



ZORLU RENEWABLES

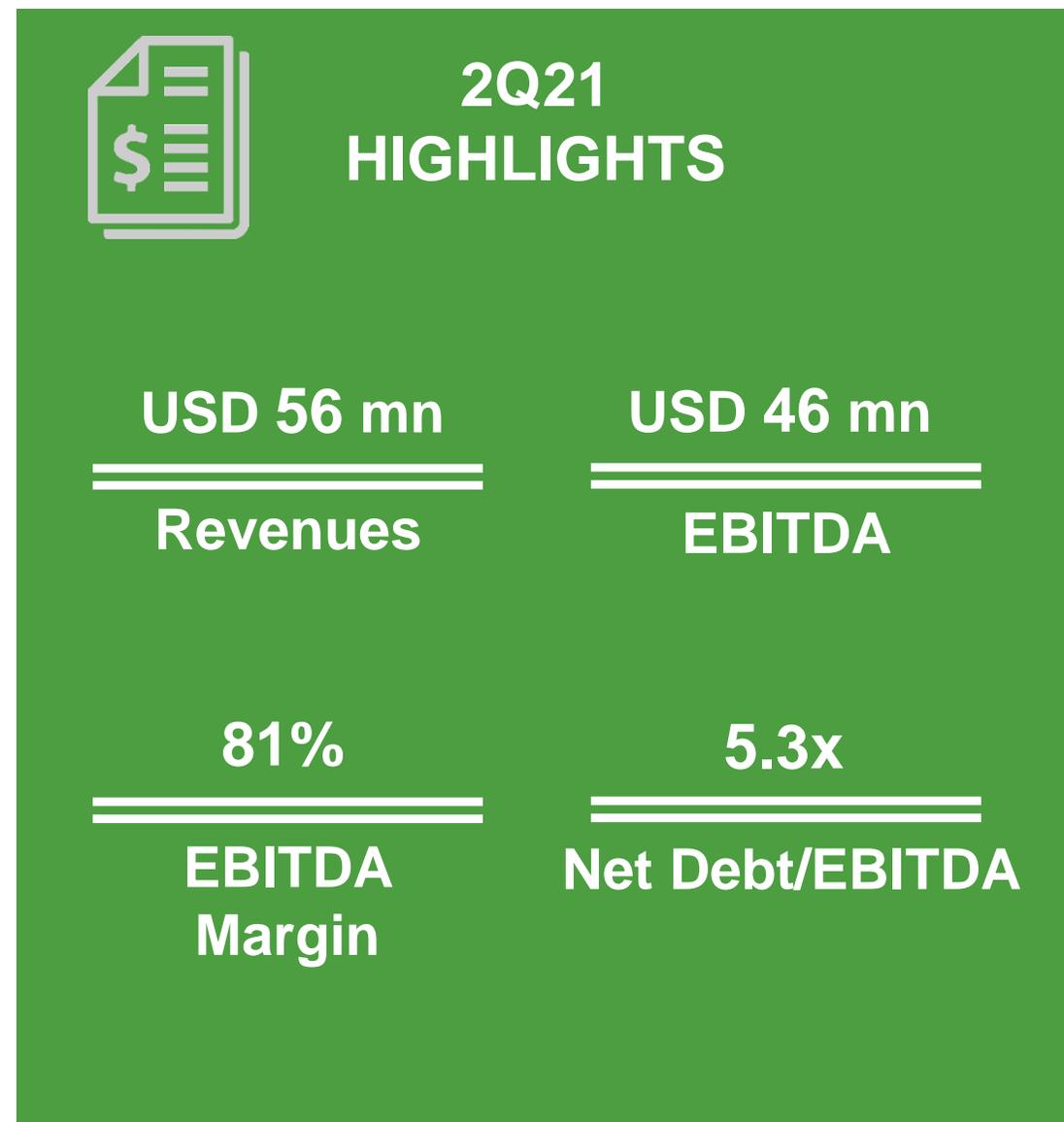
Review of 2Q21 Financial Results

25 August 2021



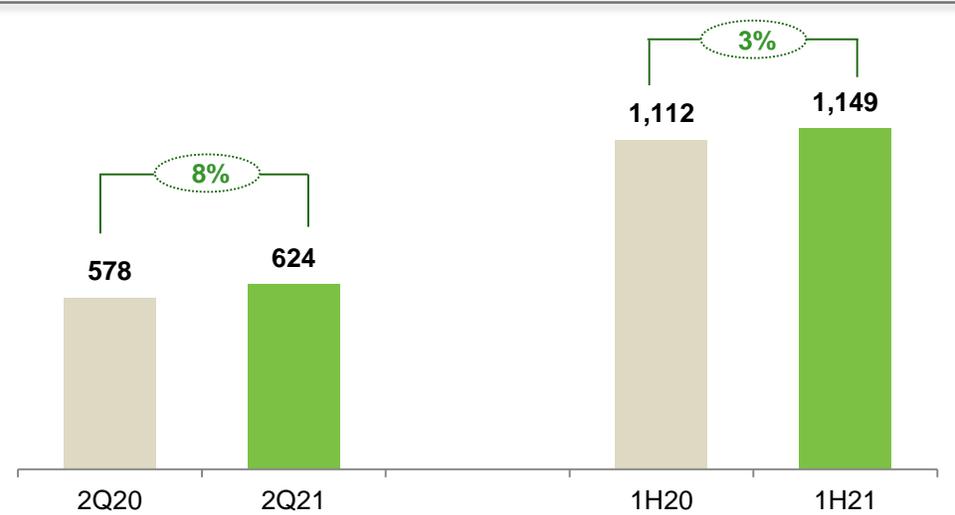
Highlights of 2Q21

- 5% growth in revenues and 9% growth in EBITDA yoy in USD terms
- Increased generation at Kızıldere 2 & 3 GPPs, more than offsetting lower revenues and EBITDA from Rotor WPP
- 2.6 pp yoy increase in EBITDA margin to 81%, driven by strong USD/TL, increased sales prices for merchant power plants and higher utilization at Rotor WPP
- FiT EBITDA maintained despite expiration of Rotor's FiT period at the end of 2020
- Issuance of a USD300 mn Eurobond in May
- Decline in net debt to USD898 mn and net debt/EBITDA to 5.3x
- Non-cash capital increase through conversion of existing debt to Zorlu Enerji into capital advance
- Early payment of Rotor's PF loan and partial repayment of Zorlu Doğal's loans with Eurobond proceeds

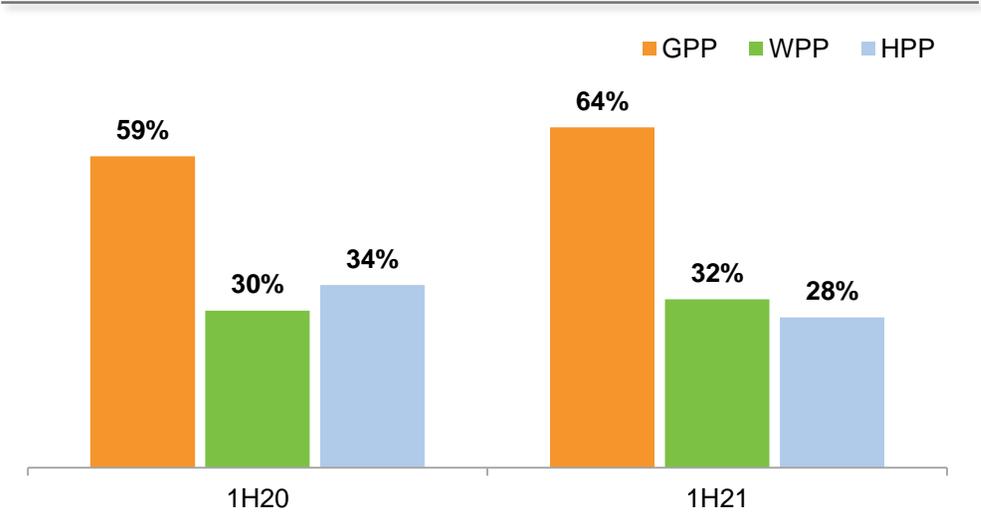


Electricity Generation

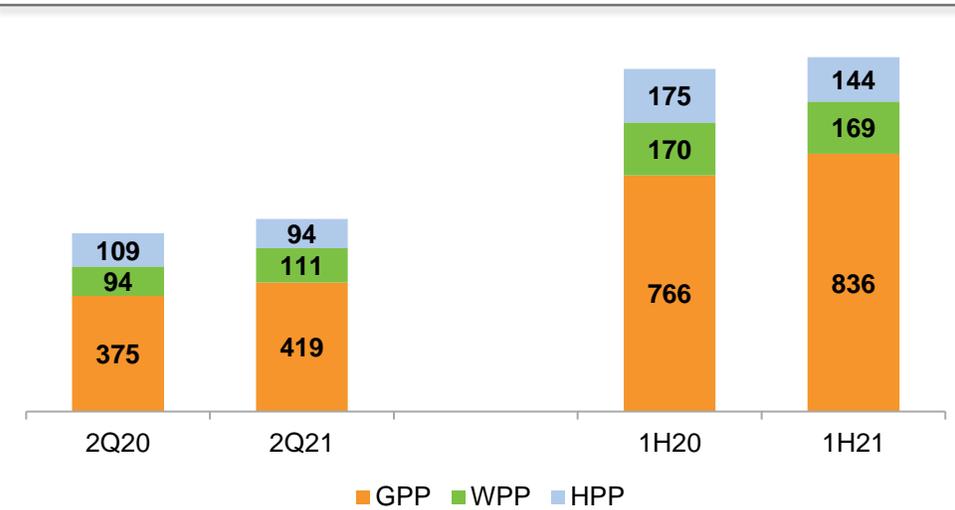
Net Electricity Generation (GWh)



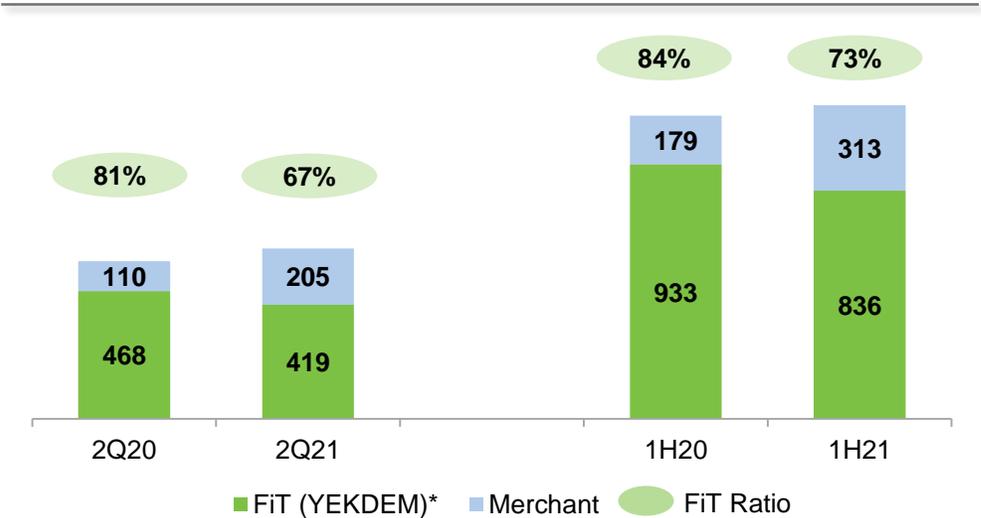
Net Capacity Factors



Net Generation by Technology (GWh)



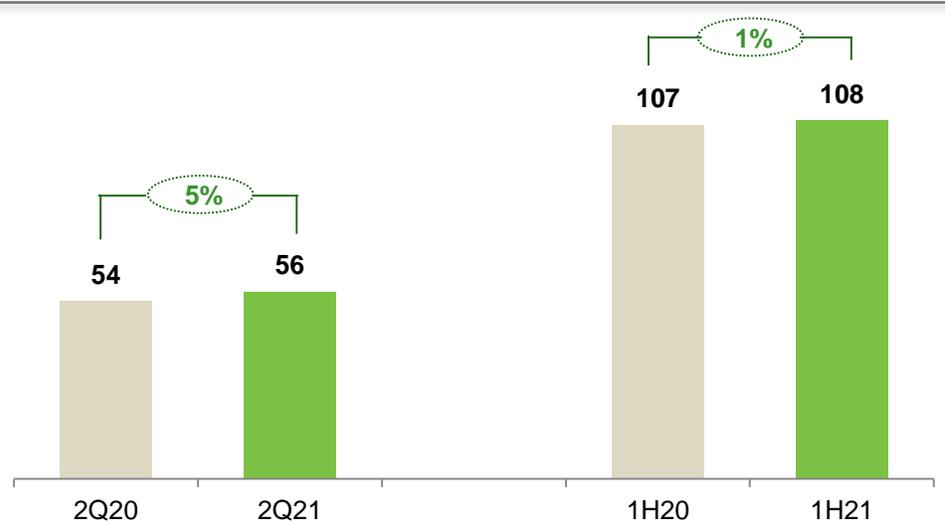
Net Generation Under FiT Mechanism* (GWh)



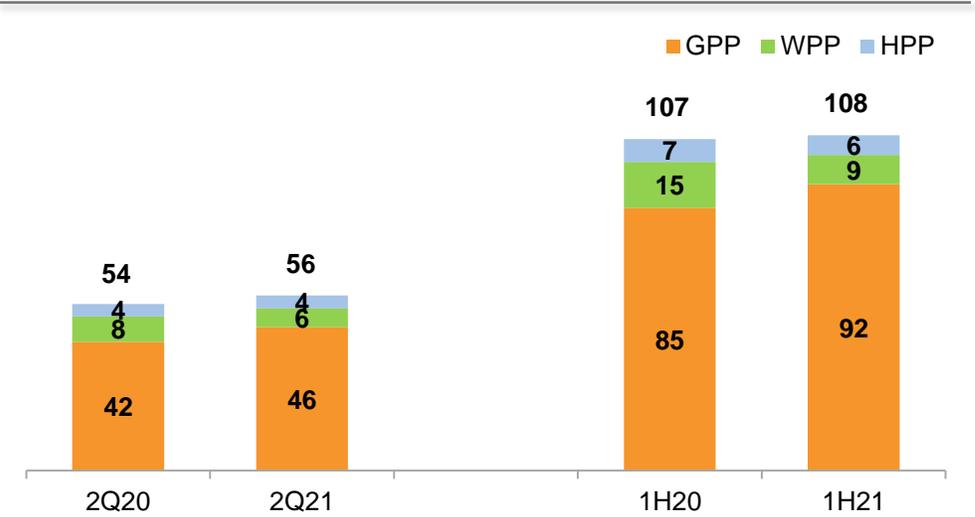
* YEKDEM is the Turkish FiT mechanism which provides USD based fixed price support for electrical energy produced from renewable energy sources

Revenues

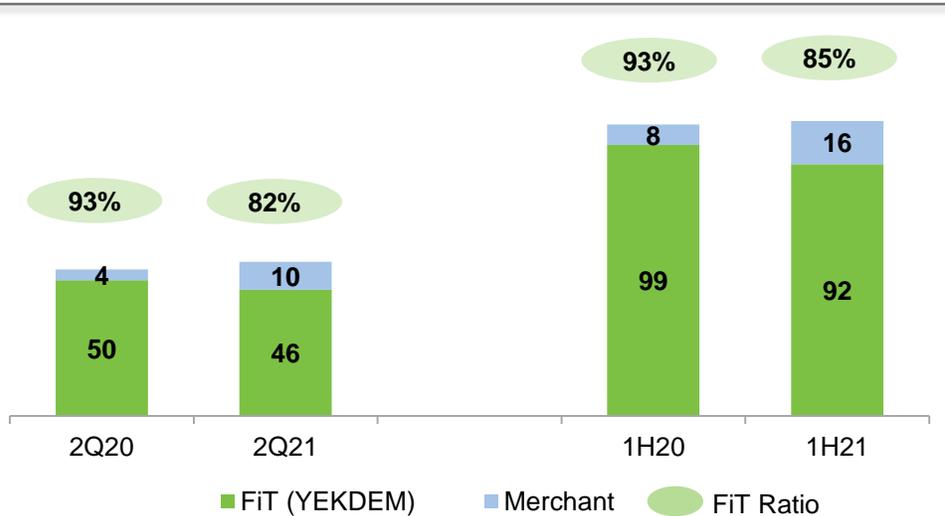
Revenues (USD mn)



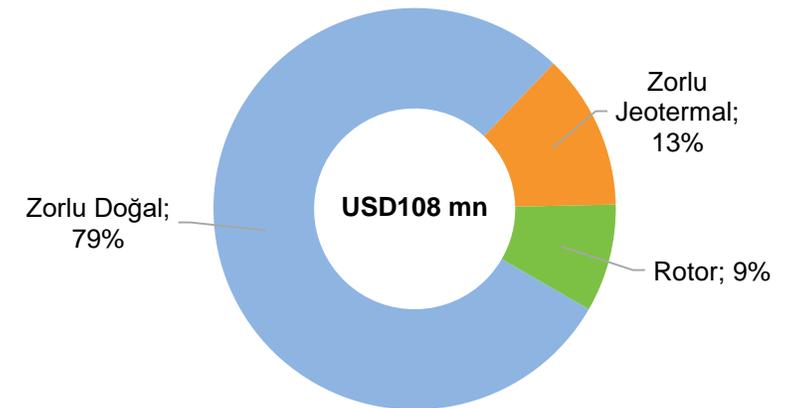
Revenues by Technology (USD mn)



Revenues Under FiT Mechanism (USD mn)

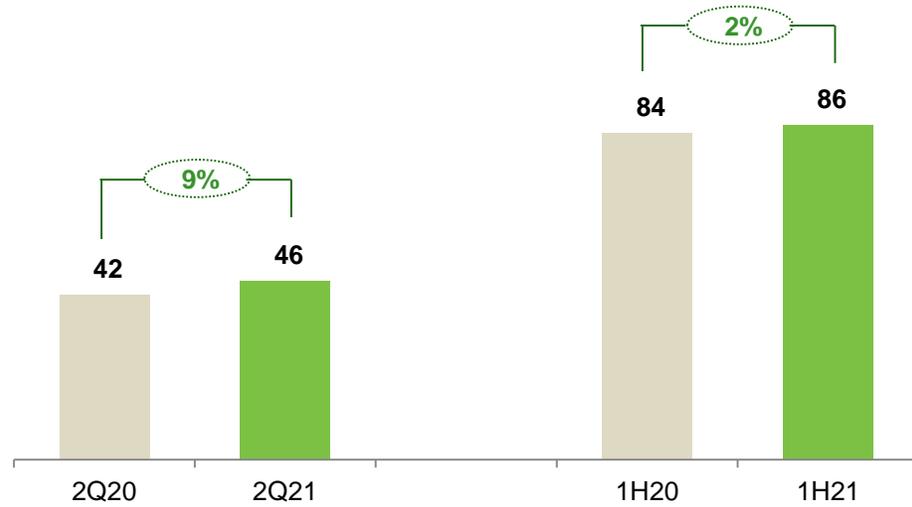


Revenues by SPV (USD mn)

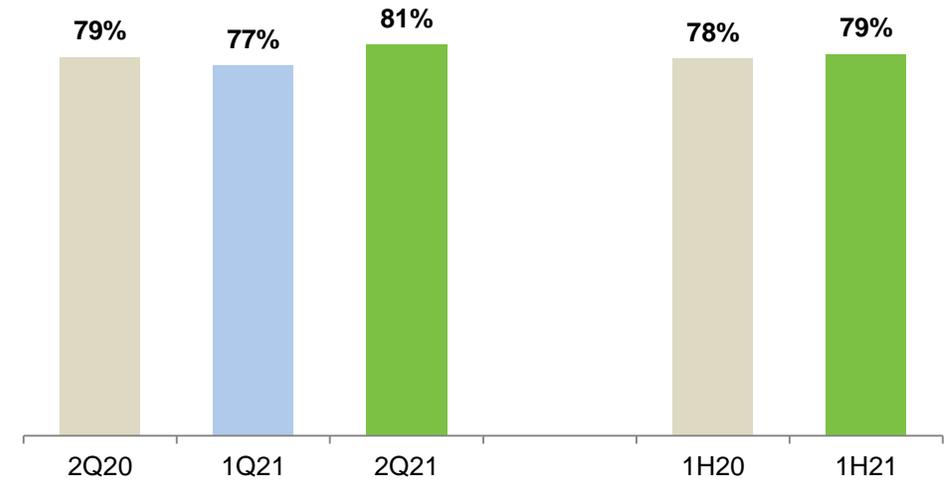


EBITDA

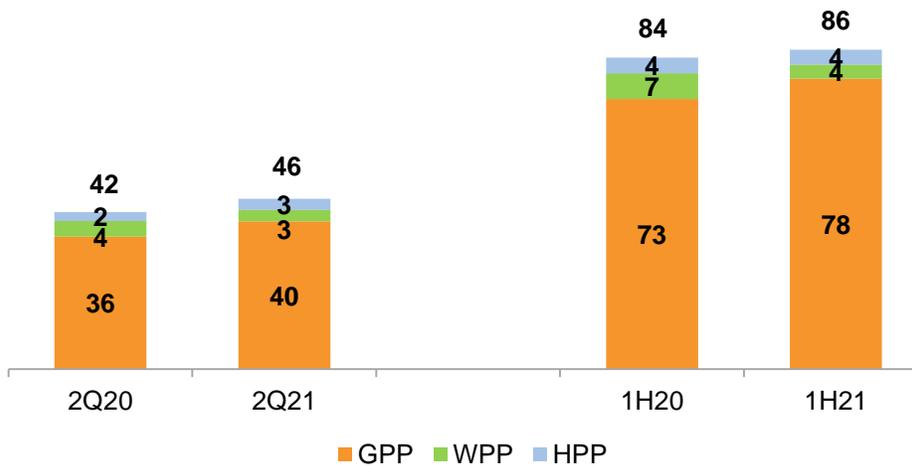
EBITDA (USD mn)



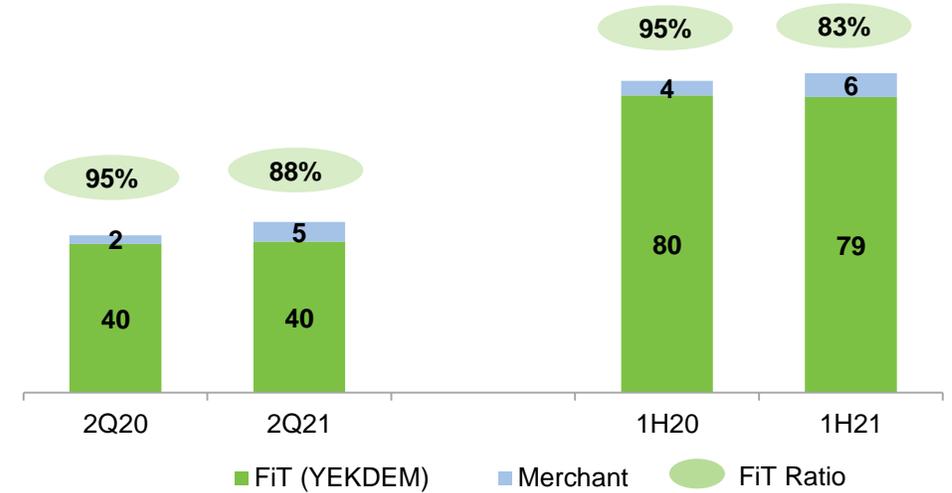
EBITDA Margin



EBITDA by Technology (USD mn)



EBITDA Under FiT (USD mn)

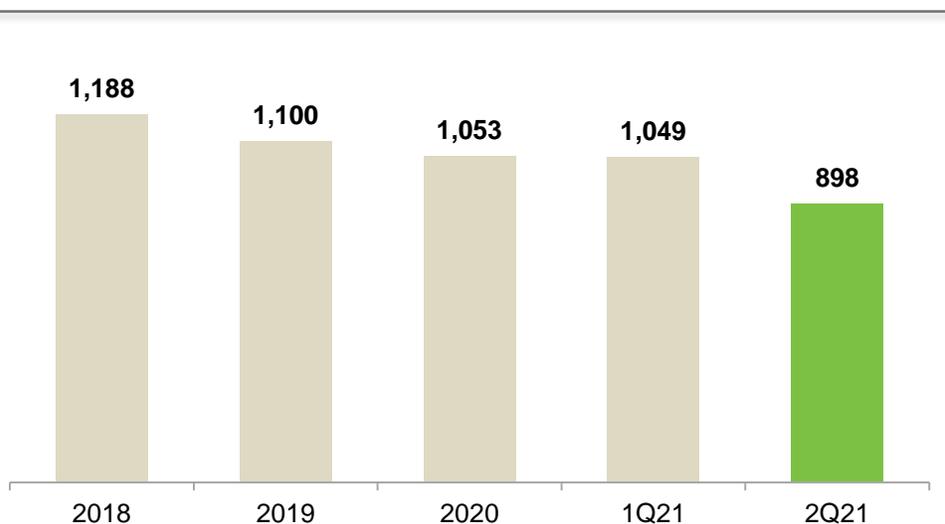


Segmental Breakdown

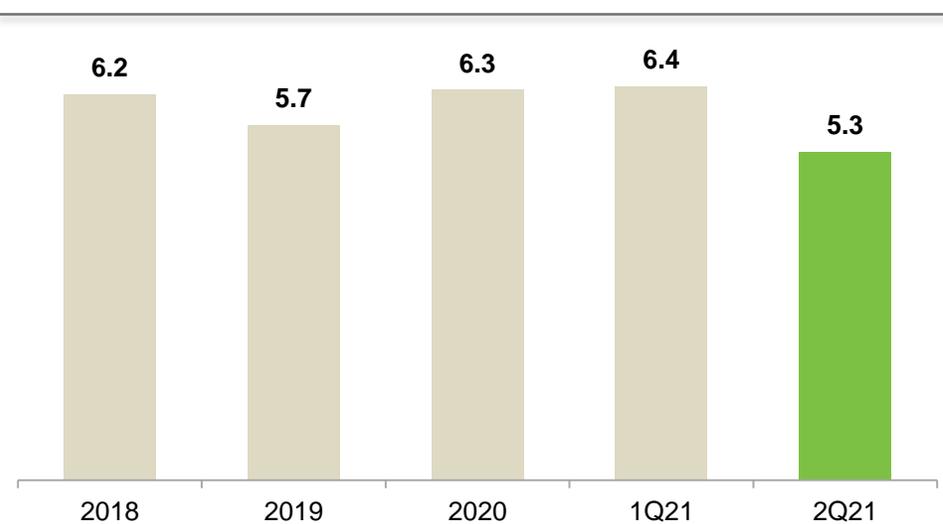
	Net Sales			EBITDA			EBITDA Margin	
USD mn	1H20	1H21	YoY	1H20	1H21	YoY	1H20	1H21
Zorlu Doğal	77	85	11%	65	71	10%	84%	83%
Zorlu Jeotermal	15	14	(8%)	12	11	(10%)	82%	80%
Rotor	15	9	(37%)	7	4	(45%)	47%	40%
TOTAL	107	108	1%	84	86	2%	78%	79%

Financial Debt

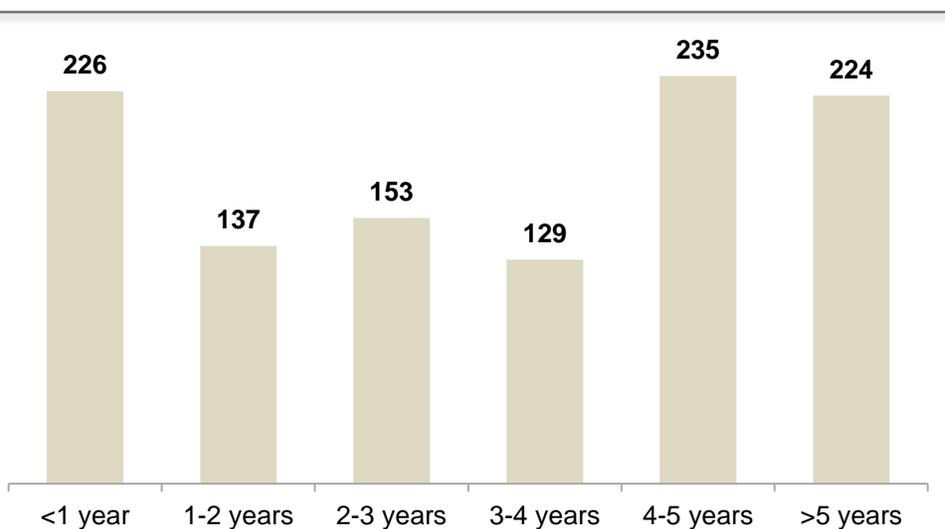
Net Financial Debt* (USD mn)



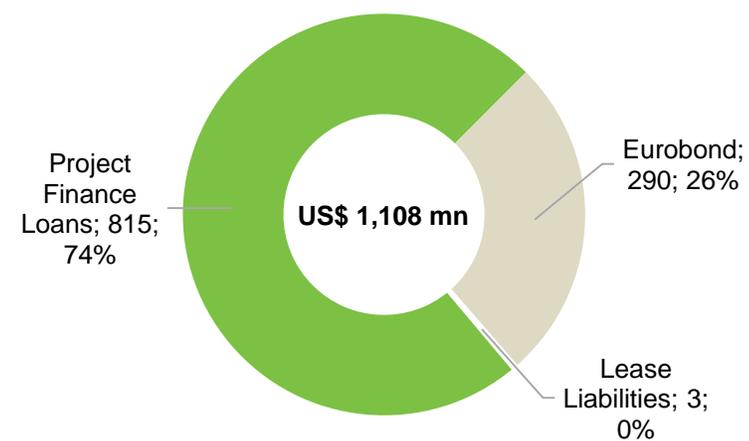
LTM Net Debt/EBITDA



Maturity Profile of Financial Debt (USD mn)



Breakdown of Gross Financial Debt (USD mn)



* Includes payables to related parties

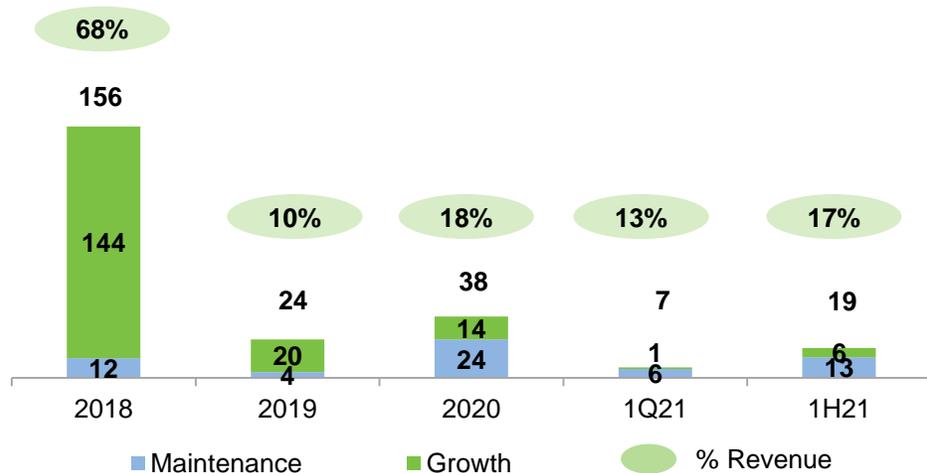


* USD 37.5 mn to be redeemed in the 3rd year on 03.06.2024, USD 37.5 mn in the 4th year on 02.06.2025 and the remaining USD 225 mn at maturity on 01.06.2026

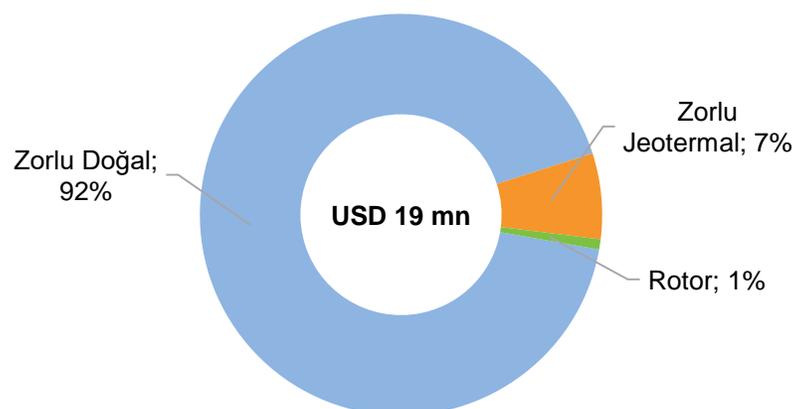
- Zorlu Yenilenebilir Enerji issued senior secured bonds with 9% coupon rate and semi-annual interest payment guaranteed on a senior basis by Zorlu Jeotermal and Rotor with maturity due 1 June 2026.
- The bonds are traded on the Irish Stock Exchange (Euronext Dublin).
- **Uses of Proceeds**
 - Refinancing of Rotor term facility
 - Refinancing of Zorlu Jeotermal term facility
 - Partial refinancing of Zorlu Doğal term facility
 - Capital expenditures
 - Partial refinancing of related-party debt
 - Debt service reserve account
 - General corporate purposes

CAPEX

CAPEX (USD mn)



CAPEX* by SPV (1H21 - USD mn)



* Including the capitalised borrowing costs

Optimization investments at Kızıldere 2 & 3 GPPs

- Initiated in April 2020 to increase production levels at Kızıldere 2 & 3 GPPs
- Involves new production well development and ESP pump installment

	Completion rate	85%
	Number of new wells	11 (9 completed)
	Number of ESP pumps	12 (10 completed)
	Expected completion	End of 2021
	Expected increase in net generation	13% to 1,438 GWh

Income Statement

(USD mn)	2Q20	2Q21	YoY (%)	1H20	1H21	YoY (%)
Sales	53.7	56.5	5%	106.8	108.1	1%
Cost of Sales	(27.0)	(24.2)	(10%)	(51.9)	(51.5)	(1%)
Gross Profit	26.6	32.3	21%	54.9	56.6	3%
Gross Margin (%)	49.6%	57.1%		51.4%	52.4%	
General administrative expenses	(1.6)	(1.7)	12%	(3.6)	(3.5)	(2%)
Other operating income	(0.01)	1.0	n.m	0.4	2.0	469%
Other operating expenses	(0.8)	(2.4)	199%	(2.2)	(4.5)	99%
Operating Income	24.3	29.2	20%	49.5	50.7	2%
EBITDA*	42.2	45.8	9%	83.6	85.6	2%
EBITDA Margin (%)	78.6%	81.2%		78.3%	79.2%	
Financial Income	4.5	5.3	18%	12.2	9.5	(22%)
Financial Expenses	(45.4)	(58.7)	29%	(102.9)	(122.0)	19%
Profit Loss Before Tax	(16.7)	(24.2)	45%	(41.2)	(61.8)	50%
Deferred Tax Income	2.2	8.4	275%	3.1	9.6	209%
Net Loss	(14.4)	(15.8)	10%	(38.1)	(52.3)	37%

* Other operating income and expenses are excluded

1H21 vs. 1H20

- Flat revenues in USD terms
 - Mainly supported by the increased generation at Kızıldere 2 & 3 GPPs thanks to ongoing optimization investments
 - Offsetting lower revenues from Rotor WPP, which operates on a merchant basis as of 2021 and HPPs affected by the severe drought
- 2% growth in USD EBITDA coupled with a 90 bps improvement in EBITDA margin
 - Positive impact of strong USD/TL on USD linked FiT sales
 - Improvement in merchant power plants' profitability with increasing spot prices in 2Q
 - EBITDA from FiT maintained despite expiration of Rotor's 10-year FiT period at the end of 2020
- Increase in non-cash net FX losses due to weaker TL and decline in the amount of loans used for hedging

Balance Sheet

(USD mn)	31.12.2020	31.03.2021	30.06.2021
Cash & cash equivalents	57	30	210
Trade receivables	15	13	14
Inventories	5	5	4
Other current assets	6	9	46
Total Current Assets	83	57	275
Property, plant and equipment	1,296	1,136	1,081
Right of use assets	4	3	3
Intangible assets	1	1	1
Other non-current assets	0	0	1
Total Non-current Assets	1,301	1,140	1,087
Total Assets	1,384	1,197	1,361
Short-term financial liabilities	172	211	227
- Short-term loans & borrowings	24	19	1
- Short term portion of long term borrowings	147	160	200
- Lease liabilities	1	1	1
- Short-term borrowings due to related parties	0.1	31	-
- Issued Bonds	-	-	26
Trade payables	36	33	20
Other current liabilities	14	12	13
Total Current Liabilities	221	256	261
Long-term financial liabilities	938	868	880
- Long-term loans & borrowings	737	690	614
- Lease liabilities	2	2	2
- Long-term borrowings due to related parties	199	176	-
- Issued Bonds	-	-	264
Deferred tax liability	57	34	21
Other non-current liabilities	33	18	21
Total Non-current Liabilities	1,028	920	922
Shareholders' Equity	135	21	179
Total Equity & Liabilities	1,384	1,197	1,361

- Significant increase in cash position due to proceeds from the Eurobond issue in May
- Changes in the composition of financial debt:
 - Decline in bank loans due to early repayment of Rotor's PF loan (EUR26 mn) and some portion (USD28.5 mn) of Zorlu Doğal's PF loans with Eurobond proceeds
 - Elimination of related party debt to Zorlu Enerji through capital increase at Zorlu Yenilenebilir Enerji
 - USD300 mn Eurobond issuance in May (net proceeds: USD290 mn)
 - Zorlu Jeotermal's PF loans (USD78.6 mn) were also paid early in mid-July with the Eurobond proceeds
- Net debt declines to USD898 mn from USD1,049 mn at the end of Mar'21
- Increase in shareholders' equity
 - Paid-in capital was increased by TL1,650 mn in late June through conversion of outstanding debt to Zorlu Enerji into capital advance

FX Position

	30.06.2021	
(US\$ mn)	US\$	Euro
Total FX Assets	251	1
Total FX Liabilities	(1,118)	(2)
Net Position of Derivative Instruments	-	-
Net FX Position	(867)	(1)
Hedged Position	815	-
Net FX Position After Hedging	(52)	(1)

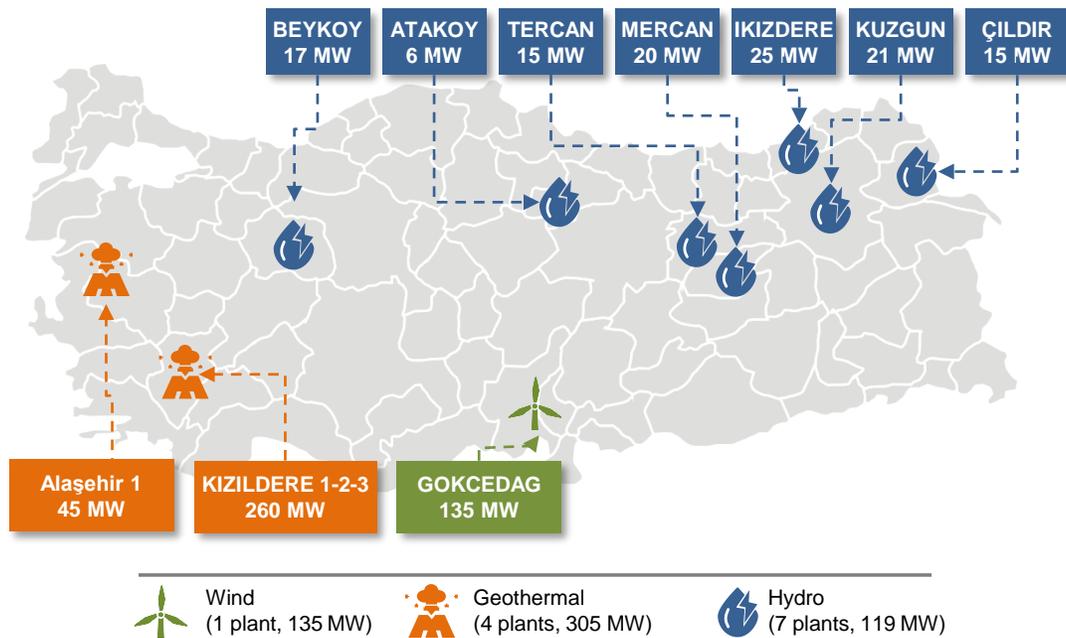
Hedge Accounting

- Zorlu Yenilenebilir Enerji applies cash flow hedge accounting
- As of June 30, 2021, USD815 mn of investment loans are used as a hedging instrument against the exchange rate risk arising from the USD based YEKDEM revenues
- Under hedge accounting, the recognition of TL895 mn of foreign currency losses was deferred under equity in 1H21

Appendices

Installed Capacity

Installed Capacity

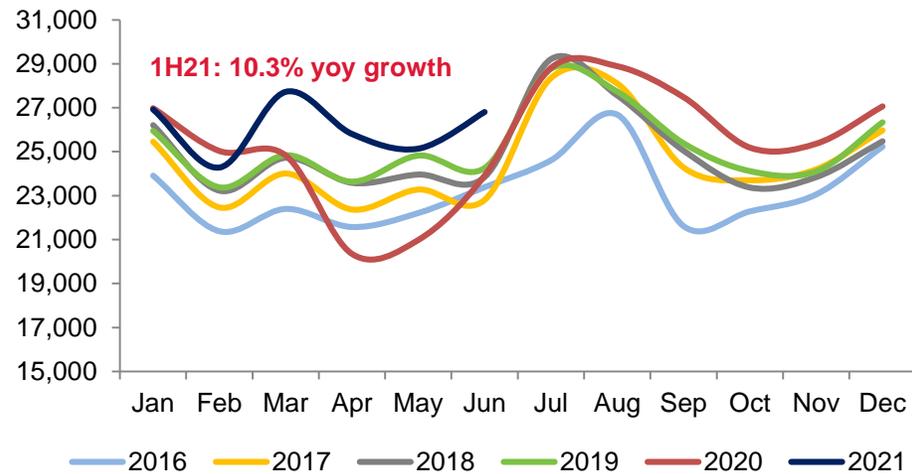


Summary of Feed-in-Tariffs (FiT) by Operating Asset

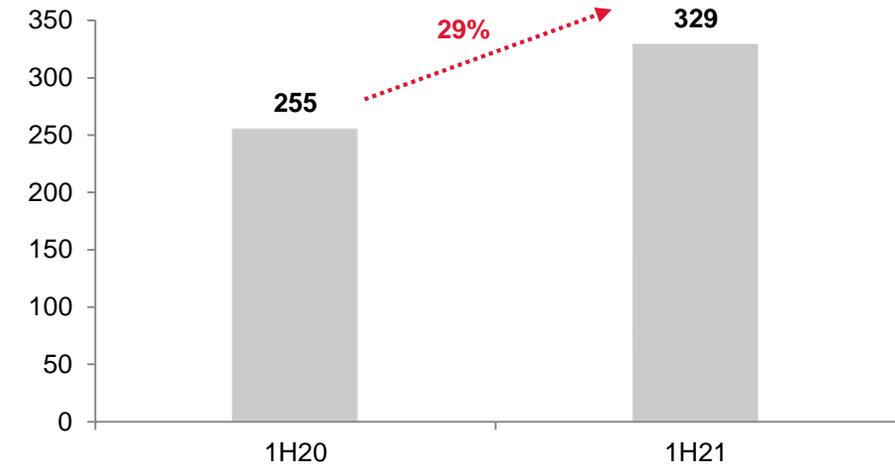
Power Plant	Capacity (MW)	Power Purchaser	FiT (USc/kWh)	FiT Expiration
Geothermal 305				
Kızıldere I	15	Merchant	n.a.	n.a.
Kızıldere II	80	FiT (YEKDEM)	10.5	31-Dec-23
Kızıldere III	165	FiT (YEKDEM)	11.2	31-Dec-27
Alaçehir I	45	FiT (YEKDEM)	11.2	31-Dec-25
Wind 135				
Rotor (Gökçedağ)	135	Merchant	n.a.	31-Dec-20
Hydro 119				
Ataköy	5.5	Merchant	n.a.	n.a.
Beyköy	16.8	Merchant	n.a.	n.a.
Çıldır	15.4	Merchant	n.a.	n.a.
İkizdere	24.9	Merchant	n.a.	n.a.
Kuzgun	20.9	Merchant	n.a.	n.a.
Mercan	20.4	Merchant	n.a.	n.a.
Tercan	15.0	Merchant	n.a.	n.a.

Market Development

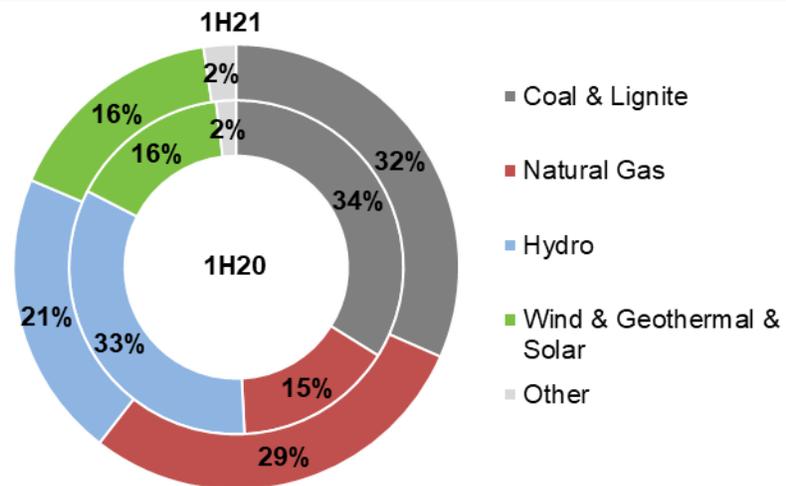
Monthly Electricity Consumption (GWh)



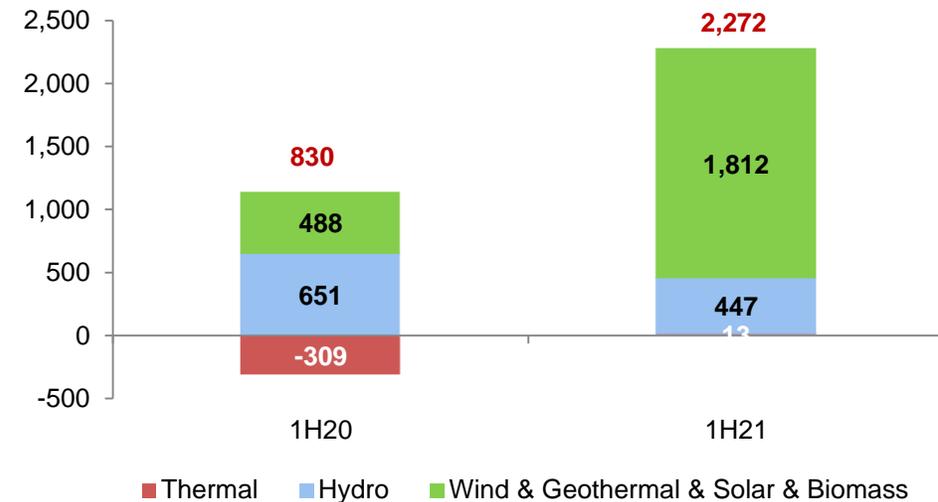
Average Spot Prices (TL/MWh)



Generation By Source



Net Additions to Installed Capacity (MW)

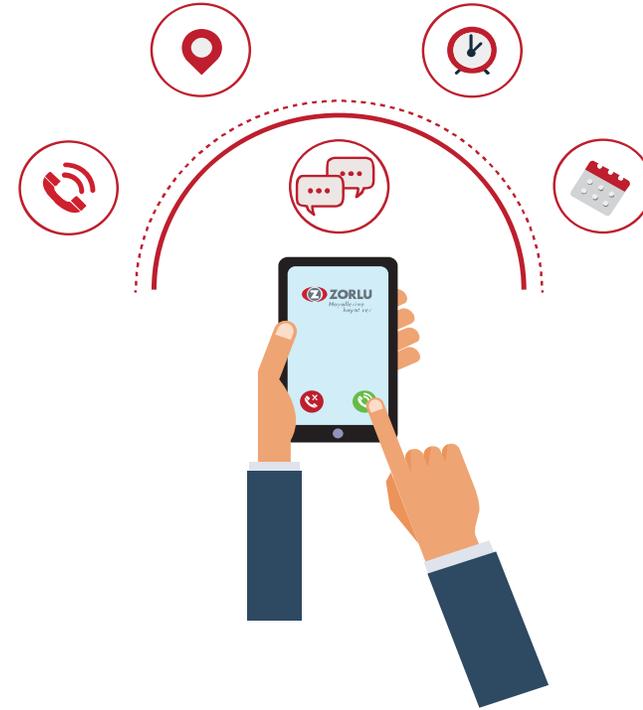


Source: TEİAŞ, BOTAŞ, TEDAŞ

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