

**2022/Q1**

**EARNINGS PRESS RELEASE**

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

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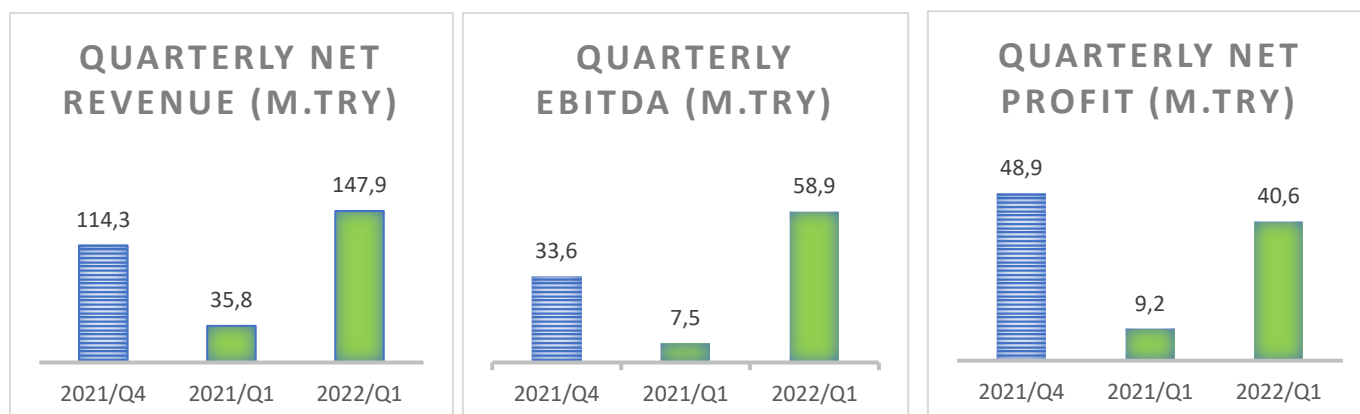
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# 1. FINANCIAL AND OPERATING HIGHLIGHTS

## 1.A. FINANCIAL HIGHLIGHTS



Revenue in 2022/Q1 increased by 313% yearly and 29% quarterly. Increase was driven by:

- Increase in New Work Bookings and Backlog.
- Contract value appreciation in FX contracts due to TRY depreciation particularly compared to 2021/Q1.
- Contract value appreciation due to increase in contracting unit amount and prices particularly compared to 2021/Q1.
- Increase in Year Over Year New Work Bookings and Backlog.

EBITDA in 2022/Q1 increased by 682% yearly and 75% quarterly. Increase was due to:

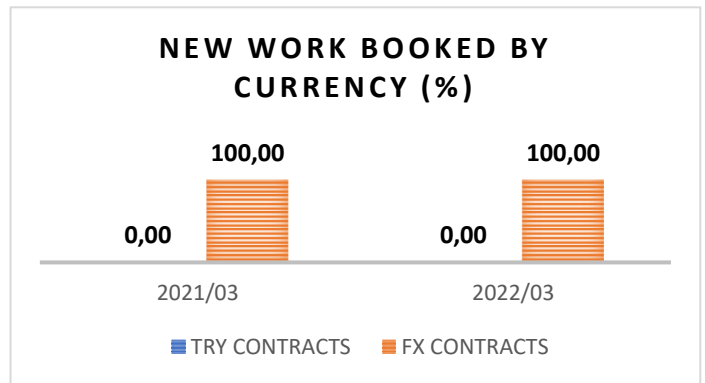
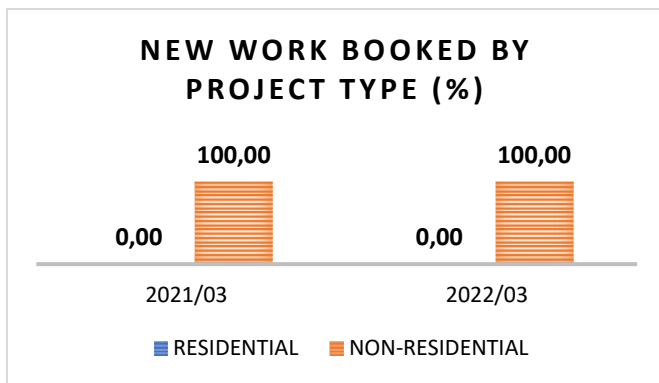
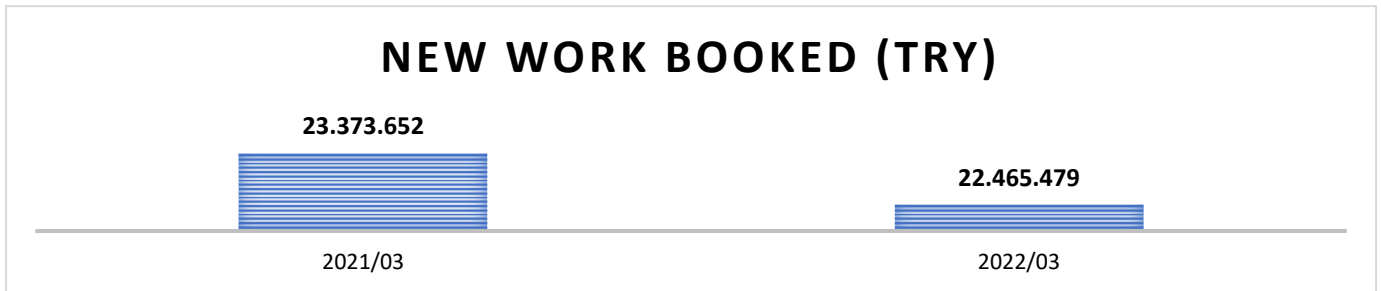
- More projects to be in their growth phase of life cycle compared to 2021/Q1.
- More than expected revenue recognition on particular recently signed projects resulted increase in gross margin.

Net Profit in 2022/Q1 increased by 340% yearly and decreased by 17% quarterly. Difference with EBITDA was mainly due to:

- Increase in effective tax margin. Increase in deferred tax loss comparing 2021/Q1
- No investment activity gains based on investment property valuation.
- Decrease in net financial gains derived from currency gains vs interest expenses due to increase debt finance to use window of opportunity.

## 1.B. OPERATING HIGHLIGHTS

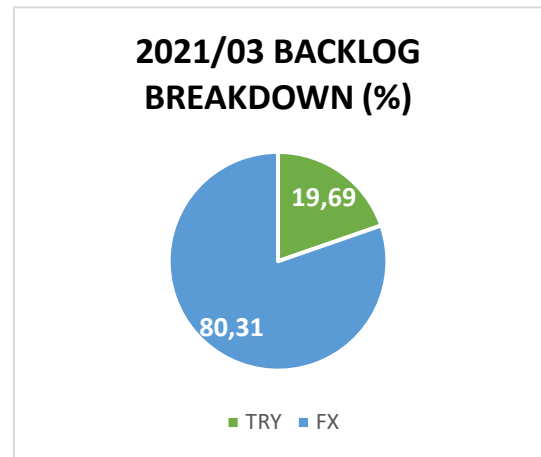
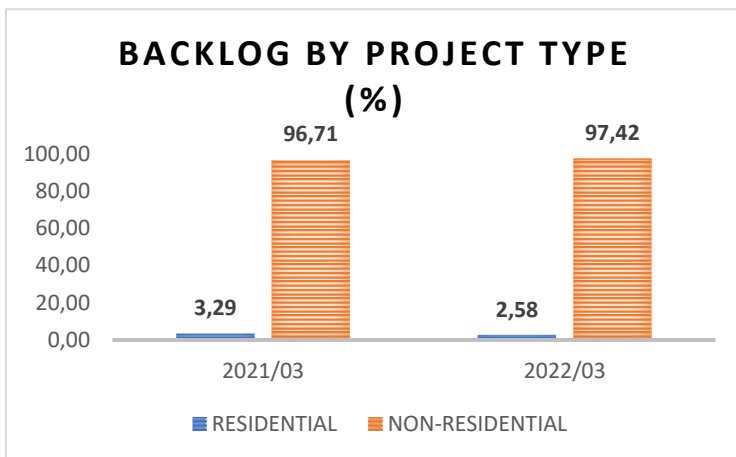
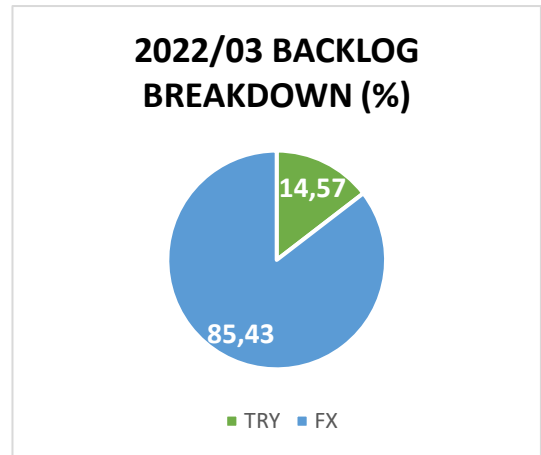
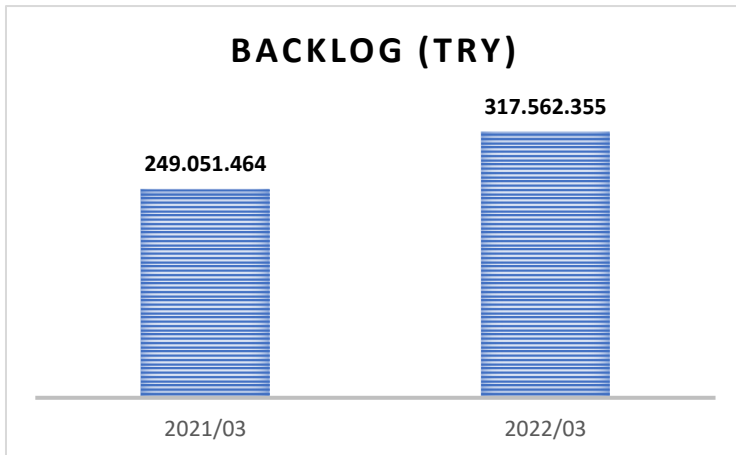
### 1.B.1. New Work Booked



New work booked in 2022/3M decreased 22,465,479 TRY compared to 23,373,652 TRY 2021/3M.

- All new contracts are non-residential.
- All new contracts are in FX terms.

## 1.B.2. Backlog



Backlog increased 317,562,355 TRY as of 31.03.2022, compared to 249,051,464 TRY as of 31.03.2021.

- Non-residential weight in backlog reached 97%.
- 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
SABİHA 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	JUNE 2022
BAŞAKŞEHİR-KAYAŞEHİR SUBWAY	4,675,000 EUR	SEPTEMBER 2022
BÜYÜKYALI	39,794,242 TRY	JUNE 2022
ATATÜRK CULTURAL CENTER	26,750,000 TRY	JUNE 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	JUNE 2022
M9 & M3 SUBWAY EXTENSION LINES	1,080,000 EUR	JUNE 2023

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

- Buyback in 2022/Q1: 1,163,413 shares  
Buyback after 2022/Q1: 270,000 shares  
Buyback balance: 1,513,413 shares

- New works booked in the period;

-Hisarüstü-Aşiyân Funicular Line (Additional Order Size: EUR 1,377,000).

-Istanbul New Airport-Halkalı Subway Line contract signing process started (Contract Size: EUR 2,698,844).

- New works booked after the period;

-Diamond of Skopje Mix-Use LV Cable Supply Work (Contract Size: EUR 1,525,000, first international work)

-TUVTURK Solar Power Plant Project contract signing process started (Contract Size: USD 1,987,905, first renewable energy work)

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

ORGE completed the 2022/Q1 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.

Facing a deferred tax loss due to raise in corporate tax rate for 2022, we managed to increase YoY net profit margin, with the contribution recent projects progress.

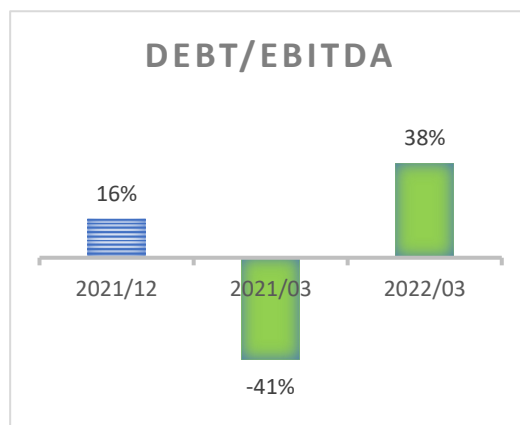
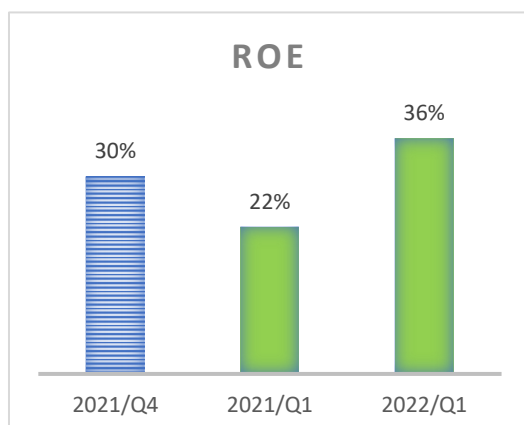
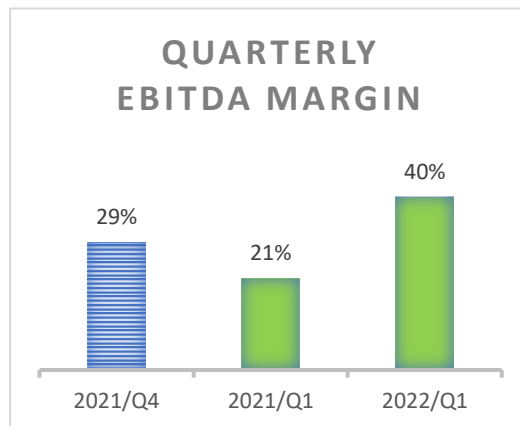
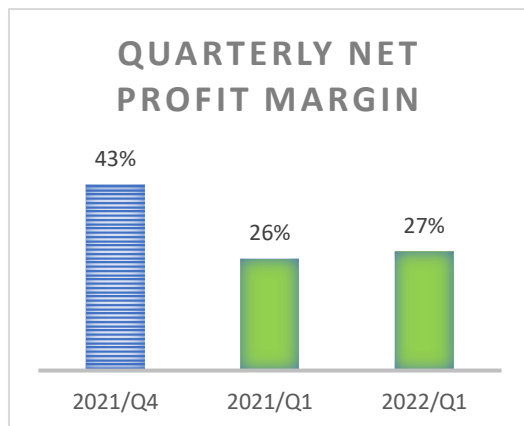
As of the disclosure day, we decided to update our targets our base scenario is for 2022 is: continuation of normalization in economic activity, indicators and prices; and their convergence to the expectations of the company.

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>2021/3M</b>	<b>2022/3M</b>
Revenue	35.774.003	147.887.105
Gross Profit	9.445.548	61.872.044
Operating Profit	7.662.689	50.085.295
Profit Before Tax	11.625.118	51.229.116
Net Profit	9.220.717	40.608.881
Equity	250.624.529	377.825.926
<b>Profitability Ratios (%)</b>	<b>2021/3M</b>	<b>2022/3M</b>
Gross Profit Margin	26,40	41,84
Operating Profits Margin	21,42	33,87
Net Profits Margin	25,77	27,46
Equity Profitability Margin	3,68	35,82
<b>Liability Ratios (%)</b>	<b>2021/12M</b>	<b>2022/3M</b>
Total Fin. Debt / Equity	16,73	40,07
Total Debt / Equity	68,44	91,26
Total Debt / Total Assets	40,63	47,71
Equity / Total Assets	59,37	52,29
Net Financial Liabilities (TRY)	16.288.421	59.580.024
<b>Market Value as of 31.12 (TRY)</b>	<b>547.500.000</b>	<b>553.600.000</b>

### 3.A. KEY FINANCIAL RATIOS



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

#### **EBITDA margin** in 2022/Q1;

Increased by 89% compared to 2021/Q1 and 35% compared to 2021/Q4 mainly due to:

- More than expected revenue recognition on particular recently signed projects resulted decrease in gross margin.
- Less than expected cost realizations on particular projects, plus revenue gains from FX valuation, unit price and amount increases, resulted increase in gross margin

**Net Profit margin** in 2022/Q1 increased by 7% yearly and decreased by 36% quarterly, mainly due to:

- No income from investment activities-mainly by investment property valuation.
- Net interest and currency gains decreased particularly compared to 2021/Q4,
- Effective tax margin decreased compared to 2021/Q4, increased compared to 2021/Q1 due to changes in corporate tax rate for 2021, 2022 and beyond.
- Decrease in deferred tax loss comparing 2021/Q4.

**ROE** in 2022/Q1 increased by 60% yearly and 19% quarterly mainly due to:

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

**Net Financial Debt / EBITDA** in 2022/3M is at 38%; it was -41% in 2021/3M and 16% in 2021/12M, 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
- Finalized 17 subway tenders, est. amount of EUR 5.5 billion
- İzmir, İzmit, Mersin – Subway Projects
- EMEA – Business Development
- 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 İstanbul: TRY 14,3 Billion
      - Railway Investments for İzmir: 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
- 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**

### **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 20%; average number of employees by 20%, and to secure our operating profit at the 2021 level.

### **2022/Q1 Update**

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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