

**2023 H1 Results Webcast Transcript**  
**TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**  
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**TÜRKİYE ŞİŞE ve CAM FABRİKALARI A.Ş.**

İçmeler Mah. D-100 Karayolu  
Cad. No.44A Tuzla İstanbul  
Türkiye

T 0850 206 33 74

T 0850 206 31 08

T 0850 206 26 57

[sisecam.com.tr](http://sisecam.com.tr)

**TÜRKİYE İŞ BANKASI**  
kuruluşudur

## Operator

Ladies and gentlemen welcome to Şişecam's first half 2023 financial results audio and webcast call. I will now hand over the call to Şişecam's CEO, Mr Görkem Elverici.

## Görkem Elverici

Thank you very much.

And depending on the timezone, good morning and good afternoon, ladies and gentlemen, and I'd like to welcome you to the review of our First Half 2023 Earnings Results Webcast. I hope everyone is well since we last spoke. Today, I'm together with our CFO, Gökhan Güralp and our IR Director, Hande Özbörçek.

I would like to hand over to our CFO Mr. Güralp for the review of our first six-month results.

## Gökhan Güralp

Good afternoon, ladies, and gentlemen. Regretfully we were forced to cancel our company's 2022 year-end results webcast due to the unfortunate earthquakes that struck 11 cities in Turkey. I hope you are all well since our last meeting back in August 2022. I would like to thank you all for joining us today.

In today's webcast, we will be first walking you through our 2023 First Half financial and operational results by presenting business lines' individual performances. Afterwards, we will be providing details regarding our cash position and capital allocation. Operational and financial review will be followed by some insightful information on our operational excellence development program. Finally, we will be sharing Şişecam's approach to sustainability where we will remind you of our strategy and provide you last year's progress report.

As always, we will be pleased to take your questions at the end of the presentation. Please be reminded that the presentation and the Q&A sessions may both contain some forward-looking statements. Our assumptions and projections are based on the current environment and thus may be subject to change.

Moving on to slide three, starting from this year, we have implemented a series of important amendments to our segmental reporting in the consolidated financials. These changes are crucial considerations for valuation modeling purposes. Firstly, a new business line named "Energy" has been created, encompassing the financial performance reporting of Sisecam's energy trading activities on both internally produced electricity through co-generation facilities and the energy procured from third parties.

Secondly, "Auto Glass" business line has been expanded to include glass fiber and home appliances sub-segments and has been renamed "Industrial Glass." As a result of these modifications, "Chemicals" business line has been simplified. We further simplified it by relocating "Mining" and "Oxyvit" operations to "Other" segment.

It is pertinent to mention that the financial performance of Stockton Port management partnership, in which we made an investment in May 2023, is subject to stake-adjusted consolidation under "Chemicals" business line. This is because Sisecam Chemicals USA, the

entity through which we hold a 50% stake in this project, falls within the purview of Chemicals operations.

Lastly, home appliances sub-segment has been moved from "Architectural" to "Industrial Glass" category, considering the similarities in the production processes between this product category and Auto Glass. Additionally, offset packaging activities have been transferred to "Other" segment, primarily due to their internal consumption nature.

We believe our stakeholders and investors can better understand the financial performance of each business line and make informed decisions based on the revised segmental reporting principles.

Slide four is a quick display of our key financial results. As can be seen on the first graph, we ended the reporting period with a record-breaking topline. Carry over impact of cost-based dynamic product pricing models we deployed in all of our main operations with the exception of Auto Glass, and local currency depreciation were the primary triggers for attaining 58.4 Billion TL topline as sales volume smoothed almost across all business lines. Consolidated revenue moved north by 45% YoY while it was 6% higher than the revenue reported in the second half of 2022. YoY growth in 2.9 Billion USD topline was recorded at 9%.

In a quite challenging business environment marked particularly with global macroeconomic uncertainties, sticky inflation, and a declining consumption trend given hawkish monetary policies, we took a series of strategic decisions ranging from early start of a scheduled cold repair to lowering gross pull rates particularly in glass production facilities for inventory optimization purposes. At this point, it is noteworthy to remind you that 2022, especially the first half, was a per se high base. Dynamic pricing model had allowed us to pass through production cost increases with an immediate impact onto our product prices while respective rises in per ton cost of goods sold had followed with at a quarter-lag due to inventory cycle. Despite this, our gross profit margin came in at 33% versus 38% last year. US soda ash operations, with 50%+ gross profit margin, added 300 bps to our consolidated profitability, which was 100 bps higher than its contribution last year.

Our Adjusted EBITDA headed up by 27% YoY and reached 14.2 Billion TL. Respective profitability margin came down to 24% from 28% recorded in H1'22. Fundamental reasons for EBITDA margin contraction were not different to the ones mentioned for the gross level. Yet net other income from main operations, majority of which stemming from FX rate fluctuations' net impact on trade receivables and payables, supported the profitability while YoY rise in OPEX to Revenue ratio was limited to 80 bps and Depreciation to Revenue ratio was flat at 5%.

Our Adjusted Parent Only Net Income came in at 9.2 Billion TL, up by 3% YoY. Incremental profit generated at the operating level was rolled back given one-time earthquake tax expense booked in the first quarter and deferred tax expense stemming from accelerated use of deferred tax assets given capital expenditures on the investments.

On slide five, we provided segmental breakdown of our consolidated topline and Adjusted EBITDA. It was evident that our portfolio of operations remained well-balanced. Particularly noteworthy was the significant role played by our Chemicals business line, which operates purely in hard currency, in supporting our overall financial performance. This business line demonstrated leadership in both revenue and EBITDA generation, contributing 28% to the former and 38% to the latter.

Within our portfolio, Architectural Glass operations emerged as the second highest performer with 14 production lines in Turkey, Europe, India, Russia as well as a line in Egypt with partnership with Saint Gobain. This segment contributed 20% of our total revenue and 21% of our EBITDA.

Among our seven business lines, Glass Packaging showed prominence by ranking as the third largest contributor, accounting for 18% of our total revenue and 17% of our EBITDA. Whereas Glassware operations share in consolidated topline and EBITDA were 12% and 13%, respectively.

Industrial Glass operations had a limited impact, especially on the EBITDA level. This was primarily due to the challenges posed by LTA based Auto Glass operations with OEM clients given the setbacks in passing through cost increases effectively.

Energy segment, which focuses on presenting the financial results of our electricity trading operations, accounted for 11% of our total revenue. However, its contribution to our EBITDA was notably minimal.

On the next two slides, we aim to present the key takeaways regarding the individual performances of our main business lines. This will provide a concise summary of how our Glass and Chemicals operations have performed during the first half of 2023 in comparison with the same period of the previous year from both operational and financial perspectives.

The revenue of Architectural Glass operations increased by 5% YoY to 11.7 Billion TL. However, the business line encountered challenges that resulted in 21% decline in sales volume and the EBITDA margin moved down to 24%. Firstly, it is essential to highlight that 2022, especially the first half, marked a period of exceptionally high product sales. This surge was driven by robust construction and renovation activities in our main operation areas, namely Turkey and Europe. Additionally, product prices moved in an upward trend due to the unstoppable rise in natural gas prices until last quarter. In contrast, the current year experienced a slowdown in the activities of main client industries, leading to reduced demand for architectural glass products amid global macroeconomic concerns.

Furthermore, European market operations were adversely affected by the presence of low-cost import products, which intensified pricing pressures and led to reduced profit margins. The removal of energy surcharges had the effect of lowering prices as well. Turkish market faced multiple setbacks, including the negative impacts of earthquakes in February, election uncertainty, challenges related to imported product availability, and persistent inflation. These factors further hindered the segment's performance. Additionally, the relatively strong local currency had a considerably negative impact on the competitiveness of local wholesalers in export markets.

The combination of these factors necessitated strategic measures to address and support profitability. In response, global Flat Glass industry promptly adopted various strategies to cope with the declining demand and heightened competition. One such measure involved lowering the supply either by reducing effective capacity utilization or by implementing adjustments in the timing of scheduled cold repairs, starting them earlier whenever possible.

In January, we took our oldest flat glass production line located in Kırkareli, Turkey, offline for cold repair work. Similarly, we reduced the gross pull rates of the lines in Turkey and Europe. Additionally, in April, we re-negotiated natural gas hedging contracts, which were signed for the majority of our European facilities' planned natural gas needs in 2023 at the beginning of

the year, to benefit from the continued decline in spot natural gas prices thereby reducing the average energy costs to the highest extent possible.

Due to the mobility observed in the local market demand, we were able to achieve increased effective capacity utilization for our Turkey-based operations close to the end of Q2'23. However, for our European operations, we have chosen to maintain a cautious management strategy. Given the prevailing market uncertainties and challenges, we believe it is prudent to approach the European market with careful consideration and strategic planning to ensure the best possible outcomes for our business in that region.

With a YoY growth of 50%, Industrial Glass revenue, comprising of Auto Glass, Encapsulation, home appliances and glass fiber operations achieved 5.5 Billion TL, thanks to mainly the recovery in automotive industry both in Turkey and in Europe. Auto Glass and Encapsulation sub-segment, which account for 80%+ of the topline, had a sales volume growth of 7% YoY. Accelerated deliveries to OEMs with the clients' purchases getting gradually aligned with the orders backlog across all operating regions and sales to Auto Replacement Glass channel supported the business line's outperformance. On the contrary, weakness in infrastructure investments, macroeconomic uncertainties stemming from high inflationary environment and rising presence of imported products in both domestic and global markets caused Glass Fiber sales volume to drop by %17 YoY. Meanwhile, EBITDA margin came down to mid-single digit level due to cost pressure.

Glassware business line achieved a substantial 68% YoY revenue increase and reached 7 Billion TL topline thanks to primarily the impact of product price adjustments implemented throughout 2022 as well as the ones put in place in Q2'23. Despite operating in a challenging environment due to persistent inflation, macroeconomic concerns, and weaker consumer sentiment across the globe as well as earthquake impact, sales volume remained relatively stable YoY. Against the abundance of imports from low-cost regions thanks to the wide range of product portfolio, effective customer and channel targeting and sales incentives mainly in HORECA and retail channels, the business line successfully navigated through the headwinds. Sales to HORECA channel accounted for 16% of the segment's topline given stronger demand dynamics especially in Q2'23 in both domestic and international markets thanks to the season opening.

Glass Packaging business line recorded a revenue increase of 50% YoY owing mainly to carry over impact of product price adjustments implemented in 2022 as its sales went down by 9% YoY in volume terms. Topline attained 10.2 Billion TL while profitability increased to 23%. With regards to the operational performance, it is important to note that the previous year presented an extended high base for volume sales in all operating areas primarily driven by the sanitary measures implemented during the Covid pandemic and the subsequent increase in mobility and pent-up demand following the easing of stay-at-home advisories of the previous two years. From a regional perspective, several additional factors contributed to the decrease in sales at our Turkey-based facilities. Firstly, there was uncertainty surrounding elections, which influenced inventory management strategies of our client industries. The impact of earthquakes further affected the industry as it led to lower consumer sentiment and reduced mobility in the HORECA industry. Main clientele's expectations of decrease in product prices due to natural gas tariff discounts announced by Botas affected sales in the region as well until the season opening. Moreover, the relatively strong local currency in the first five months of the year affected export capabilities. Considering these factors, we implemented a cautious inventory optimization strategy for most of the reporting period in the Glass Packaging segment. This approach allowed us to manage our inventory levels prudently while navigating

through the challenges and uncertainties in the market. As the high season commenced, we were able to return to normalized capacity utilization. This adjustment in production capacity was aligned with the anticipated increase in demand during the peak period, ensuring efficient operations and meeting customer requirements effectively.

Meanwhile, our Russia-based operations maintained its sales volume flat amid the lack of exports to Europe due to the sanctions, thanks to increased exports to CIS region, successful launch of new projects, and deficit in substitute products.

Additionally, we undertook cold repairs on two furnaces during the period, one in Russia and the other in Georgia. We also invested in expanding the annual production capacity of our Georgia facility by 25%.

Chemicals business line's revenue recorded a topline growth of 58% YoY and reached 16.3 Billion TL. The business line generated ~90% of its revenue from soda ash operations. Consolidated Soda ash sales contracted by 4% YoY in volume terms, mainly due to lower consumption at client industry level given cautious inventory management during macroeconomic uncertainty and earthquake effects. A glass packaging producer's facility, along with many textile industry clients located in the quake zone, had to temporarily if not permanently shut down operations. The earthquake had also led to supply chain disruptions, as the international port situated in the affected area was temporarily closed. This caused a significant congestion issue at Mersin port used by our operations. We were able to mitigate the majority of the negative impact by adopting alternative routes to deliver our products. Meanwhile, the maintenance work undertaken in Q1'23 at the US facility had a negative impact on that region's sales volume performance.

Despite the global demand and supply market being balanced during the first half, pricing pressure emerged due to the cooling demand from the main clientele amid macroeconomic uncertainty. The expectation of a large-scale soda ash capacity introduction in Asia further weighed down the pricing environment. However, this expectation turned out to be incorrect as the investment only partially went operational. Nonetheless, the carry over impact of price adjustments made throughout 2022 to cope with cost increases coupled with reporting currency depreciation was evident in our financials.

Moving on to slide 8. With our production facilities located in 14 countries, diversified operations portfolio, and wide range of products, we continued to cater to our clients across the globe. In the first half of the year, international sales corresponded to 64% of our topline. Export revenue, 57% of which was recorded on sales to Europe, stood at 560 Million USD. Including revenue generation of Şişecam facilities located in the region, Europe accounted for 32% of our topline. US market exposure through sales from US soda ash facility as well as exports, stood at 15%. Accordingly, our developed markets exposure came in at 47%.

On slide nine, our strong liquidity position was sustained in the reporting period too. We ended the period with 1.1 Billion USD cash and cash equivalents including financial investments, which are mainly composed of Turkish corporates and financials Eurobonds and FX-protected deposits. 1.3 Billion USD worth net debt position translated into a 1.1x leverage, which is well below our comfort zone of 2.5x for high capex period. Outstanding debt was 2.4 Billion USD, up by 144 Million USD YoY, with a term structure of 65% long to 35% short, and an interest rate structure of 77% fixed to 23% variable. 83% of the gross debt was in hard currency. Meanwhile, we carry 87% of the cash and cash equivalents in hard currency. Our net long FX position came in at 104 Million USD. As of June 30th, we are 300 Million long in USD and 202 Million short in EUR.

Moving on to slide ten, we recorded 357 Million USD CapEx in the first half of the year compared to 189 Million USD of the same period last year. Considering the advances given for our investments, cash payments for taking Sisecam Resources LP private hence increasing our effective stake from 23% to approximately 31% and for the acquisition of 50% stake in Stockton Port Management, total cash outflow in relation with investments reached 602 Million USD. We ended the first half with a negative free cashflow of 66 Million USD or in reporting currency terms 1.3 Billion TL.

Moving onto slide eleven, we restructured our Operational Excellence Development Program supporting the creation of competent resources, appropriate methodologies, and value-generating process improvements at Şişecam in line with our operational excellence strategies. Based on an approach in which online and field trainings are provided, our employees have got the opportunity to gain global accreditation in their fields of operational excellence flourished with competencies they have gained and the value they have produced.

Our programs, which were developed as part of our CareforNext strategy and dedicated to the sustainable continuous development that we strive for, also support the sharing of creative solutions, mutual learning and good practices throughout Şişecam. We manage our corporate integrity projects and share them internally, while disseminating best practices through the Operational Excellence Platform created in accordance with the vision of One Şişecam. This program supports our strategies and business results, covering our entire value chain, by enabling the development of our human, process, and technological capabilities.

On slide twelve, up until now, our process improvement project leaders, trained within the scope of operational excellence development program, successfully executed nearly 800 projects with the participation of ~2,500 employees and achieved a financial benefit of 50 Million USD. We expect to bring in 25 Million USD additional benefit in the next 2 years.

Moving on to the next slide, where we would like to remind you of Şişecam's approach to sustainability and to provide you 2022 progress report.

On slide fourteen, In CareforNext Sustainability Strategy, we aim to create positive impact and value on a global scale with practices and solutions focusing on the goals we set under the pillars of Protect the Planet, Empower Society and Transform Life.

Our 2022 Sustainability Report, recently published with the theme "Together For A Sustainable Future", includes details on all the economic, social and environmental activities we carried out throughout the year within the framework of our CareforNext strategy, and the respective outputs. Third-party assurance service was obtained for 10 environmental and social parameters included in our GRI standards compliant Sustainability Report. In accordance with the scope of the assurance service, data assurance activities were conducted at all production facilities, and we had on-site audits at 6 of them.

Moving on to slide fifteen, within the scope of "Protect the Planet" pillar, we aim to minimize the effects on nature, to reduce the amount of waste, and to use resources efficiently. In this direction, we carry on our activities on energy efficiency, greenhouse gas emission reduction, water management and renewable energy use.

Last year, we increased our renewable energy generation capacity to 10 MWp (MW peak) through the introduction of new systems in our Italy-based facilities. Furthermore, thanks to our dedicated approach, we have saved 36,300 gigajoules of energy in total and recovered 6.8 million cubic meters of water. With the inclusion of US natural soda ash business in our

portfolio, we have reduced carbon and water consumption intensity originating from soda ash production by 50% in 2022.

Additionally, we initiated evaluation studies in line with the TCFD framework to meet the expectations regarding risk assessments within combating climate change and adaptation, and to contribute to the holistic execution of respective financial risk assessments. We will use the study for our internal risk assessment step.

On slide sixteen, in "Empower Society", we are committed to creating value for all our stakeholders, including but not limited to local societies and communities in our fields of activity, our colleagues, business partners, customers, and suppliers.

The year 2022 has been declared as the International Year of Glass by the United Nations. As the "Main Sponsor" of the 2022 International Year of Glass in our century, which we have named the Glass Age, we have explained the strategic importance of glass for a technological, scientific, economic, and sustainable world on every platform. In addition, we have told the world about the miracles of glass through symposiums, advertisements, installations, exhibitions, workshops, and fairs, as well as communication projects and special events.

Moreover, we held the 37th Şişecam Glass Conference with the theme of "Inspiration for Tomorrow: Celebrating the International Year of Glass". Furthermore, by the end of 2022, we increased our female employee rate to 23% and the rate of female members in the Executive Board to 50%. Within the scope of our "Women Expression" program, we aim to increase the effectiveness of women in our organizational structure through mentoring programs. We provided 32 person/hours of training in Turkey to increase functional personal competencies of our employees and we are targeting to increase this value to 47 person/hours by 2030.

Moving on to the next slide, within "Transform Life" pillar, we support our 2030 sustainability journey with a more integrated, digitalized and optimized operational excellence approach.

In 2022, as Şişecam, we received the EPD (Environmental Product Declarations) Certificate, that has been independently verified and approved at international level for our 11 flat glass products. We are the first company to make this declaration in the Turkish glass sector in 2018 with the ownership of the EPD certificate for the Flat Glass product group. Also, we have completed Life Cycle Analysis (LCA) processes for our 16 sustainable products.

Furthermore, as of the end of 2022, the number of suppliers that have accepted "Şişecam Supplier Code of Conduct" has reached approximately 50%. Within our 2030 strategy, we aim to create a value chain, in which all our suppliers fully comply with our rules and principles. We also started testing the Digital Twin architecture and created end-to-end Digital Twins of processes at two Şişecam factories. In this context, we collected data from 4,500 sensors, digitized and integrated it into our decision-making processes. As one of the first companies in Turkey to carry out corporate R&D studies, we have created new technologies and have made inventions with the strength of our experience. In 2022, we conducted 54% of R&D expenditures for sustainability projects.

On slide eighteen, in 2022, we published our Sustainability Policy, which includes our basic principles. We have also published our Sustainability Statement on our corporate website, which includes our goals and commitments regarding our Sustainability Strategy, and which is a guide to communicate our actions. You are welcome to review our documents library for further details on our sustainability journey.

Since I have completed sharing the comments and the slides with you, we can now move forward with the Q&A session.



## Q&A

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### Ece Mandaci

I just wanted to have an idea about your view about the soda ash and the flat glass markets in Europe and in your export and domestic market. You have also mentioned that there was a high base effect in the second quarter and decline in the pricing, particularly in the architectural glass. So, is there any reversal of the trend going forward? Do you expect that with the reduction in the supply in Europe? Also, do you still see a downward pressure on soda ash pricing? When should we see any potential bottoming out or potential reversal of the pricing? That would be very helpful if you could provide some insight. Thank you.

### Görkem Elverici

So, looking at both the soda ash market and architectural glass market, I believe it's fair to answer this question from two perspectives. The production from Turkey, and production in Europe for architectural side, and to some extent, for soda ash side.

Starting with the architectural glass. You know that for a long period, starting almost the second half of 2020 until the end of first half of last year, we can say that the markets were a totally seller's market, the demand was high, the prices were going up. And moving to the second half of last year, with the expectations that energy prices would go up, especially due to the conflict between Russia and Ukraine, the markets became shaky, and the energy pricing environment became too volatile. All companies were making their own bets based on the expectations and the markets. As you know, last year energy prices have gone up incredibly, and afterwards, they have come down significantly. The lower end was below the levels expected by the energy market analysts. Looking from those dimensions and linking them with the reactions of some of our competitors in Europe, especially in architectural glass, in an attempt to turn their inventories into cash as soon as possible while expecting lower demand in the market, resulted in a pricing game. As we have done elsewhere in each and every cycle or crisis period, we didn't enter into this game. This lowered down the sales to some extent, especially in Europe. The energy prices being high in Turkey and the currency regime onboarded at that time, didn't help a lot to increase the exports from the Turkish production also.

Looking from where we are standing right now, we can say that the production costs of the Turkish premises are at par or even lower than the levels we had the beginning of uptrend due to the energy price expectations last year. As you know, the export from Turkey is not coming from only one lever, which is direct exports of Şişecam to European market, but also the second processors' operations. Looking at markets right now, second processors are feeling themselves much more comfortable to export the secondary processed glasses to European markets, which is also helping us to sell to internal customers and Turkey for their export

purposes. Also, we have implemented some additional support for the secondary processors for their exports to support their competitive position in Europe.

We believe that the markets are coming to a balance in Europe. We cannot say that the demand is going up tremendously, but at least it's coming to a balance together with balancing pricing environment. Also, most of our competitors have gone through and ended their pricing game. So, the prices are coming to a much more balanced structure. I believe that both from our European production and our Turkish production, we will be in a better position to cater to the markets, European markets in the second half of the year, which we have already started to see in our July business.

Coming to the soda ash market, it was a seller's market for a long period for sure. This is also a cyclical business, and especially considering that the other side of the equation are also large conglomerates who are trying to enjoy the benefits of moving a little to a buyer's market and trying to bring the game to an even position from what has happened in the last two years.

There has been some, we believe, panic reactions by some of the competitors in Europe, especially due to the energy prices that they would be facing. I can say that the European soda ash market is coming to a balance. For sure, to some extent, the additional capacity introduced to the market from the new Chinese production, and the expectations of how this could affect the price has made some changes in the pricing environment, especially in the second quarter. But also, the markets have started to digest this capacity and the pricing environment were linked with this.

I believe the second half will be a better half, especially for the balancing out of both the production capacities and the pricing environment. I also believe, especially the production capacities and the cost structure we have both in architectural and soda ash production from Turkey will support us in the upcoming competition starting from second half.

I hope this answer is enough. If you require anything specific, please let me know.

## **Ece Mandaci**

Thank you for your detailed answer. I was also wondering about the Chinese imports to the European market and to the Turkish market. Do you see any change there? Do you see any decline in the competition there? And I hope this currency change also helps you to record a higher margin starting from July.

## **Görkem Elverici**

Well, you know this is an equilibrium equation, so even if they're not coming directly to the European markets for sure, where you can cater globally is affecting the amount of production and the pricing environment. Soda ash is a global business line most of the time, apart from what has happened in Europe in the second half of or the last quarter, I should say, of last year where the pricing environment was dictated to the European and the surrounding regions energy costs. Apart from some instances like this, this is more of a global game, because when Chinese producers are catering to the Asian markets, then it is affecting your European or Turkish or US business to some extent. But most of the time when there is a huge capacity that is expected to come to the market, everybody tries to get their own share before the capacity is there and secure the prices. There is also some negative publicity about the size of

the capacity coming to the market. As it has been already realized and became more or less visible now what might be upcoming for the next year and the upcoming years, I believe that all the competitors will be acting much more calmly, like we have been doing all the time as much as possible, will help to stabilize the pricing environment.

Together with this, as I mentioned, if we do not see any dramatic cost increases in the local Turkish environment, especially due to the natural gas prices and so on, and if they're in line with the expectations, I believe that Şişecam will, again, be one of the cost champions of synthetic production, which will bring, to some extent, either additional capacities to sell or additional margins to enjoy.

### **Görkem Elverici**

And one thing Gökhan Bey has already mentioned the underperformance in the sales was affected not only with the pricing environment in soda ash but due to the earthquake and logistics environment, especially from my Mersin Port and İskenderun Port, which we have already taken the necessary supply chain precautions to be able to cater from some other ports that we were not using before. So, that will be helping us to get prepared for the upcoming competition also.

### **Ece Mandacı**

Okay, thank you very much.

### **Ergun Unutmaz**

Thank you very much for the presentation. Despite global macroeconomic headwinds and political uncertainties, I'd like to express my gratitude for Şişecam's solid performance. It might have been much, much worse for this troubled time.

And secondly, recently, I have prepared a comprehensive report on Şişecam's stock buybacks. And with this opportunity, I'd like to thank you personally for your concentrated approach on shareholders' best interest, that's really valuable.

And my questions are on R&D and furnace technology. R&D's share in operating expense is very low. Do you plan, in the future, to increase your expenses in this area with the given 100% tax incentives on R&D expenses?

And my second question is also related to that. Carbon footprint, green energy, and cost efficiency are very important nowadays and furnace technology with electric hydrogen are very

hot topics. Do you have any investment on this area with the new given efficient furnaces and compared to natural gas? Thank you very much.

## **Görkem Elverici**

So, let me try to provide some comprehensive answers.

First, we would like to thank you for your comprehensive analysis, we know that you have posted one more only last evening and we have gone through this. So, most of the things I believe that we are aligned at least.

For the R&D part, Şişecam has always been a pioneer in this area. We are getting prepared for what we can call the new era of R&D for Şişecam, where we are also using the 'One Şişecam' opportunities. We have already initiated a program what we call 'Plant of the Future', where we will be trying to onboard the newest technologies regarding our sustainability initiatives, together with using the highest technology that is available. We are also trying to come together with our suppliers, not to only optimize the furnaces with the procurement we are making, but also to start with them from the initial thinking and the design so that we have the most efficient and effective furnaces in all glass segments globally, considering both the cost side and the sustainability perspective. This is one thing that we started last year. We have already initiated the discussions with the main suppliers and this is not limited only with the western hemisphere, but also including the eastern hemisphere, to come up with the best that is possible.

We are willing to announce the outcomes of those initiatives when they become more concrete and in line with the Şişecam principles. When we announce something, we would like to be in a position where everything could be told in detail and with numbers to our investors and to the market. But I can easily say that whatever we are doing every day, we have the inspiration of being better than what we did yesterday and have the focus to be able to achieve better results tomorrow.

We will be in a wider sense using the global know-how and the global partnerships, both from the academicians and the universities together with the suppliers that are able to create the next-generation technologies. And for sure, this is very much linked with our sustainability initiatives, both our 'Care for Next' 2030 strategies and the 2050 targets that we already set. As always in line with Şişecam principles, we are not willing to say something which is not concrete without backing of numbers. We would like to come and show a very detailed roadmap of how we will be achieving our targets in our 'Care for Next' 2030 program with the numbers associated and a clarified roadmap.

I hope they are enough to answer your questions. If you require anything much more detailed, please let me know.

## **Ergun Unutmaz**

That was more than enough. I thank you, and I wish you all a successful quarter.

## Conclusion

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### **Görkem Elverici**

Thank you very much for all your attendance. As Gökhan Bey already shared with you; we are really regretful that we have not been able to do the last year's end-year results webcast. But we hope that there will be nothing concrete like we experienced this year, and it will be a better year in the next half and for the upcoming year, so that we will be meeting with you to share our 2023 year-end results. Until that time, I hope everyone will stay safe and secure. Thank you so much.