




aksa ENERGY

1H2016 Earnings Presentation

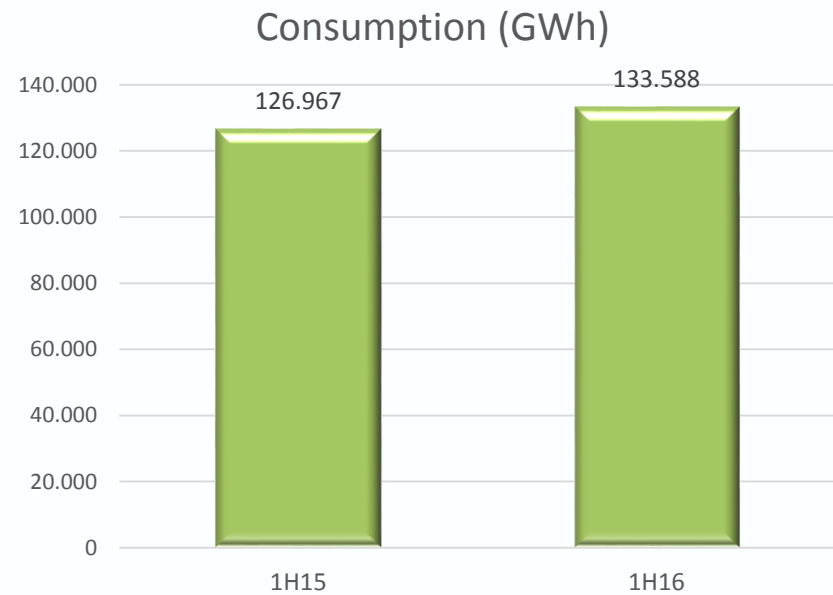
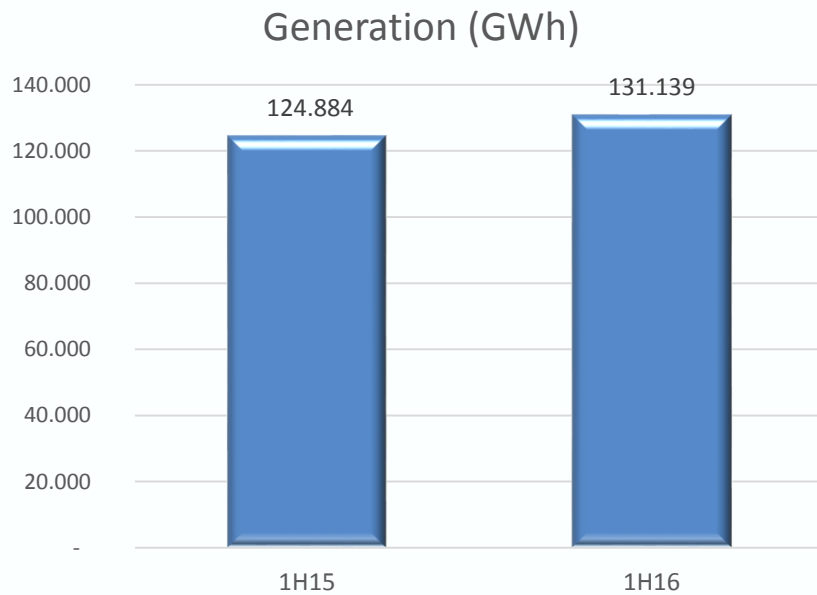
19 August 2016



Aksa Energy
The Leading IPP in Turkey

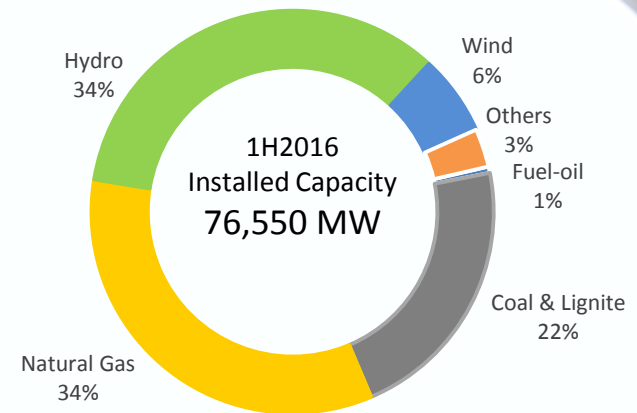
Market Highlights- Generation & Consumption

- Electricity generation and consumption both increased by 5% YoY in 1H16.

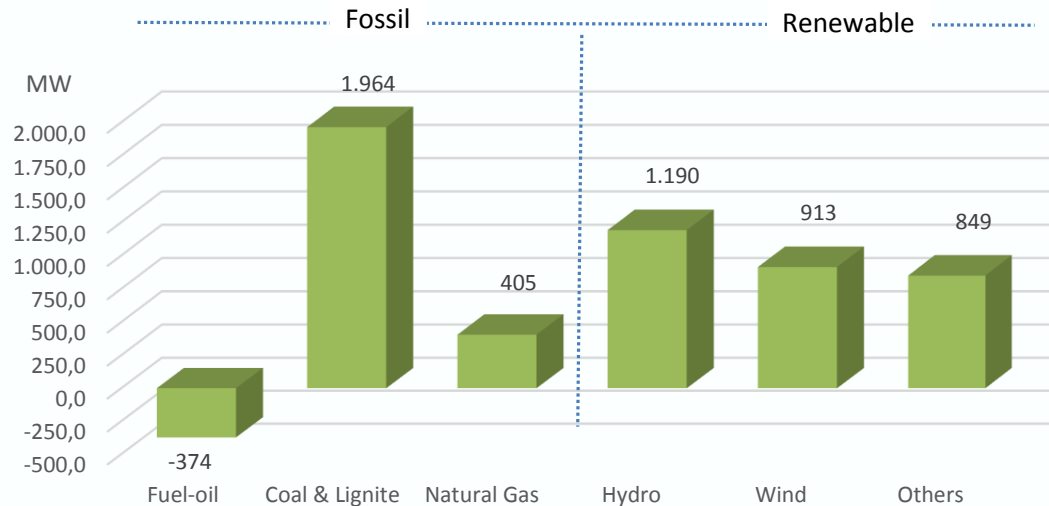


Market Highlights - Installed Capacity Changes

- Total installed capacity in Turkey has reached 76,550 MW in 1H16, indicating a 7% increase YoY.



Capacity Changes (1H15-1H2016)



- When new and decommissioned capacities are netted off, there is an increase of 1,964 MW in coal & lignite, 1,190 MW in hydro, 913 MW in wind and 405 MW in natural gas capacities since 1H2015.
- Likewise, 374 MW fuel-oil has been decommissioned.

Market Highlights - Prices

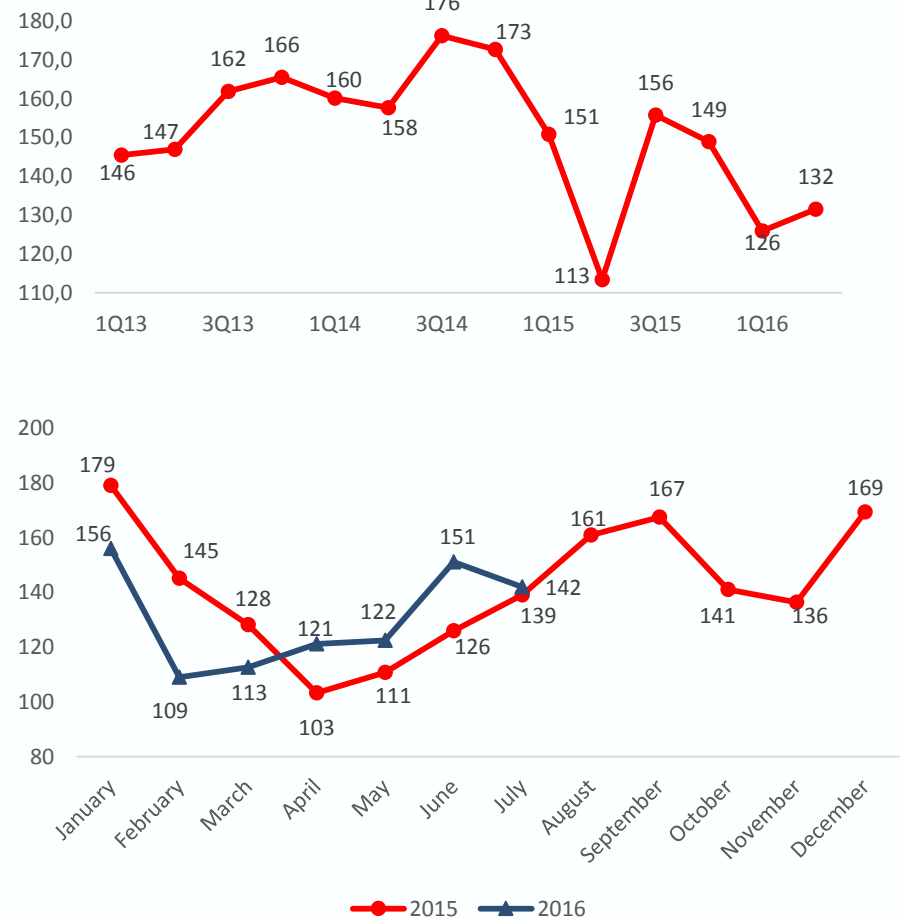
Weighted average prices were 2.5% lower YoY in 1H16 due to:

- ❑ 1,159 MW new renewable capacity
(378 MW HEPP+ 439 MW WEPP + 257 MW Solar+ 88 MW Geo-thermal)
- ❑ (Increased production from renewable capacities at low cost)
- ❑ Increased participation at YEKDEM scheme discouraging water retention for peak season
- ❑ Excess capacity

There is a 16% YoY price increase in 2Q16. The main reasons are:

- ❑ Lower water level
- ❑ Comparatively hotter 2Q pushing the AC usage, thus the demand.


Weighted Average Price (TL)



The logo for Aksa Energy, featuring the word "aksa" in a bold, lowercase, white sans-serif font on a dark blue rectangular background. To the right of "aksa", the word "ENERGY" is written in a smaller, uppercase, white sans-serif font. Below the blue rectangle is a horizontal green bar.

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Financial & Operational Highlights 1H 2016

A wide-angle photograph of a wind farm. Numerous white, three-bladed wind turbines are scattered across a vast, flat green field under a clear blue sky. The turbines are of varying heights and are positioned at different intervals, creating a sense of depth. The foreground is dominated by the lush green grass of the field.

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1H 2016 Results - Snap Shot

*

	Adjusted 1Q15	Adjusted 1H15	Adjusted 9M15	Adjusted FY15	1Q16	2Q16	QoQ Change	Adjusted 1H15	1H16	YoY Change
Installed Capacity (MW)	2.151	2.160	2.192	2.076	2.211	2.198	-13 MW	2.160	2.198	38 MW
Sales Volume (GWh)	3.013	5.768	9.925	14.018	4.178	3.886	-7%	5.768	7.647	33%
Net Sales (TL mn)	544	1.047	1.782	2.490	726	576	-21%	1.047	1.302	24%
Gross Profit (TL mn)	58	178	270	318	71	76	6%	178	147	-18%
Operating Inc. (TL mn)	54	163	246	288	68	65	-5%	163	133	-18%
EBITDA (TL mn)	86	228	349	436	116	104	-10%	228	220	-4%
Net Income (TL mn)	-97	-56	-236	-228	8	-15	nm.	-56	-7	nm.
EBITDA Margin	15,9%	21,8%	19,5%	17,5%	15,9%	18,0%	+2.1 pp	21,8%	16,9%	-4.9 pp
Operating Profit Margin	9,9%	15,6%	13,8%	11,6%	9,4%	11,3%	+1.9 pp	15,6%	10,2%	5.4 pp

1H 2016 Results – Sales Breakdown

	1Q 2016		2Q 2016		1H 2015		1H 2016	
	MWh	TL/MWh	MWh	TL/MWh	MWh	TL/MWh	MWh	TL/MWh
Northern Cyprus	174.808	212,1	176.372	221,5	339.393	278,7	351.180	216,8
Renewable Market (YEKDEM)	231.572	214,8	142.760	223,4	204.531	171,1	374.331	218,1
BSM (Spot Market Sales)*	257.364	269,8	374.245	305,2	1.407.680	175,5	631.610	290,8
Affiliated DisCos	76.134	127,2	296.040	128,5	460.843	180,1	372.174	128,2
OTC & Bilateral	3.020.631	157,6	2.896.816	150,6	3.355.526	171,6	5.917.447	154,1
TOTAL SALES	3.760.508	170,7	3.886.233	169,7	5.767.973	179,5	7.646.741	170,2

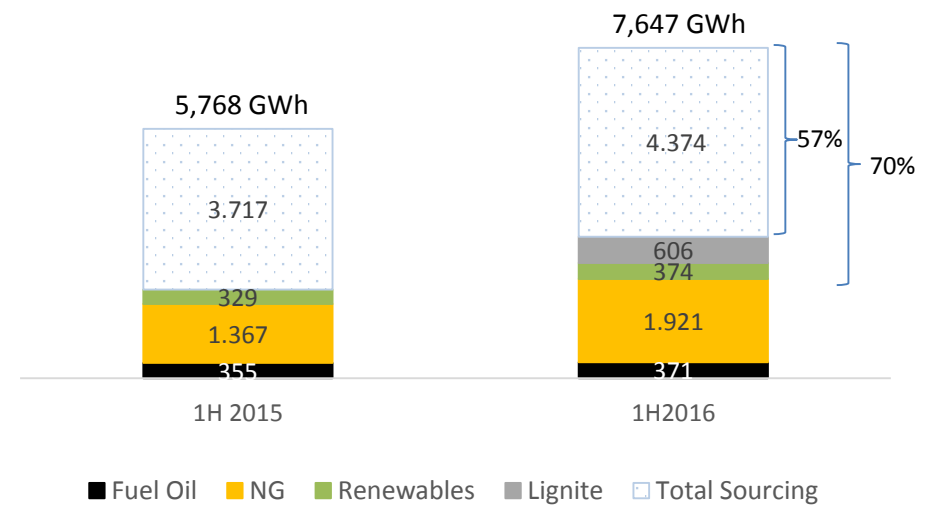
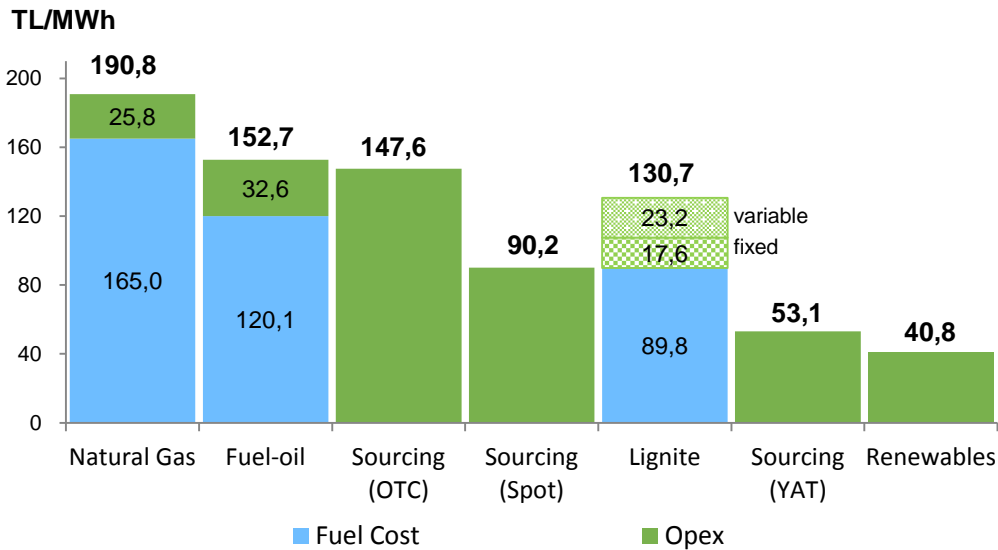
* BSM (Spot Market Sales) in 2016 are made up of orders (YAL: Take load-Yük Al) from Turkish Electricity Transmission Company (TEİAŞ) that are used to smooth out the imbalances in the whole system.

Company Highlights - Cost Structure (TL)

Cost Structure vs. Sales Price (1H 2016)



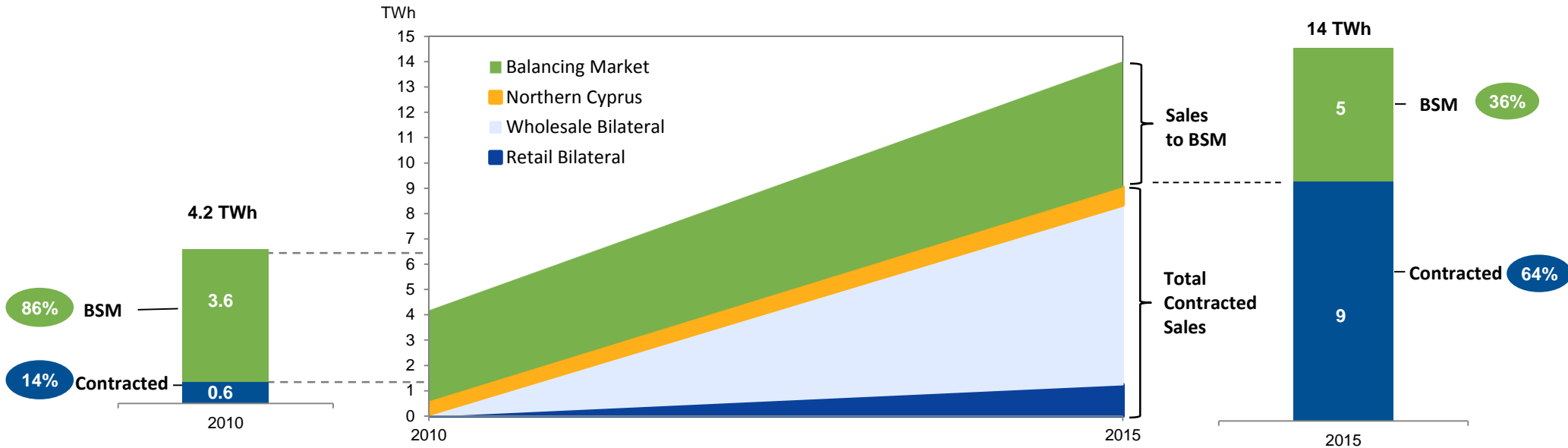
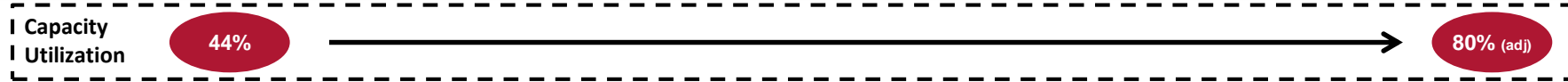
Improving Lower Cost Output



- Blending of more cost-effective renewables and lignite, along with sourcing provides us a better cost base.
- «Renewable resource» pipeline of 126 MW till the end of 2017 will further decrease our cost base.
- The cost of production at Bolu was 130,7 TL in 1H2016. Going forward we expect the total cost of Bolu to stabilise at 120TL vs our initial expectation of 80TL, due to higher than budgeted land expropriation cost, system usage fees, fuel consumption (start/stop).

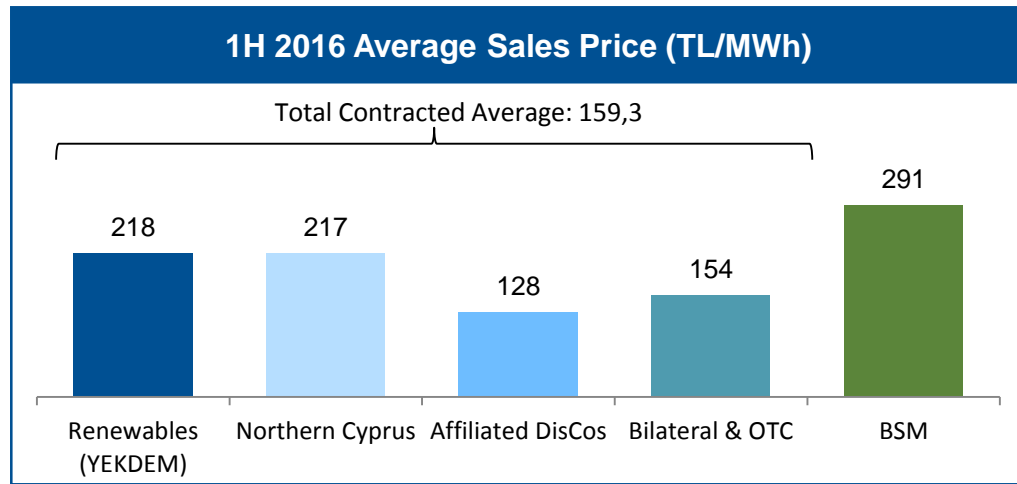
- 33% increase in total sales volume YoY.
- Share of «renewables & local resources & sourcing» has not changed as the low price environment continued, enabling increased amounts of low cost procurement to reduce the cost base.
- Procurement volumes are expected to continue at high levels given depressed price levels, as the contracted sales volume increases.

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



2015- Contracted Sales

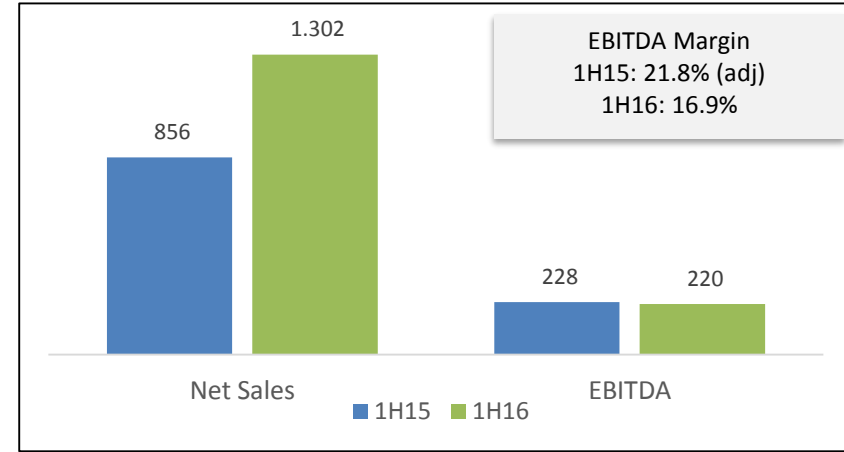
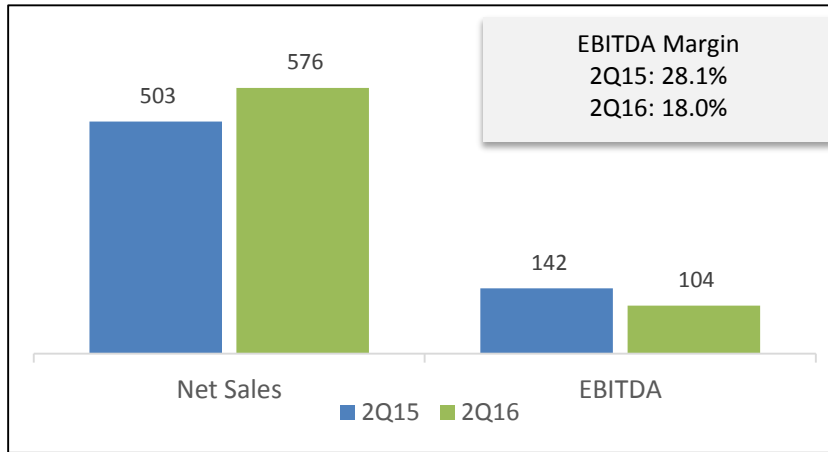
- 125,912 bilateral customers⁽¹⁾
- 9.04 TWh contracted sales
- 64% of total sales
- In 1H 2016 contracted sales constituted 92% of total sales.**

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

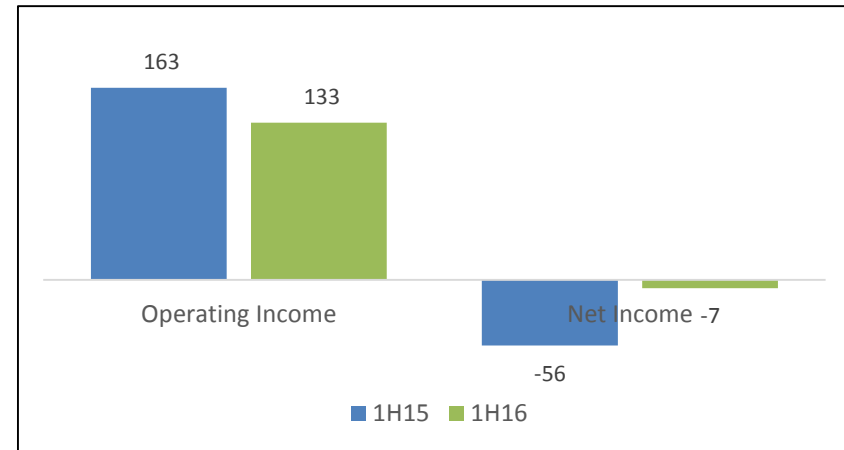
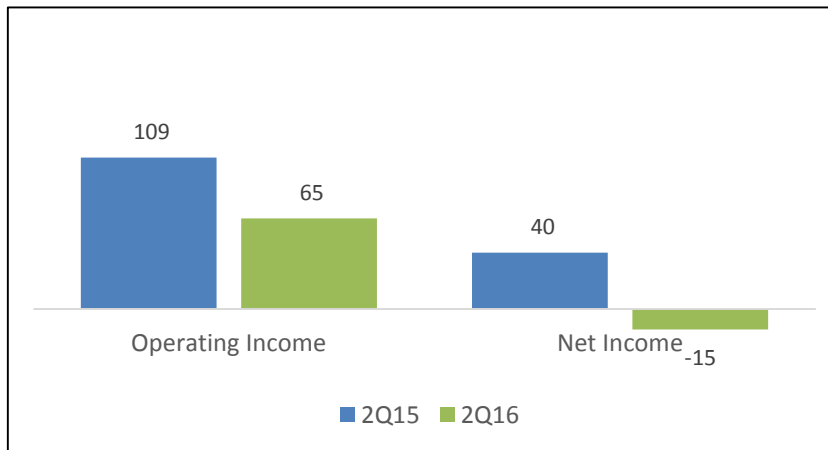
Financial highlights 1H2016

Consolidated income statement

Net sales & EBITDA (TL mn)



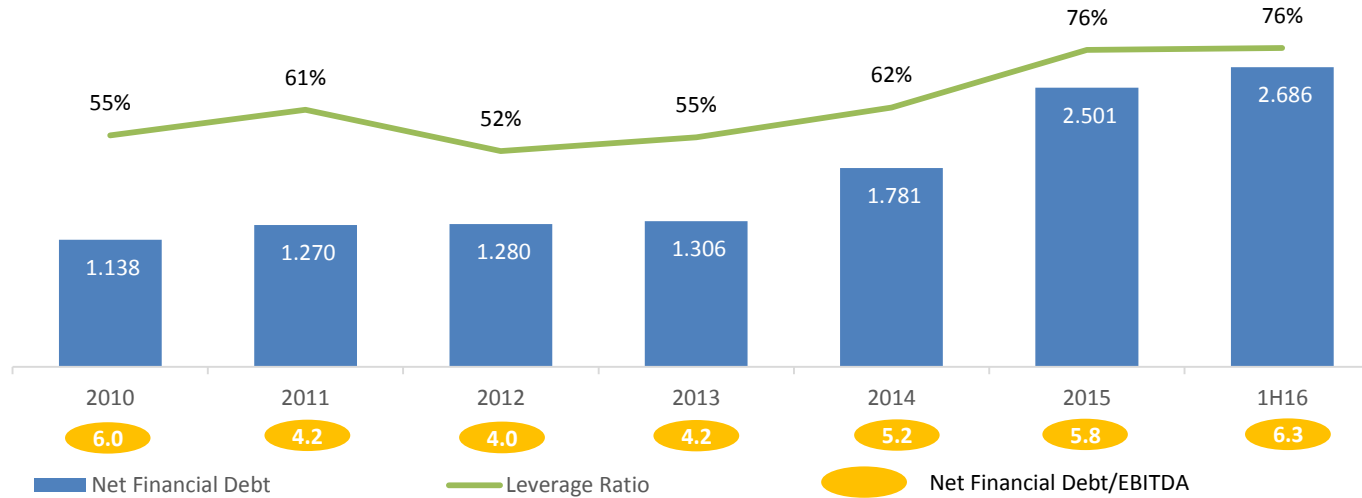
Operating income & Net income (TL mn)



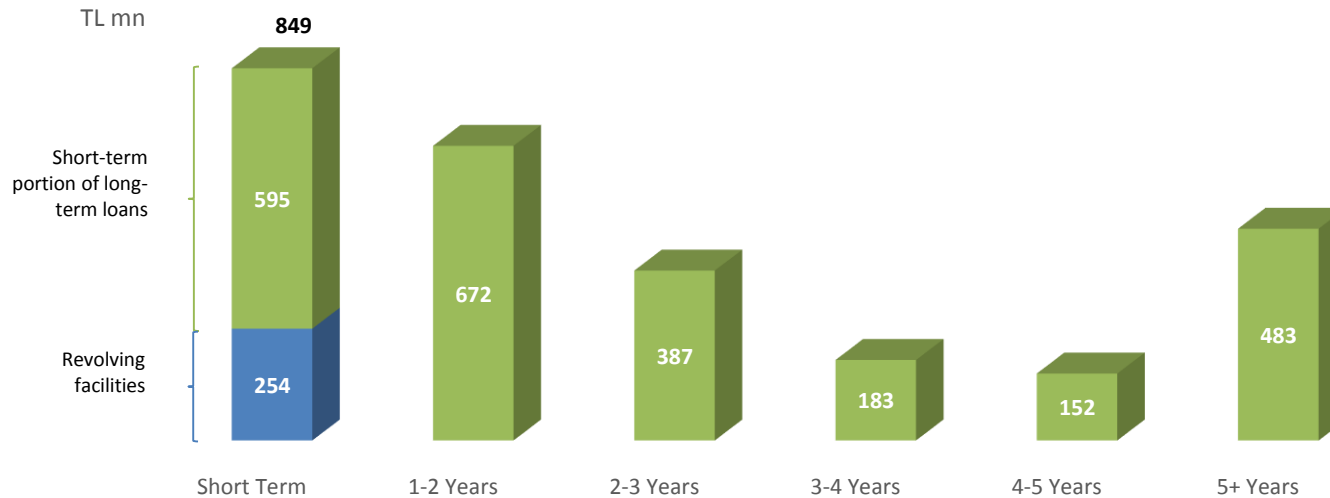
Financial highlights 1H2016

Net financial debt and repayment schedule

Net financial debt (TL mn)



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




41% of our bank loans is in TL, 47% is in USD and 12% in EUR.



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Business Developments



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Corporate Bond Issue- Short term FX debt refinanced in TRY

18/11/2015

TRSAKSNK1714

TRY 135,000,000

728 days (2 years)

Variable interest

Due to high demand, the planned TRY 100 mn issuance was increased to TRY 135 mn.

28/06/2016

TRSAKSN61815

TRY 60,000,000

729 days (2 years)

Variable interest

EBRD invested TRY 100 mn in the 3 year tranche.

The issuance was increased to TRY 140 mn, for the 3-year tranche due to high demand, despite longer term.

Confidence in our long-term vision and financial structure is confirmed by higher than expected demand and EBRD's investment.

Proceeds to be used for refinancing short-term FX debt balance with long term local currency bonds, thus leading to reduced risks of maturity and FX.

TRSAKSN61914

TRY 140,000,000

1093 days (3 years)

Variable interest

Madagascar PPA – 20 year contract with generation in 2017

- ❑ 20 year power purchase agreement (PPA) in the Republic of Madagascar with Jiro Sy Rano Malagasy (Jirama), the state-owned electricity and water services company.
- ❑ Established a 58,35% subsidiary in the Republic of Mauritius (Aksaf Power Ltd) with a local partner for installation of a 120 MW HFO plant, electricity generation and the guaranteed sale of this energy.
- ❑ Aksaf Power Ltd to start the project once the advance payments and collaterals are in place.
- ❑ The tariff is set in USD.
- ❑ Expected guaranteed sales of 700,000 MWh/year .
- ❑ Land, fuel procurement, all licences and permits related to the project will be provided by Jirama.
- ❑ The construction to start in 4Q2016 and generation to commence gradually in 2017.
- ❑ Equipment from the existing HFO plants will be used enabling minimal CAPEX.
- ❑ Opportunity to hedge our FX debt with a natural mechanism, increase our profitability and sales volume.

Ghana PPA- To provide fast track USD based cash generation

- ❑ 5 year power purchase agreement (PPA) with Republic of Ghana for installation of a 370 MW HFO plant, electricity generation and the guaranteed sale of this energy.
- ❑ Approved by the parliament of Republic of Ghana
- ❑ Can be extended before the 5 year term is completed
- ❑ Electricity generated to be sold in full to Ghana with purchase guarantee and in USD
- ❑ Tariff approval, wholesale electricity sale license, grid connection agreement, all construction and environmental permits required are obtained.
- ❑ Letter of guarantee is confirmed by Barclays
- ❑ To be operational starting from 4Q2016 gradually
- ❑ To increase our operational profitability significantly
- ❑ USD based sales to provide a natural hedge decreasing our FX losses

Ghana PPA- Technical Developments to Date

- ❑ Maintenance and dismantling of all equipment sent to Ghana were undertaken by Aksa Energy.
- ❑ To date, over 375 containers of equipment are sent to the field, which entered the country exempt from all taxes.
- ❑ Stack steel structures and radiators' procurement are already completed.
- ❑ 16 engines and auxiliaries along with 16 alternators and 4 Set-up transformers are already in Ghana.
- ❑ Power House 1, 2 and 3: building and engine foundations are completed.
- ❑ Power House 3: building steel structures are installed, its mechanical erection has already started. Unloading of 5x18V46 engines on the foundations commenced, pipe rack fabrication started.
- ❑ Power House 2: 96% of the erection of building's steel structures are completed, mechanical equipment erection started.
- ❑ Control Building: foundations are already completed.
- ❑ Stack foundations are already excavated.
- ❑ HFO Storage Tank 1 and 2: foundations are already completed, tank erection already commenced.
- ❑ Water Tank: foundations already completed and tank erection already commenced.
- ❑ Power House 1 and 2 Radiators: foundations are 80% completed.

Ghana PPA- Technical Developments to Date

- ❑ Switchyard civil works are completed.
- ❑ Stack 2 steel structure fabrication is already completed.
- ❑ Switchyard pylons, surge arrester steel supports are already installed.
- ❑ Isolators' erection is already completed.
- ❑ 2 pcs of set-up transformers are already off loaded on the position.
- ❑ Overhead line equipments: All are already ordered, 90% has arrived in Ghana, their engineering drawings and routes are approved by Ghana Grid Authority (Gridco).
- ❑ Overhead line towers: Two overhead line towers' construction is already completed. Third tower's casting has started.
- ❑ Electrical Equipments: All of them have already arrived in Ghana.
- ❑ Auxiliary Boiler Purchase order: given.
- ❑ All Piping Materials and Mechanical Equipments: already ordered.
- ❑ Exhaust Duct Fabrication have already commenced.
- ❑ Warehouse and Canteen Building construction already completed.
- ❑ Office & Workshop Building: foundations completed, steel structure erection has already started.

What to Expect in 2H16

- ❑ Natural gas price decrease- Aksa Energy expects a 5-10% decrease in 4Q16.
- ❑ Local coal incentive- The incentive kicked in at 185TL/MWh to be purchased as of 22 Aug.
- ❑ New thermal capacities (600 MW imported coal) to become operational.

Effects of natural gas price decrease :

(=) Lowers the cost and prices but also the ranking in the merit order, thus keeping the spread constant.

(+) Provides better margins for procurement for the energy already sold.

Effects of coal incentive:

(+) The incentive kicked in at 185TL/MWh, higher than the YtD average spot price of 127TL.

(+) Purchases will start on 22 Aug, positively effecting operational profitability.

Effects of new thermal capacities:

(-) Prevents price increase during peak hours

(-) Changes ranking amongst the merit order


2016 Guidance – Financials

- ❑ Sales: 15.4 TWh
- ❑ Revenues: TRY 2.5 bn
- ❑ Average Aksa Price: TRY 164 (vs expected average market price of TRY 135)
- ❑ CAPEX: USD 150 mn
- ❑ EBITDA: TRY 480 mn

The logo for Aksa Energy, featuring the word "aksa" in a bold, lowercase, white sans-serif font on a dark blue background, with the word "ENERGY" in a smaller, uppercase, white sans-serif font to its right. Below the blue background is a horizontal green bar.

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Appendix

A large-scale photograph of a wind farm. Numerous white wind turbines are scattered across a vast, flat green field under a clear blue sky. The turbines are of varying heights and are arranged in a way that creates a sense of depth. The foreground is dominated by the lush green grass, and the background shows a distant horizon line.

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The Leading IPP in Turkey

Consolidated income statement

<i>(TL mn)</i>	2011	2012	2013	2014	2015	1H 2015	1H 2016
Net sales	1315,4	1840,6	1786,0	1957,4	2320,0	856,4	1302,1
Cost of sales	-1088,0	-1604,0	-1565,9	-1710,8	-2001,6	-678,8	-1155,4
Gross profit	227,4	236,6	220,1	246,6	318,3	177,6	146,8
<i>Gross profit margin</i>	17%	13%	12%	13%	14%	21%	11%
General & administrative costs	-16,0	-16,7	-18,0	-22,2	-26,8	-15,3	-15,5
Sales and marketing costs	-3,0	-2,1	-2,0	-2,0	-0,6	-0,2	-0,3
Research & development costs	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	3,4	3,6	5,3
Other operating expenses (-)	0,0	-21,4	-8,7	-18,5	-6,6	-2,8	-2,9
Operating income	208,3	203,0	196,3	207,6	287,8	162,9	133,4
<i>Operating income margin</i>	15,8%	11,0%	11,0%	10,6%	12,4%	19,0%	10,2%
Goodwill income/(expense)	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
Financing income/(expense)	-273,5	23,2	351,6	199,6	219,0	96,6	33,3
Earnings before income tax	-116,5	226,5	-156,1	26,6	-234,6	-72,0	-1,4
<i>EBT margin</i>	-8,9%	12,3%	-8,7%	1,4%	-10,1%	-8,4%	-0,1%
Tax	-5,5	-6,6	22,8	12,8	6,2	16,3	-5,9
Net income	-122,0	219,9	-133,3	39,4	-228,4	-55,6	-7,0
<i>Net income margin</i>	-9,3%	11,9%	-7,5%	2,0%	-9,8%	-6,5%	-0,5%
EBITDA	300,8	323,1	311,8	343,9	436,2	227,6	219,7
<i>EBITDA margin</i>	22,9%	17,6%	17,5%	17,6%	18,8%	26,6%	16,9%

Consolidated balance sheet

Assets (TL mn)	2012	2013	2014	2015	1H 2015	1H 2016
Cash and cash equivalents	40,6	22,3	34,2	48,5	31,4	84,2
Trade receivables net	245,9	142,3	88,7	182,6	52,1	178,0
Due from related parties and shareholders	593,9	0,0	4,4	0,0	8,3	31,0
Inventory	135,5	250,0	269,2	319,3	364,9	374,0
Derivative Financial Instruments	–	2,7	2,7	0,0	0,0	2,0
Other current assets	84,6	77,4	116,6	199,6	139,7	136,7
Total current assets	1.100,8	494,7	515,8	750,0	596,4	805,9
Trade receivables	–	1,3	0,0	0,0	52,1	178,0
Investments	1,6	1,5	1,9	0,4	4,4	0,4
PP&E	1.627,3	2.109,7	2.730,0	3.121,3	2.929,8	3.201,2
Goodwill	9,5	7,1	7,1	6,8	7,1	6,8
Intangibles	1,7	1,9	1,9	3,8	1,9	3,5
Other non-current assets	87,0	113,2	80,6	126,1	101,5	28,9
Deferred tax assets	4,1	36,7	56,2	66,3	98,9	82,8
Total non-current assets	1.731,2	2.271,4	2.877,7	3.324,7	3.143,6	3.323,6
Total assets	2.832,0	2.766,1	3.393,5	4.074,7	3.740,0	4.129,5
Liabilities (TL mn)	2012	2013	2014	2015	1H 2015	1H 2016
Financial liabilities	564,3	265,6	439,6	938,0	664,7	893,0
Trade payables, net	284,7	326,1	431,8	272,3	388,0	262,5
Due to Related Parties and Shareholders	–	10,3	0,0	127,8	0,0	171,4
Taxation payable on income	6,6	7,5	9,6	7,1	3,4	5,1
Other payables and accrued liabilities	11,7	14,8	15,8	15,3	14,1	6,4
Total current liabilities	867,3	624,3	898,3	1.367,8	1.074,4	1.348,0
Long-term financial liabilities	756,4	1.062,7	1.375,8	1.852,4	1.583,7	1.877,5
Retirement pay provision	2,2	3,0	5,2	4,4	5,8	5,4
Other liabilities	–	1,3	0,0	0,0	0,0	0,0
Deferred tax liability	2,9	3,5	4,8	48,9	26,8	58,6
Long Term Liabilities	761,5	1.070,5	1.385,8	1.905,7	1.616,3	1.941,6
Paid in capital	615,2	615,2	615,2	613,2	615,2	615,2
General reserves	121,0	340,3	207,0	42,1	246,4	42,1
Share premium	247,4	247,4	247,4	247,4	247,4	247,4
Cash Flow Hedge Reserve	–	2,1	1,0	-5,8	-3,3	1,5
Net profit for the year	219,9	-133,3	39,4	-227,4	0,0	-7,0
Shareholder's equity	1.203,2	1.071,3	1.109,4	801,3	1.106,8	840,0
Total liabilities and equity	2.832,0	2.766,1	3.393,5	4.074,7	3.797,5	4.129,5

Consolidated statement of cash flows

<i>(TLmn)</i>	2011	2012	2013	2014	2015	1H2015	1H2016
Net income (loss) before tax	-116,5	226,5	-156,1	26,6	-234,6	-72,0	-7,3
Depreciation and amortisation	92,5	105,3	111,8	121,5	145,2	66,6	86,3
Other adjustments	231,2	-53,1	193,9	82,0	314,6	193,0	36,4
Change in working capital	-20,3	-189,5	7,5	123,6	-186,5	-214,1	78,6
Operating cash flows	187,0	89,2	157,1	353,8	38,6	-38,4	134,7
Purchased of PP&E	-330,2	-130,4	-395,7	-676,7	-493,3	-253,8	-142,3
Investing cash flows	-334,6	-116,9	-395,4	-677,1	-493,3	-253,8	-118,7
Financing cash flows	179,5	-41,9	220,0	335,3	468,9	289,3	19,8
Net cash flows	31,8	-69,6	-18,2	11,9	14,2	-2,9	35,8

Source: IFRS financial statements

Licence Portfolio (Operational)

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	153	
İdil (Şırnak)	İdil İki Energy	Fuel-oil	24	
Total Fuel-Oil fired power plants			242	11%
Antalya NGCC	Aksa Energy	Natural Gas	1.150	
Manisa NGCC	Aksa Energy	Natural Gas	115	
Şanlı Urfa	Rasa Energy	Natural Gas	147	
Total Natural Gas fired power plants			1.412	64%
Balıkesir Şanlı	Baki	Wind	114	
Hatay Sebenoba	Deniz	Wind	60	
Manisa Karakurt	Deniz	Wind	11	
Ayvacak	Ayres	Wind	5	
Kapıdağ	Kapıdağ	Wind	24	
Belen / Atik	Aksa	Wind	18	
Kıyıköy	Alenka	Wind	27	
Total Wind power plants			259	12%
Çorum İncesu	Aksa Energy	Hydro	15	
Total Hydro power plants			15	1%
Bolu Göynük	Aksa Göynük	Lignite	270	
Total Lignite fired power plants			270	12%
Total Power Plants			2.198	

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	2016
				12	

- Planned acquisition from Kazancı Holding:
 - Datça 12 MW WPP licence

Under Construction

Kapıdağ	Extension	Kapıdağ	Wind	4	2016
Şamlı	Extension	Baki	Wind	13	2017
Kozbükü	Greenfield	İdil İki	Hydro	81	2016
Ayvacık	Extension	Ayres	Wind	4	2017
Manisa Karakurt	Extension	Deniz	Wind	12	2017
Ghana	Greenfield	Aksa-Ghana	HFO	370	2016-2017
Madagascar	Greenfield	Aksaf Power	HFO	120*	2017
				526	

- Construction work is in progress for two HFO and 4 renewable projects:
 - 33 MW WPP
 - 81 MW HPP
 - 370 MW HFO in Ghana
 - 120 MW HFO in Madagascar
- Construction of 81MW HEPP (Kozbükü) is completed. Application to the Ministry for the start of commercial activities has been made.

Total

538

* Existing equipment will be used in Madagascar HFO Project, therefore total installed capacity will only increase by 42 MW.

Contact- Investor Relations

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