

2023/Q1

EARNINGS PRESS RELEASE

ORGE[®]
ELECTRICAL CONTRACTING

Mr. Volkan Bayram, PhD

CFO

+90 216 457 32 63

yatirimciiliskileri@orge.com.tr

Mr. Ertuğ Ersoy

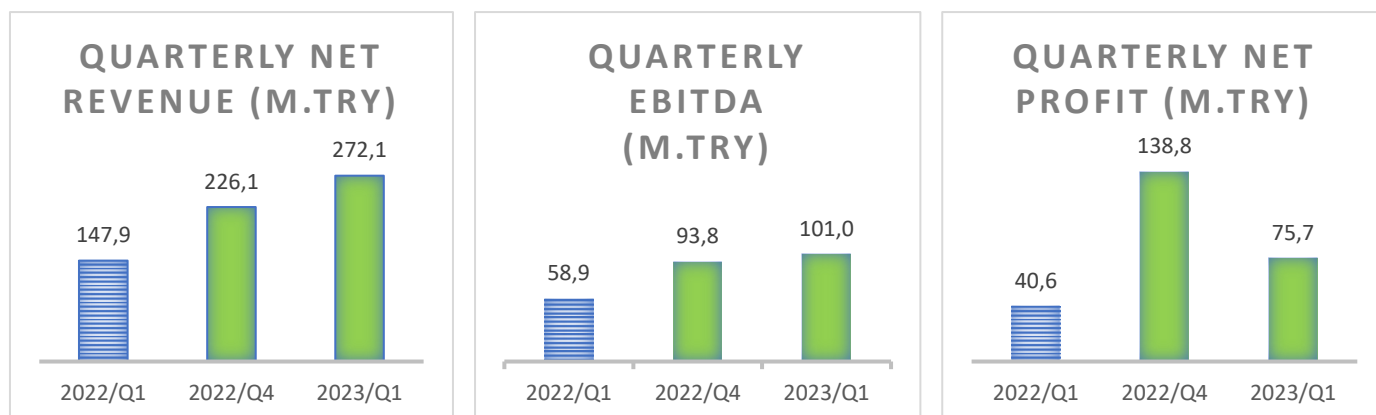
Investor Relations Manager

+90 216 457 32 63

yatirimciiliskileri@orge.com.tr

1. FINANCIAL AND OPERATING HIGHLIGHTS

1.A. FINANCIAL HIGHLIGHTS



Revenue in 2023/Q1 increased by 84% yearly and 20% quarterly. Increase was driven by:

- Increase in particularly YoY and QoQ New Work Bookings and Backlog.
- Contract value appreciation in FX contracts, due to TRY depreciation particularly compared to 2022/Q1, due to unit amount increase particularly compared to 2022/Q4.
- Increase in QoQ Revenue recognition from recent projects.

EBITDA in 2023/Q1 increased by 71% yearly and 8% quarterly. Increase was due to:

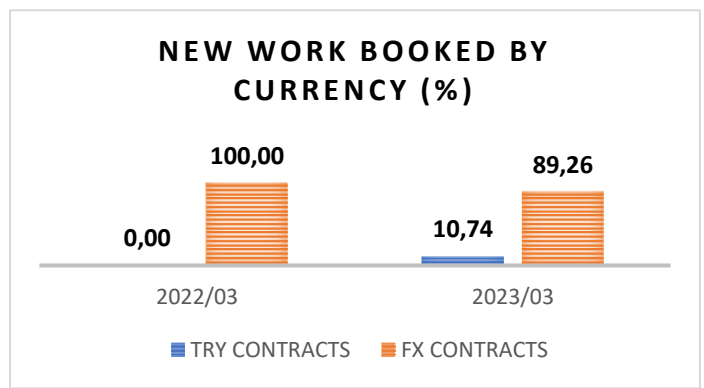
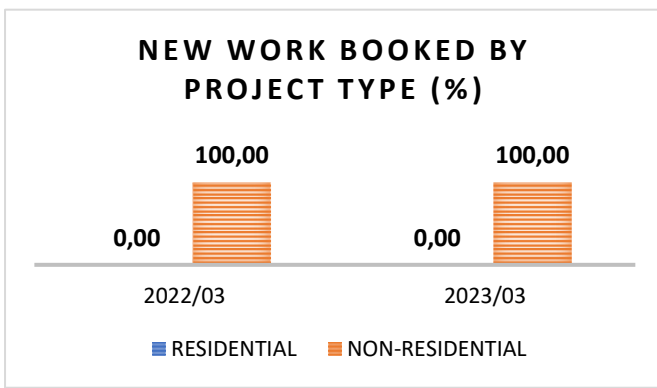
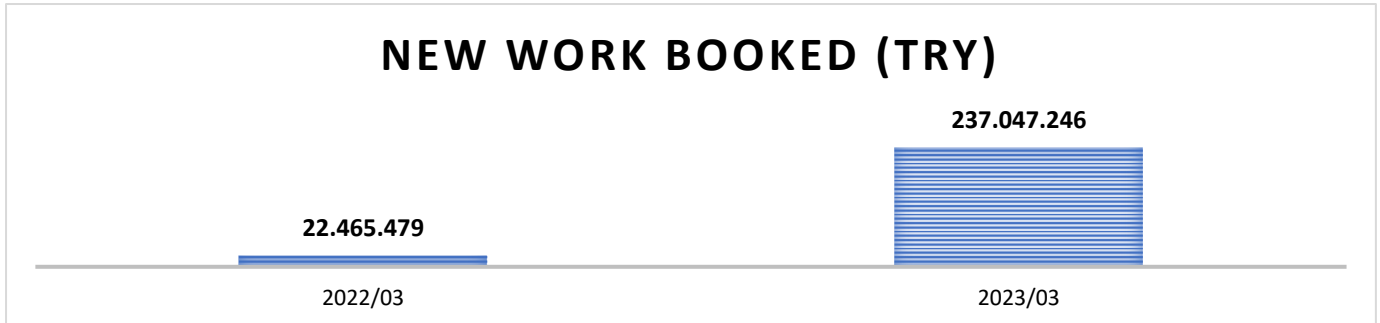
- Increase in revenue.
- More than expected revenue recognition on particular recently signed projects resulted limiting margin decrease.
- Discounted material purchases with favorable commodity prices limiting margin decrease.

Net Profit in 2023/Q1 increased by 86% yearly and decreased by 45% quarterly. Difference with EBITDA was mainly due to:

- No investment activity gains based on investment property valuation for current period compared to 2022/Q4.
- Decrease in effective tax margin: particularly compared to 2022/Q1.
- Decrease in net financial gains derived mostly from currency gains vs interest expenses particularly compared to 2022/Q1 due to increase debt finance to use window of opportunity surpassing currency gains from net receivables.

1.B. OPERATING HIGHLIGHTS

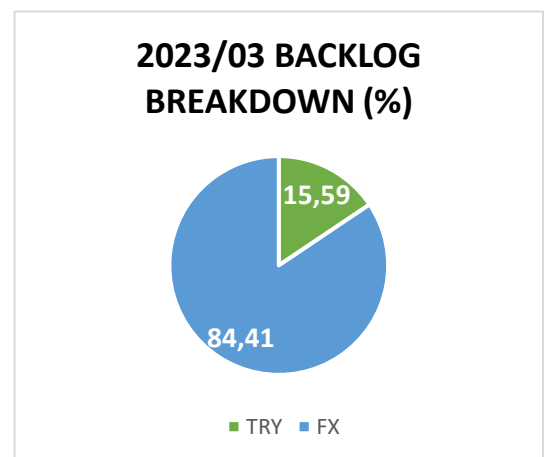
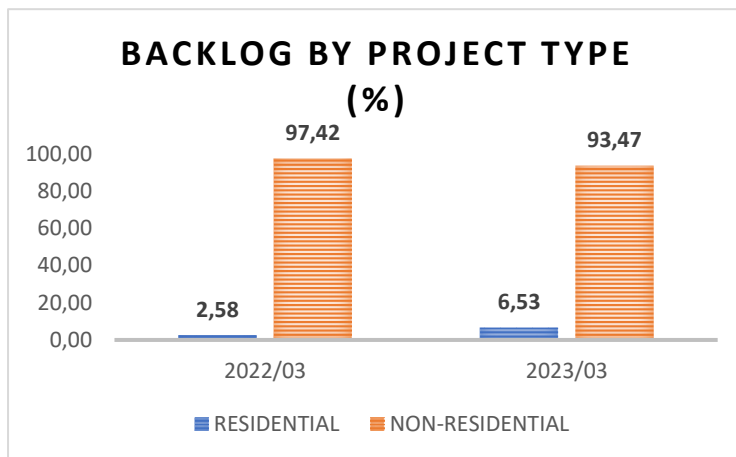
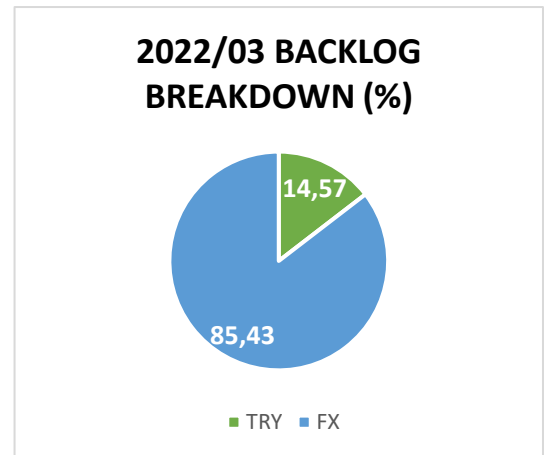
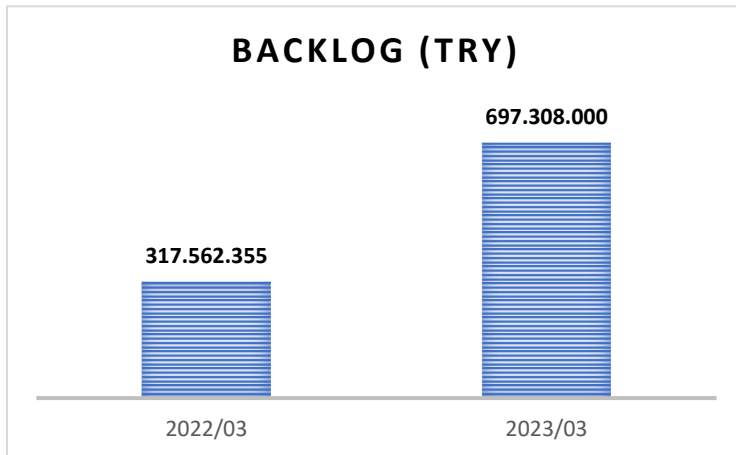
1.B.1. New Work Booked



New work booked in 2023/3M increased 237,047,246 TRY compared to 22,465,479 TRY 2022/3M.

- All of new contracts are non-residential.
- 89% of new contracts are in FX terms. TRY based contracts and/or costs in partial contracts contain have escalation terms linked with inflation, minimum wage increases.

1.B.2. Backlog



Backlog increased 697,308,000 TRY as of 31.03.2023, compared to 317,562,355 TRY as of 31.03.2022.

- Non-residential weight in backlog at 93%.
- FX-based contract value decreased to 84,41% of backlog. Risk management is transformed and 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	STATUS
SABİHA GÖKÇEN AIRPORT SUBWAY	EUR 11.600.030	JUNE 2023	ONGOING
TURKCELL ANKARA DATA CENTER	EUR 2.274.485 + 15.800.614 TL	JUNE 2023	ONGOING
TURKCELL GEBZE DATA CENTER	EUR 1.988.038 + TRY 11.618.486	JUNE 2023	ONGOING
DUDULLU-BOSTANCI SUBWAY	EUR 4.151.346	JUNE 2023	ONGOING
KOCAELİ INTEGRATED HEALTHCARE CAMPUS	TRY 29.777.256 + EUR 5.707.474	JUNE 2023	ONGOING
BAŞAKŞEHİR-KAYAŞEHİR SUBWAY	EUR 4.675.000	JUNE 2023	ONGOING
TÜVTÜRK SOLAR POWER PLANT PROJECT	USD 1.987.905	AUGUST 2023	ONGOING
GÖNCAY PLASTİK SOLAR POWER PLANT PROJECT	USD 1.335.281	AUGUST 2023	ONGOING
FOLKART NEFES PROJECT	EUR 325.400 + USD 889.174 + TRY 22.109.505	AUGUST 2023	ONGOING
ISTANBUL NEW AIRPORT-HALKALI SUBWAY	EUR 2.128.149 + TRY 12.124.054	SEPTEMBER 2023	ONGOING
KOÇ UNIVERSITY DORM PROJECT	EUR 711.968 + TRY 17.618.237	DECEMBER 2023	ONGOING
GEBZE-DARICA SUBWAY	EUR2.685.000 + TRY 31.793.510	FEBRUARY 2024	ONGOING
BAKIRKÖY-KİRAZLI SUBWAY	EUR 10.900.000	MARCH 2024	ONGOING
FOÇA HOLIDAY RESORTS	TRY 17.983.250	DECEMBER 2023	CONTRACT SIGNING PROCESS
PENDİK-FEVZİ ÇAKMAK SUBWAY	EUR 9.630.917 + TRY 54.723.773	FEBRUARY 2025	CONTRACT SIGNING PROCESS
KALİBRE BORU SOLAR POWER PLANT PROJECT	USD 954.985	JULY 2023	CONTRACT SIGNING PROCESS

1.B.3. Other Major Developments in 2023/3M and Beyond

- Maximum repurchase limit was increased to TRY 40,000,000 from TRY 20,000,000 by the board of directors.
- Buyback in 2023/Q1: 400,000 shares
Buyback after 2023/Q1: 392,000 shares
Buyback balance: 891,413 shares
- New works booked in the period;
 - Equipment supply order from domestic client
(Order Size: USD 539.659)
 - Gebze-Darıca Subway contract revision
(Contract Size: TRY 7,843,510)
 - Koç University Dorm Project contract signed
(Contract Size: EUR 711.968 + TRY 17.618.237)
 - Foça Holiday Resorts contract signing process started
(Contract Size: TRY 17,983,250)
- New works booked after the end of period;
 - Bakırköy-Kirazlı Subway additional contract signed
(Contract Size: EUR 9,000,000)
 - Pendik-Fevzi Çakmak contract signing process started
(Contract Size: EUR 9.630.917 + TRY 54.723.773)
 - Kalibre Boru Solar Power Plant Project contract signing process started
(Contract Size: USD 954.985)

2. MANAGEMENT COMMENTARY ON THE RESULTS

ORGE completed the 2023/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: solar power plants, data centers, premium residences we have grown our subway project base by winning three new subway tenders.

Our revenues keep up their growth pace thanks to new works booked and value growth in older backlog, progress increase in particular recent projects.

We managed to maintain EBITDA margin having the benefits of our FX contract base and project selection adapted to inflationist environment and optimizing procurement timing and tender pricing taking into account trends in commodity prices.

Having no investment property valuation gain, we experienced decrease increase in QoQ net profit margin but a managed to keep stable in yearly comparison, despite a huge decrease in net financial gain.

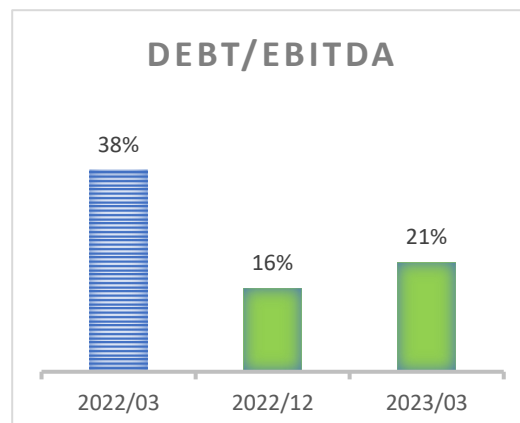
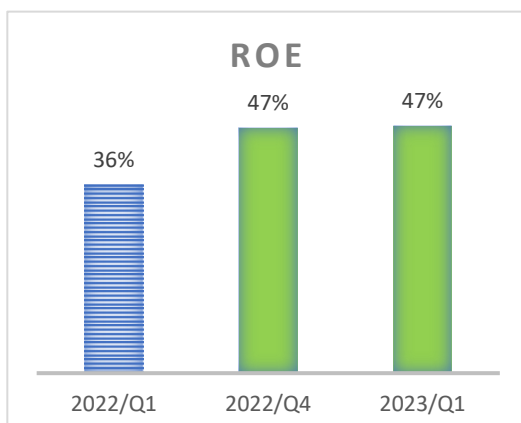
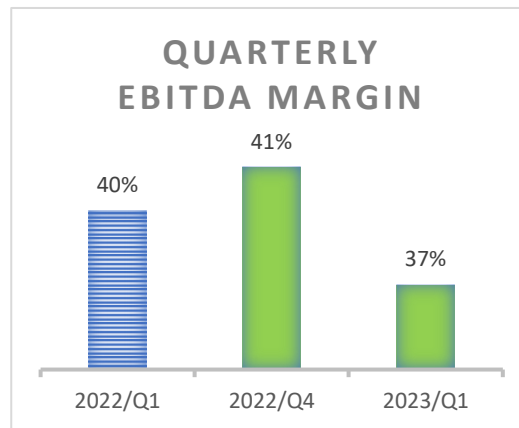
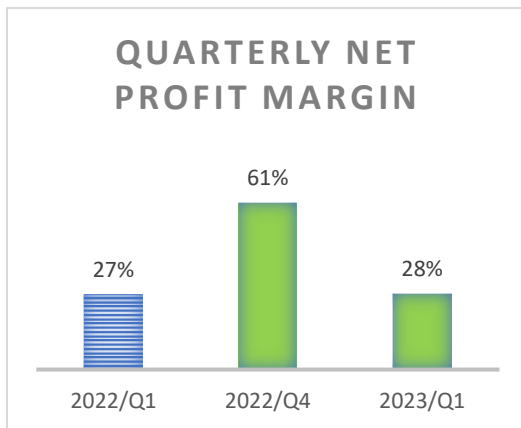
As of the disclosure day, we're maintaining our financial targets for 2023. Our base scenario for 2023 is: smooth general election process, normalization in governance and economic activity, indicators and prices; and their convergence to the expectations of the company.

When our base scenario holds; we believe the activities and financial status of the company will not be effected from the downturns and we can deliver %50 revenue growth and 50% increase in Operational Profit for current year.

3. KEY FINANCIAL DATA

Financial Data (TRY)	2022/3M	2023/3M
Revenue	147.887.105	272.070.467
Gross Profit	61.872.044	111.246.479
Operating Profit	50.085.295	99.699.772
Profit Before Tax	51.229.116	94.644.821
Net Profit	40.608.881	75.714.332
Equity	377.825.926	732.676.016
Profitability Ratios (%)	2022/3M	2023/3M
Gross Profit Margin	41,84	40,89
Operating Profits Margin	33,87	36,64
Net Profits Margin	27,46	27,83
Equity Profitability Margin	35,82	47,05
Liability Ratios (%)	2022/12M	2023/3M
Total Fin. Debt / Equity	18,65	18,70
Total Debt / Equity	70,97	75,68
Total Debt / Total Assets	41,51	43,08
Equity / Total Assets	58,49	56,92
Net Financial Liabilities (TRY)	45.872.684	68.770.037
Market Value as of 31.03 (TRY)	553.600.000	1.766.400.000

3.A. KEY FINANCIAL RATIOS



3.B. MANAGEMENT EXPLANATION ON THE VARIATIONS

EBITDA margin in 2023/Q1;

Decreased by 3 pp compared to 2022/Q1 and 4 pp compared to 2022/Q4 mainly due to:

- Decrease in gross margin mainly due to minimum wage increase.
- Increase in general administration expenses mainly derived from severance provisions.
- Increase in net other operational gains: mainly derived from net currency gains, a deduction item in EBITDA calculation.

Net Profit margin in 2023/Q1 increased by 1 pp yearly and decreased by 33 pp quarterly, mainly due to:

- No investment activity income by investment property valuation particularly compared to 2022/Q4 with valuation gains.
- Decrease in financial gains particularly compared to 2022/Q1,
- Effective tax margin decreased particularly compared to 2022/Q4

ROE in 2023/Q1 increased by 11 pp yearly and stable quarterly, mainly due to:

- Annualized net profit increase is more than Equity base comparing 2022/Q1.

Net Financial Debt / EBITDA in 2023/3M is at 21%; it was 38% in 2022/3M and 16% in 2022/12M, yearly decrease and quarterly increase was stemmed mainly from:

- Debt finance when feasible rates received, or advance cash payments when reasonable discounts maintained for inventory building.
- Debt payments in 2023/Q1 are lower than new bank debt received.

4. KEY FUTURE OPPORTUNITIES

RAILWAY SYSTEMS

ECI – Early Contractor Involvement

- Current: 321 KM
- Ongoing construction in İstanbul: 120 KM
- 2025 target: 441 KM / 2030 target: 685 KM
- İzmir, İzmit, Mersin – Subway Projects
- Est. electrical scope 12-20%

RAILWAYS IN TURKEY’S INVESTMENT PLAN FOR 2023

- Total Investments: TRY 454 Billion
 - Transportation Investments: TRY 122 Billion (27%)
 - Railway Investments from Ministry: TRY 16 Billion
 - Railway Investments from Municipalities: TRY 27 Billion
 - Railway Investments for Istanbul: TRY 16,8 Billion
 - Railway Investments for Izmir: TRY 3,7 Billion
 - Railway Investments for Mersin: TRY 2,2 Billion
 - Railway Investments for Ankara: TRY 1,9 Billion
 - Railway Investments for Antalya: TRY 1,7 Billion
 - Railway Investments for other cities: TRY 640 Million

RENEWABLE ENERGY

- Renewable Energy Department was established
- Tender for the two projects were won.
- Roof Solar Power Plant (SPP) potential in the Domestic Market in 2023 is projected 3800 MW / 1 Billion USD
- Only 3% of industrial plants yet completed or started to built SPP

INDUSTRIAL PLANTS,

- Automotive sector investments: e-mobility
- Tax incentives for chemical, petroleum plants
- Renewable energy transition for factories/plants
- Cooperation with international contractors
- Est. electrical scope 12-20%

DATA CENTERS

- IT Complex, data center construction & renovations

- Within the scope of the Attraction Area Program (Energy, fiber communication infrastructure, investment location allocation, interest-free investment loan supports)
- Among the priority investment incentive areas
- An ideal and an alternative Disaster Recovery Center (FKM/DRC) for neighboring and Gulf Countries
- Current data center area: 100.000 sqm
- Target: 400.000 sqm in 5 years
- Est. electrical scope 15-25%

SMART BUILDINGS / TOURISM INVESTMENTS

- Business development at elite segment residential and touristic projects at Turkey, Cyprus and EMEA
- Premium segment hotel demand
- Turkey, one of top 10 most visited country.
- 2023 target: 60 million visitors, 56 billion USD revenue
- 2028 target: 90 million visitors, 100 billion USD revenue
- Ministry Guidance: visitors and revenue increase by %30-%45
- Tax incentives
- Est. electrical scope 12-20%

5. EXPECTATIONS AND EARNINGS GUIDANCE

2023/12M

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.org.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