2025 H1 Results Webcast Transcript

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

August 18th, 2025

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Hello and welcome to Şişecam H1 2024 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 First Half Earnings Results Webcast. Today, I'm together with our CFO, Gökhan Güralp and our IR Director, Hande Özbörçek.

Having stepped into the CEO role four months ago, I am very happy to share how we have been building momentum and outline the strategic priorities that guide our path forward.

I would like to hand over to our CFO Mr. Güralp for the presentation.

GÖKHAN GÜRALP

Thank you very much Mr. Yücel. Good afternoon, ladies, and gentlemen. I hope everyone is well since we last spoke. And I would like to thank you all for joining us today.

We will commence today's webcast by presenting a comprehensive description of the Efficiency Management Program introduced earlier this year, underscoring our progress to date. We will continue our presentation by delivering the financial and operational results for the first half of 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.

The global business landscape has been significantly influenced by macroeconomic and geopolitical developments since 2024. Challenges such as sluggish global demand, inflation-induced production cost increases, and stringent monetary policies have impacted industrial sectors and exporters worldwide. In response, we have proactively reassessed our company's priorities to maintain operational resilience and ensure sustainable long-term growth.

We have adopted a cautious, agile, and cost-optimization-focused management approach, strategically targeting accretive areas to bolster financial resilience. We have diligently implemented prioritized actions within this framework.

By 2025, this strategic framework was moved to a more comprehensive and systematic structure and has been executed since then under the "Efficiency Management Program". This program targets the facilitation of proactive measures in resource allocation, process optimization, and cost control. With the Efficiency Management Program, we aim to ensure our Company's long-term financial stability with a holistic approach covering all our functions and fields of activity. To achieve this, we are aligning resources and capacity through continuous market demand assessments to facilitate portfolio rationalization. We are also taking steps to enhance operational efficiency and to optimize expenses across all categories. Furthermore, we are improving our responsiveness to shifting market conditions by customizing go-to-market strategies, pricing policies, and customer management, all in alignment with our primary objectives.

Our overarching goal is to establish a robust cash flow and a strong balance sheet. We are committed to reducing debt and creating sustainable value for our shareholders while increasing operational efficiency. To support this, we consistently evaluate new projects and opportunities alongside existing initiatives.

Today, we will be discussing our Efficiency Management Program under two main pillars. Efficiency and Optimization and Controlled Management of Investments.

Under the Efficiency and Optimization Principle, we have undertaken three separate strategic managerial initiatives, including relocating and transferring specific production activities and revising cold repair plans.

The first initiative focused on consolidating our Automotive Glass Operations in Europe. This strategic decision aligns with our goal to optimize our production footprint in the region. We are consolidating our encapsulation facilities in Germany and Hungary into our Slovakia plant. The primary objectives are to enhance production efficiency, achieve cost savings, and improve supply chain effectiveness. Our aim is to leverage our expertise in the encapsulation business and reinforce our strategic significance in this sector, thereby enhancing our competitive edge in the region and sustainably strengthening profitability. Upon the completion of this transition in 2026, this strategic initiative will fundamentally optimize our primary goals of enhancing production efficiency, achieving cost advantages, and improving supply chain effectiveness.

The relocation of Handmade Glassware Production was our next step under this principle. In June, we decided to move our longstanding handmade glassware operations from Denizli to our state-of-the-art manufacturing facility in Kırklareli. This decision was driven by considerations of enhancing the economic value of our almost a century long handmade glassware production. The integration of both handmade and automated production processes at this modernized factory is set to be completed by December.

The decision to advance the cold repair at our flat glass production facility in Northern Italy aims to enhance capacity planning and value creation in the region through more efficient management of production, sales, and inventory balance, while optimizing costs. These operational adjustments, along with price recoveries and increased capacity utilization at other EU facilities, have positively contributed to our Flat Glass operations in Europe. With the market recovery expected in the second half of the year, we plan to increase value added products' share in our sales mix with new coating lines to be commissioned in Bulgaria and Italy in 2026.

Controlled management of investments is a crucial component of this strategic transformation, as our Company balances production capacity with greenfield and brownfield investments while maintaining its leadership in industrial transformation.

TR9 flat glass furnace and energy glass production lines in Tarsus are one of our key investments in Turkey. This greenfield investment exemplifies our Company's commitment to sustainable growth. By investing in energy glass production, we aim to satisfy the rising glass demand in the solar energy sector, projected to grow at 6% CAGR over the next 5 years, to reduce Turkey's reliance on energy glass imports, and enhance its export potential. Through this investment, we are not only expanding our production capacity but also contributing to Turkey's green transformation and energy independence.

This investment includes establishing a patterned glass furnace with an annual capacity of 288 thousand tons and energy glass lines with an updated processing capacity of 47 million sqm per year. Upon completion, our patterned glass production capacity is projected to reach an annual gross level of 396 thousand tons. Both the patterned glass furnace and the energy glass processing lines are expected to commence production by the last quarter of this year. Furthermore, the TR9 furnace is anticipated to be operational in the first quarter of 2026.

The three coated glass investments are pivotal to optimizing our portfolio, as they will enhance our value-added product mix. We prioritize these investments to meet the rising demand for eco-friendly building materials and the conversion of existing buildings to energy-efficient standards in Europe and in Turkey. In order to sustain a competitive edge through improved operational efficiency and an expanded product range, ultimately delivering greater value to end-users by boosting the production volume of value-added products, we are planning to launch these three new coated glass production lines that will enable us to double our current coated glass capacity in 2026.

As part of our international growth strategy, we are setting up a two-furnace glass packaging production facility in Hungary, to address the anticipated steady demand growth in the European glass packaging market. This investment represents our first glass packaging production facility in Europe, targeting an annual output of approximately 396 thousand tons at full capacity. And its commissioning will be timed for optimal market conditions, with furnaces ignition schedules and production plans adjusted accordingly.

We do kindly ask you to consider our renewed plans for the introduction of our prioritized investments for your valuation models.

Before we start presenting our Company's 2025 first half financial results, 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 first half 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 June 30, 2025. At the end of the operational and financial review section, you may see a display of our key financials without IAS 29 impact. While reviewing our reported figures, we will provide our unaudited key financials without the impact of IAS 29 as well.

Slide 6 displays our key financial results.

We concluded the first half with a consolidated revenue of 101 Billion TL.

Year-over-year sales volumes continued to outperform, especially in the Glass Packaging business line, with notable improvements in both Turkey and Russia.

Architectural Glass segment also saw slight progress, primarily due to positive trends in sales volume.

Chemicals business line experienced a modest decline in annual sales volume due to global oversupply conditions. Meanwhile, Glassware and Industrial Glass segments contracted, attributed to persistently weak consumer sentiment for the former and variations in the backlog and client-driven requests for lighter products for the latter.

Product pricing improvements were visible in all glass businesses and across all geographies while hard currency pricing remained stable in our Chemicals operations.

Meanwhile, based on 2025 first half closing data, the annual increase in CPI index came in at 35% while the reporting currency depreciation against hard currency basket stood at 19%. This gap between the inflation rate and the change in the value of reporting currencies in international operations relative to the Turkish Lira continued to adversely affect our revenue growth.

Accordingly, our consolidated topline came down by 13% YoY. On the other hand, an annual growth of 19% was recorded in our consolidated revenue based on non-IAS 29 figures.

In the first half of 2025, amidst challenging market conditions, we continued to concentrate on efficiency and optimization. We remained strongly committed to enhancing efficiency, prioritizing value-added products, and implementing capacity management initiatives. Improved production efficiency reduced operational costs, and better resource utilization significantly bolstered our profitability. Additionally, the recovery in financial indicators was supported by price improvements in our core operations across all geographies, including the European market. Consequently, our gross profit margin increased by 380 basis points to reach 27%. It is noteworthy that we succeeded in returning our EBIT margin to positive territory after recording operating losses in the last two consecutive quarters. This impact was also reflected in our EBITDA, with a margin of 13%. We achieved double-digit EBITDA margin in both the second quarter and the first half results. In addition to the monetary gains on tangible fixed assets stemming from inflation accounting, revaluation of investment properties resulted in 1.8 Billion TL increase on the net investment income and led to 180 bps addition to the EBITDA profitability.

The Non-IAS 29 figures highlighted the same trend, with an EBITDA margin increase of 720 basis points to 22%.

Profit before tax declined by 3% YoY despite more than twofold increase in financing expenses. Parent-Only Net Income amounted to 4 Billion TL, reflecting a net profit margin of 4%. We achieved a monetary gain of approximately 12 Billion TL, an increase of 1.3 Billion TL.

During this period, we recorded a deferred tax expense of 764 Million TL, in contrast to a deferred tax income of 1.5 Billion TL in the previous year. This shift from income to expense is attributed to the rise in the net book value of fixed assets. This increase stemmed from the appraisal of investment properties and the extended useful life of tangible fixed assets due to technological advancements. Consequently, the disparity between the deferred tax assets recognized under the reporting standards and the methodology applied to statutory statements led to the deferred tax expense.

Net income for the period based on non-IAS 29 results stood at 7.5 Billion TL.

Moving onto Slide 7, we will review the segmental breakdown of our consolidated topline and EBITDA.

During the reporting period, our operations portfolio maintained a well-balanced structure, with glass operations accounting for two-thirds of our revenue. Both Architectural Glass and Chemicals operations each contributed 23% to our consolidated revenue with Architectural Glass being the largest contributor. Notably, Architectural Glass, operating 14 active production lines in Turkey, Europe, India, Russia as well as a line in Egypt with partnership with Saint Gobain, was ranked as the top EBITDA generator, accounting for 37% of our consolidated EBITDA, thanks to an improved pricing environment and the efficiencies gained through the Efficiency Management Program initiatives. Meanwhile Chemicals operations stood as the second highest performer in terms of contributions to both revenue and EBITDA with 23% in the former and 26% in the latter.

Glass Packaging business line, with its 9 production facilities and 25 furnaces located in Turkey, Russia and Georgia, was ranked as the third largest contributor, accounting for 22% of our consolidated revenue and 26% of our EBITDA.

Industrial Glass business line, which accounted for 13% of our consolidated revenue, contributed negatively to our EBITDA generation. However, the segment achieved an operating profit in Q2'25 for the first time since late 2023, attributable to the implementation of operational efficiency measures.

From our Glassware operations with 10 furnaces in 6 facilities, 3 of which located in Turkey and the remaining half 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 unfavorable demand dynamics leading to higher days inventory outstanding and amplified exposure to high inflation.

Energy segment's performance, resulting from our electricity trading operations, came in with 5% share in total revenue and neutral impact on our operating profit.

On Slides 8 and 9, we aim to present the key takeaways regarding the full year performances of our core business lines individually to provide you 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 unit exhibited resilience amid challenging market conditions. In response, we advanced the cold repair process at our North Italy facility, maintaining output levels consistent with the previous year. Capacity utilization reached 88%, driven primarily by improved rates in EU-based facilities. This recalibration of production levels enabled us to sustain operations without product shortages while benefiting from reduced manufacturing costs due to higher capacity utilization.

In the reporting period, consolidated Architectural Glass sales volume improved slightly by 1% YoY. Operations in Turkey showed consistent strength, contributing to 60% of the consolidated sales volume, driven by re-urbanization efforts and increased building renovations, which resulted in a 5% YoY domestic sales growth. In contrast, exports saw a decline, leading to lower total sales volumes.

European operations, comprising 25% of consolidated sales volume, dealt with cautious customer stances amid heightened uncertainties but still noted signs of recovery with an 8% YoY increase in sales volume. Eastern Europe saw growth in demand for coated glass products, offsetting some regional challenges. Meanwhile Russian and Indian markets saw sales decline due to geopolitical tensions and increased low-cost imports, accounting for 15% of the overall sales volume.

Nevertheless, the business line leveraged strategic pricing adjustments, particularly in Turkey and Europe. European product prices rose by close to 40% in EUR terms from their lowest levels at the end of 2024, and price adjustments over a one-year period in Turkey due the inflation and production cost increases indicated a rise of 30% in TL as the end of June 2025. As a result, weighted average product price increase stood at 5% YoY in EUR terms.

Revenue from the business line decreased by 6% year-on-year to 23 Billion TL, and the EBITDA margin came in at 19% versus 12% in H1'24.

Industrial Glass business line, under which we report our automotive glass, encapsulation, and glass fiber operations, generated a total of 13 Billion TL in net external revenue.

The automotive glass and encapsulation division, major component of divisional revenue, navigated through a 4% YoY decline in pieces terms sales. However, due to deliveries of lighter products in alignment with OEM production schedules amid subdued market demand YoY contraction in tonnage sales was rather amplified at 13%. Auto Replacement Glass channel maintained its strategic importance, contributing 15% to the revenue stream. Average prices per ton in USD terms increased on YoY basis by 31% in this reporting period.

In glass fiber operations, against a contraction in export sales due to pricing pressure and diminished demand, domestic sales outperformed expectations by growing 24% YoY, primarily driven by strategic responses to demand conditions through benefiting from spot market opportunities. This led to limit consolidated sales volume decline to 9% YoY while average prices per ton in USD terms grew by 14% YoY.

Glassware segment faced significant challenges, culminating in a contraction of topline revenue by 20%, resulting in a net external revenue of 12 Billion TL in the first half of this year.

The internal and external economic environment exerted pressure on the business, with persistent global recession speculations and elevated customer inventory levels contributing to a 23% YoY decline in consolidated sales volumes. International sales accounted for nearly half of the topline, yet experienced notable declines due to weak demand and competitive pricing from low-cost imports, especially in regions facing geopolitical tensions. The impact on domestic sales was marked by weakening consumer sentiment and decreasing consumer purchasing power, which led to declines in all channels, despite attempts at bolstering performance through promotional campaigns in specific sectors like discount retailers. The Glassware segment's strategic focus remained on premium positioning, which mitigated some adverse effects through regional price adjustments. Consequently, the average USD price per ton increased by over 20% YoY, reflecting adaptive efforts to sustain revenue amidst macroeconomic pressures and weak demand conditions. We kept closely monitoring the markets and aligning our promotional strategies and maintained our premium branding strategy.

Glass Packaging business line recorded an increase in production of 5%, with consolidated output advancing, reflected in a steady capacity utilization rate average of 95%. Consolidated sales volume also grew by 5% YoY.

Domestically, sales were boosted by both non-alcoholic and alcoholic beverage categories, reflecting a broadened customer base. This was achieved through targeted strategies to penetrate the non-alcoholic sector and to maintain market share in steadily growing organic demand for both categories. Resultantly, sales to the domestic market grew by 8% YoY. Since the end of H1'24, four sequential and local currency-based price adjustments were implemented in Turkey that resulted in a 10% increase in average per ton USD prices.

Turkey's export activities have been strategically adjusted to address the adverse conditions in the MEA region, which include economic and logistical challenges like trade restrictions and regional instability. As a result, efforts have shifted towards penetrating newly emerging and promising markets such as Eastern Europe and the Americas.

Russia and Georgia facilities operations experienced variant performance due to regional dynamics. Despite a minor drop in production share, these regions contributed to a modest rise of 2% in sales volume supported by steadily rising consumption, increasing demand for glass packaging in the beer category, and new beer brand launches. Product prices were increased once since H1'24-end by 22% in Rubles. Coupled with the local currency depreciation, this translated into 30% higher per ton USD prices YoY.

The implementation of consistent pricing strategies, addressing inflationary pressures and cost variations, resulted in an uplift in average prices per ton, consolidating our market positioning across Turkish market and CIS region.

Glass Packaging segment's robust operational performance translated into 4% YoY growth with its net external revenue of 22 Billion TL. EBITDA profitability stood at 15% versus 9% in the prior year

Lastly, our Chemicals Business line.

The first half of the year for soda and chromium chemicals business units was marked by strategic maneuvers amidst fluctuating market conditions. Soda chemicals faced a challenging environment with consolidated production relatively lower, marked by maintenance activities and inventory adjustments. Capacity utilization rate stood at 89%. Although global demand was subdued with variances across regions, soda ash sales volumes fluctuated, with a notable decrease internationally due to low European demand and strategic decisions in competitive regions. Meanwhile sales in Turkey and in the States saw growth through effective client base expansion. As a result, total soda ash sales moved down by 3% YoY in volume terms. Pricing environment, on the other hand, remained relatively unchanged, with slight quarterly improvements.

Conversely, Chromium Chemicals segment underwent a notable transformation. Initial macroeconomic pressures and high inventories hampered demand particularly in the first quarter. We manage to limit the decline in sales volume to 8% in the reporting period by leveraging enhanced sales strategies in targeting market share gains. This shift aided in augmenting our average per ton prices by 4% YoY despite ongoing competitive pricing pressures.

Resultantly, Chemicals business line reported 23 Billion TL revenue, a decrease of 14% year-on-year and 14% EBITDA margin.

Moving onto Slide 10, With our production facilities located in 14 countries, 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 relevant currency depreciation, we successfully maintained a 62% share of international sales in our consolidated top line. Export revenue, 53% of which was generated from sales to Europe, stood at 483 Million USD. Including revenue generation of Şişecam facilities located in the region, Europe accounted for 31% of our topline. US market exposure through sales from US natural soda ash operations as well as exports, stood at 12%. Accordingly, our developed market's exposure came in at 43%.

On Slide 11, you may see the details on our liquidity position. We ended the first half with 1.1 Billion USD cash and cash equivalents including 108 Million USD financial assets, of which 59 Million USD Eurobond investments maturing in 2025 and 2026. Gross debt stood at 3.9 Billion USD, with a term structure of 53% long-term to 47% short-term. 82% of the gross debt was denominated in hard currency and 94% of the remaining balance was in TL. The interest rate structure comprised of 65% fixed to 35% variable. The hard currency share of cash and cash equivalents, including financial investments, stood at 57%. Our net debt position amounted to 2.8 Billion USD, translated into a net leverage ratio of 5.8x. On the other hand, based on non-IAS 29 results, which offer a higher accuracy for monitoring the trend in our business' operational performance and our financial position given the persisting gap between interest rate and the reporting currency devaluation, 2025 first half net debt and trailing EBITDA figures indicated a net leverage ratio of 3.2x, which is below the limits of our covenants.

At the end of the first half of 2025, we had a net short FX position of 6.8 Billion TL with 81 Million short in USD and 100 Million short in EUR.

Moving onto Slide 12, our Capex remained unchanged YoY at 14.6 Billion TL. The distribution of CapEx across business lines was as follows:

- 46% of the total Capex was attributable to Architectural Glass segment, mainly in relation with greenfield flat glass facility and furnace as well the new patterned glass furnace investments in Turkey-Tarsus
- Capex in relation with greenfield glass packaging investment in Hungary and payments made in relation with the cold repair processes in Turkey and Georgia in H1'25 corresponded to 31% of the total
- Chemicals segment accounted for 8% of consolidated Capex figure with payments mainly in relation with operational efficiency and maintenance investments in Mersin, and Wyoming plants
- The remaining balance was related to Industrial Glass, Glassware and Energy segment maintenance expenses.

We ended the reporting period with a cash inflow from operating activities of 16.1 Billion TL compared to 10 Billion TL in the prior year mainly due to non-cash adjustments. Including the monetary loss on cash and cash equivalents, we recorded a negative free cash flow of close to 19.5 Billion TL.

On Slide 13, you may see our key financials without the impact of IAS 29, which we have already walked you through at the beginning of this webcast, while we were providing details on our reported financial results. Yet we would like to add that our total assets and total equity have grown by 9% and 12%, respectively compared to 2024 year-end.

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) published by the Public Oversight Accounting and Auditing Standards Authority Şişecam's first TSRS-compliant sustainability report was published on August 1.

We have been voluntarily reporting on sustainability for 12 years, disclosing our social and environmental impacts, including those related to climate change, as a testament to the importance we give to integrating ESG to our business strategy, which we take even further with TSRS, in line with the new regulation.

Through our TSRS report, we share in detail the risks and opportunities related to climate change, our governance structure and how we work to improve the resilience of our business in the face of climate change. Şişecam's risk management practices, corporate governance practices, and the role our product portfolio plays in managing the impacts of climate change are shared in detail in our TSRS report.

You can access both the Turkish and English versions of our TSRS-compliant sustainability report via our micro website.

We celebrated our 90th anniversary with our global business partners at the Şişecam Global Supplier Summit in Istanbul, addressing key topics such as sustainability, digital transformation, and operational resilience, and presented Sustainability Awareness Awards to outstanding partners as we continue to focus on strengthening our collaborations and building a more sustainable future together.

- Sustainability Trainings: With the Sustainability E-Learning Project we launched in 2024, we aim to place our sustainability agenda at the core of our business processes and support our colleagues in integrating this agenda into their own work. The digital learning program, consisting of eight modules focusing on different areas of sustainability, from Diversity, Equality and Inclusion to supply chain, is designed to foster a shared understanding of sustainability across the organization while providing tailored knowledge depth for each function's specific needs.
- Şişecam's Support for the Perge Ancient City Excavations: As a company that laid the foundations of the glass industry in Türkiye in 1935, we continue to contribute to initiatives that shed light on the historical journey of glass. In line with this commitment, we have sponsored archaeological excavations at Perge Ancient City, aiming to support the preservation and scientific study of the glass furnaces and glass remnants uncovered during the excavations. Through this collaboration, we aim to contribute to the preservation of cultural heritage while scientifically documenting the historical development of glass and passing this knowledge on to future generations.

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

Q&A

Lorenzo Parisi – JP Morgan:

The previous guidance that the company gave was that CapEx would be for the year maximum up to EBITDA level. Is that still the case for the rest of the year, given that for the first half of the year, actually the CapEx was above the EBITDA. Does that mean that you expect increasing EBITDA over the remaining two quarters or much lower CapEx going forward? Thank you very much.

Can Yucel:

Thank you very much for your question. As you mentioned, we will stick to our previous guidance regarding the CapEx. It will be inline with our EBITDA. And as Gokhan Bey mentioned, this year is basically a year for optimization. We will be focusing on the CapEx. For the ongoing one, we will be optimizing the CapEx investment, especially trying to advance the ones, which will increase our capacity utilization, which are about to be completed and will be bringing value added products. Those are the ones in Tarsus on the energy glass side. As we mentioned, this is one critical business opportunity for Sisecam. Energy glass side is highly value added. What we see for the moment is the market is currently being supplied by imports due to lack of capacity, domestic capacity in Turkey. And we see the potential there. We will be focusing on supplying the energy glass domestically through our Tarsus plant. We can clearly say we can see demand piling up. The other part is that we will be continuing with our CapEx in Hungary, which is about to be completed. And as explained before, this is another we will see margins and we will see market evolving. Other than that, other big CapEx items, we're not in that area. We are currently assessing the market conditions. We're trying to optimize the investment costs. And this will be the strategy without exceeding EBITDA figures for the year.

Lorenzo Parisi – JP Morgan:

Thank you. Can you perhaps provide some guidance on the CapEx figure that you expect for the full year or for the remaining two quarters?

Can Yucel:

It will be lower than the first six months. And as I explained, it will be decided based on the EBITDA generation capacity of the consolidated Sisecam figures. We will be progressing on a monthly basis and strictly following EBITDA generation performance

Lorenzo Parisi – JP Morgan:

Perfect, thank you very much.

Evgeniia Bystrova – Barclays:

Thank you very much for the presentation. Congrats on the results and thank you for presenting your efficiency program. Just a quick follow-up on the previous question on CapEx. Do I understand correctly that you will stick to 100% of EBITDA generation for your CapEx investments? And maybe for my main question on EBITDA, just if we go into the details of the recovery in second quarter, could you please provide what were the specific drivers of the recovery? I see the gains on investment properties, so could you please elaborate on this? Do you have a target for your margins for the rest of the year for second half or maybe like an annual number in non-IAS29 terms or IAS29 terms? Just any guidance would be very helpful. Thank you.

Can Yucel:
Okay, thank you very much for your question, Evgeniia. Maybe one thing to clarify, as I said, CapEx figures will be in line with EBITDA. It is at most 100% EBITDA. We are able to minimize those numbers. And if it makes sense economically, then we will do it. Going back to our EBITDA figures for the remaining half of the year, actually, it depends on so many things, as you're aware. Some of the things which are under our control, we will be trying to do the maximum on that side as we did in the first half of the year. On the second half of the year, what the EBITDA performance will be more based on how we can tap to the value-added markets, just like the energy glass, how we will tap to the markets in Turkey and also in Europe. So on EBITDA generation, cost-wise, we will be doing our best as we did in the first half, and we will tap the best market opportunities as much as we can do in the second half of the year. Investment properties, we're focusing on exposing some non-operational assets if we can reach meaningful levels. And this is an additional cash generation capacity on our side, but this is something on top of our usual performance. Maximizing operational performance is currently the main priority of Sisecam.

Evgeniia Bystrova – Barclays:
Thank you.

Cemal Demirtas – Ata Yatırım:
Thank you for the presentation and congratulations for the results. My question is again related to the potential recovery in the third quarter and maybe in the fourth quarter. And maybe connection to that, I would like to understand how much did the EUR/USD or EUR/TL have some impact on the margin improvements at the EBITDA level? You know, that's my question. And the follow-up maybe, you know, as a related question, the soda business and some global commodity side, do we see any signal of bottoming out? You know, overall, do we think the worst is over for Sisecam in terms of operating performance? Thank you.

Can Yucel:

Thank you very much for your tough question. The first question is the performance of Sisecam related to parity and FX rates, which is something which is not very easy to foresee. As 60% of Sisecam revenue is in foreign currencies, any improvement in FX rate is basically providing us more room for improving our topline. This is the case for EUR/USD parity as well. For the soda business side, it's another tough question because as you clearly see, there is a global oversupply on soda business. This is due to increasing global demand as well as instable capacity all over the world, including China. Therefore, the market is currently evolving in line with developments on both sides. But what we see for the moment, increasing competition is somehow taking down the price level. It will be stabilized with capacity clarification on the market as we had on the flat glass side. This is what we are expecting. Therefore, the market will continue with the same levels in the near future, it will eventually improve in the medium to long run. This is our expectation.

Cemal Demirtas – Ata Yatırım:

Thank you, Bey.

Ergun Unutmaz – Individual Investor:

Thank you very much for the presentation, Gökhan Bey. After a long continuous downward period, I wish all the investors a better, more hopeful future. Can Bey, congratulations. And as this is your first webcast as the CEO of Sisecam, with this opportunity, I wish you all the best and success. My follow-up question is on soda ash business. As the soda ash production will be crucial in the future, particularly with natural soda ash investments, it is good to hear that it is still a priority. Could you give us more detail on the agenda for the Pacific soda investment or for possible calendar benchmarks? And my question is on share buybacks. The program by Sisecam was completed on June 13th of this year. On the other hand, Türkiye İş Bankası did purchase considerable shares at the end of last year, and at the end of June 2025. Is there a new program on the horizon for share purchases or continuing by İş Bankası will be good for Sisecam too? Thank you very much.

Can Yucel:

I'm glad to meet you, by the way. First, I'll start with the second question, buybacks. Sisecam's buyback program is over. It is final. On the İşbank side, there is no planned buyback program. It has been done on a selective basis. I cannot comment if it will continue or not. It is subject to discretion of İşbank. This is the most I can comment for the moment. And going back to the soda business side, yes, natural soda ash is a very strategic business area for Sisecam. As you are well aware, time to time, our soda ash segment support or contribution to our overall EBITDA is one third of our EBITDA and we're still actively working on that field. Our operation capacity in Wyoming is still in operation as planned and we are still seeking ways to increase our capacity in that field. But for the Pacific investment, we're not in a hurry. I have to be open. And we're currently assessing the investment program and our first priority is how we can minimize the cost of investment. And we're trying to investigate alternatives. Following that, we will be working on the investment plan and we will decide how we will progress. In the meantime, we're about to complete the permit progress. So we also have some more available time to do the reassessment and therefore we're selectively working on the type of investment and we're trying to minimize the investment cost and align it with a suitable type of financing. Those are the priorities for the moment. I hope it's enough.

Ergun Unutmaz – Individual Investor:
Thank you very much. Thank you.

Gustavo Campos – Jefferies:
Thanks a lot for the presentation. Congrats on the strong results. My first question is around the capital structure. If you could give us just a brief sense of your outlook for the rest of the year, where do you expect net leverage to be? You reported at around 5.8x. Do you have expectations of net leverage for the end of the year? And also, could you remind us how you are permitted to pay dividends given that the net leverage is still elevated? If you could remind us how your covenants permit you to do that. And as you touch on the capital structure, if you could just elaborate specifically on how you plan to handle your short-term debt and the repayment of the Sisecam 2026 Notes. That would be my first question. Thank you.

Can Yucel:
Okay, thank you very much. The current net leverage level of 5.8 is still high for Sisecam. And decreasing that level is basically our main priority. And supporting EBITDA is the main pillar of it. And we're trying to do as much as we can. Second part is, we have some reserve assets that we can utilize for minimizing that level as well. Which we're not in a rush, by the way, but we have some reserve assets. But with the ongoing operational efficiency levels and with the seasonality that is expected in the second half of the year, we're aiming to decrease our net leverage level in the following term. And basically, obviously our aim is to be something close to 3.5x, which is a commitment for Sisecam as well. And managing that, I can clearly say, the current market conditions or

changing market conditions, Sisecam is now able to reach long-term financing with better terms to revolve the existing level of debt. And we have quite some time to revolve our long-term debt as well in the meantime. And for the dividend distribution question, dividend distribution policy is subject to Sisecam discretion and EBITDA. And if it is necessary, we will do a change in the distribution policy in the following period.

Gustavo Campos – Jefferies:
Apologies, I may have not picked that up. Did you mention a specific, is there like a specific expectation for the end of the year? Or, I'm sorry, the call might have glitched. Did you say like 5x for the end of 2025?

Can Yucel:
I didn't mention any specific number, you're right. I'm not providing any guidance, but we will be aiming for getting levels close to 3.5x by the end of this year. It is subject to market conditions and also increasing EBITDA performance of Sisecam.

Gustavo Campos – Jefferies:
Okay, understood. Yeah, thank you. And my second question and last one, I am just trying to get an understanding of your cost-cutting initiatives and your organization optimization that's happening this latest quarter. So I see that, for example, your EBITDA margins jumped from 15% to 22% using non-inflation accounting numbers. How much of this margin expansion was attributed to your cost-cutting initiatives and how much of it was attributed to better pricing in Europe? Would you, could you give us like a rough estimate of like of the drivers of this dynamic? That would be much, very helpful and much appreciated. Thank you.

Can Yucel:
Actually, thanks for the second question. This is a figure which cannot be attributed to easily, but I can say the overall number 10% of improvement is through our efficiency management program. Sorry, I'm not sure if you can hear me.

Gustavo Campos – Jefferies:
Understood. So 10% was driven by cost-cutting initiatives while the remainder, it actually implies that if it wasn't for your cost-cutting initiatives, EBITDA margins would have been lower compared to last year. Thank you very much.

Anjali Doshi – Nuveen:

Hi, thank you so much for the presentation and congratulations on the results. Just one question, just following up to the prior one. It's really around the various efficiency initiatives that you highlighted. Maybe if you can give us a sense of what you see as sort of the annualized EBITDA margin contribution from these initiatives, and maybe if you can reiterate on the timing. So you mentioned shifting some production within Europe to lower cost location, some glassware production moved from Denizli to a new modern facility, some cold repair in Northern Italy. Maybe if you can just sort of walk through those again and how either individually or in aggregate, you expect that to lead to an improvement in EBITDA margin. I think that would be really helpful to understand. And then also would be interested, given the investments and focus on the energy glass business going forward, you know, what do you expect as sort of the margin on that business? Like, what can we expect as sort of the run rate going forward? And then if you can give us a sense on in terms of volumes as well, you know, what do you see in terms of the potential for that market in Turkey and also potentially elsewhere? And, you know, maybe some kind of strategy around that particular business. I think that would be helpful. That's my first question. Thank you.

Can Yucel:

Okay, thanks for the question. For the numbers, I'm kindly asking you to get in touch with our people on the industry relations side because you asked so many things, including numbers and detailed information, but to give you a brief idea about the energy glass price. Currently, the energy glass consumption in Turkey cannot be fully satisfied by the existing capacities. And with the capacity of Sisecam, this will be online in the last quarter of this year, the market will fully be supplied by the Turkish producers. And on top of it, we are currently seeing demands on the export side, even starting from the United States. And from what we see, we can fulfil the capacity on our Tarsus plants and the margins on that side are clearly higher than the surplus margins that we currently have in the market. And for the EBITDA, I cannot provide the guidance, but as I explained in the beginning, all the changing market conditions and existing unclarity in the market, we're trying to maximize our EBITDA margins as much as possible.

Anjali Doshi – Nuveen:

Okay, thank you. And then my second question just relates to, going back to the question around the balance sheet and the ways that you're looking to address some of the short-term debt obligations as well as the Eurobond next year. I think in the past, it was mentioned that supply chain finance could be utilized, especially given sort of the constraints related to the covenants. So maybe if you can provide some more color on sort of where that stands at this point, what your targets would be for the end of this year in terms of raising funds to that channel? I think that would be really helpful. Thank you.

Can Yucel:
Actually, first of all, debt reduction is our main priority because we pay a distinct financing cost which is generally much better for our balance sheet, which is our priority. But on the short-term borrowing side for Sisecam, we're currently able to exceed limits beyond our expectations with terms and conditions much better than the existing levels for the moment. And this is exactly related to the changing market conditions in Turkey. All the banks are open to providing better levels for the moment. And introducing alternative financing methods, we're doing some part of them, like supply financing, but there are other methods as well. And we're investigating or exercising those methods in line with availabilities. We're doing factoring whenever it's possible doing supply financing or providing finance to our clients through other means. We're extending their maturity on bank lending with the support of Şişecam for their payments. Those are the cases that increase our ability to access financing with better figures.

Anjali Doshi – Nuveen:
Understood. Thank you very much.

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

Can Yucel:
Thank you very much for joining and thanks for your time. See you next time.