

Aksa Enerji

The leading IPP in Turkey

Earnings Presentation

14 August 2015



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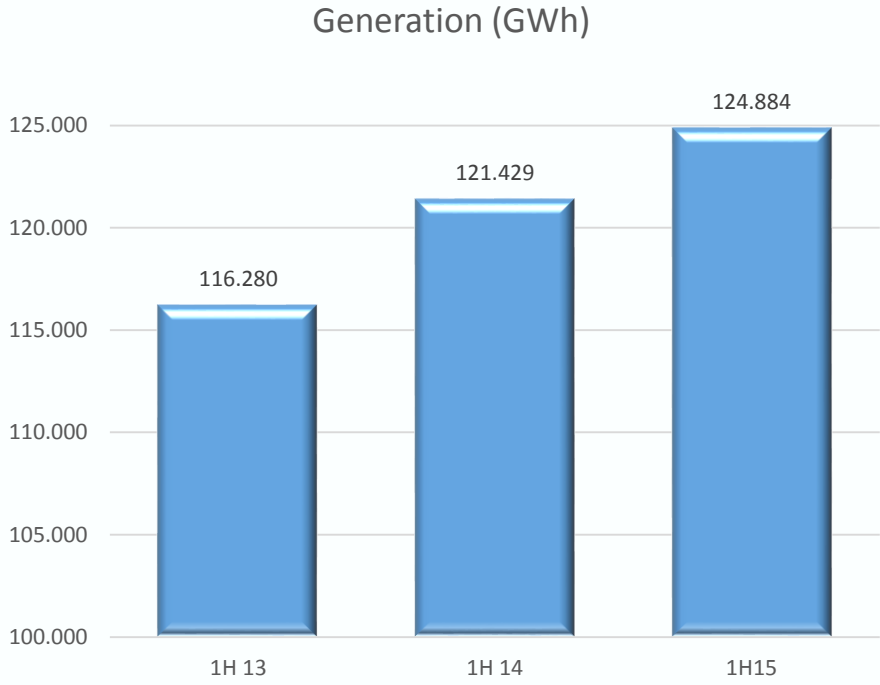
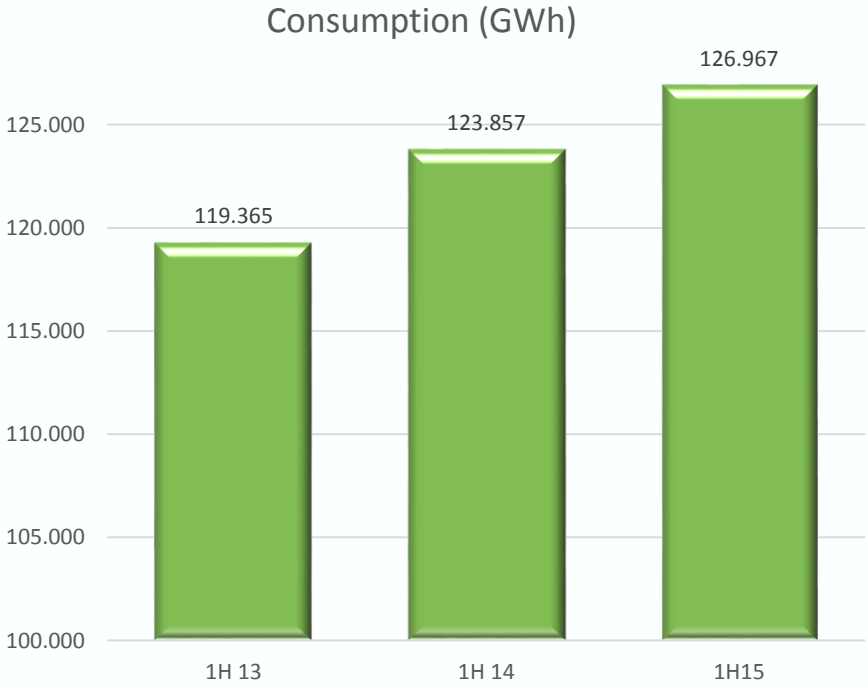
The Sector



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Market Highlights- Generation & Consumption

► Electricity generation and consumption both increased by 3% YoY in 1H15.

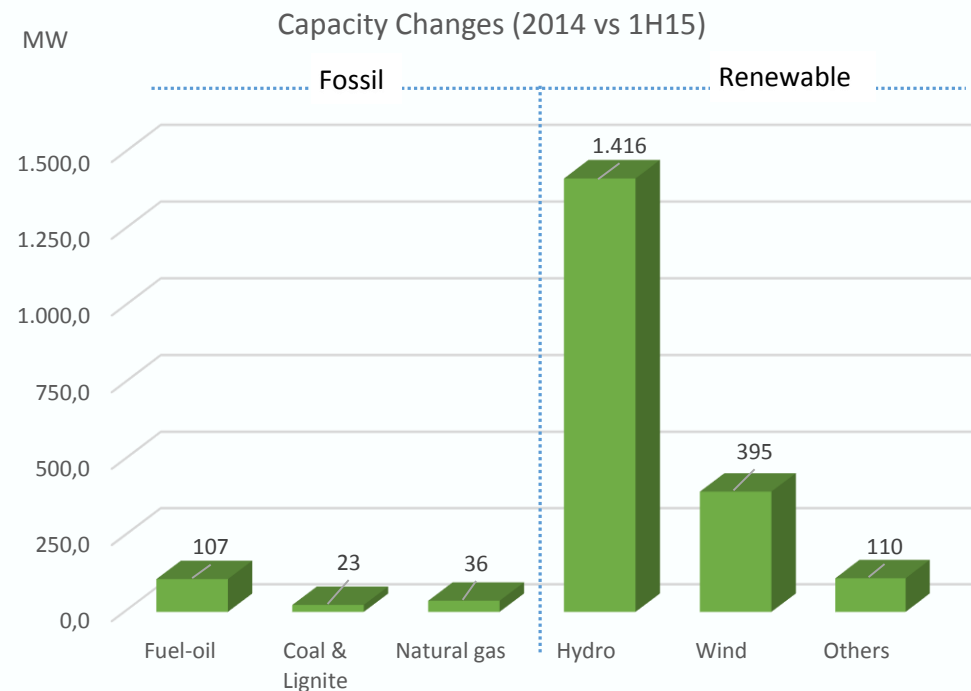


Market Highlights - Installed Capacity

▶ Total installed capacity in Turkey has increased by 2,087 MW Ytd to 71,604 MW in 1H2015, representing an increase of 3%.

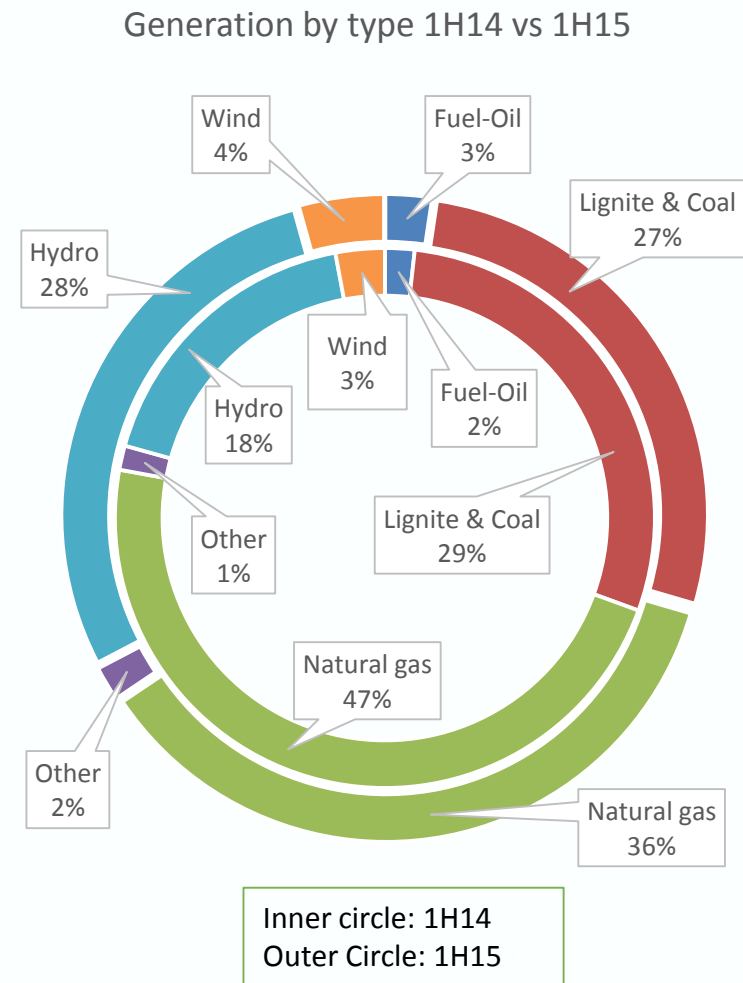
▶ The majority of the new capacity came from hydro (1,416MW).

▶ A total of 4,000-4,500MW new capacity could be expected to become operational in 2015.



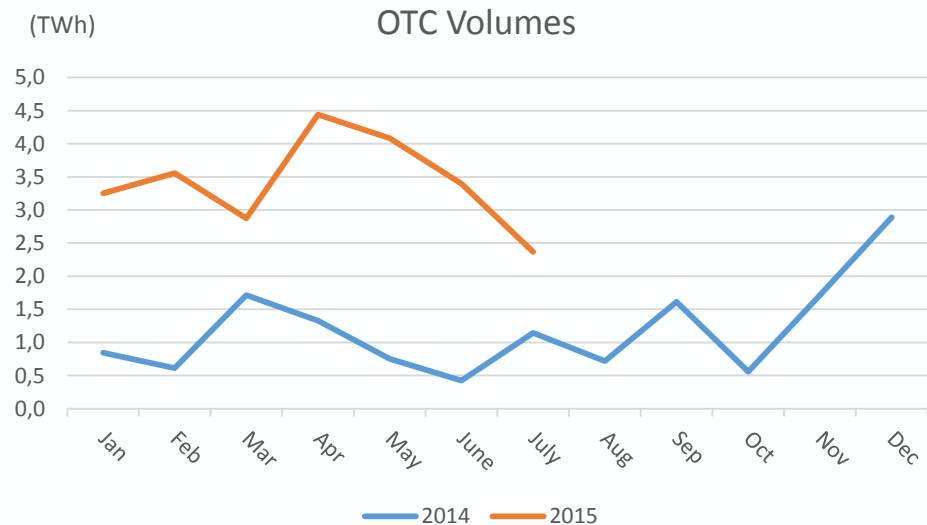
Market Update- Generation by Type

- ▶ Source of electricity generation in 1H15 changed due to heavy rain and snow fall this year, with hydros producing 28% of the total generation, as opposed to 18% in 1H14.
- ▶ The change is even more dramatic on a quarterly basis with 34% of total generation coming from hydros, as opposed to 18% in 2Q14.
- ▶ Capacity Utilisation Rate (CUR) of hydros were 33% in 1H15 vs 22% in 1H14.
- ▶ The increase in hydro generation was at the expense of generation from natural gas (1H15: 36% ; 1H14: 47%) as natural gas is an expensive source of production.
- ▶ Even generation from lignite & coal, a much cheaper sources, was down by 2 ppts YoY (H15: 27%, 1H14: 29%).



Market Update- Changes in Market and Trade Volumes

- ▶ The OTC market is a new platform allowing electricity producers to buy and sell via bilateral agreements amongst them. This has allowed the production companies a new «bilateral sales» concept in addition to bilateral sales to end users.
- ▶ In 2014 14.3 TWh of transactions took place in the OTC market. In the first 7 months of 2015 alone, the volume reached 24.0 TWh.
- ▶ We expect the OTC platform to be a much deeper market with increased amount of transactions.
- ▶ The OTC platform enables the IPPs to forecast energy prices so it has a very important role for all players for their capacity utilisation, production and price projections.
- ▶ We expect OTC to be merged with EPIAS in the long term, where the transactions will be more secure under a regulatory environment.



Aksa Enerji- Business Update

What's new?

- ▶ We have applied for 35 MW of solar capacity initially and are waiting for approval. The investment is expected to start in 2016.
- ▶ Bolu Göynük's 1st phase (135 MW) became operational in July 2015. 2nd phase (135 MW) , is expected to be operational in October.
- ▶ Sebenoba WPP's extension has been completed and a total of 17 MW installed capacity has become operational in 1H15, increasing the installed capacity of WPPs to 259 MW.
- ▶ With the additions of Sebenoba and Bolu Göynük, Aksa Energy's installed capacity increased to 2,295 MW.
- ▶ We have signed an emergency PPA with the Republic of Ghana to install and operate a 370MW HFO plant, which is expected to be operational by the end of 1H2016.

1H 2015

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1H 2015 Results - Snap Shot

	Q2 2013	Q2 2014	Q2 2015	YoY Change	1H 2013	1H 2014	1H 2015	YoY Change	Adjusted Q1 2015	Actual 1H 2014	Adjusted 1H 2015	YoY Change
Installed Capacity (MW)	2.048	2.066	2.160	94 MW	2.048	2.066	2.160	94 MW	2.151	2.066	2.160	94 MW
Sales Volume (GWh)	2.174	2.298	2.755	20%	4.139	4.756	5.768	21%	3.013	4.756	5.768	21%
Capacity Utilization Rate	54%	56%	23%	-33 pp	51%	58%	31%	+27 pp	71%	58%	68%	+10 pp
Net Sales (TL mn)	400	438	503	15%	792	910	856	-6%	544	910	1.047	15%
Gross Profit (TL mn)	33	30	120	295%	84	79	178	125%	58	79	178	125%
Operating Inc. (TL mn)	28	25	109	339%	72	69	163	137%	54	69	163	138%
EBITDA (TL mn)	54	55	141	157%	127	128	228	78%	86	128	228	78%
Net Income (TL mn)	-78	46	41	-11%	-57	37	-56	nm	-97	37	-56	nm
EBITDA Margin	13,6%	12,5%	28,1%	+15.6 pp	16,1%	14,0%	26,6%	+12.6 pp	15,9%	14,0%	21,8%	+7.8 pp
Operating Profit Margin	7,1%	5,7%	8,2%	+2.5 pp	9,0%	8,0%	19,0%	+11 pp	9,9%	8,0%	15,6%	+7.6 pp

1H 2015 Results - Adjusted

*

	1Q 2015		2Q 2015		1H 2015	
	MWh	TL/MWh	MWh	TL/MWh	MWh	TL/MWh
Bilateral Agreements (end user)	204.998	171,52	37.305	169,83	242.302	171,26
Northern Cyprus	170.814	261,78	168.578	295,81	339.393	278,68
Renewable Market (BSM Renewable)	99.740	168,52	104.792	173,62	204.531	171,13
BSM (excl Renewables& Regional Sales)	1.081.536	170,86	326.144	190,81	1.407.680	175,48
Affiliated DisCos	107.683	179,69	353.160	180,24	460.843	180,11
SALES FROM PRODUCTION	1.664.770	181	989.979	202,31	2.654.749	189
SALES via AKSA TOPTAN (OTC)	316.521		315.548		632.408	
SALES via AKSA TOPTAN (end user)	1.031.884		1.449.271		2.480.816	
TOTAL SALES	3.013.175	177,3	2.754.797	178,7	5.767.973	179,5

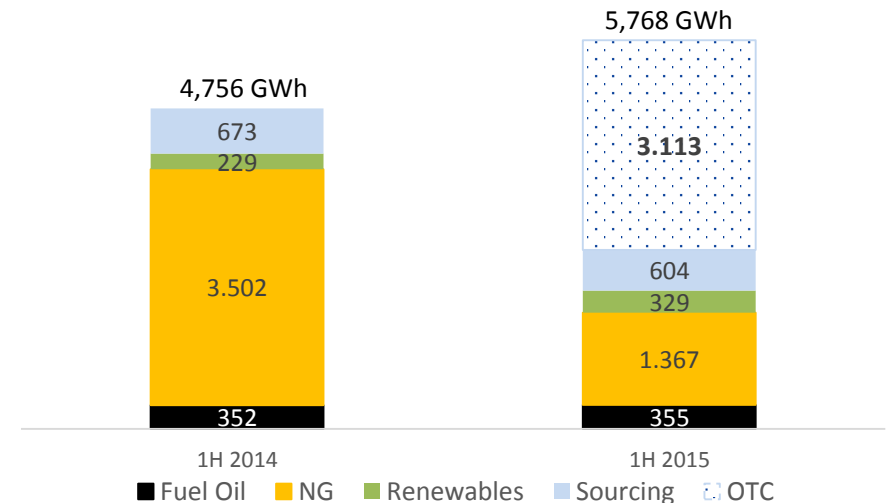
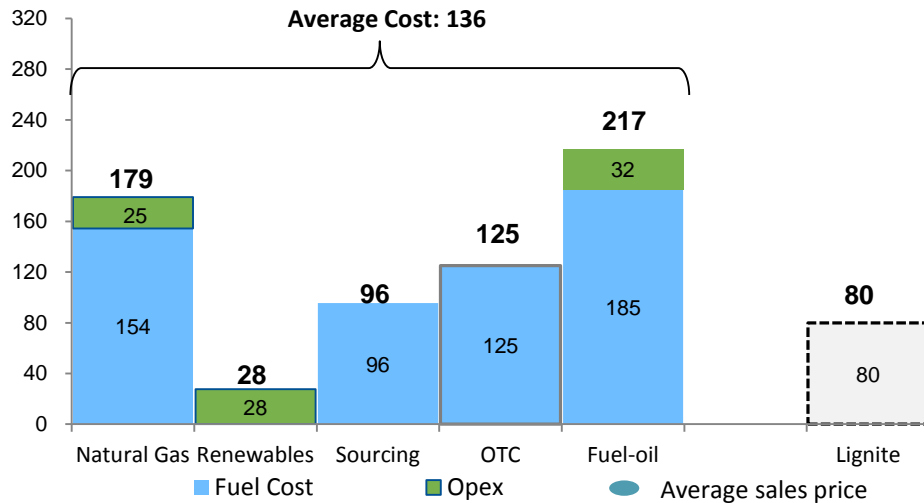
Company Highlights - Cost Structure (TL)

Cost Structure vs. Sales Price (1H15)

Improving Lower Cost Output



% of
Renewables
& Sourcing

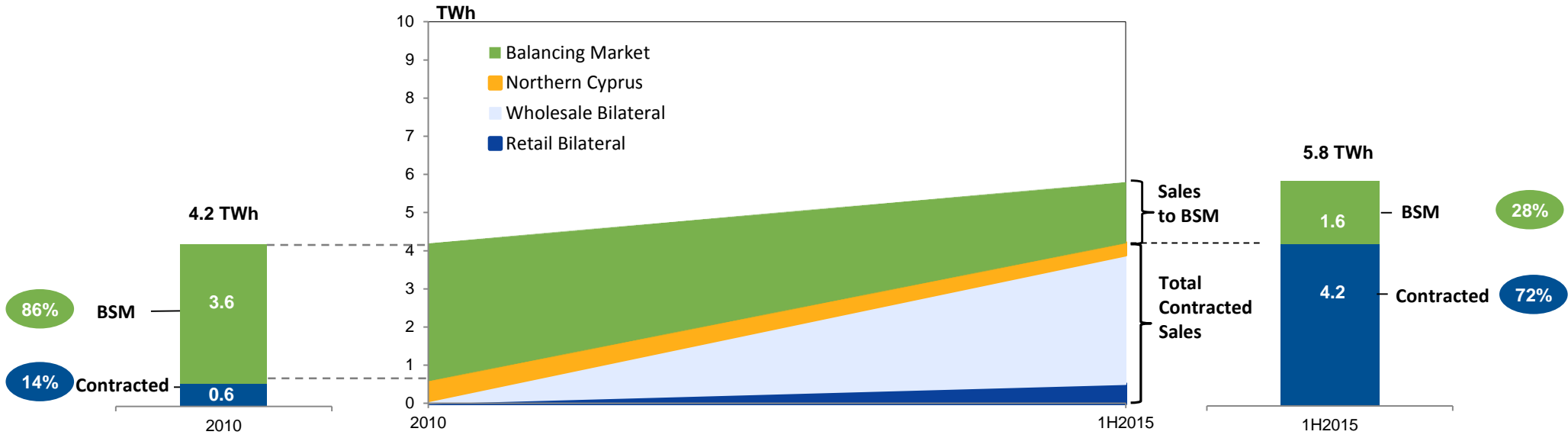


- Blending of more cost-effective renewables and sourcing activities to supply our customers provides us a better cost base.
 - The total «local and renewable resources» pipeline of 311 MW will further decrease our cost base.
 - 270 MW Bolu/Göynük lignite-fired PP fully operational in 2015 at c.80TL cost will significantly decrease the cost of production.
- Despite their high cost base, our fuel-oil fired PPs can provide significant profitability as they can achieve high prices in restricted regions.

- 21% increase in total sales YoY.
- Share of renewables & sourcing has decreased by 3 pts mainly due to the introduction of OTC volumes to reduce our cost base when spot prices are low.
- Total of 306 MW of local and renewable pipeline to become operational in 2015 (155 MW already operational YtD).
- We are decreasing our generation costs via increasing the share of renewables in generation and sourcing from the BSM at off-peak prices, as well as using OTC market for purchases as a tool to generate better margins.
- Our off-peak sourcing abilities, OTC volumes and purchase amounts to further increase as the contracted sales volume increases.

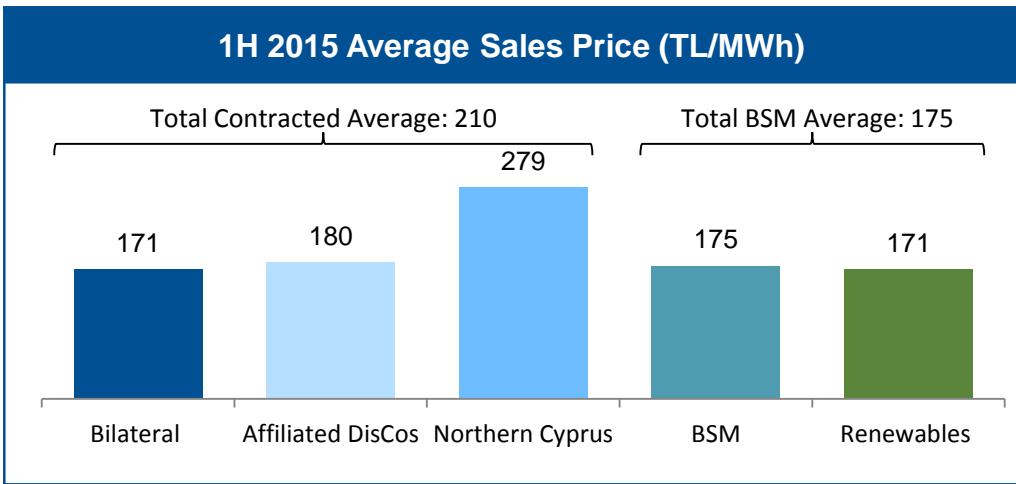
* Average sales price of sales from production. Does not include OTC sales.

Company Highlights - Sales mix and prices (TL)



2010 - Contracted Sales

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



2014 - Contracted Sales

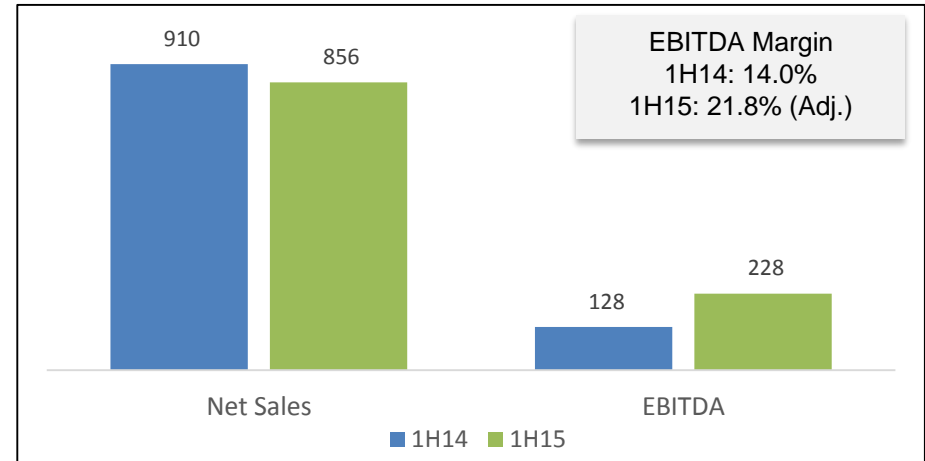
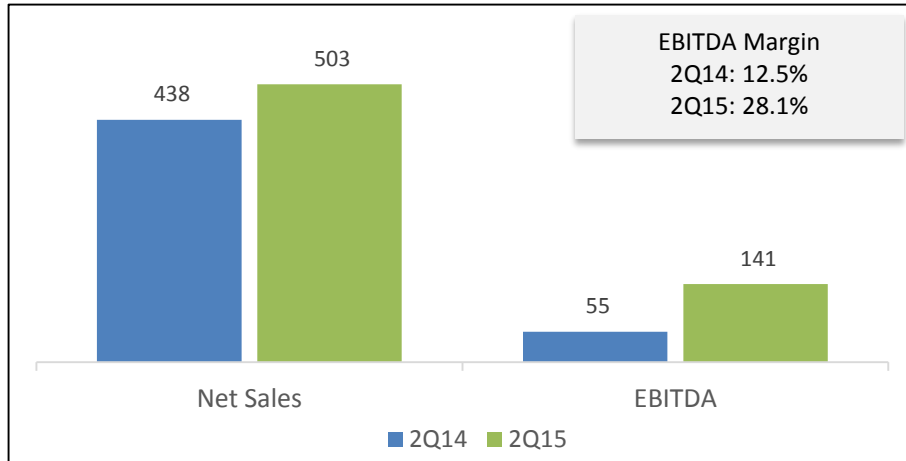
- 85,987 bilateral customers⁽¹⁾
- 7.53 TWh contracted sales
- 77% of total sales

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

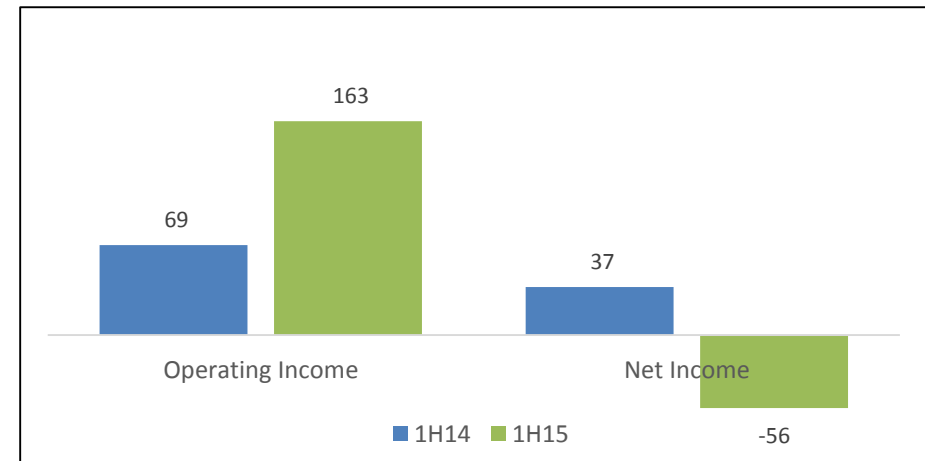
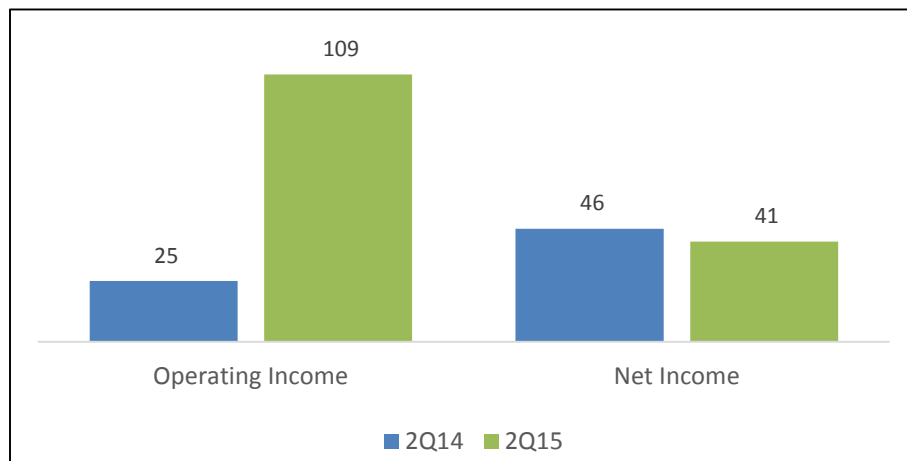
Financial highlights 1H 2015

Consolidated income statement

Net sales & EBITDA (TL mn)



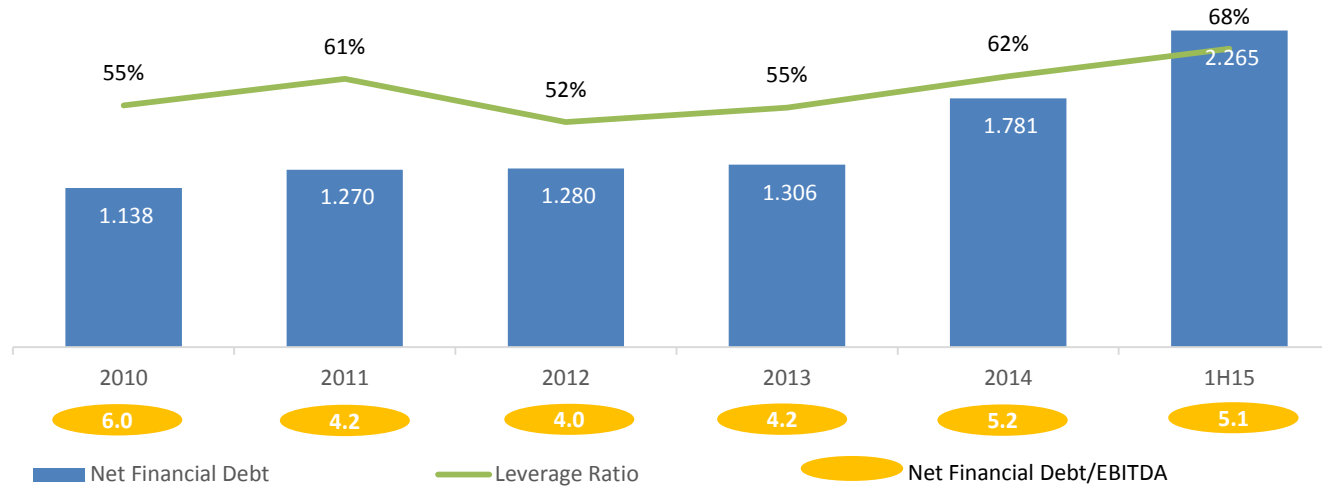
Operating income & Net income (TL mn)



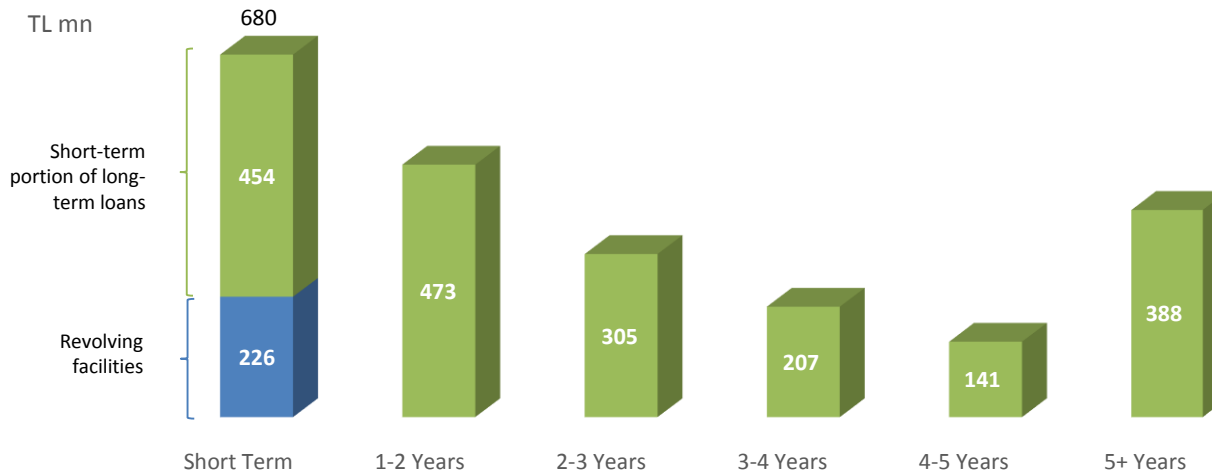
Financial highlights 1H 2015

Net financial debt and repayment schedule

Net financial debt (TL mn)



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



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

In 2015 so far, \$121mn has been hedged for 1H15 \$19mn of which is currently open.

30% of our bank loans is in TL, 52% is in USD and 18% in EUR.

Source: IFRS financial statements

2015 Guidance – Financials

- ▶ Sales: 12.7 TWh (70% bilateral and 30% BSM sales)
- ▶ Revenues: TRY 2.5 bn (adjusted)
- ▶ Average Aksa Price: TRY180-185
- ▶ CAPEX: USD 250-280mn (including Ghana)
- ▶ EBITDA: TRY 420-430mn

Financial Highlights

1H 2015



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Consolidated income statement

<i>(TL mn)</i>	2011	2012	2013	2014	1Q 2015	2Q 2015	1H 2014	1H 2015
Net sales	1315,4	1840,6	1786,0	1957,4	353,4	502,9	910,4	856,4
Cost of sales	-1088,0	-1604,0	-1565,9	-1710,8	-295,4	-383,4	-831,5	-678,8
Gross profit	227,4	236,6	220,1	246,6	58,0	119,6	78,8	177,6
<i>Gross profit margin</i>	17%	13%	12%	13%	16%	24%	9%	21%
General & administrative costs	-16,0	-16,7	-18,0	-22,2	-4,0	-11,3	-9,3	-15,3
Sales and marketing costs	-3,0	-2,1	-2,0	-2,0	-0,1	-0,1	-0,8	-0,2
Research & development costs	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other operating income	0,0	6,7	5,0	3,8	1,9	1,7	3,0	3,6
Other operating expenses (-)	0,0	-21,4	-8,7	-18,5	-2,2	-0,6	-3,0	-2,8
Operating income	208,3	203,0	196,3	207,6	53,6	109,3	68,7	162,9
<i>Operating income margin</i>	15,8%	11,0%	11,0%	10,6%	15,2%	21,7%	7,5%	19,0%
Goodwill income/(expense)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other income/(expense)	-51,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Financing income/(expense)	-273,5	23,2	351,6	199,6	67,3	29,3	143,1	96,6
Earnings before income tax	-116,5	226,5	-156,1	26,6	-113,1	41,1	37,6	-72,0
<i>EBT margin</i>	-8,9%	12,3%	-8,7%	1,4%	-32,0%	8,2%	4,1%	-8,4%
Tax	-5,5	-6,6	22,8	12,8	16,5	-0,1	-1,0	16,3
Net income	-122,0	219,9	-133,3	39,4	-96,6	41,0	36,6	-55,6
<i>Net income margin</i>	-9,3%	11,9%	-7,5%	2,0%	-27,3%	8,2%	4,0%	-6,5%
EBITDA	300,8	323,1	311,8	343,9	86,4	141,2	127,9	227,6
<i>EBITDA margin</i>	22,9%	17,6%	17,5%	17,6%	24,5%	28,1%	14,0%	26,6%

Source: IFRS financial statements

Consolidated balance sheet

(TL mn)

Assets	2012	2013	2014	1Q 2013	1Q 2014	1Q 2015	1H 2013	1H 2014	1H 2015
Cash and cash equivalents	40,6	22,3	34,2	101,6	127,6	79,1	29,1	19,6	31,4
Trade receivables net	245,9	142,3	88,7	227,2	115,0	23,8	284,8	133,7	52,1
Due from related parties and shareholders	593,9	0,0	4,4	252,4	0,0	0,0	4,9	0,0	8,3
Inventory	135,5	250,0	269,2	183,1	223,9	292,7	179,8	239,5	364,9
Derivative Financial Instruments	–	2,7	2,7	–	1,8	4,6	3,1	0,0	0,0
Other current assets	84,6	77,4	116,6	59,2	71,9	150,2	74,1	89,0	139,7
Total current assets	1100,8	494,7	515,8	823,4	540,2	550,5	575,9	481,9	596,4
Trade receivables	–	1,3	0,0	–	0,1	0,0	284,8	133,7	52,1
Investments	1,6	1,5	1,9	1,7	1,5	1,9	1,5	1,5	4,4
PP&E	1627,3	2109,7	2730,0	1626,6	2301,8	2835,8	1942,4	2463,9	2929,8
Goodwill	9,5	7,1	7,1	9,5	7,1	7,1	9,5	7,1	7,1
Intangibles	1,7	1,9	1,9	1,7	1,9	1,9	1,8	1,8	1,9
Other non-current assets	87,0	113,2	80,6	118,5	99,0	82,3	133,7	38,2	101,5
Deferred tax assets	4,1	36,7	56,2	4,1	39,1	94,7	4,1	37,4	98,9
Total non-current assets	1731,2	2271,4	2877,7	1762,1	2450,4	3023,7	2096,5	2550,2	3143,6
Total assets	2832,0	2766,1	3393,5	2585,5	2990,6	3574,1	2672,3	3032,1	3740,0
Liabilities	2012	2013	2014	1Q 2013	1Q 2014	1Q 2015	1H 2013	1H 2014	1H 2015
Financial liabilities	564,3	265,6	439,6	288,8	306,1	501,5	281,5	351,1	664,7
Trade payables, net	284,7	326,1	431,8	303,6	323,1	547,9	322,5	321,0	388,0
Due to Related Parties and Shareholders	–	10,3	0,0	–	0,1	7,1	0,0	3,7	0,0
Taxation payable on income	6,6	7,5	9,6	3,9	3,8	1,5	2,7	3,2	3,4
Other payables and accrued liabilities	11,7	14,8	15,8	17,3	21,4	17,9	17,0	16,0	14,1
Total current liabilities	867,3	624,3	898,3	613,6	654,5	1075,9	624,7	696,9	1074,4
Long-term financial liabilities	756,4	1062,7	1375,8	742,6	1271,9	1451,2	889,8	1225,7	1583,7
Retirement pay provision	2,2	3,0	5,2	2,4	3,2	5,6	3,2	3,9	5,8
Other liabilities	–	1,3	0,0	–	0,1	0,0	3,6	0,4	0,0
Deferred tax liability	2,9	3,5	4,8	2,9	0,1	25,2	2,9	1,1	26,8
Long Term Liabilities	761,5	1070,5	1385,8	747,9	1275,4	1482,0	899,6	1231,1	1616,3
Paid in capital	615,2	615,2	615,2	615,2	615,2	615,2	615,2	615,2	615,2
General reserves	121,0	340,3	207,0	340,7	207,0	246,4	340,3	207,0	246,4
Share premium	247,4	247,4	247,4	247,4	247,4	247,4	247,4	247,4	247,4
Cash Flow Hedge Reserve	–	2,1	1,0	0,0	1,4	0,2	2,1	-1,5	-3,3
Net profit for the year	219,9	-133,3	39,4	20,8	-9,6	-96,6	-56,8	36,6	-55,6
Shareholder's equity	1203,2	1071,3	1109,4	1224,0	1061,3	1012,6	1148,1	1104,2	1049,3
Total liabilities and equity	2832,0	2766,1	3393,5	2585,5	2991,2	3570,4	2672,3	3032,1	3740,0

Source: IFRS financial statements

Consolidated statement of cash flows

<i>(TLmn)</i>	2010	2011	2012	2013	2014	1H 2013	1H 2014	1H 2015
Net income (loss) before tax	84,7	-116,5	226,5	-156,1	26,6	-51,8	37,6	-72,0
Depreciation and amortisation	71,7	92,5	105,3	111,8	121,5	52,5	59,2	65,5
Other adjustments	14,7	231,2	-53,1	193,9	82,0	83,9	-7,7	194,2
Change in working capital	18,64	-20,3	-189,5	7,5	123,6	-63,5	71,0	-163,7
Operating cash flows	189,8	187,0	89,2	157,1	353,8	21,1	160,1	24,1
Purchased of PP&E	-400,9	-330,2	-130,4	-395,7	-676,7	-199,3	-413,2	-265,3
Investing cash flows	-419,7	-334,6	-116,9	-395,4	-677,1	-198,9	-413,2	-267,8
Financing cash flows	291,9	179,5	-41,9	220,0	335,3	166,3	250,4	240,9
Net cash flows	62,0	31,8	-69,6	-18,2	11,9	-11,5	-2,8	-2,9

Source: IFRS financial statements

Appendix



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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 fired power plants			233	10%
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	71%
Balıkesir Şamlı	Baki	Wind	114	
Hatay Sebenoba	Deniz	Wind	60	
Manisa Karakurt	Deniz	Wind	11	
Ayvacık	Ayres	Wind	5	
Kapıdağ	Kapıdağ	Wind	24	
Belen / Atik	Aksa	Wind	18	
Kıyıköy	Alenka	Wind	27	
Total Wind power plants			259	11%
Çorum İncesu	Aksa Energy	Hydro	15	
Akköy	Siirt Akköy	Hydro	13	
Total Hydro power plants			28	1%
Bolu Göynük	Aksa Göynük	Lignite	135	
Total Lignite fired power plants			135	6%
Total Power Plants			2.295	

Ongoing Investments and Revised Licence Portfolio

Planned Acquisitions from Kazancı Holding					
Power Plant	Investment	License Owner	Fuel Type	Additional Capacity (MW)	Completion Year
Datça	Licensed	Kazancı Holding	Wind	12	2015
				12	
Under Construction					
Bolu Göynük	Greenfield	Aksa	Lignite	135	2015
Kapıdağ	Extension	Kapıdağ	Wind	4	2015
Şanlı	Extension	Baki	Wind	13	2016
Kozbükü	Greenfield	Idil Iki	Hydro	62	2016
				214	
Licensed					
Şanlı Urfa	Şanlı Urfa	Rasa	Natural Gas	141	2017
Antalya	Antalya	Aksa	Natural Gas	900	2018
				1.041	
Exclusive Negotiations to Obtain Licence					
Şahinkaya	Ordu	Aksa	Hydro	85	2021
				85	
Total				1.352	

- Planned acquisition from Kazancı Holding:
 - Datça 12 MW WPP licence
- Construction work is in progress for one lignite fired PP and four renewable projects:
 - 135 MW local lignite fired PP
 - 17 MW WPP
 - 62 MW HPP
- 1,141 MW of licenced projects:
 - Extension licences for our natural gas fired PP
- 85 MW of HPP project with storage in exclusive negotiations to obtain licence

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