

April 25, 2020

Steps taken by Şişecam Group during the Global Covid-19 Pandemic

"At Şişecam Group, we take necessary steps in the face of the worldwide impact of the Covid-19 pandemic and support a large ecosystem involving our employees, customers, suppliers, business partners and all the other parties we interact with."

The impact of the global Covid-19 outbreak is being felt more and more around the entire world. At Şişecam Group, which derives over 60% of its revenues from international markets as of year-end 2019, we would like to update you on the latest developments related with our countries of operation and business lines.

Various measures are being taken around the world to mitigate the effects of the pandemic, including state of emergency, curfews, social isolation, economic packages, quantitative easing, bond purchase programs, funding sources, loan support and interest rate cuts. As a global player with 85 years of experience, production activities in 14 countries across four continents, 22 thousand employees, and sales to over 150 countries, Şişecam Group undertakes best efforts to support a large ecosystem of employees, customers, suppliers, business partners and all the other parties we interact with.

Our production is ongoing in an uninterrupted manner at our flat glass facilities, while one production line in Turkey was stopped as of the beginning of April, in line with the upcoming cold repair schedule. We adapt to the changing demands and working conditions, while taking necessary measures in this business line that provides input to various industries such as construction, white goods and energy glass. As for our production activities in auto glass facilities, necessary actions are taken for our capacities in parallel with the production stoppages in the automotive industry. Product development and inventory planning efforts are undertaken so as to adapt to the circumstances that may emerge when the industry picks up again. Additionally, plans are formulated to address the opportunities in the replacement glass market.

In the glassware business line, which provides input to retail and tourism industries, capacity utilization plans are determined in light of the changing demand. Accordingly, some of our lines have been stopped.

Serving as a supplier for food, beverage and pharmaceutical industries, the glass packaging business line faces a relatively limited level of downward risk. Therefore, no significant negativity is anticipated in our production and sales conditions. Due to the business closures across the globe, consumption in the HORECA (Hotel, Restaurant, Cafes) channel has contracted. Curfews, stay at home advice, and social isolation have been imposed as part of the measures taken against the pandemic, while health and hygiene have become even more important. Representing a significant share in the glass packaging category, household consumption models come to the fore.

In soda ash, our primary operation under the chemicals business, weaker demand is expected in Europe, which is an important export market for our soda ash business. On the other hand, there is a growing demand for soda ash from glass packaging, chemicals

and detergent manufacturers, as revealed by the analyses made based on consumption industries. As for chromium chemicals, a decline is observed in leather and metal plating sectors due to the quarantines imposed in many Asian, South American and European countries. In order to minimize the negative impact on our operations, we continuously review the balance between production, sales and inventory levels. Our glass fiber operation, launched in 2019, is affected by the negative developments in the construction and automotive industries across export markets, while faring positively in Turkey thanks to the supply capacity and unceased industrial production. Regarding our natural soda investment in the US, applications are being filed for the environmental permit as a prerequisite of the investment, and the process is currently being handled in an uninterrupted manner.

We closely monitor the demand conditions in all business lines, while taking actions to create a supply chain capable of responding to the changing conditions caused by the pandemic. Logistical hurdles witnessed due to the pandemic mostly in European operations are handled in a manner to prevent our customers from being affected by delays in product shipments. Furthermore, various steps are taken to keep the additional costs, which may arise during this period, at minimum level. Within this scope, all the measures as advised by healthcare institutions are strictly adopted. Potential risks are identified through individual assessment of the countries that supply raw materials. In order to eliminate such risks, alternative procurement plans are devised and risk-mitigating actions, such as the re-planning of inventory levels, are taken. We have deployed a supplier finance program in line with our strategic priorities. Under this program, we are in close collaboration with over 10 thousand suppliers and contractors to support them in establishing business models that will maintain their business continuity.

We have identified deferrable and avoidable items in our investment budget so as to manage the effects of the pandemic on our operating profitability and cash position. We have also taken actions to keep costs and operational expense items under control. We are evaluating the incentives provided to the industries affected by the pandemic in the regions where we operate. As of the year-end 2019, we have a strong cash position worth USD 1.9 billion, including our investment portfolio of fixed income securities. Our net financial debt/EBITDA ratio stands at 0.9. We have long-lasting relations with local banks in the regions where we operate, as well as with multinational investment and development banks, which provide us with substantial and additional credit lines. Financing of investment expenditures and net working capital needs are managed effectively in terms of costs and maturities. Regarding the repayment of Eurobond, issued in 2013 and due this year in May, necessary sources are fully available. All other present and future opportunities available in global financial and capital markets that may have a positive impact on our financial costs are being reviewed together with the leading international institutions of these markets and necessary actions are being taken in the most determined manner. Owing to the strong liquidity position of our Group, we are preparing ourselves to address liquidity requirements in the markets and potential shrink in credit lines, and to support the liquidity requirements of our ecosystem, our employees in particular, as well as our suppliers and business partners. We also swiftly update our plans and preparations in line with changing market conditions. At the Ordinary General Assembly meetings held in the last week of March, our shareholders approved the decision of Şişecam and its Group Companies to pay dividends. In the meanwhile, processes and procedures are being handled effectively and quickly regarding our decision to merger with Trakya Cam, Anadolu Cam, Soda Sanayi, Denizli Cam and Paşabahçe, as we announced on January 30, 2020 to consolidate our operations under

Şişecam. We aim to soon finalize preparations for the merger application and to submit the formal application to the Capital Markets Board of Turkey.

Once again, we would like to thank our employees in particular, as well as our customers, suppliers, and all our business partners for their significant contributions to help our Group and our ecosystem overcome this global outbreak in the most effective manner and with positive results. We wish to leave these days behind, together with you, as soon as possible, and in good health.

Best Regards,

Şişecam Group