



Tekfen Holding

Financials & Operational Highlights

01.01.2023 – 30.06.2023

Tekfen Group

At a glance



1956 ||||| 2023

1956 Feyyaz Berker, Nihat Gökyiğit and Necati Akçağlılar formed an engineering consulting company

1957 The three partners establish Tekfen Construction Ltd.

1963 Tekfen Industry and Trading Co., Inc. is founded to produce incandescent lamps.

1970 Foundation of Tekfen Manufacturing

1971 Foundation of Tekfen Holding

1975 Iraq-Turkey pipeline

1978 Tekfen Construction goes overseas

1981 Toros Fertilizer starts production

1984 Foundation of Tekfen Engineering

1989 Foundation of Tekfenbank

/ Acquisition of Akgübre fertilizer

1992 Tekfen Philharmonics

2000 Tekfen Real Estate Development Group

2001 Acquisition of Bank Ekspres

2003 Tekfen Tower opens

2005 Acquisition of Samsun Gübre fertilizer plant

2006 Completion of BTC crude oil pipeline

2007 Partnership with Eurobank EFG in Tekfenbank

/ Acquisition of EFG Istanbul Securities

/ IPO of Tekfen Holding

2012 Sale of Eurobank Tekfen

2018 Acquisition of Alanar & Alara

2019 Acquisition of 10% share of SOCAR Polimer

/ Acquisition of Gonen Renewable Energy

2020 RUSFEN established

Tekfen Group

Engineering
& Contracting

Agricultural
Industry

Investment

www.tekfen.com.tr

Engineering & Contracting

Main Operations:

- Construction
- Engineering
- Fabrication
- Real Estate Development

Main Companies:

- Tekfen Construction
- Tekfen Engineering
- Tekfen Manufacturing & Engineering
- GATE Construction
- HMB Hallesche Mitteldeutsche Bau-A.G. (HMB)

Agricultural Industry

Main Operations:

- Fertilizer production and distribution
- Terminal services
- Free zone operations
- Seed, sapling and seedling production and distribution
- Agricultural production and trade

Main Companies:

- Toros Agricultural Industry & Trade
- CFS Petrochemicals
- Gonen Energy
- Agroport
- TAYSEB
- Toros Shipping
- Tekfen Agriculture & Trade
- Alanar Fruit & Alanar Sapling

Investment

Main Operations:

- Venture Capital
- Petrochemical
- Real Estate Investment
- Rental Activities
- Insurance

Main Companies:

- Tekfen Ventures
- Tekfen Holding
- Tekfen Real Estate Investment
- Socar Polymer
- Tekfen Insurance
- Tekfen Tourism

Consolidated Financials

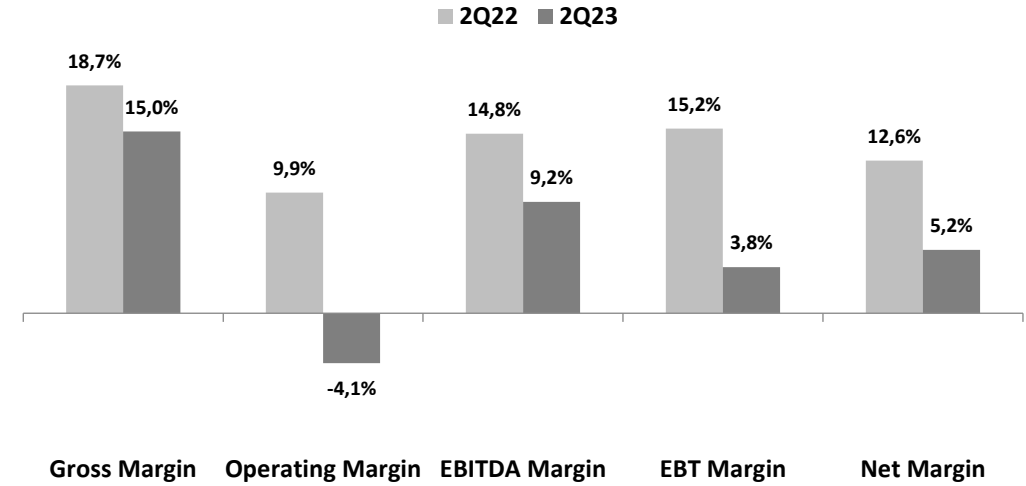
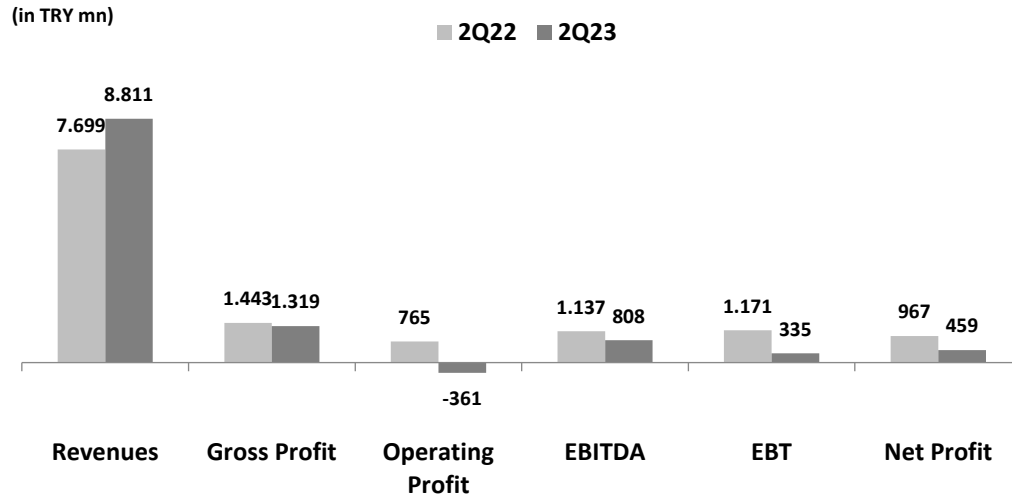
Financials by Segments

Operational Breakdown of Segments

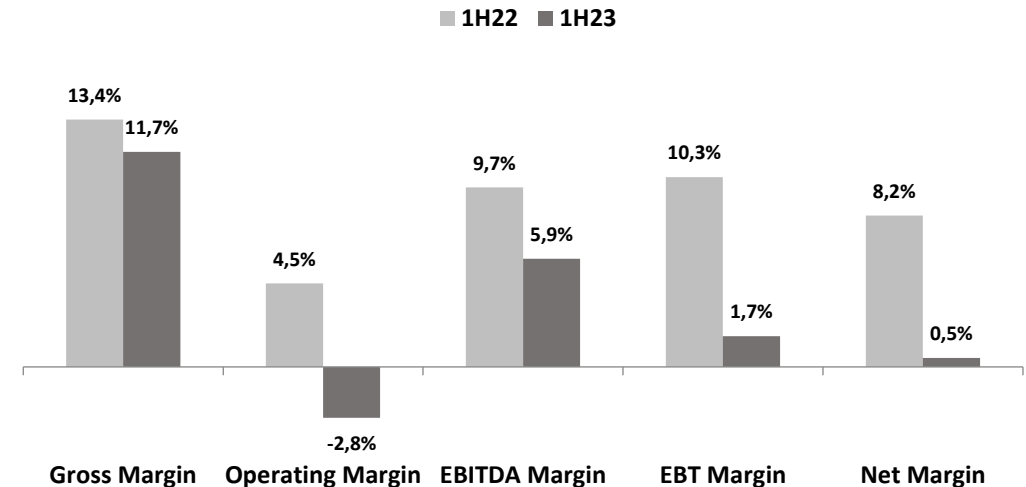
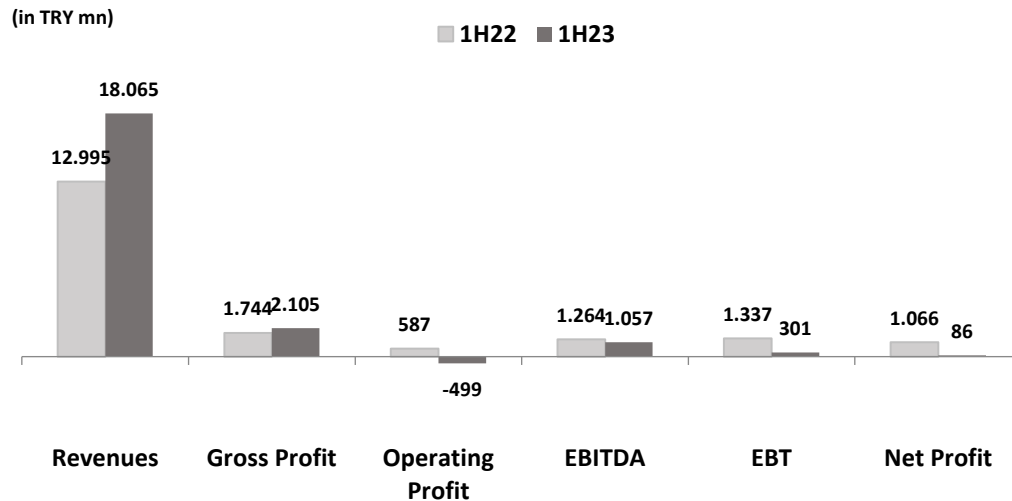
Guidance

CONSOLIDATED FINANCIALS

2Q23



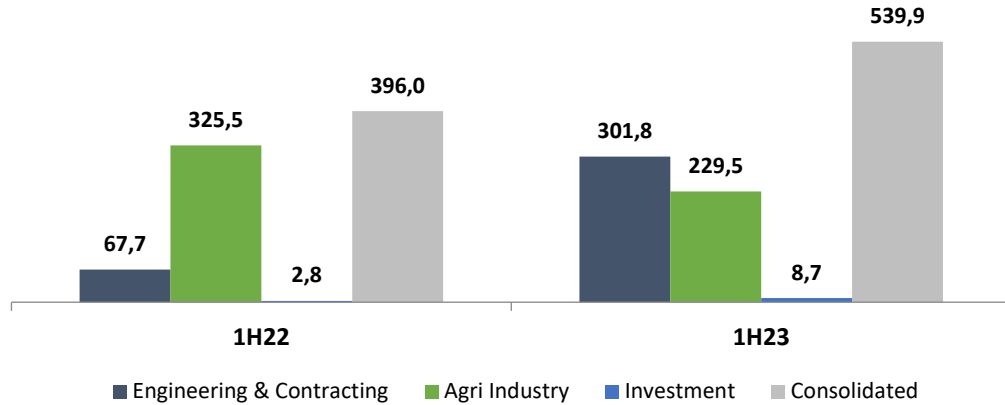
1H23



CONSOLIDATED FINANCIALS

(in TRY mn)

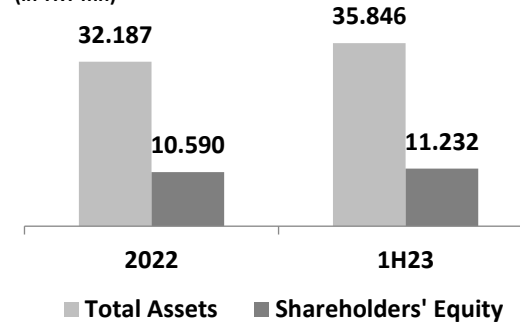
Capital Expenditures



YoY CapEx:

- ▶ Capital expenditures grew by 36% YoY, reached to TRY 540 mn in 1H23.
- ▶ Capex / Revenues ratio remains around 3% in 1H23.

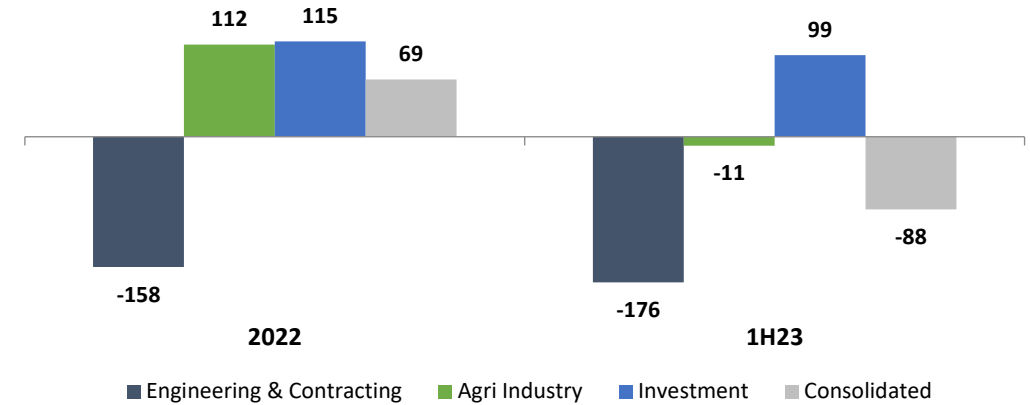
(in TRY mn)



- ▶ Total asset grew by 11% in 1H23,
- ▶ Shareholders' equity grew by 6%.

(in USD mn)

Net Cash Position



YTD changes in Net Cash Position by Segments:

- ▶ USD 19 mn decrease in Engineering & Contracting,
- ▶ USD 122 mn decrease in Agri-Industry,
- ▶ USD 16 mn decrease in Investment,

USD 157 mn decrease in consolidated Net Cash Position

Consolidated Financials

Financials by Segments

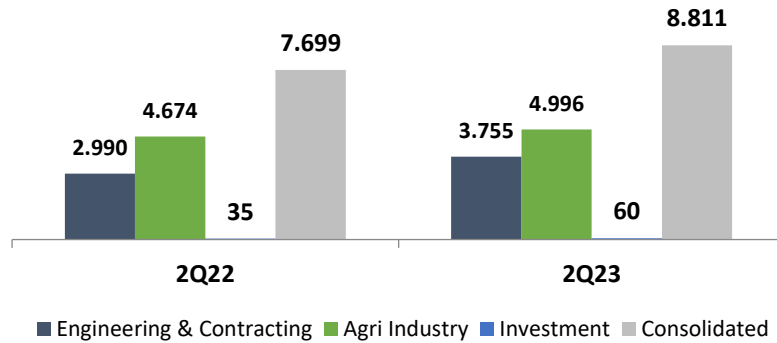
Operational Breakdown of Segments

Guidance

2Q23

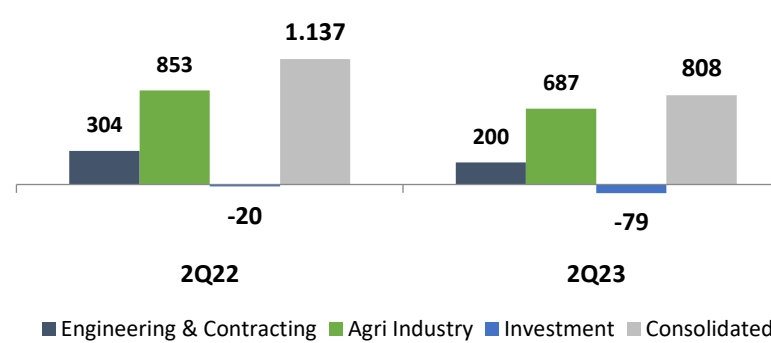
(in TRY mn)

Revenues



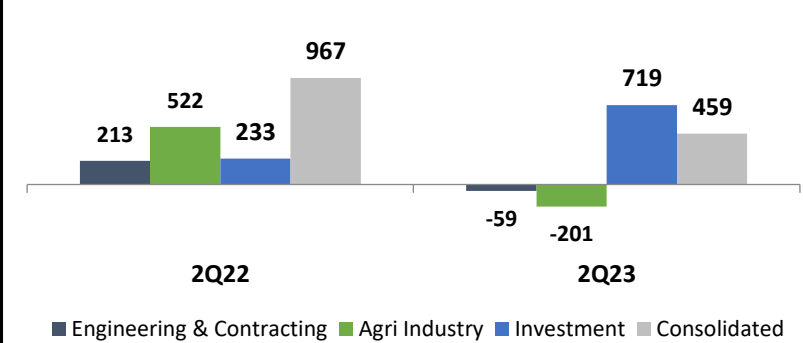
(in TRY mn)

EBITDA

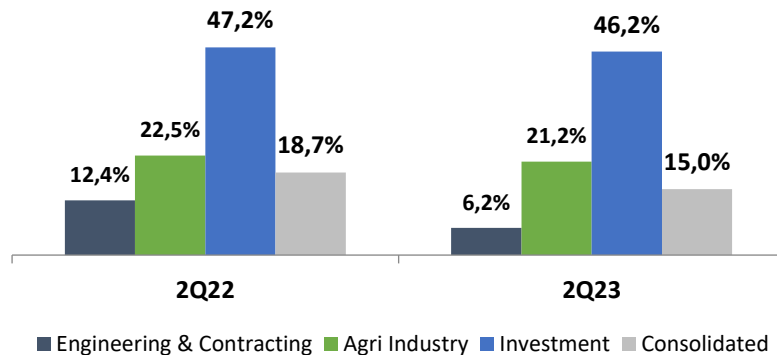


(in TRY mn)

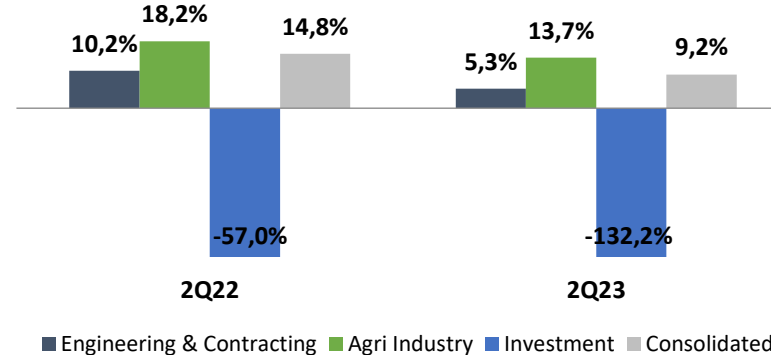
Net Profit



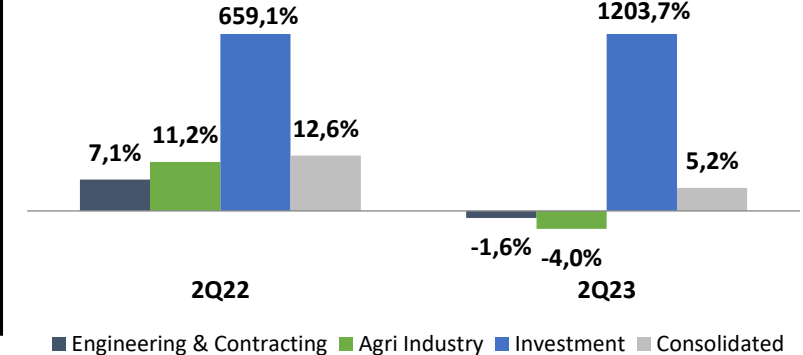
Gross Margin



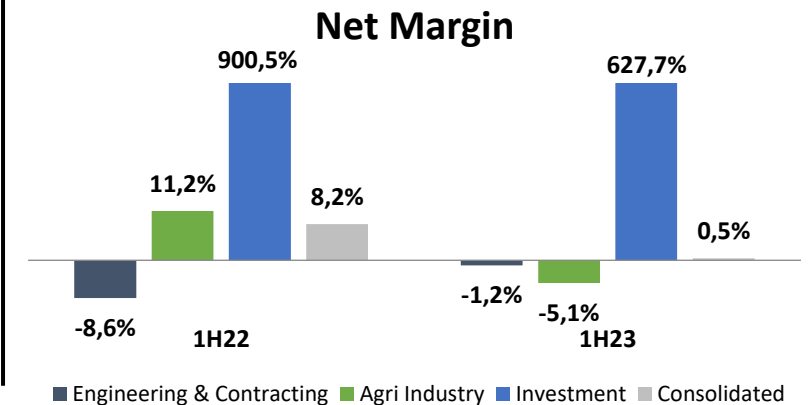
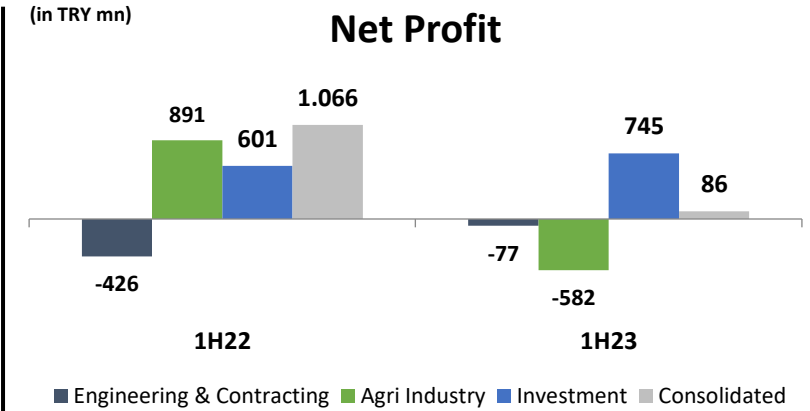
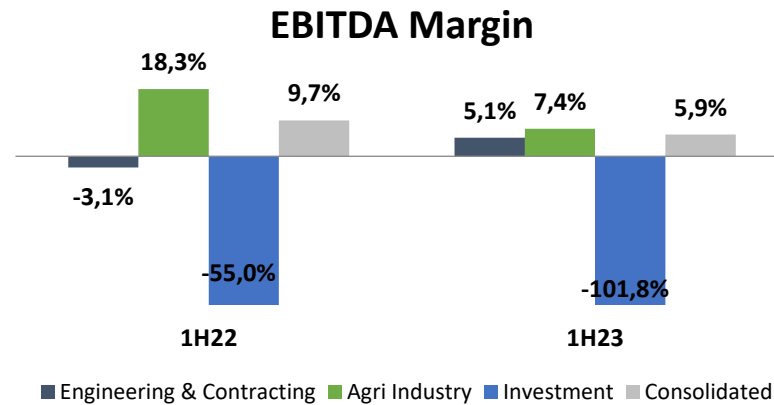
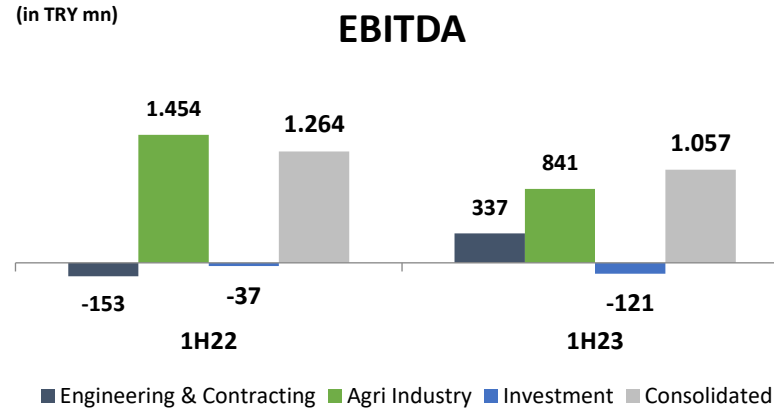
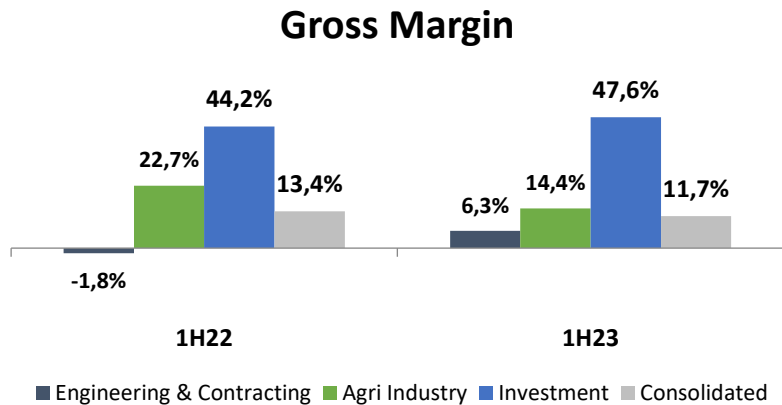
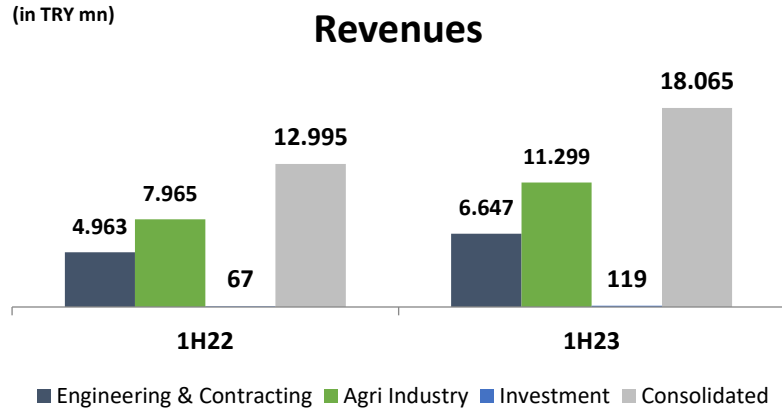
EBITDA Margin



Net Margin



1H23



Consolidated Financials

Financials by Segments

Operational Breakdown of Segments

Guidance

Consolidated Financials

Financials by Segments

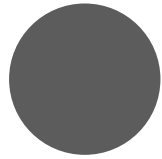
Operational Breakdown of Segments

Engineering & Contracting

Agricultural Industry

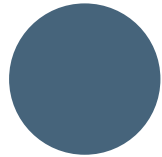
Investment

Guidance



**Incidents
within the
period**

Collection of payments from Libya has positive effect on profitability, roughly \$19 million for the period.



**Incidents
after the
period**

Payment of \$10 million from Baku Olympic Stadium Project has been collected after the period.



Russia

- Russia seems to be searching alternative supply chain mechanisms due to the imposed sanctions.
- Willingness to complete the unfinished projects in the petrochemical, oil & gas and energy sectors with the support of countries that do not impose sanctions.
- A slowdown in new oil & gas project investments in Kazakhstan and neighboring countries in CIS region whose export route is over Russia.



Middle East

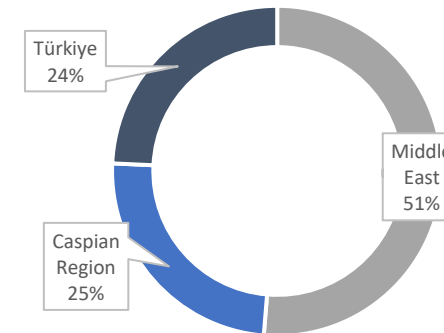
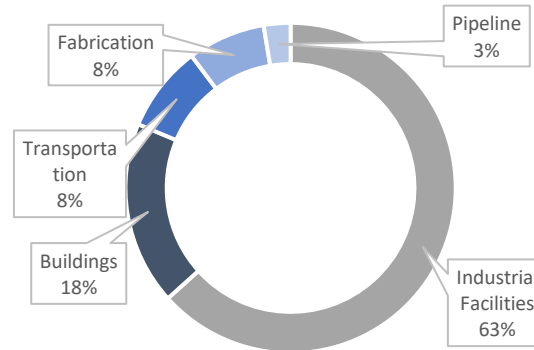
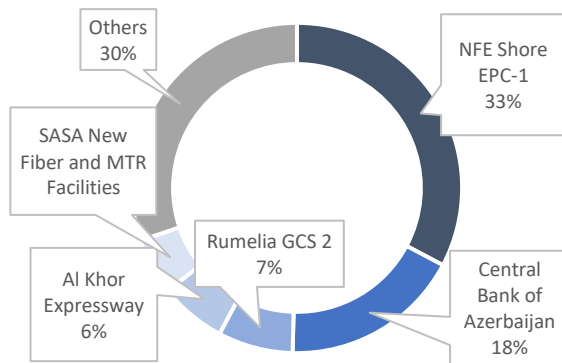
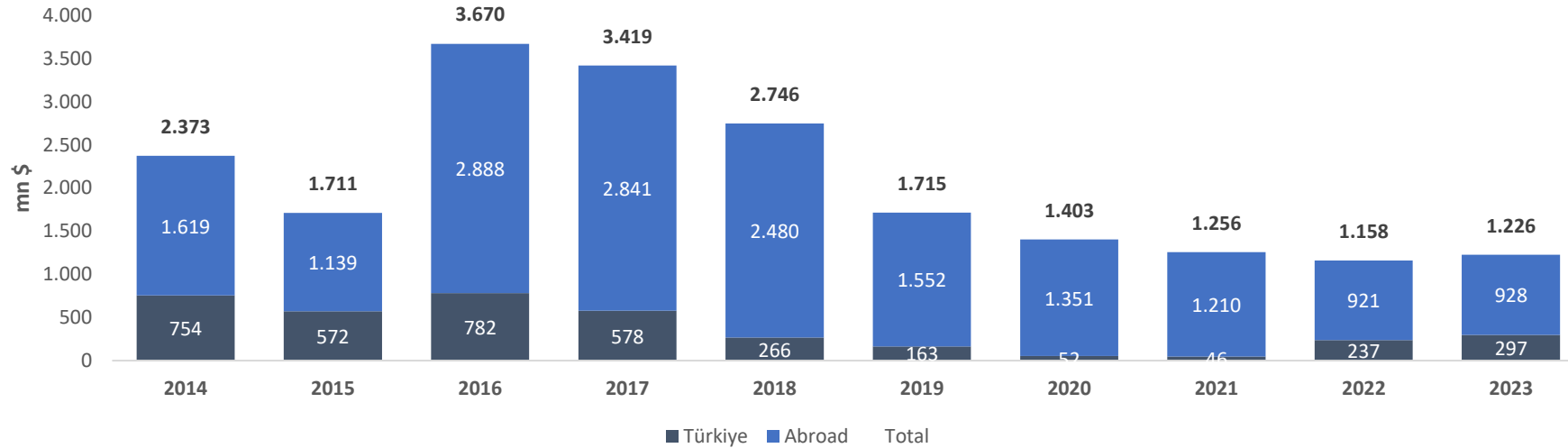
- An increasing number of tender invitations are coming, especially from clients based in Saudi Arabia.
- Momentum for the new project investments may increase in the near future due the formation of the new government in Iraq.
- Qatar is taking steps to strengthen its position in global gas markets and continuing for the new projects by including international companies in its investments.
- Manufacturing/fabrication demand seems to be increased in the market.

Backlog as of 30.06.2023



ENGINEERING & CONTRACTING

Backlog



Backlog as of 30.06.2023



ENGINEERING & CONTRACTING

Project	Location	Revenue Based Completion Rate	Remaining Amount (US\$)
Provision of Civil / Structural Construction, Mechanical Fabrication, Mechanical Construction, Instruments Control & Electrical Repair Services for BTC Turkey	Turkey	81,0%	11.186.920
Ceyhan Plant West Jetty Retrofitting & Extension Construction	Turkey	98,4%	610.864
TÜPRAŞ Kırıkkale Refinery Sulphur Recovery Unit	Turkey	10,4%	56.974.204
TÜPRAŞ İzmir Refinery Fluid Catalytic Cracker Revamp Installation Works	Turkey	25,9%	40.388.240
North Field East Onshore Project EPC-1 Package Steel Structures Supply	Turkey	5,3%	28.252.080
TÜPRAŞ Kırıkkale Refinery Fire Fighting System Modernization Works Phase 3	Turkey	16,8%	22.027.446
TÜPRAŞ Kırıkkale Refinery Miscellaneous Project Works at 5200 Field	Turkey	99,7%	5.346
TÜPRAŞ Kırıkkale Refinery Dirty Caustic Wastewater Treatment Unit and Miscellaneous Project Works	Turkey	95,4%	51.577
Olefins Expansion Project Piping Prefabrication Works	Turkey	0,1%	38.204.057
TÜPRAŞ Kırıkkale Refinery 7290 Wagon Bottom Filling Station Construction Works	Turkey	69,8%	476.267
TANAP Emergency & Non-Emergency Pipeline Repair and Project Modifications Services	Turkey	1,4%	4.138.282
Mechanical and Electrical Erection Works of New Fiber and MTR Facilities Project	Turkey	0,0%	68.250.000
Ceyhan Steel Construction Fabrication Plant	Turkey	16,3%	26.852.690
TURKEY TOTAL			297.417.972
Provision of Project Management & Support Services for ACE Project for Fabrication of Topsides & Drilling Facilities	Azerbaijan	99,1%	434.495
Detailed Design & Construction of the New Headquarter of the Central Bank of the Republic of Azerbaijan	Azerbaijan	26,5%	216.762.094
Azfer Projects **	Azerbaijan	93,1%	29.505.656
AZERBAIJAN TOTAL			246.702.245
Haradh Satellite Gas Compression Plants' Pipelines	Saudi Arabia	98,0%	12.742.804
SAUDI ARABIA TOTAL			12.742.804
Design & Construct Services Road Enhancement to North Road Corridor	Qatar	99,7%	2.816.094
Design & Build of Al Khor Expressway	Qatar	96,8%	79.870.306
Main Works for the Fifth Precinct Stadium	Qatar	98,3%	3.366.168
East Industrial Road	Qatar	95,0%	8.880.286
Construction of Link Roads Adjacent to Al Khor Expressway	Qatar	93,7%	11.932.242
North Field East Onshore Project EPC-1 Package	Qatar	13,1%	401.308.468
QATAR TOTAL			508.173.564
FGP Wellhead Pressure Management Project	Kazakhstan	94,8%	46.807.263
Provision of Brownfield Plant Modification Construction Services	Kazakhstan	84,9%	2.010.998
KAZAKHSTAN TOTAL			48.818.261
Provision of Repair Services & Rehabilitation Works for BTC Georgia, SCPC & GPC	Georgia	0,0%	3.250.000
GEORGIA TOTAL			3.250.000
Kharampurskiy Field-PSJC Gazprom External Transport Pipeline	Russia	99,6%	750.365
RUSSIA TOTAL			750.365
General Installation Services for Rumaila	Iraq	98,6%	1.638.615
Basrah Refinery Upgrading Project Civil Structures & Underground Facilities Construction Works	Iraq	63,7%	8.927.754
Flowline Installation Services For Projects	Iraq	59,3%	7.330.431
ROO General Construction Services 2 (GCS2)	Iraq	0,0%	90.000.000
IRAQ TOTAL			107.896.800
TOTAL			1.225.752.011

2023 Year–end Operational Projections



ENGINEERING & CONTRACTING

Backlog

- Based on the ongoing tenders and continuing new tender invitations, the year-end backlog amount is expected to be around \$1,1 bn - \$1,2 bn.

Claims

- Negotiations with the employer administrations regarding the claims are ongoing.

Consolidated Financials

Financials by Segments

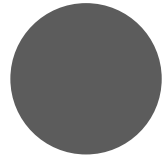
Operational Breakdown of Segments

Engineering & Contracting

Agricultural Industry

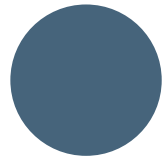
Investment

Guidance



Global

- In the first quarter of the year, with the mild winter months and Europe's effective supply of gas, natural gas prices fell sharply and fell below their pre-war levels. In the second quarter, prices were stable after falling to pre-war levels.
- The decrease in natural gas prices has brought down ammonia production costs in Europe, and plants that were closed due to cost pressures have been put into operation.
- The Ukrainian port of Yuzhny remained closed due to the war. During this period, ammonia supply continued to be supplied from other regions.
- In line with the expected slowdown in the global economy, container freight price indices continued to decline, while a slight increase was experienced in bulk freight prices, especially in June.



Turkey

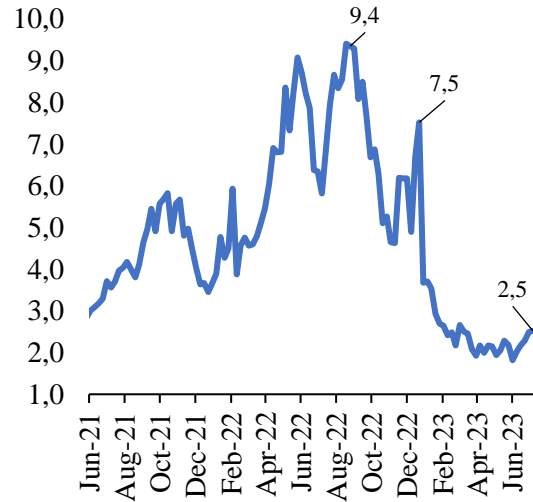
- Precipitation in the second period of the year remained at seasonal normals and demand remained lively due to favorable weather conditions.
- Total fertilizer demand increased and there was a fierce price competition in the domestic market as a result of the decline in fertilizer prices
- In April, the export ban was updated until the end of August, 10-50% of the capacity depending on the product types was allowed to be exported. Uncertainty continues for the post-August period.



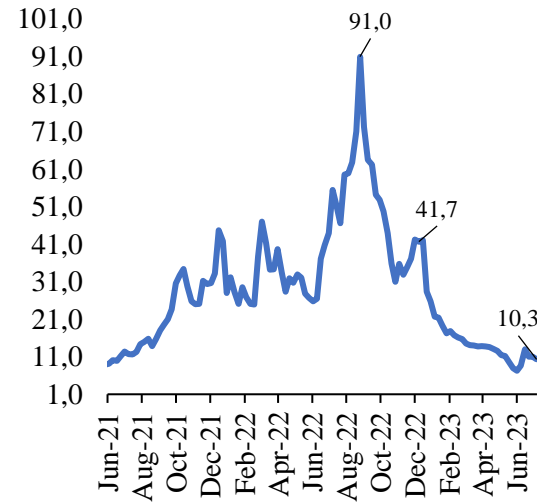
Agri Industry (Fertilizer)

- In response to the increasing demand, Toros Tarım met the demand at the maximum level thanks to its production advantage, logistics power and wide distribution network, and in the second quarter the total sales amount was realized in line with its budget.
- As a result of the update on the export ban after April, 43k tons of exports were made in the first half of 2023.

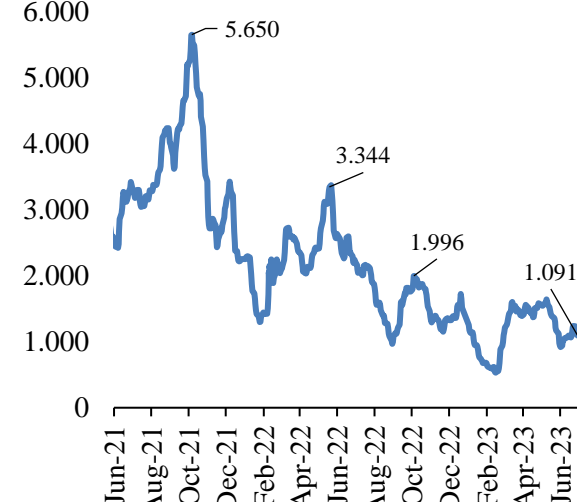
Henry Hub, USD/mmBTU



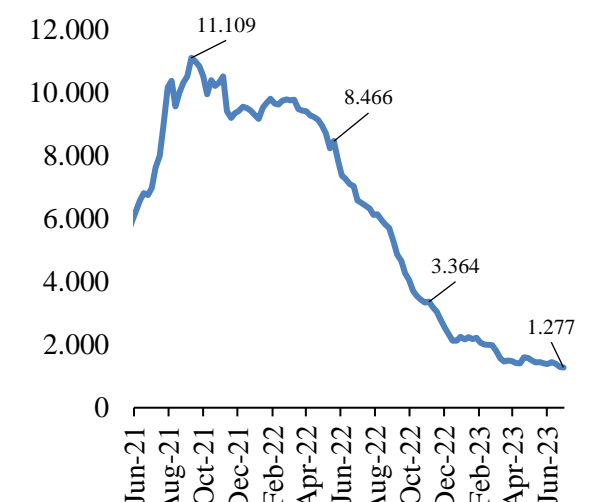
TTF, USD/mmBTU



Baltic Dry Index



Freightos Baltic Container Index



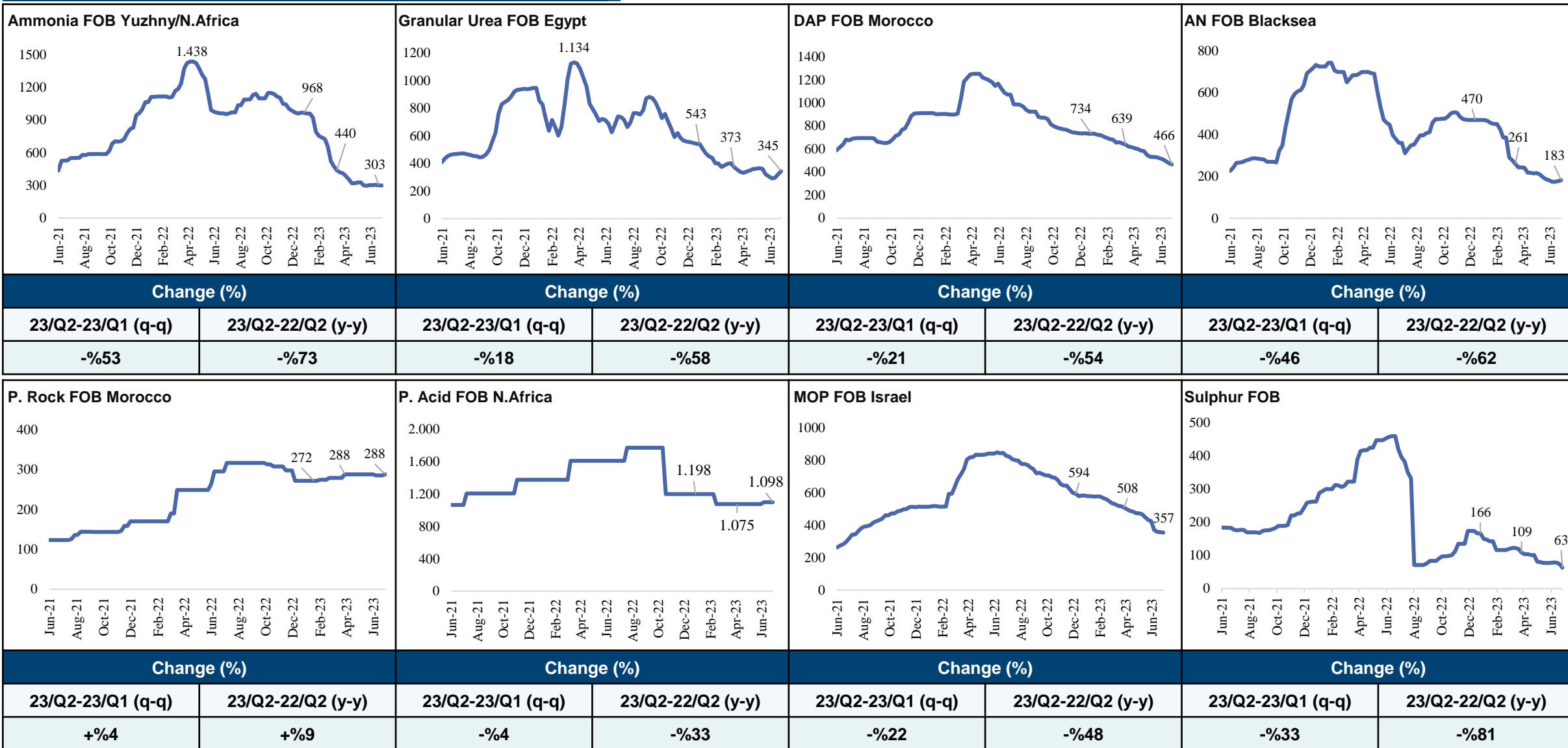
➤ With the efficient supply of LNG across Europe, TTF natural gas prices declined and remained stable below pre-war levels.

➤ In line with the expected slowdown in the global economy, container freight price indices continued to decline, while a slight increase was experienced in bulk freight prices, especially in June.

"Figures may not recalculate exactly due to rounding. Percentage changes are calculated based on whole numbers, not the rounded numbers presented."

Changes in Prices

AGRI INDUSTRY | FERTILIZER



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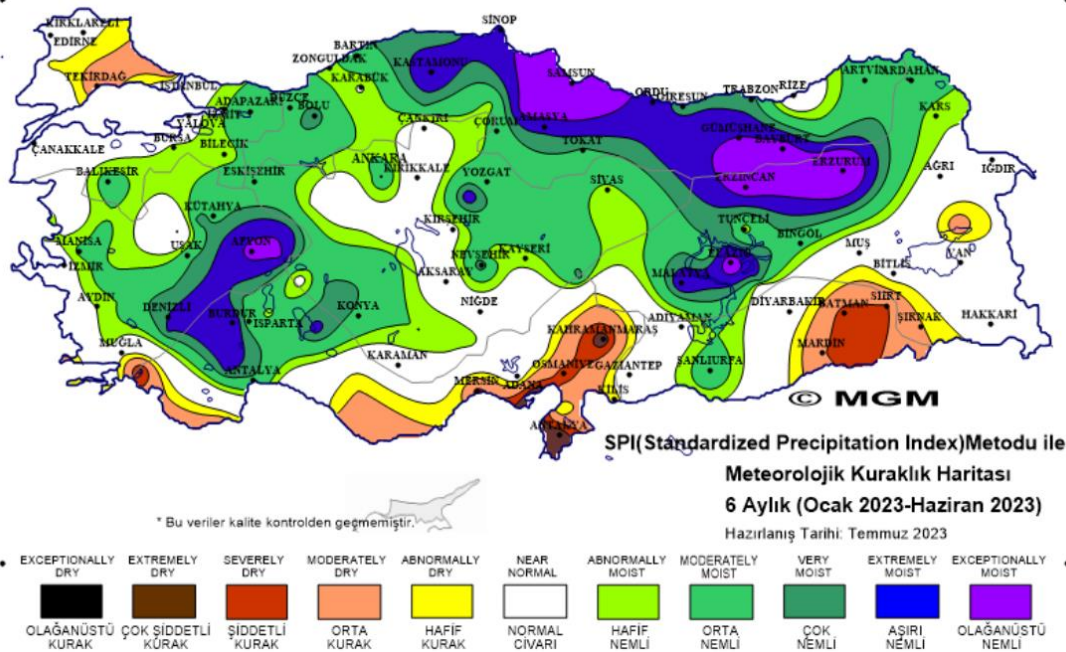
Developments in Agricultural Production

AGRI INDUSTRY | FERTILIZER

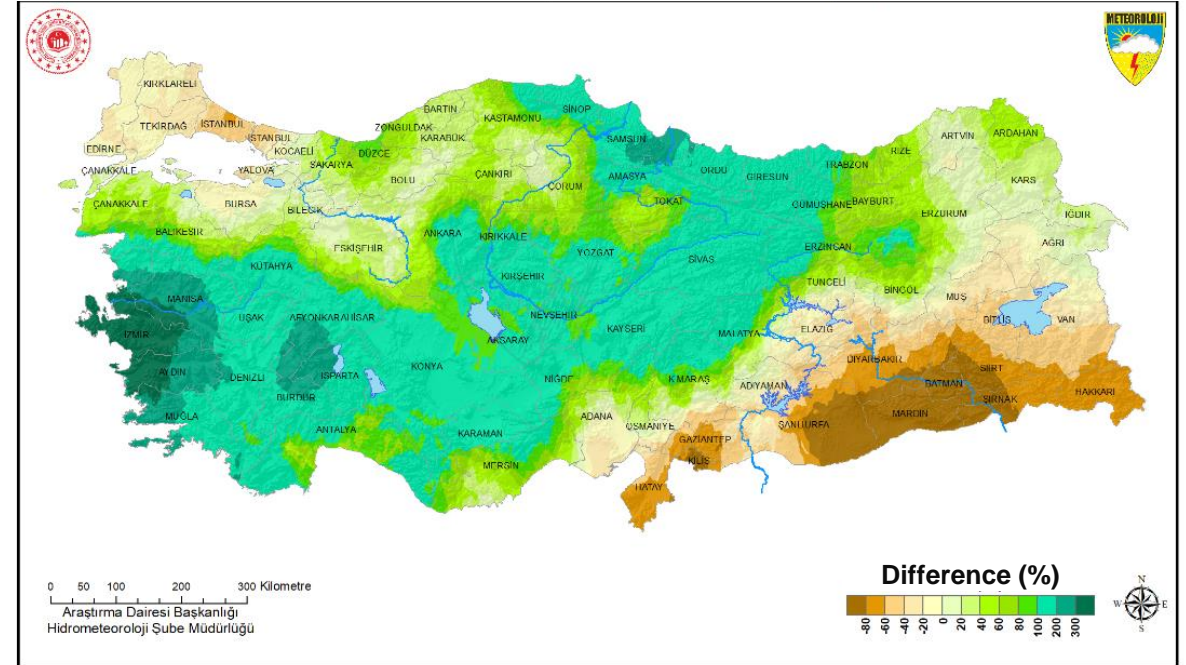
- In the first half of the year, certain parts of the country received a lot of precipitation, but drought continued in various regions, especially in the Southeast. The precipitation index, which looks positive on average, increased the demand.

- In Turkey, the precipitation in June was above the normal and the precipitation in June last year. Precipitation has increased by 73% compared to normal and by 8% compared to the precipitation in June last year.

Standardized Precipitation Index (October 2023- June 2023)



Rainfalls Comparison with Normal (June 2023)



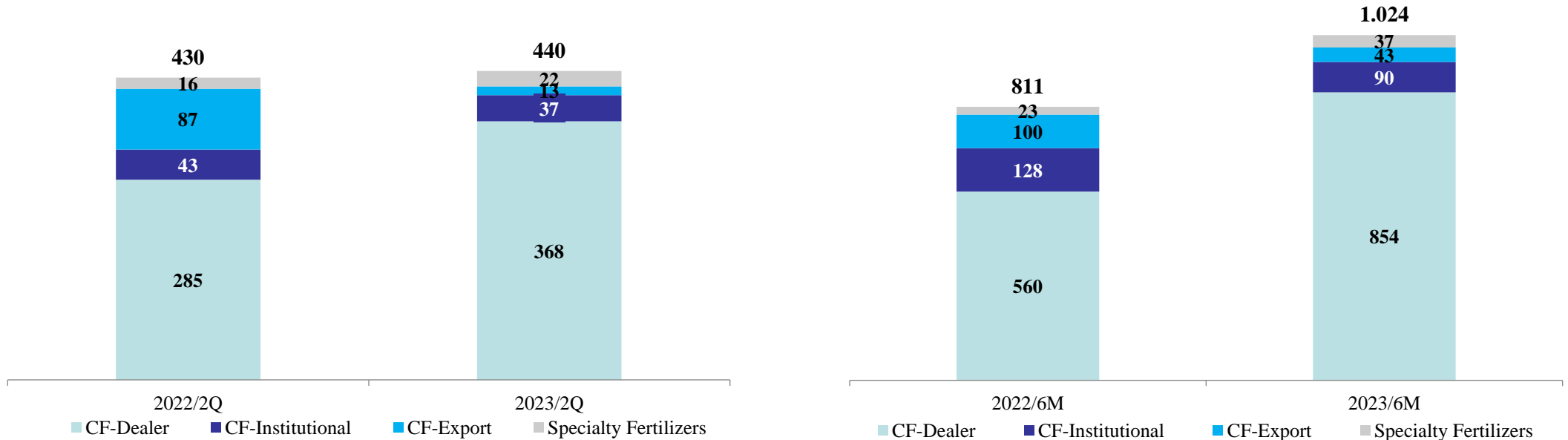
Fertilizer Sales



AGRI INDUSTRY | FERTILIZER

2nd Quarter (k Tons)

Cumulative (k Tons)



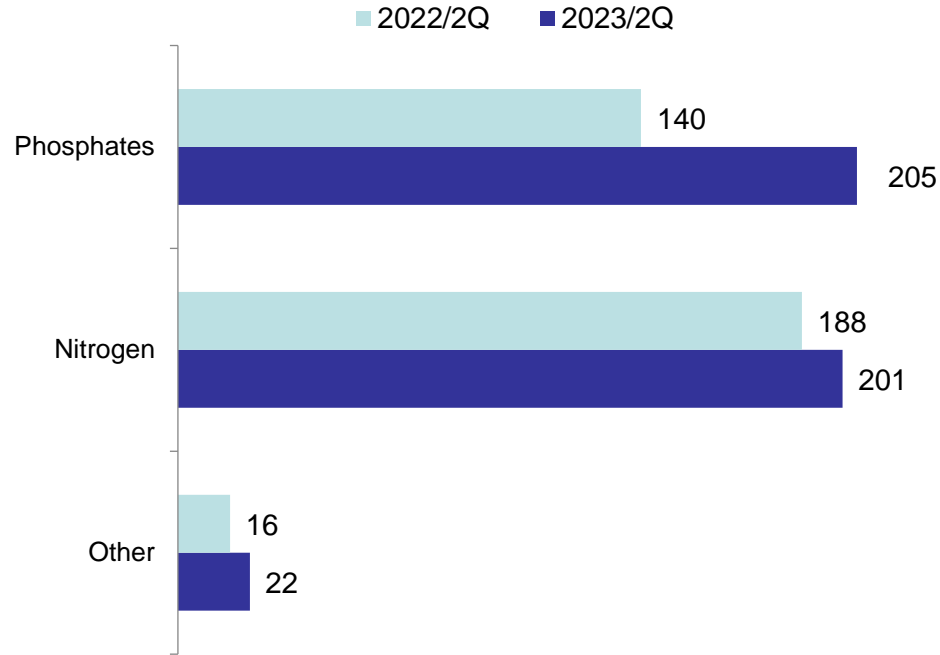
- In the 2nd quarter of 2023, total domestic classical fertilizer sales were similar to the same period of the previous year and increased by 1%.
- In the 2nd quarter of 2023, sales of specialty fertilizers increased by 38% compared to the previous year.

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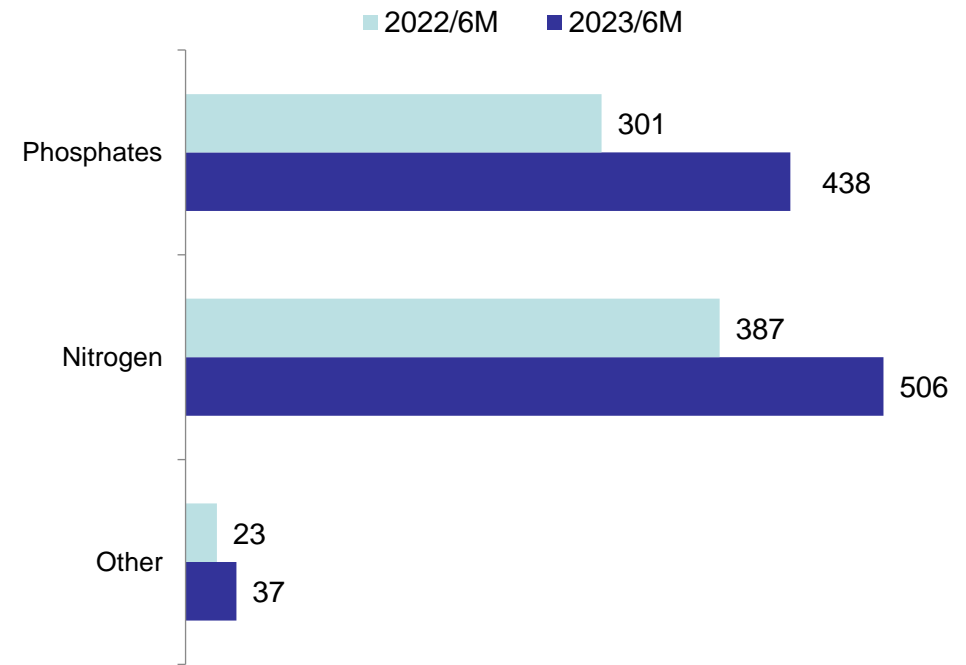
Domestic Fertilizer Sales by Products

AGRI INDUSTRY | FERTILIZER

2nd Quarter (k Tons)



Cumulative (k Tons)



➤ Average domestic fertilizer prices in the Q2 of 2023 decreased by 23% in USD terms and 4% in TRY terms compared to Q2 of 2022.

	2022/Q2	2023/Q2	Change (y-y)		2022/6M	2023/6M	Change (y-y)
Average Domestic Fertilizer Price (USD/ton)	623	477	-23%	Average Domestic Fertilizer Price (USD/ton)	579	493	-15%
Average Domestic Fertilizer Price (TL/ton)	9.976	9.615	-4%	Average Domestic Fertilizer Price (TL/ton)	8.784	9.583	9%

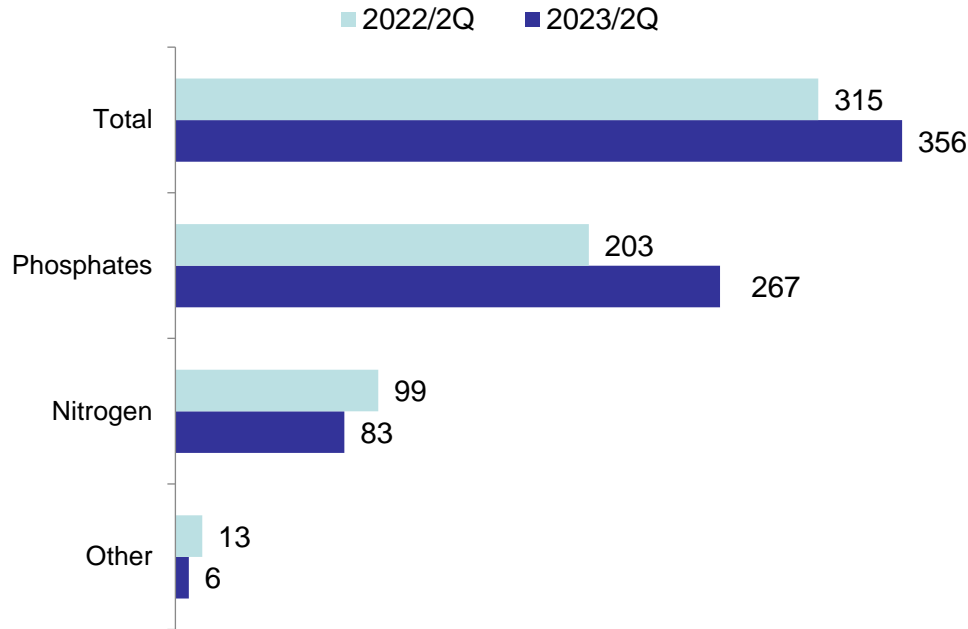
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Fertilizer Production

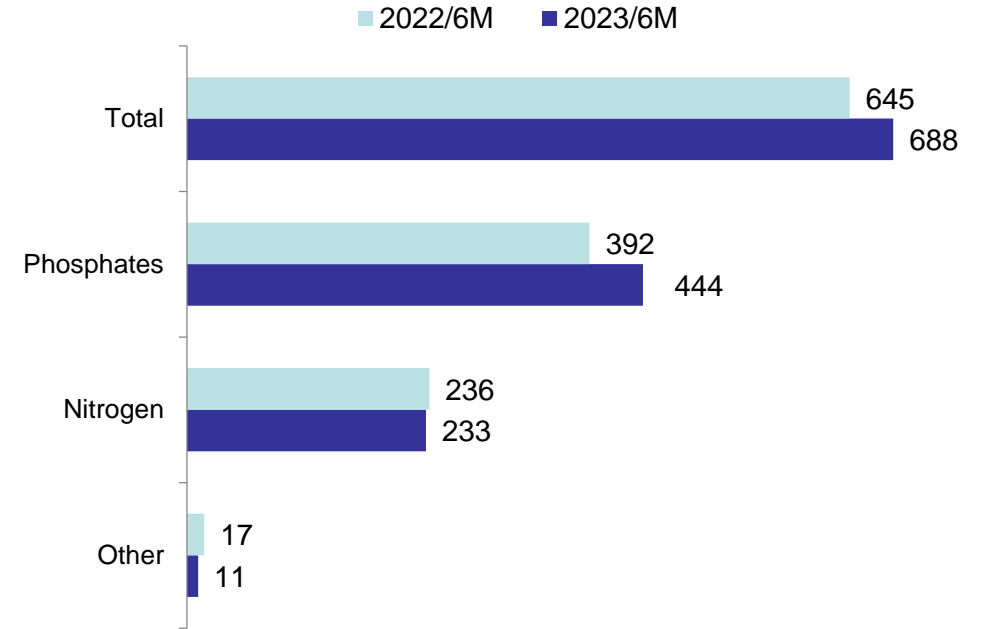


AGRI INDUSTRY | FERTILIZER

2nd Quarter (k Tons)



Cumulative (k Tons)



- In the 2nd quarter of 2023 production tonnage increased by 13% compared to the same period last year. In parallel with the increase in production tonnage, the capacity utilization rate increased by 11 point to 74% in 2Q23.

	2022/2Q	2023/2Q
Capacity Utilization Rate	63%	74%

	2022/6M	2023/6M
Capacity Utilization Rate	65%	71%

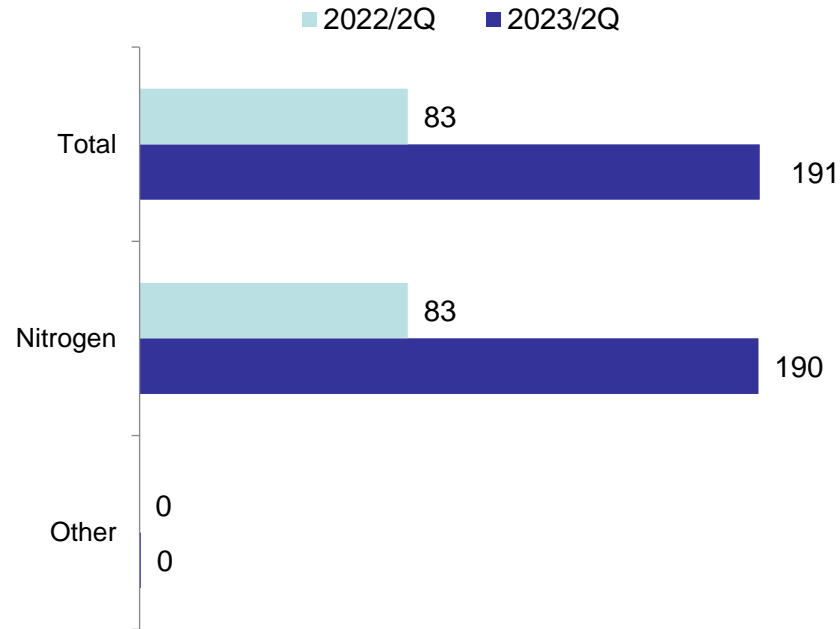
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Fertilizer Procurement

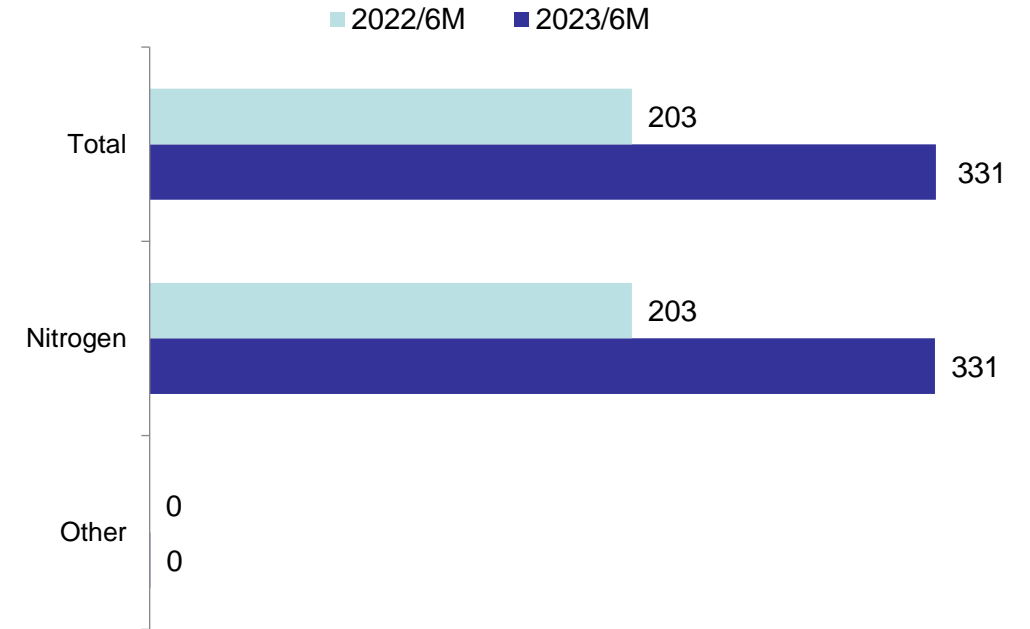


AGRI INDUSTRY | FERTILIZER

2nd Quarter (k Tons)



Cumulative (k Tons)



➤ In the 2nd quarter of 2023, fertilizer procurement increased by 131% compared to the same period last year.

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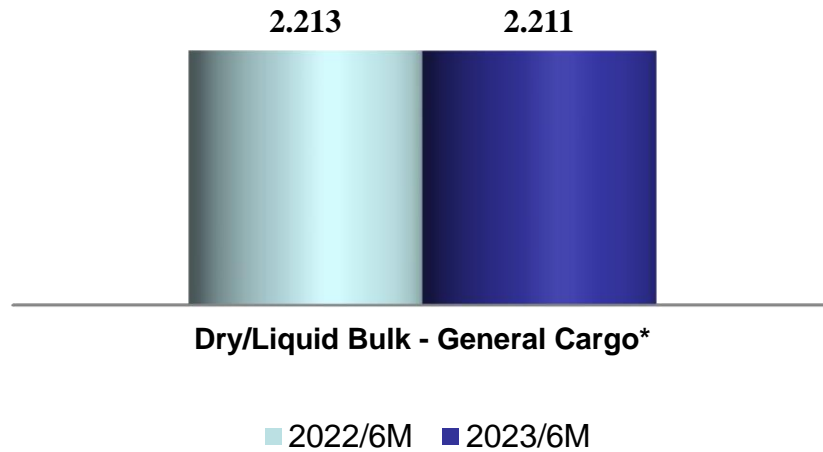
Global

- As a result of the earthquake that occurred on February 6, 2023, the decrease in the capacity of Limak caused the container ships to shift to the MIP port. The intensity experienced in the MIP port and for this reason some bulk carriers to call at Torosport Ceyhan
- Even if there is no increase in global demand, due to the war-induced disruptions in Ukrainian ports and the restrictions imposed on Russian origin products, there is an increase in the storage demands of liquid bulk products such as fuel oil, edible oil, liquid chemicals in the Black Sea and Mediterranean basins regionally.
- Even though the volume of cargo arriving in Turkey by sea is not yet at the levels of the previous year, a positive change is observed in the second quarter with the effect of the increase in the volume of liquid bulk cargo.
- Fluctuations in commodity prices pushed the level of stocks and strengthened the importance of ports which have advanced warehouse connections.

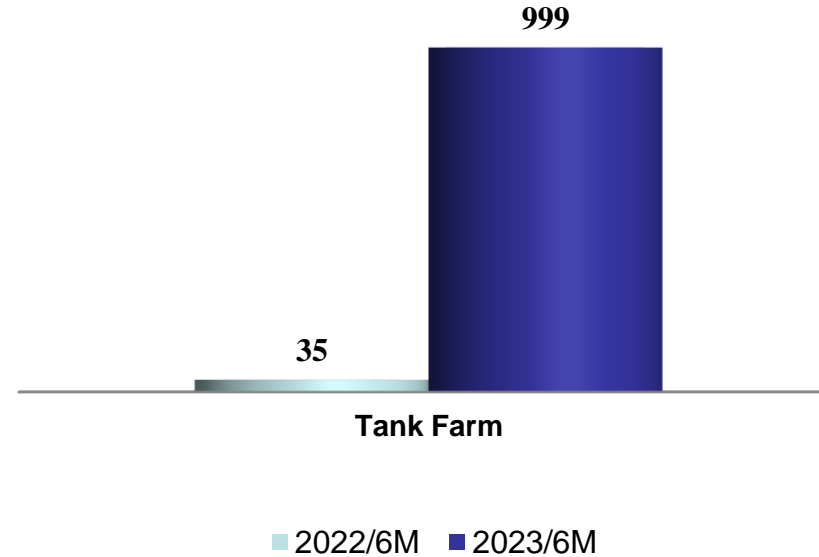
Agri Industry Group (Terminal)

- Most of the petroleum products storage tanks, conversion works have been completed to make the tanks suitable for paraxylene and bitumen storage. As of the 2nd quarter of 2023, paraxylene and bitumen storage services started to be provided.
- New bonded warehouses were put into service due to the increasing need for bonded warehouses in coal imports. Industrial companies importing coal in the region started to use the new bonded warehouses.

Handled Quantity (k Tons)



Leased capacity (k m³)



- Handled quantity in Toros Terminals realized similar in the first half of 2023.
- The occupancy rate of the tank terminal realized at 84% in the first half of 2023. (2022/6M: 4,7%)

* Handling of products stored in the tank terminal is not included.

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Agri Industry Group (Others)

Agricultural Production

- The total revenues of the Agricultural Production Group in the first half of 2023 increased by 6% compared to the same period of the previous year and amounted to TL 84 million. In the first half of 2023, Tekfen Agri sold 4,516 tons of seed potatoes, 1,109 tons of wheat seeds, 243 tons of flour wheat, 1,198 tons of sifted wheat and 20k banana saplings. In the first half of 2023, Alanar Fruit sold a total of 580 tons of fruit, including 266 tons of export and 314 tons of domestic sales. In this period, 12k saplings were sold by Alanar Fruit.

TAYSEB (Free Trade Zone)

- TAYSEB's revenues in the first half of 2023 grew by 38% y-y and reached 326 million TL.

Gas Stations

- Total revenues of the fuel stations in the first half of 2023 realized at 259 million TL by 71% y-y growth.

2023 Year-end Operational Projections



AGRI INDUSTRY GROUP

Fertilizer	Year-end Expectations
Total Sales	2,1 million tons
Domestic Market Share	%27
Capacity Utilization Rate	%78

Terminal	Year-end Expectations
Dry/Liquid Bulk* - General Cargo	4,7 million tons
Occupancy Rate in Tank Terminal	%86

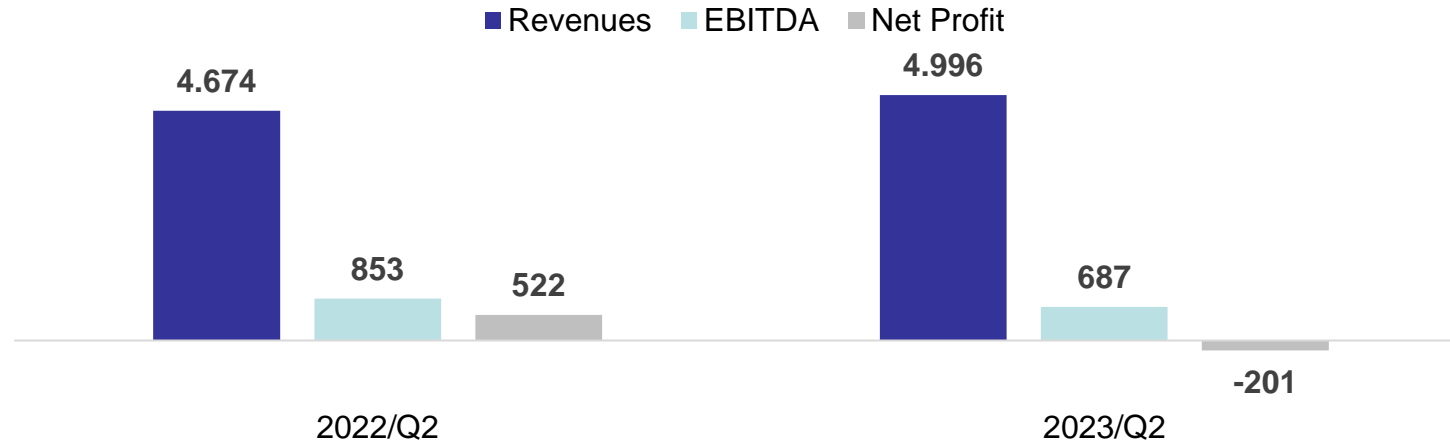
* Handling of products stored in the tank terminal is not included.

Revenue, EBITDA & Net Profit

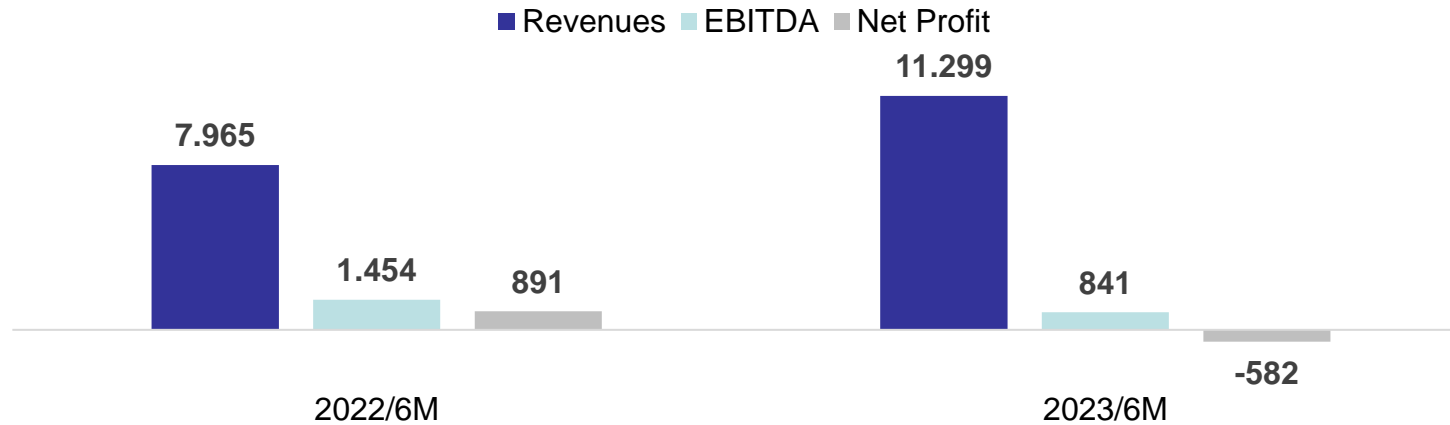


AGRI INDUSTRY GROUP

Quarterly (Million TRY)



Cumulative (Million TRY)



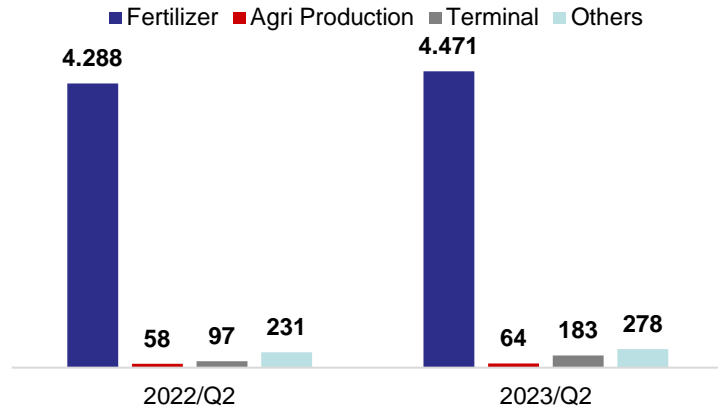
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Revenue, EBITDA and Net Profit

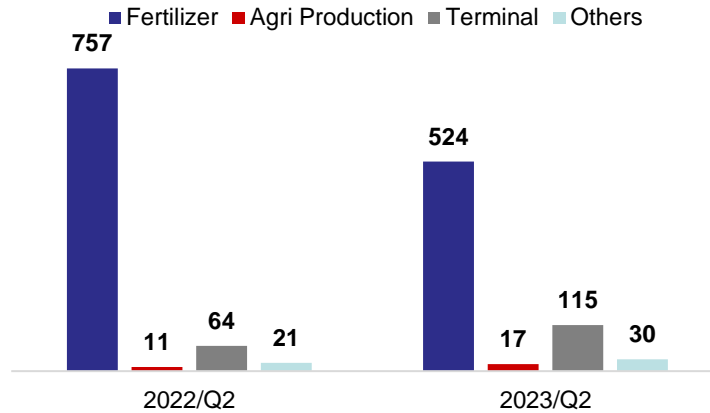
AGRI INDUSTRY GROUP

Quarterly (Million TRY)

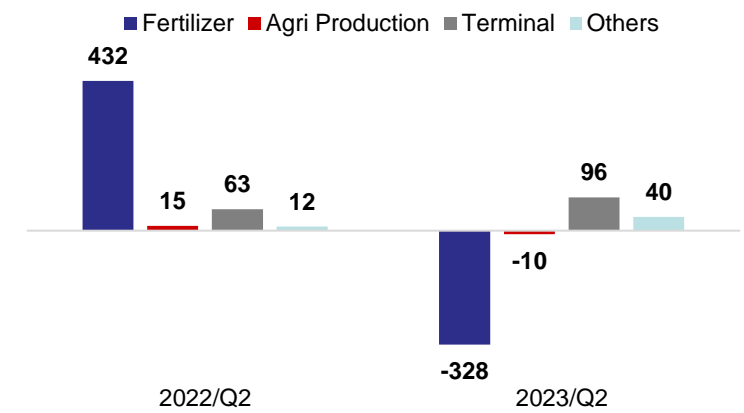
REVENUE



EBITDA

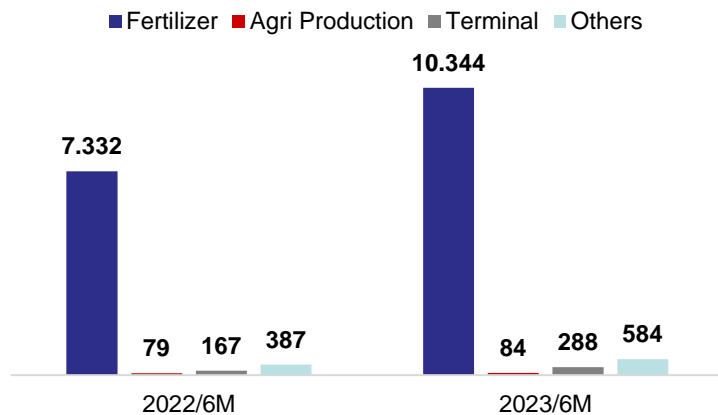


NET PROFIT

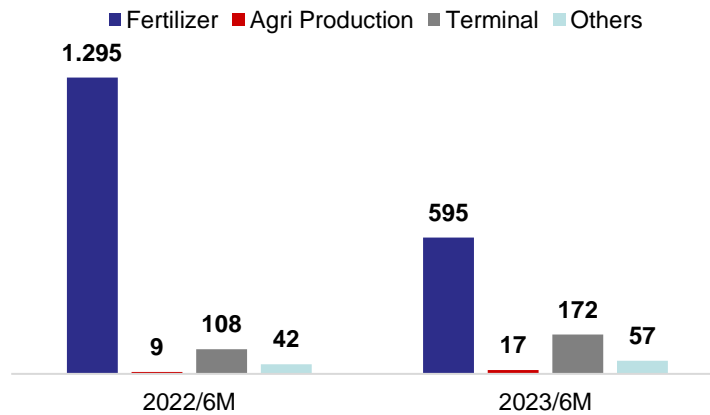


Cumulative (Million TRY)

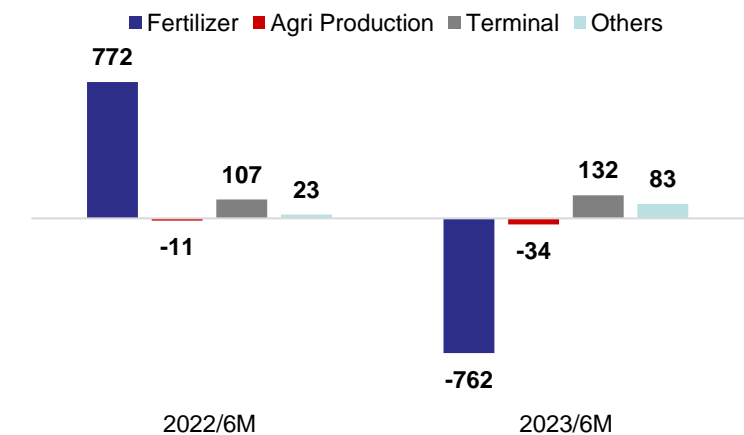
REVENUE



EBITDA



NET PROFIT



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Consolidated Financials

Financials by Segments

Operational Breakdown of Segments

Guidance

(in TRY million)	Guidance	
Revenues	2023	
Engineering & Contracting	15.628	
Agri Industry	20.519	
Investment	233	
Total	36.380	
EBITDA	2023	Margin
Engineering & Contracting	386	2,5%
Agri Industry	2.907	14,2%
Investment	-269	-115,5%
Total	3.024	8,3%
Net Profit	2023	Margin
Engineering & Contracting	-480	-3,1%
Agri Industry	1.367	6,7%
Investment	554	237,7%
Total	1.441	4,0%

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