



## **TEKFEN HOLDİNG A.Ş.**

### **Announcement**

**Date :** 23 June 2023

**Subject :** New investment plans

Our Board of Directors passed the following resolutions for the next five-year period based on our priority visions of manageable revenue growth, sustainable and predictable profitability, and transformation in the contracting group toward energy solutions and to generate value for all stakeholders.

**A.** The Contracting Group will adopt the “shrink to grow” strategy for the following purposes:

1. All manufacturing plants pertaining to the Contracting Group will be gathered under Tekfen İmalat ve Mühendislik A.Ş. (Tekfen Manufacturing and Engineering); Tekfen İmalat ve Mühendislik A.Ş. will be converted to “Tekfen Platform ve Modüler İmalat A.Ş.” (Tekfen Platform and Modular Manufacturing) to merge all authorizations in Azerbaijan and Kazakhstan and to monitor all on-shore and off-shore/modular projects; and this company will run feasibility works regarding projects in Saudi Arabia for suitable investment plans to be formulated;
2. Contracting Group companies will be restricted and selective in their operational regions and industries; accordingly, due organizational restructuring will be carried out in headquarters and regional offices; the number of regional offices will subsequently be reduced and some offices will be shuttered if deemed appropriate; required precautions will be taken especially in demobilization process in the projects of Tekfen Construction with high percentage of completion, and supportive functions throughout the Contracting Group will be assembled in order to bring synergy and achieve saving;
3. Tekfen Mühendislik A.Ş. (Tekfen Engineering) will focus on select regions and industries for competitive initiatives while also positioning as a source of engineering for the energy and energy solutions transformation within the Contracting Group.

**B.** Considering the persistent global and local competition the Agri-Industry Group faces in the industry, the below listed investments approximately \$500 million will only be commissioned once detailed feasibility works are submitted and approved:

1. Sulfuric and phosphoric acid plants in the Toros Agri Ceyhan plant;
2. Jetty and jetty tank investments in the Toros Agri Ceyhan plant;
3. Scope 1 and 2 investments to achieve the “Net-Zero” target by 2030 as well as digital transformation, customer experience, and R&D investments;
4. In addition, agricultural production operations under the Agri-Industry Group will be downsized.

**C.** A new company, “Tekfen Yenilenebilir Enerji Çözümleri Şirketi” (Tekfen Renewable Energy Solutions), will be established to operate in fields including but not limited to “decarbonization, green energy investments, green hydrogen and green ammonia” as well as cooperations in “carbon capture, storage and utilization”, and will render this field as the

third growth direction of Tekfen Group. This company will cooperate with the prospective “Tekfen Platform ve Modüler İmalat Şirketi” (Tekfen Platform and Modular Manufacturing) on various projects and complementary products and services. In the meantime, the necessary investments will be commissioned once detailed feasibility reports are submitted and approved on an investment budget of approximately \$500 million:

- D.** 1. Explore potential cooperation for Tekfen Construction and Installation and Toros Agri companies to achieve strategic targets;
- 2. Explore possible opportunities to convert terminal operations into a fourth field of business incorporating container port management through a strategic partnership that will generate added value.
- E.** To allocate budget for the above-listed investments and to achieve the transformation set forth in the strategic plan, Denkmal in Dahlem Otto-Hahn-Platz GmbH, the Topkapı estate, and the Derince estate owned by Tekfen Manufacturing, all part of our assets, will be sold to generate a total of over \$80 million in cash.

Organizational and management changes in line with the new strategy are made simultaneously.

Given the above precautions and actions, the consolidated EBITDA is expected to increase by approximately 40% in total on a inflation-adjusted basis within the next five years.