

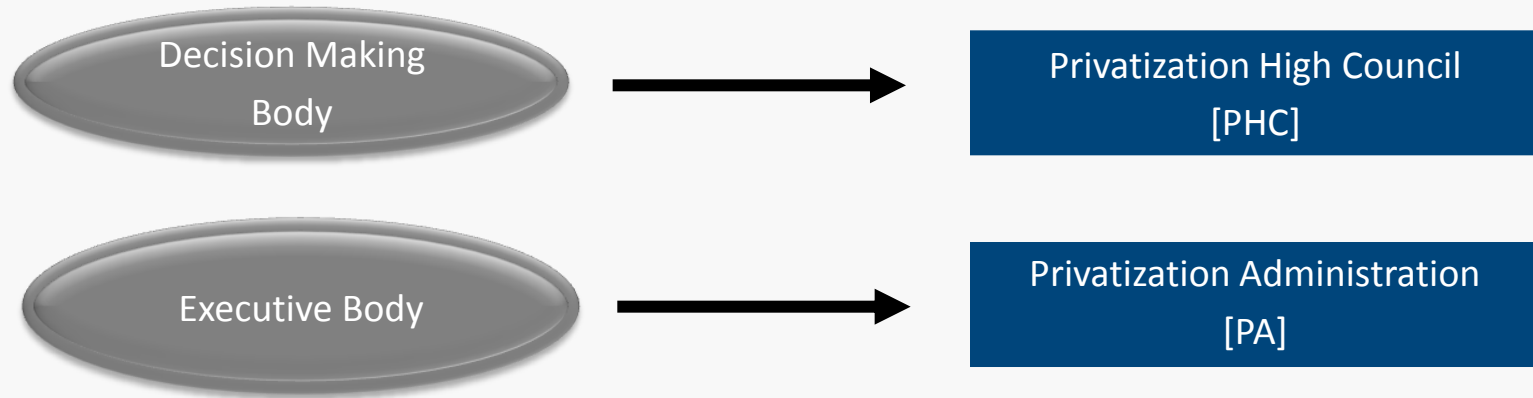


Privatization Opportunities in the Turkish Energy Sector

- Overview of Privatization Implementations
- Başkent Natural Gas Distribution Inc. Co
- İGDAS
- Electricity Distribution Companies

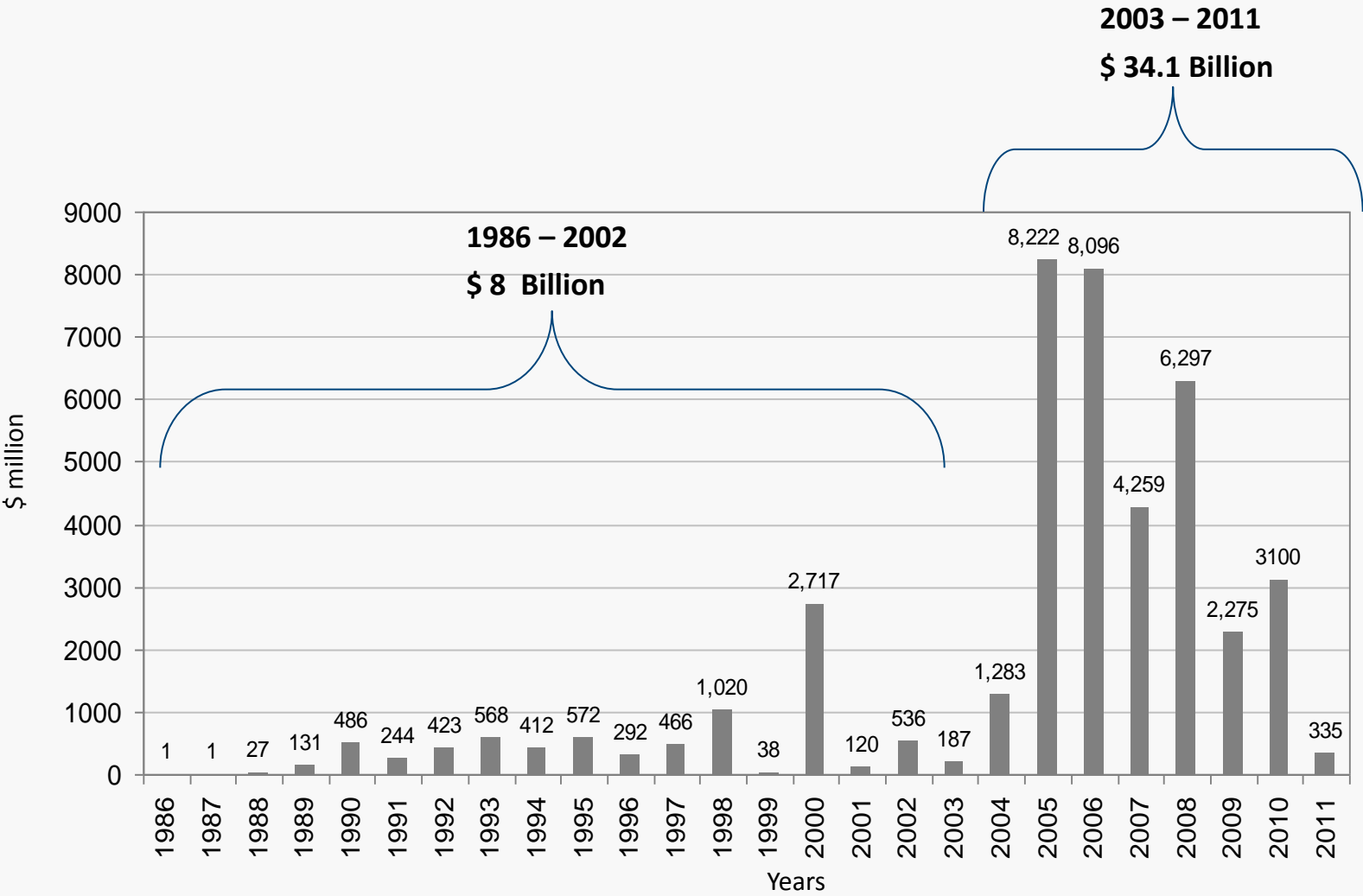


Law No. 4046 is the main legislation for the privatizations of SOE's in Turkey

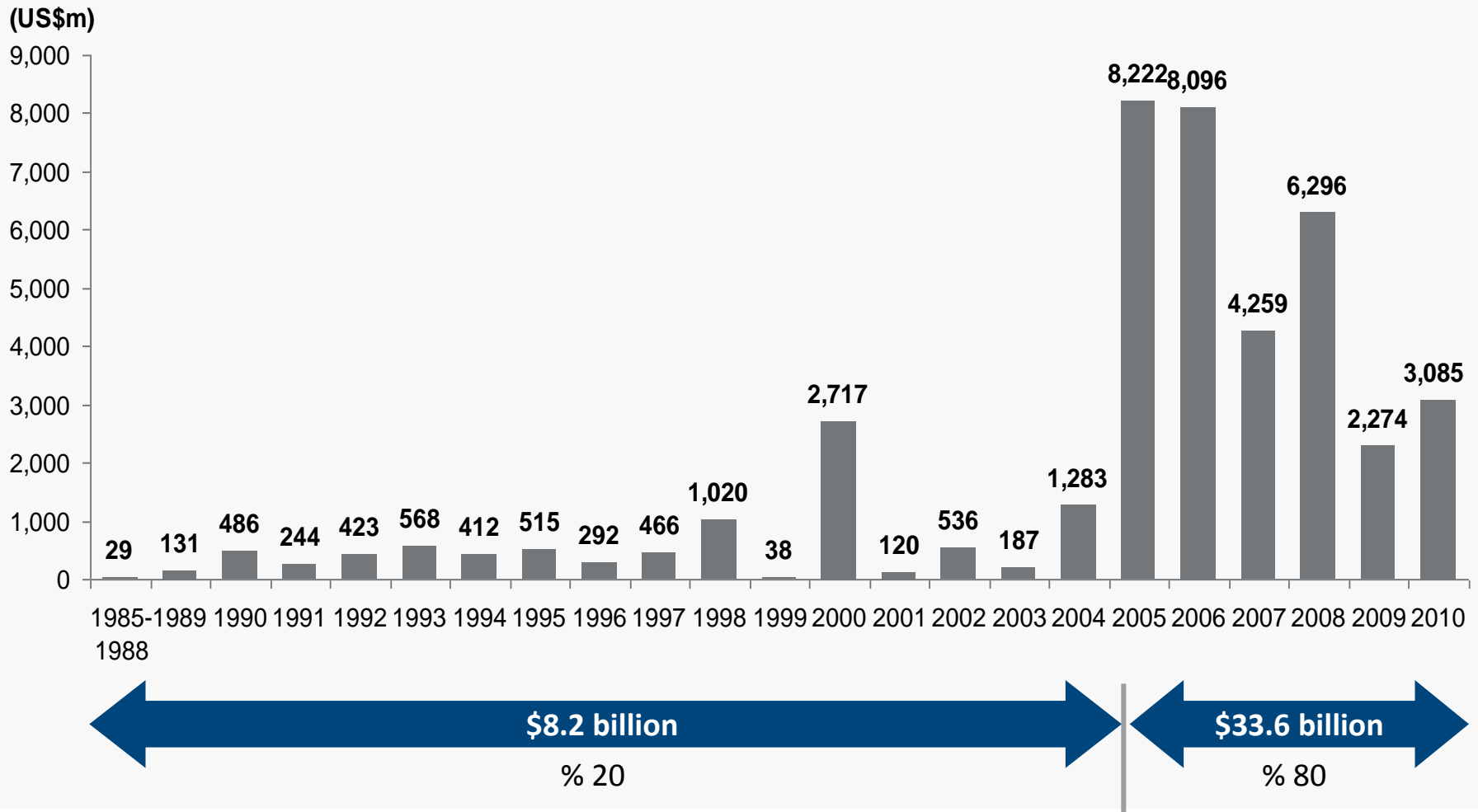


- PA is the main responsible administration for the privatizations of the SOE's, state entities and state shares in companies.
- PA is directly subordinated to the Prime Minister. The duties and powers derived from the law are currently being exercised by the Minister of Finance.
- Besides PA, there are some special regulations for the privatization of certain SOE's, like Türk Telekom and National Lottery Games.

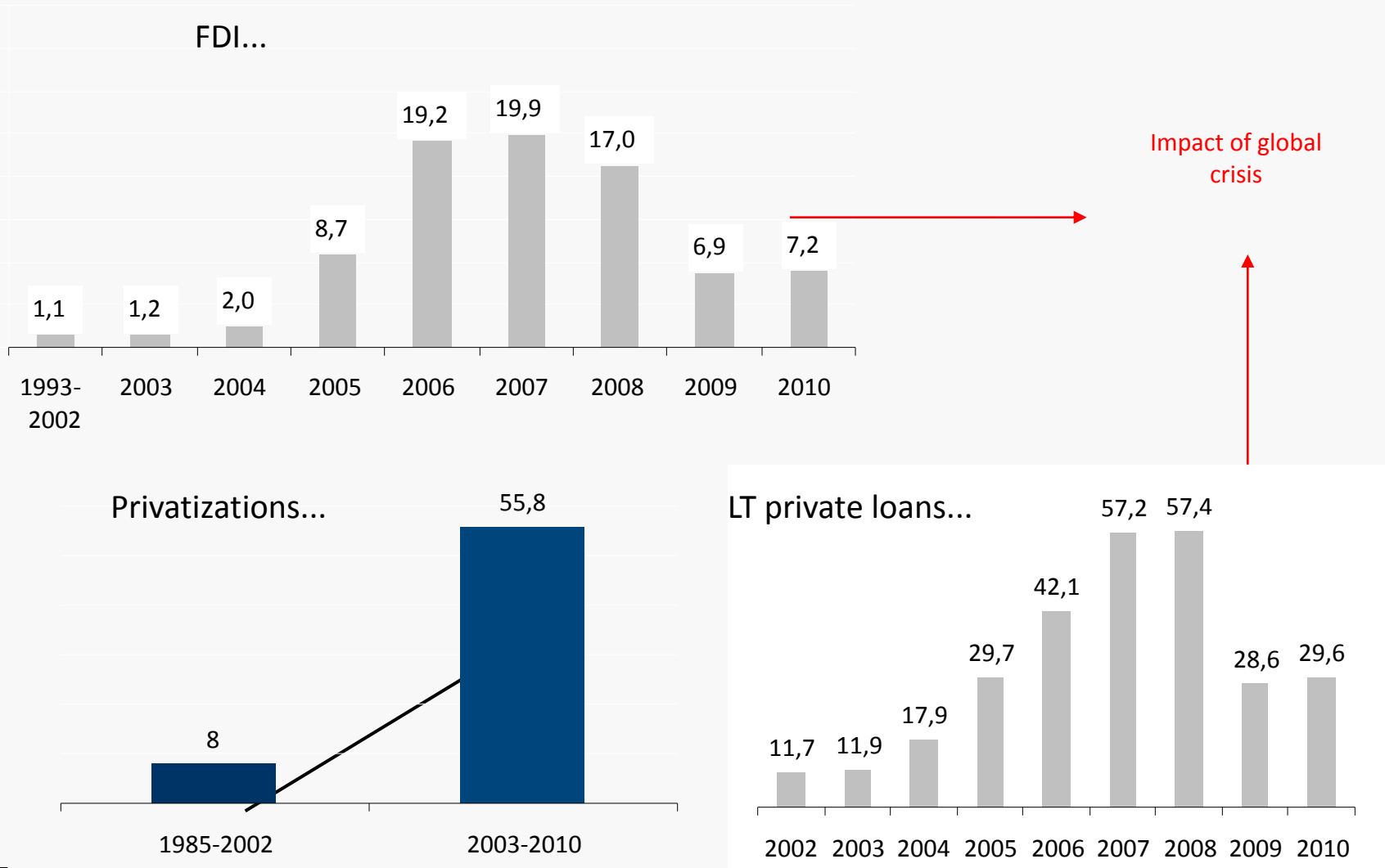
Overview of Privatization Implementations



Almost 80% of all privatization revenues were accrued between 2004-2010

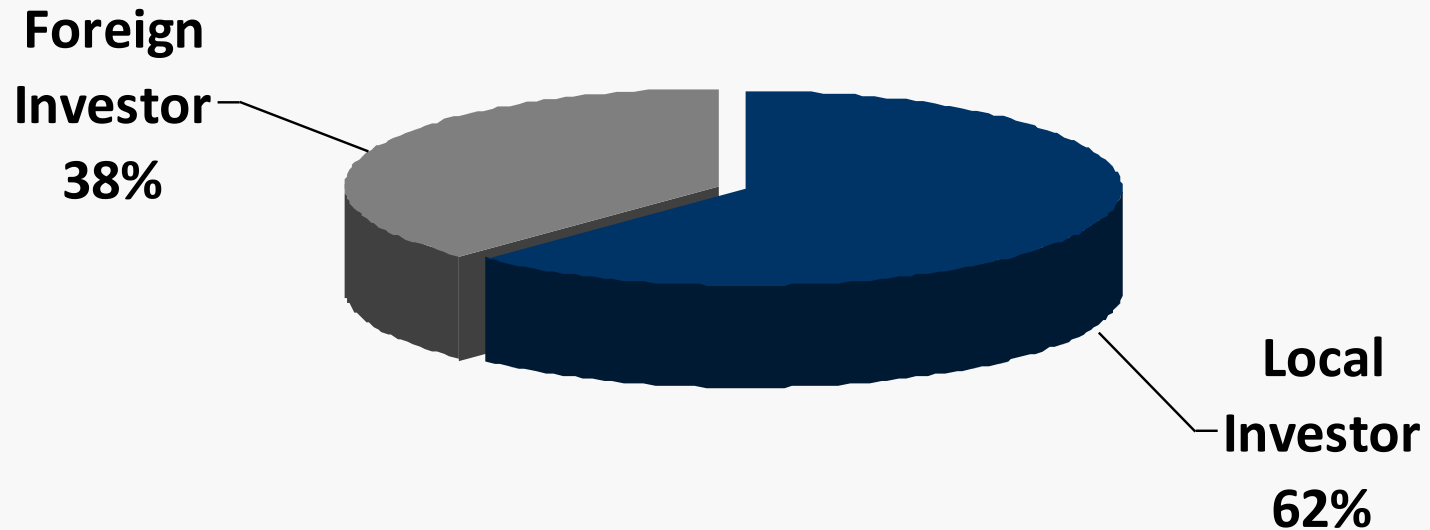


Overview of Privatization Implementations



Source: Treasury

As of the end of 2010 almost 40% of the closed privatization deals have foreign capital involvement.

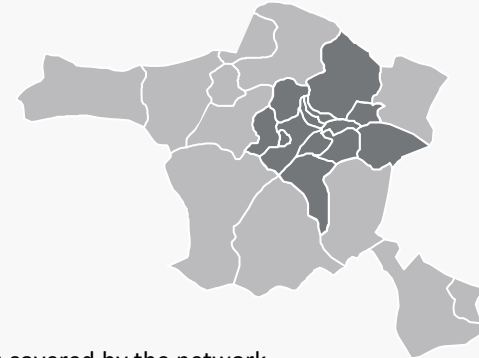


Baskentgaz Overview

Business Description

- Established in 2007
- Second largest national natural gas distribution company in Turkey**
- Operates in the capital of Turkey, Ankara with a population base c. 4.8 million
- Exclusive distributor of natural gas within its assigned region covering an area of c. 50 km in radius in Ankara
- Holds a 30-year natural gas distribution license, valid until 2037
- Serves **1.3 million subscribers** (June 2011)
- Annual natural gas sales volume over 1.7 bcm, while distributing over 3.0 bcm
- Operates a distribution network with above 8,600 km of infrastructure including primary and service lines
- Operates over 1,100 regulating and metering stations

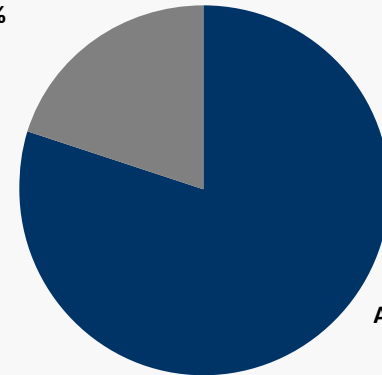
Ankara



Regions covered by the network

Shareholding Structure

Ankara Municipality
20%



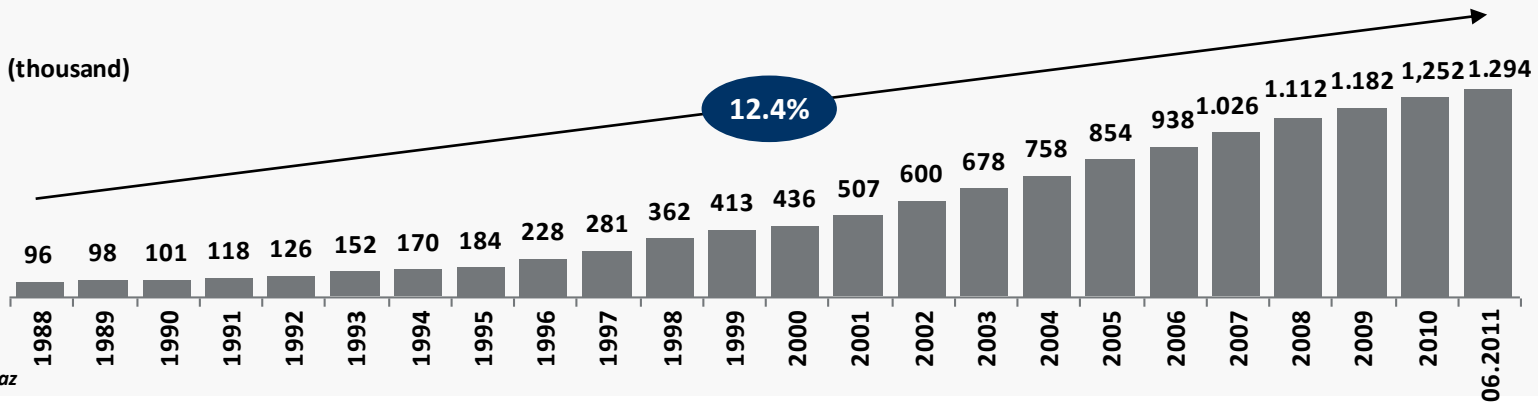
Privatization
Administration 80%

Subscribers

Overview

- 1.3 million subscribers (June 2011)
- Two important criteria in the classification of the subscribers: payment type and consumption volume.
 - Payment type: Pre-paid or post-paid.
 - Pre-paid subscribers are allowed to purchase gas in advance, in the form of consumption credits.
 - Post-paid subscribers are billed once per month for the actual volume of natural gas after the actual consumption.
- Consumption volume: Eligible or non-eligible.
 - Eligible subscribers with annual consumption over 700,000 m³ are allowed to purchase gas at preferential tariffs either from Baskentgaz or directly from other suppliers.
 - Non-eligible subscribers do not have the flexibility and are obliged to procure gas from the local distribution companies.

Number of Subscribers



Source: Baskentgaz

Subscriber Types

Payment Type

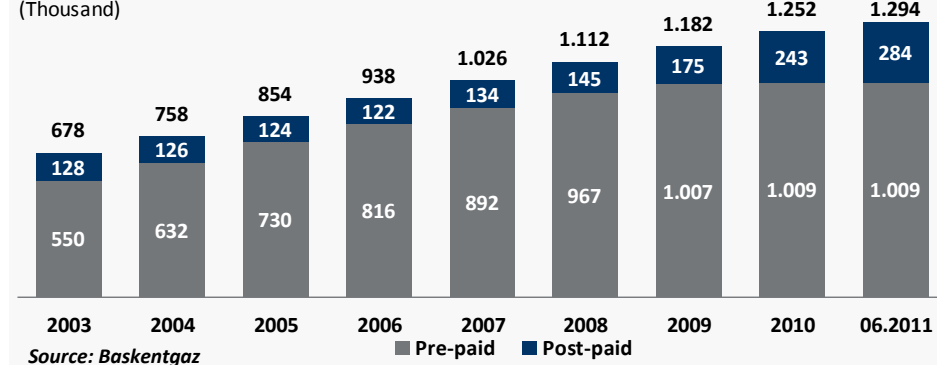
Payment type	Characteristics
Pre-paid	<ol style="list-style-type: none"> 1. Collection on cash basis reduces the overall collection risk of the Company 2. Positive working capital effect 3. Billing expenses are avoided 4. Pricing risk
Post-paid	<ol style="list-style-type: none"> 1. Traceable consumption 2. Collection risk is limited by collecting security deposit 3. No pricing risk

Consumption Volume

Non-eligible Subscribers		Eligible Subscribers	
Residential	Industrial	Residential	Industrial
<ul style="list-style-type: none"> ■ Apartments, private houses, governmental bodies, private companies etc ■ Annual consumption below 700,000 m³ 	<ul style="list-style-type: none"> ■ Industrial and commercial consumers ■ Annual consumption below 700,000 m³ 	<ul style="list-style-type: none"> ■ Collective consumption associations (residential site, cooperative etc.) ■ Annual consumption above 700,000 m³ 	<ul style="list-style-type: none"> ■ Major industrial and commercial consumers ■ Annual consumption above 700,000 m³

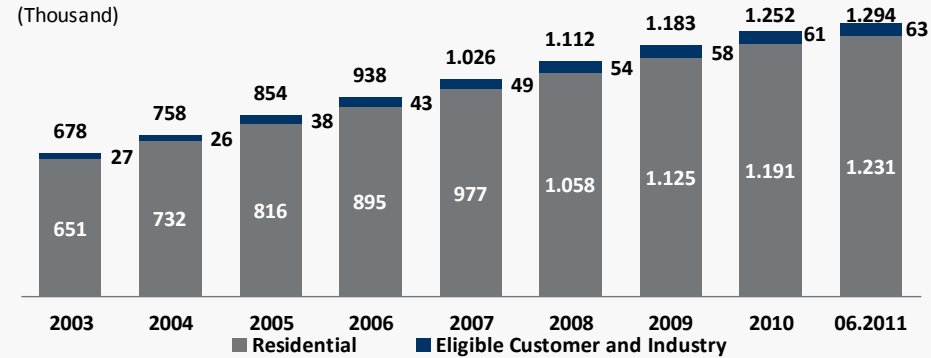
Subscribers By Payment Type

(Thousand)



Subscribers By Consumption Volume

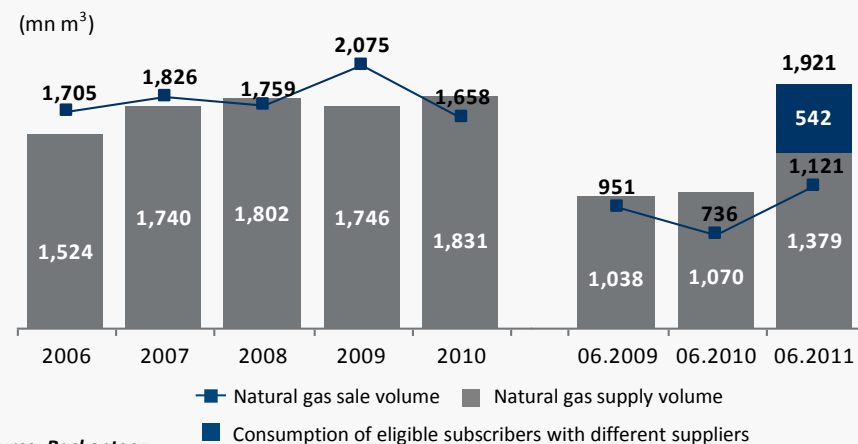
(Thousand)



Sales, Supply & Distribution Volume

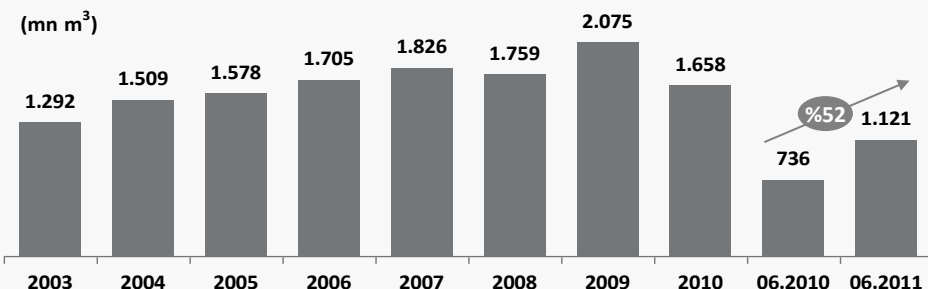
Overview

- The natural gas sales and supply volume growth has achieved a CAGR of 3.6% and 7.2% between 2003 and 2010. In 2010 Baskentgaz sold 1.7 billion m³ and supplied 1.8 billion m³ natural gas
- Discrepancies between the volume of natural gas sale and supply is attributable to pre-paid system
- Between June 2010 and June 2011 period, natural gas supply has grown 29% which depicts the rapid increase of natural gas consumption in the region
- After the transfer of RMS stations to the Company's distribution network in February 2011, eligible customers with different suppliers has been added to Baskentgaz's subscriber portfolio. After these additions, the annual distribution volume is expected to reach 3 billion m³ by the end of 2011



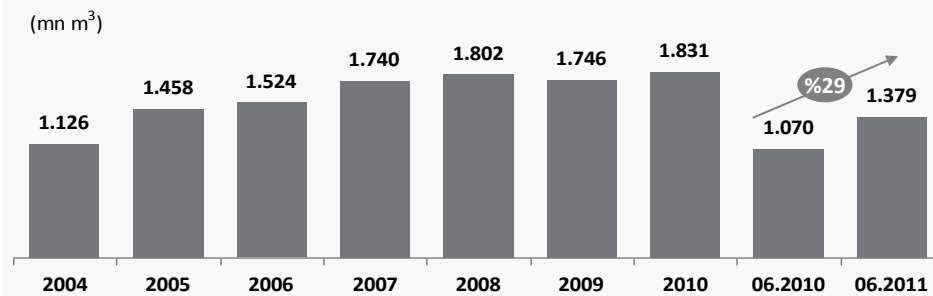
Source: Baskentgaz

Sales Volume



Source: Baskentgaz

Supply Volume



Source: Baskentgaz

Tariff Structure

Distribution Tariff

- Baskentgaz operates under Natural Gas Market Legislation and is subject to regulations set forth by the Energy Market Regulatory Authority (“EMRA”)
- The tariff scheme regulated by EMRA is composed of three components: (i) natural gas price; (ii) special consumption tax on the natural gas, applied by Ministry of Finance; and (iii) distribution charge, fixed charge per m³ of natural gas distributed
- Based on Law No 4646, subscribers consuming over the eligibility limit set by EMRA are classified as eligible subscribers and these customers are eligible to source natural gas from different suppliers
- Two types of distribution charges; service charge (“SC”) is collected from captive (non-eligible) subscribers and transmission charge (“TC”) is applied to eligible subscribers
- Based on Law No 5655, Baskentgaz is secured to charge US\$ fixed SC and TC till August 31, 2017



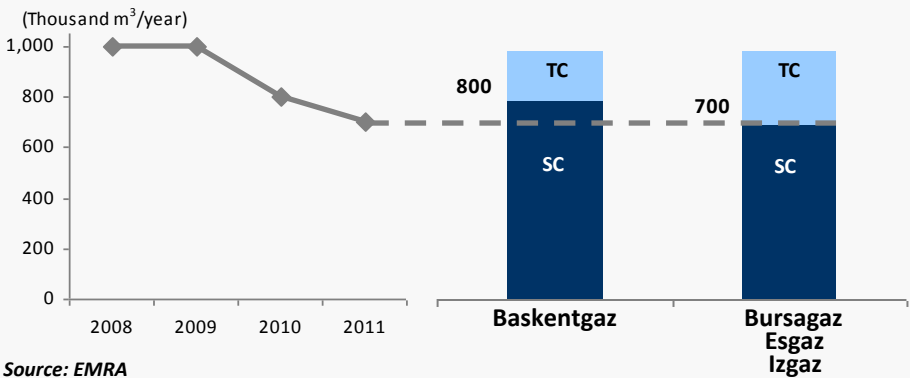
- For 2011, EMRA set the eligibility limit at 700,000 m³ annual consumption volume Accordingly other distribution companies namely İzgaz, Esgaz and Bursagaz charges their subscribers SC or TC based on this consumption threshold while Baskentgaz is privileged to collect service charge from all its subscribers with less than 800,000 m³ annual consumption till the end of fixed tariff period (August 31, 2017)

	Natural gas price	Special consumption tax	Distribution margin
Residential and non-eligible industrial (<700,000 m³)	Non-eligible tariff	Constant SCT over natural gas price	Service charge
Eligible subscriber (700.000 m³ – 800,000 m³)	Eligible tariff		Service charge
Eligible subscriber (>800,000 m³)	Eligible tariff		Transmission charge
Prices set by	BOTAS	Ministry of Finance	Fixed until 2017, secured by Law no 5669
Currency	TL	TL	USD

Source: EMRA

Eligibility Limit

Eligibility limit is gradually lowered in line with market liberalization plan



Source: EMRA

Overview of Istanbul



One of the most crowded cities of the world with its population c.13.3 million



The largest city in Turkey generating c.22% of total GDP of Turkey



Generated c.55% of the total foreign trade volume of Turkey



427 Companies out of Turkey's top 1,000 enterprises

İGDAŞ: Turkey's Largest Gas Distribution Platform

A THE SECTOR

- 1 Turkey's energy consumption is experiencing a rapid increase due to economic growth, industrialization and increasing population.
- 2 Parallel to this increase, natural gas has become the major energy resource that meets Turkey's energy requirement, as a result of the development of the main transmission pipeline, utilization of natural gas in electricity production and supply to households.

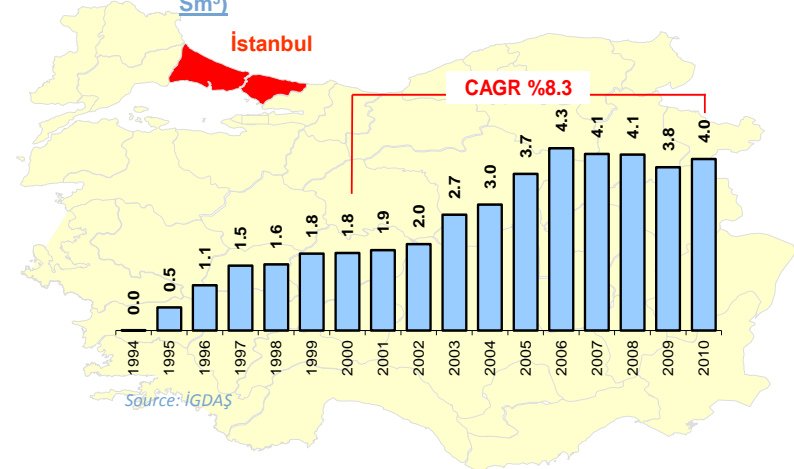
B THE COMPANY

- 1 İGDAŞ is the gas distribution monopoly in İstanbul, Turkey's most populated city. With a population of c.13.3 million, İstanbul represents c.18% of Turkey's total population and c.22% of total GDP
- 2 İGDAŞ is among the largest companies in Turkey. In 2010, the Company posted net revenues of c.TL2.5 bn, and ranked as the 32nd largest company in Turkey. (Fortune 500 list – 2010)
- 3 İGDAŞ is the largest gas distribution company in Turkey. Sold c.35% of natural gas consumed in distribution regions (as of 2010), with c.4.5 million subscribers and an annual volume of c.4 billion m³(1) as of 2010
- 4 Non-eligible customers account for c.88% of İGDAŞ's gas distribution volume in 2010. This represents a very low customer concentration.
- 5 İGDAŞ has a well developed network infrastructure. With its service, steel and polyethylene pipeline length exceeding 18,145 km, İGDAŞ supplies gas to c.97% of all regions with zoning plans in its license region in İstanbul
- 6 İGDAŞ has an experienced management and technical staff. İGDAŞ personnel are very experienced in their fields since enabling the company to achieve high levels of operational efficiency
- 7
- 8 Complying with the highest quality standards, İGDAŞ has been granted various awards. In line with the utmost quality and safety standards, İGDAŞ has been recognised with having the most reliable trademark, international quality and a consumer friendly company
- 9 İGDAŞ has a strong balance sheet, with a net cash position of TL444 mn as of December 31, 2010

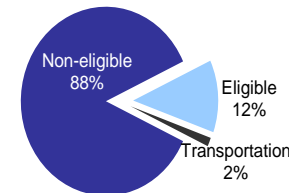
Source: İGDAŞ-EMRA-BOTAŞ

İGDAŞ is audited independently in line with IFRS rules

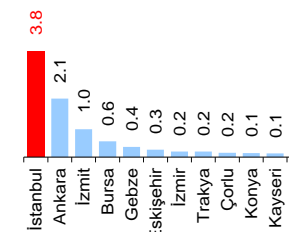
İGDAŞ Natural Gas Distribution Volume (billion Sm³)



İGDAŞ Natural Gas Distribution Volume Breakdown (2010)



Gas Volumes of Distribution Regions (2009, billion Sm³)



İGDAŞ Gas Distribution Infrastructure (2010)

Technical Infrastructure

	no.
RMS-A	8
RMS-B	693
RMS-C (Service Box)	693,884

Distribution Infrastructure

	km
Steel Line	1,563
PE Line	12,646
Service Line	3,936

Privatizations in the Electricity Distribution Sector

- As part of the reform of the Turkish electricity sector, Turkey's electricity distribution company Türkiye Elektrik Dağıtım Anonim Şirketi ("TEDAS") is being privatized through the **sale of regional distribution companies**.
- Privatizations are in the form of a **"transfer of operating licenses"** with the actual distribution network assets to remain in state ownership.
- Since 2008, tenders for **18 distribution companies** have been finalized with **9** tenders have been closed/privatized, **8** pending approval and **1** has been cancelled.
- Gediz and Aras Electricity Distribution Companies will be retendered.

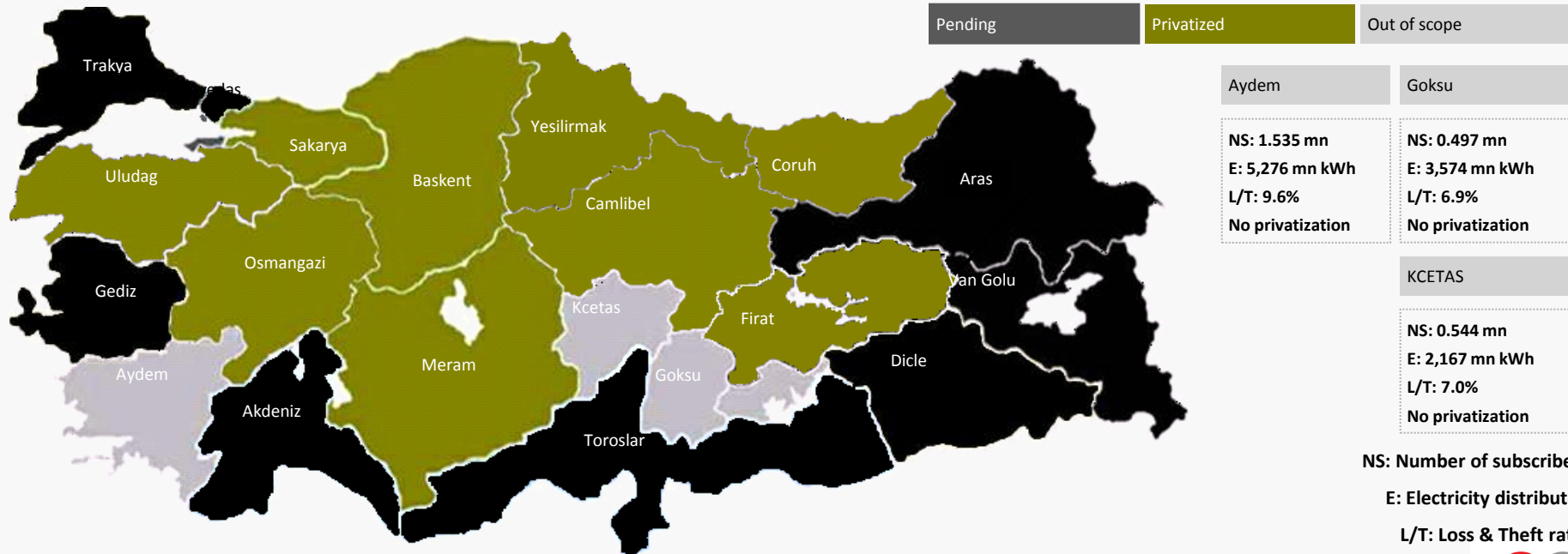
#	Electricity Distribution Region	Electricity Distributed (mn. kWh)	No. of subscribers ('000)	Investor	Status	Transaction value (mn USD\$)
1	Osmangazi	4,846	1,311	Eti Gumus	Privatized	485
2	Camlibel	2,146	746	Kolin İnşaat	Privatized	259
3	Firat	2,033	680	Aksa Elektrik	Privatized	230
4	Uludag	11,049	2,388	Limak İnşaat	Privatized	940
5	Coruh	2,295	1,018	Aksa Elektrik	Privatized	227
6	Yesilirmak	4,049	1,521	Calik	Privatized	442
7	Meram	5,574	1,582	Alarko	Privatized	440
8	Sakarya	8,405	1,347	Akenerji & CEZ	Privatized	600
9	Baskent	11,134	3,185	Verbund & EnerjiSA	Privatized	1,225
10	Dicle	4,191	1,101	Karavil-Ceylan İnşaat	In progress*	228
11	Trakya	5,780	793	Aksa Elektrik	In progress*	622
12	Gediz	12,436	2,390	Eti Gumus & Sogutsen	In progress*	1,915
13	Bogazici	18,434	3,954	MMEKA & İS - Kaya İnşaat	In progress*	2,990
14	Toroslar	14,539	2,742	Yıldızlar SSS	In progress*	2,075
15	Akdeniz	5,928	1,550	Enerjisa	In progress*	1,128
16	Ayedaş	8,582	2,242	MMEKA	In progress*	1,813
17	Van Gölü	1,301	409	Aksa Elektrik	In progress*	100
18	Aras	1,711	747	Kiler	Cancelled	129

*Regulatory approvals were obtained, will be transferred to private buyers after the financial closing.



Privatizations in the Electricity Distribution Sector

Baskent	Sakarya	Meram	Osmangazi	Uludag	Camlibel	Coruh	Yesilirmak	Firat
NS: 3.185 mn E: 11,134 mn kWh L/T: 8.3% Privatized	NS: 1.347 mn E: 8,405 mn kWh L/T: 6.8% Privatized	NS: 1.582 mn E: 5,574 mn kWh L/T: 8.5% Privatized	NS: 1.311 mn E: 4,846 mn kWh L/T: 6.1% Privatized	NS: 2.388 mn E: 11,049 mn kWh L/T: 5.6% Privatized	NS: 0.746 mn E: 2,146 mn kWh L/T: 7.7% Privatized	NS: 1.018 mn E: 2,295 mn kWh L/T: 11.5% Privatized	NS: 1.521 mn E: 4,049 mn kWh L/T: 10.6% Privatized	NS: 0.680 mn E: 2,033 mn kWh L/T: 13.6% Privatized
Dicle	Aras	Trakya	Bogazici	Van Golu	Gediz	Ayedas	Toroslar	Akdeniz
NS: 1.101 mn E: 4,191 mn kWh L/T: 73.0% Pending	NS: 0.747 mn E: 1,711 mn kWh L/T: 27.7% Pending	NS: 0.793 mn E: 5,780 mn kWh L/T: 6.4% Pending	NS: 3.954 mn E: 18,434 mn kWh L/T: 9.7% Pending	NS: 0.409 mn E: 1,301 mn kWh L/T: 55.6% Pending	NS: 2.390 mn E: 12,436 mn kWh L/T: 7.7% Pending	NS: 2.242 mn E: 8,582 mn kWh L/T: 7.5% Pending	NS: 2.742 mn E: 14,539 mn kWh L/T: 8.3% Pending	NS: 1.550 mn E: 5,928 mn kWh L/T: 9.2% Pending



Key Investment Highlights-Baskentgaz

Distribution Network

- Distribution network exceeding 8,600 km. in length
- More than 1,100 regulation and metering stations
- Flexible ring system; enabling alternative natural gas distribution routes



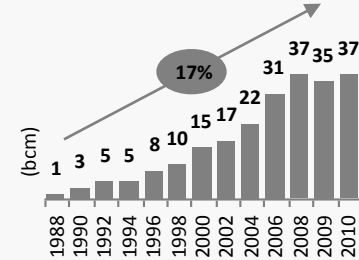
Ankara

- Capital of Turkey
- Turkey's second most populated city with 4.8 million population



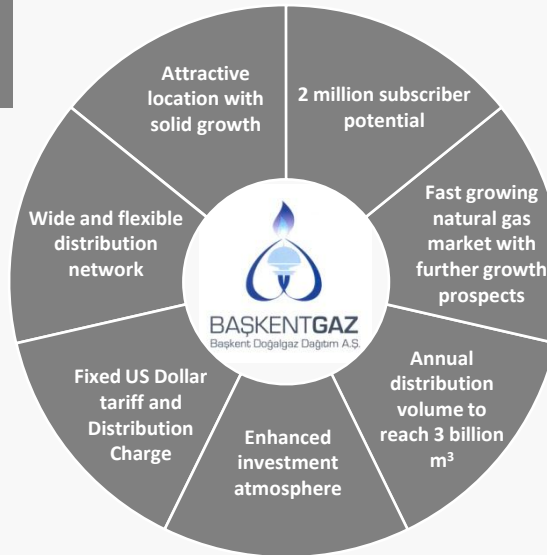
Turkish Natural Gas Market

- Rapidly growing natural gas consumption; with a CAGR of 17% since 1988
- High growth potential; relatively low per capita consumption (495 m³) compared to EU average (920 m³)



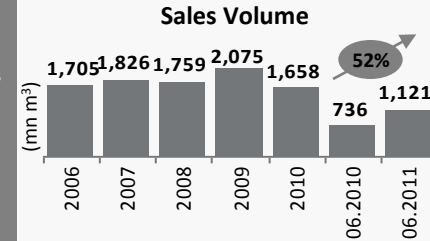
Tariff

- Sole natural gas distributor charging US Dollar fixed tariff for all subscriber groups (till August 31, 2017)
- Distribution Charge threshold fixed at 800,000 m³ p.a. consumption (till August 31, 2017)
- Enjoys the fourth highest national Service Charge

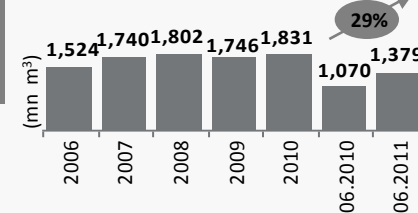


Consumption Volume

- Second largest natural gas distribution company
- 1.3 million subscribers with additional 500 thousand subscriber potential with completed infrastructure investments
- Sales and supply volume increase by 52% and 29% respectively (between June 2010 and 2011)
- Annual distribution volume to reach 3 billion m³ p.a. (after the inclusion of Baymina CCGT and eligible customers in February 2011)



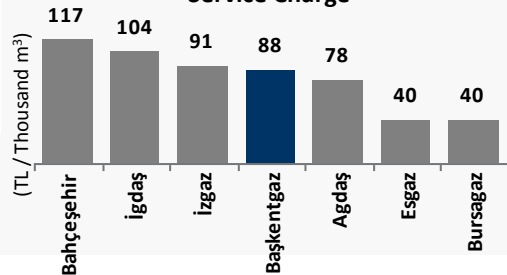
Supply Volume



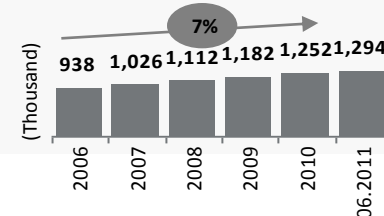
New Favourable Tender Conditions

- Introduced instalment payment option
- Debt settlement protocol with Ankara Municipality
- Incremental distribution volume of 1.3 billion m³ from Baymina CCGT and other eligible customers
- Fixed Distribution charge threshold

Service Charge



Number of Subscribers



☙ Privatization is the easiest route to investment in **Türkiye**

☙ We would be pleased to host your investments in **Türkiye**