

EARNINGS RELEASE

August 29, 2024



Şişecam (BIST-100: SISE) reported financial results for the second quarter ended June 30, 2024

[M. Görkem Elverici, CEO of Şişecam, commented:](#)

2024 began with significant global economic uncertainties and geopolitical tensions, which persisted into the second quarter. Economic slowdown, market imbalances, fluctuations in energy prices, and geopolitical tensions influenced not only the broader business environment but also the sectors in which Şişecam operates. The sluggish demand in the first half of the year, along with slowdowns in some regions, made cost-saving and operational efficiency practices even more necessary. Agile decision-making and the ability to act swiftly have become increasingly important.

With its experience in foreseeing uncertainties and strategic decision-making mechanisms, Şişecam successfully managed risks in the first half of the year. Aligning with its long-term strategic goals and regional strategies across business lines, Şişecam continues to focus on value-added areas and manage investment plans that create sustainable value while taking economic and geopolitical developments into account. This strategic approach, which significantly contributes to the sustainable increase in shareholder value, will enable Şişecam to meet the demand with enhanced capabilities as uncertainties decrease and more favorable market dynamics emerge.

Trust is the fundamental value we need during challenging times. Şişecam reaffirmed global confidence in the company with its record-demand bond issuance in April. Our Eurobond issuance, totaling \$1.5 billion and executed in two tranches, 55% with an 8-year maturity and an average yield of 8.455%, and 45% with a 5-year maturity and a yield of 8.056%, attracted nearly \$5 billion in international institutional demand, setting a record. This extraordinary interest further reaffirms the global confidence in Şişecam

Our transformation journey, which began with the Roots and Wings Program, continues with the key step of ERP transition. On April 1, 2024, our transition to the SAP S/4HANA system was successfully completed for Şişecam's Glass Packaging and Chemicals operations in Türkiye. On July 1, 2024, transitions in our Flat Glass and Automotive Glass operations in Türkiye were completed. As a result, at least one location in each of our operational areas has gone live. This program, which will enhance our capabilities to standardize processes, access data end-to-end swiftly, and make strategic decisions based on data beyond global best practices, is targeted to be completed for all of our operating areas at all locations by the end of this year. Our transformation initiative, encompassing every function and geographical area we operate in, will also serve as a significant differentiator for Şişecam.

In the second half of the year, we believe that interest rate cuts and improvements in demand will support moderate economic developments and the recovery in our sectors. Despite all the uncertainties, we will continue on our path with determination, leveraging our abilities to make correct strategic decisions and manage changes effectively. With our sustainability and innovation-

focused strategies, we will continue lead our sectors and add value to our stakeholders despite economic and geopolitical fluctuations.

I want to express my sincere gratitude for your trust and support in Şişecam. In the upcoming period, we will maintain our commitment to open communication, responsible financial management, and continuous improvement.

Important Notice Regarding the Accounting Principal Change

- Turkey has economic conditions that require reporting entities in the country to follow the methodology set out in International Accounting Standards ('IAS') - 29 'Financial Reporting in Hyperinflationary Economies'.
- Pursuant to the decision dated December 12, 2023, and numbered 10744 by the BRSA, banks, financial leasing, factoring, financing, savings financing, and asset management companies are not subject to inflation adjustments required under TAS-29 in their financial statements as of December 31, 2023.
- IAS 29 requires the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy to be restated for changes in the general purchasing power of that currency. Comparative figures for prior period(s) should be restated into the same current measuring unit.
- According to IAS 29.3, hyperinflation is indicated by the characteristics of an economy, which include but are not limited to the followings:
 - The cumulative inflation rate over three years is approaching, or exceeds, 100 percent. The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency
 - The general population regards monetary amounts in terms of a relatively stable foreign currency
 - Pricing of credit compensates for the expected loss of purchasing power, even in short credit periods
 - Interest rates, wages and prices are linked to a price index
- The consumer price index ('CPI') issued by the Turkish Statistical Institute was 36.08%, 64.27%, 64.77% and 24.73% in 2021, 2022, 2023, and 30.06.2024 respectively, thus IAS 29.3 is applied for reporting entities in Turkey.
- Pursuant to the Capital Markets Board Decision dated 28.12.2023 and numbered 81/1820, Sisecam is subject to IAS 29 inflationary accounting provisions, starting from its 2023 year-end earnings disclosure. Thus, Q2'24 and comparative Q2'23 financial results, stated in this earnings release, contain Sisecam's audited financial information prepared according to Turkish Financial Reporting Standards by application of IAS-29 inflation accounting provisions.
 - Non-monetary assets and liabilities are restated
 - Non-monetary items carried at current value are not restated
 - Monetary items (ie cash, financial assets) are not subject to indexation and thus not restated
 - All items in P&L are expressed by monthly indexation through consumer price index from the dates when the incomes and expenses accounted and up until the reporting date. Cost of goods sold, depreciation, and deferred tax items are subject to recalculation based on respective restated B/S items.
- Application of IAS-29 inflationary accounting provisions of Sisecam's financial figures is expected to continue until Turkey's economic conditions no longer meet the above stated IAS 29 criteria.

Consolidated Summary Financial Results for Q2'24

Important Notice: Pursuant to the Capital Markets Board Decision dated 28.12.2023 and numbered 81/1820, issuers and capital market institutions shall prepare their annual financial statements ending on December 31, 2023, or later, in accordance with IAS-29 inflationary accounting provisions. Accordingly, this Earnings Release on Q2'24 financial results and comparative prior period, contains Sisecam's audited financial information prepared in accordance with Turkish Financial Reporting Standards by application of IAS-29 inflation accounting provisions.

Summary Financials (TRY Mn)	H1'23	H1'24	YoY	Q2'23	Q1'24	Q2'24	QoQ Change	YoY Change
Revenue	103,568	85,792	-17%	50,931	43,995	41,797	-5%	-18%
Gross Profit	29,344	19,887	-32%	13,606	10,059	9,828	-2%	-28%
Gross Profit Margin	28%	23%	-515 bps	27%	23%	24%	65 bps	-320 bps
Şişecam EBIT	15,704	539	-97%	8,864	1,431	-891	-162%	-110%
Şişecam EBIT Margin	15%	1%	-1,453 bps	17%	3%	-2%	-538 bps	-1,954 bps
Şişecam EBITDA	22,639	7,777	-66%	12,301	5,171	2,606	-50%	-79%
Şişecam EBITDA Margin	22%	9%	-1,279 bps	24%	12%	6%	-552 bps	-1,792 bps
Parent Only Net Income	10,660	4,928	-54%	4,889	2,553	2,375	-7%	-51%
Parent Only Net Income Margin	10%	6%	-455 bps	10%	6%	6%	-12 bps	-392 bps
Capex	13,153	10,784	-18%	8,090	4,689	6,094	30%	-25%
Capex/Sales	13%	13%	-13 bps	16%	11%	15%	392 bps	-130 bps
Analyst EBIT*	9,057	-1,492	-116%	3,238	-344	-1,148	234%	-135%
Analyst EBIT Margin*	9%	-2%	-1,048 bps	6%	-1%	-3%	-196 bps	-910 bps
Analyst EBITDA*	15,992	5,745	-64%	6,675	3,396	2,349	-31%	-65%
Analyst EBITDA Margin*	15%	7%	-874 bps	13%	8%	6%	-210 bps	-748 bps

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

Financial Highlights (Q2'24 vs Q2'23)

- **Revenue** came in at TRY 42Bn, down by 18% YoY
- **Gross profit** was at TRY 10Bn, down by 28% YoY with a margin of 24%
- **EBITDA** came in at TRY 2.6Bn, down by 79% with 6% margin
- **Parent Only Net Income** came in at TRY 2.4Bn, down by 51% with 6% net margin
- **Capex** recorded at TRY 6.1Bn and Capex/Revenues stood at 15%
- **FCFE** had a negative balance of **TRY 21.2Bn**. **WC/Revenue** was at 37%
- **Currency Sensitivity:** TRY 927Mn **Net Long FX Position**, **Hard currency share in Gross Profit** is 7% (48% in Revenue, 41% in COGS) in Q2'24
- **Net Debt/EBITDA** was at 2.6x

Segmental Analysis¹H1'24

Segmental Breakdown of Revenue (TRY Mn)	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24	Q2'24		H1'24	Topline Drivers YoY
								QoQ	YoY	YoY	
Architectural Glass	10,619	10,207	20,825	38,954	9,340	9,136	18,475	-2%	-10%	-11%	+21% volume, -31% pricing, prod. mix, currency
Industrial Glass	5,209	4,424	9,634	19,752	5,042	4,538	9,579	-10%	3%	-1%	-7% volume, +10% pricing, prod. mix, currency
Glassware	6,343	6,062	12,405	21,924	5,662	5,369	11,031	-5%	-11%	-11%	flat at volume, -11% pricing, prod. mix, currency
Glass Packaging	8,599	9,623	18,222	34,189	7,711	8,111	15,822	5%	-16%	-13%	+5% volume, -21% pricing, prod. mix, currency
Chemicals	14,099	14,397	28,496	49,185	10,435	9,384	19,818	-10%	-35%	-30%	-1% volume, -34% pricing, prod. mix, currency
Energy	6,859	5,183	12,042	22,297	4,661	4,603	9,264	-1%	-11%	-23%	+52% volume, -63% pricing, prod. mix, currency
Other	910	1,035	1,945	3,289	1,145	657	1,802	-43%	-37%	-7%	
Consolidated	52,637	50,931	103,568	189,590	43,995	41,797	85,792	-5%	-18%	-17%	

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

Segmental Analysis (cont'd)

Segmental Contribution to Revenue	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24	Q2'24		H1'24
								QoQ	YoY	YoY
Architectural Glass	20%	20%	20%	21%	21%	22%	22%	63 bps	182 bps	143 bps
Industrial Glass	10%	9%	9%	10%	11%	11%	11%	-60 bps	217 bps	186 bps
Glassware	12%	12%	12%	12%	13%	13%	13%	-3 bps	94 bps	88 bps
Glass packaging	16%	19%	18%	18%	18%	19%	18%	188 bps	51 bps	85 bps
Chemicals	27%	28%	28%	26%	24%	23%	23%	-117 bps	-572bps	-441bps
Energy	13%	10%	12%	12%	11%	11%	11%	42 bps	84 bps	-83 bps
Other	2%	2%	2%	1%	2%	1%	2%	-103 bps	-66 bps	22 bps

Segmental Breakdown of EBITDA (TRY Mn)	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24	Q2'24		H1'24
								QoQ	YoY	YoY
Architectural Glass	2,554	1,645	4,200	8,648	934	1,462	2,396	57%	-11%	-43%
Industrial Glass	113	88	202	1,421	-280	-223	-504	-20%	-354%	-350%
Glassware	795	1,560	2,354	1,803	458	-409	49	-189%	-126%	-98%
Glass packaging	1,383	2,701	4,084	6,220	691	768	1,459	11%	-72%	-64%
Chemicals	4,211	5,123	9,334	14,222	2,077	1,748	3,825	-16%	-66%	-59%
Energy	311	-170	141	58	257	-191	65	-175%	13%	-54%
Other	1,116	1,351	2,466	7,249	944	-346	598	-137%	-126%	-76%
Total	10,483	12,298	22,780	39,620	5,081	2,808	7,889	-45%	-77%	-65%
Elimination	-145	3	-141	-366	90	-202	-112	-325%	-6067%	-21%
Consolidated	10,338	12,301	22,639	39,254	5,171	2,606	7,777	-50%	-79%	-66%

Segmental Analysis (cont'd)

Segmental Contribution to EBITDA	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24	Q2'24		H1'24
								QoQ	YoY	YoY
Architectural Glass	24%	13%	18%	22%	18%	52%	30%	3,370 bps	3,870 bps	1,194 bps
Industrial Glass	1%	1%	1%	4%	-6%	-8%	-6%	-244 bps	-867 bps	-727 bps
Glassware	8%	13%	10%	5%	9%	-15%	1%	-2,358 bps	-2,725 bps	-971 bps
Glass packaging	13%	22%	18%	16%	14%	27%	18%	1,373 bps	537 bps	56 bps
Chemicals	40%	42%	41%	36%	41%	62%	48%	2,136 bps	2,058 bps	752 bps
Energy	3%	-1%	1%	0%	5%	-7%	1%	-1,187 bps	-543 bps	21 bps
Other	11%	11%	11%	18%	19%	-12%	8%	-3,090 bps	-2,330 bps	-325 bps

Note: EBITDA contributions are based on pre-consolidation eliminations.

Segmental EBITDA Margin	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24	Q2'24		H1'24
								QoQ	YoY	YoY
Architectural Glass	22%	15%	19%	21%	9%	15%	12%	562 bps	-18 bps	-663 bps
Industrial Glass	2%	2%	2%	7%	-6%	-5%	-5%	63 bps	-691 bps	-735 bps
Glassware	13%	26%	19%	8%	8%	-8%	0%	-1,570 bps	-3,333 bps	-1,852 bps
Glass packaging	16%	27%	22%	18%	9%	9%	9%	53 bps	-1,758 bps	-1,256 bps
Chemicals	27%	33%	30%	26%	18%	17%	18%	-80 bps	-1,599 bps	-1,259 bps
Energy	3.7%	-2.8%	1.0%	0.2%	4.3%	-3.2%	0.5%	-751 bps	-45 bps	-42 bps
Other	53%	62%	57%	92%	42%	-18%	14%	-5,940 bps	-7,974 bps	-4,318 bps

[Operational Highlights \(Q2'24 vs Q2'23\)](#) ²

Q2'24 vs Q2'23		
Architectural Glass		<ul style="list-style-type: none"> ○ Production up by 21% at 702K tons ○ 85% capacity utilization rate* ○ Sales volume up by 12% (domestic sales up by 7%, international sales up by 18%)
Industrials	Auto Glass & Encapsulation	<ul style="list-style-type: none"> ○ Sales volume** down by 3%
	Glass Fiber	<ul style="list-style-type: none"> ○ Production was up by 3% to 16K tons ○ 92% capacity utilization rate ○ Sales volume up by 1%
Glass Packaging		<ul style="list-style-type: none"> ○ Production was up by 13% to 625K tons ○ Sales volume up by 5% (domestic sales up by 11%, international sales up by 2%) ○ 94% capacity utilization rate (91% in Turkey and 98% in Russia) *
Glassware		<ul style="list-style-type: none"> ○ Sales volume was flat (domestic sales down by 3%, international sales up by 2%)
Chemicals	Soda Chemicals	<ul style="list-style-type: none"> ○ Production down by 6% ○ Sales volume down by 1% (domestic sales up by 17%, international sales down by 3%)
	Chromium Chemicals	<ul style="list-style-type: none"> ○ Sales volume was flat at 25K tons (domestic sales down by 11%, international sales up by 2%)
Energy		<ul style="list-style-type: none"> ○ Sales volume up by 52%, to 1.9Bn kWh

² Glass and chemicals volume figures are based on metric ton

* Actual output/effective capacity

** Auto Glass sales volume converted from m² to tons, Encapsulation sales volume converted from units to tons

Architectural Glass: 22% share in Revenue | #2 Topline & EBITDA Contributor in Q2'24

Despite the economic uncertainties caused by widespread inflation, the Architectural Glass business line demonstrated its resilient positioning in the construction and renovation markets.

While the business line continued to implement inventory balancing strategies throughout the quarter to adapt to the surrounding market conditions, flat glass output reached 702K tons, up by 21% YoY, and the quarter-wise CUR stood at 85% (vs. 75% in Q2'23). Production growth was driven by the capacity expansion in Turkey given the introduction of a new auto glass-dedicated production line back in Q3'23 and a relatively limited cut in gross pull rates. 62% of flat glass output was composed of Turkey-based operations while facilities located in the EU region accounted for 23% of the consolidated production volume. Russian and Indian operations corresponded to the remaining balance.

Consolidated sales volume increased by 12% YoY, primarily driven by a stronger performance in almost all regions and the low base effect. Sales from Turkey including exports, 57% of consolidated sales volume (vs. 59% in Q2'23), increased by 9% YoY. Despite a decline in the market consumption due to limited financing capabilities of the client industries, domestic market sales volume increased by 7% YoY, thanks to mainly the uptrend in renovation activities with gradually evolving macroeconomic environment and the re-urbanization efforts put in place in the earthquake region. Low base, stemming from the uncertainties during the general election period in 2023 and the impact of the devastating earthquakes, supported the operations. Domestic sales' performance was further backed by the decline in imports, due to import protection measures and TRY depreciation. Export volume was up by 20% YoY, driven by an expanded catchment area given inventory optimization strategies through channeling more products to overseas markets with gradual addition of new wholesaler and processor clients to our portfolio in Latin and North America as well as the resolution of logistic constraints from last year's massive earthquakes in Turkey.

Despite the downward trend in the new construction market, thanks to relative resilience of renovation activities within the EU region, sales from Europe-based facilities indicated a YoY volume growth of 24%. The share of the continent in consolidated sales volume was recorded at 25%, compared to 22% in Q2'23.

Although there was a contraction in sales volume performance at Russia-based facility due to the sales mix supporting the automotive line with intra-group sales, strong momentum in India led to an aggregate sales volume that is up by 10% YoY. Accordingly, the combined share of those two regions in the consolidated Architectural Glass sales volume remained flat at 19%.

As it was noted in the previous quarter, abundant low cost-products, outstanding decline in energy costs, and subdued demand continued to put pressure on the pricing environment. Accordingly, EUR-based product prices went down by on average 8% YoY across all regions.

Architectural Glass segment, with TRY 9.1Bn net external revenue, recorded a topline contraction of 10% YoY.

Industrial Glass: 11% share in Revenue

Industrial Glass business line, consisting of automotive glass, encapsulation and glass fiber operations, generated TRY 4.5Bn net external revenue with an annual growth of 3%.

As a Tier 1 supplier to major brands in the OEM industry, our Auto Glass and Encapsulation sales volume remained intact flat in terms of units compared to last year yet indicated a YoY decline of 3% in ton terms. Sales mix was the reason for a ton wise-decline as the scheduled deliveries for the period were composed of lighter products. Auto Replacement Glass (“ARG”) channel, continued to support the business line’s performance, contributing 15% share in consolidated automotive glass & encapsulation revenue.

Despite weaker client industries’ demand, glass fiber sales were up by 1% YoY in volume terms. Product prices moved south in the domestic market and the surrounding region due to the presence of low cost-imports. The share of Glass Fiber in Industrial Glass business segment topline was 10% in Q2’24.

Glass Packaging: 19% share in Revenue | #3 Topline & EBITDA Contributor in Q2’24

With a quarterly average CUR of 94%, consolidated Glass Packaging production increased by 13% YoY to 625K tons in Q2’24. This growth was primarily driven by the positive impact of the fifth furnace at the Eskişehir Glass Packaging plant, which became operational at the end of Q1’24 and capacity additions taken online at Georgia facility in June 2023. Additionally, production growth benefited from the low base of Q2’23 caused by the cold repairs at the Gorokhovets (Russia) and Mina (Georgia) plants. The share of Turkey-based facilities in total production was at 56%, while 41% was produced in Russia and the remaining balance in Georgia.

Consolidated Glass Packaging sales volume, of which 53% coming from Turkey-based facilities, grew by 5% in Q2’24. Despite weak demand conditions in Europe, which has the largest share in our Glass Packaging export, Turkey-based facilities’ consolidated sales volume increased by 8% YoY with 11% growth in domestic operations, driven by strong performance of non-alcoholic beverage, particularly led by the soft drinks sector where we catered to the heightened demand and acquired new customers thanks to customized and effective capacity allocation. In spite of increased competition, food sector sales also contributed to the growth in the second quarter. Meanwhile, sales performance of Russia-based facilities was in line with the prior year. The tripling of excise tax rates on wine and champagne in early May had a month-long negative impact on the sector's sales. Yet, sales to the beer sector recorded an overperformance given the rise in beer consumption thanks to higher domestic tourism and netted off the impact of elevated taxes. Sales to the beer industry further strengthened with small to mid-size new entries to the beer market and continued aluminum can shortage in the sector. Having the lowest share in glass packaging sales volume, Mina facility recorded a positive sales performance compared to the low base of 2Q’23, in line with the incremental capacity taken online in June 2023. As a result, total international sales grew by 2% YoY.

On a quarterly basis, there was a positive sales volume trend in all locations with the onset of the high season.

In Q2’24, there was a low double-digit price adjustment in Turkey due to higher raw material and labor costs, resulting in average prices per ton in USD terms being slightly above the previous quarter but below YoY. On the other side, fierce price competition persisted in Europe to maintain market presence.

Glass Packaging business line, with TRY 8.1 Bn net external revenue, recorded a topline contraction of 16% YoY.

Chemicals: 23% share in Revenue | #1 Topline & EBITDA Contributor in Q2'24

Global soda ash picture still remains very mixed. In China, a net importer of soda ash, demand growth became evident towards the end of the last quarter and strengthened further in Q2'24 driven mainly by electric vehicle and solar glass projects in an environment where supply was limited due to maintenance work leading to low-capacity utilization in the region. Domestic demand was strong in Turkey but persisted weak in Europe.

Şişecam's consolidated soda ash production declined by 6% YoY mainly due to the planned maintenance work at Wyoming facility and ongoing inventory optimization in EU-based facilities given weak demand and oversupply environment in the region.

In Q2'24, Şişecam's consolidated soda ash sales volume decreased marginally by 1% compared to the same period last year. While international sales declined by 3%, primarily due to the slower sales to Europe, sales volume at the Mersin facility grew by 5% in Q2'24, with a 17% surge in domestic sales and flat export YoY. The robust domestic growth is attributed to the higher demand from the flat glass and glass packaging industries coupled with the low base set in Q2'23 due to secondary impacts of the devastating earthquake. The earthquake caused a significant decline in regional clients' soda ash demand and transportation issues. Additionally, the weak consumption environment driven by election-related uncertainties contributed to the low base in Q2'23. Despite a significant increase in soda ash sales to China, owing to lower output due to planned maintenance work within the quarter and weakening domestic demand, sales from US operations declined by mid-single digit.

Despite a significant increase in global demand for soda ash compared to the past decade, margins remain under pressure as capacity additions outpace demand growth. On an annual basis, soda ash prices have decreased by approximately 30% in USD terms in Q2'24 given the elevated price levels of the previous year due to surcharges in relation to extreme fluctuations in energy prices.

There was an improving outlook for the chromium chemicals. Consolidated sales performed well within the seasonal limits and remained stable YoY. Although sales in Turkey were slower due to reduced competitiveness caused by the current state of the local currency and a high interest rate environment, this was offset by strong international sales, particularly in South America. Total international sales increased by 2% YoY in 2Q'24.

The market experienced balanced pricing on a QoQ basis excluding the impact of sales mix, yet pricing continued to stay below prior year levels given lower energy prices.

The chemicals segment's net external revenue was recorded at TRY 9.4Bn, down by 35% YoY.

Glassware: 13% share in Revenue

Amidst ongoing uncertainties in relation to high inflation and unabated slowdown in global growth and further elevated due to geopolitical unrest, Glassware business line maintained its sales volume flat in Q2'24 YoY.

Thanks to Ramadan and Mother's Day campaigns targeting to encourage consumption at the retail level, our sales to national retailer and stores channel overperformed the previous year. Meanwhile, despite weaker than expected orders from the tourism sector, wholesalers & distributors that cater to Horeca demand capitalized the entry to the high season through elevated purchases. Similarly, B2B channel showed some vitality thanks to season-specific and customized campaigns. On the flip side of the coin, retail wholesaler channel, composing 50% of our domestic operations, recorded lower sales YoY due to mainly the slowdown in new business openings and concerns over the risk of default in collections given high interest rates and difficulty in accessing to the loan market. In the face of these challenges, our brand awareness and product diversity enabled us to perform better than the market. As a result, domestic operations recorded 3% lower sales YoY.

As the cost-of-living crisis continues to affect retail channel sales in Europe, growth in the discounter market has been observed. Our sales to discounters have supported our B2B performance; however, high stock levels among decorators and wholesalers and the sluggish global beer industry have limited the overall sales volume. On the other hand, enhanced by the start of the tourism season, Horeca channel had a stronger performance, particularly in summer tourism destinations.

Despite geopolitical uncertainties, export restrictions and new import procedures in some regions, sales to the MEA region were supported by campaigns, with Egypt, Iraq, and Morocco markets being dynamic. Although the tendency to save on non-essential products limited the retail performance in Russia, Horeca and B2B channels were fairly active. Consequently, international sales went up by 2% YoY.

The pricing environment, on the other hand, was shaped based on the region-based inflation levels and their impact on the cost of production.

In Q2'24, Glassware business line, with TRY 5.4Bn net external revenue, recorded a topline contraction of 11% YoY while international sales contributed 55% to the topline.

Based on Şişecam consolidated figures, share of international revenue stood at 60% in Q2'24 while the rest was generated from domestic sales.

Regional Breakdown of Revenue	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24	Q2'24		H1'24
								QoQ	YoY	YoY
Revenue from Turkey Operations	57%	57%	57%	60%	59%	58%	59%	-93 bps	152 bps	190 bps
Sales in Turkey	39%	35%	37%	40%	39%	40%	39%	55 bps	459 bps	251 bps
Exports from Turkey	18%	22%	20%	21%	20%	18%	20%	-148 bps	-308 bps	-21 bps
Revenue from Foreign Operations	43%	43%	43%	40%	41%	42%	41%	93 bps	-152 bps	-190 bps

[In Q2'24, EBITDA recorded at TRY 2.6Bn with 6% margin while Parent Only Net Income stood at TRY 2.4Bn](#)

- Gross profit margin was 24% in Q2'24 compared to 27% in Q2'23. Although cost of goods sold contracted by 14% YoY thanks to higher capacity utilization rate and cost management efforts put in place, the margin contraction stemmed from i) decline in revenue due to lower pricing environment, as buyer market dynamics limited the flexibility in adjusting prices in line with the inflation amid sluggish demand; ii) limitation on the translation of the value created by international operations into TRY, due to hard currency appreciation lagging behind the CPI index. Margin contractions were visible particularly in Glassware and Glass Packaging business lines given the adverse impact of inflationary accounting on piling-up inventories; and in Chemicals operations due to declining trend in hard currency product prices. Meanwhile Architectural Glass business line had recorded an expansion in its gross profit margin thanks to higher capacity utilization rate, larger scale of operations with the introduction of new auto glass-dedicated line and lower spot market natural gas prices.
- OPEX/Sales, went up by 590 bps to 26%. Margin erosion resulted from operational expenses rising largely in line with inflation, driven by indirect labor cost increases while year on year rise in consolidated revenue was lower than the Turkish Lira inflation on the back of the discrepancy between the inflation rate and the changes in the value of reporting currencies in international operations relative to the Turkish Lira, caused by the implementation of inflationary accounting, and the declining product pricing environment amid subdued demand.
- TRY 371Mn income from participated JVs vs. TRY 443Mn
- Other income & investing activities recorded at TRY 120Mn compared to TRY 1.3Bn as a result of matured FX-protected deposits.

- TRY 667Mn FX gain was recorded on Eurobond investments, trade receivables & payables and financing activities vs. TRY 6.1Bn mainly due to relatively stable FX rate limiting net other income from main operations and lower revaluation gain on Eurobond investments gradually maturing.
- TRY 3Bn net interest expense was recorded on bank loans and debt issuances and TRY 368k on derivatives.
- TRY 2.6Bn monetary gain was recorded in Q2'24 compared to TRY 741Mn.
- TRY 3.1Bn was recorded as deferred tax income in Q2'24 vs TRY 4.2Bn deferred tax expense in Q2'23. The shift from deferred tax expense to income resulted from the accounting methodology change due to the implementation of inflation accounting on statutory statements effective from June 30th 2024. Deferred tax assets booked in relation to investment incentives were used to cover the taxes on income in 2023. However, accounting methodology change resulted in lower profit before tax which in turn generated additional deferred tax assets in 2024.

Cash Flow Analysis (H1'24 vs H1'23)

- **Cash inflow from operating activities** came in at TRY 7.4Bn vs. TRY 17.8Bn mainly due to lower reported net profit for the period and the sharp decline in adjustments on tax (income) expenses given the accounting methodology change on statutory statements.
- **Cash outflow from investing activities stood at TRY 5.2Bn** vs. TRY 17.4Bn given;
 - TRY 4.5Bn advance payments in relation with the capex program
 - TRY 435Mn cash payment for the acquisition of Icron
 - TRY 10.8Bn capital expenditures vs. TRY 13.2Bn mainly in relation with
 - Glass Packaging business line; mainly in relation with greenfield investment in Hungary and payments made in relation with planned cold repair process in Turkey in 2024 corresponded to 35% of Sisecam's total capex.
 - Architectural Glass segment mainly in relation with greenfield flat glass facility and furnace as well the new patterned glass furnace investments in Turkey-Tarsus corresponded to 27% of the total capex.
 - Chemicals segment, mainly in relation with operational efficiency and maintenance investments in Turkey Mersin and USA Wyoming plants corresponded to 12% of the total capex.
 - The remaining balance was related to cold repair undertaken in Eskişehir Glassware facility and Industrial Glass segment maintenance expenses combined with One Şişecam digital transformation and efficiency improvement programs.
- **Cash inflow from financing activities recorded at TRY 26.0Bn** vs. TRY 9.3Bn outflow in H1'23, mainly with the Eurobond issuance executed by Sisecam UK Ltd in Q2'24.
- **Cash conversion cycle** was at 152 days with DIO, DRO and DPO at 123, 82 and 54, respectively.
- FCFE had a negative balance of TRY 21.2Bn including monetary loss on CCE.

- With **TRY 30.4Bn increase YoY in cash** including FX translation gains and monetary loss on cash & cash equivalents, period-end cash position came in at **TRY 66.7Bn**.
- **Cash and cash equivalents including a)** TRY 4Bn-liquid fund investments b) TRY 3.2Bn-financial assets (USD 94Mn-Eurobond investments) increased by TRY 21.3Bn over H1'23 to TRY 70.1Bn in H1'24.
- Excluding the financial assets, 88% of cash and cash equivalents was kept in hard currencies of which 38% was in EUR and 62% in USD).

Debt Position (H1'24 vs 2023)

Gross debt recorded at TRY 133Bn vs. TRY 106Bn

- 80% of financial liabilities were in hard currencies (18% EUR, 62% USD) ³
- TRY 15.7Bn principal + interest payments were made in H1'24 including USD 24.3Mn coupon payment made in March on USD 700Mn-Şişecam 2026 Eurobonds, USD 328Mn on the tender of and USD 8Mn interest payment on 2026 Eurobonds and coupon payments on TRY short term bonds.
- TRY 2.7Bn financial lease was booked under financial liabilities
- Long-term liabilities corresponded to 75% of gross debt (54% in 2023)

Net debt was TRY 63Bn vs. TRY 49Bn in 2023. **Net Debt to EBITDA** was at 2.6x.

FX Position (H1'24 vs 2023)

Net long FX position of TRY 927Mn was recorded in H1'24 vs. TRY 13.4Bn net long position in 2023 year-end. The decline was the result of higher USD liabilities stemmed from newly issued Sisecam UK Eurobonds due 2029 and 2032 as well as cross currency swaps executed on 54% of these liabilities. FX position was 465Mn long in USD and 298Mn short in EUR as stated in original currencies in H1'24-end.

³ Long-term liabilities include post tender USD 372 Mn-Sisecam 2026 Notes and USD 1.5 Bn Sisecam UK Notes due 2029 and 2032. As of the reporting period, USD 372mn - Sisecam 2026 Notes are fully denominated in USD as the related cross-currency swaps have been gradually unwound in August 2022 and in June 2024. In accordance with the cross-currency swaps, made in Q2'2024, on USD 1.5bn - Sisecam UK Notes due 2029 and 2032; 44% of the notes was converted to EUR, 10% to TRY while the remaining 46% was kept in USD

One-Off Impacts on the Financials:

On EBIT:

- **Q2'24: TRY 163 Mn:**
 - TRY 163 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
- **Q1'24: TRY 252 Mn:**
 - TRY 173 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
 - TRY 79 Mn: Insurance compensation
- **Q2'23: TRY 1,342 Mn:**
 - TRY 1,342 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
- **Q1'23: -TRY 247 Mn:**
 - TRY 172 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
 - TRY -419 Mn: Earthquake donation

On Net Income:

- **Q2'24: TRY 11 Mn:**
 - TRY 11 Mn: Tax incentive income
- **Q1'24: TRY 168 Mn:**
 - TRY 60 Mn: Insurance compensation
 - TRY 108 Mn: Tax incentive income
- **Q1'23: -TRY 1,994 Mn:**
 - TRY 1,680 Mn: Earthquake tax
 - TRY 314 Mn: Earthquake donation

Operational Developments during and after Q2'24

- **Flat Glass**

- Cold Repair
 - TR1 line, located in Kırklareli facility (Turkey), was inactive during Q2'24 due to cold repair work that started in 2023 January-end.

- **Glass Packaging**

- New Investment:
 - 5th furnace investment with a gross production capacity of 198K tons/year in Eskişehir Glass Packaging facility, was ignited on 28/03/2024 and commercial production started on 19/04/2024.

- **Glassware**

- Cold Repair:
 - The furnace located in Eskişehir facility (Turkey) was re-ignited on 29/03/2024 following the cold repair process and commercial production started on 15/04/2024

- **Chemicals**

- Planned Maintenance Work
 - Kromsan facility was inactive for 29 days during Q2'24
 - Wyoming facility was inactive for 15 days in April 2024

- **Other**

- Planned Maintenance Work
 - Oxyvit facility
 - Vitamin-K unit was inactive for 3 days during Q2'24.
 - SMBS unit was inactive for 6 days during Q2'24.

Important Events during and after Q2'24

- On 03/04/2024, Şişecam and its subsidiaries Şişecam Otomotiv A.Ş. and Şişecam Elyaf Sanayii A.Ş. reached an agreement on the new period collective bargaining negotiations with Türkiye Cam Çimento ve Toprak İşverenleri and Kristal-İş for Flat Glass facilities located in Kırklareli, Mersin, Bursa and Ankara, for Glassware facilities located in Kırklareli, Eskişehir and Denizli and for Glass Packaging facilities located in Mersin, Yenişehir and Eskişehir. The new period collective bargaining negotiations reached an agreement with Türkiye Çimse-İş, as well, for Auto Glass Lüleburgaz facility, Glass Fiber Balıkesir facility, for Bilecik facility of Camiş Madencilik A.Ş., a subsidiary of Şişecam, and for other workplaces associated with the union on the same date.
- On 22/04/2024, Citigroup Global Markets Limited, HSBC Bank plc, J.P. Morgan Securities plc and Merrill Lynch International were mandated for the planned Eurobond issuance of our 100% owned subsidiary, Sisecam UK PLC. The investor meetings and book building process were completed on 24/04/2024 and the net proceeds were transferred to Sisecam UK PLC accounts on 02/05/2024. The information regarding the bonds sold under Rule 144A/RegS regulations to qualified investors abroad and listed on the Irish Stock Exchange (Euronext Dublin) by Sisecam UK PLC is as follows:
 - USD 500,000,000 nominal value with a 5-year maturity, May 2, 2029 as the redemption date, and 8.25% coupon rate
 - USD 600,000,000 nominal value with an 8-year maturity, May 2, 2032 as the redemption date, and 8.625% coupon rate
- On 22/04/2024, within the scope of debt profile management, along with the Eurobond issuance of Sisecam UK PLC, a tender offer was launched on Şişecam's USD 700 Mn (principal amount)-outstanding Eurobonds, issued in 2019 and due 2026, for a partial or full redemption before maturity. As a result of Sisecam Eurobond Tender Offer process, USD 328.2 Mn in aggregate principal amount of the notes was accepted for purchase on 21/05/2024.
- On 22/04/2024, International Credit Rating Agency Moody's upgraded Şişecam's credit rating from "B3" to "B2" and maintained its outlook as "positive". Concurrently, Moody's assigned a "B2" instrument rating with a "positive" outlook for the planned Eurobond issuance of Sisecam UK Plc, a 100% subsidiary of Şişecam. In its statement, Moody's highlighted that the proposed planned bond issuance and short-term debt refinancing would strengthen Şişecam's liquidity profile.
- On 23/04/2024, International Credit Rating Agency Fitch Ratings upgraded Şişecam's Long-Term Foreign-Currency Issuer Default Rating from "B+" to "BB-" and maintained its outlook as "positive". Concurrently, Fitch Ratings assigned an expected "BB-(EXP)" instrument rating for the planned Eurobond issuance of Sisecam UK Plc, a 100% subsidiary of Şişecam. In its statement, Fitch Ratings highlighted that upgrade reflects the company's credit enhancements such as the recently established offshore hard-currency liquidity and growing offshore EBITDA generation that allow a notch uplift above Turkey's 'B+' country ceiling.
- On 14/05/2024, the bookbuilding process of the tap Eurobond issuance of Sisecam UK PLC, to be consolidated with the Eurobonds with nominal values of USD 500Mn due 02/05/2029 and USD 600Mn due 02/05/2032 was finalized. The information regarding the bonds issued in two different maturities is as follows:
 - USD 175,000,000 nominal value with a 5-year maturity, May 2, 2029 as the redemption date, and 7.5% coupon rate.

- USD 225,000,000 nominal value with an 8-year maturity, May 2, 2032 as the redemption date, and 8.0% coupon rate.
- The audited bank-only and consolidated financial reports of Şişecam’s parent company, Türkiye İş Bankası A.Ş., for the period ending 31/03/2024, was disclosed on the Public Disclosure Platform and Türkiye İş Bankası A.Ş.’s website on 10/05/2024. The financial reports of Türkiye İş Bankası A.Ş., which also included key figures related to Şişecam, were prepared in accordance with the accounting and financial reporting legislation of the Banking Regulation and Supervision Agency and did not include the provisions of TAS 29 ‘Financial Reporting in Hyperinflationary Economies’. Therefore, the information about Şişecam in the financial reports of Türkiye İş Bankası A.Ş., is expected to differ from the figures in our financial statements for the period ending 31/03/2024, which would be disclosed in accordance with the Capital Markets Board reporting regulations and applied the provisions of TAS 29. Unaudited and not subjected to inflation accounting financial statements of Şişecam, submitted to Türkiye İş Bankası A.Ş., are presented in the table below.

Financial Item	TRY ('000)
Total Assets	286,916,869
Total Fixed Assets (*)	150,053,702
Shareholders' Equity	152,200,904
Interest Income	1,599,266
Securities Income	155,947
Current Period Profit/Loss	3,851,167
Prior Period Profit/Loss	2,736,034

(*) Includes investment properties, property, plant, and equipment, and intangible assets.

- In the board meeting dated 28/06/2024, Şişecam accepted the resignations of Prof. Dr. Ahmet Kirman and Sezgin Lüle, effective July 1, 2024. Mr. Adnan Bali is proposed as the new Chairman, pending approval at the upcoming General Assembly meeting.
- Within the scope of the preliminary investigation conducted by the Competition Board (“Board”) in 2021, Şişecam and its subsidiary Şişecam Çevre Sistemleri A.Ş. had provided commitments regarding waste glass recycling activities, which were subsequently made binding by the Board. Following the examination regarding whether the notification obligations arising from these commitments have been fulfilled and whether the commitments have been adhered to, the Board decided to initiate an investigation against Şişecam and its subsidiary, Şişecam Çevre Sistemleri A.Ş., pursuant to the subparagraph (b) of the fourth paragraph of Article 43 of Law No. 4054 on the Protection of Competition. As part of the investigation, the Board also decided to initiate a separate investigation directly against Şişecam Çevre Sistemleri A.Ş. to determine if there has been a violation of Article 4 of Law No. 4054.

- To restructure Şişecam's non-operational subsidiary in Ukraine, which is 100% owned by Şişecam through Sisecam Investment B.V. ("SIBV"), Şişecam's wholly owned subsidiary located in the Netherlands; the establishment of a new company named Pivdena BV located in the Netherlands, in which SIBV holds 100% of its capital, was completed on 15/07/2024.
- Şişecam BoD has decided to appoint Ebru Özşuca as a Board Member, pending approval at the upcoming General Assembly meeting.
- Following the rating upgrade of the Government of Turkey to "B1" from "B3" by Moody's on 19/07/2024, while affirming the outlook as "Positive"; the International Credit Rating Agency has upgraded the Long-Term Foreign-Currency Issuer Default Rating of Şişecam to "B1" from "B2" and revised the outlook to "Stable" from "Positive" on 26/07/2024.
- The audited bank-only and consolidated financial reports of Şişecam's parent company, Türkiye İş Bankası A.Ş., for the period ending 30/06/2024, was disclosed on the Public Disclosure Platform and Türkiye İş Bankası A.Ş.'s website on 07/08/2024. The financial reports of Türkiye İş Bankası A.Ş., which also included key figures related to Şişecam, were prepared in accordance with the accounting and financial reporting legislation of the Banking Regulation and Supervision Agency and did not include the provisions of TAS 29 'Financial Reporting in Hyperinflationary Economies'. Therefore, the information about Şişecam in the financial reports of Türkiye İş Bankası A.Ş., is expected to differ from the figures in our financial statements for the period ending 30/06/2024, which would be disclosed in accordance with the Capital Markets Board reporting regulations and applied the provisions of TAS 29. Unaudited and not subjected to inflation accounting financial statements of Şişecam, submitted to Türkiye İş Bankası A.Ş., are presented in the table below.

Financial Item	TRY ('000)
Total Assets	328,044,134
Total Fixed Assets (*)	155,504,278
Shareholders' Equity	155,818,762
Interest Income	3,228,769
Securities Income	216,425
Current Period Profit/Loss	6,414,600
Prior Period Profit/Loss	9,081,431
Revenue	82,426,798
EBIT	7,216,799
EBITDA	11,917,960

(*) Includes investment properties, property, plant, and equipment, and intangible assets.

- On 20/09/2023, the Capital Markets Board approved Şişecam's application for the issuance of debt instruments up to a total amount of TRY 20Bn for sale to domestic qualified investors and private placement without public offering. Within the scope of this issue certificate, Şişecam completed seven bond issuances with an aggregate nominal value of TRY 17.85Bn, all outstanding.
 - 12.85Bn of the outstanding TRY bond liability has a fixed interest rate with a weighted average maturity of 615 days and simple annual interest rate of 47.49% as of 29/08/2024.
 - 5.0Bn of the outstanding TRY bond liability has variable interest rate with a weighted average maturity of 737 days and 2.5% additional return on TLREF as of 29/08/2024.
- On 01/08/2024, the Capital Markets Board approved Şişecam's application for the issuance of debt instruments up to a total amount of TRY 30Bn for sale to domestic qualified investors and private placement without public offering.
- As of 29/08/2024, within the scope of share buyback program, excluding 67Mn treasury shares sold on 29/11/2022 and the shares sold on 10/05/2023, Şişecam bought back TRY 68.8Mn-nominal value shares, corresponding to 2.25% of the share capital.

[Appendix](#)

Sub-Segmental Breakdown of Revenue	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24
Architectural	20%	20%	20%	21%	21%	22%	22%
Industrial Glass	10%	9%	9%	10%	11%	11%	11%
Auto & Encapsulation	8%	7%	7%	9%	10%	9%	9%
Glass Fiber	2%	2%	2%	1%	1%	2%	2%
Glassware	12%	12%	12%	12%	13%	13%	13%
Glass Packaging	16%	19%	18%	18%	18%	19%	18%
Chemicals	27%	28%	28%	26%	24%	23%	23%
Soda Chemicals	26%	27%	27%	24%	23%	22%	22%
Chromium Chemicals	1%	1%	1%	2%	1%	1%	1%
Energy	13%	10%	12%	12%	11%	11%	11%
Other	2%	2%	2%	1%	2%	1%	2%
Mining & Other	2%	2%	2%	1%	2%	1%	2%

Breakdown of COGS Items	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24
Input & Materials & Packaging	29%	33%	31%	34%	33%	31%	32%
Ngas	20%	18%	19%	18%	16%	16%	16%
Electricity	5%	5%	5%	5%	5%	5%	5%
Labor	11%	13%	12%	11%	15%	18%	16%
Depreciation	6%	6%	6%	5%	6%	5%	5%
Outsourcing & Other	29%	25%	28%	27%	25%	25%	25%

[Appendix \(cont'd\)](#)

Breakdown of OPEX Items	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24
Indirect material costs	1%	1%	1%	1%	1%	1%	1%
Salaries and wages expenses	18%	22%	20%	20%	21%	36%	29%
Outsourced service	56%	57%	57%	57%	57%	39%	48%
Miscellaneous expenses	20%	15%	18%	17%	16%	19%	17%
Depreciation and amortization expenses	6%	5%	5%	6%	5%	5%	5%

Regional Breakdown EBITDA (TRY Mn)	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24
Turkey	5,538	8,036	13,574	26,874	2,944	1,284	4,228
Foreign Operations*	4,836	4,426	9,262	14,329	1,851	2,020	3,871
Russia, Ukraine and Georgia	591	905	1,496	2,590	534	736	1,270
Europe	2,587	1,419	4,006	5,991	530	564	1,094
US	1,603	2,063	3,666	5,648	680	617	1,297
Other	55	39	94	100	107	103	210

*Geography-based contribution to Non-Turkey Margin

Regional Breakdown EBITDA Margin	Q1'23	Q2'23	H1'23	2023	Q1'24	Q2'24	H1'24
Turkey	18%	26%	22%	23%	12%	5%	8%
Foreign Operations*	21%	20%	21%	19%	11%	11%	11%
Russia, Ukraine and Georgia	3%	4%	3%	3%	3%	4%	4%
Europe	11%	6%	9%	8%	3%	3%	3%
US	7%	9%	8%	8%	4%	3%	4%
Other	0%	0%	0%	0%	1%	1%	1%

*Geography-based contribution to Non-Turkey Margin

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