

Aksa Enerji

The leading IPP in Turkey

Investor Presentation

January 2014



aksa
ENERJİ

Disclaimer

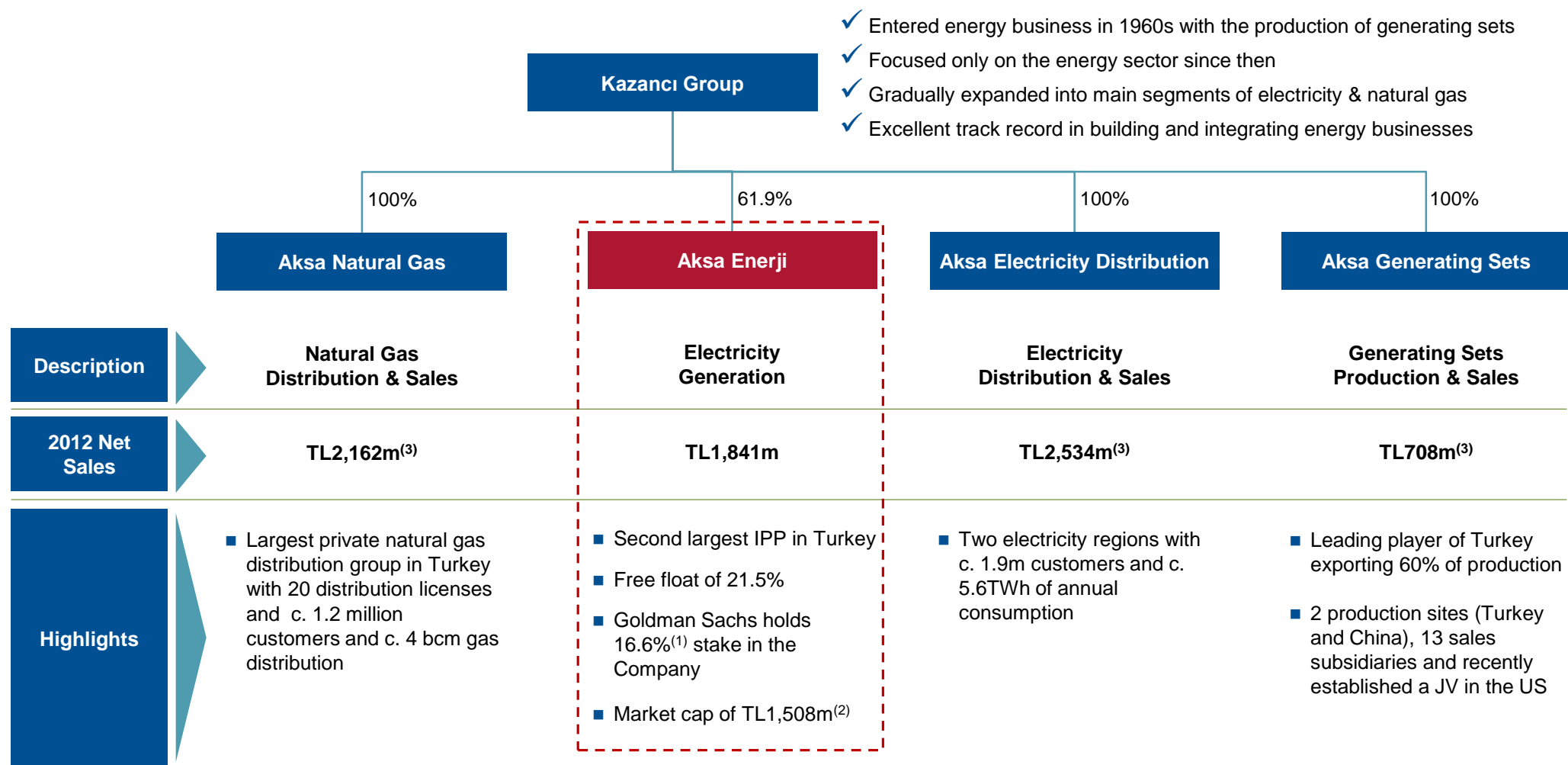
Aksa Enerji Üretim A.Ş. ("**Aksa Enerji**") has prepared this presentation material (the "**Document**") for the sole purposes of providing information which includes opinions and estimates and certain forward looking projections and statements relating to Aksa Enerji, the Turkish electricity market 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 undertake 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 construe 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



- 1 **Part of a dedicated energy group**
- 2 **Second largest Independent Power Producer (IPP) in Turkey**
- 3 **Strong exposure to growing Turkish electricity market**
- 4 **Large portfolio with 16 operational assets totalling 2,052 MW**
- 5 **Diversified pipeline of 23 projects adding 2,116 MW to our portfolio**
- 6 **Best-in-class asset management and investment capabilities**
- 7 **Tailored strategy to create sound and secure profitability**

We are part of a dedicated energy group



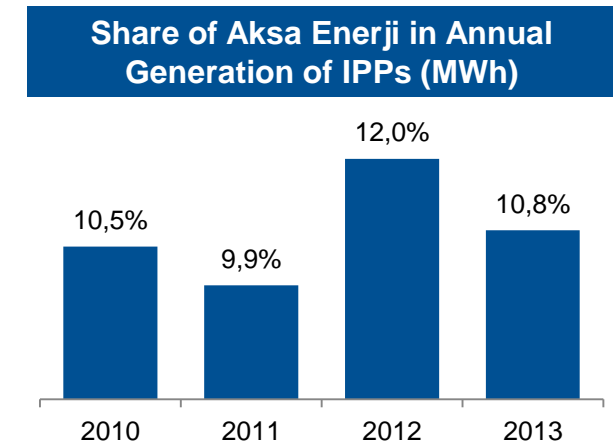
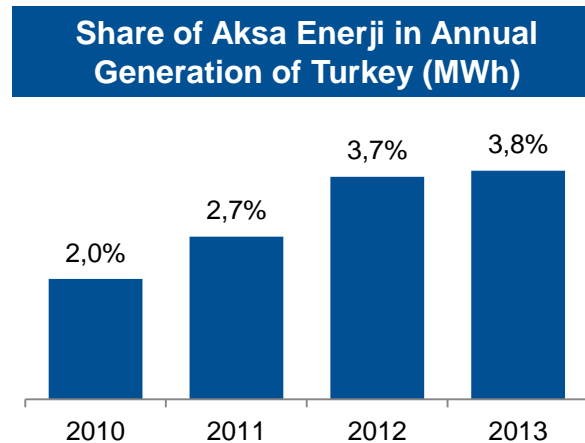
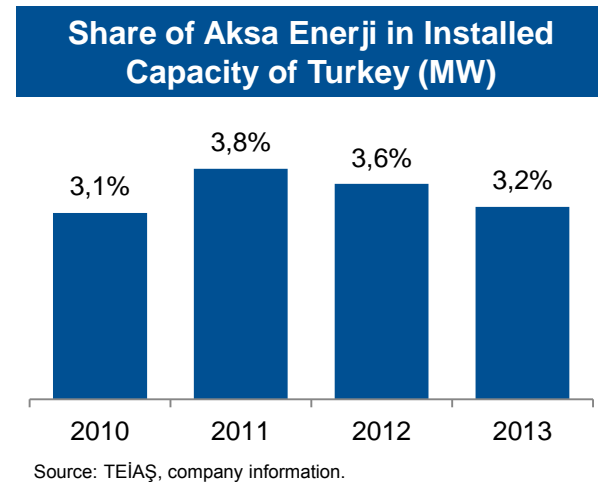
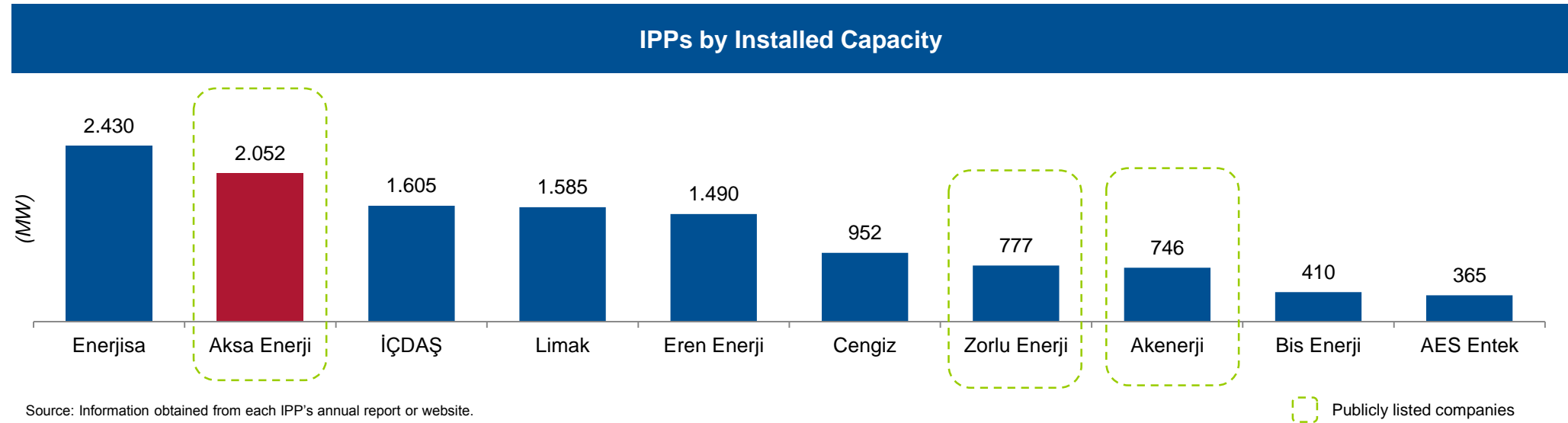
Kazancı Holding is one of the leading fully integrated energy player in Turkey, active in main segments of energy business

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

(2) As at 13 January 2014

(3) Unaudited management accounts for Aksa Natural Gas, Aksa Electricity Distribution and Aksa Generating Sets.

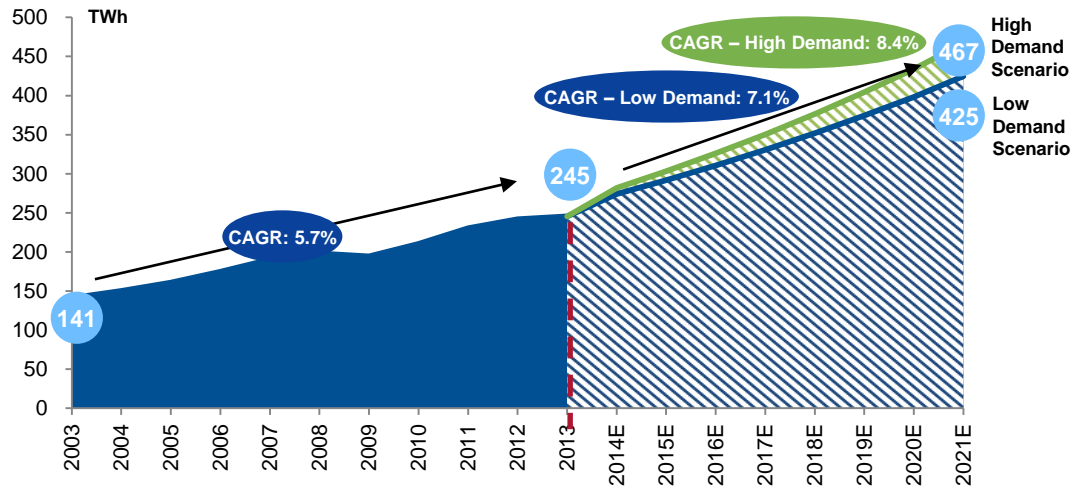
We are the second largest IPP in Turkey with 2,052 MW installed capacity



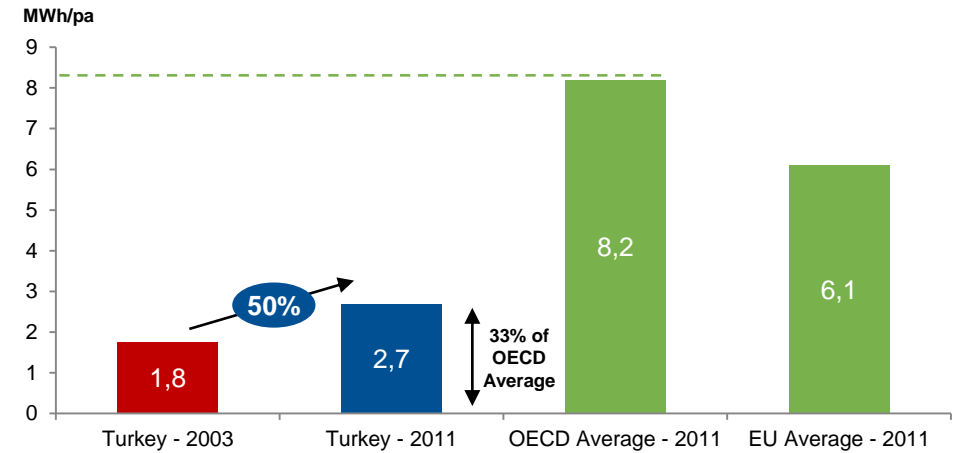
Aksa Enerji is one of the leading IPP in Turkey with 11% market share in total generation of IPPs

We provide strong exposure to the growing Turkish electricity market

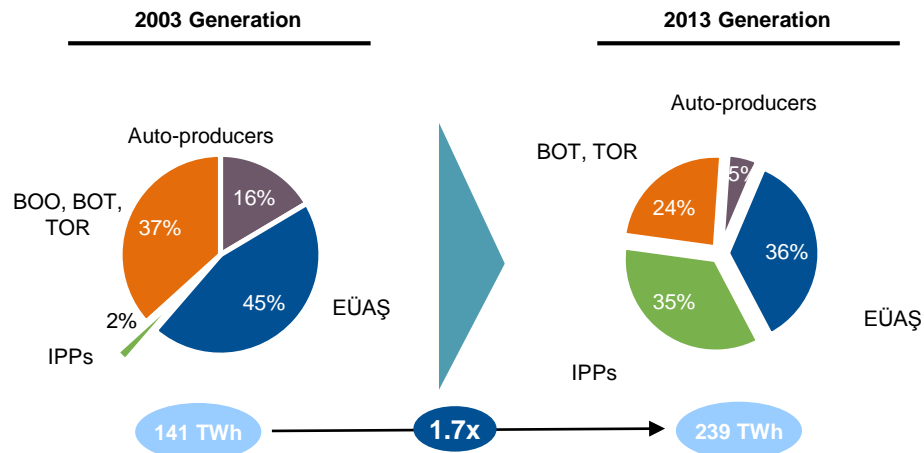
1 Strong Electricity Demand Growth ⁽¹⁾



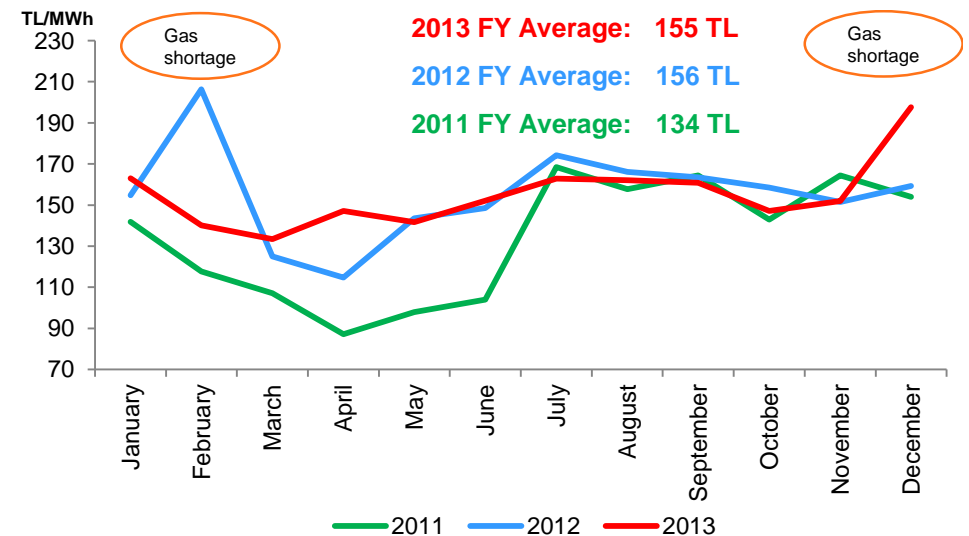
2 Increasing per Capita Consumption ⁽²⁾



3 Demand Increasingly Supplied by IPPs ⁽¹⁾

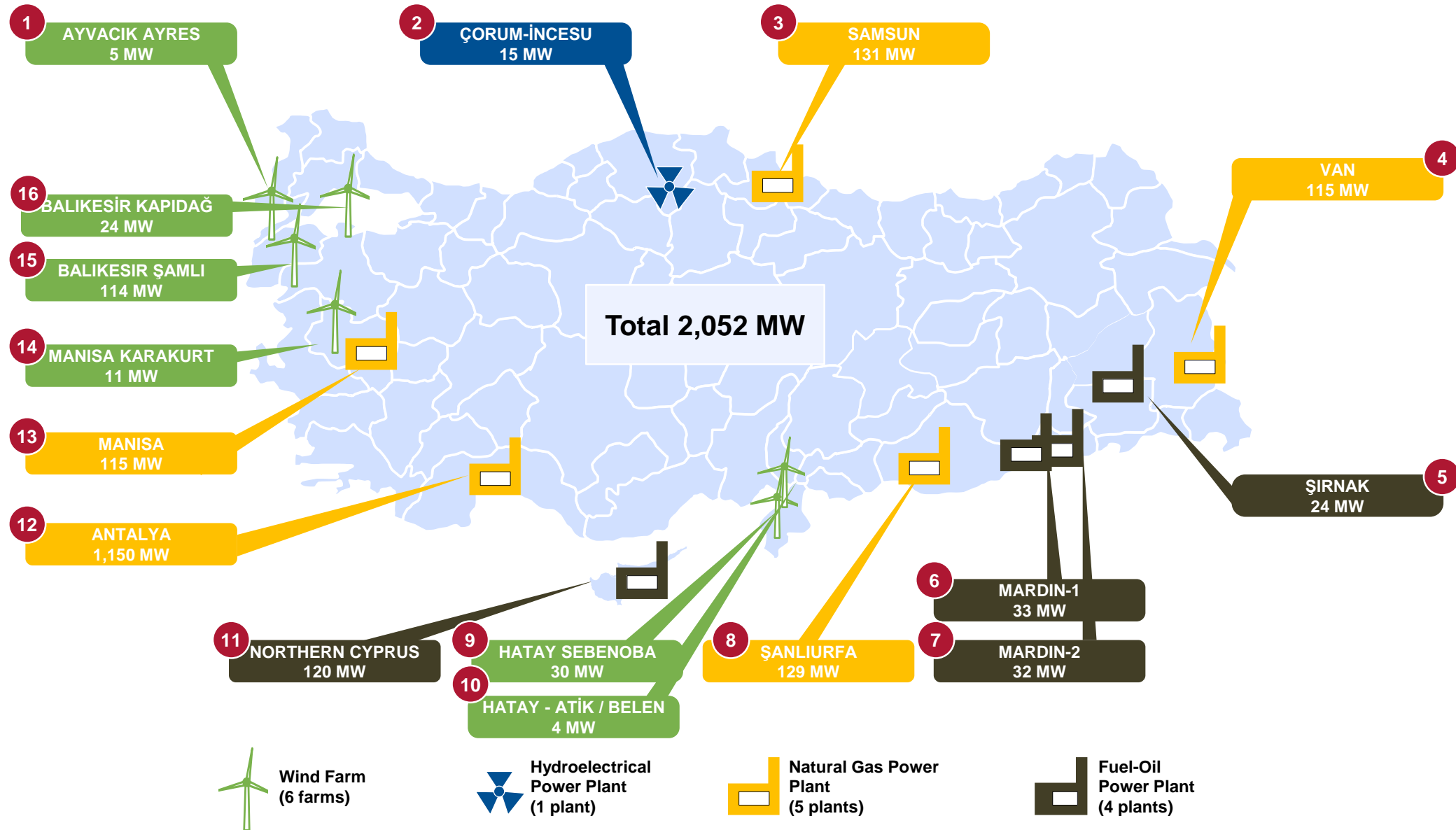


4 Spot Market Electricity Prices ⁽¹⁾



(1) Source: TEİAŞ.
(2) Source: World Bank.

We have 16 assets under operation across Turkey



Each of our assets has key specifications to fortify our strategy

A

Baseload Natural Gas Fired PP – Antalya



- One of the most efficient CCGT plants in Turkey, with a capacity of 1,150 MW with Siemens and GE equipment
- Provides baseload power

D

Wind Farms



- Located in a favorable wind corridor to benefit from high load factors
- 6 farms, with a total capacity of 188 MW, under operation with Vestas equipments
- 3 farms under construction
- 1 project under development

B

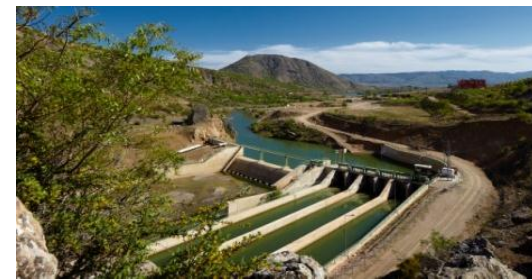
Peak-shaving Natural Gas Fired PPs



- 5 natural gas fired power plants across Turkey with a total capacity of 490 MW with Wartsila engines
- Combined cycle engine-driven technology suitable for peak-shaving

E

Hydroelectrical PPs



- Favorable hydrology to benefit high capacity utilization factors
- 1 plant under operation with Andritz hydro turbines
- 2 plants under construction/1 plant at take over stage
- 12 projects under development

C

Fuel-oil Fired PPs



- Favorable long-term contract in Northern Cyprus. Wartsila engine-driven 120 MW CC plant with a purchase guarantee for 15+3 years
- 3 additional fuel-oil fired PPs, with a total capacity of 89 MW, positioned to benefit from regional supply shortages via engine-driven technology with Wartsila engines

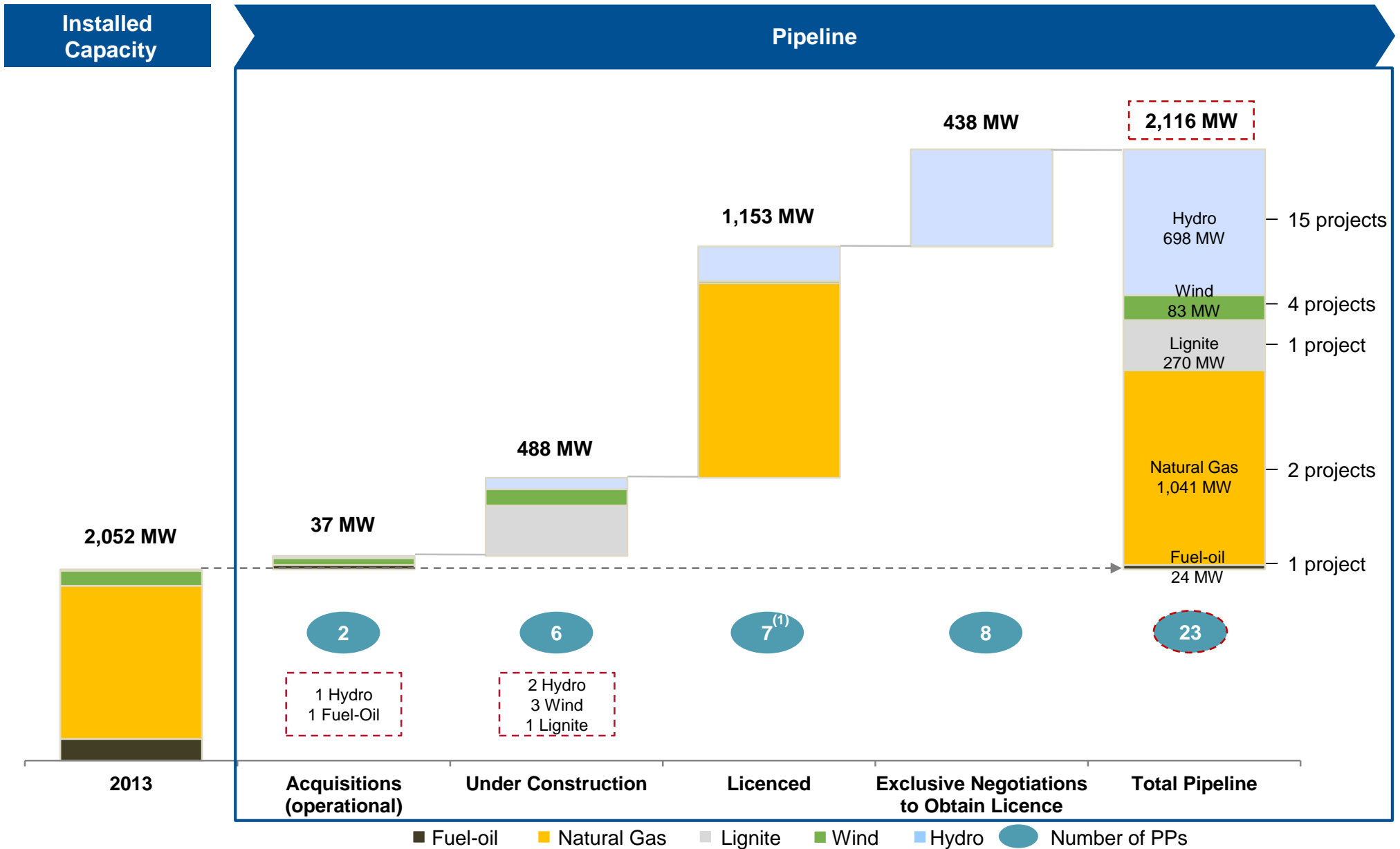
F

Lignite Fired PP



- 270 MW local lignite fired power plant with S.E.S CFB boilers and Skoda turbines under construction
- Will provide baseload power
- Aksa Enerji owns and operates the on-site lignite mine which will be sufficient to supply fuel for the lifetime of the plant

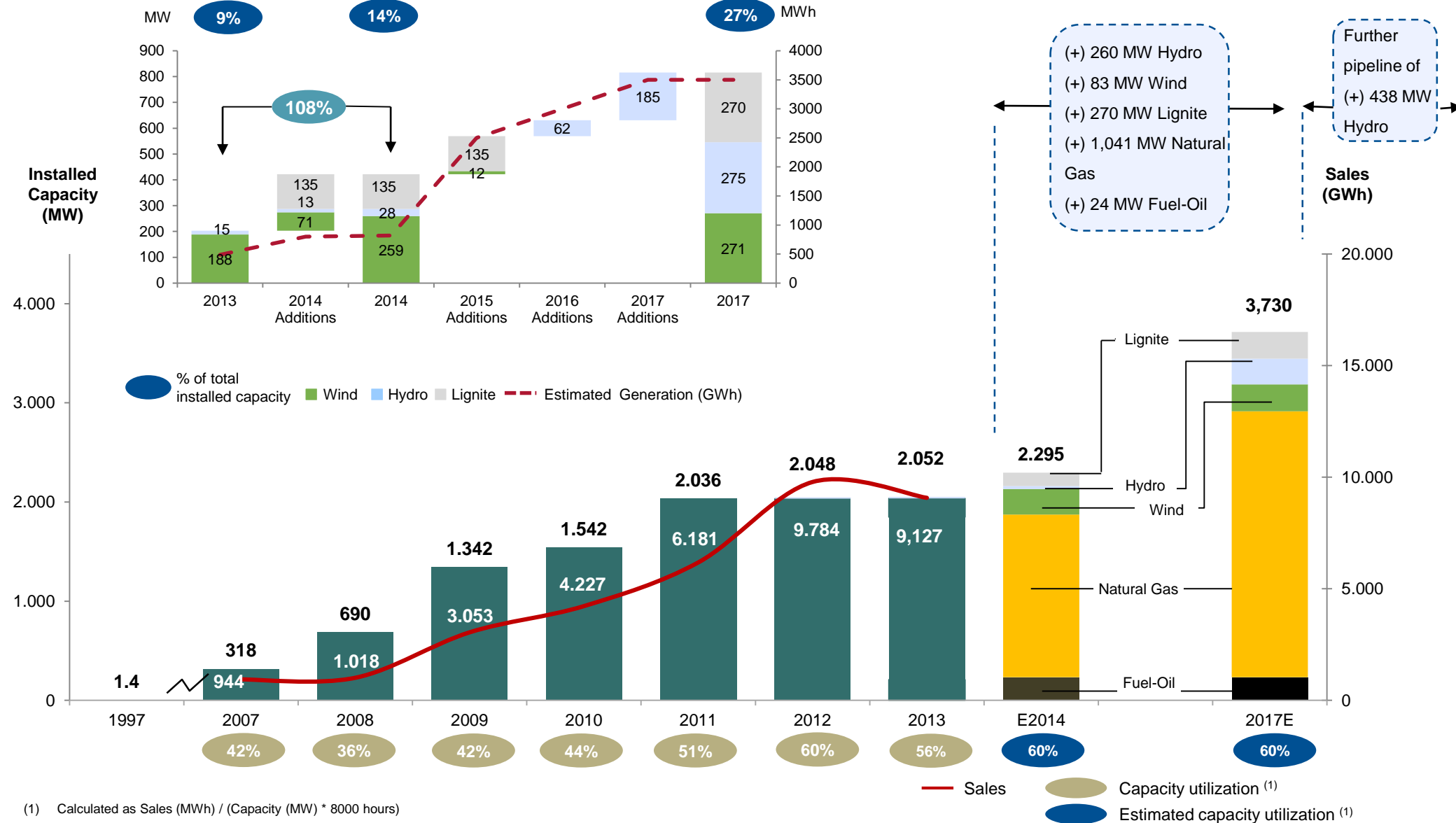
We have a diversified pipeline of 23 projects adding 2,116 MW to our portfolio



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

We target to reach 3,730 MW by 2017 and create significant cost improvement with our renewables and lignite fired PP pipeline

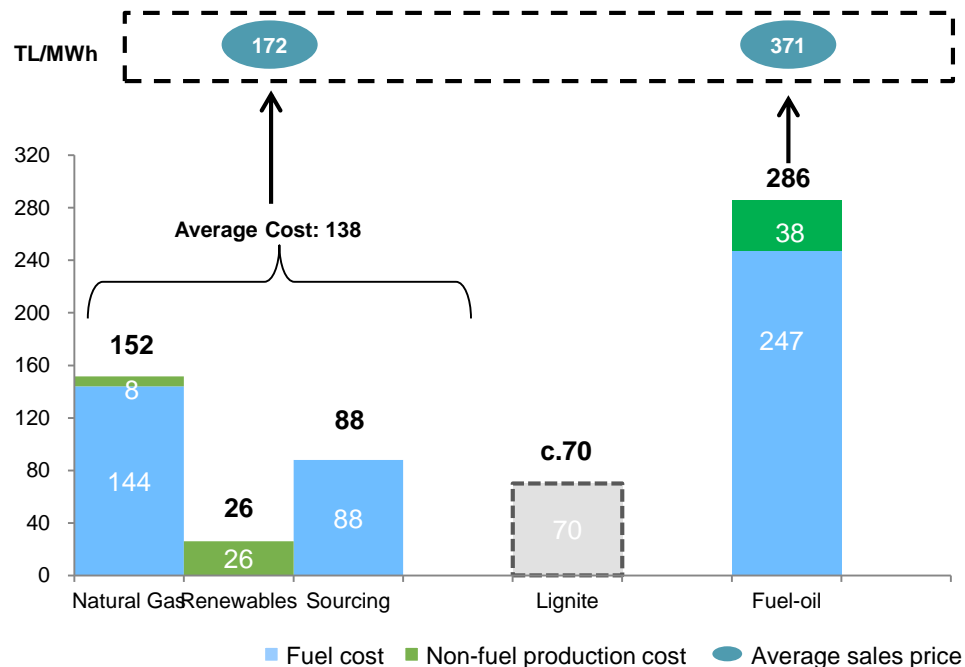
Targeted Capacity Increases in Renewables & Lignite (MW)



(1) Calculated as Sales (MWh) / (Capacity (MW) * 8000 hours)

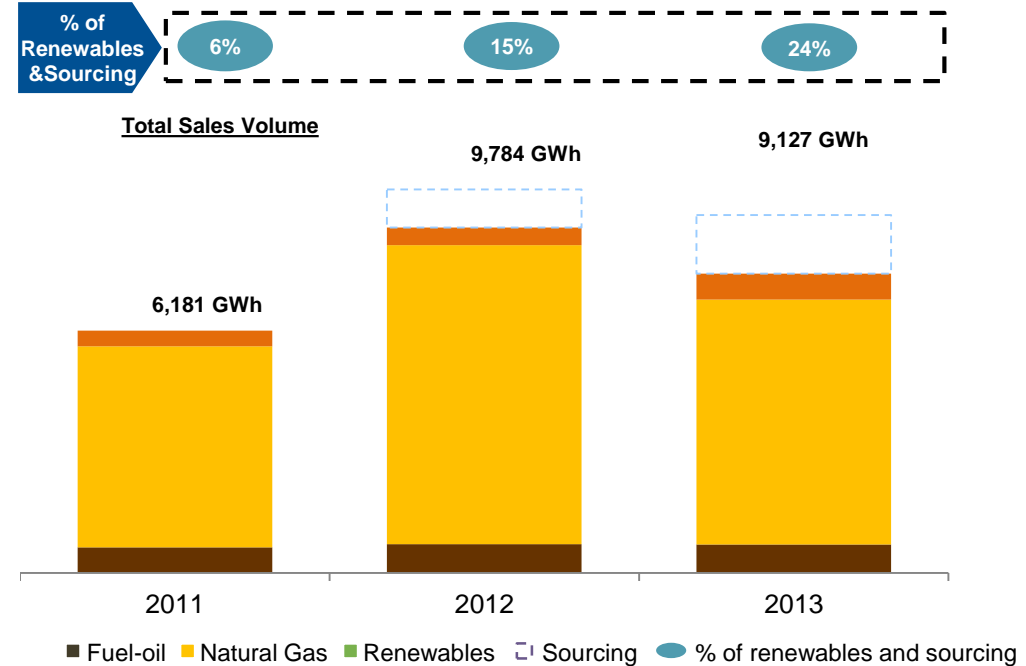
We are utilizing our own generation as well as sourcing capabilities to supply our customers

Cost Structure vs. Sales Price (3Q13)



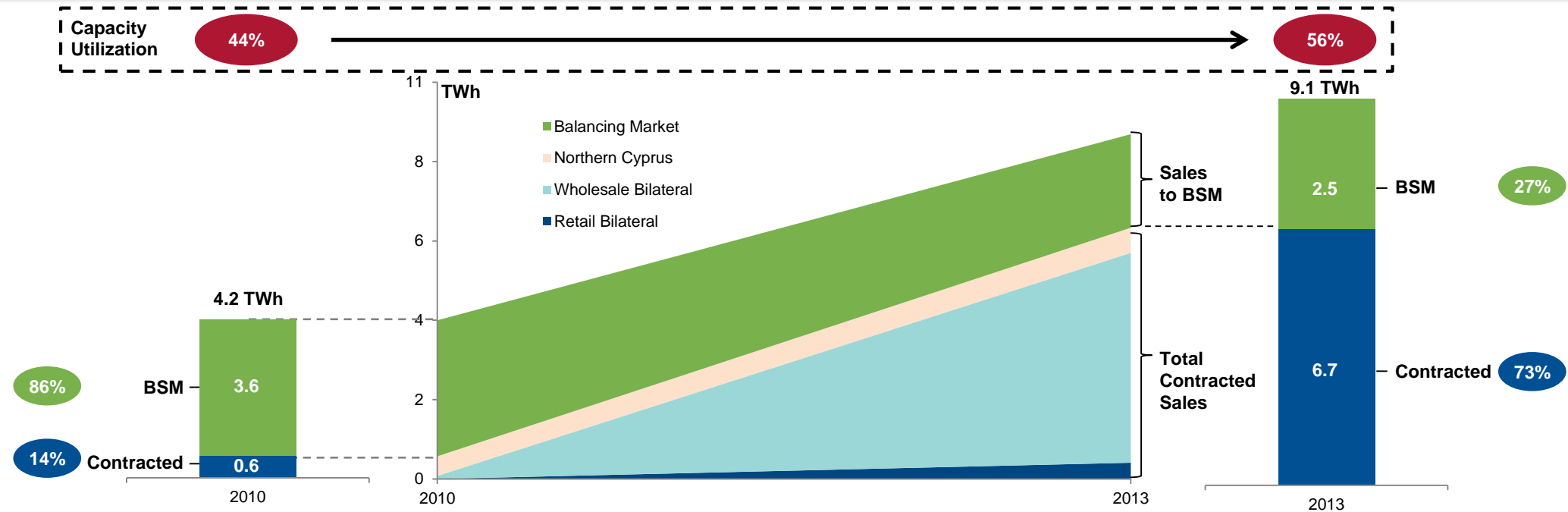
- Blending of more cost-effective renewables and sourcing activities to supply our customers provides us higher operating margins
- Our lignite-fired PP pipeline of 270 MW and renewables pipeline of 428 MW by 2017 will further decrease our cost base
- Despite their high cost base, our fuel-oil fired PPs provide profitability as they can achieve high prices in restricted regions

Improving Lower Cost Output



- We supply our customers by our own generation as well as sourcing activities from the BSM at off-peak prices
- We are decreasing our generation costs via increasing share of renewables generation and sourcing activities from the BSM
- Our off-peak sourcing abilities and purchase amounts further increase as the contracted sales volume increases

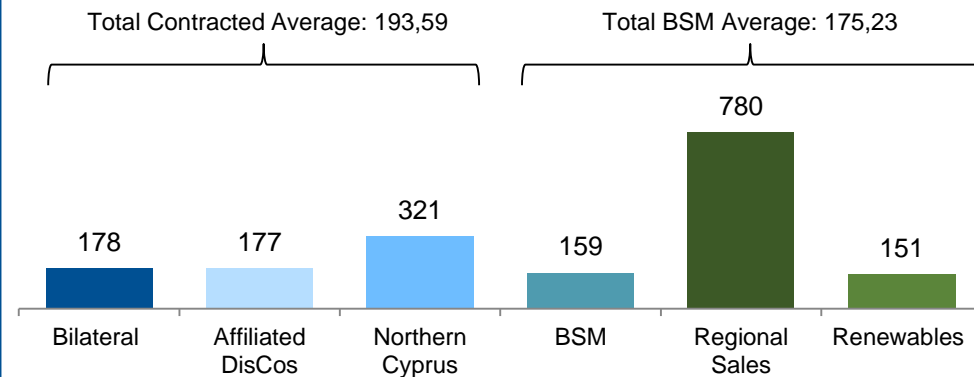
Our sales mix is getting more diversified and secure, increasing our capacity utilization



2010 - Contracted Sales

- 245 bilateral customers⁽¹⁾
- 592 GWh contracted sales
 - out of which 186 GWh is bilateral
- 14% of total sales

3Q2013 Average Sales Price (TL/MWh)



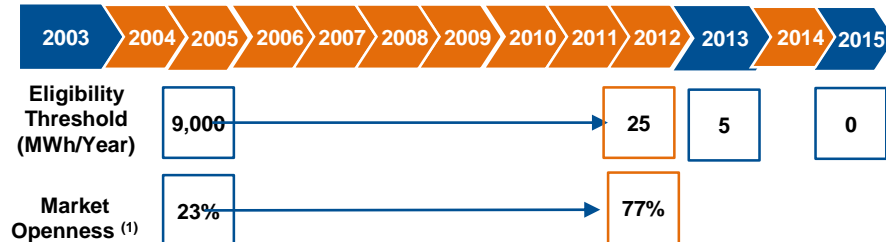
2013 - Contracted Sales

- 24,987 bilateral customers⁽¹⁾
- 6,709 GWh contracted sales
- 73% of total sales

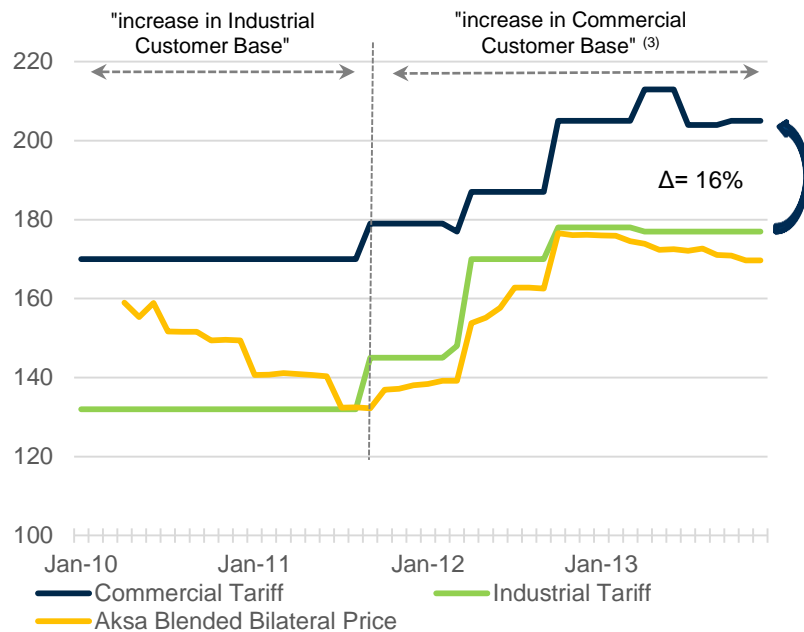
(1) Bilateral customers are contracted by the affiliates of Kazancı Group. Aksa Enerji has contracts with the affiliates of Kazancı Group.

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

Evolution of Eligibility Limit



Tariffs and Aksa Bilateral Sales Price (TL/MWh)

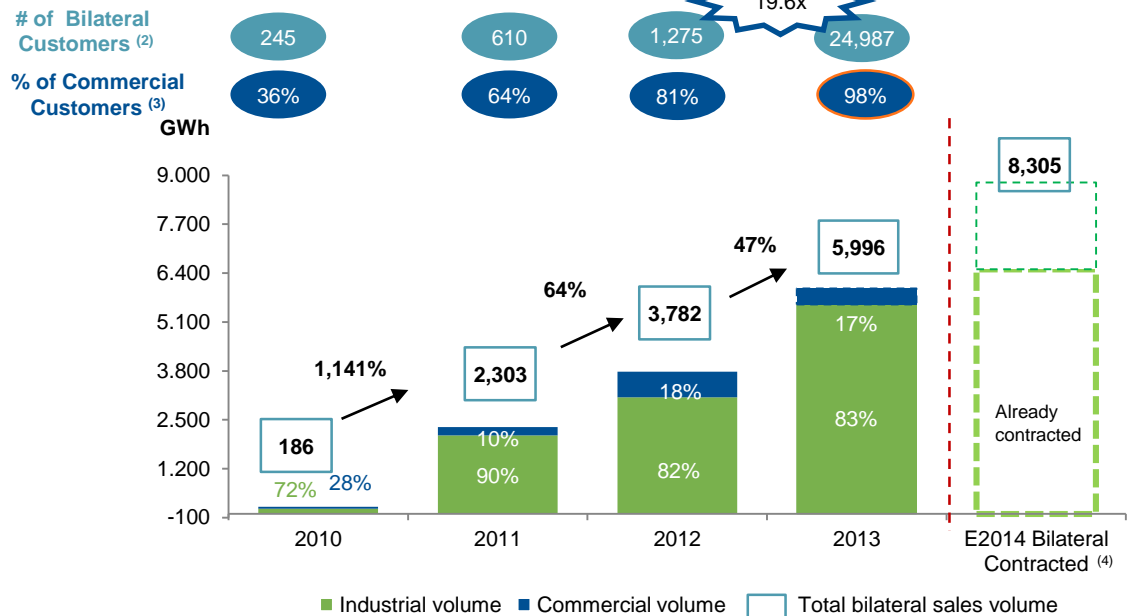


(1) Consumption of eligible customers divided by total consumption.

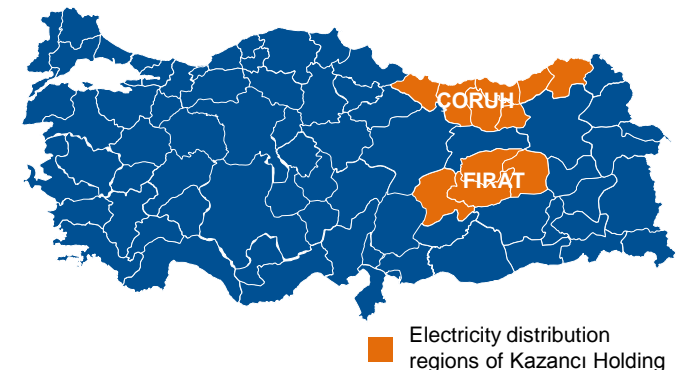
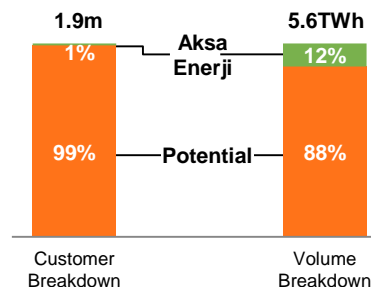
(2) Bilateral customers are contracted by the affiliates of Kazancı Group. Aksa Enerji has contracts with the affiliates of Kazancı Group.

(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.

Increasing Contracted Volume Supported by Affiliated Distribution Regions

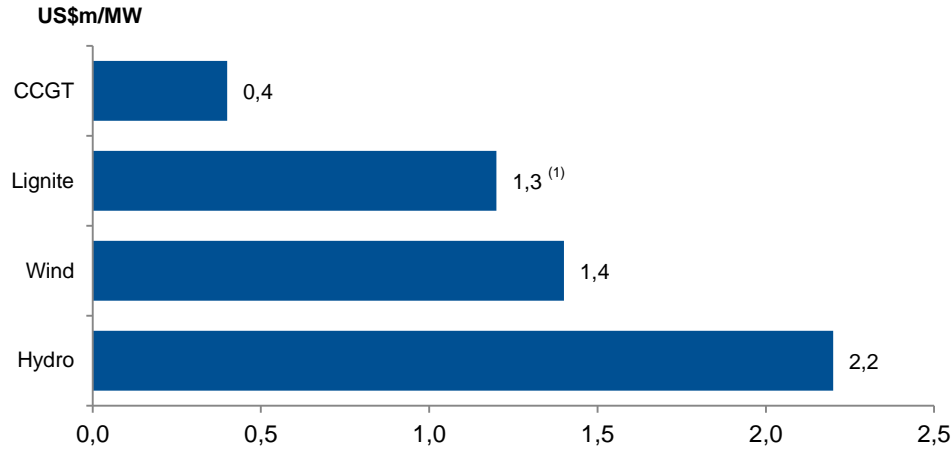


Further Room for Growth in Affiliated Regions ⁽⁵⁾

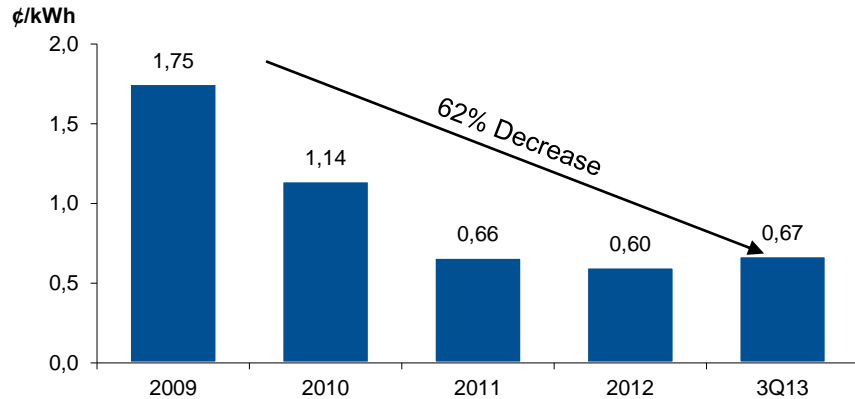


We have successfully increased efficiencies of our CCGT plants and managed to cut our opex to improve our cost base

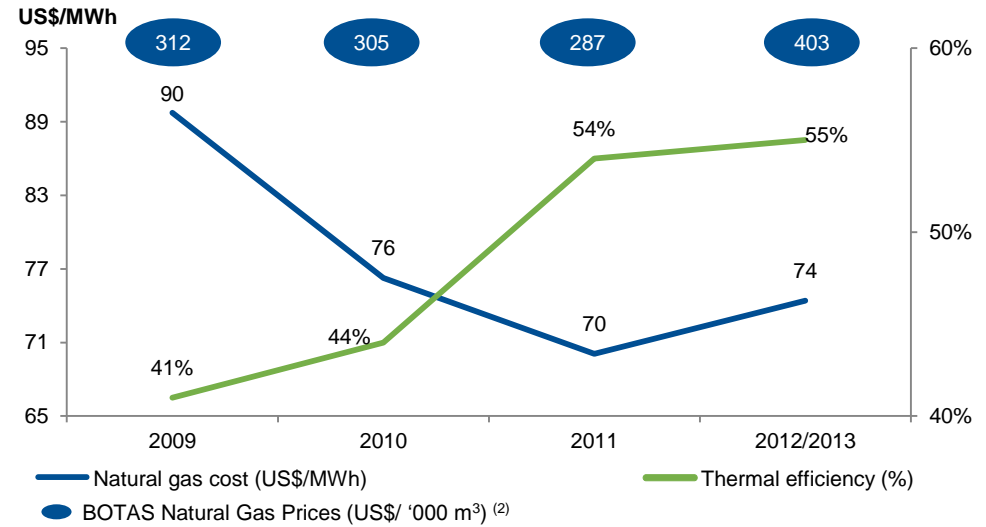
1 Low Unit Capex



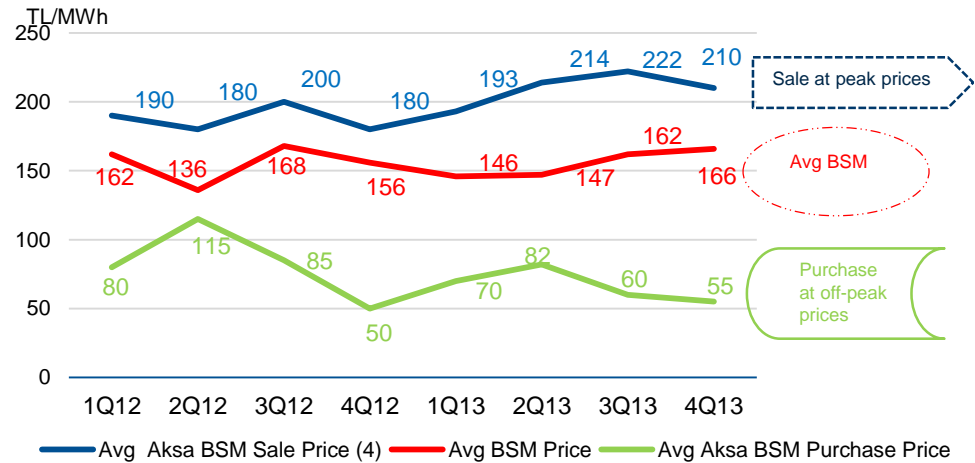
2 Improving Non-Fuel Cost Efficiency ⁽³⁾



3 Improving Fuel Efficiency



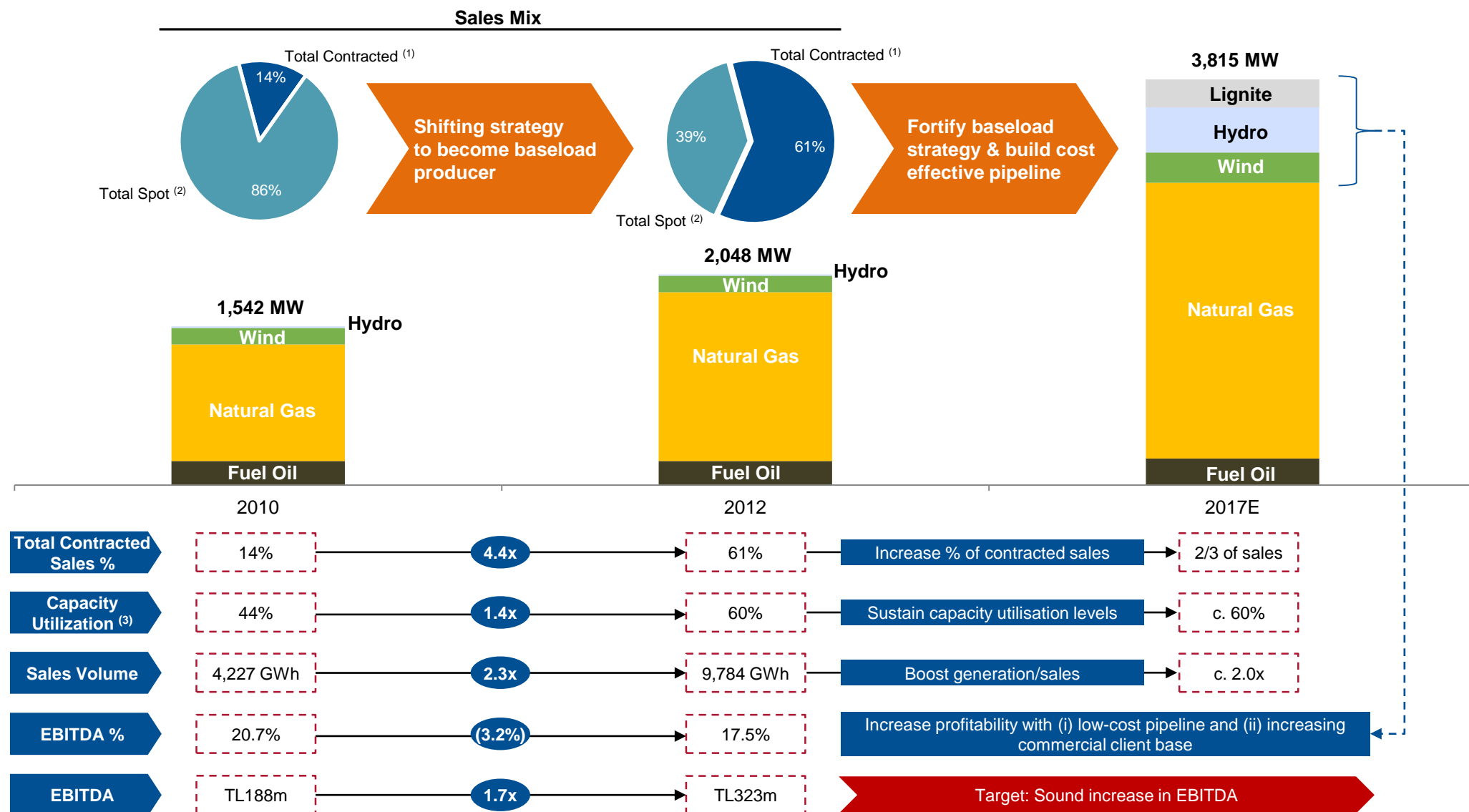
4 Aksa Average Sales and Sourcing Prices on the BSM



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

Tailored strategy to create sound and secure profitability

Evolution of Capacity and Sales Mix



(1) 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. (3) Calculated as Sales (MWh) / (Capacity (MW) * 8000 hours).

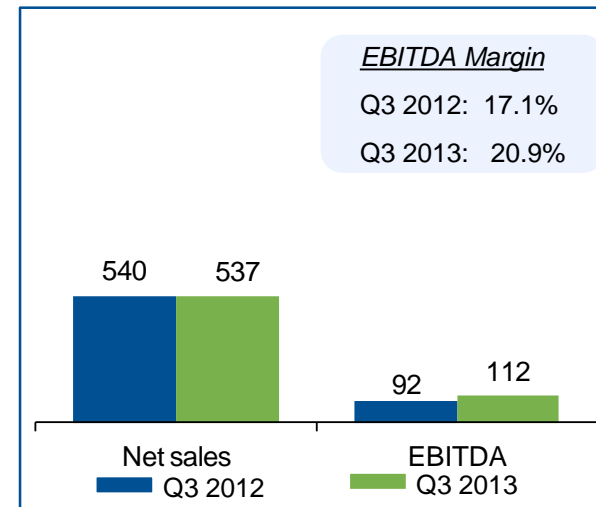
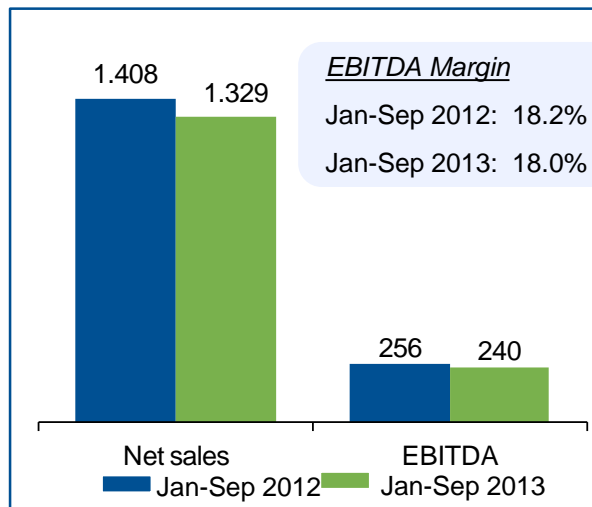
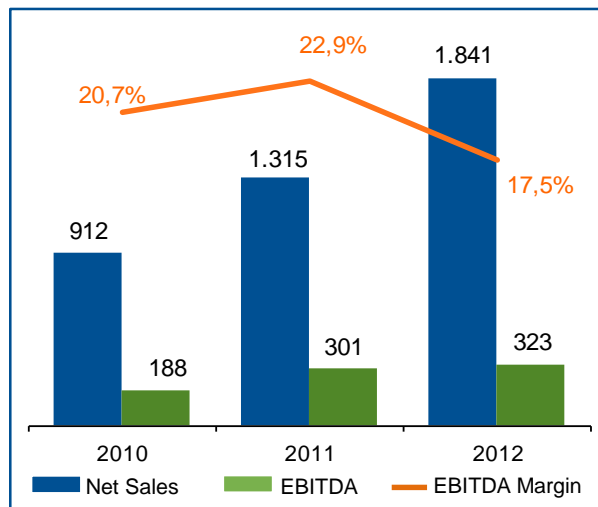
Financial Highlights



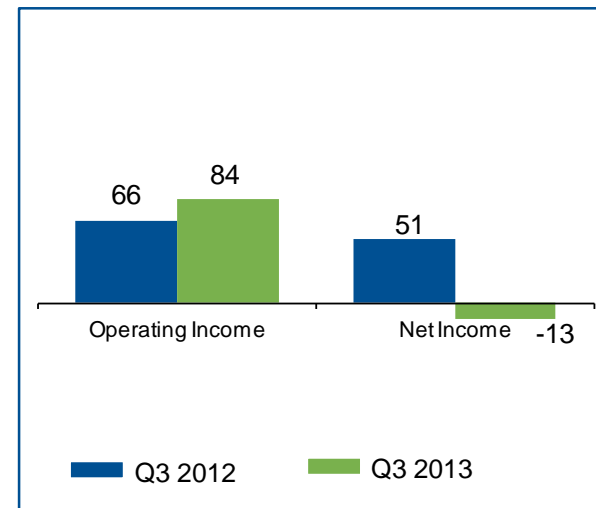
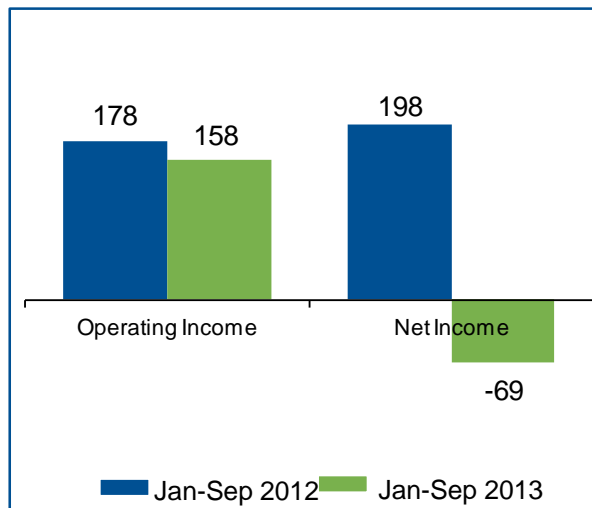
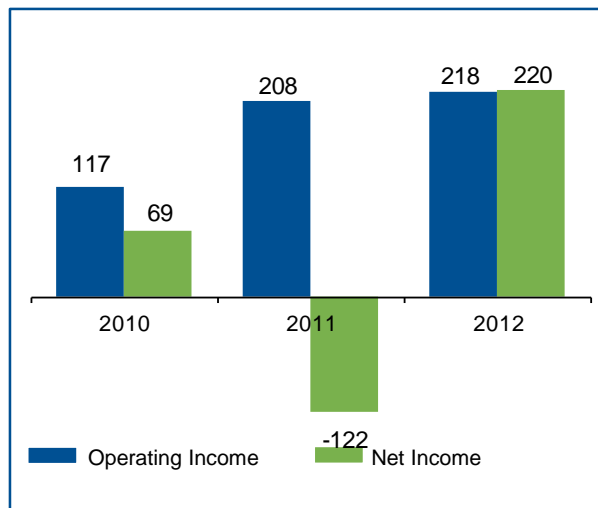
Financial highlights

Consolidated income statement

Net sales & EBITDA (TL mn)



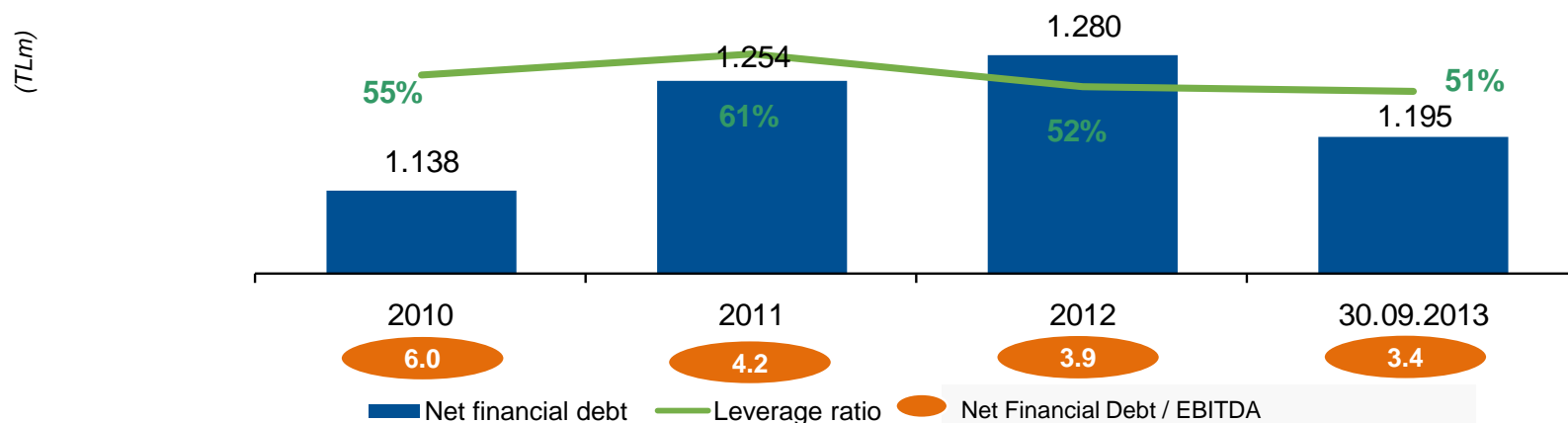
Operating income & Net income (TL mn)



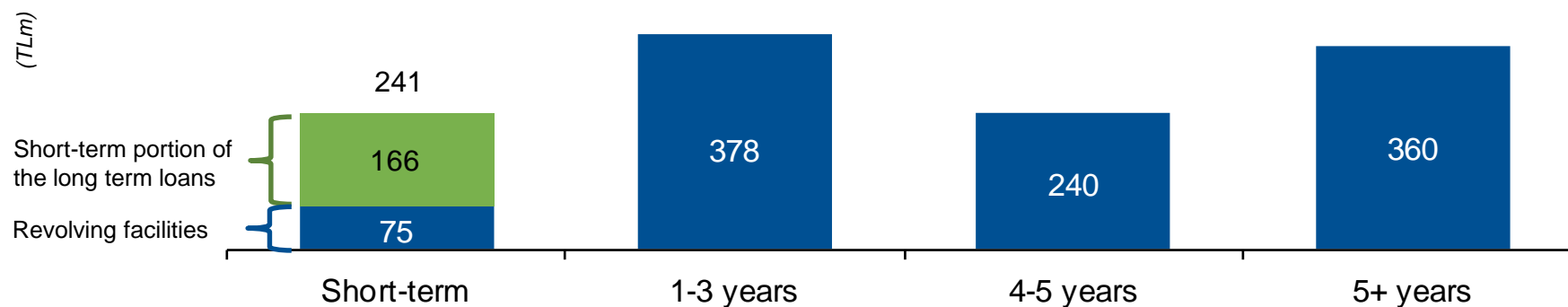
Financial highlights

Net financial debt and repayment schedule

Net financial debt



Repayment schedule of short and long term notes



Source: IFRS financial statements

Consolidated income statement

*

(TLm)	2010	2011	2012	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Net sales	911,9	1.315,4	1.840,6	526,9	340,8	540,1	432,8	391,5	400,3	536,7
Cost of sales	-775,5	-1.088,0	-1.604,2	-431,5	-313,7	-470,7	-388,3	-341,0	-367,1	-448,5
Gross profit	136,4	227,4	236,5	95,4	27,1	69,4	44,5	50,5	33,3	88,2
<i>Gross profit margin</i>	<i>15,0%</i>	<i>17,3%</i>	<i>12,8%</i>	<i>18,1%</i>	<i>8,0%</i>	<i>12,9%</i>	<i>10,3%</i>	<i>12,9%</i>	<i>8,3%</i>	<i>16,4%</i>
General & administrative costs	-17,8	-16,0	-16,7	-4,8	-4,8	-2,7	-4,4	-3,9	-4,4	-4,4
Sales and marketing costs	-1,8	-3,0	-2,1	-0,3	-0,4	-0,4	-0,9	-0,2	-0,5	-0,2
Research & development costs	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Operating income	116,7	208,3	217,6	90,3	21,9	66,3	39,2	46,4	28,4	83,7
<i>Operating income margin</i>	<i>12,8%</i>	<i>15,8%</i>	<i>11,8%</i>	<i>17,1%</i>	<i>6,4%</i>	<i>12,3%</i>	<i>9,1%</i>	<i>11,8%</i>	<i>7,1%</i>	<i>15,6%</i>
Goodwill income/(expense)	7,0	0,0	0,0	-	-	-	-	-	-	-
Other income/(expense)	4,6	-51,3	-13,9	2,6	-12,1	-1,5	-2,8	0,1	-2,7	-1,9
Financing income/(expense)	-43,5	-273,5	22,6	68,6	-18,3	-11,2	-16,5	-21,8	-102,2	-90,6
Earnings before income tax	84,7	-116,5	226,4	161,4	-8,6	53,5	19,9	24,7	-76,5	-8,9
<i>EBT margin</i>	<i>9,3%</i>	<i>nm</i>	<i>12,3%</i>	<i>30,6%</i>	<i>nm</i>	<i>9,9%</i>	<i>4,6%</i>	<i>6,3%</i>	<i>-19,1%</i>	<i>-1,7%</i>
Tax	-14,1	-5,5	-6,6	-6,0	0,6	-2,4	1,2	-3,9	-1,1	-3,7
Net income	69,4	-122,0	219,7	155,4	-8,0	50,7	21,6	20,8	-77,6	-12,6
<i>Net income margin</i>	<i>7,6%</i>	<i>nm</i>	<i>11,9%</i>	<i>29,5%</i>	<i>nm</i>	<i>9,4%</i>	<i>5,0%</i>	<i>5,3%</i>	<i>nm</i>	<i>nm</i>
EBITDA	188,3	300,8	323,0	119,9	43,9	92,1	67,1	73,0	54,3	112,3
<i>EBITDA margin</i>	<i>20,7%</i>	<i>22,9%</i>	<i>17,5%</i>	<i>22,7%</i>	<i>12,9%</i>	<i>17,1%</i>	<i>15,5%</i>	<i>18,7%</i>	<i>13,6%</i>	<i>20,9%</i>

Source: IFRS financial statements

Consolidated balance sheet

(TL mn)

Assets	2010	2011	2012	30.09.2013
Cash and cash equivalents	78,3	110,5	40,9	24,2
Trade receivables net	113,0	261,5	245,9	253,5
Due from related parties and shareholders	607,9	360,0	593,9	0,0
Inventory	81,3	121,5	135,5	188,6
Derivative Financial Instruments	—	—	—	1,9
Other current assets	71,5	90,7	84,6	70,6
Total current assets	952,0	944,3	1100,8	538,8
Trade receivables	—	—	—	2,4
Investments	1,6	1,6	1,6	1,5
PP&E	1.375,7	1.613,0	1.627,3	2.012,3
Goodwill	6,0	9,5	9,5	9,5
Intangibles	0,7	1,1	1,7	1,8
Other non-current assets	20,3	43,4	87,0	170,0
Deferred tax assets	4,1	4,1	4,1	4,1
Total non-current assets	1.408,4	1.672,7	1.731,2	2.201,6
Total assets	2.360,5	2.617,0	2.832,0	2.740,4
Liabilities	2010	2011	2012	30.09.2013
Financial liabilities	413,2	489,5	564,3	256,8
Trade payables, net	197,6	359,5	284,7	330,1
Due to Related Parties and Shareholders	—	—	—	7,4
Taxation payable on income	13,5	4,4	6,6	6,4
Other payables and accrued liabilities	9,9	70,4	11,7	18,0
Total current liabilities	634,2	923,8	867,3	618,8
Long-term financial liabilities	803,4	891,5	756,4	977,6
Retirement pay provision	1,3	1,8	2,2	3,2
Other liabilities	—	—	—	2,5
Deferred tax liability	2,9	2,9	2,9	2,9
Long Term Liabilities	807,6	896,2	761,5	986,2
Paid in capital	579,5	579,5	615,2	615,2
General reserves	173,7	242,9	121,0	340,4
Share premium	96,0	96,5	247,4	247,4
Cash Flow Hedge Reserve	—	—	—	1,9
Net profit for the year	69,4	-122,0	219,7	-69,4
Shareholder's equity	918,6	797,0	1.203,2	1.135,4
Total liabilities and equity	2.360,5	2.617,0	2.832,0	2.740,4

Consolidated statement of cash flows

<i>(TLmn)</i>	2010	2011	2012	30.09.2012	30.09.2013
Net income (loss)	69,4	-122,0	219,7	206,2	-60,6
Depreciation and amortisation	71,7	92,5	105,3	77,5	81,2
Other adjustments	13,0	236,8	-46,4	-75,0	174,0
Change in working capital	-67,1	-20,3	-189,4	-75,6	-84,2
Operating cash flows	87,0	187,1	89,2	133,1	110,4
Purchased of PP&E	-315,1	-330,2	-130,4	-89,4	-297,8
Investing cash flows	-333,9	-334,6	-116,9	-76,7	-297,5
Financing cash flows	308,9	179,4	-41,9	-81,5	170,7
Net cash flows	62,0	31,8	-69,6	-25,1	-16,4

Source: IFRS financial statements

Appendix



Operating (Current)

Power plant	Licensed owner	Fuel type	Installed capacity MW (Current)
Mardin 1	Aksa Energy	Fuel-oil	30.00
Mardin 2	Rasa Elektrik	Fuel-oil	35.10
Northern Cyprus	Aksa Cyprus	Fuel-oil	120.00
İdil	İdil İki Energy	Fuel-oil	24.00
Total fuel-oil fired power plants			209.10
Antalya NGCC	Aksa Energy	Natural gas	1,150.00
Manisa NGCC	Aksa Energy	Natural gas	115.26
Van NGCC	Rasa Energy	Natural gas	114.88
Samsun	Aksa Energy	Fuel-oil conversion to natural gas	131.34
Ş.Urfa NGCC	Rasa Energy	Natural Gas	128.62
Total natural gas fired power plants			1,640.10
Balıkesir Şamlı	Baki	Wind	114.00
Hatay Sebenoba	Deniz	Wind	30.00
Manisa Karakurt	Deniz	Wind	10.80
Ayvacak	Ayres	Wind	5.00
Kapıdağ	Kapıdağ Energy	Wind	24.00
Belen / Atik	Aksa Energy	Wind	4.00
Total wind power plants			187.80
Çorum İncesu	Aksa Energy	Hydro	15.00
Total hydro electric power plants			15.00
Total power plants			2,052

Ongoing Investments and Revised Licence Portfolio

Planned Acquisitions from Kazancı Holding

Power Plant	Investment	License Owner	Fuel Type	Additional Capacity (MW)	Completion Year
Siirt	Operational	Kazancı Holding	Fuel-Oil	24	2014
Akköy	Operational	Kazancı Holding	Hydro	13	2014
Datça	Licensed	Kazancı Holding	Wind	12	2015
Total				49	

Under Construction

Bolu Göynük	Greenfield	Aksa	Lignite	270	2014-15
Belen	Greenfield	Aksa	Wind	14	2014
Kıyıköy	Greenfield	Alenka	Wind	27	2014
Sebenoba	Extension	Deniz	Wind	30	2014
Kozbükü	Greenfield	Idil Iki	Hydro	62	2016
Sansa	Greenfield	Aksa	Hydro	85	2017
Total				488	

Licensed

Power Plant	Location	License Owner	Fuel Type	Installed Capacity (MW)	Completion Year
Şanlı Urfa	Şanlı Urfa	Rasa	Natural Gas	141	2016
Antalya	Antalya	Aksa	Natural Gas	900	2017
İndere	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	

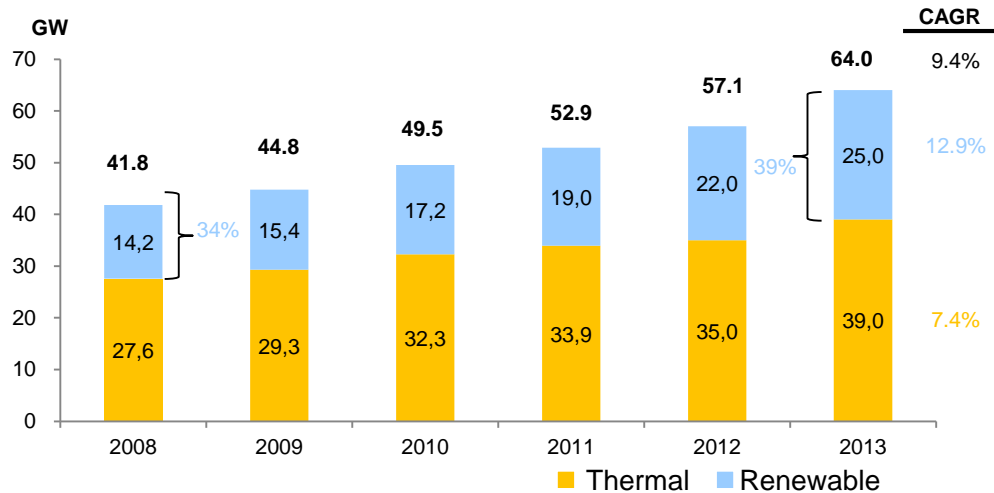
Exclusive Negotiations to Obtain Licence

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	

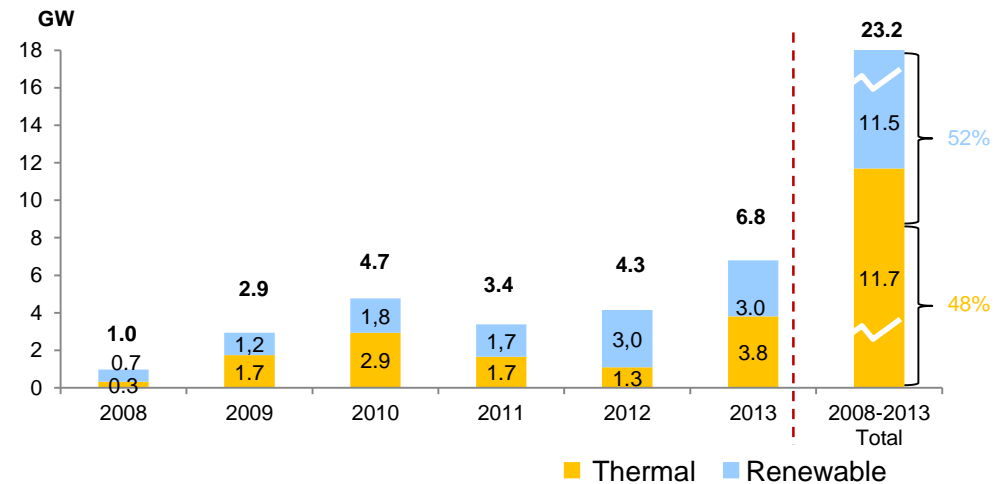
- Planned acquisitions from Kazancı Holding
 - Siirt 24 MW operating fuel-oil PP
 - Datça 12 MW wind farm licence
 - Akköy 13 MW operating hydroelectrical PP
- Construction work is in progress for one lignite fired PP and five renewable projects
 - 270 MW local lignite fired PP
 - 71 MW wind farm
 - 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

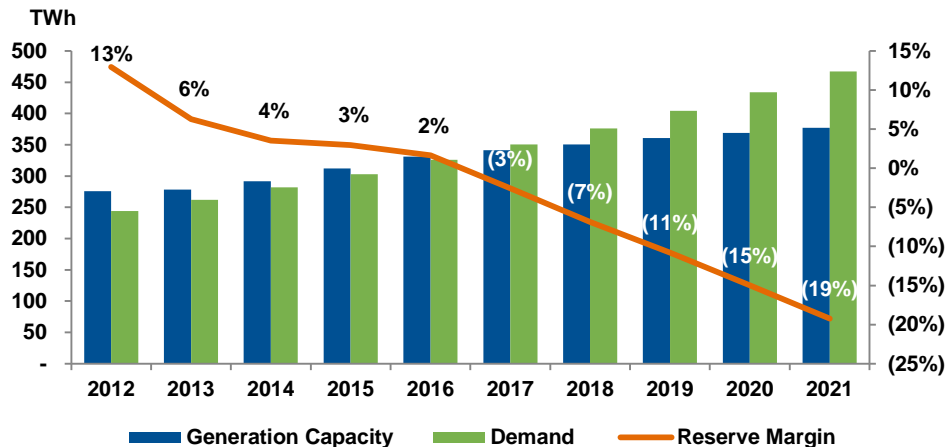
Installed Capacity by Fuel



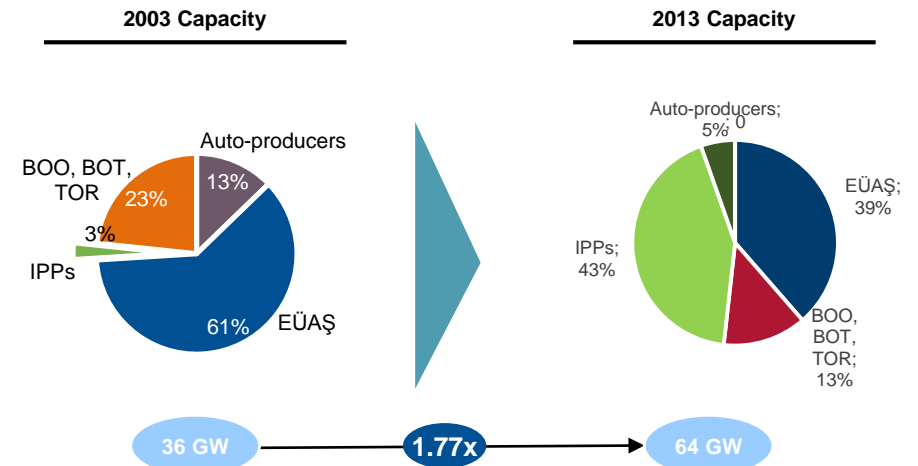
Annual Installed Capacity Increases



Reserve Margin Projections High Demand Scenario ⁽¹⁾



Installed Capacity Breakdown by Producer



Source: TEİAŞ.

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