2025 FY Results Webcast Transcript

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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Hello and welcome to Şişecam FY 2025 Consolidated Financial Results Audio and Webcast Call. Throughout the call, all participants will be in a listen only mode and afterwards there will be a Q&A session. Please note, this call is being recorded, and a replay option will be available for a full year after the event.

Today I am pleased to present Sisecam CEO, Mr. Can Yücel. Please begin your meeting.

CAN YÜCEL:

Thank you. Good afternoon, ladies and gentlemen, and welcome to our 2025 FULL YEAR Earnings Results Webcast. I am very happy to meet you all again to share our 2025 full year results.

Today, I'm together with our CFO, Gökhan Güralp and our IR Director, Hande Özbörçek.

Now, I would like to hand over to our CFO Mr. Güralp for the presentation and the review of our 2025 consolidated financial results.

GÖKHAN GÜRALP:

Thank you very much Mr. Yücel.

Good afternoon, ladies, and gentlemen, and welcome to our 2025 Full Year Earnings Results Webcast. I hope that everyone is safe since we last spoke. And I would like to thank you all for joining us today.

We will commence today's webcast by presenting our financial and operational results for the full year 2025, with particular focus on the performance of individual business lines. Subsequently, we will detail our cash position and capital allocation. Following the operational and financial review, we will conclude today's presentation by providing updates on recent developments in our company's sustainability initiatives.

As always, we will be pleased to take your questions at the end of the presentation. Please be reminded that the presentation and the Q&A sessions may both contain some forward looking statements. Our assumptions and projections are based on the current environment and may therefore be subject to change.

Before we start presenting our Company's 2025 financial results review, it is necessary to remind you that pursuant to the Capital Markets Board Decision, Turkish corporates, including our Company, are subject to IAS 29 inflationary accounting provisions since the end of 2023. Thus, 2025 full year financials and comparative 2024 results that will be presented in today's call contain the financial information prepared and audited in accordance with Turkish Financial Reporting Standards by the application of IAS 29 inflation accounting provisions and are finally expressed in terms of the purchasing power of the Turkish lira as of December 31, 2025.

At the end of the operational and financial review section, you may also see a display of our key financials reported based on pre-IAS 29 standards and which are basically the set of info provided to our main shareholder as financial institutions are exempted from the implementation of IAS-29 standards.

We concluded the year with a consolidated revenue of 225 Billion TL, down by 8% YoY.

The decline in revenue was largely due to performance differences from an individual business line perspective. Negative contribution of the mismatch between Türkiye's annual inflation rate of 31% and the depreciation of the reporting currency by 29% to the topline performance was quite limited as it has tightened given the downward trend of the former.

Core glass business lines' sales volume performance was stable thanks to positive Architectural Glass sales volume accompanied by flat to slightly growing volume in Glass Packaging and Industrial Glass operations offsetting the impact of weaker Glassware activities. Chemicals business line experienced a modest decline in annual sales volume due to global oversupply conditions. Product pricing improvements were visible in all glass businesses and across all geographies while pricing in our Chemicals operations underperformed the prior year in hard currency terms.

Our EBITDA, recorded at 24 Billion TL, was up by 32% and translated into a margin of 11% compared to 7% in 2024. Despite tough market conditions, the increase was primarily a result of the management's focus on efficiency improvements and operational optimization. Efforts to enhance productivity, prioritize value added product offerings, and strengthen capacity management practices contributed to margin expansion. Higher production efficiency helped reduce operational costs, while better resource utilization supported overall profitability. Profitability improvement was also triggered by upward price revisions in our glass operations worldwide.

Profit before tax almost tripled YoY. Parent-Only Net Income soared by 50% and amounted to 9.9 Billion TL. Parent-Only Net Income margin stood at 4.4%, up by 170 bps. Monetary gains recorded in the full year inched up by 13% to 23 Billion TL.

During this period, we recorded a deferred tax expense of 1.2 Billion TL, in contrast to a deferred tax income of 3.5 Billion TL in the previous year. This shift from income to expense arose from improved operational performance, which led to a decrease in deferred tax income. Additionally, the change in accounting methodology to exclude inflation accounting in statutory accounts and rather revalue the books based on a rate lower than the annual inflation, contributed to the deferred tax expense.

On this slide we would like to demonstrate the underlying performance of our company excluding the impact of inflation accounting. For this, we are using Adjusted EBITDA figure that is defined as EBITDA adjusted for inflation accounting effect, through the elimination of monetary gain/loss impact on relevant P&L items.

Please be reminded that we have been providing the breakdown of net monetary position in the notes section to our financial statements since 2024 year-end. And going forward we will be presenting both EBITDA and Adjusted EBITDA for the monetary gain and loss in our leverage calculations.

With this graph we addressed the negative impact exerted by the inflationary accounting framework on our Company's reported performance. As can be seen, the sum of inflationary accounting impact of the relevant P&L lines was close to 20 Billion TL, more than 90% of it being related to the cost of goods sold account in 2025. With majority of industrial capacities concentrated in Türkiye amidst a high inflation environment, the impact on costs is inevitable. This is seen by increased direct labor expenses and elevated production overheads. Inflationary accounting practices lead to inflated inventory values, thereby amplifying the inflationary impact on costs. High inventory turnover, inherent in the nature of the business, further elevates the cost of goods sold.

Accordingly, Adjusted EBITDA calculation indicated a consolidated profitability figure amounted to 43.7 Billion TL. Adjusted EBITDA margin moved up by circa 250 bps to 20%.

Moving onto Slide 6, we will review the segmental breakdown of our consolidated topline and EBITDA.

Once again in 2025, our operations portfolio maintained a well-balanced structure, with glass operations composing two-thirds of our revenue. Our largest glass operation with 4.6 million tons per annum flat glass gross production capacity composed of 15 active production lines in Türkiye, Bulgaria, Italy, India and Russia as well as one line in Egypt in partnership with Saint Gobain, Architectural Glass contributed 24% to our consolidated revenue. Notably, it ranked as the top EBITDA generator with 49% share in our consolidated EBITDA, thanks to improved pricing environment, growing demand with regulations favouring higher energy efficiency in buildings, i.e. TS 825 standard, which is introduced last year in Türkiye and set to limit the energy consumed by the heating and cooling systems, and the enhancements gained through the Efficiency Management Program initiatives. The commissioning of a brand new patterned glass line as well as energy glass processing capacities in Tarsus greenfield facility in September last year, has further supported the business line with higher concentration on value added products in our sale mix.

Based on our primary goal to position Şişecam as a global leader in glass producer investing in the future of glass while increasing its presence and market share, we aim to leverage our capacity to capitalize on the growing demand across regions. This demand is increasingly shifting from commodity products to value added solutions, particularly those enhancing energy efficiency in buildings and enabling feasible energy generation. In line with this principle, we have prioritized the introduction of specific capacities dedicated to these types of products. As we announced in our last meeting, the commissioning of a new flat glass furnace and a coated glass line investment in Türkiye will take place this year, in addition to two coated glass lines taken online in the first quarter in Bulgaria and Italy.

Our 3.3 million tons per annum-Glass Packaging business line, with its 25 online furnaces at 9 production facilities and in 3 countries, was ranked as the second largest contributor, accounting for 23% of our consolidated revenue and 33% of our EBITDA. Please be reminded that very recently we commissioned our Hungary greenfield investment with the aim to start the ignition of one furnace, which will increase the business line's gross installed capacity by 6% to 3.5 million tons per annum.

Our Chemicals operations stood as the third highest performer in terms of contributions to both revenue and EBITDA with 21% in the former and 25% in the latter.

Industrial Glass business line, which accounted for 12% of our consolidated revenue, had a positive impact on our EBITDA generation capacity with 8% share in our consolidated figure, after an extended period. This improvement followed the implementation of operational efficiency measures, including but not limited to the consolidation of the encapsulation operations at a single facility in Slovakia.

From our Glassware operations with 9 furnaces in 5 facilities, 2 of which located in Türkiye and the rest in Bulgaria, Russia and Egypt, we generated 12% of our consolidated revenue. However, the business line had a dilutive impact on our EBITDA given negative EBITDA profitability due to unfavourable demand dynamics leading to higher days inventory outstanding and amplified exposure to high inflation. Please be reminded that the relocation of Handmade Glassware Production from Denizli to our automated glassware manufacturing facility in Kırklareli was completed in close to December-end as planned. We anticipate achieving cost improvements in our

Glassware operations by 2026 following this strategic move targeting to enhance the economic value of our nearly century-old glassware tradition.

Energy segment's performance, resulting from our electricity trading operations, came in with 6% share in total revenue and neutral impact on our operating profit.

On Slides 7 and 8, we aim to present the key takeaways regarding the full-year performance of our core business lines on an individual basis to provide you with a concise summary of our Glass and Chemicals units' performance in comparison with the prior year from both operational and financial perspectives.

Architectural Glass business was resilient despite challenging market conditions. We announced that we advanced the cold repair process at our North Italy facility, and this helped us to maintain our output levels consistent with the previous year with higher capacity utilization rate. This recalibration of production levels enabled us to sustain operations without product shortages while benefiting from lower per unit production costs thanks to 600 basis points higher capacity utilization rate YoY.

Consolidated sales volume was moderate with 2% increase YoY. Looking at the region-wise performances, in Türkiye, from where the business line sold 64% of the full year volume, domestic sales rose by 6% thanks to re-urbanization and renovation projects. Incremental flat glass demand of industrial clients for export purposes to the surrounding regions after processing has further supported the sales. Combined with the performance in direct exports planned as a balancing component of the production and sales schedules majority of time, Turkish facilities overall sales volume moved north by 3% YoY.

Europe based facilities' sales grew by 3% in tons, driven by demand for value added, particularly coated glass in the region. Europe emerged as the second largest contributor to the architectural glass segment's consolidated sales volume with 22% share.

India business performance was slightly up while lower ton sales were experienced in Russia compared to 2024 due to ongoing market pressures.

Strategic pricing actions in Türkiye and Europe supported the revenue performance, with Euro-denominated product prices growing by an average of 6% YoY across all regions.

Meanwhile, cost of sales declined by 12% in TL terms, reflecting optimized production planning and improved cost efficiency resulting from higher capacity utilization.

Consequently, Architectural Glass operations outperformed the inflation rate with 1% YoY increase in net external sales to 54 Billion TL. Segmental EBITDA margin widened from 11% to 21%.

Industrial Glass business line, under which we report our automotive glass, encapsulation, and glass fiber operations, overperformed the inflation by generating 28 Billion TL in net external revenue, up by 4% YoY.

The automotive glass and encapsulation division continued to be the major component of divisional revenue. And as a well-known Tier 1 auto glass and encapsulation supplier, we have kept leveraging our production capacity and capabilities to get new nominations and operate with a sizeable project pipeline. Consequently, the automotive glass and encapsulation division ended the year with 4% higher sales volume YoY on a ton basis driven by the scheduled deliveries to OEM clients. Auto Replacement Glass channel maintained its strategic importance, contributing 14% to the revenue stream. Average prices per ton in USD terms increased by 14% in this reporting period.

In glass fiber operations, against weaker export sales due to pricing pressure of low-cost regions, domestic sales grew 4% YoY, primarily driven by strategic responses to demand conditions through benefiting from spot market opportunities. This led to limit consolidated sales volume decline to 14% YoY. Thanks to profit-driven and selective sales strategy, the average USD price per ton increased by 15% YoY.

As a result of enhancements attained through the Efficiency Management Program, the business line recorded an impressive improvement in profitability, achieving a 7% EBITDA margin in 2025 compared to negative 9% in the prior year.

Glassware business' sales volume declined by 18% YoY, primarily due to weak consumer sentiment and a focus on essential spending amidst a low-risk appetite across key customer channels. Domestically, the market faced challenges from high inventory levels and the influx of low cost imports. This weakness affected several sales channels, including retail wholesalers and national chain stores, which account for 84% of domestic sales. International sales also underperformed compared to the previous year for similar reasons.

The overall average price per ton in USD has increased by more than 15% YoY. However, the 26 Billion TL net external revenue recorded in 2025, with 14% decline YoY fell short of keeping pace the domestic market inflation. EBITDA margin was delivered at -3%.

Glass Packaging business line encountered a dynamic market landscape throughout the year. Segment production grew by 2% YoY, with consolidated output supported by 96% capacity utilization rate average. Consolidated sales volume remained stable YoY, thanks to exports from Türkiye, which accounted for 13% of consolidated sales and rose by 9% YoY. This growth was largely driven by expanded operations with our European customer base before the start of operations at our Hungary glass packaging facility, scheduled to be ignited in Q1'26. Sales activities aimed at further penetrating the Americas have also contributed to the export channel's performance.

Meanwhile, domestic sales were modest, backed by the positive contribution of the non-alcoholic beverages category.

Sales volume in regions outside Türkiye declined, primarily due to weak consumer sentiment and a sluggish easing pace in the CIS regions. This was compounded by the ecological tax increase from 25% to 55% at the beginning of 2025, leading to higher retail prices for end products.

The implementation of consistent pricing strategies addressing inflationary pressures and cost variations, resulted in a 17% YoY increase in average prices per ton in USD.

Consequently, Glass Packaging business line net external revenue came in at 52 Billion TL revenue, up by 4% YoY. Material improvements were visible from a profitability perspective thanks to pricing and cost improvement projects. EBITDA margin, recorded at 16%, was circa 550 bps higher YoY.

Lastly, our Chemicals operations.

The global soda ash market showed mixed dynamics in 2025 largely due to ongoing oversupply pressures in the key APAC region. Additionally, cautious procurement and inventory management strategies among buyers restrained demand and hindered price growth. Our consolidated sales moved south by 5% YoY. Meanwhile, thanks to strategic new client acquisitions, our net sales per ton decreased by only 2% in USD.

The chromium chemicals market was subdued globally, influenced by macroeconomic pressures and high inventories, along with tariff related tensions, and lead to a 13% drop in sales volume. However, per ton average USD prices moved north by 4% during the period thanks to the shifts in our sales mix.

Resultantly, Chemicals business line reported 48 Billion TL net external revenue, a decrease of 15% YoY and 12% EBITDA margin.

Moving onto Slide 9, With our production facilities located in 13 countries in the majority of 2025, diversified operations portfolio, and wide range of products, we continue to cater to our clients across the globe. Despite the significant challenges posed by the disparity between Turkish Lira inflation and the reporting currency depreciation, we successfully maintained 59% share of international sales in our consolidated top line. Export revenue, 55% of which was generated from sales to Europe, stood at 938 Million USD. Including revenue generation of Şişecam facilities located in the region, Europe accounted for 29% of our topline. US market exposure through sales from US natural soda ash operations as well as exports, stood at 11%. Accordingly, our developed market's exposure came in at 40%.

On Slide 10, you may see the details on our liquidity position. We ended the year with 962 Million USD cash and cash equivalents including 72 Million USD financial assets, of which 68 Million USD Eurobond investment maturing in 2026. Gross debt stood at 3.8 Billion USD, with a term structure of 61% long-term to 39% short-term. 85% of the gross debt was denominated in hard currency and 94% of the remaining balance was in TL. The interest rate structure comprised of 70% fixed to 30% variable. The hard currency share of cash and cash equivalents, excluding financial investments, stood at 36%. Resultantly, our net debt position amounted to 2.8 Billion USD.

We are pleased to announce that in line with our managerial targets and our forecasts, thanks to efficiency management program initiatives, our Company's EBITDA generation capacity has a decent improvement. Concurrently, we have reduced our indebtedness through stringent controls and refinancing transactions, enabling us to benefit from improving funding costs and extending our debt profile. As a result, our net leverage ratio has been moving in a downward trend and came in at 5x compared to 7.7x calculated in Q1'25.

Moreover, monetary gain/loss Adjusted EBITDA figure indicated a net leverage ratio of 2.8x, which is below the covenant limit determined by recently issued Sisecam 2033 Notes.

We had a net short FX position of 12 Billion TL with 99 Million short in USD and 189 Million short in EUR.

Moving onto Slide 11, our Capex, recorded at 36 Billion TL, remained below the cash outflow in relation to investments in the prior year. The distribution of Capex across business lines was as follows:

- 47% of the total Capex was attributable to Architectural Glass segment, mainly in relation with the cash outflows on the ongoing greenfield flat glass facility, furnace and coated glass projects investment in Türkiye-Tarsus, the new patterned glass furnace and energy generation glass processing lines that were taken online at the same location in Q3'25 as well the new coated lines introduced in Bulgaria and Italy this year.

- Capital expenditures with regards to the greenfield glass packaging investment in Hungary, the commissioning of which we announced this month, and payments made in relation with the cold repair processes in Türkiye and Georgia corresponded to 28% of the total
- Chemicals segment accounted for 10% of consolidated Capex figure with payments mainly with regards to operational efficiency and maintenance investments in Mersin, and Wyoming plants
- The remaining balance was related to Industrial Glass, Glassware, Energy and Other segment maintenance and cold repair expenses.

We ended the reporting period with a cash inflow from operating activities of 40 Billion TL compared to 41 Billion TL in the prior year. Including the monetary loss on cash and cash equivalents, we recorded a negative free cash flow of close to 32 Billion TL versus 40 Billion TL in the prior year thanks to controlled management of investments.

On Slide 12, you may see our key financials without the impact of IAS 29 as provided to our main shareholder for their consolidation purposes and as announced on the PDP for information symmetry.

In the following section, we will update you with some key developments in our sustainability agenda.

In line with the Türkiye Sustainability Reporting Standards (TSRS) issued by the Public Oversight, Accounting and Auditing Standards Authority, we published Şişecam's first TSRS-aligned sustainability report on August 1. For the past 12 years, we have been voluntarily reporting our social and environmental impacts, including climate change, demonstrating that ESG considerations have become an integral part of our business strategy. With the new regulation, we have taken this approach a step further, adopting a more comprehensive and advanced structure under the TSRS framework.

In our TSRS report, we provide detailed information on our sustainability governance, our resilience to climate change, our risk and opportunity management practices, and the role of our product portfolio in managing climate related impacts. The full report is available in both Turkish and English on our microsite.

In addition, we shared our long-standing voluntary sustainability report with a continued focus on transparency and accountability. In our 2024 report, we recorded notable progress across the themes of protecting the planet, empowering society, and transforming life.

- Under the "Protect the Planet" pillar, we launched the Soda Decarbonization Roadmap as the second phase of our low carbon production roadmap aligned with our 2050 carbon-neutral target. Our certified renewable energy procurement reached 184,432 MWh, and our water withdrawal per unit of production decreased by 27.7% compared to 2020, reaching 3.4 m^3/ton.
- Within the "Empower Society" pillar, we participated in the WEPs in Action pilot program to support gender equality. We provided a total of 474,265 hours of training to our employees in Türkiye and delivered 199,844 person-hours of OHS training.
- Under the "Transform Life" pillar, we assessed 81 critical suppliers in our project focused on monitoring sustainability performance in the supply chain. Through our RPA Hackathons, we implemented 70 digital automation projects, achieving a time saving equivalent to 31 FTEs. We allocated 70% of our R&D expenditures to sustainability-related projects and recorded 41 patent applications, 18 patent registrations, 5 international patent applications, and 492 design registration applications.

Additionally, in 2025, we revised our Responsible Supply Chain Policy, which enables us to engage with our suppliers and business partners within the framework of universal ethical principles.

In parallel, with a 200 Million euro investment, we commissioned the patterned glass furnace and energy glass lines in Tarsus, bringing significant additional capacity to Türkiye's production landscape. Built with modern technology and offering an annual production capacity of 47 million square meters, this new line will produce high quality glass with high transmittance performance specifically designed for photovoltaic panel manufacturers.

In addition, we proactively manage our ESG performance and continue to work toward strengthening our results each year. In this context:

- In the 2025 CDP assessment, our scores for both climate and water were at the "B" level.
- We sustained our strong performance with an A– rating in the Refinitiv sustainability scoring and maintained our place in the BIST 25 Sustainability Index.
- We achieved a score of 63 on EcoVadis.
- We continue to be listed in the MSCI Global Sustainability Index with a BBB rating.

- Our S&P Global Corporate Sustainability Assessment score for 2024 was announced as 47.
- According to Sustainalytics, we are positioned in the Medium ESG Risk category.

At the World Soda Ash Conference, where we participated as a strategic sponsor, we brought together key industry representatives. During the event held in Spain, we had the opportunity to highlight our sustainability strategy, our approach to low-carbon soda production, and our innovation-driven investments.

As in previous years, we took part in numerous national and international events this year as well, sharing our sustainability strategy and vision with broad audiences.

Through the Şişecam International Glass Conference we organized in Venice, we underscored the importance of collaboration and innovation in shaping the future of glass. Throughout the event, we hosted valuable discussions on topics such as decarbonization, energy efficiency, and materials science critical areas that will guide the future of our industry.

As part of our 90th anniversary celebrations, we held the "Global Supplier Summit," bringing together our international business partners. At the summit, we discussed key themes shaping today's business landscape, including sustainability, digital transformation, and operational resilience. We also presented Sustainability Awareness Awards to suppliers who stood out with their innovative and impactful practices.

In addition, we participated in the TSRS Assessment Conference held during the year, where we contributed to sector wide awareness by sharing our compliance journey, approach, and practices related to the new standards. At the SKD Türkiye member meeting, we exchanged insights on our environmental strategies and cross-sector sustainability practices.

Furthermore, within the scope of the ITU Glass Technologies Engineering Certificate Program, we engaged with ITU students through all our areas of expertise shaping the future of glass. We shared our knowledge and experience across a wide range of topics from Şişecam's production processes and investment strategies to our sustainability approach, communication activities, R&D and product development, sales and marketing operations, career development, and the Şişecam Academy programs.

Thank you. We may now start the Q&A session.

Q&A

Evgeniia Bystrova – Barclays

Thank you very much for the presentation. Congrats on the results. I would like to ask you about profitability and margins. If we look at Q4 in more detail, I guess quarter on quarter there is a slightly weaker margin. So maybe the side of some gross margin side. I was just wondering if this relates to seasonality or if there were some impacts on the OPEX side affecting Q4 margins compared to Q3. Also, if you could please comment on your outlook for EBITDA margin for 2026. Should we expect improvements on the glass side in terms of profitability but weakness in chemicals given the market environment? That would be very helpful. If you could also, please touch on your CAPEX outlook for this year that would be also very helpful. Thank you.

Can Yücel:

Evgenia, thank you very much for the questions. This is Can Yücel. I would like to answer the first part of your question about the decrease in the margins in the last quarter of the year. This is something we've been anticipating. There is a level of seasonality as well, but the main reason is especially on the chemical side stemming from the margins on the soda business. As we're all aware, the oversupply in that market is clearly down pressuring the margins on that business. And this is what we experienced in line with other players in the market. We will see positive improvements on that side in the following year. About our expectations on the overall margins for the following year, as we explained in our announcements and in this presentation, the main thing is the level of pricing, especially in Turkey and Europe is improving since 2025. We're expecting to see the improvement continue in the following year and this year as well. But the most important opportunity for us is the value-added products. Till now, we've been serving the coated glass market with the existing capacities. As we announced in the first month of this year, we've been introducing additional coated line capacities in the market, mainly focusing on the European market. Those two will be Bulgarian and Italian lines, which we introduced. How they will perform and how much they will contribute will be based on the pricing levels. And maybe the last part of the question is the CAPEX that we will undertake this year, Gökhan will comment more detail on this one. But one thing is very critical. 2025 is a very important or critical year for us because we've completed our major CAPEX in this year. The ignition of the furnaces is starting from the first quarter of this year. We will see the EBITDA contribution after the ramp-up period. We will not be having any major CAPEX in 2026. Our soda ash CAPEX, is currently being reassessed. We've been following the pricing levels in the market and updating our forecast. So, we are revising the plan on this side. We will see how much we will be investing in that CAPEX in the middle of this year, and we will be announcing it correspondently. Apart from that, the total CAPEX we're expecting for this year is around 500 Million USD and it is mainly coming from the payments of the CAPEX that's been realized in 2025, and these are the parts which will be paid in 2026. The remaining parts are usual maintenance CAPEX.

Gökhan Güralp:

Can Bey explained in details. To sum up, the level of capital expenditures in 2026 will not exceed 2025 levels. We are almost commissioning most of the investments and starting with the first quarter, we already ignited the first furnace for glass packaging in Hungary, and we already ignited the coated glass investments in Bulgaria and in Italy. In the rest of the year, we hope to start being productive in the remaining investments. So, 2026 will be the finalization of the investments. But the payments for the remaining parts of these investments will continue during 2026. That's why we can conclude that the level of the CAPEX will not exceed 2025 levels and that's why it will be around 500 - 600 Million USD during this year.

Ergün Unutmaz - Individual Investor:

Thank you and congratulations on the results. Following your remarks, Can Bey, investments and efficiency were the highlights of the release. In this regard, I have a follow-up question. It is on the outlook of debt burden. Gökhan Bey has already briefly mentioned, as cold repairs and heavy investments left behind, can we assume steady declines in debt level and improvement in multiples? And if we have time, I have a brief second question on share buybacks. Last time in earnings release, you said it is finalized and over, program is over. And as far as I know, there was no development in this theme since then. Do you plan to sell these shares now or cancellation of the treasury shares is also an option? Thank you.

Gökhan Güralp:

I can start with the share buyback program. As you just mentioned, we announced that we already ended the share buyback program as of June 30, 2025. And after that, we didn't announce any new share buyback program and nowadays it is not on our agenda. About the treasury shares, the management is reassessing how to conclude it. We are following the markets and accordingly we will decide, but it is not decided yet.

Ergün Unutmaz-Individual Investor:

My second question was about the debt burden. Are investments complete or any heavy investments left behind?

Gökhan Güralp:

The level of the capex will be at the same level almost with 2025. Our main aim is of course to decrease the net debt level. First of all, with the generation of additional EBITDA from the investments recently taken online, the level of net debt will be decreased. But in 2026 we will start to get performance from our new investments. Our main aim is to keep the net debt level at least at the same level with 2025. If you look at our free cash flow, you can see that CAPEX is the main cash outflow item. We will try to keep the net debt level at least at the same level with 2025, but with the generation of EBITDA, the leverage will be decreased in 2026.

Can Yücel:

An additional comment, de-leveraging the company is the main goal of our team. It is either through getting additional EBITDA from the new investments, which are finalized and which are expected to be more value added. And the second thing is we have inoperative assets in our portfolio. These are mainly our old assets that's been used for production but not available for production for the moment. We will be going through a sale process and hopefully we will realize their value soon and de-lever the company through that way as well.

Gustavo Campos-Jefferies:

First of all, if you could elaborate on your expected pricing dynamic in architectural glass in 2026. We saw a significant increase, especially in the fourth quarter. So, pricing dynamic is increasing and accelerating. Do you expect double digit pricing growth to persist into 2026, or do you expect some kind of moderation from here? I was also wondering if you could please touch on your initiatives on idle real estate assets as well as your management of your precious metals' portfolio. Are you indicating that you are looking to monetize more assets in 2026? If you could please give us some guidance on how much assets are you planning to monetize and what are the expected use of proceeds from these assets, that would be much appreciated. Those are my two questions. Thank you.

Can Yücel:

Thank you very much for the questions. Let's start with the last one. For the overall value of the assets, disposable assets for the moment, you can assume it to be around 500 million USD. What we've done in 2025 is we realized or monetized a part of it. We've done a sale which is around 50 million USD. It was accompanied by a sale of a portion of our precious metals' portfolio. It was around 10 million USD as well. We will continue with this strategy. The important thing is how much of the value of the assets we can realize for the moment.

Going back to your pricing strategy question, our pricing strategy for this year is we're changing the product portfolio in many ways. For the architectural glass, as we mentioned, we will be more active in the market through the coated glass lines. We will be trying to attract the additional margin there, but the overall rule of cost pass through will be available for this year as well. We have started the same strategy in the Turkish market by the beginning of this year. We will continue as much as we can for the following part of the year too. Gökhan Bey do you have any other comments?

Gökhan Güralp:

About the assets, our investors can follow the balance sheet. We already counted most of the assets as investment property on hand. We are reassessing the sale of these assets in order to generate additional cash and decrease the leverage.

Gustavo Campos - Jefferies:

Thank you very much. If I may clarify, the amount of proceeds that you already monetized in 2025 and the expected amount of proceeds that you are planning to monetize in 2026, I know that it may not be certain yet, but did I understand it was something around 500 Million USD expected, like a targeted amount for 2026, is that correct?

Gökhan Güralp:

Yes, appraisal value of these assets is around 500 Million USD.

Can Yücel:

It is not the targeted amount because the targeted amount depends on the market conditions. This is the total value of the portfolio. This is the appraisal value of the portfolio. In any case, if we find meaningful offerings or realized prices, then we will go through the sale process one by one. We cannot comment on how much of it we can realize for the moment because these are valuable assets and they are high value per asset, so we will see how the market will react. We will see the improvements soon in the following months.

Gustavo Campos-Jefferies:

Understood. Thank you. You are still expecting to be free cash flow negative in 2026, even with these proceeds. Is that a correct assumption?

Gökhan Güralp:

Even with these proceeds, we cannot comment directly, but without taking into consideration of these proceeds, because of the capex size that we mentioned around 500 - 600 Million USD, we are expecting for negative for free cash flow. But with the additional cash generation from the asset size with sales, we hope to decrease the level of the negative free cash flow.

Alper Özdemir - Azimut:

You mentioned that you ignited the furnaces in the glass segment that were included in 2025. Does this mean that your volumes are expected to be higher this year and margins would be better given the weak demand environment? On the leverage, do you think, as far as I understand, your net debt to EBITDA will be higher in 2026 compared to 2025. Is this correct?

Can Yücel:

The commissioned lines are basically aimed at high value added products, the coated glass lines. We will be increasing our capacity on that business and the purpose of those investments is to achieve higher margin products and we will see improvements in the margin, which will affect our financial position accordingly.

Erica Ive-Metlife:

The first one will be on EBITDA. I remember it was mentioned before that EBITDA from new investments, commissioning of new investments, would have been this year between 150-200 Million USD. Is it still the case, considering what has been commented just before about margins?

Can Yücel:

These are the non-IAS figures that you're expecting. These are still valid.

Erica Ive-Metlife:

Thank you. It was mentioned as well in one of the recent updates that you would have used asset monetization, but possibly also factoring, receivable discounting and a supply chain facility. Could you give us an update of how much do you think to use, to basically to draw this year?

Gökhan Güralp:

Yes Erica, we are following the opportunities in working capital financing activities. At the year-end 2025, we didn't use factoring for receivables, just we followed the market and accordingly we didn't realize any factoring activity. But for the current year, we will follow the market conditions and in order to have better working capital results, of course, we will continue to follow such kinds of opportunities. In trade finance, in factoring, in additional tools, we are always following the market. If we see opportunities with good rates, we will perform it.

Erica Ive - Metlife:

Thanks, that's very helpful. If I may squeeze another question, in all honesty, I was a bit surprised about the fact that in the final quarter of the year you generated negative free cash flow. Because I remember you said that you would expect to break even free cash flow in the second half of the year in total. In fact, leverage went to 5x what I think before you were saying below 5x. Is there a particular reason why you kept a very high level of CAPEX burn, just because you felt comfortable that ultimately you can de-leverage where you are targeting? Can you just give some insight on why you took a decision to still burn some cash?

Gökhan Güralp:

Erica, I can summarize quickly. In 2025 and 2026, as we mentioned, we do not expect any positive free cash flow because of the size of the CAPEX. And in the last quarter, especially 2025, in order to accelerate the ignition of the furnace, in order to be productive starting with the first quarter of 2026, we accelerated the CAPEXs and in order to start to generate EBITDA as soon as possible and in order to decrease the level of the net debt, of course, and keep the net debt level at least at the same level at the end of 2025. So, 2025 and 2026 almost will be the same, and will have the same free cash flow structure with negative free cash flow. And after ending these investments and starting to generate additional EBITDA, as you also asked, with the additional 150 - 200 Million USD, we will start, of course, to generate most probably without adding new CAPEX, a positive cash flow starting with 2027. Just acceleration of CAPEX created the same level of the negative free cash flow in the last quarter.

Moderator:

Thank you very much. We would like to thank everyone for participating today. I will now hand it back to Şişecam Management team for the closing remarks.

Can Yücel:

Thank you very much for your time and joining our presentation. We would like to thank you very much for the questions as well. I hope we answered all the questions. Thank you very much, see you next time.

Gökhan Güralp:

Thank you.