



EARNINGS RELEASE

August 4, 2023

Şişecam (BIST-100: SISE) reported financial results for the second quarter ended June 30, 2023

M. Görkem Elverici, CEO of Şişecam, commented:

“The world continues to struggle against the ongoing challenges caused by global macroeconomic fluctuations and political uncertainties. Despite the extremely volatile environment and the headwinds, Şişecam has successfully completed the first half of 2023. We have remained committed to growth by closely monitoring the developments on a global scale and adapting our strategies accordingly throughout the period.

I am proud to say that Şişecam has effectively managed logistic challenges, which have arisen due to the earthquake disaster in Turkey and caused port congestion for many industrial companies, with its customer-centric approach along with its agile management mindset. We have ensured the satisfaction of our customers and overcome these hurdles by means of our “deliver exceptional service” philosophy.

Furthermore, we have seen a positive effect on our operations as the seasonal impact on demand subsided in the second quarter. This has provided a favorable environment for us to continue our investments and adapt to the changing times with scenario-based strategies.

As Şişecam shapes its future, we rely on data-driven decision-making and technology for both our business practices and investments. In line with this forward-thinking approach, we have recently signed a letter of intent to become a partner in Icron, a technology company that provides decision optimization services to multiple industries.

Our second glass packaging furnace in Georgia, which marks our first investment outside of Turkey, has been supported with new technologies through a 20 Million Euros investment. This furnace, which we ignited in June, increased our glass production capacity in the country by an impressive rate of 25%. With its advanced capabilities and a capacity of 75.000 tons, we are well-equipped to meet the glass packaging demand in both Georgia and the region efficiently.

At Şişecam, we believe that success is only possible through continuous improvement. In this regard, we have implemented our operational excellence development program and achieved highly positive results so far. We successfully executed nearly 800 projects in Turkey and achieved a financial benefit of 50 Million Dollars until 2022 year-end.

Sustainability has always been a core value at Şişecam, and we are committed to making significant strides towards protecting the planet, empowering society, and transforming lives with our CareforNext strategy. We have recently published our 2022 Sustainability Report, which highlights the outcomes of our sustainability efforts and the goals we set. Additionally, by signing the United Nations Women's Empowerment Principles (WEPs), we have underscored our commitment to gender equality and supporting women's participation in all sectors and levels of economic life.

Our company views success not only as financial growth but also as comprehensive development that is of benefit to all stakeholders and industries. Şişecam's contributions to the industry have always been recognized with international awards. Recently our Chairman and Executive Member of the Board, Prof. Dr. Ahmet Kirman, has been honored with the Glass Person of the Year Award by the Phoenix Award Committee for his contributions to the glass industry. We are dedicated to creating value and delivering sustainable growth initiatives that drive positive change all through our ecosystem.

I express my gratitude for your continued trust and support. We remain committed to further growth and look forward to the exciting opportunities that lie ahead of Şişecam in the global arena.”

Consolidated Summary Financial Results for Q2'23

Important Notice: In accordance with TFRS-3 principle, provisional figures had been used for the consolidation purpose of US entities. Following the completion of valuation studies, Sisecam 2022 FY consolidated financial statements and Chemicals business line financials have been restated accordingly.

Summary Financials (TRY Mn)	H1'22	H1'23	YoY Change	Q2'22	Q1'23	Q2'23	QoQ Change	YoY Change
Revenue	40,232	58,434	45%	23,258	28,365	30,069	6%	29%
Gross Profit	15,288	19,323	26%	8,639	9,576	9,747	2%	13%
Gross Margin	38%	33%	-493 bps	37%	34%	32%	-135 bps	-473 bps
EBIT	9,666	11,850	23%	5,509	4,799	7,050	47%	28%
EBIT Margin	24%	20%	-375 bps	24%	17%	23%	653 bps	-24 bps
EBITDA	11,863	14,810	25%	6,654	6,225	8,586	38%	29%
EBITDA Margin	29%	25%	-414 bps	29%	22%	29%	661 bps	-6 bps
Net Income After Minority Interest	8,908	8,069	-9%	5,337	2,364	5,705	141%	7%
Net Income Margin	22%	14%	-833 bps	23%	8%	19%	1,064 bps	-398 bps
Capex	2,814	7,100	152%	1,581	2,804	4,296	53%	172%
Capex/Sales	7%	12%	516 bps	7%	10%	14%	440 bps	749 bps
Adjusted EBIT*	8,931	11,220	26%	5,145	4,923	6,297	28%	22%
Adjusted EBIT Margin*	22%	19%	-300 bps	22%	17%	21%	359 bps	-118 bps
Adjusted EBITDA*	11,128	14,180	27%	6,290	6,348	7,832	23%	25%
Adjusted EBITDA Margin*	28%	24%	-339 bps	27%	22%	26%	367 bps	-99 bps
Adjusted Net Income*	8,908	9,214	3%	5,337	3,540	5,674	60%	6%
Adjusted Net Income Margin*	22%	16%	-637 bps	23%	12%	19%	639 bps	-408 bps
Analyst EBIT**	7,814	7,992	2%	4,444	4,283	3,709	-13%	-17%
Analyst EBIT Margin**	19%	14%	-575 bps	19%	15%	12%	-276 bps	-677 bps
Analyst EBITDA**	10,011	10,953	9%	5,589	5,708	5,245	-8%	-6%
Analyst EBITDA Margin**	25%	19%	-614 bps	24%	20%	17%	-268 bps	-659 bps

*Excluding one-off impacts

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

FX RATES	Q2'22	Q1'23	Q2'23	QoQ	YoY	H1'22	H1'23	YoY
EUR/TRY - p.a.	16.79	20.24	22.71	12%	35%	16.23	21.49	32%
USD/TRY - p.a.	15.75	18.87	20.86	11%	32%	14.87	19.88	34%

Financial Highlights (Q2'23 vs Q2'22)¹

- **Revenue** came in at TRY 30Bn, up by 29% YoY (USD 1.4Bn, down by 2% YoY in USD terms)
- **Gross profit** was at TRY 9.7Bn, up by 13% YoY with a margin of 32%
- **Adjusted EBITDA** came in at TRY 7.8Bn, up by 25% (USD 376Mn, down by 6% YoY in USD terms) with 26% margin
- **Adjusted Parent Only Net Income** came in at TRY 5.7Bn, up by 6% with 19% net margin
- **Capex** recorded at TRY 4.3Bn (USD 206Mn) and Capex/Revenues stood at 14%
- **FCFE** had a **negative balance of TRY 1.3Bn (USD 66Mn)**. **WC/Revenue** was at 35%
- **Currency Sensitivity: TRY 2.7Bn Net Long FX Position**
- **Net Debt/EBITDA** was at 1.1x

Segmental Analysis

Segmental Breakdown of Revenue (TRY Mn)	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23	Q2'23		H1'23	Q2'23 Topline Drivers (YoY)
							QoQ	YoY	YoY	
Architectural Glass	4,871	6,322	11,194	5,726	6,013	11,738	5%	-5%	5%	-15% volume, +10% pricing, prod. mix, currency
Industrial Glass	1,551	2,073	3,624	2,818	2,635	5,453	-6%	27%	50%	+2% volume, +25% pricing, prod. mix, currency
Glassware	1,780	2,403	4,183	3,415	3,622	7,036	6%	51%	68%	-7% volume, +58% pricing, prod. mix, currency
Glass packaging	2,645	4,178	6,823	4,634	5,598	10,231	21%	34%	50%	-8% volume, +42% pricing, prod. mix, currency
Chemicals	4,483	5,847	10,329	7,638	8,658	16,296	13%	48%	58%	-9% volume, +57% pricing, prod. mix, currency
Energy	1,256	1,860	3,116	3,651	2,936	6,587	-20%	58%	111%	+41% volume, +17% pricing, prod. mix, currency
Other	389	575	964	484	608	1,092	26%	6%	13%	
Total	16,974	23,258	40,232	28,365	30,069	58,434	6%	29%	45%	

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

[Segmental Analysis \(cont'd\)](#)

Segmental Contribution to Revenue	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23	Q2'23		H1'23
							QoQ	YoY	YoY
Architectural Glass	29%	27%	28%	20%	20%	20%	-19 bps	-719 bps	-773 bps
Industrial Glass	9%	9%	9%	10%	9%	9%	-117 bps	-15 bps	32 bps
Glassware	10%	10%	10%	12%	12%	12%	1 bps	171 bps	164 bps
Glass packaging	16%	18%	17%	16%	19%	18%	228 bps	65 bps	55 bps
Chemicals	26%	25%	26%	27%	29%	28%	187 bps	366 bps	221 bps
Energy	7%	8%	8%	13%	10%	11%	-311 bps	177 bps	353 bps
Other	2%	2%	2%	2%	2%	2%	31 bps	-45 bps	-53 bps

Segmental Breakdown of Adjusted EBITDA (TRY Mn)	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23	Q2'23		H1'23
							QoQ	YoY	YoY
Architectural Glass	1,768	2,218	3,986	1,578	1,400	2,979	-11%	-37%	-25%
Industrial Glass	192	277	469	129	146	275	13%	-47%	-41%
Glassware	392	483	875	634	1,191	1,825	88%	146%	109%
Glass packaging	627	856	1,484	742	1,664	2,405	124%	94%	62%
Chemicals	1,368	2,108	3,476	2,490	2,978	5,468	20%	41%	57%
Energy	139	81	220	48	21	68	-57%	-75%	-69%
Other	412	477	889	843	408	1,251	-52%	-14%	41%
Elimination	-90	-181	-271	-117	25	-92	-121%	-114%	-66%
Total	4,838	6,290	11,128	6,348	7,832	14,180	23%	25%	27%

[Segmental Analysis \(cont'd\)](#)

Segmental Contribution to Adjusted EBITDA	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23	Q2'23		H1'23
							QoQ	YoY	YoY
Architectural Glass	36%	34%	35%	24%	18%	21%	-648bps	-1,619bps	-1,410bps
Industrial Glass	4%	4%	4%	2%	2%	2%	-13 bps	-239 bps	-218 bps
Glassware	8%	7%	8%	10%	15%	13%	544 bps	781 bps	511 bps
Glass packaging	13%	13%	13%	11%	21%	17%	983 bps	814 bps	384 bps
Chemicals	28%	32%	30%	39%	38%	38%	-38 bps	572 bps	782 bps
Energy	3%	1%	2%	1%	0%	0%	-47 bps	-99 bps	-145 bps
Other	8%	7%	8%	13%	5%	9%	-781 bps	-211 bps	96 bps

Segmental Adjusted EBITDA Margin	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23	Q2'23		H1'23
							QoQ	YoY	YoY
Architectural Glass	35%	33%	34%	25%	22%	24%	-357 bps	-1,147 bps	-1,039 bps
Industrial Glass	12%	13%	13%	5%	6%	5%	96 bps	-793 bps	-788 bps
Glassware	22%	20%	21%	19%	33%	26%	1,428 bps	1,313 bps	527 bps
Glass packaging	23%	20%	21%	16%	29%	23%	1,298 bps	868 bps	163 bps
Chemicals	28%	33%	31%	30%	32%	31%	234 bps	-101 bps	2 bps
Energy	8%	3%	5%	1%	1%	1%	-47 bps	-279 bps	-456 bps
Other	60%	45%	51%	75%	32%	52%	-4,239 bps	-1,293 bps	135 bps

Operational Highlights (Q2'23 vs Q2'22) ²

- Architectural Glass
 - Flat glass production, **down by 25%** at 579K tons, 75% capacity utilization rate (actual output/effective capacity)
 - Sales volume **down by 15%**

- Industrials
 - Auto Glass & Encapsulation
 - Auto Glass: **up by 10%** in consolidated auto glass (converted from m2 to tons) and encapsulation (converted from units to tons) sales volume

 - Glass Fiber
 - **2% increase** in production at 16K tons
 - 89% capacity utilization rate
 - **19% decrease** in sales volume

- Glass Packaging
 - **9% decrease** in **glass packaging production** at 551K tons
 - **8% decrease** in **sales volume** (domestic sales, exports, sales from non-Turkey operations down by 12%, 19%, and 1%, respectively)
 - 87% capacity utilization rate (84% in Turkey and 91% in Russia) (actual output/effective capacity)

- Glassware
 - **7% decrease** in total sales volume (domestic sales, exports, sales from non-Turkey operations down by 7%, 8%, and 7%, respectively)

- Chemicals
 - Soda Ash
 - **2% decrease** in production at 1,184K tons
 - Sales volume **down by 6%** (domestic and international sales down by 24% and 3%, respectively)
 - **25% increase** in average USD/ton price

 - Chromium Chemicals
 - **22% decrease** in sales volume at 25K tons (domestic and international sales down by 24% and 22%, respectively)
 - **25% decrease** in average USD/ton price

- Energy
 - Electricity sales volume, **up by 41%**, to 1.23Bn kWh

² Glass and chemicals volume figures are based on metric ton

Architectural Glass: 20% share in Revenue | 18% share in Adj. EBITDA | “Second Largest Topline & Third Largest EBITDA Contributor in Q2’23”

A pervasive inflationary environment and uncertain global macroeconomic outlook were the key drivers of the construction and renovation market clients' behavior. Amidst the risk of a global macro slowdown, architectural business line maintained its stock optimization strategies throughout the quarter.

Glass output, recorded at 579K tons, was down by 25% YoY given capacity utilization planning strategies and the ongoing cold repair in one of the two furnaces located in Kırklareli Facility. 59% of the output was produced by Turkey operations while Europe accounted for 26% of the consolidated production volume. The remaining 15% was manufactured by two lines located in Russia and India. Quarter-wise CUR stood at 75% (vs. 93% in Q2'22).

Architectural Glass segment consolidated sales volume went down by 15% YoY. Turkish market started to be resilient in terms of volume during the quarter particularly with the start of the high season and gradual depreciation of Turkish lira leading to a slowing trend in imported good flow. Accordingly, sales volume was up by 16% QoQ. Sales from Turkey including exports decreased by 20% YoY in volume terms on high base, on the other hand, sales performance was strong with an increase of 20% QoQ. Turkey-based facilities share in consolidated sales volume stood at 59%, while share of exports in Turkey's sales remained flat at 14%.

Even with inventory optimization efforts through low-capacity utilization rates and cold repairs, European markets remained weaker, given increased competition especially due to logistic cost incentives provided by Chinese government to prevent supply surplus in domestic market while stimulating economic growth. Thus, Europe-based facilities' sales decreased by 20% in volume terms YoY (up by 1% QoQ). Share of the continent in consolidated sales volume was recorded at 22%.

India and Russia operations had an aggregate sales volume of growth 22% YoY thanks to mostly the normalization seen in Russia and composed 19% of consolidated sales. Sales volume performance of the India and Russia move north by 25% QoQ.

The abundance of low-cost products, continuous decline in energy costs, hence production costs and cooling demand continued to put pressure on the pricing environment as it was the case in the previous quarter. Accordingly, EUR-based product prices went down by on average 11% YoY across all regions.

Architectural Glass segment, recorded TRY 6Bn net external revenue, with a contraction of 5% YoY. Architectural segment generated 50% of its revenue from international sales including exports from Turkey.

Industrial Glass: 9% share in Consolidated Revenue | 2% share in Adj. EBITDA

Industrial Glass business line, consisting of automotive glass, encapsulation & home appliances and glass fiber operations, generated TRY 2.6Bn, net external revenue with an annual increase of 27%.

Automotive glass and encapsulation sub-segment, generating circa 85% of the division's topline, recorded a sales volume growth of 10% YoY thanks to recovery in automotive industry both in Turkey and in Europe. Sales volume grew by 3% QoQ. 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 ("ARG") channel supported the business line's outperformance. ARG sales accounted for 14% of consolidated automotive glass & encapsulation revenue.

Meanwhile Glass Fiber sales continued to move in a weak trend mainly due to weaker macroeconomic growth in Asia Pacific region, ending up in lower local demand for glass fiber and eventually translating into flow of imported products. Competition was further heightened with increased presence of low-cost Middle Eastern product availability given relatively strong Turkish Lira.

Glass Packaging: 19% share in Revenue | 21% share in Adj. EBITDA | "Third Largest Topline and Second Largest EBITDA Contributor in Q2'23"

With a quarterly average CUR of 87%, consolidated Glass Packaging output decreased by 9% YoY, Turkey and Non-Turkey split of production volume remained almost flat at 54% and 46%, respectively. Lower production was mainly the result of inventory optimization strategies put in place in Turkey, machinery and equipment revisions in two of four furnaces located in Yenişehir (Turkey) and cold repairs in Gorokovets (Russia) and Mina (Georgia) facilities.

Glass Packaging sales were down by 8% in volume terms YoY given the high base particularly for the domestic sales of Turkey-based facilities coupled with a contraction in exports due to relatively resilient Turkish Lira until June. Sales to non-alcoholic beverage industry stayed below previously placed orders given the producers' expectations on packaging material price discounts parallel to the decline in energy costs. Glass Packaging demand of the alcoholic beverage industry proved to be strong in line with consumption growth forecasts of particularly the breweries. Food industry channel orders stayed behind the regular purchasing schedule by almost two months due to delays in harvest season. Whereas sales to the health industry continued to be strong even close to the end of its high season as a permanent post-covid trend. All in all, the region outperformed Q1'23 with a sales volume increase of 23% thanks to accelerated client orders for the upcoming high season. Turkey-based facilities share in consolidated sales volume stood at 52%, while share of exports in Turkey's sales came in at 25%.

Non-Turkey operating regions' sales performance was flat even with the lack of exports from Russia to Europe given the sanctions and limited sales from Georgia facility due to cold repair process. The two regions' QoQ performance, on the other hand, highlighted a sales volume growth of 25% thanks to gradually starting high season, increased exports to CIS region, successful launch of new projects, and deficit in substitute products.

As a result, Glass Packaging business line recorded a revenue growth of 34% YoY with TRY 5.6Bn net external revenue. Glass Packaging segment generated 56% of its revenue from international sales including exports from Turkey.

Chemicals: 29% share in Revenue | 38% share in Adj. EBITDA | “#1 Topline & EBITDA Contributor in Q2’23”

Chemicals business line experienced a balanced soda ash market from a global supply and demand perspective. Consolidated soda ash output went down by 2% YoY mainly due to scheduled maintenance work at Mersin facility, yet 7% higher compared to the previous quarter thanks to the completion of maintenance work in Wyoming facility.

Consolidated Soda ash sales volume was down 6% YoY, mostly due to previous year’s high base and slowing demand of client industries in general owing to cautious production planning and inventory management strategies put in place against uncertain macroeconomic environment. Yet, QoQ performance signaled a volume growth of 5%. Earthquake impact continued to be visible in domestic sales given the inoperative status of some of the major glass packaging, textile, and paper industry clientele, while increased port occupancy and high congestion, particularly for container transportation in Mersin port, limited export capabilities of Mersin facility. Nevertheless, alternative logistic solutions including product shipments from Marmara region allowed Chemicals business lines to fulfil majority of the placed orders.

While global soda ash pricing environment entered a downward trend with prominent decline in European natural gas prices, expectation of a big-ticket natural soda ash capacity introduction in Asia has led to cautious inventory management at client industry level, given the possibility of a unit price decline. Meanwhile, presence of Russian products has increased in export markets due to lower than usual domestic demand as a secondary impact of Russia-Ukraine war.

Consequently, soda ash pricing trend moved south to a limited extent throughout the quarter yet the average per ton USD prices stayed 25% above the levels recorded in Q2’22.

Chromium chemicals sub-segment recorded 22% decline in sales volume owing to sticky inflation and macroeconomic uncertainties translating into lower demand coming particularly from leather and metal plating industries. Supply-demand imbalances and high inventory levels at key client industries coupled with low-cost producers’ availability in almost all regions led to a depressed pricing environment. Yet, thanks to successful export efforts, sales volume moved north by 42% QoQ. Chromium chemicals average per ton prices went down by 25% YoY in USD terms.

Chemicals segment recorded TRY 8.7Bn net external revenue, up by 48% YoY. 49% of net external sales were generated by US operations.

Glassware: 12% share in Revenue | 15% share in Adj. EBITDA

In **Glassware** segment, consolidated output contracted by 8% YoY for the alignment of production plans with changing consumption behavior hence demanded product categories.

Consolidated sales went down by 7% YoY in volume terms mainly with a shift in sales mix from high-weight cookware category to low-weight tableware products. Weakening consumer sentiment given global macroeconomic slowdown and high inflationary environment together with the abundance of low-cost imported products have impacted the retail channel end-user demand in almost all regions. Channel specific performance was weak in the domestic market due to high inventory levels at wholesaler and distributor levels given limited sell-out to end-users owing to earthquake, Ramadan impacts as well as pre-election uncertainty. Sales performance was also impacted by advance purchases made in Q1'23 given possible product price increases ahead of the summer season. HORECA channel, from which Glassware business line has generated ~17% of its topline, was strong in both domestic and international markets thanks to the season opening. Although sticky inflation remained on the scene hence continued to put pressure on glassware consumption in Europe, the business line succeeded in limiting the sales contraction thanks to its widened focus in export geographies even though relatively resilient TRY until June.

Even though there was a high single digit decline in volume sales, thanks to price adjustments put in place, TRY 3.6Bn net external revenue pointed out a topline growth of 51% YoY. International sales corresponded to 54% of the division topline.

Based on Şişecam consolidated figures, share of international revenue stood at 65% in Q2'23 while the rest was generated from domestic sales.

Regional Breakdown of Revenue	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23	Q2'23		H1'23
							QoQ	YoY	YoY
Revenue from Turkey Operations	54%	57%	56%	56%	55%	55%	-154 bps	-255 bps	-55 bps
Sales in Turkey	34%	41%	38%	38%	35%	36%	-293 bps	-576 bps	-171 bps
Exports from Turkey	20%	16%	18%	18%	20%	19%	139 bps	321 bps	116 bps
Revenue from Foreign Operations	46%	43%	44%	44%	45%	45%	154 bps	255 bps	55 bps

Adj. EBITDA recorded at TRY 7.8Bn with 26% Margin while Adj. Parent Only Net Income stood at TRY 5.7Bn

- Gross profit margin came in at 32% vs. 37% in Q2'22. The decline was mainly due to lower capacity utilization rates resulting from gross pull reduction plans implemented particularly at the glass production facilities as a vehicle to optimize inventory levels, higher raw material prices and rises in labor costs and severance pay cap given the ongoing inflation. In addition, Q2'22 was a high base given fully utilized capacities across all business lines and cost-push product price increases with lagged effect on COGS. From a segmental reporting point of view, gross profit margin contractions were mainly visible at Architectural and Industrial Glass levels. While the decline in CUR and price increase in energy hedges in a lower product pricing environment stood as the main causes for the former, cost pass through limitations of long-term Tier 1 supplier contracts prevailed for the latter. Meanwhile, US soda ash operations, thanks to its 56% individual margin, moved Şişecam consolidated gross margin north by ~400bps.
- OPEX/Sales went up by 200 bps to 20% due to significant increases in severance pay cap & white-collar wage, rise in warehouse rental expenses due to upward pricing trend in real estate market and increased in-land transportation costs stemming from TRY depreciation and fuel oil price increases.
- TRY 268Mn income from participated JVs vs. TRY 301Mn in Q2'22. Although the JV with St. Gobain in Egypt had a robust performance in this quarter, income from the JV with Solvay in Bulgaria decreased due to lower sales given the maintenance work undertaken in Q1'23.
- Other income & investing activities recorded at TRY 924Mn compared to TRY 117Mn negative balance seen in Q2'22
- TRY 3.5Bn FX gain was recorded on Eurobond investments, trade receivables & payables and financing activities vs. TRY 1.5Bn gain in Q2'22.
- TRY 1.3Bn interest expense was recorded on bank loans and debt issuances while TRY168Mn interest income was generated on derivatives.
- TRY 1.0Bn was recorded as deferred tax expense in Q2'23 vs a positive balance of TRY 435Mn in Q2'22 due to acceleration in cash outflows on investments. Effective tax rate for Q2'23 stood at 14%.

Cash Flow Analysis (H1'23 vs H1'22)

- **Cash inflow from operating activities** came in at **TRY 11.2Bn** vs. **TRY 5.9Bn** thanks to the changes in non-cash adjustments and decreased working capital requirement. Rise in capex led to adjustments for D&A expenses while adjustments to tax expenses resulted mainly from the tax effects of net investment hedge and earthquake tax, and adjustments on unrealized currency translation gains.
- **Cash outflow from investing activities stood at TRY 11.2Bn** versus TRY 4.1Bn given.
 - i. TRY 2.8Bn cash outflow made by US affiliate for the acquisition of Sisecam Resources LP's publicly traded shares and delisting process
 - ii. TRY 1.9Bn advance payments in relation with the capex program
 - iii. TRY 238Mn cash payment for the acquisition of 50% stake in Stockton Port Management Project
 - iv. **TRY 7.1Bn** (USD 357Mn) capital expenditures vs. TRY 2.8Bn in H1'22, mainly in relation with
 - *Glass Packaging business line: greenfield Hungary investment & Turkey-Eskişehir new furnace investment, capacity improvement in Yenişehir facility through machinery and equipment revisions, cold repair and capacity increase in Mina (Georgia) and cold repair in Gorokovets (Russia) corresponded to 41% of the total capex.*

- *Architectural Glass segment; new automotive float line investment in Turkey-Kırklareli facility, greenfield flat glass furnace and new patterned glass line investments in Turkey-Tarsus facility and cold repair undertaken in India facility corresponded to 31% of the total capex.*
 - *The remaining balance was in relation with Glassware, Industrial Glass and Chemicals segments' maintenance expenses combined with One Şişecam digital transformation and efficiency improvement programs.*
- **Cash outflow from financing activities recorded at TRY 5.1Bn** versus TRY 80Mn in H1'22 due mainly to debt repayment, interest expenses, and dividend payment.
 - **Cash conversion cycle** lengthened by 6 days over H1'22 resulting from a rise in inventory days outstanding.
 - FCFE had a negative balance of TRY 1.3Bn.
 - With **TRY 5.9Bn increase YoY in cash** including FX translation gains, period-end cash position came in at **TRY 21.2Bn**.
 - **Cash and cash equivalents including a) a) TRY 10.3Mn-liquid fund investments b) TRY 7.3Bn-financial assets (USD 116Mn-Eurobond investments, USD 165Mn-FX protected deposit) increased by TRY 6.8Bn over H1'22 to TRY 28.4Bn (USD 1.1Bn) in H1'23.**
 - Excluding the financial assets, 87% of cash and cash equivalents was kept in hard currencies of which 69% was in EUR and 31% in USD).

Debt Position (H1'23 vs 2022)

Gross debt recorded at TRY 63Bn (USD 2.4Bn) vs. TRY 47Bn (USD 2.5Bn)

- *83% of financial liabilities were in hard currencies (34% EUR, 49% USD)³*
- *TRY 5.9Bn principal + interest payment made in H1'23 on TRY short term bonds and TRY453Mn coupon payment on USD 700Mn-Şişecam 2026 Eurobonds*
- *TRY 2.7Bn financial lease recorded under financial liabilities*
- *Long-term liabilities corresponded to 65% of gross debt (60% in 2022-end)*

Net debt was TRY 34Bn (USD 1.3Bn) vs. TRY 17Bn (USD 911Mn) in 2022. **Net Debt to EBITDA** was at 1.1x.

FX Position (H1'23 vs 2022)

Net long FX position of TRY 2.7Bn (USD 104Mn) was recorded in H1'23 vs. (TRY 4.4Bn net short position in 2022-end). Positive change in the FX position was mainly the result of net investment hedge accounting principle application, which allowed offsetting of FX-related changes in the value of unhedged portion of USD-denominated Eurobond liabilities and EUR-denominated bank loans by using net assets of the foreign subsidiaries, namely Sisecam Chemicals USA and Sisecam Investment BV. FX position was 300Mn long in USD and 202Mn short in EUR as stated in original currencies in H1'23-end.

³ *Following the cross-currency swaps, made in 2019 for USD 575Mn of 2026 bond in exchange of EUR 421Mn in 2019, 68% of the bond was converted to EURs, 14% converted to TRY and rest of 18% kept in USD. In August 2022, USD 210Mn-equivalent EUR swap agreements have been unwound. Accordingly, as of the reporting period; 38% of the bond is converted to EUR, 14% to TRY and the rest is kept in USD.*

One-Off Impacts excluded from Financials:

Excluding From EBIT:

- **H1'23: +TRY 630 Mn:**
TRY 855 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
TRY 225 Mn: Earthquake donation
- **Q2'23: +TRY 753 Mn:**
TRY 753 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
- **Q1'23: TRY 123 Mn one-off loss:**
TRY 101 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
TRY 225 Mn: Earthquake donation
- **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 one-off gain:**
TRY 371 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact

Excluding From Net Income:

- **H1'23: TRY 1.1 Mn one of loss:**
TRY 1.1 Mn: Earthquake Tax
- **Q2'23: +TRY 31 Mn:**
TRY 31 Mn: Earthquake Tax adjustment in accordance with corporate tax statement given in April
- **Q1'23: TRY 1.2 Bn one-off loss:**
TRY 951 Mn: Earthquake Tax
TRY 225 Mn: Earthquake Donation

Operational Developments during and after Q2'23

- **Flat Glass**
 - Cold Repair
 - TR1 line located in Kırklareli facility was inactive during Q2'23 due to cold repair work that started in January-end
 - Cold repair process of the float line located in India started on 29/05/2023 and the facility was inactive in the rest of Q2
- **Glass Packaging**
 - Machinery and Equipment Revisions
 - Two of four furnaces located in Yenişehir (Turkey) was inactive during 11/11/2022 - 07/06/2023 (revisions resulted in 34K ton/year capacity increase for those two furnaces in total)
 - Cold Repair
 - One of the three furnaces located in Gorokovets (Russia) facility was inactive between 18/04/2023 and 15/06/2023.
 - One of the two furnaces located in Mina (Georgia) facility was inactive during Q2'23. Furnace capacity was increased by 15K tons with the cold repair, in turn Mina facility's total production capacity grew by 25% to 75K ton/year.
- **Chemicals**
 - Planned Maintenance Work
 - Kromsan facility.
 - *Bichromate unit was inactive for 66 days during the quarter (30 days in April, 31 days in May, 5 days in June)*
- **Other**
 - Planned Maintenance Work
 - Oxyvit facility.
 - *Vitamin-K and SMBS unit was inactive for 73 days during the quarter (23 days in April, 20 days in May, 30 days in June)*

Important Events during and after Q2'23

- Şişecam sold 17Mn TRY-nominal value shares, which were bought back on Borsa Istanbul within the scope of the buyback program, to Efes Holding on 10/05/2023 through a block sale at the price of 35.00 TRY/share. As a result of this transaction, the share of Efes Holding A.Ş. in Şişecam's share capital increased to 6.65% from 6.09%.
- 12.2Mn USD payment was made on 11/05/2023 by Sisecam Chemicals USA to participate to 50% of the Stockton Port Management Project.
- The 20th Period Collective Bargaining Agreement negotiations, covering the period 01/01/2023-31/12/2024, conducted with Petrol-İş Union for Şişecam's Soda, Kojen, Chromium factories and Salt facilities was finalized on 11/05/2023.
- Pursuant to Şişecam's public disclosures dated 06/07/2022 and 02/02/2023, the acquisition of publicly held shares of Sisecam Resources LP by Sisecam Chemicals Wyoming LLC, at a price of USD 25 per unit in cash, was completed on 26/05/2023. Upon closing of the transaction, Sisecam Resources LP became private.

- Şişecam paid out TRY 2.1Bn gross dividend in cash on 30/05/2023.
- Following the annual review, International Credit Rating agency Fitch Ratings has affirmed the credit rating of Şişecam at "B" with "negative" outlook in its report dated 30/05/2023 and published its annual review report on 21/07/2023.
- Şişecam signed a Letter of Intent (LOI) on 06/06/2023 to start negotiations on becoming an investor in ICRON, Turkish technology company providing customer-centric optimized supply chain decision solutions since 1992. The synergy to be created with ICRON partnership, which will be Şişecam's very first investment in the field of technology development, is expected to support ICRON's growth, provide gains to Şişecam by elevating its operational excellence and optimization approach and in turn bring forth competitive advantage in its entire fields of activities and geographies.
- Within the scope of the issue certificate of TRY 10Bn dated 08/09/2022, Şişecam completed twelve bond issuances. As four of them with a total nominal value of TRY 5.15Bn have already matured, the current nominal value of the outstanding bonds Şişecam is TRY 4.85Bn. As of 13/06/2023, Weighted average maturity and simple annual interest rate of the outstanding bonds are 193 days and 32.82%, respectively.
- As of 4/08/2023, within the scope of share buyback program, excluding 50Mn treasury shares sold on 29/11/2022 and 17Mn treasury shares sold on 10/05/2023, Şişecam bought back TRY 42.3Mn-nominal value shares, corresponding to 1.38% of the share capital.

Appendix

Sub-Segmental Breakdown of Revenue	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23
Architectural	29%	27%	28%	20%	20%	20%
Industrial Glass	9%	9%	9%	10%	9%	9%
Auto & Encapsulation & Home Appliances	7%	7%	7%	9%	8%	8%
Glass Fiber	2%	2%	2%	1%	1%	1%
Glassware	10%	10%	10%	12%	12%	12%
Glass Packaging	16%	18%	17%	16%	19%	18%
Chemicals	26%	25%	26%	27%	29%	28%
Soda Chemicals	23%	23%	23%	25%	26%	26%
Chromium Chemicals	4%	2%	3%	2%	3%	2%
Energy	7%	8%	8%	13%	10%	11%
Other	2%	2%	2%	2%	2%	2%
Oxyvit	0%	0%	0%	0%	0%	0%
Mining & Other	2%	2%	2%	2%	2%	2%

Breakdown of COGS Items	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23
Input & Materials & Packaging	33%	39%	39%	32%	37%	34%
Ngas	21%	28%	28%	22%	17%	19%
Electricity	6%	7%	7%	6%	5%	6%
Labor	10%	10%	10%	9%	12%	11%
Depreciation	7%	6%	6%	5%	3%	4%
Outsourcing & Other	22%	11%	11%	27%	26%	26%

Breakdown of Opex Items	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23
Indirect Material Costs	1%	1%	1%	1%	1%	1%
Salaries and wages expenses	14%	15%	15%	18%	22%	20%
Outsourced service	42%	76%	61%	55%	59%	57%
Miscellaneous expenses	38%	4%	19%	22%	15%	18%
Depreciation and amortization expenses	4%	4%	4%	4%	4%	4%

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

Regional Breakdown of Adjusted EBITDA	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23
Turkey	3.372	4.390	7.762	3.719	5.036	8.755
Foreign Operations	1.489	2.106	3.595	2.654	2.757	5.411
Russia, Ukraine and Georgia	370	528	898	327	552	879
Europe	576	960	1.536	1.418	919	2.337
US	479	525	1.003	878	1.259	2.137
Other	64	94	158	31	27	58

Regional Breakdown Adjusted EBITDA Margin	Q1'22	Q2'22	H1'22	Q1'23	Q2'23	H1'23
Turkey	37%	33%	35%	23%	31%	27%
Foreign Operations	19%	21%	20%	21%	20%	21%
Russia, Ukraine and Georgia*	5%	5%	5%	3%	4%	3%
Europe*	7%	10%	9%	11%	7%	9%
US*	6%	5%	6%	7%	9%	8%
Other*	1%	1%	1%	0%	0%	0%

*Geography-based contribution to Non-Turkey margin

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