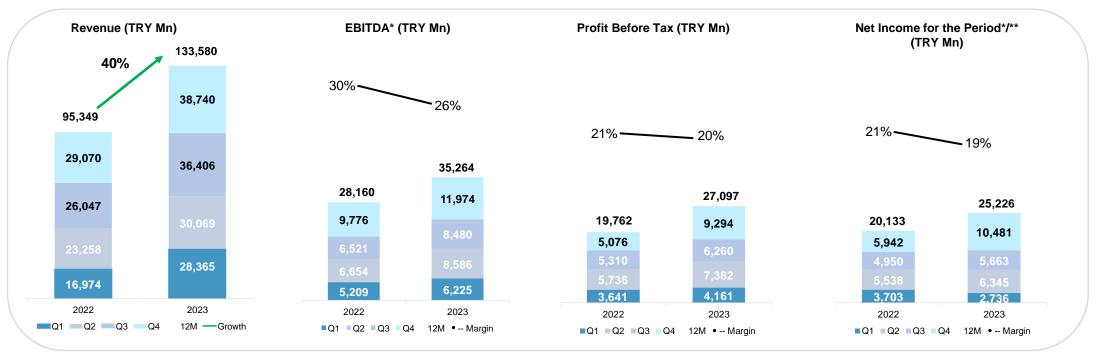
# Ongoing Investments

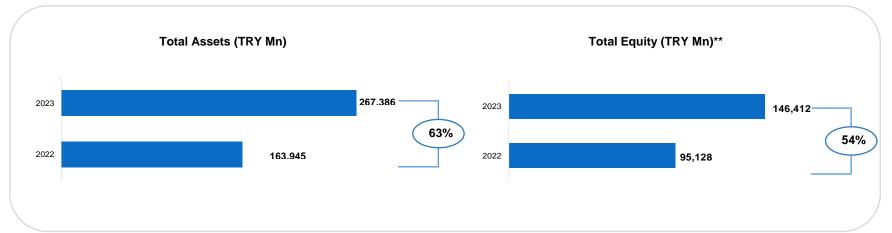


Business Line	Investment	Investment Style	Post-Investment Gross Annual Capacity	Announcement Year	Expected P&L Impact Date	Location
Architectural Glass	chitectural Glass Flat glass / TR-1 Float Line Cold Repair & Capacity Increase Cold Repair + Capacity Increase 360k		360k tons (126k tons addition)	2021	in 2027	Kırklareli, Turkey
Architectural Glass	A New Patterned Glass Furnace and A New Energy Glass Processing Line Investment	Greenfield	Patterned Glass Furnace: 396k tons (288k tons addition) Energy Glass Processing Line: 26.6 million m2	2022	in 2025	Mersin/Tarsus, Turkey
Architectural Glass	Flat glass / TR-9 Float Line	Greenfield	432k tons	2023	in 2025	Tarsus, Turkey
Architectural Glass	Coated Glass Line Investments in Turkey, Italy, and Bulgaria	Capacity Increase	41.5 million m2 (19.5 million m2 addition)	2024	in 2025	Turkey, Northern Italy and Bulgaria
Glass Packaging	Glass Packaging Plant investment	Greenfield	396k tons	2021	in 2025	Kaposvar, Hungary
Glass Packaging	A new furnace investment in Eskisehir Glass Packaging Plant	Brownfield	198k tons	2021	in 2024	Eskişehir, Turkey
Chemicals	USA Natural Soda Ash Investment (Pacific and Atlantic)	Greenfield	Pacific&Atlantic mines total stake adjusted natural soda ash capacities: 3 million tons	2021	in 2028	Wyoming, USA
Chemicals	Stockton Port Management Project & Partnership Investment	Greenfield	5 million tons	2023	in 2027	Stockton, USA
Chemicals	Mersin Soda Ash Plant Capacity Increase	Capacity Increase	175k tons	2024	in 2026	Mersin, Turkey
Mining	Mersin/Tarsus new sand preparation facility investment and Mersin limestone and dolomite processing facility capacity increase	Greenfield + Capacity Increase	Sand preparation facility: 490K tons Limestone and dolomite processing facility: 375k tons (165k tons addition)	2023	in 2024	Mersin, Turkey

## Key Financials (w/o IAS29)









## Care for Next Sişecam's 2030 Sustainability Strategy at a Glance

















## Care for Next Sustainability Governance



### **BOARD OF DIRECTORS SUSTAINABILITY** COMMITTEE

#### **CHAIRMAN**

Sisecam Chairman of the Board

#### **MEMBERS**

At least 3 non-executive Board Members

#### MAIN DUTIES AND RESPONSIBILITIES

- Integration of sustainability into Sisecam's structure
- Acceleration of integration
- Identifying relevant policies and approaches

### SUSTAINABILITY EXECUTIVE COMMITTEE

#### **CHAIRMAN**

Şişecam CEO

#### **COORDINATOR**

**Chief Strategy Officer** 

#### **MEMBERS**

Chief R&D and Quality Officer Chief Human Resources Officer Chief Supply Chain Officer Chief Production Officer Chief Information Officer **Chief Sales Officer Chief Financial Officer** 

#### MAIN DUTIES AND RESPONSIBILITIES

- Sustainability vision, priority and strategy determination activities
- Internal and external stakeholder communication
- Sustainability targets and performance tracking of working groups

### **WORKING GROUPS**

**PROTECT the PLANET Working Group** 

**EMPOWER SOCIETY Working Group** 

**TRANSFORM LIFE Working Group** 

### MAIN DUTIES AND RESPONSIBILITIES

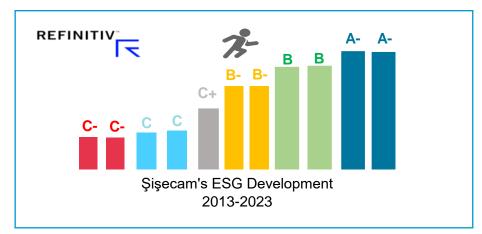
Execution of sustainability action



## Corporate ESG Performance, Reporting and Verification



### CORPORATE ESG PERFORMANCE



 Şişecam's ESG performance is above the average in national and international sustainability indices and assessments.



- o Our Refinitiv score has been A- since 2022.
- o Listed in the BIST's Sustainability Index since 2016.
- Included in the BIST Sustainability 25 Index.

### **OUR SUSTAINABILITY REPORTING PRACTICES**

- Disclosures since 2013
- Full coverage of entire operations and geographies
- GRI methodology followed
- Third Party Assurance is taken for the Sustainability Report.
- 2022 Sustainability Report published in July.

#### SCOPE OF VERIFICATION / ASSURANCE



- Data check and review of the entire facilities (in Türkiye and abroad)
- On-site audit of 6 facilities
- Verification of total of 10 environmental and social parameters:



### Care for Next Sişecam's Sustainability Statement



In addition to the Sustainability Policy, which includes our basic principles, the "Sustainability Statement", which contains our goals and commitments regarding our 11 material ESG topics and is a guide to communicate our actions, has been published on our corporate website (https://sisecam.com.tr).





### Protect the Planet:

in "Circular Production." Toward the goal of becoming carbon neutral b adopt globally accepted GHG reduction targets, implementing low of design, and expanding our inhouse renewable energy production capa by expanding interlinked industrial symbiotic practices. We value circula model while treating waste as a source material and/or energy source.

### (\$\hat{1}\) Empower Society:

We prioritize "Corporate Heritage," "Equality, Diversity and Inclusion and "Occupational Health and Safety" while delivering value-adding in operate. We remain loval to glass heritage and aim to disseminate it to to Equality. Diversity and Inclusion, we plan to retain our pioneering rol menting the Women's Expression Program, One Şişecam Corporate Cult based and Competency fit Talent programs across Sisecam. Our net z ship and Cultural Transformation Program targets our entire value cho We also foster lifelong mental and physical health by providing employed

### Transform Life:

Our goals aimed at implementing a "Digitalized Value Chain," boostin expanding "Value-Added Partnerships" are key drivers for integrating s Toward expanding our range of Sustainable Products, we see Life Cycl biggest opportunities in fostering sustainability at the product design a Value-Added Partnerships, we base our Supply Chain Sustainability ap continuously improving our suppliers with an aim of instilling Şişecam's



we manufacture to have a net positive impact on the climate. In ti bodies to keep global warming below 2°C and to minimize the imp

#### **GOALS FOR 2030**

- Glass is a critical material for a carbon neutral future with its energy We contribute to the fight against the climate crisis at the point low-carbon solutions.
- We examine opportunities for adopting globally accepted GHG I

- We monitor and report greenhouse gas and air emissions from
- We reduce the carbon footprint and energy use of our production energy and recycling activities.
- We develop scenario analyzes and business models for climate
- We expand our renewable energy capacity in our production

#### Water Use

One of the most critical impacts of the climate crisis is how extrer of water-stressed areas worldwide is proliferating and water-rela committed to conserving water, a highly valuable natural resource



Acquisition, Development and Management" and "Occupational holders as one of our most important responsibilities. Accordingly on a global scale, fostering gender equality, cultivating a multino recruiting new generation talent, and ensuring occupational hea

#### Sisecam projects and initiatives under the

- "Empower Society" pillar serve SDG 3 - Good Health and Well-Being
- SDG 4 Quality Education SDG 5 - Gender Equality
- SDG 8 Decent Work and Economic Growth SDG 10 - Reduced Inoqualities
- SDG 17 Partnerships for the Goals

#### Corporate Heritage

We are proud to be the first large-scale glass production facility blocks of the preservation and development of glass culture in o heritage among future generations with our wide range of activi-

#### **GOALS FOR 2030**

Within this framework

- With the responsibility as the biggest producer of the domes
- We organize international events that present glass and art to
- We remain loval to alass heritage and disseminate it to future . As one of the main sponsors of the International Commission of
- together academics and companies specialized in the field of a glass industry and take the necessary steps toward those ends
- We present our glass art collections to visitors in both physical a

#### Equality, Diversity, and Inclusion

Equality, diversity, and inclusion in the working environment are a conduct our human resources processes based on the compete inclusive stance that supports each of our employees to realize t committed to reflecting an egalitarian and inclusive working envi spreading it among our business partners.

### Care for Next

Value Chain," "Sustainable Products" and "Value-Added Partnersi integrated, more digital, more optimized while adhering to an open

#### \$işecam projects and initiatives under the 'Transform Life" pillar serve

- SDG 8 Decent Work and Economic Growth
- SDG 9 Industry, Innovation and Infrastructure
- SDG 12 Responsible Consumption and Production
- SDG 17 Partnerships for the Goals

#### Sustainability across the Value

We care about disseminating our work and efforts that impact socie In this way, we develop together with our value chain and increase

#### **GOALS FOR 2030**

#### Within this framework

- We take steps to integrate environmental, social and governan chain - including supplier management assessment, implement
- We implement a sustainability approach on selecting, engaging, t Tier-1 suppliers with an aim of instilling Sisecam's culture to those in
- our service level and supporting brand strengthening efforts on di
- · With a holistic perspective, we conduct customer satisfaction sur improvement areas and to ensure excellence in customer service
- We adopt a green supply chain management approach for a suste our entire value chain, including production, the supply chain, mat
- As part of our effective supply chain management and responsible ensure compliance of all our suppliers with the Sisecam Supplier C
- As part of our commitment to protect human rights, we take nece purchased by those who violate or acknowledge the violation of
- We provide sustainability trainings to our suppliers

### M | Care for Next

#### POLICY ECOSYSTEM

Since the CareforNext strategy intersects a wide variety of areas, the supporting policy/procedures are as follows:

- Sustainability Policy
- Diversity and Inclusion Principle
- Environment and Energy Policy
- Waste and Circular Economy Policy
- Quality Management Policy · Human Resources Policy
- Information Security Management Policy
- Occupational Health and Safety Policy
- Gift and Hospitality Policy
- Disclosure Policy
- Profit Distribution Policy
- Compensation Policy
- Donation Policy
- Code of Ethics
- Compensation Policy of Senior Executives
- · Anti Bribery and Anti Corruption Policy
- Human Bights Policy

#### STATEMENT RESPONSIBILITY

Sustainability Statement is approved by the Sisecam Board of Directors, Sisecam Executive Board is responsible for the development, publication, periodic review and, if necessary, revision of the Sustainability Statement. Sisecam Executive Board submits revisions of the statement to the Board of Directors. Revisions regarding the statement are published after approval by Şişecam Board of Directors



## Updates on Sustainability Initiatives & Projects



#### **WOMEN'S EMPOWERMENT PRINCIPLES**



to environmental challenges

Businesses should uphold the elimination of discrimination

in respect of employment and occupation

PRINCIPLE 6

- By signing the Women's Empowerment Principles (WEPs), Sisecam undertakes to implement the 7 principles of WEPs in every subject and level.
  - Principle 1: Establish high-level corporate leadership for gender equality
  - Principle 2: Treat all women and men fairly at work- respect and support human rights and nondiscrimination
  - Principle 3: Ensure the health, safety and well-being of all women and men workers
  - Principle 4: Promote education, training and Professional development for women
  - Principle 5: Implement enterprise development, supply chain and marketing practices that empower women
  - Principle 6: Promote equality through community initiatives and advocacv
  - Principle 7: Measure and publicly report on progress to achieve gender equality

#### UNITED NATIONS GLOBAL COMPACT Sisecam signed the United Nations Global Compact in order to contribute to the creation of a common culture in the business world within the framework of universal principles. Businesses should support and respect the protection Businesses should work against corruption in all its forms. of internationally proclaimed human rights, including extortion and bribery within the scope of their influence PRINCIPLE 2 **PRINCIPLE 9** Businesses should make sure Businesses should encourage that they are not complicit in human the development and diffusion rights abuses of environmentally friendly technologies PRINCIPLE 3 PRINCIPLE 8 Businesses should uphold Businesses should the freedom of association undertake initiatives and the effective recognition to promote greater of the right to collective environmental responsibility bargaining PRINCIPLE 7 PRINCIPLE 4 Businesses should support Businesses should uphold a precautionary approach the elimination of all forms

6

of forced and compulsory labour

Businesses should uphold the abolition of child labour



## Care for Next Updates on Sustainability Initiatives & Projects



### THE ZEVRA (ZERO EMISSION ELECTRIC VEHICLES ENABLED BY HARMONISED CIRCULARITY) PROJECT

- The ZEvRA (Zero Emission Electric Vehicles Enabled by Harmonised Circularity) project was launched to contribute to a clean and competitive future by improving the circularity of electric light-duty vehicles and includes Sisecam as one of its partners. This innovative effort received a grant of EUR 250,000 from European Union's Horizon Europe program.
- Coordinated by **Fraunhofer Institute**, Europe's largest applied science. research, and development organization, in line with the EU's zero carbon emission target for 2035, the ZEvRA project will be realized with the contributions of 28 partners, including world-renowned automotive companies such as Skoda, Citroen, Peugeot, Toyota, and Volkswagen.
- As part of the project, Sisecam plans to produce competitive, lowcarbon footprint, high-value-added automotive glass in line with its sustainability goals. During this 36-month project, Sisecam will support the vehicle battery with specially produced solar glass while minimizing natural resource and chemical use with innovative production techniques.

#### PANERATECH'S DIGITAL FURNACE MONITORING



- Sisecam will implement PaneraTech's Digital Furnace Monitoring (DFM) on all its furnaces.
- Digital Furnace Monitoring is a holistic program for furnace health monitoring and management that helps manufacturers produce more glass in their furnace, even with a less-experienced workforce.
- Sisecam is enrolling all its furnaces in the DFM program over a period of three years. Each furnace will be transformed digitally and viewable through XSight software.
- All furnace activities will be recorded and analyzed on the platform, including data collected through radar technology and a regular schedule of audits.
- In addition, every Sisecam furnace will have Polaris IoT sensors installed for continuous refractory monitoring of critical areas. This will help the company understand early in the furnace campaign how operations impact refractory life.



## Care for Next Updates on Sustainability Initiatives & Projects



### SOUTH MARMARA HYDROGEN SHORE **HYSOUTHMARMARA PROJECT**



Şişecam is among the partners of the "South Marmara Hydrogen Shore - HYSouthMarmara", which is a European Union project with a total budget of 36.8 million Euros, for which 8 million Euros of grant support was provided. With the project, green hydrogen obtained from renewable resources will be produced and distributed. Şişecam will use green hydrogen in the production of flat glass.

#### **HYDROGEN EUROPE**



- Since Sisecam is among the partners of the South Marmara Hydrogen Shore - HYSouthMarmara, it has joined Hydrogen Europe, one of Europe's leading hydrogen energy supporters, as a project member.
- Hydrogen Europe is a European community that represents the interests of the hydrogen industry and its stakeholders and promotes hydrogen to achieve zero emissions.
- With more than 25 EU regions and more than 400 members, it covers the entire value chain of the European hydrogen and fuel cell ecosystem.
- The vision of the community is to achieve global carbon neutrality by accelerating the European hydrogen industry.
- Becoming a member of the community will provide advantages in getting information about hydrogen economy developments, developing new business relationships and accessing new grant opportunities.



## Care for Next Updates on Sustainability Initiatives & Projects



### **EUROPEAN SOLAR PHOTOVOLTAIC INDUSTRY ALLIANCE (ESIA)**



- Şişecam became a member of the European Solar Photovoltaic Industry Alliance (ESIA). The European Solar Photovoltaic Industry Alliance aims to build resilience and strategic autonomy for Europe's solar photovoltaic (PV) value chain. It will identify barriers, opportunities and investment possibilities in the solar PV value chain while also addressing circularity and sustainability and the impact on skills.
- To accelerate solar photovoltaic (solar PV) deployment in the EU, the European Solar PV Industry Alliance was launched in 2022 to develop an EU solar PV industrial ecosystem to help secure and diversify supplies of solar PVs.

#### **EUROPEAN CLEAN HYDROGEN ALLIANCE**



- Sisecam became a member of the European Clean Hydrogen Alliance. The European Clean Hydrogen Alliance was set up in July 2020 to support the large-scale deployment of clean hydrogen technologies by 2030. It brings together renewable and low-carbon hydrogen production, demand in industry, mobility and other sectors, and hydrogen transmission and distribution. Its members come from industry, public authorities, civil society, and other stakeholders.
- The alliance aims to promote investments and stimulate clean hydrogen production and use. It is part of the EU's efforts to ensure industrial leadership and accelerate the decarbonization of industry in line with climate change objectives.



## **Q&A SESSION**



## THANK YOU