

Alarko Holding A.Ş. ("ALARK")

Alarko Holding A.Ş. (BIST: ALARK), one of the most respected conglomerates of the Turkish economy with its leading brands, extensive knowledge and experience in various fields, today announces its financial results for the third quarter of 2023.

Comments from the CEO of Alarko Holding

Umit Nuri Yildiz, CEO of Alarko Holding, commented:

"Since the beginning of 2023, we have consistently achieved results above our financial budget in each reporting period. Despite the challenging business conditions throughout the year, including the earthquake disaster deeply affecting everyone in our country, macroeconomic uncertainties, ongoing conflicts in our region, and the election process, Alarko Holding has diligently continued its operations with high precision, which has been rewarded with successful financial outcomes.

The executive ability, effective financial policies, and digitalization efforts, which Alarko Holding has always proudly highlighted, have been the main elements behind the achievements during this period.

Looking at the third quarter performance, highly successful results were achieved. Our consolidated profit in the third quarter reached 4 bn TL, while our consolidated profit for the first 9 months reached 9 bn TL, indicating a rise of 19%. Controlled commercial expenses, meticulously monitored cash flow, and proactive implementation of risk hedging initiatives since the beginning of the year have supported the financial structure and profit.

The growth momentum in the Agriculture and Food Industry, a cornerstone of our vision for 2030, gained traction in early 2023. While our motivation to enhance our greenhouse activities continue, the forthcoming commissioning of our micro-granule plant in the following months will further showcase the impact of fertilizer activities on our financials. Our leap into the Food Industry and the seed sector aims to support institutionalization in these fields, add value to Turkey, and continue creating value for all stakeholders.

During this period, we declared our intention to enter the aviation sector after long-term efforts. Our focus involves transformation and modification of wide-body passenger aircraft, obtaining relevant international licenses, manufacturing parts, applying these modifications in passenger aircraft at hangars with international standards and authorizations, and encompassing aircraft buying and selling. By 2025, we anticipate witnessing how this area adds extra value to Alarko.

For the rest of the year, we will closely monitor not only domestic but also international market central bank policies, commodity prices, and inflation. To mitigate the impact of these risks on our Group's activities, we will continue our proactive approach by using various hedging instruments.

At Alarko Holding, we view sustainability as a tool for creating long-term value and are working towards developing business models that prioritize long-term environmental and social benefits in all our Group companies and future investments. Under the sustainability motto "Value for the Future," we have set our goals and strategies in the areas of "Planet," "People and Culture," and "Digital Transformation and Innovation." In this context, we are sharing the Alarko Holding Sustainability Report with all stakeholders.

In the upcoming period, we will continue to create shareholder value for all our stakeholders, generate benefits for our country, and simultaneously strengthen our financial capacity while sustaining our operations".

Summary Financials*

(TL mn)	Q3 2023	Q3 2022	Change	9M 2023	9M 2022	Change
Revenue	24,215	24,007	1%	53,112	50,363	5%
EBITDA	9,492	8,271	15%	17,188	16,555	4%
EBITDA Margin	39%	35%		32%	33%	
Net Profit	7,933	8,243	(4%)	25,545	15,738	62%

* The figures represent the combined figures and before eliminations, while EBITDA as per company calculation

Financial Highlights – Combined*

- Sales revenue reached TL 24,2 bn, up by 1% in Q3 2023 over Q3 2022
- In Q3 2023, EBITDA came in at TL 9,5 bn, indicating an EBITDA margin of 39%
- Combined net profit came in at TL 7,9 bn in Q3 2023
- In Q3 2023, solo (holding only) net cash stands at TL 1,6 bn, whereas combined net debt stands at around TL 15,5 bn

*Figures in this report represent the combined figures before eliminations, assuming full ownership in JV's and partnerships

In the 3rd quarter of 2023, combined revenue reached 24.2 billion TL, marking a 1% increase compared to the same period of last year. The slight increase is mainly attributable to higher revenue from industry and construction segment despite the fact that decrease in power generation limited the growth.

The main reasons for the decline in revenue in power generation segment is limited production at our thermal plant, limited production caused by drought in hydroelectric power plants, and lower electricity prices compared to the previous year in the energy sector.

Combined EBITDA was realized at TL 9,492 mn in Q3 2023, whereas EBITDA Margin parked at 39.2%.

Combined net profit was recorded as TL 7,933 mn in Q3 2023 versus a net profit of TL 8,243 mn in Q3 2022.

The share of energy in total combined revenue reached 79% in Q3 2023. Energy segments contribution in combined EBITDA reached 87% in Q3 2023.

Total electricity generated by Alarko Holding in Q3 2023 was down by 7% compared to Q3 2022, mainly due to limited production at all facilities except our Gönen HES.

In the meantime, total power produced in the market in Q3 2023 demonstrated an increase of 5,4% over Q3 2022.

Our thermal plant Cenal generated 2.682.492 MWh, indicating a contraction of 7% in Q3 2023.

Due to lack of rainfall and drought in the region, power generation was down by 66% at Karakuz HES and produced 5.293 MWh in Q3 2023.

Revenue from electricity generation was down by 25% in Q3 2023. Average electricity price was realized at 2.079 TL and 78 USD per MWh in Q3 2023, representing a decrease of 32% and 55% over comparable period, respectively.

The revenue obtained from the electricity distribution and retail business segment reached 13.0 billion TL in the 3rd quarter of 2023, marking a 2% increase.

Revenue from energy business was down by 9% in Q3 2023 over the comparable period in 2022.

The EBITDA obtained from the electricity production business was realized as 3.1 billion TL in the 3rd quarter of 2023, experiencing a 50% decrease compared to the same period last year. The decrease in EBITDA was primarily due to lower power production along with lower power prices at power business.

Electricity distribution & retail business's EBITDA came in at TL 5.2 bn in Q3 2023.

Energy segment's EBITDA was up by 5% and reached TL 8,3 bn in Q3 2023.

The revenue obtained from the contracting business segment amounted to 2.684 million TL in the 3rd quarter of 2023, representing a 36% increase compared to the same period last year.

As of end of September 30th 2023, backlog stands at US\$ 257 mn, where international projects account for 88% of the total backlog.

EBITDA from construction business realized at TL 730 mn in Q3 2023.

Net profit was realized at TL 81 mn in Q3 2023 over a loss of TL 20 mn in Q3 2022.

Revenue from land development business reached TL 209 mn in Q3 2023.

EBITDA generated from land development business was TL 272 mn in Q3 2023, versus TL 195 mn in Q3 2022.

Net profit realized at TL 276 mn in Q3 2023.

Revenue from industrial segment was TL 1.295 mn in Q3 2023, improving 149% over Q3 2022.

EBITDA generated from industrial segment was TL 137 mn in Q3 2023, representing an increase of 55% over Q3 2022.

Net profit came in at TL 2 mn in Q3 2023 versus TL 54 mn in Q3 2022.

Revenue from tourism business reached TL 654 mn in Q3 2023.

EBITDA generated from tourism business was TL 201 mn in Q3 2023, whereas TL 135 mn was recorded as EBITDA in Q3 2022.

Net profit realized at TL 119 mn in Q3 2023 versus a loss of TL 0.1 mn in Q3 2022.

Combined & Consolidated P&L

Combined (TL mn)	Q3 2023	Q3 2022	Change	9M 2023	9M 2022	Change
Revenue	24.215	24.007	1%	53.112	50.363	5%
EBITDA	9.492	8.271	15%	17.188	16.555	4%
EBITDA Margin	39%	34%		32%	33%	
Net Profit	7.933	8.243	-4%	25.545	15.738	62%

Consolidated (TL mn)	Q3 2023	Q3 2022	Change	9M 2023	9M 2022	Change
Revenue	2.869	2.335	23%	6.073	5.072	20%
EBITDA	427	424	1%	2.155	1.146	88%
EBITDA Margin	15%	18%		35%	23%	
Net Profit	3.970	4.220	-6%	8.895	7.484	19%

Consolidated B&S

mn TL	2016	2017	2018	2019	2020	2021	2022	9M23	Change 9M23/FY22
Current Assets	1.172	1.216	1.567	1.491	1.665	2.434	8.596	12.940	51%
Cash and Cash Equivalents	430	348	438	346	375	840	5.089	2.343	-54%
Financial Investments	354	423	567	564	737	485	721	6.003	732%
Trade Receivables	65	129	162	317	297	535	1.626	2.864	76%
Inventory	135	156	228	107	113	279	586	614	5%
Other	188	160	172	156	142	295	575	1.116	94%
Non-Current Assets	1.257	1.478	1.445	1.706	2.428	4.698	16.077	24.221	51%
Investments Evaluated by Equity Pick-Up Method	425	647	423	604	1.188	2.471	11.740	16.860	44%
Investment Real Estate Properties	214	276	379	423	472	727	1.570	1.599	2%
Tangible Assets	518	471	410	352	365	892	956	2.430	154%
Other	100	84	234	327	403	608	1.811	3.332	84%
Total Assets	2.429	2.694	3.012	3.197	4.093	7.132	24.673	37.161	51%
Current Liabilities	477	640	872	667	750	2.126	7.470	10.452	40%
Short Term Borrowings	147	165	77	45	6	104	1.513	3.566	136%
Short Term Portions of Long Term Borrowings	77	74	91	103	94	61	41	33	-19%
Trade Payables	75	125	380	301	144	385	1.069	1.524	43%
Payables from continuing Construction, Contracting and Service Contracts	109	240	245	121	160	833	804	772	-4%
Other	68	37	79	97	344	743	4.044	4.556	13%
Non-Current Liabilities	438	309	521	524	458	447	951	1.705	79%
Long Terms Borrowings	188	122	207	196	100	52	141	276	96%
Other Payables	37	30	60	84	95	173	287	422	47%
Deferred Tax	70	82	130	149	145	122	160	386	141%
Other	143	76	124	96	119	99	363	620	71%
Shareholder's Equity	1.514	1.744	1.620	2.005	2.886	4.559	16.252	25.004	54%
Total Liabilities and Shareholder Equity	2.429	2.694	3.012	3.197	4.093	7.132	24.673	37.161	51%

WEBINAR

The company plans to host a webinar for all stakeholders and interested parties on Thursday, November 9th, 2023 at 06:00 PM (TRT) / 3:00 PM (GMT) / 11:00 AM (EDT).

Relevant material will be available at the Investor Relations section of the Company's website at <https://www.alarko.com.tr/en/investor-relations/presentations-releases/webcast-presentation> on the same day.

There will be an online presentation with regards to Q3 2023 Results and a Q&A session will be available following the result presentation. Questions should be submitted via the platform and presenters will respond in order.

Webinar Link: Please visit [Webinar Link](#) and register 5 min ahead of the webinar.

ABOUT ALARKO HOLDING

Founded in 1954 as a limited partnership by İshak Alaton and Üzeyir Garih, Alarko was incorporated as a holding company in 1973 and went public in 1974. Today, the company is one of Turkey's leading industrial enterprises with a strong history of over 65 years and operations in 7 different fields of activity, 41 subsidiaries including an international joint venture, 7.500 employees and annual combined revenues of 74 billion TL as of end of 2022.

Alarko Holding is one of the most respected enterprises of the Turkish economy with its leading brands, extensive knowledge and experience in various fields, high-technology driven R&D investments, national sales network, international projects and ambition for global competition. Alarko Holding has become a symbol of trust and prestige with its corporate ethical values which have not been compromised since the very first day of its foundation, principle of superior quality in all products and services, and policy of investing in people.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document may contain certain forward-looking statements concerning our future performance and should be considered as good faith estimates made by the Company. These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.

ENQUIRIES

For financial reports and further information regarding Alarko Holding, please visit our website at

<https://www.alarko.com.tr/en/investor-relations/overview> or you may contact:

Özgür Kalyoncu
Investor Relations and Corporate Communications Director
T +90 212 310 3300
alarkoinvestorrelations@alarko.com.tr