Aksa Enerji

The leading IPP in Turkey

Investor Presentation 5 September 2014



aksa

Disclaimer

Aksa Enerji Üretim A.Ş. (**"Aksa Enerji"**) has prepared this presentation material (the "**Document**") for the sole purpose of providing information, which includes opinions and estimates and certain forward looking projections and statements relating to Aksa Enerji, the Turkish electricity market and other subjects (the "**Information**"). The Information has been compiled or arrived at in good faith from sources believed to be reliable as of the date of this Document, but no representation or warranty, expressed or implied, is made as to its accuracy, completeness or correctness. The forward looking projections and statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially due to factors outside the control of Aksa Enerji, which undertakes no duty to update or revise any such projections or statements, whether as a result of new information, future events or otherwise. Neither the Document nor the Information can constitute any investment advise, or an offer to buy or sell Aksa Enerji shares. Aksa Enerji expressly disclaims any and all liability whatsoever for any direct or consequential loss arising from any use of this Document or the Information or for any omissions from Information or any other written or oral communication transmitted or made available. This Document and/or the Information cannot be copied, disclosed, reproduced or distributed for any purpose.

Key investment highlights



We are part of a dedicated energy group



Kazancı Holding is one of the leading fully integrated energy player in Turkey, active in main segments of energy business

- (2) As at 5 September 2014
- (3) Audited results, 2013

⁽¹⁾ Kazancı Holding currently controls the voting right of Goldman Sachs shares.

We are the second largest IPP in Turkey with 2,127MW installed capacity



Aksa Enerji is one of the leading IPP in Turkey with 9% market share in total generation of IPPs

We provide strong exposure to the growing Turkish electricity market



We have 19 assets under operation across Turkey



Each of our assets has key specifications to fortify our strategy



with Wartsila engines

We have a diversified pipeline of 24 projects adding 2,095 MW to our portfolio



(1) Datça wind farm, which is intended to be acquired from Kazanci Holding, is listed under licensed as it is not yet operational.

We target to reach 3,747 MW by 2017 and create significant cost improvement with our renewables and lignite fired PP pipeline



We are utilizing our own generation as well as sourcing capabilities to supply our customers



- Blending of more cost-effective renewables and sourcing activities to supply our customers provides us a better cost base
- The total «local and renewable resources» pipeline of 626 MW from YE2013 until YE2017 will further decrease our cost base
- 270 MW Bolu/Göynük lignite-fired PP fully operational in 2015 at c.70TL cost will significantly decrease the cost base.
- Despite their high cost base, our fuel-oil fired PPs provide profitability as they can achieve high prices in restricted regions

- 15% increase in total production YoY
- Share of renewables & sourcing has increased from 15% to 19% YoY. The bulk of the increase comes from sourcing ,as we use it as a tool to decrease our cost base.
- Total of 383 MW of local and renewable pipeline to become operational between YE2013 & YE2015
- We are decreasing our generation costs via increasing the share of renewables in generation and sourcing from the BSM at off-peak prices.
- Our off-peak sourcing abilities and purchase amounts further increase as the contracted sales volume increases
 10

Our sales mix is getting more diversified and secure, increasing our capacity utilization



(1) Bilateral customers are contracted by the affiliates of Kazancı Group. Aksa Enerji has contracts with the affiliates of Kazancı Group.

At the same time, we are shifting bilateral mix towards more profitable commercial clients



- (1) Consumption of eligible customers divided by total consumption.
- (2) Bilateral customers are contracted by the affiliates of Kazancı Group. Aksa Enerji has contracts with the affiliates of Kazancı Group.
- (3) Commercial and household clients. (4) Includes actual contracted and sold till the end of November 2013 and an estimate for December. (5) Aksa Enerji figures based on latest numbers of customers and 2013 contracted volume while the figures of affiliated distribution regions are based on 2012.

We have successfully increased efficiencies of our CCGT plants and managed to cut our opex to improve our cost base



Improving Fuel Efficiency US\$/MWh 312 305 287 403 95 60% 90 89 54% 55% 83 50% 76 77 74 70 44% 71 41% 65 40% 2009 2010 2011 2012/2013/2014 Natural gas cost (US\$/MWh) Thermal efficiency (%) BOTAS Natural Gas Prices (US\$/ '000 m³) ⁽²⁾

Improving Non-Fuel Cost Efficiency ⁽³⁾



(1) Estimated capex based on budgeted investment of Göynük lignite fired PP.

(2) BOTAS gas prices excluding special consumption tax as end of relevant year converted at year end exchange rates.

(3) Total energy production related costs including cost of production factors (other than direct materials) and operating exp.

(4) Average price of sales to BSM under Code 0, 1 and 2.

Aksa Average Sales and Sourcing Prices on the BSM

TL/MWh



Avg Aksa BSM Sale Price (4) Avg BSM Price Avg Aksa BSM Purchase Price

Tailored strategy to create sound and secure profitability



Total contracted sales include bilateral sales, Northern Cyprus sales, exports and sales to affiliated DisCos. (2) Total spot sales include sales to Balancing & Settlement Market, renewable sales and regional sales.
Calculated as Sales (MWh) / (Capacity (MW) * 8000 hours).

1H 2014



arsal

			YoY			YoY			YoY
	2012	2013	Change	Q2 2013	Q2 2014	Change	1H 2013	1H 2014	Change
Installed Capacity (MW)	2.045	2.052	7 MW	2.048	2.066	18 MW	2.048	2.066	18 MW
Sales Volume (GWh)	9.784	9.109	-7%	2.174	2.298	6%	4.139	4.756	15%
Capacity Utilization Rate (CUR)	60%	56%	-4pp	54%	56%	+2pp	51%	58%	+7рр
Net Sales (TL mn)	1.841	1.786	-3%	400	438	9%	792	910	15%
Gross Profit (TL mn)	236	220	-7%	33	30	-9%	84	79	-6%
Operating Inc. (TL mn)	218	196	-10%	28	25	-12%	72	69	-4%
EBITDA (TL mn)	323	312	-3%	54	55	1%	127	128	0%
Net Income (TL mn)	220	-133	nm	-78	46	nm	-57	37	nm
EBITDA Margin	17,6%	17,5%	-0.1pp	13,6%	12,5%	-1.1pp	16,1%	14,0%	-2.1pp
Operating Profit Margin	12,0%	11,0%	-1pp	7,1%	5,7%	-1.4pp	9,0%	8,0%	-1pp

Source: IFRS financial statements



5.1% YoY.





Electricity consumption in 1H14 was parallel to electricity generation and increased by 4% YoY as well. Similar to generation, it was down 2% QoQ.

► Ytd (8M), electricity consumption increased by 4.6% YoY.



Source of electricity generation 1H14 changed due to draught, with hydros producing 18% of total generation as opposed to 28% in 1H13. The replacement for lost hydro production came from natural gas (up by 5 ppts) and from lignite (up by 5 ppts).

Capacity Utilisation Rate (CUR) of hydros were 22% Ytd (8M) in 2014 vs 35% in 2013 and 44% in 2012.

Total installed capacity in Turkey has increased by 2,625 MW in 1H14 to 66,633 MW, with the majority coming in from natural gas and hydro. This is an additional 4% installed capacity on top of the YE2013 figure.
Ytd (8M), a total of 4,218 MW capacity came online taking the total installed capacity to 68,236 MW, increasing the additional capacity by 6% since YE2013.



Prices – Average prices have gone up by 7% Yoy in 2Q14 due to the draught in Turkey preventing a significant contribution from the hydroelectric power plants.

However the prices are 2% weaker compared to the previous quarter where we had experienced gas shortages pushing the 1Q prices up. The additional capacity in 1H14, most of which came on line in 2Q was another reason for weakness in prices QoQ.

Ytd (8M), weighted average price was 164 TL in 2014 vs 150 TL in 2013, indicating a 9% increase YoY.



Company Highlights

- At the end of Q1, we have introduced to the market a new concept of tariffs leading the sector in a new path of «price innovation».
- In 1H14, net sales of the Company has increased by 15% YoY from 4,139 GWh to 4,756 GWh due to the increased percentage of bilateral agreements in overall sales YoY from 62% to 68%.
- Capacity utilisation rate has increased by 7 ppts to 58% in 1H14 YoY and by 2ppts compared to YE2013, as the increase in bilateral sales enables the Company to better project future production need and hence help increase the CUR.

Company Highlights

- Kıyıköy WPP's provisional ministry acceptance was completed on 12 August 2014, whereby 24MW was added to the generation portfolio.
- Akköy HPP's (13MW) transfer to Aksa Enerji from Kazancı Holding was approved by EMRA at the end of August.
- With the additions of Kıyıköy and Akköy, the installed capacity of our renewables portfolio increased to 254MW.
- Furthermore, construction of Sebenoba WPP (30 MW) continues as planned, despite the transportation conditions and will be operational this year.

The transfer of Siirt Fuel-oil power plant from Kazancı Holding to Aksa Enerji was also approved by the EMRA at the end of August.

Company Highlights

The construction of Bolu/Göynük lignite fired power plant, which started on 13 July 2012, continues as planned. This plant will have an installed capacity of 270MW and the first phase, 135MW, is expected to be operational in December 2014. The second phase, 135MW, is planned to become operational in 1Q 2015. As this plant will have an annual production volume of 2bn kwh and an EBITDA margin of 55%, it will make a very significant contribution to our EBITDA in 2015.

EMRA has approved the increase in Balıkesir Şamlı WPP's installed capacity from 114 MW to 126,5MW and extention is expected to become operational in 4Q2015.

Company Strategy Going Forward

- The company's strategy is to increase its local and renewable resources within its production portfolio to decrease its cost base.
- To this end, we are more focused on creating new greenfield lignite fired power plant projects. We are in disccussion about the acquisition of 2 more lignite mines/projects, which we forecast to be similar to Bolu Göynük in terms of business model.
- We have started to re evaluate our existing projects portfolio. The re evaluation metrics include feasibility results, required environmental & other permits and construction period limitations set by EMRA for each project.

Catalysts and Key Events- Bolu Göynük Lignite PP

1st Phase Near Completion



- An installed capacity of 270MW
- SES CFB boilers & Skoda turbines
- 1st phase, 135MW, to be operational in December 2014.
- 2nd phase, 135MW, to be operational in 1Q 2015.
- CAPEX: \$350mn
- Annual production volume of 2bn KWh
- Cost of production: TRY 70
- EBITDA margin of 55%
- Significant contributor to our EBITDA in 2015 & full contribution in 2016.

Catalysts and Key Events- Bolu Göynük Lignite PP



- On-site lignite mine
- Open pit
- Owned and operated by Aksa Enerji
- Sufficient supply of coal for the life time of the lignite PP
- Calorific value: 2400 kcal/ton
- Mine being operated for the last 5 yrs
- Coal being stored now for first fire

Financial highlights 1H 2014 Consolidated income statement



Operating income & Net income (TL mn)





Source: IFRS financial statements

Financial highlights 1H 2014 Net financial debt and repayment schedule



Repayment schedule of short and long term notes (TL mn)



A part of the short term portion of the long term loans are being hedged against major currency moves.

In 2Q14, a total of \$11mn & €1mn and in 3Q14 \$36.3mn and €3.7mn have been hedged.

Source: IFRS financial statements

Financial Highlights 1H 2014



elKSel

Consolidated income statement

(TLm)	2010	2011	2012	2013	Q1 2014	Q2 2014
Net sales	911,9	1315,4	1840,6	1786,0	472,1	438,2
Cost of sales	-775,5	-1088,0	-1604,0	-1565,9	-423,5	-408,0
Gross profit	136,4	227,4	236,6	220,1	48,6	30,3
Gross profit margin	15%	17%	13%	12%	10%	7%
General & administrative costs	-17,8	-16,0	-16,7	-18,0	-4,5	-4,8
Sales and marketing costs	-1,8	-3,0	-2,1	-2,0	-0,3	-0,4
Research & development costs	0,0	0,0	0,0	0,0	0,0	0,0
Operating income	116,7	208,3	203,0	196,3	43,8	25,0
Operating income margin	12,8%	15,8%	11,0%	11,0%	9,3%	5,7%
Goodw ill income/(expense)	7,0	0,0	0,0	0,0	0,0	0,0
Other income/(expense)	4,6	-51,3	0,0	0,0	0,0	0,0
Financing income/(expense)	-43,5	-273,5	23,2	351,6	-57,7	25,5
Earnings before income tax	84,7	-116,5	226,5	-156,1	-13,9	51,5
EBT margin	9,3%	-8,9%	12,3%	-8,7%	-2,9%	11,7%
Тах	-14,1	-5,5	-6,6	22,8	4,2	3,3
Net income	69,4	-122,0	219,9	-133,3	-9,6	46,2
Net income margin	7,6%	-9,3%	11,9%	-7,5%	-2,0%	10,6%
EBITDA	188,3	300,8	323,1	311,8	73,1	54,8
EBITDA margin	20,7%	22,9%	17,6%	17,5%	15,5%	12,5%

Consolidated balance sheet

(TL mn)	Assets	2010	2011	2012	2013	1H 2013	1H 2014
	Cash and cash equivalents	78,3	110,5	40,6	22,3	29,1	19,6
	Trade receivables net	113,0	261,5	245,9	142,3	284,8	133,7
	Due from related parties and shareholders	607,9	360,0	593,9	0,0	4,9	0,0
	Inventory	81,3	121,5	135,5	250,0	179,8	239,5
	Derivative Financial Instruments	-	-	-	2,7	3,1	0,0
	Other current assets	71,5	90,7	84,6	77,4	74,1	89,0
	Total current assets	939,1	930,8	1100,8	494,7	575,9	481,9
	Trade receivables	_	-	-	1,3	284,8	133,7
	Investments	1,6	1,6	1,6	1,5	1,5	1,5
	PP&E	1375,7	1613,0	1627,3	2109,7	1942,4	2463,9
	Goodw ill	6,0	9,5	9,5	9,5	9,5	7,1
	Intangibles	0,7	1,1	1,7	1,9	1,8	1,8
	Other non-current assets	20,3	43,4	87,0	113,2	133,7	38,2
	Deferred tax assets	4,1	4,1	4,1	36,7	4,1	37,4
	Total non-current assets	1408,4	1672,7	1731,2	2273,8	2096,5	2550,2
	Total assets	2347,6	2603,6	2832,0	2768,5	2672,3	3032,1
	Liabilities	2010	2011	2012	2013	1H 2013	1H 2014
	Financial liabilities	413.2	489.5	564.3	265.6	281.5	351.1
	Trade payables, net	197,6	359,5	284,7	326,1	322,5	321,0
	Due to Related Parties and Shareholders	_	_	_	10,3	0,0	3,7
	Taxation payable on income	13,5	4,4	6,6	7,5	2,7	3,2
	Other payables and accrued liabilities	9,9	70,4	11,7	14,8	17,0	16,0
	Total current liabilities	634,2	923,8	867,3	624,3	624,7	696,9
	Long-term financial liabilities	803,4	891,5	756,4	1062,7	889,8	1225,7
	Retirement pay provision	1,3	1,8	2,2	3,0	3,2	3,9
	Other liabilities	_	_	_	1,3	3,6	0,4
	Deferred tax liability	2,9	2,9	2,9	3,5	2,9	1,1
	Long Term Liabilities	807,7	896,2	761,5	1070,5	899,6	1231,1
	Paid in capital	579,5	579,5	615,2	615,2	615,2	615,2
	General reserves	173,7	242,9	121,0	342,7	340,3	207,0
	Share premium	96,0	96,5	247,4	247,4	247,4	247,4
	Cash Flow Hedge Reserve	_	_	_	2,1	2,1	-1,5
	Net profit for the year	69,4	-122,0	219,9	-133,3	-56,8	36,6
	Shareholder's equity	918,6	797,0	1203,2	1073,8	1148,1	1104,2
	Total liabilities and equity	2360,5	2617,0	2832,0	2768,5	2672,3	3032,1

Source: IFRS financial statements

(TLmn)	2010	2011	2012	2013	1H2013	1H 2014
Net income (loss) before tax	84,7	-116,5	226,5	-156,1	-51,8	37,6
Depreciation and amortisation	71,7	92,5	105,3	111,8	52,5	59,2
Other adjustments	14,7	231,2	-53,1	193,9	83,9	-7,7
Change in w orking capital	18,64	-20,3	-189,5	7,5	-63,5	71,0
Operating cash flows	189,8	187,0	89,2	157,1	21,1	160,1
Purchased of PP&E	-400,9	-330,2	-130,4	-395,7	-199,3	-413,2
Investing cash flows	-419,7	-334,6	-116,9	-395,4	-198,9	-413,2
Financing cash flows	291,9	179,5	-41,9	220,0	166,3	250,4
Net cash flows	62,0	31,8	-69,6	-18,2	-11,5	-2,8

Source: IFRS financial statements

Appendix



aksal

Operating (Current)

Power Plant	License Owner	Fuel Type	Installed Capacity (MW)	
Mardin-1	Aksa Energy	Fuel-oil	32	
Mardin-2	Rasa Elektrik	Fuel-oil	33	
Northern Cyprus	Aksa Cyprus	Fuel-oil	120	
İdil (Şırnak)	İdil İki Energy	Fuel-oil	24	
Siirt	Siirt Akköy	Fuel-oil	24	
Total Fuel-Oil fire	d power plants		233	11%
Antalya NGCC	Aksa Energy	Natural Gas	1.150	
Manisa NGCC	Aksa Energy	Natural Gas	115	
Van	Rasa Energy	Natural Gas	115	
Samsun	Aksa Energy	Natural Gas	131	
Şanlı Urfa	Rasa Energy	Natural Gas	129	
Total Natural Gas	fired power plants		1.640	77%
Balıkesir Şamlı	Baki	Wind	114	
Hatay Sebenoba	Deniz	Wind	30	
Manisa Karakurt	Deniz	Wind	11	
Ayvacık	Ayres	Wind	5	
Kapıdağ	Kapıdağ	Wind	24	
Belen / Atik	Aksa	Wind	18	
Kıyıköy	Alenka	Wind	24	
Total Wind power	r plants		226	11%
Çorum İncesu	Aksa Energy	Hydro	15	
Akköy	Siirt Akköy	Hydro	13	
Total Hydro powe	er plants		28	1%
Total Power Plan	ts		2.127	

Ongoing Investments and Revised Licence Portfolio

	Planned Acquisitions from Kazancı Holding							
Power Plant	Investment	License Owner	Fuel Type	Additional Capacity (MW)	Completion Year			
Datça	Licenced	Kazancı Holding	Wind	12	2015			
Total				12				
	Under Construction							
Bolu Göynük	Greenfield	Aksa	Lignite	270	2014-15			
Kıyıköy	Greenfield	Alenka	Wind	3	2014			
Kapıdağ	Extension	Kapıdağ	Wind	4	2014			
Sebenoba	Extension	Deniz	Wind	30	2014			
Şamlı	Extension	Baki	Wind	13	2015			
Kozbükü	Greenfield	Idil Iki	Hydro	62	2016			
Sansa	Greenfield	Aksa	Hydro	85	2017			
Total				467				
			Licenced					
Şanlı Urfa	Şanlı Urfa	Rasa	Natural Gas	141	2016			
Antalya	Antalya	Aksa	Natural Gas	900	2017			
Indere	Kayseri	Aksa	Hydro	30	2017			
Efrenk	Mersin	Aksa	Hydro	20	2017			
Yamanlı	Adana	Aksa	Hydro	24	2017			
Kor	Bitlis	Aksa	Hydro	26	2017			
Total				1.141				
Exclusive Negotiations to Obtain Licence								
Şahinkaya	Ordu	Aksa	Hydro	85	Post 2017			
Tatlar	Kayseri	Rasa	Hydro	59	Post 2017			
Avluca	Giresun	Idil Iki	Hydro	40	Post 2017			
Kazan	Bingöl	Deniz	Hydro	20	Post 2017			
Tor	Kastamonu	Aksa	Hydro	120	Post 2017			
Narlı	Bitlis	Aksa	Hydro	89	Post 2017			
Akçay 1	Denizli	Gesa	Hydro	15	Post 2017			
Akçay 2	Denizli	Gesa	Hydro	10	Post 2017			
Total				438				

- Planned acquisitions from Kazancı Holding
 - Datça 12 MW wind farm licence
- Construction work is in progress for one lignite fired PP and six renewable projects
 - 270 MW local lignite fired PP
 - 50 MW wind farm
 - 147 MW hydroelectrical PP

1,141 MW of licenced projects

 438 MW of projects in exclusive negotiations to obtain licence post 2017

Turkish power market



Reserve Margin Projections High Demand Scenario ⁽¹⁾



Annual Installed Capacity Increases



Installed Capacity Breakdown by Producer



Source: TEİAŞ.

(1) Generation capacity projections based on TEIAŞ 2012-2021 capacity projections scenario 1 and demand projections based on TEIAŞ 2012-2021 capacity projections high demand scenario. Reserve margin calculated as (generation capacity – demand) / demand.

Contact- Investor Relations

Özlem McCann IR Manager

Ozlem.McCann@aksa.com.tr

+90 216 681 1053

Rüzgarlıbahçe Mah. Selvi Çıkmazı No:10 Kavacık Beykoz, İstanbul