



# Leading power distribution company in Türkiye

## Investor Presentation

3M 2025



# Agenda



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



# **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

**\$897mn<sup>1</sup>**  
financial assets  
as of 31-Mar-2025

High visibility  
of financials and cash  
flow generation

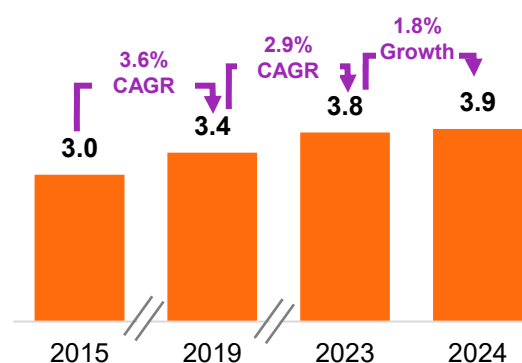
**\$551mn<sup>1</sup>**  
EBITDA<sup>3</sup> + CAPEX  
reimbursement  
in LTM Mar 2025<sup>4</sup>

### Geographical footprint

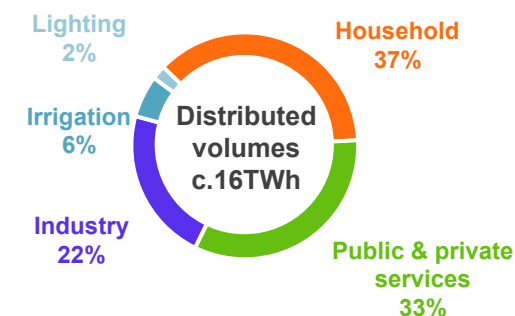


### Growing and diversified customer base

Number of customers (mn)



Net distributed electricity volumes<sup>5</sup> by customer  
(TWh and share %, average 2021-2024A)

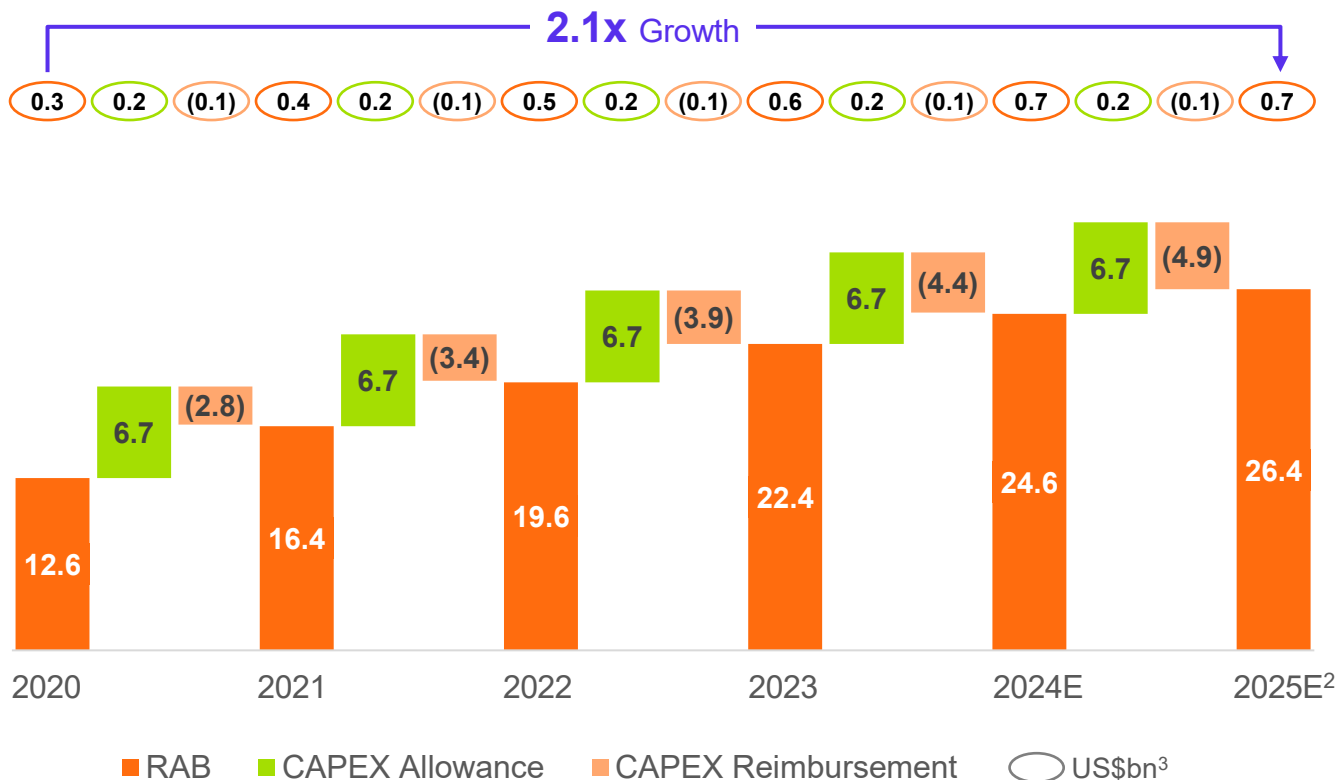


**GDZ's incumbent position in a growing Turkish power sector underpins stable outlook**

# Rapidly growing RAB with young and high-quality infrastructural backbone

## Growing regulated asset base

(TLbn – real as of Mar 2025 prices)



**12 Years**

until concession expiry

**\$651mn<sup>1,2</sup>**

regulated asset base  
by the end of 2024

**\$176mn<sup>3</sup>**

annual CAPEX allowance

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



The background of the slide is a photograph of high-voltage power lines and pylons stretching across a landscape under a dramatic, cloudy sky at sunset or sunrise. The sky has warm orange and yellow tones near the horizon, transitioning to cooler blue and teal tones higher up. The power lines are silhouetted against the sky.

## 2 Key Credit Highlights

# Turkish electricity market overview

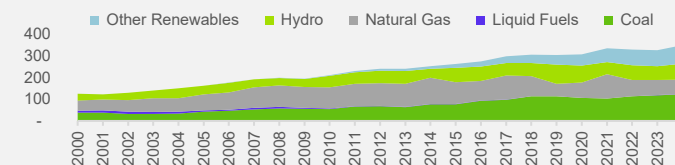
## Generation

1



- Both state-owned and private sector entities **who hold generation licenses are permitted to generate electricity**. EUAS<sup>1</sup> owns and operates the state-owned power plants
- Generation licenses typically have a term of 49 years
- The total **installed capacity of Türkiye was 117.9 GW** as of Mar 2025

## Electricity generation by source



## Transmission

2



- TEIAS<sup>2</sup> 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:  
75,621 km<sup>3</sup>

## Wholesale

3



- Private and state-owned companies are **responsible for wholesale activities**
- EUAS<sup>1</sup> (after its merger with TETAS<sup>4</sup> in July 2018) is **the publicly-owned wholesale company responsible for selling electricity** to market players

## Key players



Private  
wholesalers

Over the  
counter  
market

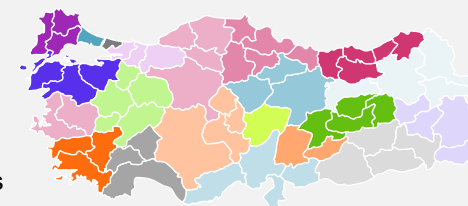
## Distribution

4



- 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 TEDAS<sup>5</sup>** and its distribution companies

## Distribution regions



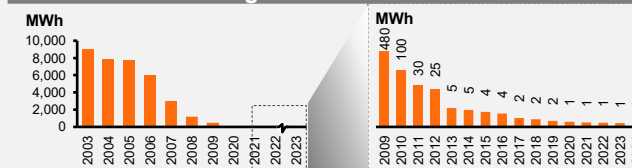
## Retail

5



- 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 750 kWh per year, as of 2025)

## Eligible consumer limit

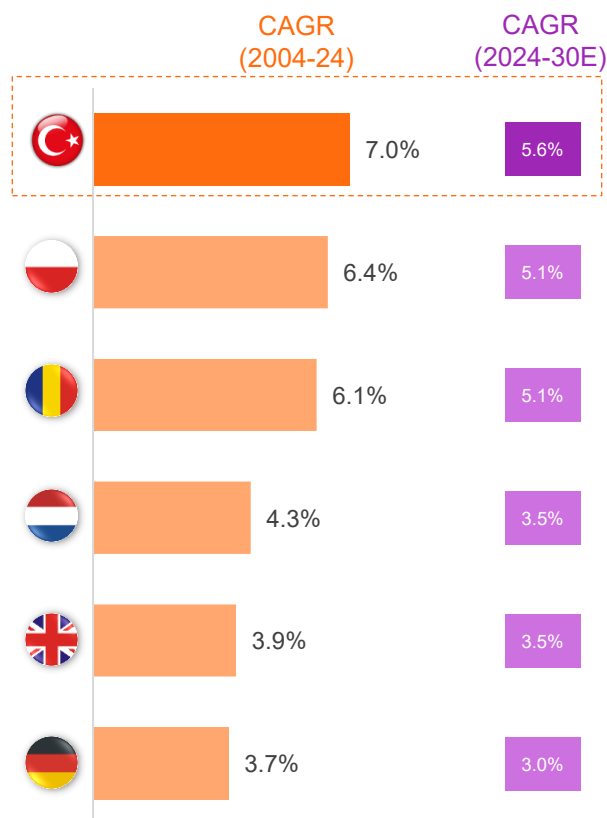


# Strong electricity market fundamentals in Türkiye and GDZ's region

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

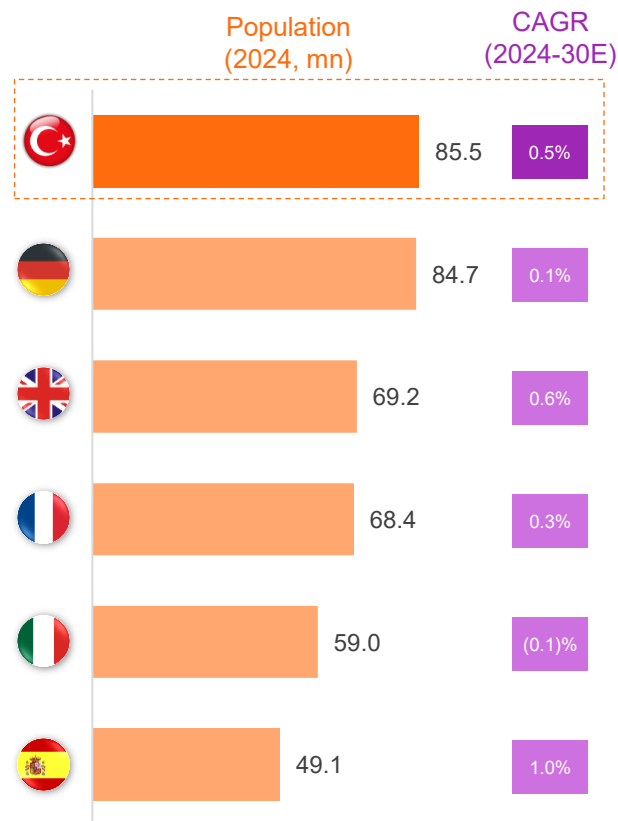
### The fastest growing European economy<sup>1</sup>

(Real GDP CAGR between 2004-2024 in %)

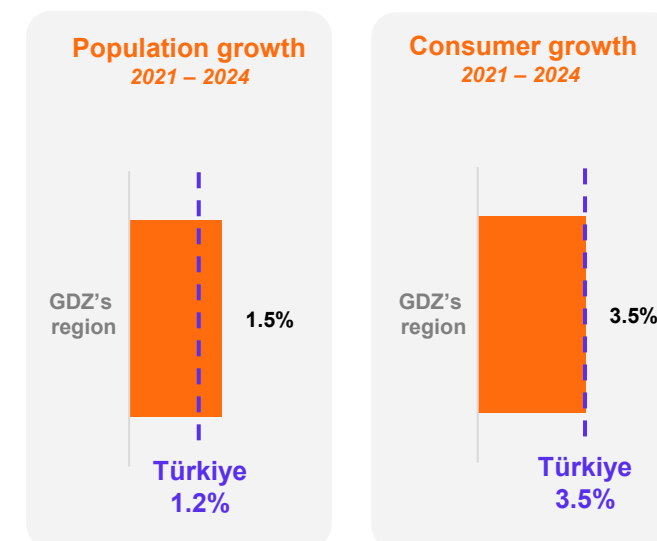


### Among the largest European countries by population<sup>1</sup>

(2024 population in mn)



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

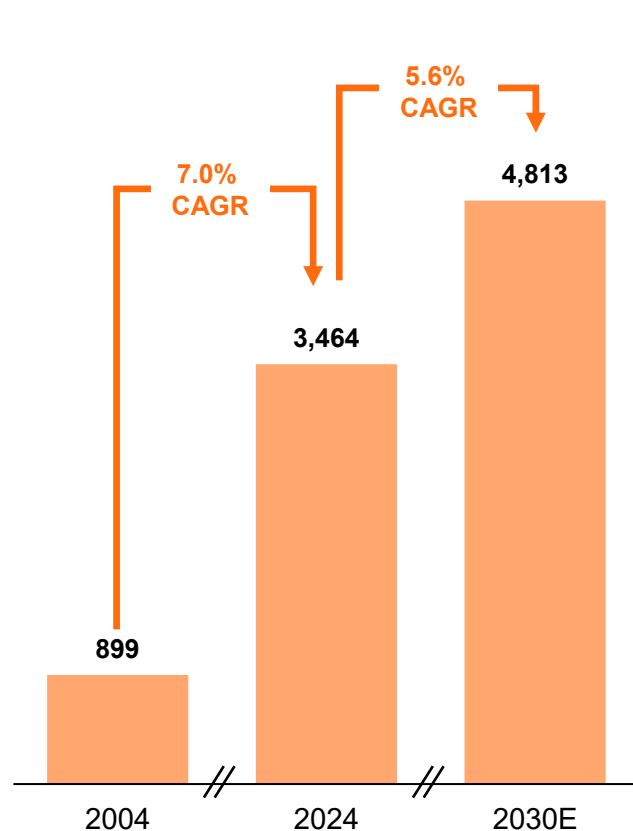




# Turkish electricity demand is expected to experience years of strong growth

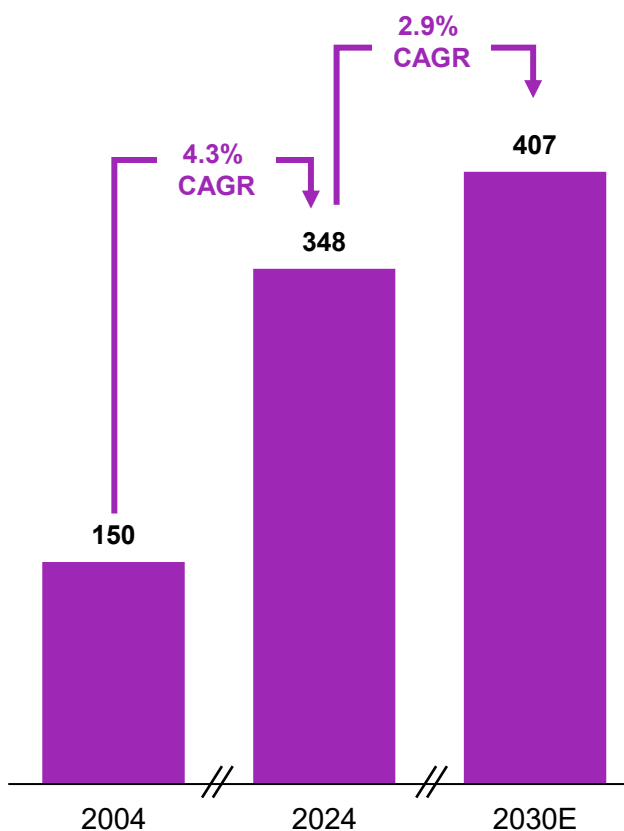
## Turkish high GDP growth rates...

Real GDP  
(US\$bn)<sup>1</sup>



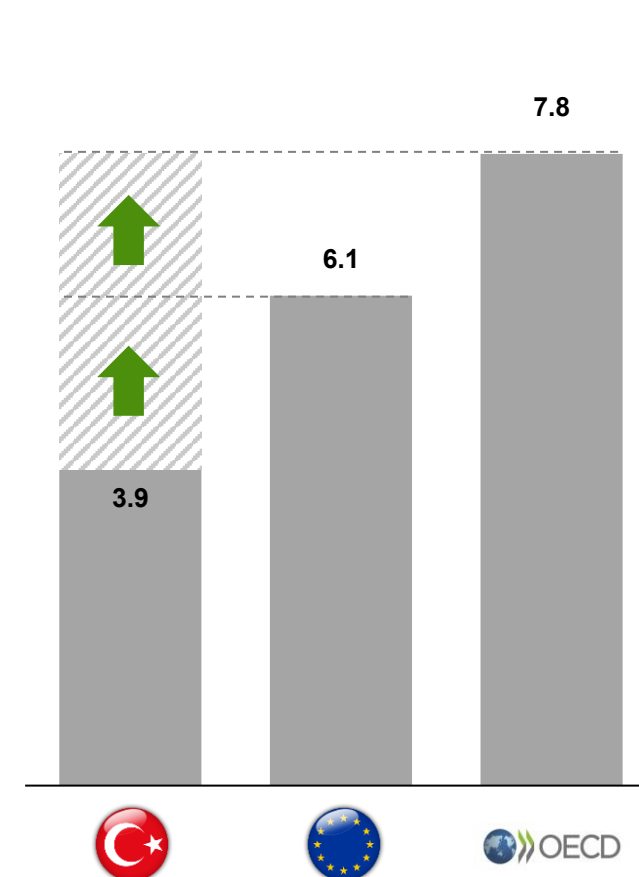
## ...drive electricity demand...

Electricity demand  
(TWh)<sup>2</sup>



## ...with material further upside

Electricity consumption per capita  
(2023, MWh / year)



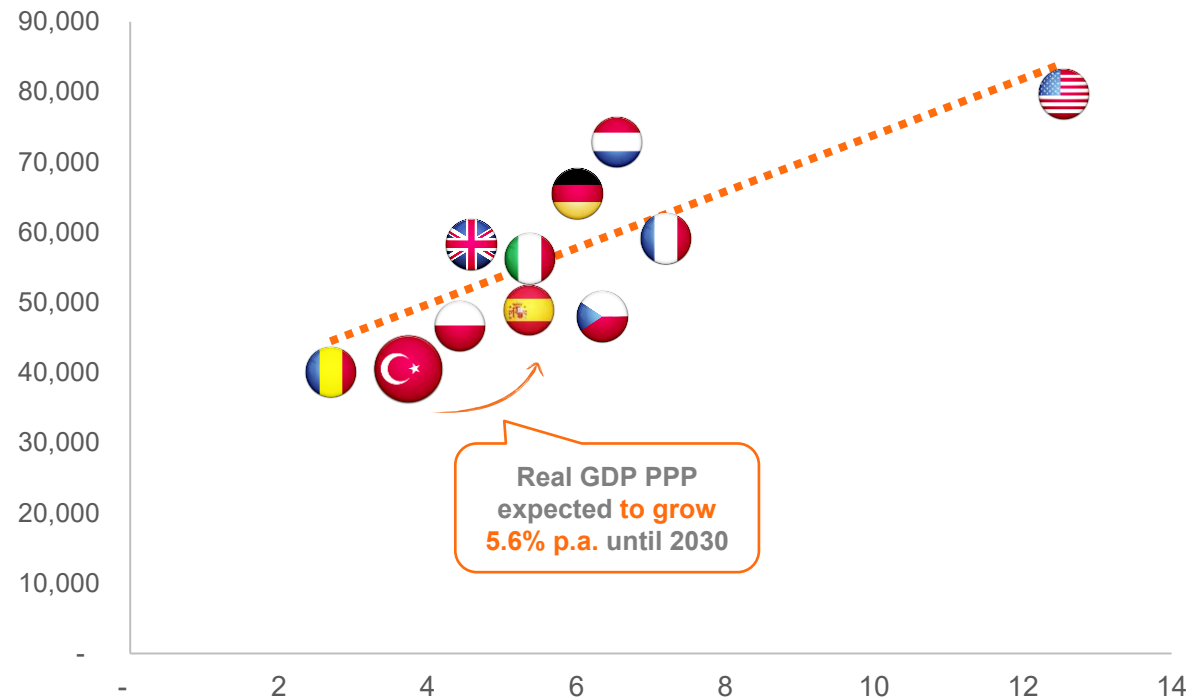
Source: IMF, TEIAS, Turkish Statistical Institute, IEA.

<sup>1</sup> 2003-2023 actuals, 2029 forecast both based on IMF purchasing power parity methodology (forecasts as of April 2024). <sup>2</sup> 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

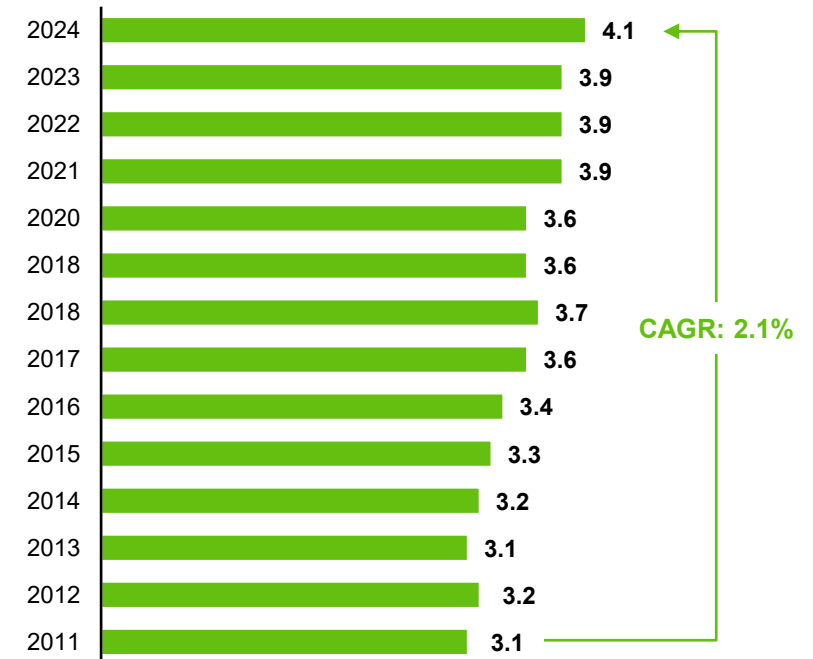
(2024, PPP, USD)



Electricity Consumption per Capita 2024 (MWh)

## Electricity Consumption per Capita in Türkiye

(MWh per capita)



- ✓ 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

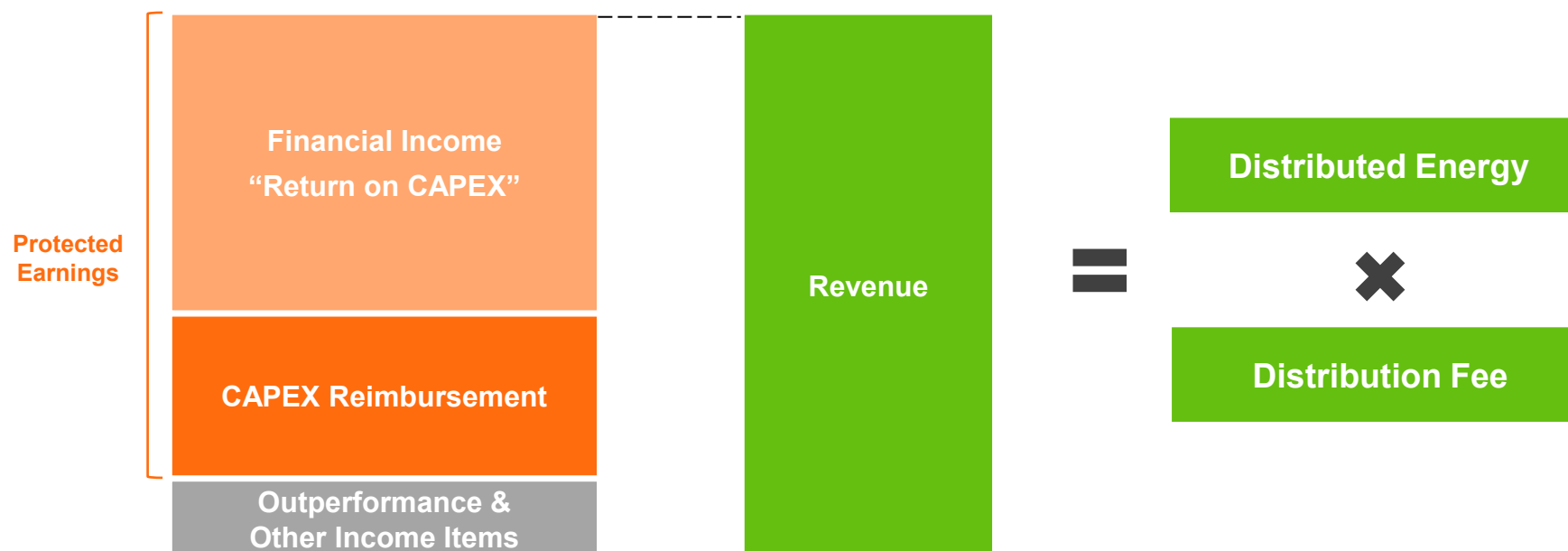
# Stable and guaranteed returns underpinned by a transparent regulatory framework

## 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



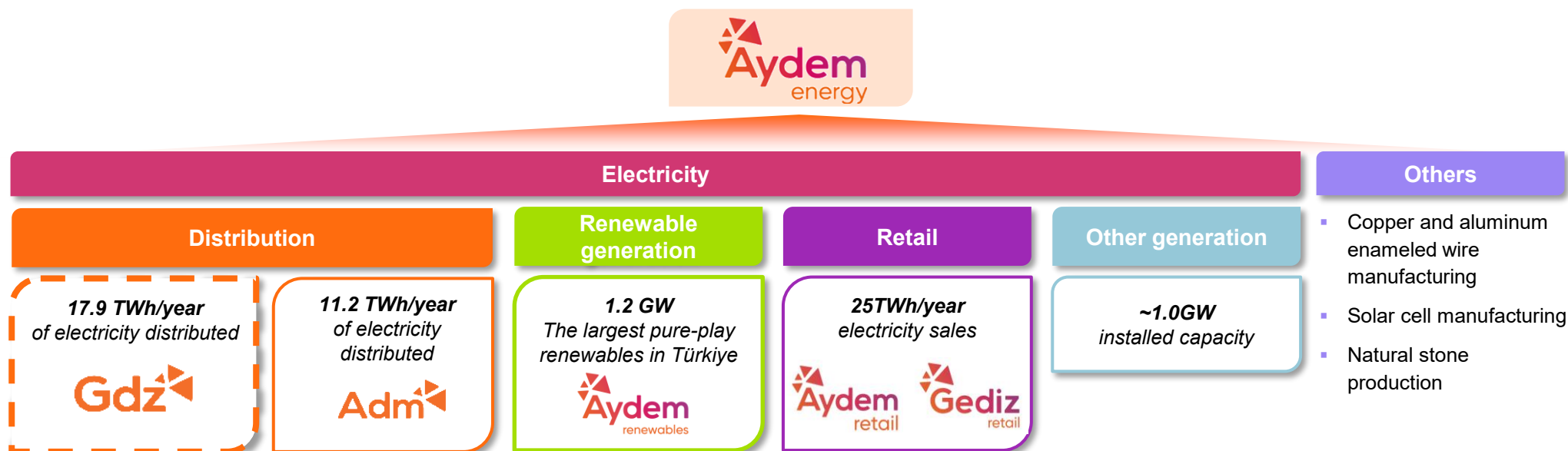
# Turkish distribution framework is similar to Western European peers, but offer higher return and low reimbursement period

Regulation		Western Europe	Türkiye <sup>1</sup>
	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		
		 Low	 High

# 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

USD3.6bn annual revenue<sup>1</sup>

More than 12,000 employees<sup>1</sup>

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 100<sup>1</sup>

**A1**  
rating



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

**1<sup>st</sup>**  
in Türkiye<sup>1</sup>



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

**3<sup>rd</sup>**  
in emerging markets



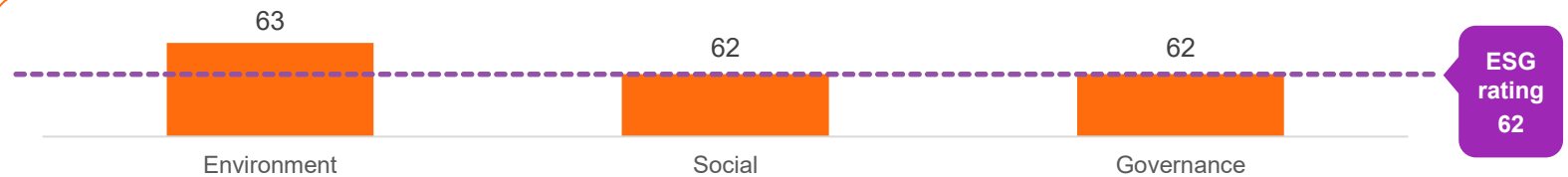
- With GDZ Elektrik Dağıtım's ESG score of 62, the company is **ranked 3<sup>rd</sup> among 54 electricity and gas utilities in global emerging markets**

**Top 3%**

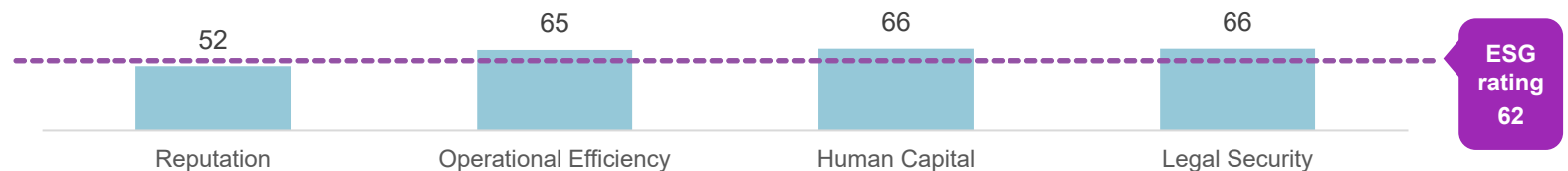


- GDZ Elektrik Dağıtım is **ranked top 3% of all companies reviewed** by Moody's (~5,000 companies in total)

**Overall  
ESG rating<sup>2</sup>**



**ESG rating  
by sub-category<sup>1</sup>**



Source: July 2022 Moody's.

<sup>1</sup> All rankings include solicited and unsolicited ratings from Moody's.

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



### 3 Financial Performance

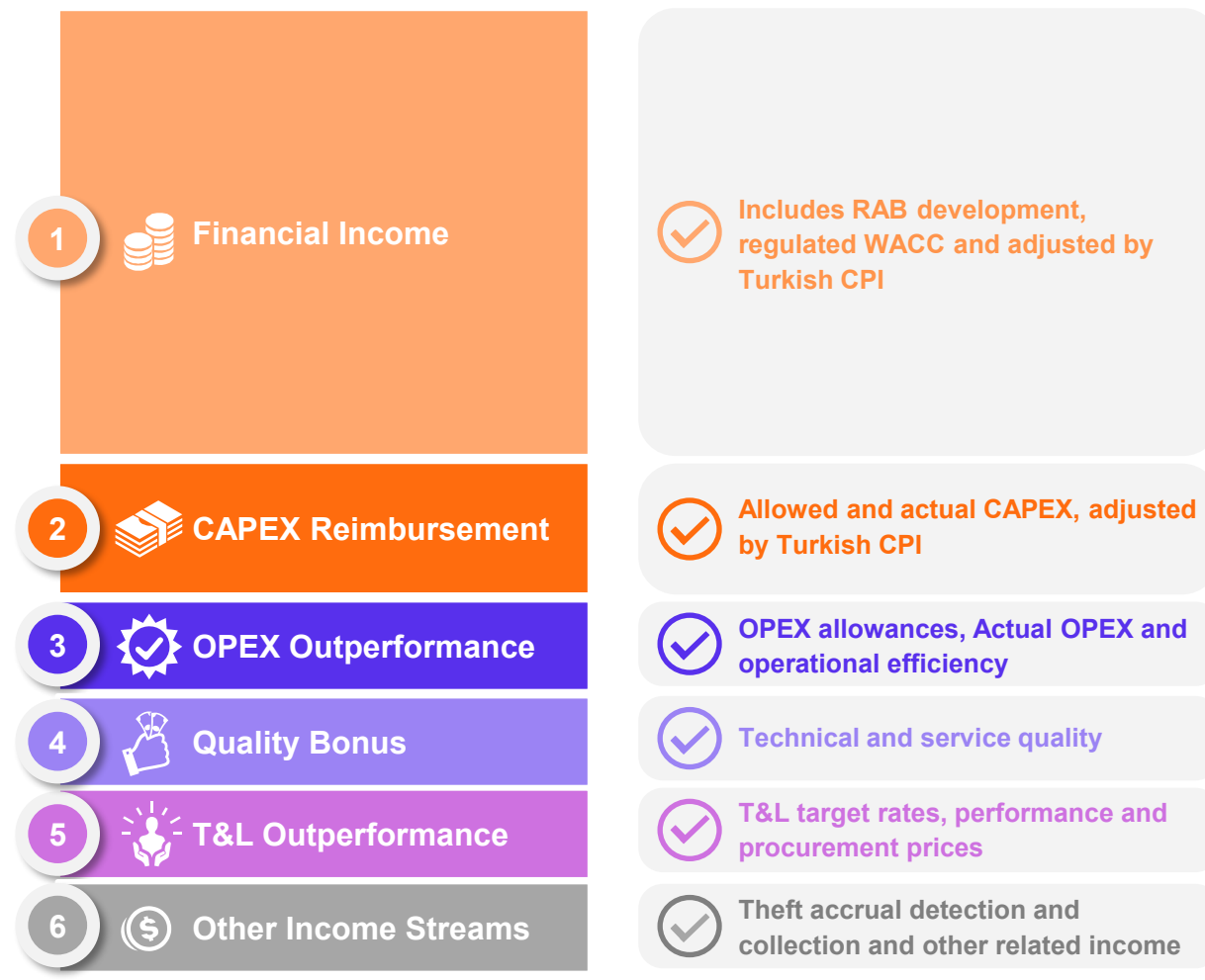
# Key financial concepts for a Turkish distribution company

## 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

## EBITDA + CAPEX reimbursement breakdown



## Financial asset

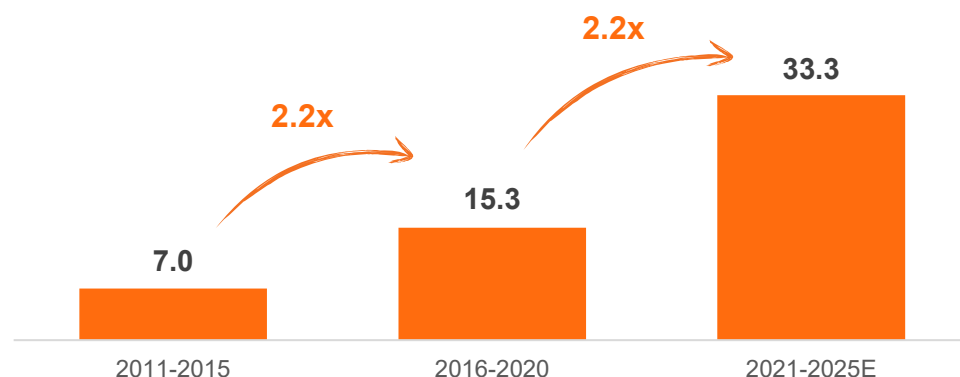
- Distribution networks are recognized as financial asset in TFRS
- As a result amortized cost value accounting applies
- IFRIC-12 accounting

# Stable and guaranteed returns underpinned by a transparent regulatory framework

## CAPEX Allowance by regulatory period

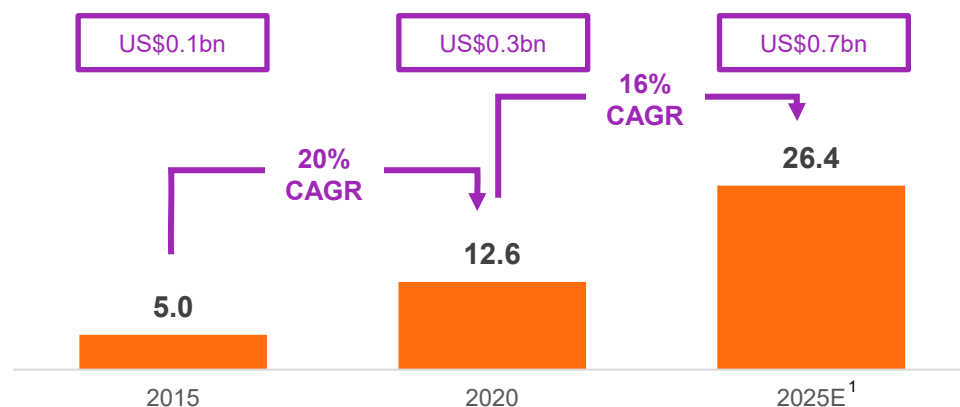
(TLbn – real at Mar 2025 prices)

Total real investment budget: c. TL50.5bn over the 3 regulatory periods



## Regulated Asset Base (RAB) – end of period

(TLbn, real at Mar 2025 prices)



## Key drivers

- 4x increase in CAPEX Allowance from 2011 to 2025

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

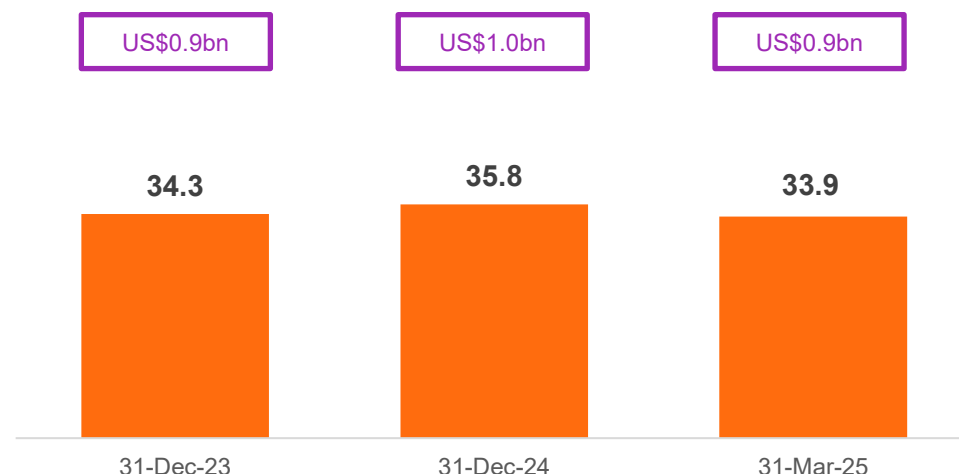


# Attractive combination of strong profitability and solid financial assets



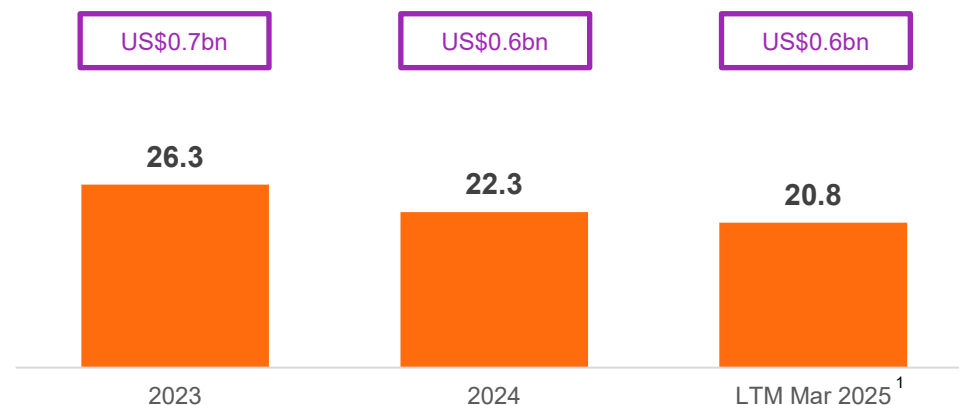
## TFRS Financial Assets

(TLbn – real at Mar 2025 prices)



## EBITDA + CAPEX Reimbursement

(TLbn, real at Mar 2025 prices)



## Key drivers

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

- 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**

# Strong free cash flow development and robust balance sheet



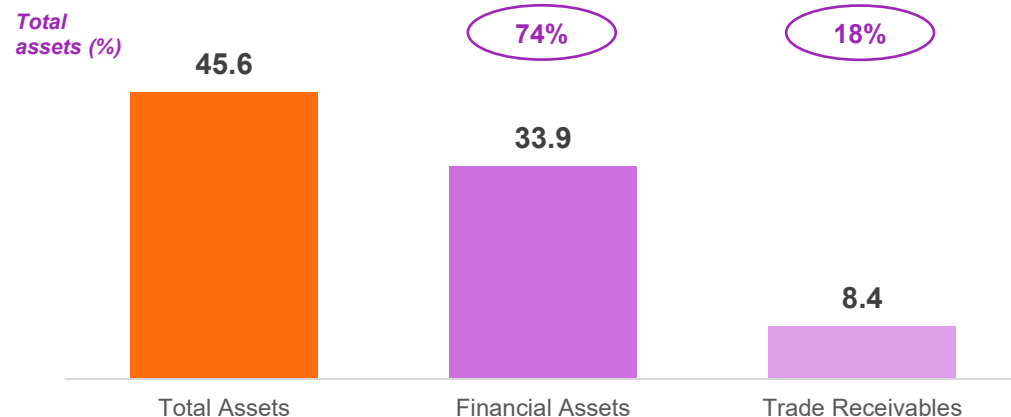
## Cash Flow from Operations

(TLbn – real at Mar 2025 prices)

	2023	2024	LTM Mar 2025
EBITDA + CAPEX Reim.	26.28	22.32	20.80
Financial Income (-)	(22.47)	(17.88)	(17.21)
WACC Collection	2.58	2.89	3.13
<b>Regulatory EBITDA per IFRS</b>	<b>6.39</b>	<b>7.33</b>	<b>6.72</b>
Change in WC	(6.50)	(3.57)	(6.44)
Other Adjustments	5.01	(0.05)	(1.28)
<b>CF From Operations (IFRS)</b>	<b>4.89</b>	<b>3.70</b>	<b>(0.99)</b>
<b>CF From Operations (IFRS) - USDbn</b>	<b>0.13</b>	<b>0.10</b>	<b>(0.03)</b>

## Total Assets

(TLbn, as of 31 Mar 2025, real at Mar 2025 prices)



## Key drivers

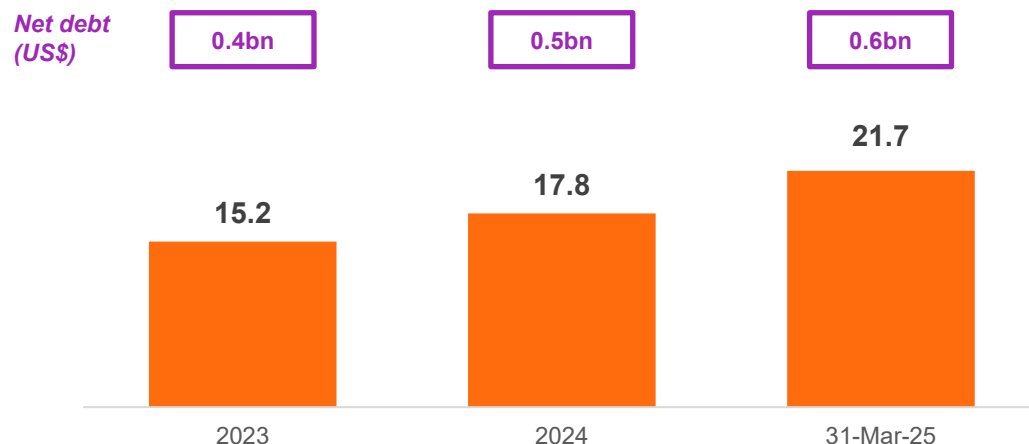
- **FCF generation** mostly driven by **EBITDA** and **CAPEX** evolution over time
- 2022 saw a decline driven by **CAPEX outflows**
- **Significant increase in free cash flow in 2023 and 2024** driven by lower CAPEX and higher EBITDA + CR
- **Robust balance sheet size**, with **93%** of total assets composed of financial assets (TL33.9bn - c. 74%) and trade receivables (TL8.4bn - c.18%)

# Robust capital structure with leverage <1x EBITDA



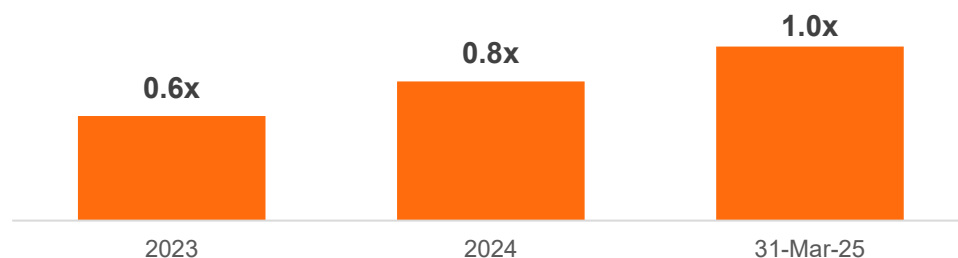
## Net Debt<sup>1</sup> Development

(TLbn, real at Mar 2025 prices)



## Net Debt / EBITDA + CAPEX Reimbursement

(x, real at Mar 2025 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 March 2025, 100% of GDZ's debt was denominated in hard currency (US\$/EUR)
- 2025 debt mainly consists of the \$519mn Eurobond and the remaining portion of the bank debt
- After the refinancing of existing debt, there is only ~\$40mn 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 2021-24
- 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 <sup>st</sup> regulatory period (2006-2011)	2 <sup>nd</sup> regulatory period (2011-2015)	3 <sup>rd</sup> regulatory period (2016-2020)	4 <sup>th</sup> 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	<b>Regulated revenue cap</b> <ul style="list-style-type: none"><li>WACC Return: RAB x WACC</li><li>CAPEX Reimbursement</li><li>OPEX Allowance</li><li>No volume and inflation risk</li></ul>		<b>Incentives</b> <ul style="list-style-type: none"><li>OPEX Outperformance</li><li>Theft &amp; Loss Ratio Improvement</li><li>Service Quality</li><li>Other Revenue</li><li>CAPEX Outperformance (cash-based item)</li></ul>		
CAPEX Reimbursement	5 years	10 years			
WACC (real, pre-tax)	9.35%	9.97%	11.91%	13.61%	12.30%
Evolution	<ul style="list-style-type: none"><li>RAB based tariff calculation methodology introduced with RAB set to 0 in 2006</li><li>“Transition” period designed to provide a smooth shift to a cost-based tariff structure post 2010</li><li>Private operator model (TOR) established for privatizations</li></ul>	<ul style="list-style-type: none"><li>WACC revised up</li><li>Privatization of all distribution companies has been completed</li><li>Unbundling between distribution and retail operations WACC revised up</li></ul>	<ul style="list-style-type: none"><li>WACC revised up twice</li><li>T&amp;L methodology revised</li><li>Significant increases in OPEX and CAPEX allowances</li><li>Enhancement of Quality and Efficiency incentives</li></ul>	<ul style="list-style-type: none"><li>Significant increases in CAPEX allowances</li><li>Quality incentives revised</li><li>Risk mitigation measures against macroeconomic conditions in OPEX &amp; CAPEX components</li></ul>	



**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



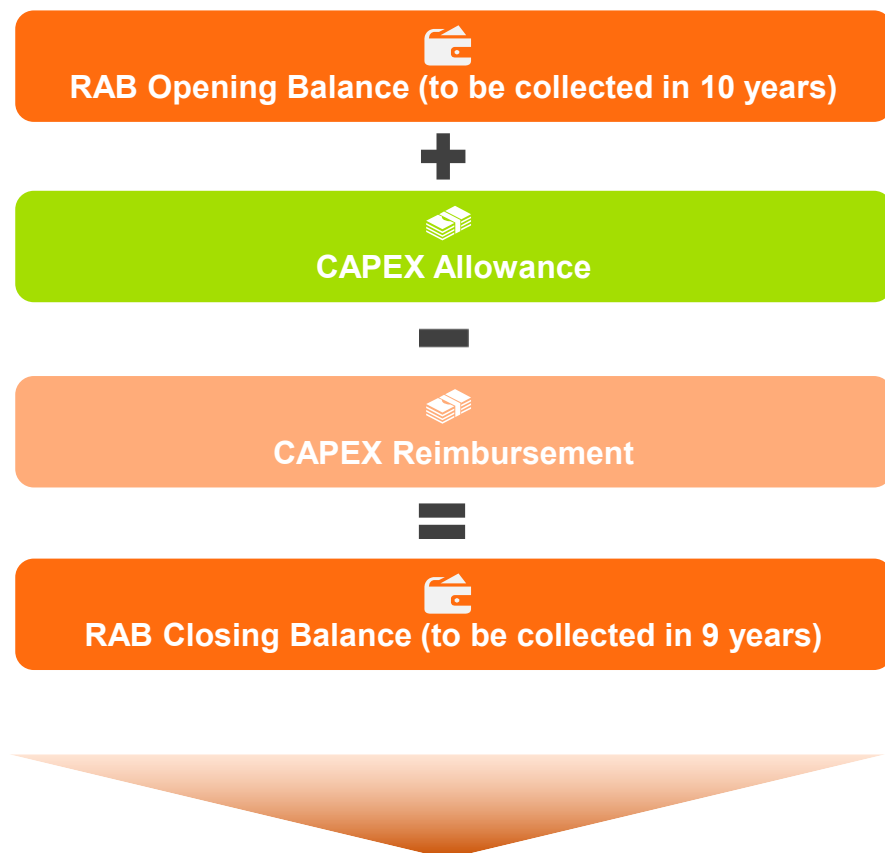
**Continuous incentives** for efficiency, quality and outperformance across regulatory periods



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

# Regulated asset base vs. TFRS financial asset

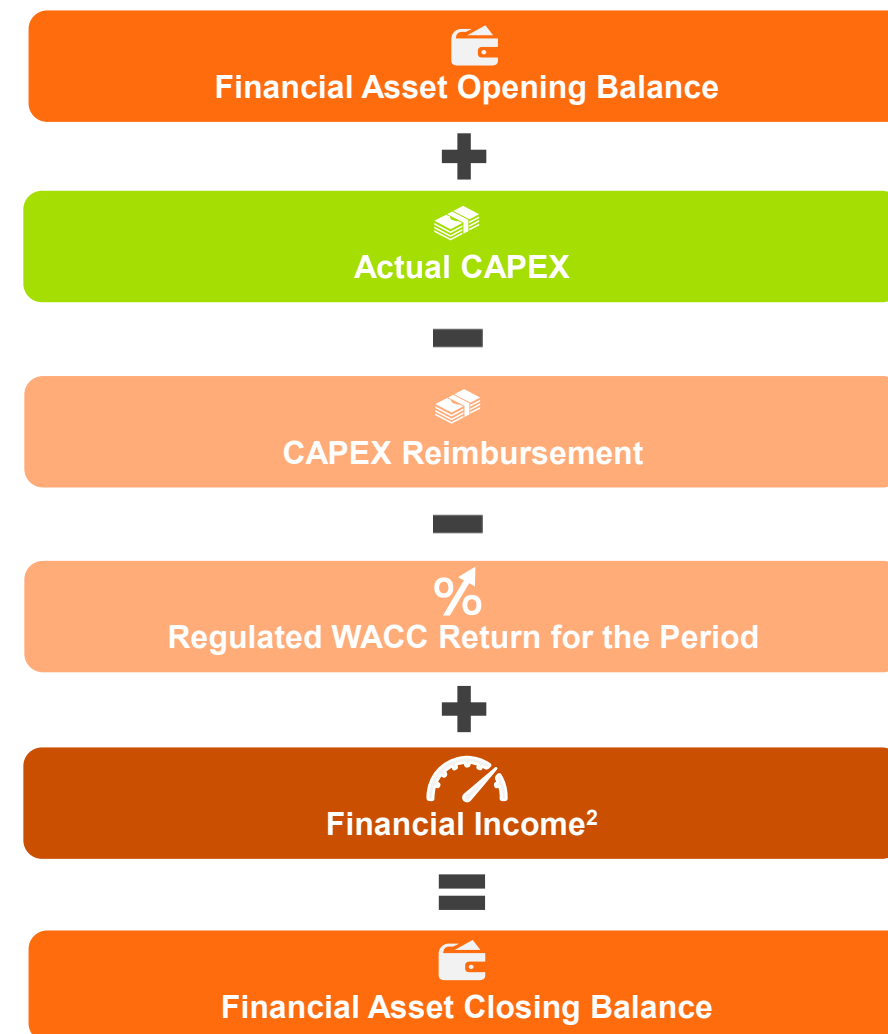
## Regulated asset base ("RAB")



### Additional Consideration:

- Regulated WACC Return for the Period<sup>1</sup>

## TFRS financial asset





# TFRS income statement



## Summary income statement

<b>TLmn</b> <i>(real at Mar 2025 prices, except if stated otherwise)</i>	<b>2023</b>	<b>2024</b>	<b>LTM Mar 2025<sup>1</sup></b>
Revenue	42,154	32,465	30,689
Cost of sales	(11,448)	(8,217)	(8,061)
<b>Gross Profit</b>	<b>30,706</b>	<b>24,247</b>	<b>22,628</b>
<b>Operating Profit</b>	<b>22,192</b>	<b>17,653</b>	<b>15,772</b>
Finance income	691	564	542
Finance expense	(10,345)	(9,100)	(8,617)
Monetary gain / (loss)	(6,058)	(6,005)	(6,298)
<b>Income before Tax</b>	<b>6,481</b>	<b>3,111</b>	<b>1,399</b>
Tax income / (expense)	3,813	(1,323)	(799)
<b>Net Profit (Loss) for the Period</b>	<b>10,294</b>	<b>1,788</b>	<b>600</b>
Items that will not be reclassified to profit or loss	7	9	10
<b>Total Comprehensive Income / (Expenses)</b>	<b>10,301</b>	<b>1,797</b>	<b>610</b>
<b>Earnings / (Losses) per Share (TL / share)</b>	<b>20.2</b>	<b>3.5</b>	<b>1.2</b>

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 31.03.2025, unless otherwise indicated. <sup>1</sup> The financial information for the twelve months ended March 31, 2025 is expressed in terms of purchasing power of Turkish Lira as of March 31, 2025.

# TFRS balance sheet statement



## Summary balance sheet

TLmn (real at Mar 2024 prices, except if stated otherwise)	31-Dec-23	31-Dec-24	31-Mar-25
Cash and cash equivalents	51	1,022	1,004
Trade receivables	7,803	6,847	8,387
Financial assets related to concession arrangements	11,991	12,451	8,620
Other current assets	1,648	1,535	1,479
<b>Current Assets</b>	<b>21,494</b>	<b>21,854</b>	<b>19,489</b>
Other receivables	139	202	160
Financial assets related to concession arrangements	22,291	23,304	25,271
Right of use assets	144	442	454
Deferred tax assets	1,326	-	-
Other non-current assets	490	199	188
<b>Non-current Assets</b>	<b>24,390</b>	<b>24,147</b>	<b>26,074</b>
<b>Total Assets</b>	<b>45,883</b>	<b>46,001</b>	<b>45,563</b>
Short term portion of long-term borrowings	2,908	2,108	2,305
Other financial liabilities	136	109	110
Trade payables	8,447	6,410	2,716
Deferred income	2,045	168	0
Other short-term liabilities	918	770	862
<b>Current Liabilities</b>	<b>14,454</b>	<b>9,565</b>	<b>5,993</b>
Long term-borrowings	11,823	16,380	20,090
Other financial liabilities	380	202	185
Other payables	126	63	64
Deferred income	1,735	481	698
Long-term provisions	176	190	196
Deferred tax liabilities	-	0	5
<b>Non-Current Liabilities</b>	<b>14,240</b>	<b>17,316</b>	<b>21,239</b>
<b>Total Liabilities</b>	<b>28,694</b>	<b>26,881</b>	<b>27,231</b>
Equity	17,189	19,120	18,332
<b>Total Equity and Liabilities</b>	<b>45,883</b>	<b>46,001</b>	<b>45,563</b>

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 31.03.2025, unless otherwise indicated.

# TFRS cash flow statement



## Summary cash flow statement

TLmn (real at Mar 2024 prices, except if stated otherwise)	2023	2024	3M 2025
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>4,892</b>	<b>3,703</b>	<b>(3,821)</b>
Profit / (loss) for the period	10,294	1,788	(885)
<b>Adjustment to reconcile net income for the period</b>	<b>(5,511)</b>	<b>(1,928)</b>	<b>(46)</b>
<b>Changes in working capital</b>	<b>(6,505)</b>	<b>(3,574)</b>	<b>(4,787)</b>
Adjustments related to (increase) / decrease in trade receivables	(5,660)	(1,487)	(5,071)
Adjustments related to (increase) / decrease in other receivables	261	(198)	(68)
Adjustments related to (increase) / decrease in inventories	(357)	379	31
Adjustments related to (increase) / decrease in prepaid expenses and deferred income	(742)	(2,991)	(87)
Adjustments related to (increase) / decrease in payables for employee benefits	7	(4)	28
Adjustments related to (increase) / decrease in other assets and liabilities	(14)	727	380
<b>Cash generated from operating activities</b>	<b>(1,722)</b>	<b>(3,714)</b>	<b>(5,717)</b>
Payments related with provisions for employee benefits	(74)	(90)	(127)
Tax payments	(49)	9	4
Collections from doubtful receivable	233	174	22
Other cash in-flows	6,504	7,323	1,998
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,963)</b>	<b>(4,022)</b>	<b>(240)</b>
Cash used for purchase of tangible and intangible assets	(0)	-	-
Capital expenditures	(2,963)	(4,022)	(240)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2,032)</b>	<b>1,305</b>	<b>4,058</b>
Cash in-flows from borrowings	-	15,058	4,297
Capital increase	226	169	95
Cash out-flows for borrowings	(600)	(10,404)	(452)
Repayment of of lease liabilities	(60)	(215)	(69)
Interest received	388	564	287
Interest paid	(2,011)	(3,861)	(103)
Other cash in-flows / (out-flows)	23	(6)	4
<b>D. INFLATION EFFECT ON CASH AND CASH EQUIVALENTS</b>	<b>(66)</b>	<b>(16)</b>	<b>(14)</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>(170)</b>	<b>971</b>	<b>(18)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>221</b>	<b>51</b>	<b>1,022</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>51</b>	<b>1,022</b>	<b>1,004</b>

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 31.12.2024, unless otherwise indicated.

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