

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 fourth quarter of 2023.

Comments from the CEO of Alarko Holding

Umit Nuri Yildiz, CEO of Alarko Holding, commented:

“In 2023, we managed numerous risks simultaneously in line with global and regional developments. Specifically for Türkiye, the first half of 2023 was influenced by the election period. However, with the uncertainty surrounding the elections dissipating, we entered a more predictable economic performance in the second half of the year.

As Alarko Holding, leveraging our experience from our 70-year history, agile management approach, effective financial policies, and accurate strategic planning, we achieved remarkably successful results in a challenging year.

Excluding the application of TAS 29, our combined sales revenue reached 70 bn TL in 2023, while our net profit increased by 44% to 36 bn TL. Following the application of TAS 29, our combined sales revenue amounted to 88 billion TL, and our combined net profit stood at 28 bn TL.

Our consolidated profit, which amounted to 12.6 bn TL excluding the application of TAS 29, decreased to 6.6 bn TL after the application of TAS 29. As a result of the TAS 29 application, both our equity and operating profit increased in the year 2023.

We are pleased to have completed the year 2023 with a successful outcome in line with our objectives and plans. The results we have achieved demonstrate that Alarko Holding can successfully manage all its activities even under challenging conditions, thanks to its dynamic and effective management capacity and systems. The principles upheld by Alarko since its establishment have allowed the company to achieve stable growth, while our proven strategic strength and flexible business model are the cornerstones of our long-term success.

As you know, we began to see the positive results of the transformation and change initiative we launched in 2021. Positioning Alarko Holding as a portfolio management company, we have developed a new investment strategy. Within this framework, we decided to diversify into different investment areas and made a strong entry into the agriculture and investment sectors in 2023.

Following our decision to enter the aviation sector, we have made significant progress in this direction. While enhancing our existing business lines with new investments, we have also included partnership investments in innovative companies within our plans. Our search for suitable investments within our portfolio will continue to be on our agenda in 2024.

We have taken determined steps to integrate sustainability and net zero goals into all our activities. In 2023, we began to create shared value with our Group companies in line with our 2030 Sustainability Vision and Goals, which we transparently shared with our stakeholders. Within this framework, we have identified goals and actions that add value and contribute both to our companies and to the geography we live in. In the coming years, we will continue to expand our contribution to sustainable economic development and societal well-being with exemplary practices in each of our fields of activity. We will continue to develop our organizational capabilities and invest in our companies, employees, and infrastructure. We are committed to improving our operations, managing our balance sheet effectively, creating long-term shareholder value, maintaining the momentum of our increasing financial strength, and enhancing our profitability and efficiency.

We sincerely thank all our stakeholders for their trust and the value they add, and we wish 2024 to be a year of unparalleled success for our country and our world”.

Summary Financials*

(TL mn)	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Revenue	16.969	23.460	-28%	70.081	73.823	-5%
EBITDA	8.438	6.946	21%	25.627	23.501	9%
EBITDA Margin	50%	30%		37%	32%	
Net Profit	10.342	9.206	12%	35.888	24.944	44%

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

* Financial Indicators - Not Subject to Independent Audit and TAS-29 Application

Financial Highlights – Combined*

- Sales revenue reached TL 17 bn, down by 28% in Q4 2023 over Q4 2022
- In Q4 2023, EBITDA came in at TL 8,4 bn, indicating an EBITDA margin of 50%
- Combined net profit came in at TL 10,3 bn in Q4 2023
- In Q4 2023, solo (holding only) net cash stands at TL 2,0 bn, whereas combined net debt stands at around TL 16,4 bn

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

Comparison of Inflation Accounting-29 Application (CMB Consolidated Results)

(TL mn)	2023 After TAS-29*	2022 After TAS-29*	Change	2023**	2022**	Change
Revenue	8.296	12.272	-32%	7.771	7.123	9%
EBITDA	3.090	2.354	31%	2.272	1.122	102%
EBITDA Margin	37%	%19		29%	16%	
Net Profit	6.625	16.706	-60%	12,590	11,441	10%

* Audited

** Unaudited

Comparison of Inflation Accounting-29 Application (Combined Results)

(TL mn)	2023 After TAS 29*	2023 Before TAS 29*	Değişim
Revenue	88.027	70.081	26%
EBITDA	31.635	25.627	23%
EBITDA Margin	36%	37%	
Net Profit	27.798	35.888	-23%

*Unaudited

Comparison of 2023 Among the Divisions

2023			
	Combined		
TL mn	After TAS 29*	Before TAS 29*	%
Revenue	88.027	70.081	26%
Holding	263	208	27%
Agriculture	325	281	16%
Tourism	1.356	1.113	22%
Industrial	5.752	4.605	25%
Energy Distribution	43.108	33.105	30%
Energy Generation	29.572	23.200	27%
Construction	7.323	7.264	1%
Land Development	327	305	7%
EBITDA	31.635	25.627	23%
Holding	131	60	117%
Agriculture	- 43	- 48	-11%
Tourism	412	357	15%
Industrial	268	538	-50%
Energy Distribution	16.588	13.051	27%
Energy Generation	13.903	11.465	21%
Construction	- 380	- 466	-18%
Land Development	755	670	13%
Net Profit	27.798	35.888	-23%
Holding	1.995	1.471	36%
Agriculture	262	- 131	-300%
Tourism	258	- 182	-242%
Industrial	- 357	5	-6717%
Energy Distribution	15.404	18.454	-17%
Energy Generation	8.678	12.127	-28%
Construction	200	- 704	-128%
Land Development	1.358	4.847	-72%
* Unaudited			

In the 4th quarter of 2023, combined revenue reached 17 billion TL, marking a 28% decrease compared to the same period of last year. The step back is mainly attributable to lower revenue generation from power segment and construction business.

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 8,432 mn in Q4 2023, whereas EBITDA Margin parked at 50%.

Combined net profit was recorded as TL 10,342 mn in Q4 2023 versus a net profit of TL 9,206 mn in Q4 2022.

The share of energy in total combined revenue reached 81% in Q4 2023.

Total electricity generated by Alarko Holding in Q4 2023 was down by 12% compared to Q4 2022, mainly due to limited production at Cenal. In fully year of 2023, the production was realized as 15% lower as over 2022.

In the meantime, total power produced in the market in Q4 2023 demonstrated an increase of 2,9% over Q4 2022.

Our thermal plant Cenal generated 2.502.246 MWh, pointing a contraction of 13% in Q4 2023.

Power generation was up by 40% at Karakuz HES and produced 29.666 MWh in Q4 2023.

The power produced at Gönen HES plant was 4.682 MWh in Q4 2023.

Revenue from electricity generation was down by 34% in Q4 2023. Average electricity price was realized at 2.163 TL and 75 USD per MWh in Q4 2023, representing a decrease of 39% and 61% over comparable period, respectively. In fully year 2023 average power price was realized at 2.181 TL and 96 USD per MWh, representing a decrease of 13% and 35% over comparable year of 2022, respectively.

The revenue obtained from the electricity distribution and retail business segment reached 7.6 billion TL in the 4th quarter of 2023, marking an 8% decline.

Revenue from energy business was down by 22% in Q4 2023 over the comparable period in 2022.

The EBITDA obtained from the electricity production business was realized as 3.7 billion TL in the 4th quarter of 2023, experiencing a 13% 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 5.6 bn in Q4 2023. The rise in the EBITDA is mainly attributable to higher financial income.

Energy segment's EBITDA was up by 38% and reached TL 9,3 bn in Q4 2023.

The revenue obtained from the contracting business segment amounted to 1.579 mn TL in the 4th quarter of 2023, representing a contraction of 69% compared to the same period last year.

As of end of December 31st 2023, backlog stands at US\$ 234 mn, where international projects account for 88% of the total backlog.

EBITDA from construction business realized at TL -1.009 mn in Q4 2023.

Net loss was realized at TL 576 mn in Q4 2023 over a profit of TL 199 mn in Q4 2022.

Revenue from land development business reached TL 33 mn in Q4 2023.

EBITDA generated from land development business was TL 83 mn in Q4 2023, versus TL -1 mn in Q4 2022.

Net profit realized at TL 4.238 mn in Q4 2023.

Revenue from industrial segment was TL 1.250 mn in Q4 2023, improving 94% over Q4 2022.

EBITDA generated from industrial segment was TL 167 mn in Q4 2023, representing an increase of 101% over Q4 2022.

Net loss came in at TL 69 mn in Q4 2023 versus TL 375 mn profit in Q4 2022.

Revenue from tourism business reached TL 145 mn in Q4 2023.

EBITDA generated from tourism business was TL 44 mn in Q4 2023, whereas TL 23 mn was recorded as EBITDA in Q4 2022.

Net loss realized at TL 77 mn in Q4 2023 versus a profit of TL 9 mn in Q4 2022.

Combined & Consolidated P&L *

Combined (TL mn)	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Revenue	16.969	23.460	-28%	70.081	73.823	-5%
EBITDA	8.438	6.946	21%	25.627	23.501	9%
EBITDA Margin	50%	30%		37%	32%	
Net Profit	10.342	9.206	12%	35.888	24.944	44%

Consolidated (TL mn)	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Revenue	1.698	2.051	-17%	7.771	7.123	9%
EBITDA	117	-24	a.d.	2.272	1.122	102%
EBITDA Margin	7%	-1%		29%	16%	
Net Profit	3.695	3.956	-7%	12.590	11.441	10%

* Financial Indicators - Not Subject to Independent Audit and TAS-29 Application

Consolidated B&S *

mn TL	2022	2023	Change FY23/FY22
Current Assets	14.787	15.705	6%
Cash and Cash Equivalents	8.385	3.274	-61%
Financial Investments	1.189	6.453	443%
Trade Receivables	2.679	2.929	9%
Inventory	1.573	1.104	-30%
Other	960	1.945	103%
Non-Current Assets	37.045	43.654	18%
Investments Evaluated by Equity Pick-Up Method	26.715	28.613	7%
Investment Real Estate Properties	2.587	2.898	12%
Tangible Assets	4.053	6.581	62%
Other	3.690	5.562	51%
Total Assets	51.832	59.359	15%
Current Liabilities	12.323	13.165	7%
Short Term Borrowings	2.493	4.958	99%
Short Term Portions of Long Term Borrowings	67	158	135%
Trade Payables	1.761	1.944	10%
Payables from continuing Construction, Contracting and Service Contracts	1.333	779	-42%
Other	6.669	5.326	-20%
Non-Current Liabilities	1.821	2.246	23%
Long Terms Borrowings	232	572	147%
Other Payables	525	586	12%
Deferred Tax	399	458	15%
Other	665	631	-5%
Shareholder's Equity	37.688	43.947	17%
Total Liabilities and Shareholder Equity	51.832	59.359	15%

* Financial Indicators Subject to Independent Audit and TAS-29 Application

WEBINAR

The company plans to host a webinar for all stakeholders and interested parties on Friday, April 19th, 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 Q4 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 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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