



ZORLU RENEWABLES

Review of 4Q21 Financial Results

4 March 2022



Review of 2021

- 7% yoy growth in revenues driven by higher generation at Kızıldere 3 GPP and increasing electricity prices in 2H
- 6% growth in EBITDA underpinned by strong USD/TL and improving profitability at merchant power plants
- 82% yoy increase in average spot market price due to surge in global natural gas and coal prices and sharp TL depreciation
- FiT sales making up 83% of revenues and 90% of EBITDA for the full-year
- EBITDA under FiT (USD159 mn) remains flat yoy despite the end of Rotor's FiT support at the end of 2020
- Refinancing of Rotor's and Zorlu Jeotermal's PF loans and some portion of Zorlu Doğal's term facility with Eurobond proceeds
- Improving leverage
- Completion of optimization investments at Kızıldere 2 & 3 GPPs



2021 HIGHLIGHTS

USD 227 mn

Revenues

USD 178 mn

EBITDA

78%

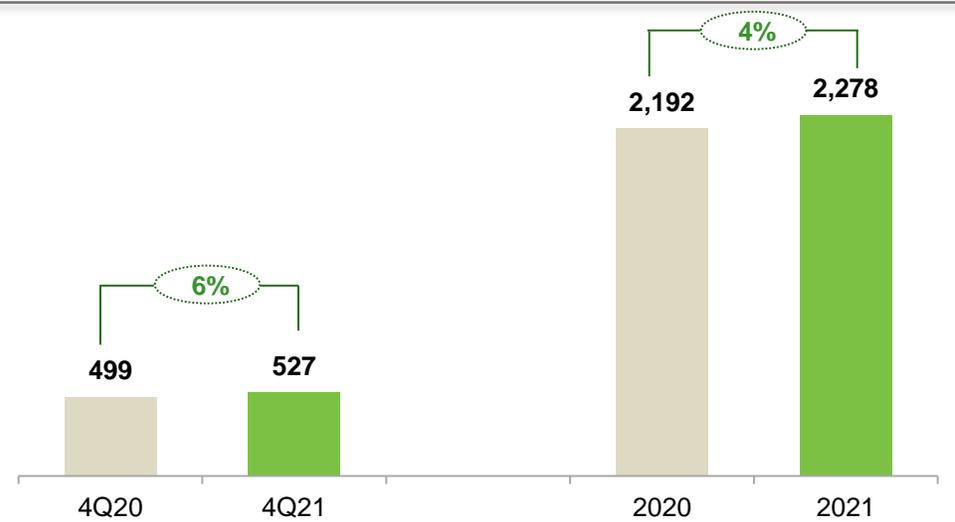
**EBITDA
Margin**

5.3x

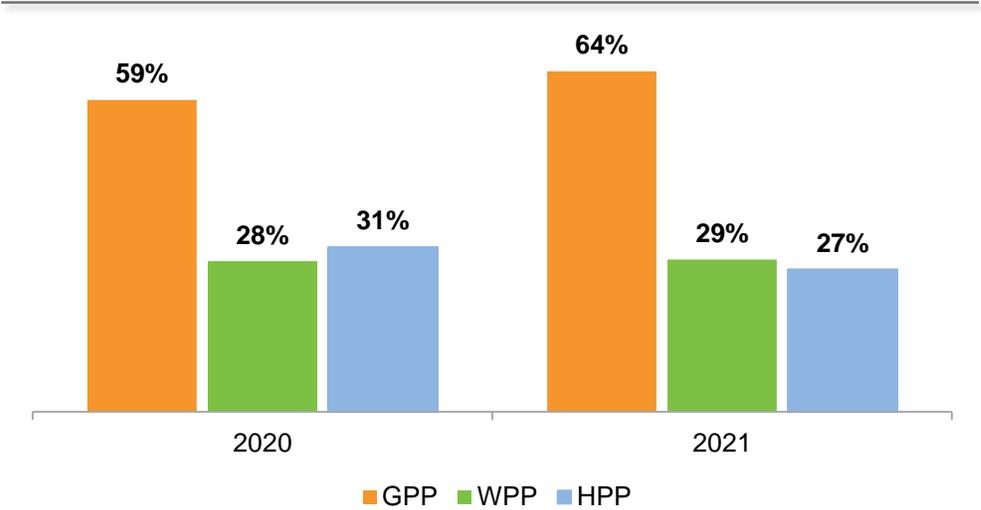
Net Debt/EBITDA

Electricity Generation

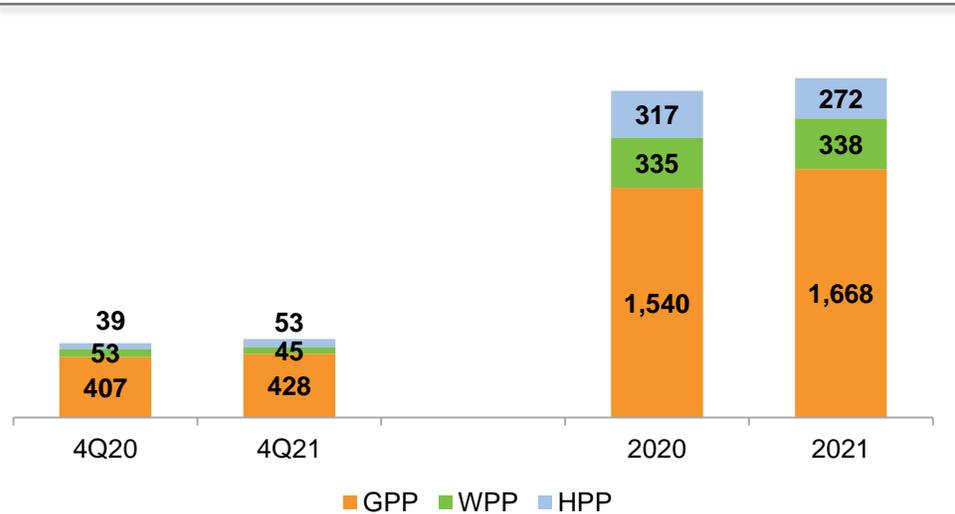
Net Electricity Generation (GWh)



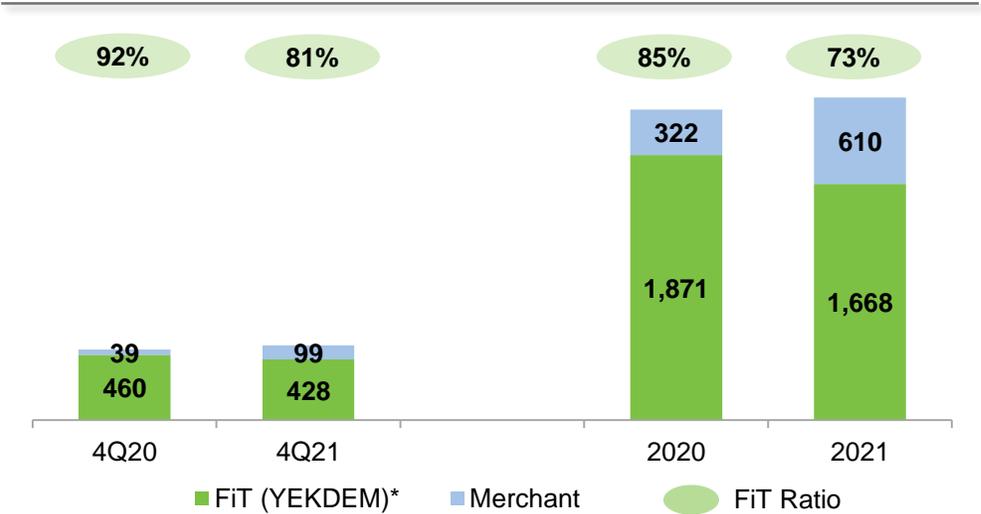
Net Capacity Factors



Net Generation by Source (GWh)



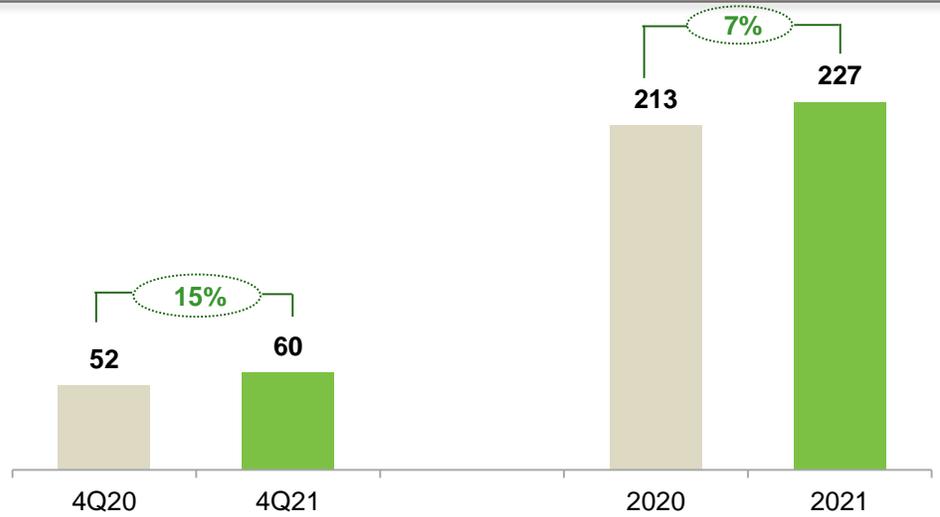
Net Generation Under FiT Mechanism* (GWh)



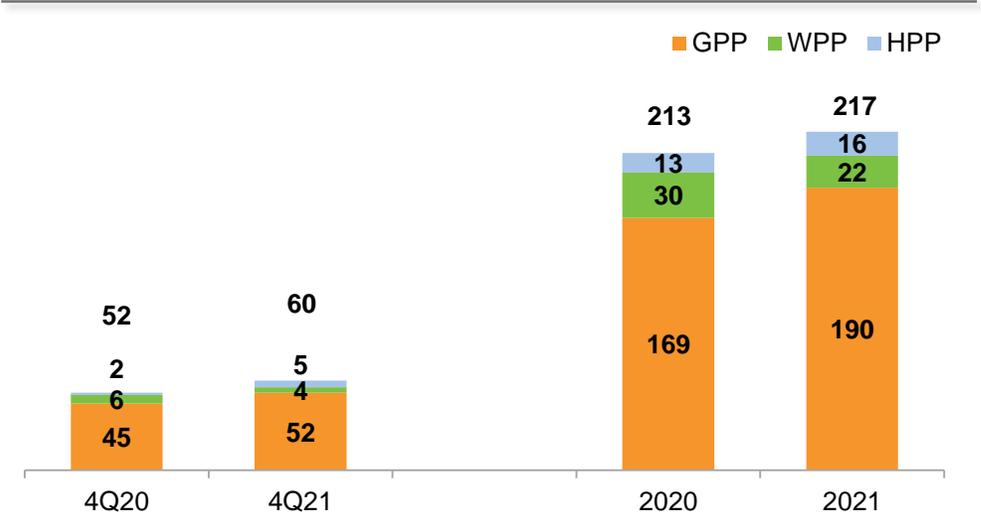
* YEKDEM is the Turkish FiT mechanism which provides USD based fixed price support for electrical energy produced from renewable energy sources

Revenues

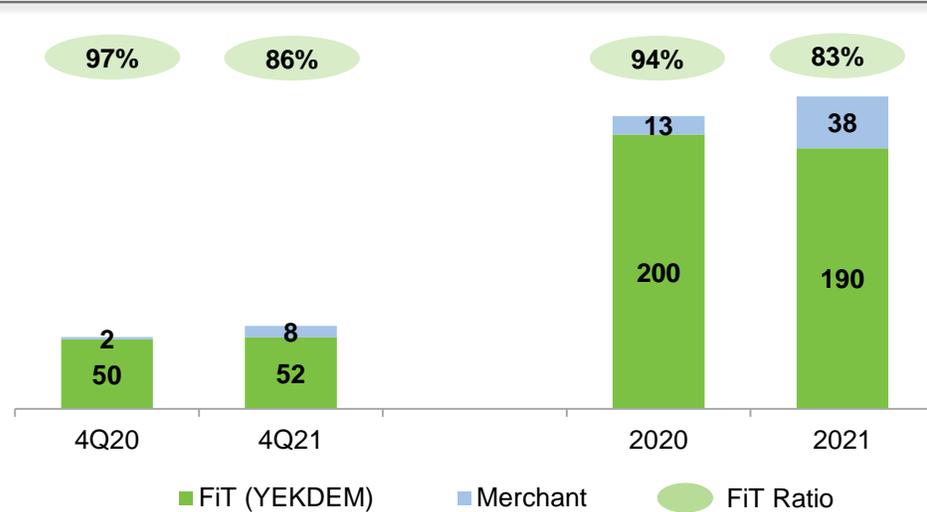
Revenues (USD mn)



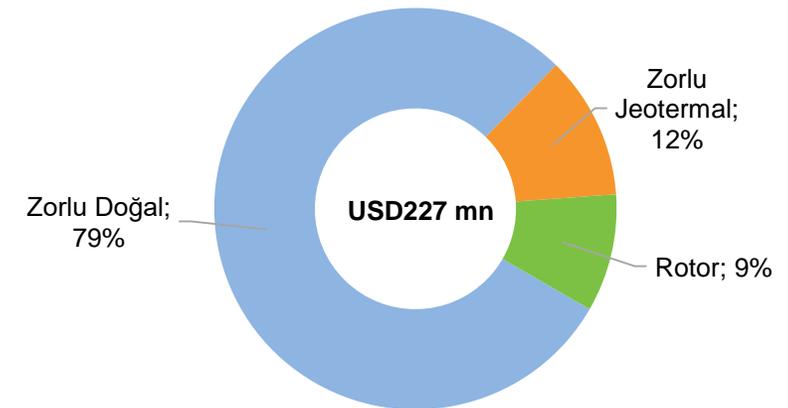
Revenues by Source (USD mn)



Revenues Under FiT Mechanism (USD mn)

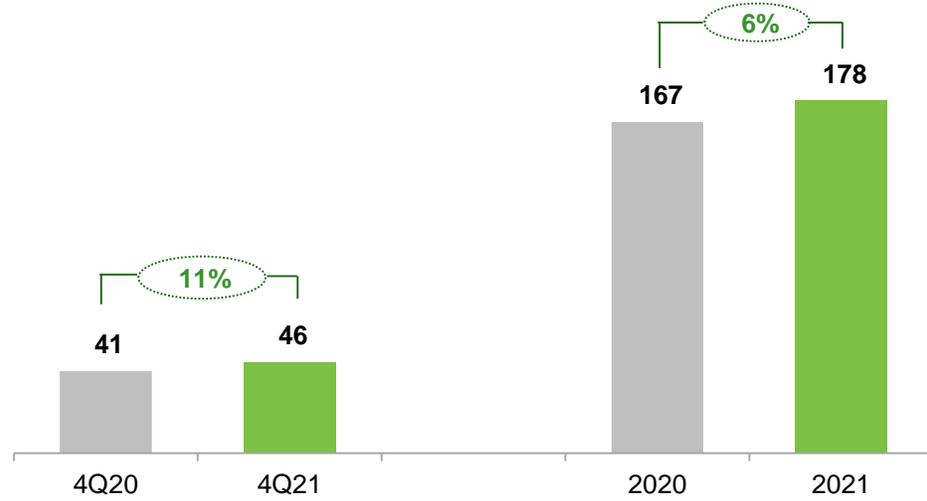


Revenues by SPV (USD mn) – 2021

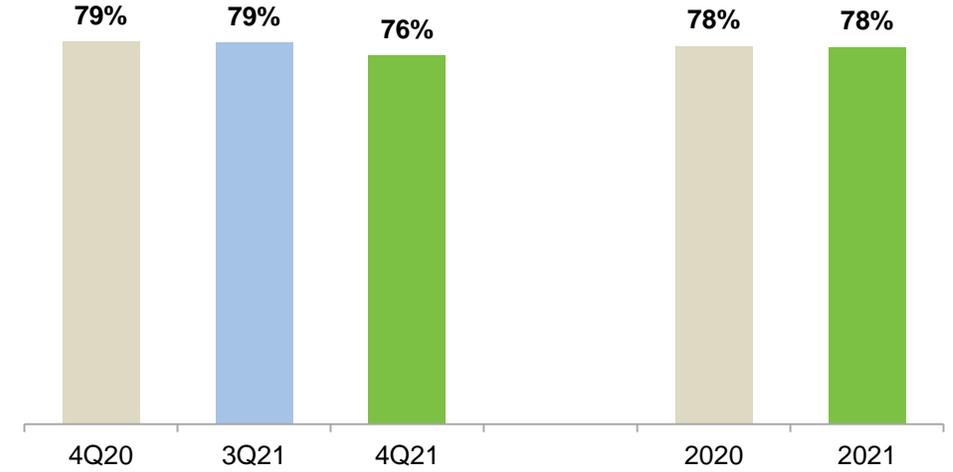


EBITDA

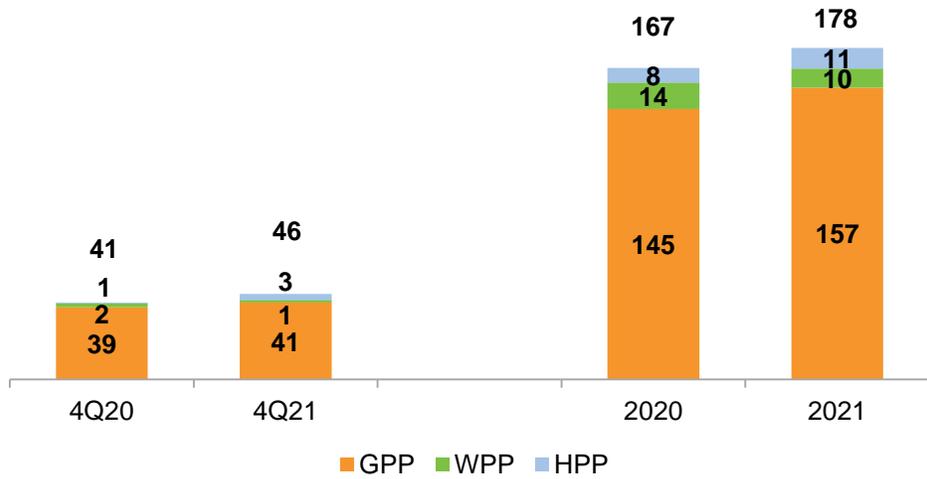
EBITDA (USD mn)



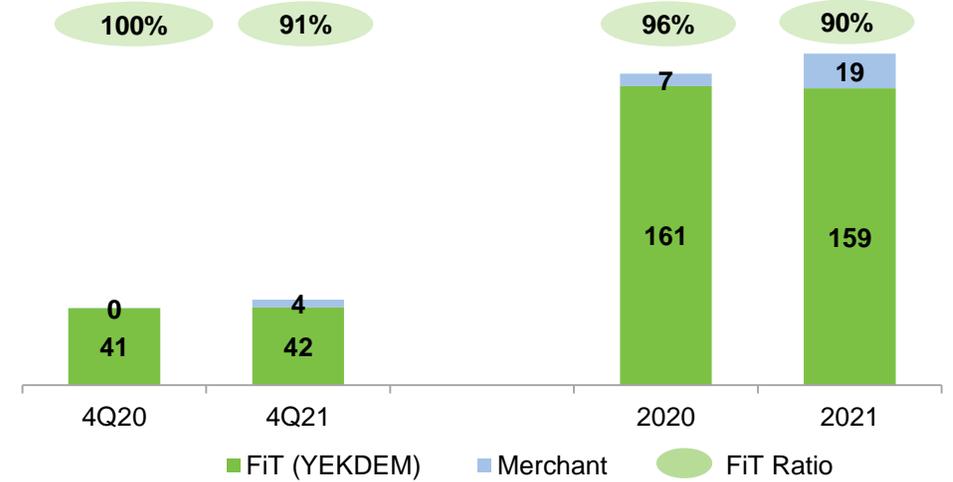
EBITDA Margin



EBITDA by Source (USD mn)



EBITDA Under FiT Mechanism (USD mn)

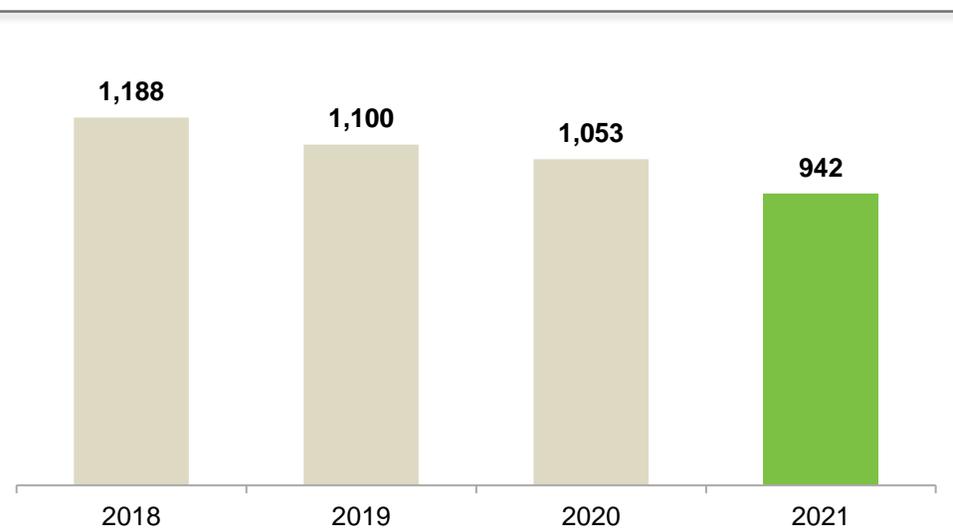


Breakdown by SPV

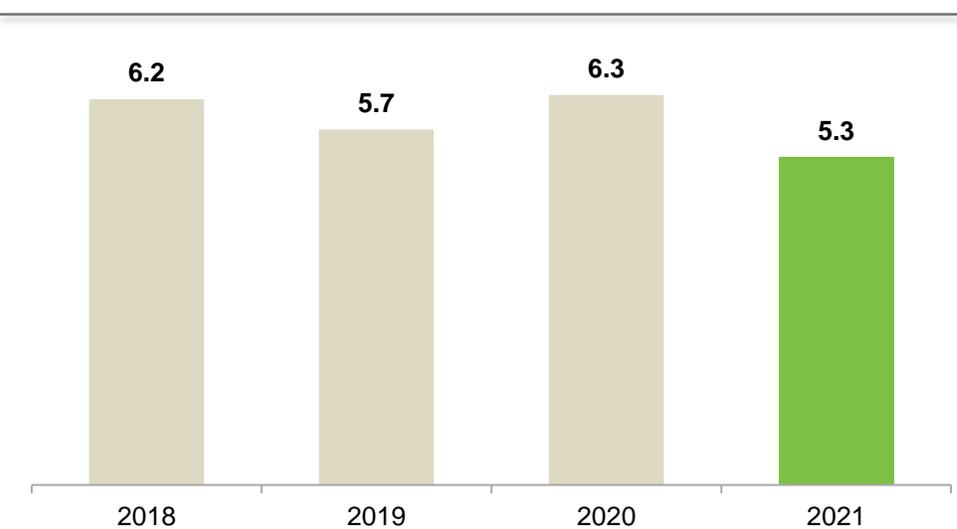
	Net Sales			EBITDA			EBITDA Margin	
USD mn	2020	2021	YoY	2020	2021	YoY	2020	2021
Zorlu Doğal	154	180	17%	129	147	14%	84%	82%
Zorlu Jeotermal	29	26	(11%)	24	21	(14%)	83%	80%
Rotor	30	22	(29%)	14	10	(28%)	47%	48%
TOTAL	213	227	7%	167	178	6%	78%	78%

Financial Debt

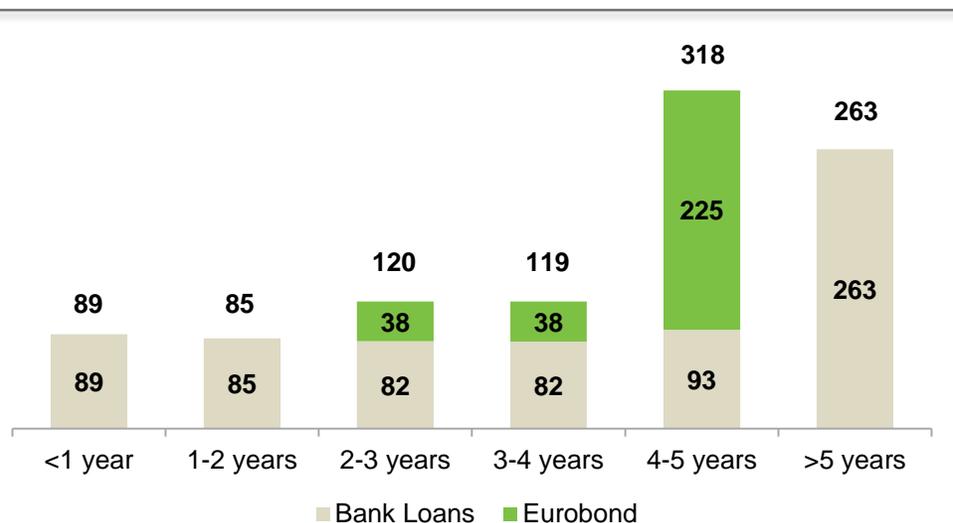
Net Financial Debt* (USD mn)



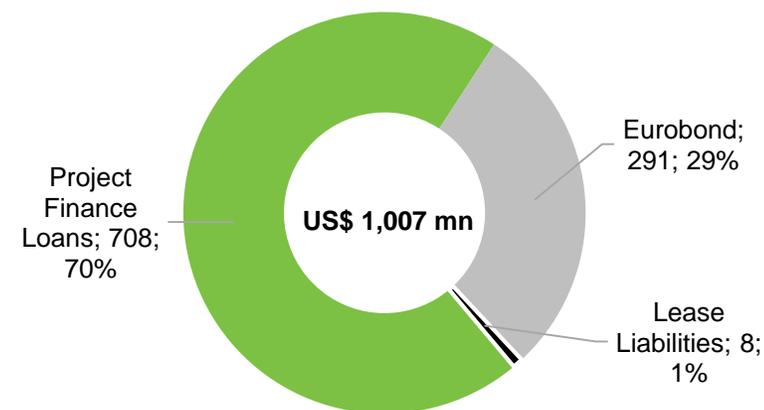
Net Debt/EBITDA



Maturity Profile of Financial Debt (USD mn)



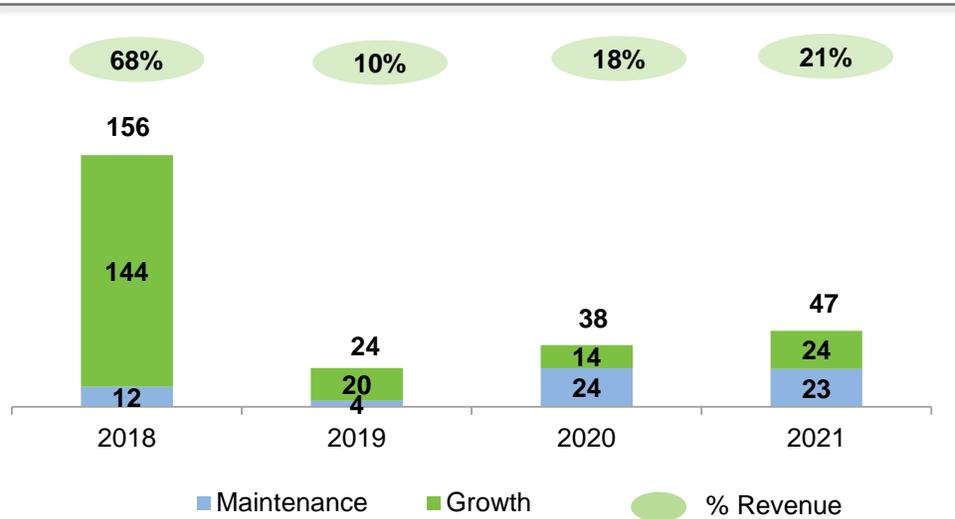
Breakdown of Gross Financial Debt (USD mn)



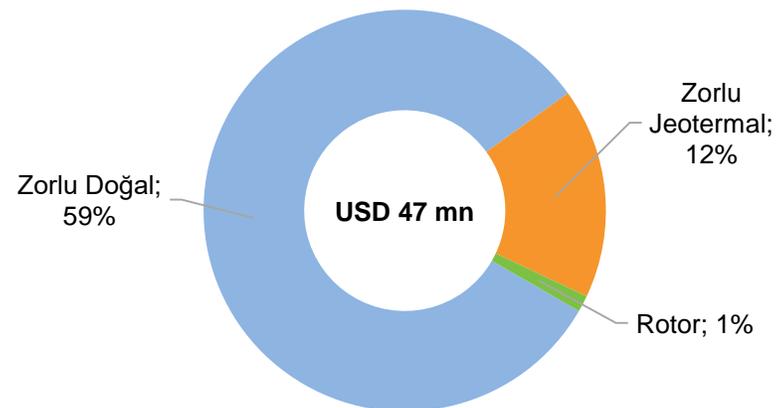
* Includes payables to related parties

CAPEX

CAPEX (USD mn)



CAPEX* by SPV (2021 - USD mn)



* Including the capitalized borrowing costs

Optimization investments at Kızıldere 2 & 3 GPPs

- Initiated in April 2020 to increase production levels at Kızıldere 2 & 3 GPPs
- Involves drilling of new make-up wells and ESP pump installment

	Completion rate	96%
	Number of new wells	10 (10 completed)
	Number of ESP pumps	16 (15 completed)
	Expected completion	1H22
	Realized increase in net generation	11% to 1,417 GWh

Hybrid Power Projects

Power Plant	Type	Current Capacity (MW)	Solar Capacity (MW)	Capex (USDmn)	Expected CoD
Alaşehir 1	Geothermal	45	3.59	3	2Q22
Kızıldere 1	Geothermal	15	0.99	0.75	2023
Kızıldere 2	Geothermal	80	12.00	8.3	2023
Kızıldere 3	Geothermal	165	24.75	19.6	2023
Gökçedağ	Wind	135	9.61	7.1	2023

- The license amendment of Alaşehir 1 GPP for the addition of 3.6 MW of solar capacity as a secondary source was approved in December. The power plant is expected to become operational in 2Q22
- Zorlu Enerji also applied to EMRA to add solar capacities to Kızıldere 1 & 2 & 3 GPPs and Gökçedağ WPP
- The electricity generated from solar power is planned to be used for internal consumption, hence will help maximize net generation under FIT
- The solar power plants will benefit from the geothermal FIT of USD105/MWh and are also eligible for additional support for local content

Income Statement

(USD mn)	2019	2020	2021	YoY (%)
Sales	231.4	213.0	227.3	7%
Cost of Sales	(100.3)	(102.4)	(100.0)	(2%)
Gross Profit	131.1	110.6	127.3	15%
Gross Margin (%)	56.7%	51.9%	56.0%	
General administrative expenses	(6.0)	(6.7)	(7.7)	15%
Other operating income	0.8	1.4	4.2	194%
Other operating expenses	(2.1)	(3.4)	(11.8)	250%
Operating Income	123.7	101.9	112.0	10%
EBITDA*	191.8	167.1	177.9	6%
EBITDA Margin (%)	82.9%	78.5%	78.3%	
Financial Income	25.8	16.4	33.1	101%
Financial Expenses	(159.8)	(181.3)	(290.0)	60%
Profit Loss Before Tax	(10.3)	(62.9)	(145.0)	130%
Deferred Tax Income	(6.4)	(8.1)	14.2	n.m.
Net Loss	(16.6)	(71.0)	(130.8)	84%

* Other operating income and expenses are excluded

2021 vs. 2020

□ 7% yoy growth in revenues

- Increased generation at Kızıldere 3 GPP thanks to optimization investments
- Reduced production at HPPs due to drought, more than offset by higher sales prices
- Lower revenues from Rotor WPP, which began to operate on a merchant basis in 2021

□ 6% increase in EBITDA and flat EBITDA margin

- Positive impact of stronger USD/TL on USD linked electricity sales under FiT mechanism
- Improving profitability at HPPs driven by the significant increase in spot market prices in 2H
- Similar FiT EBITDA with 2020 despite expiration of Rotor's 10-year FiT support at the end of 2020
- 90% of EBITDA coming from FiT sales (2020: 96%)

□ Increase in non-cash net FX losses due to sharp TL depreciation

Balance Sheet

(USD mn)	31.12.2019	31.12.2020	30.06.2021	31.12.2021
Cash & cash equivalents	42	57	210	65
Trade receivables	9	15	14	11
Inventories	5	5	4	8
Prepaid expenses	2	4	43	49
Other current assets	23	3	3	3
Total Current Assets	82	83	275	136
Property, plant and equipment	1,248	1,296	1,081	1,303
Right of use assets	5	4	3	8
Intangible assets	1	1	1	1
Total Non-current Assets	1,254	1,301	1,087	1,312
Total Assets	1,336	1,384	1,361	1,449
Short-term financial liabilities	195	172	227	157
- Short-term loans & borrowings	9	24	1	8
- Short term portion of long term borrowings	185	147	200	123
- Lease liabilities	1	1	1	1
- Issued Bonds	-	-	26	25
Trade payables	29	36	20	17
Other current liabilities	6	14	13	12
Total Current Liabilities	230	221	261	187
Long-term financial liabilities	948	938	880	850
- Long-term loans & borrowings	765	737	614	577
- Lease liabilities	4	2	2	7
- Long-term borrowings due to related parties	178	199	-	0
- Issued Bonds	-	-	264	266
Deferred tax liability	26	57	21	75
Other non-current liabilities	20	33	21	13
Total Non-current Liabilities	993	1,028	922	938
Shareholders' Equity	112	135	179	324
Total Equity & Liabilities	1,336	1,384	1,361	1,449

- Deployment of Eurobond proceeds for debt refinance and capital expenditures
 - Early repayment of
 - Rotor's PF loan (EUR26 mn) and Tranche C (USD28.5 mn) of Zorlu Doğal's term facility in June and
 - Zorlu Jeotermal's PF loan (USD78.6 mn) in mid-July with Eurobond proceeds
 - After refinancing, financial debt mainly consists of Zorlu Doğal's loan (USD708 mn) and Eurobond (USD291 mn)
 - Advance payments to Zorlu Enerji, which will undertake the EPC and drilling works for the new Alaşehir 2 GPP, hybrid solar and Tekkehamam GPP projects
 - Scheduled amortization on Zorlu Doğal's loan (c.USD65 mn including interest payment) in 3Q
 - First coupon payment (USD13.5 mn) on Eurobond in December
- Increase in Shareholders' equity
 - TL1,650 mn increase in share capital via conversion of outstanding debt to Zorlu Enerji into equity
 - Revaluation of power plants at the end of the year in line with the IAS 16

FX Position

	31.12.2021	
(US\$ mn)	US\$	Euro
Total FX Assets	116	1
Total FX Liabilities	(1,007)	(2)
Net Position of Derivative Instruments	-	-
Net FX Position	(892)	(1)
Hedged Position	860	-
Net FX Position After Hedging	(31)	(1)

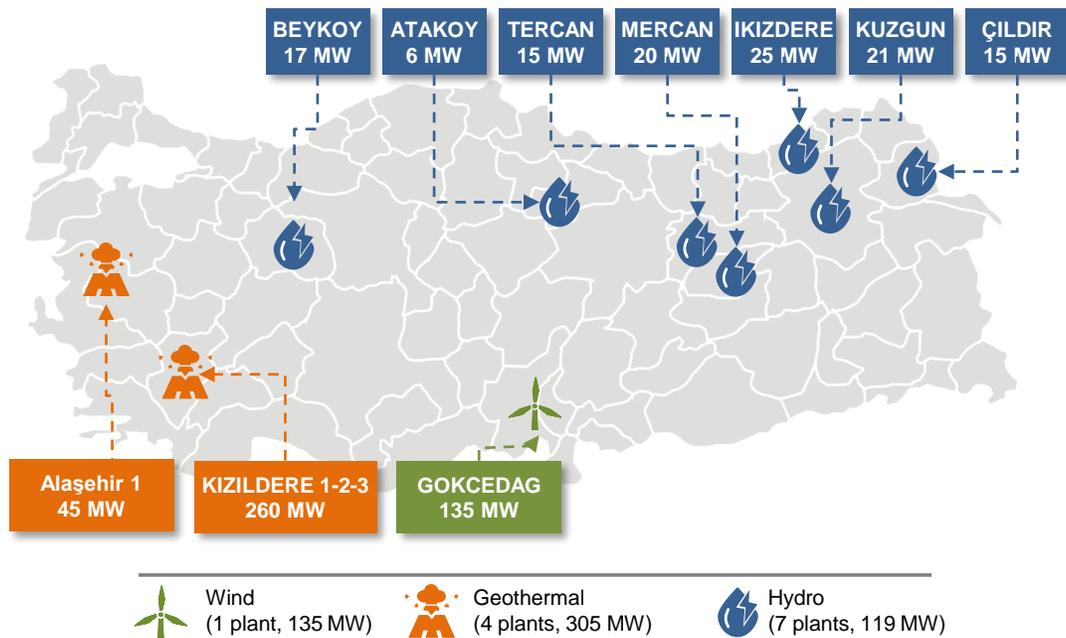
Hedge Accounting

- Zorlu Yenilenebilir Enerji applies cash flow hedge accounting
- As of December 31, 2021, USD706 mn of investment loans and USD154 mn of Eurobonds are used as a hedging instrument against exchange rate risk arising from the USD based YEKDEM revenues
- Under hedge accounting, the recognition of TL4,862 mn of foreign currency losses was deferred under equity in 2021

Appendices

Installed Capacity

Installed Capacity

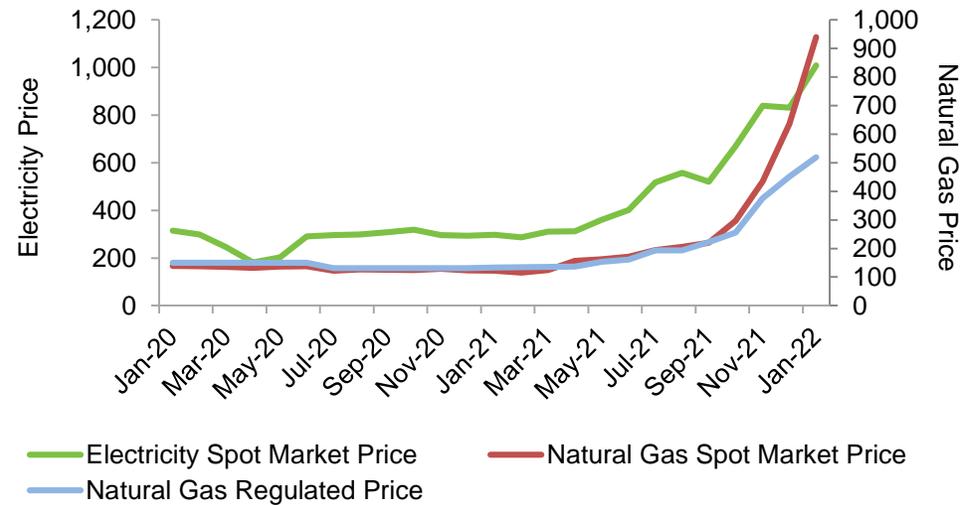


Summary of Feed-in-Tariffs (FiT) by Operating Asset

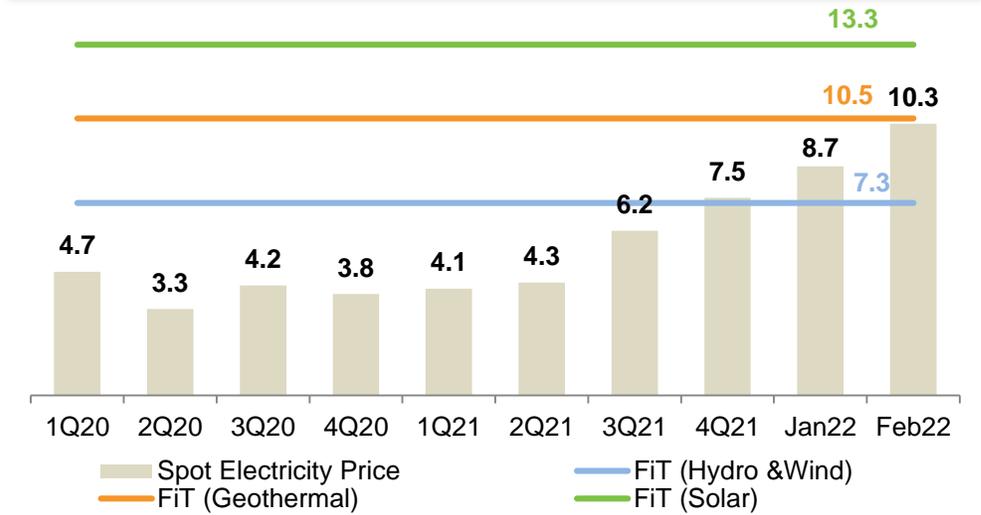
Power Plant	Capacity (MW)	Power Purchaser	FiT (USc/kWh)	FiT Expiration
Geothermal 305				
	Kızıldere I	15	Merchant	n.a.
	Kızıldere II	80	FiT (YEKDEM)	10.5
	Kızıldere III	165	FiT (YEKDEM)	11.2
	Alaçehir I	45	FiT (YEKDEM)	11.2
Wind 135				
	Rotor (Gökçedağ)	135	Merchant	n.a.
Hydro 119				
	Ataköy	5.5	Merchant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

Market Development

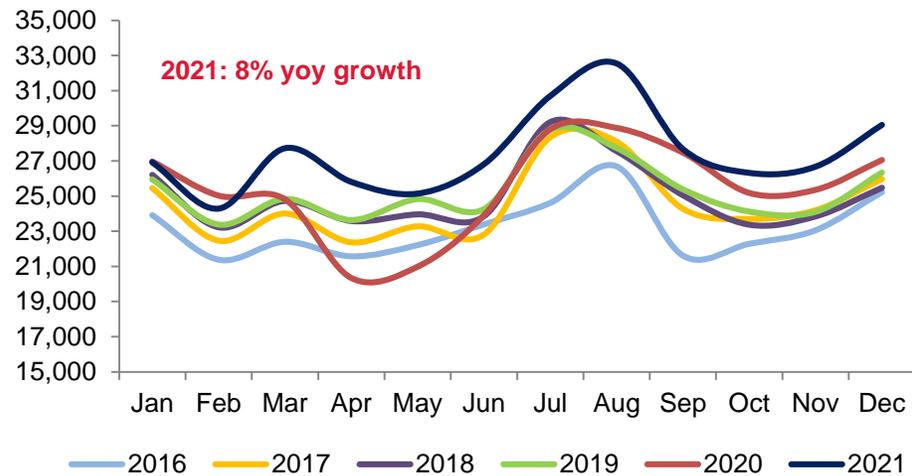
Spot Electricity Price, Spot Gas Price and Botas Gas Tariff (TL/MWh)



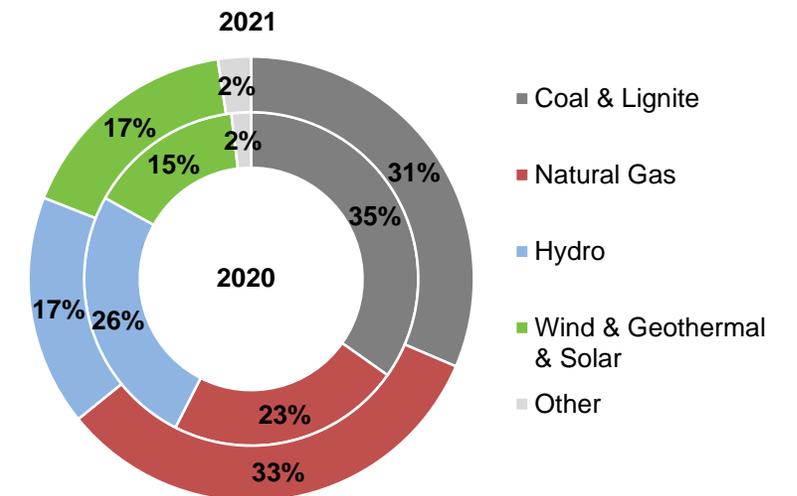
Average Spot Electricity Prices vs FIT (USc/kWh)



Monthly Electricity Consumption (GWh)



Generation By Source

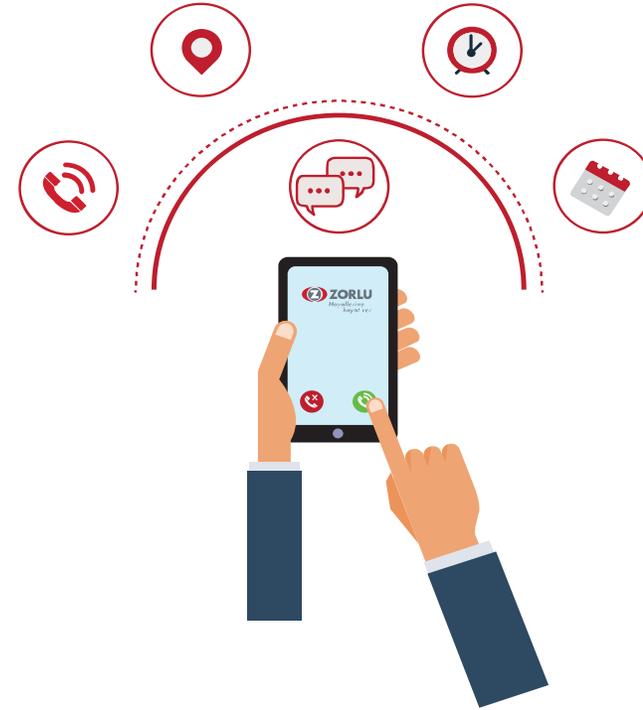


Source: TEIAŞ, BOTAŞ, TEDAŞ, EXIST

Zorlu Enerji Investor Relations

Zorlu Enerji Elektrik Üretim AŞ
Levent 199, Büyükdere Cad. No: 199
34394 Şişli – İSTANBUL
www.zorluenerji.com.tr

Serap MUTLU
Başak DALGA
Ekin BİÇEN ÖCAL
Aybüke ÇOLAK
+ 90 (212) 456 34 54/56/57



The information and opinions in this document have been obtained by Zorlu Renewables from sources believed to be reliable; however, Zorlu Renewables does not guarantee the accuracy, correctness or completeness of such information. The Company does not accept any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents. All estimates contained in this document are the opinions of the Company and can be subject to change without notice. The information contained in this document is published for the assistance of recipients; it can not be interpreted as an advice to the investors and the Company can not be held responsible for the results of investment decisions made on account of this document. This document is strictly confidential and may not be reproduced, distributed or published for any purpose.