

**2022/Q2**

**EARNINGS PRESS RELEASE**

**ORGE<sup>®</sup>**  
**ELECTRICAL CONTRACTING**

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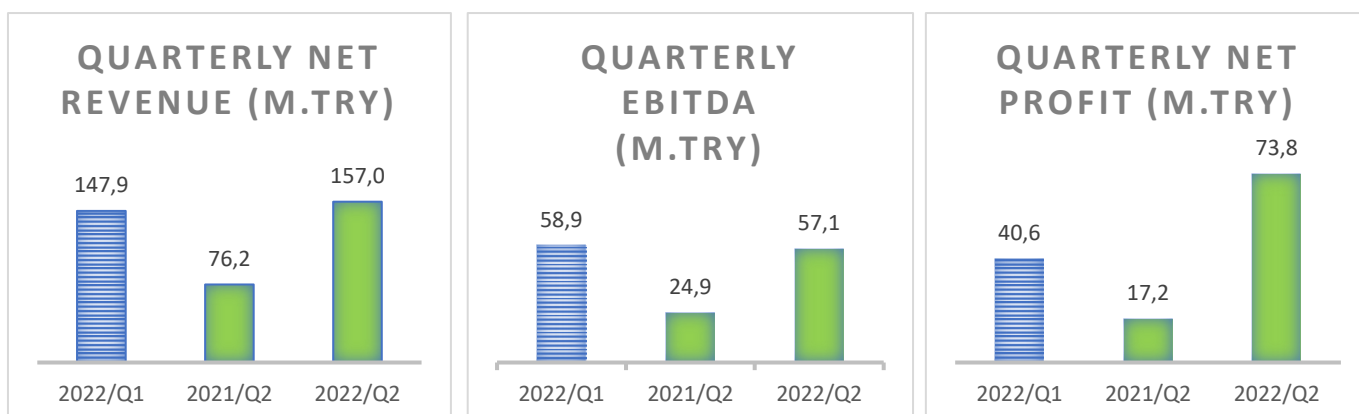
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# 1. FINANCIAL AND OPERATING HIGHLIGHTS

## 1.A. FINANCIAL HIGHLIGHTS



Revenue in 2022/Q2 increased by 106% yearly and 6% quarterly. Increase was driven by:

- Increase in YoY New Work Bookings and Backlog.
- Contract value appreciation in FX contracts due to TRY depreciation particularly compared to 2021/Q2.
- Contract value appreciation due to increase in contracting unit amount and prices particularly compared to 2021/Q2.

EBITDA in 2022/Q2 increased by 129% yearly and decreased by 3% quarterly. Increase and decrease was due to:

- More projects to be in their growth phase of life cycle compared to 2021/Q2.
- More than expected revenue recognition on particular recently signed projects resulted increase in YoY gross margin, while more than expected cost realizations on particular projects resulted decrease in QoQ gross margin.
- Increase in QoQ net other operational gains: mainly currency gains, a deduction item in EBITDA calculation.

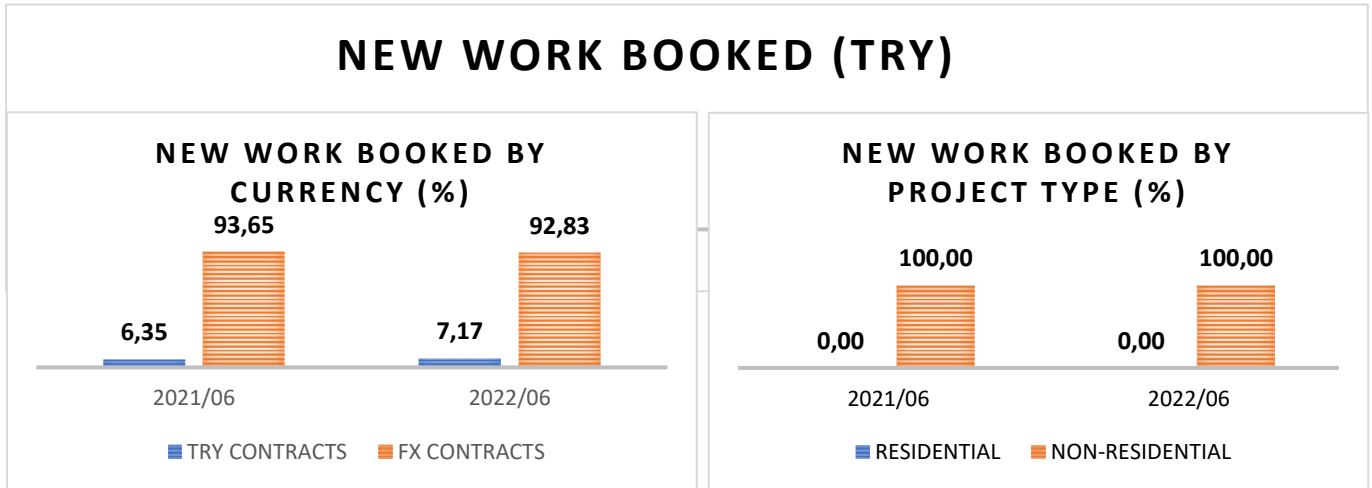
Net Profit in 2022/Q2 increased by 330% yearly and 82% quarterly. Difference with EBITDA was mainly due to:

- Investment activity gains based on investment property valuation.
- Decrease in effective tax margin particularly compared to 2021/Q2

- Decrease in net financial gains derived from currency gains vs interest expenses particularly compared to 2021/Q2 due to increase debt finance to use window of opportunity.

## 1.B. OPERATING HIGHLIGHTS

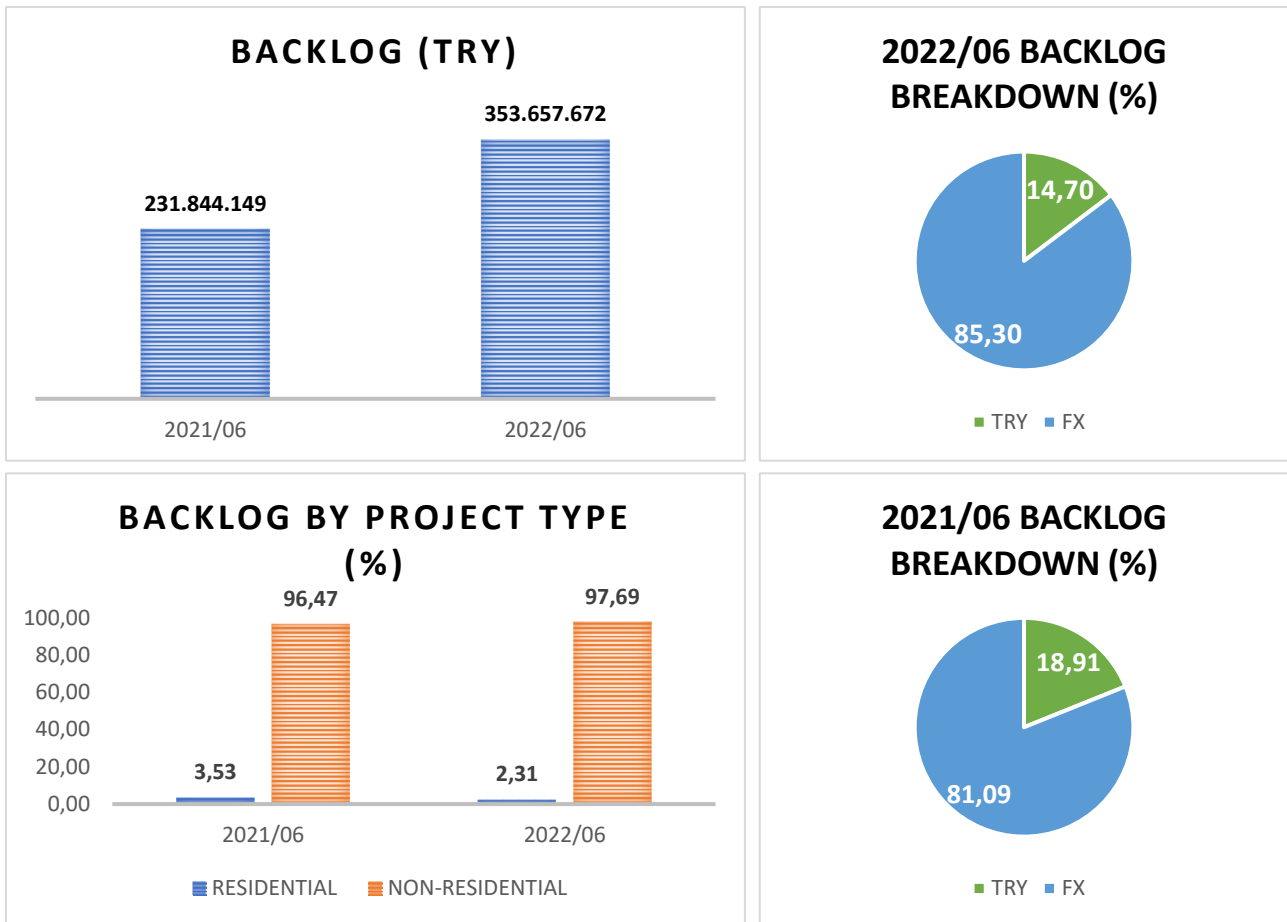
### 1.B.1. New Work Booked



New work booked in 2022/6M increased 130,038,344 TRY compared to 36,343,676 TRY 2021/6M.

- All new contracts are non-residential.
- FX terms weight in new contracts reached 93%.

## 1.B.2. Backlog



Backlog increased 353,657,672 TRY as of 30.06.2022, compared to 231,844,149 TRY as of 30.06.2021.

- Non-residential weight in backlog reached 98%.
- FX-based contract value increased to 85% of backlog. Risk management is maintained with provisions regarding FX- inflation-commodity price escalations in particular TRY-based contracts.

Latest ongoing projects with respective contract values are as follows:

PROJECT	CONTRACT VALUE	EST. COMPLETION
SABIHA GÖKÇEN AIRPORT SUBWAY	11,600,030 EUR	SEPTEMBER 2022
KOCAELİ HEALTCARE CAMPUS	29,777,256 TRY +5,707,474 EUR	SEPTEMBER 2022
KABATAŞ-MAHMUTBEY SUBWAY	6,112,061 EUR + 3,054,743 TRY	SEPTEMBER 2022
BAŞAKŞEHİR-KAYAŞEHİR SUBWAY	4,675,000 EUR	SEPTEMBER 2022
İSTANBUL NEW AIRPORT-HALKALI SUBWAY	2,128,149 EUR + 9,325,790 TRY	MAY 2023
TÜVTÜRK SOLAR POWER PLANT PROJECT	1,987,905 USD	NOVEMBER 2022
ATATÜRK CULTURAL CENTER	26,750,000 TRY	SEPTEMBER 2022
DUDULLU-BOSTANCI SUBWAY	4,151,346 EUR	DECEMBER 2022
HİSARÜSTÜ-AŞIYAN FUNICULAR LINE	2,330,000 EUR	SEPTEMBER 2022
ATAKÖY-İKİTELLİ SUBWAY	835,351 EUR	SEPTEMBER 2022
M9 & M3 SUBWAY EXTENSION LINES	1,080,000 EUR	JUNE 2023

### 1.B.3. Other Major Developments in 2022/6M and Beyond

- Buyback in 2022/6M: 1,433,413 shares  
Buyback balance: 1,513,413 shares

- New works booked in the period;

-Hisarüstü-Aşıyan Funicular Line

(Additional Order Size: EUR 1,377,000).

-Istanbul New Airport-Halkalı Subway Line

(Contract Size: EUR 2,698,844).

-Diamond of Skopje Mix-Use LV Cable Supply Work

(Contract Size: EUR 1,525,000, first international work)

-TUVTURK Solar Power Plant Project

(Contract Size: USD 1,987,905, first renewable energy work)

- New works booked after the period;

-Turkcell Data Center Projects contract signing process started  
(Contract Size: EUR 4,256,607 + TRY 26,842,363).

-Gebze-Darica Subway Line contract signing process started  
(Contract Size: EUR 1,625,000 + TRY 14,600,000).

-Folkart Nefes İstanbul Project contract signing process started  
(Contract Size: EUR 325,400 + USD 889,174 USD + TRY 22,109,505).

-The Central Bank of the Republic of Türkiye Project equipment supply  
(Order Size: USD 978.930).

## **2. MANAGEMENT COMMENTARY ON THE RESULTS**

ORGE completed the 2022/Q2 putting great effort into meeting our sustainable growth and profitability commitments. Sticking to the strategy to increase market share in our focal sub-sectors, we have grown our subway project base by winning two new subway tenders.

Our revenues keep up their growth pace thanks to new works booked and value growth in older backlog, but especially better than expected progress in particular recent projects.

We managed to maintain EBITDA margin having the benefits of our FX contract base.

Besides the contribution recent projects progress, lowering the effective tax margin and having investment property valuation gains, we managed to increase net profit margin.

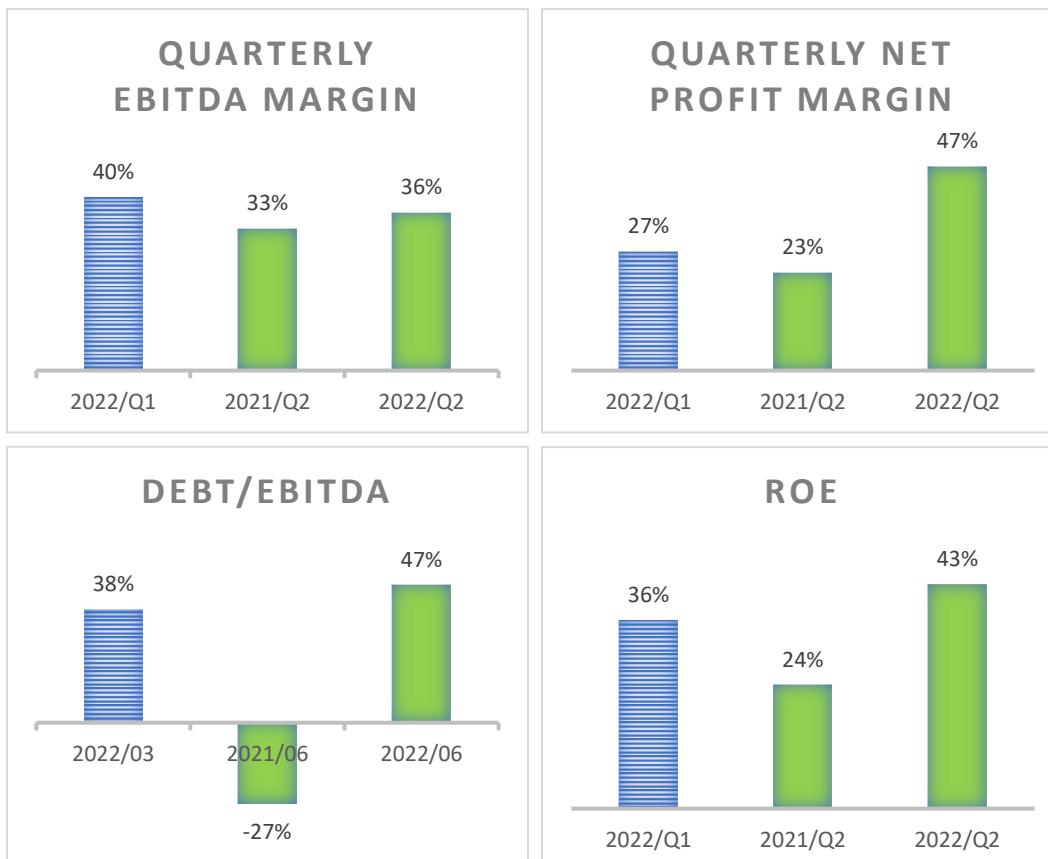
As of the disclosure day, we keep our financial targets stable. Our base scenario for 2022 is: continuation of normalization in economic activity, indicators and prices; and their convergence to the expectations of the company.

When our base scenario holds; we believe the activities and financial status of the company will not be effected and we can deliver %50 growth (prior: 20%) and 50% increase (Prior: Stable) in Profit Margins for current year.

### 3. KEY FINANCIAL DATA

<b>Financial Data (TRY)</b>	<b>2021/6M</b>	<b>2022/6M</b>
Revenue	111.941.307	304.841.975
Gross Profit	36.360.326	122.494.134
Operating Profit	30.245.207	112.213.974
Profit Before Tax	36.869.436	189.819.124
Net Profit	26.387.668	114.361.780
Equity	267.528.470	449.784.689
<b>Profitability Ratios (%)</b>	<b>2021/6M</b>	<b>2022/6M</b>
Gross Profit Margin	32,48	40,18
Operating Profits Margin	27,02	36,81
Net Profits Margin	23,57	37,52
Equity Profitability Margin	23,54	42,67
<b>Liability Ratios (%)</b>	<b>2021/12M</b>	<b>2022/6M</b>
Total Fin. Debt / Equity	16,73	36,97
Total Debt / Equity	68,44	78,67
Total Debt / Total Assets	40,63	44,03
Equity / Total Assets	59,37	55,97
Net Financial Liabilities (TRY)	16.288.421	87.586.030
<b>Market Value as of 30.06 (TRY)</b>	<b>452.000.000</b>	<b>697.600.000</b>

### 3.A. KEY FINANCIAL RATIOS



### 3.B. MANAGEMENT EXPLANATION ON THE VARIATIONS

#### **EBITDA margin** in 2022/Q2;

Increased by 3 pp compared to 2021/Q2 and decreased by 4 pp compared to 2022/Q1 mainly due to:

- More than expected revenue recognition on particular recently signed projects resulted increase in YoY gross margin.
- Increase in QoQ net other operational gains: mainly currency gains, a deduction item in EBITDA calculation.

**Net Profit margin** in 2022/Q2 increased by 24 pp yearly and 20 pp quarterly, mainly due to:

- Investment activity income by investment property valuation.
- Net financial gains decreased particularly compared to 2021/Q2,
- Effective tax margin decreased particularly compared to 2021/Q2, due to expected corporate tax rate decrease for 2023 and beyond.

**ROE** in 2022/Q2 increased by 19 pp yearly and 7 pp quarterly mainly due to:

- Increase in Equity base is more than annualized net profit comparing both terms.

**Net Financial Debt / EBITDA** in 2022/6M is at 47%; it was -27% in 2021/6M and 38% in 2022/3M, increase was stemmed mainly from:

- Debt finance for inventory building for upcoming projects and to take advantage of debt finance window of opportunity surpassing annualized EBITDA.



## 4. KEY FUTURE OPPORTUNITIES

### RAILWAY SYSTEMS OPPORTUNITY

- ECI – Early Contractor Involvement
- Current: 262 KM Ongoing construction in İstanbul: 180 KM
- 2025 target: 442 KM / 2029 target: 638 KM
- İzmir, İzmit, Mersin – Subway Projects
- Est. electrical scope 12-20%

### RAILWAYS IN TURKEY’S INVESTMENT PLAN FOR 2022

- Total Investments: TRY 184 Billion
  - Transportation Investments: TRY 49,7 Billion (27%)
    - Railway Investments from Ministry: TRY 10,7 Billion
    - Railway Investments from Municipalities: TRY 19,3 Billion
      - Railway Investments for Istanbul: TRY 14,3 Billion
      - Railway Investments for Izmir: TRY 3,6 Billion
      - Railway Investments for Mersin: TRY 1,1 Billion
      - Railway Investments for other cities: TRY 300 Million

### PPP HOSPITALS OPPORTUNITY

- Project includes 31 hospitals
- Contracts signed for 18 hospitals
- 5 ongoing projects
- Total est. construction 12 million sqm
- Total est. investment USD 10 billion
- Est. electrical scope 15-25%

### INDUSTRIAL & NUCLEAR POWER PLANTS OPPORTUNITY

- Akkuyu est. construction budget USD 20 billion
- 1st phase opening – 2023. Construction until 2027-2029
- Tax incentives for chemical, petroleum plants
- IT Complex, data center construction & renovations
- Cooperation with international contractors
- Est. electrical scope 12-20%

### RENEWABLE ENERGY

- Renewable Energy Department was established
- Tender for the first project won (TUVTÜRK – 2 Million USD)
- Roof SPP potential in the Domestic Market in 2023 is projected 3800 MW / 1 Billion USD

## **5. EXPECTATIONS AND EARNINGS GUIDANCE**

### **2022/12M (Updated:06/09/2022)**

Provided that the effects of economic, geopolitical, and political risks on new investments and sector will be minimized, with our fulfillment of our new contract expectations we project to increase our revenues by **80%**; average number of employees by **20%**, and operating profit by **80%**.

### **2022/12M (Previous)**

Provided that the effects of economic, geopolitical, and political risks on new investments and sector will be minimized, with our fulfillment of our new contract expectations we project to increase our revenues by **50%**; average number of employees by **20%**, and operating profit by **50%**.

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Company's financial statements are available on [www.kap.gov.tr](http://www.kap.gov.tr) and [www.orge.com.tr](http://www.orge.com.tr) websites.

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