

# 2018

## ANNUAL REPORT







**AE ARMA-ELEKTROPANÇ**  
*engineering for future*

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON  
THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

**INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT**

To the General Assembly of

AE Arma Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş.

**Opinion**

We have audited the annual report of AE Arma Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş. ("the Company") and its subsidiaries (together referred as "the Group") for the period between 01 January 2018 - 31 December 2018.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

**Basis for Opinion**

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey ("CMB") and Independent Auditing Standards (ISAs) which are a part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority of Turkey ("POA"). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) promulgated by POA and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Our Auditor's Opinion on the Full Set Consolidated Financial Statements**

We have expressed a qualified opinion in our auditor's report dated 18 March 2019 on the full set consolidated financial statements of the Group for the period between 01 January 2018- 31 December 2018 and according to the Turkish Commercial Code 6102 ("TCC") Article 402 Paragraph and in the frame of ISA 570 "Going Concern" we give an explanation if the Group can continue its operations for a foreseeable future in "Explanation about Going Concern" paragraph.

**The Responsibility of the Board of Directors on the Annual Report**

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting in Capital Markets ("the Communiqué") of the Capital Markets Board ("CMB"), the management of the Group is responsible for the following items:

a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.

b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the Board of Directors is also included in this report.



c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the Board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the Board of Directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

#### **Auditor's Responsibilities for the Audit of the Annual Report**

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the "TTC" and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with ISAs and the standards on auditing as issued by CMB. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the responsible auditor who supervised and concluded this audit is İsmet Tuğul.

**HLB SAYGIN BAĞIMSIZ DENETİM A.Ş.**  
(A member of **HLB International**)

**İsmet Tuğul, CPA**  
**Responsible Auditor**

Istanbul, 18 March 2019



**AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc.**

**Annual Report**

Reporting Period	01.01.2018 - 31.12.2018
Registered Company Name	AE Arma-Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş.
Registration or Incorporation	2001
Registered Country	İstanbul / Turkey
Chamber of Commerce Registration Number	463497
Paid-in Capital	100.000.000 TL (Turkish Lira) 49.706.112 US Dollars (equivalent)
ISO 9001:2015	Registration Date: July 19, 2002 / Certificate No: 15070
ISO 14001:2015	Registration Date: January 13, 2009 / Certificate No: 1903
OHSAS 18001:2007	Registration Date: January 13, 2009 / Certificate No: 1195
Headquarters Address	Fulya Mah. Vefa Deresi Sok. No: 11, 34394 Şişli - İstanbul / TURKEY
Phone	+90 212 275 5484
Fax	+90 212 274 0641
Tax Administration	Boğaziçi Kurumlar
Tax No	0080332641
Official Website	<a href="http://www.arma-elektropanc.com">www.arma-elektropanc.com</a>
E-mail	<a href="mailto:info@arma-elektropanc.com">info@arma-elektropanc.com</a>

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## AE ARMA-ELEKTROPANÇ AT A GLANCE

### COMPANY PROFILE

“We are a leading technical contractor which has carried out electromechanical works for numerous prestigious projects in 9 different countries across 3 different continents, with our management having over 40 years of experience in engineering.”

One of the strongest and leading companies of the Turkish engineering and contracting sector, ARMA ENGINEERING founded in 1986 and ELEKTROPANÇ ELECTRICAL INDUSTRY founded in 1991 joined their forces and resources in October 2001 to establish **AE ARMA-ELEKTROPANÇ**.

With the ample experiences of both groups and the state of the art technologies, this alliance enables **AE Arma-Elektropanç** to optimize services and perform a leadership

role in Turkey and the continually growing international markets by applying innovative, skilled engineered and cost effective solutions.

With years of experience and innovative solutions, as an international technical service provider, **AE** has successfully completed numerous type of projects such as residential, commercial, retail, educational, healthcare, social and cultural, theme parks, sports arena, hospitality, data center, transportation & infrastructures and industrial.

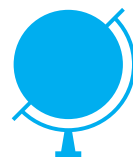


MERGER OF **2** LEADING  
ENGINEERING COMPANIES



**40**<sup>+</sup>*yl*

OVER **40 YEARS** EXPERIENCE



OPERATIONS IN **9** DIFFERENT COUNTRIES  
ACROSS **3** CONTINENTS



### STRATEGY

“It is our primary objective to render client-oriented services as a company which renews continuously and increases its value, while we deliver MEP works for high quality projects with the experience we have gained over the course of many years.”

While expanding to new markets, we are aiming to be the MEP contractor of the important projects by maintaining our high-quality and reputation and establishing partnerships with global players in the sector and to be carrying out the sustainability with risk and cost control. Board of Directors and senior management are constantly monitoring activities according to our strategy.

During the periodical and frequent management meetings, performance of the company is kept under control and new targets and strategies are being developed.

#### Our 2019 targets are;

- Expand our operations to new markets like South & Southeast Asia and Balkans,
- Become one of the key player in Sub-Saharan Africa market,
- Involve in infrastructure, oil/gas and railway projects,
- Strengthen our strong capital structure,
- Grow at least 15% while maximizing our profitability in the new projects,
- Establish new global partnership agreements.



EXPANDING TO **SOUTH & SOUTHEAST ASIA, BALKANS** and **SUB-SAHARAN AFRICA**



**15% TURNOVER GROWTH**



INVOLVE IN **INFRASTRUCTURE, OIL & GAS** and **RAILWAY PROJECTS**

### MISSION & VISION

“We continue to carry out prestigious projects with our management open to continuous development, improvement and innovation in ever changing and developing world.”

#### Mission

With the supreme breadth of knowledge, products and services, our mission is to resolve challenging technical design and engineering problems using successful project implementation, combining our expertise with our superior technology and working towards the highest delivery standards for cost effective solutions.

#### Vision

Our vision is becoming an international player not only in the electrical and mechanical sectors (MEP), but also in the tourism, health and renewable energy sectors with an aim to create partnerships, long term investments, turnkey solutions and ultimately maximizing customer satisfaction by ensuring to provide with an optimum and reliable solutions.



CHANGE



DEVELOPMENT



INNOVATION

## AE ARMA-ELEKTROPANÇ AT A GLANCE

### VALUES

“Reliability, loyalty, unity, experience, development, future oriented values such as innovation and sustainability are the core values of **AE Arma-Elektropanç** to reach its targets.”

#### Reliability

We provide innovative, economic and distinguishing solutions in order to become a reliable and strong technical partner of our customers. We aim long-term cooperation and be the most reliable fellow of our business partners to reach their targets.

#### Loyalty

We represent our country in global arena in the best manner by integrating our passion to our work and the consciousness of being a family with loyalty to our company.

#### Unity

Our corporate culture is an important value behind our success. This culture, instead of individuality, enable our employees to work unified by sharing the knowledge, and this culture is reflected to each process of our works.

#### Experience

We provide excellent services with professionally designed, best quality and economic solutions thanks to our management team

who have more than 40 years of engineering and contracting experiences and specialists team.

#### Development

We follow all the developments both in our sector and in the world very closely, and we provide all the required services to contribute values to our stakeholders, customers and economy.

#### Innovation

We are the leading technical contractor with our more than 300 engineers, thousands of employees and innovative solutions in international market.

#### Sustainability

We conduct our business by following the most efficient policies that protect the natural resources and environment, respect to human and nature. We put sustainability that is focused on efficient risk analysis and cost management into the center of our business policies.



RELIABILITY



UNITY



SUSTAINABILITY

## AE ARMA-ELEKTROPANÇ AT A GLANCE

### ACTIVITIES

“We are the leading technical contractor which furnishes electromechanical services for infrastructures and superstructures with various functions and sizes.”

**AE Arma-Elektropanç** covers the entire range of electrical engineering solutions of every size, such as low, medium and high tension, energy management and distribution, measuring and control technology, instrumentation, integrated security and building management.

**AE** covers the entire spectrum of air, climate and energy solutions, including HVAC cold and heat storage, cleanroom technology, piping, fire-extinguishing technology and mechanical process installations.

For the industrial sector, the focus of **AE** is on power plants, the automotive industry, chemicals and petrochemicals, pharmaceuticals, oil & gas, the animal feed, aircraft and food industry.

For traffic & infrastructure, **AE** provides the measurement, analysis and improvement of traffic flow, traffic management, infrastructure and safety, airport infrastructure, railway, tram and metro, tunnels, bridges and locks, transport and distribution networks, public lighting, waste and drinking water treatment and management.

**AE** manages technical facility services like operation & maintenance and repair of multivendor equipment's in intelligent residences, offices, industrial facilities, power plants, airports and aircraft maintenance centres. **AE** services protects the technical assets and reduce OPEX.

**AE** also provides services and solutions by applying the latest state of the art technologies, particularly in energy saving and green buildings.



**ELECTRICAL ENGINEERING**



**ELECTRONICS ENGINEERING**



**MECHANICAL ENGINEERING**

### AWARDS & ACHIEVEMENTS

“**AE Arma-Elektropanç** which is one of the leading players in the regions where it operates, have proven its success with the lists it is ranked and the awards it received.”

By being placed on the lists published by important publication organizations both in Turkey and around the World, **AE Arma-Elektropanç** proves its success, a success it aims to continuously increase.

**AE** ranked at 156<sup>th</sup> in the “Top International 250 Contractors” 2018 list by rising 34 rows published by the most prestigious international newsletter within the construction industry Engineering News Record (ENR). **AE** has been listed at 245<sup>th</sup>, 229<sup>th</sup>, 222<sup>nd</sup> and 190<sup>th</sup> respectively at 2014, 2015, 2016 & 2017.

**AE** ranked in the list of the “Top 25 MEP Contactors of the Middle East” issued by a respected and prestigious publication in the construction sector in the Middle East called MEP Middle East magazine since last five years.

Also by entering both of the lists “Capital 500 Türkiye” and “Fortune 500 Türkiye” 2018, published by Turkey's most prestigious economic and business world publications Capital and Fortune, **AE** has once again confirmed that it is among one of the biggest and most valuable companies of Turkey.



FORTUNE



Capital

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## AE ARMA-ELEKTROPANÇ AT A GLANCE

### OPERATION MAP

“We carry on our activities with our 6 companies and 4 branch offices, across 3 different continents, in order to provide our clients in diverse cultures and regions with the best and fastest service.”

#### AE Arma-Elektropanç Subsidiaries

#### Share (%)

AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc. - <b>Turkey</b>	100
OOO AE Arma-Elektropanç Elektromekanik - <b>Russian Federation</b>	100
AE Arma-Elektropanç D.O.O. - <b>Bosnia and Herzegovina</b>	70
Arma Elektropanç Electromechanical Co. L.L.C. - <b>Dubai / UAE</b>	49
AE Arma-Elektropanç Electromechanical Contracting Lebanon S.A.R.L. - <b>Lebanon</b>	45
AE Arma-Elektropanç Building Services Limited - <b>London / United Kingdom</b>	25

#### AE Arma-Elektropanç Branch Offices

AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc. - <b>Moscow / Russian Federation</b>
AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc. - <b>Abu Dhabi / UAE</b>
AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc. - <b>Baku / Azerbaijan</b>
AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc. - <b>Nicosia / TRNC</b>



#### Ongoing Projects



Turkey



Russian Federation



United Arab Emirates (Dubai & Abu Dhabi)



Algeria



#### Completed Projects



Turkey



Russian Federation



United Arab Emirates (Dubai & Abu Dhabi)



Algeria



Azerbaijan



United Kingdom



TRNC



Georgia



Ethiopia

## AE ARMA-ELEKTROPANÇ AT A GLANCE

### MILESTONES

1980

**1986**

Arma Engineering & Trade was established.

1990

**1991**

Elektropanç Electrical Industry & Trade Corporation was established.

2000

**2001**

Arma Engineering & Elektropanç Electrical joined their forces to establish **AE Arma-Elektropanç**.

**2003**

OOO AE Arma-Elektropanç Elektromekanik was established in Russian Federation.

“ Established by their shareholders who have more engineering experiences than the companies they have set up, **AE** moves forward with the strength it gets from the past. ”



2005

**2005**  
TRNC branch office was established.

**2006**  
Arma Elektropanc Electromechanical Co. L.L.C. was established in Dubai, UAE.

**2009**  
Abu Dhabi branch office was established.

2010

**2010**  
Azerbaijan branch office was established.

The 4<sup>th</sup> and 9<sup>th</sup> completed tallest buildings of Europe, Capital City project was handed over.

**2012**  
AE Arma-Elektropanc Electromechanical Contracting Lebanon S.A.R.L. which the Hariri family is the 50% partner was established.

80% shares of AE Arma-Elektropanc was acquired by Imtech N.V. in October.

**2014**  
AE Arma-Elektropanc bought back 31% shares which 80% was sold to Imtech N.V.

2015+

**2015**  
Remaining 49% of the shares was bought back by AE Arma-Elektropanc from Imtech N.V. by April 2015 and the partnership has been ended.

Second tallest completed building of Europe, Mercury City project was handed over in October 2015.

AE Arma-Elektropanc Building Services Limited was established in London, UK.

**2016**  
By Issuing the very first bonds and bills of its sector, AE Arma-Elektropanc redeemed 10 million TL worth of bonds with its own resources.

**2017**  
AE Arma-Elektropanc redeemed 10 million TL worth of bonds with its own resources for second time.

All the MEP works of Dubai Hills Mall project which will be one of the largest shopping mall in the world has been awarded to AE.

**2018**  
AE Arma-Elektropanc D.O.O. was established in Bosnia and Herzegovina











### CHAIRMAN'S MESSAGE

2018 was a financially unstable year, due to economical fluctuations. Following the referendums in June new policies introduced by the president of the Republic of Turkey's government created a positive outlook. However, in the second half of the year exchange rates, interest rates and inflation, fluctuations and instability caused doubts within the economic sector. Companies within the real sector including our own company started to be prudent. Quick decisions and precautions taken by our government stabilized the unstable situation rapidly. Money and capital markets returned to normal and the fluctuation in exchange rates stabilized. The last quarter of 2018, export figures reached 6.7 points which was the highest figure projected within the last 10 years. 2019 new economy programs predict that the year will be politically stable which means that these negative factors will be greatly reduced.

On the other hand, the recession within 2018 eventually meant that targets for the growth of markets were reduced. Especially the commercial tension between USA and China, the duration of the EU (Brexit) causing anticipation towards the EU economy. Being quite obvious that the USA's global politics will affect circular markets and circular economies in the future.

**AE Arma-Elektropanç**, as a company 90% of our projects are abroad, which means that we have managed to overcome the changing economic pressure and as a company came through the period successfully.

We have 15 ongoing major projects such as; Al Maktoum International Airport - Passenger Terminal Building Extension Project which will accelerate the tourism in the UAE, Garanti Bank Pendik Technology Campus Data Center which will add value to the banking sector in Turkey and Dubai Hills Mall which will be one of the biggest shopping mall of the world in 2019. By the help of these projects, our success has continued without any interruptions. For the 5<sup>th</sup> time we have achieved the honor of being listed in the Engineering News Record (ENR) magazine in the "Top 250 International Contractors" 2018. This year we were listed as 156<sup>th</sup>, meaning that we had raised

34 places since last year's listing. At the same time we have listed in the MEP Middle East's magazine, at the "Top 25 MEP Contactors of the Middle East". We have the honor of being listed in this category for the past 5 years.

In the world of economy and business, the most prestigious magazines Capital and Fortune Turkey issued the Turkey's largest companies. We have listed 224<sup>th</sup> at the Capital Turkey magazine, a rise of 67 places since last year And 174<sup>th</sup> at the Fortune Turkey 500 by rising 47 place from last year's list.

On Capital Magazine's "The 50 Largest Turkish Companies Established Abroad" list, our Dubai subsidiary became 24<sup>th</sup>, Russian subsidiary became the 50<sup>th</sup> and our UK participation became the 92<sup>nd</sup>. We were also honored with UK subsidiary which to be the 6<sup>th</sup> in the list of "Quickest Growing Turkish Companies Abroad".

In June 2017, Burak Ç. Kızıllan took over the flag and became our CEO. He was awarded by the most prestiged publications called "Construcion Week" in Middle East and Gulf, on the list of "Power 100 2018 - The Most Influential People in the Middle East's Construction Industry" and he became the 45<sup>th</sup> place, being one of the first 50. Kızıllan was also awarded 7<sup>th</sup> place in the Economist magazines under the title of "40 Young CEO Under 40 List" and in 2018 he was listed 21<sup>st</sup> under the same title in the Fortune Turkey.

In 2019, we are going to continue to furnish MEP services with qualified investments in particularly retail, hospitality, data center, transportation and infrastructure projects. Especially along the UAE, Russia and Azerbaijan we will be taking on the most prestigious projects in the Balkan countries and Turkey within technical contracting and engineering services and continue to clinch our success. As moving rapidly towards becoming a global brand, we are proudly going to wave our flag in the international arena by creating added value, contributing employment and economy with our more than 300 engineers and over 5000 employees.

**Kemal Kızıllan**  
Chairman



## FROM THE MANAGEMENT

### THE BOARD OF DIRECTORS



#### **Kemal Kızılhan**

##### **Chairman**

He was born in 1955 in Rize where he went to primary and high school. He was graduated from Yıldız Technical University in 1981 from Electrical Engineering Department and then, started his career at Set Elektrik. He established his first company in 1981 called Arma Engineering which has handed over numerous important projects in the construction sector and where he

was the chairman of Arma Engineering's group of companies until 2000.

He is one of the co-founders and the Chairman of **AE Arma-Elektropanç**. He is a member of Fenerbahçe SK, Electrical Engineers (EMO) and co-founder of Electrical Contractor & Engineer Association (ETMD).



#### **Hasan İnce**

##### **Deputy Chairman**

He was born in İstanbul in 1960, where he was completed his high school education in 1978 from Kabataş High School. He was graduated as an Electrical Engineer from Yıldız Technical University in 1985 and received his master's degree in business administration from İstanbul University Business and Economics Institute. Starting his professional career in electrical contracting sector in 1984, Hasan İnce founded Hasel Elektrik Mühendislik in 1987 and

handed over many important projects.

He is one of the co-founder of Elektropanç Electrical established in 1991. He is one of the co-founder of **AE Arma-Elektropanç** and he became the Deputy Chairman of **AE** by June 2017. Hasan İnce is a member of Chamber of Electrical Engineers (EMO), Electrical Contractor & Engineer Association (ETMD) and İstanbul Sailing Club.



## A. Medih Ertan

### Board Member

He was born in 1952 in İstanbul. He was graduated from İstanbul Technical University in 1973. He started his career at Turkish Government Atomic Energy Commission at Çekmece Nuclear Research Training Center (ÇNAEM) at TR-2 Reactor Expanding Department by receiving a scholarship. Then, he established his companies called Elektropanç Electronics in 1976 and Elek-

tropanç Electrical in 1991. He is one of the co-founder of **AE Arma-Elektropanç**. He is a member of Chamber of Electrical Engineers (EMO) and co-founder of Electrical Contractor & Engineer Association (ETMD) where he was the chairman at the second term. A. Medih Ertan is currently the Member of the Board of **AE**.



## Burak Ç. Kızılhan

### CEO / Board Member

Burak Ç. Kızılhan was born at 1984 and graduated from French High School called Lycee Saint-Benoit in Istanbul, Turkey. Then he did his bachelor in Electrical & Electronics Engineering in University of Hertfordshire at London, UK. Further to his bachelor, he did his master of science degree in Engineering Management in Brunel University at London, UK. He also completed his Executive Education in Finance at Harvard Business School at Boston, USA.

After his studies, he worked at Schneider Electric in London, UK for 2 years as a project manager. Further to his career in the UK, he has returned to his family business called **AE Arma-Elektropanç** and settled his life in the UAE and became the business development manager and responsible for MENA (Middle East & North Africa) region's operations of the company. He has returned to **AE**'s head office located in İstanbul, Turkey by January 2014 and became the Deputy General Manager and Board Member of the company. By

June 2017 he has been appointed as the CEO of **AE**. Kızılhan has listed as one of the only two Turks that represented Turkey in the list of "Power 100 the Most Influential People in the Middle East's Construction Industry" issued by the prestigious "Construction Week" magazine. In 2018 he rose seven rows compared to the previous year and took the 45<sup>th</sup> place. Thus he is in the top 50 and took listed as the youngest person on the lists of 2012, 2013, 2015, 2016 and 2017.

Kızılhan was also listed at 7<sup>th</sup> in the Turkey's 40 most powerful leaders under the age of 40 list called "40 Young CEO" which is prepared by Ekonomist magazine, listed at 26<sup>th</sup> at the list of "40 Under 40" 2017 and and 21<sup>th</sup> 2018 issued by Fortune Türkiye. Burak Ç. Kızılhan's current duties in the non-governmental organizations are Fenerbahçe SK Board Member, 1907 Fenerbahçe Derneği Board Member, Turkish Industry and Business Association (TÜSİAD) Member, Endeavor Turkey Member.



### COMMITTEES

“As a result of the changing distribution of tasks, our board of directors, has started to take rapid steps in accordance with today's understanding of corporate governance.”

#### Early Determination of Risk Committee

The committee is formed and authorized by Board of Directors, acts within its own authority and responsibility and directs advises at Board of Directors however final decision responsibility is always on Board of Directors. Committee may invite a director it considers necessary to its meetings and take their opinions. Committee benefits from independent expert opinions in subjects it considers required related to its activities. Committee gathers once in 2 months, 6 times a year with the participation of half of the number of members plus one, and takes a decision by majority. In the committee meetings it is aimed to early determine the risks that shall put the existence, development and continuity of the company in danger, to apply the measures regarding the risks determined and to make studies about risk management and at least once a year to revise the risk management systems.

**Committee Chairman :** Kemal Kızılhan (Executive)

**Committee Member :** A. Medih Ertan (Non-Executive)

#### Corporate Governance Committee

In order for the development of the corporate governance applications of our company, Corporate Governance Committee is established to give advises and make suggestions to Board of Directors. It shows activity in order to determine whether corporate governance principles are implemented, and if not implemented what the reasons are, and to give Board of Directors advises that are remedial for corporate governance applications.

**Committee Chairman :** Burcu Kızılhan Tan

**Committee Members :** Hakan İnce, Kerem Başar Erdem, Murat İlkdoğan, Yavuz Güvener

**Committee Assistant :** Atakan Naçar

#### Business Development and Tender Tracking Committee

Business Development and Tender Tracking Committee is established to make advises and suggestions to Board of Directors for the execution of business development and tender tracking activities of our company in accordance with its general strategies. Its aim is to perform works to gain new, qualified and profitable works to our firm

in conformity with the company strategy and to make formative and remedial advises to the Board of Directors within this framework.

**Committee Chairman :** Elif Akyüz

**Committee Members :** Barış Karadağ, Kerem Başar Erdem, Murat Alkim, Murat İlkdoğan

**Committee Assistant :** Kadir Kars

#### Risk and Crisis Management Committee

Risk and Crisis Management Committee is established to make advises and suggestions to Board of Directors for improvement of risk and crisis management implementation of our company. Its aim is to determine, pursue and manage the matters that could constitute elements of risk in strategical and operational meaning in our company, to provide the determination of, before the formation of crisis, the steps and procedures to be followed in times of crisis and the implementation of these both before crisis and in times of crisis and afterwards and to give Board of Directors advises on this subject matter.

**Committee Chairman :** Pınar Ertan Wildeboer

**Committee Members :** Aydın Töremen, Burcu Kızılhan Tan, Murat Çakmak, Neşe Günsenin Etik

**Committee Assistant :** Mustafa Diri

#### Corporate Social Responsibility Committee

Corporate Social Responsibility Committee is established to make advises and suggestions to Board of Directors for the improvement of corporate social responsibility applications of our company. Its aim is to perform activities related with special projects within corporate social responsibility besides the activities ongoing within corporate communication works and to give Board of Directors advises on this subject matter.

**Committee Chairman :** Burcu Kızılhan Tan

**Committee Members :** Atakan Naçar, Elif Akyüz, Murat Çakmak, Mustafa Kemal Muci

**Committee Assistant :** Birsen Yılmaz











## ACTIVITIES IN 2018

### ONGOING PROJECTS

#### Dubai Hills Mall



**Employer :** Emaar

**Main Contractor :** ALEC LLC

**Scope of Works :** MEP Works

**Consultant :** Arcadis

**Project Location :** Dubai / UAE

**Total Area :** 700.000 m<sup>2</sup>

**Project Start Date :** 2017

#### WOW Hotel & Hotel Apartments



**Employer :** WOW Investments Limited

**Main Contractor :** Günel İnşaat

**Scope of Works :** MEP Works

**Consultant :** Next Engineering Consultants

**Project Location :** Dubai / UAE

**Total Area :** 184.778 m<sup>2</sup>

**Project Start Date :** 2017

#### Garanti Bank Pendik Technology Campus Data Center



**Employer :** Garanti Bankası A.Ş.

**Main Contractor :** Doğuş Construction

**Scope of Works :** MEP Works

**Consultant :** Midek Era

**Project Location :** İstanbul / Turkey

**Total Area :** 7.000 m<sup>2</sup>

**Project Start Date :** 2016



## Al Maktoum International Airport - Passenger Terminal Building Extension Project



**Employer :** DAEP

**Main Contractor :** ALEC LLC

**Consultant :** Dar Al Handasah

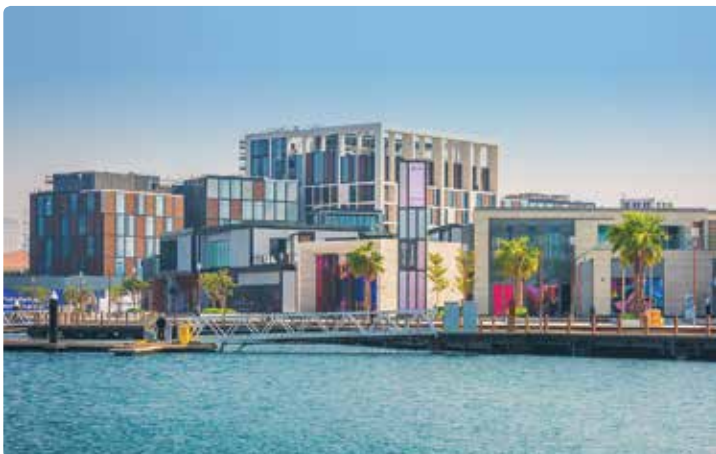
**Scope of Works :** MEP Works

**Project Location :** Dubai / UAE

**Total Area :** 80.000 m<sup>2</sup>

**Project Start Date :** 2016

## Al Seef (Phase 4)



**Employer :** Meraas Holding

**Main Contractor :** Dutco Balfour Beatty LLC

**Consultant :** WS Atkins

**Scope of Works :** MEP Works

**Project Location :** Dubai / UAE

**Total Area :** 71.275 m<sup>2</sup>

**Project Start Date :** 2016

## Domodedovo Airport - Terminal 2



**Employer :** DKM Construction

**Main Contractor :** Ant Yapı

**Consultant :** Domodedovo Construction Management

**Scope of Works :** MEP Works

**Project Location :** Moscow / Russian Federation

**Total Area :** 235.000 m<sup>2</sup>

**Project Start Date :** 2015

## ACTIVITIES IN 2018

### ONGOING PROJECTS

#### Bluewaters Wharf Retail



**Employer :** Meraas Holding

**Main Contractor :** ALEC LLC

**Consultant :** WSP

**Scope of Works :** MEP Works

**Project Location :** Dubai / UAE

**Total Area :** 230.000 m<sup>2</sup>

**Project Start Date :** 2015

#### Manzara Adalar



**Employer :** İş GYO

**Main Contractor :** Ant Yapı

**Consultant :** Entegre Project Management

**Scope of Works :** MEP Works

**Project Location :** İstanbul / Turkey

**Total Area :** 313.500 m<sup>2</sup>

**Project Start Date :** 2015

#### Fili Grad (Phase 2)



**Employer :** MR Group

**Main Contractor :** Ant Teq

**Consultant :** AK Proekt

**Scope of Works :** MEP Works

**Project Location :** Moscow / Russian Federation

**Total Area :** 191.200 m<sup>2</sup>

**Project Start Date :** 2014

## Wasl District



**Employer :** Al Wasl Properties

**Main Contractor :** Shapoorji Pallonji Mideast LLC

**Consultant :** Kling Consult

**Scope of Works :** MEP Works

**Project Location :** Dubai / UAE

**Total Area :** 141.000 m<sup>2</sup>

**Project Start Date :** 2014

## Oasis Multifunctional Business Complex



**Employer :** AND Corporation

**Main Contractor :** Procons

**Consultant :** ABV Group

**Scope of Works :** MEP Works

**Project Location :** Moscow / Russian Federation

**Total Area :** 58.560 m<sup>2</sup>

**Project Start Date :** 2014

## Grand Mosque Algeria - Energy Center



**Employer :** Anergema

**Main Contractor :** China State Construction  
Engineering Corporation (CSCEC)

**Consultant :** Egis

**Scope of Works :** MEP Works

**Project Location :** Algiers / Algeria

**Total Area :** 5.717 m<sup>2</sup>

**Project Start Date :** 2014



## ACTIVITIES IN 2018

### ONGOING PROJECTS

#### Marina City - Plot B



**Employer :** National Investment Corporation

**Main Contractor :** NuroL LLC

**Consultant :** WS Atkins

**Scope of Works :** MEP Works

**Project Location :** Abu Dhabi / UAE

**Total Area :** 121.000 m<sup>2</sup>

**Project Start Date :** 2014

#### Garanti Bank Pendik Technology Campus



**Employer :** Garanti Bankası A.Ş.

**Main Contractor :** Doğuş Construction

**Consultant :** Midek Era

**Scope of Works :** MEP Works

**Project Location :** İstanbul / Turkey

**Total Area :** 142.000 m<sup>2</sup>

**Project Start Date :** 2013

#### Grand Mosque Algeria



**Employer :** Anergema

**Main Contractor :** China State Construction  
Engineering Corporation (CSCEC)

**Consultant :** Egis

**Scope of Works :** Electrical Works

**Project Location :** Algiers / Algeria

**Total Area :** 443.000 m<sup>2</sup>

**Project Start Date :** 2013





## ACTIVITIES IN 2018

### COMPLETED PROJECTS

#### Belgravia Gate



**Employer :** Wainbridge Estates Belgravia Limited

**Main Contractor :** Ant Yapı UK

**Consultant :** MACE

**Scope of Works :** MEP Works

**Project Location :** London / United Kingdom

**Total Area :** 11.250 m<sup>2</sup>

**Project Start / Completion Date :** 2015 / 2018

#### Nurol Life



**Employer :** Nurol GYO

**Main Contractor :** Nurol Construction

**Consultant :** Nurol GYO

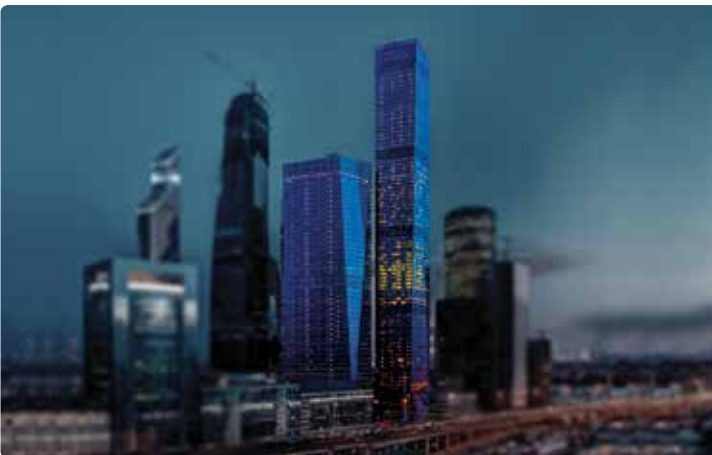
**Scope of Works :** MEP Works

**Project Location :** İstanbul / Turkey

**Total Area :** 145.000 m<sup>2</sup>

**Project Start / Completion Date :** 2015 / 2018

#### OKO Tower



**Employer :** Capital Group

**Main Contractor :** Ant Yapı

**Consultant :** Capital Group

**Scope of Works :** MEP Works

**Project Location :** Moscow / Russian Federation

**Total Area :** 290.075 m<sup>2</sup>

**Project Start / Completion Date :** 2011 / 2018





## ACTIVITIES IN 2018

### HUMAN RESOURCES

“Our priority is to increase the peace of our employees at the ethical and legal framework, make individuals happy and create an efficient work environment in order to step forward as a human power in the projects we undertake.”

As **AE Arma-Elektropanç**, while we work to make working facilities more efficient, increasing employee satisfaction works has also been the basis of our Human Resources activity in 2018. The ERP activities that started in the previous years, have continued developing while the recruitment processes have been abbreviated and selection of candidates have been updated.

#### ERP Activities

Human Resources selection and placement processes have been started to be recorded, when ERP system become a live system in the beginning of 2017. Intended to the records, reporting and evaluations have started in 2018.

#### Selection and Placement

Without a vacant position, candidate search/selection processes initiated in 2017 for electrical/mechanical engineer with high turnover ratio, draftsman etc. positions, continued developing in 2018. Pre-interviews were made with potential candidates before a vacant position and interview notes were shared to the managers. Thus, when a vacant position occurs, the process of closing the position

is abbreviated.

The result of cooperation with Human Resources sites; the applications of the unrelated candidates were filtered, so the resumes that did not have the candidate peculiarities were eliminated in a shorter time. In this way, it was possible to allocate more time to the CVs of the applicants.

The system of archiving personal files of employees who left work and active employees have been expanded and the archiving system has been updated.

In the selection process, the candidates who are not considered to have the required qualifications continued to get feedback in both verbally and written.

#### Social Gender Equality

As a member, negotiations were continued with the women's employment supporter organizations; seminars, trainings and panels were attended. In the recruitment process and among our existing



MOST ACCURATE **SELECTION** and  
**PLACEMENT**



ATTENTION TO  
**SOCIAL GENDER EQUALITY**



**PRODUCTIVITY GROWTH**

employees; it is paid attention not to discriminate on the basis of religion, language, race and gender and to give equal career opportunity also measures against adverse behaviours have continued to be taken. Activities were organized to increase women's employment.

#### Headquarters Staff Changes

The number of excess headquarters staff was reduced. The decruitment was conducted through the transfer to the company's ongoing projects both at domestic and overseas, and through the direct dismissal with all the social rights for the positions that are considered not the need.

#### Payroll

The most accurate payroll retention and payroll absenteeism updates were made. The payroll approval mechanism has been reviewed and certain rules have been introduced for the employees to control and approve the payroll from their supervisor to the senior manager.

#### Team Spirit Development

The organizational chart has been revised and some updates were

made to ensure that the teams work more harmoniously and peacefully. Some location changes have been made in order to increase the peace of mind working in the headquarters seating, thus aiming to develop a working spirit. The results of the measures taken were followed and positive developments were noted.

#### Plans of 2019

- In 2019, Human Resources budget is envisaged to have a contraction. Finishing Russia and Turkey projects, decreases the number of our active projects. In this case, studies are planned to be carried out to evaluate the high and qualified employees in the company.
- Updates will be made on the actions to support the internal team work.
- Obtaining the English language proficiency test by a third party company will be on the agenda and updates will be made on the implementation of a more accurate test on speaking and language knowledge.
- Updates will be made to the interviews regarding the dismissal, and the thoughts about our company will be evaluated objectively.

Year	Number of Female Employee	Number of Male Employee	Total
2016	73	4.944	5.017
2017	96	7.713	7.809
<b>2018</b>	<b>63</b>	<b>5.645</b>	<b>5.708</b>

# 20

## DIFFERENT NATIONALITIES

WITH MORE THEN **300** ENGINEERS

**862**  
WHITE COLLAR



+



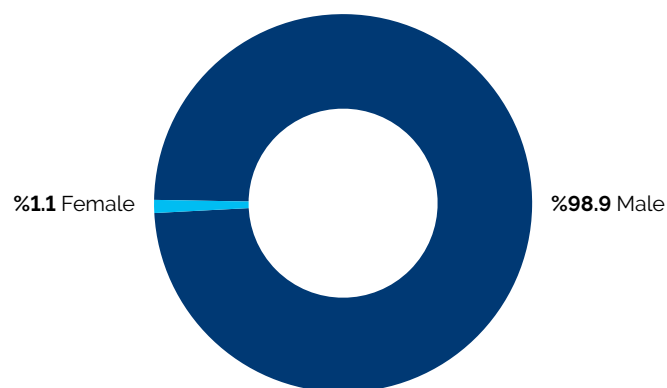
**4.846**  
BLUE COLLAR

TOTAL

# 5.708

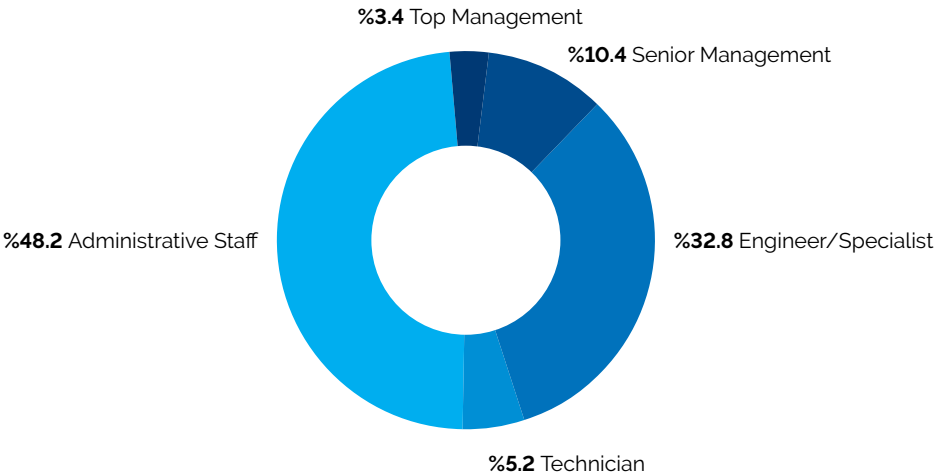
EMPLOYEES\*

Distribution By Gender

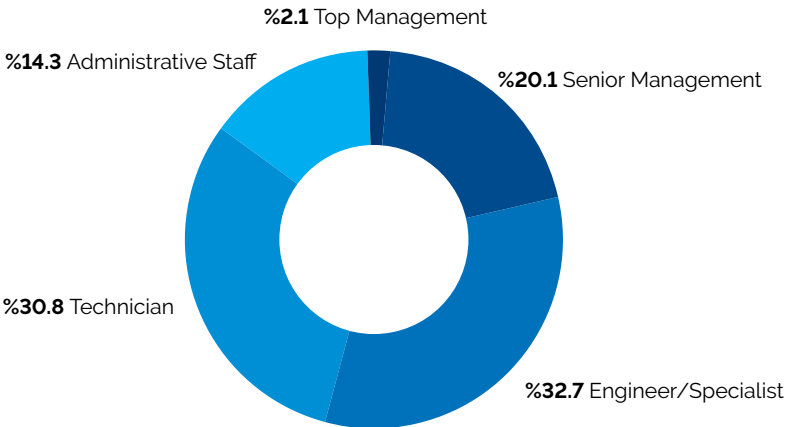


\*2018 averages of all employees of **AE** and **AE**'s subcontractors are taken into account.

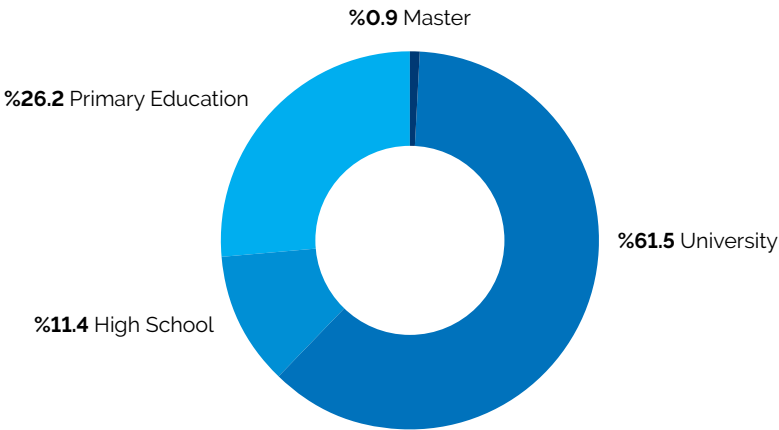
Distribution of Female Employees By Title\*



Distribution of Male Employees By Title\*

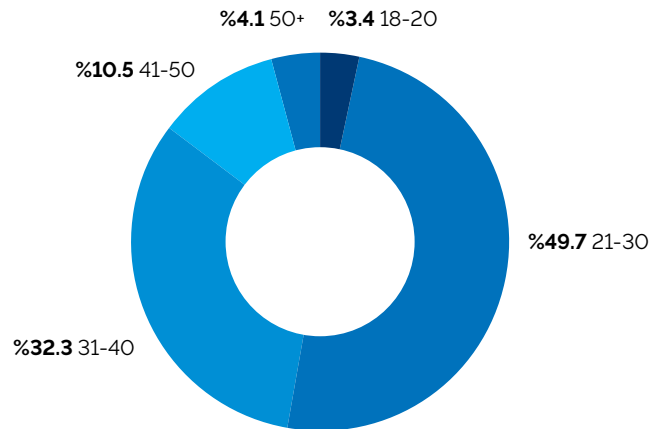


Distribution By Education\*

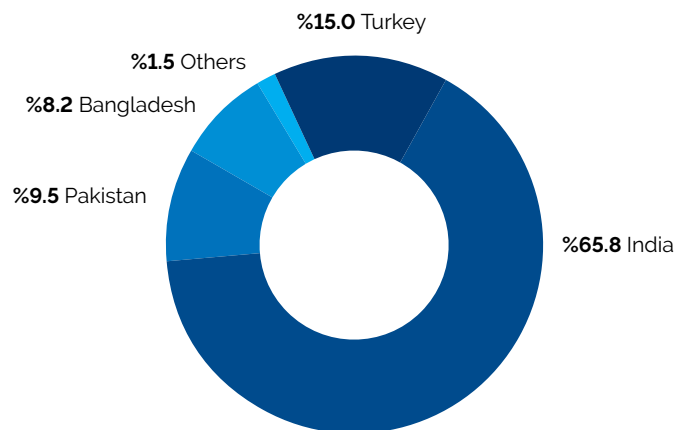


\*2018 averages of white collar employees of AE and AE's subcontractors are taken into account.

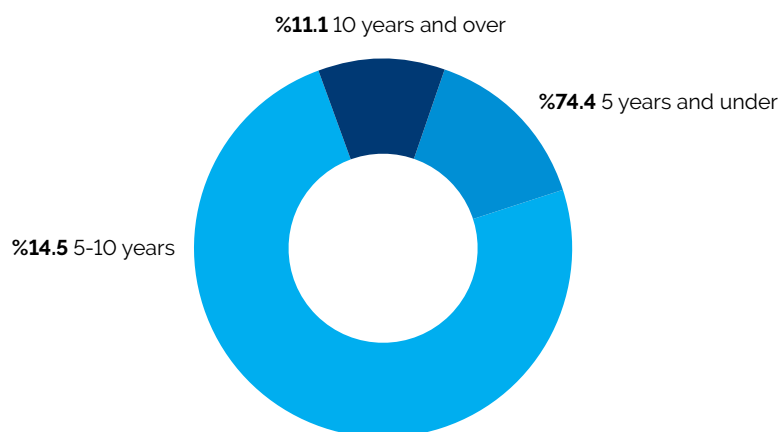
#### Distribution By Age\*



#### The Distribution By Nationality\*



#### Distribution By Seniority\*\*



\*2018 averages of white collar employees of **AE** and **AE**'s subcontractors are taken into account.

\*\*2018 averages of only employees of **AE** are taken into account.



## ACTIVITIES IN 2018

### INFORMATION MANAGEMENT

“ We can't manage, what we can't measure. By using our operations, resources and contemporary technology efficiently , we aim to reach the in time data instantly. ”

Our activities for Information Management in 2018 are listed as below:

#### ERP "CAN" Project

The ERP project called "CAN" by **AE Arma-Elektropanç** Information Management department continued to be on the top of the objectives in 2018. Intensive works were carried out in 2017 for the project which the project's kick off was in November, 2014. It's been intended to move to go live operation thoroughly in 2017 as soon as all the modules have been transferred to a live environment in the last quarter of 2016. This aim been clarified in 2018. In this context, UAE office and branch included with the following modules; procurement, human resources, tender and accounting. These modules have been globally integrated into ERP.

#### License Updates

Due to data theft, data loss, data security and other reasons, all software is licensed in our headquarters, affiliates, branches and projects. License control activities were made in 2018 as the same as in 2015, 2016, 2017 also all the software are updated. At the same time antivirus software which are out of date are renewed for the headquarters and our projects in Turkey.

#### Office 365

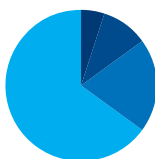
The project of transition to Office 365 was started in the last quarter

of 2016 in all branches and sites in the UAE region. The switchover is completed with 300 people at the end of 2017. In the last quarter of 2018 headquarters, Russia and its branch offices the transition has been started and completed.

All international phone calls and instant messaging including all subsidiaries and branch offices, headquarters continues over Skype for Business. Our business intelligence reporting also implemented again with a Microsoft family product PowerBI. The integration between Share Point and PowerBI gives incredible flexibility in publishing our reporting and connecting to our dynamics database. In order to minimize the server expenses to maintain our general activities, especially ERP, integrations of Dynamics 365 and Office 365 family products have been continued.

#### Information Management Help Desk

Help desk service point, launched in the second quarter of 2015 with a view to minimize the difficulties encountered by **AE** employees in information technology (IT) equipment and software usages. It is aimed to find quick solutions to any potential problems, continued its activities in 2018 increasingly. We got the opportunity to find quicker and more efficient solutions as the requests from the users could be collected in a single point.



ERP PROJECT



Office 365



HELP DESK

### QUALITY

“ It is one of our main duties to complete the works in the quality expected by the client and at the optimum cost. ”

In 2018, **AE Arma-Elektropanç** has possessed of ISO 9001:2015 Quality Management System Certificate within the scope of design and contracting works for MEP projects. Our activities for 2018, with respect to our quality management system are outlined below:

#### Quality Policy and Quality Management System Manual

Quality, environment, occupational health and safety management systems policies were reviewed by senior management in 2018 to ensure compliance with the ISO 9001: 2015 QMS standard. The necessary revisions have been made in the quality policy and in the quality management system manual, taking into account the new clauses and requirements of the standard.

#### Process-Based Quality Risk Assessment

In accordance with the ISO 9001: 2015 QMS standard, "Risk Assessment" studies with risk-based approach in quality specific works, have been initiated on a process-basis (procurement, proposal, human resources, project management etc.). Evaluations of risks and opportunities are reviewed and relevant action plans have been started to be established in our projects and in our headquarters.

#### Key Performance Indicators

In our projects and headquarters; studies on determining the pro-

cess-based key performance indicators and the criteria have been started and implementations have been followed-up.

#### Continual Improvement

The development and effectiveness of our quality management system has been reviewed during internal audits carried out in 2018 by our Quality and Risk department at our headquarters and domestic and overseas projects. In addition, according to the outcomes from external audit performed by NQA Turkey company, our quality management system was reviewed by the senior management and actions for improvements were taken.

Within the scope of continuous improvement activities, the integration of the Purchasing, Finance, Accounting and Human Resources departments in the ERP system, which was established to cover our headquarters and projects, was completed and implemented.

Within the scope of the quality management system, all other processes (procurement, project management, project design, etc.) were reviewed and necessary revisions were made to the related quality, environment, occupational health and safety documentation and shared with the employees.



## ACTIVITIES IN 2018

### ENVIRONMENTAL AWARENESS

“With the measures we have taken, we continue to work as an efficient and environmentally friendly company in protecting the natural resources and the environment.”

**AE Arma-Elektropanç** has possessed of ISO 14001: 2015 Environmental Management System Certificate within the scope of design and contracting works for MEP projects. Our activities for 2018, with respect to our environment management system are outlined below:

#### Environmental Policy and Environmental Management System Manual

Quality, environment, occupational health and safety management system policies were reviewed by senior management in 2018 to ensure compliance with the ISO 14001: 2015 EMS standard. The necessary revisions have been made in the environmental policy and in the environmental management system manual, taking into account the new clauses and requirements of the standard.

#### Environmental Risks and Opportunities Assessment

At our headquarters, environmental aspects and impacts were analyzed, environmental risks and opportunities were identified, and relevant action plans were established.

#### Environmental Key Success Indicators

At headquarters and project, studies on identifying key performance indicators have been initiated.

#### Waste Management

Paper, cardboard, plastic, metal and glass wastes of our headquarters are collected in the recycling boxes provided by Şişli Municipality and approximately 850 kg of waste are segregated in 2018.

The segregated non-hazardous wastes were handed over to the municipal recycling teams and reduced the amount of waste given to the nature.

Hazardous wastes collected in our headquarters and warehouse are segregated from other household garbage in appropriate type containers and delivered to the licensed recycling company (EAG) and the disposal of hazardous waste was provided in compliance with legal regulations.

Hazardous wastes and non-hazardous recycling wastes generated by our project sites, are transferred to the temporary storage areas where these locations of which are defined by the employer at the site, and those waste are disposed of by the employer.

#### Internal and External Audits

The development and effectiveness of our environmental management system has been reviewed during internal audits carried out in 2018 by our Quality and Risk department at our headquarters and domestic and international projects. In addition, according to the outcomes from external audit performed by NQA Turkey company, our environmental management system was reviewed by the senior management and actions for improvements were taken. The necessary corrective and preventive actions in regard to the findings identified in these audits were carried out in such a way that legal requirements and other conditions requested by the customer were ensured.



### OCCUPATIONAL HEALTH & SAFETY

“With the principle of 'safety first' and the objective of 'zero accident', we increase the efficiency of our projects by providing a safe and healthy work environment for our employees.”

**AE Arma-Elektropanç** has possessed of OHSAS 18001: 2007 Occupational Management System Certificate within the scope of design and contracting works for MEP projects. The efficiency and continuous improvement of our occupational health and safety management system is monitored by audits and further development is being carried out with external audits conducted by third part NQA Turkey. Our activities for 2018, with respect to our occupational management system are outlined below:

#### Hazard Identification and Risk Assessment Studies

In 2018, in all our active projects and at our headquarters, the revised reports on risk identification and risk assessments were reviewed by risk assessment teams. In the projects, the revisions were shared with the employer, project management and the senior management of our company. To take necessary actions, responsible persons have been assigned and deadlines have been determined. The employees were informed about hazards and risks they may encounter during the activities in the field, the work equipment they use and the workplace environment. The progress in regard to the action plans which we reviewed during OHS board meetings, and necessary corrective actions were taken in the project we did in 2018.

#### Legal Requirements and Evaluation of Compliance

According to the "Communique on the Professions with Mandatory Professional Certification Obligated by the Vocational Qualifications Authority", published in the 30192 numbered official gazette on September 26, 2017, the decisions taken as a result of the evaluations

regarding the changes in OHS legislation were implemented and followed up.

In our projects that are classified as a very dangerous workplace, in accordance with the legislation, OSGB service was taken and A or B occupational safety experts were employed. Occupational physicians and other health personnel were obtained by OSGB firms that the employer provided. According to the First Aid Regulation, we have provided at least 10% of our employees with first aid certified personnel.

#### OHS Responsibilities and Provision of Other Authorities

In our projects, occupational health and safety issues are professionally run by the personnel responsible for occupational safety are recruited from OSGB company.

In our headquarters, the management of the OHS management system and the follow up of the practices are carried out by our Assistant General Manager, who is the representative of the employer, and the Quality and Risk Department Manager. In our headquarters, B-Class occupational safety specialist service is carried out with support from OSGB company. In our projects, C-Class occupational safety experts continue to be employed from OSGB companies in support of class A or B occupational safety experts. The relevant personnel are notified to the Ministry of Labor and Social Security through the OHS clerk.

All necessary equipment related to occupational health and safety (scaffolding, fire extinguisher tube etc.), materials such as safety strip



tape, barrier, lifeline, and personal protective materials like helmet, reflective vest, work shoes, safety belt, work goggles, welder mask etc. are provided to the employees in each project in accordance with the work they do.

### OHS Trainings

Before entering the workforce, job-specific OHS trainings were given to all employees about legal rights and responsibilities, project warning signs, use of personal protective equipment and importance, work on the scaffolding, working with grinders, working with mobile scaffolding and ladders. To build OHS awareness among all employees, daily toolbox trainings are performed at each construction site, special hazards in relation to the job and the necessary measures to be taken against these hazards have been described to the employee's daily basis before they start to work.

### OHS Documentation

All OHS materials such as procedures, instructions, sample documents, forms, lists, method statements etc. which are prepared on a corporate basis in Occupational Health and Safety Management System, are revised as deemed necessary and update versions has been communicated to all employees in Turkey through AENET (intranet) by Quality and Risk department.

### Site Inspections and Internal Audits

Compliance with the requirements defined in the procedures and instructions published in the OHS management system was checked during the day-to-day field inspections by OHS specialists as well

as internal and external audits conducted by our Quality and Risk department. The corrective actions related to all nonconformities described in the site inspection reports, which are prepared daily basis by OHS experts, were carried out immediately, and the works were not allowed to start without closing out the nonconformities.

Relevant "Non-Conformity Reports" and "Reports Regarding Corrective Actions" were recorded and conveyed to the top management by our employer's representative after reviewed in the process of evaluating the OHS performance of the project.

All electrical panels, electrical wiring and power tools used by our personnel are periodically controlled by Electric Authority Personnel. Unsuitable electrical panels are kept locked, electrical tools and cables are removed from the field.

The work permits have been successfully applied in the works on the hot works, high-altitude works, indoor works and on the mobile scaffolding.

The employer / employer representatives have been notified in writing with the help of the OHS detection and recommendation books about the measures and measures to be taken in the field.

In 2018, monthly field observations at our headquarters were made by the B class OHS expert and the report containing the necessary corrective preventive action proposals were transferred to the senior management.



LIFE AND WORK **SAFETY FIRST**

### OHS Monitoring Measurement Studies

In 2018, a report has been prepared for a company that has been authorized for periodic inspection of the electrical installation and grounding measurements at our headquarters. According to the report dated 15.09.2018, it has been confirmed that the electrical internal installation is sufficient in the electrical panels and that the grounding resistance values are appropriate.

In our Garanti Bank Pendik Technology Campus project, the periodic control of the slings and mobile work platforms used in cranes have been done by an authorized company. In addition, electrical interior installation and grounding controls of the sockets and electrical panels in wards of personnel camp area were checked. The maintenance and periodic controls of the work equipment were regularly monitored and repaired.

The power tool and electrical cables used in our Manzara Adalar project, have been continued periodically controlling by the prime contractor.

All employees who will start to work in our headquarters and projects are not going to be hired till they receive the report from occupational physician to say that they are able to work in the 'very dangerous workplace'. The work placement and periodic health checks are done on the construction sites by occupational physicians that the employer provided.

### Committee Meetings

OHS committee meetings were organized monthly basis with the participation of A class OHS specialists, C class OHS specialists, project managers, employee representatives and subcontractor representatives in our projects, and within the year 2018, in our Garanti Bank Pendik Technology Campus project and Manzara Adalar project, OHS Committee meetings have been held 12 times.

The announcements were shared with all employees regarding the related agenda items and meeting decisions.

### Emergency Plans and Demonstration

In our headquarters and projects, emergency plans were prepared and implemented in accordance with the emergency procedure. All relevant emergency equipment has been supplied.

The emergency drill was carried with the participation of **AE** personnel and subcontractor employees in our Garanti Bank Pendik Technology Campus project camp site on 11.04.2018. In our Garanti Bank Pendik Technology Campus project, for a possible work acci-

dent; first aid intervention, fire and evacuation drills were carried out with emergency team. Related to the emergency drill results and the recommendations for corrective actions, reports have been prepared and shared with all emergency teams, senior manager and employees.

### Studies About Subcontractors

In all of our projects, subcontractors are also included in OHS applications. Including subcontractor personnel, required job entry and job-specific OHS trainings are given by A or B class OHS specialists. Sub-employers have been provided to participate in general and technical OHS trainings within the scope of annual training plan. At the end of these trainings, assessment and evaluation processes were carried out and related participation and achievement documents were prepared.

### Follow-up of Accidents and Corrective Actions

In our headquarters in 2018, accident with lost work day has not been occurred.

In 2018, 19 work accidents and 11 near misses were occurred at Garanti Bank Pendik Technology Campus project and a total of 103 days were lost as work day.

In our Manzara Adalar project site, 26 work accidents and 5 near misses were occurred, and a total of 57 days were lost as work day. Risk assessment report has been reviewed and renewed if necessary in case of work accident and near misses. The root-cause analysis was carried out and necessary regulatory-preventive actions were taken and recorded. In order not to experience the work accidents again.

During the general OHS trainings, SGK's work accident statistics were shared with the employees and it was aimed to raise the awareness of the employees by giving examples of work accidents and whether they are dangerous or not.

### Implementation of Reward System

In our Garanti Bank Pendik Technology Campus project, every month throughout 2018, an employee who worked fully compliant with OHS regulations was granted with a financial award.

It was seen that the reward system encouraged our employees to comply with OHS rules and provided a reduction in occupational accidents.

## ACTIVITIES IN 2018

### CORPORATE COMMUNICATIONS

“In the direction of our goal to become a global brand, we reinforce our brand position with local works.”

We continue our communication and publicity activities with the conscience that in the direction of the target for **AE Arma-Elektropanç** to become a global brand not just signing under new project in various geographies but also increasing its awareness at shareholder in those geographies. In this aspect, our corporate communications activities in 2018 are listed below under titles:

#### Corporate Catalogue

Our previous corporate catalogue which could not meet today's needs as a growing and renewed **AE** has been put into shelf by June 2017 and "live" introduction catalogue application through which **AE**'s all up-to-date information could be accessed has been passed on. Our corporate catalogue which its content and design are completely renewed has been published in Turkish, English and Russian and kept it alive throughout 2018.

#### Corporate Movie

Our corporate movies took its place among our renewed corporate communication materials in order to make a more effective touch on our global customers. Our corporate movie that was published also in Turkish, English and Russian has been put into broadcast in 2 different formats as long and short versions.

#### Social Media

As **AE** we have our place long before in the social media that today's technology put in our lives with immense speed. In 2018, we continued our communication activities in direction of our targets on Facebook, Twitter, LinkedIn and Instagram in sync.

#### Web Site

The renewal project of our website that is the first door to the global arena for our company started in October 2017 and ended in February 2018. Our website that has been renewed completely with its

design, panel, adaptability to desktop and mobile devices, compatibility to search engine optimization and improvable infrastructure has been published in three languages as Turkish, English and Russian.

On our new website that contains new properties compared to our old website project position within the project details and if available the street view option has been added. Also, locations of all our projects on the world map supported by Google Maps can be viewed and by various filters the information of on which geography we carried out which project could be acquired.

#### Mobile Application

Mobile devices, a must of our lives, is also a must for **AE**. In this matter our mobile application whose formation started on December 2017 is continued in 2018.

#### Corporate Social Responsibility

With the awareness of the responsibility of our expertise, the right and efficient use of resources, local employment and energy-saving, we are at the center of our business practices that are important for the world and humanity. We continue our social responsibility project, which we initiated in this aspect, and at the same time we carry out mentoring activities for our students.

#### Other Works

Our activities under headings such as brand positioning, leader communication, crisis management, and perception management that started with the realization of corporate communication department within **AE** continued within 2018 without slowing down. Besides ongoing activities required communication works were realized for our subsidiaries, branches and projects.



CORPORATE CATALOGUE



CORPORATE MOVIE



CORPORATE WEB SITE



### ETHICAL POLICY

“We care about an open, honest, reliable and ethical communication, in order to have long-term and sound relations with our employees, business partners and social environment at all times.”

As a member of TEİD, we undertake below articles:

- Conduct our business in compliance with any and all applicable local laws, including, primarily, the Constitution of the Republic of Turkey, and any and all international treaties, conventions, agreements and regulations, to which the Republic of Turkey is signatory.
- Build our business on ethical principles
- Endeavour to earn a reputation for integrity, competence and excellence
- Introduce a transparent disclosure policy for the company's operations
- Protect and encourage fair competition
- Have due regard for labour law including health and safety and support the fair employment of young, women and physically challenged individuals
- Prevent any form of corruption
- Consider integrity as our core values in all our business processes and business relations.
- Put our efforts towards making business ethics constitute the very fundamental of our corporate culture.
- Provide our employees with the awareness, rules and practices to ensure avoidance of conflicts of interests.
- Maintain equal distance to any and all public offices and authorities, administrative entities and political parties without any expectations of interest through the course of our operations and actions.
- Support endeavors contributing to economic and social development.
- Prohibit our employees from accepting and giving away presents which may influence their or counter party's impartial decision making and conduct.
- Develop practices to disseminate above principles, concepts and practices to all parties within our sphere of influence, including our business partners, contractors and suppliers.
- We further declare our support to the 10 principles constituting the essence of the United Nations Global Compact and represent our commitment to take such principles into consideration in the organization of our managerial structure and the development and implementation of our corporate policies.













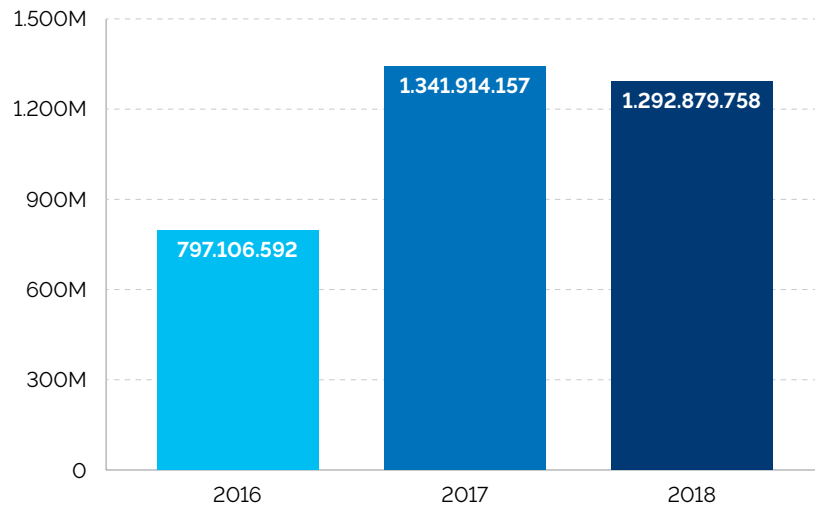
## FINANCIAL STATEMENTS

### KEY INDICATORS

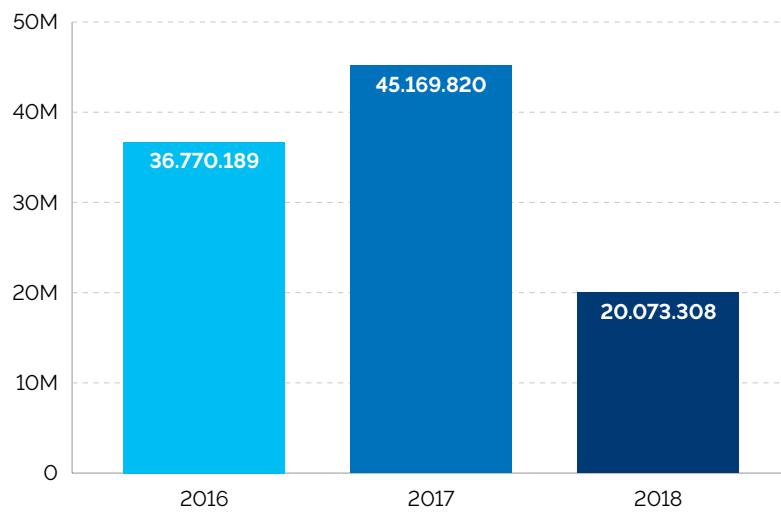
Summary Of Balance Sheet (TL)	2016	2017	2018
Current Assets	743.608.683	1.010.879.447	1.505.964.987
Long-Term Assets	25.072.795	32.193.865	33.100.100
<b>Total Assets</b>	<b>768.681.478</b>	<b>1.043.073.312</b>	<b>1.539.065.087</b>
Short Term Liabilities	606.422.057	780.882.710	1.441.296.691
Long Term Liabilities	27.704.049	148.729.108	75.277.657
Equity	134.555.373	113.461.495	22.490.739
<b>Total Equity and Liabilities</b>	<b>768.681.478</b>	<b>1.043.073.312</b>	<b>1.539.065.087</b>
Summary of Income Statement (TL)	2016	2017	2018
Total Revenue	797.106.592	1.341.914.157	1.292.879.758
Gross Profit	101.603.316	141.505.645	157.578.559
EBIT	52.159.384	99.028.543	78.368.456
Net Profit / (Loss) of the Period	36.770.189	45.169.820	20.073.308
Key Ratios	2016	2017	2018
Current Ratio = Current Assets / Short Term Liabilities	1,23	1,29	1,04
Leverage Ratio = Total Liabilities / Total Assets	0,82	0,89	0,99
Gross Profit Margin	%12,75	%10,55	%12,19
EBIT Margin	%6,54	%7,38	%6,06
Net Profit / (Loss) Margin	%4,61	%3,37	%1,55



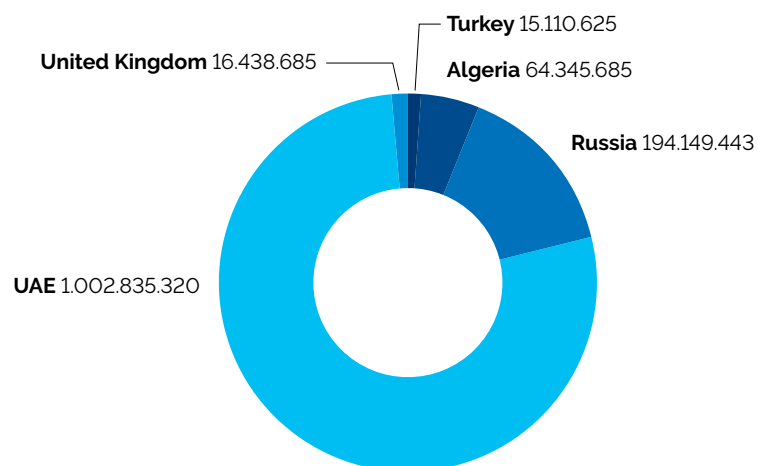
Total Revenue (TL)



Net Profit of The Period (TL)



Total Revenue Distributed By Countries of Operation (TL)



## FINANCIAL STATEMENTS

### ADDITIONAL INFORMATION

#### Benefits Provided To Top Management

Senior executives of the company are specified as The Board of Directors. Benefits provided to senior executives comprise of payments made within the framework of salaries and per diem. Benefits provided to senior executives is 3.389.514 TL for 2018 (4.065.398 TL for 2017).

#### Decisions Made After The End Of The Year Of Operation And That Carry Special Importance

The group has established AE Engineering & Construction Industry and Trade JSC on February 25, 2019 in order to carry out various construction, electrical and mechanical works at domestic and abroad. The share of the group is 10% and Burak Ç. Kızıllhan's share is 65%. The headquarters of the company is located in Istanbul, and it targets all kinds of construction, electrical and mechanical projects especially in Sub-Saharan Africa.

#### Partnership Structure

Partnership structure of the company is stated as in the table below:

Name	Title	Share (%)	Experience	Education
Kemal Kızıllhan	Chairman of the Board	30.67	37	Electrical Engineer
Hasan İnce	Deputy Chairman of the Board	30.66	34	Electrical Engineer
A. Medih Ertan	Board Member	30.67	42	Electronics Engineer, MSc
H. Demir Özkaya	Board Member	8	33	Electrical Engineer, MSc



SAFETY GLOVES

**2018**

**ANNUAL REPORT**



**AE ARMA-ELEKTROPANÇ**

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