



# Analyst & Investor Call H1 2020

# July 29, 2020

# Agenda

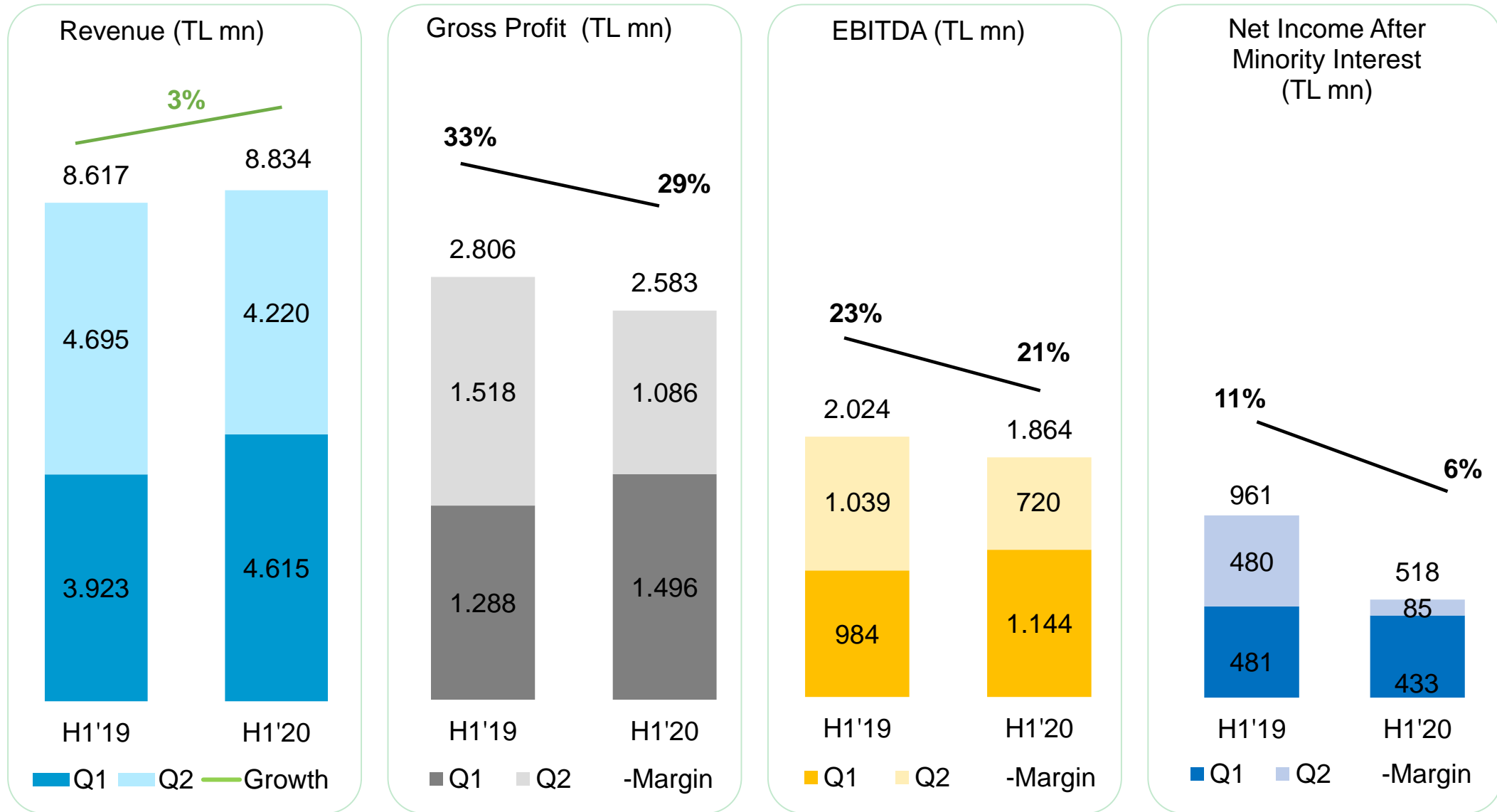
First-Half Financial and Operational Results

Liquidity & Capital Allocation

Covid-19 Impact & Our Response

One Şişecam

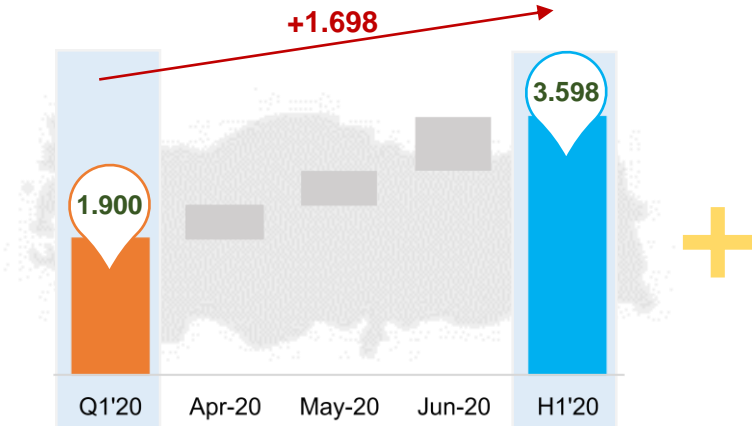
# First-Half Financial and Operational Results



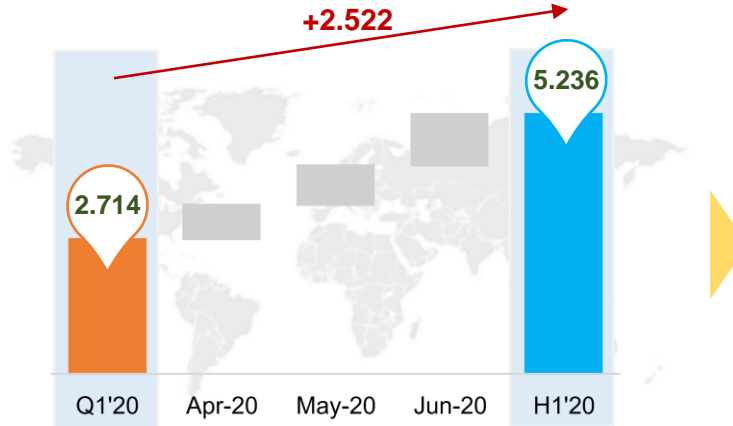
\* EBITDA and Net Income After Minority Interest are adjusted with one-off items

# First-Half Monthly Performance

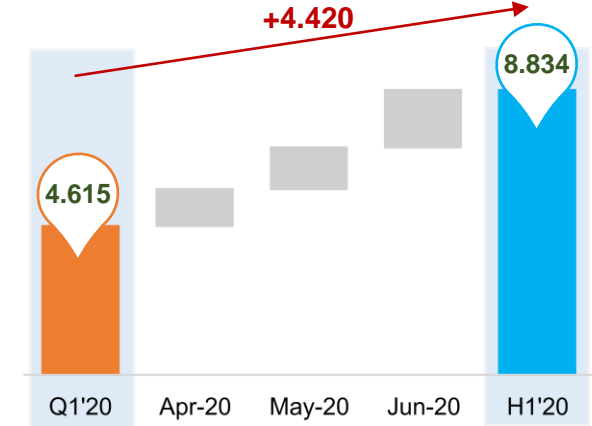
Domestic Revenue (TL mn)



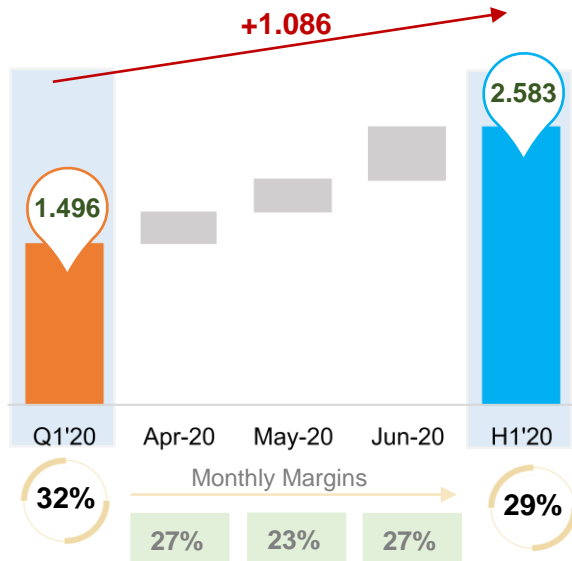
International Revenue (TL mn)



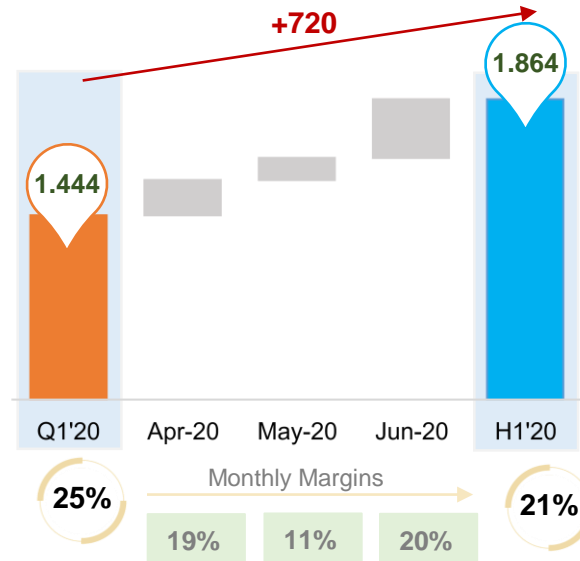
Total Revenue (TL mn)



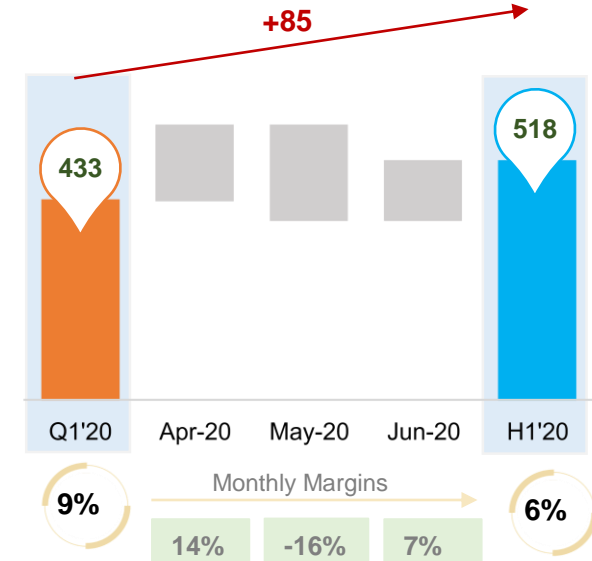
Gross Profit (TL mn)



Adjusted EBITDA (TL mn)



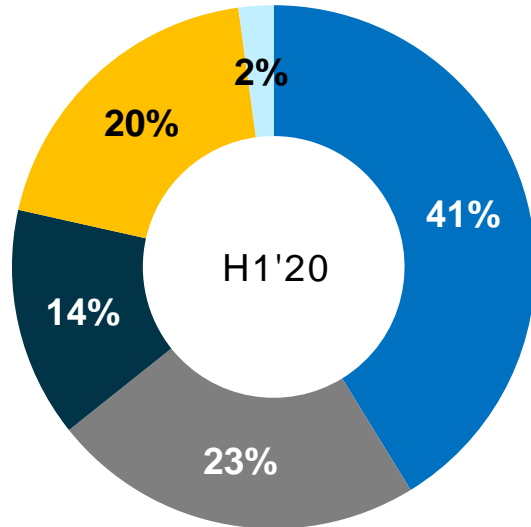
Adjusted Net Income after Minority Interest (TL mn)





# First-Half Regional Results

Revenue Mix



- Sales in Turkey
- Export from Turkey
- Europe
- Russia & Ukraine & Georgia
- Other

Top 10 Export Countries  
Italy, Egypt, USA, Lebanon, France,  
Germany, Israel, China, Romania, UK

Exports to +150  
Countries

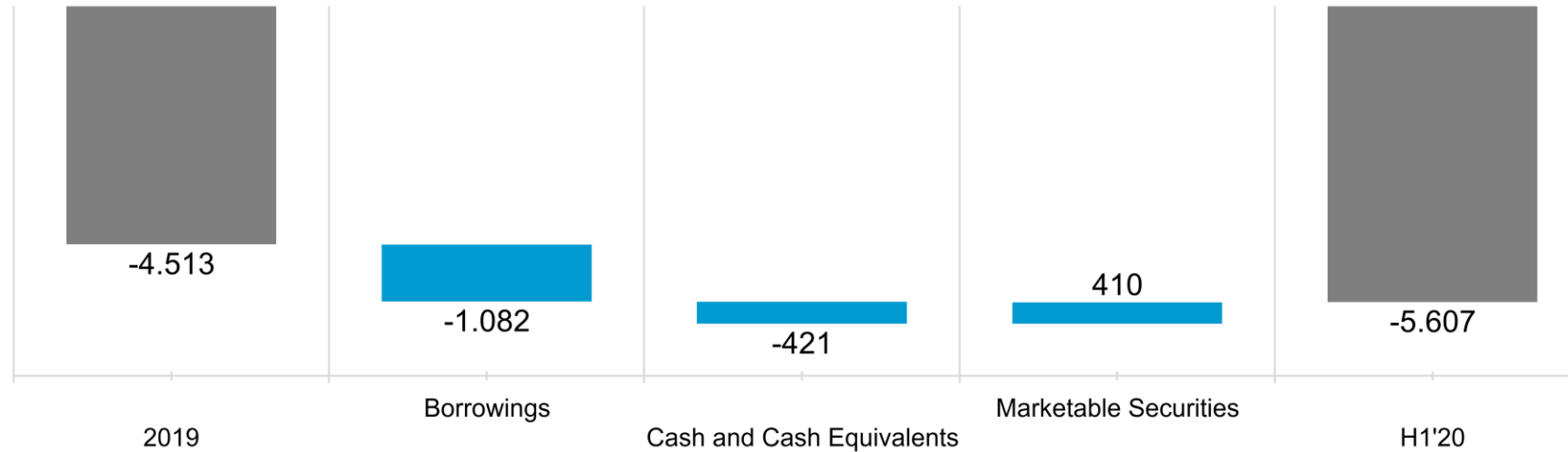
\$339 mn exports  
revenue

Installed Capacities  
Export Regions of  
Turkey



# Liquidity & Capital Allocation

## Net Debt Bridge



Net Debt/EBITDA  
1.14x

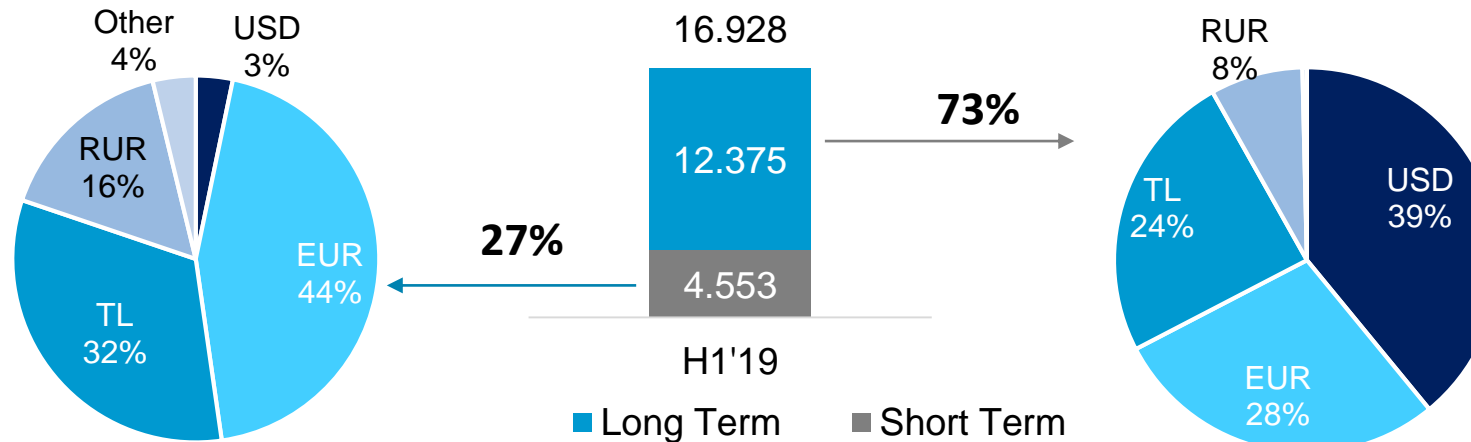


70% Fixed Int. Rate  
vs  
30% Variable Int.  
Rate



USD 778 million  
Net Long FX Position

## Term Structure of Gross Debt

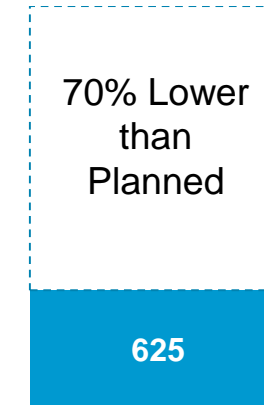


\*USD 706 mn long term liabilities include USD 700mm Eurobond issued back in March 2019  
After cross currency swap agreements made in April and June in 2019, 68% of the bond converted to EURs, 14% converted to TL and rest of 18% kept in USD

# Liquidity & Capital Allocation

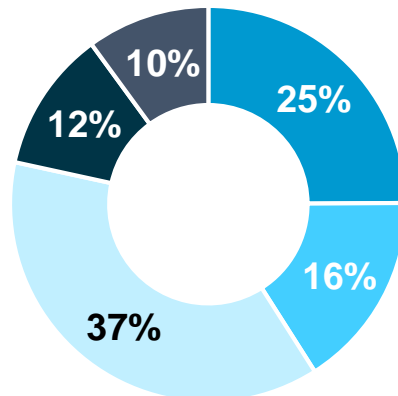
| (TL mn)                         | H1'19         | H1'20         | Change      |
|---------------------------------|---------------|---------------|-------------|
| <b>Net Profit</b>               | <b>1.349</b>  | <b>862</b>    | <b>-487</b> |
| Non Cash Items                  | 644           | 1.043         | 399         |
| Changes in Working Capital      | -959          | -1.388        | -429        |
| <b>Cashflow from operations</b> | <b>1.035</b>  | <b>518</b>    | <b>-517</b> |
| Interest received,net           | -52           | -367          | -315        |
| Dividend paid,net               | -588          | -454          | 134         |
| Taxes paid                      | -230          | -323          | -93         |
| <b>Capex</b>                    | <b>-1.240</b> | <b>-625</b>   | <b>615</b>  |
| <b>FCF</b>                      | <b>-1.075</b> | <b>-1.252</b> | <b>-177</b> |

■ Realized Capex ■ Canceled / Delayed Portion



H1'20

## CAPEX Breakdown



- Flat Glass
- Glassware
- Glass Packaging
- Chemicals
- Other

3x  
Adj. EBITDA\Capex

7%  
CAPEX /Sales

38%  
Working Capital  
/Revenue

# Covid-19 Impact & Our Response

## Health & Safety

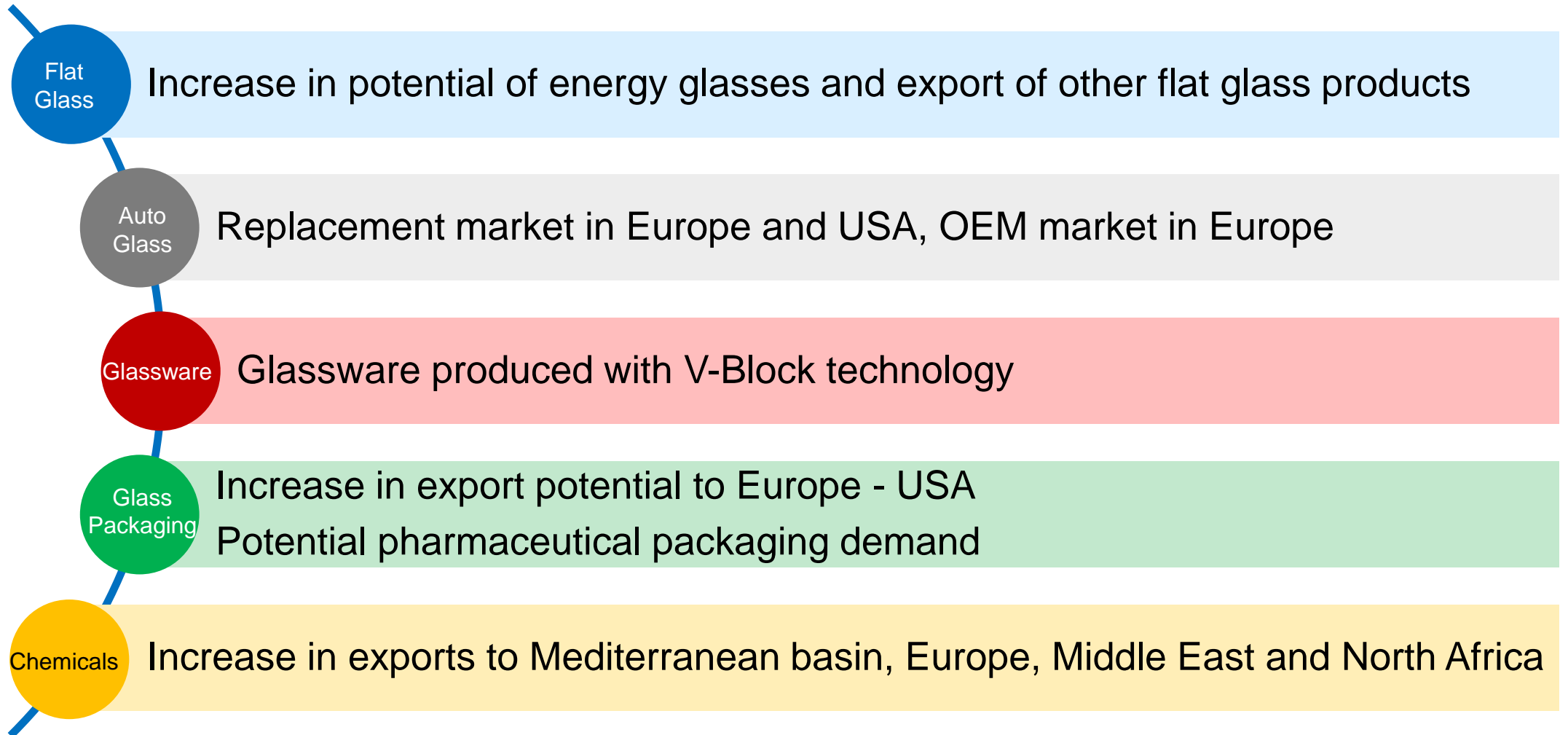
- Emergency Coordination Committee was established
- Highest-level of preventative measures in accordance with WHO, CDC and Ministry of Health directives
- Remote work, planned annual leaves and short time work

## Impacts on Our Operations

- Supply-chain activities and critical procurement needs were closely monitored and emergency plans were adopted, risk & action plans were created
- Supplier Financing programme was introduced to support suppliers, increase the supplier cooperation and the use of digital applications
- Production and inventories were optimized due to the shrinking demand in connection with global lockdowns especially in flat glass and glassware operations
- Working capital needs were strictly monitored
- Resilient glass packaging and chemicals operations were supportive

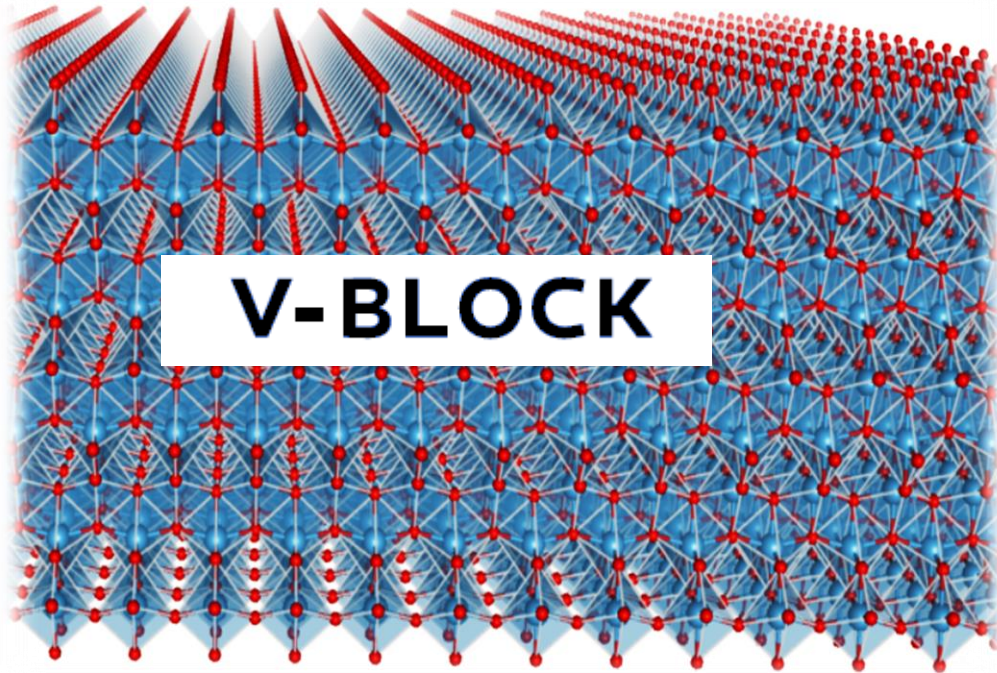


# Post Covid Potential Benefits



# V-Block Technology - Paşabahçe

- Neutralizes viruses and bacteria on glass surfaces
- Special chemical formula and hot coating method
- Patent process in ongoing



- First to be offered in Turkey, then in export market
- Initial production is planned by August
- Further plans to implement this technology in glass packaging, architectural glass and glass for home appliances



# Şişecam: New Implementations

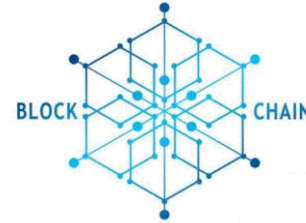
## The First Blockchain Transaction in Turkey

The first trade finance transaction on Marco Polo blockchain network in Turkey



Technology to increase **security, speed and operational efficiency** in international trade

**Privacy** in finance

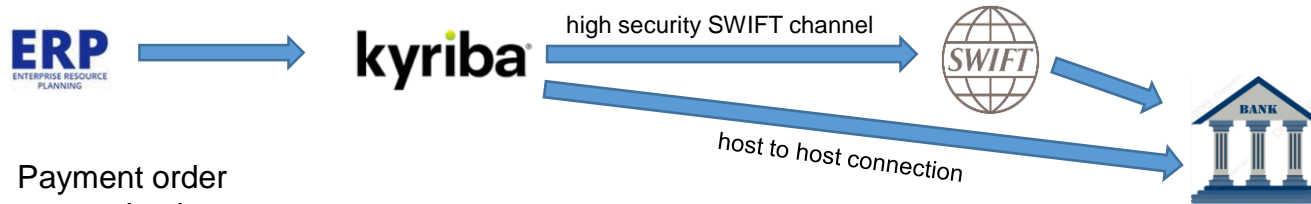


**Simple** processes

**Safe, transparent and protected** transactions

**Effective audit and reliability**

## Anti Fraud System



Payment order generation in ERP systems and transfer to Kyriba for **approvals and fraud controls**

Following the approval in Kyriba, transmission to the bank through **high security SWIFT** channel or **host to host** connection.

Examination according to **5 main fraud detection rules** prepared based on **the most common fraud scenarios** in the world

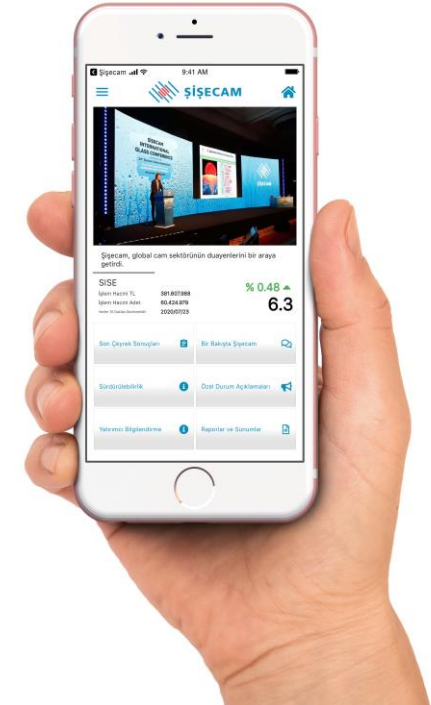
## Investor Relations Mobile Application

- Mobile toolkit to examine earnings results, financial reports as well as corporate governance and ESG materials
- Easy and rapid access along with an offline access option
- Push-up notification option

Available on:



ANDROID



# “One Şişecam”

## Creating “One Şişecam”

The Existing Business Structure

Rationale of the Merger

Timeline

## A Holistic Business Approach

Milestone - Centralization of Procurement Operations

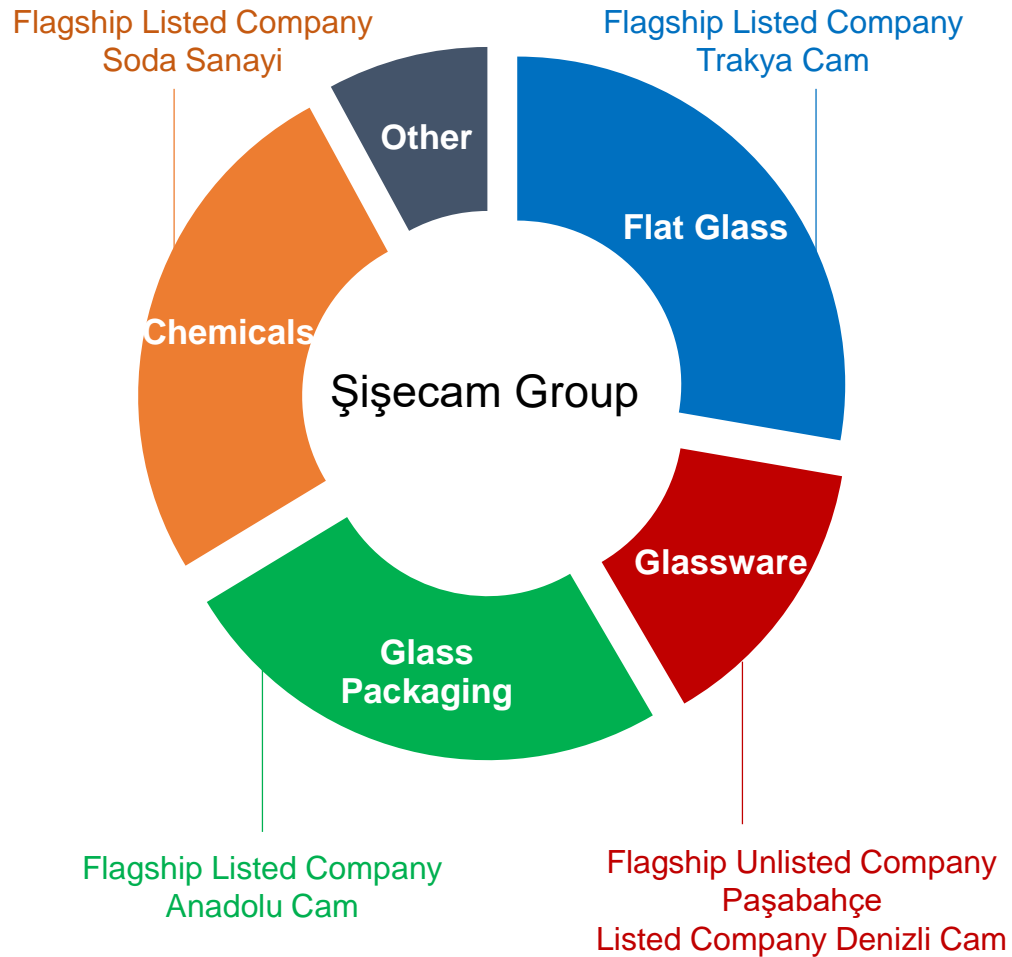
Centralization of Procurement: Cost Savings

Our Operational Excellence Program

Phases of Operational Excellence Program

## The Future of “One Şişecam”

# The Existing Business structure



43 production facilities located in 14 countries

68 companies established in 18 countries

Stand-alone management of business segments

Centralized IT and R&D

Centralized management of non-core operations levels

- Treasury and Corporate Finance, Strategy, Tax, Human Resources and Investor Relations
- In 2017, centralization of Procurement begins



# Rationale of the Merger

- **MAXIMIZING SHAREHOLDER VALUE**
- Simplification of the Group's shareholding structure by creating only one single listed entity
- Higher free float and increased depth
- Optimization of costs through the centralization of
  - Supply Chains at Phase I
- Creation of synergies between business units
- Improved corporate governance and key decision-making processes
- Higher revenue generation and profitability
- Better positioning of Sisecam to build a strong reputation on the global stage

# Timeline



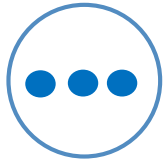
January 30th: Group began merger talks



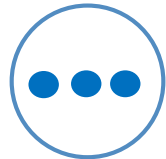
April 27th:  
Finalization of Expert Valuation Report & Opinion  
Submission of formal CMB application



July 23rd: CMB approval received

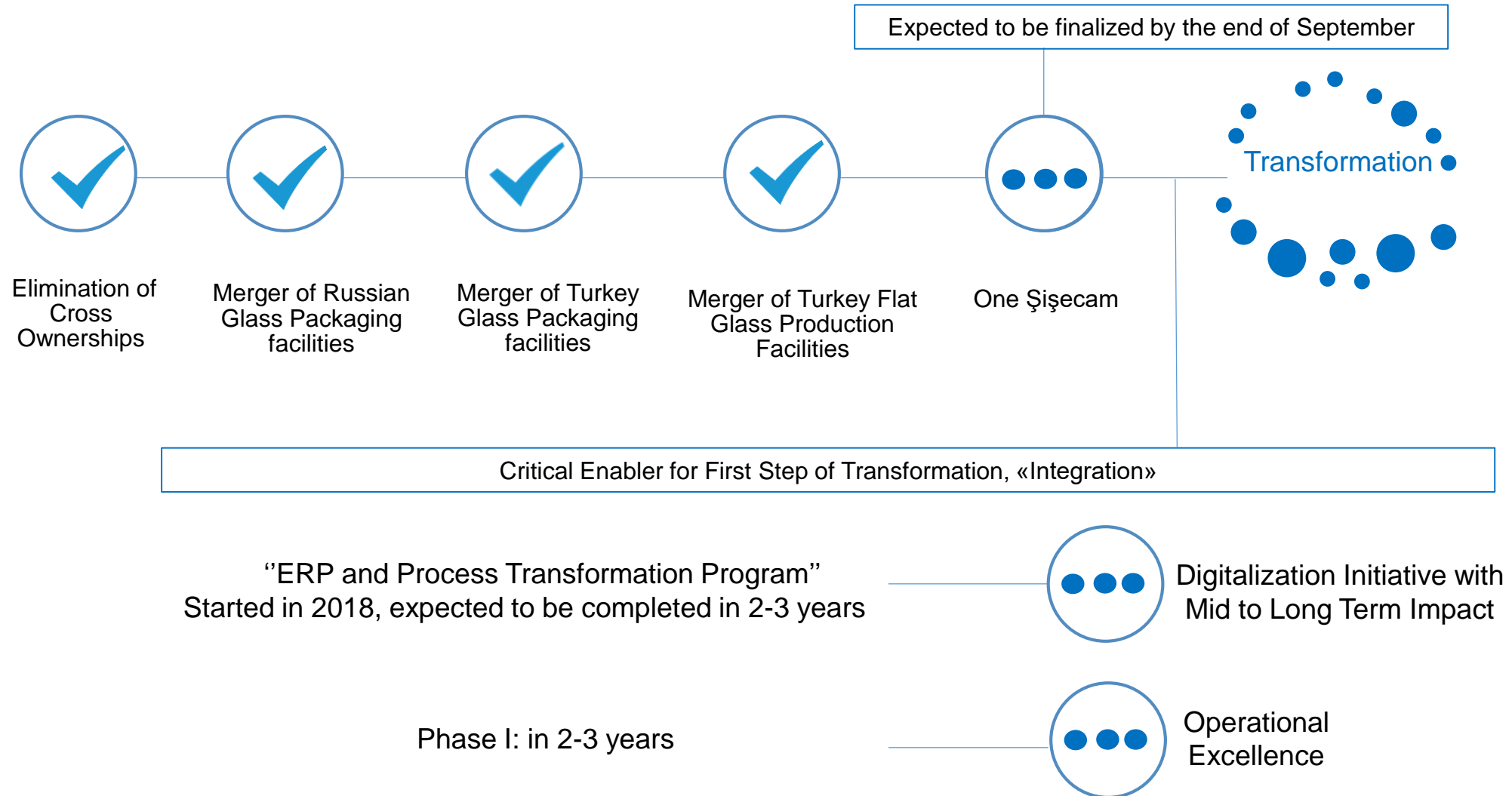


August 26th – 28th: Extraordinary General Assembly Meetings



End of September: One Şişecam

# A Holistic Business Approach



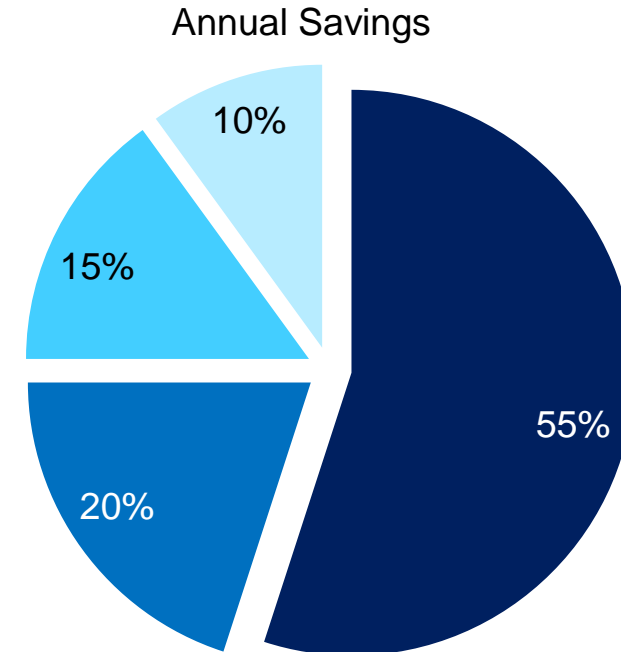
# Milestone: Centralization of Procurement

Maximizing operational efficiency

Adopted in 2017 and fully implemented throughout the Group since 2018

Proof of Group's ability to unlock value through synergy creation between business lines

TL 400-450 mn annual savings at a run rate of 4-5% on supplier contracts since 2018



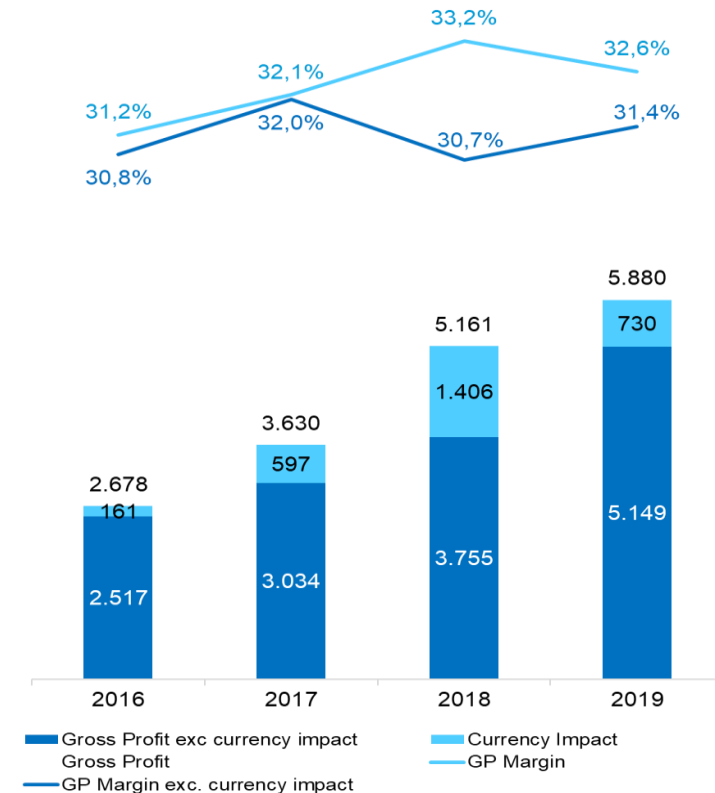
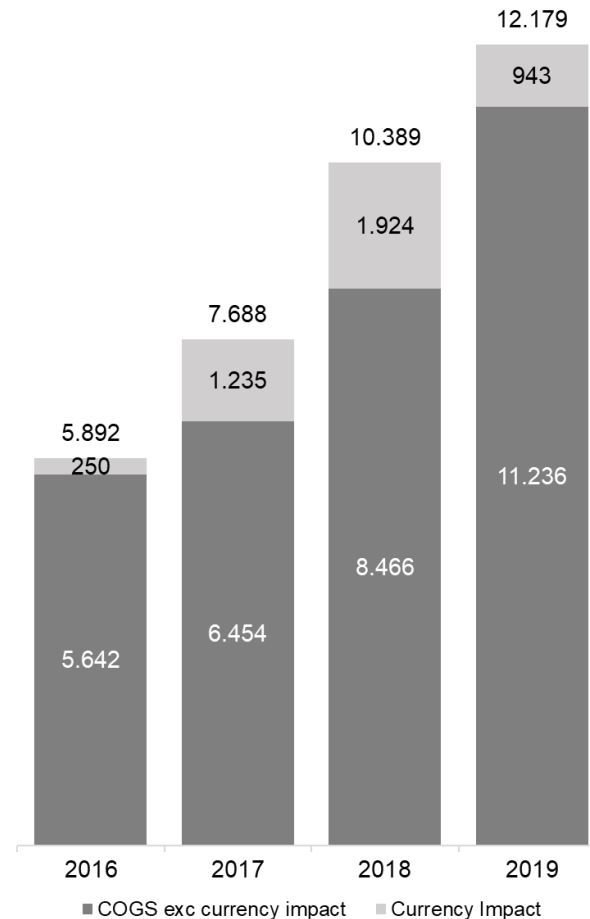
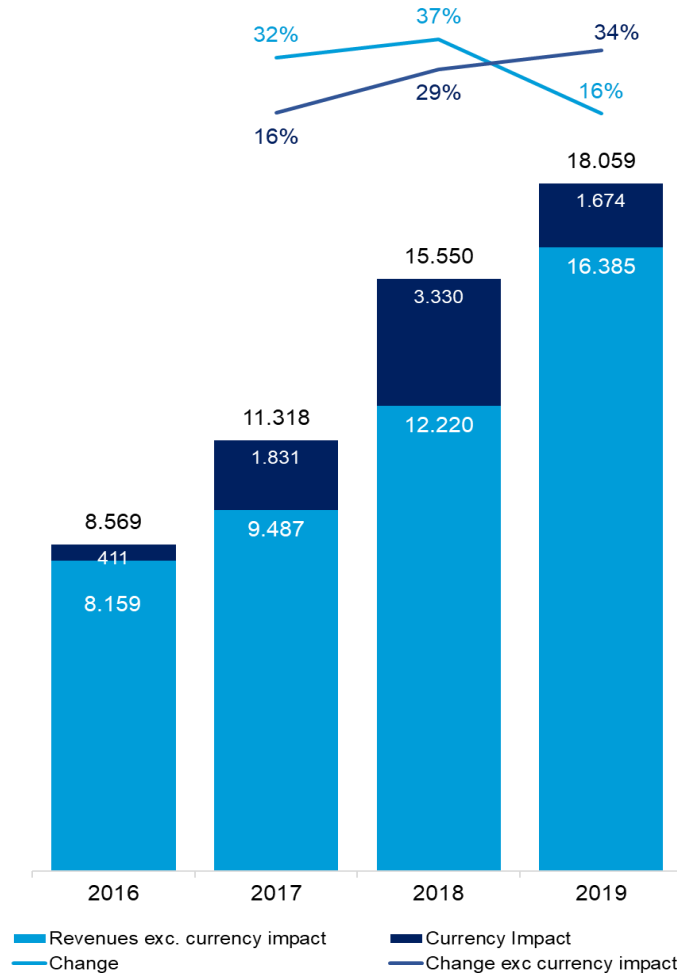
■ Direct Material Contracts      ■ Automotive Contracts  
■ Logistics Contracts      ■ Indirect + Capex Related

✓ 11% saving over the total value of contract-based purchases in 2017

# Centralization of Procurement: Cost Savings

- ✓ Continuous increase in profitability excl. TRY devaluation triggered with
  - ✓ topline growth
  - ✓ higher operational efficiencies
  - ✓ impact of savings attained through centralization of procurement

- ✓ **+35% Gross Profitability**
- ✓ 4 – 5% dilutive impact of 2018 & 2019 consecutive natural gas tariff hikes





# Our Operational Excellence Program

## Current Situation

- Enlarged scale of operations
  - Adding sub-segments
  - Tapping international markets
  - Increasing exports
  - Making new capacity investments in different geographies
  - Operating in highly competitive markets

## Challenges

- Limited potential to grow in local market as a dominant player
- Higher operational complexity
- Making a competitive difference with digitalization
- Agility in competition for reaching strategic goals
- Best-in-class performance

## «Operational Excellence»

Critical enabler of higher profitability and ROIC;

- Maximum efficiency and effectiveness in operations
  - Low cost management
  - Holistic financial discipline
- Sustainability of customer satisfaction & loyalty
  - Strategic collaboration

# Phases of Operational Excellence



- |   |  |  |  |
|---|--|--|--|
| <ul style="list-style-type: none"><li>• Structural design of business processes</li><li>• Standardization of processes</li><li>• Identifying improvement</li><li>• Sharing best practices</li></ul> | <ul style="list-style-type: none"><li>• Building lean manufacturing standards and practices</li><li>• Improving products, services, and processes for higher quality of operations and lower cost</li><li>• Continuously improving culture, methodologies and projects</li><li>• Creation of incremental value to achieve competitive business targets</li></ul> | <ul style="list-style-type: none"><li>• Holistic and integrated corporate governance structure</li><li>• Centralization of the core processes</li><li>    Phase I: Supply Chain</li><li>• Digital transformation of core processes</li><li>• Bot and robot applications for efficiency and effectiveness</li><li>• Optimization of processes with data analytics</li></ul> | <ul style="list-style-type: none"><li>• Best-in-class performance</li><li>• Best-in-class operations and processes</li><li>• Sustainability of the performance and management capabilities</li></ul> |
|---|--|--|--|

# The Future of “One Şişecam”

2020

2021

2022+

One Şişecam; Sustainable Value Creating Growth with Global Excellence

1

## Restructure for Accelerated Excellence

### Integrated

A multi-dimensional transformation will be energized with the integration

### Operational Excellence

Agile, lean and effective operations will strengthen global structure

### Optimized

Effective resource and asset management in whole value chain by synergies and unified functions

### Digitized

Transformation will accelerate the technological developments and digitalization initiatives, advanced analytics through big data

2

## RISE: Innovate, Expand & Grow

### Technology & Innovation

Concentration on value-added innovative products and technology-based structure

### Growth

The new opportunities of organic and inorganic growth will be exploited with strengthened financial resources and unified capital management

### New Business & Partnership

Dynamic portfolio management, exploiting value-creating new business areas and



Empowered  
Together,  
Leading  
Future

- Geographic Expansion
- Complex Legal Structure
- Historical Financial Results
- Historical Regional Results
- Historical Debt & Liquidity Results
- Historical FX Position
- Historical Capex Analysis
- First Half Segmental Revenue and EBITDA
- First-Half Segmental Operational Results
- Historical Segmental Results

# Geographic Expansion

|          | FLAT GLASS          |            |               | GLASSWARE | GLASS PACKAGING | CHEMICALS      |                    |             |
|----------|---------------------|------------|---------------|-----------|-----------------|----------------|--------------------|-------------|
|          | ARCHITECTURAL GLASS | AUTO GLASS | ENCAPSULATION |           |                 | SODA CHEMICALS | CHROMIUM CHEMICALS | GLASS FIBER |
| TURKEY   | 7 PLANTS            | 1 PLANT    |               | 1 PLANT   | 3 PLANTS        | 1 PLANT        | 1 PLANT            | 1 PLANT     |
| BULGARIA | 2 PLANTS            | 1 PLANT    |               | 1 PLANT   |                 | 1 PLANT        |                    |             |
| ITALY    | 2 PLANTS            |            |               |           |                 |                | 1 PLANT            |             |
| GERMANY  |                     |            | 2 PLANTS      |           |                 |                |                    |             |
| ROMANIA  |                     | 1 PLANT    |               |           |                 |                |                    |             |
| SLOVAKIA |                     |            | 1 PLANT       |           |                 |                |                    |             |
| HUNGARY  |                     |            | 1 PLANT       |           |                 |                |                    |             |
| BOSNIA   |                     |            |               |           |                 | 1 PLANT        |                    |             |
| RUSSIA   | 1 PLANT             | 1 PLANT    |               | 1 PLANT   | 5 PLANTS        |                |                    |             |
| GEORGIA  |                     |            |               |           | 1 PLANT         |                |                    |             |
| UKRAINE  |                     |            |               |           | 1 PLANT         |                |                    |             |
| EGYPT    | 1 PLANT             |            |               | 1 PLANT   |                 |                |                    |             |
| INDIA    | 1 PLANT             |            |               |           |                 |                |                    |             |
| USA      |                     |            |               |           |                 | 1 PLANT*       |                    |             |
| TOTAL    | 14 PLANTS           | 4 PLANTS   | 4 PLANTS      | 4 PLANTS  | 10 PLANTS       | 4 PLANTS       | 2 PLANTS           | 1 PLANT     |

\*JV with St Gobain in Russia & Egypt for flat glass operations

\*JV with Solvay in Bulgaria for chemicals operations

\*Production facility to be established as a JV in Wyoming, US, after the completion of licensing process



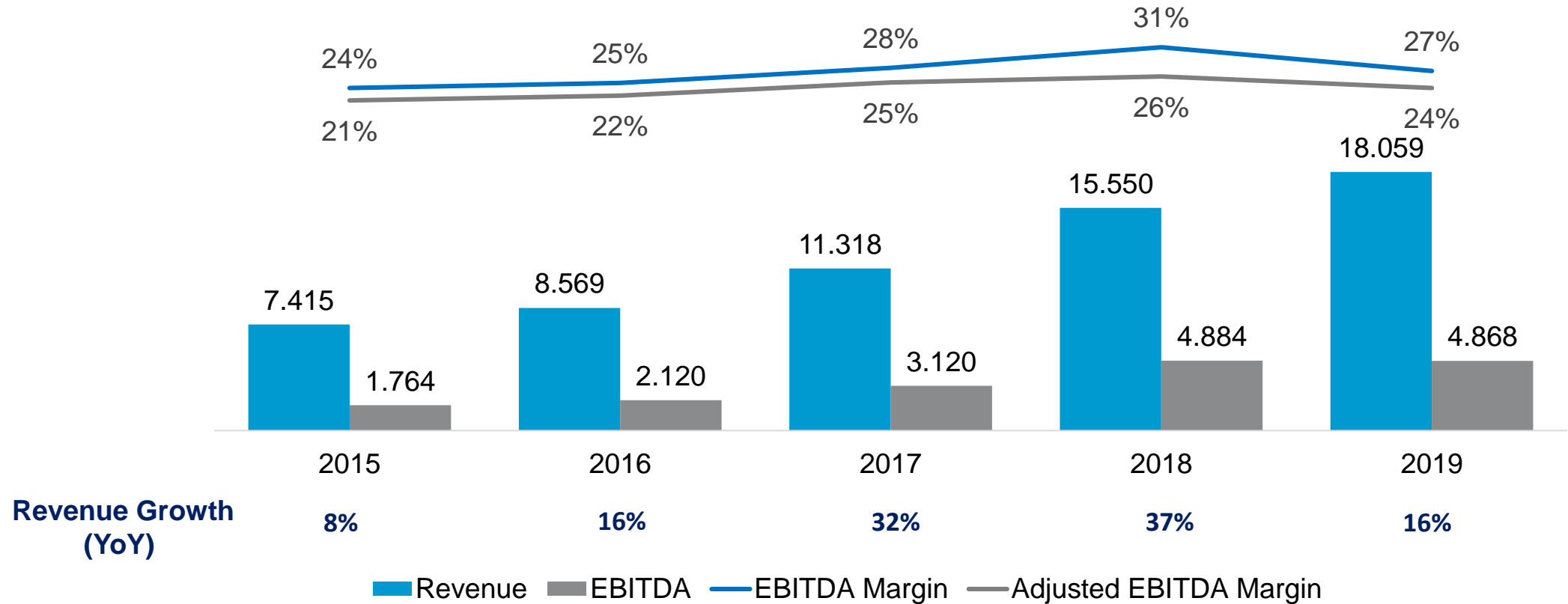
# Complex Legal Structure

| LEGAL ENTITIES          |      | TR | BG | I | D | E | NA | RO | A | SK | H | BIH | RUS | GE | UA | ET | RC | IND | USA | TOTAL |
|-------------------------|------|----|----|---|---|---|----|----|---|----|---|-----|-----|----|----|----|----|-----|-----|-------|
| PRODUCTION & SALES      | FG   | 2  | 2  | 2 | 1 |   |    | 1  |   | 1  | 1 |     | 2   |    |    | 1  |    | 1   |     | 14    |
|                         | GW   | 3  | 1  |   |   |   |    |    |   |    |   |     | 1   |    |    | 1  |    |     |     | 6     |
|                         | GP   | 1  |    |   |   |   |    |    |   |    |   |     | 1   | 1  | 2  |    |    |     |     | 5     |
|                         | CHM. | 6  |    | 1 |   |   |    |    |   |    |   | 2   |     |    |    | 1  |    |     |     | 10    |
|                         | OTH. | 1  |    |   |   |   |    |    |   |    |   |     |     |    |    |    |    |     |     | 1     |
| IMPORT & SALES SERVICES | FG   |    |    |   |   |   |    |    |   |    |   |     | 2   |    |    |    |    |     |     | 2     |
|                         | OTH. |    |    |   |   |   | 1  |    |   |    |   |     |     |    |    |    |    |     |     | 1     |
| COMMERCIAL ACTIVITY     | FG   | 1  |    |   | 1 |   |    |    |   |    |   |     |     |    |    |    |    |     |     | 2     |
|                         | CHM. |    | 1  |   |   |   |    |    |   |    |   |     |     |    |    |    | 1  |     | 1   | 3     |
|                         | OTH. | 4  |    |   |   |   |    |    |   |    |   |     |     |    |    |    |    |     |     | 4     |
| RETAIL SALES            | GW   | 1  |    |   |   |   |    |    |   |    |   |     |     |    |    |    |    |     |     | 1     |
| SALES & MARKETING       | GW   |    |    | 1 |   | 1 |    |    |   |    |   |     |     | 1  |    |    | 1  |     | 1   | 5     |
| LEASING                 | GP   |    |    |   |   |   |    |    |   |    |   |     | 1   |    |    |    |    |     |     | 1     |
| FINANCING & INVESTMENT  | FG   |    |    |   |   |   | 3  |    |   |    |   |     |     |    |    |    |    |     |     | 3     |
|                         | GW   |    |    |   |   |   | 4  |    |   |    |   |     |     |    |    |    |    |     |     | 4     |
|                         | GP   |    |    |   |   |   | 1  |    |   |    |   |     | 1   |    |    |    |    |     |     | 2     |
|                         | CHM. |    |    |   |   |   | 1  |    | 1 |    |   |     |     |    |    |    |    |     | 1   | 3     |
| TOTAL                   |      | 19 | 4  | 4 | 2 | 1 | 10 | 1  | 1 | 1  | 1 | 2   | 8   | 2  | 2  | 3  | 2  | 1   | 3   | 67    |

|    |         |     |                    |     |        |    |         |    |         |    |             |    |         |     |         |     |          |  |  |  |
|----|---------|-----|--------------------|-----|--------|----|---------|----|---------|----|-------------|----|---------|-----|---------|-----|----------|--|--|--|
| TR | Turkey  | BG  | Bulgaria           | I   | Italy  | D  | Germany | E  | Spain   | NA | Netherlands | RO | Romania | A   | Austria | SK  | Slovakia |  |  |  |
| H  | Hungary | BIH | Bosnia Herzegovina | RUS | Russia | GE | Georgia | UA | Ukraine | ET | Egypt       | RC | China   | IND | India   | USA | USA      |  |  |  |

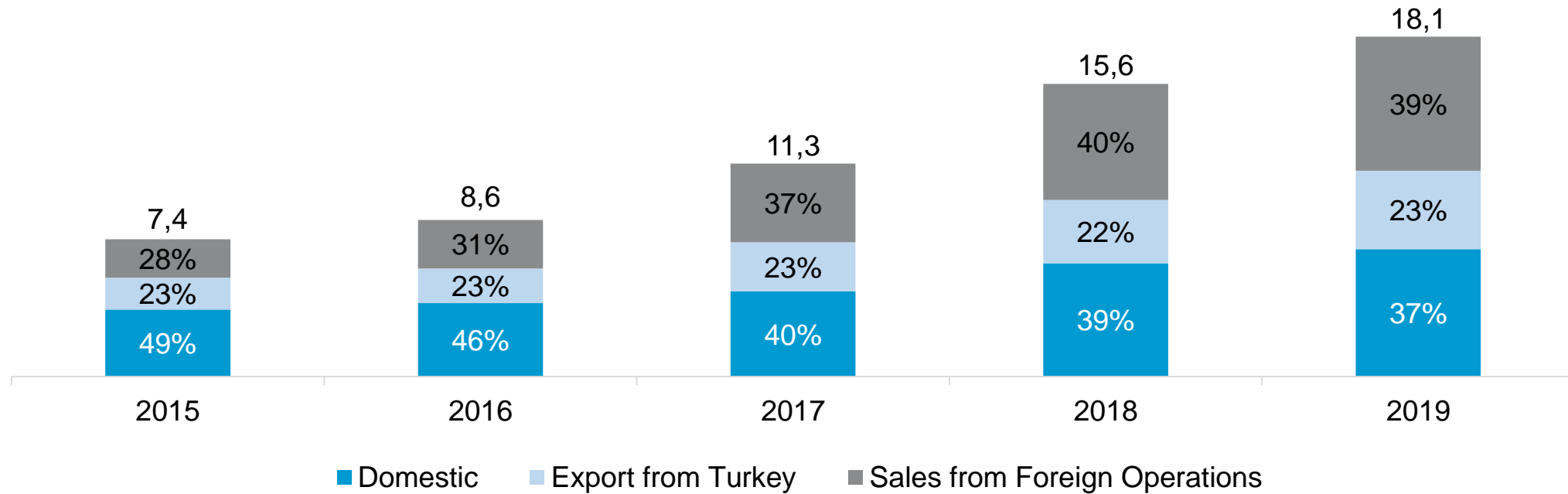
# Historical Financial Results

TRY mn



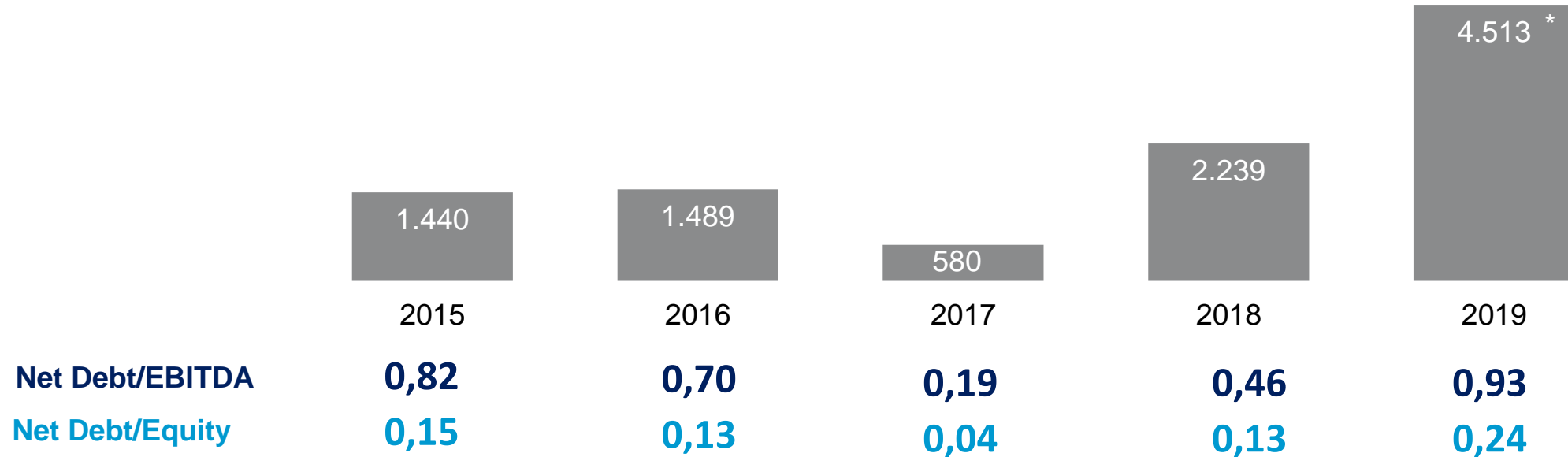
# Historical Regional Results

TRY bn



# Historical Debt & Liquidity Results

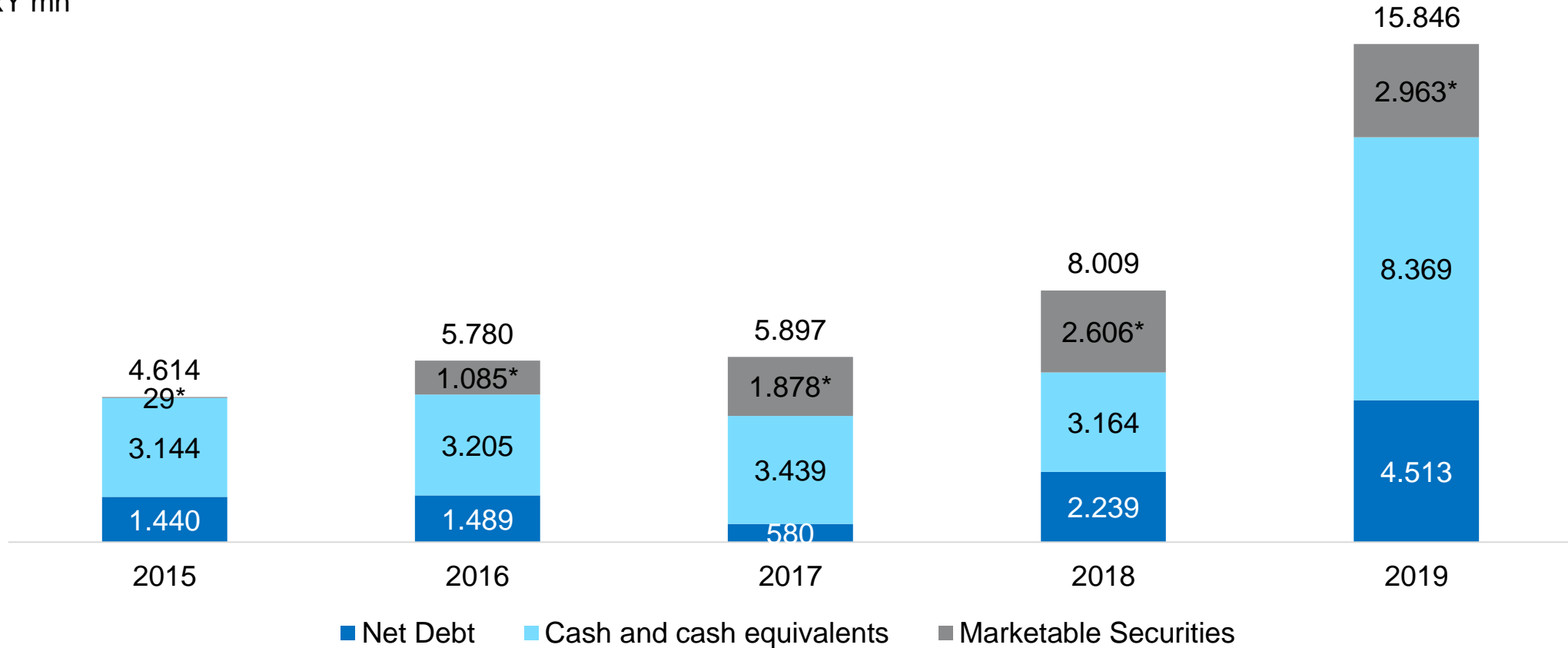
■ Net Debt (TRY mn)\*



(\*) Including marketable securities (Eurobond investment portfolio) amounting to USD 500 Million (TRY 2,96 Billion) in calculation of net debt (Gross Debt – Cash & Cash Equivalents – Marketable Securities)

# Historical Debt & Liquidity Results

TRY mn

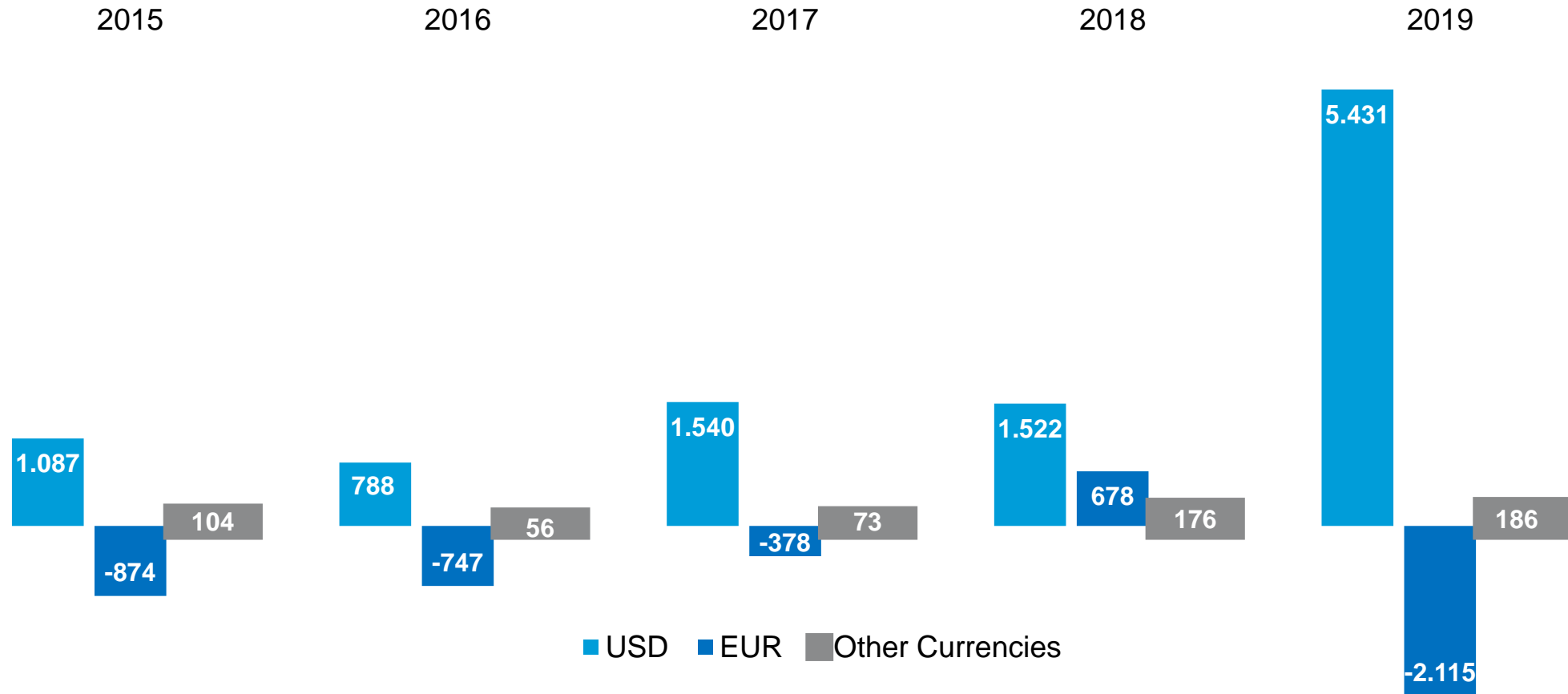


(\*) Marketable securities (Eurobond investment portfolio) amounting to USD 500 Million (TRY 296 Billion)



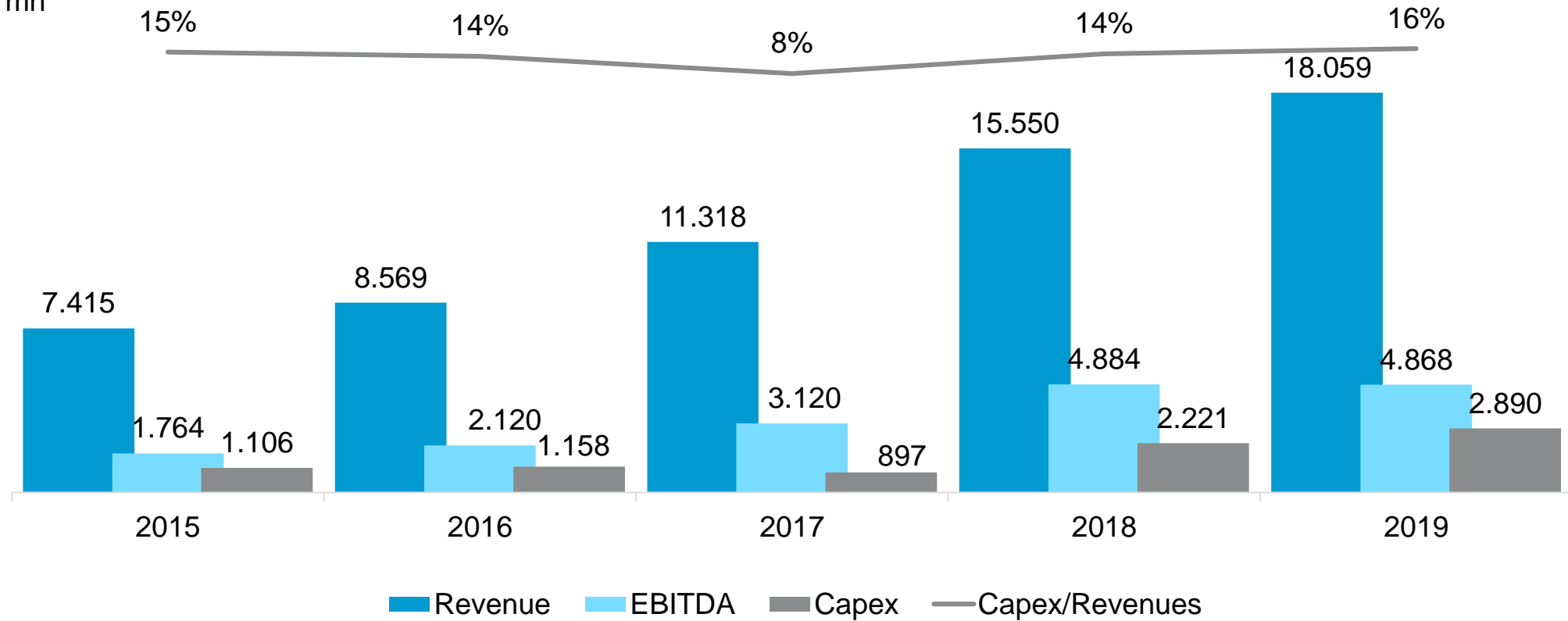
# Historical FX Position

TRY mn



# Historical Capex Analysis

TRY mn



EBITDA/Capex

1,60

1,83

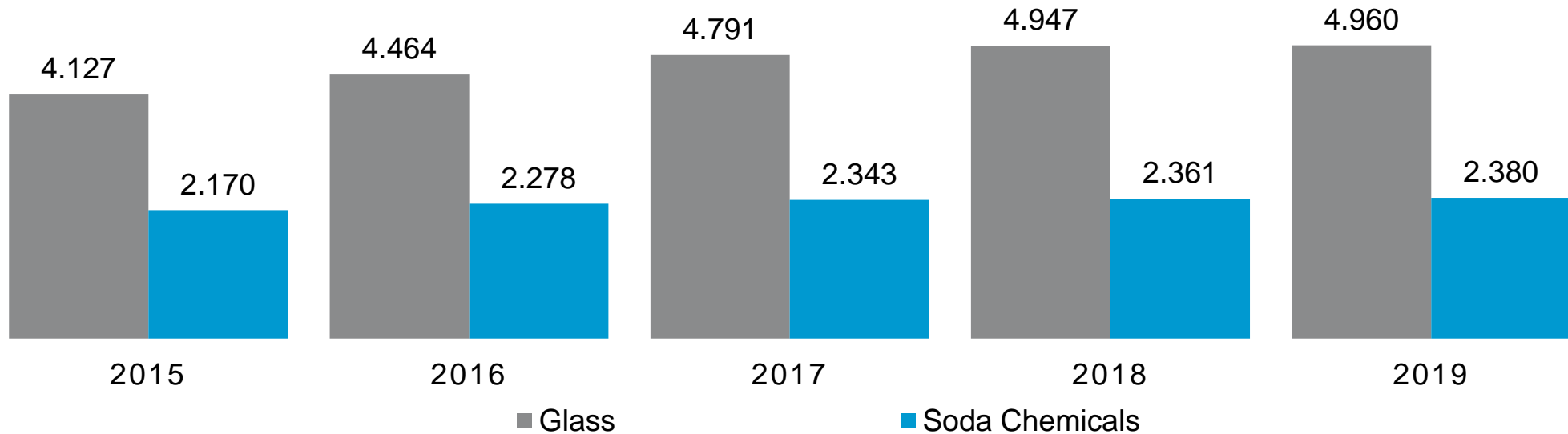
3,48

2,20

1,68

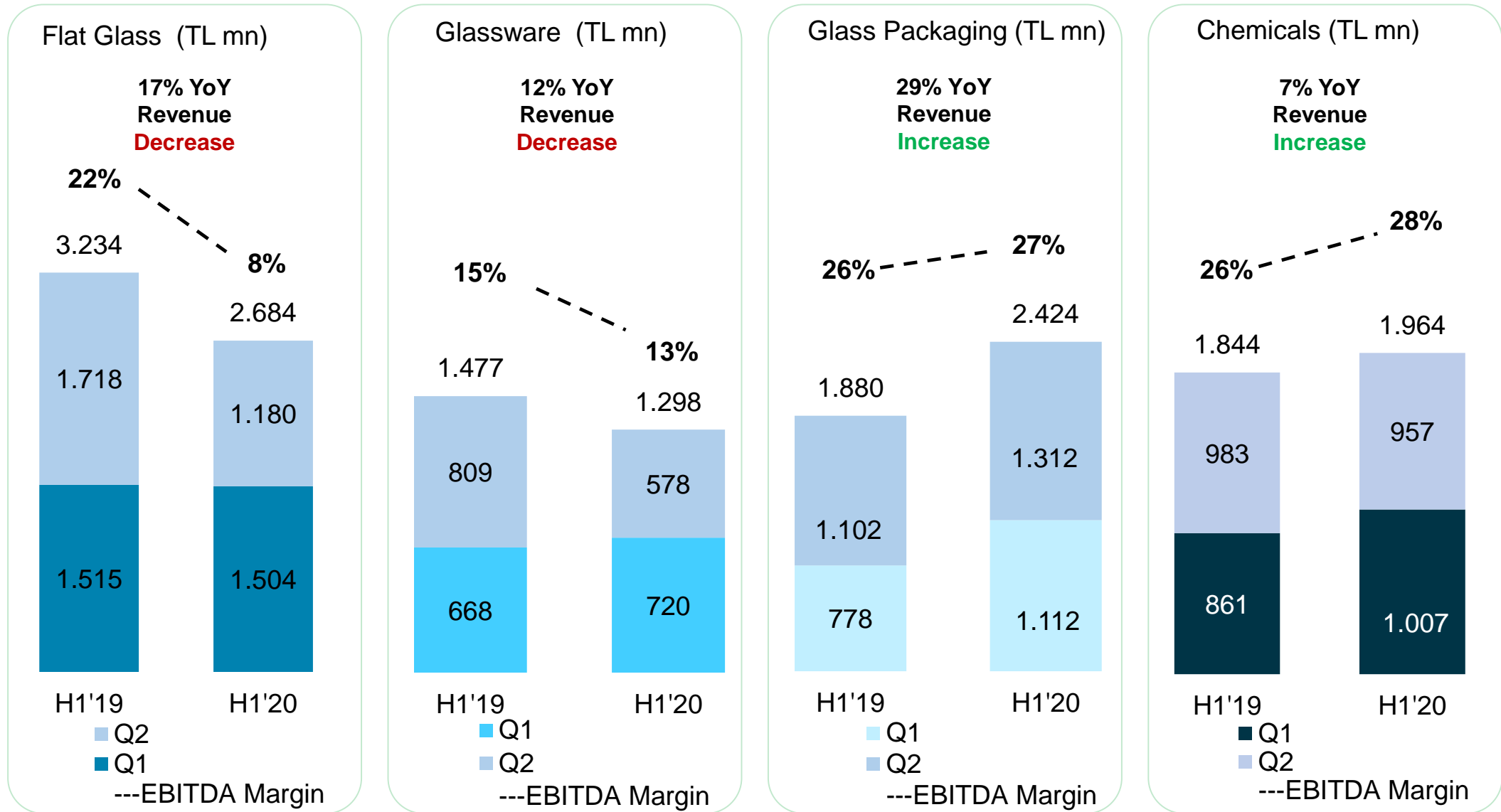
# Historical Production Results

K tons



\*Production numbers are adjusted to HNG operations fully consolidated retrospectively

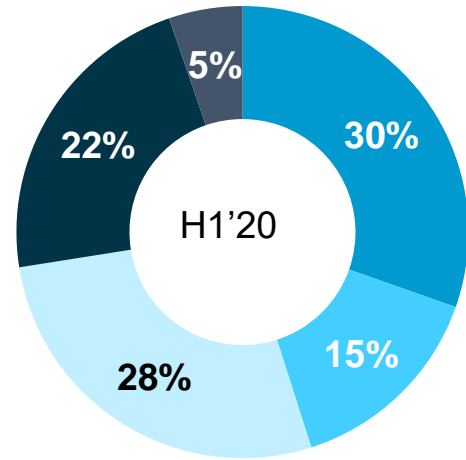
# First-Half Segmental Revenue and EBITDA



- All EBITDA margin figures are adjusted with one-off items
- All Revenue figures are after intra-group transactions

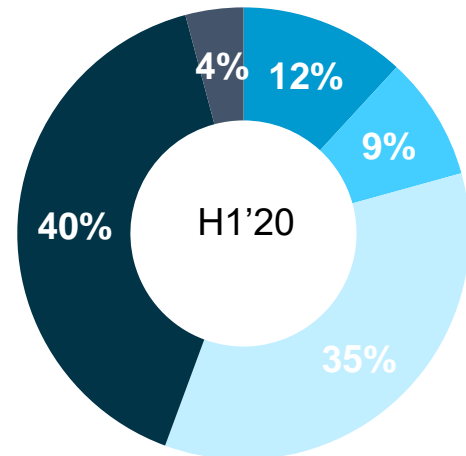
# First-Half Segmental Revenue and EBITDA

## Diversified Revenue Mix

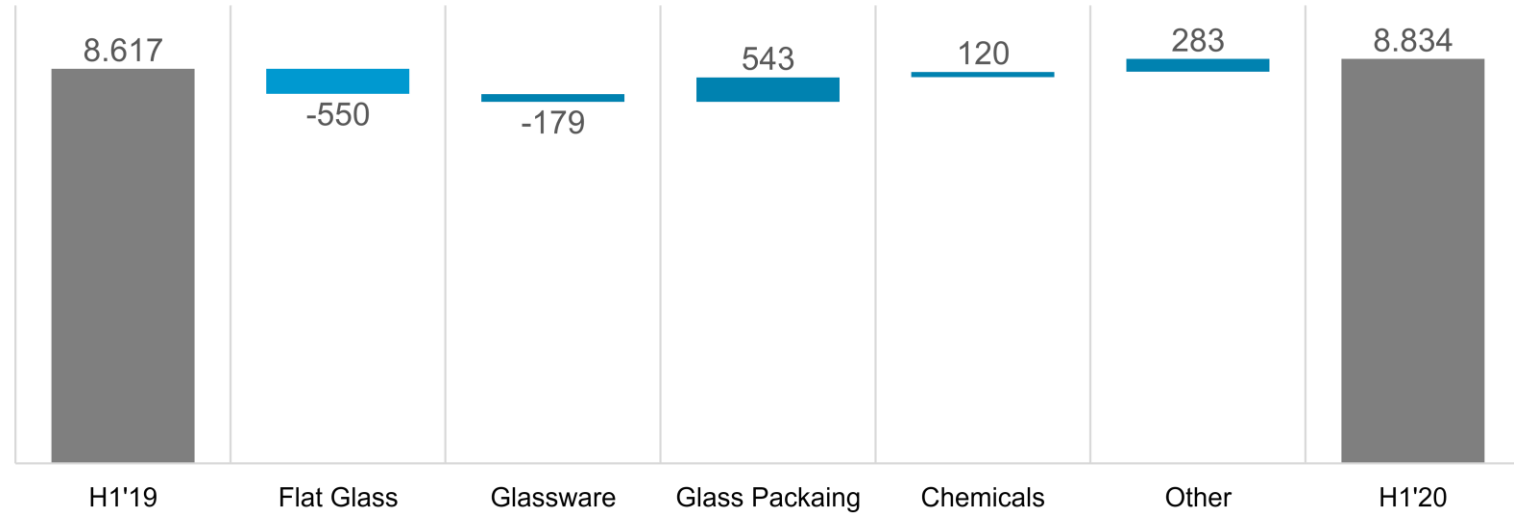


■ Flat Glass  
■ Glassware  
■ Glass Packaging  
■ Chemicals  
■ Other

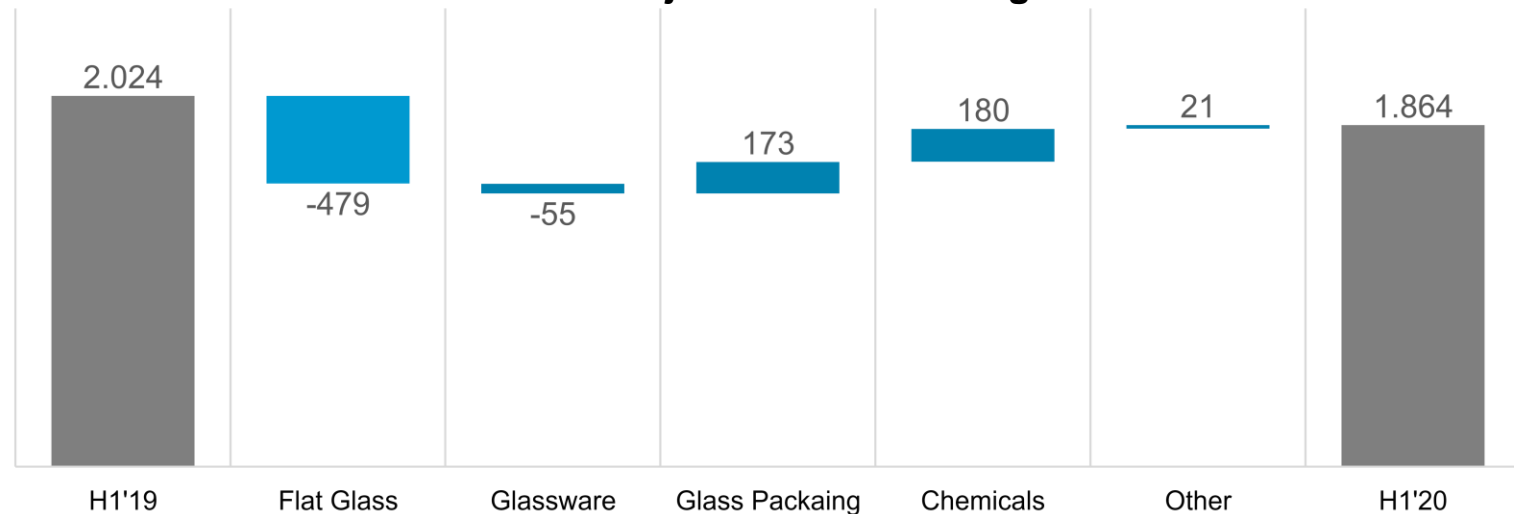
## Diversified EBITDA Mix



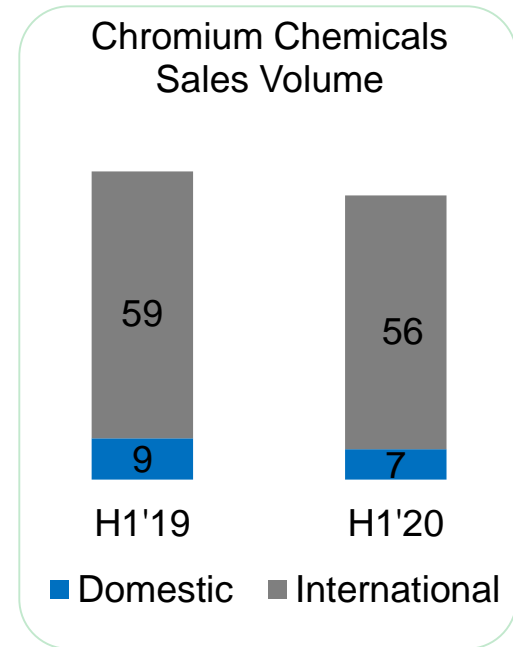
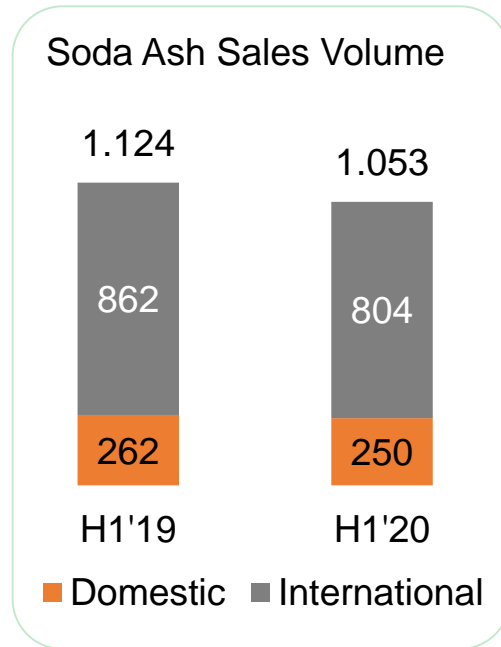
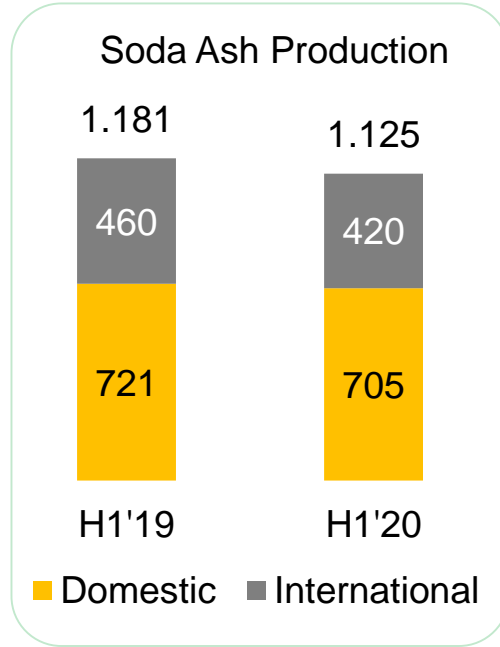
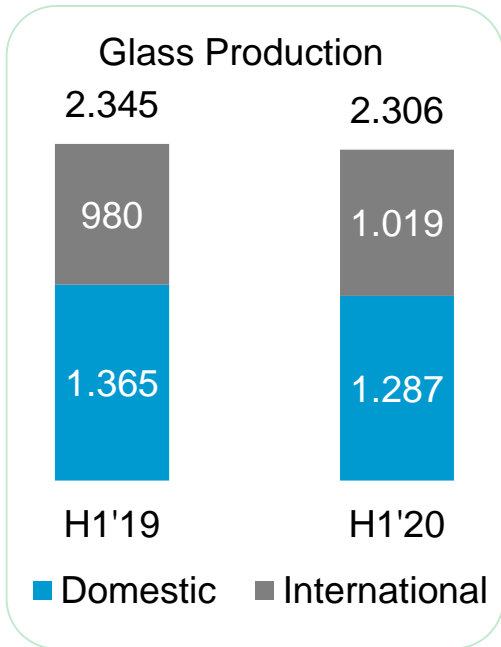
## Revenue Bridge



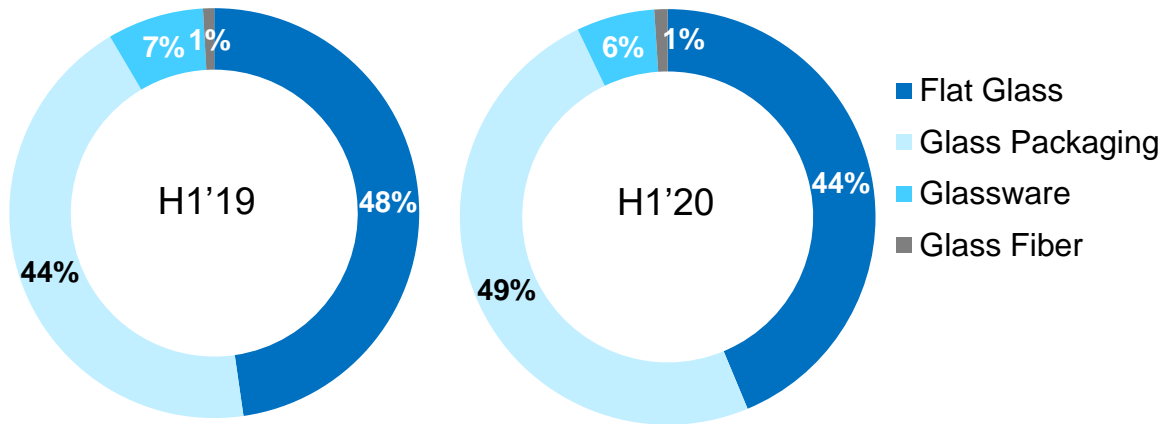
## Adjusted EBITDA Bridge



# First-Half Segmental Operational Results



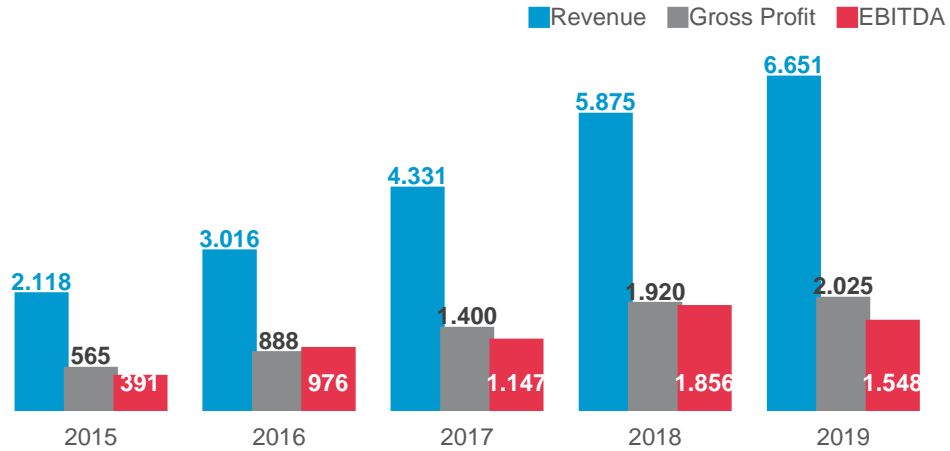
Glass Production Breakdown



# Flat Glass – Trakya Cam

## Consolidated Financial Results<sup>1</sup>

TRY mn



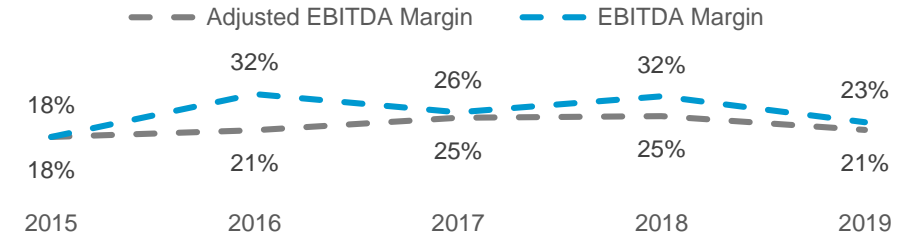
Excluding;

2016: TRY 352 Million: TRY 284 mn one-off gain from the sale of SODA shares, TRY 68 mn revaluation gain on fixed income securities

2017: TRY 80 Million revaluation gain on fixed income securities

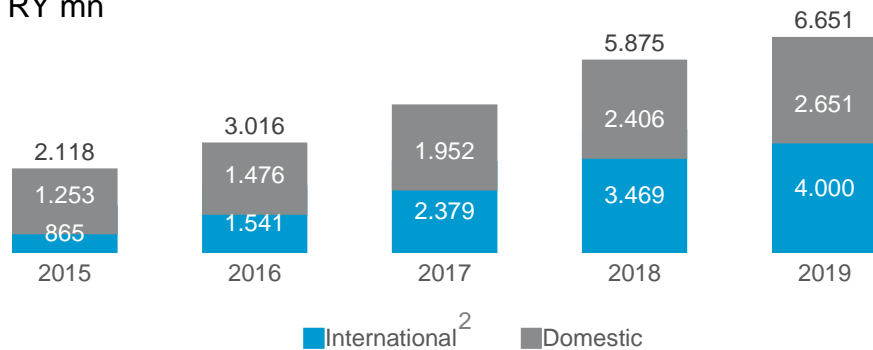
2018: TRY 373 Million: Revaluation gain on fixed income instruments amounting to TRY 324 Mn, income regarding acquisition of HNG amounting to TRY 49 Mn

2019: TRY 168 Million: Revaluation gain on fixed income instruments amounting to TRY 204 Million including IFRS-9 adjustments, TRY 25 Million one-time retrospective payment regarding carbon emission quota acquisition, TRY 12 Million one-time expense in relation to restructuring in encapsulation



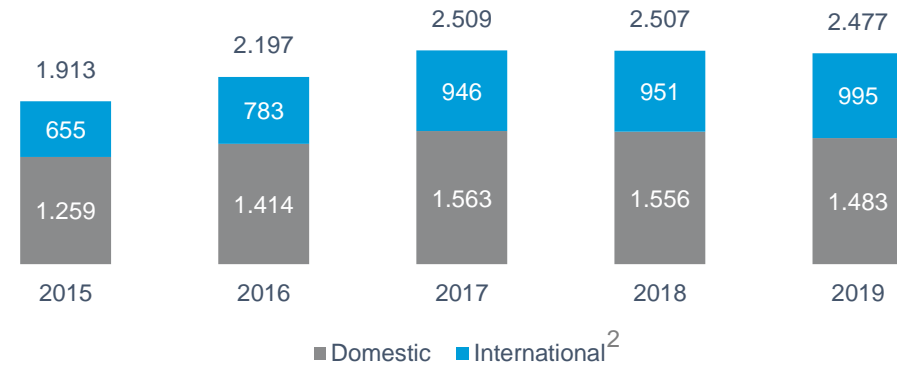
## Revenue Breakdown<sup>1</sup>

TRY mn



## Production Breakdown

K Tons



1)Bulgaria, India & Egypt were accounted with equity-pick up method between 2012-2015. Starting 2016, full consolidation of Bulgarian operations has begun, thus only India & Egypt are treated with equity pick-up. In November 2016, takeover of Italian Sangalli Vetro Porto Nogaro was finalized, Sangalli's financials are consolidated to Trakya Cam for the last 2 months of 2016. Starting June 2018, following acquiring the remaining share of JV, Indian operations and acquisition in South Italy are fully consolidated

2) International Sales include sales from foreign operations + export from foreign operations + export from Turkey



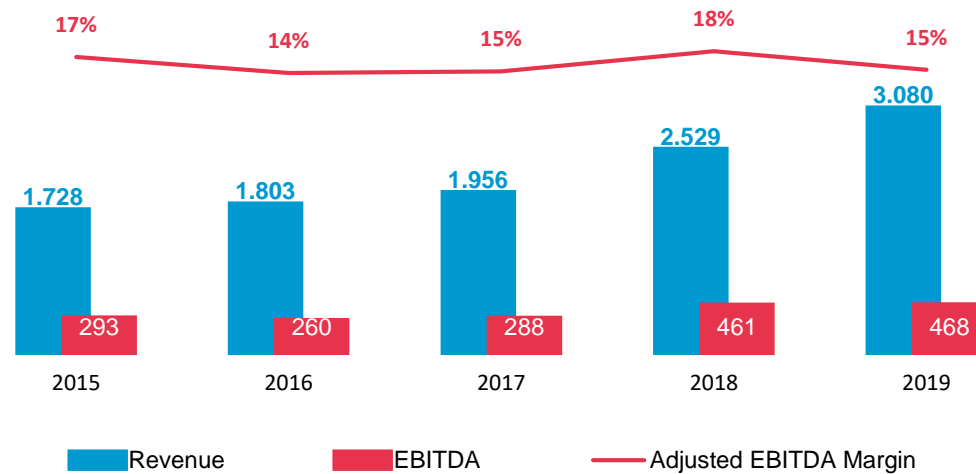
Excluding;

**2018: TRY 7,7 Million:** TRY 8 Million one-time retrospective payment regarding storehouse sale in İzmir

**2019: TRY -3 Million:** TRY 8 Million one-time retrospective payment regarding carbon emission quota acquisition and TRY 5,02 million asset disposal income was recorded in relation to Camiş Ltd.

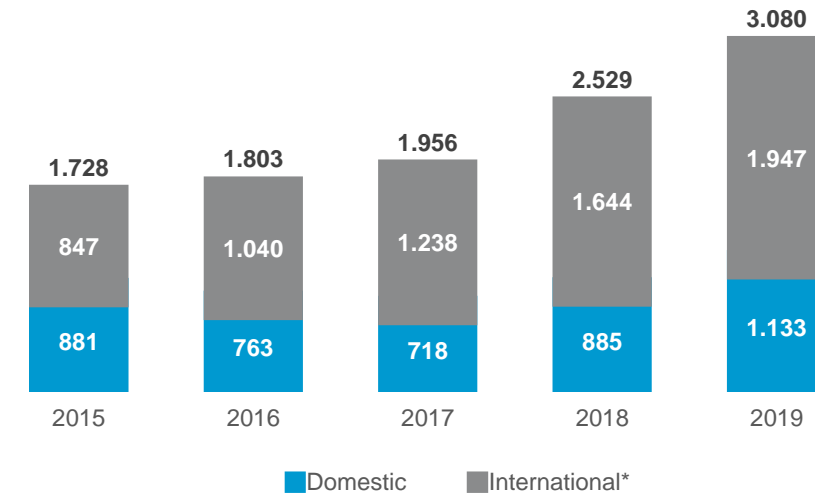
## Consolidated Financial Results

TRY mn



## Geographical Revenues Breakdown

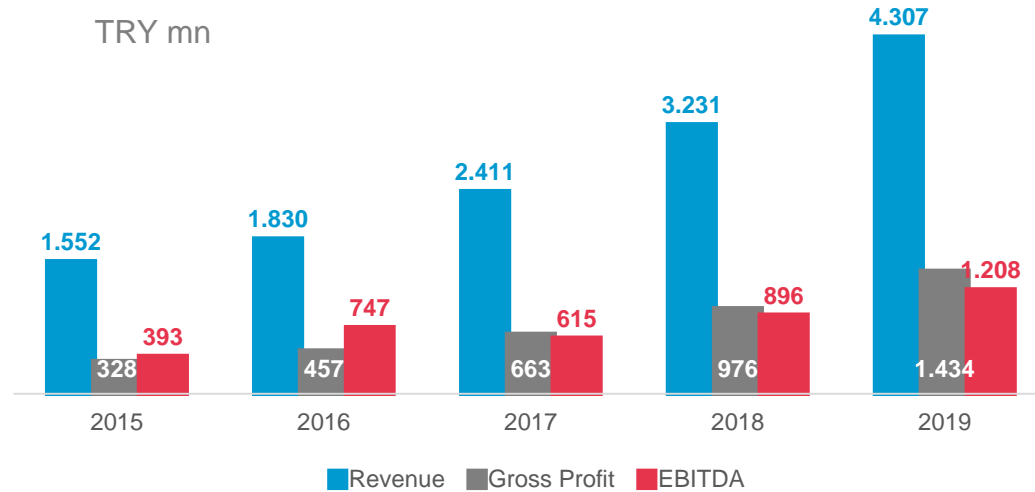
TRY mn



\*International Sales include sales from foreign operations + export from foreign operations + export from Turkey

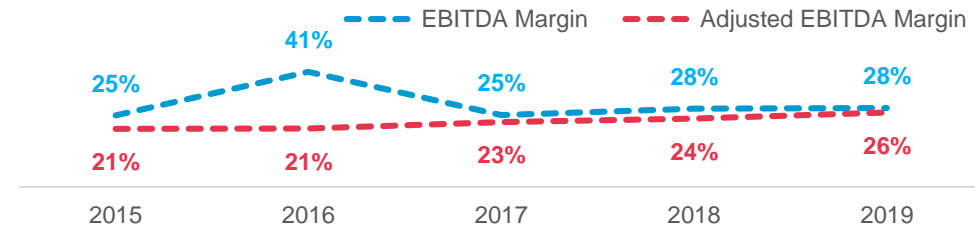
# Glass Packaging – Anadolu Cam

## Consolidated Financial Results

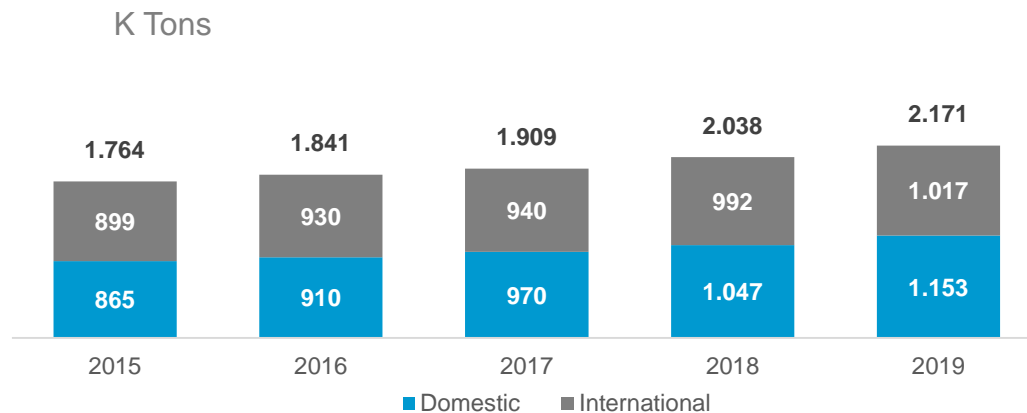


Excluding;

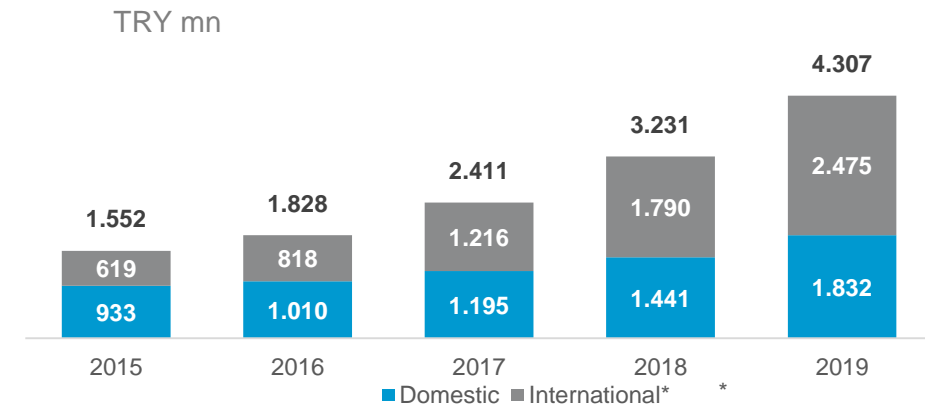
- **2015:** TRY 73 mn (Soda shares sale)
- **2016:** TRY 342 mn (Soda shares sale) + TRY 27mn (Revaluation gain on Eurobond investments)
- **2017:** TRY 32 mn (OMCO stake sale) + TRY 30mn (Revaluation gain on Eurobond investments)
- **2018:** TRY 112 mn (Revaluation gain and provision for losses on Eurobond investments)
- **2019:** TRY 69 mn (Revaluation gain and gain on provision for potential losses on Eurobond investments)



## Glass Packaging Production Breakdown



## Anadolu Cam Consolidated Revenues Breakdown

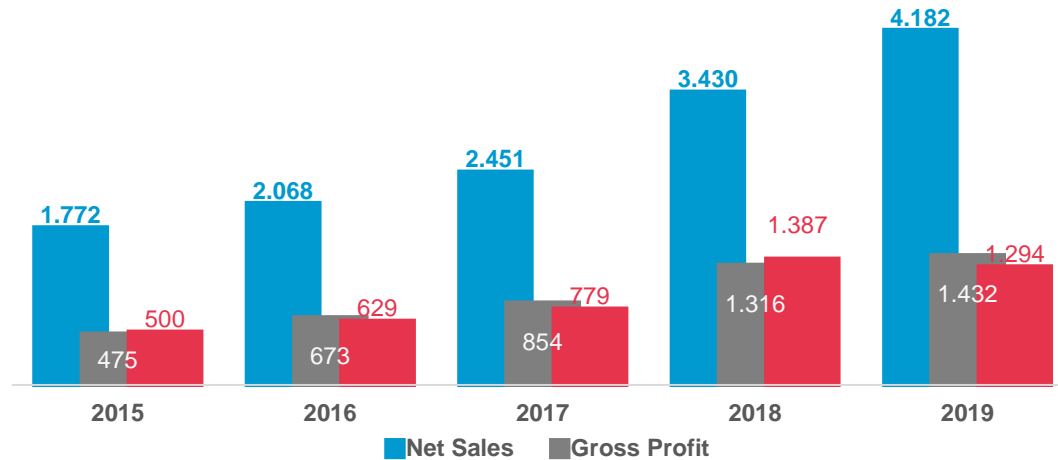


\*International Sales include sales from foreign operations + exports from foreign operations + exports from Turkey

# Chemicals - Soda Sanayii

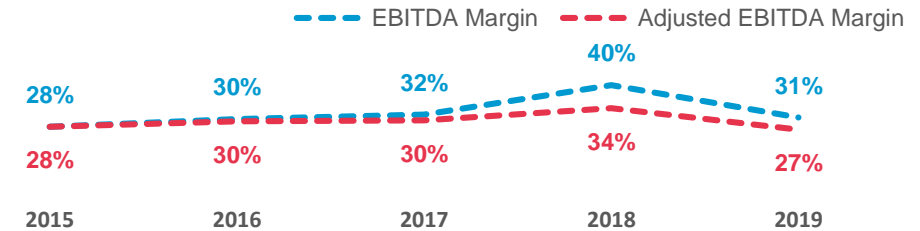
## Consolidated Financial Results

TRY mn



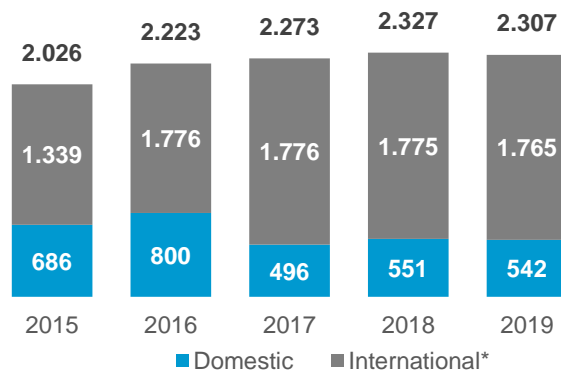
Excluding:

2015: TRY 0,4mn (sale of Denizli Cam shares)  
 2016: TRY 13,5mn (Revaluation gain on Eurobond investments)  
 2017: TRY 43mn (Revaluation gain on Eurobond investments)  
 2018: TRY 240mn (Revaluation gain and provision for potential losses on Eurobond investments)  
 2019: TRY 150mn (Revaluation gain and provision for potential losses on Eurobond investments)



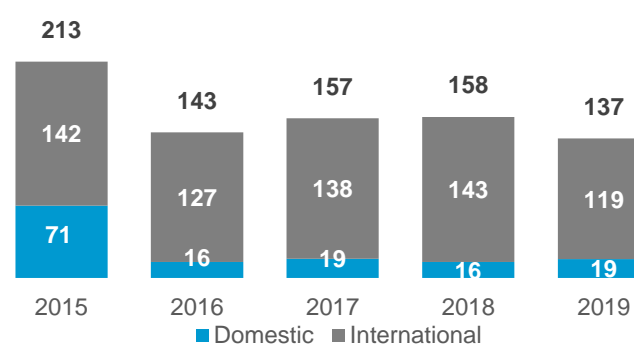
## Soda Sales Breakdown

K Tons



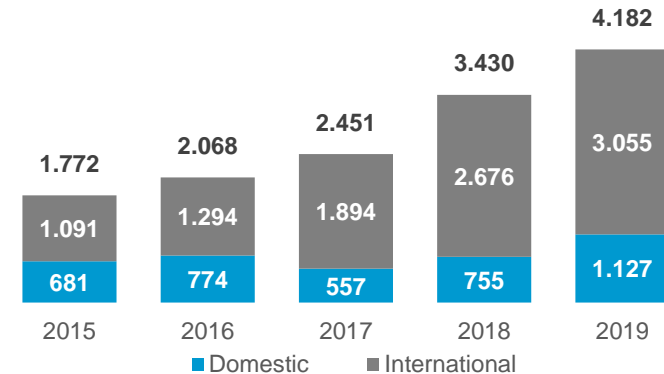
## Chromium Chemicals Sales Breakdown

K Tons



## Soda Sanayii Consolidated Revenues Breakdown

TRY mn



\*International Sales include sales from foreign operations + exports from foreign operations + exports from Turkey

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## FX Rates

|                | 2015 | 2016 | 2017 | 2018 | 2019 | Q2'19 | Q2'20 | H1'19 | H1'20 |
|----------------|------|------|------|------|------|-------|-------|-------|-------|
| <b>USD/TL</b>  |      |      |      |      |      |       |       |       |       |
| Period End     | 2,91 | 3,52 | 3,77 | 5,26 | 5,94 | 5,76  | 6,84  | 5,76  | 6,84  |
| Period Average | 2,72 | 3,02 | 3,64 | 4,83 | 5,67 | 5,87  | 6,85  | 5,62  | 6,47  |
| <b>EUR/TL</b>  |      |      |      |      |      |       |       |       |       |
| Period End     | 3,18 | 3,71 | 4,52 | 6,03 | 6,65 | 6,55  | 7,71  | 6,55  | 7,71  |
| Period Average | 3,02 | 3,34 | 4,11 | 5,68 | 6,35 | 6,60  | 7,54  | 6,35  | 7,13  |

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