



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

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

*“Third quarter of 2021 has already left a mark in history with major tailwinds and headwinds that we have been through all at the same time. While accelerated vaccination programs leading to better consumer sentiment and re-opening of economies triggered solid consumer and industrial demand, ongoing supply chain disruptions and surging energy and commodity prices led to restrained production, made cross-border trade harder and costlier and created fears over inflation.*

*Amidst all, to dive into the worries over the worst possible outcomes of the headwinds and to freeze until the day they run their course was not even an option. We knew we had to respond to the changing landscape in the most effective and quickest way.*

*Şişecam, by being a company that positioned itself among the top players in global glass industry and additionally, unlike the other players in its competitive landscape, by prioritizing glass production, was already well equipped to adapt itself to rapid and in most cases radical changes in its business environment and respective practices.*

*Our production assets, in which we have been continuously investing through M&A activities combined with new capacity introductions as greenfield and brownfield projects, both in and outside of Turkey, have not just acted as pillars of our immune system but they enabled us to navigate through the hard times successfully as well. Strategic positioning of our production capacities, located in 4 continents, allowed us to be at the very heart of the thriving demand for the wide range of product portfolio we possess and to be fully-equipped as local players in each and every geography we operate. In an environment where cross-border trade was limited and local supplies were the most needed to meet the booming demand. Enlarged catchment area of ours, attained through our business growing strategy in golden circles and triangles, allowed us to cater our products relatively easier and meet the region-specific demand.*

*Diversity of the geographies included in our production portfolio with our highly skilled S&M team combined with our centralized procurement activities, standardized cost management and holistic management of our P&L gave us the room to mitigate the dilutive impact of production costs increase.*

*We are pleased to have backed our clients, supported our ecosystem and grown our operational performance and financial performance in the third quarter of the year.”*

[Consolidated Summary Financial Results for Q3'21 & 9M'21](#)

Summary Financials (TRY Mn)	9M'20	9M'21	YoY	Q3'20	Q2'21	Q3'21	QoQ	YoY
Revenue	14,632	21,013	44%	5,798	7,091	8,236	16%	42%
Gross Profit	4,470	7,432	66%	1,888	2,617	2,880	10%	53%
Gross Margin	31%	35%	482 bps	33%	37%	35%	-194 bps	241 bps
EBIT	3,241	5,064	56%	1,619	1,807	1,574	-13%	-3%
EBIT Margin	22%	24%	195 bps	28%	25%	19%	-637 bps	-881 bps
EBITDA	4,430	6,528	47%	2,034	2,303	2,085	-9%	3%
EBITDA Margin	30%	31%	79 bps	35%	32%	25%	-716 bps	-976 bps
Parent Only Net Income	1,392	4,096	194%	866	1,395	1,353	-3%	56%
Net Income Margin	10%	19%	997 bps	15%	20%	16%	-325 bps	149 bps
Capex	1,091	1,339	23%	466	433	500	16%	7%
Capex/Sales	7%	6%	-108 bps	8%	6%	6%	-3 bps	-196 bps
Adjusted EBIT*	2,201	4,247	93%	1,110	1,588	1,488	-6%	34%
Adjusted EBIT Margin*	15%	20%	517 bps	19%	22%	18%	-432 bps	-108 bps
Adjusted EBITDA*	3,389	5,711	69%	1,525	2,085	2,000	-4%	31%
Adjusted EBITDA Margin*	23%	27%	402 bps	26%	29%	24%	-512 bps	-202 bps
Adjusted Net Income*	1,384	4,072	194%	866	1,384	1,348	-3%	56%
Adjusted Net Income Margin*	9%	19%	992 bps	15%	20%	16%	-315 bps	143 bps
Analyst EBIT**	1,671	3,711	122%	852	1,359	1,474	8%	73%
Analyst EBIT Margin**	11%	18%	624 bps	15%	19%	18%	-126 bps	321 bps
Analyst EBITDA**	2,860	5,175	81%	1,267	1,855	1,986	7%	57%
Analyst EBITDA Margin**	20%	25%	509 bps	22%	26%	24%	-205 bps	226 bps

\*Excluding one-off impacts

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

## Financial Highlights (Q3'21 vs Q3'20)<sup>1</sup>

- **Revenue** came in at TRY 8.2Bn, up by 42% YoY (EUR 819Mn, up by 19% YoY in EUR terms)
- **Gross profit** was at TRY 2.9Bn, up by 53% YoY with a margin of 35%
- **Adjusted EBITDA** came in at TRY 2.0Bn, up by 31% (EUR 199Mn, up by 6% YoY in EUR terms) with 24% margin
- **Adjusted Parent Only Net Income** came in at TRY 1.3Bn with 16% net margin
- **Capex** recorded at TRY 500Mn (EUR 50Mn) with 6% Capex/Revenues
- **FCFE** was TRY 987Mn (EUR 102Mn), **WC/Revenue** was at 30%
- **Currency Sensitivity:** TRY 9Bn **Net Long FX Position**, **EUR+USD share in Gross Profit** is 9% (52% in Revenue, 43% in COGS) in 9M'21
- **Net Debt/EBITDA** was at 0.3x

## Segmental Analysis

Segmental Breakdown of Revenue (TRY Mn)	H1'20	Q3'20	Q1'21	Q2'21	Q3'21	Q3'21		Q3'21 Topline Drivers (YoY)
						QoQ	YoY	
Architectural Glass	1,822	1,434	1,640	1,987	2,338	18%	63%	+4% volume, +48% pricing & product mix, +11% currency
Auto Glass	862	672	747	808	671	-17%	0%	-8% volume, +8% pricing & product mix, currency
Glassware	1,298	811	793	1,061	1,306	23%	61%	+23% volume, +38% pricing & product mix, currency
Glass packaging	2,424	1,557	1,225	1,813	2,015	11%	29%	+9% volume, +8% pricing & product mix, +12% currency
Chemicals	1,964	1,090	1,143	1,319	1,424	8%	31%	+11% volume, +4% pricing & product mix, +16% currency
Other	465	234	138	102	480	373%	105%	
Total	8,834	5,798	5,686	7,091	8,236	16%	42%	

\*After intra group revenues

Segmental Contribution to Revenue	H1'20	Q3'20	Q1'21	Q2'21	Q3'21	Q3'21	
						QoQ	YoY
Architectural Glass	21%	25%	29%	28%	28%	36 bps	366 bps
Auto Glass	10%	12%	13%	11%	8%	-325 bps	-344 bps
Glassware	15%	14%	14%	15%	16%	90 bps	188 bps
Glass packaging	27%	27%	22%	26%	24%	-110 bps	-239 bps
Chemicals	22%	19%	20%	19%	17%	-131 bps	-150 bps
Other	5%	4%	2%	1%	6%	440 bps	180 bps

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

## Segmental Analysis (cont'd)

Segmental Breakdown of Adjusted EBITDA (TRY Mn)	H1'20	Q3'20	Q1'21	Q2'21	Q3'21	Q3'21	
						QoQ	YoY
Architectural Glass	232	303	566	701	668	-5%	121%
Auto Glass	-9	57	59	90	16	-82%	-71%
Glassware	167	155	229	289	174	-40%	13%
Glass packaging	657	522	365	534	409	-23%	-22%
Chemicals	757	437	490	535	556	4%	27%
Other	78	54	-24	-58	158	-374%	195%
Elimination	-17	-2	-58	-7	17	-350%	-1039%
Total	1,864	1,525	1,627	2,085	2,000	-4%	31%

Segmental Contribution to Adjusted EBITDA	H1'20	Q3'20	Q1'21	Q2'21	Q3'21	Q3'21	
						QoQ	YoY
Architectural Glass	12%	20%	34%	34%	34%	19 bps	1,390 bps
Auto Glass	0%	4%	4%	4%	1%	-347 bps	-290 bps
Glassware	9%	10%	14%	14%	9%	-505 bps	-134 bps
Glass packaging	35%	34%	22%	26%	21%	-490 bps	-1,359 bps
Chemicals	40%	29%	29%	26%	28%	247 bps	-54 bps
Other	4%	4%	-1%	-3%	8%	1,076 bps	447 bps

Segmental Adjusted EBITDA Margin	H1'20	Q3'20	Q1'21	Q2'21	Q3'21	Q3'21	
						QoQ	YoY
Architectural Glass	12%	20%	33%	33%	27%	-623 bps	740 bps
Auto Glass	-1%	9%	8%	11%	2%	-868 bps	-609 bps
Glassware	13%	19%	29%	27%	13%	-1,392 bps	-571 bps
Glass packaging	27%	33%	30%	29%	19%	-1,008 bps	-1,400 bps
Chemicals	31%	31%	35%	33%	28%	-498 bps	-373 bps
Other	7%	10%	-6%	-14%	18%	3,206 bps	797 bps

## Operational Highlights (Q3'21 vs Q3'20)

- Flat Glass: Architectural Glass & Auto Glass
  - Total **flat glass production** at **768K** tons, up by 33% YoY
  - **100% capacity utilization rate** (actual output/effective capacity)
  - **Architectural Glass Division: 4% YoY increase in sales volume**
  - **Auto Glass Business Line: 8% YoY decrease** in auto glass (converted from m2 to tons) and encapsulation (converted from units to tons) **sales volume**
- Glass Packaging
  - **6% YoY increase** in total **glass packaging production** at 602K tons
  - **9% YoY increase** in total **sales volume** (domestic sales up by 21%, exports down by 19%, sales from non-Turkey operating regions up by 11%)
  - **95% capacity utilization rate (93% in Turkey and 100% in Russia)** (actual output/effective capacity)
- Chemicals
  - Soda Ash
    - **7% YoY increase** in total **production** at 591K tons
    - **96% capacity utilization rate**
    - **10% YoY increase** in total **sales volume** at 584K tons (17% increase in domestic sales, 7% increase in international sales)
    - **7% YoY decrease in average USD/ton price**
  - Chromium Chemicals
    - **96% capacity utilization rate**
    - **24% YoY increase** in total **sales volume** at 38.2K tons (with domestic and international sales up by 25% and 24%, respectively)
    - **3% YoY decrease in average USD/ton price**
  - Glass Fiber
    - **26% YoY increase** in total **production** at 15K tons
    - **86% capacity utilization rate**
    - **1% YoY increase** in total **sales volume** at 15K tons
    - TRY 152Mn revenues, up by 45% YoY
  - Electricity
    - **3% YoY increase** in total **production** at 242Mn kWh
    - **14% YoY increase** in total **sales volume** at 218Mn kWh
    - 83% YoY increase in TRY/kWh average price
    - TRY 127Mn revenues, up by 108% YoY
  - Oxyvit
    - TRY 40Mn revenues, up by 48% YoY
- Glassware
  - **23% 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 Q3’21”**

**Architectural Glass** business line extended its strong performance throughout the quarter thanks to sound demand dynamics in its local markets as well as in the regions included in its catchment area. In line with the growing need for flat glass products, backed mostly by building renovations in developed markets and new construction activities in EM regions, flat glass production facilities<sup>2</sup> operated at capacity utilization rates higher than both Q3’20 and H1’21. Active capacity-wise CUR stood at 93% in Turkey, while average rate recorded in Europe, India and Russia was 108%. Accordingly, architectural glass output soared by 33% YoY from 575K tons to 768K tons. 54% of the total output was produced by the lines located in Turkey, 31% in Europe and the remaining balance in Russia and India. With the rise in capacity utilization rate at the overall production portfolio, Q3’21 output stayed ~10% above the average production – adjusted to the inclusion of Manfredonia facility – recorded same period in 2018 and in 2019.

Architectural glass operations continued to experience heightened demand for flat glass products in Turkey on the back of new construction and building renovation activities, seasonal upward trend in furniture and home appliance industries combined with growing appetite for value added type of glass (low-e, energy efficient, safety glass). Compared to Q3’20, the period in which mortgage loan rates went down to all-time lows in a governmental attempt to create support for the construction market, domestic sales volume grew by 1%. Industrial product purchases of the wholesalers supported the domestic market as well. Those wholesalers, having processing capabilities and the proximity advantage, benefited from the supply deficit stemming from global logistic disruptions and further increased their sales to the surrounding regions. Europe stayed as the number one client geography for their product deliveries. Sales from Turkey operations, accounted for 53% of consolidated sales volume (45% domestic, 8% export), went up by 4% YoY on the high base of Q3’20. Compared with the same periods of 2019 and 2018, sales grew by 9% and 3%, respectively, in volume terms.

Aggregate share of Bulgaria and Italy facilities’ sales, up by 4% YoY, corresponded to 29% of consolidated volume. While flat glass demand continued to be strong across the continent, ongoing cold repairs at peer company level led to a further deepened supply deficit. Introduction of Manfredonia capacity back in 2019 and having all four lines completed their cold repair processes before the upturn in the demand enabled Architectural Glass business line to grab additional share in European markets. India and Russia operations, mostly triggered by additional demand seen in India, recorded 3% YoY increase in terms of combined sales volume. As a result, the two lines’ contribution to the overall architectural glass sales stood at 18%.

Price levels thrived across all regions during the quarter. Average domestic market product prices went up by 31% YoY in TRY terms following 9.7%-price adjustment announced in July on top of the last two ones put in place throughout H1’21. Meanwhile, YoY rise in EUR-based average price levels were +40% in Europe and India both. Product price increases were even higher in Russia with growing demand. Regional flat glass production companies’ decision to postpone scheduled cold repairs, to benefit from the upward trend in pricing environment at the expense of losing efficiency, further deepened the supply shortage.

With a revenue growth of 63% YoY, Architectural Glass business recorded an eye-catching topline performance.

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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)

### **Auto Glass<sup>3</sup>: 8% share in Revenue | 1% share in EBITDA |**

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As a response to the global semiconductor shortage, which has been developing since the beginning of 2021, OEMs slowed down their operations either by lowering capacity utilization or by temporarily shutting down production facilities. Given July and August, being the annual maintenance work period of OEMs, third quarter is by its nature a low season for auto glass industry. Therefore, OEMs tactical moves' impact was limited on Şişecam Auto Glass sales. Consolidated sales volume was down by 8% YoY with 7% growth in Turkey facilities' overall sales (domestic + exports) while there were contractions in Bulgaria, Romania production facilities' operations and in encapsulation business.

Şişecam's strategy of widening Auto Glass business client portfolio through the inclusion of Auto Glass Replacement sub-segment smoothed the negative impact thanks to higher volume of exports from Turkey-based facilities, up by 82% YoY. Backed by the ongoing OEM activities in CIS region, Russia facility's sales volume performance stayed on the positive territory.

Auto Glass business line recorded a flat topline YoY.

Although market analysts reckon a pent-up demand in auto industry once capacity deficiencies and logistic hurdles were solved, Auto Glass business line continued to operate with no interruption but recorded a boost in its OPEX/sales ratio to heightened logistic costs. Despite the inflation in raw material and energy cost increases, piled-up inventory level's dilutive impact was not visible on the gross profit level as a limited portion of the output turned into sold products. Having said that, by the time the market gains the lost momentum, Auto Glass business line should not be in need of re-planning production to deliver the products to OEMs based on the clientele's renewed manufacturing schedules.

### **Glass Packaging: 24% share in Revenue | 21% share in EBITDA | "Second Largest Contribution to Topline Growth in Q3'21"**

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**Glass Packaging** segment consolidated production volume were up by 6% YoY (+4% in Turkey and +8% in Russia&Georgia) while CUR was flat YoY at 95%. Regional breakdown of aggregate production changed on the favor of the facilities located outside Turkey as combined production of Russia and Georgia accounted for 46% of it, up by 100 bps, with the ignition of Pokrov capacity back in March 2021 and shift in sales mix especially to beer, alcoholic and nonalcoholic beverage industries.

Better consumer sentiment thanks to accelerated vaccination programs in all client regions and revival of the HORECA channel with further loosening of Covid restrictions uplifted both industrial and household demand for glass packaging products. With sales/output ratio of above 110%, Glass Packaging business line ended the quarter with a consolidated volume growth of 9% YoY. Domestic operations, corresponding to 41% of consolidated sales volume (vs. 37% in Q3'20) soared by 21%, while exports from Turkey contracted by 19% given higher demand in our local market especially from beer, non-alcoholic beverage and mineral water sectors coupled with limitations in shipments due to logistic industry imbalances. Non-Turkey operating regions' sales went up by 11% on the same grounds and further triggered by the additional demand stemming from the pre-orders taken in relation with the upcoming holiday season and from the global can shortage.

Backed with product price increases put in place in the very beginning of the year and favorable sales mix, per ton prices remained strong throughout the quarter. With respect to the dynamic pricing strategy implemented on the purchases of short-term contract-based clients in Turkey, per ton prices were adjusted in mid-year given the rise in energy costs, inflation rate and TRY depreciation.

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<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)

As a result, the business line recorded a revenue growth of 29% YoY. Glass Packaging business line generated 60% of its revenue from international sales including exports from Turkey, while the share of domestic sales stood at 40% (135 bps higher YoY).

**Chemicals: 17% share in Revenue | 28% share in EBITDA | | “Highest EBITDA Margin Generator in Q3’21”**

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**Chemicals** business line sustained its soda ash volume sales at pre-Covid levels with healthy demand dynamics thanks to higher operational activity at all client industries. In turn, soda ash volume sales recorded a 10% YoY growth. On a YoY basis, Q3’21 average per ton soda ash prices were 7% lower in USD terms, yet, in line with the contractual terms, 9M’21 average price level was 5% down compared to same period in 2020.

Albeit logistic constraints, chromium chemicals sales went up by 24% YoY in volume terms on the low base of Q3’20 and positive effect of higher demand for leather tanning industry especially in Latam region and recovering global industrial production. Production cost increases led to a double-digit hard currency price increase for the main output, sodium dichromate, in Q3’21 but lower prices for compound products dragged down the average price level by 3% on YoY basis in USD terms. 9M’21 average USD price per ton for chromium chemicals products was down by 4% YoY versus 8% YoY decline recorded in H1’21.

Glass fiber operations recorded a positive shift in profitability with better pricing environment given higher demand stemming from the mobility in construction, infrastructure and automotive industries. Average per ton prices grew by 44% in TRY terms.

Excluding mining operations, Chemicals business line generated 11% of its topline from intra-group sales and contribution of international revenues to segmental topline stood at 75% (up by 340 bps YoY) on the same basis.

Chemicals operations, further supported by TRY depreciation, with its hard currency-denominated revenue share standing at 83% in Q3’21, recorded a topline growth of 31% YoY.

**Glassware: 16% share in Revenue | 9% share in EBITDA | | “Second Largest Contribution to Revenue Growth in Q3’21”**

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Triggered by the high season, further easing of Covid restrictions and ongoing demand from HORECA channel, **Glassware** segment maintained its strong performance across all regions. Higher sales volume together with price adjustments put in place in major products under consumer and retail categories contributed to the topline growth.

The business line recorded 23% YoY sales volume growth mainly on the back of better consumer sentiment while the uplift in domestic sales stood as the key component of this solid growth. Despite a relatively weaker market in July due to a 10-day national holiday, domestic sales went up by more than 30% YoY in Q3’21 thanks to higher demand for consumer products, recovery in tourism activity and the HORECA channel as well as curbing availability of imported products by reason of limited international trade. Glassware business line continued to benefit from its location advantage given its local presence in Europe, CIS region and Egypt. Sales from facilities outside Turkey recorded ~20% volume increase mainly thanks to larger scale of local operations given limited flow of imported products.

Business line’s topline grew by 61% YoY, while domestic and international revenue split stood at 31% to 69%.

Increased CUR, optimized production and sales mix and low cost base of Russian operations have all contributed to the business line’s financial performance.



**Share of international revenue was at 72% while domestic revenue was at 28% in Q3'21 at Şişecam consolidate level.**

Regional Breakdown of Revenue	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q3'21	
										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>	<b>56%</b>	372 bps	-379 bps
Sales in Turkey	37%	41%	41%	39%	41%	40%	40%	32%	28%	-392 bps	-1.080 bps
Exports from Turkey	24%	23%	23%	21%	20%	22%	20%	20%	28%	764 bps	701 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>	<b>44%</b>	-372 bps	379 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>	<b>16%</b>	53 bps	138 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>	<b>26%</b>	-380 bps	225 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>	<b>3%</b>	-45 bps	15 bps

**Adjusted EBITDA recorded at TRY 2.0Bn with 24% Margin while Adjusted Net Income stood at TRY 1.3Bn**

- Gross profit margin came in at 35%, up from 33% in Q3'20; main drivers were: a) larger scale of operations and higher capacity utilization rates especially at Flat Glass, Chemicals and Glassware segment levels, b) strong pricing across all glass-focused business lines c) raw material hedges (natural gas and coal) d) local currency depreciation
- OPEX/Sales stood at 17%, 80 bps lower on YoY basis; soaring logistics expenses were compensated with higher sales volume and better pricing
- TRY 51Mn income from participated JVs, up from TRY 17Mn in Q3'20, resulting from stronger operational performance of JVs with St Gobain in Egypt and Solvay in Bulgaria accompanied by higher translation gains stemming from local currency devaluation
- Other income & investing activities had a negative balance of TRY 39Mn compared to TRY 247Mn income recorded last year in the same period mainly due to limited FX gains on other income from main operations resulting from QoQ appreciation of local currency against hard currencies in Q3'21 vs double digit depreciation recorded in Q2'21
- TRY 133Mn FX gain was recorded on Eurobond investments, trade receivables & payables and financing activities vs. TRY 709Mn in Q3'20
- TRY 149mn was recorded as deferred tax expense in Q3'21 versus TRY 200Mn deferred tax income in Q3'20 due to corporate tax rate increase from 22% to 25% and higher use of deferred tax asset following the merger. Tax expense in relation with the period stood at TRY 80Mn thanks to investment-related tax incentives and higher share non-Turkey operations with lower corporate tax rates. Net tax expense came in at TRY 69Mn (effective tax rate of 5%). Effective tax rate for 9M'21 stood at 14% versus 15% in 9M'20
- TRY 272Mn interest expense was recorded on bank loans and issued bonds while TRY124Mn interest income was generated on derivatives

## Cash Flow Analysis (9M'21 vs 9M'20)

- **Cash inflow from operating activities increased from TRY 2.3Bn to TRY 3.9Bn** mainly with better operational performance and higher net income. Working capital requirement increased by TRY 929Mn to TRY 1.8Bn
- **Cash inflow from investing activities stood at TRY 172Mn** versus TRY 877Mn-cash outflow recorded in 9M'20. In the first nine months of 2021, TRY 1.5Bn cash was collected from matured Eurobond investments. Capital expenditures, recorded at TRY 1.3Bn in 9M'21, was up by 23% YoY
  - *Architectural Glass business line expenditures, mainly in relation with cold repairs, corresponded to 28% of the total capex*
  - *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, initial payment of EUR 6Mn for greenfield investment (Hungary) land acquisition and mold expenses corresponded to 26% of the total capex*
  - *Maintenance work carried out by Chemicals business segment (chromium production facilities in Turkey and Italy, cogeneration facility and coal-fired boiler) and mining facility restructuring expenses corresponded to 19% 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*
  - *The remaining balance was in relation with Auto Glass segment maintenance expenses, ongoing restructuring process and efficiency improvement investments*
- **Cash outflow from financing activities went down by TRY 104Mn** to TRY 1.6Bn resulting from higher use of cash in hand for debt repayment
- **Cash conversion cycle** shortened by ~20 days YoY especially with improved inventory turnover rates accompanied by lower days sales outstanding. **FCF came in at TRY 987Mn.**
- With **TRY 3Bn increase in cash position** including FX translation gain, period-end cash position came in at TRY 12.4Bn
- **Cash and cash equivalents** (including financial investments amounting to USD 380Mn) increased by TRY 2Bn YoY to TRY 15.7Bn (USD 1.8Bn) in 9M'21, out of which 87% was kept in hard currencies

## Debt Position

**Gross debt recorded at TRY 18.6Bn (USD 2.1Bn)** as of September 2021-end vs. TRY 17.1Bn (USD 2.3Bn) as of 2020-end

- *74% of bank loans was in hard currencies (39% EUR, 35% USD)<sup>4</sup>*
- *In total TRY 386Mn coupon payment was made in March and in September 2021 on USD 700Mn-Şişecam 2026 Eurobonds*
- *TRY 186Mn financial lease was recorded under financial liabilities*
- *Long-term liabilities corresponded to 72% of gross debt (73% in 2020-end)*

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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 TRY and rest of 18% kept in USD. Swap transaction for the interest payment of USD 40Mn was recognized.

**Net debt was TRY 2.8Bn (USD 318Mn)** vs. TRY 3.9Bn (USD 533Mn) in 2020-end. **Net Debt to EBITDA** was at 0.35x.

### FX Position

**Şişecam's net long FX position** increased to **TRY 9Bn (USD 1Bn)** as of September-end 2021 from TRY 6.6Bn as of the end 2020 with the increase in USD-denominated assets and decrease in EUR-denominated liabilities. FX position was 342Mn short in EUR and 1.4Bn 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:**

- **9M'21: +TRY 817 Mn**

- **Q3'21: +TRY 85 Mn:**

- TRY 81 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
    - TRY 5 Mn: Sale of Pasabahce store (Ankara)

- **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 (Istanbul)

- **Q1'21: +TRY 513 Mn:**

- TRY 502 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
    - TRY 11 Mn: Sale of CO<sub>2</sub> emission allowances

- **9M'20: +TRY 1,041 Mn**

- **Q3'20: +TRY 509 Mn:**

- TRY 509 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact

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

- TRY 197 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact

- **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 Çayırova

#### **Excluding From Net income:**

- **9M'21: +TRY 23 Mn**

- **Q3'21: +TRY 4 Mn:**

TRY 5 Mn: Sale of Pasabahce store (Ankara)

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

TRY 11 Mn: Sale of Pasabahce store

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

TRY 8 Mn: Sale CO<sub>2</sub> emission allowances

- **9M'20: +TRY 9 Mn**

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

TRY 9 Mn: Sale of a part of the land in Çayırova

#### **Operational Developments in Q3'21**

- **Chemicals Production**

- Planned Maintenance Work
  - Cromital facility was inactive for 3 weeks in August
  - Coal fired-boiler was inactive for 3 weeks in September
- Planned Kromsan facility Tankrom SB unit 3 week-cut-off has been postponed

## Important Events during and after the Reporting Period

- On 20/08/2021, JCR Eurasia Rating completed Şişecam's credit rating assessment process with investment grades for international ratings. Assigned ratings were as follows;
  - *Long-Term National Rating "AAA (Trk) / (Stable Outlook)"*
  - *Short-Term National Rating "A-1+ (Trk) / (Stable Outlook)"*
  - *Long-Term International (foreign and local currency) Rating "BBB- / (Stable Outlook)"*
  - *Short-Term International (foreign and local currency) Rating "A-3 / (Stable Outlook)"*
- On 20/08/2021, Turkish Competition Authority completed its investigation, which was publicly announced on 21/05/2020. Turkish Competition Authority decided that Şişecam had not violated the provision of Article 6 of the Law on the Protection of Competition No. 4054 with excessive pricing in flat glass market during 2017-2020. With respect to Article 16 of the same law, Turkish Competition Authority decided not to impose an administrative fine
- Upon the resolution taken by the BoD on 13/09/2021, in line with the Şişecam's goal of meeting rapidly growing glass demand in Turkey and creating sustainable value for all its stakeholders, it was decided to carry out two new float line investments exceeding TRY 4Bn in architectural glass and automotive industry-dedicated glass production. Upon the completion of the investments, Şişecam's Turkey-based annual float glass production capacity will increase by 30% to 2.6Mn tons per year. In order to meet the rapidly increasing demand for flat glass, the greenfield architectural glass float line investment, with a production capacity of 1,200 tons/day, was planned to be commissioned within 24 months. The automotive industry-dedicated line, with a daily production capacity of 750 tons, was planned to be ignited within 18 months
- In the credit opinion report dated 21/09/2021, Moody's announced Şişecam's Long-term credit rating unchanged at "B2" with a "negative" outlook
- Following Senar Akkuş's resignation from the BoD on 23/09/2021, Mr. Hasan Cahit Çınar has been elected as Deputy Chairman, to serve within the remaining term of his predecessor. Pursuant to Article 363 of the Turkish Commercial Code, Mr. Çınar's BoD membership is to be submitted to the approval of the first General Assembly to be held in 2022
- On 30/09/2021, Capital Markets Board approved facilitated merger of Çayırova Cam Sanayii A.Ş. under Şişecam.
- As of 27/10/2021, within the scope of share buyback program, disclosed on 26/02/2020, Şişecam bought back TRY 31.2Mn-nominal value shares, corresponding to 1.02% of the share capital, for a total of TRY 247Mn
- Turkish Competition Authority concluded its investigation on Şişecam Çevre Sistemleri, an affiliated company of Şişecam operating under the glass recycling processing industry. Accordingly, Şişecam Çevre Sistemleri will continue to be operational by limiting its glass recycling processing activities based on the commitments presented by Şişecam. Glass recycling and processing operations' contribution to Şişecam topline is < 0.05%

## Appendix

Sub-Segmental Breakdown of Revenue	H1'20	Q3'20	Q1'21	Q2'21	Q3'21
<b>Architectural</b>	21%	25%	29%	28%	28%
<b>Auto Glass &amp; Encapsulation</b>	10%	12%	13%	11%	8%
<b>Glassware</b>	15%	14%	14%	15%	16%
<b>Glass Packaging</b>	27%	27%	23%	26%	24%
<b>Chemicals</b>	22%	19%	20%	19%	17%
Soda Chemicals & Energy	14%	12%	13%	13%	10%
Chromium Chemicals & Oxyvit	5%	4%	4%	4%	3%
Glass Fiber	1%	1%	2%	2%	1%
Mining & Other	2%	2%	1%	1%	3%
<b>Other</b>	5%	4%	2%	1%	6%

Breakdown of COGS Items	H1'20	Q3'20	Q1'21	Q2'21	Q3'21
Input & Materials & Packaging	41%	41%	43%	43%	39%
Ngas	17%	16%	16%	14%	20%
Electricity	6%	7%	7%	6%	7%
Labor	13%	13%	13%	14%	13%
Depreciation	8%	9%	9%	9%	8%
Outsourcing & Other	15%	14%	13%	14%	14%

Breakdown of Opex Items	H1'20	Q3'20	Q1'21	Q2'21	Q3'21
Indirect Material Costs	1%	1%	2%	1%	1%
Salaries and wages expenses	21%	16%	21%	21%	18%
Outsourced service	47%	45%	41%	45%	46%
Miscellaneous expenses	24%	31%	30%	27%	28%
Depreciation and amortization expenses	7%	6%	6%	5%	7%

Regional Breakdown of Adjusted EBITDA (TRY Mn)	H1'20	Q3'20	Q1'21	Q2'21	Q3'21
<b>Turkey</b>	<b>2,320</b>	<b>1,174</b>	<b>1,201</b>	<b>1,340</b>	<b>1,292</b>
<b>Foreign Operations</b>	<b>553</b>	<b>357</b>	<b>432</b>	<b>861</b>	<b>707</b>
Russia, Ukraine and Georgia	313	219	166	295	385
Europe	254	158	236	515	268
Other	-15	-20	30	52	54

<b>Regional Breakdown Adjusted EBITDA Margin</b>	<b>H1'20</b>	<b>Q3'20</b>	<b>Q1'21</b>	<b>Q2'21</b>	<b>Q3'21</b>
<b>Turkey</b>	<b>41%</b>	<b>34%</b>	<b>35%</b>	<b>36%</b>	<b>28%</b>
<b>Foreign Operations</b>	<b>18%</b>	<b>15%</b>	<b>19%</b>	<b>26%</b>	<b>20%</b>
Russia, Ukraine and Georgia*	10%	9%	7%	9%	11%
Europe*	8%	7%	10%	15%	7%
Other*	0%	-1%	1%	2%	2%

*\*Geography-based Contribution to Non-Turkey Margin*

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