

The logo for AKSA Energy, featuring the word "aksa" in a bold, lowercase, sans-serif font, with "ENERGY" in a smaller, uppercase, sans-serif font to its right. The logo is set against a blue background with a green horizontal bar at the bottom.

**aksa** ENERGY

*Transforming into a Global Energy Player...*

**FY2016**

**Earnings Presentation**

**09 March 2017**

The AKSA logo is displayed on a large, blue, corrugated metal structure, likely part of an industrial facility. The logo is in white, lowercase letters. Below it, the text "ÜNİTE 21" is visible in a smaller, white, uppercase font.

**aksa**

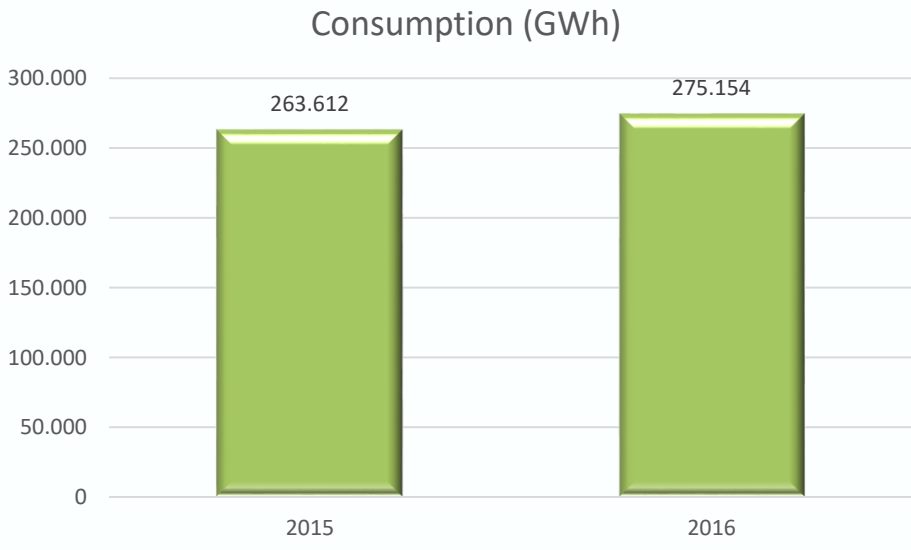
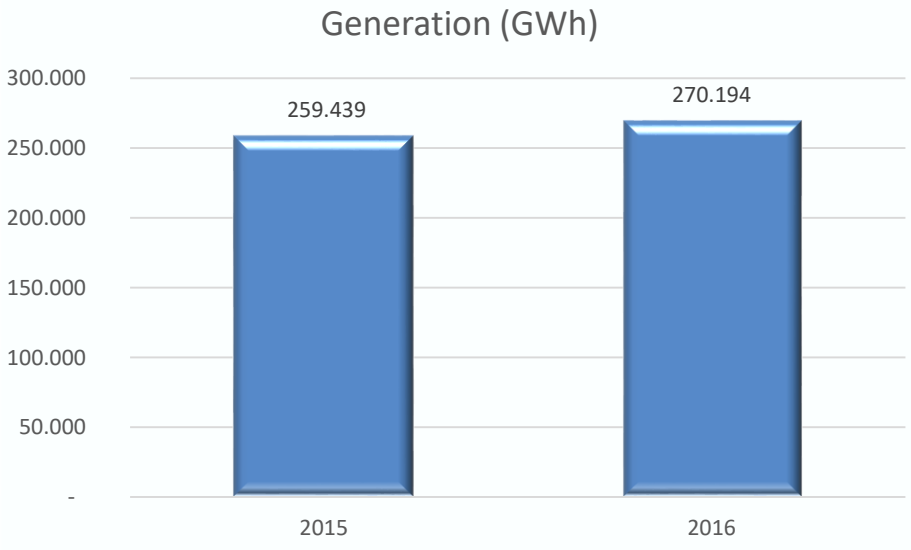
ÜNİTE 21

# THE SECTOR



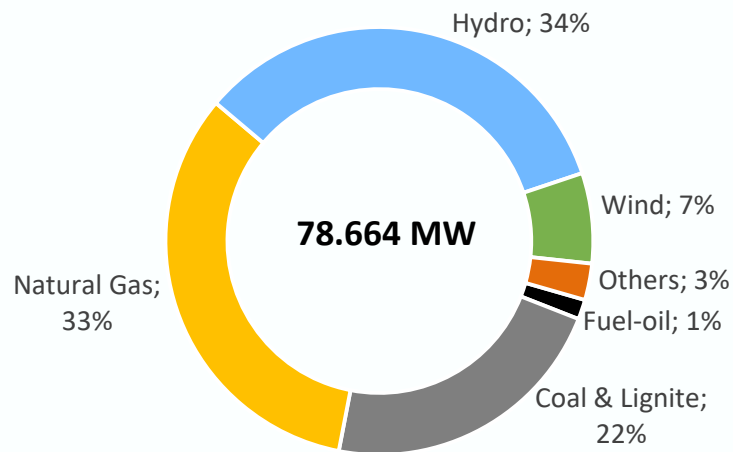
# Market Highlights- Generation & Consumption

Electricity generation increased by %4.1 and consumption increased by 4.4% YoY in 2016.

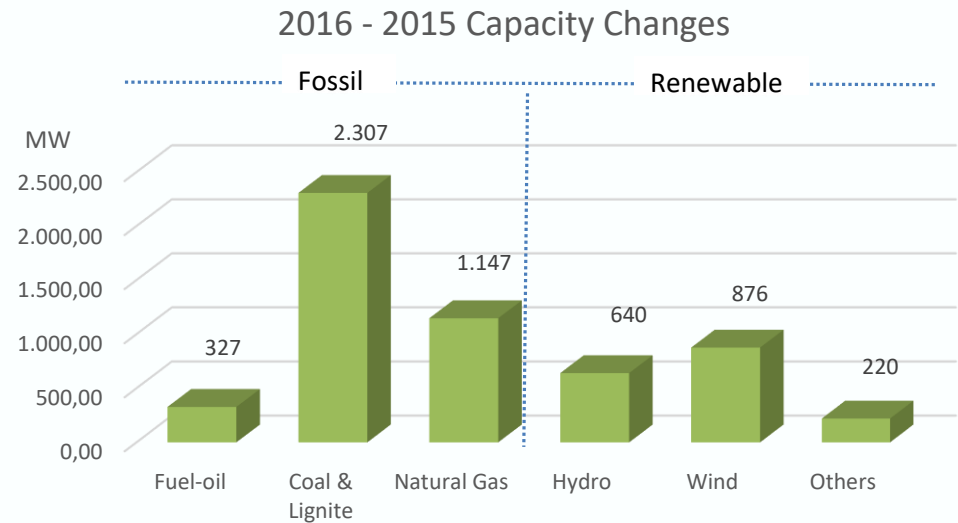


# Market Highlights - Installed Capacity Changes

Total installed capacity in Turkey has reached 78.664 MW in 2016, an increase of 5.517 MW, indicating an 8% increase YoY.

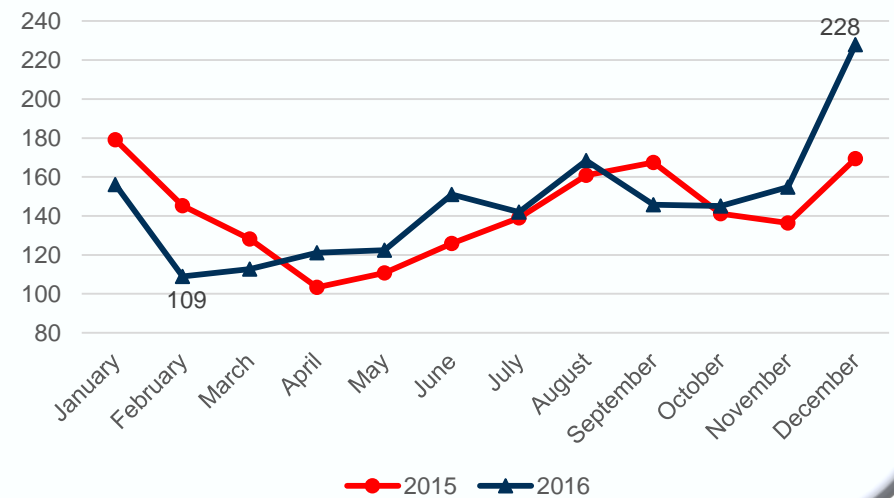
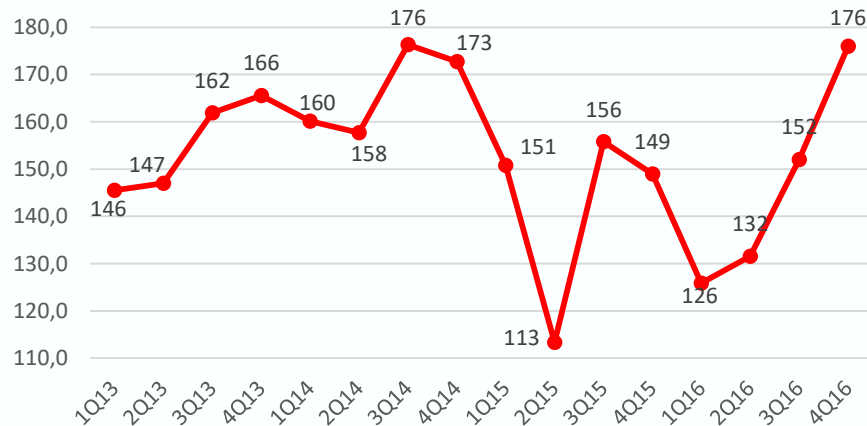


When new and decommissioned capacities are netted off, there is an increase of 2,306 MW in coal & lignite, 640 MW in hydro, 876 MW in wind, 327 MW in fuel-oil and 1.146 MW in natural gas capacities in 2016 YoY.



# Market Highlights - Prices

- ❑ Weighted average spot price was at 136 TL in 9M16, but ended the year at 146 TL vs 142 TL in 2015.
- ❑ 4Q16 weighted average price was 18% higher YoY due to:
  - The increase in prices in the last quarter because of natural gas consumption limitations brought upon generation facilities and heavy weather conditions
    - As a result of natural gas limitations, prices in December spiked increasing the 4Q prices to 176 TL from 136 TL in 9M16.
      - On 23 December, peak prices hit as high as TRY1,899 momentarily, bringing December average to TRY228.



# FINANCIAL & OPERATIONAL HIGHLIGHTS FY2016



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# FY2016 Results - Snap Shot

	2013	2014	Adjusted 2015	2016	YoY Change	1Q16	2Q16	3Q16	4Q16	QoQ Change
Installed Capacity (MW)*	2.052	2.140	2.076	2.109	33 MW	2.211	2.198	2.279	2.109	-170 MW
Sales Volume (GWh)	9.109	9.814	14.018	18.028	29%	4.178	3.886	5.127	4.836	-6%
Net Sales (TL mn)	1.786	1.957	2.490	3.178	28%	726	576	910	966	6%
Gross Profit (TL mn)	220	247	327	271	-17%	71	76	77	47	-40%
Operating Inc. (TL mn)	196	208	296	244	-18%	68	65	71	40	-44%
EBITDA (TL mn)	312	344	443	435	-2%	116	104	124	91	-27%
Net Income (TL mn)	-133	39	-221	-368	nm	8	-15	-71	-290	nm
EBITDA Margin	17,5%	17,6%	17,8%	13,7%	-4.1 pp	15,9%	18,0%	13,6%	9,4%	-4.2 pp
Operating Profit Margin	11,0%	10,6%	11,9%	7,7%	-4.2 pp	9,4%	11,3%	7,8%	4,1%	-3.7 pp

\*As at 09 March 2017 for 2016 and 4Q16.

# FY2016 Results – Sales Breakdown

	1Q 2016		2Q 2016		3Q 2016		4Q 2016		FY 2016	
	MWh	TL/MWh	MWh	TL/MWh	MWh	TL/MWh	MWh	TL/MWh	MWh	TL/MWh
Northern Cyprus	174.808	212,1	176.372	221,5	178.688	279,2	177.138	326,8	707.007	260,2
Renewable Market (YEKDEM)	231.572	214,8	142.760	223,4	227.180	232,1	188.858	274,6	790.369	235,6
BSM (Spot Market Sales)*	257.364	269,8	374.245	305,2	543.083	309,1	578.166	313,2	1.752.859	295,9
Affiliated DisCos	76.134	127,2	296.040	128,5	197.352	156,7	320.117	142,7	889.643	139,8
OTC & Bilateral	3.020.631	157,6	2.896.816	150,6	3.980.873	152,4	3.989.600	153,6	13.887.920	154,5
<b>TOTAL SALES</b>	<b>3.760.508</b>	<b>170,7</b>	<b>3.886.233</b>	<b>169,7</b>	<b>5.127.177</b>	<b>177,1</b>	<b>5.253.879</b>	<b>180,7</b>	<b>18.027.797</b>	<b>175,2</b>

\* 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. Therefore, 2016 figures are not comparable with 2015 figures.



# Company Highlights - Cost Structure (TL)

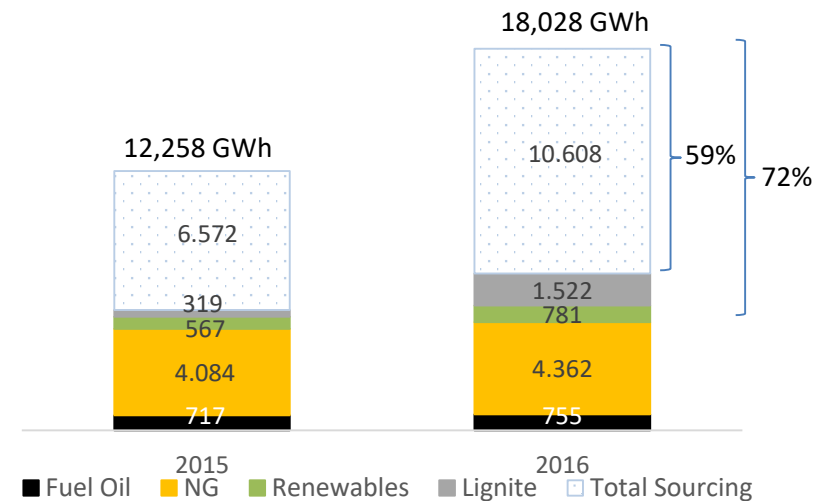
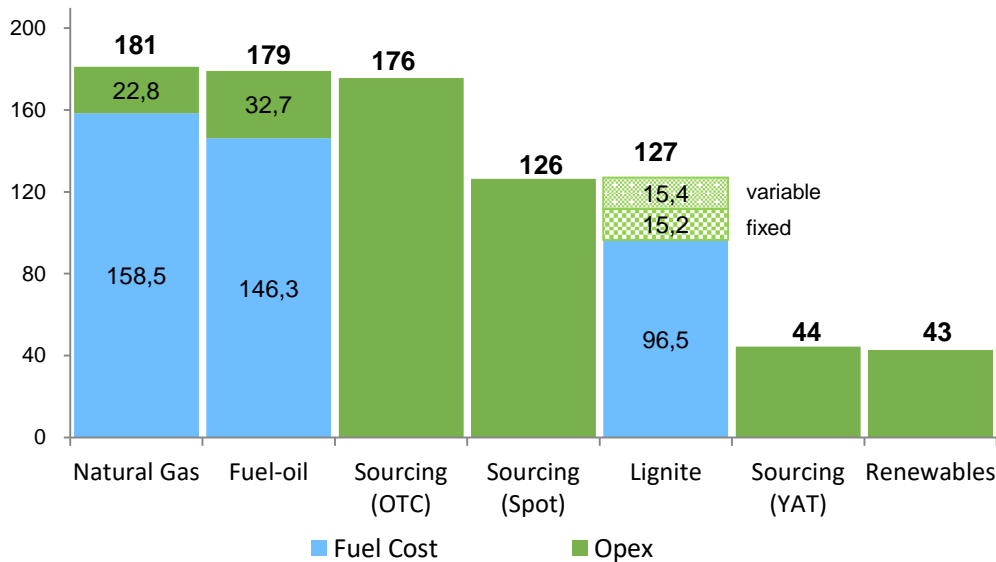
## Cost Structure vs. Sales Price (FY2016)



## Improving Lower Cost Output



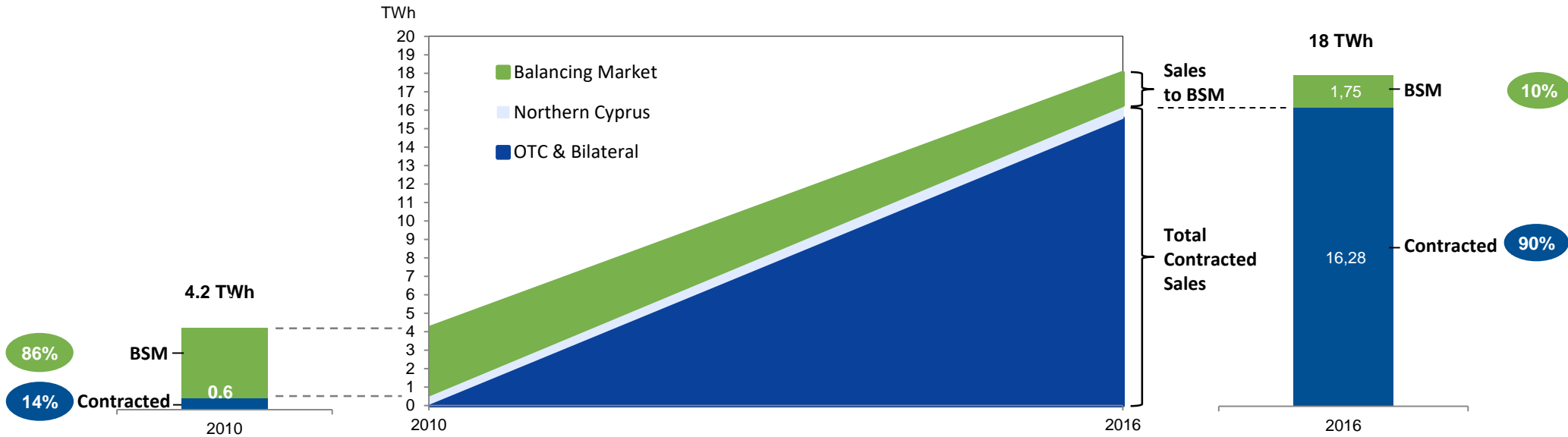
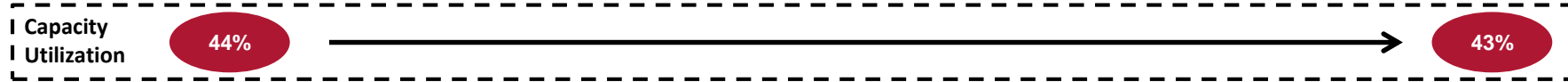
TL/MWh



- Blending of more cost-effective renewables and lignite, along with sourcing provides us a better cost base.
- OTC (FY2016: 176TL vs 9M16: 142TL) and spot sourcing (FY2016: 126TL vs 9M16: 100TL) costs have spiked due to increase in procurement prices as a result of natural gas limitations.
- Going forward we expect the total cost of Bolu to stabilise at 120 TL.

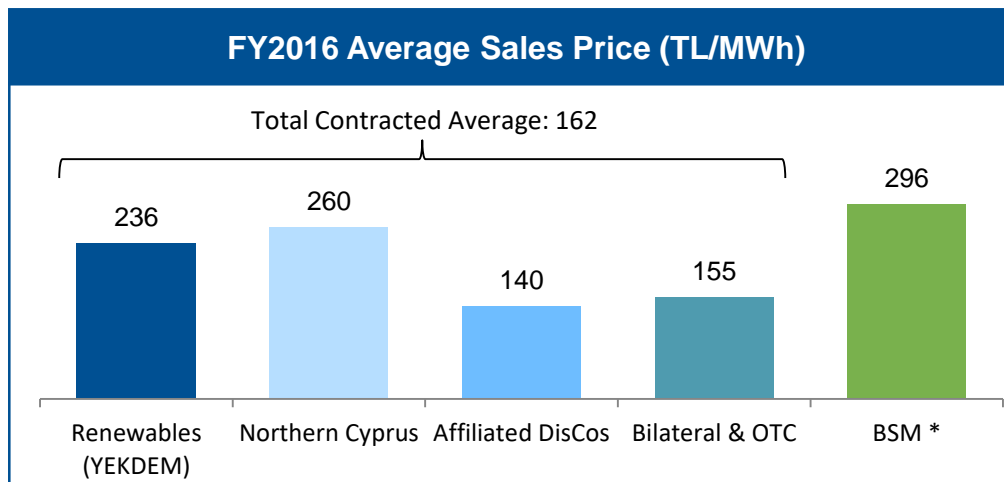
- 47% increase in total sales volume YoY.
- Share of «renewables & local resources & sourcing» has gone up as the low price environment continued, enabling increased amounts of low cost procurement to reduce the cost base YoY.
- Procurement volumes are expected to continue at high levels given depressed price levels, as the contracted sales volume increases.

# Company Highlights - Sales mix and prices (TL)



### 2010 - Contracted Sales

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



### 2016- Contracted Sales

- 126,410 bilateral customers\*\*
- 16 TWh contracted sales
- 90% of total sales

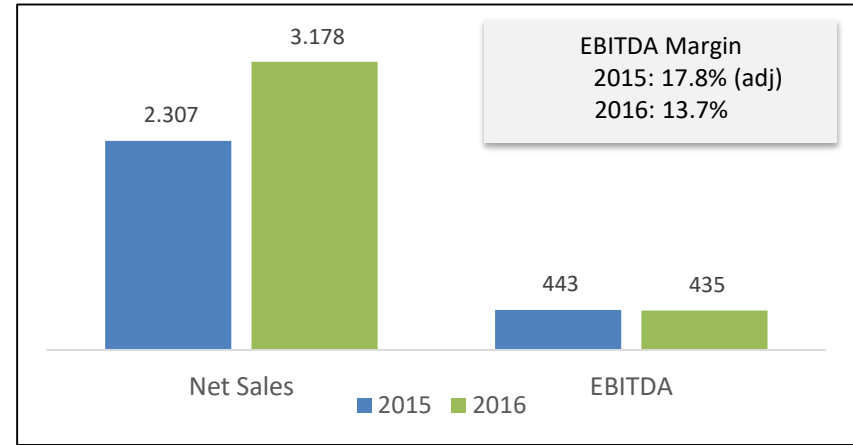
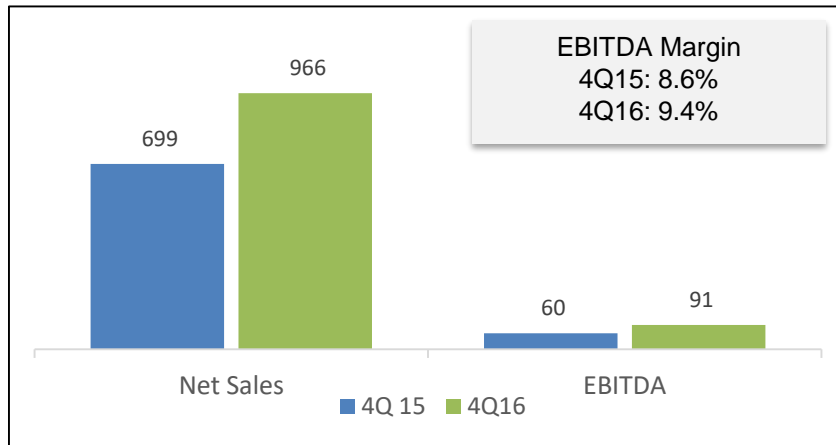
\* BSM (Spot Market Sales) in 2016 are made up of orders (YAL: Take Load/Yük Al) from Turkish Electricity Transmission Company (TEİAŞ) that are used to smooth out the imbalances in the whole system.

\*\* Bilateral customers are contracted by the affiliates of Kazancı Group. Akso Enerji has contracts with the affiliates of Kazancı Group.

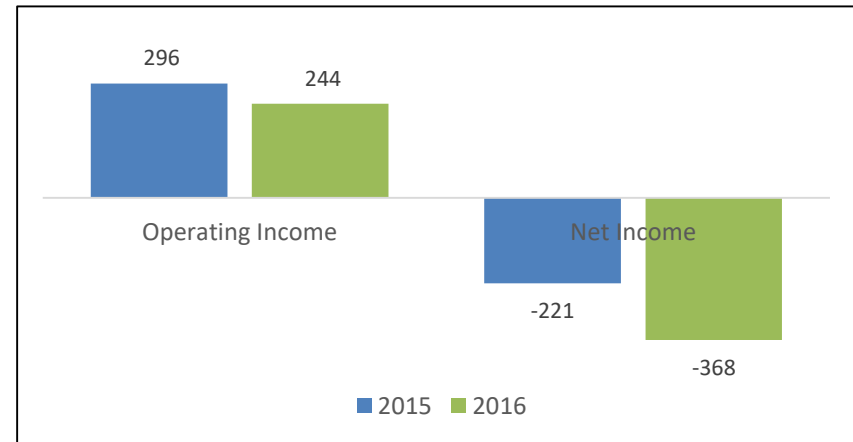
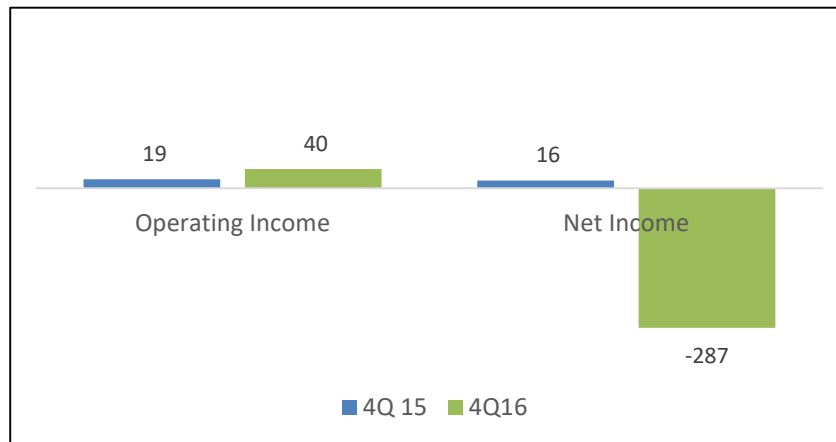
# Financial highlights FY2016

## Consolidated income statement

### Net sales & EBITDA (TL mn)



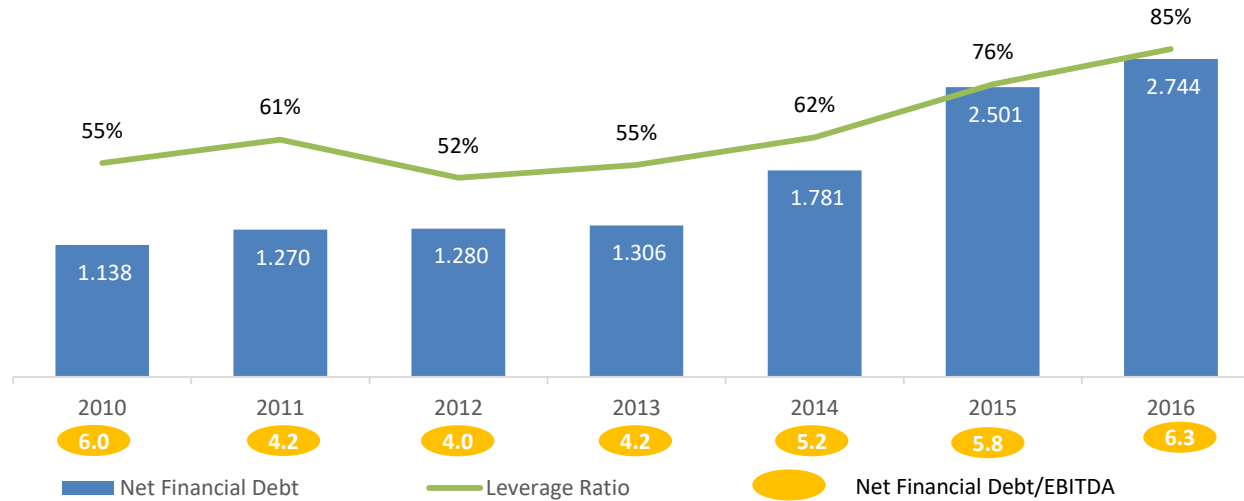
### Operating income & Net income (TL mn)



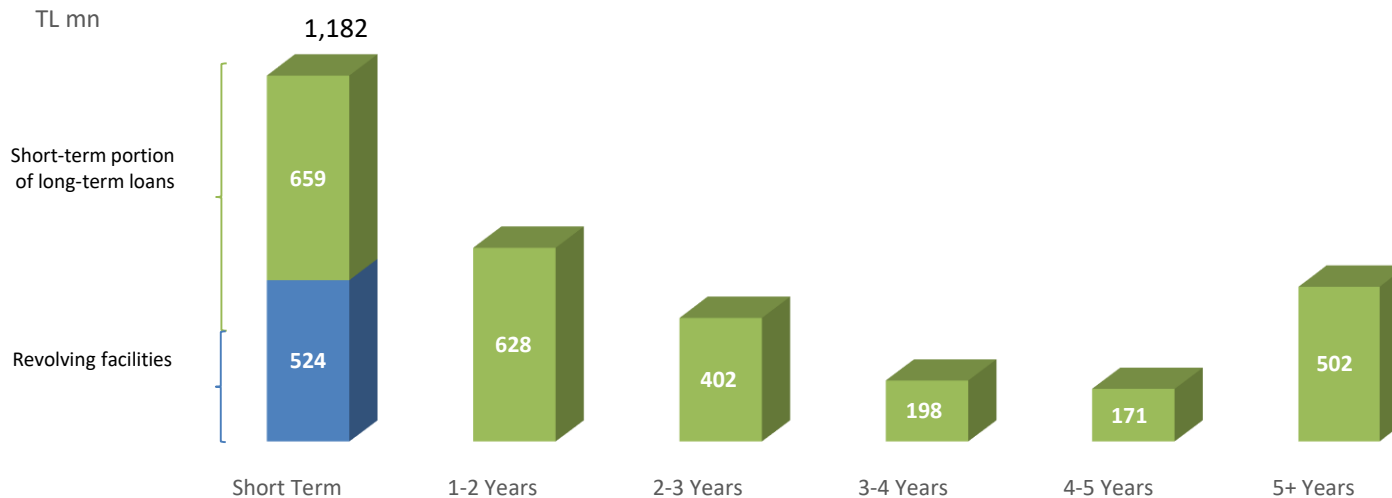
# Financial highlights FY2016

## Net financial debt and repayment schedule

### Net financial debt (TL mn)



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



44% of our bank loans is in TL, 45% is in USD and 11% in EUR.

**DEVELOPMENTS**  
**STRATEGY**  
**INTERNATIONAL PROJECTS**  
**ASSET SALE**  
**GUIDANCE**



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# Ghana – Key Points

- ❑ Full commissioning by May
- ❑ CUR: 97%
- ❑ 2017E production: 1.61 TWh
- ❑ 2017E EBITDA: USD 115 mn
- ❑ Total CAPEX: USD 110mn (cash)
- ❑ 2017E CAPEX: USD 12.5 mn



# Madagascar PPA – 20 year contract with generation in 2017

- ❑ Equipment from the existing HFO plants will be used - minimal CAPEX.
- ❑ 60MW in 2017
- ❑ 60 MW (phase 2) to be aligned with construction of transmission lines
- ❑ 60 MW to be commissioned by the end of July 2017
- ❑ 2017E production: 0.2 TWh
- ❑ 2017E EBITDA: USD 24 mn
- ❑ Total CAPEX: USD 22mn (USD 5mn already spent in 2016)



# Mali – Key Points

- ❑ Projected generation: up to 250 million KWh per year
- ❑ Existing equipment will be used
- ❑ No external financing
- ❑ Full commissioning by the end of June
- ❑ 2017E production: 0,21 TWh
- ❑ 2017E EBITDA: EUR 13.6 mn
- ❑ Total CAPEX: USD 15.8 mn (USD 2mn spent in 2016)





# APPENDIX



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# Consolidated income statement

<i>(TL mn)</i>	2010	2011	2012	2013	2014	2015	2016
<b>Net sales</b>	<b>911,9</b>	<b>1315,4</b>	<b>1840,6</b>	<b>1786,0</b>	<b>1957,4</b>	<b>2306,7</b>	<b>3178,2</b>
Cost of sales	-775,5	-1088,0	-1604,0	-1565,9	-1710,8	-1979,5	-2907,2
<b>Gross profit</b>	<b>136,4</b>	<b>227,4</b>	<b>236,6</b>	<b>220,1</b>	<b>246,6</b>	<b>327,2</b>	<b>271,0</b>
<i>Gross profit margin</i>	15%	17%	13%	12%	13%	14%	9%
General & administrative costs	-17,8	-16,0	-16,7	-18,0	-22,2	-22,5	-30,0
Sales and marketing costs	-1,8	-3,0	-2,1	-2,0	-2,0	-0,5	-0,8
Research & development costs	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other operating income	0,0	0,0	6,7	5,0	3,8	3,3	12,8
Other operating expenses (-)	0,0	0,0	-21,4	-8,7	-18,5	-11,2	-9,3
<b>Operating income</b>	<b>116,7</b>	<b>208,3</b>	<b>203,0</b>	<b>196,3</b>	<b>207,6</b>	<b>296,3</b>	<b>243,7</b>
<i>Operating income margin</i>	12,8%	15,8%	11,0%	11,0%	10,6%	12,8%	7,7%
Goodwill income/(expense)	7,0	0,0	0,0	0,0	0,0	0,0	0,0
Gain from investing activities	-	-	0,6	0,3	1,4	29,2	4,0
Loss from investing activities	0,0	0,0	-0,4	-1,1	-0,2	-0,6	-90,2
Financing income	-43,5	-273,5	221,0	142,8	199,6	218,9	51,5
Financing expense	0,0	0,0	23,2	351,6	-381,8	-769,0	-636,1
<b>Earnings before income tax</b>	<b>84,7</b>	<b>-116,5</b>	<b>226,5</b>	<b>-156,1</b>	<b>26,6</b>	<b>-225,2</b>	<b>-427,1</b>
<i>EBT margin</i>	9,3%	-8,9%	12,3%	-8,7%	1,4%	-9,8%	-13,4%
Tax	-14,1	-5,5	-6,6	22,8	12,8	4,2	59,5
<b>Net income</b>	<b>70,7</b>	<b>-122,0</b>	<b>219,9</b>	<b>-133,3</b>	<b>39,4</b>	<b>-221,1</b>	<b>-367,6</b>
<i>Net income margin</i>	7,7%	-9,3%	11,9%	-7,5%	2,0%	-9,6%	-11,6%
<b>EBITDA</b>	<b>188,3</b>	<b>300,8</b>	<b>323,1</b>	<b>311,8</b>	<b>343,9</b>	<b>442,9</b>	<b>434,9</b>
<i>EBITDA margin</i>	20,7%	22,9%	17,6%	17,5%	17,6%	19,2%	13,7%

Source: IFRS financial statements  
 Pls note that FY2015 results are restated.

# Consolidated balance sheet

Assets (TL mn)	2012	2013	2014	2015*	2016
Cash and cash equivalents	40,6	22,3	34,2	48,5	219,4
Trade receivables net	245,9	142,3	88,7	119,8	219,7
Due from related parties and shareholders	593,9	0,0	4,4	67,3	59,9
Inventory	135,5	250,0	269,2	339,8	416,4
Derivative Financial Instruments	–	2,7	2,7	0,0	6,5
Other current assets	84,6	77,4	116,6	138,7	94,3
<b>Total current assets</b>	<b>1.100,8</b>	<b>494,7</b>	<b>515,8</b>	<b>740,2</b>	<b>1.475,7</b>
Trade receivables	–	1,3	0,0	2,5	20,2
Investments	1,6	1,5	1,9	0,4	0,4
PP&E	1.627,3	2.109,7	2.730,0	3.236,0	2.546,7
Goodwill	9,5	7,1	7,1	6,8	6,8
Intangibles	1,7	1,9	1,9	3,4	61,0
Other non-current assets	87,0	113,2	80,6	0,0	0,0
Deferred tax assets	4,1	36,7	56,2	63,2	143,1
<b>Total non-current assets</b>	<b>1.731,2</b>	<b>2.271,4</b>	<b>2.877,7</b>	<b>3.412,2</b>	<b>2.779,8</b>
<b>Total assets</b>	<b>2.832,0</b>	<b>2.766,1</b>	<b>3.393,5</b>	<b>4.152,4</b>	<b>4.255,4</b>
<b>Liabilities (TL mn)</b>					
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015*</b>	<b>2016</b>
Financial liabilities	564,3	265,6	439,6	938,0	1.345,3
Trade payables, net	284,7	326,1	431,8	280,4	294,4
Due to Related Parties and Shareholders	–	10,3	0,0	132,8	64,7
Taxation payable on income	6,6	7,5	9,6	6,8	8,7
Other payables and accrued liabilities	11,7	14,8	15,8	4,8	9,4
Liabilities held for sale	-	-	-	-	369,5
<b>Total current liabilities</b>	<b>867,3</b>	<b>624,3</b>	<b>898,3</b>	<b>1.370,0</b>	<b>2.092,0</b>
Long-term financial liabilities	756,4	1.062,7	1.375,8	1.852,4	1.618,1
Retirement pay provision	2,2	3,0	5,2	4,4	2,9
Other liabilities	–	1,3	0,0	0,0	0,0
Deferred tax liability	2,9	3,5	4,8	44,6	52,2
<b>Long Term Liabilities</b>	<b>761,5</b>	<b>1.070,5</b>	<b>1.385,8</b>	<b>1.901,3</b>	<b>1.673,1</b>
Paid in capital	615,2	615,2	615,2	615,2	615,2
General reserves	121,0	340,3	207,0	42,1	44,3
Share premium	247,4	247,4	247,4	247,4	247,4
Cash Flow Hedge Reserve	–	2,1	1,0	-5,8	1,1
Net profit for the year	219,9	-133,3	39,4	-219,3	-368,0
<b>Shareholder's equity</b>	<b>1.203,2</b>	<b>1.071,3</b>	<b>1.109,4</b>	<b>881,1</b>	<b>490,3</b>
<b>Total liabilities and equity</b>	<b>2.832,0</b>	<b>2.766,1</b>	<b>3.393,5</b>	<b>4.152,4</b>	<b>4.255,4</b>

Source: IFRS financial statements  
 \* Pls note that FY2015 results are restated.

# Consolidated statement of cash flows

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2016</b>	<b>2015</b>
Net loss for the period	(367,623,980)	(221,078,812)
Depreciation and amortization	191,172,113	146,593,311
Provision for employee severance indemnity	1,712,859	1,886,733
Interest expense and gains	291,174,762	148,559,327
Change in allowance for doubtful other receivables	185,084	5,657,042
Tax income	(59,497,789)	(4,164,004)
Gain on sale of property, equipment and intangible assets	86,204,437	(28,601,041)
Unrealized foreign currency income/loss	304,126,157	71,791,827
<b>Operating profit before working capital changes</b>	<b>447,453,643</b>	<b>120,644,383</b>
Change in trade and other receivables	(106,104,686)	(86,806,124)
Change in inventories	(64,551,052)	(105,219,399)
Change in other current assets	(129,966,748)	(71,629,624)
Change in trade and other payables	7,345,079	74,106,897
Change in due to related parties	(16,673,836)	59,355,708
Change in due from related parties	4,604,911	(2,253,276)
Change in other current liabilities	19,248,215	(1,361,046)
Change in prepayments	77,465,346	18,950,658
	<b>238,820,872</b>	<b>5,788,177</b>
Tax paid	(10,145,584)	(4,841,540)
Employee termination indemnity paid	(1,315,962)	(1,981,207)
Interest paid	(270,982,436)	(128,494,442)
Interest received	9,235,357	3,250,695
<b>Net cash used in operating activities</b>	<b>(34,387,753)</b>	<b>(126,278,317)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchases) / Disposals of property, plant and equipment and intangible assets, net	(66,839,765)	(554,962,667)
Disposal of subsidiary	23,617,991	--
<b>Net cash used in investing activities</b>	<b>(43,221,774)</b>	<b>(554,962,667)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from banks borrowings	827,459,875	1,127,730,071
Repayment of banks borrowings	(836,707,725)	(550,359,347)
Proceeds from issued debt instruments	200,000,000	135,000,000
Net cash inflow from derivatives	6,468,833	8,372,183
Net cash outflow from derivatives	(25,310,463)	--
<b>Net cash provided from financing activities</b>	<b>171,910,520</b>	<b>720,742,907</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECTS OF FOREIGN EXCHANGE FLUCTUATIONS</b>	<b>94,300,993</b>	<b>39,501,923</b>
TRANSLATION RESERVE EFFECT	(83,697,061)	(42,735,427)
<b>NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10,603,932</b>	<b>(3,233,504)</b>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<b>31,004,496</b>	<b>34,238,000</b>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<b>41,608,428</b>	<b>31,004,496</b>

# Licence Portfolio (Operational)

Power Plant	License Owner	Fuel Type	Installed Capacity (MW)	%
Northern Cyprus	Aksa Cyprus	Fuel-oil	153	
<b>Total Fuel-Oil fired power plants</b>			<b>153</b>	<b>7%</b>
Antalya NGCC	Aksa Energy	Natural Gas	1.150	
Manisa NGCC	Aksa Energy	Natural Gas	115	
Şanlı Urfa	Rasa Energy	Natural Gas	147	
<b>Total Natural Gas fired power plants</b>			<b>1.412</b>	<b>67%</b>
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	
<b>Total Wind power plants</b>			<b>259</b>	<b>12%</b>
Çorum İncesu	Aksa Energy	Hydro	15	
<b>Total Hydro power plants</b>			<b>15</b>	<b>1%</b>
Bolu Göynük	Aksa Göynük	Lignite	270	
<b>Total Lignite fired power plants</b>			<b>270</b>	<b>13%</b>
<b>Total Power Plants</b>			<b>2.109</b>	

# Ongoing Investments

## Under Construction

<u>Power Plant</u>	<u>Investment</u>	<u>License Owner</u>	<u>Fuel Type</u>	<u>Additional Capacity (MW)</u>	<u>Completion Year</u>
Ghana	Greenfield	Aksa-Ghana	HFO	370	2017
Madagascar	Greenfield	Aksaf Power	HFO	120*	2017-2019
Mali	Greenfield	Aksa	HFO	40	2017
				<b>530</b>	
<b>Total</b>				<b>530</b>	

- The above projects will be utilising mostly existing equipments from Şırnak, Hakkari, Mardin 1, Mardin 2, Samsun, Van, and Siirt power plants.

\* 60 MW of Madagascar project will be operational after the transmission lines in the region are completed by the World Bank. Expected time frame for the completion of the transmission lines are 2018. Completion year is stated as 2019 to factor in any possible delays in the construction of transmission lines.

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