

## EARNINGS RELEASE

March 4, 2024



### **Şişecam (BIST-100: SISE) reported financial results for the fourth quarter ended December 31, 2023**

#### M. Görkem Elverici, CEO of Şişecam, commented:

*The world faced numerous challenges impacting economic stability in 2023. From supply chain disruptions to political tensions, trade disputes, and regional unrest, various factors hindered global growth. In addition to these global issues, Türkiye grappled with a significant tragedy at the start of the year- the devastating earthquake disaster. Overall, 2023 was characterized by a complex interplay of economic and geopolitical dynamics, underscoring the need for resilience and adaptability in navigating an ever-uncertain world.*

*We successfully managed the complexities of the year through collective strategic decisions, our commitment to collaboration and innovation growing on the advantages of One Şişecam transformation. Thanks to our dedication to sound financial practices and precise planning, we managed to weather storms of inflationary pressures, supply chain disruptions and market volatility. Our focus on executing strategic initiatives with accuracy remained unwavering throughout the year.*

*Our robust financial structure and prudent decision-making abilities strengthened our ability to capitalize on emerging opportunities while staying true to our core values and objectives. We finalized our partnership agreement with ICRON, a Turkish technology company that provides decision optimization services at operational and strategic levels. We aim to take our operational excellence and optimization approach to the next level with ICRON -our first investment in software technologies.*

*We commissioned our first auto glass-specific float line in Lüleburgaz. We updated and modernized our furnaces in Georgia, Egypt and India with cold repair investments.*

*Our investments in flat glass, glass packaging and chemicals continued uninterruptedly. Construction is underway at Şişecam's TR9 float line in Tarsus – one of the world's top five largest capacity flat glass investments. Our glass packaging investments in Eskişehir and in Hungary and our soda ash investments in the USA are in progress.*

*Looking ahead, we acknowledge that the global landscape remains dynamic in 2024. Economic recovery, technological advancements and geopolitical developments will continue to influence markets. Our proactive stance combined with our ability to adapt swiftly to changing circumstances will be pivotal in navigating the evolving landscape. While managing the effects of the risks that we might face in 2024, we will also continue to monitor the opportunities in existing and potential markets closely.*

*I extend my sincere gratitude for your continued trust and support in Şişecam. As we embark on our journey of growth and progress in 2024, we remain committed to transparent communication, prudent financial management, and the pursuit of progress.*

## Important Notice Regarding the Accounting Principal Change

- Turkey has economic conditions that require reporting entities in the country to follow the methodology set out in International Accounting Standards ('IAS') - 29 'Financial Reporting in Hyperinflationary Economies'.
- Pursuant to the decision dated December 12, 2023, and numbered 10744 by the BRSA, banks, financial leasing, factoring, financing, savings financing, and asset management companies are not subject to inflation adjustments required under TAS-29 in their financial statements as of December 31, 2023.
- IAS 29 requires the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy to be restated for changes in the general purchasing power of that currency. Comparative figures for prior period(s) should be restated into the same current measuring unit.
- According to IAS 29.3, hyperinflation is indicated by the characteristics of an economy, which include but are not limited to the followings:
  - The cumulative inflation rate over three years is approaching, or exceeds, 100 percent. The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency
  - The general population regards monetary amounts in terms of a relatively stable foreign currency
  - Pricing of credit compensates for the expected loss of purchasing power, even in short credit periods
  - Interest rates, wages and prices are linked to a price index
- The consumer price index ('CPI') issued by the Turkish Statistical Institute was 36,08%, 64,27% and 64,77% in 2021, 2022 and 2023, respectively, thus IAS 29.3 is applied for reporting entities in Turkey.
- Pursuant to the Capital Markets Board Decision dated 28.12.2023 and numbered 81/1820, Sisecam is subject to IAS 29 inflationary accounting provisions, starting from its 2023-year end earnings disclosure. Thus, 2023 and comparative 2022 year-end financial results, stated in this presentation, contain Sisecam's audited financial information prepared according to Turkish Financial Reporting Standards by application of IAS-29 inflation accounting provisions.
  - Non-monetary assets and liabilities are restated
  - Non-monetary items carried at current value are not restated
  - Monetary items (ie cash, financial assets) are not subject to indexation and thus not restated
  - All items in P&L are expressed by monthly indexation through consumer price index from the dates when the incomes and expenses accounted and up until the reporting date. Cost of goods sold, depreciation, and deferred tax items are subject to recalculation based on respective restated B/S items.
- Application of IAS-29 inflationary accounting provisions of Sisecam's financial figures is expected to continue until Türkiye's economic conditions no longer met the above stated IAS 29 criteria.

## Consolidated Summary Financial Results for 2023

**Important Notice:** Pursuant to the Capital Markets Board Decision dated 28.12.2023 and numbered 81/1820, issuers and capital market institutions shall prepare their annual financial statements ending on December 31, 2023, or later, in accordance with IAS-29 inflationary accounting provisions. Accordingly, this Earnings Release on 2023 year-end financial results and comparative prior period, contains Sisecam's audited financial information prepared in accordance with Turkish Financial Reporting Standards by application of IAS-29 inflation accounting provisions.

Summary Financials (TRY Mn)	2022	2023	YoY
Revenue	170,655	151,994	-11%
Gross Profit	54,583	41,938	-23%
Gross Profit Margin	32%	28%	-439 bps
Şişecam EBIT	32,364	21,199	-34%
Şişecam EBIT Margin	19%	14%	-502 bps
Şişecam EBITDA	44,195	31,470	-29%
Şişecam EBITDA Margin	26%	21%	-519 bps
Parent Only Net Income	22,739	17,121	-25%
Parent Only Net Income Margin	13%	11%	-206 bps

Capex	12,900	20,991	63%
Capex/Sales	8%	14%	625 bps

Adjusted EBIT	25,330	17,942	-29%
Adjusted EBIT Margin*	15%	12%	-304 bps
Adjusted EBITDA*	37,161	28,213	-24%
Adjusted EBITDA Margin*	22%	19%	-321 bps
Adjusted Parent-Only Net Income*	18,513	17,131	-7%
Adjusted Parent-Only Net Income Margin *	11%	11%	42 bps

Analyst EBIT**	21,947	10,456	-52%
Analyst EBIT Margin**	13%	7%	-598 bps
Analyst EBITDA**	33,778	20,727	-39%
Analyst EBITDA Margin**	20%	14%	-616 bps

\*Excluding one-off impacts

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

## Financial Highlights (2023 vs 2022)

- **Revenue** came in at TRY 152Bn, down by 11% YoY
- **Gross profit** was at TRY 42Bn, down by 23% YoY with a margin of 28%
- **Adjusted EBITDA** came in at TRY 28.2Bn, down by 24% with 19% margin
- **Adjusted Parent Only Net Income** came in at TRY 17.1Bn, down by 7% with 11% net margin
- **Capex** recorded at TRY 21Bn and Capex/Revenues stood at 14%
- **FCFE** had a **negative balance of TRY 9.5Bn. WC/Revenue** was at 29%
- **Currency Sensitivity:** TRY 10.7Bn **Net Long FX Position, USD+EUR share in Gross Profit** is 9% (50% in Revenue, 41% in COGS) in 2023
- **Net Debt/EBITDA** was at 1.3x

## Segmental Analysis<sup>1</sup>

			2023	
Segmental Breakdown of Revenue	2022	2023	YoY	Topline Drivers YoY
Architectural Glass	44,842	31,229	-30%	-12% volume, -18% pricing, prod. mix, currency
Industrial Glass	13,937	15,835	14%	+7% volume, +7% pricing, prod. mix, currency
Glassware	17,434	17,576	1%	-2% volume, +3% pricing, prod. mix, currency
Glass Packaging	31,759	27,410	-14%	-3% volume, -11% pricing, prod. mix, currency
Chemicals	43,568	39,431	-9%	-1% volume, -8% pricing, prod. mix, currency
Energy	15,074	17,875	19%	+88% volume, -69% pricing, prod. mix, currency
Other	4,041	2,637	-35%	
Consolidated	170,655	151,994	-11%	

*\*Based on Net External Revenue*

<sup>1</sup>reference to [Appendix](#) for segmental breakdown analysis

Segmental Analysis (cont'd)

Segmental Contribution to Revenue	2022	2023	2023
			YoY
Architectural Glass	26%	21%	-573 bps
Industrial Glass	8%	10%	225 bps
Glassware	10%	12%	135 bps
Glass packaging	19%	18%	-58 bps
Chemicals	26%	26%	41 bps
Energy	9%	12%	293 bps
Other	2%	1%	-93 bps

Segmental Breakdown of Adjusted EBITDA	2022	2023	2023
			YoY
Architectural Glass	14,298	6,553	-54%
Industrial Glass	682	1,139	67%
Glassware	1,828	1,445	-21%
Glass packaging	5,593	4,755	-15%
Chemicals	12,776	11,122	-13%
Energy	662	47	-93%
Other	2,779	3,446	24%
Total	38,616	28,507	-26%
Elimination	-1,455	-294	-80%
Consolidated	37,161	28,213	-24%

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

			2023
Segmental Contribution to Adjusted EBITDA	2022	2023	YoY
Architectural Glass	37%	23%	-1,404 bps
Industrial Glass	2%	4%	223 bps
Glassware	5%	5%	34 bps
Glass packaging	14%	17%	220 bps
Chemicals	33%	39%	593 bps
Energy	2%	1%	-115 bps
Other	7%	11%	443 bps

			2023
Segmental Adjusted EBITDA Margin	2022	2023	YoY
Architectural Glass	30%	20%	-1,035 bps
Industrial Glass	5%	7%	230 bps
Glassware	10%	8%	-204 bps
Glass packaging	17%	17%	-43 bps
Chemicals	27%	26%	-109 bps
Energy	3%	0.2%	-256 bps
Other	35%	55%	1,950 bps

## Operational Highlights (Q4'23 vs Q4'22) <sup>2</sup>

Q4'23 vs Q4'22			2023 vs 2022		
<b>Architectural Glass</b>	<ul style="list-style-type: none"> <li>Production down by 6% at 711K tons</li> <li>88% capacity utilization rate*</li> <li>Sales volume down by 4% (domestic sales down by 7%, international sales up by 1%)</li> </ul>		<ul style="list-style-type: none"> <li>Production down by 15% at 2,563K tons</li> <li>84% capacity utilization rate*</li> <li>Sales volume down by 12% (domestic and international sales down by 12% each)</li> </ul>		
<b>Industrials</b>	Auto Glass, & Encapsulation	<ul style="list-style-type: none"> <li>Sales volume** up by 9%</li> </ul>	Auto Glass, & Encapsulation	<ul style="list-style-type: none"> <li>Sales volume** up by 10%</li> </ul>	
	Glass Fiber	<ul style="list-style-type: none"> <li>Production was flat at 16K tons</li> <li>91% capacity utilization rate</li> <li>Sales volume up by 27%</li> </ul>	Glass Fiber	<ul style="list-style-type: none"> <li>Production up by 1% at 63K tons</li> <li>90% capacity utilization rate</li> <li>Sales volume down by 5%</li> </ul>	
<b>Glass Packaging</b>	<ul style="list-style-type: none"> <li>Production down by 5% at 565K tons</li> <li>Sales volume up by 4% (domestic sales down by 8%, international sales up by 13%)</li> <li>90% capacity utilization rate (90% in Turkey and 88% in Russia) *</li> </ul>		<ul style="list-style-type: none"> <li>Production down by 3% at 2,273K tons</li> <li>Sales volume down by 3% (domestic and international sales down by 6%, and 1%, respectively)</li> <li>90% capacity utilization rate (89% in Turkey and 91% in Russia) *</li> </ul>		
<b>Glassware</b>	<ul style="list-style-type: none"> <li>Sales volume down by 6% (domestic sales up by 7%, international sales down by 14%)</li> </ul>		<ul style="list-style-type: none"> <li>Sales volume down by 2% (domestic sales up by 10%, international sales down by 9%)</li> </ul>		
<b>Chemicals</b>	Soda Ash	<ul style="list-style-type: none"> <li>Production down by 4%</li> <li>Sales volume up by 13% (domestic sales down by 2%, international sales up by 14%)</li> <li>Average USD/ton price down by 19%</li> </ul>	Soda Ash	<ul style="list-style-type: none"> <li>Production down by 4%</li> <li>Sales volume was flat (domestic sales down by 16%, international sales up by 2%)</li> <li>Average USD/ton price up by 7%</li> </ul>	
	Chromium Chemicals	<ul style="list-style-type: none"> <li>Sales volume up by 56% at 33K tons (domestic sales down by 8%, international sales up by 74%)</li> <li>Average USD/ton price down by 37%</li> </ul>	Chromium Chemicals	<ul style="list-style-type: none"> <li>Sales volume down by 6% at 100K tons (domestic sales down by 9%, international sales down by 5%)</li> <li>Average USD/ton price down by 17%</li> </ul>	
<b>Energy</b>	<ul style="list-style-type: none"> <li>Sales volume, up by 104%, to 1.72Bn kWh</li> </ul>		<ul style="list-style-type: none"> <li>Sales volume, up by 88%, to 5.6Bn kWh</li> </ul>		

<sup>2</sup> Glass and chemicals volume figures are based on metric ton

\* Actual output/effective capacity

\*\* Auto Glass sales volume converted from m<sup>2</sup> to tons, Encapsulation sales volume converted from units to tons



## **Architectural Glass: 21% share in Revenue | 23% share in Adj. EBITDA | “Second Largest Topline & EBITDA Contributor in 2023”**

Despite the challenging market environment in the shade of sticky inflation, Architectural Glass business line demonstrated resilience and adaptability in the low season construction market. The Architectural Glass business line maintained its inventory balancing strategies throughout the quarter given the seasonal downturn in demand as well as macroeconomic concerns.

Production was recorded at 711K tons, down by 6% YoY. Quarter-wise CUR stood at 88% with 63% of flat glass output produced by Turkey-based operations. Facilities in the EU accounted for 23% of the consolidated production volume. The remaining balance was composed of Russian and Indian operations.

Consolidated sales volume contracted by 4% YoY given weaker demand in the construction sector due mainly to global tightening policies limiting access to financing as well as the industry's low season dynamics.

Sales from Turkey including exports, 63% of consolidated sales volume, decreased by 2% YoY. On the domestic side, the market started to be resilient against imported goods flow with the depreciation of TRY and import protection measures that came into effect in November. Yet, local market flat glass consumption, mainly by construction and furniture industries, was curbed due to the cooler demand resulting from expeditious rise in interest rates and limitations in access to liquidity. Meanwhile, processors' export-oriented product orders have slowed down due to the tension in the Middle East region as well as low-cost imports targeting the white goods industry in the EU. Therefore, domestic sales indicated a volume decline of 7% YoY. On the export side, volume increased by 36% YoY thanks to improved competitiveness with further TRY depreciation as well as inventory optimization strategy through channeling more products to overseas markets. Going forward, exports have room to be stronger thanks to new wholesaler and processor client additions to our portfolio in Latin America particularly in Brazil, hence our enlarged catchment area, and Turkey's geographical position considering the significant upward movement in freight rates resulting from the Suez Canal blockage and the potential pressure it has put on the flow of low-cost imports.

Recent communiqués on i) additional 5% customs duty on imported float, laminated, security and solar glass products ii) lower deductible VAT on imports, included in trade surveillance list, which leads to an increase in VAT liabilities of importing entities, might indirectly trigger sales volume growth.

Sales from European operations went down by 10% YoY. Although the new construction market continued to decelerate due to rising inflation and subsequent monetary tightening, the contraction has lost its momentum particularly compared to the first half of the year. The share of the continent in consolidated sales volume was recorded at 21% (vs. 22% in Q4'22).

Although there was a contraction in India facility's sales performance stemming from the recent cold repair process, thanks to the steady vitality in Russia, aggregate sales volume of Russian and Indian operations was down by a mere 2% YoY. Accordingly, those two regions accounted for 16% of the consolidated Architectural Glass sales volume.

Abundance of low-cost products and sluggish demand continued to put pressure on the pricing environment. Meanwhile, a year-long downward trend in energy prices led to the elimination of respective surcharges on the product prices. Accordingly, EUR-based product prices came down by 28% YoY on average across all regions.

**Architectural Glass** segment's annual sales volume performance was down by 12% in 2023 compared to the prior year, while its net external revenue was TRY 31.2bn, down by 30%.

## **Industrial Glass: 10% share in Revenue | 4% share in Adj. EBITDA**

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**Industrial Glass** business line, consisting of automotive glass, encapsulation & home appliances and glass fiber operations.

Automotive glass and encapsulation sub-segment, generating circa 87% of the division's topline, recorded a sales volume growth of 9% YoY thanks to mainly accelerated demand of OEMs in Europe as well as change in sales mix in relation with ongoing projects. Auto Replacement Glass ("ARG") channel, which entered in our portfolio of operations in 2019, continued to support the business line's outperformance with its 10% share in consolidated automotive glass & encapsulation revenue.

Triggered mainly by additional spot sales in Turkey despite low demand, **Glass Fiber** sales volume went up by 27% YoY. Meanwhile per ton prices stayed depressed mainly by the high stock levels of local distributors, industrial customers' tendency to avoid stockpiling due to macroeconomic conditions. The pricing environment in the surrounding region was also weak due to especially excess supply with the presence of low-cost imports in EU. The share of Glass Fiber in Industrial Glass segment topline was 10% in Q4'23.

**Industrial Glass** segment's annual sales volume performance for Auto Glass, & Encapsulation was up by 10% and Glass Fiber sales volume performance was down by %5 in 2023 compared to the prior year, while its net external revenue was TRY 15.8bn, up by 14%.

## **Glass Packaging: 18% share in Revenue | 17% share in Adj. EBITDA | "Third Largest Topline & EBITDA Contributor in 2023"**

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With a quarterly average CUR of 90%, **Glass Packaging** consolidated output decreased by 5% YoY. Share of Turkey-based facilities in total production increased by ~200 bps to 58%, while Non-Turkey operations composed the remaining balance. In addition to the cold repair at Kirishi (Russia) facility, the lower production was mainly the result of inventory optimization strategies implemented partially in both Turkey and Russia.

Backed particularly by the rise in international sales, Glass Packaging business line ended the quarter with 4% higher sales volume YoY. Domestic sales, corresponding to 37% of consolidated sales volume (vs. 42% in Q4'22) contracted by 8% YoY due to client industries' tendency to carry low inventories given high financing costs. Weaker demand from both the wine and food industries due to low harvest levels has also contributed to the decline in domestic sales. Meanwhile, triggered by the mineral water and beer categories, sales to domestic non-alcoholic and alcoholic beverage segments increased YoY. Exports from Turkey, having 18% share in overall sales, soared by 37% YoY.

Although regular low season trend was visible and the export capabilities remained limited due to the sanctions in Russia, increased sales to alcoholic beverages sector thanks to especially newly launched local brands in the beer segment following the ownership change, heightened tax on imported wines from 12,5% to 20%, and additional exports to CIS countries stimulated the growth. As a result, non-Turkey operating regions recorded 5% sales volume growth in Q4'23.

Reflecting the changes in costs through dynamic pricing models, product price adjustments were put in place in Turkey. Meanwhile, per ton TL prices moved slightly north in export markets given fierce competition in MEA region with aggressive pricing of European manufacturers while turning their attention to the region following a slowdown in Europe, and low consumption tendency in USA considering monetary tightening.

**Glass Packaging** segment's annual sales volume performance was down by 3% in 2023 compared to the prior year, while its net external revenue was TRY 27.4Bn, down by 14%.

## **Chemicals: 26% share in Revenue | 39% share in Adj. EBITDA | “#1 Topline & EBITDA Contributor in 2023”**

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Ongoing weaker demand of major client industries due to uncertain macroeconomic outlook has continued to put pressure on the market dynamics and led to an excess soda ash supply in global sense. Although, some short-term tightness, triggered by environmental regulations, was visible in Mainland China, it was not adequate to impact the global market dynamics radically. Meanwhile, Şişecam’s consolidated soda ash output went down by 4% YoY on the high base.

While the domestic sales kept being under the impact of i) the massive earthquake given many textile and chemicals industry clients became inoperative afterwards ii) relative resilience of TRY lower in client industries competitiveness in exports markets, iii) European client’s cautious stance due to sluggish demand, temporary supply deficit in Mainland China opened an important channel to Asia-Pacific region particularly Bangladesh, India and Pakistan. Consolidated soda ash sales volume grew by 13% YoY. International sales, accounting for 90% of consolidated soda ash volume, increased by 14% YoY thanks to growing solar glass demand and upcoming LATAM-based lithium projects.

Downward trend in global soda ash pricing environment persisted given the oversupplied market conditions as well as declining natural gas spot prices. Consequently, average per ton soda ash prices moved south by 19% YoY in USD.

In addition to the reflection of macroeconomic uncertainties, concerns over regional tensions have put further pressure on global chromium chemicals demand in Q4’23. Yet, Şişecam recorded 56% volume increase in its consolidated chromium chemicals sales, with 74% growth in international sales.

Although the demand for this category of products has shrunk by ~30% in 2023 based on third party data providers, thanks to agile client portfolio management coupled with cost competitiveness, Şişecam overperformed the market dynamics with a sales volume decline of 6% in 2023 compared to the prior year.

While the continuously easing energy prices have led to declines in product costs, supply-demand imbalances together with the abundance of low-cost imports translated into an aggressive pricing environment. Hence, chromium chemicals average per ton prices went down by 37% YoY in USD.

**Chemicals** segment’s annual sales volume performance for Soda Ash was flat and Chromium Chemicals sales performance was down by 6% in 2023 compared to the prior year, while its net external revenue was TRY 39.4bn, down by 9%.

## **Glassware: 12% share in Revenue | 5% share in Adj. EBITDA**

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**Glassware** business line’s performance was overshadowed by weak consumer sentiment, stemming from global tightening, and nourishing the tendency to save on non-essential products, hence the typical high season dynamics were not fully visible. Consolidated sales volume was down by 6% YoY.

Change in sales mix with a shift from low to high volume products and sales volume growth in B2B channel triggered by the demand of mainly Turkey-based beverage industry clients, supported domestic operations. And respective sales volume grew by 7% YoY. Going forward, import

tax duty increase from 11% to 20% for non-WTO countries starting from January 2024, and ongoing Suez Canal blockage may hinder the flow of low-cost imported products to the domestic market.

Despite the current macroeconomic conditions leading to a weak consumer response, sales to Horeca and retail channels outperformed Q4'22 in Central and Western Europe thanks to Şişecam glassware brand awareness, newly launched products, and sales campaigns. Meanwhile, the operations across all regions have been challenged by the rise in entry level product imports, especially from low-cost regions. Import restrictive measures and monetary policy regulations in several countries e.g. Algeria, Tunisia, Egypt, and Iraq coupled with geopolitical issues in MEA region limited the quarter's performance. As a result, international sales volume was down by 14% on YoY.

Thanks to our premium product portfolio, which enables us to stick to our strategy of staying out of the price wars, we did not experience any price cuts in hard currency terms in our international markets. On the other hand, price adjustments were in place in Turkey hence TRY 3.6Bn net external revenue pointed out a topline growth of 37% YoY. International sales corresponded to 56% of the division topline.

**Glassware** segment's annual sales volume performance was down by %2 in 2023 compared to the prior year, while its net external revenue was TRY 17.6bn, up by 1%.

**Based on Şişecam consolidated figures, share of international revenue stood at 60% in 2023 while the rest was generated from domestic sales.**

			2023
Regional Breakdown of Revenue	2022	2023	YoY
<b>Revenue from Turkey Operations</b>	<b>60%</b>	<b>60%</b>	59 bps
Sales in Turkey	41%	40%	-225 bps
Exports from Turkey	19%	20%	184 bps
<b>Revenue from Foreign Operations</b>	<b>40%</b>	<b>40%</b>	-59 bps

## In 2023 FY, Adj. EBITDA recorded at TRY 28Bn with 19% margin while Adj. Parent Only Net Income stood at TRY 17Bn

- Gross profit margin came in at 28% in FY 2023 vs. 32% in FY 2022. The decline was mainly a combined result of higher raw material prices and rises in labor costs throughout 2023 given the ongoing inflation and lower capacity utilization rates resulting from gross pull reductions implemented particularly at glass production facilities as a vehicle to optimize inventory levels. From a segmental reporting point of view, gross profit margin contractions were mainly visible at Architectural Glass given weak product pricing environment and at Chemicals given majority of revenues being generating from international markets in an environment with limited TL depreciation. Meanwhile, Glass Packaging and Industrial operations contributed to Sisecam's consolidated gross profit margin thanks to segments' individual margin improvements.
- OPEX/Sales, up by 160 bps to 21%.
- TRY 1.1Bn income from participated JVs vs. TRY 581Mn with better financial performance of the JV with Solvay in Bulgaria.
- Other income & investing activities recorded at TRY 4.8Bn compared to TRY 5.5Bn.
- TRY 8.3Bn FX gain was recorded on Eurobond investments, trade receivables & payables and financing activities vs. TRY 1.3Bn gain in 2022 given net investment hedge accounting application in 2023.
- TRY 5.4Bn interest expense was recorded on bank loans and debt issuances while TRY 732Mn interest income was generated on derivatives.
- TRY 4.0Bn monetary gain was recorded in 2023 as a result of higher portion of debt financing in tangible asset investments and inventory procurements.
- TRY 2.4Bn was recorded as deferred tax expense vs an income of TRY 597Mn mainly in relation with deferred tax expense effect of net investment hedge, increased deferred tax liability from indexation of non-monetary items given IAS-29 inflationary accounting implementation, higher use of the incentives on capital expenditures, and increase in deferred tax liability given corporate tax rate hike from 20% to 25%. Effective tax rate for FY 2023 stood at 20%.

## Cash Flow Analysis (2023 vs 2022)

- **Cash inflow from operating activities** came in at **TRY 40Bn** vs. TRY 24.8Bn thanks to the changes in non-cash adjustments and improved working capital changes. Rise in non-cash adjustments mainly in relation with income from revaluation of investment properties, adjustments related to unrealized interest and tax expenses.
- **Cash outflow from investing activities stood at TRY 20.6Bn** vs. TRY 11.0Bn given;
  - i. TRY 3.5Bn advance payments in relation with the capex program
  - ii. TRY 2.8Bn total cash outflow in relation with the acquisition of 10% of the shares of Şişecam Çevre Sistemleri A.Ş. in April and the acquisition of Sisecam Resources LP's publicly traded shares & delisting process in May
  - iii. TRY 238Mn cash payment for the acquisition of 50% stake in Stockton Port Management Project
  - iv. TRY 21.0Bn capital expenditures vs. TRY 12.9Bn in FY'22, mainly in relation with
    - *Glass Packaging business line; mainly in relation with greenfield Hungary investment & Turkey-Eskişehir new furnace investment, capacity improvement in Yenişehir-Bursa facility through machinery and equipment revisions, cold repairs in Kirishi (Russia), Mina (Georgia) and cold repair in Gorokhovets (Russia) corresponded to 42% of Sisecam's total capex.*

- *Architectural Glass segment mainly in relation with 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 repairs undertaken in Kırklareli (TR-1) and India facilities corresponded to 21% of the total capex.*
- *Chemicals segment, mainly in relation with scheduled maintenance work in Q1 & Q3 corresponded to 12% of the total capex.*
- *Glassware segment, mainly in relation with cold repairs undertaken in Egypt and Posuda facilities corresponded to 11% of the total capex.*
- *The remaining balance was in relation to Industrial Glass segment maintenance expenses combined with One Şişecam digital transformation and efficiency improvement programs.*
- **Cash outflow from financing activities recorded at TRY 8.5Bn** vs. TRY 4.3Bn-inflow in FY'22.
- **Cash conversion cycle** was at 125 days with DIO, DRO and DPO at 112, 72 and 59, respectively.
- FCFE had a negative balance of TRY 9.5Bn including monetary loss on CCE.
- With **TRY 3.8Bn decrease YoY in cash** including FX translation gains and monetary loss on cash & cash equivalents, period-end cash position came in at **TRY 37.7Bn**.
- **Cash and cash equivalents including a)** TRY 4.3Bn-liquid fund investments **b)** TRY 8.1Bn-financial assets (USD 54Mn-Eurobond investments, USD 214Mn-FX protected deposit) decreased by TRY 3.4Bn over FY 2022 to TRY 45.9Bn in FY 2023.
- Excluding the financial assets, 71% of cash and cash equivalents was kept in hard currencies of which 54% was in EUR and 46% in USD).

### Debt Position (2023 vs 2022)

**Gross debt recorded at TRY 85Bn** vs. TRY 77Bn

- *80% of financial liabilities were in hard currencies (30% EUR, 50% USD)<sup>3</sup>*
- *TRY 16.9Bn principal + interest payment made in FY 2023 on TRY short term bonds and TRY 1.1Bn coupon payments made in March and September on USD 700Mn-Şişecam 2026 Eurobonds*
- *TRY 2.4Bn financial lease recorded under financial liabilities*
- *Long-term liabilities corresponded to 54% of gross debt (60% in 2022-end)*

**Net debt was TRY 39Bn** vs. TRY 28Bn in 2022. **Net Debt to EBITDA** was at 1.3x.

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<sup>3</sup> *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.*

## [FX Position \(2023 vs 2022\)](#)

**Net long FX position of TRY 10.7Bn** was recorded in FY 2023 vs. (TRY 7.2Bn net short position in 2022-end). Positive change in the FX position was mainly the result of net investment hedge accounting principal 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 457Mn long in USD and 105Mn short in EUR as stated in original currencies in 2023-end.

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

### **Excluding From EBIT:**

- **2023: +TRY 3,257 Mn:**
  - TRY 1,632 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
  - TRY 1,805 Mn: Gains on revaluation of investment properties
  - TRY 290 Mn: Earthquake donation
  - TRY 110 Mn: Insurance compensation
  
- **2022: +TRY 7,033 Mn:**
  - TRY 2,365 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
  - TRY 4,668 Mn: Gains on revaluation of investment properties

### **Excluding From Net Income:**

- **2023: -TRY 10 Mn:**
  - TRY 1,559 Mn: Earthquake Tax & Donation
  - TRY 1,467 Mn: Gains on revaluation of investment properties
  - TRY 83 Mn: Insurance compensation
  
- **2022: +TRY 4,225 Mn:**
  - TRY 4,225 Mn: Gains on revaluation of investment properties

## Operational Developments during and after Q4'23

- **Flat Glass**
  - New Investment
    - Automotive glass-dedicated float line investment with a production capacity of 200K Tons/year in Kirklareli facility (Turkey) was completed and ignited on 21/09/2023 and commercial production started on 23/10/2023.
  - Cold Repair
    - TR1 line, located in Kirklareli facility (Turkey), was inactive during Q4'23 due to cold repair work that started in January-end.
    - Float line, located in India facility, was re-ignited on 14/09/2023 following the cold repair process, undertaken during Q3'23, and the commercial production started on 16/10/2023.
- **Glass Packaging**
  - Cold Repair
    - One of the two furnaces, located in Kirishi facility (Russia), was re-ignited on 5/02/2024 following the cold repair process and commercial production started on 26/02/2024.
- **Glassware**
  - Cold Repair
    - The furnace located in Posuda facility (Russia) was re-ignited on 29/10/2023 following the cold repair process and commercial production started on 11/11/2023.
- **Other**
  - Planned Maintenance Work
    - Oxyvit facility
      - Vitamin-K unit was inactive for 70 days during Q4'23.



## Important Events during and after Q4'23

- Sisecam UK Limited, a new wholly owned subsidiary of Şişecam, was established on 01/11/2023 with its registered office in England and Wales and a paid-in capital of GBP 350K to effectively manage the foreign trade operations.
- Şişecam Corporate Governance Rating was revised to 96.40 (9.64 out of 10) from 96.01 (9.60 out of 10) on 15/12/2023 following the periodic revision of the Corporate Governance Rating (CGR) Report based on the two-year term-agreement, signed with SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. on 15/12/2022.
- On 15/01/2024, Şişecam BoD decided to increase the heavy soda ash production capacity of Mersin Soda Ash Plant by 175K tons/year. Capacity expansion is aimed to ensure the long-term raw material supply by meeting internal soda ash demand, which will rapidly increase with the completion of the ongoing flat glass and frosted glass production capacity investments in Tarsus, to further strengthen the competitive position in soda ash industry, and to preserve the existing infrastructure in export markets. Upon the project completion in 2026 with a total expected investment cost of approximately 125.3Mn USD including working capital requirements, Şişecam's soda ash production capacity in Turkey is expected to reach 1.7Mn tons/year.
- Following the revision of the Outlook on Government of Turkey to "Positive" from "Stable" by Moody's on 12/01/2024 while affirming the Long-Term Issuer Default Rating at "B3"; the International Credit Rating Agency has revised the Outlook on Şişecam's Long-Term Foreign-Currency Issuer Default Rating to "Positive" from "Stable" and affirmed the rating at "B3" on 19/01/2024.
- A Share Purchase Agreement through Capital Increase was signed by Sisecam Investment B.V., a wholly owned subsidiary of Şişecam, and ICRON, Turkish technology company, on 23/10/2023. Following the Competition Authority approval on 21/12/2023, Sisecam Investment B.V. acquired 3% stake in ICRON for a cash payment of 3Mn USD on 15/01/2024 in proportion to the shares of its existing partners. Simultaneously with the said share purchase and in line with the decision taken at the Closing General Assembly meeting held on 15/01/2024, a decision to increase ICRON's share capital for 5Mn USD by the sole participation of Sisecam Investment B.V. Trade registry processes for the articles of association amendments and the capital increase of ICRON was completed on 30/01/2024, and accordingly Sisecam Investment B.V.'s stake in ICRON increased to 15.66%.
- Due to the retirement of Abdullah Kılınç, Deputy General Manager for Production, effective 29/02/2024, Beytullah Şahin, who has held Senior Production Director for the EU Region position, was appointed as his successor, effective from 01/03/2024. Additionally, Burak Büyükfırat, who has served as General Manager Consultant, was appointed as the Deputy General Manager for Research, Development, and Quality, effective from 01/02/2024.
- On 05/02/2024, Şişecam and its subsidiaries Şişecam Otomotiv A.Ş. and Şişecam Elyaf Sanayii A.Ş. started the new period collective bargaining negotiations with Türkiye Cam Çimento ve Toprak İşverenleri and Kristal-İş for Flat Glass facilities located in Kırklareli, Mersin, Bursa and Ankara, for Glassware facilities located in Kırklareli, Eskişehir and Denizli and for Glass Packaging facilities located in Mersin, Yenişehir and Eskişehir. The new period collective bargaining negotiations have been started with Türkiye Çimse-İş, as well, for our Auto Glass Lüleburgaz facility, Glass Fiber Balıkesir facility, for Bilecik facility of Camiş Madencilik A.Ş., a subsidiary of our company and for other workplaces associated with the union on the same date.
- The audited bank-only and consolidated financial reports of Şişecam's parent company, Türkiye İş Bankası A.Ş., for the period ending 31/12/2023, was disclosed on the Public Disclosure Platform and Türkiye İş Bankası A.Ş.'s website on 13/02/2024. The financial reports of Türkiye İş Bankası A.Ş., which also included key figures related to Şişecam, were prepared in accordance with the accounting and financial reporting legislation of the Banking Regulation and Supervision Agency and did not include the provisions of TAS 29 'Financial

Reporting in Hyperinflationary Economies'. Therefore, the information about Şişecam in the financial reports of Türkiye İş Bankası A.Ş., is expected to differ from the figures in our financial statements for the period ending 31/12/2023, which was disclosed in accordance with the Capital Markets Board reporting regulations and applied the provisions of TAS 29. Unaudited and not subjected to inflation accounting financial statements of Şişecam, which were submitted to Türkiye İş Bankası A.Ş., are presented in the table below.

Financial Item	TRY ('000)
Total Assets	267,386,202
Total Fixed Assets (*)	141,450,918
Shareholders' Equity	146,411,631
Interest Income	3,385,090
Securities Income	1,213,177
Current Period Profit/Loss	25,225,977
Prior Period Profit/Loss	20,133,429

(\*) Includes investment properties, property, plant, and equipment, and intangible assets.

- On 01/03/2024, Şişecam BoD decided to invest in a total of three new coated glass lines, one each in Şişecam's ongoing investment in Turkey Tarsus flat glass facility and in Şişecam's existing flat glass facilities in Northern Italy and Bulgaria. New coated glass line investments: with an annual capacity of 7 million m<sup>2</sup>/year at our Tarsus flat glass facility, with an annual capacity of 6.5 million m<sup>2</sup>/year at our North Italy flat glass facility, and with an annual capacity of 6 million m<sup>2</sup>/year at our Bulgaria flat glass facility, with an expected total investment cost of 114 Million USD including working capital requirements, are planned to be commissioned in 2025. Thus, Şişecam is expected to reach a total of 7 architectural glass coating lines and to increase its existing average annual capacity based on product mix from 22 million m<sup>2</sup> to 41.5 million m<sup>2</sup> worldwide.
- On 25/09/2023 The Capital Markets Board approved Şişecam's application for the issuance of debt instruments up to a total amount of TRY 20Bn for sale to domestic qualified investors and private placement without public offering. Within the scope of this issue certificate, Şişecam completed five bond issuances with an aggregate nominal value of TRY 14.95Bn. Following the redemption of four bonds that were issued within the scope of TRY 10 Bn issue certificate dated 08/09/2022 with a total nominal value of TRY 1.9Bn in Q4'23, outstanding bond liabilities Şişecam has a total nominal value of TRY 14.95Bn outstanding bonds.
  - 10.95Bn of the outstanding TRY bond liability has fixed interest rate with a weighted average maturity of 593 days and simple annual interest rate of 47.75% as of 4/03/2024.
  - 4.0Bn of the outstanding TRY bond liability has variable interest rate with a maturity 736 days and 2,5% additional return on TLREF as of 4/03/2024.
- As of 4/03/2024, within the scope of share buyback program, excluding 67Mn treasury shares sold on 29/11/2022 and the shares sold on 10/05/2023, Şişecam bought back TRY 55.4Mn-nominal value shares, corresponding to 1.81% of the share capital.

## Appendix

Sub-Segmental Breakdown of Revenue	2022	2023
<b>Architectural</b>	<b>26%</b>	<b>21%</b>
<b>Industrial Glass</b>	<b>8%</b>	<b>10%</b>
Auto & Encapsulation	6%	9%
Glass Fiber	2%	1%
<b>Glassware</b>	<b>10%</b>	<b>12%</b>
<b>Glass Packaging</b>	<b>19%</b>	<b>18%</b>
<b>Chemicals</b>	<b>26%</b>	<b>26%</b>
Soda Chemicals	24%	24%
Chromium Chemicals	2%	2%
<b>Energy</b>	<b>9%</b>	<b>12%</b>
<b>Other</b>	<b>2%</b>	<b>1%</b>
Oxyvit	0%	0%
Mining & Other	2%	2%

Breakdown of COGS Items	2022	2023
Input & Materials & Packaging	31%	34%
Ngas	26%	18%
Electricity	6%	5%
Labor	9%	11%
Depreciation	4%	5%
Outsourcing & Other	24%	27%

Breakdown of OPEX Items	2022	2023
Indirect material costs	1%	1%
Salaries and wages expenses	15%	20%
Outsourced service	57%	57%
Miscellaneous expenses	21%	17%
Depreciation and amortization expenses	6%	5%

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

<b>Regional Breakdown Adjusted EBITDA</b>	<b>2022</b>	<b>2023</b>
<b>Turkey</b>	<b>26,279</b>	<b>18,288</b>
<b>Foreign Operations*</b>	<b>13,277</b>	<b>11,487</b>
Russia, Ukraine and Georgia	3,263	2,077
Europe	4,994	4,803
US	4,477	4,528
Other	543	80

*\*Geography-based contribution to Non-Turkey Margin*

<b>Regional Breakdown Adjusted EBITDA Margin</b>	<b>2022</b>	<b>2023</b>
<b>Turkey</b>	<b>26%</b>	<b>20%</b>
<b>Foreign Operations*</b>	<b>19%</b>	<b>19%</b>
Russia, Ukraine and Georgia	4%	3%
Europe	7%	8%
US	7%	8%
Other	1%	0%

*\*Geography-based contribution to Non-Turkey Margin*

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