

Aksa Enerji

The leading IPP in Turkey

2Q 2014 Earnings Presentation

15 August 2014



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1H 2014 Results

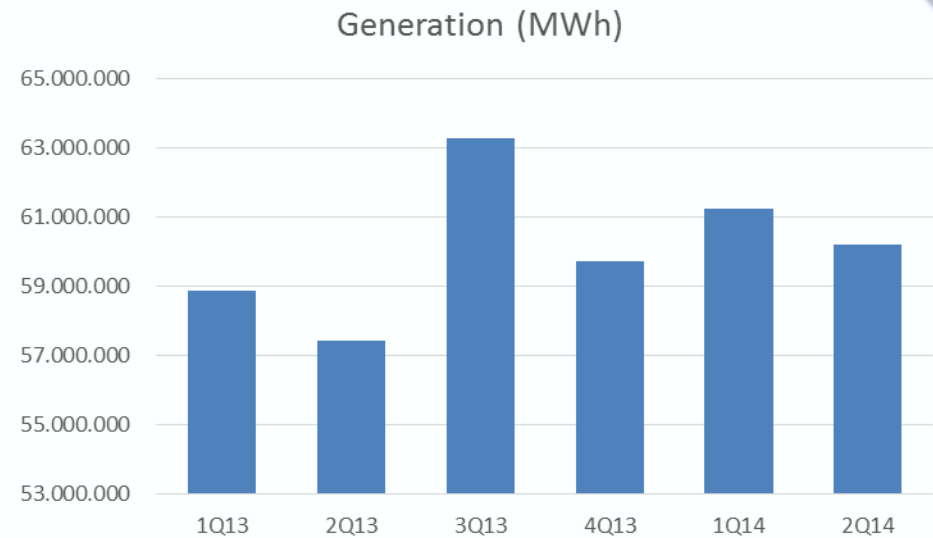
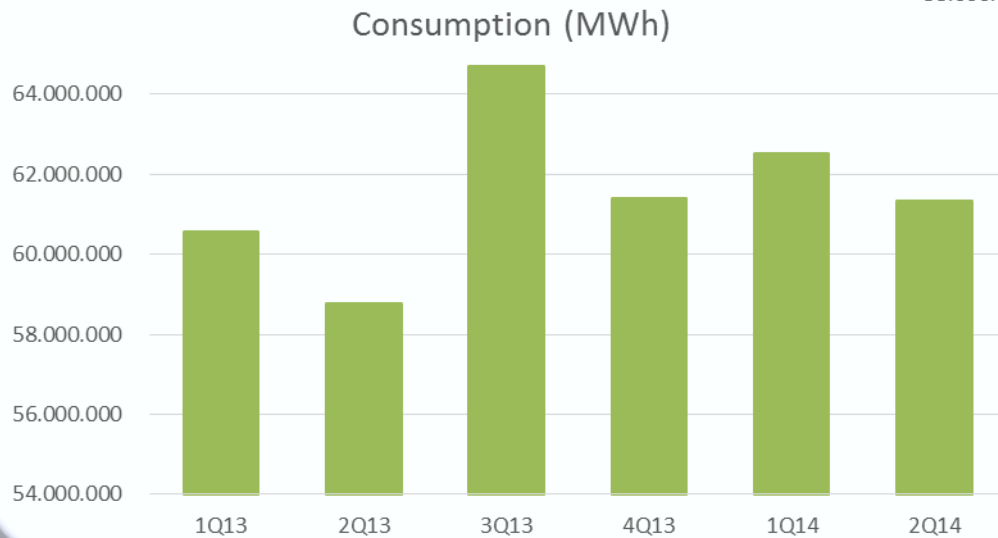
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	2012	2013	YoY Change	Q2 2013	Q2 2014	YoY Change	1H 2013	1H 2014	YoY Change
Installed Capacity (MW)	2.045	2.052	7 MW	2.048	2.066	18 MW	2.048	2.066	18 MW
Sales Volume (GWh)	9.784	9.109	-7%	2.174	2.298	6%	4.139	4.756	15%
Capacity Utilization Rate (CUR)	60%	56%	-4pp	54%	56%	+2pp	51%	58%	+7pp
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

Market Highlights

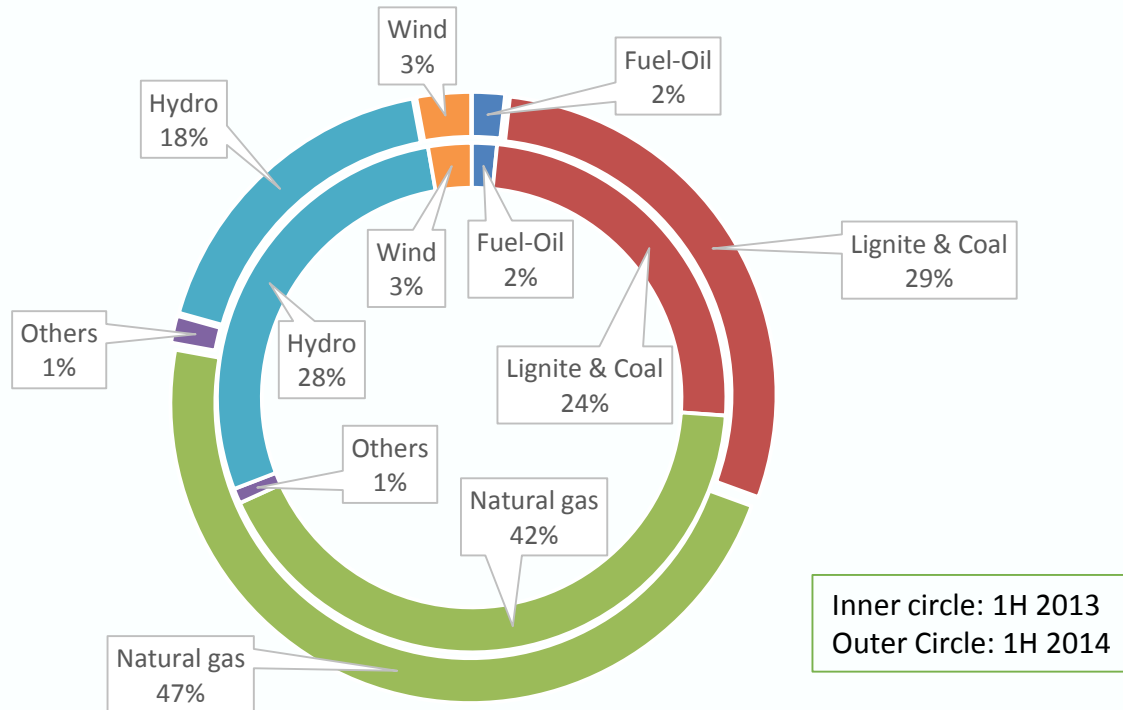
▶ **Electricity generation** increased by 4% YoY in 1H14 but down by 2% QoQ.



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

Market Highlights

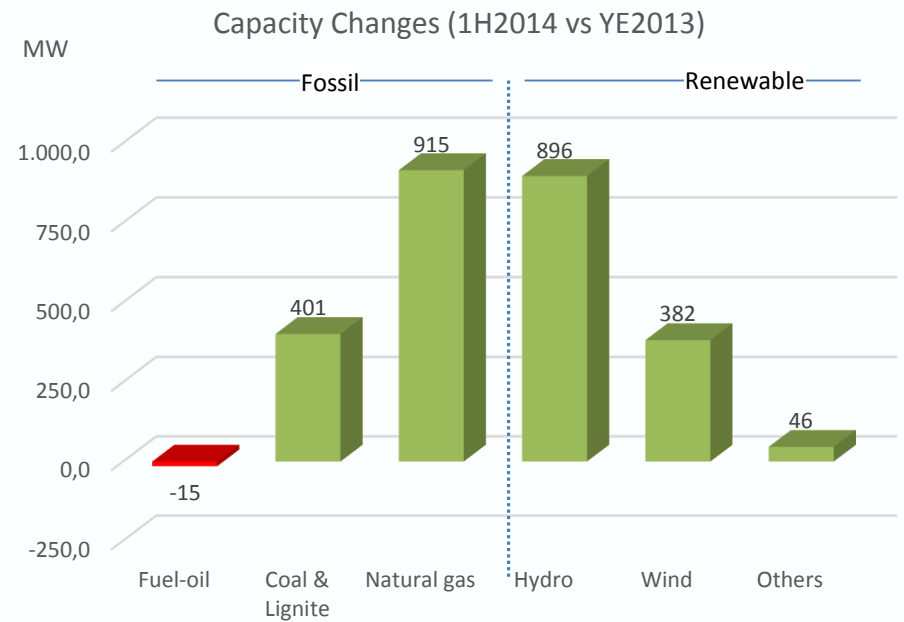
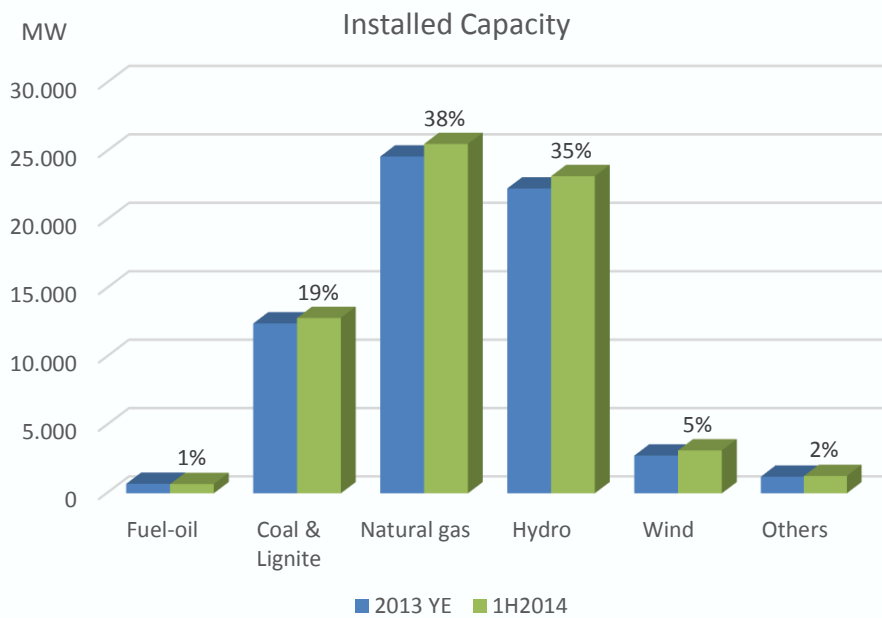
Generation by type 1H13 vs 1H14



► **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 pts) and from lignite (up by 5 pts).

Market Highlights

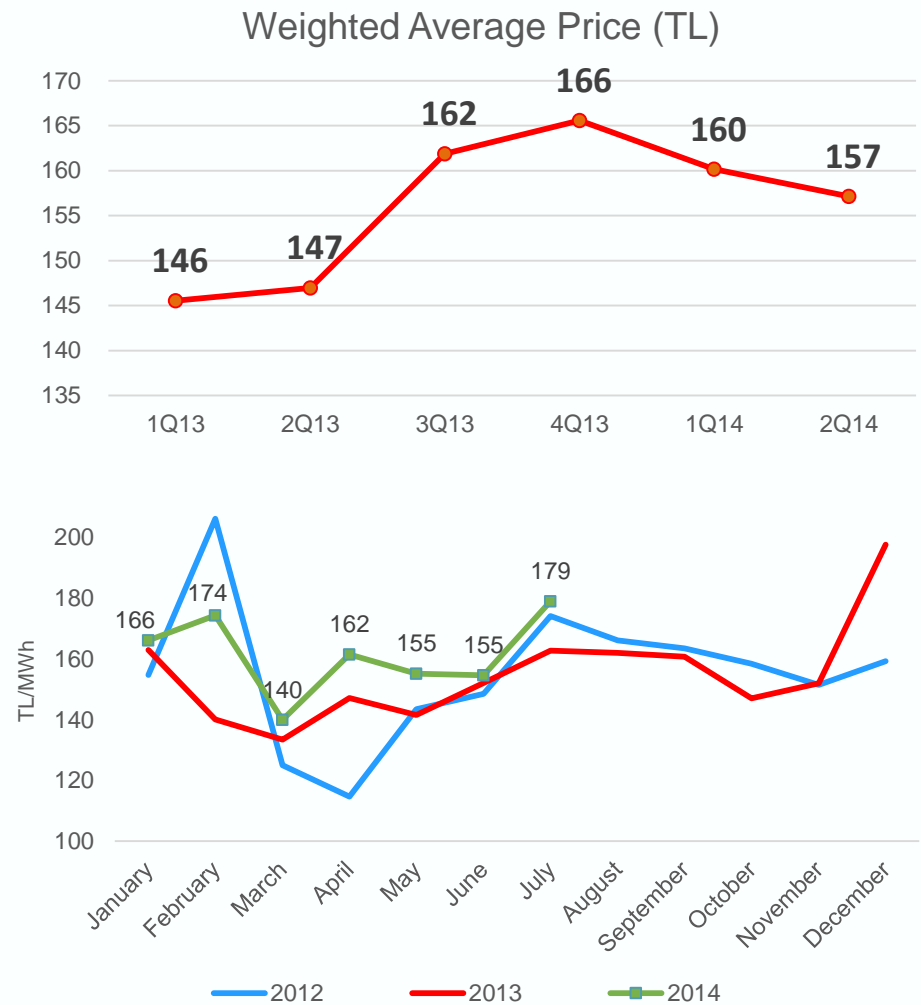
▶ **Total installed capacity in Turkey** has increased by 2,625 MW in 1H14 to 66,633 MW, with the majority coming in from natural gas and hydro. This is an additional 4% installed capacity on top of the YE2013 figure.



Market Highlights

► **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.



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 will be completed as of 15 August 2014, whereby 24MW will be added to generation portfolio, increasing our renewables capacity to 241MW.
- ▶ Construction of Sebenoba WPP (30 MW) continues as planned, despite the transportation conditions and will be operational this year.
- ▶ 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 extension is expected to become operational in 4Q2015.

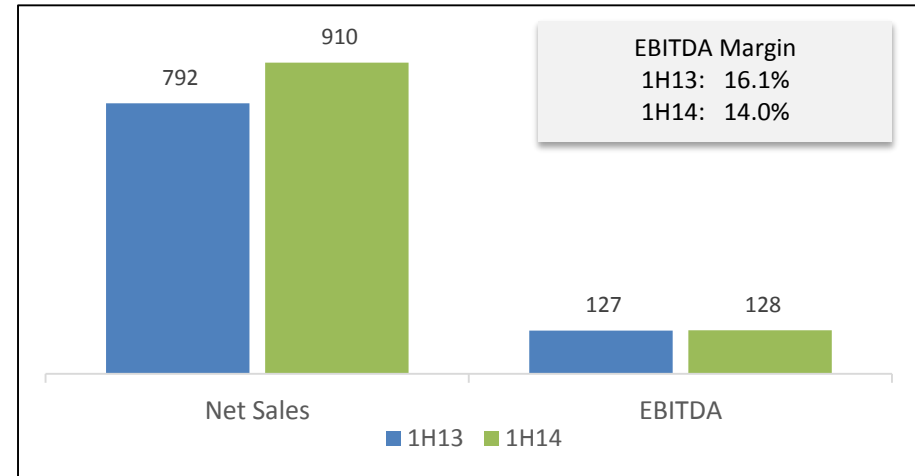
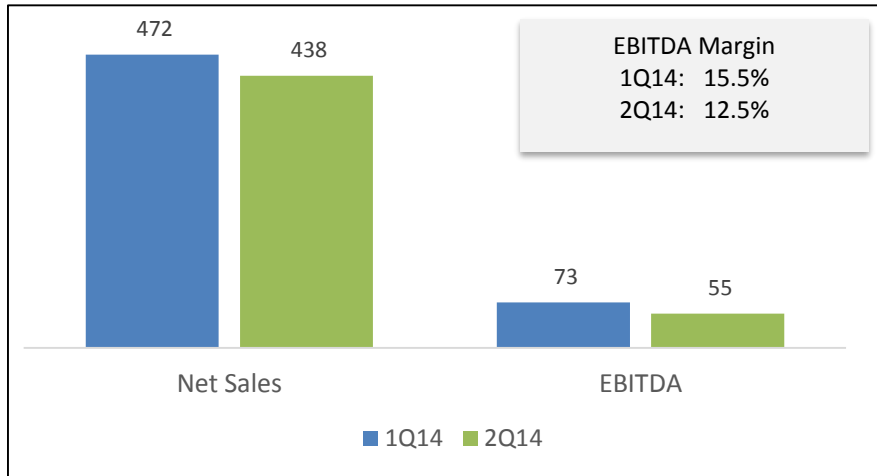
Company Strategy Going Forward

- ▶ 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 discussion 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.

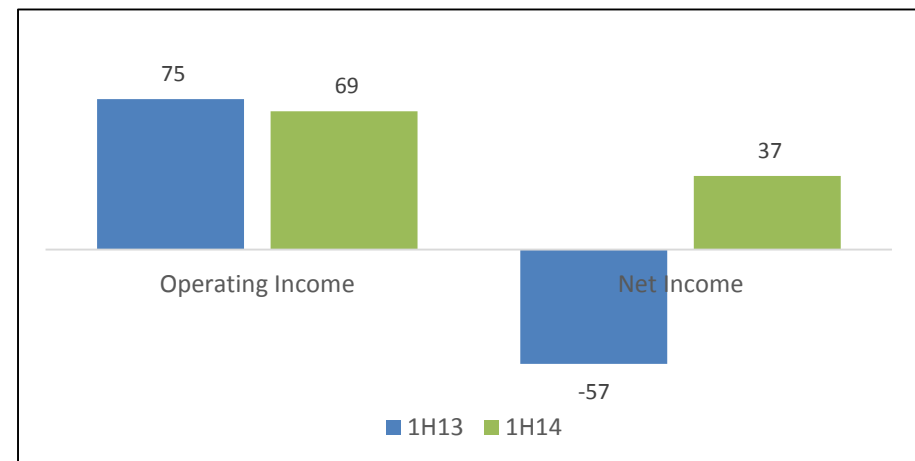
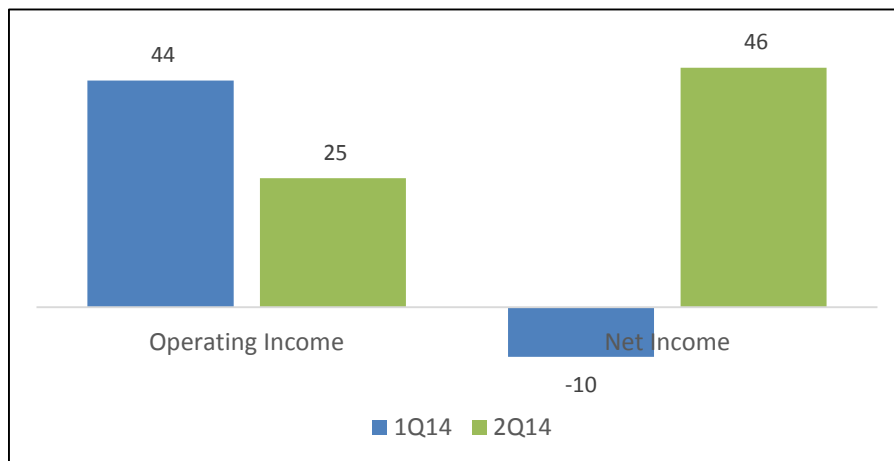
Financial highlights 1H 2014

Consolidated income statement

Net sales & EBITDA (TL mn)



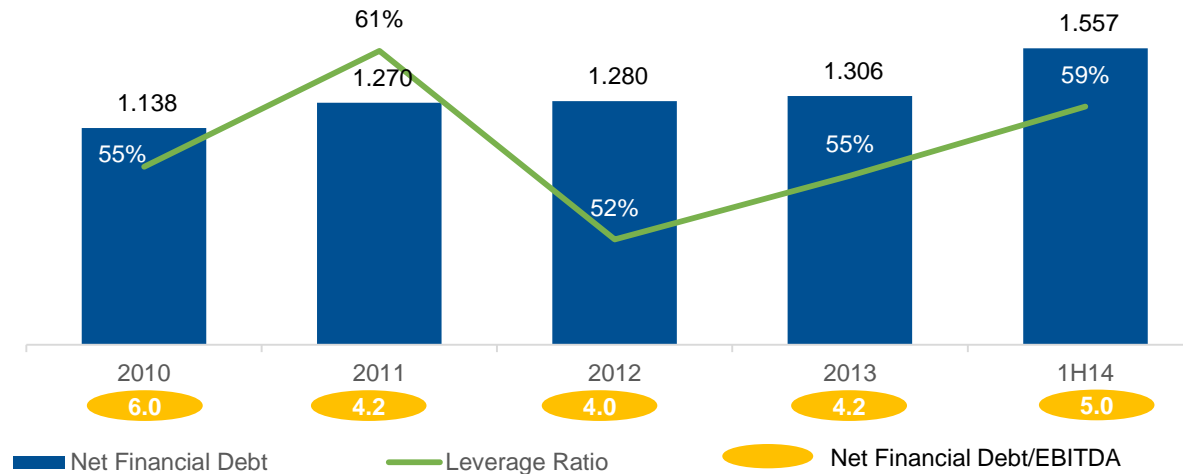
Operating income & Net income (TL mn)



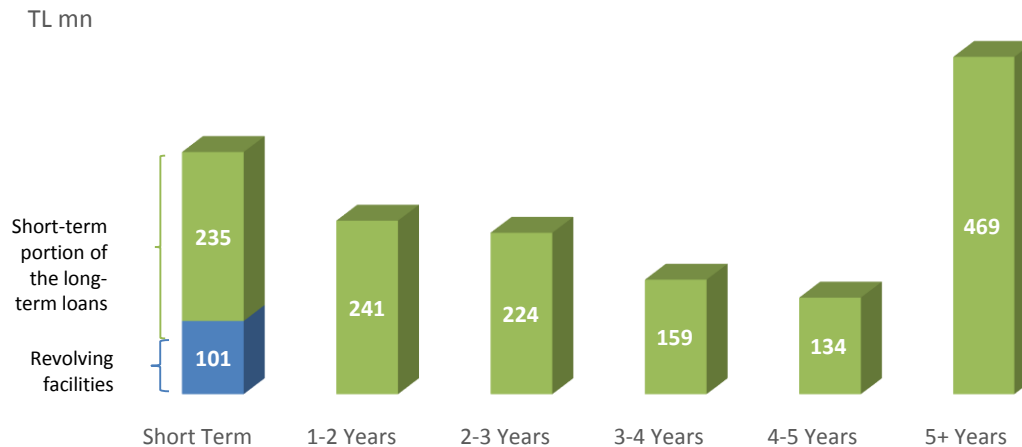
Financial highlights 1H 2014

Net financial debt and repayment schedule

Net financial debt (TL mn)



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.

Consolidated income statement

<i>(TLm)</i>	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
<i>Gross profit margin</i>	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	217,8	200,1	43,7	25,0
<i>Operating income margin</i>	12,8%	15,8%	11,8%	11,2%	9,3%	5,7%
Goodwill 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	221,0	142,8	66,6	76,5
Earnings before income tax	84,7	-116,5	226,5	-156,1	-13,9	51,5
<i>EBT margin</i>	9,3%	-8,9%	12,3%	-8,7%	-2,9%	11,7%
Tax	-14,1	-5,5	-6,6	22,8	-1,3	-1,8
Net income	69,4	-122,0	219,9	-133,3	-9,6	46,2
<i>Net income margin</i>	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
<i>EBITDA margin</i>	20,7%	22,9%	17,6%	17,5%	15,5%	12,5%

Source: IFRS financial statements

Consolidated balance sheet

<i>(TL mn)</i>	Assets	2010	2011	2012	2013	1H 2013	1H 2014
	Cash and cash equivalents	78,3	110,5	40,9	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	952,0	944,3	1100,8	494,7	575,9	481,9
	Trade receivables	–	–	–	1,3	3,4	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	2272,6	2096,5	2549,9
	Total assets	2360,5	2617,0	2832,0	2767,2	2672,3	3031,7
	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	–	–	–	–	1,0	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	614,0	624,7	695,0
	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	–	–	–	–	3,6	0,4
	Deferred tax liability	2,9	2,9	2,9	3,5	2,9	1,1
	Long Term Liabilities	807,6	896,2	761,5	1069,2	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	219,7	-133,3	-56,8	36,6
	Shareholder's equity	918,6	797,0	1203,2	1074,1	1148,0	1104,7
	Total liabilities and equity	2360,5	2617,0	2832,0	2757,3	2672,3	3030,7

Source: IFRS financial statements

Consolidated statement of cash flows

<i>(TLmn)</i>	2010	2011	2012	2013	1H2013	1H 2014
Net income (loss)	69,4	-122,0	219,9	-133,3	-56,8	36,6
Depreciation and amortisation	71,7	92,5	105,3	111,8	52,5	59,2
Other adjustments	13	236,8	-46,4	193,0	83,9	-7,7
Change in working capital	-67,1	-20,3	-189,4	7,5	-92,6	71,0
Operating cash flows	87	187,1	89,3	178,9	-8,0	159,1
Purchased of PP&E	-315,1	-330,2	-130,4	-395,7	-169,6	-413,2
Investing cash flows	-333,9	-334,6	-116,9	-395,4	-169,2	-413,2
Financing cash flows	308,9	179,4	-41,9	219,5	165,7	250,4
Net cash flows	62	31,8	-69,4	3,1	-11,5	-3,8

Source: IFRS financial statements

Appendix



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Operating (Current)

Power plant	Licensed owner	Fuel type	Installed capacity MW (Current)
Mardin 1	Aksa Energy	Fuel-oil	32.00
Mardin 2	Rasa Elektrik	Fuel-oil	33.10
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
Ayvacık	Ayres	Wind	5.00
Kapıdağ	Kapıdağ Energy	Wind	24.00
Belen / Atik	Aksa Energy	Wind	18.00
Total wind power plants			201.80
Çorum İncesu	Aksa Energy	Hydro	15.00
Total hydro electric power plants			15.00
Total power plants			2,066

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

Power Plant	Investment	License Owner	Fuel Type	Additional Capacity (MW)	Completion Year
Bolu Göynük	Greenfield	Aksa	Lignite	270	2014-15
Kıyıköy	Greenfield	Alenka	Wind	27	2014
Sebenoba	Extension	Deniz	Wind	30	2014
Şanlı	Extension	Baki	Wind	13	2015
Kozbükü	Greenfield	Idil Iki	Hydro	62	2016
Sansa	Greenfield	Aksa	Hydro	85	2017
Total				487	

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
İdere	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

Power Plant	Location	License Owner	Fuel Type	Additional Capacity (MW)	Completion Year
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
 - 70 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