

Aksa Enerji

The leading IPP in Turkey

1Q14 Earnings Presentation

May 2014



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1Q 2014

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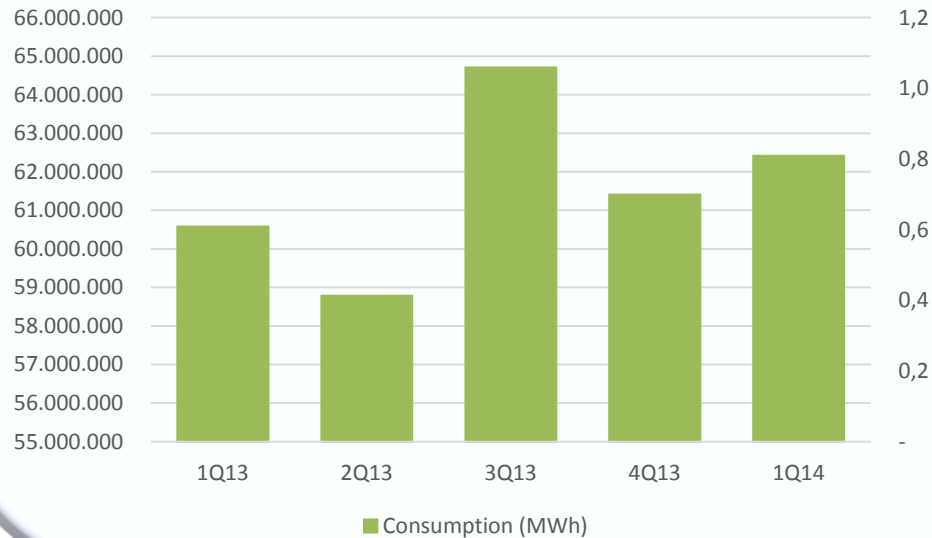
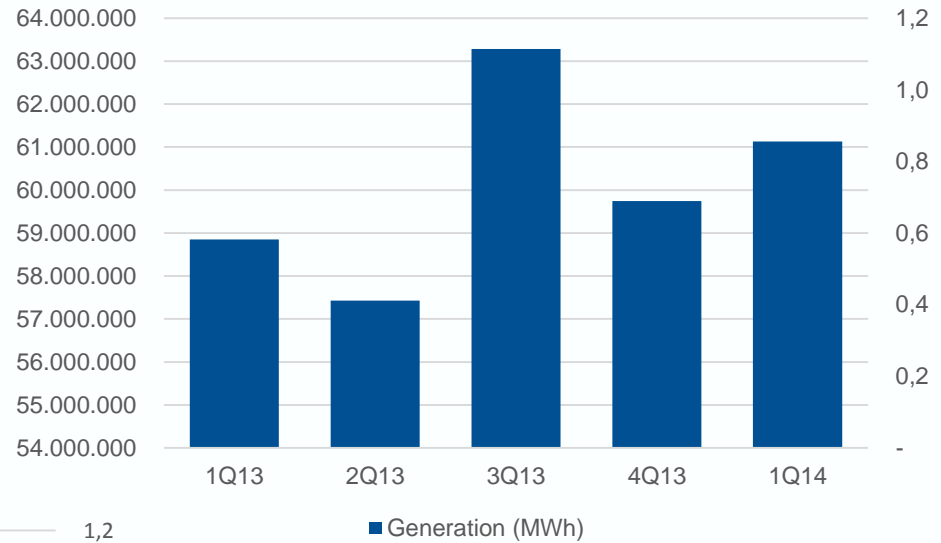
1Q 2014 Results

	2012	2013	YoY Change	Q1 2013	Q1 2014	YoY Change	Q4 2013	Q1 2014	QoQ Change
Installed Capacity (MW)	2.045	2.052	7 MW	2.048	2.066	18 MW	2.052	2.066	14 MW
Sales Volume (GWh)	9.784	9.109	-7%	1.965	2.458	25%	2.399	2.458	2%
Capacity Utilization Rate (CUR)	60%	56%	-4pp	50%	61%	+11pp	58%	61%	+3pp
Net Sales (TL mn)	1.841	1.786	-3%	392	472	20%	457	472	3%
Gross Profit (TL mn)	236	220	-7%	50	49	-3%	48	49	1%
Operating Inc. (TL mn)	218	196	-10%	46	44	-5%	38	44	15%
EBITDA (TL mn)	323	312	-3%	73	73	0%	72	73	1%
Net Income (TL mn)	220	-133	nm	21	-10	nm	-64	-10	nm
EBITDA Margin	17,6%	17,5%	-0.1pp	18,7%	15,5%	-3.2pp	15,8%	15,5%	-0.3pp
Operating Profit Margin	12,0%	11,0%	-1pp	11,8%	9,3%	-2.5pp	8,3%	9,3%	+1pp

Source: IFRS financial statements

Market Highlights

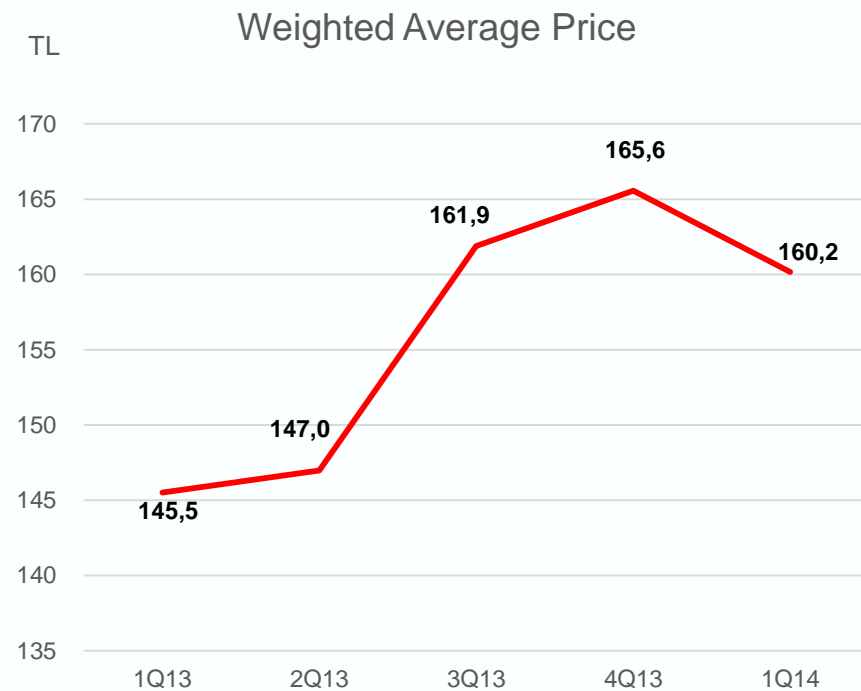
► **Electricity generation** increased by 4% in 1Q14 vs 1Q13 and by 1% compared to 4Q13.



► **Electricity consumption** increased by 3% YoY and by 1.6% QoQ.

Market Highlights

► **Prices** – There was a steep hike of 25% in spot prices in February 2014 when compared to the same month last year, as a result of natural gas shortage in the first half of February. This caused the weighted average price in 1Q14 to be 10% higher than in 1Q13. However, since there was a more severe shortage in 4Q13, 1Q14 average prices were lower compared to the previous quarter.



Market Highlights

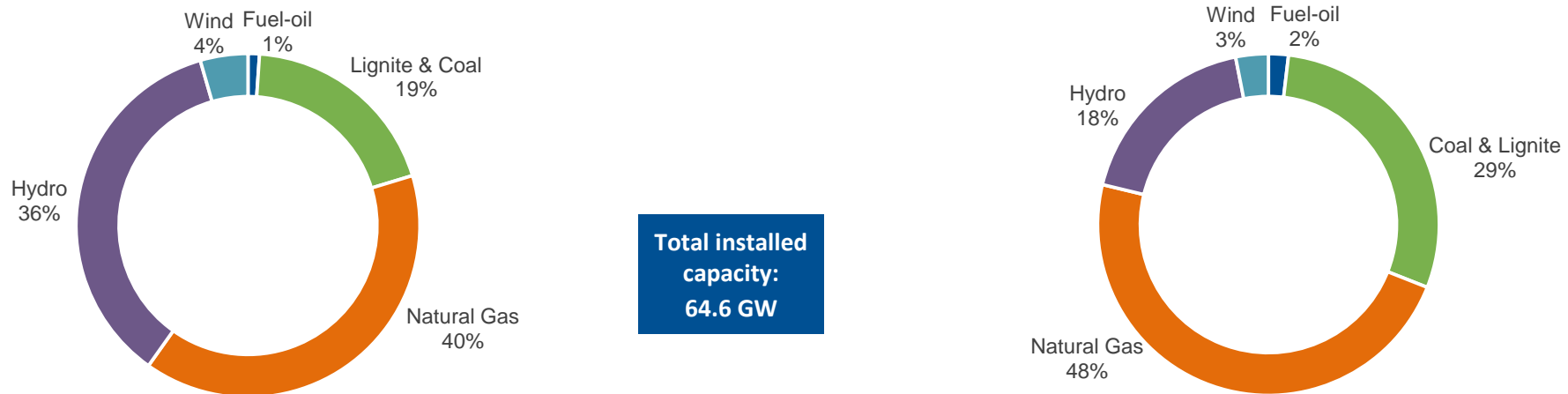
- ▶ **Total installed capacity in Turkey** has increased by 568 MW in 1Q14, all from renewable sources. 460 MW of the new capacity came from HPPs, while 137 MW came from WPPs.

- ▶ However, due to the draught, the contribution of these new capacities have been minimal. Furthermore, the new capacities represent only 0,88% of the total installed capacity in Turkey, thus did not prevent BSM prices from rising.

Turkish power market

Supply dynamics

Breakdown of installed capacity by fuel type (1Q14) Breakdown of generation by fuel type



Breakdown of generation by ownership (1Q13 vs 1Q14)



Natural gas is the dominant fuel type

Share of the state is decreasing

Source: TEIAS

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 1Q14, net sales of the Company has increased by 25% YoY from 1,965 GWh to 2,458 GWh due to the increase percentage of bilateral agreements in overall sales from 50% to 71%.
- ▶ Capacity utilisation rate has increased to 61% in 1Q14 from 49% in 1Q13 and 56% in FY2013 due the above mentioned increase in bilateral sales.
- ▶ Amongst the planned acquisitions of 3 operational power plants from Kazancı Holding, the acquisition of Kapıdağ wind farm was completed last year. The other two power plants are awaiting EMRA approval, which is expected to come through in 2Q14.

Company Highlights

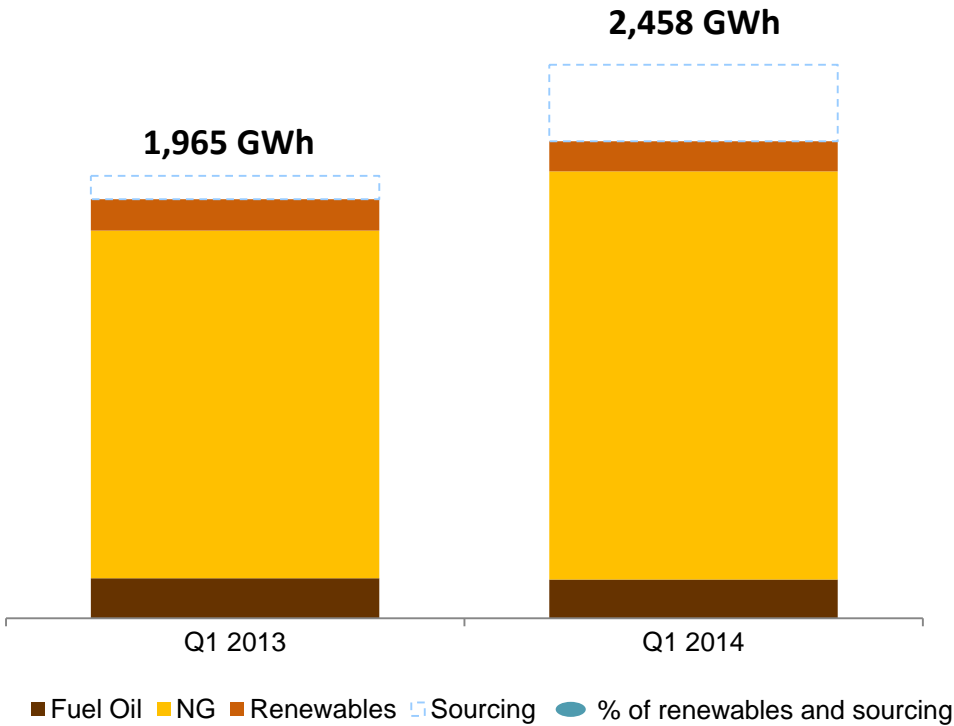
- ▶ The second phase of Belen/Atik WPP, which was 14MW has become operational in mid-February this quarter, taking this plant's total installed capacity to 18MW, increasing our current installed capacity to 2,066MW and total renewable capacity to 217MW.
- ▶ Constructions of the 2 windfarms with a total installed capacity of 57MW will be completed and will become operational in Q3 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.

Decreasing generation costs via increasing share of sourcing and generation from renewables

Improving Lower Cost Output

- 25% increase in total production YoY
- 7 ppt increase in share of renewables & sourcing YoY, part of our strategy to decrease generation costs
- Off-peak sourcing abilities and purchase amounts to further increase as the contracted sales volume increases
- Cost-effective renewables and sourcing enable us to have higher operating margins
- 270 MW Bolu/Göynük lignite-fired PP fully operational in 2015 at c.70TL cost will significantly decrease the cost base.
- Total of 582 MW of local and renewable pipeline to become operational by YE2015
- Fuel-oil fired PPs to continue provide profitability due to high prices in restricted regions

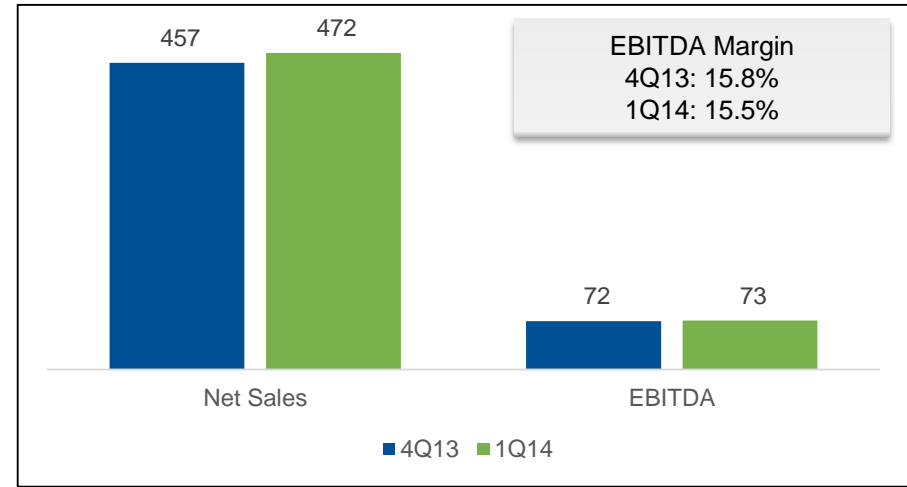
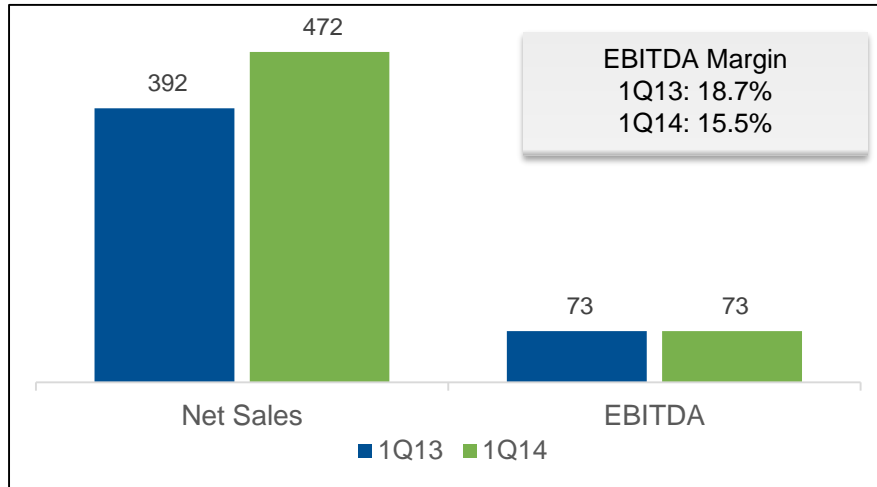
% of Renewables & Sourcing



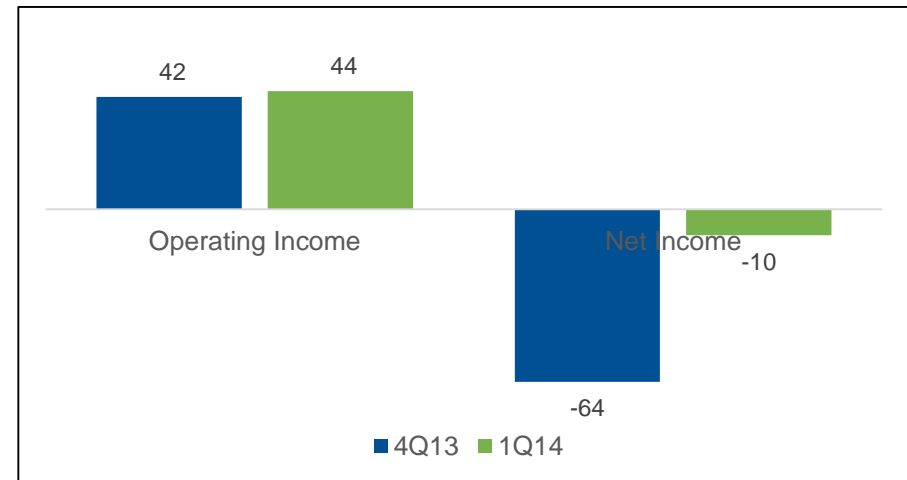
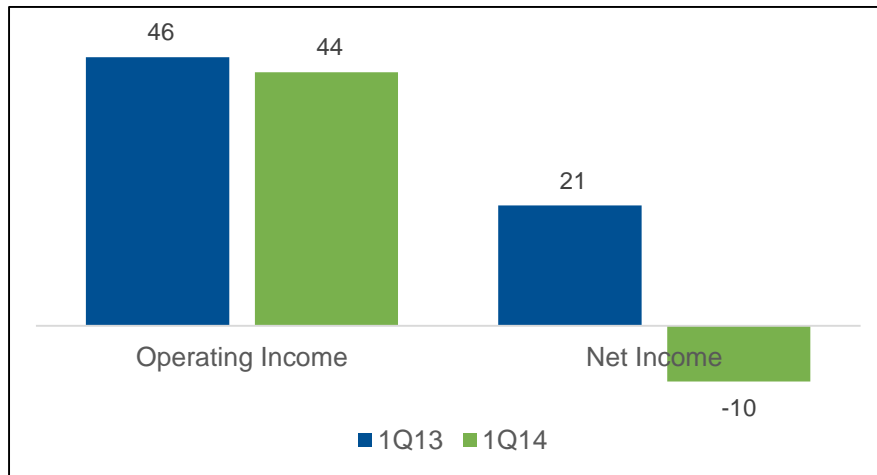
Financial highlights 1Q 2014

Consolidated income statement

Net sales & EBITDA (TL mn)



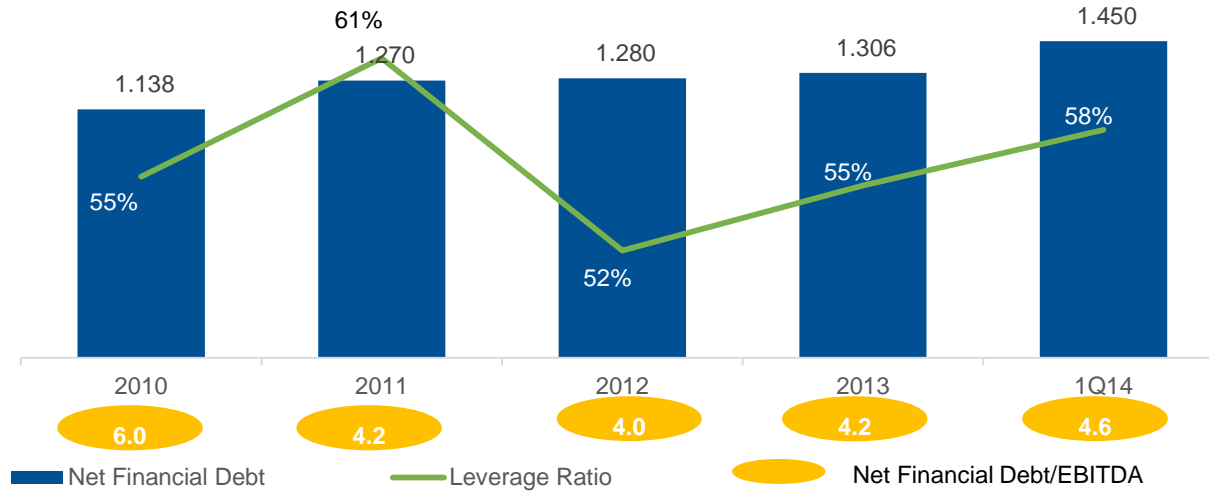
Operating income & Net income (TL mn)



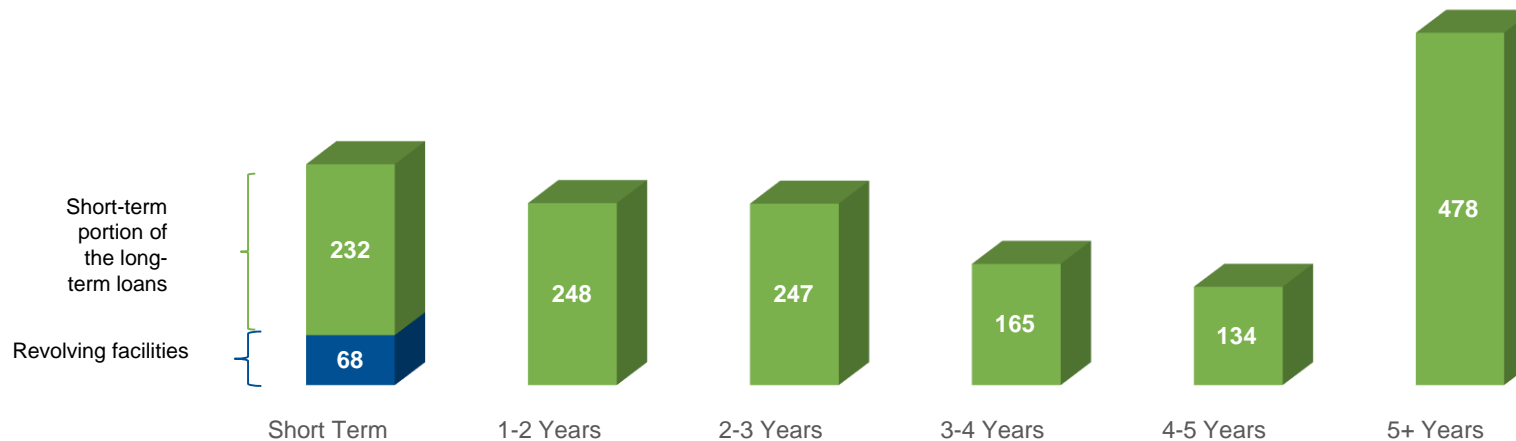
Financial highlights 1Q 2014

Net financial debt and repayment schedule

Net financial debt (TL mn)



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



Source: IFRS financial statements

Consolidated income statement

<i>(TLm)</i>	2010	2011	2012	2013	Q1 2013	Q1 2014
Net sales	911,9	1315,4	1840,6	1786,0	391,5	472,1
Cost of sales	-775,5	-1088,0	-1604,0	-1565,9	-341,0	-423,5
Gross profit	136,4	227,4	236,6	220,1	50,5	48,6
<i>Gross profit margin</i>	15%	17%	13%	12%	13%	10%
General & administrative costs	-17,8	-16,0	-16,7	-18,0	-3,9	-4,5
Sales and marketing costs	-1,8	-3,0	-2,1	-2,0	-0,2	-0,3
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	46,4	43,7
<i>Operating income margin</i>	12,8%	15,8%	11,8%	11,2%	11,8%	9,3%
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	0,1	0,0
Financing income/(expense)	-43,5	-273,5	221,0	142,8	-21,8	66,6
Earnings before income tax	84,7	-116,5	226,5	-156,1	24,7	0,0
<i>EBT margin</i>	9,3%	-8,9%	12,3%	-8,7%	6,3%	0,0%
Tax	-14,1	-5,5	-6,6	22,8	-3,9	-1,3
Net income	69,4	-122,0	219,9	-133,3	20,8	-9,6
<i>Net income margin</i>	7,6%	-9,3%	11,9%	-7,5%	5,3%	-2,0%
EBITDA	188,3	300,8	323,1	311,8	73,0	73,1
<i>EBITDA margin</i>	20,7%	22,9%	17,6%	17,5%	18,7%	15,5%

Source: IFRS financial statements

Consolidated balance sheet

(TL mn)

Assets	2010	2011	2012	2013	1Q 2013	1Q 2014
Cash and cash equivalents	78,3	110,5	40,9	22,3	101,6	127,6
Trade receivables net	113,0	261,5	245,9	142,3	227,2	115,0
Due from related parties and shareholders	607,9	360,0	593,9	0,0	252,4	0,0
Inventory	81,3	121,5	135,5	250,0	183,1	223,9
Derivative Financial Instruments	–	–	–	–	–	–
Other current assets	71,5	90,7	84,6	77,4	59,2	71,9
Total current assets	952,0	944,3	1100,8	492,0	823,4	538,4
Trade receivables	–	–	–	–	–	–
Investments	1,6	1,6	1,6	1,5	1,7	1,5
PP&E	1375,7	1613,0	1627,3	2109,7	1626,6	2301,8
Goodwill	6,0	9,5	9,5	9,5	9,5	7,1
Intangibles	0,7	1,1	1,7	1,9	1,7	1,9
Other non-current assets	20,3	43,4	87,0	113,2	118,5	99,0
Deferred tax assets	4,1	4,1	4,1	36,7	4,1	39,1
Total non-current assets	1408,4	1672,7	1731,2	2272,6	1762,1	2450,4
Total assets	2360,5	2617,0	2832,0	2764,6	2585,5	2988,8
Liabilities	2010	2011	2012	2013	1Q 2013	1Q 2014
Financial liabilities	413,2	489,5	564,3	265,6	288,8	306,1
Trade payables, net	197,6	359,5	284,7	326,1	303,6	323,1
Due to Related Parties and Shareholders	–	–	–	–	–	–
Taxation payable on income	13,5	4,4	6,6	7,5	3,9	3,8
Other payables and accrued liabilities	9,9	70,4	11,7	14,8	17,3	21,4
Total current liabilities	634,2	923,8	867,3	614,0	613,6	654,4
Long-term financial liabilities	803,4	891,5	756,4	1062,7	742,6	1271,9
Retirement pay provision	1,3	1,8	2,2	3,0	2,4	3,2
Other liabilities	–	–	–	–	–	–
Deferred tax liability	2,9	2,9	2,9	3,5	2,9	0,1
Long Term Liabilities	807,6	896,2	761,5	1069,2	747,9	1275,2
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	340,7	207,0
Share premium	96,0	96,5	247,4	247,4	247,4	247,4
Cash Flow Hedge Reserve	–	–	–	2,1	0,0	1,4
Net profit for the year	69,4	-122,0	219,7	-133,3	20,8	-9,6
Shareholder's equity	918,6	797,0	1203,2	1074,1	1224,0	1061,3
Total liabilities and equity	2360,5	2617,0	2832,0	2757,3	2585,5	2990,9

Source: IFRS financial statements

Consolidated statement of cash flows

<i>(TLmn)</i>	2010	2011	2012	2013	1Q 2013	1Q 2014
Net income (loss)	69,4	-122,0	219,9	-133,3	20,8	-9,6
Depreciation and amortisation	71,7	92,5	105,3	111,8	26,7	29,3
Other adjustments	13	236,8	-46,4	193,0	5,4	27,2
Change in working capital	-67,1	-20,3	-189,4	7,5	-16,2	69,6
Operating cash flows	87	187,1	89,3	178,9	36,7	116,5
Purchased of PP&E	-315,1	-330,2	-130,4	-395,7	-26,0	-221,3
Investing cash flows	-333,9	-334,6	-116,9	-395,4	-25,8	-221,3
Financing cash flows	308,9	179,4	-41,9	219,5	46,2	214,3
Net cash flows	62	31,8	-69,4	3,1	57,0	109,5

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	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
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	Installed 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	Installed 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