

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 first quarter of 2024.

Comments from the CEO of Alarko Holding

Umit Nuri Yildiz, CEO of Alarko Holding, commented:

“The first quarter of 2024 began with an intense election agenda for our country, parallel to the first half of 2023. Monetary tightening continued as part of the fight against inflation, with the policy interest rate being raised to 50%. Markets entered a normalization process, establishing relationships between the money market and its application. During this period, Alarko Holding focused significantly on cash management and diversifying working capital strategies, which gained importance.

In light of all these developments, as Alarko Holding, we have made every effort to maintain our company's profitability at the highest level through the disciplined monetary and investment policies we have adopted. During this period, as a Group, we have continued to preserve our healthy balance sheet structure with low debt ratios and strong cash positions, while ensuring the most efficient use of our equity. Our TMS-29 adjusted combined earnings before interest, taxes, depreciation, and amortization (EBITDA) reached 1.8 billion TL. As a result of the TMS-29 application, Alarko Holding's net monetary loss, which is recorded by companies with strong equity, amounted to approximately 2 billion TL during this period, thereby limiting our profit.

In 2023, we initiated an advance dividend payment method for the first time, distributing approximately 888 million TL in dividends over 4 installments, ensuring regular dividend payments to our shareholders. We continued to invest by carefully planning the balance between growth and dividend distribution. In the first quarter of 2024, while making investments of approximately 1.3 billion TL, our investment appetite increased following the elections.

Alarko Holding, thanks to its dynamic and effective management capacity and systems, successfully continues all its operations even under the most challenging conditions. The principles we have adopted since our establishment have ensured our company's continuous and stable growth, while our proven strategic strength and flexible business model form the cornerstones of our long-term success.

We continue to accelerate our investments with our diversified portfolio structure. We are proud to celebrate the 70th anniversary of our establishment as one of the iconic institutions of our Republic, with significant investments in key development sectors from tourism to energy, industry to agriculture, infrastructure projects to aviation, a strong presence in different geographies, and nearly 7000 employees. Being a 70-year-old brand is a great success not only for our country but also on a global scale. On our growth and transformation journey, we undertake with this responsibility, we are making new investment initiatives and setting ambitious targets for ourselves in areas such as organization, sustainability, technology, and innovation. Carrying this success forward is only possible with the ability to transform. In light of the dynamics shaping the era, we also show the courage to continuously renew ourselves.

As of end of 2024, we will become the largest in the region with our geothermal modern greenhouse activities in agriculture. In addition to these activities, with the agreement we have signed with the Government of Kazakhstan, we will transfer our greenhouse activities in Turkey to Kazakhstan. We take pride in advancing our multidisciplinary approach in the Kazakh geography, where we have been collaborating for many years.

Our principle of creating value for shareholders and stakeholders continues alongside our high value creation capacity. In this context, we will strive to advance Alarko Holding's social investments for all its stakeholders in the coming years".

Summary Financials*

(TL mn)	Q1 2024	Q1 2023	Change
Revenue	7.205	11.370	-37%
EBITDA	1.803	3.885	-54%
EBITDA Margin	25%	%34	
Net Profit	-1.275	684	n.m

* The figures represent the combined figures with considering Alarko's stake in JV's after eliminations, while EBITDA as per company calculation.

Financial Highlights – Combined*

- Sales revenue down TL 7 bn, down by 37% in Q1 2024 over Q1 2023
- In Q1 2024, EBITDA came in at TL 1,8 bn, indicating an EBITDA margin of 25%
- Combined net loss came in at TL 1,3 bn in Q1 2024
- In Q1 2024, solo (holding only) net cash stands at TL 2,5 bn, whereas combined net debt stands at TL 3,0 bn

* The figures represent the combined figures with considering Alarko's stake in JV's after eliminations

In the 1st quarter of 2024, combined revenue reached 7.2 billion TL, marking a 37% decrease compared to the same period of last year. The step back is mainly attributable to lower revenue generation from power segment and construction businesses.

The main reasons for the decline in revenue in power generation segment is lower spot power prices despite the fact that both our thermal plant along with renewable assets' production have elevated over comparable period. In addition, lower tariffs in the power distribution segment limited the growth.

Combined EBITDA was realized at TL 1,803 mn in Q1 2024, whereas EBITDA Margin parked at 25%.

Combined net loss was recorded as TL 1,275 mn in Q1 2024 versus a net profit of TL 684 mn in Q1 2023(indexed) basically due to monetary losses realized in the quarter due to inflationary accounting standards on top of the reasons shared above.

The share of energy in total combined revenue reached 69% in Q1 2024 compared to 73% in Q1 2023.

Total electricity generated by Alarko Holding in Q1 2024 was up by 9% compared to Q1 2023. In this surge, particularly at our Cenal Karabiga facility, there has been a significant increase in production, while all our existing hydroelectric power plants have experienced stronger production compared to the previous year due to the impact of precipitation throughout the year.

In the meantime, total power produced in the market in Q1 2024 demonstrated an increase of 6% over Q1 2023.

Our thermal plant Cenal generated 2.532.780 MWh, pointing an increase of 8% in Q1 2024.

Power generation was up by 42% at Karakuz HES and produced 29.541 MWh in Q1 2024.

Gönen HES plant, there has been a remarkable increase in electricity production, reaching a staggering 1845% surge. By the end of the first quarter of 2024, a total of 17,662 MWh of electricity has been generated.

Revenue from electricity generation was down by 37% in Q1 2024. Average electricity price was realized at 2.071 TL and 66 USD per MWh in Q1 2024, representing a decrease of 26% and 56% over comparable period, respectively.

The revenue obtained from the electricity distribution and retail business segment reached 2.5 billion TL in the 1st quarter of 2024, marking a 43% decline. The decrease is basically due to lower tariffs.

Revenue from energy business was down by 40% in Q1 2024 over the comparable period in 2023.

The EBITDA obtained from the electricity production business was realized as 1.2 billion TL in the 1st quarter of 2024, experiencing a 15% decrease compared to the same period last year. The decrease in EBITDA was primarily due to lower spot power prices.

Electricity distribution & retail business's EBITDA came in at TL 442 mn in Q1 2024. The decline in the EBITDA is mainly attributable to lower recorded financial income.

Energy segment's EBITDA was down by 54% and reached TL 1,6 bn in Q1 2024.

The revenue obtained from the contracting business segment amounted to 1.443 mn TL in the 1st quarter of 2024, representing a contraction of 30% compared to the same period last year.

As of end of March 31st 2024, backlog stands at US\$ 234 mn, where international projects account for 88% of the total backlog.

EBITDA from construction business realized at TL 3.2 mn in Q1 2024.

Net loss was realized at TL 85 mn in Q1 2024 over a profit of TL 15 mn in Q1 2023.

Revenue from land development business reached TL 22 mn in Q1 2024.

EBITDA generated from land development business was TL 133 mn in Q1 2024, versus TL 64 mn in Q1 2023.

Net loss realized at TL 52 mn in Q1 2024.

Revenue from industrial segment was TL 564 mn in Q1 2024, declining by 37% over Q1 2023.

EBITDA generated from industrial segment was TL 7 mn in Q1 2024 over TL 88 mn recorded in Q1 2023.

Net loss came in at TL 53 mn in Q1 2024 versus a loss of TL 14 mn in Q1 2023.

Revenue from tourism business reached TL 28 mn in Q1 2024.

EBITDA generated from tourism business was TL – 101 mn in Q1 2024, whereas TL - 79 mn was recorded as EBITDA in Q1 2023.

Net loss realized at TL 163 mn in Q1 2024 versus a loss of TL 110 mn in Q1 2023.

Revenue from agriculture business reached TL 126 mn in Q1 2024.

EBITDA generated from agriculture business was TL 67 mn in Q1 2024, indicating a margin of 54%.

Net loss realized at TL 21 mn in Q1 2024 versus a loss of TL 12 mn in Q1 2023 due to high financial expenses.

Combined & Consolidated P&L *

Combined (TL mn)**	Q1 2024	Q1 2023	Change
Revenue	7.205	11.370	-37%
EBITDA	1.803	3.885	-54%
EBITDA Margin	25%	34%	
Net Profit	-1.275	684	n.m

Consolidated (TL mn)	Q1 2024	Q1 2023	Change
Revenue	1.644	2.355	-30%
EBITDA	464	415	12%
EBITDA Margin	28%	18%	
Net Profit	-1.275	684	n.m

* TAS – 29 Applied

** The figures represent the combined figures with considering Alarko's stake in JV's and after eliminations

Consolidated B&S *

mn TL	Change		
	2023	1Q24	1Q24/FY23
Current Assets	18.071	18.679	3%
Cash and Cash Equivalents	3.767	4.584	22%
Financial Investments	7.425	7.165	-3%
Trade Receivables	3.370	3.533	5%
Inventory	1.270	1.295	2%
Other	2.239	2.103	-6%
Non-Current Assets	50.230	52.686	5%
Investments Evaluated by Equity Pick-Up Method	32.923	32.296	-2%
Investment Real Estate Properties	3.335	3.294	-1%
Tangible Assets	7.573	8.469	12%
Other	6.400	8.628	35%
Total Assets	68.300	71.365	4%
Current Liabilities	15.149	17.332	14%
Short Term Borrowings	5.704	6.919	21%
Short Term Portions of Long Term Borrowings	182	190	4%
Trade Payables	2.237	1.829	-18%
Payables from continuing Construction, Contracting and Service Contracts	896	871	-3%
Other	6.129	7.524	23%
Non-Current Liabilities	2.584	4.489	74%
Long Terms Borrowings	658	2.595	294%
Other Payables	674	662	-2%
Deferred Tax	527	543	3%
Other	726	689	-5%
Shareholder's Equity	47.175	46.140	-2%
Total Liabilities and Shareholder Equity	68.300	71.365	4%

* TAS – 29, all figures carried to current period

WEBINAR

The company plans to host a webinar for all stakeholders and interested parties on Thursday, June 20th, 2024 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 Q1 2024 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 70 billion TL as of end of 2023.

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:

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