

ŞİŞECAM GLASS PACKAGING



INCREASE IN
ŞİŞECAM GLASS
PACKAGING SALES
REVENUES

38%

EUROPE'S AND THE
WORLD'S 5TH LARGEST
GLASS PACKAGING
MANUFACTURER

AN OVERVIEW OF 2021

In 2021, the global economy rebounded as a result of growing vaccination rates around the world, emerging less virulent variants of coronavirus, and ongoing stimulative measures taken by national governments. However, rapidly rising demand caused disruptions in supply chains and increased logistics costs to record levels. With longer lead times and higher logistics costs, glass packaging manufacturers focused on supply continuity.

Growing health/hygiene awareness and rising household consumption boosted demand for glass packaging across all sectors, especially the food sector. Glass packaging consumption jumped in the alcoholic beverage, soft drink-fruit juice and bottled water sectors with the recovery of the HoReCa (hotel-restaurant-catering) channel which was greatly affected during the pandemic.

Industry players focused on product weight lightening projects in addition to operational excellence and efficiency efforts in order to achieve sustainable profitability levels and offset higher energy and input prices. Investments in digitalization and sustainability, increasingly critical areas in the glass packaging industry, continued their rapid pace.

The Russian glass packaging market, after steadily contracting for years due to the government push to reduce alcohol consumption until 2018, has finally been displaying signs of recovery since 2019. In 2021, alcoholic beverage consumption rose for the first time in years. Household consumption grew despite the contraction in the HoReCa channel during the pandemic period of 2020-2021. As a result, the total glass packaging market remained at similar levels as 2019 in terms of volume. In alcoholic beverage consumption, beverages containing low alcohol content are still trending upward. Although production of alcoholic beverages is similar in all sub-sectors, the wine and champagne sub-sectors contracted due to the ban imposed by the government on the bottling of wines and champagnes coming from abroad. With higher prices for aluminum in 2021, demand for glass packaging expanded during the year.

In 2021, the Turkish glass packaging market experienced some negativities in parallel with downside developments in the economy, tourism and key sectors, mostly due to the pandemic. However, the market was positively affected by other factors, such as growing hygiene awareness and the expanding trend towards packaged and healthy food.

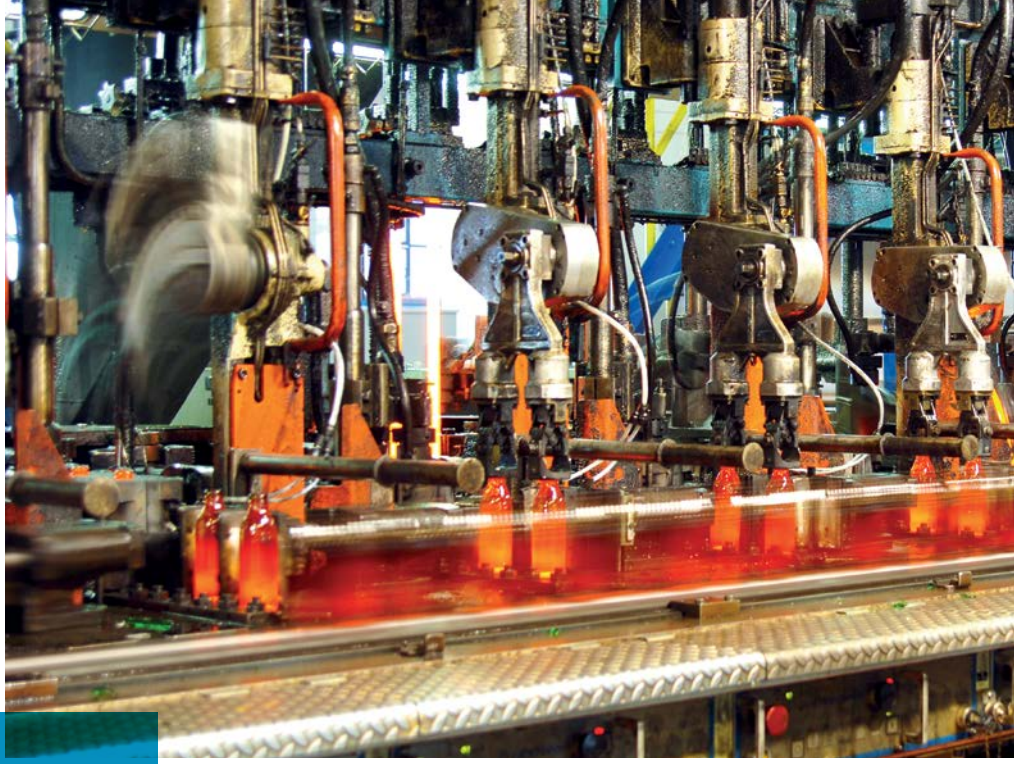
Şişecam Glass Packaging Sales Revenues (TRY million)

2019	4,300
2020	5,467
2021	7,565

Şişecam boosted its efficiency in glass packaging activities and increased its sales to TRY 7.6 billion.



ŞİŞECAM GLASS PACKAGING



**ŞİŞECAM GLASS
PACKAGING
REACHED THE
MAXIMUM CAPACITY
UTILIZATION IN ITS
TURKEY OPERATIONS,
RECORDING
1.3 MILLION TONS OF
SALES, OF WHICH
346 THOUSAND TONS
WERE EXPORTED.**

ACHIEVEMENTS IN 2021

Şişecam Glass Packaging extended its sales growth in 2021 driven by the global economic recovery and positive industry trends. While maintaining market leadership in Turkey and Russia, Şişecam became the supplier of major global customers, including the five leading beer producers in the world. During the year, Şişecam reached the maximum capacity utilization in its Turkey operations, recording 1.3 million tons of sales, of which 346 thousand tons were exported.

In 2021, Şişecam Glass Packaging focused on high operational efficiency and optimization as well as ongoing digitalization efforts. In addition, long-term sales contracts were pursued intensively along with sales collaborations.

With the start of a greenfield manufacturing investment in Hungary in 2021, Şişecam entered a strong growth phase in line with its strategy of positioning as a local glass packaging producer in Europe. A new furnace investment decision was announced at the Eskişehir facility in light of rapid growth and competitive developments in the global and Turkish glass packaging market. With these investments, Şişecam aims to maintain its leadership in the Turkish glass packaging industry as well as its current export levels.

In 2021, Şişecam Glass Packaging recorded sales of 1.3 million tons, up 8% compared to the previous year. Net turnover jumped by 38% to TRY 7,565 million. Some 60% of sales revenues was generated from its global operations.

Facilities and Capacities

Şişecam Glass Packaging carries out its operations in four countries – Turkey, Russia, Ukraine and Georgia – with a total production capacity of 2.3 million tons/year.



ŞİŞECAM GLASS PACKAGING INTERNATIONAL SALES

4.4 TRY billion

**IN 2021, ŞİŞECAM
GLASS PACKAGING
CONSOLIDATED
ITS POSITION AS
THE LEADING
GLASS PACKAGING
SUPPLIER IN THE
RUSSIAN MARKET,
RE-EQUALIZED THE
SALES REVENUE IN
LOCAL CURRENCY
IN THE MARKET AS
IT WAS LAST YEAR.**

Operations in Turkey

Şişecam Glass Packaging conducts production activities in Turkey at three facilities located in Mersin, Bursa, and Eskişehir.

The mineral water sector accounts for the largest proportion of Şişecam's glass packaging sales. This sector, together with food and alcoholic beverages, make up about 84% of the company's total glass packaging sales in Turkey. Şişecam Glass Packaging is consolidating its sales distribution by sector with a more balanced sales mix. Şişecam allocates a significant part of its capacity to exports in line with its growth target in foreign markets. In addition, Şişecam plays a major role in developing Turkey's glass packaging exports.

In 2021, Şişecam Glass Packaging focused on extending the endurance of glass packaging, lightening the weight of its products, improving new product processes, optimizing product and SKU, reducing process inputs and production wastes, using renewable energy, and boosting the recycling of glass.

Operations outside Turkey

Şişecam Glass Packaging's first international investment was the Mina Plant in Georgia. Şişecam is the Georgian market leader as only glass packaging manufacturer in the country. Low demand in the market, which began in 2020 due to the pandemic, was replaced by a rapid increase as of June 2021. As a result, Şişecam achieved its year-end targets for this market in 2021.

In the Russian market, Şişecam Glass Packaging consolidated its position as the country's leading glass packaging supplier in 2021. Şişecam re-equalized the sales revenue in local currency in the market as it was last year and recorded the highest value in its history of more than 20 years in the Russian market. Production resumed at the Pokrovsky Plant in 2021. As a result, production and sales volumes in the Russian market reached the highest value in its history, exceeding 1 million tons for the first time – in both production and sales.

Investment of Expenses TRY 608 million

In 2021, Şişecam Glass Packaging successfully realized modernization, capacity and operational improvement investments totaling TRY 608 million in Turkey, Russia, and Georgia. Due to growing competition in the glass packaging market, Şişecam has maintained a strategic focus on cost control, operational excellence, lean production and digitalization. In addition, Şişecam Glass Packaging conducted various development and cost reduction efforts leading to energy savings across all its facilities.

Product Design Projects

Thanks to its unique and innovative designs, Şişecam is a leader in glass packaging domestically and globally. Şişecam's glass packaging design activities are conducted by the Şişecam Science, Technology and Design Center.

In 2021, the Center developed 239 designs and performed 134 analyzes for 139 product projects. The Center also carried out 18 improvement and product weight lightening projects.

Şişecam operates in line with its vision to become a global glass packaging manufacturer that adds value to people and the environment. Toward these ends, Şişecam has received 74 awards, including 18 presented by foreign organizations, since 2006. As the developer of so many award-winning designs, Şişecam Science, Technology and Design Center is committed to further adding to its collection of innovative, high-quality and user-friendly designs.

University Collaborations

Şişecam Science, Technology, and Design Center has carried out many joint project activities with leading universities in Turkey to support and develop the creative designs of university students in Industrial Design departments. As in the prior year, the Center engaged in activities in accordance with pandemic restrictions in 2021:

- Seminar on Glass Packaging Design Dynamics for Mimar Sinan Fine Arts University (MSGSU) students (June 2021)

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- Technical support to Eskişehir Technical University student Umay Sena Kara's graduation project on Glass Packaging Design in Personal Care Products (June 2021)
- Participation in the University Preference Period Consultancy Project implemented by Şişecam Employer Brand Management (August 2021)
- Product Design Workshop with Kadir Has University, Faculty of Art and Design, Department of Industrial Design: Technical consultancy within the scope of the Material Selection and Production course (November 2021)

The Center also takes part in the synergy creation initiatives of Şişecam's glass packaging and glassware business lines. These efforts aim to develop the competencies of its designers in both fields of activity.

Events

Participation in the 26th Eurasia Packaging Fair

Şişecam Glass Packaging set visitor records once again at the 26th International Eurasia Packaging Fair held on October 20-23, 2021, by the Packaging Manufacturers Association (ASD), of which it is also a member. At the fair, held as hybrid event for the first time this year, Şişecam shared its expertise in glass packaging in the digital environment as well as at the in-person fair.

Şişecam Glass Packaging, the main glass packaging supplier of Turkey's leading food and beverage industry companies, informed visitors about the uses and advantages of glass packaging, emphasizing its endless cycle and ability to meet fast growing hygiene needs. Şişecam also exhibited its award-winning designs and large product portfolio at the fair.

Communication Activities

In 2021, Şişecam Glass Packaging's communication activities focused on sustainability. In the last quarter of the year, Şişecam was featured in Turkey's leading economy and sector magazines with advertisements featuring the concept: "We Lighten Load of Nature." The same concept was also used as the booth theme for the company's participation at the Eurasia Packaging Fair.

We Add Glass to Life!

As part of Şişecam's awareness-raising activities on the benefits of glass packaging, the "Add Glass to Life (Hayata Cam Kat)" initiative completed its 10th year in 2021. During the year, Şişecam shared a wide variety of content on such as environment, health, and taste via social media channels.

Studies on Cullet Use

Glass is the most natural and healthiest packaging material. Based on this awareness, Şişecam conducts all its business operations in line with an approach that embraces eco-friendliness and sustainability. Şişecam aims to use natural resources efficiently, minimize environmental impact, and constantly boost energy efficiency in parallel with its sustainability strategy. To these ends, Şişecam plans to increase the use, amount and quality



ŞİŞECAM GLASS PACKAGING CAPITAL INVESTMENTS

608

TRY million

IN THE COMING
YEAR, ŞİŞECAM
GLASS PACKAGING
AIMS TO FURTHER
EXPAND ITS
MARKET
PENETRATION AND
SALES VOLUME IN
EXPORT MARKETS
AND REMAIN A
GLOBAL PLAYER.

of recycled glass (cullet) at its production plants to minimize resource consumption. In 2021, Şişecam addressed recycling of 222 thousand tons of glass cullet.

Thanks to Şişecam's recycled glass efforts since 2011:

- 1,785,000 tons of glass waste has been avoided,
- Energy savings equivalent to the heating and hot water needs of 75 thousand households for one year has been recorded,
- Carbon dioxide emission equivalent to the withdrawal of 642 thousand cars from traffic for 10 thousand kilometers has been prevented, and
- Carbon dioxide emissions equivalent to the quantity of air cleaned by 55 million trees in one year has been prevented.

EXPECTATIONS AND OBJECTIVES FOR 2022

Elevated health awareness and current household consumption habits are expected to continue in the post-pandemic era, with a positive effect on glass packaging demand. Meanwhile, disruptions in the supply chain and rising energy and input prices are projected to pose further downside risk in the coming year. On the other hand, risks on the demand side will be relatively limited as the use of glass packaging provides input to diverse sectors, such as food, beverage and pharmaceuticals.

In 2022, Şişecam Glass Packaging aims to continue efforts to become a global player. Şişecam targets expanding its glass packaging penetration and sales volume in export markets while maintaining market leadership in Turkey. Şişecam Glass Packaging plans to further embrace operational excellence in the face of changing global and Turkish glass packaging market dynamics.

Şişecam sees great potential for itself in the international glass packaging market. A decline is expected in the effectiveness of Chinese manufacturers in the USA market while further growth is projected in Europe. As one of the preferred suppliers in Europe, Şişecam sees a bright outlook for its exports there especially. With its solid position, Şişecam's potential of export from Turkey will be over 400 thousand tons per year after the commissioning of its Hungarian investment.

Uniquely combining its technological superiority with an innovative and authentic perspective, Şişecam Glass Packaging aims to continue playing a key role in the future of all its stakeholders, particularly employees and customers.

Şişecam plans to invest in high automation and advanced production technologies with a smart factory vision in the coming year. Standardization of operations between facilities is another key objective in 2022. Şişecam also aims to boost operational efficiency across all its glass packaging operations via data science applications. Şişecam Glass Packaging plans to move forward with its digital infrastructure transformation and sustainability initiatives to become the preferred glass packaging supplier by creating value for the customer. In 2022, Şişecam also aims to focus on operational excellence, end-to-end effective management of the supply chain, customer loyalty and total quality management.