

2020/Q3

EARNINGS PRESS RELEASE

ORGE[®]
ELECTRICAL CONTRACTING

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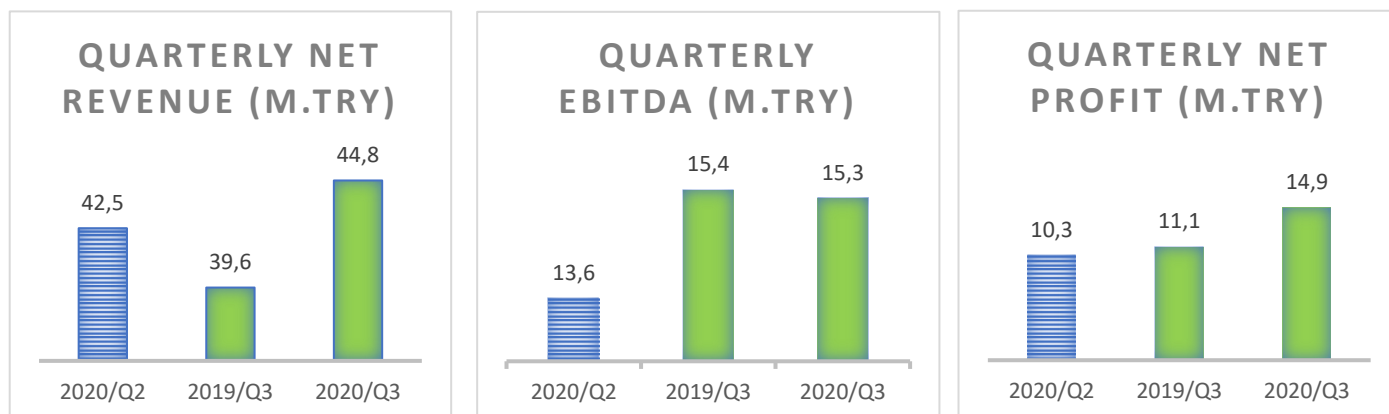
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1. FINANCIAL AND OPERATING HIGHLIGHTS

1.A. FINANCIAL HIGHLIGHTS



Revenue in 2020/Q3 increased by 13% yearly and 5% quarterly. Increase was driven by:

- Contract value appreciation in FX contracts due to TRY depreciation.
- Contract value appreciation due to increase in contracting unit amount and prices.

EBITDA in 2020/Q3 increased by 12% quarterly and stable yearly. Increase was due to:

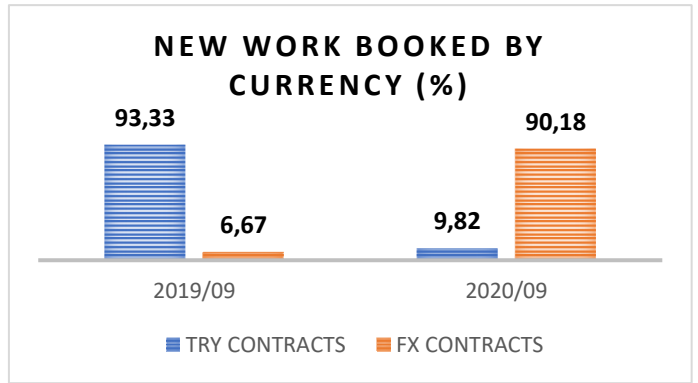
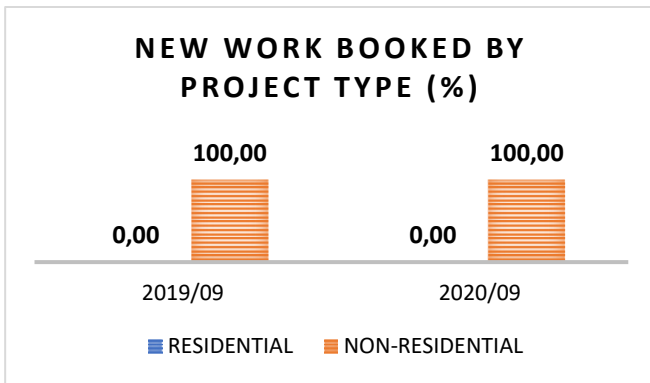
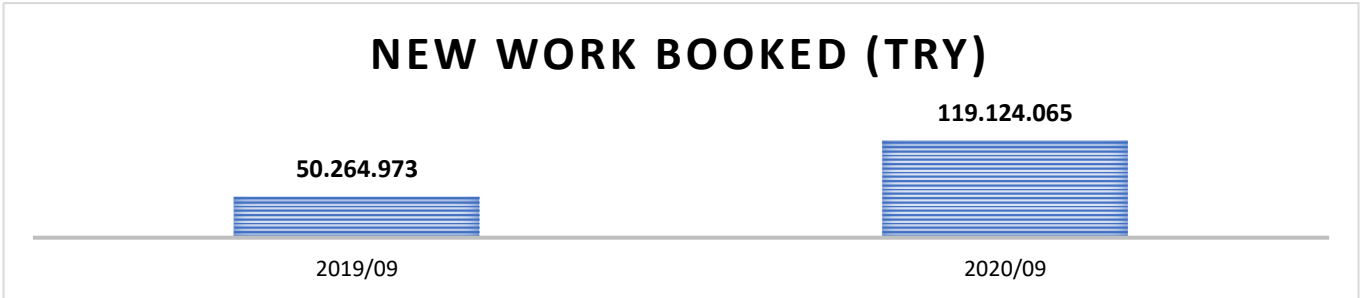
- More projects to be in their growth phase of life cycle and/or included in revenue recognition base compared to 2020/Q2.
- Margin appreciation due to increase in FX based prices and/or contracting new unit amount and prices in particular projects.

Net Profit in 2020/Q3 increased by 35% yearly and 45% quarterly. Reasons of extra increase comparing EBITDA are:

- Increase in Net Other Operational Income due to currency gains surpassing net financial expenses compared to 2019/Q3 and 2020/Q2.
- Increase in net income from investment activities stemming from less investment property losses and more interest income compared to 2020/Q2 and 2019/Q3.

1.B. OPERATING HIGHLIGHTS

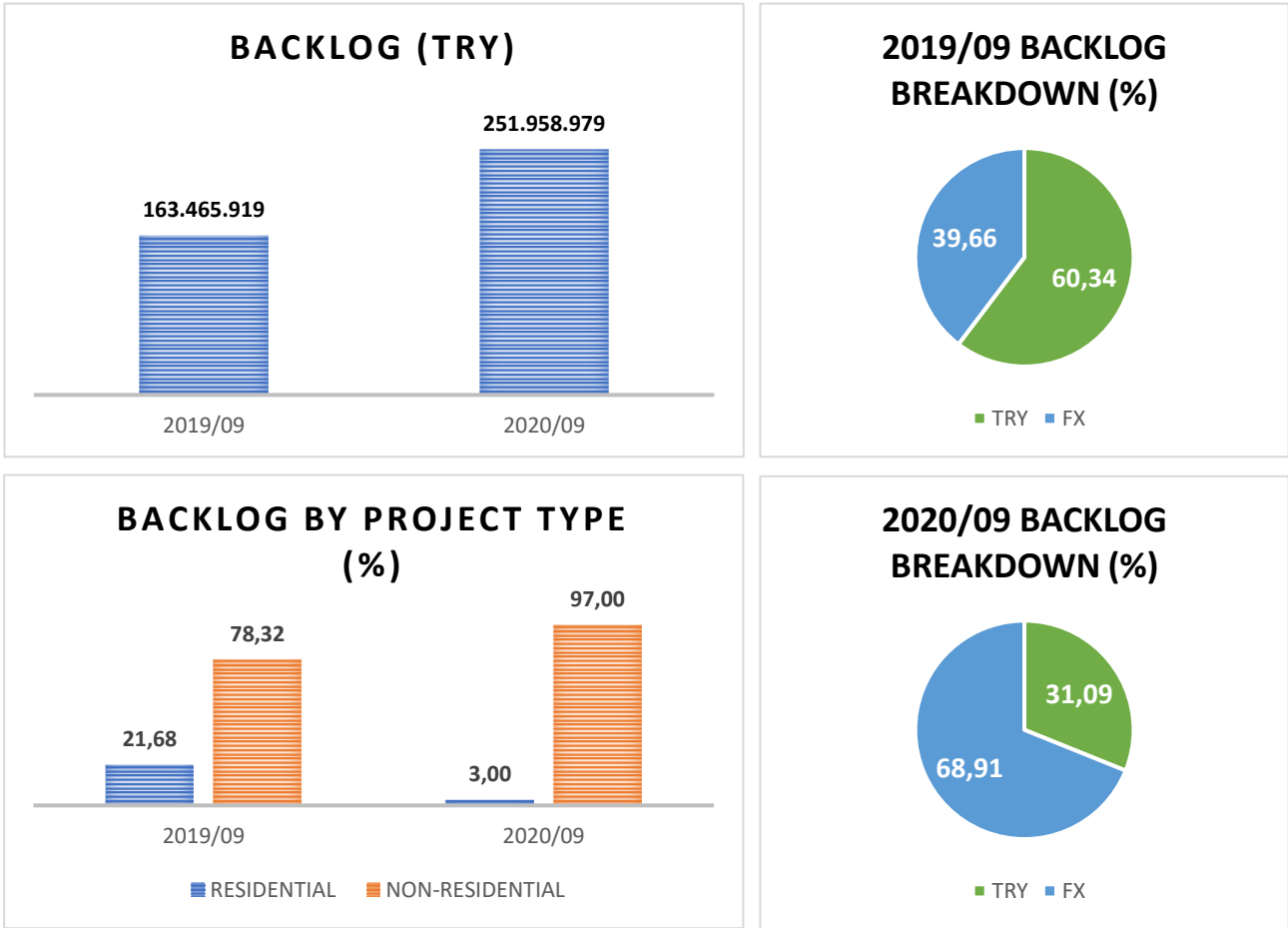
1.B.1. New Work Booked



New work booked in 2020/9M reached 119,124,065 TRY compared to 50,264,973 TRY 2019/9M.

- Sabiha Gökçen Airport Subway Project Contract signing completed and re-classified in this quarter, previously classified in 2018 new works.
- All new contracts are non-residential.
- 90% of contract value is in FX terms. TRY value in the rest of the contracts is protected by escalation provisions.

1.B.2. Backlog



Backlog reached 251,958,979 TRY* as of 30.09.2020, compared to 163,465,919 TRY * as of 30.09.2019.

- Non-residential portion of backlog reached 97%.
- FX-based contract value increased to 69% of backlog. Risk management is maintained in contract provisions regarding FX and inflation escalation in recent TRY-based contracts.

**Sabiha Gökçen Airport Subway Project contract signing process completed and re-classified as a new work in 2020/Q2, thus omitted from previous backlog and 2018 new work calculations for more accurate new work/backlog time series presentation in line with company disclosure policy.*

Latest ongoing projects with respective contract values are as follows:

PROJECT	CONTRACT VALUE	EST. COMPLETION
SABİHA GÖKÇEN AIRPORT SUBWAY	11,000,000 EUR	AUGUST 2021
KOCAELİ INTEGRATED HEALTCARE CAMPUS	29,067,333 TRY + 5,619,267 EUR	JUNE 2021
İNİSTANBUL	34,229,074 TRY + 5,488,088 EUR	DECEMBER 2020
BÜYÜKYALI	39,794,242 TRY	DECEMBER 2020
KABATAŞ-MAHMUTBEY SUBWAY	6,112,061 EUR + 3,054,743 TRY	DECEMBER 2020
YAPI KREDİ BANKING CENTER	25,695,760 TRY	DECEMBER 2020
EPIQUE ISLAND	23,026,167 TRY + 986,875 USD	DECEMBER 2020
ATATÜRK CULTURAL CENTER	26,750,000 TRY	JUNE 2021
İBN HALDUN UNIVERSITY	18,673,246 TRY	DECEMBER 2020
FETHİYE SEKE TUR HOTEL	10,600,000 TRY	DECEMBER 2020
DUDULLU-BOSTANCI SUBWAY	1,946,114 EUR	JUNE 2021

1.B.3. ORGE's Covid-19 Related Actions and Expectations

"Covid-19", which was declared a pandemic by the World Health Organization (WHO) on March 11, 2020, has restrictive effects on many sectors of the economy, such as production, trade and transportation, as well as on human health in our country and in the world.

- Due to the Covid-19 pandemic, a temporary stop was implemented at one (out of 9) of our active construction worksites in Q2. Since May 13, 2020, all activities were resumed at this site.
- As of the announcement date of the 2020/Q3 financial statements, we do not have any projects that are stopped and/or postponed due to the epidemic.
- We plan to finalize the works in accordance with the work programs deemed appropriate by our clients.

1.B.4. Other Major Developments in 2020/Q3 and Beyond

Share buybacks are maintained. Beyond the financial structuring needs, ESOP use and expectations of the company, ORGE share buybacks are maintained mainly in order to protect shareholders from the event risks and minimize their losses, as well as to provide outgoing investors an opportunity of liquidation without harming the existing investors.

In the current period, the Company repurchased 216.334 shares at an average price of 6,7269 TRY, on 07.08.2020. Subsequently 441.334 total repurchased shares were sold at an average price of 7.2764 TRY on 20.08.2020.

As of September 30, 2020, the Company does not have any treasury shares nor shares repurchased in the scope of liquidity provision.

After end of current period, Company repurchased 50.000 shares at an average price of 7.1050 TRY, on 26.10.2020. As of disclosure date, treasury shares of company in paid-in capital reached 0,01%.

2. MANAGEMENT COMMENTARY ON THE RESULTS

ORGE completed the first 9M of 2020 putting great effort into meeting our sustainable growth commitments. Sticking to the strategy to increase market share in our focal sub-sectors, we have grown our subway contract base with completion of signing stage of Sabiha Gökçen Airport Subway Project.

Concerns on Covid-19 pandemic were taken seriously and we endeavored to protect our employees from the possible negative effects while maintaining the work at all our project sites. Only one project site had a temporary closure. We took care of all of our staff holistically. Since May 13, 2020 all projects are ongoing.

Our revenues keep up their pace even with negative effects of the pandemic, thanks to: our continuous work on all projects, increase in FX contract sizes due to TRY depreciation, increase in unit amounts and prices in particular projects and besides all mainly due to signing of a major contract and starting revenue recognition.

Our EBITDA margin decreased yearly considering the TRY depreciation and effects on particular overdue projects, but in better shape than 2020/Q2 due to cost advantage created by signing supply contracts in favorable terms and increase in unit amounts and prices in particular projects.

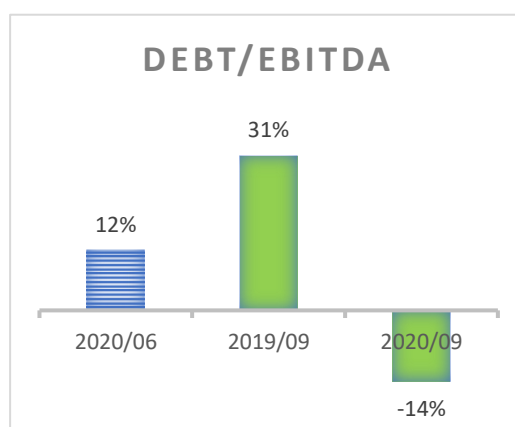
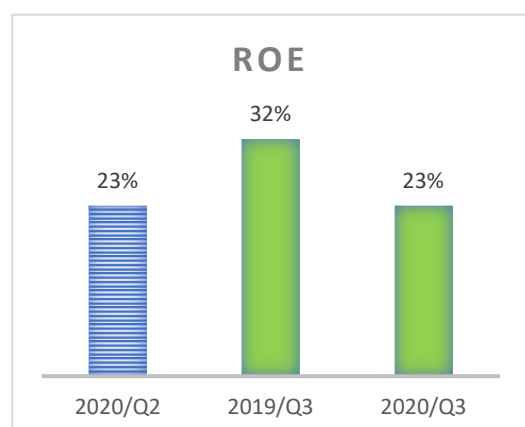
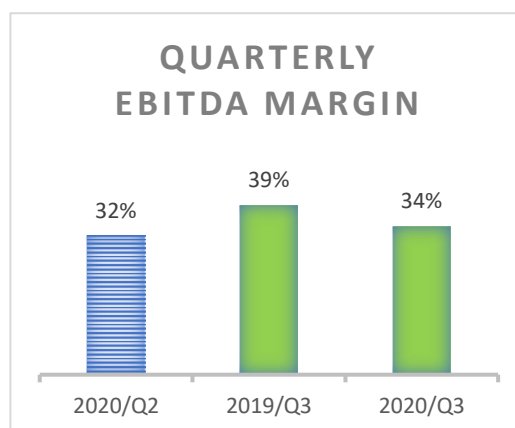
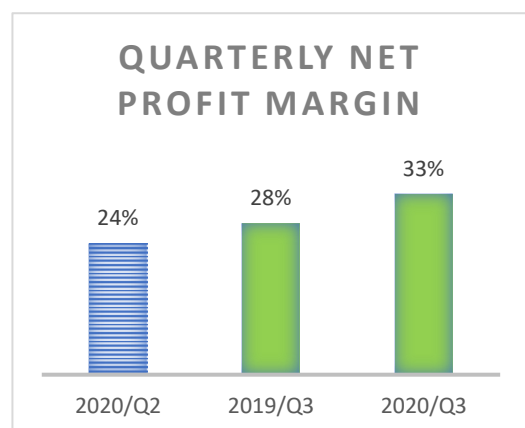
Thanks to our risk management policy we minimized the currency risk exposure on costs and even had the benefits via our FX contract base and cash reserves again. Investment losses during the selling of partial real estate portfolio and average interest expenses due to increase on financial debt base lessened. Consequently, we maintained an increasing Net Profit Margin, we believe is a huge success considering the once-in-a-lifetime risk exposure our old world and construction sector has faced in recent quarters.

As of the disclosure day, our base scenario is: continuation of normalization process, economic activity, indicators and prices; and their convergence to the expectations of the company. Base scenario currently holds; we believe the activities and financial status of the company will not be affected and we will meet our guidance.

3. KEY FINANCIAL DATA

Financial Data (TRY)	2019/9M	2020/9M
Revenue	101,475,252	118,081,096
Gross Profit	42,280,789	42,620,120
Operating Profit	38,769,966	39,262,767
Profit Before Tax	36,645,052	42,438,790
Net Profit	28,382,713	32,881,675
Equity	165,457,839	219,581,922
Profitability Ratios (%)	2019/9M	2020/9M
Gross Profit Margin	41.67	36.09
Operating Profits Margin	38.21	33.25
Net Profits Margin	27.97	27.85
Equity Profitability Margin	17.15	14.97
Liability Ratios (%)	2019/12M	2020/9M
Total Fin. Debt / Equity	24.11	37.74
Total Debt / Equity	58.90	78.07
Total Debt / Total Assets	37.07	43.84
Equity / Total Assets	62.93	56.16
Net Financial Liabilities (TRY)	10,309,312	-7,901,068
Market Value as of 30.09	190,500,000	381,500,000

3.A. KEY FINANCIAL RATIOS



3.B. MANAGEMENT EXPLANATION ON THE VARIATIONS

EBITDA margin in 2020/Q3;

Decreased by 12% compared to 2019/Q3, due to;

- Net other operational income increase – lowering factor in EBITDA calculation.
- Conservative margin assessment for particular projects due to:
 - Project time extensions resulting in general cost and labor cost increases.

Increased 7% compared to 2020/Q2 mainly due to:

- Better than expected cost realizations on particular projects via favorable supply contracts,
- Increase in unit amounts and prices in particular projects, besides margin gains stemming from FX currency appreciation in FX based contracts.

Net Profit margin in 2020/Q3 increased by 19% yearly and 38% quarterly, mainly due to:

- Increase in Net Other Operational Income due to currency gains surpassing net financial expenses compared to 2019/Q3 and 2020/Q2.
- Increase in net income from investment activities stemming from less investment property losses and more interest income compared to 2020/Q2 and 2019/Q3.

ROE in 2020/Q3 decreased by 28% compared to 2019/Q3 and stable compared to 2020/Q2, mainly due to:

- Significant annual increase in Equity (33%) thanks to 2019 profits while annualized net profit decreases 5% yearly and increases 8% quarterly.

Net Financial Debt / EBITDA in 2020/Q3;

Decreased to -14% from 31% in 2019/Q3 and 12% in 2020/Q2, mainly due to:

- Improvement in average effective borrowing rate that was 26% in 2019/Q3, while only 8% for 2020/Q3.
- Turning back to negative net debt position due to increase in cash and equivalents collection also increase in annualized EBITDA.

4. KEY FUTURE OPPORTUNITIES

RAILWAY SYSTEMS OPPORTUNITY

- ECI – Early Contractor Involvement
- 2019-2023 plan: 518 KM
- Ongoing construction: 205 KM
- Finalized 17 subway tenders, est. amount of EUR 5.5 billion
- İzmir, İzmit – Subway Projects
- EMEA – Business Development
- **Est. electrical scope 12-20%**

PPP HOSPITALS OPPORTUNITY

- Project includes 31 hospitals
- Contracts signed for 20 hospitals
- 10 hospitals in operation
- 10 ongoing projects
- Total est. construction 12 million sqm
- Total est. investment USD 10 billion
- **Est. electrical scope 15-25%**

SMART BUILDINGS / ISTANBUL FINANCIAL CENTER OPPORTUNITY

- Istanbul Finance Center
- CBRT, CMB, BRSA
- Ziraat Bank, Halkbank, Vakıfbank, Halk REIC
- 800,000 sqm area, 2.5 million sqm construction area
- Total est. investment USD2 billion
- **Est. electrical scope 12-20%**

INDUSTRIAL & NUCLEAR POWER PLANTS OPPORTUNITY

- Sinop, Akkuyu, Kırklareli Nuclear Power Plants
- Akkuyu est. construction budget USD 20 billion
- 1st phase opening – 2023. Construction until 2027-2029
- Tax incentives for chemical, petroleum plants
- Industry 4.0 investments
- IT Complex, data center construction & renovations
- Cooperation with international contractors
- **Est. electrical scope 12-20%**

5. EXPECTATIONS AND EARNINGS GUIDANCE

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 20% and the average number of employees by 20%, and to secure our operating profit at the 2019 level.

Regarding the Covid-19 impact on our works, if our base scenario holds normalization process and economic activity will be on track to meet our expectations; we can reach our year-end goals as stated above.

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Company's financial statements are available on www.kap.gov.tr and www.orge.com.tr websites.

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