Turkish power market entry

4th December 2012

Cleaner & better energy
### Summary

<table>
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<tr>
<th>Transaction</th>
<th>Partnership</th>
<th>Strategic rationale</th>
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<tbody>
<tr>
<td>• Trilateral agreement between E.ON, Sabanci and Verbund is win-win for all parties</td>
<td>• High capability match between E.ON and Sabanci, 50:50 JV, solid platform</td>
<td>• Entry into attractive Turkish power market with a strong partner</td>
</tr>
<tr>
<td>• Asset swap: Acquisition of 50% stake in Enerjisa from Verbund against 350MW hydro capacity in Germany</td>
<td>• Attractive projects under construction, further development to reach at least 7.5GW and 6 million customers by 2020</td>
<td>• Power demand growth driven by structural economic and demographic factors</td>
</tr>
<tr>
<td>• E.ON enters Turkey with very limited initial cash outlay</td>
<td></td>
<td>• Sensible regulatory framework, need for substantial new capacity additions</td>
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</table>

### Further step in E.ON’s transformation
Market entry Turkey - overview

Fast track, targeted entry into attractive Turkish market

**Market entry Turkey – Key rationale**

**Fundamentally attractive power market**
- Sustainable demand growth driven by promising demographic and economic fundamentals
- Acute need for new capacity to maintain reserve margins

**Sabanci – The right partner**
- Turkey’s leading industrial and financial conglomerate with expertise in power sector
- Good capability match between Sabanci and E.ON on strategic and operational levels

**Disciplined investment approach**
- Entry via asset swap → limited cash impact
- Balanced future capex needs
- Development and execution of project pipeline in conventional generation & renewables

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Outside Europe – Important pillar of E.ON strategy

- Investment (loss capital, more value)
- Operating (profit)
- Outside Europe (focused & synergistic positioning)
- Outside Europe (targeted expansion)

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**Outside Europe**
- Russia
- US renewables
- Brazil
- Turkey

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**E.ON**

- Cleaner & better energy
- Less capital, more value
- Performance, efficiency, & effective organization
Transaction overview

Verbund receives from E.ON

- Residual stakes in German hydro power plants where Verbund already owns 50% (river Inn plants)
  - Attributable capacity ~350 MW along Inn river (output ~1.9 TWh)
  - Reduction of pumped storage power drawing rights in Austria
  - Expected 2012 EBITDA contribution €0.1bn

E.ON receives from Verbund

- 50% stake in Enerjisa with a diversified generation portfolio and a sizeable pipeline as well as a power distribution and sales business
  - Total attributable operational capacity 830 MW
  - Total attributable output 5 TWh
  - 1.75m attributable customers in sales & distribution
  - Expected 2012 EBITDA for 100% Enerjisa at €0.2bn

Financial implications for E.ON

- Economic transfer as of 1.1.2012
- Net EpS & EBITDA accretion at group level at latest from 2015 onwards
- Additional equity funds from E.ON for JV ~€0.2bn p.a. in 2013-2015

Asset swap financially attractive; important step in outside Europe expansion

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1. Accounted at equity by Verbund – the same accounting principle will be applied by E.ON
Partnership with Sabanci

Key facts & figures on Sabanci
- Leading industrial and financial conglomerate
- Revenue €9bn in 2011, net profit €0.8bn
- 61% owned by Sabanci family, 39% listed on ISE
- Current market capitalization ~€8bn
- Focus on Turkey, presence in 18 countries
- Broad track record of international partnerships

Important capabilities of Sabanci
- Extensive knowledge of Turkish power market
- Superior stakeholder management in Turkey
- Proven track record of financing in energy sector
- Wide ranging expertise and track record in large infrastructure projects
- Strong expertise in retail customer businesses
- Broad range of partnerships with international blue chip companies

The right partner with the right capabilities
Enerjisa joint venture

Overview

• Leading vertically integrated player in power
  • Generation: 1.7GW in operation (~78% CCGT, ~18% hydro, ~4% wind), 10 TWh generated 2011
  • High quality generation project pipeline:

Governance

• Shareholder Meeting – Meeting at least four times; equal nomination rights for Sabanci and E.ON
• Board of Directors – Monthly meetings; Chairman appointed by Sabanci, Co-Chairman by E.ON
• Management of Enerjisa – CEO nominated by Sabanci, Co-CEO by E.ON; both on equal terms; four-eye-principle established for major decisions
• General managers/experts – Substantial number of E.ON employees or by E.ON nominated employees in leading operative roles
• Deadlock mechanism – Clearly defined; standard procedure for joint ventures
• Lock-up – Until end of 2015

The right platform for future organic growth

1. Net debt of Enerjisa as per 31.12.2011
Enerjisa’s sales and distribution business

Ambition to expand a stable business with positive free cash flow generation

Industrial logic
- Baskent - largest DisCo in Turkey
- Leverage E.ON’s capabilities
- Stable business in a stable regulatory environment (ex-ante, RAB based)
- Certain volume hedging characteristic for power generation business until liquid forward markets develop (target of 6.0 mn customers)

Opportunities
- Continued privatization process
- E.ON supportive of possible Enerjisa offer for Gediz DSO in December 2012
- Ayedas privatization expected for Q1 2013
## Enerjisa’s generation assets under construction

<table>
<thead>
<tr>
<th>Installed capacity (MW)</th>
<th>Start of operation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total hydro</strong></td>
<td></td>
</tr>
<tr>
<td>1,379</td>
<td></td>
</tr>
<tr>
<td>Köprü</td>
<td>156</td>
</tr>
<tr>
<td>Dagdelen</td>
<td>8</td>
</tr>
<tr>
<td>Cambasi</td>
<td>45</td>
</tr>
<tr>
<td>Kandil</td>
<td>208</td>
</tr>
<tr>
<td>Sarigüzel</td>
<td>103</td>
</tr>
<tr>
<td>Kusakli</td>
<td>20</td>
</tr>
<tr>
<td>Kavsakbendi</td>
<td>180</td>
</tr>
<tr>
<td>Arkun</td>
<td>237</td>
</tr>
<tr>
<td>Doğancay</td>
<td>62</td>
</tr>
<tr>
<td>Yamalıll</td>
<td>80</td>
</tr>
<tr>
<td>Alpaslan</td>
<td>280</td>
</tr>
<tr>
<td><strong>Total thermal</strong></td>
<td>450</td>
</tr>
<tr>
<td>Tufanbeyli (lignite)</td>
<td>450</td>
</tr>
<tr>
<td><strong>Total wind</strong></td>
<td>143</td>
</tr>
<tr>
<td>Bares</td>
<td>143</td>
</tr>
</tbody>
</table>

- Operational portfolio already very clean with 78% CCGT, 18% hydro and 4% wind
- Portfolio under construction with ~69% share of hydro even cleaner
- Assets under construction reflect approximate capital invested of above €1.5bn as per 31.12.2012
- Further near-term portfolio development also includes high share of hydro

**Very green footprint of well advanced under construction portfolio**
Backup
## Turkish market environment

<table>
<thead>
<tr>
<th>Sustainable demand growth</th>
<th>Power consumption outpacing GDP growth owing to structural, sustainable economic and demographic factors: Further demand growth until 2020 expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tight system balance</td>
<td>Acute need for substantial new capacity additions to cope with rising demand: 35+ GW to be installed by 2020 to maintain adequate reserve margins</td>
</tr>
<tr>
<td>Sensible market framework</td>
<td>Current market structure favorable for efficient generators, expected to improve further via liberalization on the back of growing demand</td>
</tr>
<tr>
<td>E.ON approach</td>
<td>Entry on basis of relatively modest existing capacity platform, joint development of attractive, diversified project pipeline to reach sizeable position</td>
</tr>
</tbody>
</table>

Fundamentally attractive power market with potential for further improvement
Power demand evolution

**Consumption per capita**

- **Turkey**
- **OECD**

- ~3.1x

- Rapidly increasing overall consumption,
- Huge catch up potential still remaining
- OECD per capita consumption still 3x higher

**Gross consumption**

- **Total, TWh**

- Already meaningful size (224 TWh in 2011)
- Set to continue growth trend at attractive rates
- Structural, sustainable trends as key drivers

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**Significant power consumption growth expected until 2020**

Source: CIA World Factbook, IHS Global Insight, E.ON estimates
Capacity needs

Reserve margins 2010-2020

Available capacity at peak (GW)

- Peak demand to continue strong growth trend on back of increasing private and industrial consumption
- Current plan for capacity additions insufficient
- Reserve margin expected to be tight if no additional capacity installed
  - Only 2% in 2015
  - Negative 7% in 2020
- To reach 10% reserve margin, significant capacity additions needed
- Until 2020 up to 35 GW\(^1\) additional installed capacity required

Supply-demand gap not likely to close in short term

1. Equivalent to additional available peak capacity of 25GW
### Enerjisa’s current generation fleet in operation

<table>
<thead>
<tr>
<th>Country</th>
<th>Installed capacity (MW)</th>
<th>Start of operation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total thermal</strong></td>
<td>1,306</td>
<td></td>
</tr>
<tr>
<td>Bandırma CCGT</td>
<td>936</td>
<td>2010</td>
</tr>
<tr>
<td>Kentsa</td>
<td>120</td>
<td>1997</td>
</tr>
<tr>
<td>Adana CCGT</td>
<td>120</td>
<td>2002</td>
</tr>
<tr>
<td>Çanakkale CCGT</td>
<td>65</td>
<td>2002</td>
</tr>
<tr>
<td>Mersin CCGT</td>
<td>65</td>
<td>2003</td>
</tr>
<tr>
<td><strong>Total hydro</strong></td>
<td>317</td>
<td></td>
</tr>
<tr>
<td>Hacınınoğlu</td>
<td>142</td>
<td>2011</td>
</tr>
<tr>
<td>Menge</td>
<td>89</td>
<td>2011</td>
</tr>
<tr>
<td>Birkapılı</td>
<td>49</td>
<td>2004</td>
</tr>
<tr>
<td>Gazipaşa</td>
<td>30</td>
<td>2006</td>
</tr>
<tr>
<td>Suçatı</td>
<td>7</td>
<td>2000</td>
</tr>
<tr>
<td><strong>Total wind</strong></td>
<td>69</td>
<td></td>
</tr>
<tr>
<td>Çanakkale onshore</td>
<td>30</td>
<td>2011</td>
</tr>
<tr>
<td>Dagpazari</td>
<td>39</td>
<td>2012</td>
</tr>
</tbody>
</table>
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