

## EARNINGS RELEASE

August 2, 2021



### Şişecam (BIST-100: SISE) reported financial results for the second quarter ended June 30, 2021

#### M. Görkem Elverici, CEO of Şişecam, commented:

*“Second quarter of 2021 have brought some relief with positive news flow from a global macroeconomic standpoint and seeded hope for a brisk recovery especially in developed markets.*

*While continuously monitoring the trends and the developments that are currently being unfolded in a fast and sharp manner as an aftershock of the pandemic, we are positioning our operations accordingly. The challenges we have been through are encouraging us to get prepared for the future, rather than setting us behind. Aiming to be one of the top three players in global glass industry translates into taking voluntarily the responsibility to foresee the future and to be ahead of time. We wholeheartedly believe that “the old way of doing business won’t fit the new” and even though we are willing and targeting solely to proact, we cannot go beyond reacting to the new rules put in place by the changing environment unless we transform ourselves.*

*At the heart of an era where new ways of doing business have been emerging as knock-on effects of all the disruptions and economic hardship of Covid-19 and its aftershocks, we continued to reshape our operations and to take the required decisions with increased agility to meet the boosted demand. Simultaneously, we have kept pace with our One Şişecam transformation journey. Having foreseen and acknowledged that technological advancement is the only way to unlock the potential of more efficient and sustainable industrial developments, we carried on with our commitment to Şişecam digitalization projects.*

*As previously stated, we are restructuring our operating model with the aim of achieving “global excellence” through further enhancement of “integration, agility and optimization” by putting customer orientation, competent human resources and use of smart technology at the center of our focal point. In line with this, we are well pleased to announce that we moved from “business unit-based management” to “function-based management” by July 1st.*

*Looking at our quarterly results, we are delighted to see that we have outperformed not only the previous quarter or the same period of 2020 but also our Q2’19 results. Compared with H1’19 financials, we increased our topline by half and almost doubled up our EBITDA as at the end of June 2021. Amidst logistics shortages, supply chain disruptions, macro-economic challenges and ongoing pandemic-related concerns, we worked hard to satisfy the unmet demand in our local and international markets. In the meantime, we have completed the evaluation phases of a new investment; a two-furnace Greenfield Glass Production investment in Hungary to be fully operational in 2025. We also announced our intention to increase Şişecam Flat Glass production capacity located in Turkey by 25% through investing in two new float lines and a production capacity addition.*

*Looking forward, we fondly anticipate outperforming our track record and even our budgets and projections with our wide range of operating portfolio, our global footprint, our production muscles and highly skilled selling and marketing network.”*

[Consolidated Summary Financial Results for Q2'21 & H1'21](#)

Summary Financials (TL mn)	H1'20	H1'21	YoY Change	Q2'20	Q1'21	Q2'21	QoQ Change	YoY Change
Revenue	8,834	12,777	45%	4,220	5,686	7,091	25%	68%
Gross Profit	2,583	4,553	76%	1,086	1,936	2,617	35%	141%
Gross Margin	29%	36%	640 bps	26%	34%	37%	286 bps	1116 bps
EBIT	1,623	3,491	115%	509	1,684	1,807	7%	255%
EBIT Margin	18%	27%	895 bps	12%	30%	25%	-415 bps	1341 bps
EBITDA	2,396	4,443	85%	917	2,140	2,303	8%	151%
EBITDA Margin	27%	35%	765 bps	22%	38%	32%	-514 bps	1076 bps
Net Income After Minority Interest	527	2,743	421%	85	1,348	1,395	3%	1548%
Net Income Margin	6%	21%	1551 bps	2%	24%	20%	-404 bps	1767 bps
Capex	625	839	34%	304	406	433	7%	42%
Capex/Sales	7%	7%	-51 bps	7%	7%	6%	-104 bps	-111 bps
Adjusted EBIT*	1,091	2,759	153%	313	1,172	1,588	36%	408%
Adjusted EBIT Margin*	12%	22%	925 bps	7%	21%	22%	178 bps	1498 bps
Adjusted EBITDA*	1,864	3,712	99%	720	1,627	2,085	28%	190%
Adjusted EBITDA Margin*	21%	29%	795 bps	17%	29%	29%	79 bps	1234 bps
Adjusted Net Income*	518	2,724	426%	85	1,340	1,384	3%	1535%
Adjusted Net Income Margin*	6%	21%	1546 bps	2%	24%	20%	-406 bps	1751 bps
Analyst EBIT**	819	2,237	173%	198	879	1,359	55%	587%
Analyst EBIT Margin**	9%	18%	824 bps	5%	15%	19%	371 bps	1447 bps
Analyst EBITDA**	1,593	3,189	100%	605	1,334	1,855	39%	207%
Analyst EBITDA Margin**	18%	25%	693 bps	14%	23%	26%	271 bps	1182 bps

\*Excluding one-off impacts

\*\*Excluding other income/expense from operations, investing activities, investments in associates and joint ventures

## Financial Highlights (Q2'21 vs Q2'20)<sup>1</sup>

- **Revenue** came in at TRY 7.1Bn, up by 68% YoY (EUR 704Mn, up by 27% YoY in EUR terms)
- **Gross profit** was at TRY 2.6Bn, up by 141% YoY with a margin of 37%
- **Adjusted EBITDA** came in at TRY 2.1Bn, up by 190% (EUR 207Mn, up by 127% YoY in EUR terms) with 29% margin, up from 17%
- **Adjusted Net Income after Minority Interest** came in at TRY 1.4Bn with a margin of 20%
- **Capex** recorded at TRY 433Mn (EUR 43Mn) with 6% Capex/Revenues
- **FCFE** was TRY 72Mn (EUR 8Mn), **WC/Revenue** was at 32%
- **Currency Sensitivity:** TRY 7.5Bn **Net Long FX Position**, **EUR+USD share in Gross Profit** is 7% (52% in Revenue, 45% in COGS)
- **Net Debt/EBITDA** was at 0.4x

## Segmental Analysis

Segmental Breakdown of Revenue ('000 TRY)	Q1'20	Q2'20	Q1'21	Q2'21	Q2'21		Q2'21 Topline Drivers (YoY)
					QoQ	YoY	
Architectural Glass	962,266	859,250	1,639,564	1,987,204	21%	131%	+74% volume, +40% pricing and product mix, +17%currency impact
Auto Glass	541,347	321,009	747,125	808,425	8%	152%	+33% volume, +119% pricing and product mix, currency impact
Glassware	719,874	578,144	793,436	1,061,264	34%	84%	+47% volume, +37% pricing and product mix, currency impact
Glass packaging	1,111,539	1,311,995	1,225,235	1,813,127	48%	38%	+17% volume, +7% pricing and product mix, +14% currency impact
Chemicals	1,006,757	957,109	1,143,070	1,319,438	15%	38%	+20% volume, -7% pricing and product mix, +24% currency impact
Other	272,937	192,066	137,870	101,642	-26%	-47%	
Total	4,614,720	4,219,573	5,686,300	7,091,100	25%	68%	

\*After intra group revenues

Segmental Contribution to Revenue	Q1'20	Q2'20	Q1'21	Q2'21	Q2'21	
					QoQ	YoY
Architectural Glass	21%	20%	29%	28%	-3%	38%
Auto Glass	12%	8%	13%	11%	-13%	50%
Glassware	16%	14%	14%	15%	7%	9%
Glass packaging	24%	31%	22%	26%	19%	-18%
Chemicals	22%	23%	20%	19%	-7%	-18%
Other	6%	5%	2%	1%	-41%	-69%

<sup>1</sup>reference to [Appendix](#) for segmental breakdown analysis

## Segmental Analysis (cont'd)

Segmental Breakdown of Adjusted EBITDA ('000 TRY)	Q1'20	Q2'20	Q1'21	Q2'21	Q2'21	
					QoQ	YoY
Architectural Glass	225,369	6,700	566,308	701,147	24%	10364%
Auto Glass	45,773	-54,973	59,036	89,773	52%	NM
Glassware	141,007	25,575	228,888	289,446	26%	1032%
Glass Packaging	309,165	347,765	364,958	533,762	46%	53%
Chemicals	381,384	375,181	489,622	535,218	9%	43%
Other	46,787	31,047	-23,727	-57,887	144%	NM
Elimination	-5,358	-11,301	-58,147	-6,827	NM	NM
Total	1,144,127	719,994	1,626,938	2,084,632	28%	192%

Segmental Contribution to Adjusted EBITDA	Q1'20	Q2'20	Q1'21	Q2'21	Q2'21	
					QoQ	YoY
Architectural Glass	20%	1%	34%	34%	-8 bps	3.261 bps
Auto Glass	4%	-8%	4%	4%	79 bps	1.181 bps
Glassware	12%	3%	14%	14%	26 bps	1.034 bps
Glass Packaging	27%	48%	22%	26%	386 bps	-2.203 bps
Chemicals	33%	51%	29%	26%	-347 bps	-2.571 bps
Other	4%	4%	-1%	-3%	-136 bps	-701 bps

Segmental Adjusted EBITDA Margin	Q1'20	Q2'20	Q1'21	Q2'21	Q2'21	
					QoQ	YoY
Architectural Glass	22%	1%	33%	33%	90 bps	3.269 bps
Auto Glass	8%	-17%	8%	11%	320 bps	2.795 bps
Glassware	20%	4%	29%	27%	-157 bps	2.286 bps
Glass Packaging	28%	26%	30%	29%	-35 bps	310 bps
Chemicals	30%	32%	35%	33%	-217 bps	59 bps
Other	8%	7%	-6%	-14%	-848 bps	-2.108 bps

## Operational Highlights (Q2'21 vs Q2'20)

- Flat Glass: Architectural Glass & Auto Glass
  - Total **flat glass production** at **719K** tons, up by 88% YoY
  - **96% capacity utilization rate** (actual output/effective capacity)
  - **Architectural Glass Division: 74% YoY increase in sales volume**
  - **Auto Glass Business Line: 33% YoY increase** in auto glass (converted from m2 to tons) and encapsulation (converted from units to tons) **sales volume**
- Glass Packaging
  - **8% YoY increase** in total **glass packaging production** at 591K tons
  - **17% YoY increase** in total **sales volume** (domestic sales up by 15% and exports by 9%, sales from non-Turkey operating regions up by 22%)
  - **93% capacity utilization rate (93% in both Turkey and Russia)** (actual output/effective capacity)
- Chemicals
  - Soda Ash
    - **14% YoY increase** in total **production** at 606K tons
    - **100% capacity utilization rate**
    - **22% YoY increase** in total **sales volume** at 589K tons (39% increase in domestic sales, 17% increase in international sales)
    - **5% YoY decrease in average USD/ton price**
  - Chromium Chemicals
    - **61% capacity utilization rate**
    - **18% YoY increase** in total **sales volume** at 32.1K tons (domestic sales up by 42%, international sales up by 16%)
    - **5% YoY decrease in average USD/ton price**
  - Glass Fiber
    - **20% YoY increase** in total **production** at 14K tons
    - **82% capacity utilization rate**
    - **61% YoY increase** in total **sales volume** at 16K tons
    - TRY 143Mn revenues, appr. 121% higher than the level recorded in Q2'20
  - Electricity
    - **112% YoY increase** in total **production** at 194Mn kWh
    - **2% YoY decrease** in total **sales volume** at 199Mn kWh
    - 42% YoY increase in TRY/kWh average price
    - TRY 71Mn revenues, up by 39% YoY
  - Oxyvit
    - TRY 36Mn revenues, up by 11% YoY
- Glassware
  - **47% YoY increase** in total **sales volume**

## **Architectural Glass<sup>2</sup>: 28% share in Revenue | 34% share in EBITDA | “Largest Contribution to Topline & EBITDA Growth in Q2’21”**

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**Architectural Glass** business line continued to benefit from strong demand dynamics in and outside Turkey. Capacity utilization rate in Turkey facilities recorded at 93%, while the lines located in geographies outside Turkey operated at full utilization, with the rates in Russia and India reaching 113% and 104%, respectively. On a consolidated level, architectural glass output was at 719K tons (55% Turkey, 45% International), up by 88% YoY.

Architectural glass segment recorded 74% YoY growth with sustained favorable demand reassured by almost in all end-client industries - local construction, home appliance and furniture -, and further boosted by industrial purchases of wholesalers, using Şişecam Flat Glass products as an input for processing and catering the final product mostly to surrounding regions including Europe as exports. Sales from Turkey operations soared by 72% YoY in volume terms, whereas its share in consolidated sales volume went down by 45bp to 55% (49% domestic, 6% export).

Share of Europe-based facilities' sales, fueled by 79% YoY growth, corresponded to 28% (up by 75bp YoY) of consolidated volume, with supply shortage due to peers' ongoing cold repair processes on top of the low base impact. India and Russia operations recorded 71% YoY increase in aggregate sales volume - while the growth in Russia stood at 17%, India uplifted the figures mostly on the low base impact seen in Q2'20. In turn, India and Russia operations total contribution to the architectural glass portfolio stood at 17% (down by 31bp YoY).

Favorable demand dynamics, recorded across all regions, continued to support the price levels as well. Average domestic market product prices went up by 10% YoY following the two price adjustments announced in January, by 13%, and in June, by 9.5%. Meanwhile, YoY rise in EUR-based average price levels recorded at +30% in Europe, +25% in India and close to 60% in Russia.

With a revenue growth of 131% YoY, Architectural Glass business recorded an eye-catching topline performance.

## **Auto Glass<sup>3</sup>: 11% share in Revenue | 4% share in EBITDA |**

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In spite of sluggish demand environment, due to persisting global semiconductor shortage, which led to tactical production halts at the main clients' level, low base effect pushed **Auto Glass** sales volume up by 33% YoY. A closer look to Q2'21 results pointed out that Auto Glass volume performance lagged behind budgeted and previous quarter figures mainly on the domestic side (~30% of consolidated sales). Yet exports from Turkey, thanks to the widening of aftermarket operations portfolio through the introduction of new clients, were higher on both QoQ and YoY basis. Bulgaria and Russia facilities sales' performances were also on the positive territory on the back of ongoing OEM activities in Europe and in CIS regions.

Topline growth was strong at 152% YoY, owing to higher sales volume and wider client portfolio on top of the low base of Q2'21. TL depreciation further boosted the revenue with EUR being the business line's operating currency.

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<sup>2</sup> Re-categorized as a separated business line as of January 1<sup>st</sup> 2021 (previously reported as a sub-segment of Flat Glass)

<sup>3</sup> Re-categorized as a separated business line as of January 1<sup>st</sup> 2021 (previously reported as a sub-segment of Flat Glass)

Auto Glass segment, thanks to its presence in different locations as a producer and its strategy to widen its client portfolio, has continued to diversify individual client risks. Better capacity utilization rates, attained through new project nominations and gradually increasing aftermarket sales' contribution to its portfolio of operations, dragged up the business line's profitability.

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**Glass Packaging: 26% share in Revenue | 26% share in EBITDA | “Second Largest Contribution to Topline Growth in Q2’21”**

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**Glass Packaging** segment consolidated production volume were up by 8% YoY (+10% in Turkey and +6% in Russia&Georgia), while regional breakdown of aggregate production was intact with Turkey facilities' contribution at 54%. CUR, 93% in all operating regions, was 160 bps higher YoY. Accelerated vaccination programs in all client regions followed by gradual ease of restrictive measures and re-opening of HORECA channel gave boost to the demand for glass packaging products while the resilience of household consumption had sustained. With sales/output ratio of above 100%, Glass Packaging business line ended the quarter with a consolidated volume growth of 17% YoY. Domestic operations, corresponding to 39% of consolidated sales volume (almost flat YoY), were up by 15%, while exports from Turkey enjoyed a 9% increase. Non-Turkey operating regions' sales went up by 22% on the same grounds and further triggered by the additional demand resulting from a global can shortage. With this, respective geographies' share in consolidated sales volume went up by ~200 bps to 45%.

Backed with product price increases put in place in the very beginning of the year and favorable sales mix, per ton price levels remained strong throughout the quarter.

As a result, the business line recorded a revenue growth of 38% YoY. Glass Packaging business line generated 63% of its revenue from international sales including exports from Turkey, while the share of domestic sales stood at 37% (~250 bps lower YoY).

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**Chemicals: 19% share in Revenue | 26% share in EBITDA | | “One of the Top Two EBITDA Margin Generators in Q2’21”**

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In line with the expectations, **Chemicals** business line witnessed a decent upward movement in soda ash volume sales. Increased level of operational activity across all glass production industries in global sense and better demand conditions were the main triggers for 22% YoY rise in soda ash sales. Unlike last year, there were no clients asking for delayed shipment. Meanwhile, per ton soda ash prices were down by 5% YoY in USD given the sales terms on annual agreements.

Chromium chemicals sales grew by 18% YoY on the low base of Q2’20 and ended the period at normalized volume sales. Sales recorded in this period were slightly lower than the volume realized in Q1’21 due to persisting global logistic shortages. Pricing environment continued to be depressed and an average per ton prices declined by 5% in USD terms YoY, mainly due to weak demand for leather products, hence lower scale of operations in global leather tanning sector, which is a major client industry for chromium chemicals products. Meanwhile, temporary shutdown of auto production facilities, driven by semiconductor industry shortage, led to price declines in derivative products, which are mainly used for metal plating purposes.

Excluding mining operations, Chemicals business line generated 14% of its topline from intra-group sales and contribution of international revenues to segmental topline stood at 75% (up by 120 bps YoY) on the same basis.

Chemicals operations, further supported by TL depreciation, with its hard currency-denominated revenue share standing at 87% in Q2'21, recorded a topline growth of 38% YoY.

**Glassware: 15% share in Revenue | 14% share in EBITDA | | “Second Largest Contribution to EBITDA Growth in Q2'21”**

**Glassware segment** had a sound performance on the back of higher CUR, optimized production and sales mix and price adjustments put in place in almost all operating regions. The business line, generating 60% of its revenues from international operations, had also been favored with the weak TL environment.

Improved sentiment accompanied by the re-opening of HORECA channel both in and outside Turkey led to a sales spike of 47%. Although low base of Q2'20 had an amplifying impact on the volume increase, capacity allocation based on a client and product selection discipline enabled the business line to optimize its operations in all four production facilities. In an environment where logistic disruptions continued to weigh on supply chains and to challenge the flow of imported products, Glassware segment was well positioned to meet the demand in its local and international markets especially in Central and Northern Europe. CIS region sales volume performance was strong based on the same grounds.

Business line's topline grew by 84% YoY, while domestic and international revenue split stood at 40% to 60%.

**Share of international revenues was at 68% while domestic revenue was at 32% in Q2'21 at Şişecam consolidate level.**

Regional Breakdown of Revenue	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q2'21	
									QoQ	YoY
<b>Revenue from Turkey Operations</b>	<b>61%</b>	<b>64%</b>	<b>64%</b>	<b>60%</b>	<b>61%</b>	<b>62%</b>	<b>60%</b>	<b>52%</b>	-758 bps	-1.122 bps
Sales in Turkey	37%	41%	41%	39%	41%	40%	40%	32%	-812 bps	-904 bps
Exports from Turkey	24%	23%	23%	21%	20%	22%	20%	20%	53 bps	-227 bps
<b>Revenue from Foreign Operations</b>	<b>39%</b>	<b>36%</b>	<b>36%</b>	<b>40%</b>	<b>39%</b>	<b>38%</b>	<b>40%</b>	<b>48%</b>	758 bps	1.122 bps
<b>Russia, Ukraine and Georgia</b>	<b>14%</b>	<b>13%</b>	<b>15%</b>	<b>14%</b>	<b>13%</b>	<b>14%</b>	<b>13%</b>	<b>15%</b>	242 bps	-28 bps
<b>Europe</b>	<b>22%</b>	<b>20%</b>	<b>19%</b>	<b>23%</b>	<b>23%</b>	<b>21%</b>	<b>24%</b>	<b>29%</b>	515 bps	1.076 bps
<b>Other</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	1 bps	74 bps

**Adjusted EBITDA recorded at TRY 2.1Bn with 29% Margin while Adjusted Net Income stood at TRY 1.4Bn**

- Gross profit margin came in at 37%, up from 26% in Q2'20; main drivers were: a) larger scale of operations and higher capacity utilization rates across all segments, b) strong pricing, c) decline in soda ash prices d) raw material hedges (coal, silver, palladium and tin) and local currency depreciation
- OPEX/Sales stood at 18%, 330 bps lower on YoY basis; inflationary logistics expenses were compensated with higher sales volume, better pricing and lower costs in relation with marketing activities



- TRY 66Mn income from participated JVs, up from TRY 2Mn in Q2'20, resulting from stronger operational performance of especially the glass production JV with St Gobain in Egypt and higher translation gains arising from larger local currency devaluation
- 350% YoY rise in other income & investing activities, mainly in relation with the governmental incentives incl. incentives granted on the investments and Covid-19 aid (TRY 31Mn in total), interest income on trade receivables (TRY 26Mn) and income from raw material and equipment sales (TRY 21Mn) and Paşabahçe store sale (TRY 13Mn)
- TRY 294Mn FX gain was recorded on Eurobond investments, trade receivables & payables and financing activities vs. TRY 291Mn in Q2'20
- TRY 409Mn tax expense was recorded with an effective tax rate of 22%, TRY 85mn deferred tax expense was mainly in relation with corporate tax rate increase from 22% to 25% and respective provisions on investment-related tax incentives
- TRY 259Mn interest expense was recorded on bank loans and issued bonds while TRY237Mn interest income was generated on derivatives

### Cash Flow Analysis (H1'21 vs H1'20)

- **Cash inflow from operating activities increased from TRY 518Mn to TRY 2.1Bn** mainly with the rise in net income for the period. TRY 1.6Bn working capital requirement was up by 17% (TRY 230Mn)
- **Cash inflow from investing activities stood at TRY 419Mn** versus TRY 152Mn cash outflow as at June 2021. TRY 838Mn capital expenditures recorded within the reporting period was up by 34% YoY
  - *Cold repairs undertaken by Glass Packaging business line (one furnace in Turkey-Yenişehir facility, one furnace in Russia-Kirishi facility), advance payments on Russia-Kuban facility one furnace-cold repair work scheduled for 2022, and mold investments corresponded to 30% of the total capex*
  - *Architectural Glass business line expenditures, mainly in relation with cold repairs, corresponded to 25% of the total capex*
  - *Cold repair undertaken by Glassware segment (borosilicate furnace in Turkey-Kırklareli facility), advance payments on Bulgaria and Turkey-Eskişehir facilities cold repair works (one furnace in each) scheduled for 2022, and mold expenses corresponded to 13% of the total capex*
  - *Maintenance work carried out by Chemicals business segment (chromium production facility, cogeneration facility) and mining facility restructuring expenses corresponded to 18% of the total capex*
  - *The remaining balance was in relation with the ongoing restructuring process and efficiency improvement investments*
- **Cash outflow from financing activities went up by TRY 267Mn** from TRY 1.4Bn to TRY 1.7Bn resulting from a higher level of use of cash in hand for debt repayment
- **Cash conversion cycle** shortened by 20 days YoY with improved receivables and inventory turnover rates. **FCF came in at TRY 72Mn.**
- **TRY 3.3Bn increase in cash position** including FX translation gain
- **Cash and cash equivalents** (including financial investments amounting to USD 421Mn) increased from TRY 11.3Bn (USD 1.6Bn) in H1'20, to TRY 14.9Bn (USD 1.7Bn) in H1'21, out of which 85% was kept in hard currencies

### Debt Position

**Gross debt recorded at TRY 18.3Bn (USD 2.1Bn)** as of June 2021-end vs. TRY 17.1Bn (USD 2.3Bn) as of 2020-end

- 72% of bank loans was in hard currencies (37% EUR, 35% USD)<sup>4</sup>
- TRY 181Mn coupon payment was made in March 2021 on USD 700Mn-Şişecam 2026 Eurobonds issued back in 2019
- TRY 188Mn financial lease was recorded under financial liabilities
- Long-term liabilities corresponded to 70% of gross debt (73% in 2020-end)

**Net debt was TRY 3.4Bn (USD 391Mn)** vs. TRY 3.9Bn (USD 533Mn) in 2020-end. **Net Debt to EBITDA** was at 0.42x.

### FX Position

Şişecam's net long FX position increased to **TRY 7.5Bn (USD 865Mn)** as of June 2021-end from TRY 6.6Bn as of the end 2020 with the increase EUR-denominated assets. FX position was 337Mn short in EUR and 1.2Bn long in USD vs. 403Mn short in EUR and 1.3Bn long in USD as of the end 2020 (figures given in original currencies).

### One-Off Impacts excluded from Financials:

#### **Excluding From EBIT:**

- **H1'21: +TRY 731 Mn**
  - **Q2'21: +TRY 219 Mn:**  
TRY 206 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact  
TRY 13 Mn: Sale of Pasabahce store
  - **Q1'21: +TRY 513 Mn:**  
TRY 502 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact  
TRY 11 Mn: Sale of Co2 emission allowances

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<sup>4</sup> Cross currency swap was made for USD 575Mn of 2026 bond in exchange of EUR 421Mn in 2019. After cross currency swap agreements made in April and June in 2019, 68% of the bond converted to EURs, 14% converted to TL and rest of 18% kept in USD. Swap transaction for the interest payment of USD 40Mn was recognized.

- **H1'20: +TRY 532 Mn**

- **Q2'20: +TRY 197 Mn:**

- TRY 197 Mn: Revaluation gain on fixed assets

- **Q1'20: +TRY 336 Mn:**

- TRY 326 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact

- TRY 10 Mn: Sale of a part of the land in Çayirova

**Excluding From Net income:**

- **H1'21: +TRY 19 Mn**

- **Q2'21: +TRY 11 Mn:**

- TRY 11 Mn: Sale of Pasabahce store

- **Q1'21: +TRY 8 Mn:**

- TRY 8 Mn: Sale Co2 emission allowances

- **H1'21: +TRY 9 Mn**

- **Q1'20: +TRY 9mn:**

- TRY 9 Mn: Sale of a part of the land in Çayirova

## Operational Developments

- **Flat Glass Production**
  - Şişecam's 6th float glass line (240K tons/year production capacity) located at Turkey-Yenişehir Architectural Glass Facility was ignited on 2/04/2021 after the cold repair process (investment cost ~TRY 400Mn)
- **Chemicals Production**
  - Bosnia Soda Ash facility increased by 40K tons to 625K ton/year. With the additional capacity being operational in Q2'21, total active soda ash production capacity of Chemicals business line reached to 2.4Mn tons/year
  - Following capacities were partially inactive in May due to maintenance works
    - Kromsan facility: 9 days
    - Cogeneration plant: 21 days
    - Oxyvit Vitamin K unit: 23 days
  - Additionally, Kromsan facility Tankrom SB unit had a planned cut-off of 21 days in July. The remaining units stayed operational at lower CURs
- **Glass Packaging Production**
  - Furnace A in Kirishi Glass Packaging facility was ignited on 9/04/2021 after the cold repair process undertaken during March and the commercial production started on 23/04/2021. Post cold repair production capacity was unchanged

## Important Events during and after the Reporting Period

- On 18/05/2021, in accordance with the BoD dated 29/03/2021, Çayirova Cam Sanayii A.Ş. ('Çayirova') merged under Şişecam through acquisition of all assets and liabilities
- Şişecam paid out TRY 500Mn cash dividends on 31/05/2021
- On 2/06/2021, with the aim of expanding Glass Packaging business line's footprint in global arena of benefiting from the potential growth European market offers, Şişecam BoD took the decision to start a greenfield investment in Hungary with full ownership. EUR 255Mn two-furnace investment, with a total of 330K tons/annual production capacity, will be operational in 2023 and will reach its full capacity in 2025. With the completion of Hungarian investment, Şişecam Glass Packaging active capacity is set to increase by 13% to 2.8Mn tons/year
- Prof. Dr. Ahmet Kırman, Chairman of Şişecam, announced the intention to increase Flat Glass production capacity by 25% through investing in two new float lines and a production capacity addition in Turkey
- On 24/06/2021, Fitch Ratings affirmed Şişecam's Long term Issuer Default Rating as 'BB-' with 'Stable' outlook. In its statement, Fitch Ratings listed the strengths of Şişecam as stable business risk profile, strong capital structure with high profitability and low leverage levels in return of product diversification in different geographies and end markets with different macro drivers. Fitch Ratings assessed Şişecam's Standalone Credit Profile unchanged at 'bb+'
- On 1/07/2021, Mustafa Görkem Elverici took the CEO office and Gökhan Güralp, who had served as the Director of Financial Analysis and Control since 2015, has been appointed as Şişecam CFO
- Functional restructuring of Şişecam operating model, aiming to achieve 'global excellence' by focusing on competent human resources, the use of smart technology, customer orientation, and adopting a more integrated, lean, agile, digitalized, optimized and operationally excellent business model, has been effective
- As of 27/07/2021, within the scope of share buyback program, disclosed on 26/02/2020, Şişecam bought back TRY 10.1 Mn-nominal value shares, corresponding to 0.33% of the share capital, for a total of TRY 75.5Mn

## Appendix

Sub-Segmental Breakdown of Revenue	Q1'20	Q2'20	Q1'21	Q2'21
<b>Architectural</b>	21%	20%	29%	28%
<b>Auto Glass &amp; Encapsulation</b>	12%	8%	13%	11%
<b>Glassware</b>	16%	14%	14%	15%
<b>Glass Packaging</b>	24%	31%	22%	26%
<b>Chemicals</b>	22%	23%	20%	19%
Soda Chemicals & Energy	14%	14%	13%	13%
Chromium Chemicals & Oxyvit	5%	5%	4%	4%
Glass Fiber	2%	1%	2%	2%
Mining & Other	2%	2%	1%	1%
<b>Other</b>	6%	5%	2%	1%

Breakdown of COGS Items	Q1'20	Q2'20	Q1'21	Q2'21
Input & Materials & Packaging	38%	39%	40%	40%
Ngas	20%	18%	18%	17%
Electricity	6%	6%	6%	6%
Labor	12%	13%	12%	13%
Depreciation	9%	10%	10%	10%
Outsourcing & Other	14%	13%	13%	14%

Breakdown of Opex Items	Q1'20	Q2'20	Q1'21	Q2'21
Indirect Material Costs	2%	1%	2%	1%
Salaries and wages expenses	19%	22%	21%	21%
Outsourced service	47%	46%	41%	45%
Miscellaneous expenses	25%	23%	30%	27%
Depreciation and amortization expenses	7%	7%	6%	5%

Regional Breakdown of Adjusted EBITDA	Q1'20	Q2'20	Q1'21	Q2'21
<b>Turkey</b>	<b>1,714</b>	<b>607</b>	<b>1,201</b>	<b>1,340</b>
<b>Foreign Operations</b>	<b>291</b>	<b>262</b>	<b>432</b>	<b>861</b>
Russia, Ukraine and Georgia	159	154	166	295
Europe	131	123	236	515
Other	0	-16	30	52

<b>Regional Breakdown Adjusted EBITDA Margin</b>	<b>Q1'20</b>	<b>Q2'20</b>	<b>Q1'21</b>	<b>Q2'21</b>
<b>Turkey</b>	<b>58%</b>	<b>23%</b>	<b>35%</b>	<b>36%</b>
<b>Foreign Operations</b>	<b>18%</b>	<b>17%</b>	<b>19%</b>	<b>26%</b>
Russia, Ukraine and Georgia	10%	10%	7%	9%
Europe	8%	8%	10%	15%
Other	0%	-1%	1%	2%

## Disclaimer

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