

# Aksa Enerji

The leading IPP in Turkey

*Q4 2013 Earnings Presentation*

*February, 2014*



**AKSA**  
ENERJİ



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## **Q4 2013 Operational & Financial Results**

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# Executive Summary



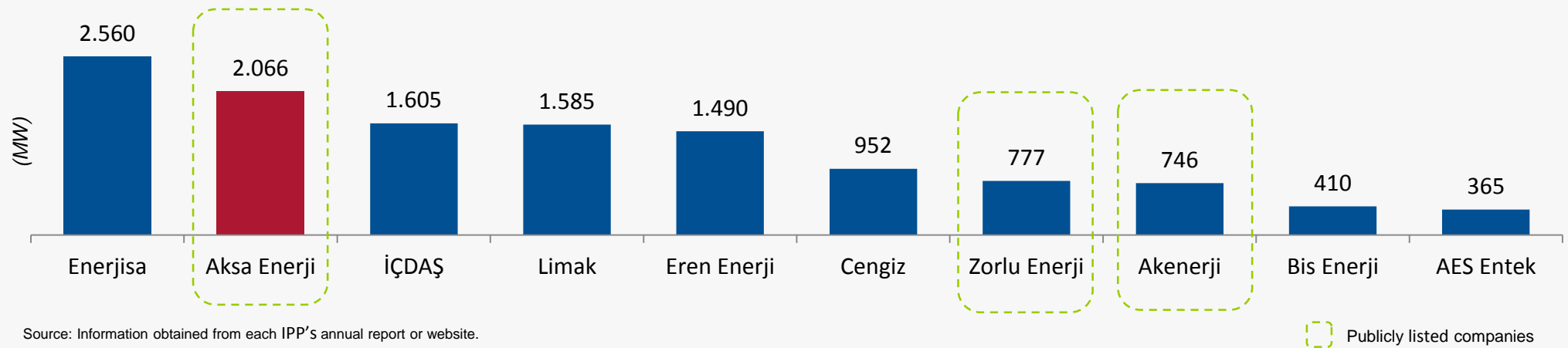
	2012	2013	YoY Change	Q4 2012	Q4 2013	YoY Change	Q3 2013	Q4 2013	QoQ Change
Installed Capacity (MW)	2.045	2.052	7 MW	2.045	2.052	7 MW	2.052	2.052	-
Sales Volume (GWh)	9.784	9.109	-7%	2.225	2.399	8%	2.570	2.399	-7%
Capacity Utilization Rate (CUR)	60%	56%	-4pp	54%	58%	+4pp	67%	58%	-9pp
Net Sales (TL mn)	1.841	1.786	-3%	433	457	6%	537	457	-15%
Gross Profit (TL mn)	236	220	-7%	45	48	7%	88	48	-45%
Operating Inc. (TL mn)	218	196	-10%	39	38	-3%	84	38	-55%
EBITDA (TL mn)	323	312	-3%	67	72	8%	112	72	-36%
Net Income (TL mn)	220	-133	nm	22	-64	nm	-13	-64	nm
EBITDA Margin	18,0%	17,5%	-1pp	15,0%	15,8%	+1pp	21,0%	15,8%	-5pp
Operating Profit Margin	12%	11%	-1pp	9%	8%	-1pp	16%	8%	-8pp

Sales volumes include sales derived from TEİAŞ's Load Rejection Order (YAT: Yük Atma Talimatı)  
CUR includes capacity sales for frequency controls

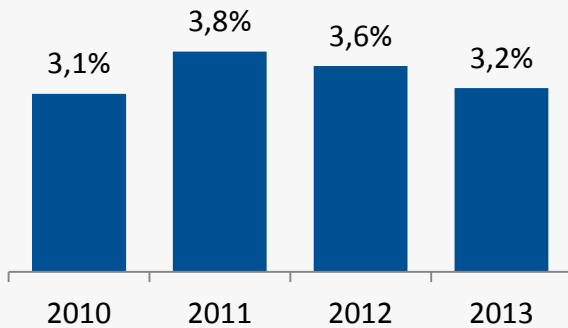
# We are the second largest IPP in Turkey with 2,066MW installed capacity



## IPPs by Installed Capacity

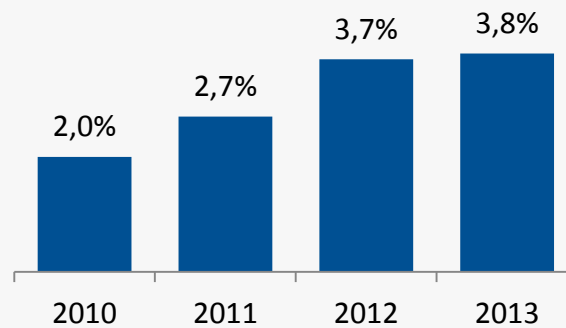


### Share of Aksa Enerji in Installed Capacity of Turkey (MW)

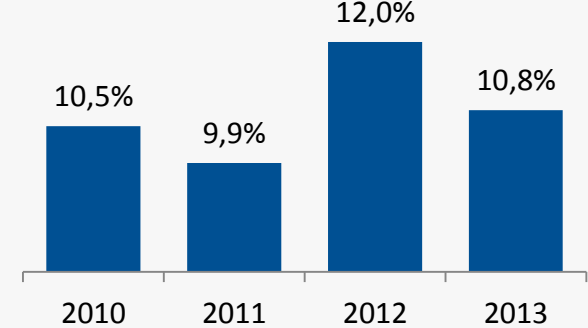


Source: TEİAŞ, company information.

### Share of Aksa Enerji in Annual Generation of Turkey (MWh)



### Share of Aksa Enerji in Annual Generation of IPPs (MWh)

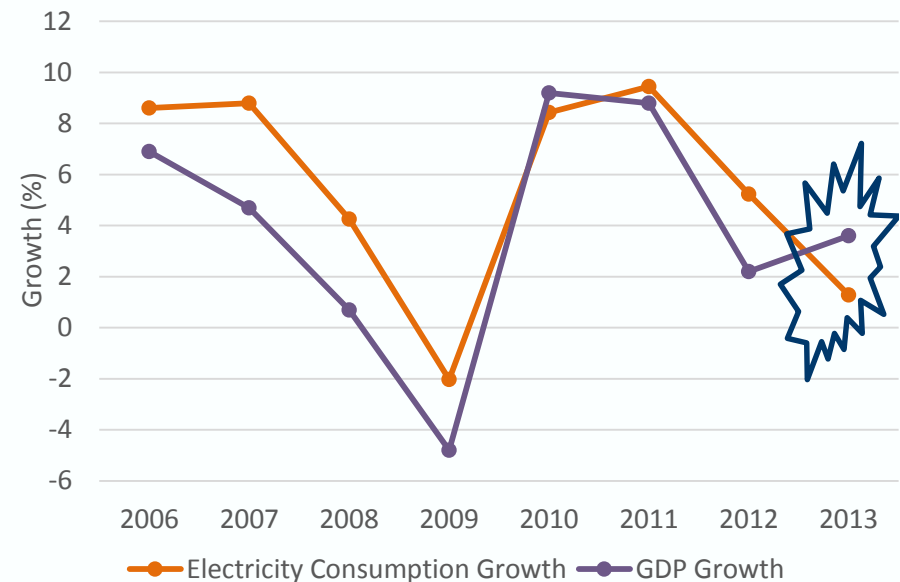


**Aksa Enerji is one of the leading IPPs in Turkey with 11% market share in total generation of IPPs**

▶ Electricity production in Turkey increased by 5% in 4Q13 compared to 4Q12.

▶ In 2013 as a whole however, Turkey's electricity consumption has increased by a mere 1.4% compared to 2012, which is short of Treasury's expected GDP growth rate of 3.6%, a rare occasion in the last few years. Reasons for low growth rate are:

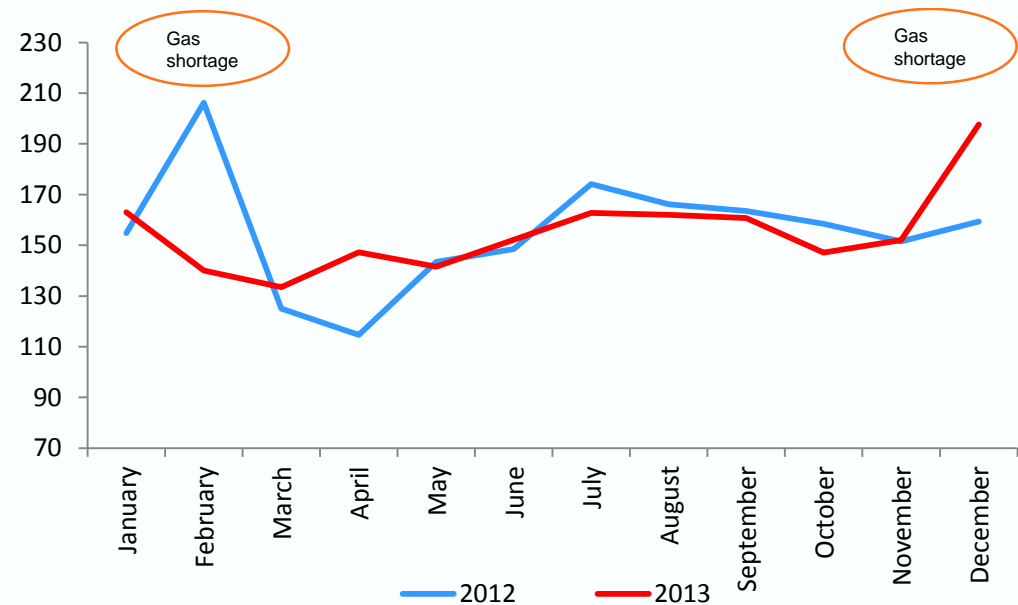
- Favorable weather conditions
- Gas shortage in December
- Decrease in consumption of some of the heavy industrial users



▶ Although the demand has increased by 1.4%, the production of electricity has remained flat in 2013 compared to 2012 due to the decrease in exports and increase in imports. (Imports have increased by 1.6TWh, while exports have decreased by 1.7TWh.)

▶ In 2013, 7,000MW new capacity came into the market. The slow down in consumption and continuing increase in supply have been reflected on electricity prices in the spot market.

▶ Despite the gas shortage in December, the weighted average spot market electricity price was flat at 155TL/MWh in 2013, compared to 156TL/MWh in 2012.

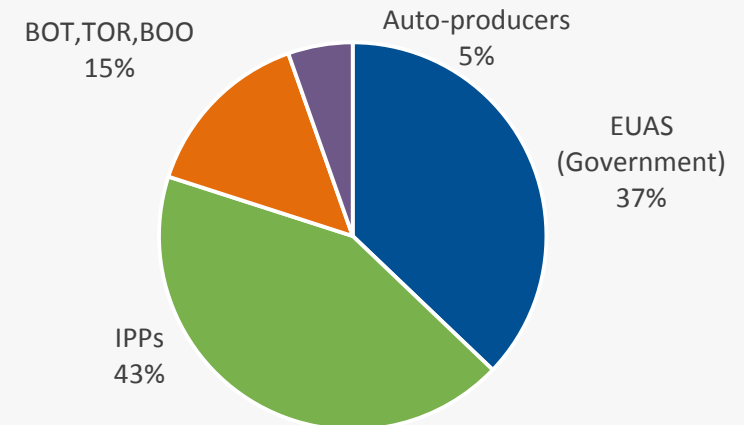
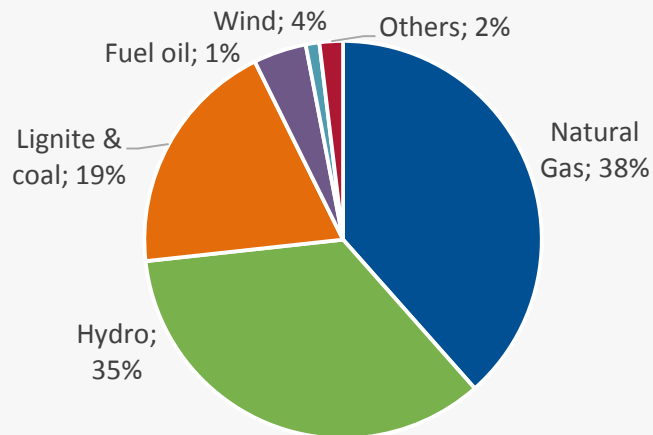


# Turkish power market

## Supply dynamics

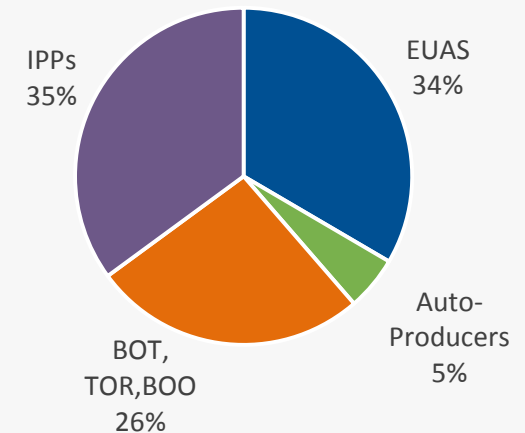
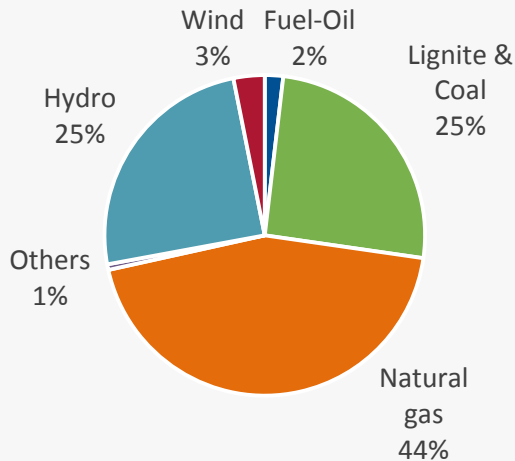


### Breakdown of installed capacity by fuel type and ownership (December 31, 2013)



**Total installed capacity:**  
64.0 GW

### Breakdown of generation by fuel type and ownership (December 31, 2013)



**2013 Generation:**  
239.3 TWh

**Natural gas is the dominant fuel type**

**Share of the state is decreasing**



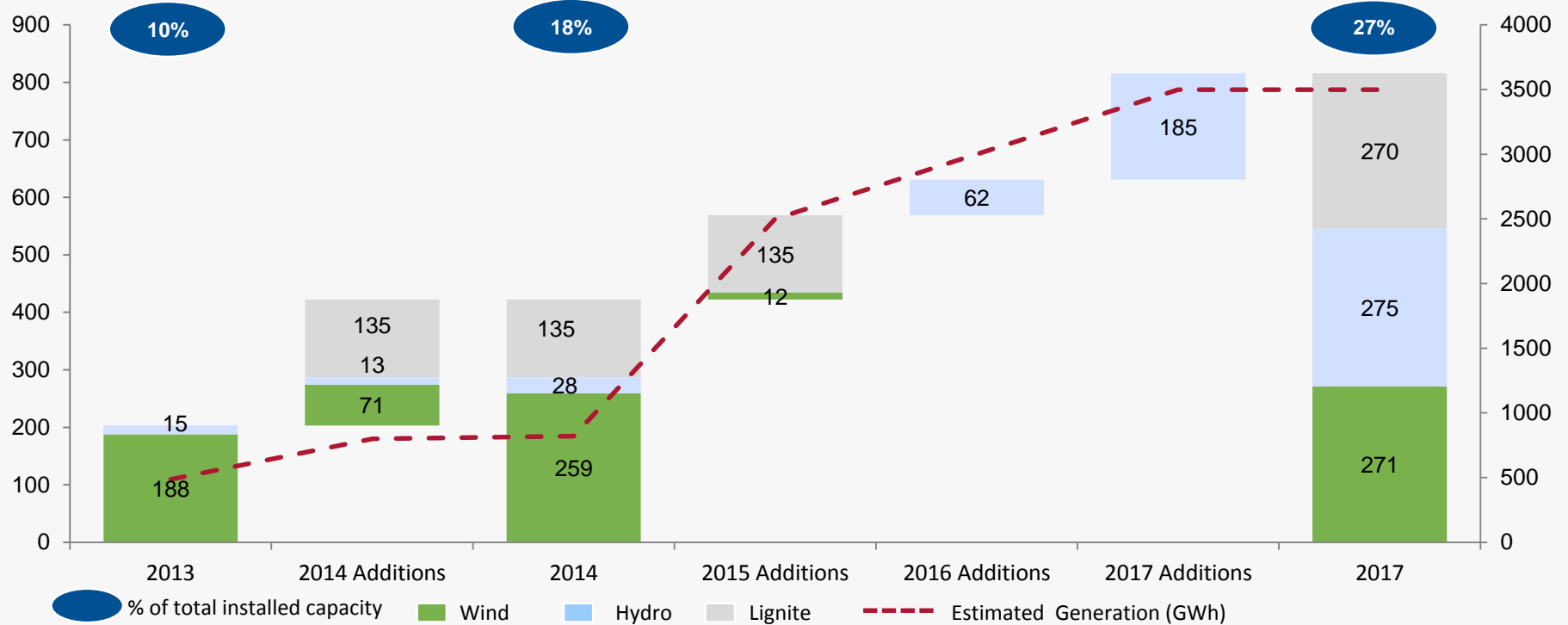
- ▶ Although slightly overshadowed by lower than expected demand and spot prices, major operational indicators recorded a pleasing performance in Q4 2013.
- ▶ Amongst the planned acquisitions of 3 operational power plants from Kazancı Holding, the acquisition of Kapıdağ wind farm has been completed. The other two power plants are awaiting EMRA approval.
- ▶ Financing regarding the remaining turbine equipments for the 3 WEPP projects has been finalized with leasing companies.

- ▶ 4MW of Belen / Atik 30MW wind farm project has been commissioned and taken into commercial operation; bringing up the number of total operating power plants to 16, total installed capacity to 2,052MW in 2013 and additionally the second phase of this project, 14MW, has also been operational this month, 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 operational this year step by step starting from April.
- ▶ 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, it will make a very significant addition to our EBITDA in 2015.

# Capacity and Production Increases in Renewables and Local Fuel



## Targeted Capacity Increases in Renewables & Lignite (MW)



### 2013 Capacity Increases

#### Acquisitions

- 35 MW Kapıdağ WEPP ✓  
(completed in June 2013, 24MW in commercial operation)
- 13.4MW Akköy HPP
- 24MW Siirt HFO

### WEPP to be commissioned in 2014

#### 87MW WEPP

- Belen 30MW, greenfield  
(4MW in commercial operation since Sep 2013 & 14 MW since Feb 2014)
- Kıyıköy 27MW, greenfield
- Sebenoba 30MW, extension

### Under Construction

#### 147 MW HPP

- Kozbükü, 62MW, greenfield (2016)
- Sansa, 85MW, greenfield (2017)

#### 270 MW Lignite Fired PP (2x135MW)

- Bolu-Göynük, greenfield (2014-2015)
- Annual production volume: 2bn kwh

# Customer Mix and Sales

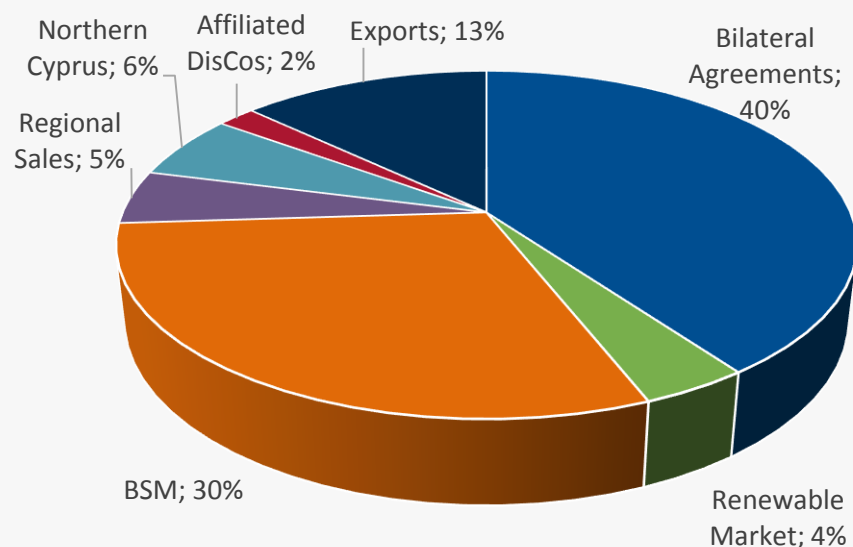
More diversified and well balanced customer mix



## Customer Mix

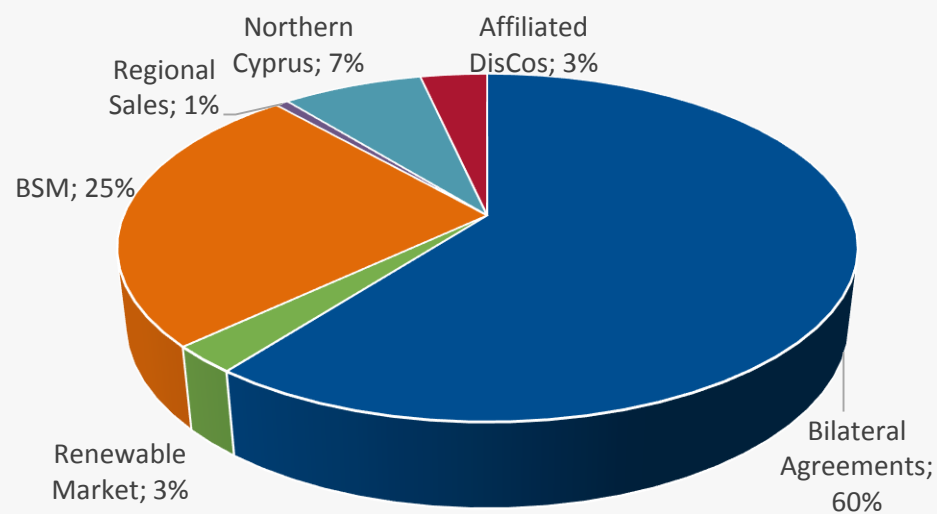
2012

Total Sales Volume: 9.8 Twh



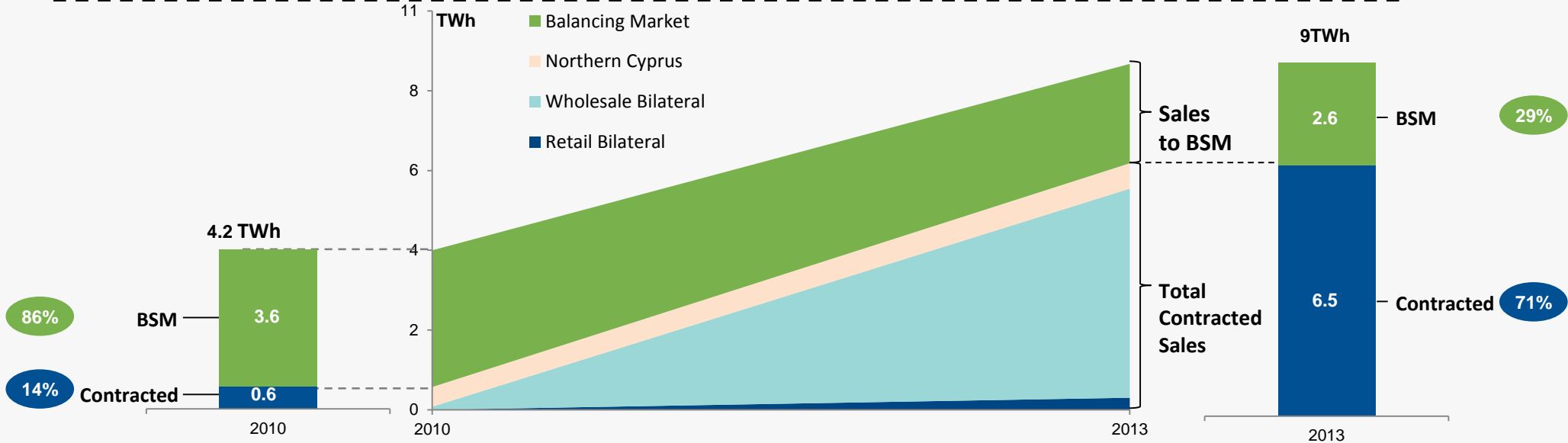
2013

Total Sales Volume: 9.1 Twh



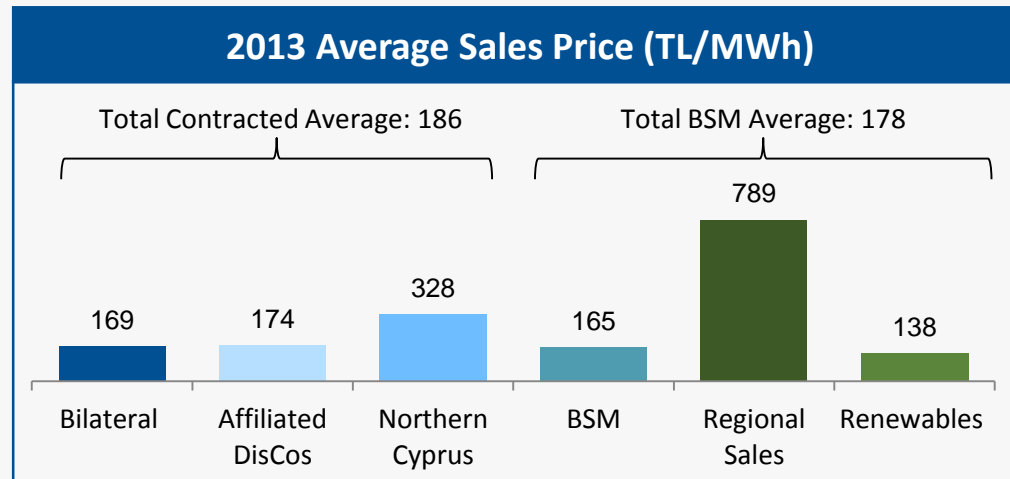
- Share of bilateral sales has increased from 40% to 60% in 2013, replacing exports.
- Including Northern Cyprus and Affiliated Retail sales, total contracted sales reached 70% of total sales volume in 2013 vs 48% in 2012

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



### 2010 - Contracted Sales

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



### 2013 - Contracted Sales

- 24,987 bilateral customers<sup>(1)</sup>
- 6,5 GWh contracted sales
- 71% of total sales

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

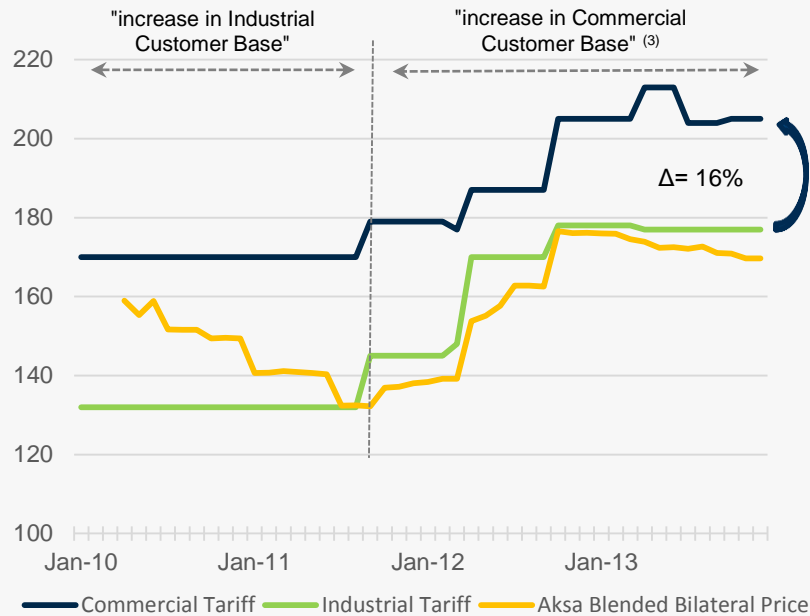
# At the same time, we are shifting bilateral mix towards more profitable commercial clients



## Evolution of Eligibility Limit



## Tariffs and Aksa Bilateral Sales Price (TL/MWh)

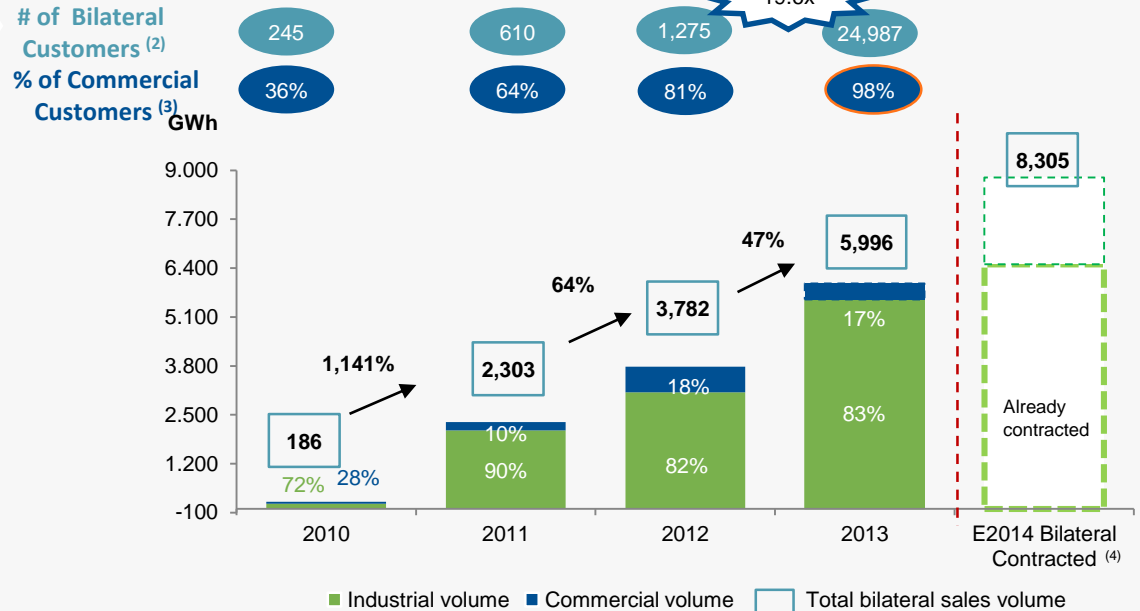


(1) Consumption of eligible customers divided by total consumption.

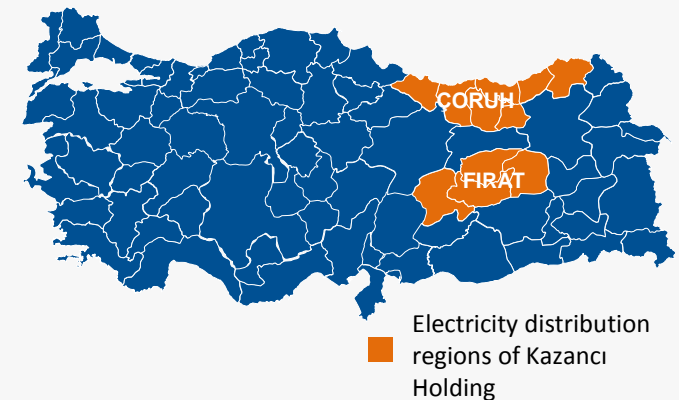
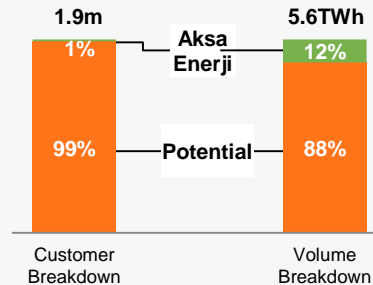
(2) Bilateral customers are contracted by the affiliates of Kazancı Group. Aksa Enerji has contracts with the affiliates of Kazancı Group.

(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)

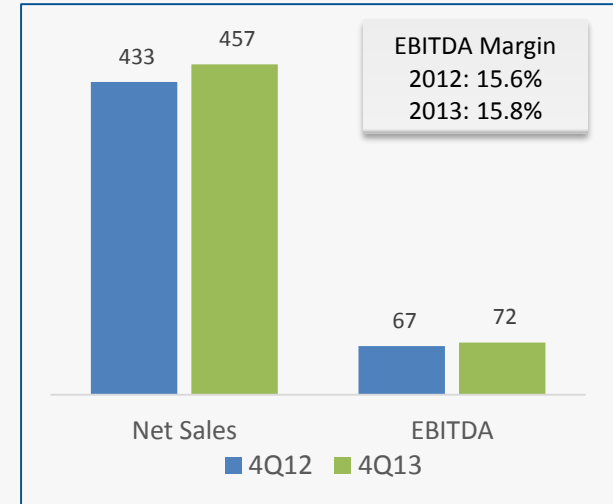
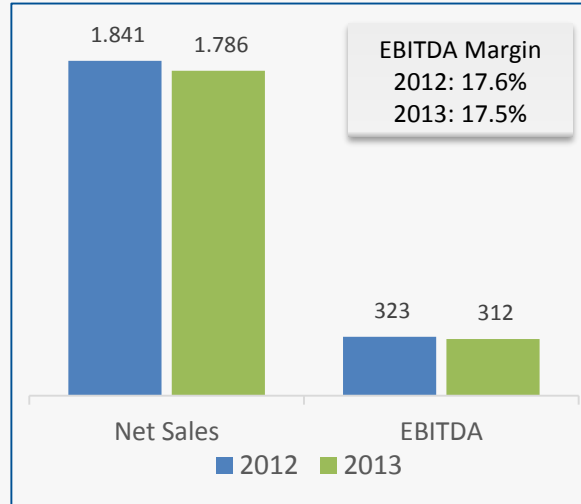
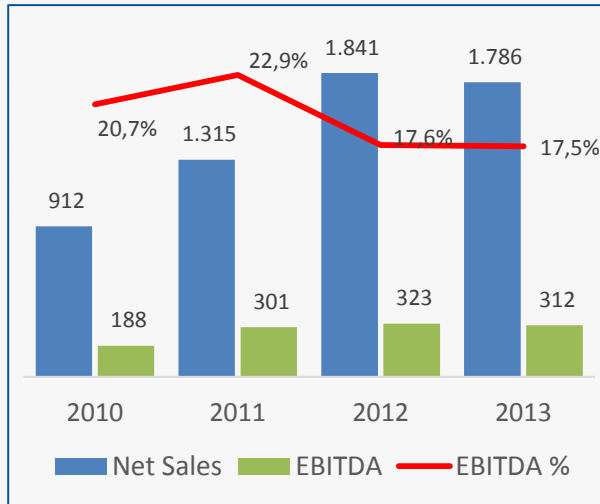


# Financial highlights

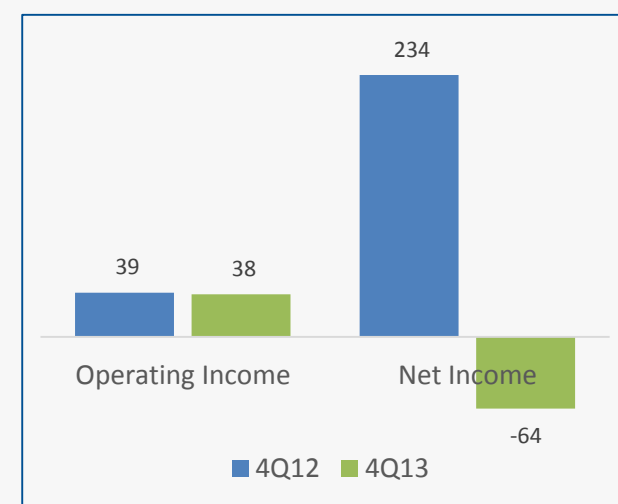
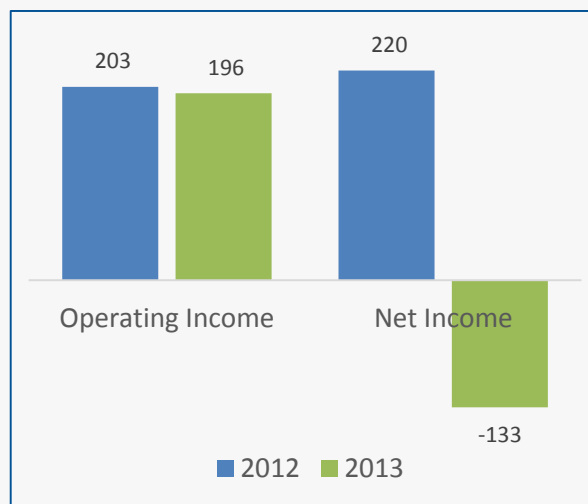
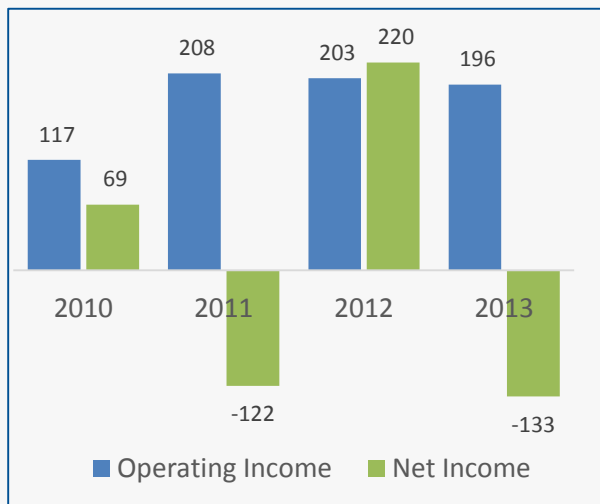
## Consolidated income statement



### Net sales & EBITDA (TL mn)



### Operating income & Net income (TL mn)

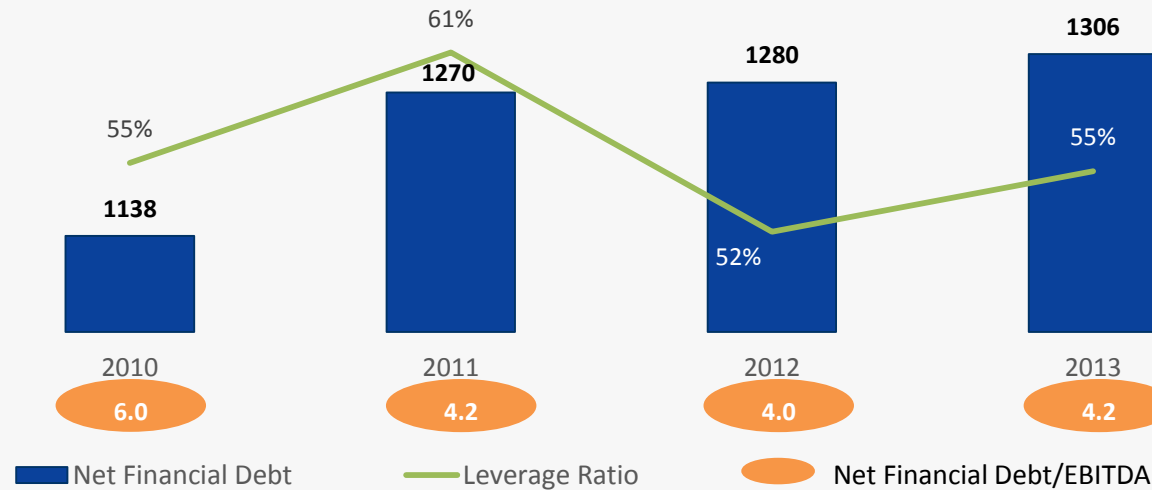


# Financial highlights

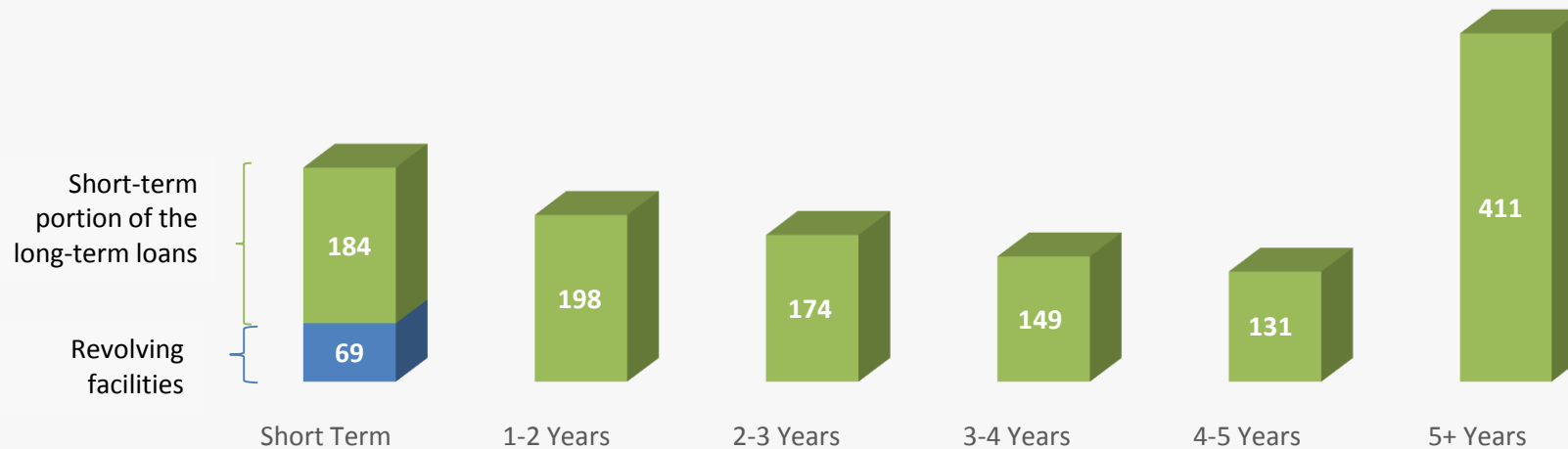
## Net financial debt and repayment schedule



### Net financial debt (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 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
<b>Net sales</b>	<b>911,9</b>	<b>1315,4</b>	<b>1840,6</b>	<b>1786,0</b>	<b>526,9</b>	<b>340,8</b>	<b>540,1</b>	<b>432,8</b>	<b>391,5</b>	<b>400,3</b>	<b>536,7</b>	<b>457,4</b>
Cost of sales	-775,5	-1088,0	-1604,0	-1565,9	-431,5	-313,7	-470,7	-388,2	-341,0	-367,1	-448,5	-409,3
<b>Gross profit</b>	<b>136,4</b>	<b>227,4</b>	<b>236,6</b>	<b>220,1</b>	<b>95,4</b>	<b>27,1</b>	<b>69,4</b>	<b>44,7</b>	<b>50,5</b>	<b>33,3</b>	<b>88,2</b>	<b>48,1</b>
<i>Gross profit margin</i>	15%	17%	13%	12%	18%	8%	13%	10%	13%	8%	16%	11%
General & administrative costs	-17,8	-16,0	-16,7	-18,0	-4,8	-4,8	-2,7	-4,4	-3,9	-4,4	-4,4	-5,3
Sales and marketing costs	-1,8	-3,0	-2,1	-2,0	-0,3	-0,4	-0,4	-0,9	-0,2	-0,5	-0,2	-1,1
Research & development costs	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Operating income</b>	<b>116,7</b>	<b>208,3</b>	<b>217,8</b>	<b>200,1</b>	<b>90,3</b>	<b>21,9</b>	<b>66,3</b>	<b>39,4</b>	<b>46,4</b>	<b>28,4</b>	<b>83,7</b>	<b>41,6</b>
<i>Operating income margin</i>	12,8%	15,8%	11,8%	11,2%	17,1%	6,4%	12,3%	9,1%	11,8%	7,1%	15,6%	9,1%
Goodwill income/(expense)	7,0	0,0	0,0	0,0	-	-	-	-	-	-	-	-
Other income/(expense)	4,6	-51,3	0,0	0,0	2,6	-12,1	-1,5	11,1	0,1	-2,7	-1,9	4,5
Financing income/(expense)	-43,5	-273,5	221,0	142,8	68,6	-18,3	-11,2	181,9	-21,8	-102,2	-90,6	357,3
<b>Earnings before income tax</b>	<b>84,7</b>	<b>-116,5</b>	<b>226,5</b>	<b>-156,1</b>	<b>161,4</b>	<b>-8,6</b>	<b>53,5</b>	<b>232,0</b>	<b>24,7</b>	<b>-76,5</b>	<b>-8,9</b>	<b>-95,4</b>
<i>EBT margin</i>	9,3%	-8,9%	12,3%	-8,7%	30,6%	-2,5%	9,9%	53,6%	6,3%	-19,1%	-1,7%	-20,9%
Tax	-14,1	-5,5	-6,6	22,8	-6,0	0,6	-2,4	1,2	-3,9	-1,1	-3,7	-1,0
<b>Net income</b>	<b>69,4</b>	<b>-122,0</b>	<b>219,9</b>	<b>-133,3</b>	<b>155,4</b>	<b>-8,0</b>	<b>50,7</b>	<b>233,7</b>	<b>20,8</b>	<b>-77,6</b>	<b>-12,6</b>	<b>-63,9</b>
<i>Net income margin</i>	7,6%	-9,3%	11,9%	-7,5%	29,5%	-2,3%	9,4%	54,0%	5,3%	-19,4%	-2,3%	-14,0%
<b>EBITDA</b>	<b>188,3</b>	<b>300,8</b>	<b>323,1</b>	<b>311,8</b>	<b>119,9</b>	<b>43,9</b>	<b>92,0</b>	<b>67,3</b>	<b>73,0</b>	<b>54,3</b>	<b>112,3</b>	<b>72,2</b>
<i>EBITDA margin</i>	20,7%	22,9%	17,6%	17,5%	22,7%	12,9%	17,0%	15,6%	18,7%	13,6%	20,9%	15,8%

Source: IFRS financial statements

# Consolidated balance sheet



(TL mn)

<b>Assets</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Cash and cash equivalents	78,3	110,5	40,9	22,3
Trade receivables net	113,0	261,5	245,9	142,3
Due from related parties and shareholders	607,9	360,0	593,9	0,0
Inventory	81,3	121,5	135,5	250,0
Derivative Financial Instruments	–	–	–	–
Other current assets	71,5	90,7	84,6	77,4
<b>Total current assets</b>	<b>952,0</b>	<b>944,3</b>	<b>1100,8</b>	<b>492,0</b>
Trade receivables	–	–	–	–
Investments	1,6	1,6	1,6	1,5
PP&E	1375,7	1613,0	1627,3	2109,7
Goodwill	6,0	9,5	9,5	9,5
Intangibles	0,7	1,1	1,7	1,9
Other non-current assets	20,3	43,4	87,0	113,2
Deferred tax assets	4,1	4,1	4,1	36,7
<b>Total non-current assets</b>	<b>1408,4</b>	<b>1672,7</b>	<b>1731,2</b>	<b>2272,6</b>
<b>Total assets</b>	<b>2360,5</b>	<b>2617,0</b>	<b>2832,0</b>	<b>2764,6</b>
<b>Liabilities</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Financial liabilities	413,2	489,5	564,3	265,6
Trade payables, net	197,6	359,5	284,7	326,1
Due to Related Parties and Shareholders	–	–	–	–
Taxation payable on income	13,5	4,4	6,6	7,5
Other payables and accrued liabilities	9,9	70,4	11,7	14,8
<b>Total current liabilities</b>	<b>634,2</b>	<b>923,8</b>	<b>867,3</b>	<b>614,0</b>
Long-term financial liabilities	803,4	891,5	756,4	1062,7
Retirement pay provision	1,3	1,8	2,2	3,0
Other liabilities	–	–	–	–
Deferred tax liability	2,9	2,9	2,9	3,5
<b>Long Term Liabilities</b>	<b>807,6</b>	<b>896,2</b>	<b>761,5</b>	<b>1069,2</b>
Paid in capital	579,5	579,5	615,2	615,2
General reserves	173,7	242,9	121,0	342,7
Share premium	96,0	96,5	247,4	247,4
Cash Flow Hedge Reserve	–	–	–	2,1
Net profit for the year	69,4	-122,0	219,7	-133,3
<b>Shareholder's equity</b>	<b>918,6</b>	<b>797,0</b>	<b>1203,2</b>	<b>1074,1</b>
<b>Total liabilities and equity</b>	<b>2360,5</b>	<b>2617,0</b>	<b>2832,0</b>	<b>2757,3</b>

Source: IFRS financial statements

# Consolidated statement of cash flows



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

Source: IFRS financial statements

# Operational Assets



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
<b>Total fuel-oil fired power plants</b>			<b>209.10</b>
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
<b>Total natural gas fired power plants</b>			<b>1,640.10</b>
Balıkesir Şamlı	Baki	Wind	114.00
Hatay Sebenoba	Deniz	Wind	30.00
Manisa Karakurt	Deniz	Wind	10.80
Ayvacic	Ayres	Wind	5.00
Kapıdağ	Kapıdağ Energy	Wind	24.00
Belen / Atik	Aksa Energy	Wind	18.00
<b>Total wind power plants</b>			<b>201.80</b>
Çorum İncesu	Aksa Energy	Hydro	15.00
<b>Total hydro electric power plants</b>			<b>15.00</b>
<b>Total power plants</b>			<b>2,066</b>

# 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
<b>Total</b>				<b>49</b>	

## 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
Kozbükü	Greenfield	Idil Iki	Hydro	62	2016
Sansa	Greenfield	Aksa	Hydro	85	2017
<b>Total</b>				<b>474</b>	

## 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
<b>Total</b>				<b>1.141</b>	

## 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
<b>Total</b>				<b>438</b>	

- 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 four renewable projects
  - 270 MW local lignite fired PP
  - 57 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



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