

EARNINGS RELEASE

August 2, 2022

Şişecam (BIST-100: SISE) reported financial results for the second quarter ended June 30, 2022



M. Görkem Elverici, CEO of Şişecam, commented:

“As our environment evolves from VUCA to BANI* in the midst of volatilities and rapid changes, the macroeconomic, geopolitical and environmental uncertainties remain unsolved. Although lock downs caused by the pandemic have come to an end, Covid 19 is still a risk and concern. The world is bearing with big challenges such as Russia-Ukraine conflict, hyperinflation, risk of recession, energy shortages, logistic disruptions and even sudden lack of supply.*

Şişecam, with a unique corporate culture of almost 9 decades, continues its growth journey uninterruptedly by differentiating through digitalization and transformation. The lean and agile structure of “One Şişecam” enables us to manage risks effectively with a proactive and data-driven approach. We continue to evaluate strategic opportunities prudently. Our long-term strategic plans and solid investments make it possible for us to grow continuously. Our cost optimization practices, effective production planning, healthy and optimized supply chain management and successful crisis management skills help us achieve our ambitious targets. Şişecam’s functional based organizational structure is almost complete now. Our more agile and simple organization structure provides us the necessary infrastructure to adapt to the changing conditions of the new world.

On a global scale, second quarter of this year remained challenging operationally and financially for all companies. The risk of stagflation, sharp increases in energy and commodity prices and Russia-Ukraine conflict remained to be the major topics. Despite all of these challenges, we continued to operate at full capacity in our production facilities in fourteen countries on four continents. We remained committed to making investments contributing to sustainable growth as well as enlarging our client portfolio. We recently announced a new patterned glass furnace and a processing line investment on the same site in Mersin where we are in the process of constructing a greenfield flat glass production facility, that is one of the largest furnaces by capacity globally. This new investment will allow us to capitalize on the opportunities that arise in the rapidly growing global solar energy market and contribute to our strategy of producing sustainable value-added products.

I feel privileged for being the CEO of such a great company, with big aspirations to be one of the top three global players in all key areas of our business portfolio, for more than a year. We are definitely committed to taking smart and solid steps in order to realize our targets while managing risks and utilizing opportunities to maintain sustainable growth and create further value to our shareholders.”

Consolidated Summary Financial Results for Q2'22

Summary Financials (TL mn)	H1'21	H1'22	YoY Change
Revenue	12,777	40,232	215%
Gross Profit	4,553	15,642	244%
Gross Margin	36%	39%	325 bps
EBIT	3,491	9,988	186%
EBIT Margin	27%	25%	-250 bps
EBITDA	4,443	11,887	168%
EBITDA Margin	35%	30%	-523 bps
Net Income After Minority Interest	2,743	8,955	226%
Net Income Margin	21%	22%	79 bps
Capex	839	2,814	236%
Capex/Sales	7%	7%	43 bps
Adjusted EBIT*	2,759	9,253	235%
Adjusted EBIT Margin*	22%	23%	140 bps
Adjusted EBITDA*	3,712	11,152	200%
Adjusted EBITDA Margin*	29%	28%	-133 bps
Adjusted Net Income*	2,724	8,955	229%
Adjusted Net Income Margin*	21%	22%	94 bps
Analyst EBIT**	2,237	8,194	266%
Analyst EBIT Margin**	18%	20%	286 bps
Analyst EBITDA**	3,189	10,094	216%
Analyst EBITDA Margin**	25%	25%	13 bps

Q2'21	Q1'22	Q2'22	QoQ Change	YoY Change
7,091	16,974	23,258	37%	228%
2,617	6,853	8,789	28%	236%
37%	40%	38%	-258 bps	88 bps
1,807	4,320	5,667	31%	214%
25%	25%	24%	-109 bps	-111 bps
2,303	5,187	6,700	29%	191%
32%	31%	29%	-175 bps	-368 bps
1,395	3,576	5,379	50%	286%
20%	21%	23%	206 bps	346 bps
433	1,237	1,576	27%	264%
6%	7%	7%	-51 bps	68 bps
1,588	3,950	5,303	34%	234%
22%	23%	23%	-47 bps	41 bps
2,085	4,817	6,336	32%	204%
29%	28%	27%	-114 bps	-216 bps
1,384	3,576	5,379	50%	289%
20%	21%	23%	206 bps	361 bps
1,359	3,589	4,605	28%	239%
19%	21%	20%	-135 bps	64 bps
1,855	4,456	5,637	26%	204%
26%	26%	24%	-202 bps	-193 bps

*Excluding one-off impacts

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

FX RATES	Q2'21	Q1'22	Q2'22	QoQ	YoY	H1'21	H1'22	YoY
EUR/TL - p.a.	8,36	13,95	15,75	13%	88%	7,87	14,87	89%
USD/TL - p.a.	10,08	15,65	16,79	7%	67%	9,49	16,23	71%

Financial Highlights (Q2'22 vs Q2'21)¹

- **Revenue** came in at TRY 23.3Bn, up by 228% YoY (EUR 1.4Bn, up by 97% YoY in EUR terms)
 - **Organic +188%**, Inorganic +40%
- **Gross profit** was at TRY 8.8Bn, up by 236% YoY with a margin of 38%
 - **Organic +178%**, Inorganic +58%
- **Adjusted EBITDA** came in at TRY 6.3Bn, up by 204% (EUR 377Mn, up by 82% YoY in EUR terms) with 27% margin
 - **Organic +180%**, Inorganic +24%
- **Adjusted Parent Only Net Income** came in at TRY 5.4Bn, up by 289% with 23% net margin
 - **Organic +281%**, Inorganic +8%
- **Capex** recorded at TRY 1.6Bn (EUR 94Mn) and Capex/Revenues stood at 7%
- **FCFE** of TRY 416Bn (EUR 25Mn) **WC/Revenue** was at 38%
- **Currency Sensitivity:** TRY 4.3Bn **Net Long FX Position**, **EUR+USD share in Gross Profit** is 11% (55% in Revenue, 44% in COGS) in H1'22
- **Net Debt/EBITDA** was at 0.9x

Segmental Analysis

Segmental Breakdown of Revenue (TRY Mn)	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22	Q2'22		H1'22	Q2'22 Topline Drivers (YoY)
									QoQ	YoY	YoY	
Architectural Glass	4,960	1,640	1,987	3,627	9,170	4,871	6,322	11,194	30%	218%	209%	+2% volume, +216% pricing, prod. mix, currency
Auto Glass	2,382	747	808	1,556	3,230	1,234	1,697	2,931	38%	110%	88%	+7% volume, +103% pricing, prod. mix, currency
Glassware	3,197	793	1,061	1,855	4,876	1,838	2,484	4,322	35%	134%	133%	+4% volume, +130% pricing, prod. mix, currency
Glass packaging	5,449	1,225	1,813	3,038	7,472	2,699	4,254	6,953	58%	135%	129%	-5% volume, +140% pricing, prod. mix, currency
Chemicals	4,272	1,143	1,319	2,463	5,865	5,065	6,916	11,981	37%	424%	387%	+71% volume, 353% pricing, prod. mix, currency
Other	1,081	138	102	240	1,445	1,266	1,585	2,851	25%	1459%	1090%	
Total	21,341	5,686	7,091	12,777	32,058	16,974	23,258	40,232	37%	228%	215%	

^{*}Based on Net External Revenue

Segmental Contribution to Revenue	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22	Q2'22		H1'22
									QoQ	YoY	YoY
Architectural Glass	23%	29%	28%	28%	29%	29%	27%	28%	-151 bps	-84 bps	-56 bps
Auto Glass	11%	13%	11%	12%	10%	7%	7%	7%	3 bps	-410 bps	-489 bps
Glassware	15%	14%	15%	15%	15%	11%	11%	11%	-15 bps	-429 bps	-377 bps
Glass packaging	26%	22%	26%	24%	23%	16%	18%	17%	239 bps	-728 bps	-650 bps
Chemicals	20%	20%	19%	19%	18%	30%	30%	30%	-11 bps	1,113 bps	1,051 bps
Other	5%	2%	1%	2%	5%	7%	7%	7%	-65 bps	538 bps	521 bps

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

Segmental Analysis (cont'd)

Segmental Breakdown of Adjusted EBITDA (TRY Mn)	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22	Q2'22		H1'22
									QoQ	YoY	YoY
Architectural Glass	1,001	566	701	1,267	3,372	1,772	2,223	3,995	25%	217%	215%
Auto Glass	145	59	90	149	103	77	159	236	108%	78%	59%
Glassware	551	229	289	518	1,215	422	504	926	20%	74%	79%
Glass packaging	1,635	365	534	899	1,973	626	838	1,464	34%	57%	63%
Chemicals	1,629	490	535	1,025	2,175	1,565	2,439	4,004	56%	356%	291%
Other	18	-24	-58	-82	38	403	343	746	-15%	-692%	-1014%
Elimination	-18	-58	-7	-65	-282	-48	-171	-218	259%	2401%	236%
Total	4,962	1,627	2,085	3,712	8,595	4,817	6,335	11,152	31%	204%	200%

Segmental Contribution to Adjusted EBITDA	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22	Q2'22		H1'22
									QoQ	YoY	YoY
Architectural Glass	20%	34%	34%	34%	38%	36%	34%	35%	-226 bps	64 bps	157 bps
Auto Glass	3%	4%	4%	4%	1%	2%	2%	2%	87 bps	-184 bps	-186 bps
Glassware	11%	14%	14%	14%	14%	9%	8%	8%	-92 bps	-609 bps	-558 bps
Glass packaging	33%	22%	26%	24%	22%	13%	13%	13%	1 bps	-1,264 bps	-1,092 bps
Chemicals	33%	29%	26%	27%	25%	32%	37%	35%	532 bps	1,189 bps	807 bps
Other	0%	-1%	-3%	-2%	0%	8%	5%	7%	-302 bps	803 bps	872 bps

Segmental Adjusted EBITDA Margin	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22	Q2'22		H1'22
									QoQ	YoY	YoY
Architectural Glass	19%	33%	33%	33%	34%	35%	33%	34%	-156 bps	-14 bps	94 bps
Auto Glass	6%	8%	11%	10%	3%	6%	10%	8%	340 bps	-160 bps	-151 bps
Glassware	17%	29%	27%	28%	25%	23%	20%	21%	-297 bps	-736 bps	-678 bps
Glass packaging	30%	30%	29%	30%	26%	23%	20%	21%	-349 bps	-975 bps	-853 bps
Chemicals	31%	35%	33%	34%	29%	27%	30%	29%	342 bps	-243 bps	-486 bps
Other	1%	-6%	-14%	-10%	1%	21%	24%	22%	321 bps	3,838 bps	3,232 bps

Operational Highlights (Q2'22 vs Q2'21) ²

- Flat Glass: Architectural Glass & Auto Glass
 - **Flat glass production**, up by 7%, at **771K** tons
 - **93% capacity utilization rate** (actual output/effective capacity)
 - **Architectural Glass Division: up by 2% in sales volume**
 - **Auto Glass Business Line: up by 7% in consolidated auto glass** (converted from m2 to tons) and encapsulation (converted from units to tons) **sales volume**
- Glass Packaging
 - **3% increase in glass packaging production** at 607K tons
 - **5% decrease in sales volume** (flat domestic sales, exports down by 12%, sales from non-Turkey operations down by 6%)
 - **96% capacity utilization rate (95% in Turkey and 97% in Russia)** (actual output/effective capacity)
- Chemicals
 - Synthetic Soda Ash
 - **2% decrease in production** at 597K tons
 - **96% capacity utilization rate**
 - **Sales volume** down by 1% at 591K tons (domestic sales down by 6%, international sales flat)
 - **49% increase in average USD/ton price**
 - Natural Soda Ash
 - **2% increase in production** at 606K tons
 - **97% capacity utilization rate**
 - **8% increase in sales volume** at 634K tons
 - **43% increase in average USD/ton price**
 - Chromium Chemicals
 - **95% capacity utilization rate**
 - **4% increase in sales volume** at 32K tons (domestic up by 36% and flat international sales, respectively)
 - **64% increase in average USD/ton price**
 - Glass Fiber
 - **8% increase in production** at 15.4K tons
 - **88% capacity utilization rate**
 - **3% decrease in sales volume** at 15.5K tons
 - **61% increase in average EUR/ton price**
 - Electricity
 - **4% increase in production** at 201Mn kWh
 - **106% increase in sales volume** at 409Mn kWh
 - ~450% increase in TRY/kWh average price
 - TRY 806Mn revenues vs. TRY 71Mn in Q2'21
 - Oxyvit
 - TRY 140Mn revenues vs. TRY 36Mn in Q2'21
- Glassware
 - **4% increase in total sales volume**

² Glass and chemicals volume figures are based on metric ton

Architectural Glass: 27% share in Revenue | 34% share in EBITDA | “Second Largest Contribution to Topline Growth & Highest EBITDA Margin Generator in Q2’22”

Architectural Glass business line was supported by the continued demand particularly for value added glasses. Glass output moved north by 7% YoY to 771K tons, while quarter wise-CUR recorded at 93%. Since the Architectural Glass segment was fully active with all fourteen lines in four continents, in line with the installed capacities, 60% of the output was produced by Turkey operations while Europe accounted for 26% of the consolidated production volume. The remaining 14% was manufactured by the facilities located in Russia and India.

Despite the challenging, high inflationary and uncertain global environment, the business line had a quite strong performance in this quarter, as it was the case in the last seven previous ones. Consolidated sales volume grew by 2% YoY. Backed by the renovation activities and appetite for value added product lines including but not limited to energy efficient glasses and solar glasses, sales from Turkey including exports went up by 15% YoY amidst some slowdown in demand from white goods and home appliances sectors. Individual volume growth rates recorded by domestic sales and exports were 10% and 53%, respectively. The region, with its fully active eight lines, accounted for 62% of consolidated sales volume (53% domestic, 9% export).

In Europe, bonus schemes in transforming construction materials into more energy efficient ones have kept the demand for construction and renovation industries vivid in spite of sky rocketing raw material costs and in turn moved up final product pricing. Still, Bulgaria and Italy facilities’ combined sales declined by 12% YoY, mostly due to low inventory levels of and production constraints on category-preferred items. In turn EU-based plants’ contribution to consolidated sales volume recorded at 25% in Q2’21 (28% in Q2’21).

Rising concerns on the growth in macro sense and respective monetary responses have put pressure on client industries’ operations in India and in Russia. Consequently, Architectural Glass business line recorded 19% lower sales YoY, while the two regions’ combined share in the consolidated sales volume moved down from 17% to 13%.

As a precautionary step against the risk of a possible pause in or a slowdown of the rapid demand growth in EU and/or Russian product flows to non-EU countries, Sisecam initiated the plan to supply primary Ukrainian accounts, craving glass, and to channel more value added products to the region.

Cost-push price increases have led to 1.5x to 2x higher flat glass prices across all regions in EUR terms YoY.

Architectural Glass segment, with TRY 6.3Bn net external revenue, recorded a topline growth of 218% YoY.

Auto Glass: 7% share in Revenue | 2% share in EBITDA |

Ukraine war and the sanctions deepened the problems by which global auto industry had long been challenged. Shortened supply of critical raw materials and components in addition to disrupted logistics industry weighed down automakers and semiconductor manufacturers’ production. European OEMs announced temporary plant shutdowns in Russia as well as in the EU zone. Renault signed a deal to exit Russia with the option of turning back within six years. Saving electronic chips for high-margin models through the cancellation of lower segments came in as the new tactical

move of German and French automakers. In light of these developments, auto component industry have processed the outlook for the main clientele. Given the cost increases, they also started re-negotiating on their backlog.

Auto Glass business line, fully operational throughout the quarter, has also held discussions on the order books with double digit raise targets in EUR terms. Few of them have been successfully re-negotiated while the rest are expected to finalize within Q3'22.

On the operational side, Auto Glass business line's sales volume grew by 7% YoY. Overperformance was relevant to all operating regions with the exception of Russia, yet its dilutive impact was not significant.

Auto Glass business line's net external revenue came in at TRY 1.7Bn, up by 110% YoY. Auto replacement glass (ARG) sales accounted for 18% of net external revenue, in line with the targets put in place back in 2019 before ARG sub-segment had been included in Şişecam's business strategies. It is necessary to note that the share of ARG was a mere 9% in Q2'21.

Glass Packaging: 18% share in Revenue | 13% share in EBITDA | "Third Largest Contribution to Topline Growth in Q2'22"

With a quarterly average CUR of 96%, consolidated **Glass Packaging** production volume went up by 3% YoY (+3% in Turkey and +2% in Russia&Georgia). Turkey and Non-Turkey split of the total output remained unchanged at 55%/45%.

Even though demand for Glass Packaging products continued to be strong, consolidated sales volume were 5% lower YoY due to weaker Non-Turkey operations. Facilities located in Turkey have experienced capacity constraints both in meeting domestic demand and in catering products to export markets given lower finished product inventories due to stronger than usual demand in the previous quarter. Accordingly, domestic sales volume was in line with the levels recorded in Q2'21 last year while exports declined by 12% YoY.

Non-Turkey operating regions' sales, on the other hand, went down by 6% YoY in volume terms mostly due to the secondary impacts of the Ukraine war such as; label and cap deficits, and also the decisions of European breweries to cease production of one or more brands in Russia. Exports continued in Q2'22 before the ban on shipments to Europe, effective from July 10, yet at lower per ton prices in EUR terms.

The lifting of 25% customs duty on colored glass containers imports to Turkey, effective from June 24, created the opportunity for Şişecam to import such products from Russia, which is the lowest cost region, at competitive rates.

Global pricing environment for Glass Packaging products was strong on the back of dynamic pricing model. Hence, average per ton prices went up by +40% YoY in EUR terms across all regions.

As a result, **Glass Packaging** business line recorded a revenue growth of 135% YoY with TRY 4.3Bn net external revenue. Glass Packaging segment generated 53% of its revenue from international sales including exports from Turkey.

Chemicals: 30% share in Revenue | 37% share in EBITDA | "Largest Contribution to Topline and EBITDA Growth in Q2'22"

Synthetic soda ash sales were down by 1% YoY at 591K tons while average per ton prices rose sharply by 49% in USD on the back of strong demand from client industries accompanied by further tightened supply due to increasing production and logistics costs and shipment delays.

Sisecam Chemicals Resources LLC³, US-based natural soda ash operations, recorded 634K tons sales volume, up by 8% YoY. ExW natural soda ash prices continued to increase given the market dynamics. Region wise demand was healthy enough to ask for more soda ash volume. Furthermore, Sisecam Chemicals continued to meet the global demand for soda ash through direct exports in addition to a very limited level of deliveries through ANSAC as well. Hence, the upward trend in global pricing has been capitalized despite the rise in freight rates, more specifically ocean freight cost increases impacted by recent global supply chain constraints as well as price increases in fuel. In turn, natural soda ash prices grew by 43% YoY on average in USD/ton.

Despite the fact that logistics disruption have been hampering overseas product deliveries, chromium chemicals sales moved up by 4% YoY thanks to higher volume of domestic sales and exports to the surrounding region. Product prices kept on moving north driven by further extended cost inflation and lack of raw material supply. Accordingly, chromium chemicals prices surged by 64% YoY in USD/ton on average.

Pricing trend was relevant for glass fiber products too. At 88% quarterly average CUR and 101% sales/output ratio, glass fiber sales recorded at 15.5K tons, down by 3% YoY on the high base of Q2'21. Per ton prices, on the other hand, grew by 61% in EUR terms.

Chemicals business line generated 14% of its total revenue from intra-group sales (vs. 19% in Q2'21) and 33% from US operations, while international operations accounted for 72% of total revenue, up by 120bps. **Chemicals** segment recorded TRY 6.9Bn net external revenue, up by 424% YoY (224% organic growth).

Glassware: 11% share in Revenue | 8% share in EBITDA |

Backed by the strong demand for both commercial and consumer goods, **Glassware** segment's performance had outpaced the previous year. Consolidated glassware output went up by 6% given 100% average CUR and a positive change in production mix planning. Consolidated sales volume was up by 4% YoY. Volume sales growth performances were very much close to each other considering a breakdown of Turkey and Non-Turley based facilities. Strong sales volume to HORECA and wholesaler channels before the season opening combined with cost-pass through in all geographies resulted in 134% higher topline YoY with a net external revenue of TRY 2.5Bn for Glassware operations. HORECA channel accounted for 16% of the Glassware business topline vs. 12% in the prior year while international revenue's share stood at 58%, up by 100 bps YoY, in Q2'22.

Share of international revenue stood at 59% while the rest was generated from domestic sales in Q2'22 at Şişecam consolidated level.

Regional Breakdown of Revenue	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22	Q2'22		H1'22
									QoQ	YoY	YoY
Revenue from Turkey Operations	62%	60%	52%	56%	57%	54%	57%	56%	296 bps	471 bps	9 bps
Sales in Turkey	42%	40%	29%	36%	34%	34%	41%	38%	624 bps	1,048 bps	223 bps
Exports from Turkey	20%	20%	23%	20%	23%	20%	16%	18%	-328 bps	-577 bps	-214 bps
Revenue from Foreign Operations	38%	40%	48%	44%	43%	46%	43%	44%	-296 bps	-471 bps	-9 bps

³ nka and subject to full consolidation since 2021 year-end under Chemicals business line following the controlling stake acquisition in Ciner Resources Corp.

Adjusted EBITDA recorded at TRY 6.4Bn with 27% Margin while Adjusted Net Income stood at TRY 5.4Bn

- Gross profit margin came in at 38%, up by +100bps YoY amidst local currency depreciation on top of the steep rise in raw and auxiliary material costs and energy prices thanks to a) larger scale of operations and the inclusion of US natural soda assets generating higher profitability b) fully utilized capacities across all business lines c) cost-push price increases derived from dynamic pricing formulas in glass and chemicals operations
- OPEX/Sales remained flat at 18% despite 220bps increase in S&M expenses/OPEX ratio resulting from the spike in logistics and freight rates
- TRY 301Mn income from participated JVs, up by 357% YoY, thanks to robust performances of the JV with St. Gobain in Egypt and the one with Solvay in Bulgaria as well as currency translation gains
- Other income & investing activities recorded at a negative balance of TRY 120Mn compared to TRY 154Mn income in Q2'21
- TRY 1.5Bn FX gain was recorded on Eurobond investments, trade receivables & payables and financing activities, including TRY 69Mn FX gain, which was generated from USD 115Mn and EUR 20Mn cash deposited into FX-protected accounts and booked under financial investments, vs. TRY 294Mn in Q2'21
- TRY 412Mn interest expense was recorded on bank loans and issued bonds while TRY42Mn interest income was generated on derivatives including TRY 93Mn interest gains from FX-protected deposit accounts
- TRY 430mn was recorded as deferred tax income in Q2'22 versus TRY 85Mn deferred tax expense in Q2'21 thanks to mainly tax incentives on the investments and the tax exemption covering all the earnings including FX and interest gains on FX-protected deposits. Net tax expense came in at TRY 203Mn, -3% being the effective tax rate

Cash Flow Analysis (H1'22 vs H1'21)

- **Cash inflow from operating activities** came in at a **TRY 5.9Bn** vs. **TRY 2.8Bn**. Working capital requirement was recorded at TRY 7.9Bn due to inflated inventories and trade receivables caused by cost and product price increases as well as local currency depreciation while stronger operational performance has led to TRY 6.8Bn higher net income
- **Cash outflow from investing activities stood at TRY 4.1Bn** versus TRY 419Mn cash inflow as a result of;
 - i. TRY 707Mn advance payments in relation with the investments
 - ii. TRY 300Mn cash outflow for Refel S.p.A acquisition
 - iii. TRY 2.8Bn (EUR 173Mn) capital expenditures, mainly in relation with;
 - *Chemicals business line expenditures; maintenance of mining operations located in Turkey and US natural soda asset, capacity increase in Turkey-Mersin soda ash plant, corresponded to 32% of the total capex*
 - *Glass Packaging business line expenditures; Hungary & Turkey-Eskişehir new furnace investment, cold repair undertaken (one furnace in Russia-Kuban facility), mold expenses, corresponded to 23% of the total capex*

- *Glassware segment expenditures; cold repairs undertaken (one furnace in Bulgaria and one furnace in Turkey-Kırklareli facility) and mold expenses, corresponded to 17% of the total capex*
 - *Architectural Glass segment; greenfield Turkey-Tarsus facility investment, new automotive float line investment in Turkey-Kırklareli facility, maintenance and operational efficiency expenses, corresponded to 15% of the total capex*
 - *The remaining balance was in relation with Auto Glass segment's maintenance expenses, ongoing restructuring process and efficiency improvement investments*
- **Cash outflow from financing activities recorded at TRY 80Mn** versus TRY 2.3Bn in H1'21
 - **Cash conversion cycle** shortened by 20 days YoY given lesser inventory days outstanding. **FCF came in at TRY 416Mn**
 - With **TRY 4Bn increase in cash position** including FX translation gains, period-end cash position came in at **TRY 15.3Bn**
 - **Cash and cash equivalents** including financial assets (USD 245Mn-Eurobond investments & USD 147Mn-FX protected deposits) increased by TRY 4.4Bn YoY to TRY 21.6Bn (USD 1.3Bn) in H1'22.
 - Excluding the financial assets, 72% of cash and cash equivalents was kept in hard currencies (57% EUR, 43% USD)

[Debt Position \(H1'22 vs 2021-end\)](#)

Gross debt recorded at TRY 38Bn (USD 2.3Bn) vs. TRY 28Bn (USD 2.1Bn)

- *72% of bank loans was in hard currencies (30% EUR, 42% USD)⁴*
- *TRY 357Mn coupon payment was made in March 2022 on USD 700Mn-Şişecam 2026 Eurobonds*
- *TRY 1.2Bn financial lease was recorded under financial liabilities*
- *Long-term liabilities corresponded to 53% of gross debt (62% in 2021-end)*

Net debt was TRY 16.6Bn (USD 996Mn) vs. TRY 11Bn (USD 788Mn) in 2021. **Net Debt to EBITDA** was at 0.87x.

[FX Position \(H1'22 vs 2021-end\)](#)

Şişecam's net long FX position decreased to **TRY 4.3Bn (USD 257Mn)** as of H1'22-end from TRY 5.9Bn in 2021 mainly due to a decline in USD assets and a rise in EUR liabilities given foreign currency legislations on 40% TL conversion of export collections. FX position was 453Mn short in EUR and 697Mn long in USD vs. 367Mn short in EUR and 813Mn long in USD as of the end 2021 (figures stated in original currencies).

[One-Off Impacts excluded from Financials:](#)

Excluding From EBIT:

⁴ 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 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.

- **H1'22: +TRY 735 Mn:**
TRY 735 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
- **Q2'22: +TRY 364 Mn:**
TRY 364 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
- **Q1'22: +TRY 371 Mn:**
TRY 371 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
- **H1'21: +TRY 731 Mn**
TRY 707 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
TRY 13 Mn: Paşabahçe Şişli Store Sale
TRY 11 Mn: Sale of CO₂ emission allowances
- **Q2'21: +TRY 219 Mn**
TRY 206 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
TRY 13 Mn: Paşabahçe Şişli Store Sale
- **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

Excluding From Net income:

- **H1'21: +TRY 19 Mn**
TRY 11 Mn: Paşabahçe Şişli Store Sale
TRY 8 Mn: Sale CO₂ emission allowances
- **Q2'21: +TRY 11 Mn**
TRY 11 Mn: Paşabahçe Şişli Store Sale
- **Q1'21: +TRY 8 Mn**
TRY 8 Mn: Sale CO₂ emission allowances

Operational Developments during and after Q2'22

- **Chemicals**
 - Synthetic Soda Ash Production Capacity Increase
 - With the completion of the 2nd phase of our Turkey-Mersin facility soda ash capacity increase project through the addition of a new sodium calcine line Şişecam's synthetic soda ash annual production capacity increased by 50K tons to 2.5mn tons. Incremental capacity was taken online in the beginning of the quarter. As you may recall, 1st phase of the investment, with which we added 50K tons/year capacity has been operational since Q4'21.
- **Glassware**
 - Planned Maintenance Work
 - Cold repair process of one of the three furnaces located in Kırklareli (Turkey) facility, which had been undergoing cold repair since March 2022, was taken back online on 20/04/2022. With the addition of a new line, the furnace's production capacity increased by 14%, hence the business segment's annual production capacity went up by 1.2%
- **Flat Glass**
 - New Investment Decision
 - **Production Capacity: 180K tons/year capacity-frosted glass furnace + 20Mn m2/year capacity-energy glass processing line**
Investment Location: Mersin/Tarsus,
Estimated Investment Cost: ~TRY 3.4Bn (185Mn EUR) including working capital needs
Planned Commissioning: 2024-end
Upon completion, Şişecam's Turkey based-frosted glass production capacity is expected to increase to 260K tons/year

Important Events during and after Q2'22

- The registration process of 7Cbasalia Global AG, 10% owned by Şişecam, under the law of Switzerland, has been completed as of 10/05/2022
- Şişecam paid out TRY 1.25Bn gross dividend in cash on 30/05/2022
- In addition to the buyback program in effect, on 30/06/2022, Şişecam BoD decided to initiate a new buyback program for a maximum number of 15Mn shares (TRY 150Mn nominal value) with a maximum amount of TRY 3Bn to be covered from internal resources
- On 05/07/2022, Şişecam BoD decided to advise Sisecam Resource Partners LLC on the proposal of going private through the purchase of publicly traded shares of its subsidiary Şişecam Resources LP. Accordingly, on 06/07/2022, Sisecam Chemicals Resources LLC ("SCR"), 60% owned by Şişecam, delivered a non-binding proposal to the BoD of Sisecam Resource Partners LLC, the General Partner of Sisecam Resources LP (the "Issuer"), to acquire all of the outstanding common units, representing limited partner interests in the Issuer not already owned by SCR or its affiliates, in exchange for USD 17.90 per issued and outstanding publicly held common unit of the Partnership

- Following the downgrade of Turkey's sovereign rating from "B+" to "B" with "negative" outlook on 08/07/2022, International Credit Rating agency Fitch Ratings has downgraded the credit rating of Şişecam from "B+" to "B" and affirmed the outlook as "negative"
- With respect to a resolution taken by the BoD on 19/07/ 2022, Şişecam decided to invest in a new frosted glass furnace and a new line with energy glass processing capacity, to be built in Mersin/Tarsus, within the site of its 400K ton/year greenfield flat glass investment announced in 2021. With an estimated cost of appr. TRY 3.4Bn (185Mn EUR) including working capital needs, 180K tons/year capacity-frosted glass furnace and 20Mn m2/year capacity-energy glass processing line are planned to be commissioned by the end of 2024. Upon its completion, Şişecam's Turkey based-frosted glass production capacity is expected to increase to 260K tons/year. The investment is aimed to nourish Şişecam's leading position in the rapidly growing Turkish energy glass market as well as to further strengthen its competitiveness in evaluating export opportunities
- On 29/07/2022, Şişecam BoD decided to issue debt instruments up to TRY 10Bn in total to qualified investors through sales and private placement methods within the framework of the CMB
- As of 02/08/2022, within the scope of share buyback program, Şişecam bought back TRY 95.8Mn-nominal value shares, corresponding to 3.13% of the share capital, for a total of TRY 1.4Bn

Appendix

Sub-Segmental Breakdown of Revenue	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22
Architectural	23%	29%	28%	28%	29%	29%	27%	28%
Auto Glass & Encapsulation	11%	13%	11%	12%	10%	7%	7%	7%
Glassware	15%	14%	15%	15%	15%	11%	11%	11%
Glass Packaging	26%	22%	26%	24%	23%	16%	18%	17%
Chemicals	20%	20%	19%	19%	18%	30%	30%	30%
Soda Chemicals & Energy	13%	13%	13%	13%	11%	26%	27%	26%
Chromium Chemicals & Oxyvit	4%	4%	4%	4%	4%	1%	1%	1%
Glass Fiber	2%	2%	2%	2%	2%	2%	2%	2%
Mining & Other	2%	1%	1%	1%	2%	0.5%	0.4%	0.4%
Other	5%	2%	1%	2%	5%	7%	7%	7%

Breakdown of COGS Items	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22
Input & Materials & Packaging	44%	46%	46%	46%	44%	37%	38%	38%
Ngas	16%	15%	14%	15%	19%	27%	29%	28%
Electricity	6%	6%	6%	6%	7%	7%	6%	6%
Labor	13%	13%	13%	13%	12%	11%	10%	11%
Depreciation	9%	9%	9%	9%	8%	6%	5%	6%
Outsourcing & Other	11%	10%	11%	10%	10%	12%	12%	12%

Breakdown of Opex Items	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22
Indirect Material Costs	1%	2%	1%	2%	1%	1%	1%	1%
Salaries and wages expenses	19%	21%	21%	21%	17%	14%	15%	15%
Outsourced service	45%	41%	45%	44%	53%	42%	76%	61%
Miscellaneous expenses	28%	30%	27%	28%	24%	39%	4%	19%
Depreciation and amortization expenses	6%	6%	5%	6%	6%	4%	4%	4%

Regional Breakdown of Adjusted EBITDA	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22
Turkey	5,763	1,201	1,340	2,542	6,742	3,372	3,379	7,762
Foreign Operations	1,530	432	861	1,293	2,637	1,467	1,467	3,620
Russia, Ukraine and Georgia	853	166	295	460	1,243	370	370	898
Europe	646	236	515	751	1,228	518	518	1,476
US						515	515	1,088
Other	31	30	52	81	166	64	64	158

Regional Breakdown Adjusted EBITDA Margin	2020	Q1'21	Q2'21	H1'21	2021	Q1'22	Q2'22	H1'22
Turkey	44%	35%	36%	36%	37%	37%	25%	35%
Foreign Operations	19%	19%	26%	23%	19%	19%	15%	20%
Russia, Ukraine and Georgia*	11%	7%	9%	8%	9%	5%	4%	5%
Europe*	8%	10%	15%	13%	9%	7%	5%	8%
US*						7%	5%	6%
Other*	0%	1%	2%	1%	1%	1%	1%	1%

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

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