



Şişecam (BIST-100: SISE) reported financial results for the fourth quarter ended December 31, 2021

M. Görkem Elverici, CEO of Şişecam, commented:

“In the last quarter of 2021, our world has continued to face negative impacts of supply chain disruptions and economic hardships of Covid-19 outbreak: challenges in transportation and logistics, hikes in commodity prices and surging energy costs, hampering end-to-end supply chain management. The global economy has entered a pronounced slowdown, fear over inflation has inclined and international trade initiatives have faced higher hurdles to success.

Against this backdrop, we were strategically well positioned to compensate for the negative impacts of global economic slowdown, supply-chain challenges, and strict market conditions by considering consumer and industrial demand, demonstrating effective crisis management, and quickly adapting to the changing conditions. Şişecam has sustained its short-term prospects and left lasting imprints in all aspects of its operations, particularly in its journey of transformation and globalization.

Amidst this environment, we are continuing to pursue value adding investments, expanding our global presence in existing businesses and entering into new business areas. In the last quarter, Şişecam has increased its exposure and become majority shareholder in its U.S. natural soda investment. Şişecam and Ciner Group have been JV partners in the Pacific natural soda ash development project since 2019. As part of the new investment plan, Şişecam became a 60 percent shareholder by acquiring an additional share in the Pacific Project. In addition, Şişecam purchased a 60 percent share in the Atlantic Project and Ciner Resources, the existing natural soda ash production facility of Ciner Group in Wyoming. The Pacific and Atlantic development projects with a targeted combined production capacity of ~5 Million tons/year is expected to start production during 2025 and is planned to gradually reach full capacity by 2027. With this strategic move, Şişecam-controlled soda ash production capacity will exceed 10 Million tons, comparing to the existing capacity of 2.5 Million tons today. In this manner, Şişecam is expected to become a world leader in soda ash production with the additional soda ash capacity achieved by 2026.

Another important decision in 2021 was taken regarding Europe. Şişecam will establish its first glass packaging facility in Europe with two furnaces in Kaposvár, Hungary. The greenfield glass packaging facility will have an annual net production capacity of 330,000 tons, and is expected to start its operations in 2023 and will reach full capacity by 2025. On the other hand, Şişecam decided to invest in a new furnace with an annual capacity of 155,000 tons in its glass packaging production facility in Eskişehir in order to meet the growing potential of glass packaging growth with the rapidly increasing hygiene need in the world. The new glass packaging furnace is planned to be commissioned at the beginning of 2023. The investment will provide input to many important sectors by producing colorless and green glass packaging.

Şişecam also announced in 2021 that it would open 2 new float lines in architectural glass and auto glass. Those investments are in tune with the aim of meeting the rapidly rising glass demand in Turkey and creating sustainable value for all its stakeholders.

In addition, as we announced last week, we are acquiring the Italian company Refel, one of the world's leading refractory materials firm, with the aim of further bolstering our strategic position and minimizing supply chain risks. Committed to taking a larger stake in the circular economy, we

have planned to invest in Basalia Technology, an innovative solution developed to ensure a sustainable world. With this first-ever biotechnology investment, we will support 7CBasalia in its R&D efforts focusing to transform all kinds of waste into harmless substances.

Besides our competitive investment strategies, we continue to implement our transformation journey thoroughly not only in terms of increasing the digital capabilities of our business units but also by means of restructuring our operating model. With the process towards more agility and simplicity, we will have the necessary infrastructure to adapt to the changing conditions of the world and will have even stronger capabilities to benefit from the changing trends that will carry Şişecam into the new era.

Looking forward, we will sustain our efficiency and performance with expanding efforts on operational excellence and digitalization, adopting value-driven capital investment approach while maintaining innovative sustainability mindset all along the line”

Consolidated Summary Financial Results for Q4'21 & 2021

Summary Financials (TRY mn)	2020	2021	YoY	Q4'20	Q3'21	Q4'21	QoQ	YoY
Revenue	21.341	32.058	50%	6.708	8.236	11.045	34%	65%
Gross Profit	6.661	11.180	68%	2.191	2.880	3.748	30%	71%
Gross Margin	31%	35%	366 bps	33%	35%	34%	-103 bps	127 bps
EBIT	4.338	9.635	122%	1.097	1.574	4.571	190%	317%
EBIT Margin	20%	30%	973 bps	16%	19%	41%	2228 bps	2504 bps
EBITDA	5.989	11.696	95%	1.559	2.085	5.168	148%	232%
EBITDA Margin	28%	36%	842 bps	23%	25%	47%	2147 bps	2356 bps
Parent-Only Net Income	2.138	9.133	327%	746	1.353	5.038	272%	576%
Net Income Margin	10%	28%	1847 bps	11%	16%	46%	2919 bps	3450 bps
Capex	1.873	2.637	41%	782	500	1.298	160%	66%
Capex/Sales	9%	8%	-55 bps	12%	6%	12%	568 bps	10 bps
Adjusted EBIT*	3.312	6.534	97%	1.111	1.488	2.286	54%	106%
Adjusted EBIT Margin*	16%	20%	486 bps	17%	18%	21%	263 bps	414 bps
Adjusted EBITDA*	4.962	8.595	73%	1.573	2.000	2.884	44%	83%
Adjusted EBITDA Margin*	23%	27%	356 bps	23%	24%	26%	182 bps	266 bps
Adjusted Parent-Only Net Income*	2.012	8.097	302%	628	1.348	4.025	199%	541%
Adjusted Net Income Margin*	9%	25%	1583 bps	9%	16%	36%	2007 bps	2708 bps
Analyst EBIT**	2.755	5.501	100%	1.084	1.474	1.790	21%	65%
Analyst EBIT Margin**	13%	17%	425 bps	16%	18%	16%	-169 bps	5 bps
Analyst EBITDA**	4.405	7.562	72%	1.546	1.986	2.387	20%	54%
Analyst EBITDA Margin**	21%	24%	295 bps	23%	24%	22%	-250 bps	-143 bps

*Excluding one-off impacts

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

Financial Highlights (Q4'21 vs Q4'20)¹

- **Revenue** came in at TRY 11Bn, up by 65% YoY (EUR 866Mn, up by 21% YoY in EUR terms)
- **Gross profit** was at TRY 3.7Bn, up by 71% YoY with a margin of 34%
- **Adjusted EBITDA** came in at TRY 2.9Bn, up by 83% (EUR 266Mn, up by 32% YoY in EUR terms) with 26% margin
- **Adjusted Parent Only Net Income** came in at TRY 4Bn with 36% net margin
- **Capex** recorded at TRY 1.3Bn (EUR 102Mn) with 12% Capex/Revenues
- **FCFE** with a **negative balance** of TRY 154Mn (EUR 15Mn) **WC/Revenue** was at 37%
- **Currency Sensitivity:** TRY 5.9Bn **Net Long FX Position**, **EUR+USD share in Gross Profit** is 10% (52% in Revenue, 42% in COGS) in 2021
- **Net Debt/EBITDA** was at 0.9x

Segmental Analysis

Segmental Breakdown of Revenue (TRY Mn)	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q4'21		Q4'21 Topline Drivers (YoY)
								QoQ	YoY	
Architectural Glass	1.704	4.960	1.640	1.987	2.338	3.205	9.170	37%	88%	+5% volume, +64% pricing&product mix, +19% currency impact
Auto Glass	847	2.382	747	808	671	1.003	3.230	49%	18%	-19% volume, +37% pricing&product mix, currency impact
Glassware	1.088	3.197	793	1.061	1.306	1.715	4.876	31%	58%	+17% volume, +41% pricing&product mix, currency impact
Glass packaging	1.468	5.449	1.225	1.813	2.015	2.418	7.472	20%	65%	+10% volume, +29% pricing&product mix, +26% currency impact
Chemicals	1.219	4.272	1.143	1.319	1.424	1.978	5.865	39%	62%	+6% volume, +24% pricing&product mix, +32% currency impact
Other	382	1.081	138	102	480	725	1.445	51%	90%	
Total	6.708	21.341	5.686	7.091	8.236	11.045	32.058	34%	65%	

*Based on Net External Revenue

Segmental Contribution to Revenue	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q4'21	
								QoQ	YoY
Architectural Glass	25%	23%	29%	28%	28%	29%	29%	2%	14%
Auto Glass	13%	11%	13%	11%	8%	9%	10%	11%	-28%
Glassware	16%	15%	14%	15%	16%	16%	15%	-2%	-4%
Glass packaging	22%	26%	22%	26%	24%	22%	23%	-11%	0%
Chemicals	18%	20%	20%	19%	17%	18%	18%	4%	-1%
Other	6%	5%	2%	1%	6%	7%	5%	13%	15%

¹reference to [Appendix](#) for segmental breakdown analysis

Segmental Analysis (cont'd)

Segmental Breakdown of Adjusted EBITDA (TRY Mn)	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q4'21	
								QoQ	YoY
Architectural Glass	466	1.001	566	701	671	1.434	3.372	114%	207%
Auto Glass	98	145	59	90	16	-62	103	-482%	-164%
Glassware	230	551	229	289	174	523	1.215	200%	127%
Glass packaging	456	1.635	365	534	410	665	1.973	62%	46%
Chemicals	435	1.629	490	535	558	592	2.175	6%	36%
Other	-113	18	-24	-58	154	-34	38	-122%	-70%
Elimination	1	-18	-58	-7	17	-234	-282	-1472%	-26114%
Total	1.573	4.962	1.627	2.085	2.000	2.884	8.595	44%	83%

Segmental Contribution to Adjusted EBITDA	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q4'21	
								QoQ	YoY
Architectural Glass	30%	20%	34%	34%	34%	46%	38%	36%	55%
Auto Glass	6%	3%	4%	4%	1%	-2%	1%	-343%	-132%
Glassware	15%	11%	14%	14%	9%	17%	14%	91%	15%
Glass packaging	29%	33%	22%	26%	21%	21%	22%	3%	-26%
Chemicals	28%	33%	29%	26%	28%	19%	25%	-33%	-31%
Other	-7%	0%	-1%	-3%	8%	-1%	0%	-114%	-85%

Segmental Adjusted EBITDA Margin	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q4'21	
								QoQ	YoY
Architectural Glass	26%	19%	33%	33%	27%	41%	34%	51%	60%
Auto Glass	12%	6%	8%	11%	2%	-6%	3%	-350%	-153%
Glassware	21%	17%	29%	27%	13%	30%	25%	128%	45%
Glass packaging	31%	30%	30%	29%	19%	28%	26%	42%	-11%
Chemicals	30%	31%	35%	33%	28%	23%	29%	-17%	-22%
Other	-18%	1%	-6%	-14%	17%	-2%	1%	-113%	-88%

Operational Highlights (Q4'21 vs Q4'20)

- Flat Glass: Architectural Glass & Auto Glass
 - Total **flat glass production** at **760K** tons, up by 16% YoY
 - **97% capacity utilization rate** (actual output/effective capacity)
 - **Architectural Glass Division: up by 5% YoY in sales volume**
 - **Auto Glass Business Line: down 19% YoY decrease** in consolidated auto glass (converted from m2 to tons) and encapsulation (converted from units to tons) **sales volume**

- Glass Packaging
 - **5% YoY increase** in total **glass packaging production** at 608K tons
 - **10% YoY increase** in total **sales volume** (domestic sales up by 10%, exports down by 11%, sales from non-Turkey operating regions up by 16%)
 - **95% capacity utilization rate (93% in Turkey and 96% in Russia)** (actual output/effective capacity)

- Chemicals
 - Soda Ash
 - **21% YoY increase** in total **production** at 597K tons
 - **98% capacity utilization rate**
 - **13% YoY increase** in total **sales volume** at 608K tons (20% increase in domestic sales, 11% increase in international sales)
 - **6% YoY decrease in average USD/ton price**
 - Chromium Chemicals
 - **96% capacity utilization rate**
 - **6% YoY decrease** in total **sales volume** at 33.5K tons (with domestic sales up by 51% and international sales down by 13%, respectively)
 - **18% YoY increase in average USD/ton price**
 - Glass Fiber
 - **30% YoY increase** in total **production** at 16.4K tons
 - **94% capacity utilization rate**
 - **14% YoY decrease** in total **sales volume** at 15.9K tons
 - TRY 205Mn revenues, up by 51% YoY
 - Electricity
 - **17% YoY decrease** in total **production** at 183Mn kWh
 - **7% YoY increase** in total **sales volume** at 216Mn kWh
 - 265% YoY increase in TRY/kWh average price
 - TRY 247Mn revenues, up by 292% YoY
 - Oxyvit
 - TRY 73Mn revenues, up by 150% YoY

- Glassware
 - **17% YoY increase** in total **sales volume**

Architectural Glass²: 29% share in Revenue | 46% share in EBITDA | “Largest Topline Contributor&EBITDA Margin Generator in Q4’21”

Architectural Glass sustained its robust performance in the last quarter of 2021 thanks to strong demand dynamics across all geographies where the products were manufactured in as well as where they were channeled to. CURs increased above the levels recorded both in Q4’20 and 9M’21 given constantly heightened need for flat glass products, mainly stemming from renovation activities. Based on active production capacity, CUR stood at 93% in Turkey, while recorded at 102% on average in Europe, India and Russia. Accordingly, architectural glass output grew by 16% YoY from 655K tons to 760K tons. With higher CUR, Q4’21 output stayed 15% above the average output per quarter in 2019 (adjusted to inactive capacities). Turkey based-lines produced 56% of the total output. EU-based lines’ share stood at 28% while the rest was contributed by the two lines located in Russia and India.

Supported by the demand coming from Housing Development Administration’s (TOKI) projects, building renovation activities, seasonal upward trend in the use of double glazed and other types of value added flat glass products, on top of the continued processed glass exports of the wholesalers to the surrounding region, domestic sales soared by 9% YoY. Sales from Turkey operations, accounted for 57% of consolidated sales volume (48% domestic, 9% export). Compared with the quarterly average volume recorded in 2019, sales grew by 27%.

Aggregate share of Bulgaria and Italy facilities’ sales, up by 2% YoY, corresponded to 27% of consolidated figure. While the upward trend in flat glass demand sustained, magnitude of the growth was lower due to seasonal factors. Yet supply deficit persisted given cold repairs at peers’ facilities. India and Russia operations recorded 2% YoY decline in terms of combined sales volume, mostly due to the high base of India. As a result, the two lines’ contribution to the overall architectural glass sales stood at 16%.

Average domestic product prices went up by 39% QoQ in TRY terms with cost pass through. For the full year 2021, average per ton price increase stood at 38% YoY in TRY. Meanwhile, in 4Q’21, QoQ and YoY rise in EUR-based average price levels were +20% and ~+60%, respectively, both in Europe and India. YoY product price increases were even higher in Russia with growing local demand and higher exports. For the full year 2021, EUR-based average per ton prices grew by +35% in Europe and India and by +65% in Russia.

Architectural Glass business, with TRY 3.2Bn net external revenue, recorded a topline growth of 88% YoY.

Auto Glass²: 9% share in Revenue |

Auto Glass business line’s main clientele, OEMs (Original Equipment Manufacturer), continued to operate at low CURs as they kept on suffering from the global semiconductor shortage. In turn, Auto Glass sales volume contracted by 19% YoY. Region-wise breakdown of sales pointed out that Romania and Bulgaria facilities were the most affected ones. Although, domestic sales were also hit by local auto production companies’ temporary production halts in turn recorded a volume decline of 22% YoY, thanks to exports from Turkey mainly to OEMs as well as to auto replacement market distributors, volume contraction stood at 9% for Turkey-based facilities’ sales (domestic + export).

Auto Glass business line’s net external revenue came in at TRY 1Bn, up by 18% YoY.

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

Glass Packaging: 22% share in Revenue | 21% share in EBITDA | “Second Largest Contribution to Topline Growth in Q4’21”

With a quarterly average CUR of 95%, consolidated **Glass Packaging** production volume was up by 5% YoY (+3% in Turkey and +8% in Russia&Georgia). Combined production of Russia and Georgia accounted for 46% of total output, up by 120 bps, with additional output resulting from the re-ignition of Pokrov capacity in March 2021.

Thanks to better consumer sentiment, strong industrial and household demand stayed in place throughout the quarter and was met by higher output level. Sales/output ratio stood at 100%, hence Glass Packaging segment ended the quarter with 10% higher sales volume YoY. Domestic operations’ share in consolidated volume, recorded at 43% (flat YoY), was up by 10%, while exports from Turkey declined by 11% given higher demand in domestic market with the inclusion of new mineral water producers to the client portfolio, heightened glass usage as a packaging replacement due to chronic can shortage and limitations in shipments rooted from ongoing disruption in logistics industry. Non-Turkey operating regions’ sales went up by 16% on similar grounds.

Pricing environment was strong across all regions given the cost inflation seen globally.

As a result, the business line recorded a revenue growth of 65% YoY with TRY 2.4Bn net external revenue. Glass Packaging business line generated 56% (50 bps lower YoY) of its revenue from international sales including exports from Turkey, while share of domestic sales stood at 44%.

Chemicals: 18% share in Revenue | 19% share in EBITDA | “Third Largest Contribution to Topline Growth in Q4’21”

Soda ash sales were up by 13% YoY, while average USD per ton prices declined by 6% given contractual terms on the same basis. Solid demand dynamics continued to be promising for 2022 yet the potential change in energy and logistic costs stayed highly uncertain. Hence, global soda ash producers conducted 2022 negotiations by allowing the clientele to secure the volume they require for the full year but at variable pricing terms (subject to change if deemed necessary based on 3 to 6-month reviews). Considering third party market analysts, all being constant, average per ton soda ash price increase in hard currency terms is forecasted to be +20% YoY in 2022.

Chromium chemicals sales volume went down by 6% YoY on the high base of Q4’20 due to logistic constraints yet recorded at quarterly average of the pre-pandemic period. Revival of end-client industries and cost inflation have led to a steep trend for the pricing of both the main output, sodium dichromate, and the derivative products, BCS and CA, price levels. Consequently, chromium chemicals prices grew by 18% YoY in USD on average.

High base impact and upward trend in product pricing were also relevant for Glass fiber operations. At 94% quarterly average CUR and 96% sales/output ratio, Glass fiber sales recorded at 15.9K tons, down by 14% YoY. Average increase in per ton prices stood at 29% YoY in EUR terms.

Excluding mining operations, Chemicals business line generated 31% of its topline from intra-group sales and contribution of international revenues to segmental topline stood at 66% down from 76% in Q4’20 on the same basis.

Chemicals operations, further supported by TRY depreciation, with its hard currency share in topline standing at 83% in Q4’21, recorded TRY 2Bn net external revenue, up by 62% YoY.

Glassware: 16% share in Revenue | 17% share in EBITDA | | “Second Largest Contribution to EBITDA Growth in Q4’21”

Glassware segment outperformed the previous year in the last quarter of 2021. At full CUR, consolidated glassware output of all facilities located in four countries, namely, Turkey, Bulgaria, Russia and Egypt, went up by 18% YoY. Sales performance was supported by higher demand for tableware products across all geographies thanks to the high season as well as the unmuted HORECA channel, which ended up in a sales volume growth of 17% YoY. Although Covid impact was merely visible on Şişecam Glassware operations, logistics constraints continued to limit the international trade on a global scale throughout the quarter. At the **Glassware** segment level, logistic hurdles’ impact had been mitigated thanks to the geographical expansion and large catchment area. In volume terms, domestic sales went up by 30% YoY. Exports from Turkey inched up by 6% YoY, whereas Non-Turkey facilities recorded 13% increase YoY. Price adjustments put in place in all product categories resulted in 58% higher topline YoY in Q4’21 with net external revenue recorded at TRY 1.7Bn. International revenue share in Glassware segment topline kept on increasing and attained 71% level in Q4’21.

Share of international revenue stood at 66% while the rest was generated from domestic sales in Q4’21 at Şişecam consolidated level.

Regional Breakdown of Revenue	9M’20	Q4’20	2020	Q1’21	Q2’21	Q3’21	Q4’21	2021	Q4’21		2021
									QoQ	YoY	YoY
Revenue from Turkey Operations	63%	61%	62%	60%	52%	56%	56%	57%	-21 bps	-487 bps	-503 bps
Sales in Turkey	40%	46%	42%	40%	32%	28%	34%	34%	147 bps	-1.170 bps	-733 bps
Exports from Turkey	24%	15%	20%	20%	20%	28%	22%	23%	-168 bps	683 bps	230 bps
Revenue from Foreign Operations	37%	39%	38%	40%	48%	44%	44%	43%	21 bps	487 bps	503 bps

Adjusted EBITDA recorded at TRY 2.9Bn with 26% Margin while Adjusted Net Income stood at TRY 4Bn

- Gross profit margin came in at 34%, up by ~130bps YoY amidst higher raw material, packaging materials and energy prices and local currency depreciation thanks to a) larger scale of operations and higher capacity utilization rates especially at Flat Glass and Chemicals segment levels b) cost pass through across all business lines and sub-segments excluding soda ash
- OPEX/Sales stood at 18%, 120 bps higher YoY, mainly due to uptrend in logistics expenses and the rise in G&A expenses stemming from employee compensation adjustment due to high inflation and local currency depreciation
- TRY 57Mn income from participated JVs, flat YoY, as stronger operational performance and currency translation gains of the JV with St. Gobain in Egypt were netted off by lower earnings of the JV with Solvay in Bulgaria and net losses recorded by Pacific LLC
- Other income & investing activities recorded as TRY 451Mn compared to a negative balance of TRY 2Mn in Q4’20 as a result of FX gains on other income from main operations resulting from ~50% QoQ local currency depreciation against hard currency basket in Q4’21 vs. mid-single digit local currency appreciation in Q4’20 on the same basis
- TRY 515Mn fair value and currency translation adjustments on Pacific LLC investment following the acquisition of 10% additional stake and the change in consolidation method from equity pick-up to stake-adjusted consolidation

- TRY 3.3Bn FX gain was recorded on Eurobond investments, trade receivables & payables and financing activities vs. TRY 455Mn FX loss in Q4'20
- TRY 111mn was recorded as deferred tax expense in Q4'21 versus TRY 171Mn in Q4'20 given higher use of deferred tax asset following the merger. Tax expense in relation with the period stood at TRY 1.2Bn. Net tax expense came in at TRY 1.2Bn (effective tax rate of 19%). Effective tax rate for the full year 2021 stood at 17% versus 13% in 2020
- TRY 307Mn interest expense was recorded on bank loans and issued bonds while TRY299Mn interest income was generated on derivatives

Cash Flow Analysis (2021 vs 2020)

- **Cash inflow from operating activities** was flat at **TRY 4.3Bn**. Although stronger operational performance has led to higher net income, increase in cash inflow from operating activities was limited due to non-cash adjustments mostly in relation with unrealized FX translation gains. Working capital requirement increased by TRY 323Mn to TRY 950Mn
- **Cash outflow from investing activities stood at TRY 6Bn** versus TRY 1.6Bn in 2020 given US Natural Soda Ash deal-stake acquisition payment. Capital expenditures, recorded at TRY 2.6Bn, was up by 41% YoY
 - *Architectural Glass business line expenditures, mainly in relation with cold repairs and land acquisition for the greenfield float line investment (TRY 165Mn) in Tarsus, corresponded to 24% 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 payments for greenfield investment (Hungary) incl. land acquisition and mold expenses corresponded to 23% of the total capex*
 - *Cold repair undertaken by Glassware segment (borosilicate furnace in Turkey-Kirklareli facility), advance payments on Bulgaria and Turkey-Eskişehir facilities cold repair works (one furnace in each) scheduled for 2022, and mold expenses corresponded to 19% 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), expenses in relation with capacity addition and mining facility restructuring expenses corresponded to 17% 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 126Mn to **TRY 2.5Bn** resulting from higher use of cash in hand for debt repayment
- **Cash conversion cycle** lengthened by 4 days YoY resulting from a rise in inventory days outstanding due to local currency depreciation. **FCF came in at a negative balance of TRY 154Mn.**
- With **TRY 4.4Bn increase in cash position** including FX translation gain, period-end cash position came in at **TRY 12.8Bn**
- **Cash and cash equivalents** (including financial investments amounting to USD 325Mn) increased by TRY 4Bn YoY to TRY 17Bn (USD 1.3Bn) in 2021, out of which 87% was kept in hard currencies

Debt Position

Gross debt recorded at TRY 28Bn (USD 2.1Bn) vs. TRY 17Bn (USD 2.3Bn) in 2020

- 80% of bank loans was in hard currencies (36% EUR, 44% USD)³
- In total TRY 387Mn coupon payment was made in March and in September 2021 on USD 700Mn-Şişecam 2026 Eurobonds
- TRY 196Mn financial lease was recorded under financial liabilities
- Long-term liabilities corresponded to 62% of gross debt (73% in 2020-end)

Net debt was TRY 11Bn (USD 788Mn) vs. TRY 4Bn (USD 533Mn) in 2020. **Net Debt to EBITDA** was at 0.9x.

FX Position

Şişecam's net long FX position decreased to **TRY 6Bn (USD 440Mn)** as of 2021-end from TRY 6.6Bn in 2020 mainly with the decline in USD-denominated assets following the closure of US Natural Soda Ash deal. FX position was 367Mn short in EUR and 813Mn 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:

- **2021: +TRY 3.102 Mn**
 - **Q4'21: +TRY 2.285 Mn:**
 - TRY 1.210 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
 - TRY 586 Mn: Gains on revaluation of investment properties
 - TRY 515 Mn: Fair value and currency translation adjustment gain on Pacific LLC (consolidation method change)
 - TRY 28 Mn: Losses on the sale of scrap machinery and equipment
 - TRY 2 Mn: Sale of Pasabahce office (Adana)
 - **Q3'21: +TRY 85 Mn:**
 - TRY 81 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
 - TRY 5 Mn: Sale of Pasabahce office (Ankara)

³ 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.

- **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 CO₂ emission allowances
- **2020: +TRY 1,026 Mn**
 - **Q4'20: +TRY 14 Mn:**
TRY 165 Mn: Revaluation loss on fixed income instruments incl. IFRS 9 impact
TRY 151 Mn: Losses on revaluation of properties
 - **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 Çayirova

Excluding From Net income:

- **2021: +TRY 1.036 Mn**
 - **Q4'21: +TRY 1.013 Mn:**
TRY 519 Mn: Gains on revaluation of investment properties
TRY 515 Mn: Fair value and currency translation adjustment gain on Pacific LLC (consolidation method change)
TRY 23 Mn: Losses on the sale of scrap machinery and equipment
TRY 1 Mn: Sale of Pasabahce office (Adana)

- **Q3'21: +TRY 5 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 CO₂ emission allowances
- **2020: +TRY 126 Mn**
 - **Q4'20: +TRY 117 Mn:**
TRY 117 Mn: Losses on revaluation of properties
 - **Q1'20: +TRY 9 Mn:**
TRY 9 Mn: Sale of a part of the land in Çayırova

Operational Developments during and after Q4'21

- **Flat Glass**
 - Cold repair process of the 5th float line's with 240K ton annual flat glass production capacity, located in Turkey Bursa Yenişehir facility, has been completed. The line, which was inactive since 27/05/2020, was re-ignited on 15/11/2021. Commercial production has been started in December
 - Greenfield float line investment: Land acquisition in Tarsus
- **Chemicals**
 - Soda Ash Production Capacity Increase
 - 50K ton/year capacity increase at Mersin Facility
 - Natural Soda Ash Production Capacity through the Acquisition of 60% in Ciner Group's US Operations
 - Active natural soda ash production capacity of 2.5Mn ton/year (to be fully consolidated)
 - Atlantic & Pacific natural soda ash mines with 5.4Mn ton/year production capacity (to be partially consolidated) expected to be taken online gradually starting from 2025
- **Glassware**
 - Planned Maintenance Work

1. Cold repair process of one of the two furnaces located in Bulgaria facility has been started on 19/01/2022. Based on the initial schedule, the furnace will be inactive for 6 to 8 weeks

Important Events during and after Q4'21

- In light of the positive trend in glass packaging demand in Turkey and the market dynamics pointing out to the continuation of the moderate demand increase in the European market, the decision to further strengthen Şişecam's Eskişehir Glass Packaging production base, by adding a new 155K tons/year capacity-furnace, had been taken by the BoD on 03/11/2021.
 - *The new furnace investment, with an estimated cost of 84Mn EUR including working capital needs, will be commissioned in 2023. Upon the completion of the 5th furnace in Eskişehir Plant, Şişecam's Turkey-based glass production capacity will increase to 1.5Mn tons/year. Global glass packaging production capacity will reach to 3.2Mn tons/year following the completion of the greenfield investment in Hungary.*
- Upon the resolution taken by the BoD on 08/11/2021, it had been decided to invest in Basalia Technology, a biotechnological invention for green and circular economy that was developed by 7CBasalia with a sustainable World vision and with the aim of transforming all kinds of waste into harmless substances. Şişecam will support 7CBasalia in its R&D studies.
- Upon the resolution taken by the BoD on 19/11/2021, with the purpose of taking over 60% of Ciner Group's United States soda operations, it had been decided to make the following stake purchases for a total amount of USD 450Mn including all expenses related to the transactions and business development on the condition to execute the payment following the deal closing.
 - *Purchase of Imperial National Resources Trone Inc's 10% stake in Pacific Soda LLC, which is currently equally owned by Sisekam Chemicals USA Inc. and Imperial National Resources Trone Inc,*
 - *Purchase 60% stake in Atlantic Soda LLC, which is fully owned by Imperial National Resources Trone Inc,*
 - *Purchase 60% stake in Ciner Resources Corporation, 74% interest owner in Ciner Resources LP, which is holding 51% in Ciner Wyoming USA, a fully operational natural soda ash production facility with 2.5mn tons/year capacity*
- ✓ On 21/12/2021, following the approval US Competition Board, acquisition of 60% stake in Ciner Group's United States soda operations had been completed. As previously announced, USD 450Mn- cash payment has been executed following the deal closure.
- In its comment note dated 24/11/2021, Moody's stated that US Soda Ash investments, which might weaken the credit metrics in the short-term, would bring long-term competitive advantages and kept Şişecam's credit rating unchanged as "B2" and the outlook as "negative".
- Following the affirmation of Turkey's sovereign rating at BB- and the outlook revision from "stable" to "negative" on 03/12/2021, International Credit Rating agency Fitch Ratings has affirmed the credit rating of Türkiye Şişe ve Cam Fabrikaları A.Ş. at BB- and revised the Outlook from "stable" to "negative".
- On 16/12/2021, as part of the periodic review carried out by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri, Corporate Governance rating of Şişecam has been revised up to 95,51 (9,55 out of 10)
- Türkiye İş Bankası A.Ş. (İşbank), main shareholder of Şişecam, has purchased TRY 3.8Mn nominal value Şişecam shares between 22/12/2021 and 24/12/2021. Post-share acquisition, ownership of İşbank in Şişecam's share capital has reached to 51.06%.

- Upon the resolution taken by the BoD of İşbank on 30/12/2021, İşbank Head Office had been authorized to purchase shares of its listed subsidiaries namely; Türkiye Şişe ve Cam Fabrikaları A.Ş., Türkiye Sınai Kalkınma Bankası A.Ş., Anadolu Hayat Emeklilik A.Ş., İş Finansal Kiralama A.Ş., İş Gayrimenkul Yatırım Ortaklığı A.Ş. and İş Yatırım Menkul Değerler A.Ş., up to a maximum total purchase amount of TRY 1 Bn on the market until the end of 2022 starting from the resolution date.
- Following the resignation of Zeynep Hansu Ucar from her position as the BoD Member on 31/12/2021, Can Yücel had been elected as the BoD Member on 03/01/2022. Can Yücel BoD Membership will be submitted to the approval of General Assembly at the ordinary meeting
- On 27/01/2022, Turkey Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries Şişecam Otomotiv A.Ş. and Şişecam Elyaf Sanayii A.Ş. started the new period collective bargaining negotiations with Türkiye Cam Çimento ve Toprak İşverenleri and Kristal-İş for Flat Glass facilities located in Ankara, Bursa, Kırklareli and Mersin, for Glassware facilities located in Denizli, Eskişehir, Kırklareli and Mersin and for Glass Packaging facilities located in Eskişehir, Mersin and Yenişehir. The new period collective bargaining negotiations had been started with Türkiye Çimse-İş, as well, for Auto Glass Lüleburgaz facility, Glass Fiber Balıkesir facility, for Bilecik facility of Camiș Madencilik A.Ş., a subsidiary of Şişecam and for other workplaces associated with the union on the same date.
- Upon the resolution taken by the BoD on 03/02/2022, it had been decided to acquire the Italian company Refel S.p.A., one of the world's leading refractory materials manufacturers with an annual production capacity of 6K tons, in exchange for a cash payment of EUR 22Mn.
- As of 08/02/2022, within the scope of share buyback program, disclosed on 26/02/2020, Şişecam bought back TRY 39.2Mn-nominal value shares, corresponding to 1.28% of the share capital, for a total of TRY 349Mn

Appendix

Sub-Segmental Breakdown of Revenue	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021
Architectural	25%	23%	29%	28%	28%	29%	29%
Auto Glass & Encapsulation	13%	11%	13%	11%	8%	9%	10%
Glassware	16%	15%	14%	15%	16%	16%	15%
Glass Packaging	22%	26%	21%	25%	24%	22%	23%
Chemicals	18%	20%	20%	18%	17%	18%	18%
Soda Chemicals & Energy	12%	13%	13%	13%	10%	11%	11%
Chromium Chemicals & Oxyvit	4%	4%	4%	4%	3%	4%	4%
Glass Fiber	2%	2%	2%	2%	1%	1%	2%
Mining & Other	1%	2%	1%	1%	3%	2%	2%
Other	6%	5%	2%	1%	6%	7%	5%

Breakdown of COGS Items	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021
Input & Materials & Packaging	45%	44%	46%	46%	44%	42%	44%
Ngas	16%	16%	15%	14%	19%	23%	19%
Electricity	6%	6%	6%	6%	7%	7%	7%
Labor	13%	13%	13%	13%	12%	10%	12%
Depreciation	9%	9%	9%	9%	8%	7%	8%
Outsourcing & Other	11%	11%	10%	11%	9%	10%	10%

Breakdown of Opex Items	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021
Indirect Material Costs	2%	1%	2%	1%	1%	2%	1%
Salaries and wages expenses	19%	19%	21%	21%	18%	11%	17%
Outsourced service	43%	45%	41%	45%	46%	69%	53%
Miscellaneous expenses	31%	28%	30%	27%	28%	14%	24%
Depreciation and amortization expenses	5%	6%	6%	5%	7%	4%	6%

Regional Breakdown of Adjusted EBITDA	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021
Turkey	2.269	5.763	1.201	1.340	1.292	2.908	6.742
Foreign Operations	620	1.530	432	861	707	637	2.637
Russia, Ukraine and Georgia	321	853	166	295	385	398	1.243
Europe	234	646	236	515	268	210	1.228
Other	65	31	30	52	54	30	166

Regional Breakdown Adjusted EBITDA Margin	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021
Turkey	56%	44%	35%	36%	28%	47%	37%
Foreign Operations	24%	19%	19%	26%	20%	13%	19%
Russia, Ukraine and Georgia*	12%	11%	7%	9%	11%	8%	9%
Europe*	9%	8%	10%	15%	7%	4%	9%
Other*	2%	0%	1%	2%	2%	1%	1%

*Geography-based Contribution to Non-Turkey Margin

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