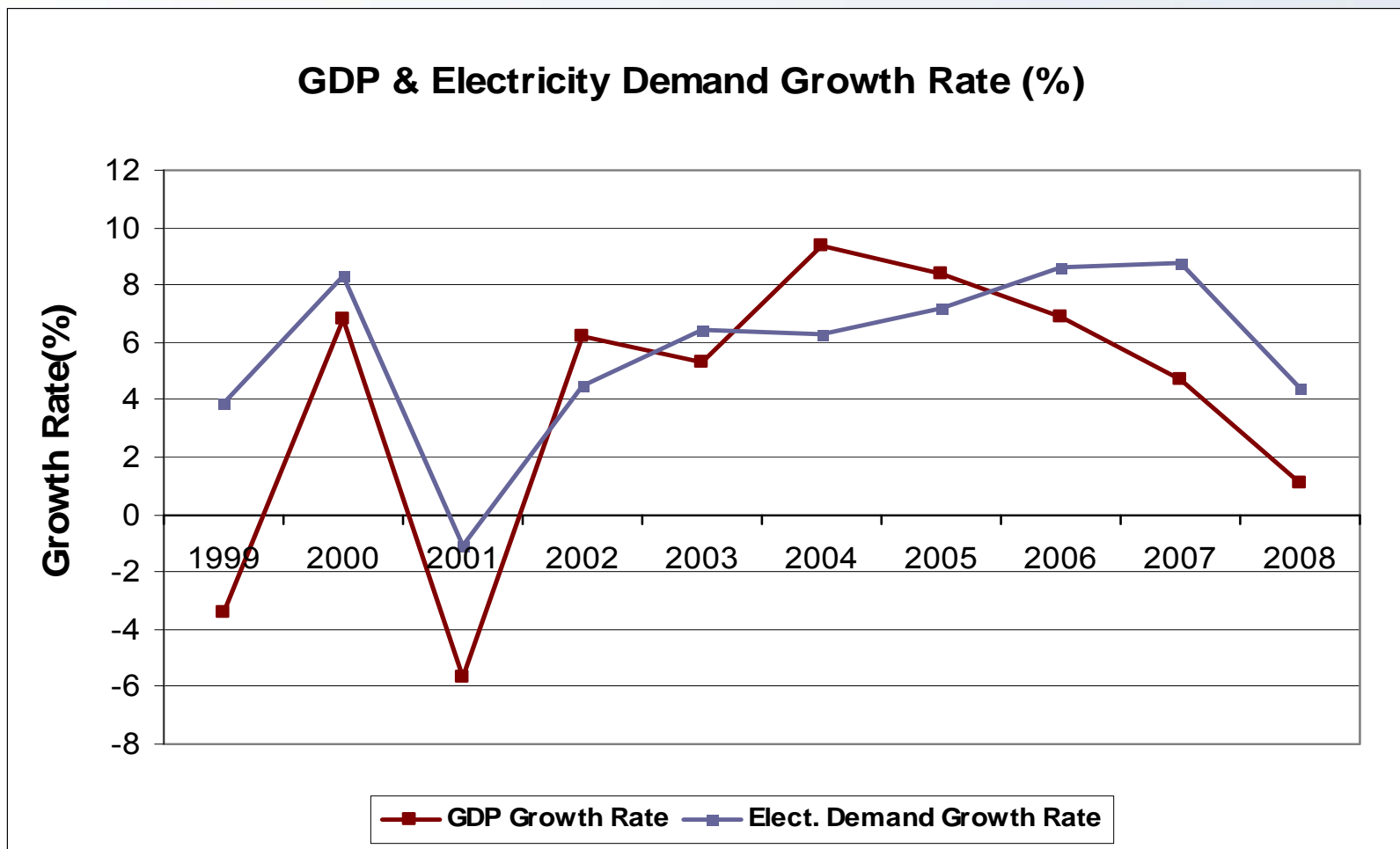


ATC/TAIK 28th Annual Conference “Electric Energy in Turkey”

Selahattin Hakman
Sabancı Holding Energy Group President

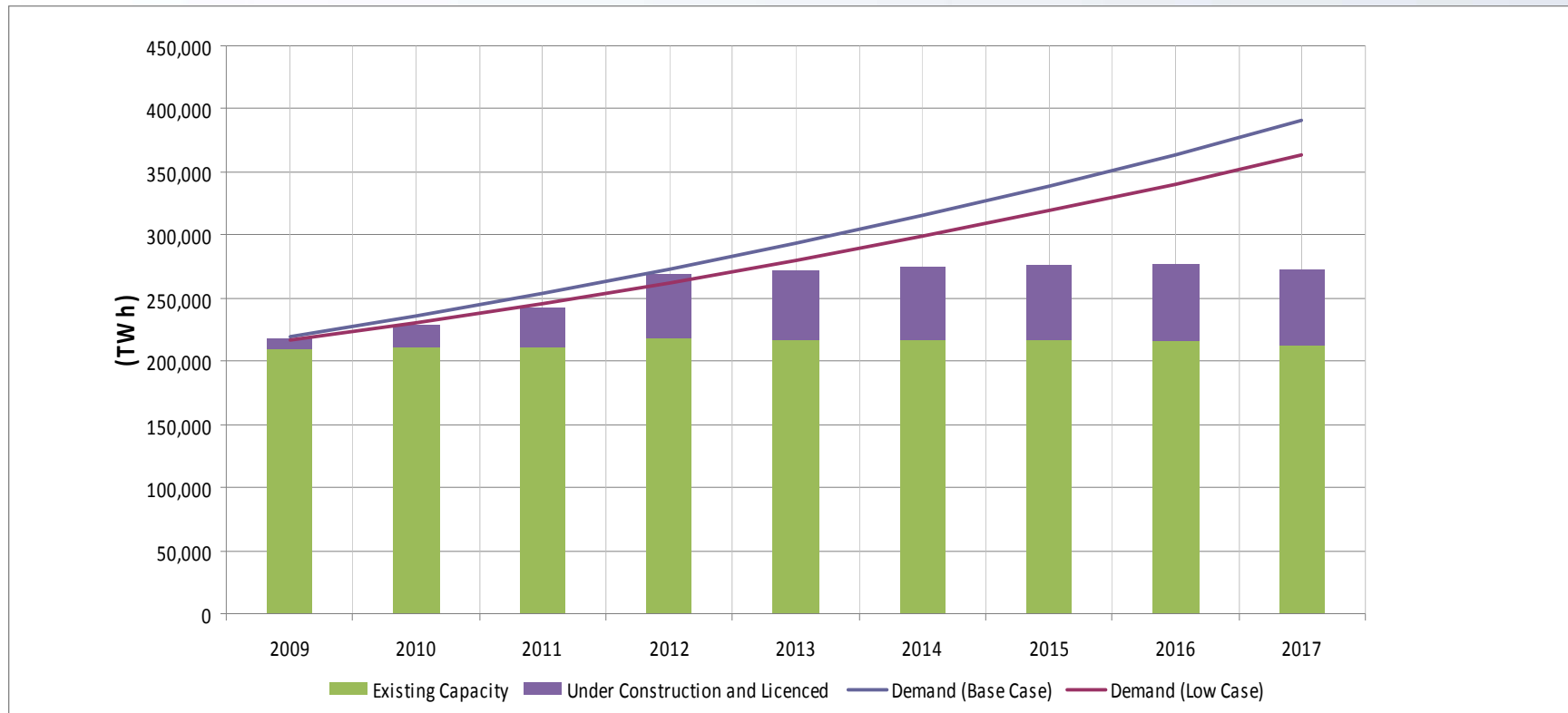
Electricity Demand and GDP Growth



Electricity Demand;

- Decrease slower than GDP contraction due to urbanization and population growth in crisis times
- Increase faster than GDP growth following economic recovery

Turkey- Electricity Demand Projections



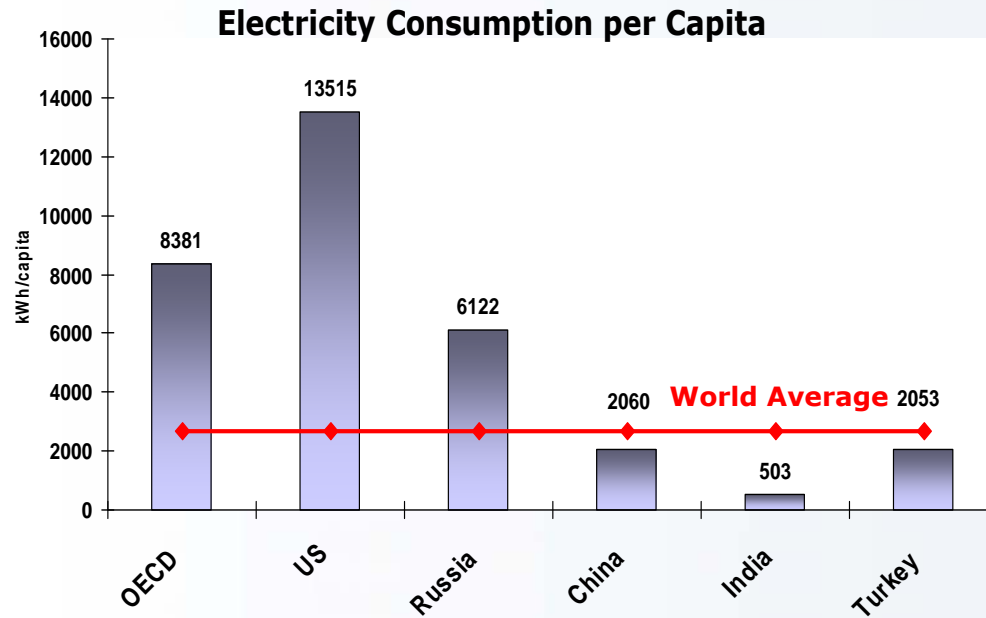
Source: TEİAŞ Capacity Projection 2008-2017

Short-run → Supply meets demand due to the impact of financial crisis
Medium/Long-run → Risk of supply deficit in post-crisis era

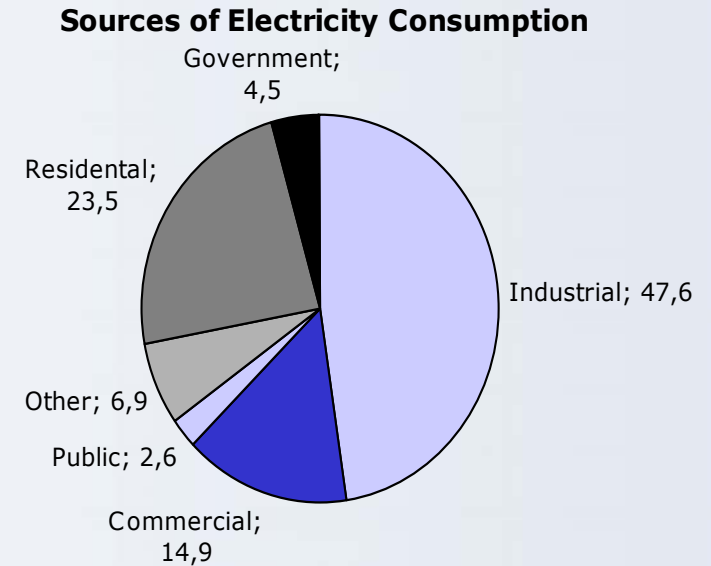
Until 2020;

- Large investment needs to mitigate supply security risk (need to double the installed capacity)
- More than \$100 billion investment need in power sector until 2020

Electricity Consumption Trends



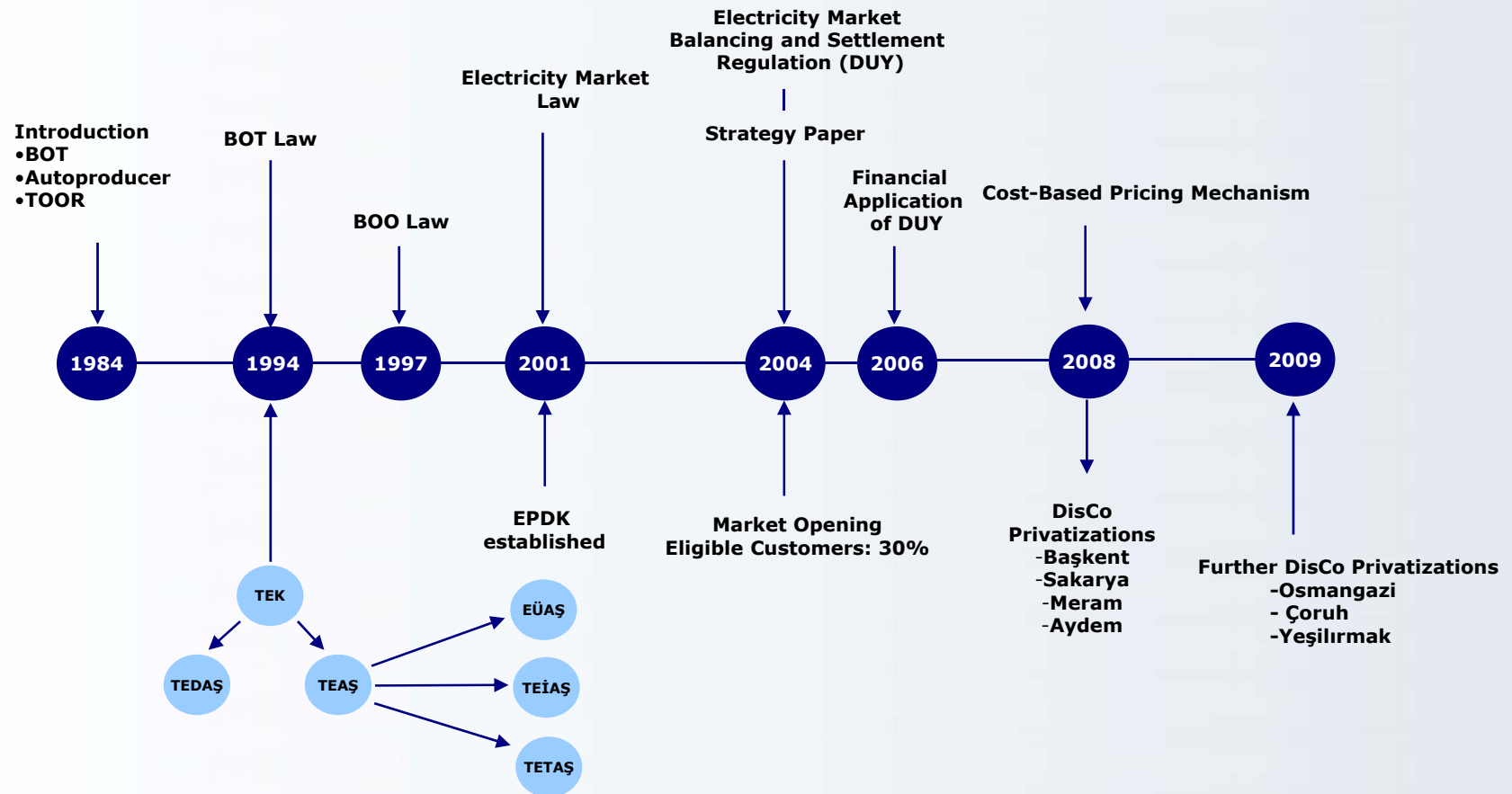
Source: International Energy Agency, 2008. (2006 figures).



Source: TEDAS

- Growth potential of Turkish electricity market makes it attractive for investments
- Average annual increase in customer segments from 1990 onwards;
 - 8.5% in residential consumption
 - 6.5% in commercial and industrial consumption

Evolution of the Turkish Electricity Market



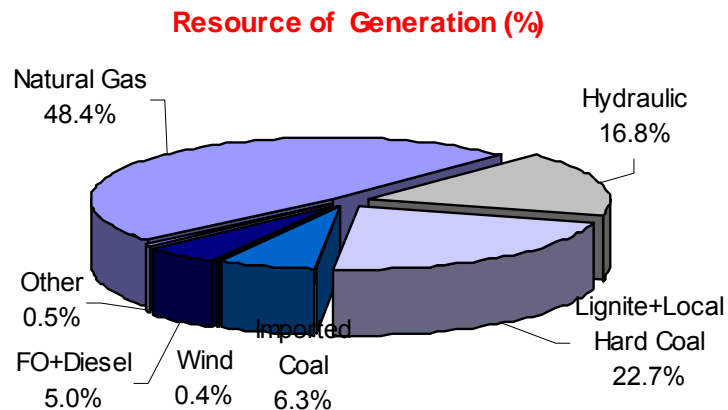
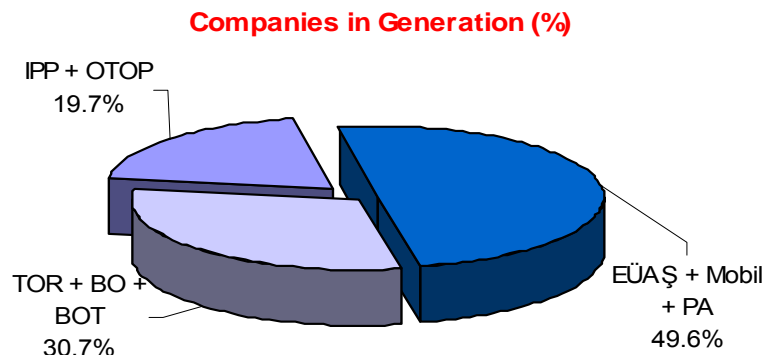
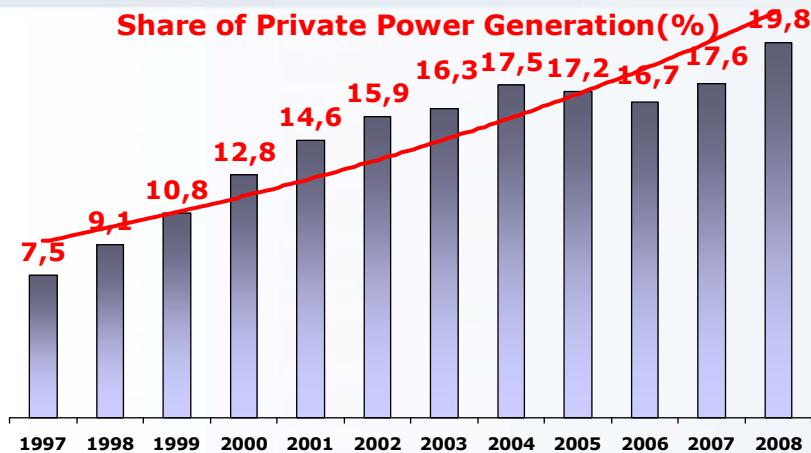
TEK Turkish Electricity Authority, monopoly on generation, transmission and distribution
 TEDAŞ Turkish Electricity Distribution Company
 TEAŞ Turkish Electricity Generation and Transmission Company
 EÜAŞ Electricity Generation Company
 TEİAŞ Turkish Electricity Transmission Company and ISO
 TETAŞ Turkish Electricity Wholesale Company

Future of the Turkish Electricity Market

Draft Strategy Document on Electricity Market and Security of Supply

- Market Structure
 - Hourly settlement in 2010
 - 100% market opening in 2015
 - Privatizations
 - Completion of privatization of distribution companies in 2009
 - Start of privatization of generation companies in 2009
 - Resource Utilization Targets
- ➔ Local and renewable resources are prioritized for meeting the electricity demand
- Utilization of all known **lignite and hard coal** resources by 2023
 - Minimum share of 5% for **nuclear** plants by 2020
 - Minimum share of 25% for **renewable** resources by 2020
 - Utilization of all economically and technically feasible **hydro** resources until 2023
 - Decreasing the share of **natural gas** below 30% by 2020

Challenges and Opportunities



- Liberalization trend of the electricity market is key for private sector investments

- State-dominated electricity generation
 - Privatization of generation assets

- Natural-gas weighted generation portfolio
 - New Renewable Energy Law

The ENERJISA Group

We target to command a 10% market share via minimum 5,000 MW and 6 million customers in the electricity sector by the year 2015.

Operating as an integrated utility in the Turkish electricity market, the Enerjisa Group is composed of three companies:

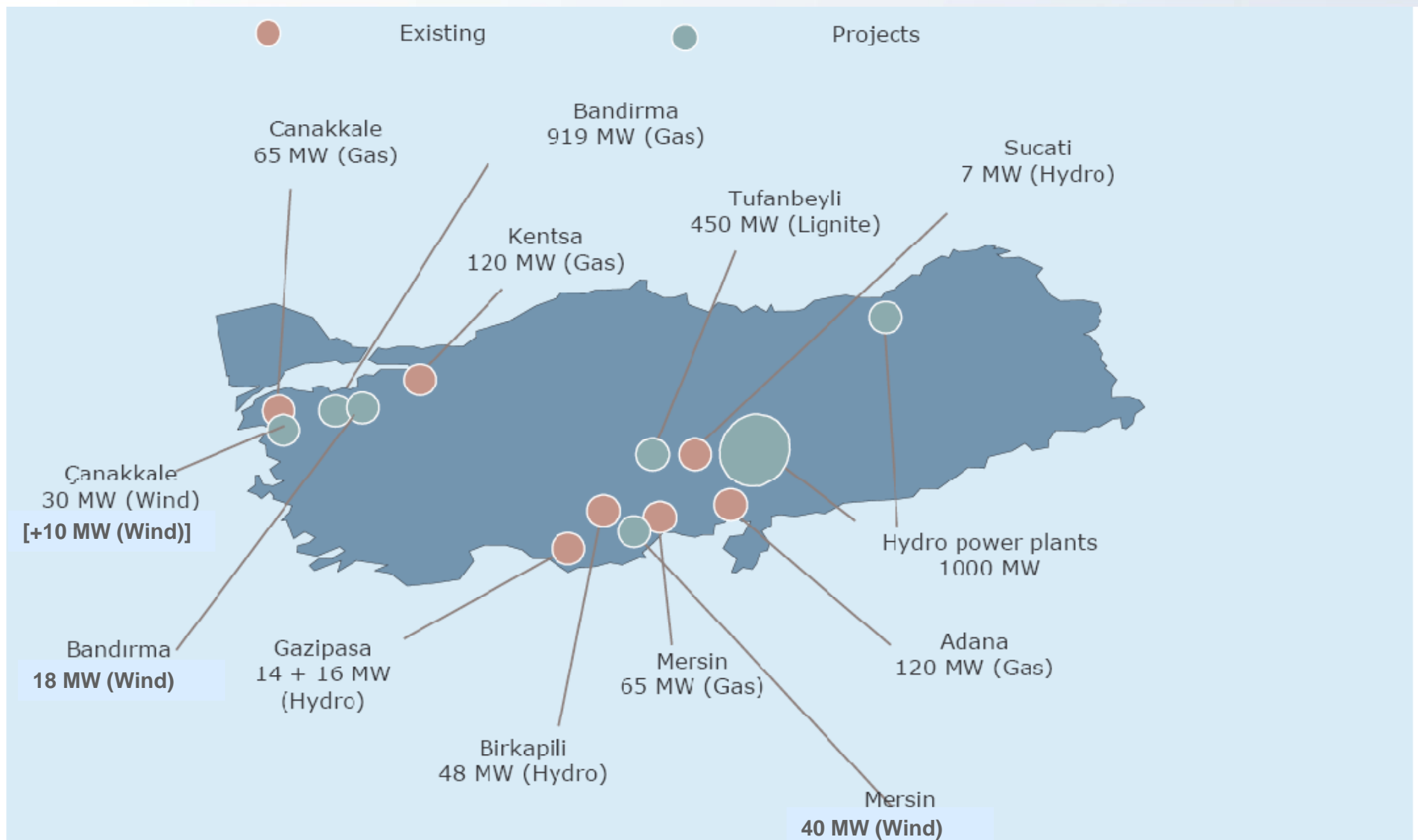
- Enerjisa Power Generation Company
- Enerjisa Electricity Wholesale & Trading Company
- Enerjisa Power Distribution Company

The Enerjisa Group is 50:50 jointly owned by Sabancı Group and Verbund. The Group intends to be the leader in the Turkish electricity market as an integrated utility and has set an ambitious target to command a 10% market share via 5,000 MW and 6 million customers by the year 2015.

Sabancı and Verbund have signed a joint venture agreement in May 2007. The agreement is based upon the principles of joint control. Verbund is Austria's largest generator of electricity and one of the leading electricity companies of Europe. Sabancı and Verbund will work together in the electricity sector, except for nuclear energy investments.

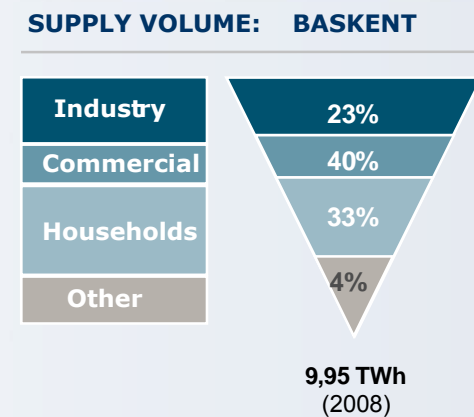
Enerjisa Group aims to become the market leader of the electricity sector in a vertically integrated structure, by combining generation, distribution, supply and trading activities.

ENERJISA Plants and Projects



Enerjisa Distribution and Retail Business: Basket Experience

- Sabancı Holding/Verbund 50/50 JV won the tender of Baskent Electricity Distribution Co. in July 2008 with the top bid of \$1,225 M.
- Enerjisa aims to expand its current Customer Portfolio to **6 million in 2015** via participation in further privatization tenders.
- Business Targets for Baskent region
 - Increased customer satisfaction
 - Reduced commercial and technical losses



3 million customers

10% of the total Customer base of TEDAS

8% market share in retail in Turkey

