



Leading power distribution company in Türkiye

Investor Presentation

9M 2024



Agenda



- 1 GDZ at a Glance**
- 2 Key Credit Highlights**
- 3 Financial Performance**



Gdz

1 GDZ at a Glance

GDZ at a glance

Leading power distribution company in Türkiye



One of the largest electricity distribution companies in Türkiye

6mn
people served across 2 key cities, Izmir and Manisa

Fully regulated concession networks business model

\$810mn¹
financial assets as of 30-Sep-2024

High visibility of financials and cash flow generation

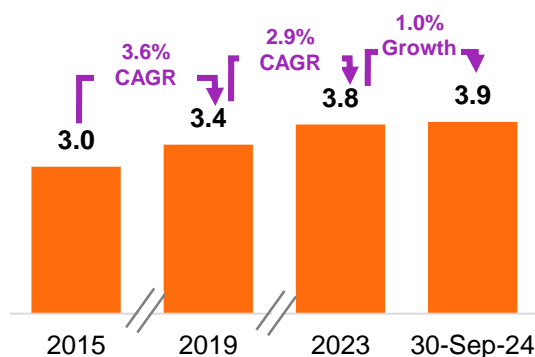
\$601mn¹
EBITDA³ + CAPEX reimbursement In LTM Sep 2024⁴

Geographical footprint

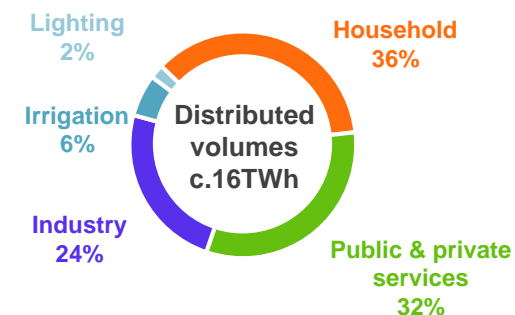


Growing and diversified customer base

Number of customers (mn)



Net distributed electricity volumes⁵ by customer (TWh and share %, average 2021-2023A)



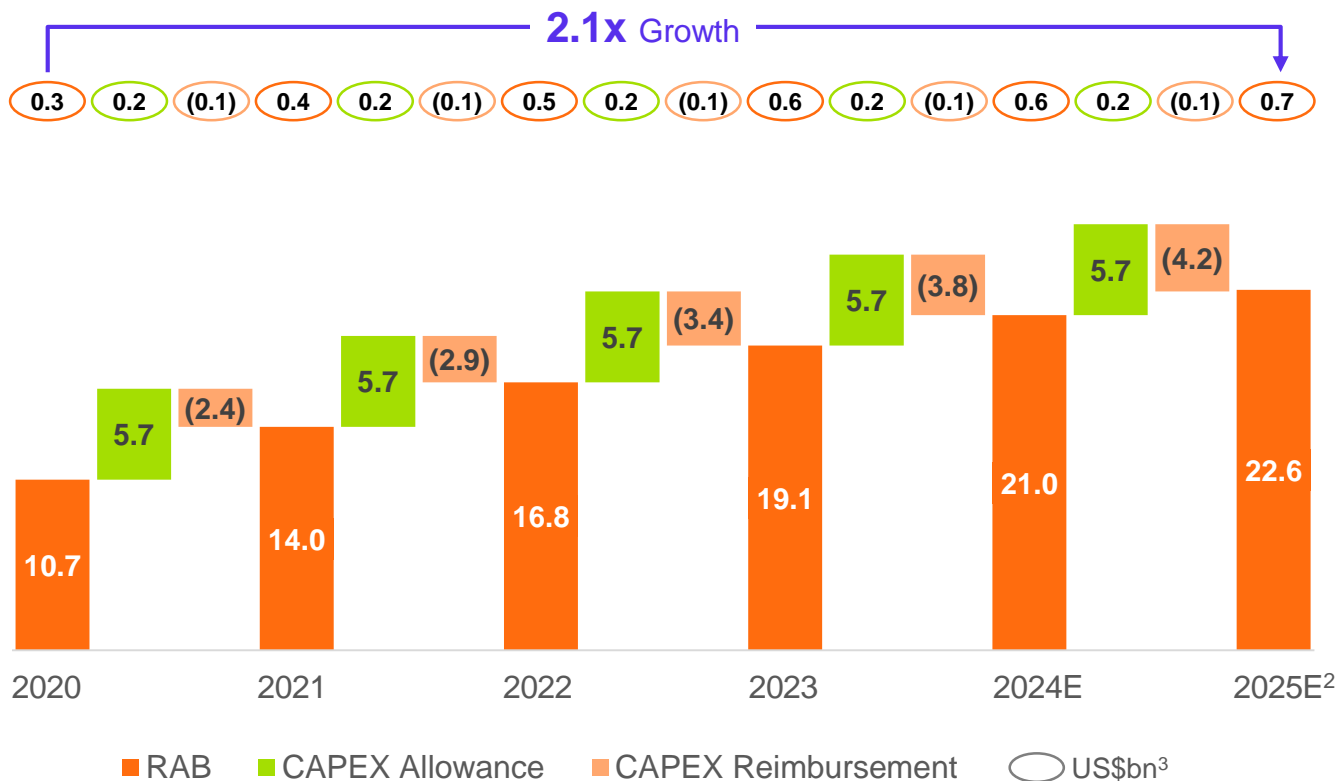
GDZ's incumbent position in a growing Turkish power sector underpins stable outlook

Sources: Company information, Energy Market Regulatory Authority (EMRA) 2023, TurkStat. ¹ Expressed in real terms of purchasing power of Turkish Lira at an TL / US\$ exchange rate of 34.12 as of 30.09.2024, unless otherwise indicated. ² Based on the September 2024 CPI Index, actual capital expenditure until 2020 and the 2021 to 2025 capital expenditure allowance, as announced by EMRA. ³ EBITDA defined as ⁴ Operating Profit + D&A. ⁴ The financial information for the twelve months ended September 30, 2024 is expressed in terms of purchasing power of Turkish Lira as of September 30, 2024. ⁵ Invoiced.

Rapidly growing RAB with young and high-quality infrastructural backbone

Growing regulated asset base

(TLbn – real as of Sep 2024 prices)



12 Years
until concession expiry

\$616mn^{1,2}
regulated asset base in 2024E

\$167mn³
annual CAPEX allowance

- RAB depends on **actual allowed CAPEX**
- CAPEX reimbursement is based on CAPEX allowance, both figures are calculated **in real terms**

Source: Company information. ¹ Expressed in real terms of purchasing power of Turkish Lira at an TL / US\$ exchange rate of 34.12 as of 30.09.2024, unless otherwise indicated. ² Based on the September 2024 CPI Index, actual capital expenditure until 2020 and the 2021 to 2025 capital expenditure allowance, as announced by EMRA. ³ Expressed in real terms of purchasing power of Turkish Lira at an TL / US\$ exchange rate of 34.12 as of 30.09.2024.

2 Key Credit Highlights

Turkish electricity market overview

1 Generation

- Both state-owned and private sector entities **who hold generation licenses are permitted to generate electricity**. EUAS¹ owns and operates the state-owned power plants
- Generation licenses typically have a term of 49 years
- The total **installed capacity of Türkiye was 114.4 GW** as of Oct 2024

Electricity generation by source

Source	Percentage
Hydro	32%
Natural Gas	25%
Solar	15%
Wind	12%
Domestic Coal	12%
Other	4%

2 Transmission

- TEIAS² is **the state-owned monopoly** that owns and operates the electricity transmission sector in the country
- It is also **responsible for the operation of the balancing power market and the ancillary services** market

Transmission lines

Line length:
75,331 km³

3 Wholesale

- Private and state-owned companies are **responsible for wholesale activities**
- EUAS¹ (after its merger with TETAS⁴ in July 2018) is **the publicly-owned wholesale company responsible for selling electricity** to market players

Key players

**Private
wholesalers**

**Over the
counter
market**

4 Distribution

- Distribution systems indicate the transport of electricity by lines of 36kV and below
- Since 2013 this segment has consisted of **21 privatised regional distribution companies**
- **Operational rights contracts were signed between TEDAS⁵** and its distribution companies

Distribution regions

5 Retail

- Supplier license holder companies can sell to users without distribution zone restrictions
- Consumers with electricity consumption that **exceeds the annual eligible consumer limit** have the right to choose their suppliers (eligible consumer limit is 950 kWh per year, as of 2024)

Eligible consumer limit

Sources: TEIAS, PwC market report as of September 2023.

¹ Electricity Generation company (EUAS); ² Turkish Electricity Transmission Company (TEIAS); ³ As of Jun 2024; ⁴ Turkish Electricity Trading and Contracting Company (TETAS); ⁵ Türkiye Electricity Distribution AS (TEDAS)

Strong electricity market fundamentals in Türkiye and GDZ's region



Turkish economy enjoys one of the fastest growth rates in Europe...

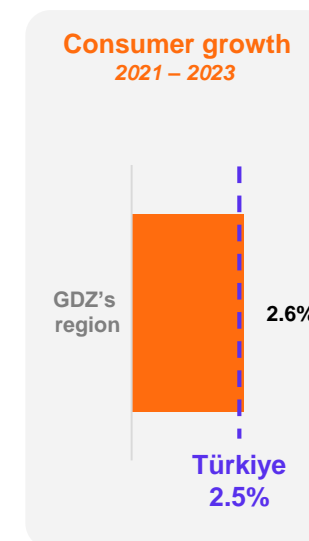
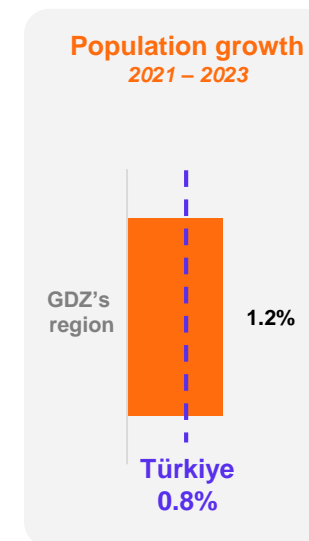
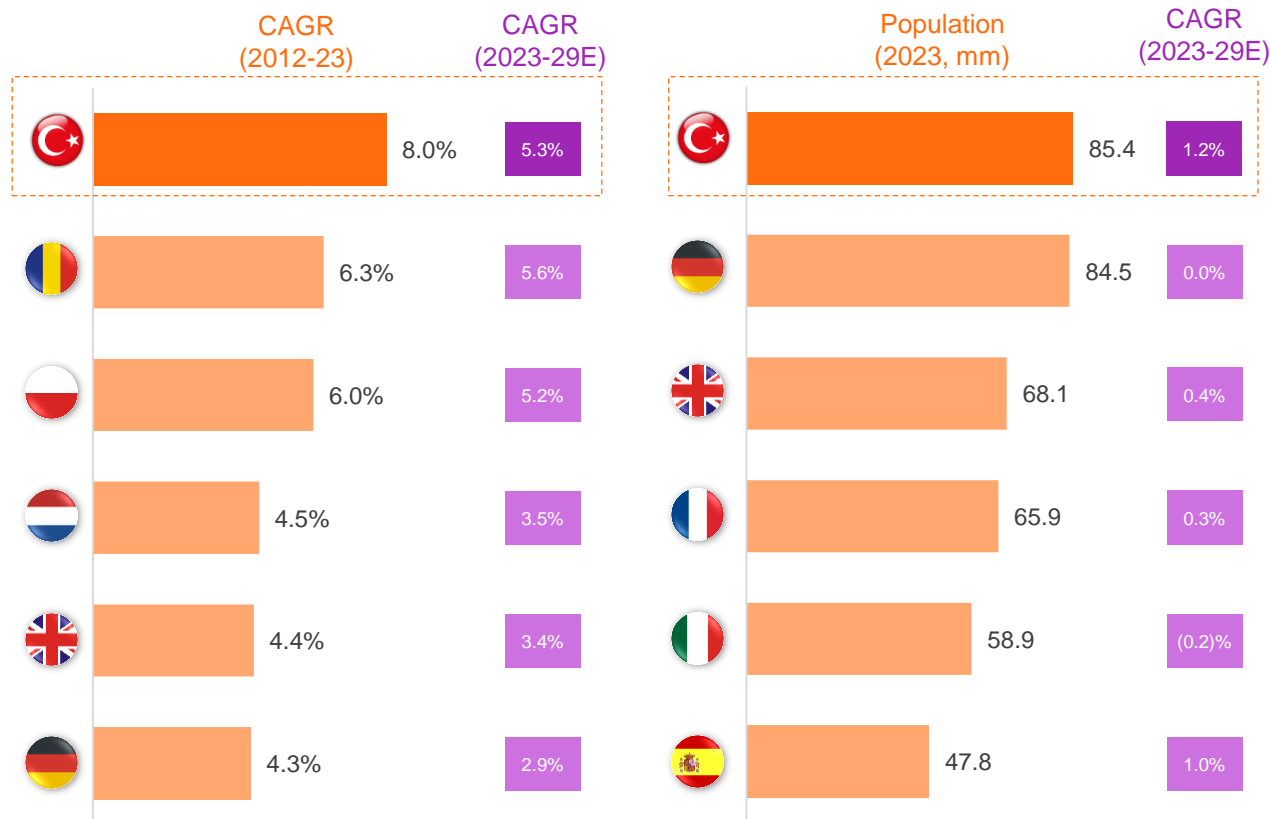
...with GDZ growing faster than Türkiye's average

The fastest growing European economy¹

(Real GDP CAGR between 2012-2023 in %)

Among the largest European countries by population¹

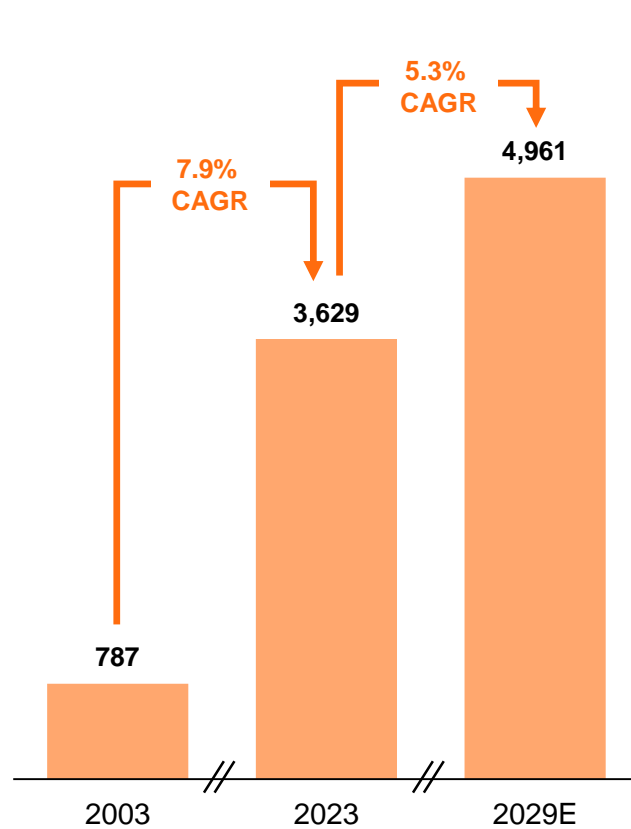
(2023 population in mn)



Turkish electricity demand is expected to experience years of strong growth

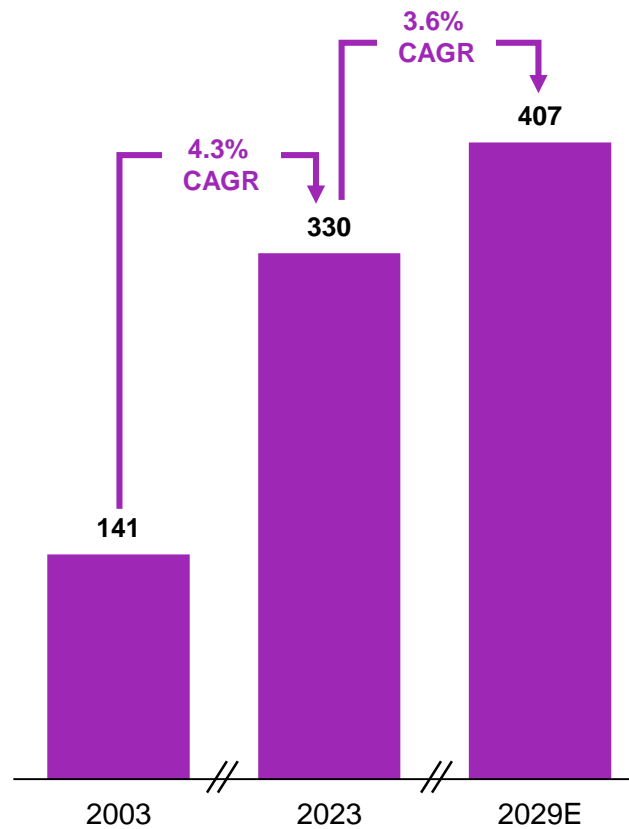
Turkish high GDP growth rates...

Real GDP (US\$bn)¹



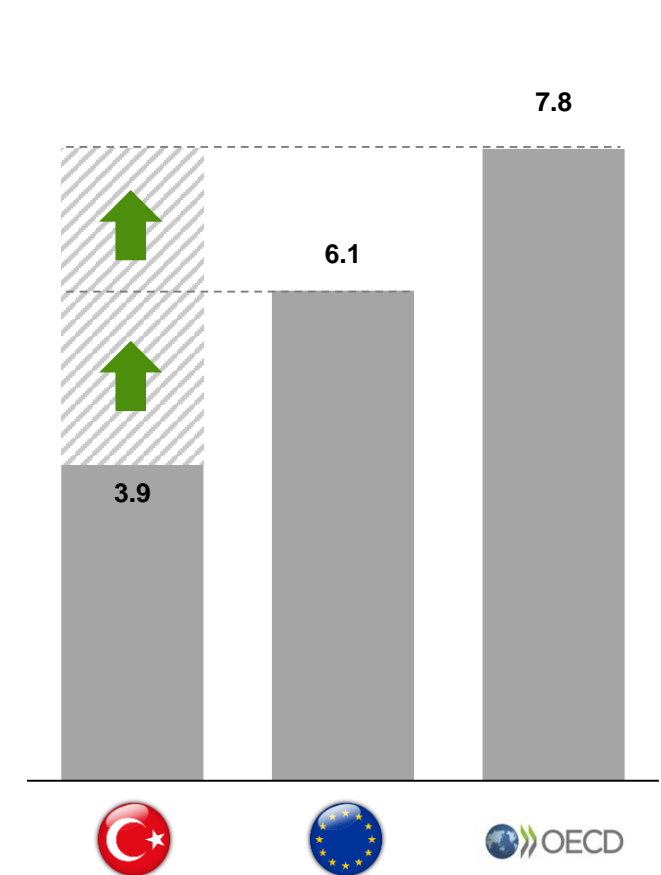
...drive electricity demand...

Electricity demand (TWh)²



...with material further upside

Electricity consumption per capita (2023, MWh / year)



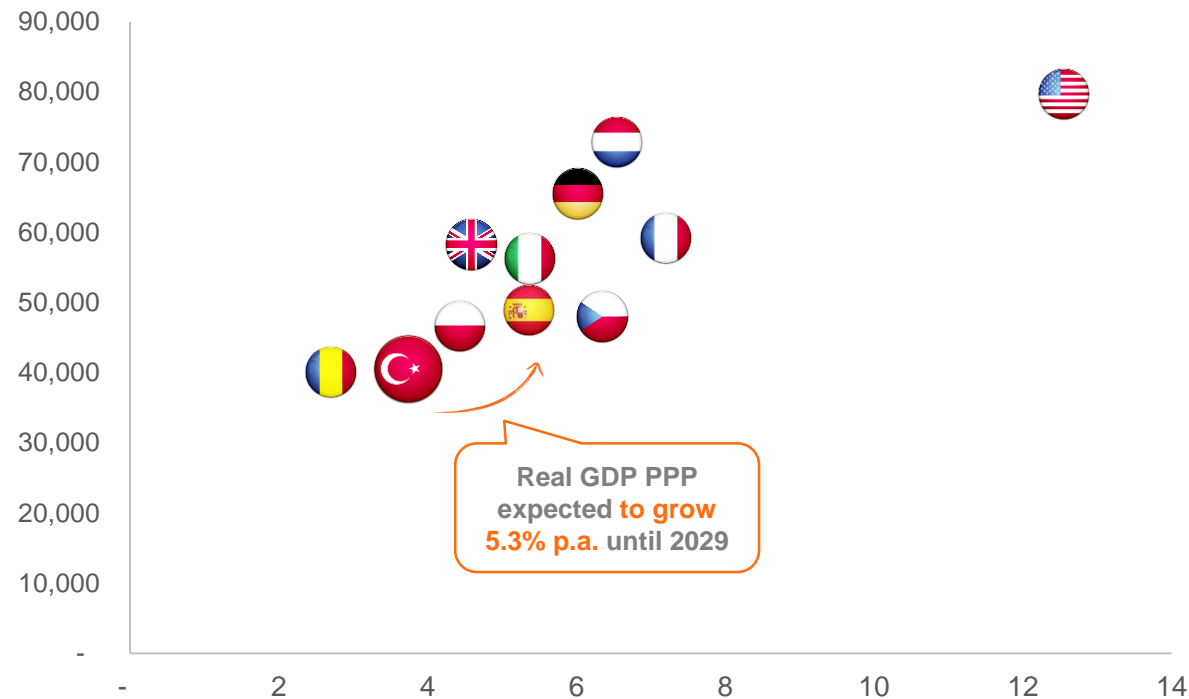
Source: IMF, TEIAS, Turkish Statistical Institute, IEA.

¹ 2003-2023 actuals, 2029 forecast both based on IMF purchasing power parity methodology (forecasts as of April 2024). ² 2003-2023 actuals as per latest TEIAS and 2029 forecast based on recent TEIAS base scenario demand forecasts (March 2023).

Growing economy leads to higher electricity consumption which implies room for further increase in Türkiye

GDP per Capita vs. Electricity Consumption per Capita

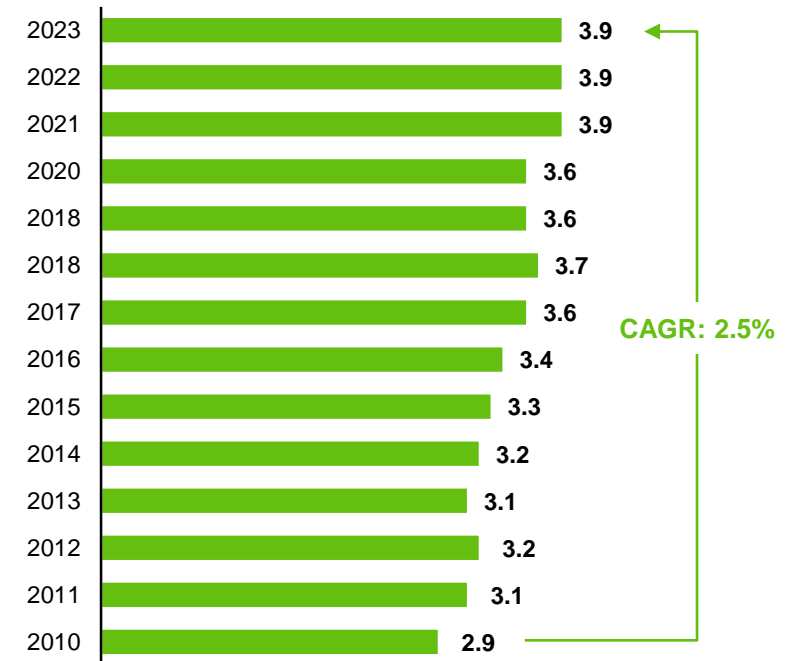
(2023, PPP, USD)



Real GDP PPP expected to grow 5.3% p.a. until 2029

Electricity Consumption per Capita in Türkiye

(MWh per capita)



CAGR: 2.5%

Electricity Consumption per Capita 2022 (MWh)

- ✓ Growth in economy leads to growth in energy consumption
- ✓ With a high expected GDP growth in Türkiye, electricity consumption is likely to grow accordingly, increasing the demand for network investments

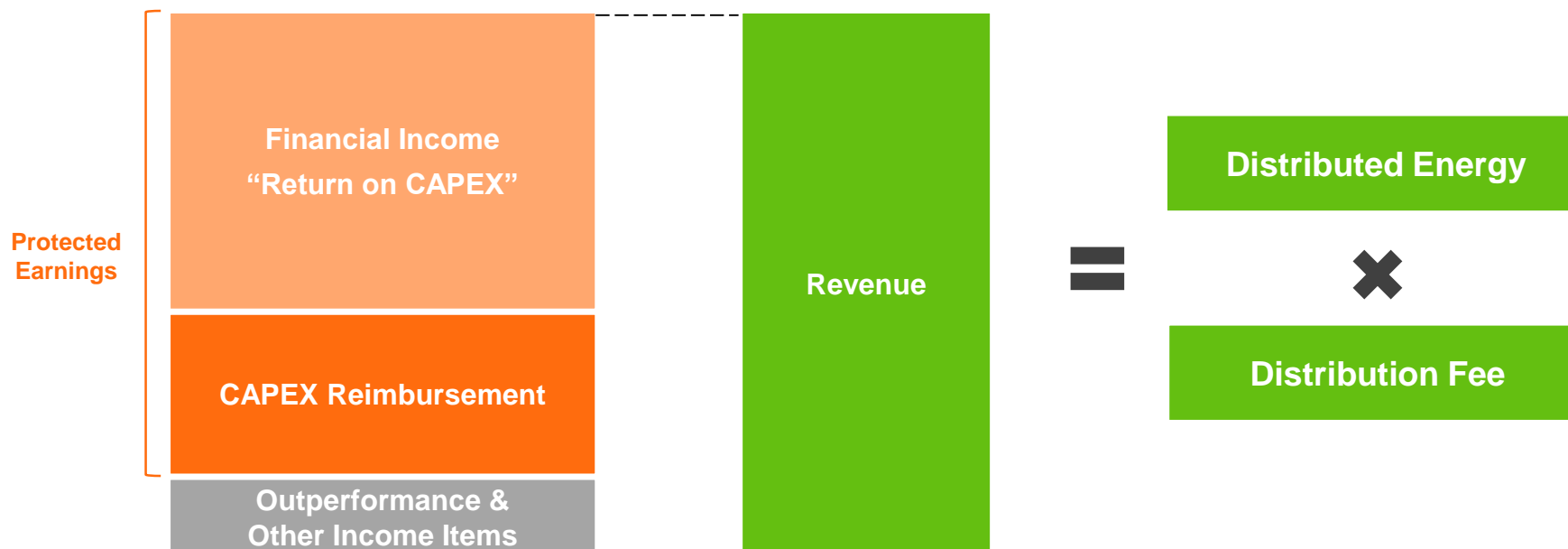
Stable and guaranteed returns underpinned by a transparent regulatory framework

Fully regulated business model

- Volume-protected, with inflation-linked tariff
- Transparent regulatory framework
- High predictability of revenues, earnings and cash flows

Customers pay for tariff on utility bills

- Revenue generation by distributing energy
- Revenue collected through monthly utility bills from customers
- Regulator's role is to guarantee the tariff by adjusting the distribution fee



GDZ's goal: stable investment at the lowest cost and minimization of OPEX and T&L

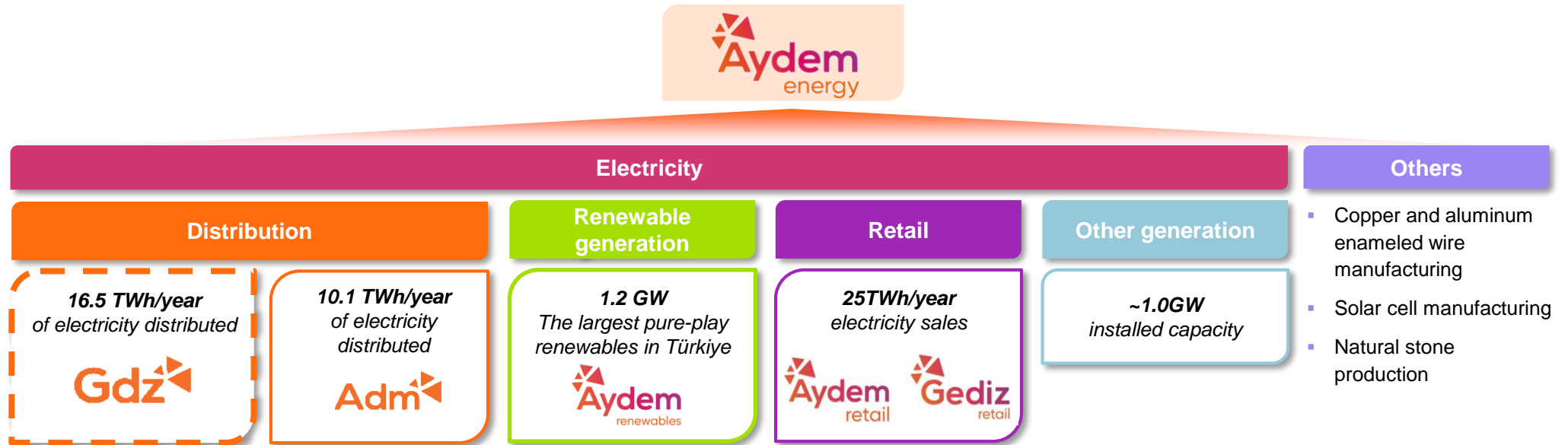
Turkish distribution framework is similar to Western European peers, but offer higher return and low reimbursement period

Regulation	Western Europe	Türkiye ¹
▪ Regulatory Tariff Period	4-8 years	5 years
▪ RAB-based Tariff		
▪ Returns on RAB		
▪ Inflation Protection	Nominal or Real	Real (inflation protected)
▪ CAPEX Reimbursement Period	30-45 years	10 years
▪ Outperformance Incentives		



Best in class corporate governance applications...

Among Türkiye's largest integrated energy groups in the electricity generation, distribution and retail sectors



With its roots back in 1980, Aydem Group is bringing years of knowhow from the full electricity value chain

Türkiye's first:

- Integrated energy group (generation, distribution and retail)
- Private hydro power generation company, established in 1995
- Private electricity distribution company
- Private electricity retail company

USD3.5bn annual revenue¹

More than 12,000 employees¹

Financially and managerially independent group companies supported by ring-fence financing arrangements

... with solid ESG credentials

GDZ Elektrik Dağıtım has received a ESG score of 62 out of 100¹

A1
rating



- GDZ Elektrik Dağıtım has **received an A1 rating by Moody's** on a scale between A1+ to D3-

1st
in Türkiye¹



- GDZ Elektrik Dağıtım is **ranked 1st among electricity and gas utilities in Türkiye**

3rd
in emerging markets



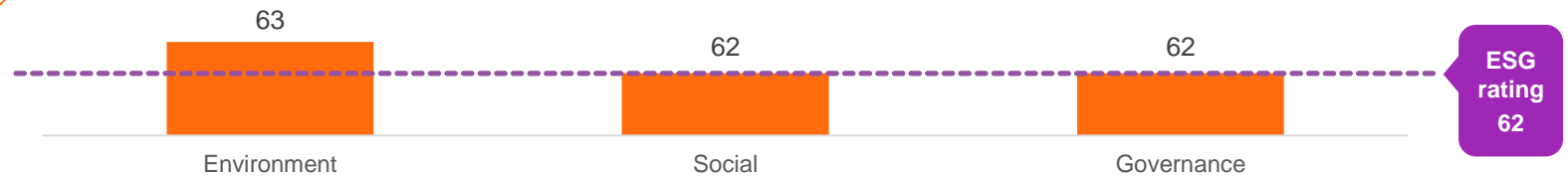
- With GDZ Elektrik Dağıtım's ESG score of 62, the company is **ranked 3rd among 54 electricity and gas utilities in global emerging markets**

Top 3%

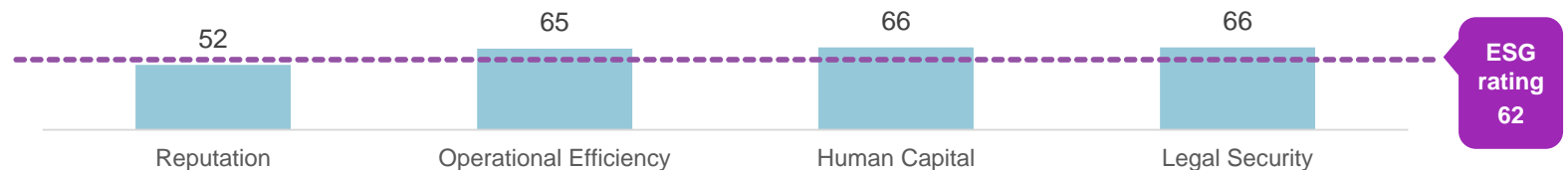


- GDZ Elektrik Dağıtım is **ranked top 3% of all companies reviewed** by Moody's (~5,000 companies in total)

Overall
ESG rating²



ESG rating
by sub-category¹



Source: July 2022 Moody's.

¹ All rankings include solicited and unsolicited ratings from Moody's.

² Sector average rating for Environment, Social and Governance sections are 37,39 and 39, respectively from Moody's.

A nighttime photograph of the city of Gdansk, Poland, showing a dense urban skyline with illuminated buildings and a waterfront area with palm trees and a walkway. The city lights are reflected in the water in the foreground.

3 Financial Performance

Key financial concepts for a Turkish distribution company

Operational earnings

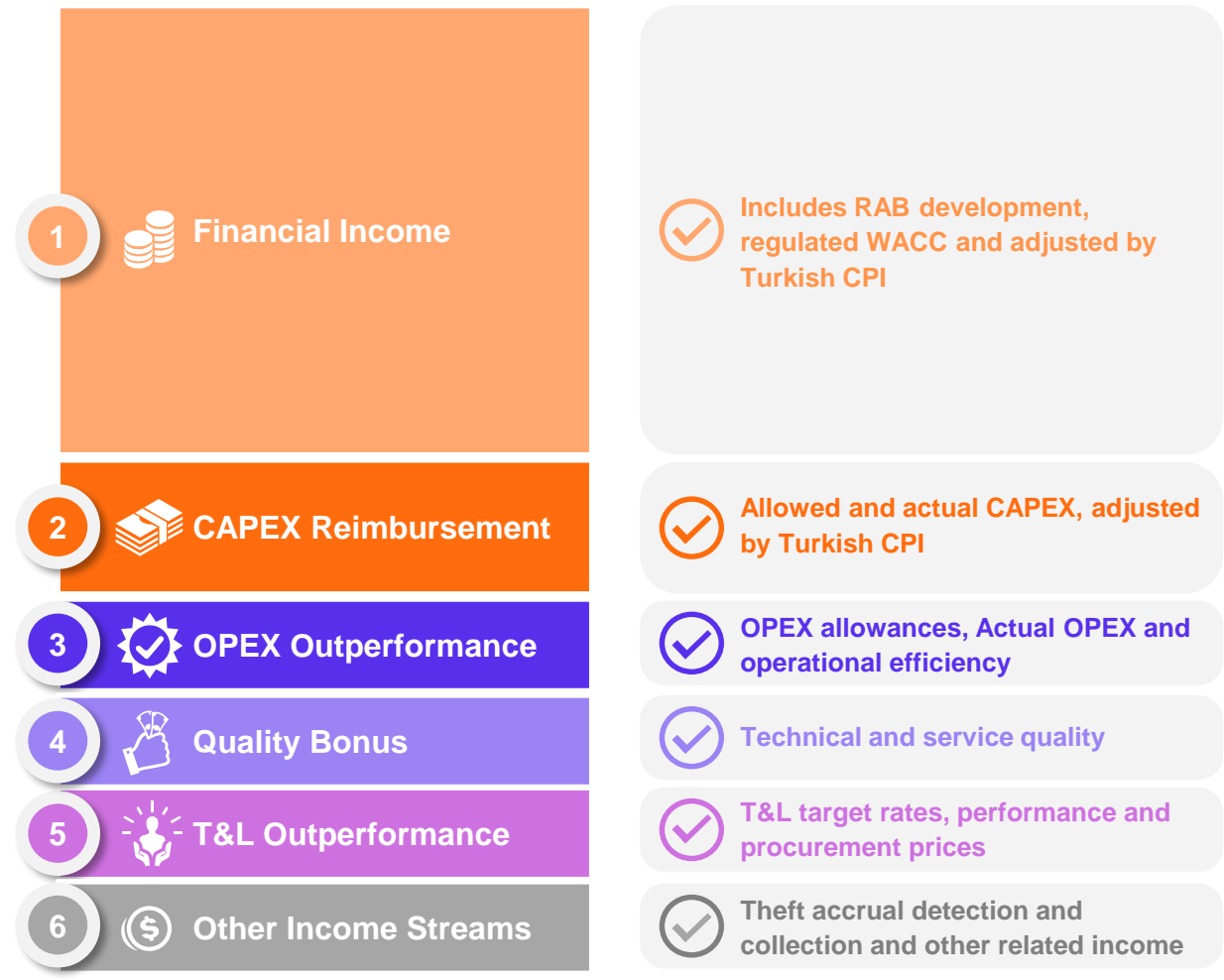
Measured by **EBITDA + CAPEX reimbursements** in order to:

- Capture both guaranteed income components of our distribution business and CAPEX reimbursements
- Ensure comparability to peers outside of Türkiye

Financial asset

- Distribution networks are recognized as financial asset in TFRS
- As a result amortized cost value accounting applies
- IFRIC-12 accounting

EBITDA + CAPEX reimbursement breakdown

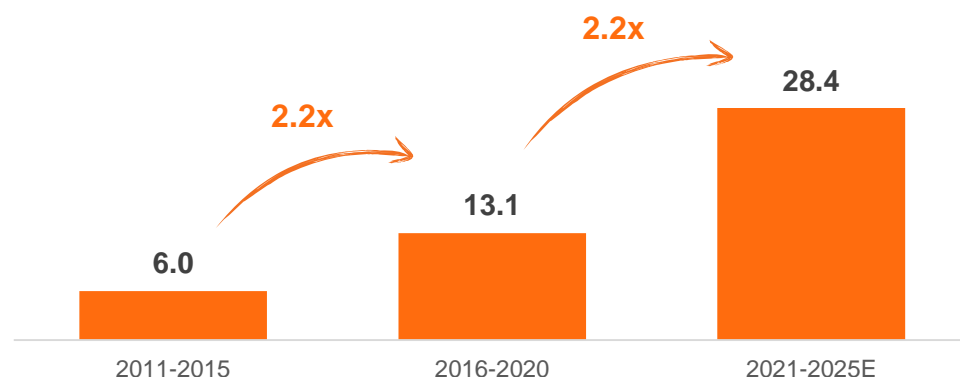


Stable and guaranteed returns underpinned by a transparent regulatory framework

CAPEX Allowance by regulatory period

(TLbn – real at Sep 2024 prices)

Total real investment budget: c. TL47.5bn over the 3 regulatory periods

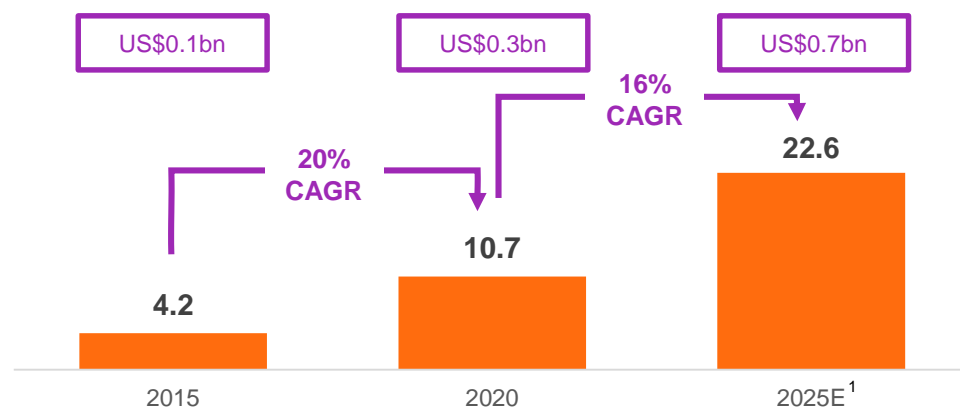


Key drivers

- **4x** increase in CAPEX Allowance from 2011 to 2025

Regulated Asset Base (RAB) – end of period

(TLbn, real at Sep 2024 prices)



- **4 times** increase in CAPEX Allowance
- **Fast growing** RAB in real terms – thanks to the doubling CAPEX Allowances for the last 2 tariff periods

Source: Company information, unless otherwise indicated. Expressed in real terms of purchasing power of Turkish Lira at an TL / US\$ exchange rate of 34.12 as of 30.09.2024, unless otherwise indicated.

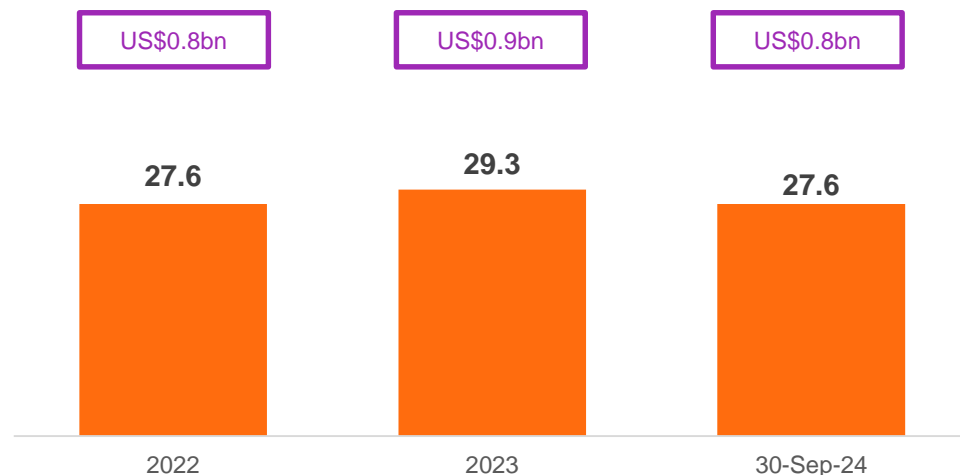
¹ Calculated by taking into account September 2024 prices, the capital expenditure allowance set by EMRA and EMRA's approval of capital expenditure spending for the relevant period.

Attractive combination of strong profitability and solid financial assets between 2022 – LTM Sep 2024



TFRS Financial Assets

(TLbn – real at Sep 2024 prices)

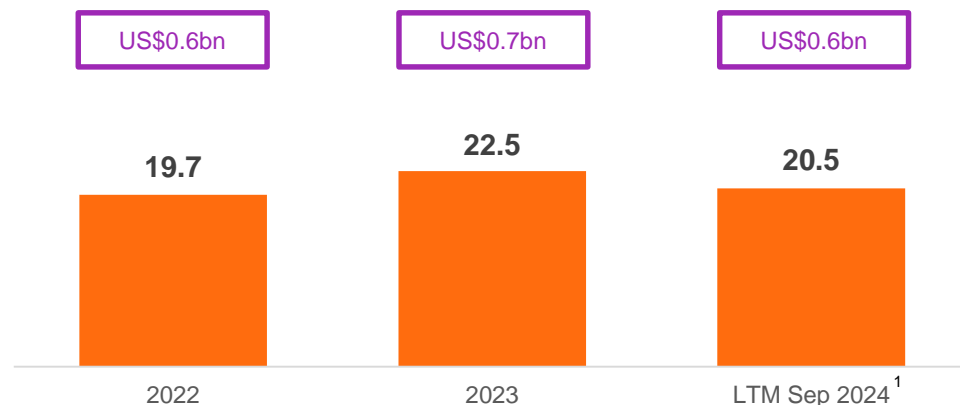


Key drivers

- Financial assets, represent the fair value of the RAB
- Strong and stable** financial assets for the last 3 years

EBITDA + CAPEX Reimbursement

(TLbn, real at Sep 2024 prices)



- Consistent historical increases** in profitability driven by strong operational and regulatory performance
- Stable high** EBITDA + CAPEX reimbursement driven by **strong financial income** performance, as a result of accumulated CAPEX base
- Regulatory income and CAPEX reimbursements have also increased because of **CAPEX base accumulation**

Source: Company information, TFRS financials, subject to restatement due to inclusion of inflation adjustments. Expressed in real terms of purchasing power of Turkish Lira at an TL / US\$ exchange rate of 34.12 as of 30.09.2024, unless otherwise indicated. ¹ The financial information for the twelve months ended September 30, 2024 is expressed in terms of purchasing power of Turkish Lira as of September 30, 2024.

Strong free cash flow development and robust balance sheet



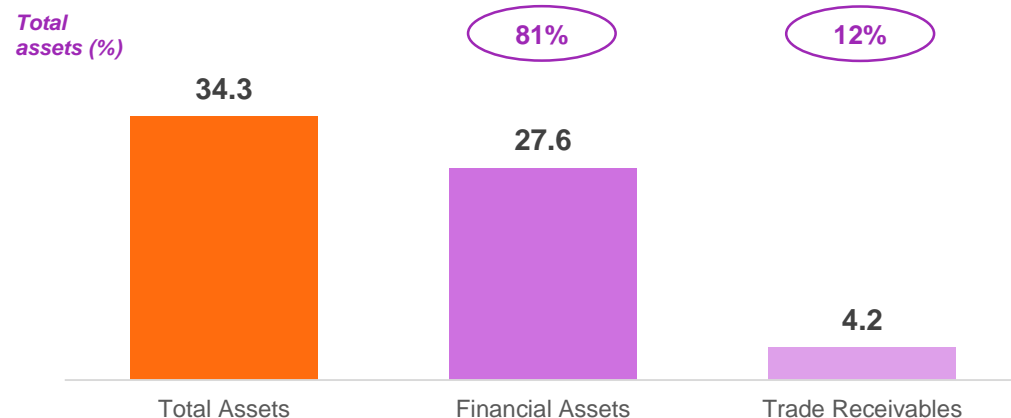
Cash Flow from Operations

(TLbn – real at Sep 2024 prices)

	2022	2023	LTM Sep 2024
EBITDA + CAPEX Reim.	19.74	22.47	20.49
Financial Income (-)	(19.37)	(19.21)	(15.85)
WACC Collection	1.90	2.21	2.40
Regulatory EBITDA per IFRS	2.27	5.46	7.05
Change in WC	3.96	(5.69)	(2.70)
Other Adjustments	2.57	4.46	0.82
CF From Operations (IFRS)	8.80	4.23	5.16
CF From Operations (IFRS) - USDbn	0.26	0.12	0.15

Total Assets

(TLbn, as of 30 Sep 2024, real at Sep 2024 prices)



Key drivers

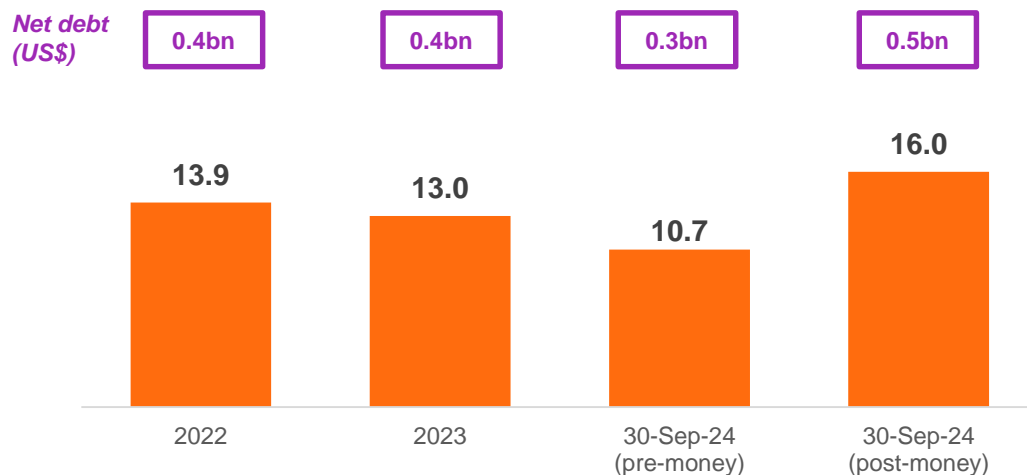
- **FCF generation** mostly driven by **EBITDA** and **CAPEX** evolution over time
- 2022 saw a decline driven by **CAPEX outflows**
- **Significant increase in free cash flow in 2023 and 2024** driven by lower CAPEX and higher EBITDA + CR
- **Robust balance sheet size**, with **93%** of total assets composed of financial assets (TL27.6bn - c. 81%) and trade receivables (TL4.2bn - c.12%)

Robust capital structure with leverage <1x EBITDA



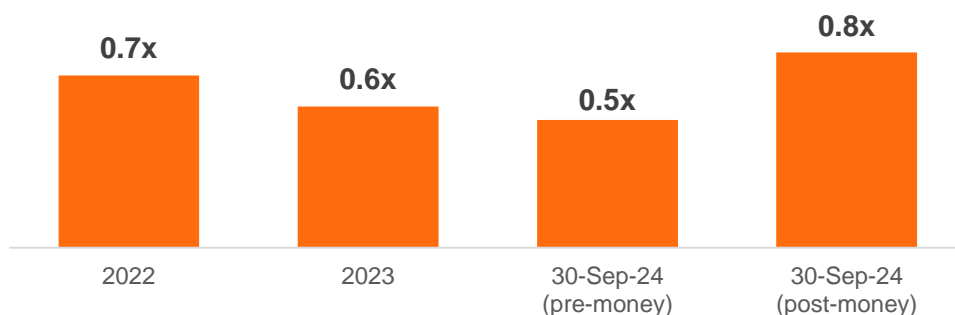
Net Debt¹ Development

(TLbn, real at Sep 2024 prices)



Net Debt / EBITDA + CAPEX Reimbursement

(x, real at Sep 2024 prices)



Key drivers

- **GDZ has been able to deleverage significantly since 2021** through **strong cash flow generation** and **disciplined capital management**, despite the weakening TL currency over time
- **Decline in net debt over time** in both TL and US\$ terms
- **Decrease in leverage ratio** driven by an increase in EBITDA + CAPEX reimbursement
- As of Sep 2024, **100% of GDZ's debt was denominated in hard currency** (US\$/EUR)
- Post-money debt mainly consists of the \$400mn Eurobond and the remaining portion of the bank debt
- After the refinancing of existing debt, there is only ~\$60mn remaining (pari-passu with the bond)

Capital structure and leverage

- GDZ's management and shareholders are committed to maintaining a conservative capital structure
- Target is to keep leverage below 1.5x

Dividends

- GDZ has not paid any dividends for FY 2021-23
- The level of dividend payments in future will be subject to the Company's financial and operational performance, liquidity and investment needs, as well as available retained earnings

FX risk

- GDZ continues to closely monitor FX mismatch between cash flows in TL and debt denominated in US\$/EUR
- Inflation-protected tariff provides a protection from FX mismatch
- GDZ's EBITDA in US\$ terms has remained stable over the years
- Conservative capital structure provides headroom to accommodate any potential adverse movements in FX
- Hedging might be considered insofar as hedging instruments are affordable and advantageous



Appendix

Incentive-based regulatory framework of Turkish distribution market

	1 st regulatory period (2006-2011)	2 nd regulatory period (2011-2015)	3 rd regulatory period (2016-2020)	4 th regulatory period (2021-2025)
Approach	Uniform regulation for all Distribution System Operators in Türkiye			
Method	RAB based framework with incentives for outperformance & quality			
Revenue Components And Incentives	Regulated revenue cap <ul style="list-style-type: none"> WACC Return: RAB x WACC CAPEX Reimbursement OPEX Allowance No volume and inflation risk 		Incentives <ul style="list-style-type: none"> OPEX Outperformance Theft & Loss Ratio Improvement Service Quality Other Revenue CAPEX Outperformance (cash-based item) 	
CAPEX Reimbursement	5 years	10 years		
WACC (real, pre-tax)	9.35%	9.97%	11.91%	13.61%
Evolution	<ul style="list-style-type: none"> RAB based tariff calculation methodology introduced with RAB set to 0 in 2006 “Transition” period designed to provide a smooth shift to a cost-based tariff structure post 2010 Private operator model (TOR) established for privatizations 	<ul style="list-style-type: none"> WACC revised up Privatization of all distribution companies has been completed Unbundling between distribution and retail operations WACC revised up 	<ul style="list-style-type: none"> WACC revised up twice T&L methodology revised Significant increases in OPEX and CAPEX allowances Enhancement of Quality and Efficiency incentives 	<ul style="list-style-type: none"> Significant increases in CAPEX allowances Quality incentives revised Risk mitigation measures against macroeconomic conditions in OPEX & CAPEX components

✓ **Stable regulatory environment** with long-standing **track record**

✓ **Similar building blocks** to various Western European countries

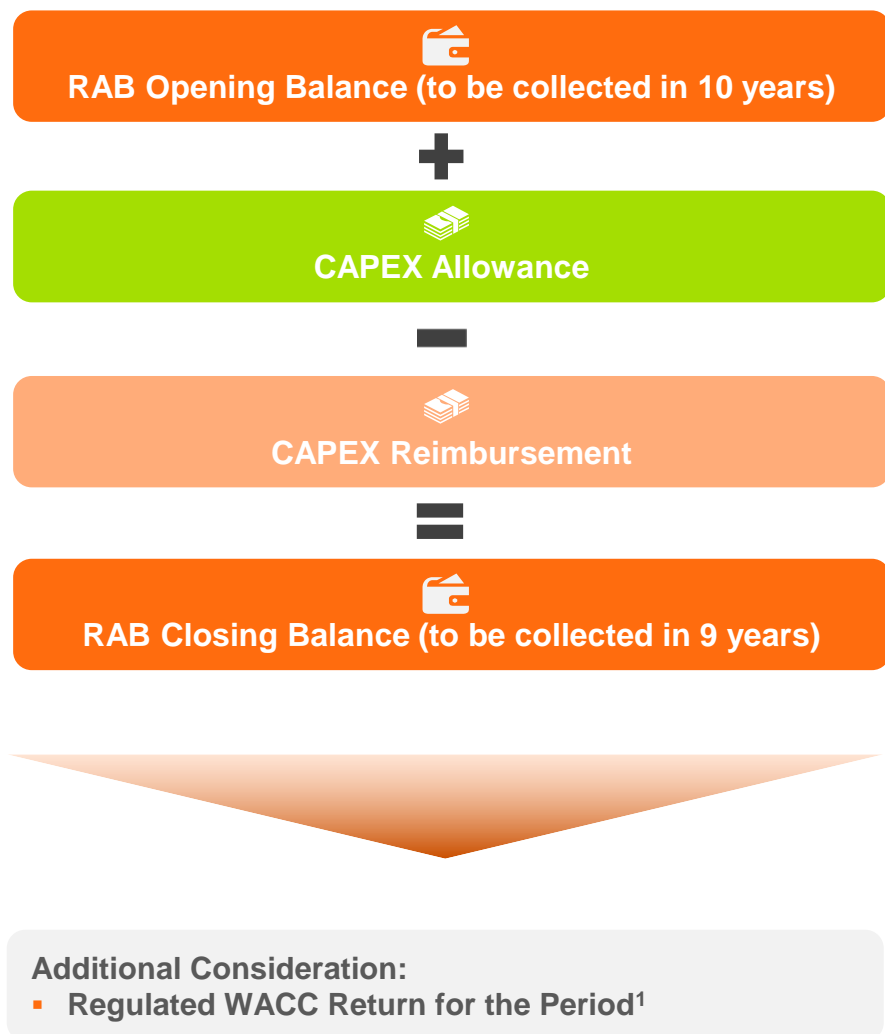
✓ **RAB-based framework** with regulatory WACC and quick capex reimbursement period

✓ **Continuous incentives** for efficiency, quality and outperformance across regulatory periods

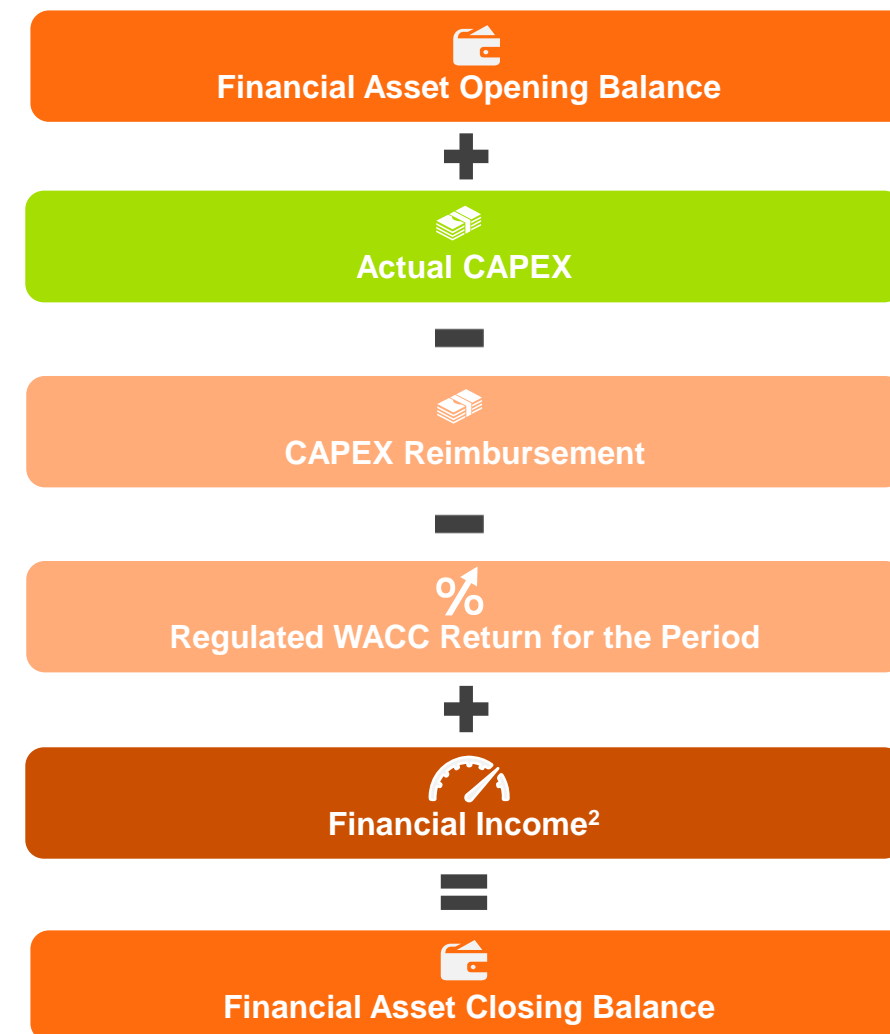
✓ **Concession expiry** in 2036, with potential extension

Regulated asset base vs. TFRS financial asset

Regulated asset base ("RAB")



TFRS financial asset



TFRS income statement



Summary income statement

TLmn <i>(real at Sep 2024 prices, except if stated otherwise)</i>	2022	2023	LTM Sep 2024¹
Revenue	33,762	36,040	29,103
Cost of sales	(10,870)	(9,788)	(7,241)
Gross Profit	21,892	26,252	21,862
Operating Profit	16,690	18,977	16,426
Finance income	1,361	591	517
Finance expense	(8,240)	(8,845)	(6,082)
Monetary gain / (loss)	(2,204)	(5,132)	(5,072)
Income before Tax	7,608	5,592	5,790
Tax income / (expense)	(1,324)	3,260	4,063
Net Profit (Loss) for the Period	6,284	8,852	9,853
Items that will not be reclassified to profit or loss	(5)	6	7
Total Comprehensive Income / (Expenses)	6,279	8,858	9,860
Earnings / (Losses) per Share (TL / share)	12.3	17.4	19.3

Source: Company information. TFRS financials, subject to restatement due to inclusion of inflation adjustments. Expressed in real terms of purchasing power of Turkish Lira as of 30.09.2024, unless otherwise indicated. ¹ The financial information for the twelve months ended September 30, 2024 is expressed in terms of purchasing power of Turkish Lira as of September 30, 2024.

TFRS balance sheet statement



Summary balance sheet

TLmn <i>(real at Sep 2024 prices, except if stated otherwise)</i>	31-Dec-22	31-Dec-23	30-Sep-24
Cash and cash equivalents	189	44	85
Trade receivables	3,137	6,672	4,222
Financial assets related to concession arrangements	11,391	10,252	8,980
Other current assets	2,054	1,409	1,028
Current Assets	16,770	18,376	14,316
Other receivables	1,911	119	184
Financial assets related to concession arrangements	16,240	19,058	18,645
Right of use assets	206	123	385
Deferred tax assets	-	1,134	335
Other non-current assets	48	419	390
Non-current Assets	18,405	20,853	19,940
Total Assets	35,175	39,229	34,256
Short term portion of long-term borrowings	1,914	2,486	2,201
Other financial liabilities	117	116	102
Trade payables	7,699	7,221	5,267
Deferred income	175	1,749	1,153
Other short-term liabilities	973	785	549
Current Liabilities	10,877	12,358	9,272
Long term-borrowings	11,646	10,108	8,266
Other financial liabilities	429	325	219
Other payables	64	107	56
Deferred income	2,714	1,484	197
Long-term provisions	128	150	171
Deferred tax liabilities	2,156	-	-
Non-Current Liabilities	17,136	12,175	8,908
Total Liabilities	28,013	24,533	18,181
Equity	7,162	14,696	16,075
Total Equity and Liabilities	35,175	39,229	34,256

Source: Company information. TFRS financials, subject to restatement due to inclusion of inflation adjustments. Expressed in real terms of purchasing power of Turkish Lira as of 30.09.2024, unless otherwise indicated.

TFRS cash flow statement



Summary cash flow statement

TLmn (real at Sep 2024 prices, except if stated otherwise)	2022	2023	9M 2024
A. CASH FLOWS FROM OPERATING ACTIVITIES	8,796	4,233	4,080
Profit / (loss) for the period	6,284	8,852	1,159
Adjustment to reconcile net income for the period	(6,720)	(4,578)	(162)
Changes in working capital	3,962	(5,690)	(1,635)
Adjustments related to (increase) / decrease in trade receivables	3,370	(4,839)	164
Adjustments related to (increase) / decrease in other receivables	(233)	94	(210)
Adjustments related to (increase) / decrease in inventories	219	(305)	231
Adjustments related to (increase) / decrease in prepaid expenses and deferred income	2	(634)	(2,295)
Adjustments related to (increase) / decrease in payables for employee benefits	13	6	56
Adjustments related to (increase) / decrease in other assets and liabilities	590	(12)	418
Cash generated from operating activities	3,526	(1,416)	(638)
Payments related with provisions for employee benefits	(62)	(69)	(87)
Tax payments	335	(42)	-
Collections from doubtful receivable	173	199	110
Other cash in-flows	4,823	5,561	4,695
B. CASH FLOWS FROM INVESTING ACTIVITIES	(6,097)	(2,534)	(1,496)
Cash used for purchase of tangible and intangible assets	(0)	(0)	4
Capital expenditures	(6,096)	(2,533)	(1,500)
C. CASH FLOWS FROM FINANCING ACTIVITIES	(2,427)	(1,788)	(2,531)
Cash in-flows from borrowings	88	-	-
Capital increase	-	142	218
Cash out-flows for borrowings	(1,766)	(512)	(497)
Repayment of of lease liabilities	(74)	(51)	(121)
Interest received	851	332	321
Interest paid	(1,528)	(1,719)	(2,452)
Other cash in-flows / (out-flows)	1	20	(1)
D. INFLATION EFFECT ON CASH AND CASH EQUIVALENTS	(114)	(56)	(12)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	158	(145)	42
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	31	189	44
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	189	44	85

Source: Company information. TFRS financials, subject to restatement due to inclusion of inflation adjustments. Expressed in real terms of purchasing power of Turkish Lira as of 30.09.2024, unless otherwise indicated.

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