

2020/Q4

EARNINGS PRESS RELEASE

ORGE[®]
ELECTRICAL CONTRACTING

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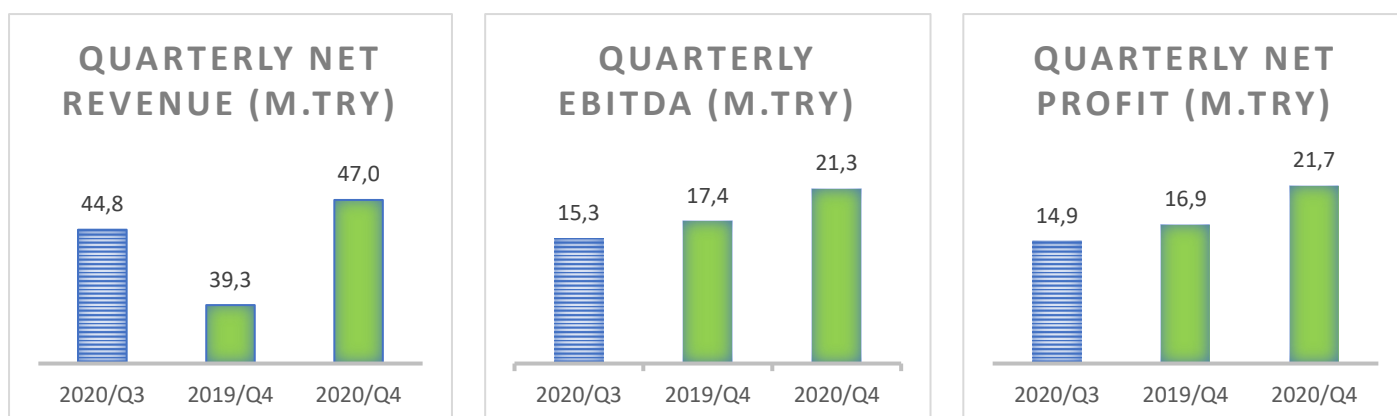
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1. FINANCIAL AND OPERATING HIGHLIGHTS

1.A. FINANCIAL HIGHLIGHTS



Revenue in 2020/Q4 increased by 20% 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.
- Increase in Year Over Year New Work Bookings and Backlog.

EBITDA in 2020/Q4 increased by 22% yearly and 39% quarterly. Increase was due to:

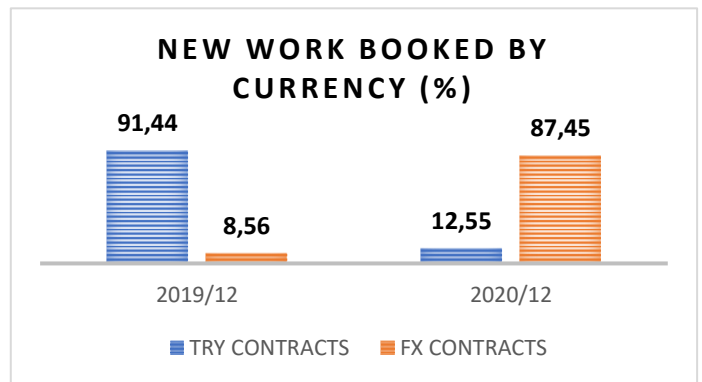
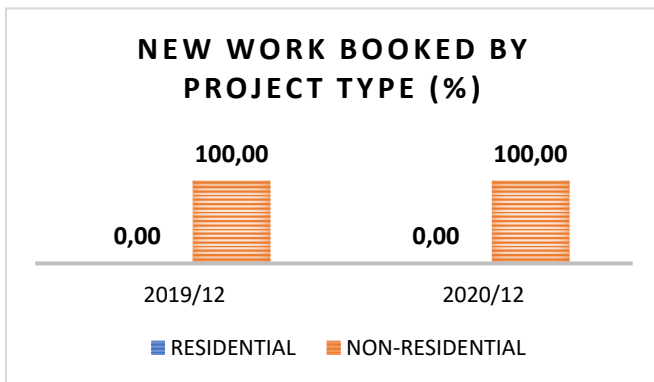
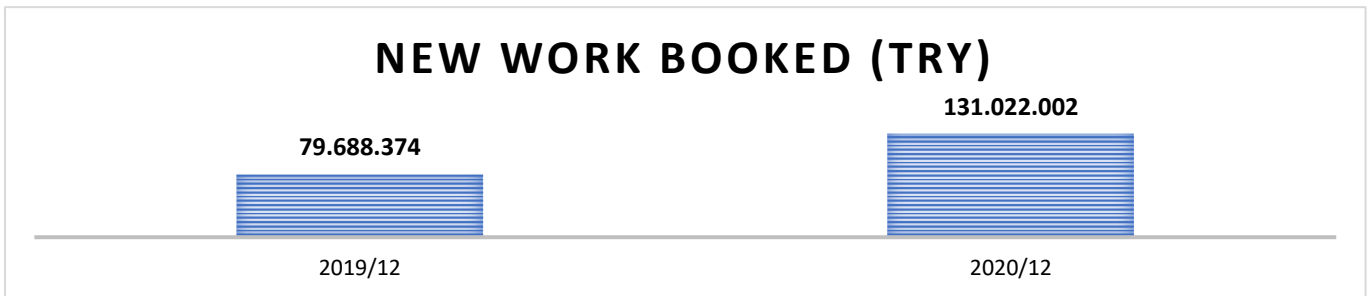
- More projects to be in their growth phase of life cycle and/or included in revenue recognition base compared to both 2020/Q3 and 2019/Q4.
- Better than expected cost realizations on particular projects via favorable supply contracts, resulted increase in gross margin.
- Margin appreciation due to increase in FX based prices and/or contracting new unit amount and prices in particular projects.

Net Profit in 2020/Q4 increased by 28% yearly and 46% quarterly. Reasons of extra increase comparing EBITDA are:

- Increase in net income from investment activities stemming from less investment property losses and more interest and currency gains compared to 2020/Q3 and 2019/Q4.
- Investment properties valuation gains higher than 2019/Q4, and no valuation was made in 2020/Q3
- Deferred and consequently total tax expenses lessened due to particular project completions and tax incentives to be received.

1.B. OPERATING HIGHLIGHTS

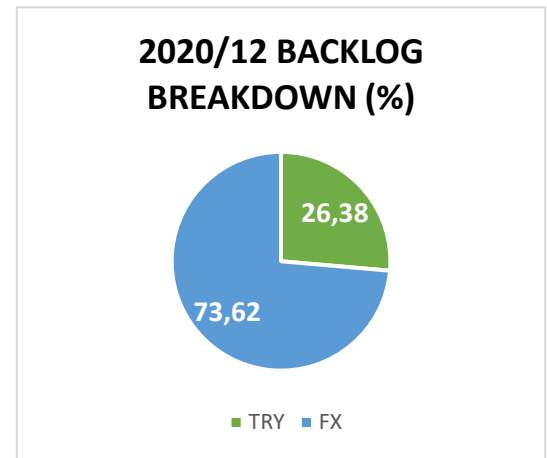
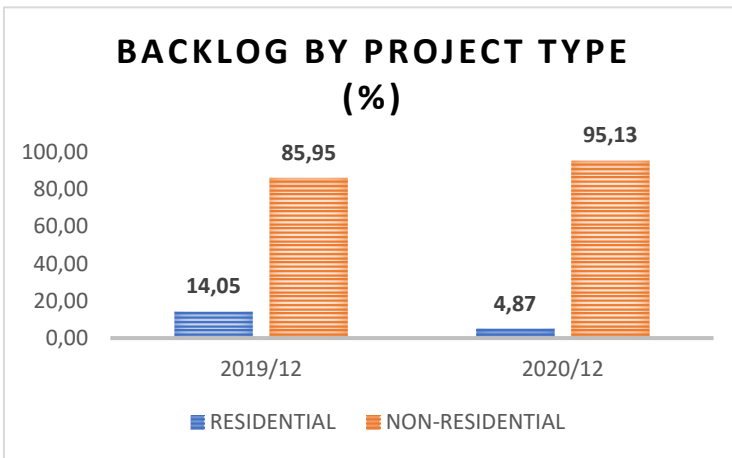
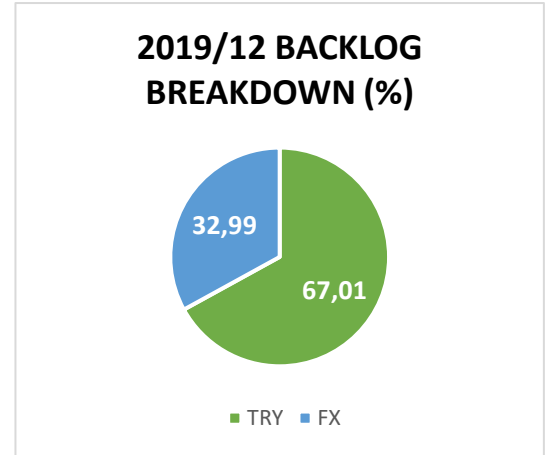
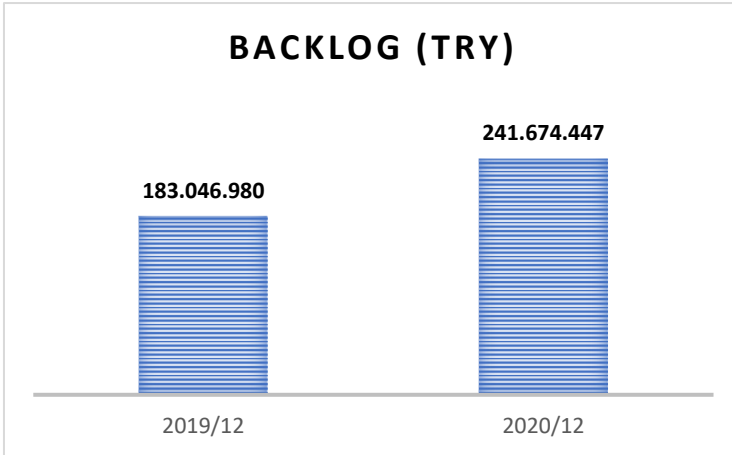
1.B.1. New Work Booked



New work booked in 2020/12M reached 131,022,002 TRY compared to 79,688,374 TRY 2019/12M.

- Sabiha Gökçen Airport Subway Project Contract signing completed and re-classified in this year, previously classified in 2018 new works.
- All new contracts are non-residential.
- 87% of contract value is in FX terms. TRY value contracts are either FX based for FX and/or commodity price sensitive supply or protected by escalation provisions.

1.B.2. Backlog



Backlog reached 241,674,447 TRY* as of 31.12.2020, compared to 183,046,980 TRY* as of 31.12.2019.

- Non-residential weight in backlog reached 95%.
- FX-based contract value increased to 74% of backlog. Risk management is maintained with contract provisions regarding FX-inflation-commodity price escalations 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 HEALTHCARE CAMPUS	29,067,333 TRY + 5,619,267 EUR	JUNE 2021
İNİSTANBUL	34,229,074 TRY + 5,488,088 EUR	MARCH 2021
BÜYÜKYALI	39,794,242 TRY	MARCH 2021
KABATAŞ-MAHMUTBEY SUBWAY	6,112,061 EUR + 3,054,743 TRY	JUNE 2021
YAPI KREDİ BANKING CENTER	25,695,760 TRY	MARCH 2021
EPIQUE ISLAND	23,026,167 TRY + 986,875 USD	MARCH 2021
ATATÜRK CULTURAL CENTER	26,750,000 TRY	JUNE 2021
DUDULLU-BOSTANCI SUBWAY	1,946,114 EUR	JUNE 2021
M9 & M3 SUBWAY EXTENSION LINES	740,000 EUR	JUNE 2023

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

"Covid-19", 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 10) 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/Q4 financial statements, we do not have any projects that are stopped and/or postponed due to the pandemic.
- 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 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 536.334 and sold 486.334 shares. Finally, company repurchased on 26.10.2020 and currently owned 50.000 shares with an average price of 7.1050 TRY. As of disclosure date, treasury shares of company in paid-in capital reached 0,01%.

As of December 31, 2020, the Company does not have any shares repurchased in the scope of liquidity provision.

After the end of period, Company completed the contracting signing process for electrical works of Ataköy İkitelli Subway Project (Contract Size: EUR 835.351+VAT).

After the end of period, Company was rewarded to undertake electrical works of M9&M3 Subway extension lines. (Contract Size: EUR 340.000+VAT).

After the end of period, Company was rewarded to undertake electrical works of electrical scope of signaling works of Sabiha Gökçen Airport Subway Project (Contract Size: EUR 600.030,20+VAT).

2. MANAGEMENT COMMENTARY ON THE RESULTS

ORGE completed year 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 an increasing trend quarterly due to cost advantage created by signing supply contracts in favorable terms and increase in unit amounts and prices in particular projects.

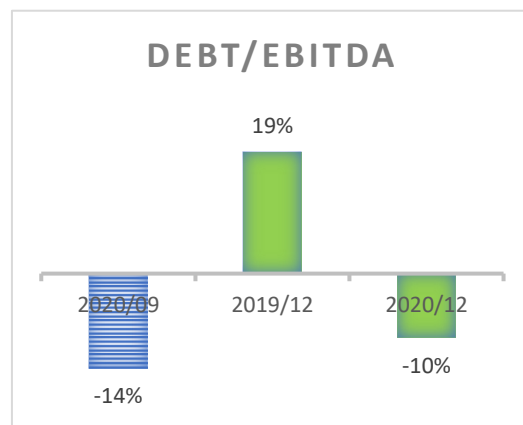
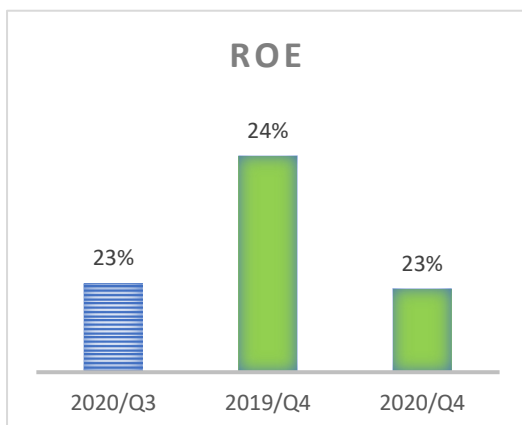
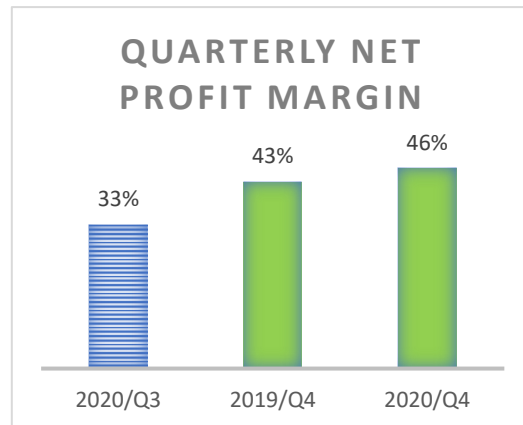
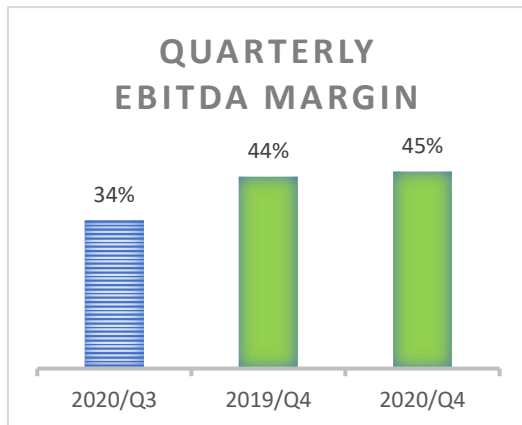
Thanks to our risk management policy we minimized the currency and commodity risk exposure on costs and even had the benefits via our FX contract base and cash reserves again. Minor investment losses during the selling of partial real estate portfolio and average interest expenses due to increase on financial debt base lessened. We benefited from the investment property valuations in Q4. Consequently, we maintained our increasing Net Profit Margin trend, also surpassed 2019 Annual Net Income. We believe that 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 for 2021 is: continuation of normalization process, 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 affected and we can deliver %20 growth and stable Profit Margins for upcoming year.

3. KEY FINANCIAL DATA

Financial Data (TRY)	2019/12M	2020/12M
Revenue	140,753,087	165,053,637
Gross Profit	60,332,503	64,376,497
Operating Profit	56,122,269	60,510,338
Profit Before Tax	57,096,820	65,340,093
Net Profit	45,307,743	54,578,136
Equity	185,826,805	241,404,005
Profitability Ratios (%)	2019/12M	2020/12M
Gross Profit Margin	42.86	39.00
Operating Profits Margin	39.87	36.66
Net Profits Margin	32.19	33.07
Equity Profitability Margin	24.38	22.61
Liability Ratios (%)	2019/12M	2020/12M
Total Fin. Debt / Equity	24.11	31.39
Total Debt / Equity	58.90	65.16
Total Debt / Total Assets	37.07	39.45
Equity / Total Assets	62.93	60.55
Net Financial Liabilities (TRY)	10,309,312	-5,769,488
Market Value as of 31.12 (TRY)	248,000,000	369,000,000

3.A. KEY FINANCIAL RATIOS



3.B. MANAGEMENT EXPLANATION ON THE VARIATIONS

EBITDA margin in 2020/Q4;

Increased 32% compared to 2020/Q3 mainly due to:

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

Stable compared to 2019/Q4, due to;

- Relative conservative margin assessment for particular projects due to:
 - Project time extensions resulting in general cost and labor cost increases off-setting currency related price gains and unit increases.

Net Profit margin in 2020/Q4 increased by 4% yearly and 39% quarterly, mainly due to:

- Increase in net income from investment activities stemming from less investment property losses, compared to 2020/Q3 and 2019/Q4.
- Investment property valuation gains are greater than 2019/Q4 values, and there were no valuation gains in 2020/Q3.
- Deferred and consequently total tax expenses lessened due to particular project completions and tax incentives that will be received.

ROE in 2020/Q4 decreased by 4% compared to 2019/Q4 and stable compared to 2020/Q3, mainly due to:

- Significant annual increase in Equity (30%) thanks to 2019 and current net profits while annualized net profit increases 20% yearly and 46% quarterly.

Net Financial Debt / EBITDA in 2020/12M;

Decreased to -10% from 19% in 2019/12M and increased from -14% in 2020/9M, mainly due to:

- Improvement in average effective borrowing rate due to debt structuring and resulted weight increase of low cost debt in total.
- Turning back to negative net debt position due to increase in cash and equivalents collection and debt payments in 2nd half year.
- Increase in annualized EBITDA.

4. KEY FUTURE OPPORTUNITIES

RAILWAY SYSTEMS OPPORTUNITY

- ECI – Early Contractor Involvement
- Current: 260 KM
- Ongoing construction: 199 KM
- 2029 target: 808 KM
- Finalized 17 subway tenders, est. amount of EUR 5.5 billion
- İzmir, İzmit – Subway Projects
- EMEA – Business Development
- Est. electrical scope 12-20%

RAILWAYS IN TURKEY'S INVESTMENT PLAN FOR 2021

- Total Investments: TRY 138 Billion
 - Transportation Investments: TRY 42,7 Billion (30%)
 - Railway Investments from Ministry: TRY 8,5 Billion
 - Railway Investments from Municipalities: TRY 14 Billion
 - Railway Investments for Istanbul: TRY 9,5 Billion
 - Railway Investments for Izmir: TRY 2,5 Billion
 - Railway Investments for Mersin: TRY 1,25 Billion
 - Railway Investments for other cities: TRY 825 Million

PPP HOSPITALS OPPORTUNITY

- Project includes 31 hospitals
- Contracts signed for 18 hospitals
- 13 hospitals in operation
- 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, 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%; average number of employees by 20%, and to secure our operating profit at the 2020 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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