

2021/Q2

EARNINGS PRESS RELEASE

ORGE[®]
ELECTRICAL CONTRACTING

Mr. Volkan Bayram, PhD

CFO

+90 216 457 32 63

yatirimciiliskileri@orge.com.tr

Mr. Ertuğ Ersoy

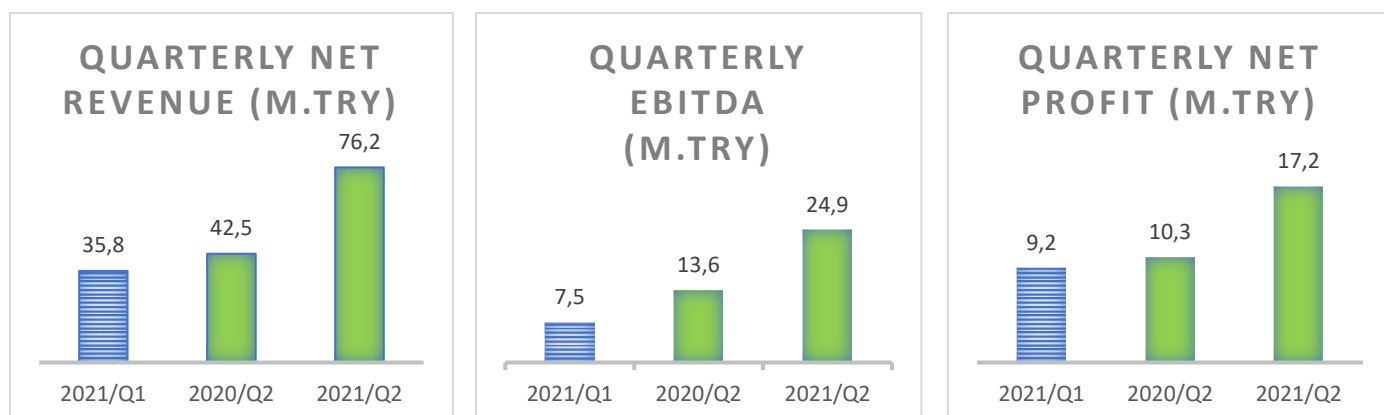
Investor Relations Manager

+90 216 457 32 63

yatirimciiliskileri@orge.com.tr

1. FINANCIAL AND OPERATING HIGHLIGHTS

1.A. FINANCIAL HIGHLIGHTS



Revenue in 2021/Q2 increased by 79% yearly and increased by 113% quarterly. Increase was driven by:

- Higher than expected progress and revenue recognition from particular recent projects.
- Contract value appreciation due to increase in contracting unit amount and prices.
- More projects to be in their growth phase of life cycle.

EBITDA in 2021/Q2 increased by 84% yearly and 231% quarterly. Increase was due to:

- More projects to be in their growth phase of life cycle compared to both 2020/Q2 and 2021/Q1.
- More than expected revenue recognition on particular recently signed projects resulted increase in gross margin particularly compared to 2021/Q1.

Net Profit in 2021/Q2 increased by 67% yearly and 86% quarterly. Increase was due to:

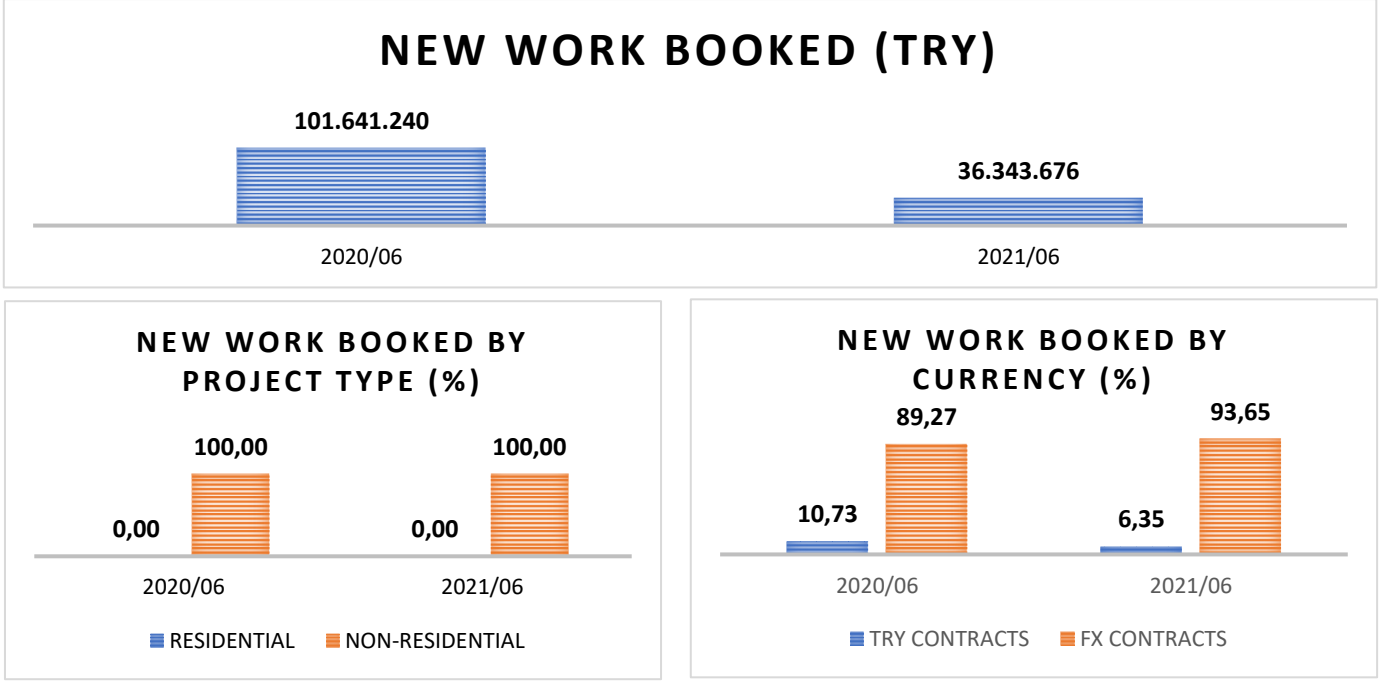
- Increase in gross margin compared to both terms, particularly 2021/Q1.
- Investment activity gains also net interest and currency gains increased compared to 2020/Q2, decreased compared to 2021/Q1

Reasons for minor increase comparing EBITDA are:

- Increase in deferred tax loss due to raise in corporate tax rate for 2021 and 2022.
- Investment activity gains also net interest and currency gains decreased compared to 2021/Q1

1.B. OPERATING HIGHLIGHTS

1.B.1. New Work Booked

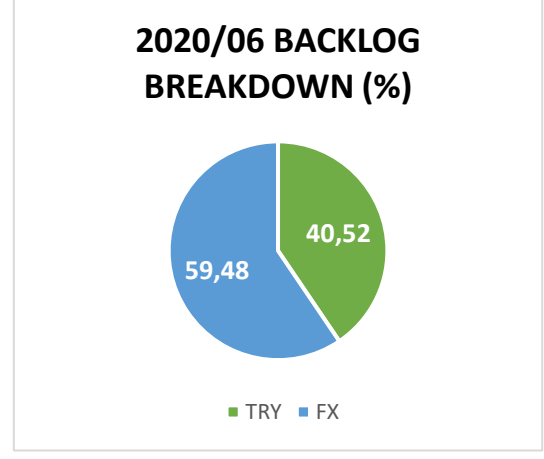
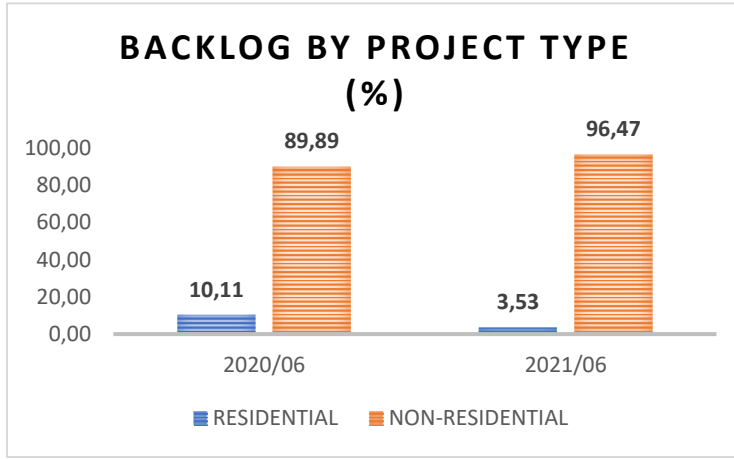
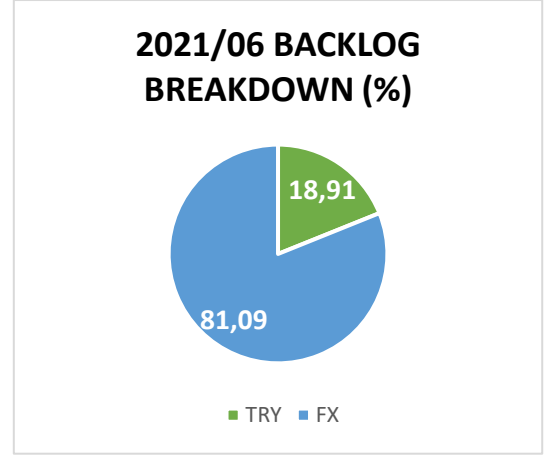
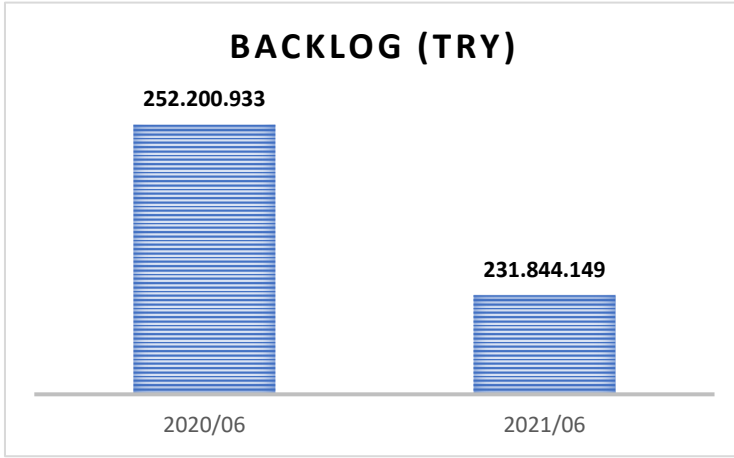


New work booked in 2021/6M decreased 36,343,676 TRY compared to 101,641,240* TRY 2020/6M.

- All new contracts are non-residential.
- 95% of contract value is in FX terms.
- Başakşehir-Kayaşehir Subway Line Contract (Size: EUR 4.675.000) in client signing process.

**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.*

1.B.2. Backlog



Backlog decreased 231,844,149 TRY as of 30.06.2021, compared to 252,200,933 TRY* as of 30.06.2020.

- Non-residential weight in backlog reached 96%.
- FX-based contract value increased to 81% of backlog. Risk management is maintained with provisions regarding FX- inflation-commodity price escalations in particular TRY-based contracts.
- Başakşehir-Kayaşehir Subway Line Contract (Size: EUR 4.675.000) in client signing process.
- Higher than expected progress in recent projects.

**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
SABIHA GÖKÇEN AIRPORT SUBWAY	11,600,030 EUR	DECEMBER 2021
KOCAELİ INTEGRATED HEALTCARE CAMPUS	29,777,256 TRY + 5,707,474 EUR	DECEMBER 2021
İNİSTANBUL	34,229,074 TRY + 5,488,088 EUR	SEPTEMBER 2021
KABATAŞ-MAHMUTBEY SUBWAY	6,112,061 EUR + 3,054,743 TRY	SEPTEMBER 2021
BÜYÜKYALI	39,794,242 TRY	SEPTEMBER 2021
ATATÜRK CULTURAL CENTER	26,750,000 TRY	OCTOBER 2021
DUDULLU-BOSTANCI SUBWAY	2,647,048 EUR	MAY 2022
HİSARÜSTÜ-AŞIYAN FUNICULAR LINE	953,000 EUR	DECEMBER 2021
ATAKÖY-İKİTELLİ SUBWAY	835,351 EUR	SEPTEMBER 2021
M9 & M3 SUBWAY EXTENSION LINES	1,080,000 EUR	JUNE 2023
IBN HALDUN UNIVERSITY	233,895 EUR + 1,599,614 TRY	NOVEMBER 2021

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 2020/Q2. Since May 13, 2020, all activities were resumed at all project sites.
- As of the announcement date of the 2021/Q2 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 2021/6M and Beyond

- The Company's capital increased from TRY 50,000,000 to TRY 80,000,000 all through dividend.
- Completed the contracting signing process for new electrical contracts of;

-Ataköy İkitelli Subway Line (Contract Size: EUR 835.351).

-Sabiha Gökçen Airport Subway Line (Contract Size: EUR 600.030,20).

-Hisarüstü-Aşiyen Funicular Line (Contract Size: EUR 953.000).

-M9&M3 Subway extension lines. (Contract Size: EUR 340.000).

-Ibn Haldun University Project (Contract Size: EUR: 233.896&TRY 1.599.614).

- Completed the contracting signing process for additional electrical works of;

-Dudullu-Bostancı Subway Line (Contract Size: EUR 239.904).

-Kocaeli Integrated Healthcare Campus (Contract Size: EUR 88.208 & TRY 709.924).

- Started the contracting signing process for Başakşehir-Kayaşehir Subway Line (Contract Size: EUR 4.675.000)

- After the end of period,

-Completed the contracting signing process for electrical scope of Dudullu-Bostancı Subway Line (Contract Size: EUR 461.000)

2. MANAGEMENT COMMENTARY ON THE RESULTS

ORGE completed the first half of 2021 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 contract base by adding four new subway contracts in our backlog. Our latest contract received is in client signing phase.

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.

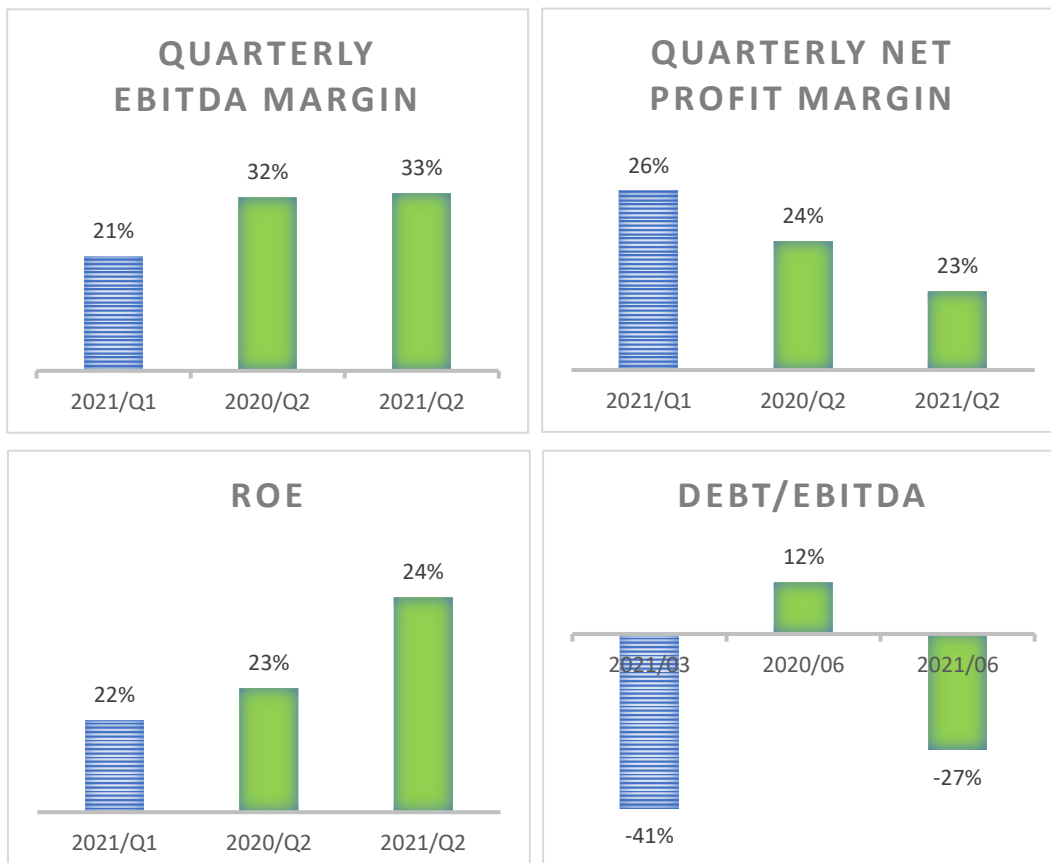
Our revenues keep up their pace even with negative effects of the pandemic thanks to better than expected progress in particular recent projects. Our EBITDA margin increased significantly due to the lifecycle effects of project base and revenue recognition from new projects with better margins. Even we did not have the benefits of our FX contract base and cash reserves compared to last quarter and faced a deferred tax loss due to raise in corporate tax rate for 2021 and 2022, we have maintained a strong net profit margin.

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 current year.

3. KEY FINANCIAL DATA

Financial Data (TRY)	2020/6M	2021/6M
Revenue	73,277,352	111,941,307
Gross Profit	25,068,333	36,360,326
Operating Profit	23,616,661	30,245,207
Profit Before Tax	23,231,011	36,869,436
Net Profit	17,979,136	26,387,668
Equity	202,656,134	267,528,470
Profitability Ratios (%)	2020/6M	2021/6M
Gross Profit Margin	34.21	32.48
Operating Profits Margin	32.23	27.02
Net Profits Margin	25.12	23.57
Equity Profitability Margin	8.87	9.86
Liability Ratios (%)	2020/6M	2021/6M
Total Fin. Debt / Equity	40.14	14.32
Total Debt / Equity	76.79	62.59
Total Debt / Total Assets	43.44	38.50
Equity / Total Assets	56.56	61.50
Net Financial Liabilities (TRY)	6,692,753	-18,953,832
Market Value as of 30.06 (TRY)	332,000,000	452,000,000

3.A. KEY FINANCIAL RATIOS



3.B. MANAGEMENT EXPLANATION ON THE VARIATIONS

EBITDA margin in 2021/Q2;

Increased 2% compared to 2020/Q2 and 55% compared to 2021/Q1 mainly due to:

- More projects to be in their growth phase of life cycle compared to both 2020/Q2 and 2021/Q1.
- More than expected revenue recognition on particular recently signed projects resulted increase in gross margin compared to 2021/Q1 .

Net Profit margin in 2021/Q2 decreased by 7% yearly and 13% quarterly, mainly due to:

- Increase in gross margin compared to both terms, particularly 2021/Q1.
- Net income from investment activities and interest and currency gains increased compared to 2020/Q2; particularly currency gains decreased compared to 2021/Q1 due to stable FX rates.
- Increase in deferred tax loss due to raise in corporate tax rate for 2021 and 2022.

ROE in 2021/Q2 increased by 4% yearly and 5% quarterly mainly due to:

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

Net Financial Debt / EBITDA in 2021/6M is at -27%; it was 12% in 2020/6M and -41% in 2021/3M, mainly due to:

- Maintaining negative net debt position due to increase in cash and equivalents collection and debt payments while increasing EBITDA compared to 2020/6M.
- %20 decrease in Net debt position due to debt payments and inventory purchases, while annualized EBITDA increased %20 compared to 2021/3M.

4. KEY FUTURE OPPORTUNITIES

RAILWAY SYSTEMS OPPORTUNITY

- ECI – Early Contractor Involvement
- Current: 260 KM
- Ongoing construction in İstanbul: 199 KM
- 2024 target: 550 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.

DISCLAIMER AND CONTACT INFORMATION

This Earnings Press Release does not constitute an offer or invitation to purchase or subscription for any securities and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. Neither ORGE Enerji Elektrik Taahhüt A.Ş. nor any of its affiliates, advisors, representatives, directors, managers nor employees nor any other person shall have any liability whatsoever for any loss arising from any use of this presentation or its contents or otherwise arising in connection with it.

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

Mr. Volkan Bayram, PhD
CFO
+90 216 457 32 63
yatirimciiliskileri@orge.com.tr

Mr. Ertuğ Ersoy
Investor Relations Manager
+90 216 457 32 63
yatirimciiliskileri@orge.com.tr