Webcast Transcript

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

August 3rd, 2021

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

sisecam.com.tr

Operator

Ladies and gentlemen, welcome to Şişecam 2021 First Half Financial Results audio and webcast call. I will now hand over to Mr Görkem Elverici, CEO. Sir, you may begin.

Görkem Elverici

Thank you. Good afternoon ladies and gentlemen, and welcome to the review of our first half 2021 earnings results, and I hope everyone is safe and well since we last spoke back in late January. Today, I'm together with our CFO, Gökhan Güralp and our IR Director, Hande Özbörçek.

And let me start today's webcast by updating you on the recent developments regarding Şişecam management. As you all know, I took the CEO office starting from July 1st, and Mr. Gökhan Güralp who had been serving as the Director of Financial Analysis and Control since he joined Şişecam back in 2015, has been appointed as the CFO. Please join me in whishing Mr. Güralp best of luck and success in his new role.

By July 1st, we moved from a business unit-based operating model to a function-based one, and under this new structure, Deputy General Managers have been appointed to our core functions, which are namely Sales and Marketing, Supply Chain, Production, our R&D and Quality, Finance, Strategic Planning, Human Resources, and Information Technology.

In today's call, I will first walk you through first half 2021 financial and operational results of Şişecam, with performance review on a business line and geography basis. Afterwards, I will continue with our cash position and the capital allocation. Operational and financial review will be followed by Şişecam's approach to sustainability and the advancements we had on that front, and I will conclude by providing an update on our One Şişecam Journey with the headline of What's Next.

As always, I will be pleased to take your questions at the end of the presentation. Please be reminded that our presentation and the Q&A session may 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, we capped off June 2021 with a record-breaking performance, on both the topline and the EBITDA level. Our revenue grew by 45% year-on-year and reached to TL 12.8 billion, the highest topline we have ever recorded in a six-month period. Thanks to the sound performance we had across all business lines, our EBITDA climbed to a record of TL 3.7 billion with a year-on-year growth of 99%.

Although we had been through new challenges that had unfolded as aftershocks of everlasting COVID-19 pandemic, we ended the reporting period with 29% EBITDA margin compared to 21% recorded in the first half of 2020. High capacity utilization rates and larger scale of operations recorded at all business segments level combined with raw material hedging activities we have added to our operations management strategy and lower operational expenses were the main reasons for the boosted profitability. One-off adjusted parent-only net income increased to TL 2.7 billion, not only because of the merger but also thanks to significantly larger scale of operations, and 2.5x higher operating profit in nominal terms.

Since COVID-19's impact was visible especially on the second quarter of last year, we believe it is worth providing a comparison of record-breaking results with first half of 2019 and second half of 2020 figures as well. Our topline grew by circa 50% and our nominal EBITDA had almost doubled compared to the same period of 2019.

Moving on to slide four, every component of our portfolio has supported the outperformance. Still, Architectural Glass and Auto Glass business lines were the two largest contributors to the topline growth, and they were followed by Glassware and Glass Packaging segments. Chemical operations, on the other hand, stayed slightly behind the glass portfolio due to hard currency price declines in soda ash and chromium chemicals. Architectural Glass operations were highly strong with sustained demand dynamics across all operating regions, and almost in all end-client industries.

Upward trend in construction sector and the appetite for renovation, mobility on home appliances and furniture sectors lifted the demand for flat glass products in Turkey.

The market was further boosted by industrial purchases of the wholesalers. Supply shortage seen due to the peers' cold repairs continued to push the prices higher. Stronger Russian operations and revival of India have also contributed to the eye-catching performance. Flat glass sales volume went up by 48% year-on-year versus 20% contraction recorded in the first half of 2020.

In our surrounding region, flat glass prices increases hovered around 25% to 35% in euro terms on a year-on-year basis. Meanwhile, in Turkey, we made two price adjustments by 13% in January and by 9.5% in June.

Following the energy price hikes, we had to announce another adjustment in July by 9.7%. Considering the demand dynamics in our operating markets and in the geographies to which we channel our products, we maintain our positive view for the second half of the year. Auto Glass operations, which we used to report under Flat Glass business line, was also negatively affected by the pandemic. Although we started the year with a bullish view on that part of our portfolio considering the order backlog, the demand environment turned out to be sluggish due to global semiconductor industry shortage. We kept the volume sales flat on a year-on-year basis, whereas we have recorded a significant jump on the profitability side thanks to 85% capacity utilization rate versus 65% of last year in the same period. Gradual increase in the aftermarket sales share, inclusion of new projects, and widening client portfolio have all contributed to higher profitability.

Moving on to slide five, glassware business line, the component of our portfolio that is most prone to consumer sentiment, therefore, severely affected by the spreading of COVID-19, ended the first six months of 2021 with a topline growth of 43%. Volume sales went up by 14% thanks to the accelerated vaccination programs, gradual ease of restrictive measures, and reopening of HORECA channel. Capacity allocation based on a client and product wide cherry-picking discipline enabled us to optimize the operations in all production facilities.

While financially troubled and distressed global peers had to shut down their production units and international flow of products were limited due to logistic disruptions, we were well positioned to meet the demand in Turkey and in international markets, especially in Central and Northern Europe.

Our Glass Packaging operations continued to be strong with a topline growth of 25% on the back of 7% volume increase and 18% price, sales mix and currency impact. Sales volume growth was evenly split between Turkish and international operations, while the share of international revenue stood at 64% of the segmental revenue. Thanks to lower OpEx-to-sales on top of increased efficiency and larger scale of operations, EBITDA margin went up to 30%.

As you may recall, we have long been very keen on expanding our Glass Packaging operations' global footprint. In the very beginning of June, we decided to go ahead with a greenfield investment in Hungary, a € 255 million sized two-furnace investment with a total of 330,000 tons per annual production capacity which will be operational in 2023, and will reach its full capacity by 2025.

With the completion of our Hungarian investment, our active Glass Packaging capacity will increase by 13% to 2.8 million tons per year. Based on our feasibility studies, the investment's internal rate of return is expected to be around 13 to 14%, and the payback period will be roughly eight to nine years. We are actively engaging with possible clients for long-term agreements.

Finally yet importantly, our Chemical business line revenue went up by 25% while the EBITDA margin, recorded at 34%, pointed out to a 300 basis points increase. Although soda ash sales made a weak start mainly due to logistic disruptions, in line with the expectations and parallel to the annual soda ash contracts, sales volume made a jump in the second quarter and ended June with a 9% year-on-year growth. Chromium Chemicals subsegment sales recorded 6% increase compared to first half of 2021 on the low base. Pricing environment continued to be weak in dollar terms given the outstanding contract for the former and due to lower scale of operations at the client industries' level for the latter.

With the incremental production capacity we took online in our Bosnia plant, our total soda ash capacity went up from 2.36 to 2.4 million tons per year.

Moving on to the next slide. With our operations in 14 countries, naturally balanced operations portfolio, wide range of products in all business segments and strong export capabilities, we continued to cater our products across the globe.

In today's operating environment, where proximity and speed are gaining importance almost on a daily basis, we possess all the skills to respond rapidly to the changing dynamics. Further empowered by strict market monitoring discipline and agile decision-making processes, we are well positioned to benefit from the trends in our market.

In the first six months of the year, share of international revenues recorded at 64%, up by 500 basis points year-on-year. Export revenues, half of which are generated from sales to Europe, stood at $ 327 million. Including sales from Şişecam facilities located in the region, sales to Europe accounted for 37% of our topline.

Moving on to slide seven, our strong liquidity position was sustained in the reporting period too. We ended June 2021 with $ 1.7 billion cash and cash equivalents including financial investments portfolio, which is composed of Turkish financials and non-financials Eurobonds having similar to or higher than Şişecam ratings. Net debt position recorded at $ 391 million with a 0.42 of leverage continued to be significantly below our comfort zone of 2.5. Outstanding debt was $ 2.1 billion, down by more than $ 200 million with a term structure of 30% short to 70% long, and an interest rate structure of 66% fixed to 34% variable. We carry 85% of the cash and cash equivalents in hard currency, as we continue to be short in TL to preserve our long position in hard currencies, and to fund our Turkish operation.

Parallel to our plans, we increased our use of cash in order to improve our return ratios. Şişecam's net long FX position came in at $ 865 million keeping $ 700 million cash reserve in hand after the bond issuance of 2019.

Moving on to slide eight, CapEx recorded in the first half was 34% higher compared to the same period last year, mostly on low base. Majority of TL 838 million investments were mainly in relation with scheduled cold repairs and mould investments. Cash conversion cycle shortened by more than 20 days year-on-year with improved receivable and inventory turnover ratios. Thanks to strong operational performance and improving working capital ratios, free cash flow was recorded at TL 72 million versus the negative balance of TL 1.3 billion we had last year.

Moving on to the next slide, I will continue with our Sustainability Approach. We would like to remind you that the founding mission of Şişecam was to meet the growing demand of society for bottles and glassware back in 1930s. Our Sustainability Journey today is no different. While meeting the needs of the market and the society, our resilient and Care for Next integrated business model has helped us to offer solutions that improve society and the planet while not leaving our suppliers behind. Our responsible business approach has led us to provide tableware with V-Block technology, which has an antimicrobial coating effective against viruses and bacteria, for easing comfort in the daily lives of the society, by providing 24/7 hygiene as a result of our superior R&D know-how.

As part of our donation program, we have delivered roughly around 1.3 million V-Block coated Paşabahçe cups to healthcare professionals in public hospitals of Turkey.

Being eligible for the Sustainability Index of Borsa Istanbul, following the merger, is a clear indication of our strength in Sustainability organization-wide.

Moving on to the next slide, our endeavors in addressing the UN's 11 Sustainability Development Goals have continued backed by robust monitoring practices. In 2020, our best practices mainly prevailed in the fields of natural resource conservation, digitalized businesses, low carbon products, and energy efficient production under the theme of climate change. We follow the GRI standards and cover the entire regions in which we operate.

Moving on to slide 11, committed to take a larger stake in the circular economy, we have recently published our policy on waste management and circular economy with clear principles to adapt any waste as "material" or "energy resource", while planning with life cycle analysis and identifying our priorities based on a True Cost of Waste model throughout our value chain, with the support of our stakeholders as a reflection of our "Extended Producer Responsibility" approach.

In 2020, we ensured that 55% of the product packaging materials, we released, were collected from the market and recovered. We have increased our local supply ratio by reaching to 83% in raw material supplying from the local market. Having involved in all phases of the glass value chain, we continued giving utter most importance to glass recycling activities. We have pursued our role in pioneering glass recycling activities in Turkey, despite challenging hygiene concerns due to COVID-19. We were able to directly recover 256,000 tons of glass cullet from the market, while avoiding 153,000 tons of carbon dioxide, in total, with a clear increase of over 20% compared to the previous year.

Furthermore, we were able to use ready-for-furnace cullet at a rate of 70%, especially at our glass packaging plant in Yenişehir. We achieved a reduction of specific energy consumption by 33% and GHG emissions by 46% as compared to the no-cullet scenario case. Our 100% recycled glassware product has been instrumental in empowering consumer awareness on environmental sustainability and the natural resources. Not only natural resources saved, 38% of GHG emissions were mitigated as a result of low carbon melting practices.

We moved forward with improving our chemical management practices through adaptation of a new corporate standard scoping the entire value chain, including selection, purchasing, transportation, use, storage, and disposal phases. We have also been supporting our suppliers to comply with REACH and the equivalent legislations in EU, UK, and in Turkey based on the rapidly changing requirements.

In 2020, our spending solely for the environmental investments reached to TL 40 million. As part of preserving corporate glass heritage, we have been pioneering the leadership towards 2030 transformation agenda on the International Commission on Glass. Moreover, we are engaged in promoting the declaration of 2022 as the International Year of Glass by the UN, which was approved at the UN General Counsel meeting in May this year. We are also proud of taking our Antique Glass Works Exhibition, presenting glass pieces remaining from the period of 3,500 years back in time on an online and open source platform.

A model comprehending all the relevant costs of waste management including loss of raw materials, labor work, energy and any other inputs spent throughout the entire waste management cycle.

Moving on to slide 12, our strong corporate culture on diversity and inclusion allowed us to remain on our target for women employment. We are thrilled to announce the new targets for 2030 as part of our upcoming Sustainability Strategy. The ratio of women executives on the board has been 44% in the first half of the year. The number of disabled employees reached to 502. Having recently employed women operating even at the furnace front-end process, we once again proved our leadership in the glass sector not only with the figures and with the equal opportunities we exert and the confidence we have in women's involvement at any process of our heavy industry.

As part of our corporate social responsibility program, which has been in place for several decades, we have reached a total number of 8,000 children and youth trained as athletes in canoeing, rowing or sailing in Çayırova region. Since the beginning, 1,960 athletes, 79 of whom were national athletes, started their sports career at Şişecam Çayırova Sports Club. Our long-term partnership with Deepak Foundation in India has strengthened during the heavy pandemic conditions, where we helped in delivering healthcare services upon a Mobile Health Unit, and reached to approximately 19,000 people last year.

With the highest level of actions and plans we have put in place since the pandemic, we have obtained COVID-19 safe production certificates for 17 facilities, R&D center, and workplace centers of Şişecam.

Moving on to slide 13, our clear goal on reducing our GHG intensity continues to be in place. We have recently announced our business case for combatting climate change through the entire supply chain. Our Coordination Board on Climate Change has identified the prior mitigation techniques and technologies to be actively revisited and integrated into the investment decision-making process. As part of transforming our Scope 2 emissions, we will soon start investing in another renewable energy project with a capacity of 4.8 megawatts direct supply green electricity for our glass fiber factory. As part of the renovation wave for Europe, which is an important component of the Green Deal, we believe our product solutions with triple double glazing system, in addition to Solar Low-e coated glass products will provide low carbon opportunities within the framework of Zero Energy Building standards. We are keen on announcing clear and exponential targets on GHG reduction, following the preparation of our new Sustainability Strategy.

Moving on to the next slide, last but not least, we have exercised GRI-backed materiality assessment practices last year, and have identified our most material issues for the new strategy term where we screened around hundreds of topics collected from our diverse stakeholders.

In this direction, we are aiming to bolster our sustainability vision, where we will take our Care for Next strategy to the next level by committing in protecting the planet, empowering society, transforming lives, while backing all three pillars with our corporate culture of continuous development.

Moving to the last slide, as I have mentioned on the opening of today's call, by July 1, we moved from a business unit-based operating model to a functional based one. Under this new structure, Deputy General Managers have been appointed to our new core functions, which are namely Sales and Marketing, Supply Chain, Production, our R&D and Quality, Finance, Strategic Planning, HR, and IT.

Our key expectation with implementing the function-based restructuring is to ensure that Şişecam operates in multiple geographies with larger volume in the upcoming periods, while reaching a much higher level in terms of its usual flexibility, agility, entrepreneurship, and decision-making speed in its existing scale of operations. This way, we will sustain our efficiency and performance without any slowdown. We would like to complete the transition of operational and manual jobs to digital solutions wherever we can. We already have extensive use of RPAs and shared service centers. All of the analytical systems and infrastructure to run them have been moved to the cloud system. We are now able to perform data communication and process data in a much more secure and rapid way. Currently, we are focusing on managing these more effectively, and to do so, we have adopted an organizational structure where our sales and marketing presence is the backbone of the entire model based on the success we have achieved as a driving force for growth in the coming periods. The model surely includes major changes for us, but the main aspiration is to speed up our decision-making process to become more lean and become more agile. Our plans include the developments required to boost our competitiveness. We will implement them gradually in the upcoming period and we are creating a Şişecam that can convey its market domination to a more extended geography from individual locations with influence across a much larger global footprint.

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

Q&A

Operator

Our first question comes from Ece Mandaci from ÜNLÜ Securities. The floor is yours.

Ece Mandaci

I have a question regarding your long-term profitability margins. As of the second quarter, analyst EBITDA margin stands 26% and adjusted EBITDA margin at 30%. Going forward, for instance for the third quarter, would it be fair to assume a similar margin level given the recent price adjustments in Turkey and considering the natural gas price hike. Could there be a normalization in the margin as of the third quarter?

Going forward, in 2022 and in the upcoming years, excluding the effect of any merger benefit, what could be the level of your sustainable EBITDA and net margins. In the last four years, the reported net margins hover around 15 - 16%. In bad years, you are reporting 10 to 11% net margin. Going forward, should we take the average of two, namely 13% as expected net margin? It would be great if you share some thoughts or some prospects about your margin generation overall. Thank you very much.

Görkem Elverici

For the last five years, we have been saying that we always would like to keep our EBITDA margins north of 20%, and gradually increase them, move it up gradually in the ladder. I believe with all the operational excellence programs that we have been running and all the reshuffling that we have been doing in our portfolio, now it is more fair to say that we will be on the north of 25% in the EBITDA margin, but we are striving for reaching to a higher level in the upcoming years for sure. This was one of the main reasons why we undertook the merger coupled with the ongoing operating model and total technology restructuring projects. Therefore, for sure, there might be some fluctuations from period to period, or year to year, because in the end, this is a conventional industry where almost all parts of our portfolio experience cyclicality. Nevertheless, we are carefully managing and paying attention to align the outcome of our portfolio so that we will always stay at the north of 25%. We take advantage of increased margin generation possibilities in the upper size of the cycle. Meanwhile, especially during the downturns, we undertake the necessary investments, to get prepared for the upcoming cycles and to get the most out of it.

You may see that we are one of the best equipped companies that has almost all the capacities alive and keeps on announcing new investments, as we believe we are moving to a better part in the cycle that in some of our business lines. Pricing environment and the demand dynamics continue to improve, not only in the geographies we operate, or cater to, but also in more on a global basis for some of our portfolio components – i.e. the architectural glass.

Coming to the net income, this is much more of a challenging part. Considering the realities of our industry, we are long in FX. Although we have been continuously increasing the hard currency portion of our topline, there is still a good amount of revenue generated in EM currencies. Yet CapEx is mostly in hard currency. Therefore, we will continue to stick to our long-term financial strategy. Depressed EM currencies, in the meantime, bring in additional margins to your bottom line.

In fact, while managing our business, we disregard one-off returns and the returns generated from the currency fluctuations. We stick to our strategy of improving operating profitability gradually, which in turn take our net income to a higher level.

We are also very careful in aligning with the transfer pricing requirements, and the tax regulations. During high investment periods, we do benefit from some of the additional returns in the form of incentives and provisions. However, these should be treated as one-offs creating fluctuations on the net income level.

This is why we will continue focusing more on our operational profitability and EBITDA and return on equity to cost of equity differential on a long-term basis, which may also secure a good net income generation.

I hope this helps to provide a clear picture of how we are trying to manage our business on a short and on a long-term basis.

Ece Mandaci

Thank you very much for your detailed answer. For the third quarter, should we expect that 26% EBITDA margin level to remain or could there be a normalization?

Görkem Elverici

There might be diminishing margins due to changing costs. Yet, we have already shown that we can almost immediately adjust the pricing. Still, you are aware of the fact that we are also working with OEMs, i.e. in Auto Glass and Glass Packaging business lines, where we have escalation formulas allowing us to reflect the cost increases to the product prices on a three to six months basis.

For the upcoming quarters of this year, we may still be keeping our profitability on the north of 25% other things being equal and apart from unanticipated fluctuations on the FX side.

Ece Mandaci,

One last question I wanted to ask is about dividend, given such a successful year as far as we can see based on first half results, could there be a potential for increase in your payout ratio? Could there be any upside risk on that? Thank you.

Görkem Elverici

As you know, we are not only looking at the dividend payout ratio. We already announced a buyback program. The way we are managing the yields is actually a combination of those two and CapEx requirements to continuously grow our business in a sustainable and profitable manner. As I shared with most of our colleagues to be able to carry on a profitable business on the long run, we have to keep our pricing power at least in the markets that you are operational. We are mainly operating in the regions with sustained growth rates and above the levels recorded in other geographies in their respective industries.

Therefore, CapEx is a prerequisite to grow our business together and to guarantee profitability on the long run. Dividend payout and buyback strategies we keep on onboarding and we would like to continue on a long-term basis are forming the main pillars of how we are managing both the returns on the business on a long-term basis, and additional shareholder value generation.

Therefore, we will consider this one thing while we are making the next five years’ strategy starting from September, and we will come up with how to orchestrate this trio so that in the end, we may generate the highest possible shareholder value for all our shareholders.

Operator

Our next question comes from Daniel Zaczkiewicz from Barclays. You can go ahead.

Daniel Zaczkiewicz

Could I just ask about the CapEx, whether you are accelerating any of your plans in order to meet the strong demand conditions that you’ve been seeing. And if you could just give us an idea of where we should expect full year CapEx this year and next year?

And then, also, I just have a question on your Eurobond portfolio and what you're planning to do with this, whether you're not going to allow that to run down and use the proceeds for reinvestment. Thanks.

Görkem Elverici

So, let me start with the CapEx part. Normally, we were willing to continue to speed up our CapEx investments for this year, but as you know, there is also some delays in the overall supply chain. It is not only linked with us seeing the demand, but being so much experienced in the industries we are operating, we know that downturns are the best moments to speed up the investments. So, we were already planning ahead for the investments. For sure, strong demand seen in the market is also supporting our perspective on that front.

So, this year, I believe that as we have ended up the first half roughly around $100 million, most probably apart from any M&As or other developments that might be realized in the upcoming quarters, the CapEx level should be, roughly, around $ 300 to 350 million for the full year.

We have already announced our investment in Hungary and our very strong intention to build two new flat glass furnaces, one of which will be fully dedicated to auto glass production as it have the potential to bring additional capacity and margin generation not only to our Auto Glass business line, but also to the Architectural Glass operations in Turkey. I may that we will continue with our long-term strategy and we will work hard limit the possibility of delays stemming from especially the COVID-19 environment.

With respect to your Eurobond portfolio question, every time a part of the Eurobond portfolio matures, we are carefully monitoring the market conditions to come up with decision on the possibility and the timing to allocate the cash for the financing of CapEx or operational requirements.

In line with our strategic plans, we will need to see whether we will partially reinvest it. As previously stated, we will use more and more from our cash and cash equivalents for any upcoming CapEx requirement. So, especially for the ones that are maturing through to the end of this year and the upcoming year, the use of cash from a stand point of whether to allocate it for the financing of CapEx or whether to reinvest it for short to midterm, will be determined parallel to our strategic and financial plans.

Operator

Our next question comes from Cemal Demirtaş from Ata Invest. Sir, you can go ahead.

Cemal Demirtaş

Congratulations for very good results. Putting my analyst position aside, I am proud of the Turkey business keeping. Şişecam has had significant improvement on the profitability. Do you see room for improvement from a business line perspective? What are the specific areas that you see room for improvement in terms of margins? That's my first question.

And the second question is about the demand cycles in the businesses you are operating. Where do you think we are in terms of demand cycles? Do you see the inventory levels high or low currently and some indication for 2022 trend? Thank you very much.

Görkem Elverici

Well, let me start from the last question. For 2022, at least we have a visibility until the end of the year or maybe for the first couple of quarters in most of the domains that demand will continue to be strong.

For the margin improvement part, it is a challenging question, because I will have to take a lot of your time to go into the details of each business line, and differentiated geographies. For the sake of time, it would be good to make a prioritization; one of the areas that most of our analysts are interested in is the architectural glass in Turkey. Architectural glass demand in Turkey is very strong, thanks to not only the market requirements for our direct sales to the existing customer portfolio, but also our existing customers continuous investments on building additional capacities to meet the demand in export markets. Architectural glass market has actually been a trio of our direct sales to Turkey, our exports from Turkey, and our sales to Turkish customers increasingly enlarging their business scale with an export-oriented focus. Secondary processors continue to grow their businesses in many subsegments of architectural glass and in turn, the demand is accelerating at an incredible speed. We believe that, at least for a meaningful portion of that demand will become in the future. We believe the demand was not only a result of local currency depreciation and we do not expect it to last for a couple of quarters more. Turkey is actually benefiting from, especially after Covid-19, the restructuring of large companies/markets aimed at preventing the impact of any breakage in the supply chain/value chain that may be happen in the future.

Architectural Glass is expected to continue to be resilient and to prove strong for the foreseeable future, four to six quarters for this market per se.

Auto Glass demand is actually strong, but unfortunately, we have seen auto producers having difficulties due to raw materials shortages (semiconductors and other inputs; i.e. PVB). We shifted more from the OEM business to secondary market. There is quite high demand in that subsegment. Frankly speaking, we are not able to meet all the demand coming from markets like Europe and US in that sense. Although its share is Auto Glass business line is not very significant at the moment, aftermarket subsegment is expected to keep growing on both the topline and profitability levels.

Glassware business line is the most important turnaround story we had in the last four or five years. The business environment was tremendously chaotic due to the price war created a global peer's following its acquisition by a private equity back in 2015.

Yet, our analyst EBITDA margins, at the worst times, have gone down to 12-13% levels, while our competitors had been announcing high single-digit margins mostly including one-off gains, at their best times. In the last couple of years, we have stayed above 15% levels, right now, roughly around 17-18%. Glassware is one of the areas we will keep working to grow, especially with the operational excellence program and portfolio and production capacity optimization, on which we have undertaken strict measures starting from late 2017, and especially in 2018 and 2019.

Chemicals segment has always been one of the shiniest parts of our portfolio. However, there has been an unfavorable pricing environment during the annual contracting period. Last quarter of 2020 was not one of the best times for any suppliers to negotiate on following year's contract terms. Although 2020 started with very strong prices, the customers have taken the opportunity to balance out their portfolio and therefore asked for discounts throughout the year this year. We expect the pricing environment to be stronger and to grow stronger day-by-day on the soda ash side in 2022.

On chromium chemicals subsegment, although we have strong demand, unfortunately, due to the logistic constraints experienced by the whole industry, especially for the overseas operations, we have not been able to cater a part of the demand. We may see a pent-up demand and in turn, increase our topline while recording margins parallel to the existing levels with the ease of overseas logistic operations.

I hope my answer has been helpful. I may provide additional information if you have specific questions for any specific segments or geographies.

Operator

Our next question comes from Murat İğnebekçili from HSBC. Sir, you can go ahead.

Murat İğnebekçili

I have a question regarding the dividend distribution potential. Now, I am looking at your past performance, you have a payout of roughly around 20% in the last several years. Assuming that this year will be quite robust in terms of earnings generation; do you think you will have a similar payout ratio? I know this is not your discretion, but let's talk about financial capability-wise. Is it fair to assume a similar pay-out, over 1 billion of distribution? This is the first question. Second maybe a remark. Congratulations, again, on the performance, but as a buy-side participant in this call, I would also like to make a remark on the necessity to increase the dividends. That's my comment after the results. These results deserve a higher dividend payment, in my opinion, over the coming years. I think this would contribute significantly on the re-rating path for this stock. You have already announced share buyback program, but if you were to ask me, my comment would be to reduce the buyback, increase the dividends. I think this would be a better way to increase shareholder value in my opinion, because in Turkey, it is impossible to cancel these stocks and these accumulated Treasury stocks will eventually come to the market when the environment or the sentiment is positive. Therefore, in Turkey, with current regulations, I think maximizing the dividend would be best for quicker re-rating and the deserved re-rating for this stock. Just wanted to make that comment. Thank you.

Görkem Elverici

Murat Bey, thank you very much for your valuable remarks. I should say that they are all noted, and I will keep on saying the same thing that we have a history of trying to improve our payout ratios as much as possible, but we have to link ourselves with the realities of our industry, as well. So, this is a very capital-sensitive business, and we will be required to make the cold repairs and build additional capacities so that, considering the equity base that we are sitting upon, we can continuously grow our business, generate meaningful returns for all the investors.

We might have differentiated views due to the buybacks or the dividends distributed, but I also need to make a remark. As I mentioned, this trio of cash; required to spend for the CapEx, to be distributed and to be used for any possible buybacks together with returns that can be generated from all of them is an area that we are trying to optimize. With the new capital structure, it is much easier to manage this portfolio. As you may recall previously, if you were to distribute dividends at Şişecam level, we had to start three even four years before by distributing dividends from the daughter companies. With the new capital structure, this is not the case anymore, and now we can proactively manage it.

However, as I mentioned earlier, we will need to see our strategic and financial plan in order to increase the payout ratios and sustain the same levels on an ongoing basis. While determining the dividend level, for sure, we are looking at the operational performance. In times when we had huge translation gains, we had not considered them for dividend payout purposes. We knew that we would need those hard currencies for out CapEx requirement. Yet, in the end, those were only translation gains generating in fact losses on the tax side. We keep on working to optimize these areas.

For sure, there might be better optimization based on your perspective, our perspective, but in the end, what we are trying to do is to have a large number of participants at the board level to try to come up with the best optimization possible for all our shareholders, not only for the major shareholder. Considering that almost 49% of our shares are on the free float, every shareholder is at the same distance to our company as it should always be to any company.

We will continue to stick to our long-term strategy on that, and by the time we continue to grow the return in our equity and continue to increase the business scale that we have been able to do on this equity base, for sure, the returns and the distribution should continue to grow. That is our main strategy. But we don't want to create volatility, especially for the dividend distribution, as we are not willing to create volatility in any part of our business.

We would like to continuously grow in the returns generated, and dividend distribution for the shareholders is a part of that.

Operator

Our next question comes from Ece Shinenat from Yatirim. Madam, you can go ahead.

Ece Shinenat

I am just curious about your soda investment in United States. Is it possible to give some updated information about how this is going? Is it going well, according to your initial plans? Thank you.

Görkem Elverici

The investment is upcoming with the licensing and permit part, which is one of the most time consuming phases as it is a mining business. Unfortunately, due to the administration changing in the US, there were one to two quarter delays in the approval processes. We are trying to stick to the original plan, but if the delays continue for a couple of quarters more due to the timing issues, especially for the observations required on the wildlife and natural life, we might not be fully aligned with it.

From where we are standing right now, saying that we might have delays of roughly around two quarters would be the best estimate. We will try to get back this time as much as possible with the start of the plant construction phase, but it seems more realistic to say that we will be landing somewhere around, like mid-2025 rather than early 2025 to be able to start production activities in US.

The key for us was not to experience any difficulties with the administration and we have not. The delays were due to the hold period that Biden's administration had dictated right after the administration change and lasted for four to five months.

Apart from this delay, we are strictly aligned with our initial plan, especially with getting the approvals required, and we have not faced any difficulties on that front.

Conclusion

Görkem Elverici

Thank you very much for your attendance and we all hope that this session has been useful to provide further insight for how we have been able to perform within the first half of 2021, and provide you some clarification for the short-term period that is for the second half of the year. We would like to wish everyone to stay healthy and safe and hope to meet you when we will be discussing the year-end results in late January or early February of next year.